City of Asheville Staff Report

City Council Meeting Date: June 23, 2026

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

Action Requested:

- Authorize the City Manager to enter into a Development and Sales Agreement with 29 Oak Hill LLC for sale of 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. 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.
- 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 Oak Hill development.
- 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 or below 80% AMI.
    - 10 homes affordable to households at or below 100% AMI
    - 22 homes affordable to households at or below 110% AMI

- 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 repaid $850,000, and $750,000 will be used for down payment assistance.
- Down payment assistance:
    - $50,000 of City funds per household at or below 80% AMI.
    - $25,000 of City funds per household at or below 100% AMI.
    - 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 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.
- Members of the Emma Neighborhood Council and the Oak Hill community in general have expressed concerns that affordability is insufficient, and they would like to see the inclusion of lower-income households.

Phasing of Units by Income:

	Phase 1	Phase 2	Phase 3	Phase 4	Phase 5	Phase 6	Total
At or Below 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 repaid $850,000, with the remaining $750,000 used as down payment assistance and passed on to the buyers as "silent second" loans due to the City (not grants).

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 remain tied 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 that 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 met on June 16, 2026,
    - The committee discussed a desire to make some townhomes available to households at or below 60% AMI. A substantial amount of down payment assistance would be required to fund the gap with current interest rates. Several ideas were floated for exploration: Housing Authority vouchers for home ownership, lower interest rates, and smaller unit footprints.

    - The suggested motion was amended to potentially expand the project's affordability levels to include 60% AMI units (exact wording below). Vote: 3-0 in favor.
        - 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 60% 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 60% to 100% AMI.

    - Staff is working with the developer to explore options to achieve greater affordability and will report the options to Council on June 23.

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 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 10 townhome units affordable to households earning at or below 80% AMI, 10 townhome units affordable to households at or below 100% of AMI, and 22 units affordable to households at or below 110% of AMI where all units will be affordable for a period of 20 years. Additionally, the City Council approves 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 at or below 80% and at or below 100% AMI; and 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

City of Asheville Resolution Number 26-___

Resolution authorizing the approval of a development and sales agreement with 29 Oak Hill LLC for the development of 42 townhomes for affordable home ownership at the City-owned property at 29 Oak Hill Drive, and approval of a Housing Trust Fund loan to 29 Oak Hill LLC for the construction of the units and down payment assistance

Whereas, N.C. Gen. Stat. sec. 160D-1311(b) authorizes the City to undertake community development programs and activities, and to exercise those powers granted by law to municipal housing authorities; and

Whereas, N.C. Gen. Stat. sec. 157-9, the City is authorized to sell property for single-family affordable housing development for persons of low and moderate income, and in so doing, is exempt from the property conveyance rules of G.S. 160A, Article 12 (i.e., private sale is permissible and competitive bidding is not required); and

Whereas, N.C. Gen. Stat. sec. 160D-1316 further authorizes the City to engage in and appropriate and expend funds for residential housing construction and to convey property by private sale to any public or private entity that provides affordable housing to persons of low and moderate income under procedures and standards established by the local government; and

Whereas, the City owns approximately 3.72 acres of real property located at 29 Oak Hill Drive, and this site has been identified by City Council as suitable for affordable and workforce housing, more particularly identified on the Buncombe County tax map as PIN No. 9629-90-2093; and

Whereas, on June 2, 2025, the City of Asheville issued a Request for Proposals for the Oak Hill property for the development of affordable or mixed-income housing to increase the supply of affordable/mixed-income housing in Asheville;

Whereas, at the direction of Council, the terms of sale and use were negotiated with 29 Oak Hill LLC, a partnership of Eden Rock Enterprises and Dr. Stephen Martin, who submitted a qualified and timely proposal in response to the City's Request for Qualifications and Proposals for development of the property located at 29 Oak Hill Drive; and

Whereas, the City has negotiated a deal for the development of the property, which necessitates funding from the City in the form of a Housing Trust Fund Loan in the amount of $1.6 Million for the construction of the townhomes; and

Whereas, a portion of the funds will be used for silent second mortgages, also known as down payment assistance, for households at or below 80% and 100% of area median income; and

Whereas, 29 Oak Hill LLC has agreed to place a Deed Restriction on the property that runs with the land, ensuring all units will be affordable at their respective incomes for 20 years from the date of sale; and

Whereas, the execution of the development agreement and sale of the property is contingent on the approval of Conditional Zoning by the City Council; and

Whereas, the development of the property will create additional road connectivity in the neighborhood, which will potentially help neighborhood traffic congestion;

Now, therefore, be it resolved by the City Council of the City of Asheville that:

1. The City Manager is hereby authorized to execute any and all documents necessary to convey to 29 Oak Hill, LLC, a parcel of City real property, by sale located at 29 Oak Hill Drive in its entirety, upon the terms agreed upon by the City and 29 Oak Hill LLC, and upon the approval of the City Attorney;

2. The City Clerk is hereby authorized to publish a notice summarizing the contents of this resolution related to the conveyance of the city-owned property once after its adoption in a newspaper of general circulation within the City, and no sale shall be consummated hereunder until 10 days after publication of such notice.

2. A Housing Trust Fund loan in the total amount of $1,600,000, an interest-only loan amortizing at 1.0% interest, for a term of three (3) years, of which $850,000 is to be repaid to the City and $750,000 will be issued as second mortgages to qualified buyers as downpayment assistance, to 29 Oak Hill LLC for the construction of 42 new townhomes located at 29 Oak Hill, PIN 9629-90-2093. Ten of the townhomes (23% of the units) will be restricted to individuals and households earning 80% or less of the Area Median Income (AMI), and ten of the townhomes (23% of the units) will be restricted to 100% or less of AMI. The remaining twenty-two units will be restricted to households at or below 110% AMI.

The City Manager is hereby authorized to negotiate and execute any and all documents necessary to give effect to this approval.

Read, approved and adopted this 23rd day of June, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk

City of Asheville Budget Amendment Ordinance Number ____

Be it Ordained by the City Council of the City of Asheville:

That Section 1 of the City of Asheville Annual Operating Budget Ordinance be amended to transfer funds from the General Capital Projects Fund to the Housing Trust Fund for the development of affordable housing at 29 Oak Hill Drive, as follows:

Housing Trust Fund

Revenues:

Transfer from the Capital Fund - $1,600,000

Expenditures:

Housing Loan - $1,600,000

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved and adopted this 23rd day of June, 2026.

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Esther E. Manheimer, Mayor

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Brad Branham, City Attorney

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Magdalen Burleson, City Clerk