

Reimagining Deaerview Phase 1

RFP for Coronavirus State and Local Fiscal Recovery Funds

Asheville Housing Authority

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Application Form

Question Group

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. To date, Buncombe County has awarded projects totaling \$23,093,499, leaving a balance of \$27,639,791 available to award.

Visit <http://www.buncombecounty.org/recoveryfunding> for details.

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](#)

Organization Type*

Public

Nonprofit documentation

If nonprofit, attach IRS Determination Letter or other proof of nonprofit status.

Name of Project.*

Reimagining Deaverview Phase 1

New/Updated Proposal*

Is this a new project proposal or an updated version of a proposal submitted during the earlier (July 2021) Recovery Funding RFP?

New project proposal

Amount of Funds Requested*

\$1,200,000.00

Category*

Please select one:

- Affordable Housing
- Aging/Older Adults
- Business Support/Economic Development
- Environmental/Climate
- Homelessness
- K-12 Education
- Infrastructure and/or Broadband
- Mental Health/Substance Use
- NC Pre-K Expansion
- Workforce

Affordable Housing

Brief Project Description*

Provide a short summary of your proposed project.

Reimagining Deaverview is the second Rental Assistance Demonstration (RAD) redevelopment initiative proposed by Asheville Housing Authority with our co-developer, Mountain Housing Opportunities. The first successful project was Maple Crest Apartments at Lee Walker Heights, now completed and fully leased. Phase 1 of Reimagining Deaverview has been planned in close consultation with current residents and will not require demolition of any of the current 160 residential units. Three new buildings, including 80 to 82 apartments and ample community space, will be built where the current Deaverview office stands and on another vacant corner of the property. This means the first group of Deaverview families will only have to relocate once, directly into their new apartments. We request approximately \$15,000 per unit, and have requested the same amount from the City. (Note: this application is submitted as an alternate funding option for MHO's pending AHSP application.)

Project Plan*

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

Asheville Housing began the planning process with Deaverview residents in early 2020. We included resident volunteers in our interviews to select the co-developer and architects. In November 2020, we held our first community workshop to gather the residents' design and programming ideas. Since then, a resident committee has met almost monthly, providing input to our planning team and serving as liaison to other

residents about the design process. Based on resident input, we have, among other things, picked a general architectural style that the residents found attractive, planned all units to be on a single internal level, included a plan for washer and dryer hookups in each unit, and included ample indoor community space to replace the tiny existing community room. The new Phase 1 buildings ultimately will be part of a total redevelopment of the site with better connections, walkability, play areas, increased indoor and outdoor community space with flexibility for programming. Future phases will include additional mixed-income buildings of various densities and building types.

With more than a year of valuable resident input and schematic design work behind us, we have moved to the funding phase. Primary financing sources will include a 9% Low Income Housing Tax Credit equity investment and a first mortgage loan. To fill gaps in financing, we seek this grant from the County and a matching grant from the City to pool with Asheville Housing's unrestricted resources and other potential grant opportunities. All of those funds will be invested into the project by Asheville Housing and secured by a second mortgage that will ensure affordability for at least 50 years. MHO has filed a pre-application for 9% tax credits with NCHFA, and the final application is due May 13. We need a commitment of funds by the County and City before the May 13 deadline.

After tax credit approval is received from NCHFA in August, we will proceed with final design work and construction documents, selection of a tax credit equity investor, and selection of a construction and first mortgage lender. We will finalize that work, complete construction contracting, and seek building permits in the first quarter of 2023. We plan to break ground in June 2023, complete construction by August 2024, and place the property in service by the end of 2024. As construction nears completion, we will develop a relocation plan for the Deaverview families who need to move for Phase 2 of the project and move them into their new permanent homes. During construction of Phase 1, we will complete master planning for the remaining parts of the property including two additional phases. Of course, this timeline could be impacted if construction costs continue to rise and we need to seek additional gap financing.

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 Regional Housing Assessment prepared for the Asheville Regional Housing Consortium in 2020 documented the critical and growing lack of affordable housing for all low- and moderate-income families in Buncombe and three neighboring counties. In 2021, Bowen National Research completed an extensive regional update of that report for the Dogwood Health Trust, covering all of Western North Carolina. The latter report (page 214) shows that Buncombe County has the largest affordable housing gap in the region -- with a need for 5,385 new rental units for families earning below 50% of AMI and 1,401 units for families between 50 and 80% of AMI.

These two comprehensive reports are available online at the following links:

- <https://www.ashevillenc.gov/department/community-economic-development/community-development/plans-and-reports/>
- <https://dogwoodhealthtrust.org/dogwood-health-trust-shares-results-of-commissioned-regional-housing-study/>

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.

COVID-19 has had, of course, broad ranging health and economic impacts over the last two years. Beyond the massive health crisis, one of the most significant economic impacts in Buncombe County has been a sudden and dramatic increase in the cost of housing. According to redfin.com, the median price of a home in Buncombe County in January 2020 was \$305,000; by February 2022, the median had increased 40% to \$425,000.

Impacts on the rental market are similarly alarming. According to zumper.com, Asheville rental averages increased significantly across all bedroom sizes:

- The average monthly one-bedroom rent in January 2020 was \$1,012; by April 2022 it had climbed 46% to \$1,475.
- The average two-bedroom rent in January 2020 \$1,202; by April 2022 it had climbed 36% to \$1,640.
- The average three-bedroom rent in January 2020 was \$1,612; by April 2022 it had climbed 30% to \$2,100.
- The average four-bedroom rent in January 2020 was \$1,1909; by April 2022 it had climbed 50% to \$2,873.

This extreme price escalation coincides with the COVID-19 pandemic and has been caused, at least in part, by people relocating to Buncombe County from other parts of the country with greater health impacts from the pandemic and more expensive housing markets. They may be investing to retire, to work remotely from Western North Carolina, or to acquire a short-term rental and profit from our tourism economy. This explosive growth over the last two years has significantly exacerbated the long-term trends shown in the Bowen reports, and makes the need for affordable housing all the more urgent.

COVID-19 has also caused significant disruptions in the job market, school schedules, and parental responsibilities, all adding more pressure to the large population of lower income families who need affordable housing. We are receiving an increased volume of calls for rental assistance and see increased numbers of people experiencing homelessness across the County.

Population Served*

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

This project will initially serve the residents of Deaverview Apartments as permanent relocation units, to allow for the phased demolition, replacement and expansion of the overall property. We plan ultimately to replace the existing 160 apartments with 320 new housing units, improving the homes of existing residents and expanding affordable opportunities for other families who need affordable housing.

Apartments in Phase 1 will meet the following affordability standards, with project-based and tenant-based subsidies to support the lowest income families:

- 21 units for families with incomes at or below 30% of the Area Median Income;
- 21 units for families with incomes at or below 50% of AMI; and
- Between 38 and 40 units for families with incomes at or below 60% of AMI. If the IRS clarifies its guidance on income averaging, this group may expand to families earning up to 80% of AMI.

Current Deaverview demographics:

- 98% of families have incomes at or below 50% of AMI, and most of those are below 30% of AMI;
- 29% of heads of household or their spouses are people with disabilities;
- 48% of the heads of household are Black, 44% White, 4% identify as mixed-race (Black/White), 3% Pacific Islander, and 1% American Indian;
- 4% are Latinx;
- 40% of the family members are children/youth under 18; 54% are between 18 and 61, and 6% are 62 or over; and

- 49% of the families are single individuals, 28% are two-person families, 15% are three-person families, and 8% are four persons or more.

Phase 1 alone will dramatically increase accessibility for people with disabilities. At least 8 units will be fully accessible and more than 60 will be visitable based on ground floor or elevator access and universal design. The interior of all units will be on a single level and have wide doorways, as opposed to the current property where most units have a narrow interior staircase, with the bathroom on the second floor.

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.

Phase 1 will most immediately benefit current low-income residents of Deaverview Apartments who will be able to relocate directly into the improved environment of a new, accessible apartment with modern amenities including central air conditioning, dishwashers, washer/dryer hookups and ample community space. Combined with future phases over time, Phase 1 will anchor an entirely new community of 320 mixed-income affordable residences including home ownership and rental opportunities.

Proposed performance measures:

1. Families with incomes at or below 30% of AMI will move into at least 21 of the new units.
2. Families with incomes at or below 50% of AMI will move into at least 21 of the new units.
3. Families with incomes at or below 60% of AMI will move into at least 38 of the new units, with a potential to expand that income limit to 80% of AMI with income averaging.

These performance measures will be tracked based on verified incomes and voucher participation by the initial group of families who move into the new units.

Evaluation*

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

NCHFA requires detailed documentation of income, including third-party verification of all major income sources. The procedures are outlined in HUD Handbook 4350.3 and other relevant HUD income verification notices, which the manager of the new units will be required to follow. We anticipate that the tax credit investor will also engage a compliance expert to review each family under the income requirements above. While those documents will be privacy protected, the results in terms of affordability percentages will be available and backed up by that rigorous income verification process.

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?

Asheville Housing serves a larger percentage of Black Americans, American Indians, and other People of Color than are represented in the County's general population. For example, 48% of Deaverview heads of household identify as Black and 4% as mixed race (Black/White). By contrast only 6.9% of Buncombe County residents identify as Black alone or in combination with any other race, according to 2020 Census. By that measure, replacement of Asheville Housing's aging subsidized housing stock alone will have a positive equity impact. Deaverview Apartments are more than 50 years old, built at a time when amenities and accessibility

standards were lower, and cannot reasonably be renovated to improve accessibility. New, comfortable, universally-designed apartments, with central air conditioning and other reasonable amenities, will promote equity for the families of color who live there now. Our relocation plan for the current residents also promotes equity by moving them only once and not disrupting their lives twice.

In addition, after Phase 1 is underway, we will master plan the entire community. Among other things we plan to include home ownership opportunities in the full Reimagining Deaverview project. This would allow as many as 50 families to use their vouchers to help pay a mortgage and build financial equity in their own homes. Furthermore, we want our new community to complement the Purpose-Built Community that the City of Asheville is planning for a nearby property. We are open to collaboration on that project with whomever the City selects as a developer, possibly opening up other home-ownership opportunities for our families.

Finally, the team that managed the Maple Crest construction project will also be managing this one. At Maple Crest, we successfully contracted 24.9% (over \$6,000,000) of the value of subcontracted work to historically underutilized businesses, which we believe is an unprecedented number for projects of that size in Asheville/Buncombe.

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.

We have selected the following key partners:

- Mountain Housing Opportunities Inc., a tax credit developer with decades of experience, has been selected as our co-developer.
- Neighboring Concepts, an African American-owned architecture and design firm based in Charlotte and their consulting engineers have been selected as the A/E team.
- Weaver-Cooke Construction, following their success with Maple Crest and other local projects, has been selected as the Construction Manager at Risk, WCC will competitively procure a team of subcontractors as the project moves forward. We hope to duplicate the near 25% HUB participation we had at Maple Crest.

After the NC Housing Finance Agency approves the tax credit allocation, we will competitively select a tax credit equity investor, construction and primary mortgage lender.

Our project budget shows the following approximate percentage breakdown:

- Architecture/Engineering: 4%
- Other construction hard costs: 79%
- Financing and due diligence : 4%
- Legal and compliance: 2%
- Construction soft costs: 8%
- Reserves: 3%

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.

Asheville Housing Authority is a public housing agency with two primary sources of funding: tenant rent and federal housing assistance funds. We currently manage more than \$24 million annually in HUD Section 8 funding, which provides housing assistance payments to support the residents of our communities and other voucher participants in Asheville and Buncombe County.

We successfully managed local funding contributions for the \$40 million redevelopment of Maple Crest Apartments at Lee Walker Heights, which has been completed and is fully leased. Those contributions included \$4.2 million from the County, \$4.2 million from the City, and \$4.5 million from Asheville Housing funds.

Other capital/construction projects Asheville Housing has managed over the last 10 years include:

1. The \$5.5 million federally-funded renovation of the Arthur R. Edington Center into a community-based education and career center.
2. The \$3 million federally-funded replacement of the exterior building envelope at Aston Park Tower.
3. More than \$10 million in other capital improvements to our facilities from a variety of funding sources, including energy- and water-efficiency upgrades, window replacements, interior renovations, roof replacements, fire alarm and sprinkler replacements, and complete building rehabs after fire or other casualty loss.

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.

Reimagining Deaverview Phase I-Recovery-Funds-Budget.xlsx

Special Considerations*

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

Deaverview Schematic Designs.pdf

To meet the NC Housing Finance Agency final application deadline, we request a commitment of funds from the County prior to May 13, 2022.

We are grateful for the collaboration with Buncombe County on the Maple Crest Apartments at Lee Walker Heights project. With this application, we plan to draw from and improve on that model. We are following the Lee Walker model by carefully and consistently involving our residents in the planning process from day one. One key lesson learned was to seek opportunities to phase our redevelopment work, take it in smaller increments to minimize disruption for residents and, whenever possible, ensure that residents only have to relocate once.

Asheville Housing looks forward to working with the County again on this important effort to carry forward our mission - To provide safe, quality, and affordable housing, to expand available resources, and to

collaborate with the community to create opportunities for resident self-reliance and economic independence.

File Attachment Summary

Applicant File Uploads

- Reimagining Deaverview Phase I-Recovery-Funds-Budget.xlsx
- Deaverview Schematic Designs.pdf

Coronavirus State and Local Fiscal Recovery Funds Proposed Project Budget

Organization Name:	Asheville Housing Authority
Project Name:	Reimagining Deaverview Phase I
Amount Requested:	1,200,000

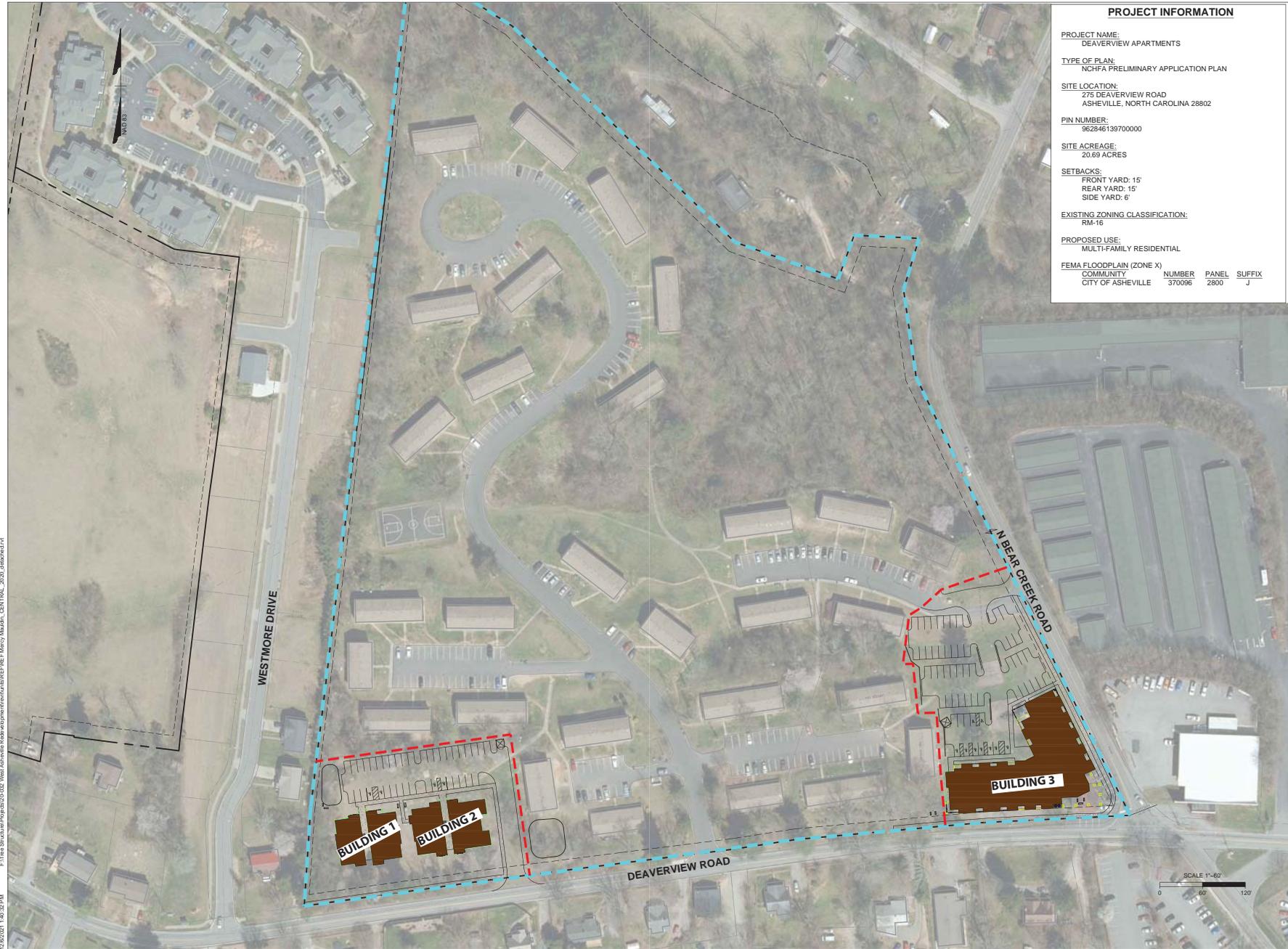
Proposed Project Revenue Funder	Amount	Confirmed or Pending?	Notes
Proposed Buncombe COVID Recovery Funds	\$ 1,200,000.00	Pending	
LIHTC Equity	\$ 7,199,280.00	Pending	
Permanent Loan Financing	\$ 4,853,599.00	Pending	
Rental Production Program (RPP) Loan	\$ 800,000.00	Pending	
City of Asheville	\$ 1,200,000.00	Pending	
HACA	\$ 1,200,000.00	Pending	
List other sources here			
List other sources here			
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Total	\$ 16,452,879.00		

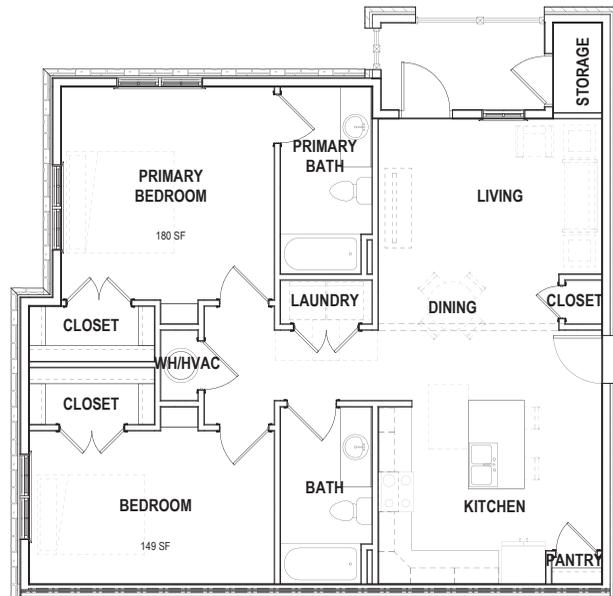
Proposed Project Expenses	Proposed Recovery Funds	Other Funds	Total	Capital or Operating Expense?	Notes
Construction Hard Costs	\$ 1,200,000.00	\$ 12,508,985.00	\$ 13,708,985.00	Capital	On-site improvements, building construction, contractor/engineer/architect fees.
Financing & Due Diligence		\$ 671,705.00	\$ 671,705.00	Capital	
Legal & Compliance		\$ 404,002.00	\$ 404,002.00	Capital	Attorney Fees, Tax Credit Allocation fees, Organizational Fees
Construction Soft Costs		\$ 1,242,000.00	\$ 1,242,000.00	Capital	Permitting, Office, Property management, FF&E, Playgrounds, Developer Fee
Reserves		\$ 426,187.00	\$ 426,187.00	Capital	Rent-up & Operating reserves as required by NCHFA
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
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List expenses here			\$ -		
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List expenses here			\$ -		
Total			\$ 16,452,879.00		

Exhibit B - Preliminary Architectural Plans

NCHFA Tax Credit Application Number: APP22-0025

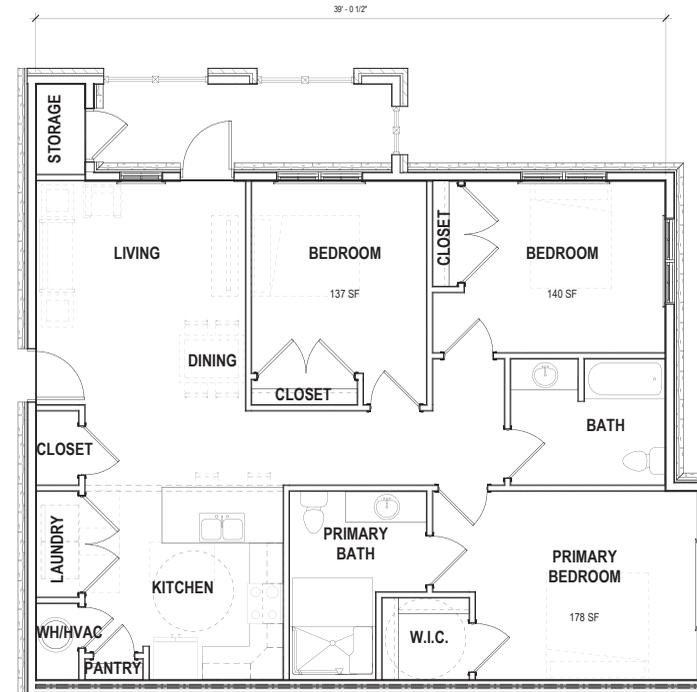






UNIT 2A: 1,044 HSF
SCALE: 1/4" = 1'-0"

COUNTER: 19'-6" LF
CLOSET: 12'-9" LF



UNIT 3A: 1,233 HSF
SCALE: 1/4" = 1'-0"

COUNTER: 14'-9" LF
CLOSET: 10'-2" LF



EAST ELEVATION
SCALE: 1/16"=1'-0"



NORTH ELEVATION
SCALE: 1/16"=1'-0"

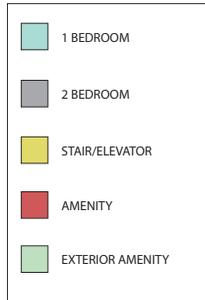


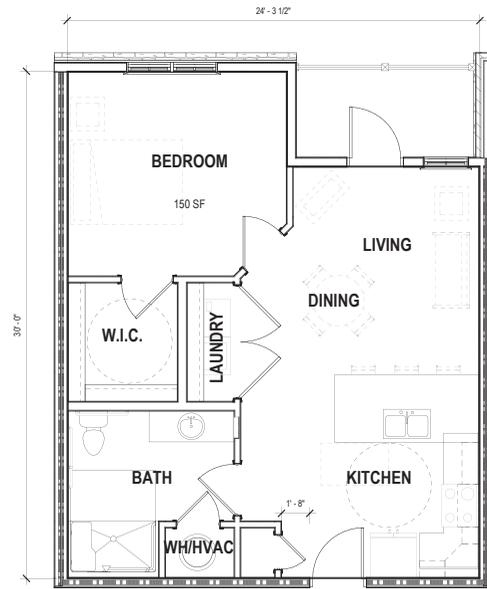
WEST ELEVATION
SCALE: 1/16"=1'-0"



SOUTH ELEVATION
SCALE: 1/16"=1'-0"

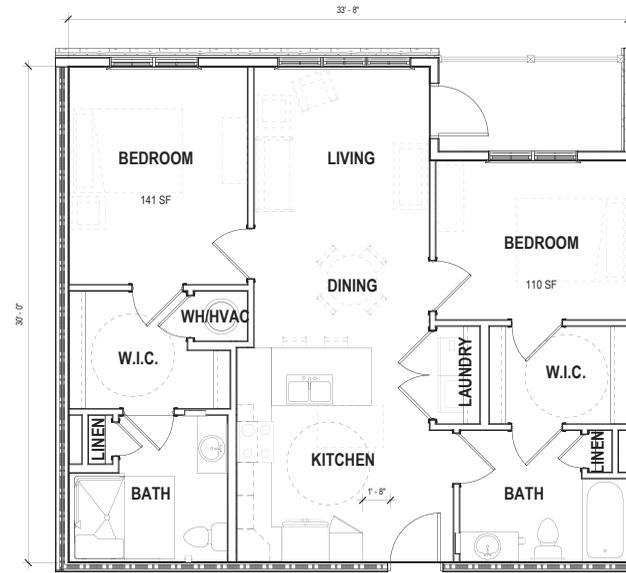
- PROJECT AMENITIES**
- LEASING OFFICE
 - COMMUNITY ROOM
 - RESIDENT COMPUTER CENTER
 - FITNESS CENTER
 - TENANT STORAGE
 - OUTDOOR SITTING AREA
 - PICNIC AREAS
 - COMMUNITY PORCHES
 - MOUNTAIN VIEWS
- BUILDING UNIT COUNT**
- | | |
|-----------|----|
| 1 BEDROOM | 48 |
| 2 BEDROOM | 10 |
| OVERALL | 58 |
- TYPICAL LOWER LEVEL FLOOR UNIT COUNT**
- | | |
|-----------|---|
| 1 BEDROOM | 6 |
| 2 BEDROOM | 2 |





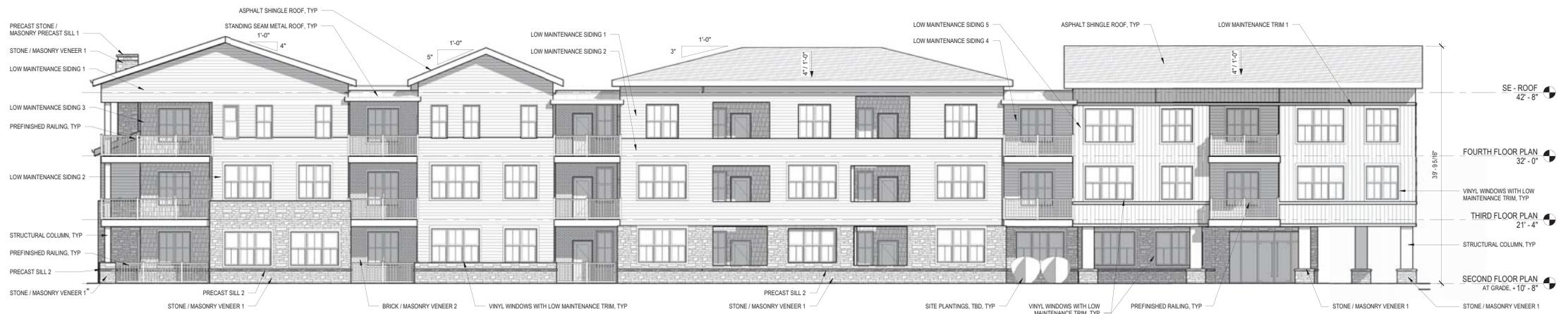
UNIT 1A: 665 HSF
SCALE: 1/4"=1'

COUNTER: 13'-9" LF
CLOSET: 12'-5" LF



UNIT 2B: 943 HSF
SCALE: 1/4"=1'

COUNTER: 14'-0" LF
CLOSET: 11'-3" LF



SOUTH ELEVATION
SCALE: 1/16"=1'-0"