

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



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| Agenda Date: | April 21, 2025 |
| Action Required: | None (Informational Only Presentation) |
| Presenter: | Antoine Williams, Housing Program Manager |
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| Title: | 2025 Affordable Housing Report |

Background

In 2021, the City of Charlottesville, Virginia ("City"), adopted its first-ever Affordable Housing Plan ("AHP"). This foundational document called for a bold, equity-centered approach to reversing decades of underinvestment, exclusionary land use policy, and housing insecurity.

Central to the plan was a \$100 million ten (10)-year (FY2022 - 2032) Funding Recommendation—endorsed by sitting City Council Members. The AHP's funding strategy aims to expand affordable housing, prevent displacement, and establish a transparent governance system for effective stewardship.

The information in the 2025 Affordable Housing Report ("AHR") is informed by SAP, Resolutions, Ordinances, Agreements, and Publicly Recorded Funding commitments in the year those commitments/investments became a planned intention of the City Council.

This 2025AHR reflects the City's continued effort to track and communicate its progress. It provides a detailed review of investments, program outcomes, and system reforms implemented between FY2022 and FY2025, the first significant checkpoint since the AHP's adoption. Specifically, this report aims to:

- Document how the City allocates affordable housing funds across various funding streams, including Direct Investments, Tax Relief Programs, and Administration.
- Provide an update on the City's established ten (10)-year vision for housing equity and affordability. The AHP called for the City to reverse decades of underinvestment and exclusion by dedicating \$100 million in local funding over ten (10) years (FY2022 – FY2032).
- Provide some high-level analysis of whether investments are consistent with the AHP's income-level targeting recommendations (50% of funds for <30% AMI households).
- Provide an update on the City's ten (10)-year affordable housing production and preservation strategy, which includes producing 1,100 new supported affordable units, preserving 1,300 existing units, and stabilizing up to 2,200 households through tax relief, vouchers, rehab, and related supports.
- Summarize emerging strategies (e.g., land bank, tax abatement) to sustain long-term affordability.

The 2025 AHR is aligned with the structure of the Agenda Memo that was submitted alongside it, offering complementary information for the City Council's policy deliberation and oversight. It also serves as an

accountability tool — a snapshot of where the City stands, where it is headed, and what will be required to meet both the letter and the spirit of the AHP.

Discussion

A. FY22-25 Funding Summary—Scale and Consistency: *The City's AHP recommends allocating its \$100 million investment over ten (10) years across three (3) strategic categories: Direct Housing Investments, Tax Relief Programs, and Administrative Capacity. This structure is designed to ensure a balance of physical development, immediate financial relief, and the infrastructure needed to govern equitably and efficiently.*

1. Administrative Costs—\$1.27M: While the AHP calls for \$1 million annually to support implementation and oversight, *actual administrative expenditures have totaled \$1.27 million over the first four (4) years*, falling significantly short of the \$4 million target at this phase of the AHP.

| Fiscal Year | Total Admin Salaries* |
|--------------------|------------------------------|
| FY22 | \$159,216 |
| FY23 | \$331,870 |
| FY24 | \$364,255 |
| FY25 | \$416,986 |

*Note: Figures reflect full-time and allocated partial salaries related to affordable housing administration.

This investment supports:

- Two (2) full-time housing staff.
- Five (5) fractional positions contributing to grant administration, compliance, and program delivery.
- Key functions include policy development, compliance monitoring, technical assistance, and capacity-building efforts through boards (e.g., Charlottesville Affordable Housing Fund (CAHF) Committee, Housing Advisory Committee (HAC), and Community Development Block Grant (CDBG) Committee) and community partner support.

As the housing pipeline expands and new responsibilities (e.g., Land Bank Authority, ADU Program, Tax Abatement) come online, the operational investment must scale accordingly — supporting service delivery, compliance, reporting, and oversight.

2. Tax Relief Programs—\$9.58M: Between FY22 and FY25, the city committed approximately \$9.58 million to property tax relief and rent relief programs. These efforts help stabilize residents—especially low-income seniors and individuals with disabilities—who are vulnerable to displacement, lack of housing choices or stability, and/or rising housing costs.

Programs Include:

- Housing Assistance Tax Grant
- Rent Relief for the Elderly and Disabled (two (2) Programs of Service)
- Tax Relief for Elderly and Disabled (two (2) Programs of Service)

These investments, through these five (5) programs, complement physical housing production by supporting long-term affordability and advancing anti-displacement goals.

3. Direct Housing Investments—\$47.92M: From FY22 to FY25, the city invested \$47.92 million in direct housing initiatives through its Capital Improvement Program (“CIP”). This includes support for major redevelopment projects, nonprofit construction, acquisition of naturally occurring affordable housing (NOAH), and preservation efforts.

Major initiatives that were funded during this period:

- Friendship Court (Kindlewood) infrastructure and Phases 1–2
- CRHA Public Housing Redevelopment (multiple sites)
- MACAA Senior Apartments (1025 Park Street)
- Park Street Family Apartments (1200 Park Street)
- Carlton Mobile Home Park Acquisition
- South First Street Phase 2 and 6th Street Phase 1
- Charlottesville Affordable Housing Fund (“CAHF”)
- Charlottesville Supplemental Rental Assistance Program (“CSRAP”)

Note: These direct investments have supported creating and preserving hundreds of affordable units across multiple AMI tiers. However, as discussed in the next Section, units serving households earning ≤30% AMI remain underrepresented compared to AHP benchmarks.

B. Pipeline and AMI Targeting—As outlined in the AHP, the City is committed to producing and preserving affordable housing units across specific income bands with a clear and balanced focus. Specifically, the AHP recommends constraints on funding as appropriate to target funding allocation specific to the Area Median Income (AMI) level served:

- **50% of the allocations** should support households earning **≤30% AMI**.
- **30% of the allocations** should support households earning **60% AMI**.
- **20% of the allocations** should support households earning **80% AMI**.

These investment ratios were designed to prioritize deeply affordable housing for residents most impacted by exclusionary policy, gentrification, and housing insecurity.

1. SAU Pipeline Baseline to Date: As FY2025 closes, the City’s working Supported Affordable Unit (“SAUs”) pipeline reflects 983 SAUs supported through City funds. Accordingly, these units are distributed by income level as follows:

- **≤30% AMI:** 348 units (35%)
- **60% AMI:** 427 units (43%)
- **80% AMI:** 208 units (21%)

The previously major initiatives mentioned projects include CRHA redevelopment phases (e.g., South First Street Phase 2, 6th Street Phase 1), Friendship Court (Kindlewood) Phases 1-2, MACAA and PHA-led senior and rental housing projects, Habitat for Humanity homeownership sites, and strategic acquisitions (e.g., Dogwood Housing, Carlton Mobile Home Park).

Note: City Council's approval of FY25 CAHF Grants on April 7, 2025, is projected to add approximately forty (40) additional units, pending implementation. This would bring the pipeline total to 1,023 units by FY26.

2. Key Considerations: Distribution and Balancing Funding Commitments with Needs. While the City is making strong progress toward the AHP's unit goals, the distribution of units by AMI reveals a continued gap at the deepest affordability level:

- Units targeted to **≤30% AMI households** remain below the 50% investment benchmark, currently at approximately **34% of pipeline production**.

The observed under-representation likely reflects misalignments or discrepancies between direct funding allocations and the priorities established by AHP or municipal housing policies. Additionally, community partners highlighted the complexities arising from actual costs and the structural barriers that impede progress and the delivery of SAUs that service this high-priority area of deeply affordable units. Some resulting complexities reported to staff during this period include but are not limited to:

- **Higher per-unit subsidies**
- **Longer timelines** for development and occupancy
- **More intensive support services**
- **Greater dependence on layered financing** (LIHTC, vouchers, federal)

Many of the City's deeply affordable units (e.g., those that service ≤30% of AMI households) are concentrated in CRHA-led redevelopments. While this is appropriate, it raises important equity considerations around **geographic distribution** and **access to safe, stable housing opportunities** across cost-burdened neighborhoods.

Additionally, tools like **CSRAP** and **HOPS-funded services** offer deep affordability that is not always captured in unit production counts but remains an essential component of the City's broader equity strategy.

3. Looking Ahead: FY26-30 CIP—With \$12.7 million scheduled for allocation in FY26 and an additional anticipated request of approximately \$40.2 million for FY27-30, the total proposed investment in affordable housing reaches \$53 million. These projected allocations will initiate or extend significant housing efforts.

- **Increase production for ≤30% AMI households** e.g., Westhaven Redevelopment, Friendship Court (Kindlewood) Phase 3.
- **Diversify development partners** beyond public housing authorities.
- **Advance mixed-income and inclusionary zoning models** that integrate deep affordability into broader housing delivery.

Observation: The next five (5) years will be pivotal. Achieving the AHP's AMI targets will require the intentional allocation of remaining dollars to deepen affordability, diversify geographic impact, and reinforce compliance, reporting, and monitoring capacity.

Alignment with City Council's Vision and Strategic Plan

- **2023 Strategic Framework:** Supports equitable growth, partnerships, housing affordability, some climate actions, and sustainability—goals that a land bank can help achieve by re-purposing underutilized land for affordable housing.
- **Comprehensive Plan (2021):** This plan focuses on inclusive neighborhoods and sustainable development. A land bank can facilitate affordable housing and neighborhood revitalization in alignment with goals.
- **Affordable Housing Plan (2021)**
- **Climate Action Plan 2023-2027** (*where or when applicable*).
- **Consolidated Plan** (*where or when applicable*).

Community Engagement

The success of the City's AHP depends not just on funding but on inclusive partnerships and responsive governance.

- **Partner Collaboration:** OCS works closely with nonprofit developers — to deliver projects ranging from public housing redevelopment to affordable homeownership. These collaborations extend beyond funding to include technical support and shared implementation.
- **Resident Voice:** Residents help shape housing solutions. The Friendship Court (Kindlewood) and Carlton Mobile Home Park projects integrate resident input into planning and design. CRHA's Resident Advisory Board continues to guide redevelopment efforts from within the community.
- **Transparent Processes:** The City has improved the accessibility and fairness of its Grant Programs (CAHF and HOPS), using competitive funding cycles and HAC input to ensure accountability.
- **Institutional Support:** University of Virginia faculty and students have supported the City's housing work through research, pipeline analysis, and equity-focused data tools — expanding capacity and sharpening strategy.
- **Real-Time Tracking:** A new Housing Investment Dashboard, developed internally and now in beta form, will allow for real-time monitoring of housing investments and outcomes — reinforcing transparency and responsiveness.
- **Ongoing Oversight:** The City Manager's Transparency Portal, and this annual AHP, provide regular public updates on spending, results, and challenges — helping to keep the AHP grounded in civic trust and shared responsibility.

Budgetary Impact

As of FY2025, the City has committed or allocated approximately:

- **\$47.92 million** in direct affordable housing investments (**FY22 – FY25**), including CAHF Grants, CSRAP, public housing redevelopment support, and other City-supported CIP housing projects.
- **\$9.58 million** in local **Tax Relief Programs**, supporting residents through the Charlottesville Housing Assistance Grant, Rent Relief for elderly and disabled households, and real estate tax relief.
- **\$1.27 million** in **administrative costs**, covering full-time and fractional staffing, technical support, and governance functions within the OCS.

Together, these categories represent a total of approximately **\$58.77 million in City investment over the first four (4) years of AHP implementation**.

From FY26 to FY30, the total proposed investment in affordable housing, as part of the CIP, is \$53 million, which includes approximately \$12.7 million in FY26 and \$40.2 million in subsequent years.

Affordable Housing Projects

| | FY2026 CIP BUDGET | | | | |
|---|---------------------|---------------------|---------------------|--------------------|--------------------|
| | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
| Affordable Housing | | | | | |
| Westhaven Redevelopment | \$5,000,000 | \$5,000,000 | \$5,000,000 | \$0 | \$0 |
| Public Housing Redevelopment | \$3,000,000 | \$0 | \$0 | \$0 | \$0 |
| PHA - 501 Cherry Avenue Development | \$1,000,000 | \$2,150,000 | \$0 | \$0 | \$0 |
| Friendship Court Redevelopment: Phase 3 | \$0 | \$2,047,500 | \$1,102,500 | \$0 | \$0 |
| Friendship Court Redevelopment: Phase 4 | \$0 | \$0 | \$0 | \$2,925,000 | \$1,575,000 |
| Charlottesville Affordable Housing Fund (CAHF) | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 |
| Salvation Army-Operations | \$0 | \$250,000 | \$250,000 | \$250,000 | \$250,000 |
| CSRAP | \$900,000 | \$900,000 | \$900,000 | \$900,000 | \$900,000 |
| Friendship Court Redevelopment: Infrastructure Improvements | \$0 | \$650,000 | \$350,000 | \$1,560,000 | \$840,000 |
| Carlton Mobile Home Park | \$1,332,200 | \$1,230,400 | \$1,153,600 | \$1,076,800 | \$3,000,000 |
| AFFORDABLE HOUSING TOTAL | \$12,732,200 | \$13,727,900 | \$10,256,100 | \$8,211,800 | \$8,065,000 |

Observation: If fully executed — and pending future appropriations, reconciliations, or revisions — the City's projected ten (10)-year affordable housing investment would total approximately \$120.12 million, exceeding the original \$100 million AFP budget recommendation. However, this overage is driven largely by Direct Investments, which are on pace to exceed their \$70 million target by nearly 45%. In contrast, Administrative Costs remain underfunded, with just \$1.27 million expended over the first four (4) years, well below the \$4 million AHP benchmark for that same period. These dynamics suggest that while overall funding is ahead of schedule, careful alignment with the AHP's category-specific targets, particularly for implementation capacity and deeply affordable unit production, will be essential moving forward.

IMPORTANT CONSIDERATION: It is important to note that **certain CRHA-related projects in the CIP are bond-funded**, which introduces financing costs that are not reflected in the base investment totals. These costs, typically ranging from **3% to 4%**, will be borne through the City's standard debt service and could increase the City's overall financial obligation associated with these investments.

Recommendation

This Presentation is for information and discussion only. However, based on current trends and funding trajectories, City Council may wish to consider the following areas for guidance to the City Manager and Staff:

A. Support Targeting Goals for Deep Affordability

1. City Council may wish to affirm that future-year housing investments should prioritize households earning $\leq 30\%$ AMI, consistent with the AHP's equity framework.
2. City Staff can be directed to ensure that funding allocations (e.g., CAHF, CSRAP, land acquisition) are explicitly aligned with this targeting goal.

B. Provide Direction on Sustaining Implementation Capacity

1. Given that administrative funding remains below plan benchmarks, City Council may consider signaling support for reaching the AHP's \$1M/year target.
2. This would enable the City Manager to build the staffing and technical infrastructure needed for oversight, compliance, and performance.

C. Clarify Expectations for Executing FY26 – 30 CIP Commitments

1. With over \$53M in proposed housing allocations in the FY26 – 30 CIP, City Council may request regular reporting on agreement status, timing, and any necessary re-allocations.
2. Direction may be needed to prioritize readiness and alignment with community needs and AHP goals.

D. Reinforce Support for Policy Tools in Development

1. City Council may reaffirm its commitment to fully implementing key policy tools outlined in the AHP — including the Land Bank Authority and Affordable Housing Tax Abatement Program.
2. City Staff can be directed to bring forward implementation timelines, governance structures, and funding implications to ensure these tools are aligned with the City's affordability and equity goals.

Note: Both tools are the subject of subsequent presentations. This Report provides foundational context for how they support and extend the City's ten (10)-year housing strategy.

E. Maintain and Strengthen Transparency and Evaluation Practices

1. City Council may continue to support the use of public-facing dashboards and reporting mechanisms to track housing investments and outcomes.
2. Periodic updates on AMI targeting, unit performance, and geographic equity can help maintain accountability.

Alternatives

No Council action is required. This report is presented for information and discussion only.

Attachments

1. Attachment A - Tables/Figures 1-3
2. Attachment B - Snapshot Community Indicators
3. Attachment C - PowerPoint Presentation 2025 Affordable Housing Report
4. Attachment D - Referenced Key Excerpts of 2021 Affordable Housing Plan