



CITY OF CHARLOTTESVILLE

"A Great Place to Live for All of Our Citizens"

Department of Neighborhood Development Services

Memorandum

To: Daniel Rosensweig, Executive Director, Habitat for Humanity of Greater Charlottesville
From: James Freas, Director, Neighborhood Development Services & Zoning Administrator
Date: February 22, 2024
Re: Zoning Determination: Section 4.2.2 Affordable Dwelling Units
CC: Alex Ikefuna, Director, Office of Community Solutions
Jay Stroman, City Attorney

Habitat for Humanity of Greater Charlottesville (Habitat) has requested a zoning determination that their program for the creation of affordable ownership units, with specific provisions that ensure that funds can be recaptured and reinvested into the creation of more affordable housing and otherwise detailed below, is consistent with the provisions of sec. 4.2.2.C.3.b. allowing the Administrator to accept modifications to the otherwise required provisions of sec. 4.2.2. Specifically, Habitat would like a modification of the requirement that bonus affordable units in the Residential districts must be income restricted for a minimum of 30 years found in sec. 4.2.2.C.3.a. and instead would like to use the requirements detailed below. For the reasons stated below, the Zoning Administrator finds the Habitat requested modifications consistent with sec. 4.2.2.C.3.b.

The following section of the Affordable Dwelling Unit (ADU) provisions of the Development Code gives the zoning administrator the ability to modify certain ADU requirements:

Sec. 4.2.2.C.3.b.

When a project demonstrates the affordability goals of the Comprehensive Plan and Affordable Housing Plan and the intent of this Section are met, such as through reinvestment of resources in ongoing affordable housing, the Administrator may accept modifications to the requirements in Sec. 4.2.2.

The intent section of the ADU provisions of the Development code is as follows:

Sec. 4.2.2.A. Intent

- 1. To promote the creation and preservation of affordable housing suitable for meeting the current and future needs of the locality in accordance with Va. Code §15.2-2304 and other relevant sections of the Virginia Code.*
- 2. To ensure that any project choosing to include 10 or more residential units will implement the*

affordable housing goals of the adopted Comprehensive Plan, and Charlottesville Affordable Housing Plan.

3. To provide an incentive for the development of residential projects of any size that implement the affordable housing goals of the adopted Comprehensive Plan and Charlottesville Affordable Housing Plan.

Broadly, housing production, particularly of affordable housing, is a central goal of the Comprehensive Plan. The following goals and strategies are directly applicable:

Housing Chapter Goal 2. Diverse Housing Throughout the City

Support a wide range of rental and homeownership housing choices that are integrated and balanced across the city, and that meet multiple City goals including community sustainability, walkability, bikeability, ADA accessibility, public transit use, increased support for families with children and low-income households, access to food, access to local jobs, thriving local businesses, and decreased vehicle use.

Strategy 2.1

Encourage mixed-use and mixed-income neighborhoods and housing developments throughout the city and support zoning changes to allow them by-right.

Sub-strategies:

Ensure that the forthcoming zoning rewrite supports a wide range of housing typologies, including both rental and homeownership opportunities at a variety of scales, including for families, aging in place, and multigenerational living.

Through Small Area Plans and zoning amendments, work with the community to determine appropriate levels of density/intensity in neighborhoods and nodes and along corridors identified on the Future Land Use Map.

Details of the Request

Habitat is a significant producer of affordable housing in Charlottesville, with a particular focus and expertise in the production of affordable units for ownership. The organization’s model is “people-first” meaning that it prioritizes affordable housing as a mechanism to lift-up a household, enabling their long-term financial stability and wealth-building that can break the cycle of poverty and bring a household out of low-income status. Towards this mission, Habitat has developed a program when selling a home to a qualified low-income household that achieves these objectives while also reserving certain interests to ensure these objectives are accomplished for the overall public benefit. This program has the following provisions incorporated into the deed of bargain and sale:

1. A provision granting Habitat a 30-year Right-of-First-Refusal to repurchase the property and share in appreciation realized upon transfer of the property as described below.

- a. This right shall run with the land, burden title to the property, and bind the grantees assessors and assigns for a period of time of 30 years from the date the deed is recorded in the clerk's office.
2. If the Right of First Refusal is not utilized, Habitat shares in the home value appreciation, defined as follows: For years 1-3, Habitat realizes 100% of the appreciation of value; for years 3-5, Habitat realizes 75% of the appreciation of value; and after 5 years there is a 50-50 split of the appreciation in value. The appreciation in value equals the delta between the initial home sale price, which is the fair market value as established by an appraisal at the time of the initial sale, and the amount of the offer.
3. In the event of a sale before 30 years, Habitat will either repurchase and sell to another qualifying household or reinvest their share of the home value appreciation back into the production of affordable housing in Charlottesville as demonstrated by the production of another affordable home within 5 years.
4. If another home is not built within 5 years, then Habitat will provide an in-lieu of payment equal to 50% of its share of the appreciation into the City's housing fund.
5. Nothing in the above shall preclude the ability of an owner to transfer the property to their linear descendants. In the case of such a transfer, no appreciation in value shall be due to Habitat.

Analysis

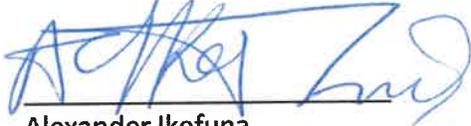
The City of Charlottesville has a strong interest in the production of affordable housing and further, recognizes that a robust affordable housing strategy requires a wide range of approaches. Ownership affordable units are an important part of this mix and the Comprehensive Plan clearly calls for a diversity in these ownership options and that they meet multiple goals. Habitat's program offers an alternative to a regular unit that would otherwise be produced under the ADU provisions as while a regular unit would be long-term and affordable unit, it doesn't offer the same level of "people-first" benefits described above. Allowing this option supports the policy objective of diverse affordable housing options.

Further, allowing Habitat to employ their affordable ownership housing model in the City promotes and incentivizes the production of affordable housing in the City by a trusted and reliable affordable housing provider as called for the intent of the ADU section of the Development Code. The model described above serves to create affordable housing meeting the requirement of being available to a household meeting the 80% AMI standard of the code. Where, for whatever reason, the qualifying household decides to sell the home before the 30 year term, the model allows for the reasonable recapture of funds, which are then redirected back to the production of affordable housing.

Zoning Determination

The zoning administrator hereby accepts the proposed modifications allowing that, rather than a 30-year affordability period during which any sale must be to a qualified low-income unit, the requirement to sell to a qualified low-income unit will only apply to the first sale. This modification would be applicable to Habitat projects involving bonus affordable units in the Residential Districts. The modification is contingent on the deed conditions listed above, evidence of which must be submitted with each project to the Office of Community Solutions.

Reviewed

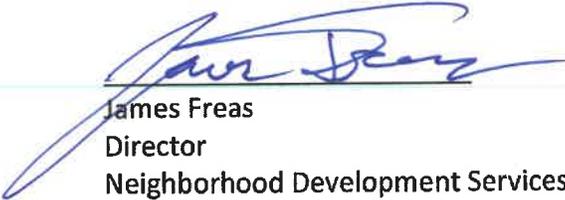


Alexander Ikefuna
Director
Office of Community Solutions

2/21/2024

Date

Approved



James Freas
Director
Neighborhood Development Services
Zoning Administrator

2/21/2024

Date