

PROJECT DESCRIPTION- CDBG Neighborhood Revitalization

The project description must contain the following information and should answer the following questions. Limit total responses to 4 pages.

Project Title: Housing Rehabilitation Assistance Program

Project Overview:

The City of Hendersonville is applying for \$562,710.50 to assist with housing rehabilitation to serve very low to moderate-income households in the city. This project continues the work supported with a 2020 CDBG-NR grant and supplemented with approximately \$330,000 in city funds. The 2020-cycle focused on the Ashe St/7th Ave neighborhood. This project will continue work there and expand to the Druid Hills neighborhood to address needs identified through the Housing Assistance Corporation – a key partner in this effort.

1. What are the community development needs? Include a description of the housing and infrastructure needs of the lead applicant and Council of Government (COG) region.

The City of Hendersonville, like many communities, is facing a housing supply shortage which is increasing home and rental prices significantly. Typically, in healthy and well-balanced housing markets, availability rates are between 2.0% and 3.0%. Out of the 18-county WNC region, only Burke County (0.3%) and McDowell County (0.4%) have lower rates of housing availability than Henderson County (0.6%). The multi-family rental market in Henderson County, including Hendersonville, is equally limited in supply with only market-rate rentals showing any vacancies.

The supply of for-sale housing priced below \$100,000 makes up only 0.6% of the market share, while housing between \$100-\$200k is only 7.9% of the market. The greatest market share is for housing over \$500k (34.4%). According to the 2020 Housing Needs Assessment completed for the COG Region B including Hendersonville, median home prices for the region have risen steadily since 2010, from just under \$200,000 to \$419,000 in 2019. Henderson County ranks second behind Buncombe County with a median home price of nearly \$415,000 in 2019 compared to \$273,000 just 5 years earlier. According to Zillow, the median home price in Hendersonville in 2024 is \$418,443, up 4.6% since last year.

In the Ashe St/7th Ave project area (Census Tract 9311), much of the population is considered low or very low income. According to HUD's Low to Moderate Income Population by Block Group the percentages are 73.83% in Block Group 1 and 47.5% in Block Group 2. In Druid Hills (Census Tract 9309), both homes are located in Block Group 2 which has a lower percentage (37.25%) of low-to-moderate income households; however, much of the housing stock is from the early 1900s and is considered "naturally occurring affordable housing." Rehabilitation of this older housing stock is of utmost importance to preserve affordable housing options.

The Ashe St/7th Ave neighborhood has been the focus of community development efforts over the last several years, including new water and sewer infrastructure, sidewalks (still in development) and four home rehabs (both of the latter supported by the 2020 CDBG-NR grant award). However, there are still several abandoned and dilapidated homes, which pose health and safety issues, and require continued investment to stabilize and improve the neighborhood. Likewise, Druid Hills, recognized as both a local and national historic district since 2000, is also being prioritized for home rehab to preserve the overall

character of the neighborhood and to ensure the safety and well-being of the elderly residents living in homes with substantial repair needs.

2. What is the proposed scope of this project?

This project will rehabilitate four homes – two in the Ashe St/7th Ave neighborhood and two in the Druid Hills neighborhood. All four homes are occupied by elderly women living alone.

3. What livability principle(s) are most applicable to the proposed project?

The Housing Rehabilitation Assistance Program addresses two of the three NC Neighborhood Revitalization livability principles. It promotes equitable, affordable housing, and values communities and neighborhoods.

4. How will this be done?

Both livability principles are accomplished by addressing the substantial rehabilitation needs of “naturally occurring affordable housing” in historic, core city neighborhoods by preserving these existing homes, and ensuring the long-time, elderly residents can safely remain in their homes.

Partners:

5. Who are the project partners and explain the significance of the project partners and how their involvement will bolster the success of the project? Partnerships are strongly encouraged.

The City of Hendersonville will be partnering with the Housing Assistance Corporation for the project to continue the work supported by a 2021 CDBG-NR award. The Housing Assistance Corporation (HAC) is a private nonprofit organization in Hendersonville, NC, committed to providing low to moderate income persons with safe and affordable housing. Since 1988, they have provided the Hendersonville community with vital services such as home repairs, homeownership programs, and multifamily housing. Housing Assistance has built 209 single family homes and 360 apartment units in Henderson County and completes an average of 150-200 home repairs each year. The partnership between the City of Hendersonville and the Housing Assistance Corporation is crucial to the project's success. The Housing Assistance Corporation has an established relationship with the community due to having completed home repairs in the area previously. HAC also has expertise in substantial rehabilitation and construction of single family and multifamily housing- this specialty is crucial for this project.

6. What will be the level of effort and cost of these services? Include local match and in-kind services in the description. A match is not required under this program but, it will be favorably considered during the evaluation process. NOTE: Be sure the costs that are discussed here align with the proposed budget submitted with this application.

The current cost estimate for the home rehabilitation is \$511,555. A match is not being included in the current application; however, the city anticipates that additional funding will be required, once the detailed cost estimates are developed and bids are received, in part due to the differences in material and labor costs between the time the initial estimates are developed and when the homes actually go to bid, and in part due to the inevitable issues that may arise (like lead-based paint and asbestos abatement). For the current 2021 CDBG-NR project, the city committed an additional \$130,000 funds for

home rehab upfront, anticipates an additional funding gap of nearly \$200,000, for which funding has been approved by city council, and has covered an additional \$15,000 in grant administration costs. The city is committed to completing the home rehab work for the selected homeowners with supplemental funding as needed.

Expected Results and Outcomes:

7. What are project objectives and desired outcomes? Be specific, action-focused, achievable within the grant period, realistic, and time-bound.

Within the 30-month timeline, the City of Hendersonville's objectives for this project are to provide rehabilitation services to the four qualified homeowners identified.

8. How does the project act as a neighborhood to spur economic and community development growth?

This project continues efforts to improve the safety and quality of the homes in the Ashe St./7th Avenue neighborhood where the city has focused considerable investment over the last few years. The current CDBG-NR project also includes sidewalk improvements, in addition to home rehab, which can have a significant economic impact because those persons now have a safe ability to access every day needs such as employment, school, shopping, and recreation. The positive impact of walkability on property values is significant for public and private sector community revitalization efforts. Investments in infrastructure which support walkability can result in increased property values. The creation of safe and affordable housing also stimulates local economic development. As there is a significant shortage of housing in the Hendersonville area, every unit preserved makes a difference. With secure housing comes an increase of people in the workforce.

Outside of these projects, the City has already begun to bring new businesses to the area and improve the streetscape. Construction of the City's police department will be headquartered in the 7th Avenue district. The CDBG project will be a beneficial addition to the economic and development efforts that are currently being implemented this low-income area. Likewise, home rehabilitation in Druid Hills will also preserve community character in the locally and nationally recognized historic district.

9. Attach the Accomplishment and Beneficiaries form for each CDBG-NR activity except planning and administration.

Please see Tab 15.

Project Administration and Capacity:

10. What is the applicant's administrative capacity to manage the grant financially and to comply with CDBG program requirements?

The City of Hendersonville will rely on Finance Director John Buchanan for financial reporting oversight and management. General budgetary management will be overseen by Assistant City Manager Brian Pahle. Accountant Faith Holloway will be the lead financial accountant for the CDBG project. Additional compliance support and oversight will be provided by Mary Roderick, Planning Director at Land of Sky Regional Council, who will serve as the grant administrator.

11. What is the relationship between the applicant and other participants, other local governments, public and private sector organizations? Are they committed to the project? (Include letters of support, as applicable).

The City of Hendersonville and the Housing Assistance Corporation have a longstanding relationship. The Housing Assistance Corporation has been providing services in the City of Hendersonville for over 30 years and during that time has worked closely with the City of Hendersonville staff. Over the past few years, the Housing Assistance Corporation has built 24 single family homes within the City of Hendersonville's jurisdiction and completed 78 multifamily units in the area. The City of Hendersonville has identified the need for more safe and affordable housing for residents and has made great efforts to make that happen utilizing various programs through organizations like Housing Assistance. All parties are committed to this project and have provided a letter of commitment- please see attached.

12. Who will oversee and coordinate the project and how will parties be selected to carry out funded work?

General supervision of the project and coordination of activities between elected officials, City staff, the public, and the Housing Assistance Corporation will be conducted by City Manager John Connet.

Margaret Fenton Lebeck, the Executive Director of the Housing Assistance Corporation, will provide general supervision of HAC activities.

David Stoneman, HAC's Director of Housing Rehabilitation & Home Repair, will provide the detailed housing rehab needs assessments, and will assist the City's legal team in developing the bid packages and selecting the constructions contractors through a transparent and competitive bid process. He will also supervise the rehabilitation work and ensure that it is completed to meet all requirements and specifications.

Mary Roderick, Planning Director, Land of Sky Regional Council, will ensure compliance with all CDBG requirements.

13. List the key players for the local government and partners to carry out the project. Include an organizational chart, a description of duties for each player, and a resumes.

Please see Tab 18.