

# Policy Briefing Summary

## City Council



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<b>Regarding:</b>	<b>Ordinance Authorizing a Forgivable Loan to Piedmont Housing Alliance to Support Redevelopment of 1025 Park Street/MACAA for the Purpose of Producing New Housing for Low- and Moderate-Income Persons (1 of 2 readings)</b>
<b>Staff Contact(s):</b>	Kellie Brown, Director of NDS, Brenda Kelley, Redevelopment Manager
<b>Presenter:</b>	<b>Brenda Kelley, Redevelopment Manager, Kellie Brown, Director of NDS</b>
<b>Date of Proposed Action:</b>	January 20, 2026

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### Issue

City Capital Improvement Project funding totaling \$3,770,000 has been allocated for the proposed affordable housing development at 1025 Park Street (a/k/a the MACAA site). City Staff requests City Council's approval of the attached Ordinance approving the execution of necessary legal documents to disburse these funds and ensure the housing units remain affordable over time.

### Background / Rule

The Monticello Area Community Action Agency ("MACAA") has partnered with Piedmont Housing Alliance ("PHA") and Habitat for Humanity of Greater Charlottesville ("Habitat") for the redevelopment of its current office and Head Start site at 1025 Park Street into a new primarily affordable mixed-tenure residential community.

The overall redevelopment of 1025 Park Street involves the construction of 86 new, affordable apartments and townhomes, a few market-rate homes, and 5,000 square feet of classroom space for MACAA's Head Start Preschool Program. PHA will develop 1025 Park Street A & B to provide 66, 1-, 2-, and 3-bedroom apartments for lease to individuals and households with incomes at or below 60% AMI. The apartments will provide 7 fully accessible, Section 504 homes for residents with physical impairments, and 2 accessible homes for residents with sensory impairments. In addition, 12 townhomes and 8 duplex dwellings will be developed by Habitat. Habitat typically serves families below 50% AMI. Over the last four years, Habitat has served families with an average AMI of 34%. As this request for funding support for the redevelopment includes the Habitat homes, Habitat will not be requesting additional funding from the City. The site also includes a portion of the development being developed as for-sale market-rate homes, which is outside the scope of this Loan Agreement and funding. Planned community amenities include community rooms, bicycle storage, elevator access and interior hallways, and access to recreation paths, open greenspace, and a potential playground serving the overall development.

As the primary source of project financing, PHA will pursue Low Income Housing Tax Credits ("LIHTC"), ensuring affordability for a minimum of 30 years. As a mission-driven nonprofit, PHA intends to maintain the property affordable in perpetuity.

Closing on the property is expected to occur in January 2026. LIHTC funding is secured, and the development team will move forward with construction documents, permitting, and securing any remaining financing with the goal of starting construction in October 2026. Construction is scheduled to take approximately 18 months, with project completion and full occupancy anticipated by the end of 2027/early 2028.

## **Analysis**

Approval of the attached Ordinance will spell out the preliminary minimum conditions expected by the City, pursuant to Virginia Code § 15.2-958, primarily with respect to the redevelopment of the property and the ultimate development of affordable housing.

In connection with the attached Ordinance, the City Manager will be authorized to execute additional documents to effectuate this transaction. These may include, but are not limited to, Declarations of Affordable Housing Covenants (one for rental units, and one for the homeownership units), a Deed of Trust, and a Promissory Note. These documents further provide protections and guarantees in place to ensure that the affordable units are built in accordance to the agreed performance requirements.

Here are some other key elements of the attached Ordinance:

- The City will provide \$3,770,000 in Loan proceeds for this project, as follows:
  1. Up to \$3,630,000 may be used for property acquisition. If this full amount is not used for property acquisition, the remainder may be allocated as reimbursement for construction expenses.
  2. Up to \$140,000 may be used to support project-based rental assistance for up to 5 rental apartment units for a minimum of 5 years.
- A minimum of 86 for-rent or for-sale dwelling units shall be provided, as follows:
  1. A minimum of 32 units will be Rental Affordable dwelling units for rental to households having incomes at or below 60% AMI; and
  2. A minimum of 24 units will be Rental Affordable dwelling units for rental to households having incomes at or below 50% AMI; and
  3. A minimum of 10 will be Rental Affordable dwelling units for rental to households having incomes at or below 30% AMI; and
  4. A minimum of 20 units will be For-Sale Affordable dwelling units for households having incomes at or below 50% AMI.
  5. In addition, there will be 8 for-sale, market-rate homes, for which the City will not provide Loan proceeds.
- All Rental Affordable Units will be and remain affordable for a period of 99 years.
- The Homeownership Affordable Units will be affordable for a period of 30 years, consistent with details outlined in the Declaration of Affordable Housing Covenants for the Homeownership units.
- The disbursement of City funds shall constitute loan proceeds. The term of the Loan is 40 years, commencing on the date of the final disbursement of Loan proceeds by the City. Interest shall accrue on outstanding amounts of the Loan at the annual rate of 3%. If the Project is completed and operated continuously in accordance with all terms, then the Loan and the accrued interest shall be forgiven.
- Beginning with the first occupancy of any Affordable Unit, both PHA and Habitat will be required to provide an annual report for their respective units, which shall include at a minimum: (a) the number of affordable units that are occupied; (b) the number of affordable units that are vacant; (c) a sworn statement that occupants of the affordable units meet the eligibility criteria; (d) and other documents reasonably requested.
- Once the Declaration of Affordable Housing Covenants are recorded, then the Affordability Requirements become binding, not only on the current landowner(s), but also upon any third-parties to whom the Project may be sold in the future. (In other words: the Affordability Requirements will run with the Land).

## **Financial Impact**

This request does not encumber any additional funding from the City Budget. A total of \$3,770,000 in funding has already been allocated (\$1,885,000 in FY24; and \$1,885,000 in FY25).

**Recommendation**

City Staff recommends City Council adopt the attached Ordinance detailing the terms and conditions associated with the City's financial contribution to support the development of affordable housing at this site. Furthermore, due to the tightly anticipated closing window for this project, City Staff is requesting that City Council adopt the attached Ordinance at tonight's first reading and waive the second reading by a 4/5 majority vote; and, thus, the attached Ordinance would be effective immediately.

**Recommended Motion (if Applicable)**

"I make a Motion to waive the second reading of the attached Ordinance, authorizing a Forgivable Loan to PHA for the 1025 Park Street/MACAA site, and to adopt the attached Ordinance at tonight's first reading."

**Attachments**

1. ORD 1025 Park MACAA Loan Agr Jan2026
2. 1025 Park St Loan Agreement finalJan2026
3. MACAA Dec of Affordable Hsg Cov (Rental) final Jan2026
4. MACAA Dec of Affordable Hsg Cov (Homeownership) final Jan2026
5. Promissory Note 1025 Park St
6. Deed of Trust - 1025 Park St finalJan2026