

## STAFF REPORT

To: Mayor and City Council Date: June 23, 2009  
From: Lauren Bradley, Assistant to the City Manager  
Via: Gary Jackson, City Manager  
Subject: American Recovery & Reinvestment (ARRA) Staff Update

Summary Statement: As part of city staff's recurring ARRA update to Asheville City Council, staff is seeking Council consideration of three items including:

- A resolution allocating \$40,000 in Housing Trust Fund (HTF) financing to the Housing Authority of the City of Asheville in support of a federal grant opportunity available through the Public Housing Capital Fund Program (PHCFP) under ARRA to create 10 handicapped accessible units in the Aston Park Towers development;
- Authorization for the city to submit an application to the Department of Homeland Security's Assistance to Firefighters Fire Station Construction Grants (SCG) for the construction of one new fire station and rehabilitation of an existing fire station, and;
- Authorization for the city to submit an Energy Efficiency and Conservation Strategy to receive Energy Efficiency and Conservation Block Grant (EECBG) entitlement funding.

### Review:

#### **Housing Trust Fund Application - Housing Authority Aston Park Tower**

The Housing Authority of the City of Asheville (HACA) is requesting a \$40,000 loan from the Housing Trust Fund for the renovation of ten (10) units in Aston Park Tower at 165 S. French Broad Avenue to create handicap accessibility as required under the Uniform Federal Accessibility Standards (UFAS). The total project development cost is \$678,500 of which \$638,500 will be entirely funded by federal grant funds. The PHCFP guidelines require a minimum 5% match from non-public housing funds. HACA will be in the best position to receive funding if the commitment of HTF loan funds can be secured prior to submission of the application.

The terms of the loan as requested are \$40,000 for 15 years at 2% interest. The per unit subsidy is extremely low at \$4,000 and the HTF funding would be highly leveraged at \$16 per dollar invested. The lack of ADA accessible units in Aston Park Tower was noted as a key deficiency in a recent study. The project will serve tenants earning less than 60% of the area median income. HACA has committed to retaining these rent standards throughout the term of the loan. Repayment will be made from the entire project revenue and will not be limited to the rents received on the ten (10) rehabilitated units. It should be noted that the proposed rehabilitation will result in the net loss of three (3) public housing units.

The Aston Park Tower has been part of the HOPE VI grant application discussion and the long term plans for the building have not yet been finalized. HACA has agreed to refrain from drawing HTF funds until the HOPE VI analysis has been completed. No funds will be spent if it is determined that the preservation of the Tower is not feasible.

The Housing and Community Development Committee reviewed the proposal at a special meeting on June 9, 2009 and is supportive of the request. There is a current available balance in the Housing Trust Fund of \$72,275.

Pros:

- Allows the City to heavily leverage scarce housing resources.
- Provides ADA accessible units in a public housing project designated for the elderly and disabled.
- Provides 15 years guaranteed affordability on the subject units for tenants below 60% AMI.
- If grant application is not successful, funds can be reallocated to another eligible project.

Cons:

- The inability to mortgage public housing developments requires that another property be secured as collateral.
- The long term future of the Tower has not yet been decided so the benefit may be short lived.
- Construction cost estimates have not yet been documented.

This action complies with the Strategic Operating Plan in that the project is supportive of the City's goal of providing safe and decent affordable housing units to the citizens of Asheville. This action is also supportive of the City Council 2008-09 Strategic Plan in that the project will aid in offering a standard of living that is affordable and attainable for people of all income levels, life stages, and abilities.

Fiscal Impact: Funding for the Housing Trust Fund has been previously appropriated. The current balance in the Trust Fund is \$72,275.21. The remaining available balance if the project is funded at the terms requested will be \$32,275.21.

Recommendation: As recommended by the HCD Committee, the Staff recommends adoption of a resolution authorizing the City Manager to approve a Housing Trust Fund loan in the amount of \$40,000 to the Housing Authority of the City of Asheville at the terms requested.

### **Department of Homeland Security's Assistance to Firefighters Fire Station Construction Grants (SCG)**

Staff is seeking City Council authorization to submit an application to the Department of Homeland Security's Assistance to Firefighters Fire Station Construction Grants (SCG). The grant will provide financial assistance directly to fire departments on a competitive basis to build new or modify existing fire stations in order for departments to enhance their response capability and protect the community they serve from fire and fire-related hazards. The authority for SCG is derived from the American Recovery and Reinvestment Act (ARRA) of 2009 (Public Law 111-5). Congress appropriated a total of \$210 million for this Fiscal Year (FY) 2009 program. The proposals must not exceed \$5 million per project and can not total more than \$15 million per agency.

Asheville Fire and Rescue is seeking permission to submit applications through the grant for the construction of one new fire station and the rehabilitation of an existing fire station. The new fire station will be constructed on city owned land off of Sandhill Road. This fire station was approved in the FY 2008/2009 5-year CIP adopted budget for FY 2009/2010; however the project is currently unfunded. The rehabilitated fire station located at 300 Merrimon Ave. will

increase standard of cover service levels by allowing a fire company to operate out of this station. The CFAI Accreditation process has identified this area as needing improvement.

Applications are due by July 10, 2009. Funding is awarded to individual projects based on the merits of the proposal.

Pros:

- Access to DHS funds will allow the City of Asheville to complete two important projects that will increase levels of service.
- DHS will fund 100% of the construction projects, which are currently unfunded needs.
- Asheville Fire and Rescue's Standard of Cover will increase from 47% to 100% in the area that will be served by the rehabilitated fire station.
- The Sandhill Road project is a strong candidate for this grant due to the shovel ready site and plans that are already available. The 300 Merrimon Avenue project is a strong candidate for this grant due to the significant service level increases that it will provide.
- The projects will pursue LEED certification.
- No staff or apparatus will be immediately needed as existing fire companies could be re-deployed.

Con:

- Grant funding does not include furniture, so there will be a minimal so there will be a minimal cost associated to furnish the stations.

Submission of these projects meets City Council's strategic goal to proactively pursue funding through the federal economic recovery program. It also aligns with City Council's commitment in the 2008-09 Strategic Plan to be one of the safest and most secure communities when compared to other cities.

Fiscal Impact: The City of Asheville will request \$5 million for the Sandhill Road fire station project and \$5 million for the rehabilitation of the Merrimon Avenue fire station project, for a total request of \$10 Million. DHS will fund 100% of the construction projects, and existing fire companies will be re-distributed to staff these stations; therefore, there will be no direct financial impact to the City with the exception of purchasing furniture for each station. Furniture is not included in the grant, therefore there will be a minimal cost associated to furnish the stations.

Recommendation: City staff recommends that the Mayor and City Council authorize the staff to submit an application to the Department of Homeland Security's Assistance to Firefighters Fire Station Construction Grants (SCG) program.

### **Energy Efficiency and Conservation Block Grant (EECBG)**

The EECBG program through the Federal Department of Energy (DOE) is funded for the first time through ARRA. The City of Asheville has been allocated \$804,700 of entitlement funds through this program. The funds must be committed within 18 months of receipt of award and expended within 36 months. The primary goals for use of this funding include: job creation, energy reduction, renewable energy production, carbon emissions reduction, and partnership creation. DOE requires cities to submit an Energy Efficiency and Conservation Strategy for their consideration before funds will be released. This strategy is due June 25, 2009.

As part of the Energy Efficiency and Conservation Strategy submitted to DOE, Asheville must identify how the funds will be used for specific projects and programs. Staff has evaluated several programs and projects that coincide with the goals established in the internal

Sustainability Management Plan. After thorough analysis and a collaborative decision making process, staff selected the following programs to recommend for Council approval:

<b>Funding Category</b>	<b>Program Description</b>	<b>Project Funding</b>	<b>% of total allocation</b>
<b>\$224,700</b>	<b>Internal Sustainability Programs</b>		
	Bike Sharing Program for City staff	\$13,500	<b>2%</b>
	Solar thermal for Fire Station	\$16,000	<b>2%</b>
	Building Inspector and Building Maintenance Energy Efficiency Training	\$35,000	<b>4%</b>
	Sustainability Outreach Coordinator	\$35,000	<b>4%</b>
	Civic Center Banquet Hall HVAC Replacement	\$125,000	<b>16%</b>
<b>\$250,000</b>	<b>Internal Energy Revolving Fund</b>		
	Fire Station 8 Windows and Insulation Retrofit	\$50,000	<b>6%</b>
	IT Server Downsizing	\$100,000	<b>12%</b>
	City Hall Lighting Retrofit	\$100,000	<b>12%</b>
<b>\$250,000</b>	<b>Competitive grants for community projects *</b>	\$250,000	<b>31%</b>
<b>\$ 80,000</b>	<b>Grant administration</b>	\$80,000	<b>10%</b>
<b>\$804,700</b>	<b>TOTALS</b>		<b>100%</b>

\* Guidelines for these awards will be determined after necessary guidance is provided by the Federal Department of Energy.

At its May 5, 2009 meeting, the City Council Finance Committee reviewed preliminary details released about the EECBG program. At that point, the Finance Committee: (1) set the amount of funds available for a community sub grant process at \$250,000, the maximum amount allowable under the program; (2) directed staff to come back to the full Council with recommendations for funding caps for awards made through the community sub grant process, and; (3) designated the Housing and Community Development Committee to serve as the oversight and review board for making awards through the community sub granting process.

It is staff's recommendation that the community sub grants be awarded through a competitive application process based on defined criteria and measurement requirements. Staff recommends that one award be made up to \$100,000 to a model program that maximizes community collaboration with significant community impact. Staff further recommends that the remaining three to six grants range from a minimum award of \$25,000 up to a maximum award of \$50,000 for programs that meet selection criteria. These funding parameters are recommended to maximize the impact of community projects while taking into consideration the staffing resources needed to track and monitor grant awards according to ARRA requirements.

Pros:

- Approval of the programs and projects for the Energy Efficiency and Conservation Strategy will ensure continuation of the EECBG application process. If awarded, the City of Asheville will receive funding to move forward programs and projects that support sustainability goals set forth by City Council, thereby realizing energy and cost savings.

Cons:

- If the programs and projects are not approved, the application process and funding potential for these projects will not move forward, and the City of Asheville will lose the opportunity to receive entitlement funding for Council's strategic initiative.

Approval of these projects meets City Council's strategic goal to proactively pursue funding through the federal economic recovery program. It also aligns with City Council's commitment in the 2008-09 Strategic Plan to be the southeastern leader in clean energy and environmental sustainability.

Fiscal Impact: The City of Asheville will receive \$804,700 in EECBG entitlement funds if the Energy Efficiency and Conservation Strategy is approved and submitted as described. Of this amount, \$250,000 will be sub granted to community programs and projects, \$474,700 will be invested in internal City of Asheville sustainability initiatives, and \$80,000 will be used for grant and project administration. There are no local matching requirements for this funding.

Recommendation: City staff recommends that the Mayor and City Council: (1) authorize staff to submit the Energy Efficiency and Conservation based on the program breakdown provided and (2) determine that the Housing and Community Development Committee manage the community sub grants process such that awards are made through a competitive application process based on defined criteria with one award made up to \$100,000 and three to six awards ranging from \$25,000 and \$50,000.

Attachments:

- (1) Resolution to approve a loan from the city's Housing Trust Fund
- (2) Location maps for Aston Park Tower

Resolution No. \_\_\_\_\_

RESOLUTION TO APPROVE LOAN FROM THE CITY'S HOUSING TRUST FUND

WHEREAS, on September 12, 2000, the City Council of the City of Asheville first appropriated funds and adopted policies and procedures for administering a Housing Trust Fund to assist in the development and preservation of affordable housing in the City; and

WHEREAS, there is currently an unallocated balance exceeding \$72,275 in the Housing Trust Fund, including both appropriated funds and loan repayments; and

WHEREAS, one (1) qualified application for a Housing Trust Fund loan has been received; and

WHEREAS, the City Council's Housing and Community Development Committee has reviewed the proposals and has made recommendations to Council,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

One (1) loan shall be made from the City of Asheville's Housing Trust Fund to the following affordable housing provider upon the terms recommended by the Housing and Community Development Committee:

1. \$40,000 to the Housing Authority of the City of Asheville for the renovation of ten (10) units in Aston Park Tower to meet or exceed ADA accessibility standards.

Read, approved and adopted this 23rd day of June, 2009.

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

Approved As To Form:

\_\_\_\_\_  
CITY ATTORNEY





## mapAsheville - Standard GIS

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