

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



Agenda Date:	October 7, 2024
Action Required:	Resolution
Presenter:	Alexander Ikefuna, Director, Office of Community Solutions
Staff Contacts:	John Sales Alexander Ikefuna, Director, Office of Community Solutions Antoine Williams, Housing Program Manager
Title:	Resolution for permanent affordable housing acquisition by the Charlottesville Redevelopment and Housing Authority at 212 5th Street, 217 5th Street SW and 407 Harris Road

Background

The Charlottesville Redevelopment and Housing Authority (CRHA) is proposing to acquire 212 5th Street, 217 5th Street, SW and 407 Harris Road, a two-family unit, and two multi-family housing for preservation as a permanent low-income housing. The properties are currently rental units with low-income tenants. The Fifth Street properties are occupied, and 407 Harris Road is currently vacant because the owner wants to sell it. This is prime opportunity to acquire multiple units of naturally occurring affordable housing that were on the market and likely would no longer be affordable after purchase.

Discussion

This proposal would potentially pre-empt the tendency for the properties to slip to another buyer, resulting in a rent increase. The City and CRHA have an opportunity at this point to acquire and indefinitely preserve these properties as affordable units.

Property information:

407 Harris Road

- Assessed Value: \$392,800 /Expected Sales Price: \$475,000
- Appraised Value: \$490,000
- Multi-Family Home: A/3 Bedrooms/2 bath
- Currently renting for: \$1,500/month
- Market Rent: \$2,600/month
- Multi-Family Home Unit B/2 Bedroom/2 bath
- Currently renting for: Vacant
- Proposed Rent: \$1,800/month

- Market Rent: \$2,200/month

212 5th Street, SW

- Assessed Value: \$1,111,300 Expected Sales Price: \$2.2 million
- Appraised value: \$2.1 million
- Multi-Family/9 Units
- Current Rent: \$1,200/month
- Market Rent: \$2,200/month

217 5th Street, SW

- Assessed Value: \$778,200 Expected Sales Price: \$ Part of 212 5th Street SW
- Appraised Value: 1 million
- Multi-Family/4 Units
- Current Rent: \$1,200/month
- Market Rent: \$2,200/month

Council would need to approve a reallocation of previously awarded funds and appropriate them for this designated purpose. CRHA proposes to use unspent FY2023 – 2024 funds they have been awarded to support the Charlottesville Supplemental Rental Assistance Program (CSRAP). CRHA is proposing to increase the rents for the voucher holders which will have no impact on the tenants financially. The rent for units that do not have a voucher will increase by 10% annually like Dogwood.

Council provides \$900,000 per year for CSRAP. There is approximately \$234,402 left in the 2023-2024 fiscal year in CSRAP balance, enough to assist CRHA in bridging its funding gap of \$475,000. The total acquisition cost is \$2.675 million. The city will grant \$234,000 to support the acquisition and CRHA will provide the remaining balance of \$241,000, while the Federation of Appalachian Housing Enterprises (FAHE), a (CDFI) will finance the \$2.2 million.

Alignment with City Council's Vision and Strategic Plan

This request aligns with the following:

Affordable Housing Plan Guiding principles: Racial equity and comprehensive approach,

Comprehensive Plan Guiding Principles

- Equity & Opportunity – All people will be able to thrive in Charlottesville.
- Community Culture and Unity – Charlottesville's rich and diverse culture and form will be celebrated, and the entire community will feel welcomed, valued, and respected.

The following 2023 City Council Strategic Plan Framework Areas: Housing and Partnerships.

Community Engagement

There have been several community engagement meetings and activities conducted as part of the comprehensive plan update and affordable housing planning process. City staff has also been engaged with CRHA on a regular basis regarding redevelopment activities, including exploring proactive ways to preserve and spur affordable housing development; one of which is this proposal to acquire 212 5th Street, 217 5th Street SW and 407 Harris Road for sustainable and permanent affordable housing.

Budgetary Impact

The resolution requests Council's approval to reprogram \$234,000 in funds previously appropriated from the City's Capital Improvement (CIP) Fund for the CSRAP voucher program to be used for these property acquisitions.

Recommendation

The City Manager and Staff recommend that the City Council approve the proposed request to use part of CSRAP fund for the acquisition of 212 5th Street, 217 5th Street SW and 407 Harris Road for permanent affordable housing.

Recommended motion: "I move the RESOLUTION approving staff request to use \$234,000 of already allocated CSRAP fund for the acquisition of 212 5th Street, 217 5th Street SW and 407 Harris Road for permanent affordable housing."

Alternatives

Council may elect not to approve the recommendations, which would have a negative effect on the City's goal of preserving and increasing permanent affordable housing.

Attachments

1. CRHA 5th Street and Harris Rd Acquisitions 10.2.24