

Policy Briefing Summary

City Council



Regarding:	Resolution of Financial Support for Palms Charlottesville Affordable Housing
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 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 Parcel 40C012000. This commitment would support 133 affordable housing units within a larger conversion and renovation project led by Brick Lane Better Communities, known as the Palms Charlottesville ("Project").

Background / Rule

Brick Lane Better Communities plans to convert the existing Holiday Inn at 1901 Emmet Street into multifamily housing, repurposing existing hotel rooms into studio and one (1)-bedroom units and renovating ground-floor areas into additional one (1)- and two (2)-bedroom apartments. The proposed Project includes 133 units for households earning at or below eighty percent (80%) Area Median Income ("AMI"), and nineteen (19) units at or below sixty percent (60%) AMI as required by the City Development Code ("CDC"); the remaining thirty-nine (39) units will be market-rate. No direct City funding is requested. The proposed support is limited to a Performance Agreement sharing a portion of future incremental real estate tax revenue. Under the Virginia Code, localities may enter into Performance Agreements or similar incentive tools to support developments that advance public interest goals such as affordable housing. The attached Resolution authorizes the City to pursue such an Agreement for up to thirty (30) years, not exceeding 100% of the incremental real estate tax increase resulting from the improvements.

Analysis

The requested City commitment would serve as a long-term, predictable funding mechanism supporting the 133 income-restricted units, without requiring an immediate budget allocation. Performance Agreements are a tool the City has used or considered in other housing-supportive contexts to catalyze both preservation and production of affordable units. By sharing incremental tax revenue generated by the renovation, the City can help maintain affordability while preserving its current tax base.

The Project will convert an existing non-contributing hotel structure into a multifamily community with modernized building systems, improved energy efficiency, accessibility upgrades, and individually metered residential units. The Project will include shared amenities such as coworking space, fitness facilities, community rooms, and an updated outdoor recreation area. The Project site is located near employment centers, transit routes, and recreation opportunities. These characteristics support City Council priorities related to housing affordability, equitable development, sustainability, and access to opportunity.

The Performance Agreement would support only the 133 income-restricted units at eighty percent (80%) AMI. The nineteen (19) units at sixty percent (60 %) AMI are required under the CDC. The

remaining units will be market rate. This structure allows the City to target its support toward affordability, while enabling a Project that adds to and enhances the existing housing supply.

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 Parcel 40C012000 for up to thirty (30) years not exceeding 100 percent 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 Palms Charlottesville Affordable Housing Project.

Recommended Motion (if Applicable)

"I make a Motion to adopt the attached Resolution of Financial Support for the Palms Charlottesville 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 Palms Charlottesville Affordable Housing