

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	February 1, 2021
Action Requested:	Resolution
Presenter:	Brenda Kelley, Redevelopment Manager
Staff Contacts:	John Blair, Acting City Manager Brenda Kelley, Redevelopment Manager, City Manager's Office
Title:	Support for Friendship Court Redevelopment – Phase 2

Background:

Friendship Court is a mixed-use, mixed-income, phased redevelopment comprised of four phases all of which will take place on the existing site. Each phase is an independent phase. A fundamental goal of the redevelopment is no displacement of current residents, hence the need for a phased development. The total duration of all phases is not expected to exceed ten years. This redevelopment approach is the direct result of the current Friendship Courts residents' vision for the redeveloped Friendship Court and its future. The completed redevelopment will result in no more than 505 residential units (as permitted by the current zoning regulations) and a variety of commercial, educational, and retail establishments. The redevelopment is intended to further incorporate Friendship Court and its residents into the fabric of the City of Charlottesville.

In alignment with the previously shown phasing plan developed by the resident-led Advisory Committee, an application for Low Income Housing Tax Credit (LIHTC) funding for the Phase 2 redevelopment will be submitted in March 2021.

Once Phase 1 construction is complete, Phase 2 will begin with the demolition of 46 existing units (these families will already be re-housed in new Phase 1 units), and follow with the construction of approximately 106 new affordable homes. Of these, 100 will be affordable rental units and the other 6 will be affordable homes for purchase. The homeownership units will likely be developed under a community land trust model to ensure permanent affordability.

As with Phase 1, the housing in Phase 2 will include both townhomes and multifamily-style apartments. The 52 townhouse units will include both rental and homeownership opportunities. The remaining 54 units will be all rental apartment-style units.

In a similar resident-income balance as Phase 1, all homes will serve households at three tiers of affordability. Of the 100 rental units, 54 "Tier 1" units will be replacement Section 8-subsidized units, 23 "Tier 2" units will be for households with incomes between 30-60% AMI, and 23 "Tier 3"

units will be for households with incomes between 60-80% AMI. While the income balance of the homeownership units is still being determined, we are aiming to pursue a similar tiering ratio.

Discussion:

Application for Virginia Housing (previously known as Virginia Housing Development Authority - VHDA) LIHTC program are due in March 2021. Virginia Housing LIHTC application requires a resolution by City Council that corresponds to any financial commitment(s) made for the redevelopment project. LIHTCs are critical to the financing of the redevelopment of Friendship Court and it is a competitive application process. The City's support, both financially and in declaration, helps to ensure the application receives the highest possible score. The City has previously supported the Phase 1 redevelopment.

Alignment with City Council's Vision and Strategic Plan:

The overall redevelopment of Friendship Court supports City Council's visions of Quality Housing Opportunities for All; A Green City; Community of Mutual Respect; and Smart, Citizen-Focused Government.

Strategic Plan Goals:

- Goal 1.3: Increase affordable housing options
- Goal 2.3: Improve community health and safety outcomes by connecting residents with effective resources (aligning health care with provision of housing for the elderly and disabled)

Comprehensive Plan Goals:

- Goal 3: Grow the City's housing stock for residents of all income levels
- Goal 3.1: Continue to work toward the City's goal of 15% supported affordable housing by 2025.
- Goal 3.6: Promote housing options to accommodate both renters and owners at all price points, including workforce housing.
- Goal 4.1: Continue to support the use of appropriate tax credit proposals submitted by private and non-profit developers within the locality to create affordable rental units, as consistent with Housing Advisory Committee policy.
- Goal 5: Support projects and public/private partnerships (i.e., private, non-profits, private developers and governmental agencies) for affordable housing, including workforce housing and mixed-use, and mixed-income developments.
- Goal 5.7: Support housing programs at the local and regional level that encourage mixed-income neighborhoods and discourage the isolation of very low and low income households.
- Goal 7: Offer a range of housing options to meet the needs of Charlottesville's residents, including those presently underserved, in order to create vibrant residential areas or reinvigorate existing ones.
- Goal 7.1: To the greatest extent feasible ensure affordable housing is aesthetically similar to market rate.
- Goal 8.1: Encourage mixed-use and mixed-income housing developments.

- Goal 8.3: Encourage housing development where increased density is desirable and strive to coordinate those areas with stronger access to employment opportunities, transit routes and commercial services.
- Goal 8.7: Encourage the incorporation of green sustainable principles (e.g. LEED, EarthCraft Virginia, Energy Star, etc.) in all housing development to the maximum extent feasible both as a way to be more sustainable and to lower housing costs.

Community Engagement:

In February 2016, at the outset of considering redevelopment, a critical choice was made to establish a formal Advisory Committee, a cohort of nine Friendship Court residents elected by their neighbors to represent them through the process, plus six members from the at-large Charlottesville community. Led by the resident members, they have become genuine partners in planning their community's future, co-designing every aspect of the site, with all major decisions passing through their hands. The resident members, like any other consultants, are paid for their time and expertise.

In addition to the resident-led redevelopment, there have been door to door efforts to garner feedback and a number of Community events have been held intended to educate all Friendship Court residents on the redevelopment efforts. There is also an on-site Community Organizer, who works daily to keep residents informed about the redevelopment plans. All of these efforts are ongoing.

Budgetary Impact:

This request does not encumber any additional funding from the City budget. It provides acknowledgement that up to \$3,250,000 in funding may be provided.

Recommendation:

Staff recommends City Council approve the attached Resolution supporting redevelopment of Friendship Court Phase 2.

Alternatives:

City Council could choose to not approve the supporting Resolution for Friendship Court Phase 2, which could have a negative impact on the LIHTC application.

Attachments:

Resolution

RESOLUTION

Financial Resolution Supporting Friendship Court Phase 2 Parcel Number: 280112000

NOW, THEREFORE BE IT RESOLVED that the Council of the City of Charlottesville, Virginia hereby commits up to \$3,250,000 in the form of loans for the redevelopment of Friendship Court Phase 2. The commitment of up to \$3,250,000 will help to subsidize Phase 2 which in turn will create approximately 106 newly constructed affordable housing units and some commercial space in the City of Charlottesville. This commitment will be made to Piedmont Housing Alliance and NHT Communities.