



Buncombe County Board of Commissioners

Request for Board Action

Meeting Date: February 20, 2024

New Business

Department: County Management/Planning **Presenter(s):** Chloe Donohoe/John Hudson, Budget

Contact(s): Chloe Donohoe, Affordable Housing Bond Project Manager Increased

Subject: Allocation of Bond Proceeds for the Lakeshore Villas project

Brief Summary:

Budget Amendment for the Lakeshore Villas project in September 2023

At their September 19th meeting, the Board of Commissioners discussed a recommendation from the Affordable Housing Subcommittee regarding Mountain Housing Opportunities, Inc. (MHO)'s Lakeshore Villas project. The Board voted to replace their second COVID Recovery Funding Allocation of \$718,616 with additional Bond Proceeds through the Affordable Housing Services Program. This budget amendment increased the total allocation of Bond Proceeds for the project to \$3,318,616.

HOME Funds

When the budget amendment was brought to the Affordable Housing Subcommittee, the Subcommittee requested that County Staff advocate for a reallocation process of available HOME funds through the HOME Consortium and that MHO apply for the available funds to fill the funding gap for the Lakeshore Villas project.

Project Updates since September 2023

The HOME Consortium has not undergone a reallocation process, preventing the chance to advocate for the additional funds to be allocated to the Lakeshore Villa project's existing HOME award. Our staff has requested more information about the decision to forgo a reallocation process, but has not received a response. Project costs have gone up since their request in September by approximately \$1.2 million. MHO increased their deferred developer fee by \$420,929 to accommodate these increased costs, but their pro forma indicates a remaining gap \$299,702. Finally, the project's U.S. Army Corps of Engineers General Permit and HUD Environmental Assessment impose restricted timelines for tree clearing on the site to avoid potential effects to federally endangered species. While the two documents have slightly different deadlines, the sooner of the two requires that MHO finish tree clearing by March 31, 2024.

Budget Amendment Recommendation to close the funding gap for the Lakeshore Villas project

MHO has initiated the closing process with the County to meet the restricted deadline for tree clearing, but requested that the Affordable Housing Subcommittee consider allocating additional Bond Proceeds to close their financial gap. The Subcommittee recommended that the Lakeshore Villas project is allocated an additional \$299,702 in Bond Proceeds to effectively close their funding gap. This would increase the total amount of the Bond Proceeds allocated to the Lakeshore Villas project to \$3,618,318.

Recommended Motion & Requested Action: Approve budget amendment.

County Manager's Comments & Recommendation: Recommends approval.