

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date:	March 4, 2025
Action Required:	Approve Resolution
Presenter:	Chris Engel, Director of Economic Development
Staff Contacts:	Chris Engel, Director of Economic Development
Title:	Resolution Supporting Kindlewood/Friendship Court Phase 3 Redevelopment Efforts

Background

The Piedmont Housing Alliance ("PHA") is continuing to redevelop the 11.75-acre Friendship Court property in four (4) phases over the next four (4) to five (5) years ("Project"). This \$100 million+ Project includes the creation of approximately 400 affordable units with multiple tiers of affordability. Additionally, the redevelopment Project will include commercial and community space, as well as associated infrastructure and parking. To help facilitate Project financing, PHA has again requested that the City consider an agreement that will share the incremental increase in real estate tax revenue generated by the investment. With a City commitment to contribute the future revenue stream (as a Grant), PHA will leverage this to create a portion of the funds needed to fund Phase 3 of the Project. Phase 3 will specifically help to subsidize the creation of approximately seventy-nine (79) newly constructed affordable housing units. This request does not ask for additional current revenue, it only requests future revenue that comes with an increased tax base. (As a point of clarification, the City has allocated a contribution to this Project as part of its annual Capital Improvement Plan. The proposed Performance Agreement discussed herein is separate and distinct from that contribution.)

The City, in conjunction with the Charlottesville Economic Development Authority, has used the Performance Agreement concept in the past to incentivize significant capital investment and the creation and preservation of affordable housing. There is no risk to the City, as the Grant occurs only after the investment has been made and once the additional tax increment materializes. Finally, the City does forego a portion of the real estate tax generated by the Project, until the Performance Agreement terminates. Similar Performance Agreements are in place for Project Phases 1 and 2.

Discussion

Applications for the Virginia Housing LIHTC Program are due in March 2025. The Virginia Housing LIHTC Application ("Application") requires a City Council Resolution that corresponds to any financial commitment(s) made for the redevelopment Project. LIHTCs are critical to the Project's financing, and it is a competitive application process. The City's support helps to ensure the Application receives the highest possible score. The City has previously supported Phases 1 and 2 of the Project.

Alignment with City Council's Vision and Strategic Plan

This action aligns with the City's Strategic Plan Framework, specifically the Strategic Outcome Area of Housing which seeks to provide housing choices and mobility options for all.

Community Engagement

The Project is led by an Advisory Committee composed of existing residents to guide decisions.

Budgetary Impact

There is no immediate budgetary impact. Should a Performance Agreement be executed in the future, the City will forgo some portion of the increase in real estate tax due to the Project.

Recommendation

City Staff recommends City Council approve the attached Resolution supporting Phase 3 of the Project.

Alternatives

City Council can decline to adopt the attached Resolution.

Attachments

1. Kindlewood Phase 3 Resolution.rev