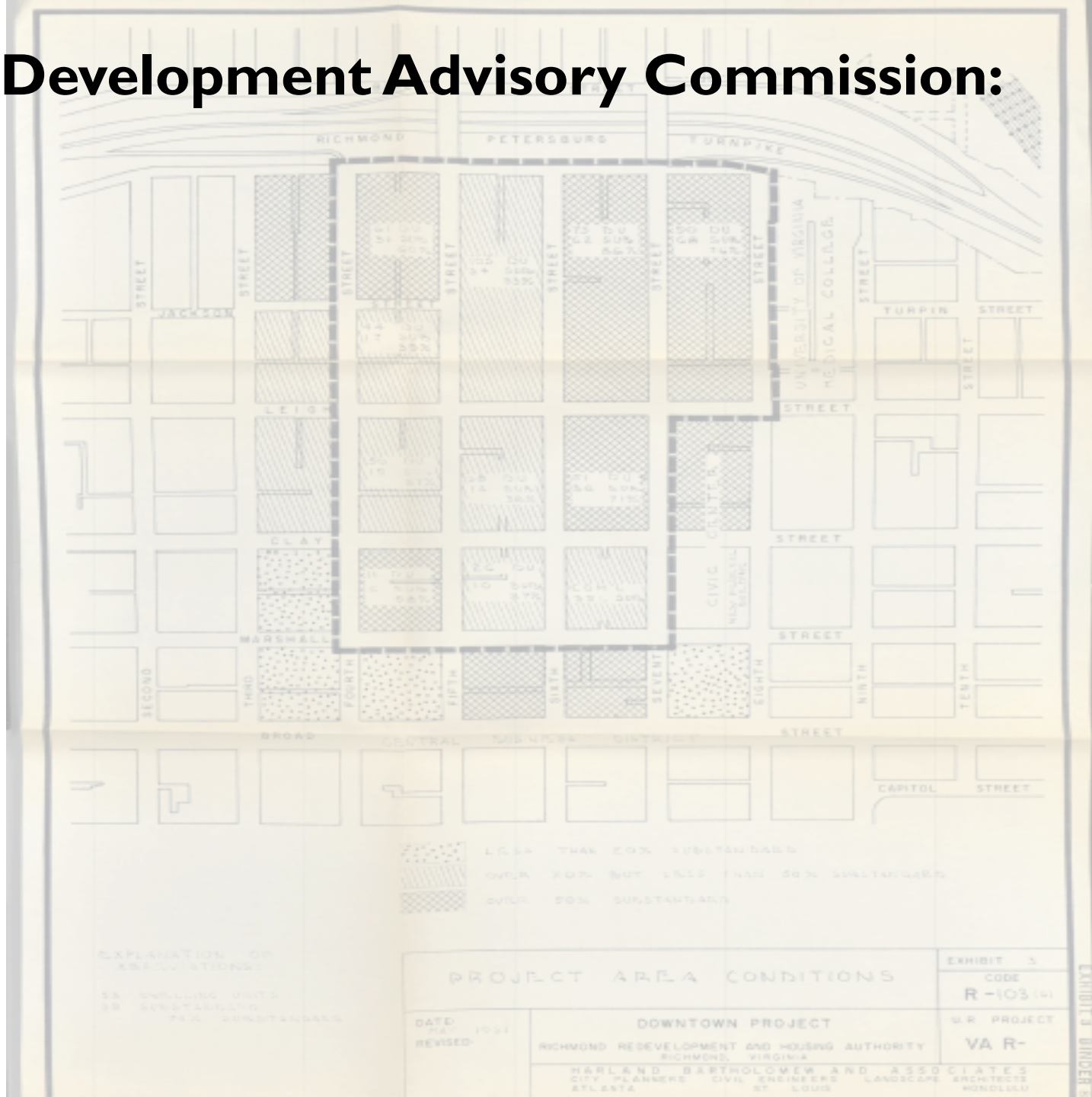


# Presentation to the Navy Hill Development Advisory Commission:

## Affordable Housing, Large-Scale Redevelopment, and Public Benefit

December 4, 2019

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- 1** Defining public benefit
- 2** Housing: Tenure and affordability
- 3** Defining Richmond's housing needs
- 4** Impacts to housing affordability from large-scale redevelopment

# Defining Public Benefit

A public benefit clearly implicates a specific group with a ***need*** that is:

- 1 identifiable
- 2 common
- 3 democratically determined

Affordability is  
**one** component  
of stable housing

## Secure Tenure

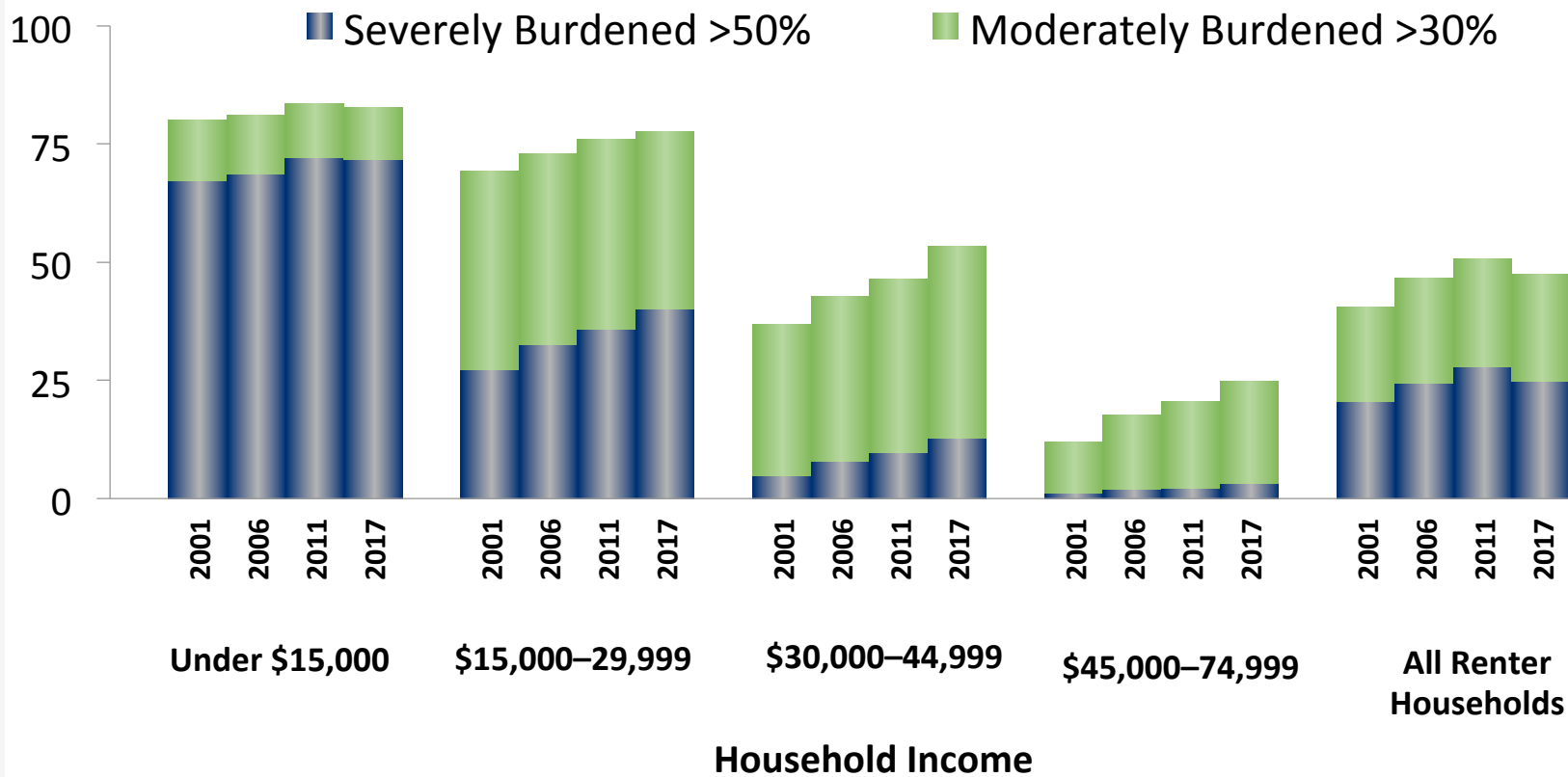
- Affordability – depth, term, management
- Stability – Predictable and stable costs
- Quality – Property and neighborhood conditions

# Defining Affordability

- “Rule of thumb” adopted to define affordability at 30% of income
- Measure hides “shelter poor” – those who pay less than 30% and who cannot afford other basic necessities.

Michael E. Stone (  
<http://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1123&context=nejpp>)

Share of Renter Households with Cost Burdens (Percent)



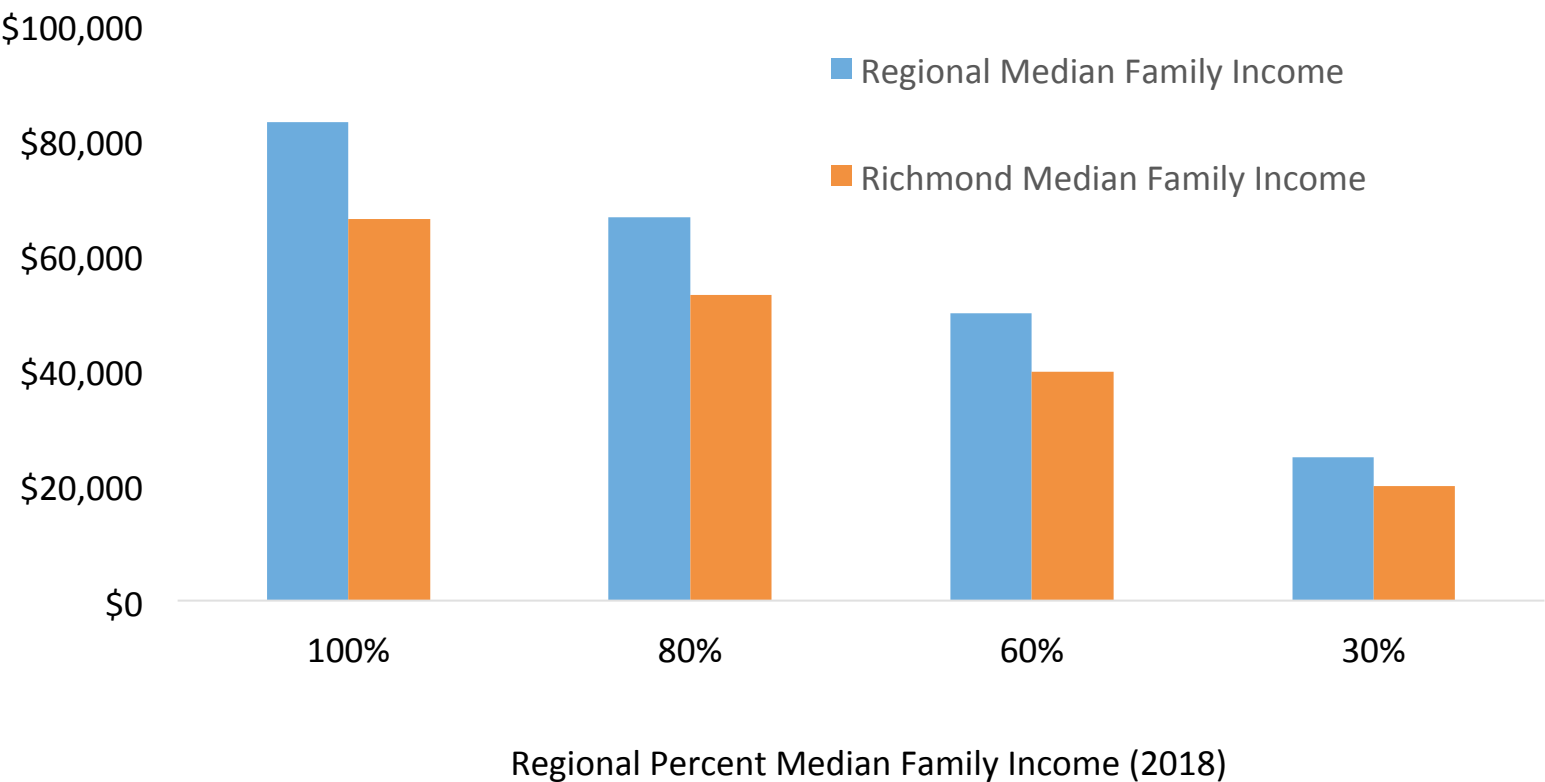
Source: JCHS tabulations of US Census Bureau, American Community Survey 1-Year Estimates.

2018 Median Family Income	
Region	\$83,200
City	\$66,400

80% Regional AMI =  
100% City

60% Regional AMI =  
75% City

# Defining Affordability in Richmond



Source: HUD 2018 Income Limits; US Census Bureau, American Community Survey 1-Year Estimates.

For every housing unit affordable to households earning less than 50% regional AMI, there are 1.5 renters needing that unit

For every housing unit affordable to households earning less than 30% regional AMI, there are 3 renters needing that unit

## Defining Housing Needs in Richmond

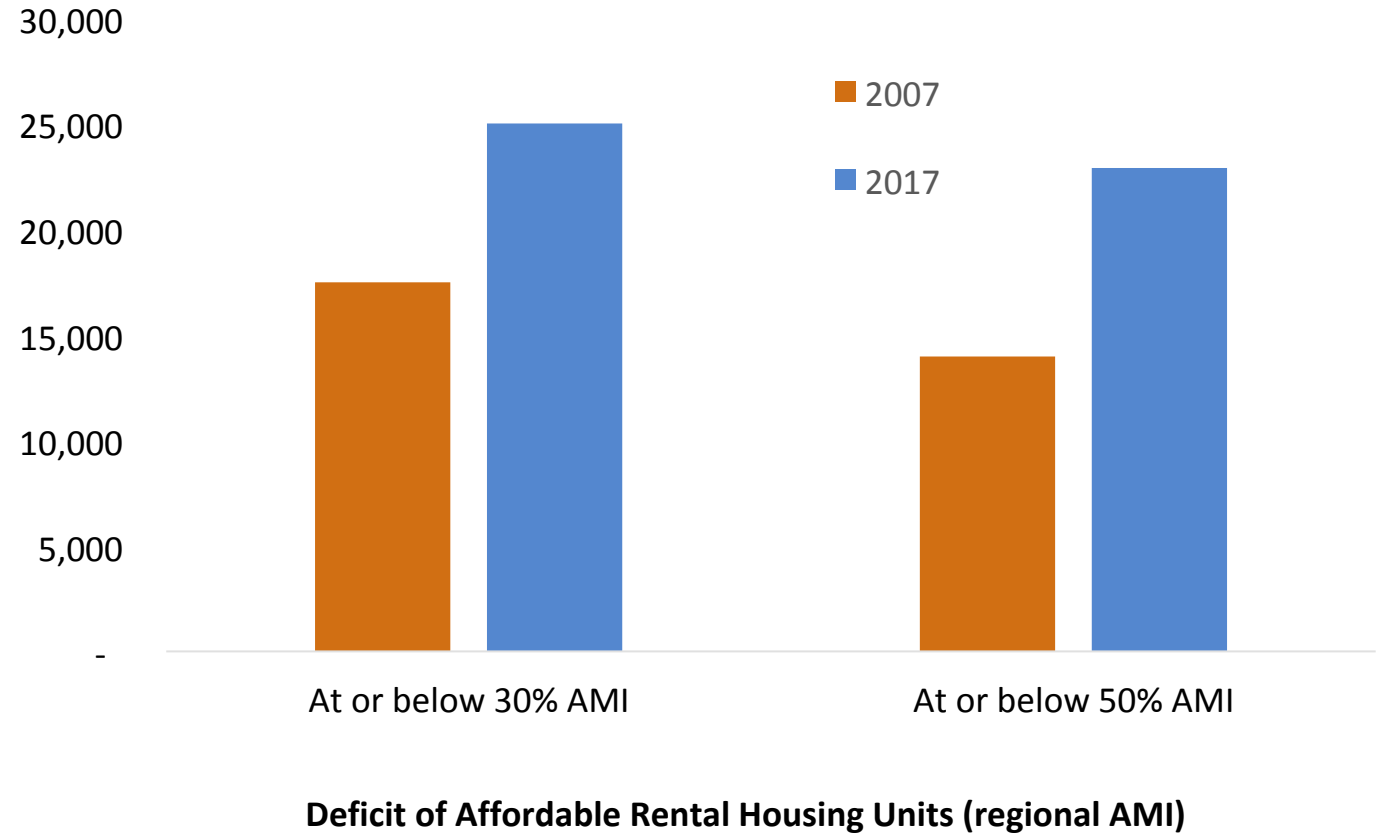


Source: National Low Income Housing Coalition, <https://reports.nlihc.org/gap/2017/va>.

Between 2007 and 2017, the Richmond region lost more than 16,000 rental units affordable at or below 50% regional AMI

According Partnership for Affordable Housing study, there is a deficit of about 15,000 units below 50% of regional AMI

## Defining Housing Needs in Richmond



Source: National Low Income Housing Coalition, <https://reports.nlihc.org/gap/2017/va>.



Proposed 60% AMI studio and 1 BR units would be affordable to 1 and 2 person families at 100% of city median income

Proposed 60% AMI 2 BR units would be affordable to 2 and 3 person families at 100% of city median income

# Analysis of Proposed Housing Component

		Proposed*	VHDA Limits (2019)
Studio	30% AMI	-	\$453
	50% AMI	-	\$756
	60% AMI	\$977	\$907
	80% AMI	\$1,180	\$1,210
	Market	\$1,180	-
1 BR	30% AMI	-	\$486
	50% AMI	-	\$810
	60% AMI	\$1,047	\$972
	80% AMI	\$1,509	\$1,297
	Market	\$1,550	-
2 BR	30% AMI	-	\$583
	50% AMI	-	\$972
	60% AMI	\$1,256	\$1,167
	80% AMI	\$1,811	\$1,556
	Market	\$2,100	-

\*As reported by VPM: <https://vpm.org/news/articles/6291/how-affordable-is-the-affordable-housing-in-the-coliseum-development-rents-in>

Vida East, Church Hill  
Completed 2018

Studio: \$924

1 BR: \$1,189 - \$1,329

2 BR: \$1,325 - \$1,729

Van de Vyver, Jackson Ward  
Expected Spring 2020

Studio: \$1,000

1 BR: \$1,225

2 BR: \$1,525

## Analysis of Proposed Housing Component

		Proposed*	VHDA Limits (2019)	Average New Construction 2018 – present**
Studio	30% AMI	-	\$453	
	50% AMI	-	\$756	
	60% AMI	\$977	\$907	
	80% AMI	\$1,180	\$1,210	
	Market	\$1,180	-	\$950 - \$975
1 BR	30% AMI	-	\$486	
	50% AMI	-	\$810	
	60% AMI	\$1,047	\$972	
	80% AMI	\$1,509	\$1,297	
	Market	\$1,550	-	\$1,150 - \$1,200
2 BR	30% AMI	-	\$583	
	50% AMI	-	\$972	
	60% AMI	\$1,256	\$1,167	
	80% AMI	\$1,811	\$1,556	
	Market	\$2,100	-	\$1,650 - \$1,700

\*\*Costar data

Survey of 2018 – 2019  
VHDA 4% LIHTC deals  
shows:

Monthly Operating Expenses per Unit	\$409 - \$620
Monthly Financing Costs per Unit	\$191 - \$415
Estimated Monthly per Unit Costs	\$600 - \$1,035

# Analysis of Proposed Housing Component

		Proposed*	VHDA Limits (2019)	Average New Construction 2018 – present**
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	Market	\$2,100	-	\$1,650 - \$1,700

\*\*Costar data

# **Analysis of Proposed Housing Component**

## **Affordability**

- Depth: No preference for vouchers
- Term: 20 year term of affordability
- Management: to-be-determined by city, should have experience with oversight of affordable housing, monitoring, and compliance

## **Stability**

- No commitment to HUD tenant rights standards and other anti-eviction practices and policies
- No commitment to stabilized rent increases

# Effects of Large-scale Redevelopment on Housing Affordability

- In an era of Federal disinvestment from urban needs, cities turn toward strategies to increase property values as a source of revenue to fund priorities
- ***Increasing property values simultaneously bolsters revenues while creating displacement pressures***, particularly for low-income and long-term residents and communities of color

# Effects of Large-scale Redevelopment on Housing Affordability

- Research indicates that large and/or mixed-use ***TIF districts have “spillover effects”***, increasing property values beyond the boundaries of the district and potentially increasing displacement pressure from rising rents and property tax burdens

Immergluck (2009), “Large Redevelopment Initiatives, Housing Values and Gentrification: The Case of the Atlanta Beltline” (<https://journals.sagepub.com/doi/pdf/10.1177/0042098009105500>)

Weber, et al. (2007), “Spillovers from tax increment financing districts: Implications for housing price appreciation” (<https://www.sciencedirect.com/science/article/abs/pii/S0166046206000998>)

# Effects of Large-scale Redevelopment on Housing Affordability

- Expansive urban studies literature demonstrates how large redevelopment projects increase displacement pressure

Immergluck and Balan (2018), “Sustainable for whom? Green urban development, environmental gentrification, and the Atlanta Beltline” (<https://www.tandfonline.com/doi/full/10.1080/02723638.2017.1360041>)

Zuk, et al., (2019), “Gentrification, Displacement, and the Role of Public Investment” (<https://journals.sagepub.com/doi/pdf/10.1177/0885412217716439>)

Vale (2013), “Purging the Poorest” (<https://www.press.uchicago.edu/ucp/books/book/chicago/P/bo14941776.html>)

# Effects of Large-scale Redevelopment on Housing Affordability

- Constructing market-rate housing likely slows or reverses housing cost increases overall, ***within limits set by capital***
- However, at the neighborhood scale, ***absent strong tenure protections*** like progressive residential property tax, rent control, and sufficient supply of deeply- and permanently-affordable housing, ***market-rate development is likely to spur additional investments, increase housing costs, and lead to displacement***

Freemark (2019), “Upzoning Chicago: Impacts of a Zoning Reform on Property Values and Housing Construction” (<https://journals.sagepub.com/doi/pdf/10.1177/1078087418824672>)

Jacobus, (2019), “Why Voters Haven’t Been Buying the Case for Building” (<https://shelterforce.org/2019/02/19/why-voters-havent-been-buying-the-case-for-building/>)

Mason, (2019), “Considerations on Rent Control” (<https://jwmason.org/slackwire/tag/rent-control/>)



# Key Considerations

- 1** Evaluating Public Benefit: meeting a need
- 2** Stable Housing: depth and term of affordability, management
- 3** Impacts:  
While unrealistic to expect one development to meet all needs, important to recognize and plan for impacts on most vulnerable under conditions of austerity, housing insecurity, inequality