

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



|                  |                                                                                                                                                                                                                                                                   |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Agenda Date:     | August 5, 2024                                                                                                                                                                                                                                                    |
| Action Required: | Approval of the Ordinance                                                                                                                                                                                                                                         |
| Presenter:       | Eden Ratliff, Deputy City Manager, Krisy Hammill, Director of Budget                                                                                                                                                                                              |
| Staff Contacts:  | Eden Ratliff, Deputy City Manager<br>Krisy Hammill, Director of Budget                                                                                                                                                                                            |
| Title:           | <b>Ordinance Approving Financial Assistance to Support Residential Rental Housing at Carlton Mobile Home Park For Persons of Low and Moderate Income and Authorizing the City Manager to Execute and Deliver a Support Agreement in Connection with the Same.</b> |

**Background**

The Carlton Mobile Home Park ("the Park") is a 6-acre mobile home park located in the City of Charlottesville. The current owners of the park have provided notice to the tenants of the Park that an offer to purchase the Park has been received. Piedmont Housing Alliance ("PHA") and the Greater Charlottesville Habitat for Humanity, Inc. ("GCHH") are asking the City to provide financial support to assist their efforts to secure financing for the purpose of purchasing and redeveloping the Park. The sale of the Park to another buyer would likely jeopardize the continued use of the property for low to moderate income housing. Currently, there are approximately 67 units served by the property. PHA and GCHH have until August 6, 2024 to make an offer to purchase the park. The parties currently intend to obtain outside financing to purchase the Park. PHA and GCHH request that the City provides annual support over the next five years for a total amount not to exceed \$8.7M, in the event that they effectively purchase and become bona fide owners of the Park.

**Discussion**

Approval of this ordinance expresses the City Council's intent to provide financial assistance to PHA and GCHH consistent with Virginia Code Sec. 15.2-958. The financial assistance would be subject to annual appropriation and the agreed-upon terms that will be defined as part of a Support Agreement. Financial assistance from the City is necessary in order for PHA and Habitat to secure debt financing to purchase the Park. A draft of the Support Agreement is included and Council is being asked to approve the agreement as to form and to authorize the City Manager to finalize the final terms and execute the Agreement. Final terms will address other matters including: the time frame in which the Park will be developed, the number of affordable units to be included in the redevelopment, and other matters important to all parties. If the current owners accept the offer from PHA and GCHH, staff will return to Council with a final funding agreement that would define these desired conditions and a performance matrix that the Council may consider making a condition of its support of the redevelopment. No City funds would be appropriated unless and until PHA and Habitat have

obtained sufficient financing and successfully executed a purchase of the Park, consistent with Virginia Code Sec. 15.2-958.

### **Alignment with City Council's Vision and Strategic Plan**

This item aligns with the Affordable Housing Strategic Outcome Area and the Affordable Housing Plan.

### **Community Engagement**

Representatives of Legal Aid Justice Center, Greater Charlottesville Habitat for Humanity, Inc., and Piedmont Housing Alliance, have met with residents of the Park and have received support from at least 25% of the existing tenants with a valid lease in the Park to make an independent offer to purchase the Park.

### **Budgetary Impact**

The Support Agreement is a non-binding obligation to budget and appropriate funds annually to PHA and GCHH to support the purchase and redevelopment of this property. Based on current estimates, the total amount being requested is \$8.7 million. No funds will be released until there is confirmation that the offer from PHA and GCHH has been accepted by the buyer and that PHA and GCHH, or some combination of the two, have secured the necessary funding and become the bona fide new owners of the property. Any agreements between the City and PHA, GCHH and/or some combination thereof, will only be formalized upon PHA and GCHH taking ownership of the property. The Ordinance requests \$365,000 be provided to help support related costs that are anticipated to be incurred between now and December 2024 which will be funded using previously appropriated funds intended to be used for the Land Bank, conditioned upon PHA and GCHH acquiring ownership of the Park. If additional funds are required during the current fiscal year (FY 25) staff will return to Council for approval to use additional land bank funds and/or funds from the Capital Contingency Fund. The remaining funding will be presented to this and future Councils for consideration annually as part of the regular budget process. Due to the nature of the project, funding for this project must come from cash sources and would not be considered as bondable. The particular sources for the cash funding will be identified annually when the City Manager presents the budget to Council but would most likely be in the form of a transfer from the General Fund.

### **Recommendation**

If Council desires to provide financial support for this project, approval of the ordinance is recommended.

### **Alternatives**

Council could choose not to approve the ordinance.

### **Attachments**

1. Charlottesville-Carlton Mobile Home Park Support Agmt. 4889-6947-7077 v.1
2. Charlottesville - Misc - City Ordinance (Carlton Mobile Home Park) - 8.2.2024 - RJH - KH (3)