Community Development Block Grant - Disaster Recovery (CDBG-DR) Housing Updates

May 12th, 2026

City Council

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Housing & Economic Development Department

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Agenda

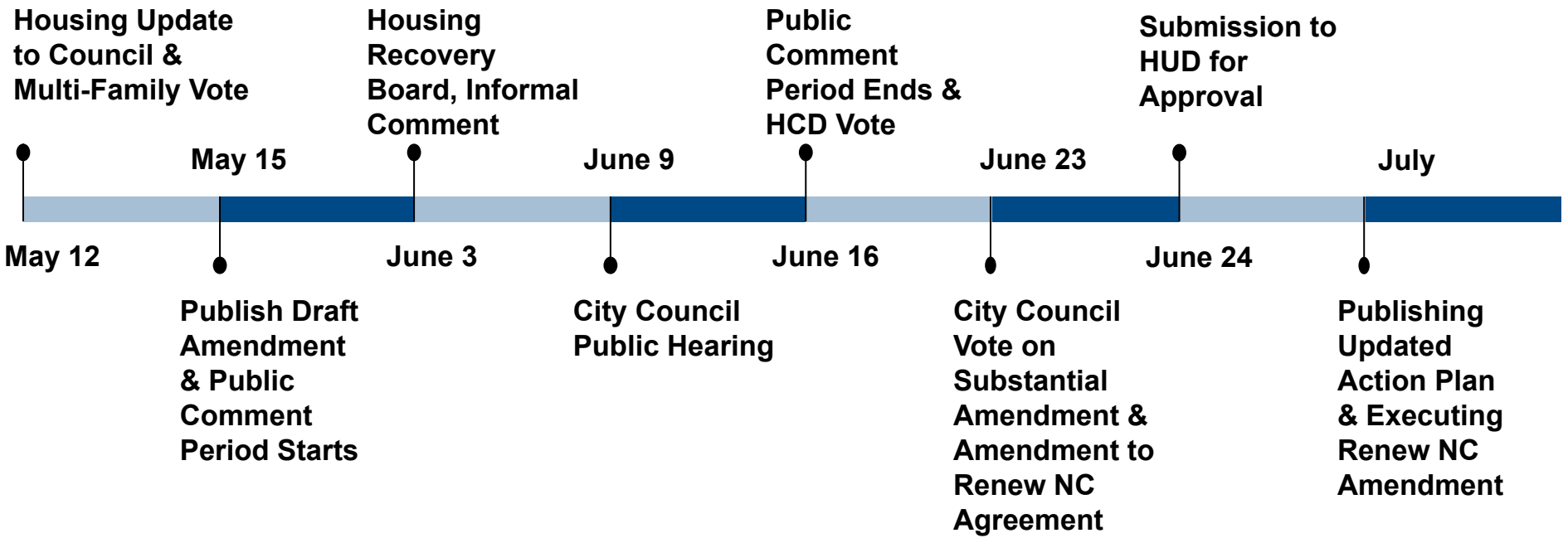
- Brief overview Substantial Amendment to Single-Family
- Recommendations for CDBG-DR Multi-Family Housing Awards
  - Suggested Motion

Proposed Re-allocation to Single Family

- The final cost of serving all Asheville applicants to Renew NC is yet unknown, but estimated to be between $30-$40 million.
- Staff propose pursuing a Substantial Amendment to the CDBG-DR Action Plan to reallocate $19.2 million to the Renew NC Program – comprised of $9.2 million from the Affordable Multi-Family Housing Construction Program, and $10 million from the CDBG-DR Infrastructure Program.
    - The City identified $10M in estimated design costs for the North Fork Project as funds likely be reimbursed first through HMGP, and therefore believe this funding amount can be reallocated to Single Family Home Repair.
- The Single-Family Home Repair & Reconstruction Program would be allocated $22.2 million which the State estimates will serve 55-65 Asheville households.

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Substantial Action Plan Amendment Timeline



Knowns & Unknowns

Knowns:

- City residents eligible within the Renew NC program are among our most vulnerable and at greatest risk of displacement from Helene.
- Investment in this program provides impacted residents with the ability to build wealth and equity within their home.
- Data since December has confirmed that the cost and demand for single-family repair require a more robust commitment to meet our community's recovery goals.
- Transferring additional funding now will ensure verified-eligible program participants get in their homes before the full cost of the program is confirmed.

Unknowns:

- The full cost for city residents in Renew NC won’t be known until late 2026.
- Staff has identified alternative funding at the lowest risk but does not know if HMGP funding will be approved, to any degree, for City infrastructure applications and that is not likely to change within 2026.
- Additional CDBG-DR programs, outside of infrastructure, may need to be re-evaluated to support single family home repair.

Next Steps

- Home repair demand and costs exceed expectations; total need estimated at $30–$40M.
    - Proposed CDBG-DR amendment reallocates $19.2M to Renew NC, bringing the program total to $22.2M (Council to vote June 23).
- 2024 Affordable Housing Bonds will provide additional home repair funding via ARCHER to address unmet needs.
    - A home repair policy and bond allocation will also come before Council on June 23.

- Strategy combines multifamily development (for displaced renters) with homeowner repair programs (Renew NC + ARCHR) to stabilize residents, preserve generational wealth, and prevent further displacement.

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CDBG-DR Affordable Multi-Family Housing Construction Program: Funding Recommendations

Deal Structuring in Affordable Housing

- Public subsidies are usually between 10% - 20+% of a project's total cost.
- 4% LIHTC projects require more public subsidy than 9% projects.
- 9% tax credits are used for smaller projects (currently 50 units or less).
- Affordable housing developers have to find multiple sources of funding to create a capital stack that allows the project to "pencil."
    - Lenders require a certain amount of cash flow and debt coverage.
    - Projections include increases in rent over time, but must also provide for operations, maintenance and reserves.
    - Costs (interest rates, insurance premiums, costs of construction) are increasing, but rents are not escalating in the current market, which increases the gap for projects.
- Return on investment: Investing public dollars up front into projects, with long-term deed restrictions, impacts the household budgets of low-income families that live in those units for decades.

CDBG-DR Multi-Family Program Priorities

The Multi-Family Housing Construction Program must comply with federal regulations, and the notice of funding opportunity was refined to reflect additional priorities:

- **Disaster-Resilience Characteristics:** Integrating Enterprise Green Communities (EGC) standards to mitigate multi-hazard risks, including the implementation of Adaptive Planning and Resilient Site Design for advanced flood protection.
- **Mixed Income Housing:** Properties developed under this program will have units available at a range of incomes and will operate as ‘mixed-income’ properties in compliance with LIHTC Income Averaging.
- **Deep Affordability:** Eligible projects must set-aside at least 5% percent of units at rents affordable at 20% AMI, and for occupancy by households with incomes at or below 30% AMI. These units may be overlaid with project-based rental assistance offering housing to even the most financially vulnerable.
- **Strategic:** Ensure these funds provide a lasting impact to Asheville’s overall affordable housing while remaining in compliance with local, state and federal regulations.

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Notice of Funding Opportunity (NOFO)

- A CDBG-DR Affordable Multi-Family Housing Construction notice of funding opportunity (NOFO) closed on February 25.
    - 13 applications were received and 12 eligible applications have been considered, totaling 1,481 units proposed, $453.5 million in total development costs; and $70.4 million in City CDBG-DR funds requested.
- Scoring criteria were published in the NOFO, consistent with the CDBG-DR Action Plan and Affordable Multi-Family Housing Construction Program Manual.
    - Applications were scored using a 100-point scale, with points earned via:
        - Financial efficiency
        - Affordability
        - Disaster resilience
        - Commitments to long-term viability
        - Shovel readiness.
- Recommendations must align with the results of the evaluation

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Evaluation Criteria

The evaluation criteria articulated in the NOFO (summarized below) assesses how well the applicant can provide quality outcomes that relate to community needs and priorities, and federal requirements.

Category	Description
Applicant Capacity	Considers evidence of capacity and readiness with previous experience submitting a LIHTC application within 5 years, and a current 2026 LIHTC application submitted to support achieving results on time and on budget.
Need/Extend of Problem	Calculates the difference between market and restricted rents relative to the amount of CDBG-DR requested. Less CDBG for more affordability receives a higher score.
Soundness of Approach	Rewards greater likelihood of long-term physical viability, as represented by commitments to reserve funding for capital replacements.
Leveraging Resources	This criterion rewards project applications that request a smaller percentage of CDBG-DR funds relative to total developmental costs.
Achieving Results	This criterion rewards applications which commit to Enterprise Green Certification, with a specific focus on disaster resiliency.

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Evaluation and Recommendation Process

- Context of available funding to provide gap financing to these projects:
  - The North Carolina Housing Finance Agency (NCHFA) is administering (1) tax credit awards *and* (2) the State's CDBG-DR funding in this current cycle.
  - The 2026 QAP has indicated that each Helene-impacted County will received one State CDBG-DR funding award and, if funds remain, counties are eligible to receive a second State CDBG-DR award.
- Timeline and expediency:
  - The City's CDBG-DR funds must be expended within six years of the obligation date (i.e. January 16, 2031).
  - The tax credit financing process and multi-family development process are complex and take time.

To minimize risk, full funding is recommended. This positions Asheville's projects as the most competitive and shovel-ready in the NCHFA pool, minimizing the risk of losing leverage or failing to meet federal expenditure milestones.

Rationale for Recommendations

Recommendations align with the results of the NOFO evaluation process: $10.89 million

- Top Ranked Proposal: Terrace at River Hills ($9.5 million), 126 Units (4% LIHTC)
- Second Ranked Proposal: District East Commons ($1.385 million), 93 Units (9% LIHTC)

Terrace at River Hills is the most shovel ready, with no state-CDBG funding contingencies. District East requires a State funding investment, and was the second highest scoring application.

Supplemental Project Recommendation: $7 million

- 319 Biltmore ($7 million), 112 Units (4% LIHTC)

319-B Biltmore is shovel ready, with no additional funding contingencies. This award funds the second phase of a project on a City-owned property, with the first phase (109 workforce + affordable units) already fully funded with City support.

Terrace at River Hills - 110 River Hills Road, Asheville

Developer: Partnership of Mountain Housing Opportunities and South Creek Development

CDBG-DR Request: $9.5 million

Location: Site is vacant, and has no existing building improvements on premises

Housing Type: Family

- 4% LIHTC, 126 units (7 at 20%, 7 at 30%, 65 at 50%, 21 at 60%, 26 at 80%)
- 35 years affordability
- Total Development Cost (TDC): $42,538,741
- 1, 2, and 3 bedroom units



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Terrace at River Hills - 110 River Hills Road, Asheville

Funding Source	$ Amount	% of Total	$ Per Unit
1st Mortgage (1st Lien Conventional Portion)	$10.3 million	24.2%	$81,746
2nd Mortgage (2nd Lien WNC Affordable Housing Portion)	$5.73 million	13.5%	$45,476
Tax Credit Equity	$16.5 million	38.7%	$130,632
Asheville CDBG-DR Request	$9.5 million	22.3%	$75,397
Deferred Developer Fee	$549,109	1.3%	$4,358

District East Commons - 1311 Tunnel Road, Asheville

Developer: Commonwealth Development Corporation of America

CDBG-DR Request: $1.385 million

Location: Site is an infill redevelopment of an abandoned, former commercial parcel that runs south from Tunnel Road to the Swannanoa River.

Housing Type: Senior

- 9% LIHTC, 93 total mixed units (5 at 20%, 19 at 30%, 34 at 60%, 35 at 80%)
- 35 years affordability
- Total Development Cost (TDC): $26,381,426
- 1, 2, and 3 bedroom units



District East Commons - 1311 Tunnel Road, Asheville

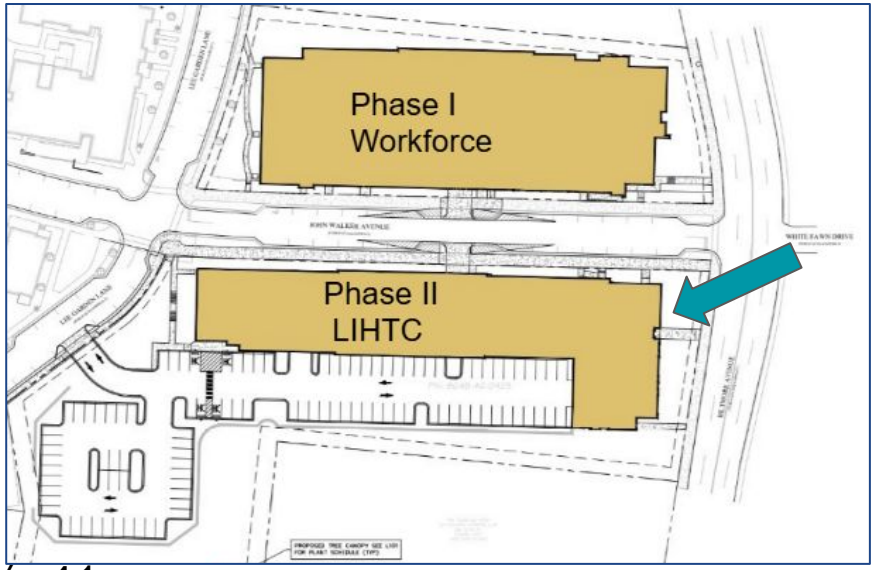
Funding Source	$ Amount	% of Total	$ Per Unit
1st Mortgage (1st lien conventional portion)	$6.011 million	22.8%	$61,634
WNC - 2nd Mortgage (2nd Lien WNC Affordable Housing Portion)	$2 million	7.6%	$21,505
Tax Credit Equity	$12.97 million	49.2%	$139,502
Asheville CDBG-DR Request	$1.385 million	5.2%	$14,892
Deferred Developer Fee	$314,123	1.2%	$3,378
State CDBG-DR	$3 million	11.4%	$32,258
Buncombe County	$697,500	2.6%	$7,500

319-B Biltmore - 4 John Walker Ave, Asheville, NC

Developer: Laurel Street

CDBG-DR Request: $7 million

Location: The vacant site will feature a 120,238-square-foot building with amenities including a community room, exercise facilities, a playground, and 2,800 square feet of commercial space



Housing Type: Family

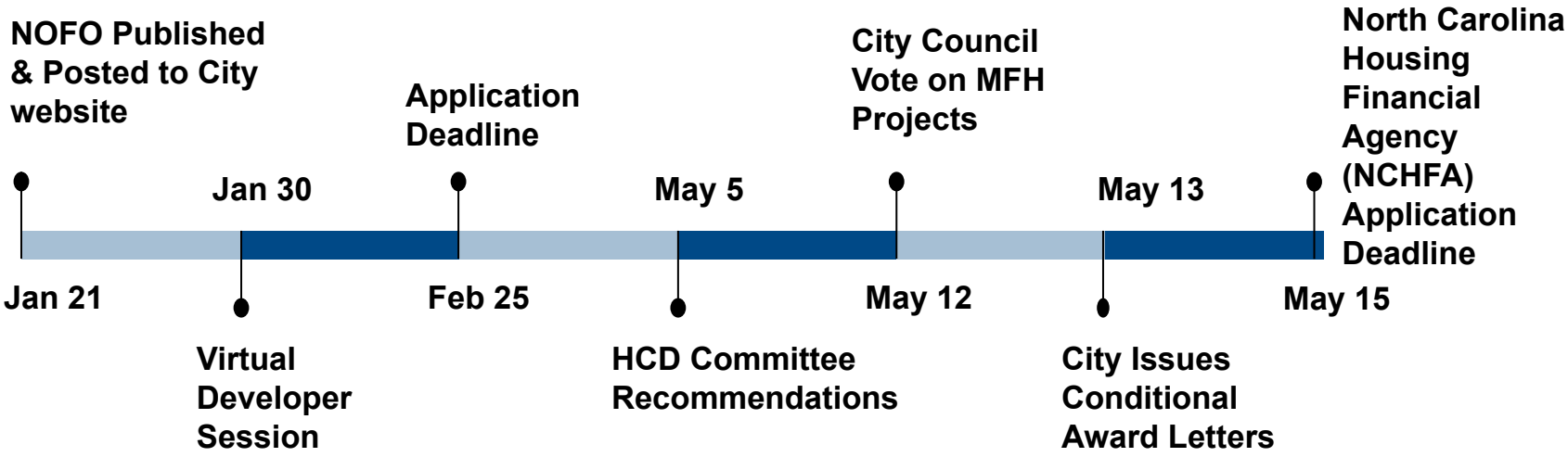
- 4% LIHTC, 112 units (6 at 20%, 25 at 30%, 41 at 60% and 40 at 80% AMI)
- 35 years affordability
- Total Development Cost (TDC): $34,852,156
- 1, 2, and 3 bedroom units

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319-B Biltmore

Funding Source	$ Amount	% of Total	$ Per Unit
1st Mortgage (1st Lien conventional portion)	$6 million	17.2%	$53,571
2nd Mortgage (2nd lien WNC Affordable Housing fund Portion)	$7 million	20.1%	$62,500
Tax Credit Equity	$14.7 million	42.1%	$130,906
Asheville CDBG-DR Request	$7 million	20.1%	$62,500
Deferred Developer Fee	$190,647	0.5%	$1,702

CDBG-DR Affordable Multi-Family Housing Construction NOFO Timeline



Recommendations

To advance Council's Quality Affordable Housing vision and provide gap funding for the construction of affordable multi-family projects after Tropical Storm Helene, Staff recommend a commitment of $17.89 million to support 3 projects totaling 331 units.

- The City's NOFO process identified Terrace at River Hills and District East Commons as the top-scoring projects based on the evaluation criteria.
- Supplemental Opportunity: 319-B Biltmore applied for tax credits in the Fall 2025 cycle and is positioned to start construction in 2026. Deploying additional CDBG-DR funds and awarding this project is recommended.

On May 5, HCD voted 2-1 to recommend the award of $17.89 million in Affordable Multi-Family Housing Construction Program funds to advance three projects totaling 331 units.

Suggested Motion

Motion to authorize the City Manager to award CDBG-DR Multi-Family Housing Program funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills), Commonwealth Development Corporation (District East Commons), and Laurel Street (319B Biltmore).

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