

SOUTHWOOD PROJECT – HABITAT FOR HUMANITY

Summary:

Habitat for Humanity of Greater Charlottesville is implementing a national model, community-based redevelopment process at the Southwood Mobile Home Park, the region's largest concentration of affordable (but dramatically substandard) housing and one of this county's best remaining opportunities to create a mixed-income, mixed-use village in place of a pocket of poverty.

Southwood is currently home to 1,500 people and 350 trailer pads. Working with the residents at all levels – from financial literacy, to long term planning, to business incubation – Habitat plans to transform the community into a roughly 700-800 unit mixed income, mixed-use development with a neighborhood employment center and ready access to additional jobs and shopping at the nearby Fifth Street Station.

At the same time, as Habitat works side-by-side with Southwood community members and the County to plan redevelopment, it is undertaking **Project 20**, our promise to the community that we will build and sell at least 20 homes each year in mixed-income neighborhoods to families earning between 25% and 60% of AMI.

Southwood is projected at an unprecedented scale and the stakes for the greater Charlottesville-Albemarle community are extremely high. A recent Weldon Cooper study showed that Habitat's development of Southwood without resident displacement will provide cost avoidance of \$21MM for the County. According to Weldon Cooper, if Habitat were not able to redevelop the property and the result would be market forces displacing the area's most vulnerable residents, using a formula based on the Federal Relocation Act standard, \$21MM would be the cost in rehousing assistance alone over a 4.5 year period. That calculation does not even factor in other costs to schools and social services, etc.

Southwood redevelopment is also an incredible opportunity. The same Weldon Cooper study estimated that a redeveloped Southwood will generate 17x the tax revenue for Albemarle County than it does currently. At build out, Southwood will include private investments – direct contribution of dollars into the County economy - of more than \$200MM. Once a multiplier is applied, the total economic impact will be significantly higher.

Additionally, on top of the quantifiable financial benefits for the County, successful redevelopment at Southwood has the potential to address significant needs in the realms of housing, social services, land use, transportation, economic development, recreation and access. And the nature of the Southwood project makes it a key pilot redevelopment project for a County that is seeing its largely suburban infrastructure age and most vulnerable citizens threatened by redevelopment pressure.

As such, Habitat and key County leaders are working together to define Southwood redevelopment as a priority project with regard to funding, financing, planning and land use entitlement. Southwood is too important to the County's long term interests and too large for Habitat to do on its own. In addition to numerous partnerships with other NGOs and private sector entities, the multi-year project will require Albemarle County and Habitat to work closely together as partners to ensure a successful outcome for the 1,500 low-income residents of Southwood as well as for the larger community. In the process, this unique non-profit/public partnership will be a model for how to do redevelopment right, both here in Albemarle and nationwide.

We seek a Board of Supervisors resolution officially designating Southwood redevelopment as an essential public/private partnership. This resolution should instruct staff to work closely and proactively with Habitat, a non-profit developer that has a mission in synch with

the County's. It should explicitly state that successful redevelopment of Southwood according to the core values of non-displacement and sustainability advances the county's broader interests, is a critical component of successfully working with a concentration of the county's most vulnerable population, has multiple public benefits identified in the Comprehensive plan, is worthy of County participation and significant financial investment and represents a key strategic investment in Albemarle's future. The resolution should also acknowledge that, as a pilot redevelopment initiative, Southwood could help in the development of a blueprint for how to redevelop much of the county's aging suburban infrastructure.

Background:

In 2007, Habitat purchased the Southwood Mobile Home Park with the goal of redeveloping it as a mixed-income, sustainable neighborhood without resident displacement. In 2011, the Habitat Board of Directors ratified the following core values to guide redevelopment:

Habitat for Humanity of Greater Charlottesville is committed to redeveloping the Southwood Mobile Home Park as a well-designed, sustainable, mixed income community of substantial benefit to the region guided by the following core values:

1. **Non displacement:** Facilitating healthy rehousing choices for each current resident of the trailer park.
2. **Net increase in affordable housing:** Causing a significant increase in the overall local affordable housing stock, responsive to the evolving regional need.
3. **Community engagement:** Creating a plan of development resulting from extensive interaction with Southwood residents - taking into account their needs, desires and abilities – and other stakeholders in the community (surrounding neighbors, County officials, etc.)
4. **Asset-based approach:** Building on existing community assets by being responsive to what's already good about Southwood, both socially and physically.
5. **Self-help model:** Basing redevelopment strategies on Habitat's central belief that a "hand up" is better than a "hand out." Redevelopment will include substantial opportunities for current residents and other low-income residents of the area to earn the chance to build and purchase Habitat homes and/or otherwise participate in the rebuilding of the community.

6. **Fiscal responsibility:** Managing the redevelopment process in a financially sustainable way that allows Habitat to continue with its core mission of building affordable homes into the future.

To remain true to these core values and to create a revitalized community built on the strengths, desires and abilities of the residents, Habitat has undertaken a multiyear outreach, trust and skill building effort in partnership with the residents in order to position them to be leaders at every level of the planning effort. Not only is this the right thing to do, it is also the pragmatic thing to do.

Early Adopters Strategy:

Habitat's extensive experience as a non-profit homebuilder and community developer has taught it that -- whether it be at the home or the community level -- a revitalized neighborhood is only sustainable if the people who live there have an intense ownership stake throughout and are deeply committed partners in the process.

Many of the tremendous challenges and opportunities at Southwood relate to its scale as well as the paucity of affordable housing inventory in our region. In order to fulfill the critical non-displacement pledge, in a community without sufficient inventory of units and/or housing vouchers to facilitate temporary housing options, the vast majority of Southwood redevelopment, including temporary and permanent rehousing, must occur on site. However, given that the 1,500 residents of the park are at different stages of readiness and enthusiasm for the transition, Habitat and the County need to take a creative and incremental approach to planning and executing the redevelopment project so as to ensure that each resident who participates is not just ready for the numerous transitions that are part of the process but that each is also enthusiastic about participating.

As such, Habitat has developed an "early adopter" phasing strategy. Currently, the Southwood community development team is in the process of identifying the first cohort of families and individuals who would like to participate in the first phase -- the generation of a plan for and the execution of a "model village."

Over the course of the next year, these residents will receive intense training in the realms of planning, architecture, land use entitlement, and financial management. They will also receive one-on-one financial counseling to generate an individualized plan for homeownership or other forms of secure and safe tenancy as part of the first model village.

Once trained, they will work side-by-side with a professional planning team to design the village, inclusive of homeownership and affordable rentals, market rate lots, open space and other amenities. Once this plan is generated, Habitat will be able to work with its financial and land planning consultants to extrapolate a masterplan and financial pro forma for the entire community that maintains the flexibility for future cohorts to plan their own new neighborhoods as well. This masterplan will form the basis for a rezoning application and help structure a capital campaign, which with technical and financial assistance, would be ready in roughly 12-16 months.

From there, it is anticipated that it will take two years to complete rezoning and site planning. Land and building construction is therefore anticipated to begin in circa 2020, however, segments of the future transportation system could begin much sooner.

Habitat-Albemarle County Partnership:

Habitat and Albemarle County have been developing a strong partnership characterized by excellent communication and a shared desire to positively impact affordable housing in the County. Habitat has an excellent working relationship with the Albemarle County Board of Supervisors, Planning Commission and staff. Since

acquiring Southwood in 2007, there has been frequent and consistent dialogue to ensure that both parties are operating within mutual best interests for the Southwood community and the untapped potential around physical redevelopment. Habitat has worked closely with both the Albemarle County Police Department and the Department of Fire & Rescue to support neighborhood policing and ensure that health and safety issues are being addressed proactively. It has been actively working with the Department of Community Development, the Department of Social Services, the Department of Housing and the Department of Parks and Recreation.

Habitat has been meeting regularly with the Albemarle County Office of Economic Development to ensure the economic interests are aligned and that opportunities for economic growth and development are maximized. Additionally, there is a significant opportunity to partner with the County, PVCC, the Community Investment Collaborative (CIC) and others to ensure that resulting commercial development is aligned with the County's comprehensive plan and consistent with the needs and aspirations of current and new Southwood residents.

More recently, Habitat has been meeting with the Albemarle County Executive Tom Foley and Assistant County Executive Doug Walker who have taken the lead in ensuring that all departments are working in concert with one another, and with Habitat, to ensure that a resulting plan of development for Southwood is consistent with the county's goals and meets the needs and desires of existing Southwood residents, as well as current and future neighbors. Moving forward, this collaboration should deepen and broaden to ensure that the resulting master plan and funding strategy is inclusive of the County's preferences for development.

What follows is a list of key, ongoing strategic initiatives and anticipated requirements within the relevant realms to help the project reach fruition:

Housing:

Summary: The County has a severe affordable housing shortage. Numerous goals in the Comprehensive plan support active county efforts to help alleviate the shortage of access to simple, decent, affordable housing in the County, particularly in the urban ring.

The reasons for the shortage are multiple; however, the lack of affordable land is the primary challenge. At Southwood, this lack of land in the area presents significant challenges. Because Habitat is committed to non-displacement and because the residents of Southwood largely like their community, have children who are doing well in the Cale School district and want to stay to be part of the redevelopment, finding opportunities for temporary and permanent rehousing is a challenge.

Additionally, the housing situation at Southwood, though currently stable, is unsustainable. Habitat has invested more than \$2MM to repair failing infrastructure since purchasing the project and yet major road, water and sewer replacement is required and most trailers are degrading.

