

## Permanently Affordable Homes

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*RFP for Coronavirus State and Local Fiscal Recovery Funds*

### ***Asheville Buncombe Community Land Trust***

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Anna Zuevskaya  
825 Merrimon Avenue Suite C PMB #141  
Asheville, NC 28804

anna@abclt.org  
O: 828-697-5777

### ***Anna Zuevskaya***

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825 Merrimon Avenue Suite C PMB #141  
Asheville, NC 28804

anna@abclt.org  
O: 828.222.0812

# 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><http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding><http://www.buncombecounty.org/recoveryfunding><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\*

Nonprofit

## Nonprofit documentation

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

[ABCLT 501\(c\)\(3\) Letter.pdf](#)

## Name of Project.\*

Permanently Affordable Homes

### 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\*

\$2,500,000.00

### 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 Asheville-Buncombe Community Land Trust (ABCLT) works to establish permanently affordable residential, commercial, and community spaces that empower Black, Indigenous, People of Color, and low- to moderate-income residents to build social, economic, and cultural capital. ABCLT's goal is to combat gentrification and displacement, particularly in historically Black neighborhoods, as well as to ensure that everyone in Buncombe County is able to obtain housing that is affordable. At this time, we are ramping up our real estate construction and acquisition efforts in order to create homeownership and rental opportunities that will remain affordable in perpetuity. This project will create a total of 26 units throughout Buncombe County, which will slow down gentrification as well as generate continued interest in our movement to transform the way we think about real estate.

### Project Plan\*

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

By holding the land in trust within the organization, ABCLT preserves the affordability of homes in perpetuity while homeowners build equity. We retain ownership of the land, sell the home to a qualified buyer, and that buyer in turn leases the land from us via a renewable 99-year ground lease. The homeowner builds equity at a rate of 2.25% compounded annually. With a one-time subsidy at the onset of the project, we ensure that the original sales price to the buyer is well below the average market price in the area. Additionally, with the resale restrictions outlined in our ground lease, the home remains affordable when it is resold in the future. Rental housing also remains affordable in perpetuity and monthly rents do not exceed 30% of the tenant's household income. All of these mechanisms allow us to preserve affordability in areas that are experiencing gentrification as well as combat community deterioration in neighborhoods that have experienced disinvestment by promoting the development, rehabilitation, and maintenance of housing. This model also builds community wealth, which in turn creates thriving neighborhoods.

At the time of this application, ABCLT has two full-time staff with plans to hire a Real Estate Manager before the end of 2022. Additionally, we recently completed a design for our first new construction homes and we plan to begin building those in the next 3-6 months. Our goal is to serve five households by the end of 2022 and these homes will be a mix of new construction and existing units. In 2023, we will ramp up our efforts and create an additional 6 units consisting of both new construction and acquisition of existing properties. Another 7 units will be created in the following year with the final 8 units completed by the end of the 4-year project period.

At least half of the 26 units will be sold to income-qualified households as homeownership opportunities. At time of sale, ABCLT will retain ownership of the land and enter into a ground lease agreement with the home buyer. Upon future resale, the home will be sold to another income-qualified household, who will be able to purchase that home at an affordable price because the land will continue to be retained by ABCLT. The remaining 13 units will be a combination of rental and homeownership opportunities based on the greatest community need at that time.

Our Real Estate Manager will work closely with our builder to oversee construction of these units. Our Executive Director will continue to be responsible for the organization's fundraising efforts, strategic planning, and overseeing the day-to-day operations. Our Community Relations Manager will use a multitude of mediums to spread the word about our programs and recruit members to join our organization.

## 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 need that we aim to address is the lack of permanent affordable housing for low- to moderate-income households. As revealed in the 2020 Housing Needs Assessment from Bowen National Research, 46.1% of renter households and 21.3% of owner households in Buncombe County are cost-burdened. Moreover, 19.4% of renter households and 7.9% of owner households are extremely cost-burdened. In addition, 7.1% of renter households in the County are overcrowded, a percentage significantly higher than the state average. In many cases, these high cost-burdened and overcrowding rates are caused by a combination of high home prices and low wages.

Housing stock under \$199,999 was down to 66 and the trend in house-building in is the \$400,000+ range. Over the last five years, there was a 77% decrease in for-sale homes affordable to families making less than \$60,000. Additionally, the gap in for-sale housing needed from 2019-2024 for families making less than \$60,000 is approximately 5,422 units. While both the City and County are in the process of approving and funding more affordable rental units, current affordable rentals have a 0% vacancy rate with waiting lists, and those new units will not be available for several years. Overall, though the benefits of homeownership (e.g. social capital networks, educational outcomes, asset development) are well documented, this dream is far out of reach for most low-income families.

## 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.

Recent national data shows that approximately 11.5 million adults are still behind on their rent and an additional 7.5 million adults are not caught up on their mortgage payments. Additionally, with eviction and forbearance regulations expiring, many renters and homeowners are now at risk of becoming homeless. Communities of color have disproportionately suffered the health and economic impacts of the COVID-19 pandemic, including increased levels of housing insecurity.

Locally in Buncombe County, the real estate market has grown significantly due to a shortage of inventory (both for rent and for sale) as well as an influx of residents moving to the area from larger, more expensive metropolitan areas such as New York, Florida, and the West Coast. Move-in ready homes for sale below \$275,000 are typically in the single digits and majority of homes are sold for above asking price. An overwhelming number of buyers are purchasing with cash, which makes it difficult to compete for someone who needs to secure a loan in order to move forward with the purchase. To make matters worse, construction costs have increased significantly and securing contractors has become a lengthy and difficult process.

Overall, a market that was already unaffordable has become more out of reach due to COVID-19. According to the Multiple Listing Service (MLS), the average sales price in Buncombe County is currently around \$500,000. Homes typically sell after 42 days on the market, compared to 63 days last year; however, a significant number of homes are under contract within days, or even hours, of being listed. Finally, inventory of homes is at an all time low, especially under \$350,000. This funding would allow ABCLT to create housing units between \$125,000 and \$225,000 - a number that is extremely difficult to achieve on the open real estate market. Similarly, we will create affordable rental units that do not exceed the federal guidelines for 80% AMI.

## Population Served\*

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

Low- and moderate-income households of all sizes will be eligible for and served by this program. ABCLT will work throughout the City of Asheville and Buncombe County, with a special focus on combating gentrification in historically Black neighborhoods that have been adversely impacted by past urban renewal programs. Currently, 65% of our applicants are people of color.

Applicants are required to meet two main buckets of program eligibility: (1) be under 80% AMI and (2) be able to qualify for a mortgage (homeownership units) or have a household income at least three times of the monthly rent (rental units). To verify income, ABCLT requests pay stubs and/or taxes for all adults in the household. AMI is calculated using annual gross income and the total number of people that will occupy the home. In order to assess the applicant's ability to get a mortgage, ABCLT refers buyers to Pinnacle Financial Partners, where the applicants work one-on-one with a loan officer to determine their readiness to pre-qualify for a mortgage. Finally, homeownership applicants are required to complete a homebuyer education class through OnTrack prior to purchasing their home. Future ABCLT rental tenants will have opportunities to apply for our homeownership program if that is aligned with their personal goals.

## 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 unique impact that ABCLT will have on Buncombe County is creating permanently affordable housing units that are collectively owned by the very residents who live in Buncombe County. Utilizing the \$2,500,000 requested in this proposal, ABCLT will create at least 18 affordable units in Buncombe County. These 18 are in addition to the 8 units that will be created utilizing the \$1,000,000 from the City of Asheville, bringing the total number of units to 26.

In addition to the number of units created, we will track household income of our property owners and tenants. All of our households served will be below 80% Area Median Income (AMI) and our goal is to have at least 25% of total households served have an AMI of 60% or below.

Finally, in order to achieve the above-mentioned goals, we will continue and expand our current community engagement efforts. Most importantly, we will host quarterly orientation sessions for prospective applicants. During this four-year project, we anticipate to hold at least 16 orientation sessions that will be open to the public. All applicants are required to attend an orientation prior to purchasing or renting an ABCLT home.

## Evaluation\*

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

To assess our impact, we will collect data to support our intended results of creating 26 housing units, serving households under 80% AMI, and hosting 16 orientation sessions. First, we will track housing units created by tallying total number of units in our portfolio as well as the total number of units sold/rented. We will track housing units quarterly during the entire time of this grant period. In addition to number of units, this tracking will include information on unit size, location, and price.

Second, we will track household income for our owners and renters. We regularly collect income information from the time of application to the time of closing or lease signing. To do so, we require two months of most recent paystubs or most recent taxes if the applicant is self-employed and request updated income information prior to closing or lease signing to ensure that the applicant is still eligible at that time. In addition to collecting income information, we also track household size so that we can calculate that household's AMI. These numbers will show how many households we're serving at or below 80% AMI as well as how many of those households at or below 60% AMI.

Finally, we will keep track of the dates of our orientation sessions to ensure that we meet our last goal. Furthermore, we will track the number of attendees at each session as well as how many of those attendees ultimately submit an application to ABCLT.

## 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?

With a large gap between average wages and the average cost of living, Buncombe County residents have been struggling to secure affordable housing long before the COVID-19 pandemic. With the pandemic having an adverse affect on this, the need to create housing that will remain permanently affordable is greater than ever. ABCLT's vision is diverse and equitable communities where everyone, including Black, Indigenous,

and People of Color, has opportunities to thrive, build wealth, and use their collective voice to create a more prosperous, just future.

Our efforts will create affordable homes that will be removed from the traditional real estate market and reserved for income-qualified households. Thus, when an ABCLT owner or renter decides to move, that unit will remain affordable to the next owner or renter. This model ensures that all new units added by ABCLT will continue to be available to lower-income residents in the future and the more units we add every year, the more opportunities residents will have. ABCLT verifies applicant income not only to confirm program eligibility, but also to ensure that applicants will not pay more than 30% of their gross income towards housing costs. Having this cap allows households to utilize more of their income on other necessities such as food, healthcare, and transportation.

In order to recover from the COVID-19 pandemic and create a more equitable future, we need to create opportunities for current Buncombe County residents to be able to stay in their communities and not be burdened by the increasing cost of living. Permanent affordability is crucial in addressing the shortage of housing and the increasing prices due to an influx of residents moving to Western North Carolina. Furthermore, over 99% of CLT homeowners avoid foreclosure, which creates more resilient communities, especially during difficult times such as a pandemic. Overall, the CLT model is a powerful tool for development without displacement.

## 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.

ABCLT plans to partner with The Juna Group and Damian Davis Construction, both of which are local real estate developers who have a thorough understanding of the housing shortage in Buncombe County as well as the difficulty of finding affordable opportunities in the current market. The Juna Group will develop the first four new construction homes in our pipeline and will be responsible for all aspects of these four builds including site preparation while Damian Davis Construction will oversee renovations of existing homes.

Depending on future timelines and the capacity of these two companies, ABCLT may seek additional builders for the remaining units. This procurement process will involve several layers. First, the project will be advertised on our website and social media so that contractors can view our RFP and directly respond to staff. Second, we will reach out directly to vendors registered with the City as well as any other contacts that our staff and board have to see which of those contractors are interested in submitted a proposal for this project. Finally, we will connect with local non-profit and for-profit developers to get additional referrals for contractors in the area and will connect with those individuals and organizations.

Furthermore, ABCLT's success wouldn't be possible without our current nonprofit and government partners. Pisgah Legal Services not only appoints one of our board members, but also provides ongoing legal services to the organization. OnTrack provides financial counseling to our applicants as well as refers potential applicants to ABCLT. Asheville Area Habitat for Humanity has served as an invaluable partner by providing ongoing support and selling us one of their existing homes. Habitat and the Housing Authority of the City of Asheville also serve as referral sources for our program. Finally, government support has provided us with much needed funding and land to create permanently affordable housing.

## 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.

Although the Asheville-Buncombe Community Land Trust is a relatively new organization, we have received two sources of federal funds - HOME and CDBG - within the last year. We understand and are able to comply with federal requirements, which makes us qualified to receive this funding. Additionally, we are currently growing our capacity. With recent funding allocations from Buncombe County and the City of Asheville, we are in the process of hiring a Real Estate Manager who will oversee our real estate portfolio to include acquisition, construction or rehabilitation, and sale. Specifically, the Real Estate Manager will work with our builder, architect, and other contractors to supervise project design and construction as well as ensure alignment with project budgets. We will seek a candidate who has at least two years of successful experience in real estate development and/or relevant training.

Currently, our Executive Director oversees the property purchases and program implementation. Our Executive Director has experience in non-profit housing management and development as well as community organizing, social work, and organizational development. Our Community Relations Manager oversees our community engagement efforts to include our community ambassador program, which is a paid opportunity for residents living and working in the neighborhoods that we serve. Our Community Relations Manager has experience in marketing, event planning, and diversity, equity, and inclusion work. Since hiring our first staff member in early 2020, we have shown to have the expertise necessary to establish and grow a new organization from the ground up. Our Board of Directors will continue to have final decision-making authority on policies and homebuyer selection while Committees will continue to be engaged in program planning (e.g. the Real Estate Committee is currently refining a property evaluation and selection tool to be used to prioritize acquisition).

## 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.

Recovery-Funds-Budget-ABCLT-Updated.xlsx

## Special Considerations\*

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

ABCLT\_Annual\_Report\_2021.pdf

Land for housing is scarce within the City of Asheville, and housing costs in the City and County are becoming prohibitive. Both the City and the County are struggling to create enough affordable housing for residents. Gentrification has decimated some historically Black neighborhoods, and is continuing to put native residents at risk of losing their homes. Putting land in trust exclusively for permanently affordable housing will dramatically protect communities from the negative effects of gentrification. The Community Land Trust (CLT) model is a nationally-recognized model for permanent affordability and community wealth building. With over 300 CLTs across the country, this model is widely considered as anti-displacement tool to combat gentrification and maintain opportunities for people to stay in place. Please see attached for our 2021 annual report as a point of reference for our most recent accomplishments.





## File Attachment Summary

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### *Applicant File Uploads*

- ABCLT 501(c)(3) Letter.pdf
- Recovery-Funds-Budget-ABCLT-Updated.xlsx
- ABCLT\_Annual\_Report\_2021.pdf

INTERNAL REVENUE SERVICE  
P. O. BOX 2508  
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **MAY 06 2019**

ASHEVILLE-BUNCOMBE COMMUNITY LAND  
TRUST  
825 MERRIMON AVE STE C PMB 14  
ASHEVILLE, NC 28804

Employer Identification Number:  
83-1409504  
DLN:  
17053106306009  
Contact Person:  
MITCHELL P STEELE ID# 31360  
Contact Telephone Number:  
(877) 829-5500  
Accounting Period Ending:  
December 31  
Public Charity Status:  
170(b)(1)(A)(vi)  
Form 990/990-EZ/990-N Required:  
Yes  
Effective Date of Exemption:  
June 8, 2018  
Contribution Deductibility:  
Yes  
Addendum Applies:  
No

Dear Applicant:

We're pleased to tell you we determined you're exempt from federal income tax under Internal Revenue Code (IRC) Section 501(c)(3). Donors can deduct contributions they make to you under IRC Section 170. You're also qualified to receive tax deductible bequests, devises, transfers or gifts under Section 2055, 2106, or 2522. This letter could help resolve questions on your exempt status. Please keep it for your records.

Organizations exempt under IRC Section 501(c)(3) are further classified as either public charities or private foundations. We determined you're a public charity under the IRC Section listed at the top of this letter.

If we indicated at the top of this letter that you're required to file Form 990/990-EZ/990-N, our records show you're required to file an annual information return (Form 990 or Form 990-EZ) or electronic notice (Form 990-N, the e-Postcard). If you don't file a required return or notice for three consecutive years, your exempt status will be automatically revoked.

If we indicated at the top of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

For important information about your responsibilities as a tax-exempt organization, go to [www.irs.gov/charities](http://www.irs.gov/charities). Enter "4221-PC" in the search bar to view Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, which describes your recordkeeping, reporting, and disclosure requirements.

Letter 947

ASHEVILLE-BUNCOMBE COMMUNITY LAND

Sincerely,

*Stephen A. Norton*

Director, Exempt Organizations  
Rulings and Agreements

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

<b>Organization Name:</b>	Asheville-Buncombe Community Land Trust
<b>Project Name:</b>	Permanently Affordable Homes
<b>Amount Requested:</b>	\$2,500,00.00

Proposed Project Revenue Funder	Amount	Confirmed or Pending?	Notes
Proposed Buncombe COVID Recovery Funds	\$ 2,500,000.00	Pending	
City of Asheville COVID Recovery Funds	\$ 1,500,000.00	Pending	
Buncombe County (AHSP)	\$ 120,000.00	Pending	
City of Asheville	\$ 1,100,000.00	Confirmed	
HOME	\$ 261,963.00	Confirmed	
RAD Lofts	\$ 100,000.00	Confirmed	
CDBG	\$ 39,184.00	Confirmed	
Tzedek Social Justice Fund	\$ 30,000.00	Confirmed	
Buncombe County (AHSP)	\$ 25,000.00	Confirmed	
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
List other sources here			
<b>Total</b>	<b>\$ 5,676,147.00</b>		

Proposed Project Expenses	Proposed Recovery Funds	Other Funds	Total	Capital or Operating Expense?	Notes
Property Acquisition and/or Construction	\$ 2,250,000.00	\$ 2,731,963.00	\$ 4,981,963.00	Capital	Includes services such as engineering, architecture, etc.
Staff Salaries	\$ 250,000.00	\$ 444,184.00	\$ 694,184.00	Operating	
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<b>Total</b>			<b>\$ 5,676,147.00</b>		



# ANNUAL REPORT 2021

**2021 was a monumental year for ABCLT.** Despite COVID-19 challenges that we're all too familiar with, we were able to achieve many crucial goals in order to fulfill our mission. On behalf of our board and staff, thank you to all of our donors, members, volunteers, and partners - we couldn't have done it without you!

## REVENUE BY THE NUMBERS

City of Asheville	\$275,000
RAD Lofts	\$100,000
Private Contributions	\$41,997
Tzedek Social Justice Fund	\$40,000
Dogwood Health Trust	\$10,000
Buncombe County	\$5,000
New Belgium Brewing	\$4,250
Parsec Financial Management	\$500
Application Fees & Outreach Events	\$340
<b>Total</b>	<b>\$477,087</b>

## YEAR IN REVIEW

- Revamped website and created a suite of marketing materials.
- Hired a bookkeeper to provide accounting support for the organization.
- Implemented a donor management database in order to track and acknowledge our supporters.
- Created the Montford & Stumptown Fund as well as the Burton Street Fund with the goal of supporting Black residents.
- Received seed funding for a property tax relief program to prevent displacement of homeowners in historically Black neighborhoods.
- Conducted our first financial review.
- Solidified partnership with Pinnacle Financial Partners and pre-qualified our first homebuyer.

## KEY HIGHLIGHTS

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Homeownership Applicants

14

Board Members

15

Committee Members

131

First-Time Donors

142

General & Supporting Members

