City of Asheville Staff Report

Housing and Community Development Meeting Date: May 5, 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: Recommend that City Council authorize the 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), Commonwealth Development Corporation (District East Commons), and Laurel Street (319B Biltmore).

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. The funding opportunity advertised $10,000,000 in available funding, and additional funding within the multi-family program can be awarded in this process as appropriate.
- 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.
- Staff recommends awarding $17.89 million to support 331 housing units across three projects. These include the top-ranked Terrace at River Hills ($9.5 million, to construct 126 units), followed by District East Commons ($1.39 million, to construct 93 units) and 319-B Biltmore ($7 million, to construct 112 units). The 319-B Biltmore project is recommended as a supplemental project in line with city priorities.
    - All three funding commitments will be contingent on a successful application and award of Low-Income Housing Tax Credits via the North Carolina Housing Finance Agency.
    - Terrace at River Hills and 319-B Biltmore both will apply as 4% tax credit projects and have no additional funding contingencies.

    - District East Commons will apply as a 9% tax credit and also needs State of NC CDBG-DR funding. The City's funding will be contingent on District East securing State funding.
- To proceed, the City Council must authorize agreements between the City and developers and award CDBG-DR funds for the construction of Affordable Multi-Family Housing within the City of Asheville.
- Low-Income Housing Tax Credit applications are due May 15, 2026, and the CDBG-DR funding commitment is critical to those applications.
- The projects are also time-sensitive to meet the community's recovery needs, quickly initiate much-needed affordable multifamily housing construction, and activate CDBG-DR funds.

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

Fiscal Impact:

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

Suggested Motion:

- Motion to recommend that City Council authorize the City Manager to award CDBG-DR CDBG-DR Multi-Family Housing Program funds to Mountain Housing Opportunities/South Creek Development (Terrace at River Hills), Commonwealth Development Corporation (District East Commons), and Laurel Street (319B Biltmore).

Attachment(s):

- N/A