

City of Charlottesville
And
Charlottesville Redevelopment and Housing Authority
Partnership Report

Prepared for:

Charlottesville City Council

Charlottesville Redevelopment and Housing Authority Board

August 6, 2025

The provision of affordable housing options is one of the most critical issues facing the City of Charlottesville today. The City adopted an Affordable Housing Strategy in 2021, centralizing the City’s focus on this issue and calling for a direct financial investment of \$100 million over ten years into the production of affordable housing and ancillary programmatic and administrative supports. The Charlottesville Redevelopment and Housing Authority (CRHA) is the City’s most significant partner in this effort. CRHA currently controls over 400 affordable units across its portfolio, manages the Charlottesville Supplemental Rental Assistance Program (CSRAP), and is engaged in a multi-year effort to improve and expand its affordable housing portfolio with a current and projected total City investment of over \$38 million.

The following report is broken into three major parts:

1. CRHA Development Projects
2. Charlottesville Supplemental Rental Assistance Program (CSRAP)
3. General Coordination, Communication, and Administrative Issues

The purpose of this report is to identify strategies to improve communication, coordination, and efficiencies and, ultimately, better outcomes, for CRHA residents and the greater Charlottesville community. To that end, staff views this report is a starting point – the beginning of an ongoing effort of continuous improvement and relationship building as we strive to foster better collaboration between these two organizations.

The issues raised in this report are intended to be objective and with the sole purpose of identifying problems so that we can build trust and work together towards solutions. Notably, this report does not address issues of CRHA operations and maintenance nor any issues relating to its communication or interactions with residents, neighbors, businesses, or other stakeholders. This report is strictly focused on City and CRHA interactions.

1. CRHA Development Projects

Issue

Interactions between the City and CRHA in relation to advancing CRHA’s development portfolio have been characterized by missed deadlines, poorly understood timelines, and confusion around City expectations.

Background

CRHA owns four large, developed properties with affordable units as well as a significant portfolio of smaller properties with single, two, and small multi-unit buildings, with many of these purchased jointly with the City. Beginning approximately in 2019, CRHA began a program of rehabilitation, redevelopment, and expansion with its larger properties. Crescent Halls was the first of these projects completed featuring the major rehabilitation of this building. South First Street Phase 1 was the first redevelopment project, which significantly upgraded the property and expanded the number of units available. South First Street Phase 2, Sixth Street Phases 1 & 2, and Westhaven are all in various stages of development and predevelopment. The City has committed millions of dollars towards these projects. In addition, CRHA has goals to identify redevelopment and expansion opportunities on its portfolio of smaller properties.

Experiences related to the development portfolio in FY25 provide good examples of the challenges. In September 2024 CRHA missed the deadlines established in the funding agreements for the South First Street Phase 2 and Sixth Street Phase 1 for construction commencement and failed to ask for an extension of those deadlines. As a result, the funding agreement became void. These funding agreements were established in July 2024, but it is unclear if the timeline for construction to begin was realistic. Both agreements had to return to Council for reauthorization in March and CRHA is currently in compliance with the submission of their first report May 30th and construction commencing in March.

In FY25, CRHA requested authorization for its development partner to form LLCs for the Sixth Street Phase 2 and Westhaven projects in support of ongoing work towards those developments. The City took months to address this request, lacking clarity on when project-related LLCs should be established relative to future funding agreements. In the meantime, CRHA's partner moved forward with creating those LLCs before receiving authorization but held off on utilizing them or adding CRHA to the new entities until after such addition was approved by City Council.

Also in this time, the City received a Verification of Funding Source letter from CRHA and, again, was unable to respond in a timely manner without a clear understanding of how this request fit into the overall project financing scheme and how that related to the City's requirements.

Analysis

Within the examples presented above, and many others that staff from both agencies could likely identify, there is a common theme of a lack of coordination and communication. Despite City staff regularly attending CRHA's redevelopment meetings, information from

those meetings has not been consistently shared with the appropriate personnel. While the examples above are from CRHA's public housing redevelopment program, the issues presented apply equally well to development on other CRHA properties.

Recommendations

1. CRHA should assign a staff person the responsibility of tracking compliance with City funding agreements. **COMPLETE**
2. The City should prioritize attendance at all CRHA redevelopment meetings by the Housing Division Manager. Previously, attendance was designated to the Director level, however Manager plays a more direct role in the redevelopment projects. The Housing Division Manager should coordinate and share information gained in this meeting with the Neighborhood Development Services (NDS) Director, the Development Review Planning Manager, the Building Code Official, and other staff as necessary as well as having responsibility for sharing information back with CRHA. As appropriate or necessary, other staff from NDS should also attend CRHA's redevelopment meetings.
3. The City should clearly articulate the development funding process for CHRA-managed properties. What are the milestones in that process and how do those relate to CRHA's pre-development processes as they establish financing and development the project plan? Milestones include, but are not limited to, LLC formation, identifying the City funding source and associated restrictions, creation of the draft funding agreement, and funding agreement approval by City Council.
4. CRHA should identify a single point of contact with oversight over all development activity, other than the Executive Director. This person should be within the leadership structure of CRHA. **COMPLETE**
5. The City should foster relationship building between its Housing Division and the CRHA Development Manager.
6. The City and should support CRHA's efforts to identify ongoing funding sources for its Development Manager position.
7. CRHA should carefully assess its project management capacities with regard to its development goals on its large and small property portfolio.

2. Charlottesville Supplemental Rental Assistance Program (CSRAP)

Issue

CSRAP exhibits several systemic challenges related to transparency, administration, coordination, and customer service, as identified through stakeholder engagement and internal review, including a review of the program agreement.

Background

CSRAP is a City-funded, CRHA-administered, tenant-based rental subsidy initiative designed to help low-income residents secure housing in the private rental market. It serves households with incomes up to 60% of the Area Median Income (AMI) and is structured to support transitional housing options, though without codified time limits. Key provisions of the program include quarterly reporting, biennial tenant eligibility recertification, and administrative fees representing 10% of the annual allocation payable to CRHA. From FY18 to FY25 the City has allocated \$6.3 million to the program.

The program built a large reserve due to an underutilization of the funds in the early years of the program. Some of this unused funding has been redirected to property acquisition, with City Council approval. The waiting lists for this program and for the substantially similar, federally funded, Housing Choice Voucher program, suggest that there is strong demand in Charlottesville for rental assistance.

The City conducted interviews with housing and homelessness service providers about their experiences with the program after receiving negative feedback. The following comments came from these interviews:

- **Community-Level Challenges:** Persistent frustration with lack of clarity on waitlist status, voucher eligibility, and issuance; CRHA is often unresponsive and unwilling to share real-time data. Underutilization of issued vouchers due to limited unit availability. Perception of poor administration and unclear eligibility criteria.
- **Internal Coordination Gaps:** Fragmented referral and follow-up processes. Absence of shared tracking or referral handoffs. No unified dashboard to track unit vacancies, voucher use, or placements.
- **Structural System Gaps:** No functioning coordinated entry system. Lack of consistent feedback loops between community partners and City staff. Overlap and confusion over agency roles and administrative responsibilities.
- **Customer Service and Communication:** Community members report phones going unanswered and calls not returned, leading to delays or missed opportunities. No standardized customer service protocol across departments or between the City and CRHA. Lack of proactive updates or responsiveness leaves both applicants and participants uncertain about their program status.

Analysis

The CSRAP program has evolved over time to try and meet community needs while staying in compliance with federal law, but the agreement has not always kept pace with these changes. The program was intended to be transitional, but no exit timelines or plans has been established. As a result, a significant number of households have received support for more than two years, limiting new participants.

The program initially provided for no administrative funding for CRHA and included annual increases to the program funding amount. Though CRHA now receives 10% of allocated program funding for program administration, this does not cover the cost of the two employees who administer the program. Many of the administrative and customer service challenges identified above could be minimized with integration of CSRAP into the property management software CRHA uses for the federal voucher program. This integration would require additional funding for setup and annual licensing costs.

Recommendations

1. The City should extend the FY25 CSRAP funding agreement through December 15, 2025. **COMPLETE**
2. The City and CRHA should collaborate to identify and incorporate preliminary programmatic changes into the Eighth Amended Grant Agreement for City Council to approve before December 15, 2025.
3. The City and CRHA should collaborate to restructure the CSRAP program over the course of FY2026. In particular, this effort should provide greater clarity on eligibility and length of time in the program and responsibilities for program administration. The City should conduct a program evaluation that includes consideration of:
 - the appropriate resources needed to administer the program, including staffing levels, technology, and funding;
 - formal exit timelines and transition procedures, in alignment with CSRAP's original design as a time-limited intervention;
 - inclusion of non-City residents;
 - alignment with stated housing policy goals, such as targeting 50 percent of funds to households below 30% AMI;
 - defining the use of unspent funds; and
 - targeted rental assistance for specific projects.

3. General Coordination, Communication, and Administrative Issues

Issue

There are additional areas in which the City and CRHA are joint stakeholders that could benefit from improved coordination and communication. Five such areas are:

- The jointly-owned City Housing Portfolio;
- expired funding agreements with unspent funds;
- funding agreement compliance;
- CRHA's annual payment in lieu of taxes (PILOT) to the City; and
- leases for City-owned properties that CRHA utilizes.

Background

In 2023, the City and CRHA entered into a joint ownership and loan agreement for affordable housing units located at various sites throughout the city, collectively known as the City Housing Portfolio. These units are scattered throughout the city in the 10th & Page, Venable, Fifeville, Ridge Street, Rose Hill, Belmont, and Locust Grove neighborhoods. The agreement requires CRHA to report annually on its financial statements, operations, leasing efforts, rent rolls and tenancy, and budget. Since entering into an agreement, CRHA has not completed the annual reporting. While CRHA has reported on the portfolio to City Council, the documentation above has not been supplied.

Related to ongoing development projects, there are two funding agreements that have lapsed with unspent funds. \$260,000 is from a 2019 agreement that re-allocated unused funds to support development project soft costs, including the hiring of a Development Manager and Relocation Coordinator. After the last reimbursement request for these funds in 2020, the City assumed that remaining \$260,000 was no longer needed, while CRHA assumed that the funding would be available in the future after their sustainability plan was completed. In 2024, CRHA submitted a reimbursement request and was informed the funds were no longer available. There is an additional \$425,000 from a FY2022 CAHF grant for the South First Street Redevelopment Project. This agreement expired in 2024, but CRHA still anticipates using the funds and has submitted a request for reimbursement.

Section 3(b) of the Cooperation Agreement of 1958 between CRHA and the City requires a PILOT at the end of each fiscal year. According to the agreement, it is CRHA's responsibility to calculate and submit this payment annually. These payments lapsed between 2022 and 2025, and both the City and CRHA lacked mechanisms for ensuring payment. CRHA has since submitted these payments.

CRHA utilizes two City owned properties that have issues regarding their leasing. The first, the garage and parking lot at 405 Avon Street and 405 Levy Avenue, does not have an active

lease. The City acquired the property from CRHA in February 2024, at which time a lease-back arrangement was contemplated. No formal lease has been executed however CRHA continues to utilize the space. The second, the office space at 110 5th Street Northeast, has a lease with automatic annual rent increases, but the rent paid by CRHA has not increased and the City has not enforced the rent increases.

Analysis

Both the City and CRHA lack a system for reporting the substantial amount of information and documentation required annually by the City Housing Portfolio agreement. CRHA has shared concerns about the reporting requirements, including tenant privacy and the timeline for reporting misaligning with CRHA's fiscal calendar.

In the past year, the City and CRHA have identified three funding agreements that expired without a request from CRHA for an extension and without communication from City staff to determine if the funds were still planning to be used. While both the City and CRHA currently have staff in place who are monitoring grants and funding agreements, turnover and staffing vacancies on both sides have contributed to the lack of coordination regarding not only the funding agreements, but the PILOT and leases as well. Without establishing designated points of contact and documenting expectations and processes of both the City and CRHA, the disorganization and oversights will continue.

Recommendations

1. Jointly Owned Housing Portfolio - The City and CRHA should establish a system for reporting information on the City and CRHA's joint housing portfolio on an annual basis. City staff will develop a standardized reporting template, ensuring that any request for tenant data excludes personal identifying information. Portions of this can serve as the public report on this portfolio, presented to Council and publicly available. City staff will also collaborate with CRHA to develop a compliance calendar that aligns with both parties' needs. Once established, staff will determine an appropriate timeline for preparing any necessary amendments to the agreement for Council to approve.
2. Resolution of Funds in Expired Agreements - The City should draft new agreements for the \$260,000 remaining from the redevelopment funding agreement and for the \$425,000 in FY2022 CAHF grant funding. The City and CRHA should coordinate to ensure the time of performance adequately reflects the needs of both parties. The new agreements will incorporate reporting requirements that align with the CRHA compliance calendar and the Grants Monitoring framework.

3. Funding Agreement Compliance – As they have done with the funding agreements associated with development projects, CRHA should assign a staff person the responsibility of tracking compliance, preparing the appropriate reports for the City, and requesting changes when the organization determines that they need to change the scope of the proposed use of funds. **COMPLETE**
4. PILOT - The City should incorporate the annual PILOT into the broader CRHA compliance calendar. Both the City and CRHA should identify points of contact for the PILOT and the City should document its process for ensuring payment is received.
5. Leases - Both the City and CRHA should identify points of contact for leases and payment of rent to ensure consistency moving forward. CRHA and City staff should also document a process for ensuring rent increases are complied with throughout the remaining lease term. The City and CRHA should enter into a lease agreement for the use of the garage and parking lot at 405 Avon Street and 405 Levy Avenue.