



PENN IUR ROUNDTABLE ON ANCHOR INSTITUTIONS

Universities and Affordable Housing

UNIVERSITY OF VIRGINIA

CASE STUDY

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The Model: Leveraging University Land and Staff Resources to Facilitate Affordable Housing Development Partnerships

INTRODUCTION/OVERVIEW

The University of Virginia (UVA) is a prominent public research university with a 200+ year history in Charlottesville and Albemarle County, VA. In conjunction with Monticello, the University's central Lawn and surrounding Academical Village is a UNESCO World Heritage site, originally established to cultivate an environment in which students and faculty live and learn from one another at close range. The heart of UVA's Grounds is within a few miles of Charlottesville's downtown center, physically tethering the university and the community together as neighbors.

UVA is shaped by its historical context, while also navigating growth and change. Today, UVA's enrollment accounts for more than 25,000 students (approximately 17,000 undergraduate and nearly 9,000 graduate students) (University of Virginia n.d.). Its primary campus spans approximately 1,200 acres, contained within three primary precincts: Central, West, and North Grounds (University of Virginia, Office of the Architect for the University 2008). A nationally ranked health care system provides world class patient care within walking distance of Central Grounds. The UVA Foundation (UVAF) functions as a private, tax-paying entity for UVA real estate transactions ("UVA Foundation" n.d.), and has assisted the university in becoming one of the largest landholders in the area.

UVA has a long—and sometimes contentious—relationship with its adjacent historic neighborhoods and community, in part sparked by university expansion and development. Over the years, efforts to enhance town-gown relations resulted in two formalized relationships between UVA and its local governments: 1) the creation of a Three Party Agreement between UVA, the City of Charlottesville, and Albemarle County, which codified a planning and development relationship between the institutions to ensure coordinated development plans ("Three Party Agreement" 2006); and 2) the establishment of a Planning and Coordination Council (PACC), which provided a forum for the three agencies to discuss planning and development issues. The PACC has since evolved into the Land Use and Environmental Planning Committee (LUEPC).

As UVA's, and specifically the Medical Center's, built presence expanded, pressure on surrounding neighborhoods increased, and contributed to the displacement of Black and low-income residents (Cameron, Feldenkris, and Arnold n.d.). Student demand for off-Grounds housing impacts an increasingly expensive rental market. When current President Jim Ryan took office, he quickly and directly acknowledged UVA's role in a complicated history of development and made strengthening the relationship between the university and the community a top priority. His vision is for UVA to be an institution that is both great and good—both outstanding and ethical (University of Virginia 2019). Part of this mandate includes UVA becoming a good neighbor to the Charlottesville-Albemarle community. Under President Ryan's leadership, UVA is embarking on a bold affordable housing initiative in the spirit of service to the community. The goal is to support the development of 1,000 to 1,500 affordable housing units over a decade on land in Charlottesville and/or Albemarle County that is owned by UVA or the UVA Foundation.

This case study examines UVA's emergent efforts to address affordable housing concerns within the Charlottesville and Albemarle communities, led by the *Great and Good Plan*.



BACKGROUND: UVA'S GREAT & GOOD PLAN WITHIN THE COMMUNITY

The Great and Good Plan represents UVA's strategic plan for the institution within the context of its community. The effort encapsulates four strategic goals, including: (1) strengthening UVA's foundation as an institution; (2) cultivating a vibrant community-culture within UVA through diversity and inclusion, as well as an emphasis on community relationships and partnerships; (3) enabling discoveries to improve lives via research, education, and relationships; and (4) making UVA synonymous with service (University of Virginia 2019). Ten key initiatives support the Great and Good strategic goals, including educational access and support initiatives, staff-focused programs, and initiatives focused on cultivating good neighborhood relationships and community support.

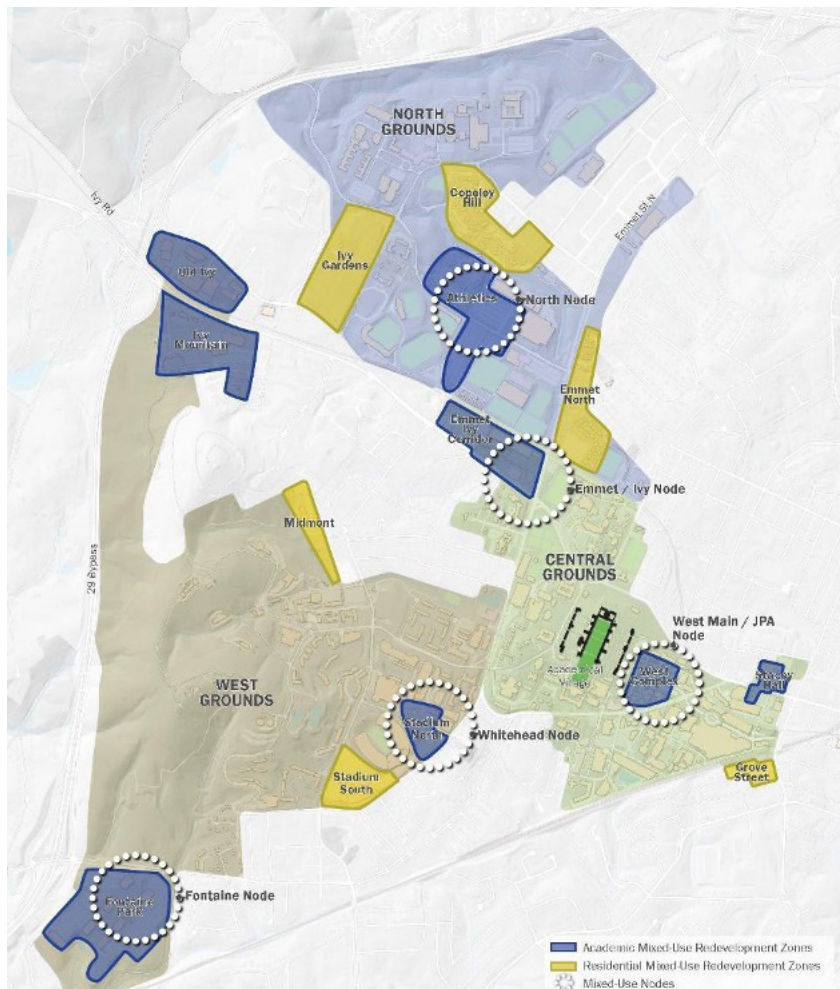


Figure 1. UVA campus with proposed redevelopment zones from *The Grounds Plan* (University of Virginia, Office of the Architect for the University 2023)

UVA's Great and Good Plan embodies a broad array of strategies that address internally and externally focused goals. Community building and relationships are key components of the underlying strategy, as UVA continues to evolve its contribution as an anchor institution in Charlottesville and Albemarle County. Affordable housing, best captured by UVA's Good Neighborhood Program, is a central part of the Great and Good strategy, underscoring broader conversations happening within the region. Key ongoing conversations include:



- **Regional Housing Partnership:** In 2019, the Central Virginia Regional Housing Partnership of the Thomas Jefferson Planning District Commission released a comprehensive regional housing study and needs assessment for the region (Albemarle County, Central Virginia Regional Housing Partnership, and Virginia Housing and Development Authority 2019). The study emphasized several regional challenges, including:
 - Substantial affordable housing shortfalls relative to the scale of cost-burdened households. For instance, by 2040 the study projects more than 14,000 renter and 6,600 homeowner households will be cost-burdened;
 - A mismatch between Area Median Incomes (AMI) and average rents and home prices;
 - Racial and ethnic disparities in homeownership for urban and rural areas within the region; and
 - Tight market conditions that result in limited housing access.

The needs assessment highlights the economic consequences of housing market conditions and establishes a baseline for a regional approach to increasing housing supply and addressing affordability issues.

- **Collaboration with Affordable Housing Stakeholders:** There is a rich network of organizations actively interested in, advocating for, or working towards affordable housing in the area. This network includes nonprofit and private sector developers, faith-based community organizations, housing-specific organizations, and resident-focused community organizations. These groups have been at work for a long time, and their input is critical for ensuring that UVA's contribution is an additive part of a regional solution. UVA sought input from dozens of organizations and stakeholders during initial community engagement activities.
- **UVA-Community Working Group and the President's Council on UVA-Community Partnerships:** In 2018, President Ryan asked a UVA-Community working group to identify the most pressing issues that UVA and the community should address together. In 2019, the group issued a report that highlighted jobs and wages, affordable/workforce housing, public/equitable healthcare, and youth education (University-Community Working Group 2019). From there, UVA launched the President's Council on UVA-Community Partnerships to work with President Ryan and the local community on these issues ("President's Council on UVA-Community Partnerships" n.d.). For each of the five core issues, UVA officials and community members established an affiliated working group. The composition of each working group reflects principles of co-creation, embodying the spirit of the partnership.

The affordable housing advisory group has 15 members. Their overall mission is to consider UVA's role in addressing local housing needs in a way that is complementary to, and not duplicative of, the decades of work already in motion among existing housing organizations. From the start, staff have been continually engaging and working with community stakeholders and experts to ensure the initiative will best serve the community.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: UVA'S LAND-LED APPROACH TO AFFORDABLE HOUSING DEVELOPMENT PARTNERSHIPS

In March 2020, President Ryan announced UVA's goal to support the development of 1,000 to 1,500 affordable housing units on UVA- or UVA Foundation-owned property over the next decade. This housing is intended to serve community needs broadly, not to be limited to students or those with a university affiliation. UVA is providing the land for these projects at virtually no cost through a ground lease to whichever developers are selected. Formally launched in 2021, the early stages of UVA's affordable housing strategy are unfolding and offer a road map for ongoing approaches and anticipated outcomes. Broadly, UVA is pursuing a two-fold strategy that strives to address housing affordability through production.



APPROACH 1: PRIORITIZING ON-GROUNDS HOUSING CAPACITY AT UVA

Today, student demand for off-Grounds housing impacts the local rental market. Internally, the university intends to increase on-campus housing capacity for students with the goal of mitigating housing demand within nearby neighborhoods. At present, UVA requires its first-year undergraduates to live on campus (“Housing Options” n.d.). Across the institution, approximately 40 percent of all undergraduate students live on campus, leaving a large share of students to seek private-market housing within the community. Looking forward, it is a priority of the administration to house all first- and second-year students on Grounds without displacing upper-class students who also want to remain on Grounds. There is a broad group of stakeholders currently studying the economic and site implications of adding a substantial number of new beds to house second-year students on Grounds. The goal is to provide a more meaningful residential experience for the students than one year provides, with an added benefit of hopefully lessening the pressure on housing in the surrounding community.

APPROACH 2: PURSUING AFFORDABLE HOUSING PRODUCTION IN CHARLOTTESVILLE & ALBEMARLE COUNTY

Beyond student housing, UVA has actively joined the conversations surrounding affordable housing needs within its community and region with the goal of substantially contributing to solutions. UVA’s motivations for pursuing affordable housing include contributing to regional shortfalls as an anchor institution, while also recognizing its shared interest in generating sufficient housing to support the attraction and retention of a local workforce.

As a stakeholder in the Regional Housing Partnership, UVA’s housing strategies have expanded to consider how it may leverage university resources to address housing demand and increase access to affordable options (Albemarle County, Central Virginia Regional Housing Partnership, and Virginia Housing and Development Authority 2019). Locally, the regional housing need assessment identified a shortfall of approximately 3,600 units within the Charlottesville area. In response to this community issue, UVA set a goal to create 1,000 to 1,500 units of affordable housing on UVA land over the next decade. These units will be constructed by third-party development partners through long-term ground leases with UVAF.

ANCHOR STRATEGIES TO ADDRESS AFFORDABLE HOUSING: UVA’S LAND-LED APPROACH TO AFFORDABLE HOUSING DEVELOPMENT PARTNERSHIPS

UVA’s affordable housing strategy will leverage University- or University of Virginia Foundation-owned land, which UVA will contribute at virtually no cost. Its approach stands out in a benchmarking analysis, which UVA conducted to examine affordable housing strategies led by other universities across the country. UVA’s assessment found that several universities are using long-term land leases of institutional assets to facilitate development, often targeting housing that is affordable to households earning 60 percent to 80 percent of AMI. However, it found that scale was a key differentiator among anchor initiatives with most institutions producing fewer than 300 units; meanwhile UVA is aiming to produce four to five times that amount.

UVA’s housing strategy relies on several partners and represents a multi-year process. The foundation of the approach rests on an ongoing community engagement process, which began with a summer 2021 listening tour to establish community priorities for affordable housing (“Affordable Housing” n.d.).

This initial community outreach effort generated and validated five core development principles for UVA’s strategy, which broadly include (“Affordable Housing” n.d.):

- Affordability, including goals to address a broad spectrum of affordable housing formats and price points, provide housing opportunities for a variety of households with an emphasis on marginalized groups, and sustain affordable investments over the long-term;

- Economic opportunities, including opportunities to target resources towards underrepresented businesses and contractors, as well as generate employment opportunities for underserved and underemployed residents;
- Development program, including establishing opportunities for community-supporting services and amenities (e.g., childcare, educational services, retail), as well as linkages to sustainable development practices and amenities (e.g., public transit);
- Equity and inclusion, including endorsement of broad community engagement in development planning processes, consideration of equitable development programming, and inclusion of community-shaped histories as part of site development; and
- Trust-building through transparency and collaboration, including ongoing commitments to community engagement and collaboration throughout the process—from pre-planning through development design, as well as established plans for transparent communication.

UVA'S AFFORDABLE HOUSING STRATEGY: PROCESS

Following the initial community engagement process, the university began a site selection process. It assessed existing landholdings for UVA and UVAF across the region, which included approximately 6,500 acres of land within Charlottesville and throughout Albemarle County. Community engagement via a public comment wall and surveys provided key direction during the site selection process, identifying priorities and vetting options (“Affordable Housing Community Input” n.d.). Based upon this feedback, UVA determined that potential affordable housing development sites should be evaluated based upon the following: proximity to work centers; walkability; access to transit; access to commercial centers; proximity to K-12 schools; parking options; and anticipated utility infrastructure costs (e.g., access to existing urban infrastructure versus need for new infrastructure investment).

The community-informed site assessment process helped UVA and UVAF evaluate its existing landholdings and identify three initial sites for affordable housing development in December 2021. The sites included (see Figure 2): (1) an 11 acre site on the south side of UVA’s main campus, near its medical research park (Piedmont); (2) an approximately two acre site, situated in a historic district on the eastern edge of the UVA campus near Charlottesville’s West Main Street (Wertland & 10th Street); and (3) an approximately 120 acre site, situated 10 miles north of UVA’s main campus in a UVA research park and proximate to the Charlottesville-Albemarle Airport, that would include a multi-use development plan that incorporates affordable housing (North Fork)

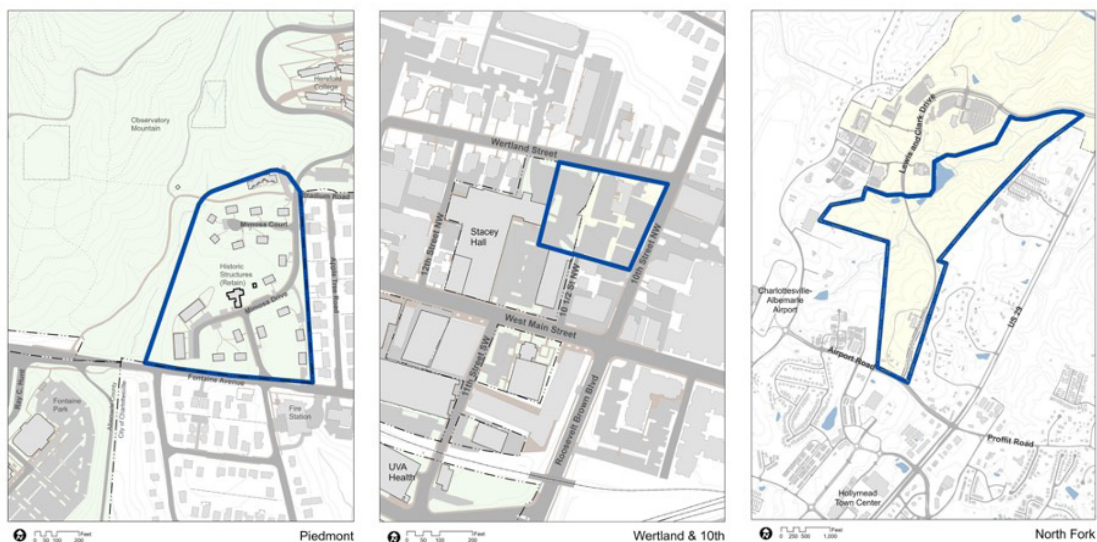


Figure 2. UVAF Affordable Housing Development Sites (“Affordable Housing Community Input” n.d.)



Subsequently, UVAF issued requests for proposals for two of the three sites in January 2023 (the North Fork site is currently undergoing a rezoning process and an RFP will be issued upon completion of that effort). For the Piedmont and Wertland/10th Street sites, UVA and UVAF will select developer partners through a Request for Qualifications (RFQ) and Request for Proposals (RFP) process. The selection will be based on: the project team’s experience with affordable housing and development in the Charlottesville region, as well as partnerships with Virginia-based housing agencies and university partners; the proposed financial strategy for the project, including experience with creative funding packages that extend beyond Low-Income Housing Tax Credits (LIHTC); and the proposed project’s alignment with the initiative’s development principles and ability to produce a substantial number of units.

UVA, UVAF, AND AFFORDABLE HOUSING IMPLEMENTATION: PROGRESS & NEXT STEPS

As UVA looks towards the next phase of its affordable housing strategy, including development partner selection and the development of additional sites, it is also establishing a framework for ensuring the successful creation of affordable housing over a long-time horizon. At the center of its approach, UVA’s development strategy will rely on a long-term ground lease to ensure its goals are satisfactorily met. The intent is for UVA/ UVAF to provide the land, while the development team is responsible for all facets of the development process (e.g., design and entitlements through construction and ongoing operations into the future)—including ongoing, transparent community engagement.

UVA/UVAF	Community	Developer	UVAF
<ul style="list-style-type: none"> • Preliminary community engagement • Contribute land • Select developer through RFQ/RFP process 	<ul style="list-style-type: none"> • Advise on sites • Co-create development principles • Partner with developer for ongoing engagement 	<ul style="list-style-type: none"> • Design • Entitlements • Ongoing community engagement • Construction • Ongoing operations • Reporting 	<ul style="list-style-type: none"> • Ground lease (long-term) to developer • Deed • Terms & conditions

Figure 3. Roles and responsibilities for affordable housing projects

The five community-generated development principles will serve as a guide to the selected developer, who will be expected to adhere to the principles during the planning, construction, and operation of new communities. The partnership terms and the agreements will hold the developer accountable for creating quality developments that will be affordable and well maintained.

UVA plans to select the development partners for the first two sites in summer 2023, launching the first phase of affordable housing development under the initiative. Subsequently, the North Fork site will follow a similar process. The Piedmont and Wertland & 10th St sites are only the first step towards achieving the University’s affordable housing goal to support the development of 1,000 to 1,500 units over 10 years. Development of the initial two sites will be a multi-phase process to maximize federal tax credit subsidies. The process will prioritize thoughtful community engagement over speed to occupancy. There are significant unknowns that will impact the development timeline, including securing financing and entitlements, and understanding construction costs. All of these factors will impact the affordability levels of the units.



Higher education has not traditionally been involved in the development of affordable housing. UVA is building a comprehensive team that understands all aspects, including real estate, financial strategies, legal, risk assessment, construction, economic opportunity, current and future affordable housing efforts and organizations, community engagement, etc. It is a complicated endeavor that warrants careful consideration and clarification of motives, resources, and outcomes.



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