

Policy Briefing Summary

City Council



Regarding:	Resolution to approve CRHA's Request to Establish a New IRS § 501(c)(3) Nonprofit Entity
Staff Contact(s):	Madelyn Metzler, Housing Compliance Coordinator
Presenter:	James Freas, Deputy City Manager
Date of Proposed Action:	April 20, 2026

Issue

The Charlottesville Redevelopment and Housing Authority ("CRHA") has requested City Council approval to establish a new IRS § 501(c)(3) nonprofit entity. CRHA states that creating such an entity will allow it to pursue grants and donations not currently available to Housing Authorities.

Background / Rule

CRHA, as a tax-exempt political subdivision of the Commonwealth of Virginia, is not eligible for many public and private grants that require recipients to hold IRS § 501(c)(3) status. To expand its ability to secure external funding, CRHA proposes forming a separate nonprofit entity, whose purpose is to support revitalization efforts benefiting low- and moderate-income residents.

Pursuant to Virginia Code § 36-19(12), attached, CRHA may only form such entities with the prior approval of City Council. CRHA's Board of Commissioners authorized the creation of the entity and submission of an application for federal tax-exempt status on May 24, 2021, contingent upon City Council approval. City Council's ratification is now required before CRHA can create a new IRS § 501(c)(3) nonprofit entity.

Analysis

CRHA indicates that establishing the nonprofit would enable pursuit and management of contributions, bequests, grants, and other funding streams currently inaccessible to CRHA due to not having IRS § 501(c)(3) status. These resources would support a range of activities associated with physical, economic, social, and cultural revitalization of low- and moderate-income households, including education and job training initiatives, housing stability programs, resident stipends, community events, youth and family programming, eviction diversion, and homeownership assistance.

The newly proposed entity would have no members or owners, be governed by a Board of Directors composed of CRHA Commissioners, CRHA Staff, and residents, and operate under Virginia Conflict of Interests Act requirements. The entity would also submit annual activity reports and financial statements to City Council. The proposed governance structure would keep the new entity closely aligned with CRHA's mission and oversight framework. CRHA asserts that this structure will facilitate coordination across redevelopment and resident-support functions, while ensuring compliance through annual reporting to City Council. City Council's consideration of this request will determine whether CRHA is permitted to expand its organizational capacity through a nonprofit arm, which could support broader community development and affordable housing goals.

Financial Impact

There is no direct financial impact from this action.

Recommendation

City Staff recommends that City Council adopt the attached Resolution authorizing CRHA to create a new IRA § 501(c)(3) nonprofit entity, in accordance with Virginia Code § 36-19(12).

Recommended Motion (if Applicable)

"As required by Virginia Code § 36-19(12), I Move to adopt the Resolution authorizing CHRA's creation of a new IRS § 501(c)(3) nonprofit entity."

Attachments

1. Virginia Code Section 36-19
2. Resolution to approve CRHA request to establish a new §501(c)(3) nonprofit entityjvhedits