Components of an Affordable Housing Strategy for Charlottesville

Presentation to the Charlottesville Housing Advisory Committee
by Kathy Galvin, City Councilor
(November 14, 2018)
Why an Affordable Housing Strategy for Charlottesville?

Keep and grow diversity?
Build an equitable and sustainable City?
Foster health and a high quality of life for all residents?
Strengthen viability and self-governance?
Be authentic and local?
All of the above?
What’s usually in the Tool Box?

Planning & Zoning

Programs & Services

Financial & Budgetary
What Strategies have Others Used?
Alexandria City

155,810 people. 15.5 SM
Need 14,000 new units. At or below 60% AMI by 2030.

• Planning, Zoning Tools
  – Accessory Dwelling Units
  – Density Bonus
  – Parking Reduction

• Programmatic Tools/Services
  – Land Trust
  – Homelessness Assistance
  – Redevelopment Loans

• Financial, Budgetary Tools
  – Tax Increment Financing
  – Homeowner Tax Relief
  – Loan Guarantee
What Strategies have Others Used?

Arlington County

215,000 people. 26 SM (NOTE: Amazon’s decision means 8000-9000 more units)
Need 10,400 new units. 1/3 at <30 % AMI, 1/3 at 30 – 60 % AMI, 1/3 at 60-80% AMI.

• Planning, Zoning Tools
  – Inclusionary Zoning
  – Density Bonus
  – Affordable Housing Protection District

• Programmatic Tools/Services
  – By-right Redevelopment Displacement Mitigation
  – Accessible Unit Matching
  – Employer-Assisted Housing

• Financial, Budgetary Tools
  – Housing Fund
  – Supportive Housing Fund
  – Property Tax Exemption
What Strategies have Others Used?
Urban Land Institute

• Planning, Zoning Tools
  – Inclusionary Zoning Ordinance
  – Rent Control

• Programmatic Tools/Services
  – Co-ops
  – Community Land Trusts
  – Homeownership Counseling
  – Section 8 Homeownership
  – Individual Development Accounts (savings accounts)

• Financial, Budgetary Tools
  – Supportive Housing Fund
  – Homeowner Tax Relief
  – Low Income Housing Tax Credits
  – Land or Split Rate Taxes (taxes land and improvements at different rates, with more weight on the land)
  – Location Efficient Mortgages
Proposed Affordable Housing Strategy
in the 8/14/18 Galvin Memo (26 strategies-6 being highlighted today)

• Planning, Zoning Tools
  – Automatic Height Bonuses when supported assisted units (SAU) are built on site and Special Use Permits (SUPs) for heights over five stories in select locations within synthetic TIFs
  – Clarify and consolidate the mixed use corridor zoning
  – Lessen on-site parking requirements and facilitate shared parking agreements
  – City and County Regional Affordable Housing Plan
  – 20% (vs 15%) supported assisted unit (SAU) target in the comprehensive plan
  – Engage the community, complete the comprehensive plan, and affordable housing strategy, rewrite zoning
  – Community-Driven Small Area Plans (SAP) that establish each SAP as an Urban Development Area (UDA) with a 20% -25% SAU target
  – Form Based Codes for SAPs (and where requested by the community) in combination with Height bonuses and Synthetic Tax Increment Finance (TIF) districts
  – New by-right zoning city-wide that provides better transitions and expands scale-appropriate, missing middle housing within low density residential areas
  – Expedited reviews for projects with SAUs, in coordination with the comprehensive plan and the standards and design manual for infrastructure

• Programmatic Tools/Services
  – Bridge Rent Gaps with Vouchers for deeper subsidy
  – Expand use of Thomas Jefferson Land Trust
  – Land Bank
  – Public Asset Corporation
  – Expand and improve public transit via the Regional Transit Partnership (RTP) and ultimately an authority
  – Expand household earning, tie local hiring to infrastructure such as Belmont, 9th & W. Main
  – Employer-assisted housing (Austin, Montgomery)
  – Work with UVA to expand student housing on grounds, and affordable and workforce housing off grounds such as done in Iowa City
  – Revise the Accessory Dwelling Unit (ADU) program to expand use and remove covenant prohibitions

• Financial/Budgetary Tools
  – Waive developer’s property taxes on affordable units
  – Bond Issuance for the CAHF
  – Tax Freeze Districts
  – Property Tax Circuit Breaker Program
  – “Value Capture” District (a.k.a. Synthetic Tax Increment Finance (TIF) District)
  – Actual Tax Increment Finance (TIF) Districts to pay for infrastructure improvements
  – City funding to build streets, structured parking

NOTE: the Blue-highlighted items are today’s focus.
Planning and Zoning Strategies
Charlottesville City

48,000 people. 10.4 SM
Need 3300 new units. 52% <30% AMI, 24% at 30 – 50% AMI, 14% at 50-80% AMI and 10% at 80-100% AMI.

Planning Tools

• Community-Driven Small Area Plans (SAP) that establish each SAP as an Urban Development Area (UDA) with a 20% - 25% SAU target

• Form Based Codes for SAPs (and where requested by the community) in combination with Height bonuses and Synthetic Tax Increment Finance (TIF) districts

Zoning Tools

• Automatic Height Bonuses when supported assisted units (SAU) are built on site

• Special Use Permits (SUPs) for heights over five stories in select locations within synthetic TIFs

• Lessen on-site parking requirements and facilitate shared parking agreements

• Consolidate mixed use corridor zoning

• New by-right zoning city-wide provides better transitions and expands scale-appropriate, missing middle housing within low density residential areas

• Form Based Codes for SAPs (and where requested by the community) in combination with Height bonuses and Synthetic TIF districts
Planning Tool: Small Area Plans Increase Capacity

- **4100 Supported Assisted Units SAUs will be needed by 2040.** These units will likely represent one-half of a total new build out that includes new workforce and market rate housing. The estimated total of new units to be added could then be $4100 \times 2 = 8200$ units.
  - 1000 SF min/unit = 188 acres of repurposed land if 1 story. If 3 stories; 60 acres. If 4 stories; 50 acres. If 5 stories; 35-40 acres.
  - At 2.3 persons/DU, population would grow from 48,019 to 66,879, (exceeding Weldon Cooper’s projection of 55,962 by 2045, but still under the AECOM projection of 71,500 in 2060.)

- We’ll need 50 acres of repurposed land in 20 years (35 acres for 1500 units now.) Assuming 5 acres of buildable land could be gleaned from each small area plan for affordable housing (with tools like land banks, community land trusts, non-profits with the agency to build on former gray-field and brownfield sites), 7 SAPs with new zoning would need to be in place such as: SIA, Hydraulic, Cherry, Starr Hill, Preston/Harris, Carlton/Woolen Mills, River Road. Since 2013; the SIA has been partially implemented, Hydraulic has been adopted, Cherry Avenue is partially completed, Starr Hill received funding. Between 2016-2017 the combined residential and commercial property assessments rose 15.14%. (Residential=4.16%.)
Planning Tool: Small Area Plans Increase Capacity

Hypothetical “Student” Build out Scenario for Hydraulic @ Hillsdale-City land only

<table>
<thead>
<tr>
<th></th>
<th>New DUs</th>
<th>Exist'g DUs</th>
<th>Combined DUs</th>
<th>Before DU/A</th>
<th>After DU/A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>HIGH BUILD OUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hillsdale</td>
<td>343</td>
<td>734</td>
<td>1077</td>
<td>2.41</td>
<td>3.54</td>
</tr>
<tr>
<td><strong>LOW BUILD OUT</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hillsdale</td>
<td>86</td>
<td>734</td>
<td>820</td>
<td>2.41</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Hillsdale Drive-Existing Parking Lots
NOTE: the actual Hillsdale/Hydraulic small area plan identified 100 acres of parking lot.

Hillsdale Drive-Existing Development. Includes: former Giant Food Store, Whole Foods, Michie Drive Apartments.

Hillsdale Drive-New Design @ Full Build-Out
343 new units (from 2.41 DU/A to 3.54 DU/A)
Planning Tool: Small Area Plans Increase Capacity
Actual Hydraulic Hillsdale Small Area Plan – adopted May 2018

“There are over 100 acres of surface parking within the core development area surrounding US Route 29. That could support more than one thousand units of multi-family housing.”
Planning Tool: Small Area Plans Increase Capacity
Case Study: Strategic Investment Area (SIA)

Context
Planning Tool: Small Area Plans Increase Capacity
Strategic Investment Area (SIA)
Residential Development Capacity Scenario

Potential for +/-1,300 new residential units
Planning Tool: Small Area Plans Increase Capacity

Take-Aways

- Averaging the Hydraulic/Hillsdale build out of 343 new units with the SIA’s projected new unit build out of 1300 units average = 820 units.
- Assuming 820 new units could be built on each of the 12 SAPs, that = 9,858, but each SAP must be rezoned to allow for more housing within the context of physically healthy and viable places. Assuming 1/3 of these units are for households making less than 80% AMI, that achieves 3286 Supported Affordable Units (SAUs), very close to the 3300 unit target of the PES study.
- The remaining could be met through the addition of missing middle and ADUs in low residential zoning districts, rezoned to allow new housing types that fit the context of physically healthy and viable places.
- There is currently $317,476.73 in the SAP budget. $350,000 is the minimum needed to do one (1) comprehensive SAP in a timely manner with professional consultants. There is not staff capacity to do long range land use and transportation planning, extensive community engagement, urban design, land economic analysis and auditing and replacing our zoning ordinance in these areas (let alone city-wide).
- Of the two SAPs completed, only one (the SIA adopted 4 years ago) is developing a new form based code (FBC) to both increase affordable housing and create a healthy, viable physical context. The other completed SAP on the US 29 Corridor, like it’s County RIO small area plan counter part, calls for an FBC.
- Could we create one FBC for both SAPs along US 29, that facilitates transit oriented development, affordable housing, and sets the stage for a future Bus Rapid Transit line?
- One other SAP is halfway complete after 1.5 years, yet growth pressures are accelerating.
- This is the time to create more SAPs, resource them more fully (through the CIP) and implement them in a more timely manner, in tandem with new zoning and the aggressive, proactive use of such tools as land banks, land trusts, tax control districts while plans are being made.
- In order to allow for more affordable housing within the context of physically healthy and viable places with parks, healthy food sources and walkable streets, fund the Woolen Mills/Belmont/Carlton SAP (under consideration since 1988) and increase funding for the Fifeville SAP with an expedited schedule.
APPENDIX D

“Draft” RESOLUTION for a City-Wide Strategy to Accelerate the Production of Supported Affordable Housing within the City of Charlottesville’s Small Area Plans (first version presented to Council in July 2017, revised version for March 2018 - Galvin)

WHEREAS Charlottesville’s Goals for Affordable Housing, adopted by City Council on February 1, 2010 made increasing the ratio of supported affordable housing units (SAUs) to 15% of total housing units by 2025, up from the 10% ratio identified in the January 2017 Housing Report;

WHEREAS According to the PES Housing Needs Assessment, the city’s new affordable housing needs in 2017, total 3,318 SAUs which when added to the 657 units of housing financed under the Low Income Housing Tax Credit (LIHTC) program equals 3,975 or 20% of the total number of the City’s 19,937 units in January 2017.

WHEREAS, Charlottesville’s 2013 Comprehensive Plan: supports housing programs that encourage mixed-income neighborhoods and discourage the isolation of very low and low income households without access to programs and amenities that foster economic mobility, health and well-being; supports development along the City’s Mixed Use Corridors, that encourage vitality, pedestrian movement, and visual interest; and identifies several small area plans that will provide the basis for future planning, urban design, and investment;

WHEREAS, the Charlottesville City Council since June 2017 has directed staff to:
- undertake a city-wide housing needs assessment,
- develop a Land Bank ordinance that prioritizes affordable housing, and inventories all city-owned land and assess its feasibility for redevelopment,
- create Community Benefit Tax Increment (CBTI) Districts for Charlottesville’s High Growth Corridors that will provide dedicated funding for low income housing development, and a Tax Increment Finance District to cover the debt service of infrastructure investments.
- develop a city-wide affordable housing production strategy that includes all of the above applied to the city’s small area plans.

BE IT RESOLVED that the City Council of Charlottesville hereby directs staff, in consultation with the Housing Advisory Committee (HAC), the PLACE Design Task Force and the Planning Commission to establish for each Small Area Plan as identified in the 2013 and 2018 Comprehensive Plans:
- **Housing Rehabilitation Zones** (HRZ) pursuant to Virginia Code §36-55.64, a **Real Estate Tax Exemption Program** in coordination with the Assessor’s Office for building new structures and improvements to existing in a HRZ, pursuant to §58.1-3219.4, and a **Zoning Incentive Program** pursuant to Virginia Code §15.2-2305, via a community-driven form based code that uses height bonuses to build more affordable housing units on-site in private developments;
- **“Value Capture” or Community Benefit Tax Increment (CBTI) Districts as appropriate**;
- a **Public, Private Partnership mechanism** whereby the City reduces the cost of developing SAUs by either non-profit or for-profit developers via funding assistance for structured parking, streets and parks, grocery stores and others; and
- **SAU production targets** for each of the City’s Small Area Plans such that the City meets its supported affordable housing needs in keeping with the 2018 Housing Needs Assessment and Bonus Height Studies, the City’s Affordable Housing Production Strategy and the 2018 Comprehensive Plan.

BE IT RESOLVED that the City Council of Charlottesville hereby directs staff to provide Council with a **Strategy to Accelerate the Creation of Small Area Plans and the Production of SAUs within the City’s Small Area Plans** for adoption and implementation as part of the City’s affordable housing production strategy.

Create one FBC template for both SAPs on the US 29 Corridor, to facilitate transit oriented development with affordable housing, and set the stage for a future Bus Rapid Transit line.
Zoning Tool: Existing By Right Zoning

Case Study: Strategic Investment Area (SIA)-Phase I (Downtown Extended-DE)

Why a New Code?

- Acknowledgment that current processes fail “miserably” in reaching many of your goals.
- Urgency to get the zoning to work more effectively in meeting the community’s needs.
- Establish a framework for development to improve the health and vitality of our neighborhoods.
- Incentivize private developers to build more affordable units.
Current By Right

- 3 stories maximum
- Residential only
- 43 du/ac max.

- 9 stories maximum
- Mixed-use
- 25% commercial minimum.
- 75% commercial maximum.
- 43 du/ac max. / 240 by SUP

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100x200 Site By Right

- 19 market rate units
- 0 workforce units
- 0 affordable units

- 19 market rate units
- 0 workforce units
- 0 affordable units

- 19 market rate units
- 0 workforce units
- 0 affordable units

- 0 market rate units
- 0 workforce units
- 0 affordable units
Current By Special Use Permit

- 3 stories maximum
- Residential only
- 43 du/ac max.

- 9 stories maximum
- Mixed-use
- 25-75% commercial
- 43 du/ac max. / 240 by SUP

- 4 stories maximum
- Commercial

100x200 Site
By SUP

- 67 total units
  - +48 market rate units
  - +3 workforce units
  - +0 affordable units

- 25 total units
  - +5 market rate units
  - +1 workforce units
  - +0 affordable units

Good for Developers, Bad for Affordability
Special Use Permits (SUPs) that provide funds for affordable housing in exchange for more height and density, can also lead to: *oversized buildings that are out of scale with the context and tower over adjacent residential areas, because the city lacks transition zones between high and low intensity development areas.*

The Flats at West Main Street, adjacent to Fifeville (in spite of Design Guidelines & a BAR)
Zoning Tool: Existing SUP

**Excessive Parking** requirements can also lead to: *oversized buildings that are out of scale with the context and tower over adjacent residential areas*. The existing *Downtown Extended zoning within the SIA, allows this condition to happen.*

The Standard at West Main Street, adjacent to Westhaven (in spite of Design Guidelines)
Zoning Tool: Form Based Codes

From superblocks to individual addresses and walkable streets- Westlawn Gardens, Milwaukee, WI (100% 1:1 replacement) Torti Gallas
SIA residents made it clear three years ago that they wanted better, more transparent and predictable built outcomes, and better transitions between areas of high and low intensity development. Current zoning however, allows buildings to be 101' tall (8-9 stories) regardless of what's next to them.
Zoning Tool: Form Based Code

Missing Middle Housing in Charlottesville

- Townhouses
- Small Apartment Buildings
- Condominiums
Zoning Tool: Form Based Code

Proposal for Consideration: FBCs in combination with Height Bonuses in the SIA Phase I, Hydraulic (with the Rio SAP) and Cherry Avenue (pending completion)

Conventional Zoning
City Walk Apartments on Water Street

Design Guidelines
The Flats on West Main Street

Form Based Code Approach
Downtown Mall at East Main Street
Zoning Tool: Height Bonus

Currently being re-evaluated as applied to the Ix Property

Hypothetical Height Bonus (standards TBD)

Transition Housing
- 2 stories
- 3 by height bonus
- Residential only
- No density max.

General Mixed-Use
- 3 stories
- 6 by height bonus
- Mixed-use
- Ground floor commercial minimum
- No density max.

Center Mixed-Use
- 4 stories
- 9 by height bonus
- Mixed-use
- Ground floor commercial minimum
- No density max.

100x200 Site By Height Bonus
- @ 2 stories: 20 units equivalent to 43 du/ac
- @ 3 stories: 30 units
  +7 market rate units
  +4 affordable units (15%)

@ 3 stories: 20 units equivalent to 43 du/ac
@ 6 stories: 50 units
+22 market rate units
+8 affordable units

@ 4 stories: 30 units
+10 market rate units
@ 9 stories: 90 units
+56 market rate units
+14 affordable units

Better for Affordability
**Zoning Tool: Height Bonus**

This Table is currently being completed, as it pertains to a build out of the IX Property, using a Form Based Code with Height Bonuses for affordable housing units.

### Hypothetical Height Bonus (standards TBD)

<table>
<thead>
<tr>
<th>Sub-zones</th>
<th>Street Improvements</th>
<th>Maximum Height</th>
<th>Community Benefit Fund</th>
<th>Units at 80% AMI</th>
<th>Units at 60% AMI</th>
<th>Units at 30% AMI</th>
<th>Affordable Unit Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additions up to 2,000 sf</td>
<td>Not Required</td>
<td>Varies</td>
<td>Not Required</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>By Right</td>
<td>Required</td>
<td>Varies</td>
<td>Not Required</td>
<td></td>
<td></td>
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<tr>
<td>Transitional</td>
<td>Required</td>
<td>3 stories</td>
<td>Not Required</td>
<td>A%</td>
<td>B%</td>
<td>C%</td>
<td>A+B+C</td>
</tr>
<tr>
<td>General</td>
<td>Required</td>
<td>6 stories</td>
<td>$$ per market unit</td>
<td>A%</td>
<td>B%</td>
<td>C%</td>
<td>A+B+C</td>
</tr>
<tr>
<td>Center</td>
<td>Required</td>
<td>9 stories</td>
<td>$$ per market unit</td>
<td>A%</td>
<td>B%</td>
<td>C%</td>
<td>A+B+C</td>
</tr>
</tbody>
</table>

*Childcare Business Support Financing Assistance Other Services*

+ Additional benefits for more affordable housing, such as parking reductions, lot coverage, etc
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code with shallower set backs, lowered base-line heights and Height Bonuses for affordable housing units.

Current & Proposed Zoning Maps
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code. NOTE the amount of land taken up by deeper set backs, under the existing DE zoning.

Regulating Plan Capacity - By Right

<table>
<thead>
<tr>
<th>Gross Site Area</th>
<th>41.69 Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Streets &amp; Open Space (Acres)</td>
<td>22 Acres 52.9%</td>
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<tr>
<td>Building Footprint</td>
<td>683,842 Sq. Ft.</td>
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<tr>
<td>Commercial Floors</td>
<td>6</td>
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<tr>
<td>Residential Floors</td>
<td>3</td>
</tr>
<tr>
<td>Commercial Space</td>
<td>4,103,050 Sq. Ft.</td>
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<tr>
<td>Residential Space</td>
<td>2,051,525 Sq. Ft.</td>
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<tr>
<td>Total Square Footage</td>
<td>6,154,574 Sq. Ft.</td>
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<tr>
<td>Total Residential Units</td>
<td>1,710 Units</td>
</tr>
<tr>
<td>Total Allowable Residential Units</td>
<td>1,793 Units</td>
</tr>
</tbody>
</table>

Variables

| Max. Density (Units/Acre) | 43 Units |
| Unit Size                 | 1,200 Sq. Ft. |
| Setbacks                  | 20%       |
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code with shallower set backs, lowered base-line heights and Height Bonuses for affordable housing units.

Regulating Plan Capacity - Proposed

<table>
<thead>
<tr>
<th>Gross Site Area</th>
<th>41.69 Acres</th>
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<tbody>
<tr>
<td>Building Footprint</td>
<td>854,802 Sq. Ft.</td>
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<tr>
<td>Transition Zone Footprint</td>
<td>70,704 Sq. Ft.</td>
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<tr>
<td>General Zone Footprint</td>
<td>698,365 Sq. Ft.</td>
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<tr>
<td>Center Zone Footprint</td>
<td>85,732 Sq. Ft.</td>
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<tr>
<td>Transition Zone Max. Height</td>
<td>3</td>
</tr>
<tr>
<td>General Zone Max. Height</td>
<td>6</td>
</tr>
<tr>
<td>Center Zone Max. Height</td>
<td>9</td>
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<tr>
<td>Total Square Footage</td>
<td>4,488,043 Sq. Ft.</td>
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<tr>
<td>Total Residential Units</td>
<td>3,087 Units</td>
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<td>Total Commercial Area</td>
<td>784,098 Sq. Ft.</td>
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<tr>
<td>Units Per Existing Zoning</td>
<td>1,793 Units</td>
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Variables

<table>
<thead>
<tr>
<th>Max. Density Per Existing Zoning</th>
<th>43 Units</th>
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</thead>
<tbody>
<tr>
<td>Unit Size</td>
<td>1,200 Sq. Ft.</td>
</tr>
</tbody>
</table>
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code. NOTE with more of the lot available for building, more capacity is achieved at a lower height.

1-Acre Capacity Study

<table>
<thead>
<tr>
<th>Gross Site Area</th>
<th>1 Acre</th>
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<tbody>
<tr>
<td>Height</td>
<td>9 Floors</td>
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<tr>
<td>Building Footprint</td>
<td>27,620 Sq. Ft.</td>
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<tr>
<td>Total Square Footage</td>
<td>248,580 Sq. Ft.</td>
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Existing Capacity @ 9 floors

<table>
<thead>
<tr>
<th>Gross Site Area</th>
<th>1 Acre</th>
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</thead>
<tbody>
<tr>
<td>Height</td>
<td>6 Floors</td>
</tr>
<tr>
<td>Building Footprint</td>
<td>42,516 Sq. Ft.</td>
</tr>
<tr>
<td>Total Square Footage</td>
<td>255,096 Sq. Ft.</td>
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</table>

Proposed Capacity @ 6 floors
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code. Existing topography mitigates impacts of central zones that allow mid-rise buildings.

Potential Zoning Assignment

Transition
- Lowest Intensity
- Transitions From Adjacent Low Intensity Housing

Center
- Highest Intensity
- Around Qualifying Public Open Space

General
- Medium Intensity
Zoning Tool: Height Bonus

The IX Property, is now being used as a test case for the application of a Form Based Code with shallower set backs, lowered base-line heights and Height Bonuses for affordable housing units.

SIA Phase 1 Illustration
Zoning Tool: Height Bonus & SUP Proposal for Consideration

• The economics of construction impose a threshold at six stories where wood-frame construction must be replaced by steel and/or concrete thereby making the cost of going taller prohibitive for affordable units. On-site construction of affordable units under a height bonus scenario is feasible up to four and five stories, from a baseline height of three. Use height bonuses in combination with all other strategies.

• Reconsider giving away building height, use it to gain on-site affordable units. Reconsider “writing off” the height bonus until the Ix test case is complete. Consider the social-economic benefits of income mixing city-wide.

• Remove the blanket use of the SUP for height and density bonuses (since that incentivizes 101’ tall (9 story) buildings with no possibility of on-site SAUs due to prohibitive costs), with exceptions below. Allow SUPs for height, only where mid-rise buildings fit the scale of the context, and there is area to transition down to the scale of adjacent neighborhoods (in keeping with the comprehensive plan.)

• These new SUP districts will generate significant tax revenue/acre for the City (important for bond financing) and if they are also synthetic TIF districts, could provide a dedicated annual funding stream for the CAHF, unlike today.

• Couple SUP districts and affected neighborhoods with tax relief so as to counter the inflationary impacts of buildings over 5 stories on the surrounding neighborhoods. MONITOR!
Programmatic/Financial/Budgetary Strategies
Charlottesville City

48,000 people. 10.4 SM
Need 3300 new units. 52% <30% AMI, 24% at 30 – 50% AMI, 14% at 50-80% AMI and 10% at 80-100% AMI.

Programmatic Tools/Services

• Work with UVA to expand student housing on grounds, and affordable and workforce housing off grounds - such as was done in Iowa City

Financial/Budgetary Tools

• Property Tax Circuit Breaker Program
• “Value Capture” District (a.k.a. Synthetic Tax Increment Finance (TIF) District)
Programmatic Tool: UVA
Proposal for Consideration-Submitted to President Ryan’s Working Group

• Increase on-grounds student housing development; increase off-grounds affordable housing offerings for UVA staff.
• Make contributions to the Charlottesville affordable housing fund.
• Look into programs such as “The UniverCity Program” which creates homeownership opportunities (from single family detached housing stock once occupied by university students), in neighborhoods near downtown Iowa City and the University of Iowa campus, https://www.icgov.org/UniverCity.
• Provide homeownership opportunities via a shared equity purchase of a condominium built for working families on land purchased by UVA.
• Create a collaborative employer-assisted housing program (allowed by Virginia code) between UVA, Albemarle County and Charlottesville City.
**Budgetary Tool: Synthetic TIF**

Harnessing Growth on West Main between 2012-2016

<table>
<thead>
<tr>
<th>PROJECT</th>
<th>Building Type</th>
<th>Acre</th>
<th>Density</th>
<th>RE Tax Rev. (Before)</th>
<th>RE Tax Rev. (After)</th>
<th>RE Tax Per Acre Multiplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>301 WM Marriot Hotel &amp; Restaurant</td>
<td>1.124</td>
<td>by-right</td>
<td>$28,000</td>
<td>$192,375</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>1106 WM Sycamore Hotel &amp; Restaurant</td>
<td>0.458</td>
<td>SUP at 240 du/a</td>
<td>$24,000</td>
<td>$245,670</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>852-860 WM Flats Rental Hsg. with retail</td>
<td>2.25</td>
<td>SUP at 240 du/a</td>
<td>$40,000</td>
<td>$350,075</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>855 WM Standard Rental Hsg. with office</td>
<td>2.517</td>
<td>SUP at 240 du/a</td>
<td>$91,000</td>
<td>$383,848</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>1000 WM UCommon Rental Hsg. with retail</td>
<td>1.28</td>
<td>SUP at 240 du/a</td>
<td>$37,000</td>
<td>$365,705</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Silverman 511 WM Mixed Use with retail</td>
<td>.35</td>
<td>by-right 43 du/a</td>
<td>$13,800</td>
<td>$26,000</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>600 WM Blue Moon Rental Hsg. with retail</td>
<td>.61</td>
<td>SUP at 180 du/a</td>
<td>$12,250</td>
<td>$94,000</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td></td>
<td></td>
<td><strong>$220,000.00</strong></td>
<td><strong>$1,657,673.00</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>7.5 X/Acre</strong></td>
<td></td>
</tr>
</tbody>
</table>

TOTAL one time contribution to the CAHF= $1,783,718.00. If a synthetic TIF were applied at 30% of the increment of change, then the CAHF would receive $431,302 annually. In four years, the synthetic TIF would exceed the SUP derived contribution. The synthetic TIF could be used with the SUP for corridors (see map) where 5-9 stories would be appropriate.
A “value capture” budget policy (or synthetic tax increment finance-TIF) would earmark a certain % of new City real estate property tax revenue generated by redevelopment and rising assessments within a particular district for the CAHF. This could apply to multiple corridors.
Budgetary Tool: Synthetic TIF

• If a synthetic TIF were applied at 30% of the increment of change to not only West Main, but Water Street, Emmet, Preston and Cherry then hypothetically $431,302 x 5= $2,156,510 could be dedicated to the CACF annually.

• $100,000 of available revenues could cover the debt service for about $1.4M in 20 year bonds. (14X its value.)

• $2,156,510 of available revenues (put into the CAHF) for annual debt service could conceivably sustain about $30 million in 20 year bonds.

• $2,156,510 is also the equivalent of raising property taxes by $.03, yet taxes aren’t increased to support these bonds.
APPENDIX B

“DRAFT” RESOLUTION: “Value Capture” or Community Benefits District for the Water and Water Street Extended Corridor (Galvin 4/2/18)

WHEREAS, according to the Federal Reserve Bank of Minneapolis, “Economic development projects that have been promoted as boons for an entire city or community have often left low- and moderate-income neighborhoods missing out on the touted gains,” and

WHEREAS, a Charlottesville strategy to earmark tax increment revenue from Preston Avenue’s redevelopment (within the boundaries of Qualified Census Tracts 201 and 202) patterned after Arlington Virginia’s, Columbia Pike Tax Increment Financing Area and Transit Oriented Affordable Housing Fund is currently being developed to support the development of affordable housing on Preston Avenue using Low Income Housing Tax Credits (LIHTC) as part of the City’s Affordable Housing Production Action Strategy;

WHEREAS, Charlottesville’s budget policies allocate up to 40% of new City real estate and property tax revenue to the Charlottesville City School Division;

BE IT RESOLVED, that the Charlottesville City Council hereby directs staff to develop a tax increment strategy encompassing properties on Water Street and Water Street Extended (see “draft” map below) whereby initially:

- 25% of new City real estate and property tax revenue generated by redevelopment and rising assessments of properties with frontage along the Water Street and Water Street Extended Corridor (subject to City Council approval each fiscal year) will be dedicated to supporting affordable housing redevelopment and development within the Qualified Census Tract (QCT) 401 immediately south of the Water Street and Water Street Extended Corridor, inclusive but not limited to Friendship Court, Crescent Halls, 6th Street and South First Street; and
- The amount of tax increment revenue will be determined by setting a baseline assessed value of all relevant properties along the aforementioned corridor on July 1, 2018 (subject to City Council approval each fiscal year).

BE IT FURTHER RESOLVED, that a status report on the development of the Water Street and Water Street Extended Community Benefits District will be included in the City’s overall Affordable Housing Production Action Strategy to be presented to the City Council in May 2018.
Proposed for Consideration-will be submitted to the GA

“We request our legislators to support a study to examine establishing a real property tax circuit breaker program that provides tax relief to a homeowner as a credit or a refund of the homeowner’s state income tax if the homeowner’s real property tax exceeds a certain percentage of their gross income. These programs are found in many forms in numerous states including New York, Arizona, and Minnesota.”

Currently in the City’s 2019 Legislative Request to the General Assembly
Components of an Affordable Housing Strategy for Charlottesville

QUESTIONS?