



Albemarle County Affordable Housing Investment Fund

Fund Description & Guidelines

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I. Overview

The Albemarle Housing Investment Fund (AHIF) was established by Albemarle County to provide a funding mechanism for affordable housing-related projects. The primary purpose of the AHIF is to provide financial resources to address the affordable housing needs of individuals and families who live or work in the county by promoting, preserving, and producing quality, long-term affordable housing options; providing housing related services to low- and moderate-income households; and providing support for non-profit and for-profit organizations that actively address the affordable housing needs of low- and moderate-income households. The AHIF is managed by the Albemarle County Office of Housing.

II. Fund Capitalization

Sources of AHIF funding include, but are not limited to:

- A portion of annual real property tax revenue collected.
- Cash contributions in lieu of providing actual affordable units when rezoning or Special Use Permits of a specified level of density are approved.
- Voluntary contributions made through proffers.
- Allocations of funding to AHIF at the discretion of the county Board of Supervisors.

III. Funding Priorities

Priority will be given to projects that:

- Provide rental housing options for households with income less than 60% of AMI;
- Provide homeownership options for households with income at or below 80% of AMI;
- Include mechanisms to ensure permanent (90-year) affordability;
- Use County funding awards to leverage significant amounts of federal, state, or private funding;
- Are shovel ready. For projects that will be applying for Low Income Housing Tax Credit (LIHTC) financing, 'shovel ready' means the applicant will be submitting a LIHTC application during the next available application period;
- Support the economic and social diversification of Albemarle County neighborhoods; and
- Provide on-site resident services; and,
- Address the housing needs of priority populations as identified in the Human Services Funding Needs Assessment.

Additional priority will be given to projects that serve specific household types, based on vulnerability and/or gaps in existing inventory, which will be established annually by the Board of Supervisors. Types of households that may be given priority status may include, but not be limited to senior households, families with children under the age of five years, or persons experiencing homelessness.

IV. Distribution of Funds

AHIF funds will be provided as grants or loans to nonprofit housing developers and/or providers, or for-profit developers constructing affordable housing units in Albemarle County. Annual fund balances will be distributed as described below.

A. Emerging Housing Needs – 10% of fund balance

Ten percent (10%) of the annual fund balance will be reserved to address emerging housing needs as identified by county staff and approved by the Board of Supervisors.

B. Funding Available – 90% of fund balance

Ninety percent (90%) of the annual AHIF balance will be provided as grants to non-profit housing providers, as well as loans available to both for-profit and nonprofit housing developers. Projects will be selected through a competitive application process, with submitted applications assessed against a set of evaluation criteria outlined in Section X below. Grant funding may also be provided to for-profit developers if proposed project is comprised of 100% affordable housing or the project is being funded by Low Income Housing Tax Credits.

In addition, loans through the AHIF will be made available to both for-profit and nonprofit housing developers for the construction or preservation of affordable housing. Funds will be provided as zero-interest loans to nonprofit organizations, or two percent (2%) simple interest loans to for-profit developers. All loans will be due and payable 60 months from the date of the initial loan closing.

NOTE: The Albemarle County Board of Supervisors reserves the right to direct some or all of the AHIF fund balance toward addressing an emerging housing need or emergency situation.

V. Eligible Applicants

Albemarle County will accept and consider proposals from non-profit and for-profit qualified applicants that meet the following eligibility requirements:

- Nonprofit applicant is a designated 501(c)(3) nonprofit organization or equivalent, or a government entity.
- Applicant must not be in violation of any federal, state or local laws/regulations.
- Applicant has owned and/or developed at least one development that contains proffered affordable housing units, county funded or otherwise supported affordable housing units, income-restricted units, or market rate housing units that have been placed in service. If applying for Low Income Housing Tax Credits, the proposed project must meet Virginia Housing's eligibility requirements as outlined in the Virginia Housing Low-Income Housing Tax Credit Manual.

VI. Eligible Projects

To be eligible for funding, the proposed project must meet the following general eligibility criteria:

1. Eligible projects must have proposed new construction, an addition to an existing structure, conversion of an existing non-residential structure to residential units, or the substantial rehabilitation of an existing affordable multifamily structure.
2. Eligible projects must be located within one of Albemarle County's designated Development Areas.
3. The applicant must own or have site control of the eligible project site.
4. If the proposed project is not a by-right development, an applicant's rezoning application must be approved by the Board of Supervisors, prior to the consideration or award of funds from the AHIF.
5. At least 20% of the total residential units in the project must be offered as affordable housing as defined under Housing Albemarle.
6. Minimum affordability periods of 30-years for rental units and 40-years for owner-occupied units must be maintained.

VII. Eligible Activities

AHIF funds will be used to support affordable housing projects located within Albemarle County, unless otherwise approved by the Board of Supervisors. Eligible uses of the funds include:

- Predevelopment activities (nonprofit organizations only);
- Land acquisition and assembly;
- Land development;
- Buy-down of construction loan interest;
- Water and sewer connection fees;
- Construction of affordable rental housing units that serve households with incomes at or below 60% AMI;
- Construction of owner-occupied housing units affordable to households with incomes at or below 80% AMI;
- Preservation of existing housing occupied by households with incomes no greater than 80% AMI;
- Upgrades to energy efficient appliances;
- Improvements to the building envelope to reduce energy loss, improve comfort and lower utility costs;
- Renewable energy sourcing including solar geothermal and wind energy;
- Emerging housing needs as identified by county staff.

VIII. Ineligible Activities

AHIF funds cannot be used to cover the costs associated with the following activities:

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- Property tax penalties;
 - Rental of room for community meetings;
 - Mailings;
 - Refreshments for community or neighborhood outreach meetings;
 - Transportation to community or neighborhood outreach meetings; or
 - Administrative, staffing and other operating costs.

IX. Occupancy & Affordability Requirements

Occupancy of units supported through the AHIF is restricted to income qualifying households as outlined below.

A. Distribution of Affordable Units

The affordable dwelling units must be equally distributed within the development and within buildings (if multifamily housing). The mix of affordable unit styles, square footage, and number of bedrooms should be equal to or greater than the mix of market rate units. Affordable units may float within an eligible rental housing project to ensure the required percentage of each affordable unit type is maintained throughout the compliance period.

B. Affordable Rental Housing

Projects applying for Low Income Housing Tax Credit financing, or receiving assistance through other Federal programs (e.g. Housing Choice Voucher program), will follow the income and rent limits established under those programs. All other projects will adhere to the income and rents requirements outlined below.

Qualifying Tenants -- Affordable rental housing units will be reserved for households with incomes no greater than 60% Area Median Income (AMI), adjusted for household size, as established annually by the U.S. Department of Housing and Urban Development (HUD).

Maximum Affordable Rents – The maximum gross rents for affordable rental units are calculated by multiplying the AMI by the following factor for each bedroom size.

Maximum Affordable Rent Factors:

# BR	Factor
Eff.	0.009479
1	0.010833
2	0.013542
3	0.016927
4	0.018958
5	0.021802
6	0.024646
7	0.02749

Affordability Compliance Period – Residential units designated as affordable rental units must remain affordable for a period of 30 years. The applicant must record a covenant running with the land in favor of the County, which provides that for 30 years from the date of issuance of the first Certificate of Occupancy for the ADUs that:

1. No ADU may be rented for an amount that exceeds the limits set by the Albemarle County Office of Housing;
2. The covenant is senior to all instruments securing permanent financing; AND
3. The covenant is binding upon all assignees, mortgagees, purchasers and other successors interest.

Consistency with Comprehensive Plan – The applicant's project must be consistent with land use recommendations of the Comprehensive Plan or an approved rezoning application.

C. Affordable For-Sale Housing

Qualifying Tenants -- Affordable for-sale units will be reserved for households with incomes no greater than 80% AMI, adjusted for household size, as established annually by the U.S. Department of Housing and Urban Development (HUD).

Maximum affordable for-sale price -- The maximum sales price for affordable for-sale housing units is no greater than 65% of the Federal HOME Program 1-Unit Purchase Price for Existing Housing.

Affordability Compliance Period – Residential units designated as affordable units for owner-occupation must remain affordable for a period of 40 years. The applicant must record a covenant running with the land in favor of the County, which provides that for 40 years from the date of issuance of the first Certificate of Occupancy for the affordable dwelling unit that:

1. Describes the method used to determine the affordable resale price during the affordability period;
2. The covenant is senior to all instruments securing permanent financing; AND
3. The covenant is binding upon all assignees, mortgagees, purchasers and other successors interest.

Consistency with Comprehensive Plan – The applicant’s project must be consistent with land use recommendations of the Comprehensive Plan or an approved rezoning application.

D. Reporting

All recipients of AHIF fundings are required to submit quarterly reports in a format approved by the County.

X. Application Review & Evaluation Criteria

Eligible applications will be evaluated by a review committee comprising community stakeholders using the evaluation criteria described below. Recommendations for funding will be based on which project(s) meets or exceeds these criteria to the greatest degree. Applications that receive a score of less than 75% of total points may not be considered for funding. The full list of evaluation criteria is included in Appendix A.

NOTE: If project proposals do not adequately meet the described guidelines, County staff may recommend not funding the proposal(s) and reserves the right to reject any and all proposals. County staff also has the discretion to make a recommendation for AHIF funds in an amount that is less than what is requested in the application.

Evaluation Criteria	Maximum Points		
	Rental	Owner	Rehab
	175	175	175
Readiness to Proceed	30	30	30
Capacity & Experience of Development Team	40	40	40
Project Budget	50	50	50
County Priorities	55	55	55

XI. Tenant Displacement

Albemarle County is committed to making all reasonable efforts to ensure that residential redevelopment and rehabilitation activities that receive County funding support or that require Board approval will minimize resident displacement or relocation to cases where no other alternative is available. The County will work with developers and property owners to avoid resident displacement, whenever possible; and when relocation is necessary, to enable displaced residents to move directly to

safe, healthy, and affordable replacement housing convenient to their place of employment and/or school.

XII. AHIF Management & Oversight

The AHIF and associated application and reporting processes will be managed by the Albemarle County Office of Housing in close collaboration with the Department of Finance and Budget.

Appendix A: Evaluation Criteria

Evaluation Criteria: Rental Housing	Maximum Points
	175
Readiness to Proceed	30
<i>Site control:</i> Applicant provided evidence of site control that clearly identifies all parcels in the development. Site control options include any of the following: deed to property demonstrating fee simple ownership; ground lease with a term no less than 30 years; or a purchase contract with a minimum 4-month term beyond the date of the application.	10
<i>Entitlement:</i> Applicant demonstrated that the proposed project is entitled and consistent with the approved zoning. Proof of entitlement options include any of the following: a rezoning approval letter from the Albemarle County Community Development Department (CDD); a copy of the approved site plan; or a copy of the building permits issued for the project.	10
<i>Construction Schedule:</i> Based on the construction schedule provided by the applicant, there is a strong likelihood the project will commence within 120 days of AHIF award.	10
Capacity & Experience of Development Team	40
<i>Development Experience:</i> All members of the Development team demonstrated a record of success working with Albemarle County or other jurisdictions including, at a minimum: taking projects through a community process and obtaining entitlement approvals; applying for and receiving Low Income Housing Tax Credits and Historic Tax Credits (if applicable); applying for and receiving federal funds (if applicable); closing on debt and equity financing; and a strong history of loan repayments. The applicant submitted a property management plan that clearly outlines how the property will be managed including, but not limited to: tenant selection plan/tenant screening guidelines; adherence to federal regulations (where applicable) such as occupancy standards, Violence Against Women Act, tenant preferences, charges for services/facilities, late fees and returned check fees, security deposit guidelines, unit inspection schedules, maintenance practices, and/or provision of resident services.	10
<i>Project Completions:</i> Applicant demonstrated the development team has a strong track record of completing projects on budget and on schedule.	10
<i>Green Design Construction:</i> Development team demonstrated extensive experience in green design construction with at least two (2) of the following programs: LEED Platinum certification,	10

EarthCraft Platinum Certification, Net Zero Energy Ready Certification, Net Zero Energy Certification, Zero Carbon Certification, or Passive House Certification.	
<i>Fiscal & Organizational Health:</i> Applicant is fiscally and organizationally sound. Applicant supplied latest audited financial statements or equivalent, and the audit had no findings.	10
Project Budget	50
<i>Financing Plan:</i> Financing plan is sound, reasonable and creative, and includes competitive and/or outside sources. All funding from outside sources has been committed. The applicant provided a 30-year pro forma as an active Excel spreadsheet that demonstrates a viable project. The pro forma includes reasonable assumptions and escalation factors; project income consistently exceeds expenses and debt service payments.	10
<i>Financing gap:</i> AHIF request represents minimum gap financing needed.	10
<i>Project Budget:</i> The project budget is clear, accurate, and thorough.	10
<i>AHIF Cost per Unit:</i> Requested funding amount is less than or equal to \$30,000 per unit.	10
<i>Leveraging of outside funds:</i> AHIF funding request is less than or equal to 25% of total project costs.	10
County Priorities	55
<i>Consistency with County Policies:</i> The proposed project is consistent with some or all Albemarle County policies and objectives including: Housing Albemarle, the AC44 Comprehensive Plan, Sector Plans, and/or Small Area Plans.	5
<i>Strategic Priorities:</i> The proposed project addresses at least one of the Board of Supervisors' Strategic Plan goals.	5
<i>Long-Term Affordability:</i> The development team has communicated a strategy for achieving permanent (90-year) affordability.	10
<i>Priority Households:</i> Proposed project will serve the housing needs of at least one of the County's target household types: households experiencing homelessness or at risk of homelessness, seniors (aged 65+); families with children under the age of 6 years; or persons with disabilities or medical vulnerabilities.	10
<i>Energy Efficiency:</i> Applicant has communicated an effective strategy to achieve a high level of energy efficiency for the completed project.	10
<i>Affordable Units:</i> The project reserves 20% or more of total rentals units for households with incomes at or below 60% AML.	10
<i>Accessibility:</i> Project includes affordable units that are accessible as per ADA and ANSI, UFAS or Universal Design standards	5

Evaluation Criteria: Owner-Occupied Housing	Maximum Points
	175
Readiness to Proceed	30
<u>Site control:</u> Applicant provided evidence of site control that clearly identifies all parcels in the development. Site control options include any of the following: deed to property demonstrating fee simple ownership; or a purchase contract with a minimum 4-month term beyond the date of the application.	10
<u>Entitlement:</u> Applicant demonstrated that the proposed project is entitled and consistent with the approved zoning. Proof of entitlement options include any of the following: a rezoning approval letter from the Albemarle County Community Development Department (CDD); a copy of the approved site plan; or a copy of the building permits issued for the project.	10
<u>Construction Schedule:</u> Based on the construction schedule provided by the applicant, there is a strong likelihood the project will commence within 120 days of AHIF award.	10
Capacity & Experience of Development Team	40
<u>Development Experience:</u> All members of the Development team demonstrated a record of success working with Albemarle County or other jurisdictions including, at a minimum: taking projects through a community process and obtaining entitlement approvals; applying for and receiving federal funds (if applicable); closing on debt and equity financing; and a strong history of loan repayments.	10
<u>Green Design Construction:</u> Development team demonstrated extensive experience in green design construction with at least two (2) of the following programs: LEED Platinum certification, EarthCraft Platinum Certification, Net Zero Energy Ready Certification, Net Zero Energy Certification, Zero Carbon Certification, or Passive House Certification.	10
<u>Project Completions:</u> Applicant demonstrated the development team has a strong track record of completing projects on budget and on schedule.	10
<u>Fiscal & Organizational Health:</u> Applicant is fiscally and organizationally sound. Applicant supplied latest audited financial statements or equivalent, and the audit had no findings.	10

Project Budget	50
<u>Financing Plan</u> : Financing plan is sound, reasonable and creative, and includes competitive and/or outside sources.	10
<u>Financing gap</u> : AHIF request represents minimum gap financing needed.	10
<u>Project Budget</u> : The project budget is clear, accurate, and thorough.	10
<u>AHIF Cost per Unit</u> : Requested funding amount is less than or equal to \$30,000 per unit.	10
<u>Leveraging of outside funds</u> : AHIF funding request is less than or equal to 25% of total project costs.	10
County Priorities	55
<u>Consistency with County Policies</u> : The proposed project is consistent with some or all Albemarle County policies and objectives including: Housing Albemarle, the AC44 Comprehensive Plan, Sector Plans, and/or Small Area Plans.	5
<u>Strategic Priorities</u> : The proposed project addresses at least one of the Board of Supervisors' Strategic Plan goals.	5
<u>Housing Affordability Period</u> : The development team has communicated a strategy for achieving permanent (90-year) affordability.	10
<u>Priority Households</u> : Proposed project will serve the housing needs of at least one of the County's target household types: households experiencing homelessness or at risk of homelessness, seniors (aged 65+); families with children under the age of 6 years; or persons with disabilities or medical vulnerabilities.	10
<u>Energy Efficiency</u> : Applicant has communicated an effective strategy to achieve a high level of energy efficiency for the completed project.	10
<u>Affordable Units</u> : The project reserves 20% or more of total units for sale for households with incomes at or below 80% AMI.	10
<u>Accessibility</u> : Project includes affordable units that are accessible as per ADA and ANSI, UFAS, or Universal Design standards.	5

Evaluation Criteria: Affordable Housing Preservation and Rehabilitation	Maximum Points
	175
Readiness to Proceed	30
<i>Site control:</i> Applicant provided evidence of site control of proposed rehabilitation project buildings or units, and/or agreement of owner/renter for proposed rehabilitation, and/or evidence of interest and need in community for proposed rehabilitation activities.	10
<i>Entitlement:</i> Applicant demonstrated that the proposed project is entitled and consistent with the approved zoning, and/or approved design and/or does not face administrative burdens to project completion.	10
<i>Project Schedule:</i> Based on the construction schedule provided by the applicant, there is a strong likelihood the project will commence within 120 days of AHIF award.	10
Capacity & Experience of Development Team	40
<i>Team Experience:</i> All members of the project team have demonstrated a record of success working with Albemarle County or other jurisdictions including, at a minimum: completing projects of a similar scope and size; and applying for and receiving federal funds (if applicable).	10
<i>Project Completions:</i> Applicant demonstrated the development team has a strong track record of completing projects on budget and on schedule.	10
Experience including energy efficient design or components to rehabilitation or preservation projects, evidence of staff experience and/or training in energy efficient construction.	10
<i>Fiscal & Organizational Health:</i> Applicant is fiscally and organizationally sound. Applicant supplied latest audited financial statements or equivalent, and the audit had no findings.	10
Project Budget	50
<i>Financing Plan:</i> Financing plan is sound, reasonable and creative, and includes competitive and/or outside sources.	10
<i>Financing gap:</i> AHIF request represents minimum gap financing needed.	10
<i>Project Budget:</i> The project budget is clear, accurate, and thorough.	10
<i>AHIF Cost per Unit:</i> Requested funding amount is less than or equal to \$30,000 per unit.	10
<i>Leveraging of outside funds:</i> AHIF funding request is less than or equal to 25% of total project costs.	10

County Priorities	55
<u>Consistency with County Policies:</u> The proposed project is consistent with some or all Albemarle County policies and objectives including: Housing Albemarle, the AC44 Comprehensive Plan, Sector Plans, and/or Small Area Plans.	5
<u>Strategic Priorities:</u> The proposed project addresses at least one of the Board of Supervisors' Strategic Plan goals.	5
<u>Priority Households:</u> Proposed project will serve the housing needs of at least one of the County's target household types: households experiencing homelessness or at risk of homelessness, seniors (aged 65+); families with children under the age of 6 years; or persons with disabilities or medical vulnerabilities.	10
<u>Energy Efficiency:</u> Applicant has communicated an effective strategy to achieve a high level of energy efficiency for the completed project.	10
<u>Long-Term Affordability:</u> The development team has communicated a strategy for achieving sustained affordability of rehabbed units.	10
<u>Affordable Units:</u> 100% of the proposed rehab units are for households with incomes at or below 80% AML.	10
<u>Accessibility:</u> Project includes changes that improve accessibility of units.	5