

**THE CITY OF CHARLOTTESVILLE, ALBEMARLE
COUNTY AND UNIVERSITY OF VIRGINIA JOINT TASK
FORCE ON AFFORDABLE HOUSING**

presents:

**A REPORT ON ACTIONS NEEDED TO
ADDRESS THE REGION'S AFFORDABLE
HOUSING CRISIS**

January 9, 2009

TASK FORCE MEMBERS

City of Charlottesville

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*Where two are listed, only one served at any time. The first name listed was serving when recommendations were finalized.

Executive Summary and Preliminary Recommendations

The Joint Task Force on Affordable Housing includes policy makers and housing experts from the City of Charlottesville, Albemarle County, and the University of Virginia. This is the first time these three entities have convened to identify actions needed to address the region's affordable housing crisis. The City of Charlottesville, Albemarle County, and the University of Virginia were identified as the key players in addressing affordable housing because they are the three largest direct or indirect employers in the region, as well as the largest land holders or land use regulators for the region. Additionally, these three entities are intricately linked where the actions or inactions of one will affect the others. As such, no one entity can solve the area's affordable housing crisis; to do so requires a collaborative effort with the benefits shared by the City of Charlottesville, Albemarle County, and the University of Virginia.

For this report, affordable housing is defined as households spending no more than 30% of their income on housing costs (including utilities) targeting those households that earn less than 80% of the Charlottesville Metropolitan Statistical Area Median Income (AMI). The unmet needs were generally defined as those in income groups under fifty percent (50%) AMI with the greatest needs being for those households below thirty percent (30%) AMI. This report includes the Task Force's analysis, findings, and recommendations. Some of the recommended actions can be carried out jointly, while others are specific. While not all members of the Task Force agreed to all of the recommendations, these recommendations reflect the general consensus of the Task Force. Further information regarding these recommendations and how the Joint Task Force on Affordable Housing came to them can be found in the full report.

This report acknowledges the legal constraints on each entity which, despite their level of commitment to solving our affordable housing crisis, may limit the means of participation. The task force further recognizes that support for affordable housing initiatives is not necessarily monetary. We value the ongoing significant volunteer and board level support of our local non-profit housing providers such as Habitat for Humanity, Piedmont Housing Alliance, and Albemarle Housing Improvement Program by the University of Virginia, and encourage continued funding of these types of entities by the City of Charlottesville and Albemarle County in line with our stated priorities.

The Task Force recommends that the City of Charlottesville do the following:

- Commit to a permanent, dedicated, annual funding investment in affordable housing initiatives either by changing current funding priorities or increasing long-term revenue streams. Such funding should be dedicated to support the building and/or preserving of affordable housing (bricks and sticks).
- Support the creation of a Regional Housing Fund to accept investments in affordable housing from both public and private sources.
- Adopt a proffer policy that requires proffered units be equally affordable at extremely low-, very low-, and low-income levels.
- Support the building of Single Room Occupancy and other non-traditional housing.

- Support and encourage the creation of security measures and supportive services in new and existing neighborhoods to ensure that affordable housing is safe and pleasant.
- Promote the use of tax credits for developers by offering technical assistance.
- Consider issuing general obligation bonds to fund affordable housing initiatives.
- Provide funding for loans to developers of affordable housing.
- Provide support for the Thomas Jefferson Community Land Trust.
- Establish a Housing Ombudsman Office to serve both area residents and developers of affordable housing.
- To the extent allowed by law, pay all employees, and strongly encourage their contractors to pay, a living wage. The Task Force recommends, as a first step, that the Human Resource Departments of the City, County, and UVa develop criteria for establishing a living wage.
- Support regional transit networks and options.
- Continue to support regional non-profits such as Piedmont Housing Alliance (PHA), Habitat for Humanity, and the Albemarle Housing Improvement Program (AHIP) whose missions are to address affordable housing.

The Task Force recommends that Albemarle County do the following:

- Commit to a permanent, dedicated, annual funding investment in affordable housing initiatives either by changing current funding priorities or increasing long-term revenue streams. Such funding should be dedicated to support the building and/or preserving of affordable housing (bricks and sticks).
- Support the creation of a Regional Housing Fund to accept investments in affordable housing from both public and private sources.
- Amend the existing proffer policy to include these recommendations:
 - cap the value of proffered units;
 - Provide an incentive for developers to get more credit for deeper targeting of affordability by using a sliding scale;
 - require proffered units to include an equal share of units affordable at extremely low-, very low-, and low-income levels
 - Increase the term of affordability for proffered rental units to a minimum of 15 years.
 - Require deed restrictions or deeds of trust to ensure longer term affordability.
- Support the building of Single Room Occupancy housing.
- Support and encourage the creation of security measures and supportive services in new and existing neighborhoods to ensure that affordable housing is safe and pleasant.
- Promote the use of tax credits for developers by offering technical assistance.
- Consider issuing general obligation bonds to fund affordable housing initiatives.
- Provide funding for loans to developers of affordable housing.
- Aggregate all County housing funds including cash proffers to create a fund which would be under the control of the Albemarle County Housing Committee.

- Review and remove unnecessary regulatory barriers that impact affordability including consideration of a streamlined approval process for developments that propose affordable housing units.
- Provide support for the Thomas Jefferson Community Land Trust.
- Establish a Housing Ombudsman Office to serve both area residents and developers of affordable housing.
- To the extent allowed by law, pay all employees, and strongly encourage their contractors to pay, a living wage. The Task Force recommends, as a first step, that the Human Resource Departments of the City, County, and UVa develop criteria for establishing a living wage.
- Support regional transit networks and options.
- Continue to support regional non-profits such as Piedmont Housing Alliance (PHA), Habitat for Humanity, and the Albemarle Housing Improvement Program (AHIP) whose missions are to address affordable housing.

The Task Force recommends that the University of Virginia do the following:

- Consider developing housing sites to provide higher density mixed income housing for graduate students and UVa employees including faculty and staff.
- Continue to provide housing for all first-year students and housing options for other students.
- To the extent allowed by law, pay all employees, and strongly encourage their contractors to pay, a living wage. The Task Force recommends, as a first step, that the Human Resource Departments of the City, County, and UVa develop criteria for establishing a living wage.
- Support regional transit networks and options.

INTRODUCTION

The members of the Joint Task Force on Affordable Housing are pleased to present this report to the leadership of the City of Charlottesville, Albemarle County, and the University of Virginia.

This Task Force, convened in December 2007, marks the first time that the City of Charlottesville, Albemarle County, and the University of Virginia have come together to examine the region's affordable housing crisis. At its first meeting, members agreed to the following charges:

1. Review current public and private initiatives aimed at increasing affordable housing opportunities, and identify any gaps and issues related to affordable housing not being adequately addressed by current initiatives;
2. Make recommendations to address the gaps for one or more area median income (AMI) groups identified as:
 - Extremely low-income under 30% AMI (<\$20,000)
 - Very low-income 30% - 60% AMI (\$20,000 - \$36,000)
 - Low-income 60% - 80%AMI (\$36,000 - \$54,000)

NOTE: For the purposes of this report area median income or AMI is defined as the income levels established by the U.S. Department of Housing and Urban Development (HUD) for the Charlottesville Metropolitan Statistical Area (MSA). For example, HUD calculates the current median income for a family of four in the MSA at \$68,500.

While opportunities for homeownership and rental exist at all of the income levels, for practical purposes the extremely low-income bracket (under 30% AMI) is considered to be synonymous with rental;

3. Identify policy actions as well as potential resources (both government and private) that could lead to increased availability and access to affordable housing units;
4. Identify cross-jurisdictional opportunities for collaborative implementation of the recommendations of this Task Force.

ISSUES

Task Force members accepted the previous work completed that identified projected needs, including information from *The State of Housing Report*, completed in 2007, for the Thomas Jefferson Planning District. The unmet needs were generally defined as those in income groups under fifty percent (50%) AMI with the greatest needs being for those households below thirty percent (30%) AMI. Using this data as a starting point, members identified five specific focus areas:

- Barriers to affordable housing
- Housing policy issues
- Preservation of existing affordable housing
- Rental assistance issues
- Creating more affordable housing units

FINDINGS

Two priority goals guided the Task Force's work:

1. Preserving and creating more affordable housing units
2. Promoting affordable housing opportunities.

The first goal relates to the built environment (housing stock) and the second is more oriented toward the affordable housing consumer, both renters and potential homeowners (client). Issues and findings are reported in four distinct categories: client needs, inventory, funding, and regulation/policy. A general issue statement is provided for each category followed by specific findings:

Client Needs

The primary barriers facing clients seeking affordable rental housing are lack of consistent income, poor credit histories, transportation issues, exclusionary policies with respect to criminal records, and lack of up-front funding for credit checks, application fees, and security deposits. Clients can get confused about available programs due to the fact that there is more than one agency administering housing assistance in the City and County. Findings regarding client needs and improving clients' experiences included the following:

- *Support a living wage paid by the City, County and UVa along with their contractors to increase household income and improve affordability.*
- *Support paying employees on a 12-month pay plan (although they may only work ten months) to provide for a more stable monthly income.*
- *Support improved public transportation to expand housing options and reduce transportation costs.*
- *Create a credit training program to better equip tenants to manage monthly budgets.*
- *Establish an incentive fund for those successfully completing the training to underwrite multiple credit checks, application fees, and required security and utility deposits.*

- *Support the creation of a Housing Ombudsman Office to oversee the credit training program, to consolidate credit reports, and centralize access to housing assistance.*
- *Require housing agencies to implement a customer service focus.*
- *Support using energy consultants to complete energy audits and identify energy savings options for clients.*
- *Promote access to electronic options for unbanked clients to pay bills on time.*

Inventory

Lack of affordable rental housing constituted most of the discussion on inventory. Issues ranged from the effect of UVa students occupying privately-owned rental housing, clients not desiring to live at certain multifamily housing sites, and limited choices due to an insufficient number of landlords willing to accept housing vouchers. Task Force members support the following findings:

- *Improve affordable rental housing options through outreach to landlords and marketing the Housing Choice Voucher Program.*
- *Encourage the attractiveness of UVa on-grounds housing through improved options.*
- *Develop a mixed use project for grad students and UVa workforce housing.*
- *Explore the use of privately-owned housing stock built for students (4BR/4Bath) for clients when this type of unit can meet their housing needs.*
- *Support increasing community policing activities to improve safety and security in multifamily developments.*
- *Assist multifamily developments in providing regular youth activities and attractive programming.*
- *Increase the affordability term for proffered rental units from developers to fifteen (15) years.*
- *Support the building of single room occupancy housing.*

The Task Force members also discussed gaps in owner-occupied supply and found that proffered units for sale were priced at points affordable to those at or about 80% AMI. Additional, proffered for-sale units may not be affordable beyond the first sale. Findings included Task Force members support the following findings:

- *Future proffers should be accepted only if one-third of the proffered affordable units are affordable to each of three income groups: <30%AMI; 30-60%AMI; 60-80%AMI*
- *The City and County should support the further development of the Thomas Jefferson Community Land Trust to act as a steward of land and maintain units as affordable in perpetuity.*
- *Proffers should include provisions for long-term affordability.*
- *Continue to support the Thomas Jefferson Workforce Housing Fund or any other program that provides downpayment assistance.*

Funding

The Task Force members recognize that addressing housing issues will take a substantial investment of funds, and the best way to achieve stated goals and objectives is through partnerships and leveraging of public investments. However, members did conclude that the public investment for affordable housing initiatives should be increased particularly in the County. Increased local investment was deemed necessary due to the lack of investment by the state and generally level funding from the federal government. Findings included:

- *Create a pool of funding for credit program trainees to assist with credit checks and security deposits.*
- *Provide financial support for the further development of the Thomas Jefferson Community Land Trust.*
- *Support Albemarle County creating a “housing fund” separate from the annual operations budget to hold appropriated general funds and proffered funds. The City budgets for housing initiatives from its capital funds.*
- *Support committing at least one cent of the tax rate annually to funding housing initiatives.*
- *Support the City and County in continuing to provide loans to assist homebuyers but also provide gap financing funds to developers of affordable housing.*
- *Encourage the City and County to support the use of federal low-income housing tax credits as a means of creating new and preserving existing affordable rental housing by offering technical assistance to developers on applications.*
- *Support using general obligation bond authority as a funding stream for housing initiatives.*

Regulations/Policy

The majority of the Task Force member’s discussion of regulations and policies centered on Albemarle County’s Proffer Policy. The discussions included redefining and having a balanced approach to what should be considered as an affordable housing proffer and how affordability can be sustained past the first purchaser of a proffered unit. Although the focus was on the County’s proffer policy, the Task Force noted that the discussions and recommendations should also be considered by the City as they develop such a policy.

- *Support capping the appraised value of proffered units.*
- *Develop and encourage the use of deed restrictions and/or deeds of trust to limit annual appreciation of proffered units to provide for future affordability and/or a sharing of increase in equity.*
- *Support a policy where proffered units are affordable to all three segments of the income ranges with affordable sales price and rents for each segment. Amend proffer policy to reflect a 1/3, 1/3, 1/3 distribution of affordable units among income levels (extremely low, very low, and low)..*
- *Provide an incentive for developers to get more credit for deeper targeting of affordability by using a sliding scale (ex. 1 unit affordable <30%AMI would get credit for 2 units).*

- *Encourage proffered land/units to be donated to the Thomas Jefferson Community Land Trust.*
- *Support amending existing proffer agreements to include utilization of the Thomas Jefferson Community Land Trust.*
- *Encourage affordable housing non-profits to agree to keep housing units affordable in perpetuity.*

RECOMMENDATIONS

The Task Force examined the focus area findings and considered input from all members in developing a final list of recommendations. The following recommendations are offered based on the original charge adopted by the Task Force.

Address the Gaps for One or More Income Groups

These recommendations would specifically serve one or more income groups, as opposed to more general recommendations that would serve the collective income groups.

- *Support for Single Room Occupancy housing—to specifically serve clients who have special needs and are extremely low-income (under 30% AMI).*
- *Support three tiers of affordability for proffered units, requiring that 1/3 of proffered units be specifically for each of the three income groups (extremely low-income, very low-income, low income) resulting in equal opportunities for each of the levels.*

Identify Policy Actions or Resources to Increase Availability and Access

These recommendations would result in policy changes that would lead to an increase of affordable housing units for all income levels, as well as make existing affordable units more accessible to citizens in need. The Task Force notes that these recommendations have little chance of becoming reality without adequate and fixed funding sources. As such, funding recommendations are also included.

- *Commit to a permanent, dedicated, annual funding investment in affordable housing initiatives either from changing funding priorities or increasing revenue streams.*
- *Support the use of tax credits for developers of affordable housing*
- *Consider issuing general obligation bonds.*
- *Cap the value of proffered units.*
- *Provide gap financing funds for loans to developers of affordable housing.*
- *Increase the term of affordability for proffered rental units to 15 years to ensure longer term affordable investments.*
- *Use a sliding scale for proffer credits.*
- *Support amending existing proffer agreements to include the option of a Community Land Trust.*
- *Support the Thomas Jefferson Community Land Trust and include this option in proffer discussions.*

- *Support the use of deed restrictions or deeds of trust to ensure longer term affordability.*
- *Consider developing UVa housing sites to provide higher density mixed income housing for graduate students and UVa employees.*
- *Support a Living Wage and 12 month pay options*
- *Support regional transit networks and options.*
- *Encourage better use of UVa housing on grounds for graduate students and staff.*
- *Increase community policing so that multi-family developments are safe and provide youth activities and programs to create welcoming positive places for kids to grow up.*

Identify Cross-Jurisdictional Opportunities

The following recommendations show the need for a shared, regional commitment to effectively address the issue of affordable housing in our community. This problem cannot be solved with each jurisdiction pursuing their own agenda and programs or without adequate funding from all responsible parties.

- *Create a Regional Housing Fund, to accept investments in affordable housing from both public and private sources.*
- *Establish a Housing Ombudsman Office to serve both area residents and developers of affordable housing. Recommended functions for this office include:*
 - *Overseeing/providing credit training and counseling programs;*
 - *Managing security deposit funds for credit program trainees;*
 - *Providing technical assistance to developers on tax credits and other programs ;*
 - *Working with energy consultants and property owners to reduce utility costs;*
 - *Providing marketing outreach to landlords to increase options for voucher holders;*
 - *Providing electronic bill paying for unbanked clients;*
 - *Commitment to a customer service focus*

CONCLUSION

Task Force members agreed that **increased local funding** is the top priority and these funding commitments are needed to leverage other public and private funds to support affordable housing initiatives.

The second identified priority is **revisions to existing proffer policies to promote long-term affordability of proffered units and proactive policies to preserve existing affordable units**. This priority includes supporting and utilizing a community land trust as a tool for maintaining affordability. A related priority was to **consider [re]development opportunities including those undertaken by UVa** for the provision of affordable housing.

Additional priorities with strong support include: **increasing household income**, whether through a living wage or increasing earning capacity, to improve a family's ability to afford housing and **establishing a Housing Ombudsman Office**.

Finally, while every recommendation won't be considered for immediate adoption and implementation, the Task Force believes that all our recommendations should be considered, if not now, then in the future as a part of a strategic action plan adopted by the respective housing committees. To the extent allowable by law, UVa should continue to participate in local affordable housing initiatives.