



## **MEMORANDUM**

**To: Members of the Rappahannock-Rapidan Regional Commission**  
**From: Patrick L. Mauney, Executive Director**  
**Date: December 2, 2021**  
**Subject: PDC Housing Development Program**

Staff will provide an update on activities related to implementation of the PDC Housing Development program and planned work over the next months.

In November, staff released a request for Proofs of Concept for potential projects, with submissions due by December. 6<sup>th</sup>. Following internal review, staff will seek additional application information for projects that meet criteria identified in the proof of concept request.

Staff also convened a regional housing stakeholder workgroup in November to review opportunities for enhanced coordination outside of the PDC Housing Development Program grant. We anticipate providing further information on those opportunities in 2022.

**REQUESTED ACTION:** No formal action requested.

# ***Rappahannock Rapidan Regional Commission Housing Development Grant Guidelines***

Rappahannock-Rapidan Regional Commission (RRRC) staff is in the process of developing a housing development program in accordance with Virginia Housing priorities and the Housing Development Grant. Program guidelines are developed to inform and provide guidance on the program expectations and goals for reference by interested parties who may be requesting grant funding for housing development projects.

## **Section A. Background**

The RRRC was awarded a \$2 million grant from Virginia Housing to support development of affordable housing. The Commission plans to make approximately \$1.8 million of funding available for eligible projects within the Planning District 9 footprint of Culpeper, Fauquier, Madison, Orange, and Rappahannock Counties.

The RRRC is seeking to provide support for housing development projects that match Virginia Housing's Housing Development Grant Guidelines and housing goals. Ideal projects would also fit within the context of regional housing priorities and be supportable by Towns and County governments. Based on the Housing Development Grant (Grant) expectations and guidelines, the RRRC has committed to the production of at least 20 new housing units. These units must be designated for occupancy by households earning 80% Area Median Income (AMI) or less, based on each county's unique AMI. While a range of housing is needed across a wide spectrum, this indicates that a mix of rental and owner-occupancy units for low- to moderate-income households would fit within the grant criteria.

## **Section B. Priorities, Goals, Eligible and Ineligible uses of grant funds**

Proposed projects that meet the minimum threshold criteria will be considered eligible to participate in full application invitation. Successful projects are anticipated to address state, regional, and local housing criteria, as outlined below.

**Subsection 1.** Virginia Housing under the guidance of the Housing Development grant has identified and established the minimum threshold criteria as follows:

1. The development of new rental or owner-occupied units for households with incomes at or below 80% Area Median Income (AMI), subject to household composition and each locality's unique AMI according to HUD standards.
2. Mixed-use projects must include at least 60% of the square footage as residential.
3. Mixed-income projects must include at least 50% of the units restricted to at or below 80% AMI or as additional funding resources require, whichever is more restrictive.
4. Ability to begin the pre-development stages by August 2022.
5. Ability to complete the Grant funded units within your project; units should be move-in ready by June 30<sup>th</sup> 2024.

**Subsection 2.** RRRC staff has determined that priorities and strategies will be developed based on identified key initiatives supportable by local governments. Based on local comprehensive plans, key initiatives may include:

- A mix of housing, including single-family and multi-family is needed.
- Traditional neighborhood development, context sensitive infill, and building mass form must be compatible to preserve/ protect neighborhood character.
- Infill projects within Town boundaries, complementing the context of the surrounding neighborhoods, may be preferable over mass subdivisions.
- Various housing types to meet the needs of diverse households, including income and composition, are preferred.
- Missing middle and workforce housing are preferred to address the needs of existing residents.
- Mixed-use and mixed-income housing models may be preapproved in certain localities

**Subsection 3.** Resulting from a recent survey and the Regional Housing Study, RRRC staff identified the following regional housing priorities:

- Increase ownership and rental opportunities through the development of a range of diverse and workforce housing to meet the needs of existing residents and/or enable essential workers opportunities to live where they work.
- Encouraging or enabling housing development in designated growth areas, adjacent to employment opportunities, services, shopping, and public transportation.
- Increase single and dual occupancy housing units with universal design principals for seniors, housing vulnerable and underhoused populations.
- Seek to support and implement at the local level innovative, eco-friendly, and community building housing and/or mixed-use and/or mixed-income projects.
- Seek to support infill and property remediation, adaptive reuse or rehabilitation as necessary to increase housing units and subtle density.
- Seek to support construction development strategies that include flexibility of new construction methods and/ or sustainable and low-maintenance materials

Expected outcomes are subject to accepted project proposals that meet Housing Development Grant threshold criteria.

**Subsection 4.** Eligible uses and ineligible uses are as follows:

**Eligible uses** of grant fund may include costs directly related to Housing Development Grant supported units such as:

- a. Architecture, Engineering, Environmental Impact Studies, and Contractor fees;
- b. TAP fees, permitting fees, and inspection fees;
- c. Construction fees and rehabilitation fees related to the creation of new units added to the housing stock.

**Ineligible uses** of grant funds include:

- a. Land trust development, land banking, units already proffered as part of rezoning;

- b. emergency shelter and/or transitional housing development, rental assistance, existing housing unit rehabilitation and/or replacement;
- c. housing units already funded or any associated development activities funded by another source of funds.

### Section C. Proof of Concept and full grant application

**Subsection 1.** Between November 2021 and January 2022, RRRC will implement a two-step process to solicit proposals from parties interested in utilizing Housing Development Grant funds for affordable housing projects within the five-county footprint. The Housing Development Program is a competitive process and applications are limited to one funding request per proposed project.

**Subsection 2.** Proof of Concept submissions will be accepted beginning November 10, 2021 and ending December 6, 2021. The Proof of Concept process is intended to provide an opportunity for applicants to provide key information regarding the project and enable RRRC to consider projects for a full application. Submission of a Proof of Concept does not obligate an applicant to continue to the full application, should RRRC determine that such project is eligible.

**Subsection 3.** Following review of the Proof of Concept documents, RRRC will invite selected applicants to complete a full application. The full application due date will be established following the Proof of Concept phase, but is anticipated to be in early 2022, with subsequent funding award decisions in place by February 2022. This process shall continue until funds are properly earmarked and/or allocated in accordance with Commission and/or Virginia Housing policy. Submission of a full application does not guarantee Housing Development Grant funds, nor does it obligate neither RRRC or Virginia Housing to provide any funds at present or in the future.

### Section D. Project analysis and selection

**Subsection 1.** RRRC will oversee the selection process including notification, review, selection and contract award. The review and selection part of the process may include participation of qualified reviewers at the discretion of RRRC Staff. RRRC has determined that projects will be considered through a two-step process and on a case-by-case basis if criteria thresholds **(B.1.)** are met. Additional information can be found in the Virginia Housing’s Housing Development Program guidance at [RRRC Housing Development Program](#).

**Subsection 2.** Project approval and selection will be defined by restrictions and allowances based on the Grant guidelines and criteria threshold **(B.1.)** as specified by Virginia Housing and regional housing priorities. In addition, projects must demonstrate how their project meets state housing priorities and housing need locally and regionally within the Planning District 9 footprint. Applicants must also be able to demonstrate agency or organization capacity and financial ability.

The project analysis process may be subject to additional competitive components as follows:

- Projects designed with diverse housing types that innovatively address missing middle and workforce housing needs.
- Projects incorporating innovative building practices, designs, and social capital building features.
- Projects implementing green building practices, and innovative eco-friendly designs.
- Projects demonstrating an intent to reinvest revenue gained from the Grant supported housing units back into development of additional units.
- Projects demonstrating good faith outcomes that promote tenant/homebuyer choice by offering housing outside of areas of concentrated poverty and low opportunity with jobs, mobility, and amenities accessibility.

## Section F. Award process

**Subsection 1.** RRRC will oversee and manage the award process. Virginia Housing Grant funds are to be administered from Virginia Housing via RRRC to selected development partners based on the process outlined in this document. Funds will be distributed on a reimbursement request process according to Virginia Housing guidelines, unless otherwise stipulated as part of an agreement between RRRC and a selected applicant.

**Subsection 2.** All project awards will be conditional pending execution of agreements between RRRC, Virginia Housing, and selected applicants. Projects seeking other funding sources, such as Low-Income Housing Tax Credits, may receive conditional awards contingent on successful award of other funding applications. Applicants may not receive full fund amount requested.

**Subsection 3.** A successful application will demonstrate the ability to meet threshold criteria **(B.1.)** as set forth by the Housing Development Grant in addition to RRRC project criteria. Upon successful application of projects whose proposals are selected will be able to:

- Demonstrate capacity and ability to complete project though similar experience with development and/or management of similar property and/or projects.
- Demonstrate capacity and financial viability.
- Begin pre-development process between June and August 2022.
- Demonstrate ability to complete project by June 2024.