

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



Agenda Date:	July 15, 2024
Action Required:	Ordinance
Presenter:	Alexander Ikefuna, Director, Office of Community Solutions
Staff Contacts:	Antoine Williams, Housing Program Manager John Sales
Title:	Ordinance authorizing a grant of public funding to subsidize the Sixth Street Redevelopment Project of the Charlottesville Redevelopment and Housing Authority (1 of 2 readings)

Background

Charlottesville Redevelopment and Housing Authority (CRHA) is proposing the Sixth Street Phase One Redevelopment Project at 707-713 Sixth Street. This phase includes the construction of **47 affordable rental units** in a 4-story apartment building. The units will range from 0% AMI to 60% AMI, including 9 one-bedroom, 26 two-bedroom, and 12 three-bedroom units. The redevelopment will also involve demolishing six existing public housing townhouses to make space for the new building. The **total development cost is estimated at \$31,000,000**, with construction expected to start in December 2024 and complete by December 2026. CRHA has received Low-Income Housing Tax Credits (LIHTC) to finance the project, which is crucial for the development of deeply affordable housing. The City Council previously approved a financial resolution supporting this project and designating the site as a revitalization area on January 3, 2022.

Discussion

CRHA has requested a total funding commitment of \$3,000,000 from the City of Charlottesville to support the Sixth Street Phase One Redevelopment Project. This grant will subsidize the construction of new affordable rental units for low and moderate-income households. The grant aligns with CRHA's project timeline, targeting financial closing and the start of construction in December 2024. The funding will support CRHA's efforts to secure LIHTC and other financing necessary for the project's success.

Summary of Ordinance: This ordinance authorizes the City of Charlottesville to grant up to \$3,000,000 to CRHA for constructing at least 47 affordable rental units at 707-713 Sixth Street for households of low and moderate area median income levels.

Key Provisions:

- **Purpose:** Funds are for constructing affordable rental housing for low and moderate-income households.
- **Allocation:** Disbursements from December 2024 to December 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 \$300,000.
- 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:** 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 One of the Sixth 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 rental housing units accessible to low and moderate-income households. In furtherance to this, this action aligns with the City's Comprehensive and Affordable Housing Plans.

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 \$3,000,000 grant consists of funding included in the City's proposed Capital Improvement Project budget process and does not encumber additional funding beyond the established commitment.

Recommendation

Staff recommends that the City Council approve the ordinance authorizing public funding for CRHA's Sixth Street Phase One project, advancing critical housing goals.

Motion: Authorization of Funding for Affordable Housing at 707-713 Sixth Street

I move that the City Council approve the ordinance authorizing a grant of up to three million dollars (\$3,000,000.00) in support of the Sixth Street Phase One 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 \$3,000,000 for Fiscal Year 2024/2025 to facilitate the construction of affordable rental housing units at 707-713 Sixth Street.
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 could explore alternative funding models or project adjustments based on budget constraints or community feedback.

Attachments

1. Authorizing Ordinance for Grant of Public Funds_CRHA
2. Memorandum of Agreement