



CITY OF HARRISONBURG OFFICE OF THE CITY MANAGER

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To: Department of Community Development
From: Liz Webb, Housing Coordinator
Date: February 7, 2023
Subject: Housing Coordinator Analysis of the Bluestone Town Center - Update

This update adds proffered residential unit maximums; corrects estimated residential units by type; revises the questions and requested modifications; and updates the recommendation to the January 12 memo.

Request Summary

Petition Details

Applicant(s) Harrisonburg Redevelopment & Housing Authority	Application Received December 9, 2022
Owner(s) See attached list	Planning Commission Hearing January 17, 2023
Project Planner(s) Blackwell Engineering	City Council Hearing Anticipated February 14, 2023

Proposal

Create a Medium Density Mixed Residential Planned Community on 89.75 acres of up to 900 units, in a town center style that will include a community building and retail space. Residential purposes include single family manufactured homes; townhomes; and multifamily with both rental and for sale options

Change Type

✓ Rezoning	From R-1, R-3, and B-2 to R-7
✓ Zoning Text Amendment	To allow manufactured homes To allow up to 50% as multi-family units (from 30%) To allow up to 64 units per multi-family building (from 16)

Finance Requests: Yes	Proffers: Yes	Tax Abatement: No
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Housing Coordinator Recommendation

From a housing perspective, favorable factors outweigh unfavorable factors in the Bluestone Town Center concept. The project as described is anticipated to have a positive impact on affordable and workforce housing needs. Qualified approval is recommended, with further endorsement dependent on the applicant's ability to satisfactorily address issues and respond to outstanding questions and requested information stated below.



Proposed Affordability Provisions

Rentals

- Affordability Period: 30 years
- Income Restriction: 80% AMI maximum; see handout
- Rent Restriction: Gross rents capped by tax credit¹ rules; see handout
- Other Restrictions/Preferences:
 - 75 vouchers will be project-based at the development
 - Eligible households that live and/or work in City or County are prioritized on the waitlist
- Compliance Monitoring: Virginia Housing (rent and income restrictions)

For-Sale

- Affordability Period: None
- Income Restriction: Initial buyer only must have income between 80% - 120% AMI; see handout
- Sale Price Restriction: None
- Compliance Monitoring: Developer manages the income restriction at the initial sale

Transportation Access

- Pedestrian & Bicycle: Connects to Rocktown Trails / Shared Use Path. Proffered commitments of crosswalks to nearby commercial areas.
- Public Transit: Bus Route 3 (hourly)
- Roads: Bounded by two collector streets (Erickson Ave & Garbers Church Rd) and near one principal arterial (South High St)

Proffered Residential Unit Maximums

Total: 900 By Type: 450 Multifamily 350 Townhomes 145 Single Family and/or Manufactured

Estimated Residential Units by Type

	Percent Presented	Number of Units based on Percent Presented	Number of Units based on Conceptuals
Rental	73%	655	647-657
Senior (ages 55+)			60
Garden-style	46%	413	240
Multifamily			115
Townhome style over retail	27%	242	25
Townhomes			207-217
For Sale	27%	242	240-250
Townhomes	12%	108	107-117
Single family manufactured	15%	134	133
TOTAL	100%	897	897

¹ Affordable housing including LIHTC is assessed in accordance with §58.1-3295 requirements.



Housing Needs and Affordability Analysis

	Housing and Affordability Needs	Vision and Project Design	Location and Transportation
Goal	616 new rental units by 2025, with housing affordable at the lowest income levels needed most. For-sale opportunities are needed at all levels and types.	A mix of housing types and price points across the city and throughout its neighborhoods, with high-quality affordable housing logistically integrated. Developments are creatively designed to protect environmental resources and promote community green spaces.	Areas near transit, employment, commercial centers, and downtown are well suited for housing, and affordable development in particular.
Factors Favorable	The project provides affordable rental opportunities to low-income (80% AMI) households and homeownership opportunities to moderate income (80%-120% AMI) households, meeting identified needs at substantial volumes.	The project diversifies rental and homeownership options at price points the city has identified that there is a need for, with a mix of unit types.	The site is walkable to parks; schools; and shopping, and the applicant has proffered bus stops and pedestrian connections.
Factors Unfavorable	Income restrictions on for-sale units are at initial purchase only, with no commitment to long-term affordability by deed restriction and/or right of first refusal by the developer. Without <i>price</i> restrictions, the pool of income-eligible buyers may be limited. Without policies to help first time homebuyers, working families, etc., buyers with greater access to capital resources could be favored over those with greater need.	For-sale and rental units are separated throughout the project, which lacks market rate units that would create a truly mixed income community. A significant area of the designated common open space or park area is adjacent to for-sale units with no public egress for community residents. Recreational open space is not as accessible to the rental units as it is to the for-sale units.	The Comprehensive Housing Assessment and Market Study puts the site in <i>Market Type B</i> , which overall has below-median access to amenities, and as such, is not ideally suited for new affordable housing. Public transit is limited; the site is not close to downtown and major centers of business and commerce.



Outstanding Questions and Requested Information

While some project details may not yet be determined, the applicant is encouraged to address outstanding concerns in order to demonstrate commitment and capability in the provision of quality affordable housing:

- **Project-Based Vouchers (PBV)**: Project-based vouchers are a valuable resource, often sought by affordable housing developers to enhance a project's competitiveness for tax credits. They add deep affordability without sacrificing rental income. In many jurisdictions, housing authorities issue a competitive RFP annually so that developers may apply for and receive PBV in alignment with the LIHTC application timeframe. If project-based vouchers are unavailable, it could discourage future development of other affordable rental housing projects.
 - What impact will project-basing 75 vouchers at Bluestone Town Center have on subsequent opportunities to project-base vouchers?
 - Will HRHA still have vouchers available for other projects, including those that are not PHA-owned?
 - Can HRHA describe their process for how they decide when to issue a competitive RFP for vouchers for non PHA-owned developments?
 - Will HRHA commit to a regular RFP schedule (e.g., annually in alignment with LIHTC timeframes) to allow developers to apply for project-based vouchers?
- **Long-Term Affordability of For-Sale Units**: The one-time sale to income-restricted households has a limited impact on long-term affordability. To maintain the for-sale units as long-term affordable opportunities for homebuyers, several strategies and mechanisms are recommended. It is requested that the applicant explain any considerations of these strategies and why they may or may not be incorporated.
 - Deed restrictions to prioritize subsequent resale to income eligible families.
 - Right of first refusal to allow for a potential extension of affordability, should funds come available
 - Sale restrictions tied to certain financing tools that already incorporate certain restrictions for a time
- **Property Management**: The long-term success of rental developments hinges considerably upon high quality property management. A project of this scale and complexity must be overseen by an entity with considerable experience in LIHTC and be able to ensure compliance and also to work well with any HOA.
 - Will Equity Plus or HRHA play a role in managing the property and/or HOA?
 - Will the contract for property management be competitively bid?
 - What criteria for evaluating potential property management companies would be considered?
 - What are the anticipated staffing levels for the project?
- **Manufactured Housing**: The quality of manufactured housing continues to improve; these homes are a relatively new product, and research is still being done on their longevity and appreciation.
 - Please share details related to any enhanced insulation and moisture prevention beyond the basic design as shown in the MH Advantage documents (e.g., downspouts, crawl spaces, etc.)
- **Green Spaces**: Equitable distribution and access to usable green spaces is necessary in R7 zoning and critical to families living in a town center environment.
 - Please provide specifics on playground and park amenity locations, components, and accessibility.