

**HOUSING & COMMUNITY DEVELOPMENT COMMITTEE MEETING**  
**February 18, 2014**  
**5th Floor Conference Room**  
**MINUTES**

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

**Staff Present:** Jeff Staudinger, Judy Daniel, Dave Hill, Tara Irby, Shannon Capezzali, Marvin Feinblatt, Sandra Anderson, Martha McGlohan, Cathy Ball

1. Minutes – The meeting minutes from January 21, 2014 were approved.
2. Public Comment – None
3. Updates
  - a. Housing Trust Fund: Dave Hill provided an update on HTF payments and cash flow. Two awards were made at the last meeting. By the end of this fiscal year, the project balance will be \$57,993 which is similar to the recommended reserve amount of funds.
  - b. East of the Riverway Process: Jeff Staudinger provided an update. The project is moving towards conclusion of the original deliverables. Cost estimating is occurring for the Greenway scope. The Riverside Drive Development Plan is in the final reporting stage. Small group meetings will be scheduled with Council in the next few weeks. Presentations will begin to Advisory Boards and Commissions. A request made to FTA to extend the grant until June 30 looks likely. The extension will allow for two activities to occur: 1. Move 14 Riverside Drive towards final construction drawings and cost estimates; 2. Conduct a Gentrification Alternatives analysis for the arts district, and a public participation process of best practices for the neighborhoods. A public meeting will occur on March 18 from 6 to 8pm at the Wesley Grant Sr. Southside Community Center.
  - c. Eagle Market Place: Dave Hill provided an update on the status of construction. A change order occurred for the installation of micro-piles for the foundation due to soil sampling outcomes. The additional expense came to \$130,000. The contractor has taken responsibility for half of that, with the City agreeing to pay the other \$65,000 which is allowed through the 5% contingency for change orders in the contract. Weather has hampered efforts to begin installation, which should take three weeks once begun. Delivering utilities to the site has also been an issue due to alley property rights. Staff's primary objective is to track expenditures against required deadlines.
  - d. Section 108 request: HUD has not responded to the request to amend the Section 108 loan for the Eagle Market Place project.
4. Unfinished Business
  - a. 30 Rock Hill Place: Shannon Capezzali provided an update on the successful purchase of 30 Rock Hill Place at the foreclosure auction. The property is now owned by the City and staff are seeking to resell it through a Sealed Bid process utilizing the local real estate market.

- i. A motion was made by Cecil Bothwell to approve the Sealed Bid process and advertising of the sale in the Citizen Times. Seconded by Chris Pelly. The motion passed unanimously.

5. New Business

- a. Hardest to House Presentation: Brooks Ann Mckinney from Mission Hospital presented information in support of the Biotat LLC “Hardest to House” development proposal, including homeless statistics and the impact on the hospital and the community. Brian Alexander of Homeward Bound provided information about permanent supportive housing models. Permanent supportive housing reduces services costs to the community and stabilizes clients. Currently case managers serve 25 to 30 high needs clients, the Biotat project would seek to serve 30 clients with 2 case managers. Evidence based models, such as Project Fuse, were introduced, as was an operating development in Charlotte, NC. Mission Hospital is developing a mobile medical team which would serve clients of the Biotat development and other supportive housing locations. Last year’s point in time count identified 54 hardest-to-house individuals, however agencies estimate that throughout the year a total of 150 individuals can be defined as ‘hardest to house’. Ward Griffin, the developer who has proposed the Biotat Hardest to House apartments, provided information about the site and design concept. The site is under contract with engineers and architects identified. A preliminary site plan, elevations, and infrastructure engineering costs will be available in three to four weeks. The site is capable of supporting additional affordable housing units in addition to the Biotat project.
  - i. Cecil Bothwell stated that collaborations must include other government entities since the cost associated with caring for the hardest to house homeless is incurred by multiple agencies, not just the City of Asheville.
- b. Affordable Housing Scorecard: Jeff Staudinger provided information about the process to compare the City of Asheville’s efforts to increase affordable housing with comparable cities. A consultant was employed and found through her analysis that the city is investing and creating units at a far greater level than any other city evaluated. Additional funds would be required to produce more units. \$15,000 per unit subsidy appears to be the most realistic amount for creating an affordable unit. Providing a set standard of funds per unit could also assist in budgeting for future projects and establishing goals, however the high cost of land may make it difficult to establish a specific funding standard. Dedicating a funding source to affordable housing and developing a community land trust were two suggestions from the consultant.
  - i. Gordon Smith stated that HCD should discuss how to set goals and what interventions are most useful. The Committee could also consider how local employers could be encouraged to invest in housing for their staff, such as happened with the Greenville Land Trust and Duke University.
  - ii. Chris Pelly asked whether other cities are simply less effective and that is why the City of Asheville looks so successful compared to them, or if the City is actually achieving more. Jeff Staudinger stated that compared to other cities,

Asheville has chosen to make affordable housing a greater priority than other places and have invested significantly more funds for this purpose.

- iii. Cathy Ball stated that the committee could set a target and provide suggestions to staff for how the City could reach that target. Gordon Smith stated that determining an annual number of units created may be the easiest to start with.
  - iv. Chris Pelly requested that staff analyze land banking as an option.
- c. Affordable Housing Advisory Committee (AHAC) recommendations: Lindsey Simerly provided an overview of the AHAC report. The Committee interviewed 15 different developers. AHAC compiled recommendations based on these interviews and the Committee's work over the past two years. The recommendation of a 1 cent property tax increase for the Housing Trust Fund is the top priority. Jeff Staudinger stated that HTF loan repayments are an additional funding on top of the annual allocation to the HTF. The Committee reviewed the AHAC recommendations list and asked questions about specific suggestions:
- i. Would waiving developer fees for affordable housing cause fees to be raised for other permits? Jeff Staudinger – DSD is supported partially through permit fees. Eliminating fees for some developers would result in a shortfall that would have to be made up elsewhere. Gordon Smith stated that waiving fees at 90% or some other number based on the percent of projects not completed/rebated instead of 100% could be considered.
  - ii. What is involved with changing land use regulations to allow more zoning districts? Lindsey Simerly – Staff would need to advise on UDO change options to increase density. Allowing more accessory apartments requires no investment by the city and will automatically increase density.
    - 1. Gordon Smith asked what areas could be targeted as high-density areas for development. Judy Daniel stated that staff is already pursuing increases to residential options in commercial districts. A recommendation for UDO changes will go to P&Z soon. Staff is also considering giving by-right density for certain types of affordable housing that meets all other requirements.
    - 2. Cathy Ball discussed the challenge of attracting developers within the 1/8 mile transit corridor bonus. Martha McGlohon stated that removing the indemnity clause may encourage investment as developers would not have 100% liability if the City had an indemnity case brought against it for the affordable housing bonus. Jeff Staudinger stated that bringing transit to a development that isn't already on an established line is another option.
  - iii. Gordon Smith stated that allowing 0% interest on HTF loans would not be a sustainable option. Allowing 99 year terms in place of current 30 year terms could effectively reduce the cost of the loans. Jeff Staudinger stated that the HCD has already allowed that to an extent by historically waiving certain loan requirements and allowing ongoing extension requests after terms have ended.

- iv. Gordon Smith stated that a land trust should be established before next year's long-session. Jeff Staudinger stated that a State charter may be required. Staff will look into it.
- v. What is AHAC willing to do in terms of increasing community education and awareness? Lindsey Simerly stated that she will ask the Committee. Many of their members already engage in outreach through the nonprofits they are involved with. Some additional time may be available for that. As new AHAC seats come open, the Committee can focus on candidates who have the time and resources for outreach.
- vi. Gordon Smith stated that staff could examine pieces of downtown's Master Plan to identify development district candidates. Cathy Ball stated staff are already working to do that through a Municipal Service District to give special obligation revenue bonds to affordable housing projects. Staff will go to PED to discuss using that option for the extension of the south slope area.
- vii. Gordon Smith asked what needs to occur to be better aligned with the NC Housing Finance Agency. Jeff Staudinger stated that the City should look at different tax credits, but the limitation on which specific brand of grocery stores a development must be within a distance of hinders the availability of eligible properties.
- viii. Lindsey Simerly discussed the recommendation to alter the standards for protest petitions. Currently the protest petition option makes the development process very unpredictable for developers who have already invested significant funds in proposals. Resident objections are typically about aesthetic preferences. Barber Melton was the sole opponent on the AHAC Committee, raising concerns that neighborhood groups want as much power as possible to reject developments as they see fit. Martha McGlohan stated that a legislative change would be needed. Judy Daniel stated that a Preservation Plan for the City is currently being developed which would establish a light conservation district for specific historic areas that would have established development standards.
- ix. Martha McGlohan provided information about Inclusionary Zoning's legal options. Questions remain regarding whether municipalities need legislation to allow it. Staff will obtain ordinances from counties that have already used inclusionary zoning and will examine the language to determine if it is applicable to Asheville.
- x. Jeff Staudinger stated that the Community Development Division is considering the creation of a new staff position to focus specifically on affordable housing. Gordon Smith stated that such a position appears to be necessary.
- xi. Jeff Staudinger stated that a two phase market analysis will occur: Phase 1 to be complete this spring consists of examining existing conditions in Asheville. Phase 2 will use HUD data and GIS based systems to look at the consortium as a whole. Staff will be examining information over the next 9 months. A public

engagement process for the Consolidated Plan must be informed by the statistical analysis completed by December 2014.

- d. CDBG Applications Process: Jeff Staudinger provided an overview of CDBG grant applications received. No federal allocations are known yet, but funding may be in the \$950,000 range for distribution. Applications will be provided to HCD members by the end of this week. A staff analysis of the applications will come before March 5. Applicants will be provided an opportunity to respond to staff questions before the March 14 presentations meeting. Stricter guidelines for Housing Services support have been established. Questions will arise about the duplication of services, especially for TBRA programs.
- e. Outside Agency Grant program: Jeff Staudinger provided an update on the OAG grant cycle and process. Funds continue to shrink which has resulted in a reduction in programs funded. Staff seeks guidance from HCD on the OAG process and funding decisions. \$100,000 is the estimated availability of funds for the next cycle. Options for structuring the grant program were reviewed. Staff prefers that clear criteria be established to help applicants gauge whether it is worth applying.
  - i. Cecil Bothwell stated that the program should be aligned with Strategic Goals going forward.
  - ii. Gordon Smith stated that the scope should be narrowed to poverty reduction and to include the food action plan, job growth, ending homelessness, and the achievement gap. Also, the name of the program should be changed to the 'Strategic Partners Fund'. A public meeting will occur to allow applicants to answer HCD Member questions, but will not include applicant presentations. Funding decisions will be made in April 2014.

**The next meeting of the HCD Committee will be March 14, 2014 from 9:00 am to 12:00 pm in the 6<sup>th</sup> Floor Training Room of Asheville City Hall. CDBG Application presentations will be heard. The next regular Committee meeting is scheduled for March 18, beginning at 8:30 AM, in the first floor north meeting room of City Hall.**