Minutes for June 9, 2026, City Council Meeting

June 4, 2026, Agenda Briefing Worksession - 11:00 a.m.

Present

Mayor Esther E. Manheimer, Presiding; Vice-Mayor S. Antanette Mosley; Councilman Bo Hess; Councilwoman Kim Roney; Councilwoman Sheneika Smith; Councilwoman Sage Turner; Councilwoman Maggie Ullman; City Manager DK Wesley; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Summary

City Council held an agenda briefing worksession to discuss the upcoming and future agenda items. In addition, City Council reviewed upcoming City Council committees that will be taking place during the next two weeks.

Discussion occurred on the following other issues and updates: Boosting the Block; and Coxe Avenue Streetscape Project.

At 12:09 p.m., Mayor Manheimer adjourned the agenda briefing worksession.

June 9, 2026 - Regular City Council Formal Meeting - 5:00 p.m

Present

Mayor Esther E. Manheimer, Presiding; Vice-Mayor S. Antanette Mosley; Councilman Bo Hess; Councilwoman Kim Roney; Councilwoman Sheneika Smith; Councilwoman Sage Turner; Councilwoman Maggie Ullman; City Manager DK Wesley; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Pledge Of Allegiance

Mayor Manheimer led City Council in the Pledge of Allegiance.

Mayor Manheimer read a statement regarding Chamber decorum.

I. Proclamations:

Mayor Manheimer read the proclamation proclaiming June 2026, as "National Gun Violence Awareness Month" in the City of Asheville. She presented the proclamation to Interim Police Chief Jackie Stepp, along with several others, who thanked City Council for bringing recognition to this important awareness.

II. Consent Agenda:

A. Approval of the combined minutes of the agenda briefing worksession held on May 21, 2026, and the formal meeting held on May 26, 2026

B. Ordinance Number 5223 - Budget amendment transferring $1,464,337 in previously received Mellon Foundation funds from the City's Grant Fund to the Capital Fund for the Eagle and Market Street Enhancements Project - Ordinance Book No. 37 - Page 30

- April 11, 2023 - Asheville City Council authorized staff, via resolution 23-73, to apply for and receive $3,000,000 in grant funds from the Mellon Foundation to support implementation of the Pack Square Plaza Vision Plan
- June 19, 2023 - The City was awarded $3,000,000 through the Mellon Foundation's Monuments Project to advance elements of the Pack Square Plaza Vision Plan, including: "Boosting the Block", an initiative focused on better connecting The Block and enhancing its cultural character through design, engineering and construction.
- May 28, 2024 - City Council adopted a resolution authorizing execution of a $180,000 contract with Illumined Leadership Solutions for community engagement, facilitation and overall support for the Boosting the Block initiative and approved an associated budget amendment in the amount of $3,000,000 to accept the grant funds.
- The Mellon Foundation grant included $1,464,388 designated for design/engineering and construction of streetscape and public space improvements associated with the Boosting the Block project. City Council authorization is required to transfer these funds to the City's Capital Projects Fund for utilization as part of the Eagle and Market Street Enhancements Project.
- The Eagle and Market Street Enhancements capital project will implement the key physical elements of Boosting the Block and leverage additional transportation bond funds to develop and implement a cohesive and community-inspired design for key corridors on The Block intended to enhance walkability and wayfinding, strengthens visual and cultural identity, and invest in infrastructure that supports community gathering and programming.
- City staff will also submit a Phase II TDA LIFT application to pursue additional funding that could further enhance elements of the Eagle and Market Street Enhancements project and/or extend the project area.
- In early 2026, the City administered a competitive RFQ process to select a Design/Engineering team for the Eagle and Market Street Enhancements project; City Council is scheduled to consider contract authorization on June 23, 2026.

- Motion to adopt a budget amendment in the amount of $1,464,337 in order to transfer Mellon Foundation funds previously received from the Special Revenue Fund to the General Capital Projects Fund for the Eagle and Market Street Enhancements Project.

C. Resolution Number 26-104 - Resolution authorizing the City Manager to enter into an agreement with the UNC School of Government to participate in the North Carolina Benchmarking Project for Fiscal Years 2026 through 2028 - Resolution Book No. 46 - Page 351

- The UNC School of Government annually convenes a group of NC municipalities to participate in the North Carolina Benchmarking Project. Participating cities and towns compare performance data to understand how efficiently and effectively they are providing core municipal services and also learn from each other by sharing best practices and innovative ideas.
- The City of Asheville participated in the NC Benchmarking Project from at least 2005 until 2019. The City rejoined the Project in 2023.
- This resolution would authorize the City Manager to sign an agreement with the UNC School of Government to participate in the next three years of the NC Benchmarking Project at an annual cost of $10,000 per year.
- Funding is included in the Finance & Management Services Department's annual operating budget.
- Motion to authorize the City Manager to enter into an agreement with the UNC School of Government to participate in the North Carolina Benchmarking Project for Fiscal Years 2026 through 2028 at a cost of $10,000 per year, for a total of $30,000 over three years.

D. 1. Resolution Number 26-105 - Resolution authorizing the City Manager to enter into a contract with Cigna Health and Life Insurance Company for Employee Health Insurance - Resolution Book No. 46 - Page 352

- Offering competitive health insurance is essential for recruiting and retaining employees
- Providing healthcare coverage promotes a healthier workforce
- Motion to authorize the City Manager to (1) enter into a contract on behalf of the City of Asheville with Cigna Health and Life Insurance Company to provide health insurance coverage to eligible employees and their dependents; (2) execute said contracts for administrative services in an amount not to exceed $720,000 annually for years one through three, $732,000 for year four, and $743,000 for year five , and (3) execute any necessary change orders to said contracts.

D.2. Resolution Number 26-106 - Resolution authorizing the City Manager to enter into a contract with Cigna Health and Life Insurance Company for Stop Loss Insurance - Resolution Book No. 46 - Page 353

- Stop-loss insurance is necessary because the City's health care costs are self-funded.
- This coverage caps our liability, protecting the organization from catastrophic

or unpredictable medical claims.
- Motion to authorize the City Manager to (1) enter into a contract on behalf of the City of Asheville with Cigna Health and Life Insurance Company to provide stop loss insurance coverage to eligible employees and their dependents; (2) execute said contracts for administrative services in an amount not to exceed $2,070,000, and (3) execute any necessary change orders to said contracts.

D.3. Resolution Number 26-107 - Resolution authorizing the City Manager to enter into a contract with Delta Dental NC for Employee Dental Insurance - Resolution Book No. 46 - Page 354

- Staff performed outreach through the Request for Proposals process which included posting on the City's website and performing outreach in accordance with applicable purchasing and Asheville Business Inclusion policies.
- Motion to authorize the City Manager to (1) enter into a contract on behalf of the City of Asheville with Delta Dental NC to provide dental insurance coverage to eligible employees and their dependents; (2) execute said contracts for administrative services in an amount not to exceed $59,000 annually for years one through three, $62,000 for year four, and $63,000 for year five, and (3) execute any necessary change orders to said contracts.

D.4. Resolution Number 26-108 - Resolution authorizing the City Manager to enter into a contract with Marathon Health for Health Services Clinic and Wellness Program Management - Resolution Book No. 46 - Page 355

- Staff performed outreach through the Request for Proposals process which included posting on the City's website and performing outreach in accordance with applicable purchasing and Asheville Business Inclusion policies.
- Motion to authorize the City Manager to (1) enter into a contract on behalf of the City of Asheville with Marathon Health to provide management services of the employee health service clinic and wellness program to eligible employees and their dependents; (2) execute said contracts for administrative services in an amount not to exceed $1,289,393 annually for year one, $1,363,863 for year two, $1,431,556 for year three, $1,502,634 for year four, and $1,577,265 for year five, and (3) execute any necessary change orders to said contracts.

D.5. Resolution Number 26-109 - Resolution authorizing the City Manager to enter into a contract with Sun Life Assurance Company of Canada for Employee Insurance and Leave Management Administration - Resolution Book No. 46 - Page 356

- The City offers Accidental Death and Dismemberment, Life and other voluntary insurance benefits to recruit and retain talent and to ensure compliance with legislative and fiduciary requirements.
- Leave management administration is utilized to track, approve and manage protected leave for employees as prescribed by federal legislation.
- Motion to authorize the City Manager to enter into a contract on behalf of the City of Asheville and Sun Life Assurance Company of Canada of Canada to provide

life, accidental death & dismemberment, and long term disability insurance and absence management to eligible employees and their dependents; (2) execute said contract for administrative services in an amount not to exceed $283,333 annually for three (3) years, and (3) execute any necessary change orders to said contracts.

E. Resolution Number 26-110 - Resolution authorizing the City Manager to renew the automatic aid agreement between the City of Asheville and Reems Creek Fire Department - Resolution Book No. 46 - Page 357

- In August 2013, City Council approved a resolution authorizing a multi-year agreement with Reem's Creek Fire Department for automatic aid service.
- Automatic aid is provided to specific areas in North Asheville where a Reems Creek fire unit can be on scene before an Asheville Fire unit. This Reems Creek fire unit is either a pickup-style vehicle or a fire apparatus with 2 firefighters, depending upon the type of call, medical or fire.
- This automatic aid agreement with the Reems Creek Fire Department is formalized through a written contract whereby the City of Asheville agrees to pay the Reems Creek FD for these services in the defined areas of North Asheville.
- The City of Asheville has a need to strengthen its standard of response and cover in the Beaverdam Valley, and the Reem's Creek Fire Department is the most appropriate organization to provide the service.
- The initial agreement costs were $82,656 and as stipulated in the agreement, the costs are to be adjusted every year based on the consumer price index.
- The cost of service is a set amount and not based upon the overall calls for service or any other service related activities.
- The total cost of this renewal agreement is $118,658.23 for the fiscal year 2026-27.
- Price adjustments for this agreement are based upon the consumer price index.
- The term of the renewal agreement will end June 30, 2027.
- Motion to adopt a resolution authorizing the City Manager to enter into a renewal agreement for automatic aid service between the City of Asheville and Reems Creek Fire Department in an amount of $118,658.23.

F. Resolution Number 26-111 - Resolution authorizing the City Manager to execute a contract with Colliers Engineering & Design, Architecture, Landscape Architecture, Surveying, CT, P.C., for easement acquisition services on the Coxe Avenue streetscape project - Resolution Book No. 46 - Page 358

- In order to build the Coxe Avenue streetscape project, the City must acquire right of way easements.
- The Coxe Avenue streetscape project construction is primarily funded through a federal transportation improvement grant and administered by the North Carolina Department of Transportation (NCDOT).
- NCDOT follows the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA), required for federally funded projects, to acquire right of way; including permanent easements and temporary construction easements.
- All easements must be acquired before NCDOT will grant construction authorization.
    - Construction authorization occurs after design and right-of way phases are complete.

    - Construction authorization is required before advertising for bids.
- Motion to adopt a resolution authorizing the City Manager to execute a general services contract with Colliers Engineering & Design, Architecture, Landscape Architecture, Surveying, CT, P.C. for right of way acquisition services for the Coxe Avenue streetscape project in the amount of $278,350; and further authorized to execute any contract amendments that may arise during the acquisition process up to the contingency amount of $41,000.

G. Resolution Number 26-112 - Resolution authorizing the City Manager to enter into a contract with Johnson Controls Building Solutions for the Public Works Air Handler Unit Replacement Project - Resolution Book No. 46 - Page 359

- The existing 30 year old air handling unit (AHU) at the Public Works facility is approaching the end of life expectancy and needs to be replaced as soon as possible before the summer season.
- This air handler provides air through duct work to the variable air volume (VAV) boxes to the first floor of the building that has a 75% open ceiling to the second floor.
- Currently the AHU can only run at 50% power because of the intense vibration due to a bent wheel shaft, wheel imbalance, and bearing wear.
- Bidding required many rounds in order to receive acceptable bids:
    - In September, 2025, the project was advertised as a design-build. No qualifications were received.
    - In October, 2025 the project was pursued through a Co-Operative purchase contract with Daikin and Omnia Partners. Due to complications with Omnia Partners pricing structure the Purchasing Division advised that we could not move forward with the contract.
    - In March 2026, the project was bid with two bidder submissions, however, the ABI documentation for both bidders was not correctly filled out and both bidders were deemed non-responsive.
    - In April 2026 the project was rebid and two bids were received. The bidders and bid totals are listed below:
        - Johnson Controls Building Solutions
            - Base Bid: $144,000
            - Bid Alternate: $8,390
            - Total: $152,390
        - Bolton Construction and Service of WNC, Inc
            - Base Bid: $239,735
            - Bid Alternate: $10,925
            - Total: $250,660
    - Johnson Controls Building Solutions was deemed the lowest responsive, responsible bidder and therefore they are recommended for Award.
- Due to long lead times caused by supply shortages the unit will be delivered by December of this year. With the rapidly approaching summer season, temporary cooling is included in the construction project and will assist in providing continuity for building occupants.
- Motion to adopt a resolution authorizing the City Manager to enter into a contract with Johnson Controls Building Solutions in the amount of $152,390; further

authorizing the City Manager to execute any change orders that may arise during the project up to the contingency amount of $15,239 (10%).

H. Monthly municipal property tax refunds or releases per North Carolina General Statute section 105-381

- Buncombe County currently bills and collects City property taxes
- At the August 22, 2023, meeting, City Council approved an addendum to the existing tax collection agreement with Buncombe County to ensure that it fully conforms to the provisions of Chapter 105 of the North Carolina General Statutes, entitled The Revenue Act.
- As part of that compliance, the City Council must, on a monthly basis, approve all property tax releases and refunds that have been approved by the Buncombe County Board of Commissioners.
- City of Asheville refunds and releases for April 2026 are included in the document.
- Motion to adopt City of Asheville property tax refunds and releases for the month of April 2026.

I. Resolution Number 26-115 - Resolution authorizing the execution of an improvement agreement that will allow a private developer to improve unopened portions of public right-of-way on Pine Lane and accept those areas for City maintenance - Resolution Book No. 46 - Page 366

- Pursuant to North Carolina General Statutes Section 160A-309, the City may contract with a developer for public roadway improvements that are adjacent or ancillary to a private land development project. These contracts are not subject to Article 8 of Chapter 143 of the General Statutes provided that City determines the public cost will not exceed: $250,000.00; the estimated cost of making the improvements itself; or the cost of paying for the improvements through a bid contract.
- On 25 February 2025 Council adopted Ordinance Number 5120 which rezoned two parcels totaling 6.68 acres to Residential Expansion – Conditional Zone.
- The parcels are located off of Brevard Road, between Brevard Road and Interstate 26; just north of where these roads intersect.
- The parcels are accessed via Pine Lane, a City maintained street. The City opened a portion of this street in 1994.
- The rezoning was effected to allow construction of 126 units of multi-family housing, to be called The Deyton.
- The developer, Roers Asheville Developer LLC, has offered to improve a roughly 165 feet section of Pine Lane that the City has not opened.
- The developer will bring these areas up to City standards and pay for all costs associated with the work, which the developer estimates will be $198,361.
- The City has agreed to accept and maintain this additional 165 feet section of public right-of-way.
- Motion to affirm the finding that the cost of this project for the City to improve an unopened portion of Pine Lane will not exceed either: $250,000, or the cost of

paying for the improvements through a bid contract; and to further authorizes the City Manager to: enter into an agreement with Roers Asheville Developer, LLC, wherein the developer agrees to improve an unopened portion of Pine Lane and the City agrees to accept the newly improved portion; and sign any amendments needed to effect this resolution's purpose

Mayor Manheimer asked for public comments on any item on the Consent Agenda, but received none.

Councilwoman Ullman moved for the adoption of the Consent Agenda. This motion was seconded by Councilwoman Roney and carried unanimously.

III. Presentations & Reports:

Manager's Report - Quarterly Helene Recovery Update

Recovery Coordinator Bridget Herring recapped the recovery funding. She then reviewed the Federal Emergency Management Agency (FEMA) Public Assistance (PA) by the numbers: (1) Total number of damage inventory Items: 135 - Grouped into 50 total FEMA PA projects; (2) To date, the City has received $34M in reimbursed expenses; and (3) This is 54% of projected PA funds spent to date.

Regarding the Hazard Mitigation Grant Program (HMGP), the City submitted over $400M in City planning and infrastructure projects:

- 3 applications under review by FEMA totalling over $300M
  - North Fork Potable Water System Utility Mitigation
  - North Asheville Flood Risk Reduction Project
  - Critical Facility Secondary Power Systems
- 6 applications under review by North Carolina Emergency Management
  - Resilience Enhancements to Codes & Standards
  - Flood Risk Early Warning System
  - Open Space Management Plan
  - French Broad Riverfront Infrastructure
  - Swannanoa, Azalea Road and Park Infrastructure
  - Critical Facilities Multi-Hazard Mitigation

Private property applications continue to see an uptick in FEMA review and approval. North Carolina Emergency Management is working diligently to complete appraisals and offers to property owners. There have been 26 acquisitions in city limits that have been FEMA approved (1) 8 residential, 18 commercial; and (2) Addresses remain confidential until the offer is accepted and executed.

Regarding the Community Development Block Grant - Disaster Recovery (CDBG-DR) Small Business Support Program, over $15M in CDBG-DR dollars activated in small business support through Asheville Recovers Together and Optimist Ventures Disaster Recovery Accelerator. There will be a June 11 information session 9:30-11:00 am at the

YMI Cultural Center Auditorium at 39 South Market Street. And, June 15 Applications open and available to view online now.

Regarding next steps and shaping our recovery, (1) June 14 - Deadline to submit Action Plan Amendment to Increase Support to Single-Family Housing Repair; Public Comment Hearing tonight; written comments and questions may be submitted by 5pm June 14 to: cdbg-dr@ashevillenc.gov or on publicinput.com/b82874; and discussion at the June 3 Housing Recovery Board and June 23 Infrastructure Recovery Board meeting; and (2) June 23 - next round of planning project recommendations will be heard by People and Environment; and unified concept design of French Broad Riverfront parks will be heard by both Infrastructure and People and Environment.

Ms. Herring summarized by outlining the following recent recovery accomplishments: (1) permanent pretreatment system at Debruhl Water Treatment Plant deemed eligible for FEMA PA; (2) state submitted $260M+ HMGP application for North Fork permanent pretreatment and alternate transmission line to FEMA; (3) first home repaired through Renew NC; and (4) $8.39M awarded for two multifamily housing projects that will add over 200 affordable units.

Ms. Herring responded to various questions/comments from Council, some being, but are not limited to: even though we are at 54% of projected FEMA Public Assistance (PA) to date, are we will incurring new PA expenses; and clarifications of frequently asked questions on the asheville recovers together website.

IV. Public Hearings:

A. Public hearing to consider a substantial amendment to the Community Development Block Grant - Disaster Recovery Action Plan to reallocate $19.2 million to the Single-Family Home Repair Program for a $22.2 million program total, reducing the Multi-Family New Construction Program total to $18.8 million and the Infrastructure Program total to $115 million

Community Development Division Manager James Shelton said that this is the consideration of a public hearing to consider reducing the Affordable Multi-Family Housing Construction Program budget to $18,800,000 from $28,000,000 and reducing the Infrastructure budget to $115,000,000 from $125,000,000. These reductions sum to $19,200,000, which would be reallocated to the Single-Family Reconstruction and Rehabilitation (R&R) Program budget for a total of $22,200,000 from its current $3,000,000. Other non-substantial technical amendments to the Action Plan are also included as part of this amendment. This public hearing was advertised on May 29, 2026.

Background:

- The City of Asheville was allocated $225,010,000 in Community Development Block Grant-Disaster Recovery (CDBG-DR) funds from the U.S. Department of

Housing and Urban Development (HUD) on January 16, 2025. These funds are governed by an Action Plan detailing programmatic priorities.

- The City is currently implementing the CDBG-DR single-family home repair program in partnership with the State of North Carolina Department of Commerce.The current allocation of $3 million is insufficient to meet current needs. Staff are proposing a Substantial Amendment to the Action Plan to reallocate funds to address the needs.
- The amendment proposes to reallocate $9,200,000 million from the CDBG-DR Multi-Family New Construction Program and $10,000,000 million from the Infrastructure program to the Single-Family Home Repair Program, resulting in a $22,200,000 total allocation for Single-Family Home Repair administered by the State of North Carolina's Renew NC program, $18,800,000 remaining in Multifamily New Construction, and $115,000,000 remaining in Infrastructure.
- The City's Citizen Participation Plan requires a public hearing and a 30-day public comment period for any Substantial Amendment. The 30-day period is open from May 15 through June 14, 2026.
- Following the completion of the public comment period and the public hearing, staff will request a vote to authorize the amendments from the Housing and Community Development (HCD) Council Committee on June 16, 2026 and City Council on June 23, 2026.

Mr. Shelton said the following are the key takeaways from his presentation (1) The City's CDBG-DR Action Plan originally allocated $3 million to the Single Family Rehabilitation & Reconstruction Program and $28 million to the Affordable Multi-Family Housing Construction Program; (2) The total cost of the program to address all applicants is estimated to be between $30-$40 million; and (3) Staff are proposing a Substantial Amendment to the CDBG-DR Action Plan, reallocating $19.2 million in funding to the Single Family Rehabilitation & Reconstruction Program, for a new total of $22.2 million.

Regarding Renew NC, he said the Renew NC Single Family Housing Program is a centralized housing rehabilitation, reconstruction or replacement program that will prioritize low-to-moderate income families with seniors aged 62 and older, children, and/or disabled household members who were impacted by Hurricane Helene. The NC Renew Program status is (1) Rehabilitation threshold = $100,000 of estimated repairs - if a property's costs to repair are greater than $100,000, then it is recategorized as full reconstruction (like-for-like) (a) Costs to meet CDBG-DR home repair requirements include: (i) Disaster related repairs; (ii) Cost to repair or replace all non-code compliant issues; (iii) Cost to repair or replace all identified health and safety issues; and (iv) Mitigation against future disasters (elevation, weatherization, slope stabilization, etc); (2) Maximum reconstruction award/cost per property = $450,000 - Anticipated average cost of reconstruction per home = $360,000; (3) Meeting all required repair needs identified for *reconstruction* are unlikely to be alleviated by other programs or funding sources; (4) Temporary Relocation Assistance (TRA) may be available to support families while their homes are being rebuilt - This is new thanks to community input; and (5) Homeowners receive a decent, safe, and resilient replacement home; and (6) The current $3 million

allocation will serve 8 households (a) Many applications are above the reconstruction threshold ($100,000 of repairs + code + health & safety + mitigation) and have costs of around $360,000 to fully reconstruct a home; (b) Seven projects are currently authorized under the initial funding allocation; and (c) One project was completed in April and a second is in active construction.

AMI Range	Household Criteria	Program Phase & Priority	Household Count
0–60% AMI	Child, Elderly, or Disabled	Phase 1/Priority 1	87
0–60% AMI	Other Eligible Households	Phase 1/Priority 2	21
60–80% AMI	Child, Elderly, or Disabled	Phase 2/Priority 1	6
60–80% AMI	No Child, Elderly, or Disabled	Phase 2/Priority 2	3
81–120% AMI	Child, Elderly, or Disabled	Phase 4/Priority 1	30
Under Review	Pending Final Determination	TBD	5

Regarding the proposed reallocation to single family, (1) staff propose amending the CDBG-DR Action Plan (a) $9.2 million from the Affordable Multi-Family Housing Construction Program (i) New total = $18,800,000 - $1,385,000 - District East Commons; $7,000,000 - 319 Biltmore B; $9,505,000 - Unawarded and available for future projects or reallocation; and $ 910,000 - Activity delivery cost; (b) $10 million from the CDBG-DR Infrastructure Program (i) New total = $115,000,000 - $10,000,000 in estimated design costs for the North Fork Reservoir Project identified as funds likely to be reimbursed first through HMGP; and (c) Total reallocation to Single Family = $19.2 million (i) New total program allocation = $22.2 million; (ii) Will serve an estimated 53 additional households; and (iii) Focus continues to be on < 60% AMI; Elderly, disabled, or children in the home; and reconstruction (repair estimates > $100,000).

The following is the December 2025 Housing Recovery Board feedback (1) Staff had originally proposed a $17 Million reallocation from the Multifamily Program in December 2025; (2) Since then, we have gathered data and considered alternative options; and (3) The new recommended reallocation leaves the MFH program with a total of $18.8 Million, as opposed to the December recommended reduction to $11 Million.

The April 2026 Housing Recovery Board feedback is as follows: (1) Multi-Family: Maximizes investment per household served and long-term affordability (35+ year deed restrictions) through gap financing and tax credit layering; (2) Single-Family: Supports residents directly impacted by the disaster, preserves generational wealth, prevents the displacement of residents in existing neighborhoods; and (3) Acknowledged the tensions and need to rebalance the portfolio to ensure meaningful impact across both housing types.

He then reviewed the current funding allocations, and the proposed funding allocations.

He then said the 30-day public comment period runs May 15–June 14, 2026. Residents may review the amended Action Plan on the Asheville Recovers website under “Action Plan and Amendment” or request a physical copy at Asheville City Hall, 70 Court Plaza. Comment was taken during today's public hearing. Written comments and questions may be submitted by 5:00 p.m. on June 14 to cdbg-dr@ashevillenc.gov or on publicinput.com/b82874. The Infrastructure and People & Recovery Boards will review final recommendations on June 23.

Throughout his presentation, Mr. Shelton responded to various questions/comments from Council, some being, but are not limited to: how many multi-family units were lost and how many have been added as a result of Tropical Storm Helene; how many units will be added if the $9.2 Million from Multi-Family New Construction Program is reallocated to the Single-Family Home Repair Program vs. how many units will be added if the $9.2 Million stays in the Multi-Family New Construction Program; and what is the timeframe for this substantial amendment. Questions not readily answered will be provided to Council in a follow-up document.

Mayor Manheimer explained the state funding is still pretty fluid.

Councilwoman Roney said that with over a billion dollars worth of damage, we only received $225 million.

Mayor Manheimer opened the public hearing at 5:49 p.m.

Six individuals spoke in opposition of this substantial amendment to reallocate funds from the Multi-Family New Construction Program and Infrastructure Program into the Single-Family Home Repair Program.

One individual spoke in support of the substantial amendment.

One individual wanted to make sure there are policies and procedures in place to address problems during the construction process.

Mayor Manheimer closed the public hearing at 6:13 p.m.

Mayor Manheimer said that consideration of approving a Substantial Amendment to the CDBG-DR Action Plan that reallocates $19.2 million to the Single Family Rehabilitation & Reconstruction Program, bringing the Program's total to $22.2 million will be considered at the June 23, 2026, formal meeting.

V. Unfinished Business:

A. Ordinance Number 5224 - Ordinance amending the 2026-27 Fees & Charges Manual to incorporate changes to Parking Fund fees- Ordinance Book No. 37 - Page

Budget and Performance Manager Lindsay Spangler said that this is the consideration of an ordinance amending the Fiscal Year 2026-27 Fees and Charges Manual to incorporate changes to Parking Fund fees.

Background:

- On March 24, 2026, Council was presented with options for adjusting Parking Fund fees and charges.
- The proposed changes include:
    - Expansion of parking meters into South Slope, including up to 170 new meters
    - Increase of monthly permit fees in garages and lots
    - Increase of special event fee
    - Establishment of a “failure to pay” fee for garages
    - Applying a special event fee to lots in addition to garages
    - Use of on-street parking spaces without prior approval
    - Allowance of new monthly permit spaces to be designated
- In total, these changes are expected to increase Parking Fund revenue by $500,000.
- In order to operationalize the expansion into South Slope, the Proposed Budget includes $480,000 for the addition of a Parking Enforcement Supervisor and two part time Parking Enforcement Officers and the operating and capital costs of the meters.
- If approved, fee adjustments will become effective July 1, 2026.

Fiscal Impact: $500,000 in additional revenue and $480,000 in additional staff, operating, and capital costs are included in the FY 2026-27 Proposed Budget.

Ms. Spangler said that on March 25, 2026, City Council was presented with options for adjusting Parking Fund fees and charges. The proposed changes include (1) expansion of parking meters into the South Sloper (a) up to 170 new meters; and (a) 2 Full-time employees and operating/capital costs - $480,000 - $166,000 recurring; and (2) other smaller operational changes and rate increases.

She then reviewed the FY 2027 proposed fee changes as follows:

Fee type	Current fee	Proposed fee	Change
Wall Street Garage Monthly Permits	$120/$100/$85	$140/$110/$100	$20/$10/$15
Rankin Garage Monthly Permits	$110/$90/$75	$130/$105/$90	$20/$15/$15
Biltmore Garage Monthly Permits	$130/$110/$90	$150/$120/$105	$20/$10/$15
Monthly Permits Lots (Lots 13, 14, 18 and 19)	$60	$65	$5
Special Event Fee	$9	$10	$1

Failure to Pay Fee for Garages	$0	$15	$15
Special Event Fee for Lots	$0	$10	$10
Use of parking space for an entire day (metered, non-metered, and loading zone) without approved space closure	$0	$100	$100
Use of ADA parking space for an entire day without prior approved space closure	$0	$200	$200
New On-Street Monthly Permit Parking Locations	$0	$30-50	$30-50

The overall budget impact was reviewed as follows:

	Revenue Increase	**Cost Increase**	**Net**
South Slope Expansion	$498,000	$480,000 (Year 1) $166,000 (Ongoing)	$18,000 (Year 1) $332,000 (Ongoing)
Wall Street Garage Monthly Permits	$75,000	$0	$75,000
Rankin Garage Monthly Permits			
Biltmore Garage Monthly Permits			
Monthly Permits Lots (Lots 13, 14, 18 and 19)	$4,500	$0	$4,500
Special Event Fee	$30,000	$0	$30,000
Failure to Pay Fee for Garages	<$5,000	$0	<$5,000
Special Event Fee for Lots	<$1,000	$0	<$1,000
Use of parking space for an entire day (metered, non-metered, and loading zone) without approved space closure	<$2,000	$0	<$2,000
Use of ADA parking space for an entire day without prior approved space closure			
New On-Street Monthly Permit Parking Locations	$0	$0	$0

Both revenue and expenses are included in the FY 2026-27 proposed budget (Parking Fund).

Ms. Spangler then reviewed the South Slope meter expansion next steps which begins in Summer-Fall of 2026 with public engagement and planning through Spring 2027 with implementation.

In response to Councilwoman Ullman regarding public engagement, Assistant Transportation Director Jessica Morriss said that this public comment is broader than Coxe Avenue - conversations with the rest of the South Slope businesses, i.e., multi-family housing developments and business associations. We want to know what might be useful on certain streets and certain blocks, i.e., location of loading zones, what type of permits are useful (monthly, 12-hour), curb cut space, location of Americans with Disabilities Act space, etc. We want to try to meet everyone's needs as best we can. They can order the meters and start putting them on other streets and wait until the Coxe Avenue project is complete before installing them on that road.

In response to Councilwoman Roney, Ms. Morriss confirmed that the first hour is still free in the Civic Center Parking Garage.

Councilwoman Roney reminded everyone that Buncombe County offers a parking program for low-to-moderate income workers in downtown Asheville and they have a deck that is very close to the South Slope.

When Councilwoman Ullman asked about the addition of the 1 full-time supervisor and 2 part-time parking enforcement officers, Ms. Morriss said that they did not do a cost comparison of the expansion of parking enforcement just the South Slope with a private sector contractor. The Parking Study did say that a private sector contractor option should be considered for expansions in the future; however, that might be a more financially feasible option in locations farther away. She explained that they are just physically expanding enforcement into this area and they will not be restricted to just the South Slope. The addition of these positions will help in a lot of other ways for better coverage.

Mr. Kyle Turner felt that more information should be available on the contract for the parking meters.

Councilwoman Roney moved to adopt an ordinance amending the Fiscal Year 2026-27 Fees and Charges Manual to incorporate changes to Parking Fund fees. This motion was seconded by Councilwoman Smith and carried on a 5-2 vote, with Vice-Mayor Mosley and Councilman Hess voting "no."

B. Ordinance Number 5225 - Ordinance Adopting the Fiscal Year 2026-27 Annual Operating Budget - Ordinance Book No. 36 - Page 32

Ordinance No. 5226 - Budget amendment in the amount of $100,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of Council are associated (Economic Development Coalition). - Ordinance Book No. 36 - Page 40

Ordinance No. 5227 - Budget Amendment in the amount of $45,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of Council are associated (Sports Commission) - Ordinance Book No. 36 - Page 41

Mayor Manheimer said that City Council held a public hearing on the budget on May 26, 2026, and no further comments would be accepted.

Mayor Manheimer said that there is a bill that would require a moratorium on tax reappraisals in the State of North Carolina which would require us to use the tax valuation from last year and not the new appraised rates for properties. It's a Senate Bill and it passed the House on second reading today, and tomorrow will return for a third reading. If it passes it will go to the Governor. If the Governor signs it, it becomes law. If the Governor does not sign it, it may still become law without his signature. That is very disruptive to many cities across the state who are trying to adopt their budgets. But, in Committee today, another bill was amended that would exempt all Tropical Storm counties. That amendment passed in Committee but it doesn't go for a vote until tomorrow. Hopefully that bill will pass.

Budget and Performance Manager Lindsay Spangler said this is the consideration of (1) Adoption of the Fiscal Year 2026-27 Annual Budget Ordinance; (2) Recusal of Mayor Manheimer from voting on the budget amendment in accordance with N.C.G.S.§ 14-234.3 (Economic Development Coalition); (3) Adoption of a Fiscal Year 2026-27 budget amendment in the amount of $100,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to the Economic Development Coalition; (4) Recusal of Councilwoman Turner from voting on the budget amendment in accordance with N.C.G.S.§ 14-234.3 (Sports Commission); and (5) Adoption of a Fiscal Year 2026-27 budget amendment in the amount of $45,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to the Sports Commission.

Background:

- The FY 2026-27 Proposed Annual Budget was presented to City Council on May 12, 2026, and totaled $275.6 million.
- In accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-12), a notice of the public hearing was published on May 15, 2026.
- In summary the Proposed Budget was balanced and included the following:
    - A recommended property tax rate of 37.84 cents per $100 of assessed valuation, which is 4.95 cents above the revenue neutral rate, to sustain essential city services amidst fiscal challenges. The recommended rate is 6.35 cents below the adopted FY 2025-26 tax rate.
    - Various budget savings strategies totaling almost $9 million, including:
        - Net elimination of 16.5 vacant positions.

        - Departmental reductions to training, supplies, software, contracted services, etc.
        - Reduction of budgets to match historical trends.
        - Reduction of community center hours to Pre-COVID levels.
        - Reduction of median and guardrail maintenance and mowing.
        - Transition of the Arts AVL Grant program and support for holiday events to the Business Improvement District, to be funded with sales tax revenue received in that fund.
        - Continuing the pause of the Housing Trust Fund and the Other Post Employment Benefits Trust Fund contributions.
        - Pause of the Quality of Service Award program and elimination of the 1% 401(K) matching program.
    - 2.8% cost of living increase for all permanent staff.
    - A revenue neutral tax rate of 7.63 cents per $100 of assessed valuation for the Business Improvement District.
    - A robust capital program which includes Helene recovery projects, General Obligation Bond projects, and other capital improvements.
- City Council conducted a Public Hearing on the Proposed Budget on May 26, 2026.
- The following adjustments were made after the Public Hearing:
    - Increase the property tax collection rate to 99.5% for a $466,000 increase in revenue.
    - Decrease of $226,000 in APD personnel costs from the General Fund, which will instead be covered with sales tax revenue from the BID Fund.
    - Decrease of $153,656 in APD personnel costs to align budget with planned academy start date.
    - Decrease of $110,000 for further reductions to the community center security contract.
    - After accounting for these adjustments, the recommended property tax rate was reduced to 37.50 cents per $100 of assessed value, which is 4.61 cents above the revenue neutral rate and 6.69 below the adopted FY 2025-26 tax rate .
    - The Budget Ordinance reflects these adjustments and changes the total annual budget from $275.6 million to $275.1 million.
- The Budget Ordinance also includes adoption of the City's pay plans, which includes a 1.5% increase for all pay plans except the temporary/seasonal plan.
- Under N.C. Session Law 2021-191 (S.B. 473), Councilmembers are prohibited (subject to certain exceptions) from participating in making or administering a contract, including the award of money, with any nonprofit with which the public official is associated.
- In accordance with this law, funding that was included in the Proposed Budget for the Economic Development Coalition and the Sports Commission has been moved to City Manager's Contingency.
- City Council must take separate actions via budget amendments to allocate funding to the Economic Development Coalition and the Sports Commission.

Fiscal Impact: As noted above, the FY 2026-27 General Fund budget is balanced and recommends a property tax rate of $0.3750 per $100 of assessed valuation, representing an increase of $0.0461 cents above the revenue neutral tax rate.

Ms. Spangler reviewed the May 12 Manager's proposed budget as follows:

	FY26 Adopted	FY27 Proposed	Change	
			$	%
General Fund	$ 182.82M	$ 187.46M	$ 4.64M	2.5%
Water Resources	$ 49.45M	$ 53.16M	$ 3.72M	7.5%
Transit Services	$ 15.23M	$ 16.08M	$ 0.86M	5.6%
Stormwater	$ 9.32M	$ 12.92M	$ 3.60M	38.6%
Parking Services	$ 7.14M	$ 7.37M	$ 0.23M	3.2%
Harrah's Center	$ 6.09M	$ 6.73M	$ 0.64M	10.5%
Street Cut Utility	$ 4.16M	$ 3.56M	-$ 0.60M	-14.4%
Total	**$ 274.20M**	**$ 287.28M**	**$ 13.08M**	**4.8%**
Interfund Transactions	-$ 17.84M	-$ 11.69M	$ 6.14M	-34.4%
Net Budget	**$ 256.36M**	**$ 275.58M**	**$ 19.22M**	**7.5%**

She then reviewed the balancing process to arrive at a balanced budget with a proposed tax rate of 37.84 cents.

She reviewed the FY 2027 General Fund investments in Public Health & Safety; Culture & Recreation; Community & Organizational Investments; and strategic investments.

She said the current City property tax rate is 44.19 cents per $100 of assessed value. Based on the revaluation numbers provided by the Buncombe County Tax Collector, City staff has calculated the revenue neutral tax rate to be 32.89 cents per $100 of assessed value. As of May 12, to balance the General Fund budget and partially budget the 2024 General Obligation Bonds, the proposed budget included a FY 2027 tax rate of $37.84 cents - 4.95 cents above revenue neutral.

The following chart shows changes since the proposed budget:

Budget Adjustments	Dollars $	Tax Rate Impact (cents)
Property Tax Collection Rate	-$ 0.47M	-0.17
BID Sales Tax for APD Personnel	-$ 0.23M	-0.08
Align with APD Academy Start	-$ 0.15M	-0.05
Community Center Security	-$ 0.11M	-0.04
Total	**-$ 0.96M**	**-0.341**

The changes will decrease the proposed property tax rate from 37.84 cents to 37.5 cents per $100 of assessed value. The new proposed tax rate is 4.61 cents above the revenue neutral rate (versus 4.95 cents).

The following chart shows the impact to homeowners (post-revaluation median home price is $478,500):

Property Value	Average Homeowner Impact (Annual)	Average Homeowner Impact (Monthly)
$250,000	$115	$9.60
$350,000	$161	$13.44
$478,500	$220	$18.37
$550,000	$253	$21.12
$650,000	$300	$24.96
$750,000	$346	$28.80
$1,000,000	$461	$38.40

Below is the budget summary with adjustments:

	FY26 Adopted	FY27 Proposed		
			$	%
General Fund	$ 182.82M	$ 186.97M	$ 4.15M	2.3%
Water Resources	$ 49.45M	$ 53.16M	$ 3.72M	7.5%
Transit Services	$ 15.23M	$ 16.08M	$ 0.86M	5.6%

Stormwater	$ 9.32M	$ 12.92M	$ 3.60M	38.6%
Parking Services	$ 7.14M	$ 7.37M	$ 0.23M	3.2%
Harrah's Center	$ 6.09M	$ 6.73M	$ 0.64M	10.5%
Street Cut Utility	$ 4.16M	$ 3.56M	-$ 0.60M	-14.4%
Total	**$ 274.20M**	**$ 286.79M**	**$ 12.59M**	**4.6%**
Interfund Transactions	-$ 17.84M	-$ 11.69M	$ 6.14M	-34.4%
Net Budget	**$ 256.36M**	**$ 275.10M**	**$ 18.73M**	**7.3%**

City Attorney Branham said that the BID allows for the levy of an additional tax to provide for additional services. The statutes state how a BID property tax can be utilized for those additional services. It must be within the BID boundaries and supplemental rather than supplant current services. There is also sales tax generated within the BID and that is not regulated in the article. The sales tax will be spent within the BID boundaries, but the sales tax does not have the same requirements as does the BID property tax.

There was considerable discussion by Council regarding the use of BID sales tax for Asheville Police Department personnel; the 75% debt service for General Obligation (GO) Bonds; the 401(k) 1% match for City employees (approximately $530,000); more data on community center security; and how much will property owners pay given the different property tax scenarios.

In response to Council members and throughout the discussion, Ms. Spangler said that the (1) staff recommendation (City Manager's proposed budget) property tax would be $0.3750; (2) taking out the BID sales tax for APD would be $0.3758; (3) taking out the BID sales tax for APD and adding back in the 401 (k) 1% match would be $0.3777; (4) staff recommendation with adding back in the 401 (k) 1% match would be $0.3769; and (5) taking out the BID sales tax for APD, adding back in the 401 (k) 1% match and reducing the debt service on GO bonds from 75% to 50% would be $0.3718.

In response to Vice-Mayor Mosley when she earlier asked what service reductions would look like, City Manager Wesley said that her goal was to try not to reduce service delivery.

Councilwoman Roney said the cost of business is going up, and the business the City of Asheville does is serving the people who live and work here. As our residents and local businesses face an affordability crisis, it's critical that we examine every dollar. She appreciated the impressive work of our new City Manager, DK Wesley, and our staff including the Human Resources team and Finance who are working to dig us out of systemic, inherited issues with a goal of maintaining services. While she believed we have the right team in place to get us moving towards a budget that reflects our community values, she only has two options in voting for the budget and today she's not able to support tonight, in part related to the compensation structure that leaves more

staff behind in living wages, the impact of removing the 401k match that our firefighter union wrote us about, cutting community center hours that are part of neighborhood resiliency, and a lack of prioritization for funding SFP for youth programing that historically served to reduce the opportunity gap but is also needed to prevent gun violence among our youth. Lastly, there are unanswered questions about disparities in our county tax structure, and there's more work to do making sure commercial real estate like hospitals and grocery stores are paying their fair share instead of the burden of the valuation falling heaviest on residents.

Councilwoman Ullman moved to adopt the Fiscal Year 2026-27 Annual Budget ordinance with the following adjustments to the form presented by the City Manager: (1) Elimination of the $226,000 allocation of BID sales tax revenue for public safety; (2) Reinstatement of the additional 1% 401K employer contribution; and (3) An adjustment of the Fiscal Year 2026-27 General Fund tax rate to $0.3777 per $100 of assessed valuation. This motion was seconded by Vice-Mayor Mosley.

After more discussion, Council members shared their concerns and what they felt should or should not be considered in the budget adoption.

Councilwoman Ullman and Vice-Mayor Mosley rescinded their motion to adopt the Fiscal Year 2026-27 Annual Budget ordinance with the following adjustments to the form presented by the City Manager: (1) Elimination of the $226,000 allocation of BID sales tax revenue for public safety; (2) Reinstatement of the additional 1% 401K employer contribution; and (3) An adjustment of the Fiscal Year 2026-27 General Fund tax rate to $0.3777 per $100 of assessed valuation.

Councilman Hess moved to adopt the Fiscal Year 2026-27 Annual Budget ordinance with the following adjustments to the form presented by the City Manager: (1) Reinstatement of the additional 1% 401K employer contribution; and (2) An adjustment of the Fiscal Year 2026-27 General Fund tax rate to $.0.3769 per $100 of assessed valuation. This motion was seconded by Councilwoman Smith and carried on a 4-3 vote, with Vice-Mayor Mosley, Councilwoman Roney and Councilwoman Turner voting "no."

Councilwoman Ullman moved to recuse Mayor Manheimer from voting on the budget amendment in accordance with N.C.G.S.§ 14-234.3 (Economic Development Coalition). This motion was seconded by Councilwoman Hess and carried unanimously on 6-0 vote (Mayor Manheimer did not vote).

Councilwoman Ullman moved to adopt a Fiscal Year 2026-27 budget amendment in the amount of $100,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to the Economic Development Coalition. This motion was seconded by Vice-Mayor Mosley and carried unanimously on 6-0 vote (Mayor Manheimer did not vote).

Councilwoman Ullman moved to recuse Councilwoman Turner from voting on the budget amendment in accordance with N.C.G.S.§ 14-234.3 (Sports Commission). This motion was seconded by Councilwoman Hess and carried unanimously on a 6-0 vote (Councilwoman Turner did not vote).

Councilwoman Ullman moved to adopt a Fiscal Year 2026-27 budget amendment in the amount of $45,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to the Sports Commission. This motion was seconded by Vice-Mayor Mosley and carried unanimously on a 6-0 vote (Councilwoman Turner did not vote).

C. Resolution Number 26-113 - Resolution authorizing submission of the 2026-2027 Annual Action Plan for the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME) to the U.S. Department of Housing and Urban Development - Resolution Book No. 46 - Page 360

Mayor Manheimer said that City Council held a public hearing on this submission to the U.S. Dept. of Housing and Urban Development on May 26, 2026, and no further comments would be accepted.

Community Development Division Manager James Shelton said that this is the consideration of a resolution approving the submission of the 2026-2027 Annual Action Plan for the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME) to the U.S. Department of Housing and Urban Development (HUD).

Background:

- The City of Asheville is an entitlement community and participating jurisdiction with the U.S. Department of Housing and Urban Development and receives formula funding through the Community Development Block Grant (CDBG) and HOME Investment Partnerships Program (HOME).
- The City receives these allocations annually through a federal formula allocation process.
- CDBG funds support housing and community development activities within the City of Asheville. HOME funds support affordable housing activities within the four-county Consortium region including Buncombe, Madison, Transylvania and Henderson counties.
- All funded activities must meet the goals and priorities as outlined in the City's Consolidated Plan 2025-2029.
- In order to remain in compliance with HUD and to outline the CDBG & HOME priority needs and strategic goals, City Council must authorize the submission of the 2026-2027 Annual Action Plan.
- In order to access these funds for community development projects, City Council will need to authorize staff to submit the FY26-27 Annual Action Plan to HUD to provide a concise summary of the projects and activities that will be used to address the priority needs and specific goals identified by the Consolidated Plan.
- Public Comment period opened May 4, 2026 and will remain open until June 5, 2026. A draft FY 2026-2027 Annual Action Plan is available on the City's Community Development website and a Public Notice was announced on May 1, 2026 via the Asheville Citizens Times.

- City Council held a public hearing on May 26, 2026 to obtain citizen comments on the draft plans and the draft plans have been made available to the public.
- All public comments will be brought to the June 9, 2026 Council meeting for approval of FY 2026-2027 Annual Action Plan.

Committee(s):

- On March 7, 2026 the Housing & Community Development Committee provided funding recommendations for CDBG funding. The recommendations were: Asheville Water Resource department, Asheville Area Habitat for Humanity, Pisgah Legal Services, and Helpmate.
- On January 14, 2026 the Asheville Regional Housing Consortium Board (ARHC) met to provide HOME funding Recommendations. The funding recommendations were: Tenant Based Rental Assistance for Helpmate, Asheville Housing Authority, ARC of Buncombe County, Down Payment Assistance for Henderson County Habitat for Humanity; and Homeowner Rehabilitation for Community Housing Coalition of Madison County and Housing Assistance Corporation.

Fiscal Impact:

- The awarded FY 2026-27 grant amounts will be included in the FY 2026-27 Budget Ordinance.

Mr. Shelton said that they received five comments during the open public comment period, and they were to fund Homeward Bound in some way.

There was a short discussion regarding funding for Homeward Bound, with Mr. Shelton explaining the different applications of Homeward Bound and that we have a cap of 15% of our grant for public services.

Councilwoman Turner moved to authorize the submission of the 2026-2027 Annual Action Plan for the Community Development Block Grant Program (CDBG) and HOME Investment Partnerships Program (HOME) to the U.S. Department of Housing and Urban Development (HUD), with an amendment to reduce the funding to the Water Resources Department Project to $403,030 and to fund Homeward Bound (Public Services) in the amount of $96,970. This motion was seconded by Councilwoman Roney and carried unanimously. .

D. Resolution Number 26-114 - Resolution amending Resolution Number 26-96 adopted on May 12, 2026, to authorize the additional award of Community Development Block Grant - Disaster Recovery (CDBG-DR) multi-family housing funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills)- Resolution Book No. 46 - Page 364

Housing & Economic Development Director Nikki Reid said that this is the consideration of a resolution amending Resolution Number 26-96 adopted on May 12, 2026, to authorize the additional award of Community Development Block Grant - Disaster Recovery (CDBG-DR) multi-family housing funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills).

Background:

- The Department of Housing and Urban Development (HUD) allocated $225,010,000 in funds to the City of Asheville on January 16, 2025.
- The City's CDBG-DR Action Plan allocated $31,000,000 to Housing Programs, inclusive of $3,000,000 to the CDBG-DR Single Family Rehabilitation & Reconstruction Program and $28,000,000 to the CDBG-DR Affordable Multi-Family Housing Construction Program.
- Eligible projects under the Affordable Multi-Family Housing Construction Program must be located entirely within Asheville city limits, secure Low Income Housing Tax Credit allocations in compliance with the North Carolina Housing Finance Agency Qualified Allocation Plan, pass the City's financial underwriting, and meet other eligibility requirements.
- The application for the CDBG-DR Affordable Multi-Family Housing Construction funding opportunity closed on February 25, with the volume of submissions signaling significant demand for multifamily housing construction.
- 13 applications were received, and 12 were deemed eligible, totaling 1,481 units proposed, $483,797,251 in total development cost, and $70,411,000 in City of Asheville CDBG-DR funds requested.
- On May 12, 2026, City Council adopted Resolution Number 26-96 - authorizing the award of CDBG-DR multi-family housing funds to Commonwealth Development Corporation (District East Commons), and Laurel Street (319B Biltmore) totaling $8.39 million to construct 205 rental housing units.
- Staff recommends also awarding $9.5 million to Mountain Housing Opportunities and South Creek Development for the top-ranked Terrace at River Hills project, to support 126 housing units.
- The project is being reconsidered because it was the top-ranked, most shovel-ready applicant recommended by City staff and independent consultants. Unlike competing projects that rely on complex dependencies of future funding approvals, the land for Terrace at River Hills is vacant and ready for immediate development. It requires only the City's commitment of the federal recovery dollars to secure 126 units of dedicated housing with a guaranteed 35-year affordability window. Because there are no external funding contingencies, the City's investment is immediately actionable, avoiding the typical multi-year delays that often encumber affordable housing projects.
- All funding commitments will be contingent on successful awards of Low-Income Housing Tax Credits via the North Carolina Housing Finance Agency, which are pending consideration. The City's CDBG-DR funding commitment is critical to the viability of the projects.

- The projects are time-sensitive to meet the community's recovery needs, quickly initiate much-needed affordable multifamily housing construction, and activate CDBG-DR funds.
- To proceed, the City Council must authorize an amendment to Resolution Number 26-96 to authorize the additional award and a funding agreement between the City and developers Mountain Housing Opportunities/South Creek Development (Terrace at River Hills), and award CDBG-DR funds for the construction of Affordable Multi-Family Housing within the City of Asheville.

Vendor Outreach:

- A non-mandatory virtual program seminar/Developer session was offered on January 30th, 2026, to provide general information about the program to interested developers.
- Developers had the opportunity to submit written questions and Responses to 42 written questions were published on AshevilleRecovers.org.

Committee(s):

- Housing and Community Development Committee - 5/5/2026 - 2-1 to move forward to City Council

Fiscal Impact:

- This work is fully funded with CDBG-DR funds. There is no impact to the General Fund.

Ms. Reid said that the following are the key takeaways from her presentation: (1) On May 12, 2026, City Council adopted a resolution authorizing the award of CDBG-DR multi-family housing funds to Commonwealth Development Corporation (District East Commons), and Laurel Street (319B Biltmore) totaling $8.39 million to construct 205 rental housing units; (2) Staff recommends also awarding $9.5 million to Mountain Housing Opportunities and South Creek Development for the top-ranked Terrace at River Hills project, to support 126 housing units; (3) The initial motion to award this project failed to move forward. The project is being reconsidered because it was the top-ranked, most shovel-ready applicant recommended by City staff. Unlike competing projects that rely on complex dependencies of future funding approvals, the land for Terrace at River Hills is vacant and ready for development; (4) Because there are no external funding contingencies, the City's investment is immediately actionable, avoiding the typical multi-year delays that often encumber affordable housing projects; and (5) To proceed, the City Council must authorize an amendment to the May 12 Council Resolution to additionally authorize an agreement between the City and developers Mountain Housing Opportunities/South Creek Development (Terrace at River Hills) and award CDBG-DR Multi-Family Housing funds for construction.

Regarding the 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: (1) 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 - Within the framework of the NOFO and each project's unique circumstances, staff commits to right-sizing the mitigation components of each project as the building plans and loan agreements are finalized, so that no project is burdened by unnecessary costs; (2) 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; (3) 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 for a period of 35 years. These units may be overlaid with project-based rental assistance offering housing to even the most financially vulnerable; and (4) Strategic: Ensure these funds provide a lasting impact to Asheville's overall affordable housing while remaining in compliance with local, state and federal regulations.

Regarding the Notice of Funding Opportunity (NOFO), (1) 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; and (2) 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; and shovel readiness.

Regarding the evaluation and recommendation process, (1) Context of available funding to provide gap financing to these projects: (a) 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; and (b) The 2026 QAP has indicated that each Helene-impacted County will receive one State CDBG-DR funding award and, if funds remain, counties are eligible to receive a second State CDBG-DR award; and (2) Timeline and expediency: (a) The City's CDBG-DR funds must be expended within six years of the obligation date (i.e. January 16, 2031); and (b) The tax credit financing process and multi-family development process are complex and take time.
To minimize risk, full funding is recommended, minimizing the risk of losing leverage or failing to meet federal expenditure milestones.

Specifics for the Terrace at River Hills - 110 River Hills Road, Asheville are (1) Developer: Partnership of Mountain Housing Opportunities and South Creek Development; (2) CDBG-DR Request: $9.5 million; (3) Location: Site is vacant, and has no existing building improvements on premises; and (4) 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; and 1, 2, and 3 bedroom units. She then reviewed the funding source, dollar amount, percentage of total and dollar per unit.

The rationale for recommendation is that fully funding this gap delivers immediate disaster recovery housing while honoring the integrity of the City's own competitive, transparent scoring process (1) Immediate & Shovel-Ready: The site is vacant with zero external funding contingencies; it requires only the City's commitment to immediately

unlock 4% tax credits and start construction this year; (2) Disaster Resilience: Enterprise Green Communities certification; (3) Higher Reserves: While NCHFA establishes baseline replacement reserve deposits, higher funding commitments were incentivized to protect long-term physical and financial viability; (4) Long-Term Community Impact: Secures 126 units of resilient, green family housing with a guaranteed 35-year affordability window (20%–80% AMI), in a highly walkable location near major employers and transit; and (5) Data-Driven & Validated: Named the top-ranked applicant based on strict evaluation criteria.

To advance Council's Quality Affordable Housing vision and provide gap funding for the construction of affordable multi-family housing after Tropical Storm Helene, staff recommends a CDBG-DR Affordable Multi-Family Housing Construction Program funding commitment of $9.5 million to support the top-scoring Terrace at River Hills project totaling 126 units. On May 5, 2026, the Housing & Community Development Committee voted 2-1 to recommend this award.

President and CEO of Mountain Housing Opportunities Geoffrey Barton provided background information on MHO and gave statistics on what they have done so far since Tropical Storm Helene.

In response to Councilwoman Turner regarding programmatic requirement of floodproofing, Mr. Barton explained that they don't want to provide needless resilience measures and will work with staff on ways to reduce those measures on their property.

In response to Councilman Hess, Mr. Barton said that they will follow-up on any individual complaint cases.

When Mayor Manheimer asked for public comment, she received none.

Councilwoman Roney moved to amend Resolution No. 26-96 to authorize the additional award of not to exceed $9.5 million of CDBG-DR Multi-Family Housing Program funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills) This motion was seconded by Vice-Mayor Mosley and carried on a 6-1 vote, with Councilwoman Turner voting "no.".

VI. New Business:

VII. Informal Discussion And Public Comment:

One individual spoke to Council regarding how the City boosts inclusivity yet when it becomes helping those in need the City almost always chooses those with wealth and power.

VIII. Adjournment:

Mayor Manheimer adjourned the meeting at 8:48 p.m.

_____
Mayor

_____
City Clerk