

# **The City's role in affordable housing**

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**Funding**

**City-owned Land**

**Regulatory**

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**Funding**

**City-owned Land**

**Regulatory**

**Collaborator / Convenor**

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The City's role in  
affordable housing

**FUNDING**



# Subsidy - \$ - Investment

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Invest on the front end ... \$\$ incentivize the  
**developer**

-or-

Invest on the back end ... \$\$ subsidize the  
**renter or homeowner**

# Subsidy Needed

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- <30% Area Median Income  
**Gap of up to \$120,000 per unit**
- 30-60% of Area Median Income  
**Gap of up to \$100,000 per unit**
- 60-80% of Area Median Income  
**Gap of up to \$80,000 per unit**

Gap depends on % of AMI, length of affordability, # of units, location of build, style of build

# City of Asheville - Current Funding



**Financing = MONEY**

- City as Lender: Funding \$streams
  - Bond: \$25M
    - \$15M Hi-Impact Sites
    - \$5M Housing Trust Fund
    - \$3M Land Banking
    - \$1M Down Payment Assistance
    - \$1M Community Land Trust
  - Annual Housing Trust Fund: \$500,000
  - Annual Capital Improvement Program: \$2M
  - Annual Allocation of Federal Funds (HOME, CDBG, CoC): \$3.2M
- City as Taxing Authority:
  - Land Use Incentive Grant

# Partner Funding - Affordable Housing

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- LIHTC - Low Income Housing Tax Credit / 4%s , 9%s
- Other Tax Credits / Historic & Mills
- Rent Subsidies - Housing Choice Vouchers
- Bank financing
  - Community Development Financial Institutions (CDFI)
  - Federal Home Loan Bank (FHLB)
  - Community Reinvestment Act (CRA)
- Developer Fee Deferral
- Grants
- Philanthropic



# Putting our limited funding to work

- All in with our funding, \$30.7M, we could expect to produce 307 units of affordable housing
- Utilizing other funding sources, our incentives, other partners ... if half the subsidy could be shared, we could produce 614 units.
- The more tools & partners we have at the table, the more units we can produce.

Example = Lee Walker Heights, 212 units total, 60% AMI

Leverages tax credits, HUD financing, Buncombe County & City of Asheville grant +

Total \$40M development / City's subsidy = \$20,000 per unit



# Policy Discussion

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- Based on the analysis, we would recommend establishing a goal of 200 units per year, direct and indirect.
- Needs Served:
  - Staff recommends focus efforts 80% AMI and below, with emphasis / preference on 60% AMI and acceptance of Housing Choice Vouchers.
- Prioritize leveraged investments (i.e. matching with County investment, etc.)
- Prioritize geographic areas / land-banking for access to jobs, services and community amenities

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**CITY-OWNED  
LAND**

# City Land for RFQ this year

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- 319 Biltmore - 309 total units
- 91 Riverside - 60+ total units
- Cedar Hill - 239 total units
- *S. Charlotte (future)*
- *Asheland Avenue (future)*

# Disposition Policy Guidelines

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- ❖ Procedure 1: The City decides when properties are available for redevelopment.
- ❖ Procedure 2: The City obtains appraisals and due diligence of property it seeks to redevelop.
- ❖ Procedure 3: The City selects developers through an open and competitive process (RFQ, RFP or RFQ/P), unless otherwise directed by the Asheville City Council or City Manager.

# Draft Policy Goals

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- ❖ Affordable Housing Goal 1:
  - When developing City property, it is the City's goal to obtain a minimum
    - 20% of units at 60% Area Median Income
  
- ❖ Affordable Housing Goal 2:
  - Affordability period of at least 20 years, with a strong preference towards an affordability period of 30 years or longer.

# Draft Policy Goals

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- ❖ Affordable Housing Goal 1:
  - When developing City property, it is the City's goal to obtain a minimum of 40% of total units as affordable
    - 20% of units at 80% Area Median Income
    - 20% of units at 60% Area Median Income
  
- ❖ Affordable Housing Goal 2:
  - Affordability period of at least 20 years, with a strong preference towards an affordability period of 30 years or longer.

# Analysis of Policy - 319 Biltmore

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- 319 Biltmore site, when combined with Lee Walker Heights:
  - Under 40% affordability policy: 521 units / 336 affordable  
- 64.5% affordable
  - Under 20% affordability policy: 521 units / 273 affordable  
- 52% affordable
- Other amenities & services
  - Traffic signal
  - Parking Deck
  - Supportive & Community Services
  - Community's desire for grocery, daycare, etc.
- Perception / Concentration of low income

# Analysis of Policy - 319 Biltmore

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- 20% Affordable at 60% AMI - 61 units
  - Requires potential subsidy of up to \$6.1M
  - Land alone may suffice as subsidy

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- 40% affordable (60 & 80% AMI) - 124 units
  - Requires potential subsidy of up to \$11M
    - Land at \$0 plus additional City funding
  - Limits the pool of development partners
  - Limits ability to invest in other sites



# Policy Discussion

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- Staff recommends:
  - Establish baseline at 20% of units being affordable to 60% AMI and accept Housing Choice Vouchers, with 20 year affordability period
  - Establish scoring criteria in the RFQ/P to incent greater affordability, where appropriate, and other community benefits
  - Cast a wide net to attract more development partners
  - Recognize that each site has context
  - Promote vision of affordable, mixed income communities

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**REGULATORY**

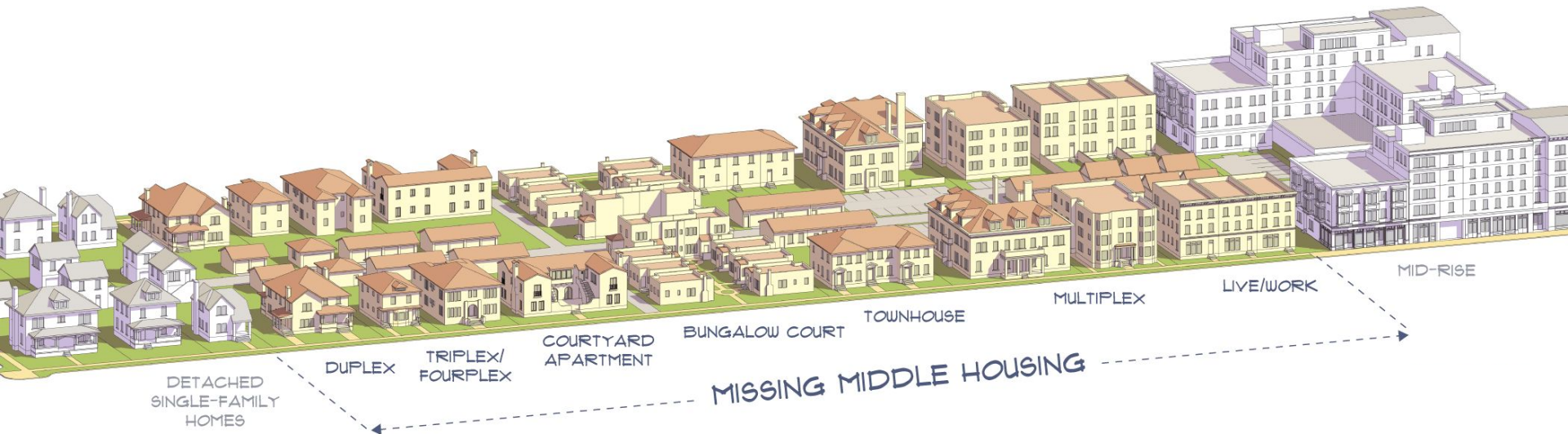
# Asheville - Existing Incentives

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- [Fee Grant Program](#) /
  - Metropolitan Sewer District (MSD)
- Expedited Review

# Housing Solutions to Meet Demand



An equitable inclusive mixed-income community with a variety of housing types at a variety of price points, both homeownership and rental, for the variety of incomes & wages we produce in Asheville.

# Land Use Regulations

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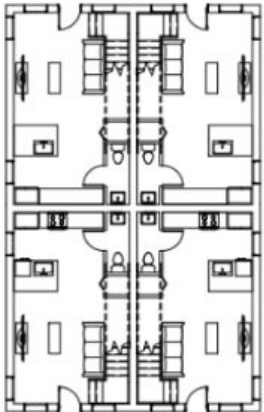
- 57% of residentially zoned land is zoned Single Family residential
- Single Family (SF) Zones do not allow duplexes, triplexes, or quadruplexes
- No quadruplexes or triplexes were built in the past year
- 11 duplexes in the past year (22 units)

Historic neighborhoods provide greater variety in housing types and variety of housing affordability.



# Increased Density on Single Family Lots

- ADUs / Tiny Homes
- Duplex Development
- Cottage Court Concept



Quad Townhouse Prototype (TSW)



Intown Duplex



Cottage Court Concept (c. Union Studio)



Accessory Dwelling Unit

# Policy Discussion

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**Staff recommends studying:**

- **Reviewing residential zoning districts to address barriers / impediments to the development of affordable housing:**
  - **Example: Changes to single family zoning ordinance to allow a variety of housing types as a use by right (example - duplex in Single Family zoning)**

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Convenor & Collaborator





# Development Partners & AMIs

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- <30% Area Median Income

**Homeless Agencies - Housing First**

*Example - Homeward Bound*

- 30%-60% of Area Median Income

**Public Housing - Housing Authority City of Asheville (HACA)**

**Tax Credit Housing**

*Example - Lee Walker Heights*

**Housing Choice Voucher - HACA / Homeward Bound**

- 60%-80% of Area Median Income

**Local Non-Profit Developers / For-Profit Developers**

*Example - Mountain Housing, Asheville Habitat, ABCLT / Kassinger*

# Building Community - Collective Impact

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You need **Policy, Community & Capacity** to **Make Change ...**

**And a holistic comprehensive approach to  
Build Affordable Mixed-Income Communities ...**

Social Issue

Equity Issue

Education Issue

Health Issue

**Economic Issue**

Racial Issue

Community Issue

*Political Issue*

# Policy Discussion

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**To address affordable housing, we cannot do this by ourselves.**

**Staff recommends:**

**Pursue the development of a social equity fund to provide additional resources to produce, preserve and protect affordable housing.**

# Takeaways

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Support the partners already doing the hardest work, the under 60% AMI individuals and families



Identify the gaps in the partnerships, funding, programs, incentives, regulations and fill them so municipal resources can go farther for 60% - 80% - 100% AMI



Call on for-profit developers & lenders to be a part of the solution



Build Community Coalition & Bring More Partners to the Table