

Policy Briefing Summary

City Council



Regarding:	Affordable Dwelling Unit Tax-Abatement Program Proposal Presentation
Staff Contact(s):	Alan Peura, Kellie Brown, Director of NDS
Presenter:	Jeremy Goldstein, Director of Technical Planning & Analytics 3TP Ventures – Line and Grade
Date of Proposed Action:	February 17, 2026

Issue

Presentation of a housing construction cost analysis for the City of Charlottesville, Virginia ("City"), market to identify and quantify the financial impediments to new housing construction; to analyze the financial impact of the new City Development Code Assessory Dwelling Unit ("ADU") requirement as an additional financial impediment; and to consider the potential impact of an Affordable Housing Tax Abatement Program ("Program") as a way to improve the financial feasibility of new housing construction projects.

Background / Rule

On April 21, 2025, City Staff presented the concept of the Program at a City Council Work Session as a potential option to incentivize housing construction within the context of the ADU requirement in the City's new Zoning and Development Code.

At that Work Session, City Council charged City Staff with conducting a study ("Study") of the necessary housing market research and analysis to determine if the Program could have a material impact to incentivize housing construction within the context of all the costs associated with planning, financing, and building housing in the City. This Study was also intended to define an optimal Program structure to maximize housing construction and minimize administrative complexity as a potential option for City Council consideration.

Analysis

The goal of this Project and this presentation is to enable an informed discussion and recommendation to City Council regarding the likely impact of the Program so that City Council can consider whether to move this idea forward.

In June 2025, City Staff contracted with 3TP Ventures to lead and conduct this Study, market analysis, and model building to test the impact of the Program on the feasibility of housing construction projects.

This Agenda item is a Presentation and discussion of the final report of this Study and the demonstration of a feasibility model that provides illustrations of the impact of the potential Program on the financial feasibility of housing construction in the City.

Financial Impact

No impact at this time.

Recommendation

For City Council's review and consideration.

Recommended Motion (if Applicable)

For City Council's review and consideration.

Attachments

1. FINALDRAFT_Charlottesville Affordable Housing Tax Abatement Study_020325
2. CVilleTaxAbatement_CityCouncil_02.17.2026