Property Acquisition for Affordable Housing

RFP for Coronavirus State and Local Fiscal Recovery Funds

Buncombe County Government

200 College St Suite 300
Asheville, NC 28801

Matthew Cable
matthew.cable@buncombecounty.org
O: (828) 250-4829
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. 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.

Property Acquisition for Affordable Housing

Amount of Funds Requested*

$10,000,000.00

Recovery Fund Eligible Category*

Please select one:

County only

Brief Project Description*

Provide a short summary of your proposed project.

Buncombe County’s Planning and Development Department Community Development Division requests $10,000,000 for the purpose of acquiring an anticipated four (4) to ten properties which will be used to preserve and deploy properties ideal for developing affordable rental, for-sale, or transitional/supportive housing (hereinafter "the project"). The project will directly address critical affordable housing needs and will
focus on low-income Buncombe County residents most impacted by the COVID-19 pandemic. The project will identify sites for acquisition that offer access to transportation, health care, and supportive services. The project does not anticipate Buncombe County will directly develop/redevelop acquired properties, but rather that Buncombe County will acquire the properties and thereafter seek development partners to deliver affordable and/or transitional/supportive housing serving low-income Buncombe County residents.

**Project Plan***

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

The project will employ proven methods for production of affordable and/or transitional/supportive housing and intends to rely on the existing capacity of Buncombe County staff coupled with external development partners. The project's properties are anticipated to result in additional external community development funding through development partners experienced in development and management of affordable and/or transitional/supportive housing.

County staff, the Affordable Housing Committee (AHC), and Board of Commissioners have experience leveraging Buncombe County funds to produce affordable housing through the Affordable Housing Services Program (AHSP). The project will rely on this experience. Following finalization of site selection criteria, property identification and assessment will be undertaken by staff and externally contracted professional service providers. Identified properties will be presented to County Management and the Board of Commissioners for approval and offer of purchase. A Request for Proposals (RFP) process will occur for sites, leading to the selection of development partners. Staff proposes the following site selection criteria:

For Sites for Affordable Housing for Rent: A property shall be deemed likely to achieve a perfect score on the North Carolina Housing Finance Agency's (NCHFA) Qualified Allocation Plan (QAP). This will allow sites to be eligible for the competitive Low Income Housing Tax Credits (LIHTC) which are the most significant source of affordable housing funding available to affordable housing for rent.

For Sites for Affordable Housing for Sale: A property shall be proximate to employment, transportation, supportive services, and community resources (similar to NCHFA QAP scoring system criteria) and should score well but may not achieve a perfect score.

For Sites for Transitional/Supportive Housing: A property shall be evaluated against separate criteria as this particular use is reliant on the emergence of a compelling use or project and would require AHC evaluation.

For All Sites: A property shall be evaluated to determine consistency and support of equity goals including an evaluation of compatibility with existing neighborhoods and the potential to preserve or increase equity and prevent displacement. A property shall be evaluated for the potential to address broader Buncombe County goals and proximity to other existing or potential future community resources (existing, future or collocated parks, libraries, etc.).

Affordable for rent or transitional/supportive housing shall be maintained as affordable for at least 50 years. Affordable housing for sale shall be maintained as affordable for a minimum of five (5) years.

Staff anticipate the project would commence upon award and conclude within the specified award timeframe (5 years). The project is scalable based on award determination which may reduce the timeframe.

**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 COVID-19 pandemic and subsequent economic impact created hardship for many Buncombe County residents in their effort to maintain housing. Covid Relief Funds were implemented to assist homeowners and renters in maintenance of housing. Additionally, a series of federal and state eviction moratoriums and coincident state and federal rental assistance efforts were implemented to mitigate a widespread pandemic induced housing crisis. These efforts were intended to address the economic crisis but not to address any pre-
existing affordable housing shortages. Affordable housing is a well-documented critical need in Buncombe County.

The need for affordable housing is supported by the recently completed Bowen National Research 2020 Housing Needs Assessment for Buncombe County (Bowen Report). According to the Bowen Report, “The focus of this analysis is to assess the market characteristics of, and to determine the housing needs for, Buncombe County.” The Bowen Report indicates that there is a gap of 3,198 affordable rental units which are needed to serve households below 80% AMI. Of the 3,198 unit gap, 1,124 units are needed for households below 30% AMI and 1,044 units are needed for households between 30 and 50% AMI. The Bowen Report indicates that 845 affordable housing units for sale are needed for households below 80% AMI. Finally, the Bowen Report indicates that 12,722 Buncombe County households are severely cost-burdened (spending more than 50% of income on housing) while 31,953 Buncombe County households remain cost-burdened (spending more than 30% of income on housing).

The project will address the shortage of affordable housing units and to shrink the number of cost-burdened and severely cost-burdened households in Buncombe County.

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.

Guidance provided by the U.S. Department of the Treasury for ARPA funds identified specific populations that experienced disproportionate health and economic effects from the COVID-19 pandemic. Low-income, BIPOC, and homeless individuals were highlighted, and explicit guidance was given to local governments to build stronger communities through investment in housing and neighborhoods. Access to stable housing allowed individuals to stay properly isolated during the most critical periods of the pandemic, and there is a clear directive to communities that increasing the supply of affordable housing will improve resilience in the case of future pandemics.

Population Served*

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

Guidance provided by the U.S. Department of the Treasury for ARPA funds offered a clear indication that the production of affordable housing was an eligible use of funds when said housing was provided in “a Qualified Census Tract, to families living in a Qualified Census Tract, or (…) to other populations, households, or geographic areas that are disproportionately impacted by the pandemic.” The document further clarifies the description of disproportionately impacted populations and households, highlighting "low-income communities, people of color, and Tribal communities." Staff understand this guidance to indicate that affordable and/or transitional/supportive housing that results from the project should be made available only to individuals and households who meet the Federal definition of low-income (meaning at or below 80% of the Area Median Income).

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.

The primary metric used to gauge project performance be the production of new affordable and/or transitional/supportive housing units. A review of recent AHSP supported affordable housing projects in Buncombe County suggests approximately 85 new affordable housing units would be produced for each new
affordable housing for rent site acquired through the project. Depending on the ultimate site selection and project type delivered, it is anticipated that between 340 and 850 units would be able to be delivered by the project.

The secondary metric used to gauge project performance will be total number of household served and number of individuals to be housed or sheltered. A review of recent AHSP supported affordable housing projects in Buncombe County suggests a mix of unit sizes will accommodate households of various sizes. A mixture of household sizes will necessarily be accommodated by the project to serve individuals and families. Depending on the ultimate site selection and project type delivered, it is anticipated that between 340 and 850 households and between 340 and 3,400 individuals would be able to be supported by the project.

The tertiary metric used to gauge project performance will be the income levels of the households served (i.e. low-income, very low-income, and extremely low-income). A review of recent AHSP supported housing projects in Buncombe County suggests that low-income, very low-income and extremely low-income households can be served where significant funding support (and/or project site) are provided to development partners. Depending on the availability of other funding sources, it is anticipated that between 340 and 850 households of various levels of low-income would be served by the project.

The project will include affordable rental housing and transitional/supportive housing maintained as affordable for a period of at least 50 years and/or for-sale housing maintained as affordable for at least five (5) years.

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

The primary measure used for determining project success will be the acquisition of real property that aligns with the priorities defined elsewhere in the application and the development of that real property by a development partner. Further analysis will be conducted as each property is transferred and converted into affordable and/or transitional/supportive housing for low-income households in Buncombe County. Key metrics to be considered in this analysis will be the number of units produced, as well as the income, demographic, and family characteristics of households and individuals supported. Finally, the preservation of an extended period of affordability will allow ongoing staff monitoring of projects to ensure long-term impact.

**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?

Buncombe County low-income households are significantly impacted by the escalating cost of housing in the County. These households are often cost-burdened or severely cost-burdened by the existing cost of housing (as noted in the previously mentioned Bowen Report). Nationally and locally, the cost burden was exacerbated by the economic impacts of COVID-19. The introduction of additional affordable housing will build toward a just, equitable, and sustainable COVID-19 recovery. By reducing the burden of housing costs in a significant way, other economical inequities will be lessened as a number of households’ incomes can be redirected to other non-housing related purposes. A review of recent AHSP supported affordable housing projects in Buncombe County suggest that the households supported are traditionally more diverse than that of the general population.

**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.

The project will depend on external development partners but shall also require engagement of professionals with unique experience in elements of the real estate transaction process. It is anticipated that a licensed commercial broker will be required, as well as modest professional services to perform site assessment (geotechnical, environmental assessment, title search, etc.). All project partners will be selected through the appropriate Buncombe County contracting and procurement policies.

**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.

Buncombe County’s Planning and Development Department possesses the skill and experience necessary to carry out the proposed project when supplemented with external professional services. Where necessary, partners with experience related to commercial transactions and site assessment (geotechnical, environmental assessment, title search, etc.) will be identified, and services will be secured according to approved Buncombe County contracting and procurement policies.

**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.

07.15.21_ARPA_Property Acquisition for Affordable Housing_Application_Budget_Submitted.xlsx

**Special Considerations***

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

07.15.21_Housing Needs Assessment 2020 Data.pdf

The project will require involvement by the Board of Commissioners in the acquisition of sites which will represent a unique opportunity for direct impact in the siting and development of affordable and transitional/supportive housing in Buncombe County.

The project requests $10,000,000 in funding support. Staff anticipates $150,000 in professional services costs over the course of acquiring four (4) to 10 sites. Staff administration costs are anticipated to be absorbed in the Planning and Development Department personnel budget, including any personnel expansion required dependent on all external grant awards received through various programs. Certain aspects of the project budget are scalable and will vary based on the total award and the ultimate number of sites selected and procured. We anticipate site acquisition costs to range between $1 million to $2.5 million based on recent AHSP affordable housing and transitional/supportive housing project proposals.
File Attachment Summary

Applicant File Uploads

- 07.15.21_ARPA_Property Acquisition for Affordable Housing_Application_Budget_Submitted.xlsx
- 07.15.21_Housing Needs Assessment 2020 Data.pdf
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<th>Confirmed or Pending?</th>
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**Total** $ 10,000,000.00

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**Total** $ 10,000,000.00
HOUSING NEEDS ASSESSMENT 2020

“The focus of this analysis is to assess the market characteristics of, and to determine the housing needs for, Buncombe County.” – Bowen National Research 2020 HNA

Process:
- Evaluate various socio-economic characteristics
- Inventory and analyze housing supply (rental and owner product)
- Conduct stakeholder interviews
- Evaluate special needs populations
- Provide housing gap estimates to help identify housing needs
- Update the 2014 Housing Needs Assessment
KEY FINDINGS & INFORMATION

- Population is increasing
- Households are increasing
- Senior households projected growth
- Cost burdened households remain a challenge
- Overcrowded housing situations remain a challenge
- Vacancy of rental units is improving
- Rents are rising
- Inventory of affordable homes for sale has declined
POPULATION

City of Asheville  Buncombe County

2010 238,315 154,808 83,507
2019 (Estimate) 266,924 172,076 94,848
2024 (Projected) 287,528 185,789 101,739
HOUSEHOLDS

- 2010: 100,409
- 2019 (Estimate): 114,176
- 2024 (Projected): 121,876
Affordable Housing: Housing that costs no more than 30% of a household’s monthly gross income, including utilities (HUD)
Cost Burdened: Spending more than 30% of income on housing
Severely Cost Burdened: Spending more than 50% of income on housing
COST BURDENED RENTER HOUSEHOLD

2014 Report
- Severe Cost Burdened: 12,094 (34%)
- Cost Burdened: 7,774 (22%)
- Not Burdened: 15,930 (44%)

2020 Report
- Severe Cost Burdened: 13,212 (35%)
- Cost Burdened: 7,439 (19%)
- Not Burdened: 17,643 (46%)
COST BURDENED OWNER HOUSEHOLD

2014 Report

- Severe Cost Burdened: 6,428 (10%)
- Cost Burdened: 16,934 (26%)
- Not Burdened: 41,769 (64%)

2020 Report

- Severe Cost Burdened: 5,283 (8%)
- Cost Burdened: 14,310 (21%)
- Not Burdened: 47,590 (71%)
COST BURDENED HOUSEHOLDS

2014 Report

- Severe Cost Burdened: 14,202 (14%)
- Cost Burdened: 32,864 (33%)
- Not Burdened: 53,863 (53%)

2020 Report

- Severe Cost Burdened: 12,722 (12%)
- Cost Burdened: 31,953 (30%)
- Not Burdened: 60,802 (58%)

BUNCOMBE COUNTY

PART I
MULTI-FAMILY RENTAL HOUSING

✓ 2020 Report:
  • 535 vacant units (96.6% occupancy)
  • 2 affordable vacant units (99.9% occupancy)
✓ 2014 Report:
  • 99 vacant units (99.2% occupancy)
  • 0 affordable vacant units (100% occupancy)
✓ Annual Average Market Rate Rent Increase from 2014 to 2019: 5.4%
✓ Annual Average Tax Credit Rent Increase from 2014 to 2019: 4.8%
### MEDIAN RENTS

**MARKET RATE MULTIFAMILY**

<table>
<thead>
<tr>
<th>BEDROOM</th>
<th>BATH</th>
<th>2014 MEDIAN RENT</th>
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HOUSING GAP ESTIMATES

Rental Housing Gap Estimates

✔ <80% AMI: 3,198
  • <30% AMI: 1,124
  • 30%-50% AMI: 1,044
  • 51%-80% AMI: 1,030
✔ 80-120% AMI: 904

For Sale Housing Gap Estimates

✔ <80% AMI: 845
✔ 80-120% AMI: 2,673