

Policy Briefing Summary

City Council



Regarding:	Financial Resolution Supporting Westhaven Redevelopment
Staff Contact(s):	James Freas, Deputy City Manager
Presenter:	James Freas, Deputy City Manager
Date of Proposed Action:	March 2, 2026

Issue

City Council is asked to adopt a Resolution affirming its financial support for the Westhaven Redevelopment Project ("Project"). This action confirms the City's prior funding commitment of \$15 million and acknowledges that the scope of the Project has been refined since that commitment was made.

Background / Rule

The Charlottesville Redevelopment and Housing Authority ("CRHA") is redeveloping the ten (10)-acre Westhaven public housing site ("Property") through a multi-phase plan. The Property currently houses 126 families and will be transformed into a modern, mixed-use community with deeply affordable housing. During the City's FY25 Budget cycle, City Council allocated \$15 million through the Capital Improvement Program ("CIP") to support the entire Project. The current request is that the \$15 million identified in the CIP be dedicated to Phase 1 (parts A and B). CRHA has indicated that they will seek additional City funds for Phase 2. No formal agreement has been executed, and this Resolution formalizes the City's financial commitment, which is a critical component of CRHA's LIHTC application process.

Analysis

In 2022, CRHA began planning with an initial goal of 350 units. After three (3) years of resident engagement and site analysis, CRHA's plan was revised to approximately 266 units, with 140 units planned for Phase 1A, and Phase 1B, and 124 units planned for Phase 2. While the total number of units has decreased, the Project will still double the number of deeply affordable units in the 10th and Page neighborhood and provide improved housing for seniors, families, and individuals with disabilities.

Since the initial funding commitment, estimated costs have increased significantly due to inflation, structured parking requirements, reduced tax credit value, higher debt costs, and the overall volatility of construction markets. These factors have made the original unit target impractical and have required adjustments to the Project scope to maintain livability and financial feasibility.

The Project will occur in three (3) Phases, with Phase 1 divided into two (2) components: Phase 1A and Phase 1B. Phase 1A will include 76 senior and disabled units and a clinic space, and Phase 1B will include 64 multifamily units with community space. CRHA plans to submit a competitive nine percent (9%) LIHTC application for Phase 1A in March 2026, requesting \$8 million in City funding for the Phase 1A application, and a non-competitive four percent (4%) tax-exempt bond application for Phase 1B in June 2026, requesting \$7 million in City funding for the Phase 1B application. These tax credit programs are essential to financing deeply affordable housing and require strong local support to score competitively. No plan for Phase 2 has yet been developed.

Prior to approving a Loan Agreement for the disbursement of these funds, City Staff recommends

conducting due diligence analysis to confirm the financial feasibility of the funding proposals, given the use of City funds to support the proposed Project.

Financial Impact

The CIP Budget allocated \$15 million for this Project. The amount of City support requested has not changed; however, the scope of the Project and the number of units that this investment will support has changed. The attached Resolution does not encumber additional funds, but formalizes the existing commitment to strengthen CRHA's financing strategy.

Recommendation

City Staff recommends City Council adopt the attached Resolution supporting a \$15 million grant to CRHA to complete Phase 1 of the Project.

Recommended Motion (if Applicable)

"I make a Motion to adopt the attached Resolution supporting a \$15 million grant to CRHA to complete Phase 1 of the Project."

Attachments

1. RESOLUTION Financial Resolution Supporting Westhaven 2-4-26 (1)