



## City Council Meeting Agenda

April 6, 2026

City Hall Council Chamber  
605 E. Main St.  
Charlottesville, VA 22902

Juandiego R. Wade, Mayor  
Natalie Oschrin, Vice Mayor  
Jen Fleisher  
Michael K. Payne  
J. Lloyd Snook, III  
Kyna Thomas, Clerk

### 4:00 PM Opening Session

#### I. Call to Order/Roll Call

#### II. Agenda Approval

#### III. Reports

1. Report: ADA Transition Plan Implementation Update
2. Report: Parks & Recreation Master Plan Implementation Update

### 5:30 PM Closed Meeting (if called)

### 6:30 PM Business Session

#### IV. Moment of Silence

#### V. Announcements

#### VI. Recognitions/Proclamations

- Proclamation: Child Abuse Prevention Month
- Proclamation: VIA Center for Neurodevelopment 30th Anniversary
- Proclamation: Dark Sky Week, April 13–20, 2026
- Proclamation: Rev. Dr. Lehman Bates II 20th Pastoral Anniversary

#### VII. Community Matters

Public comment for up to 16 speakers (limit 3 minutes per speaker). Preregistration available for first 8 spaces at <https://www.charlottesville.gov/692/Request-to-Speak>; speakers announced by Noon on meeting day (9:00 a.m. sign-up deadline). Additional public comment at end of meeting. Comments on Public Hearing items are heard during the public hearing only.

#### VIII. Consent Agenda\*

The consent agenda consists of routine, non-controversial items whereby all items are passed with a single motion and vote. Individuals speaking during Community Matters may address items on the Consent Agenda.

3. Minutes: March 19 and March 26 budget work sessions; March 25 special meeting
4. Resolution: Resolution in support of Charlottesville High Performance Buildings (2nd reading)
5. Resolution: Resolution to Appropriate \$100,000 for Utility Line Remediation Facilitation (1 of 2 readings)
6. Ordinance: Repeal of Section 2-4 of the City Code Regarding Bonds of Officers and Employees

#### IX. City Manager Report

- Report: City Manager Report

**X. Action Items**

- 7. Public Hearing: Public Hearing on the Charlottesville Real Property Tax Rate
- 8. Public Hearing/Ord.: Public hearing on the FY2027 City Budget Ordinance, Annual Appropriation, and Tax Levy
  - a. Ordinance: Ordinance establishing the Annual Tax Levy for Tax Year 2026 (1 of 2 readings)
  - b. Ordinance: Ordinance Adopting a Budget and Annual Appropriation of Funding for the City of Charlottesville, Virginia, for the Fiscal Year ending June 30, 2027 (1 of 2 readings)
- 9. Public Hearing/Res.: Public hearing and resolution to authorize execution of Right-of-Way Agreement and Utility Easement at Darden Towe Park
- 10. Ordinance: Ordinance Authorizing a Forgivable Loan to Piedmont Housing Alliance for 501 Cherry Avenue Site
- 11. Resolution: Resolution Authorizing Performance Agreement Amendment Supporting 501 Cherry Avenue Project

**XI. General Business**

- 12. Written Report: 2025 Integrated Pest Management Report

**XII. Community Matters (2)**

**XIII. Adjournment**

## MEETING GUIDELINES

- This is an in-person meeting with an option for the public to participate electronically by registering in advance for the Zoom webinar at [www.charlottesville.gov/zoom](http://www.charlottesville.gov/zoom). The meeting may also be viewed on the City's streaming platforms and local government Channel 10. Individuals with disabilities who require assistance or special arrangements to participate in the public meeting may call (434) 987-1267 or submit a request via email to [ada@charlottesville.gov](mailto:ada@charlottesville.gov). The City of Charlottesville requests that you provide 48 hours' notice so that proper arrangements may be made.
- The presiding officer shall ensure that individuals address their comments to City Council at appropriate times, in accordance with the meeting agenda and Council's Rules of Procedure.
- No person who is not a member of the city council shall orally address it until leave to do so has been granted by the city council or until invited to do so by the mayor. (City Code sec.2-71)
- Remarks and actions that disrupt the progress of the Council meeting, and remarks from persons other than councilors, the City Manager, the City Attorney, or a presenter for an Agenda Item are not permitted.
- The presiding officer shall call an individual to order, including a councilor, when that individual goes afoul of these rules. The following are examples of remarks and behavior that are not permitted:
  - i. Interrupting a speaker who is addressing Council at the speaker's microphone, or interrupting a speaker who has otherwise been invited to address Council during Community Matters or a Public Hearing
  - ii. Interrupting a councilor who is speaking
  - iii. Shouting, and talking (either individually or in concert with others) in a manner that prevents a speaker or a Councilor from being heard or that otherwise hinders the progress of the meeting
  - iv. Blocking paths for emergency exit from the meeting room; engaging in any conduct that prevents a member of the audience from seeing or hearing councilors during a meeting; standing on chairs or tables within the Council meeting room
  - v. Threats or incitement of violence toward councilors, City staff or members of the public
  - vi. Engaging in conduct that is a criminal offense under the City Code or the Virginia Code
  - vii. Campaigning for elected office
  - viii. Promotion of private business ventures
  - ix. Using profanity or vulgarity
  - x. Personal attacks against Councilors, City staff or members of the public
  - xi. Behavior which tends to intimidate others
- During a City Council meeting the presiding officer shall have control of the Council Chambers and the connecting halls and corridors within City Hall, and any other venue where a Council meeting is being held. In case of any conduct described above, the presiding officer may take measures deemed appropriate, including but not limited to suspending the meeting until order is restored, ordering areas to be cleared by the Sergeant at Arms, or requiring any individual to exit the meeting room and adjacent premises (connecting halls and corridors.)

# Policy Briefing Summary

## City Council



---

**Regarding:** **ADA Transition Plan Implementation Update**  
**Staff Contact(s):** Desiree Foster-Jackson, Steven King, Assistant to the City Manager  
**Presenter:** **Paul Rudacille, ADA Coordinator**  
**Date of Proposed Action:** April 6, 2026

---

### Issue

#### Background / Rule

The ADA Transition Plan Update was endorsed by City Council in May 2025 as an enhancement to prior ADA Transition Plans completed in 1995 and 2013 for the City of Charlottesville. The City has committed to achieving a *Culture of Compliance*, by focusing on fulfilling the requirements outlined in Title II of the Americans with Disabilities Act through demonstrated best effort. The initial and key deliverable was the production of this updated document. Since then, staff work groups have been established to work on priorities across city departments, a community work group has been engaged to provide direct input, and funds have been allocated to the ADA Coordinator to direct efforts to remove barriers and provide access to all who need additional supports as defined by the ADA.

The ADA states that a public entity must reasonably modify its policies, practices, or procedures to avoid discrimination against people with disabilities. This report will help the City of Charlottesville identify any existing physical barriers, including those identified in prior ADA Transition Plans, and develop solutions to remove them, thereby facilitating access for all individuals to our right-of-way, facilities, programs, and activities.

This report is an update from the ADA Coordinator on progress to date.

#### Analysis

#### Financial Impact

#### Recommendation

#### Recommended Motion (if Applicable)

#### Attachments

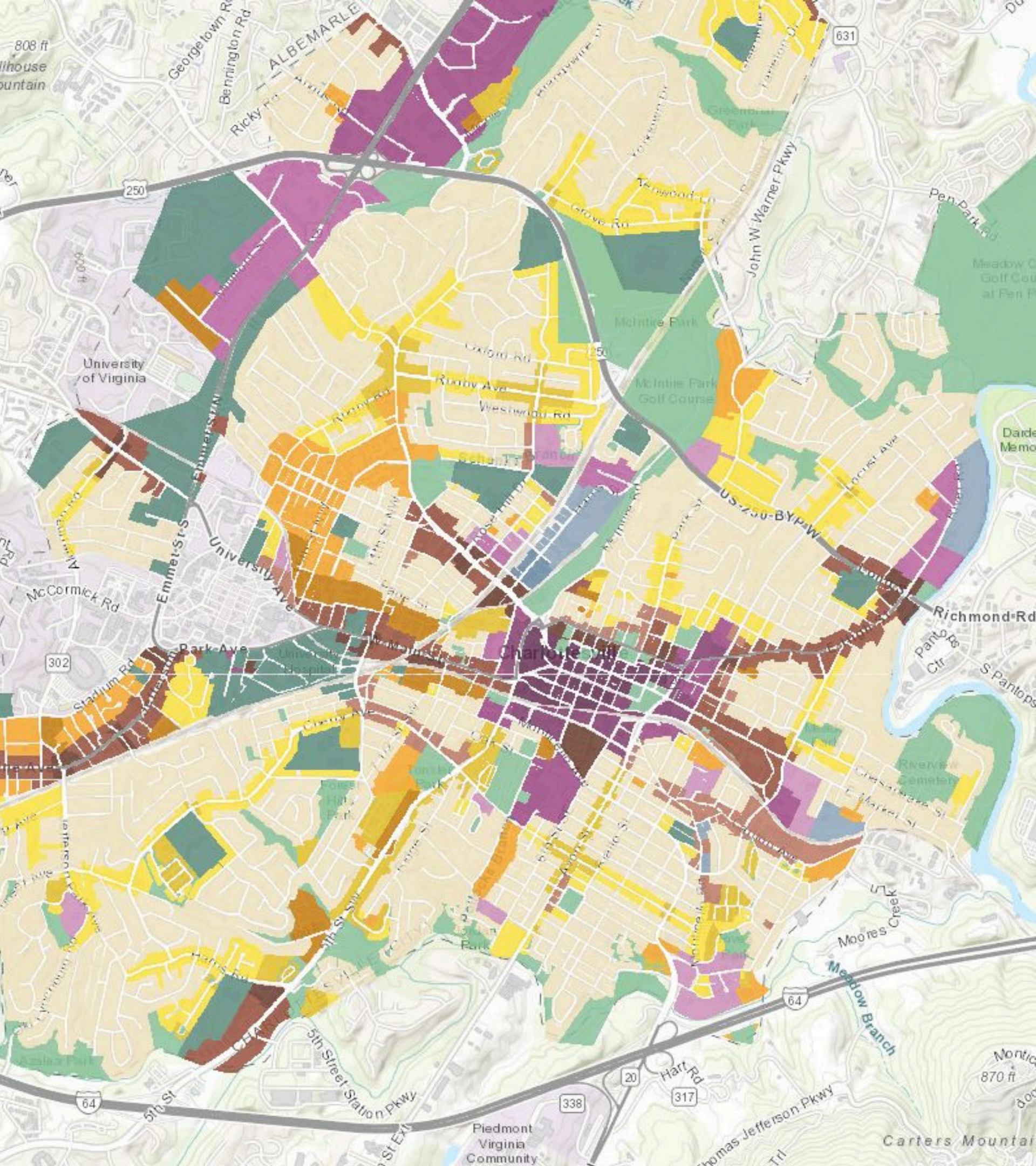
1. April 2025 ADA Transition Plan Update (4)

# CITY OF CHARLOTTESVILLE

Presented by  
Paul Rudacille, ADA Coordinator  
April 6, 2026

## ADA TRANSITION PLAN PROGRESS REPORT





# AGENDA

## Grounding

- Brief overview of the Americans with Disabilities Act
- What is a Transition Plan?
- Work completed to date



# ADA

NONDISCRIMINATION ON  
THE BASIS OF DISABILITY  
IN STATE AND LOCAL  
GOVERNMENT SERVICES

Photo Credit: [Disabled And Here.](#)

# **Animating Principle of the ADA**

**No qualified individual with a disability shall, by reason of such disability, be excluded from participation in or be denied the benefits of the services, programs, or activities of a public entity, or be subjected to discrimination by any such entity. 42 U.S.C. § 12132; see also 28 C.F.R. §§ 35.130(a); 35.152(b)(1) The ADA is a broad civil rights statute that covers a wide range of activities.**

# About The ADA

## **Title I**

- Equal Employment Opportunity for Individuals with Disabilities

## **Title II**

- **Nondiscrimination on the Basis of Disability in State and Local Government Services**

## **Title III**

- Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities

## **Title IV**

- Telecommunications

## **Title V**

- Miscellaneous Provisions



# TITLE

## II

NONDISCRIMINATION ON  
THE BASIS OF DISABILITY  
IN STATE AND LOCAL  
GOVERNMENT SERVICES

# Title II

- Prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities.
- Applies to **all** state and local governments, their departments and agencies, and other instrumentalities or special purpose districts of state or local governments.
- Clarifies the requirements of Section 504 of the Rehabilitation Act of 1973, as amended, for public transportation systems that receive federal financial assistance and extends coverage to all public entities that provide public transportation, whether or not they receive federal financial assistance.

# Title II

## Administrative Process

- Requirements for self-evaluation and planning
- Requirements for making reasonable modifications to policies, practices, and procedures where necessary to avoid discrimination
- Architectural barriers to be identified
- The need for effective communication with people with hearing, vision and speech disabilities.

This title is regulated and enforced by the U.S. Department of Justice

# What Is The ADA?

**The ADA is a law that protects people with disabilities in many areas of public life.**

- Disability rights **ARE** civil rights
- The law protects people with disabilities
  - Disabilities can include:
    - Physical
    - Cognitive
    - Sensory
    - Communications

# Transition Plan

- Developed from the self-evaluation and facilities survey.
- Public entities with 50 or more employees are required to develop a transition plan

The requirements for a Transition Plan, as outlined in 28 C.F.R. section 35.150, only apply to public agencies with 50 or more employees.

# Transition Plan

On June 3<sup>rd</sup> 2013 City Council complied with Title II of the Americans with Disabilities Act by approving the Charlottesville first transition plan.

# Transition Plan

In 2023 it was decided to revise our first transition plan, and in 2024 a consultant was hired on behalf of the City of Charlottesville to completed a new transition plan.

The new plan was approved by City Council on May 16<sup>th</sup>, 2025

# Transition Plan

A strategic roadmap designed to help Charlottesville comply with the Americans with Disabilities Act (ADA) and improve accessibility, equity, and inclusivity across all public facilities and services.

Scope Includes:

- Sidewalks and pedestrian routes
- Public buildings
- Transit facilities
- Parks and recreational areas

28 C.F.R. section 35.150



# A PLACE WHERE EVERYONE THRIVES

Work to Date



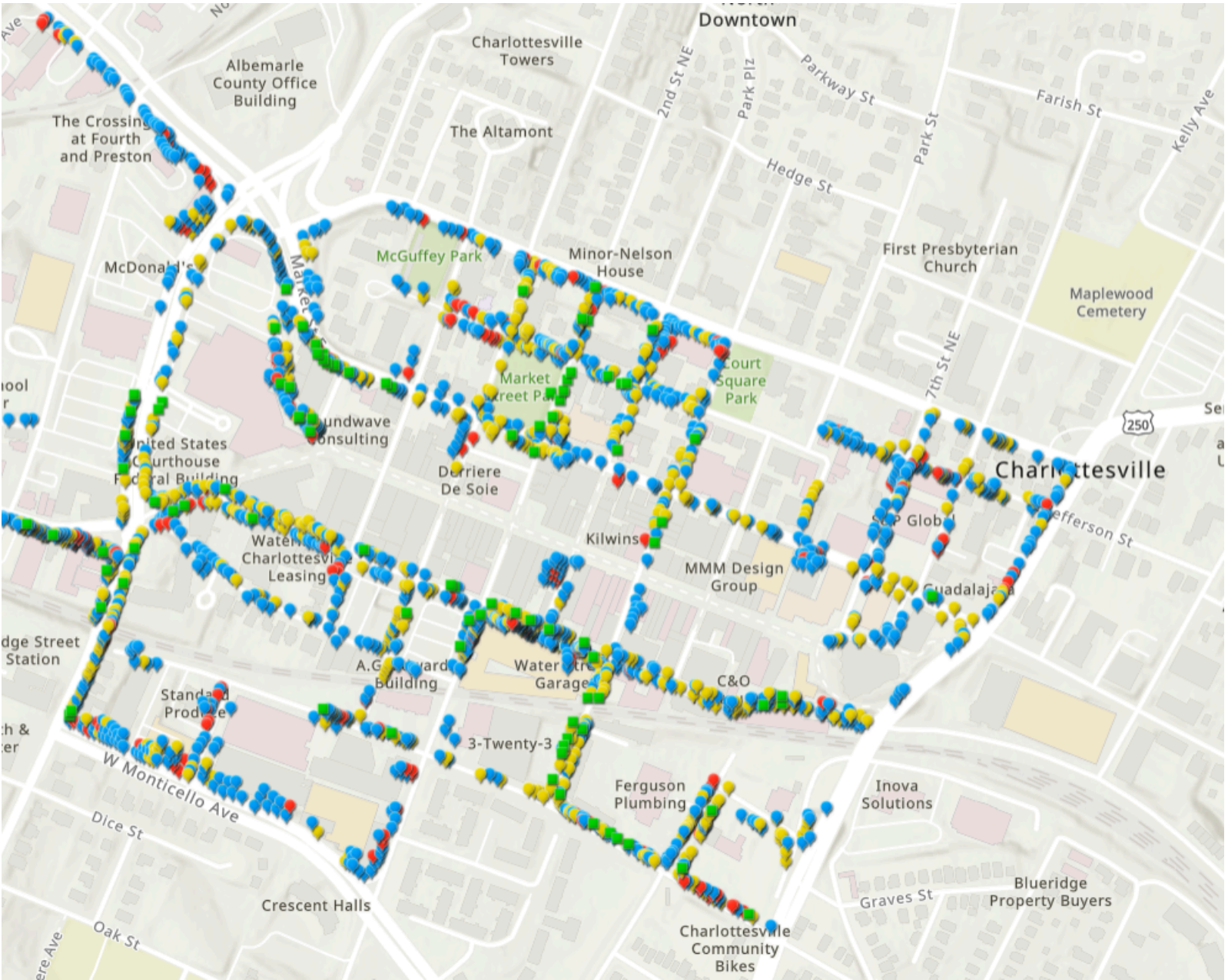
# Vertical Height Displacements

- **27,189 vertical height displacements** across more than 167 miles of sidewalk



# Vertical Height Completed

1,193 repairs on 49,657 square feet of sidewalk



# Curb Ramps

## Summary of Audit Findings

- **Total Curb Ramp Locations: 4,204**
- **Fully Compliant Ramps: 168 (Only 4% meet all modern standards)**
- **Deficient Ramps: 2,760 (Physical ramps exist but have issues like steep slopes)**
- **Missing Curb Ramps: 551 (Locations that require a ramp but have none)**
- **Other Barriers: 725 (Ramps that were not strictly "missing" or "deficient" but had other issues like being blocked by poles or hydrants)**



# Work to Start Soon



| No. | Intersection         | Needs       |
|-----|----------------------|-------------|
| 1   | E Jefferson & 1st    | NW, SW, NE  |
| 2   | E Jefferson & 4th    | All corners |
| 3   | High & McIntire Ramp | W, E        |
| 4   | High & Altamont      | E           |
| 5   | High & Altamont Cir. | NE, NW      |
| 6   | High & 1st           | NW, NE, SW  |
| 7   | High & 2nd           | NW, SE, SW  |
| 8   | High & 3rd           | NW, NE      |

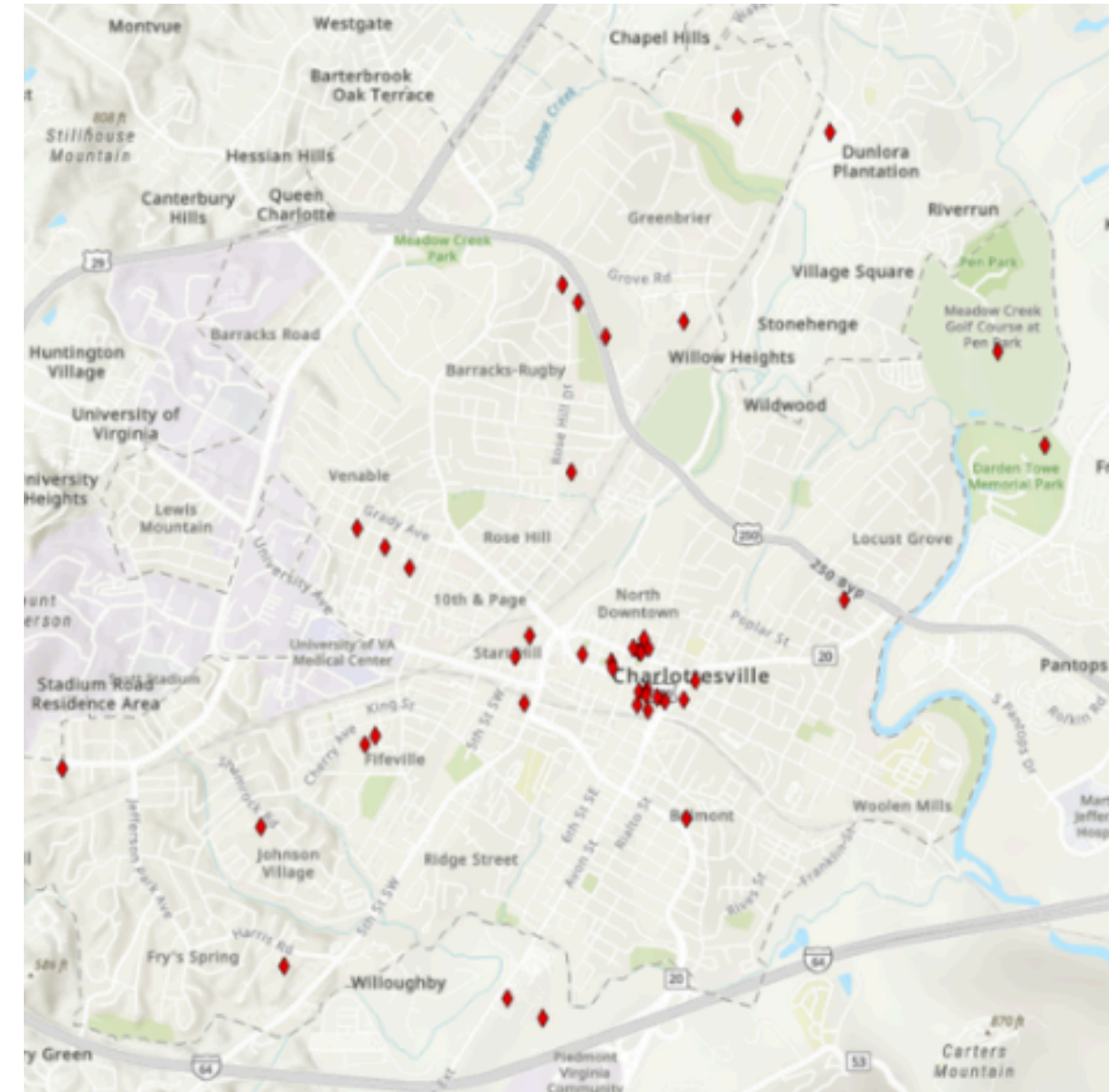
# Work to Start Soon



| No. | Intersection   | Needs       |
|-----|----------------|-------------|
| 9   | High & 4th     | SW          |
| 10  | High & 7th     | All corners |
| 11  | High & 8th     | TBD         |
| 12  | Water & 4th    | NW, NE, SW  |
| 13  | Water & 1st    | TBD         |
| 14  | Water & 2nd SW | NW          |
| 15  | South & 2nd    | No ramp     |

# FACILITY FINDINGS

42 Facilities: 2,697  
Barriers



# FACILITIES

## City Hall

- Work includes approximately 100 findings (not including council chambers);
- Economic Development office door replaced, new door closer installed
- Bathroom walls furred out in city hall basement conference room bathroom and parks and rec bathrooms, fixtures and grab bars re-installed at correct heights.
- Facilities maintenance has contacted Kone to address elevator related ADA issues
- Facilities maintenance to address grab bar and dispenser height issues in City Hall bathrooms in May
- Planning to remove several water fountains and modify some existing toilets.

# FACILITIES

Ridge St. Fire Station...ADA Access Route as addressed in the ADA Transition Plan

- Design is completed for City Review; Initial City Meeting has been held; the design concept has been approved by Fire Department; Submission for full City review should occur this week; expect 60-90 days for review

# FACILITIES

Preston-Morris House... ADA Access Route as addressed in the ADA Transition Plan

- Preliminary design has been conducted in order to verify key criteria and to provide several options for the client. Design is now moving closer to design development.
- The building tenant is working out some parking swaps to accommodate the revised ADA parking requirements.
- Once design is completed it will be submitted for City review; expect 60-90 days.

# Parks

Bathroom renovations at Washington Park are being undertaken to enhance accessibility, improve user experience, and support the park's overall functionality.

## Accessible document conversion pilot

We are testing a third-party software platform to help make our PDF, Excel, and PowerPoint files meet updated WCAG standards beginning in April 2027.

- Supports document remediation and accessible content production across departments
- Helps create a more consistent approach for PDFs, spreadsheets, and slide decks

Current status: software testing underway

Target start: April 2027

File types in scope

Testing now



### Goal

Use one accessibility workflow for PDFs, spreadsheets, and presentations starting in April 2027.

# Maturity Model

This maturity model is a self-evaluation tool that helps us understand how developed our ADA transition planning process is, allows us to help education staff based on department responses.

# FY27 Priorities

- **Prepare the City for the new Section 508 requirements taking effect April 27**
- **Continue implementation of the ADA Transition Plan**
- **Focus on the highest-priority barriers across sidewalks, curb ramps, buildings, and digital access**
- **Use audit findings and community feedback to guide next steps**

# **FY27 Public Right-of-Way Work**

- **Continue reducing vertical height displacements along priority sidewalk routes**
- **Build on completed sidewalk repair work already underway**
- **Continue curb ramp upgrades at priority intersections and pedestrian crossings**
- **Sequence work based on safety, access, and connectivity needs**

# **FY27 Building Accessibility Work**

- **Continue ADA improvements at City Hall**
- **Advance access route work at Ridge Street Fire Station**
- **Continue design development and review for Preston-Morris House**
- **Address additional facility barriers identified through the Transition Plan process**

# Thank You!

---

Questions?

## CONTACT INFORMATION

Paul Rudacille, ADA Coordinator

Email: [ADA@charlottesville.org](mailto:ADA@charlottesville.org)

Phone: 434-987-1267



# Policy Briefing Summary

## City Council



---

|                                 |   |
|---------------------------------|---|
| <b>Regarding:</b>               | <b>Parks &amp; Recreation Master Plan Implementation Update</b> |
| <b>Staff Contact(s):</b>        | Katie Lockhart, Deputy Director of Parks, Kelly Ledbetter       |
| <b>Presenter:</b>               | <b>Riaan Anthony, Director of Parks &amp; Recreation</b>        |
| <b>Date of Proposed Action:</b> | April 6, 2026   |

---

### Issue

#### Background / Rule

In March 2025, City Council amended the City's Comprehensive Plan to include the new Parks & Recreation Master Plan. The purpose of the Master Plan is to guide the department for the next 10 years and provide strategic direction and vision to meet current and emerging public needs, as well as remain the primary steward of significant natural, cultural, and historic resources.

There remains to be additional conversations about setting project priorities and funding allocations to increase the commitment to implement the Plan as presented. The total projected cost of plan implementation was approximately \$78 million dollars using projections at the time of concluding the plan's final draft last year.

This presentation by the Parks Director is a progress report on the efforts to implement to date.

#### Analysis

#### Financial Impact

#### Recommendation

#### Recommended Motion (if Applicable)

#### Attachments

1. Parks and Recreation Master Plan Update



# Master Plan Implementation

City Council Presentation | March 2026

*Building Better Parks for All Charlottesville Residents*

# AGENDA



**01** Department Overview & Background

**02** Master Plan Goals & Objectives

**03** Key Priority Areas

**04** What We've Accomplished

**05** 10-Year Capital Improvement Plan (CIP)

**06** What's Next: Critical Needs

# DEPARTMENT OVERVIEW



**2,300+**

Acres of Parkland

**\$14M**

Annual Operating Budget

**70+**

Full-Time Employees

**\$78M**

10-Year CIP Total

**\$5.5M**

Parks Maintenance Budget

**57**

Master Plan Projects

# MASTER PLAN GOALS & OBJECTIVES



## 1 Align Capital Priorities with Community Values

Ensure all project and program investments reflect the expressed needs, priorities, and values of Charlottesville residents identified through the Master Plan process.

## 2 Promote Equitable Access

Advance equity by improving access to parks, facilities, and programs for all residents, with focus on underserved and historically marginalized communities.

## 3 Maximize Impact of Limited Resources

Develop a phased implementation strategy that balances available budget and staffing resources with high-impact improvements ensuring sustainable growth.

## 4 Balance Development with Stewardship

Prioritize renovation, maintenance, and modernization of existing parks and facilities while strategically investing in new projects addressing service gaps.

- 10 - year Planning Horizon
- Realistic
- Implementable
- Financially Sustainable

Community Values and Needs

Assessment of Parks, Facilities, Amenities, Pools

Program and Service Analysis

Level of Service Provisions

Operational and Organizational Assessment

Park by Park/Facility by Facility Improvement Plans

Concept Plans - Tonsler, Washington, Market Street,  
Court Square Parks

Cost Estimating for Capital Improvements

Strategic Action Plan

# ADOPTD GOALS



**#1 PROVIDE SAFE, ACCESSIBLE PUBLIC SPACES.**

**#2 OFFER MEANINGFUL RECREATIONAL PROGRAMMING AND EVENTS.**

**#3 PRIORITIZE HEALTH EQUITY ACROSS THE CITY.**

**#4 ENSURE A DIVERSE AND DYNAMIC WORKFORCE.**

**#5 BUILD INNOVATIVE AND LASTING PARTNERSHIPS**

**#6 ESTABLISH AN ENVIRONMENTALLY SUSTAINABLE PARK ECOSYSTEM.**

**#7 CONNECT CLEARLY AND TRANSPARENTLY WITH THE COMMUNITY.**

**#8 CREATE A FINANCIALLY SECURE AND RESILIENT OPERATION.**

# IMPLEMENTATION PHILOSOPHY



1

## REINVEST

Preserve functionality & safety of existing assets. Regular upkeep, preventative maintenance, and timely repairs extend facility lifecycles and reduce emergency fixes.

### EXAMPLES:

- Restroom renovations
- Facility Upgrade
- Safety surfacing
- Structural repairs

2

## ENHANCE

Modernize and upgrade existing facilities to improve user experience, increase efficiency, and advance equity and accessibility for all residents.

### EXAMPLES:

- ADA improvements
- Playground modernization
- Energy-efficient lighting
- Trail improvements

3

## EXPAND

Build new facilities and major amenities only after ensuring existing assets are properly maintained and enhanced. Strategic expansion, not reactive spending.

### EXAMPLES:

- Four Framework Parks
- Adaptive Recreation Center
- Pickleball/Tennis courts
- New Dog Park

# KEY PRIORITY AREAS FROM THE MASTER PLAN



## Special Events

Expand and professionalize community programming

## Allocation Policy

Equitable distribution of facilities & resources

## Partnerships

Public-private & nonprofit partnerships

## Programs Study

Assess and enhance recreation offerings

## Reinvestment

Maintain, modernize aging infrastructure

## Staffing Strategy

Reorganize & grow to meet CIP demands

## Trail Plan

Connectivity & trail improvement planning

## Parks Framework

Four-framework plan across park categories

# WHAT WE'VE ACCOMPLISHED



## ✓ Special Events Staff Hired

Brought on a dedicated Special Events Coordinator to manage and grow community programming, festivals, and recreational events across Charlottesville's park system.

## ✓ Allocation Policy Completed

Developed and adopted a comprehensive Allocation Policy ensuring equitable, transparent, and priority-based distribution of parks facilities and resources to all residents and user groups.

## ✓ 10 Year Priority CIP Plan

Developed 10-year Parks & Recreation CIP Plan, establishing a community-driven framework with 57 prioritized capital projects across all park categories.

## ✓ Program Planning and Management

Developed a Programs Data Dashboard for staff so they can adjust program offerings based on current metrics and trends. Implemented automated waitlist system to reduce staff time and increase fill rates.

# THREE-PHASE PRIORITIZATION PROCESS



1

## Staff Survey

35.0 – 46.1  
Point Range

- 10 staff members scored 57 Master Plan projects
- 16 standardized evaluation criteria
- Criteria: equity, ADA, cost, sustainability, community impact
- Average score: 40.0 out of 80 points possible
- Narrow band reflects consistent staff application

2

## Impact vs. Cost

19  
High Impact/Low Cost

- Leadership review using 4-quadrant framework
- High/Low Impact × High/Low Cost matrix
- Identified 19 'quick win' projects
- River access elevated as special funding category
- Invasive species identified for alternative funding

3

## Funding Alignment

10-Year  
Roadmap

- Projects matched with available capital (\$1.2M/yr FY26-30)
- Identified funding gaps and alternative sources
- ADA fund (\$500K one-time) leveraged
- Combined same-park projects for efficiency
- City Manager priorities flagged separately

# 10-YEAR CAPITAL IMPROVEMENT PLAN OVERVIEW



**\$78M+**

Total 10-Year CIP Value

**\$17M**

Reinvestment

**~\$17M**

Expand

**~\$44M**

Visionary

- System Wide Tree Canopy
- System Wide Lifecycle Improvements
- Greenleaf Park Improvements
- Schools Improvements

- System Wide ADA
- Tonsler Park Framework Plan
- Washington Park Framework Plan
- Market Street Park Framework Plan
- Court Square Framework Plan

- Pen Park Improvements- Adaptive Recreation Center, Bennett's Village and Pickleball
- Pump track and McIntire Park
- Rivanna River Access Plan

# TOP PRIORITY PROJECTS



| PARK / PROJECT  | SCORE | ESTIMATED COST | IMPACT/COST RATING      |
|---|-------|----------------|-------------------------|
| System Wide- Signage and Furnishing Plan                | 46.1  | \$500,000      | Low Cost / High Impact  |
| Greenleaf Park – Improvements                           | 45.8  | \$531,250      | High Cost/ High Impact  |
| Riverview Park - Improvement                            | 45.6  | \$500,000      | Low Cost / High Impact  |
| Downtown Mall Tree Management Plan                      | 45.4  | \$591,250      | High Cost / High Impact |
| System-Wide ADA Accessibility Improvements              | 44.0  | \$7,000,000    | High Impact / High Cost |
| Four Framework plans– Planning/Implementation           | 43.5  | \$17,491,750   | City Manager Priority   |
| School Grounds  | 42.5  | \$400,000      | Low Cost / High Impact  |
| System Wide – Trail Implementation Plan                 | 42.3  | \$503,750      | Low Cost / High Impact  |
| Pen Park – Adaptive Recreation Center/Pickleball Courts | 44.7  | \$20,00,000    | High Impact / High Cost |

# WHAT'S NEXT: CRITICAL NEEDS



|               |   |
|---------------|---|
| <b>HIGH</b>   | <b>Increase Custodial Staffing</b><br>Add 2–3 custodial FTEs to meet cleanliness standards across 25 parks and 11 outdoor restrooms. 4 staff for 25 parks is unsustainable.   |
| <b>MEDIUM</b> | <b>Develop a Trails Plan</b><br>Fund a comprehensive trails detail plan to improve connectivity, safety, and equitable access throughout Charlottesville's trail network.   |
| <b>MEDIUM</b> | <b>Develop Partnership Policy Framework</b><br>Formalize public-private partnership policy with equity guardrails to unlock alternative funding and expanded service delivery.  |
| <b>MEDIUM</b> | <b>Pursue Additional Annual Funding (~\$800K)</b><br>Actively pursue federal/state grants, foundation funding, and other sources to close the gap between the \$1.2M allocation and the \$2M annual need.   |
| <b>MEDIUM</b> | <b>Staff Reorganization</b><br>Conduct organizational assessment to realign department structure with 10-year CIP demands by increasing city capacity, and grant compliance capacity. Realign divisions: parks maintenance, recreation services, planning, operations |



# Questions?

---

**Charlottesville Parks & Recreation Department**

Master Plan Implementation Team

[www.charlottesville.gov/parks](http://www.charlottesville.gov/parks)

*"Create a happy, healthy community for all"*

# CITY OF CHARLOTTESVILLE



## *Proclamation*

### **Child Abuse Prevention Month April 2026**

**WHEREAS** the City of Charlottesville is committed to the safety, well-being, and future of all children, recognizing that they are our community's most valuable resource; and

**WHEREAS** child abuse and neglect remain serious concerns that affect children and families across our nation, and prevention requires the collective vigilance and responsibility of all members of the community; and

**WHEREAS** strong families are the foundation of a thriving community, and supporting parents and caregivers through education, resources, and community connections helps prevent child abuse and neglect before it occurs; and

**WHEREAS** communities that prioritize prevention promote protective factors such as nurturing relationships, knowledge of parenting, and access to social supports, all of which help children grow up safe, healthy, and resilient; and

**WHEREAS** dedicated organizations, professionals, and volunteers in Charlottesville work year-round to provide advocacy, education, and services that strengthen families and protect children from harm; and

**WHEREAS** raising awareness during Child Abuse Prevention Month provides an opportunity to reaffirm our shared commitment to ensuring that all children are valued, supported, and given the opportunity to reach their full potential;

**NOW, THEREFORE,** the Charlottesville City Council hereby proclaims April 2026 as Child Abuse Prevention Month in Charlottesville and encourages all residents to work together to strengthen families, support children, and help prevent child abuse and neglect in our community.

Signed and sealed this 6<sup>th</sup> day of April 2026.

---

Juandiego Wade, Mayor

---

Kyna Thomas, Clerk

# CITY OF CHARLOTTESVILLE



## *Proclamation*

### **Recognizing the 30<sup>th</sup> Anniversary of VIA Centers for Neurodevelopment**

**WHEREAS** VIA Centers for Neurodevelopment offers a comprehensive continuum of compassionate, evidence-based care, serving more than 150 children and adults in Charlottesville through specialized schools, adult programs, supported employment, and early intervention services designed to support individuals and their families at every stage of life; and

**WHEREAS** at the heart of VIA's mission is the foundational philosophy that every human being possesses inherent dignity and value, and holds the fundamental right to lead a purposeful and meaningful life regardless of ability; and

**WHEREAS** VIA provides community-wide social groups that welcome individuals with neurodevelopmental challenges into safe and supportive environments, offering essential connection and support for both participants and their caregivers; and

**WHEREAS** VIA empowers individuals to build essential life skills and fosters deep community involvement, ensuring that those they serve are not only supported, but fully integrated into the fabric of society; and

**WHEREAS** through collaborative partnerships with local nonprofits, businesses, and school districts, VIA's transformative impact extends beyond its centers, actively contributing to a more inclusive, aware, and accepting community for all people with disabilities; and

**WHEREAS** this 30th anniversary milestone provides an opportunity to celebrate VIA's legacy of compassion, innovation, and community-building, and to recognize its continued commitment to creating a more inclusive future for all;

**NOW, THEREFORE**, the Charlottesville City Council hereby recognizes and commends VIA Centers for Neurodevelopment on the occasion of its 30th anniversary for outstanding service and dedication to enhancing the lives of individuals with neurodevelopmental challenges and their families, and for strengthening the Charlottesville community through inclusion, compassion, and opportunity.

Signed and sealed this 6<sup>th</sup> day of April 2026.

---

Juandiego Wade, Mayor

---

Kyna Thomas, Clerk

# CITY OF CHARLOTTESVILLE



## *Proclamation*

### **Dark Sky Week in Charlottesville April 13-20, 2026**

**WHEREAS** the beauty and wonder of a natural night sky is a shared heritage of all humankind, and the experience of standing beneath a starry sky inspires feelings of wonder and awe, and many people in Charlottesville live under a dome of light pollution—excessive artificial lighting that disrupts natural darkness—and may never experience the visual wonder or ecological and health benefits of living under a dark sky. The City of Charlottesville is now part of the Biophilic Cities Network and is committed to providing opportunities for community members to connect with the natural world; and

**WHEREAS** the City of Charlottesville is in close proximity to the Shenandoah National Park and is surrounded by natural landscapes that are home to many species which rely on undisturbed night environments to hunt, mate, and thrive; and

**WHEREAS** peak spring bird migration falls during Dark Sky Week and 80% of migrating birds fly at night and need starlight to navigate; and

**WHEREAS** reducing light pollution saves energy therefore helping the City of Charlottesville to meet its climate action goals; and

**WHEREAS** the City of Charlottesville is a neighbor to the McCormick and Fan Mountain Observatories, which are operated by the Astronomy Department of the University of Virginia, and the observations and research carried out at these observatories is hampered by the effects of light pollution; and

**WHEREAS** the International Dark Sky Association is the globally recognized authority on light pollution and has created International Dark Sky Week to raise awareness of light pollution, and provide free education, resources, and solutions to the public to encourage the protection of and enjoyment of dark skies and responsible outdoor lighting;

**NOW, THEREFORE,** the Charlottesville City Council hereby declares April 13-20, 2026, as DARK SKY WEEK in Charlottesville, Virginia, and we ask each resident to join us, not only in observing and pondering upon the importance of this week, but also in raising awareness and support to protect our precious dark sky resources.

Signed and sealed this 6<sup>th</sup> day of April 2026.

---

Juandiego Wade, Mayor

---

Kyna Thomas, Clerk

# CITY OF CHARLOTTESVILLE



## *Proclamation*

### **HONORING THE 20TH PASTORAL ANNIVERSARY OF REVEREND DR. LEHMAN BATES II**

**WHEREAS** Reverend Dr. Lehman Bates II has faithfully served as Pastor of Ebenezer Baptist Church since 2006, providing steadfast spiritual leadership, compassionate guidance, and visionary direction to his congregation and the greater Charlottesville community; and

**WHEREAS** over the course of twenty years of devoted ministry, Pastor Bates has strengthened Ebenezer Baptist Church through growth, innovation, and service, including the expansion of worship outreach through televised and broadcast ministries and the enhancement of church accessibility and infrastructure; and

**WHEREAS** Pastor Bates has demonstrated an unwavering commitment to global and local mission work, leading relief and outreach efforts in response to disasters such as Hurricane Katrina and the Haiti earthquake, coordinating international medical missions, and supporting communities in need both abroad and at home; and

**WHEREAS** Pastor Bates has been a tireless advocate for equity, justice, and community unity, contributing his leadership to numerous civic and academic initiatives, including the City's Dialogue on Race, university-community partnerships, and efforts addressing racial equity and health disparities; and

**WHEREAS**, in times of local and national challenge, including the events surrounding August 2017 and the COVID-19 pandemic, Pastor Bates has provided moral leadership, organized community response efforts, and ensured vital resources reached families in need; and

**WHEREAS** Pastor Bates has fostered meaningful partnerships across faith communities, nonprofit organizations, and public institutions, advancing initiatives such as food distribution programs, community forums, interfaith collaboration, and support for underserved populations; and

**WHEREAS** his leadership has been recognized through numerous honors and appointments, reflecting his enduring impact on faith, civic life, and the well-being of the Charlottesville community; and

**WHEREAS**, in 2026, Reverend Dr. Lehman Bates II celebrates twenty years of pastoral service at Ebenezer Baptist Church, marking a legacy of faith, service, and transformational leadership;

**NOW, THEREFORE, I, Juandiego R. Wade, Mayor of the City of Charlottesville, Virginia, do hereby proclaim recognition and celebration of the 20th Pastoral Anniversary of Reverend Dr. Lehman Bates II, and call upon all residents to join in honoring his extraordinary contributions to our community.**

Signed and dated the 5<sup>th</sup> day of April 2026.

---

Juandiego Wade, Mayor

---

Kyna Thomas, Clerk



## CHARLOTTESVILLE CITY COUNCIL MEETING MINUTES

March 19, 2026 at 6:00 PM

CitySpace: 100 5th St NE, Charlottesville, VA 22902

The Charlottesville City Council held a special meeting on Thursday, March 19, 2026, for a Community Budget Forum and public hearing on the proposed real estate tax rate for Fiscal Year 2027 (FY27). Mayor Juandiego Wade called the meeting to order at 6:02 p.m., and Deputy Clerk of Council Maxicelia Robinson called the roll, noting the following councilors present: Mayor Juandiego Wade, Vice Mayor Natalie Oschrin, and Councilor Jen Fleisher. Councilor Michael Payne gave prior notice that he would arrive late, and Councilor Lloyd Snook gave notice that he would be traveling that day and would be unable to attend the meeting.

Mayor Wade began the meeting by opening the public hearing for individuals to speak about the proposed 2-cent real estate tax rate increase. One member of the public spoke—Jim Moore, who advocated for no change to the current tax rate. He stated that an increase in taxes would require him to raise the rent on his rental housing, which he currently rents below market rate, to compensate for the tax hike, making the units less affordable for his tenants.

With no additional requests to speak, Mayor Wade closed the public hearing.

Mayor Wade then turned the meeting over to City Manager Sam Sanders.

City Manager Sam Sanders and Krisy Hammill, Director of Budget & Grants Management Department, led a discussion on revenue adjustments and options for eliminating the proposed FY27 tax rate increase. Ms. Hammill provided an overview of the \$2,467,724 budget gap, the related expenses contributing to the gap, and the initial proposal to offset these expenditures with a 2-cent real estate tax increase.

Ms. Hammill reported updated revenue projections for FY27 totaling \$1,005,123 in additional revenue. As a result, she presented a reduced budget gap of \$1,462,601 and outlined the following alternatives to balance the FY27 budget without a real estate tax increase for City Council's consideration:

- \$369,435 reduction in Charlottesville Area Transit (CAT) investment in the FY27 budget
  - Pursue CAT Revised Expansion Plan:
    - Split hiring of new drivers and bus technicians between January and July
    - Hire Operations Supervisor and Operations Manager in FY28
    - Hire Inventory Specialist in January
- \$415,000 from the Citywide Reserve Fund
- \$569,071 reduction in the amount above \$2 million allocated to Charlottesville City Schools
- \$109,095 from the Council Strategic Initiatives Fund

City Manager Sanders and Deputy City Manager James Freas noted the risks of creating a structural imbalance and the challenges of deferring or covering expenditures with one-time

funds.

City Council discussed the possibility of combining revenue from adjustments, the Council Strategic Initiatives Fund, and/or the Citywide Reserve Fund, along with a 1-cent real estate tax increase to address the budget deficit. Council also discussed moving forward with the 2-cent tax increase rather than relying on one-time funds. The City Council collectively expressed no interest in reducing the proposed budget for the CAT Investment Plan or the City Schools allocation.

Mayor Wade then opened the floor for additional public comment. Council heard from the following individuals:

1. Chris Meyer presented ideas for City revenue-generating strategies:
  - Progressive revenue options combined with a tax abatement program for individuals in lower income brackets
  - Increased opportunities for UVA student housing within the City to boost local spending and tax revenue
  - Accelerated housing development
  
2. George Rivera, owner of Wartime Fitness, asked City Council to reconsider its FY27 budget allocation for the Wartime Fitness Program, noting a decrease in funding. He shared testimonials about two students who had faced significant challenges but participated in his program and have since made major improvements in their lives.

Ms. Hammill previewed upcoming budget meetings, including the official Budget Public Hearing on April 6 during the regular City Council meeting. The April 6 public hearing on the real property tax rate increase will be publicly advertised beginning March 26, and budget adoption is scheduled for April 9.

On motion by Payne, seconded by Oschrin, Council voted unanimously to adjourn the meeting at 6:52 p.m.

BY Order of City Council

BY Maxicelia Robinson, Deputy Clerk of Council



## CHARLOTTESVILLE CITY COUNCIL MEETING MINUTES

March 26, 2026 at 6:00 PM

CitySpace: 100 5th St NE, Charlottesville, VA 22902

The Charlottesville City Council held a special meeting on Thursday, March 26, 2026, to discuss budget development for Fiscal Year 2027 (FY27), particularly the Capital Improvement Program (CIP). Mayor Juandiego Wade called the meeting to order at 6:02 p.m. and Clerk of Council Kyna Thomas called the roll, noting all councilors present: Mayor Juandiego Wade, Vice Mayor Natalie Oschrein, and Councilors Jen Fleisher, Michael Payne and Lloyd Snook. Mr. Wade turned the meeting over to City Manager Samuel Sanders, Jr. and Director of Budget and Grants Management, Kristina Hammill.

Mr. Sanders indicated that this meeting was programmed for discussion of the CIP, and the agenda for the April 2<sup>nd</sup> proposed special meeting date is up to Council discretion for budget topics should they choose to meet. Ms. Hammill led a discussion based on the following agenda and Councilors asked clarifying questions throughout the presentation:

- CIP 5-Year Summary
  - Education Projects
  - Facilities Projects
  - Public Safety Projects
  - Transportation and Access Projects
  - Parks and Recreation Projects
  - Affordable Housing Projects
  - Technology Infrastructure and Total Projects
- CIP Revenues
- Debt Projection
- 1% Sales Tax for School Construction
- CDBG (Community Development Block Grant) Applications Summary

Ms. Hammill previewed upcoming meetings, including opportunities for public input and the official Budget Public Hearing scheduled for April 6 during the regular City Council meeting.

Mayor Wade opened the floor for speakers from the public and Zyahna Bryant, city resident, spoke about funding needed for schools. She encouraged Council to ask questions to the School Board and to approve the full funding request in the FY27 Adopted School Board Budget.

Councilors discussed options for decreasing the proposed 2% real estate tax increase and for potentially changing the Charlottesville City Code ordinance that requires City Council to adopt a City Budget by April 15.

Councilors agreed to provide feedback to the City Manager on individual preferences for use of Council Strategic Initiatives Fund or other funds by Monday, March 30, in preparation for the April 2 budget work session. Several councilors mentioned the need for additional staffing to address housing issues and they discussed the potential for participatory budgeting.

On motion by Snook, seconded by Oschrein, Council voted unanimously to adjourn the meeting at 8:03 p.m.

BY Order of City Council

BY Kyna Thomas, Clerk of Council



## CHARLOTTESVILLE CITY COUNCIL MEETING MINUTES

March 25, 2026 at 6:00 PM

CitySpace: 100 5th St NE, Charlottesville, VA 22902

The Charlottesville City Council held a special meeting on Wednesday, March 25, 2026, to receive a presentation from the Low Barrier Shelter Workgroup outlining a proposed vision for a shelter at Holiday Drive. Vice Mayor Natalie Oschrin called the meeting to order at 4:04 p.m. and Clerk of Council Kyna Thomas called the roll, noting the following councilors present: Vice Mayor Natalie Oschrin and Councilors Jen Fleisher, Michael Payne and Lloyd Snook. Mayor Wade joined the meeting at 4:06 p.m.

Vice Mayor Oschrin turned the meeting over to City Manager Samuel Sanders, Jr., who summarized the reason for the presentation and introduced the next speaker.

Sunshine Mathon, Piedmont Housing Alliance Executive Director, made a statement commending the collaboration witnessed between members of the Low Barrier Shelter Workgroup.

Shayla Washington, BRACH (Blue Ridge Area Coalition for the Homeless) Executive Director, introduced other members of the Low Barrier Shelter Workgroup: Cameron Moore, PACEM Executive Director; Owen Brennan, The Haven Executive Director; Major Donny Wilson, Core Officer for The Salvation Army Emergency Year-round Shelter; and Erin Hannegan, Principal with Mitchell-Matthews Architects & Planners. She then summarized components of the Workgroup's scope and discussions:

- **Transformational Impact:** Investment in 2000 Holiday Drive will improve outcomes by strengthening safety, support services, and pathways back to housing for individuals experiencing homelessness.
- **Design Process:** Facility design prioritizes service coordination, housing-focused case management, and flexible program space, informed by partner and community input.
- **Capital Cost:** Project costs reduced from \$9.7M to \$8.6M (~11% reduction) through redesign and value engineering while maintaining core program goals.
- **Programs:** The facility will support day shelter services, coordinated entry, case management, housing navigation, and connections to health and workforce supports.
- **Near-Term Uses:** Serve as a central hub for shelter engagement and housing placement, increasing system capacity to move people from homelessness to housing.
- **Transportation:** Accessible location with proximity to transit and community services, supporting client mobility and partner collaboration.
- **Needs & Assumptions:** Continued demand for safe shelter, coordinated services, and expanded housing pathways to reduce length of homelessness.
- **Operating Model:** Sustainable operations focused on housing-focused staffing and coordinated service delivery.
- **Housing Programming Expansion Goals – The Haven:** Prevention, Housing Navigation, Rapid Re-Housing, Laura Delapp Haven Housing Fund. All programs will ensure steady exits from shelter to permanent housing while strengthening the community's homelessness response system.

Erin Hannegan spoke about the working group process, which began with visioning then moved into programming and facility design.

Owen Brennan, Executive Director of The Haven, presented the decision matrix for The Haven,

answering the question, “Is relocating some or all of our programs to Holiday Drive in the best interest of our guests and mission?” The Haven board discussed this recommendation at their March 17 meeting and convened again on March 24, voting to accept the recommendations based on data in each of the following areas:

- Financial Viability
- Service Accessibility
- Proximity
- Improved Facility and Space Design
- Mission-driven Trauma-informed Decision Process
- Safety
- Partnership Alignment
- Community Impact
- Mission-driven Organizational Identity

Ms. Washington reviewed the primary proposed partnerships and services provided, referencing the current continuum of care catchment area of: Charlottesville, and the counties of Albemarle, Fluvanna, Greene, Louisa and Nelson. The Workgroup acknowledged that the City of Charlottesville is not expected to solely fund the project, but that success will require support from regional partners.

Mr. Moore provided the estimated operating budget for PACEM and stated that operating from the Holiday Drive location would be a good investment to meet the need for the number of guests being served. BRACH and The Haven followed up with their estimated operating budgets.

The Workgroup also brainstormed interim and temporary uses for the Holiday Drive space. The Holiday Drive project will occur alongside the Salvation Army’s expansion of The Center of Hope.

Councilors followed up with questions and observations. The presentation has only been given to the Charlottesville City Council. Mayor Wade suggested that the Workgroup look at what Roanoke has in place. Assistant City Manager Samuel Roman stated that he could make introductions to contacts in Roanoke. Councilors expressed a desire to maximize the number of available beds. Councilor Snook encouraged continuing to work toward synergy and combining the various organizations under one umbrella to build efficiencies in operations and fundraising/philanthropy.

Councilor Payne acknowledged regional partners in the room, particularly a member of the Albemarle County Board of Supervisors.

Mayor Wade left the meeting at 5:36 p.m.

Councilor Fleisher suggested including Sentara in the conversation about operating a clinic.

City Manager Sanders stated that he engaged the businesses surrounding the Holiday Drive facility. Following further Council discussion, Mr. Sanders made closing remarks and Vice Mayor Oschrein thanked the Workgroup.

On motion by Snook, seconded by Fleisher, Council by a vote of 4-0 adjourned the meeting at 5:58 p.m. (Absent: Wade)

BY Order of City Council

BY Kyna Thomas, Clerk of Council

# Policy Briefing Summary

## City Council



---

|                                 |  |
|---------------------------------|--|
| <b>Regarding:</b>               | <b>Resolution in support of Charlottesville High Performance Buildings (2nd reading)</b> |
| <b>Staff Contact(s):</b>        | Kristel Riddervold, Director of the Office of Sustainability                             |
| <b>Presenter:</b>               | <b>Kristel Riddervold, Director of the Office of Sustainability</b>                      |
| <b>Date of Proposed Action:</b> | April 6, 2026  |

---

### Issue

Office of Sustainability is bringing forward a High Performance Buildings Resolution for the purpose of aligning with state requirements and establishing High Performance Building Standards for the design, construction, operation, maintenance, and renovation process for all municipal buildings. This action reflects strategies found in both the Comprehensive Plan as well as the Charlottesville Climate Action Plan and will replace the City's 2008 Green Buildings Resolution.

### Background / Rule

In 2008, Charlottesville adopted its first Green Buildings Resolution, making a policy commitment to environmentally sustainable building practices. Since that time, all major City construction projects have achieved certification through the U.S. Green Building Council (USGBC) Leadership in Energy and Environmental Design (LEED) green building rating standard. To date, the City has built seven LEED certified facilities and two more (the Bypass Fire Station and Charlottesville Middle School) are in process.

More recently, the Virginia General Assembly passed the *High Performance Buildings Act of 2021*, requiring certain facilities constructed by Virginia localities to meet a state-mandated performance threshold. These requirements went into effect for smaller localities in 2023. Charlottesville has been in compliance with the state law through the existing green building policy as well as the design/construction of new facilities to achieve LEED certification.

### Analysis

#### Update:

In order to clarify the scope of this High Performance Buildings Resolution, the following modification has been made to the "Now, Therefore, Let it be Resolved" section:

- Bullet 2: That the City of Charlottesville High-Performance Building Standards will be used to guide the design, construction, operation, maintenance, and renovation process for all municipal of all City buildings, including Charlottesville City Schools buildings.

In order to clarify how of the High Performance Building Standards will be administered, the following bullet has been added to the "Now, Therefore, Let it be Resolved" section:

- That the Office of Sustainability, in consultation with building professional colleagues and approval from the City Manager, is responsible for administration and implementation of the High Performance Building Standards.

Charlottesville has long been committed to building high performing, energy efficient facilities. Adopting this updated policy to reflect current best-practices is in alignment with many of the City's guiding documents, including the Comprehensive Plan, the Climate Action Plan, the Climate Risk and Vulnerability Assessment, the Green Building Policy, and the Energy & Water Management Policy. It will also ensure that we continue to be in compliance with Virginia's *High-Performance Buildings Act*.

Staff from the Office of Sustainability, with consultant support, worked closely with an interdepartmental team to develop the *Charlottesville High Performance Building Standards v1.0* (HPBS) for municipal building projects. These standards establish current practices as requirements and are intended to standardize building methods across all departments and for all building projects. They also present strategies and technologies that may be appropriate for some projects (referred to as Opportunities) and point to developing technologies for staff to monitor or consider piloting (referred to as Stretch Goals). The HPBS sections include:

- Sustainable Design Procedures and Activities - outlines the procedures that apply broadly to the design and construction of high-performance buildings. This section also includes a matrix to assist project managers and designers in assessing requirements for specific projects.
- Building Planning - describes a wide range of issues that apply to the planning and scoping phases of a building project.
- Technical guidance sections - explore an array of topics organized into traditional building categories (building envelope, building materials, mechanical, electrical, and plumbing systems, commissioning, and site design).

High-performance buildings have many benefits, including increased occupant comfort and safety, reduced energy and water usage, reduced operating costs, minimized environmental impacts, and maximized building longevity. Continuing our commitment to build and operate efficient, environmentally responsible buildings will contribute to reaching our climate commitments as well as reduce utilities costs for the City. Modernizing our high-performance building best practices also ensures that we take future environmental conditions into account as we plan and build the next generation of public facilities.

### **Financial Impact**

Development of the *High Performance Building Standards* was funded through the Climate Action Initiative Fund, previously appropriated as part of the FY2026 Capital Improvement Program. Since the HPBS are largely based on existing building methods including ones that have contributed to the City's track record of achieving LEED certification for new and major building projects, adopting the proposed Resolution should not have significant new financial impacts.

### **Recommendation**

Staff recommend adopting the High Performance Buildings Resolution.

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

Recommended to move to a second reading for approval.

### **Attachments**

1. High Performance Buildings Resolution (April 2026)
2. Attachment 1 - HPBS link
3. HPB Resolution 03162026

**RESOLUTION #R-\_\_-\_\_**

**Charlottesville High Performance Buildings**

**WHEREAS**, the Council of the City of Charlottesville is committed to the Global Covenant of Mayors for Climate and Energy, whose mission is to support and mobilize local governments in taking ambitious, measurable climate and energy action; and

**WHEREAS**, on September 2, 2008, the City Council adopted an initial Green Buildings Resolution, reflecting alignment with the U.S. Mayors Climate Protection Agreement which promotes sustainable building practices and energy efficiency; and

**WHEREAS**, in 2019, the City Council adopted community-wide greenhouse gas emissions reduction goals of 45% by 2030 from 2011 levels and carbon neutrality by 2050; and

**WHEREAS**, the City's Comprehensive Plan incorporates goals and objectives related to high performance building practices; and

**WHEREAS**, in 2023, the City Council adopted a Climate Action Plan to guide actions toward reaching the adopted emissions reduction targets, including high performance building strategies; and

**WHEREAS**, the Climate Action Plan established energy and water use intensity goals of 30% reduction by 2030 in all City facilities; and

**WHEREAS**, the state High Performance Building Act, codified at section 15.2-1804.1 of the Code of Virginia, establishes that for certain new buildings and major renovations, a locality shall ensure such building:

- Is designed, constructed, verified, and operated to comply with a high performance building certification program such as the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.
- Has sufficient zero-emission vehicle charging and fueling infrastructure.
- Has features that permit the locality to measure the building's energy consumption, including metering of all electricity, gas, water, and other utilities.
- Incorporates appropriate onsite renewable energy generation, energy storage, and resilience features as determined by the locality.

**WHEREAS**, building standards for certain local buildings, including compliance with a high performance building certification program means achieving certification using the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) green building rating standard; and

**WHEREAS**, a number of existing municipal facilities reflect the City’s goals and commitment to environmental improvement, sustainability, and climate action; and

**WHEREAS**, current building best practices have recently been documented in the Charlottesville High Performance Building Standards (HPBS) manual. The HPBS manual has been established as a central repository for those best practices recognized by City staff engaged in delivering and managing buildings and building systems. It brings these practices into alignment with City commitments to climate and sustainability. The standards also reflect mandates established by the Commonwealth of Virginia and translates these into implementation guidelines for users.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Charlottesville:

- That the City of Charlottesville is committed to high performance building practices regarding site selection and development, water and energy efficiency, air quality protection, clean energy strategies, material selection, electric vehicle charging, and resilience considerations.
- That the City of Charlottesville High-Performance Building Standards will be used to guide the design, construction, operation, maintenance, and renovation process of City buildings, including Charlottesville City Schools buildings.
- That adherence to the High-Performance Building Standards will ensure that a basic suite of facility management and maintenance practices are consistently incorporated.
- That City staff will continue to monitor industry standards by which high performance building practices are evaluated in order to ensure the City’s standards are in alignment with current best practice.
- That the Office of Sustainability, in consultation with building professional colleagues and approval from the City Manager, is responsible for administration and implementation of the High Performance Building Standards.

Date Introduced:

Date Adopted:

Certified:

\_\_\_\_\_  
Clerk of Council

**Attachment 1**  
**Link to High Performance Building Standards**

To access the High Performance Building Standards, use this link:

<https://www.charlottesville.gov/DocumentCenter/View/15397/Charlottesville-HPBS---Version-10>



# Charlottesville High Performance Buildings

March 16, 2026

Kristel Riddervold  
Director, Office of Sustainability



# PURPOSE

Presentation of a Charlottesville High Performance Buildings Resolution to replace the 2008 Green Building Resolution

- Accomplishes alignment with state requirements
- Establishes High Performance Building Standards for the design, construction, operation, maintenance, and renovation of all municipal buildings.

# BACKGROUND – Commitments and Policy

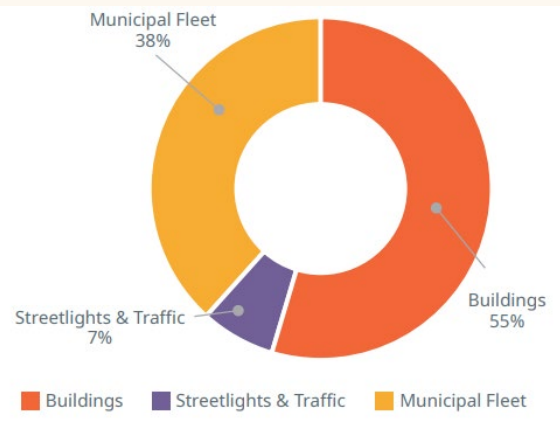


In 2019, the City of Charlottesville committed to updated greenhouse gas *emissions reduction goals* of 45% by 2030 and carbon neutrality by 2050.

- City Manager approved an internal *Energy and Water Management Policy*.

In 2023, the *Climate Action Plan (CAP)* was adopted to pursue these goals.

- The municipal sector represents 5% of Charlottesville’s GHG emissions
- Buildings account for about 55% of the municipal emissions
- The CAP identifies various building-related strategies
  - Reduce Energy Demand in Existing Buildings
  - Reduce Energy Demand for New Construction
  - Achieve carbon neutrality for all electricity used by City facilities by 2030
  - Incorporate internal process adjustments to improve coordination effectiveness and collaboration on capital projects and planning.



Charlottesville’s *Comprehensive Plan* also contains statements and strategies that support high performance, sustainable, and energy-efficient buildings.

# BACKGROUND



**Environmental Regulations  
and Policy Review**

This project is also aligned with the City's **Environmental Regulations and Policy Review Project** within that project's Energy Efficiency topic.

The Environmental Review is a multi-year project that will have deliverables along the way, dependent on related City initiatives.

The Environmental Review Project phasing is aligned with:

- The timing of related plans and programs (such as the High-Performance Building Standards)
- Impact on Comprehensive Plan implementation
- Regulatory complexity

# BACKGROUND – State Requirements



- In 2021, the Virginia General Assembly passed Virginia Code Section 15.2-1804.1, requiring localities to meet the standards of the High Performance Building Act (HB 2001).
  - The Act became effective for localities with populations under 100,000 on July 1, 2023. Updates were passed in 2024.
- 
- Section 15.2-1804.1 requires that, unless exempted under that section, new buildings and major renovations are designed, constructed, verified and operated to comply with a **high performance building certification program**, such as LEED.
  - Section 15.2-1804.1 further requires that localities ensure that these building have sufficient zero-emissions **vehicle charging and fueling infrastructure**, features that permit the locality to **measure** the building's **utility consumption** and associated carbon emissions and **incorporates appropriate resilience and distributed energy features**.

# BACKGROUND – City Green Building Experience

In 2008, City Council adopted its first Green Buildings Policy, making commitments to environmentally sustainable building practices.

Since then, all major City building projects have achieved Leadership in Energy and Environmental Design (LEED) certification through the US Green Building Council.



- Charlottesville Middle School – Certification anticipated in 2026
- ByPass Fire Station – Certification anticipated in 2026
- Circuit Court – 2020 - Gold
- Fontaine Fire Station – 2014 - Platinum
- Facilities Maintenance Building – 2013 - Gold
- Charlottesville Area Transit – 2012 - Gold
- Smith Aquatic Center – 2010 - Platinum
- ecoREM0D – 2009 - Platinum
- Downtown Transit Station – 2008 - Gold

# High Performance Building Standards

- Project Goals
  - Develop a tool to effectively guide the design, construction, and operation of municipal buildings by codifying and consolidating an already robust set of best practices and standard operating procedures.
  - Establish a central repository for best practices recognized by those engaged in delivering and managing buildings and building systems.
  - Model facility design and performance for local building owners, operators, and builders.
- Outcomes of the High Performance Building Standards
  - Defines **expectations** for new and existing buildings
  - Brings practices into **alignment** with City commitments to climate and sustainability.
  - Captures **mandates** established by the Commonwealth of Virginia
  - Provides **actionable** guidelines
  - Support the delivery of **quality** and **consistency** across the organization

# HPBS PROJECT TIMELINE



# HPBS SCOPE

## SCOPE

Defines specific requirements by project type

Project planning & design

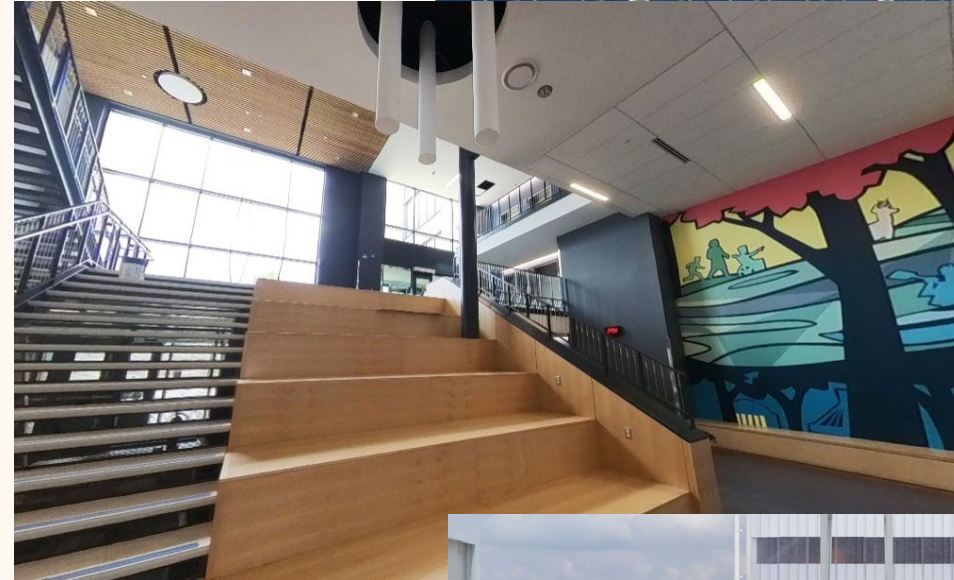
Building envelope requirements

Building materials requirements

Building systems (aka MEP)

Basic site design

Monitoring and maintenance



# PROJECT TYPES & COMPLIANCE PATH

- **New Construction**
  - Over 20k SF
  - Between 5-20k SF
    - Conditioned
    - Unconditioned
  - Under 5k SF
- **Renovations**
  - Over 20k SF
    - with costs > 50% of Bldg Value
    - with costs <50% of Bldg Value
  - Under 20k SF
    - with costs > 50% of Bldg Value
    - with costs <50% of Bldg Value
- **Other**  
 (Energy Performance, Retrocommissioning, Maintenance, Emergency Maintenance)

|  | Referenced Section           | Renovation Project Description |                                |                                |                                |
|--|------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|  |                              | Over 20k SF                    |                                | Under 20k SF                   |                                |
|  |                              | Major Renovations              |                                |                                |                                |
|  |                              | Reno Cost > 50% of Bldg. Value | Reno Cost < 50% of Bldg. Value | Reno Cost > 50% of Bldg. Value | Reno Cost < 50% of Bldg. Value |
| <b>Primary Compliance Method</b>   |                              |                                |                                |                                |                                |
| Certify to most recent version of LEED NC                                    | <a href="#">Section 2.6</a>  | Certified+                     |                                | Certified+                     |                                |
| Has sufficient ZEV charging and fueling infrastructure                       | <a href="#">Section 9.4</a>  | Required                       | Recommended                    | Required                       |                                |
| Metering of all electricity, gas, and water                                  | <a href="#">Section 9.5</a>  | Required                       | Recommended                    | Required                       |                                |
| Incorporates appropriate onsite renewable energy generation + energy storage | <a href="#">Section 3.11</a> | Required                       | Recommended                    | Required                       |                                |
| Incorporates appropriate resilience features                                 | <a href="#">Section 3.4</a>  | Required                       | Recommended                    | Required                       |                                |
| Fundamental Commissioning (LEED Definition)                                  | <a href="#">Section 10.1</a> | Required                       | Recommended                    | Required                       |                                |
| Building Envelope Commissioning  | <a href="#">Section 10.3</a> | Recommended                    | Recommended                    | Recommended                    |                                |
| Meet HPBS as applicable  |                              | Required                       | Required                       | Required                       |                                |

# HPBS STRUCTURE

## STRUCTURE

**Required Basis:** Virginia State Code; applicable laws and regulations

### Current Practice:

What we've been doing; or propose we should be doing going forward

### Opportunities:

Strategies and technologies that might be appropriate for certain projects.

### Stretch Goals:

Strategies and technologies to keep our eyes on.

### Resources:

Links to further detailed explanation or information

## 8.6 Heat Pumps

Heat pumps utilize a refrigeration cycle, rejecting heat to the atmosphere or a condenser water loop to efficiently heat and cool spaces. These systems, whether air-source or water-source, help reduce energy consumption and improve operational efficiency.

### 8.6.1 Current Practice

#### 8.6.1.1 Where Applicable

These systems are extremely flexible and should be considered in all new construction projects and major renovations.

#### 8.6.1.2 Low Ambient Package

Utilize heat pumps with low-ambient rating, such as NEEP Cold Climate Air Source Heat Pump Specification V4.0 or equivalent to ensure efficient operation in colder temperatures.

#### 8.6.1.3 Minimum COP

Maintain 15% better than code required minimum COP/EER values to maximize system performance

#### 8.6.1.4 Heat Pump Sizing

Right size heat pumps for space to improve longevity for the system

#### 8.6.1.5 Multi-Stage Compressor

Provide with multi-staged compressor modulating operation to increase efficiency

#### 8.6.1.6 Refrigerant Requirements

Low global warming potential refrigerant gas emissions. Refer to LEED 2019 MR Prerequisite: Refrigerant Management.

### 8.6.2 Opportunities

#### 8.6.2.1 Water-Source Configuration

Utilize ground/water-source options to provide higher efficiency due to stable temperature conditions, offering a longer system life and lower maintenance needs.

#### 8.6.2.2 Scheduling

Integrate setback temperatures when spaces become unoccupied for extended periods of time.

### 8.6.3 Stretch Goals

#### 8.6.3.1 Hybrid Systems

Consider dual-source hybrid systems to combine traditional cooling equipment like cooling towers and geothermal exchange fields in projects that do not have adequate space for a full geothermal wellfield. This will result in reduced first cost and year-round energy savings.

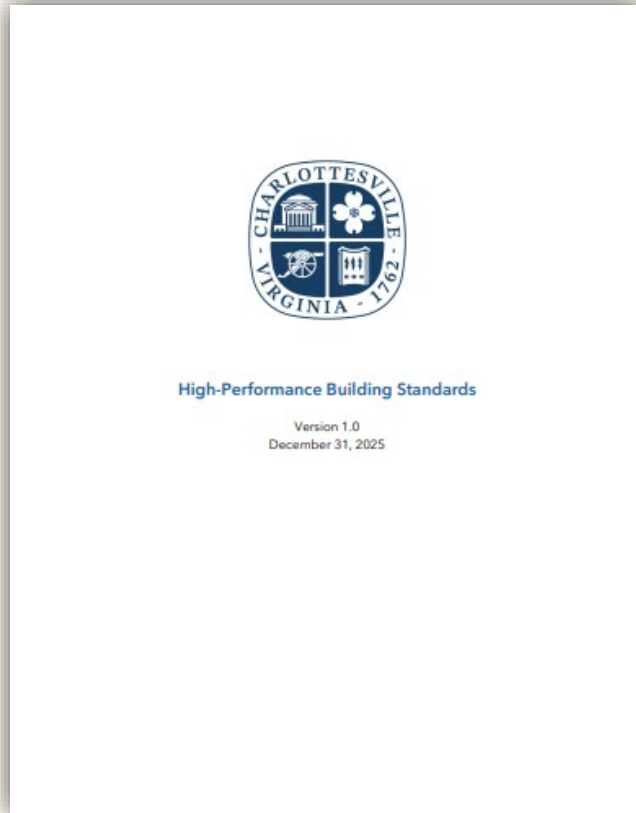
#### 8.6.3.2 Demand Usage

Implement peak demand management via a building management system to shift heating/cooling to off-peak hours, reducing grid strain and lowering electricity costs.

### 8.6.4 Resources

- NEEP Cold Climate Air-Source Heat Pump Standard  
<https://neep.org/heating-electrification/ccashp-specification-product-11>

# OTHER HPBS ITEMS



- Waivers
  - When compliance with the HPBS is technically infeasible, a waiver may be requested.
  - Relief from HPBS practices required by the Code of Virginia requires a resolution by City Council.
- HBPS Reviews
  - to ensure they provide appropriate current practices
  - to ensure they are supportive of project delivery,
  - To ensure compliance with state requirements,
  - To ensure they remain aligned with local goals and commitments.
- Internal SOP

# RESOURCES

City of Charlottesville  
**HIGH-PERFORMANCE BUILDING STANDARDS CHECKLIST**  
 Checklist Version 1.0 (12.31.25)

Project Name: \_\_\_\_\_

**Section 3 Building Planning**

|  |   |
|--|---|
| <b>3.1 Development and Permitting Requirements</b> |   |
| 3.1.1.1  | Use the City of Charlottesville's website outlining the full development review process.  |
| 3.1.1.2  | Use VCC Section 108 to determine when a building permit is required.  |
| 3.1.1.3  | Develop and submit construction documents to the Building Official in accordance with VCC Section 109.                                      |
| <b>3.2 Design Professional Requirements</b>        |   |
| 3.2.1.1  | Determine when an Architect or Engineer is required.  |
| <b>3.3 Accessibility Features</b>                  |   |
| 3.3.1  | Meet the VCC and the Americans with Disabilities Act (ADA).   |
| <b>3.4 Resilience Features</b>                     |   |
| 3.4.1.1  | Do not locate buildings, hardscapes, or systems in sensitive locations described in this section.   |
| <b>3.5 Building Reuse</b>                          |   |
| 3.5.1.1  | Fully assess opportunities for building renovation, rehabilitation, or re-purposing before demolishing and replacing any existing building. |
| <b>3.6 Salvaged Materials</b>                      |   |
| 3.6.1.1  | Assess building materials and furnishings for potential salvage, re-use, and re-purposing.  |
| 3.6.1.2  | Salvage retired furnishings with useful life remaining for re-use.  |
| 3.6.1.3  | Recover and store phasing-out refrigerants that are still in use elsewhere in the City. Legally dispose of obsolete refrigerants.           |
| 3.6.1.4  | Do not reclaim faucets and pipes with unknown levels of lead.   |
| <b>3.7 Construction and Demolition Debris</b>      |   |
| 3.7.1.1  | Implement a C&D waste recovery program.   |
| 3.7.1.2  | Divert aluminum, steel, glass, cardboard, wood, paper, films, and carpet from landfills.  |
| 3.7.1.3  | Use a single stream co-mingled recycling container OR deploy multiple recycling containers for on-site separation.                          |
| 3.7.1.4  | Process carpet for removal through a manufacturer take-back program.  |
| <b>3.8 Construction Materials and Methods</b>      |   |
| 3.8.1  | Evaluate and consider the materials and methods used for a building's primary structural frame, walls, and partitions.                      |
| <b>3.9 All-Electric Buildings</b>                  |   |
| 3.9.1.1  | Design all new construction and major renovations as fully electric, generally.   |
| 3.9.1.2  | Avoid fossil fuel-based heating systems.  |
| <b>3.10 Roof Planning and Design</b>               |   |
| 3.10.1.1   | Where Applicable  |
| 3.10.1.2   | Consider all aspects of roof design.  |
| 3.10.1.2.1   | Design new roofs shall be designed to be green roofs.   |
| 3.10.1.2.2   | Consider the building's roof structure.   |

- HPBS Checklist
- Intranet site for easy staff access to the HPBS and related materials
- Updated public City webpage (in development)
- More to come

The screenshot shows the City of Charlottesville website. At the top left is the city seal. Navigation links include EMPLOYEE RESOURCES, DEPARTMENTS, and HOW DO I...?. A search bar and social media icons are also present. The main content area features a large image of a building with the text 'WELCOME TO Charlottesville'. Below this, there is a sidebar with 'Employee Recognition Program: THRIVE!', 'Energy and Water Management Program', and 'High Performance Buildings Program'. The main text area contains the title 'High Performance Buildings Program' and a paragraph: 'Published in December 2025, the Charlottesville's High-Performance Building Standards define the City's expectations for its new and existing municipal buildings.' At the bottom, there is a link: 'Access the Charlottesville High-Performance Building Standards Document (Version 1.0) Here (PDF)'.



# RECOMMENDED ACTION

- Adoption of the proposed High Performance Buildings Resolution
  - Accomplishes alignment with state requirements
  - Establishes High Performance Building Standards for the design, construction, operation, maintenance, and renovation of all municipal buildings.

# Policy Briefing Summary

## City Council



---

|                                 |  |
|---------------------------------|--|
| <b>Regarding:</b>               | <b>Resolution to Appropriate \$100,000 for Utility Line Remediation Facilitation (1 of 2 readings)</b> |
| <b>Staff Contact(s):</b>        | Brennen Duncan, City Engineer  |
| <b>Presenter:</b>               | <b>Brennen Duncan, City Engineer</b>   |
| <b>Date of Proposed Action:</b> | April 6, 2026  |

---

### Issue

The City of Charlottesville, Virginia ("City"), has several double utility poles that require removal to come into compliance under the American with Disabilities Act ("ADA"). Several attaching utility companies are not performing the required work needed to transfer their lines so that the poles can be removed. City Public Works desires to procure an on-call contractor to perform this necessary work.

### Background / Rule

Dominion Energy ("Dominion") has a perpetual Franchise Agreement ("FA") with the City which grants it the authority to install and maintain utility poles within the City's Public Right-of-Way. Over time, coordination challenges between Dominion and multiple telecommunications attachers have resulted in a significant number of double poles. The result of these conditions is ADA non-compliance and public safety concerns.

### Analysis

The City also has enforcement authority under City Code Section 31-6, which authorizes the City Manager to require replacement of defective or dangerous poles.

Dominion cannot remove the offending utility poles until all the attaching utilities have removed their wires. Some utilities are working on it, and some are not. All FAs require compliance with City standards and provide enforcement authority when expectations are not met. In anticipation of having to perform the transfer work, City Public Works has decided to move forward with getting on-call contractors in place now.

### Financial Impact

The City will invoice the utility companies for this work, and the resulting funds will be maintained in a rolling account to offset costs in future years.

### Recommendation

Following satisfying the two (2) reading requirement, City Public Works Staff recommends City Council adopt the attached Resolution authorizing the appropriation of \$100,000 to be used for on-call contractors to perform remedial utility pole work.

### Recommended Motion (if Applicable)

Not applicable at this time (first reading only at tonight's City Council Meeting).

### Attachments

1. Resolution to Reallocate \$100,000 for Facilitation of Utility Line Remediation1



# Policy Briefing Summary

## City Council



---

|                                 |   |
|---------------------------------|---|
| <b>Regarding:</b>               | <b>Repeal of Section 2-4 of the City Code Regarding Bonds of Officers and Employees</b> |
| <b>Staff Contact(s):</b>        | John Maddux, City Attorney  |
| <b>Presenter:</b>               | <b>John Maddux, City Attorney</b>   |
| <b>Date of Proposed Action:</b> | April 6, 2026   |

---

### Issue

Whether to repeal Section 2-4 of the City Code, which requires certain City officers and employees to obtain surety bonds.

### Background / Rule

As part of an ongoing internal review of the City Code to identify outdated or unnecessary provisions, the City Attorney's Office evaluated Section 2-4, which requires designated City officials and employees to provide surety bonds, with specified penalty amounts, as a condition of service.

Historically, bonding requirements were a common mechanism used by local governments to safeguard public funds. Over time, however, local governments have increasingly relied on a combination of internal financial controls, auditing practices, and insurance products (including fidelity and crime coverage) to manage these risks.

The City currently maintains financial policies, internal controls, and insurance coverage designed to protect against loss arising from employee misconduct or error. These mechanisms serve substantially the same purpose as the bonding requirement set forth in Section 2-4.

### Analysis

The bonding requirement in Section 2-4 appears to be largely duplicative of existing risk management tools already in place.

From an operational standpoint, requiring individual bonds for multiple employees can create administrative burden without providing meaningful additional protection beyond what is already achieved through the City's internal controls and insurance coverage. In many jurisdictions, these types of blanket protections have replaced individual bonding requirements as a more efficient and comprehensive approach to risk management.

Repealing Section 2-4 would eliminate an outdated requirement while maintaining the City's existing safeguards. The City would continue to rely on its current financial controls, auditing processes, and insurance coverage to mitigate risk.

There is no identified legal requirement under state law mandating that the City maintain the specific bonding structure set forth in Section 2-4 for these positions. Accordingly, repeal is a policy decision within Council's discretion.

**Financial Impact**

The City does not currently maintain these bonds, so there would not be any financial impact. The City will continue to maintain insurance coverage and internal controls, which are already accounted for in the City's annual budget.

**Recommendation**

Staff recommends that City Council adopt the ordinance repealing Section 2-4 of the City Code.

**Recommended Motion (if Applicable)**

I move to adopt the ordinance repealing Section 2-4 of the Code of the City of Charlottesville.

Optional: I further move that City Council waive the requirement for a second reading of this ordinance and that it take effect immediately upon adoption.

**Attachments**

1. Ordinance Repealing Sec 2-4 - Security Bonds

ORDINANCE REPEALING SECTION 2-4 OF THE CODE OF THE CITY OF  
CHARLOTTESVILLE RELATING TO BONDS OF OFFICERS AND EMPLOYEES

---

WHEREAS, Section 2-4 of the Code of the City of Charlottesville currently requires certain City officers and employees to obtain surety bonds as a condition of their service; and

WHEREAS, the Council recognizes that the City maintains other financial controls, risk management practices, and insurance coverage designed to safeguard public funds and ensure the faithful performance of employee duties; and

WHEREAS, the Council finds that the bonding requirements set forth in Section 2-4 are no longer necessary or efficient in light of these existing protections; and

WHEREAS, the Council desires to repeal Section 2-4 in order to eliminate an outdated requirement and align the City's Code with current administrative practices;

NOW, THEREFORE, BE IT ORDAINED by City Council of the City of Charlottesville, Virginia:

1. Section 2-4 of the Code of the City of Charlottesville, titled "Bonds of officers and employees," is hereby repealed in its entirety.



# **City Manager's Report**

*Offices of the City Manager  
Elected & Appointed Officials  
4-6-2026*

## **City Manager – Sam Sanders (he/him)**

- March 17
  - Attended a Charlottesville Business Innovation Council (CBIC) event at CODE Building.
  - Attended the quarterly Neighborhood Leaders meeting (see the attached Q&A report at the bottom of this document).
- March 18
  - Met with Charlottesville Area Community Foundation (CACF) and BamaWorks to discuss fundraising opportunities to support Holiday Drive becoming a homeless services center featuring day and overnight shelter services.
- March 19
  - Met with Salvation Army leadership to discuss progress on the Center of Hope capital campaign.
  - Participated in a filming project with VDOT regarding the City's construction of the Belmont Bridge as critical infrastructure.
- March 20
  - Joined local community members for Runways and Revenue: CHO's Economic Impact - a presentation by Jason Burch, CEO of Charlottesville-Albemarle Airport.
  - Met with the City's IT Director, HR Director, and Finance Director on the need for additional funds to implement a transformative cloud-based human resource management system as we continue to modernize human resources.
- March 23
  - Met with Jean Runyon, PVCC President, and Jeff Richardson, Albemarle County Executive, for our quarterly check-in to discuss regional priorities.
- March 24
  - Rivanna Solid Waste Authority Board Meeting
    - Election of Officers
      - Mike Gaffney continues as Chair
      - Jeff Richardson elected Vice Chair
      - Sam Sanders elected Secretary-Treasurer
      - Terms begin May 2026
    - Director's Report
      - We have exceeded solid waste daily processing limits on multiple occasions with warnings from DEQ, which may lead to intermittent closures.
      - May need to increase the tonnage received.

- FREE Mulch is available at Ivy Solid Waste & Recycling Center for the public.
  - April 11 Electronic Waste Collection at Ivy for City and County residents.
  - Spring Special Collection Days are April 11 - May 9.
  - FY25 audit presentation by Robinson, Farmer, Cox - clean audit.
  - FY26-27 proposed budget: \$11.7M, up \$700k. The Board approved advertising the preliminary rate and holding a Public Hearing on May 26.
- Rivanna Water and Sewer Authority Board Meeting
  - FY26-27 proposed budget: \$72.1M (\$8.1M Increase) [\$39.1M debt service].
  - \$2.4M increase for City share (\$25.3M).
  - Three FTEs/creating a new IT division, splitting IT and Finance.
  - \$464k internal cost savings realized.
  - \$604M CIP
  - Approved formation of the Information & Operational Technology Division.
  - Approved advertising of the preliminary rate and holding a Public Hearing on May 26.
- March 25
  - Hosted a reception to recognize 50 employees who achieved five years of employment with the City.
- March 27
  - City Manager's Office (CMO) met with the Harrisonburg CMO to tour the Navigation Center, a homeless services center operated in sponsorship and partnership between Open Doors, a local nonprofit, and the City of Harrisonburg.

**Office of Communications & Public Engagement (CAPE) – Director Afton Schneider (she/her)**

- CAPE is excited to welcome new Assistant Director of Communications & Public Engagement Ose Akinlotan. They are transitioning to our team from Neighborhood Development Services, and we look forward to expanding the City's public engagement efforts with their expertise.
- The latest episode of Inside Charlottesville is now live! Catch it on Charlottesville TV10 every Friday and Sunday at 7:00 PM and Saturday and Monday at 9:00 AM, or stream online on [YouTube](#), [Facebook](#), [Vimeo](#), or the [CAPE webpage](#).

### **ADA – Coordinator Paul Rudacille**

- The City is renovating the bathrooms at Washington Park to improve accessibility, functionality, and the overall experience for park visitors.
- Information Technology
  - The City is testing third-party software that will help make digital documents more accessible to the public, including Portable Document Format files, Excel spreadsheets, and PowerPoint presentations. This work is intended to improve access to City information and better align digital materials with Web Content Accessibility Guidelines standards beginning in April 2027.

### **Office of Budget & Grants Management – Director Krisy Hammill (she/her)**

- Reminder that there are a few more dates for the public to provide input on the FY 2027 Budget
  - April 2 - Budget Work Session - Council "Wrap-Up"
  - April 6 - Public Hearing on the Tax Rate
- All interested citizens can provide comment on a proposed new 1-Year Annual Action Plan ("AAP") for the City's Community Development Block Grant (CDBG) and HOME programs, which will be presented before the Planning Commission during a public hearing on Tuesday, April 14, at 5:00 PM in City Council Chambers. 13 applications have been received: 11 for CDBG and two for Home. Recommendations will be presented to City Council on May 4.

### **Commissioner of the Revenue – Todd Divers (he/him)**

- Applications for [real estate tax relief](#) for the elderly and disabled are due on April 1. Call 434-970-3160 or email [taxrelief@charlottesville.gov](mailto:taxrelief@charlottesville.gov) with questions.
- Applications for [rental relief](#) for the elderly and disabled are due on May 1. Call 434-970-3160 or email [taxrelief@charlottesville.gov](mailto:taxrelief@charlottesville.gov) with questions.
- Business License renewals were due on March 2. Businesses who have not filed are encouraged to do so immediately. Any unfiled business licenses will soon be statutorily assessed and billed. Likewise, unfiled business tangible personal property and machinery and tools will be statutorily assessed and billed with first half personal property bills. Call 434-970-3170 or email [citycorbiz@charlottesville.gov](mailto:citycorbiz@charlottesville.gov) with questions.

### **Finance – Director Chris Cullinan (he/him)**

- The City Assessor's Office is completing the administrative appeals process for the 2026 Reassessment. To date, 132 administrative appeals have been received (0.84% of the 15,656 total assessments). These appeals have resulted in a total decrease of approximately \$28.5M in assessed value (0.23% of the \$12.2B total assessed values in the City). Appeals not resolved administratively will go the Board of Equalization which is scheduled to meet mid-May.

### **Office of Economic Development (OED) – Director Chris Engel (he/him)**

- The 4th Annual Piedmont Pitch competition is on the horizon and an initial group of 37 entrepreneurs and emerging business owners, 12 of which identified as already being located in the City of Charlottesville and 10 of which do not have an identified business location, have submitted their draft business plans for consideration to be in the final pitch competition on June 3. From here, applicants will have their business plan reviewed by staff and advisors at the Central Virginia Small Business Development Center (CVSBDC), with feedback given as to how they can strengthen their plan and prepare for advancement in the competition. Those entrepreneurs and emerging business owners ready to move forward will have additional time to refine their plans prior to submitting them for final consideration. Of the final business plans, six individuals will be selected to pitch in the June 3 competition before a panel of local and regional experts for their chance to win part of \$15,000 in total prize funding.
- Piedmont Pitch is part of a collaborative effort among the City of Charlottesville Office of Economic Development, Albemarle County Economic Development, Community Investment Collaborative (CIC), and CVSBDC. The competition will take place on Wednesday, June 3, at the PVCC Bolick Center, as part of the Piedmont Ascent Small Business Conference. More information is available by visiting <https://cvsbdc.org/piedmont-pitch/>.

### **Office of Emergency Management (OEM) – Emergency Coordinator John Oprandy (he/him)**

- OEM hosted a two-day Emergency Operations Center (EOC) Workshop on March 31 and April 1 at CitySpace. The workshop was built around the Federal Emergency Management Agency's (FEMA) G191 curriculum and brought together department heads and CMO staff to continue refining the City's Emergency Operations Plan (EOP) and work through roles and responsibilities within the EOC. This is part of OEM's ongoing effort to strengthen the City's readiness framework and build familiarity with how the EOC functions during an activation.

- OEM has also been working with Assistant City Manager Samuel Roman on the development of an implementation plan for the City's overall emergency management framework. The plan outlines a phased approach over the next two to three years and was introduced in part at the recent workshop, with a broader rollout planned for a future extended lead team meeting.
- OEM has been working closely with other City departments, primarily public safety, in planning for the Tom Tom Festival Block Party on April 24 and 25. An Incident Command Post (ICP) will be established for the block party to support coordination of public safety operations during the event. As part of that preparation, OEM is facilitating a tabletop exercise on April 7 to exercise the plans that have been developed in advance of the block party. The exercise will bring together approximately 25 participants from City public safety departments, other key City departments, and Tom Tom management and security staff over the course of about two hours to walk through event plans and emergency procedures.
- In addition, OEM recently met with the Virginia Department of Emergency Management (VDEM) and was awarded a technical assistance grant. Working with Region 3 Chief Regional Coordinator Gene Stewart, OEM is planning a tabletop exercise this summer focused on shelter management. That exercise will involve Charlottesville and Albemarle County emergency management staff along with Department of Social Services and Human Services personnel. The tabletop is intended to lay the groundwork for a full-scale shelter setup drill planned for spring 2027.

**Office of Sustainability (OS) – Director Kristel Riddervold (she/her)**

- April is Earth Month! Learn about what Charlottesville is doing to be a good steward of our shared environment by visiting our Climate Action and Sustainability Dashboard at [climateaction.charlottesville.gov](https://climateaction.charlottesville.gov).
- The Second Quarter sign-up window for Charlottesville's E-Bike Voucher Grant Program is open for the entire month of April. City residents 18 years and older can learn more and enter to win an e-bike voucher at <https://connect.charlottesville.gov/charlottesville-e-bike-voucher-program>. The Q2 drawing will take place, and winners will be notified during the first week of May.
- In partnership with the Community Climate Collaborative and the Virginia Discovery Museum, the Office of Sustainability will distribute educational Climate Kits to all Charlottesville City Schools (CCS) 4th grade students on Wednesday, April 15. The kits include fun and educational activities that help students understand the connection between energy and water use and the environment.
- The second Climate Café of 2026 was held on March 13 featuring the City's Water Conservation Program and partners of the Rivanna Stormwater Education

Partnership to kick off Fix A Leak Week and highlighting climate-related challenges associated with providing clean water to our community.

- The Climate Program Manager provided a Climate Program update to the Cville100 Coalition on March 17.
- The Office of Sustainability Director delivered a presentation on March 18 at the Center at Belvedere on climate resilience and effects on the senior population. The event was organized by Cville Village.
- The Office of Sustainability and the Charlottesville Invasive Plant Partnership (CHIPP) presented to this year's cohort of students enrolled with the Rivanna Master Naturalists on March 18. Opportunities to support neighborhood tree care efforts and connect with local initiatives and resources through the Climate Action Dashboard and the Energy Resource Hub were discussed.
- The Office of Sustainability and the Charlottesville Invasive Plant Partnership (CHIPP) have launched a new neighborhood pilot program in Fry's Spring. Residents and CHIPP partners have assessed the neighborhood for the impact of invasive vines on neighborhood trees and hosted their first workday on Sunday, March 22 with neighbors to train them in vine removal practices. With support from 16 volunteers, 51 trees were liberated from invasive vines.
- The Office of Sustainability's Climate Program was represented at the UVA Public Service Pathways Panel on March 27 where students had the opportunity to ask questions about the professional experiences of panelists and what brought them to work in climate resilience and sustainability.
- In partnership with UVA's Office for Sustainability, the City's Climate Program is supporting a Climate Hazard Zine Workshop on March 30 for students to contribute their knowledge and artistic abilities to the creation of zines that will be distributed at outreach events throughout Earth Month (April). The content of the zines will be focused on emergency preparedness and highlight local resources.
- To encourage community members to connect with volunteer opportunities and local climate and sustainability initiatives, the City and the Botanical Garden of the Piedmont will be hosting an Eco Fair on Saturday, April 18. The Office of Sustainability will be joined by several community partners to provide programming that will include a resource fair, lightning talks and educational demonstrations all with the intent of empowering attendees to identify their areas of interest and take action. Event details: [ecofairinthegarden2026.eventbrite.com](https://ecofairinthegarden2026.eventbrite.com).
- The March Fix A Leak Campaign consisted of several events, including a Fix a Leak Scavenger Hunt to help you identify water leaks in your home. As a reminder, you have until April 13 to submit your scavenger hunt worksheet to be entered to win a prize. To find the scavenger hunt worksheet and learn how to fix a leak: [Charlottesville.gov/FixALeak](https://Charlottesville.gov/FixALeak).
- Charlottesville is hosting a rain barrel workshop in partnership with the Rivanna Stormwater Education Partnership and James River Association. The workshop

is Thursday, April 23 at 6:00 PM at Starr Hill Downtown at the Dairy Market. Staff members will instruct workshop participants on how to assemble and install rain barrels at home. The registration fee for the workshop is \$50 and each registration comes with a 55-gallon drum, DIY rain barrel installation kit, and a beverage. Register for the workshop at <https://form.jotform.com/form/253496875996989>.

- On Saturday, May 9, the City of Charlottesville is an organizer for the annual Rivanna RiverFest at Rivanna River Company. The event runs from 2:30 PM – 9:00 PM with community tables, family activities, free tubing, presentations, performances, and food and drink! This event is free to the public. Come celebrate and experience your river. Learn more about Rivanna RiverFest: <https://www.rivannariver.org/rivanna-riverfest/>.
- The FY25 Energy and Water Performance Report for the City has been finalized (including specific Executive Summaries for the City and the CCS portfolio of facilities) and can be accessed here: <https://www.charlottesville.gov/288/Energy-Water-Management>.
- LED Streetlight Upgrade Project - Progress Update: Work has been completed along the Rt 250 Bypass from the Barracks Road exit to River Road. Emmet Street from Angus Road to JPA is currently being coordinated with Dominion Energy. The next area that has been submitted for design includes Ivy Road to West Main Street.

#### **Office of Human Rights – Director Todd Niemeier (he/him)**

- At their annual planning meeting on March 5, Human Rights Commissioners reviewed their work over the last several years alongside the results from a recent public poll soliciting public input regarding the Commission’s potential focus areas for the remainder of 2026. Commissioners decided to focus on economic stability across classes protected by the Charlottesville Human Rights Ordinance for their policy and legislative recommendations in 2026.
- As part of their regular meeting on April 16, Commissioners will meet with Economic Mobility Officer Abi Matthew Wade to learn about her work and explore opportunities for collaboration. During this meeting, Commissioners will also review draft amendments to the Charlottesville Human Rights Ordinance in anticipation of adopting them for City Council’s consideration on June 15.
- The Office of Human Rights currently has 20 open discrimination complaint cases: two are awaiting responses to offers of alternative dispute resolution, two are in the process of alternative dispute resolution, nine are under investigation, six are under review for determination after investigation, and one is under review for appeal by the Human Rights Commission.

## **Police Civilian Oversight – Executive Director James Walker (he/him)**

- The Police Civilian Oversight Board (PCOB) is pleased to highlight the following recent accomplishments and indicators of progress towards its mission of providing independent, civilian-led accountability of policing in the City of Charlottesville.
- General
  - The Board is now fully seated with eight members who demonstrate a commitment to high engagement in the Board's work.
  - The Board and Director have developed a 2026 Board Work Plan, which sets priorities, processes, and oversight implementation tasks.
  - The Board and Director are finalizing a revised ordinance to recommend to City Council with the goal of focusing the scope of Board oversight and practicality of implementation to provide the community more of the oversight originally intended and asked of the Board.
  - The Board has established a contract with independent legal counsel as vetted through the City Attorney's Office.
- Community Outreach & Messaging
  - The Board and Director have developed a community outreach and connections plan, including a directory of connections made and anticipated.
  - The Board has launched an ongoing survey for all community engagements, asking "what has been your experience with policing in the City of Charlottesville," which helps to guide and prioritize tasks on the Board's Work Plan.
  - The Director and members of the Board have attended the following:
    - Hispanic Community Police Academy
    - General Community Police Academy
    - Post-academy internal training of new police officers
    - Internal and community-based CompStat (comparative statistics)
    - Office of Human Rights Teen Expo event
    - City's Budget Forum
    - Over 10 direct meetings with community leaders and advocates in 2026
- Direct Oversight of Police Complaints, Incidents
  - The Board has initiated its first case review, received by the PCOB in fall 2025 and investigated by Internal Affairs (IA).
  - The Director has served four days on police recruit interview panels in the last several months.
  - The Director now serves on an incident review panel with the Police Department, monitoring and providing input of all incidents related to

weapons deployment, use of force, and vehicle pursuits. The Director can flag specific incidents to the Board as needed.

- Police Policy and Procedure Review
  - The Board is conducting a review of Police Department General Orders and has selected several which are most relevant to the community at this time to research, understand, and make recommendations.
- Internal PCOB Process and Documentation
  - The Board held its first public work session in over a year, outside of its regular monthly schedule, to organize and advance specific tasks among its members.
  - The Director has initiated a ride-along campaign for Board member training and awareness of policing practices.
  - Board training has been held on records and public meeting rules related to the Freedom of Information Act (FOIA).
  - The Director and Board have developed templates for reporting on work of the Board and case review findings.

# UVA Health Mobile Care is coming to Charlottesville Downtown Mall



*Serving our Communities with Healthcare and Education*

UVA Health Mobile Care makes healthcare easier by bringing primary care to your neighborhood. We offer a range of services for adults and kids so you and your family can get the care you need in one place — without traveling far.

Access to healthcare services can help to prevent sickness and promote well-being. UVA Health Mobile Care is here to help when:

- You can't wait for an appointment with your regular provider and would like to be seen for a non-emergency situation
- You don't yet have a regular provider in a clinic and want to establish care
- You have transportation limitations and need care close to home

## Services

- General health check-ups
- Chronic disease management
- Pediatric care
- Care for minor sicknesses and injuries
- Women's health – pelvic concerns and birth control
- Lab tests
- And much more

We look forward to caring for you! To schedule an appointment, call the UVA Health Mobile Care scheduling line at **434.297.7800**.

Every 1<sup>st</sup> and 3<sup>rd</sup> Thursday of the month | 12 pm - 4 pm

Downtown Pedestrian Mall in front of the pavilion | Charlottesville, VA

We accept most insurance plans, including Medicare and Medicaid.

**Need financial assistance?** Call 866.320.9659 or go to [uvahealth.com/finassist](http://uvahealth.com/finassist) to learn more.

*A healthier you, means a stronger and more vibrant community. Spread the word!  
Encourage friends, families, and neighbors to learn more about UVA Health Mobile Care!*

Charlottesville Department of Social Services programs include:  
CPS, APS, Medicaid, SNAP, TANF, childcare, VIEW.



To learn more about UVA Health Mobile Care, including updates on schedule and services, please visit [uvahealth.com/mobile](http://uvahealth.com/mobile) or scan QR code



031726  
Neighborhood Leaders Meeting  
Q&A Report

(1) What is the current status of the development project City Council approved for a Special Use Permit back in 2017 for the large lot at **1011 East Jefferson Street**? The plan was approved in a 3-2 vote because the developer misled City Council by saying the project would "include affordable housing". It later turned out the developer defined "including affordable housing" as offering 4 of the 126 planned units at 80% AMI for a short term of years. In short, the 1011 East Jefferson project as one of the biggest deceptions of all time.

So what's going on with the project now? In the new zoning code the City clearly made a great effort to prevent future disastrous agreements of this kind. It now insists on "truth in advertising" with developer promises of affordable housing by requiring planned affordable housing projects to remain so "in perpetuity" and for insisting on the 60% AMI level of income.

So why not scrap the 2017 deal, which was made in bad faith (and the developer has done nothing with the property since)? The site could then develop the bulk of the site as housing for City employees, school teachers, librarians, and retail staff who work downtown. This would combine the city's two goals of providing more affordable housing and reducing our carbon footprint. Imagine people who work downtown being able to walk there! And where can we find up to date information about future development projects?

**The 1011 E Jefferson Final Site Plan was approved on January 6, 2026. Pursuant to Section 34-825(a), the Final Site Plan shall be valid for a period of five (5) years from the date of approval or until January 6, 2031. The applicant must record the required plats prior to signature by the site plan agent. In addition, the applicant must meet several additional requirements prior to the issuance of a land disturbance permit. The site plan can be found under permit number P18-0141 (available through the City's online permit portal system <https://permits.charlottesville.gov/portal>)**

(2) When SNAP benefits were cut last fall, those of us who live in Little High discovered that the nearly 40 residents of **the Mews** were left in very difficult straits. The Little High Neighborhood Association organized two large food drives to try to tide them over and supplement the 25% assistance they were getting from Governor Youngkin and the efforts of the food banks (we also raised more than \$800 for the Blue Ridge Area Food Bank). Our help for the residents of the Mews was just a drop in the bucket though as 1 out of every 9 City residents depends on SNAP benefits. As far as I know, the City was minimally involved in providing relief to SNAP recipients (please correct me if I'm wrong about that).

What can the City do to respond in situations like this where a group of residents are suddenly cut off from basic benefits?

Does the City have a fund for emergency public assistance needs? If so, can Charlottesville residents donate directly to the fund?

#### **SNAP Benefits during the Federal Shutdown**

- **SNAP recipients in Virginia received their full benefits through the Virginia Emergency Nutrition Assistance (VENA) program.**
- **Benefits were distributed in four weekly payments instead of one lump sum.**
- **In addition to VENA funds, the State allocated \$1 million to support the food bank network.**

### Local Efforts and Partnerships

- **The local DSS partnered with food banks and pantries to support families.**
- **A direct communication line was established so recipients and case managers could quickly access emergency food.**
- **Care packages were made available onsite at DSS for SNAP recipients.**
- **Key partners included Loaves and Fishes and the Blue Ridge Area Food Bank, which reported having sufficient resources to meet community needs.**

### City Emergency Funding

- **The City provides emergency assistance for rent, utilities, and general living expenses, but not specifically for food.**
- **These funds are managed by City departments such as Human Services.**
- **The City also matches a portion of Federal and State funds that support Social Services program administration.**

### Guidance on Donations

- **Community members are encouraged to donate directly to established local food assistance organizations as this would be most impactful.**

(3) Given our experience with the snowfall in late January and early February can we learn from this experience and revise the City's snow ordinance accordingly? One thing we all learned is that not all snowstorms are the same. We're used to light, fluffy snow that is *relatively* easy to shovel. Our shoveling efforts are usually also assisted by snowmelt because the daytime temperatures have seldom stayed below freezing for more than a few days at a time. Last month's snowfall was very different. We all recognize the need to clear our sidewalks. I hope you now concede that expecting every resident to perform the hard labor involved is ableist and totally unrealistic.

Can the City please just hire individual contractors to shovel the sidewalks after major snowstorms? You would have to exempt low-income residents from charges, making up most or all of the lost revenue by charging those who can afford to pay.

**(4) We recognize that the inclement weather this past January and February was not without its challenges, but the City of Charlottesville's snow removal ordinance serves to maintain safe and accessible pedestrian pathways helping prevent hazards for individuals with disabilities, older adults, parents with strollers, and students on Safe Routes to School. Decisions about modifying ordinances rest with City Council, and you may contact your City Council representatives directly to express your interest in seeing them.**

(5) We very much appreciate the City's effort to protect our trees! The City could take many additional actions to lower our carbon footprint:

(a) Fill empty City properties with solar panels;

**Our current efforts have involved installing solar system on City buildings, preferably as soon as**

**possible following roof replacement so that the life of the roof and the life of the power generating system align. This past year, solar systems were installed on the Bypass Fire Station and on CATEC. We are actively working on getting solar systems installed on Charlottesville High School as well as Charlottesville Middle School. More information can be found here: <https://www.charlottesville.gov/CitySolar>**

**(b) Require all City buildings to have solar panels and/or green roofs; We have recently published the Charlottesville High Performance Building Standards v1.0 (HPBS) for municipal building projects. These standards establish current practices as requirements and are intended to standardize building methods across all departments and for all building projects. Vegetated Roofs are covered in Section 4.4 and Photovoltaics are covered in Section 9.3.**

(c) Get rid of gas-powered maintenance tools (lawn mowers, weed eaters, leaf-blowers, and the like) and replace them with high quality electric versions. **Where operational requirements allow, the Public Works Department evaluates the possible transition of tools and equipment to battery powered alternatives when replacing or buying new. Recently, the Traffic Operations Team moved to battery powered chainsaws/trimmers for limb and vegetation removal around signs and infrastructure.**

**The Department of Parks and Recreation (DPR) recently piloted the use of battery-powered landscape maintenance equipment at the Downtown Mall and the Skate Park, as well as with some of their mobile landscaping crews. DPR staff have found the equipment capable in their initial pilots and report that the reductions in noise and air pollution have improved both the visitor and operator experience. Given the initial success of the pilot, the Department plans to expand the use of battery-powered equipment to other sites they manage in FY26.**

(d) Promote composting and offer it as a free service for low-income residents.

**The City's loose leaf collection program, conducted every year starting in the Fall, collects and disposes of the leaf materials at a local farm who uses the material for composting.**

**There are several options for composting in Charlottesville.**

- **The City provides a drop-off location at the City Market April through October for community members to compost their household food scraps at no cost: <https://www.charlottesville.gov/705/Composting-at-the-City-Market>**
- **The City offers a free 24/7 compost drop-off program. More information can be found here: <https://www.charlottesville.gov/702/Compost-Drop-Off-247>.**
- **Provided by the Rivanna Solid Waste Authority, a free composting drop-off location is also offered inside the McIntire Recycling Center: <https://www.charlottesville.gov/706/Composting-at-McIntire-Recycling-Center>**

**Additional information is available here: <https://www.charlottesville.gov/701/Composting-in-Charlottesville>**

(6) We have a large and relatively underdeveloped area in Little High: the area between East Market Street and the railroad tracks which is mostly filled with one-story buildings and small businesses. What, if anything, can we do to attract a medium size grocery store to open in this space? This is an ideal location for a grocery store and we could all drive significantly less if we had one within walking distance.

Is the City doing anything to attract grocery stores?

**The city is not actively recruiting grocery stores. Most of the parcels in this location are zoned CX-5 which would permit a grocery store by-right.**

(7) What is the plan for Walker next year? How are changes there going to affect our

neighborhood? Is the entrance going to change or will it remain on Gentry? Is there a traffic plan in development to address the number of cars coming in and out of the neighborhood to get to the school?

**Next year Walker will transition to the temporary Pre-K Center condition. It is not anticipated that traffic flow will increase noticeably to Walker, due to the fact that enrollment should decrease from the current Upper Elementary function. At present we expect the entrance to remain on Gentry. Of course, the construction of the new Pre-K Center on the Walker campus is expected to begin in the summer of 2027, and that will have traffic impacts, but that project is still in the early stages of design, so it is difficult to assess what those might be until we get a little farther into the design process.**

(8) Neighbors have observed areas of native plantings such as the milkweed on the old golf course at McIntire Park and the ornamental grasses at Greenleaf Park getting cut back prematurely, therefore undermining the benefits of these plantings. Why does the city landscape crews do this? Why not do seasonal pruning at the appropriate time? In the case of the milkweed, a neighbor observed it being chopped down at the height of the Monarch migration in September while the grasses at Greenleaf were also cut in the fall. (Ornamental grasses are both winter habitat and food for birds. Spring is the appropriate pruning time, not fall)

**The fields at McIntire were cut early last year to help ensure the removal of invasive trees and woody shrubs. It involved a second cutting in some areas. In previous years, the fields went uncut which allowed a large number of invasive trees to infest the fields. Now that the area is back at a manageable level, our staff will maintain the fields with a cutback in the fall or winter. We are committed to growing diverse and healthy native landscapes and understand the important role of native grasses and perennial plants. Over time we hope transform the fields into fields full of native grasses, perennials, and pollinator habitat. Unfortunately, the grasses at Greenleaf were put on the wrong work list and cut prematurely. We acknowledge this error and will make sure they are cut next year at the appropriate time.**

(9) Following the recent ice storm, city plow trucks were seen going up and down Rose Hill Drive all day long with their plows up, only to come back at night with them down, attempting to plow the solid block of ice that had formed hours after the sun set. What was the reasoning for this? During the daylight hours, the ice on the roads was softer and easier to push out of the way than when it was frozen at night. It felt like city crews were working around the clock to say they were working around the clock while not actually accomplishing anything past dark.

**Snow plowing is a dynamic operation with assigned route coverages broken up across route priority designations and geographic areas and different phases of the storm response. This can mean there will be times of plow-up activity when chemicals are actively being applied during certain times of the response. This timing coordination allows the chemical time to work within the appropriate temperature ranges, while not being pushed off the road with plowing. As part of every snow or weather event we constantly perform route monitoring and provide informed feedback to our operators. This helps to inform continuous improvement measures as we work to provide the best**

**service possible to the community.**

(10) Two years in a row, our streets – Welford, Greenleaf, Del Mar and more – were not plowed in a snowstorm. For many of the longtime residents of this neighborhood, this is a new development. With the significant spike in property values along with our property taxes, why are we seeing less services? Is not plowing all the city streets the new normal?

**Snow plowing is a dynamic operation with assigned route coverages broken up across route priority designations and geographic areas and different phases of the storm response. This can sometimes mean coverage crossover with route reassignments or equipment issues, as well as integrating new operators into assigned routes. We constantly monitor to help ensure routes are being completed as necessary as our operators plow their coverage areas. This helps to inform continuous improvement measures as we work to provide the best service possible to the community. If you or someone you know experiences issues in the future, we encourage the community to please call into our main customer service line, 434-970-3830, so that it can be logged and prioritized for resolution.**

(11) Per the city website, Greenleaf Park has been reclassified as a “community park” with the pavilion now available to be reserved. Hurrah! However, how does the city plan on managing this?

Obviously, the signage on the pavilion will have to be changed, but how will the city publicize this information? More importantly, what is going to happen when someone who reserved the pavilion shows up to use it at noon and someone who did not know about the changes has been camped out there to use it since early morning is already there? Will Parks staff be on call to deal with this situation on weekends or will this be tasked to another department like law enforcement?

**Signage will be placed at all newly reservable shelters to indicate 1) that the shelter can be reserved and 2) how to make a reservation. There will also be signage to indicate existing reservations. We encourage renters to keep records of their reservation in case of any questions from others. We do have a roving custodial staff member who may be able to respond, or the non-emergency police number can be used to help resolve any conflicts.**

(12) Is there no one who regularly comes by to pick up garbage and restock the dog poop bags at Greenleaf Park anymore? The poop station has been out of bags almost consistently since the new year and some of the garbage cans have not been emptied in weeks.

**We have an ongoing order for dog waste bags, but we have noticed an uptick in use system-wide that necessitates more frequent orders. New bags have been purchased, delivered and restocked. There is no valid reason for trash not to have been collected, and we have addressed this with staff**

# Policy Briefing Summary

## City Council



---

|                                 |   |
|---------------------------------|---|
| <b>Regarding:</b>               | <b>Public Hearing on the Charlottesville Real Property Tax Rate</b> |
| <b>Staff Contact(s):</b>        | Krisy Hammill, Director of Budget                                   |
| <b>Presenter:</b>               | <b>Krisy Hammill, Director of Budget</b>                            |
| <b>Date of Proposed Action:</b> | April 6, 2026   |

---

### Issue

The FY 2027 proposed Budget includes a two-cent real estate tax increase. A public hearing is required when Council chooses to establish a higher tax rate.

### Background / Rule

The Virginia Code requires that a public hearing be noticed and held if the annual reassessment results in a 1% or more increase in real property taxes levied when compared to the previous year and if Council chooses to establish a higher tax rate.

### Analysis

The FY 2027 Proposed Budget includes a \$0.02 increase to the real estate tax rate, raising it from \$0.98 to \$1.00 per \$100 of assessed value. State law requires that any proposed tax rate increase be advertised at least seven days before the vote. To meet this requirement, the City published the attached notice in the *Daily Progress* on Thursday, March 26, 2026, and posted copies at the Office of the Clerk of Council and on the public information board on the second floor of City Hall near Council Chamber.

Although only one public hearing is required, City Council held an additional hearing on March 16 to give residents more opportunity to comment on the proposed increase. This earlier hearing provided another chance for community members to speak directly with Council about the tax rate change.

### Financial Impact

Staff estimates the additional \$0.02 real estate tax levy will generate an additional \$2,467,724 in revenue, and has been included as part of the FY 2027 Proposed Budget.

### Recommendation

N/A

### Recommended Motion (if Applicable)

N/A

### Attachments

1. NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE 2026-Draft

# NOTICE OF PROPOSED REAL PROPERTY TAX INCREASE AND NOTICE OF PUBLIC HEARING

The City of Charlottesville proposes to increase property tax levies.

1. **Assessment Increase:** Total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeds last year's total assessed value of real property by 3.42 percent.
2. **Lowered Rate Necessary to Offset Increased Assessment:** The tax rate which would levy the same amount of real estate tax as last year, when multiplied by the new total assessed value of real estate with the exclusions mentioned above, would be \$0.9476 per \$100 of assessed value. This rate will be known as the "lowered tax rate."
3. **Effective Rate Increase:** The City of Charlottesville proposes to adopt a real estate tax rate of \$1.00 per \$100 of assessed value. The difference between the lowered tax rate and the proposed rate would be \$0.0524 per \$100 or 5.528 percent. This difference will be known as the "effective tax rate increase".

Individual property taxes may, however, increase at a percentage greater than or less than the above percentage.

4. **Proposed Total Budget Increase:** Based on the proposed real property tax rate and changes in other revenues, the total budget of the City of Charlottesville will exceed last year's by 5.47 percent.

A public hearing on the increase will be held on Monday, April 6, 2026, at 6:30 p.m. in City Council Chambers at City Hall, 605 East Main Street, Charlottesville, Virginia. Persons desiring to be heard may attend and share their views on the proposed real estate property tax levy increase, within such reasonable time limits as established by City Council. Individuals with disabilities who require assistance or special arrangements to participate in the public hearing may call (434) 987-1267 or submit a request via email to [ada@charlottesville.gov](mailto:ada@charlottesville.gov). The City of Charlottesville requests that you provide 48 hours' notice so that proper arrangements may be made.

---

Kyna Thomas  
Chief of Staff /Clerk of Council

# Policy Briefing Summary

## City Council



|                                 |   |
|---------------------------------|---|
| <b>Regarding:</b>               | <b>Public hearing on the FY2027 City Budget Ordinance, Annual Appropriation, and Tax Levy</b> |
| <b>Staff Contact(s):</b>        | Samuel Sanders, Jr., City Manager, Krisy Hammill, Director of Budget                          |
| <b>Presenter:</b>               | <b>Krisy Hammill, Director of Budget</b>  |
| <b>Date of Proposed Action:</b> | April 6, 2026   |

### Issue

Council must vote to adopt an operating budget for FY 2027 and establish the annual tax levy for tax year 2026 on or before April 14, 2026.

### Background / Rule

Pursuant to Section 19 of the Charter of the City of Charlottesville, Virginia ("City"), and Virginia Code Title 15.2, Chapter 25, a Proposed Budget was prepared by the City Manager and presented to City Council for consideration. A Public Hearing was conducted by City Council on the City Manager's Proposed Budget on March 19, 2026, and a Public Hearing on the proposed tax rates to be adopted in support of the Adopted Budget is being held on April 6, 2026. City Council is required to vote on these matters.

### Analysis

Following the Public Hearings, City Council may deliberate and consider any additions, deletions, or modifications of the items presented within the City Manager's Proposed Budget, and consider the proposed annual tax rates. City Council must consider and vote on three (3) items:

1. Ordinance approving the FY-2027 Budget and Annual Appropriation;
2. Ordinance Establishing the Annual Tax Levy for Tax Year 2026; and
3. Resolution Establishing the Personal Property Tax Relief Percentage for Tax Year 2026 (a separate Agenda Memo and Resolution provided by Commissioner Divers will be presented at the Special Meeting to be held on April 9, 2026).

Note the Budget Ordinance authorizes a total General Fund Budget of \$280,553,920, a difference of \$910,522 from the \$279,643,398 presented in the City Manager's Proposed Budget. This amount represents the estimated account balances below that are projected to remain unspent as of June 30, 2026, and will be authorized for expenditure during FY 2027:

|  |                       |
|--|-----------------------|
| <b>Total FY 27 City Manager Proposed General Fund Expenditures</b> | <b>\$ 279,643,398</b> |
| Historic Resources   | 40,446                |
| Sister City  | 28,391                |
| Citywide Reserve   | 400,000               |
| Council Strategic Initiatives                                      | 369,156               |
| Grand Illumination   | 11,914                |
| Councilor Discretionary Funds                                      | 5,000                 |
| Minority Business Fund   | 13,617                |
| Job Fair   | 41,999                |
| <b>Total General Fund Budget Authorized per the Ordinance</b>      | <b>280,553,920</b>    |

**Financial Impact**

This is the first of two (2) readings of the ordinance to adopt the final budget for Fiscal Year 2027, and sets the real estate and personal property tax rates for 2026.

**Recommendation**

Appropriation and Approval

**Recommended Motion (if Applicable)**

N/A

**Attachments**

1. Tax ORDINANCE
2. FY 27 Budget Appropriation

**ORDINANCE**  
**To Establish the Annual Tax Levy for Tax Year 2026**

**BE IT ORDAINED** by the Council of the City of Charlottesville **THAT** in order to pay the general operating expenses of the City, including local support for the City’s schools; to provide funding for other public purposes; and to pay interest on and to provide funding for retirement of City debt, taxes are hereby levied at the rates set forth within this Ordinance, for the current Tax Year (beginning at midnight on January 1, 2026 and ending December 31, 2026), and for each succeeding Tax Year during which this Ordinance continues in effect:

**1. Section 1—Real Property and Mobile Homes**

On real estate, including land and improvements thereon and mobile homes, the tax rate shall be \$1.00 on every \$100 of the assessed value thereof.

**2. Section 2—Personal Property**

On all automobiles, trucks, motorcycles and other motor vehicles; boats and aircraft; and on all tangible personal property used or held in connection with a business, trade, occupation or profession (excluding furnishings, furniture and appliances in rental units of 30 days or longer) the tax rate shall be \$4.40 on every \$100 of the assessed value thereof.

**3. Section 3—Public Service Corporation Property**

(a) On that portion of the real estate and tangible personal property of public service corporations which has been equalized as provided in Sec. 58.1-2604 of the Virginia Code, the tax rate shall be \$1.00 on every \$100 of the assessed value thereof determined by the Virginia State Corporation Commission or Virginia Department of Taxation (for railroads and interstate pipeline transmission companies), and

(b) Notwithstanding the foregoing, on automobiles and trucks belonging to public service corporations, the tax rate shall be \$4.40 on every \$100 of the assessed value thereof.

**4. Section 4—Machinery and Tools**

On machinery and tools used in a manufacturing or mining business (excluding intangible personal property), the tax rate shall be \$4.40 on every \$100 of the assessed value thereof.

**5. Section 5—Energy Efficient Buildings**

On energy efficient buildings the tax rate shall be \$0.50 on every \$100 of the assessed value thereof, subject to the limitations set forth within Chapter 30, Article V, Division 4 of the Code of the City of Charlottesville (1990), as amended, and applies only to buildings and not to the land on which such buildings are located.

**BE IT FURTHER ORDAINED THAT** the Ordinance adopted April 24, 2025, establishing local tax rates for the Tax Year beginning January 1, 2025 and ending on December 31, 2025 is hereby repealed, effective at midnight on January 1, 2026.

**ORDINANCE**  
**APPROVING A BUDGET AND ANNUAL APPROPRIATION OF**  
**FUNDING FOR THE CITY OF CHARLOTTESVILLE FOR THE**  
**FISCAL YEAR ENDING JUNE 30, 2027**

---

**Section 1. Approval of the FY-2027 Budget**

The City Manager submitted to the Council of the City of Charlottesville, Virginia (“City Council”) a proposed Budget for the Fiscal Year commencing July 1, 2026, as deemed necessary for the provision of City services.

A duly advertised Public Hearing was held on March 19, 2026. Thereafter, City Council may review and make revisions to the proposed Budget, which contains an itemized and classified plan of all contemplated expenditures, and all estimated revenues and borrowings for the City, for the Fiscal Year ending June 30, 2027 (“FY-2027”), including reasonable reserves for contingencies and capital improvements. The FY-2027 Budget also sets forth capital expenditures for vehicles, equipment, public street improvements, and other transportation projects, and the means of financing them, for capital expenditures to be undertaken in FY-2027 and in a period of the next four (4) fiscal years.

**NOW, THEREFORE BE IT ORDAINED** by City Council that the final Budget for the Fiscal Year commencing on July 1, 2026 and ending June 30, 2027 (“FY-2027 Budget”) is hereby approved, containing total estimated expenditures in the amount of \$531,778,435.

**Section 2. Annual Appropriation**

**BE IT ORDAINED** by City Council that the annual GENERAL FUND (Fund 105) Budget for Fiscal Year 2027 shall be \$280,553,920. City Council further ordains that an appropriation of \$280,553,920 be made in the General Fund, as more particularly set forth below:

**Operating Expenditures**

**Management**

|   |           |
|---|-----------|
| Mayor and City Council  | 1,283,435 |
| Office of the City Manager/Administration                       | 2,039,257 |
| Office of the City Manager/Budget and Performance               | 1,021,443 |
| Office of the City Manager/Communications and Public Engagement | 1,105,794 |
| Office of the City Manager/Economic Development                 | 1,116,293 |
| Office of the City Manager/Strategic Planning                   | 383,768   |
| Office of the City Manager/Office of Prosperity                 | 607,823   |
| Office of the City Manager/Office of Sustainability             | 539,338   |
| Office of the City Manager/Home to Hope                         | 461,191   |
| Office of the City Manager/Job Center                           | 230,188   |

|   |           |
|---|-----------|
| Office of the City Manager/Emergency Management | 703,097   |
| Office of the City Attorney                     | 1,961,931 |
| Office of General Registrar                     | 882,919   |

#### **Contributions to Organizational Memberships and Workforce Development Programs**

|   |         |
|---|---------|
| Virginia Municipal League                             | 21,000  |
| Chamber of Commerce                                   | 16,800  |
| Thomas Jefferson Planning District Commission         | 112,908 |
| Virginia Career Works - Piedmont Region               | 20,697  |
| Virginia Institute of Government                      | 2,500   |
| Alliance for Innovation                               | 2,550   |
| Virginia First Cities Coalition                       | 18,200  |
| Central Virginia Partnership for Economic Development | 38,290  |
| Thomas Jefferson Soil and Water Conservation District | 14,686  |
| Central Virginia Small Business Development Center    | 35,979  |
| Rivanna Conservation Alliance                         | 15,000  |
| National League of Cities                             | 4,500   |
| Community Investment Collaborative                    | 26,400  |
| Center for Nonprofit Excellence                       | 14,500  |

#### **Non Departmental Activities**

|   |             |
|---|-------------|
| Sister City Committee                                       | 43,391      |
| Virginia Juvenile Community Crime Control Act (Local Match) | 108,415     |
| Innovation Fund   | 20,000      |
| Performance Agreement Payments                              | 250,000     |
| Citywide Reserve  | 815,771     |
| Ivy Landfill  | 998,375     |
| Transfer to Debt Service Fund                               | 12,620,000  |
| Transfer to the Parking Fund                                | 900,000     |
| Employee Compensation and Training                          | (4,372,050) |

#### **Internal and Financial Services**

|   |           |
|---|-----------|
| Finance Department - Administration/Purchasing/Assessor | 3,701,762 |
| Human Resources   | 2,760,612 |
| Commissioner of Revenue                                 | 2,091,548 |
| Treasurer   | 2,136,500 |
| Information Technology                                  | 4,487,088 |

#### **Healthy Families and Community**

|   |           |
|---|-----------|
| Transfer to Children's Services Act Fund            | 1,950,000 |
| Transfer to Social Services Fund                    | 5,047,923 |
| Transfer to Human Services/Community Attention Fund | 3,220,284 |
| Neighborhood Development Services                   | 4,688,783 |
| Office of Human Rights/Human Rights Commission      | 582,969   |

|   |            |
|---|------------|
| Police Civilian Oversight Board             | 415,612    |
| Parks and Recreation                        | 15,470,221 |
| Transfer to Convention and Visitors' Bureau | 1,497,306  |

### **Contributions to Children, Youth, and Family Oriented Programs**

|  |           |
|--|-----------|
| 100 Black Men of Central Virginia                                    | \$24,000  |
| All Blessings Flow, Inc.   | \$68,250  |
| Ben Hair Just Swim for Life Foundation                               | \$9,600   |
| Big Brothers/Big Sisters   | 60,060    |
| Birth Sisters  | 34,803    |
| Blue Ridge Area Coalition for the Homeless (BRACH)                   | 250,000   |
| Blue Ridge Health District   | 800,551   |
| Boys and Girls Club  | 60,000    |
| Bridge Ministry  | 44,160    |
| Central Virginia Violence Interrupters (formerly The B.U.C.K. Squad) | 96,000    |
| Charlottesville Abundant Life Ministries                             | 91,000    |
| Charlottesville Community Bikes                                      | 48,000    |
| Charlottesville Free Clinic  | 166,860   |
| Child Health Partnership/Home Visiting Collaborative                 | 304,336   |
| City of Promise, Inc   | 96,000    |
| Community Healing Coalition  | 6,000     |
| Computers 4 Kids   | 45,500    |
| Food Equity/Cultivate Charlottesville                                | 96,000    |
| Foothills Child Advocacy Center                                      | 108,149   |
| Fountain Fund  | 45,500    |
| Georgia's Healing House  | 13,500    |
| Heart and Soul Fitness with Nicole                                   | 13,500    |
| HER Sports   | 36,000    |
| Hospice of the Piedmont  | 4,800     |
| Jefferson Area Board for Aging (JABA)                                | 351,910   |
| Loaves and Fishes Food Pantry, Inc                                   | 45,500    |
| Love No Ego Foundation   | 6,750     |
| MACAA  | 18,900    |
| Meals on Wheels of Charlottesville/Albemarle                         | 52,962    |
| New Hill Development   | 54,000    |
| Partner for Mental Health  | 5,400     |
| Pathways/Emergency Assistance Fund                                   | 1,000,000 |
| PHAR   | 125,000   |
| Piedmont Family YMCA   | 118,300   |
| ReadyKids  | 182,000   |
| Reclaimed Hope House   | 96,000    |
| Region Ten Community Services Board                                  | 1,414,092 |
| ReLeaf Cville  | 20,580    |
| Sexual Assault Resources Agency (SARA)                               | 13,824    |
| Shelter for Help in Emergency (SHE)                                  | 294,168   |
| Social and Environmental Entrepreneurs                               | 53,100    |
| Stepping Stone Charlottesville                                       | 18,200    |

|  |         |
|--|---------|
| The BridgeLine                         | 47,520  |
| Uhuru Foundation                       | 54,000  |
| United Way                             | 237,620 |
| VIA Centers for Neurodevelopment       | 75,000  |
| Vibrant Community Fund - Unallocated   | 5,191   |
| Virginia Cooperative Extension Program | 103,518 |
| Wartime Fitness Heros                  | 54,000  |
| Wildrock                               | 4,464   |
| Women's Initiative                     | 21,120  |
| American Red Cross                     | 20,652  |
| Piedmont Regional Dental Clinic        | 1,200   |
| The Free Book Bus                      | 6,370   |

### **Contributions to Education and the Arts**

|   |           |
|---|-----------|
| City Center for Contemporary Arts                 | 65,019    |
| Descendants of Enslaved Communities at UVA        | 4,050     |
| Front Porch                                       | 14,400    |
| Historic Preservation Task Force                  | 45,446    |
| Jefferson Madison Regional Library                | 2,656,706 |
| Jefferson School African American Heritage Center | 235,046   |
| Lighthouse Studio                                 | 24,300    |
| Literacy Volunteers                               | 19,230    |
| Live Arts   | 8,100     |
| McGuffey Art Center                               | 50,390    |
| MIMA Music  | 9,600     |
| Music Resource Center                             | 25,785    |
| New City Arts                                     | 10,530    |
| Piedmont Virginia Community College               | 12,837    |
| The Paramount Theater                             | 48,000    |
| Virginia Discovery Museum                         | 36,400    |
| Charlottesville Ballet                            | 15,509    |
| Charlottesville Tomorrow                          | 14,400    |
| Building Goodness Foundation                      | 48,000    |
| Autism Sanctuary                                  | 16,200    |

### **Contributions to Housing Programs**

|  |           |
|--|-----------|
| Charlottesville Housing Affordability Tax Grant Program    | 630,000   |
| Rent Relief for Disabled, a sum sufficient estimated at    | 90,000    |
| Rent Relief for Elderly, a sum sufficient estimated at     | 80,000    |
| Stormwater Fee Assistance Program                          | 40,000    |
| Tax Relief for Disabled, a sum sufficient estimated at     | 435,000   |
| Tax Relief for Elderly, a sum sufficient estimated at      | 2,185,000 |
| Low Barrier Shelter  | 500,000   |
| Charlottesville Redevelopment and Housing Authority (CRHA) | 300,000   |
| Piedmont Housing Alliance (PHA)                            | 29,970    |

### **Infrastructure and Transportation**

|   |            |
|---|------------|
| Public Works: Administration, Facilities Development, Facilities Maintenance, Engineering | 6,804,758  |
| Public Works: Public Service  | 11,014,731 |
| Transfer to Charlottesville Area Transit Fund   | 6,118,955  |
| JAUNT Paratransit Services  | 2,109,157  |

### **Public Safety and Justice**

|   |            |
|---|------------|
| City Sheriff  | 2,243,666  |
| Commonwealth's Attorney                                   | 1,649,286  |
| Clerk of Circuit Court                                    | 1,233,631  |
| Circuit Court Judge                                       | 124,394    |
| General District Court                                    | 34,543     |
| Juvenile and Domestic Relations Court/Court Services Unit | 551,277    |
| Magistrate  | 20,700     |
| Fire Department   | 21,742,928 |
| Police Department   | 25,419,621 |

### **Contributions to Programs Supporting Public Safety and Justice**

|   |           |
|---|-----------|
| Legal Aid Justice Center                          | 48,000    |
| Albemarle Charlottesville Regional Jail           | 5,011,040 |
| Blue Ridge Juvenile Detention Center              | 1,161,483 |
| Emergency Communications Center                   | 2,947,644 |
| Offenders Aid and Restoration                     | 553,321   |
| Piedmont Court Appointed Special Advocates (CASA) | 4,800     |
| Society for the Prevention of Cruelty to Animals  | 733,808   |
| Public Defender's Office                          | 110,409   |
| Violence Prevention Programs                      | 200,000   |

### **Local Contribution to Public Schools**

|                     |            |
|---------------------|------------|
| Operational Support | 81,595,593 |
|---------------------|------------|

**Total Operating Expenditures \$258,222,569**

### **Designated Expenditures**

|  |             |
|--|-------------|
| City/School Contracts: Pupil Transportation          | \$4,723,058 |
| City/School Contracts: School Building Maintenance   | 5,549,081   |
| Transfer to Capital Projects Fund                    | 8,329,212   |
| Transfer to Capital Projects Fund - Mall Vendor Fees | 100,000     |
| Transfer to Facilities Repair Fund                   | 400,000     |
| Transfer to Debt Service Fund - Meals Tax Revenue    | 3,230,000   |

**Total Designated Expenditures \$22,331,351**

---

|  |                      |
|--|----------------------|
| <b>Total General Fund Expenditures</b> | <b>\$280,553,920</b> |
|--|----------------------|

---

**City Council further ordains** that at the close of FY-2027 the City Manager is authorized to maintain appropriations for encumbrances, grants, capital projects, and programs.

**City Council further ordains** that the City Manager is authorized to make line-item changes within Department Budgets and allocate salary lapse between Department Budgets, and such changes shall be reported to City Council by way of periodic financial reports.

**City Council further ordains** that the City Manager is authorized to increase the Budget and to expend the following funds for the following items of non-budgeted restricted revenue that may occur during FY-2027, which are hereby appropriated for expenditure within the Budget program(s) designated by the City Manager, as of the date of receipt thereof by the City:

1. Insurance recoveries received for damages to City properties for which City funds have been expended to make repairs.,
2. Defaulted builder and developer securities to be used for uncompleted projects,
3. Parking Development Fees,
4. Asset forfeiture, Courthouse Security fees, Opioid Abatement Fund, and \$4 for Life funds,
5. Donations under \$10,000 given to the city for a specific purpose, and
6. Revenues received in excess of this annual appropriation, by the following funds: Transit Fund (Fund 245), Information Technology Fund (Fund 705), Warehouse Fund (Fund 706), Communications Fund (Fund 755), Fleet Maintenance Fund (Fund 753), Joint Health Department Building Fund (Fund 982), Retirement Benefits Fund (869), Parking Fund (Fund 650), Golf Fund (Fund 609), Parking Fund (650) and the Utility Enterprise Funds (Water, Wastewater, Gas and Stormwater), and Landfill Reserve funds for use to cover costs associated with landfill remediation.

**City Council further ordains** that the appropriations made herein as Councilor Discretionary Funds will be spent in accordance with the guidelines set forth within City Council's adopted Policies and Procedures.

**City Council further ordains** that the Employee Classification and Pay Plan for the City of Charlottesville dated July 1, 2026, and effective on that same date, which assigns salary ranges to each class or position in the City service is hereby approved pursuant to Sections 19-3 and 19-4 of the City Code, 1990, as amended, and a copy of the same shall be kept on file with the records of the Meeting at which this Ordinance is approved.

**City Council further ordains** that the annual appropriation in the sum of \$129,377,481 for FY-2027 for annual SCHOOL OPERATIONS is made, which monies are to be expended in accordance with law for purposes authorized and approved by the Charlottesville City School Board. (The City's local contribution to the School Operations is hereinabove appropriated by transfer from the General Fund).

**City Council further ordains** that the annual appropriation in the sum of \$24,675,276 for FY-2027 be made from the HEALTH BENEFITS FUND (Fund 718), which monies are to be expended for the payment of health and medical benefit program costs, and for insurance covering such costs, and in addition, for the accumulation of a reserve for future expenditures to pay for such health and medical benefit program costs.

**City Council further ordains** that the annual appropriation in the sum of \$23,045,419 or the amount of revenue received by such fund, whichever shall be the greater amount, be made from the RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS FUND (Fund 869 AND 870), which monies are to be expended for the payment of retirement benefit program costs, and for insurance covering such costs, and in addition, for the accumulation of a reserve for future expenditures. City Council further ordains that the Retirement Plan Commission is authorized and directed to provide for the payment from the Retirement Fund of a post-retirement supplement of one percent (1%) of the current retirement pay of each eligible retired employee effective July 1, 2026.

**City Council further ordains** that the annual appropriation in the sum of \$4,863,981 for FY-2027 be made from the RISK MANAGEMENT FUND (Fund 711), which monies are to be expended for the uses prescribed for such fund, pursuant to the terms of, and subject to the limitations imposed by Article V of Chapter 11 of the Code of the City of Charlottesville, 1990, as amended.

**City Council further ordains** that the annual appropriation in the sum of \$5,201,080 for FY-2027 be made from the EQUIPMENT REPLACEMENT FUND (Fund 106), which monies are to be expended for the lease, financing, or purchase of motor vehicles and related equipment and for accumulation of a reserve for future equipment purchases.

**City Council further ordains** that the annual appropriation in the sum of \$1,267,977 be made from the FACILITIES REPAIR FUND (Fund 107), which monies are to be expended for carrying out the purposes of repairs to facilities and for accumulation of a reserve for future repairs to facilities.

**City Council further ordains** that the annual appropriation in the sum of \$1,578,271 or the amount of revenue received for FY-2027 be made from the JOINT HEALTH DEPARTMENT BUILDING FUND (Fund 982), which monies are to be expended for general improvements, maintenance, small capital projects, and for the accumulation of a reserve to be used for expenses for the Thomas Jefferson Health District Building.

**City Council further ordains** that the annual appropriation in the sum of \$18,611,723, or as much thereof as may be necessary, be made from the DEBT SERVICE FUND (Fund 302), which monies to be expended for the payment of principal and interest of bonds, notes, and other evidence of indebtedness and the cost of issuance thereof issued by the City pursuant to its Charter and/or the Virginia Public Finance Act.

**City Council further ordains** that the annual appropriation in the sum of \$7,896,928, or the amount of revenue received by such fund, whichever shall be the lesser amount, be made from the HUMAN SERVICES/COMMUNITY ATTENTION FUND (Fund 213),

which monies are to be expended for the operation of the Community Attention Homes and related programs during such Fiscal Year.

**City Council further ordains** that the annual appropriation in the sum of \$17,543,956 or the amount of revenue received by such fund, whichever shall be the lesser amount, be made from the SOCIAL SERVICES FUND (Fund 212), which monies are to be expended for the operation of the Department of Social Services during such Fiscal Year.

**City Council further ordains** that the annual appropriation in the sum of \$9,505,200, or the amount of revenue received by such fund, whichever shall be the lesser amount, be made from the CHILDREN'S SERVICES ACT FUND (Fund 215), which monies are to be expended for the operation of the Children's Services Act entitlement program,

**City Council further ordains** that the annual appropriation in the sum of \$16,774,292, or the amount of revenue received by such fund, whichever shall be the greater amount, be made from the TRANSIT FUND (Fund 245), which monies are to be expended for the operation of the public transit system.

**City Council further ordains** that the annual appropriation in the sum of \$6,780,646, or the amount of revenue received by such fund, whichever shall be the greater amount be made from the INFORMATION TECHNOLOGY FUND (Fund 705), which monies are to be expended for the operation of the various information technology functions.

**City Council further ordains** that the annual appropriation the sum of \$253,712, or the amount of revenue received by such fund, whichever shall be the greater amount, be made from the WAREHOUSE FUND (Fund 706), which monies are to be expended for the operation of the Warehouse.

**City Council further ordains** that the annual appropriation in the sum of \$1,606,770, be made from the FLEET MAINTENANCE FUND (Fund 753), which monies are to be expended for the operation of the Central Garage, Vehicle Wash, and Fuel System.

**City Council further ordains** that the annual appropriation in the sum of \$460,672 be made from the COMMUNICATIONS SYSTEM FUND (Fund 755), which monies are to be expended for the operation of the citywide phone system and mailroom operations during such Fiscal Year.

**City Council further ordains** that the annual appropriation in the sum of \$1,288,585, or the amount of revenue credited to such fund, whichever shall be the greater amount be made from the GOLF FUND (Fund 609), which monies are to be expended for the operation of the golf course during such Fiscal Year.

**City Council further ordains** that the annual appropriation in the sum of \$7,865,006, or the amount of revenue credited to such fund, whichever shall be the greater amount, be made from the PARKING FUND (Fund 650), which monies are to be expended for the operation of the parking operations during such Fiscal Year.

**City Council further ordains** that the appropriations made herein shall become available for expenditures July 1, 2026, and shall expire June 30, 2027.

**Section 2. Operating Fund Revenues**

It is estimated that local revenues and other sources of revenue will be available during FY-2027 to meet the needs of the FY-2027 Budget approved within Section 1 of this Appropriation Ordinance, according to the following sources:

**General Fund**

|   |                       |
|---|-----------------------|
| Local Sources                           | \$ 263,961,334        |
| The Commonwealth and Federal Government | 14,683,689            |
| Transfers from Other Funds              | -                     |
| Fund Balance Committed/Assigned         | 998,375               |
| <b>Total</b>                            | <b>\$ 279,643,398</b> |

**School Operations**

|   |                       |
|---|-----------------------|
| Local Contribution/Transfer from General Fund | \$ 81,595,593         |
| The Commonwealth and Federal Government       | 31,897,528            |
| Miscellaneous Revenue                         | 5,229,027             |
| Fund Balance                                  | 10,655,333            |
| <b>Total</b>                                  | <b>\$ 129,377,481</b> |

**Health Benefits Fund**

|                                     |                      |
|-------------------------------------|----------------------|
| City Contributions                  | \$ 20,907,000        |
| Member Contributions                | 3,414,000            |
| Miscellaneous Revenue               | 90,000               |
| Balance of the Health Benefits Fund | \$ 350,000           |
| <b>Total</b>                        | <b>\$ 24,761,000</b> |

**Retirement Benefits Funds**

|                                |                      |
|--------------------------------|----------------------|
| City Contributions (All Funds) | \$ 14,991,528        |
| Member Contributions           | 2,500,000            |
| Investment Income              | 18,001,000           |
| <b>Total</b>                   | <b>\$ 35,492,528</b> |

**Risk Management Fund**

|                                     |                     |
|-------------------------------------|---------------------|
| City Contributions (All Funds)      | \$ 3,830,240        |
| Other Local Sources                 | 120,000             |
| Balance of the Risk Management Fund | 2,285,296           |
| <b>Total</b>                        | <b>\$ 6,235,536</b> |

**Equipment Replacement Fund**

|   |    |                   |
|---|----|-------------------|
| Transfer from the General Fund            | \$ | 2,604,000         |
| Balance of the Equip. Repl. Fund          |    | 2,597,080         |
| <b>Total</b>                              | \$ | <u>5,201,080</u>  |
| <br><u>Facilities Repair Fund</u>         |    |                   |
| Transfer from the General Fund            | \$ | 400,000           |
| Balance of the Fac. Repair Fund           |    | 867,977           |
| <b>Total</b>                              | \$ | <u>1,267,977</u>  |
| <br><u>Joint Health Building Fund</u>     |    |                   |
| Rent Income                               | \$ | 251,655           |
| Balance of the Joint Health Bldg Fund     |    | 1,326,616         |
| <b>Total</b>                              | \$ | <u>1,578,271</u>  |
| <br><u>Debt Service Fund</u>              |    |                   |
| Transfers from the General Fund           | \$ | 12,620,000        |
| Meals Tax Transfer (equivalent to \$0.01) | \$ | 3,230,000         |
| Transfer from Golf Course Fund            | \$ | 245,000           |
| Balance of the Debt Service Fund          |    | 2,500,000         |
| <b>Total</b>                              | \$ | <u>18,595,000</u> |
| <br><u>Human Services Fund</u>            |    |                   |
| Transfers from the General Fund           | \$ | 3,491,474         |
| Intergovernmental Revenue                 |    | 4,147,704         |
| Miscellaneous Revenue                     |    | 257,750           |
| <b>Total</b>                              | \$ | <u>7,896,928</u>  |
| <br><u>Social Services Fund</u>           |    |                   |
| Transfers from the General Fund           | \$ | 6,017,093         |
| Intergovernmental Revenue                 |    | 11,526,863        |
| <b>Total</b>                              | \$ | <u>17,543,956</u> |
| <br><u>Children's Services Act Fund</u>   |    |                   |
| Transfers from the General Fund           | \$ | 2,160,000         |
| Intergovernmental Revenue                 |    | 7,345,200         |
| <b>Total</b>                              | \$ | <u>9,505,200</u>  |
| <br><u>Transit Fund</u>                   |    |                   |
| Transfers from the General Fund           | \$ | 6,118,955         |
| Intergovernmental Revenue                 |    | 10,296,965        |
| Miscellaneous Revenue                     |    | 358,372           |
| <b>Total</b>                              | \$ | <u>16,774,292</u> |

|  |                     |
|--|---------------------|
| <u>Information Technology</u>              |                     |
| User Fees                                  | 1,722,387           |
| Balance of the Information Technology Fund | 5,058,259           |
| <b>Total</b>                               | <b>\$ 6,780,646</b> |
| <br><u>Warehouse Fund</u>                  |                     |
| User Fees                                  | \$ 253,712          |
| <b>Total</b>                               | <b>\$ 253,712</b>   |
| <br><u>Fleet Fund</u>                      |                     |
| User Fees                                  | \$ 1,606,770        |
| <b>Total</b>                               | <b>\$ 1,606,770</b> |
| <br><u>Communications Fund</u>             |                     |
| User Fees                                  | \$ 435,636          |
| Balance of the Communications Fund         | 25,036              |
| <b>Total</b>                               | <b>\$ 460,672</b>   |
| <br><u>Golf Fund</u>                       |                     |
| User Fees                                  | \$ 389,940          |
| Bond Sales                                 | \$ 500,000          |
| Balance of the Golf Fund                   | \$ 398,645          |
| <b>Total</b>                               | <b>\$ 1,288,585</b> |
| <br><u>Parking Fund</u>                    |                     |
| Parking Revenues                           | \$ 4,568,370        |
| Balance of the Parking Fund                | \$ 3,296,636        |
| <b>Total</b>                               | <b>\$ 7,865,006</b> |

### **Section 3. FY-2027 Capital Budget**

**City Council ordains** that the annual appropriation in the sum of \$31,987,686 for FY-2027 be made from the CAPITAL FUND (Funds 424, 425, 426, 427, 428, and 429 combined) which monies are to be expended in accordance with law for the following purposes authorized and approved by City Council and as more particularly set forth by specific project in the FY-2027 Budget. City Council intends that the adoption of this Ordinance: (1) confirms the “official intent” within the meaning of Treasury Regulations Section 1.150-2 promulgated under the Internal Revenue Code of 1986, as amended; and (2) that the funds designated for the respective capital purchases or projects as set forth shall hereby made available for expenditure until the project is deemed to be complete.

The estimated revenues and appropriation categories are as follows:

| <u>Revenues</u>                               | <u>FY27</u>         |
|---|---------------------|
| Transfer from General Fund                    | 7,754,212           |
| Transfer from General Fund - Mall Vendor Fees | 100,000             |
| Transfer from General Fund - VCF Allocation   | 575,000             |
| Contribution from Schools (Small Cap Program) | 200,000             |
| CIP Contingency (from prior year surplus)     | 1,964,486           |
| PEG Fee Revenue                               | 40,000              |
| CY 2027 Bond Issue                            | 36,789,579          |
| <b>TOTAL AVAILABLE REVENUES</b>               | <b>\$47,423,277</b> |

**Expenditures**

**EDUCATION**

| <u>Project</u>                                   | <u>FY27</u> |
|--|-------------|
| Lump Sum to Schools (City Contribution)          | 1,300,000   |
| City Schools HVAC Repair                         | 1,250,000   |
| City Schools Priority Improvement Projects       | 1,400,000   |
| Charlottesville Walker School Pre-K Center       | 10,000,000  |
| Burnley-Moran Elementary School Roof Replacement | 1,500,000   |
| School Small Capital Improvements Program        | 200,000     |

**SUBTOTAL** **\$15,650,000**

**FACILITIES CAPITAL PROJECTS**

| <u>Project</u>                                     | <u>FY27</u> |
|--|-------------|
| Lump Sum to Facilities Capital Projects            | 1,159,155   |
| City Facility HVAC Replacement                     | 1,000,000   |
| Climate Action Initiatives                         | 1,000,000   |
| Jefferson-Madison Regional Library Renovations     | 857,109     |
| HVAC Contingency Fund - City and School Facilities | 50,000      |

**SUBTOTAL** **4,066,264**

**PUBLIC SAFETY AND JUSTICE**

| <u>Project</u>                        | <u>FY27</u> |
|---------------------------------------|-------------|
| Replacement Fire Apparatus            | 1,334,065   |
| Police Mobile Data Terminals          | 84,400      |
| Police Portable Radio Replacement     | 75,000      |
| Police Car Portable Radio Replacement | 68,000      |
| Fire Portable Radio Replacement       | 75,000      |

|  |         |
|--|---------|
| Sheriff Portable Radio Replacement                     | 40,000  |
| Fire - Self-Contained Breathing Apparatus Replacements | 150,000 |
| Fire - Protective Clothing/Turnout Gear Replacement    | 60,000  |

**SUBTOTAL** **\$1,886,465**

**TRANSPORTATION AND ACCESS**

| <u>Project</u>  | <u>FY27</u> |
|---|-------------|
| New Sidewalks   | 2,533,000   |
| Sidewalk Repair   | 500,000     |
| Small Area Plan Implementation                            | 200,000     |
| Small Area Plans  | 150,000     |
| Street Milling and Paving                                 | 1,500,000   |
| ADA Pedestrian Signal Upgrades                            | 240,000     |
| Minor Bridge Repairs                                      | 225,000     |
| Traffic Signal Infrastructure Replacement                 | 2,000,000   |
| ADA Transition Plan                                       | 2,000,000   |
| Safe Routes to School                                     | 200,000     |
| Dominion Power Pole Remediation                           | 100,000     |
| State Bridge and Highway Inspections                      | 100,000     |
| CAT Transit Bus Replacement Match                         | 441,494     |
| Intelligent Transportation System                         | 285,000     |
| City Wide Traffic Engineering Improvements                | 150,000     |
| Neighborhood Transportation Improvements                  | 100,000     |
| Bicycle Infrastructure                                    | 100,000     |
| Right of Way Appurtenance                                 | 150,000     |
| Traffic Sign Retro Reflective Compliance                  | 25,000      |
| Historic District and Entrance Corridor Design Guidelines | 150,000     |

**SUBTOTAL** **\$11,149,494**

**PARKS AND RECREATION**

| <u>Project</u>                                  | <u>FY27</u> |
|---|-------------|
| Downtown Mall Infrastructure Repairs            | 250,000     |
| Parks Master Plan Implementation                | 500,000     |
| Downtown Mall Tree Management Plan              | 591,250     |
| Parks and Recreation Lump Sum Account           | 400,000     |
| Parks and Schools Playground Renovations        | 250,000     |
| Urban Tree Planting                             | 125,000     |
| Parkland and Trails Acquisition and Development | 125,000     |

|   |         |
|---|---------|
| City/County Park Maintenance - Joint Parks      | 265,000 |
| Downtown Mall Trees Active Lifecycle Management | 100,000 |
| Invasive Plant Removal                          | 150,000 |

**SUBTOTAL** **\$2,756,250**

**AFFORDABLE HOUSING**

| <u>Project</u>                                 | <u>FY27</u> |
|--|-------------|
| Westhaven Redevelopment                        | 5,000,000   |
| Charlottesville Affordable Housing Fund (CAHF) | 1,500,000   |
| Supplemental Rental Assistance (CSRAP)         | 900,000     |
| Friendship Court Infrastructure Improvements   | 650,000     |
| Friendship Court Redevelopment - Phase 3       | 1,047,500   |
| PHA - 501 Cherry Avenue                        | 2,150,000   |
| Carlton Mobile Home Park                       | 227,304     |

**SUBTOTAL** **\$11,474,804**

**TECHNOLOGY INFRASTRUCTURE**

| <u>Project</u>                                  | <u>FY27</u> |
|---|-------------|
| Communications Technology Account/Public Access | 40,000      |
| City Wide IT Strategic Infrastructure           | 250,000     |
| Voting Equipment Replacement                    | 150,000     |

**SUBTOTAL** **\$440,000**

---

**TOTAL PROJECTS** **\$47,423,277**

---

**City Council further ordains** that at the close of the Fiscal Year the City Manager is authorized to maintain appropriations for encumbrances and grants.

**City Council further ordains** that at the close of the Fiscal Year the City Manager is authorized to administratively approve the close out of capital projects and transfer any unencumbered residual funds to the balance within the Capital Improvement Fund.

**Section 4. Utility Enterprise Funds**

**City Council further ordains** that the annual appropriation in the sum of \$29,367,891; or the amount of revenue received by such fund, whichever shall be the greater amount, for the WATER UTILITY FUNDS (Funds 611 and 612), which monies are to be expended for the operation of the water utility.

**City Council further ordains** that the annual appropriation in the sum of \$23,584,622; or the amount of revenue received by such fund, whichever shall be the greater amount,

for the WASTEWATER UTILITY FUNDS (Funds 621 and 622), which monies are to be expended for the operation of the wastewater utility.

**City Council further ordains** that the annual appropriation in the sum of \$35,305,867; or the amount of revenue received by such fund, whichever shall be the greater amount, for the GAS UTILITY FUNDS (Funds 631 and 634), which monies are to be expended for the operation of the gas utility.

**City Council further ordains** that the annual appropriation in the sum of \$4,520,890; or the amount of revenue received by such fund, whichever shall be the greater amount, for the STORMWATER UTILITY FUNDS (Funds 641,642 and 643), which monies are to be expended for the operation of the stormwater utility.

Operating Revenues

|  |                      |
|--|----------------------|
| <b>WATER (OPERATIONAL AND DEBT SERVICE FUNDS)</b>      |                      |
| Water Sales Revenue                                    | \$ 23,867,891        |
| Bond Proceeds  | 5,500,000            |
| <b>WATER FUND REVENUE TOTAL</b>                        | <b>\$ 29,367,891</b> |
| <b>WASTEWATER (OPERATIONAL AND DEBT SERVICE FUNDS)</b> |                      |
| Wastewater Sales Revenue                               | \$ 21,584,622        |
| Bond Proceeds  | \$ 2,000,000         |
| <b>WASTEWATER REVENUE TOTAL</b>                        | <b>\$ 23,584,622</b> |
| <b>GAS (OPERATIONAL AND DEBT SERVICE FUNDS)</b>        |                      |
| Gas Sales Revenue                                      | \$ 35,205,867        |
| Other Fees   | 100,000              |
| <b>GAS REVENUE TOTAL</b>                               | <b>\$ 35,305,867</b> |
| <b>STORMWATER (OPERATIONAL AND DEBT SERVICE FUNDS)</b> |                      |
| Stormwater Fee Revenue                                 | \$ 1,924,572         |
| Bond Proceeds  | 1,500,000            |
| Other Fees   | 25,000               |
| Fund Balance   | 1,071,318            |
| <b>STORMWATER REVENUE TOTAL</b>                        | <b>\$ 4,520,890</b>  |

**City Council further ordains** that at the close of the Fiscal Year the City Manager is authorized to maintain appropriations within the City's Enterprise Funds for encumbrances, grants, capital projects, and programs.

**City Council further ordains** that the annual appropriations for the City's Utility Enterprise Funds are subject to amendment based on City Council's subsequent review and approval of the Annual Utility Rate Report, which sets forth the annual spending plan

and establishes the annual customer rates for each utility. The term “Operation” is herein defined to include any self-supporting enterprise expenditures, including those for capital outlay and for the payment of principal and interest of bonds, notes and other evidence of indebtedness, and the cost of issuance thereof issued by the City pursuant to its Charter and/or the Virginia Public Finance Act.

# Policy Briefing Summary

## City Council



---

|                                 |  |
|---------------------------------|--|
| <b>Regarding:</b>               | <b>Public hearing and resolution to authorize execution of Right-of-Way Agreement and Utility Easement at Darden Towe Park</b> |
| <b>Staff Contact(s):</b>        | Riaan Anthony, Director of Parks & Recreation  |
| <b>Presenter:</b>               | <b>Riaan Anthony, Director of Parks &amp; Recreation</b>   |
| <b>Date of Proposed Action:</b> | April 6, 2026  |

---

### Issue

#### Background / Rule

City Council approval is requested to authorize the City Manager to execute a Right-of-Way Agreement granting a utility easement to Virginia Electric and Power Company (dba Dominion Energy Virginia) across property jointly owned by the City of Charlottesville and the County of Albemarle at Darden Towe Park. The easement is necessary to extend electrical service near the Lewis and Clark Building to a new prefab ADA-compliant restroom facility adjacent to the picnic shelter and to provide upgraded electrical service to the existing pavilion facilities at the park. Without approval of this easement, the electrical installation required for the restroom and pavilion cannot proceed, delaying completion of a project that is part of Albemarle County's ADA Capital Improvement Project (CIP). This action is consistent with the existing joint ownership and operational framework between the City and Albemarle County as outlined in the 2007 Darden Towe Park Agreement.

#### Analysis

Darden Towe Park is jointly owned and operated by the City of Charlottesville and Albemarle County, with both jurisdictions sharing responsibility for capital improvements and park operations. Albemarle County's current Capital Improvement Project (CIP) includes installation of an ADA-compliant restroom facility to enhance accessibility and service to park users.

During installation, unforeseen electrical supply limitations were identified. To resolve this issue, a new electrical service line must be installed from the existing transformer near the Lewis and Clark Building to the restroom and pavilion. The proposed ROW agreement grants Dominion Energy a non-exclusive easement to construct, operate, and maintain underground electrical conduits and associated infrastructure across the park property.

The scope of the electrical installation includes:

- Installation of underground conduit and wiring
- Installation of a new 200-amp electrical panel mounted to the restroom
- Lighting, ventilation, and GFCI-protected outlets
- Power service to the adjacent picnic shelter pavilion
- ADA and local code compliance

The project improves public safety, extends seasonal usability of facilities, and ensures the park's infrastructure is modern, reliable, and prepared for future upgrades such as security cameras or automated fixtures.

Environmental impacts will be minimal, with trenching limited to existing paths and directional boring used to avoid roadway disruption. Energy-efficient LED lighting and ventilation systems will be installed.

**Financial Impact**

The total project cost for electrical installation is \$14,474.35, broken down as follows:

- Dominion Energy installation: \$697.55
- AAP Construction (road boring): \$3,200.00
- 200-amp electrical panel and infrastructure: \$10,576.80

Albemarle County's fiscal year 2025 expenses for this project were \$22,333, with the city's share at 30.75 percent or \$6,867.40. These costs were incorporated within the approved CIP budget for the ADA restroom project at Darden Towe Park. No additional General Fund appropriation is required.

**Recommendation**

Staff recommends that City Council approve the execution of the utility easement agreement with Dominion Energy Virginia. Approval will allow the City and Albemarle County to proceed with final construction and ensure the ADA restroom and pavilion facilities are fully operational, safe, and accessible to the public.

**Recommended Motion (if Applicable)**

I move that City Council authorize the City Manager (or designee) to execute the Right-of-Way Easement Agreement with Dominion Energy Virginia for the installation of electrical infrastructure at Darden Towe Park to support the ADA restroom and picnic shelter pavilion project.

**Attachments**

1. agr\_abemarle\_county\_and\_city\_of\_charlottesville\_combined\_0071
2. Darden Towe Park ROW\_
3. 2026-04-06 RESOLUTION -Authorizing Execution Of A Right-Of-Way Agreement And Utility Easement



**Right of Way Agreement**

**THIS RIGHT OF WAY AGREEMENT**, is made and entered into as of this \_\_\_\_\_ day of \_\_\_\_\_, 2025, by and between the **COUNTY OF ALBEMARLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia, and the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation, ("**GRANTORS**") and **VIRGINIA ELECTRIC AND POWER COMPANY**, a Virginia public service corporation, doing business in Virginia as Dominion Energy Virginia, with its principal office in Richmond, Virginia ("**GRANTEE**").

**WITNESSETH:**

1. That for and in consideration of the sum of One Dollar (\$1.00) cash in hand paid and other good and valuable consideration, the receipt and sufficiency whereof is hereby acknowledged, **GRANTOR** grants and conveys unto **GRANTEE**, its successors and assigns, the perpetual right, privilege and non-exclusive easement over, under, through, upon and across the property described herein, for the purpose of transmitting and distributing electric power by one or more circuits; for its own internal telephone, fiber optic cables and other internal communication purposes directly related to or incidental to the generation, distribution, and transmission of electricity, including the wires, fibers, cables and facilities of any other public service company in aid of or to effectuate such internal telephone or other internal communication purposes; including but not limited to the right:

1.1 to lay, construct, operate and maintain one or more lines of underground conduits and cables including, without limitation, one or more lighting supports and lighting fixtures as **GRANTEE** may from time to time determine, and all wires, conduits, cables, transformers, transformer enclosures, concrete pads, manholes, handholes, connection boxes, accessories and appurtenances desirable in connection therewith; the width of said non-exclusive easement shall extend fifteen (15) feet in width across the lands of **GRANTOR**;

2. The easement granted herein shall extend across the lands of the **GRANTOR** situated in the **County of Albemarle**, Virginia, as more fully described on Plat Numbered **81-25-0071**, attached to and made a part of this Right of Way Agreement; the location of the boundaries of said easement being shown in broken lines on said Plat, reference being made thereto for a more particular description thereof.

3. All facilities constructed hereunder shall remain the property of **GRANTEE**. **GRANTEE** shall have the right to inspect, reconstruct, remove, repair, improve, relocate on the easement, and make such changes, alterations, substitutions, additions to or extensions of its facilities as **GRANTEE** may from time to time deem advisable.

**Initials:** \_\_\_\_\_

**This Document Prepared by Virginia Electric and Power Company and should be returned to:** Dominion Virginia Power, 1719 Hydraulic Road Charlottesville VA 22901.

(Page 1 of 7 Pages)  
DVPIDNo(s). 81-25-0071  
Tax Map No. 06200-00-00-02300

## Right of Way Agreement

4. **GRANTEE** shall have the right to keep the easement clear of all buildings, structures, trees, roots, undergrowth and other obstructions which would interfere with its exercise of the rights granted hereunder, including, without limitation, the right to trim, top, retrim, retop, cut and keep clear any trees or brush inside and outside the boundaries of the easement that may endanger the safe and proper operation of its facilities. All trees and limbs cut by **GRANTEE** shall remain the property of **GRANTOR**.

5. For the purpose of exercising the right granted herein, **GRANTEE** shall have the right of ingress to and egress from this easement over such private roads as may now or hereafter exist on the property of **GRANTOR**. The right, however, is reserved to **GRANTOR** to shift, relocate, close or abandon such private roads at any time. If there are no public or private roads reasonably convenient to the easement, **GRANTEE** shall have such right of ingress and egress over the lands of **GRANTOR** adjacent to the easement. **GRANTEE** shall exercise such rights in such manner as shall occasion the least practicable damage and inconvenience to **GRANTOR**.

6. **GRANTEE** shall repair damage to roads, fences, or other improvements (a) inside the boundaries of the easement (subject, however, to **GRANTEE's** rights set forth in Paragraph 4 of this Right of Way Agreement) and (b) outside the boundaries of the easement and shall repair or pay **GRANTOR**, at **GRANTEE's** option, for other damage done to **GRANTOR's** property inside the boundaries of the easement (subject, however, to **GRANTEE's** rights set forth in Paragraph 4 of this Right of Way Agreement) and outside the boundaries of the easement caused by **GRANTEE** in the process of the construction, inspection, and maintenance of **GRANTEE's** facilities, or in the exercise of its right of ingress and egress; provided **GRANTOR** gives written notice thereof to **GRANTEE** within sixty (60) days after such damage occurs.

7. **GRANTOR**, its successors and assigns, may use the easement for any reasonable purpose not inconsistent with the rights hereby granted, provided such use does not interfere with **GRANTEE's** exercise of any of its rights hereunder. **GRANTOR** shall not have the right to construct any building, structure, or other above ground obstruction on the easement; provided, however, **GRANTOR** may construct on the easement fences, landscaping (subject, however, to **GRANTEE's** rights in Paragraph 4 of this Right of Way Agreement), paving, sidewalks, curbing, gutters, street signs, and below ground obstructions as long as said fences, landscaping, paving, sidewalks, curbing, gutters, street signs, and below ground obstructions do not interfere with **GRANTEE's** exercise of any of its rights granted hereunder. In the event such use does interfere with **GRANTEE's** exercise of any of its rights granted hereunder, **GRANTEE** may, in its reasonable discretion, relocate such of its facilities as may be practicable to a new site designated by **GRANTOR** and acceptable to **GRANTEE**. In the event any such facilities are so relocated, **GRANTOR** shall reimburse **GRANTEE** for the cost thereof and convey to **GRANTEE** an equivalent easement at the new site.

Initials: \_\_\_\_\_

(Page 2 of 7 Pages)

DVPIDNo(s). 81-25-0071

## Right of Way Agreement

8. **GRANTEE's** right to assign or transfer its rights, privileges and easements, as granted herein, shall be strictly limited to the assignment or transfer of such rights, privileges and easements to any business which lawfully assumes any or all of **GRANTEE's** obligations as a public service company or such other obligations as may be related to or incidental to **GRANTEE's** stated business purpose as a public service company; and any such business to which such rights, privileges and easements may be assigned shall be bound by all of the terms, conditions and restrictions set forth herein.

9. This Right of Way Agreement shall be limited in duration and shall remain in force for a term of forty (40) years, except for any air rights together with easements for columns for support granted hereunder, in which case such air rights together with easements for columns for support shall exist for a term of sixty (60) years. At the end of any such term, this Right of Way Agreement shall automatically terminate unless **GRANTORS** agree to renew this Right of Way Agreement for an additional term of years.

10. In the event that this Right of Way Agreement is terminated, or if the removal of **GRANTEE's** facilities is otherwise desired by **GRANTOR**, then **GRANTOR** agrees that it will pay either (a) the cost of removing **GRANTEE's** wires and facilities in the event the facilities are no longer needed by **GRANTEE** to provide electric service to any of **GRANTEE's** customers, or (b) the cost of relocating **GRANTEE's** wires and facilities together with a suitable replacement easement in the event the facilities are needed by **GRANTEE** to provide electric service to any of **GRANTEE's** customers, each subject to appropriation by the **GRANTOR's** governing body. If such appropriation is not authorized by the **GRANTOR's** governing body then **GRANTEE** shall have the right to maintain its wires and facilities in the location established by this Right of Way Agreement for the full term hereof. Upon termination of this Right of Way Agreement, **GRANTOR** agrees to provide **GRANTEE**, if needed by **GRANTEE**, a suitable substitute easement subject to the same terms provided for herein for **GRANTEE's** wires and facilities. In the event that this Right of Way Agreement is revoked or terminated, all facilities constructed hereunder shall remain the property of **GRANTEE**.

11. **GRANTOR** covenants that in the event that **GRANTOR** sells or conveys the real property on which **GRANTEE's** wires and facilities are located by this Right of Way Agreement, **GRANTOR** will provide **GRANTEE** with a suitable permanent easement for **GRANTEE's** wires and facilities and, if necessary, pay the cost of relocating **GRANTEE's** wires and facilities to such permanent easement, subject to appropriation by the **GRANTOR's** governing body. If such appropriation is not authorized by the **GRANTOR's** governing body then **GRANTEE** shall have the right to maintain its wire and facilities in the location established by this Right of Way Agreement for the full term hereof.

12. Whenever the context of this Right of Way Agreement so requires, the singular number shall mean the plural and the plural the singular.

Initials: \_\_\_\_\_



## Right of Way Agreement

13. **GRANTOR** covenants that it is seised of and has the right to convey this easement, and the rights and privileges granted hereunder; that **GRANTEE** shall have quiet and peaceable possession, use and enjoyment of the aforesaid easement, rights and privileges; and that **GRANTOR** shall execute such further assurances thereof as may be reasonably required.

14. The individual executing this Right of Way Agreement on behalf of **GRANTOR** warrants that the County of Albemarle is a political subdivision of the Commonwealth of Virginia and that he or she has been duly authorized to execute this easement on behalf of said entity.

**NOTICE TO LANDOWNER:** You are conveying rights to a public service corporation. A public service corporation may have the right to obtain some or all of these rights through exercise of eminent domain. To the extent that any of the rights being conveyed are not subject to eminent domain, you have the right to choose not to convey those rights and you could not be compelled to do so. You have the right to negotiate compensation for any rights that you are voluntarily conveying.

**WITNESS** the following signatures.

**GRANTOR:**

**COUNTY OF ALBEMARLE, VIRGINIA**

By: \_\_\_\_\_  
(title) \_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025  
by \_\_\_\_\_, as (title) \_\_\_\_\_,  
on behalf of the County of Albemarle, Virginia, Grantor.

\_\_\_\_\_  
Notary Public (print name)

\_\_\_\_\_  
Notary Public (signature)

My Commission Expires: \_\_\_\_\_

Registration Number: \_\_\_\_\_

Affix seal here.

**WITNESS** the following signatures.

**GRANTOR:**

**CITY OF CHARLOTTESVILLE, VIRGINIA**

By: \_\_\_\_\_  
(title) \_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_:

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025  
by \_\_\_\_\_, as (title) \_\_\_\_\_,  
on behalf of the City of Charlottesville, Virginia, Grantor.

\_\_\_\_\_  
Notary Public (print name)

\_\_\_\_\_  
Notary Public (signature)

My Commission Expires: \_\_\_\_\_

Registration Number: \_\_\_\_\_

Affix seal here.

**Exhibit A**

This Exhibit "A" shall be attached to and made a part of the Right of Way Agreement executed by the undersigned Grantor on the \_\_\_\_ day of \_\_\_\_\_, 2025.

The following terms and conditions are incorporated therein:

**GRANTEE** agrees to indemnify, protect, defend and hold **GRANTOR**, its employees and agents, harmless from and against all claims, actions, losses, damages, costs, expenses and liabilities arising out of injury to or death of any person or loss of or damage to any property in or upon the easement or **GRANTOR'S** contiguous area, including the person or property of **GRANTOR**, its employees, agents, licensees, or others, to the extent such injury, death, loss or damage is caused by the acts or omissions of **GRANTEE**, its agents or employees. The foregoing indemnity shall not apply to any claims, actions, losses, damages, costs, expenses and liabilities arising from any act or omission of **GRANTOR**, its agents, employees, licensees or others.

**GRANTEE:** **VIRGINIA ELECTRIC AND POWER COMPANY  
D/B/A DOMINION VIRGINIA POWER**

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

COMMONWEALTH OF VIRGINIA  
CITY/COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2025

by \_\_\_\_\_  
(Name of officer or agent) (Title of officer or agent)

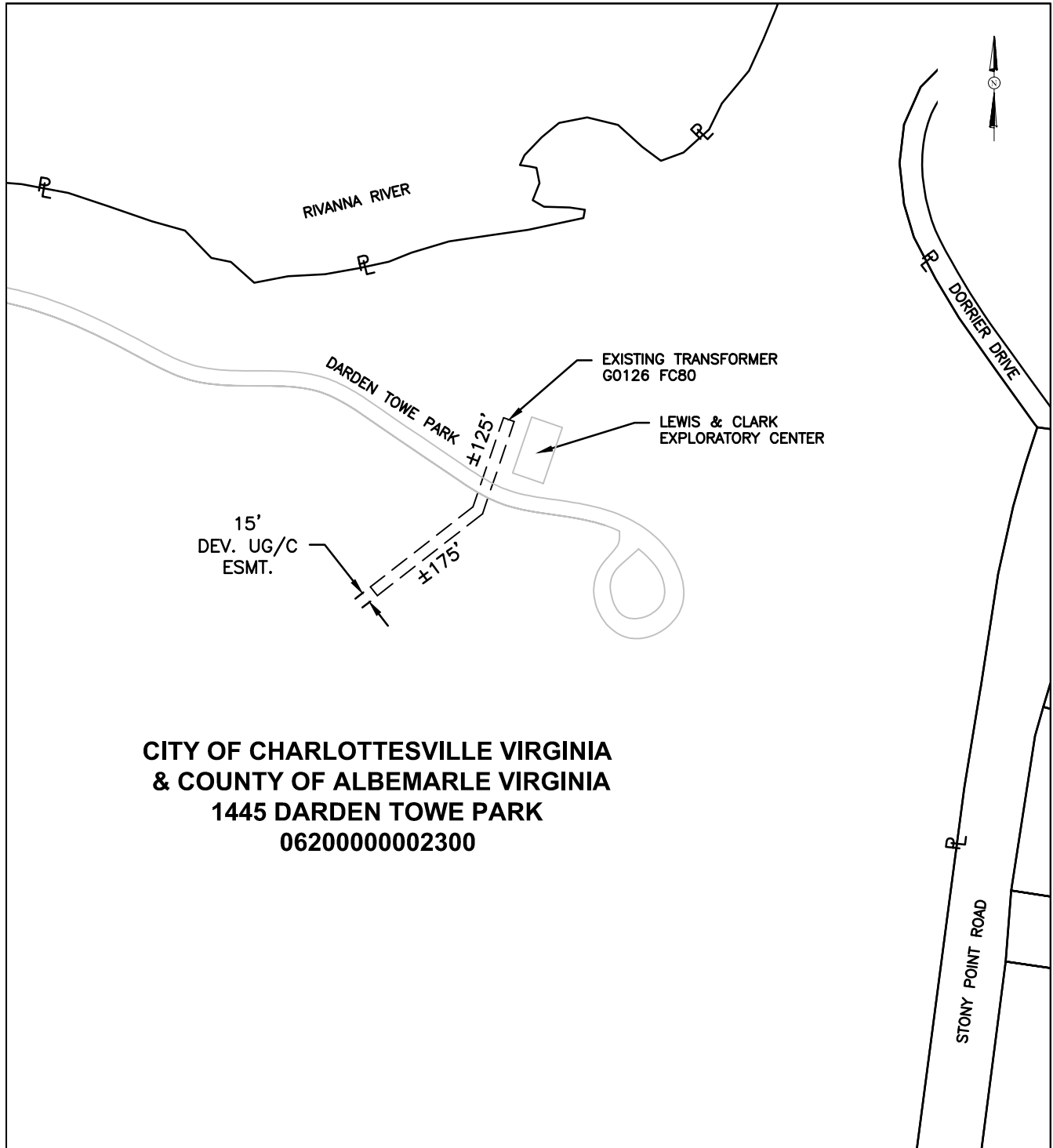
on behalf of Virginia Electric and Power Company D/B/A Dominion Virginia Power, Grantee.

\_\_\_\_\_  
Notary Public (Print Name)

\_\_\_\_\_  
Notary Public (Signature)

Virginia Notary Reg. No. \_\_\_\_\_

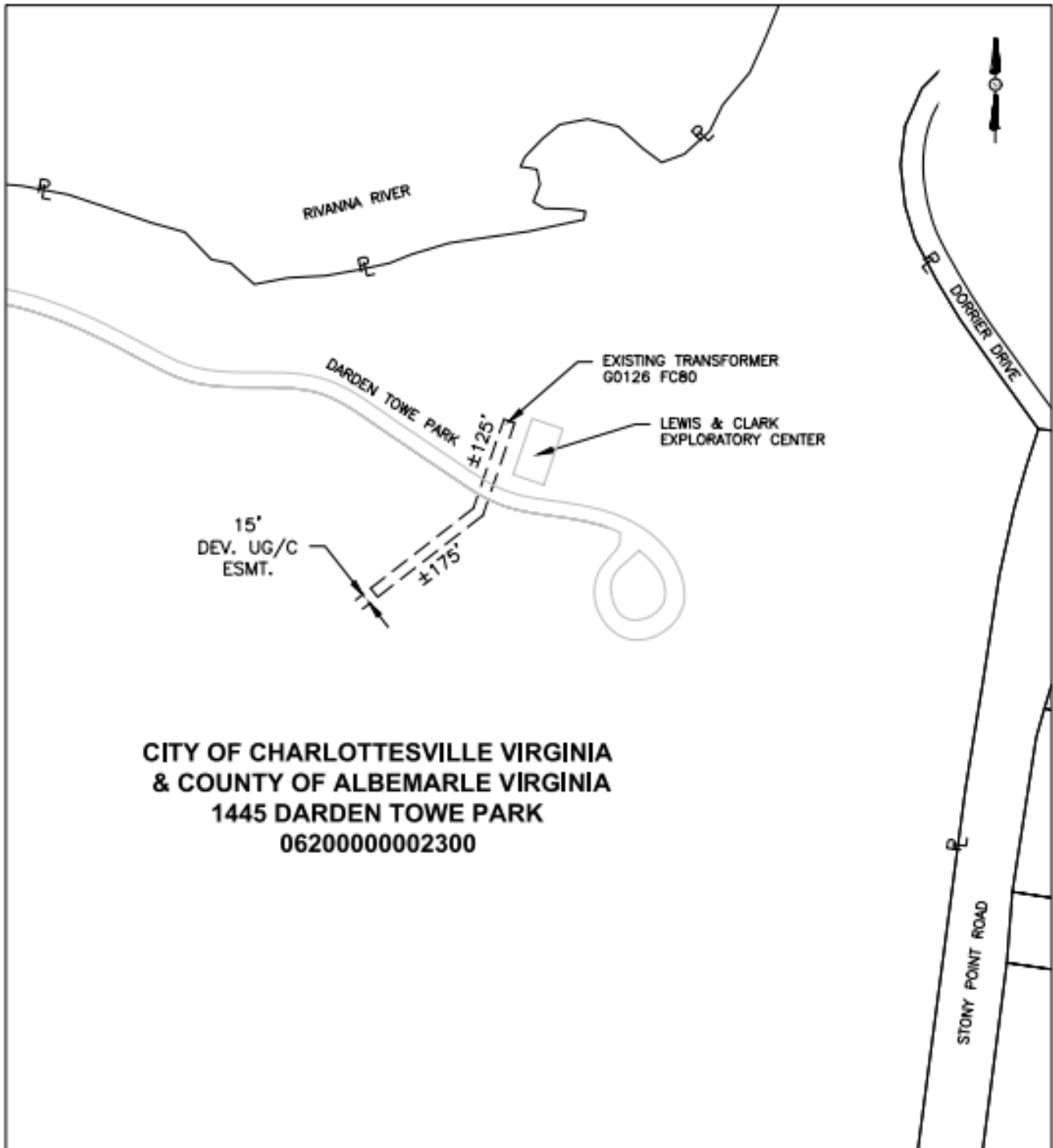
My Commission Expires: \_\_\_\_\_



**CITY OF CHARLOTTESVILLE VIRGINIA  
& COUNTY OF ALBEMARLE VIRGINIA  
1445 DARDEN TOWE PARK  
0620000002300**

|  |             |                 |             |   |
|--|-------------|-----------------|-------------|---|
| <b>LEGEND</b><br>- - - Location of Right-of-Way Boundary<br>- R - Indicates Property Line is Right-of-Way Boundary<br>*NOTE: The centerline of the facilities in the field determine the centerline of the easement. | Region      | Local Office    | State       | PLAT TO ACCOMPANY UG/C<br>RIGHT-OF-WAY AGREEMENT<br>VIRGINIA ELECTRIC AND POWER COMPANY<br>doing business as<br><b>Dominion Energy Virginia</b> |
|  | Western     | Charlottesville | VA          |   |
|  | County-City |                 | Grid Number |   |
|  | Albemarle   |                 | G0126       |   |
| Work Request No.   | DEVID No.   | Scale           |             |   |
| 10814999   | 81-25-0071  | Not to Scale    |             |   |
| Date   | By          |                 |             |   |
| 10/27/2025   | R. Mason    |                 |             |   |
| OWNER INITIALS _____   |             |                 |             | Page 4 of 4   |

row\_10814999\_0071.dwg



**CITY OF CHARLOTTESVILLE VIRGINIA  
 & COUNTY OF ALBEMARLE VIRGINIA  
 1445 DARDEN TOWE PARK  
 06200000002300**

|  |                          |                                 |                      |   |
|--|--------------------------|---------------------------------|----------------------|---|
| <b>LEGEND</b><br>--- Location of Right-of-Way Boundary<br>= P = Indicates Property Line is Right-of-Way Boundary<br>*NOTE: The centerline of the facilities in the field determine the centerline of the easement. | Region<br>Western        | Local Office<br>Charlottesville | State<br>VA          | PLAT TO ACCOMPANY RIGHT-OF-WAY AGREEMENT UG/C<br>VIRGINIA ELECTRIC AND POWER COMPANY doing business as<br><b>Dominion Energy Virginia</b> |
|  | County-City<br>Albemarle | Work Request No.<br>10814999    | Grid Number<br>G0126 |   |
|  | DEVID No.<br>81-25-0071  | Scale<br>Not to Scale           |                      |   |
|  | Date<br>10/27/2025       | By<br>R. Mason                  |                      |   |
| OWNER INITIALS _____   |                          |                                 |                      | Page 4 of 4   |

row\_10814999\_0071.dwg



#R-2026-88

**RESOLUTION AUTHORIZING EXECUTION OF  
RIGHT-OF-WAY AGREEMENT AND UTILITY EASEMENT FOR  
ELECTRICAL SERVICE AT DARDEN TOWE PARK**

**WHEREAS**, Darden Towe Park (the “Park”) is jointly owned by the City of Charlottesville (the “City”) and the County of Albemarle (the “County”) pursuant to the 2007 Darden Towe Park Agreement (the “Agreement”) establishing shared responsibility for the park’s development, operation, and maintenance; and

**WHEREAS**, the County, while implementing a project to construct an ADA-compliant restroom facility and to improve the picnic shelter at the adjacent pavilion in the Park, found that additional electrical infrastructure is needed to provide safe, reliable, and code-compliant electrical service; and

**WHEREAS**, the additional infrastructure requires granting a non-exclusive utility easement to Dominion Energy Virginia for the work; and

**WHEREAS**, under the terms of the 2007 Agreement, both the City and County must consent to and execute this easement affecting the Park; and

**WHEREAS**, the Charlottesville City Council finds that executing the Right-of-Way Agreement serves a public purpose by improving public safety, accessibility, and infrastructure at the Park.

**NOW, THEREFORE, BE IT RESOLVED** by the Council of the City of Charlottesville, Virginia, that the Right-of-Way Agreement is approved and that the City Manager is authorized to execute the Agreement and to take any additional administrative actions necessary to complete the project.

Approved by Council  
April 6, 2026

\_\_\_\_\_  
Kyna Thomas, MMC  
Clerk of Council

|          | <u>Aye</u> | <u>No</u> |
|----------|------------|-----------|
| Oschrin  | —          | —         |
| Payne    | —          | —         |
| Fleisher | —          | —         |
| Snook    | —          | —         |
| Wade     | —          | —         |

# Policy Briefing Summary

## City Council



---

|                                 |  |
|---------------------------------|--|
| <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  |

---

### 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



**ORDINANCE #O- -**

**AUTHORIZING A LOAN TO PIEDMONT HOUSING ALLIANCE TO  
SUPPORT REDEVELOPMENT OF 501 CHERRY AVENUE SITE FOR  
THE PURPOSE OF PRODUCING NEW HOUSING FOR LOW- AND  
MODERATE-INCOME PEOPLE**

**WHEREAS**, the production of new housing for people of low- and moderate-income is a public purpose and use for which public money may be spent, and such production is a governmental function of concern to the Commonwealth of Virginia; and

**WHEREAS**, pursuant to Virginia Code § 15.2-958, the City of Charlottesville, Virginia (“City”), may, by Ordinance, make grants or loans to the owners of residential rental property occupied, or to be occupied, following construction, by people of low- or moderate-income, for the purpose of producing such property; and

**WHEREAS**, an owner assisted in this manner must provide a minimum of twenty percent (20%) of the units for low- and moderate-income people as defined by the City for a minimum of ten (10) years and participation by an owner is voluntary; and

**WHEREAS**, Piedmont Housing Alliance (“PHA”) is a private, nonprofit 501(c)(3) organization (corporation) organized and operating under the laws of the Commonwealth of Virginia, having as its mission the creation of affordable housing opportunities by developing new housing and by preserving existing affordable housing; and

**WHEREAS**, PHA has requested the City to provide a loan for financing a portion of the costs of an affordable housing project, in an amount sufficient to subsidize the development of for-rent and for-sale affordable units and the leasing of for-rent affordable units on the property (“Project”); and

**WHEREAS**, the City desires to loan up to \$3,850,000 at an interest rate of three percent (3.00%) per annum for a term of approximately forty-two (42) years (“Loan”) to PHA pursuant to the terms and conditions of the attached Loan Agreement for 501 Cherry Avenue Site (“Agreement”) and Declaration of Affordable Housing Covenants, to be approved by the City prior to recordation; and

**WHEREAS**, the Loan will be secured by a subordinate interest in the land for the Project granted by PHA to the City as further described in the Agreement.

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Charlottesville, Virginia (“City Council”), that local public funding is hereby approved for PHA to support the Project, by providing funding through the Loan in a principal amount of up to \$3,850,000, with an interest rate of three percent (3.00%) per annum for a term of approximately forty-two (42) years, all



subject to the lien and security, and other terms and conditions of the Agreement in substantially the form presented to City Council at this Meeting; and

**BE IT FURTHER ORDAINED BY THIS CITY COUNCIL THAT** the City Manager is hereby authorized to execute an Agreement containing the terms and conditions consistent with those set forth within this Ordinance, and other documents and instruments necessary to complete this Loan transaction, subject to approval by the City Attorney's Office as to the form of all such documents and instruments.

This Ordinance will take effect immediately following adoption.

Date Introduced: \_\_\_\_\_

Date Adopted: \_\_\_\_\_

Certified: \_\_\_\_\_

Clerk of Council: \_\_\_\_\_

## **LOAN AGREEMENT FOR 501 CHERRY AVENUE SITE**

This **LOAN AGREEMENT FOR 501 CHERRY AVENUE SITE** (this “Agreement”) is by and between **PIEDMONT HOUSING ALLIANCE**, a Virginia nonprofit corporation (“Recipient” or “PHA”), and **the CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation and a political subdivision of the Commonwealth of Virginia (the “City”), dated as of this \_\_\_\_ day of \_\_\_\_\_, 2026 (the “Effective Date”). Individually, the City and Recipient may each be referred to hereinafter as the “Party,” or collectively as the “Parties.” Capitalized terms used and not otherwise defined in the Agreement have the respective meanings specified in Section 1.

### **RECITALS**

**WHEREAS**, the production of new housing for persons of low- and moderate-income is a public purpose and use for which public money may be spent, and such production is a governmental function of concern to the Commonwealth of Virginia and the City; and

**WHEREAS**, pursuant to Virginia Code § 15.2-958 the City may, by Ordinance, make grants or loans to the owners of residential rental property occupied, or to be occupied, following construction, by persons of low or moderate income, for the purpose of producing such property; and

**WHEREAS**, an owner assisted in this manner must provide a minimum of twenty percent (20%) of the units for low and moderate income person as defined by the City for a minimum of ten (10) years and participation by an owner is voluntary; and

**WHEREAS**, PHA is a private, nonprofit 501(c)(3) organization (corporation) organized and operating under the laws of the Commonwealth of Virginia, having as its mission the creation of affordable housing opportunities by developing new housing and by preserving existing affordable housing; and

**WHEREAS**, PHA is planning the redevelopment of the 501 Cherry Avenue site, funded by Low Income Housing Tax Credits, private donations, grants, local government funding from the City, and one (1) or more mortgage loans; and

**WHEREAS**, PHA has requested the City to award local public funding for the Project (as defined below), in an amount sufficient to subsidize the development of for-rent and for-sale affordable units and the leasing of for-rent affordable units on the property; and

**WHEREAS**, the City desires to loan up to \$3,850,000 at an interest rate of 3% per annum for a term of forty-two (42) years (the “Loan”) to PHA pursuant to the terms and conditions of this Agreement, the Declaration of Affordable Housing Covenants, and all other documents and agreements executed and delivered to evidence or secure the Loan (collectively, the “Loan Documents”), to be approved by the City prior to recordation; and

**WHEREAS**, the Loan will be secured by a subordinate interest in the land for the Project granted by PHA to the City as further described in the Agreement.

**NOW, THEREFORE**, for good and valuable consideration, the receipt of which has been acknowledged by the Parties, the following is agreed:

**Section 1. Incorporation of Recitals and Definitions**

(A) The foregoing recitals above are an integral part of this Agreement and set forth the intentions of the Parties and the premises on which the Parties have decided to enter into this Agreement. Accordingly, the foregoing recitals above are fully incorporated into this Agreement by this reference as if fully set forth herein:

**“Applicable Laws”** means all United States of America, Commonwealth of Virginia, and City laws, Ordinances, and regulations applicable to all or any portion of the Property and/or the transactions contemplated by the terms of this Agreement, and all requirements of site plans applicable to the Property, including, without limitation, the United States Americans with Disabilities Act of 1992, as amended, and all Environmental Laws.

**“Construction Contingency Amount”** means an amount of the construction costs for the Project reserved as a deferred construction contingency for costs incurred because of tariffs or other unanticipated construction expenses.

**“Environmental Laws”** means any Applicable Law which regulates the use, generation, handling, storage, treatment, transportation, decontamination, clean-up, removal, encapsulation, enclosure, abatement, or disposal of any Hazardous Material, including the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, the Toxic Substance Control Act, 15 U.S.C. § 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Sections 1251 *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. § 1802, their state analogues, and any other Applicable Laws regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Material.

**“Environmental Reports”** means the Phase I Environmental Site Assessment prepared by HydroGeo dated September 28, 2023 and the Limited Phase II Environmental Site Assessment prepared by HydroGeo Environmental dated November 21, 2023.

**“Hazardous Materials”** means any flammable, explosive, radioactive or reactive materials, any asbestos (whether friable or non-friable), any pollutants, contaminants or other hazardous, dangerous or toxic chemicals, materials or substances, any petroleum products or substances, or compounds containing petroleum products, including gasoline, diesel fuel and oil, any polychlorinated biphenyls, or substances or compounds containing polychlorinated biphenyls, and any other material or substance defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic materials,” “contamination,” and/or “pollution” within the meaning of any Environmental Law.

**“Lender”** means the holder of or beneficiary under a Deed of Trust.

**“Deed of Trust”** means any deed of trust, mortgage, or other security instrument constituting a lien against the Subject Property.

(B) Any other capitalized term to which a meaning is expressly given in this Agreement shall have the meaning assigned to it, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders.

## **Section 2. Public Purpose of the Loan**

This Loan is provided to Recipient to be used for the public purposes of providing funding to assist the property development and construction of new for-rental housing units within the land located at the 501 Cherry Avenue site (the “Subject Property”), and to provide project-based rental assistance for the for-rental housing units (collectively, the “Project”). The Project shall be diligently prosecuted by the Recipient, to the end that, upon completion of construction, the Project will include seventy-one (71) Rental Affordable Units (as defined below). **One hundred percent (100%) of the City-subsidized dwelling units within the Project will be for rental or for ownership by low- and moderate-income persons, for a period not less than ninety-nine (99) years.**

## **Section 3. Representations and Warranties by the Recipient**

To induce the City to make the Loan, Recipient (i) makes the following as its representations and warranties to the City, as of the Effective Date, (ii) covenants that until the expiration or earlier termination of this Agreement, upon learning of any fact or condition which would cause any of the warranties and representations in this Agreement not to be true, Recipient shall immediately give written notice of such fact or condition to the City, (iii) acknowledges that the City shall rely upon Recipient’s representations made herein notwithstanding any investigation made by or on behalf of the City, and (iv) agrees that such representations and warranties shall survive termination of this Agreement:

(A) Recipient (1) is a corporation organized under the laws of the Commonwealth of Virginia, active and in good standing as of the date of its execution of this Agreement, (2) has full power and authority to execute, deliver, and perform its obligations under the Loan Documents in accordance with their terms, and (3) has the power to own its properties and to carry on its business as now conducted and as proposed to be conducted. Such execution, delivery, and performance has been duly authorized by all necessary corporate action and has been approved by each required governmental authority, and the obligations of Recipient and every other Party thereto under each are the legal, valid, and binding obligations of each, enforceable against Recipient or such Party, as the case may be, in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, and other laws applicable to creditors' rights generally.

(B) Recipient is a nonprofit 501(c)(3) organization, whose 501(c)(3) status remains in effect as of the date of its execution of this Agreement.

(C) Recipient will use its best efforts to ensure the Loan funds will be used only for the public purposes referenced in Section 2. Recipient may expend the Loan funds itself, or Recipient may

loan the funds to a third-party, who is legally obligated to use the funds only for the public purpose referenced in Section 2. Recipient shall execute any Deed of Trust or Security Agreement reasonably requested by the City as further security for the Loan from the City, subject to certain requirements of lenders, including this Agreement and the Declaration of Affordable Housing Covenants being subordinate and subject to the lien of all lenders to the Project, and including the forbearance of certain creditor's rights and remedies during the applicable federal tax credit "compliance period" when the investor member has an ownership interest in the Project.

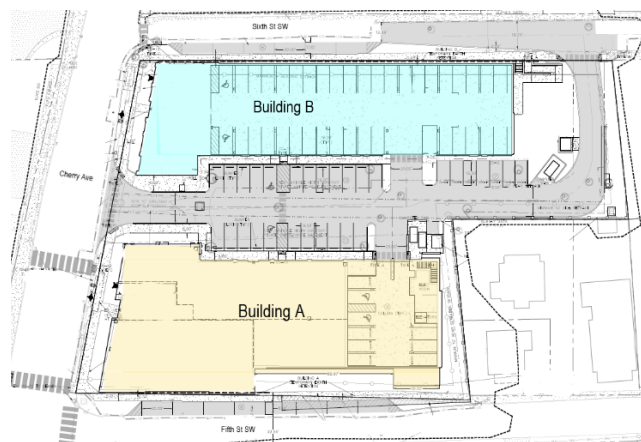
(D) Recipient shall, in good faith, take all measures necessary to ensure that the Project contains seventy-one (71) Rental Affordable Units (as defined in Section 4(B) below) for low- and moderate-income persons, in accordance with the Declaration of Affordable Housing Covenants, to be recorded following approval by the City prior to recordation, and any amendments thereto.

(E) WP 501 Cherry LLC, a Virginia limited liability company (the "Landowner") currently owns the land comprising the development site of the Project. The Landowner entered into that certain Purchase and Sale Agreement with PHA dated July 28, 2025 (the "PSA"). Recipient has verified that the Landowner does not intend to transfer or convey title to any such land to any third-party, other than the Recipient, or an entity of which PHA is a controlling member.

(F) Owner (as defined below) has, and shall have at all times, good and marketable fee title to the Subject Property, subject only to permitted exceptions thereto in the Title Policy, and to which the City has given its consent. All real estate taxes, assessments, water and sewer charges, and other City government charges, to the extent due and owing, have been paid in full on the Subject Property.

(G) Recipient will use its best efforts to ensure the development of the Project shall be consistent with the final site plan (the "Final Site Plan") developed by the Recipient with public input from the community and approved by the City pursuant to Article 4 of the City's Development Code (as amended, the "Development Code"), a copy of which is depicted in ***Illustration 1***, following below, as such Final Site Plan may be amended from time-to-time consistent with the Development Code, the provisions of the Declaration of Affordable Housing Covenants and the public purposes for which this Loan is offered pursuant to Virginia Code § 15.2-958.

***Illustration 1.***



(H) Recipient will ensure the development of the Project shall comply with all relevant Federal, State, and local laws and regulations.

(I) To the best of Recipient's knowledge, no Hazardous Materials has been or is being generated, stored, released, or disposed of on, under or from the Subject Property, except as set forth in the Environmental Reports. The presence of any Hazardous Materials on the Subject Property must be disclosed to the City in a written environmental report, and Recipient shall undertake and complete all necessary and appropriate response actions (including, without limitation, removal, encapsulation, and/or remediation) in accordance with all applicable legal requirements in order to achieve a level of no significant risk to human health, public welfare, or the environment, prior to the occupancy of any units therein.

(J) Recipient will execute any and all documents reasonably requested by the City to finalize the Loan authorized by this Agreement, including, without limitation, any Note, Deed of Trust, Security Agreement, or Guaranty.

(K) The representations set forth within paragraphs (A) through (K) preceding above are material provisions of this Agreement.

#### **Section 4. Authorized Expenditures; Budget**

(A) The Project is planned as redevelopment of a portion of the land currently identified by Tax Parcel Identification No(s). 290178000 currently assigned the street address of 501 Cherry Avenue, Charlottesville, Virginia. See Exhibit "A" for a legal description for the Subject Property.

(B) Project shall include no fewer than seventy-one (71) for-rent affordable dwelling units and approximately 16,568 square feet of nonresidential space to be used by one (1) or more entities providing commercial and/or community services to the surrounding area, of which: (i) a minimum of four (4) will be Rental Affordable dwelling units for rental to households having incomes at or below thirty percent (30%) AMI; (ii) a minimum of eleven (11) will be Rental Affordable dwelling units for rental to households having incomes at or below fifty percent (50%) AMI; (iii) for so long as the City provides rental assistance, ten (10) will be Rental Affordable dwelling units for rental to households having incomes at or below forty percent (40%) AMI; and (iv) the remaining units will be Rental Affordable dwelling units for rental to households having incomes at or below sixty percent (60%) AMI (collectively, the "Rental Affordable Units").

(C) The City will provide \$3,850,000.00 in Loan Proceeds for the Project, consisting of up to \$2,175,000.00 for the 501-A Cherry Avenue site and up to \$1,675,000.00 for the 501-B Cherry Avenue site. Loan Proceeds may be expended as follows:

- (i.) Funding may be used for site work (demolition of existing buildings, grading, erosion, and sediment control measures, etc.), the installation, construction, or reconstruction of streets (inclusive of sidewalk, curb and gutter, stormwater, landscaping), utilities, essential to the Project, and/or for construction of new affordable housing units for low- and moderate-income persons.

- (ii.) Up to **\$385,000.00** may be used to cover soft costs associated with the planning and design for construction of the Project.
- (iii.) At least **\$324,000.00** must be used to support rental assistance for up to ten (10) apartment units (up to five (5) apartment units at the 501-A Cherry Avenue site and up to five (5) apartment units at the 501-B Cherry Avenue site) for a minimum of five (5) years for qualified households for monthly rental assistance.

(D) Construction will commence within six (6) months following the later of Recipient's closing on the purchase of the Subject Property or closing on the construction loan(s) for the Project, and be diligently prosecuted by Recipient to completion.

(E) Recipient shall establish a budget for construction for the Project, and for construction of Rental Affordable Units (the "Budget"), and will submit the Budget to the City for approval. Once the Budget is approved by the City, Recipient will notify the City of material changes to the Budget, which would materially increase the cost of any aspect of construction.

(F) The Budget shall establish stand-alone line items for construction. The Budget shall also include line items for a Construction Contingency Amount, soft costs, and other reserves acceptable to the City.

(G) The Parties hereby acknowledge and agree that a portion of the Loan Proceeds in the amount of \$700,000.00 will be available no earlier than the beginning of Fiscal Year 2028 (July 1, 2027), subject to the conditions set forth in Section 6(A).

## **Section 5. Disbursement of Loan Proceeds**

### **(A) Preconditions for Disbursements, General**

Prior to the first disbursement of any Loan Proceeds for expenses incurred pursuant to Section 4(C)(ii), (iii) or (iv), the Recipient shall furnish all of the following documents to the City for the Project, in a form acceptable to the City in all respects, for the City's approval:

- (i) Documentation that the Final Site Plan for the Project has been approved by the City's Neighborhood Development Services Department.
- (ii) A copy of the approved Building Permit issued for the vertical construction of the Rental Affordable Units.
- (iii) A Construction Schedule that implements construction of the Rental Affordable Units.
- (iv) The Budget required by Section 4, above.

(v) Declaration of Affordable Housing Covenants, approved by the City Attorney and the City Manager prior to execution by Recipient and recorded within the land records of the City's Circuit Court.

If the above-referenced documents demonstrate the adequacy of the Budget to complete the construction of the Project, including all Rental Affordable Units, and if the Construction Schedule is realistic, then the City's approval shall not unreasonably be withheld.

**(B) Disbursements for Construction of Affordable Housing**

Following the date on which the Declaration of Affordable Housing Covenants is recorded within the City's land records, the Recipient may request disbursements of the Loan funds, not expended for rental assistance. Disbursements may be made by the City from time-to-time during construction of new Rental Affordable Units, as such construction progresses, no more frequently than once per calendar month, until the City has disbursed the aggregate amount specified within Section 4(C)(iii) or (iv).

As a condition precedent to each disbursement of Loan Proceeds, the Recipient shall furnish or cause to be furnished to the City all of the following documents for each disbursement, in form and substance satisfactory to the City: (a) a Disbursement Certification in a form approved in advance by the City; (b) copies of payment approval forms, certified by an architect or engineer authorizing payment of specific amount(s), and documentation that such amount(s) have actually been paid to construction contractor(s) and subcontractor(s), for work completed; (c) certification by an architect or a professional engineer licensed by the Commonwealth of Virginia, that construction of the improvements and facilities that are the subject(s) requested of Loan disbursements is in conformity with the approved Final Plan and applicable City standards; (d) a Budget-to-Actual Expenditure Report for the construction, current through the date of the disbursement request; (e) a Construction Schedule report, documenting the actual progress of construction compared with the approved Construction Schedule. In the aggregate, items (a) - (e) shall constitute a "Disbursement Request for Construction."

Following receipt of a complete Disbursement Request for Construction, the City shall issue payment of Loan Proceeds to the Recipient reimbursing amounts documented within the Disbursement Request for Construction as having actually been paid for construction. Payment shall be made within thirty (30) days of the City's receipt of a complete Disbursement Request for Construction.

**(C) Disbursements for Rental Assistance**

Following the date on which the Certificate of Occupancy for the Rental Affordable Unit(s) has been issued, the Recipient may request disbursements of the Loan funds for that portion of the quarterly amount of in-advance rental assistance, and disbursements may be made by the City quarterly, until the City has disbursed the aggregate amount specified within Section 4(C)(iii).

As a condition precedent to the first disbursement of rental assistance Loan Proceeds, the Recipient shall furnish, or cause to be furnished, to the City all of the following documents for each disbursement, in form and substance satisfactory to the City:

(a) a Disbursement Certification in a form approved in advance by the City;

(b) documentation that the Rental Affordable Unit(s) for which rental assistance will be applied have been leased to qualified household(s). In the aggregate, items (a) and (b) shall constitute a “First Rental Assistance Disbursement Request.”

As a condition precedent to each subsequent disbursement of rental assistance Loan Proceeds, the Recipient shall furnish, or cause to be furnished, to the City all of the following documents for each disbursement, in form and substance satisfactory to the City: (a) a Disbursement Certification in a form approved in advance by the City; (b) an annual report documenting the expenditure of rental assistance for the previous year; including, but not limited to:

- Date unit leased
- Name (head of household)
- Unit Address
- Total Monthly Rent
- Amount of Monthly Rental Assistance Provided
- Household Income
- Household %AMI
- Employment Status
- Number of Wage Earners
- Household Composition
- Number of Adults
- Number of Children
- Number of Children Under 5-years
- Number of Elderly (65 years+)
- Number of Disabled
- Race/Ethnicity
- Refugee status (if applicable)
- Unit vacancy (if applicable)

(c) documentation that rental assistance was applied to the Rental Affordable Unit(s).

(d) a Budget-to-Actual Expenditure Report for rental of the Rental Affordable Unit(s) for which the rental assistance was applied.

In the aggregate, items (a) - (d) shall constitute a “Subsequent Rental Assistance Disbursement Request” and together with the First Rental Assistance Disbursement Request, a “Disbursement Request for Rental Assistance.”

Following receipt of a complete Disbursement Request for Rental Assistance, the City shall issue payment of Loan Proceeds to the Recipient for the annual amount requested within the

Disbursement Request for Rental Assistance. Payment shall be made within thirty (30) days of the City's receipt of a complete Disbursement Request for Rental Assistance.

**(D) Execution of Loan Instruments**

This Loan is in the amount of the total disbursements made by the City to the Recipient, pursuant to Section 4(C) above. Disbursement shall be made up to the Loan maximum specified in Section 4(C), above. All disbursements shall be added to the principal of the Loan, and interest at the rate of this Loan shall accrue thereon from the date each disbursement is made. The City shall not disburse any Loan Proceeds to the Recipient, unless and until the Recipient has executed and delivered to the City all documents or legal instruments deemed by the City to be necessary to effectuate the Loan and to secure the City's ability to enforce the requirements of this Agreement. The following terms and conditions are material to the City's agreement to enter into this Agreement and shall be requirements of this Agreement enforceable in accordance with this Agreement, as well as through any documents or legal instruments that effect and secure the Loan of public funds to the Recipient:

(i) Recipient will use commercially available best efforts to negotiate provisions in a Subordination Agreement with the senior lender(s) for the acquisition, construction, and/or development of the Project that provide the City with the right to cure a default under such senior loan(s), with wording acceptable to the City Manager and City Attorney. The income, rent, and use restrictions required by this Agreement and the Declaration of Affordable Housing shall terminate upon a foreclosure of any such senior Loan, except: (i) twenty percent (20%) of the units within the Project may remain at sixty percent (60%) of area median income following such a foreclosure, and (ii) VHDA may permit additional units at sixty percent (60%) AMI to survive such a foreclosure, provided that VHDA determines, in its sole discretion, that the development will achieve a targeted debt service coverage rate (DCSR) of at least 1.25, while subject to such additional set-aside. The City Manager, after consultation with the City Attorney's Office, is the City official hereby designated as having authority as the agent of City Council to renegotiate income, rent, and use restrictions required by this Agreement and the Declaration of Affordable Housing Covenants, and any amendments thereto, and to enter into a binding amendment of this Agreement, if such renegotiation or amendment is necessary to facilitate Recipient's receipt of financing from VHDA, provided that (i) the renegotiated terms are no less than those VHDA itself requires in its own Lending Policy and (ii) in accordance with Virginia Code § 15.2-958, a minimum of twenty percent (20%) of the housing units within the Project shall be Rental Affordable Units for a minimum of ten (10) years.

(ii) **Deferred Payment Loan; Payment Date.** This Loan shall be a deferred payment loan. The deferral period shall commence on the Commencement Date specified in subparagraph (iii), below, and shall expire at midnight on December 31 of the fortieth (40<sup>th</sup>) calendar year thereafter ("Deferral Period"). Interest shall accrue during the Deferral Period, in the amount specified in subparagraph (iv) following below.

(iii) Each Disbursement of funds made by the City to the Recipient shall constitute loan proceeds (individually and collectively, the "Loan Proceeds") of the Loan that is the subject of this Agreement. The term of the Loan shall be forty-two (42) years (the "Term"), commencing on the date of the final disbursement of Loan Proceeds by the City to the Recipient pursuant to this

Agreement (“Commencement Date”). If the Project is completed and operated continuously in accordance with the requirements of this Agreement and the Declaration of Affordable Housing Covenants, and any amendments thereto, throughout the entire Deferral Period (*i.e.*, continuously from the Commencement Date through the expiration of the Deferral Period) then the Loan shall be forgiven. Recipient will grant to the City, as security for the Loan, an assignment of its Subordinate Interest in the Project, which secures its Sponsor Loan to the Project Owner. The assignment shall be subordinate to loans from VHDA or any federal agency.

(iv) Interest shall accrue on outstanding amounts of the Loan, at the annual rate of three percent (3%), beginning on the Commencement Date specified in (iii), above. If the Project is completed and operated continuously in accordance with the requirements of this Agreement and the Declaration of Affordable Housing Covenants, and any amendments thereto, throughout the entire Deferral Period referenced in Paragraph (ii) preceding above (*i.e.*, continuously from the Commencement Date through the expiration of the Deferral Period) then the accrued interest shall be forgiven.

(v) **Payment.** All Loan Proceeds disbursed to the Recipient shall immediately become due and owing to the City in full, in each case following any applicable notice and cure period:

- a. On the date of any Uncured Event of Default on the Loan;
- b. Upon the insolvency or dissolution of the Recipient;
- c. On the date of any foreclosure of the Project; or
- d. Upon the sale or transfer of the property, or any portion(s) thereof, to any person other than a related entity, or other assignee, who has been approved by the City in advance. For purposes of this Agreement, the term “related entity” means any transferee that is controlled by the Recipient, the Landowner, or both.

(vi) For so long as the City Loan Proceeds are subsidizing the Project, Recipient, on behalf of itself and its heirs, successors, and assigns (collectively, “Owner”) agree that, prior to the first refinancing of the senior lien debt, or prior to the next new tax credit financing (but subject to any senior lender approvals, in their sole discretion, if such new tax credit financing does not include a refinancing of the senior debt) it will propose an Affordability Analysis to the City for the City’s review and approval; provided; however, that if such refinancing or new tax credit financing results in the payoff of the City Loan, no Affordability Analysis will be required. The Affordability Analysis will determine and detail if any qualified tenants have incomes permitted under the federal low-income housing tax credit program that are one hundred forty percent (140%) in excess of the applicable imputed income over the program’s AMI limit. For example, if there is a sixty percent (60%) AMI unit, an “over-income” tenant would be considered to be over one hundred and forty percent (140%) above the sixty percent (60%) limit. In other words: Assume Area Median Income is \$100,000 and at sixty percent (60%) the unit income would be \$60,000, then one hundred forty percent (140%) over income would be \$84,000. In such case(s) where it is determined that there are “over-income” tenants, the Owner will agree to propose further income restriction to the other restricted units to the reasonable satisfaction of the City.

(vii) **Default.** If any Event of Default shall occur pursuant to this Agreement and is not cured within sixty (60) days from the date that written notice of such Event of Default is given by the City to the Recipient, or such longer period as was reasonably necessary for cure, provided the Recipient requested an extension prior the expiration of the sixty (60)-day cure period and the City approved the request in writing (“Uncured Event of Default),” the Loan shall immediately become due and payable in full to the City. Each of the following shall constitute an Event of Default:

- a. Use of Loan funds for any purpose(s) other than those articulated within Section 2 of this Agreement;
- b. Failure to comply with the terms and conditions of this Agreement;
- c. Failure to comply with the requirements of the Declaration of Affordable Housing Covenants, as it may be amended;
- d. Failure to perform any of Recipient’s obligations under this Agreement with respect to construction of the Project;
- e. A successful legal challenge initiated by the Landowner or Recipient, asserting that the Declaration of Affordable Housing Covenants, and any amendments thereto, is invalid or unenforceable, in whole or as applied to such person;
- f. Failure of Recipient to perform any obligation required by any document that secures this Loan; or
- g. Failure of Recipient to give the City notice of any anticipated sale of all or any portion of the Project to any person that is not controlled by the Recipient, and who will use it for any purpose other than that specified within Section 2 of this Agreement.

(viii) **Remedies for Default.** If Recipient fails to pay the Loan or fails to cure any Event of Default prior to the end of the sixty (60)-day notice period, the City may invoke foreclosure of this Agreement or any other remedy allowed by the Loan Agreement, any document related to this Loan, or by the laws of the Commonwealth of Virginia. All of the City’s rights and remedies are distinct and cumulative to any other rights and remedies under this Agreement, or otherwise at law, and may be exercised concurrently, independently, or successively.

(ix) **No Waiver.** No forbearance by the City in exercising any right or remedy hereunder, or otherwise afforded by Virginia law, shall constitute a waiver of, nor shall forbearance preclude the exercise of, any right or remedy.

## **Section 6. General Terms and Conditions**

(A) **Non-Appropriations Condition.** The obligations of the City as to any funding beyond the end of Fiscal Year 2026 (June 30, 2026) are expressly made subject to the availability of and appropriation by the City Council of sufficient public funds to support continued performance of this Agreement by the City in succeeding fiscal years. When public funds are not appropriated, or are otherwise unavailable to support continuation of payment(s) by the City to Recipient in a

subsequent fiscal year, the City's obligations hereunder shall automatically expire, without liability or penalty to the City. Within a reasonable time, following City Council's adoption of a budget, the City shall provide the Recipient with written notice of any non-appropriation or unavailability of funds affecting this Agreement.

(B) **Assignments.** The City reserves the right to approve in advance any assignment of this Agreement by the Recipient to any individual or entity, and the ownership and membership of any such entity must be disclosed to the City. Any change in the Recipient's organizational structure, and any change in the Recipient's status or Recipient's relationship to the Project, shall also be subject to approval by the City. Notwithstanding the foregoing, the City hereby consents to the assignment of this Agreement to 501-A Cherry, LLC and 501-B Cherry, LLC ("Permitted Assignees"), and so long as PHA is a controlling member of the Permitted Assignees, no additional consent is required. Any such assignee shall be bound by all the terms and conditions of this Agreement.

(C) **Public Disclosure of Agreement Documents.** The Recipient acknowledges and understands that this Agreement, and all related public proceedings and records, shall be open to the inspection of any citizen or any interested person, firm or corporation, in accordance with the Virginia Freedom of Information Act (Virginia Code § 2.2-3700 *et seq.*) and the Virginia Public Procurement Act (Virginia Code § 2.2-4300 *et seq.*) to the extent that either of those laws applies.

(D) **Relationship of Parties.** The provisions of this Agreement are intended solely for the purpose of defining the relative rights of the Parties as lender and borrower and no relationship of partnership, joint venture, or other joint enterprise shall be deemed to be created hereby by and among the Parties pursuant to this Agreement.

(E) **Interpretation.** The terms of this Agreement shall be construed in accordance with the meaning of the language used and shall not be construed for or against any Party by reason of the authorship of this Agreement or any other rule of construction which might otherwise apply. The Section headings are for purposes of convenience only and shall not be construed to limit or extend the meaning of this Agreement.

(F) **Indemnification.** The Recipient shall indemnify, defend, and hold the City government and its respective City Council members, officers, employees, agents, successors, and assigns harmless from and against: (a) any and all claims, liabilities, and losses whatsoever (together with any expenses related thereto, including, but not limited to, damages, court costs, and reasonable attorneys' fees) occurring to or resulting from any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this Agreement, (b) any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with the Recipient's performance of this Agreement, including, but not limited to, any such claims, liabilities, or losses, which occur on or adjacent to the Subject Property, and (c) such claims, liabilities, or losses which arise out of the repair, renovation, construction, and operation of the Subject Property. "Recipient's performance" includes Recipient's action or inaction and the action or inaction of Recipient's officers, employees, agents, contractors, and subcontractors. This indemnification and hold harmless obligation shall not extend to any claim arising solely out of the gross negligence

or willful misconduct of the City and its respective employees and agents. The provision of this Section 6(F) shall survive the expiration of the Term or other termination and the re-conveyance of the Deed of Trust.

(G) **Non-Liability of Officials, Employees and Agents.** No member, official, employee, or agent of the City shall be personally liable to Recipient in the event of any default or breach by the City or for any amount which may become due to Recipient or its successors or assigns or on any obligation under the terms of this Agreement.

(H) **No Third-Party Beneficiaries.** No provision of this Agreement shall be construed to confer any rights upon any person or entity who is not a Party hereto, whether a third-party beneficiary or otherwise.

(I) **Parties Bound.** Except as otherwise limited herein, the provisions of this Agreement shall be binding upon and inure to the benefit of the Parties and their heirs, executors, administrators, legal representatives, successors, and assigns. This Agreement is intended to run with the land and shall bind Borrower and its successors and assigns in the Subject Property for the entire Term, and the benefit hereof shall inure to the benefit of the City and its successors and assigns.

(J) **No Waiver of Rights.** No failure on the part of the City to enforce any of the terms or conditions set forth in this Agreement shall be construed as or deemed to be a waiver of the right to enforce such terms or conditions. No waiver by the City of any default or failure to perform by the Recipient shall be construed as or deemed to be a waiver of any other and/or subsequent default or failure to perform. The acceptance of the performance of all or any part of this Agreement by the City, for or during any period(s) following a default or failure to perform by the Recipient, shall not be construed as or deemed to be a waiver by the City of any rights hereunder, including, without limitation, the City's right to terminate this Agreement.

(K) **Force Majeure.** All dates in this Agreement shall be extended for a period of time equal to the period of any delay directly affecting such date which is caused by fire, earthquake, or other acts of God, strike, lockout, acts of public enemy, riot, insurrection, pandemic, disease, work shortages, acts beyond the control of the Parties, declared state of emergency or public emergency, government mandated quarantine or travel ban, government shutdown or governmental regulation. All federal extensions permitted due to any pandemic, declared state of emergency or public emergency, government mandated quarantine or travel ban, or any other similar event, shall also apply to the dates in this Agreement.

(L) **Severability.** In the event that any term, provision, or condition of this Agreement, or the application thereof to any person or circumstance shall be held by a Court of competent jurisdiction to be invalid or unenforceable, the remainder of this Agreement, and the application of any term, provision, or condition contained herein to any person or circumstance other than those to which it has been held invalid or unenforceable, shall not be affected thereby. In the event that all or any portion of this Agreement is found to be unenforceable, this Agreement or that portion which is found to be unenforceable, shall be deemed to be a statement of intention by the Parties; and the Parties further agree that in such event, and to the maximum extent permitted by law, they shall

take all steps necessary to comply with such procedures or requirements as may be necessary in order to make valid this Agreement or that portion which is found to be unenforceable.

(M) **Governing Law.** This Agreement shall be governed by the laws of the Commonwealth of Virginia, and, in the event of litigation, jurisdiction and venue shall be in the Circuit Court of the City of Charlottesville, Virginia, and all legal actions involving this Agreement shall be brought only in such Court. All Parties hereto agree that in the event of any action brought to enforce the terms and provisions hereof, the prevailing Party shall be entitled to reimbursement of reasonable attorney's fees and court costs. All Parties to this Agreement have standing to enforce any covenants, terms, provisions, and agreements set forth herein.

(N) **Liability of the City.** The City, by the acceptance and performance of this Agreement, does not assume any liability, and the Recipient hereby releases the City, and any of its individual agents or employees from any such liability, and no claim shall be made by the Recipient upon the City or such employees or agents for or on account of any matter or thing.

(O) **Entire Agreement.** This Agreement is the entire agreement between the Parties hereto, sets forth all of promises, agreements, conditions, and understandings between the Parties respecting the subject matter hereof and supersedes all prior and contemporaneous negotiations, conversations, discussions, correspondence, memoranda, and agreements between the Parties concerning such subject matter.

(P) **Time of the Essence.** Time is of the essence in the performance of this Agreement.

(Q) **Language Construction.** The language of each and all Paragraphs, terms, and/or provisions of this Agreement, shall in all cases and for any and all purposes, and in any way and all circumstances whatsoever, be construed as a whole, according to its fair meaning, and not for or against any Party and with no regard whatsoever to the identity or status of any person or persons who drafted all or any portion of this Agreement.

(R) **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed to be original, and such counterparts shall constitute one and the same instrument.

(S) **Authorized City Signature.** By its approval of this Agreement, the Charlottesville City Council authorizes the City Manager to execute agreements to effectuate the requirements herein on its behalf.

(T) **Amendments.** The City Manager is hereby authorized to modify terms and conditions set forth within this Agreement, without City Council review and approval, but only if such amendment(s) do ***not*** materially modify: (i) the number or level of affordability of Rental Affordable Units to be provided by Recipient, or the length of the Affordability Period; (ii) the layout of land uses, or the general or approximate location of the proposed buildings and streets, as depicted in *Illustration 1*, above, within this Agreement; or (iii) the dollar amount(s) of the Loan, as set forth within Section 4(C) of this Agreement. Any amendments of the terms referenced in clauses (i) – (iii) preceding above within this Paragraph must be approved by ordinance of City Council in the same manner as this Agreement.

(U) **Notices.** All notices required under this Agreement shall be given in writing, and shall be deemed to be received five (5) business days after being mailed by first class mail, postage prepaid, return receipt requested, or one (1) business day after being placed for next day delivery with a nationally recognized overnight courier service, or upon receipt when delivered by hand, addressed as follows: (i) if given to the City—to the City Manager, with a copy to the City Attorney, each to: 605 East Main Street, Second Floor, City Hall (P.O. Box 911), Charlottesville, Virginia, 22902, or (ii) if given to the Recipient—to Piedmont Housing Alliance, Attention: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, with a copy to Doruk Onvural, Klein Hornig, LLP, 1325 G Street, N.W., Suite 770, Washington, DC, 20005, and a copy to the other financing parties at the address(es) provided by the Recipient.

(V) **Exhibits.** All Exhibits referred to in this Agreement are by such references fully incorporated herein.

*[ Signatures on next page.]*

**CITY OF CHARLOTTESVILLE, VIRGINIA**

By: \_\_\_\_\_  
City Manager

COMMONWEALTH OF VIRGINIA )

CITY OF CHARLOTTESVILLE )

On \_\_\_\_\_, 2026, before me, the undersigned, a notary public in and for said state, personally appeared \_\_\_\_\_, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as City Manager of the City of Charlottesville, Virginia, and that by his signature on the instrument, the entity, individual, or the person on behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

Registration No.: \_\_\_\_\_

**Funds are Available:**

By: \_\_\_\_\_  
Director of Finance

Date: \_\_\_\_\_

**Approved as to Form:**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PIEDMONT HOUSING ALLIANCE**

**By:** \_\_\_\_\_

**Print Name: Sunshine Mathon**

**Title: Executive Director**

COMMONWEALTH OF VIRGINIA )

CITY/COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2026, before me, the undersigned, a notary public in and for said state, personally appeared Sunshine Mathon, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as Executive Director of Piedmont Housing Alliance, and that by his signature on the instrument, the entity, individual, or the person on behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

Registration No.: \_\_\_\_\_

**EXHIBIT "A"**  
**Legal Description of Property**

**[FINAL LEGAL DESCRIPTION TO BE INSERTED]**

*Prepared by and return to:*  
Klein Hornig LLP  
1325 G St NW, Suite 770  
Washington, DC 20005  
Attn: Doruk Onvural

Re City of Charlottesville Real Estate Parcel Id. No. 290178000

---

(For Recorder's Use)

---

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

**WITH POWER OF SALE**

**(501-A Cherry Avenue)**

---

The maximum aggregate amount of principal to be secured at any one time under this Deed of Trust, Assignment of Rents and Leases, Security Agreement and Substitution of Trustee is \$2,175,000.00

Name of the noteholder secured by this Deed of Trust:      PIEDMONT HOUSING  
ALLIANCE, a Virginia nonstock  
corporation

Address at which communications to the                              Piedmont Housing Alliance  
noteholder may be mailed or delivered:                              682 Berkmar Circle  
Charlottesville, Virginia 22901

With a copy to:

Klein Hornig LLP  
1325 G St NW, Suite 770  
Washington, DC 20005  
Attn: Doruk Onvural

**(This Document Serves as a Fixture Filing under Section 9-502 of the Virginia Uniform  
Commercial Code)  
Grantor's Organizational Identification Number: 11667316**

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES AND  
SECURITY AGREEMENT** (this "City Deed of Trust") is made as of the \_\_\_ day of  
\_\_\_\_\_, 2026 by **501-A CHERRY, LLC**, a Virginia limited liability company whose

address is c/o Piedmont Housing Alliance, Attn: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, as grantor (the “**Grantor**”), **in favor of Tara Boyd** as trustee, whose address is 300 East Main Street, Suite 313, Charlottesville, Virginia 22902 (“**Trustee**”), **for the benefit of PIEDMONT HOUSING ALLIANCE**, a Virginia nonstock corporation, as beneficiary and grantee for purposes of indexing (together with its successors and assigns, “**PHA**”).

### RECITALS

**A.** Grantor is the fee simple owner of certain real property in the City of Charlottesville as further described in Exhibit “A” attached hereto (the “**Property**”) attached to this City Deed of Trust, which Property will include the development of forty (40) affordable housing units and other amenities appurtenant to the housing units with respect to the 501-A Cherry Avenue site (the “**Project**”) within the larger redevelopment known as 501 Cherry Avenue Apartments.

**B.** To further the public purpose of increasing the affordable housing stock within the City of Charlottesville, Virginia, and, in particular, on the Property, the City of Charlottesville, a municipal corporation and a political subdivision of the Commonwealth of Virginia (the “**City**”) is willing to loan certain public funding to PHA, in accordance with the provisions of Virginia Code § 15.2-958.

**C.** By Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, the City agreed to loan public funding pursuant to the provisions of Virginia Code § 15.2-958, to subsidize construction of streets, utilities, and other site improvements essential to the Project and to support the production of new units of residential rental property within the Project, to be occupied following construction by Households of Low and Moderate Income. The City Council’s approval of the City Ordinance was induced by PHA’s representation that certain residential units within the Project will, at Project buildout, be Affordable Units, as defined in that certain Declaration of Affordable Housing Covenants (Rental) dated as of the date hereof by the Grantor for the benefit of the City (the “**Affordable Housing Covenants**”).

**D.** PHA and the City have executed a Loan Agreement dated as of the date herewith (the “**Loan Agreement**”), setting forth certain terms and conditions relating to the City’s loan of **Three Million Eight Hundred Fifty Thousand and 00/100 Dollars (\$3,850,000.00)** (the “**City Loan**”), evidenced by that certain Promissory Note, dated as of the date herewith, and payable to the City (the “**City Note**”).

**E.** PHA has assigned, and the Grantor and 501-B Cherry, LLC have assumed, portions of the City Loan equal to Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00) and One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00) respectively, and certain documents evidencing the City Loan.

**F.** PHA has made a loan to Grantor in the amount of Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00) (the “**PHA Loan**”) as evidenced by that certain Promissory Note dated as of the date herewith, and payable to PHA (the “**PHA Note**”).

**G.** The Grantor desires to secure to PHA the payment of a portion of the indebtedness evidenced by the PHA Note equal to **Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00)** and certain other indebtedness of the Grantor to PHA and the performance of certain covenants made by the Grantor to the City, including those covenants made in the Affordable Housing Covenants, relating to the Premises (as hereinafter defined).

**NOW THEREFORE**, in consideration of mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor, Trustee, and PHA hereby agree as follows:

## ARTICLE 1

### Incorporation of Recitals; Secured Indebtedness; Definitions; Granting Clauses;

**Section 1.0. Incorporation of Recitals.** The foregoing recitals are incorporated herein by this reference and made a part hereof.

**Section 1.1. Principal Secured.** This City Deed of Trust secures the aggregate principal amount of **Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00)**, plus such additional amounts as PHA may from time-to-time advance pursuant to the terms and conditions of the Loan Agreement and this City Deed of Trust, together with interest thereon.

**Section 1.2. Definitions.** Each of the terms defined herein shall have the meaning assigned to it, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders. Any term used or defined in the Virginia Uniform Commercial Code, as in effect from time-to-time, and not defined in this City Deed of Trust or the Loan Agreement has the meaning given to the term in the Virginia Uniform Commercial Code, as in effect from time-to-time, when used in this City Deed of Trust; provided, however, if a term is defined in Title 8.9 of the Virginia Uniform Commercial Code differently than in another title of the Virginia Uniform Commercial Code, the term has the meaning specified in Title 8.9.

**Section 1.3. Granting Clause.** In consideration of the provisions of this City Deed of Trust and of the sum of ten dollars (\$10.00) cash in hand paid and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Grantor, Grantor does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN, and SET OVER to Trustee, with GENERAL WARRANTY, all of Grantor's interest, if any, in the following:

(a) those certain parcels of land described in **Exhibit "A"** which is attached hereto and incorporated herein by reference (the "**Land**") together with: (i) any and all buildings, structures, improvements, alterations, or appurtenances now or hereafter situated or to be situated on the Land (collectively, the "**Improvements**"); and (ii) all right, title and interest of Grantor, now owned or hereafter acquired, in and to (1) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights, and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; (3) all options to purchase or lease the Land or the Improvements or any portion thereof or interest

therein, and any greater estate in Land or the Improvements; and (4) all water and water rights, timber, crops and mineral interests on or pertaining to the Land (the Land, Improvements and other rights, titles and interests referred to in this clause (a) being herein sometimes collectively called the "**Premises**");

(b) all fixtures, equipment, systems, machinery, furniture, furnishings, appliances, inventory, goods, building and construction materials, supplies, and articles of personal property, of every kind and character, tangible and intangible (including software embedded therein), now owned or hereafter acquired by Grantor, which are now or hereafter attached to or situated in, on or about the Land or the Improvements, or used in or necessary to the complete and proper planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use or installation in or on the Land or the Improvements, and all renewals and replacements of, substitutions for and additions to the foregoing (the properties referred to in this clause (b) being herein sometimes collectively called the "**Accessories**," all of which are hereby declared to be permanent accessions to the Land);

(c) all (i) plans and specifications for the Improvements; (ii) Grantor's rights, but not liability for any breach by Grantor, under all commitments (including any commitments for financing to pay any of the Secured Indebtedness, as defined below), insurance policies (or additional or supplemental coverage related thereto, including from an insurance provider meeting the requirements of the Loan Documents or from or through any state or federal government sponsored program or entity), contracts and agreements for the design, construction, operation, or inspection of the Improvements and other contracts and general intangibles (including, but not limited to, payment intangibles, trademarks, trade names, goodwill, software, and symbols) related to the Premises or the Accessories or the operation thereof; (iii) deposits and deposit accounts arising from or related to any transactions related to the Premises or the Accessories (including, but not limited to, Grantor's rights in tenants' security deposits, deposits with respect to utility services to the Premises, and any deposits, deposit accounts, or reserves hereunder, or under any other Loan Documents (hereinafter defined) for taxes, insurance or otherwise), rebates or refunds of impact fees or other taxes, assessments or charges, money, accounts (including deposit accounts), instruments, documents, promissory notes, and chattel paper (whether tangible or electronic) arising from or by virtue of any transactions related to the Premises or the Accessories, and any account or deposit account from which Grantor may from time-to-time authorize Holder (as hereinafter defined) to debit and/or credit payments due with respect to the PHA Loan; (iv) permits, licenses, franchises, certificates, development rights, commitments, and rights for utilities, and other rights and privileges obtained in connection with the Premises or the Accessories; (v) leases, rents, royalties, bonuses, issues, profits, revenues, and other benefits of the Premises and the Accessories (without derogation of Article 3 hereof); (vi) as-extracted collateral produced from or allocated to the Land including, without limitation, oil, gas, and other hydrocarbons and other minerals and all products processed or obtained therefrom, and the proceeds thereof; and (vii) engineering, accounting, title, legal, and other technical or business data concerning the Property which are in the possession of Grantor or in which Grantor can otherwise grant a security interest; and

(d) all (i) accounts and proceeds (cash or non-cash and including payment intangibles) of or arising from the properties, rights, titles, and interests referred to above in this Section 1.3, including, but not limited to, proceeds of any sale, lease, or other disposition thereof,

proceeds of each policy of insurance (or additional or supplemental coverage related thereto, including from an insurance provider meeting the requirements of the Loan Documents or from, or through any state or federal government sponsored program or entity) relating thereto (including premium refunds), proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by condemnation, eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; (ii) all letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) Grantor now has or hereafter acquires relating to the properties, rights, titles and interests referred to in this Section 1.3; (iii) all commercial tort claims Grantor now has or hereafter acquires relating to the properties, rights, titles and interests referred to in this Section 1.3; and (iv) other interests of every kind and character which Grantor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles, and interests referred to above in this Section 1.3 and all property used or useful in connection therewith, including, but not limited to, rights of ingress and egress and remainders, reversions and reversionary rights or interests; and if the estate of Grantor in any of the property referred to above in this Section 1.3 is a leasehold estate, this conveyance shall include, and the lien and security interest created hereby shall encumber and extend to, all other or additional title, estates, interests, or rights which are now owned or may hereafter be acquired by Grantor in or to the property demised under the lease creating the leasehold estate; TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (herein collectively called the "**Property**"), unto Trustee, and his or their successors or substitutes in this trust, and to his or their successors and assigns, in trust, in fee simple forever, subject to the terms, provisions and conditions herein set forth, to secure the obligations of the Grantor under the Promissory Notes and Loan Documents (as hereinafter defined) and all other indebtedness and matters defined as "**Secured Indebtedness**" in Section 1.5 of this City Deed of Trust.

**Section 1.4. Security Interest.** Grantor hereby grants to Holder (as hereinafter defined) a security interest in all of the Property which constitutes personal property or fixtures, all proceeds and products thereof, and all supporting obligations ancillary to or arising in any way in connection therewith (herein sometimes collectively called the "**Collateral**") to secure the obligations of the Grantor under the Promissory Note and Loan Documents (as hereinafter defined) and all other indebtedness and matters defined as Secured Indebtedness in Section 1.5 of this City Deed of Trust. In addition to its rights hereunder or otherwise, Holder shall have all of the rights of a secured party under the Virginia Uniform Commercial Code, as in effect from time-to-time, or under the Uniform Commercial Code in force, from time-to-time, in any other state to the extent the same is applicable law.

**Section 1.5. Secured Indebtedness, Promissory Notes, Loan Documents, Other Obligations.** This City Deed of Trust is made to secure and enforce the payment and performance of the following promissory notes, obligations, indebtedness, duties, and liabilities and all renewals, extensions, supplements, increases, and modifications thereof in whole or in part from time-to-time (collectively the "**Secured Indebtedness**"): (a) a portion of the City Note equal to Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00), and all other promissory notes given in substitution therefor or in modification, supplement, increase, renewal, or extension thereof, in whole or in part (such promissory note or promissory notes, whether one (1) or more, as from time-to-time renewed, extended, supplemented, increased, or modified and all other notes given in substitution therefor, or in modification, renewal or extension

thereof, in whole or in part, being hereinafter called the "**Promissory Notes**," and PHA, or the subsequent holder at the time in question of the Promissory Notes or any of the Secured Indebtedness, as hereinafter defined, being herein collectively called "**Holder**"; (b) all indebtedness, liabilities, duties, covenants, promises, and other obligations whether joint or several, direct or indirect, fixed or contingent, liquidated or unliquidated, and the cost of collection of all such amounts, owed by Grantor to Holder now or hereafter incurred or arising pursuant to or permitted by the provisions of the Promissory Notes, this City Deed of Trust, the Loan Agreement, the Affordable Housing Covenants, or any other document now or hereafter evidencing, governing, guaranteeing, securing, or otherwise executed in connection with the PHA Loan, including, but not limited to, any loan or credit agreement, letter of credit, or reimbursement agreement, tri-party financing agreement, or other agreement between Grantor and Holder, or among Grantor, Holder and any other party or parties, pertaining to the repayment or use of the proceeds of the PHA Loan (the Promissory Notes, this City Deed of Trust, the Loan Agreement, the Affordable Housing Covenants, and such other documents relating to the Promissory Notes, as they or any of them may have been or may be from time-to-time renewed, extended, supplemented, increased, or modified, being herein sometimes collectively called the "**Loan Documents**"); and (c) all other loans and future advances made by Holder to the Grantor and all other debts, obligations, and liabilities of the Grantor of every kind and character now or hereafter existing in favor of Holder, whether direct or indirect, primary or secondary, joint or several, fixed or contingent, secured or unsecured, and whether originally payable to Holder or to a third-party and subsequently acquired by Holder, it being contemplated that the Grantor may hereafter become indebted to Holder for such further debts, obligations, and liabilities; provided, however, and notwithstanding the foregoing provisions of this clause (c), this City Deed of Trust shall not secure any such other loan, advance, debt, obligation, or liability with respect to which Holder is by applicable law prohibited from obtaining a lien on real estate, nor shall this clause (c) operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law.

## **ARTICLE 2** **Representations, Warranties and Covenants**

**Section 2.1.** Grantor represents, warrants, and covenants as follows:

(a) **Payment and Performance.** The PHA Loan shall be repaid to the Holder as provided in the PHA Note. The entire principal amount of the PHA Note shall be due and payable on the Maturity Date (as defined in the PHA Note). Grantor will timely and properly perform and comply with all of the covenants, agreements, and conditions imposed upon it by this City Deed of Trust and the other Loan Documents and will not permit a default to occur hereunder or thereunder. Time shall be of the essence in this City Deed of Trust.

(b) **Title and Permitted Encumbrances.** The Grantor covenants to maintain, lawful, good and marketable title to the Property, the Grantor is lawfully seized and possessed of the Property and every part thereof, as described above, and has the right to convey the same, free and clear of all liens, charges, claims, security interests, and encumbrances except for (i) the liens and security interests evidenced by this City Deed of Trust, (ii) statutory liens for real estate taxes and assessments on the Property which are not yet delinquent, and (iii) other liens and security

interests (if any) in favor of PHA (the matters described in the foregoing clauses (i), (ii), and (iii) being herein called the "**Permitted Encumbrances**"). Grantor, and Grantor's successors and assigns, will warrant and forever defend title to the Property, subject as aforesaid, to Trustee and his successors or substitutes and assigns, against the claims and demands of all persons claiming or to claim the same or any part thereof through Grantor. Grantor will punctually pay, perform, observe, and keep all covenants, obligations, and conditions in or pursuant to any Permitted Encumbrance and will not modify or permit modification of any Permitted Encumbrance without the prior written consent of Holder, other than the documents related to any senior debt. Inclusion of any matter as a Permitted Encumbrance does not constitute approval or waiver by Holder of any existing or future violation or other breach thereof by Grantor, by the Property or otherwise. No part of the Property constitutes all or any part of the principal residence of Grantor if Grantor is an individual. If any right or interest of Holder in the Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly, Trustee and Holder, or either of them (whether or not named as parties to legal proceedings with respect thereto), are hereby authorized and empowered to take such steps as in their discretion may be proper for the defense of any such legal proceedings or the protection of such right or interest of Holder, including, but not limited to, the employment of independent counsel, the prosecution or defense of litigation, and the compromise or discharge of adverse claims. All expenditures so made of every kind and character shall be a demand obligation (which obligation Grantor hereby promises to pay) owing by Grantor to Holder or Trustee (as the case may be), and the party (Holder or Trustee, as the case may be) making such expenditures shall be subrogated to all rights of the person receiving such payment.

(c) **Taxes and Other Impositions.** Grantor will pay, or cause to be paid, all taxes, assessments, and other charges or levies imposed upon or against or with respect to the Property or the ownership, use, occupancy, or enjoyment of any portion thereof, or any utility service thereto, as the same become due and payable, including, but not limited to, all real estate taxes assessed against the Property or any part thereof, and shall deliver promptly to Holder such evidence of the payment thereof as Holder may require.

(d) **Insurance.**

(i) Grantor covenants and agrees that Grantor shall maintain the following insurance:

1. To the extent required by law, Workers' Compensation insurance in accordance with the Virginia Workers' Compensation Act and employer's liability to \$100,000.00 per accident/\$100,000.00 per disease/\$500,000.00 disease policy limit; and

2. Commercial General Liability insurance with limits not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate, including coverage for contractual liability, personal injury, broad form of property damage, products, and completed operations; and

3. Automobile Liability insurance with limits not less than \$1,000,000.00, including coverage for owned, non-owned and hired vehicles, as applicable;

provided, however, that if the Grantor does not own or lease vehicles for purposes of this City Deed of Trust, then no automobile insurance shall be required; and

4. All Risk with specified exclusions/Property and Fire insurance covering the entire Property for full replacement value.

5. Crime insurance, to include employee dishonesty, in the amount of \$250,000.00 per occurrence, with a deductible not to exceed \$25,000.00.

(ii) In addition to the insurance foregoing, prior to commencing the Project, the Grantor shall maintain coverage of the type now known as builder's completed value risk insurance, as delineated on a Builder's Risk 100% Value Non-Reporting Form. Such insurance shall insure against direct physical loss or damage by fire, lightning wind, storm, explosion, collapse, earth movement, land movement or earthquake, flood, vandalism, malicious mischief, glass breakage, and such other causes as are covered by such form of insurance. Such policy shall include (A) a "Replacement Cost Endorsement" in amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by PHA, and (B) an endorsement to include coverage for budgeted soft costs (including gap loan interest, building permit fees, construction inspection fees, builder's risk insurance, and property taxes during construction and/or renovation). The replacement cost coverage shall be for work performed and equipment, supplies, and materials furnished to and which will become part of the Property without deduction for physical depreciation and with a deductible not exceeding \$50,000.00 per occurrence.

(iii) All insurance required by this City Deed of Trust shall be with a company reasonably acceptable to PHA and authorized to transact business in the Commonwealth of Virginia. The required insurance shall be provided under an occurrence form and shall be maintained continuously so long as any City Promissory Note relating to this City Deed of Trust is outstanding. Any liability policy purchased by the Grantor on a claims-made basis must remain in force or be extended for a period of two (2) years past the final payment of the City Promissory Note purchasing an extended reporting period endorsement. Evidence of such endorsement shall be provided on a certificate or a copy of the endorsement itself. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three (3) times the occurrence limits specified above.

(iv) Commercial, General Liability, All Risk with specified exclusions/Property, Fire and Automobile Liability insurance policies shall be endorsed to name as an "Additional Insured" PHA, and its respective officers, agents, and employees and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by PHA and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by PHA's insurance.

(v) Grantor shall deliver certificates of insurance to PHA showing that Grantor has in effect the insurance required by this City Deed of Trust. The Grantor shall deliver a new or amended certificate of insurance promptly after any change is made in any insurance policy which would alter the information on the certificate previously delivered to PHA.

(vi) All policies and bonds shall be endorsed to provide thirty (30) days prior written notice to PHA of cancellation, reduction in coverage, or intent not to renew ten ((10) days for cancellation due to nonpayment of premium) and such written notice shall be provided to the address for notices to PHA.

(vii) Grantor covenants and agrees that during the pendency of the Affordable Housing Covenants recorded against the Property, Grantor and any successor shall use any insurance proceeds awarded to repair or replace any damage to the Property, if such repair or replacement is feasible.

(e) **Condemnation.** Grantor shall notify Holder promptly of any threatened or pending proceeding for condemnation affecting the Property or arising out of damage to the Property, and Grantor shall, at Grantor's expense, diligently prosecute any such proceedings. Holder, subject to the rights of senior lien holders, shall have the right (but not the obligation) to participate in any such proceeding and to be represented by counsel of its own choice. Holder, subject to the rights of senior lien holders, shall be entitled to receive all sums which may be awarded or become payable to Grantor for the condemnation of the Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Grantor for injury or damage to the Property. Grantor shall, promptly upon request of Holder, execute such additional assignments and other documents as may be necessary from time-to-time to permit such participation and to enable Holder to collect and receipt for any such sums. All such sums are hereby assigned to Holder, and shall, after deduction therefrom of all reasonable expenses actually incurred by Holder, including reasonable attorneys' fees, at Holder's option be (1) released to Grantor, or (2) applied (upon compliance with such terms and conditions as may be reasonably required by Holder) to repair or restoration of the Property so affected, or (3) applied to the payment of the Secured Indebtedness in such order and manner as Holder, in its sole discretion, may elect, whether or not due; provided, however, that during the fifteen (15)-year compliance period of the Property in accordance with the federal low-income housing tax credit program, if applicable, such sums shall be applied to repair or restoration unless such repair or restoration is not feasible. In any event the unpaid portion of the Secured Indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Holder shall not be, under any circumstances, liable or responsible for failure to collect or to exercise diligence in the collection of any such sum or for failure to see to the proper application of any amount paid over to Grantor. Holder is hereby authorized, in the name of Grantor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment, or decree. All costs and expenses (including but not limited to reasonable attorneys' fees) incurred by Holder in connection with any condemnation shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust.

(f) **Compliance with Legal Requirements.** The Property and the use, operation, and maintenance thereof and all activities thereon do and shall at all times comply with all applicable Legal Requirements (hereinafter defined). The Property is not, and shall not be, dependent on any other property or premises or any interest therein other than the Property to fulfill any requirement of any Legal Requirement. Grantor shall not, by act or omission, permit any building or other improvement not subject to the lien of this City Deed of Trust to rely on the Property or any interest therein to fulfill any requirement of any Legal Requirement. No improvement upon or use of any part of the Property constitutes a nonconforming use under any

zoning law or similar law or ordinance. Grantor has obtained and shall preserve in force all requisite zoning, utility, building, health, environmental, and operating permits from the governmental authorities having jurisdiction over the Property.

If Grantor receives a notice or claim from any person that the Property, or any use, activity, operation, or maintenance thereof or thereon, is not in compliance with any Legal Requirement, Grantor will promptly furnish a copy of such notice or claim to Holder. Grantor has received no notice and has no knowledge of any such noncompliance. As used in this City Deed of Trust: (i) the term "**Legal Requirement**" means any Law (hereinafter defined), agreement, covenant, restriction, easement, or condition (including, without limitation of, the foregoing, any condition or requirement imposed by any insurance or surety company), as any of the same now exists or may be changed or amended or come into effect in the future; and (ii) the term "Law" means any applicable federal, state, or local law, statute, ordinance, code, rule, regulation, license, permit, authorization, decision, order, injunction, or decree, domestic or foreign.

(g) **Maintenance, Repair and Restoration.** Grantor will keep the Property in good order, repair, operating condition, and appearance in accordance with industry standards for similar affordable residential projects, causing all necessary repairs, renewals, replacements, additions, and improvements to be promptly made, and will not allow any of the Property to be misused, abused, or wasted or to deteriorate. Notwithstanding the foregoing, Grantor will not, without the prior written consent of Holder, (i) remove from the Property any fixtures or personal property covered by this City Deed of Trust, except such as is replaced by Grantor by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest (except that created by this City Deed of Trust), or (ii) make any structural alteration to the Property or any other alteration thereto which impairs the value thereof. If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Property, Grantor shall give prompt notice thereof to Holder and Grantor shall promptly, at Grantor's sole cost and expense and regardless of whether insurance or condemnation proceeds (if any) shall be available or sufficient for the purpose, secure the Property as necessary and commence and continue diligently to completion to restore, repair, replace, and rebuild the Property as nearly as possible to its value, condition and character immediately prior to the damage, loss, or destruction.

(h) **No Other Liens.** Grantor will not, without the prior written consent of Holder, create, place, or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual, security interest, encumbrance, or charge, or conditional sale or other title retention document, against or covering the Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this City Deed of Trust, and should any of the foregoing become attached hereafter in any manner to any part of the Property without the prior written consent of Holder, Grantor will cause the same to be promptly discharged and released. Grantor will own all parts of the Property and will not acquire any fixtures, equipment, or other property (including software embedded therein) forming a part of the Property pursuant to a lease, license, security agreement, or similar agreement, whereby any party has or may obtain the right to repossess or remove same, without the prior written consent of the Holder. If Holder consents to the voluntary grant by Grantor of any deed of trust, lien, security

interest, or other encumbrance (hereinafter called "**Subordinate Lien**") covering any of the Property, or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable as to a Subordinate Lien, any such Subordinate Lien shall contain express covenants to the effect that: (1) the Subordinate Lien is unconditionally subordinate to this City Deed of Trust and all Leases (hereinafter defined); (2) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Lien, no tenant of any of the Leases (hereinafter defined) shall be named as a party defendant, and no action shall be taken that would terminate any occupancy or tenancy without the prior written consent of Holder; (3) Rents (hereinafter defined), if collected by or for the holder of the Subordinate Lien, shall be applied first to the payment of the Secured Indebtedness then due and expenses incurred in the ownership, operation, and maintenance of the Property in such order as Holder may determine, prior to being applied to any indebtedness secured by the Subordinate Lien; (4) written notice of default under the Subordinate Lien and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Lien or to seek the appointment of a receiver for all or any part of the Property shall be given to Holder with or promptly after the occurrence of any such default or commencement; and (5) neither the holder of the Subordinate Lien, nor any purchaser at foreclosure thereunder, nor anyone claiming by, through or under any of them shall succeed to any of Grantor's rights hereunder without the prior written consent of Holder. Notwithstanding the foregoing, the lien of this City Deed of Trust shall be subordinate to the lien of any senior debt.

(i) **Operation of Property.** Grantor will operate the Property in a good and workmanlike manner and in accordance with all Legal Requirements and will pay all fees or charges of any kind in connection therewith. Grantor will keep the Property occupied so as not to impair the insurance carried thereon. Grantor will not use or occupy or conduct any activity on, or, using commercially reasonable efforts, allow the use or occupancy of or the conduct of any activity on, the Property in any manner which violates any Legal Requirement or which constitutes a public or private nuisance or which makes void, voidable, or cancelable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not initiate or consent to any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Legal Requirement. Grantor will not impose any easement (other than utility easements in the ordinary course of the operation of the Property), restrictive covenant or encumbrance upon the Property, execute or file any subdivision plat or condominium declaration affecting the Property or consent to the annexation of the Property to any municipality, without the prior written consent of Holder. Grantor will preserve, protect, renew, extend, and retain all material rights and privileges granted for or applicable to the Property. Without the prior written consent of Holder, there shall be no drilling or exploration for or extraction, removal, or production of any mineral, hydrocarbon, gas, natural element, compound, or substance (including sand and gravel) from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof. Grantor will cause all debts and liabilities of any character (including without limitation all debts and liabilities for labor, material, and equipment (including software embedded therein) and all debts and charges for utilities servicing the Property) incurred in the construction, maintenance, operation, and development of the Property to be promptly paid, except to the extent Grantor is contesting the same in good faith.

(j) **Further Assurances.** Grantor will, promptly on request of Holder, (i) correct any defect, error, or omission which may be discovered in the contents, execution, or acknowledgment of this City Deed of Trust or any other Loan Document; (ii) execute, acknowledge, deliver, procure, and record and/or file such further documents (including, without limitation, further deeds of trust, security agreements, and assignments of rents or leases) and do such further acts as may be necessary, desirable, or proper in the reasonable determination of Holder to carry out more effectively the purposes of this City Deed of Trust and the other Loan Documents, to more fully identify and subject to the liens and security interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property) or as deemed advisable by Holder to protect the lien or the security interest hereunder against the rights or interests of third persons; and (iii) provide such certificates, documents, reports, information, affidavits, and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of Holder to enable Holder to comply with the requirements or requests of any agency having jurisdiction over Holder or any examiners of such agencies with respect to the indebtedness secured hereby, Grantor or the Property. Grantor shall pay all costs connected with any of the foregoing, which shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust.

(k) **Indemnification.** Grantor shall indemnify, defend, and hold Holder, Trustee, and respective City council members, officers, employees, agents, successors, and assigns harmless from and against: (a) any and all claims, liabilities and losses whatsoever (together with any expenses related thereto, including, but not limited to, damages, court costs, and reasonable attorneys' fees) occurring to or resulting from any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this City Deed of Trust, (b) any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with Grantor's performance of this City Deed of Trust, including, but not limited to, any such claims, liabilities, or losses which occur on or adjacent to the Property, and (c) such claims, liabilities, or losses which arise out of the renovation, construction, and operation of the Property. **"Grantor's performance"** includes Grantor's action or inaction and the action or inaction of Grantor's officers, employees, agents, contractors, and subcontractors. This indemnification and hold harmless obligation shall not extend to any claim to the extent arising out of the gross negligence or willful misconduct of Holder, Trustee, or respective City employees and agents. The provision of this Section 2.1(k) shall survive the expiration of the Term or other termination of the Loan Agreement and the re-conveyance of this City Deed of Trust.

**Section 2.2. Performance by Holder on Grantor's Behalf.** Grantor agrees that, if Grantor fails to perform any act or to take any action which under any Loan Document Grantor is required to perform or take, or to pay any money which under any Loan Document Grantor is required to pay, and whether or not the failure then constitutes a default hereunder or thereunder, and whether or not there has occurred any default or defaults hereunder or the Secured Indebtedness has been accelerated, Holder, after giving at least two (2) business days' prior notice to the Grantor, in Grantor's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Holder and any money so paid by Holder shall be a demand obligation owing by Grantor to Holder (which obligation Grantor hereby promises to pay), shall be a part of the

indebtedness secured hereby, and Holder, upon making such payment, shall be subrogated to all of the rights of the person, entity, or body politic receiving such payment. Holder, and its designees, shall have the right to enter upon the Property at any time and from time-to-time for any such purposes. No such payment or performance by Holder shall waive or cure any default or waive any right, remedy, or recourse of Holder. Any such payment may be made by Holder in reliance on any statement, invoice, or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Grantor to Holder pursuant to this City Deed of Trust shall bear interest, from the date such amount becomes due until paid, at the rate per annum provided in the Promissory Notes for interest on past due principal owed on the Promissory Notes, but never in excess of the maximum nonusurious amount permitted by applicable law, which interest shall be payable to Holder on demand; and all such amounts, together with such interest thereon, shall automatically and without notice be a part of the indebtedness secured hereby. The amount and nature of any expense by Holder hereunder and the time when paid shall be fully established by the certificate of Holder or any of Holder's officers or agents.

**Section 2.3. Absence of Obligations of Holder with Respect to Property.**

Notwithstanding anything in this City Deed of Trust to the contrary, including, without limitation, the definition of "Property" and/or the provisions of Article 3 hereof, (i) to the extent permitted by applicable law, the Property is composed of Grantor's rights, title, and interests therein, but not Grantor's obligations, duties, or liabilities pertaining thereto, (ii) Holder neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in the definition of "Property" herein, either prior to or after obtaining title to such Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (iii) Holder may, at any time prior to or after the acquisition of title to any portion of the Property as above described, advise any party in writing as to the extent of Holder's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties, and/or liabilities with respect to such Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Holder shall have no obligations, duties, or liabilities prior to or after acquisition of title to any portion of the Property, as lessee under any lease or purchaser or seller under any contract or option unless Holder elects otherwise by written notification.

**Section 2.4. Authorization to File Financing Statements; Power of Attorney.**

Grantor hereby authorizes Holder at any time and from time-to-time to file any initial financing statements, amendments thereto, and continuation statements as authorized by applicable law, reasonably required by Holder to establish or maintain the validity, perfection, and priority of the security interests granted in this City Deed of Trust. For purposes of such filings, Grantor agrees to furnish any information reasonably requested by Holder promptly upon request by Holder. Grantor also ratifies its authorization for Holder to have filed any like initial financing statements, amendments thereto or continuation statements if filed prior to the date of this City Deed of Trust. Grantor hereby irrevocably constitutes and appoints Holder and any officer or agent of Holder, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor or in Grantor's own name to execute in Grantor's name any such documents and to otherwise carry out the purposes of this Section 2.4, to the extent that Grantor's authorization above is not sufficient. To the extent permitted by law, Grantor hereby ratifies all acts said attorneys-in-fact shall lawfully do, have done in the past or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

**ARTICLE 3**  
**Assignment of Rents and Leases**

**Section 3.1. Assignment.** Grantor hereby assigns to Holder all Rents (hereinafter defined) and all of Grantor's rights in and under all Leases (hereinafter defined). So long as no Default (hereinafter defined) has occurred and is continuing, Grantor shall have a license (which license shall terminate automatically and without further notice upon the occurrence of a Default) to collect, but not prior to accrual, the Rents under the Leases and, where applicable, subleases, such Rents to be held in trust for Holder, and to otherwise deal with all Leases as permitted by this City Deed of Trust. Each month, provided no Default has occurred and is continuing, Grantor may retain such Rents as were collected that month and held in trust for Holder; provided, however, that all Rents collected by Grantor shall be applied solely to the ordinary and necessary expenses of owning and operating the Property, paid to Holder or as otherwise set forth in the Loan Agreement. Upon the revocation of such license, all Rents shall be paid directly to Holder and not through the Grantor, all without the necessity of any further action by Holder, including, without limitation, any action to obtain possession of the Land, Improvements, or any other portion of the Property or any action for the appointment of a receiver. Grantor hereby authorizes and directs the tenants under the Leases to pay Rents to Holder upon written demand by Holder, without further consent of Grantor, without any obligation of such tenants to determine whether a Default has in fact occurred and regardless of whether Holder has taken possession of any portion of the Property, and the tenants may rely upon any written statement delivered by Holder to the tenants. Any such payments to Holder shall constitute payments to Grantor under the Leases, and Grantor hereby irrevocably appoints Holder as its attorney-in-fact to do all things, after a Default, which Grantor might otherwise do with respect to the Property and the Leases thereon, including, without limitation, (i) collecting Rents with or without suit and applying the same, less expenses of collection, to any of the obligations secured hereunder or to expenses of operating and maintaining the Property (including reasonable reserves for anticipated expenses), at the option of the Holder, all in such manner as may be determined by Holder, or at the option of Holder, holding the same as security for the payment of the Secured Obligations, (ii) leasing, in the name of Grantor, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services. The curing of such Default, unless other Defaults also then exist, shall entitle Grantor to recover its aforesaid license to do any such things which Grantor might otherwise do with respect to the Property and the Leases thereon and to again collect such Rents. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for upon the occurrence of a Default and may be exercised independently of or concurrently with any of said remedies. Nothing in the foregoing shall be construed to impose any obligation upon Holder to exercise any power or right granted in this paragraph or to assume any liability under any Lease of any part of the Property and no liability shall attach to Holder for failure or inability to collect any Rents under any such Lease. The assignment contained in this Section shall become null and void upon the release of this City Deed of Trust. As used herein: (i) "Lease" means each existing or future lease, sublease (to the extent of Grantor's rights thereunder) or other agreement under the terms of which any person has or acquires any right to occupy or use the Property, or any part thereof, or interest therein, and each existing or future guaranty of payment or performance thereunder, and all extensions, renewals, modifications, and replacements of each such lease, sublease, agreement, or guaranty; and (ii) "Rents" means all of the rents, revenue, income, profits, and proceeds derived and to be derived from the Property or arising from the use or enjoyment of any portion thereof or from any Lease,

including, but not limited to, the proceeds from any negotiated lease termination or buyout of such Lease, liquidated damages following default under any such Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by damage to any part of the Property, all of Grantor's rights to recover monetary amounts from any tenant in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of Lease defaults, including rejections, under any applicable Debtor Relief Law, together with any sums of money that may now or at any time hereafter be or become due and payable to Grantor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals, and any other amount of any kind or character arising under any and all present and all future oil, gas, mineral, and mining leases covering the Property or any part thereof, and all proceeds and other amounts paid or owing to Grantor under or pursuant to any and all contracts and bonds relating to the construction or renovation of the Property.

**Section 3.2. No Liability of Holder.** Holder's acceptance of this assignment shall not be deemed to constitute Holder a "mortgagee in possession," nor obligate Holder to appear in or defend any proceeding relating to any Lease or to the Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under any Lease, or assume any obligation for any deposit delivered to Grantor by any tenant and not as such delivered to and accepted by Holder. Holder shall not be liable for any injury or damage to person or property in or about the Property, or for Holder's failure to collect or to exercise diligence in collecting Rents but shall be accountable only for Rents that it shall actually receive. Neither the assignment of Leases and Rents, nor enforcement of Holder's rights regarding Leases and Rents (including collection of Rents), nor possession of the Property by Holder nor Holder's consent to or approval of any Lease (nor all of the same), shall render Holder liable on any obligation under or with respect to any Lease or constitute affirmation of, or any subordination to, any Lease, occupancy, use, or option.

If Holder seeks or obtains any judicial relief regarding Rents or Leases, the same shall in no way prevent the concurrent or subsequent employment of any other appropriate rights or remedies nor shall same constitute an election of judicial relief for any foreclosure or any other purpose. Holder neither has nor assumes any obligations as lessor or landlord with respect to any Lease. The rights of Holder under this Article 3 shall be cumulative of all other rights of Holder under the Loan Documents or otherwise.

#### **ARTICLE 4** **Default**

**Section 4.1. Events of Default.** The occurrence of any one of the following shall be a default under this City Deed of Trust ("**Event of Default**" or "**Default**"):

- (a) on the date of any Uncured Event of Default (as defined in the Loan Agreement) with respect to the portion of the loan assigned to Grantor;
- (b) upon the insolvency or dissolution of the Grantor;
- (c) on the date of any foreclosure of the Project; or

(d) upon the sale or transfer of the property, or any portion(s) thereof, to any person other than a related entity, or other assignee, who has been approved by the Holder in advance. For purposes of this City Deed of Trust, the term “related entity” means any transferee that is controlled by the Grantor, PHA, or both.

## **ARTICLE 5** **Remedies**

**Section 5.1. Certain Remedies.** If a Default shall occur, Holder may (but shall have no obligation to) exercise any one (1) or more of the following remedies, without notice (unless notice is required by applicable statute):

(a) **Acceleration.** Holder may at any time and from time-to-time declare any or all of the Secured Indebtedness immediately due and payable. Upon any such declaration, such Secured Indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, notice of acceleration, or of intention to accelerate or any other notice or declaration of any kind, all of which are hereby expressly waived by Grantor.

(b) **Enforcement of Assignment of Rents.** In addition to the rights of Holder under Article 3 hereof, prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Holder may: (1) collect and/or sue for the Rents in Holder's own name, give receipts and releases therefor, and after deducting all expenses of collection, including reasonable attorneys' fees and expenses, apply the net proceeds thereof to the Secured Indebtedness in such manner and order as Holder may elect and/or to the operation and management of the Property, including the payment of management, brokerage and attorney's fees and expenses; and (2) require Grantor to transfer all security deposits and records thereof to Holder together with original counterparts of the Leases.

(c) **Foreclosure.** Grantor hereby authorizes and empowers the Trustee, or his successor or substitute, and it shall be his special duty at the request of Holder to take possession of and/or to sell the Property or any part thereof. Prior to any sale of the Property by Trustee, Trustee shall notify Grantor in accordance with all applicable laws. In the event of a postponement of any sale of the Property, which may be done in the sole discretion of Trustee, no new or additional notice need be given by Trustee to Grantor for the next scheduled sale of the Property. Any sale made by Trustee hereunder may be as an entirety or in such parcels as Holder may request at such time and place, and after such previous public advertisement as Trustee shall deem advantageous and proper and at such times and containing such information as required by applicable laws and rules, without regard to any right of the Grantor or any other person to the marshalling of assets. Public advertisement prior to foreclosure sale of the time, place and terms of sale by publication once a week for two (2) weeks or once a day for three (3) days, which may be consecutive, in a newspaper published or having a general circulation in the city or county in which the Property to be sold, or any portion thereof is located shall be sufficient. Except as may be required by Virginia Code § 58.1-3340, no purchaser of the Property shall be required to see to the proper application of the purchase money. To the extent permitted by applicable law, any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make

successive sale or sales under such power until the whole of the Property shall be sold; and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the Secured Indebtedness and the expense of executing this trust as provided herein, this City Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Property, but Holder shall have the right, at its sole election, to request Trustee to sell less than the whole of the Property. Trustee may, after any request or direction by Holder, sell not only the real property, but also the Collateral and other interests which are a part of the Property, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Property separately from the remainder of the Property. It shall not be necessary for Trustee to have taken possession of any part of the Property or to have present or to exhibit at any sale any of the Collateral. After each sale, Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances, conveying the property so sold to the purchaser or purchasers in fee simple, subject to the Permitted Encumbrances (and to such leases and other matters, if any, as Trustee may elect upon request of Holder), and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to the Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Holder may deem necessary until all of the Property has been duly sold and all Secured Indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Holder, such sale shall not exhaust the power of sale hereunder and Holder shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any default, or as to Holder's having declared all of said indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure, or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Holder or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. The Trustee or his successor or substitute may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, his successor or substitute. If Trustee or his successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

**(d) Uniform Commercial Code.** Without limitation of Holder's rights of enforcement with respect to the Collateral or any part thereof in accordance with the procedures for foreclosure of real estate, Holder may exercise its rights of enforcement with respect to the Collateral or any part thereof under the Virginia Uniform Commercial Code, as in effect from time-to-time (or under the Uniform Commercial Code in force, from time-to-time, in any other state to the extent the same is applicable law) and in conjunction with, in addition to or in substitution for those rights and remedies: (1) Holder may enter upon Grantor's premises to take

possession of, assemble and collect the Collateral or, to the extent and for those items of the Collateral permitted under applicable law, to render it unusable; (2) Holder may require Grantor to assemble the Collateral and make it available at a place Holder designates which is mutually convenient to allow Holder to take possession or dispose of the Collateral; (3) written notice mailed to Grantor as provided herein at least five (5) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; provided that, if Holder fails to comply with this clause (3) in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the Virginia Uniform Commercial Code, as in effect from time-to-time (or under the Uniform Commercial Code, in force from time-to-time, in any other state to the extent the same is applicable law); (4) any sale made pursuant to the provisions of this paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with and upon the same notice as required for the sale of the Property under power of sale as provided in paragraph (c) above in this Section 5.1; (5) in the event of a foreclosure sale, whether made by Trustee under the terms hereof, or under judgment of a court, the Collateral and the other Property may, at the option of Holder, be sold as a whole; (6) it shall not be necessary that Holder take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; (7) with respect to application of proceeds from disposition of the Collateral under Section 5.2 hereof, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like, and the reasonable attorneys' fees and legal expenses (including, without limitation, the allocated costs for in-house legal services) incurred by Holder; (8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any default, or as to Holder having declared all of such indebtedness to be due and payable, or as to notice of time, place, and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Holder, shall be taken as prima facie evidence of the truth of the facts so stated and recited; (9) Holder may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Holder, including the sending of notices and the conduct of the sale, but in the name and on behalf of Holder; (10) Holder may comply with any applicable state or federal law or regulatory requirements in connection with a disposition of the Collateral, and such compliance will not be considered to affect adversely the commercial reasonableness of any sale of the Collateral; (11) Holder may sell the Collateral without giving any warranties as to the Collateral, and specifically disclaim all warranties including, without limitation, warranties relating to title, possession, quiet enjoyment and the like, and all warranties of quality, merchantability, and fitness for a specific purpose, and this procedure will not be considered to affect adversely the commercial reasonableness of any sale of the Collateral; (12) Grantor acknowledges that a private sale of the Collateral may result in less proceeds than a public sale; and (13) Grantor acknowledges that the Collateral may be sold at a loss to Grantor, and that, in such event, Holder shall have no liability or responsibility to Grantor for such loss.

(e) **Lawsuits**. Holder may proceed by a suit or suits in equity or at law, whether for collection of the indebtedness secured hereby, the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or

courts of competent jurisdiction. Grantor hereby assents to the passage of a decree for the sale of the Property by any equity court having jurisdiction.

**(f) Entry on Property.** Holder is authorized, prior or subsequent to the institution of any foreclosure proceedings, to the fullest extent permitted by applicable law, to enter upon the Property, or any part thereof, and to take possession of the Property and all books and records, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications, and schematics relating thereto, and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession, operation, protection or preservation of the Property. Holder shall not be deemed to have taken possession of the Property or any part thereof except upon the exercise of its right to do so, and then only to the extent evidenced by its demand and overt act specifically for such purpose. All costs, expenses, and liabilities of every character incurred by Holder in managing, operating, maintaining, protecting, or preserving the Property shall constitute a demand obligation of Grantor (which obligation Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust. If necessary to obtain the possession provided for above, Holder may invoke any and all legal remedies to dispossess Grantor. In connection with any action taken by Holder pursuant to this Section, Holder shall not be liable for any loss sustained by Grantor resulting from any failure to let the Property or any part thereof, or from any act or omission of Holder in managing the Property unless such loss is caused by the willful misconduct and bad faith of Holder, nor shall Holder be obligated to perform or discharge any obligation, duty or liability of Grantor arising under any lease or other agreement relating to the Property or arising under any Permitted Encumbrance or otherwise arising. Grantor hereby assents to, ratifies and confirms any and all actions of Holder with respect to the Property taken under this Section.

**(g) Receiver.** Holder shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Property or the solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Grantor does hereby irrevocably consent to the appointment of such receiver or receivers, waives notice of such appointment, of any request therefor or hearing in connection therewith, and any and all defenses to such appointment, agrees not to oppose any application therefor by Holder, and agrees that such appointment shall in no manner impair, prejudice or otherwise affect the rights of Holder to application of Rents as provided in this City Deed of Trust. Nothing herein is to be construed to deprive Holder of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by Holder in connection with any such receivership shall be a demand obligation (which obligation Grantor hereby promises to pay) owing by Grantor to Holder pursuant to this City Deed of Trust.

**(h) Termination of Commitment to Lend.** Holder may terminate any commitment or obligation to lend or disburse funds under any Loan Document or enter into any other credit arrangement to or for the benefit of Grantor.

**(i) Other Rights and Remedies.** Holder may exercise any and all other rights and remedies which Holder may have under the Loan Documents, or at law or in equity or otherwise.

**Section 5.2. Proceeds of Foreclosure.** The proceeds of any sale held by Trustee or Holder or any receiver or public officer in foreclosure of the liens and security interests evidenced hereby shall be applied in accordance with the requirements of applicable laws and to the extent consistent therewith, FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including, but not limited to, reasonable attorneys' fees and legal expenses, advertising costs, auctioneer's fees, costs of title rundowns and lien searches, inspection fees, appraisal costs, reasonable fees for professional services, environmental assessment and remediation fees, all court costs and charges of every character, and a reasonable fee (not exceeding five percent (5%) of the gross proceeds of such sale) to Trustee acting under the provisions of paragraph (c) of Section 5.1 hereof if foreclosed by power of sale as provided in said paragraph, and to the payment of the other Secured Indebtedness, including specifically without limitation the principal, accrued interest, and reasonable attorneys' fees due and unpaid on the Promissory Notes and the amounts due and unpaid and owed to Holder under this City Deed of Trust, the order and manner of application to the items in this clause FIRST to be in Holder's sole discretion; and SECOND, the remainder, if any there shall be, shall be paid to Grantor, or to Grantor's heirs, devisees, representatives, successors, or assigns, or such other persons (including the holder or beneficiary of any inferior lien) as may be entitled thereto by law; provided, however, that if Holder is uncertain which person or persons are so entitled, Holder may interplead such remainder in any court of competent jurisdiction, and the amount of any attorneys' fees, court costs, and expenses incurred in such action shall be a part of the Secured Indebtedness and shall be reimbursable (without limitation) from such remainder.

**Section 5.3. Holder as Purchaser.** Holder shall have the right to become the purchaser at any sale held by Trustee or substitute or successor or by any receiver or public officer or at any public sale, and Holder shall have the right to credit upon the amount of Holder's successful bid, to the extent necessary to satisfy such bid, all or any part of the Secured Indebtedness in such manner and order as Holder may elect.

**Section 5.4. Foreclosure as to Matured Debt.** Upon the occurrence of an Event of Default, Holder shall have the right to proceed with foreclosure (judicial or nonjudicial) of the liens and security interests hereunder without declaring the entire Secured Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Secured Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Secured Indebtedness, but as to such unmatured part this City Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of such sale shall be applied as provided in Section 5.2 hereof except that the amount paid under clause FIRST thereof shall be only the matured portion of the Secured Indebtedness and any proceeds of such sale in excess of those provided for in clause FIRST (modified as provided above) shall be applied to the prepayment (without penalty) of any other Secured Indebtedness in such manner and order and to such extent as Holder deems advisable, and the remainder, if any, shall be applied as provided in clause SECOND of Section 5.2 hereof. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Secured Indebtedness.

**Section 5.5. Remedies Cumulative.** All rights and remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity, and Trustee and Holder shall, in addition to the rights and remedies provided herein or in any other Loan Document, be entitled to avail themselves of all such other

rights and remedies as may now or hereafter exist at law or in equity for the collection of the Secured Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and the resort to any right or remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate right or rights or remedy or remedies.

**Section 5.6. Discretion as to Security.** Holder may resort to any security given by this City Deed of Trust or to any other security now existing or hereafter given to secure the payment of the Secured Indebtedness, in whole or in part, and in such portions and in such order as may seem best to Holder in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this City Deed of Trust.

**Section 5.7. Grantor's Waiver of Certain Rights.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim, or take the benefit or advantage of any law now or hereafter in force providing for any appraisal, valuation, stay, extension, or redemption, homestead, moratorium, reinstatement, marshalling, or forbearance, and Grantor, for Grantor, Grantor's heirs, devisees, representatives, successors, and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisal, stay of execution, notice of intention to mature, or declare due the whole of the Secured Indebtedness, notice of election to mature or declare due the whole of the Secured Indebtedness and all rights to a marshalling of assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshalling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Holder under the terms of this City Deed of Trust to a sale of the Property for the collection of the Secured Indebtedness without any prior or different resort for collection, or the right of Holder under the terms of this City Deed of Trust to the payment of the Secured Indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatsoever. Grantor waives any right or remedy which Grantor may have or be able to assert pursuant to any provision of Virginia law pertaining to the rights and remedies of sureties. If any law referred to in this Section and now in force, of which Grantor or Grantor's heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section.

**Section 5.8. Delivery of Possession After Foreclosure.** In the event there is a foreclosure sale hereunder and at the time of such sale and to the extent allowed under applicable law, Grantor or Grantor's heirs, devisees, representatives, or successors as owners of the Property are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of purchaser, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently

to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. After such foreclosure and to the extent allowed under applicable law, any Leases to tenants or subtenants that are subject to this City Deed of Trust (either by their date, their express terms, or by agreement of the tenant or subtenant) shall, at the sole option of Holder or any purchaser at such sale, either (i) continue in full force and effect, and the tenant(s) or subtenant(s) thereunder will, upon request, attorn to and acknowledge in writing to the purchaser or purchasers at such sale or sales as landlord thereunder, or (ii) upon notice to such effect from Holder, the Trustees or any purchaser or purchasers, terminate within thirty (30) days from the date of sale. In the event the tenant fails to surrender possession of the Property upon demand and to the extent allowed under applicable law, the purchaser shall be entitled to institute and maintain a summary action for possession of the Property (such as an action for forcible detainer) in any court having jurisdiction.

**ARTICLE 6**  
**Miscellaneous**

**Section 6.1. Scope of Deed of Trust.** This City Deed of Trust is a deed of trust of both real and personal property, a security agreement, an assignment of rents and leases, a financing statement, and fixture filing and a collateral assignment and also covers proceeds and fixtures.

**Section 6.2. Effective as a Financing Statement.** This City Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property (including said fixtures) is situated. This City Deed of Trust shall also be effective as a financing statement covering as-extracted collateral (including oil and gas), accounts and general intangibles under the Virginia Uniform Commercial Code, as in effect from time-to-time, and the Uniform Commercial Code, as in effect from time-to-time, in any other state where the Property is situated which will be financed at the wellhead or minehead of the wells or mines located on the Property and is to be filed for record in the real estate records of each county where any part of the Property is situated. This City Deed of Trust shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Grantor and the Holder are set forth in the preamble of this City Deed of Trust and the address of Holder from which information concerning the security interests hereunder may be obtained is the address of Holder set forth at the end of this City Deed of Trust. A carbon, photographic, or other reproduction of this City Deed of Trust or of any financing statement relating to this City Deed of Trust shall be sufficient as a financing statement for any of the purposes referred to in this Section.

**Section 6.3. Waiver by Holder.** Holder may at any time and from time-to-time by a specific writing intended for the purpose: (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor's doing any act which hereunder Grantor is prohibited from doing, or to Grantor's failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Property or any interest therein from the lien and security interest of this City Deed of Trust, without the joinder of Trustee; or (d) release any party liable, either directly or indirectly, for the Secured Indebtedness or for any covenant herein or in any other Loan Document, without impairing or releasing the liability of any other party. No such act shall

in any way affect the rights or powers of Holder or Trustee hereunder except to the extent specifically agreed to by Holder in such writing.

**Section 6.4. No Impairment of Security.** The lien, security interest, and other security rights of Holder hereunder or under any other Loan Document shall not be impaired by any indulgence, moratorium, or release granted by Holder including, but not limited to, any renewal, extension, or modification which Holder may grant with respect to any Secured Indebtedness, or any surrender, compromise, release, renewal, extension, exchange, or substitution which Holder may grant in respect of the Property, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any Secured Indebtedness. The taking of additional security by Holder shall not release or impair the lien, security interest, or other security rights of Holder hereunder or affect the liability of Grantor or of any endorser, guarantor or surety, or improve the right of any junior lienholder in the Property (without implying hereby Holder's consent to any junior lien).

**Section 6.5. Grantor's Successors.** If the ownership of the Property or any part thereof becomes vested in a person other than Grantor, Holder may, without notice to Grantor, deal with such successor or successors in interest with reference to this City Deed of Trust and to the Secured Indebtedness in the same manner as with Grantor, without in any way vitiating or discharging Grantor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Property, no forbearance on the part of Holder, and no extension of the time for the payment of the Secured Indebtedness given by Holder shall operate to release, discharge, modify, change, or affect, in whole or in part, the liability of Grantor hereunder for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other person hereunder for the payment of the indebtedness secured hereby. Each Grantor agrees that it shall be bound by any modification of this City Deed of Trust or any of the other Loan Documents made by Holder and any subsequent owner of the Property, with or without notice, to such Grantor, and no such modifications shall impair the obligations of such Grantor under this City Deed of Trust or any other Loan Document. Nothing in this Section or elsewhere in this City Deed of Trust shall be construed to imply Holder's consent to any transfer of the Property.

**Section 6.6. Forum; Waiver of Jury Trial.** Grantor hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any Virginia state court, or any United States federal court, sitting in the city or county in which the Secured Indebtedness is payable, and to the non-exclusive jurisdiction of any state or United States federal court sitting in the state in which any of the Property is located, over any suit, action or proceeding arising out of or relating to this City Deed of Trust or the Secured Indebtedness. Grantor hereby irrevocably waives, to the fullest extent permitted by law, any objection that Grantor may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Grantor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any Virginia state court, or any United States federal court, sitting in the state in which the Secured Indebtedness is payable may be made by certified or registered mail, return receipt requested, directed to Grantor at its address stated in this City Deed of Trust, or at a subsequent address of Grantor of which Holder received actual notice from Grantor in accordance with this City Deed of Trust, and service so made shall be complete

five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of PHA to serve process in any manner permitted by law or limit the right of PHA to bring proceedings against Grantor in any other court or jurisdiction. TO THE FULLEST EXTENT PERMITTED BY LAW, GRANTOR WAIVES THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF OR RELATING TO THIS CITY DEED OF TRUST OR ANY OTHER LOAN DOCUMENT.

**Section 6.7. Substitute Trustee.** The Trustee may resign by an instrument in writing addressed to Holder, or Trustee may be removed at any time, with or without cause, by an instrument in writing executed by Holder. In case of the death, resignation, removal, or disqualification of Trustee, or if for any reason Holder shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then Holder shall have the right and is hereby authorized and empowered to appoint a successor trustee(s), or a substitute trustee(s), without other formality than appointment and designation in writing executed by Holder and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the Secured Indebtedness has been paid in full, or until the Property is fully and finally sold hereunder. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Property shall vest in the named successor or substitute Trustee(s) and he shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon Trustee. All references herein to "Trustee" shall be deemed to refer to Trustee (including any successor(s) or substitute(s) appointed and designated as herein provided) from time to time acting hereunder.

**Section 6.8. No Liability of Trustee.** The Trustee shall not be liable for any error of judgment or act done by Trustee in good faith or be otherwise responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or his successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof. Grantor will reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties. The foregoing indemnity shall not terminate upon discharge of the Secured Indebtedness or foreclosure, or release or other termination, of this City Deed of Trust.

**Section 6.9. Notices.** All notices required under this City Deed of Trust shall be given in writing, and shall be deemed to be received five (5) business days after being mailed by first class mail, postage prepaid, return receipt requested, or one (1) business day after being placed for next day delivery with a nationally recognized overnight courier service, or upon receipt when delivered by hand, addressed as follows: (i) if given to PHA—to Piedmont Housing Alliance, Attention: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, with a copy to Doruk Onvural, Klein Hornig, LLP, 1325 G Street, N.W., Suite 770, Washington, DC, 20005,

or (ii) if given to the Grantor—to 501-A Cherry, LLC, c/o Piedmont Housing Alliance, Attention: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, with a copy to Doruk Onvural, Klein Hornig, LLP, 1325 G Street, N.W., Suite 770, Washington, DC, 20005, and a copy to the other financing parties at the address(es) provided by the Grantor. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

**Section 6.10. Invalidity of Certain Provisions.** A determination that any provision of this City Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this City Deed of Trust to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

**Section 6.11. Release.** Upon satisfaction of all obligations and expiration of the Affordability Period, upon written request of the Borrower, PHA shall execute a Certificate of Satisfaction in a commercially reasonable, customary form reasonably acceptable to PHA, to be recorded at the Borrower's sole cost and expense, to release this Deed of Trust from the land records of the City of Charlottesville, Virginia.

**Section 6.12. Successors and Assigns.** The terms, provisions, covenants, and conditions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors, and assigns of Grantor, and shall inure to the benefit of Trustee and Holder and shall constitute covenants running with the Land. All references in this City Deed of Trust to Grantor shall be deemed to include all such heirs, devisees, representatives, successors, and assigns of Grantor.

**Section 6.13. Applicable Law.** THIS CITY DEED OF TRUST, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY VIRGINIA LAW AND CONSTRUED, INTERPRETED, AND ENFORCED IN ACCORDANCE WITH AND PURSUANT TO THE LAWS OF THE COMMONWEALTH OF VIRGINIA (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA ARE GOVERNED BY THE LAWS OF SUCH OTHER JURISDICTION.

**Section 6.14. Short Form Incorporation.** The following short form provisions are incorporated into this City Deed of Trust by reference as permitted by Section 55.1-320, Code of Virginia (Repl. Vol. 1986);

- (1) Exemptions waived.
- (2) Subject to call upon default.
- (3) Renewal, extension or reinstatement permitted.
- (4) Substitution of trustee permitted.
- (5) Any trustee may act.

**Section 6.15. Entire Agreement.** The Loan Documents constitute the entire

understanding and agreement between Grantor and Holder with respect to the transactions arising in connection with the Secured Indebtedness and supersede all prior written or oral understandings and agreements between Grantor and Holder with respect to the matters addressed in the Loan Documents. Grantor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are or were authorized by Holder to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents.

[SIGNATURE APPEARS ON FOLLOWING PAGE]



**EXHIBIT "A"**  
**Legal Description**

**[FINAL LEGAL DESCRIPTION FOR 501-A CHERRY AVE. SITE TO BE INSERTED]**

*Prepared by and return to:*  
Klein Hornig LLP  
1325 G St NW, Suite 770  
Washington, DC 20005  
Attn: Doruk Onvural

Re City of Charlottesville Real Estate Parcel Id. No. 290178000

---

(For Recorder's Use)

---

**DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES,  
SECURITY AGREEMENT AND FIXTURE FILING**

**WITH POWER OF SALE**

**(501-B Cherry Avenue)**

---

The maximum aggregate amount of principal to be secured at any one time under this Deed of Trust, Assignment of Rents and Leases, Security Agreement and Substitution of Trustee is \$1,675,000.00

Name of the noteholder secured by this Deed of Trust:      PIEDMONT HOUSING  
ALLIANCE, a Virginia nonstock  
corporation

Address at which communications to the                              Piedmont Housing Alliance  
noteholder may be mailed or delivered:                              682 Berkmar Circle  
Charlottesville, Virginia 22901

With a copy to:

Klein Hornig LLP  
1325 G St NW, Suite 770  
Washington, DC 20005  
Attn: Doruk Onvural

**(This Document Serves as a Fixture Filing under Section 9-502 of the Virginia Uniform  
Commercial Code)**

**Grantor's Organizational Identification Number: 11701337**

**THIS DEED OF TRUST, ASSIGNMENT OF RENTS AND LEASES AND  
SECURITY AGREEMENT** (this "City Deed of Trust") is made as of the \_\_\_ day of  
\_\_\_\_\_, 2026 by **501-B CHERRY, LLC**, a Virginia limited liability company whose

address is c/o Piedmont Housing Alliance, Attn: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, as grantor (the “**Grantor**”), **in favor of Tara Boyd** as trustee, whose address is 300 East Main Street, Suite 313, Charlottesville, Virginia 22902 (“**Trustee**”), **for the benefit of PIEDMONT HOUSING ALLIANCE**, a Virginia nonstock corporation, as beneficiary and grantee for purposes of indexing (together with its successors and assigns, “**PHA**”).

### RECITALS

**A.** Grantor is the fee simple owner of certain real property in the City of Charlottesville as further described in **Exhibit “A”** attached hereto (the “**Property**”) attached to this City Deed of Trust, which Property will include the development of thirty-one (31) affordable housing units and other amenities appurtenant to the housing units with respect to the 501-B Cherry Avenue site (the “**Project**”) within the larger redevelopment known as 501 Cherry Avenue Apartments.

**B.** To further the public purpose of increasing the affordable housing stock within the City of Charlottesville, Virginia, and, in particular, on the Property, the City of Charlottesville, a municipal corporation and a political subdivision of the Commonwealth of Virginia (the “**City**”) is willing to loan certain public funding to PHA, in accordance with the provisions of Virginia Code § 15.2-958.

**C.** By Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, the City agreed to loan public funding pursuant to the provisions of Virginia Code § 15.2-958, to subsidize construction of streets, utilities, and other site improvements essential to the Project and to support the production of new units of residential rental property within the Project, to be occupied following construction by Households of Low and Moderate Income. The City Council’s approval of the City Ordinance was induced by PHA’s representation that certain residential units within the Project will, at Project buildout, be Affordable Units, as defined in that certain Declaration of Affordable Housing Covenants (Rental) dated as of the date hereof by the Grantor for the benefit of the City (the “**Affordable Housing Covenants**”).

**D.** PHA and the City have executed a Loan Agreement dated as of the date herewith (the “**Loan Agreement**”), setting forth certain terms and conditions relating to the City’s loan of **Three Million Eight Hundred Fifty Thousand and 00/100 Dollars (\$3,850,000.00)** (the “**City Loan**”), evidenced by that certain Promissory Note, dated as of the date herewith, and payable to the City (the “**City Note**”).

**E.** PHA has assigned, and the Grantor and 501-A Cherry, LLC have assumed, portions of the City Loan equal to One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00) and Two Million One Hundred Seventy-Five Thousand and 00/100 Dollars (\$2,175,000.00) respectively, and certain documents evidencing the City Loan.

**F.** PHA has made a loan to Grantor in the amount of One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00) (the “**PHA Loan**”) as evidenced by that certain Promissory Note dated as of the date herewith, and payable to PHA (the “**PHA Note**”).

**G.** The Grantor desires to secure to PHA the payment of a portion of the indebtedness evidenced by the PHA Note equal to **One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00)** and certain other indebtedness of the Grantor to PHA and the performance of certain covenants made by the Grantor to the City, including those covenants made in the Affordable Housing Covenants, relating to the Premises (as hereinafter defined).

**NOW THEREFORE**, in consideration of mutual promises herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor, Trustee, and PHA hereby agree as follows:

## ARTICLE 1

### Incorporation of Recitals; Secured Indebtedness; Definitions; Granting Clauses;

**Section 1.0. Incorporation of Recitals.** The foregoing recitals are incorporated herein by this reference and made a part hereof.

**Section 1.1. Principal Secured.** This City Deed of Trust secures the aggregate principal amount of **One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00)**, plus such additional amounts as PHA may from time-to-time advance pursuant to the terms and conditions of the Loan Agreement and this City Deed of Trust, together with interest thereon.

**Section 1.2. Definitions.** Each of the terms defined herein shall have the meaning assigned to it, such definitions to be applicable equally to the singular and the plural forms of such terms and to all genders. Any term used or defined in the Virginia Uniform Commercial Code, as in effect from time-to-time, and not defined in this City Deed of Trust or the Loan Agreement has the meaning given to the term in the Virginia Uniform Commercial Code, as in effect from time-to-time, when used in this City Deed of Trust; provided, however, if a term is defined in Title 8.9 of the Virginia Uniform Commercial Code differently than in another title of the Virginia Uniform Commercial Code, the term has the meaning specified in Title 8.9.

**Section 1.3. Granting Clause.** In consideration of the provisions of this City Deed of Trust and of the sum of ten dollars (\$10.00) cash in hand paid and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged by the Grantor, Grantor does hereby GRANT, BARGAIN, SELL, CONVEY, TRANSFER, ASSIGN, and SET OVER to Trustee, with GENERAL WARRANTY, all of Grantor's interest, if any, in the following:

(a) those certain parcels of land described in **Exhibit "A"** which is attached hereto and incorporated herein by reference (the "**Land**") together with: (i) any and all buildings, structures, improvements, alterations, or appurtenances now or hereafter situated or to be situated on the Land (collectively, the "**Improvements**"); and (ii) all right, title and interest of Grantor, now owned or hereafter acquired, in and to (1) all streets, roads, alleys, easements, rights-of-way, licenses, rights of ingress and egress, vehicle parking rights, and public places, existing or proposed, abutting, adjacent, used in connection with or pertaining to the Land or the Improvements; (2) any strips or gores between the Land and abutting or adjacent properties; (3) all options to purchase or lease the Land or the Improvements or any portion thereof or interest

therein, and any greater estate in Land or the Improvements; and (4) all water and water rights, timber, crops and mineral interests on or pertaining to the Land (the Land, Improvements and other rights, titles and interests referred to in this clause (a) being herein sometimes collectively called the "**Premises**");

(b) all fixtures, equipment, systems, machinery, furniture, furnishings, appliances, inventory, goods, building and construction materials, supplies, and articles of personal property, of every kind and character, tangible and intangible (including software embedded therein), now owned or hereafter acquired by Grantor, which are now or hereafter attached to or situated in, on or about the Land or the Improvements, or used in or necessary to the complete and proper planning, development, use, occupancy or operation thereof, or acquired (whether delivered to the Land or stored elsewhere) for use or installation in or on the Land or the Improvements, and all renewals and replacements of, substitutions for and additions to the foregoing (the properties referred to in this clause (b) being herein sometimes collectively called the "**Accessories**," all of which are hereby declared to be permanent accessions to the Land);

(c) all (i) plans and specifications for the Improvements; (ii) Grantor's rights, but not liability for any breach by Grantor, under all commitments (including any commitments for financing to pay any of the Secured Indebtedness, as defined below), insurance policies (or additional or supplemental coverage related thereto, including from an insurance provider meeting the requirements of the Loan Documents or from or through any state or federal government sponsored program or entity), contracts and agreements for the design, construction, operation, or inspection of the Improvements and other contracts and general intangibles (including, but not limited to, payment intangibles, trademarks, trade names, goodwill, software, and symbols) related to the Premises or the Accessories or the operation thereof; (iii) deposits and deposit accounts arising from or related to any transactions related to the Premises or the Accessories (including, but not limited to, Grantor's rights in tenants' security deposits, deposits with respect to utility services to the Premises, and any deposits, deposit accounts, or reserves hereunder, or under any other Loan Documents (hereinafter defined) for taxes, insurance or otherwise), rebates or refunds of impact fees or other taxes, assessments or charges, money, accounts (including deposit accounts), instruments, documents, promissory notes, and chattel paper (whether tangible or electronic) arising from or by virtue of any transactions related to the Premises or the Accessories, and any account or deposit account from which Grantor may from time-to-time authorize Holder (as hereinafter defined) to debit and/or credit payments due with respect to the PHA Loan; (iv) permits, licenses, franchises, certificates, development rights, commitments, and rights for utilities, and other rights and privileges obtained in connection with the Premises or the Accessories; (v) leases, rents, royalties, bonuses, issues, profits, revenues, and other benefits of the Premises and the Accessories (without derogation of Article 3 hereof); (vi) as-extracted collateral produced from or allocated to the Land including, without limitation, oil, gas, and other hydrocarbons and other minerals and all products processed or obtained therefrom, and the proceeds thereof; and (vii) engineering, accounting, title, legal, and other technical or business data concerning the Property which are in the possession of Grantor or in which Grantor can otherwise grant a security interest; and

(d) all (i) accounts and proceeds (cash or non-cash and including payment intangibles) of or arising from the properties, rights, titles, and interests referred to above in this Section 1.3, including, but not limited to, proceeds of any sale, lease, or other disposition thereof,

proceeds of each policy of insurance (or additional or supplemental coverage related thereto, including from an insurance provider meeting the requirements of the Loan Documents or from, or through any state or federal government sponsored program or entity) relating thereto (including premium refunds), proceeds of the taking thereof or of any rights appurtenant thereto, including change of grade of streets, curb cuts or other rights of access, by condemnation, eminent domain or transfer in lieu thereof for public or quasi-public use under any law, and proceeds arising out of any damage thereto; (ii) all letter-of-credit rights (whether or not the letter of credit is evidenced by a writing) Grantor now has or hereafter acquires relating to the properties, rights, titles and interests referred to in this Section 1.3; (iii) all commercial tort claims Grantor now has or hereafter acquires relating to the properties, rights, titles and interests referred to in this Section 1.3; and (iv) other interests of every kind and character which Grantor now has or hereafter acquires in, to or for the benefit of the properties, rights, titles, and interests referred to above in this Section 1.3 and all property used or useful in connection therewith, including, but not limited to, rights of ingress and egress and remainders, reversions and reversionary rights or interests; and if the estate of Grantor in any of the property referred to above in this Section 1.3 is a leasehold estate, this conveyance shall include, and the lien and security interest created hereby shall encumber and extend to, all other or additional title, estates, interests, or rights which are now owned or may hereafter be acquired by Grantor in or to the property demised under the lease creating the leasehold estate; TO HAVE AND TO HOLD the foregoing rights, interests and properties, and all rights, estates, powers and privileges appurtenant thereto (herein collectively called the "**Property**"), unto Trustee, and his or their successors or substitutes in this trust, and to his or their successors and assigns, in trust, in fee simple forever, subject to the terms, provisions and conditions herein set forth, to secure the obligations of the Grantor under the Promissory Notes and Loan Documents (as hereinafter defined) and all other indebtedness and matters defined as "**Secured Indebtedness**" in Section 1.5 of this City Deed of Trust.

**Section 1.4. Security Interest.** Grantor hereby grants to Holder (as hereinafter defined) a security interest in all of the Property which constitutes personal property or fixtures, all proceeds and products thereof, and all supporting obligations ancillary to or arising in any way in connection therewith (herein sometimes collectively called the "**Collateral**") to secure the obligations of the Grantor under the Promissory Note and Loan Documents (as hereinafter defined) and all other indebtedness and matters defined as Secured Indebtedness in Section 1.5 of this City Deed of Trust. In addition to its rights hereunder or otherwise, Holder shall have all of the rights of a secured party under the Virginia Uniform Commercial Code, as in effect from time-to-time, or under the Uniform Commercial Code in force, from time-to-time, in any other state to the extent the same is applicable law.

**Section 1.5. Secured Indebtedness, Promissory Notes, Loan Documents, Other Obligations.** This City Deed of Trust is made to secure and enforce the payment and performance of the following promissory notes, obligations, indebtedness, duties, and liabilities and all renewals, extensions, supplements, increases, and modifications thereof in whole or in part from time-to-time (collectively the "**Secured Indebtedness**"): (a) a portion of the City Note equal to One Million Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$1,675,000.00), and all other promissory notes given in substitution therefor or in modification, supplement, increase, renewal, or extension thereof, in whole or in part (such promissory note or promissory notes, whether one (1) or more, as from time-to-time renewed, extended, supplemented, increased, or modified and all other notes given in substitution therefor, or in modification, renewal or extension

thereof, in whole or in part, being hereinafter called the "**Promissory Notes**," and PHA, or the subsequent holder at the time in question of the Promissory Notes or any of the Secured Indebtedness, as hereinafter defined, being herein collectively called "**Holder**"; (b) all indebtedness, liabilities, duties, covenants, promises, and other obligations whether joint or several, direct or indirect, fixed or contingent, liquidated or unliquidated, and the cost of collection of all such amounts, owed by Grantor to Holder now or hereafter incurred or arising pursuant to or permitted by the provisions of the Promissory Notes, this City Deed of Trust, the Loan Agreement, the Affordable Housing Covenants, or any other document now or hereafter evidencing, governing, guaranteeing, securing, or otherwise executed in connection with the PHA Loan, including, but not limited to, any loan or credit agreement, letter of credit, or reimbursement agreement, tri-party financing agreement, or other agreement between Grantor and Holder, or among Grantor, Holder and any other party or parties, pertaining to the repayment or use of the proceeds of the PHA Loan (the Promissory Notes, this City Deed of Trust, the Loan Agreement, the Affordable Housing Covenants, and such other documents relating to the Promissory Notes, as they or any of them may have been or may be from time-to-time renewed, extended, supplemented, increased, or modified, being herein sometimes collectively called the "**Loan Documents**"); and (c) all other loans and future advances made by Holder to the Grantor and all other debts, obligations, and liabilities of the Grantor of every kind and character now or hereafter existing in favor of Holder, whether direct or indirect, primary or secondary, joint or several, fixed or contingent, secured or unsecured, and whether originally payable to Holder or to a third-party and subsequently acquired by Holder, it being contemplated that the Grantor may hereafter become indebted to Holder for such further debts, obligations, and liabilities; provided, however, and notwithstanding the foregoing provisions of this clause (c), this City Deed of Trust shall not secure any such other loan, advance, debt, obligation, or liability with respect to which Holder is by applicable law prohibited from obtaining a lien on real estate, nor shall this clause (c) operate or be effective to constitute or require any assumption or payment by any person, in any way, of any debt of any other person to the extent that the same would violate or exceed the limit provided in any applicable usury or other law.

## **ARTICLE 2** **Representations, Warranties and Covenants**

**Section 2.1.** Grantor represents, warrants, and covenants as follows:

(a) **Payment and Performance.** The PHA Loan shall be repaid to the Holder as provided in the PHA Note. The entire principal amount of the PHA Note shall be due and payable on the Maturity Date (as defined in the PHA Note). Grantor will timely and properly perform and comply with all of the covenants, agreements, and conditions imposed upon it by this City Deed of Trust and the other Loan Documents and will not permit a default to occur hereunder or thereunder. Time shall be of the essence in this City Deed of Trust.

(b) **Title and Permitted Encumbrances.** The Grantor covenants to maintain, lawful, good and marketable title to the Property, the Grantor is lawfully seized and possessed of the Property and every part thereof, as described above, and has the right to convey the same, free and clear of all liens, charges, claims, security interests, and encumbrances except for (i) the liens and security interests evidenced by this City Deed of Trust, (ii) statutory liens for real estate taxes and assessments on the Property which are not yet delinquent, and (iii) other liens and security

interests (if any) in favor of PHA (the matters described in the foregoing clauses (i), (ii), and (iii) being herein called the "**Permitted Encumbrances**"). Grantor, and Grantor's successors and assigns, will warrant and forever defend title to the Property, subject as aforesaid, to Trustee and his successors or substitutes and assigns, against the claims and demands of all persons claiming or to claim the same or any part thereof through Grantor. Grantor will punctually pay, perform, observe, and keep all covenants, obligations, and conditions in or pursuant to any Permitted Encumbrance and will not modify or permit modification of any Permitted Encumbrance without the prior written consent of Holder, other than the documents related to any senior debt. Inclusion of any matter as a Permitted Encumbrance does not constitute approval or waiver by Holder of any existing or future violation or other breach thereof by Grantor, by the Property or otherwise. No part of the Property constitutes all or any part of the principal residence of Grantor if Grantor is an individual. If any right or interest of Holder in the Property or any part thereof shall be endangered or questioned or shall be attacked directly or indirectly, Trustee and Holder, or either of them (whether or not named as parties to legal proceedings with respect thereto), are hereby authorized and empowered to take such steps as in their discretion may be proper for the defense of any such legal proceedings or the protection of such right or interest of Holder, including, but not limited to, the employment of independent counsel, the prosecution or defense of litigation, and the compromise or discharge of adverse claims. All expenditures so made of every kind and character shall be a demand obligation (which obligation Grantor hereby promises to pay) owing by Grantor to Holder or Trustee (as the case may be), and the party (Holder or Trustee, as the case may be) making such expenditures shall be subrogated to all rights of the person receiving such payment.

(c) **Taxes and Other Impositions.** Grantor will pay, or cause to be paid, all taxes, assessments, and other charges or levies imposed upon or against or with respect to the Property or the ownership, use, occupancy, or enjoyment of any portion thereof, or any utility service thereto, as the same become due and payable, including, but not limited to, all real estate taxes assessed against the Property or any part thereof, and shall deliver promptly to Holder such evidence of the payment thereof as Holder may require.

(d) **Insurance.**

(i) Grantor covenants and agrees that Grantor shall maintain the following insurance:

1. To the extent required by law, Workers' Compensation insurance in accordance with the Virginia Workers' Compensation Act and employer's liability to \$100,000.00 per accident/\$100,000.00 per disease/\$500,000.00 disease policy limit; and

2. Commercial General Liability insurance with limits not less than \$1,000,000.00 per occurrence and \$2,000,000.00 in the aggregate, including coverage for contractual liability, personal injury, broad form of property damage, products, and completed operations; and

3. Automobile Liability insurance with limits not less than \$1,000,000.00, including coverage for owned, non-owned and hired vehicles, as applicable;

provided, however, that if the Grantor does not own or lease vehicles for purposes of this City Deed of Trust, then no automobile insurance shall be required; and

4. All Risk with specified exclusions/Property and Fire insurance covering the entire Property for full replacement value.

5. Crime insurance, to include employee dishonesty, in the amount of \$250,000.00 per occurrence, with a deductible not to exceed \$25,000.00.

(ii) In addition to the insurance foregoing, prior to commencing the Project, the Grantor shall maintain coverage of the type now known as builder's completed value risk insurance, as delineated on a Builder's Risk 100% Value Non-Reporting Form. Such insurance shall insure against direct physical loss or damage by fire, lightning wind, storm, explosion, collapse, earth movement, land movement or earthquake, flood, vandalism, malicious mischief, glass breakage, and such other causes as are covered by such form of insurance. Such policy shall include (A) a "Replacement Cost Endorsement" in amount not less than 100% of the then full replacement cost, to be determined at least once annually and subject to reasonable approval by PHA, and (B) an endorsement to include coverage for budgeted soft costs (including gap loan interest, building permit fees, construction inspection fees, builder's risk insurance, and property taxes during construction and/or renovation). The replacement cost coverage shall be for work performed and equipment, supplies, and materials furnished to and which will become part of the Property without deduction for physical depreciation and with a deductible not exceeding \$50,000.00 per occurrence.

(iii) All insurance required by this City Deed of Trust shall be with a company reasonably acceptable to PHA and authorized to transact business in the Commonwealth of Virginia. The required insurance shall be provided under an occurrence form and shall be maintained continuously so long as any City Promissory Note relating to this City Deed of Trust is outstanding. Any liability policy purchased by the Grantor on a claims-made basis must remain in force or be extended for a period of two (2) years past the final payment of the City Promissory Note purchasing an extended reporting period endorsement. Evidence of such endorsement shall be provided on a certificate or a copy of the endorsement itself. Should any of the required insurance be provided under a form of coverage that includes an annual aggregate limit or provides that claims investigation or legal defense costs be included in such annual aggregate limit, such annual aggregate limit shall be three (3) times the occurrence limits specified above.

(iv) Commercial, General Liability, All Risk with specified exclusions/Property, Fire and Automobile Liability insurance policies shall be endorsed to name as an "Additional Insured" PHA, and its respective officers, agents, and employees and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by PHA and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by PHA's insurance.

(v) Grantor shall deliver certificates of insurance to PHA showing that Grantor has in effect the insurance required by this City Deed of Trust. The Grantor shall deliver a new or amended certificate of insurance promptly after any change is made in any insurance policy which would alter the information on the certificate previously delivered to PHA.

(vi) All policies and bonds shall be endorsed to provide thirty (30) days prior written notice to PHA of cancellation, reduction in coverage, or intent not to renew ten ((10) days for cancellation due to nonpayment of premium) and such written notice shall be provided to the address for notices to PHA.

(vii) Grantor covenants and agrees that during the pendency of the Affordable Housing Covenants recorded against the Property, Grantor and any successor shall use any insurance proceeds awarded to repair or replace any damage to the Property, if such repair or replacement is feasible.

(e) **Condemnation.** Grantor shall notify Holder promptly of any threatened or pending proceeding for condemnation affecting the Property or arising out of damage to the Property, and Grantor shall, at Grantor's expense, diligently prosecute any such proceedings. Holder, subject to the rights of senior lien holders, shall have the right (but not the obligation) to participate in any such proceeding and to be represented by counsel of its own choice. Holder, subject to the rights of senior lien holders, shall be entitled to receive all sums which may be awarded or become payable to Grantor for the condemnation of the Property, or any part thereof, for public or quasi-public use, or by virtue of private sale in lieu thereof, and any sums which may be awarded or become payable to Grantor for injury or damage to the Property. Grantor shall, promptly upon request of Holder, execute such additional assignments and other documents as may be necessary from time-to-time to permit such participation and to enable Holder to collect and receipt for any such sums. All such sums are hereby assigned to Holder, and shall, after deduction therefrom of all reasonable expenses actually incurred by Holder, including reasonable attorneys' fees, at Holder's option be (1) released to Grantor, or (2) applied (upon compliance with such terms and conditions as may be reasonably required by Holder) to repair or restoration of the Property so affected, or (3) applied to the payment of the Secured Indebtedness in such order and manner as Holder, in its sole discretion, may elect, whether or not due; provided, however, that during the fifteen (15)-year compliance period of the Property in accordance with the federal low-income housing tax credit program, if applicable, such sums shall be applied to repair or restoration unless such repair or restoration is not feasible. In any event the unpaid portion of the Secured Indebtedness shall remain in full force and effect and the payment thereof shall not be excused. Holder shall not be, under any circumstances, liable or responsible for failure to collect or to exercise diligence in the collection of any such sum or for failure to see to the proper application of any amount paid over to Grantor. Holder is hereby authorized, in the name of Grantor, to execute and deliver valid acquittances for, and to appeal from, any such award, judgment, or decree. All costs and expenses (including but not limited to reasonable attorneys' fees) incurred by Holder in connection with any condemnation shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust.

(f) **Compliance with Legal Requirements.** The Property and the use, operation, and maintenance thereof and all activities thereon do and shall at all times comply with all applicable Legal Requirements (hereinafter defined). The Property is not, and shall not be, dependent on any other property or premises or any interest therein other than the Property to fulfill any requirement of any Legal Requirement. Grantor shall not, by act or omission, permit any building or other improvement not subject to the lien of this City Deed of Trust to rely on the Property or any interest therein to fulfill any requirement of any Legal Requirement. No improvement upon or use of any part of the Property constitutes a nonconforming use under any

zoning law or similar law or ordinance. Grantor has obtained and shall preserve in force all requisite zoning, utility, building, health, environmental, and operating permits from the governmental authorities having jurisdiction over the Property.

If Grantor receives a notice or claim from any person that the Property, or any use, activity, operation, or maintenance thereof or thereon, is not in compliance with any Legal Requirement, Grantor will promptly furnish a copy of such notice or claim to Holder. Grantor has received no notice and has no knowledge of any such noncompliance. As used in this City Deed of Trust: (i) the term "**Legal Requirement**" means any Law (hereinafter defined), agreement, covenant, restriction, easement, or condition (including, without limitation of, the foregoing, any condition or requirement imposed by any insurance or surety company), as any of the same now exists or may be changed or amended or come into effect in the future; and (ii) the term "Law" means any applicable federal, state, or local law, statute, ordinance, code, rule, regulation, license, permit, authorization, decision, order, injunction, or decree, domestic or foreign.

(g) **Maintenance, Repair and Restoration.** Grantor will keep the Property in good order, repair, operating condition, and appearance in accordance with industry standards for similar affordable residential projects, causing all necessary repairs, renewals, replacements, additions, and improvements to be promptly made, and will not allow any of the Property to be misused, abused, or wasted or to deteriorate. Notwithstanding the foregoing, Grantor will not, without the prior written consent of Holder, (i) remove from the Property any fixtures or personal property covered by this City Deed of Trust, except such as is replaced by Grantor by an article of equal suitability and value, owned by Grantor, free and clear of any lien or security interest (except that created by this City Deed of Trust), or (ii) make any structural alteration to the Property or any other alteration thereto which impairs the value thereof. If any act or occurrence of any kind or nature (including any condemnation or any casualty for which insurance was not obtained or obtainable) shall result in damage to or loss or destruction of the Property, Grantor shall give prompt notice thereof to Holder and Grantor shall promptly, at Grantor's sole cost and expense and regardless of whether insurance or condemnation proceeds (if any) shall be available or sufficient for the purpose, secure the Property as necessary and commence and continue diligently to completion to restore, repair, replace, and rebuild the Property as nearly as possible to its value, condition and character immediately prior to the damage, loss, or destruction.

(h) **No Other Liens.** Grantor will not, without the prior written consent of Holder, create, place, or permit to be created or placed, or through any act or failure to act, acquiesce in the placing of, or allow to remain, any deed of trust, mortgage, voluntary or involuntary lien, whether statutory, constitutional or contractual, security interest, encumbrance, or charge, or conditional sale or other title retention document, against or covering the Property, or any part thereof, other than the Permitted Encumbrances, regardless of whether the same are expressly or otherwise subordinate to the lien or security interest created in this City Deed of Trust, and should any of the foregoing become attached hereafter in any manner to any part of the Property without the prior written consent of Holder, Grantor will cause the same to be promptly discharged and released. Grantor will own all parts of the Property and will not acquire any fixtures, equipment, or other property (including software embedded therein) forming a part of the Property pursuant to a lease, license, security agreement, or similar agreement, whereby any party has or may obtain the right to repossess or remove same, without the prior written consent of the Holder. If Holder consents to the voluntary grant by Grantor of any deed of trust, lien, security

interest, or other encumbrance (hereinafter called "**Subordinate Lien**") covering any of the Property, or if the foregoing prohibition is determined by a court of competent jurisdiction to be unenforceable as to a Subordinate Lien, any such Subordinate Lien shall contain express covenants to the effect that: (1) the Subordinate Lien is unconditionally subordinate to this City Deed of Trust and all Leases (hereinafter defined); (2) if any action (whether judicial or pursuant to a power of sale) shall be instituted to foreclose or otherwise enforce the Subordinate Lien, no tenant of any of the Leases (hereinafter defined) shall be named as a party defendant, and no action shall be taken that would terminate any occupancy or tenancy without the prior written consent of Holder; (3) Rents (hereinafter defined), if collected by or for the holder of the Subordinate Lien, shall be applied first to the payment of the Secured Indebtedness then due and expenses incurred in the ownership, operation, and maintenance of the Property in such order as Holder may determine, prior to being applied to any indebtedness secured by the Subordinate Lien; (4) written notice of default under the Subordinate Lien and written notice of the commencement of any action (whether judicial or pursuant to a power of sale) to foreclose or otherwise enforce the Subordinate Lien or to seek the appointment of a receiver for all or any part of the Property shall be given to Holder with or promptly after the occurrence of any such default or commencement; and (5) neither the holder of the Subordinate Lien, nor any purchaser at foreclosure thereunder, nor anyone claiming by, through or under any of them shall succeed to any of Grantor's rights hereunder without the prior written consent of Holder. Notwithstanding the foregoing, the lien of this City Deed of Trust shall be subordinate to the lien of any senior debt.

(i) **Operation of Property.** Grantor will operate the Property in a good and workmanlike manner and in accordance with all Legal Requirements and will pay all fees or charges of any kind in connection therewith. Grantor will keep the Property occupied so as not to impair the insurance carried thereon. Grantor will not use or occupy or conduct any activity on, or, using commercially reasonable efforts, allow the use or occupancy of or the conduct of any activity on, the Property in any manner which violates any Legal Requirement or which constitutes a public or private nuisance or which makes void, voidable, or cancelable, or increases the premium of, any insurance then in force with respect thereto. Grantor will not initiate or consent to any zoning reclassification of the Property or seek any variance under existing zoning ordinances applicable to the Property or use or permit the use of the Property in such a manner which would result in such use becoming a nonconforming use under applicable zoning ordinances or other Legal Requirement. Grantor will not impose any easement (other than utility easements in the ordinary course of the operation of the Property), restrictive covenant or encumbrance upon the Property, execute or file any subdivision plat or condominium declaration affecting the Property or consent to the annexation of the Property to any municipality, without the prior written consent of Holder. Grantor will preserve, protect, renew, extend, and retain all material rights and privileges granted for or applicable to the Property. Without the prior written consent of Holder, there shall be no drilling or exploration for or extraction, removal, or production of any mineral, hydrocarbon, gas, natural element, compound, or substance (including sand and gravel) from the surface or subsurface of the Land regardless of the depth thereof or the method of mining or extraction thereof. Grantor will cause all debts and liabilities of any character (including without limitation all debts and liabilities for labor, material, and equipment (including software embedded therein) and all debts and charges for utilities servicing the Property) incurred in the construction, maintenance, operation, and development of the Property to be promptly paid, except to the extent Grantor is contesting the same in good faith.

(j) **Further Assurances.** Grantor will, promptly on request of Holder, (i) correct any defect, error, or omission which may be discovered in the contents, execution, or acknowledgment of this City Deed of Trust or any other Loan Document; (ii) execute, acknowledge, deliver, procure, and record and/or file such further documents (including, without limitation, further deeds of trust, security agreements, and assignments of rents or leases) and do such further acts as may be necessary, desirable, or proper in the reasonable determination of Holder to carry out more effectively the purposes of this City Deed of Trust and the other Loan Documents, to more fully identify and subject to the liens and security interests hereof any property intended to be covered hereby (including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the Property) or as deemed advisable by Holder to protect the lien or the security interest hereunder against the rights or interests of third persons; and (iii) provide such certificates, documents, reports, information, affidavits, and other instruments and do such further acts as may be necessary, desirable or proper in the reasonable determination of Holder to enable Holder to comply with the requirements or requests of any agency having jurisdiction over Holder or any examiners of such agencies with respect to the indebtedness secured hereby, Grantor or the Property. Grantor shall pay all costs connected with any of the foregoing, which shall be a demand obligation owing by Grantor (which Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust.

(k) **Indemnification.** Grantor shall indemnify, defend, and hold Holder, Trustee, and respective City council members, officers, employees, agents, successors, and assigns harmless from and against: (a) any and all claims, liabilities and losses whatsoever (together with any expenses related thereto, including, but not limited to, damages, court costs, and reasonable attorneys' fees) occurring to or resulting from any and all persons, firms, or corporations furnishing or supplying work, services, materials, or supplies in connection with the performance of this City Deed of Trust, (b) any and all claims, liabilities, and losses occurring or resulting to any person, firm, or corporation for damage, injury, or death arising out of or connected with Grantor's performance of this City Deed of Trust, including, but not limited to, any such claims, liabilities, or losses which occur on or adjacent to the Property, and (c) such claims, liabilities, or losses which arise out of the renovation, construction, and operation of the Property. **"Grantor's performance"** includes Grantor's action or inaction and the action or inaction of Grantor's officers, employees, agents, contractors, and subcontractors. This indemnification and hold harmless obligation shall not extend to any claim to the extent arising out of the gross negligence or willful misconduct of Holder, Trustee, or respective City employees and agents. The provision of this Section 2.1(k) shall survive the expiration of the Term or other termination of the Loan Agreement and the re-conveyance of this City Deed of Trust.

**Section 2.2. Performance by Holder on Grantor's Behalf.** Grantor agrees that, if Grantor fails to perform any act or to take any action which under any Loan Document Grantor is required to perform or take, or to pay any money which under any Loan Document Grantor is required to pay, and whether or not the failure then constitutes a default hereunder or thereunder, and whether or not there has occurred any default or defaults hereunder or the Secured Indebtedness has been accelerated, Holder, after giving at least two (2) business days' prior notice to the Grantor, in Grantor's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by Holder and any money so paid by Holder shall be a demand obligation owing by Grantor to Holder (which obligation Grantor hereby promises to pay), shall be a part of the

indebtedness secured hereby, and Holder, upon making such payment, shall be subrogated to all of the rights of the person, entity, or body politic receiving such payment. Holder, and its designees, shall have the right to enter upon the Property at any time and from time-to-time for any such purposes. No such payment or performance by Holder shall waive or cure any default or waive any right, remedy, or recourse of Holder. Any such payment may be made by Holder in reliance on any statement, invoice, or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Grantor to Holder pursuant to this City Deed of Trust shall bear interest, from the date such amount becomes due until paid, at the rate per annum provided in the Promissory Notes for interest on past due principal owed on the Promissory Notes, but never in excess of the maximum nonusurious amount permitted by applicable law, which interest shall be payable to Holder on demand; and all such amounts, together with such interest thereon, shall automatically and without notice be a part of the indebtedness secured hereby. The amount and nature of any expense by Holder hereunder and the time when paid shall be fully established by the certificate of Holder or any of Holder's officers or agents.

**Section 2.3. Absence of Obligations of Holder with Respect to Property.**

Notwithstanding anything in this City Deed of Trust to the contrary, including, without limitation, the definition of "Property" and/or the provisions of Article 3 hereof, (i) to the extent permitted by applicable law, the Property is composed of Grantor's rights, title, and interests therein, but not Grantor's obligations, duties, or liabilities pertaining thereto, (ii) Holder neither assumes nor shall have any obligations, duties or liabilities in connection with any portion of the items described in the definition of "Property" herein, either prior to or after obtaining title to such Property, whether by foreclosure sale, the granting of a deed in lieu of foreclosure or otherwise, and (iii) Holder may, at any time prior to or after the acquisition of title to any portion of the Property as above described, advise any party in writing as to the extent of Holder's interest therein and/or expressly disaffirm in writing any rights, interests, obligations, duties, and/or liabilities with respect to such Property or matters related thereto. Without limiting the generality of the foregoing, it is understood and agreed that Holder shall have no obligations, duties, or liabilities prior to or after acquisition of title to any portion of the Property, as lessee under any lease or purchaser or seller under any contract or option unless Holder elects otherwise by written notification.

**Section 2.4. Authorization to File Financing Statements; Power of Attorney.**

Grantor hereby authorizes Holder at any time and from time-to-time to file any initial financing statements, amendments thereto, and continuation statements as authorized by applicable law, reasonably required by Holder to establish or maintain the validity, perfection, and priority of the security interests granted in this City Deed of Trust. For purposes of such filings, Grantor agrees to furnish any information reasonably requested by Holder promptly upon request by Holder. Grantor also ratifies its authorization for Holder to have filed any like initial financing statements, amendments thereto or continuation statements if filed prior to the date of this City Deed of Trust. Grantor hereby irrevocably constitutes and appoints Holder and any officer or agent of Holder, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor or in Grantor's own name to execute in Grantor's name any such documents and to otherwise carry out the purposes of this Section 2.4, to the extent that Grantor's authorization above is not sufficient. To the extent permitted by law, Grantor hereby ratifies all acts said attorneys-in-fact shall lawfully do, have done in the past or cause to be done in the future by virtue hereof. This power of attorney is a power coupled with an interest and shall be irrevocable.

**ARTICLE 3**  
**Assignment of Rents and Leases**

**Section 3.1. Assignment.** Grantor hereby assigns to Holder all Rents (hereinafter defined) and all of Grantor's rights in and under all Leases (hereinafter defined). So long as no Default (hereinafter defined) has occurred and is continuing, Grantor shall have a license (which license shall terminate automatically and without further notice upon the occurrence of a Default) to collect, but not prior to accrual, the Rents under the Leases and, where applicable, subleases, such Rents to be held in trust for Holder, and to otherwise deal with all Leases as permitted by this City Deed of Trust. Each month, provided no Default has occurred and is continuing, Grantor may retain such Rents as were collected that month and held in trust for Holder; provided, however, that all Rents collected by Grantor shall be applied solely to the ordinary and necessary expenses of owning and operating the Property, paid to Holder or as otherwise set forth in the Loan Agreement. Upon the revocation of such license, all Rents shall be paid directly to Holder and not through the Grantor, all without the necessity of any further action by Holder, including, without limitation, any action to obtain possession of the Land, Improvements, or any other portion of the Property or any action for the appointment of a receiver. Grantor hereby authorizes and directs the tenants under the Leases to pay Rents to Holder upon written demand by Holder, without further consent of Grantor, without any obligation of such tenants to determine whether a Default has in fact occurred and regardless of whether Holder has taken possession of any portion of the Property, and the tenants may rely upon any written statement delivered by Holder to the tenants. Any such payments to Holder shall constitute payments to Grantor under the Leases, and Grantor hereby irrevocably appoints Holder as its attorney-in-fact to do all things, after a Default, which Grantor might otherwise do with respect to the Property and the Leases thereon, including, without limitation, (i) collecting Rents with or without suit and applying the same, less expenses of collection, to any of the obligations secured hereunder or to expenses of operating and maintaining the Property (including reasonable reserves for anticipated expenses), at the option of the Holder, all in such manner as may be determined by Holder, or at the option of Holder, holding the same as security for the payment of the Secured Obligations, (ii) leasing, in the name of Grantor, the whole or any part of the Property which may become vacant, and (iii) employing agents therefor and paying such agents reasonable compensation for their services. The curing of such Default, unless other Defaults also then exist, shall entitle Grantor to recover its aforesaid license to do any such things which Grantor might otherwise do with respect to the Property and the Leases thereon and to again collect such Rents. The powers and rights granted in this paragraph shall be in addition to the other remedies herein provided for upon the occurrence of a Default and may be exercised independently of or concurrently with any of said remedies. Nothing in the foregoing shall be construed to impose any obligation upon Holder to exercise any power or right granted in this paragraph or to assume any liability under any Lease of any part of the Property and no liability shall attach to Holder for failure or inability to collect any Rents under any such Lease. The assignment contained in this Section shall become null and void upon the release of this City Deed of Trust. As used herein: (i) "Lease" means each existing or future lease, sublease (to the extent of Grantor's rights thereunder) or other agreement under the terms of which any person has or acquires any right to occupy or use the Property, or any part thereof, or interest therein, and each existing or future guaranty of payment or performance thereunder, and all extensions, renewals, modifications, and replacements of each such lease, sublease, agreement, or guaranty; and (ii) "Rents" means all of the rents, revenue, income, profits, and proceeds derived and to be derived from the Property or arising from the use or enjoyment of any portion thereof or from any Lease,

including, but not limited to, the proceeds from any negotiated lease termination or buyout of such Lease, liquidated damages following default under any such Lease, all proceeds payable under any policy of insurance covering loss of rents resulting from untenability caused by damage to any part of the Property, all of Grantor's rights to recover monetary amounts from any tenant in bankruptcy including, without limitation, rights of recovery for use and occupancy and damage claims arising out of Lease defaults, including rejections, under any applicable Debtor Relief Law, together with any sums of money that may now or at any time hereafter be or become due and payable to Grantor by virtue of any and all royalties, overriding royalties, bonuses, delay rentals, and any other amount of any kind or character arising under any and all present and all future oil, gas, mineral, and mining leases covering the Property or any part thereof, and all proceeds and other amounts paid or owing to Grantor under or pursuant to any and all contracts and bonds relating to the construction or renovation of the Property.

**Section 3.2. No Liability of Holder.** Holder's acceptance of this assignment shall not be deemed to constitute Holder a "mortgagee in possession," nor obligate Holder to appear in or defend any proceeding relating to any Lease or to the Property, or to take any action hereunder, expend any money, incur any expenses, or perform any obligation or liability under any Lease, or assume any obligation for any deposit delivered to Grantor by any tenant and not as such delivered to and accepted by Holder. Holder shall not be liable for any injury or damage to person or property in or about the Property, or for Holder's failure to collect or to exercise diligence in collecting Rents but shall be accountable only for Rents that it shall actually receive. Neither the assignment of Leases and Rents, nor enforcement of Holder's rights regarding Leases and Rents (including collection of Rents), nor possession of the Property by Holder nor Holder's consent to or approval of any Lease (nor all of the same), shall render Holder liable on any obligation under or with respect to any Lease or constitute affirmation of, or any subordination to, any Lease, occupancy, use, or option.

If Holder seeks or obtains any judicial relief regarding Rents or Leases, the same shall in no way prevent the concurrent or subsequent employment of any other appropriate rights or remedies nor shall same constitute an election of judicial relief for any foreclosure or any other purpose. Holder neither has nor assumes any obligations as lessor or landlord with respect to any Lease. The rights of Holder under this Article 3 shall be cumulative of all other rights of Holder under the Loan Documents or otherwise.

#### **ARTICLE 4** **Default**

**Section 4.1. Events of Default.** The occurrence of any one of the following shall be a default under this City Deed of Trust ("**Event of Default**" or "**Default**"):

- (a) on the date of any Uncured Event of Default (as defined in the Loan Agreement) with respect to the portion of the loan assigned to Grantor;
- (b) upon the insolvency or dissolution of the Grantor;
- (c) on the date of any foreclosure of the Project; or

(d) upon the sale or transfer of the property, or any portion(s) thereof, to any person other than a related entity, or other assignee, who has been approved by the Holder in advance. For purposes of this City Deed of Trust, the term “related entity” means any transferee that is controlled by the Grantor, PHA, or both.

## **ARTICLE 5** **Remedies**

**Section 5.1. Certain Remedies.** If a Default shall occur, Holder may (but shall have no obligation to) exercise any one (1) or more of the following remedies, without notice (unless notice is required by applicable statute):

(a) **Acceleration.** Holder may at any time and from time-to-time declare any or all of the Secured Indebtedness immediately due and payable. Upon any such declaration, such Secured Indebtedness shall thereupon be immediately due and payable, without presentment, demand, protest, notice of protest, notice of acceleration, or of intention to accelerate or any other notice or declaration of any kind, all of which are hereby expressly waived by Grantor.

(b) **Enforcement of Assignment of Rents.** In addition to the rights of Holder under Article 3 hereof, prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Holder may: (1) collect and/or sue for the Rents in Holder's own name, give receipts and releases therefor, and after deducting all expenses of collection, including reasonable attorneys' fees and expenses, apply the net proceeds thereof to the Secured Indebtedness in such manner and order as Holder may elect and/or to the operation and management of the Property, including the payment of management, brokerage and attorney's fees and expenses; and (2) require Grantor to transfer all security deposits and records thereof to Holder together with original counterparts of the Leases.

(c) **Foreclosure.** Grantor hereby authorizes and empowers the Trustee, or his successor or substitute, and it shall be his special duty at the request of Holder to take possession of and/or to sell the Property or any part thereof. Prior to any sale of the Property by Trustee, Trustee shall notify Grantor in accordance with all applicable laws. In the event of a postponement of any sale of the Property, which may be done in the sole discretion of Trustee, no new or additional notice need be given by Trustee to Grantor for the next scheduled sale of the Property. Any sale made by Trustee hereunder may be as an entirety or in such parcels as Holder may request at such time and place, and after such previous public advertisement as Trustee shall deem advantageous and proper and at such times and containing such information as required by applicable laws and rules, without regard to any right of the Grantor or any other person to the marshalling of assets. Public advertisement prior to foreclosure sale of the time, place and terms of sale by publication once a week for two (2) weeks or once a day for three (3) days, which may be consecutive, in a newspaper published or having a general circulation in the city or county in which the Property to be sold, or any portion thereof is located shall be sufficient. Except as may be required by Virginia Code § 58.1-3340, no purchaser of the Property shall be required to see to the proper application of the purchase money. To the extent permitted by applicable law, any sale may be adjourned by announcement at the time and place appointed for such sale without further notice except as may be required by law. The sale by Trustee of less than the whole of the Property shall not exhaust the power of sale herein granted, and Trustee is specifically empowered to make

successive sale or sales under such power until the whole of the Property shall be sold; and, if the proceeds of such sale of less than the whole of the Property shall be less than the aggregate of the Secured Indebtedness and the expense of executing this trust as provided herein, this City Deed of Trust and the lien hereof shall remain in full force and effect as to the unsold portion of the Property just as though no sale had been made; provided, however, that Grantor shall never have any right to require the sale of less than the whole of the Property, but Holder shall have the right, at its sole election, to request Trustee to sell less than the whole of the Property. Trustee may, after any request or direction by Holder, sell not only the real property, but also the Collateral and other interests which are a part of the Property, or any part thereof, as a unit and as a part of a single sale, or may sell any part of the Property separately from the remainder of the Property. It shall not be necessary for Trustee to have taken possession of any part of the Property or to have present or to exhibit at any sale any of the Collateral. After each sale, Trustee shall make to the purchaser or purchasers at such sale good and sufficient conveyances, conveying the property so sold to the purchaser or purchasers in fee simple, subject to the Permitted Encumbrances (and to such leases and other matters, if any, as Trustee may elect upon request of Holder), and shall receive the proceeds of said sale or sales and apply the same as herein provided. Payment of the purchase price to the Trustee shall satisfy the obligation of purchaser at such sale therefor, and such purchaser shall not be responsible for the application thereof. The power of sale granted herein shall not be exhausted by any sale held hereunder by Trustee or his substitute or successor, and such power of sale may be exercised from time to time and as many times as Holder may deem necessary until all of the Property has been duly sold and all Secured Indebtedness has been fully paid. In the event any sale hereunder is not completed or is defective in the opinion of Holder, such sale shall not exhaust the power of sale hereunder and Holder shall have the right to cause a subsequent sale or sales to be made hereunder. Any and all statements of fact or other recitals made in any deed or deeds or other conveyances given by Trustee or any successor or substitute appointed hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any default, or as to Holder's having declared all of said indebtedness to be due and payable, or as to the request to sell, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to the refusal, failure, or inability to act of Trustee or any substitute or successor trustee, or as to the appointment of any substitute or successor trustee, or as to any other act or thing having been duly done by Holder or by such Trustee, substitute or successor, shall be taken as prima facie evidence of the truth of the facts so stated and recited. The Trustee or his successor or substitute may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Trustee, including the posting of notices and the conduct of sale, but in the name and on behalf of Trustee, his successor or substitute. If Trustee or his successor or substitute shall have given notice of sale hereunder, any successor or substitute Trustee thereafter appointed may complete the sale and the conveyance of the property pursuant thereto as if such notice had been given by the successor or substitute Trustee conducting the sale.

**(d) Uniform Commercial Code.** Without limitation of Holder's rights of enforcement with respect to the Collateral or any part thereof in accordance with the procedures for foreclosure of real estate, Holder may exercise its rights of enforcement with respect to the Collateral or any part thereof under the Virginia Uniform Commercial Code, as in effect from time-to-time (or under the Uniform Commercial Code in force, from time-to-time, in any other state to the extent the same is applicable law) and in conjunction with, in addition to or in substitution for those rights and remedies: (1) Holder may enter upon Grantor's premises to take

possession of, assemble and collect the Collateral or, to the extent and for those items of the Collateral permitted under applicable law, to render it unusable; (2) Holder may require Grantor to assemble the Collateral and make it available at a place Holder designates which is mutually convenient to allow Holder to take possession or dispose of the Collateral; (3) written notice mailed to Grantor as provided herein at least five (5) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; provided that, if Holder fails to comply with this clause (3) in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the Virginia Uniform Commercial Code, as in effect from time-to-time (or under the Uniform Commercial Code, in force from time-to-time, in any other state to the extent the same is applicable law); (4) any sale made pursuant to the provisions of this paragraph shall be deemed to have been a public sale conducted in a commercially reasonable manner if held contemporaneously with and upon the same notice as required for the sale of the Property under power of sale as provided in paragraph (c) above in this Section 5.1; (5) in the event of a foreclosure sale, whether made by Trustee under the terms hereof, or under judgment of a court, the Collateral and the other Property may, at the option of Holder, be sold as a whole; (6) it shall not be necessary that Holder take possession of the Collateral or any part thereof prior to the time that any sale pursuant to the provisions of this Section is conducted and it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; (7) with respect to application of proceeds from disposition of the Collateral under Section 5.2 hereof, the costs and expenses incident to disposition shall include the reasonable expenses of retaking, holding, preparing for sale or lease, selling, leasing and the like, and the reasonable attorneys' fees and legal expenses (including, without limitation, the allocated costs for in-house legal services) incurred by Holder; (8) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the Secured Indebtedness or as to the occurrence of any default, or as to Holder having declared all of such indebtedness to be due and payable, or as to notice of time, place, and terms of sale and of the properties to be sold having been duly given, or as to any other act or thing having been duly done by Holder, shall be taken as prima facie evidence of the truth of the facts so stated and recited; (9) Holder may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Holder, including the sending of notices and the conduct of the sale, but in the name and on behalf of Holder; (10) Holder may comply with any applicable state or federal law or regulatory requirements in connection with a disposition of the Collateral, and such compliance will not be considered to affect adversely the commercial reasonableness of any sale of the Collateral; (11) Holder may sell the Collateral without giving any warranties as to the Collateral, and specifically disclaim all warranties including, without limitation, warranties relating to title, possession, quiet enjoyment and the like, and all warranties of quality, merchantability, and fitness for a specific purpose, and this procedure will not be considered to affect adversely the commercial reasonableness of any sale of the Collateral; (12) Grantor acknowledges that a private sale of the Collateral may result in less proceeds than a public sale; and (13) Grantor acknowledges that the Collateral may be sold at a loss to Grantor, and that, in such event, Holder shall have no liability or responsibility to Grantor for such loss.

(e) **Lawsuits**. Holder may proceed by a suit or suits in equity or at law, whether for collection of the indebtedness secured hereby, the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or

courts of competent jurisdiction. Grantor hereby assents to the passage of a decree for the sale of the Property by any equity court having jurisdiction.

**(f) Entry on Property.** Holder is authorized, prior or subsequent to the institution of any foreclosure proceedings, to the fullest extent permitted by applicable law, to enter upon the Property, or any part thereof, and to take possession of the Property and all books and records, and all recorded data of any kind or nature, regardless of the medium of recording including, without limitation, all software, writings, plans, specifications, and schematics relating thereto, and to exercise without interference from Grantor any and all rights which Grantor has with respect to the management, possession, operation, protection or preservation of the Property. Holder shall not be deemed to have taken possession of the Property or any part thereof except upon the exercise of its right to do so, and then only to the extent evidenced by its demand and overt act specifically for such purpose. All costs, expenses, and liabilities of every character incurred by Holder in managing, operating, maintaining, protecting, or preserving the Property shall constitute a demand obligation of Grantor (which obligation Grantor hereby promises to pay) to Holder pursuant to this City Deed of Trust. If necessary to obtain the possession provided for above, Holder may invoke any and all legal remedies to dispossess Grantor. In connection with any action taken by Holder pursuant to this Section, Holder shall not be liable for any loss sustained by Grantor resulting from any failure to let the Property or any part thereof, or from any act or omission of Holder in managing the Property unless such loss is caused by the willful misconduct and bad faith of Holder, nor shall Holder be obligated to perform or discharge any obligation, duty or liability of Grantor arising under any lease or other agreement relating to the Property or arising under any Permitted Encumbrance or otherwise arising. Grantor hereby assents to, ratifies and confirms any and all actions of Holder with respect to the Property taken under this Section.

**(g) Receiver.** Holder shall as a matter of right be entitled to the appointment of a receiver or receivers for all or any part of the Property, whether such receivership be incident to a proposed sale (or sales) of such property or otherwise, and without regard to the value of the Property or the solvency of any person or persons liable for the payment of the indebtedness secured hereby, and Grantor does hereby irrevocably consent to the appointment of such receiver or receivers, waives notice of such appointment, of any request therefor or hearing in connection therewith, and any and all defenses to such appointment, agrees not to oppose any application therefor by Holder, and agrees that such appointment shall in no manner impair, prejudice or otherwise affect the rights of Holder to application of Rents as provided in this City Deed of Trust. Nothing herein is to be construed to deprive Holder of any other right, remedy or privilege it may have under the law to have a receiver appointed. Any money advanced by Holder in connection with any such receivership shall be a demand obligation (which obligation Grantor hereby promises to pay) owing by Grantor to Holder pursuant to this City Deed of Trust.

**(h) Termination of Commitment to Lend.** Holder may terminate any commitment or obligation to lend or disburse funds under any Loan Document or enter into any other credit arrangement to or for the benefit of Grantor.

**(i) Other Rights and Remedies.** Holder may exercise any and all other rights and remedies which Holder may have under the Loan Documents, or at law or in equity or otherwise.

**Section 5.2. Proceeds of Foreclosure.** The proceeds of any sale held by Trustee or Holder or any receiver or public officer in foreclosure of the liens and security interests evidenced hereby shall be applied in accordance with the requirements of applicable laws and to the extent consistent therewith, FIRST, to the payment of all necessary costs and expenses incident to such foreclosure sale, including, but not limited to, reasonable attorneys' fees and legal expenses, advertising costs, auctioneer's fees, costs of title rundowns and lien searches, inspection fees, appraisal costs, reasonable fees for professional services, environmental assessment and remediation fees, all court costs and charges of every character, and a reasonable fee (not exceeding five percent (5%) of the gross proceeds of such sale) to Trustee acting under the provisions of paragraph (c) of Section 5.1 hereof if foreclosed by power of sale as provided in said paragraph, and to the payment of the other Secured Indebtedness, including specifically without limitation the principal, accrued interest, and reasonable attorneys' fees due and unpaid on the Promissory Notes and the amounts due and unpaid and owed to Holder under this City Deed of Trust, the order and manner of application to the items in this clause FIRST to be in Holder's sole discretion; and SECOND, the remainder, if any there shall be, shall be paid to Grantor, or to Grantor's heirs, devisees, representatives, successors, or assigns, or such other persons (including the holder or beneficiary of any inferior lien) as may be entitled thereto by law; provided, however, that if Holder is uncertain which person or persons are so entitled, Holder may interplead such remainder in any court of competent jurisdiction, and the amount of any attorneys' fees, court costs, and expenses incurred in such action shall be a part of the Secured Indebtedness and shall be reimbursable (without limitation) from such remainder.

**Section 5.3. Holder as Purchaser.** Holder shall have the right to become the purchaser at any sale held by Trustee or substitute or successor or by any receiver or public officer or at any public sale, and Holder shall have the right to credit upon the amount of Holder's successful bid, to the extent necessary to satisfy such bid, all or any part of the Secured Indebtedness in such manner and order as Holder may elect.

**Section 5.4. Foreclosure as to Matured Debt.** Upon the occurrence of an Event of Default, Holder shall have the right to proceed with foreclosure (judicial or nonjudicial) of the liens and security interests hereunder without declaring the entire Secured Indebtedness due, and in such event any such foreclosure sale may be made subject to the unmatured part of the Secured Indebtedness; and any such sale shall not in any manner affect the unmatured part of the Secured Indebtedness, but as to such unmatured part this City Deed of Trust shall remain in full force and effect just as though no sale had been made. The proceeds of such sale shall be applied as provided in Section 5.2 hereof except that the amount paid under clause FIRST thereof shall be only the matured portion of the Secured Indebtedness and any proceeds of such sale in excess of those provided for in clause FIRST (modified as provided above) shall be applied to the prepayment (without penalty) of any other Secured Indebtedness in such manner and order and to such extent as Holder deems advisable, and the remainder, if any, shall be applied as provided in clause SECOND of Section 5.2 hereof. Several sales may be made hereunder without exhausting the right of sale for any unmatured part of the Secured Indebtedness.

**Section 5.5. Remedies Cumulative.** All rights and remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other rights and remedies existing at law or in equity, and Trustee and Holder shall, in addition to the rights and remedies provided herein or in any other Loan Document, be entitled to avail themselves of all such other

rights and remedies as may now or hereafter exist at law or in equity for the collection of the Secured Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced hereby, and the resort to any right or remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate right or rights or remedy or remedies.

**Section 5.6. Discretion as to Security.** Holder may resort to any security given by this City Deed of Trust or to any other security now existing or hereafter given to secure the payment of the Secured Indebtedness, in whole or in part, and in such portions and in such order as may seem best to Holder in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits, liens or security interests evidenced by this City Deed of Trust.

**Section 5.7. Grantor's Waiver of Certain Rights.** To the full extent Grantor may do so, Grantor agrees that Grantor will not at any time insist upon, plead, claim, or take the benefit or advantage of any law now or hereafter in force providing for any appraisement, valuation, stay, extension, or redemption, homestead, moratorium, reinstatement, marshalling, or forbearance, and Grantor, for Grantor, Grantor's heirs, devisees, representatives, successors, and assigns, and for any and all persons ever claiming any interest in the Property, to the extent permitted by applicable law, hereby waives and releases all rights of redemption, valuation, appraisement, stay of execution, notice of intention to mature, or declare due the whole of the Secured Indebtedness, notice of election to mature or declare due the whole of the Secured Indebtedness and all rights to a marshalling of assets of Grantor, including the Property, or to a sale in inverse order of alienation in the event of foreclosure of the liens and/or security interests hereby created. Grantor shall not have or assert any right under any statute or rule of law pertaining to the marshalling of assets, sale in inverse order of alienation, the exemption of homestead, the administration of estates of decedents, or other matters whatsoever to defeat, reduce or affect the right of Holder under the terms of this City Deed of Trust to a sale of the Property for the collection of the Secured Indebtedness without any prior or different resort for collection, or the right of Holder under the terms of this City Deed of Trust to the payment of the Secured Indebtedness out of the proceeds of sale of the Property in preference to every other claimant whatsoever. Grantor waives any right or remedy which Grantor may have or be able to assert pursuant to any provision of Virginia law pertaining to the rights and remedies of sureties. If any law referred to in this Section and now in force, of which Grantor or Grantor's heirs, devisees, representatives, successors or assigns or any other persons claiming any interest in the Property might take advantage despite this Section, shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to preclude the application of this Section.

**Section 5.8. Delivery of Possession After Foreclosure.** In the event there is a foreclosure sale hereunder and at the time of such sale and to the extent allowed under applicable law, Grantor or Grantor's heirs, devisees, representatives, or successors as owners of the Property are occupying or using the Property, or any part thereof, each and all shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day-to-day, terminable at the will of purchaser, at a reasonable rental per day based upon the value of the property occupied, such rental to be due daily to the purchaser; and to the extent permitted by applicable law, the purchaser at such sale shall, notwithstanding any language herein apparently

to the contrary, have the sole option to demand immediate possession following the sale or to permit the occupants to remain as tenants at will. After such foreclosure and to the extent allowed under applicable law, any Leases to tenants or subtenants that are subject to this City Deed of Trust (either by their date, their express terms, or by agreement of the tenant or subtenant) shall, at the sole option of Holder or any purchaser at such sale, either (i) continue in full force and effect, and the tenant(s) or subtenant(s) thereunder will, upon request, attorn to and acknowledge in writing to the purchaser or purchasers at such sale or sales as landlord thereunder, or (ii) upon notice to such effect from Holder, the Trustees or any purchaser or purchasers, terminate within thirty (30) days from the date of sale. In the event the tenant fails to surrender possession of the Property upon demand and to the extent allowed under applicable law, the purchaser shall be entitled to institute and maintain a summary action for possession of the Property (such as an action for forcible detainer) in any court having jurisdiction.

## **ARTICLE 6** **Miscellaneous**

**Section 6.1. Scope of Deed of Trust.** This City Deed of Trust is a deed of trust of both real and personal property, a security agreement, an assignment of rents and leases, a financing statement, and fixture filing and a collateral assignment and also covers proceeds and fixtures.

**Section 6.2. Effective as a Financing Statement.** This City Deed of Trust shall be effective as a financing statement filed as a fixture filing with respect to all fixtures included within the Property and is to be filed for record in the real estate records of each county where any part of the Property (including said fixtures) is situated. This City Deed of Trust shall also be effective as a financing statement covering as-extracted collateral (including oil and gas), accounts and general intangibles under the Virginia Uniform Commercial Code, as in effect from time-to-time, and the Uniform Commercial Code, as in effect from time-to-time, in any other state where the Property is situated which will be financed at the wellhead or minehead of the wells or mines located on the Property and is to be filed for record in the real estate records of each county where any part of the Property is situated. This City Deed of Trust shall also be effective as a financing statement covering any other Property and may be filed in any other appropriate filing or recording office. The mailing address of Grantor and the Holder are set forth in the preamble of this City Deed of Trust and the address of Holder from which information concerning the security interests hereunder may be obtained is the address of Holder set forth at the end of this City Deed of Trust. A carbon, photographic, or other reproduction of this City Deed of Trust or of any financing statement relating to this City Deed of Trust shall be sufficient as a financing statement for any of the purposes referred to in this Section.

**Section 6.3. Waiver by Holder.** Holder may at any time and from time-to-time by a specific writing intended for the purpose: (a) waive compliance by Grantor with any covenant herein made by Grantor to the extent and in the manner specified in such writing; (b) consent to Grantor's doing any act which hereunder Grantor is prohibited from doing, or to Grantor's failing to do any act which hereunder Grantor is required to do, to the extent and in the manner specified in such writing; (c) release any part of the Property or any interest therein from the lien and security interest of this City Deed of Trust, without the joinder of Trustee; or (d) release any party liable, either directly or indirectly, for the Secured Indebtedness or for any covenant herein or in any other Loan Document, without impairing or releasing the liability of any other party. No such act shall

in any way affect the rights or powers of Holder or Trustee hereunder except to the extent specifically agreed to by Holder in such writing.

**Section 6.4. No Impairment of Security.** The lien, security interest, and other security rights of Holder hereunder or under any other Loan Document shall not be impaired by any indulgence, moratorium, or release granted by Holder including, but not limited to, any renewal, extension, or modification which Holder may grant with respect to any Secured Indebtedness, or any surrender, compromise, release, renewal, extension, exchange, or substitution which Holder may grant in respect of the Property, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any Secured Indebtedness. The taking of additional security by Holder shall not release or impair the lien, security interest, or other security rights of Holder hereunder or affect the liability of Grantor or of any endorser, guarantor or surety, or improve the right of any junior lienholder in the Property (without implying hereby Holder's consent to any junior lien).

**Section 6.5. Grantor's Successors.** If the ownership of the Property or any part thereof becomes vested in a person other than Grantor, Holder may, without notice to Grantor, deal with such successor or successors in interest with reference to this City Deed of Trust and to the Secured Indebtedness in the same manner as with Grantor, without in any way vitiating or discharging Grantor's liability hereunder or for the payment of the indebtedness or performance of the obligations secured hereby. No transfer of the Property, no forbearance on the part of Holder, and no extension of the time for the payment of the Secured Indebtedness given by Holder shall operate to release, discharge, modify, change, or affect, in whole or in part, the liability of Grantor hereunder for the payment of the indebtedness or performance of the obligations secured hereby or the liability of any other person hereunder for the payment of the indebtedness secured hereby. Each Grantor agrees that it shall be bound by any modification of this City Deed of Trust or any of the other Loan Documents made by Holder and any subsequent owner of the Property, with or without notice, to such Grantor, and no such modifications shall impair the obligations of such Grantor under this City Deed of Trust or any other Loan Document. Nothing in this Section or elsewhere in this City Deed of Trust shall be construed to imply Holder's consent to any transfer of the Property.

**Section 6.6. Forum; Waiver of Jury Trial.** Grantor hereby irrevocably submits generally and unconditionally for itself and in respect of its property to the non-exclusive jurisdiction of any Virginia state court, or any United States federal court, sitting in the city or county in which the Secured Indebtedness is payable, and to the non-exclusive jurisdiction of any state or United States federal court sitting in the state in which any of the Property is located, over any suit, action or proceeding arising out of or relating to this City Deed of Trust or the Secured Indebtedness. Grantor hereby irrevocably waives, to the fullest extent permitted by law, any objection that Grantor may now or hereafter have to the laying of venue in any such court and any claim that any such court is an inconvenient forum. Grantor hereby agrees and consents that, in addition to any methods of service of process provided for under applicable law, all service of process in any such suit, action or proceeding in any Virginia state court, or any United States federal court, sitting in the state in which the Secured Indebtedness is payable may be made by certified or registered mail, return receipt requested, directed to Grantor at its address stated in this City Deed of Trust, or at a subsequent address of Grantor of which Holder received actual notice from Grantor in accordance with this City Deed of Trust, and service so made shall be complete

five (5) days after the same shall have been so mailed. Nothing herein shall affect the right of PHA to serve process in any manner permitted by law or limit the right of PHA to bring proceedings against Grantor in any other court or jurisdiction. TO THE FULLEST EXTENT PERMITTED BY LAW, GRANTOR WAIVES THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY ACTION, SUIT OR OTHER PROCEEDING ARISING OUT OF OR RELATING TO THIS CITY DEED OF TRUST OR ANY OTHER LOAN DOCUMENT.

**Section 6.7. Substitute Trustee.** The Trustee may resign by an instrument in writing addressed to Holder, or Trustee may be removed at any time, with or without cause, by an instrument in writing executed by Holder. In case of the death, resignation, removal, or disqualification of Trustee, or if for any reason Holder shall deem it desirable to appoint a substitute or successor trustee to act instead of the herein named trustee or any substitute or successor trustee, then Holder shall have the right and is hereby authorized and empowered to appoint a successor trustee(s), or a substitute trustee(s), without other formality than appointment and designation in writing executed by Holder and the authority hereby conferred shall extend to the appointment of other successor and substitute trustees successively until the Secured Indebtedness has been paid in full, or until the Property is fully and finally sold hereunder. Upon the making of any such appointment and designation, all of the estate and title of Trustee in the Property shall vest in the named successor or substitute Trustee(s) and he shall thereupon succeed to, and shall hold, possess and execute, all the rights, powers, privileges, immunities and duties herein conferred upon Trustee. All references herein to "Trustee" shall be deemed to refer to Trustee (including any successor(s) or substitute(s) appointed and designated as herein provided) from time to time acting hereunder.

**Section 6.8. No Liability of Trustee.** The Trustee shall not be liable for any error of judgment or act done by Trustee in good faith or be otherwise responsible or accountable under any circumstances whatsoever (including Trustee's negligence), except for Trustee's gross negligence or willful misconduct. The Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. All monies received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any moneys received by him hereunder. Grantor hereby ratifies and confirms any and all acts which the herein named Trustee or his successor or successors, substitute or substitutes, in this trust, shall do lawfully by virtue hereof. Grantor will reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties. The foregoing indemnity shall not terminate upon discharge of the Secured Indebtedness or foreclosure, or release or other termination, of this City Deed of Trust.

**Section 6.9. Notices.** All notices required under this City Deed of Trust shall be given in writing, and shall be deemed to be received five (5) business days after being mailed by first class mail, postage prepaid, return receipt requested, or one (1) business day after being placed for next day delivery with a nationally recognized overnight courier service, or upon receipt when delivered by hand, addressed as follows: (i) if given to PHA—to Piedmont Housing Alliance, Attention: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, with a copy to Doruk Onvural, Klein Hornig, LLP, 1325 G Street, N.W., Suite 770, Washington, DC, 20005,

or (ii) if given to the Grantor—to 501-B Cherry, LLC, c/o Piedmont Housing Alliance, Attention: Executive Director, 682 Berkmar Circle, Charlottesville, Virginia, 22901, with a copy to Doruk Onvural, Klein Hornig, LLP, 1325 G Street, N.W., Suite 770, Washington, DC, 20005, and a copy to the other financing parties at the address(es) provided by the Grantor. This Section shall not be construed in any way to affect or impair any waiver of notice or demand provided in any Loan Document or to require giving of notice or demand to or upon any person in any situation or for any reason.

**Section 6.10. Invalidity of Certain Provisions.** A determination that any provision of this City Deed of Trust is unenforceable or invalid shall not affect the enforceability or validity of any other provision and the determination that the application of any provision of this City Deed of Trust to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to other persons or circumstances.

**Section 6.11. Release.** Upon satisfaction of all obligations and expiration of the Affordability Period, upon written request of the Borrower, PHA shall execute a Certificate of Satisfaction in a commercially reasonable, customary form reasonably acceptable to PHA, to be recorded at the Borrower's sole cost and expense, to release this Deed of Trust from the land records of the City of Charlottesville, Virginia.

**Section 6.12. Successors and Assigns.** The terms, provisions, covenants, and conditions hereof shall be binding upon Grantor, and the heirs, devisees, representatives, successors, and assigns of Grantor, and shall inure to the benefit of Trustee and Holder and shall constitute covenants running with the Land. All references in this City Deed of Trust to Grantor shall be deemed to include all such heirs, devisees, representatives, successors, and assigns of Grantor.

**Section 6.13. Applicable Law.** THIS CITY DEED OF TRUST, AND ITS VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL BE GOVERNED BY VIRGINIA LAW AND CONSTRUED, INTERPRETED, AND ENFORCED IN ACCORDANCE WITH AND PURSUANT TO THE LAWS OF THE COMMONWEALTH OF VIRGINIA (WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES) AND APPLICABLE UNITED STATES FEDERAL LAW, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE COMMONWEALTH OF VIRGINIA ARE GOVERNED BY THE LAWS OF SUCH OTHER JURISDICTION.

**Section 6.14. Short Form Incorporation.** The following short form provisions are incorporated into this City Deed of Trust by reference as permitted by Section 55.1-320, Code of Virginia (Repl. Vol. 1986);

- (1) Exemptions waived.
- (2) Subject to call upon default.
- (3) Renewal, extension or reinstatement permitted.
- (4) Substitution of trustee permitted.
- (5) Any trustee may act.

**Section 6.15. Entire Agreement.** The Loan Documents constitute the entire

understanding and agreement between Grantor and Holder with respect to the transactions arising in connection with the Secured Indebtedness and supersede all prior written or oral understandings and agreements between Grantor and Holder with respect to the matters addressed in the Loan Documents. Grantor hereby acknowledges that, except as incorporated in writing in the Loan Documents, there are not, and were not, and no persons are or were authorized by Holder to make, any representations, understandings, stipulations, agreements or promises, oral or written, with respect to the matters addressed in the Loan Documents.

[SIGNATURE APPEARS ON FOLLOWING PAGE]



**EXHIBIT "A"**  
**Legal Description**

**[FINAL LEGAL DESCRIPTION FOR 501-B CHERRY AVE. SITE TO BE INSERTED]**

*Prepared by and return to:*  
Charlottesville City Attorney  
P.O. Box 911  
Charlottesville, Virginia 22902

Re: City of Charlottesville Real Estate Parcel Id. No. 290178000

**DECLARATION OF AFFORDABLE HOUSING COVENANTS**  
**(RENTAL)**  
**(501-A Cherry Avenue)**

This **DECLARATION OF AFFORDABLE HOUSING COVENANTS (RENTAL)** (hereinafter, “**Covenant**”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 2026 (“**Effective Date**”), by **501-A CHERRY, LLC**, a Virginia limited liability company (“**Project Owner**”), and sometimes referred to herein as the “**Landowner**” or the “**Grantee**”), having an address of 682 Berkmar Circle, Charlottesville, Virginia 22901, for the benefit of the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation and political subdivision of the Commonwealth of Virginia, 605 East Main Street, City Hall, Charlottesville, Virginia, 22902 (the “**City**” or “**Grantor**”).

**RECITALS**

**R-1.** Landowner is the fee simple owner of certain real property located in the City of Charlottesville, Virginia, as further described in **Exhibit A** (the “**Property**”) attached to this Covenant, which Property will include the development of Rental Affordable Units, as further defined below, with respect to the 501-A Cherry Avenue site (the “**Project**”) within the larger redevelopment known as 501 Cherry Avenue Apartments.

**R-2.** To further the public purpose of increasing the affordable housing stock within the City of Charlottesville, Virginia, and, in particular, on the Property, the City is willing to loan certain public funding to Piedmont Housing Alliance (“**PHA**”), in accordance with the provisions of Virginia Code § 15.2-958.

**R-3.** The City and Project Owner desire to set forth herein the terms, restrictions and conditions upon which Project Owner will construct, maintain, sell, and lease the Rental Affordable Units within the Project.

**R-4.** By Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, the City agreed to loan public funding pursuant to the provisions of Virginia Code §15.2-958, to subsidize construction of streets, utilities, and other site improvements essential to the Project and to support the production of new units of residential rental property within the Project, to be occupied following construction by Households of Low and Moderate Income. The City’s adoption of the City Ordinance was induced by PHA’s representation that certain residential units within the Project will, at Project buildout, be Affordable Units.

**R-5.** The City and Project Owner mutually acknowledge the value of assistance provided by the City and the value of the considerations rendered by the Project Owner in maintaining the dwelling units at reduced rents for Households of Low and Moderate Income.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties hereby declare, covenant, and agree as follows, with respect to the Property described within Exhibit “A” to this Covenant:

**ARTICLE I**  
**DEFINITIONS**

For the purposes of this Covenant, the capitalized terms used herein shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as, the singular.

**Affordability Period** is ninety-nine (99) years, calculated as set forth within Article X.

**Affordability Requirement** has the meaning given in Section 2.1

**Affordable Unit** means a residential dwelling unit for occupancy by a household having household income at or below sixty percent (60%) of Area Median Income who are paying no more than thirty percent (30%) of income for Gross Housing Costs, including utilities, which housing will be used to satisfy the Affordability Requirement, all of which shall be identified in the Affordable Unit Index. Where the term “Committed Affordable Unit” or “Committed Rental Affordable Unit” is used, said term refers to an Affordable Unit or Rental Affordable Unit committed by means of this Covenant to satisfy the Affordability Requirement throughout the Affordability Period.

**Affordable Unit Marketing Plan** means Project Owners’ plan(s) for marketing the rental or sale of the Affordable Units, as approved by the Agency pursuant to Section 2.3.

**Affordable Unit Occupant** means a Qualified Tenant who lease(s) a Rental Affordable Unit.

**Agency** means the Office of the City Manager for the City of Charlottesville, Virginia, and any successor Department whose mission includes administration of the City’s Affordable Housing Program.

**Area Median Income (“AMI”)** means median family income limits for the City of Charlottesville, Virginia, established and adjusted by the U.S. Department of Housing and Urban Development (HUD) annually by household size.

**Annual Household Income** means the aggregate annual income of a Household as determined by using the standards set forth in 24 CFR § 5.609, as may be amended, or as otherwise set forth by the Agency.

**Annual Report** has the meaning given in Section 4.10.

**Business Day** means Monday through Friday, inclusive, other than holidays recognized by the City of Charlottesville, Virginia’s, government.

**CAO** means the Office of the City Attorney for the City of Charlottesville, Virginia.

**Certificate of Tenant Eligibility** means a certification by a Household at its initial occupancy of an Affordable Unit, in a form approved by the Agency, that shall be given to the Agency, Project Owner, and the Certifying Authority, representing and warranting the following: (a) the Household is a Qualified Tenant and has disclosed all of its Annual Household Income to the Certifying Authority, (b) the Household's Annual Household Income is at or below the maximum Annual Household Income for the applicable Affordable Unit, (c) the Household has been informed of its rights and obligations under this Covenant, (d) the Household intends to occupy the Affordable Unit as its principal residence, (e) that the Household size is within the Occupancy Standard for the Affordable Unit, and (f) any other reasonable and customary representations requested by the Agency.

**Certification of Income** means a certification made by a Certifying Authority that verifies the Annual Household Income of a Qualified Tenant meets the Designated Affordability Level for an applicable Affordable Unit and meets the requirements of Section 4.5 or Section 5.2.1, as applicable, in such form as the Agency approves.

**Certification of Inspection** means a certification by Project Owner that it has performed or caused to be performed an inspection of a Rental Affordable Unit and that, to the best of Landowner's knowledge, such Rental Affordable Unit is in compliance with all applicable statutory and regulatory requirements, in such form as the Agency approves.

**Certification of Residency** means a certification made by an Affordable Unit tenant that states that the Affordable Unit Occupant occupies the Affordable Unit as its principal residence, in such form as the Agency approves.

**Certifying Authority** means PHA or any other entity or entities approved by the Agency pursuant to Section 2.4.

**City Ordinance** means that certain Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, pursuant to Virginia Code § 15.2-958, and any amendments made thereto, to approve and establish guidelines for the production of new housing for persons of Low and Moderate Income within the Project and to assure that such housing will be occupied following construction by low and moderate income persons throughout the Affordability Period.

**Code** means the Internal Revenue Code of 1986, as amended.

**Designated Affordability Level ("DAL")** means the percentage of AMI assigned to each Affordable Unit, at or below which a Qualified Tenant's Annual Household Income must fall.

**Household(s)** means all individuals who will occupy the Affordable Unit, including all individuals over eighteen (18) years of age whose names will appear on the lease, the purchaser's or tenant's as applicable, spouse or domestic partner and children under eighteen (18) years of age. A Household may be a single family, one (1) individual living alone, two (2) or more families living together, or any other group of related or unrelated individuals who share living arrangements as allowable by this Covenant.

**Household Size Adjustment Factor ("HAF")** means the factor related to the number of individuals in a Household for the purpose of establishing the maximum Annual Household Income of an Affordable

Unit, as set forth in the following table:

| <b>Household Size</b> | <b>Household Adjustment Factor</b> |
|-----------------------|------------------------------------|
| 1                     | 0.7                                |
| 2                     | 0.8                                |
| 3                     | 0.9                                |
| 4                     | 1                                  |
| 5                     | 1.1                                |
| 6                     | 1.2                                |

**Housing Cost** means the total monthly payments for rent and Utilities for Rental Affordable Units.

**HUD** means the United States Department of Housing and Urban Development.

**Land Records** means the real property records for the City of Charlottesville, Virginia, located in the Circuit Court for the City of Charlottesville, Virginia.

**Landowner** is identified in the preamble of this Covenant.

**Levels of Affordability** refers to the Tiers of Affordable Housing defined in terms of AMI. Families earning between one hundred and twenty percent (120%) and eighty percent (80%) AMI are considered “moderate-income”; between eighty percent (80%) and fifty percent (50%) AMI, “low-income”; between fifty percent (50%) and thirty percent (30%) AMI, “very low-income” and below thirty percent (30%) AMI, “extremely low-income.”

**Loan Agreement** means that certain loan agreement by and between PHA and the City to be approved by Ordinance adopted by Charlottesville City Council on \_\_\_\_\_, including the promise to construct the Affordable Units in accordance with this Covenant.

**Market Rate Unit** means each Residential Unit that is not an Affordable Unit.

**Maximum Allowable Rent** as defined in Section 4.4.2.

**MAXI** is the maximum Annual Household Income of a Household occupying an Affordable Unit as calculated pursuant to Section 4 for Rental Affordable Units.

**Maximum Sales Price** as defined in Section 5.1.1, if applicable.

**Mortgage** means a mortgage, deed of trust, mortgage deed, or such other classes of instruments as are commonly given to secure a debt under the laws of the City of Charlottesville, Virginia.

**Mortgagee** means the holder of a Mortgage.

**Occupancy Standard** means the minimum and maximum number of individuals permitted to occupy any given Affordable Unit, as identified in the following chart:

| <b>Affordable Unit Size<br/>(Number of Bedrooms)</b> | <b>Minimum Number of<br/>Individuals in Affordable<br/>Unit</b> | <b>Maximum Number of<br/>Individuals in Affordable<br/>Unit</b> |
|--|---|---|
| Studio/Efficiency                                    | 1   | 1   |
| 1  | 1   | 2   |
| 2  | 2   | 4   |
| 3  | 4   | 6   |
| 4  | 6   | 8   |
| 5  | 8   | 10  |
| 6  | 10  | 12  |

**Occupancy Standard Factor** means the factor related to the assumed number of occupants for the purpose of establishing the Maximum Allowable Rent or Maximum Allowable Sales Price, as applicable, of an Affordable Unit as set forth in the following table:

| <b>Size of Affordable Unit</b> | <b>Occupancy Pricing<br/>Standard</b> | <b>Occupancy Standard<br/>Factor</b> |
|--------------------------------|---------------------------------------|--------------------------------------|
| Efficiency Studio              | 1                                     | .7                                   |
| 1 Bedroom                      | 2                                     | .8                                   |
| 2 Bedroom                      | 3                                     | .9                                   |
| 3 Bedroom                      | 5                                     | 1.1                                  |

**Over-income Tenant** as defined in Section 4.6.5.

**Person** means any individual, corporation, limited liability company, trust, partnership, limited partnership, or other legal entity.

**Project** means the structures, landscaping, hardscape and/or site improvements to be constructed or placed on the Property, including a minimum of a total of forty (40) Rental Affordable Units referred to within the definition of “**Affordability Requirement**.” The term “**Project**” includes all phases of the proposed redevelopment of the Property, identified by the City Real Estate Parcel Identification Numbers 290178000 (currently assigned the street addresses of 501 Cherry Avenue, Charlottesville, Virginia).

**Project Owner** means any person that has an interest in the Property and all of the Project Owner’s assignees, transferees, sublessees, subtenants, and successors in interest.

**Property** refers to the land described on Exhibit A, incorporated herein by reference, which includes the real estate identified, as of the date of this Covenant, by the City real estate parcel identification numbers 290178000 (currently assigned the street address of 501 Cherry Avenue, Charlottesville, Virginia).

**Qualified Tenant** each means a Household that (i) has an Annual Household Income, as certified by the Certifying Authority, less than or equal to the maximum Annual Household Income for the applicable Affordable Unit at the time of leasing and subsequent lease renewals, (ii) shall occupy the Affordable Unit as its principal residence, (iii) shall not permit exclusive occupancy of the Affordable Unit by any other

individual(s), (iv) shall use and occupy the Affordable Unit as an Affordable Unit subject to the Affordability Requirement and this Covenant, and (v) shall occupy the Affordable Unit within the Occupancy Standard.

**Rental Affordable Unit** means an Affordable Unit that shall be leased to a Qualified Tenant.

**Rental Affordable Unit Lease Rider** is that certain lease rider, which is attached to this Covenant as **Exhibit “B”** and incorporated herein, as the same may be amended from time-to-time with the written approval of the Agency.

**Rental Formula** is defined in Section 4.4.2.

**Residential Unit** means a residential dwelling unit constructed within the Project for residential occupancy by one (1) or more individuals who comprise a household.

**Sale** is defined in Section 5.1, if applicable.

**Utilities** means water, sewer, electricity, and natural gas.

## **ARTICLE II** **AFFORDABILITY REQUIREMENT**

**2.1 Requirement of Affordability.** All of the Affordable Units within the Project shall be constructed and reserved as Rental Affordable Units, subject to the Affordability Requirement. The Project shall include a total minimum of forty (40) Rental Affordable Units. For all purposes of this Covenant, the term “**Affordability Requirement**” means and refers to all of the following:

**2.1.1.** All Rental Affordable Units are subject to the Affordability Period.

**2.1.2.** All Rental Affordable Units are subject to the income limitations under subsection (g)(1) and the rent restrictions under subsection (g)(2) of Section 42 of the Code.

**2.1.3.** Rental Affordable Units shall be subject to the following:

(a) No fewer than forty (40) of the Affordable Units within the Project shall be Rental Affordable Units (“**Required Rental Affordable Units**”). The Required Rental Affordable Units are further subject to all of the following:

(i) no fewer than eleven (11) Required Rental Affordable Units shall be rented to Households with a MAXI of fifty percent (50%) Area Median Gross Income; and

(ii) for so long as the City provides rental assistance, no fewer than ten (10) Required Rental Affordable Units shall be rented to Households with a MAXI of forty percent (40%) Area Median Gross Income; and

(iii) no fewer than four (4) Required Rental Affordable Units shall be rented to

Households with a MAXI of thirty percent (30%) Area Median Gross Income; and (iv) the remaining Required Rental Affordable Units shall be rented to Households with a MAXI of sixty percent (60%) Area Median Gross Income.

(b) Additional Rental Affordable Units may be provided within the Project.

(c) The provisions of 2.1.3(a) and (b), above, are, unless otherwise provided, subject to subsection (g)(1)(C) of Section 42 of the Code and the federal Average Income Test.

## **2.2 Affordable Unit Standards and Location.**

**2.2.1 Exterior Finishes.** Exterior finishes of Affordable Units will be consistent across tiers of affordability.

**2.2.2 Interior Finishes.** Interior base finishes, appliances and equipment in the Affordable Units shall be similar across tiers of affordability.

**2.2.3 Affordable Unit Location.** As allowed within the parameters of LIHTC compliance guidelines or other federal law, Affordable Units of various tiers shall be dispersed throughout the Project and shall not be concentrated on any one floor within a building, or within a section of the Project.

**2.3 Marketing Affordable Units.** Project Owner shall create an Affordable Unit Marketing Plan that sets forth its plan for marketing the Affordable Units to Households who may be Qualified Tenants. The Affordable Unit Marketing Plan shall be subject to the Agency's prior written approval and shall be submitted to and approved by the Agency prior to marketing any Affordable Units for sale or rent. Project Owner may contract with the Certifying Authority to implement the Affordable Unit Marketing Plan.

**2.4 Certifying Authority.** Project Owner shall select a Certifying Authority, which shall be subject to the Agency's prior written approval, not to be unreasonably withheld, conditioned, or delayed. Project Owner may contact the Agency with questions and information about the selection of a Certifying Authority. The Certifying Authority shall review documentation and verify a Household's Annual Household Income and Household's size to determine whether that Household is a Qualified Tenant. If a Household is determined to be a Qualified Tenant, the Certifying Authority shall issue a Certification of Income for the subject Household.

## **ARTICLE III** **USE**

**3.1 Use.** Except as provided herein, all occupants of Rental Affordable Units shall have the same and equal use of all the amenities of the Property and services provided at the Property (except if unique services are required for certain tenants as approved by the Agency). No restrictions, requirements, or rules shall be imposed on occupants of Rental Affordable Units at any tier of affordability that are not imposed equally on the tenants of the Rental Affordable Units within other tiers of affordability. If amenities, services, upgrades, or ownership or rental of parking and other facilities are offered as an option to occupants of the Rental Affordable Units at any tier of affordability, such amenities, services, upgrades, or rental of parking and other facilities shall be offered to occupants of the Rental Affordable Units at

other tiers of affordability. If there is no cost or fee charged to the occupants of the Rental Affordable Units at one tier of affordability for such amenities, services, upgrades, or rental of parking and other facilities, there shall not be a cost or fee charged to occupants of Rental Affordable Units at other tiers of affordability.

**3.2 Demolition/Alteration.** Subject to normal wear and tear, Project Owner shall maintain, upkeep, repair, and replace interior components (including fixtures, appliances, flooring, and cabinetry) of each Rental Affordable Unit with interior components of equal or better quality than those interior components being replaced.

## **ARTICLE IV** **RENTAL OF AFFORDABLE UNITS**

**4.1 Lease of Rental Affordable Units.** Project Owner shall reserve, maintain and lease the Rental Affordable Units to Qualified Tenants (a) in accordance with this Covenant, and (b) at a rate paid by the Qualified Tenant at or below the Maximum Allowable Rent.

### **4.2 Rental Affordable Unit Lease Requirements.**

**4.2.1 Form of Lease.** To lease a Rental Affordable Unit to a Qualified Tenant, the Project Owner shall use a Lease Agreement to which is attached and incorporated a Rental Affordable Unit Lease Rider, as may be amended from time-to-time. The Rental Affordable Unit Lease Rider shall be executed by the Project Owner and each Qualified Tenant prior to the Qualified Tenant's occupancy of the Rental Affordable Unit. Any occupant of the Rental Affordable Unit who is eighteen (18) years or older shall be a party to the Lease Agreement and shall execute the Rental Affordable Unit Lease Rider.

**4.2.2 Effectiveness of Lease.** The lease of a Rental Affordable Unit shall only be effective if a Rental Affordable Lease Rider, a Certification of Income, and a Certificate of Tenant Eligibility are attached as exhibits to the Lease Agreement. Failure to attach the foregoing shall render the Lease null and void *ab initio*.

**4.2.3 Requirement to Maintain Copies of Leases of Rental Affordable Units.** Project Owner shall maintain or cause to be maintained copies of all initial and renewed Leases executed with Qualified Tenants for a period of no less than five (5) years from the expiration or termination of such Lease.

### **4.3 Rental Affordable Unit Admissions Process.**

**4.3.1 Referrals.** Project Owner may obtain referrals of prospective tenants of Rental Affordable Units from federal and City of Charlottesville agencies, provided such referrals comply with the requirements of this Covenant, Fair Housing laws, and the requirement that units be generally available to the public. In all events, before a prospective tenant leases a Rental Affordable Unit, their Annual Household Income shall be verified by a Certifying Authority.

**4.3.2 Consideration of Applicants.** For the initial occupancy of the Rental Affordable Units, Project Owner shall select Qualified Tenants through a first-come, first-served system, or other system approved by the Agency, as shall be further provided in the Affordable Unit Marketing Plan. Following

the initial occupancy of the Affordable Units, Project Owner shall consider each applicant in the order in which received, whether received pursuant to the Affordable Unit Marketing Plan or referred pursuant to Section 4.3.1. Tenants of Rental Affordable Units participating in the Project-Based Section 8 Program shall be selected in accordance with requirements of that federal program. Any and all of the foregoing shall be consistent with federal Fair Housing laws and regulations and any units financed under the Code (tax credit or tax-exempt bond financed projects) must be generally available to the public.

**4.3.3 Rejection of Applicants.** In connection with the leasing of a Rental Affordable Unit, Project Owner may reject any applicant if, after diligent review of such applicant's application, Project Owner determines in good faith that such applicant does not meet criteria to lease or occupy a Rental Affordable Unit, provided such criteria do not violate applicable City and federal laws and is the same criteria used to lease or occupy the Market-Rate Units. In the event any rejected applicant raises an objection or challenges Project Owner's rejection of such applicant, the Project Owner shall be solely responsible for ensuring that its rejection of such applicant is not in violation of federal or local law. Project Owner shall provide the Agency with all documents evidencing Project Owner's review and rejection of an applicant, upon the request of the Agency.

**4.3.4 Determination of Eligibility.** Each tenant seeking to occupy a Rental Affordable Unit shall have its Annual Household Income verified by and obtain a Certification of Income from the Certifying Authority prior to leasing such unit. Housing Choice Vouchers (or vouchers from similar programs) shall be an acceptable source of verifiable household income, for the Rental Affordable Units other than those which are part of the Project-Based Section 8 Program.

#### **4.4 Initial Rental Affordable Unit Lease Terms.**

**4.4.1 Term.** The term of any new Rental Affordable Unit lease agreement shall be for a period of one (1) year.

**4.4.2 Establishment of Maximum Rent—Rental Formula.** Rents on Rental Affordable Units shall be rent restricted. Maximum Allowable Rent paid by the Tenant for the first Lease year shall be based on the number of bedrooms and AMI as established annually by HUD. If a household pays for utilities, the maximum rent must be adjusted by the applicable utility allowance.

**4.5 Income Determinations.** The Annual Household Income for a prospective tenant of a Rental Affordable Unit shall be determined as of the date of the Lease or Lease Renewals for such Rental Affordable Unit annually. A Household's income eligibility to rent a Rental Affordable Unit is determined by calculating the MAXI for a Household occupying the Rental Affordable Unit. The Certifying Authority shall verify that the Household's Annual Household Income is not more than the applicable MAXI.

**4.5.1 Maximum Annual Household Income.** The MAXI is determined through AMI as established annually by HUD, and as specified in Section 2.1, above.

#### **4.6 Subsequent Lease Years,**

**4.6.1 Use of Rental Formula.** For each Lease year after the first Lease year, Maximum Allowable Rent shall be determined in the same manner specified within Section 4.4.2, above.

**4.6.2 Renewal by Tenants of Affordable Units.** For each tenant of a Rental Affordable Unit who intends to renew its residential Lease, no earlier than ninety (90) days and no later than thirty (30) days before each anniversary of the first day of a residential Lease, Project Owner shall obtain the following: (i) a Certification of Residency from each such tenant; and (ii) a Certification of Income completed by the Certifying Authority. Project Owner shall not permit a renewal of a Lease for a Rental Affordable Unit, unless the tenant has provided the documents as required herein and the tenant is determined to be a Qualified Tenant. If the tenant fails to provide such documents, Project Owner shall treat such tenant as an Over-Income Tenant and charge market-rate rent, and Project Owner shall designate another unit as a Rental Affordable Unit in accordance with Section 4.6.6. The foregoing Certifications and requirements to be a continuing Qualified Tenant shall be as provided in Section 42 of the Code for any period when the requirements of the Low-Income Housing Tax Credits and the Extended Use Agreement are binding on the Parcel.

**4.6.3 Annual Recertification of Tenants.** Upon receipt of renewal documents from the tenant of a Rental Affordable Unit at the time of recertification, Certifying Authority shall determine the tenant's household income eligibility pursuant to Section 4.5 for the subject Rental Affordable Unit and notify the tenant of the same within fifteen (15) days prior to the expiration of the then-current Lease term. Any tenant whose Annual Household Income remains at or below the MAXI for the subject Rental Affordable Unit will be eligible to remain in the Rental Affordable Unit and to renew his/her Lease at the then-current Lease rate for the particular Rental Affordable Unit. The foregoing Certifications and requirements to be a continuing Qualified Tenant shall be as provided in Section 42 of the Code for any period when the requirements of the Low-Income Housing Tax Credits and the Extended Use Agreement are binding on the Parcel.

**4.6.4 Annual Recertification of Under Income Tenants.** Upon annual recertification, any tenant whose Annual Household Income remains at or below the MAXI for the subject Rental Affordable Unit may elect either to (i) remain in the Rental Affordable Unit up to the then-current Maximum Allowable Rent for the subject Rental Affordable Unit, or (ii) vacate the Rental Affordable Unit at the end of the tenant's Lease term.

**4.6.5 Annual Recertification of Over-Income Tenants.** Upon annual recertification, if a tenant's Annual Household Income is determined to exceed the MAXI for the subject Rental Affordable Unit (such tenant, an "**Over-Income Tenant**"), then the Over-Income Tenant may elect to remain in the Rental Affordable Unit and pay the rent applicable to (a) a higher Designated Affordability Level, if a higher Designated Affordability Level exists for the Property, for which the Over-Income Tenant's Annual Household Income qualifies, whereupon Project Owner shall change the Designated Affordability Level of the Rental Affordable Unit to the higher Designated Affordability Level pursuant to Section 4.6.6, or (b) a like-sized Market-Rate Unit, if the Over-Income Tenant's Annual Household Income does not qualify for a higher Designated Affordability Level, but qualifies for a like-sized Market-Rate Unit, whereupon Project Owner shall designate a Market-Rate Unit as a Rental Affordable Unit pursuant to Section 4.6.6.

**4.6.6 Changes to Unit Location.** If applicable, Project Owner may change the designation of a Rental Affordable Unit to a new Designated Affordability Level or to a Market-Rate Unit as necessary to allow an Over-Income Tenant to remain in the unit (*i.e.*, to accommodate an existing tenant). Following

any change in designation of a Rental Affordable Unit to a higher Designated Affordability Level or to a Market-Rate Unit of similar size and location in the property to the lower Designated Affordability Level from which the original Rental Affordable Unit had been changed to bring the Parcel in conformity with the Affordability Requirement.

**4.6.7 Rent from Subsidies.** Nothing herein shall be construed to prevent Project Owner from collecting rental subsidy or rental-related payments from any federal, state, or City agency paid to Project Owner and/or the tenant of a Rental Affordable Unit, to the extent receipt of such payment is otherwise in compliance with the requirements of this Covenant. Such rental subsidy or rental-related payment shall not be included in determining Maximum Allowable Rent or the income of an otherwise Qualified Tenant, all as provided in the Code.

**4.7 No Subleasing of Rental Affordable Units.** The tenant of a Rental Affordable Unit may not sublease any portion of its Rental Affordable Unit or assign its Lease to any other Household, and Project Owner shall not knowingly allow such Rental Affordable Unit to be subleased, except with the Agency's prior written consent, in the Agency's sole and absolute discretion. No Rental Affordable Unit may be offered or used for any short-term rental or other transient occupancy.

**4.8 Representations of Affordable Unit Tenant.** By execution of a Lease, the tenant of a Rental Affordable Unit shall be deemed to represent and warrant to the Agency and Project Owner, each of whom may rely thereon, that the tenant's household meets, and will continue to meet, all eligibility requirements contained in this Covenant for a Qualified Tenant of a Rental Affordable Unit.

**4.9 Representations of Project Owner.** By execution of a Lease for a Rental Affordable Unit, Project Owner shall be deemed to represent and warrant to the Agency, which may rely on the following, that: (i) the Household is determined to be a Qualified Tenant by the Certifying Authority, and (ii) Project Owner is not collecting more than the Maximum Allowable Rent from the Tenant.

**4.10 Annual Reporting Requirements.** Beginning in the first year that any Rental Affordable Unit is occupied by a tenant, Project Owner shall provide an annual report ("Annual Report") to the Agency regarding the Rental Affordable Units, which shall be submitted on each anniversary date of the Effective Date of this Covenant. The Annual Report shall include the following:

(a) the number and identification of Project Owner's Rental Affordable Units, by bedroom count, that are occupied;

(b) the number and identification of Project Owner's Rental Affordable Units, by bedroom count, that are vacant;

(c) for each Rental Affordable Unit that is vacant or that was vacant for a portion of the reporting period, the manner in which the Rental Affordable Unit became vacant (e.g., eviction or voluntary departure), the length of vacancy, and the progress in re-leasing that unit;

(d) for each occupied Rental Affordable Unit, the names, ages, and ethnicity of all persons in the Qualified Tenant's Household, the Household size, date of initial occupancy, and total Annual Household Income as of the date of the most recent Certification of Income;

(e) a sworn statement that, to the best of Project Owner's information and knowledge, the Household occupying each Affordable Rental Unit meets the eligibility criteria of this Covenant for a Qualified Tenant;

(f) a copy of each new or revised Certification of Income for each Household renting a Rental Affordable Unit;

(g) a copy of each new or revised Certification of Residency for each Household renting a Rental Affordable Unit;

(h) a copy of each inspection report and Certification of Inspection for each Rental Affordable Unit; and

(i) a copy of all forms, policies, procedures, and other documents reasonably requested by the Agency related to the Rental Affordable Units.

The Annual reports shall be retained by Project Owner for a minimum of five (5) years after submission and shall be available, upon reasonable notice, for inspection by the Agency, or its designee. Notwithstanding anything contained herein to the contrary, in the event that Project Owner provides a report to an agency within the City government with content substantially similar to the content of the Annual Reports described in this Section, subject to the Agency's prior written approval, then the reporting requirements under this Section shall be satisfied upon Project Owner's delivery of such report to the Agency. The Agency may request Project Owner to provide additional information in support of its Annual Report, as necessary for the Project Owner to verify compliance with the requirements of this Covenant.

**4.11 Confidentiality.** Except as may be required by applicable law, including, without limitation, the Virginia Freedom of Information Act, Project Owner, the Certifying Authority and the Agency shall not disclose to third parties, other than Project Owner's Investor Member, the personal information of the Households, including the identity of the members of the Households, submitted as a part of the Annual Report.

**4.12 Inspection Rights.** The Agency, or its designee, shall have the right to inspect the Rental Affordable Units, upon reasonable advance notice to the Project Owner and during normal business hours as provided in the Leases and each Owner shall include notice of the Agency's right of inspection within all Leases of the Rental Affordable Units. If Project Owner receives such notice, Project Owner shall, in turn, give reasonable advance notice of the inspection to the tenant(s) occupying the specific Rental Affordable Unit(s). The Agency, or its designee, shall have the right to inspect a random sampling of the Rental Affordable Units to confirm that the units comply with applicable statutory and regulatory housing requirements and the provisions of this Covenant. The Agency, or its designee, shall have the right to conduct audits of a random sampling of the Rental Affordable Units and associated files and documentation to confirm compliance with the requirements of this Covenant.

**4.13 Option to Lease.** Following the expiration of any Extended Use Agreement binding on the Property in connection with the allocation of any Low Income Housing Tax Credits, pursuant to Section

42 of the Code, including any extension period thereof, the City shall have the exclusive right to lease up to twenty percent (20%) of the Rental Affordable Units for a term of forty (40) years at a rental rate not to exceed that which would be payable by a household of four (4) persons having an income of eighty percent (80%) AMI.

**ARTICLE V**  
**[RESERVED]**

**ARTICLE VI**  
**DEFAULT; ENFORCEMENT AND REMEDIES**

**6.1 Default; Remedies.** In the event Project Owner defaults under any term of this Covenant, and Project Owner does not cure such default within sixty (60) days following written notice of such default from the Agency, the City shall have the right to seek specific performance, injunctive relief, or other equitable remedies, including compelling the re-sale or leasing of an Affordable Unit and the disgorgement of rents and sale proceeds in excess of the rental rates and sale prices permitted hereunder, for any default(s). In the event such cure cannot reasonably be affected within the sixty (60)-day period, the Project Owner may request such additional time as may reasonably be necessary to cure such default provided the Project Owner has promptly initiated and diligently pursued such cure. Project Owner shall give notice of any such default to Project Owner’s investment member, and any cure provided by such investor member shall be acceptable to the City as if rendered by Project Owner directly.

If Project Owner is in default under the terms of the Covenant, prior to exercising any remedies thereunder, the City shall provide simultaneous written notice of such default to Project Owner’s investor member (the “**Investor Member**”) if Project Owner or Investor Member has kept the City informed of the name and contact information for the Investor Member. Investor Member shall have the independent right to cure any defaults within the time periods set forth above. City hereby agrees that any cure of any default made or tendered by the Investor Member shall be (i) deemed to be a cure by Project Owner, and (ii) accepted or rejected on the same basis as if made or tendered by Project Owner.

**6.2 Right to Attorney’s Fees.** In any legal action to enforce this Covenant, the non-prevailing party shall pay the prevailing party’s reasonable attorney fees and litigation costs incurred in connection with the prevailing party’s efforts to enforce this Covenant. If the Charlottesville City Attorney’s Office (“CAO”) serves as counsel for the City in such legal action, the reasonable attorney fees for the City shall be calculated based on the then applicable hourly rates prevailing within private practice within the City, and the number of hours that employees of the CAO prepare for or participated in any such action.

**ARTICLE VII**  
**COVENANT BINDING ON SUCCESSORS AND ASSIGNS**

This Covenant is and shall be binding upon the Property and shall run with the land and any interest therein as of the Effective Date through the Affordability Period. The rights and obligations of City and Project Owner shall be binding upon and inure to the benefit of the said parties and their respective heirs, successors, and assigns; provided however that all rights of City pertaining to the monitoring and/or enforcement of the obligations of Project Owner shall be retained by City, or such designee of the City as the City may so determine. No sale, transfer, or foreclosure shall affect the validity of this Covenant, except as otherwise expressly provided within this Covenant.

**ARTICLE VIII**  
**[RESERVED]**

**ARTICLE IX**  
**AMENDMENT OF COVENANT**

Except as otherwise provided herein, neither this Covenant, nor any part hereof, can be amended, modified or released, unless such amendment, modification, or release is set forth within a written instrument executed by a duly authorized official of the Agency on behalf of the City, and by a duly authorized representative of a Project Owner and recorded in the Land Records. Any amendment to this Covenant that alters the terms and conditions set forth herein shall be recorded among the Land Records before it shall be deemed effective.

**ARTICLE X**  
**AFFORDABILITY PERIOD**

**10.1.** All Affordable Units in The Project shall be and remain Affordable in accordance with the terms of this Covenant for a **period of ninety-nine (99) years (the “Affordability Period”)**. The Affordability Period for each Rental Affordable Unit shall commence upon the issuance of a certificate of occupancy by the City’s Building Code Official for that unit and shall continue for a period of ninety-nine (99) years thereafter. Notwithstanding the foregoing, this Covenant may be released and extinguished upon the written approval of the Agency, in its sole and absolute discretion.

**10.2.** Notwithstanding the foregoing, in the event the Project, or the Project Owner’s interest in the Property, is foreclosed upon by an institutional or governmental lender following foreclosure by, or deed in lieu of foreclosure, to a Mortgagee in a superior position, or a Mortgage in a superior position is assigned to the Secretary of HUD, the terms of this Covenant applicable to such unit shall automatically terminate subject to Sections 10.3.

**10.3.** Notwithstanding the foregoing Section 10.2, if Virginia Housing is first lienholder and senior lender, and Virginia Housing is the successful bidder at foreclosure and becomes the successor in interest, then the income, rent or use restrictions required by this Covenant shall terminate, except: (i) twenty percent (20%) of the units within the Project must remain at sixty percent (60%) of AMI following such a foreclosure, and (ii) Virginia Housing must permit additional units at sixty percent (60%) AMI to survive such a foreclosure, provided that Virginia Housing determines, in its sole discretion, that the development will achieve a targeted debt service coverage rate (“DCSR”) of at least 1.25, while subject to such additional set-aside. The City Manager, with the approval of the CAO, shall have authority to renegotiate income, rent, and use restrictions required by this Covenant, and to enter into a binding amendment of this



All notices to be given to the tenant of a Rental Affordable Unit shall be sent to the unit number referenced in its lease. It shall be the responsibility of the applicable person and any successor to give written notice to the City of its mailing and delivery addresses. The failure of the applicable person to keep the City apprised in writing of its mailing and delivery address(es) shall constitute a default under this Covenant.

**11.3** Notices shall be deemed delivered as follows: (i) if hand-delivered, then on the date of delivery or refusal thereof; (ii) if by overnight courier service, then on the next business day after deposit with the overnight courier service; and (ii) if by certified mail (return receipt requested, postage pre-paid), then on the date of actual delivery or refusal thereof.

## **ARTICLE XII** **MISCELLANEOUS**

**12.1 Applicable Law; Venue.** This Covenant shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without reference to the conflicts of law's provisions thereof. Each of the parties whose signatures are affixed to this Covenant irrevocably agrees on behalf of itself and each of its heirs, successors in interest, and assigns, to submit to the jurisdiction of the Circuit Court for the City of Charlottesville, Virginia, for the purposes of any suit, action, or other proceeding arising out of this Covenant or any transaction contemplated hereby. Each of the parties whose signatures are affixed to this Covenant, on behalf of itself and each of its heirs, successors in interest, and assigns, irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Covenant or the transactions contemplated hereby in the Circuit Court of the City of Charlottesville, Virginia, and agree not to plead or claim in any such court that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

**12.2 Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument.

**12.3 Time of performance.** All dates for performance (including cure of any default) shall expire at 5:00 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a Saturday, Sunday, or City holiday is automatically extended to the next Business Day.

**12.4 Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS COVENANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**12.5 Further Assurances.** Each party agrees to execute and deliver to the other party such additional documents and instruments as the other party may request in order to fully carry out the purposes and intent of this Covenant, provided that such additional documents and instruments do not materially increase the obligations or burdens upon the second party.

**12.6 Severability.** If any provision of this Covenant is held to be unenforceable or illegal for any reason, said provision shall be severed from all other provisions and all other provisions shall be and remain in effect without reference to the unenforceable or illegal provision.

**12.7 Limitation on Liability.** Provided that Project Owner has exercised due diligence in the performance of its obligations and duties herein, Project Owner shall not be liable in the event a Household submits falsified documentation, commits fraud, or breaches any representation or warranty contained in this Covenant. Notwithstanding the foregoing, Project Owner shall be liable, if Project Owner has knowledge, or should have knowledge, that a Household submitted falsified documentation, committed fraud, or breached any representation or warranty contained in this Covenant.

**12.8 Agency Limitation on Liability.** Any review or approval by the City or the Agency shall not be deemed to be an approval, warranty, or other certification by the City or the Agency as to compliance of such submissions, the Project, any Affordable Unit or the Property with any building codes, regulations, standards, laws, or any other requirements contained in this Covenant, or any other covenant granted in favor of the City that is filed among the Land Records or otherwise contractually required. The City shall incur no liability in connection with the Agency's review of any submissions required under this Covenant as its review is solely for the purpose of protecting the City's interest under this Covenant.

**12.9 No Third-Party Beneficiary.** Except as expressly set forth in this Covenant, there are no intended third-party beneficiaries of this Covenant, and no Person other than City shall have standing to bring an action for breach of or to enforce the provisions of this Covenant.

**12.10 Non-Waiver.** The failure of any party to this Covenant to enforce any rights, reservations, restrictions, easements, or conditions contained in this Covenant, regardless of how long such failure shall continue, shall not constitute a waiver of or bar of such right to enforcement. The remedies granted hereunder are cumulative, and the exercise of any one or more shall not be deemed an election of remedies or waiver of the right to pursue other remedies.

**12.11 Representations of Project Owner.** As of the date hereof, Project Owner hereby represents and warrants to City as follows:

(a) This Covenant has been duly executed and delivered by Project Owner and Landowner, and constitutes the legal, valid, and binding obligation of said persons, enforceable against said persons, and their heirs, successors and assigns; and

(b) Neither the entering into of this Covenant nor performance hereunder will constitute or result in a violation or breach by Project Owner of any agreement or order which is binding on Project Owner; and

(c) The Project Owner (i) is duly organized, validly existing, and in good standing under the laws of its state of jurisdiction and is qualified to do business and is in good standing under the laws of the Commonwealth of Virginia and the City of Charlottesville, Virginia; (ii) is authorized to perform under this Covenant; and (iii) has all necessary power and authority to execute and deliver this Covenant.

**12.12 Federal Affordability Restrictions.** In the event the Parcel is encumbered by other affordability restrictions ("**Federal Affordability Restrictions**") as a result of federal funding or the issuance of Low-Income Housing Tax Credits for the Project, it is expressly understood that, to the extent, if any, that such Federal Affordability restrictions, requirements, and provisions conflict with any provision(s) of this Covenant, then in the event the conflicting provision(s) in this Covenant would cause a default of or

finding of non-compliance with the Federal Affordability Restrictions during the compliance period for the Federal Affordability Restrictions, then the requirements of the Federal Affordability Restrictions shall control to the extent of the conflict. In all other instances, the requirements of this Covenant shall control.

**12.13 Division of the Property.** PHA shall have the right to subdivide the Property as required for the development of the Project.

**IN WITNESS WHEREOF**, the parties hereto have executed this Declaration of Affordable Housing Covenants as of the day and year first above written.

**PROJECT OWNER:**

**501-A CHERRY, LLC,**  
a Virginia limited liability company

By: 501-A Cherry MM, LLC,  
a Virginia limited liability company,  
its managing member

By: Piedmont Housing Alliance,  
a Virginia nonstock corporation,  
its managing member

By: \_\_\_\_\_  
Name: Sunshine Mathon  
Title: Executive Director

COMMONWEALTH OF VIRGINIA        )  
CITY/COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2026, before me, the undersigned, a notary public in and for said state, personally appeared Sunshine Mathon, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as Executive Director of Piedmont Housing Alliance, the managing member of 501-A Cherry MM, LLC, the managing member of 501-A Cherry, LLC and that by his signature on the instrument, the entity, individual, or the person on behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

Registration No.: \_\_\_\_\_

**ACKNOWLEDGED AND AGREED TO:**

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**By:** \_\_\_\_\_  
**City Manager**

**Approved as to Form:**

**By:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**EXHIBIT "A"**  
**TO DECLARATION OF AFFORDABLE HOUSING COVENANTS**

*(Legal Description of the Property)*

**[FINAL LEGAL DESCRIPTION FOR 501-A CHERRY AVE. SITE TO BE INSERTED]**

**EXHIBIT “B”**  
***(TO THE DECLARATION OF AFFORDABLE HOUSING COVENANTS)***

**Rental Affordable Unit Lease Rider**

This Affordable Unit Lease Rider (“Rider”) is attached to and incorporated into the lease dated (“Lease”) between \_\_\_\_\_ (“Resident” or “You”) and \_\_\_\_\_, as Management Agent (“Manager”) for \_\_\_\_\_ (“Owner”) for Apartment \_\_\_\_\_ (“Premises”). All capitalized terms not defined in this Rider shall have the meaning provided in the Affordable Housing Covenant (as defined below).

In consideration of the mutual covenants set forth in the Lease and below, you agree that your use and possession of the Premises is subject to the terms and conditions set forth in the Lease and the following terms and conditions, which are in addition to and supplement the Lease:

**AFFORDABLE UNIT:** Resident acknowledges that the Premises is subject to that certain Declaration of Affordable Housing Covenant between Owner and the City of Charlottesville, Virginia (“City”), dated \_\_\_\_\_, 2026, as may be subsequently amended, (the “Affordable Housing Covenant”). The Premises is currently designated as an Affordable Unit, which requires the Resident’s household income to be less than or equal to sixty percent (60%) of the area median income (“AMI”).

**DEFINED TERMS:** Those terms not specifically defined herein shall be assigned the definition provided in the Affordable Housing Covenant.

**ELIGIBILITY:** In order for you, as resident, to be eligible to rent an Affordable Unit, you must be and remain an “Affordable Unit Tenant” as defined in the Affordable Housing Covenant.

**INCOME CERTIFICATION/INCOME RECERTIFICATION:** No more than ninety (90) days and no less than forty-five (45) days before each anniversary of the first day of the Lease (or at the City’s option, every two (2) years after the first day of the Lease) the Manager shall request that the Resident provide the Certifying Authority with the following:

- (i) an executed Certification of residency that states that Resident occupies the Premises as his/her/their principal residence,
- (ii) all information pertaining to the Resident’s household composition and income for all household members,
- (iii) a release authorizing third party sources to provide relevant information regarding the Resident’s eligibility for the Affordable Unit, as well as how to contact such sources, and
- (iv) any other reasonable and customary representations, information or documents requested by the Certifying Authority.

Resident shall submit the foregoing listed documentation to the Certifying Authority within fifteen (15) days of Manager’s request. Within ten (10) days of Certifying Authority’s receipt of the foregoing documentation and based on the results of the annual income recertification review, Certifying Authority will determine whether the Resident remains income eligible for the Premises and notify the Resident of his or her household’s AMI percentage, and (a) if the Resident is no longer income eligible for the Premise,

the income category for which the Resident is income eligible to lease a unit in the apartment community, or (b) if the Resident is income eligible for the Premises, provide a Certification of Income completed by the Certifying Authority, verifying that the income of the Resident meets income eligibility for the Premises.

Upon annual recertification, if the Resident remains income eligible for the Premises, the Resident will be eligible to remain in the Premises and to renew his/her lease at the then-current Lease rate for the Premises. If the Resident’s Annual Household Income is determined to exceed the Maximum Annual Household Income applicable to the Premises, then the Resident may remain in the Premises and pay the rent applicable to an Affordable Unit at a higher affordability level for which the Resident’s Annual Household Income qualifies. If the Resident’s Annual Household is determined to exceed the Maximum Annual Income for the Affordable Unit with the highest AMI level in the Parcel, then the Owner may allow the Resident to remain in the Premises and to pay the applicable market-rate rent for the Premises.

Manager will notify Resident of all options (*i.e.*, an Affordable Unit at a different AMI category or a market rate unit) for which Resident is income eligible prior to the expiration of the Resident’s Lease term. Prior to the expiration of the Resident’s Lease term, the Resident shall notify Manager in writing of the Resident’s election to either (i) remain in the Premises and pay the rental rate applicable to the Resident’s then current AMI category if the Resident’s Annual Household Income is at or below the established AMI categories of [ ] AMI or [ ] AMI, (ii) remain in the Premises paying the market rate rent for that unit if the Resident’s then current income is above the highest AMI level, or (iii) vacate the Premises at the end of the Resident’s Lease term. Resident’s failure to notify Manager of Resident’s election prior to the expiration of the Lease term will be deemed by Manager as Resident’s election to vacate the Premises.

If Resident fails to pay the applicable rental rate or vacate the Premises upon expiration of the Lease term, Manager shall pursue an action for eviction of Resident. Resident’s agreement to pay the applicable rental rate or vacate was a condition precedent to Manager’s initial acceptance of Resident’s eligibility and Manager has relied on Resident’s agreement. Resident acknowledges and agrees that the criteria to be income eligible to occupy the Premises is and serves as a City policy and objective, and that failure to vacate the Premises or pay the applicable rental rate is both a default under the Lease and in violation of the Affordable Housing Covenant.

**PROHIBITION ON SUBLETS AND ASSIGNMENTS:** Resident may not sublease any portion of the Premises or assign its Lease to any other person, except with the prior written consent of the Agency, in its sole and absolute discretion.

**LEASE EFFECTIVE:** The Lease of the Premises shall only be effective if this executed Rider, a Certification of Income, a Certificate of Tenant Eligibility (for initial lease term), and a Certificate of Residency (for Lease renewals) are attached as exhibits to the Lease Agreement.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

*Prepared by and return to:*  
Charlottesville City Attorney  
P.O. Box 911  
Charlottesville, Virginia 22902

Re: City of Charlottesville Real Estate Parcel Id. No. 290178000

**DECLARATION OF AFFORDABLE HOUSING COVENANTS**  
**(RENTAL)**  
**(501-B Cherry Avenue)**

This **DECLARATION OF AFFORDABLE HOUSING COVENANTS (RENTAL)** (hereinafter, “**Covenant**”) is made as of the \_\_\_\_ day of \_\_\_\_\_, 2026 (“**Effective Date**”), by **501-B CHERRY, LLC**, a Virginia limited liability company (“**Project Owner**”), and sometimes referred to herein as the “**Landowner**” or the “**Grantee**”), having an address of 682 Berkmar Circle, Charlottesville, Virginia 22901, for the benefit of the **CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation and political subdivision of the Commonwealth of Virginia, 605 East Main Street, City Hall, Charlottesville, Virginia, 22902 (the “**City**” or “**Grantor**”).

**RECITALS**

**R-1.** Landowner is the fee simple owner of certain real property located in the City of Charlottesville, Virginia, as further described in **Exhibit A** (the “**Property**”) attached to this Covenant, which Property will include the development of Rental Affordable Units, as further defined below, with respect to the 501-B Cherry Avenue site (the “**Project**”) within the larger redevelopment known as 501 Cherry Avenue Apartments.

**R-2.** To further the public purpose of increasing the affordable housing stock within the City of Charlottesville, Virginia, and, in particular, on the Property, the City is willing to loan certain public funding to Piedmont Housing Alliance (“**PHA**”), in accordance with the provisions of Virginia Code § 15.2-958.

**R-3.** The City and Project Owner desire to set forth herein the terms, restrictions and conditions upon which Project Owner will construct, maintain, sell, and lease the Rental Affordable Units within the Project.

**R-4.** By Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, the City agreed to loan public funding pursuant to the provisions of Virginia Code §15.2-958, to subsidize construction of streets, utilities, and other site improvements essential to the Project and to support the production of new units of residential rental property within the Project, to be occupied following construction by Households of Low and Moderate Income. The City’s adoption of the City Ordinance was induced by PHA’s representation that certain residential units within the Project will, at Project buildout, be Affordable Units.

**R-5.** The City and Project Owner mutually acknowledge the value of assistance provided by the City and the value of the considerations rendered by the Project Owner in maintaining the dwelling units at reduced rents for Households of Low and Moderate Income.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the parties hereby declare, covenant, and agree as follows, with respect to the Property described within Exhibit “A” to this Covenant:

**ARTICLE I**  
**DEFINITIONS**

For the purposes of this Covenant, the capitalized terms used herein shall have the meanings ascribed to them below and, unless the context clearly indicates otherwise, shall include the plural as well as, the singular.

**Affordability Period** is ninety-nine (99) years, calculated as set forth within Article X.

**Affordability Requirement** has the meaning given in Section 2.1

**Affordable Unit** means a residential dwelling unit for occupancy by a household having household income at or below sixty percent (60%) of Area Median Income who are paying no more than thirty percent (30%) of income for Gross Housing Costs, including utilities, which housing will be used to satisfy the Affordability Requirement, all of which shall be identified in the Affordable Unit Index. Where the term “Committed Affordable Unit” or “Committed Rental Affordable Unit” is used, said term refers to an Affordable Unit or Rental Affordable Unit committed by means of this Covenant to satisfy the Affordability Requirement throughout the Affordability Period.

**Affordable Unit Marketing Plan** means Project Owners’ plan(s) for marketing the rental or sale of the Affordable Units, as approved by the Agency pursuant to Section 2.3.

**Affordable Unit Occupant** means a Qualified Tenant who lease(s) a Rental Affordable Unit.

**Agency** means the Office of the City Manager for the City of Charlottesville, Virginia, and any successor Department whose mission includes administration of the City’s Affordable Housing Program.

**Area Median Income (“AMI”)** means median family income limits for the City of Charlottesville, Virginia, established and adjusted by the U.S. Department of Housing and Urban Development (HUD) annually by household size.

**Annual Household Income** means the aggregate annual income of a Household as determined by using the standards set forth in 24 CFR § 5.609, as may be amended, or as otherwise set forth by the Agency.

**Annual Report** has the meaning given in Section 4.10.

**Business Day** means Monday through Friday, inclusive, other than holidays recognized by the City of Charlottesville, Virginia’s, government.

**CAO** means the Office of the City Attorney for the City of Charlottesville, Virginia.

**Certificate of Tenant Eligibility** means a certification by a Household at its initial occupancy of an Affordable Unit, in a form approved by the Agency, that shall be given to the Agency, Project Owner, and the Certifying Authority, representing and warranting the following: (a) the Household is a Qualified Tenant and has disclosed all of its Annual Household Income to the Certifying Authority, (b) the Household's Annual Household Income is at or below the maximum Annual Household Income for the applicable Affordable Unit, (c) the Household has been informed of its rights and obligations under this Covenant, (d) the Household intends to occupy the Affordable Unit as its principal residence, (e) that the Household size is within the Occupancy Standard for the Affordable Unit, and (f) any other reasonable and customary representations requested by the Agency.

**Certification of Income** means a certification made by a Certifying Authority that verifies the Annual Household Income of a Qualified Tenant meets the Designated Affordability Level for an applicable Affordable Unit and meets the requirements of Section 4.5 or Section 5.2.1, as applicable, in such form as the Agency approves.

**Certification of Inspection** means a certification by Project Owner that it has performed or caused to be performed an inspection of a Rental Affordable Unit and that, to the best of Landowner's knowledge, such Rental Affordable Unit is in compliance with all applicable statutory and regulatory requirements, in such form as the Agency approves.

**Certification of Residency** means a certification made by an Affordable Unit tenant that states that the Affordable Unit Occupant occupies the Affordable Unit as its principal residence, in such form as the Agency approves.

**Certifying Authority** means PHA or any other entity or entities approved by the Agency pursuant to Section 2.4.

**City Ordinance** means that certain Resolution Number R-24-027 approved by the Charlottesville City Council on March 5, 2024, pursuant to Virginia Code § 15.2-958, and any amendments made thereto, to approve and establish guidelines for the production of new housing for persons of Low and Moderate Income within the Project and to assure that such housing will be occupied following construction by low and moderate income persons throughout the Affordability Period.

**Code** means the Internal Revenue Code of 1986, as amended.

**Designated Affordability Level ("DAL")** means the percentage of AMI assigned to each Affordable Unit, at or below which a Qualified Tenant's Annual Household Income must fall.

**Household(s)** means all individuals who will occupy the Affordable Unit, including all individuals over eighteen (18) years of age whose names will appear on the lease, the purchaser's or tenant's as applicable, spouse or domestic partner and children under eighteen (18) years of age. A Household may be a single family, one (1) individual living alone, two (2) or more families living together, or any other group of related or unrelated individuals who share living arrangements as allowable by this Covenant.

**Household Size Adjustment Factor ("HAF")** means the factor related to the number of individuals in a Household for the purpose of establishing the maximum Annual Household Income of an Affordable

Unit, as set forth in the following table:

| <b>Household Size</b> | <b>Household Adjustment Factor</b> |
|-----------------------|------------------------------------|
| 1                     | 0.7                                |
| 2                     | 0.8                                |
| 3                     | 0.9                                |
| 4                     | 1                                  |
| 5                     | 1.1                                |
| 6                     | 1.2                                |

**Housing Cost** means the total monthly payments for rent and Utilities for Rental Affordable Units.

**HUD** means the United States Department of Housing and Urban Development.

**Land Records** means the real property records for the City of Charlottesville, Virginia, located in the Circuit Court for the City of Charlottesville, Virginia.

**Landowner** is identified in the preamble of this Covenant.

**Levels of Affordability** refers to the Tiers of Affordable Housing defined in terms of AMI. Families earning between one hundred and twenty percent (120%) and eighty percent (80%) AMI are considered “moderate-income”; between eighty percent (80%) and fifty percent (50%) AMI, “low-income”; between fifty percent (50%) and thirty percent (30%) AMI, “very low-income” and below thirty percent (30%) AMI, “extremely low-income.”

**Loan Agreement** means that certain loan agreement by and between PHA and the City to be approved by Ordinance adopted by Charlottesville City Council on \_\_\_\_\_, including the promise to construct the Affordable Units in accordance with this Covenant.

**Market Rate Unit** means each Residential Unit that is not an Affordable Unit.

**Maximum Allowable Rent** as defined in Section 4.4.2.

**MAXI** is the maximum Annual Household Income of a Household occupying an Affordable Unit as calculated pursuant to Section 4 for Rental Affordable Units.

**Maximum Sales Price** as defined in Section 5.1.1, if applicable.

**Mortgage** means a mortgage, deed of trust, mortgage deed, or such other classes of instruments as are commonly given to secure a debt under the laws of the City of Charlottesville, Virginia.

**Mortgagee** means the holder of a Mortgage.

**Occupancy Standard** means the minimum and maximum number of individuals permitted to occupy any given Affordable Unit, as identified in the following chart:

| <b>Affordable Unit Size<br/>(Number of Bedrooms)</b> | <b>Minimum Number of<br/>Individuals in Affordable<br/>Unit</b> | <b>Maximum Number of<br/>Individuals in Affordable<br/>Unit</b> |
|--|---|---|
| Studio/Efficiency                                    | 1   | 1   |
| 1  | 1   | 2   |
| 2  | 2   | 4   |
| 3  | 4   | 6   |
| 4  | 6   | 8   |
| 5  | 8   | 10  |
| 6  | 10  | 12  |

**Occupancy Standard Factor** means the factor related to the assumed number of occupants for the purpose of establishing the Maximum Allowable Rent or Maximum Allowable Sales Price, as applicable, of an Affordable Unit as set forth in the following table:

| <b>Size of Affordable Unit</b> | <b>Occupancy Pricing<br/>Standard</b> | <b>Occupancy Standard<br/>Factor</b> |
|--------------------------------|---------------------------------------|--------------------------------------|
| Efficiency Studio              | 1                                     | .7                                   |
| 1 Bedroom                      | 2                                     | .8                                   |
| 2 Bedroom                      | 3                                     | .9                                   |
| 3 Bedroom                      | 5                                     | 1.1                                  |

**Over-income Tenant** as defined in Section 4.6.5.

**Person** means any individual, corporation, limited liability company, trust, partnership, limited partnership, or other legal entity.

**Project** means the structures, landscaping, hardscape and/or site improvements to be constructed or placed on the Property, including a minimum of a total of thirty-one (31) Rental Affordable Units referred to within the definition of “**Affordability Requirement**.” The term “**Project**” includes all phases of the proposed redevelopment of the Property, identified by the City Real Estate Parcel Identification Numbers 290178000 (currently assigned the street addresses of 501 Cherry Avenue, Charlottesville, Virginia).

**Project Owner** means any person that has an interest in the Property and all of the Project Owner’s assignees, transferees, sublessees, subtenants, and successors in interest.

**Property** refers to the land described on Exhibit A, incorporated herein by reference, which includes the real estate identified, as of the date of this Covenant, by the City real estate parcel identification numbers 290178000 (currently assigned the street address of 501 Cherry Avenue, Charlottesville, Virginia).

**Qualified Tenant** each means a Household that (i) has an Annual Household Income, as certified by the Certifying Authority, less than or equal to the maximum Annual Household Income for the applicable Affordable Unit at the time of leasing and subsequent lease renewals, (ii) shall occupy the Affordable Unit as its principal residence, (iii) shall not permit exclusive occupancy of the Affordable Unit by any other

individual(s), (iv) shall use and occupy the Affordable Unit as an Affordable Unit subject to the Affordability Requirement and this Covenant, and (v) shall occupy the Affordable Unit within the Occupancy Standard.

**Rental Affordable Unit** means an Affordable Unit that shall be leased to a Qualified Tenant.

**Rental Affordable Unit Lease Rider** is that certain lease rider, which is attached to this Covenant as **Exhibit “B”** and incorporated herein, as the same may be amended from time-to-time with the written approval of the Agency.

**Rental Formula** is defined in Section 4.4.2.

**Residential Unit** means a residential dwelling unit constructed within the Project for residential occupancy by one (1) or more individuals who comprise a household.

**Sale** is defined in Section 5.1, if applicable.

**Utilities** means water, sewer, electricity, and natural gas.

## **ARTICLE II** **AFFORDABILITY REQUIREMENT**

**2.1 Requirement of Affordability.** All of the Affordable Units within the Project shall be constructed and reserved as Rental Affordable Units, subject to the Affordability Requirement. The Project shall include a total minimum of forty (40) Rental Affordable Units. For all purposes of this Covenant, the term “**Affordability Requirement**” means and refers to all of the following:

**2.1.1.** All Rental Affordable Units are subject to the Affordability Period.

**2.1.2.** All Rental Affordable Units are subject to the income limitations under subsection (g)(1) and the rent restrictions under subsection (g)(2) of Section 42 of the Code.

**2.1.3.** Rental Affordable Units shall be subject to the following:

(a) No fewer than forty (40) of the Affordable Units within the Project shall be Rental Affordable Units (“**Required Rental Affordable Units**”). The Required Rental Affordable Units are further subject to all of the following:

(i) no fewer than eleven (11) Required Rental Affordable Units shall be rented to Households with a MAXI of fifty percent (50%) Area Median Gross Income; and

(ii) for so long as the City provides rental assistance, no fewer than ten (10) Required Rental Affordable Units shall be rented to Households with a MAXI of forty percent (40%) Area Median Gross Income; and

(iii) no fewer than four (4) Required Rental Affordable Units shall be rented to

Households with a MAXI of thirty percent (30%) Area Median Gross Income; and (iv) the remaining Required Rental Affordable Units shall be rented to Households with a MAXI of sixty percent (60%) Area Median Gross Income.

(b) Additional Rental Affordable Units may be provided within the Project.

(c) The provisions of 2.1.3(a) and (b), above, are, unless otherwise provided, subject to subsection (g)(1)(C) of Section 42 of the Code and the federal Average Income Test.

## **2.2 Affordable Unit Standards and Location.**

**2.2.1 Exterior Finishes.** Exterior finishes of Affordable Units will be consistent across tiers of affordability.

**2.2.2 Interior Finishes.** Interior base finishes, appliances and equipment in the Affordable Units shall be similar across tiers of affordability.

**2.2.3 Affordable Unit Location.** As allowed within the parameters of LIHTC compliance guidelines or other federal law, Affordable Units of various tiers shall be dispersed throughout the Project and shall not be concentrated on any one floor within a building, or within a section of the Project.

**2.3 Marketing Affordable Units.** Project Owner shall create an Affordable Unit Marketing Plan that sets forth its plan for marketing the Affordable Units to Households who may be Qualified Tenants. The Affordable Unit Marketing Plan shall be subject to the Agency's prior written approval and shall be submitted to and approved by the Agency prior to marketing any Affordable Units for sale or rent. Project Owner may contract with the Certifying Authority to implement the Affordable Unit Marketing Plan.

**2.4 Certifying Authority.** Project Owner shall select a Certifying Authority, which shall be subject to the Agency's prior written approval, not to be unreasonably withheld, conditioned, or delayed. Project Owner may contact the Agency with questions and information about the selection of a Certifying Authority. The Certifying Authority shall review documentation and verify a Household's Annual Household Income and Household's size to determine whether that Household is a Qualified Tenant. If a Household is determined to be a Qualified Tenant, the Certifying Authority shall issue a Certification of Income for the subject Household.

## **ARTICLE III** **USE**

**3.1 Use.** Except as provided herein, all occupants of Rental Affordable Units shall have the same and equal use of all the amenities of the Property and services provided at the Property (except if unique services are required for certain tenants as approved by the Agency). No restrictions, requirements, or rules shall be imposed on occupants of Rental Affordable Units at any tier of affordability that are not imposed equally on the tenants of the Rental Affordable Units within other tiers of affordability. If amenities, services, upgrades, or ownership or rental of parking and other facilities are offered as an option to occupants of the Rental Affordable Units at any tier of affordability, such amenities, services, upgrades, or rental of parking and other facilities shall be offered to occupants of the Rental Affordable Units at

other tiers of affordability. If there is no cost or fee charged to the occupants of the Rental Affordable Units at one tier of affordability for such amenities, services, upgrades, or rental of parking and other facilities, there shall not be a cost or fee charged to occupants of Rental Affordable Units at other tiers of affordability.

**3.2 Demolition/Alteration.** Subject to normal wear and tear, Project Owner shall maintain, upkeep, repair, and replace interior components (including fixtures, appliances, flooring, and cabinetry) of each Rental Affordable Unit with interior components of equal or better quality than those interior components being replaced.

## **ARTICLE IV** **RENTAL OF AFFORDABLE UNITS**

**4.1 Lease of Rental Affordable Units.** Project Owner shall reserve, maintain and lease the Rental Affordable Units to Qualified Tenants (a) in accordance with this Covenant, and (b) at a rate paid by the Qualified Tenant at or below the Maximum Allowable Rent.

### **4.2 Rental Affordable Unit Lease Requirements.**

**4.2.1 Form of Lease.** To lease a Rental Affordable Unit to a Qualified Tenant, the Project Owner shall use a Lease Agreement to which is attached and incorporated a Rental Affordable Unit Lease Rider, as may be amended from time-to-time. The Rental Affordable Unit Lease Rider shall be executed by the Project Owner and each Qualified Tenant prior to the Qualified Tenant's occupancy of the Rental Affordable Unit. Any occupant of the Rental Affordable Unit who is eighteen (18) years or older shall be a party to the Lease Agreement and shall execute the Rental Affordable Unit Lease Rider.

**4.2.2 Effectiveness of Lease.** The lease of a Rental Affordable Unit shall only be effective if a Rental Affordable Lease Rider, a Certification of Income, and a Certificate of Tenant Eligibility are attached as exhibits to the Lease Agreement. Failure to attach the foregoing shall render the Lease null and void *ab initio*.

**4.2.3 Requirement to Maintain Copies of Leases of Rental Affordable Units.** Project Owner shall maintain or cause to be maintained copies of all initial and renewed Leases executed with Qualified Tenants for a period of no less than five (5) years from the expiration or termination of such Lease.

### **4.3 Rental Affordable Unit Admissions Process.**

**4.3.1 Referrals.** Project Owner may obtain referrals of prospective tenants of Rental Affordable Units from federal and City of Charlottesville agencies, provided such referrals comply with the requirements of this Covenant, Fair Housing laws, and the requirement that units be generally available to the public. In all events, before a prospective tenant leases a Rental Affordable Unit, their Annual Household Income shall be verified by a Certifying Authority.

**4.3.2 Consideration of Applicants.** For the initial occupancy of the Rental Affordable Units, Project Owner shall select Qualified Tenants through a first-come, first-served system, or other system approved by the Agency, as shall be further provided in the Affordable Unit Marketing Plan. Following

the initial occupancy of the Affordable Units, Project Owner shall consider each applicant in the order in which received, whether received pursuant to the Affordable Unit Marketing Plan or referred pursuant to Section 4.3.1. Tenants of Rental Affordable Units participating in the Project-Based Section 8 Program shall be selected in accordance with requirements of that federal program. Any and all of the foregoing shall be consistent with federal Fair Housing laws and regulations and any units financed under the Code (tax credit or tax-exempt bond financed projects) must be generally available to the public.

**4.3.3 Rejection of Applicants.** In connection with the leasing of a Rental Affordable Unit, Project Owner may reject any applicant if, after diligent review of such applicant's application, Project Owner determines in good faith that such applicant does not meet criteria to lease or occupy a Rental Affordable Unit, provided such criteria do not violate applicable City and federal laws and is the same criteria used to lease or occupy the Market-Rate Units. In the event any rejected applicant raises an objection or challenges Project Owner's rejection of such applicant, the Project Owner shall be solely responsible for ensuring that its rejection of such applicant is not in violation of federal or local law. Project Owner shall provide the Agency with all documents evidencing Project Owner's review and rejection of an applicant, upon the request of the Agency.

**4.3.4 Determination of Eligibility.** Each tenant seeking to occupy a Rental Affordable Unit shall have its Annual Household Income verified by and obtain a Certification of Income from the Certifying Authority prior to leasing such unit. Housing Choice Vouchers (or vouchers from similar programs) shall be an acceptable source of verifiable household income, for the Rental Affordable Units other than those which are part of the Project-Based Section 8 Program.

#### **4.4 Initial Rental Affordable Unit Lease Terms.**

**4.4.1 Term.** The term of any new Rental Affordable Unit lease agreement shall be for a period of one (1) year.

**4.4.2 Establishment of Maximum Rent—Rental Formula.** Rents on Rental Affordable Units shall be rent restricted. Maximum Allowable Rent paid by the Tenant for the first Lease year shall be based on the number of bedrooms and AMI as established annually by HUD. If a household pays for utilities, the maximum rent must be adjusted by the applicable utility allowance.

**4.5 Income Determinations.** The Annual Household Income for a prospective tenant of a Rental Affordable Unit shall be determined as of the date of the Lease or Lease Renewals for such Rental Affordable Unit annually. A Household's income eligibility to rent a Rental Affordable Unit is determined by calculating the MAXI for a Household occupying the Rental Affordable Unit. The Certifying Authority shall verify that the Household's Annual Household Income is not more than the applicable MAXI.

**4.5.1 Maximum Annual Household Income.** The MAXI is determined through AMI as established annually by HUD, and as specified in Section 2.1, above.

#### **4.6 Subsequent Lease Years,**

**4.6.1 Use of Rental Formula.** For each Lease year after the first Lease year, Maximum Allowable Rent shall be determined in the same manner specified within Section 4.4.2, above.

**4.6.2 Renewal by Tenants of Affordable Units.** For each tenant of a Rental Affordable Unit who intends to renew its residential Lease, no earlier than ninety (90) days and no later than thirty (30) days before each anniversary of the first day of a residential Lease, Project Owner shall obtain the following: (i) a Certification of Residency from each such tenant; and (ii) a Certification of Income completed by the Certifying Authority. Project Owner shall not permit a renewal of a Lease for a Rental Affordable Unit, unless the tenant has provided the documents as required herein and the tenant is determined to be a Qualified Tenant. If the tenant fails to provide such documents, Project Owner shall treat such tenant as an Over-Income Tenant and charge market-rate rent, and Project Owner shall designate another unit as a Rental Affordable Unit in accordance with Section 4.6.6. The foregoing Certifications and requirements to be a continuing Qualified Tenant shall be as provided in Section 42 of the Code for any period when the requirements of the Low-Income Housing Tax Credits and the Extended Use Agreement are binding on the Parcel.

**4.6.3 Annual Recertification of Tenants.** Upon receipt of renewal documents from the tenant of a Rental Affordable Unit at the time of recertification, Certifying Authority shall determine the tenant's household income eligibility pursuant to Section 4.5 for the subject Rental Affordable Unit and notify the tenant of the same within fifteen (15) days prior to the expiration of the then-current Lease term. Any tenant whose Annual Household Income remains at or below the MAXI for the subject Rental Affordable Unit will be eligible to remain in the Rental Affordable Unit and to renew his/her Lease at the then-current Lease rate for the particular Rental Affordable Unit. The foregoing Certifications and requirements to be a continuing Qualified Tenant shall be as provided in Section 42 of the Code for any period when the requirements of the Low-Income Housing Tax Credits and the Extended Use Agreement are binding on the Parcel.

**4.6.4 Annual Recertification of Under Income Tenants.** Upon annual recertification, any tenant whose Annual Household Income remains at or below the MAXI for the subject Rental Affordable Unit may elect either to (i) remain in the Rental Affordable Unit up to the then-current Maximum Allowable Rent for the subject Rental Affordable Unit, or (ii) vacate the Rental Affordable Unit at the end of the tenant's Lease term.

**4.6.5 Annual Recertification of Over-Income Tenants.** Upon annual recertification, if a tenant's Annual Household Income is determined to exceed the MAXI for the subject Rental Affordable Unit (such tenant, an "**Over-Income Tenant**"), then the Over-Income Tenant may elect to remain in the Rental Affordable Unit and pay the rent applicable to (a) a higher Designated Affordability Level, if a higher Designated Affordability Level exists for the Property, for which the Over-Income Tenant's Annual Household Income qualifies, whereupon Project Owner shall change the Designated Affordability Level of the Rental Affordable Unit to the higher Designated Affordability Level pursuant to Section 4.6.6, or (b) a like-sized Market-Rate Unit, if the Over-Income Tenant's Annual Household Income does not qualify for a higher Designated Affordability Level, but qualifies for a like-sized Market-Rate Unit, whereupon Project Owner shall designate a Market-Rate Unit as a Rental Affordable Unit pursuant to Section 4.6.6.

**4.6.6 Changes to Unit Location.** If applicable, Project Owner may change the designation of a Rental Affordable Unit to a new Designated Affordability Level or to a Market-Rate Unit as necessary to allow an Over-Income Tenant to remain in the unit (*i.e.*, to accommodate an existing tenant). Following

any change in designation of a Rental Affordable Unit to a higher Designated Affordability Level or to a Market-Rate Unit of similar size and location in the property to the lower Designated Affordability Level from which the original Rental Affordable Unit had been changed to bring the Parcel in conformity with the Affordability Requirement.

**4.6.7 Rent from Subsidies.** Nothing herein shall be construed to prevent Project Owner from collecting rental subsidy or rental-related payments from any federal, state, or City agency paid to Project Owner and/or the tenant of a Rental Affordable Unit, to the extent receipt of such payment is otherwise in compliance with the requirements of this Covenant. Such rental subsidy or rental-related payment shall not be included in determining Maximum Allowable Rent or the income of an otherwise Qualified Tenant, all as provided in the Code.

**4.7 No Subleasing of Rental Affordable Units.** The tenant of a Rental Affordable Unit may not sublease any portion of its Rental Affordable Unit or assign its Lease to any other Household, and Project Owner shall not knowingly allow such Rental Affordable Unit to be subleased, except with the Agency's prior written consent, in the Agency's sole and absolute discretion. No Rental Affordable Unit may be offered or used for any short-term rental or other transient occupancy.

**4.8 Representations of Affordable Unit Tenant.** By execution of a Lease, the tenant of a Rental Affordable Unit shall be deemed to represent and warrant to the Agency and Project Owner, each of whom may rely thereon, that the tenant's household meets, and will continue to meet, all eligibility requirements contained in this Covenant for a Qualified Tenant of a Rental Affordable Unit.

**4.9 Representations of Project Owner.** By execution of a Lease for a Rental Affordable Unit, Project Owner shall be deemed to represent and warrant to the Agency, which may rely on the following, that: (i) the Household is determined to be a Qualified Tenant by the Certifying Authority, and (ii) Project Owner is not collecting more than the Maximum Allowable Rent from the Tenant.

**4.10 Annual Reporting Requirements.** Beginning in the first year that any Rental Affordable Unit is occupied by a tenant, Project Owner shall provide an annual report ("Annual Report") to the Agency regarding the Rental Affordable Units, which shall be submitted on each anniversary date of the Effective Date of this Covenant. The Annual Report shall include the following:

(a) the number and identification of Project Owner's Rental Affordable Units, by bedroom count, that are occupied;

(b) the number and identification of Project Owner's Rental Affordable Units, by bedroom count, that are vacant;

(c) for each Rental Affordable Unit that is vacant or that was vacant for a portion of the reporting period, the manner in which the Rental Affordable Unit became vacant (e.g., eviction or voluntary departure), the length of vacancy, and the progress in re-leasing that unit;

(d) for each occupied Rental Affordable Unit, the names, ages, and ethnicity of all persons in the Qualified Tenant's Household, the Household size, date of initial occupancy, and total Annual Household Income as of the date of the most recent Certification of Income;

(e) a sworn statement that, to the best of Project Owner's information and knowledge, the Household occupying each Affordable Rental Unit meets the eligibility criteria of this Covenant for a Qualified Tenant;

(f) a copy of each new or revised Certification of Income for each Household renting a Rental Affordable Unit;

(g) a copy of each new or revised Certification of Residency for each Household renting a Rental Affordable Unit;

(h) a copy of each inspection report and Certification of Inspection for each Rental Affordable Unit; and

(i) a copy of all forms, policies, procedures, and other documents reasonably requested by the Agency related to the Rental Affordable Units.

The Annual reports shall be retained by Project Owner for a minimum of five (5) years after submission and shall be available, upon reasonable notice, for inspection by the Agency, or its designee. Notwithstanding anything contained herein to the contrary, in the event that Project Owner provides a report to an agency within the City government with content substantially similar to the content of the Annual Reports described in this Section, subject to the Agency's prior written approval, then the reporting requirements under this Section shall be satisfied upon Project Owner's delivery of such report to the Agency. The Agency may request Project Owner to provide additional information in support of its Annual Report, as necessary for the Project Owner to verify compliance with the requirements of this Covenant.

**4.11 Confidentiality.** Except as may be required by applicable law, including, without limitation, the Virginia Freedom of Information Act, Project Owner, the Certifying Authority and the Agency shall not disclose to third parties, other than Project Owner's Investor Member, the personal information of the Households, including the identity of the members of the Households, submitted as a part of the Annual Report.

**4.12 Inspection Rights.** The Agency, or its designee, shall have the right to inspect the Rental Affordable Units, upon reasonable advance notice to the Project Owner and during normal business hours as provided in the Leases and each Owner shall include notice of the Agency's right of inspection within all Leases of the Rental Affordable Units. If Project Owner receives such notice, Project Owner shall, in turn, give reasonable advance notice of the inspection to the tenant(s) occupying the specific Rental Affordable Unit(s). The Agency, or its designee, shall have the right to inspect a random sampling of the Rental Affordable Units to confirm that the units comply with applicable statutory and regulatory housing requirements and the provisions of this Covenant. The Agency, or its designee, shall have the right to conduct audits of a random sampling of the Rental Affordable Units and associated files and documentation to confirm compliance with the requirements of this Covenant.

**4.13 Option to Lease.** Following the expiration of any Extended Use Agreement binding on the Property in connection with the allocation of any Low Income Housing Tax Credits, pursuant to Section

42 of the Code, including any extension period thereof, the City shall have the exclusive right to lease up to twenty percent (20%) of the Rental Affordable Units for a term of forty (40) years at a rental rate not to exceed that which would be payable by a household of four (4) persons having an income of eighty percent (80%) AMI.

**ARTICLE V**  
**[RESERVED]**

**ARTICLE VI**  
**DEFAULT; ENFORCEMENT AND REMEDIES**

**6.1 Default; Remedies.** In the event Project Owner defaults under any term of this Covenant, and Project Owner does not cure such default within sixty (60) days following written notice of such default from the Agency, the City shall have the right to seek specific performance, injunctive relief, or other equitable remedies, including compelling the re-sale or leasing of an Affordable Unit and the disgorgement of rents and sale proceeds in excess of the rental rates and sale prices permitted hereunder, for any default(s). In the event such cure cannot reasonably be affected within the sixty (60)-day period, the Project Owner may request such additional time as may reasonably be necessary to cure such default provided the Project Owner has promptly initiated and diligently pursued such cure. Project Owner shall give notice of any such default to Project Owner’s investment member, and any cure provided by such investor member shall be acceptable to the City as if rendered by Project Owner directly.

If Project Owner is in default under the terms of the Covenant, prior to exercising any remedies thereunder, the City shall provide simultaneous written notice of such default to Project Owner’s investor member (the “**Investor Member**”) if Project Owner or Investor Member has kept the City informed of the name and contact information for the Investor Member. Investor Member shall have the independent right to cure any defaults within the time periods set forth above. City hereby agrees that any cure of any default made or tendered by the Investor Member shall be (i) deemed to be a cure by Project Owner, and (ii) accepted or rejected on the same basis as if made or tendered by Project Owner.

**6.2 Right to Attorney’s Fees.** In any legal action to enforce this Covenant, the non-prevailing party shall pay the prevailing party’s reasonable attorney fees and litigation costs incurred in connection with the prevailing party’s efforts to enforce this Covenant. If the Charlottesville City Attorney’s Office (“CAO”) serves as counsel for the City in such legal action, the reasonable attorney fees for the City shall be calculated based on the then applicable hourly rates prevailing within private practice within the City, and the number of hours that employees of the CAO prepare for or participated in any such action.

**ARTICLE VII**  
**COVENANT BINDING ON SUCCESSORS AND ASSIGNS**

This Covenant is and shall be binding upon the Property and shall run with the land and any interest therein as of the Effective Date through the Affordability Period. The rights and obligations of City and Project Owner shall be binding upon and inure to the benefit of the said parties and their respective heirs, successors, and assigns; provided however that all rights of City pertaining to the monitoring and/or enforcement of the obligations of Project Owner shall be retained by City, or such designee of the City as the City may so determine. No sale, transfer, or foreclosure shall affect the validity of this Covenant, except as otherwise expressly provided within this Covenant.

**ARTICLE VIII**  
**[RESERVED]**

**ARTICLE IX**  
**AMENDMENT OF COVENANT**

Except as otherwise provided herein, neither this Covenant, nor any part hereof, can be amended, modified or released, unless such amendment, modification, or release is set forth within a written instrument executed by a duly authorized official of the Agency on behalf of the City, and by a duly authorized representative of a Project Owner and recorded in the Land Records. Any amendment to this Covenant that alters the terms and conditions set forth herein shall be recorded among the Land Records before it shall be deemed effective.

**ARTICLE X**  
**AFFORDABILITY PERIOD**

**10.1.** All Affordable Units in The Project shall be and remain Affordable in accordance with the terms of this Covenant for a **period of ninety-nine (99) years (the “Affordability Period”)**. The Affordability Period for each Rental Affordable Unit shall commence upon the issuance of a certificate of occupancy by the City’s Building Code Official for that unit and shall continue for a period of ninety-nine (99) years thereafter. Notwithstanding the foregoing, this Covenant may be released and extinguished upon the written approval of the Agency, in its sole and absolute discretion.

**10.2.** Notwithstanding the foregoing, in the event the Project, or the Project Owner’s interest in the Property, is foreclosed upon by an institutional or governmental lender following foreclosure by, or deed in lieu of foreclosure, to a Mortgagee in a superior position, or a Mortgage in a superior position is assigned to the Secretary of HUD, the terms of this Covenant applicable to such unit shall automatically terminate subject to Sections 10.3.

**10.3.** Notwithstanding the foregoing Section 10.2, if Virginia Housing is first lienholder and senior lender, and Virginia Housing is the successful bidder at foreclosure and becomes the successor in interest, then the income, rent or use restrictions required by this Covenant shall terminate, except: (i) twenty percent (20%) of the units within the Project must remain at sixty percent (60%) of AMI following such a foreclosure, and (ii) Virginia Housing must permit additional units at sixty percent (60%) AMI to survive such a foreclosure, provided that Virginia Housing determines, in its sole discretion, that the development will achieve a targeted debt service coverage rate (“DCSR”) of at least 1.25, while subject to such additional set-aside. The City Manager, with the approval of the CAO, shall have authority to renegotiate income, rent, and use restrictions required by this Covenant, and to enter into a binding amendment of this

Covenant without the requirement for City Council approval, if necessary to facilitate PHA's receipt of financing from Virginia Housing, provided that the renegotiated terms are no less than those Virginia Housing itself requires in its own Lending Policy.

**ARTICLE XI**  
**NOTICES**

**11.1** Any notices given under this Covenant shall be in writing and delivered by United States mail (return receipt requested, postage pre-paid), delivered by hand, or delivered by private overnight commercial courier service to the applicable Person at the addresses specified in this Article, or to such other persons or locations as may be designated in writing by the City or the Project Owner from time-to-time. All notices to be sent to the City shall be sent to the following address:

**CITY:** Charlottesville City Manager  
P.O. Box 911, Charlottesville, Virginia 22902

**With a copy to:** Charlottesville City Attorney  
P.O. Box 911, Charlottesville, Virginia 22902

**11.2** All notices to be given to Project Owner shall be given by mail or delivery to:

501-B Cherry, LLC  
c/o Piedmont Housing Alliance  
682 Berkmar Circle  
Charlottesville, Virginia, 22901  
Attention: Executive Director

With a copy to:  
Klein Hornig, LLP  
1325 G Street NW, Suite 770  
Washington, D.C., 20005  
Attention: Doruk Onvural

And to the Project Owner's Investor Member, given by mail or delivery to:

Hudson Housing Capital LLC  
630 Fifth Avenue, 28<sup>th</sup> Floor  
New York, New York 10111  
Attention: Joseph A. Macari  
Fax No.: (212) 218-4467

With a copy to:  
Bocarsly Emden Cowan Esmail & Arndt LLP  
4800 Hampden Lane, Suite 200  
Bethesda, Maryland 20814  
Attention: Craig A. Emden  
Fax No.: (213) 559-0747

All notices to be given to the tenant of a Rental Affordable Unit shall be sent to the unit number referenced in its lease. It shall be the responsibility of the applicable person and any successor to give written notice to the City of its mailing and delivery addresses. The failure of the applicable person to keep the City apprised in writing of its mailing and delivery address(es) shall constitute a default under this Covenant.

**11.3** Notices shall be deemed delivered as follows: (i) if hand-delivered, then on the date of delivery or refusal thereof; (ii) if by overnight courier service, then on the next business day after deposit with the overnight courier service; and (ii) if by certified mail (return receipt requested, postage pre-paid), then on the date of actual delivery or refusal thereof.

## **ARTICLE XII** **MISCELLANEOUS**

**12.1 Applicable Law; Venue.** This Covenant shall be governed by, interpreted under, and construed and enforced in accordance with the laws of the Commonwealth of Virginia, without reference to the conflicts of law's provisions thereof. Each of the parties whose signatures are affixed to this Covenant irrevocably agrees on behalf of itself and each of its heirs, successors in interest, and assigns, to submit to the jurisdiction of the Circuit Court for the City of Charlottesville, Virginia, for the purposes of any suit, action, or other proceeding arising out of this Covenant or any transaction contemplated hereby. Each of the parties whose signatures are affixed to this Covenant, on behalf of itself and each of its heirs, successors in interest, and assigns, irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Covenant or the transactions contemplated hereby in the Circuit Court of the City of Charlottesville, Virginia, and agree not to plead or claim in any such court that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

**12.2 Counterparts.** This Covenant may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument.

**12.3 Time of performance.** All dates for performance (including cure of any default) shall expire at 5:00 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a Saturday, Sunday, or City holiday is automatically extended to the next Business Day.

**12.4 Waiver of Jury Trial.** TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS COVENANT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

**12.5 Further Assurances.** Each party agrees to execute and deliver to the other party such additional documents and instruments as the other party may request in order to fully carry out the purposes and intent of this Covenant, provided that such additional documents and instruments do not materially increase the obligations or burdens upon the second party.

**12.6 Severability.** If any provision of this Covenant is held to be unenforceable or illegal for any reason, said provision shall be severed from all other provisions and all other provisions shall be and remain in effect without reference to the unenforceable or illegal provision.

**12.7 Limitation on Liability.** Provided that Project Owner has exercised due diligence in the performance of its obligations and duties herein, Project Owner shall not be liable in the event a Household submits falsified documentation, commits fraud, or breaches any representation or warranty contained in this Covenant. Notwithstanding the foregoing, Project Owner shall be liable, if Project Owner has knowledge, or should have knowledge, that a Household submitted falsified documentation, committed fraud, or breached any representation or warranty contained in this Covenant.

**12.8 Agency Limitation on Liability.** Any review or approval by the City or the Agency shall not be deemed to be an approval, warranty, or other certification by the City or the Agency as to compliance of such submissions, the Project, any Affordable Unit or the Property with any building codes, regulations, standards, laws, or any other requirements contained in this Covenant, or any other covenant granted in favor of the City that is filed among the Land Records or otherwise contractually required. The City shall incur no liability in connection with the Agency's review of any submissions required under this Covenant as its review is solely for the purpose of protecting the City's interest under this Covenant.

**12.9 No Third-Party Beneficiary.** Except as expressly set forth in this Covenant, there are no intended third-party beneficiaries of this Covenant, and no Person other than City shall have standing to bring an action for breach of or to enforce the provisions of this Covenant.

**12.10 Non-Waiver.** The failure of any party to this Covenant to enforce any rights, reservations, restrictions, easements, or conditions contained in this Covenant, regardless of how long such failure shall continue, shall not constitute a waiver of or bar of such right to enforcement. The remedies granted hereunder are cumulative, and the exercise of any one or more shall not be deemed an election of remedies or waiver of the right to pursue other remedies.

**12.11 Representations of Project Owner.** As of the date hereof, Project Owner hereby represents and warrants to City as follows:

(a) This Covenant has been duly executed and delivered by Project Owner and Landowner, and constitutes the legal, valid, and binding obligation of said persons, enforceable against said persons, and their heirs, successors and assigns; and

(b) Neither the entering into of this Covenant nor performance hereunder will constitute or result in a violation or breach by Project Owner of any agreement or order which is binding on Project Owner; and

(c) The Project Owner (i) is duly organized, validly existing, and in good standing under the laws of its state of jurisdiction and is qualified to do business and is in good standing under the laws of the Commonwealth of Virginia and the City of Charlottesville, Virginia; (ii) is authorized to perform under this Covenant; and (iii) has all necessary power and authority to execute and deliver this Covenant.

**12.12 Federal Affordability Restrictions.** In the event the Parcel is encumbered by other affordability restrictions ("**Federal Affordability Restrictions**") as a result of federal funding or the issuance of Low-Income Housing Tax Credits for the Project, it is expressly understood that, to the extent, if any, that such Federal Affordability restrictions, requirements, and provisions conflict with any provision(s) of this Covenant, then in the event the conflicting provision(s) in this Covenant would cause a default of or

finding of non-compliance with the Federal Affordability Restrictions during the compliance period for the Federal Affordability Restrictions, then the requirements of the Federal Affordability Restrictions shall control to the extent of the conflict. In all other instances, the requirements of this Covenant shall control.

**12.13 Division of the Property.** PHA shall have the right to subdivide the Property as required for the development of the Project.

**IN WITNESS WHEREOF**, the parties hereto have executed this Declaration of Affordable Housing Covenants as of the day and year first above written.

**PROJECT OWNER:**

**501-B CHERRY, LLC,**  
a Virginia limited liability company

By: 501-B Cherry MM, LLC,  
a Virginia limited liability company,  
its managing member

By: Piedmont Housing Alliance,  
a Virginia nonstock corporation,  
its managing member

By: \_\_\_\_\_  
Name: Sunshine Mathon  
Title: Executive Director

COMMONWEALTH OF VIRGINIA )  
CITY/COUNTY OF \_\_\_\_\_ )

On \_\_\_\_\_, 2026, before me, the undersigned, a notary public in and for said state, personally appeared Sunshine Mathon, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity as Executive Director of Piedmont Housing Alliance, the managing member of 501-B Cherry MM, LLC, the managing member of 501-B Cherry, LLC and that by his signature on the instrument, the entity, individual, or the person on behalf of which the individual acted, executed the instrument.

\_\_\_\_\_  
Notary Public

Commission expires: \_\_\_\_\_

Registration No.: \_\_\_\_\_

**ACKNOWLEDGED AND AGREED TO:**

**CITY OF CHARLOTTESVILLE, VIRGINIA**

**By:** \_\_\_\_\_  
**City Manager**

**Approved as to Form:**

**By:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

**EXHIBIT "A"**  
**TO DECLARATION OF AFFORDABLE HOUSING COVENANTS**

*(Legal Description of the Property)*

**[FINAL LEGAL DESCRIPTION FOR 501-B CHERRY AVE. SITE TO BE INSERTED]**

**EXHIBIT “B”**  
***(TO THE DECLARATION OF AFFORDABLE HOUSING COVENANTS)***

**Rental Affordable Unit Lease Rider**

This Affordable Unit Lease Rider (“Rider”) is attached to and incorporated into the lease dated (“Lease”) between \_\_\_\_\_ (“Resident” or “You”) and \_\_\_\_\_, as Management Agent (“Manager”) for \_\_\_\_\_ (“Owner”) for Apartment \_\_\_\_\_ (“Premises”). All capitalized terms not defined in this Rider shall have the meaning provided in the Affordable Housing Covenant (as defined below).

In consideration of the mutual covenants set forth in the Lease and below, you agree that your use and possession of the Premises is subject to the terms and conditions set forth in the Lease and the following terms and conditions, which are in addition to and supplement the Lease:

**AFFORDABLE UNIT:** Resident acknowledges that the Premises is subject to that certain Declaration of Affordable Housing Covenant between Owner and the City of Charlottesville, Virginia (“City”), dated \_\_\_\_\_, 2026, as may be subsequently amended, (the “Affordable Housing Covenant”). The Premises is currently designated as an Affordable Unit, which requires the Resident’s household income to be less than or equal to sixty percent (60%) of the area median income (“AMI”).

**DEFINED TERMS:** Those terms not specifically defined herein shall be assigned the definition provided in the Affordable Housing Covenant.

**ELIGIBILITY:** In order for you, as resident, to be eligible to rent an Affordable Unit, you must be and remain an “Affordable Unit Tenant” as defined in the Affordable Housing Covenant.

**INCOME CERTIFICATION/INCOME RECERTIFICATION:** No more than ninety (90) days and no less than forty-five (45) days before each anniversary of the first day of the Lease (or at the City’s option, every two (2) years after the first day of the Lease) the Manager shall request that the Resident provide the Certifying Authority with the following:

- (i) an executed Certification of residency that states that Resident occupies the Premises as his/her/their principal residence,
- (ii) all information pertaining to the Resident’s household composition and income for all household members,
- (iii) a release authorizing third party sources to provide relevant information regarding the Resident’s eligibility for the Affordable Unit, as well as how to contact such sources, and
- (iv) any other reasonable and customary representations, information or documents requested by the Certifying Authority.

Resident shall submit the foregoing listed documentation to the Certifying Authority within fifteen (15) days of Manager’s request. Within ten (10) days of Certifying Authority’s receipt of the foregoing documentation and based on the results of the annual income recertification review, Certifying Authority will determine whether the Resident remains income eligible for the Premises and notify the Resident of his or her household’s AMI percentage, and (a) if the Resident is no longer income eligible for the Premise,

the income category for which the Resident is income eligible to lease a unit in the apartment community, or (b) if the Resident is income eligible for the Premises, provide a Certification of Income completed by the Certifying Authority, verifying that the income of the Resident meets income eligibility for the Premises.

Upon annual recertification, if the Resident remains income eligible for the Premises, the Resident will be eligible to remain in the Premises and to renew his/her lease at the then-current Lease rate for the Premises. If the Resident's Annual Household Income is determined to exceed the Maximum Annual Household Income applicable to the Premises, then the Resident may remain in the Premises and pay the rent applicable to an Affordable Unit at a higher affordability level for which the Resident's Annual Household Income qualifies. If the Resident's Annual Household is determined to exceed the Maximum Annual Income for the Affordable Unit with the highest AMI level in the Parcel, then the Owner may allow the Resident to remain in the Premises and to pay the applicable market-rate rent for the Premises.

Manager will notify Resident of all options (*i.e.*, an Affordable Unit at a different AMI category or a market rate unit) for which Resident is income eligible prior to the expiration of the Resident's Lease term. Prior to the expiration of the Resident's Lease term, the Resident shall notify Manager in writing of the Resident's election to either (i) remain in the Premises and pay the rental rate applicable to the Resident's then current AMI category if the Resident's Annual Household Income is at or below the established AMI categories of [ ] AMI or [ ] AMI, (ii) remain in the Premises paying the market rate rent for that unit if the Resident's then current income is above the highest AMI level, or (iii) vacate the Premises at the end of the Resident's Lease term. Resident's failure to notify Manager of Resident's election prior to the expiration of the Lease term will be deemed by Manager as Resident's election to vacate the Premises.

If Resident fails to pay the applicable rental rate or vacate the Premises upon expiration of the Lease term, Manager shall pursue an action for eviction of Resident. Resident's agreement to pay the applicable rental rate or vacate was a condition precedent to Manager's initial acceptance of Resident's eligibility and Manager has relied on Resident's agreement. Resident acknowledges and agrees that the criteria to be income eligible to occupy the Premises is and serves as a City policy and objective, and that failure to vacate the Premises or pay the applicable rental rate is both a default under the Lease and in violation of the Affordable Housing Covenant.

**PROHIBITION ON SUBLETS AND ASSIGNMENTS:** Resident may not sublease any portion of the Premises or assign its Lease to any other person, except with the prior written consent of the Agency, in its sole and absolute discretion.

**LEASE EFFECTIVE:** The Lease of the Premises shall only be effective if this executed Rider, a Certification of Income, a Certificate of Tenant Eligibility (for initial lease term), and a Certificate of Residency (for Lease renewals) are attached as exhibits to the Lease Agreement.

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Resident Signature

\_\_\_\_\_  
Date

# 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

---

**APPROVING RESOLUTION OF THE  
CITY COUNCIL  
OF THE CITY OF CHARLOTTESVILLE, VIRGINIA**

---

**WHEREAS**, the Economic Development Authority of the City of Charlottesville, Virginia (**the “Authority”**), a political subdivision of the Commonwealth of Virginia (**the “Commonwealth”**), was established to promote the safety, health, welfare, convenience or prosperity of the inhabitants of the City of Charlottesville, Virginia a municipal corporation and body politic and a political subdivision of the Commonwealth of Virginia (**the “City”**) by improving and rehabilitating a distressed area of the City which will enhance the tax base in the City and create opportunities for commercial and other economic development in the City; and

**WHEREAS**, the City Council of the City (**the “City Council”**) is empowered pursuant to Section 15.2-953 of the *Code of Virginia*, 1950, as amended (**the “Code”**), to make appropriations of public funds to the Authority for the purpose of promoting economic development in the City; and

**WHEREAS**, the Authority is empowered pursuant to Section 15.2-4901, *et seq.*, of the Code to, among other things, accept contributions, grants and other financial assistance from the City and make grants to any person, partnership, association, corporation, business, or governmental entity for the purposes of promoting economic development in the City; and

**WHEREAS**, the City, by its resolution adopted March 4, 2025 approved that certain Performance Agreement dated March 20, 2025 (**the “Agreement”**) by and among the Authority and Piedmont Housing Alliance, a non-profit 501(c)(3) organization under the Internal Revenue code of 1986 as amended, including its permitted successors and assigns (**the “Developer”**), to provide a certain financial incentive grant (**the “Grant”**) to the Developer in order to encourage and induce the Developer to invest a significant amount of money into real estate improvements, described as 501-A Cherry Avenue planned development consisting of 71 units (**the “Investment”**) located in the City and such 71 units are described and depicted on Exhibit A of the Agreement (**the “Property”**) along with the other requirements included in such Investment as set forth in Exhibit B to the Agreement

**WHEREAS**, the Developer has requested amendments to the Agreement to provide for an increase to the Grant from 50% to 100% of the incremental tax increase on the Property due to the Investment, to clarify the residency targets for the Property and such other revisions as set forth in the proposed Amended and Restated Performance Agreement (**the “Amended Agreement”**) by and among the Authority and the Developer, attached hereto as **Exhibit A**; and

**WHEREAS**, the Authority, while recognizing that the City Council is not empowered under Virginia law to make any binding commitment beyond the current fiscal year of the City, has requested that the City Council annually appropriate monies to the Authority for the purpose of promoting economic development in the City by funding certain financial obligations of the Authority pursuant to and during the term of the Amended Agreement; and

**WHEREAS**, there has been presented to this meeting a draft of the Amended Agreement which sets forth the understanding and agreement between the Authority and the Developer.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CHARLOTTESVILLE, VIRGINIA:**

1. The City Council finds and determines that the terms and conditions of the Amended Agreement, including the provisions for the Grant, is consistent with the mission, goals and purposes of the Authority.

2. It is the current intention of the City Council to make sufficient annual appropriation of monies to the Authority for the purpose of promoting economic development in the City by funding certain financial obligations of the Authority pursuant to and during the term of the Amended Agreement.

3. The City Manager or any other officer charged with the responsibility of preparing the City budget is hereby authorized and directed to include in the City budget for each fiscal year of the City during the term of the Amended Agreement a request that the City Council appropriate sufficient monies to the Authority for the purpose of promoting economic development in the City and funding certain financial obligations of the Authority pursuant to the terms of the Amended Agreement during such fiscal year.

4. The City Manager is hereby authorized to acknowledge the City's understanding of the Amended Agreement and to execute such documents as he deems appropriate in relation to such Amended Agreement including, but not limited to, any certifications, agreements or assignments requested by Developer in connection with the financing or undertaking of the Investment.

5. All other acts of the City Manager, the Director of Economic Development or any other officer of the City relating to the purposes and intent of this resolution are hereby approved and ratified.

6. This resolution shall take effect immediately.

ADOPTED: \_\_\_\_\_, 2026

CERTIFICATION OF ADOPTION OF RESOLUTION

I, the undersigned Clerk of the City Council of the City of Charlottesville, Virginia, hereby certify that the foregoing is a true, correct and complete copy of a Resolution duly adopted by a majority of the members of the City Council at an open meeting duly called and held on \_\_\_\_\_, 2026 and that such Resolution has not been repealed, revoked, rescinded or amended, but is in full force and effect on the date hereof. The following represent the votes taken at such meeting:

| Member | Ayes | Nays | Abstentions |
|--------|------|------|-------------|
|--------|------|------|-------------|

WITNESS my hand and the seal of the City, this \_\_ day of \_\_\_\_\_, 2026.

\_\_\_\_\_  
Clerk of the City Council of the  
City of Charlottesville, Virginia

[SEAL]

**Exhibit I**

**Performance Agreement**

**AMENDED AND RESTATED PERFORMANCE  
AGREEMENT**

This **AMENDED AND RESTATED PERFORMANCE AGREEMENT** (“**Agreement**”) dated as of this \_\_\_\_ day of \_\_\_\_\_, 2026 (“**Effective Date**”), by and among **PIEDMONT HOUSING ALLIANCE**, a non-profit 501(c)(3) organization under the Internal Revenue Code of 1986, as amended (including its permitted successors and assigns, “**Recipient**”), and **THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF CHARLOTTESVILLE, VIRGINIA**, a political subdivision of the Commonwealth of Virginia ( “**Authority**”), and acknowledged by **THE CITY OF CHARLOTTESVILLE, VIRGINIA**, a municipal corporation and a political subdivision of the Commonwealth of Virginia ( “**City**”); (collectively, “**Parties**,” individually, “**Party**”), hereby amends and restates that certain Performance Agreement dated March 20, 2025 (“**Original Agreement**”).

**WHEREAS**, Recipient, or a subsidiary, plans to invest a significant amount of money to develop the Project, as defined below, on the Site, as defined below; and

**WHEREAS**, City and Authority have determined that the Project will result in significant investment and economic development on the Site, will promote safe and affordable housing in City, will result in substantial benefits to the welfare of City and its inhabitants, is in the public interest, and serves governmental interests; and

**WHEREAS**, City plans to provide monies to Authority to enable Authority to enter into a Performance Agreement providing grant funding (“**Funding**”) by Authority to Recipient for the purpose of inducing Recipient to construct and operate the Project in the City and to assist Recipient in obtaining the capital necessary for construction of the Project; and

**WHEREAS**, payment of the Funding will be conditioned upon Recipient’s completion of construction and continued maintenance of the Project and the funds comprising payments of the Funding will be solely limited to an amount equal to a portion of the Incremental Real Estate Tax Revenues (as hereinafter defined) for the Site generated by the Project and the increase in assessed value of the Site by City above the Base Year Tax Revenue, as defined herein (*i.e.*, including both the fee interest and leasehold interest, if applicable in the land and all improvements), all as set forth herein; and

**WHEREAS**, the City is authorized by § 15.2-953 of the Code of Virginia, 1950, as amended (“**Code of Virginia**”), and other laws, and the Authority is authorized by the Industrial Development and Revenue Bond Act, contained in Chapter 49, Title 15.2 of the Code of Virginia, (“**Act**”) and other laws to perform the activities contemplated in this Agreement. Authority is authorized by the Act to make grants and provide funding to non-profit organizations and other organizations, such as Recipient, or any person, partnership, association, corporation, business, or governmental entity, as provided herein, to enable them to accomplish such purposes for the benefit of inhabitants of the Commonwealth of Virginia and for the promotion of their health, welfare, convenience or prosperity specifically under §§ 15.2-4905(12) and (13) of the Act to accept monies from City and to make grants and provide funding to any entity in furtherance of the purposes for which Authority was created; and

**WHEREAS**, this Agreement sets forth the understanding of the Parties concerning the

Recipient's obligations, the Authority's obligations, and any appropriations made by the Council of the City of Charlottesville, Virginia ("**City Council**"), subject to the initial approval of the Authority's Board and the City Council and subject to annual appropriations by City Council and any conditions to funding herein;

**NOW, THEREFORE**, in consideration of the foregoing, the mutual benefits, promises, and undertakings of the Parties to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties covenant and agree as follows.

## **Section 1. Preliminary Provisions**

**1.1 Incorporation of Recitals.** The foregoing recitals are incorporated herein by reference.

**1.2 Definitions.** For the purposes of this Agreement, the following terms shall have the following definitions:

"AMI" means area median gross income for the Charlottesville Metropolitan Statistical Area for each applicable year of the Funding Period.

"Approved Lender" means any institutional lender reasonably approved by the Authority in writing upon the request by Recipient after providing reasonable documents and information requested by the Authority.

"Base Real Estate Tax Revenue" means \$27,524 per year, being the amount equal to the real estate taxes levied on the Site for the current tax year as of the Effective Date. The Base Real Estate Tax Revenue is allocated \$15,506 for the 501A Property and \$12,018 for the 501B Property.

"Funding" means a grant funding to be paid to Recipient, or its successors or assigns, by the Authority pursuant to this Agreement.

"Funding Payment" means, for each real estate tax year during the Funding Period, an amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year. The Parties acknowledge that the annual real estate tax levy is, and may in the future, be billed and due in installments (currently twice a year); therefore, as used herein, "Funding Payment" shall include payments of one hundred percent (100%) of the Incremental Real Estate Tax Revenue for each installment payment corresponding to the applicable Real Estate Tax Levy as prorated for the applicable installment period.

"Funding Period" means that certain period commencing upon Recipient's completion of Project construction, as shall be evidenced by receipt of a temporary Certificate of Occupancy ("**Funding Commencement Date**") and ending thirty (30) years following the Funding Commencement Date ("**Funding Expiration Date**"). The Parties acknowledge that the "Real Estate Tax Levy" for the last year of the Funding Period may not be received by City until after the Funding Expiration Date, and that a Funding Payment shall be paid to Recipient corresponding to such Real Estate Tax Levy.

“Incremental Real Estate Tax Revenue” means, for each applicable real estate tax year during the Funding Period, the amount by which the Real Estate Tax Levy exceeds the Base Real Estate Tax Revenue, provided Recipient pays the Real Estate Tax Levy to City in full and on time (except as provided in Section 3.3 below). In no event shall the Incremental Real Estate Tax Revenue (or the Funding Payment) include penalties, interest, or any other charges resulting from any delinquent payment. The Parties acknowledge that the Real Estate Tax Levy is and may in the future be billed and due in installments (currently twice a year); therefore, as used herein, “Incremental Real Estate Tax Revenue” shall be determined based on the applicable payment (or installment) of the Real Estate Tax Levy for each applicable real estate tax year.

“Investment” means Recipient’s plans to fund the construction and related costs of the Project with significant equity and loan funds of approximately \$25 million.

“Investor Member” means that certain low-income housing tax credit investor(s) designated by Recipient. Recipient shall provide the name and notice address of such designated Investor Member to Authority.

“Maintain” means Recipient’s continued maintenance in accordance with the applicable Virginia Statewide and City building codes and operation of the Project following completion of Project construction as affordable housing, as set forth by Section 2.2.2 of this Agreement.

“Project” means a development on the Site containing not less than seventy-one (71) residential units, subject to income and rent restrictions as set forth in Section 2.4 and as shown on Exhibit “B,” and monitored by the State Housing Finance Agency. The Project shall consist of two (2) separate buildings expected to be owned by affiliates of Piedmont Housing Alliance; the buildings are known as “501A Property” and “501B Property” as shown on Exhibit “A.”

“Real Estate Tax Levy” means the amount of real estate taxes levied by the City on the Site (including both the fee interest (and leasehold interest, if applicable)) and Project (i.e., including land and all improvements) for a given real estate tax year, pursuant to Chapter 30 of the Code for the City (“City Code”). The Real Estate Tax Levy shall be allocated between the 501A Property and the 501B Property (as such terms are defined under the term “Project”) in the same proportion as described in the defined term “Base Real Estate Tax Value” unless and until those properties are subdivided and separately assessed by the City or as otherwise agreed by both parties in writing.

“Recipient” means Piedmont Housing Alliance, a non-profit 501(c)(3) organization under the Internal Revenue Code of 1986, as amended, and its successors and assigns, to the extent permitted by this Agreement.

“Site” means that certain 1.40-acre parcel currently owned by W P 501 Cherry LLC, located at 501 Cherry Avenue, and currently referred to in the records of the City Assessor as Parcel No. 290178000 and as further described in Exhibit “A.”

“State Housing Finance Agency” means Virginia Housing (formerly known as Virginia Housing Development Authority), a political subdivision of the Commonwealth of Virginia, or its successor.

## Section 2. Recipient's Obligations

### 2.1 Completion of Project Construction; Timeline.

**2.1.1 Plan of Development.** Recipient shall submit a Plan of Development or similar submission for the Project to the City's Director of Neighborhood Development Services no later than approximately nine (9) months after the Effective Date, which Plan of Development, or similar submission, shall comply with the relevant provisions of the City Code and shall contain all elements of the Project as defined herein.

**2.1.2 Commencement of the Project Construction.** Recipient shall commence construction of the Project within approximately eighteen (18) months of the Effective Date, ("Construction Commencement Date"), which shall be subject to force majeure extensions upon notice from Recipient to City that shall not exceed nine (9) months, and shall be evidenced by the issuance of all permits necessary for commencement of construction of the Project.

**2.1.3 Completion of Project Construction.** Recipient shall complete the Project within three (3) years of the Construction Commencement Date, which shall be subject to force majeure extensions upon notice from Recipient to the City or extensions required by an Approved Lender, either of which shall not exceed nine (9) months, and shall be evidenced by the issuance of a temporary certificate of occupancy for the Project.

**2.1.4 Failure to Comply.** If Recipient fails to timely comply with any of the provisions of this Section 2.1, then Authority's Executive Director, in his/her sole discretion, may either extend the time by which Recipient must comply with the corresponding requirement, or provide written notice of Authority's intent to terminate this Agreement (which shall be delivered to Recipient and the State Housing Finance Agency or Approved Lender). The Investor Member of Recipient may provide its notice address, in which event, Authority will use commercially reasonable efforts to include the Investor Member on any such written notices and permit the Investor Member to effect a cure. If Recipient or its Investor Member fails to cure its failure to comply within thirty (30) days of such written notice, then this Agreement (however, if such cure cannot reasonably be effected within such thirty (30)-day period, then such reasonable period of time as is necessary not to exceed 120 days provided Recipient (or its Investor Member on its behalf) has promptly commenced and is diligently pursuing such cure, including all rights and obligations herein, shall, upon Authority's election and subject to the rights of Approved Lender under Section 6.3 hereof, terminate, and neither City nor Authority shall have any further obligation to Recipient, and Recipient shall no longer be eligible for any Funding Payments hereunder.

### 2.2 Continued Maintenance and Operation of Project.

**2.2.1. Continued Control of the Project by Recipient.** Recipient shall continue to own, lease, or otherwise control the Site until completion of the Project construction pursuant to Section 2.1.3 of this Agreement and thereafter shall continue to own, lease, or otherwise control the Project until expiration of the Funding Period. Notwithstanding the foregoing, Recipient may transfer the ownership in the Project to third-parties ("**Permitted Transferee**"), but only if Authority has provided prior written permission, in its sole discretion, for the transfer to the Permitted Transferee following review by Authority of the Permitted Transferee's organization and information relating to such Permitted Transferee's financial

condition, and following such approval, Recipient may (1) assign this Agreement, including the rights and obligations herein to such party or parties at the time it transfers ownership in the Project (including any leasehold interests), and (2) if the Agreement is assigned, Recipient shall provide the Authority thirty (30) days' prior written notice of its intent to transfer ownership in the Project, which notice shall include the contemplated date of transfer, the name of the party or parties to which it intends to transfer, and a written statement from such party that it is aware that this Agreement, including the rights and obligations herein, will be assigned to such party and such Permitted Transferee shall be bound by all terms of this Agreement. Following the transfer of ownership in the Project to the Permitted Transferee as provided above, the term "Recipient" as used herein shall mean the Permitted Transferee. Any transfers by or related to a foreclosure or deed in lieu thereof by an Approved Lender are deemed approved. Notwithstanding anything to the contrary herein, Recipient intends to assign this Agreement to 501-A Cherry, LLC and 501-B Cherry, LLC (both of which are intended to be affiliates of Recipient and each a Permitted Transferee) to complete the Project and such assignment is approved by Authority and acknowledged by City. Such assignment shall not relieve Recipient of any of its obligations under this Agreement.

**2.2.2 Continued Maintenance and Operation of the Project.** Following Recipient's completion of Project construction as set forth in Section 2.1.3 of this Agreement, the Recipient, or its permitted successors or assigns, shall continue to Maintain the Project until the expiration of the Funding Period. For avoidance of doubt, Recipient's obligation to Maintain the Project includes Recipient's ongoing compliance with the provisions set forth in Section 2.4 (Affordable Housing) of this Agreement.

## **2.3 MBE Participation**

**2.3.1 Goal.** Recipient agrees to diligently work towards the following goal: Where capacity, capability, and competitive pricing among minority business enterprises and emerging small businesses exists, thirty percent (30%) of all expenditures for construction costs of the Project that will be paid to third-party subcontractors unaffiliated with Recipient will be spent with minority business enterprises and emerging small businesses that perform commercially useful functions with regard to the prosecution and completion of the Project. Recipient shall include this goal in its contracts with all assignees, contractors, and subcontractors who will be providing any portion of the Project. The Recipient further agrees to encourage contractors and sub-contractors during the construction phase of the Project to provide employment opportunities for City residents, and to that end, to work closely with the City of Charlottesville Office of Economic Development, the Central Virginia Partnership for Economic Development, and the Virginia Workforce Center, if recruitment, screening, and training of residents is required.

**2.3.2 Reporting.** To enable City to measure the achievements of Recipient and its assignees, contractors, and subcontractors with regard to the participation goals set forth above, during the period prior to completion of Project construction, Recipient shall submit a report, upon request, detailing all expenditures with minority business enterprises and emerging small businesses, showing, at a minimum, (i) the name of the business, (ii) an itemization of what the business provided, (iii) the amount paid for each item, (iv) the total amount of spending to date with minority business enterprises and emerging small businesses, and (v) the percentage of total expenditures for the quarter spent with minority

business enterprises and emerging small businesses. If City chooses, Recipient shall submit these reports on forms reasonably prescribed by City.

#### **2.4 Affordable Housing.**

Recipient shall restrict occupancy and rents of the Project according to the schedule shown on Exhibit “B,” according to standards promulgated by the State Housing Finance Agency or as otherwise approved in writing by Authority at the written request of Recipient. Ongoing compliance monitoring and approvals by the State Housing Finance Agency, as provided to City upon City’s request, shall serve as evidence of Recipient’s compliance with this Section.

### **Section 3. Disbursement of Funding**

**3.1 Funding.** Subject to the provisions of this Section 3, during the Funding Period, Authority shall pay to Recipient (subject to annual appropriation by the City Council) the Funding Payments for such real estate tax year (*e.g.* the amount equal to one hundred percent (100%) of the Incremental Real Estate Tax Revenue for such corresponding tax year), beginning fifteen (15) months following the annual valuation of the Project by the City Assessor, which can be done as early as the Completion Date, which is defined as any time after a Certificate of Occupancy has been issued by City for at least fifty percent (50%) of the residential units in the Project (*i.e.* thirty five (35) units) (“**Completion Date**”) and annually thereafter, within ninety (90) days following receipt by City of the annual assessed real property taxes paid by Recipient (or subsequent owners of the Project) related to the Project. The Funding shall be paid by Authority to Recipient (or its Permitted Transferees), annually during the term of this Agreement, which is thirty (30) years from the Completion Date, subject to annual appropriations by City Council.

#### **3.2 Intentionally Deleted.**

**3.3 Disbursement of Funding Payment.** Subject to any necessary City Council action, including any necessary budget amendment or whether the City Council has determined to appropriate funds to Authority for such purpose, Authority agrees to pay the Funding Payment to Recipient (or its Permitted Transferees, or to such party to which Recipient has assigned Funding Payments pursuant to Section 9.1 of this Agreement), within fifteen (15) business days of receipt of the funds from City. Disbursement of the Funding Payment to Recipient is contingent upon the following:

- a) Recipient certifies that it has made the Investment in the Project no later than the Completion Date and providing City and Authority, at either of their request, with reasonable evidence of the amount of such investment, and certifies its continued Maintenance of the Project, including, if requested by City or Authority, any reasonable evidence of such Maintenance, including inspections during normal business hours upon advanced written notice;
- b) Recipient and any subsequent owner or owners of all or any portion of the Project agreeing not to contest any increase in assessed value for the Project for any year on which Funding is based;
- c) To the extent that the assessed value of the Project is decreased for any reason during

the term of this Agreement, the amount of Funding shall be reduced by the tax decrease based on the decrease in Incremental Increased Value; and

- d) No Funding shall be paid so long as any taxes of any kind due and owing to the City by the Recipient or subsequent owner or owners of all or any portion of the Project remain unpaid, or if the assessed value for the Project is being contested. Recipient agrees to pay all taxes due to City in a timely manner.

**3.4 Recipient's Relief.** Should Recipient believe Authority failed to comply with Section 3.3 of this Agreement, Recipient may seek relief in accordance with Section 9.2 of this Agreement. Provided, however, Recipient's sole remedy shall be to receive payment for a Funding Payment to which it was entitled (subject to the restrictions set forth in this Agreement, including, but not limited to, Sections 3.3 and 9.5), and for which it did not receive payment.

#### **Section 4. General Administration of Funding**

**4.1** City has agreed to transfer to Authority, subject to appropriation by City Council, the funds necessary for Authority to meet its obligations under this Agreement relating to the Funding. No administrative fees or expenses shall be paid by City.

**4.2** Authority's obligation to undertake the activities herein is specially conditioned upon City providing funding on a timely basis; provided, however, City's obligation is subject to annual appropriation by City Council.

**4.3** Authority agrees to provide City Manager, or the designee thereof, with copies of all documents related to this Agreement and will keep City Manager fully and timely informed of all matters related to this Agreement.

**4.4** Authority agrees that all funds transferred by City to Authority for the Funding shall be deposited by Authority within a Project Fund, to be used only to satisfy the obligations contained in this Agreement related to the Funding.

**4.5** It is the intent of the Parties not to impose upon Authority any responsibility, duty, or obligation other than what may be required to implement the Funding. Accordingly, Authority does not assume any responsibility or liability whatsoever except as specifically stated herein. If litigation involving the Funding is initiated or expected to be filed against Authority, Authority shall immediately notify City Attorney and City Manager.

**4.6** Authority shall keep records of its financial transactions, if any, related to this Agreement in accordance with generally accepted accounting principles. The City Auditor, or his/her designee, may at any time audit the financial transactions undertaken under this Agreement. Authority shall cooperate to ensure that the City Auditor is granted reasonable access on a timely basis to all books and records of the Authority necessary to complete such audits.

**4.7 Intentionally Deleted.**

**4.8** Recipient shall pay a non-refundable application fee of \$1,500 to proceed with this Agreement.

4.9 Recipient shall pay an annual administrative fee of \$1,500 upon the anniversary of the Effective Date. Such annual administrative fee shall be due regardless of whether grant disbursement is underway or not.

## **Section 5. Representations of the Recipient**

5.1 Recipient is empowered to enter into this Agreement, to be bound hereby, and to perform according to the terms hereof.

5.2 Any and all actions necessary to enable Recipient to enter into this Agreement, and to be bound hereby, have been duly taken.

5.3 The person or persons executing or attesting the execution of this Agreement on behalf of Recipient has, or have been, duly authorized and empowered to so execute or attest.

5.4 The execution of this Agreement on behalf of Recipient will bind and obligate Recipient to the extent provided by the terms hereof.

5.5 There exists no litigation pending against Recipient or to Recipient's knowledge threatened, which if determined adversely, would materially and adversely affect the ability of Recipient to carry out its obligations under this Agreement or the transactions contemplated hereunder.

5.6 Recipient will comply with all applicable federal, state, and local laws and secure all plans, approvals, bonds, and permits as may be necessary or appropriate for the construction of the Project and the occupancy thereof.

## **Section 6. Default**

6.1 **Events of Default.** Each of the following events (hereinafter called an "Event of Default") shall be a default hereunder by Recipient as described:

6.1.1 Failure by Recipient to maintain its corporate existence or the declaration of bankruptcy by Recipient;

6.1.2 The failure of Recipient to comply with Section 2 and Section 3.3 of this Agreement; and

6.1.3 The failure of Recipient to pay annual Real Estate Tax Levy.

6.2 **Effect of Event of Default.** Subject to Section 6.3 below, in the case of an occurrence of an Event of Default, the Funding provisions of Section 3 of this Agreement shall, at Authority's option, terminate ninety (90) days after Authority's notice to Recipient and the State Housing Finance Agency or, the Approved Lender and, as provided herein, the Investor Member, unless Recipient (or at their option and without any obligation to do so, the Approved Lender or Investor Member) cures the Event of Default to Authority's satisfaction within such ninety (90) days, and neither City nor Authority shall have any further obligation relating thereto and Recipient shall no longer be eligible

for any Funding Payments hereunder. Notwithstanding the foregoing, provided Authority adheres to the Funding provisions of Section 3 of this Agreement, Recipient's obligations hereunder will remain in force and effect throughout the Funding Period and Authority shall be entitled to any remedies available at law and equity, including, but not limited to, specific performance. Notwithstanding anything to the contrary contained herein, upon transfer of a portion of the Site to either 501-A Cherry LLC or 501-B Cherry LLC as provided herein, an Event of Default on one (1) building on the Site shall not cause an Event of Default on the other. In other words, non-performance under the terms of the Agreement by 501-A Cherry LLC in connection with the 501A Property will not affect 501-B Cherry LLC's obligations, rights, and privileges under the terms of the Agreement, and non-performance under the terms of the Agreement by 501-B Cherry LLC in connection with the 501B Property will not affect 501-A Cherry LLC's obligations, rights, and privileges under the terms the Agreement.

**6.3**            **Notice and Right to Cure.**    Authority will use commercially reasonable efforts to provide written notice of any default by Recipient under this Agreement to any Approved Lender and Investor Member. Each Approved Lender and the Investor Member shall be permitted to cure any default by Recipient under this Agreement. Such Approved Lender and Investor Member shall have the same period for remedying any default or causing the same to be remedied, as is given Recipient after the giving of such notice to Recipient. However, if such cure cannot reasonably be affected within such period, then such reasonable period of time as is necessary not to exceed 120 days provided any Approved Lender and Investor Member has promptly commenced and is diligently pursuing such cure. Authority agrees to accept payment or performance by any Approved Lender or Investor Member as though the same had been done by Recipient.

**Section 7.    Recipient Reporting**

Recipient shall provide, at Recipient's expense, detailed updates and verification reasonably satisfactory to Authority of Recipient's progress regarding completion of Project construction and, following Project construction, of Recipient's continued compliance with this Section of this Agreement.

**Section 8.    Notices**

Any notices required or permitted under this Agreement shall be given in writing, and shall be deemed to be received five (5) business days after being mailed by first class mail, postage prepaid, return receipt requested, or one (1) business day after being placed for next day delivery with a nationally recognized overnight courier service, or upon receipt when delivered by hand, addressed as follows:

if to the Recipient, to:

Piedmont Housing Alliance  
682 Berkmar Circle  
Charlottesville, Virginia 22901

with a copy to:

Doruk Onvural  
Klein Hornig LLP.  
1325 G Street NW. Ste 770  
Washington, D.C. 20005

With copies to the State Housing Finance Agency or Approved Lender at the addresses provided by

written notice to the Authority.

if to the City, to:

Office of Economic Development  
City of Charlottesville, Virginia  
610 E. Market Street  
Charlottesville, Virginia 22902

if to the Authority, to:

Economic Development Authority  
of Charlottesville VA – Attn: Exec. Dir.  
610 East Market Street  
Charlottesville, Virginia 22901

with a copy to:

Daniel M. Siegel, Esquire  
Sands Anderson PC  
P.O. Box 1998  
919 East Main Street  
Richmond, Virginia 23218-1998

## **Section 9. General Terms and Conditions**

**9.1 Entire Agreement; Amendments; Assignments.** This Agreement constitutes the entire agreement among the Parties hereto and may not be amended or modified, except in writing, signed by each of the Parties hereto. Except as specifically provided herein, Authority reserves the right in its sole discretion to approve any assignment of this Agreement by Recipient to any individual or entity and, the ownership interests of any such entity must be disclosed to Authority, and for any Investor Member, must disclose the name of the individual, managing member, or general partner of the Investor Member, who maintains control of such entity or owns more than a twenty five percent (25%) interest in the Investor Member. Authority will have the notice and consent rights with respect to any change of Recipient stipulated in Paragraph (c) below.

- a) Recipient shall have the right to assign its interest in the Site and Project to any future owner, provided Recipient first shall have complied with the requirements set forth in Section 2.2.1 of this Agreement and shall have submitted to Authority the form of all instruments by which it purports to make such assignment and shall have obtained Authority's prior written approval thereof, which approval shall not be unreasonably withheld, in which event the assignor shall be released from all obligations and liabilities under this Agreement and any such assignee shall be bound by all the terms and conditions of this Agreement, including but not limited to the Investment amounts and other requirements set forth in this Agreement.
- b) Recipient shall have the right to grant to the State Housing Finance Agency or an Approved Lender a security interest in, and assignment of, Recipient's rights hereunder as collateral for the loan to be provided by a lender providing funds for the development, acquisition, refinancing, or rehabilitation of the Project, and any action taken by such lender to realize on such security interest or assignment and performance thereafter shall be deemed permitted under this Agreement, provided the Recipient first shall have submitted to Authority the form of all instruments by which it purports to grant such security interest and assignment and shall have obtained

Authority's prior written approval thereof, in its sole discretion (a "**Collateral Assignment**"), but no such consent shall be required to the exercise by an Approved Lender or any assignee of an Approved Lender of its right to perform Recipient's obligations hereunder after a default by Recipient under the applicable loan documents.

Authority agrees that the State Housing Finance Agency (or an Approved Lender) shall not have any liability for any act or omission of Recipient hereunder and shall only be liable hereunder for obligations arising during such time as it is the owner of Recipient's interests in the Site and the Project pursuant to foreclosure, deed in lieu of foreclosure, or otherwise.

- c) Recipient will provide advanced written notice, along with any reasonable documentation requested by Authority regarding the proposed replacement member manager or managers, and consent rights to Authority for any change in its corporate structure. Pursuant to the operating agreement of any affiliate of Recipient, the Investor Member is expected to have certain default rights and remedies with respect to Recipient. Authority consents to any such rights of the Investor Member; however, the Investor Member will provide notice of such removal and documentation of any affiliate of the Investor Member that has taken over the roles and responsibilities of Recipient. The Investor Member will provide advanced written notice of any transfer of such Recipient interests to an unrelated party ("**Proposed MM Transferee**"), which notice will include the corporate resume of such Proposed MM Transferee, including biographies of the principals of such organization, affordable housing experience, and three (3) references, including one (1) reference from a state allocating agency. Authority will have the right to reasonably consent to such Proposed MM Transferee; however, such consent must be provided within thirty (30) days of receipt of the written notice, and any denial of consent shall include specific reasons therefor. Authority review should be to confirm the Proposed MM Transferee owns at least five (5) affordable housing properties and has no outstanding IRS 8823 violations, no outstanding HUD REAC violations resulting in HUD "red flags," and is in good standing in the Commonwealth of Virginia and City on corporate and tax filings. Failure to timely respond as provided above to a request for such consent shall be deemed the consent of Authority.

**9.2 Governing Law; Venue.** All issues and questions concerning the construction, enforcement, interpretation, and validity of this Agreement, or the rights and obligations of the Parties shall be governed by, and construed and interpreted in accordance with, the laws of the Commonwealth of Virginia, without giving effect to any choice of law or conflict of laws rules or provisions, whether of the Commonwealth of Virginia or any other jurisdiction, that would cause the application of the laws of any jurisdiction other than those of the Commonwealth of Virginia. Any and all disputes, claims, and causes of action arising out of or in connection with this Agreement, or any performances made hereunder, shall be brought, and any judicial proceeding shall take place, only in the Circuit Court of the City of Charlottesville, Virginia. Each Party shall be responsible for its own attorneys' fees in the event of any litigation or other proceeding arising from this Agreement.

**9.3 Counterparts.** This Agreement may be executed in one (1) or more counterparts, each of which shall be an original, and all of which together shall be one and the same instrument.

**9.4 Severability.** If any provision of this Agreement is determined to be unenforceable, invalid, or illegal, then the enforceability, validity, and legality of the remaining provisions will not in any way be affected or impaired, and such provision will be deemed to be restated to reflect the original intentions of the Parties as nearly as possible in accordance with applicable law.

**9.5 Subject-to-Appropriations.** All payments and other performances by Authority under this Agreement are subject to City Council's initial approval of acknowledgement and Authority Board's initial approval of this Agreement (both evidenced by their execution of this Agreement) and subject to annual appropriations by City Council. It is understood and agreed among the Parties that Authority shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Agreement. The Parties to this Agreement acknowledge that under no circumstances shall City's or Authority's total liability under this Agreement exceed the total amount of funds appropriated by City Council for the payments hereunder for the performance of this Agreement.

**9.6 Public Disclosure.**

**961 Applicable Law.** The Parties to this Agreement acknowledge that records maintained by or in the custody of Authority are subject to the provisions of the Virginia Public Records Act, Virginia Code §§ 42.1-76 through 42.1-90.1, and the Virginia Freedom of Information Act, Virginia Code §§ 2.2-3700 through 2.2-3714, and thus are subject to the records retention and public disclosure requirements set forth in those statutes.

**962 Challenges to Nondisclosure.** If a party submitting records to Authority requests that those records not be disclosed under applicable law and Authority consequently denies a request for disclosure of such records based on the submitting party's request, and Authority's denial of a request for disclosure of records is challenged in court, the submitting party shall indemnify, hold harmless, and defend Authority, its respective officers, directors, agents, and employees from any and all costs, damages, fees, and penalties (including attorneys' fees and other costs related to litigation) relating thereto.

**9.7 No Waiver.** Neither failure on the part of Authority to enforce any covenant or provision contained in this Agreement, nor any waiver of any right under this Agreement shall discharge or invalidate such covenant or provision or affect the right of Authority to enforce the same right in the event of any subsequent default.

**9.8 Effective Date of the Agreement.** The effective date of this Agreement shall be the date upon which it has been fully executed by the Parties following approval by City Council and by Authority's Board.

**9.9 No Partnership or Joint Venture.** It is mutually understood and agreed that nothing contained in this Agreement is intended or shall be construed in any manner or under any circumstance whatsoever as creating and establishing the relationship of copartners or creating or establishing a joint venture between or among any of the Parties or as designating any Party to the Agreement as the agent or representative of any other Party to the Agreement for any purpose.

**9.10 No Third-Party Beneficiaries.** Except as specified in any Collateral Assignment and

as specified herein, the Parties agree that: (i) no individual or entity shall be considered, deemed, or otherwise recognized to be a third-party beneficiary of this Agreement; (ii) the provisions of this Agreement are not intended to be for the benefit of any individual or entity other than City, Authority, an Approved Lender, and Recipient; (iii) no other individual or entity shall obtain any right to make any claim against City, Authority, or Recipient under the provisions of this Agreement, unless pursuant to a Collateral Assignment; and (iv) no provision of this Agreement shall be construed or interpreted to confer third-party beneficiary status on any individual or entity.

**9.11 Signature Authority.** Except as specifically otherwise set forth in this Agreement, Authority Chair, or the designee thereof, may provide any authorization, estoppels, approvals, and notices contemplated herein on behalf of Authority and City.

*[The remainder of this page left intentionally blank. Signature pages follow.]*

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement as of the first date written above.

**PIEDMONT HOUSING ALLIANCE,**  
a Virginia non-profit corporation

By: \_\_\_\_\_  
Sunshine Mathon, Executive Director

**ECONOMIC DEVELOPMENT  
AUTHORITY OF THE CITY OF  
CHARLOTTESVILLE,  
VIRGINIA,**

a political subdivision of the  
Commonwealth of Virginia

By: \_\_\_\_\_  
Chairman Date

Approved as to Form:

By: \_\_\_\_\_  
General Counsel to the Authority

**ACKNOWLEDGED BY:**

**THE CITY OF CHARLOTTESVILLE, VIRGINIA**

By: \_\_\_\_\_  
City Manager

Approved as to Form:

By: \_\_\_\_\_  
City Attorney's Office



## **EXHIBIT “B”**

### ***Affordable Housing Schedule***

The following are the affordability restrictions for the 501A Property and 501B Property respectively.

At a minimum, the 501A Property shall restrict occupancy and rents to: (i) 4 (four) units for households with incomes at or below thirty percent (30%) of AMI; (ii) eleven (11) units for households with incomes at or below fifty percent (50%) AMI; and (iii) twenty five (25) units for households with incomes at or below sixty percent (60%) of AMI according to standards promulgated by the State Housing Finance Agency, and subject to the conditions in the form Extended Use Agreement required by the State Housing Finance Agency for tax credit financing. For so long as the City provides rental assistance, five (5) of the sixty percent (60%) units will be restricted for households with incomes at or below forty percent (40%) AMI.

At a minimum, the 501B Property shall restrict occupancy and rents to: thirty one (31) units for households with incomes at or below sixty percent (60%) of AMI according to standards promulgated by the State Housing Finance Agency, and subject to the conditions in the form Extended Use Agreement required by the State Housing Finance Agency for tax credit financing. For so long as the City provides rental assistance, five (5) of the sixty percent (60%) units will be restricted for households with incomes at or below forty percent (40%) AMI.

# Policy Briefing Summary

## City Council



---

**Regarding:** 2025 Integrated Pest Management Report  
**Staff Contact(s):** Katie Lockhart, Deputy Director of Parks  
**Presenter:**  
**Date of Proposed Action:** April 6, 2026

---

### Issue

#### Background / Rule

This written report is a summary of the activities of the City of Charlottesville, Virginia's ("City") landscape Integrated Pest Management ("IPM") Program (adopted by City Council in 2015) performed in calendar year 2025, as well as goals for calendar year 2026.

#### Analysis

#### Financial Impact

None

#### Recommendation

Receive report as information.

#### Recommended Motion (if Applicable)

N/A

#### Attachments

1. 2025 IPM Report



## Charlottesville Parks and Recreation Department

### Integrated Pest Management Report for 2025

#### **IPM Committee Members**

Rob Mathes -- Landscape Manager

Randy Dean – Landscape Crew Lead

Riaan Anthony – Parks & Recreation Director

Kristel Riddervold – Office of Sustainability Director

Worthy Martin -- Tree Commission

Mark Dennison -- Parks and Recreation Advisory Board

## **Introduction**

Integrated Pest Management (IPM) is a methodology that establishes an effective and environmentally sensitive response to pests (insects, weeds, diseases, other vertebrates) that damage trees, shrubs, and turfgrass. IPM establishes a sustainable approach to managing pests by combining biological, cultural, mechanical, and if necessary, chemical tools in a way that minimizes health and environmental risks. This report is a summary of the activities of the City of Charlottesville's landscape Integrated Pest Management (IPM) program adopted by City Council in 2015.

*"Integrated Pest Management (IPM) is a strategy used to manage pests in the landscape by using economically and environmentally sustainable practices ... The goal of IPM is not necessarily to eradicate or eliminate pests, but to strengthen and stabilize the landscape so that conditions are favorable for plants but unfavorable for pests."*

<https://landscapeipm.tamu.edu/> (Texas A&M Extension)

An IPM approach to landscape management involves many different methods to ensure the success of landscape plants, but they all begin with inspections and assessments. The City encourages homeowners and residents to practice IPM at home, and to only use pesticides when necessary. These are the strategies that Charlottesville Parks & Recreation incorporate into the management of City landscapes, which include over 1,100 acres of grass, flower beds, urban woodlands, and street trees. An effective IPM program requires analysis, planning, and revision. The following summary of activities and initiatives from January – December 2025 will help highlight some of these strategies in detail.

## **Summary of Initiatives in 2025:**

### **Landscape Maintenance Practices:**

- Increasing native plants: Native plants were installed in Market Street Park in the spring of 2025. And in November, a non-native grass area of the Meadowcreek Golf Course was renovated and re-planted with native grass and perennials to help increase pollinator habitat. Introducing more native plants is an example of biological and cultural IPM practices because it will help restore the natural balance of predators and prey. Native plants support local ecosystems by providing wildlife food and shelter, conserving water through drought tolerance, preventing soil erosion with deep root systems, and attracting pollinators like bees and butterflies.
- To promote the benefits of native plants, Parks' staff changed two entryway garden beds from non-native annuals to native perennial plants. Native plants support local ecosystems by providing wildlife food and shelter, conserving water through drought tolerance, preventing soil erosion with deep root systems, and attracting pollinators like bees and butterflies. There are several garden beds throughout the City located at the major entryways, and staff removed the old plants, redesigned the beds, and installed native plants on the entry beds on 5<sup>th</sup> St. and Monticello Ave. The focus on using native plants has the benefit of increasing habitat for pollinating insects, but it also has the benefit of being less dependent on watering, which would be done by hand.
- Reducing the size of mulched garden beds: By transitioning several underperforming, difficult landscape areas from mulch to turfgrass, we eliminated areas that no longer need weed control. It

also allows for resources to be directed toward installation and maintenance of other projects focusing on native plants. (See figures 1 and 2)

- Use of arborist wood chips: Chips produced by tree companies' woodchippers are known to provide more benefits to soil microbes and tree roots than bark mulch. Arborist wood chips were installed around several large trees at Meade Park and Washington Park, and the new tree planting contract for 2026 specifically calls for the use of this type of wood chip instead of bark mulch. We will continue to expand the use of wood chips in less formal landscape beds.

**Citizen Participation and Partnerships with Non-Profit Groups** – There are several local organizations that are enthusiastic and cooperative partners in the support of IPM principles. Rivanna Conservation Alliance (RCA), Blue Ridge PRISM, ReLeaf Cville, Piedmont Botanical Garden, and Charlottesville Area Tree Stewards (CATS) are often involved in maintenance or plant installation work on City property. They serve as good opportunities for the public to learn and engage to help build a resilient and healthy landscape. The Charlottesville Invasive Plant Partnership (“CHIPP”) encourages and educates community members on invasive plant removal and helps train members of the community on how to identify and remove unwanted plants. With City support from Urban Forester and Office of Sustainability, this organization encourages and educates community members on invasive plant removal. The neighborhood-based workdays often included cutting and/or hand removal of invasive plants. In 2025, approximately 550 individual trees had invasive vines cut or removed by community members. In February, the City of Charlottesville and CHIPP helped celebrate National Invasive Species Awareness Week, to raise awareness and promote accessible solutions to combat invasive species. Links to these organizations below:

CHIPP: <https://linktr.ee/cvillechipp>

RCA: <https://www.rivannariver.org/>

Blue Ridge PRISM: <https://blueridgeprism.org/>

ReLeaf: <https://www.releafcville.org/>

CATS: <https://charlottesvilleareatreestewards.org/>

Piedmont Botanical Garden: <https://piedmontgarden.org/>

### **Bee City USA**

Charlottesville was designated a Bee City USA by the Xerces Society, which promotes awareness and improvement in pollinator habitat. This designation celebrates Charlottesville's dedication to sustainability, biodiversity, and keeping our community a healthy, vibrant place for people and pollinators.

### **Invasive Plant Control:**

Parks staff and contractors continued work on suppressing and controlling invasive plants, including many different vines, shrubs, and trees. To date, over 45 acres of land have been included in the invasive plant control initiative, including 9 acres added in 2025. Several different methods of pest control were utilized, including mechanical, cultural, and chemical. After areas were cleared, ground covers and grass were planted. In addition, 70 small tree saplings were planted in the Butterfly Greenway management area.

### **Spotted Lanternfly:**

This insect has fully invaded the Charlottesville area, causing tree decline and aesthetic damage through the production of sooty mold. This fungus grows on the exudate of the nymphs, which feed on tree sap. After careful consideration of all the pros and cons of treatment, Charlottesville Parks staff have

concluded that insecticide treatment is not a useful option due to the uncertainty of success and unnecessary pesticide use. Tree health will be monitored on a case-by-case basis, with thresholds for treatment based on tree health, location, and species.

SLF information: <https://www.charlottesville.gov/1745/Invasive-Species-Control-and-Forest-Rest>

#### **Urban Forest Management Plan:**

A new urban forest management plan is currently being developed with an urban forestry consulting firm. Data collected in the spring of 2025 provided valuable information regarding the health of the urban forest, including tree health ratings and invasive species assessments. The fully completed report (still being written) will help inform the Urban Forester and Parks division staff on the management of the forest. This could include recommendations for tree inspections, maintenance cycles, and other information to help guide management of City trees.

#### **Biophilic Cities Network:**

In October, Charlottesville was accepted into the Biophilic Cities Network, a collaborative group of cities who recognize the importance of the connection between humans and the natural world. Becoming part of the Biophilic Cities Network supports Charlottesville in strengthening its natural environment by prioritizing environmental conservation, and sustainable urban design. Biophilic strategies such as urban forestry and green infrastructure help the city become more resilient to climate change and environmental challenges. These efforts contribute to maintaining ecological balance while reducing pollution and supporting native species.

#### **Staff Training and Continuing Education:**

Six Parks division employees attended day-long training and recertification classes hosted by the Virginia Tech Cooperative Extension. These important training sessions fulfill the state requirements to maintain pesticide licenses, educate staff on new pests, new products, or regulatory changes.

#### **Deer Management:**

As in previous years, the City contracted professional sharpshooters to cull the deer population. City Council approved this program in response to numerous and sustained complaints about hazardous driving conditions, health concerns about Lyme disease, landscape damage by deer, and the health of the local herd. In February 2025, the contractors culled 62 deer, resulting in 2,200 lbs. of venison being donated to Hunters for the Hungry.

#### **Pesticide Applications, Data, and Recordkeeping:**

Despite the proactive approaches taken to reduce pests, there is sometimes a need to apply pesticides to help reduce the problem. Annual and perennial weeds, and invasive plants routinely cause the biggest problem with City landscapes and cannot be fully managed by mulching or hand pulling alone. When unwanted weeds need treatment, licensed staff perform herbicide applications to reduce the problem. Charlottesville Parks division manages over 1100 acres of land within the City, including parks, schools, cemeteries, rights-of-way, and other parcels. The amounts of herbicide concentrate are summarized by location in Chart 1. The total amount of herbicide concentrate used decreased by 5.5% from 2024 to 2025. Data from 2024 and 2025 show a significant increase in the number of acres treated, but a decrease in staff hours (Chart 2). It is difficult to draw conclusions on the variability of the usage

and treatments from this dataset, but through continued proactive methods (e.g. mulching, mowing) the goal is to reduce the overall usage of pesticides. Records also indicate that no insecticides were applied in 2025. According to City policy and state law, detailed records are kept for each application.

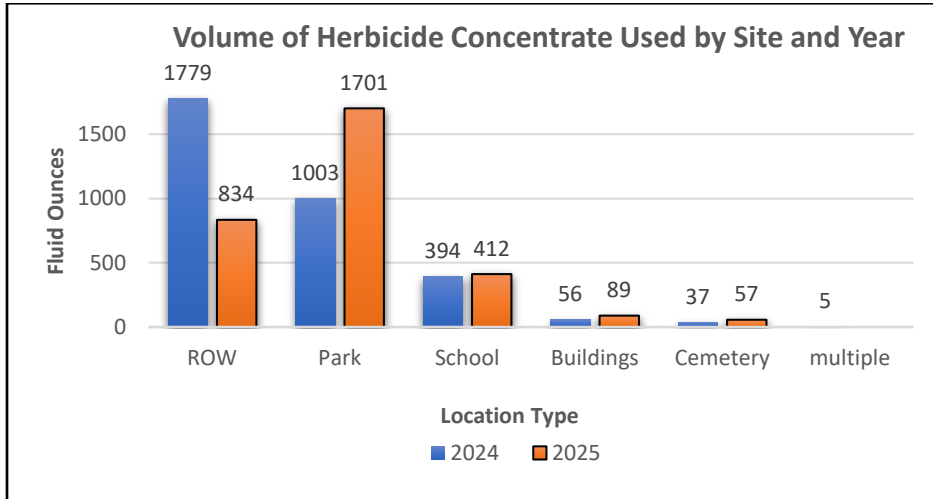


Chart 1: Usage of herbicide concentrate by location type from 2024 and 2025

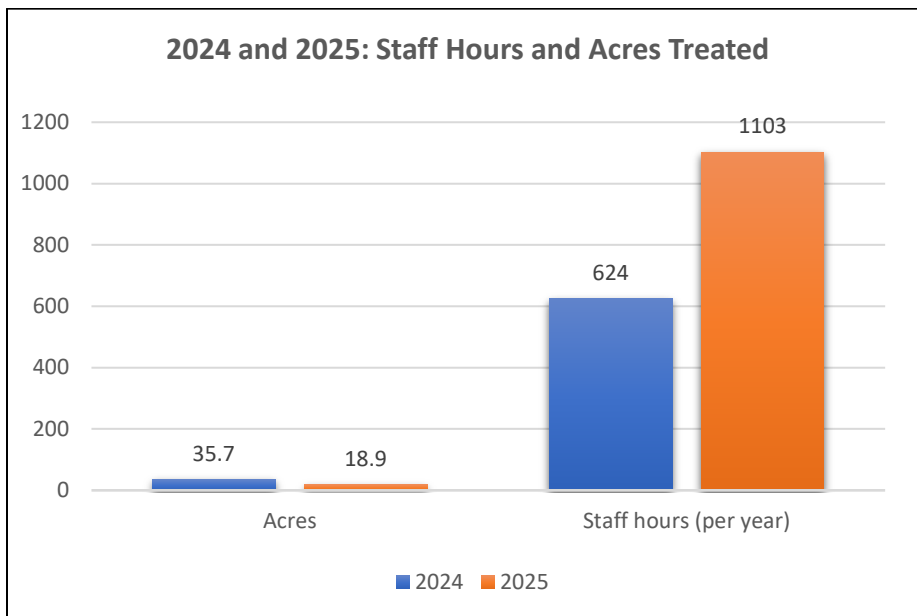


Chart 2: Number of staff hours applying or mixing pesticides, and acres treated for 2024 and 2025

### **Summary:**

The City of Charlottesville strives to continue to practice integrated pest management through a variety of landscape management techniques. Charlottesville is committed to maintain healthy, attractive, and ecologically productive landscapes in an environmentally responsible way. Parks staff strive to be proactive rather than reactive in the implementation of IPM methods. This report demonstrates that the City's commitment to maintaining healthy, attractive, and productive landscapes is done in an environmentally responsible manner. We look forward to improving our program each year through education, collaboration, and training. Included below are both a status report from last year's report, and objectives and plans for 2026.

### **Status Report from 2024 IPM Report:**

*The following items were proposed as items to focus on in 2025, and the updates are noted in italics:*

- Maintain well-educated, trained, and informed staff (e.g. professional development, continuing education). Goal for 2025: have more staff members achieve "Commercial Pesticide Applicator" license. *UPDATE: No new Commercial Applicators certified in 2025. Parks & Recreation currently has three Certified Applicators, and eight Registered Technicians.*
- Watering, mulching, and practicing "right plant, right place." The best defense against pests is keeping our plants healthy. *UPDATE: In progress and ongoing.*
- Converting more annual flower beds to perennial beds. This will help reduce the amount of watering needed and it also presents an opportunity to introduce more native plants. An important side benefit of this is that less hand watering also reduces the staff exposure in high automobile traffic areas. *UPDATE: In progress and ongoing*
- Other insects or diseases to look out for:
  - Beech leaf disease: This is disease, found mostly in the northeast U.S, is a complex of a disease and nematode (microscopic worm) that begins by infecting beech leaves, which slowly progresses into leaf mortality. It is still not widely known what the potential effects of this disease are. *UPDATE: Not yet seen in our area.*
  - Boxwood: box tree moth, boxwood blight. *UPDATE: Not yet seen in our area.*

### **Looking ahead to 2026:**

- More use of arborist wood chips -- The use of arborist wood chips will continue to increase. Double-ground mulch will continue to be used in more formal garden beds, but arborist chips may be used in less formally landscaped areas.
- Bee City USA – Further commitment to the mission, and supporting efforts in cooperation with Office of Sustainability, and local Garden Clubs. Several street signs will be installed along the road at select entry corridors announcing Charlottesville is a "Bee City USA".
- Spotted Lanternfly – This insect increased greatly in the Charlottesville area in 2025; and expectations are that it will continue to increase in 2026. At this time, the City does not expect to make any treatments, which would involve heavy, and likely unsuccessful use of pesticides.
- Expanding native grass and perennial plantings on a larger scale -- Areas cleared through invasive plant removal offer a good planting ground for site-specific grass and perennial plantings. Staff are also exploring installing large native plant meadows McIntire Park, at the site of the former

McIntire Golf Course. The native planter bed on the Downtown Mall (near the Omni Hotel) will continue to be enhanced, and it is hoped that it can become a flourishing example of a native plant garden in an urban environment.

- Expand messaging and communication with public about IPM objectives and activities -- Sharing and publishing information on current projects and educating staff and the public about IPM will help improve our program as a whole.

### 2025 in Pictures:



Figure 1) November 2025 pollinator bed installed at Meadowcreek Golf Course. Large amounts of lesser-used space on the golf course may be good sites for native grasses and perennials. (cultural IPM practice)



Figure 2) Eliminating difficult to manage beds and transitioning to turf to reduce need to keep area weed free. (Azalea Park)



Figure 3) Replanting a bed with native plants and shrubs. (Market St. Park)



Figures 4 and 5) Sanitizing pots before transplanting to reduce chance of root rot and removing dead and diseased sections of rhizomes before planting. (cultural IPM practice)



Figure 6) Bee City USA proclamation



Figure 7) Forestry mulcher at Riverview Park. December 2025. (mechanical IPM practice)