Oak Hill Housing Development

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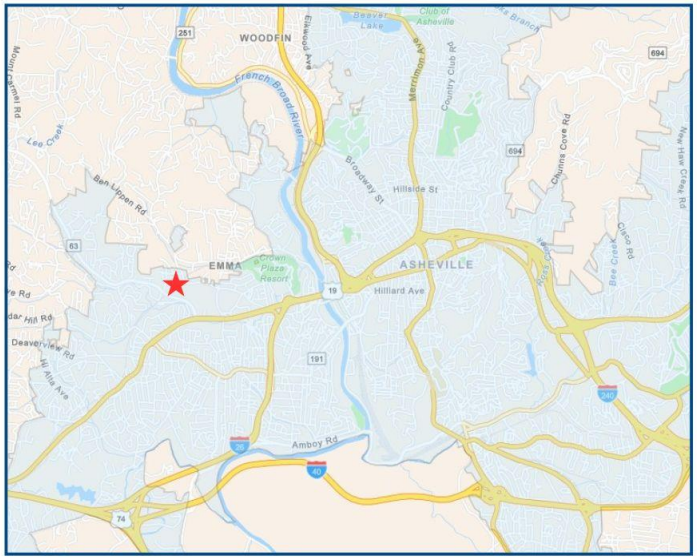
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Key Takeaways

- Staff is bringing forward a development deal for City-owned property at 29 Oak Hill in West Asheville.
- After an RFP process, the City selected a partnership of Eden Rock Enterprises and Dr. Stephen Martin to develop the site.
- The proposed project would build 42 townhomes on City property affordable to households at or below 80% to 110% AMI.
- In addition to the land, the City would loan $1.6 million to the developer for construction, and $750,000 would stay in the development for down payment assistance in the form of silent second mortgages.

Oak Hill
Property Location





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Oak Hill Property



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Background

- As part of the 2016 affordable housing bond initiative, the City embarked on developing City-owned land for affordable housing.
- In 2018, the City of Asheville acquired 29 Oak Hill for $ 450,000 with Affordable Housing Bond dollars.
- The property is 3.72 acres and is located off New Leicester Highway, approximately 0.6 miles north of the Patton Avenue/New Leicester Highway intersection (PIN #9629-90-2093).
- In June 2023, the City convened a meeting with the Oak Hill neighborhood. At that meeting, staff shared information about the City's property at 29 Oak Hill Drive.
- Staff heard from neighbors that they are concerned about development on the site. Increased traffic was the most emphasized concern, as there is already substantial cut-through traffic in the neighborhood. Since that meeting, the City has added speed humps to Oak Hill Drive to slow traffic.

Background

- The site's zoning is RM-16, which allows for more units and multifamily units.
- The site was previously used as a lot for towed cars and as a dumping ground for large tree stumps and other natural materials.
- The City completed geotechnical analysis and soil testing on the site. Due to soil debris, it is not financially feasible to build larger, multi-story structures on the site. The property is better suited to single-family homes, duplexes, townhomes, or mobile homes.
- In the June 2025, the City released a Request for Proposals (RFP) for a developer to build housing with a minimum percentage of affordable units, in accordance with our Policies for Implementing Affordable Housing on City-Owned Land.
- Three proposals were submitted. The selection process resulted in a partnership with Eden Rock Builders, which has also purchased land at 67 Oak Hill Drive.

Background

- In September 2025, staff presented a plan for Affordable Housing Bond funding that included approximately $1.5 million for the development at Oak Hill.
- The developer acquired 67 Oak Hill in 2025, which created an opportunity for a greater number of homes (70 units on both parcels).
- The City signed a Letter of Intent with 29 Oak Hill, LLC in April 2026, and continued negotiations with the developer.

Oak Hill Proposal Summary:

- The project will have 42 townhomes on the City-owned land
  - 10 homes affordable to households at 80%
  - 10 homes affordable to households at 100%
  - 22 homes affordable to households at 110%
- Townhomes will be 3 bedroom units, approximately 1200 sf.
- The affordability period will be 20 years, ensured by deed restrictions that run with the land.
- The land will be sold to the developer for a nominal price ($1.00).
- A Housing Trust Fund loan for $1.6 million for the construction of the homes, which will be paid back at the end of each phase of development, and re-loaned for the next set of homes.

Oak Hill Proposal Summary:

- At the end of construction on 29 Oak Hill, the City will be paid back **$850,000** and **$750,000** will be used for down payment assistance.
- Down payment assistance:
  - $50,000 of City funds per 80% AMI household
  - $25,000 of City funds per 100% AMI household
  - Repayment will occur at sale with shared appreciation, so the City can help the next homeowner with those repaid funds.
  - It is anticipated that home buyers will need additional assistance with home purchases. Down payment assistance could come from banks or other sources.
- The developer will also build 28 market-rate townhomes on 67 Oak Hill, which is not a part of this affordable housing deal.
- The development will be united as 1 development (affordable and market-rate homes), with streets built to City standards.

Project Timeline

Phase	Timeline/Target	Key Outcome
Approval Process	June – Sept 2026	Securing zoning and technical approvals to start construction.
Site Work and Infrastructure	Fall-Winter 2026	Site prep and infrastructure installation.
Vertical Build	Late 2026 – 2028	6-phase rollout of 42 homes.
Full Completion	30 Months	Delivery of all 42 mixed-income units.

Phasing of Units by Income

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total
80% AMI	4	0	4	0	2	0	10
100% AMI	0	4	0	4	0	2	10
110% AMI	4	4	4	4	4	2	22
Total Units	8	8	8	8	6	4	42

Sales Prices and Down Payment Assistance

Units	Area Median Income	Construction Cost	Max Mortgage (for AMIs)	Estimated Sales Price*	Gap for down payment assistance
10	≤ 80%	$300,000	$255,461	$325,000	$80,000**
10	≤ 100%	$300,000	$352,955	$355,000	$25,000**
22	≤ 110%	$300,000	$398,261	$378,000	$0.00

* *Sales prices may change based on construction costs or other factors*

** *Gap also includes closing costs. City will fund $50,000 for 80% AMI units and $25,0000 on 100% AMI units. Down payment assistance will only be what is needed by the household to purchase the house.*

City Investment Cycle - the "Recycling" Capital Loop

1. Capital Investment

City establishes a $1.6M credit line from 2024 Affordable Housing Bond funds.

2. Construction

Credit funds are drawn as short-term construction loans for Phase 1.

3. Buyer Closing

Homes sell, buyers secure standard 30-year mortgages. Funds for Down Payment Assistance go to buyers at 80% and 100% AMI.

4. Credit Payback

Buyers' purchase repays the line of credit with interest.

5. Next Phase

Repaid capital is instantly recycled to build Phase 2.

6. Final Return – Project Completion

Credit line closes. City gets back $850,000 principal + ~ $32 K interest.

Neighborhood Concerns

- Approximately 25 people attended the Neighborhood Meeting in May.
- The main concerns expressed were about current and future car traffic. The neighborhood experiences a lot of cut-through traffic from drivers heading to the Emma community, or looping around to go east on Patton Avenue or north on North Louisiana Avenue.
- Staff is working on some basic traffic analysis and will be able to weigh in through the Technical Review process.
- The additional connectivity through the site will mean that new residents of this project are highly unlikely to use the most trafficked part of Oak Hill Drive, where residents have experienced significant negative effects from cut-through traffic.

Analysis Summary

- The City will gain 42 new affordable housing units for 20 years.
- The "silent second" loans (down payment assistance) and deed restrictions will ensure that City investments stays bound to the homes, or returns to the Housing Trust Fund upon resale.
- Approval of the proposal will allow the developer to proceed with the Conditional Zoning process this summer (2026) and begin construction this fall.
- Staff has worked with an experienced consultant who has confirmed this is an advantageous deal for the City and the community.
- The proposal aligns with other current projects regarding subsidies and costs.
- Homeownership for moderate-income households is very difficult to accomplish and this project is a timely opportunity for the City to develop its land.

Staff Recommendation

- Staff recommends approval of the sale of City-owned land for 20 affordable townhomes for households at or below 80% and 100% of the area median income and 22 townhomes affordable to households at or below 110% of the area median income.
- Staff also recommends the approval of a $1.6 million Housing Trust Fund loan using 2024 Affordable Housing bond dollars for construction and down payment assistance for the project.

Suggested Motion

- Move to recommend that the Asheville City Council authorize the City Manager to negotiate and enter into a Development and Sale Agreement with 29 Oak Hill LLC for the development of the City's property at 29 Oak Hill Drive, to include 20 townhome units affordable for 20 years to households earning 80% to 100% of Area Median Income, and 22 units affordable to households at 110% of AMI. Additionally, we recommend that City Council approve a $1.6 million construction loan to 29 Oak Hill LLC, a portion of which will convert to down payment assistance at the sale of the homes for 80% and 100% AMI.

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Questions/Comments?

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