FY 26-27 Annual Action Plan & CDBG and HOME Funding Recommendations

Public Hearing
May 26, 2026

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Community Development Division Manager

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Key Takeaways

- The Community Development Block Grant (CDBG) and HOME Investment Partnership (HOME) Programs are U.S. Department of Housing & Urban Development funding opportunities that support community development and affordable housing activities
  - Grant funding for FY 2026-27
    - CDBG = $1,046,468.00
    - HOME = $1,075,138.48
- Staff is seeking public comment on the 2026 - 2027 Annual Action Plan and the CDBG and HOME funding recommendations

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2026 - 2027 CDBG Funding

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CDBG Funding Available

Category	Amount	Total Available to Award
Total Grant Awarded	**$ 1,046,468.00**	
Administration (20%)	$ 209,293.60	
Public Service Cap (15%)*	$ 156,970.20	**$837,174.40**
Remaining Grant (65%)	$ 680,204.20	

*Public service activities are capped at 15% of total grant amount, though we are not *required* to undertake public service activities

- The 2026-27 CDBG award represents a 7.6% increase in funding from last year's award ($972,202) and is the highest award we have received since 2021
- We typically factor in anticipated "program income" in each year's awards. However, program income has significantly decreased over the last year (particularly since the closure of the Charlotte St. ABC Store)
- Staff recommend waiting to see how much program income is collected in the coming year and using those funds to support FY27-28 activities

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FY 26-27 Strategy

In November 2025, CD staff consulted with the HCD Committee and established the following strategies for this year's funding cycle

1. Encourage internal City departments to apply for funding
    - Direct investments for LMI neighborhoods and residents
    - Lean into and build upon city-wide expertise in federal grant administration
    - Potential to develop a year-to-year pipeline of capital projects

2. Establish Award Minimums
    - Reduces the overall number of awards made to increase impact of investments
    - Increases staff capacity to effectively administer grant agreements and disaster recovery initiatives
        - Public Services: $40,000
        - Non-Public Services: $100,000

Application Cycle and Action Plan Timeline

Application and Project Selection

- December - February: CDBG applications received
- February - March: Review of applications and development of recommendations based on applicant pool, anticipated staff capacity, and overall program strategy
- March 17: HCD Committee reviewed and provided input on applications
- April 7: HCD Committee finalizes funding recommendations to City Council

Annual Action Plan Process

- May 4th: Draft Annual Action Plan published for public comment and review
- May 26th: Public hearing on Draft Annual Action Plan and funding recommendations
- June 5th: Public comment closes and comments compiled into public record
- June 9th: City Council approval and authorization to submit the Annual Action Plan to HUD

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2026-2027 CDBG Proposed CDBG Awards

Recipient	Program Type	Project Description	Award Amount	Anticipated Outcomes
Asheville Water Resources Department	Home Repair (<80% AMI)	Replacing lead service lines on the homeowner water connection	$ 500,000.00	142 Households
Asheville Area Habitat for Humanity	Home Repair (<80% AMI)	Repairing and alleviating emergency health, safety, and accessibility issues	$ 177,163.40	7 Households
Helpmate, Inc.	Housing Services (<60% AMI)	Administration of Tenant Based Rental Assistance (funded with HOME Program) to domestic violence survivors and those fleeing DV	$ 100,038.00	6 Households
Pisgah Legal Services	Public Services (<80% AMI)	Homelessness prevention	$ 60,000.00	350 Households
Administrative Costs	Administration	Staff salaries and benefits	$ 209,293.60	-
Total			**$ 1,046,468.00**	**505 Households**

- Honors the needs of the highest scoring applicants
- Aligns with HCD's strategy of using CDBG as an anti-displacement tool
- Reduces the number of overall awards and improves staff capacity to effectively administer the program
- Supports partners that can effectively administer federally-funded programming

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2026 - 2027 HOME Funding

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HOME Investment Partnership Program

- **HOME funding is steered by the Asheville Regional Housing Consortium (ARHC or HOME Consortium)**
  - Consortium member governments represent municipalities within:
    - Madison, Buncombe, Henderson, and Transylvania Counties
    - The City of Asheville serves as the participating jurisdiction (or lead entity) for the consortium
  - The ARHC voted unanimously on January 14, 2025 to recommended that the City undertake Affordable Rental Construction as the sole activity type for this year.
  - Council authorized staff on March 10th to submit an amendment to the 2025-2029 Consolidated Plan to undertake this activity type
  - HUD approved the amendment on March 24th, clearing the path for us to undertake this activity type in the 2026-2027 Annual Action Plan

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HOME Investment Partnership Program

- The 2026-2027 Annual Action Plan will allocate all 26/27 HOME funds for Affordable Rental Construction
  - New construction and/or substantial rehabilitation of rental housing that is affordable to households at 60% AMI or less
  - Projects are 5 units or more
  - HOME funding typically represents 10% - 20% of a construction project's total development cost
- Applications for HOME Rental Construction Funding will be held this fall to align with the NCHFA's LIHTC cycle.
  - Staff will review applications along with the ARHC
  - The ARHC will then make an award recommendation and City Council will review that recommendation and authorize any awards from this funding cycle next spring

HOME Program Funding

2026/27 HOME Funding	
FY 26/27 Allocation	$ 1,075,138.84
Uncommitted Program Income	$ 0.00
Total	**$ 1,075,138.84**
Available to Award	
CHDO Operating Reserve - 5% of Allocation	$ 52,595.94
Planning & Admin Cap - 10% of Allocation	$ 107,513.88
Available for Rental Construction Projects	$ 915,029.02
Total	**$ 1,075,138.84**

- We typically factor in anticipated “program income” in each year’s awards. However, there is currently no program income that is uncommitted to existing projects. Any program income received in the coming year will be used to support future projects.

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Action Plan Timeline

Annual Action Plan Approval Process

- May 4th - June 5th: Public Comment Period on Annual Action Plan
    - Public notice in Citizen-Times
    - Notice published to Community Development webpage with link to the draft action plan
    - Email sent to subscribers to our email list
- May 26th: Public Hearing at Asheville City Council
- June 9th: City Council vote to approve and authorize submission of Annual Action Plan
- June 10th: Annual Action Plan finalized and submitted to HUD

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