

CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA



Agenda Date: March 4, 2025

Action Required:

Presenter: Antoine Williams, Housing Program Manager

Staff Contacts: James Freas, Deputy City Manager
Alexander Ikefuna, Director, Office of Community Solutions
Brenda Kelley, Redevelopment Manager
Madelyn Metzler, Housing Compliance Coordinator
John Sales

Title: Ordinance Amending Memorandum of Agreement and its corresponding Ordinance (#O-24-089) authorizing a grant of public funding to subsidize the South First Street Phase Two Redevelopment Project of Charlottesville Redevelopment and Housing Authority (1 of 2 readings).

Background

On July 15, 2024, Charlottesville City Council approved an Ordinance (#O-24-089), authorizing a \$6 million grant to the Charlottesville Redevelopment and Housing Authority (CRHA) for the South First Street Phase Two Redevelopment Project. The Memorandum of Agreement (MOA) executed alongside the ordinance outlined the terms and conditions of funding, including pre-disbursement conditions, compliance reporting, and project milestones.

Under the terms of the agreement, construction was originally scheduled to commence by September 30, 2024, with an option for CRHA to request a one-time extension if delays were anticipated. However, construction did not commence by the deadline, and no formal extension request was submitted within the required timeframe. By the terms of the agreement, the agreement became void at the point when CRHA missed this deadline.

Following internal reviews, City staff identified challenges in compliance tracking, coordination, and milestone adherence that necessitate updates to the MOA. Discussions with CRHA and its development team on February 14, 2025, confirmed that adjustments to project timelines and compliance mechanisms are needed to ensure the project's success. To enhance oversight, strengthen reporting structures, and provide clearer accountability, staff recommends reauthorizing the ordinance with amendments to ensure a more structured path forward for both CRHA and City staff.

Discussion

The proposed amendments are designed to support project accountability while ensuring continued progress toward the City's affordable housing goals. These updates reflect a collaborative effort between City staff and CRHA, following a series of discussions aimed at identifying key challenges and solutions. The amendments focus on clarifying expectations, enhancing oversight, and ensuring transparency in project execution.

1. Project Milestones and Deadlines

- CRHA shall commence construction no later than **July 1, 2025**.
- The project must be **substantially completed by July 31, 2027**.
- Extension requests must be submitted **at least 30 days prior to a deadline**, with justification and a corrective action plan.

2. Compliance and Reporting Measures

- a. CRHA shall submit **semi-annual compliance reports**, including:
 - i. Financial expenditures and adherence to the project budget.
 - ii. Affordability compliance verification (tenant income certification).
 - iii. Applicable updates regarding LITHC and/or HUD compliance.
- b. Construction progress updates.
 - i. Financial expenditures and adherence to the project budget.
 - ii. Affordability compliance verification (tenant income certification).
 - iii. Applicable updates regarding LITHC and/or HUD compliance.
- c. Formal **semi-annual compliance check-ins** shall be held between CRHA and City staff.

3. Enforcement and Remedies for Non-Compliance

- a. A **tiered enforcement structure** shall be implemented:
 - i. **Action 1:** Written notice of non-compliance with a 30-day correction period.
 - ii. **Action 2:** Suspension of future funding disbursements and eligibility until compliance is achieved and supported with documentation.
 - iii. **Action 3:** Potential termination of the agreement and recapture of unexpended funds; and potential eligibility restrictions to future use of grants of public funds by the City.

4. Monitoring and Financial Coordination

- a. **Ongoing site inspections and financial assessments will be performed to verify project advancement and ensure compliance with budgetary constraints.** Under the revised ordinance, the stipulation requiring the City to withhold 5% of grant funds until project completion and compliance verification has been eliminated. This adjustment is designed to mitigate the risk of noncompliance with the City's bonding requirements.
- b. **CRHA shall submit semi-annual financial statements**, with any budget modifications requiring review through the established communication framework.

c. **As part of a formalized public reporting process the schedule shall govern the timing of compliance meetings and reporting obligations:**

Quarter	Action	Timing
Q1 (July – Sept)	Compliance Check-In Meeting	Mid to Late August
Q2 (Oct – Dec)	Written Compliance Report Due	Early to Mid-November
Q3 (Jan – Mar)	Compliance Check-In Meeting	Mid to Late February
Q4 (Apr – June)	Written Compliance Report Due	Early to Mid-May

Alignment with City Council's Vision and Strategic Plan

This request aligns with City Council’s Vision “To be a place where everyone thrives” and the following:

1. City Council Strategic Plan Framework:

- **Housing:** Charlottesville defines access to livable housing as a human right and works to ensure housing choices and mobility are provided for all who seek it through implementation of the Affordable Housing Plan.
- **Partnerships:** Charlottesville creates avenues for meaningful collaborations with partners and key stakeholders, such as the County, UVA, and nonprofits, to magnify positive community outcomes.
- **Economic Prosperity:** Charlottesville develops strategies and economic development opportunities that drive economic prosperity for all.
- **Recreation, Arts, Culture:** Charlottesville provides, encourages, and supports a wide range of recreation, green space, arts, and cultural programs and opportunities.

2. Provisions in the 2021 Affordable Housing Plan

3. Comprehensive Plan Guiding Principles:

- **Equity & Opportunity:** All people will be able to thrive in Charlottesville.
- **Community Culture and Unity:** Charlottesville’s rich and diverse culture and form will be celebrated, and the entire community will feel welcomed, valued, and respected.

4. Comprehensive Plan Goals/Strategies:

- **Future Land Use Vision Strategy 2.1:** Through City-led efforts and private development, expand community access to housing, as well as amenities and services that improve quality of life.
- **Housing Goal 1:** Funding Commitments
- **Housing Goal 2:** Diverse Housing Throughout the City

Community Engagement

The City has engaged with CRHA leadership, project stakeholders, and community partners to discuss the proposed amendments. The February 14, 2025, meeting served as a key touchpoint for refining the compliance structure in coordination with CRHA's development team. Continued public engagement will be conducted through project updates and formal reporting mechanisms.

Budgetary Impact

There are no new funding commitments associated with these amendments. The reauthorization maintains the previously approved \$6 million allocation from the City's Affordable Housing Fund, with adjustments focused on compliance and accountability measures to ensure the responsible use of public funds.

Recommendation

Staff recommends that City Council reauthorize and amend Ordinance (#O-24-089) and approve the revised Memorandum of Agreement to ensure clearer accountability, stronger oversight, and compliance enforcement for the South First Street Phase Two Redevelopment Project.

Approving these amendments will allow the City to continue its commitment to affordable housing development while ensuring responsible use of public funds. Staff requests that City Council adopt these amendments on first reading with final approval at a subsequent meeting.

Alternatives

City Council may consider the following alternatives:

- **Deny the reauthorization and amendments** – This would mean the funding mechanism remains void, and the ordinance is not reauthorized at this time. Staff would require further guidance from City Council regarding the reallocation of these funds.
- **Approve a modified version of the amendments** – Council may approve the amendments as presented or motion for modifications to specific provisions, such as compliance timelines, enforcement measures, or funding conditions, during the meeting.
- **Defer action and request further review** – Council may choose to delay reauthorization to allow for additional discussions between City staff and CRHA regarding specific amendments.

Attachments

1. Ordinance Amending Ordinance, MOA and Reauthorizing Grant of Public Funds
2. Redlined_MOA_South First Street Phase Two
3. O#-24-089 Background: Agenda Memo (July 2024)