

# Policy Briefing Summary

## City Council



---

<b>Regarding:</b>	<b>Resolution Authorizing Performance Agreement Amendment Supporting 501 Cherry Avenue Project</b>
<b>Staff Contact(s):</b>	Chris Engel, Director of Economic Development
<b>Presenter:</b>	<b>Chris Engel, Director of Economic Development</b>
<b>Date of Proposed Action:</b>	April 6, 2026

---

### Issue

On March 4, 2025, City Council approved a Performance Agreement supporting the 501 Cherry Avenue Mixed-Use Project ("Project"). In January 2026, the City received a request from the developer to increase the Performance Agreement from fifty percent (50%) to one-hundred percent (100%) of the incremental real estate value created by the Project over the performance period to support a timely commencement of the Project in 2026. On February 2, 2026, City Council adopted a Resolution supporting this increase in concept. This item formalizes that support and includes an Amended Performance Agreement for City Council consideration.

### 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. Currently, the Project has a financing gap which is preventing it from commencing. Funding must be secured by April 2026 for the Project to proceed and to meet MRC's move-in timeline.

### Analysis

The Project received Final Site Plan Approval in March 2025, and has secured nine percent (9%) Low-Income Housing Tax Credit funding. 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 Project will feature seventy-one (71) multifamily rental units affordable to households earning between thirty percent (30%) and sixty percent (60%) of the Area Median Income ("AMI"), including ten (10) Project-based voucher units, seven (7) units for households under thirty percent (30%) AMI, ten (10) units for households under forty percent (40%) AMI, six (6) units for households under fifty percent (50%) AMI, and thirty-eight (38) units for households under sixty percent (60%) AMI. The Project also includes space for the nonprofit MRC, which needs to occupy its new facility by 2027, and for a community grocery store. The Project's \$1.7 million funding gap threatens that timeline. If this funding gap is filled, construction is scheduled to begin in Spring 2026, with completion expected in 2027, and full occupancy by 2028. Addressing this shortfall is essential to maintain the timeline and ensure delivery of both housing and nonprofit space. City Staff supports the request to increase the Performance Agreement from fifty percent (50%) to one-hundred percent (100%) of the incremental real estate value created by the Project over the Performance Period to support construction beginning in 2026.

The attached Amended Performance Agreement reflects this proposed change and has been reviewed by the parties and attorneys' and approved by the Charlottesville Economic Development Authority ("Authority").

**Financial Impact**

Funds will need to be allocated for transfer to the Authority, but only after the Project has been completed and increased real estate taxes have been realized.

**Recommendation**

City Staff recommends City Council adopt the attached Resolution.

**Recommended Motion (if Applicable)**

"I make a Motion to adopt the attached Resolution supporting the Project by increasing the Performance Agreement from fifty percent (50%) to one-hundred percent (100%) of the incremental real estate value created by the Project over the performance period to support a timely commencement of the Project in 2026."

**Attachments**

1. City Res. Amended PA 501-A Cherry
2. 501 Cherry Amended Performance Agreement 03.16.26