



## ORDINANCE #O-26-040

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

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**WHEREAS**, the production of new housing for people of low- and moderate-income is a public purpose and a use for which public money may be spent, and such production is a governmental function of concern to the Commonwealth of Virginia (“Commonwealth”); 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 IRS 501(c)(3) organization (corporation) organized and operating under the laws of the Commonwealth, 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 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