



Albemarle County

Legislation Text

File #: 23-143, **Version:** 1

AGENDA DATE: 2/1/2023

TITLE:

Work Session on Affordable Housing Developer Incentives

SUBJECT/PROPOSAL/REQUEST: Work session to present a draft Affordable Housing Grant Program for Board discussion and feedback

ITEM TYPE: Regular Information Item

STAFF CONTACT(S): Richardson, Walker, Rosenberg, Herrick, Dimock, Pethia

PRESENTER (S): Stacy Pethia, Housing Policy Manager

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: In April 2019, the Thomas Jefferson Planning District Commission 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, 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 could be 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, 2022, the Board held a work session to discuss a proposal for an Affordable Housing Overlay. The proposed overlay, which was based on the discussions held with developers, would apply to the County's Development Areas. It included several incentives, including density bonuses, reductions in development standards, waivers or reductions in development fees, and reductions in parking standards. Based on feedback received during the work session, staff determined an alternative approach to developer incentives was more appropriate.

On May 4, 2022, the Board held a second work session to discuss affordable housing incentive programs. The focus of this work session was on Affordable Dwelling Unit Program ordinances, which may include developer incentives as a program component. The Board directed staff to submit a Resolution of Intent to consider amending the Albemarle County Zoning Ordinance to include an Affordable Dwelling Unit Program.

STRATEGIC PLAN: Quality Government Operations - Ensure County government's capacity to provide high

quality service that achieves community priorities.

DISCUSSION: Based on feedback received during the previous work sessions, staff has drafted an Affordable Housing Grant program (Attachment A). Projects eligible for funding under the proposed program include:

- 1) New residential construction, conversions of non-residential structures to residential units, and substantial rehabilitation of existing affordable housing multifamily properties;
- 2) Projects with 10 or more residential units;
- 3) Location within the County's Development Areas;
- 4) Projects that provide at least 20 percent of the total residential units as affordable housing as defined by Housing Albemarle; and
- 5) Projects in which at least 10 percent of the affordable units are built to be adaptable for full accessibility.

To support the provision of the affordable housing units, the proposed program would provide annual real property tax rebates in an amount equal to the actual water and sewer connection fees for up to 20% of the total residential units in a development. The maximum term for the grant funding would be 10 years. To apply for the grant, property owners would submit a complete application packet (Attachment B), and would be required to submit annual compliance reports prior to annual grant installments being issued.

The proposed Affordable Housing Grant program was designed to meet the objectives of Housing Albemarle, as well as requirements of *Virginia Code* § 15.2-958 (Attachment C). This section authorizes the County to make grants or loans to support the construction or rehabilitation of affordable housing. It also requires developers and property owners receiving such assistance to provide 20% of the total residential units in a project as affordable housing, as defined by the locality, for a period of at least 10 years.

BUDGET IMPACT: Adoption and implementation of an Affordable Housing Grant program would impact the County's budget. 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.

RECOMMENDATION:

Staff recommends that the Board provide direction and feedback on the draft Affordable Housing Grant Program.

ATTACHMENTS:

- A - Draft Affordable Housing Grant Program
- B - Draft Affordable Housing Grant Program Application
- C - *Virginia Code* § 15.2-958