

Tuesday – December 10, 2019 - 5:00 p.m.

Regular Meeting

Present: Mayor Esther E. Manheimer, Presiding; Vice-Mayor Gwen C. Wisler; Councilman Brian D. Haynes; Councilman Vijay Kapoor; Councilwoman Julie V. Mayfield; Councilwoman Sheneika Smith; Councilman W. Keith Young; City Manager Debra Campbell; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Absent: None

**PLEDGE OF ALLEGIANCE**

Mayor Manheimer led City Council in the Pledge of Allegiance.

**AGENDA CHANGE**

Mayor Manheimer thanked the Sustainability Advisory Committee on Energy & the Environment (SACEE) for providing Council with a resolution declaring a climate emergency. She also thanked the Sunrise Movement for meeting with her earlier today to discuss the resolution. At the request of the Sunrise Movement, the climate emergency resolution which was recommended by SACEE resolution not be considered at this meeting in order to give them a little more time for conversation in order for the two groups to come to an agreement on a final resolution. She was hopeful that a resolution could be considered in one of the two Council meetings in January, 2020. She thanked SACEE and the Sunrise Movement for the work that has already been done and the work that will be forthcoming.

**I. PROCLAMATIONS:**

**II. CONSENT AGENDA:**

- A. APPROVAL OF THE MINUTES OF THE REGULAR MEETING HELD ON NOVEMBER 26, 2019**
- B. RESOLUTION NO. 19-268 - RESOLUTION ADOPTING THE 2020 CITY COUNCIL MEETING SCHEDULE**

Summary: The following schedule of the meetings of the Asheville City Council for 2020 be, and the same is, hereby established as follows: City Council Formal Meetings - 5:00 p.m. - 2<sup>nd</sup> and 4<sup>th</sup> Tuesdays of each month - Council Chamber – 2<sup>nd</sup> Floor - City Hall Building, Asheville, N.C.

The following meetings are hereby cancelled: Tuesday, July 14, 2020; Tuesday, August 11, 2020; and Tuesday, December 22, 2020.

**RESOLUTION BOOK NO. 41 - PAGE 164**

- C. MOTION APPROVING THE FISCAL YEAR 2020-21 BUDGET CALENDAR**

**Action Requested:** Motion to adopt the Fiscal Year 2020-2021 Budget Calendar.

**Background:**

- As a part of the Fiscal Year 2020-2021 Operating and Capital Budget development process, which began internally in October, staff is proposing a budget schedule which encompasses the following:
  - An initial budget worksession with City Council in January 2020;
  - A series of budget worksessions with City Council in March and April 2020;
  - Formal presentation of the City Manager's Proposed Budget on May12, 2020; and
  - Budget adoption on June 9, 2020.

**Council Goal(s):**

- A Financially Resilient City
- A Connected and Engaged Community

**Committee(s):** None

**Pro(s):**

- Provides City Council, staff, and the community with a calendar of upcoming dates related to development of the FY 2020-2021 budget.

**Con(s):**

- None.

**Fiscal Impact:**

- None.

**Motion:**

- Motion to adopt the Fiscal Year 2020-2021 Budget Calendar.

**D. ORDINANCE NO. 4783 - ORDINANCE ENACTING A THROUGH TRUCK PROHIBITION ALONG ROYAL PINES DRIVE FROM SWEETEN CREEK ROAD TO HENDERSONVILLE ROAD IN SOUTH ASHEVILLE**

**Action Requested:** Adoption of an ordinance enacting a through truck prohibition along Royal Pines Drive in South Asheville.

**Background:**

- The City of Asheville Code of Ordinances Section 19-60 regulates trucks traveling along designated residential streets.
- Large trucks are routinely using Royal Pines Drive as a “shortcut” between Sweeten Creek Road and Hendersonville Road.
- Large trucks should not be using Royal Pines Drive as a “shortcut” since there are no destinations along Royal Pines Drive for large trucks.

**Council Goal(s):**

- Transportation and Accessibility

**Committee(s):**

- None

**Pro(s):**

- Prohibits through trucks from using Royal Pines Drive.
- Keeps through trucks on US numbered routes.
- Eliminates delay to the traveling public.

**Con(s):**

- None

**Fiscal Impact:**

- The cost of installing and maintaining truck prohibition signs is included in the current operating budget.

**Motion:**

- Motion to approve an ordinance enacting a through truck prohibition along Royal Pines Drive from Sweeten Creek Road to Hendersonville Road in South Asheville.

**ORDINANCE BOOK NO. 33 - PAGE 8**

**E. RESOLUTION NO. 19-269 - RESOLUTION AUTHORIZING THE CITY MANAGER TO AMEND THE LICENSE AGREEMENT WITH MAPLE CREST, LLC, AND THE HOUSING AUTHORITY FOR THE REIMBURSEMENT OF COSTS ASSOCIATED WITH SOIL REMEDIATION, STORMWATER IMPROVEMENTS AND OTHER CONSTRUCTION RELATED ACTIVITIES THAT SUPPORT THE FUTURE DEVELOPMENT OF PROPERTY AT 319 BILTMORE AVENUE**

**Action Requested:** Adoption of a resolution to authorize the City Manager to amend the license agreement with Maple Crest LLC and the Housing Authority for the reimbursement of costs associated with soil remediation, stormwater improvements and other construction related activities that support the future development of property at 319 Biltmore Avenue.

**Background:**

- The City entered into a Memorandum of Understanding with Duke Energy in January 2017 for property located at 319 Biltmore Avenue and later entered into an Option to Purchase the property in October 2017 in order to redevelop the property for an affordable, mixed income community. In 2018, the City developed site concepts and performed pro-forma analysis for affordable housing on 319 Biltmore and is taking next steps to market the site for redevelopment. The site is one of the “High Impact Sites” included within the Affordable Housing Bond program.
- The adjoining property is known as Lee Walker Heights and the Housing Authority, in partnership with Mountain Housing Opportunities, Inc. is currently in the process of construction for the major redevelopment of Lee Walker Heights.
- On July 22, 2019 the City entered into a license agreement with Maple Crest, LLC (a joint venture of the Housing Authority and Mountain Housing Opportunities) to allow the construction of a new roadway and earthwork improvements on property located at 319 Biltmore, in connection with the redevelopment of Lee Walker Heights.
- Site work is underway at 319 Biltmore, and there are certain infrastructure improvements, such as the relocation of an existing stormwater line and environmental remediation, that would benefit the future development of 319 Biltmore.
- These site improvements are outside of the current scope of the Lee Walker Heights redevelopment, however significant cost and time savings would result if the City were to contract with Maple Crest to perform these improvements at this time, prior to the installation of the new roadway to connect Lee Walker Heights to Biltmore Avenue.
- Under the current License Agreement, Maple Crest agreed to cover the costs of environmental remediation, including soil remediation, at 319 Biltmore, up to \$64,100.00 and the City agreed to cover environmental costs that exceed that cap, but those costs were not known at the time.

- Utilizing bond funds (of the \$15M dedicated to City-owned land), staff is requesting \$400,000 be allocated for infrastructure improvements to support future affordable and mixed income housing development at 319 Biltmore Avenue, which includes a 10% contingency for any overage. This funding will reimburse the following expenses:
  - Additional Soils remediation estimated at \$100,000
  - Stormwater Relocation & Replacement estimated at \$300,000
- The reimbursement will be paid to the Housing Authority for lender requirements and accounting purposes.

**Council Goal(s):**

- Well Planned and Livable Community
- Quality Affordable Housing

**Committee(s):**

- None.

**Pro(s):**

- Soils remediation and stormwater relocation are needed to deliver development-ready conditions at 319 Biltmore Avenue
- Significant time and cost savings for performing the work now, prior to the installation of the new roadway to connect Lee Walker Heights to Biltmore Avenue

**Con(s):**

- None

**Fiscal Impact:**

- The City will expend \$400,000 of Affordable Housing Bond Funds to support the development of affordable and mixed income housing on City-owned land.

**Motion:**

- Motion to adopt a resolution that authorizes the City Manager to amend the license agreement with Maple Crest LLC and the Housing Authority for the reimbursement of costs associated with soil remediation, stormwater improvements and other construction related activities that support the future development of property at 319 Biltmore Avenue.

**RESOLUTION BOOK NO. 41 - PAGE 165**

**F. RESOLUTION NO. 19-270 - RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE EASEMENT AGREEMENTS OR ABANDON EASEMENTS ON BEHALF OF THE CITY UNDER CERTAIN CIRCUMSTANCES**

**Action Requested:** Adoption of a resolution to authorize the City Manager to execute easement agreements or abandon existing easements on behalf of the City under certain circumstances.

**Background:**

- To improve efficiency, it is recommended that the City Council consider delegating authority to the City Manager to execute easement agreements or abandon existing easements on behalf of the City under certain circumstances.
- The situations would not involve the expenditure of City funds, nor relinquish needed City property rights. By allowing these instruments to be executed at the staff level, the parties involved can expedite the process and further streamline Council agendas by removing non-controversial items which have no fiscal impact.

- If approved, the Manager would Execute easements under the following general guidelines:
  - No monetary compensation is warranted or paid
  - City receives consideration in the form of sufficient non-monetary public benefit (Ex: easement allowing utility provider to install a street light)
  - The utility or value of City land upon which the easement is being granted will be unaffected and not devalued. (Determination based upon an analysis by City Real Estate staff and any other affected City Departments).
- If approved, the Manager would Abandon City easements under the following general guidelines:
  - The easement is no longer needed for City operation or services (Ex: abandoning a waterline easement after a City project has replaced and relocated the waterline to a new location).
  - The easement has little or no value to the City (Determination based upon an analysis by City Real Estate staff and any other affected City Departments).

**Council Goal(s):**

- Well Planned and Livable Community

**Committee(s):**

- None

**Pro(s):**

- Will allow the City to more quickly and efficiently grant or abandon easements

**Con(s):**

- None

**Fiscal Impact:**

- None

**Motion:**

- Motion to adopt a resolution that authorizes the City Manager to execute easement agreements or abandon existing easements on behalf of the City under certain circumstances.

**RESOLUTION BOOK NO. 41 - PAGE 166**

**G. ORDINANCE NO. 4784- BUDGET AMENDMENT IN EACH OF THE CITY'S ANNUAL OPERATING FUNDS TO APPROPRIATE FROM RESTRICTED AND ASSIGNED FUND BALANCE THE REQUIRED BUDGET AUTHORIZATION FOR PRIOR YEAR CONTRACTS, PURCHASE ORDERS, AND OTHER CARRY-OVER APPROPRIATIONS THAT ROLLED FORWARD TO FISCAL YEAR 2019-20**

**Action Requested:** Technical budget amendment in each of the City's annual operating funds to appropriate from restricted and assigned fund balance the required budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to Fiscal Year (FY) 2019-20.

**Background:**

- As part of its ongoing operations, the City enters into various contracts and purchase order agreements throughout the fiscal year.

- Budget funds are encumbered for the full amount of the expected purchase.
- These contracts and purchase orders are often not fully completed and paid in one fiscal year.
- North Carolina General Statutes provide authorization for local governments to reserve the unexpended portion of these prior year commitments and roll those budgets forward to the new fiscal year.
- As a part of the FY 2018-19 annual audit, staff identified prior year commitments and carry-over appropriations to roll forward to FY 2019-20.
  - These dollar amounts were deducted from the unassigned fund balance amounts that were reported in the Comprehensive Annual Financial Report (CAFR).
  - The technical budget amendment will provide authorization to officially appropriate these amounts in the FY 2019-20 budget for each of the City's annual operating funds. It is standard practice for staff to bring forward this technical budget amendment each year at the same City Council meeting in which the external auditors present the annual audit results.

**Council Goal(s):**

- A Financially Resilient City

**Committee(s):**

- None

**Pro(s):**

- Provides budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to FY 2019-20.

**Con(s):**

- None.

**Fiscal Impact:**

- There is no impact on unassigned/available fund balance in the City's operating funds.

**Motion:**

- Motion to adopt a technical budget amendment in each of the City's annual operating funds to appropriate from restricted and assigned fund balance the required budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to FY 2019-20.

**ORDINANCE BOOK NO. 33 - PAGE 9**

**H. RESOLUTION NO. 19-271 - RESOLUTION CALLING FOR A PUBLIC HEARING ON JANUARY 14, 2020, TO ISSUE LONG-TERM (20 YEAR) GENERAL OBLIGATION BONDS RELATED TO THE 2016 BOND REFERENDUM**

**INTRODUCTION OF BOND ORDER AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION REFUNDING BONDS RELATED TO THE 2016 BOND REFERENDUM**

**Action Requested:** Resolution setting a public hearing on January 14, 2020, to receive public comments on the proposed General Obligation (GO) Refunding Bond financing for the refinancing of existing debt; and introduction of Bond Order authorizing the issuance of General Obligation Refunding Bonds related to the 2016 Bond Referendum.

**Background:**

- In May, 2018, Council authorized the issuance of a General Obligation Bond Anticipation Note in an amount not to exceed \$23,000,000.
- Since that time, the City has drawn down \$15.6 million and hopes to draw on the remaining amount available over the next few months with an emphasis on affordable housing initiatives.
- In order to refund the principal, the City intends to issue long-term, fixed-rate GO Bonds in early March, 2020. Such an issuance requires a public hearing.

**Council Goal:**

- Financially Resilient City

**Committee(s):**

- None

**Pro(s):**

- Converts GO funding from short-term variable-rate debt to long-term, fixed-rate bonds.
- Spreads capital costs over longer term to better match assets' lives.

**Con(s):**

- None

**Fiscal Impact:**

- Annual debt service payments will increase because long-term fixed rates are higher than short-term variable rate debt. This increase is included in the City's long-range financial model for issuing and paying-off debt. The final amounts of the new debt service payments will be determined on the bond sale date.

**Motion:**

- Motion to authorize staff to proceed with the process and set a public hearing on January 14, 2020, and after receiving public comment regarding the financing, that Council proceed with final approvals for the financing on January 28, 2020.
- Motion to introduce Bond Order authorizing the issuance of General Obligation Refunding Bonds related to the 2016 Bond Referendum.

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

Mayor Manheimer said that members of Council have been previously furnished with a copy of the resolutions and ordinances on the Consent Agenda and they would not be read.

Vice-Mayor Wisler moved for the adoption of the Consent Agenda. This motion was seconded by Councilman Young and carried unanimously.

**III. PRESENTATIONS & REPORTS:**

**A. FISCAL YEAR ENDED JUNE 30, 2019, AUDIT REPORT**

Ms. Becki King, City Controller, who introduced Mr. Mark Snyder, and Mr. Robbie Bittner, representing RSM, who reported on the Fiscal Year ended June 30, 2019, audit report, summarizing that the City has received an unmodified “clean” (highest level of assurance) rating.

## **B. MANAGER’S REPORT**

City Manager Campbell said that she would provide Council with an update of Council’s priorities and initiative over the next several Council meetings. Regarding transit number, she said that she will discuss them as part of the City Council budget worksession on January 14, 2020, at 3:00 p.m. in the Council Chamber.

City Manager Campbell was pleased to announce that the City of Asheville employee parking lot on Marjorie Street will now be open at 4:30 p.m. on City Council meeting dates for the public to park while attending the City Council meeting.

### **Sustainability Update**

Sustainability Officer Amber Weaver provided Council with a history of commitment to sustainability initiatives; leaders in the climate resilience; NC Local Government and Duke Energy Climate Collaborative; Work to incorporate equity and climate justice into policies, practices and procedures; policies and letter of support on state, federal, national and global carbon mitigation and climate commitments; and support and collaborate with nonprofits while achieving sustainability initiatives.

She reviewed the 11 resolutions regarding sustainability.

Regarding the carbon reduction goal, the goal is 4% annual carbon reduction for municipal operations until an 80% carbon reduction is reached based on 2008 emissions. Key accomplishments include (1) Carbon Disclosure Project = Grade B; (2) 5 LED lighting upgrades; (3) 1st PV Array being installed at the ART Station; (4) Building Automation System upgrades at the Municipal Building and U.S. Cellular Center; (5) 5 electric buses; and (6) all Electric LEED Certified Fire Station.

Regarding the 100% renewable energy goal, the goal is 100% renewable energy for City operations by 2030 and support Buncombe County’s community-wide goal by 2042. Key accomplishments include: (1) completion of the 100% Renewable Energy Roadmap for Municipal Buildings; (2) Green Source Advantage RFP w/Buncombe County; and (3) Aggregated Solar RFP with Buncombe County.

Regarding the climate resiliency, the City of Asheville’s climate resilience assessment was a collaborative effort with UNC-Asheville’s National Environmental Modeling and Analysis Center. Led by the Office of Sustainability, this initiative is designed to help the City be prepared for and hopefully lessen the impacts of future extreme weather and climate change. Key accomplishments include: (1) Climate Resilience Assessment was adopted as part of the Comprehensive Plan, Living Asheville; (2) Climate Resilience Resource Guide; and (3) GARE’s Racial Equity Toolkit was utilized in the creation of the Climate Resilience Resource Guide.

Regarding local, state and utility partnerships, the goal is establishing a joint City, County, and Utility Energy Innovation Task Force. Key accomplishments include (1) eliminating the need for a 190 MW peaker unit; (2) creation of the Blue Horizons Project; (3) 19 MW utility-scale battery storage; (4) development of the State’s first two utility-scale microgrids; (5) enrollment of over 600 homes in Duke EnergyWise energy conservation program; (6) weatherization of over 400 low-income homes; (7) participation in the Environmental Defense Fund Cities Initiative; (8)

NC Local Government & Duke Energy Climate Collaborative; and (9) NC Executive Order 80: Address Climate Change and Transition to a Clean Energy Economy.

Regarding the Food Policy Action Plan, the goal is that the Food Policy Action Plan addresses food security, food emergencies and urban farming. Key accomplishments include continued partnership with Asheville-Buncombe County Food Policy Council and Bountiful Cities - \$30,000 (a) AVL Edibles Map; (b) create garden signage; (c) Food Preservation Workshop; (d) Maintenance Plan Dr. Carver Edible Park; and (e) management and oversight of the AVL Community Gardens.

Regarding the waste reduction goal, the goal is establishing a long-term waste reduction goal of 50% municipal solid waste reduction by 2035. Key accomplishments include (1) continued partnership with Asheville Greenworks - \$30,000 (a) Compost Demonstration Workshops; (2) Adopt A Spot Program; (3) Asheville Housing Authority Recycling Education Workshops; (4) Neighborhood Recycling & Waste Reduction Education Outreach; (5) Waste Audits; (6) 2019 Food Waste Summit; and (7) NC DEQ Grant: promoting the Recycle Right and Anti-contamination Campaign.

Ms. Weaver then reviewed the southeast sustainability statistics.

City Manager Campbell acknowledged that we know we have a lot more to do but these are things we are doing. We have challenges and we expect, through the next several months, to balance all of the complementary interests.

Vice-Mayor Wisler noted that we continue to have sustainability as a core value.

#### **IV. PUBLIC HEARINGS:**

##### **A. PUBLIC HEARING TO CONSIDER THE CONDITIONAL ZONING OF 1 SOUTH TUNNEL ROAD FROM REGIONAL BUSINESS DISTRICT TO MIXED USE EXPANSION/CONDITIONAL ZONE TO ALLOW A MIXED-USE DEVELOPMENT THAT INCLUDES RESIDENTIAL, RETAIL, SERVICE AND ENTERTAINMENT USES**

At the request of the applicant's attorney, Councilman Kapoor said that pursuant to Rule 19 (f) of the Asheville City Council Rules of Procedure he moved to defer consideration of the motion considering the conditional zoning request for 1 South Tunnel Road from Regional Business District to Mixed Use Expansion/Conditional Zone for a period of up to 100 days or until such time as a motion to revive consideration is adopted, whichever is earlier. This motion was seconded by Vice-Mayor Wisler and carried unanimously.

##### **B. PUBLIC HEARING TO CONSIDER A LAND USE INCENTIVE GRANT TO SUPPORT AFFORDABLE HOUSING UNITS AT ASHELAND/COXE AVENUES**

##### **RESOLUTION NO. 19-272 - RESOLUTION GRANTING A LAND USE INCENTIVE GRANT TO SUPPORT AFFORDABLE HOUSING UNITS AT ASHELAND/COXE AVENUES**

At the request of Mayor Manheimer, Councilman Young moved to recuse Mayor Manheimer from participating in this matter (Land Use Incentive Grant) and the following matter (Conditional Zoning) due to a conflict of interest. This motion was seconded by Vice-Mayor Wisler and carried unanimously.

At this time, Mayor Manheimer handed the gavel over to Vice-Mayor Wisler to preside over the meeting and left the meeting room.

Community Development Program Director Paul D'Angelo said that this is the consideration of (1) a resolution granting a land use incentive grant to support affordable housing units at Asheland/Coxe Avenues.

**Action Requested:** Request/application by Tribute Companies for a Land Use Incentive Grant (LUIG) to support affordable housing units at a mixed-use, mixed-income development at Asheland / Coxe Avenues.

**Review:**

- Tribute companies has applied for a Land Use Incentive Grant for their development at Asheland & Coxe per the LUIG policy adopted by City Council and amended on October 22, 2019.
- The development consists of 488 rental apartments with 10% (49) of the homes proposed for 80% Area Median Income (AMI) for 20 years.
- This project is composed of four sites located within the Asheville Central Business District.
  - 172 Asheland Avenue parcel (PIN# 9648-38-0052)
  - 185 Coxe Avenue parcel (PIN# 9648-37-2825)
  - 5 Federal Alley parcel (PIN# 9648-37-1928)
  - 99999 Coxe Avenue Parcel (PIN# 9648-37-2643)
- The developer estimates a total development cost of \$45M.
- Tax Value of the property, to be based on Buncombe County Tax Assessment estimate, is \$90M post completion.
- The project, as presented to staff, meets the following Eligibility Requirements:
  - The proposed development consists of two or more dwelling units for rent;
  - At least 10% of the units will meet the affordability standards set by the City of Asheville for households earning 80% or less of the AMI.
  - The affordable units will be affordable to and leased to income-eligible households for at least 20 years.
  - The proposed development must be located inside the city limits.
  - The proposed development must be located to provide residents convenient access to jobs, schools and services.
  - The proposed development must be 70% residential in use based on square footage not to include a parking structure if applicable.
- Per the LUIG Scoring Matrix and based upon the policy, the project will receive 30 total points for affordability and an additional 50 points for location for a total score of 80 points. Per the policy, this will equal 16 years of grants in the amount of the City Property Taxes payable on the Ashland / Coxe Development.

**Proposal:**

- Affordable Rental Housing
  - The proposed project will provide forty-nine (49) units affordable to households at 80% or less of median income for an affordability period of twenty (20) years. Under this category, the project qualifies for 20 points.
- Rental Assistance
  - The proposed project will accept 20% of the final number of affordable units as Housing Choice Vouchers / Rental Assistance in the community, currently 10 vouchers. Under this category, the project qualifies for 10 points.
- Superior locational efficiency

- The proposed project is located within .25 mile of a 1/2 hour transit stop served by an existing sidewalk , within the Central Business District, within 1 mile from job or urban center, and within a .5 mile from a Transportation Amenity. Under this category, the project qualifies for 50 points.
- Staff has scored the project with 80 points, which qualifies the project for sixteen years (16) of Land Use Incentive Grant.

**Council Goal(s):**

- Quality Affordable Housing
- An Equitable and Diverse Community

**Committee(s):**

- Housing & Community Development - November 26, 2019 - passed unanimously with a cap of \$80,000 per affordable unit grant
- Finance & HR Committee - December 10, 2019

**Staff Recommendation:** Staff recommends approval with a cap of \$80,000 per affordable unit grant.

**Pro(s):**

- The proposed project will provide 49 affordable rental housing units to households earning 80% or less of AMI;
- The proposed project will have an affordability period of twenty (20) years;
- The proposed project addresses the pressing need for affordable one-bedroom apartments (49);
- The proposed project should have a significant economic impact. Construction wages and material purchases will positively affect the local and regional economy;
- 49 affordable units located in the central business district (walkability score of 81 - very walkable) provides options for our downtown community workers who fall within the 80% AMI incomes.

**Con(s):**

- Cost estimates are not yet fully developed, and project costs as presented may change as it moves towards development.

**Fiscal Impact:**

***Grant - full tax value grant***

- The parcels have a combined current tax value of \$4.1 million and pay taxes of approximately \$17,585 annually.
- Under the estimated Tax Value of \$90M post-completion, the annual city tax will be approximately \$386,010.
- The difference is \$368,425 which would be granted to the property owner annually after payment for 16 years.
- For 20 years and 49 affordable units at 80% AMI, the city will grant back a total of \$5,894,800 over the 16 years of the LUIG which equals \$120,302 per affordable unit of subsidy which is higher than the current estimate of up to \$80,000 in subsidy for 80% AMI homes as suggested by our Lord Aeck Sargeant consultants.
- In years 17-20 of the affordability period, the City will receive the approximate \$386,010 annually in city tax revenue, or a total over the 4 years of \$1,544,040 in property taxes. Please note the City will still receive property taxes of approximately \$17,585 in years 1 - 16.

***Grant - tax value grant capped at \$80,000 per unit***

- At a cap of \$80,000 per affordable unit, for 20 years and 49 affordable units at 80% AMI, the city will grant back a total of \$3,920,000 over the 16 years of the LUIG or \$245,000 per year, years 1 - 16.
- In years 17-20 of the affordability period, the City will receive the approximate \$386,010 annually in city tax revenue, or a total over the 4 years of \$1,544,040 in property taxes. Please note the City will still receive property taxes of approximately \$141,010 based on the \$245,000 cap.

Councilman Kapoor said that the Finance & Human Relations Commission met earlier in the day and recommended approval the LUIG at an amount not to exceed \$80,000 per affordable unit. As part of the meeting discussion, there was a direction to ask staff to investigate a potential policy change of adjusting a cap based on inflation amount as it related to tax and value.

Mr. Wyatt Stevens, attorney for Tribute Companies, said that his client has been in active discussions with the City about this opportunity. This LUIG grant will enable them to have 49 affordable units to families making less than 80% AMI for 20 years. He said this is a remarkable project and could not happen without the partnership with the City. He reiterated his concern about the cap of \$80,000 over 16 years and flagged for Council that they may need to come back for reconsideration of that cap in the future.

Vice-Mayor Wisler opened the public hearing at 5:47 p.m., and when no one spoke, she closed the public hearing at 5:47 p.m

Vice-Mayor Wisler said that members of Council have previously received a copy of the resolution and it would not be read.

Councilman Kapoor moved to approve the Land Use Incentive Grant to the Tribute Companies for the Asheland / Coxe Development for an amount not to exceed \$80,000 per affordable unit with the direction to staff to review possible LUIG policy changes of adjusting a cap based on inflation amount as it related to tax and value. This motion was seconded by Councilman Young and carried unanimously (with Mayor Manheimer being recused from voting).

**RESOLUTION BOOK NO. 41 - PAGE 170**

**PUBLIC HEARING TO CONSIDER CONDITIONALLY ZONING PROPERTY LOCATED AT 172 ASHELAND AVENUE, 185 AND 99999 COXE AVENUE AND 5 FEDERAL ALLEY FROM CENTRAL BUSINESS DISTRICT TO CENTRAL BUSINESS DISTRICT EXPANSION/CONDITIONAL ZONE FOR THE CONSTRUCTION OF A MIXED-USE DEVELOPMENT**

**ORDINANCE NO. 4785 - ORDINANCE TO CONDITIONALLY ZONE PROPERTY LOCATED AT 172 ASHELAND AVENUE, 185 AND 99999 COXE AVENUE AND 5 FEDERAL ALLEY FROM CENTRAL BUSINESS DISTRICT TO CENTRAL BUSINESS DISTRICT EXPANSION/CONDITIONAL ZONE FOR THE CONSTRUCTION OF A MIXED-USE DEVELOPMENT**

Urban Planner Jessica Bernstein said that this is the consideration of (1) a resolution granting a land use incentive grant for 172 Asheland Avenue, 185 and 99999 Coxe Avenue and 5 Federal Alley; and (2) an ordinance to conditionally zoning property located at 172 Asheland Avenue, 185 and 99999 Coxe Avenue and 5 Federal Alley from Central Business District to Central Business District Expansion/Conditional Zone for the construction of a mixed-use development. This public hearing was advertised on November 29 and December 6, 2019.

**Action Requested:** Conditional zoning petition for property currently zoned Central Business District (CBD) to Central Business District Expansion Conditional Zone (CBD EXP CZ)

**Project Location and Contacts:**

- The project site consists of four parcels with a combined area of approximately 4.43 acres, located at 172 Asheland Avenue, 185 and 99999 Coxe Avenue and 5 Federal Alley (PINs 9648.37-2643, 9648.38-0052, 9648.37-1928 and 9648.37-2825) that are owned by Asheland Properties LLC and South Slope Holdings LLC.
- Petitioner: Tribute Investment & Development Inc; Contact: Warren Sugg.

**Summary of Petition:**

- The proposal is for a new mixed-use development containing approximately 488 residential units, approximately 86,000 square feet of office and commercial space and 973 structured parking spaces in five buildings.
- The petition includes a rezoning via conditional zoning from Central Business District (CBD) to Central Business District Expansion Conditional Zone (CBD EXP CZ) due to the size of the project.
- The site is located in an identified Opportunity Zone, which is intended to drive long-term capital into low-income communities by using tax incentives to encourage private investment.
- On October 23, 2018, City Council passed a resolution to “work with Opportunity Fund Investors and take a proactive approach to offer guidance in Opportunity Zone investments that promote Equitable Growth, Development without Displacement and Healthy Communities of Opportunity for all residents in and around Opportunity Zones.”
- Asheland and Coxe Avenues are both key pedestrian streets and the site spans both the intermediate and tallest height zones in the Central Business District (145 feet and 265 feet, respectively). The buildings range in height from five to seven stories due to grade changes across the multiple frontages (maximum building height shown as 80 feet).
- The proposal includes 12 foot wide sidewalks on Coxe Avenue and a 10 foot wide sidewalk on the Federal Alley project frontage, both with street trees in grates. The applicant is also proposing to construct a six-foot wide sidewalk along the section of Federal Alley that connects to Coxe Avenue, off of the project site.
- The Asheland Avenue frontage provides a 10 foot sidewalk behind a five foot grass strip and street trees in planters within the hardscaped plaza proposed with this design.
- There are a variety of urban courtyard spaces at different levels to make up the 70 to 85 foot grade change between the Asheland and Coxe Avenue frontages and includes both areas open to the public and office/commercial visitors as well as privately controlled spaces for residents.
- Vehicular access to the development is via two driveways into the parking structure, one from Asheland and one from Federal Alley. The project also includes two additional curb cuts (one on Asheland Avenue and one on Coxe Avenue) to provide off-street trash and loading access. There is also a parallel loading space proposed along Asheland Avenue.
- There is a portion of an existing unopened right-of-way that dead-ends within the project site. The closure of this right-of-way section will follow the City’s process, which will necessitate separate action by City Council.
- Design and operational standards for downtown projects are all met, providing active pedestrian-friendly uses along the ground level of all three facades, street wall step-backs, compliant fenestration on all facades, use of materials to break up building mass and a large structural connector art piece on Coxe Avenue.
- The project triggered the requirement of a Traffic Impact Study which is reviewed by both the City of Asheville and the NC Department of Transportation. Conditions accompany this project related to mitigating traffic congestion and increasing safety and usability for pedestrians and transit users.
- While only roughly 35 trees are required by code, the proposal includes the planting of an

- additional 145+/- trees in efforts to create an “urban forest” effect on the site.
- The project includes a number of conditions, some of which are due to a lack of compliance with City standards and additional conditions meant to mitigate impacts or provide a public benefit:
    - The project dedicates 10 percent of the residential units as affordable at 80% AMI for 20 years.
    - Significant urban open space is designed throughout the site (which is not a requirement in the downtown) with a greater amount of landscaping than required by code.
    - The portion of the unopened right-of-way that is within the project site will follow the City’s closure process including review by the Multimodal Commission and City Council.
    - The applicant will provide an upgraded transit shelter on the project site along Asheland Avenue and will provide a bench at the existing stop on the west side of Asheland.
    - The code limits a single standard driveway per development but due to the size of the development area, a total of four driveways are proposed.
    - Loading is not permitted on key pedestrian streets; a parallel loading pull-off space is proposed for Asheland Avenue.
    - The Asheland frontage includes a five foot grass strip with a 10 foot sidewalk (along with additional hardscaped space) as this corridor on the edge of downtown does not follow an urban streetscape or development pattern. 10 foot wide sidewalks are shown on Federal Alley with a six foot section connecting to Coxe Avenue.
    - The applicant is proposing to construct an additional sidewalk along Federal Alley to connect to Coxe Avenue.
    - Staff has recommended that the applicant upgrade the pedestrian crossing at Asheland and Hilliard Avenues to include accessible signals and push buttons as detailed in the conditions.
    - Upgrades will be provided for pedestrian crossings at the Asheland Avenue driveway. This will either be an upgraded pedestrian crossing with a hybrid beacon at Asheland and Morgan Avenues or the applicant will shift the driveway southward to align with the Morgan Avenue intersection where a fully-signalized crossing for both pedestrians and vehicles would be installed, as detailed in conditions six through eight.

**Comprehensive Plan Consistency:**

- This proposal is consistent with the Living Asheville Comprehensive Plan in that the Downtown Future Land Use category encourages mixed-use developments prioritizing pedestrian infrastructure, high-density residential, a variety of active commercial spaces and both market-rate and affordable residential options.
- Enhancing the urban tree canopy is a highlighted goal in the comprehensive plan section for Harmony with the Natural Environment, as well as incorporating green infrastructure into design.
- The proposal is aligned with numerous goals in the Livable Built Environment section of the plan, including the mix of uses, high density residential component with dedicated affordability, sidewalks, transit upgrade, structured parking and using creative design and urban open space for placemaking enhancements.
- Increasing the housing supply, especially in a walkable and transit-supportive location is a primary goal of the Resilient Economy section of the plan.

**Compatibility Analysis:**

- The proposal provides a mix of uses complementary to downtown and provides structured parking incorporated behind a liner building that activates a previously inactive right-of-way (Federal Alley).
- The design and materials break up the massing of larger structures and provide a variety of creative design features for placemaking and to reflect and respect each of the three different frontages.
- Widened sidewalks are provided on all frontages and active uses on the ground levels enhance the pedestrian realm. The open space connecting Asheland and Coxe Avenues incorporates both public and private areas, landscaping and creative stormwater treatment, making positive use of the significant grade change across the project site.
- Due to the design of the site and building elements, the structure and design is considered compatible in this urban location.

**Council Goal(s):**

- A Well-Planned and Livable Community
- Quality Affordable Housing
- Transportation and Accessibility

**Committee(s):**

- Technical Review Committee (TRC) - November 4, 2019 - approved with conditions
- Downtown Commission - September 13, 2019 - approved design review (6-0)
  - The Commission also held a separate discussion on impact issues and focused primarily on a desire to increase both the accessibility of the open space on the site and the contribution to affordable housing.
- Multimodal Commission for alley closure - not yet scheduled
- Planning & Zoning Commission - November 7, 2019 - recommended approval (7-0)

**Staff Recommendation:**

- Staff recommends approval of this project and finds that the mix of uses and project design is compatible with the requirements of the zoning district, downtown design standards and guidelines and the Living Asheville Comprehensive Plan in numerous ways as noted in the report.

Ms. Bernstein said that staff and the applicant have agreed to shift the driveway southward to align with the Morgan Avenue intersection where a fully-signalized crossing for both pedestrians and vehicles would be installed as shown on the site plan - alternate.

Councilwoman Smith was concerned with the already congested area at Morgan Avenue and Asheland Avenue with school related traffic, work related traffic and people travelling to and from the medical and social services on Asheland Avenue. This will impact our on-time services of our buses. She could not support this project without more information on this impact.

When Councilwoman Mayfield asked if there has been any discussion with the neighborhood about traffic calming measures on surrounding streets, i.e., Morgan Avenue, Ms. Bernstein was unaware of any discussion but that the Transportation Department has a process for traffic calming devices with neighborhoods. Councilwoman Mayfield said that if the neighborhood is interested in traffic calming devices, this might be an opportunity to make that a condition for the developer to pay for them, if the developer is agreeable.

Mr. Stevens, attorney representing Tribute Company, said that this client has agreed to add a condition that they would fund up to \$30,000 for any traffic calming that is deemed necessary for that area.

Mr. Brian Cook, architect with the applicant, reviewed with Council in detail the site plan for the project, along with the different buildings and which floors would contain retail space, office space and apartments. He then reviewed with Council the parking deck, which will be well hidden within the project area.

Mr. Matt Sprouse, landscape architect for the applicant, highlighted some of the site conditions. On the 4.5 acre site, they have broken up the mass so spaces have air, light and plantings in the middle of the development. They will have three new vibrant streetscapes on Coxe Avenue, Federal Avenue and on Asheland Avenue, with a vibrant courtyard. They will bring back an urban canopy into the courtyard space, focusing on native trees, native shrubs, pollinators, etc. He said 37 trees are required for the project; however, they will be adding 145 more trees into the courtyard space. They are very aware of the stormwater issues happening on the south slope so there are some engineered innovative solutions. He urged Council to approve this project as they are trying to bring some new life into this area.

Mr. Chris Day, traffic engineer for the applicant, said that they are in agreement with City staff to align the driveway with Morgan Avenue with a fully signalized crossing. They analyzed that intersection with Morgan Avenue and found that as you drive north to Hilliard, that intersection (currently an "F") backs up and there are many folks who try to make a left onto Morgan Avenue and find their way to S. French Board to avoid that light. Two times a day that neighborhood receives that traffic. In the evening, 6% of the cars (55) are turning onto Morgan Avenue. There is also a significant amount of traffic going the opposite direction when school lets out. They had conversations with staff about this intersection, as well as the Hilliard/Asheland intersection (currently an "F"). The Hilliard/Asheland intersection will also have an "F" even if this project gets built. After conversations with Transportation staff, their recommendation was that since this is in the Central Business District area they should improve pedestrian safety. That includes creating a fully signalized intersection at Morgan/Asheland so it creates safer vehicular movements and safer pedestrian movements. The developer will also add pedestrian improvements to the Asheland/Hilliard intersection as well. While it is a fully signalized intersection, it does not have crosswalks for pedestrians. The developer will fund that improvement at that intersection. Based upon the data analyzed, the study suggests we are looking at 10 additional vehicles that would be interested in leaving this project in the evening and going straight into the Morgan Avenue neighborhood.

Councilwoman Smith said that it is a high priority of Council to make sure our transit is reliable, noting that traffic calming does not help with the congestion of traffic in the area. She felt his project does have merit; however, the vitality of downtown cannot override the quality of life for the people who are dependent upon our buses getting them to their destinations on time.

In response to Vice-Mayor Wisler, the City's Traffic Engineer said that generally traffic studies are focused on overall traffic operations, like how much is there a delay and capacity is affected by the project. It doesn't focus on if it is a single occupant vehicle or if it is affecting a transit bus. There was not a specific consideration on how bus performance would be affected. But, the study did focus a lot more than typical on pedestrian impacts and the factor for transit was the importance of providing at least the adjacent bus stop facilities. The Transportation Department has not raised any particular concerns about direct affect on transit.

Councilwoman Mayfield suggested signal preemption at the intersection. The City's Traffic Engineer said signal preemption needs to be looked at more systematically but our buses don't have the equipment associated with that. Councilwoman Mayfield said that since the project won't be built for approximately 3 years, we have 3 years to think about bus flow in this area.

Vice-Mayor Wisler opened the public hearing at 6:34 p.m.

Mr. David Nutter spoke in support of this conditional zoning and its prime location. He also was pleased that the private sector is helping with our affordable housing crisis.

Ms. Sharon Sumrall spoke in opposition of the project in that she felt that the project is massive. She expressed concerns about the trees, parking, stormwater, and small amount of affordable housing.

Mr. Michael Stratton felt that the parking garage is too large and we do not have a functional transit system.

Ms. Sandy Aldridge felt that on-time bus performance is important and that 10% of affordable units is not a lot.

Ms. Nina Tovish was pleased that the project provides infill and more trees than required. She was; however, concerned about the number of cars in the parking garage and suggested that only one car per apartment dwelling be allowed. That would encourage walkability and the use of public transit.

Mr. Joe Minicozzi spoke in support of the project and felt that we need to invest more in transit.

Vice-Mayor Wisler closed the public hearing at 6:49 p.m.

Mr. Stevens responded to several concerns raised, from the need for the 1,000 parking deck to their mitigation of traffic. He said that there is no evidence that this project will measurably harm the existing transit performance in that area, But, with respect to the new traffic signal, they will make sure that the new signal includes the necessary equipment so when the City buses have the equipment for signal preemption, the signal will be ready.

Councilman Kapoor spoke in support of the project. He felt there will be significant affordable housing and office space in the project. He also felt there will be opportunities to address transit, noting the issues will still exist if there is a project there or not.

Councilman Young felt this is a good project, but not a great project. He would prefer to see 60% AMI and deeper affordability. He was glad to see that Housing Choice Vouchers will be accepted. He agreed that we need to invest more into our transit system.

Councilwoman Smith believed that if the on-time bus performance issue was brought up before this meeting, the developer would have put more thought into it. She noted that the City's Traffic Engineer said that traffic studies do not focus on bus impacts. She felt we needed more time to discuss this point and if there is not a delay in the vote, she would not be able to support the project.

Vice-Mayor Wisler said that members of Council have previously received a copy of the ordinance and it would not be read.

Councilman Kapoor moved to approve the conditional zoning request for the Coxe/Asheland Mixed-Use Development from Central Business District (CBD) to Central Business Expansion District (CBD EXP CZ) for the construction of a new mixed-use development, with the amendment to the B.1 Conditions that the applicant will fund any traffic calming measures which the City deems necessary as a result of the project up to \$30,000, and find that the request is reasonable, is in the public interest, is consistent with the city's comprehensive plan, and meets the development needs of the community in that: 1) the

Downtown Future Land Use category of the Living Asheville Comprehensive Plan anticipates a mix of uses as included in this development; 2) the project enhances the pedestrian experience with widened sidewalks, active ground floor uses and intentional urban open space with portions that are accessible to the public; 3) the proposal incorporates affordable residential units; and, 4) the project is compatible with the surrounding area. This motion was seconded by Councilwoman Mayfield and carried on a 5-1 vote, with Councilwoman Smith voting “no”. (with Mayor Manheimer being recused from voting).

## **ORDINANCE BOOK NO. 33 - PAGE 11**

At this time, Mayor Manheimer re-entered the meeting and presided over the rest of the meeting.

### **C. PUBLIC HEARING TO CONSIDER A LAND USE INCENTIVE GRANT TO SUPPORT AFFORDABLE HOUSING UNITS AT THE VERDE VISTA PHASE II DEVELOPMENT**

Community Development Program Director Paul D’Angelo said that this is the consideration of (1) a resolution granting a land use incentive grant to support affordable housing units at the Verda Vista Phase II development.

**Action Requested:** Request by CCC Verde Vista II LLC to utilize the Land Use Incentive Grant to support affordable housing units at the mixed income rental development known as Verde Vista Phase II.

#### **Review:**

- CCC Verde Vista II LLC has proposed the development of a second phase of the Verde Vista Apartments, located in east Asheville in close proximity to Swannanoa River Road and the Wal-Mart Supercenter. The developer intends to build 56 multifamily rental apartments on a 3.21 acre parcel (PIN# 9658-52-9309). Conditional Zoning approval was sought and given on May 28, 2019.
  - Among the conditions for approval listed in the exhibits (Ordinance No. 4744) was the commitment to 6 affordable units (10% of the total units). These units are to be offered at a rate not to exceed 80% of the Area Median Income (AMI) per the City of Asheville Community Development Division’s affordable and workforce housing standards, posted annually. The affordability period is to run for 20 years from the date the Certificate of Occupancy is issued.
- The property is situated in close proximity to an Asheville Regional Transit (ART) bus stop, as well as a full service grocery and a number of potential employers. These are all features prioritized in the LUIG policy.
- The developer submitted a Land Use Incentive Grant (LUIG) application in September, prior to the LUIG policy update that occurred on October 22, 2019. Under the updated policy, no LUIG applications can be accepted for projects which have already received City Council approval where they have already committed to affordable housing. The developer has asked that their request be considered in relation to the policy effective at the time of their application which did not explicitly require that a LUIG be requested prior to other approvals by City Council.

#### **Proposal:**

- The property’s location and commitment to affordable housing merits a score of 40 on the LUIG scoring matrix, resulting in an award period of 4 years.
- The current assessed value of the parcel is \$335,600 (City Taxes of \$1,439). The projected post-development value of the property will be determined by the Tax Value of the property, to be based on Buncombe County Tax Assessment. An estimate of post

construction value from the developer is \$6.2M. Final valuation is determined by Buncombe County Tax Assessment. This would result in an annual grant award of \$25,153. Over the 4 year award period, the total value of the LUIG award would amount to \$100,612.

**Council Goal(s):**

- Quality Affordable Housing
- An Equitable and Diverse Community

**Committee(s):**

- Housing & Committee Development - November 26, 2019 / Vote of 3 - 0 for denial of the application

**Staff Recommendation:** Staff recommends denial of this LUIG request because the developer already committed to providing 10% of the units (6 units) affordable to households at 80% AMI for a period of 20 years as part of their Conditional Zoning (Ordinance No. 4744) approved on May 28, 2019, without the need, or request at the time, for a land use incentive grant.

**Pro(s):**

- The proposed project will create 6 affordable rental housing units made available to households earning 80% or less of AMI for a period of 20 years.
- The project meets the criteria for a LUIG under the policy in place prior to October 2019.
- The proposed project addresses the City's stated priority for one-bedroom apartments.

**Con(s):**

- The award will commit City resources to a conditional zoning project. Prior to this application, these projects did not require fiscal support. This could establish a precedent for future projects, and place increased pressure on the City's budget.

**Fiscal Impact:**

- The city will grant approximately \$25,153 of city property taxes annually for 4 years (\$100,612 total) based on the improvement value of the property
- For 6 affordable units at 80% AMI for 20 years, this equals \$16,768 per unit of subsidy which is well within the estimate of up to \$80,000 in subsidy for 80% AMI homes as suggested by our Lord Aeck Sargeant consultants.
- In years 5-20 of the affordability period, the City will annually receive the full property tax amount of approximately \$26,592.

In response to Councilwoman Mayfield, Mr. D'Angelo explained that the old LUIG policy said "unless granted an exception from the City Council for just cause shown, no grant would be allowed under this policy for projects which have received building permits." Language in the new policy says "or that had been through City Council with conditional zoning approval."

Mr. Robert W. Oast Jr., representing the developer, said that this is a good, strong project and was approved with conditions on May 28, 2019. In addition to the 56 units, 6 of which are affordable housing, there are other benefits, i.e., providing bus stop, transit facilities, license for the City to use River Ford Parkway, etc. He said staff's denial is only based upon the fact that the application was submitted after the conditional zoning was approved - not based on the merits of the project. He said they had no reason to know that the policy was changed and in fact, the policy did not change until after the application was submitted. He said that as Council knows, sometimes conditional zoning conditions are negotiated at the last minute and the inclusion of the affordable housing was similar to that. It was not discussed at the Planning & Zoning Commission meeting and the affordable units were not part of the original submission. It came up between the time the Planning & Zoning Commission recommended unanimous approval of

the project and when it got to Council. The condition for affordable housing was added because City Council asked for it. The weekend before the City Council public hearing he suggested to the developer that affordable housing be added to the project and suggested that the LUIG policy might help with the financial impact of that. He sent it to the developer to perform a financial analysis to make sure the numbers worked for him. He said the City was aware he was going to do this. The developer agreed to the inclusion of affordable housing. The availability of the LUIG was a key component of the developer's decision to provide the affordable housing and throughout this process no one said the timing of the application submittal would be an issue. This policy is supposed to encourage affordable housing where it might not otherwise be possible. This is just such a case and the policy worked exactly like it should have. Both the new and old policies allow Council to make exemptions for just cause shown to these timing requirements. He suggested that if Council agrees that the request was made after it should have been (and he contends that it was not), there is a provision that allows this application to be considered on its merits and that is all he asked. He urged Council for fair consideration of their request regarding the affordable units.

Councilwoman Mayfield was concerned that Mr. Oast discussed the LUIG with his client; however, failed to say anything about those conversations to City Council. In her opinion, from Council's perspective, Mr. Oast came forward and offered 6 affordable units without asking for a LUIG. She would feel differently about this had Mr. Oast said they were looking at a LUIG or that they might come back for a LUIG in the future.

Councilwoman Mayfield wondered how many conditional zonings were approved without a LUIG that have affordable units and how many of them might come back for a LUIG.

Councilman Young said that when a developer comes forward willing to put in affordable housing without City money is important to him and that plays into his consideration of the project. To come back to City Council for a LUIG after the conditional zoning has been obtained is not something he is willing to support.

Mr. Oast stressed that at the time the conditional zoning came before Council, it was not a requirement of the LUIG policy that the application for the LUIG be submitted before the conditional zoning was approved. If they had known that, they would have taken appropriate steps to make sure Council received them at the same time.

When Councilwoman Mayfield asked what will be the impact on the project if a LUIG is not approved, Mr. Oast said they are still thinking about that.

Mr. Tom Egen, with Mission Properties, said that affordable housing was not part of this project application. Mr. Oast contacted him to see if they received a LUIG could an affordable housing component be included in the project. It was his understanding that they had to get the LUIG grant approved prior to receiving their building permit. At this time, they don't have their building permit - they have held off on getting it because that was the policy. It was their intention all along to apply for a LUIG.

Councilman Young suggested the developer construct 6 additional units (for a total of 12) and then apply for a full LUIG. Mr. Egen replied that they didn't think that was a feasible option at this point. Their project has been completely vetted with their bank loan with the 10% affordable units, which included the LUIG.

Mayor Manheimer opened the public hearing at 7:36 p.m.

Ms. Nina Tovish recalled the conditional zoning public hearing on this item back in May. She didn't hear one mention of a possible LUIG. She hoped Council will support staff and their Committee recommendations of denying this request.

Mayor Manheimer closed the public hearing at 7:38 p.m.

Mayor Manheimer said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Kapoor moved to deny the request by CCC Verde Vista II LLC to utilize the Land Use Incentive Grant to support the production of affordable housing units because the commitment to provide affordable housing was already made as part of the Conditional Zoning approval without the stated need for a land use incentive grant. This motion was seconded by Councilman Young and carried unanimously.

## **V. UNFINISHED BUSINESS:**

### **VI. NEW BUSINESS:**

#### **A. RESOLUTION NO. 19-273 - RESOLUTION APPROVING A HOUSING TRUST FUND LOAN AWARD REQUESTED BY ASHEVILLE AREA HABITAT FOR HUMANITY TO ALLOW THEM TO DEVELOP FOR-SALE AFFORDABLE HOMES AT SITES ACROSS THE CITY AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND EXECUTE ALL DOCUMENTS NECESSARY TO GIVE EFFECT TO THIS APPROVAL**

Due to a conflict of interest, Councilman Young moved to recuse Councilman Hayes from participating in the matter. This motion was seconded by Vice-Mayor Wisler and carried unanimously.

Community Development Program Director Paul D'Angelo said that this is the consideration of a resolution approving a Housing Trust Fund Loan Award requested by Asheville Area Habitat for Humanity to allow them to develop for-sale affordable homes at sites across the City and authorizing the City Manager to negotiate and execute all documents necessary to give effect to this approval.

#### **Background::**

- In response to increased demand for for-sale housing available to low and moderate income households, staff approached Asheville Area Habitat for Humanity (AAHH) to explore their capacity for constructing single-family homes in Asheville neighborhoods within their larger project cycle.
- Both Staff and AAHH feel there is value in identifying and implementing a model that primarily utilizes local funding sources, and can operate with greater flexibility and at the infill scale, versus models dependent on competitive Federal funds. Should this effort prove successful, the opportunity exists to replicate similar projects in the future.
- Particular focus was given to Asheville neighborhoods that are threatened with displacement by rising home costs. Three of the sites currently identified are located in the Shiloh neighborhood.
- Along with the commitment to a Down Payment Assistance program, the City of Asheville's Community Development Division has sought to develop strategies to make homeownership available to households in Asheville who wish to attain housing stability and develop wealth, but would otherwise be challenged without some form of support.

#### **Proposal:**

- AAHH proposes to complete 8 homes and make them available for sale to households at or below 80% Area Median Income (AMI). Particular focus will be given to households at or below 60% AMI. Sale prices are expected to be in the approximate range of \$190,000-235,000.
  - Of the 8 homes, 2 are existing structures acquired by AAHH. The Housing Trust Fund (HTF) investment in these two properties will be considered down payment assistance for the homeowner, and go in at closing.
  - The remaining 6 homes will be constructed on lots either currently owned by AAHH or to be acquired in the near future.
- AAHH requests a HTF loan in the amount of \$860,000 which they will pair with \$964,000 of their own equity. The balance of the \$860,000 will be drawn upon as needed to complete each home.
- The loan fund will not accrue interest. This decision was made in accordance with AAHH, as any interest accrued during the construction period will affect home prices and add an additional burden to low to moderate income buyers.
- After homebuyer selection, qualification will be verified by Asheville Community Development staff, and a closing scheduled. The AAHH equity committed to each home will convert to a loan in first position secured by the property.
- Additional funding will be pursued from NCHFA's Self-Help Loan Pool, the City of Asheville's Down Payment Assistance program, and other potential sources. It is anticipated that \$540,000 of the HTF loan will be paid back and returned to the HTF account. The remaining HTF dollars in each home will convert to a down payment assistance loan to be secured by a deed of trust, and will be repaid upon transfer or sale of the property by the homeowner.
- Upon home sale, affordability conditions tied to the AAHH first loan would mirror those for similar Habitat projects. Loan funds provided by NCHFA, DPA, and HTF would have repayment provisions consistent with each program's respective policy.
- It is anticipated that construction can begin shortly after loan closing, and homes may be available for sale by spring 2020. AAHH's development schedule calls for 5 of the homes be available for sale by fall 2020. It is suggested that the loan term be set for 3 years to allow for potential delays, with the ability to extend for 1 additional year upon mutual agreement by AAHH and Asheville CD Staff.

**Council Goal(s):**

- Quality Affordable Housing
- An Equitable and Diverse Community

**Committee(s):**

- Housing & Committee Development - November 26, 2019 - unanimously passed to Council

**Pro(s):**

- The project impacts a form of affordable housing that traditionally been difficult for the CD Division to sponsor without substantial HUD subsidy. The effort to take on this project acknowledges the threat of displacement in Asheville's neighborhoods.
- AAHH is an experienced partner and has a long track record of completing quality home projects on time and at cost. This project anticipates homes to become available for purchase within a short period of time.
- AAHH has the established staff and programs to prepare low-to-moderate income buyers for the full complexity of homeownership. It is the CD Division's goal that households supported by this project be able to successfully maintain homeownership.

**Con(s):**

- The full \$860,000 principal would not accrue interest, and produce no program income at the conclusion of the program. All loans have an inherent risk which is traditionally reflected in an interest rate, meaning the City of Asheville would inherit part of the risk in this project without the promise of financial recourse.
- Even after repayment of the \$540,000 construction portion of the loan, an amount estimated at \$40,000 per home would remain outstanding. If combined with City-sponsored Down Payment Assistance funds (which are available at amounts between \$25,000-40,000), it is conceivable that each home sale would require a City subsidy ranging between \$65,000-80,000. This highlights the difficulty and expense of supporting affordable home ownership in the City of Asheville, and may be contrasted unfavorably with the amounts required to support some affordable rental units.

**Fiscal Impact:**

- The project would draw \$860,000 from the City's Housing Trust Fund. Of this, at least \$540,000 would be outstanding during a marginally risky construction period. Upon the sale of 8 homes, approximately \$320,000 of HTF dollars would remain outstanding in the project.
- The loans, both to AAHH and the homeowners, would be structured to require no interest payments, preventing the receipt of program income.

Mr. Andy Barnett, Executive Director of Habitat for Humanity, thanked City staff for working with him to find ways to put a program together into a HTF that supports the creation of affordable home ownership units. We will be targeting households at and below 70% of AMI. Their typical AMI that they serve is well under 60% AMI. We will be working in infill neighborhoods - 6 of the 8 units have been acquired.

Councilman Young recalled when he talked about home ownership opportunities for individuals who are at 60% AMI. He was pleased to say this is the first project that we will hopefully approve for home ownership opportunities. There are individuals who have purchased homes from Habitat that are in the Housing Choice Voucher program where those Housing Choice Vouchers can be converted to help pay for their mortgage. We have a group of people who are trying to obtain home ownership and build generational wealth in some means and this will do that.

Councilwoman Mayfield appreciated Habitat's growing feasibility in different projects in different parts of the City.

When Mayor Manheimer asked for public comment, no one spoke.

Mayor Manheimer said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Young moved to approve the request by Asheville Area Habitat for Humanity to borrow \$860,000 from the Housing Trust Fund. This motion was seconded by Councilwoman Mayfield and carried unanimously (with Councilman Haynes being recused from voting).

**RESOLUTION BOOK NO. 41 - PAGE 172**

**B. RESOLUTION ENDORSING THE DECLARATION OF A CLIMATE EMERGENCY AND EMERGENCY MOBILIZATION EFFORT TO RESTORE A SAFE CLIMATE**

This resolution has been removed from this agenda for consideration.

**VII. INFORMAL DISCUSSION AND PUBLIC COMMENT:**

Councilman Kapoor was pleased to announce that Senior Police Officer Justin Booth was awarded the Crisis Intervention Team Officer of the Year for 2019 from the National Alliance on Mental Illness Western Carolina.

Mayor Manheimer was pleased to announce City Manager Campbell was awarded the 2019 Champion in Real Estate from the Urban Land Institute.

Ms. Dawn Chavez, Executive Director of Asheville Greenworks, spoke about the City's tree canopy and their goal of 50,000 trees by the year 2040. At the suggestion of Vice-Mayor Wisler, Ms. Chavez said that she would put some thought into how the number of trees that citizens plant on their property can be accounted for in that goal.

Ms. Alex Lines said that the Sunrise Movement asked that the Sustainability Advisory Committee on Energy & the Environment's (SACEE) resolution regarding a climate emergency be removed from consideration at this meeting. She feels that the SACEE version is very far from alignment from the Sunrise Movement resolution on what they think is important on accountability and a timeline. She appreciated the opportunity to continue working together for a resolution to be placed on Council's next meeting agenda.

Mr. Chad Brooks spoke in support of Fire District Captain Joy Ponder and improper management.

Ms. Sarah Benoit, Ms. Matilda Bliss and Ms. Ashley McDermott also spoke in support of the Sunrise Movement's climate emergency resolution.

Mr. Joe Minicozzi and Mr. Reid Thompson spoke about the repeated trucks on Maxwell Street and the City's lack of enforcement.

Ms. Vicki Meath was disappointed the City has not released the updated numbers for the Transit Master Plan, noting that the first year of the Master Plan has not been funded yet. She hoped City Council will adopt a budget amendment to extend the evening service hours in January.

Ms. Sandy Aldridge noted that December 10 is "International Human Rights Day."

**VIII. ADJOURNMENT:**

Mayor Manheimer adjourned the meeting at 8:32 p.m.

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CITY CLERK

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MAYOR