

THE CITY OF RICHMOND – PERFORMANCE GRANTS



A New Innovative Tool for Furthering Affordable Housing Development

November 21, 2023



Introduction

This presentation showcases an innovative tool provided to localities across the Commonwealth by HB1194, which amended Ch. 49, Title 15.2 of the Code of Virginia known as the “Industrial Development and Revenue Bond Act”, signed into law by Governor Glenn Youngkin, made effective July 1, 2022. The following slides will give an overview of how the Richmond Economic Development Authority and the City of Richmond are working collaboratively on the use of this tool to further the development of affordable housing.



Industrial Development and Revenue Bond Act

To combat the affordable housing shortage and incentivize the development of affordable housing across the Commonwealth, the General Assembly passed HB 1194 during the 2022 Session and became effective on July 1, 2022.

HB1194 amended Ch. 49, Title 15.2 of the Code of Virginia known as the “Industrial Development and Revenue Bond Act” which grants local Economic Development Authorities, in conjunction with their local governing bodies, the power to make grants associated with the construction of affordable housing.



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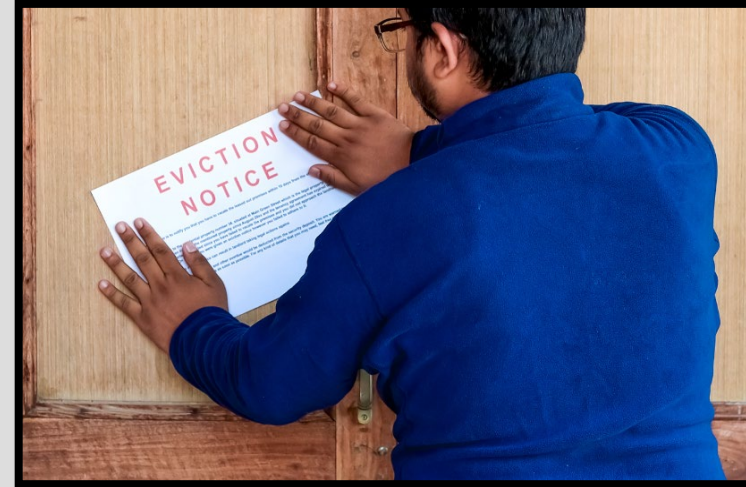
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The City of Richmond's Affordable Housing Crisis

On April 10, 2023, Mayor and City Council declared a housing crisis in the City through the adoption of Resolution No. 2023-R019. This declaration is in direct response to the following phenomena occurring in the City.

- ❑ Over the past several years, the City has seen a significant decrease in housing inventory and a resulting uptick in the cost of both rental properties and mortgages.
- ❑ The compounding impact of inflation, low housing inventory, and consistently rising interest rates have resulted in housing insecurity for working families.
- ❑ Many families have found themselves priced out of rental units, facing the threat of eviction and residents also face insurmountable barriers to homeownership.



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The Use of the Performance Grant Tool

- ❑ The Richmond Economic Development Authority (EDA) and the City's Department of Housing and Community Development (HCD) worked collaboratively to create the performance grant model in efforts of incentivizing the development of safe and affordable housing in the City.
- ❑ Through the performance grant, the EDA and the city provide an *Incremental Real Estate Tax Revenue rebate* only on the new improvements at the project site.
- ❑ By reducing the tax liability for the developers, this rebate tool helps to reduce the ongoing operating costs of affordable multi-family rental properties.
- ❑ The performance grants also ensure the sustainability of the new units as the grant agreement requires that developers contribute towards maintenance and operation of the housing complex for a term of no less than 15 years.
- ❑ To date, the EDA has received seven (7) applications. All seven (7) applications have been approved by both the City Council and the EDA. These seven (7) projects will result in the creation of over 1200 new affordable housing units.

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Incremental Real Estate Tax Rebate

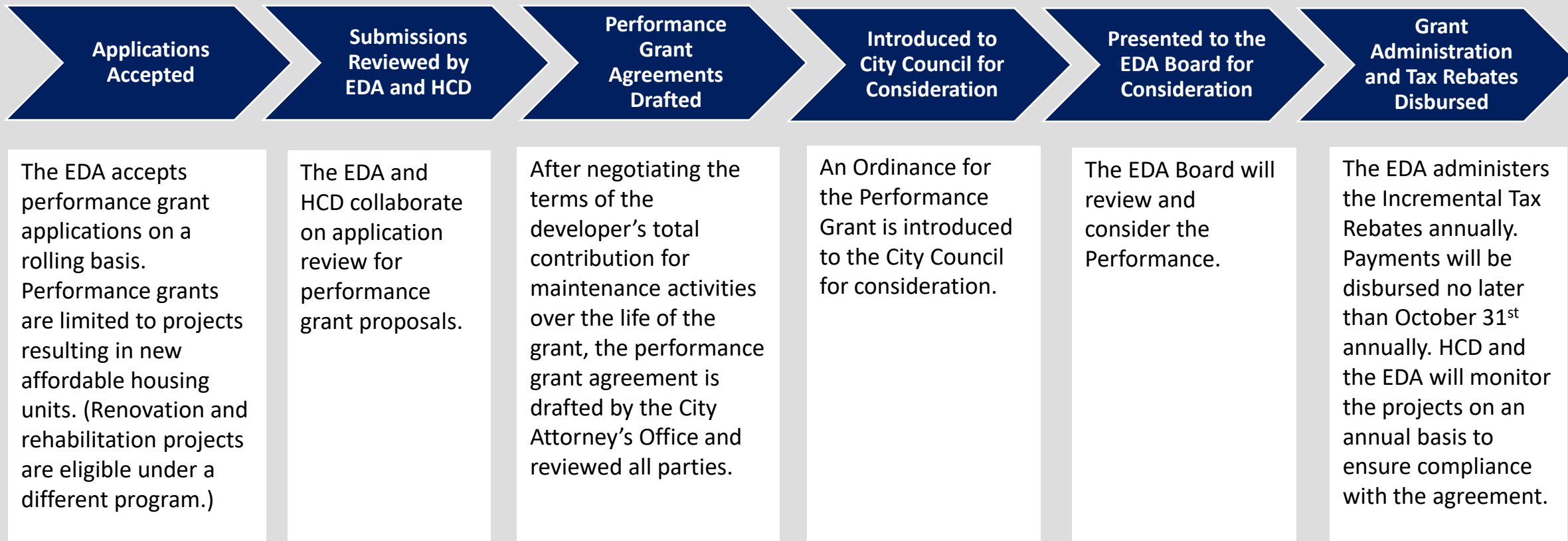
- ❑ The “Base Real Estate Tax Revenue” is calculated for the site in which the development is located and is equal to the real estate taxes levied on the site for the current tax year.
- ❑ The developer is responsible for on-time, full payment of all real estate taxes levied against the new development for every year of the grant agreement.
- ❑ Once a payment of the full real estate tax has been made to the City, the developer is able to submit a written grant payment request to the EDA for a rebate in the amount of the Incremental Real Estate Tax increase.
(Incremental Real Estate Tax Revenue = Real Estate Tax Levy minus the Base Real Estate Tax Revenue Assessed for the Site)
- ❑ The Incremental Real Estate Tax Rebate grant period will remain effective for the initial fifteen (15) years of the project and can be extended another fifteen (15) years depending on the LIHTC compliance period.
- ❑ The EDA and HCD will continuously monitor the project details and verify satisfactory compliance with all grant agreement details including construction, maintenance, affordable housing, and on-time payment of real estate taxes.

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Performance Grant Process



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7000 CARNATION STREET

Project Overview

- The first approved performance grant project.
- Located in the Ninth District, where there is a significant shortage of affordable housing.
- All 218 units will house individuals and families who fall within the 50-70% AMI.
- Since the June 13, 2023 groundbreaking, project construction has been advancing on schedule.



Front View - September 15, 2023

“Without the new tax rebate program, our latest affordable housing developments - 218 units at 7000 Carnation, and 243 units at the former Oak Grove School, all at 50-70% AMI – simply would not be possible.”

**John Gregory, Principal Developer
– Lynx Ventures**

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Approved Applications

The following is a list of the projects that were recently approved by the City Council and the EDA.

<i>Awardee</i>	<i>Project Name</i>	<i>Address</i>	<i>Developer</i>	<i>Mixed Use or 100% Residential</i>	<i>Total No. of Units</i>	<i>Total Development Cost</i>	<i>Affordable Unit/AMI Mix</i>
Afton Avenue Apartments, LLC	Afton Avenue Apartments	2400 & 2420 Afton Ave. 23224	Genesis Properties	100% Residential – Multifamily	150	\$36,500,000	150 units at 60% AMI
2100 Bainbridge, LLC	Bainbridge Street Senior Apartments	2100 Bainbridge St. 23225	Elderhomes Corporation t/a project: HOMES	100% Residential - Multifamily	84	\$22,037,604	84 units at 51-80% AMI
Oak Grove Multifamily, LLC	Oak Grove	2200 Ingram Ave. 23224	Lynx Ventures	100% Residential (Multifamily) w/Space for Resident/Community Services	243	\$60,000,000	218 units at 51-80% and 25 units at 50% AMI or below
700 West 44 LP	700 West 44th Apartments	700 West 44th Street 23225	The Lawson Companies, Inc.	100% Residential - Multifamily	144	\$20,327,057	108 units at 51-80% AMI and 36 units at 50% AMI and below
The View at Belle Isle Apartments LP	The View at Belle Isle Apartments	812 Hull Street 23224	The Lawson Companies, Inc.	100% Residential - Multifamily	116	\$33,300,000	116 units at 51-80% AMI
Walmsley Gardens, LLC	Walmsley Gardens	4824,4830,4838, 4850,4870, and 4890 Walmsley Blvd. 23224	Crescent Development	100% Residential – Multifamily	276	\$62,071,420	276 units at 51-80% AMI

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Questions?

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