

HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING
January 20, 2014
U.S. Cellular Center Banquet Hall
MINUTES

Committee Members Present: Gordon Smith, Chris Pelly, Cecil Bothwell

Staff Present: Jeff Staudinger, Heather Dillashaw, Sandra Anderson, Tara Irby, Marvin Feinblatt
Jonathon Jones, Martha McGlohon, Roberta Greenspan, Sam Powers

1. Minutes

The Minutes of the December 10, 2014 meeting were accepted with the correction that an executive summary and presentation of the Housing Needs Assessment would be included at the next Council meeting, but not the Council retreat.

2. Updates:

Gordon requested that the Lee Walker Heights agenda item be pulled out of Updates and added to Unfinished Business.

Chris Pelly asked for an update on The Villas. Jeff reported that an appraisal has been received at roughly \$450,000 and that due diligence is underway with the expectation that there will be more progress to report on in February.

3. Unfinished Business

a. Housing Trust Fund Application Review:

Jeff stated that there were two applications received, totaling \$261,900. Staff are still confident in the cash flow projection of \$200,000 - \$210,000 as of July 1, 2015. Neither project needs their full request immediately. With The Villas expected to sell within the next six months, Jeff recommended both applications without cutting into next year's allocations.

1. Biotat, LLC requested \$200,000 for the Oak Hill Commons project, comprised of 24 units of single-bedroom permanent housing for the "hard-to-house.". The request is inclusive of the \$58,106 that had been previously allocated. The developer requested a waiver of policy interest and terms: 0% interest with principal payment deferred for a 30 year basis, and a 10 year period of affordability (which corresponds with the timeframe of the project based vouchers).
2. Beacatcher Commons, LLC requested \$120,000 for the 255 Hazel Mill Drive development, for the construction of 12 new rental units on six lots. Each lot consists of a 3 bedroom/2 bath unit and a 1 bedroom/1 bath unit. The single bedroom units would be leased to households at 60% AMI and would qualify for special terms of 2% interest only for a 20 year term. The three bedroom units would be affordable at 80% AMI, but the developer would encourage voucher holders at

less than 50% AMI. These units would qualify for a standard rate 3% for 30 years fully amortized. The developer proposed making a \$3,500 contribution to the City's sidewalk fund in the area in exchange for a .25% interest rate reduction for the 80% AMI units.

3. Chris Pelly moved, and Cecil Bothwell seconded to fund both projects as requested, and to ask Council for a \$50,000 allocation from fund balance, if necessary to meet cash flow needs of the projects. This proposal would also include waiving existing policies for Oak Hill Commons' and writing the loan for a 10 year balloon, as well as accepting Kirk Booth's special terms and sidewalk contribution.

b. Bostic Place HTF Loan Deferral:

Jeff proposed giving JCS Investments another month to develop a solid repayment plan. Cecil made a motion to provide a one month extension. Chris seconded the motion. Gordon stated that he anticipated pulling the money back unless there was a hard and fast plan with an aggressive timetable in place within the next month.

4. New Business

a. Housing Fee Rebates:

The Housing Permit Fee Rebate program is a City incentive program for affordable housing especially single-family affordable housing. It provides a 50% permit fee rebate for developers who provide affordable housing. The program was initiated in 2004 and reviewed in 2008. For homeownership projects, it requires that the initial sales price be affordable to households at 80% of median income, and does not include income qualification or resale restrictions. Rental development is supported if the units are assisted with other local, state or federal program support. The program is not part of the Community Development budget, but falls under Development Services.

Jeff explained that the first issue to address would be whether the Committee is in favor of program as is or would it benefit from additional targeting, such as income qualifications for those purchasing the home. Additionally, the more difficult challenge would be the definition of affordability for such single family homes, given the prevailing interest rate, down payments, property tax, mortgage insurance cost and possible homeowner association fees. Gordon stated that these price points are minor for most developers. He referenced the Housing Needs Assessment's report that housing under \$200,000 represents two-thirds of the need, but only one-fifth of units available are below that price. Cecil offered that \$2,000 for down payment might be a better incentive. Jeff responded that without single family housing stock below \$200,000, this would do little by way of assisting low income families. No multifamily units for sale are being done at these price points. Some developers have been doing multifamily rental though.

Gordon and Chris asked what recommendations staff could provide. Jeff explained that with rentals, an affordability determination is relatively straightforward whereas ownership price points make such calculations challenging due to the many variables. Cecil confirmed with Laura Collins of Habitat for Humanity that the organization is hitting these price points and that doing away with rebates would take \$30,000 out of Habitat's budget. Gordon invited further input of stakeholders in attendance. Former Mayor, Terry Bellamy pointed out that changes to the Fee Rebates program would also affect MSD fees. She also stated that the program was put in place to help low income families acquire affordable housing and build equity that would foster economic mobility. Gordon spoke favorably of expanding the program with the possibility of a full fee rebate. Kirk Booth suggested waivers rather than a rebate. Marvin Feinblatt stated that up front waivers would make verification of the required sale at an affordable price more difficult. Gordon suggested a two tier program with a 100% rebate at the current standard and at other price points, such as a four bedroom unit at \$200,000 or an efficiency at \$150,000, projects would qualify for a 50% rebate. He stated that with the housing crisis, incentives are needed and that a rebate protects the City's interests better than a waiver. Chris offered that scaling the program for multifamily unit development might encourage more unit production. Jeff confirmed that the discussion provided sufficient information for staff to research the options and develop a proposal.

b. National Housing Trust Fund:

Jeff provided a brief update on the Federal Housing Administration's National Housing Trust Fund focused on very affordable housing that assists households earning under 50% of AMI. This would be a new capital program targeting the customer base served by housing authorities rather than the housing authorities themselves. Administrator Watt has agreed to establish rules and commit money to developing the program. There should be more information in the coming months. Great for affordable housing as little public housing has been built in the last 30 years.

5. Public comment:

Brian Alexander from Homeward Bound expressed appreciation for Oak Hill Commons and Kirk Booth's project. It is very hard for Homeward Bound's case managers to find affordable units. There is money available to assist homeless individuals and families, but there are no units available.

Ben Manning from Pisgah Legal echoed Homeward Bound in appreciating the approved developments. Last year, Pisgah Legal clients were dealing with pipes bursting, but this year they are having trouble actually finding housing. The organization served 856 individuals at risk of homelessness between July and December and will be looking for better ways to capture data to share with the Committee, specifically related to domestic violence housing outcomes.

Kendra Penland of Green Opportunities stated that housing needs are critical in the community and Committee's work has been valuable for Green Opportunities. Lack of access to public transportation, child care and housing continue to challenge individuals seeking job training and placement. Clients knowing that they have a roof over their heads means that job training makes a better impact. Green Opportunities has helped 220 graduates secure meaningful employment, including 20 who have pursued post secondary education.

Terry Bellamy from the ARC of Buncombe County shared that individuals with intellectual and developmental disabilities face an uphill struggle and little representation, especially as funding for voucher have been cut. They often live in group homes and assisted living facilities, so housing services case management is not a single event for these individuals. Job readiness and placement has been a problem for the ARC's client population with the minimum wage requirements. She asked that the Committee consider including people with intellectual and developmental disabilities in future plans and proposals. Gordon affirmed concerted effort will be necessary to effectively assist special needs populations.

Dale Freudenberger of FLS Energy asking for continued support of Green Opportunities. As one of the top 20 solar companies in country based in Asheville, FLS participated in one of GO's first mentorship projects. GO does is great at supporting needed life and job skills training in the community.

6. Future Meetings:

Jeff stated that the goal would be to present the first draft of Consolidated Plan at the February HCD Meeting. Focus groups and public forums have been underway and well attended. CDBG and HOME applications would be due February 6, 2015 and two meetings would likely be needed to hear presentations and make recommendations. Due to the public notice requirement, a draft Consolidated Plan and draft Annual Action Plan will be required one month before the City Council's April 28th meeting.

Next Meeting: Feb 19 2015 at 9:00 a.m. in the 5th Floor Large Conference Room of City Hall

March Meetings: March 17th at 9:00 a.m. to hear CDBG application presentations.

March 19th at 9:00 a.m. to make funding recommendations and review the 2015-2020 Consolidated Plan.

Locations for both March meetings to be determined.