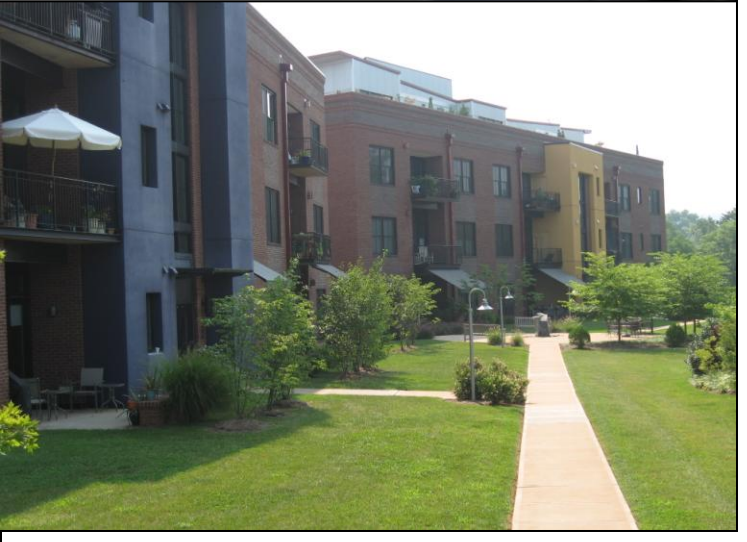


THE CITY OF CHARLOTTESVILLE 2025 GOALS FOR AFFORDABLE HOUSING



ADOPTED BY CITY COUNCIL
FEBRUARY 1, 2010



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The City of Charlottesville

2025 Goals for Affordable Housing

The following is an excerpt from the official minutes of the City of Charlottesville City Council meeting on February 1, 2010.

Ms. Melissa Celi, Grants Coordinator, said that the Affordable Housing Strategy outlines the current inventory and future goals for affordable housing. She said the report identifies three options for Council to consider: 1) Maintain the current number of supported affordable units; 2) Maintain the current ratio of supported affordable units to total housing units as the City's housing stock grows (10%); or 3) Increase the ratio of supported affordable units to 15% of total housing units by 2025. She said the Committee recommends goal three. She said another alternative would be to continue the current City funding level and to increase the ratio to 15% using CDBG and HOME funds.

Mr. Norris said his preference would be to have Council agree on a goal and approve the resolution, but defer the funding level discussion until the budget discussions.

Mr. Huja said he would start with a ratio of 12%.

Dr. Brown asked about the change from past years in defining affordable housing as supportive affordable housing.

Ms. Celi it refers to a unit with a subsidy or other mechanism for a family making less than 80% of the area median income (AMI), not just low income.

Ms. Szakos said it also looks at teachers, nurses, firefighters, etc. and their ability to afford housing here.

Ms. Szakos said she supports the 15% goal, but is willing to start at 12%.

Ms. Edwards said she supports the 15% goal and said housing is an area of infrastructure that we should invest in.

Responding to a question from Mr. Huja about the available funding, Ms. Celi said there is \$1 million in the housing fund and \$550,000 available in CDBG funds.

Dr. Brown said we should always be cognizant of not trying to solve the region's housing problems alone and we have talked before about ways to target funds for City residents. He said he thinks a goal of 12% is a good place to go at the moment, and wait and see if the budget can handle it.

Ms. Celi said we can target funds except CDBG funds.

Ms. Szakos said it is clear that in Charlottesville the housing costs are higher than the surrounding area, and it is more an issue of people being able to live here.

Mr. Norris said he would push to aim for 15% over 15 years depending on our financial ability to meet that goal. He suggested an amendment to the resolution adding to the third bullet: “other federal, state, regional and private sources.”

Mr. Huja made a motion to approve the resolution with the 15% goal and changes made by Mr. Norris, Ms. Szakos seconded the motion, and Council approved the resolution by the following vote. Ayes: Dr. Brown, Ms. Edwards, Mr. Huja, Mr. Norris, Ms. Szakos.

END OF MINUTES

The City of Charlottesville 2025 Goals for Affordable Housing

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Executive Summary

The City of Charlottesville 2025 Goals for Affordable Housing February 2010

The Charlottesville City Council requested that the Department of Neighborhood Development Services (NDS) prepare a report that outlines current inventory and future goals for the number of affordable housing units in the City. This report, written by NDS staff with the input, guidance, and approval of the City of Charlottesville Housing Advisory Committee (HAC), provides a history of the City's investments over the past five years, details the inventory of the existing City-supported affordable housing stock, attempts to estimate projected costs of preserving and/or increasing the existing affordable housing units, and recommends a goal for Council to adopt. **This report assumes that local supported affordable housing developers will continue to provide 91.6% of the total cost to complement the City's 8.4%.** It is very important to note that while this is the only hard data available from which to model the projections, it is unlikely that any sized 8.4% City contribution would automatically be matched by a 91.6% 'market' contribution. For example, included in the previous five years of leveraged funds are US Department of Housing and Urban Development (HUD) Housing Choice Vouchers; yet it is unlikely that this source will increase very much with additional city funds. It is also believed that further progress beyond the current state could require a greatly increased percentage contribution from the City. However, since a means to economically model this expectation is not available, this report can only stress that the below projections, especially beyond maintaining the current number of low income units, are a best case scenario while 'instincts' suggest that the incremental costs of low income housing growth will in fact be substantially higher.

Given these caveats to the projections, to assist the City in anticipating and planning its affordable housing investments, this report has identified three (3) options for the City Council to consider for adaptation as its affordable housing goal over the next 15 years:

- 1) **Maintain the current number** (1,933) of supported affordable units;*
- 2) **Maintain the current ratio** of supported affordable units to total housing units as the City's housing stock grows (Approximately One (1) supported affordable unit for every ten (10) total units, or 10%); or*
- 3) **Increase the ratio** of supported affordable units to 15% of total housing units by 2025.*

A thorough description of the assumptions and calculations and an overview of the units and funding mechanics involved can be found in the report. At its October 28, 2009 meeting, **the HAC approved this housing report and unanimously recommends that the Charlottesville City Council pursue Goal 3 as the 15 year affordable housing goal for the City of Charlottesville.** The Goal 3 best case scenario costs are \$25.7 million dollars (assuming a 2.7% inflation rate) over fifteen years, though as stated above, the funds required could be higher since the incremental costs to create new low income housing opportunities are most likely higher than those based on data from the last five years.

Acknowledgements

Developed for the Charlottesville Community by:

Charlottesville City Council

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Satyendra Huja
David Brown
Holly Edwards
Kristin Szakos

Housing Advisory Committee

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Sasha Farmer	Charlottesville Area Association of Realtors
Charlie Armstrong, Co-Chair	Developer
Arthur Lichtenberger, Co-Chair	Neighborhood Association
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Reed Banks	Region Ten
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Peter Loach	Piedmont Housing Alliance
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Kathy Galvin	City of Charlottesville School Board
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The City of Charlottesville 2025 Goals for Affordable Housing **February 2010**

Charlottesville City Council 2025 Vision: Quality Housing Opportunities for All

Our neighborhoods retain a core historic fabric while offering housing that is affordable and attainable for people of all income levels, life stages, and abilities. Our neighborhoods feature a variety of housing types, including higher density, pedestrian and transit-oriented housing at employment and cultural centers. We have revitalized public housing neighborhoods that include a mixture of income and housing types and enhanced community amenities. Our housing stock is connected with recreation facilities, parks, trails, and services.

Purpose

The purpose of “***The City of Charlottesville 2025 Goals for Affordable Housing***” report is to provide the Charlottesville City Council with a history of its investments over the past five years, an inventory of the existing affordable housing stock, recommendations on the projected costs of preserving the existing affordable housing units, and the estimated costs of increasing affordable housing stock in the city. **This report ultimately provides an analysis of three different options for the City’s affordable housing policy to meet its vision over the next 15 years:**

- 1) **Maintain the current number** (1,933) of supported affordable units;*
- 2) **Maintain the current ratio** of supported affordable units to total housing units as the City’s housing stock grows (Approximately One (1) supported affordable unit for every ten (10) total units, or 10%); or*
- 3) **Increase the ratio** of supported affordable units to 15% of total housing units by 2025.*

Background

The City of Charlottesville believes that every person deserves access to safe and decent housing regardless of their income and ability to pay. Through its policies and funding priorities, the City of Charlottesville influences the supply of housing available to people of various incomes. The City of Charlottesville recognizes the importance of having available housing to the whole workforce. This availability provides a way to attract employers and support businesses, by preserving the tax base, and reducing the environmental impact of long commutes. It is important to note that the issue of affordable housing is closely tied to the supply and quality of employment opportunities available in the community, as well as the education and skills of the workforce. The need for affordable housing would be dramatically reduced with an adequate supply of jobs with wages that are in line with our community’s housing costs and by increasing the level of educational attainment of its citizens.

In early 2009, the Charlottesville City Council requested the Department of Neighborhood Development Services (NDS) to prepare a report that outlines current housing inventory and future goals for the number of affordable housing units in the City after the Charlottesville Quality of Service and Efficiency Study recommended the City have a coherent strategic plan for

affordable housing¹. This report has been written by NDS staff with the input, guidance, and approval of the City of Charlottesville Housing Advisory Committee (HAC). The HAC approved this housing report at its October 28, 2009 meeting. The HAC recommends that the Charlottesville City Council pursue Goal 3 as the 15 year affordable housing goal for the City of Charlottesville. The Goal 3 best case scenario costs are \$25.7 million dollars (assuming a 2.7% inflation rate) over fifteen years, though as stated above, the funds required could be higher since the incremental costs to create new low income housing opportunities are most likely higher than those based on data from the last five years.

Current Need

The need for affordable housing in Charlottesville is significant. The number of people who spend more than 30% of their income on housing costs is an important indicator that can be used to track the availability of affordable housing in an area. According to the American Community Survey (US Census), in 2007, Charlottesville had 16,694 occupied housing units². A quarter of the households residing in these units were spending more than 50% of their income towards housing costs, and most had incomes below 50% Area Median Income (AMI)³ or \$36,400 for a family of four. **Further, 7,930, or almost half of all households in the City, spent more than 30% of their income on housing costs including utilities⁴** (5,079 renters and 2,851 owner occupied households).

In addition to Census data, the Thomas Jefferson Area Coalition for the Homeless (TJACH) produced a point in time survey in 2008 that documented 230 homeless adults; 150 (65%) of those individuals were staying either in an emergency shelter or the outdoors⁵. The homeless population is not included in Census data because of the transient nature of such individuals; however, they are an important demographic to consider in any discussion regarding affordable housing because of the potential impact on housing supply.

Another important source document for understanding the need for affordable housing is the Thomas Jefferson Planning District Commission's *The State of Housing Report* issued in January 2007. Although the numbers cited within the report span the entire planning district and utilize 2000 Census data, the trends described are instructive for understanding the reality of the affordable housing gap in the City of Charlottesville:

The gap analysis shows that low-income renters faced the most severe shortage of affordable housing, which is not surprising. We estimated a gross deficit of about 4,660 affordable rental units for renters with incomes below 50% of the Area Median Family

¹ Charlottesville Quality of Service and Efficiency Study. The University of Virginia Weldon Cooper Center for Public Service. February 2009.

² The total number of housing units was 18,407, which includes 1,713 unoccupied units.

³ Area Median Income (AMI) is determined annually by the US Department of Housing and Urban Development based on family size. The median income is equivalent to 100% AMI with other percentages demonstrating how much more or less a family makes with respect to the median. For complete AMI listings see Appendix 2.

⁴ One component of the generally accepted definition of affordability is for a household to pay no more than 30 percent of its annual income on housing. <<http://www.hud.gov/offices/cpd/affordablehousing>>.

⁵ Homelessness in the Thomas Jefferson Planning District: Sixth Annual Homeless Census & Point in Time Count. TJACH. January 30, 2008.

Income (approximately \$28,500 in 2000). Consequently, low-income renters were forced to spend large portions of their incomes (often in excess of half) in order to obtain housing.

The gap was largest for extremely low-income households (less than 30% AMFI) where the number of renters exceeded the number of affordable units by 992. This gap was increased to 3,917 as a result of higher income households out-bidding the lower income segment and occupying nearly 60% of the units affordable to this income category. The same phenomenon took place for the very-low income group (30-50% AMFI) with higher income households occupying almost half (51.8%) of the units affordable at this income level. Severe housing cost burdens cause a host of problems including under-consumption of other necessary goods and services as well as family instability.

Low and very low-income homeowners also faced a shortage of affordable units, with a deficit of about 4,200 affordable owner units in 2000. Although there was a sufficient number of affordable units for owners with these income levels in 2000, most were occupied by owners with higher incomes (62.7% and 65.6%, respectively). This reduced the surplus of units for the very-low income group from 2,134 to a much larger deficit of 4,182 units. The impact of owners with higher incomes also reduced the surplus of units for the low-income owner households from 8,738 to a deficit of 2,152 units.

As with low-income renters, this gap forced low-income owners to pay excessively high portions of their income for their housing. Although most homeowners have fixed payments for principal and interest, their property tax, utilities and insurance costs escalate over time. Since 2000, these costs have risen much more quickly than income even for the median income family. Homeowners with below median incomes have seen housing costs increase much more rapidly than their incomes.⁶

A Recent History of Charlottesville Affordable Housing Policy

For many years, to supplement market rate affordable housing units, the US Department of Housing and Urban Development (HUD), the Virginia Housing Development Authority (VHDA), and local area housing non-profits have been the primary providers of subsidized affordable housing. From 1999 until 2004, the City of Charlottesville's policies heavily promoted the creation and retention of housing for middle income, owner occupied households. This was based on concerns that middle income families were leaving the City⁷, thus programs providing incentives for first-time homebuyers were created. **While the City of Charlottesville has been able to increase its inventory of middle income and owner-occupied housing as a result of its efforts, over the past decade the availability of housing options for the City's lowest income families has not been able to keep pace with the needs.**

In 2005, Charlottesville City Council adopted a housing strategy that refocused the City's housing policy to support affordable housing for those who live and/or work in the City by

⁶ The State of Housing Report of the Thomas Jefferson Planning District, January 2007

⁷ City of Charlottesville Housing Strategy, 1999

increasing the supply of affordable housing (both rental and homeownership) for households with incomes up to 80% of Area Median Income.⁸ In 2007, the City Council appropriated funds for the Charlottesville Housing Fund, previously known as CAHIP, and appointed the first members to the standing Housing Advisory Committee. In its 2007 Comprehensive Plan, the City of Charlottesville adopted as its overall housing vision that it “shall strive to grow, sustain and improve a housing stock that provides safe, affordable options to every segment of our diverse population, especially those who are currently underserved.”

Definitions and Assumptions:

For the purpose of this report, housing is considered to be affordable if the occupants pay less than 30% of their annual income on housing costs. The target population to be addressed by the City of Charlottesville’s Affordable Housing Policy are all those residents who earn less than 80% AMI.

Definitions:

Supported Affordable Housing: These are units with various sources of public funding and mechanisms ensuring their affordability including, but not limited to: HUD, VHDA, the City of Charlottesville, Housing Choice (Section 8) vouchers, and/or deed restrictions. Support may be project-based for multiple units (*i.e.*, Friendship Court), be attached to individual locations (deed restrictions and land trusts), or reside with individual households (Housing Choice Vouchers or downpayment assistance).

Preservation: Act of reinvesting or establishing new investments to maintain the affordability of existing supported affordable units for both rental and purchase. Preservation also includes maintaining existing unsupported affordable units at affordable levels over time. Preservation lastly includes the conversion of existing market rate units into supported affordable units. With the exception of existing public housing, over time market pressure will cause most affordable housing to become market rate housing without preservation strategies.

New construction: This deals exclusively with the sticks and bricks construction and the financing of new supported affordable housing units.

Financial Assistance: This can be either a rental subsidy or down payment assistance that is used to ensure the affordability of a unit.

Deed Restrictions: For the purpose of this report, the deed restricted properties include those properties with debt instruments for loans, including deeds of trust, that restrict the use of the property and, in some cases, give the holder of the deed of trust a first right-of-refusal to purchase the property. Such debt instruments may require repayment of the loan at some point in the future while others may forgive the debt after a certain number of years if specified conditions are met. When the debt is paid or forgiven, the restrictions are no longer in place.

Assumptions:

- This report assumes that the amount of money housing providers have been leveraging from City housing investments remains the same into the future. On average, over the past five years, the City contributed 8.4% of the funds needed to preserve or create supported affordable housing, while the developers and non-profits leveraged 91.6% of

⁸ “Housing Strategy Charlottesville Virginia.” Adopted April, 2005.

the total cost of these projects. **This report assumes that local supported affordable housing developers will continue to provide 91.6% of the total cost to complement the City's 8.4%.** It is very important to note that while this is the only hard data available from which to model the projections, it is unlikely that any sized 8.4% City contribution would automatically be matched by a 91.6% 'market' contribution. For example, included in the previous five years of leveraged funds are HUD Housing Choice Vouchers and HUD HOME down-payment assistance through VDHCD; yet it is unlikely that those two sources will increase very much with additional city funds. It is also believed that further progress beyond the current state could require a greatly increased percentage contribution from the City. However, since a means to economically model this expectation is not available, this report can only stress that the below projections, especially beyond maintaining the current number of low income units, are a best case scenario while 'instincts' suggest that the incremental costs of low income housing growth will in fact be substantially higher.

- This report assumes if additional supported affordable housing units are created in the City, there will be qualified low-income households ready to move into those units. It should be noted that much work is still needed to create qualified and financially literate and responsible renters and home buyers as well as to examine the credit requirements of our affordable housing providers.
- This report assumes that if future units of supported affordable housing are reserved for a target population such as the elderly or disabled, policies will be created to ensure that there are enough non-restricted units to meet the goals of the City.
- This report offers the average number of units per year that will need to be created or preserved to reach a given goal. **While yearly targets have been identified, it is important to keep the total end goal in mind. One year there may be no new units and the next there may be 300 when a large scale project is finished.**
- As mentioned in the deed restrictions definition, some of the City's previous investments in affordable housing may be returned to the City. Because it is not guaranteed when and if money will be returned, this money should be treated as a bonus that may be able to fill leverage gaps and not part of recommended per year funding.
- The dollar amounts given in this report, unless specifically stated, are in terms of "2009" dollars and do not take inflation into account. A rough estimate of projected inflated costs can be obtained from the U.S. Department of Labor Bureau of Labor Statistics consumer price index (CPI).⁹ Using average yearly CPI data from 1993 to 2008, and using these numbers to project cost for the next fifteen years (from 2010 to 2024) of this report, a dollar of buying power in 2009 would have the same buying power as \$1.49 in 2024. In other words, one needs to multiply our projected costs in the year 2024 by 1.49 to obtain estimated real dollar amounts in 2024. Using this data and a compounding model for inflation gives an average inflation rate of 2.694%. A breakdown of projected real dollar costs per year, using this 2.694% inflation rate, can be found in below in Table 1.

The goals of this report focus solely on the production of affordable housing through financial investment. It is important to note that the City has other tools and mechanisms available to increase the number of affordable units or decrease housing costs. These can include zoning,

⁹ <http://www.bls.gov/cpi/> U.S. Department of Labor Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) US city average <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>

proffers, transit, density, etc. Further elaboration on these non-financial tools is available in Appendix 1.

This report focuses on the supply side of affordable housing, ensuring there is an adequate inventory and spectrum of housing available for all incomes and household types. However, a complementary option, outside the scope of this report, is the development of strategies to reduce the demand for affordable housing. Clearly, the City should be developing strategies and supporting programs that (i) provide targeted workforce training to City residents currently living in supported affordable housing, (ii) attract more jobs with wages that match the cost of market rate housing in Charlottesville, and (iii) increase the level of education attainment of City residents. **Supply driven affordable housing strategies should also address demand reduction.**

Table 1 Projected buying power of a 2009 dollar (So, for example, \$100,000 of 2009 dollars will actually require an estimated \$134,000 of spending in 2020)		
Year Count of the 15 years projected	In year	Projected Buying power of a 2009 dollar
	<i>2009</i>	<i>1</i>
1	2010	1.027
2	2011	1.055
3	2012	1.083
4	2013	1.112
5	2014	1.142
6	2015	1.173
7	2016	1.205
8	2017	1.237
9	2018	1.270
10	2019	1.305
11	2020	1.340
12	2021	1.376
13	2022	1.413
14	2023	1.451
15	2024	1.490

Data from the Past Five Years on Supported Affordable Housing

Supported affordable housing units have various sources of public and/or private funding and mechanisms ensuring their affordability. Public sources include, but are not limited to: HUD, VHDA, the City of Charlottesville, Housing Choice (Section 8) vouchers, and deed restrictions. Many units may be affordable because of more than one source of funding; however, for the purpose of this report, every effort was made to ensure that units are only counted once, based on

its main source of funding. Table 2 lists the supported affordable housing units in 2004, the supported units today, and also the supported units that risk losing their affordability over the next 15 years and thus require *preservation investments*. Not included in these figures are the number of households that are provided with tax or rent relief each year as this aid is awarded given the circumstances of a certain point in time and do not have a mechanism to ensure continued affordability.

Table 2			
Supported Affordable Units: 5 year comparison and Units requiring preservation investment in next 15 years			
Unit Type	2004	2009	Units requiring preservation investment in next 15 years
HUD Funded	578	578	376
VHDA Funded	401	448	440
City Funded	0	57	0
Housing CHOICE Vouchers	405	399	n/a
Region Ten Funded	100	100	Unknown
Deed Restrictions	112	311	122
Habitat for Humanity	14	39	4 (estimated)
Total:	1610	1933	942

Source: Data provided by agencies, developers, providers, and City records.

HUD: There are 578 units currently subsidized by HUD [376 Charlottesville Redevelopment and Housing Authority (CRHA) units and 202 at Blue Ridge Commons] and this amount has not changed over the past five years. **While none of these are at risk of losing their subsidies, all of the 376 CRHA units will require rehabilitation or redevelopment investments over the next 15 years.**

VHDA: There were 401 VHDA units [supported through Low Income Housing Tax Credits (LIHTC)] in 2004; today there are a total of 448 units (for a full list of LIHTC units and their terms refer to Appendix 2)]. This is an increase of 48 supported units over the past five years (33 through preserving existing unsupported units and 16 units through new construction). During this time, only one LIHTC unit was lost. The 48 newly supported LIHTC units cost an estimated \$6.2 million to produce. An additional \$16.9 million was invested over the past five years to rehab and preserve the affordability for an existing 200 units of LIHTC housing which would have converted to market rate. The City of Charlottesville invested about \$1.1 million or 5% of the \$23.1 million total spent on LIHTC properties, with the remaining 95% being leveraged from other sources by non-profit housing providers. **Over the next 15 years, almost all of the 448 LIHTC units will require additional preservation investments.**

City of Charlottesville: The City of Charlottesville loaned \$850,000 to preserve 57 units (Dogwood Housing) of affordable housing. These units will remain affordable as long as the

City has money invested in the project, although by paying off the loan the owner of Dogwood Housing could convert the units to market rate housing as early as 2012. The total project cost to preserve the affordability of Dogwood Housing was \$6.5 million.

Housing Choice Vouchers (Section 8): Housing vouchers used in either market rate rental units or as additional support in supported affordable units are another category of supported affordable housing units in Charlottesville. Regional voucher administrators include the Charlottesville Redevelopment and Housing Authority, Albemarle County, the Fluvanna/Louisa County Housing Foundation, Nelson County, Piedmont Housing Alliance (PHA), Skyline CAP, and Region Ten. Five years ago there were roughly 1,523 Housing Choice (Section 8) Vouchers (both project and tenant based) and Mainstream Vouchers in the region. Presently, there are approximately 1,489 Vouchers in the region. Of the total vouchers in the region, 38% or 570 are being used within the City of Charlottesville.

Data obtained from Housing Choice Voucher administrators shows that approximately 30% of the vouchers used in the City today are for existing supported affordable housing units (i.e., using a Housing Choice voucher at a VHDA LIHTC property such as Hearthwood). When counting the total number of supported affordable units in Charlottesville, it is important to take this into account so as not to inflate the number of affordable units available. Applying this estimate, it can be concluded that in 2004, 405 vouchers were used for market rate rentals, and 399 are being used in 2009 for market rate rentals. **Furthermore, in 2003, 1,308 names were on the waiting lists for Housing Choice and Mainstream Vouchers; in 2009, 2,629 names were on the waiting lists- a 100% increase.**¹⁰

Region Ten: In addition to their housing vouchers, Region Ten also maintains another 100 supported affordable units. These units are funded through Shelter Plus Care subsidies, Discharge Assistance Project (DAP) funds, and Region Ten's own funds. There are also apartment complexes that reserve a certain number of rooms (for example, Monticello Vista Apartments and Midway Manor) for specific populations; however, these rooms utilize other sources of support and are thus counted within early sections. Note that many of these supported affordable housing units provided by Region Ten are restricted to persons with disabilities.

Deed Restrictions: The supported affordable housing units discussed above are rental units. The City of Charlottesville and area housing non-profits also support affordable homeownership. **Deed restrictions are the preferred mechanism to guarantee affordability over time.** In 2004, the City of Charlottesville, through its own homeowner rehab program as well as Albemarle Housing Improvement Program's (AHIP), held 37 deed restrictions and by 2009 that number was 102. The 65 deed restrictions that were added over the past five years cost \$1.66 million with an average of \$25,500 per unit, proving to be a very cost effective mechanism.

Additionally, through their downpayment assistance program, Piedmont Housing Alliance had 75 deed restricted properties in 2004 and 133 properties by 2009, an increase of 58 deed restricted properties. The City of Charlottesville also provides funds to CRHA for down payment and closing costs. Over the past five years, downpayment assistance was applied to 59

¹⁰ It is possible for Charlottesville residents (and also non-City residents) to be on more than one waiting list, but duplications were also possible in 2004, so the data still shows a very significant increase and need.

units. These 117 deed restricted downpayment assisted units could either be newly constructed or existing units. When factoring in the mortgages that were able to be secured as a result of the downpayment assistance, the average deed restricted property costs \$157,200. Therefore, the 117 deed restricted downpayment assisted properties cost a total of \$18.2 million. Of this amount, the City of Charlottesville invested \$780,000 or 4%, while leveraging 96% of the costs from other sources.

New Housing Construction: Habitat for Humanity has been actively building houses in Charlottesville for many years. By 2004, 14 completed units in Charlottesville were still occupied by the original low income owners, and in 2009 a total of 39 completed units are occupied by low income homeowners. These 25 new units built over the last five years cost \$4.36 million including built-in financing. Over the past five years, Piedmont Housing Alliance has also been actively building new housing units for purchase. Since 2004, PHA has built 17 new units of supported affordable housing costing \$3.52 million including built-in financing. During this time, the City of Charlottesville has contributed \$832,600 or 11% of the total \$7.88 million spent on new housing construction.¹¹

Analysis of Supported Affordable Housing 2004-2009 Data

Based on the figures found in Table 2, in 2004 there were 1,610 units of supported affordable housing while by 2009, 330 units were added while 7 units were lost for an overall gain of 323 and a total of 1,933 units. In addition, the affordability of 200 units of existing supported affordable housing units (VHDA funded Monticello Vista and Friendship Court original affordability terms expired during this time) was extended another 15 years (see Appendix 2). Therefore, a total of 530 units of supported affordable housing were created or preserved since 2004 (see Table 3). **Of the increase of 530 supported affordable units from 2004 to 2009, it is important to note that only 16 units or 3% were actual newly constructed rental units of affordable housing and 42 units or 8% were actual newly constructed units for purchase. Further, the 16 units of new rental housing are restricted to persons with disabilities.**

Since 2004, \$57.3 million was invested in creating new or preserving existing supported affordable housing units. Of the \$57.3 million that was invested by various sources, the City of Charlottesville contributed \$4.82 million or 8.4%. This equates to an average of \$964,000 per year invested by the City over the last five years.¹² During this time, affordable housing providers leveraged the City's investment by 91.6% of the total amount spent on new supported affordable housing units. **In other words, on average for every \$1 invested in new supported affordable units by the City of Charlottesville from 2004-2009, \$10.89 was invested by other sources.**

¹¹ Over the past five years, the average Habitat homeowner earned 42% AMI and the average PHA homeowner earned 65% AMI.

¹² Sources for City of Charlottesville funding for affordable housing include federal Community Development Block Grant and HOME funds, as well as local general revenue funds allocated for the purpose of affordable housing.

**Table 3
Costs of New or Preserved Supported Affordable Units and Percents Leveraged Since 2004**

2004 Status	Project/Type	2009 Status	Units	Total Cost	City Investment	Percent of City Invest.	Percent Leveraged
Existing Unsupported Affordable	Virnita Ct	Preservation (VHDA Supported Affordable)	9	\$2.4 million	\$274,000	11%	89%
Existing VHDA Supported Affordable	Monticello Vista	Preservation (VHDA Supported Affordable-special needs)	50	\$6.9 million	\$350,000	5%	95%
Existing VHDA Supported Affordable	Friendship Court	Preservation (VHDA Supported Affordable)	150	\$9.96 million	\$500,000	5%	95%
Existing Unsupported Affordable	Dogwood Housing	Preservation (City Funded Supported Affordable)	57	\$6.5 million	\$850,000	13%	87%
Existing Unsupported Affordable	HO Rehabs	Preservation (Deed Restricted Supported Affordable)	65	\$1.66 million	\$1.23 million	74%	26%
Existing Unsupported Affordable (Special needs)	Mews on Little High	Preservation (VHDA Supported Affordable Special Needs)	24	\$1.78 million	\$0	0%	100%
N/A	Mews on Little High	New Constr.	16	\$2 million	\$0	0%	100%
N/A	New Construction for Purchase	New Constr. (Deed Restricted Supported Affordable)	42	\$7.88 million	\$832,600	11%	89%
Either existing unsupported units or newly constructed units	Down-payment Assist	Financial Assistance (Deed Restricted Supported Affordable)	117	\$18.2 million	\$780,000	4%	96%
	Total:		530	\$57.3 million	\$4.82 million	8.4%	91.6%

Table 3 Source: Data provided by agency/developer, City records. In addition to the 530 units of supported affordable housing, there may be additional units of market rate units that are affordable (See Appendix 3). Some units may be reserved for special populations only.

The average cost for creating or preserving a supported affordable housing unit varies greatly depending on the type of unit being supported as is shown in Table 4.

Rental: Since 2004, \$29.6 million was invested in 306 units of supported affordable rental housing through either preservation of existing units or the construction of new units. The City invested a total of \$2 million or 6.8% of the total investment.

Homeownership: In the same period, \$27.74 million was invested in 224 homeownership units for projects that created or retained affordable units for homeownership. The City of Charlottesville contributed \$2.82 million or 10.2% of the total.

Investment in supported affordable housing occurs through several means.

Preservation: Of the 530 units of supported affordable housing receiving investment since 2004, 355 of those units were existing units that were preserved as or converted to supported affordable units at a total cost of \$29.27 million or \$82,450 per unit. The City of Charlottesville invested \$3.2 million or 10.9% of this total.

New Construction: 58 supported affordable housing units were the result of new construction. These units cost a total of \$9.88 million or \$170,300 per unit with the City contributing \$832,600 or 8.4% of the total investment.

Financial Assistance: The remaining 117 of the 530 supported affordable units utilized financial assistance mechanisms such as downpayment assistance. These 117 units cost a total of \$18.2 million or \$155,600 per unit. The City contributed almost \$780,000 or 4.3% of the total investment.

Housing Type	Total Cost	Units	Cost Per Unit	City Investment	Percent of City Invest.	Percent Leveraged
All Projects	\$57.3 million	530	\$108,115	\$4.82 million	8.4%	91.6%
Rental	\$29.6 million	306	\$96,700	\$2 million	6.8%	93.2%
Home Ownership	\$27.7 million	224	\$123,800	\$2.82 million	10.2%	89.8%
Affordability mechanism	Total Cost	Units	Cost Per Unit	City Investment	Percent of City Investment	Percent Leveraged
Preservation	\$29.2 million	355	\$82,450	\$3.2 million	10.9%	89.1%
New Constr.	\$9.9 million	58	\$170,300	\$833,000	8.4%	91.6%
Finance Assist	\$18.2 million	117	\$155,600	\$780,000	4.3%	95.7%

Table 4 shows that over the past five years, the City has invested 41.5% of its affordable housing funds in rental and 58.5 % on homeownership. Furthermore, 66.4% of the City’s funds have gone towards preservation of affordability, 16.2% on providing financial assistance, and 17.4% towards construction of new units of supported affordable housing.

Future of Affordable Housing

Projecting into the future, it is important to note that affordable housing is not static. It can fluctuate with market pressures, with funding sources, and with related regulations and policies. It is impossible to estimate the amount of future funding that will be obtained to support many of the units listed in the current count, particularly HUD funded units and the number of vouchers in use. Consequently, it is imperative that the City take an active role in advocacy at the federal level to ensure it is engaged with HUD decision makers as well as our state and national representatives and is articulating the needs of the community.

VHDA Low-Income Housing Tax Credits have set expiration terms. If affordable units supported by tax credits are allowed to convert to market rate, 200 affordable units will be lost in 2011 (Hearthwood), and an additional 239 units, housing our lowest income and special needs citizens, will be lost by 2025 (Mews on Little High Street, Friendship Court, and Monticello Vista). Also by 2025, 122 units of the affordable deed restricted units will lose their restrictions and an estimated 4 units of Habitat for Humanity housing will become market rate. Further, it is necessary to plan for affordable housing investments needed to assist providers, for example CRHA or Blue Ridge Commons, with rehabilitation and/or redevelopment assistance necessary to preserve the habitability and safety of their units.

If the City of Charlottesville chooses to no longer invest in supported affordable housing, and no other funding sources are available, and no improvements are made to the 376 CRHA units, then 942 units of supported affordable housing that represent nearly one-half of the City’s current stock of supported affordable housing would most likely be lost over the next 15 years. In addition, when the City’s investment in Dogwood Housing ceases, then another 57 units of affordable rental housing will be lost.

Goals for Supported Affordable Housing

To assist the City in anticipating and planning its affordable housing investments, this report has identified three (3) options for the City Council to consider for adaptation as its affordable housing goal over the next 15 years:

- 1) Maintain the current number (1,933) of supported affordable units;*
- 2) Maintain the current ratio of supported affordable units to total housing units as the City’s housing stock grows (Approximately One (1) supported affordable unit for every ten (10) total units, or 10%); or*
- 3) Increase the ratio of supported affordable units to 15% of total housing units by 2025.*

As stated in the ‘Assumptions’ section earlier in this report, the fiscal projections below assume that local supported affordable housing developers will continue to provide 91.6% of the total cost to complement the City’s 8.4%. It is very important to note that while this is the only hard data available from which to model the projections, it is unlikely that any sized 8.4% City contribution would automatically be matched by a 91.6% ‘market’ contribution. It is also believed that further progress beyond the current state could require a greatly increased percentage contribution from the City. However, since a means to economically model this expectation is not available, this report can only stress that the below projections, especially beyond maintaining the current number of low income units, are a best case scenario while ‘instincts’ suggest that the incremental costs of low income housing growth will in fact be substantially higher.

Goal 1: Maintain the current number (1,933) of supported affordable units

Without any City investment, the number of supported affordable units will decrease from the current level of 1933 to 991 over the next fifteen years. To maintain the 1933 of supported affordable units available today, 942 units would therefore need to be created or preserved. Based on the combined investment of the past five years, **it would cost a total of \$93.2 million (assuming 2009 dollars) just to break even and keep the current number of supported affordable housing units over the next fifteen years.** Projecting a similar investment percentage (8.4%) by the City of Charlottesville into the retention of these units, the City’s contribution to be leveraged by developers would be \$7.83 million over the next 15 years. Each year approximately 63 units would need to be replaced at a cost of \$6.2 million per year with a leveraged City investment of \$522,000 per year (in 2009 dollars). This requires that project developers leverage \$85.4 million from other funds.

Table 5				
Goal 1: Costs of Maintaining the Current Number of Supported Affordable Units Over the Next 15 Years (assuming 2009 dollars and Continued Leverage of the City’s 8.4% Contribution)				
	Units to Preserve	Total Cost	City Cost	Leverage Cost
Total	942	\$93.2 million	\$7.83 million	\$85.37 million

Goal 2: Maintain the current ratio of supported affordable units to total housing units as the City’s housing stock grows (Approximately One (1) supported affordable unit for every ten (10) total units, or 10%)

Currently just over 10% of the City’s housing stock qualifies as supported affordable housing. The City’s total housing stock has been growing at a rate of roughly 5% every five years¹³; if this trend continues, in 2025 the City’s total housing units will be 22,372. If the total number of current supported affordable housing units are simply retained over the next 15 years as discussed above in Goal 1, then only 8.7% of the housing stock will be supported affordable in 2025, a drop of 1.3% from today.

¹³ US Census data

In order to maintain the current rate of 10% of supported affordable housing units in the City, 1.3% or a total of 289 units will need to be added to the City’s inventory of supported affordable housing (in addition to the 942 units that will need, as described in Goal 1, to be replaced just to break even). These units could either be newly constructed units or existing units that have been made supported affordable. With an average cost per unit of \$108,115, it would cost \$31.2 million to add these 289 units of supported affordable housing, plus the Goal 1 cost of \$93.2 million to preserve the 942 units for a total of 1,231 units at a total cost of \$124.4 million over the next fifteen years. If the 8.4% City leverage rate for affordable housing was to hold in the future, it would cost the City \$10.45 million total over the next fifteen years or an average of 82 units per year with \$696,700 direct cost to the City each year (in ‘2009’ dollars).

Table 6				
Goal 2: Costs of Maintaining 10% Supported Affordable Units of Housing Total Over the Next 15 Years (assuming 2009 dollars and Assuming Continued Leverage of the City’s 8.4% Contribution)				
	Units to Add and Preserve	Total Cost	City Cost	Leverage Cost
Total	1,231	\$124.4 million	\$10.45 million	\$113.95 million

Goal 3: Increase the ratio of supported affordable units to 15% of total housing units by 2025

As described in Goal 2, only 8.7% of the housing stock will be supported affordable in 2025 if the total number of current supported affordable housing units is simply retained. **Therefore, a total of 1,408 units will need to be created in order to increase the City’s supported affordable housing units to 15% of the total housing stock over the next 15 years.** This assumes that the 942 lost units are replaced at a cost of \$93.2 million. As described previously, these units could either be newly constructed or existing units that have been made supported affordable. Using the same averages as used in Goal 2, it would cost \$152.2 million to add these 1,408 units. The total cost to achieve Goal 3 would therefore be \$245.4 million to add and preserve these 2,350 units of supported affordable housing over 15 years. If the 8.4% City leverage rate for affordable housing was to hold in the future, it would cost the City \$20.61 million total over the next fifteen years, or an average of 157 units per year with \$1,374,000 direct cost to the City each year (in 2009 dollars).

Table 7				
Goal 3: Costs of Increasing to 15% Supported Affordable Units of Housing Total Over the Next 15 Years (assuming 2009 dollars and Continued Leverage of the City’s 8.4% Contribution)				
	Units to Add and Preserve	Total Cost	City Cost	Leverage Cost
Total	2350	\$245.4 million	\$20.61 million	\$224.79 million

The dollar amounts for the three Goals in the above tables are all in 2009 dollars. In Table 8 below, the report includes a yearly estimate for the effect of inflation on the actual costs of these goals over the next 15 years (using the average inflation rate of 2.694% as discussed in the

“Assumptions” section of this document). The total cost over 15 years has been summed and an average cost per year determined for these inflation adjusted figures.

We have assumed, *only for purposes of projecting costs*, that the city funds will be allocated roughly in the same proportions (e.g. preservation, new construction, financial assistance, etc.) as they have in the last five years. City Council may wish to change these allocations and the ongoing financial markets and housing opportunities will also obviously guide these decisions.

Table 8 Yearly Costs Based on the Continuing Leverage of a City’s 8.4% Contribution, <u>Adjusted to Project for Inflation</u>, to Maintain and Add Supported Affordable Units Over the Next 15 Years For Each Goal.				
		GOAL 1: Maintain 1,933 Supported Affordable Housing Units	GOAL 2: Maintain 10% Support Affordable Housing Ratio	GOAL 3: Increase to 15% Supported Affordable Housing Ratio
In year	Projected buying power factor	<i>Cost to City \$522,000/yr in 2009 dollars</i>	<i>Cost to City \$696,700/yr in 2009 dollars</i>	<i>Cost to City \$1,374,000/yr in 2009 dollars</i>
2010	1.027	\$536,063	\$715,469	\$1,411,016
2011	1.055	\$550,504	\$734,744	\$1,449,028
2012	1.083	\$565,335	\$754,538	\$1,488,065
2013	1.112	\$580,565	\$774,865	\$1,528,154
2014	1.142	\$596,205	\$795,740	\$1,569,322
2015	1.173	\$612,267	\$817,177	\$1,611,600
2016	1.205	\$628,762	\$839,192	\$1,655,016
2017	1.237	\$645,700	\$861,800	\$1,699,602
2018	1.270	\$663,096	\$885,017	\$1,745,390
2019	1.305	\$680,959	\$908,859	\$1,792,410
2020	1.340	\$699,304	\$933,344	\$1,840,698
2021	1.376	\$718,144	\$958,488	\$1,890,286
2022	1.413	\$737,490	\$984,310	\$1,941,211
2023	1.451	\$757,358	\$1,010,827	\$1,993,507
2024	1.490	\$777,762	\$1,038,059	\$2,047,212
2010 to 2024 Total		\$9,749,515	\$13,012,427	\$25,662,516
Average per year		\$649,968	\$867,495	\$1,710,834

Additional Considerations

There are two major future projects that have been identified as having the potential to add a large number of supported affordable units to the City’s inventory: the redevelopment of the

Charlottesville Redevelopment and Housing Authority property throughout the City and the redevelopment of the current Martha Jefferson Hospital site. Further details on the CRHA project can be found in Appendix 4. At the time of this report, further information on the redevelopment of the Martha Jefferson Hospital site was unavailable.

It is also important to note that trends in housing and housing funding have led to higher construction costs for new units, and that while estimates given in this report have been adjusted for inflation based on the consumer price index for the past fifteen years, changes in housing costs can be more volatile due to the diversity and quality of products used in construction. For example, building houses to Earth Craft standards (as required by VHDA) has resulted in the need to find additional sources of funding to cover the increased cost of the units.

Appendix 1: Current City of Charlottesville Policies Regarding Affordable Housing

Policy 1: Objectives for Use of Affordable Housing Funds And Criteria/Priorities for Award of Funds

Funding Categories

Applications will be accepted for funds committed for the following programs. The list is in no particular order:

- Redevelopment of CRHA Properties. This might involve assisting with master plans, funding assistance or bringing private partners to the table.
- Homeowner Rehabilitation. To help, primarily the elderly remain in their homes and not be forced to sell because of deteriorating conditions and their inability to address those conditions. Also allow smaller rehabs that do not need major overhaul and do not require other issues to meet Section 8 standards. This will help preserve the existing housing stock and delay gentrification.
- Flexible revolving loan program. For land purchase and site development for our non-profit partners providing affordable housing. These funds would be for a loan for five years at very low interest and would be subordinate to banks. This would help our non-profits leverage more private funding and encourage banks to participate in those affordable housing projects.
- SRO. Build or assist with the construction of an SRO (Single Resident Occupancy) near the Downtown or with excellent access to services. This might be done in partnership with CRHA, Albemarle, UVA, VA Supportive Housing, or one of our non-profit partners.
- Rental Rehabilitation. To assist owners of lower end rental properties to maintain their properties to basic code requirements and keep rents as affordable at time of investment. This should be in the form of loans and should assist those with the most affordable rents with a cap on rents for a period of time.
- Energy Efficiency. Projects that improve energy efficiency in low income homes.
- Rental Subsidies. To “special needs” populations and very low income individuals defined as 40% AMI with preference to 30% AMI.
- Counseling. Credit counseling, financial education and/or eviction and foreclosure prevention.
- Affordable Rental Housing. Preservation and production of affordable rental housing.
- Homeownership. Construction of new housing for homeownership

Target Populations - Funding is intended to serve the following population groups:

- Homeowner Population – Support initiatives that preserve and expand homeownership opportunities for residents who earn less than 80% of Area Median Income. As examples:

- Special Needs Population – Support initiatives that preserve and expand supportive housing opportunities for residents who have special needs* and earn less than 30% of Area Median Income exclusive of medical expenses. Clients served must be City residents however housing units do not need to be located within the geographical limit of the City of Charlottesville. For projects where these funds are only a portion of the funding the number of City residents and the recipients with income less than 40% of AMI shall be equal to the percent of City investment or 20% at a minimum.

**The definition of a person with a special need is “any person with a physical or mental impairment that substantially limits one or more major life activities, also to include the elderly, abused/battered spouses and/or children, and homeless persons.*

- Rental Population – Support initiatives that preserve and expand rental opportunities for residents who earn less than 60% of Area Median Income.

Criteria for Review of Applications

A. Requirements for all applications:

- Projects must provide for meaningful and ongoing resident and neighborhood participation throughout the development process.
- Applicants must demonstrate the financial feasibility of the project and the financial stability of the applicant.
- Successful projects will be consistent with and support the Comprehensive Plan and the City Council Vision.
- Projects will conform to newly adopted council policy and guidelines for Universal Design and energy efficiency ratings (attached).
- All homeownership projects assisted with Charlottesville Housing Funds must have a lien in the amount of City investment for at least thirty (30) years.
- All rental projects assisted with Charlottesville Housing Funds must remain affordable to families with incomes at or below target levels for at least the life of the City investment.
- If the agency is non-profit it must have the appropriate non-profit status already approved by the Federal Government.
- The applicant is in compliance with all federal, state, and local regulations, and has no outstanding violations, taxes or penalties.
- The applicant has a well-developed organizational structure. If the applicant is non-profit, it must have an adequate board to oversee the activities of staff and have a clear separation of board and staff responsibilities.
- Recipients of funds must be:
 - City residents, or
 - Employed in the City for at least 5 years
- Housing must be located in the City or within the urban ring of Albemarle County.

B. Factors that Enhance Application:

- Projects which provide substantial leverage of other dollars will be given high priority.
- Provides for at least a one-for-one replacement of any affordable units lost to redevelopment, with a strong preference for projects that increase the supply of affordable units.
- Provides relocation assistance for any residents displaced by redevelopment (in accordance with the Federal Uniform Relocation Act).
- Provides implementation of measures to ensure that existing/long term renters have priority access to new homeownership opportunities created in their neighborhood.
- Provides for a wide variation of income towards the creation of mixed-income neighborhoods.
- Projects with housing opportunities targeted at the very low and extremely low income populations will be given higher priority.
- Inclusion of housing options for senior citizens and individuals with disabilities, with an emphasis on universal design and visitability.
- Incorporation of environmentally friendly, energy and resource-efficient and pedestrian/transit-oriented neighborhood designs and building technologies and infrastructure design.

Affordability

For the purpose of this program and all other City affordable housing programs, affordability is defined below. Some specific programs may be targeted to different income ranges.

No persons or family under 80% AMI should spend more than 30% of their income on housing costs. Furthermore, affordable projects should not gentrify communities and low-income residents should be allowed to remain in their communities if they are redeveloped

Policy 2: Incentives the City can provide to Encourage Development with Affordable Housing Units

1. Low Cost Land – The City can look for opportunities to provide land, to assist with land assembly, or to provide funding to assist with land purchase.
2. Expedited Review Process – The City can adopt an expedited review process for projects containing affordable units per soon to be adopted affordable housing codes (these changes are under review by the planning staff).
3. Housing Product types – Expand the “vision or image” of affordable housing to encompass a wide range of housing product types (beyond single family detached). Such product types could include (but should not be limited to) the following: accessory apartments, attached rental and owner-occupied housing including live/work units; townhouses; condos and apartment flats, carriage houses (i.e. multiple units in one building designed to look like a large single home).
4. Information data base – Compile and/or obtain maps that locate existing development opportunities (i.e. privately and publicly owned greenfield and redevelopment sites) and

existing affordable housing locations (inclusive of public housing and privately managed and owned Section 8 concentrations as well as average housing price ranges for each neighborhood) relative to high intensity corridors and districts. This will assist in determining the appropriate range of income mixing and whether or not an infill parcel or redevelopment site could/should include mixed use.

5. Articulate policy – Council should clearly state where dense and affordable housing is desired and encouraged with adequate access to transit options.
6. Staff Assistance – Designate staff person to foster projects and public/private partnerships (i.e. private non-profits, private developers and governmental agencies) in affordable housing and mixed use developments as well as projects that promote economic development and job creation in relatively underinvested, financially depressed areas.
7. City Funding – Provide incentive funds as outlined in Policy 3.

Policy 3: Criteria for Awarding Multi-Family Incentive Funds/Strategic Investment Funds Revolving Loan Fund

1. Applicants provide significant leverage to the deal. Private equity, private financing or other government funds shall be considered as leverage funds.
2. Projects with higher percentages of affordable units will be given priority for funding. The minimum percentage project considered will contain 15% affordable units. For this program, minimum affordability will be 80% of area median income, preferably with at least 50% of funding reserved for 40% AMI or lower.
3. All project proposals must have a mechanism in place to guarantee affordability for 30 years to be eligible, such as participation in the land trust.
4. Minimum project type/size is a mixed use project containing non-residential, either office or retail, and 50 or more units of residential with a mix of incomes.
5. Sites on established transit lines or pedestrian routes will be given priority.
6. Projects on West Main Street, Preston Avenue, Emmet Street, Cherry Avenue Zoning Corridor or Downtown Extended Zoning Corridor will be given priority.
7. Priority will be given to projects that give priority to City residents or persons employed in the City.
8. Priority will be given to projects that exhibit quality design for all units and that do not differentiate the affordable units from market rate units.

Appendix 2: Additional Data

Tax Credit Properties in Charlottesville							
	Units	Received or Renewed:	TC Expire:	Remain affordable until:	Bedrooms	Square Feet	Rent
221 Ninth St SW	1	1990	2000	2005			
Friendship Court	150	1991/2002	2001/2012	2006/2017	2-4 bdrm		Section 8 so 30% of income
Hearthwood	200	1996	2006	2011	studio - 3 bdrm	300-1200 sq ft	\$500-925
Mews on Little High Street	39	2006	2016	2021			
Monticello Vista	50	2008	2018	2023	studio - 1 bdrm	370-1093	30% of income
Virnita Court	16	2005	2015	2020	six 1bdrm, ten 2bdrm	510-690 sq ft	\$400-650

Number of Section 8 Vouchers in Thomas Jefferson Planning District Past and Present		
Voucher Holder	2003/2004	2009
CRHA	327	300+
Albemarle County	439 funded/ 463 allocated	414 funded / 463 allocated
Fluvanna/Louisa County Housing Foundation	146	146
Nelson County	42	54
Piedmont Housing Alliance	75	75
Skyline CAP (Greene/Madison/Orange)	294	300+
Region 10	200	200
Total	1523	1489

Source: Voucher Holders

Appendix 2: Additional Data (continued)

Federal AMI Limits			
Effective March 2009			
Charlottesville Median Family Income: \$72,800			
# Persons in Family/Household	(30%) Extremely Low Income	(50%) Very Low Income	(80%) Low Income
1	\$15,300	\$25,500	\$40,800
2	\$17,500	\$29,100	\$46,600
3	\$19,650	\$32,750	\$52,450
4	\$21,850	\$36,400	\$58,250
5	\$23,600	\$39,300	\$62,900
6	\$25,350	\$42,200	\$67,550
7	\$27,100	\$45,150	\$72,250
8	\$28,850	\$48,050	\$76,900

Appendix 3: Analysis of Affordable Housing Provided by the Private Market

There are available affordable units provided by the private market; however, the availability of these units varies monthly as does the income populations and household sizes that can access them. Monthly market snapshots maintained by the City are able to show the average number of affordable units that were available for the first half of 2009¹⁴. Table i shows that when taking into account federal AMI limits, household size, and a 30% maximum percentage of income spent on housing costs, for example, on average there are four rental units a month available to a one person household making 30% AMI, 40 units at 50% AMI, and 298 units at 80%. A four person household will find the average amount of rental units available per month to be one at 30% AMI, 108 at 50% AMI, and 307 at 80% AMI.

Table i			
Average Rental Units Available Per Month			
Based on Income and Household Size Jan-June 09			
Household Size	Earning 30% AMI	Earning 50% AMI	Earning 80% AMI
1 person	4	40	298
4 person	1	108	307

Table ii shows that when not factoring income or household size into the equation, and instead focusing on the rental cost of a unit, the monthly snapshots show that for a one bedroom apartment, on average there are 9 units with rents less than \$400, 57 units with rents less than \$600, and 185 units with rents less than \$800 available each month. For a two bedroom apartment, on average there are zero units available each month with rents less than \$400, three units with rents less than \$600, and 85 units with rents less than \$800. For units with three or more bedrooms, on average each month there are zero units available with rents less than \$400, one unit with rent less than \$600, and 14 units with rents less than \$800. It is important to note that the monthly rental market snapshots utilize two main sources of data and duplication of units is possible; as a result, the counts may be reflecting more units than are actually available.

Table ii			
Average Rental Units Available Per Month			
Based on Rent and Bedrooms Jan-June 09			
Rental Size	Under \$400	Under \$600	Under \$800
1 bedroom	9	57	185
2 bedrooms	0	3	85
3+ bedrooms	0	1	14

The monthly market snapshots are also able to show average availability of affordable units for purchase (Table iii). For the first half of 2009, on average each month there was one unit available for less than \$100,000. There was an average of 57 units each month available for less than \$150,000 and 159 units available for less than \$200,000. The data from both the rental and

¹⁴ Rental and Housing Monthly Snapshots from January to June, 2009. Maintained by the City of Charlottesville Department of Neighborhood Development Services.

ownership monthly market snapshots demonstrates large gaps in the market for units that are affordable to the lowest incomes. While this report will not provide goals for affordable units provided by the market, it does recommend further study into ways to effectively provide incentives to the market into providing more affordable units including better promotion and utilization of current incentives available.

Table iii			
Average Homes for Sale Per Month			
Based on Listing Price Jan-June 09			
	Under \$100K	Under \$150K	Under \$200K
Number for Sale	1	57	159

Appendix 4: Additional Information Regarding CRHA Redevelopment

The Charlottesville Redevelopment and Housing Authority (CRHA) currently manages 376 units of public housing, located on eleven sites across the city, and plans to undertake a substantial redevelopment process. A minimum of 376 new or modernized public housing units will be coupled with non-subsidized, affordable rental and homeownership units, market rate units, and commercial/retail opportunities. This redevelopment process will transform selected CRHA properties into dynamic, mixed income neighborhoods supporting a variety of housing types and uses, and will increase access to quality amenities and services.

The CRHA has partnered with a Redevelopment Committee (includes the Mayor, legal aid attorneys, and community activists) and the residents of public housing for preliminary visioning efforts. Through case-study research, interviews with the staff of other housing authorities with redevelopment experience and their residents, and a site visit to an acclaimed project in Maryland, the CRHA and its partners have noted best practices towards which to aspire – and potential pitfalls against which to safeguard – during the impending redevelopment process in Charlottesville.

One of the most important outcomes of these preliminary efforts has been the drafting and passage of the Residents' Bill of Rights. Unanimously approved by the CRHA Board of Commissioners and City Council, this document features eight principles to guide redevelopment success while protecting Charlottesville's public housing population. Several notable features in the Bill of Rights include (at least) a one-for-one replacement of public housing units, and a guaranteed right-to-return for all families living in CRHA units at the beginning of redevelopment.

Another unique CRHA initiative is its focus on youth participation during the redevelopment process. Almost fifty percent of the residents in Charlottesville public housing are under the age of eighteen. The CRHA is dedicated to listening to youth input throughout the process, and learning from their unique perspectives. While all residents will be welcome to all Master Planning events, a separate track of meetings has been established exclusively for participation by CRHA youth.

The first step in the larger redevelopment process is the creation of a comprehensive Master Plan. This Plan will have three goals: to assess current assets and potential options through primary resources and significant community input; to provide an implementation plan for redevelopment that will help improve the financial sustainability of the CRHA; and to create environmentally and socially outstanding neighborhoods that improve the quality of life for residents.

In early 2009, the CRHA completed a competitive bid process to hire a consultant team to guide the agency through the Master Planning phase of redevelopment. Public housing residents played a significant role in the winning selection. The chosen consultant firm, Wallace, Roberts & Todd (WRT) out of Philadelphia, have worked closely with CRHA staff, board members, public housing residents, and prominent community figures to solicit input, review designs options, and decide upon the specific course of action to breathe new life into Charlottesville's public housing

neighborhoods and rebuild new, stronger communities. This Master Planning effort will wrap up in early 2010 with the delivery of the Final Plan from the consultants.

Currently, the Housing Authority is looking beyond the completion of the Plan into the early implementation stages of redevelopment. Based upon the recommendations from the consultant team, each of the CRHA sites will undergo some sort of renovation or complete redevelopment of its units.