

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



Agenda Date:	May 6, 2019
Action Requested:	Resolution
Presenter:	Grant Duffield, Executive Director, CRHA
Staff Contacts:	John Blair, City Attorney Brenda Kelley, Redevelopment Manager, City Manager's Office
Title:	Request for Approval for the Charlottesville Redevelopment and Housing Authority (CRHA) to establish the Charlottesville Community Development Corporation (CCDC)

Background:

As a requirement of the Low Income Housing Tax Credit (LIHTC) funding process, the CRHA needs to establish a non-profit subsidiary (instrumentality) to serve as the lead development entity for its LIHTC-funded redevelopment projects.

With regards to the “powers necessary or convenient to carry out and effectuate the purposes and provisions...” of housing authorities, Section 36-19(12) of the Virginia Code specifically states:

“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.”

Discussion:

For the past couple of decades, the CRHA has had a non-profit entity in place, previously approved by the City, identified as the Charlottesville Development Corporation (CDC) (the CDC Articles of Incorporation are dated effective 1986). However, the CDC has been inactive for a number of years, with no governing board, no annual meetings, no income or expenditures, etc. It is the opinion of the attorneys counseling the CRHA's redevelopment partners at Riverbend Development that the CDC's defunct status makes it vulnerable to a challenge by the LIHTC program and that there is a need to proceed with a clean slate. Riverbend's attorneys will assist to incorporate a new non-profit subsidiary for CRHA that will have the exact same mission, By-Laws,

governance structure, etc. as the inactive CDC, but with a new name and none of the CDC's vulnerabilities. This new instrumentality shall be named the Charlottesville Community Development Corporation, and the Board of Commissioners of CRHA shall serve as its governing board. A copy of the draft proposed by-laws of the CCDC are attached for information.

As required by State law, City Council must approve the CRHA's formation of corporations, partnerships, joint ventures, trusts, or any other legal entity. This does not represent a change in policy or direction for CRHA.

Alignment with City Council's Vision and Strategic Plan:

The overall redevelopment of public housing 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 1.5: Intentionally address issues of race and equity
- Goal 2.3: Improve community health and safety outcomes by connecting residents with effective resources

Community Engagement:

A Redevelopment Committee comprised of residents, community members, and CRHA and City staff, and appointed by the CRHA Board of Directors, meets regularly and provides research, planning, community engagement and guidance to the CRHA Board on redevelopment planning progress. The CRHA Board regularly discusses the status of redevelopment activities as well as taking action on redevelopment milestones at their public meetings.

At its meeting on March 25th, the CRHA Board of Directors unanimously adopted the following motion:

The Board of Commissioners of the Charlottesville Redevelopment & Housing Authority (CRHA) hereby endorses a resolution by Charlottesville City Council authorizing CRHA to establish the Charlottesville Community Development Corporation (CCDC) as a Virginia [Non-profit] Stock Corporation. The CCDC will act in the capacity of a non-profit instrumentality of CRHA in the redevelopment of CRHA's properties and the performance of related tasks. The CRHA Board of Commissioners will serve as the governing board for the CCDC, and the By-Laws of the CCDC will mirror those of the Charlottesville Development Corporation, which will formally cease to exist once the CCDC has been established.

Budgetary Impact:

This request does not encumber any additional funding from the City budget.

Recommendation:

Staff recommends City Council approve the attached Resolution.

Alternatives:

City Council could choose to not approve this Resolution, which could have a negative impact on redevelopment of public housing properties due to requirements based on receipt of LIHTC funding.

Attachments:

Resolution

Draft by-laws for proposed CCDC

RESOLUTION

APPROVING THE FORMATION BY THE CHARLOTTESVILLE REDEVELOPMENT AND HOUSING AUTHORITY (CRHA) OF THE CHARLOTTESVILLE COMMUNITY DEVELOPMENT CORPORATION (CCDC), A NON-PROFIT ENTITY

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 Virginia Housing and Development Authority (“VHDA”) program for Low Income Housing Tax Credits (“LIHTC’s”), in part to provide financing for the rehabilitation and equipping of an existing affordable multi-family residential rental project comprised of an eight story building including 105 units known as Crescent Halls, the funding of debt service and other reserve funds and the payment of other transaction costs related to the award of LIHTC’s to the project (collectively, the “Crescent Halls Reno Project”); and

WHEREAS, the CRHA, through various entities, has applied to the VHDA program for Low Income Housing Tax Credits, in part to provide financing for the construction and equipping of a new affordable multi-family residential rental project comprised of three buildings located at 900-1000 South First Street, including up to 63 units and a common resource space, the funding of debt service and other reserve funds and the payment of other transaction costs related to the award of LIHTC’s to the project (collectively, the “South First Project”); and

WHEREAS, to secure VHDA funding for its affordable housing redevelopment projects, certain entities need to be created by the Authority 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

WHEREAS, the CRHA further has requested and needs the City Council to approve the formation of the Charlottesville Community Development Corporation (CCDC), a Virginia stock corporation, to be the developer of the Crescent Halls Reno Project, the South First Project and future affordable housing development projects;

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Charlottesville, Virginia

that the Charlottesville Redevelopment and Housing Authority is authorized to create the Charlottesville Community Development Corporation, a Virginia stock corporation, to enable the CRHA to secure VHDA funding for affordable housing redevelopment projects.

Nikuyah Walker
Mayor

**BY-LAWS OF
CHARLOTTESVILLE COMMUNITY DEVELOPMENT CORPORATION**

Article One

Name

The name of this Corporation shall be the Charlottesville Community Development Corporation (hereinafter referred to as “the Corporation”).

Article Two

Principal Office and Registered Agent

The address of the registered office of the Corporation is the Charlottesville Redevelopment and Housing Authority, P.O. Box 1405, Charlottesville, Virginia 22902, in the City of Charlottesville, Virginia, but the Corporation may establish other places of business and other offices at such other places either within or without the state of Virginia as the board of directors may from time to time determine. The registered agent of the Corporation is Delphine G. Carnes, Esquire, who is a resident of Virginia and a member of the Virginia State Bar, and whose business address is Crenshaw, Ware & Martin, P.L.C., 150 W. Main Street, Suite 1500, Norfolk, VA 23510.

Article Three

Purposes

The purpose for which the Corporation is formed and the business and objectives to be carried out and promoted by it are as follows:

A. The Corporation shall seek to further the housing and economic development of the City of Charlottesville, Virginia, and its environs by promoting and assisting the growth and development of business concerns, including small business concerns in the City, and by promoting and assisting in projects, undertakings, studies and other activities directed toward the stabilization or revitalization of housing and neighborhoods within the City, including the provision and preservation of low and moderate income housing within those neighborhoods and the expansion of opportunities for home ownership by low and moderate income persons. The Corporation shall seek to further housing and economic development efforts through the development of mixed income housing and market rate housing as well as the development of mixed use communities.

B. In furtherance of its purposes the Corporation will cooperate and coordinate with local governmental and civic bodies to resist community deterioration and to secure adequate housing, community facilities and other related facilities, services and conditions, economic and otherwise, conducive to the progress and general welfare of the community. The Corporation is authorized to receive and administer funds for the objectives enumerated above from any governmental or private source whatsoever and to expend such funds, either by loan or by grant, and receive or dispose of corporate property or income therefrom for any of the aforementioned purposes, without limitation, except such limitations, if any, as may be contained in the instrument under which such funds or property is received, the Certificate of Incorporation, or any other limitations as are prescribed by law.

Article Four

Nonprofit Stock Corporation

The Corporation shall be a Virginia nonprofit stock corporation. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its directors, officers or any private person, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes enumerated above. Notwithstanding any other provision of these Articles, the corporation shall not engage in any activity not permitted to be carried on (1) by a corporation exempt from

Federal Income Tax under section 501(c) of the Internal Revenue Code of 1954 (or the corresponding provision of any United States Internal Revenue Law) or (2) by a corporation, contributions to which are deductible under section 170(b)(2) of the Internal Revenue Code of 1954 (or the corresponding provisions of any United States Internal Revenue Law). This Corporation is not organized for the pecuniary profit of its directors, officers, members or any individual. No part of the activities of the Corporation shall be carrying on propaganda, or participating in, or intervening in (including the publication or distribution of statements) any political campaign on behalf of any candidate for public office.

Article Five

Powers

The Corporation is authorized and empowered to do all things necessary to carry on and accomplish the purposes for which it is organized and chartered, including those things set forth in sections 13.1-826 and 13.1-827 of the Code of Virginia (1950), as amended, which are incorporated herein by reference; and shall also have all other additional powers necessary to carry out the purposes and objectives of the Corporation as described above including but not limited to all of the following:

The corporation has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including, without limitation, the power:

1. To sue and be sued, complain and defend, in its corporate name;
2. To have a corporate seal, which may be altered at will, and to use it, by impressing or affixing the seal or reproducing the seal in any other manner;
3. To purchase, receive, lease, or otherwise acquire, and own, hold, improve, use and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located;
4. To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;
5. To purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell,

mortgage, lend, pledge, or otherwise dispose of, and deal with shares or other interests in, or obligations of, any other entity;

6. To make contracts and guarantees, incur liabilities, borrow money, and issue its notes, bonds, and other obligations, which may be convertible into, or include the option to purchase, other securities or property of the corporation, and secure any of its obligations by mortgage or pledge of any of its property, franchises, or income;

7. To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

8. To transact its business, locate offices, and exercise the powers within or without the Commonwealth;

9. To elect directors and appoint officers, employees, and agents of the corporation, define their duties and fix their compensation;

10. To make and amend bylaws, not inconsistent with its articles of incorporation or with the laws of the Commonwealth, for managing the business and regulating the affairs of the corporation;

11. To make donations for the public welfare or for religious, charitable, scientific, literary or educational purposes;

12. To pay pensions and establish pension plans, pension trusts, profit-sharing plans, bonus plans, and benefit and incentive plans for any or all of the current or former directors, officers, employees, and agents of the corporation or any of its subsidiaries;

13. To insure for its benefit the life of any of its directors, officers, or employees and to continue such insurance after the relationship terminates;

14. To make payments or donations or do any other act not inconsistent with this section or any other applicable law that furthers the business and affairs of the corporation;

15. To cease its corporate activities and surrender its corporate franchise;

16. To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized; and

17. To establish any necessary subsidiaries and/or to enter into partnership agreements, joint ventures or other associations of any kind with any person or persons or entity.

Article Six
Membership

The Corporation shall have no members.

Article Seven
Directors

The affairs of the Corporation shall be conducted by a board of directors which is expressly empowered to adopt, alter or revoke bylaws of the Corporation. The Board of Directors for the Corporation shall consist of the seven members of the Charlottesville Redevelopment and Housing Authority Board of Commissioners.

Article Eight
Liability of Officers and Directors

The officers and directors shall not be individually liable for the Corporation's debts or other liabilities and the private property of such individuals shall be exempt from any corporate debts or liabilities.

The Corporation shall indemnify and hold harmless each person who shall serve at any time as director or officer of the Corporation from and against any and all claims and liabilities to which such person shall be subject by reason of his having been a director or officer of the Corporation, or by reason of any action alleged to have been taken or omitted as such officer or director, and shall reimburse each such person for all legal and other expenses reasonably incurred in connection with any claim or liability; provided, however, that no such person shall be indemnified against, or reimbursed for any expenses incurred in connection with any claim or liability arising out of their own gross negligence or willful misconduct.

Article Nine
Amendments to By-Laws

These By-Laws may be amended by the affirmative vote of at least two-thirds of the directors then in office at a meeting called for that purpose.

Article Ten
Dissolution

Dissolution of the corporation shall be in accordance with Virginia Code sections 13.1- 902 et al., as amended or superceded. Upon dissolution the assets of this corporation shall first be applied to satisfy and discharge all liabilities and obligations of the corporation lawfully incurred and owing. Thereafter, the assets shall be returned to the federal government, if required by law, or conveyed to the Charlottesville Redevelopment and Housing Authority on the condition that such assets are used for the public purposes set forth in Article 3(A) of these Articles of Incorporation. Should the Charlottesville Redevelopment and Housing Authority decline to accept the assets, then where permitted under Federal and/or State law to the City of Charlottesville provided that the City is permitted to receive such assets and where the City of Charlottesville is not permitted to receive the asset then to any corporation or organization which is organized and operated exclusively for the purposes specified in Section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future tax code.
