

CITY OF CHARLOTTESVILLE, VIRGINIA  
CITY COUNCIL AGENDA



Agenda Date:	<b>September 20, 2021</b>
Action Required:	<b>Approval of Resolution</b>
Presenter:	<b>John Sales, Executive Director, Charlottesville Redevelopment and Housing Authority</b>
City Manager Office Contact:	<b>Sam Sanders, Deputy City Manager</b>
Title:	<b>CRHA Proposal to Create Corporations and LLCs</b>

**Background:**

The Charlottesville Redevelopment and Housing Authority’s powers and duties are set out within Virginia Code Chapter 36, Chapter 1 (Housing Authorities Law). Pursuant to Va. Code §36-19(12) CRHA is authorized to do the following:

*“With the approval of the local governing body or its designee, to form corporations, partnerships, joint ventures, trusts, or any other legal entity or combination thereof, on its own behalf or with any person or public or private entity.”*

Further, Virginia Code §36-21 specifies that “...no housing authority shall construct or operate any [housing] project for profit...”. Virginia Code §36-25 also states that “An authority may...expend its funds such manner as the authority finds is consistent with the maintenance of the low-rent character of housing projects or the achievement of the purposes of this Housing Authorities Law. Finally, state law provides that “organizations, corporations, or agencies in the Commonwealth supported wholly or principally by public funds [*either City Council’s, or CRHA’s funds*] are “public bodies” subject to the requirements of the Virginia Freedom of Information Act.

**Discussion:**

CRHA requests City Council’s approval of the following legal entities, which are either not yet formed or have previously been formed and activated without prior City Council approval. For each entity, the City Manager’s office has requested CRHA’s Executive Director to provide detailed responses to several questions. For each entity you are being asked to approve, the Executive Director’s answers are provided below.

**Entity 1: South First Phase One, LLC (already exists, State Corporation Commission Registration No. S7989876)**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director’s Response: The name of the housing project to be constructed,

operated and financed by this entity is South First Phase One and it is currently under construction on vacant land adjacent to the existing South First Street public housing development. The project consists of the new construction of 62 one, two and three bedroom apartments in three separate structures.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: The CRHA is the "lessor" in a 99 year ground lease to the "lessee" (South First Phase One, LLC) of the improvements being constructed on the property. In exchange for the ground lease, the CRHA holds a promissory note and a subordinate deed of trust in the amount of \$1,100,000, which is the appraised Fair Market Value of the land. Since the property is subject to a Land Use Restriction Agreement from HUD, the transfer of the land and the note and deed of trust had to receive approval from HUD in the context of the property's continued extended use as affordable housing for low and very low income residents. In addition, the CRHA is the conduit for a Federal Home Loan Bank of Atlanta grant to the project. The grant will be made to an FHLB member Bank (Atlantic Union Bank) who will transfer the funds to the lessee, subject to a note and subordinate deed of trust which requires continued affordability for households with incomes at or below 50% of AMI. South First Phase One, LLC also has recorded an Extended Use Agreement against the property in favor of VHDA requiring that residents at the property have incomes no higher than 60% of the AMI. This agreement will remain in effect for 30 years.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: Please see the response above. These are the only financial agreements to which the CRHA is directly a party. City Council is already on record for providing a grant of \$1,125,000 for the development of this property through a CRHA instrumentality, the Charlottesville Community Development Corporation (CCDC), and is also on record to provide annually a grant to the CRHA in the equivalent of the difference between the Payment in Lieu of Taxes normally calculated for this property, and the property tax liability.

CRHA intends to request City Council waive water and sewer tap fees for this project.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: CRHA's instrumentality, CCDC is the developer of record for the project and participates in the monthly Owner, Architect and Contractor meetings where many construction related items and reports are received and discussed including the monthly pay request from the general contractor. Financial reports from the CRHA's development advisor AHG are received monthly, or as requested. These reports are compiled by a third party accountant, Hantzmon & Wiebel. At the conclusion of construction, a third party auditor, Dooley & Vicars PC will provide a cost certification of the total cost of development. On an annual basis CRHA's instrumentality will receive a third party audit of the property. South First Phase One, LLC has engaged the CRHA to serve as the property manager for this development and therefore CRHA will provide monthly statements of occupancy, and expenses and income to the owner/lessee.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: The mission of this entity is to serve as the owner/lessee of record of the project known as South First Phase One which will provide affordable housing to very low income citizens of Charlottesville. The use of Low Income Housing Tax Credits as a primary source of finance for this project excludes the CRHA from the direct ownership of the property. The CRHA does not have any liability for paying federal income taxes and therefore cannot take advantage of the low-income housing tax credits. By entering into a limited liability company with other federal income taxpaying entities, namely the Housing Equity Fund of Virginia XXIII, LLC, the low income housing tax credits can be utilized by the taxpaying entities in exchange for their capital investment in the project.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: The completion of South First Phase One will allow CRHA to relocate residents from other obsolescent properties so that those properties can then be demolished and/or redeveloped to current building codes and standards. The more obsolete units that are taken offline and redeveloped, the sooner CRHA will be able to exit its "troubled status" with HUD.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: CRHA is legally connected in multiple ways to this entity and by regulation and resolution, the CRHA's governing board is ultimately responsible for all actions taken on its behalf. As previously described, the CRHA is the landlord of the property through its possession of the ground lease; it is a lender through the promissory notes and deeds of trust securing the leasehold value and FHLB grant. The CRHA is also indirectly connected by virtue of its sole ownership of CCDC, its instrumentality, which serves as the sole member of the Managing Member of the property owner, South First Phase One Management, LLC, and is also a lender.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: There are no corporate officers nor governing board of South First Phase One, LLC. as it is not a corporation.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response:  
The members of South First Phase One, LLC are South First Phase One Management, LLC (the Managing Member). CRHA directly controls the Managing Member of the Company through its instrumentality, CCDC, which serves as the sole member of the Managing Member. Council is familiar with the governing boards and corporate officers of both CRHA and CCDC as they have both been created through Council resolutions. None of the corporate officers or governing boards of CRHA or CCDC receive compensation for their services.

Housing Equity Fund of Virginia XXIII, L.L.C. serves as the Investor Member of South First Phase One, LLC. The Managing Member of Housing Equity Fund of Virginia XXIII, L.L.C. is the Virginia Housing Capital Corporation.

Virginia Housing Capital Corporation has four Directors and Officers all of whom are employees of VCDC. Bob Newman is President, Christin Armacost is Vice President, Chris Sterling is Secretary and Russ Parrish is Treasurer. None of the Officers or Directors receives compensation for their service.

An instrumentality of VCDC, called VAHM, L.L.C. serves as a Special Investor Member of South First Phase One, LLC. The sole member of VAHM, L.L.C. is the Housing Capital Corporation of Virginia. The Officers and Board of Directors of Housing Capital Corporation of Virginia are as follows: Bob Newman, President; Christin Armacost Vice President; Chris Sterling Secretary; Russ Parrish Treasurer. None of the Officers or Directors receives compensation for their services.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: South First Phase One, LLC was established by resolution of the CRHA Board of Commissioners on February 24<sup>th</sup>, 2020.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: Not applicable.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Yes this entity will own South First Phase One in perpetuity unless the Board of Commissioners determines otherwise. CRHA will exercise its right of first refusal and purchase option at the end of the initial compliance period, 15 years from now, and will purchase all of the Member interests.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: In perpetuity.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: CRHA, through its control of the Managing Member will recapture full ownership of the property by purchasing the Investor and Special Member interests at the end of the initial compliance period. Housing Equity Fund of Virginia XXIII, L.L.C. and VAHM, LLC will relinquish their interests in accord with the Non-Profit Purchase Option and Right of First Refusal that was signed at closing. In practice, Housing Equity Fund and VAHM, LLC will exit the Company for a capital transaction fee of \$20,000.

**Entity 2: South First Phase One Management, LLC (already exists, State Corporation Commission Registration No. S7999362 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response: Please see responses above for South First Phase One, LLC. The answers are the same.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors

(corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: CRHA directly controls the Managing Member of the Company through its instrumentality, CCDC, which serves as the sole member of South First Phase One Management, LLC. Council is familiar with the governing boards and corporate officers of both CRHA and CCDC as they have both been created through Council resolutions. None of the corporate officers or governing boards of CRHA or CCDC receive compensation for their services.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: February 24, 2020.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: This question is not relevant.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see responses above for South First Phase One, LLC.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see responses above for South First Phase One, LLC.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see responses above for South First Phase One, LLC.

### **Entity 3: South First Phase Two, LLC (already exists, State Corporation Commission Registration No. 11011130 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: The name of the housing project to be constructed, operated and financed by this entity is South First Phase Two and it will be constructed on the site of the current South First Street public housing development. The project consists of the new construction of 113 one, two, three, four and five bedroom apartments in 21 separate structures.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: There are currently no legal agreements in place regarding any CRHA funding or property to which this entity is already a party with the exception of a legal "option to lease" between South First Phase Two LLC and CRHA for the transfer of the property. However, the CRHA intends to enter into the same agreements for funding and transfer of the leasehold value of the property as has been entered into for South First Phase One, LLC.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: CRHA has provided no funding to this entity but anticipates that it will receive awards of funding from the City Council and other funders that it will transfer to the entity in the same manner as it has transferred funding for South First Phase One, LLC. CRHA also intends to request that City Council waive the water and sewer tap fees for this property.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: Please see responses to South First Phase One, LLC. CRHA expects to receive the same financial statements and other ongoing reports that it will receive for South First Phase One, LLC.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response: There are no corporate officers or governing board of South First Phase Two LLC. as it is not a corporation.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: The sole member of South First Two LLC is South First

Phase Two Management LLC (the Managing Member). CRHA directly controls the Managing Member of the Company through its instrumentality, CCDC, which serves as the sole member of the Managing Member. Council is familiar with the governing boards and corporate officers of both CRHA and CCDC as they have both been created through Council resolutions. None of the corporate officers or governing boards of CRHA or CCDC receive compensation for their services.

It is anticipated that prior to the start of construction, the Company will admit Housing Equity Fund of Virginia XXVI, L.L.C as the Investor Member and VAHM, L.L.C. as the Special Investor Member.

The Managing Member of Housing Equity Fund of Virginia XXVI, L.L.C. is the Virginia Housing Capital Corporation.

Virginia Housing Capital Corporation has four Directors and Officers all of whom are employees of VCDC. Bob Newman is President, Christin Armacost is Vice President, Chris Sterling is Secretary and Russ Parrish is Treasurer. None of the Officers or Directors receives compensation for their service.

An instrumentality of VCDC, called VAHM, L.L.C. serves as a Special Investor Member of South First Phase One, LLC. The sole member of VAHM, L.L.C. is the Housing Capital Corporation of Virginia. The Officers and Board of Directors of Housing Capital Corporation of Virginia are as follows: Bob Newman, President; Christin Armacost Vice President; Chris Sterling Secretary; Russ Parrish Treasurer. None of the Officers or Directors receives compensation for their services.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: CRHA's Board of Commissioners established this entity by resolution on July 7, 2021.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: Not applicable.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.



**Entity 4: South First Phase Two Management, LLC (already exists, State Corporation Commission Registration No. 11011170 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: Please see the response to South First Phase Two LLC above. The answer is the same.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: Please see the response to South First Phase Two LLC above. The answer is the same.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: The Sole Member of this Entity is the CRHA's instrumentality, the Charlottesville Community Development Corporation (CCDC). CRHA directly controls the Managing Member of the Company through its instrumentality, CCDC, which serves as the sole member of South First Phase Two Management, LLC. Council is familiar with the governing boards and corporate officers of both CRHA and CCDC as they have both been created through Council resolutions. None of the corporate officers or governing boards of CRHA or CCDC receive compensation for their services.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: July 7<sup>th</sup>, 2021.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: Not applicable..

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the response to this same question above for South First Phase Two, LLC. The answer is the same.

### **Entity 5: Crescent Halls Reno, LLC (already exists, State Corporation Commission Registration No. S7989835 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: This entity has financed and is renovating and will operate the property known as Crescent Halls, a 105 unit senior tower.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: The CRHA is the "lessor" in a ground lease to the "lessee" (Crescent Halls Reno, LLC) of the improvements being renovated on the property. In exchange for the ground lease, the CRHA holds a promissory note and a subordinate deed of trust in the amount of \$2,920,000, which is the appraised Fair Market Value of the property. Since the property is subject to a Land Use Restriction Agreement from HUD, the transfer of the land and the note and deed of trust required approval from HUD in the context of the property's continued extended use as affordable housing for low and very low income residents. In addition, the CRHA is the conduit for a Federal Home Loan Bank of Atlanta grant to the project. The grant will be made to an FHLB member Bank (Atlantic Union Bank) who will transfer the funds to the owner, subject to a note and subordinate deed of trust which requires continued affordability for households with incomes below 50% of AMI.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: Please see the response above. These are the only financial agreements to which the CRHA is directly a party. City Council is already on record for providing a grant of \$1,875,000 for the development of this property through a CRHA instrumentality, the Charlottesville Community Development Corporation (CCDC), and is also on record to provide annually a grant to the CRHA in the equivalent of the difference between the Payment in Lieu of Taxes normally calculated for this property, and the property tax liability. At this time, the CRHA does not intend to request any further funds from the City Council for this property.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the response to this same question above for South First Phase One, LLC. The answer is the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: CRHA is legally connected in multiple ways to this entity and by regulation and resolution, the CRHA's governing board is ultimately responsible for all actions taken on its behalf. As previously described, the CRHA will be the landlord of the property through its proposed possession of the ground lease; it will be a lender through the proposed promissory notes and deeds of trust securing the leasehold value and FHLB grant. The CRHA will also be indirectly connected by virtue of its sole ownership of CCDC, its instrumentality, which serves as the sole member of the Managing Member, Crescent Halls Reno Management, LLC, and is also a lender.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response: There are no corporate officers or governing board of Crescent Halls Reno, LLC. as it is not a corporation.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: The members of Crescent Halls Reno, LLC are Crescent Halls Reno Management, LLC (the Managing Member). CRHA directly controls the Managing Member of the Company through its instrumentality, CCDC, which serves as the sole member of the Managing Member. Council is familiar with the governing boards and corporate officers of both CRHA and CCDC as they have both been created through Council resolutions. None of the corporate officers or governing boards of CRHA or CCDC receive compensation for their services.

Housing Equity Fund of Virginia XXIII, L.L.C. serves as the Investor Member of Crescent Halls Reno, LLC. The Managing Member of Housing Equity Fund of Virginia XXIII, L.L.C. is the Virginia Housing Capital Corporation.

Virginia Housing Capital Corporation has four Directors and Officers all of whom are employees of VCDC. Bob Newman is President, Christin Armacost is Vice President, Chris Sterling is Secretary and Russ Parrish is Treasurer. None of the Officers or Directors receives compensation for their service.

An instrumentality of VCDC, called VAHM, L.L.C. serves as a Special Investor Member of South First Phase One, LLC. The sole member of VAHM, L.L.C. is the Housing Capital Corporation of Virginia. The Officers and Board of Directors of Housing Capital Corporation of Virginia are as follows: Bob Newman, President; Christin Armacost Vice President; Chris Sterling Secretary; Russ Parrish Treasurer. None of the Officers or Directors receives compensation for their services.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: February 24<sup>th</sup>, 2020.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: This question is not applicable.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The answer is the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The answer is the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The answer is the same.

**Entity 6: Crescent Halls Reno Management, LLC (already exists, State Corporation Commission Registration No. S7999339 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response: The sole member of Crescent Halls Reno Management, LLC is CCDC, an instrumentality of the CRHA. City Council is very familiar with the officers and directors of both of these organizations.

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response: February 24<sup>th</sup>, 2020.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: This question is not applicable.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the response above for Crescent Halls Reno, LLC. The answers are the same.

**Entity 7: CRHA Asset Management, LLC (already exists, State Corporation Commission Registration No. S7989827 )**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: At this time CRHA does not see a need for creating this

entity and does not intend to move forward with establishing its legal identity.

Q: What legal agreements involving any CRHA funding or property is this entity already a party to, and how does/do the agreement(s) ensure that housing will be provided for households within the lowest tiers of household income?

Executive Director's Response:

Q: How much funding has CRHA provided to this entity, and will CRHA ask City Council for funding that would be transferred to this entity in the future?

Executive Director's Response:

Q: What annual financial statements and other ongoing reports does CRHA receive?

Executive Director's Response:

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response:

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response:

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response:

Q: (Corporation): who are the corporate officers, and who are the directors of the governing board of this entity (corporation), and how are they selected? Do they receive compensation? If so, what is the amount of that compensation?

Executive Director's Response:

Q: (LLC): who are the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each]. Do they receive compensation? If so what is the amount of that compensation?

Executive Director's Response:

Q: When did CRHA's governing board establish this entity, and have you attached documentation of the resolution or minutes recording the board's vote?

Executive Director's Response:

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response:

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response:

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response:

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response:

**Entity 8: South Sixth Phase One, LLC (proposed name - not yet in existence)**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: South Sixth Phase One, LLC will construct, operate, and finance the new construction of approximately 36 apartment units in a single building on vacant property at the current Sixth Street public housing development.

Q: Will CRHA ask City Council for funding that would be transferred to this entity? If so, what charitable purpose/mission consistent with CRHA's authorized purposes is, or will be, identified in the articles of incorporation or other organizational document for this entity?

Executive Director's Response: Consistent with the City Council's commitment to provide a total of \$15 million to the redevelopment of public housing in Charlottesville, the CRHA intends to request at least \$3million toward the construction of South Sixth Street Phase One and will request that City Council approve the waiver of all water and sewer tap fees for the project.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: (Corporation): who will be the corporate officers, and who will be the directors of the governing board of this entity (corporation), and how are they selected?



Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: (LLC): who will be the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each].

Executive Director's Response: The sole member of this entity is South Sixth Street Management LLC. CRHA's instrumentality CCDC is the sole member of South Sixth Street Management LLC. Once the project has financing in place, the Managing Member may invite the Housing Equity Fund of Virginia to enter into the Company as the investor member for purposes of commodifying the low income housing tax credits..

Q: Will officers, board members, members or managing members receive compensation? If so, how much?

Executive Director's Response: No officers, board members, or members of the LLC will receive compensation for their services.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: This question is not applicable

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the response above for South First Phase One, LLC. The response is the same.

### **Entity 9: South Sixth Phase One Management, LLC (proposed name - not yet in existence)**

Q: What housing project is/will be constructed, operated, or financed by this entity?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: Will CRHA ask City Council for funding that would be transferred to this entity? If so, what charitable purpose/mission consistent with CRHA's authorized purposes is, or will be, identified

in the articles of incorporation or other organizational document for this entity?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: What is purpose/ mission of this entity, that cannot be fulfilled by CRHA itself, under its statutory authority?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: How will this entity contribute to CRHA's resolution of its "troubled status" with HUD?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: What is the legal relationship/ connection of this entity to CRHA and its governing board?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: (Corporation): who will be the corporate officers, and who will be the directors of the governing board of this entity (corporation), and how are they selected?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: (LLC): who will be the members and managing members of this entity (LLC)? [If the named members/ managing members are also corporations or LLCs, please identify directors (corporations) and members/ managing members for each].

Executive Director's Response: CRHA's instrumentality, CCDC will be the sole member of this LLC. City Council is very familiar with the directors of both of these entities.

Q: Will officers, board members, members or managing members receive compensation? If so, how much?

Executive Director's Response: No officers, board members, members or managing members will receive compensation for their services.

Q: If the answer to any of the preceding questions is "I don't know", when can you or CRHA provide the answer(s) to City Council?

Executive Director's Response: This question is not applicable.

Q: Will this entity own/manage this project in perpetuity?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: If not, for what period of time will the project be owned/managed?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

Q: And if not, how will CRHA recapture ownership/management? And at what cost?

Executive Director's Response: Please see the responses above for South Sixth Street Phase One, LLC. The answers are the same.

**Budgetary Impact:**

The City Council provides substantial public funding to CRHA for its programs and redevelopment projects. CRHA understands that City Council has an interest in ensuring accountability for the use of public funds, and that Council has an obligation to ensure that its public funds are used for purposes authorized by state law.

The Executive Director has provided information about public funding for each of the entities, in his answers to the questions in the "Discussion" section.

**Alternatives:**

City Council may decline to approve the entities, in its discretion.

**Alignment with Council Vision Areas and Strategic Plan:**

[ no response was provided ]

**City Manager Recommendation:** Approve the Resolution.

**Community Engagement:**

[ no response was provided ]

**Attachments:**

- Resolution

## RESOLUTION

### RATIFYING OR APPROVING THE FORMATION BY THE CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY (CRHA) OF CERTAIN ENTITIES IDENTIFIED AS LIMITED LIABILITY COMPANIES (“LLCs”)

**WHEREAS**, the Charlottesville Redevelopment and Housing Authority was created pursuant to the Virginia Housing Authorities Law (the “Act”), found in Chapter 1, Title 36, Code of Virginia of 1950, as amended (the “Virginia Code”), and is now existing and operating as a public body corporate and politic, and the Act empowers the CRHA to form corporations, partnerships, joint ventures, trusts, or any other legal entity or combination thereof, on its own behalf or with any person or public or private entity; and

**WHEREAS**, the CRHA, through various entities, has applied to the formerly known as Virginia Housing and Development Authority (“VHDA”) program or the now known as Virginia Housing program for Low Income Housing Tax Credits (“LIHTCs”), in part to provide financing for the rehabilitation or development of affordable multi-family residential rental projects on various CRHA-owned properties, the funding of debt service and other reserve funds and the payment of other transaction costs related to the award of LIHTCs to the projects; and

**WHEREAS**, to secure VHDA or Virginia Housing funding for its affordable housing redevelopment projects, certain entities need to be created by CRHA to undertake the development of such projects; and

**WHEREAS**, Section 36-19(12) of the Virginia Code, requires, among other things, the approval by the local governing body of the formation by the CRHA of corporations, partnerships, joint ventures, trusts, or any other legal entity; and

**NOW, THEREFORE BE IT RESOLVED** that the Council of the City of Charlottesville, Virginia, hereby ratifies the creation of the following LLCs, already created by the Charlottesville Redevelopment and Housing Authority, to enable the CRHA to secure VHDA or Virginia Housing funding for affordable housing redevelopment projects:

SOUTH FIRST PHASE ONE, LLC

SOUTH FIRST PHASE ONE MANAGEMENT, LLC

SOUTH FIRST PHASE TWO, LLC

SOUTH FIRST PHASE TWO MANAGEMENT, LLC

CRESCENT HALLS RENO, LLC

CRESCENT HALLS RENO MANAGEMENT, LLC

**FURTHER, BE IT RESOLVED** by the Council of the City of Charlottesville, Virginia, that the Charlottesville Redevelopment and Housing Authority is authorized to create the following LLCs, to enable the CRHA to secure Virginia Housing funding for an affordable housing redevelopment

project at South Sixth Street (Phase One):

SOUTH SIXTH PHASE ONE, LLC (or similar name)

SOUTH SIXTH PHASE ONE MANAGEMENT, LLC (or similar name)

**FURTHER, BE IT RESOLVED** that the Council of the City of Charlottesville, Virginia, does not ratify the creation of CRHA ASSET MANAGEMENT, LLC, already created by the Charlottesville Redevelopment and Housing Authority, for affordable housing redevelopment.

Approved by Council  
September 20, 2021

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Kyna Thomas, CMC  
Clerk of Council