

# Policy Briefing Summary

## City Council



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<b>Regarding:</b>	<b>Resolution Appropriating \$700,000 and Initiating an Amendment to the Terms of a Performance Agreement Supporting the 501 Cherry Avenue Mixed-Use Development Project (2nd reading)</b>
<b>Staff Contact(s):</b>	James Freas, Deputy City Manager, Kellie Brown, Director of NDS, Madelyn Metzler, Housing Compliance Coordinator
<b>Presenter:</b>	<b>Madelyn Metzler, Housing Compliance Coordinator</b>
<b>Date of Proposed Action:</b>	February 2, 2026

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### Issue

Piedmont Housing Alliance ("PHA") requests additional investment in the previously funded 501 Cherry Avenue Mixed-Use Development Project ("Project"). The request includes increasing the Performance Agreement from 50% to 100% of the incremental real estate value created by the Project over the performance period and \$700,000 cash to support commencement of the Project in 2026.

### Background / Rule

The Project is proposed to include 71 affordable rental dwelling units and commercial space to be occupied by the Music Resource Center ("MRC") and a community grocery store. This Project represents a unique partnership between the Fifeville Neighborhood Association, Woodard Properties, and PHA, with the goal of creating and executing a shared vision and plan for development of the property. Currently, the Project has a financing gap which is preventing it from commencing. Funding must be secured by April 2026 for the Project to proceed and to meet MRC's move-in timeline.

### Analysis

The Project received final site plan approval in March 2025 and has secured 9% Low-Income Housing Tax Credit funding. The Project is consistent with both the City's Affordable Housing Plan's goals of creating new affordable units and the Small Area Plan's goal of improving food access. The Project will feature 71 multifamily rental units affordable to households earning between 30% and 60% of the Area Median Income ("AMI"), including 10 Project-based voucher units, 7 units for households under 30% AMI, 10 units for households under 40% AMI, 6 units for households under 50% AMI, and 38 units for households under 60% AMI. The Project also includes space for the nonprofit MRC, which needs to occupy its new facility by 2027, and for a community grocery store. The Project's \$1.7 million funding gap threatens that timeline. If this gap is filled, construction is scheduled to begin in spring 2026, with completion expected in 2027, and full occupancy by 2028. Addressing this shortfall is essential to maintain the timeline and ensure delivery of both housing and nonprofit space. City Staff supports the request to increase the Performance Agreement from 50% to 100% of the incremental real estate value created by the Project over the performance period, and by adding \$700,000 in additional cash from the Capital Improvement Plan ("CIP") Contingency Fund to support construction beginning in 2026.

### Financial Impact

The additional \$700,000 will be allocated from the City's CIP Contingency Fund and the 5-year CIP will be amended to include these additional Project funds in FY 2028 of the Plan.

### Recommendation

City Staff recommends City Council adopt the attached Resolution initiating an amendment to the terms of the 501 Cherry Avenue Performance Agreement (subject to approval by the Economic Development Authority of the City of Charlottesville, Virginia) to 100% of the incremental real estate value created by the Project over the performance period, and committing to increasing the funding for the Project by an additional \$700,000 from the CIP Contingency Fund.

**Recommended Motion (if Applicable)**

"I make a Motion to adopt the attached Resolution initiating an amendment to the terms of the 501 Cherry Avenue Performance Agreement (subject to approval by the Economic Development Authority of the City of Charlottesville, Virginia) to 100% of the incremental real estate value created by the Project over the performance period, and committing to increasing the funding for the Project by an additional \$700,000 from the CIP Contingency Fund."

**Attachments**

1. RESOLUTION\_\$700,000 appropriation 501 Cherry Ave