

FY 24 AHSP Application Staff Summary: CDCA Fairhaven Summit Construction Loan

77 Units to Be Constructed	\$20,065 AHSP Request Per Unit	\$1.00 : \$13.68 Leverage Ratio AHSP \$: Other \$	≤80% AMI Target	30 yr Period of Affordability
\$294,647 Average Cost Per Unit		\$222.22 Average Cost per Unit Square Foot		1, 2, and 3 Bedrooms per Unit

Project Description: Commonwealth Development Corporation of America submitted a **New Construction Units for Rent Multifamily Loan** application requesting **\$545,000** as an addition to the existing **\$1,000,000** FY 23 AHSP allocation to construct Fairhaven Summit.

AHSP Goal: Increase the supply of affordable housing for rent.

AHSP Objective: Impact, by 2030, a total of 1,500 to 1,850 rental units for households at ≤80% AMI: with an average at ≤60% AMI across all households; where 1,200 to 1,480 of those units leverage the LIHTC program; and where 200 of those units are for households at ≤30% AMI.

Summary The combined request (\$1,545,000) is intended to support the \$22,687,808 total project cost for Fairhaven Summit. The proposed unit mix includes 77 units for households at ≤80% AMI with 12 one-bedroom units, 25 two-bedroom units, and 40 three-bedroom units. The project received 9% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA). The project is in the City of Asheville at 1 Waymon Boulevard. The project received initial conditional zoning approval from the City of Asheville in June 2020 and anticipates final approval of value engineering redesign in April 2023. The site is owned by the applicant. The applicant received preliminary approval of Project Based Vouchers from Asheville Housing Authority and is awaiting final approval from HUD. The project, given its LIHTC award, will accept vouchers, and estimates approximately 25% of renters will use vouchers.

Capital Stack: The capital stack includes:

Committed:

- \$9,962,594 in 9% LIHTC (with firm equity commitment of \$0.91 price per tax credit)
- \$9,800,000 in permanent financing (40 years at 6.17%, principal and interest)
- \$1,000,000 Prior Buncombe County AHSP Loan (20 years at 2%, cashflow loan)
- \$400,000 Asheville Housing Consortium HOME Loan (20 year cashflow loan at 4% amortized)

Requested:

- \$545,000 from Buncombe County AHSP (20 years at 2%, cashflow loan)
- \$500,000 from Asheville Housing Trust Fund (20 years at 2%, cashflow loan)

Deferred Developer Fee:

- \$284,214 in deferred developer fee (according to the FY21 NCHFA 9% LIHTC QAP a maximum of \$519,750 can be deferred).

Requested Terms: 20-year term, at an interest rate of 2.00%, annual payment from cashflow with principal balloon. The project demonstrates a need for this loan structure.

Exceptions to Program Guidelines: The applicant applied to Buncombe County Tax Assessor for property tax exemption with the intent to reduce the funding gap. The loan agreement would require the applicant forego this exemption if awarded.

County Funding Source Options: General Fund, AHSP Program Income or Bond Funds.

Finance Department Assessment of Audits and Financial Position: The applicant provided a relatively timely audit free of qualifications and findings. As of December 31, 2021, the applicant's financials show a reasonably healthy financial position.

Review and Recommendations:

Community Development Division staff reviewed the project based on AHSP guidelines.

Program Requirements: The project appears to meet program requirements.

Proforma Analysis: An operating proforma with a 7% vacancy rate includes \$2,725,652 in cash flow available to repay any deferred developer fee and soft loans (\$1,545,000 from the AHSP, \$500,000 Asheville Housing Trust Fund (AHTF) and \$400,000 HOME loan). A deferred developer fee, per the NCHFA QAP, must be able to be repaid by year 15. At 7% vacancy, there is sufficient cash flow for repayment of deferred developer fee and soft loan interest due.

Review of Assumptions: Assumptions made in the proforma include a 40-year permanent loan with an interest rate of 6.17%. The permanent loan interest rate is in line with the bulk of its peers.

Deferred Developer Fee: The proforma includes a deferred developer fee of \$284,214. A maximum of \$519,750 in deferred developer fee is permitted under NCHFA LIHTC guidelines. As the project has already been awarded tax credits, the request to the County could be reduced by increasing the deferred developer fee. Any deferred developer fee would result in changes to the analysis of cashflow; however, preliminary review suggests cashflow is sufficient to repay deferred developer fee at an increased amount.

Affordable Housing Committee Consideration: The Affordable Housing Committee may recommend increasing the existing loan from \$1,000,000 to up to \$1,545,000 with a 20-year term, at an interest rate of 2%, annual payment from cashflow with balloon payment. This loan could be supported with general fund or bond funds.

PROJECT SUMMARY SHEET		Y/N
Project Description/Narrative		
Clearly affordable housing focused		Y
Aligns with all components of the application		Y
Aligns with all guidelines of the AHSP program		Y
Aligns with the selected strategic goal		Y
Designed to Serve Households with AMI		
<80%		Y
<50%		Y
<30%		Y

Designed to Serve		
General populous eligible for the program		Y
Individuals who are age 55 or older		Y
Individuals with a disability		Y
Individuals who are hard to house		Y
Individuals who are homeless		Y
Individuals who are BIPOC		Y
Individuals who are justice involved		Y
Individuals who have vouchers		Y
Project Expenses		
Complete		Y
Reasonable		Y
Project Sources		
Complete		Y
Reasonable		Y
Includes leveraging additional investment (non-AHSP funds)		Y
Project Schedule		
Complete		Y
Reasonable		Y
Project Team		
Relevant experience and qualifications to complete the project		Y
Project History		
Indicates success in completing projects in the program category		Y
Applicant		
Has timely audits free of qualifications and findings which would adversely indicate ability to manage an AHSP allocation		Y
Shows a healthy financial position		Y
Is a non-profit applicant		Y

CONSTRUCTION PROJECT ADDITIONAL SUMMARY INFO	Y/N
Project	
Preserves long-term affordability beyond the loan term	Y
Emphasizes quality design and construction	Y
Participates in an energy efficiency program	Y
Contains mixed unit types (affordable, workforce, market)	N
Contains mixed unit types (multifamily and single family)	N
Contains mixed unit types (units with varied number of bedroom (1,2,3+))	Y
Is geographically separated from other affordable housing projects	Y
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	Y