City of Asheville Staff Report

City Council Meeting Date: June 9, 2026

Subject: CDBG-DR Multi-Family Housing Program Funding Awards

Staff Resources: Nikki Reid, Community & Economic Development Department Director, Elma King, CDBG-DR Program Manager

Action Requested: 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.

Council Vision 2036 Focus Area(s):

- Quality Affordable Housing
- A Well-Planned And Livable Community

Council Priority Recovery Area(s):

- Housing

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.

Suggested Motion:

- Motion to amend Resolution No. 26-96 to authorize the additional award of $9.5 million of CDBG-DR Multi-Family Housing Program funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills)

Attachment(s):

- Resolution

City of Asheville Resolution Number 26-___

Resolution amending Resolution Number 26-96 adopted on May 12, 2026, to authorize the additional award of CDBG-DR multi-family housing funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills)

Whereas, pursuant to N.C.G.S.§160D-1311, the City is authorized to engage in, to accept federal and State grant funds and loans for, and to appropriate and expend funds for community development programs and activities, including, but not limited to, programs concerned with affordable housing construction for persons of low and moderate income; and

Whereas, the City of Asheville is an Entitlement City for the federal Community Development Block Grant - Disaster Recovery (CDBG-DR) funding; and

Whereas, the City of Asheville was awarded $225,010,000 in one-time funding via the CDBG-DR Program in January 2025; and

Whereas, the CDBG-DR Action Plan was approved to be submitted to the U.S. Department of Housing and Urban Development (HUD) as part of Resolution No. 25-80 on April 8, 2025 and was approved by HUD on May 14, 2025; and

Whereas, the CDBG-DR Action Plan allocated $31,000,000 to Housing Programs; and

Whereas, a notice of funding opportunity was available for the CDBG-DR Affordable Multifamily Housing Construction Program from January 21, 2026, to February 25, 2026, to solicit proposals from developers for CDBG-DR multifamily housing construction within the City of Asheville; and

Whereas, the City of Asheville and the Housing and Community Development Committee reviewed the applications and recommended three awards totaling $17.89 million to fund Terrace at River Hills for $9.5 million, to construct 126 units; District East Commons for $1.39 million to construct 93 units; and 319-B Biltmore for $7 million, to construct 112 units; and

Whereas, City Council adopted Resolution Number 26-96 on May 12, 2026, 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; and

Whereas, staff recommends an additional award of $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 to meet the community's recovery needs and quickly initiate much-needed affordable multifamily housing construction;

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

City Council hereby amends Resolution No. 26-96 adopted on May 12, 2026, to authorize an additional award of $9.5 million of CDBG-DR Affordable Multifamily Housing Construction Program funding from the Department of Housing and Urban Development allocation to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills), and authorizes the City Manager to execute all contracts, grants, and loan agreements consistent with this resolution and accompanying staff report, after approval by the City Attorney, with the designated entities.

Read, approved, and adopted this 9th 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