

**ORDINANCE AMENDING AND REAUTHORIZING ORDINANCE (#O-24-098)
AUTHORIZING A GRANT OF PUBLIC FUNDING TO SUBSIDIZE THE SIXTH
STREET PHASE ONE REDEVELOPMENT PROJECT OF CHARLOTTESVILLE
REDEVELOPMENT AND HOUSING AUTHORITY**

WHEREAS, on August 5, 2024, Charlottesville City Council Approved Ordinance (#O-24-098), authorizing a \$3 million grant to the Charlottesville Redevelopment and Housing Authority (CRHA) for the Sixth Street Phase One Redevelopment Project, and entered into a Memorandum of Agreement (MOA) outlining terms and conditions of funding, including compliance requirements and project milestones; and

WHEREAS, the approved MOA set a construction commencement deadline of September 30, 2024, and required CRHA to formally request an extension if the deadline could not be met; and

WHEREAS, construction did not commence by the specified deadline, and no formal extension request was submitted within the required timeframe; and

WHEREAS City staff conducted a compliance review and engaged in discussions with CRHA and its development team on February 14, 2025, identifying the need to amend the MOA and reauthorize the ordinance to reflect revised project timelines, compliance reporting expectations, and enhanced accountability measures; and

WHEREAS the City of Charlottesville remains committed to supporting the South First Street Phase Two Redevelopment Project while ensuring proper oversight of public funding.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Charlottesville, Virginia, that Ordinance (#O-24-098) is hereby amended and reauthorized as follows:

1. Project Milestones and Deadlines

- Financial closing estimated **April 2025**, or before **July 31, 2025**.
- CRHA shall commence construction no later than **July 31, 2025**.
- The project must be **substantially completed by July 31, 2027**.
- Extension requests must be submitted **at least 30 days prior to a deadline**, with justification and a corrective action plan.

2. Compliance and Reporting Measures

- CRHA shall submit **semi-annual compliance reports**, including:
 - Construction progress updates.
 - Financial expenditures and adherence to the project budget.
 - Affordability compliance verification (tenant income certification).
 - Applicable updates regarding LITHC and/or HUD compliance.
- Formal **semi-annual compliance check-ins** shall be held between CRHA and City staff.

3. Enforcement and Remedies for Non-Compliance

- A **tiered enforcement structure** shall be implemented:
 - **Action 1:** Written notice of non-compliance with a 30-day correction period.
 - **Action 2:** Suspension of future funding disbursements and eligibility until compliance is achieved and supported with documentation.
 - **Action 3:** Potential termination of the agreement and recapture of unexpended funds; and potential eligibility restrictions to future use of grants of public funds by the City.

4. Monitoring and Financial Coordination

- Ongoing site inspections and financial assessments will be performed to verify project advancement and ensure compliance with budgetary constraints. Under the revised ordinance, the stipulation requiring the City to withhold 5% of grant funds until project completion and compliance verification has been eliminated. This adjustment is designed to mitigate the risk of noncompliance with the City's bonding requirements.
- CRHA shall submit **semi-annual financial statements**, with any budget modifications requiring review through the established communication framework.
- A **formalized public reporting process** will be introduced for transparency.

BE IT FURTHER ORDAINED, that the City Manager is hereby authorized to execute any necessary agreements or documents on behalf of the City of Charlottesville, consistent with the provisions set forth herein.

This ordinance shall be effective upon its adoption.

Approved by Council
March 17, 2025

Kyna Thomas, CMC
Clerk of Council