

# Policy Briefing Summary

## City Council



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<b>Regarding:</b>	<b>Ordinance Authorizing a Forgivable Loan to Piedmont Housing Alliance for 501 Cherry Avenue Site</b>
<b>Staff Contact(s):</b>	James Freas, Deputy City Manager
<b>Presenter:</b>	<b>Madelyn Metzler, Housing Compliance Coordinator</b>
<b>Date of Proposed Action:</b>	April 6, 2026

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### Issue

The City has allocated \$3,850,000 in Capital Improvement Program funding for Piedmont Housing Alliance's ("PHA") proposed 501 Cherry Avenue Mixed-Use Development Project ("Project"). City staff requests City Council to approve the attached Ordinance, which authorizes the execution of the necessary legal documents to disburse these funds and ensure the housing units remain for ninety-nine (99) years.

### Background / Rule

The Project is proposed to include seventy-one (71) affordable rental dwelling units and commercial space to be occupied by the Music Resource Center ("MRC") and a community grocery store. This Project represents a unique partnership between the Fifeville Neighborhood Association, Woodard Properties, and PHA, with the goal of creating and executing a shared vision and plan for development of the property. Closing on the property is expected to occur in April 2026. Approval of the attached Ordinance will detail the preliminary minimum conditions expected by the City, pursuant to Virginia Code § 15.2-958, primarily with respect to the redevelopment of the property and the ultimate development of affordable housing.

### Analysis

The Cherry Avenue mixed-use project features seventy-one (71) multifamily rental units affordable to households earning between thirty percent (30%) and sixty percent (60%) Area Median Income ("AMI"), space for the nonprofit Music Resource Center, and space for a community grocery store. The Project is consistent with both the City's Affordable Housing Plan's goals of creating new affordable units and the Small Area Plan's goal of improving food access. The seventy-one (71) affordable units include ten (10) Project-based voucher units, four (4) units for households under thirty percent (30%) AMI, ten (10) units for households under forty percent (40%) AMI, eleven (11) units for households under fifty percent (50%) AMI, and thirty-eight (38) units for households under sixty percent (60%) AMI.

The Project received Final Site Plan approval in March 2025, and has secured nine percent (9%) Low-Income Housing Tax Credit funding. Construction is expected to begin this Spring, with completion expected in 2027, and full occupancy by 2028.

Key elements of the attached Ordinance include:

- The City will provide up to \$3,850,000 in loan proceeds for the Project.

- Funding may be used for site work and construction of the new affordable dwelling units.
- Up to \$385,000 may be used to cover soft costs associated with Project planning and design.
- At least \$324,000 must be used to support rental assistance for up to ten (10) apartments for a minimum of five (5) years.
- A minimum of seventy-one (71) for-rent affordable dwelling units shall be provided.
  - A minimum of four (40 will be affordable to households at or below thirty percent (30%) AMI,
  - Ten (10) will be affordable to households at or below forty percent (40%) AMI,
  - A minimum of eleven (11) will be affordable to households at or below fifty percent (50%) AMI, and
  - The remaining units will be affordable to households at or below sixty percent (60%) AMI.
- All affordable dwelling units will be affordable for a period of ninety-nine (99) years.
- The disbursement of City funds shall constitute loan proceeds. The term of the loan is 42 years, commencing on the date of the final disbursement of loan proceeds. Interest shall accrue at an annual rate of three percent (3%). If the Project is completed and operated in accordance with all terms, then the loan and accrued interest shall be forgiven.
- Beginning with the first occupancy of an affordable dwelling unit, PHA will be required to report annually on the number of units occupied, the number of units that are vacant, and household demographic and income information for each occupied unit.
- Upon recording of the Declaration of Affordable Housing Covenants, the affordability requirements become binding.

### **Financial Impact**

This request does not encumber any additional funding from the City's Budget. A total of \$3,850,000 has been allocated in the City's Capital Improvement Plan (CIP) fund; \$1,000,000 in FY26, \$2,150,000 in FY27, and \$700,000 in FY28.

### **Recommendation**

City Staff recommends City Council adopt the attached Ordinance detailing the terms and conditions associated with the City's financial contribution to support the development of the Project.

### **Recommended Motion (if Applicable)**

"I make a Motion to adopt the attached Ordinance detailing the terms and conditions associated with the City's financial contribution to support the development of the Project."

### **Attachments**

1. ORDINANCE 501 Cherry Loan Agreement
2. City Loan Agreement - 501 Cherry Avenue
3. Deed of Trust - 501-A Cherry Avenue
4. Deed of Trust - 501-B Cherry Avenue
5. Dec of Affordable Hsg Cov (Rental) - 501-A Cherry Avenue
6. Dec of Affordable Hsg Cov (Rental) - 501-B Cherry Avenue