FY 23 AHSP Application Staff Summary: CDCA: New Construction Fairhaven Summit

77 Units to Be Constructed	**$16,233** AHSP Request Per Unit	**$1.00 : $14.23** Leverage Ratio AHSP $: Other $	**≤80%** AMI Target	**30 yr** Period of Affordability

$247,198 Average Cost Per Unit	**$193.63** Average Cost per Unit Square Foot	**1, 2, and 3** Bedrooms per Unit

Project Description: Commonwealth Development Corporation of America (CDCA) has submitted a **New Construction Units for Rent Multifamily Loan** application in the amount of **$1,250,000** to support the Fairhaven Summit project.

Strategic Plan Community Focus Area: Resident Well Being
Strategic Plan Vision: Our residents are safe, healthy, and engaged in their community.

Affordable Housing Goal (New): Increase the supply of affordable housing for rent
Affordable Housing Objective (New): 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

AHSP Goal: Preserve and increase the stock of affordable housing including rental developments.
AHSP Priority 2: Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding

Summary: CDCA's request ($1,250,000) is intended to support the $19,034,254 Fairhaven Summit 77-unit project. The proposed unit mix includes 26 units for households at ≤80% AMI; 23 units for households ≤60% AMI; 8 units for households at ≤50% AMI; and 20 units for households at ≤30% AMI. AMI. The proposed unit mix includes 12 one-bedroom units, 25 two-bedroom units, and 40 three-bedroom units.

The project has received a 9% Low Income Housing Tax Credit (LIHTC) award from the North Carolina Housing Finance Agency (NCHFA).

The capital stack includes $9.9M in equity commitment from Richman Group (LIHTC (9%)); $6.9M in Freddie 9% Forward permanent loan from Berkadia; $400,000 in Asheville Regional Housing Consortium HOME Cash Flow Loan, and a $471,660 deferred developer fee (45% deferred).

The project does not have an existing commitment from the County. The project is in the City of Asheville but does not have a commitment of funding support from the City of Asheville.

A purchase agreement is in place for the site. The closing date is anticipated to be May 31, 2022.

Requested Exceptions to Program Guidelines: The requested loan terms are a 15-year deferred term at 3.75% interest. The optional loan terms for a LIHTC project are a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon.

Finance Department Assessment of Audits and Financial Position: CDCA did not provide an audit, but instead a review of financial statements for the year ended December 31, 2020, with no qualifications. As of December 31, 2020, CDCA'S financial statements reflected a reasonably healthy financial position. A significant portion of CDCA's activity is with related parties for whom we do not have financial information. The financial health of those parties could have a serious impact on CDCA's financial situation.

Alignment with New Affordable Housing Goals and Objectives: This project would address the goal of increasing the supply of affordable housing for rent. This project is anticipated to create 77 new affordable housing units for rent, which represents: 4.16% of the first stated goal (1,850 rental units); 4.16% of the second stated goal (1,850 rental units averaging ≤60% AMI), 5.21% of the third stated goal (1,480 rental units leveraging the LIHTC program); and 10% of the fourth stated goal (200 units for households at ≤30% AMI).

Recommendation: Community Development Division staff reviewed the project based on the FY23 AHSP guidelines acknowledging the requested exceptions.

As noted in the AHSP guidance, requests for interest only payments do not guarantee award of a loan on those terms. CDCA has proposed a more rapid repayment schedule, indicated a willingness to defer developer fees and demonstrated that an alternative loan structure (to standard loan offering) is necessary for project viability. CDCA is supporting the ability to repay the interest payments and apply cashflow to principal by year 15 through the application of the less conservative 5% vacancy rate. CDCA is proposing repayment of the deferred developer fee before repayment of any principal balances in the proforma.

The proforma suggests that, by year 20, with a 5% vacancy rate, a total of:

- $11,839,755 Net Operating Income would be realized,
- $10,295,439 in Minimum DSCR (1.15) would be required,
- $8,054,089 in Debt Service (First Mortgage) would be anticipated,
- $2,241,349 in Debt Service would be available for Cashflow Debt, and
- $949,444 in additional Cashflow (beyond DSCR) would be available after asset management fees ($143,211) and deferred developer fees ($471,660) are realized.

The proforma suggests that, by year 20, should the property achieve a 0% vacancy rate (unlikely but theoretically possible), $1,080,946 in additional cashflow for use at the discretion of developer would be available. Somewhere between 0% and 5% vacancy is likely given the demand for affordable housing. As a reminder, 7% vacancy is the standard rate in LIHTC proformas.

Additional cashflow, though unknown, would likely be generated if additional housing choice vouchers are used at the project, which allows for the collection of fair market rents.

CDCA's supporting documentation (proforma) does not clearly support the repayment schedule given HOME loan repayment reflected in cashflow in years 1-15.

The larger of the proposed cashflow loans (County AHSP loan in this case) should sit in a higher position. The terms of the HOME loan would need to be fully understood to ensure the County can secure the desired position.

CDCA may, given the location of this project, seek City of Asheville funds to support all or a portion of this $1,250,000 gap in its capital stack. The amount and associated terms of any City of Asheville Housing Trust Fund loan not contemplated in the proforma would need to be reevaluated to understand the feasibility of the debt service and the potential repayment implications to any AHSP loan. This represents a point of further discussion between the County, City, and CDCA.

Community Development Division staff note that: (1) the project addresses the Affordable Housing Committee's second highest priority; and (2) the project will adhere to the required project schedule.

Consideration of a loan up of $1,250,000* with a 20-year term, at an interest rate of 2%, with annual payment from cashflow, where the AHSP loan sits in a higher position than the HOME loan, is recommended. Proforma analysis suggests that approximately $310,033 in interest and all principal balance ($1,250,000) would be repaid by year 19. The proforma further supports full repayment of the HOME loan principal and interest by year 20.

Attachments: Project Summary Sheet; Applicant Provided Proforma

*CDCA has indicated a loan of $1,150,000 is now feasible with an updated proforma which County staff has not fully reviewed.

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	N
Shows a healthy financial position	Y
Is a non-profit applicant	N

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

Fairhaven Summit
15-Year Pro Forma

Permanent Loan

Rate:	5.01%
DCR:	1.15
Amort:	40
Constant:	5.79%
Annual Debt Service:	$ 402,704
Mortgage Amount	$ 6,950,000

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
REVENUE																
REV Growth %	2.00%															
Gross Potential Revenue		$ 880,524	$ 898,134	$ 916,097	$ 934,419	$ 953,107	$ 972,170	$ 991,613	$ 1,011,445	$ 1,031,674	$ 1,052,308	$ 1,073,354	$ 1,094,821	$ 1,116,717	$ 1,139,052	$ 1,161,833
Other Income		9,240	9,425	9,613	9,806	10,002	10,202	10,406	10,614	10,826	11,043	11,264	11,489	11,719	11,953	12,192
Less: Vacancy	5.00%	(44,488)	(45,378)	(46,286)	(47,211)	(48,155)	(49,119)	(50,101)	(51,103)	(52,125)	(53,168)	(54,231)	(55,315)	(56,422)	(57,550)	(58,701)
Total Income		$ 845,276	$ 862,181	$ 879,425	$ 897,013	$ 914,954	$ 933,253	$ 951,918	$ 970,956	$ 990,375	$ 1,010,183	$ 1,030,386	$ 1,050,994	$ 1,072,014	$ 1,093,454	$ 1,115,323
Operating Expenses																
Annual % Expense Growth	3.00%															
Operating Expenses		243,933	251,251	258,789	266,552	274,549	282,785	291,269	300,007	309,007	318,277	327,826	337,660	347,790	358,224	368,971
Property Management Fee		42,264	43,109	43,971	44,851	45,748	46,663	47,596	48,548	49,519	50,509	51,519	52,550	53,601	54,673	55,766
Property Taxes		24,770	25,265	25,770	26,286	26,811	27,348	27,895	28,453	29,022	29,602	30,194	30,798	31,414	32,042	32,683
Reserves for Replacement	$ 250	19,250	19,828	20,422	21,035	21,666	22,316	22,986	23,675	24,385	25,117	25,870	26,647	27,446	28,269	29,117
Total Operating Expenses		$ 330,216	$ 339,453	$ 348,952	$ 358,724	$ 368,774	$ 379,112	$ 389,745	$ 400,682	$ 411,933	$ 423,505	$ 435,409	$ 447,655	$ 460,251	$ 473,208	$ 486,537
Net Operating Income		$ 515,059	$ 522,729	$ 530,472	$ 538,290	$ 546,180	$ 554,141	$ 562,173	$ 570,274	$ 578,443	$ 586,677	$ 594,977	$ 603,340	$ 611,763	$ 620,246	$ 628,786
Temporary Income - TIF		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt Service: First Mortgage Loan		$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704	$ 402,704
MIP / Guarantee Fee (on declining loan balance)		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Debt Service: Second Mortgage Loan		46,875	46,875	46,875	46,875	46,875	46,875	46,875	46,875	46,875	46,875	46,875	46,418	41,035	-	-
Debt Service: TIF Mortgage		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Flow After Debt Service		$ 65,480	$ 73,149	$ 80,893	$ 88,710	$ 96,600	$ 104,562	$ 112,594	$ 120,694	$ 128,863	$ 137,098	$ 145,398	$ 154,217	$ 168,024	$ 217,542	$ 226,082
Accumulated Cash Flow		*$ 65,480*	*$ 138,629*	*$ 219,522*	*$ 308,232*	*$ 404,833*	*$ 509,394*	*$ 621,988*	*$ 742,682*	*$ 871,545*	*$ 1,008,643*	*$ 1,154,041*	*$ 1,308,258*	*$ 1,476,282*	*$ 1,693,824*	*$ 1,919,906*
DSCR - HARD		**1.15**	**1.16**	**1.18**	**1.20**	**1.21**	**1.23**	**1.25**	**1.27**	**1.29**	**1.30**	**1.32**	**1.34**	**1.38**	**1.54**	**1.56**
Asset Management Fee	$ 100	$ 7,700	$ 7,931	$ 8,169	$ 8,414	$ 8,666	$ 8,926	$ 9,194	$ 9,470	$ 9,754	$ 10,047	$ 10,348	$ 10,659	$ 10,978	$ 11,308	$ 11,647
Cash Flow Available to Pay Deferred Fee		$ 57,780	$ 65,218	$ 72,724	$ 80,296	$ 87,934	$ 95,635	$ 103,399	$ 111,224	$ 119,109	$ 127,051	$ 135,049	$ 143,558	$ 157,046	$ 206,234	$ 214,435
Additional Repayment from Cash Flow - Asheville HOME		$ -	$ -	$ -	$ -	$ -	$ -	$ 91,327	$ 111,224	$ 119,109	$ 127,051	$ 122,868	$ -	$ -	$ -	$ -
Additional Repayment from Cash Flow - Buncombe County A		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,181	$ 143,558	$ 157,046	$ 206,234	$ 214,435
Deferred Fee Payoff																
Payment	*$ 471,660*	$ 57,780	$ 65,218	$ 72,724	$ 80,296	$ 87,934	$ 95,635	$ 12,073	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Current Balance		$ 413,880	$ 348,662	$ 275,938	$ 195,642	$ 107,708	$ 12,073	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Cash Flow Available to Partnership		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

MAKE SURE to check Agency expectation, i.e. PM Fee, some agencies require 3% growth rather than the actual % of Revenue calc. This should be done the way the agency reports work but for Investor closing use the Revenue calc

FY 23 AHSP Application Staff Summary: LDG: New Construction Monticello Family

168	$8,929	$1.00 : $27.43	≤80%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$253,847	$236.56	1, 2, and 3
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: LDG Multifamily, LLC (LDG) has submitted a **New Construction Units for Rent Multifamily Loan** application requesting loan funds in the amount of **$1,500,000** to support the Monticello Family project.

Strategic Plan Community Focus Area: Resident Well Being
Strategic Plan Vision: Our residents are safe, healthy, and engaged in their community.

Affordable Housing Goal (New): Increase the supply of affordable housing for rent
Affordable Housing Objective (New): 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

AHSP Goal: Preserve and increase the stock of affordable housing including rental developments.
AHSP Priority 2: Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding

Summary: LDG's request ($1,500,000) is intended to support the $42,646,354 Monticello Family 168-unit project. The proposed unit mix includes 63 units for households at ≤80% AMI; 42 units for households at ≤60% AMI; and 63 units for households at ≤30% AMI. The proposed unit mix includes 24 one-bedroom units, 84 two-bedroom units, and 60 three-bedroom units.

The project is seeking 4% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA).

The capital stack includes $13.3M in LIHTC (4%); $26.0M in construction to permanent loan through tax free bond program; $571K in taxable permanent loan; and a $1.2M deferred developer fee (48% deferred).

The project does not have an existing commitment from the County.

The project is located outside the City of Asheville and is not eligible for funding support from the City of Asheville.

The project revenues are based collecting fair market rent revenues for select units from the Housing Authority of the City of Asheville (HACA) vouchers. HACA confirmed LDG has applied for vouchers.

A purchase agreement is in place for the site. The closing date is anticipated to be August 27, 2023.

Requested Exceptions to Program Guidelines: The requested loan terms are a 40-year term at 1% interest with fully amortized payment beginning in year 5 of stabilized operations. The optional loan terms for a LIHTC project are a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon. The anticipated break ground date (October 2023) is later than the AHSP required scheduled break ground date (January 2023). The anticipated drawing down funds date (October 2023) is later than the AHSP required drawing down funds date (July 2023).

Finance Department Assessment of Audits and Financial Position: LDG provided a timely audit free of qualifications and findings. As of December 31, 2020, LDG's financials show a reasonably healthy financial position.

Alignment with New Affordable Housing Goals and Objectives: This project would address the goal of increasing the supply of affordable housing for rent. This project is anticipated to create 168 new affordable housing units for rent, which represents: 9.08% of the first stated goal (1,850 rental units); 9.08% of the second stated goal (1,850 rental units averaging ≤60% AMI), 11.35% of the third stated goal (1,480 rental units leveraging the LIHTC program); and 31.5% of the fourth stated goal (200 units for households at ≤30% AMI).

Recommendation: Community Development Division staff reviewed the project based on the FY23 AHSP guidelines acknowledging the requested exceptions.

As noted in the AHSP guidance, requests for interest only payments do not guarantee award of a loan on those terms. LDG has proposed an extended repayment period with a delayed repayment start year, indicated a willingness to defer developer fees, but has not demonstrated that an alternative loan structure (to the standard loan offering for a LIHTC project) is necessary for project viability.

The proforma suggests that, by year 20, and with a 7% vacancy rate, a total of:

- $29,844,582 Net Operating Income would be realized,
- $25,951,811 in Minimum DSCR (1.15) would be required,
- $23,362,829 in Debt Service (Tax Free Bonds/Taxable Trail) would be anticipated,
- $2,588,981 in Debt Service would be available for Cashflow Debt, and
- $2,651,449 in additional Cashflow (beyond DSCR) would be available after deferred developer fees ($1,241,322) are realized.

The proforma suggests that, by year 20, should the property achieve a 0% vacancy rate (unlikely but theoretically possible), $4,357,149 in additional cashflow for use at the discretion of developer would be available. Somewhere between 0% and 5% vacancy is likely given the demand for affordable housing. As a reminder, 7% vacancy is the standard rate in LIHTC proformas.

Additional cashflow, though unknown, would likely be generated if any additional housing choice vouchers are used at the project, which allows for the collection of fair market rents.

LDG's supporting documentation (proforma) does not clearly demonstrate that the requested alternative loan structure is necessary for project viability.

Community Development Division staff notes that the project addresses the Affordable Housing Committee's second highest priority; however, the project will not commence within the fiscal year of award.

Consideration of a loan up to $1,500,000 with a 20-year term, at an interest rate of 2%, with annual payment from cashflow, is recommended. Proforma analysis suggests that $394,352 in interest and all principal balance ($1,500,000) would be repaid by year 19. To extend an award, there must be a willingness to provide exception to AHSP guidelines including allowing a breaking ground date after January 2023 and a drawing down funds date after July 2023. Staff notes that, given the proposed construction start dates and draw down dates, it would be possible to consider funding this request in a future cycle.

Attachments: Project Summary Sheet; Applicant Provided Proforma

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	N
Individuals with a disability	N
Individuals who are hard to house	N
Individuals who are homeless	N
Individuals who are BIPOC	N
Individuals who are justice involved	N
Individuals who have vouchers	Y
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	N
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	N

CONSTRUCTION PROJECT ADDITIONAL SUMMARY INFO	Y/N
Project	
Preserves long-term affordability beyond the loan term	N
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

PRO-FORMA

Year (Stabilized):		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
YE Date:	Check	Up To Dec-25	Dec-26	Dec-27	Dec-28	Dec-29	Dec-30	Dec-31	Dec-32	Dec-33	Dec-34	Dec-35	Dec-36	Dec-37	Dec-38	Dec-39	Dec-40	Dec-41	Dec-42	Dec-43	Dec-44	Dec-45
NET OPERATING INCOME																						
Revenues																						
Rental Income	0	2,062,100	2,501,320	2,551,346	2,602,373	2,654,420	2,707,509	2,761,659	2,816,892	2,873,230	2,930,695	2,989,308	3,049,095	3,110,077	3,172,278	3,235,724	3,300,438	3,366,447	3,433,776	3,502,451	3,572,500	3,643,950
Other Income	0	49,860	60,480	61,690	62,923	64,182	65,465	66,775	68,110	69,473	70,862	72,279	73,725	75,199	76,703	78,237	79,802	81,398	83,026	84,687	86,380	88,108
Commercial Income	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Revenue:		**2,111,960**	**2,561,800**	**2,613,036**	**2,665,296**	**2,718,602**	**2,772,974**	**2,828,434**	**2,885,002**	**2,942,702**	**3,001,557**	**3,061,588**	**3,122,819**	**3,185,276**	**3,248,981**	**3,313,961**	**3,380,240**	**3,447,845**	**3,516,802**	**3,587,138**	**3,658,881**	**3,732,058**
Vacancy:	0	(59,775)	(179,326)	(182,912)	(186,571)	(190,302)	(194,108)	(197,990)	(201,950)	(205,989)	(210,109)	(214,311)	(218,597)	(222,969)	(227,429)	(231,977)	(236,617)	(241,349)	(246,176)	(251,100)	(256,122)	(261,244)
EGI:		**2,052,184**	**2,382,474**	**2,430,123**	**2,478,726**	**2,528,300**	**2,578,866**	**2,630,443**	**2,683,052**	**2,736,713**	**2,791,448**	**2,847,277**	**2,904,222**	**2,962,306**	**3,021,553**	**3,081,984**	**3,143,623**	**3,206,496**	**3,270,626**	**3,336,038**	**3,402,759**	**3,470,814**
Operating Expenses																						
Payroll	0	(273,000)	(218,400)	(224,952)	(231,701)	(238,652)	(245,811)	(253,185)	(260,781)	(268,604)	(276,663)	(284,962)	(293,511)	(302,317)	(311,386)	(320,728)	(330,350)	(340,260)	(350,468)	(360,982)	(371,811)	(382,966)
Adminstration	0	(147,000)	(117,600)	(121,128)	(124,762)	(128,505)	(132,360)	(136,331)	(140,421)	(144,633)	(148,972)	(153,441)	(158,045)	(162,786)	(167,669)	(172,700)	(177,881)	(183,217)	(188,713)	(194,375)	(200,206)	(206,212)
Management	(0)	(119,124)	(95,299)	(98,158)	(101,103)	(104,136)	(107,260)	(110,478)	(113,792)	(117,206)	(120,722)	(124,344)	(128,074)	(131,916)	(135,874)	(139,950)	(144,148)	(148,473)	(152,927)	(157,515)	(162,240)	(167,107)
Repair & Maintenance	0	(52,500)	(42,000)	(43,260)	(44,558)	(45,895)	(47,271)	(48,690)	(50,150)	(51,655)	(53,204)	(54,800)	(56,444)	(58,138)	(59,882)	(61,678)	(63,529)	(65,435)	(67,398)	(69,420)	(71,502)	(73,647)
Utilities	0	(147,000)	(117,600)	(121,128)	(124,762)	(128,505)	(132,360)	(136,331)	(140,421)	(144,633)	(148,972)	(153,441)	(158,045)	(162,786)	(167,669)	(172,700)	(177,881)	(183,217)	(188,713)	(194,375)	(200,206)	(206,212)
Rental Expenses	0	(21,000)	(16,800)	(17,304)	(17,823)	(18,358)	(18,909)	(19,476)	(20,060)	(20,662)	(21,282)	(21,920)	(22,578)	(23,255)	(23,953)	(24,671)	(25,412)	(26,174)	(26,959)	(27,768)	(28,601)	(29,459)
Professional	0	(21,000)	(16,800)	(17,304)	(17,823)	(18,358)	(18,909)	(19,476)	(20,060)	(20,662)	(21,282)	(21,920)	(22,578)	(23,255)	(23,953)	(24,671)	(25,412)	(26,174)	(26,959)	(27,768)	(28,601)	(29,459)
Contract	0	(42,000)	(33,600)	(34,608)	(35,646)	(36,716)	(37,817)	(38,952)	(40,120)	(41,324)	(42,563)	(43,840)	(45,156)	(46,510)	(47,906)	(49,343)	(50,823)	(52,348)	(53,918)	(55,536)	(57,202)	(58,918)
Turnover	0	(42,000)	(33,600)	(34,608)	(35,646)	(36,716)	(37,817)	(38,952)	(40,120)	(41,324)	(42,563)	(43,840)	(45,156)	(46,510)	(47,906)	(49,343)	(50,823)	(52,348)	(53,918)	(55,536)	(57,202)	(58,918)
RE Taxes	(0)	(260,257)	(208,206)	(214,452)	(220,886)	(227,512)	(234,338)	(241,368)	(248,609)	(256,067)	(263,749)	(271,661)	(279,811)	(288,206)	(296,852)	(305,757)	(314,930)	(324,378)	(334,109)	(344,133)	(354,457)	(365,090)
Shuttle Service	OK	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Resident Services Provider	0	(37,500)	(30,000)	(30,900)	(31,827)	(32,782)	(33,765)	(34,778)	(35,822)	(36,896)	(38,003)	(39,143)	(40,317)	(41,527)	(42,773)	(44,056)	(45,378)	(46,739)	(48,141)	(49,585)	(51,073)	(52,605)
Insurance	0	(84,000)	(67,200)	(69,216)	(71,292)	(73,431)	(75,634)	(77,903)	(80,240)	(82,648)	(85,127)	(87,681)	(90,311)	(93,021)	(95,811)	(98,685)	(101,646)	(104,695)	(107,836)	(111,071)	(114,404)	(117,836)
Total Operating Expense:		**(1,246,381)**	**(997,105)**	**(1,027,018)**	**(1,057,829)**	**(1,089,563)**	**(1,122,250)**	**(1,155,918)**	**(1,190,595)**	**(1,226,313)**	**(1,263,103)**	**(1,300,996)**	**(1,340,026)**	**(1,380,226)**	**(1,421,633)**	**(1,464,282)**	**(1,508,211)**	**(1,553,457)**	**(1,600,061)**	**(1,648,062)**	**(1,697,504)**	**(1,748,429)**
Replacement Reserve:	0	(34,625)	(42,000)	(43,680)	(45,427)	(47,244)	(49,134)	(51,099)	(53,143)	(55,269)	(57,480)	(59,779)	(62,170)	(64,657)	(67,243)	(69,933)	(72,730)	(75,640)	(78,665)	(81,812)	(85,084)	(88,488)
Interest Income from Reserves:		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Release of Reserves		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reserves:		**(34,625)**	**(42,000)**	**(43,680)**	**(45,427)**	**(47,244)**	**(49,134)**	**(51,099)**	**(53,143)**	**(55,269)**	**(57,480)**	**(59,779)**	**(62,170)**	**(64,657)**	**(67,243)**	**(69,933)**	**(72,730)**	**(75,640)**	**(78,665)**	**(81,812)**	**(85,084)**	**(88,488)**
NOI:	OK	**771,178**	**1,343,369**	**1,359,425**	**1,375,470**	**1,391,492**	**1,407,482**	**1,423,426**	**1,439,314**	**1,455,131**	**1,470,865**	**1,486,502**	**1,502,026**	**1,517,423**	**1,532,676**	**1,547,769**	**1,562,682**	**1,577,399**	**1,591,900**	**1,606,164**	**1,620,170**	**1,633,897**
DEBT SERVICE																						
Tax-Free Bonds	(0)	(94,959)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)	(1,139,504)
Buncombe Co Gap Loan		(39,120)	(5)	(13,967)	(27,919)	(41,852)	(55,756)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)	(64,437)
0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Taxable Tail	5	0	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)	(28,637)
DSCR		*5.75*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.17*	*1.18*	*1.19*	*1.21*	*1.22*	*1.23*	*1.24*	*1.26*	*1.27*	*1.28*	*1.29*	*1.30*	*1.31*	*1.33*
Free Cashflow	OK	**779,596**	**175,222**	**177,316**	**179,409**	**181,499**	**183,585**	**190,848**	**206,735**	**222,552**	**238,286**	**253,923**	**269,448**	**284,844**	**300,098**	**315,190**	**330,104**	**344,821**	**359,321**	**373,585**	**387,592**	**401,318**

FY 23 AHSP Application Staff Summary: MHO: New Construction Deaverview Redevelopment Phase I

82	$14,634	$1.00 : $12.71	<80%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$200,648	$247.49	1, 2, 3, and 4
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: Mountain Housing Opportunities, Inc . (MHO) has submitted a **New Construction Units for Rent Multifamily Loan** application requesting loan funds in the amount of **$1,200,000** to support the Deaverview Redevelopment Phase One.

Strategic Plan Community Focus Area: Resident Well Being
Strategic Plan Vision: Our residents are safe, healthy, and engaged in their community.

Affordable Housing Goal (New): Increase the supply of affordable housing for rent
Affordable Housing Objective (New): 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

AHSP Goal: Preserve and increase the stock of affordable housing including rental developments.
AHSP Priority 2: Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding

Summary: MHO's request ($1,200,000) is intended to support the $16,452,879 Deaverview Redevelopment Phase I 82-unit project. The proposed unit mix includes 40 units for households at <60% AMI; 21 units for households at <50% AMI; and 21 units for households at <30% AMI. The proposed unit mix includes 48 one-bedroom units, 16 two-bedroom units, 14 three-bedroom units, and 4 four-bedroom units.

The project is seeking 9% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA).

The capital stack includes $7.1M in LIHTC (9%); $4.8M in 35-year fully amortizing permanent loan; $1.2M in HACA deferred loan; $1.2M in HOME Grant, and a $800K NCHFA RPP deferred or cash flow loan. The project was determined ineligible for the $1.2M HOME Grant in the current cycle and can potentially reapply in a future cycle; however, HACA is seeking a grant from the City of Asheville bond funding in place of this request in the original capital stack.

The project revenues are based collecting fair market rent revenues for select units from the Housing Authority of the City of Asheville (HACA) vouchers. HACA confirmed MHO has applied for vouchers.

The project does not have an existing commitment from the County. The project is in the City of Asheville but does not have a commitment of funding support from the City of Asheville.

The site is currently owned by the Housing Authority of the City of Asheville.

Requested Exceptions to Program Guidelines: The requested loan terms are a 30-year deferred term at 0% interest with lump sum payment at the end of the 30-year period. The optional loan terms for a LIHTC project are a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon. The anticipated break ground date (June 2023) is later than the required scheduled break ground date (January 2023).

Finance Department Assessment of Audits and Financial Position: MHO has timely audits free of qualifications and findings. As of December 31, 2020, MHO's financial show a reasonably healthy financial position.

Alignment with New Affordable Housing Goals and Objectives: This project would address the goal of increasing the supply of affordable housing for rent. This project is anticipated to create 82 new affordable housing units for rent, which represents: 4.43% of the first stated goal (1,850 rental units); 4.43% of the second stated goal (1,850 rental units averaging ≤60% AMI), 5.54% of the third stated goal (1,480 rental units leveraging the LIHTC program); and 10.5% of the fourth stated goal (200 units for households at ≤30% AMI).

Recommendation: Community Development Division staff reviewed the project based on the FY23 AHSP guidelines acknowledging the requested exceptions.

As noted in the AHSP guidance, requests for interest only payments do not guarantee award of a loan on those terms. MHO has requested an extended repayment period and has not indicated a willingness to consider deferring developer fees. The applicant has not clearly demonstrated the proposed loan and its structure are necessary for project viability or a clear path to repayment.

The proforma suggests that, by year 20, with a 7% vacancy rate:

- $6,892,298 Net Operating Income would be realized,
- $5,993,302 in Minimum DSCR (1.15) would be required,
- $5,878,920 in Debt Service (FHA Permanent Loan) would be anticipated,
- $114,382 in Debt Service would be available for Cashflow Debt, and
- $746,485 in additional Cashflow (beyond DSCR) would be available after asset management fees ($152,510) are realized.

The proforma suggests that, by year 20, should the property achieve a 0% vacancy rate (unlikely but theoretically possible), $1,513,509 in additional cashflow for use at the discretion of developer would be available. Somewhere between 0% and 5% vacancy is likely given the demand for affordable housing. As a reminder, 7% vacancy is the standard rate in LIHTC proformas.

Additional cashflow, though unknown, would likely be generated if any additional housing choice vouchers (some are contemplated in the proforma) are used at the project, which allows for collection of fair market rents.

MHO's capital stack indicates two (2) loans expected to be repaid through cashflow: RPP Loan ($800,000) and AHSP loan ($1,200,000).

Community Development Division staff notes that the project addresses the Affordable Housing Committee's second highest priority; however, the capital stack is uncertain and a path to repayment is extremely limited.

Staff understands that the HACA applied for $1,200,000 in Buncombe County ARPA funds as an alternative to this AHSP request from MHO. As part of this ARPA funding request an extension of affordability to a 50-year period has been offered.

Consideration of a loan up to $1,200,000 with a 20-year term, at an interest rate of 2%, with annual payment from cashflow, is recommended if changing elements of the capital stack are clarified and it is understood (barring MHO applying additional payments from additional cashflow against the loan) there will likely be a request for refinance and/or forgiveness at year 20. To extend an award, there must be a willingness to provide exception to AHSP guidelines including allowing a breaking ground date after January 2023. Proforma analysis suggests it is possible as little as $68,629 in payments (interest) would be made by year 20 leaving a total of $1,611,370 due in year 20.

Attachments: Project Summary Sheet; Applicant Provided Proforma

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	N
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	N
Individuals who are homeless	Y
Individuals who are BIPOC	Y
Individuals who are justice involved	N
Individuals who have vouchers	Y
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	N
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	N
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	N
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	Y

Operating Pro Forma

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		12/31/2021	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032	12/31/2033	12/31/2034	12/31/2035	12/31/2036	12/31/2037	12/31/2038	12/31/2039	12/31/2040	12/31/2041
Income																						
Gross TC Rent																						
1BR, 30%			107,280	109,426	111,614	113,846	116,123	118,446	120,815	123,231	125,696	128,210	130,774	133,389	136,057	138,778	141,554	144,385	147,272	150,218	153,222	156,287
1BR, 50%			107,280	109,426	111,614	113,846	116,123	118,446	120,815	123,231	125,696	128,210	130,774	133,389	136,057	138,778	141,554	144,385	147,272	150,218	153,222	156,287
1BR, 60%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1BR, 70%			243,360	248,227	253,192	258,256	263,421	268,689	274,063	279,544	285,135	290,838	296,654	302,588	308,639	314,812	321,108	327,531	334,081	340,763	347,578	354,530
2BR, 30%			53,760	54,835	55,932	57,051	58,192	59,355	60,542	61,753	62,988	64,248	65,533	66,844	68,181	69,544	70,935	72,354	73,801	75,277	76,783	78,318
2BR, 50%			53,760	54,835	55,932	57,051	58,192	59,355	60,542	61,753	62,988	64,248	65,533	66,844	68,181	69,544	70,935	72,354	73,801	75,277	76,783	78,318
2BR, 60%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2BR, 70%			73,008	74,468	75,958	77,477	79,026	80,607	82,219	83,863	85,541	87,251	88,996	90,776	92,592	94,444	96,333	98,259	100,224	102,229	104,273	106,359
3BR, 30%			52,176	53,220	54,284	55,370	56,477	57,607	58,759	59,934	61,132	62,355	63,602	64,874	66,172	67,495	68,845	70,222	71,626	73,059	74,520	76,011
3BR,50%			52,176	53,220	54,284	55,370	56,477	57,607	58,759	59,934	61,132	62,355	63,602	64,874	66,172	67,495	68,845	70,222	71,626	73,059	74,520	76,011
3BR, 60%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR, 70%			84,384	86,072	87,793	89,549	91,340	93,167	95,030	96,931	98,869	100,847	102,864	104,921	107,019	109,160	111,343	113,570	115,841	118,158	120,521	122,932
3BR, 30%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR,50%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR, 60%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR, 70%			62,688	63,942	65,221	66,525	67,856	69,213	70,597	72,009	73,449	74,918	76,416	77,945	79,504	81,094	82,715	84,370	86,057	87,778	89,534	91,325
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Potential Gross Income			**889,872**	**907,669**	**925,823**	**944,339**	**963,226**	**982,491**	**1,002,140**	**1,022,183**	**1,042,627**	**1,063,479**	**1,084,749**	**1,106,444**	**1,128,573**	**1,151,144**	**1,174,167**	**1,197,651**	**1,221,604**	**1,246,036**	**1,270,956**	**1,296,375**
Less: Vacancy			(62,291)	(63,537)	(64,808)	(66,104)	(67,426)	(68,774)	(70,150)	(71,553)	(72,984)	(74,444)	(75,932)	(77,451)	(79,000)	(80,580)	(82,192)	(83,836)	(85,512)	(87,222)	(88,967)	(90,746)
Effective Gross Income			**827,581**	**844,133**	**861,015**	**878,236**	**895,800**	**913,716**	**931,991**	**950,630**	**969,643**	**989,036**	**1,008,817**	**1,028,993**	**1,049,573**	**1,070,564**	**1,091,976**	**1,113,815**	**1,136,091**	**1,158,813**	**1,181,989**	**1,205,629**
Expenses																						
Operating Expenses	5,610		460,027	473,828	488,043	502,684	517,765	533,298	549,297	565,776	582,749	600,231	618,238	636,785	655,889	675,566	695,833	716,708	738,209	760,355	783,166	806,661
Total Operating Expenses			**460,027**	**473,828**	**488,043**	**502,684**	**517,765**	**533,298**	**549,297**	**565,776**	**582,749**	**600,231**	**618,238**	**636,785**	**655,889**	**675,566**	**695,833**	**716,708**	**738,209**	**760,355**	**783,166**	**806,661**
NET OPERATING INCOME (NOI)			**367,554**	**370,304**	**372,972**	**375,551**	**378,035**	**380,418**	**382,694**	**384,855**	**386,894**	**388,804**	**390,578**	**392,207**	**393,684**	**394,999**	**396,143**	**397,107**	**397,882**	**398,458**	**398,824**	**398,968**
Less: Replacement Reserves			28,700	29,848	31,042	32,284	33,575	34,918	36,315	37,767	39,278	40,849	42,483	44,182	45,950	47,788	49,699	51,687	53,755	55,905	58,141	60,467
Cash flow from Operations			**338,854**	**340,456**	**341,930**	**343,268**	**344,460**	**345,500**	**346,379**	**347,087**	**347,616**	**347,955**	**348,095**	**348,025**	**347,734**	**347,211**	**346,444**	**345,420**	**344,128**	**342,553**	**340,683**	**338,502**
Debt Service																						
FHA Perm Loan																						
Interest Payments			(241,489)	(238,805)	(235,984)	(233,018)	(229,901)	(226,624)	(223,180)	(219,559)	(215,754)	(211,753)	(207,548)	(203,128)	(198,481)	(193,597)	(188,463)	(183,066)	(177,394)	(171,431)	(165,162)	(158,574)
Principal Payments			(52,458)	(55,141)	(57,963)	(60,928)	(64,045)	(67,322)	(70,766)	(74,387)	(78,192)	(82,193)	(86,398)	(90,818)	(95,465)	(100,349)	(105,483)	(110,880)	(116,553)	(122,516)	(128,784)	(135,373)
Subtotal			(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)	(293,946)
Soft Loan																						
Interest Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Debt Service			**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**	**(293,946)**
CASH FLOW AFTER FINANCING			**44,907**	**46,510**	**47,984**	**49,321**	**50,514**	**51,554**	**52,433**	**53,141**	**53,670**	**54,009**	**54,149**	**54,079**	**53,788**	**53,265**	**52,497**	**51,474**	**50,182**	**48,607**	**46,736**	**44,556**
Less: Investor Asset Management Fee			(8,200)	(8,446)	(8,699)	(8,960)	(9,229)	(9,506)	(9,791)	(10,085)	(10,388)	(10,699)	(11,020)	(11,351)	(11,691)	(12,042)	(12,403)					
			36,707	**38,064**	**39,285**	**40,361**	**41,285**	**42,048**	**42,642**	**43,056**	**43,282**	**43,310**	**43,129**	**42,728**	**42,097**	**41,223**	**40,094**	**51,474**	**50,182**	**48,607**	**46,736**	**44,556**
DSCR			1.153	1.16	1.16	1.17	1.17	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.18	1.17	1.17	1.16	1.15
Debt Yield			7.57%	7.63%	7.68%	7.74%	7.79%	7.84%	7.88%	7.93%	7.97%	8.01%	8.05%	8.08%	8.11%	8.14%	8.16%	8.18%	8.20%	8.21%	8.22%	8.22%

FY 23 AHSP Application Staff Summary: MHO: New Construction Lakeshore Villas

120	$10,000	$1.00 : $17.55	≤80%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$204,418	$209.50	1, 2, and 3
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: Mountain Housing Opportunities, Inc. (MHO) has submitted a **New Construction Units for Rent Multifamily Loan** application requesting loan funds in the amount of **$1,200,000** to support the Lakeshore Villas project.

Strategic Plan Community Focus Area: Resident Well Being
Strategic Plan Vision: Our residents are safe, healthy, and engaged in their community.

Affordable Housing Goal (New): Increase the supply of affordable housing for rent
Affordable Housing Objective (New): 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

AHSP Goal: Preserve and increase the stock of affordable housing including rental developments.
AHSP Priority 2: Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding

Summary: MHO's request ($1,200,000) is intended to support the $24,569,066 Lakeshore Villas 120-unit project. The proposed unit mix includes 83 units for households at ≤60% AMI and 37 units for households at ≤40% AMI. The proposed unit mix includes 35 one-bedroom units, 64 two-bedroom units, and 21 three-bedroom units.

The project is seeking 4% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA).

The capital stack includes $9.9M in LIHTC (4%); $8.8M in HUD 221d4 loan; and a $2.2M potential Dogwood Health Trust grant.

The project has an existing $2,313,846 commitment from the County in the form of an ARPA grant (which will become a repayable loan should the project not advance) to assist with site acquisition. This grant includes additional contingency funding.

The project is located outside the City of Asheville and is not eligible for funding support from the City of Asheville.

The site is currently owned by MHO.

Requested Exceptions to Program Guidelines: The requested loan terms are a 30-year deferred term at 0% interest with lump sum payment at the end of the 30-year period. The optional loan terms for a LIHTC project are a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon. The anticipated break ground date (July 2023) is later than the required scheduled break ground date (January 2023).

Finance Department Assessment of Audits and Financial Position: MHO has timely audits free of qualifications and findings. As of December 31, 2020, MHO's financial show a reasonably healthy financial position.

Alignment with New Affordable Housing Goals and Objectives: This project would address the goal of increasing the supply of affordable housing for rent. This project is anticipated to create 120 new affordable housing units for rent; however, it would impact 0 units in advancing the goal as those units are already considered supported by Buncombe County through the ARPA process. This 0 unit impact represents 0% of the stated goal.

Recommendation: Community Development Division staff reviewed the project based on the FY23 AHSP guidelines acknowledging the requested exceptions.

As noted in the guidance, requests for interest only payments do not guarantee award of a loan on those terms. MHO has requested an extended repayment period and (in the proforma only) a willingness to defer developer fees, but has not demonstrated that an alternative loan structure (to the standard offering for a LIHTC project) is necessary for project viability

The proforma suggests that, by year 20, and with a 7% vacancy rate:

- $200,000 is available from cashflow to repay deferred developer fees,
- $285,145 is available from cashflow to repay of County AHSP loan interest, and
- $1,200,000 is available from cashflow to repay of County AHSP loan principal.

Additional cashflow, though unknown, would likely be generated if any housing choice vouchers are used at the project, which allows for the collection of fair market rents (not contemplated in the proforma).

Somewhere between 0% and 5% vacancy is likely given the demand for affordable housing. As a reminder, 7% vacancy is the standard rate in LIHTC proformas.

MHO has not clearly demonstrated that the requested alternative loan structure is necessary for project viability. It appears that the proforma would support both the repayment of the deferred developer fee and an AHSP loan within a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon if a conservative vacancy rate of 7% is achieved by the project.

Additional deferral of developer fee could reduce the overall loan request to the AHSP. The proforma suggests that a 40% deferred developer fee ($720,000) and full repayment of a $720,000 AHSP loan with a 20-year, at an interest rate of 2% with annual interest payment from cashflow with principal balloon are both achievable if a conservative vacancy rate of 7% is achieved by the project. This represents a point of further discussion between the County and developer.

Community Development Division staff notes that the project addresses the Affordable Housing Committee's second highest priority.

Consideration of a loan up to $720,000 is recommended, acknowledging that a discussion about the desire to extend additional commitment to a project with significant Buncombe County ARPA grant funding is preferred. To extend an award, there must be a willingness to provide exception to AHSP guidelines including allowing a breaking ground date after January 2023.

Attachments: Project Summary Sheet; Staff Developed Amortization Schedules; Applicant Provided Proforma

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	N
Aligns with the selected strategic goal	Y
Designed to Serve Households with AMI	
<80%	Y
<50%	Y
<30%	N
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	N
Individuals who are homeless	Y
Individuals who are BIPOC	Y
Individuals who are justice involved	N
Individuals who have vouchers	Y
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	N
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	N
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

Operating Pro Forma

			Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
		2/28/2025	2/28/2026	2/28/2027	2/29/2028	2/28/2029	2/28/2030	2/28/2031	2/29/2032	2/28/2033	2/28/2034	2/28/2035	2/29/2036	2/28/2037	2/28/2038	2/28/2039	2/29/2040	2/28/2041	2/28/2042	2/28/2043	2/29/2044	2/28/2045
Income																						
Gross TC Rent																						
1BR, 30%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1BR, 40%			52,272	53,317	54,384	55,471	56,581	57,713	58,867	60,044	61,245	62,470	63,719	64,994	66,294	67,619	68,972	70,351	71,758	73,193	74,657	76,150
1BR, 50%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1BR, 60%			238,992	243,772	248,647	253,620	258,693	263,866	269,144	274,527	280,017	285,618	291,330	297,157	303,100	309,162	315,345	321,652	328,085	334,646	341,339	348,166
2BR, 30%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2BR, 40%			161,184	164,408	167,696	171,050	174,471	177,960	181,519	185,150	188,853	192,630	196,482	200,412	204,420	208,509	212,679	216,932	221,271	225,697	230,210	234,815
2BR, 50%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2BR, 60%			453,624	462,696	471,950	481,389	491,017	500,838	510,854	521,071	531,493	542,123	552,965	564,024	575,305	586,811	598,547	610,518	622,729	635,183	647,887	660,845
3BR, 30%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR, 40%			40,320	41,126	41,949	42,788	43,644	44,517	45,407	46,315	47,241	48,186	49,150	50,133	51,136	52,158	53,201	54,265	55,351	56,458	57,587	58,739
3BR, 50%			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3BR, 60%			204,096	208,178	212,341	216,588	220,920	225,338	229,845	234,442	239,131	243,914	248,792	253,768	258,843	264,020	269,300	274,686	280,180	285,784	291,499	297,329
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Potential Gross Income			**1,150,488**	**1,173,498**	**1,196,968**	**1,220,907**	**1,245,325**	**1,270,232**	**1,295,636**	**1,321,549**	**1,347,980**	**1,374,940**	**1,402,438**	**1,430,487**	**1,459,097**	**1,488,279**	**1,518,044**	**1,548,405**	**1,579,373**	**1,610,961**	**1,643,180**	**1,676,044**
Less: Vacancy	*7%*		*(80,534)*	*(82,145)*	*(83,788)*	*(85,463)*	*(87,173)*	*(88,916)*	*(90,695)*	*(92,508)*	*(94,359)*	*(96,246)*	*(98,171)*	*(100,134)*	*(102,137)*	*(104,180)*	*(106,263)*	*(108,388)*	*(110,556)*	*(112,767)*	*(115,023)*	*(117,323)*
Effective Gross Income			**1,069,954**	**1,091,353**	**1,113,180**	**1,135,444**	**1,158,152**	**1,181,315**	**1,204,942**	**1,229,041**	**1,253,621**	**1,278,694**	**1,304,268**	**1,330,353**	**1,356,960**	**1,384,099**	**1,411,781**	**1,440,017**	**1,468,817**	**1,498,194**	**1,528,158**	**1,558,721**
Expenses																						
Operating Expenses	4,300		516,000	531,480	547,424	563,847	580,763	598,185	616,131	634,615	653,653	673,263	693,461	714,265	735,693	757,763	780,496	803,911	828,029	852,869	878,455	904,809
Total Operating Expenses			**516,000**	**531,480**	**547,424**	**563,847**	**580,763**	**598,185**	**616,131**	**634,615**	**653,653**	**673,263**	**693,461**	**714,265**	**735,693**	**757,763**	**780,496**	**803,911**	**828,029**	**852,869**	**878,455**	**904,809**
NET OPERATING INCOME (NOI)			**553,954**	**559,873**	**565,756**	**571,596**	**577,390**	**583,130**	**588,811**	**594,426**	**599,968**	**605,431**	**610,807**	**616,088**	**621,268**	**626,336**	**631,285**	**636,106**	**640,789**	**645,324**	**649,702**	**653,912**
Less: Replacement Reserves			*42,000*	*43,680*	*45,427*	*47,244*	*49,134*	*51,099*	*53,143*	*55,269*	*57,480*	*59,779*	*62,170*	*64,657*	*67,243*	*69,933*	*72,730*	*75,640*	*78,665*	*81,812*	*85,084*	*88,488*
Cash flow from Operations			**511,954**	**516,193**	**520,328**	**524,352**	**528,256**	**532,031**	**535,667**	**539,157**	**542,488**	**545,652**	**548,637**	**551,431**	**554,024**	**556,403**	**558,555**	**560,466**	**562,124**	**563,512**	**564,618**	**565,424**
Debt Service																						
Perm Loan																						
Interest Payments			(324,182)	(320,496)	(316,670)	(312,700)	(308,581)	(304,307)	(299,873)	(295,271)	(290,496)	(285,541)	(280,400)	(275,066)	(269,530)	(263,787)	(257,827)	(251,643)	(245,226)	(238,568)	(231,659)	(224,490)
Principal Payments			(97,966)	(101,653)	(105,479)	(109,448)	(113,567)	(117,841)	(122,276)	(126,878)	(131,653)	(136,607)	(141,748)	(147,083)	(152,618)	(158,362)	(164,322)	(170,506)	(176,923)	(183,581)	(190,490)	(197,659)
Subtotal			(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)	(422,149)
Mezzanine Debt																						
Interest Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Principal Payments			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Subtotal			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: HUD Mortgage Insurance Premium	*0.25%*		*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*	*(22,016)*
Total Debt Service			**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**	**(444,164)**
CASH FLOW AFTER FINANCING			**67,789**	**72,028**	**76,164**	**80,188**	**84,091**	**87,866**	**91,503**	**94,992**	**98,324**	**101,487**	**104,472**	**107,267**	**109,860**	**112,238**	**114,390**	**116,302**	**117,959**	**119,348**	**120,453**	**121,259**
Less: Investor Asset Management Fee			*(6,000)*	*(6,180)*	*(6,365)*	*(6,556)*	*(6,753)*	*(6,956)*	*(7,164)*	*(7,379)*	*(7,601)*	*(7,829)*	*(8,063)*	*(8,305)*	*(8,555)*	*(8,811)*	*(9,076)*					
Less: Deferred Developer Fee Repayment			(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)	(13,333)					
			48,456	**52,515**	**56,465**	**60,298**	**64,005**	**67,577**	**71,005**	**74,280**	**77,390**	**80,325**	**83,075**	**85,628**	**87,972**	**90,094**	**91,981**	**116,302**	**117,959**	**119,348**	**120,453**	**121,259**
DSCR			1.1526	1.16	1.17	1.18	1.19	1.20	1.21	1.21	1.22	1.23	1.24	1.24	1.25	1.25	1.26	1.26	1.27	1.27	1.27	1.27
Debt Yield			6.29%	6.36%	6.42%	6.49%	6.56%	6.62%	6.69%	6.75%	6.81%	6.87%	6.94%	7.00%	7.05%	7.11%	7.17%	7.22%	7.28%	7.33%	7.38%	7.43%

FY 23 AHSP Application Staff Summary: VOA: New Construction Laurel Wood

104	$7,692	$1.00 : $24.68	≤80%	30 yr
Units to Be Constructed	AHSP Request Per Unit	Leverage Ratio AHSP $: Other $	AMI Target	Period of Affordability

$197,503	$306.93	1 and 2
Average Cost Per Unit	Average Cost per Unit Square Foot	Bedrooms per Unit

Project Description: Volunteers of America National Services (VOA) has submitted a **New Construction Units for Rent Multifamily Loan** application requesting loan funds in the amount of **$800,000** to support the Laurel Wood project.

Strategic Plan Community Focus Area: Resident Well Being
Strategic Plan Vision: Our residents are safe, healthy, and engaged in their community.

Affordable Housing Goal (New): Increase the supply of affordable housing for rent
Affordable Housing Objective (New): 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

AHSP Goal: Preserve and increase the stock of affordable housing including rental developments.
AHSP Priority 2: Construction Loans for Multifamily Developments with Units for Rent and Which Seek Low Income Housing Tax Credit (LIHTC) Funding

Summary: VOA's request ($800,000) is intended to support the $20,540,268 Laurel Wood 104-unit project. The proposed unit mix includes 32 units for households at ≤80% AMI; 17 units for households at ≤60% AMI; 35 units for households at ≤50% AMI; and 20 units for households at ≤40% AMI. The proposed unit mix includes 92 one-bedroom units and 12 two-bedroom units.

The project has received 4% Low Income Housing Tax Credits (LIHTC) from the North Carolina Housing Finance Agency (NCHFA).

The capital stack includes $8M in LIHTC (4%); $8M in permanent loan; $2.6M in seller note; $500K in Capital Magnet Funds; and $556K in deferred developer fees (39% of the total fee).

The project has an existing $800K commitment from the County which it would like to retain. The project is in the City of Asheville but does not have a commitment of funding support from the City of Asheville.

The project revenues are based collecting market rent revenues for 50 units (rehabilitation portion) and 12 units (new portion) with vouchers.

The applicant retains site control.

Requested Exceptions to Program Guidelines: The applicant has requested the optional loan terms for a LIHTC project of a 20-year term, at an interest rate of 2%, with annual interest payment from cashflow with principal balloon.

Finance Department Assessment of Audits and Financial Position: VOA provided a timely audit free of qualifications and findings. As of June 30, 2021, VOA's financials show a moderately healthy position.

Alignment with New Affordable Housing Goals and Objectives: This project would address the goal of increasing the supply of affordable housing for rent. This project is anticipated to create 54 new and 50 rehabilitated affordable housing units for rent, which represents: 5.62% of the first stated goal (1,850 rental units); 5.62% of the second stated goal (1,850 rental units averaging ≤60% AMI), 7.03% of the third stated goal (1,480 rental units leveraging the LIHTC program); and 0.0% of the fourth stated goal (200 units for households at ≤30% AMI).

Recommendation: Community Development Division staff reviewed the project based on the FY23 AHSP guidelines acknowledging the requested AHSP standard loan option.

As noted in the guidance, requests for interest only payments do not guarantee award of a loan on those terms. VOA has shown a willingness to defer developer fees and demonstrated that the AHSP standard loan offering for a LIHTC project is necessary for project viability.

The proforma suggests that, by year 20, and with a 6% vacancy rate:

- $9,372,759 Net Operating Income would be realized,
- $8,150,225 in Minimum DSCR (1.15) would be required,
- $7,246,012 in Debt Service (First Mortgage) would be anticipated,
- $907,213 in Debt Service would be available for Cashflow Debt, and
- $147,289 in additional Cashflow (beyond DSCR) would be available after asset management fees ($98,286), deferred developer fees ($583,820), and partnership administration fees ($393,138) are realized.

The proforma suggests that, by year 20, should the property achieve a 0% vacancy rate, an additional $1,534,065 in additional cashflow for use at the discretion of developer would be available. Somewhere between 0% and 5% vacancy is likely given the demand for affordable housing. As a reminder, 7% vacancy is the standard rate in LIHTC proformas.

Additional cashflow, though unknown, would likely be generated if any additional housing choice vouchers are used at the project, which allows for the collection of fair market rents.

VOA may, given the location of this project, seek City of Asheville funds to support all or a portion of this $800,000 gap in its capital stack. The amount and associated terms of any City of Asheville Housing Trust Fund loan not contemplated in the proforma would need to be reevaluated to understand the feasibility of the debt service and the potential repayment implications to any AHSP loan. This represents a point of further discussion between the County, City, and VOA.

Community Development Division staff note that: (1) the project addresses the Affordable Housing Committee's second highest priority; (2) the project will commence within the fiscal year of award; and (3) the project has an existing award in the same amount.

Consideration of a loan of $800,000 with a 20-year term, at an interest rate of 2%, with annual payment from cashflow, is recommended. Proforma analysis suggests that $153,119 in interest and $751,093 in principal would be repaid in years 1-20 leaving a principal balloon balance of $48,906 due in year 20.

Attachments: Project Summary Sheet; Applicant Provided Proforma

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%	N
Designed to Serve	
General populous eligible for the program	N
Individuals who are age 55 or older	Y
Individuals with a disability	Y
Individuals who are hard to house	N
Individuals who are homeless	Y
Individuals who are BIPOC	N
Individuals who are justice involved	N
Individuals who have vouchers	Y
Project Expenses	
Complete	Y
Reasonable	Y
Project Sources	
Complete	N
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	N
Is coordinated with employment, services, and existing infrastructure	Y
Is located within 3/4 miles of a public transportation route	Y

Project Cash Flow

4/19/22 2:46 PM

Project Name: Laurel Wood I &II

Year:		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTAL
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	
RENTAL INCOME																						
Gross Potential Rental Income - Tax Credit Units	102%	214,800	480,619	1,107,203	1,180,423	1,204,031	1,228,112	1,252,674	1,277,728	1,303,282	1,329,348	1,355,935	1,383,053	1,410,715	1,438,929	1,467,707	1,497,062	1,527,003	1,557,543	1,588,694	1,620,468	25,425,327
Gross Potential Rental Income - Non-Tax Credit Units	102%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Potential Rental Income - Other (Specify)																						0
Total Gross Potential Rental Income		**214,800**	**480,619**	**1,107,203**	**1,180,423**	**1,204,031**	**1,228,112**	**1,252,674**	**1,277,728**	**1,303,282**	**1,329,348**	**1,355,935**	**1,383,053**	**1,410,715**	**1,438,929**	**1,467,707**	**1,497,062**	**1,527,003**	**1,557,543**	**1,588,694**	**1,620,468**	**25,425,327**
Other Income - Residential	102%	2,993	6,105	6,227	6,351	6,478	6,608	6,740	6,875	7,012	7,153	7,296	7,442	7,590	7,742	7,897	8,055	8,216	8,380	8,548	8,719	142,428
Less Vacancy (Year 1/Years 2-16) Incl Line 10 Income? Y	6%	13,068	29,203	66,806	71,206	72,631	74,083	75,565	77,076	78,618	80,190	81,794	83,430	85,098	86,800	88,536	90,307	92,113	93,955	95,835	97,751	1,534,065
Gross Potential Rental Income - Commercial	102%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Vacancy (Year 1/Years 2-16) 0%	0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effective Gross Income		**204,725**	**457,520**	**1,046,624**	**1,115,568**	**1,137,879**	**1,160,637**	**1,183,849**	**1,207,527**	**1,231,677**	**1,256,310**	**1,281,436**	**1,307,065**	**1,333,207**	**1,359,871**	**1,387,069**	**1,414,810**	**1,443,106**	**1,471,968**	**1,501,407**	**1,531,436**	**24,033,690**
EXPENDITURES	Inflator																					
Professional Fees	103%	15,475	31,879	32,835	33,820	34,835	35,880	36,956	38,065	39,207	40,383	41,594	42,842	44,127	45,451	46,815	48,219	49,666	51,156	52,691	54,272	816,168
Administrative Expenses	103%	62,725	129,214	133,090	137,083	141,195	145,431	149,794	154,288	158,917	163,685	168,596	173,654	178,864	184,230	189,757	195,450	201,314	207,353	213,574	219,981	3,308,195
Total Utilities	103%	36,750	75,705	77,976	80,315	82,724	85,206	87,762	90,395	93,107	95,900	98,777	101,740	104,792	107,936	111,174	114,509	117,944	121,482	125,126	128,880	1,938,200
Total Repairs and Maintenance	103%	68,675	141,471	145,715	150,086	154,589	159,227	164,004	168,924	173,992	179,212	184,588	190,126	195,830	201,705	207,756	213,989	220,409	227,021	233,832	240,847	3,621,998
Total Real Estate Taxes	103%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Taxes and Insurance	103%	49,475	101,919	104,977	108,126	111,370	114,711	118,152	121,697	125,348	129,108	132,981	136,970	141,079	145,311	149,670	154,160	158,785	163,549	168,455	173,509	2,609,352
Total Property Management Fee Incl Line 10 Income? Y	103%	34,650	71,379	73,520	75,726	77,998	80,338	82,748	85,230	87,787	90,421	93,133	95,927	98,805	101,769	104,822	107,967	111,206	114,542	117,979	121,518	1,827,467
Other Miscellaneous Operating Expenses	103%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other:	103%	(137,700)	(222,638)																			(360,338)
Total Expenditures		**130,050**	**328,930**	**568,113**	**585,156**	**602,711**	**620,793**	**639,416**	**658,599**	**678,358**	**698,709**	**719,669**	**741,259**	**763,497**	**786,402**	**809,994**	**834,294**	**859,324**	**885,103**	**911,657**	**939,007**	**13,761,042**
NET OPERATING INCOME		**74,675**	**128,591**	**478,510**	**530,412**	**535,168**	**539,844**	**544,433**	**548,927**	**553,318**	**557,602**	**561,767**	**565,806**	**569,710**	**573,469**	**577,074**	**580,515**	**583,782**	**586,865**	**589,750**	**592,429**	**7,919,822**
Scheduled Additions to Replacement Reserve	103%	0	0	25,992	40,158	41,362	42,603	43,881	45,198	46,554	47,950	49,389	50,871	52,397	53,969	55,588	57,255	58,973	60,742	62,564	64,441	653,167
Scheduled Additions to Operating Reserve	100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserve	100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Reserve	100%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Construction Period Income																						0
NOI Adjusted For Reserves		**74,675**	**128,591**	**452,518**	**490,254**	**493,805**	**497,241**	**500,552**	**503,729**	**506,765**	**509,651**	**512,378**	**514,935**	**517,313**	**519,500**	**521,486**	**523,260**	**524,809**	**526,123**	**527,186**	**527,987**	**7,266,655**
DEBT SERVICE AND CASH FLOW FEES																						
Loan 1 - Private Placement		0	0	173,349	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	416,039	7,246,007
Debt Service Coverage Ratio				2.61	1.18	1.19	1.20	1.20	1.21	1.22	1.23	1.23	1.24	1.24	1.25	1.25	1.26	1.26	1.26	1.27	1.27	
Asset Management Fee		2,500	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524	6,720	6,921	7,129	7,343	7,563	7,790	0	0	0	0	98,284
Loan 8 - VOA DDF		0	123,441	273,864	68,752	72,139	45,624	0	0	0	0	0	0	0	0	0	0	0	0	0	0	583,820
Partnership Administration Fee		10,000	0	0	0	0	29,782	78,543	49,522	25,335	26,095	26,878	27,685	28,515	29,371	30,252	31,159	0	0	0	0	393,138
Loan 3 - Buncombe County		62,175	0	0	0	0	0	0	32,019	59,057	60,993	62,742	64,291	65,630	66,748	67,633	68,272	108,770	110,084	111,147	107,313	1,046,874
Loan 4 - Capital Magnet Funds		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,636	4,636
Loan 2 - Seller Note		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Flow		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
GP Fees as % Effective Gross Income (Economic Interest Test <50%)		21.81%	15.60%	7.02%	6.79%	6.85%	9.49%	13.62%	11.16%	9.18%	9.27%	9.37%	9.46%	9.55%	9.64%	9.74%	9.83%	34.95%	7.78%	7.86%	7.93%	
Self Manage (Y/N)? Yes																						
DISPOSITION OF POSITIVE NET CASH FLOW																						
to Limited Partner: % Distributed 100%	99.99%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
to General Partner:	0.01%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

PAYMENT AND DISTRIBUTION OF RESERVES

		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	TOTAL
LEASE-UP RESERVE																						
Contribution of Capitalized Lease-Up Reserve		0																				
Lease-Up Period Deficit		0	0	0																		0
Guarantor Contribution		0	0	0																		
Lease-Up Reserve Balance		-	-	-																		
OPERATING RESERVE																						
Capitalized Contribution to Op Res pay-in schedule from equity		0	0	494,000	0	0	0	0	0	0	0	0	0	0	0	0	0					
Scheduled Additions to Op Res		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Cash flow to(from) Op Res		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Interest on Op Res	2.00%	0	0	0	9,880	10,078	10,279	10,485	10,694	10,908	11,126	11,349	11,576	11,808	12,044	12,285	12,530					
Operating Reserve Balance		-	-	**494,000**	**503,880**	**513,958**	**524,237**	**534,721**	**545,416**	**556,324**	**567,451**	**578,800**	**590,376**	**602,183**	**614,227**	**626,511**	**639,042**					
REPLACEMENT RESERVE																						
Capitalized Contribution to Repl Res pay-in schedule from equity		0	0	66,800	0	0	0	0	0	0	0	0	0	0	0	0	0					
Scheduled Additions to Repl Res		0	0	25,992	40,158	41,362	42,603	43,881	45,198	46,554	47,950	49,389	50,871	52,397	53,969	55,588	57,255					
Expenditures from Repl Res		0	0	0	0	0	0	(180,036)	0	0	0	0	0	0	(329,617)	0	0					
Interest on Repl Res	2.00%	0	0	0	1,856	2,696	3,577	4,501	1,868	2,809	3,796	4,831	5,916	7,051	8,240	2,892	4,062					
Replacement Reserve Balance		-	-	**92,792**	**134,806**	**178,864**	**225,045**	**93,391**	**140,457**	**189,820**	**241,567**	**295,787**	**352,573**	**412,021**	**144,613**	**203,093**	**264,410**					
Other Reserve:																						
Capitalized Contribution to Res pay-in schedule from equity		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Scheduled Additions to Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Expenditures from Reserve		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Interest on Reserve	2.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
Reserve Balance		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					

Prepared By: **Date:**

Physical Needs Over the Term (PNOT) Analysis [For Reference Only]	Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Replacement Reserve Balance (with no assumed withdrawals)		0	0	92,792	134,806	178,864	225,045	273,427	320,493	369,856	421,603	475,823	532,609	592,057	654,266	712,746	774,063
Annual Capital Needs - Uninflated (from Capital Needs Assessment)																	
Annual Capital Needs - Inflated at	103%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Cumulative Capital Needs		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Surplus/(Gap) in Replacement Reserve Funding		-	-	**92,792**	**134,806**	**178,864**	**225,045**	**273,427**	**320,493**	**369,856**	**421,603**	**475,823**	**532,609**	**592,057**	**654,266**	**712,746**	**774,063**

Max Incentive Management Fee Workout	Year:	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Percent Restricted to EGI: 12.00%		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Received GP Fees																	
Paid Management Fee: (If property mgt. is affiliate of th GP)		34,650	71,379	73,520	75,726	77,998	80,338	82,748	85,230	87,787	90,421	93,133	95,927	98,805	101,769	104,822	107,967
% of EGI	Yes	16.93%	15.60%	7.02%	6.79%	6.85%	6.92%	6.99%	7.06%	7.13%	7.20%	7.27%	7.34%	7.41%	7.48%	7.56%	7.63%
Paid Developer Fee:																	
% of EGI		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Paid Seller Note:																	
% of EGI		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Paid GP Loan:																	
% of EGI		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Allowable Incentive Management Fee:		0	0	52,074	58,142	58,548	58,939	59,314	59,673	60,014	60,336	60,639	60,920	61,180	61,415	61,626	61,810
% of EGI		0.00%	0.00%	4.98%	5.21%	5.15%	5.08%	5.01%	4.94%	4.87%	4.80%	4.73%	4.66%	4.59%	4.52%	4.44%	4.37%