THE CITY OF ASHEVILLE

**STAFF REPORT**

**Council Meeting Date:** May 25, 2021

**Subject:** Grant Agreement with Dogwood Health Trust and Purchase of Real Property at 50 Asheland Avenue

**Staff Resource(s):** Nikki Reid, Interim Community & Economic Development Director
Jessica Morris, Asst. Transportation Director

**Action Requested:** Resolution to authorize the purchase of real property at 50 Asheland Ave. for the purposes of advancing racial and socioeconomic equity within our community through expanding housing and transit options by allowing for an expanded transit center and affordable housing in order to (1) to ratify the grant agreement with the Dogwood Health Trust; and (2) to approve a budget amendment in the amount of $2,575,000 in the City's General Capital Projects Fund to establish a budget for the purchase of the property at 50 Asheland Avenue.

**Background**:

- The City of Asheville has been leasing real property at 50 Asheland since July of 2018 to provide reasonably priced monthly parking for workers in the downtown area.
- The City has had a long term interest in purchase of this property that directly adjoins city-owned property currently used as the City Transit Center.
- In 2020, the City went under contract to purchase the property.
- The purchase price is $2.5 million, based on a fair market appraisal, and was approved by the City Council on July 30, 2020 in closed session.
- The intended purpose of the property acquisition is to:
    - plan, design, and construct a new and/or expanded downtown transit center for the City's Asheville Rides Transit (ART) system in conjunction with,
    - a larger mixed-use development to include affordable housing, commercial uses, and other public institutional spaces, and
    - advance racial equity through being intentional and inclusive in the development, construction and defined uses of the property (e.g. through proposed partnerships with community land trusts, community space, and a "Purpose Built" type structure around the goals and intentions of the property, etc.)
- The City has performed due diligence on the property, including Environmental and Geotechnical review.
- The environmental results were in line with a typical downtown urban site, however the Geotechnical results indicate some substantial fill located in the South Western portion of the property.
- Further analysis concluded that a soil conditioning program would be recommended in order to construct a multi-story building on the site at an additional cost of approximately $500,000.
- Despite this premium, this property is the least expensive option the city will have to expand transit services while remaining downtown, when considering alternative sites and proximity to property the City already owns.
- The Dogwood Health Trust has agreed to fund one half of the total purchase price in the amount of $1.25M, based on the commitment to provide:
    - Equitable access to social services, medical centers, grocery stores and job centers through improved public transit service
    - Quality affordable housing to lower income individuals and families
    - Equitable and intentional re-purposing of a property that was historically identified as "red-lined" by the Home Owners' Loan Corporation (HOLC), wherein access to capital

was denied on the basis of race, thereby limiting the housing and economic opportunity afforded to people of color

- The City's portion of the costs, including $1.25M funds for the sales price, plus $75,000 for due diligence costs, will come from the general fund.

**Council Goal(s):**

- Equitable and Diverse Community
- A well-planned and livable community
- Transportation and accessibility
- Quality affordable housing

**Committee(s)**:

- Housing and Community Development Committee, May 18
- Transit Committee, May 18

**Pro(s):**

- Location is ideal for downtown transit station and affordable housing close to job centers and services
- Leverages key partnership with Dogwood Trust to support housing, equitable economic development and transportation

**Con(s):**

- The Geotechnical results indicate some substantial fill located in the South Western portion of the property.
- Further analysis concluded that a soil conditioning program would be recommended in order to construct a multi-story building on the site at an additional cost of approximately $500,000.

**Fiscal Impact**:

- As noted earlier in the staff report, funding for the purchase will come from the general fund in the amount of $1,325,000, and $1,250,000 from the Dogwood Health Trust.
- There is no funding currently programmed in the City's Five-Year Capital Improvement Program (CIP) for future development of the site.

**Suggested Motion:**

- Motion to approve the purchase of real property at 50 Asheland Ave for the purposes of advancing racial and socioeconomic equity within our community through expanding housing and transit options by allowing for an expanded transit center and affordable housing in order to (1) to ratify the grant agreement with the Dogwood Health Trust; and (2) to approve a budget amendment for the purchase of this property.

**Attachment(s)**

- Resolution
- Budget Ordinance
- Map

RESOLUTION NO. 21-_____

RESOLUTION AUTHORIZING THE PURCHASE OF PROPERTY AT 50 ASHELAND AVENUE FOR THE PURPOSES OF ADVANCING RACIAL AND SOCIOECONOMIC EQUITY WITHIN OUR COMMUNITY THROUGH EXPANDING HOUSING AND TRANSIT OPTIONS BY ALLOWING FOR AN EXPANDED TRANSIT CENTER AND AFFORDABLE HOUSING AND RATIFYING THE CITY MANAGER'S EXECUTION OF A GRANT AGREEMENT FUNDING WITH THE DOGWOOD HEALTH TRUST FOR THIS PURCHASE

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WHEREAS, pursuant to N.C.G.S. § 160A - 240.1 a city is authorized to acquire property by purchase or any other lawful means and to acquire funds by grant and other methods; and

WHEREAS, the City is under contract to purchase real property located at 50 Ashland Avenue, identified as PIN # 9648-39-0570, which includes a +/- 38,333 square foot parking lot, for the purchase price of $2.5M; and

WHEREAS, in acknowledgement of the parcel being within the former boundary historically identified as "red-lined" by the Home Owners' Loan Corporation (HOLC), wherein access to capital was denied on the basis of race, thereby limiting the housing and economic opportunity afforded to people of color; and

WHEREAS, the purposes of the property acquisition is (1) to plan, design, and construct a new and/or expanded downtown transit center for the City's Asheville Rides Transit (ART) system in conjunction with (2) a larger mixed-use development to include affordable housing and (3) to advance racial equity in developing the property, constructing the improvements and defining uses (such as potential partnerships with community land trust(s), community space, a "Purpose Built Community" type structure around intention, etc);

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

The City Manager is hereby authorized to proceed with the purchase of the property at 50 Asheland Ave the purposes of advancing racial and socioeconomic equity within our community through expanding housing and transit options by allowing for an expanded transit center and affordable housing and to execute a grant funding agreement with the Dogwood Health Trust in the amount of $1,250,000 for the purchase of this property. In addition, the City Manager is hereby authorized to execute any and all documents necessary to give effect to this resolution, subject to approval by the City Attorney, and compliance with applicable North Carolina law.

Read, approved and adopted this 25th day of May, 2021.

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_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That the City of Asheville Fiscal Year 2020-21 Budget Ordinance be amended to provide an appropriation of $2,575,000 to fund the purchase of property and amend the Capital Projects Fund as follows:

**CAPITAL PROJECTS FUND**

Revenues:

| | |
|---|---|
| Private Donations | $1,250,000 |
| Sale of Capital Asset - Land | $1,325,000 |
| Total Revenues | $2,575,000 |

Appropriations:

| | |
|---|---|
| Land Purchase | $2,575,000 |
| Total Appropriations | $2,575,000 |

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this the 25th day of May, 2021.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney