

## **SUPPORT AGREEMENT**

**THIS SUPPORT AGREEMENT**, made as of \_\_\_\_\_, 2024, between the **CITY OF CHARLOTTESVILLE, VIRGINIA** (the “City”), and \_\_\_\_\_ Piedmont Housing Alliance and Greater Charlottesville Habitat for Humanity (“PHA & GCHH”), a nonprofit entity authorized to transact business in the Commonwealth of Virginia;

### **WITNESSETH:**

**WHEREAS**, Section 15.2-958 of the Code of Virginia of 1950, as amended (the “Virginia Code”), (a) declares that “the preservation of existing housing in safe and sanitary condition and the production of new housing for persons of low and moderate income are public purposes and uses for which public money may be spent” and (b) authorizes the governing body of any locality, by ordinance, to “make grants or loans to owners of residential rental property occupied, or to be occupied, following rehabilitation or after construction if new, by persons of low and moderate income, for the purpose of rehabilitating or producing such property;” and

**WHEREAS**, there exists in the City of Charlottesville, Virginia (the “City”), a mobile home park consisting of approximately 6 acres and providing approximately 67 units, known as “Carlton Mobile Home Park” (the “Park”); and

**WHEREAS**, pursuant to the provisions of Section 55.1-1308.2(B) of the Virginia Code, the owners of the Park provided notice to the Virginia Department of Housing and Community Development and the tenants of the Park that the owners have received an offer to purchase the Park and that they intend to accept such offer; and

**WHEREAS**, Section 55.1-1308.2(B) requires that, for a 60-day period following such notice, the owners of the Park consider additional offers to purchase the Park from any entity that provides documentation that it represents at least twenty-five percent (25%) of the tenants with a valid lease in the Park; and

**WHEREAS**, representatives of Legal Aid Justice Center, Greater Charlottesville Habitat for Humanity, Inc., and Piedmont Housing Alliance have represented to the City that (a) the proposed sale of the Park would jeopardize the continued use and operation of the Park as residential rental housing for persons of low and moderate income, (b) together with other community representatives, it 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; and (c) PHA & GCHH have obtained a loan and intends to use the proceeds to purchase the Park and subsequently to redevelop the Park for the purpose of providing residential rental and other housing for persons of low and moderate income; and

**WHEREAS**, the Council of the City (the “Council”) adopted on \_\_\_\_\_, 2024, an ordinance (a) expressing its intent, subject to annual appropriation, to provide financial assistance to the PHA & GCHH for purposes consistent with Virginia Code § 15.2-958 (b) authorizing the execution of an agreement to effectuate such financial assistance;

**NOW, THEREFORE**, for and in consideration of the foregoing and of the mutual covenants herein set forth, the parties hereto agree as follows:

1. PHA & GCHH represents and covenants that it (a) has obtained one or more loans in the aggregate amount of \$ \_\_\_\_\_ payable over a \_\_\_ year term, and (b) will use the proceeds thereof, together with other available funds, to finance the purchase of the Park and subsequent redevelopment of the Park for the purpose of providing residential rental and other housing for persons of low and moderate income. City funds shall not be appropriated unless and until PHA & GCHH has obtained sufficient financing and successfully executed purchase of the Park.

2. In the annual budget and appropriation authorizations submitted to the Council for the City's fiscal year commencing with the current fiscal year, and continuing for each fiscal year thereafter through the fiscal year ending June 30, [2029], the City Manager is directed to include for Council's consideration an appropriation to PHA & GCHH of an amount requested by PHA & GCHH to be necessary to cover debt service due on the loan(s) described above in the next fiscal year (less any deductions calculated pursuant to the terms of the funding agreement (described below)); provided, however, that unless otherwise agreed by Council, the aggregate amount payable by the City to the PHA & GCHH over the term of this Agreement shall not exceed \$[8,700,000]. Payment by the City of any of such appropriation shall be subject to the provisions of paragraph 3 below. Within ten (10) days after the adoption of each such budget and related appropriation authorizations, but not later than July 15 of each year, the City Manager or his designee shall inform PHA & GCHH in writing if the Council has failed to budget and authorize an appropriation of the amount requested by PHA & GCHH. The initial appropriation authorized by Council pursuant to this Agreement in the amount not to exceed \$[\_\_\_\_\_] shall be disbursed to PHA & GCHH no later than \_\_\_ days after execution of this Agreement. Subsequent annual appropriations to PHA & GCHH shall be disbursed to PHA & GCHH no later than \_\_\_\_\_ of the relevant year.

3. The Council hereby undertakes a non-binding obligation to budget and appropriate annually to PHA & GCHH the amount referenced in paragraph 2 above, to the fullest degree and in such manner as is consistent with the Constitution and laws of the Commonwealth of Virginia. The Council, while recognizing that it is not empowered to make any binding commitment to make such appropriations in future fiscal years, hereby states its intent to make such appropriations in future fiscal years, and hereby recommends that future Councils do likewise.

4. NOTHING HEREIN CONTAINED IS OR SHALL BE DEEMED TO BE A LENDING OF THE CREDIT OF THE CITY TO PHA & GCHH OR ANY OTHER PERSON; AND NOTHING HEREIN CONTAINED IS OR SHALL BE DEEMED TO BE A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE CITY. NOTHING HEREIN CONTAINED SHALL BIND OR LEGALLY OBLIGATE THE COUNCIL TO APPROPRIATE FUNDS TO PHA & GCHH FOR THE PURPOSES DESCRIBED HEREIN.

5. The Council acknowledges that it is entering into this Agreement on behalf of the City in consideration of PHA & GCHH's purchase of and plan to redevelop the Park for the purpose of continuing to provide residential rental housing for persons of low and moderate income. In return for such financial support and as required by Section 15.2-958 of the Virginia

Code, the parties will enter into a separate funding agreement related to (a) the requirements of Section 15.2-958 of the Virginia Code, with respect to the minimum number of rental units in the Park (including after any redevelopment) that will be reserved for persons of low and moderate income and for what period of time, and (b) such other requirements that the City may determine to impose in connection with providing such financial assistance to PHA & GCHH. A failure by PHA & GCHH to comply in all material respects with the provisions of such funding agreement shall be cause for the City to terminate this Agreement.

6. Any notices or requests required to be given hereunder shall be deemed given if sent by registered or certified mail, postage prepaid, addressed (a) if to PHA & GCHH, to \_\_\_\_\_; and (b) if to the City, to 605 East Main Street, Charlottesville, VA 22902 (Attention: City Manager), with a copy to the City Attorney. Any party may designate any other address for receiving notices and requests by giving written notice to the other parties under this Agreement.

7. This Agreement shall be governed by the laws of the Commonwealth of Virginia.

8. If any clause, provision, or section of this Agreement shall be held illegal or invalid by any court, the illegality or invalidity of such clause, provision or section shall not affect the remainder of this Agreement which shall be construed and enforced as if such illegal or invalid clause, provision or section had not been contained in this Agreement.

9. This Agreement may be executed in several counterparts each of which shall be an original and all of which together shall constitute but one and the same instrument.

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**IN WITNESS WHEREOF**, the parties hereto have each caused this Agreement to be executed in their respective names as of the date first above written.

**CITY OF CHARLOTTESVILLE, VIRGINIA**

By \_\_\_\_\_  
City Manager

[PHA & GCHH]

By \_\_\_\_\_  
Title: \_\_\_\_\_

