

Project Highlights

Project Type:

County Managed

Fiscal Agent:

Property Owner:

Cardinal Hill Apartments at Southwood Village 1

Newly constructed, deeply affordable rental units

No

Habitat for Humanity of Greater Charlottesville

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Project Description

In 2022, the County allocated \$305,000 of ARPA funding to temporarily subsidize 14 rental units in the Cardinal Hill Apartments being built by Habitat as part of its Southwood redevelopment project. Based on the incomes of the Southwood residents moving into these units, this amount of subsidy will allow the project to amortize its debt for a period of only 28 months. The County allocated this funding in large part to help solve a challenge created by failing septic systems in the park, providing transitional housing for some of the hardest to rehouse residents in the park, allowing them to move from dangerous trailers and for Habitat to then decommission the septic systems currently serving their trailers. This request would increase the affordability period to 32 years.

Location:

Southwood Mobile Home Park (off of Old Lynchburg Road and along Hickory Street)

**Statement of
Need/Justification for Request**

This CIP allocation, when added to the ARPA subsidy, Habitat capital, and the deeply affordable rents (average \$495/month) payable by qualifying tenants, would allow Habitat to deed restrict these units as deeply affordable for an additional 30 years. Without this funding, these units would need to be rented at fair market value (average \$1,200/month) for the remaining 28 years of the permanent loan in order to amortize the debt, thereby losing them from the County's affordable housing stock. These units are over and above both the number of proffered affordable units per the rezoning and the minimum number of affordable units required by the County-Habitat Performance Agreement of 2019.

Project Timing: Foundations for the first of four buildings comprising Cardinal Hill Apartments are complete. The first COs are anticipated this summer. A construction loan is in place and will be converted to permanent financing when the units are occupied. County subsidy, existing equity and rents from deeply affordable renters will currently carry the note for a period of 28 months. The additional equity requested via the CIP must be obtained within that time in order to extend the affordability period beyond 28 months. CIP funding could come in the form of upfront cash which would fund construction and reduce the amount of the construction loan. It could also come in the form of gap financing which would buy down the amount of the permanent loan. In the latter scenario, the funding would need to be committed within 28 months from initial occupancy of the units as rents plus existing County subsidy plus Habitat equity will cover loan payments for the first 2 1/4 years. In the case of the former, funding would need to be committed prior to conversion of the construction loan to permanent financing, anticipated in the first quarter of FY '24. Both scenarios would accomplish the goal of creating 14 units of deeply affordable rentals for a period of 30 years. The former scenario would save on interest payments for the first 28 months of the permanent loan.

Strategic Plan Connection(s):

This project directly addresses Strategic Plan Goal #4: "Quality of Life - Encourage a vibrant community with economic and recreational opportunities that serve all community members." These apartments actively work to preserve an existing community by providing affordable housing on-site and preventing displacement of residents during active redevelopment, while also meeting the needs of a vulnerable Southwood population that would be largely unable to secure housing elsewhere in the County. Further, when brought to a full 30-year affordability term, Cardinal Hill Apartments supports aging in place for seniors requiring deeply affordable housing, provides a permanent housing solution for other extremely low-income Southwood residents, and long-term affordability for other deeply low-income residents of the County. These apartments are located less than 500 feet from a future trail connection into Biscuit Run Park and are part of a pocket complex inclusive of both a senior-oriented passive park and an active use neighborhood recreational facility. They are on a bus line, handicap accessible and have a pull in space for JAUNT vehicles.

Equity Considerations

Equity is core to Habitat's work at Southwood and to this project, in particular. These 14 units in the Cardinal Hill Apartments will reduce existing disparities by ensuring that the hardest Southwood residents to house - including the elderly who do not wish to purchase a home in the redeveloped community, as well as those who require the deepest affordability - are able to remain vital and active members of their existing community. The units will also serve as a back-up option for temporarily housing community members during redevelopment. When long-term residents are able to remain in the community, the neighborhood benefits from continued cohesion and vitality - even as new market-rate homeowners move in and are welcomed as neighbors. Long term, these 14 units will add deeply affordable units -- in very short supply regionally -- to the County's housing stock. This subsidy would serve residents below 30% of AMI, a segment of the housing market largely unserved in the County, as most LIHTC programs begin at 30% AMI. Approximately 90% of Southwood residents are BIPOC.