

Policy Briefing Summary

City Council



Regarding:	Resolution to Temporarily Reallocate \$1,000,000 from the Kindlewood Phase 3 Project to Piedmont Housing Alliance (PHA) for a Loan Payment for Carlton Mobile Home Park Loan
Staff Contact(s):	Madelyn Metzler, Housing Compliance Coordinator, Sunshine Mathon, PHA Executive Director
Presenter:	Krisy Hammill, Director of Budget
Date of Proposed Action:	September 21, 2026

Issue

In August 2024, the City Council approved an Ordinance to provide financial assistance to support residential rental housing at Carlton Mobile Home Park (CMHP) for persons of low and moderate income and authorizing the City Manager to execute and deliver a Support Agreement in connection with the same, following a request from Piedmont Housing Alliance (PHA) and Greater Charlottesville Habitat for Humanity (GCHH) to the City to provide annual support over the next five years. PHA/GCHH created a special purpose entity for this project, Habitat Carlton Alliance, LLC (HCA). HCA has received financing approval and is now the bona fide owner of the property.

PHA is the fiduciary agent for HCA with all funding going to PHA. The Carlton Mobile Home Park Loan agreement was approved by the City Council on September 16, 2024, which provided a forgivable loan to Piedmont Housing Alliance, for the benefit of providing funding for property acquisition. According to the terms of the agreement, the loan proceeds are to be paid out annually (subject to appropriation) in an amount equivalent to the amount that will be paid by PHA on behalf of HCA in the given year. The amount appropriated in the FY 27 CIP was an amount sufficient to cover only an interest payment.

Background / Rule

The funding agreement approved by City Council included a schedule for how the loan proceeds were to be disbursed and which included an amount that was equivalent to a principal and interest payment. However, the agreement also noted that the amounts were subject to change pending a final loan agreement.

Analysis

The FY26 CIP budget included five years of payments for the CMHP loan based on amortization schedules provided by PHA that included annual principal and interest payments. For FY27, the City requested an updated amortization schedule from PHA. PHA understood the request to be for an updated schedule reflecting changes to the interest payments, as the annual principal payment requirements had not changed. The updated schedule provided therefore only reflected the updated interest payments but did not separately reflect the annual \$1,000,000 principal paydowns as it was assumed this remained unchanged. Unfortunately, the misunderstanding in scope between what was being requested and what was provided resulted in a CIP schedule change that does not fit the loan repayment requirements.

When PHA contacted staff to initiate the payment due to them for FY 27, the misunderstanding was identified. This resolution seeks to transfer funds from the Kindlewood Phase 3 project, which is also a PHA project, to cover the principal payment due on the CMHP loan by October 1, 2027.

Financial Impact

The City's funding to PHA for the CMHP loan is provided through cash appropriated annually as a transfer from the General Fund. For FY 27, the funds will be reallocated from another PHA project previously included in the City's CIP, and the budgets for both the Kindewood Phase 3 and Carlton Mobile Home Park projects will be re-adjusted during the FY 28 CIP annual budget process.

Recommendation

Staff recommends approval of the resolution with a 4/5 vote.

Recommended Motion (if Applicable)

"I move for approval of the resolution to temporarily reallocate \$1,000,000 from the Kindewood Phase 3 project to the Carlton Mobile Home project with a 4/5 vote"

Attachments

1. Reallocation of \$1M to CMHP