

## CHARLOTTESVILLE COMMUNITY DEVELOPMENT CORPORATION

CCDC Resolution No.: 1

A Resolution Adopting a Revised Memorandum of Understanding  
between CRHA, Riverbend Development (RBD), Virginia Community  
Development Corporation (VCDC), the Charlottesville Community  
Development Corporation, and the Public Housing Association of  
Residents (PHAR) concerning CRHA's Phase 1 Redevelopment efforts. ) 23 – September – 2019

WHEREAS, CRHA, RBD, VCDC, CCDC, and PHAR (the parties) have agreed to work collectively in concert with the residents of CRHA's public housing community to pursue a resident-led approach to Phase 1 of public housing redevelopment in Charlottesville (Crescent Halls, Levy/Avon, and South First Street); and


WHEREAS, on January 7, 2019, the CRHA Board of Commissioners adopted by unanimous consent a motion entering into a Memorandum of Understanding between the parties; and


WHEREAS, the parties find that certain minor modifications are needed to the MOU; and

WHEREAS, CCDC finds that entry into such revised MOU is most effectively recorded through the passage of a formal resolution.

THEREFORE BE IT RESOLVED THAT the Board of Directors of the Charlottesville Community Development Corporation do hereby adopt the attached "Amended and Restated Memorandum of Understanding" between the parties concerning the redevelopment of certain CRHA properties to include Crescent Halls, Levy/Avon, and South First Street.

RESOLVED THIS TWENTITHIRD DAY OF SEPTEMBER, 2019 BY THE CCDC BOARD OF DIRECTORS.

  
Ms. Betsy Roettger  
CCDC Board Chair

  
Mr. Grant Duffield  
CCDC Board Secretary

## AMENDED AND RESTATED MEMORANDUM OF UNDERSTANDING

This Amended and Restated Memorandum of Understanding (the "A&R MOU") is made as of SEPTEMBER 23, 2019 by and among the Charlottesville Redevelopment and Housing Authority ("CRHA"), Riverbend Development, Inc. ("RBD"); Virginia Community Development Corporation ("VCDC"), CDG Holdings, LLC ("Castle"), the Charlottesville Community Development Corporation ("CCDC") and the Public Housing Association of Residents ("PHAR"). The RBD, VCDC and Castle team is collectively herein identified as "Riverbend". Castle and RBD may choose to establish a stand-alone LLC (tentatively named "Affordable Housing Group, LLC," or "AHG") to act on the team's behalf.

### Background

RBD, CCDC, PHAR and CRHA intend to draw upon their complementary experience and shared vision to undertake a multi phased process to upgrade, modernize, and enhance affordable housing available in the in Charlottesville metropolitan area of Virginia (the "Affordable Housing Vision"). The intent is that such Affordable Housing Vision will be financed through a combination of low-income housing tax credits under Section 42 of the Internal Revenue Code ("Tax Credits"), loans and grants from public and private sources and/or commercial financing.

The "Phase I" of the Affordable Housing Vision will fully re-model and upgrade the existing 105 apartments and the building systems at Crescent Halls, 500 South 1<sup>st</sup> Street, Charlottesville Virginia and build up to 80 new apartments at 1000 1<sup>st</sup> Street South, Charlottesville, Virginia, along with improving common spaces and neighborhood amenities at each site. Development of the CRHA property at Levy Ave./Avon St and the remainder of the South First Street property may also be undertaken under the auspices of this A&R MOU, as "Phase 1.5" and "Phase 2", respectively.

As a first step in Phase I, the CCDC will be created and positioned to be the vehicle for implementing Phase 1 as well subsequent phases of the Affordable Housing Vision to be delineated in the future.

### Agreement

1. Primary Areas of Responsibility. The parties agree that, in order to take advantage of their individual areas of expertise, they shall each have the following primary areas of responsibility:

(a) RBD and Castle:

1. **General:** RBD and Castle will provide financial support and technical expertise to the CCDC to support the successful completion of all aspects of the Phase 1 development process.
2. **Development Manager:** Specifically, RBD and Castle agree to fund a full-time Development Manager position who will be employed by RBD and whose time will be dedicated to the development activities of CCDC and its contracted LLCs. The



Development Manager will play a lead role in guiding the full team through the Phase 1 redevelopment process, to include coordination of the development team members; management of the expected workflow for community engagement; and oversight of master planning and design, land entitlement, engineering, budgeting, mixed-financing, regulatory approvals, construction, etc.; and navigation of the institutional barriers that are generally present for any HUD-based redevelopment project.

3. **Accounting/Back office:** RBD and Castle will provide bookkeeping, accounting and other back office services to support development activities of CCDC and its contracted LLCs. Such financial services will include the authority of AHG to open and manage bank accounts on behalf of the LLCs and make payments of budgeted redevelopment expenses as they become due on behalf of the LLCs, upon review and approval of CRHA and the Phase I LLCs. The LLCs created to effectuate Phase I of the Affordable Housing Vision include Crescent Halls Reno, LLC and South First Phase One, LLC (the "Phase I LLCs").
4. **Financing:** RBD and Castle will lend their full support and expertise to the financing process for Phase 1, to include securing charitable donations, loans, grants, Low Income Housing Tax Credits, and other public, private and philanthropic resources. RBD, Castle and CCDC will work together to create an invoicing system for payments and reimbursements on budgeted redevelopment-related expenses.
5. **AHG:** AHG will enter into a sub-development agreement with CCDC, as the Developer of record for Phase I of the Affordable Housing Vision, to memorialize certain costs incurred and services performed by AHG on behalf of CCDC, which the parties intend to inure to the benefit of CCDC. Pursuant to this sub-development agreement, AHG will carry out its financial services on behalf of the Phase I LLCs and will manage the day-to-day responsibilities of the Phase I redevelopment, including contracting with third parties to perform services in furtherance of the Phase I redevelopment. Similar sub-development agreements for Phase 1.5 and Phase 2 may be established, as necessary. Certain Major Decisions shall be made by AHG only pursuant to a signed resolution of the Redevelopment Committee as set forth below in "Project Approvals".

(b) CCDC:

1. **General:** As a newly formed stock corporation with a Board of Directors that mirrors the Board of Directors of CRHA, CCDC will act as the developer of the undertakings in Phase 1 to the extent such role is needed and helpful. The CCDC functions as an instrumentality of the Charlottesville Redevelopment and Housing Authority and many of the CCDC's development activities will be performed through contracts with LLCs.
2. **Keeping partners updated:** A key role of CCDC will be to keep all stakeholders up to date on the progress of development by issuing monthly reports to all the parties hereto.
3. **Board:** According to its articles of incorporation filed on March 5, 2019 as amended and restated on \_\_\_\_\_, 2019, CCDC's Board of Directors shall mirror the Board of Commissioners for CRHA.

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(c) CRHA:

1. **General:** CRHA will provide its extensive technical expertise and experience in affordable housing to the CCDC to support the successful completion of all aspects of the Phase I development process.
2. **Land:** CRHA will retain ownership of the land on which all Phase I construction will occur, but as necessary will provide an appropriate ground lease of any property to enable tax credit syndication requirements. CRHA shall always retain fee simple ownership of the land.
3. **Property & Asset Management:** CRHA will provide property management and asset management services for all newly-built or modernized housing at the end of each construction phase.
4. **Project Approvals:** The Redevelopment Committee members, as appointed by CRHA, shall by Board resolution delegate the authority to make decisions, together with AHG and VCDC, about engaging the development team, financing of Phase I redevelopment and approval of plans and specifications for the Phase I redevelopment. Certain major decisions: (i) selection of architect, construction manager and general contractor, (ii) approval of construction plans and specifications and (iii) approval of financing plan ("Major Decisions") shall be agreed upon and evidenced by written resolution of the CRHA Redevelopment Committee.

(d) PHAR:

1. **General:** PHAR will provide advice and counsel to the CCDC regarding the needs and preferences of residents impacted by Phase 1, grounded in the Residents' Bill of Rights for Redevelopment [see Exhibit 2], PHAR's Positive Vision for Redevelopment, PHAR's Principles for Relocation, a robust commitment to Section 3 hiring and business development, and other policies and principles that reinforce the resident-directed nature of this undertaking.
2. **Capacity-Building for Development & Management:** With mentoring and training that the parties to this A&R MOU hereby agree to provide, PHAR will work to build its own capacity as a community development entity, with an eye toward assuming greater development and/or property management responsibilities in future redevelopment projects.

(e) VCDC:

1. **General:** VCDC will provide its expertise and experience in affordable housing to the CCDC primarily with regards to market and other requirements related to syndicating low income tax credits.



2. Phase 1 Process Steps. The following are the primary steps and responsible parties to Phase 1:

Step	Party to collect information, and work with vendors, to make proposal to the decision maker	Decision Maker	Projected Timeline
<b>Crescent Halls</b>			
CEO Notification Letter	AHG	AHG	1/15/19
Concept Design work (tax credit app level)	AHG	CCDC, PHAR	2/1/19
Temporary relocation plan and logistics	CCDC/AHG	CRHA, PHAR	2/1/19
Demo/Dispo process and approval	AHG/CCDC	CRHA*, PHAR	March 2019
Prepare and Submit Tax Credit Reservation App	AHG/VCDC	CCDC, CRHA*	3/1/19
100% Construction Plans and Specs	AHG	CCDC	10/1/19
Contractor bidding and bid refinement	AHG	AHG, PHAR, CCDC	9/1/19
Choice of Contractor	AHG	AHG, PHAR, CCDC	10/1/19
Financing Structuring	AHG	AHG, CRHA*	10/1/19
Syndication of Tax Credits	VCDC	AHG	10/1/19
Closing	AHG	AHG, CRHA*	12/1/19
Budget and timeline build out	AHG	AHG	12/15/19
Confirmation of income band and unit mix	CCDC	CRHA, PHAR	12/15/19
Construction	AHG	AHG	12/15/19
<i>* Requires Resolution of CRHA Board</i>			

<b>South First Street</b>			
CEO Notification Letter	AHG	AHG	1/15/19
Concept Design work (tax credit app level)	AHG	CCDC, PHAR	2/1/19
Temporary relocation plan and logistics	Not Applicable	Not Applicable	2/1/19
Demo/Dispo process and approval	AHG/CCDC	CRHA*, PHAR	March 2019
Site Plan Approval	AHG	AHG, CCDC, PHAR	3/1/19
Prepare and Submit Tax Credit Reservation App	AHG/VCDC	CCDC, CRHA*	3/1/19
100% Construction Plans and Specs	AHG	CCDC	10/1/19
Contractor bidding and bid refinement	AHG	AHG, PHAR, CCDC	9/1/19
Choice of Contractor	AHG	AHG, PHAR, CCDC	10/1/19
Financing Structuring	AHG	AHG, CRHA*	10/1/19
Syndication of Tax Credits	VCDC	AHG	10/1/19
Closing	AHG	AHG, CRHA*	12/1/19
Budget and timeline build out	AHG	AHG	12/15/19
Confirmation of income band and unit mix	CCDC	CRHA, PHAR	12/15/19
Construction	AHG	AHG	10/15/19**
* Requires Resolution of CRHA Board		**Potential early start date	

**3. Principles to be Applied Throughout the Phase 1 Process:**

a. Joint Decision Making: All development partners: PHAR, RBD, Castle, VCDC, CCDC and CRHA will give input on decision-making relevant to Phase 1, including but not limited to building design, unit mix, financial projections, contractor selection, Section 3 contracting and hiring, and construction decisions. CCDC will work diligently to create a consensus in the directions to be taken and to narrow the areas of disagreement as much as possible, keeping in mind that timeliness of completion is crucial to the residents involved and therefore reasonable balancing of priorities must be made. If the parties are unable to reach an acceptable compromise on an issue of particular import, they may choose to select a mutually acceptable neutral third party to mediate a solution and if necessary break the deadlock and make the decision.

b. Section 3: The parties commit to creating contracting opportunities available to resident-owned companies, subcontractors who hire a majority of resident employees, or subcontractors who commit to hiring residents. To the extent possible, the parties will assist with developing programs and systems to help CRHA's compliance with 24 CFR §135 et. seq. All parties will aspire to hire residents of public housing and extremely low-income residents of the City of Charlottesville whenever practicable.

c. Broader Objectives: In addition to housing development, the parties agree that a primary objective of the Affordable Housing Vision is to create a system of



supports that encourage homeownership and other wealth-building opportunities, as well as improved neighborhood amenities, enhanced common spaces and community gardens, vital resident services (based on input from residents themselves) and financial stability supports that enable residents to improve their economic status.

4. Redevelopment Partnership Structure. Consistent with tax credit syndication requirements, the parties anticipate ownership of each phase of development moving into a Single Purpose Entity (SPE), or project-specific LLC, consisting of a Managing Member (s)(the "Managing Member") and Investor Member (s) (the "Investor Member"). The Managing Member will have a 0.01% interest in the LLC and the Investor Member will have a 99.99% interest. The Managing Member will be an LLC, (potentially entitled "CRHA Asset Management, LLC," with CRHA as the 100% managing member) and the Investor Member will be a syndication group under the control of VCDC. [See Exhibit 1.

5. Pre-Development Funding. The CCDC will be responsible for payment of pre-development costs necessary to organize and close on construction financing for the steps in Phase 1. RBD and Castle will work with CRHA and the CCDC to draft and maintain a pre-development budget for Phase 1, outlining estimated contribution amounts and project expenses. (The Tax Credit budgets are attached hereto as Exhibit 3; all parties understand that the budgets will evolve over time.) At the closing on a particular phase of the development, the CCDC will be reimbursed by the SPE of that phase for pre-development costs and will repay the loans to the extent possible. Once the redevelopment of all CRHA housing is complete, the CCDC may use any surplus cash on hand for other activities but agrees not to do so until all CRHA housing has been redeveloped.

6. Development Fee. No member of Riverbend will seek or accept any development fees arising from the CRHA redevelopment process, though VCDC does intend to take a fee as the tax credit syndicator where applicable. It is the intention of this partnership for the CCDC and CRHA to reinvest any development fees in future redevelopment and modernization projects.

7. Conditions to RBD and Castle. The following are each a condition to RBD and Castle's obligations hereunder, and these are continuing conditions throughout the Phase 1 undertaking:

a. The CCDC qualifies for gifts or loans from a newly formed public charity – The Affordable Housing Opportunity Fund, Inc. – which may receive funds from a donor advised fund of the Charlottesville Albemarle Community Foundation.

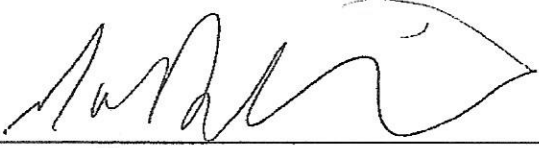
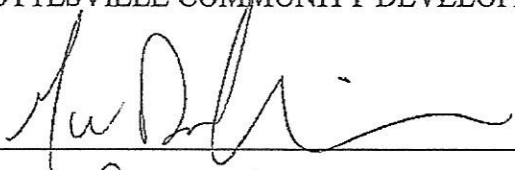
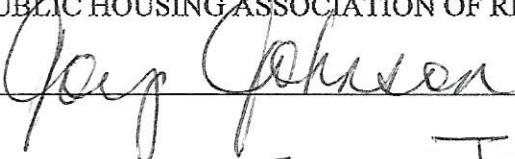
b. CCDC is and remains current in its tax filings and provides copies to the parties of past and future filings upon request.

c. All members of the CDC board shall abstain from financial conflicts of interest in performing their duties.

8. Reasonable Efforts. Each party agrees that it shall use all reasonable efforts to carry forward the development of Phase 1, and shall devote such time, attention, effort as shall be reasonably necessary to carry out the purposes set forth in this A&R MOU.

9. Miscellaneous. This A&R MOU is not assignable or transferable by any party hereto without the consent of all other parties in writing.

IN WITNESS WHEREOF, the undersigned have executed this A&R MOU as of the date first written above.

CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY	
By:	
Printed Name:	Grant Dufferin
	Its Executive Dir.
CHARLOTTESVILLE COMMUNITY DEVELOPMENT CORPORATION	
By:	
Printed Name:	Grant Dufferin
	Its Board Secretary
PUBLIC HOUSING ASSOCIATION OF RESIDENTS	
	 By:
Printed Name:	Joy Johnson
Its	Board Chair.





IN WITNESS WHEREOF, the undersigned have executed this A&R MOU as of the date first written above.

RIVERBEND DEVELOPMENT, INC

By: 

Printed Name: Ashley Davies

Its Vice President

CDG HOLDINGS, LLC (aka CASTLE)

By: 

Printed Name: Andy McBray

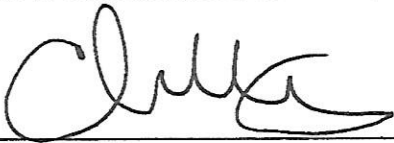
Its MANAGER



IN WITNESS WHEREOF, the undersigned have executed this A&R MOU as of the date first written above.

VIRGINIA COMMUNITY DEVELOPMENT CORPORATION

By:



Printed Name:

Christopher Sterling

VCDC

Its

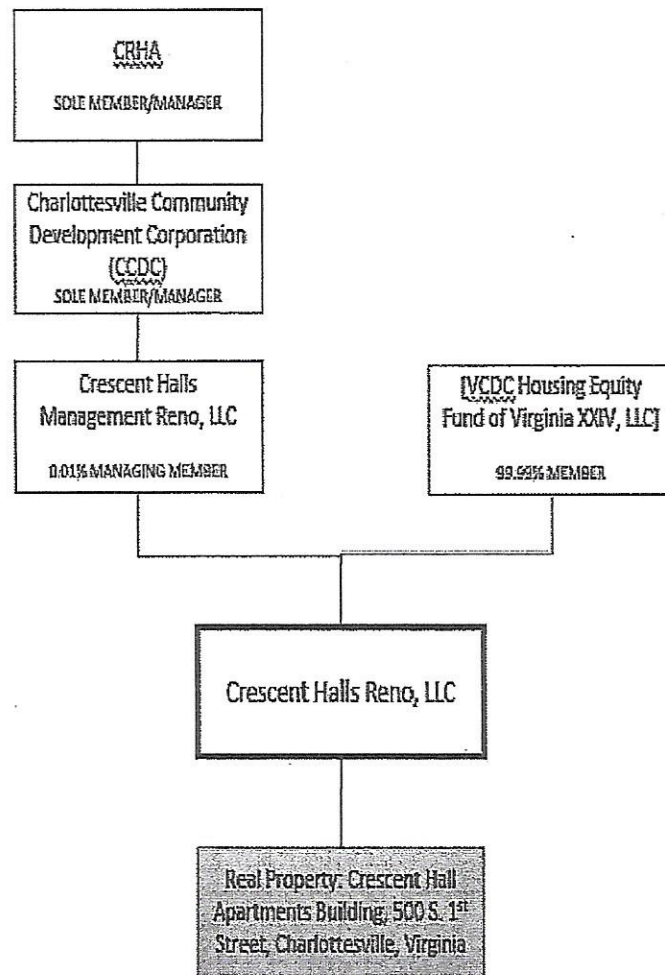
Chief Operating Officer




## Exhibit 1: Typical Tax Credit Financing & Ownership Structure

### Crescent Halls OWNERSHIP Structure



## **Exhibit 2: Residents' Bill of Rights for Redevelopment** **Residents' Bill of Rights for Redevelopment**

*(as approved unanimously by the CRHA Board of Commissioners, 11/24/08)*

The Charlottesville Redevelopment and Housing Authority and the City of Charlottesville hereby commit to a redevelopment process that improves the quality of life in our public housing neighborhoods, involves residents in key redevelopment decisions, enhances housing and employment opportunities for residents, and guarantees that current residents will not be subject to permanent or long-term displacement or homelessness as a result of redevelopment. To fulfill these commitments, CRHA and the City of Charlottesville endorse the following guiding principles for our redevelopment efforts:

1. A meaningful and enforceable resident participation process will guide all substantive decisions about redevelopment;
2. There will be at least one-for-one replacement of all affected units with newly-built or renovated public housing units ("replacement units");
3. Replacement units will be of like kind (1 bedroom for 1 bedroom, 5 bedroom for 5 bedroom, elderly for elderly, family for family, etc.), subject to an analysis of needs of current and future public housing-eligible residents;
4. Those replacement units will be reserved for very low-income and extremely low-income households, as under current public housing admissions rules;
5. The opportunity to live in the replacement units will be offered first to those households living in CRHA units, without having to re-apply or re-qualify;
6. Residents who are displaced by redevelopment, and who wish to stay in public housing, will be guaranteed replacement housing in the following order of preference:
  - a. Replacement units at their current site.
  - b. Replacement units in another area that has equal or greater advantages as their current site.
  - c. As a last resort, and only when required by space or necessity, temporary housing of an equal or greater quality to their existing housing, with a duration not to exceed 12 months.
7. Each displaced household will have the right to choose to return to the redeveloped site or to relocate permanently to another replacement unit;
8. The redevelopment process will support a system of economic justice in which residents have priority access to jobs, homeownership and contracting opportunities created by redevelopment, and in which the redeveloped communities feature improved amenities and enhanced access to services, employment and transportation for residents.

Approved by Council

December 15, 2008

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Clerk of City Council



**Exhibit 3: Key Personnel** *(among parties to this MOU; note this list is not all-inclusive)*

<b>Castle</b>	Andy McGinty	<a href="mailto:amcginty@castledp.com">amcginty@castledp.com</a>
<b>CRHA/CCDC</b>	Betsy Roettger	<a href="mailto:elroettger@gmail.com">elroettger@gmail.com</a>
	Michael Osteen	<a href="mailto:michael.osteen@cardno-gs.com">michael.osteen@cardno-gs.com</a>
	Grant Duffield	<a href="mailto:duffieldg@charlottesville.org">duffieldg@charlottesville.org</a>
	Hayley Fetrow	<a href="mailto:fetrowh@charlottesville.org">fetrowh@charlottesville.org</a>
	Dave Norris	<a href="mailto:norrisd@charlottesville.org">norrisd@charlottesville.org</a>
<b>PHAR</b>	Joy Johnson	<a href="mailto:joyskijohnson@gmail.com">joyskijohnson@gmail.com</a>
	Audrey Oliver	<a href="mailto:audreyoliver930@yahoo.com">audreyoliver930@yahoo.com</a>
	Brandon Collins	<a href="mailto:brandon@pharcville.org">brandon@pharcville.org</a>
	Elaine Poon	<a href="mailto:elaine@justice4all.org">elaine@justice4all.org</a>
	Emily Dreyfus	<a href="mailto:emily@justice4all.org">emily@justice4all.org</a>
<b>Riverbend</b>	Ann Kingston	<a href="mailto:ann@redlightmanagement.com">ann@redlightmanagement.com</a>
	Alan Taylor	<a href="mailto:alan@riverbenddev.com">alan@riverbenddev.com</a>
	Ashley Davies	<a href="mailto:ashley@riverbenddev.com">ashley@riverbenddev.com</a>
	Colin Arnold	<a href="mailto:carold@arnolddesignstudio.com">carold@arnolddesignstudio.com</a>
<b>VCDC</b>	Chris Sterling	<a href="mailto:csterling@vacdc.org">csterling@vacdc.org</a>
	Jen Wickham	<a href="mailto:jwickham@vacdc.org">jwickham@vacdc.org</a>
	Jeff Meyer	<a href="mailto:jmeyer@vacdc.org">jmeyer@vacdc.org</a>