

Policy Briefing Summary

City Council



Regarding:	LLC/Entity Creation Authorization Resolutions: Westhaven Phase One and Sixth Street Phase Two Redevelopment Projects (1 of 2 Readings)
Staff Contact(s):	James Freas, Deputy City Manager, Antoine Williams, Housing Program Manager
Presenter:	Antoine Williams, Housing Program Manager
Date of Proposed Action:	June 16, 2025

Issue

City Council is asked to adopt two (2) Resolutions authorizing CRHA to form one (1) or more legal entities (e.g., a limited liability company) to support Project financing and development for the Sixth Street Phase Two Project and the Westhaven Phase One Project.

Background / Rule

The Charlottesville Redevelopment and Housing Authority ("CRHA") intends to use Low-Income Housing Tax Credits ("LIHTC") and other mixed-finance tools to support the redevelopment of Sixth Street Phase Two and Westhaven Phase One. As part of these efforts, CRHA must establish single-purpose entities (e.g., LLCs) to serve as ownership and/or management entities in order to comply with IRS, HUD, and Virginia Housing requirements. The Resolutions attached as Attachment A (Sixth Street Phase Two) and Attachment B (Westhaven Phase One) authorize CRHA to create such entities.

Pursuant to Virginia Code § 36-19(12), CRHA may only form such entities with the prior approval of City Council.

- On June 13, 2024, CRHA's Board of Commissioners passed a Resolution approving entity formation for Westhaven Phase One.
- On September 23, 2024, CRHA's Board passed a similar Resolution for Sixth Street Phase Two.

City Council's ratification of these Resolutions is now required.

Analysis

Entity formation is a standard practice in affordable housing finance and redevelopment. These LLCs allow CRHA to:

- Comply with LIHTC Program requirements;
- Secure investor equity;
- Facilitate public-private ownership structures;

- And isolate financial liability at the Project-level.

Each project (Westhaven and Sixth Street) will be supported by two (2) LLCs: one (1) for development ownership and one (1) for management. These structures are used throughout Virginia for mixed-finance public housing conversions and do not impose financial liability or risk on the City. The City is not a member of the LLCs, and is not assuming any ownership role or debt.

Authorizing CRHA to form these entities now ensures readiness for application submissions, investor negotiations, and financial closings later in the development schedule.

Financial Impact

There is no direct financial impact from this action. Entity creation is a procedural requirement under Virginia law and Federal Program Guidelines. This authorization does not obligate the City to any additional funding or liability beyond actions previously approved under the Capital Improvement Plan and associated MOAs.

Recommendation

City Staff recommends that City Council adopt the attached Resolutions authorizing CRHA to create the necessary legal entities for the Westhaven Phase One and Sixth Street Phase Two Redevelopment Projects, in accordance with Virginia Code § 36-19(12).

Recommended Motion (if Applicable)

"I move to adopt the attached Resolutions authorizing CHRA's creation of one (1) or more legal entities as required to support the redevelopment of the Westhaven Phase One and Sixth Street Phase Two Projects, pursuant to Virginia Code § 36-19(12)."

Attachments

1. Attachment A – Resolution_CRHA Entity Formation_SixthStreet_Phase2
2. Attachment B – Resolution_CRHA Entity Formation_Westhaven_Phase1