



Albemarle County

Legislation Text

File #: 24-151, **Version:** 1

AGENDA DATE: 2/21/2024

TITLE:

Housing Albemarle Developer Incentives

SUBJECT/PROPOSAL/REQUEST: Consider process and tools to provide financial incentives to developers to support affordable housing.

ITEM TYPE: Regular Action Item

STAFF CONTACT(S): Richardson, Wall, Dimock, Sumner, Rosenberg, Curfman, Filardo, Pethia

PRESENTER (S): Stacy Pethia, Jacob Sumner, Jodie Filardo

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: In April 2019, the Thomas Jefferson Planning District Commission (TJPDC) released the Comprehensive Regional Housing Study and Needs Analysis. The report identified the need for an additional 10,070 affordable housing units in Albemarle County by the year 2040.

On July 7, 2021, the Board of Supervisors approved Housing Albemarle, the County's new housing policy, but delayed implementation of the following elements until a package of developer incentives to support the construction of affordable housing was approved and implemented:

- 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 for-rent units.

Since 2022, the Board has considered various tools to serve as developer incentives, including an Affordable Housing Overlay (Feb. 16, 2022) and an Affordable Dwelling Unit (ADU) Program (May 4, 2022), but directed staff to continue to explore alternatives. On May 4, 2022, the Board directed staff to submit a Resolution of Intent to consider amending the Zoning Ordinance to include an Affordable Dwelling Unit (ADU) program. On May 17, 2023, the Board approved the Grants or Loans for Affordable Housing ordinance to enable grants and loans that could be granted as part of an affordable rental housing grant program.

To provide stakeholder input to the Board of Supervisors, the Board worked with the Central Virginia Regional Housing Partnership (CVRHP) to host a work session on developer incentives, ahead of a future joint work session of the Albemarle County Planning Commission and Board. This session was held on December 4, 2023 and included representatives from the developer community. As a result of the discussion, staff committed to bring back a proposal for financial incentives to subsidize affordable housing, an inventory of county-owned land available for affordable housing development, and proposed changes to planning review process to support affordable housing projects, such as expedited review. This Executive Summary is focused on financial incentives to subsidize affordable housing.

STRATEGIC PLAN: Quality of Life: Encourage a vibrant community with economic and recreational opportunities that serve all community members.

DISCUSSION: Based on feedback received during the December 2023, and January 2024 work sessions, staff drafted an Affordable Rental Housing Incentive Program (ARHIP) for the Board's consideration (Attachment A). The proposed incentive program is designed to support developers' efforts to include affordable dwelling units in their residential construction projects. The proposed incentive would be available to construction projects that contain 11 or more residential units, and which make at least 20 percent of the total residential units available to households with incomes at or below 60 percent of area median income in accordance with *Housing Albemarle*. The incentive would be provided as a rebate of 10 percent of the project's real property tax each year for a 30-year term.

BUDGET IMPACT: Adoption and implementation of an Affordable Rental Housing Incentive Program would not impact the current budget, rather it would allocate a portion of future revenue from developments to such grants, and the remainder of the revenue growth would be available to support other local services. The amount of impact would depend on the number of developers seeking grant support and the number of affordable units for which they are seeking funding. The Board would have the opportunity to understand the budget impact of a particular grant as part of the approval process.

RECOMMENDATION:

Staff recommends the Board approve the proposed Affordable Housing Incentive Program (Attachment A).

ATTACHMENTS:

A - Draft Affordable Rental Housing Incentive Program