

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	July 1, 2024
Action Required:	Ordinance
Presenter:	Alexander Ikefuna, Director, Office of Community Solutions
Staff Contacts:	Samuel Sanders, Jr., City Manager James Freas, Deputy City Manager Antoine Williams, Housing Program Manager
Title:	Ordinance authorizing a grant of public funding to subsidize the South First Street Phase Two Redevelopment Project of Charlottesville Redevelopment and Housing Authority (1 of 2 readings).

Background

With the successful construction of 62 new affordable rental units, CRHA is actively helping to address community housing needs with the completion of Phase 1 of the South First Street redevelopment, which also received Low-Income Housing Tax Credits (LIHTC) approval in June 2019. Phase 2 aims to demolish existing units and build approximately 113 residential units alongside community and office spaces, with extensive resident input during planning.

Related council action includes Resolution #R-24-021, approved on February 20, 2024, reaffirming the city's commitment to CRHA's Phase 2 efforts. It endorses allocating \$3 million from prior appropriations and commits an additional \$3 million for FY 2026. The resolution also authorizes the City Manager to negotiate funding grant agreements with CRHA.

Discussion

CRHA requests \$6 million, which is inclusive of the \$3 million initially planned and adopted Capital Improvement Plan Fiscal Year 2026 from prior appropriations, supporting affordable housing redevelopment. This funding aligns with CRHA's project timeline, aiming for construction loan closing around August 2024 and project completion by July 2026.

Summary of Ordinance: This ordinance authorizes Charlottesville to grant up to \$6 million to CRHA for constructing at least 113 units of affordable for-rent housing at 900 First Street South for households of low-to-moderate median income levels (or 60% of Area Median Income or Below) for a period of no fewer than 15 years.

Key Provisions:

- **Purpose:** Funds are for constructing affordable for-rent housing for low and moderate-income households.

- **Allocation:** Disbursements from July 2024 to July 2026, contingent on city staff approval of project documentation.
- **Financial Oversight:**
 - Review and approval of disbursement documentation by city staff.
 - Monitoring compliance with disbursement guidelines and purposes.
 - Ensuring soft costs do not exceed \$600,000.
 - Verification of hard costs' eligibility and documentation.
 - Retainage of \$300,000 until project completion.
 - Evaluation of pre-disbursement conditions and milestones.
 - Periodic assessment of project progress and budget compliance.
- **Compliance:** The CRHA must comply with federal, state, and local laws, and project-specific requirements, including HUD approvals.
- **Administrative Procedures:** The City Manager establishes procedures for subsidy requests, ensuring financial transparency.
- **Effective Date:** Immediate upon City Council adoption.
- **Publication:** City Clerk to publish and distribute per legal requirements

Alignment with City Council's Vision and Strategic Plan

Strategic Outcome Area: Housing Supporting Phase 2 of the South First Street redevelopment aligns directly with the City Council's strategic objective of expanding affordable housing options and revitalizing communities. It addresses critical housing challenges within Charlottesville by providing for-rent housing units accessible to low and moderate-income households.

Community Engagement

CRHA has conducted extensive community engagement, involving residents in the planning process to ensure the project meets local needs and priorities. This inclusive approach fosters community support and enhances project outcomes.

Budgetary Impact

The proposed \$6 million grant consists of \$3 million already allocated from prior appropriations, combined with \$3 million initially planned for the Capital Improvement Plan Fiscal Year 2026.

Recommendation

Staff recommends to City Council to approve the ordinance authorizing public funding for CRHA's Phase 2 project, advancing critical housing goals.

Motion: Authorization of Funding for Affordable Housing at 900 First Street South

I move that the City Council approve the ordinance authorizing a grant of up to six million dollars (\$6,000,000.00) in support of the South First Street Phase Two Redevelopment Project, as requested by the Charlottesville Redevelopment and Housing Authority (CRHA).

Further Motion Details:

1. **Funding Commitment:** The City Council supports a new funding commitment of \$6,000,000 for Fiscal Year 2026 to facilitate the construction of affordable for-rent housing units at 900 First Street South.
2. **Authorization:** I further move to authorize the City Manager to negotiate and execute funding grant agreements with CRHA, ensuring proper facilitation of fund disbursement.
3. **Review and Approval Process:** As it may be further necessary, for ongoing grant performance and agreement maintenance, the Office of Community Solutions Housing and Compliance staff shall diligently review the project timeline, budgetary analysis, and community engagement summary report provided by CRHA.

Alternatives

The City Council may explore alternative funding models or project adjustments based on budget constraints or community feedback.

Attachments

1. MEMORANDUM OF AGREEMENT_ GRANT FUDNING_REDEVELOPMENT PROJECT (i.e., South First Street Phase Two)
2. ORDINANCE AUTHORIZING_ GRANT OF PUBLIC FUDNING_REDEVELOPMENT PROJECT (i.e., South First Street Phase Two)