

# Policy Briefing Summary

## City Council



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<b>Regarding:</b>	<b>Report and Discussion on Request for Investment in Housing Development Projects and Off Cycle Funding Requests</b>
<b>Staff Contact(s):</b>	Samuel Sanders, Jr., City Manager, James Freas, Deputy City Manager, Kellie Brown, Director of NDS, Madelyn Metzler, Housing Compliance Coordinator
<b>Presenter:</b>	<b>Samuel Sanders, Jr., City Manager</b>
<b>Date of Proposed Action:</b>	January 5, 2026

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### Issue

#### Request for Investment

The 2026 Request for Investment round produced three requests for investment consideration by Council. The projects reflect affordable housing needs in the community, but collectively extend well beyond the commitment of \$10 million per year for 10 years as outlined in the Affordable Housing Plan. The collective impact of the projects also does not fully address the recent reporting that the City's efforts are not fully reaching the area median income targets identified in the Plan. And to that end, Council may consider only supporting the project(s) that advance the closure of the gap as additional investment at this time. The attached summary outlines the three projects reviewed and offered by staff for Council's consideration.

Piedmont Housing Alliance also needs reconsideration of the plan for Phase 4 of the Kindlewood Development. Currently, there is a \$4.5M commitment from the City which will produce approximately 90 units. 131 units are needed to meet the original commitment of at least 425 units. To produce that number of units, an additional \$3M is needed to offset the budget gap that exists today. An alternative is the reduction of units delivered and additional targeting to the lowest AMI to connect to the gap in the achievements of the Affordable Housing Fund. Discussion and direction is needed as options exist and next steps are imminent and further complicate delivery until decisions are made.

Piedmont Housing Alliance has requested additional investment in the previously funded 501Cherry development project. The request includes additional tax abatement totaling \$1 million over the performance period and \$700,000 cash to support an April 2026 closing for construction to begin in 2026.

Piedmont Housing Alliance has confirmed a rental arrears priority at Kindlewood, in both new housing units and existing. The persistence of arrears suggests a critical financial assessment and counseling intervention is needed, and an ask for consideration of a \$85,000 grant to pilot the program delivery through the PHA Financial Opportunity Center along with a fund to retire arrears for successful program participants has been proposed in the amount of \$220,000.

#### Off Cycle Request

Emergency funding requests were received from PACEM for \$65,000 to fill a current year operating gap, Piedmont Family YMCA for \$45,000 to address state-mandated physical improvements to continue operations, and BRACH for up to \$250,000 projected budget erasure in support of approximately 30 local households for BRACH due to federal changes to the Permanent Supportive Housing program managed by HUD.

The Salvation Army also advanced a Family Shelter initiative with support from Albemarle County and

the Perry Foundation to renovate space for immediate implementation of facilities to support 24 occupants at full capacity (5 2BR apartments and one 1BR apartment w/shared kitchen, laundry, storage, and common space). The request is for annual operational support with a priority for securing \$340,000 to cover the first year operating expenses so the spaces can be utilized in January 2026.

### **Background / Rule**

#### **Request for Investment**

Annually, the City of Charlottesville, through a published Notice of Funding Opportunity, announces to the public the availability of funding for competitive grants to fund the priority of the preservation and production of affordable housing. One of the Request for Proposal (RFP) rounds is a Request for Investment, where developers of proposed projects can submit project details along with a request for Council to consider making a direct investment. The results of this annual round is reviewed by staff and provided to Council for consideration in the development of the next fiscal year budget.

#### **Off Cycle Grant Requests**

The City of Charlottesville offers multiple competitive grant rounds annually, but there are times with the schedules and deadlines do not align with priority matters or emergency situations. Council has therefore agreed to have the City Manager bring forward requests on a quarterly basis that meet an urgency requirement such that the next available competitive grant round will not be able to address the priority.

### **Analysis**

#### **Financial Impact**

The financial impact will be directly considered by Council's indication of interest in supporting the outlined projects as a funding source will be identified. The use of a combination of Council Strategic Initiatives Funds, CIP Contingency (resulting from the FY25 Budget Surplus), reallocating current year unspent funds, or inclusion of items in the FY27 - FY30 CIP are available options.

#### **Recommendation**

Discuss and identify the projects of interest for funding. A future action item will be presented to council.

#### **Recommended Motion (if Applicable)**

#### **Attachments**

1. RFI Submissions