

Memorandum

To: Thomas Jefferson Planning District Commissioners
From: Ian Baxter, Planner II
Date: April 7, 2022
Reference: PDC Development Grant Awards

PURPOSE:

On July 13, 2021, Virginia Housing announced \$40 million in grants to Virginia's 21 Planning District Commissions for the creation of new housing initiatives. The TJPDC was awarded \$2 million to help support the development of new affordable housing units in the region. This initiative will build on several years of regional coordination of housing providers, service providers, developers, and residents to create a network through which the affordable housing gap can begin to be closed.

BACKGROUND:

Staff has recommended development partner determinations through a multi-step process. First, potential partners completed and submitted a Proof of Concept (attached). This proof of concept was issued to collect key details about the proposed project, including type of construction, location, cost, timeline, and other details critical for staff to make an informed recommendation on funding allocations. Staff received 5 proposals totaling \$5.9 million in funding requests. Of the \$2 million dispersed by Virginia Housing, the TJPDC will award \$1.8 million to sub-recipients, and reserve the remaining \$200,000 for administrative expenses and contingency costs.

Staff began the process of identifying priority applicants by establishing criteria whereby submissions would be judged. These included cost per unit, location, type of development, affordability level, site control, funding sources secured, and capacity to be completed by June 2024. Staff followed up with applicants to clarify components of their submissions and ensure that assumptions concerning geography, cost per unit, and funding sources. In the review process, staff were particularly interested in ensuring that the TJPDC's VA Housing program incorporated units in all of our six jurisdictions and that the program fund a variety of unit types (rental and homeownership) along the full spectrum of affordability, from deeply affordable for those at less than 30% of Area Median Income (AMI) to first-time homebuyers at 50-80% AMI.

After careful review and deliberation with VA Housing on eligibility questions, staff identified three projects that met the criteria and sent priority applications to the developers of those projects – Virginia Supportive Housing's Premier Circle permanent supportive housing development, Habitat for Humanity of Greater Charlottesville's scattered-site affordable homeownership initiative, and Charlottesville Redevelopment and Housing Authority's South First Street affordable rental unit development.

Two projects that were submitted to the TJPDC were not chosen due to project ineligibility (according to Virginia Housing’s grant guidelines), relatively high per-unit costs, lack of site control or inability to guarantee location of new development, and high minimum funding amounts in order to pursue successful development (such as a dependence on securing Low Income Housing Tax Credits (LIHTC)).

The table below outlines each development’s recommended award amount and the number of units that the TJPDC grant funding will leverage. More information about each development can be found below. The total number of units proposed to be funded is 160.

Applicant	Funds Awarded	Units Funded
Habitat for Humanity	\$640,000	32
CRHA	\$660,000	48
Virginia Supportive Housing	\$500,000	80
TOTAL	\$1,800,000	160

RECOMMENDED PROPOSAL DESCRIPTIONS:

Proposal 1: Habitat for Humanity of Greater Charlottesville/Fluvanna Habitat for Humanity/Piedmont Habitat for Humanity

Number and Type of Units: 32 Affordable Homeownership Units

Location: Louisa, Fluvanna, Nelson, Greene, Charlottesville, and Albemarle

This proposal would develop affordable homeownership units in all six TJPDC localities. The cost per unit of this proposal is \$20,000 per unit. The housing typologies are as follows: 5 single family detached dwellings in Louisa County, 1 single family detached dwelling in Greene County, 6 single family attached dwellings in the City of Charlottesville, 2 single family detached, and 6 walk out condominium dwellings in Albemarle County, 4 single family detached dwellings in Fluvanna County, and 2 single family detached dwellings in Nelson County. A table follows for an easier depiction of this breakdown:

Locality	Number of Units
Louisa County	5
Greene County	1
Charlottesville City	6
Albemarle County	14
Fluvanna County	4
Nelson County	2
TOTAL	32

The three Habitat for Humanity affiliates plan to build 32 homes sold to residents of the six District 10 localities who earn between 25-60% of the area median income. These homes will be completed and sold before July 2024 and will include, at minimum, 30-year affordability provisions including a right of first refusal, appreciation sharing, and a final forgivable mortgage. Each of the 32 units in the initiative was chosen because its lot is under site control and fully entitled.

Proposal 2: Charlottesville Redevelopment and Housing Authority, South First Street, Phase Two
Number and Type of Units: 48 Affordable Rental Units
Location: City of Charlottesville

South First Street Phase Two involves the demolition of 58 deteriorated townhome-style public housing units and will be replaced with 113 townhome and garden-style rental apartments. The TJPDC will be funding 48 of the 113 proposed new rental units. The cost per unit of this proposal is \$13,750. The entire project will be affordable rental units with income limitations ranging from 30% AMI to 60% AMI. Rental assistance will ensure that access to these units is possible for public housing residents and very low-income households. This development has had significant and extensive input from current public housing residents, who were critical in both pushing for the redevelopment as well as helping to determine the layout of the new units, amenities, and design decisions. This project serves the City of Charlottesville's stated need to expand affordable housing options for very low-income residents and households, as well as delivers a long-overdue renovation of existing public housing.

Locality	Number of Units
Charlottesville City	48

Proposal 3: Virginia Supportive Housing, Premier Circle
Number and Type of Units: 80 Permanently Supportive Rental Housing Units
Location: Albemarle County

Premier Circle Permanent Supportive Housing (PSH) will involve the new construction of a four-story building. The project will provide 80 affordable studio apartments for homeless and low-income adults. Premier Circle is permanent rental housing; residents sign leases and pay a monthly rent and supportive services will be provided on-site by Virginia Supportive Housing (VSH) staff. Sixty units will have rental subsidies for homeless adults and the remaining units will be affordable for individuals earning 50% AMI or less. The cost per unit of this proposal is \$6,250. The building will serve all ages (over 18), all genders, and all races. Residents of other Virginia Supportive Housing's permanent supportive housing developments show that slightly more men than women are served, most residents are over 55 years of age, and most residents are Black. Each unit will be about 350 square feet and will contain a kitchen and a private full bathroom. All units will be fully furnished to include a bed, nightstand, dresser, table, and chairs. The building will feature resident amenities including a large community room with a kitchen and pantry, a resident computer lab, a phone room for resident use, a fitness room, and laundry facilities. The building will also contain staff offices for on-site support services and property management staff, an extensive security system and front desk that is staffed sixteen hours a day, and a night monitor's unit for an on-call night monitor.

Locality	Number of Units
Albemarle County	80

FINAL APPLICATION PROCESS:

These three projects were identified as preferred development partners due to their respective costs-per-unit, affordability level, geographic location, and type of affordable development. In addition to the criteria outlined above, staff considered components of the Regional Housing Plan as well as housing plans and comprehensive plans of the TJPDC's localities. Funding these three projects ensures that the \$1.8 million from Virginia Housing will fund developments in each of the 6 jurisdictions in the planning district, will create new rental, supportive housing, and homeownership units, will fund units with affordability levels ranging from less than 30% AMI to 80% AMI, and will create **8 times as many units as is required by Virginia Housing**.

Preferred development partners were sent a full application, which collected more detailed information about the organization's capacity to deliver new units, detailed financial information, and evidence of site control documentation. Staff organized a review panel of qualified affordable housing development experts to provide a detailed analysis of each project's finances, feasibility, and ability to deliver units by June 2024. The review panel consisted of:

Bob Adams, Senior Advisor and Founder of HDAdvisors, Richmond, VA

Andrew Friedman, Principal and Owner of Progressive Housing Solutions, LLC, VA Beach

Supervisor Jesse Rutherford, Chair of the Thomas Jefferson Planning District Commission

The review panel examined each priority application and determined that each was feasible and could reasonably deliver the proposed units in the required timeframe.

The total number of proposed units to be constructed are:

Locality	Number of Units
Charlottesville City	54
Albemarle County	94
Louisa County	5
Fluvanna County	4
Nelson County	2
Greene County	1
TOTAL	160

RECOMMENDATION:

In order to address the region's critical housing shortage through the construction of new affordable rental and homeownership units, staff recommends that the TJPDC Commission approve the recommended project partners to develop 160 new affordable units across the six localities in the planning district.

If there are any questions or comments, please contact Ian Baxter at ibaxter@tjpd.org.