

Workforce Housing



Workforce Housing Program

City of Virginia Beach
January, 2008

City Council Action

- On August 28th, 2007, Virginia Beach City Council adopted three ordinances that form the basis of a workforce housing program.
- Final development of all policies and procedures is underway. Developers can apply to the program now.

3

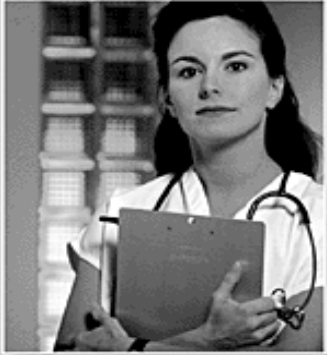
The Question is:

What Kind of Community do we want Virginia Beach to be?

If we allow current trends to continue without change, the great majority of new housing and new neighborhoods will be *unaffordable* to thousands of college graduates, new families, and working people performing all the key jobs in our community.

4


**SHE CAN SAVE YOUR LIFE,
BUT SHE CAN'T BE YOUR NEIGHBOR.**

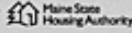


She is a certified nurse's assistant at an assisted care living facility. It was at Maria's work efforted connection. She loves her job. She loves the people she helps. But what she can't do without is the hour-long commute to and from work each day.

Maria's work connection is key to their continued growth and vitality. When a segment of the population is forced to live elsewhere, the community ultimately suffers. Businesses can't find

the employees they need to succeed, community-based volunteer services diminish, and the community that was once so desirable isn't anymore.

In Maine, the ability of your community to provide such, diverse and affordable housing is critical to its success. If you'd like to see your community do more, call the Maine State Housing Authority for more information at 800-457-4488.



5

Basic Principles - Why We Support Workforce Housing

- Income is not a measure of character
- Our current housing situation is not the result of a purely free market
- We can affect the way our community develops – this is not charity nor does it require large public funding
- Quality, affordable housing is part of competing for new jobs.
- Mixed-price/mixed income housing can be desirable and attractive.

City Council's Vision is:

Provide an adequate supply of safe, decent, attractive and diverse housing, with a range of values including owner-occupied and rental units, to accommodate the present and future needs of all Virginia Beach residents.

2003 Comprehensive Plan, City of Virginia Beach

7

A Few Points About Virginia Beach's Program

- It is about expanding the affordability of **new** housing.
- It has **nothing** at all to do with a redevelopment authority.
- It does **not** involve spending taxpayer funds to subsidize the price of housing.

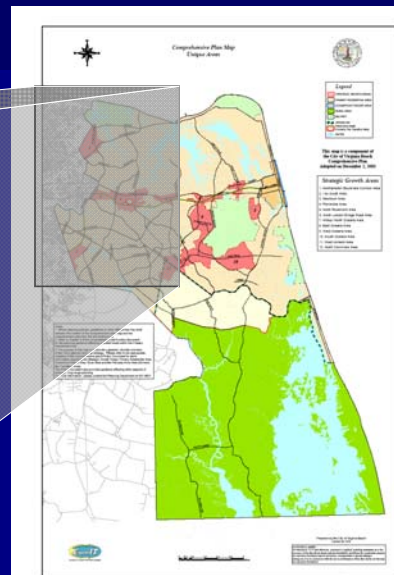
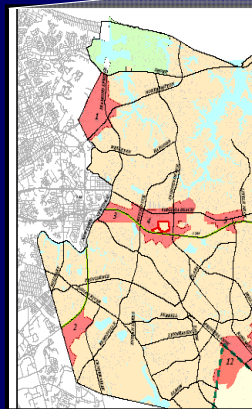
8

Workforce Housing - What and Where?

- Workforce housing:
 - Serves households with incomes between \$36,000 and \$76,000 (adjusted annually)
 - Is part of new development when voluntarily offered by developer
 - Is decent, safe and appropriate
 - Is of comparable quality and design to the market rate units it is built with
 - Is built **only where Council approves**

9

Strategic Growth Areas (1-5)



Workforce Housing - What and Where?

- Can be any type of housing unit
- Is actually sold or rented to a qualified buyer or renter with compliance restrictions
- Meets all required **quality and design guidelines and is indistinguishable from market rate units**
- Is physically integrated in developments

11

What Workforce Housing is Not!

- **Not** a government subsidy program
- **Not** a subsidy provided by developers
- **Not** a windfall or giveaway for developers or buyers
- **Not** mandatory for developers
- **Does not** place price controls on housing
- **Is not** a back door to a redevelopment and housing authority!

12

What Workforce Housing Is!

- Provides for discounts through the use of increased density
- Is optional for developers
- Provides increased profit in proportion to project size
- Provides an entry-price discount for buyers but does not give away the discount
- Controls the price to buyers but not the actual sale or purchase price

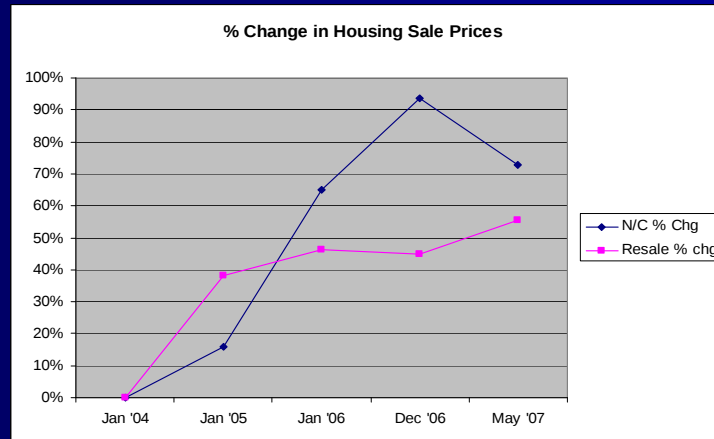
13

Why is WFH Needed?

- 1) To expand the range of affordability of the new housing being built in VB now and in the future.
- 2) To address the changes in the market that have made housing much less affordable to many households.

14

Why is Workforce Housing Needed?



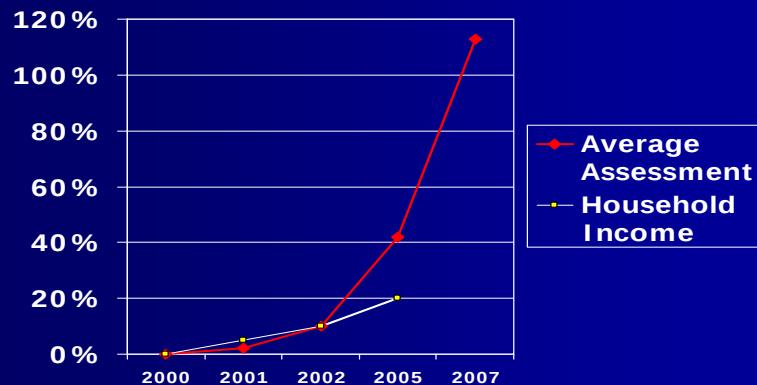
15

Why is Workforce Housing Needed?

- **\$ 532,673** = Average sale price of a new house in May, 2007 here.
- **\$348,652** – Average sale price of an existing house in May, 2007.
- **\$230,396** = Maximum affordable sales price for a family of three in our proposed program for workforce housing.

16

% Change in Housing Cost vs. Household Income, 2000-2007



17

Why is Workforce Housing Needed?

What this program does that the market doesn't do by itself:

Insures through proffers that:

- Quality housing affordable to our target group and integrated into new development will be built
- That it will be sold to those who are eligible and need it
- That its affordability will be maintained over time.

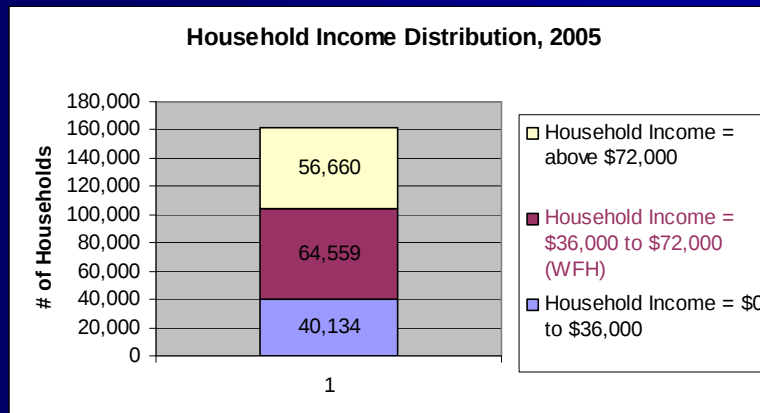
18

Who Gets What from Workforce Housing?

- Buyers and renters
 - High quality home at affordable price
 - Homebuyer education
 - Ability to live and work in VA Beach



Workforce Housing Will Serve Middle Income Households



WFH Unit Prices – 3 Person Household

% of Area Median Income	Household Income	Maximum Sales Price
80%	\$46,152	\$136,531
100%	\$57,690	\$191,996
120%	\$69,228	\$230,396

21

Who Gets What from Workforce Housing?

- Developers
 - Voluntary participation
 - Bonus Density
 - Design guidelines for Units
 - Simplified sale process



22

Who Gets What from Workforce Housing?

- Neighbors
 - High quality housing
 - Integrated throughout development



Who Gets What from WFH?

- City of Virginia Beach
 - Increase City's ability to provide high-quality, affordable housing and preserve affordability
 - Increased opportunities for people who work in City to also live in City
 - Economic Development can market available opportunities for relocating companies and their employees
 - Requires no new City funding
 - WFH advisory board provides ongoing input

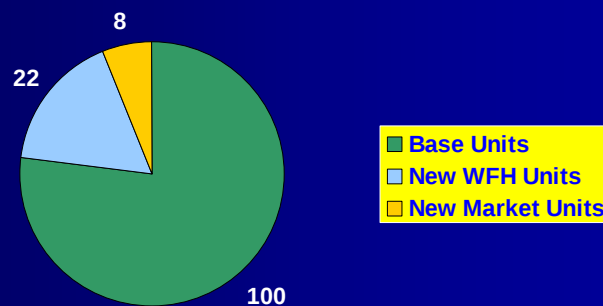
24

How the Program Works:

- 1) Bonus Density
- 2) Developer discount
- 3) Simultaneous sale
- 4) Second mortgage
- 5) Equity sharing
- 6) Resale requirements

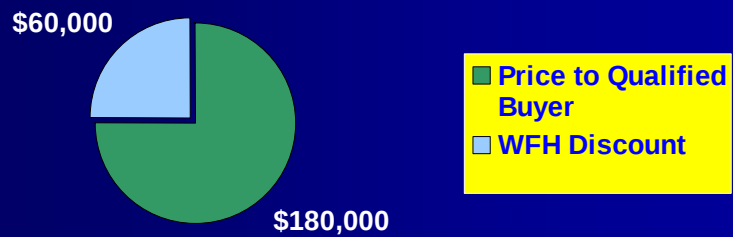
25

1) Bonus Density: 100 Base Units=130 Total Units



26

2) Developer Discounts Unit Price by 25 %



27

3) Simultaneous sale

- Initial Sale of WFH Units
 - Eliminates double transaction costs
 - Allows recording of 2nd mortgage



28

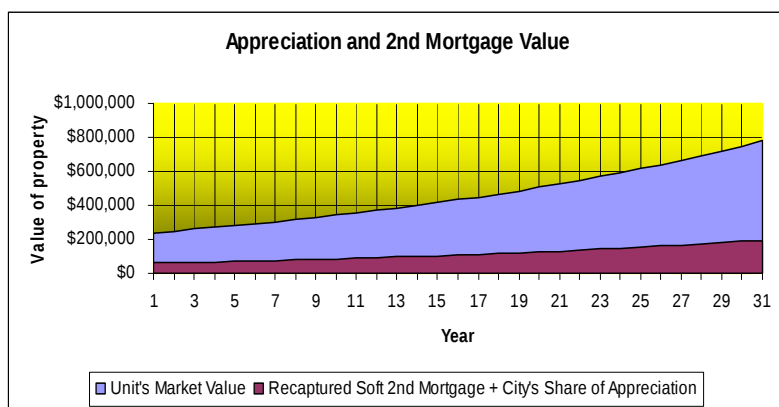
4) Second Mortgage

Soft 2nd Mortgage

- Equals WFH Discount
- Program retains proportionate share of unit's net appreciation to preserve affordability
- Prevents windfall to buyers
- Repayment due at resale or transfer

29

5) Equity Sharing



6) Resale Requirements

- Resale of WFH Unit
 - City has 1st option to purchase
 - City offers fair market value
 - If City decides not to purchase, owner may sell to general public
 - City recaptures soft 2nd mortgage plus a share of net appreciation

31

Rental Housing is Also Possible

- Rental Program
 - Serves households between 60% and 90% of AMI
 - Rental Development Compliance agreement
 - Developer's application process is same

32

WFH Operates Within the Market

- Fee to buyers will pay costs for program operation
- Buyers must find units and obtain financing – city is not providing financing

33

What's Next?

- Developers need to propose developments that include WFH
- The public and neighbors need to support these developments
- Council needs to approve them
- We need to see units built and occupied to show how positive they are

34

Workforce Housing - Your Questions and Comments

Thank you!

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35