

LAND USE INCENTIVE POLICY AS AMENDED _____, 2015

Authority and Purpose:

This policy is approved pursuant to N.C. Gen. Stat. § 158-7.1 and § 160A-456 and is intended to provide incentive grants (or appropriations) to encourage development projects that fulfill important public purposes in the City of Asheville. These public purposes include the following, which are also principal components of the City's annual strategic goals and other adopted plans: 1) the development of affordable and workforce housing. This Policy will serve to, among other things, increase the City's population, taxable property and business prospects, per N.C. Gen. Stat. § 158-7.1, and encourage the development of housing for persons of low and moderate income, per N.C. Gen. Stat. § 160A-456.

Process and City Council Review:

The City Council will review applications which seek grants under this Policy according to the requirements and procedures set forth in N.C. Gen. Stat. § 158-7 and § 160A-456, and those which are set forth herein. The Council's decision make a Land Use Incentive Grant, and the amount of any Grant which is allowed, while within the discretion of the City Council, shall be guided by this Policy.

The City Staff will accept and evaluate Land Use Incentive Grant applications submitted pursuant to this Policy for compliance with, among other things, this Policy's requirements and goals, and the City's adopted Strategic Plan and any other applicable City plans. The Staff will also evaluate the number of potential points which a project could achieve under the Policy, and will then provide a report to the City Council, with a recommendation based upon the foregoing analysis.

The Housing and Community Development Committee ("HCD") of the City Council will review the staff assessment and make a recommendation to the full Council.

Following the HCD review, the City Council will hear the staff assessment report and the Applicant's request and set a public hearing. Following the public hearing, the Council will make a discretionary determination as to whether to award the requested Grant, and the amount of any Grant awarded, based on its overall evaluation of the submitted project, not just the number of points.

Every 10 points can earn one year of economic incentive (equivalent to City property taxes in excess of currently assessed taxes for one year annually applied, *to be dated from the date of release of all occupancy permits for the project*). The baseline rents defining "affordable" and "workforce" housing shall be the rents, for income and household size and determined by the number of bedrooms in qualified residential units, as published by Community Development Division for the year in which the Certificate of Occupancy is issued.

Every 10 points can also earn a 10% reduction in the following fees and charges: Zoning Permit, Building Permit, Driveway Permit, Grading Permit, Plan review fees and Water service connection fee. *This reduction is in addition to the existing fees rebated for affordable housing projects.* Affordable housing projects eligible for the 50% fee waiver are eligible for additional fee waivers for points awarded to the project above 50 points. Permit fees must be paid according to the schedule of fees published by the City of Asheville; the LUIG grant will rebate the percentage of those fees as determined by Council, after the release of the all occupancy permits for the project.

Requirements:

The following are requirements, which must be met in order for the City Council to consider a Land Use Incentive Grant application. Applications which do not meet these minimum requirements are not permitted to request a Grant or participate in this Policy.

- The proposed development must consist of three or more dwelling units for rent;
- At least 10% of the units must meet the affordability standards set by the City of Asheville for households earning 80% or less of the Area Median Income.
- The affordable units must be affordable to and leased to income-eligible households for at least 15 years.
- The proposed development must be located inside the city limits.
- The proposed development must be located to provide residents convenient access to jobs, schools and services. The LUIG applicant must provide information that describes how the development meets this criterion, and address walkability, access to multi-modal transportation and show locations of jobs, schools and services and their distance from the development. Generally, a walking distance of one-half mile or less to centers of businesses, education and services, or to an already established transit stop, is considered convenient access. However, an applicant may make a case for convenient access that falls outside of that definition.

Point System:

The following point system will guide the City Council in determining the actual amount of the Grant. Because the point system is a guide, the City Council is authorized to allow more or less points on any particular factor, depending upon, among other things, the characteristics, and potential benefits and/or detriments of an individual project.

Affordable Rental Housing

Affordability is the key scoring element. In order to qualify for points under this scoring element, an applicant must commit to providing rental units for a full 15 year term that meet the City of Asheville published “affordable housing” rents, and lease to income-eligible households earning 80% or less of area median income for each of those 15 years. The

following table shows the number of points awarded for the percentage of the total project unit count that is committed to Affordable Rental Housing:

10%+ affordable	20 Points
20%+ affordable	30
30%+ affordable	40
40%+ affordable	50
50%+	60
60%+	70
70%+	80
80%+	90
90%+	100

- Verification of income at initial lease-up is required, but no additional verification is required as long as the qualified tenant remains in residence in the unit.
- When qualified units become vacant, they must be leased to income-qualified tenants, with verification of income is required, and for a rent that does not exceed the published maximum rent for the year in which the unit is being rented.
- The affordable unit must be made available within 60 days of its vacancy.

Workforce Rental Housing

In order to qualify for points under this scoring element, an applicant must commit to providing workforce rental units for a full 15 year term that meet the City of Asheville published “workforce rents,” and lease to income-eligible households earning 120% or less of area median income for each of those 15 years. The following table shows the number of points awarded for the percentage of the total project unit count that is committed to Workforce Rental Housing:

25%+ workforce	5 Points
50%+ workforce	10
75%+ workforce	15

- Verification of income at initial lease-up is required, but no additional verification is required as long as the qualified tenant remains in residence in the unit.
- When qualified units become vacant, they must be leased to income-qualified tenants, with verification of income is required, and for a rent that does not exceed the published maximum rent for the year in which the unit is being rented.
- The workforce unit must be made available within 60 days of its vacancy
- If a combination of Affordable and Workforce Rental Units are provided in a single development, the total combined percentage of affordable and workforce is used to determine the percentage of workforce units in the project .

Superior locational efficiency

Superior locational efficiency is encouraged. Any qualified development meeting the following characteristics will be eligible for additional points as noted:

Within .25 mile of an existing bus-stop served by one-half hour ART transit frequency	10 Points
Within .5 mile, of an existing public school, full-service grocery store, or ART bus stop, when served by an existing or concurrently developed sidewalk or marked and maintained multi-modal path,	5
Within 1 mile of designated job center: Asheville downtown, Mission Hospital main campus, Biltmore Town Square	5

Longer Term Affordability

Long-term affordability is a high priority. A qualified development meeting the following criteria will be eligible for additional points as follows:

Affordable for at least 20 years	10 Points
Affordable for at least 30 years	20

Brownfield Redevelopment:

Brownfield redevelopment is encouraged. Applicants who also qualify for State of North Carolina Brownfield Redevelopment grants may request that payment of their Land Use Incentive Grant be extended beyond the awarded term, in order to be able to use both grants. However, the Land Use Incentive Grant amount will be calculated starting from the year of the Certificate of Occupancy, even if the actual payment of the grant extends beyond the awarded term.

Scoring Table

Points	5	10	15	20	30	40	50	60	70	80	90	100
10%+ Affordable				x								
20%+ Affordable					x							
30%+ Affordable						x						
40%+ Affordable							x					
50%+ Affordable								x				
60%+ Affordable									x			
70%+ Affordable										x		
80%+ Affordable											x	
90%+ Affordable												x
25%+ Workforce	x											
50%+ Workforce		X										
75%+ Workforce			x									
Mixed-Use (minimum 10% non-residential)	x											
Location: .25 mile ½ hour transit stop		x										
Location: 1 mile from job center	x											
Location:.5 mile from transp. amenity	x											
Tenant Affordability: 20 years		x										
Tenant Affordability: 30 years				x								

Other Procedures, Considerations and Potential Amount of Land Use Incentive Grant

Application Procedure:

- Applications shall be in the form of a letter written to the City Staff contact.
- The application letter should indicate clearly how the project meets the grant eligibility requirements, and the score it should receive under each of the scoring elements, as well as noting the total score.
- The application letter should clearly indicate who the developer contact person is, and how that person can be contacted.
- The application letter must provide the PIN Number of the property to be developed, the current tax value of the property, and an estimate of the tax value of the project post-completion.
- The application letter must estimate the cost of permits eligible for the permit rebate.

- The application letter must provide an estimated start date for project construction, and an estimated date for project completion and issuance of all occupancy approvals.
- Applications must be received at least 10 days before a regularly scheduled Housing and Community Development Committee meeting.
- The applicant should expect the application to be considered in three meetings open to the public: 1) at a regular meeting of the Council Housing and Community Development Committee; 2) at a regularly scheduled City Council meeting, when a motion to hold a public hearing will be formally considered; 3) at a regularly scheduled City Council meeting when the public hearing will be heard, and the grant request will be formally considered by Council. Approval of a Land Use Incentive Grant under this Policy requires a public hearing and approval by the City Council, per N.C. Gen. Stat. § 158-7.1.
- Unless granted an exemption from the City Council, no Grant will be allowed under this Policy for projects which have received building permits.
- If approved, City staff will prepare a Land Use Incentive Grant Agreement, which will detail the specific terms of the grant. These will include:
 - An estimated award, based upon the estimated difference between the current property tax value and the estimated tax value post completion, and the Council approved Land Use Incentive Grant. The actual grant will be based upon the actual assessed value at the completion of construction, as determined by the Buncombe County Tax Assessor.
 - The number of units that must be provided at affordable or workforce rents, and the duration of time those rents must be provided.

Reporting:

- Any project receiving an incentive related to provision of affordable or workforce housing must provide:
 - An annual report to the City, providing both a complete rent role and income and household size of income qualified tenant, and unit number correlated to rent role.
- The City of Asheville may, upon 10 days written notice, inspect the rent role and household income verification records.
- If the project is out of compliance, it will have 30 days to become in compliance.
- If the project is not in compliance within that time frame, then the Land Use Incentive Grant agreement will become null and void and all prior grant funds must be returned to the City.

For more information, contact:

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