

Policy Briefing Summary

City Council



Regarding:	Resolution of Financial Support for the MACAA Drive Affordable Housing Project
Staff Contact(s):	Chris Engel, Director of Economic Development, James Freas, Deputy City Manager, Michael Goddard, NDS Interim Director
Presenter:	Madelyn Metzler, Housing Compliance Coordinator
Date of Proposed Action:	October 5, 2026

Issue

City Council is being asked to commit to pursuing a Performance Agreement or similar tool to share a portion of the incremental real estate tax increase generated by improvements to Parcels 470007029 and 470007030. This commitment would support the development of sixty-six (66) affordable apartment units within the larger mixed-income, mixed-use MACAA Drive Project ("Project") led by the Piedmont Housing Authority ("PHA").

Background / Rule

PHA is partnering to redevelop two (2) parcels along MACAA Drive into a multifaceted residential and community-serving Project. The full proposal includes twenty-eight (28) new single-family attached homes, sixty-six (66) new apartment units, and a 5,000-square-foot childcare facility. Of these components, the sixty-six (66) apartment units will be income-restricted and affordable to households earning between thirty percent (30%) and sixty percent (60%) of Area Median Income/ Virginia law allows localities to utilize Performance Agreements or similar tools to share incremental increases in property tax revenue derived from improvements, supporting developments that advance public purposes such as affordable housing. The attached Resolution authorizes the City to pursue such an agreement for up to thirty (30) years, with shared revenue capped at 100% of the incremental tax increase.

Analysis

The proposed support will assist PHA in completing the Project's financing structure, which is expected to rely on multiple affordable housing funding sources. A Performance Agreement offers a predictable long-term contribution, without requiring an immediate City budget allocation. The Project would create sixty-six (66) new affordable units, contributing significantly to the City's goals of expanding housing availability, increasing affordability, and supporting equitable development. Locating new affordable units within this corridor also aligns with broader planning initiatives focused on infill development and increased access to essential services. Overall, this commitment supports the City's strategic housing priorities and leverages an incentive mechanism that preserves current tax revenues while supporting future affordability outcomes.

Financial Impact

There is no immediate budgetary impact. If a Performance Agreement is executed, the City would forgo a portion of future incremental real estate tax revenue generated by improvements on Parcels 470007029 and 470007030. The Agreement would outline annual Grant terms for up to thirty (30) years, not exceeding 100% of the incremental increase.

Recommendation

City Staff recommends City Council adopt the attached Resolution authorizing the City to pursue a Performance Agreement or similar tool supporting the MACAA Drive Affordable Housing Project.

Recommended Motion (if Applicable)

“I make a Motion that City Council adopt the attached Resolution of Financial Support for the MACAA Drive Affordable Housing Project and authorize City Staff to negotiate a Performance Agreement consistent with the terms described herein.”

Attachments

1. Resolution of Financial Support for MACAA Drive Affordable Housing