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City of Asheville Staff Report

Housing & Community Development Meeting Date: June 13, 2026

Staff Resources: Nikki Reid, Community & Economic Development Director, Sasha Vrtunski, Affordable Housing Officer, Jannice Ashley, Deputy City Attorney

Action Requested:

- Recommend City Council authorize the City Manager to enter into a Development and Sales Agreement with 29 Oak Hill LLC for sale city-owned property and the development of 42 affordable townhomes for home ownership at 29 Oak Hill Drive and allocate $1.6 million of 2024 Affordable Housing Bond funds for a construction loan and down payment assistance; and adoption of a budget amendment to transfer $1,600,000 from the General Capital Projects Fund to the Housing Trust Fund.

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. We 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.
- 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 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.

- 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, creating an opportunity to build more homes (70 units across 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%

- 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.
- 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 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:

- The developer held a Neighborhood Meeting on May 20.
- The developer is applying for Technical Review on June 10, which results in a meeting on July 6.
- Council could hear the Conditional Zoning case in August or September.
- The land and funding decision now by City Council gives the developer assurance of support, making continued investment in the zoning approval process feasible.
- Construction could start this fall, beginning with site preparation and infrastructure work.
- Home construction is broken down into 6 phases, each taking 3-4 months to complete. There will be initial site work and infrastructure before home construction.

- The total timeline from beginning to end is 30 months (2.5 years).

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.

Phasing of Units by Income:

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

City Investment Cycle:

- A $1.6 million revolving loan funds the $12.6 million project by building and selling in cycles.
- As homes close and buyers secure mortgages, their bank funds repay the city’s credit line with interest, which is then instantly recycled to build the next phase of homes.
- The city's cash exposure never exceeds $1.6 million, and at project closeout, the City will be paid back $850,000 and the remaining $750,000 will be used as down payment assistance and passed on to the buyers as “silent second” loans due to the City.

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,Zelleka Biermann, 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.

Council Vision 2036 Focus Area(s):

- Quality Affordable Housing
- Well-Planned Community
- A Diverse Community

Council Priority Recovery Area(s):

- Housing

Committee(s):

- Housing and Community Development, June 16, 2026 Vote: ___

Fiscal Impact:

- Approval of a Development and Sale Agreement will obligate the City to sell the land to 29 Oak Hill LLC, contingent on zoning approval of the project.
- Deal approval would allocate $1.6 million of the 2024 Affordable Housing Bond funds to the project through a Housing Trust Fund loan with a three-year term and an interest-only rate of 1%. At project closeout, the City will be paid back $850,000, and the remaining $750,000 will be used as down payment assistance and passed on to the buyers as “silent second” loans due to the City.

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 sale and 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, recommend that the City Council approve a $1.6 million construction loan to 29 Oak Hill LLC, a portion of which will convert to downpayment assistance at the sale of the homes for 80% and 100% AMI; and recommend adoption of a budget amendment to transfer

$1,600,000 from the General Capital Projects Fund to the Housing Trust Fund.

Attachment(s):

- Resolution
- This document contains a proposed site plan for the development at 29 and 67 Oak Hill Drive - Site Plan.
- This document contains the Request for Proposals (RFP) issued on June 2, 2025 - Request for Proposals
- This document contains the Neighborhood Meeting Report submitted by the developer - Neighborhood Meeting Report