



ADU Manual In Lieu Fee/ Student Housing Study

City Council Presentation

January 20, 2025

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Neighborhood Development Services Department

Goals and Agenda



- Goals:
 - Get feedback on scope of work to inform study approach and desired outcomes
Staff will return with updates after research and community engagement
- Agenda
 - Background
 - Initial Observations
 - Study Focus and Scope of Work
 - Community Engagement Approach
 - Potential Options
 - Timeline
 - Discussion

Student Housing Background Information



Student Housing History



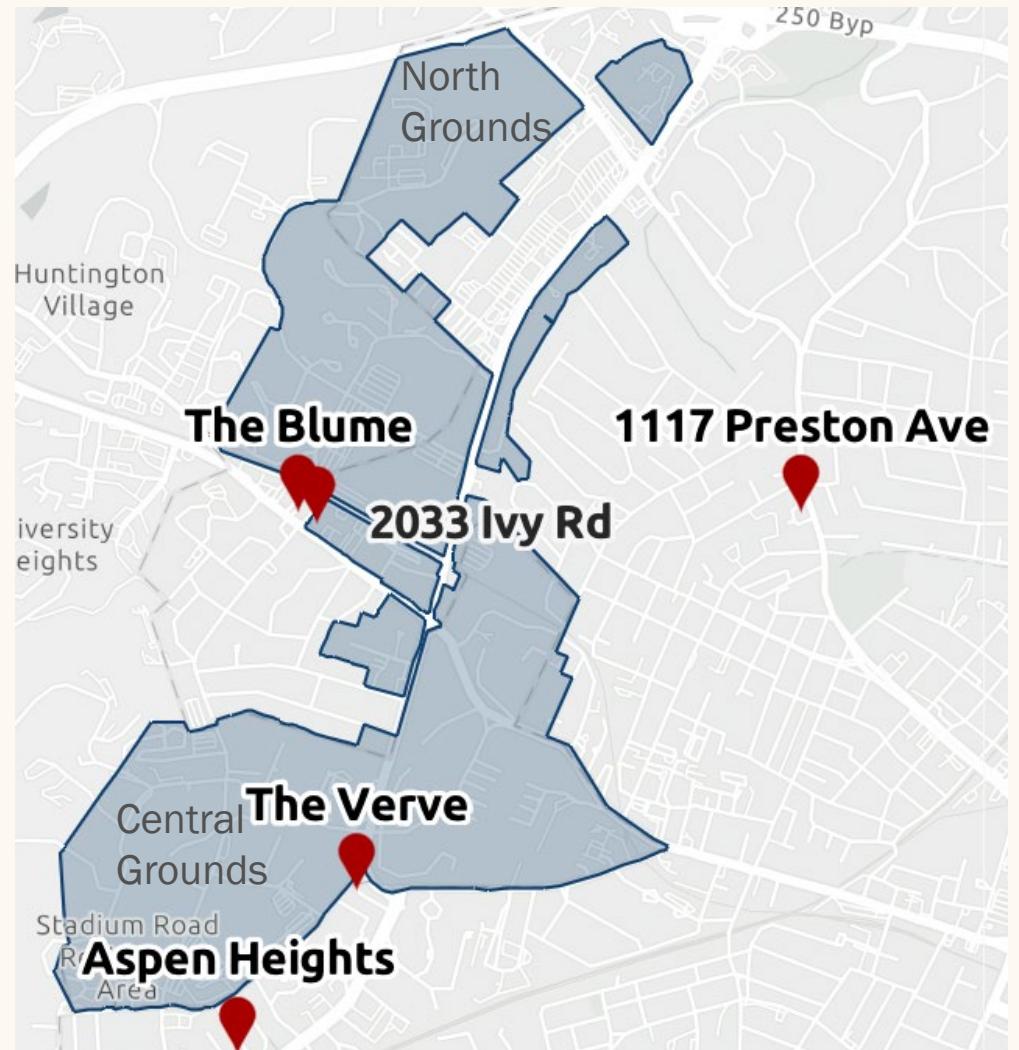
- UVA enrollment growth has steadily increased demand for student housing.
- Historically, students lived:
 - On Grounds (limited capacity)
 - In older apartment complexes near UVA
 - In converted single-family homes in neighborhoods adjacent to the university
- As enrollment grew, private developers increasingly stepped in to build purpose-built student housing.
 - Within walking distance to Grounds
 - 4-bedroom units, rental by bedroom

Neighborhood	Key Student Housing Features
The Corner / University Area	Oldest off-Grounds student district; dense housing near UVA
Venable	Early 20th-century homes converted to rentals; adjacent to Grounds
JPA Corridor	Mix of apartments + subdivided homes; close to hospital & Grounds
West Main	Longstanding transition zone; now major student-housing corridor
Fifeville (edges)	Increasing student-housing pressure near West Main
10 th and Page	Early 20 th -century homes converted to rentals; increasing student housing pressure

Student Housing Supply and Demand

Total Undergraduate and Graduate Enrollment ~
27,000*

- ~ 7,000 beds on Grounds (4,000 for First-Years)
- 2030 Plan aspires to house all first year and second-year students
- 5 projects currently under construction off Grounds, totaling 3,515 beds
 - Verve (442 Units / 1,332 beds)
 - Aspen Heights (119 Units / 390 beds)
 - 1117 Preston Avenue (16 Units / 32 beds)
 - Ivy (Blume) (231 Units / 641 beds)
 - 2033 Ivy Rd (780 beds)
 - Darden Graduate Housing (County) (340 beds)



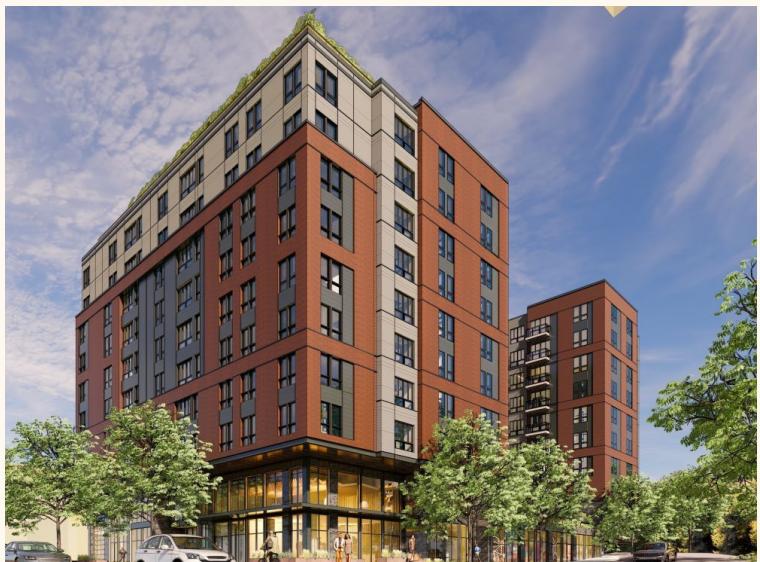
*Source: Facts and Figures | The University of Virginia

*Darden Graduate Housing not pictured

Student Housing – National Perspective

- National report note a continued trend toward:
 - Private bedrooms and bathrooms
 - High-end amenities (fitness centers, study lounges, pools)
 - Mixed-use developments near campus
 - Preference for **private space and modern amenities**

[* Inland-Insights-Robust-Student-Housing.pdf](#)



Ivy (Blume), Charlottesville, VA (UVA)



The Verve, Charlottesville, VA (UVA)



Jolly Roger, Greensboro (ECU)

Development Code Context



Zoning Categories and Overlay Districts

The Current Development Code was Adopted on December 18, 2023 – Designed to facilitate a more form-based zoning ordinance, increasing density in alignment with the 2021 Comprehensive Plan.

Residential Districts:

- R-A, RN-A, R-B, R-C

Mixed Use Districts:

- *Corridor*: NX-3, NX-5, NX-8, NX-10, DX
- *Node*: RX-3, RX-5
- *Residential Mixed Use*: CX-3, CX-5, CX-8

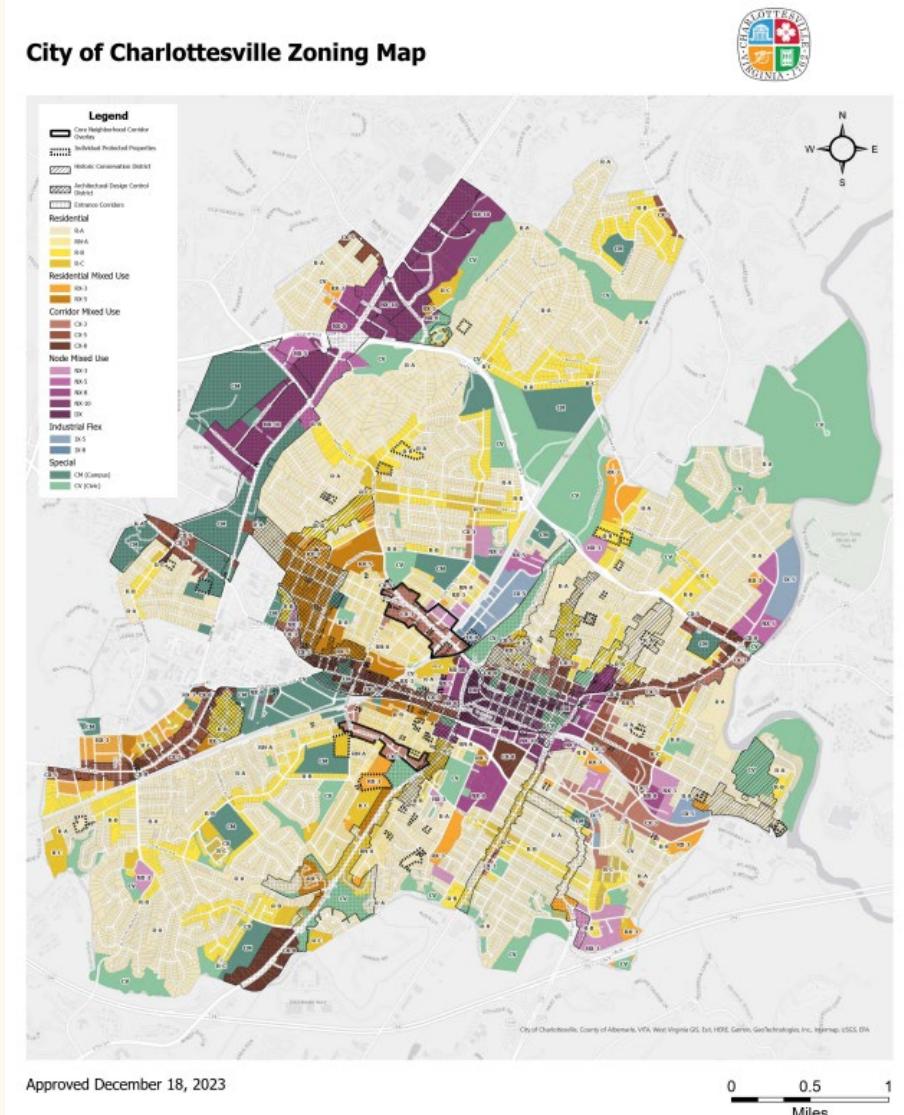
Other Zoning Districts:

- Industrial Flex: IX-5, IX-8
- Special: CM, CV, Alternate Forms

Overlay Districts (* Design review required):

- Core Neighborhood Corridors
- Corridors
- Entrance Corridors *
- Architectural Design Control Districts *
- Historic Conservation Districts *
- Individually Protected Properties *
- Floodways and Floodplains

City of Charlottesville Zoning Map



Affordable Housing and Student Housing Requirements

Residential Development:

- Projects ≥ 10 units provide 10% at $\leq 60\%$ AMI or pay in-lieu fee
- Bonus height for units at $\leq 50\%$ AMI or same fee
 - In-lieu fee = average total cost per unit of developing a residential unit in the Charlottesville market, based on bedroom count up to 3 bedrooms

Non-Student Housing

Figure 1: Construction Cost Per Unit and Average Total Cost Per Unit In-lieu Fee

Number of Bedrooms	Cost Per Rental Unit	Cost Per Ownership Condominium Unit
Studio	\$184,152	\$324,510
1	\$250,797	\$362,120
2	\$368,303	\$413,709
3	\$547,339	\$483,138
Average Total Cost Per Unit In-lieu Fee	\$337,648	\$395,869

Student Housing

- Projects that rent by the bedroom within $\frac{1}{2}$ mile of Campus Grounds
- No on-site affordable units are required
- Bonus height may also be realized
- In-lieu fee is required
 - In-lieu fee = difference between the value of a market rate unit and that of an affordable unit (i.e. value gap), based on bedroom count up to 3 bedrooms

Student Housing

Figure 2: Value Gap Cost Per Unit and Average Total Cost Per Unit In-lieu Fee

Number of Bedrooms	Cost Per Rental Unit	Cost Per Ownership Condominium Unit
Studio	\$41,380	\$269,727
1	\$107,472	\$342,937
2	\$186,038	\$284,653
3	\$261,209	\$403,741
Average Total Cost Per Unit In-lieu Fee	\$149,025	\$325,265

Rationale for Different Student Housing Requirements

- Student housing projects do not typically include non-student housing
 - Unique requirements for student housing projects (rental by bedroom, parental preferences for student living conditions and amenities)
- Value gap method resulted in a lower in-lieu fee requirement
- Lower fee requirement deemed appropriate given the lack of an on-site affordable unit requirement

Non-Student Housing

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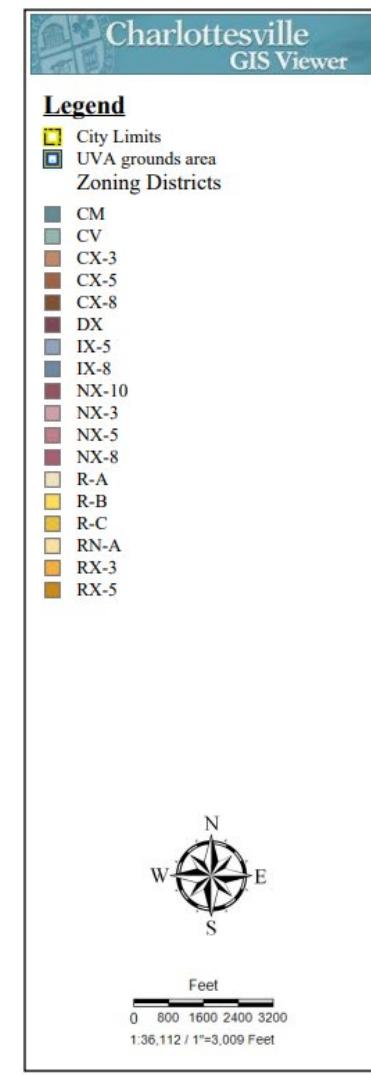
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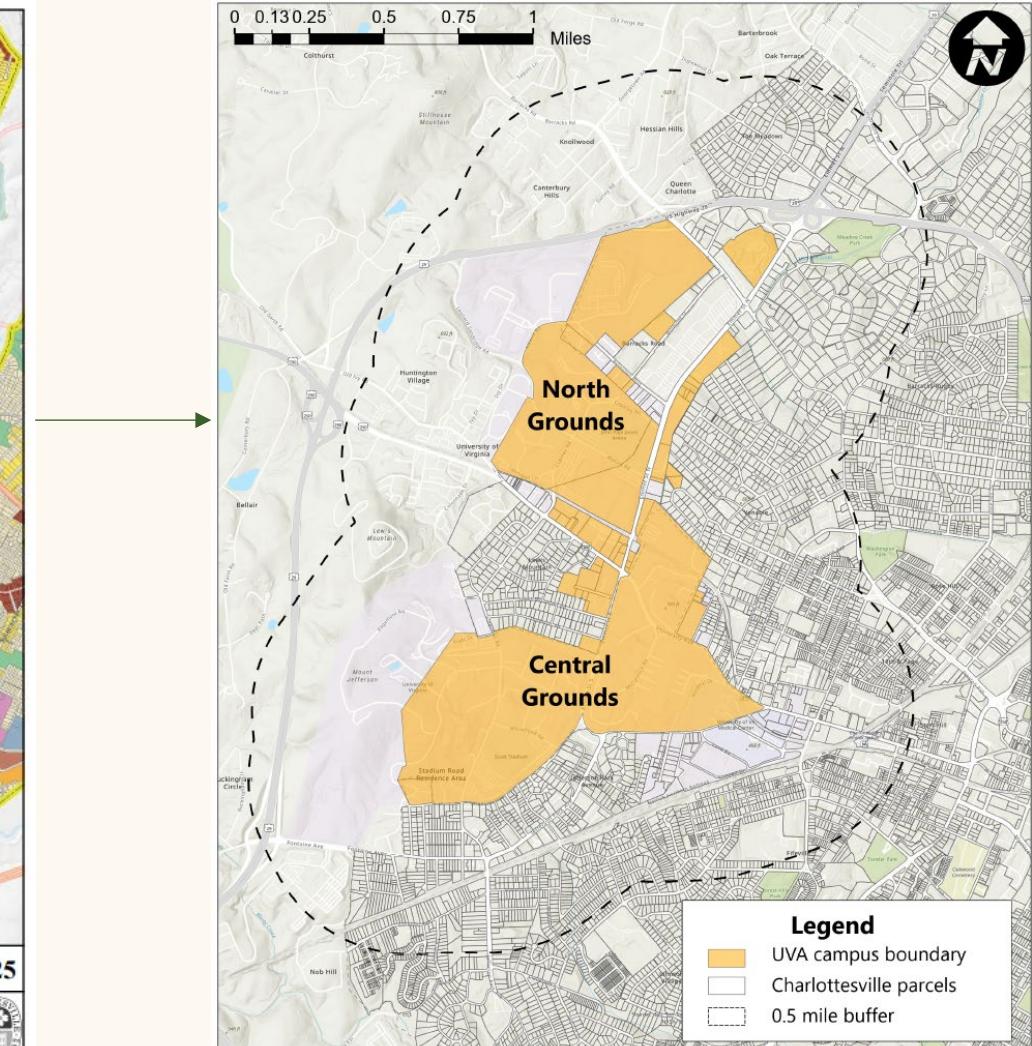
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Locations Where Affordable Housing Expectations for Student Housing Apply



UVA Grounds



Initial Observations and Concerns

Residential Development (Non-Student Housing):

- Inconsistent in-lieu fee payment structure for bonus height
- Projects opting to pay the in-lieu fee are being charged for bonus height as if the on-site requirement is **60% AMI**, not 50% AMI

Student Housing

- Lack of requirement for on-site units limits new affordable housing where student housing is most financially feasible reinvestment option
- Student housing have lower per-bedroom cost requirement for in-lieu fee, which further incentivizes student housing
- No consideration for conversions to non-student housing
- No consideration for four-bedroom units
- Large geography applies this policy to neighborhoods where displacement is a concern

Non-Student Housing

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Study Focus and Scope of Work





Development Code Amendments: Background

- **Need for Amendments** – Staff is identifying both minor and significant issues requiring revisions to better support City goals.
- **Three-Tier Approach:**
 - **Tier 1** – Minor grammatical corrections, small adjustments, and state requirements.
 - **Tier 2** – Modifications addressing oversights and clarifications to support the Intent sections of the code.
 - **Tier 3** – Policy changes requiring in-depth analysis and community engagement.
- **Next Steps:**
 - **Tier 1 & 2** – Advancing to Public Hearing with Planning Commission January 13, 2026, then a Public Hearing with City Council later in the winter of 2026.
 - **Tier 3** – Considered in the broader FY26 NDS workplan and beyond.
- **Ongoing Process** – Annual updates for Tier 1 & 2 to ensure adaptability, best practices, and sustainable growth.



Tier 3 Amendments

- **Purpose** – Focuses on policy changes and confirmations requiring in-depth analysis and broader community engagement.
- **Scope** – Significant amendments that impact long-term planning and require careful evaluation of goals and implications.
- **Community Input** – Extensive outreach to gather feedback and ensure alignment with public priorities.
- **Process** – Will be prioritized within the broader future NDS workplans, given the complexity and resources required.
- **Future Considerations** – Helps shape long-term regulatory strategies to maintain an adaptable and effective Development Code.



Purpose of the Study

- Annual review and update of the Affordable Dwelling Unit (ADU) Monitoring and Procedures Manual
- Focus on refining expectations for:
 - In-lieu fee payments
 - Bonus height projects
 - Student housing



Scope of Work / Key Study Questions

Research and Analysis

- Do the current in-lieu fee payment structures accurately reflect construction costs (for non-student housing) and the value gap (for student housing)?
- What are the approaches of other Virginia jurisdictions?
- Using the financial model created for the tax abatement study, determine what approach to requirements for in-lieu fee payments provide the best balance of incentivizing production of on-site units without limiting development feasibility?

Goals and Guiding Principles

- What should be the City's goals for in-lieu fee payment policies?
- What should be the City's goals for student housing?
- What should be the relationship between in-lieu fee expectations for student housing and non-student housing?
- Should in-lieu fee payments be greater for bonus height than for non-bonus height?

Community Engagement Approach





Key Stakeholders and Engagement Strategies

Key Stakeholders

- Housing Advisory Commission
- Planning Commission
- Property Owners
- UVA
- Albemarle County
- Thomas Jefferson Planning District Commission
- Advocacy Organizations

Engagement Strategies

- Commission Presentations
- Connect Charlottesville digital outreach and engagement opportunities
- Focus Groups
- Pop Up Visits



Key Questions for Stakeholder Engagement

- What do you believe is the most important outcome this policy should accomplish for our community?
- What impacts or unintended consequences should we work (hardest) to prevent?

Potential Options





One Set of Potential Options to Explore

Residential Development (Non-Student Housing):

- Study the creation of an in-lieu fee payment structure that increases requirement for bonus height to reflect that the on-site requirement for bonus height is **50% AMI**, not 60% AMI

Student Housing

- Consider requiring on-site units for student housing, or allow an in-lieu fee equivalent to requirement for non-student housing
 - Addresses potential conversions to non-student housing
 - Allows for on-site affordable units when financial and market conditions are favorable
- Add in-lieu fee requirement for four-bedroom units
- Consider geographic criteria – consider if needed given potential merit of equivalency with expectations for non-student housing
 - Removes unintended incentive to build student housing

All Housing Projects (10+ units)

- Consider potential for tax abatement strategies to offset costs associated with affordable housing production and facilitate investment, to be further explored

Study Timeline



Timeline



December 2025 – January 2026: Consultant Evaluation of Key Study Questions

- Do the current in-lieu fee payment structures accurately reflect construction costs and the value gap?
- What are the approaches of other Virginia jurisdictions?
- What approach to requirements for in-lieu fee payments best incentivize production of on-site units without limiting development feasibility?

January 2026 – February 2026: Stakeholder Engagement

- What are the most important things for the policy to achieve?
- What impacts do we want to avoid?

March– May 2026: Develop Proposals and Commission and Council Review

- Guiding Principles
- Policy Recommendations*
- Manual and Development Code Amendments

*Development of recommendations will be coordinated with presentation of key findings and recommendations from tax abatement study

Thank You

