



# Albemarle County

## Legislation Text

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**File #:** 22-228, **Version:** 1

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**AGENDA DATE:** 5/4/2022

**TITLE:**

Work Session on Affordable Housing Developer Incentives

**SUBJECT/PROPOSAL/REQUEST:** Work session to present options for an affordable housing developer incentives package for Board discussion and feedback.

**ITEM TYPE:** Regular Information Item

**STAFF CONTACT(S):** Richardson, Hudson, Baumgartner, Dimock, Filardo, Rapp, Pethia

**PRESENTER (S):** Stacy Pethia, Housing Policy Manager

**LEGAL REVIEW:** Yes

**REVIEWED BY:** Jeffrey B. Richardson

**BACKGROUND:** On July 7, 2021, the Board of Supervisors approved Housing Albemarle, the County's new housing policy, with delayed implementation of 1) the increased percentage of affordable housing units in residential developments subject to rezonings or special use permits; 2) the increase in compliance periods for affordable housing units; and 3) the new price levels for both affordable for-sale and affordable for-rent units, until a package of developer incentives to support the construction of affordable housing is approved and implemented.

Between June and October 2021, staff held four meetings with members of the developer community to discuss the components of an incentives package to support the provision of affordable dwelling units, and developers' efforts to meet the County's affordable housing goals.

On February 16, 2021, staff held a work session with the Board to discuss a proposal for an Affordable Housing Overlay (Attachment A). The proposed overlay was based on the discussions held with developers, would apply to the County's Development Areas, and included several incentives including density bonuses, reductions in development standards, waivers or reductions in development fees, and reductions in parking standards.

**STRATEGIC PLAN:** Quality Government Operations - Ensure County government's capacity to provide high quality service that achieves community priorities.

**DISCUSSION:** Staff received valuable Board feedback on the draft proposed Affordable Housing Overlay concept during the February 2022 work session. Concerns shared by the Board included:

1. the significant increase in density proposed under the overlay;
2. the amount of money associated with a waiver or reduction of building permit fees will not have enough of an impact on development budgets to offset the costs associated with the provision of affordable units;

3. Concerns the proposed reduction of development standards would potentially result in a lower quality living environment for residents; and
4. the proposed reduction in minimum parking requirements would have a negative impact on surrounding communities.

Based on that feedback, staff has determined a better approach would be the adoption and implementation of an Affordable Dwelling Unit Program ordinance as authorized under Section 15.2-2304 of the Code of Virginia. Affordable Dwelling Unit (ADU) Program ordinances are similar to the County's current approach to securing affordable units through housing proffers. The primary difference between the two approaches is that under an ADU program, the provision of affordable units becomes a mandatory requirement, as opposed to a voluntary offering. ADU programs often include specific incentives in exchange for achieving pre-determined affordable housing thresholds. Common components of ADU programs include requiring a percentage of the total residential units be provided as affordable housing, a standardized cash-in-lieu of payment amount, minimum affordability periods for the affordable units, deed restrictions limiting resale prices, and an option for non-profit housing organizations to purchase a percentage of the affordable units. ADU ordinances may include developer incentives in addition to any density increases requested through rezoning applications. A more detailed description of ADU programs, as well as examples of such programs implemented by other localities can be found in Attachment B.

In establishing the recommendation for developer incentives, staff took the Board's feedback from the previous work session into consideration in creating options providing clarity and certainty for both the developer community and for staff administering the program. For discussion and Board feedback in this work session, staff is presenting an approach to developer incentives aligning with similar Affordable Dwelling Unit Program ordinances as follows:

1. Require a minimum of 20% of the total units in a development be provided as affordable units;
2. The County will reimburse 100% of the actual water and sewer connection fees paid for 5% of the affordable units with the presentation of a certificate of occupancy for the unit AND the provision of proof of the rental or sale of the unit to income qualified persons to the Housing Program Manager AND a copy of the deed restrictions outlining the required affordability period and resale pricing restrictions;
3. Establishment of a cash-in-lieu payment amount per unit for projects unable to accommodate affordable housing units onsite; and
4. The creation and maintenance of a registration database for income qualified households eligible for and interested in affordable housing opportunities.

**BUDGET IMPACT:** Adoption and implementation of an Affordable Dwelling Unit Program ordinance may impact the County's budget should financial incentives be included in the ordinance. The amount of the impact would depend on the number of developers seeking financial support, and the number of affordable units for which they are seeking funding.

**RECOMMENDATION:**

Staff recommends that the Board provide direction and feedback on the Affordable Dwelling Unit Program ordinance discussion. If the Board supports implementation of an Affordable Dwelling Unit Program, staff recommends that the Board direct staff to submit a Resolution of Intent to consider amending the Albemarle County Zoning Ordinance for an Affordable Dwelling Unit Program and begin work on drafting the proposed ordinance inclusive of the feedback received during this discussion.

**ATTACHMENTS:**

- A - Draft Affordable Housing Overlay
- B - What is an Affordable Dwelling Unit Program?