

Affordable Housing Potentials of Redevelopment of the IX Property and the Sixth Street Development Under the Form-Based Code

4/1/2019

Height Bonuses

The April 26, 2018 bonus height analysis prepared by Partners for Economic Solutions (PES) and the Form-Based Codes Institute (FBCI) tested the feasibility of requiring inclusion of Affordable Dwelling Units (ADUs) in new development in exchange for additional height. The results of that analysis suggest that new development could provide 10 percent of incremental new units affordable to households with incomes at 50 percent¹ of Area Median Income (AMI), 15 percent affordable at 60 percent² of AMI or 20 percent affordable at 80 percent³ of AMI.

Affordable Dwelling Unit Bonus Heights							
T-Zone	By-Right Height	Max. Add'tl Bonus	Total Height	Min % of ADUs ¹	Minimum ADUs ¹ by Affordability		
					50% of AMI	60% of AMI	80% of AMI
T-4	3 Stories	None	3 Stories	10%-20%	10%	15%	20%
T-5	3 Stories	+3 Stories	6 Stories	10%-20%	10%	15%	20%
T-6	3 Stories	+6 Stories	9 Stories	10%-20%	10%	15%	20%

Note: ¹Share of units that must be ADUs is calculated on the number of incremental units made possible by the additional height.

Development Program

The sample redevelopment schemes for the IX Property and Charlottesville Redevelopment and Housing Authority (CRHA) Sixth Street development prepared by DPZ to illustrate the recommended Form-Based Code include four scales ranging from 754 to 2,091 units or 33 to 91 dwelling units per acre. PES designated buildings for condominium development for this analysis. This program will require 10 to 20 years to reach full build-out.

Table 2. Alternative Development Programs				
Scale	Development Scenario			
	Max Build-Out	Mid Build-Out 1	Mid Build-Out 2	Low Build-Out
Number of Units				
Apartments/Flats	1,483	638	711	339
Condominiums	608	502	331	253
Townhouses	-	95	39	162
Total	2,091	1,235	1,081	754
Density (Units per Acre)	91	53	47	33
Square Feet of Development	1,744,240	1,119,360	888,765	760,510

¹ \$38,400 for a family of three

² \$46,100 for a family of three

³ \$61,450 for a family of three

Affordable Housing Options

Height Bonuses

Applying the affordable housing requirements to the height bonus yields possible affordable housing units ranging from 11 to 98 units affordable to households at incomes at 50 percent of AMI or 15 to 147 units affordable to households at 60 percent of AMI or 19 to 190 units affordable to households at 80 percent of AMI.

Table 3. Affordable Housing Opportunities Associated with Redevelopment of the IX Property and CRHA's Sixth Street Development				
	Development Scenario			
	Max Build-Out	Mid Build-Out 1	Mid Build-Out 2	Low Build-Out
Affordable Dwelling Units Potentially Generated by Height Bonuses				
At 50% of Area Median Income <i>or</i>	98	50	29	11
At 60% of Area Median Income <i>or</i>	147	72	42	15
At 80% of Area Median Income	190	96	55	19
Affordable Housing Contributions Generated with Special Use Permit	\$3,785,000	\$2,347,000	\$1,882,000	NA
Affordable Units Supported by Special Use Permit Contributions If Used to Match Low-Income Housing Tax Credits (60% of AMI)	126	78	62	NA
Annual Tax-Increment Financing Revenues at Build-Out (25% to Affordable Housing)	\$788,000	\$554,000	\$426,000	\$343,000
Housing Vouchers for 30% of AMI Potentially Funded with TIF Revenues	99	69	53	43

Special Use Permit Contributions

If the properties were developed with a Special Use Permit (SUP), the developer would have the option of making an affordable housing contribution equal to \$2.261 per square foot of residential development. Such contributions would range from \$1.88 to \$3.78 million depending on the intensity of development. Based on the City's average contribution of \$30,000 per unit to assist in the development of affordable housing (typically developments receiving Low-Income Housing Tax Credits), these contributions would support 62 to 126 units of housing affordable to households at 60 percent of AMI.

Tax-Increment Financing

One potential option for generating additional City financial support for affordable housing would be commitment of a portion of the incremental real property tax revenues generated by the development to the affordable housing fund. This would mimic tax-increment financing. At full build-out, the development would yield \$1.37 to \$3.2 million in annual incremental property tax revenues (constant 2019 dollars) based on the current tax rate of \$0.95 per \$100 of assessed value. This analysis assumes that one-quarter of the increment would be committed to affordable housing. One option for those funds would be to fund rental vouchers for existing units. The funds generated at full build-out could provide City-supported housing vouchers for 43 to 99 households at 30 percent of AMI.

All of these estimates depend on full development with the assumed mix and square feet of development. As noted earlier, this could require 10 to 20 years of development depending on the market.