City of Asheville Staff Report

City Council Meeting Date: July 28, 2026

Staff Resources: Vaidila Satvika, AICP, Urban Planner III; Steph Monson-Dahl Planning and Urban Design Director

Action Requested: Adoption of an ordinance to rezone property at 3 S. Tunnel Road from Urban Place Form District (UP) to Regional Business (RB).

Project Location and Contacts:

- 3 S. Tunnel Road (PIN 9658-13-5696)
- Subject property is 40.88 acres and includes a one-story mall structure with multiple units that was built in 1973 (Class C Commercial), totalling approximately 198,000 square feet (4.5 acres), and valued by tax assessment at approximately $91M.
- Owner: Asheville Mall Capital Holding LLC
- Applicant: Jesse M. Swords, Allen Stahl & Kilbourne

Summary of Petition:

- The applicant requests a rezoning of one property to the Regional Business (RB) zoning district.
- The subject property is part of the Asheville Mall on S. Tunnel Road.
- The property is currently zoned Urban Place Form District (UP).
- The subject property is designated “Town Center” on the city’s Future Land Use (FLU) Map. A change to the FLU Map would be required to be consistent with the proposed zoning district.

Staff Recommendation:

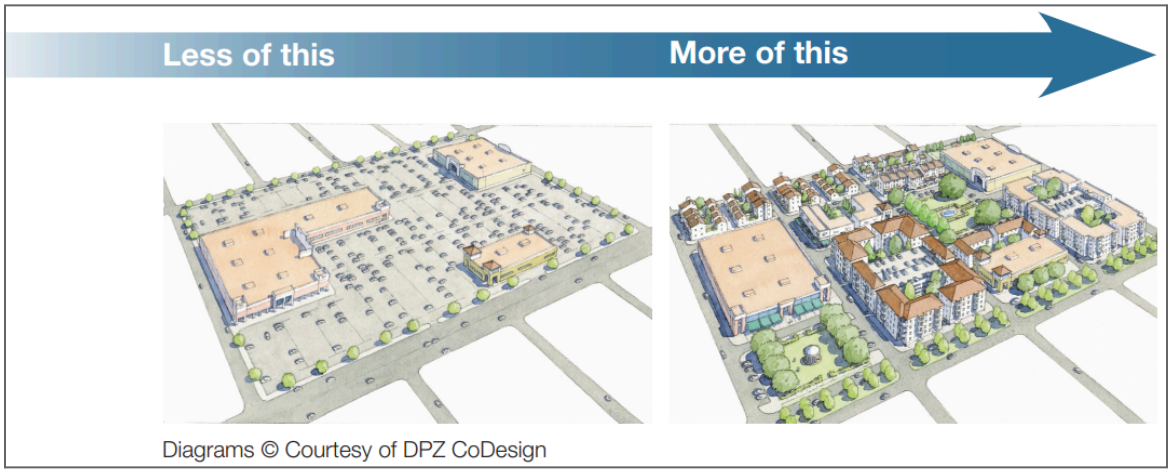
- Staff recommends disapproval of this rezoning request based on the reasons stated below:

Inconsistency with the Comprehensive Plan:

- The proposed rezoning *conflicts* with the following goals in the Living Asheville Comprehensive Plan (2018). The proposed project does not:
    - **Encourage Responsible Growth** - by developing codes or guidelines – including those governing the form of built structures, such as form-based codes, or those governing other aspects of design, such as hybrid-form codes or architectural design guidelines – as a means of enhancing the urban form and achieving more seamless access between commercial nodes, parks, multimodal transportation stops, and housing (p. 131).
    - **Increase Mixed Use Development Along Transit Corridors** - by incentivizing redevelopment, especially mixed-use development that contains housing, within

identified transit-supportive centers (p. 135).
- **Promote Great Architecture and Urban Design to Enhance Placemaking** - by exploring opportunities to expand design review as a means of encouraging great architecture and design (p. 139).
- **Make Streets More Walkable, Comfortable and Connected** - by adding pedestrian infrastructure at street crossings on major streets and where there are high volumes of traffic and pedestrians (p. 147).

- The proposed rezoning is not compatible with the Future Land Use designation of “Town Center", which specifically identifies the Asheville Mall as a growth opportunity that would benefit from, “a compact urban street grid with smaller blocks in order to promote walkability” (p. 341), with the image below that identifies the intended outcome of the current UP zoning district.
- Regional Business (RB) is not cited as an appropriate zoning district for properties designated as “Town Center” on the Future Land Use map.



Diagrams © Courtesy of DPZ CoDesign

Compatibility Analysis:

- The purpose of the Urban Place Form District (UP) district is, “to implement transit-supportive land use recommendations as proposed in Living Asheville, the city's comprehensive plan.” (UDO Sec. 7-8-26).
- The proposed rezoning is not compatible with the surrounding zoning map that was updated in 2021 which intends to promote the development of higher-density, mixed-use urban centers that are human-scaled, specifically incorporating a master plan identifying the proposed interconnected street network, alignment with form-district regulations, and proposed uses.
- The proposed rezoning does not align with the comprehensive plan’s growth plan and overall intention of transit-supportive centers that specifically identify Town Centers as secondary downtowns that provide housing to better support transit and a gridded connectivity network, possible on these larger, underutilized lots.

Council Vision 2036 Focus Area(s):

- This request is most closely misaligned with the council goal of *A Well-Planned and Livable Community* by failing to develop property within the established form-based zoning district that is specifically identified in the comprehensive plan to transition toward a form-based pattern of development.

Committee(s):

- Planning & Zoning Commission. June 3, 2026. Recommended Disapproval (Vote 4:3)

Pro(s):

- It could be argued that any rezonings leading to property investment may be good for the city, at least in the short term, due to added tax revenue and the provision of updated goods and services.

Con(s):

- **Undermines the Comprehensive Plan**. The proposed rezoning would create a built environment that is not in alignment with general Comprehensive Plan goals and strategies, as well as the specific goals that the Urban Place Form District (UP) was enacted to achieve.
- **Squanders a Generational Opportunity**. The opportunity for transformative new development at the site, given the scale of the property and its strategic location, would be severely diminished.
- **Eliminates Housing Requirements**. The proposed rezoning would eliminate the requirement that any new commercial development include a certain amount of residential development which could perpetuate “big box store” commercial development without the provision of housing and the creation of a mixed-use neighborhood.
- **Perpetuates Suburban Sprawl and Heat Islands**. The proposed rezoning would perpetuate suburban sprawl, large parking lots, and the urban heat island effect, as the requirements in the Urban Place Form District (UP) relating to the design of parking lots and the siting of buildings would be removed.
- **Premature Ahead of the UDO Rewrite:** The city is about to launch a comprehensive Unified Development Ordinance (UDO) rewrite. If there are valid, broken, or overly restrictive regulations within the current UP district, they should be calibrated and modernized through that public process rather than abandoning the district entirely via a piecemeal rezoning.

UDO District Comparison:

UDO Provision	**Urban Place Form District (UP) - *Existing***	**Regional Business (RB) - *Proposed***
Allowed uses:	• Multi-Family • **Limited public, institutional, and recreational uses** • Office • Retail • **Limited/restricted heavy equipment, motor vehicle, industrial uses**	• Multi-Family • Single-Family Detached • Limited public, institutional, and recreational uses • Office • Retail • Heavy equipment, motor vehicle, some industrial uses
Lot Size Minimum:	Min. 5,000 s.f.	None
Lot Width Minimum:	Min. 50’	Min. 100’
Building Height:	Max. 55-75’	Max. 80’
Building Setbacks:	Front: 0’, Side: 5’ min, Rear: 0’ min	Front: 35’, Side: None, Rear: 10’ min
Parking	Min: None Max: Various, dependent on use	Min: None Max: Various, dependent on use
Drive Thrus	Limited to one lane behind building	Permitted/unrestricted
Form Standards	Block dimensions, Build-to zone, Street-facing building length, Blank wall maximum distance, Interior sidewalks with trees, etc.	None.

Suggested Motion to Deny:

- I move to deny the rezoning request for the property located at 3 South Tunnel Road from Urban Place Form District (UP) to Regional Business (RB) and find that the request is unreasonable, is not in the public interest, is not consistent with the city’s comprehensive plan and does not meet the development needs of the community in that the request: 1) Proposes a zoning district that differs from the vision outlined in the City’s comprehensive plan, and 2) Does not fully reflect the community's goal of transitioning this key growth area into a more walkable, transit-friendly neighborhood with a mix of housing and businesses.

Attachment(s):

- This is the existing zoning map of 3 S. Tunnel Road - Exhibit A
- This is the proposed zoning map of 3 S. Tunnel Road - Exhibit A1
- This is the aerial imagery map of 3 S. Tunnel Road - Exhibit B
- This is the existing future land use map of 3 S. Tunnel Road - Exhibit C

- This is the ordinance for the rezoning of 3 S. Tunnel Rd - Ordinance
- This is the rezoning application - Rezoning Application
- This is the Planning & Zoning Commission staff report - PZC Staff Report
- This is the Signed Planning & Zoning Commission Recommendation - PZC Recommendation
- This is the draft Action Minutes of the Planning & Zoning Commission from June 3, 2026 - PZC Draft Action Minutes (6/3/26)

Closing:
In summary, you are being asked by an out-of-area landlord with a $90 million property to grant a rezoning to a less permissive district that allows uses that conflict with our long-range plan—and frankly, we cannot evaluate the full risk because the applicant has chosen not to share their actual intentions. Without transparency, we cannot ensure accountability.

Furthermore, if state statutes continue to prohibit municipal downzoning, approving this change today could permanently tie our hands—undermining any future efforts to improve commercial zoning along this corridor.

For those reasons, we strongly recommend denial.