



Buncombe County Board of Commissioners

Request for Board Action

Meeting Date: 4/2/2019

Board Appointments

Department: Cross-departmental: Legal; Planning; Strategic Partnerships

Presenter(s): Rachael Nygaard, Strategic Partnerships Director

Contact(s): Rachael Nygaard

Subject: East Haven Loan Agreement

Brief Summary:

At its January 15, 2019 meeting, the Board of Commissioners received a request from Mountain Housing Opportunities (MHO) for a \$2,200,000 loan to support a \$16,800,000 affordable housing project known as East Haven Apartments.

At its February 5, 2019 meeting, the Board of Commissioners considered the request and acted to approve a 0% interest \$2,200,000 community development loan with the following terms: (1) repayment over a 20-year term; (2) annual repayment of \$10,000 (years 1-10), \$7,500 (years 11-15), and \$5,000 (years 16-20); (3) balloon repayment of \$2,037,500 in year 20; (4) extended period of affordability from 30 years to the full physical life of the buildings (50+ years); and (5) commitment to pay property taxes on the assessed property. The Board of Commissioners did not approve a disbursement schedule. Staff collaborated with MHO to identify a disbursement schedule.

At its March 19, 2019 meeting, the Affordable Housing Subcommittee of the Board of Commissioners considered the staff proposed disbursement schedule and acted to send forward a favorable recommendation on the schedule to the full Board. A staff proposed disbursement schedule, agreeable to MHO, is included in the Loan Agreement, along with other terms of the loan. The proposed disbursement schedule is:

1. \$500,000 at the start of construction but no sooner than July 1, 2019
2. \$425,000 when the project is 50% completed
3. \$425,000 when the project is 100% completed but no sooner than July 1, 2020
4. \$850,000 when MHO has the permanent loan closing after construction is completed but no sooner than July 1, 2021

Recommended Motion & Requested Action:

Authorize the County Manager to execute the Community Development Loan Agreement and enter into and execute the associated Promissory Note and Deed of Trust for the East Haven Development.

County Manager's comments and Recommendation:

Affirm recommendation as listed above