

Policy Briefing Summary

City Council



Regarding:	Update on Plans for Phase 4 of the Kindewood Housing Project
Staff Contact(s):	James Freas, Deputy City Manager, Madelyn Metzler, Housing Compliance Coordinator, Kellie Brown, Director of NDS
Presenter:	James Freas, Deputy City Manager
Date of Proposed Action:	February 2, 2026

Issue

The City and Piedmont Housing Alliance (PHA) face a choice in the approach to phase 4 of the Kindewood / Friendship Court redevelopment project. Phase 4 can include a sufficient number of units to meet the number of overall units for the entire project as called for in the City's agreement with PHA, which would require a substantial further investment of funds by the City into the project and increases the project risk, or the City can amend the agreement and accept fewer units with no additional cost to the City and a more definitive timeline to completion.

Background / Rule

Analysis

Kindewood is a multi-phase redevelopment project governed by a master covenant that sets unit targets for each phase. Phase 1 is complete with 106 units, and Phase 2 is underway and expected to deliver 104 units. The City previously approved a reduction in Phase 3 to 85 units, which is below the original range of 88-102 units. Phase 4, the largest and final phase, was planned for 128-153 units, but rising construction costs and reliance on competitive Low-Income Housing Tax Credit allocations have created a significant funding gap. The City has already committed \$6.9 million in total to Phase 4, including \$4.5 millions for construction costs and \$2.4 million for infrastructure improvements. With this current commitment, the PHA project budget supports the delivery of 93 units, 37 units short of the covenant requirement. Closing this approximately \$3 million gap could allow the project to meet its original targets and maintain the overall goal of 425-475 units across all phases. However, delivery of these units would be dependent on securing future LIHTC allocations and would require additional project phases.

The Affordable Housing Plan sets the goal of increasing the number of subsidized affordable units by 1,100, prioritizing the creation of new units. The Plan also sets funding targets for 50% of funding to serve households with incomes up to 30% of AMI, 30% of funding for households earning up to 60% AMI, and 20% of funding for households earning up to 80% AMI, prioritizing deeper affordability. While increasing the funding for Kindewood would support the creation of more units, it would also require three LIHTC awards and increase the construction timeline for the project, creating further uncertainty about future project phases.

City staff and a representative of PHA will be available to discuss the details of the two approaches.

Financial Impact

Recommendation

Recommended Motion (if Applicable)

Attachments

1. KW4_CC_01.29.26