

# Hampton Roads Planning District Commission

## Housing Workgroup

April 26, 2023



# AGENDA

- Modern Affordable Housing & Tax Credits
- The Affordability Crisis
- Development Challenges
- Potential Solutions
- Tax Credit Scoring Assistance
- Q & A



# TRADITIONAL THOUGHTS OF AFFORDABLE HOUSING



# SEASIDE HARBOR

## Pre-Construction

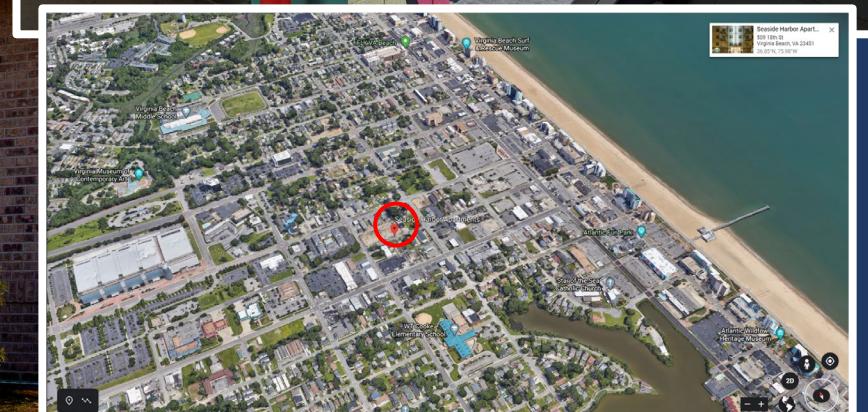


SEASIDE  
HARBOR



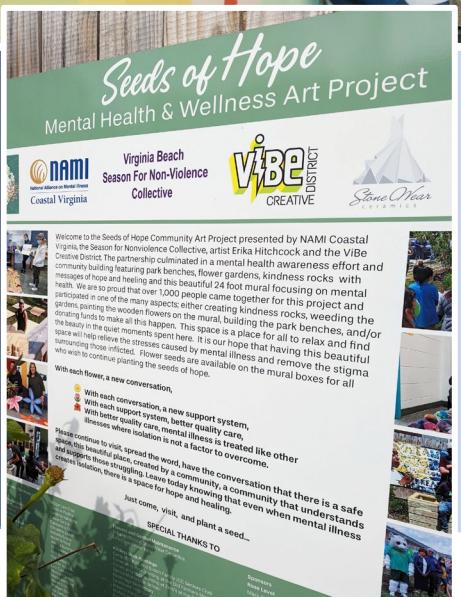
# SEASIDE HARBOR

76 Affordable Apartments  
at the Virginia Beach Oceanfront



  
LAWSON

# SEASIDE HARBOR



2019 Best Affordable Apartment Development



2020 Multifamily Project of the Year



2020 Merit Award - Best Commercial Multifamily Project

# SEASIDE HARBOR

## Community Partners & Accolades





# MARKET HEIGHTS

164 Affordable Apartments  
in Norfolk's St. Paul's District





# MARKET HEIGHTS

## Community Partners & Accolades

- First property approved under the City of Norfolk's new resiliency code

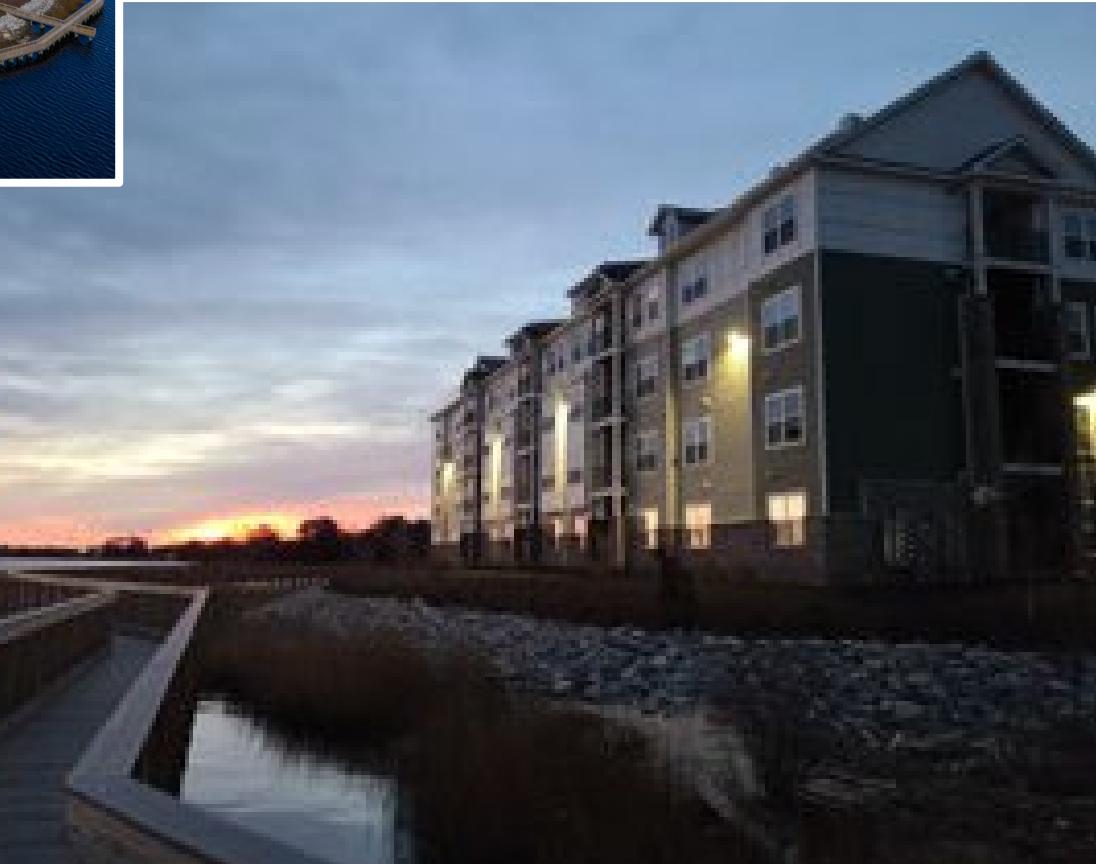


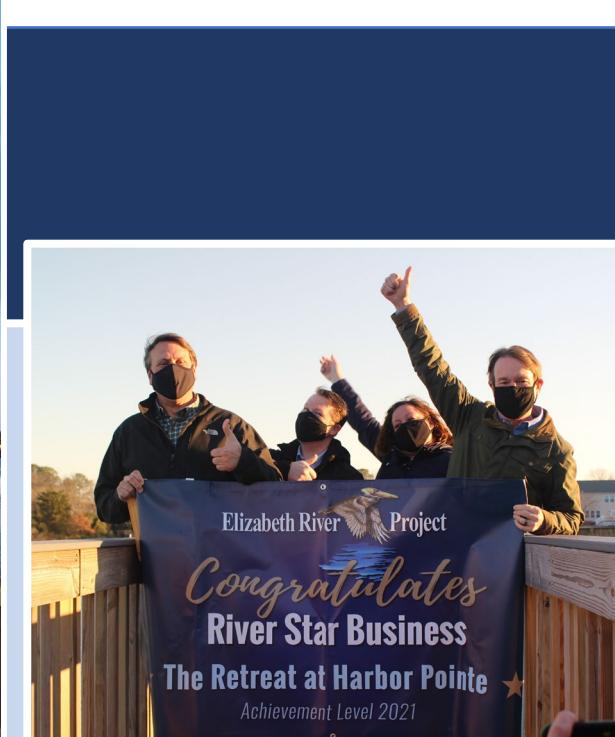
EarthCraft Gold  
Certified



# THE RETREAT AT HARBOR POINTE

246 Affordable Apartments  
on the Historic Elizabeth River





# THE RETREAT AT HARBOR POINTE

## Community Partners and Accolades



2021 Best Affordable Development (Over 100 Units)



2021 NOVGRADAC Development of Distinction in Family Housing



2021 Excellence in Development Design Merit Award



Best Affordable Community



Communities Completed 2020 or Later



2021 Achievement Level





# The Foundry

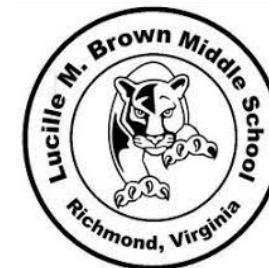
200 Affordable Apartments  
in Richmond's Northside





# THE FOUNDRY

## Community Partners & Accolades



2023 BEST AFFORDABLE  
MULTIFAMILY PROJECT AWARD



# TAX CREDITS

## The Low Income Housing Tax Credit (LIHTC)

- Created in 1986 under the Reagan Administration
- 3+ million affordable units built or preserved
  - The most successful affordable housing program ever
- True Public/Private Partnership
  - Skin in the game from all participants (owners and residents)
- Don't mess with the I.R.S.
- Creates lots of jobs, income, and tax revenue

# ECONOMIC IMPACT

**Building 100 rental apartments in a typical area creates:**

- \$12.4 million in income for state residents
- \$3.3 million in taxes and other revenue for state and local governments
- 170 jobs for residents of the state

**In addition, the annually recurring impacts include:**

- \$2.9 million in income for state residents
- \$842,000 in taxes and other revenue for state and local governments
- 49 jobs for residents of the state

# AGENDA



## Modern Affordable Housing & Tax Credits

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# THE AFFORDABILITY CRISIS

## How We Got Here... Supply and Demand...

- We have constrained the supply of housing
  - Multi-decade reliance on single family detached zoning
- In the face of record demand
  - The Millennials!
- Limited Supply + Huge Demand =

**INCREASING HOME PRICES & RENTS**



# AGENDA

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# DEVELOPMENT CHALLENGES

## Seaside Harbor – A Case Study

Five Stars Needed to Align:

1. New Resort Area Form-Based Zoning
2. Qualified Census Tract
3. Special Pool of Tax Credits for Properties with DD Component
4. Extremely Patient Land Seller (3 years!)
5. Low Interest Soft Second Mortgage from Virginia Housing

# DEVELOPMENT CHALLENGES

- The Numbers Just Don't Work for Affordable Housing
  - Interest rates
  - Construction costs
  - Operating costs, other costs & fees
- Lack of Land Zoned for Higher Densities
- Rezoning Risk for Unzoned Land
- Lack of Qualified Census Tracts (QCT's)
- Lack of Difficult Development Areas (DDA's)

# AGENDA

- ✓ Modern Affordable Housing & Tax Credits
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# POTENTIAL SOLUTIONS

- **Land Use**
  - Density, Density, Density (in appropriate areas)
  - Zone more land for affordable housing types
    - (Duplex/fourplex, Townhomes, Apartments)
  - **Put the zoning on the ground, not on the shelf!**
- **Reduce/Eliminate Municipal Costs**
  - Tap fees, capital impact fees, building permit fees etc.
- **Real Estate Tax Rebatement (not total abatement)**
- **Soft Money (i.e. low interest soft second loans)**
- **Contribution of City-Owned Land**
- **Expedited approvals and permitting for affordable deals**
- **Access to project-based vouchers (10% of unit score)**

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# TAX CREDIT SCORING ASSISTANCE

- Embrace Development in HUD Designated QCT's/DDA's
- Embrace Virginia Housing's "Revitalization Resolution"
- Government Support/"Subsidized Funding" Scoring
  - Tap Fee Waivers
  - Capital Impact Fee Waivers
  - Real Estate Tax Rebatement (not total abatement)
  - Land Contribution
  - Project-Based Vouchers

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# Q & A

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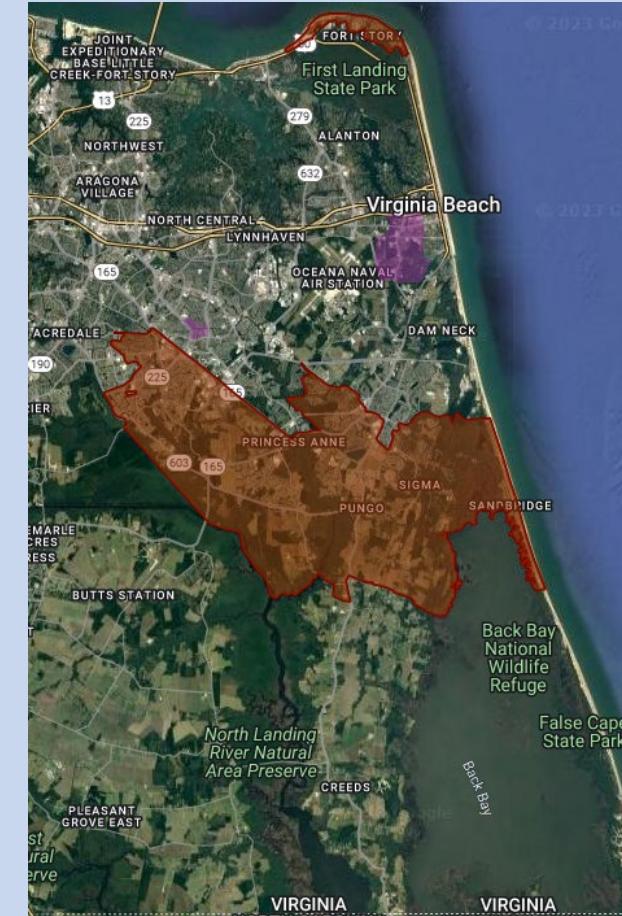
# City of Virginia Beach

## ➤ Opportunities

- Depth of Market
- Robust public transportation system
- Availability of Project Based Vouchers

## ➤ Challenges

- QCT/DDA
  - Few Developable Sites
  - AICUZ



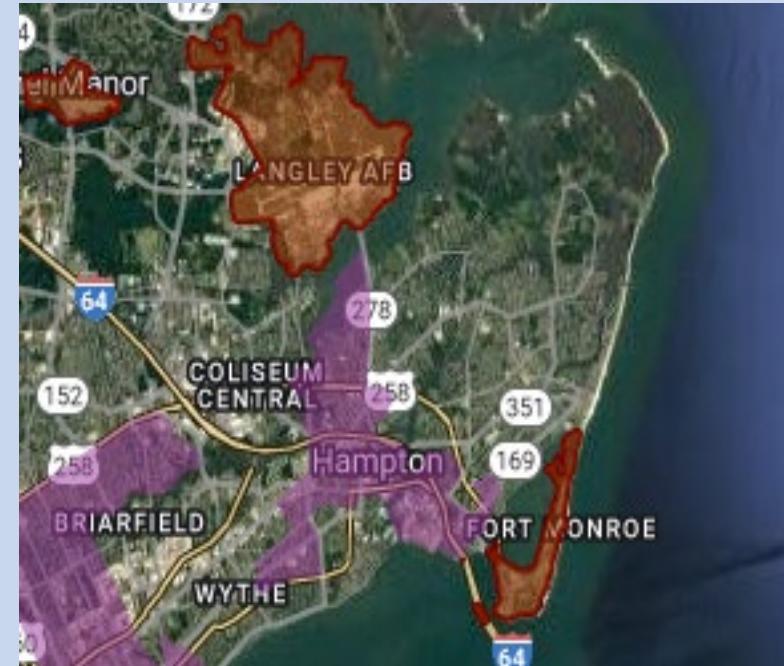
# City of Hampton

## ➤ Opportunities

- Depth of Market
- Robust public transportation system
- Availability of Project Based Vouchers

## ➤ Challenges

- Land availability



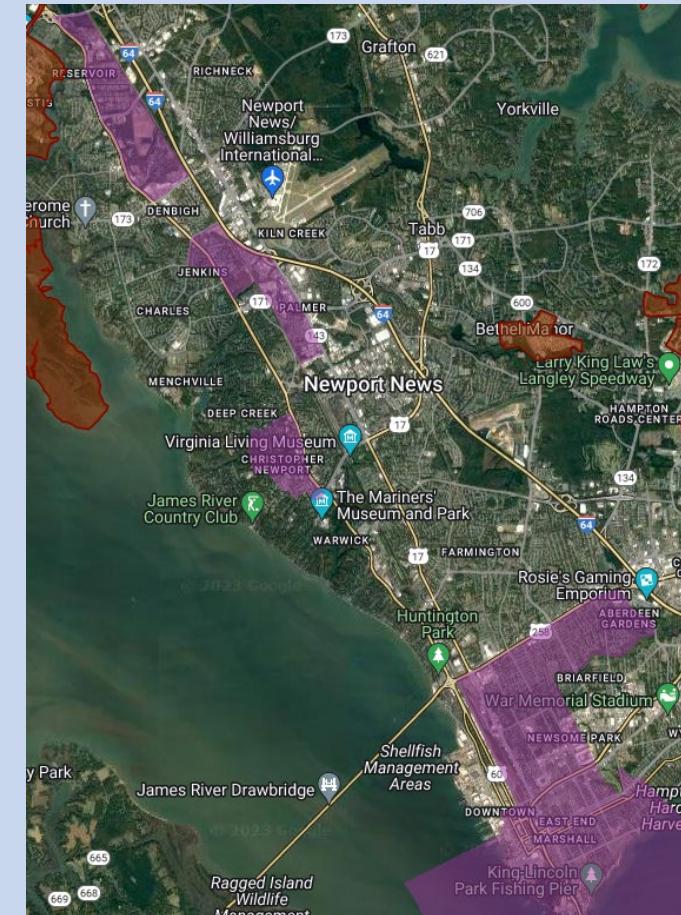
# City of Newport News

## ➤ Opportunities

- Depth of Market
- Robust public transportation system
- Availability of Project Based Vouchers

## ➤ Challenges

- Land availability



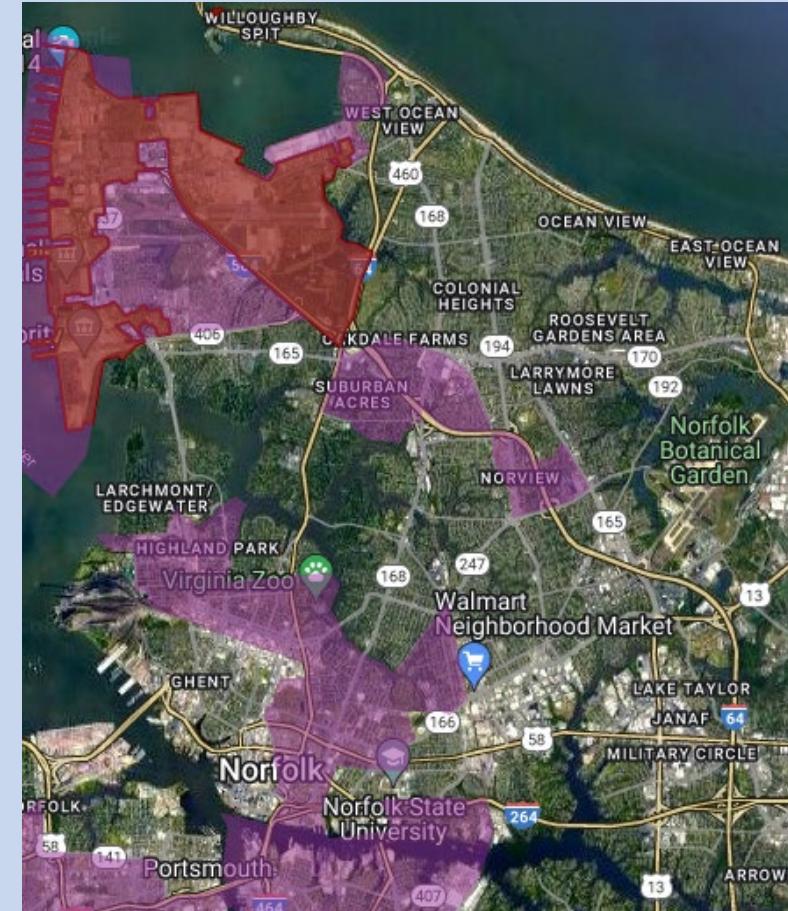
# City of Norfolk

## ➤ Opportunities

- Depth of Market
- Robust public transportation system
- Availability of Project Based Vouchers

## ➤ Challenges

- QCT/DDA
  - Few Greenfield Sites
- Costly Design Standards



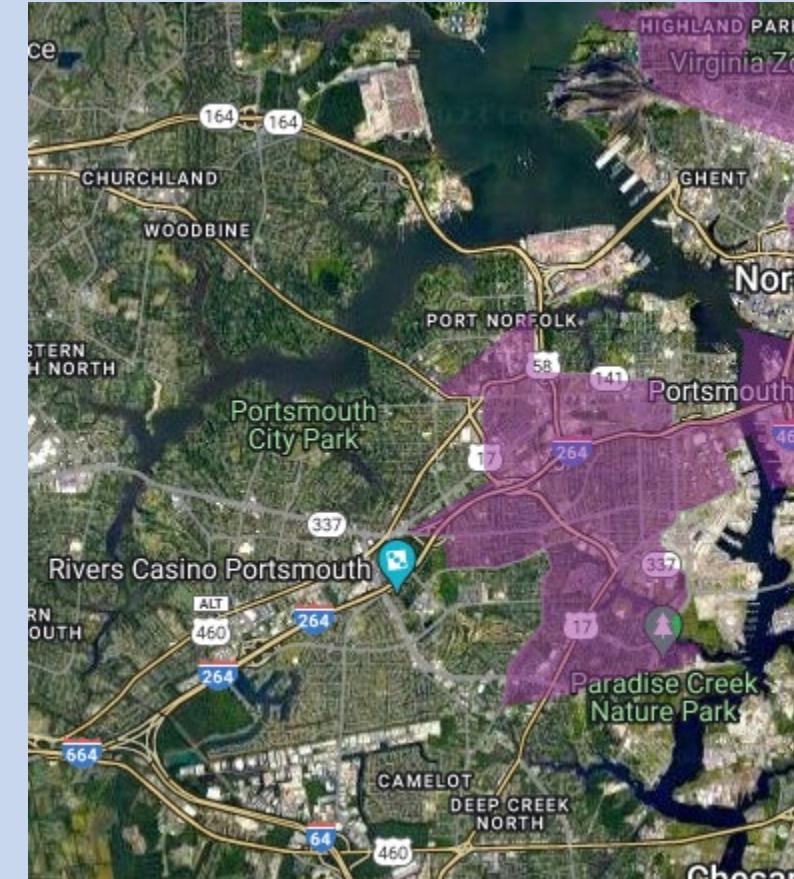
# City of Portsmouth

## ➤ Opportunities

- Depth of Market
- Robust public transportation system
- Availability of Project Based Vouchers

## ➤ Challenges

- QCT/DDA
  - Few Greenfield Sites
- Utility Rates



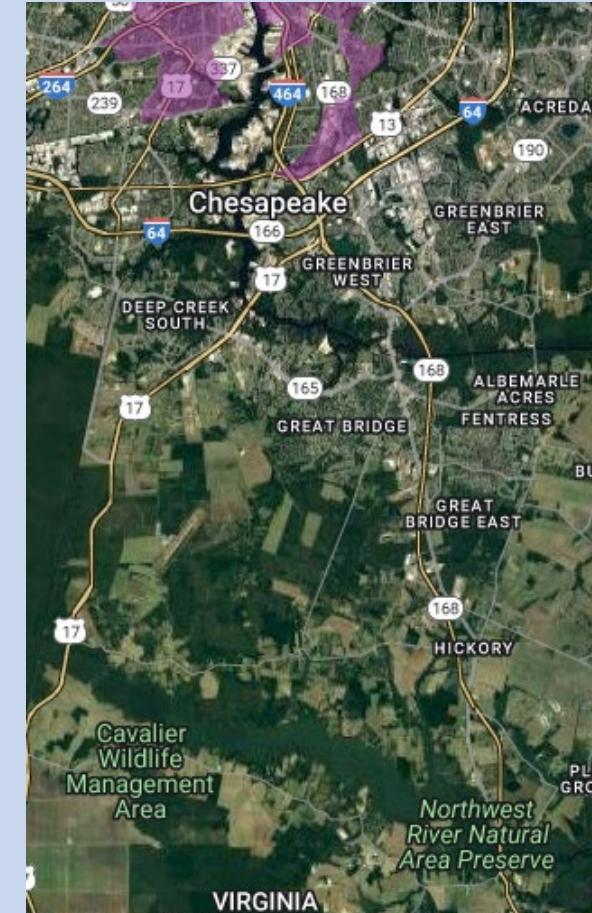
# City of Chesapeake

## ➤ Opportunities

- Depth of Market
- Undeveloped land
- Robust Public Transportation System

## ➤ Challenges

- Lack of QCT/DDA
- Utility Rates



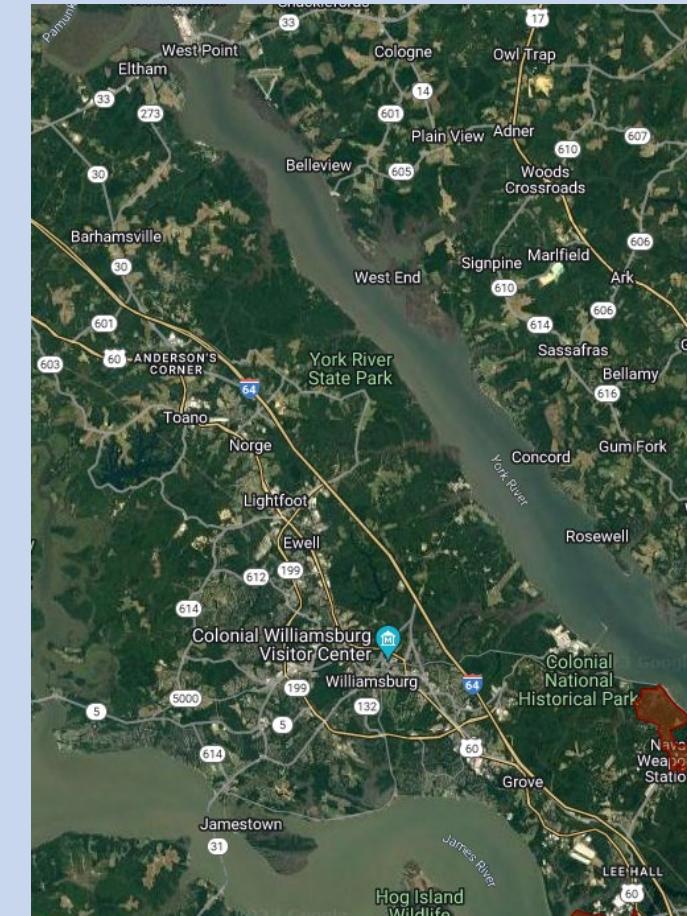
# James City County

## ➤ Opportunities

- Much developable land
- Sparse Public Transportation

## ➤ Challenges

- Lack of QCT/DDA
- Depth of Market



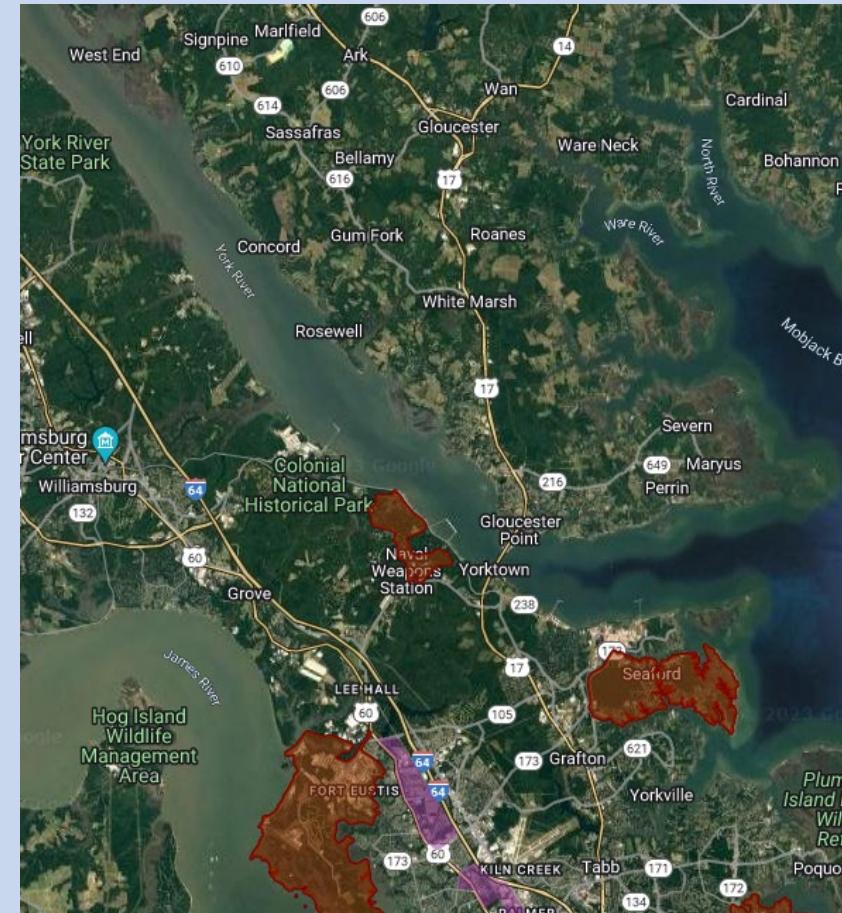
# York County

## ➤ Opportunities

- Undeveloped Land
- Depth of Market

## ➤ Challenges

- QCT/DDA
  - Few Developable Sites



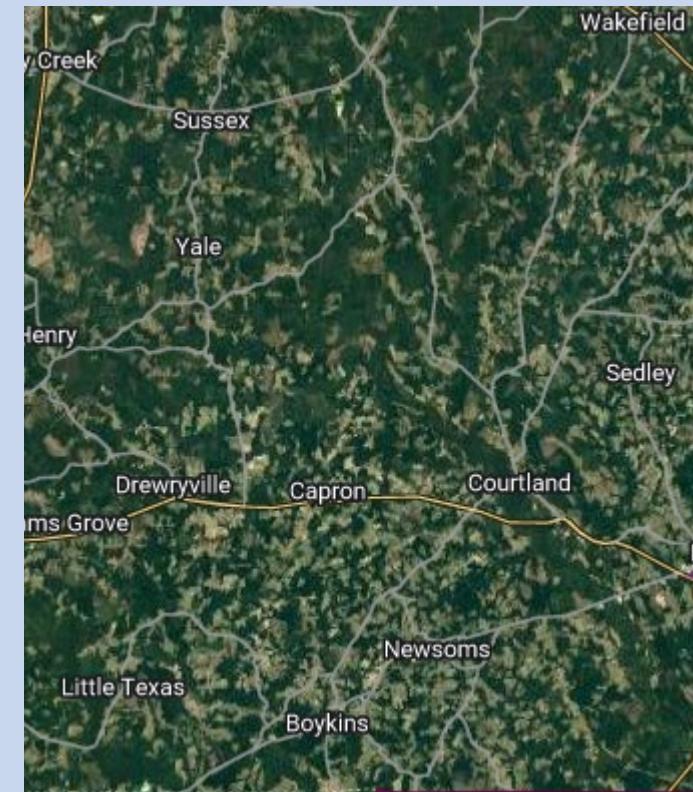
# Southampton County

## ➤ Opportunities

- Undeveloped Land

## ➤ Challenges

- QCT/DDA
  - None Within Jurisdictional Boundaries
- Sparse Public Transportation
- Comparable Rent



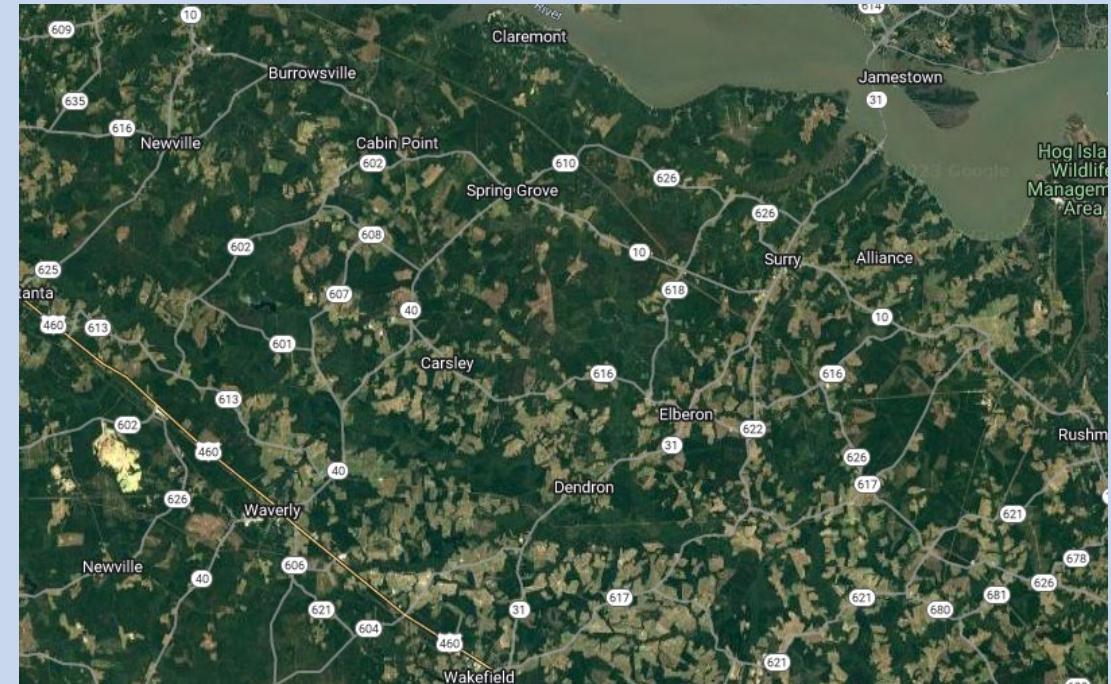
# Surry County

## ➤ Opportunities

- **Undeveloped Land**

## ➤ Challenges

- QCT/DDA
  - None Within Jurisdictional Boundaries
  - Sparse Public Transportation



# Isle of Wight County

## ➤ Opportunities

- Undeveloped Land

## ➤ Challenges

- QCT/DDA
  - None Within Jurisdictional Boundaries
- Sparse Public Transportation

