

# Increase Stock of Deeply Affordable Housing

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*RFP for Coronavirus State and Local Fiscal Recovery Funds*

## ***Haywood Street Community Development***

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# Application Form

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## Question Group

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Buncombe County requests proposals for projects to help the community recover from and respond to COVID-19 and its negative economic impacts.

Buncombe County has been awarded \$50,733,290 in Coronavirus State and Local Fiscal Recovery Funds (Recovery Funding), as part of the American Rescue Plan Act. This infusion of federal resources is intended to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

Buncombe County is committed to investing these funds in projects that:

- Align to county strategic plan and community priorities
- Support equitable outcomes for most impacted populations
- Leverage and align with other governmental funding sources
- Make best use of this one-time infusion of resources
- Have a lasting impact

Proposals shall be submitted in accordance with the terms and conditions of this RFP and any addenda issued hereto.

[Click here for the full terms and conditions of the RFP](#)

## Coronavirus State and Local Fiscal Recovery Funds\*

Name of Project.

Increase Stock of Deeply Affordable Housing

## Amount of Funds Requested\*

\$2,000,000.00

## Recovery Fund Eligible Category\*

Please select one:

Services for disproportionately impacted communities

## Brief Project Description\*

Provide a short summary of your proposed project.

Haywood Street Community Development (HSCD) proposes construction of a new apartment complex within the city of Asheville to contain between 40-45 affordable rental housing units. The site for development is a 0.89 acre lot within walking distance of Haywood Street Congregation (HSC), a sister organization that formed HSCD as a new NC nonprofit corporation in 2020 for the purpose of developing high

quality, deeply affordable housing. The project is backed by the city of Asheville, which has awarded HSCD a grant of \$71,000 to pay for due diligence work on the site and provide earnest money towards the purchase of the land. The 40-45 units will be a mix of 1, 2 and 3 bedroom apartments, all affordable to individuals with incomes at or below 80% of the area median income (AMI). More than half the total units will be affordable to residents with incomes at or below 60% of AMI, and some will be affordable to residents with incomes at or below 20% AMI.

## Project Plan\*

Explain how the project will be structured and implemented, including timeframe.

Due diligence work on the proposed site -- geotechnical engineering, surveying, civil engineering, preliminary site plans and preliminary development plans -- is expected to be completed on or around November 1, 2021.

HSCD has been invited to submit a funding request to the city of Asheville for \$2.55 million as soon as site viability is assured, to include \$1.25 million for the purchase of the land and \$1.3 million for remaining due diligence work and construction. The total amount needed for development and construction costs cannot be known until due diligence work is completed, but an estimate based on a similar project planned by HSCD for a site on Asheland Avenue is \$7.8 million.

Remaining funding for this new project is expected to include a \$2 million grant from Dogwood Health Trust; \$2 million in conventional debt; and \$425,000 in private donations. With successful fundraising, construction could begin as early as December 2021 and is expected to take approximately one year.

During the construction period HSCD will continue its work to develop agreements for on-site services with community partner organizations and prepare an initial set of property management policies, procedures and screening guidelines to ensure compliance with the Fair Housing Act and other relevant legislation while upholding the organization's unique mission and vision. HSCD shares a common philosophy with HSC that includes preferential treatment for the poor and a deeply held belief in each individual's intrinsic worth. In that spirit, all HSCD projects will be constructed with premium materials such as stainless-steel appliances, luxury vinyl tile flooring, granite countertops, 9-foot ceilings and private balconies.

The proposed project will contain between 40-45 units that are affordable in perpetuity. The desired mix of affordability ranges is: 48% of units for residents with incomes at or below 80% AMI; 20% of units for those with incomes at or below 60% AMI; and 32% of units for residents with incomes at or below 20% of AMI. This far exceeds the city's 20/60/20 goal (20% affordable units, 60% AMI, for 20 years).

The project will be primarily voucher-based, with residents referred by the Asheville Housing Authority. The federal housing voucher program provides a type of payment that low income individuals can use to pay for rent in the private market. Currently, the number of landlords in Buncombe County who will accept vouchers is extremely limited. Many low income residents are unable to use their vouchers before they expire.

HSCD plans to use ground floor flex space in the proposed building to partner with other nonprofits. Possibilities include a pantry operated by Manna Food Bank, Homeward Bound case management or Pisgah Legal Services volunteer attorneys on-site, health/wellness and recovery programming. Between 3,000 - 4,000 square feet of community space will be included in the design for the ground floor level of the apartment complex.

## Statement of Need\*

Describe the need that this project will address. Include data to demonstrate the need, and cite the source of the data.

The Bowen Report, a Regional Housing Needs Assessment commissioned by county leaders in 2019, found that nearly half of Buncombe County's residents were cost-burdened, meaning more than 30% of their income was being spent on housing. Almost 20% were severely cost-burdened, with more than 50% of earnings earmarked for housing. In the rental market, the regional gap for very low-income housing (< \$500 / month rent) was recognized to be higher than for any other income segment. According to the Bowen Report, 2,039 deeply affordable units would be needed to fill this gap.

According to wage and rent statistics compiled by Thrive Asheville, a family must earn \$50,200 per year to afford a modest two bedroom apartment locally. Average annual salaries for many service industry workers in Buncombe County are well below that amount (i.e., Food Prep & Service average \$21,687; Nursing Assistant average \$26,894; Elementary School Teacher average \$40,724).

The gap between the need and supply of affordable housing in Buncombe County remains wide. With housing insecurity recognized as one of the leading social determinants of health, this problem represents a significant threat to the health and well-being of the county's residents.

## Link to COVID-19\*

Identify a health or economic harm resulting from or exacerbated by the public health emergency, describe the nature and extent of that harm, and explain how the use of this funding would address such harm.

In addition to more than 13,500 lives lost, Buncombe County experienced record high unemployment rates and a spike in the number of residents seeking help from its health and social services resource and referral network during the pandemic. In the first six months of the pandemic, United Way's 2-1-1 team members responded to 111,000 calls, compared to 121,000 calls in all of 2019. The county's unemployment rate was 7.4% in September 2020, compared to 2.6% the prior year. The economic impact of COVID on county residents has been significant, making the need to solve the county's affordable housing crisis even more urgent.

While homelessness overall remained mostly unchanged in Buncombe County from 2020 to 2021, the pandemic caused an increase in the severity of homelessness. The number of chronically homeless individuals increased, as well as the number of unsheltered homeless individuals (City of Asheville, Point in Time Count data). These trends are troubling because the evidence is clear that the longer someone remains homeless, the poorer their long-term health and economic outcomes are likely to be (National Alliance to End Homelessness).

## Population Served\*

Define the population to be served by this project, including volume and demographic characteristics of those served.

With a mix of 1, 2 and 3 bedroom apartments, this project will accommodate as many as 65 individuals. All residents will have incomes at or below 80% of the Area Median Income. For example, in 2020, an individual who lived alone making anything less than \$37,200 per year would be eligible to live at this property at a reduced rent, and a family of four making anything less than \$53,100 could also live there paying reduced rent. Some units will be reserved for people making extremely low incomes (\$9,300 or less per year for individuals). Priority will be given to Housing Choice Voucher holders.

## Results\*

Describe the proposed impact of the project. List at least 3 performance measures that will be tracked and reported. If possible, include baselines and goals for each performance measure.

Measurable results include:

1. Asheville's stock of affordable housing will increase by 40-45 new rental units by February 1, 2023.
2. 95% of new units will be occupied by low income renters by March 1, 2023.
3. On-site services will be provided by 3 or more health and human services providers in the building's ground floor community space by April 1, 2023.

Our long-term vision includes multiple housing developments in Asheville and Buncombe County, to help meet the significant gap in deeply affordable housing, particularly for residents with very low or no income.

## Evaluation\*

Describe the data collection, analysis, and quality assurance measures you will use to assure ongoing, effective tracking of contract requirements and outcomes.

Construction progress will be monitored according to a detailed timeline developed following the due diligence period.

Quarterly reports will document progress towards completion.

When construction is complete, occupancy rate will be calculated monthly.

A log will be kept documenting services offered onsite by community partners.

## Equity Impact\*

How will this effort help build toward a just, equitable, and sustainable COVID-19 recovery? How are the root causes and/or disproportionate impacts of inequities addressed?

By setting aside units for individuals with extremely and very low incomes, this project by its very nature seeks to restore equity and reduce disparities among Buncombe County residents. Additional diversity goals for the project are that: 5% of the apartments will be occupied by households with individuals who are elderly (age 60+); 10% of apartments will be occupied by households with individuals who are disabled; 10% of apartments will be occupied by individuals who are hard to house; and 10% of apartments will be occupied by individuals who are formerly homeless. We have been researching tenant screening tools that can prioritize historically marginalized populations that often have difficulty finding safe and stable housing -- for example, formerly incarcerated individuals or those with bad credit -- while maintaining compliance with the Fair Housing Act.

## Project Partners\*

Identify any subcontractors you intend to use for the proposed scope of work. For each subcontractor listed, indicate:

- 1.) What products and/or services are to be supplied by that subcontractor and;

2.) What percentage of the overall scope of work that subcontractor will perform.

Also, list non-funded key partners critical to project.

Contracted partners and budgeted amounts for the first phase of due diligence work include Gentry Geotechnical (\$4,200); Brooks Engineering Associates (\$20,250); Plageman Architecture (\$20,920); Singleton Environmental (\$2,200); and Griffin Realty and Construction Enterprises.

Key funding partners include the city of Asheville and Dogwood Health Trust.

Onsite health and human services partners are to be determined but may include: Pisgah Legal Services, Manna Food Bank, On-Track Financial Education and Counseling, Appalachian Mountain Community Health Services, MAHEC, Sunrise Community for Recovery & Wellness, WNCCHS, and other already well-established partners of HSC.

## Capacity\*

Describe the background, experience, and capabilities of your organization or department as it relates to capacity for delivering the proposed project and managing federal funds.

HSCD is a NC nonprofit corporation formed in 2020. Although relatively new, the organization shares a history with Haywood Street Congregation, a thriving urban ministry operating in Asheville since 2009 and affiliated with the United Methodist Church. HSC operates several substantial programs with a proven track record of success. In 2020, 50,000+ free Downtown Welcome Table meals were served and 2,056 "bed days" of medical respite care were provided by Haywood Street Respite. HSC manages a \$1.2 million operating budget and consistently maintains 4-6 months of cash reserves.

Recognizing affordable housing as an upstream solution to many of the challenges it was addressing, the HSC board of directors began to explore affordable housing as a new program focus area in 2016. Early work included researching best practices for "hard to house" populations and seeking legal guidance on organizational structure. In 2020 a governing board was formed and Articles of Incorporation were filed to establish HSCD. In May of 2021, HSCD's application for tax exempt status was approved by the IRS.

HSCD Board members bring a wealth of expertise and experience in affordable housing development. Current members include Leslie Anderson of Leslie Anderson Consulting (Chair); Holly Jones, former city councilwoman and Buncombe County Commissioner (Executive Committee); Teresa Stephens, Affordable Communities Director of Givens Communities; and Jim Barrett, Executive Director of Pisgah Legal Services. Some board members have first-hand experience with housing insecurity and others possess relevant skills such as federal grants management or professional experience administering federal Low Income Tax Credit projects. The 18-member board is active and engaged and attendance at monthly meetings is strong.

HSCD has selected an experienced and highly qualified construction and development team to manage this project. Please see attached statement of qualifications.

## Budget\*

Provide a detailed project budget including all proposed project revenues and expenditures, including explanations and methodology. For all revenue sources, list the funder and denote whether funds are confirmed or pending. For project expenses, denote all capital vs. operating costs, and reflect which specific expenses are proposed to be funded with one-time Buncombe County Recovery Funds.

Download a copy of the budget form [HERE](#). Complete the form, and upload it using the button below.

Recovery-Funds-budget-HSCD.xlsx

### Special Considerations\*

Provide any other information that might assist the County in its selection.

StatementofQualitfications (1).pdf

Please see attached statement of qualifications for the development and construction team.

## File Attachment Summary

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### *Applicant File Uploads*

- Recovery-Funds-budget-HSCD.xlsx
- StatementofQualitfications (1).pdf





List expenses here			\$	-		
List expenses here			\$	-		
			<b>Total</b>	\$	9,046,722.00	

## **The Development Team**

The development team has over 100 years of combined real estate construction, development, finance and operational experience. The developer and general contractor will be Griffin Realty and Construction Enterprises, Inc. ( GRACE, Inc.). Individual team member profiles follow:

### **William Ward Griffin | President**

Mr. Griffin plays an active role in the identification and analysis of potential investment opportunities but has primary responsibility for the development and construction of each project. He has over 20 years of industry experience and involvement in over 500 transactions. Mr. Griffin's past experience in brokerage, development, investment sales, lending and construction give him the needed insight to communicate with and effectively direct GRACE's multiple trade partners operating in the field. His career began in Charlotte, NC with Trammell Crow & Company, a global commercial real estate and development company. This was followed by several years with a regional mortgage brokerage company. Mr. Griffin founded GRACE in 2004. GRACE is an unlimited licensed general contractor and real estate brokerage firm. GRACE has executed a multitude of residential, commercial and multifamily construction and development projects in Western North Carolina. In the past three years GRACE has delivered over 450,000 square feet of multifamily product. Through his experience Mr. Griffin has acquired the skills necessary to meet the needs and expectations of large institutional investors and end users alike. Mr. Griffin attended The Asheville School, graduated from Wake Forest University with a degree in Analytical Finance and Accounting, and holds an MBA from UNC-Charlotte with a focus in Finance. He is a fourth generation Asheville native.

### **Rod Hubbard | Partner**

Mr. Hubbard has been active in real estate development and investment since 1995. Notable projects include the redevelopment of the Kress Building in downtown Asheville as well as the development of the Grove at Appledorn, and Brickton Village. The Kress is a six story building constructed in 1927 to house the Kress Variety Store. Mr. Hubbard acquired the building in 1996 and initially renovated the ground floor and basement for retail use. Subsequently the upper floors were converted into 21 residential condominiums. During the process of redeveloping the Kress Building, Mr. Hubbard became acutely aware of the need for affordable housing. Mr. Hubbard's second major project, The Grove at Appledorn, was intended to address a need for affordable housing in the City of Asheville. The Grove at Appledorn is a 168-unit residential condominium community located three miles south of downtown Asheville. The project was developed in two phases and sold out all 168 units in two years (the initial phase was 100% sold prior to the commencement of construction). Initial unit pricing ranged from \$69,000 to \$130,000. The success of the Grove led Mr. Hubbard to his second affordable project, Brickton Village, in the Town of Fletcher. Mr. Hubbard has made a commitment to developing well-conceived, constructed, and affordable housing in Western North Carolina.

### **Bill Arndt | Vice President/Project Manager**

Mr. Arndt takes an active role in the planning of new projects. He is in charge of budgeting for both the civil and vertical construction as well as executing the construction once a contract has been awarded. Mr. Arndt began his career as a project manager with Bostic Brothers construction and later moved to Blue Ridge General Contractors. He spent 13 years as a project manager and later vice president with Blue Ridge. During his career Mr. Arndt has built 4,000 multifamily and single family units as well as developed over 200 single family lots. His depth of construction and development knowledge is a key factor in the assurance that contracted projects are executed successfully. He has a degree in Construction Management from Appalachian State University.

### **Ken Etterman | Redfish Capital Advisors**

Mr. Etterman has been actively involved in real estate finance and development since 1990. He began his career in commercial banking which included roles in commercial real estate finance with Bank of America and Wachovia Bank (now Wells Fargo). Mr. Etterman left Wachovia in 2006 to found Redfish Capital Advisors, a real estate finance and development consulting firm serving real estate developers, operators and investors. Since forming Redfish Advisors, Mr. Etterman has been active in underwriting new development opportunities and has raised over \$1 billion in capital for multifamily housing communities throughout the country. Through Redfish Capital Advisors, Mr. Etterman was involved in the growth of Campus Crest Communities, advising on the company's 2010 IPO and taking a lead role in both project level and corporate debt strategies. Mr. Etterman earned a BS in Finance from Florida State University and an MBA from Western Carolina University. He is a licensed North Carolina real estate broker and holds the CCIM designation.

### **John Plageman | Plageman Architecture**

Rooted deeply in his past as a stone mason, his approach to designing buildings is crafted and tailored for each client. "Architecture is more about relationships and understanding the client's vision and needs than just producing buildings." Mr. Plageman was awarded his Masters Degree in Architecture from UNC Charlotte. Mr. Plageman has also managed the development of over \$150mm in multifamily communities in the Carolinas while working for a national REIT firm. When John is not working on projects he is spending time with his wife and three energetic kids. John enjoys playing blues guitar, basketball, fishing and running.

### **John Kinnaird | Brooks Engineering**

Mr. Kinnaird has 15 years of civil engineering and land planning experience. This experience includes all phases of development including due diligence, branding, marketing, project theming, land planning, amenity planning, engineering and construction administration. Mr. Kinnaird has overseen projects ranging from mixed-use and multifamily developments to mountain and lake resort communities for some of the finest developers in the world. He has a B.S. in Civil Engineering from the Georgia Institute of Technology in Atlanta, GA