CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

November 2020 DRAFT FOR REVIEW

Introduction to the Draft

The Charlottesville Affordable Housing Plan and Cville Plans Together
The City of Charlottesville is undertaking a two-year effort to establish a deep commitment to equity and inclusion, through three separate but related efforts, called **Cville Plans Together**. To advance this work, the City is working with a team of consultants led by Rhodeside & Harwell, Inc. (RHI), with HR&A Advisors, Brick & Story and Code Studio. This draft Affordable Housing Plan contains immediate, short-term, and longer-term recommendations to advance affordable housing. The recommendations in the Affordable Housing Plan, once finalized, will be used in crafting revisions to the Housing Chapter of the Comprehensive Plan and inform the City's zoning code rewrite.
While the Affordable Housing Plan document itself does not cover the full breadth of topics covered in the Housing Chapter of the Comprehensive Plan, the recommendations will be incorporated in several ways: the vision for affordable housing, as shown in the Executive Summary of the Affordable Housing Plan, will be used in revising the vision statement for the Housing Chapter of the Comprehensive Plan; recommendation statements, as shown in the Executive Summary and later in the document, will be incorporated into the Housing Chapter of the Comprehensive Plan as goals and strategies; timeframe and action steps for recommendations from the Affordable Housing Plan will be utilized in the Implementation Chapter of the Comprehensive Plan, and will be considered in the development of the updated zoning process; finally, the Affordable Housing Plan will also be included as a reference document for the Comprehensive Plan.

The Planning Process and the Purpose of this Draft
The Charlottesville Affordable Housing Plan is a year-long effort conducted in four phases: review of existing conditions, discussion of community goals and priorities, development of strategies and tools, and the completion of a draft and final plan which will be incorporated into the housing chapter of the Comprehensive Plan. **This document serves as the draft plan, which will be reviewed by the public and the City before incorporation into the Comprehensive Plan in Winter 2020-2021.**

This is a draft for public comment. Comments will be accepted through multiple veins of engagement and incorporated into the final plan. **Please visit CvillePlansTogether.com** to learn how to provide your input.

Table of Contents

Executive Summary

Executive Summary | Plan Overview

Like many cities around the country, **Charlottesville is in the midst of an affordable housing crisis**. Though the City has made repeated investments in developing and preserving affordable housing, Charlottesville still faces a significant affordable housing gap. At the same time, historical patterns of segregation persist throughout the City, and continue to contribute to racial disparities in income and opportunity.

The Charlottesville Affordable Housing Plan builds on past work done by the City and its partners, including a 2018 Housing Needs Assessment, to identify **a framework to guide affordable housing policy and investments to increase the impacts of the City's policies and programs, remove barriers to access, and advance racial equity in housing in Charlottesville.**

VISION	PRINCIPLES	RECOMMENDATIONS	
The City of Charlottesville will work to achieve a local housing market that is healthy, high quality, affordable, and above all, equitable.	Racial Equity	Funding	Make a **strong and recurring financial commitment** to address housing needs in Charlottesville.
	Regional Collaboration	Governance	Build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.
	Comprehensive Approach	Land Use	Revise **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.
		Tenants' Rights	Change local policy and advocate at the state level to expand Charlottesville's ability to **support tenants' rights**.
		Subsidy	**Focus and align subsidy programs with community-defined priorities** and make changes to increase impacts

Executive Summary | Major Initiatives

The City of Charlottesville has made affordable housing a top priority in recent years. It has dedicated a level of public funding and supported a portfolio of housing tools typical of a much larger city. The Charlottesville Affordable Housing Plan is intended to sustain Charlottesville's commitment to affordable housing while increasing the impact of the City's activities. Though there are many tools and recommendations included within this Plan, there are **three major initiatives that together would represent a significant commitment to supporting racial equity in affordable housing in Charlottesville.**

Dedicate $10M Annually To Affordable Housing

The Charlottesville Affordable Housing Plan recommends that the City allocate $10M annually for affordable housing programs, including tax relief and direct subsidy programs. To sustain support for affordable housing the City needs to set a consistent level of funding. The City's housing partners - nonprofits, the housing authority and other stakeholders - also need to know that funding will be available so that they can plan and build capacity to implement portions of the housing plan. A commitment of $10M annually could serve over 4,000 households over ten years.

Build Inclusive Governance Throughout Charlottesville's Affordable Housing Infrastructure

The Charlottesville Affordable Housing Plan makes several recommendations to bring diverse voices from the community into decision making structure of the City and partners it funds. This includes both BIPOC housing professionals and community members, as well as people who benefit from affordable housing assistance. To support this move toward equitable governance, the City should fund training and support the creation of onboarding materials to ensure members of public and nonprofit boards are equipped to shape affordable housing policy and can be supported as they participate in priority-setting conversations.

Adopt Progressive and Inclusionary Zoning Reforms

Single family zoning, which is prevalent in Charlottesville, has historically been a tool to create and reinforce racial segregation in Charlottesville and nationwide. The Land Use chapter of the Charlottesville Affordable Housing Plan outlines recommendations to address the legacy of exclusionary zoning in Charlottesville. The Comprehensive Plan Update and Zoning Code Rewrite will build on these recommendations.

Executive Summary | Guiding Principles

The recommendations within the Charlottesville Affordable Housing Plan are built with three guiding principles in mind: **racial equity, regional collaboration, and a focus on a comprehensive approach**. These guiding principles inform the design and implementation of recommended strategies and will enable the City to track the impacts of its affordable housing activities. Aligning the City's affordable housing policies, programs, and investments with these guiding principles will help the City to more effectively address the affordable housing needs of its residents and workers.

Racial Equity

Housing policies and programs in Charlottesville must be intentionally designed to overcome the City's history of racial segregation and its ongoing inequities.

Regional Collaboration

Charlottesville must collaborate with Albemarle County and other regional jurisdictions, as well as UVA and other prominent regional institutions, to address housing affordability challenges.

Comprehensive Approach

Charlottesville needs to implement a combination of subsidy, land use, and tenants' rights policies to meaningfully impact housing affordability and provide a ladder of housing opportunity.

Executive Summary | Funding Recommendations

Charlottesville should make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

In particular, the City should implement the following recommended changes to its funding policies:

Scale	**Dedicate $10M per year to fund affordable housing,** to achieve a potential impact of serving over 4,000 households or housing units over 10 years.
Consistency	**Make a commitment to sustain this level of funding for ten years**, identifying sustainable and reliable source(s) of dedicated funding.
Targeting	**Target funding towards extremely low-income households** to ensure that public funding is targeted to incomes with the greatest need. Allocate 40% of funding to serve households with incomes up to 30% of Area Median Income (AMI), 40% of funding for households earning 30 to 60% AMI, and 20% of funding for households earning 60 to 80% AMI. Also **attach funding to community representation for funding recipients**.
Transparency	**Clearly identify overall housing expenditures** within the City's budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The funding chapter provides additional detail on recommended policy changes, as well as the anticipated impacts of these changes.

Executive Summary | Governance Recommendations

Charlottesville should build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

In particular, the City should implement the following recommended changes to its governance structures:

Housing Advisory Committee	**Reform the structure and function of the Housing Advisory Committee** to build trust and improve its impacts.
Charlottesville Affordable Housing Fund (CAHF) Committee	Appoint a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.
City Staff Capacity	Realign priorities, increase capacity, and empower staff to be **collaborative with advocates and responsive to community needs**.
Standardized Funding Process	Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

The governance chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes.

Executive Summary | Land Use Recommendations

Charlottesville should revise its **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

In particular, the City should implement the following recommended changes to its land use tools:

Multifamily By-Right	Change zoning and development processes to **increase the production of multifamily housing** and **expand feasible by-right development** and advocate for similar changes throughout the region, to begin to reverse entrenched patterns of racial segregation.
"Soft Density" By-Right	Change the City's zoning to **allow soft density in single-family neighborhoods** and advocate for similar zoning changes throughout the region while limiting displacement of low-income communities.
Accessory Dwelling Units (ADUs)	Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.
Inclusionary Zoning	**Create a mandatory inclusionary zoning policy** to increase the production of affordable housing units as part of all new development.

The land use chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Executive Summary | Tenants' Rights Recommendations

Charlottesville should change local policy and advocate at the state level to expand the City's ability to **support tenants' rights.**

In particular, the City should implement the following recommended actions and policy changes:

Developments Receiving City Assistance	Require housing developments that receive City funding to provide **enhanced tenants' rights.**
Right to Counsel	Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**
Just Cause Eviction	Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.
Rent Control	Advocate for **enabling legislation to enact rent control** in Charlottesville.

The tenants' rights chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Executive Summary | Subsidy Recommendations

Charlottesville should **focus and align subsidy programs with community-defined priorities** and make changes to increase impacts.

In particular, the City should implement the following recommended changes to its subsidy tools:

Reduce development costs for affordable rental housing units.	
Gap Funding Low-Income Housing Tax Credits (LIHTC)	**Support the development of new affordable rental housing by providing gap financing** (low interest loans and grants) to help fund development costs.
Public Housing Redevelopment	Set parameters for level and timing of funding that can be made available to **Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.**
Preservation Fund	Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.
Land Bank	Establish a land bank and **provide land equity to develop affordable housing.**

Executive Summary | Subsidy Recommendations

Increase and preserve access to affordable homeownership	
Down Payment Assistance & Shared Ownership Equity	Revise Charlottesville's existing down payment assistance program to **serve a larger number of households and support shared equity ownership.**
Single Family Infill Development	Partner with developers to build and renovate **affordable single-family and soft density housing** in existing neighborhoods.
Owner-Occupied Rehabilitation Assistance	Support existing low- and moderate-income homeownership by providing **assistance to make necessary home repairs and maintain affordability.**
Property Tax Relief	Continue the provision of **property tax relief** to low- and moderate-income homeowners.
Provide rental assistance to tenants	
Tenant-Based Vouchers	Continue the provision and use of **tenant subsidies for rental housing** in all parts of the city.
Emergency Rental Assistance	Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

The subsidy chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Introduction

Plan Purpose and Context

Like many cities around the country, **Charlottesville is in the midst of an affordable housing crisis**. A growing population and constrained housing supply, increasing income and wealth disparities, and racial inequality have led to worsening housing challenges. A diminishing portion of households can access homeownership, and rents are rising far faster than incomes for many households. Historical patterns of segregation persist throughout the City, contributing to persistent racial disparities in income and opportunity.

As outlined by the Housing Advisory Committee, the Planning Commission of the City of Charlottesville, and other local groups, Charlottesville's institutions and City government have failed to be accountable to low-wealth communities, particularly communities of color. Centering racial equity within the City's affordable housing strategy requires a new approach not only to investment in housing but also into the power structures that govern and oversee that investment.

The Charlottesville Affordable Housing Plan builds on past work done by the City and its partners, including a 2018 Housing Needs Assessment, to identify **a framework to guide affordable housing policy and investments to increase the impacts of the City's policies and programs, remove barriers to access, and advance racial equity in housing in Charlottesville.**
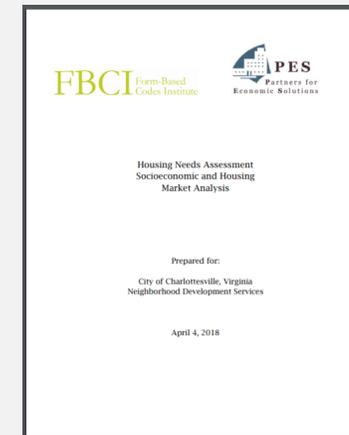
The City of Charlottesville will work to achieve a local housing market that is healthy, high quality, affordable, and above all, equitable.

Charlottesville Housing Needs Assessment

The City conducted an affordable housing needs assessment in 2018 to evaluate the housing market, quantify the need for affordable housing in Charlottesville, and to identify key barriers to housing. Key findings of this assessment include:

- Charlottesville has a need of more housing at all price points, and limited opportunities for new large-scale housing development
- Market pressures have resulted in increased rents and home prices, as well as displacement of low-income households
- The City has a particular gap of units affordable to households earning 30% AMI or less
- The City's land use policies are a factor in the constrained supply of housing

Sources: The City of Charlottesville, Charlottesville Housing Needs Assessment, Charlottesville Low-Income Housing Coalition

Guiding Principles

The recommendations within the Charlottesville Affordable Housing Plan are built with three guiding principles in mind: **racial equity, regional collaboration, and a focus on a comprehensive approach**. These guiding principles inform the design and implementation of recommended strategies and will enable the City to track the impacts of its affordable housing activities. Aligning the City's affordable housing policies, programs, and investments with these guiding principles will help the City to more effectively address the affordable housing needs of its residents and workers.

Racial Equity

Housing policies and programs in Charlottesville must be intentionally designed to overcome the City's history of racial segregation and its ongoing inequities.

Regional Collaboration

Charlottesville must collaborate with Albemarle County and other regional jurisdictions, as well as UVA and other prominent regional institutions, to address housing affordability challenges.

Comprehensive Approach

Charlottesville needs to implement a combination of subsidy, land use, and tenants' rights policies to meaningfully impact housing affordability and provide a ladder of housing opportunity.

Guiding Principles | Racial Equity

"Housing Affordability" incorporates many distinct but related issues, and racial equity underlies each of them.

Racial disparities impact all aspects of housing. A history of segregationist and exclusionary housing policies at both the local and national levels have contributed to Charlottesville's current challenges including persistent segregation of many neighborhoods and racial disparities in homeownership and other housing factors. Practices including redlining and exclusionary zoning have historically been used as a tool for racial discrimination, including City ordinances that explicitly prevented BIPOC from living in white neighborhoods. Federal and local policies also limited access to mortgages and homeownership for BIPOC households and have kept property values depressed in BIPOC communities.

Today, **discriminatory practices persist** in many areas of housing and real estate, while **racial disparities in homeownership** continue to make it difficult for BIPOC families to build wealth. At the same time, recent nationwide patterns have shown that **renewed investment in urban neighborhoods with large BIPOC populations can lead to gentrification and displacement** due to rising rents or property values. Efforts to provide quality housing in Charlottesville's neighborhoods should mitigate unintended consequences such as displacement.

In order to accomplish this, **racial equity has to be considered as a part of the design of each recommendation, not as an afterthought or a separate plan**. The City can meet this challenge by creating programs that **directly address disparities and mitigate barriers** to accessing quality affordable housing, and by **establishing governance structures and processes that actively include BIPOC**, particularly households impacted by disparities, in the decision-making process.

> "
>
> *1 in 4 of Charlottesville's Black homeowners have moved out of the city or lost their home between 2000 and 2018*
>
> *Low-income African American and Hispanic households bear a disproportionate share of the burden of the lack of affordable housing*
>
> *In the last 7 years, Charlottesville has seen a decrease in the share of Black people residing in the city*
>
> *The displacement of low-income people results in a decline in diversity, loss of community, and perpetuation of a system of white supremacy that has characterized Charlottesville's history*
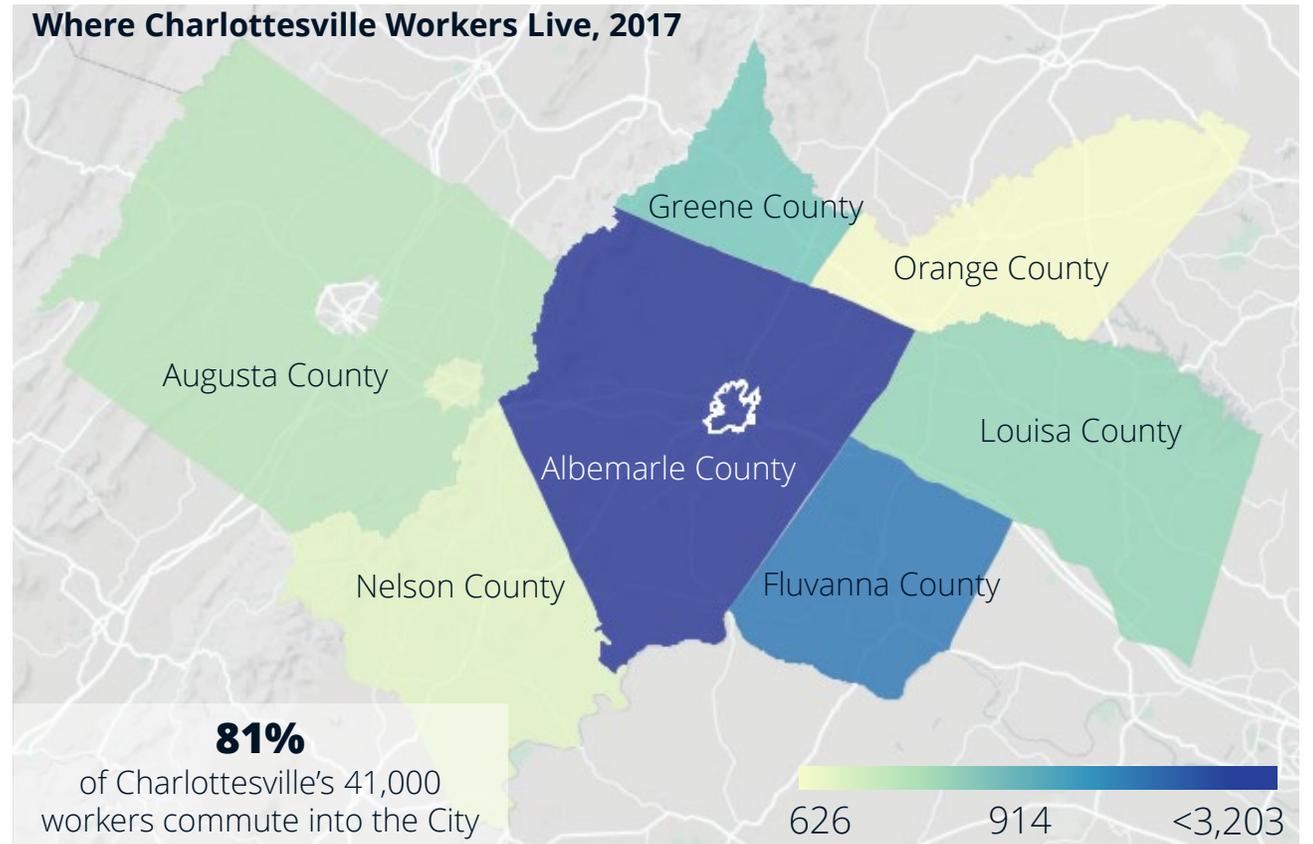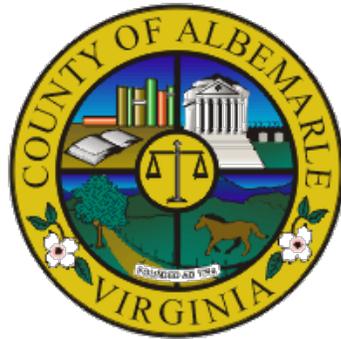>
> "
>
> - Charlottesville Low Income Housing Coalition

Source: "The Impact of Racism on Affordable Housing in Charlottesville", Charlottesville Low Income Housing Coalition (CLIHC)

HR&A Advisors, Inc.　　　DRAFT FOR REVIEW　Charlottesville Affordable Housing Plan | 17

Guiding Principles | Regional Collaboration

Housing markets and issues are regional in nature, and their solutions must be regional as well. In 2017, 81% of Charlottesville's workers commuted to the city from other counties in the region, and 62% of Charlottesville residents worked outside the City. While the City has limited influence outside its borders, it needs **regional solutions to address housing affordability challenges**. The City has existing regional partnerships, including the Central Virginia Regional Housing Partnership**,** that it can use to identify opportunities and pursue regionally-aligned efforts, particularly within the urban ring*. The City can collaborate with the University of Virginia, surrounding jurisdictions, and the Virginia Housing Development Authority to further implement regional solutions.

Where Charlottesville Workers Live, 2017

Greene County
Orange County
Augusta County
Louisa County
Albemarle County
Nelson County
Fluvanna County

81%
of Charlottesville's 41,000 workers commute into the City

626   914   <3,203

see Appendix for map and definition of the urban ring

Guiding Principles | Comprehensive Approach

Affordable housing tools fall into three main categories – land use, subsidy, and tenants' rights. **A successful housing strategy needs all three.** Each category of tool has its limitations; a comprehensive approach to affordable housing policy must balance these limitations by addressing and including all three types of tools. In combination, land use, subsidy, and tenants' rights tools reinforce and support each other, allowing the City to support a healthy housing market, the production of affordable units, and resident retention.

Charlottesville also needs to **support the development and affordability of a range of housing types**, including but not limited to subsidized rental units, market rate rental units, and affordable homeownership opportunities, in order to support affordability for a broad range of incomes and household types, and allow residents to remain in Charlottesville and access quality housing as their needs change.

Land Use

Land use refers to the use of **municipal regulations and zoning authority** to **indirectly** improve affordability by increasing housing supply, and to **directly** produce affordable units.
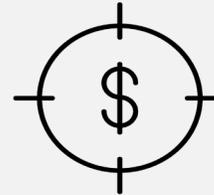
Subsidy

Subsidy is the provision of **below-market rate loans, grants, or other public resources** to close the gap between what a household can afford to pay and the costs to develop and operate housing.

Tenants' Rights

Tenants' rights tools preserve existing affordable housing and housing stability by using **laws and regulations** that protect current occupants.

Plan Overview

Charlottesville has already identified and made progress toward implementing many potential housing tools. For that reason, the Affordable Housing Plan first identifies the major changes to funding and governance the City will need to make in order to increase the impacts of its affordable housing programs. A sustainable level of funding commitment, efficient use of funds, and a process for aligning affordable housing tools with community-defined priorities are crucial to the success of the Affordable Housing Plan. Following the chapters on the implementation needs, the Affordable Housing Plan outlines recommendations to guide the City's use of affordable housing tools including land use, subsidy, and tenants' rights.

IMPLEMENTATION NEEDS

Funding — Make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

Governance — Build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

TOOLS

Land Use — Revise **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

Tenants' Rights — Change local policy and advocate at the state level to expand Charlottesville's ability to **support tenants' rights.**

Subsidy — **Focus and align subsidy programs with community-defined priorities** and make changes to increase impacts.

Major Initiatives

The City of Charlottesville has made affordable housing a top priority in recent years. It has dedicated a level of public funding and supported a portfolio of housing tools typical of a much larger city. The Charlottesville Affordable Housing Plan is intended to sustain Charlottesville's commitment to affordable housing while increasing the impact of the City's activities. Though there are many tools and recommendations included within this Plan, there are **three major initiatives that together would represent a significant commitment to supporting racial equity in affordable housing in Charlottesville.**

Dedicate $10M Annually To Affordable Housing

The Charlottesville Affordable Housing Plan recommends that the City allocate $10M annually for affordable housing programs, including tax relief and direct subsidy programs. To sustain support for affordable housing the City needs to set a consistent level of funding. The City's housing partners - nonprofits, the housing authority and other stakeholders - also need to know that funding will be available so that they can plan and build capacity to implement portions of the housing plan. A commitment of $10M annually could serve over 4,000 households over ten years.

Build Inclusive Governance Throughout Charlottesville's Affordable Housing Infrastructure

The Charlottesville Affordable Housing Plan makes several recommendations to bring diverse voices from the community into decision making structure of the City and partners it funds. This includes both BIPOC housing professionals and community members, as well as people who benefit from affordable housing assistance. To support this move toward equitable governance, the City should fund training and support the creation of onboarding materials to ensure members of public and nonprofit boards are equipped to shape affordable housing policy and can supported as they participate in priority-setting conversations.

Adopt Progressive and Inclusionary Zoning Reforms

Single family zoning, which is prevalent in Charlottesville, has historically been a tool to create and reinforce racial segregation in Charlottesville and nationwide. The Land Use chapter of the Charlottesville Affordable Housing Plan outlines recommendations to address the legacy of exclusionary zoning in Charlottesville. The Comprehensive Plan Update and Zoning Code Rewrite will build on these recommendations.

Planning Process

Cville Plans Together is an effort to complete three major projects: continuing and finalizing updates to the City's Comprehensive Plan, the development of an Affordable Housing Plan, and an update to the City's zoning ordinance. The current Comprehensive Plan was adopted in 2013. The City is required to review the plan for potential revisions every five years. During previous Comprehensive Plan review processes, in 2017-2018, the Planning Commission and others identified the need to further examine equity, including an increased focus on housing affordability. To this end, the Charlottesville Affordable Housing Plan describes goals, priorities, and implementation strategies which will be incorporated into the Comprehensive Plan update.

City Comprehensive Plan Update | Earlier efforts to update the plan in 2017 and 2018 were halted when the City identified a need to address equity and affordability more holistically in the document. The new Comprehensive Plan Update will focus on ensuring that equity is considered throughout the document, creating a plan to increase housing affordability, updating the land use map which will act as the basis for updates to the zoning ordinance, adding chapters related to Community Engagement and Plan Implementation with measurable outcomes, and engaging in meaningful and thorough community engagement to aid the above efforts and tell us what else needs to be adjusted.

Affordable Housing Plan | The Affordable Housing Plan was developed in four phases: review of existing conditions, discussion of community goals and priorities, development of strategies and tools, and the completion of the draft and final plan which will be incorporated into the housing chapter of the Comprehensive Plan.

Zoning Code Rewrite | This rewrite will include preparing revised zoning regulations for the entire City once the Comprehensive Plan Update, including the Affordable Housing Plan, is finalized. This process will include the following steps: a diagnostic report that explores the issues related to the existing ordinances, an approach report to propose general changes to be made to the ordinance, a draft zoning ordinance, a draft zoning map, and a final production of both the zoning ordinance and map.

Planning Process

A steering committee of local stakeholders representing City, regional organizations, and community members is providing input throughout the Cville Plans Together planning effort. The consulting team held a series of conversations with the Steering Committee to develop the Charlottesville Affordable Housing Plan. The Steering Committee provided feedback in the form of surveys, discussion during meetings, and interviews. This feedback informed the guiding principles, preliminary goals, and recommendations of the Affordable Housing Plan.

Introduction

Housing Tools

Community and City Leadership Review Draft Plan

| January 2020 | April 2020 | June 2020 | August 2020 | November 2020 | Winter 2020-2021 |

Housing Issues

Recommendations & Goals

Housing Plan incorporated into Comprehensive Plan as that update is finalized

Planning Process

From mid-May through June 2020, Cville Plans Together encouraged the community to actively participate in updating the future vision for the city. The process focused on sharing information about the project, making connections and developing partnerships with community individuals and organizations, and gathering input about priorities for the future. Community input opportunities included a community survey available in Spanish and English, a series of webinars to provide a project overview and answer questions, small group discussions that were held via Zoom and telephone, and a toll-free phoneline.

Which housing issues will be the most critical for the Charlottesville Affordable Housing Plan to address?
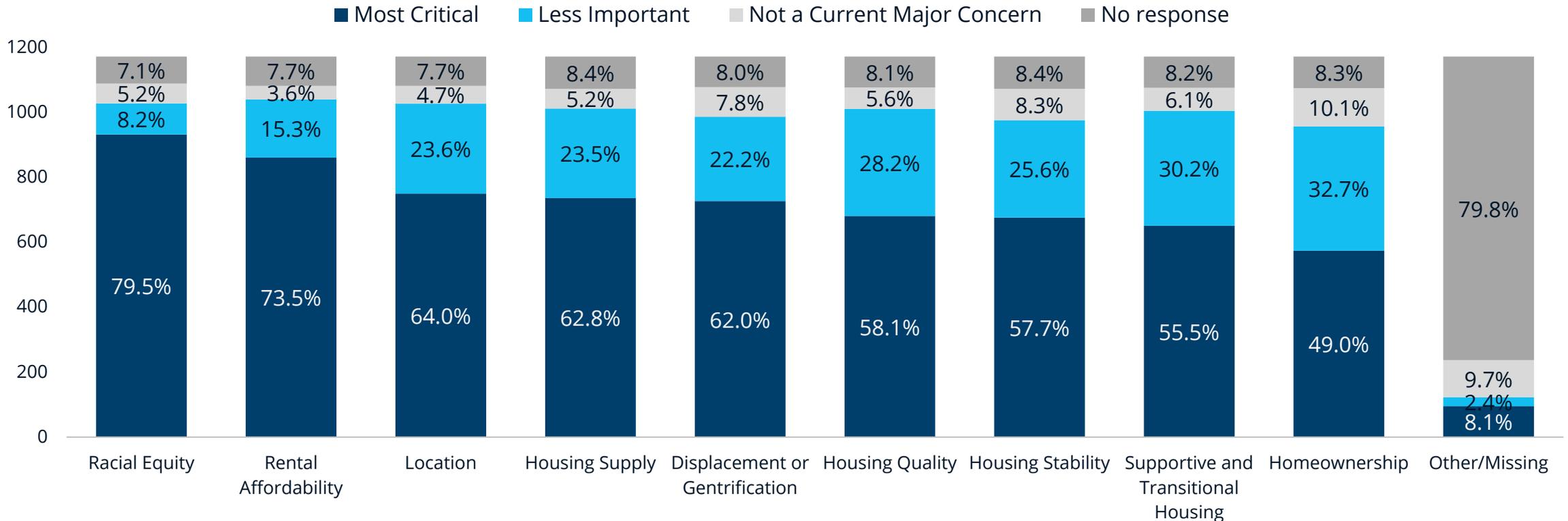
Overall, survey respondents strongly supported centering racial equity and rental affordability in the Affordable Housing Plan. Though Homeownership received less support, it is important to note that renters who responded to the survey strongly supported homeownership as an area of critical concern.

Acknowledgements

The Charlottesville Affordable Housing Plan is the result of a joint effort between the City of Charlottesville and various local stakeholders. We would like to thank the many key stakeholders, City staff members, and Steering Committee members who were instrumental to this process.

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City of Charlottesville Planning Commission

Housing Advisory Committee (HAC)

Charlottesville Low-Income Housing Coalition (CLIHC)

Charlottesville Area Development Roundtable (CADre)

Thomas Jefferson Planning District Commission (TJPDC)

Charlottesville-Albemarle Affordable Housing Coalition

Housing Challenges

Housing Challenges

Charlottesville is experiencing a growing housing crisis as residents are increasingly unable to afford living within the city. To evaluate the city's affordable housing need, a multi-part analysis of the existing affordable housing landscape in Charlottesville was conducted. This effort involved a series of stakeholder interviews, an evaluation of demographic and market conditions, a thorough review of current housing programs and policies, and builds on the Housing Needs Assessment conducted by the City. Through this process we identified key housing challenges that informed the recommendations within this plan. These key challenges are:

Zoning and Land Use | The City's current land use policies constrain the supply of housing. In addition, the predominance of single family zoning is a legacy of exclusionary zoning practices.

Housing Supply | Driven in part by zoning and land use, the City's housing supply has lagged population growth, resulting in rising home prices. Limited opportunities for greenfield development further constrain the supply of housing.

Rental Affordability | Over 2,700 renter households in Charlottesville currently pay more than 50% of their income on rent and utilities. The majority of these households earn less than $35,000 a year.

Displacement | Rising prices and limited affordable housing options appear to be displacing low-income residents from Charlottesville.

Housing Instability and Homelessness | Housing instability creates challenges for all members of a household, and continued housing instability can lead to homelessness.

Racial Inequity | Black residents disproportionately face housing affordability challenges, including disparities in homeownership, even when accounting for disparities in income.

Impacts of COVID-19 | The economic impact of COVID-19 has exacerbated housing affordability challenges across the country, including in Charlottesville.

Transportation costs, income, energy costs, environmental quality, and other factors are also closely tied to housing affordability, however the Affordable Housing Plan does not make recommendations to address these challenges directly.
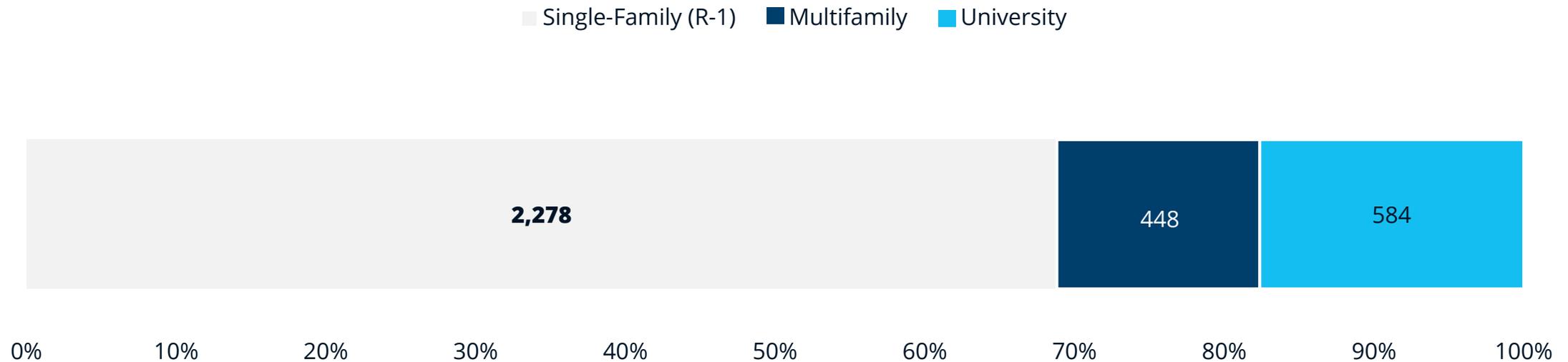
Sources: City of Charlottesville Open Data; U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data; 2014-2018 Public Use Micro-Survey (PUMS) 5-Year Data for the Public Use Microdata Area containing Charlottesville

Housing Challenges | Zoning and Land Use

Charlottesville's current land use regulations form barriers to the housing supply and racial equity. Growth of the housing supply is restricted by the city's high share of low-density single-family zoning. In Charlottesville, only 30% of the city's residential-zoned land can be used for higher-density development. Single family zoning and other land use restrictions have historically been used to create and enforce racial segregation.

Within the zones that allow multifamily development, the zoning is such that multifamily developments are difficult to build. Height restrictions require developers to obtain special use permits to make a multifamily development feasible. These special permits are extended to developers so regularly that they are perceived to be by-right. Beyond this, the development processes are cumbersome, and significantly increase the time and cost to develop new housing. These processes are highly discretionary, meaning that the City, and by extension the public, exercise significant influence over what development receives approval. This further hinders the development of multifamily housing. In areas that are zoned for mixed use, stakeholders note that zoning regulations effectively incentivize commercial development over residential development, leading to a lack of housing downtown.

Acres of Land by Residential Zoning Type

Single-Family (R-1) Multifamily University

2,278   448   584

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%
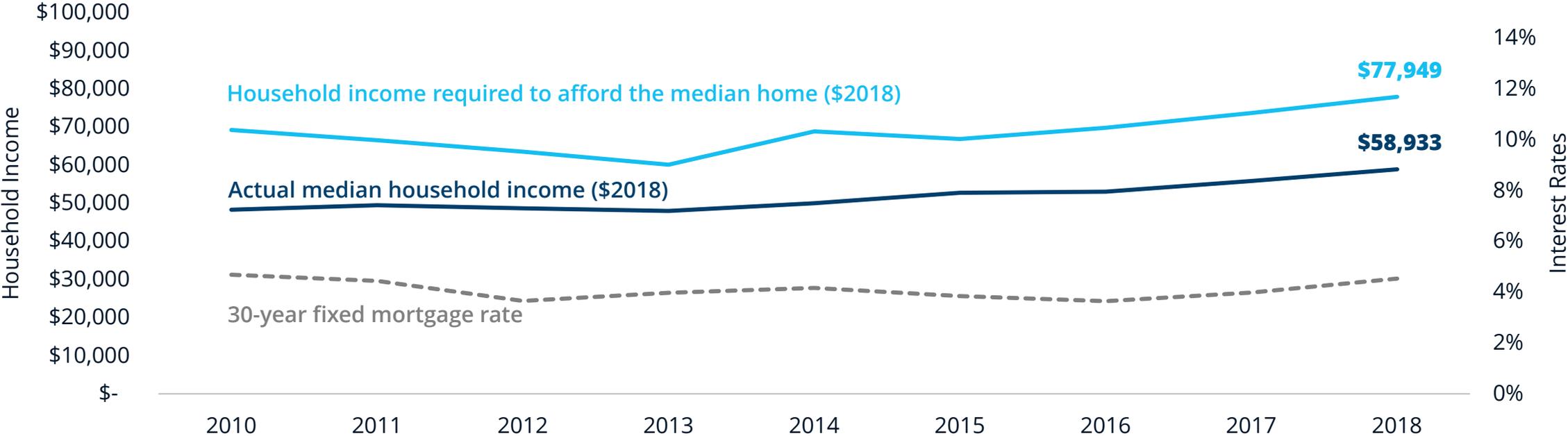
Does not include land zoned for mixed use
Sources: City of Charlottesville Open Data

Housing Challenges | Housing Supply

An insufficient housing supply increases competition and raises prices on existing housing. Since 2010, Charlottesville's population and total employment have undergone a steady growth, with an **increase of approximately 4,800 residents and 11,000 jobs**. This increase in demand has not been matched by the level of housing development, with **only 2,600 new units constructed** in the same time period. Additionally, the University of Virginia and its student population continue to grow in Charlottesville, putting further strain on the housing supply.

These market dynamics have led to rising home prices in Charlottesville. Since 2010, the gap between median income and the median income required to afford the median home has been gradually widening. Additionally, homeownership rates have fallen across every income band, except for households making over $150K between 2010 and 2018. The City needs more housing at all price points to reduce market pressures that constrain affordability for moderate- and low-income households.

Homeownership Affordability

Household income required to afford the median home ($2018): **$77,949**

Actual median household income ($2018): **$58,933**
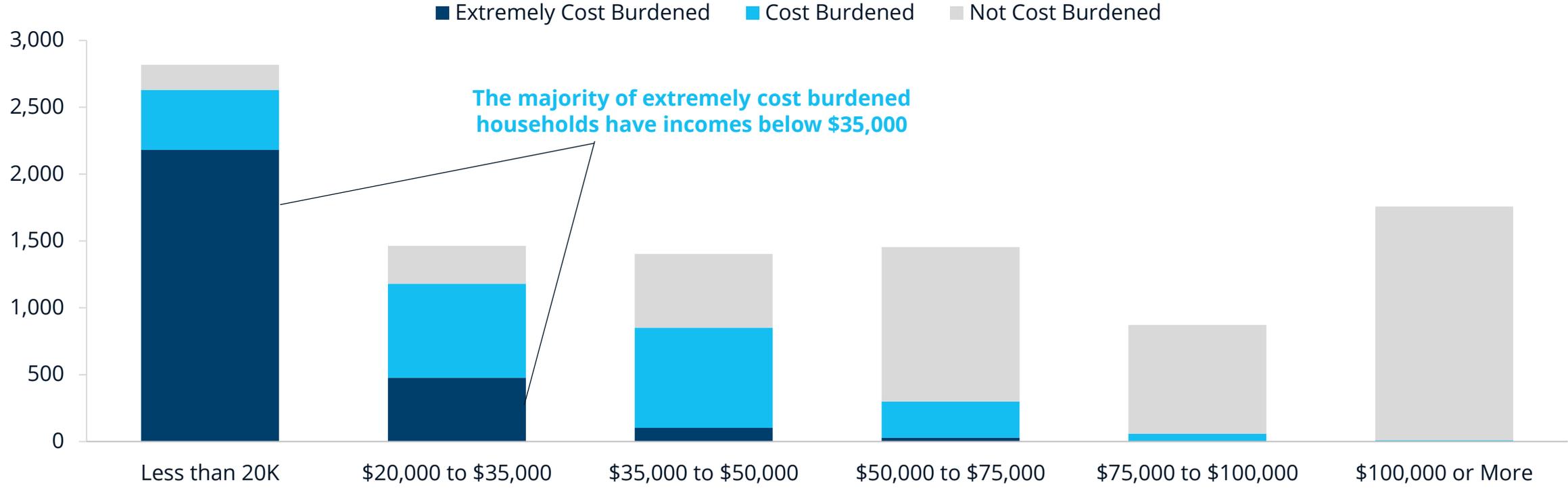
30-year fixed mortgage rate

Note: All values are adjusted to 2018 dollars.
Source: U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates; Federal Reserve Economic Data

Housing Challenges | Rental Affordability

In Charlottesville, **over 2,700 renter households are extremely cost burdened, meaning that they spend more than half of their income on housing. Over 95% of these households earn less than $35,000 a year**. Because these low-income households cannot find affordable housing, they have little income remaining to cover other household needs. An additional 2,200 rental households are cost-burdened, meaning they spend less than half, but more than one-third, of their income on housing. Together there are **more than 5,000 rental households in Charlottesville that are cost-burdened.** Cost burden trends indicate a gap in rental housing affordable to households earning less than $75,000 annually, but the need is most acute for households earning less than $35,000.

Housing Cost Burden By Income

■ Extremely Cost Burdened   ■ Cost Burdened   □ Not Cost Burdened

The majority of extremely cost burdened households have incomes below $35,000

Chart categories: Less than 20K | $20,000 to $35,000 | $35,000 to $50,000 | $50,000 to $75,000 | $75,000 to $100,000 | $100,000 or More

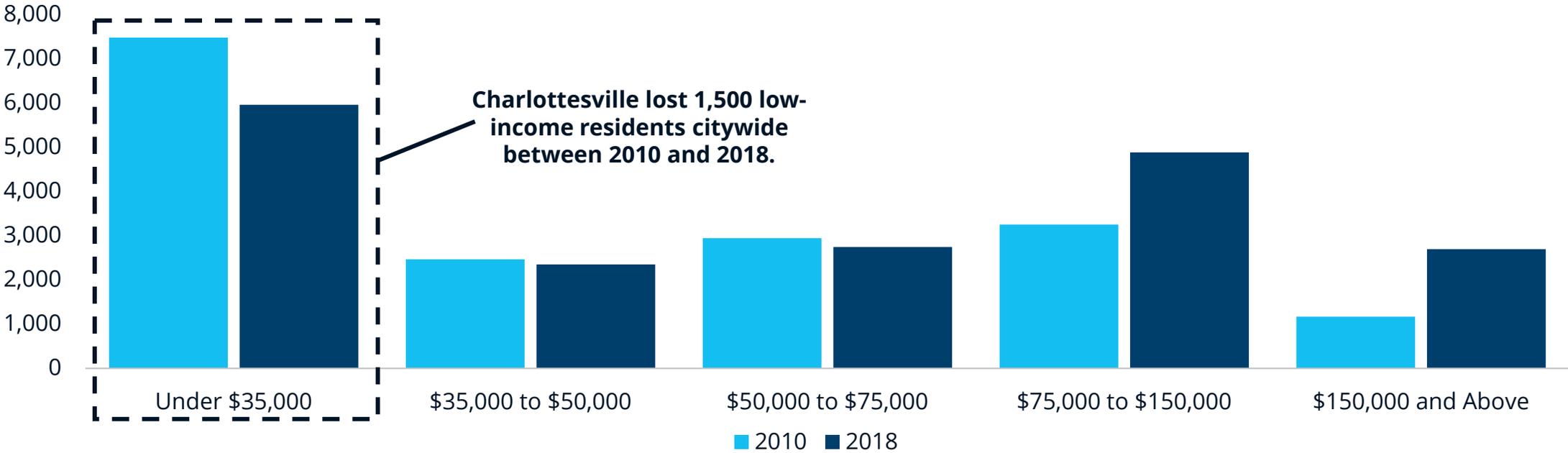Y-axis: 0, 500, 1,000, 1,500, 2,000, 2,500, 3,000

Source: U.S. Census 2018 American Community Survey 5-Year Estimates

Housing Challenges | Displacement

Gentrification occurs when private or public investment leads to changes in the racial or economic composition of a neighborhood toward higher incomes and more white residents. There are two aspects – housing competition and displacement, and cultural change. Housing competition and displacement describes the replacement of existing lower income BIPOC renters and owners by higher income white residents as rents rise and homes turn over. Cultural change describes the influx of new residents that can lead to a change in the "feel" of a neighborhood, from retail types available, to the neighborhood institutions. As a result, **communities are disrupted and displaced into less accessible areas, with higher concentrations of poverty and lower access to quality services and amenities**. In Charlottesville, rising prices and limited affordable housing options appear to be displacing low-income residents.

**Change in Population by Income between 2010 and 2018**

Charlottesville lost 1,500 low-income residents citywide between 2010 and 2018.

Legend: 2010, 2018

Source: U.S. Census 2010 & 2018 American Community Survey 5-Year Estimates

Housing Challenges | Housing Instability and Homelessness

Displacement can also result from rising rents, evictions or foreclosures. The resulting housing instability creates challenges for all members of a household. For adults, housing stability is necessary for employment stability. A consistent commute increases chances for success in employment, which reduces overall stress and increases financial stability. For children, housing stability is a key determinant of educational outcomes. Both the timing and the frequency of school changes directly affects a child's chances for success. A lack of stable and supportive housing also results in significant individual and social costs. **When vulnerable populations have unmet needs for permanent supportive housing, they may enter a state of homelessness or become frequent users of emergency or crisis services**.

2007-2018 Point-in-Time Counts
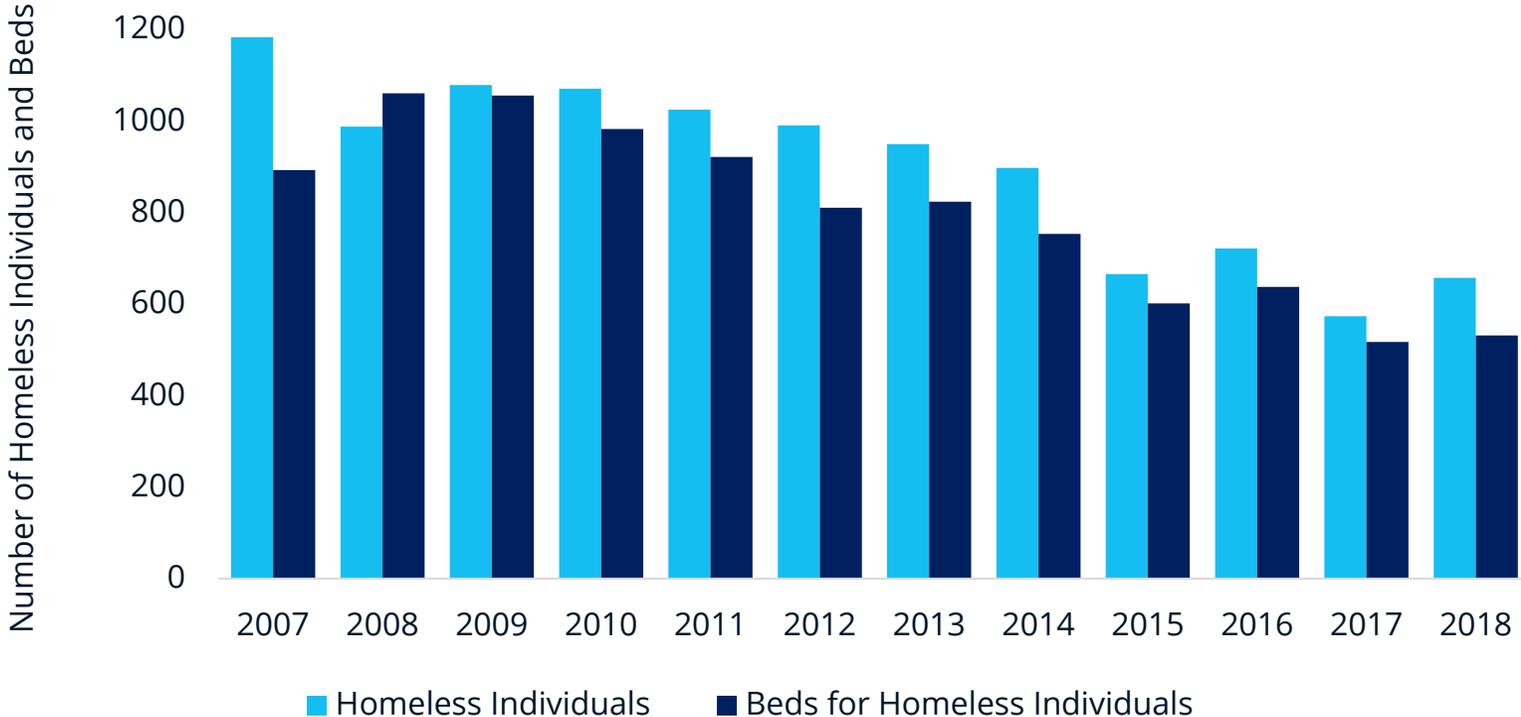
Eviction Rates in 2016*

Charlottesville, VA	**1.7**
Culpepper, VA	2.67
Fredericksburg, VA	3.89
Richmond, VA	11.44
Duluth, MN	0.65
Portland, OR	1.07
Stillwater, OK	1.87

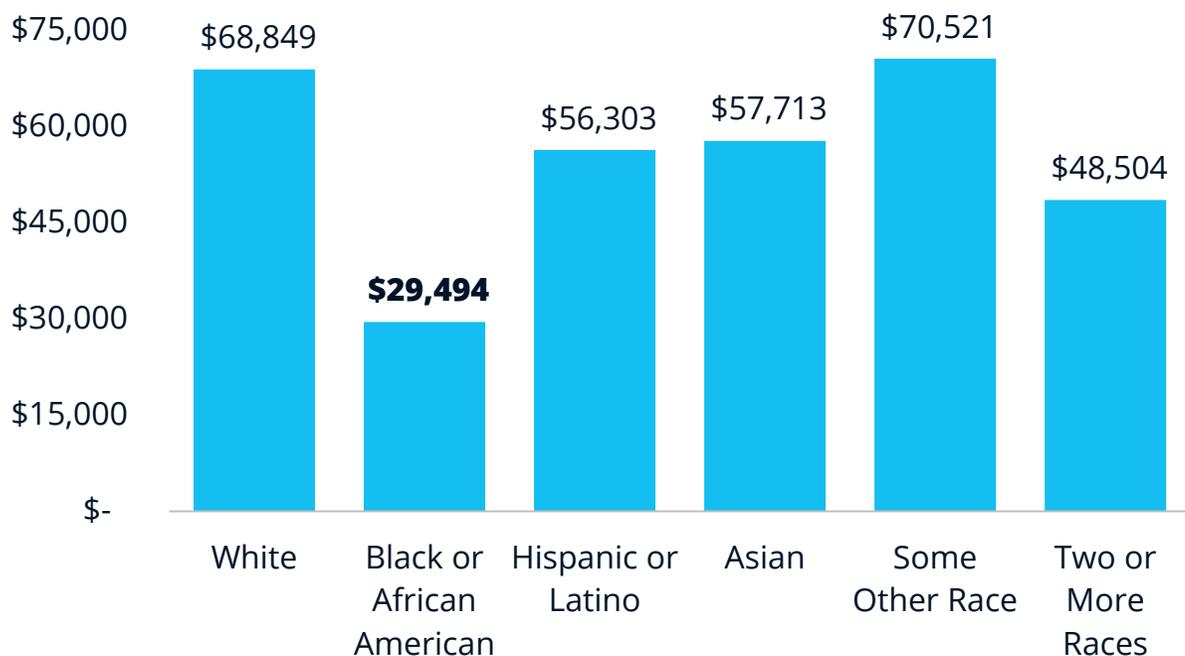Legend: ■ Homeless Individuals ■ Beds for Homeless Individuals

*Number of renter households evicted per 100 renter-occupied households in a year
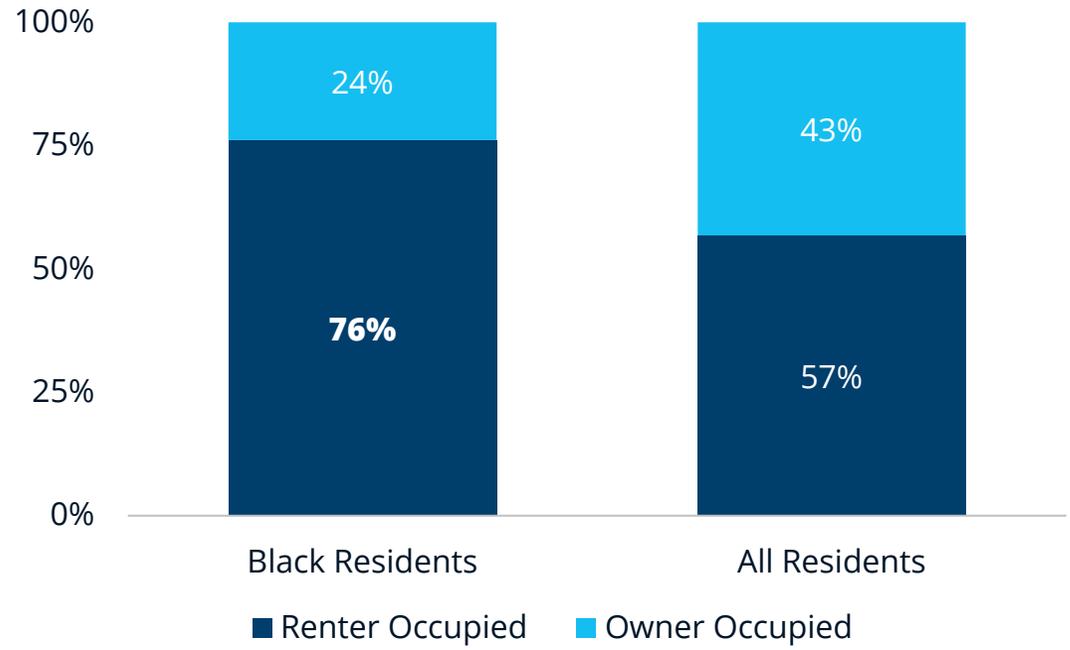*Source: HUD Exchange, Eviction Lab*

Housing Challenges | Racial Inequities

Black households earn significantly less than other households in Charlottesville, with a median income almost $10,000 lower than the next lowest median income. Black households earn just over half the median income for the city. This inequity is further demonstrated when looking at the distribution of residents by tenure. While renters account for 57% of all residents, 76% of Black residents are renters.

Median Income

Race	Median Income
White	$68,849
Black or African American	**$29,494**
Hispanic or Latino	$56,303
Asian	$57,713
Some Other Race	$70,521
Two or More Races	$48,504

Residents by Tenure

	Renter Occupied	Owner Occupied
Black Residents	**76%**	24%
All Residents	57%	43%

Source: U.S. Census 2018 American Community Survey 5-Year Estimates

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DRAFT FOR REVIEW   Charlottesville Affordable Housing Plan | 34
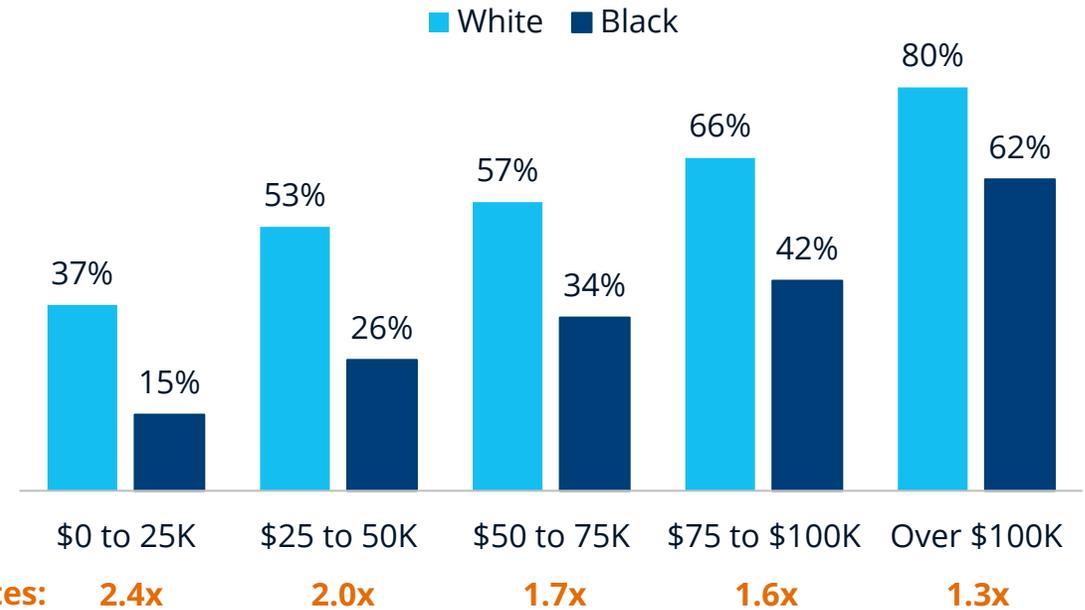
Housing Challenges | Racial Inequities

America's housing markets have been shaped by a legacy of policies that created and enforced racial segregation and limited opportunities for BIPOC households. Residents of cities across the country continue to face differences in outcomes and opportunities as a result of race.

Black homeowners and White homeowners have a drastically different experience in Charlottesville; from 2010 to 2018, Black homeownership decreased while White homeownership increased. Homes in majority Black census block groups are valued at just over half the value of homes in majority White census block groups, despite the median income of those same block groups having less than a $100 difference. Even when controlling for income, Black households have consistently lower homeownership rates than White households. The racial homeownership gap is widest at the lowest income bands.

Homeownership Rate by Income Band by Race in the Charlottesville Region, 2018

	White	Black

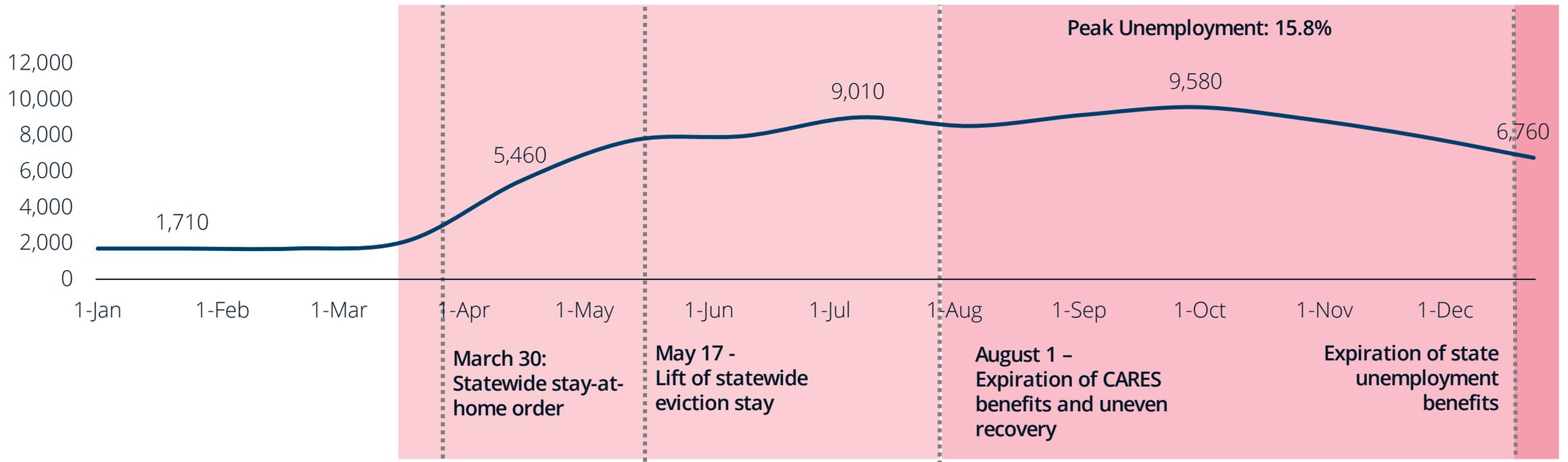|	**+13%**	**-12%**
Shift in homeownership, 2010 – 2018	White Households	Black Households
Median home value, 2018	**$345,961** in Majority White Census Block Groups	**$193,920** in Majority Black Census Block Groups

Chart data:

Income Band	White	Black
$0 to 25K	37%	15%
$25 to 50K	53%	26%
$50 to 75K	57%	34%
$75 to $100K	66%	42%
Over $100K	80%	62%

Ratio between White and Black homeownership rates:

$0 to 25K	$25 to 50K	$50 to 75K	$75 to $100K	Over $100K
2.4x	**2.0x**	**1.7x**	**1.6x**	**1.3x**

Housing Challenges | COVID-19

The economic impacts of COVID-19 have exacerbated housing affordability challenges across the country, including in Charlottesville. Loss of income is the leading cause of housing insecurity for low- and moderate-income households. If the unemployment rate remains high, Charlottesville is likely to see a sharp increase in evictions and foreclosures as restrictions on evictions are lifted. As the pandemic-induced economic crisis persists, Charlottesville's residents will face **multiple waves of housing insecurity, with the peak likely arriving in the fourth quarter of 2020.** The impacts of increased housing insecurity are likely to be **felt most acutely by households earning less than $50,000,** and housing insecurity will **disproportionately impact BIPOC and renters** in Charlottesville. An emergency housing strategy, in addition to the Affordable Housing Plan, that **combines expanded legal aid with a financial assistance program** is likely to be necessary to address the scale of housing insecurity. The City and its partners have been working to plan for emergency housing needs in response to COVID-19. In addition, COVID-19 has had a near-term impact on the City's budget as priorities have shifted to meet the near-term need.

Peak Unemployment: 15.8%

1,710

5,460

9,010

9,580

6,760

March 30:
Statewide stay-at-home order

May 17 -
Lift of statewide eviction stay

August 1 –
Expiration of CARES benefits and uneven recovery

Expiration of state unemployment benefits

Funding

Funding | Purpose

Funding appropriations for housing should reflect the importance of housing issues through a consistent and aggressive funding commitment. The City should provide funding that is...

Transparently and Competitively Allocated

As with any funding target, housing programs and projects should be funded through a transparent and competitive process. The transparency and competitiveness of the process should serve to make the process of applying for funding more reliable by using clear and rigorous criteria.

Consistent and Predictable

The steadiness and predictability of funding is important for nonprofits to plan for and manage capacity and capital investments. Programs that are more consistently funded will have greater impact. While there may be limitations to what Council can formally commit to in advance, the City should make a formal commitment to consistently and predictably fund housing through the Charlottesville Affordable Housing Fund.

Shaped by Clear Priorities and Bold Commitments

Charlottesville's funding commitments for housing should be driven not only by the city's overall housing supply gap as identified in its housing needs assessments, but also by bold goals that maximize public benefit, such as to push the depth and duration of affordability. For example, Pittsburgh's Housing Opportunity Fund committed to dedicate 50% of its trust fund money each year to serve those earning 30% AMI or below.

Regularly Monitored and Reported

City spending on housing should be monitored by City staff, advocates outside of government, and the community at large. Describing the level of investment and impact is necessary to ensure that the public understands the level of commitment the City has made to affordable housing, and to understand the impact of this spending.

Executive Summary | Funding Recommendations

Charlottesville should make a **strong and recurring financial commitment** to address housing needs in Charlottesville.

In particular, the City should implement the following recommended changes to its funding policies:

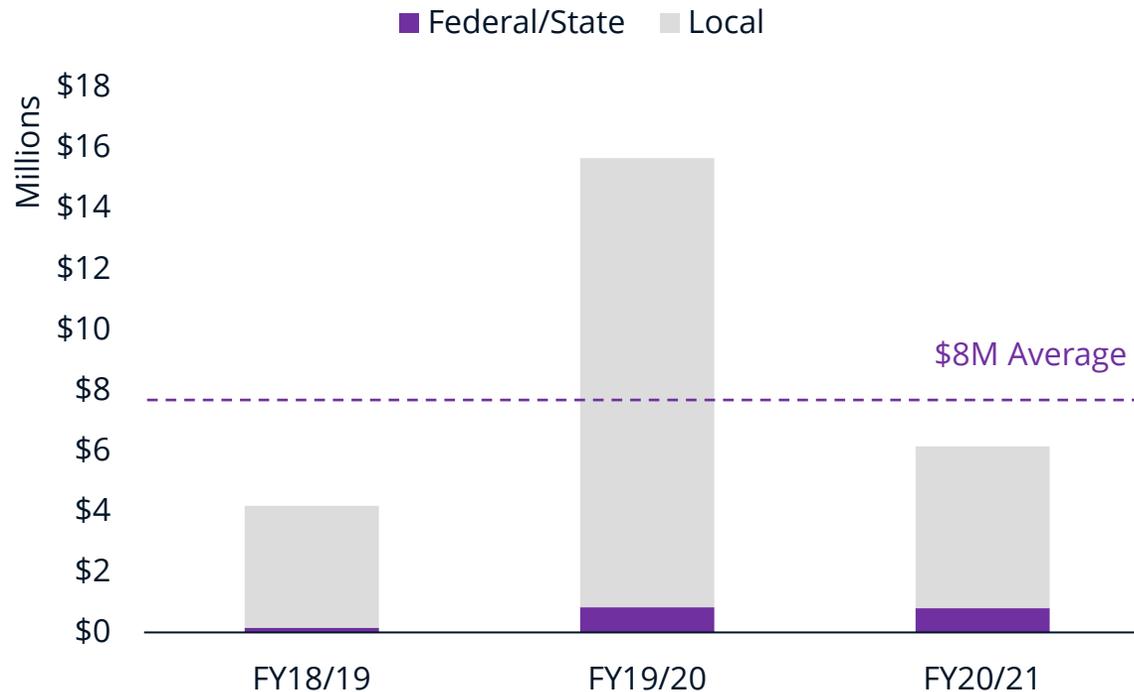|	
Scale	**Dedicate $10M per year to fund affordable housing,** to achieve a potential impact of serving over 4,000 households or housing units over 10 years.
Consistency	**Make a commitment to sustain this level of funding for ten years**, identifying sustainable and reliable source(s) of dedicated funding.
Targeting	**Target funding towards extremely low-income households** to ensure that public funding is targeted to incomes with the greatest need. Allocate 40% of funding to serve households with incomes up to 30% of Area Median Income (AMI), 40% of funding for households earning 30 to 60% AMI, and 20% of funding for households earning 60 to 80% AMI. Also **attach funding to community representation for funding recipients**.
Transparency	**Clearly identify overall housing expenditures** within the City's budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The remainder of this chapter provides additional detail on recommended policy changes as well as the anticipated impacts of these changes.

Funding | Scale and Consistency

Funding for housing in Charlottesville has averaged roughly $8M in the past three years. This amount of funding is higher than the level of funding that similarly sized cities have allocated to housing, and it reflects that Charlottesville has made affordable housing a top priority.

Within the FY21 budget, funding for housing makes up $6.2M (or about 2%) of the City's annual budget of $346M. For reference, this amount of funding is just over half of what the City allocated to parks and recreation ($11.5M), a third of what was allocated to the police department ($18M), and half of what was allocated to the fire department ($12.6M).

Public Spending on Housing by Fiscal Year

■ Federal/State   ■ Local

Millions

$18
$16
$14
$12
$10
$8
$6
$4
$2
$0

$8M Average

FY18/19   FY19/20   FY20/21

Spending on housing programs has varied significantly in recent years, with variations largely driven by one-time funding for large capital projects. In fiscal year 2021, the level of funding for housing was reduced due to COVID-19. This inconsistency presents multiple challenges. Program administrators are less able to plan ahead for their own operating and capital expenditures, relying on limited philanthropic dollars to fill emergency needs.

Federal and state funding for housing has been limited, and while the City should continue to pursue and advocate for this funding, it is not likely to increase. Public spending on affordable housing has declined over several decades for political and structural reasons, and local jurisdictions cannot rely on an infusion of federal resources to address local housing issues.

It is crucial that funding be secured consistently. While the city council cannot commit funds on behalf of a future city council, Charlottesville must still make a policy commitment to affordable housing, and develop a funding approach, so that community partners can plan around an approach that future city councils will reliably adopt.

Funding | Scale and Consistency

Set a bold commitment for annual funding towards housing, at a level commensurate to the scale of need. **Make a commitment to sustain this level of funding** for ten years, identifying sustainable and reliable source(s) of dedicated funding.

Charlottesville commit to funding affordable housing such that the City is able to fully tackle its large and growing affordable housing challenges. Increased housing funding will require either **reallocating existing funding or creating new fees or taxes**. Possible local funding sources include:

General Fund Contributions	Local General Obligation Bonds	Linkage Fees	Real Estate Transfer Tax	Property Tax Levy
Contributions in annual budgeting process	Bonds approved to fund affordable housing	Fee assessed on new residential or commercial development	Tax based on assessed value at time of real estate transfer	Additional property tax dedicated to housing

Sale of Government Property	Special Purpose District and Tax Increment Financing	Transient Occupancy Tax	Document Recording Fee	Interest on Government Accounts
Revenue from land sales to be used for housing	Dedicate special district or TIF funds to housing	Tax on percentage of hotel receipts	Fee assessed when documents are recorded with official bodies	Interest on rainy day funds, estate escrow, title insurance, etc.

This list of tools provides examples from other communities that the City could explore and is not a final list of recommendations. Each source comes with tradeoffs, and it is likely that some are not legally possible, financially valuable, or politically supported in Charlottesville, though further analysis would be needed.

Regional Housing Trust Fund

The City and regional stakeholders should consider the potential for a regional housing trust fund that combines funding from Charlottesville, Albemarle County, and potentially other jurisdictions in the planning area. A regional housing fund would allow for greater efficiency in housing production, as it would facilitate the streamlining of programs that serve the region, create flexibility to pursue the most cost-effective projects within the region, and reduce administrative overhead. In Wake County, North Carolina, a county Housing Trust Fund has been used to support affordable housing in Raleigh and the surrounding region.

Funding | Scale and Consistency

What could be achieved with $100M in investments over 10 years?

With $10M in average annual spending over ten years, Charlottesville could generate an impact at the scale of 4,100 housing units, whether through direct creation or preservation of affordable units or by providing direct household assistance.

The proposed $10M represents total—not additional—spending by the City. This figure does not include any additional funding provided through the state or federal government.
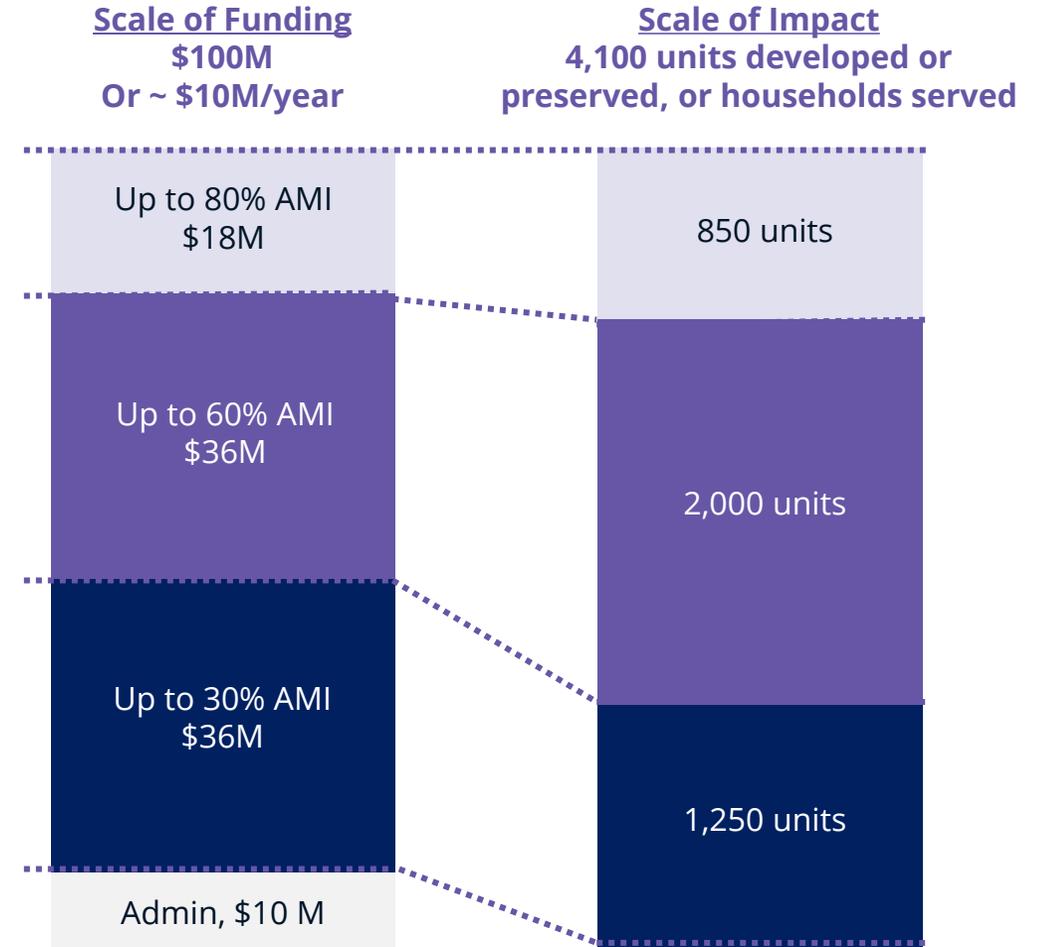
The level of impact shown assumes that funding is aggressively targeted to low-income households, with 40% allocation to programs serving households below 30% AMI.

This allocation also assumes that 10% of funding is set aside for administrative costs, a common practice among housing trust funds and federal grants. These funds would pay for the personnel required for a variety of tasks: to run a competitive process to award funds; monitor and evaluate impact; enforce compliance; design and develop new housing policies; provide technical assistance for funding recipients to improve their expertise and effectiveness; and provide training for new board members of the HAC, especially those who are community representatives and might not work on housing professionally.

The resulting level of production shown is only possible if funds are used efficiently and leverage limited state and federal resources—and to this end, it is essential to thoroughly underwrite all funding awards.

Combining the subsidy tools shown here with land use reform and tenants' rights tools will potentially decrease costs and expand program benefits, further stretching the impact of public dollars.

Scale of Funding
$100M
Or ~ $10M/year

Up to 80% AMI $18M
Up to 60% AMI $36M
Up to 30% AMI $36M
Admin, $10 M

Scale of Impact
4,100 units developed or preserved, or households served

850 units
2,000 units
1,250 units

Funding | Targeting

The City can impact the affordability of over 4,100 units by targeting a variety of owner and renter programs that serve a range of income levels. Some of these programs, such as public housing redevelopment, require a higher amount of capital to create or preserve a unit of affordable housing for a long time. Others, such as rental assistance or tax abatement, require ongoing funding appropriations. The impact of this targeting includes new units developed, units preserved or rehabilitated, homeowners served with property tax relief, and households served with vouchers and other programs.

RECOMMENDED CHANGES AND IMPACTS

Programs by Income Levels Served

Income Level and Funding Allocation	Owner	Renter	
Up to 80% AMI 20% (or $18M over 10 years)	Down payment assistance Owner-occupied rehab	Preservation fund	
Up to 60% AMI 40% (or $36M over 10 years)	Single-family infill	Low-Income Housing Tax Credit gap financing	Emergency rental assistance Right to counsel
Up to 30% AMI 40% (or $36M over 10 years)	Low-income property tax abatement	Public housing redevelopment Tenant-based vouchers	

Funding | Targeting

Place constraints on funding as appropriate to target funding towards uses that achieve public goals.

Beyond the overall scale and level of funding, the City should also consider what constraints it will place on where its funding should go, as a way of balancing commitments to different issues and goals. The following categories are recommended targets for Charlottesville:

Income Levels   **Set a goal of targeting 40% of funding to serve households with incomes up to 30% of AMI**, 40% of funding for households earning 30 to 60% AMI, and 20% of funding for households earning 60 to 80% AMI.

Out of an annual $10M budget where $1M is reserved for administrative costs, this means that $3.6M will go to households earning up to around $22K, $3.6M will go to households earning up to around $45K, and $1.8M will go to households earning up to around $60K. These figures represent the income bands for two-person households; refer to the appendix for a full table of income bands by household size.

Duration of Affordability   **All programs should seek the longest affordability term feasible.** Rental properties should seek a 99-year affordability term. Affordable ownership programs should attach a lien on properties requiring that for-sale properties remain affordable for income-qualifying buyers, and if not kept affordable, that any amount of public funding put into the property is repaid to the City. The Housing Trust Fund Advisory Committee should review the affordability criteria for each program and adjust as appropriate.

Funding | Targeting

Place constraints on funding as appropriate to target funding towards uses that achieve public goals.

Beyond the overall scale and level of funding, the City should also consider what constraints it will place on where its funding should go, as a way of balancing commitments to different issues and goals. The following categories are recommended targets for Charlottesville:

<div style="writing-mode: vertical-rl">RECOMMENDED CHANGES AND IMPACTS</div>

Community Representation

Set a community representation standard for all organizations receiving funding: The leadership and board of organizations that receive City housing funding should be reflective of the communities they are serving and include residents who are participating in City-funded housing programs. Residents who participate or have participated in housing programs have insight into how to reform housing programs to increase their effectiveness and should be represented in the decision-making process. Historically, in most communities, those who benefit directly from affordable housing have been excluded from the decision-making process. A lack of representation can lead to practices that unintentionally reinforce existing economic inequities and power imbalances.

Charlottesville should adapt existing precedents for community representation to fit its racial justice focus. There are a range of approaches to community representation: from setting minimum requirements as HUD does for Community Housing Development Organizations (CHDOs), to including community representation as a scoring criteria as are used for Nashville's housing trust fund (the Barnes Fund). The Housing Trust Fund Advisory Committee will be charged with setting these standards and adapting them over time as appropriate.

Setting a community representation requirement is crucial to the guiding principle of racial equity, as it will push both the City and program administrators to be more deliberate about overcoming historical patterns of underrepresentation of non-white populations within staffing and decision-making.

Source: HUD Archives

Funding | Transparency

Clearly identify overall housing expenditures within budget, and publish metrics on program funding, capacity, and impacts to create accountability and measure progress towards housing goals.

The City must be transparent in its expectations, priorities, and decision-making criteria through multiple stages of the funding process. Transparency of funding allocations and uses serves to maximize the impact of public funds by increasing the competitiveness of programs and deals, and by increasing public accountability towards the use of funding. Charlottesville should increase its funding transparency through the following means:

Visibility of spending on housing in budget

Make housing expenditures a clearer line item in budget or clearly report on housing funding allocations and expenditures. The full extent of the city's spending on housing should be made clear within the budget, both to give credit to existing efforts around housing, and to be able to more accurately monitor trends in spending on housing over time.

Availability of monitoring data

Provide production and cost data for units created and households served. The per-unit/household cost, total program costs, and total program capacity of different affordable housing programs should be published and monitored. This data would allow funders, City staff, and civic leaders track the impact of public funds in delivering housing services.

Measurement and evaluation of impacts of housing spending

Adopt best practices in performance measurement for housing, disaggregating performance data by outputs (what the city is *doing*) and outcomes (what ultimate impacts the City's spending is *having* on housing affordability). This data should be monitored regularly, with data collected on an ongoing basis and reviewed on a monthly to quarterly cycle. These metrics should be directly incorporated into budget requests and funding applications.

Competitiveness and standardization of RFP process

Create transparent and rigorous process for evaluating projects, programs, and program administrators that receive public funds. The City should award funds through a competitive process, in most cases request for proposals that score based on experience, capacity, alignment with public policy goals, efficiency, leverage and other relevant criteria. Without a competitive process, the cost of producing affordable housing will rise and the number of households who benefit will decrease.

Funding | Transparency

D.C.'s Housing Production Trust Fund, the Nashville Barnes Fund, and Pittsburgh's Housing Opportunity Fund publish annual reports on the number of households served by funding, and the income levels of those households.

D.C. Housing Production Trust Fund Annual Report

HOUSEHOLDS ASSISTED/FUNDING BY INCOME GROUP (Multi-family)

	Extremely Low Income 0 - 30% AMI	Very Low Income 31 - 50% AMI	Low Income 51 - 80% AMI
FY2015	517 Units	280 Units	545 Units
	21,801,065	7,951,455	30,597,006
	39% of units	21% of Units	41% of Units
FY2014	77 Units	173 Units	604 Units
	3,344,036	7,270,228	29,678,795
	9% of Units	20%` of Units	71% of Units

MULTI-FAMILY PROJECTS AWARDED, UNITS, FUNDING, AND PROJECT TYPE

				Project Type	
# Projects, Units and Award Amounts		Loans	Grants	Homeownership	Rental
FY2015	19 Projects	19 Projects	0 Projects	3 Projects	16 Projects
	1,342 Units	1,342 Units	0 Units	98 Units	1,244 Units
	60,349,526	60,349,526	0	2,976,389	57,373,137
FY2014	16 Projects	16 Projects	0 Projects	4 Projects	12 Projects
	826 Units	826 Units	0 Units	85 Units	741 Units
	40,252,380	40,252,380	0	6,324,546	33,927,834

Pittsburgh Housing Opportunity Fund

2018 Annual Allocation Plan (AAP)

AMI Level	30%	50%	80%	Total	Estimated Units / Households Served
Required Allocation	50%	25%	25%		
Housing Stabilization	$0.5M	$0.25M		$0.75M	186
Rental Gap Financing	$2.5M	$1.375M		$3.875M	100
Owner-Occupied Rehabilitation	$1.5M	$0.625M	$0.25M	$2.375M	100
Down Payment/Closing Cost			$0.75M	$0.75M	125
Affordable For Sale Development Program			$1.25M	$1.25M	14
Administration		up to $1M			
Total	$4.5 M	$2.25 M	$2.25 M	$10 M	525

Funding | Transparency

The City of Greensboro uses an online, interactive bond tracker to allow the community to track bond projects, including housing projects, that are in progress within their communities.

Governance

Governance | Purpose

Governance structures shape the efficacy and equitability of decision-making, which ultimately determine housing program implementation and community outcomes. Best practices that will ensure successful governance include:

Formalize processes to **set priorities for the use of public funds**

Include and empower community voices, including those who benefit from publicly-funded housing programs, in decision-making processes

Build trust in public processes by providing clear communication about priorities and reducing conflicts of interest and perceptions of conflicts

Ensure the successful implementation of recommendations by **aligning City capacity with needs and priorities**

Governance | Recommendations

Charlottesville should build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

In particular, the City should implement the following recommended changes to its governance structures:

Housing Advisory Committee	**Reform the structure and function of the Housing Advisory Committee** to build trust and improve its impacts.
Charlottesville Affordable Housing Fund (CAHF) Committee	Empower a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.
City Staff Capacity	Realign priorities, increase capacity, and empower staff to **collaborate with advocates and respond to community needs**.
Standardized and Competitive Funding Process	Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes.

Governance | Inclusive Governance

The importance of including diverse community voices

The public engagement for Cville Plans Together provides a clear illustration of the importance of including diverse community voices in the City's decision-making. In public surveys and stakeholder interviews, the priorities of housing professionals and residents from marginalized populations including BIPOC reflected different priorities for affordable housing. Many housing professionals emphasized the importance of rental affordability, particularly for Charlottesville's lowest-income residents. However, disaggregated public survey responses by race and ethnicity, and by homeowner status, shows that homeownership is a priority concern for Black and Latinx community members, as well as a higher concern for renters than homeowners. **To reflect the needs and priorities of its community, the City's governance structures need a diversity of perspectives, not just from housing professionals but inclusive of community voices and beneficiaries of housing programs.**

Building Inclusive Governance throughout Charlottesville's Affordable Housing Infrastructure

Charlottesville can take concrete steps to bring diverse voices into its decision-making processes, and to build inclusivity throughout the its Affordable Housing infrastructure, including public and nonprofit entities that receive City funding. The governance recommendations outline steps to advance inclusive governance, including through reforming the Housing Advisory Committee, forming a new Committee to govern the Charlottesville Affordable Housing Fund (CAHF), setting goals and scoring criteria for recipients of CAHF funds to incorporate diverse voices into their decision-making processes, and expanding City housing staff. To advance this work across these entities, the City should:

- Develop an onboarding process including affordable housing training available to all new members of public and nonprofit boards and commissions, as well as leadership, to support successful participation.

- Provide funding from the CAHF administrative budget for the provision of this training and other programs that build the capacity of community members to serve.

- Monitor the success of these programs and make changes as needed to meet diverse participation goals.

Survey Respondents Who Believe that Homeownership is a Critical Issue in Charlottesville:

76%
Black or African American respondents

74%
Hispanic or Latinx respondents

50%
White or Caucasian & Asian or Asian American respondents

63%
Renters

47%
Homeowners

Source: Cville Plans Together Public Survey

Governance | Housing Advisory Committee

Reform the structure and function of the Housing Advisory Committee to build trust and improve its impacts.

CONTEXT

Charlottesville's Housing Advisory Committee (HAC) is a public committee intended to provide City Council with recommendations about housing policy and funding priorities. The HAC has the potential to be an important link for Council to access community housing needs and priorities, but the current structure limits both its impact and its authority, and its activities have expanded beyond its initial purpose.

RECOMMENDED CHANGES

HAC reform should restructure the committee to achieve a better balance of representation aligned with the guiding principles of racial equity, regional collaboration, and a comprehensive approach to housing, and refocusing HAC efforts on advising and advocating for affordable housing priorities. The City should:

- Refocus the HAC on its stated purpose of monitoring affordable housing issues and providing City Council with recommendations about housing policy priorities, as well as championing and advancing the implementation of the Affordable Housing Plan, monitoring progress, and issuing an annual report on affordable housing in Charlottesville.

- Reduce the total number of seats on the HAC from 21 to between 10 and 15, and make all seats council-appointed, keeping the current 2-year terms and 4-term limits.

- Increase the representation of BIPOC, including housing professionals and community members.

- Ensure that HAC members include beneficiaries of housing programs subsidized housing residents.

- Give regional representatives voting power.

- Develop an onboarding process including affordable housing training for new members, particularly community members, to support successful participation.

- Encourage public attendance at HAC meetings to ensure larger participation is possible.

Charlottesville's Housing Advisory Committee is a public committee. Per the City's website, the purpose of the 21-member committee is to provide City Council with recommendations regarding housing policy and affordable housing priority, and research and discuss trends and ideas in affordable housing

Governance | Housing Advisory Committee

IMPACTS

Adding community voices and reducing the representation of organizations receiving City funding will build trust in the HAC by limiting conflicts of interest and setting clearer mandates for both the HAC and City staff.

GUIDING PRINCIPLES

Racial Equity The Housing Advisory Committee must be a body that supports and affirms the City's commitment to racial equity in housing. Toward that end its membership must be rebalanced to expand the representation of BIPOC, including both housing professionals and community members. An onboarding process will be critical to ensure that community members are empowered to participate fully in setting priorities.

Regional Collaboration Full participation from regional representatives will be important to identify opportunities for City and regional priorities to align. The HAC can also serve as a conduit for the City to engage with the Regional Housing Partnership and identify areas for deeper collaboration.

Comprehensive Approach The HAC should consider and make recommendations for the City to pursue a balanced and comprehensive mix of affordable housing programs, including land use, subsidy, and tenants' rights, as well as supporting a full range of housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners
City Manager, Council, and Staff
Housing Advisory Committee

Action Items

1. The City Council will redefine the role and membership of the HAC, including guidelines to ensure a diverse and inclusive membership, and appoint new members
2. City staff in coordination with existing HAC members will develop and implement an onboarding process for new members

Timeframe
Immediate (within 1 year)

Membership	10-15 members • 2-3 affordable housing providers (recipients of City funds) • 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.) • 2-3 at-large community members • 2-3 affordable housing residents or beneficiaries • 2-3 regional representatives
Responsibility	Provide City Council with recommendations about housing policy priorities. Champion and advance the implementation of the Affordable Housing Plan. Issue an annual report on affordable housing in Charlottesville.
City Staff Role	Administrative
Terms & Appointment	Council-appointed, keeping the current 2-year terms and 4-term limits

Governance | Charlottesville Affordable Housing Fund Committee

Empower a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.

The City currently struggles to identify and act on clear priorities for the Charlottesville Affordable Housing Fund (CAHF). Current governance structures do not provide a forum for City staff, community members, nonprofit stakeholders, and advocates to discuss housing priorities and recommendations before they are put before Council. Historically, this has slowed the appropriation and distribution of funds set aside for the CAHF and inhibited collaboration around the implementation of funding. There is also a perceived conflict of interest in the role that nonprofit stakeholders who receive funding from the CAHF play in making recommendations on funding allocations.

The City should designate a committee to make recommendations about priorities for the use of CAHF funds, to set targeting and scoring criteria for CAHF-funded programs and to review City staff recommended awardees. This should be a separate committee from the HAC. The City Council should appoint members and may choose some representatives from among HAC members. The committee should have equal representation from City staff, affordable housing practitioners, and community members including those who are impacted by housing investments, such as public housing residents or recipients of down payment assistance or other affordable housing program funds. The City should develop an onboarding process including affordable housing training and City budget training for members. Committee members who intend to apply for City funding will not be eligible to vote on the allocation of funding or participate in the review of applications.

Designating or establishing a committee with this structure would provide a clear mandate for City leadership to guide funding decisions, supported by City staff and community members. This will help the City deploy funds to meet the its housing needs. The recommended CAHF committee will ensure that the community's voices are included in decisions about the use of City funds to support affordable housing, provide an improved process to manage and eliminate conflicts of interest, and create a forum for direct engagement and collaboration between City staff, community members, and housing professionals.

A Housing Trust Fund (HTF) is a locally-controlled fund dedicated to support affordable housing programs. Charlottesville's HTF is called the Charlottesville Affordable Housing Fund (CAHF) and is the primary vehicle for local funding to support affordable housing subsidy.

Governance | Charlottesville Affordable Housing Fund Committee

GUIDING PRINCIPLES

Racial Equity Empowering community members impacted by Charlottesville's housing investments, including BIPOC, will help the City to advance racial equity in housing through its investments. The CAHF Committee must support and affirm the City's commitment to racial equity in housing. An onboarding process will be critical to ensure that community members are prepared to participate fully in making budget recommendations.

Regional Collaboration It should be the goal of the City and the CAHF committee to develop a regional Housing Trust Fund that can use be used to support the development of affordable housing within the region. The City and the CAHF committee should also engage the University of Virginia to identify opportunities to make joint investments in affordable housing.

Comprehensive Approach While the HAC is charged with taking a more comprehensive view of housing policy in Charlottesville, the CAHF Committee will be primarily concerned with subsidy tools, but should have opportunities for discussion with the HAC and consider opportunities for the City to allocate funding to support land use changes such as subsidized ADUs, and to tenants' rights tools such as paying into a legal services fund for tenants facing eviction. The CAHF committee will make recommendations about the use of CAHF funds to support a range of potential housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners
City Manager and Council
Committee Members

Timeframe
Immediate (within 1 year)

Funding Needs
None

Membership	9 members • 3 affordable housing providers and advocates • 3 affordable housing residents or beneficiaries • 3 City staff • Should include no more than 3 HAC members
Responsibility	Provide City Council with recommendations about the budget and use of CAHF funds Comment and make recommendations on scoring & selection criteria, with final criteria set by City staff Review & comment on funding award selections, but final selections will be made by City staff.
City Staff Role	Substantive
Terms & Appointment	TBD

Governance | Charlottesville Affordable Housing Fund Committee

Example Models for Housing Trust Fund (HTF) Governance

	Richmond Affordable Housing Trust Fund Oversight Board Richmond, VA	Atlanta Beltline Affordable Housing Advisory Board Atlanta, GA	Cambridge Affordable Housing Trust Cambridge, MA
Sample Responsibilities	• Oversee the administration of the HTF and programs funded by the HTF • Evaluate loan and grant applications • Submit an annual report and other updates to City Council and Mayor • Monitor compliance of funding recipients • Ensure fund sustainability	• Make recommendations to the City on goals and policies related to the use of the HTF • Provide semi-annual reports to the City Council and Mayor	• Advises on housing programs and policies to City staff and leadership • Sets criteria for reviewing proposals for programs, policies, and developments • Serves as the loan committee for awarding of funds
Sample Rules	• Membership has staggered 3-year terms • Chaired by an appointed City Council member (nonvoting) • No funding may be awarded to persons serving on the board or to entities in which board members have a personal interest	• Members serve 2-year terms with a 3-term limit	• Membership appointed by City Manager • City Manager serves as an ex officio member

Governance | Charlottesville Affordable Housing Fund Committee

A conflict of interest arises when there is a divergence between a CAHF Committee member's private interests and their obligations to the CAHF Committee, such that an independent observer might reasonably questions whether the individual's professional actions or decisions are determined by consideration of personal gain, financial or otherwise. In order to avoid any potential conflict of interest with the mission of the CAHF Committee, the City and the CAHF Committee should adopt a statement to guide the Committee on issues of potential influences on disclosure and recusal.

Example Conflict of Interest Policy

The function of the CAHF Committee is solely to provide perspective and advice to City staff and City Council on the use of CAHF funds. The CAHF Committee does not have the authority to make decisions for the City.

The CAHF Committee has a duty to make recommendations in the interest of the public good, to both be, and to be perceived as, independent and credible advocates for the CAHF without regard to the private interests of its CAHF Committee members.

Definition of conflict of interest: A conflict is any interest in a transaction or decision where a CAHF Committee member (including the member's business or other nonprofit affiliations); or a CAHF Committee member's family, and/or significant other, close associates or employer will receive a benefit or gain. Family should be defined as "parents, spouse/significant other, siblings, children, grandchildren, grandparents, aunts, uncles, and first cousins." This policy addresses two types of potential conflicts of interest: (1) conflicts related to project/program funding award recommendations and (2) conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals.

Conflicts related to project/program funding award recommendations: If a CAHF Committee member has a direct conflict of interest, such as a conflict regarding a funding recommendation for a specific project under consideration by the Committee, the Affected member(s) will recuse themselves from relevant Committee discussions and votes and absence themselves from the room during the relevant discussion (which shall be noted in the minutes).

Conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals: If a CAHF Committee member has a programmatic conflict of interest, such as may arise in the discussion of the Annual Allocation Plan, the member will disclose their interests which may present a conflict or appearance of a conflict to the group at the beginning of the meeting. The member will immediately disclose any additional conflicts which arise in the course of discussion. All conflict disclosures shall be noted in the minutes. When the Annual Allocation is presented for a vote, the annual allocation plan will be voted by line item/activity. The member should recuse himself/herself from the portion of the vote related to the line item/activity where the Member has a conflict.

Duty of Disclosure: Although members of the CAHF Committee serve in a purely advisory capacity, they will submit an annual written disclosure to the Committee chair any private interests that may cast doubt, or even the appearance of doubt, on their ability to serve the CAHF Committee impartially, disclose conflicts of interest in Committee meetings as described by this policy, and agree to be bound by this Conflict of Interest policy.

Governance | City Staff Capacity

Realign priorities, increase capacity, and empower staff to be **collaborative with advocates and responsive to community needs**.

The size of Charlottesville's housing staff is appropriate for a small city, but the scale and complexity of housing programs in Charlottesville is equal to that of a much larger city. There is a culture in which City staff can be at odds with the development community and the advocacy community, which limits the effectiveness of housing and development policies.

To ensure the successful implementation of the Affordable Housing Plan, Charlottesville needs to increase the capacity of City staff to effectively administer its housing programs and manage development processes, set clear priorities and measures of success for its programming, and make staff beholden to those priorities. In addition, the City should:

- Require all departments to apply a racial equity lens to budgets and decision-making related to affordable housing.

- Set annual production goals for City performance related to housing development and affordability, and track metrics, disaggregating data by race, ethnicity, and income level and include these goals in the evaluation of staff performance.

- Assign a staff person to be the liaison or lead for affordable housing development, taking responsibility for moving developing through the approval and inspection process quickly and efficiently.

- Incorporate City staff in the CAHF committee and encourage collaboration to set funding priorities.

- Develop a standardized competitive process to award funding for affordable housing.

- Work with affordable housing developers to reduce the cost of the development of affordable housing.

- Provide clear communication about staff roles and City processes and priorities to external partners, and clear paths for community feedback to the City.

- Prioritize the recruitment of housing staff that reflect the communities served by housing programs.

Governance | City Staff Capacity

Incorporating these changes into City processes related to development review, neighborhood services, and housing affordability programs will enhance the City's capacity to advance the Affordable Housing Plan.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, Charlottesville's Housing staff and Neighborhood Development Services staff need to apply a racial equity lens to decision-making, develop clear paths for community feedback to staff, and reflect the diversity of Charlottesville's residents.

Regional Collaboration City staff need to dedicate time to liaising with the City's regional partners to align and collaborate on housing and planning activities.

Comprehensive Approach City staff will need to work across departments and specializations to jointly address land use, subsidy, and tenants' rights.

IMPLEMENTATION

Lead and Partners
Housing Staff
Neighborhood Development Services
City Manager and Council

Action Items
1. The City will set goals for development and housing programs, review current staffing, and make changes to accommodate new priorities and increase staff capacity. This should include hiring or designating an affordable housing liaison for developers.
2. The City will establish standardized competitive funding processes or administrative capacity for each program as appropriate.
3. The City will track its performance against established goals on production and cost per housing unit.

Timeframe
Immediate (within 1 year)

Housing Staff in Charlottesville & Other Cities

City	City Housing Staff
Charlottesville, VA	**Housing & Redevelopment** • Housing Program Coordinator • Planner II/Grants Coordinator • Redevelopment Manager
Richmond, VA	**Housing & Community Development** • Director & Deputy • Management Analyst • Homeless Prevention (5) • Affordable Rental Housing & Neighborhood Transformations (3) • Homeownership (4)
Raleigh, NC	**Housing & Neighborhoods** • Director • Community Development (26) • Code Enforcement (28) • Community Engagement (17)
Durham, NC	**Community Development** • Director • 23 staff in program management, compliance, community development, etc.

Governance | Roles & Responsibilities

	Housing Advisory Committee (HAC)	Charlottesville Affordable Housing Fund (CAHF) Committee	City Housing Staff
Role	The HAC will monitor affordable housing issues in Charlottesville and the implementation of the Affordable Housing Plan. Based on this work, the HAC will make recommendations to City Council about policy priorities, advise on existing housing priorities (homeownership, homelessness, etc.), recommend new programs or tools, such as a preservation fund, land bank, or inclusionary zoning and educate the broader public on Charlottesville's affordable housing challenges and the programs in place to address them. The HAC will champion the Affordable Housing Plan and issue an annual report on affordable housing in Charlottesville.	The CAHF Committee is responsible for overseeing the use of CAHF funds. This includes recommending the allocation of the annual budget for the Charlottesville Affordable Housing Fund across the City's programs. In addition, the CAHF committee will set scoring criteria and targeting recommendations for programs funded through the CAHF, and review City staff recommendations for fund awards.	The role of the City's housing staff will be to implement the recommendations of City Council as informed by the HAC and the CAHF committee. City staff will manage a competitive solicitation and award process for City-funded housing programs, by issuing solicitations, scoring applications, and negotiating agreements with selected applicants. In addition, staff will lead the design and implementation of programs in collaboration with other City departments as appropriate.
Member-ship	**10-15 members** • 2-3 affordable housing providers (recipients of City funds) • 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.) • 2-3 at-large community members • 2-3 affordable housing residents or beneficiaries • 2-3 regional representatives	**9 members** • 3 affordable housing providers and advocates • 3 affordable housing residents or beneficiaries • 3 City staff • Should include no more than 3 HAC members	Not Applicable
Terms & Appoint-ment	Council-appointed, keeping the current 2-year terms and 4-term limits	To Be Determined	Not Applicable

Governance | Standardized Competitive Funding Processes

Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

Charlottesville provides funding in the form of grants and loans to support a range of affordable housing programs. Currently, requests for gap financing for new Low-Income Housing Tax Credit (LIHTC) developments are reviewed by the City on a case-by-case basis; Community Development Block Grant (CDBG) and HOME funds requests are awarded trough a Request for Proposals process overseen by a CDBG/HOME taskforce, and requests for funding from the Charlottesville Affordable Housing Fund (CAHF) are made based on a Notice of Funding Availability (NOFA) and application process, with off-cycle funding requests reviewed on a case-by-case basis. Scoring criteria for CAHF fund applications include the number of units developed or preserved that are affordable to households earning less than 80% of AMI, project readiness, and the leveraging of CAHF funds, as well as the project's support for the housing goals in the comprehensive plan. The relative weight or importance of these scoring criteria, and thresholds for performance, are not specified in the application materials for CAHF funds. Particularly for LIHTC development, the level of subsidy required on a per unit basis appears high and warrants a closer evaluation.

Establishing clearer criteria and processes, particularly for development loans for LIHTC and loans and grant awards from the CAHF, will help the City better align the use of its funds with its affordable housing goals and underwriting priorities. In particular, the City should make the following changes:

- Work with the CAHF committee **to enumerate target funding amounts by program type** each year (e.g. LIHTC gap financing, homeownership programs, housing preservation).

- Establish a **request-for-proposals (RFP) process** for funds that clearly defines scoring criteria including target affordability levels and leverage of CAHF funds. In particular for LIHTC development funding requests, establish clear and competitive thresholds for the amount of local subsidy per unit, location of project, and other criteria as relevant to City goals. Organizations competing for City funding will not be allowed to vote on budget allocations or awards.

Governance | Standardized Competitive Funding Processes

- Score projects based on applicant's organizational and financial capacity and experience, efficiency and leverage of funds, alignment with public policy goals, and inclusion of community representation.

- Produce an **annual report on the investment and impact of funds**, noting metrics related to City goals including reducing racial disparities and production or preservation of units by affordability level.

IMP-ACTS

Incorporating these changes into City funding processes will enhance the City's capacity to advance the Affordable Housing Plan and ensure that public expenditures are underwritten in line with City affordable housing goals to maximize potential impacts.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, the City and CAHF committee should ensure that all projects and organizations funded help to advance Charlottesville's racial equity goals, through community representation in decision-making, prioritization of the use of funds, and minimizing potential barriers to access.

Regional Collaboration If the City pursues regional funding opportunities through a regional housing trust fund, it should incorporate similar processes to ensure the efficient use of funds within the region..

IMPLEMENTATION

Lead and Partners
Housing Staff
CAHF Committee
City Manager and Council

Action Items
1. The City will conduct a review of existing scoring, evaluation, administration, and reporting processes and revise or replace as appropriate.
2. The City will work with the CAHF committee to establish allocation targets, production goals, and regular reporting for the use of CAHF funds.
3. The City will track its performance against established goals.

Timeframe
Immediate (within 1 year)

Governance | Standardized Funding Processes

Sample HTF Allocation Plan

Program	30% AMI	50% AMI	80% AMI	Total
LIHTC Gap Financing	33%	66%		$2,500,000
Owner-Occupied Rehab		50%	50%	$500,000
Down Payment Assistance			100%	$1,000,000
Emergency Rental Assistance	80%	20%		$500,000
Administrative Costs				$500,000
Total				**$5,000,000**

Sample LIHTC Project Scoring Criteria

Category	Points	Comments
Development Team Experience	7	
Site Control and Zoning	8	
Organization Financial Information	10	
Program & Construction Design	25	Incl. provision of home buyer education & design compatibility
Type of Activity	5	New construction vs. rehab
Project Financial Information	25	Request as % of total cost, leverage of funds
Alignment with City Goals	15	E.g. location near main transit lines
Developer Fee from HTF	5	
Bonus Points	Varies	Incl. universal design or green design, providing deeper affordability (e.g. more 30% AMI units)

Land Use

Land Use | Purpose

Land use policies shape where housing is located, what housing looks like, and how much housing is built. These tools should serve to...

Increase access to opportunity.

Land use policies should create more housing in areas of opportunity such as near main transit lines, jobs, or in mixed-income neighborhoods, but must also be designed to prevent displacement of low-income residents due to increased investment and rising housing costs.

Redress racial segregation.

Historically, land use policies across the U.S. have used overtly racist covenants to deny homebuying opportunities to non-white Americans. Single-family zoning is a reflection of this practice. Revising single-family zoning to increase the supply of affordably priced housing in areas of opportunity is a critical step to undoing the legacy of racial segregation and entrenched wealth inequities.

Increase housing supply to limit market pressure on rents and home prices.

The City of Charlottesville and Albemarle County are expected to add 15,000 households by 2040.[1] Housing prices are growing rapidly as demand exceeds supply. The region must build more housing to prevent pricing pressure, and to ensure that residents have equitable options to access schools, access jobs, and age in place.

Support affordability without additional demands on local funding.

Land use tools can allow cities to influence the quantity, location, and affordability of housing without needing to monetarily subsidize new development. Decreasing development costs and increasing density increase the financial feasibility of developing both market-rate and affordable housing—especially in areas of opportunity.

1. Comprehensive Regional Housing Study and Needs Assessment, TJPDC

Land Use | Limitations

Land use changes can be difficult to implement and have limited ability to impact housing accessibility for the lowest income residents. The plan must acknowledge that land use tools...

Will not <u>decrease</u> rent.

Increasing the supply of housing can limit the increases in rent or housing costs, but typically will not drive rents lower, largely due to the costs of development and premium on rent for new construction.

May create unintended development pressures.

Increasing the development allowable by right makes land more valuable and attractive to investors. This can cause displacement pressures, particularly in neighborhoods with a high percentage of renters. Up-zoning must therefore be undertaken primarily in areas where these pressures will be limited.

Will not meet the needs of extremely low-income households.

Significant subsidy is needed to produce housing units affordable to low-income residents, particularly those earning 30% of Area Median Income or less. Land use policies alone cannot increase the availability of these affordable units.

Can face political and public approval barriers.

Easing development restrictions and reducing discretionary control over land use decreases neighborhood control over the density and form of new development. Successfully implementing land use reforms can require an ongoing commitment to community outreach and communication, as well as political will to enact proposed changes.

Land Use | Recommendations

Charlottesville should revise its **regulations and development approval processes** to increase the supply of housing and slow the increase in housing cost, while protecting lower income and other marginalized communities.

In particular, the City should implement the following recommended changes to its land use tools:

Multifamily By-Right	Change zoning and development processes to **increase the production of multifamily housing** and **expand feasible by-right development**, to begin to reverse entrenched patterns of racial segregation.
"Soft Density" By-Right	Change the City's zoning to **allow "soft density" in single family neighborhoods** while limiting displacement of low-income communities.
Accessory Dwelling Units (ADUs)	Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.
Inclusionary Zoning	**Create a mandatory inclusionary zoning policy** to increase the production of affordable housing units as part of all new development.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Land Use | Multifamily By-Right Zoning

Change zoning and development processes to **increase the production of multifamily housing** and expand feasible **by-right development**, to begin to reverse entrenched patterns of racial segregation.

CONTEXT

Charlottesville's current zoning and development policies limit the production of multifamily housing and mixed-use properties. The City needs more housing for renters of all incomes, but only three percent of the City's acreage is zoned for multifamily, and development feasibility in these areas is limited. The City's zoning limits the production and increases the cost to develop multifamily housing. Land use reform has historically faced opposition in Charlottesville, but it is crucial to accommodate growth and meet residents' housing needs.

RECOMMENDED CHANGES

The City should revise its zoning and approvals processes in order to increase by-right multifamily development. In addition, the City should support the development of enough housing to accommodate planned growth. Revisions should include:

- Where multifamily is allowed, restructure zoning restrictions on height, density, setbacks, and parking to **ensure that multifamily and mixed-use development is feasible by-right** without a special use permit.

- Identify commercial and single-family areas suitable for rezoning to **allow multifamily development in more neighborhoods**, particularly those that are or will be served by transit, **while mitigating displacement pressure in low-income neighborhoods**.

- Revise approval processes to **limit and focus discretionary control** and reduce approval times.

- Work closely with Albemarle County to make parallel zoning changes that will **enhance the provision of multifamily housing within the urban ring**.

IMPACTS

Restructuring multifamily zoning and approval processes will increase the production of new housing in Charlottesville and should stabilize rents through increased supply. Encouraging the development of multifamily housing in **areas near employment or transit** will create denser urban nodes. In order to stabilize rents and increase housing supply, these changes must be implemented in the City and within the urban ring, and significantly reduce barriers to development. These changes are also a crucial precursor to enacting inclusionary zoning.

"By-right" refers to development that can be built without requiring rezoning, a special use permit, or other City approvals. Allowing development by-right makes development processes more predictable and streamlined, which encourages new development.

Land Use | Multifamily By-Right Zoning

Racial Equity Zoning has historically been a tool to create and enforce racial segregation, so zoning reform is essential to building racial equity into housing in Charlottesville. To successfully align with this guiding principle, the zoning changes must increase access to housing near major transit lines and employment centers while limiting displacement pressures in low- and moderate-income neighborhoods.

Regional Collaboration Development of multifamily housing needs to occur within the surrounding county, as well as the city, and any regional development must be supported by transit and other infrastructure. The City can and should leverage existing regional partnerships, including the Regional Housing Partnership, to identify opportunities to coordinate in encouraging multifamily by-right development. This may include developing small area plans or joint land use plans for multi-jurisdictional areas.

Comprehensive Approach Additional multifamily development will help to increase the supply of housing and stabilize rents in Charlottesville, but it cannot increase the supply of housing affordable to low-income families. However, multifamily by-right zoning is an important precursor and support for improving the impacts of inclusionary zoning and other tools that more directly increase the supply of subsidized housing.

Lead and Partners
Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together

Action Steps
1. Working with the Charlottesville community, the City and Cville Plans Together will identify suitable areas for multifamily zoning and other changes needed to the land use map and zoning code.

2. The City will review development review and approvals processes and make changes as needed to align with recommendations.

3. The City will work with Albemarle County to enact similar zoning changes within the urban ring.

Timeframe
Immediate (within 1 year)

Land Use | "Soft Density" By-Right

Change the City's zoning to **allow "soft density" in single family neighborhoods** while limiting displacement of low-income communities.

CONTEXT

While "soft density" exists in many places throughout the city, **the majority of Charlottesville is currently zoned for single family development only.** Single family zoning has historically been a tool to create and enforce segregation, and the legacy of these policies persists in Charlottesville. "**Soft density" zoning** increases the supply of housing in single family neighborhoods by allowing for smaller units. "Soft density" zoning allows for housing typologies like duplexes, triplexes, and townhomes to coexist within single family neighborhoods.

RECOMMENDED CHANGES

As part of the zoning code update, Charlottesville should identify single-family neighborhoods suitable for "soft density".

- Expanded zoning should increase the availability of housing in single family neighborhoods that have historically had exclusionary zoning, while minimizing displacement from low-income neighborhoods.
- In addition to allowing more types of housing, the update should consider opportunities to reduce minimum lot sizes and parking requirements, as well as to make other changes that support the development of smaller and more affordable housing options.
- These changes should be reflected in the City's subdivision ordinance in addition to the zoning code.

IMPACTS

The goal of "soft density" zoning is expanding access and lowering the cost of entry for residents to move to historically exclusionary neighborhoods, while limiting displacement pressures due to rising property values in low-income neighborhoods. Allowing new development types in single family neighborhoods will not threaten existing single family neighborhood form or character, but rather will create new opportunities for infill and redevelopment.

"By-right" refers to development that can be built without requiring rezoning, a special use permit, or other City approvals. Allowing development by-right makes development processes more predictable and streamlined, which encourages new development.

"Soft density" or "missing middle" housing refers to small multi-unit housing, such as townhomes, duplexes, triplexes, and quad-plexes. See page 73 for additional information about "soft density".

Land Use | "Soft Density" By-Right

Racial Equity Zoning has historically been a tool to create and enforce racial segregation, so zoning reform is essential to building racial equity into housing in Charlottesville, particularly for single family neighborhoods. To successfully align with this guiding principle, the zoning changes must limit displacement pressures in low- and moderate-income neighborhoods.

Regional Collaboration The City can and should leverage existing regional partnerships to identify opportunities to coordinate in encouraging "soft density" development. This may include working with the University of Virginia to coordinate the provision of soft-density development in University-adjacent neighborhoods or developing small area plans or joint land use plans to support "soft density" within the urban ring.

Comprehensive Approach Adding allowed density in single family neighborhoods will be an important complement to multifamily zoning changes and will bolster the impacts of subsidy programs to support affordable homeownership by creating new units in existing neighborhoods.

Lead and Partners
Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together

Action Steps
1. Working with the public, the City and Cville Plans Together will identify suitable areas for soft density zoning and other changes needed to the land use map and zoning code.

2. The City will review development review and approvals processes and make changes as needed to align with recommendations.

3. The City will work with Albemarle County to enact similar zoning changes within the urban ring.

4. The City will evaluate and implement necessary changes to the subdivision ordinance to align with adopted zoning changes.

Timeframe
Immediate (within 1 year)

Land Use | "Soft Density" By-Right

What is "Soft Density"?

Detached Single Family Home **Townhome** **Duplex** **Triplex or Quad** **Mid-rise Apartment**

"Soft Density" or "Missing Middle" Housing

Increasing Density

Land Use | "Soft Density" By-Right

Case Study | Expanding Housing Choices – Durham, NC

New housing construction in Durham has fallen short of population growth since 2010. As the city continues to grow, demand for housing has increased, and caused prices to jump. The amount of developable land left is limited, and the market has already forced many people to the surrounding counties because they cannot afford or find the type of housing they want. **To help stabilize housing prices and reduce economic displacement in Durham**, the City approved the "Expanding Housing Choices" initiative to allow for higher density within the Urban Tier neighborhoods of Durham in September 2019.

The initiative proposed **changes to the zoning code to allow for duplexes to be developed on single family lots and for the creation of small-lot options**. Prior to this change, missing middle housing could only be developed in 8% of the county without special government approval. Additionally, the initiative intends to align duplexes and attached single family homes with detached single-family standards. The "Expanding Housing Choices" effort also includes a developer density bonus, enabling developers to increase the size of projects in exchange for allotting units for lower-income residents.

Through this initiative, the City hopes to see a **10% increase in the number of units produced per year** to 140 units per year by 2024. Other cities, like Portland and Minneapolis, also have "soft density" by-right initiatives that have been successful at increasing housing density within neighborhoods.

Source: The Raleigh News & Observer, City of Durham, Zillow

Land Use | Accessory Dwelling Units (ADUs)

Increase the **flexibility to permit Accessory Dwelling Unit** (ADU) development and **provide public funding** to support affordability.

Charlottesville currently allows ADUs in most neighborhoods, with restrictions. However, ADUs have limited impact on affordable housing, due to the cost and complexity of building them, limitations on eligibility, and the use of ADUs as Short-Term Rentals. Recent proposals from City staff have sought to change the rules governing ADUs.

The City should amend its current ADU ordinance to make development approval easier to obtain and dedicate funding to make units affordable. To broaden the impact of ADUs on housing affordability, the City should:

- Increase the number of lots on which ADUs can feasibly be built by adopting proposed changes to allow ADUs in University zoning districts, increase the maximum height, and eliminate off-street parking requirements.

- Eliminate the requirement that the primary dwelling must be owner-occupied.

- Dedicate funding to provide affordable financing for the construction of ADUs in exchange for making units affordable to renters earning up to 60% of Area Median Income.

Using both policy and funding to support ADUs will expand the number of ADUs in Charlottesville while producing affordable rental units. Programs in other cities including Portland and Minneapolis have demonstrated that ADUs will only support affordability if funding is available to develop affordable units. The increase in ADUs alone will modestly contribute to the availability of rental units in high-opportunity single-family neighborhoods. Paired with subsidy, it will also provide some income-restricted affordable rental units.

Accessory Dwelling Units are additional living quarters located on single family lots, with the living spaces independent from the primary home. ADUs, or mother-in-law units, can be built as separate structures or as a part of the primary structure.

Land Use | Accessory Dwelling Units (ADUs)

Racial Equity Increasing the number and affordability of ADUs should increase housing accessibility in historically exclusionary neighborhoods.

Regional Collaboration University collaboration will be important to expand ADUs in University zoning districts. The City can work with regional partners to replicate successes.

Comprehensive Approach The recommended actions blend land use changes and subsidy to support affordability through ADUs.

Lead and Partners
Neighborhood Development Services
Planning Commission
City Manager and Council
Cville Plans Together
CAHF Committee

Action Steps
1. The City and Cville Plans Together will identify height, parking, and setback changes.
2. Following engagement and communication about proposed changes, the City will adopt a revised ADU ordinance.
3. The new CAHF committee (a recommendation within this document) will set priorities for the use of funds and determine the level of funding for affordable ADUs.
4. The City will issue an RFP and manage ADU subsidy funds, directly or through a nonprofit manager.

Timeframe
Intermediate Term (2-3 years)

Land Use | Accessory Dwelling Units (ADUs)

Case Study | Boston Home Center ADU Loan, Boston, MA

In 2017, The Boston Planning & Development Agency (BPDA) approved a pilot program for the neighborhoods of the Jamaica Plain, Greater Mattapan, and East Boston, to allow owner occupants to create ADUs within their homes. This 18-month program was intended increase affordable housing options, create safer living arrangements, and support multi-generational family arrangements as well as opportunities to age in place. To make ADU construction more affordable, the Boston Home Center offers loans that provide gap funding for qualified program participants. The Home Center ADU loan is a **zero-percent interest deferred payment loan of up to $30,000 for home renovations**. These loans have no monthly payments, and does not come due for repayment until the owner sells, transfers ownership, or undertakes a cash-out refinancing of the home.

To qualify for a Home Center loan, applicants must first be approved for an Additional Dwelling Unit (ADU) permit. Applicants must also have a household income at or below 135% of the Area Median Income. If an applicant's income is between 120-135%, the applicant must provide a dollar-for-dollar match of the loan amount.

By February 2019, 55 applications were filed, and 12 permits issued, the majority of which were basement conversions. In April 2019, the BPDA approved a text amendment to make this program permanent and citywide. **Mayor Walsh also announced an expansion of $650,000 for the Home Center ADU loan program.**

Source: The Boston Planning & Development Agency

Land Use | Inclusionary Zoning

Create a mandatory inclusionary zoning policy to increase the production of affordable housing units as part of all new development.

New enabling legislation at the state level has given Charlottesville the ability to adopt an inclusionary zoning policy. However, a strong multifamily market is a necessary precursor to ensure the beneficial impacts of inclusionary zoning.

To increase the production of affordable rental units, Charlottesville should implement an inclusionary zoning policy. In order to be successful, **inclusionary zoning must be used in markets where multifamily development is feasible and active**. In areas where multifamily development is difficult, inclusionary zoning can deter developers and limit the production of new housing. For that reason, it is essential that Charlottesville implement recommended changes to multifamily development and study the impacts of those changes prior to adopting inclusionary zoning.

Important design considerations for an inclusionary zoning policy include:

- The format and amount of incentives to offset lost rental income, such as a tax rebate or density bonus.

- The target share and affordability level of affordable units.

- The potential for developers to make a cash payment in lieu of providing affordable units.

In a strong multifamily market, mandatory inclusionary zoning will both increase the provision of affordable rental units and support the development of mixed-income neighborhoods, which can advance access to opportunity.

Inclusionary zoning policies require developers to include affordable units in market-rate developments, often in exchange for incentives such as bonus density or tax abatement. Page 80 provides additional detail on inclusionary zoning.

Land Use | Inclusionary Zoning

Racial Equity The City can and should design an inclusionary zoning policy that supports the development of mixed-income housing, particularly in historically exclusionary neighborhoods.

Regional Collaboration Though other regional jurisdictions may not be able to implement mandatory inclusionary zoning, the City should ensure that optional incentive zoning policies within the region do not run counter to its mandatory program.

Comprehensive Approach Inclusionary zoning will not produce a large number of affordable units. Subsidy and other policy changes will be needed to reduce the City's affordable housing gap.

Lead and Partners
Neighborhood Development Services
Albemarle County
Planning Commission
City Manager and Council

Action Steps
1. The City will study the impacts of revised multifamily by-right policies to evaluate the feasibility of inclusionary zoning.

2. The City will design an inclusionary zoning policy, setting targets for the number and affordability level of units and other parameters.

3. Following engagement and communication about proposed changes, the City will adopt an inclusionary zoning policy.

Timeframe
Intermediate Term (2-3 years)

Funding Needs
None

Land Use | Inclusionary Zoning

An IZ policy creates affordable housing units within new market rate development.

Potential
Density Bonus

Affordable
Units

Original Project

- Inclusionary zoning policies **require** developers to include affordable units in market-rate developments, often in exchange for incentives such as bonus density or tax abatement.

- Rents for affordable units are set relative to the **Area Median Income (AMI)**, the household income for the median household in a region.

The policy established in an inclusionary zoning housing policy must **balance public policy objectives and development feasibility**. When public policy goals and real estate economics are misaligned, both are ultimately harmed.

PUBLIC POLICY OBJECTIVES
e.g. 10% of units affordable
to households earning 60% of AMI or less

PROJECT FEASIBILITY
e.g. 20% increase in allowable density
50% reduction in parking requirement

Tenants' Rights

Tenants' Rights | Purpose and Limitations

Tenants' rights tools help low-income renters hold power over their housing and counter predatory and unjust practices. These tools should serve to...

Cushion market pressures on existing tenants to increase housing stability.

Particularly in areas with rising rents, tenants can be at risk of displacement. Rent control, restrictions on discrimination by source of income, and other policies can help to mitigate this risk and prevent landlords from evicting or displacing low-income tenants.

Form an equitable and balanced relationship between landlords and tenants.

Landlords overwhelmingly have more monetary and legal power than tenants, such as in eviction court. Enhancing tenants' rights can shift this balance of power and give tenants facing eviction additional recourse.

Tenants' rights policies are a necessary part of a comprehensive approach to housing but cannot be effective alone. The plan must acknowledge that tenants' rights tools...

Will not create new affordable units.

Tenants' rights tools do not create new housing or have substantial impact on the housing market. They also do not help tenants who cannot afford housing.

Have limited potential due to restrictive state laws.

Virginia state laws are weighted heavily in favor of landlords. Local jurisdictions such as Charlottesville have a limited ability to shift or preempt statewide laws.

Tenants' Rights | Recommendations

Charlottesville should change local policy and advocate at the state level to expand the City's ability to **support tenants' rights.**

In particular, the City should implement the following recommended actions and policy changes:

Developments Receiving City Assistance	Require housing developments that receive City funding to provide **enhanced tenants' rights.**
Right to Counsel	Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**
Just Cause Eviction	Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.
Rent Control	Advocate for **enabling legislation to enact rent control** in Charlottesville.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Tenants' Rights | Developments Receiving City Assistance

Require housing developments that receive City funding or discretionary approvals to provide **enhanced tenants' rights**.

CONTEXT

Charlottesville is limited in the tenants' rights policies it can implement citywide, but the City has more leverage over projects receiving City support in the form of approvals or financing. Projects that receive City assistance or approvals can therefore be subject to greater tenants' rights requirements.

RECOMMENDED CHANGES

As part of a comprehensive approach to affordable housing, the City should require enhanced tenants' rights provisions for new residential developments that receive City funding. This may include:

- Enabling tenants' rights to organize.

- Guaranteeing just cause eviction protections.

- Agreeing to mediation or to referring tenants to legal services when an eviction is filed.

- Committing to provide Tenant Opportunity to Purchase (TOP), or the "right of first refusal" at the time of a property transfer, allowing tenants the opportunity to collectively bargain to purchase the buildings they live in.

As the multifamily market improves over the longer term, the City can also make these requirements of multifamily developments that receive discretionary approvals such as zoning changes or negotiate development agreements. Development agreements should formalize these requirements, and property owners should provide sample tenant agreements that codify these rights.

IMPACTS

Placing additional requirements on projects receiving public funds will increase the impacts of public funding used for affordable housing and help to increase protections for affordable housing residents, as well as potentially for renters in market-rate housing. Enhanced housing stability should lead to better long-term outcomes for tenants.

Tenants' Rights | Developments Receiving City Assistance

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prioritized the rights of landlords. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program reduce racial inequity, the City should monitor impacts and disaggregate data by race of renters to ensure there are no barriers to BIPOC tenants.

Regional Collaboration Extending this policy within the urban ring will be an important way to increase its impacts and build housing security for residents in and around Charlottesville.

Comprehensive Approach Leveraging public funds or approvals to secure tenants' rights for new development is one of the most direct ways that the City can enhance housing security and advance rights for its residents in order to advance a comprehensive approach to affordable housing.

Lead and Partners
City of Charlottesville
Developers

Action Steps

1. Identify the tenants' rights that will be required of any development receiving public subsidy.

2. Communicate new requirements to developers, and include enhanced tenants' rights in development agreements for qualifying projects.

Timeframe
Longer Term (3-5 years)

Tenants' Rights | Right to Counsel

Dedicate funding for the provision of legal services for tenants facing eviction and **establish a citywide right to counsel in eviction cases.**

CONTEXT

Virginia laws prevent the City from establishing the right to counsel directly, but cities can provide funding for legal services for tenants facing eviction. Richmond has introduced a pilot program to reduce eviction using pro bono attorneys as in-court mediators, coupled with financial literacy education.

RECOMMENDED CHANGES

The City of Charlottesville should dedicate funding to support a citywide right to counsel for eviction cases. Such a program should:

- Stipulate eligibility by income.

- Identify pro bono representation to supplement City-funded support.

- Design a suite of supporting services that help tenants stay in housing and out of court long-term, which may include funding for mediation or court appearances.

The funding should be awarded to a qualified provider using a transparent and competitive process.

IMPACTS

Providing tenants with a right to counsel will balance tenant-landlord power within court. One study in Massachusetts has found that two-thirds of tenants with an attorney are able to stay in their homes, compared to one-third of tenants who represent themselves. Moreover, the cost of city-funded legal representation is typically far lower than the costs to provide shelters and services for unsheltered homeless residents who have been evicted. Eviction can be a long-term detriment to families and can cause increased housing insecurity by making it difficult to find housing, so eviction prevention is essential to building long-term stability for low- and moderate-income renters.

Tenants' Rights | Right to Counsel

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program reduce racial inequity, the City should disaggregate participation data by race of renters to ensure there are no barriers to accessing legal assistance.

Regional Collaboration The City should work with the Regional Housing Partnership to evaluate opportunities to jointly or separately extend this program to neighboring jurisdictions.

Comprehensive Approach Funding for legal services for tenants facing eviction is one of the most direct ways that the City can enhance housing security for its residents to advance a comprehensive approach.

Lead and Partners
Legal Aid Justice Center or other partner
CAHF Committee
City Manager and Council

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for legal services for residents facing eviction.

2. The City will work with the Legal Aid Justice Center or another organization to design and implement a legal services program.

Timeframe
Near Term (1-2 years)

Funding Needs
$200K for one full-time lawyer

Tenants' Rights | Right to Counsel

Case Study | Minneapolis Eviction Defense Program

There are more than 3,000 court-ordered evictions a year in Minneapolis, and an estimated 3,000 more through voluntary compliance with "notices to vacate" by tenants who do not know their rights. **Tenants go largely unrepresented in these cases, but in the 10% of cases where they do have representation tenants have a far higher likelihood of winning or settling the evictions and clearing them from the record**.

In 2018, Minneapolis launched a pro bono eviction defense program. This program created a new partnership between the Volunteer Lawyers Network, Mid-Minnesota Legal Aid, and a dozen law firms with the commitment to take on pro bono eviction defense cases. **Through this partnership, the city intends to increase tenant representation to 20%.**

To support this program, the mayor proposed allocating $150,000 for city-funded counsel to represent low-income tenants facing eviction. In 2019, due to the success of the fund, the mayor allocated $650K to expand the program. This expansion of funding is intended to allow the organizations to expand their legal aid beyond brief encounters at the courthouse to more formalized and consistent methods of representations.

Case Study | Washington, D.C. Right to Counsel Funding

The power imbalance in D.C.'s eviction court is significant; 95% of landlords have legal representation, while 95% of tenants are unrepresented. In 2015, several law firms and legal services organizations created a pro bono pilot project to provide legal services to tenants in eviction cases involving subsidized housing. This pilot was initially funded with $300K through the D.C. Bar Foundation and the D.C. City Council.

In 2017, **the city introduced a bill to provide the right to counsel in civil cases wherever human needs, including housing, healthcare, safety, and liberty, are at stake**. $4.5M was approved to fund this bill, with $600K to be awarded throughout 2017 to legal organizations that provide representation to low income D.C. tenants in eviction proceedings.

This bill is anticipated to equalize the current power imbalance and provide tenants with better access to legal resources.

Source: *"The Movement to Secure Right to Counsel in Housing",* Pro Bono Institute, NextCity

Tenants' Rights | Just Cause Eviction

Advocate for **enabling legislation to support just cause evictions** and to make other changes to the state's eviction process.

CONTEXT

Just cause eviction protections prevent landlords from evicting tenants for reasons outside of a set of allowable grounds, such as nonpayment of rent or intentional damage to a unit. This process would deter or prevent unjust or baseless evictions. Currently, state law prevents Charlottesville from requiring just cause for evictions.

RECOMMENDED CHANGES

The City of Charlottesville should advocate at the state level for local jurisdictions to have the option of implementing just cause eviction protections. If the City pursues a just cause eviction policy in the future, it should create a clear list of allowable grounds for eviction and establish a procedure for landlords to demonstrate "just cause". In the interim, the City can require just cause eviction stipulations for residential developments that receive city funding.

IMPACTS

A citywide just cause eviction policy would support housing stability by protecting residents from unwarranted evictions. This can improve long-term outcomes for families by limiting the disruptions and challenges that can arise from an eviction.

GUIDING PRINCIPLES

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. To ensure the impacts of this program enhance racial equity, the City should monitor the impacts of this program and disaggregate data by race. Partnering with nonprofits to conduct outreach and educate renters about their rights is one potential way to ensure that renters of all races benefit from the same eviction protections.

Regional Collaboration The City should collaborate with regional partners and other cities in Virginia on its state-level advocacy efforts.

Comprehensive Approach State-level advocacy is an important part of a comprehensive approach as it will allow the City to expand its toolbox, particularly in tenants' rights where the City's authority is limited.

Tenants' Rights | Just Cause Eviction

Lead and Partners
City of Charlottesville
Legal Aid Justice Center

Action Steps
1. Working with regional and statewide partners, the City will advocate for state enabling legislation to support just cause eviction as part of an overall tenants' rights advocacy effort.

Timeframe
Intermediate Term (2-3 years)

Tenants' Rights | Rent Control

Advocate for **enabling legislation to enact rent control** in Charlottesville.

Rent control adds stipulations on how much a landlord can raise rent when an occupant's lease comes up for renewal. State law currently prevents the implementation of rent controls. Between 2010 and 2018, the compound annual growth rate for real median rents in Charlottesville was 2.8%, but in some parts of the city it was as high as 4.1%.

The City of Charlottesville should advocate at the state level for enabling legislation giving local jurisdictions the option of adopting rent control, along with advocating for other tenants' rights. Local rent control programs must be carefully designed to prevent disinvestment in housing supply and to serve populations most in need of rent protections. Example models include capping annual rent growth at 3 to 5 percent for buildings past a certain age, to prevent the loss of affordability in older rental housing.

While rent control is a politically contentious tool with potential downsides, it is also a mechanism that **directly and tangibly protects residents from excessive price inflation and displacement**, especially in areas of opportunity facing market pressures that would drive rent increases.

Racial Equity Weak tenants' rights provisions in Virginia are a direct legacy of policies that disenfranchised Black residents and prevented Black homeownership. Improving tenants' rights where possible is therefore necessary to support racial equity. Stabilizing rent will help to limit displacement due to gentrification.

Regional Collaboration The City should collaborate with regional partners and other cities in Virginia on its state-level advocacy efforts.

Comprehensive Approach State-level advocacy is an important part of a comprehensive approach as it will allow the City to expand its toolbox, particularly in tenants' rights where the City's authority is particularly limited.

Source: U.S. Census 2010 - 2018 American Community Survey 5-Year Estimates

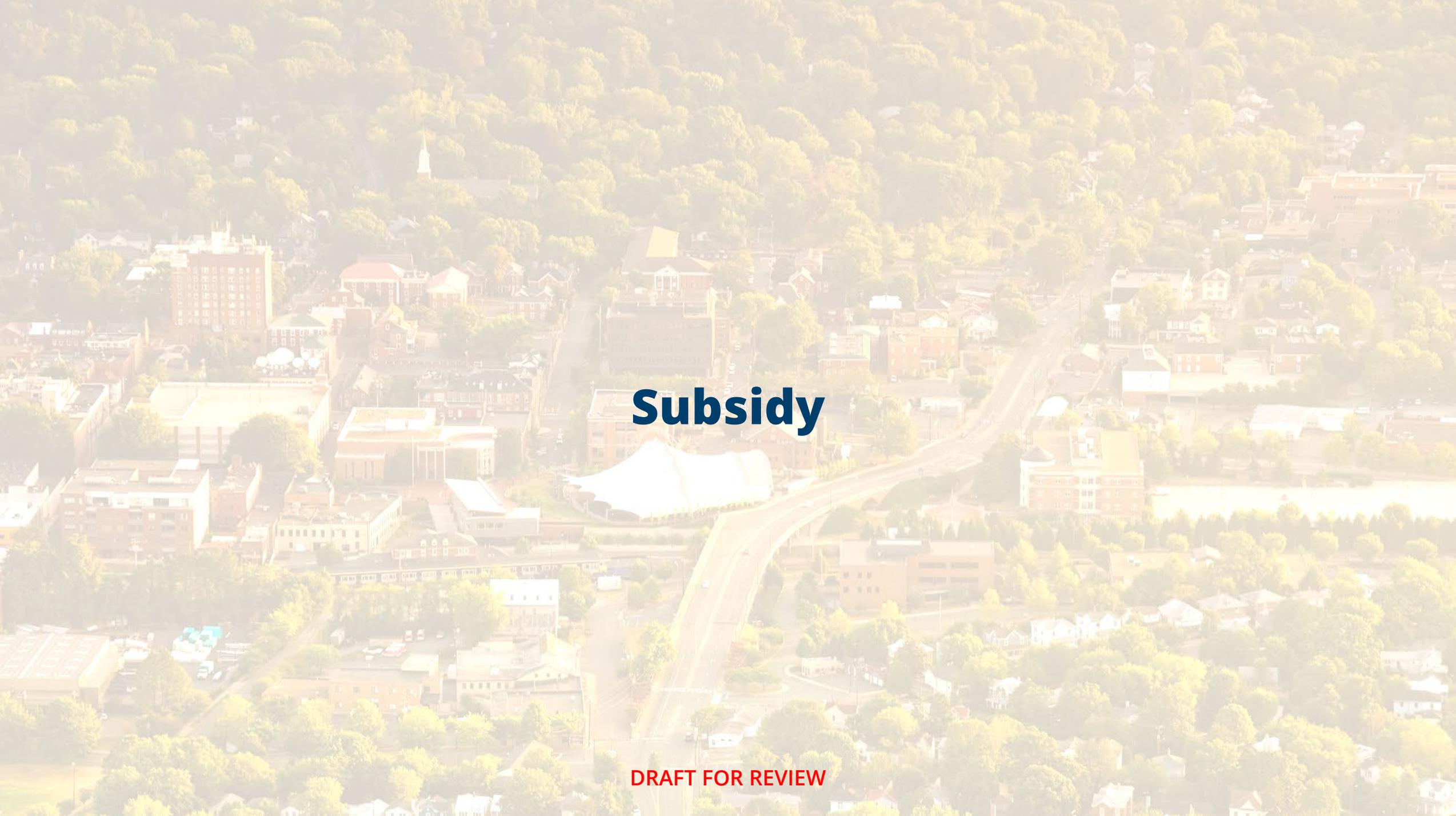# Tenants' Rights | Rent Control

Lead and Partners
City of Charlottesville
Other Virginia jurisdictions
State representatives

Action Steps

1. Working with regional and statewide partners, the City will advocate for state enabling legislation to support rent control as part of an overall tenants' rights advocacy effort.

Timeframe
Longer Term (3-5 years)

Subsidy

Subsidy | Purpose

Public subsidy is necessary to make the development of units affordable to low-income households feasible. These tools should serve to...

Create tangible and direct impact.

Subsidy tools are the most direct and impactful means of developing or renovating permanently affordable homes. Land use and tenants' rights tools can only facilitate this process, and typically cannot spur an adequate amount of new development or affordability preservation.

Subsidy tools also provide diverse ways of delivering monetary assistance directly to community members, such as through emergency rental assistance and down payment assistance.

Serve the lowest-income households.

The only way to adequately serve households earning below 50 percent of Area Median Income is through housing cost subsidy or augmented income—land use changes alone cannot drive costs low enough for a unit to be affordable to the lowest-income households.

Maximize the benefits of local public funding for the community.

The impacts of public funding should be amplified by using it to leverage state, federal, and private investment. Public funding can also serve the purpose of holding funding recipients accountable to community goals, such as achieving deep and lasting affordability.

Subsidy | Limitations

Subsidy policies are capital intensive, and they should be layered with other types of tools to be efficient and high impact. Subsidies....

Require increases in taxes or diverts funding to pay.

Because funding sources are finite, increasing spending on housing will necessarily entail either an overall increase in the pool of public funding (through increased taxes) or a shift in the allocation of public funding (which would require reducing funding for another area of public expenditure). Both approaches can be politically contentious.

Require an approach and practice of efficient and accountable deployment.

The proper stewardship of public funding is important to maximize the impact of spending, and this requires both technical capacity and procedural clarity and rigor, such as when underwriting and comparing development deals. Charlottesville requires an approach and the capacity to rapidly, transparently, and responsibly distribute a high volume of subsidy.

Require large amounts of capital from governments or philanthropies.

To deliver meaningful impact, subsidy tools typically require a substantial amount of funding from the public sector and philanthropies, who face competing priorities for a limited amount of funding.

Do not address the fundamental issues of low incomes.

Subsidy tools that lower the cost of housing or supplement tenant incomes represent only part of the solution to ensuring affordable housing. Household incomes are just as important, driven by factors such as economic opportunity and mobility, living wages, and the cost of other necessities such as transportation, healthcare, and childcare.

Subsidy | Recommendations

Charlottesville should **focus and align subsidy programs with community-defined priorities** and make changes to increase the impact of public spending.

In particular, the City should implement the following recommended changes to its subsidy tools:

Reduce development costs for affordable rental housing units.	
Gap Funding Low-Income Housing Tax Credits (LIHTC)	**Support the development of new affordable rental housing by providing gap financing** (low interest loans and grants) to help fund development costs.
Public Housing Redevelopment	Set parameters for level and timing of funding that can be made available to **Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.**
Preservation Fund	Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.
Land Bank	Establish a land bank and **provide land equity to develop affordable housing**.

Subsidy | Recommendations

Increase and preserve access to affordable homeownership	
Down Payment Assistance & Shared Ownership Equity	Revise Charlottesville's existing down payment assistance program to **serve a larger number of households and support shared equity ownership.**
Single Family Infill Development	Partner with developers to build and renovate **affordable single-family and "soft density" housing** in existing neighborhoods.
Owner-Occupied Rehabilitation Assistance	Support and preserve homeownership by providing assistance to **income-qualified owners to make necessary home repairs.**
Property Tax Relief	Continue the provision of **property tax relief** to low- and moderate-income homeowners.
Provide rental assistance to tenants	
Tenant-Based Vouchers	Continue the provision and use of **tenant subsidies for rental housing** in all parts of the city.
Emergency Rental Assistance	Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes, and examples of how other communities have used similar tools to support housing affordability.

Project-Based Rental Subsidy Tools

Subsidy | Gap Funding Low-Income Housing Tax Credits (LIHTC)

Support the development of new affordable rental housing by providing gap financing (low interest loans and grants) to help fund development costs.

Charlottesville has supported LIHTC production in recent years, with a total of 480 units in the past three years, and an average local subsidy of $55,000 per unit. This is on the higher end of local subsidy required per unit typically seen in comparable communities, which may be the result of many factors such as local development costs. Funding awards have been made on a project-by-project basis through an *ad hoc* process. Recent LIHTC development has been undertaken by both CRHA and nonprofit developers.

The City should make funds available annually through a competitive process to provide gap financing for LIHTC, with a target of funding at least one 9% LIHTC project per year.

- Establish a transparent and competitive process for reviewing applications to increase the efficiency of the use of public funds (e.g. decreasing the average subsidy per unit) and to meet policy targets (e.g. producing more 30% AMI units than are required by the Qualified Allocation Plan, or QAP).

- Include provisions within LIHTC projects to strengthen tenants' rights, such as by ensuring tenants' rights to organize and implementing just cause eviction protections.

- Strategically provide funding and other support for regional applications for tax credits, especially within the urban ring, to serve low-income workers who commute into Charlottesville.

- Negotiate extended affordability periods for projects, moving toward permanent (99-year) affordability.

LIHTC remains the primary means of creating new affordable housing units and replacing affordable units that risk obsolescence. Supporting LIHTC development in and around Charlottesville will reduce the housing gap within the urban ring. Dedicating $3M a year to LIHTC over ten years would create 750 units.

The Low-Income Housing Tax Credit Program is a federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. There are two general types of credits that can be awarded, 9% credits and 4% credits. 9% credits are higher value credits that cover a greater percentage of projects' development costs. Almost all LIHTC projects in Charlottesville in the last two decades have used 9% credits.

Subsidy | Gap Funding Low-Income Housing Tax Credits (LIHTC)

Racial Equity The City should establish scoring criteria for gap financing that ensure funds are used to support racial equity goals, such as reducing racial and economic segregation while mitigating displacement pressures.

Regional Collaboration Targeting LIHTC support to best-in-class projects within the region will help maximize the impact of the program and create more affordable units across the metro area.

Comprehensive Approach By directly creating affordable units**,** LIHTC is a cornerstone to a comprehensive approach.

IMPLEMENTATION

Lead and Partners
LIHTC Developers
Charlottesville Redevelopment and Housing Authority (CRHA)
CAHF Committee
Housing Staff

Action Steps

1. The City will design a new process for reviewing LIHTC applications and making award decisions and communicate selection criteria to developers.

2. The City will allocate funding in accordance with CAHF Committee recommendations, issue an RFP or other solicitation, review funding requests and make award decisions based on set criteria.

Timeframe
Near Term (1-2 years)

Funding Needs
Approx. $40K per unit

To decrease costs per unit, Charlottesville will need to set a competitive and rigorous underwriting process for projects, and look to development in areas with lower costs, such as in the urban ring.

Subsidy | Gap Funding Low-Income Housing Tax Credits (LIHTC)

Almost all LIHTC projects in Charlottesville in the last two decades have used 9% credits. Some amount of public funding is typically required.

Recent Charlottesville LIHTC capital stacks:

	South First Phase 2	South First Street Phase 1	Crescent Halls	Friendship Court	Carlton Views 3	Carlton Views 2
Local Gap Funding	$8.0 M	$2.4 M	$5.5 M	$5.9 M	$1.4 M	$1.4 M
Note	$2.0 M		$0.5 M	$1.0 M		
Primary Permanent Loan	$7.8 M	$0.1 M / $3.4 M	$3.8 M	$9.2 M	$2.8 M	$2.3 M
LIHTC Equity	$14.1 M	$6.4 M	$7.5 M	$14.5 M	$6.1 M	$4.8 M

Legend: ■ LIHTC Equity ▨ Primary Permanent Loan ▨ Note ■ Local Gap Funding
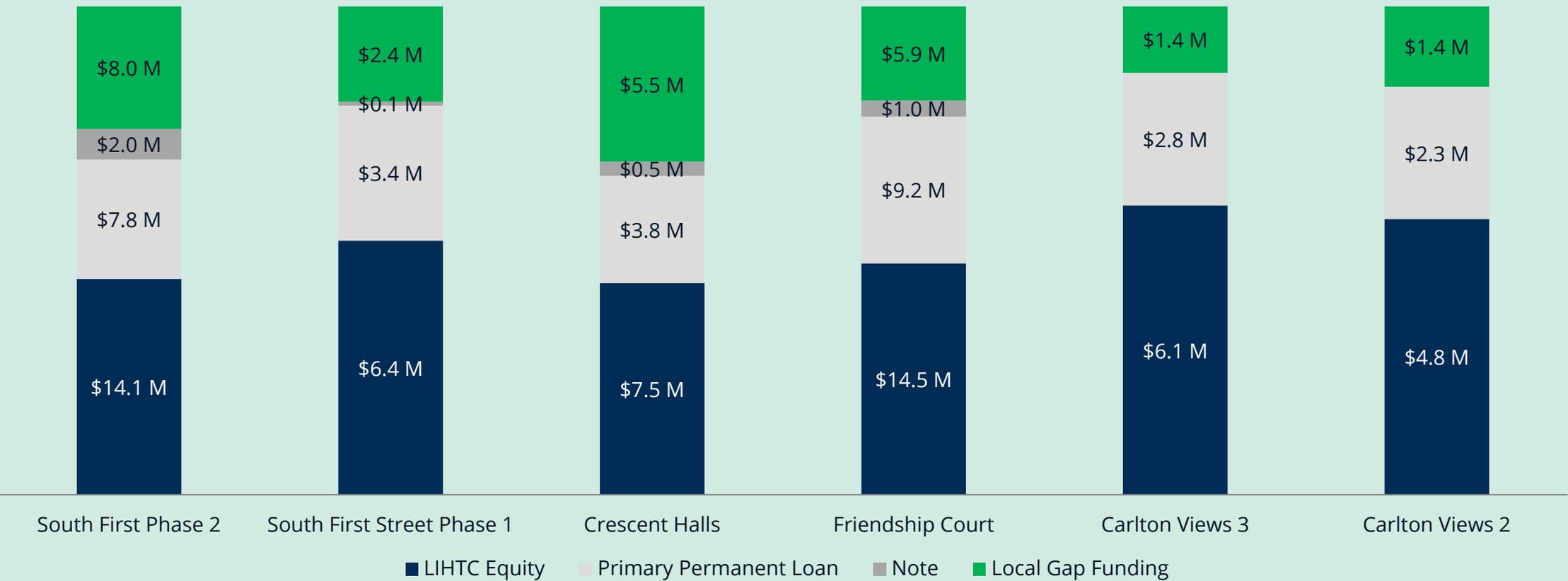
Sources: VHDA, HR&A Advisors.
Note: Based on expiring for-profit and profit motivated expiring subsidy in census tracts with median rent income greater than $900/mo.

Subsidy | Public Housing Redevelopment

Set parameters for level and timing of funding that can be made available to Charlottesville Redevelopment and Housing Authority (CRHA) to modernize all public housing.

CONTEXT

The City is providing funding to the CRHA for the redevelopment of South First Street and Crescent Halls. The City is committed to working with the CRHA on its efforts to modernize all public housing in Charlottesville while preserving affordability, though what future phases of work will entail is currently unclear.

RECOMMENDED CHANGES

The City and CRHA should establish a memorandum of understanding, or similar agreement, that describes how they will work together toward reinvestment and modernization of all public housing In Charlottesville. To support reinvestment strategy the City should make a plan that describes the parameters under which it anticipates providing funding to CRHA, including the anticipated timing and level of funding, and work with the CAHF Committee to allocate funding annually to support CRHA projects. This may include using City funds to support the development and redevelopment of CRHA units that serve households earning 30% AMI or lower. This funding support will be provided through the CAHF.

IMPACTS

Reinvestment in public housing is a complex process that requires many years to plan and execute. **An agreement on the principles and approach governing the reinvestment process, and expected financial commitments, will provide a foundation to ensure the City and the CRHA remain committed to working together** over decades as leadership and priorities change. Public housing is one of the primary ways to provide rental units affordable to households earning 30% AMI or lower. City commitments to support CHRA's redevelopment will help preserve and expand the availability of rental units for Charlottesville's lowest-income residents.

Subsidy | Public Housing Redevelopment

Racial Equity It is necessary that the city continue to fully invest in the quality and longevity of housing to serve extremely low-income residents within public housing, who are disproportionately non-white due to historical barriers to equity and wealth-building.

Regional Collaboration CRHA is a crucial partner for the City in the provision of affordable housing. A clear partnership agreement will help the City plan for its affordable housing investments with CRHA and other partners.

Comprehensive Approach Public housing is crucial to a comprehensive approach in that it targets and serves the lowest income households in a highly tangible way: providing low-cost permanently affordable housing.

Lead and Partners
City Manager and Council
CRHA
CAHF Committee

Action Steps
1. The City and the CAHF committee will establish goals to be achieved through funding support for CRHA redevelopment

2. The City will make annual funding commitments in accordance with CAHF committee guidance

Timeframe
Immediate (within 1 year)

Funding Needs
Significant, exact amount to be determined by CRHA

Subsidy | Preservation Fund

Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.

Crucial to having an affordable housing stock is preserving the affordability of existing unregulated low-rent housing, often referred to as naturally occurring affordable housing. Particularly in markets with constrained supply, low-rent market-rate housing often sees the highest rates of rent growth. In Charlottesville, there are an estimated 2,260 units of low-rent units (renting for below $1250), and the city is at risk of losing 644 LIHTC units in the following decade as they reach the end of their compliance periods.

The City should support the development of a preservation fund to provide permanent, long-term financing for older, market-rate properties to make modest repairs and maintain their affordability. The success of a preservation program depends on attracting low-cost private financing to leverage public funding, and identifying development partners who are interested and capable of executing a preservation development model, such as the CRHA. Most developers, both for-profit and nonprofit, are dependent on developer fees or the sale of a property to generate revenue. Preservations projects generally are not sold and come with small or no developer fees making them unworkable for many developers.

Preserving affordable units is a cost-effective and necessary means of preventing displacement and ensuring the long-term housing stability of low-income renters. The cost to preserve an existing affordable home is far lower than the cost to develop new affordable housing. Also, in Charlottesville opportunities for new development are limited, making preservation more important.

Preservation funds replace the equity of profit-motivated ownership with public and mission-based capital that does not require the same rate of rent growth. These funds help to achieve the following:

✓**Lower relative costs:** Acquisition costs for NOAH units is typically 25-30% less than new construction.

✓**Optimize location:** Acquisition of existing buildings allows administrators to site affordable housing near major transit lines and employment centers where land is scarce.

✓**Prevent displacement:** This approach maintains residential stability and does not require any demolition of units for new construction.

✓**Target workers:** Administrators can stabilize housing for middle-income residents which are not often served by affordable housing developers.

✓**Speed:** Acquiring a multifamily building and ensuring its affordability is much faster than building new units, but it does not increase housing supply.

Subsidy | Preservation Fund

Dedicate funding to **support the preservation of existing affordable housing** in Charlottesville.

Racial Equity Preservation efforts should be focused in neighborhoods with high BIPOC populations that are facing gentrification or displacement pressures.

Regional Collaboration Developers and investors across the region could participate in collaborating with the City to capitalize and make use of a preservation fund.

Comprehensive Approach A preservation fund supplements unit-producing tools by ensuring that both subsidized and market-rate affordable units remain low-rent even as market rents increase.

Lead and Partners
Housing Staff
CRHA or other partner
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will identify funding for a preservation fund and issue an RFP for a fund administrator (CDFI, housing authority, or similar entity).
2. The City will enter into an agreement with an administrator.

Timeframe
Longer Term (3-5 years)

Funding Needs
Per unit: $10,000-20,000

For a preservation fund:
Fund appropriation: $2.5M of public and philanthropic capital could be enough to leverage a self-sustaining $15-25M fund (at a 3:1 leverage ratio)

Operating expenses: A smaller fund may need public-sector operating subsidy at a rate of ~1.5% - 2% of assets under management ($200K/year for a $10M fund)

Subsidy | Preservation Fund

Case Study | King County Housing Authority

As the strong tech economy increased housing demand in greater Seattle, King County Housing Authority ("KCHA") sought a way to acquire properties at-risk of losing natural affordability and expand the pool of units which would accept Section 8 vouchers. Through this program, KCHA has acquired 6,000 units of previously privately-owned multifamily buildings serving moderate-income households.
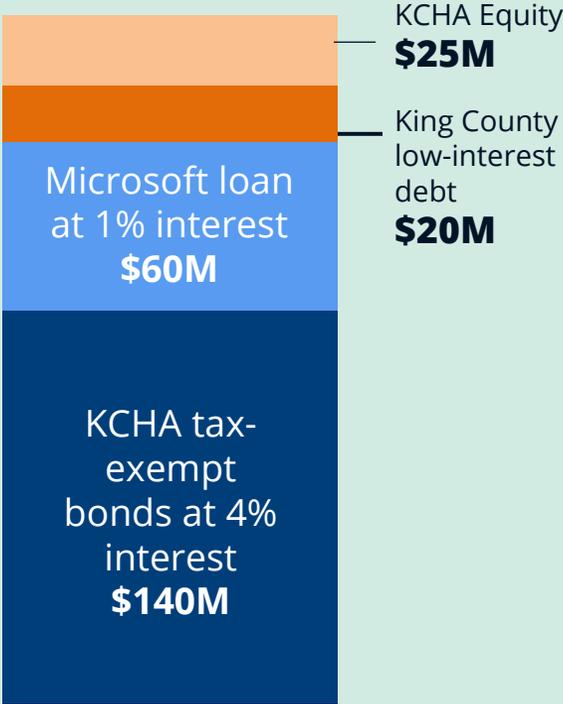
Since naturally-occurring affordable units are not deed-restricted, when a building comes to market, KCHA is competing against institutional investors who see an opportunity to reposition the property and maximize profits. Over 30 years, KCHA has developed a financing approach that allows it to be nimble:

Bridge Financing: KCHA draws on established lines of credit with conventional lenders to compete at the speed of the private market, which nonprofits often cannot do. KCHA has developed its liquidity/banking relationships over the past 30 years, allowing for rapid turnaround.

Permanent Financing: Since the program's inception, KCHA has paired equity from King County with municipal bonds and mezzanine debt:

- *Equity*: Typically provided by King County grants and KCHA funds

- *Senior debt*: Long-term, tax-exempt municipal bonds cover approximately 60% of acquisition costs and are backed by full faith and credit of KCHA, with credit enhancement from King County. The debt is sized to be paid off with project revenues.

- *Mezzanine debt*: KCHA has used a variety of mezz debt lenders to support acquisition, including private sponsors such as Microsoft which provide low-interest rates to lower required equity contribution from the County.

Capital Stack

KCHA Equity **$25M**

King County low-interest debt **$20M**

Microsoft loan at 1% interest **$60M**

KCHA tax-exempt bonds at 4% interest **$140M**

Capital stack for $245M acquisition of 1,029 units in 2019

Subsidy | Preservation Fund

Case Study | King County Housing Authority

KCHA has outsourced the management of its NOAH buildings to experts, lowering the administrative burden and reducing ongoing costs.

Life Cycle of A NOAH Acquisition

Property Identification — **Deal Closing** — **Operations** — **Long-Term Asset Management**

Property Selection Criteria

- Proximity to existing or future rapid transit or light rail
- Built in 1970s and 1980s
- 60+ unit properties

Broker and property owner relationships

- KCHA has earned a reputation as a good buyer
- Brokers cold call property owners when KCHA identifies a desired property
- Brokers call KCHA upon learning about a property of potential interest.

Property Management

- Properties managed by private fee managers who ensure the properties generate the cash flow needed to service debt
- KCHA has an internal entity for asset management that oversees management expenses, debt service payments, and IRS compliance.

Portfolio Management:

- Restructuring more seasoned properties to refinance into pools
- Re-amortizing in order to get even lower rates on new bond issuances
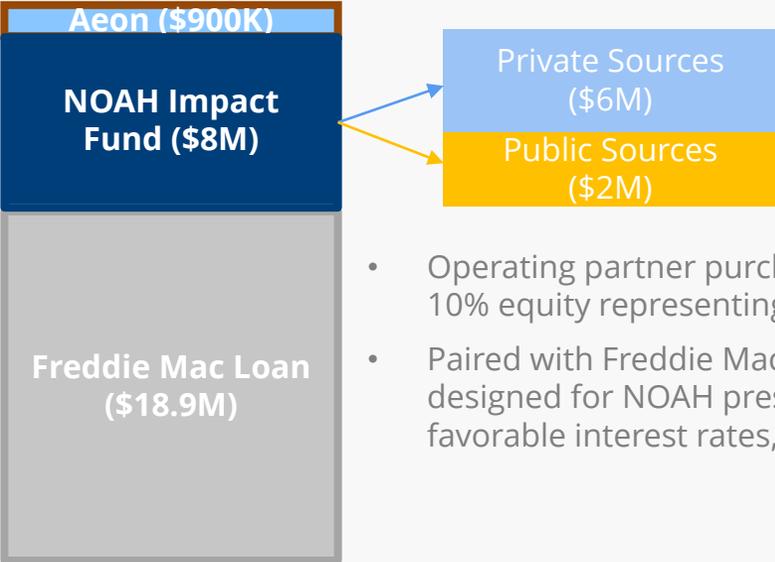
Subsidy | Preservation Fund

Case Study | NOAH Impact Fund, Minneapolis, MN

Bloomington and Brooklyn Center was an expiring tax credit project. When it was on the market, the developer and fund were able to purchase the building within sixty days and retain affordability. Of the $8 million fund investment, only $2 million came from the public sector, a public subsidy per unit of $8,400. While preserving affordability is the goal of the Fund, by investing in each property as equity, the Fund is repaid by rents at the property and has a vested interest in ensuring rents are stable or increase. Unlike properties preserved with the Low-Income Housing Tax Credit, buildings purchased through the Fund typically do not feature extensive or costly rehabilitations. The affordability restriction on the property targets affordability at 60% AMI, however rents are not set in stone. With Fund approval through an annual business planning process, rents at the property can float up to cover the costs to operate the property or cover the cost of improvements.

- **Units:** 239
- **Purchase Timeline:** 60 days
- **Affordability:** 60% AMI for 15 years with ability to float
- **Operating Partner:** Aeon
- **Public Subsidy Per Unit:** $8,400

Building Capital Stack:

- Aeon ($900K)
- NOAH Impact Fund ($8M)
  - Private Sources ($6M)
  - Public Sources ($2M)
- Freddie Mac Loan ($18.9M)

- Operating partner purchases building with 10% equity representing 3% of purchase price

- Paired with Freddie Mac loan product designed for NOAH preservation featuring favorable interest rates, LTV, and term.

Subsidy | Land Bank

Establish a land bank and **provide land equity to develop affordable housing.**

There is not currently an organization engaged in land banking in Charlottesville. The City previously sought to establish a land bank corporation, but this effort faced obstacles as parties had divergent views on the land bank's authority, governance structure, and necessity. The primary benefit of a land banks is the ability to abate property taxes.

The City of Charlottesville should continue to move forward with establishing a land bank entity, revisiting and exploring workable governance structures based on lessons learned. An existing entity could be designated to have land banking functions—land banks do not need to be new entities. The new land bank should be set up to flexibly use and assemble land, such as to assemble tax-delinquent parcels for redevelopment, or to hold strategic land to prevent price inflation on the private market, for eventual development into affordable housing. Regardless of the structure, the land bank should be clearly prohibited from competing with the CRHA.

A land bank could supplement and improve the efficacy of programs such as single-family infill, by providing a pipeline of development-ready properties for infill, and support the development of affordable housing in well-located areas of appreciating land value.

Racial Equity Properly implemented, a land bank could help to close the racial homeownership gap in Charlottesville by reducing barriers to homeownership for BIPOC residents.

Regional Collaboration To extend potential impacts within the region, the land banking entity could have a regional scope of authority.

Comprehensive Approach A land bank would complement new land use policies that expand the amount of land eligible for denser residential development and supplement other subsidy tools by reducing land costs for new development.

A Land Bank is a public or nonprofit organization that can acquire and hold tax-exempt property. They are sometimes involved with the development of property, selling or transferring land to developers or developing it to support public goals such as the provision of affordable housing. A land bank may acquire and hold both undeveloped land (which can be scarce) and lots for redevelopment, including infill land in neighborhoods.

Subsidy | Land Bank

Lead and Partners
Housing Staff
Nonprofit partners

Action Steps

1. The reformed HAC will make recommendations around the format and governance of a land banking entity.

2. The City will select a nonprofit partner to administer the land bank

Timeframe
Longer Term (3-5 years)

Funding Needs
N/A

Affordable Homeownership Subsidy Tools

Subsidy | Down Payment Assistance + Shared Equity Ownership

Revise Charlottesville's existing down payment assistance program to **serve a larger number of households and support shared equity ownership.**

The Piedmont Housing Alliance provides housing counseling to support new homebuyers and administers a Down Payment Loan Program for households whose income is below 80% AMI. In the past three years, the City has supported roughly ten home purchases per year with down payment assistance, at an average of $27,000 per loan, or roughly 15% of the home purchase price. Dedicated DPA funding currently comes from state/federal sources.

A major barrier to the use of down payment assistance programs is the high cost of housing, especially within the City of Charlottesville, where the median home price is over $350K (for which a 20% down payment would be $70K). Applicants are also limited by requirements around income levels, credit worthiness, and other metrics of financial readiness.

Habitat for Humanity and the Thomas Jefferson Community Land Trust (TJCLT) complement and support down payment assistance by developing affordable single-family homes for purchase in Charlottesville, but this pipeline has historically been limited.

Down Payment Assistance (DPA) reduces the up-front costs of homeownership by providing income-qualified households with a loan or grant to cover a portion of the down payment and closing costs.

Homebuyer counseling provides prospective first-time homebuyers with assistance planning for the full costs of homeownership, including insurance and maintenance, to ensure that households are financially prepared for homeownership.

Shared equity homeownership refers to a variety of mechanisms that restrict the resale of subsidized housing to maintain affordability for subsequent low-income homebuyers.

Subsidy | Down Payment Assistance + Shared Equity Ownership

The City of Charlottesville should undertake the following changes to increase DPA capacity:

- Allow for higher levels of assistance: up to 20% of the median sales price of a home in the City, to be updated annually. This will allow households to actually afford to buy, by getting them past mortgage insurance.
- Provide Down Payment Assistance in the form of loans that are 0% interest with no payments, but not forgiven (funds must be repaid when the home is sold). There is currently a 3% interest rate in place on some Down Payment Assistance Loans.
- When a home is put up for sale, homebuyers at or below 80% AMI get first right of refusal for 90 days. If a household earning under 80% AMI buys the home, then the 2nd mortgage passes to them; if not, then the loan must be repaid in full. We can simplify this as a first right to offer and put the more detailed language somewhere else in a call out box.)
- Additional funding should be dedicated to homebuyer counseling and asset building to prepare households to qualify for mortgage financing. These programs should focus on communities who have historically faced discrimination in mortgage lending, to support racial equity.
- Run a competitive process for nonprofit partners to receive funding to administer this program, recognizing that multiple aligned programs may be appropriate.

Subsidy | Down Payment Assistance + Shared Equity Ownership

Homeownership remains a key means of building and accessing wealth, and an expanded down payment assistance program will help moderate-income residents to build stability and wealth.

Racial Equity A down payment assistance program can mitigate a systemic racial wealth gap. Racial inequities in homeownership both reflect and result from persistent inequities in intergenerational wealth transfers and access to capital.

Regional Collaboration City-supported down payment assistance may be used for housing options regionally, including in the urban ring, to provide households a wider range of housing options that are affordable.

Comprehensive Approach Down payment assistance provides an important complement to renter-focused subsidy programs.

Lead and Partners
Housing Staff
Nonprofit partners
Private lenders and funders
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for DPA.

2. The City will select a nonprofit partner through a competitive process to administer the DPA program.

Timeframe
Near Term (1-2 years)

Funding Needs
Up to $60K per household

Subsidy | Down Payment Assistance + Shared Equity Ownership

Homeownership as a Wealth Building Tool

Down payment assistance programs are important because in the U.S., homeownership remains a key wealth-building tool. Homeownership enables families to save for retirement, college, or start a business. When homeownership is unaffordable and ownership rates lower, households struggle to prosper. The relationship between homeownership and wealth is revealed in two ways illustrated below:
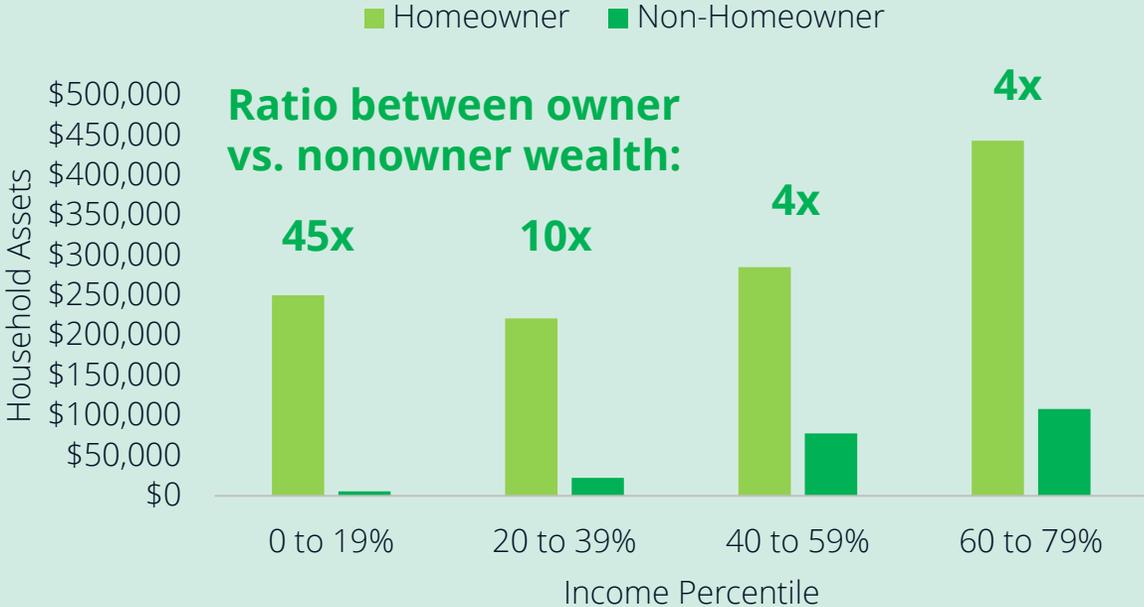
- **Homes continue to be a significant share of household wealth**, especially for low-wealth households.

- **Homeowners are also much wealthier than non-homeowner households** within the same income band.

In the U.S., primary homes represent

70 – 80%

of total household assets for households below median net worth.

Average Household Net Worth for Homeowner vs. Non-Homeowner Households by Income Band, U.S., 2016

Legend: ■ Homeowner ■ Non-Homeowner

Ratio between owner vs. nonowner wealth:

0 to 19%: 45x
20 to 39%: 10x
40 to 59%: 4x
60 to 79%: 4x

Y-axis (Household Assets): $0, $50,000, $100,000, $150,000, $200,000, $250,000, $300,000, $350,000, $400,000, $450,000, $500,000

X-axis (Income Percentile): 0 to 19%, 20 to 39%, 40 to 59%, 60 to 79%

Source: Federal Reserve Survey of Consumer Finances, 2016

Subsidy | Single Family Infill Development

Partner with developers to build and renovate **affordable single-family and "soft density" housing** in existing neighborhoods.

A pipeline of high-quality for-sale affordable housing is important to supporting access to homeownership. Charlottesville has already partnered with nonprofits including Habitat for Humanity and the Thomas Jefferson Community Land Trust to support the development of infill housing in existing single-family neighborhoods, but the City can create a standard competitive process to provide support through consistent programs rather than individual projects.

The City should support private and nonprofit developers working on single family infill development and rehabilitation in existing neighborhoods. Public support can include providing land, regulatory relief, technical assistance, and funding subsidies in the form of land, grants, and low-cost loans. New homes should be sold at market value to income-qualified homeowners who receive counseling and down payment assistance. The City should:

- Create an annual program with a stable stream of funding, where the City awards funding for infill homeownership on a competitive basis.

- Expand the eligible geography to include areas in the urban ring.

- Implement a shared equity and permanent affordability approach to infill single-family housing.

Homeownership is a primary means of wealth building for American households. **By producing a pipeline of quality affordable homes for new income-qualified homeowners,** the City can increase access to homeownership and help residents build wealth while supporting housing quality in its neighborhoods. By integrating infill affordable housing within existing neighborhoods, this program would also help create mixed-income communities of homeowners.

Subsidy | Single Family Infill Development

Racial Equity This program should be designed intentionally to ensure it supports racial equity and provides homeownership opportunities for BIPOC.

Regional Collaboration To support regional collaboration, the City should identify opportunities to support single family infill development within the urban ring.

Comprehensive Approach Single family infill development would be further spurred by land use reforms.

Lead and Partners
Housing Staff
Nonprofit partners
Private developers
CAHF committee

Action Steps

1. The City will evaluate the use of receivership process to bring delinquent or abandoned properties into public ownership.

2. The City will develop criteria for the disposition of these public parcels and release an RFP. The City will also develop criteria and work with the CAHF committee to identify additional funding to support infill development.

Timeframe
Near Term (1-2 years)

Funding Needs
Approx. $45,000 per unit

Subsidy | Owner-Occupied Rehabilitation Assistance

Support and preserve homeownership by providing assistance to **income-qualified owners to make necessary home repairs.**

Nonprofit partners including Albemarle Housing Improvement Program (AHIP) and the Local Energy Alliance Program (LEAP) administer housing rehabilitations for low-income homeowners in Charlottesville and Albemarle County. AHIP's program assembles public and philanthropic capital to make home repairs for low-income households. Older homes occupied by lower-income households can reach a state of disrepair that would risk occupant safety, and major upgrades such as roofing and insulation can significantly benefit tenant safety, comfort, and utility costs. AHIP currently targets an average of 20 significant rehabs a year, at $40K each; 10 energy retrofits, at $5 to 10K each; and 15 emergency repairs, at $3,500 each. LEAP's program focuses on weatherization retrofits for low-income households and seniors.

The City should continue to provide funding for owner-occupied rehabilitation for low-income households.

- To allow for improved program capital planning, the City should commit a stable stream of funding on a 3- to 5- year schedule, and allocate funds through a competitive, transparent process.

- To support long-term affordability, the City should record a lien against the property if the value of repairs exceeds $20,000. The lien should be equal to 90% of the cost of the repairs (with a 10% forgiveness to make sure that the lien does not exceed the value of the repairs). The lien should be at 0% interest with no payments. At the sale of the house, provide a 90-day "first look" for households earning less than 80% AMI. If the house is sold to them, then the lien transfers; if the house is sold to a higher-income owner, it is due in full.

- The owner-occupied rehab program should be aligned and paired with the down payment assistance and shared equity homeownership program.

Continued support for owner-occupied rehab will improve housing quality and safety for homeowners, while also preventing displacement from homes due to an inability to pay for maintenance or repair. Committing consistent funding to this program and coordinating its implementation with other homeownership support programs will increase the impacts of the City's overall efforts to create and support affordable homeownership.

Subsidy | Owner-Occupied Rehabilitation Assistance

Racial Equity This project should be structured to ensure that BIPOC homeowners do not have barriers to access. This could include working with community groups in neighborhoods with high BIPOC homeownership to market the program.

Regional Collaboration To support regional collaboration, nonprofit providers should continue to also rehab homes outside of Charlottesville, especially where doing so is cost-effective.

Comprehensive Approach Helping low- and moderate-income homeowners maintain the quality and safety of their homes is an important complement to more renter-focused subsidy programs and will help to mitigate displacement pressures that may be created by land use policy changes.

Lead and Partners
Housing Staff
Nonprofit providers
CAHF Committee

Action Steps
1. Pending CAHF Committee recommendation, the City will dedicate funding for OOR.

2. The City will select a nonprofit partner through a competitive process to administer the OOR program.

Timeframe
Near Term (1-2 years)

Funding Needs
$40K per retrofit (this program is currently highly reliant on philanthropic funding, which supplements at least $10-15K per retrofit)

Subsidy | Property Tax Relief

Expand the provision of **property tax relief** to income-qualified homeowners.

CONTEXT

The City of Charlottesville currently provides several property tax relief programs targeted to low-income, elderly, and disabled homeowners. The Real Estate Tax Relief (RETR) program provides real estate tax relief to the elderly and disabled (including veterans). RETR is enabled at the state level but implemented differently in each locality. The Charlottesville Housing Affordability Program (CHAP) provides grants to low-income homeowners who do not qualify for RETR, providing grants from $500 to a full abatement depending on income (up to $55K). In FY20, RETR cost the City $0.6M and CHAP cost $1.4M. The City has been successful at designing a property tax relief program contingent upon and scaled to income levels.

RECOMMENDED CHANGES

The City of Charlottesville should maintain this program, as it is crucial to limiting cost burden for low-income homeowners living in areas with appreciating property value (typically areas of growing opportunity). The City should explore opportunities to expand and deepen its aid to lower-income households, such as by increasing awareness of this issue among eligible participants. The City should also conduct a racial equity assessment of its tax abatement program and identify any potential barriers that BIPOC homeowners may have to accessing tax abatement.

IMP-ACTS

A property tax relief program is an important anti-displacement tool. Preserving and even expanding this program will provide low-income homeowners with the flexibility and means to remain in their homes.

GUIDING PRINCIPLES

Racial Equity As noted, the City should identify and address any potential barriers that BIPOC homeowners may have to accessing tax abatement. This could include working with community groups in neighborhoods with high BIPOC homeownership to market the programs.

Regional Collaboration The City has limited influence over tax abatement for other taxing jurisdictions but can and should share lessons learned from the racial equity assessment.

Comprehensive Approach The program addresses homeowner displacement, complementing programs that prevent displacement of renter households.

Subsidy | Property Tax Relief

Lead and Partners
City Council
City Treasurer

Action Steps

1. The City will evaluate the city's current distribution and impact of property tax relief to determine if a progressive expansion of property tax relief is needed to serve the most vulnerable homeowners.

2. The City will increase outreach efforts to ensure that all income-qualified homeowners make use of the program.

Timeframe
Ongoing

Funding Needs
$2M annually

Tenant-Based Rental Subsidy Tools

Subsidy | Tenant-Based Vouchers (TBV)

Expand the provision and use of **tenant subsidies for rental housing in all parts of the city.**

Vouchers are an essential means of making housing affordable to extremely low-income households. There are two TBV programs in Charlottesville, both administered by the CRHA. The city-funded CSRAP supports 100 households, of whom at least 15 must be homeless, and at least 40 enrolled in a self-sufficiency program. The remainder of CSRAP subsidies can be provided to individuals eligible for the federally-funded Housing Choice Voucher (HCV) program, which serves 300+ households in the city. About 120 people are on the CSRAP waitlist as of mid-October 2020.

Tenant Based Vouchers (TBV) increase affordable housing options for low-income families by subsidizing rental payments. Tenants pay 30 percent of their income toward rent, and the voucher pays the remaining difference up to a predetermined standard for market rents.

RECOMMENDED CHANGES

The City of Charlottesville must first ensure the impacts of its existing funding appropriations for TBV by increasing uptake citywide. The City should mandate the acceptance of vouchers for any property receiving City funding. Broader source of income protections should also be enforced: in March 2020, Virginia added "source of income" protections to its fair housing laws through House Bill 6, but the on-the-ground efficacy of this law has yet to be proven. Ongoing initiatives to increase voucher acceptance, such as the Landlord Risk Fund, should be simplified to maximize landlord participation and adoption.

Though the City's budget process poses a barrier to expanding CSRAP, it should **identify ways to expand the program not just to support emergency rehousing but also to reduce cost burden** for extremely low-income households. The City should make a longer-term commitment to fund additional vouchers.

The City should also support a **lease to ownership program through vouchers**, to support long-term wealth-building. This program can be layered with other homeownership entry programs such as the DPA program and single-family infill development.

IMPACTS

An effective TBV program contributes to economic mobility by helping extremely low-income households afford housing, and helps households experiencing homelessness to maintain or establish housing stability, reducing strain on emergency resources including shelters.

Subsidy | Tenant-Based Vouchers (TBV)

Racial Equity The City and CRHA should identify and address any barriers BIPOC households may face in accessing vouchers and work to eliminate them. The City should track impacts data disaggregated by race.

Regional Collaboration Vouchers should continue to be provided to people who either live or work in Charlottesville, allowing commuters to seek housing outside of city limits with vouchers.

Comprehensive Approach Vouchers serve extremely low-income households (30% AMI) and are an important complement to other renter subsidy programs that are more targeted to 60% AMI households.

Lead and Partners
CRHA
Housing Staff
CAHF Committee, HAC

Action Steps
1. The City will simplify and implement the proposed Landlord Risk Fund and conduct outreach to encourage participation.

2. The City will work with CRHA to streamline administrative processes and grow capacity as needed to implement voucher programs.

3. Pending input from CRHA, the HAC and the CAHF Committee, the City will identify ways to expand CSRAP to serve more households and reduce cost burden.

Timeframe
Ongoing

Funding Needs
Approx. $9,000 per voucher annually

Subsidy | Emergency Rental Assistance

Establish a **permanent eviction prevention fund** to provide emergency rental assistance to lower income households in crisis**.**

CONTEXT

COVID-19 has increased the risk of eviction for low- and moderate-income households nationwide. Charlottesville is in the process of designing a COVID-19 response and recovery program. In 2020, the City received Community Development Block Grant Coronavirus (CDBG-CV) funding, as well as CARES funding, to support disaster recovery programs related to the prevention of, preparation for, and response to the COVID-19 pandemic. The program makes payments directly to landlords, and requires landlords to match the funding through forgiven rent or an extended payment plan. Pre-COVID, Charlottesville also provided some other emergency rental services through its community resource hotline and Housing Opportunities for People with AIDS/HIV program.

RECOMMENDED CHANGES

The City of Charlottesville should set up a permanent emergency relief program with clear budget appropriations, layering in both resident-facing services that exist through the community resource hotline and landlord-facing mediation as built in through the COVID recovery program. The City should work with Albemarle County, TJPDC, and other regional partners to extend similar benefits regionally and coordinate the provision of services.

IMPACTS

A permanent emergency rental assistance fund recognizes the reality that low-income households face emergency situations and housing instability on a regular basis, even outside of a pandemic. A clear regional protocol for emergency rental assistance, as established through the COVID recovery process, will help both beneficiaries and landlords navigate rental assistance programs.

GUIDING PRINCIPLES

Racial Equity The emergency rental assistance program should be structured to ensure there are not barriers to access by BIPOC renters.

Regional Collaboration The COVID response has set a precedent for regional collaboration in disseminating emergency rental assistance and standardizing practices—this should continue in the future.

Comprehensive Approach Emergency rental assistance should be coupled with strengthened tenants' rights to address systemic challenges to housing instability.

Subsidy | Emergency Rental Assistance

Lead and Partners
Regional Partners
Housing Staff
Nonprofit Partners

Action Steps

1. Convene a regional taskforce to coordinate emergency housing assistance and COVID-19 Response.

2. Through a competitive process, identify nonprofit partners to implement emergency housing programs.

3. Over time, formalize programs and develop tools for future emergency response.

Timeframe
Near Term (1-2 years)

Funding Needs
$1M

Appendix

Glossary

Term	Definition
By-Right Development	Development allowed under the zoning code without requiring City approval such as a variance or re-zoning
Cost-Burden	Under a standard set by the U.S. Department of Housing and Urban Development, a household is considered cost-burdened when it spends 30% or more of its income on gross housing costs, whether for renter or ownership housing.
Housing Trust Fund (HTF)	A locally-designated and controlled fund to pay for affordable housing development and programs.
Infill Development	Development or redevelopment of a vacant or under-used property within an existing developed area.
Loan-to-Value Ratio (LTV)	The percent of a building's value, calculated by net operating income divided by capitalization rate, which is supported by debt
Low-Income Housing Tax Credit (LIHTC)	A federal program that provides a dollar-for-dollar tax credit to support the development of affordable rental housing. The LIHTC program distributes federal income tax credits to developers through states' individual Housing Finance Agencies (HFA), which determine which projects receive tax credits under their federal allocation. There are two general types of credits that can be awarded, 9% credits and 4% credits.
"Soft Density"	Primarily single-family areas that allow additional housing typologies such as duplexes, triplexes, quadplexes, townhomes or row houses, and live-work housing - also known as "missing middle" housing
Subsidized Housing	Affordable rental and ownership housing developed and/or operated by non-profit and for-profit developers using public subsidies.

Area Median Incomes for Charlottesville

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for many subsidized housing programs. The 2020 income limits by household size for Charlottesville are shown below.

Percentage of Area Median Income (AMI)	Household Size					
	One	Two	Three	Four	Five	Six
30%	$19,750	$22,350	$25,350	$28,150	$30,680	$35,160
50%	$32,900	$37,600	$42,300	$46,950	$50,750	$54,500
60%	$39,480	$45,120	$50,760	$56,340	$60,900	$65,400
80%	$52,600	$60,100	$67,600	$75,100	$81,150	$87,150
100%	$65,800	$75,200	$84,600	$93,900	$101,500	$109,000

*Source: Virginia Housing – HUD Median Income for Fiscal Year 2020*

Affordable Rents by Income Level in Charlottesville

The 2020 affordable gross rent limits by household size and income level for Charlottesville are shown below.
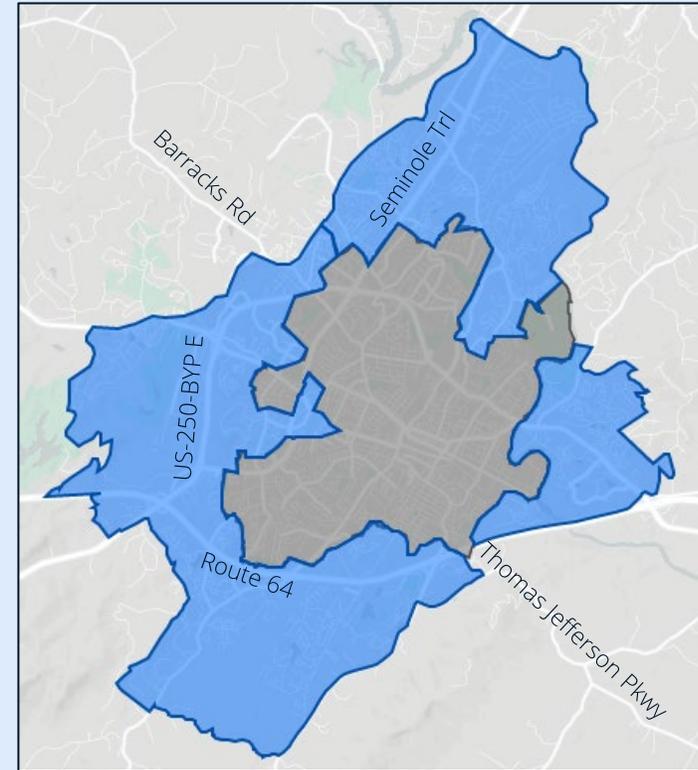
	Household Size					
Percentage of Area Median Income (AMI)	One	Two	Three	Four	Five	Six
30%	$549	$621	$704	$782	$852	$977
50%	$914	$1,044	$1,175	$1,304	$1,410	$1,514
60%	$1,097	$1,253	$1,410	$1,565	$1,692	$1,817
80%	$1,461	$1,669	$1,878	$2,086	$2,254	$2,421
100%	$1,828	$2,089	$2,350	$2,608	$2,819	$3,028

Source: Virginia Housing – HUD Median Income for Fiscal Year 2020
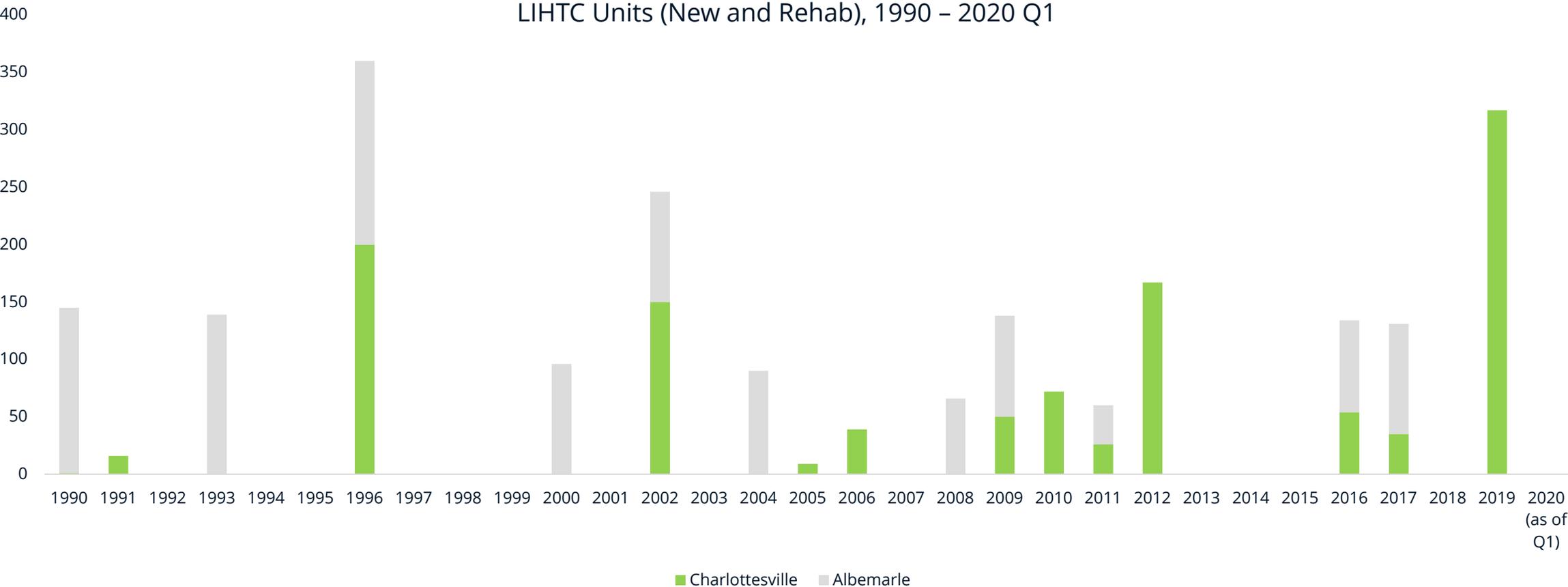
Land Use | The Urban Ring
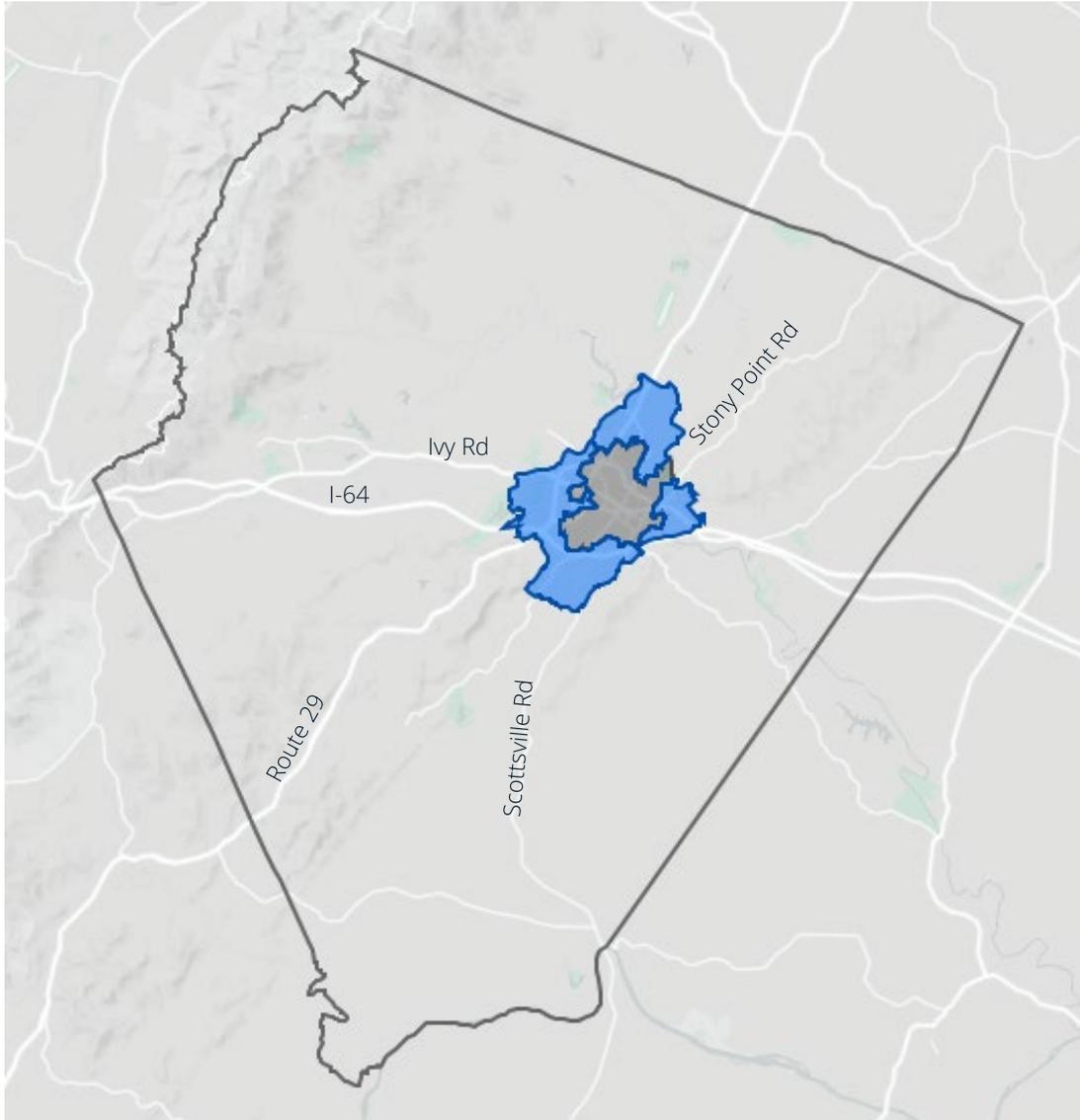
The Urban Ring of Albemarle County

Legend:
- Albemarle County
- City of Charlottesville
- Urban Ring

Most LIHTC development in recent years has occurred directly within the City of Charlottesville, and not in surrounding Albemarle County.

LIHTC Units (New and Rehab), 1990 – 2020 Q1

Legend: ■ Charlottesville ■ Albemarle

CHARLOTTESVILLE AFFORDABLE HOUSING PLAN

November 2020 DRAFT FOR REVIEW