

# Property Acquisition for Affordable Housing

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*RFP for Coronavirus State and Local Fiscal  
Recovery Funds*

## ***Buncombe County Government***

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Asheville, NC 28801

## ***Matthew Cable***

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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. 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.\*

Property Acquisition for Affordable Housing

## 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?

Updated version of previously submitted proposal

## Amount of Funds Requested\*

\$7,000,000.00

## 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.

The Community Development (CD) Division requests \$7,000,000 to acquire properties suitable for developing affordable housing (hereinafter “the project”). The project will directly address affordable housing needs and will focus on low-income Buncombe County residents. The project will engage, over an 8 month period, a commercial real estate broker to identify sites meeting specific criteria. Identified properties will be reviewed by UNC School of Government's DFI and site assessment professionals, as needed, to confirm site suitability. The project will involve County Management and the Board of Commissioners in site acquisition. The project anticipates working with DFI to identify development partners and deliver development agreement(s). During the initial 8 month period, CD staff will explore two additional concepts (land banking and land acquisition programs) such that recovery funds can be made available through such program(s) if sites are not identified within the 8 months.

## Project Plan\*

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

The project will rely on the existing capacity of CD staff, identified professionals (ex: commercial real estate broker), government partners (ex: DFI), and private development partners. CD staff, the Affordable Housing Committee (AHC), and Board of Commissioners have experience leveraging County funds to produce affordable housing through the Affordable Housing Services Program (AHSP).

After finalizing site selection criteria, CD staff will engage a commercial real estate broker to identify properties. CD staff will work with DFI and other professionals, as needed, to assess the suitability of identified sites. Identified properties will be presented to County Management and the Board of Commissioners for consideration and possible acquisition. The project anticipates working with DFI to identify development partners and deliver development agreement(s).

Staff proposes the following site selection criteria:

**Sites for Affordable Housing for Rent:** A property likely to achieve a perfect or near perfect score on the North Carolina Housing Finance Agency's (NCHFA) most recently issued Qualified Allocation Plan (QAP) as such property will be able to seek LIHTC (the most significant source of affordable housing funding available to affordable housing for rent).

**Sites for Affordable Housing for Sale:** A property proximate to employment, transportation, supportive services, and community resources (similar to NCHFA QAP criteria) but that might not achieve a perfect QAP score.

Properties shall be evaluated for the potential to address broader Buncombe County goals, with a particular focus on equity goals.

Staff anticipate the project would include two phases. Phase 1 includes site identification, suitability verification, and acquisition (8 months). Phase 2 includes completion of development agreement (8 to 12 months). The total project is anticipated to last 16 to 20 months.

During Phase 1, staff will explore two additional concepts (land banking and land acquisition programs) such that recovery funds can be made available through such program(s) if sites are not able to be identified in Phase 1.

A land banking program is a concept in which a local government acquires property, holds property, eliminates encumbrances, and conveys property for development/redevelopment (in this case for affordable housing purposes). These programs are operating across the United States. An overview to land banking is provided at <https://communityprogress.org/publications/land-banks-and-land-banking-2nd-ed/>.

A land acquisition program is a concept in which a local government provides funding for external partners to acquire property for affordable housing. This program would be similar to the AHSP, except that it would directly support land acquisition (not construction). The City of Durham has supported such an effort (see <https://www.self-help.org/business/loans/all-business-loans/durham-affordable-housing-loan-fund>). Wake County is also considering a similar program.

## 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. 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 or any post-pandemic housing market changes. Affordable housing is a well-documented critical need in Buncombe County across a number of studies.

The need for affordable housing is supported by the 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 Board of Commissioners recently adopted Affordable Housing Goals intended to impact the housing needs identified in the Bowen Report. These goals included supporting objectives to impact 2,800 - 3,150 affordable housing units by 2030. One strategy recognized by the Affordable Housing Committee, in meeting these goals and objectives, is the leveraging of suitable properties.

### 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 first metric used to gauge performance of the project will be the production of new affordable housing units. A review of recent AHSP supported projects in Buncombe County suggests approximately 80-160 new affordable housing units would be produced for each new affordable housing for rent site acquired through the project (the most dense project type). Depending on the ultimate site selection and project type delivered, it is anticipated as many as 480 units would be able to be delivered by the project.

The second metric used to gauge project performance will be total number of household served and number of individuals to be housed. 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 as many as 480 households and as many as 1,920 individuals would be able to be impacted by the project.

The third 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 as many as 480 households of various levels of low-income would be served by the project.

Should the land banking or land acquisition program be pursued (in the event that suitable sites are not identified in Phase 1), the above referenced metrics would be applicable as a measure of the success of either of these programs as well.

## 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 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 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.

## 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 Buncombe 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 the following will be required: (1) commercial real estate broker; (2) certain professional services to perform site assessment work (geotechnical, environmental assessment, title search, etc.); and (3) governmental agencies to deliver development agreements (DFI) . All project partners will be selected through the appropriate Buncombe County contracting and procurement policies and procedures.

## 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.

CD staff is anticipated to possess the skill and experience necessary to carry out the proposed project when supplemented with external professional services. It is anticipated that the following will be required: (1) commercial real estate broker; (2) certain professional services to perform site assessment work (geotechnical, environmental assessment, title search, etc.); and (3) governmental agencies to deliver development agreements (DFI) . All project partners will be selected through the appropriate Buncombe County contracting and procurement policies and procedures.

## 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.

04.11.22\_ARPA\_Property Acquisition for Affordable Housing\_Application\_Budget.xlsx

## Special Considerations\*

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

04.11.22\_Affordable\_Housing\_Goals\_and\_HNA\_Presentations.pdf

The project will require involvement by County Management and 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 housing in Buncombe County.

The project requests \$7,000,000 in funding support. Staff anticipates \$150,000 in site assessment work professional services costs over the course of acquiring three (3) four to (4) four sites. Staff anticipated \$134,700 in development agreement delivery professional services costs (DFI) for four (4) 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 \$1.675 million to \$2.3 million based on recent AHSP affordable housing project proposals.

## File Attachment Summary

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### *Applicant File Uploads*

- 04.11.22\_ARPA\_Property Acquisition for Affordable Housing\_Application\_Budget.xlsx
- 04.11.22\_Affordable\_Housing\_Goals\_and\_HNA\_Presentations.pdf

## Coronavirus State and Local Fiscal Recovery Funds Proposed Project Budget

<b>Organization Name:</b>	<b>Buncombe County Planning and Development</b>
<b>Project Name:</b>	<b>Property Acquisition for Affordable Housing</b>
<b>Amount Requested:</b>	

Proposed Project Revenue Funder	Amount	Confirmed or Pending?	Notes
Proposed Buncombe COVID Recovery Funds	\$ 7,000,000.00	Pending	
List other sources here			
List other sources here			
List other sources here			
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List other sources here			
List other sources here			
<b>Total</b>	<b>\$ 7,000,000.00</b>		

Proposed Project Expenses	Proposed Recovery Funds	Other Funds	Total	Capital or Operating Expense?	Notes
List expenses here	\$ 6,715,300.00		\$ 6,715,300.00	Capital	Site Acquisition
List expenses here	\$ 150,000.00		\$ 150,000.00	Operating	Site Assessment Work (Various Professional Services)
List expenses here	\$ 134,700.00		\$ 134,700.00	Operating	Development Agreement Delivery (DFI)
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
List expenses here			\$ -		
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List expenses here			\$ -		
<b>Total</b>			<b>\$ 7,000,000.00</b>		



# AFFORDABLE HOUSING GOALS

*Presented by*

Chairman Newman, Commissioner Edwards, Commissioner Sloan

Affordable Housing Subcommittee



# AFFORDABLE HOUSING GOALS

1. Increase the supply of Affordable Housing for rent
2. Increase the supply of Affordable Housing for homeownership, especially for BIPOC households
3. Preserve the supply of Naturally Occurring Affordable Housing (NOAH)
4. Support activities that achieve functional zero Homelessness
5. Support activities that encourage the use of all vouchers



# AFFORDABLE HOUSING OBJECTIVES

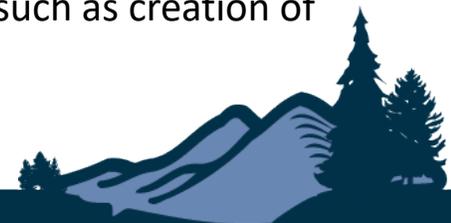
**Buncombe County will impact 2,800-3,150 affordable housing units by 2030.**

- 1,500-1,850 rental units for households at  $\leq 80\%$  AMI
  - average at  $\leq 60\%$  AMI across all households
  - 1200-1480 units should leverage the LIHTC program (will leverage an estimated \$100 - \$120 million in tax credit equity to Buncombe Co.)
  - 200 units for  $\leq 30\%$  AMI
- 400 ownership units for households at  $\leq 80\%$  AMI
- 500 repair units for households at  $\leq 80\%$  AMI
- 400 ownership or rental units for households at  $> 80\%$  to  $\leq 120\%$  AMI



# Investment estimates to achieve goals

- 1,850 rental units for households at 60% AMI average-- \$40,000 per unit on average -- \$74 million
- 400 ownership units for households at  $\leq$  80% AMI -- \$45,000 per unit average - \$18 million
- 500 repair units for households at  $\leq$  80% AMI --\$6,000 per unit average -- \$3 million
- 400 ownership or rental units for households at  $>$  80% to  $\leq$  120% AMI - \$10,000 per unit average - \$4 million
- Total investment required - \$99 million
- Ballpark estimate likely to be provided by other local strategic funding partners (City of Asheville, HOME, philanthropic) - \$45 million
- Estimated investment level necessary from Buncombe County - \$54 million
- Potential sources:
  - Annual budget investments of \$2.3 million generates \$18.4 million
  - ARPA funds – Approx \$8 million invested to date
  - County owned land assets
  - Bond funding
- Meeting the goals identified will reserve the trends of growing affordable housing scarcity but significant remaining gaps will remain. The Affordable Housing Committee is also working on development of other goals, such as creation of more shelter beds, but needs additional time to establish specific targets and budgets.
- Additional investments will be needed to address these additional needs.





# HOUSING NEEDS ASSESSMENT 2020

*Presented by*

Matthew Cable

Community Development Division



BUNCOMBE COUNTY

# 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

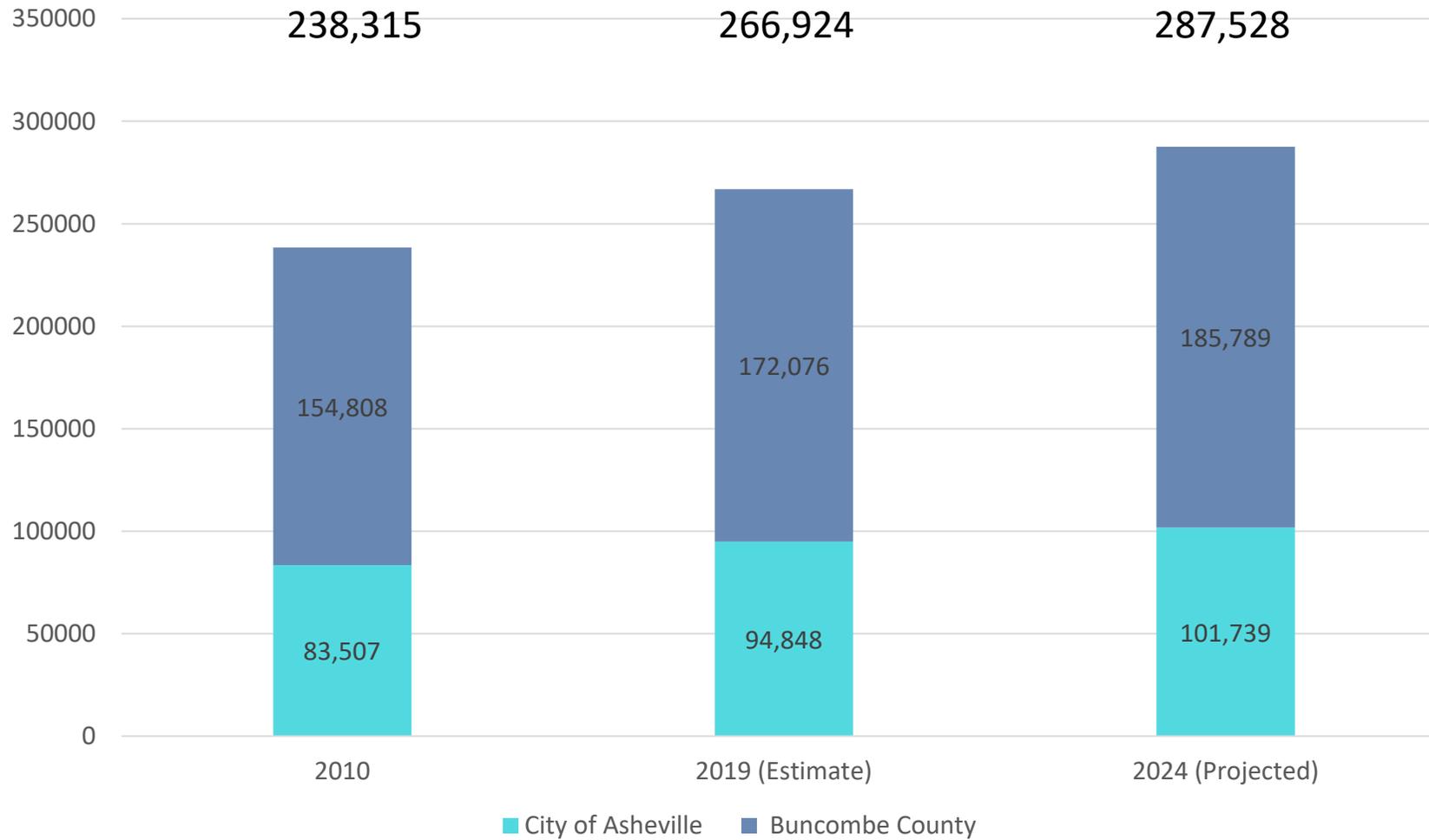


# KEY FINDINGS & INFORMATION

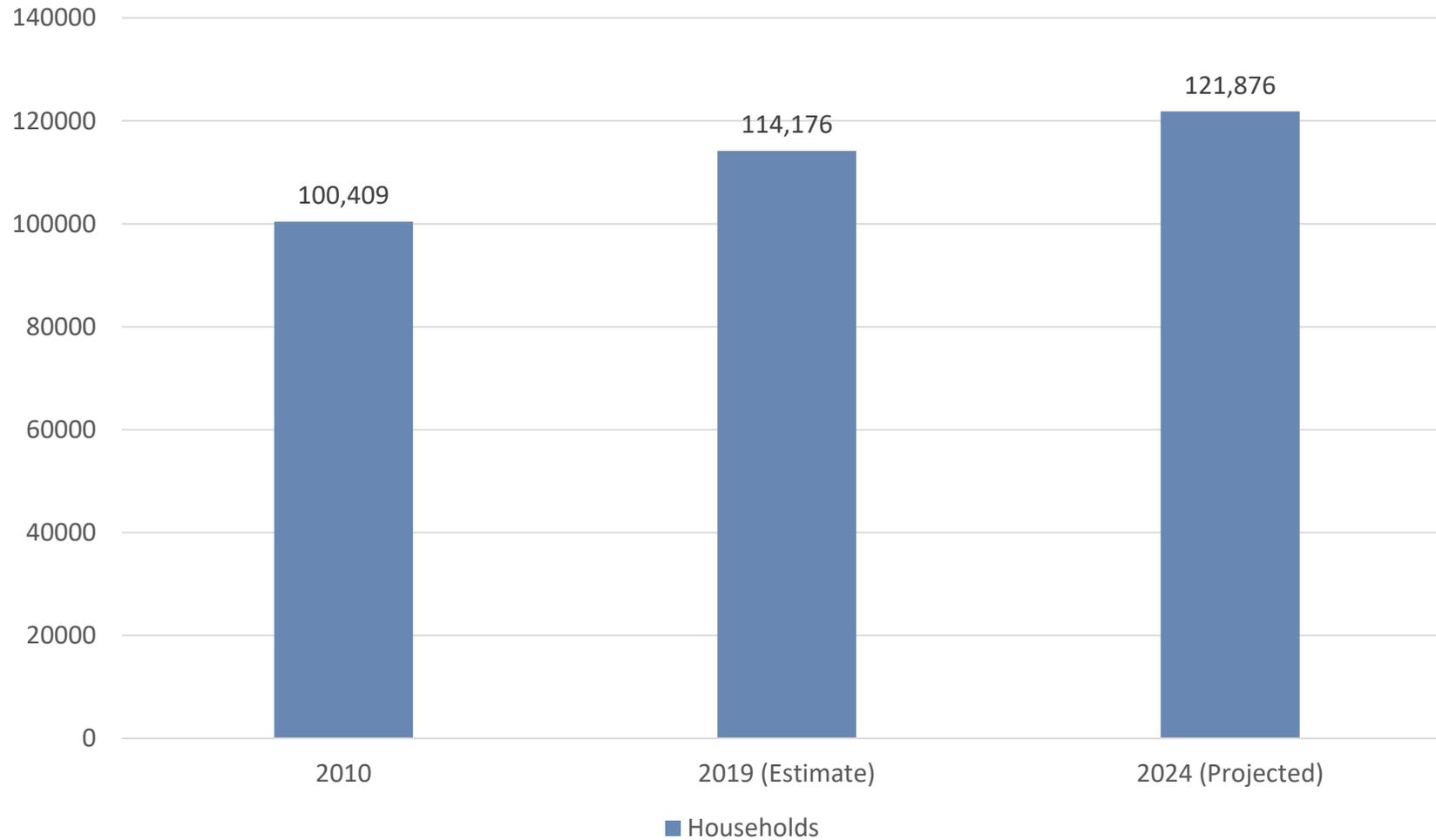
- Population is increasing
- Households are increasing
- Senior households projected growth
- Cost burdened households remain a challenge
- Overcrowded housing situations remain a challenge
- Vacancy of rental units is improving
- Rents are rising
- Inventory of affordable homes for sale has declined



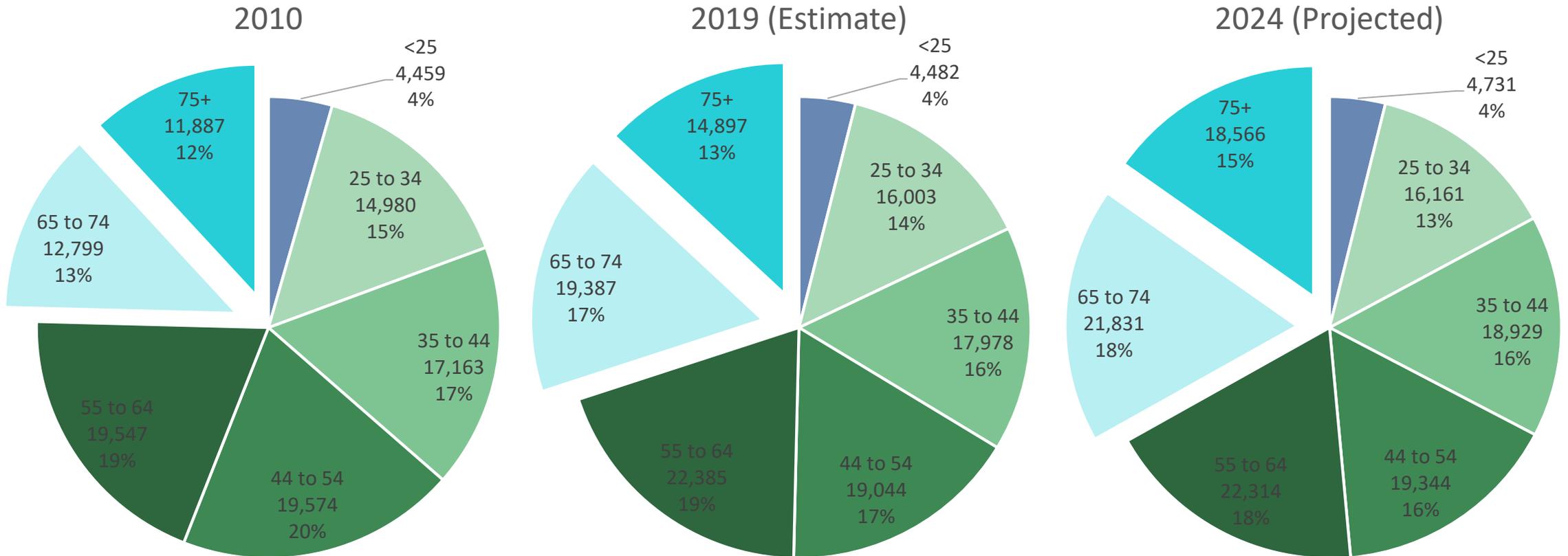
# POPULATION



# HOUSEHOLDS



# HEADS OF HOUSEHOLD



■ <25 ■ 25 to 34 ■ 35 to 44 ■ 44 to 54 ■ 55 to 64 ■ 65 to 74 ■ 75+



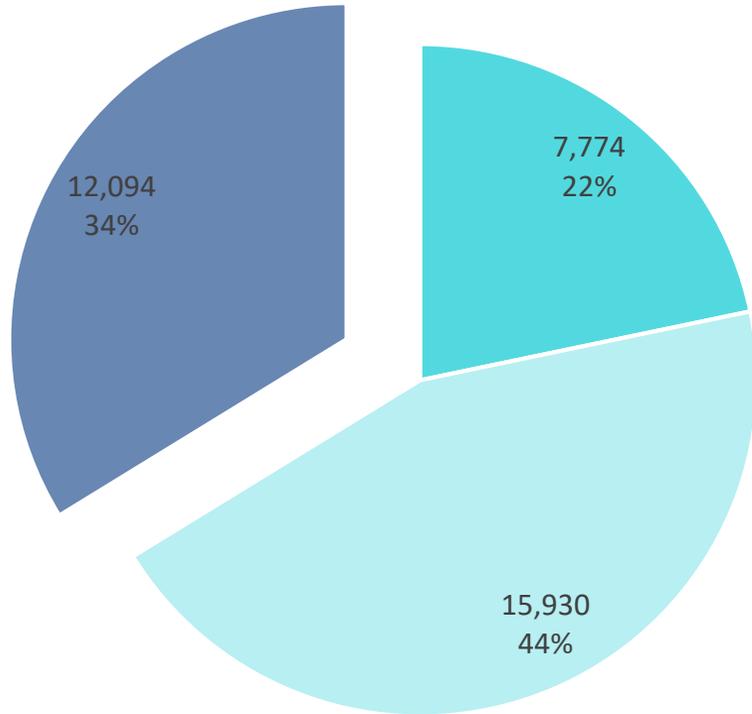
# WHAT DOES AFFORDABLE MEAN

- **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



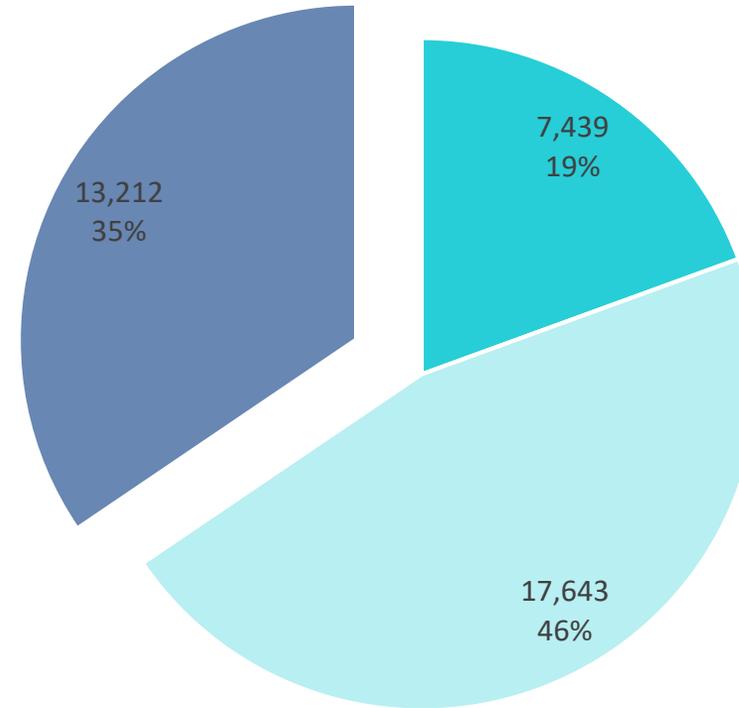
# COST BURDENED RENTER HOUSEHOLD

2014 Report



■ Severe Cost Burdened ■ Cost Burdened ■ Not Burdened

2020 Report

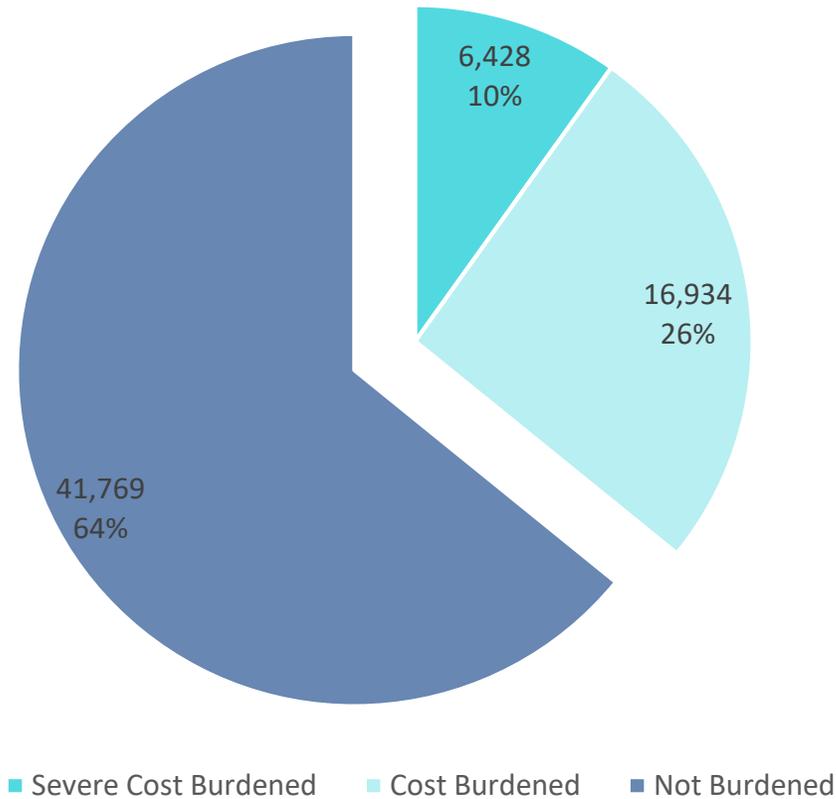


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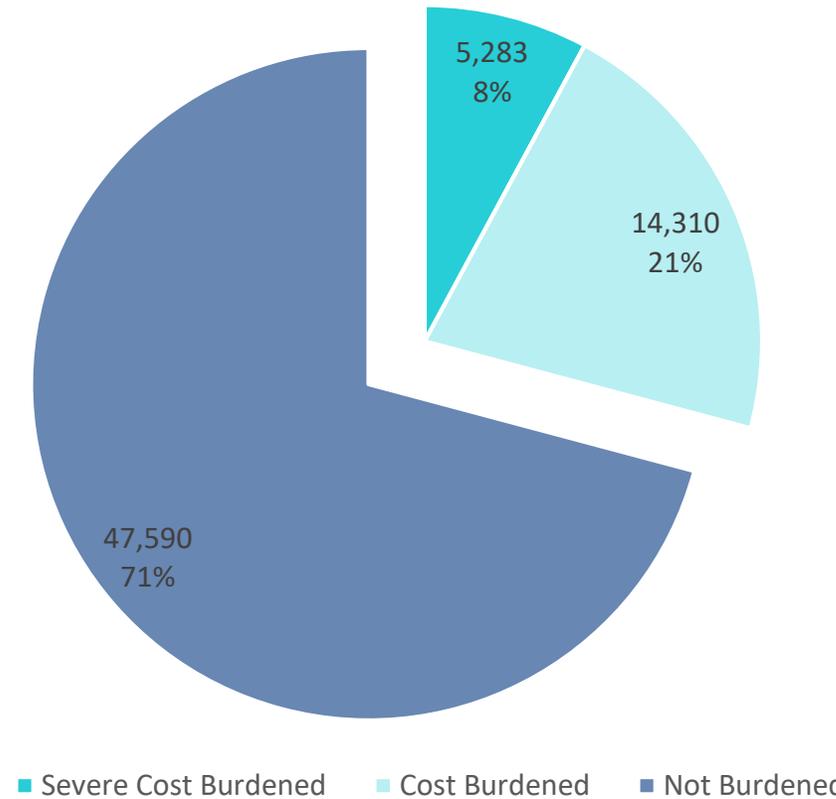


# COST BURDENED OWNER HOUSEHOLD

2014 Report

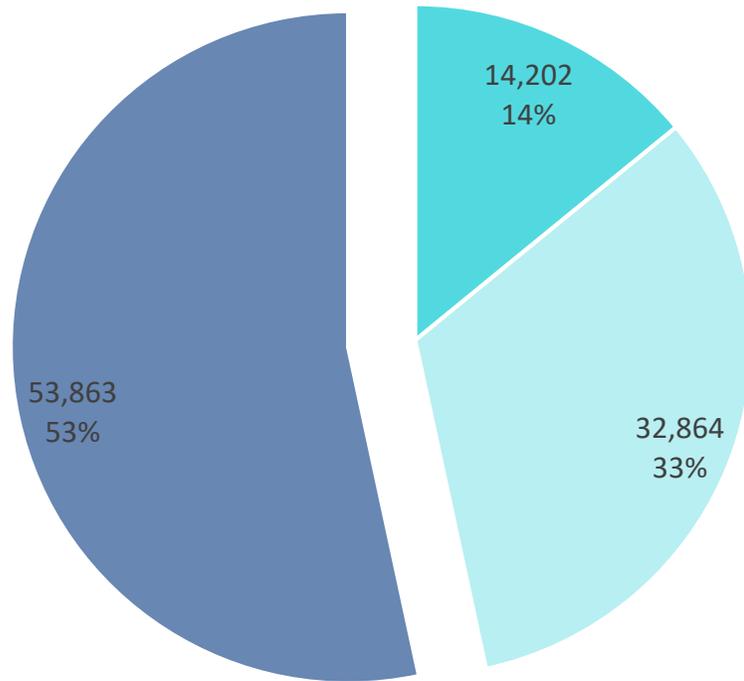


2020 Report



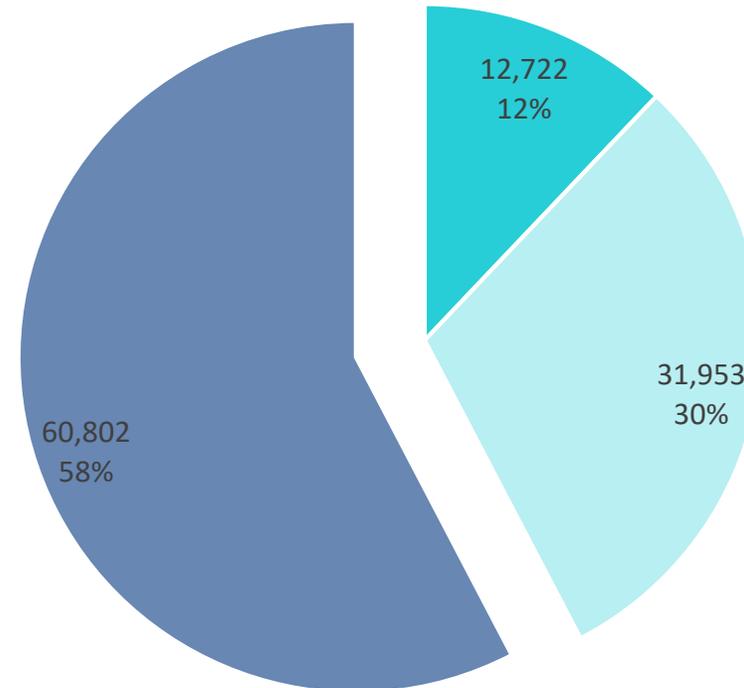
# COST BURDENED HOUSEHOLDS

2014 Report



■ Severe Cost Burdened ■ Cost Burdened ■ Not Burdened

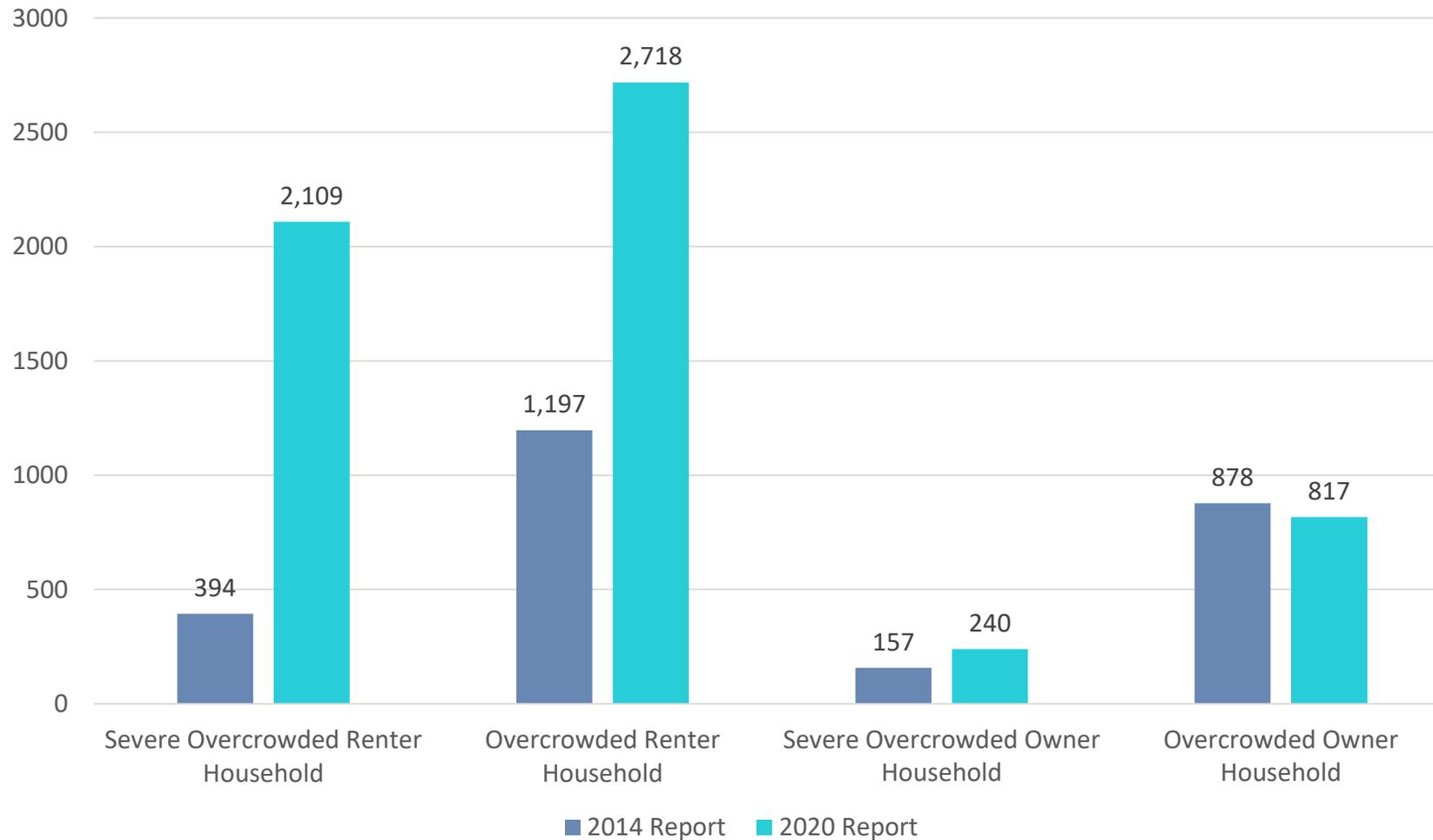
2020 Report



■ Severe Cost Burdened ■ Cost Burdened ■ Not Burdened



# OVERCROWDED HOUSEHOLDS



# 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%



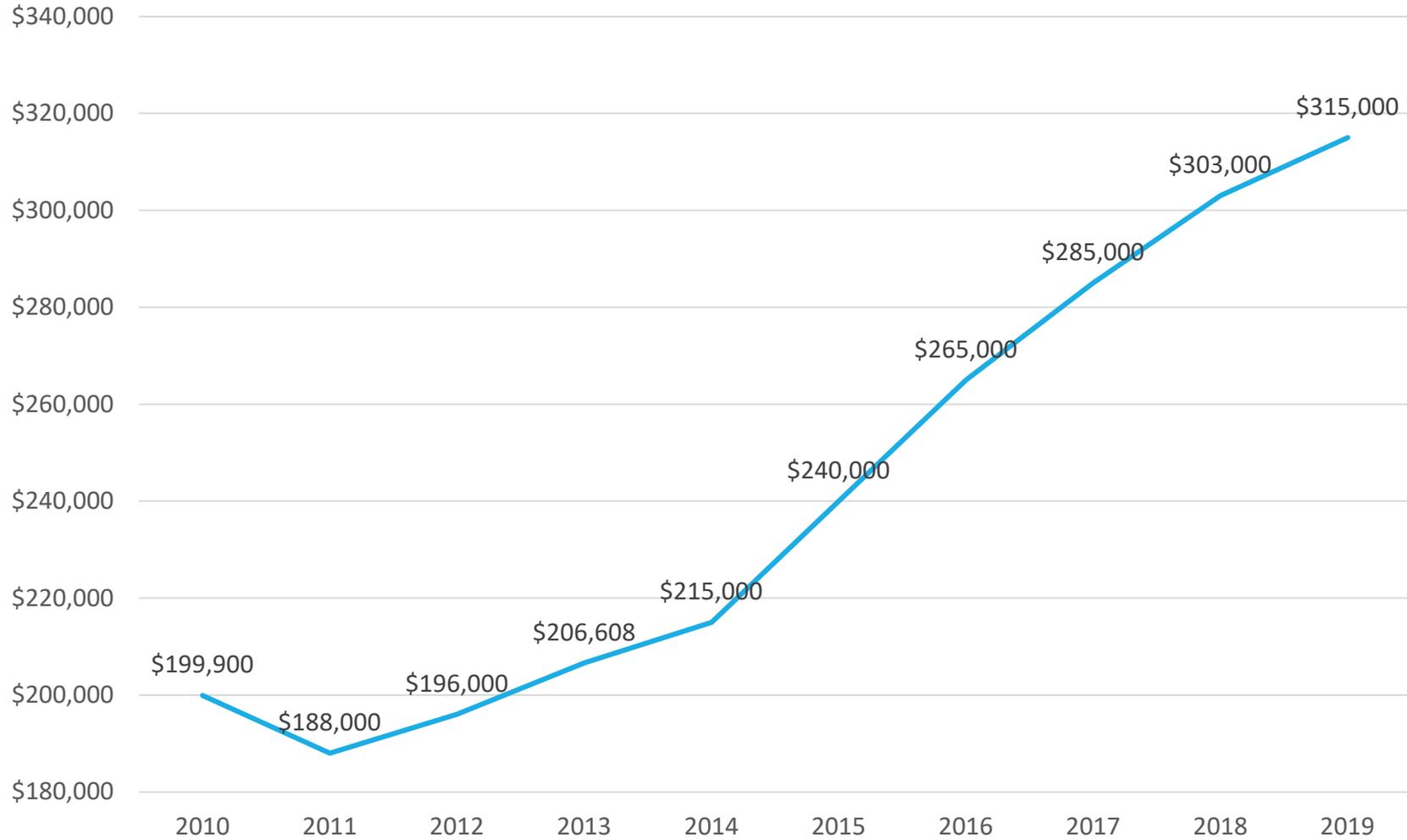
# MEDIAN RENTS

## MARKET RATE MULTIFAMILY

BEDROOM	BATH	2014 MEDIAN RENT	2019 MEDIAN RENT
<b>STUDIO</b>	<b>1</b>	<b>\$667</b>	<b>\$825</b>
<b>1 BR</b>	<b>1-2</b>	<b>\$830</b>	<b>\$1,050 - \$2,155</b>
<b>2 BR</b>	<b>1-2.5</b>	<b>\$800 - \$1,031</b>	<b>\$1,068 - \$1,310</b>
3 BR	1-3.5	\$739 - \$1,100	\$889 - \$6,928
4 BR	1.5-2	\$789 - \$1,005	\$1,000 - \$1,560



# ANNUAL MEDIAN SALES PRICE



# 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

