

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



Agenda Date:	June 20, 2023
Action Required:	Approval of Resolution
Presenter:	Samuel Sanders, Jr., Deputy City Manager
Staff Contacts:	Samuel Sanders, Jr., Deputy City Manager
Title:	Approving an agreement with the Charlottesville Redevelopment and Housing Authority (CRHA) for the Dogwood Properties Portfolio and reassigning an \$850,000 Promissory Note (1 reading)

Background

CRHA is acquiring multiple units of naturally occurring affordable housing that were on the market and would likely no longer be affordable after a sale to any owner who may not operate as exclusively affordable. The portfolio includes a total of 74 units within 26 individual parcels. In late 2022 CRHA began discussing the acquisition of the Dogwood Properties portfolio from Woodard Properties. The Dogwood Properties is currently available for \$10 million dollars. The CRHA is requesting the City of Charlottesville invest \$5 million dollars into ensuring the affordability in perpetuity of Dogwood Properties. The CRHA will ensure this by adding the City of Charlottesville to the deed with 1/2 interest. The CRHA has been in discussions with a philanthropic donor on providing a 10-year- interest-free loan which will allow CRHA to continue to keep the homes deeply affordable. If the portfolio is acquired, the CRHA would add the properties to the CRP and remove the housing barriers that exist in other federal programs and in the housing market.

Discussion

The City of Charlottesville has agreed to make a \$5 million capital investment to acquire the 74- unit Dogwood Properties Portfolio from Woodard Properties. CRHA will record a 1/2 interest conveyance for the City of Charlottesville, making the city a partner in the development. The agreement will include a first right of refusal to acquire CRHA's 1/2 interest before any sale of any unit in the portfolio to another potential owner.

The City of Charlottesville issued a loan in the amount of \$850,000 to Piedmont Housing Alliance for the purpose of assisting Dogwood Properties of Charlottesville, LLC with the purchase of 57 of the 74 units that makeup the portfolio being acquired.

Council may elect to require repayment using proceeds of the portfolio or cancel and forgive the balance. As such, the authorization to release PHA and Dogwood Properties from the note and substitute CRHA as the borrower is necessary at this time.

Alignment with City Council's Vision and Strategic Plan

Affordable Housing Plan Guiding principles: Racial equity, regional collaboration and comprehensive approach

Comprehensive Plan Guiding Principles:

- Equity & Opportunity - All people will be able to thrive in Charlottesville.
- Community Culture and Unity - Charlottesville's rich and diverse culture and form will be celebrated, and the entire community will feel welcomed, valued and respected.

Strategic Plan (2018-2020) Goals:

- Goal 1.3 to increase affordable housing options
- Goal 1.5 to intentionally address issues of race and equity
- Goal 5.4 to foster effective community engagement.

Community Engagement

There have been several community engagement meetings and activities conducted as part of the comprehensive plan update and affordable housing planning process. City staff has also been engaged with CRHA on a regular basis regarding redevelopment activities, including exploring proactive ways to spur affordable housing one of which is this proposal to acquire naturally occurring affordable housing and sustaining that opportunity for residents.

Budgetary Impact

The prior appropriation action in April 2023 for \$5,000,000 will be added to the City's Capital Improvement Fund as a bondable project under the affordable housing category and there will be no additional expenditure.

Recommendation

Alternatives

Council may elect not to approve the recommendations, which would forego the opportunity to ensure that these affordable units could be permanently dedicated as unit of affordable housing.

Attachments

1. Dogwood Resolution approving joint ownership agreement
2. Loan Agreement between City of Charlottesville and CRHA - clean