City Council Agenda Item Request
Submit to Clerk's Office
No later than 30 days before the proposed Council meeting

1. **Date submitted to Clerk's Office:** 1-26-26

2. **Primary contact person and Department requesting agenda item:** Sasha Vrtunski, Affordable Housing Officer, Community & Economic Development Department

3. **Requested Council meeting date:** 3-10-26

4. **Subject:** Consideration of a resolution to rescind a loan allocation in the amount of $1,052,850 to Reasonable Development, LLC for the Stewart Street Cottages project.

5. **Action Requested:** Rescind the $1,052,850 loan allocation to Reasonable Development, LLC for the Stewart Street Cottages project.

6. **Note if time-sensitive and why:** Not highly time sensitive, but funding can be reprogrammed after Council approval.

7. **Potential fiscal impact(s) - if known by staff at the time of request:** If approved, the $1,052,850 will be available for other affordable housing projects.

8. **Identify all vendor outreach for Minority & Women-Owned Business Enterprises (MWBE).** N/A

9. **Identify all Boards, Commissions, and Council Committees with tentative dates - add in the vote and recommendation from each Board:**
    - Housing & Community Development Committee - February 17, 2026 - voted (3-0) to rescind loan

10. **Identify key issues:**
    - Council awarded $1,052,850 from the Housing Trust Fund on April 25, 2023, to Reasonable Development LLC for the development of 10 affordable cottages for homeownership in West Asheville (Resolution 23-92).
    - The developer, Barry Bialik, has not been able to bring this project to fruition as a homeownership project.
    - Mr. Bialik's latest proposal is a material change from the original proposal, going from the approved affordable homeownership opportunity to a potentially investor-owned rental structure, and would trigger a new application for the project.
    - There will be a funding round for homeownership projects in the second half of 2026. The developer could propose this hybrid approach at this time, and staff would have all the application materials available to make a recommendation.
    - If Mr. Bialik would like to pursue a rental project, low-interest loans are available through the WNC Affordable Housing Loan Fund, which requires a minimum of 5 units and can include single-family homes.
    - The complexity of the proposed deal structure is untested in the City's portfolio and would create significant uncertainty about the future affordability of the units. Traditionally, the agreement between a developer and the City lays out a clear period of affordability, and even if it's shorter, it is certain.
    - Rescinding the loan allocation allows staff and City Council to consider that funding for future Housing Trust Fund allocations or other uses, such as home repair.