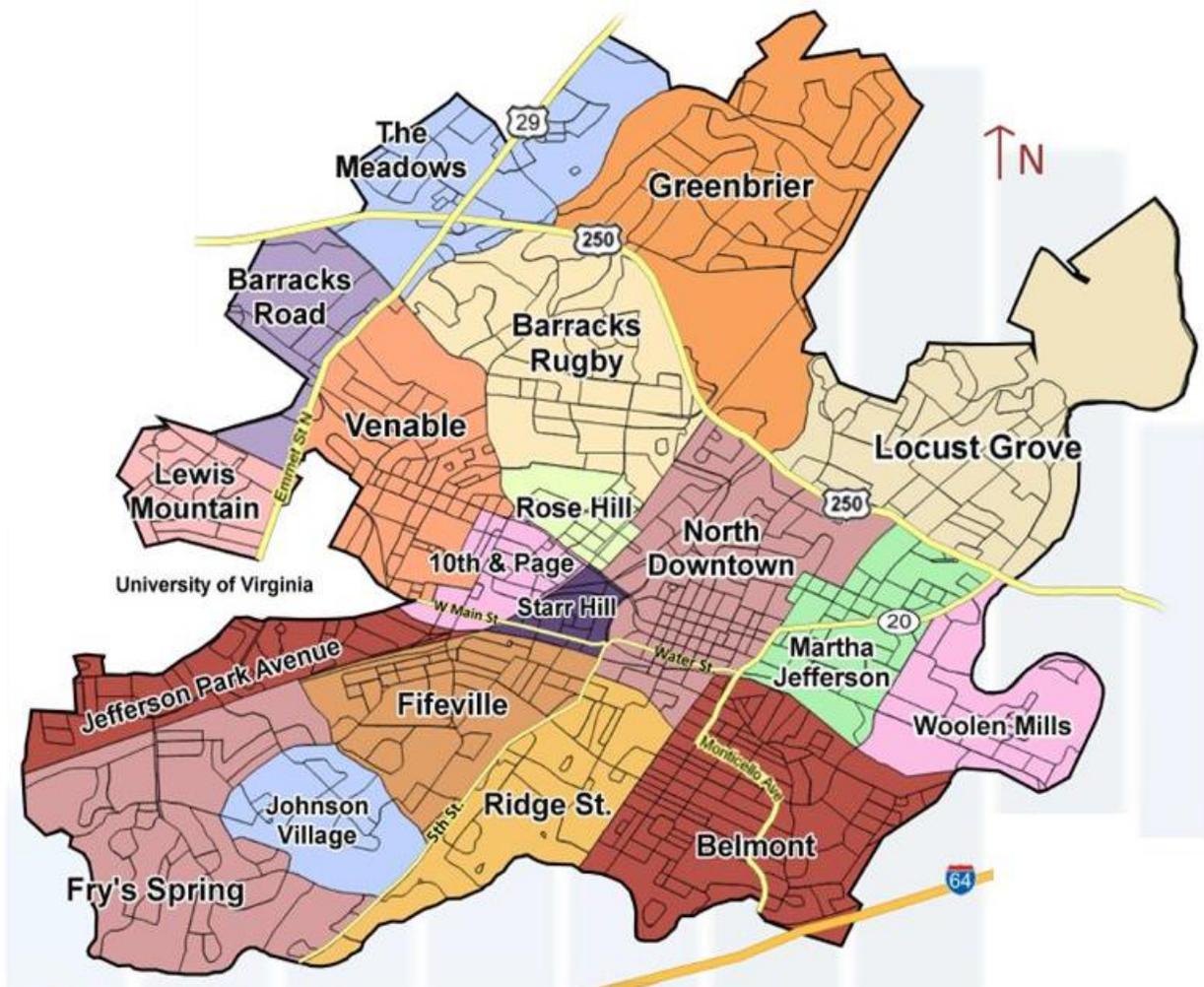


April 2021

# Why Building More Market-Rate Housing Will Not Solve Charlottesville's Housing Crisis

A Report by the Charlottesville Low-Income Housing Coalition



## **About the Authoring Coalition**

The Charlottesville Low-Income Housing Coalition (CLIHC) is a coalition of residents and community-based organizations standing against displacement, and for increased affordable housing for very low-income people. The organizations active with CLIHC include Habitat for Humanity, the Legal Aid Justice Center, the Public Housing Association of Residents (PHAR), and Showing Up for Racial Justice (SURJ).

Formed in January 2017, CLIHC engages in the following activities:

- Advocates for public officials to demonstrate a commitment to racial and economic justice through increased affordable housing, more diligent community-based planning, investment in underrepresented communities, and a fair and equitable zoning code.
- Provides community oversight to ongoing activities in the City of Charlottesville and County of Albemarle pertaining to affordable housing issues.
- Builds coalitions between community members and local groups to continue to work toward affordable housing for very low-income people and racial and economic justice in the Charlottesville area.

Please see the CLIHC website (<https://affordablehousingville.org/>) for more information.

### **A special thanks to contributing authors, editors, and fact checkers:**

Maddy Green, primary author

Emily Dreyfus, contributing author

Laura Goldblatt

HDAdvisors

Samira Nematollahi

Cassie Powell

Jordy Yager

Survey respondents for CLIHC's 2020 Report: The Impact of Racism on Affordable Housing in Charlottesville (<https://www.justice4all.org/wp-content/uploads/2020/03/Housing-Report-FINAL.pdf>)

Legal Aid Justice Center staff, including Brenda Castañeda, Victoria Horrock, Caroline Klosko and Elaine Poon

**Executive Summary:**

Charlottesville leaders and residents are seeking solutions to the current housing conditions that will improve racial equity and allow people of diverse economic statuses to continue to live in the city. Local research into housing needs shows that households earning very low incomes are most vulnerable to displacement because of the stark lack of units affordable to them and the rising housing costs in previously affordable neighborhoods.

The current dearth of housing affordable to lower-income earners and people on fixed incomes is not solely a product of the market, but rather of intentional regulations and policies at federal, state, and local levels.

This report shows that our commitment to fair housing will only be fulfilled if displacement prevention and preservation/production of deeply affordable housing are uppermost priorities. Given that our current housing crisis was produced by intentional, government policies—not the market—only such public entities have the tools at their disposal to undo the legacy of government-sponsored displacement, segregation, and lack of homeownership in underserved communities. Since the market merely responds to regulation, it cannot address the lack of affordable housing in Charlottesville; only stronger affordable housing policies and regulations can. Zoning changes must protect majority-Black neighborhoods from further displacement and integrate historically segregated neighborhoods.

**Author’s Note:** This report incorporates national statistics, studies from other cities, evidence of local trends, and local quotations showing lived experiences in Charlottesville to accurately capture the current landscape of housing and challenge the myth that “trickle down housing” will provide greater affordability. Further, this report shows the only effective options for addressing the local housing crisis are prioritizing the development of deeply affordable housing and preventing further displacement of lower-income residents. Given the *very recent* trends in housing to allow for more inclusive zoning and development in previously single-family areas in select cities, evidence of the short-term impact of providing affordability by increasing the housing supply is sparse and inconclusive when taken in totality. The long-term impacts are yet unknown.

In Charlottesville, our studies and lived experiences overwhelmingly show that when we permit market-rate and luxury housing development without deep affordability, we see skyrocketing rental rates, rapidly accelerating development in previously Black-majority neighborhoods, and displacement of predominantly Black lower-income residents.

**Contents**

**1. Introduction ..... 5**

**2. The State of Housing ..... 5**

*Facts about Local Affordable Housing Supply and Demand ..... 5*

*The Unattainable “Housing Wage” in Charlottesville ..... 6*

**3. How Charlottesville Housing Became Unaffordable ..... 7**

*How Government Policies Created and Perpetuate the Housing Crisis ..... 8*

*Charlottesville’s Flawed Local Affordable Housing Ordinance..... 10*

**4. Impacts of Unaffordable Housing..... 10**

*The Disproportionate Impact on Black Households ..... 10*

*The Felt Impact of Displacement in Charlottesville..... 11*

*Disproportionate Energy Burdens Raise Housing Costs for Lower-Income Households ..... 12*

**5. Debunking Policies that will Perpetuate Inequity and Displacement ..... 12**

*The Fallacy of “Trickle-Down” Theories..... 12*

*Why Soft-Density Zoning Proposals Won’t Be Enough ..... 14*

*The Myth of Blanket Up-Zoning to Improve Affordability..... 15*

**6. Solutions ..... 16**

*Relieving Cost Burden is Good Economic Policy ..... 16*

*Preserving Culture and Stopping the Displacement of Long-time Black Residents ..... 16*

*Affordable Housing Zoning Solutions ..... 17*

*Additional Tools and Insight from Other Cities ..... 17*

**7. Conclusion ..... 19**

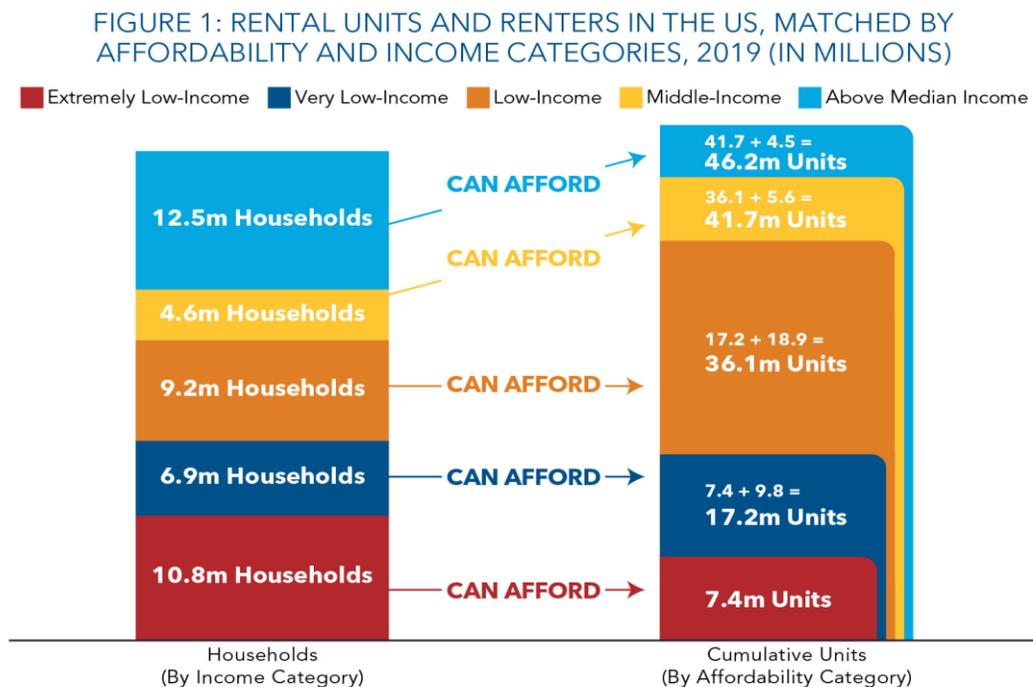
## 1. Introduction

This report explores why building deeply affordable, long-term housing is the most viable and equitable solution to Charlottesville’s housing crisis. It also refutes “trickle-down” housing theory and city-wide upzoning, showing that Charlottesville’s commitment to racial justice and creating an inclusive, healthy city will only be addressed by preventing further displacement and building deeply affordable housing.

## 2. The State of Housing

### ***Facts about Local Affordable Housing Supply and Demand***

- The most severe supply shortage of rental units in the U.S. is for extremely low-income households earning between 0-30% of AMI.<sup>1</sup> In Charlottesville a three-person household that makes 30% of the area median income (AMI) or less means that they earn less than \$25,350.<sup>2</sup> The national data shows that renters earning 50-80% of AMI, the “low-income” range in the chart below, would have a surplus of housing units affordable to them if those further down the income scale did not compete for these middle-range units. Building for the lowest income groups will resolve supply pressure for all renters, as the national data in the chart below illustrates.



*This chart from the 2021 National Low Income Housing Coalition (NLIHC) Gap Report shows the disparities between the numbers of renter households and the numbers of affordable units available for each income bracket.*

- The need for affordable units for the lowest income earners is further illustrated in Charlottesville’s 2018 Housing Needs Assessment, in the chart below. A household paying more than 30% of their income on housing costs is considered "cost burdened," and a household paying over 40% of their income for housing is "severely cost burdened." In Charlottesville only 160 households earning 50-80% AMI were found to be severely cost burdened, whereas 1,590 households earning below 50% AMI were severely cost burdened.<sup>3</sup>

Affordable Rental Housing Needs, City of Charlottesville, 2017-2040					
Household Income Level	Units for Severely Cost Burdened Households	Units for Other Cost Burdened Households	Replacement Units for Public Housing/ Section 8	Units for Homeless Families and Individuals	Total Units
<b>2017 Rental Housing Needs</b>					
<30% of AMI	960	150	439	189	1,738
>30% to 50% of AMI	630	180	NA	NA	810
>50% to 80% of AMI	160	290	NA	NA	450
>80% to 100% of AMI	-	320	NA	NA	320
<b>Total Units</b>	<b>1,750</b>	<b>940</b>	<b>439</b>	<b>189</b>	<b>3,318</b>
<b>2040 Rental Housing Needs</b>					
<30% of AMI	990	130	TBD	TBD	1,120
>30% to 50% of AMI	700	580	NA	NA	1,280
>50% to 80% of AMI	230	960	NA	NA	1,190
>80% to 100% of AMI	30	400	NA	NA	430
<b>Total Units</b>	<b>1,950</b>	<b>2,070</b>	<b>TBD</b>	<b>TBD</b>	<b>4,020</b>

Source: Partners for Economic Solutions, 2018.

*The chart above was included in the 2018 Charlottesville Housing Needs Assessment and shows households earning under 30% of the Area Median Income have the highest level of need.*

- Nevertheless, those earning 50-80% AMI are the people currently benefiting the most from the Charlottesville Affordable Dwelling Unit Ordinance. Section 34-12(c) gives the definition of "affordable" as anything below the 80% AMI threshold.<sup>4</sup> This makes it both permissible and more profitable for developers to cater to this range of incomes rather than below 50% AMI where the greatest need is.
- "Demand" in the housing market does not account for the number of families currently doubled up and underhoused. So even the documented need for deeply affordable units is likely a much lower estimate than reality.

### ***The Unattainable "Housing Wage" in Charlottesville***

- Local data analyzed by the National Low Income Housing Coalition (NLIHC) reveals that the "housing wage" to afford a modest two-bedroom apartment at HUD's Fair Market Rate in

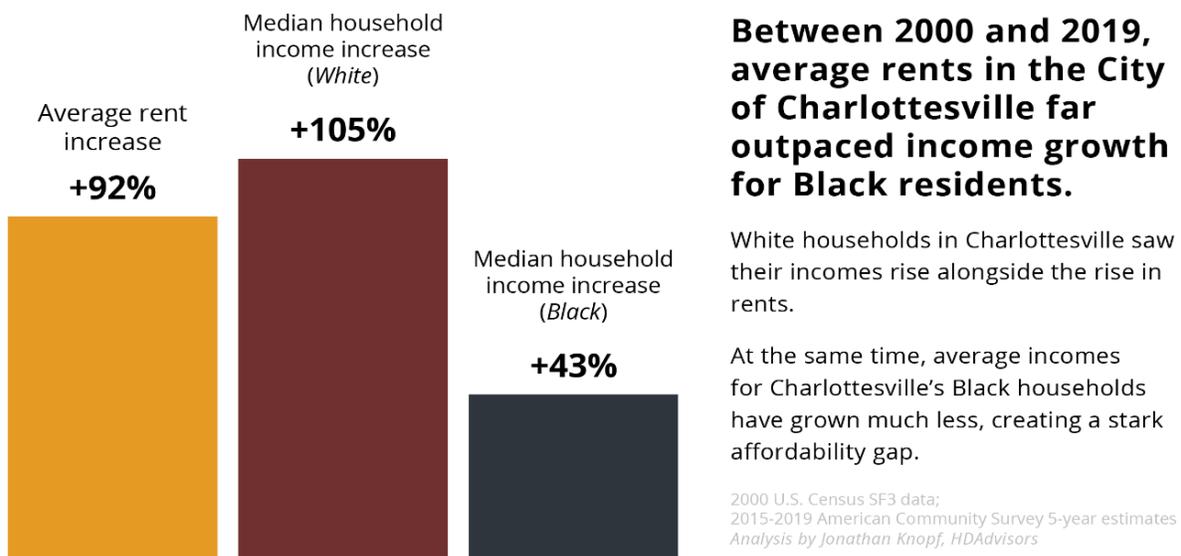
Charlottesville for 2019-2020 is \$24.27/hour working full-time year-round.<sup>5</sup> However the average renter currently earns only \$16.33/hour. This significant gap between the cost of renting and the reality of wages in our city reveals why the market will not provide housing for low-income households most in need without diverse financing in subsidies and non-profit collaborations.

"The Black population has to move because they don't make enough to sustain themselves in the City." - Survey respondent

### 3. How Charlottesville Housing Became Unaffordable

As rents rise, households with very low incomes (0-50% of Area Median Income) are most likely to be severely cost burdened, which renders them most vulnerable to displacement from the city. The history of racial covenants and “urban renewal,” which used the federal Housing Acts of 1949 and 1954 to support the destruction of Black neighborhoods, exacerbating the divide of homeownership and intergenerational wealth between Black and white families following 246 years of chattel slavery. This has rendered Black residents more likely to be renters and therefore more likely to be displaced by increasing rents.

As new housing gets constructed in our small city, it raises the value of land and encourages new growth of nearby businesses and amenities, which further increase the appeal of living in those areas. Without the mandate that new development include housing that is deeply affordable to the lowest income renters, development will not only further contribute to the economic segregation of the city, but it can negatively impact surrounding housing by raising prices of previously affordable units due to speculation and desirability.



*Inequities in housing: disparate income growth and spiraling rents*

### ***How Government Policies Created and Perpetuate the Housing Crisis***

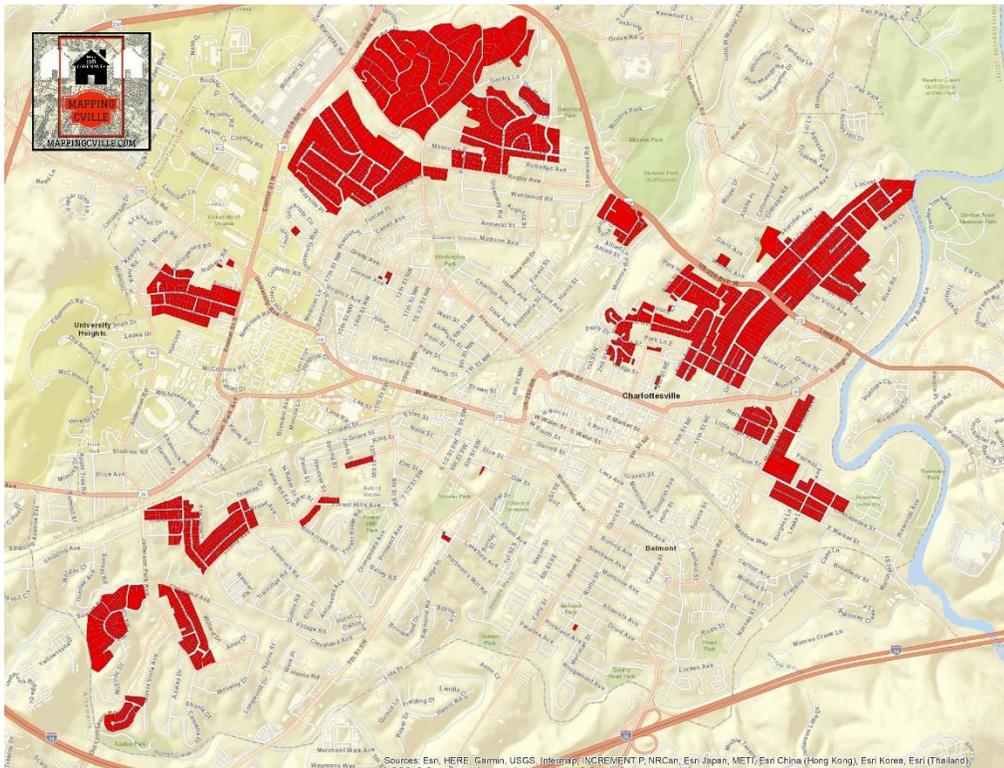
- Public officials' decisions have segregated neighborhoods by race and economic status, limited housing opportunities for Black families, erected barriers to homeownership for people of color, permitted a tidal wave of displacement of primarily Black residents, and maintained segregated housing patterns through zoning and local regulations that severely undermined the creation of a range of housing options.
- Low-income neighborhoods see developers buying land speculatively and developing more expensive housing and commercial space, taking advantage of a history of civic divestment, which made that land less valuable than the rest of the city. The 1920 Sanborn Fire Insurance Maps for example, show that only 8 years after Charlottesville's 1912 Segregation Ordinance, the almost entirely Black neighborhood of Starr Hill only had water and electricity lines to serve the industrial buildings, whereas the majority white Woolen Mills neighborhood had water lines already placed between every home and thus more valuable land because of these services.<sup>6</sup> The Jefferson School African American Heritage Center's research has shown how the City Council repeatedly denied and delayed petitions for water lines, sewage connection, and road paving in majority-Black neighborhoods, continually divesting in these neighborhoods while investing in others.<sup>7</sup>

“It looks more diverse, but in fact families of color are getting pushed out. [It's a] cloak and dagger process of actually becoming less diverse.” - Survey respondent

- Policy conversations continue to prioritize wealthier landowners' concerns over those of lower-income residents in Charlottesville's recent past. From CLIHC's 2020 report: “Crucially, the City (in 1990) zoned undeveloped areas for single-family homes purportedly due to the traffic concerns of existing residents. This meant that current residents acquired the power to perpetuate the exclusive nature of their neighborhoods. Planning Commissioner William Harris cast the sole vote against the measure, citing concerns about housing affordability and racial exclusion.”<sup>8</sup>



The shaded areas of this map show the private holdings of one company in and around Charlottesville in 1890. Most of the shaded area became racially segregated property. (Map courtesy of University of Virginia Special Collections)



Ongoing research by Mapping Cville has thus far located nearly 2,000 city homes with racist covenants that are currently zoned for single-family usage<sup>9</sup>

- Zoning policies that created segregated neighborhoods in the past continue to cause financial hardship. "Exclusionary zoning laws essentially trap many Black families into low-income neighborhoods by pricing them out of richer ones," reported one recent analysis.<sup>10</sup>

### ***Charlottesville's Flawed Local Affordable Housing Ordinance***

- The Charlottesville Affordable Housing Ordinance intends to provide guidelines for developers to include some minimum quantity of affordable housing within their projects. However, like many inclusionary ordinances around the country, it contains many loopholes that minimize its success. First, the policy gives the option of incorporating units affordable for households with incomes up to 80% AMI; this income threshold is far above where the deepest needs are. As the 2018 Charlottesville Housing Needs Assessment clearly showed, city residents earning less than 30% of the AMI – a disproportionate number of whom are Black – are bearing the largest housing cost burdens. "Census Tracts with a majority of non-white residents have significantly higher shares of households with cost burdens than do majority-white tracts."<sup>11</sup> Cost burdens are defined as a household paying over 30% of their income for housing.
- Second, the 30-year provision of the Charlottesville Affordable Housing Ordinance does not guarantee a mixed-income community in perpetuity, even though the Charlottesville Municipal Code provides that "the city may establish a minimum term as it deems necessary to ensure the establishment of committed affordable dwelling units."<sup>12</sup>
- Third, the ordinance allows developers to provide only a fraction of units to fulfill the affordable housing requirement.<sup>13</sup>
- And lastly, developers can alternatively pay into the Affordable Housing Fund instead of incorporating affordable housing into new developments, allowing for developments to continue to cater exclusively to wealthier (majority-white) residents.

*"Tell City Council to get affordable housing for all. People are getting sick of having to move every year." – Survey respondent*

## **4. Impacts of Unaffordable Housing**

### ***The Disproportionate Impact on Black Households***

- The State of the Nation's Housing 2020 Report by Harvard University outlines how the history of housing and mortgage discrimination led to current inequities in access to safe and affordable housing for people of color in America. "As a result, **people of color have far higher cost-burden rates and far lower homeownership rates than white households**, and account for a disproportionately large share of the homeless population [emphasis added]. In 2019, some 43 percent of Black, 40 percent of Hispanic, and 32 percent of Asian

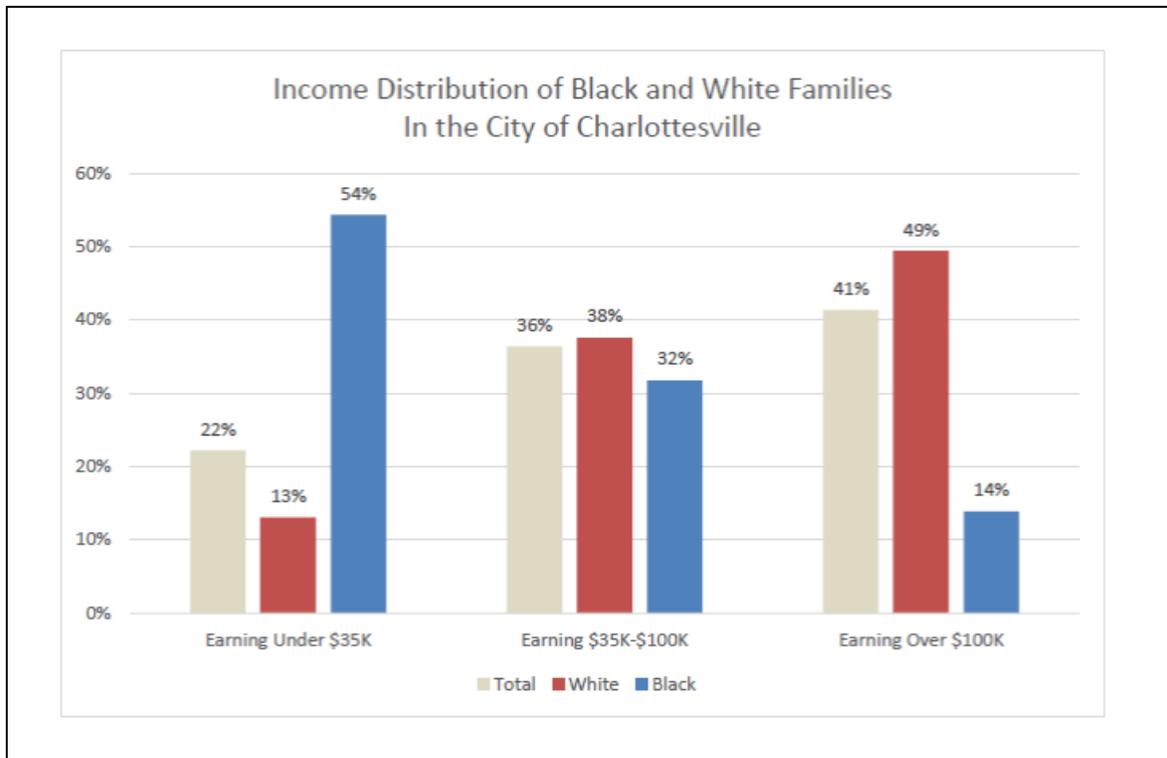
households spent more than 30 percent of their incomes on housing, compared with 25 percent of white households. Although the higher rate of cost burdens among people of color in part reflects their generally lower incomes, disparities are evident even across households in the same income groups.”<sup>14</sup>

*"How are you supposed to live in Charlottesville? It's not affordable here except for the doctors, lawyers and college students. Regular people with 9-5 jobs can't afford it. Some landlords want three months' rent up front." - Survey respondent*

- While racial discrimination is illegal, economic discrimination and segregation are entrenched and visible in our current zoning codes and city development. These carry out the same agenda that racial covenants in housing deeds once did, creating an increasingly wealthy community that excludes those unable to meet the increasing costs of housing. As discussed later in this report, the current zoning codes and procedures segregate lower-income people into public housing or outlying counties and creates an exclusive city occupied primarily by upper-income residents.
- Economic hardships resulting from the COVID-19 pandemic disproportionately affect lower-income families, especially those with children. The full impact of these “income shocks” is not yet known.<sup>15</sup>

### ***The Felt Impact of Displacement in Charlottesville***

Black residents in Charlottesville see displacement very differently from how white residents view it. From CLIHC’s 2020 report, “More than three out of four survey respondents think that gentrification is pushing people of color out of Charlottesville. Overall, 40% of residents indicated that change within their neighborhoods affected them. More than half (52%) of white residents specified change as moving in a positive direction. **On the other hand, more than two-thirds of Black residents perceived changes to be negatively impacting their neighborhoods.**”<sup>16</sup>



*This chart from the updated Orange Dot Report shows racial disparities in income.<sup>17</sup>*

### ***Disproportionate Energy Burdens Raise Housing Costs for Lower-Income Households***

- The situation is even worse when we consider that the lowest income households pay the most for utilities. Heating and cooling costs create additional disproportionate financial hardships. Charlottesville’s average energy cost is 2.3% of household income. However, extremely low-income households shoulder the highest average energy burden, paying approximately 16% of their income for energy costs.<sup>18</sup>

## **5. Debunking Policies that will Perpetuate Inequity and Displacement**

### ***The Fallacy of “Trickle-Down” Theories***

- Proponents of “trickle down” housing theories say that building more housing at the upper end of the market will increase availability of affordable housing at the lower end of the market, but that is not how the housing market works. “Cross-price elasticity of demand” is an economist’s way of saying that the housing market is not affected by the same supply and demand theory of other markets.<sup>19</sup> The housing market is a segmented market, meaning that housing units are not all equivalent. For example, it is better to think of one-bedrooms with on-site amenities within one mile of downtown as one market and three-bedroom homes with backyards on a bus route as another separate market.
- For the increased supply of market-rate units to impact the availability (and therefore the cost) of low-income units, “trickle down” or “filtering” economics would need a one-to-one

swap. One unit of luxury housing creates one more available unit further down the housing ladder as consumers move up, all the way until the bottom. However, because of the known segmented markets of housing, it is just as likely that the rate at which units “trickle down” is closer to zero; that the supply of luxury units has almost no effect on cheaper housing.<sup>20</sup>

- **Therefore, increasing the supply of higher priced units does not affect the entire market; it only affects the market within that segment of housing stock.** Prices across the housing stock do not depreciate when the supply of higher priced units increases, especially in a high-demand market such as Charlottesville where **increasing rents** outpace the supply of any units “trickling down.”<sup>21</sup>
- When asked if the construction of market rate housing positively affects the supply of affordable housing, attorney and technical assistance provider for Charlottesville’s Redevelopment and Housing Authority and several localities across the state, Delphine Carnes replied that **“[trickle down housing] simply doesn’t work... It just means you’re growing toward gentrification in the worst meaning of the term.”** She also said that **“creating affordable housing is not easy and it requires a commitment.”**<sup>22</sup>
- Increasing housing supply changes neighborhoods permanently by two mechanisms. First, the construction of new buildings “send[s] signals to the market that such neighborhoods are desirable...for wealthier residents, resulting in new demand.”<sup>23</sup> And second, **“in gentrifying neighborhoods, filtering does not work at all, because land values and rents rise as the neighborhoods become more desirable and developers bid up land values.”**<sup>24</sup> These increased demands and increasing land values are long-term and potentially irreversible, effects.
- Research into the short-term effects of new housing upon the surrounding neighborhood’s rent prices in Minneapolis, Minnesota showed how not all unit prices are affected equally by new development. New development did result in lower rents for the highest-priced rental units, which experienced a *decrease* in rent of 3.2%. However, the lower-priced rental units within 200 meters of new construction had rents 11.4% higher than comparable units elsewhere, and units within 300 meters had rents 6.6% higher than comparable units.<sup>25</sup> These effects lasted at least two years.
- Building mostly market-rate units will continue to increase the housing cost burden felt by very low-income households.<sup>26</sup> This will lead to further displacement.
- An analogy to traffic congestion is often made to justify building more market-rate units: traffic engineers will occasionally widen a road in an attempt to ease traffic that has exhibited an overwhelming demand on that road. In this example, the traffic is representative of high-income and high-wealth homebuyers and renters desiring more housing (i.e., the road) to meet their needs. The equivalent to widening the road is to build more high-income and high-wealth housing. But this analogy actually proves this is not the solution because traffic engineers repeatedly find that widening a congested road simply

increases the amount of traffic that attempts to travel on it. Or, in the case of housing, building more market rate units will likely accelerate the price increases which are already causing displacement. In a city like Charlottesville, with little available land, this will only worsen the current shortage in affordable housing.

“The wealthy developers should provide options for affordable housing when they build and build and build. They get richer while they squeeze out long term residents.”

- Survey respondent

- The Opportunity Zone (OZ) tax law created in 2017 purportedly intended to improve economic and housing opportunities in low-income neighborhoods, but benefits are largely not being realized. An assessment by the Urban Institute found “the incentive as a whole is not living up to its economic and community development goals. The incentive’s structure makes it harder to develop projects with community benefit in places with greatest need. In contrast, OZs are providing the biggest benefits to projects with the highest returns, which are rarely aligned with equitable development.”<sup>27</sup>
- A recent UVA law student research paper titled “Using Tax Law to Perpetuate Gentrification: Vinegar Hill Lives Again in Charlottesville” stated that Opportunity Zones provide extensive tax incentives to developers without ensuring affordable housing and other key priorities are adequately addressed. “...the Opportunity Zone approach to urban renewal likely furthers gentrification, is ripe for abuse, and lacks specificity to help the communities it is intended to serve.”<sup>28</sup>

### ***Why Soft-Density Zoning Proposals Won’t Be Enough***

- Charlottesville is not alone in considering introducing soft-density solutions, such as allowing Accessory Dwelling Units (ADUs) as infill housing, into formerly restrictive zoning areas. However, these measures take decades to proliferate.<sup>29</sup> Surveys from California show that even when legalized and made more affordable through pre-fabrication and pre-approved permitting, the majority of homeowners would not build their own ADUs due to financial constraints, lack of interest, lack of desire to become a landlord, or site limitations.<sup>30</sup>
- Research into the depth of affordability offered by ADUs in California found that **almost none of these units were advertised with rents affordable under 30% AMI.**<sup>31</sup> This information shows ADUs are very unlikely to address Charlottesville’s critical needs for our lowest income residents.
- Another analysis of ADUs in California found that **these units do not contribute to low-income housing production without long-term covenants protecting their affordability.**<sup>32</sup>

Moreover, due to the smaller unit size, in college towns these units are more likely to become student housing.

- For-profit Charlottesville developers agree that the cost of building materials, the cost of land, the complexity of government-financing for affordable housing, and lengthy permitting processes are the most important factors driving up the cost of housing in our area.<sup>33</sup> In other words, it is not **simply** restrictive zoning that prevents builders from developing affordable projects; it is the entire housing development system.
- Given these challenges, allowing more accessory dwelling units and other zoning changes that only provide four or fewer units per lot will not significantly integrate Charlottesville's currently racially exclusive neighborhoods, without a series of intentional policies and tools to ensure a significant percentage of those units are deeply affordable.

“Stop building ridiculous, expensive stuff.” - Survey respondent

### ***The Myth of “Blanket Up-Zoning” to Improve Affordability***

- Some people suggest housing prices will become more affordable through land zoning that allows developers to build more densely throughout the city; **however, this “blanket up-zoning” will operate differently in different neighborhoods.** Charlottesville's neighborhoods with comparatively lower current land prices will be more attractive to investors looking to develop. By definition, these are the very neighborhoods where affordable housing is more available, the same neighborhoods where people are already being displaced. Blanket up-zoning will encourage development in primarily historically Black neighborhoods, thereby worsening racial inequities. Majority-Black neighborhoods need a different approach: zoning which will slow the tide of displacement.
- **Research explains how inflated housing prices reflect the job market of the area, rather than a lack of supply due to zoning regulation.**<sup>34</sup> When high paying jobs abound, developers want to provide high-cost housing to maximize their profits. The researchers find “no clear and uncontroversial evidence that housing regulation is a principal source of differences in home availability or prices across cities. For this reason, blanket changes in zoning are unlikely to increase domestic migration or to increase affordability for lower income households in prosperous regions. They would, however, increase gentrification within prosperous regions and would not appreciably decrease income inequality. In contrast to the housing models, [the researchers] argue the basic motors of all these features of the economy are the current geography of employment, wages and skills.”<sup>35</sup>
- These researchers show that city-wide zoning changes that make multi-family housing easier to build do not positively impact low-income people. Instead, increased supply of higher cost housing worsens “gentrification,” the displacement of lower-income people.<sup>36</sup>

- **A healthy economy and workforce require a “housing-job” fit.** Our communal life depends on the service industry, city employees, restaurants, cleaners, and cashiers. Displacing these critical employees to surrounding counties slowly erodes a robust workforce.<sup>37</sup>

## 6. Solutions

Intentionally building and supporting deeply affordable housing is the only option to increase the affordable and available housing stock for all income levels. Furthermore, expanding the commitment to building deeply affordable housing will most equitably address historically racist housing policies. Immediate measures are also needed to prevent further displacement of Black people from Charlottesville, preventing hardship and the loss of culture.

### ***Relieving Cost Burden is Good Economic Policy***

Habitat for Humanity’s research shows that providing affordable housing increases economic development through job retention and reliable business expansion.<sup>38</sup> By not developing a diverse housing stock, low-income households are forced out of neighborhoods accessible to jobs and income inequality is further exacerbated. The city pays for this cost in worse outcomes across many other sectors.

### ***Preserving Culture and Stopping the Displacement of Long-time Black Residents***

- The City must explore targeted housing interventions<sup>39</sup> for long-time Black residents **in the 10th and Page, Fifeville, Forest Hills, and Rose Hill neighborhoods**, such as:
  - Zoning restrictions – analogous to historic preservation designations but with the purpose of uplifting low-income, low-wealth homeowners and preventing displacement,
  - Prohibiting the demolition of livable homes,
  - Resident-driven planning,
  - Additional tax/rent relief and home repair grants,
  - Height and density or other development restrictions and
  - Foreclosure prevention funding to prevent the further displacement of long-time Black homeowners.
- Additional neighborhood stabilization strategies that are highly effective include a tenant “right to counsel” ordinance/program (to provide community education and legal assistance to tenants facing evictions), and “just cause” eviction laws. Both of these measures have proven to be effective at decreasing displacement.
- Community land trusts are effective tools that have been proven successful in other localities.<sup>40</sup> Charlottesville should move beyond discussion and implement an effective, community-based model.

- The short-term solutions with highest potential to prevent displacement include strategies such as preserving unsubsidized affordable housing and increasing community control of land.<sup>41</sup>
- Short-term solutions that were found to be moderately effective in preventing displacement include preserving federally-funded housing, such as public housing, providing tenants with the opportunity to purchase during condominium conversions, and rent control.<sup>42</sup>

### ***Affordable Housing Zoning Solutions***

- As we have said in previous reports, Charlottesville should **adopt aggressive, mandatory inclusionary zoning policies that target extremely low-income populations in resource-rich neighborhoods** in Charlottesville. Policymakers should shape ordinances to incentivize affordable development in areas with access to public transportation, quality education, and job opportunities. Policies must require the City to amplify community voices through collaboration with nonprofit and community organizations in town.
- **Any upzoning policy needs to be directly tied to development of affordable housing at 50% AMI or below.** Without this protection, land prices will continue to skyrocket. Researchers explain, “[i]f a city is considering changing its zoning to allow for increased density in one or more neighborhoods, it’s likely that those neighborhoods have enough market demand to support an inclusionary requirement. Upzoning creates valuable new development potential that can lead to higher profits. Including affordability requirements along with upzoning allows the government agency to capture some of the value provided to developers by the increased density for the provision of affordable housing. In these cases, it’s essential to bake in affordability requirements at the moment of upzoning so land costs don’t immediately rise to eat up the value of the new development potential.”<sup>43</sup>

### ***Additional Tools and Insight from Other Cities***

- Earlier this year the City Council of Evanston, Illinois allocated \$400,000 to its Restorative Housing Program, as part of its \$10 million Local Reparations Programs.<sup>44</sup> The money will be granted to African American families and descendants who lived in the city between 1919 and 1969 and were harmed by discriminatory housing policy. The grants will be used towards mortgage and down payment assistance and home improvement. This program has been criticized for its limited focus on housing, but it is one of the first reparations programs to be funded in the country.
- Two years after the adoption of their 2017 Comprehensive Plan advocates in Wake County, North Carolina continue to urge policy makers to “include equity and inclusion as a foundation to ensure that capital gains benefits, a larger tax base, new development and upscale neighborhoods are not the narrow focus of decision makers.”<sup>45</sup> They go on to

explain that “given the evidence of actual and potential harm from gentrification, it is critical that policymakers consider how economic development policies impact and empower residents through a race equity lens. Only then will decision-makers understand how the legacy of racism has systematically deprived communities of color of resources, only to see new capital accompany wealthier and whiter residents as they move in and potentially price them out of the communities they built.” The Wake County Comprehensive Plan was developed by the same consultants working on Charlottesville Plans Together.<sup>46</sup>

- Highland Park, Illinois has a prioritization list for applications to live in affordable units developed under their inclusionary zoning ordinance.<sup>47</sup> This prioritization begins with households living within the city, households with workers who are employed by the city in any capacity, households with workers who are employed in the city, and then any income-qualified household.
- In Providence, Rhode Island community organizers have learned from residents that gentrification has two sides.<sup>48</sup> First, it jeopardizes businesses and community institutions that provide neighborhoods with services. Rising property taxes force out nonprofits and businesses alike. Second, they found that the economic changes sometimes brought desirable changes (e.g., replacing a derelict gas station with a convenient and economical restaurant) but it does not work when it comes to places to live. There were no positive outcomes for current residents when people were priced out of their neighborhoods.
- In Jamaica Plain, Massachusetts community members held a People’s Coalition of 300 residents to craft a People’s Plan for investment and redevelopment that included true affordability in new development, neighborhood boards with real power, and Anti-Displacement Zones.<sup>49</sup> They also created a pledge and held a march asking the advocates of YIMBY-ism (“Yes In My Backyard” – people who support expanding deeply affordable housing in all neighborhoods) to agree to let the people most directly affected by displacement lead the conversation on dismantling zoning regulations.
- The flaws in the Opportunity Zone law (see above) can best be addressed through an overhaul of the program at the federal level, but one local option is to develop Community Benefit Agreements (CBAs) between residents and developers. A CBA allows development to move forward under specific conditions, which could include wages for future employees, local hiring, affordable housing and more. “For instance, a CBA in Detroit required an incoming Whole Foods to hire 70% of its workforce locally...CBAs offer a contractual solution to the lack of local power in land use decisions and the tax program itself to the community.”<sup>50</sup>

## 7. Conclusion

Local policies should emphasize the following key priorities:

- a. Protect current residents and owners in predominantly Black/well-integrated neighborhoods (e.g., 10th and Page, Fifeville, Forest Hills, Rose Hill) from displacement. Upzoning must be prohibited or substantially limited, the demolition of habitable homes should be prohibited, and resident protections such as real estate tax/rent relief and home repair assistance should be expanded.
- b. Upzone – with Inclusionary Zoning to promote affordable housing – in neighborhoods where racial covenants were common (e.g., Martha Jefferson, Rugby, North Downtown, Fry's Spring, and more). This will allow significant multi-family development. Inclusionary Zoning should require developers to build deeply affordable housing (up to 50% AMI).
- c. Implement a Community Land Trust based on effective, community-based models that have shown success in other localities.
- d. Adopt anti-displacement measures to strengthen equitable housing opportunities, including expanding Real Estate Tax and Rent Relief programs, preserving public and subsidized housing, and expanding tenant rights in evictions.

Charlottesville would be wise to take the cautionary tale of other localities: allowing increased building without strong mandates for deep affordability will continue to displace low-income residents, especially from historically lower-income neighborhoods.

Local governments are obligated by the federal Fair Housing Act to overcome historic patterns of segregation. What was once racial segregation enshrined in properties' covenants will continue to have the same effect if economic segregation continues to increase. This will ultimately result in massive displacement, loss of racial diversity, and a community that is predominantly home to wealthy people. Loss of diversity will have economic impacts on all residents, not only those who suffer from racially-linked displacement. Businesses will no longer have available workers, and the culture of our community will be lost.

## Endnotes

---

1. [https://reports.nlihc.org/sites/default/files/gap/Gap-Report\\_2020.pdf](https://reports.nlihc.org/sites/default/files/gap/Gap-Report_2020.pdf)
2. <https://www.vhda.com/BusinessPartners/PropertyOwnersManagers/Income-Rent-Limits/Pages/HUDMedianIncome.aspx>
3. <https://charlottesville.gov/DocumentCenter/View/1522/Housing-Needs-Assessment-PDF>
4. [https://library.municode.com/va/charlottesville/codes/code\\_of\\_ordinances?nodeId=CO\\_CH34ZO\\_ARTIAD\\_DIV1GEPR\\_S34-12AFDWUN](https://library.municode.com/va/charlottesville/codes/code_of_ordinances?nodeId=CO_CH34ZO_ARTIAD_DIV1GEPR_S34-12AFDWUN)
5. [https://reports.nlihc.org/sites/default/files/oor/OOR\\_2020.pdf](https://reports.nlihc.org/sites/default/files/oor/OOR_2020.pdf)
6. Bowen Matthew, D. *The History of Structural Racism in Charlottesville: Legally-enforced Segregation and Its Impact on Health*, Center for Bioethics, Harvard Medical School, February 24, 2021.
7. Yager, J., “*The Ground We Stand On*,” The Center at Belvedere, September 17, 2020.
8. Charlottesville Low-Income Housing Coalition, *The impact of racism on affordable housing in Charlottesville*, 2020. <https://www.justice4all.org/wp-content/uploads/2020/03/Housing-Report-FINAL.pdf>
9. Yager, J., <https://mappingcville.com/>
10. Demsas, J., *How Exclusionary Zoning Laws Contribute to Housing Segregation, Explained*, Vox, 2021. <https://www.vox.com/22252625/america-racist-housing-rules-how-to-fix>
11. <https://www.charlottesville.gov/DocumentCenter/View/1522/Housing-Needs-Assessment-PDF>
12. [https://library.municode.com/va/charlottesville/codes/code\\_of\\_ordinances?nodeId=CO\\_CH34ZO\\_ARTIAD\\_DIV1GEPR\\_S34-12AFDWUN](https://library.municode.com/va/charlottesville/codes/code_of_ordinances?nodeId=CO_CH34ZO_ARTIAD_DIV1GEPR_S34-12AFDWUN)
13. Stein, S., *Capital City: Gentrification and the Real Estate State*, Jacobin, 2021.
14. [https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard\\_JCHS\\_The\\_State\\_of\\_the\\_Nations\\_Housing\\_2020\\_Report\\_Revised\\_120720.pdf](https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2020_Report_Revised_120720.pdf)
15. <https://www.brookings.edu/research/ten-facts-about-covid-19-and-the-u-s-economy/>
16. Charlottesville Low-Income Housing Coalition, *The impact of racism on affordable housing in Charlottesville*, 2020. <https://www.justice4all.org/wp-content/uploads/2020/03/Housing-Report-FINAL.pdf>
17. <https://www.pvcc.edu/sites/default/files/2021-02/Orange%20Dot%20Report%204.0.v2%20%281%29.pdf>
18. <https://static1.squarespace.com/static/5a0c67f5f09ca475c85d7686/t/5f2071d39eb94c7ad741a90d/1595961851763/C3%27s+Uncovering+Energy+Inequity.pdf>
19. <https://shelterforce.org/2019/02/19/why-voters-havent-been-buying-the-case-for-building/>
20. Ibid.
21. Rosenthal, Stuart S., *Are Private Markets and Filtering a Viable Source of Low-Income Housing? Estimates from a ‘Repeat Income’ Model*, American Economic Review 104(2) 687–706, doi:10.1257/aer.104.2.687, 2014.
22. <https://boxcast.tv/view/crha-financial-training-598171>
23. Zuk, M., & Chapple, K., *Housing Production, Filtering and Displacement: Untangling the Relationships*. p. 77, 2016. <https://escholarship.org/uc/item/7bx938fx#author>
24. Badger, E., *How to make expensive cities affordable for everyone again*, The Washington Post, February 19, 2016. Retrieved from <https://www.washingtonpost.com/news/wonk/wp/2016/02/19/how-to-make-expensive-cities-affordable-for-everyone-again/>
25. Damiano, A., & Frenier, C., *Build Baby Build?: Housing Submarkets and the Effects of New Construction on Existing Rents*, 2-3, 22, 2020. <https://www.cura.umn.edu/research/research/build-baby-build-housing-submarkets-and-effects-new-construction-existing-rents>

- 
26. [https://www.urbandisplacement.org/sites/default/files/images/udp\\_research\\_brief\\_052316.pdf](https://www.urbandisplacement.org/sites/default/files/images/udp_research_brief_052316.pdf)
  27. <https://www.urban.org/urban-wire/opportunity-zone-incentive-isnt-living-its-equitable-development-goals-here-are-four-ways-improve-it>
  28. <http://ggutaxreview.org/2021/04/13/using-tax-law-to-perpetuate-gentrification-vinegar-hill-lives-again-in-charlottesville/>
  29. <https://www.minnpost.com/metro/2019/05/accessory-dwelling-units-were-supposed-to-help-ease-the-twin-cities-housing-crunch-hows-that-working-out/>, <https://ggwash.org/view/79471/dc-and-portland-both-tried-to-boost-accessory-dwelling-units-why-does-portland-have-so-many-more>
  30. <https://www.bloomberg.com/news/articles/2021-03-25/can-granny-flats-fill-california-s-housing-gap>
  31. Chapple, K., Nemirow, A., Wegmann, J., & Dentel-Post, C., *Yes in My Backyard: Mobilizing the Market for Secondary Units*, 12, 2012  
[https://communityinnovation.berkeley.edu/sites/default/files/yes\\_in\\_my\\_backyard\\_mobilizing\\_the\\_market\\_for\\_secondary\\_units.pdf?width=1200&height=800&iframe=true](https://communityinnovation.berkeley.edu/sites/default/files/yes_in_my_backyard_mobilizing_the_market_for_secondary_units.pdf?width=1200&height=800&iframe=true)
  32. Ramsey-Musolf, D., *Accessory Dwelling Units as Low-Income Housing: California's Faustian Bargain*, *Urban Science*, 2(3), 89, 2012. <https://doi.org/10.3390/urbansci2030089>
  33. Henry, C., Clark, A., & Armstrong, C., Webinar: *Zoning Hurdles and Incentives*, Central Virginia Regional Housing Partnership, Thomas Jefferson Planning District Commission, March 18, 2020.
  34. Rodríguez-Posel, A. & Storper, M., *Housing, urban growth and inequalities: The limits to deregulation and upzoning in reducing economic and spatial inequality*, *Urban Studies* (Edinburgh, Scotland), 57(2), 223–248, 2020. <https://doi.org/10.1177/0042098019859458> and <http://econ.geo.uu.nl/peeg/peeg1914.pdf>
  35. Ibid, 1.
  36. Ibid.
  37. <https://theconversation.com/just-building-more-homes-wont-fix-the-housing-crisis-heres-why-60655>
  38. <https://www.habitat.org/costofhome/housing-affordability-and-economy>
  39. The 2018 Charlottesville Housing Needs Assessment and the Housing Advisory Committee identified at least 4,000 "housing interventions" that will be needed by 2040. Rather than only focusing on units, housing interventions are more inclusive, including tools such as redevelopment, housing counseling and case management to prevent homelessness.
  40. <https://community-wealth.org/strategies/panel/clts/models.html>
  41. [https://www.urbandisplacement.org/sites/default/files/images/carb\\_anti-displacement\\_policy\\_white\\_paper\\_3.4.21\\_final\\_accessible.pdf](https://www.urbandisplacement.org/sites/default/files/images/carb_anti-displacement_policy_white_paper_3.4.21_final_accessible.pdf)
  42. Ibid.
  43. Reyes, Stephanie, *Inclusionary Housing in Soft of Mixed Markets*, Shelterforce, Spring 2018. <https://www.shelterforce.org/2018/05/07/inclusionary-housing-in-soft-or-mixed-markets/>
  44. <https://www.cityofevanston.org/Home/Components/News/News/5226/17>
  45. <https://www.ncjustice.org/publications/the-risks-of-gentrification-in-north-carolina-a-cautionary-note-on-opportunity-zones-and-policies-that-accelerate-growth-without-community-benefit/>
  46. [https://s3.us-west-2.amazonaws.com/wakegov.com.if-us-west-2/prod/documents/2020-10/WakeCountyAffordableHousingPlan\\_0.pdf](https://s3.us-west-2.amazonaws.com/wakegov.com.if-us-west-2/prod/documents/2020-10/WakeCountyAffordableHousingPlan_0.pdf)
  47. [https://cms6.revize.com/revize/highlandparkil/government/city\\_departments/community\\_development/planning/docs/Inclusionary\\_Housing\\_FAQ\\_072617.pdf](https://cms6.revize.com/revize/highlandparkil/government/city_departments/community_development/planning/docs/Inclusionary_Housing_FAQ_072617.pdf)
  48. <https://www.rimonthly.com/how-has-gentrification-changed-providence/>
  49. [https://www.cvu.org/annual\\_reports](https://www.cvu.org/annual_reports)
  50. <http://ggutaxreview.org/2021/04/13/using-tax-law-to-perpetuate-gentrification-vinegar-hill-lives-again-in-charlottesville/>