

Chesapeake VIRGINIA



Affordable Housing Task Force Final Report

July 25, 2006

Executive Summary

On May 3, 2005, Mayor Dalton S. Edge established the City of Chesapeake's Affordable Housing Task Force (AHTF) under the leadership of Council Member Clifton E. Hayes. The charge for the formation of the AHTF came from the City of Chesapeake's 2026 Comprehensive Plan, adopted March 9, 2005 by Chesapeake City Council. The specific charge was that “ *The City will appoint a committee to study affordable housing issues and to develop and recommend specific strategies to increase the City's supply of affordable housing. This study, upon completion, will be submitted for adoption by the City Council as an amendment to the Comprehensive Plan.*”

Initially there were a series of meetings that covered topics to better acquaint the AHTF to the prevailing issues of affordable housing in Chesapeake and the Hampton Roads region. The committee identified and developed the following list of barriers to affordable housing:

- **Public Opinion-** Citizens perceive it is not desirable. Builders feel it is not profitable and/or worth the trouble (i.e. regulations, lengthy review process, ordinance changes, fees etc.)
- **New Housing Supply-**Limited land availability due to Level-of-Services (LOS) criteria and zoning limitations.
- **Poor Quality of Older Housing-**Many older houses on the market are not acceptable to those who could afford them due to small size and disrepair.
- **Affordability-**Increased land, development and construction costs drive up the cost of homes. Potential buyers are not aware of financing programs. Property taxes have increased monthly payments.
- **Market Forces-**City/Regional growth (population and households). An increase of single parent/one income households. Challenge of keeping “affordable housing” affordable after sale.
- **Regional Issues-**Public transportation and housing availability in neighboring cities.

To better address the barriers, the AHTF, a diverse group of citizens representing builders, realtors, housing advocates, civic associations, City staff and others, organized itself into four work groups, or subcommittees, providing an opportunity to involve everyone in the process of research and drafting recommendations. Those subcommittees were organized as follows: Economics; Government Regulation and Barriers; Identifying Needs; and Popular Initiatives. The AHFT met monthly, in addition to subcommittee meetings, and earlier this year draft recommendations were completed, and listed in this report.

In general, the AHFT agreed that for a variety of reasons affecting basic supply and demand principles in the housing market, there is a lack of affordable housing for the community, especially for persons of lower to moderate incomes as well as middle-income families, most of whom are working families. High land costs due to lack of available land in market, increasing house sizes, various development/regulatory policies and fees, and rising material and labor costs have contributed to driving new construction pricing beyond the ability of citizens to afford them.

Additionally, the resale housing market has such a reduced inventory at this time that resale prices are reaching all-time highs in most neighborhoods. This lack of supply places increased pressure on the stock of affordable housing for two reasons: 1) persons who under stable conditions/circumstances, where supply and demand are near equilibrium, would purchase more expensive homes now are settling for houses in lower price ranges, further decreasing the supply of housing for the lower to middle income households. This is true in the rental market as well; and 2) the overall increase in housing values affects affordable housing, putting it further out of the reach for lower to middle income households.

The recommendations in this report are intended to provide a toolbox for increasing the production of affordable housing for our citizens. Although not all members agreed with all recommendations contained in this report, we did reach a consensus and are optimistic that, with new resources, innovation, and collaboration, we can improve the quality and affordability of housing in Chesapeake.

WHAT IS AFFORDABLE HOUSING?

Use of the word “affordable” in reference to housing is imprecise at best. It can have various definitions:

- Moderately priced dwelling units that families earning 60 to 120 percent of the area median income (AMI) can purchase
- Public housing or Section 8 voucher subsidies for low and very low-income people earning below 50% of AMI.
- Housing that is subsidized through use of low-income housing tax credits designed for families earning no more than 60% of AMI.
- Households earning 120 percent or less of area median income that cannot afford to rent or buy decent quality housing without spending more than 30 percent of its income with those spending more than 50 percent of its income having the worst case housing needs.

There are a multitude of references regarding what constitutes affordable housing, but none that is precise and relevant for all communities. The best possible definition of affordable housing should be just broad enough to include those with extremely low to moderate income, as well as those who earn income above the AMI yet cannot afford to live where they work. Because affordability is primarily a function of income and housing costs, the following definition should be considered:

“Affordable housing” means, as a guide, housing, rental and owned housing, that is affordable to households with incomes at or below one hundred twenty (120) percent of the City of Chesapeake median income, provided that the occupant pays no more than thirty (30) percent of gross income for gross housing costs, including utilities.

This definition is a combination of the HUD and VHDA definitions of affordable housing. This definition should be broad enough to accommodate the entire range of Chesapeake’s efforts through the various housing agencies to increase the availability of “affordable housing.” A broadly accepted definition of “affordable housing” would add greater clarity to discussions about what to do to make housing more affordable. In this sense, affordable housing becomes more of a market inefficiency rather than charity or welfare. Affordable housing should be considered as a range or segment of subsidized and non-subsidized housing designed for those whose incomes generally deny them the opportunity to purchase or rent housing on the open market.

The most comprehensive report on affordable housing as it relates to low to moderate- income families in Chesapeake was done by The Virginia Tech Center for Housing Research under contract to the Chesapeake Redevelopment and Housing Authority (CRHA). The housing study was conducted in 2004 with most of the socio-demographic information based upon the 2000 census. The report noted that housing affordability is a serious problem for some residents. About 2,400 extremely low-income renters and 1,600 extremely low-income owners have

serious housing problems. About two-thirds of these households devote 50% or more of their income for housing. Another 2,000 renters and 1,900 owners with incomes between 30-50% of the area median have serious housing problems. The study found that more of these households have problems with overcrowding or physically inadequate housing than severe cost burdens, although the latter problem increased significantly between 1990 and 2000. (see Table 1).

Household Income	2000			1990			1990-2000 Change		
	Rent	Own	Total	Rent	Own	Total	Rent	Own	Total
<=30%MFI	3,092	1,912	5,004	2,510	1,728	4,238	582	184	766
% with any housing problems	77.5	82.5	79.4	75.1	80.9	77.5	2.4	1.6	1.9
% Cost burden >50%	63.2	61.8	62.7	59.3	57.3	58.5	3.9	4.5	4.2
>30 to <=50% MFI	2,685	2,977	5,662	1,754	1,816	3,570	931	1,161	2,092
% with any housing problems	78.0	63.2	70.2	79.2	58.3	68.6	-1.2	4.9	1.6
% Cost burden >50%	26.1	38.0	32.3	34.4	31.4	32.9	-8.3	6.6	-0.6
>50 to <=80% MFI	4,282	5,764	10,046	3,378	4,439	7,817	904	1,325	2,229
% with any housing problems	42.7	55.7	50.1	58.8	52.3	55.1	-16.1	3.4	-5.0
% Cost burden >50%	3.5	17.9	11.7	3.5	17.4	11.4	0.0	0.5	0.3
>80% MFI	7,504	41,628	49,132	6,094	30,568	36,662	1,410	11,060	12,470
% with any housing problems	9.2	15.8	14.8	9.9	18.5	17.1	-.07	-2.7	-2.3
% Cost burden >50%	0.2	1.0	0.9	NA	NA	NA	NA	NA	NA

Center For Housing Research, Virginia Tech

Data obtained from Chesapeake Redevelopment and Housing Authority reveal that the demand for affordable housing is as great as the assistance waiting lists indicate:

- 1,473 for public housing
- 2,675 for Section 8
- 60 for Emergency Rehabilitation
- 55 for General Rehabilitation
- 25 for above moderate income homeownership opportunities
- 5-10 calls daily for rehabilitation or homeowner assistance

Housing affordability, especially as it relates to low and moderate-income families, is an issue in Chesapeake. There are pockets of concentrated areas in Chesapeake that exhibit signs of community decline with related issues of housing affordability typical of a maturing city such as Chesapeake. The issues relating to housing affordability are especially acute in the South Norfolk and Indian River sections of Chesapeake. The Virginia Tech housing study found that those areas generally considered “built out” in the 1950’s now face the challenges of

redevelopment in order to remain competitive in the contemporary residential market. These areas define the concentration of: aging and deteriorating housing stock; poverty with low and decreasing (inflation adjusted) incomes; decreasing owner occupied housing and associated increasing renter and multi-family housing; and, a population of persons ages 65+ with physical disability.

WORKFORCE HOUSING

Another segment that fits within the definition of what constitutes affordable housing is “Workforce Housing”: a subset of affordable housing and is used to convey that affordability is an issue for working families. The above definition of affordable housing is applicable to workforce families as they typically have incomes on average from thirty (30) to one hundred twenty (120) percent of area median income. Workforce housing is the availability and affordability of housing for workers vital to the communities in which they work. The occupations typically include nurses, teachers, police, fire and emergency personnel, secretary/ administration, and retail employees. Workforce housing has taken on greater meaning as the cost of housing has outpaced income growth by three (3) to four (4) percent annually from 2000 to 2004 (source: BEA Per Capita Income and the National Association of Realtors). As the cost of housing has increased, workers have to move further away from their places of employment and seek employment in more affordable areas. Employers are noticing that they are having problems retaining employees due to the high costs of housing. The cost of training new employees due to replacement is five times more costly than retaining original employees. This is having a negative impact on companies’ bottom line.

There are several things a municipality must do to ensure that workers vital to its communities have affordable housing. Because availability (supply) of housing is a factor in affordability, a jobs to housing balance must be achieved. An accepted standard would be that for every 1.5 jobs there is one unit of housing (American Planning Assoc. PAS Report 516, 2003). This standard is sensitive to regional conditions and therefore has been modified to 1.42 jobs for one unit of housing (Virginia Tech Housing research Center, 2005).

From 1990-2000, there was an increase in jobs of:	19,890
Households needed @ 1.42 jobs	14,007
Increase in actual housing units	17,613
Surplus/Deficit	3,606

(1990, 2000 US Census)

From 2000–2002, there was an increase in jobs of:	6,627
Households needed @ 1.42 jobs	4,667
Increase in actual housing units	3,124
Surplus/Deficit	(1,543)

(Virginia Employment Commission, City of Chesapeake 2003 Statistical Profile)

Even if gross housing production keeps up with work-force housing demand, the houses produced are usually at the high-end of the housing market, whereas jobs created typically have incomes that require much less expensive housing.

WORKFORCE OCCUPATIONS

To determine how acute the need for affordable housing in Chesapeake is, we examined a cross section of our population and compared the salaries of a sample from our “work force” occupations to the median family income in Chesapeake of \$56,302 in 2000 (1, 2, 3, 4). The occupations that we chose were: Firefighters, Police Officers, Nurses, Retail Clerks, and Primary/Secondary School Teachers. These job occupations represented what we felt was a representative cross section of the largest workforce occupation skills located in Chesapeake as determined by the Hampton Roads Planning District Commission (*Source 5).

The salary composition for these job skills using 2003 regional data came out to:

Firefighters	\$32,369
Police Officers	\$37,904
Nurses	\$46,627
Retail Clerks	\$20,792
Teachers	\$38,071

(*Source 6)

Other supporting information relative to the number of workforce occupations in Chesapeake that fall below the threshold of being able to afford a home in Chesapeake include the following:

- a. 81% of all City of Chesapeake employees (approximately 2,707 of the 3,341 employees) earn less than \$59,000/year (the estimated average salary in Chesapeake in 2005. (*Source 7)
- b. Using data for the 2005-2006 school year, of the 29 pay scale “steps”, 28 are below the median income in Chesapeake. A survey to determine the exact number of teachers earning less than the median income is encouraged to validate this point. (*Source 8)

Since the average new home in Chesapeake sold for \$336,000 in 2004, (the resale home average was \$225,871), which reflected a 30% increase in the cost of a new home (*Source 9), none of the occupations on average could afford a home in our city based upon conventional (30 year, fixed or ARM) mortgages. An interesting trend, which has mirrored the rise in home costs in Chesapeake, is the growth in the size of homes from an average of 2,150 sq. ft. in 2002 to over 2,800 sq. ft. in 2005 (*Source 9).

Many mortgage lenders use the 30% rule (no more than 30% of one’s income should be applied to housing – mortgage, insurance and taxes) in determining how much an individual/household can borrow to finance a home. For someone who is buying a home for \$336,000, and puts 10% down, the amount to finance is \$302,000. For a 30 year, fixed rate mortgage at 6% that would

equate \$1,810.64/month in principal and interest charges. Annualized that equals \$21,727.68 – to which must be added taxes, points and insurance. Clearly, the “American Dream” of homeownership is becoming unobtainable for a significant percent of our population without either extending mortgages, having both members of a household working, etc.

COMMUTING TRENDS

An apparent side effect of the cost of housing in the City of Chesapeake is the high number of people who do not live within the city in which they work. While the latest data available is from the 2000 census, the number of people who live in one community and must commute to another is very large and growing. The Task Force recommends that the City of Chesapeake poll its workforce to determine where people live that work for the city and if they do not live in Chesapeake - find out why. Feedback from such a survey would solidify the impact of commuting as not only it relates to our affordable housing needs but how it is also affecting congestion on our roads.

Commuting Into and Out of Chesapeake, 2000

Locality	From Ches to:	To Ches from:	Net
Total	58,028	41,651	-16,377
Chesapeake	38,680	38,680	0
Norfolk	24,904	6,877	-18,027
Virginia Beach	15,394	18,541	3,147
Portsmouth	9,976	7,620	-2,356
Suffolk	1,850	3,190	1,340
Newport News	1,737	879	-858
Hampton	1,095	868	-227
Isle of Wright Co	294	526	232
Pasquotank Co, NC	289	326	37
York Co	211	284	73
Currituck Co, NC	157	1,270	1,113

(*Source: 4, 10) Census 2000

WORKFORCE OCCUPATIONS ANALYSIS USING NEW CONSTRUCTION SALES 2003-2005

Families account for approximately 75% (78% based on the 2000 census) of the households in Chesapeake, which is higher than the metropolitan average (of 70%). Within the City of Chesapeake, the traditional married couple, account for 60% of all households, with the balance of households having female only led households (14%), male only led households (6%) and other categories making up the balance. Homeownership is resonating within Chesapeake with 75% of the homes owned by the occupant vice only 63% for the region. (*Source 4)

Presented in the following section is an extract from the Center for Housing Research, Virginia Tech study published in April 2005. This study calculated a Household Income (HHI) factor from census and other data, which could be applied towards an individual's annual wage to calculate median Household Income/Wages (HHI/W) for the Tidewater area. This data, applied to the five workforce occupations selected for review in this study resulted in the following analysis. All mortgage calculations assumed that any monies required for a down payment were available and the effective rate of the mortgage was 6% and the loan period was 30 years. The amounts indicated cover only mortgage interest and principal payments

Firefighters and Police Officers. Although the median salaries of these two somewhat related occupations are not identical for purposes of the Virginia Tech study, they were combined into one occupational category. Both occupations are critical to the community and are represented by dedicated people working as a team to safeguard our community. We feel that both occupations inherently should be part of the community in which they serve so that they have a vested interest in all aspects of our community including voting, volunteer work and other issues affecting the quality of life of Chesapeake. These occupations averaged 17% single income households. The remaining 83% had a HHI/W ratio of 1.81. Thus the Affordable posture for these two occupations was calculated as follows:

Firefighter:		Individual Wage	Median HHI/W
	Income:	\$32,369	\$58,588
Home Ownership:	Max Price:	\$134,934	\$244,350
New Single Family Units Sold:	\$120,000-139,999		\$240,000-259,999
	2003:	09	46
	2004:	30	33
	2005:	02 thru 07/31	03
New Townhouse units Sold:	\$120,000-139,999		\$240,000-259,999
	2003:	0	04
	2004:	0	01
	2005:	0 thru 07/31	02
Rental Units Information			
	Max Rent:	\$ 809	\$1,465
Police Officer:		Individual Wage	Median HHI/W
	Income:	\$37,904	\$68,606
Home Ownership:	Max Price:	\$158,119	\$286,048
New Single Family Units Sold:	\$160,000-\$179,999		\$280,000-\$299,999

2003:	108	62
2004:	32	52
2005:	28 thru 07/31	09
New Townhouse units Sold:	\$160,000-\$179,999	\$280,000-\$299,999
2003:	0	0
2004:	0	0
2005:	0 thru 07/31	0
Rental Units Information		
Max Rent:	\$ 948	\$1,715

Nurses. Both the importance and shortage of nurses is well documented. We chose this occupation because of the importance of this skill to the well being of our community and the quality of life that we all find so important to our city. The salary selected is an entry-level position. On average, in the area, this occupational category only 8.4% of the households had only one income. The HHI/W ratio was 1.87; meaning that approximately 92% of the households had a Household income 1.87 times the wage of the individual nurse.

Nurse:	Individual Wage	Median HHI/W
Income:	\$46,627	\$87,193
Home Ownership:	Max Price:	\$363,606
New Single Family Units Sold:	\$200,000-219,999	\$350,000-399,999
2003:	27	55
2004:	54	174
2005:	11 thru 07/31	66
New Townhouse units Sold:	\$200,000-219,999	\$350,000-399,999
2003:	08	00
2004:	01	00
2005:	00 thru 07/31	02
Rental Units Information		
Max Rent:	\$1,166	\$2,180

Retail Sales Clerk. Retail Sales Clerks represent the single largest number of workers in the area. On the local level, less than 10% of the households in this occupational category had only one income. The Household Income/Wage ratio of 2.2 is higher than others in our selected set of occupations. Why this occurs is a subject of additional study. Conversely, this occupational category had the lowest Individual Wage of those selected. However, the result

does allow for this category to be better off in the pursuit of finding Affordable Housing than might otherwise be the case.

Retail Sales Clerk	Individual Wage	Median HHI/W
Income:	\$20,792	\$45,742
Home Ownership:	Max Price: \$86,732	\$190,810
New Single Family Units Sold:	under \$100,000	\$180,000-\$190,000
2003:	06	54
2004:	04	44
2005:	01 thru 07/31	14
New Townhouse units Sold:	under \$100,000	\$180,000-\$190,000
2003:	03	02
2004:	01	00
2005:	00 thru 07/31	00
Rental Units Information		
Max Rent:	\$ 520	\$1,144

Teachers. We consider our teachers as a key workforce in representing not only what kind of community we are, but also what we will become. Approximately 10% of the individuals in this occupation had only one income. The majority of the remaining 90% of the households containing a teacher had a 2.06 ratio for computing HHI/W.

Teacher:	Individual Wage	Median HHI/W
Income:	\$38,071	\$78,426
Home Ownership:	Max Price: \$158,786	\$327,078
New Single Family Units Sold:	\$160,000-179,999	\$300,000-349,999
2003:	108	81
2004:	32	258
2005:	28 thru 07/31	46
New Townhouse units Sold:	\$160,000-179,999	\$300,000-349,999
2003:	00	00
2004:	00	00
2005:	00 thru 07/31	00
Rental Units Information		
Max Rent:	\$ 952	\$1,961

*Sources:

1. Internet website: <http://statecapital.com/>
2. Wikipodia Encyclopedia, located at internet web site:
<http://en.wikipedia.org/wiki/Chesapeake>
3. Internet web site: www.city-data.com
4. Housing Market Conditions and Housing Needs in the City of Chesapeake, Virginia 2000 and 2010, prepared by the Center for Housing Research, Virginia Tech, Blacksburg, Virginia dated January 2005
5. Hampton Roads Planning District Commission web site located at: <http://www.hrpdc.org>
6. Virginia's Electronic Labor Market Access located on the internet at:
www.velma.virtuallmi.com
7. Telephone conversation with Ms Elizabeth Thornton, Director of Human Resources, City of Chesapeake of October 25, 2005
8. Chesapeake Public School Superintendent's Proposed Budget for year 2005-2006
9. Van's Market Status Report (Rose and Womble Reality)
10. Virginia Employment Commission and US Census Bureau

RECOMMENDATIONS:

1. Public Opinion

- Establish and implement initiatives to educate the public, the shelter industry and financial community on the benefits of affordable housing.
- Establish and implement initiatives to build relationships between lenders and builders to encourage profitable solutions to affordable housing shortages.

2. New Housing Supply

- City-sponsored rezoning of mixed-use products and dense residential districts in appropriate locations and diversity compatible with Comprehensive Plan.

The need to increase the *supply* of apartments, townhouses, condominiums and affordable single-family homes in certain locations is paramount in Chesapeake. This approach would reduce the burden of going through contentious, lengthy rezoning procedures that add significant time and costs to the resulting home value. The recently adopted Comprehensive Plan designates areas in the City appropriate for mixed use and dense development. It is now time to develop the guidelines and ordinances and initiate a comprehensive rezoning of appropriate areas.

- Formulate an Affordable Dwelling Unit Ordinance and Management Program in conjunction with Chesapeake Redevelopment and Housing.
- A detailed analysis should be conducted by the Planning Department of all parcels that have a residential zoning designation, but remain undeveloped. The purpose of this analysis would be to: 1) develop a background profile for each parcel, such as acreage, specific zoning designation, applicable development constraint, etc.; 2) work with Tidewater Builders Association to determine why the parcels have not been developed; and 3) identify options for developing affordable housing on these parcels, where appropriate.

Undeveloped parcels in all zoning designations, as reported in the Undeveloped Zoning Inventory, should be analyzed by the Planning Department to determine if there are any parcels that might be more appropriately zoned for affordable residential development due to surrounding land uses, lot size challenges, etc.

- The City of Chesapeake has a strong demand for apartments, based upon the higher absorption rate versus the supply, the low vacancy rate and the

fact that no new apartment units are in the pipeline for upcoming construction at this time. The cost of for-sale housing units in Chesapeake has escalated enormously within the last 5 years. More and more people cannot afford to buy housing, and as a result, the demand for apartments continues to rise. The affordability crisis in the city can only be resolved by providing more housing at denser levels to keep the cost of housing down. Additional apartments need to be built as well as a greater supply of for-sale housing. The lack of land zoned and/or designated by the Comprehensive Plan for apartments is a problem. The city needs to designate more area for apartments, smaller single-family lots and more multi-family housing.

- Explore the possibility of inclusionary zoning as a tool to provide affordable housing. Inclusionary zoning is a local government requirement for home builders and developers to construct a certain percentage of units in every new market-rate development that will be at a determined “affordable” level for people identified as having low or moderate incomes. This determination is made by “qualifying” persons to participate in a program by verifying their household income as being, typically, 80% of the area’s median household income.

The typical components of an inclusionary zoning ordinance include; voluntary versus mandatory implementation; and income qualification level (typically set at 80% or less of median income); project size threshold, providing for an exemption for smaller developments; pricing criteria that establish the sales/rental prices of the units; re-sale controls that limit re-sale for a period of 5 to as much as 30 years to keep units part of the affordable housing stock; additional incentives that promote ownership over rental.

- Review/revisit the “narrow-lot ordinance” approved by City Council February 2006. Affordable housing on smaller lots may be an option in some communities provided design and renovation guidelines are established.

3. Poor Quality of Older Housing

- Utilizing the findings of the Virginia Tech Center for Housing Research report entitled “Housing Market Conditions and Housing Needs in the City of Chesapeake, Virginia 2000 and 2010,” as well as records kept by the City’s Environmental Inspections Division.

An inventory of under-developed or poorly maintained properties should be developed, perhaps through the Chesapeake Redevelopment & Housing Authority and/or Neighborhood Services Department. This inventory could become the basis for a strategy to publicly acquire these properties

for replacement with infill affordable housing. It should be noted that there has been a significant increase in the number of residential demolitions occurring in the City over the past few years.

- Develop rules for targeted revitalization areas that would provide incentives, such as tax abatements for owners to make improvements and require new owners and owners of rental units to meet current building codes.
- Explore the possibility of establishing a Housing Trust Fund. Housing trust funds are distinct funds, usually established by state or local governments that receive ongoing public revenues which can only be spent on affordable housing initiatives, including new construction, preservation of existing housing, emergency repairs, homeless shelters, housing-related services, and multifamily building for nonprofit organizations. Housing trust funds enable jurisdictions to elevate their funding of critical housing needs by committing resources to a process that treats affordable housing as an essential component of maintaining healthy communities.

4. Affordability

- Offset development costs with fee waivers and other considerations. Eliminating or reducing development fees is a “carrot” localities can dangle in front of housing developers to encourage them to build lower cost housing and which can reduce the cost of housing when the savings are passed on to the buyers or renters. In some states, cities can waive fees; in others, cities collect, then reimburse after compliance is determined. In some cases, all fees related to residential development are included (school and traffic impact fees, water and sewer fees, park fees, building permit (fees), in other cases only some fees are waived.

Santa Fe, New Mexico offers fee waivers to development proposals offering 75% of units to those at or below 80% of median family income¹. Orange County, North Carolina provides school construction impact fee rebates (\$3,000 per unit in Chapel Hill and Carrboro, \$750 elsewhere) to nonprofit groups building affordable units for first time homebuyers. Wilson, North Carolina eliminated development fees for a thirty-five unit affordable subdivision it helped develop. Asheville and Raleigh, North Carolina forgive development fees for affordable housing developments.

- City Council to explore administration fee waiver determined to be eligible and fast track development to expedite review and decrease the cost of affordable housing products.

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- Fast Track Review of Development Proposals-the adage that time is money is applicable to the field of residential construction. To the extent a planning office can reduce the time involved in approving a subdivision, the more receptive developers will be in providing what the community requires (such as affordable housing) to receive the reduced-time option. Although this tool does not contain clear, easy-to-calculate cost savings that translate into cheaper homes, it does at least make building affordable houses more attractive as a land development option. The subcommittee felt an expedited review process for affordable housing development plans would be advantageous but does not recommend shortcutting the process in any way.

Fort Collins, Colorado offers an expedited review process for developers proposing to build housing units for low- and moderate-income persons. Monterey County, California offers an expedited review process for builders who guarantee that 25% of the houses to be built in subdivision will be affordable.

- The Good Neighbor Next Door Program is a program through the Department of Housing and Urban Development, designed to provide affordable housing opportunities to sworn law enforcement officers, firefighters or emergency medical responders, and teachers in targeted neighborhoods called Revitalization Areas. The Chesapeake Redevelopment and Housing Authority has requested that HUD review a number of census tracts and associated blocks groups to determine their eligibility for a HUD designated Revitalization Area. Potential homebuyers would then bid on the homes in the Revitalization Areas at a fifty (50) percent discount from the list price. HUD requires a second mortgage and note for the discount amount. No interest or payments are required on the “silent second” provided the 3-year occupancy requirement is met. It is recommended that CRHA and the City maintain, distribute and update the program information on appropriate websites and City WCTV.
- Conceptualize a building plan review process unique to projects incorporating affordable housing.

5. Market Forces

- Explore the possibility of inclusionary zoning as a tool to provide affordable housing. Inclusionary zoning is a local government requirement for home builders and developers to construct a certain percentage of units in every new market-rate development that will be at a determined “affordable” level for people identified as having low or moderate incomes. This determination is made by “qualifying” persons to participate in a program by verifying their household income as being, typically, 80% of the area’s median household income.
- The typical components of an inclusionary zoning ordinance include; voluntary versus mandatory implementation; an income qualification level (typically set at 80% or less of median income); project size threshold, providing for an exemption for smaller developments; pricing criteria that establish the sales/rental prices of the units; re-sale controls that limit re-sale for a period of 5 to as much as 30 years to keep units part of the affordable housing stock; additional incentives that promote ownership over rental.

6. Regional Issues

- Call for a regional body to track current and long-term housing needs and develop regional housing strategies.

Such a body would also serve to communicate housing initiatives in any one city and assess the impact it would have on other cities.

Because of time and resource constraints, the task force was unable to address the needs of all citizens that seek affordable housing. Specifically, we were unable to study the needs of homeless individuals and families, citizens with low and fixed incomes, those with disabilities and the re-entry population of persons returning to the community from correctional facilities. These individuals face all the barriers that other citizens face and often find it even more difficult to locate housing they can afford within our city. We believe that a separate task force should be formed to investigate affordable housing issues and potential solutions for these groups.

We further recommend that City Council appoint a liaison to the task force.

The mission of the task force will be as follows:

- Investigate the housing resources and support services currently available to these groups within these groups within the city
- Identify the barriers and challenges which these groups face in locating and maintaining housing

- Inventory agencies and organizations that currently provide housing to these groups within the city
- Identify agencies and organizations that have an interest in providing housing and support services to these groups

Affordable Housing Task Force Members

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John King	Jesse Williams
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