



CREATING A NEW PARADIGM
for
AFFORDABLE HOUSING
in
GREATER CHARLOTTESVILLE

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CREATING A NEW PARADIGM FOR AFFORDABLE HOUSING

As a housing non-profit with 15 years of experience helping low-income families in the area become homeowners, Habitat has watched the soaring land values in Greater Charlottesville with increasing alarm. In 2001, Habitat was able to purchase a buildable lot in the City for about \$15,000 and in the County for \$13,000. By 2007, the comparable prices were \$80,000 and \$60,000 respectively. As a result of this trend, Habitat made a major change in its traditional strategy.

The new strategy recognizes the following realities:

- Affordable single-family lots are not going to be available now or in the future.
- Truly affordable housing must be near jobs and public transportation.
- High-density is the only economic model for affordable housing.
- Mixed-income neighborhoods can make better sustainable communities.

However, affordable high-density building sites are rapidly increasing in value because for-profit developers are responding to the high demand for market-rate homes.

- For-profit developers typically:
 - Do not sell land to Habitat, or
 - Do not build mixed income communities
- While the City and County are committed to requiring for-profit developers to make up to 15% of their homes affordable, it is unclear whether applicable laws and regulations will support enforcement leaving families earning in the 30% to 60% of the Area Median Income (AMI) range, or a family income of about \$20,000 to \$40,000 per year, with no hope of home ownership other than through Habitat.
- Families earning in the 60% to 120% of AMI range, or a family income of about \$40,000 to \$80,000 per year used to be able to afford a home, but now only those with enough cash for a significant down-payment can still do so.
- For Greater Charlottesville families earning less than \$80,000 per year, who do not already own a home, home ownership is essentially beyond reach

REDEFINING THE CHALLENGE - CREATING AFFORDABLE LAND IN GREATER CHARLOTTESVILLE

The for-profit residential development business can be very lucrative for an investor willing to take a significant risk and able to:

- Locate and purchase undeveloped land with high potential.
- Invest significant capital in carrying the land for the years it takes to develop.
- Invest in creation of a Master Plan for rezoning.

- Invest in development, submission, and regulatory pursuit of a Planned Unit Development (PUD) application to City or County authorities.
- Invest in the legal and consulting costs of obtaining approval for rezoning from regulatory staff, public planning bodies, and from the City Council or Board of Supervisors.
- Invest in creation and approval of a site plan so the construction can begin.

The moment that the rezoning is granted, the developer can realize an economic gain many times the investment in the rezoning process.

A NEW STRATEGY AT WORK – HABITAT IS IN THE GAME NOW

In the role of a non-profit developer, Habitat can create and realize the same value that for-profit developers do, but instead of putting it “in the bank,” Habitat can return that value to the community in the form of affordable land for affordable housing.

This scenario is more than a dream. In 2004, the Sunrise Trailer Park property in downtown Charlottesville came on the market. Habitat immediately recognized the potential of Sunrise as a pilot project for its new strategy. Sunrise was already an affordable housing property, and if the money could be raised for its purchase and the costs involved in obtaining rezoning approval, Habitat could redevelop the property at a higher density for increased affordable housing. Habitat moved quickly to acquire the property with the support of an anonymous lead donor. Since that time, Habitat has conducted an architectural and site design competition, selected designers, worked closely with the local residents and City of Charlottesville planners, and is poised to present a Planned Unit Development application in spring 2008 for approximately 55 to 75 housing units.

An even more compelling opportunity soon arose. In early 2007, Habitat acquired Southwood Mobile Home Park, an exceptional 100-acre property adjacent to the Biscuit Run property in the designated growth area of Albemarle County, just south of I-64 on 5th Street Extended. The goal is to rezone and develop this land for 600 to 900 units of high-density mixed-income housing and make it available to partners in both the non-profit and for-profit sectors for construction of attractive and sustainable neighborhoods. As the community invests in non-profit development, the value created will be captured and returned to the community in the form of affordable land for a healthy, balanced, and sustainable community.

ASPEN OR AUSTIN - THE TIPPING POINT IS NEAR

There is broad agreement in the private and public sectors of the community that the shortage of affordable housing is already eroding the quality of life and the future of Greater Charlottesville. This is a critical juncture for the community. Will the future be like Aspen, CO, overwhelmingly affluent and where moderate and lower income workers simply cannot afford to live and are forced to commute long distances to their jobs? Or will it be more like Austin, TX, which has established a healthy balance between the affluent and the workers who make that community a social and economic success? This stark choice is still in the hands of the community, but the “tipping point” draws closer every year.

The Greater Charlottesville community has proven its willingness and ability to support a world class university, two of the finest hospitals in the nation, vibrant programs in the arts, historic preservation, and a host of wonderful organizations that provide essential services to families. It can also act decisively to ease the affordable housing crisis that threatens a unique quality of life.

This opportunity is not about Habitat – it is about the community and the vision Greater Charlottesville has for its own future. Will it be Aspen or Austin? Habitat owns the land, and is prepared to develop it for the benefit of future generations. However, this opportunity cannot be realized without a strong partnership between Habitat, other housing and service non-profits, for-profit builders, faith communities, major foundation and individual donors, the City and County, and thousands of volunteers – the entire Greater Charlottesville community.

This may be the only opportunity for such a partnership in affordable housing. Failure to act would not only be a missed opportunity for Greater Charlottesville, but also for the nation. Many other communities could benefit from the Sunrise and Southwood examples of how to provide affordable housing through trailer park transformation. The decision is in the hands of the Greater Charlottesville community.