

AFFORDABLE HOUSING POLICY

**Approved by the Albemarle Board of Supervisors,
February 4, 2005**

PREFACE

With the adoption of the Neighborhood Model by the Albemarle County Board of Supervisors and the charge given to address the inclusion of affordable housing in future developments, the Albemarle County Housing Committee created a *Housing Policy Subcommittee* to draft an affordable housing policy. The subcommittee, staffed by the County's Chief of Housing, drafted an outline of options to be considered in developing the policy. In December 2002, the Housing Committee and Office of Housing convened three focus groups consisting of housing providers (nonprofits, lenders, realtors), developers, and neighborhood representatives to discuss the needs, issues, and recommendations regarding affordable housing and public policy. The result of this work and input is the following proposal offered as an affordable housing policy for Albemarle County.

Some previous work had been done leading up to the development of the policy. The Housing Committee and Board of Supervisors first defined affordable housing in July and September of 1998, respectively. The definition proposed in this policy maintains the intent of the previously-adopted general definition. The Board, at the request of the Housing Committee, adopted a *Resolution of Intent to Amend the Comprehensive Plan* in November 2002. Finally, although not required for the adoption of this policy, the Board approved a request by staff to seek legislation allowing Albemarle County flexibility in creating and Affordable Dwelling Unit Ordinance. This enabling legislation was approved in the 2002 session of the General Assembly.

OVERVIEW and BACKGROUND

Albemarle County's population has grown from 68,000 in 1990 to 84,000 in 2000 (23.5%). The number of occupied housing units in Albemarle County also grew with owner-occupied units increasing from 11,562 to 20,991 and rental units from 7,361 to 10,885 representing an 81.5% growth in owner-occupied units and 47.8% growth in rental units.

While the overall growth in occupied units appears to be consistent with population growth based on an average of 2.5 persons per unit, the trends support the concern that cost of housing for low- to moderate-income households is increasing. These trends include cost burden and fewer affordable units being developed. It should be noted that, according to 1999 income data from the U.S. Census, of 31,916 households, 15,689 (49.1%) had incomes below \$50,000. Approximately 5,500 (17.3%) have incomes

between \$35,000 and \$50,000. These income levels would be equivalent to sixty- to eighty-percent of the area median income.

Cost Burden - According to the 2000 U.S. Census over 2000 owner-occupied households (12.4%) had housing costs that exceed 35% of their household income, while 3100 renters (30.7%) had housing costs exceeding 35% of household income.

Affordable Unit Development – According to County assessment records 11,632 houses in the County would be considered affordable based on affordability defined as a maximum sales price of approximately \$175,000. This represents 43.6% of all houses (26,668). However in 2001 there were only 510 affordable resales dropping to 399 affordable resales in 2002. There were 1404 total sales 2002 including 426 units (28%) defined as affordable (under \$175,000). Of the total sales, 318 were new homes of which only 27 of those units (8%) were considered affordable.

Rental Housing – Most of the County’s affordable rental housing (maximum 2-bedroom rent of \$725.00) was developed prior to 1998. Four of these are multifamily properties totaling 539 units that have rents restricted by federal low-income housing tax credits. Since 1998, three properties have been developed as unrestricted or family units. While the properties have added over 450 new units only 20 units offer affordable rents. In addition to these units, 97 units of elderly housing was developed with rents restricted by funding sources (bonds and tax credits).

Data indicates that the current trends will continue to add pressures on housing affordability that will impact 40% of the County’s population. This Comprehensive Plan Amendment has been developed to outline objectives and recommendations that may be used to support the County’s desire to increase the number of newly developed units that may be affordable for all rezoning and special use permit applications.

DEFINITION

Affordable Housing, in general terms means *safe, decent housing where housing costs do not exceed 30% of the gross household income. Housing costs for homeowners shall include principal, interest, real estate taxes, and homeowner’s insurance (PITI). Housing costs for tenants shall be tenant-paid rent and tenant-paid utilities with maximum allowances for utilities to be those adopted by the Housing Office for the Housing Choice Voucher Program.*

Affordable Housing is defined, for the purpose of this policy, as those houses affordable to the forty percent of the County population that have household incomes at or below 80% of the area median income. For 2003, the maximum affordable home for purchase (80% median income) would be \$172,000 and maximum housing costs (rent and utilities) for tenants would be \$787 (50% median income).

OBJECTIVES

It shall be the policy of Albemarle County to support affordable housing for those who live and/or work in the County. In particular, the County will provide guidance, resources, and incentives to the nonprofit and for-profit development and financing communities to increase the supply of affordable housing (both rental and homeownership) for households with incomes between 0 and 80% of area median income by

- *Promoting safe, decent, and affordable housing options for low- to moderate-income residents of Albemarle County and those working in and desiring to reside in Albemarle County;*
- *Insuring variety/choice in housing and equal housing opportunities;*
- *Creating and preserving safe, high quality and sustainable neighborhoods;*
- *Understanding diverse housing needs and special needs of various populations; and,*
- *Directing assistance to those populations least able to attain safe, affordable housing through the private sector alone.*

The County should encourage the preservation of all existing affordable housing units County wide and the development of new housing in a manner consistent with the County's Growth Management Policy. The provision of affordable housing should be focused on the designated Development Areas to be consistent with the Growth Management Policy and to provide homes where a higher level of services and facilities (both public and private) are available to support residents. Affordable housing may be provided in the designated Rural Area consistent with rural area policy and regulations.

STRATEGIES AND RECOMMENDATIONS

Strategy:

- Develop and implement necessary regulatory and administrative functions for establishing affordable housing strategies in all applicable development review applications.

Recommendations

- *Develop process to measure and track existing affordable housing stock.*
- *Update annual affordability figures for sales prices and rentals based on median income figures provided by the U.S. Department of Housing and Urban Development.*
- *Assess and prioritize housing needs and associated supportive services required throughout the housing continuum.*
- *Develop affordable housing production goals based on documented need/demand to address identified housing priorities and to insure that low-*

and moderate-income households have access to a sufficient supply of new and redeveloped housing units.

- *Promote the use of the existing density bonus ordinance as a tool to achieve affordable housing.*
- *Work with other County departments and outside agencies to promote a streamlined and timely process for plan approvals.*
- *Implement the adopted affordable policy(ies) to the greatest extent possible for all rezoning and special use permit applications.*

Strategy:

- Set specific targets for the development of affordable units for low-and moderate-income families with sufficient flexibility to allow for negotiation based on the development's size, location, timeline, and nature of surrounding area. At a minimum, 15% of all units developed under rezoning and special use permits should be affordable as defined by the County's Office of Housing and Housing Committee or a comparable contribution should be made to achieve the affordable housing goals of the County.

Recommendations

- *Develop procedures to work with developers to phase in affordable units within a neighborhood as described in the Neighborhood Model including the use of regulatory and monetary incentives available through the County, its partners and state and federal programs.*
- *Work with the developers and nonprofit housing organizations to create procedures to phase in affordable units in a development and ensuring that such units are compatible with other homes in the development. Affordable units should include both units for sale and units for rent.*
- *Promote a design criterion that disperses affordable homes throughout a development and encourages a variety of housing types. Use Master Plans developed in designated development areas as guidance for the creation of affordable units that are scattered throughout the development.*

Strategy:

- Develop strategies and mechanisms including security instruments for the initial sale of affordable units to promote long-term affordability and protect direct monetary investments from public resources.

Recommendations

- *Develop procedures for monitoring and enforcing occupancy and resale restrictions required by law and/or funding sources.*
- *Establish a first right-of-refusal for the purchase of affordable units for rent or sale by the County and/or its nonprofit partners.*
- *Develop deed restrictions and other mechanisms to insure affordable units developed with County incentives remain affordable for a specific period of time (control period).*

Strategy:

- Expand existing partnerships/programs and create new alliances with the private sector including nonprofit and for-profit housing providers and lenders.

Recommendations

- *Develop methods for reviewing the processes and effectiveness of prequalifying and certifying families for purchase or rental units produced. Utilize the nonprofit housing agencies and County's Homebuyer Clubs to identify and prequalify purchasers and renters for affordable housing units.*
- *Increase access to counseling by expanding the County's homeownership education programs and utilizing similar services provided by others.*
- *Continue to support nonprofit housing organizations and help clarify roles and responsibilities for each including, but not limited to, community development, housing development, affordable lending, and housing counseling.*
- *Develop formal and informal procedures for dialogue with and among the private sector (for-profit and nonprofit) development community to increase production of affordable housing during the rezoning and special use permitting processes.*
- *Foster arrangements between for-profit developers and the nonprofit organizations to facilitate the purchase of lots and/or units and insure occupancy of units by eligible households.*
- *Promote affordable housing by increasing participation with the real estate community including representative organizations (mortgage bankers, apartment council, and homebuilders).*
- *Provide encouragement and incentives to nonprofit housing providers for the purchase, construction, rehabilitation and/or management of affordable owner-occupied and rental units.*
- *Promote understanding of the regional nature of affordable housing issues and participate with neighboring jurisdictions in addressing these issues.*

Strategy:

- Seek additional resources including those through the state and federal governments for the development and/or financing of affordable housing.

Recommendations

- *Support tax credit applications for properties that preserve or create affordable rental units.*
- *Develop strategies for effectively leveraging public and private funds to maximize resources for affordable housing including options for capitalizing a housing trust fund.*