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Habitat for Humanity of Greater Charlottesville (HFHGC)

Preservation and Reinvestment Initiative for Community Enhancement (PRICE) Combined **Pilot**
and **Main** Proposal for the Southwood Mobile Home Park/Community (Southwood MHC),
Albemarle County, Virginia

Habitat for Humanity of Greater Charlottesville

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See Action Plan for more information

EXHIBIT A – Executive Summary

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT A – EXECUTIVE SUMMARY

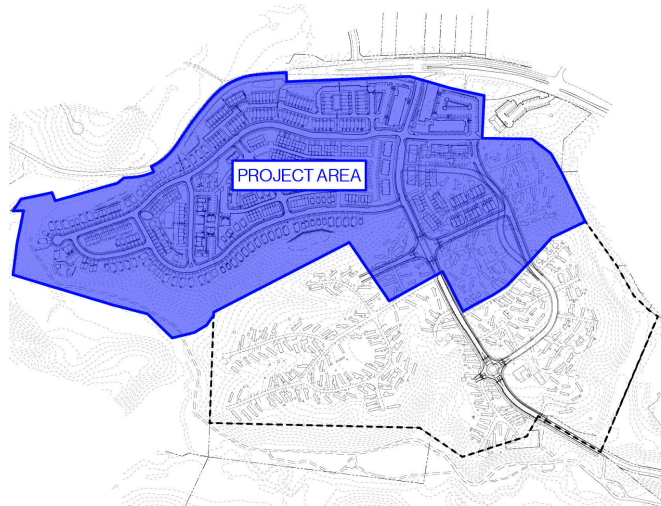
Overview: Habitat for Humanity of Greater Charlottesville (HFHGC) is seeking \$47,604,765 in funding through the PRICE program (\$10,000,000 through PRICE Replacement Pilot and \$37,604,765 through PRICE Main) to carry out a unique and holistic national demonstration at the 123-acre Southwood Mobile Home Park (Southwood MHC) in Albemarle County, Virginia.

Support from the PRICE Pilot and PRICE Main programs will leverage an estimated \$500+M in direct investment while creating and preserving more than 500 affordable homes. PRICE investment will improve living conditions for more than 1,100 of the most vulnerable, predominantly Black, Indigenous and Other People of Color (BIPOC) current residents, eliminate severe environmental hazards that threaten Southwood families and the Chesapeake Bay, increase the regional affordable housing stock and serve as a national model for how to both preserve and redevelop MHCs without resident displacement. Beyond simply improving housing quality and providing tenure security, this comprehensive, resident-led transformation invests in significant improvements to seven major quality of life sectors: Economic Opportunity; Amenities; Safety and Environmental Justice; Education; Health; Transportation; and Housing.

When complete, Southwood will be a model 1,000 home, mixed-income, mixed use community (inclusive of a neighborhood commercial downtown anchored by resident-owned businesses and services) *wholly designed and owned by Southwood residents*.

Summary of Projects: PRICE Pilot: At the conclusion of the PRICE project, approximately 60 acres of the 123-acre property will have been converted into a 580 unit, mixed-income, mixed-use development inclusive of a minimum of 297 long-term affordable homes without resident displacement.

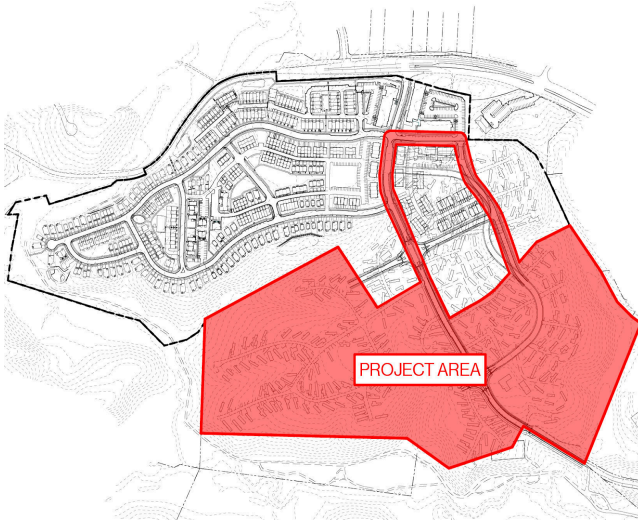
Each of the **88 families** currently living in Mobile Home Units (MHUs) in the PRICE Pilot area will be offered on-site affordable homeownership and rental opportunities in the **107 new affordable replacement units** to be constructed as part of the PRICE Pilot redevelopment. To ensure non-displacement, HFHGC is piloting a unique, tiered homeownership program offering 19 different housing types; everyone who wants to purchase a home has affordable options, including options to keep their total housing expenses equal to or less than what they are currently paying for an MHU. Those who do not wish to purchase will have a variety of rental options at no more than 30% of their income. Long term affordability for each of the **subsidized units** in the PRICE Pilot area will be protected by minimum 30 year deed restrictions, and at least 51% of the homes will be affordable. This tiered housing program is working: data from the portion of the redevelopment completed thus far shows that more than 80% of the families are choosing to stay, most as homeowners.



The transformation of the PRICE Pilot area will result in significant, long-term quality of life improvements for the residents at Southwood, some of the most underserved and vulnerable community members in our area. It will remove significant environmental hazards, replace aging housing stock with brand new energy efficient homes, connect the community to nearby amenities and economic opportunities, replace failing infrastructure, remove the threat of displacement and create millions of dollars of wealth building opportunities.

HFHGC seeks \$10M from the PRICE Pilot program, leveraging \$12.08M of non-federal matching investment, to support this redevelopment project.

PRICE Main: During this same six year timeline, the remaining half of the park, currently housing more than 160 families, will be significantly upgraded and preserved as a Mobile Home Community (MHC). The \$37.6M in requested Price Main funding will allow consequential investment in amenities, resident safety, utilities, roads, economic opportunities, replacement of the most degraded housing stock with new mobile homes and direct access to adjacent recreational and economic opportunities. It will therefore dramatically and holistically improve the quality of life for the families living there and provide them with long-term tenure security.



Specifically, PRICE Main will provide funding for, among other improvements, a new central park, a neighborhood commercial center inclusive of amenities like a healthcare facility, a credit union, an early childhood education facility, and a business incubation center. It will replace failing underground utilities in the MHC, protect the Chesapeake Bay watershed from pollutants, replace failing private roads with public streets, create on-site vehicle and material storage for the 90+ families operating businesses out of their mobile homes, provide a community storm shelter and create a two mile loop trail that connects to the adjacent 1,190 acre Biscuit Run Park and nearby 470,000 square foot regional Fifth Street Station shopping and jobs center.

With PRICE Main funding, HFHGC will also purchase 10 new MHUs to add to the preserved section of the MHC on pads vacated when families move into the redeveloped section of the community. These ten mobile homes will provide flexible housing that can be moved and reused.

A grant from the Price Main program will provide tenure security of at least 30 years to more than **160 families**, will preserve and improve the closely connected but under-resourced community and will allow HFHGC to continue to work side by side with the residents to plan the community's future.

PRICE as the Key to Success: Despite enormous barriers, HFHGC and Southwood residents are persevering and progressing on an unprecedented scale, delivering deep affordability, multi-sector quality of life improvements and empowering resident leadership. In the once greenfield area of the MHC, HFHGC has delivered 49 new permanent affordable replacement

homes for MHC residents and relocated 80 MHUs served by failing septic drain fields to MHU pads serviced by private, but stressed, sewer systems.

However, Southwood temporary rehousing space has been exhausted and, practically speaking, there are no other affordable housing options in the region. Permanent, on-site affordable housing in excess of what exists now is therefore critical to avert displacement.

Without a PRICE grant, the viability of Southwood's redevelopment remains tenuous. Achieving non-displacement on-site along with holistic multi sector improvement is costly and complicated, and despite the substantial cross subsidies HFHGC generates by selling developed lots to market rate builders and despite generous local and state government contributions, federal funding is essential. To date, Southwood's redevelopment has been supported by \$2.1M in Federal Block grants and \$2.6M in state federal block grant pass-throughs.

Nonetheless, for a project of this size and ambition, the patchwork of grants available present significant challenges to timing, pace of redevelopment, cohesiveness of planning and design, overall quality and, most importantly, a predictable schedule for Southwood families who need to closely manage their household budgets. PRICE is the first cohesive and flexible funding source available at a scale allowing implementation of a cost effective, predictable, sustainable redevelopment and preservation plan driven by and sensitive to the needs of Southwood MHC residents. To illustrate the importance of PRICE, one of the proposed activities in the PRICE Main component of this application is a replacement of the severely compromised central spine (Hickory Street) and loop connector roads (Bitternut Loop) in the MHU as well as removal and replacement of the failing utilities beneath them. This \$16M project was identified as a crucial community and regional need in the area's Long Range Transportation Plan in 2015. It is therefore eligible for local, state and federal funding. Despite being identified as a key arterial section of the County's Southern growth area transportation network and despite its provision of access to the adjacent, but unreachable 1,190 acre Biscuit Run Park for the area's most underserved population, this project has not been funded in multiple funding cycles because scoring criteria for these funds are heavily weighted toward maximizing throughput on highways and intersections. Over the last decade, HFHGC has also requested financial assistance from Albemarle County's Capital Improvement Program but it has not been funded given this project's scale relative to the size of the overall CIP. While Virginia DHCD administers CDBG available for infrastructure, DHCD does not utilize Section 108, so applicants are limited to requests of approximately \$1M per project per year. Redevelopment of these essential transportation and utility corridors cannot be completed comprehensively and efficiently with piecemeal funding.

A combined PRICE Pilot and Main Program grant will overcome these barriers and thereby dramatically improve quality of life for the area's least served residents while creating and or preserving more than 500 affordable housing options, integrated in a mixed-income community with at least 51% of homes preserved as affordable. It will connect a previously isolated area of homogenous poverty to surrounding economic and recreational opportunities, will eliminate severe environmental hazards and will prove to the nation that true resident-led redevelopment can be at the very center of successful reinvestment in low-income communities.

EXHIBIT B – Threshold Requirements and Other Submission Requirements

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT B – THRESHOLD AND OTHER SUBMISSION REQUIREMENTS

Habitat for Humanity of Greater Charlottesville (HFHGC) is a **501(c)(3) not-for-profit entity**, qualifying as an eligible applicant under “**25 Others**” as listed in the PRICE NOFO. HFHGC has met Universal Identifier and System for Award Management, has no outstanding delinquent federal debt, is not debarred or suspended, has met the mandatory disclosure requirement, has sufficient financial management systems to comply with the standards in 2 CFR 200.302 and will comply with 24 CFR Part 170, has not made any false statements in this application, and will not use appropriated funds for lobbying. Via submission of this application, HFHGC attests that it does not have any unresolved civil rights matters, charges of systemic violations of the Fair Housing Act or state or local fair housing law, pending Fair Housing Act lawsuits, pending Department of Justice-involved lawsuits, pending findings of non-compliance with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Section 109 of the Housing and Community Development Act of 1974; Violence Against Women Act; or the Americans with Disabilities Act. HFHGC is the only applicant and is not a part of a proposed consortium or partnership, and HFHGC is submitting only one (1) application to PRICE.



EXHIBIT C – Scoring Factor (a): Need

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT C – NEED (V.A.1.a)

Application for PRICE Main, Pilot or Both

Habitat for Humanity of Greater Charlottesville (HFHGC) proposes to utilize \$47,604,765 in PRICE funding (\$10,000,000 through PRICE Replacement Pilot and \$37,604,765 through PRICE Main) to carry out a unique and holistic national demonstration at the 123-acre Southwood Mobile Home Park (Southwood MHC) in Albemarle County, Virginia.

The Project Area and Need for Affordable, Accessible Housing

Southwood Context: The Southwood Mobile Home Park/Community (Southwood MHC) is located in the growth area of Albemarle County, just south of the city of Charlottesville, Virginia, and is the project site for this proposal. Southwood represents the largest concentration of affordable housing in the area. Prior to 2007 when HFHGC purchased the MHC to save more than 1,300 residents from imminent displacement, Southwood had suffered decades of severe neglect and economic, health, housing and environmental injustice. Sewage bubbling up into MHUs and grassy areas where children played was routine as were faulty electrical systems causing MHU fires, fallen tree limbs bisecting MHUs during storms, and other significant health and safety risks.

Since 2007, HFHGC has been playing catch up, investing more than \$51M in operations, deferred maintenance (including weekly pump and haul services, replacement of electric systems, emergency road and tree maintenance), community engagement, land development and new construction. However, infrastructure continues to fail because it was poorly built and not maintained during its first 50+ years of existence prior to HFHGC's purchase.

Roads are failing due to poor design, with severe potholes resulting from degradation of the substrate; leaking water lines are coated with asbestos; the electrical grid has passed its useful life making it susceptible to outages in storms, and, perhaps most tragically, an aging septic system is on the verge of collapse. Previous owners decommissioned an on-site private sewage treatment plant and, instead of replacing it or connecting MHUs to public sewer, improperly connected multiple MHUs to single septic tanks, creating a significant health hazard and threat to the watershed.

Through millions of dollars of emergency repairs, routine pump and haul services and temporary relocation of 80 families to another area of the MHC, HFHGC has done all it can to address the most dire issues on an interim basis. However, there are still 77 MHUs served by the failing septic system. Compounding the issue, these MHUs are located uphill and adjacent to Biscuit Run Creek, part of the County's Biscuit Run public park and the Chesapeake Bay Watershed, presenting a risk to the watershed and an acute health issue for residents.

In 2022, The Environmental Protection Agency's Environmental Justice Index scored Southwood above 70% for toxic risk factors including failing underground tanks when compared to all other tracts statewide and the park is part of an "Opportunity Zone" via its status as an "economically distressed neighborhood." Despite these challenges, Southwood has also become a relatively stable community. Fifty-seven percent of residents have lived in Southwood for more than 10 years, pointing to a population that has had to endure substandard conditions and associated health hazards for many years.

The MHC shares a property line with the 1,190-acre Biscuit Run Park, slated for improvements including playing fields, trails, picnic areas and other amenities. It is also 1.2 miles from 5th Street Station, the primary employment and shopping district in the area which is home to a large Wegmans grocery store, clothing and recreational retailers, restaurants, a health clinic and a movie theater. Within 3.5 miles of the MHC is the largest employer in the area – the University of Virginia. Southwood is on a major artery leading north into the city of Charlottesville and to nearby Interstate 64. The Southwood MHC is also a feeder to the Mountain View Elementary School, among the top schools in the region. 58% of Southwood households have children under age 18. While the Southwood MHC is adjacent to amenity rich areas, it is physically cut off from them. Residents have to drive 10 miles to access Biscuit Run Park with which it shares a border. As a result of a lack of bike lanes and sidewalks, residents cannot use alternative transit to access the 5th Street Station. Even access to public transit is a challenge, as frequent patching of Southwood roadways often require public buses to temporarily bypass the two stops in the MHC.

Greater Charlottesville Market: Affordable and Accessible Housing Needs: Had HFHGC not stepped in to purchase the park and committed to non-displacement, the future of Southwood families would be very tenuous as data shows that **fewer than 5% of Southwood families can afford market rent in the area.**

Regional Housing Needs Assessment data shows that over a third of local families are housing cost-burdened, spending more than 30% of monthly income on housing. Alarming, over half (51.9%) of cost-burdened households pay more than 50% of monthly income on housing. For renters, average rents have risen by 88% since 2012 with average rents of \$1,384. For would-be-homeowners, since 2012, the cost to purchase a home in the market has risen by an average of 5% per year with the median house price now exceeding \$400,000. With a 7.06% fixed rate, 30-year mortgage with a 20% down payment, the principal and interest payment on a \$400,000 house would be \$2,661 per month for principal and interest. Assuming \$435 a month for taxes and insurance, a household would need to earn \$123,840 or more per year in order to afford a median priced home. According to DataUSA, in 2021, the median property value in Albemarle County, VA was \$386,400 - 1.58 times the national average. Overall, the region is facing a shortage of roughly 18,000 affordable units ([Daily Progress, 2023](#)).

A 2020 Charlottesville Low-Income Housing Coalition study showed that the rate of minority homeownership in the city dropped by an alarming 24% over 18 years (2000-2018) while white homeownership rates increased by 20%. This has contributed to a racial wealth gap of more than 10 to 1. Trends in increasing housing costs and decreasing income for BIPOC communities are factors leading to a 12% drop in the number of African-American residents over the last 7 years.

Per the Housing Albemarle plan, “***The high cost of housing in the county is an additional challenge for differently-abled persons***, especially for households seeking rental housing. More than one-third (35.8%) of the County’s working age differently-abled persons are living in poverty, 57% of whom are employed. A typical family living at this income level can afford to pay \$655 per month for rent and utilities, far below the Fair Market Rent for any size unit in the county. In a RedFin search for accessible homes, only 42 of 540 homes for sale were noted as accessible, and their average cost is \$611,300 (RedFin, n.d.). This is well beyond affordability for most differently-abled households. “The population of Albemarle is also aging at a rapid rate, increasing the risk of homeowners being unable to keep up with home maintenance or afford

home installments, such as ramps to accommodate limited mobility, leading to health risks. Though there are senior communities in the area, the waiting lists are often too long for seniors to be admitted when needed.” Further, and according to the same policy brief on Albemarle County’s housing crisis, “[t]he rural areas in Albemarle are almost entirely single-family homes that are not accessible or affordable for many in Albemarle, especially non-White residents.” ([Virginia State Office of Rural Health, 2022](#)).

Southwood MHC residents reflect this affordability struggle most acutely. HFHGC’s survey of resident incomes found that 36% are extremely low-income (below 30% Area Median Income (AMI)), 44% are very low-income (30-50% AMI) and 99% are low-income (up to 80% AMI). In the Greater Charlottesville market, low-income, black, Hispanic and immigrant families are those most underserved by the mainstream housing delivery system. Southwood families represent the underserved with over 90% of the MHC population identifying as Black,

Median Monthly Mortgage - \$3,096
Min. Income Needed for Med Mortg - \$123,840
Median Market Rent incl Utilities - \$1,504
Income Needed for Market Rent - \$60,160
Average Southwood MHC Income - \$36,024

Indigenous and Other People of Color (BIPOC) with 87% of the population identifying as Latinx and 4.6% as African-American. 85% of households own their Mobile Home Units (MHUs) but have been vulnerable to displacement, as they lease their MHU pads. Retaining deeply affordable housing at Southwood is the only

way to prevent displacement of families and dilution of the core of the Southwood community. Southwood is a community of people of all ages, interests, and abilities. While the average household size is 3.7 members/family, some families are multi- generational and include 7 or more family members. Some of HFHGC’s first purchasers in the redeveloped section of Southwood utilize wheelchairs and many are senior families who, while currently mobile, require accessibility to allow them to age in place. In a recent community survey, 18% of households reported that at least one person in the household with accessibility needs.

MHCs in Central Virginia: Continued Losses and Vulnerabilities: MHCs in this market and in Virginia have proven particularly vulnerable in high growth areas. Due to many losses of affordable MHC’s across the state, the Virginia legislature put forth two efforts to protect MHU owners/pad renters and abate the loss of MHCs. In 2020, the Virginia House of Delegates adopted House Bill 334: Manufactured Home Lot Rental Act requiring MHC owners to pay \$2,500 in relocation benefits to existing MHC residents if an MHC is sold for redevelopment. While helpful, this monetary benefit is not sufficient to protect evicted MHU owners from substantial losses associated with moving and relocating to higher cost housing. As a result, on July 1, 2021, Virginia adopted code 15.2-2223.5 requiring all Virginia localities to encourage and support construction and retention of new manufactured home communities as a form of affordable housing through preservation of existing MHCs, creation of new MHCs and creation of new MHC subdivisions. Given that this is such a new law, however, it is still unclear how localities, like Albemarle County, will choose to support MHCs in the future. With land values at a premium in the region, the risk of MHC conversion continues to increase. Four MHCs in the area have been sold and redeveloped in the last 15 years, including the recent loss of the 68-pad Ridgewood MHC to market rate conversion; no new MHCs have been built locally ([Charlottesville Tomorrow, 2022](#)). **Prior to HFHGC’s purchase, Southwood was**

quietly on the market and, as it is in a designated growth area, would have been converted to market rate housing had HFHGC not intervened.

Southwood and Communities That Meet Distress Criteria

The Southwood MHC is located in Census Tract 113.02. According to the CDFI Capital Magnet Fund Mapping Tool, of the 4,644 persons living in Census Tract 113.02, the percentage of population living in poverty is 29.90%, exceeding the 20% threshold to qualify as distressed. Southwood is the primary reason that Census Tract 113.02 qualifies as distressed because the household incomes at the MHC are so much lower than those of adjacent neighborhoods within the same Census Tract. The very low incomes among Southwood MHC residents impacts the accessibility of other housing options for Southwood families as described above, and given the MHC's location among higher income neighborhoods, increases the risk of conversion.

Disaster-Prone Areas and Increased Resilience

While the Southwood Mobile Home Park community is not technically located in a FEMA Community Disaster Resilience Zone, this proposal proposes solutions that promote community resilience in the face of frequent adverse weather events. Southwood MHCs are sited within the drip lines of large trees that often fall during high winds and storms driving hundreds of families to take shelter at a local Food Lion during storms. Additionally, old, faulty above ground power lines are among the first to fail during ice storms and the last to be repaired. On multiple occasions, Southwood families have had to shelter for days at a time without heat or the ability to cook in uninsulated MHUs during prolonged periods of subfreezing weather. This proposal both updates/undergrounds utility lines and creates a storm shelter to use during emergencies.

Barriers to MHC/MHU Preservation/Revitalization in Greater Charlottesville Area

Local Barriers to Revitalization and Preservation Overcome: While zoning and land use, land values and opportunities for meaningful resident engagement, particularly among underserved populations, are typically barriers to development in the Greater Charlottesville market, HFHGC has overcome these barriers. Below is a description of barriers overcome. Further below is a discussion of barriers still to be tackled. Each barrier is identified as to whether it affects the proposed Main, Pilot or both activities proposed herein:

- (1) Zoning/Land Use (PILOT) The Southwood MHC redevelopment has overcome land use and zoning hurdles to allow for redevelopment, including securing permissive zoning to develop the vacant land adjacent to the Southwood MHC (where Villages 1 and 2 and Blocks 9-11 are located) on August 21, 2019 via Ordinance No 19-A(15). Further, on April 26, 2022 Albemarle County Board of Supervisors adopted Ordinance No 22-A(12) to rezone the original Southwood MHC (the occupied portion of the property) from R2 Residential to a Neighborhood Model District, allowing for the remainder of the MHC to be redeveloped. Southwood residents designed a form based code, approved as the Code of Development (COD) for Southwood by the Board of Supervisors, creating a model for incremental resident design. The COD sets general rules for the various sections of the park, but leaves specific design details (such as size/location/amenities of parks, arrangement of homes, commercial uses, etc.) up to each individual cohort of residents so that they can collectively and collaboratively design the site plan for each village as the MHC redevelops.
- (2) Land Values: (PILOT/MAIN) According to an April 2024 LandSearch search, the average cost per acre of land in the Charlottesville market is \$49,635 (based on average listing prices

of 790 acres on the market). However, when examining individual listings, finding a buildable lot for a single-family home or a MHU at a cost of \$49,635 is not feasible. Some parcels of land are large (such as 21 acres for \$495,000) that cannot be subdivided without zoning exceptions. Among smaller lots for sale are the following lots and their asking prices: 0.83 acres/\$600,000; 0.14 acres/\$250,000; 0.84 acres/\$199,000; 0.18 acres/\$500,000; 0.16 acres/\$399,000; 0.64 acres/\$259,000. On the other end of the spectrum are larger parcels permitting one home to be built: 2.11 acres/\$195,000; 19.47 acres/\$269,900; 2.49 acres/\$180,000. And, a listing of 22 acres/\$1,050,000 for three homes. Essentially land prices in the Charlottesville/Albemarle County market equal or far exceed the cost of a new MHU, which according to the US Census Bureau was an average of \$88,000 in November 2023 for a single-wide manufactured home. At Southwood, HFHGC has been able to reduce the high cost of redeveloping land for new permanent affordable housing by cross subsidizing land and land development costs with market-rate lot sales to for-profit builders. While not enough to fund the project absent federal subsidies, this approach has helped to mitigate the high cost of land in this market.

- (3) Meaningful Resident Engagement: (PILOT/MAIN) HFHGC has already established a robust and very successful resident engagement process at Southwood, preparing residents to organize, allowing leaders to emerge and vesting each resident in the vision of a redeveloped Southwood. HFHGC's engagement staff are bilingual and attend community events to ensure that all residents have the opportunity to participate in their native language. *See Exhibit D for a detailed description of the resident empowerment process.*

Barriers Remaining:

- (1) MHC Age/Condition of Infrastructure is Costly and Yet Cost Prohibitive: (PILOT/MAIN) In this market, the primary barrier to preserve or sustain MHCs is the age and condition of their infrastructure. Parks built before 1978, the majority of MHCs, suffer from poorly built roads, aging and inadequate water and sewer infrastructure, overhead electrical and phone lines vulnerable to outages in storms, and insufficient storm water drainage which accelerates the deterioration of park roadways. MHC owners cannot afford the millions of dollars needed to replace the infrastructure without a steep increase in MHU pad rents.
- (2) Health and Safety: (MAIN) For the Southwood residents dependent on a failing septic system and other obsolete infrastructure, health and safety impacts are expensive and challenging to manage. HFHGC does its best to respond quickly to emergency calls related to failures in the system, but it is difficult and expensive to keep residents safe from the effects of a leaking or broken septic system etc. via a series of band aid repairs. MHUs, particularly older ones, are also especially vulnerable to the impacts of even relatively weak storms which often cause damage to the MHU, including tree limbs falling, wind damage, hail damage, and water damage. MHU residents need an on-site storm-safe building to protect them during storms. Currently, Southwood residents, if they are fortunate to have a personal vehicle, are forced to evacuate to the Food Lion grocery store, roughly 1.2 miles from Southwood during hazardous weather.
- (3) Need for Federal Funding: (PILOT/MAIN) Government assistance and investment was key to Southwood's first phases of redevelopment into a mixed-income community. To date, Southwood's redevelopment has been supported by significant local financial support from

Albemarle County, state support from Virginia Housing and the Virginia Department of Housing and Community Development and federal support via Congressionally Directed Spending and HUD SHOP funding. In fact, a total of \$4.7M in block grants, provided in over a half dozen separate funding contracts, have supported Southwood's first Village (first phase of redevelopment). HFHGC leveraged that support with foundation grants and cross subsidies generated as a result of our role as land developer, enabling us to sell developed parcels to market rate home builders.

However, cobbling together a patchwork of subsidies presents significant administrative and timeline challenges resulting in the inefficient use of funds; as a funding strategy, this braiding together of multiple sources is incapable of producing timely, predictable, and lasting change. This is a particularly acute challenge at Southwood, as various grant deadlines and requirements all need to be balanced with the need to manage intra-property relocation, so that none of the MHU residents are displaced during redevelopment. While Southwood is itself a holistic national model for neighborhood reinvestment and preservation, this very uniqueness is what makes it challenging to fund via traditional government grant programs designed to address one specific, standalone area or component of the project at a time. Critically, the often competing timelines of these individual public grants makes it difficult to provide families with a clear path forward. The uncertainty of the arrival of funding for individual infrastructure projects leaves Southwood residents in a perpetual holding pattern, unable to make informed decisions about needed investments like a new refrigerator or a deck replacement. As a significant and integrated source of federal funds, with a commensurate period of performance, ***PRICE funding represents the only sustainable, viable approach to simultaneously supporting multiple aspects of a redevelopment and preservation initiative as complex and multi sectoral as Southwood.***

- (4) Reaching/Serving Underserved Households with Accessible, Affordable Options: (PILOT/MAIN) The Participating Jurisdiction (PJ) in this market, which includes Albemarle County, is led by the Thomas Jefferson Planning District (TJPD). In TJPDC's 2019 Analysis of Impediments to Fair Housing Choice, the report cites the following evidence of existing barriers facing most Southwood residents, evidencing Southwood residents are underserved:
- ***Hispanic/Black Access to Homeownership:*** In the TJPDC region, homeownership rates ranged from 0.4 to 2.2 percent of Hispanic households and 4.5 to 15.4 percent of Black households compared to 82.1 and 91.3 percent for White households.
 - ***Refugee and Latino families often have Large Families (6 – 7 persons) per Household:*** Large families have limited access to suitably sized affordable homes in the market.
 - ***Family-Sized Homes are More Prevalent in Homeownership Stock:*** Housing units with three or more bedrooms, make up 85% of the for-sale housing stock but only 42% of the rental housing stock.
 - ***Immigrant Families have Lower Incomes than Non-Immigrant Families:*** According to TJPDC, 91% of families with children where the parents were born in another country were living below 200% of the poverty limit whereas 56% of those families lead by (a) parent(s) born in the United States were living with incomes below 200% of the poverty limit.
 - ***Higher Income Households Own the Affordable Housing Stock:*** Many higher-income households spend significantly less than 30 percent of their income for housing. Spending less than 30 percent, they occupy units that would otherwise seem to be

available for lower income households. There is a shortage of homeowner-occupied units affordable to households under 50 percent AMI. Households with incomes higher than what is required to own in the 80 to 100 percent AMI income range occupy a very high percentage of units in that affordability range.

- *Hispanic, Black and Lower-Income Households Make Fewer Applications for Mortgages and have Higher than Average Mortgage Denial Rates*

Southwood is a prime example of where underserved households live and the extent to which they have been excluded from market-rate housing delivery systems in this market. Primary barriers include language (limited english proficiency - LEP); large household sizes not well matched to available housing; lack of access to traditional mortgages due to credit score requirements, high down payments, lack of access to financial coaching and homebuyer education, variable and/or self-employment income viewed as a credit risk, and/or high interest rates impacting monthly payments; the high cost of housing options; and/or lack of affordable accessible housing for households with disabilities. On top of this, an often overlooked barrier for underserved communities is a lack of belief that homeownership or decent rental housing is actually achievable – particularly in light of the very obvious affordability hurdle in the Charlottesville/Albemarle County market.

- (5) MHC Physical and Social Isolation: (PILOT/MAIN) Most MHCs in the Greater Charlottesville market are physically and socially isolated from their neighbors. Southwood is no exception. Unlike some neighborhoods where crossing from one to another neighborhood is barely noticeable, Southwood MHC is glaringly distinguishable from its neighbors due to poor infrastructure conditions, lack of sidewalks, curbing, green space amenities and other features/amenities present in adjacent neighborhoods. This leads neighbors to remain isolated from one another unless they walk down roads in disrepair or gather in small patches of open grassy areas not designed for resident interaction. Children at Southwood have limited places to safely play away from traffic. There are limited options in the neighborhood (only one small concrete block building) available to physically bring services to the site (social services, daily services such as banking, etc.).
- (6) Limited Economic Opportunities: (PILOT/MAIN) Underserved populations, unable to afford the cost of a traditional stick-built home without interventions, are locked out of the primary vehicle to build wealth in the United States – homeownership. Homeowners can use equity in their homes to support creation or expansion of a business, to send children to college and/or to provide a leg-up to their children by passing the home to the next generation. Southwood's PRICE Pilot proposal will enable very-low and low-income families to collectively earn an estimated \$121M in home equity over 30 years.

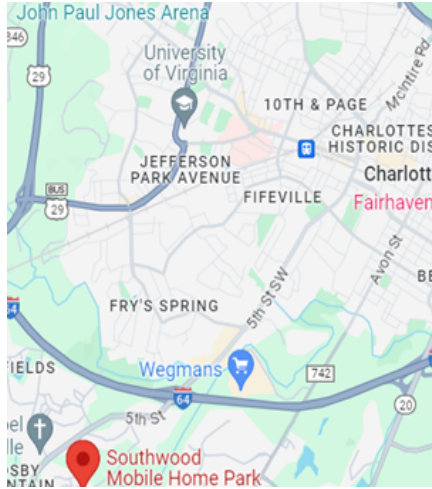
These families not only face barriers and challenges finding affordable stable accessible housing, they also face barriers associated with meeting their economic growth needs. A significant number of Southwood residents are entrepreneurs - owners of landscaping and food preparation businesses among others. However, because MHUs are generally small and Southwood families tend to be larger than average, it is a particular challenge to run a business out of that same MHU that you live in. With small lots, finding or creating secure storage space for business equipment and/or necessary business vehicles is also a hurdle.

EXHIBIT D – Scoring Factor (b): Soundness of Approach

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT D – SOUNDNESS OF APPROACH (V.A.1.b)

Context and Land Ownership: Southwood MHC is a single-site initiative located at 387 Hickory Street, in the Albemarle County Growth Area, 1.2 miles from the Charlottesville City Line. Built in the 1950's, the 123-acre Southwood MHC is surrounded by high-end housing



subdivisions, the county administration building, a private Christian school and the 1,190-acre Biscuit Run Park.

In 2007, Southwood MHC residents, inspired by HFHGC's promises kept at the nearby Sunrise MHC – which HFHGC redeveloped into a 78 unit-mixed income community without resident displacement – appealed to Southwood's owner to sell the Southwood MHC to HFHGC. Recognizing that the more than 1,300 vulnerable, low-income residents of Southwood would be displaced without intervention, HFHGC purchased the park and began the long process of stabilizing the community, co-designing its future with the residents and beginning redevelopment. To date, HFHGC has spent more than \$51M in operations, management, planning, community support, deferred maintenance and redevelopment activity.

HFHGC is the sole landowner of the Southwood MHC.

HFHGC is also the land developer, home-builder of affordable for-sale and rental homes, and is also the landlord for MHU owners renting pads in the MHC. HFHGC's proposal does not include any partners - HFHGC will be responsible for the delivery of all activities identified in this proposal. Through redevelopment, HFHGC's eventual goal is to transfer most land ownership of the MHC to Southwood residents while setting them up for long-term success with a strong HOA with reserves, new infrastructure/amenities and sustainably low housing costs.

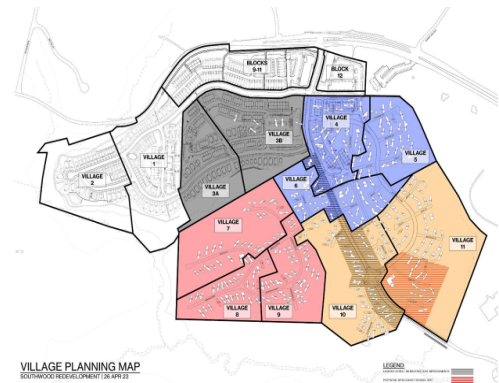
Vision and Goals: In 2011, after four years of stabilization, HFHGC began its long-term, community-led redevelopment and preservation work. Working side by side with Southwood residents to develop a vision for the future, the HFHGC Board of Directors passed the following vision, value and goals statement: *Habitat for Humanity of Greater Charlottesville is committed to redeveloping the Southwood Mobile Home Park as a well-designed, sustainable, mixed income community of substantial benefit to the region guided by the following Goals and Core Values:*

1. **Non-displacement:** Facilitating healthy rehousing choices for each current MHC resident.
2. **Net increase in affordable housing:** Causing a significant increase in the overall local affordable housing stock, responsive to the evolving regional need.
3. **Community engagement:** Creating a plan of development with extensive interaction with Southwood residents - taking into account their needs, desires and abilities – and other community stakeholders (surrounding neighbors, County officials, etc.).
4. **Asset-based approach:** Building on existing community assets by being responsive to what's already good about Southwood, both socially and physically.
5. **Self-help model:** Basing redevelopment strategies on Habitat's central belief that a "hand up" is better than a "hand out" - Redevelopment with substantial opportunities for current residents and other low-income residents of the area to build and purchase affordable homes and/or otherwise participate in the rebuilding of the community.
6. **Fiscal responsibility:** Managing the redevelopment process in a financially sustainable way allowing HFHGC to continue its core mission of building affordable homes.

Southwood as a National Model of Innovation and Added Benefit to Beneficiaries: Establishing Core Values scaffolded both the decade-long resident involvement process as well as planning for physical investments to ensure positive outcomes for families, the region and the environment. Both the process and the multi-sectoral improvements set this redevelopment and preservation initiative apart as a national, innovative demonstration in the revitalization and preservation of affordable housing. The **Core Values described above led to establishing these specific goals for the project as a whole:**

1.Non-displacement. The first core value of the project – true non-displacement – is the North Star, the fundamental ethos that has guided decision-making and HFHGC’s holistic approach to Southwood. For HFHGC, a revitalized Southwood that preserved and added 500+ affordable homes to the area, but did so at the expense of displacing and replacing long-time low-income residents, would be nothing short of failure, becoming yet another revitalization project which uprooted low-income communities of color and perpetuated historical patterns of racial segregation, injustice and wealth inequality.

The national conversation around solutions to support low-income communities in MHCs tends to be two-dimensional, involving *either* preservation *or* displacement mitigation strategies. Grounded in our non-displacement commitment, Southwood’s resident and equity centered approach to revitalization presents **a both/and solution**, simultaneously preserving while redeveloping. HFHGC’s village-by-village, “one move only” approach preserves and revitalizes sections of the MHC - Families continue to reside in the MHC, as new, long-term, affordable homeownership and rental homes are created in the redeveloped portions of the MHC.



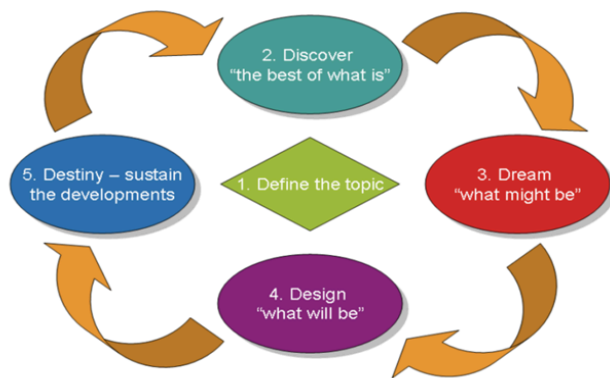
As opposed to temporary or permanent relocation, this approach is critical to achieving true non-displacement - not only of the people, but also of the social connections, businesses, and webs of support existing in the community. Displacement is complicated, multi-faceted and multi-causal occurring in various ways. Sometimes sudden, gradual, forced or “voluntary,” it risks cultural and economic dislocation as well as residential. Regardless, traumatic loss and burden is the result. MHC redevelopments typically involve *direct displacement* where residents are evicted or forced out as a result of redevelopment or excessive rent hikes. However, *Exclusionary displacement* can be equally pernicious, occurring when housing choices are limited, do not meet resident needs or preferences, and/or when supports families rely on disappear, compelling them to leave. To address this, Southwood’s redevelopment includes a multi-phased approach, robust community engagement and outreach, resident-led community and home design, financial empowerment coaching, housing counseling, temporary on-site rehousing, deeply affordable pricing and relocation support services, all supporting and delivering meaningful resident choice. Success is realized when everyone who wants to stay can do so at a price that they can afford, in a home that meets their needs, in a community that they designed and on land that they have a permanent right to occupy or that they own. HFHGC’s comprehensive approach far exceeds the URA standard of “minimizing displacement.”

2. A Net Increase in Affordable Housing and Homeownership. Increasing the regional affordable housing supply amidst a significant shortage is the next goal. Southwood’s redevelopment plan will result in an increase of more than 500 affordable homes. Recognizing a diverse set of needs among MHU owners – including pride in ownership common among MHU owners — HFHGC is offering 19 distinct affordable housing choices, targeting the barriers faced by Southwood’s historically underserved population and offering a number of purchase and rental options that are less than current housing costs. HFHGC’s unique model not only delivers the security of long-term tenure, but also choice and wealth-building.

3. Mixed-Income Community. Southwood is being redeveloped as a mixed-income community which, upon its completion, will provide housing options – indistinguishable from one another – for people from all economic strata - in stark contrast with affordable housing that sustains a concentrated pocket of poverty. Data shows that residents in mixed-income neighborhoods are exposed to less violent crime, are more often employed, and have higher incomes and greater educational attainment than their counterparts in low-income neighborhoods. This mixed income strategy is also a crucial component of the financial feasibility and sustainability of the project as market-rate lot sales cross-subsidize the deeply affordable units. This allows HFHGC to build a very high ratio of affordable to market-rate homes (at least 51%), unprecedented in the region.

4. Community Engagement and an Asset Based Approach. Years of investment in community empowerment is a differentiating factor, setting Southwood apart as a model of innovation for revitalizing affordable housing. Through our work at Southwood, HFHGC has become a nationally-recognized leader in centering *Asset-Based Community Development Work* through the process of *Appreciative Inquiry*. Appreciative Inquiry counters years of well intentioned, but misguided or misaligned, redevelopment work in underserved communities. Instead of starting with traditional needs/deficits surveys – highlighting what is broken or missing in a community – HFHGC begins all of its interactions (from design, to community amenity planning, to individual financial coaching) with a series of new questions. What is working? What can we do more of? What would the community be like if everyone had what they needed?

5-D cycle of Appreciative Inquiry



For six months in 2013, Southwood MHC residents worked together to develop the “new story of Southwood” to combat outside negative perceptions of the MHC. Like most underserved communities, outsiders had projected a host of pathologies onto the MHC - e.g. “low education,” and a “likely incubator of gang activity.” Southwood MHC residents, by contrast, kicked off the redevelopment process by telling the world who they are and what their community could become.

“Southwood is a diverse community of hard-working people. Family and education are deeply valued, as well as the affordability of living at Southwood and the proximity to

Charlottesville and its many resources. We appreciate the peace and physical beauty of the park and there is a richness of culture, youth and entrepreneurial spirit. We aspire to provide a better life for our children and a legacy for generations to come. The Southwood neighborhood is a special place characterized by faith, resilience and hope. We are committed to working hard, with neighbor helping neighbor, to build a stable, diverse and bright future for all members of our community.”

This description set in motion a holistic, multi-year, multi-sector planning process based on building on strength and potential instead of on “fixing” pathologies. Every funding request in this PRICE application was generated through this process.

In recognition of this pioneering grassroots community empowerment work, Habitat for Humanity International (HFHI) selected Southwood as its first pilot project under its Neighborhood Revitalization place-based initiative (NRI) with the ultimate outcome of creating equitable and livable communities where all people – regardless of their background – can experience connection, liberation, freedom and justice.

HFHI developed the Quality of Life (QLF) blueprint for justice and sustainable change utilizing years of longitudinal research among redevelopment projects. Unequivocally, research showed that reinvestment generating *sustainable* QLF outcomes start with a grassroots process empowering residents to first develop a sense of community, then build greater social cohesion and, finally, develop the skills, experience, and knowledge of the the formal processes necessary to take collective action.

The Southwood resident-led QLF process has produced community plans for improvements in the following seven sectors necessary to achieve broad advancements in quality of life: 1.

Economic Justice Residents have access to employment with fair and livable wages, **2.**

Amenities Residents have access to and support the continued preservation of local amenities for their consumer, social gathering and recreational needs, **3. Safety and Justice** Residents have a sense of both personal and neighborhood safety, **Education Justice** Children are prepared for and succeed in education, and adults have lifelong learning opportunities, **5. Health Equity** The neighborhood and environment support residents’ physical and mental health, **6. Transportation Justice** Safe and affordable transportation is available and easily accessible for all residents, **7. Housing Justice** Residents have access to decent, safe, stable and affordable housing.

Underpinning each desired sector outcome is resident engagement and leadership. To achieve housing justice Southwood residents invested four years learning about planning, architecture, finance and construction to enhance their ability to serve as the designers of their new community. A group of 40 “early adopters” developed a form based code serving as the basis for rezoning. Providing general formal rules for each particular section of the MHC, the form-based code provides for details to be determined later, allowing each successive group of residents to design their own plans for the phases (aka Villages) to come.



As families begin reimagining their Village, they work side by side with design professionals to, literally, lay out scale models of every element of their new village – from roads, to parks, to parcel arrangements and more. Once market rate families move in, they are incorporated into the

design process as well. By then, the Southwood families have years of experience in community design and take the lead in onboarding the new families, equalizing any potential unequal power dynamic. This process pioneered at Southwood has now been adopted by others locally and nationally. For this pioneering work in grassroots community development, the Virginia Housing Alliance awarded HFHGC President and CEO the prestigious *Game Changer Award* in 2019.

This community empowerment strategy is working-To date, more than 80% of legacy Southwood residents have opted to buy or rent a home in redeveloped Southwood, a far greater percentage of retention than other redevelopments. According to a HUD User Report on HOPE VI, “Researchers found that original tenants occupied only 20.7 percent of revitalized units. Original residents returned to 36.1 percent of the 55,318 public housing replacement units.”

The process of Appreciative Inquiry underpins on-going preservation activities as well. HFHGC has innovated a “Property Management for Success” (PMFS) program to change traditional property management power dynamics from *landlord-tenant* to *partnership*. HFHGC does not evict for non-payment, instead utilizing financial coaches to support residents struggling to pay rent, helping them develop a financial recovery strategy, and forgiving rent arrearages when they follow through on their recovery strategy. The Southwood Resident Advisory Committee (SRAC) provides advice to HFHGC on property management and redevelopment decisions. The SRAC will continue to serve in this role with implementation of proposed PRICE activities.

Specific PRICE Eligible Activities Addressing Community Needs and CDBG-Eligibility:

The specific activities contained in this proposal address the needs identified by residents through the decade-long community empowerment process and described in Factor (a) of this application. *Each proposed PRICE activity is an eligible CDBG-activity because it meets the National Objective of primarily serving households at or below 80% of the Area Median Income (AMI).* Activities within both the PILOT and MAIN portions of this request serve the existing MHC, thereby providing community enhancements to 100% of residents, an estimated 95% of whom qualify as LMI households. 51% of homes in the Pilot area serve LMI meeting the CDBG National Objective as well. Additionally:

- No residents will be involuntarily displaced as a result of this proposal
- All PILOT and MAIN residents will be afforded long-term affordability (minimum of 30 years) delivered via the Resident Protections described further below.
- The applicant will continue its existing work with Section 8 Housing Choice Voucher providers to bring those resources to Southwood residents where feasible. To date, four Southwood renters have secured Housing Choice Vouchers.
- Existing MHUs in the path of redevelopment for the PILOT will be demolished once residents living in them have newly built homes to move into new replacement housing.

Below is a detailed list of activities to be undertaken in the PRICE Pilot and PRICE Main sections of Southwood to create, preserve and revitalize the community. This includes activities for which PRICE funding is requested (PRICE Pilot in Blue and PRICE Main in Red) and activities being supported by resources outside of the PRICE funding request (in Black).

PRICE Pilot

P1. Resident-Led Design: Residents work alongside HFHGC staff, planners, engineers and architects to inform site plan design.

P2. Site Development/Infrastructure

P2.1 MHU Demolition/UST Removal: Demolish MHUs and remove underground storage tanks (USTs) in the path of redevelopment.

P2.2 General Remediation and Site Preparation: Clear and rough grade the undeveloped Pilot areas, including removal of asbestos water lines.

P2.3 Site Development: Install infrastructure, building pads and roads for the next phase of redevelopment, which will serve more than 100 LMI families with affordable ownership and rental housing.

P3. Affordable Housing Production:

P3.1 Infrastructure: Invest \$40M in land acquisition and site development in the Pilot area above and beyond the PRICE request.

P3.2 107 New Affordable Homes: Construct and sell or rent homes affordably to households at and below 80% of AMI in the Pilot area, providing replacement housing for all 88 households currently residing in MHUs. Housing typologies will include a mix of stick-built single-family detached and attached homes, condominiums and townhomes. Affordability will be sustained for 30 years via a right of first refusal.

P3.3 Housing Choice: Offer 19 distinct affordable housing choices, inclusive of affordable purchase and rental options (Single family detached, attached, townhomes and MF condos and apartments from 1-4 bedrooms; 850 sf-1,800 sf; with and without basements, garages and/or accessory dwelling units) to meet various family needs.

P3.4. Mixed-Income Neighborhood: Plan and host community events, bringing Southwood legacy residents and market-rate neighbors together, including supporting intentional relationship building.

P4. Eliminate Barriers to Ownership

P4.1 Financial Empowerment: Provide 8- to 12-month intensive one-on-one financial coaching and wrap-around services program preparing buyers for success.

P4.2 Low Upfront Costs and Down Payment Match: Set minimum \$2,500 down payments able to be paid in over time preceding closing and provide matching incentives for down payments greater than \$2,500, and bundle closing costs with the first mortgage.

P4.3 First Mortgages with No Interest: Provide 30-year, zero-interest mortgages to buyers. Closing costs can be bundled into mortgages.

P4.4 Forgivable Soft Second Mortgages: Use \$1.96 million to provide gap funding for 20 Southwood families moving from MHUs to ownership. Loans will be recorded as second mortgages with no on-going payments, forgiven at the end of 30 years. Loans repaid prior to year 30 will be recycled to support another LMI beneficiary.

P4.5 Model Home: Construct a model home for prospective buyers or renters to see, feel, and touch a home representative of one that they could own or rent. This home will eventually be sold to an LMI buyer.

P5. Sustain Ownership Affordability: Work with HFHGC buyers who may face a financial crisis by pausing monthly collections and/or restructuring the repayment terms of the note.

P6. Staffing for Program Success: Compliance and Project Oversight

P6.1 Engineering/Project Management Firm: provide wrap-around planning, engineering and construction management services.

P6.2 Davis Bacon consultant: Hire consultant to ensure compliance during construction.

P6.3 Rehousing Specialist: Provide HFHG staff to help families relocate within the MHC; if a Southwood family chooses to leave the MHC, provide housing navigation support.

P6.4 HFHGC Staff: Create intra-agency teams, including Construction, Community Engagement, Operations, and Property Management, to work collaboratively and across the affiliate to support and implement all project activities.

PRICE Main

M1. Resident Empowerment/Engagement

M1.1 Resident Advisory Council: Support an advisory council, composed of 15 resident leaders, that meets regularly to address needs, advocate for solutions, mediate disputes and plan community events.

M1.2 LEP Outreach: Provide four (4) HFHGC full-time bilingual community engagement staff and three (3) bilingual property management staff on-site every weekday, to assist MHC residents, 80% of whom are Hispanic, many with LEP challenges. Deploy grassroots outreach including door knocking and hand flier distribution.

M2. Transportation and Utility Infrastructure

M2.1 Hickory Street/Multi-Use Path: Replace the 0.4 mile central spine road, including replacing failing utilities (Sewer, Water, Telecommunications, Electric and Stormwater). Install a parallel, 10' Multi-Use path.

M2.2 Bitternut Lane: Replace this 0.32 mile loop road and associated utility infrastructure; adjust road alignment to allow incorporation into the public system.

M2.3 Replace Septic with Public Sewer: Replace septic systems serving 77 MHUs with connections to public sewer and install perimeter utilities serving MHUs.

M2.4 Two (2) Bus Shelters: Construct two (2) Charlottesville Area Transit (CAT) bus shelters on Hickory and Bitternut Roads.

- *When complete, these components (M2) will be accepted by public entities that will provide on-going maintenance and repair.*

M3. Property Management and Maintenance:

M3.1 Property Management for Success: Coordinate services provided by HFHGC property managers and community engagement staff to keep residents safely housed, ensuring that property management and engagement staff provide resident supports to avert eviction before any notices are sent.

M3.2 Secondary Road Maintenance: Maintain secondary roads, alleys and driveways in the MHC.

M4. Affordable MHU Pad Rents: Provide deeply affordable MHU pads at approximately 50% of market rate. Southwood MHU renters pay \$320 a month, less than half of the \$679 per month national average. Over the past 14 years HFHGC has only increased pad rents a total of \$100 and has subsidized water, sewer and trash costs, lowering monthly costs for families.

M5. Recreational Amenities

M5.1 Central Park: Construct a new 50,000-square foot minimum central park for gathering and play.

M5.2 Park Amenities: Fund and install amenities (play equipment, picnic shelters, etc.) designed and selected by residents.

M5.3 Integrated Loop Trail: Install a paved 2-mile multi-use trail throughout the MHC to connect the villages within the community as well as to a multi-use trail to 5th Street station and trailheads and recreational amenities in Biscuit Run Park.

M6. Services/Amenities/Economic Development

M6.1 Multi-Use Building: Construct a 15,000 square foot community building offering a variety of community amenities, including community gathering space, and services while also serving as a storm shelter for MHU residents. Likely uses include a credit union, health care clinic, market space for entrepreneurs to sell goods, shared commercial kitchen and/or cafe.

M6.2 Community Amenity Loan Fund: Administer a 0%, deferred payment loan fund to support and incentivize development of an additional on-site facility for delivery of resident services.

M6.3 Business Equipment Parking and Storage: Construct sixty (60) secure garages and storage facilities for the 90 Southwood entrepreneur families running businesses out of their MHUs.

M7. Accessible Housing

M7.1 Accessible Unit Acquisition: Acquire ten (10) newly constructed, fully accessible, UFAS compliant one floor condo units from HFHGC's market rate builder partner to rent or sell to households in need of accessibility.

M7.2 Moving and Packing Assistance: Provide assistance for partner families moving to accessible housing within Southwood.

M8. Relocation Assistance

M8.1 Ten (10) New MHUs: Purchase 10 new MHUs to sit on vacant MHC pads to serve as replacement housing for residents in the path of proposed improvement areas (central park, Multi-Use Building).

M8.2 Relocation Assistance: Provide relocation advisory services and financial assistance to MHU residents choosing to relocate outside the MHC. HFHGC estimates that under 15% of Southwood MHU residents will choose to leave the MHC

M9. Staffing for Program Success: Compliance and Project Oversight: Hire PRICE Project Coordinator (FTE, 6 Years) to ensure successful oversight of the project, managing cross-cutting federal regulations and compliance, and coordinating relevant stakeholders. *For additional staffing detail regarding Davis Bacon, see P6. above*

M10. Travel and Hosting to Share the Southwood Story with Other Communities

Underwrite HFHGC key staff travel and hosting costs to share the Southwood story and best practices with others desiring to redevelop or preserve MHCs without resident displacement.

CDBG Eligible Activity Categories: Each of the PRICE funded activities proposed in this application, are eligible under the CDBG Eligible Activity Categories specified:

1. **Economic Development**, improvements to the public infrastructure: P2, M2
2. **Financial Assistance** to LMI Homebuyers as permitted for CBDOs, CBDO designation requirement waived for PRICE: P4.4,
3. **Special Economic Development Activities**
 - a. **Affordable Homeownership Opportunities** - typically CBDO eligible only but CBDO restriction waived by PRICE: P4.5
 - b. **Public Services:** M6
4. **Project Costs – Soft Costs:** P6.2
5. **Delivery of Services** to LMI Households: P6.3, M9
6. **Public Facilities** / Improvements primarily serving LMI households: M5
7. **Relocation Assistance/Benefits** under the Uniform Relocation Act: M8, M7.2

The table below connects each activity with the specific community need identified in Factor (a) of this application, and explains why each is an ideal solution to address the need.

Needs	Activities	Justification of Activities as Ideal Solution(s)
Eliminate Physical and Social Isolation	<p>P2.3 Site Development</p> <p>P3.1 Infrastructure</p> <p>P3.4 Mixed-Income Neighborhood</p> <p>M2. Transportation and Utility Infrastructure</p> <p>M5. Recreational Amenities</p> <p>M6.1 Multi-Use Building</p> <p>M6.2 Community Amenity Loan Fund</p>	Isolation results from physical and social barriers – visible and invisible – creating a neighborhood with physical connections to adjacent amenities, services, indoor and outdoor amenities afforded to neighboring communities will eliminate both physical and social isolation. Mixed-income communities eliminate concentrations of poverty (MacArthur Foundation, 2018); solely replacing MHUs with affordable stick-built homes does not. Diversity of incomes, ethnicities, races, abilities creates healthy communities, breaking down racism and creating true social justice.
Abate Concentrations of Poverty	<p>P3.2 <u>107</u> New Affordable Homes</p> <p>P3.4 Mixed-Income Neighborhood</p> <p>M8.1 Ten (10) New MHUs</p>	
Empowerment for Underserved Communities	<p>P1. Resident-Led Design</p> <p>P3.3 Housing Choice</p> <p>P4.5 Model Home</p> <p>M1.1 Resident Advisory Council</p> <p>M1.2 LEP Outreach</p> <p>M8.2 Relocation Assistance</p> <p>M10. Travel to share the Southwood Story with other communities</p>	Resident-led design empowers underserved populations to create sustainable and equitable living. A model home creates parity with neighboring market-rate purchasers who have model homes. A resident advisory council empowers MHU owners with a voice in the operation of their MHC and LEP outreach ensures that all of these empowerments are accessible to everyone. Nationwide travel to share the Southwood model facilitates broad dissemination of best practices with similarly interested others.
Unavailable /Inaccessible/Unsafe Affordable Housing for Underserved		
a) High Cost of New Homes	<p>P2 Site Development/ Infrastructure</p> <p>P3 Affordable Housing Production</p> <p>P4.4 Forgivable Soft Second Mortgages</p>	As an underserved population, as identified in the 2019 Impediments to Fair Housing Choice analysis, Southwood MHC residents face many hurdles to ownership, leading HFHGC to design a suite of interventions to overcome those impediments including: bilingual staff conducting aggressive outreach, an equity-centered selection process, HUD-certified housing counselors delivering financial empowerment and homebuyer education programs tailored to each household's needs, and utilizing a variety of financing tools to overcome traditional
b) High Interest Rates/ Mortgage Insurance Premiums	P4.3 Zero -Interest mortgages	

c) Low/Extremely Low Household Incomes	P4.3 Zero -Interest mortgages and P4.4 Forgivable Soft Second Mortgages and M6. Economic Development	financial barriers to entry. HFHGC has a proven track record reaching those families not served by mainstream housing delivery systems.
d) High Upfront Purchase Costs	P4.2 Low Upfront Costs	Through HFHGC's zero-interest first mortgages, forgivable soft second mortgages, down payment match and low up-front costs for purchase (low down payments, closing fees, etc.), every dollar that partner families pay into their mortgage becomes equity. These activities ensure long-term affordability for underserved families and sustainable financial wellbeing.
e) Lack of Credit History/Low Credit Score	P4.3 Zero -Interest mortgages and P4.4 Forgivable Soft Second Mortgages	
f) High Commercial Mortgage Denial Rates	P4.1 Financial Empowerment	
g) Accessible Financial Education	P4.1 Financial Empowerment	
h) Lack of Housing Choice for Large Family Size	P3.3 Housing Choice	Offering 19 housing typologies as well as Accessory Dwelling Units (ADUs), flex rooms, and/or finish-able basements ensures family needs are accommodated as well as accounting for household income constraints.
i) Accessibility/Adaptability	M7.1 Accessible Unit Acquisition M7.2 Moving and Packing Assistance	Offering both fully accessible and readily adaptable homes ensures opportunities for persons with varying physical abilities. Moving and packing assistance eases the burdens associated with moving for persons with physical challenges.
Support for Underserved Populations to Sustain Affordability Long-Term	P5. Sustain Ownership Affordability M3.1 Property Management for Success M4. Affordable MHU Pad Rents	As a locally-based nonprofit first mortgage lender, HFHGC can intervene to help residents remain successful by suspending mortgage payments and/or restructuring loan terms. HFHGC's ability to maintain affordable pad rents is highly dependent on activities M1.1-1.3 due to high annual repair costs.
Failing Infrastructure		
a) Crumbling corridor roads	M2.1 and 2.2 Hickory and Bitternut Replacement	PRICE funding is essential to replace critical infrastructure, reduce health, safety, and environmental threats while simultaneously minimizing excessive costs associated with ineffective and expensive patchwork repairs. Replacing Hickory and Bitternut are
b) Failing Septic/Waterlines	M2.1 & 2.2 and M2.3	

c) Bus Service Interruptions	M2.1 & 2.2 and M2.3	critical to reduce social and physical isolation, to maintain affordable pad rents, eliminate bus service interruptions caused by poor road conditions, and replace the failing septic and water lines.
Threats to Health, Safety, Environment		
a) Leaking/failing septic	M2.3 Replace Septic with Public Sewer	a) MHC septic systems were never adequate - replacement with public sewer provides parity for 77 MHU residents and averts threats to the Chesapeake Bay watershed. b) Construction of new infrastructure requires protecting worker safety by properly removing ACM-coated waterlines c) An <u>on-site</u> accessible storm shelter to protect MHU residents during storms better protects resident safety. d) Aging oil/fuel Underground Storage Tanks, prone to leaking, causing soil contamination, need to be removed to protect resident safety.
b) ACM-coated water lines	P2.2 Removal of ACM coated waterlines	
c) Wind/Ice Storm Outages/ MHU vulnerabilities	M6.1 Multi-Use Building/Storm Shelter	
d) Aging USTs	P2.1 MHU Demolition/UST Removal	
Increased Economic Opportunity	M2.4 Two (2) Bus Shelters M6.3 Business Equipment Parking and Storage	The Southwood bus route, the most heavily utilized line in the local CAT system, is critical for residents who now wait, unsheltered. Research demonstrates that safe, accessible bus shelters increase ridership (Mobility, Lab, 2019 ; Greater Cleveland Regional Transit Authority, 2024). Constructing 60 parking and storage garages provides business owners the vehicle storage they have requested, ensuring that they can remain vital members of the Southwood community.

Key Timeline and Tasks

PRICE Pilot: Funded Activities Timeline	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
P2.1 MHU Demolition/UST Removal	X	X	X	X		
P2.2 General Remediation and Site Prep	X	X	X	X	X	X
P2.3 Site Development	X	X	X	X	X	X
P4.4 Forgivable Soft Second Mortgages	X	X	X			
P4.5 Model Home	X					
P6. Staffing: Compliance / Project Oversight	X	X	X	X	X	X
P6.3 Rehousing Specialist	X	X				

PRICE Main: Funded Activities Timeline	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6
M2.1 Hickory Street / Multi-Use Path	X	X		X		
M2.2 Bitternut Lane			X			
M2.3 Replace Septic with Public Sewer	X	X				
M2.4 Two (2)Bus Shelters		X	X			
M5.1 Central Park				X	X	
M5.2 Park Amenities					X	
M5.3 Central Loop Trail			X	X	X	
M6.1 Multi-Use Building				X	X	X
M6.2 Community Amenity Loan Fund				X	X	X
M6.3 Business Equip. Parking and Storage		X	X	X	X	
M7.2 Moving and Packing Assistance		X	X			
M8.1 Ten (10) New MHUs	X	X	X	X	X	X
M8.2 Relocation Assistance	X	X	X	X	X	X
M9. Staffing: Compliance / Project Oversight	X	X	X	X	X	X
M10. Travel to Share Southwood Story	X	X	X	X	X	X

Budget: Activities proposed in both PRICE Pilot and Main not only meet the critical needs of the existing MHC and address the region's affordable housing crisis; they are a direct result of years of ongoing engagement with, listening to, and learning from Southwood MHC residents. HFHGC is requesting a total of \$47,604,765 in this PRICE proposal.

PRICE Pilot Request: HFHGC's **PRICE Pilot** request (\$10,000,000) is focused on supporting activities in three key areas.

- **Site Development/Infrastructure funding (\$7.5M)** is requested to demolish MHUs and remove underground storage tanks (USTs) in the path of redevelopment (**P2.1**), clear and rough grade the undeveloped Pilot areas, including removal of asbestos water lines (**P2.2**), and continue the site work necessary for construction in future villages (**P2.3**). HFHGC seeks **PRICE Pilot** assistance to
- **Eliminate Barriers to Ownership (\$2.2M)** through the creation of a loan fund to provide gap funding in the form of Forgivable Soft Second Mortgages (**P4.4**) for Southwood families moving from MHUs to ownership of stick-built homes, as well as the construction of a model home (**P4.5**) for Southwood buyers and renters.
- **Staffing for Program Success (\$260K)**, includes contracting with a Davis Bacon consultant (**P6.2**) to ensure construction compliance, as well as 18 months of salary and fringe to hire a **Rehousing Specialist (P6.3)** to assist families relocating within the MHC and provide housing navigation for families choosing to leave.

Pilot Non-Federal Match: Non-Federal matching dollars for **PRICE Pilot** total **\$12.08M (128%** of request) and will be provided by the Virginia Department of Housing and Community Development, Albemarle County, and an anonymous donor. Letters documenting these commitments, and their direct support of PRICE Pilot program activities, are uploaded as separate attachments. Please see commitment terms in *EXHIBIT F - Matching/ Leverage (V.A.I.d)*. Additionally, while not required, \$1M in CDBG funding will be leveraged to support infrastructure work in the PRICE Pilot area, along with \$695,908 in HOME Investment Partnerships Program funds for new home construction. HFHGC will fund the balance of the Pilot program through its diverse revenue streams and the continued pursuit of external funding, including staff positions initially funded through PRICE Pilot.

PRICE Main Request

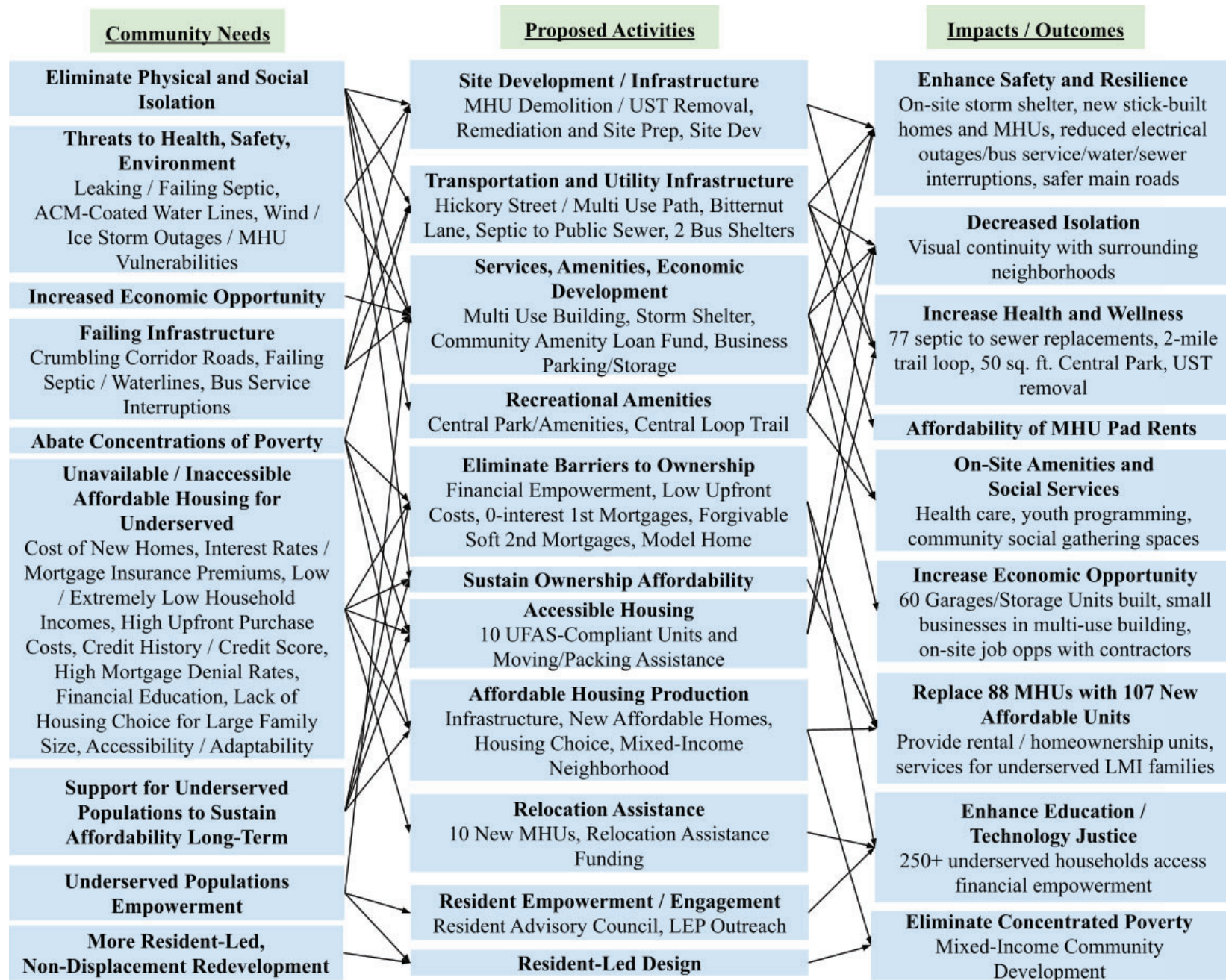
Funding for **PRICE Main** (\$37,604,765) is sought to address the most pressing needs of the MHC outside of the redevelopment and are contemplated as an interconnected series of discrete projects, falling within six overarching categories of activities, designed to vastly improve the quality of life for residents in the existing MHC.

- **Transportation and Utility Infrastructure (\$18.4M)** will fund the complete replacement of Hickory Street (**M2.1**) and Bitternut Lane (**M2.2**), as well as all associated utility infrastructure and the construction of a multi-use path (**M2.1**), as well as two new bus shelters (**M2.4**); this activity would allow for the complete park conversion from septic to sewer and installation of adequate sanitary sewer infrastructure (**M2.3**) along the perimeter of the existing MHC.
- **Recreational Amenities (\$1.9M)** will support the construction of the park's 2 mile integrated loop trail (**M5.3**), along with the Central Park (**M5.1**) and attendant park amenities (**M5.2**),

- ***Services/ Amenities/Economic Development (\$14.6M)*** activities provide for the construction of a 15,000 square foot Multi-Use Community Building (**M6.1**), a Community Amenity Loan Fund (**M6.2**) and 60 new Business Equipment Parking and Storage (**M6.3**) facilities.
- ***Accessible Housing: Moving and Packing Assistance (\$30K)*** will provide moving/packing assistance to families with accessibility needs (**M7.2**).
- ***Relocation Assistance (\$1.9M)***, will allow HFHGC to purchase 10 new MHUs (**M8.1**) to serve as replacement housing for residents in the path of proposed improvement areas and provide assistance to MHU residents choosing to relocate outside of Southwood (**M8.2**).
- ***Staffing for Program Success (\$712K)***, specifically to contract with a Davis Bacon consultant (**P6.2**) and hire a PRICE Project Coordinator (**M9**) for the full grant term.

Projected Impacts

HFHGC has crafted a strategy to continue to revitalize the Southwood MHU through replacing MHUs with stick-built affordable ownership and rental housing options in the Pilot section while improving conditions for Southwood households remaining in MHUs in the Main section. ***With PRICE funding, HFHGC can replace 88 MHUs with 107 new homes on land already owned, zoned, and permitted for home construction. HFHGC is ready to proceed.*** The following are projected impacts of proposed activities tied to the sectors addressed by each impact:



As demonstrated in the graphic, the proposed activities for PRICE Pilot and Main programs will have wide-ranging and lasting impacts for residents. Community safety and resilience will be enhanced by the construction of a safe, accessible, on-site storm shelter (Multi-Use Building) and new, storm-resilient stick-built homes in redeveloped Southwood. The replacement of primary roads, as well as upgrading and moving currently failing utilities underground in that process, will eliminate electrical, water and sewer interruptions, as well as safety concerns arising from the same. Continuous bus service will be facilitated by roads no longer needing constant maintenance and repair, and new bus shelters will provide weather-protected waiting areas for residents who use public transportation. Infrastructure replacement will permit HFHGC to retain the affordability of MHU pad rents by eliminating the on-going maintenance of failing infrastructure that threatens to drive pad rents ever upward.

In the Pilot area, residents will have increased access to affordable quality housing through the construction of at least 107 new units of homeownership and rental opportunities- thereby guaranteeing housing opportunities for the 88 households in this area who remain in aging MHUs. As part of HFHGC's holistic efforts to construct replacement housing that ensures long-term affordability for more than 30 years, staff will also reach, coach, educate and serve more than 250 underserved households with personalized financial empowerment coaching and extensive homebuyer education delivered by HUD-certified bilingual Spanish/English staff.

PRICE Main funded activities will replace dangerous infrastructure and deliver on-site amenities, including a centralized Multi-Use Building, delivering space for social service providers - such as youth programming, health care and needed amenities such as banking - in a store-front location. Likewise, indoor social spaces will be provided for resident gatherings including culturally important events such as quinceañeras, the milestone celebration of a 15-year old girl's birthday.

Ultimately, the overarching lasting impacts of proposed activities in this dual PRICE proposal will be the eventual elimination of a pocket of concentrated poverty as Southwood is redeveloped into a mixed-income community, with modern infrastructure ensuring that it is no longer isolated from the surrounding neighborhoods and set apart by passive community disinvestment. Increased health and wellness of MHC residents will result from replacement of sanitary systems serving 77 households and removal of leaking underground fuel oil storage tanks, new safe roads and access to a new 2-mile walking trail, promoting connectivity with the surrounding commercial areas, as well a Central Park providing recreational, social and play opportunities for residents in an off-street, safe environment. Lastly, PRICE funding will allow HFHGC to retain entrepreneurs with enhanced economic opportunity and promote community vitality by constructing 60 new garages/storage units for business owners' work vehicles, offer opportunities for small business owners/self-employed persons to sell their goods in the central Multi-Use Building, and continue to employ resident-owned businesses in the redevelopment and on-going operations of Southwood, as well as work with contractors and subcontractors to offer quality full-time employment opportunities to residents.

Ensuring Affordability for LMI Households and Resident Protections

Maintaining Affordability of MHU Pad Rentals (MAIN): HFHGC's mission-driven property management operations are grounded in the core values of affordability and housing stability. Residents currently pay \$320/month for lot rental, significantly lower than the national average of \$697 per month. HFHGC will limit pad rent increases to 1.5% per year or less (recent

consumer price indexes have been 4-8% per year). Over the past 14 years under HFHGC's ownership, Southwood monthly pad rents have remained affordable. In addition, to further ensure housing affordability, HFHGC subsidizes water, sewer, and trash costs, lowering residents' rents by an average of \$96 per month. **Financial security** is provided to MHU residents through HFHGC's ownership and pledge to maintain affordable pad rents while they await the opportunity to buy or rent in redeveloped Southwood. Additionally, families who cannot make pad rental fees can participate in a counseling program to craft individual financial plans. Families are rewarded for following their plans by having their arrearages forgiven.

Southwood pad rents will comply with 24 CFR 92.252(a), (e), and (f) leases will meet the following standards for MHU lot rentals, equaling or exceeding the Freddie Mac/Fannie Mae standards and those of the Virginia Residential Landlord Tenant Act and the Virginia Manufactured Home Lot Rental Act:

- One-year renewable lease terms unless there is good cause for non-renewal. Residents relocating to permanent housing in redeveloped Southwood are provided with 180-day notices in advance of the move.
- No less than 60-Day notification of rent increases.
- 10-Day grace period for rent payments and right to cure defaults on rent payments.
- Right to sell the MHU without having to first relocate the MHU outside of the MHC. HFHGC does charge rent as long as the MHU is on the pad, but allows sale of the MHU before it is removed.
- Right to sell the MHU in place within 90 days of notice of eviction from the MHC.
- Right to post for-sale signs on the MHU provided signage complies with MHC rules and regulations.
- Right to receive at least 180-day notice of planned sale or closure of the MHC, although HFHGC has no plan to sell Southwood as we are committed to seeing its redevelopment through to completion.

Both property managers and community engagement staff have the shared goal of keeping tenants stably housed. The two teams are co-located in an office on-site and meet weekly to collaboratively respond to tenant and community issues. All staff are bilingual, English and Spanish, and on-site weekdays from 9am to 5pm to ensure accessibility of services. Prior to issuing any lease violation or eviction notices, services staff are notified so that support can be provided to tenants. Through an agreement and partnership with the Legal Aid Justice Center, residents receive support and legal counsel prior to HFHGC filing any action in court. If residents get behind in rent they are offered financial coaching and an opportunity to establish an affordable repayment plan to cure the delinquency. Since taking over ownership of the park in 2007, HFHGC has evicted a total of 5 households and has never pursued judgment against a resident for nonpayment of rent. In the rare eviction, HFHGC provides housing navigation support to connect the resident to stable housing elsewhere.

Maintaining Affordability of Redeveloped Homeownership Homes (PILOT): Aligned with Southwood resident preferences, approximately 85% of stick-built homes in redeveloped Southwood will be fee-simple ownership. Through HFHGC's homeownership model, underserved populations have the opportunity to change the trajectory of their lives and build wealth that can be passed onto future generations, breaking the cycle of poverty. In fact, HFHGC homebuyers build wealth quickly because our 0% mortgages mean that every dollar paid towards the mortgage translates directly into a dollar of equity for the family.

HFHGC's model of shared-equity homeownership, with long-lasting affordability covenants codified in the promissory notes and deeds of trust, balances long-term affordability with opportunities for families to build generational wealth and achieve lasting financial security.

Key Features of HFHGC Affordable Mortgage Structure:

- *Zero-interest, 30-year first mortgages:* The first mortgage, equal to the sale price minus any subsidies, is the only mortgage that the homeowner makes payments on every month and incurs zero interest over the life of the loan. Terms can go up to 40 years if needed to ensure affordability. Secondary mortgages are layered in to close the gap.
- *"Soft" second and final forgivable mortgages:* Soft secondary, silent mortgages do not require monthly payments as long as homeowners live in the home and are forgiven after a period of time. The term is up to 30 years..
- *Low Upfront Costs:* Minimum \$2,500 down payment; Closing costs bundled into mortgage.
- *Down Payment Match:* HFHGC provides a dollar-for-dollar match, reducing the first mortgage amount for buyers paying above the \$2,500 minimum down payment;
- *Affordable Monthly Payments:* monthly payments include principal, taxes, insurance and HOA fees and are set at no higher than 30% of the homeowners' gross income at the time of purchase. The principal payment remains constant throughout the mortgage term.

Key Features of HFHGC Deed of Trust:

- *Right of First Refusal (RoFR):* For **40 years** following the Buyer's purchase of the home, HFHGC retains the right of first refusal to purchase the home within a prescribed time frame following the Buyer's notice to HFHGC of the Buyer's intent to sell the property.
- *Appreciation Sharing:* HFHGC maintains a **40-year** shared appreciation note and mortgage on each of its homes that requires that if the homeowner sells during that time at a price greater than the initial sales price, he/she must share a portion of the price appreciation with HFHGC. The HFHGC percentage of price appreciation is based on a sliding scale, starting at 100% in years 1-3, decreasing to 75% in years 4 - 5, then remaining at 50% until year 40 after which point it drops to 0%. This subsidy recapture provision, combined with the RoFR ensures that HFHGC continues to keep homes affordable in Southwood for the long-term while also allowing families to generate wealth if they choose to sell.
- *Whole House Rental Restriction:* HFHGC requires that its homes are homeowner occupied. Owners cannot move and leave it empty, rent it out, or move out and let others live there instead. After 30 years or after a homeowner has fully paid off the mortgage, whichever comes first, these restrictions are removed.

Above and beyond these financial instruments, HFHGC's robust foreclosure prevention supports add an additional layer of housing and financial security for families. Because HFHGC originates all of its loans to families and holds or backs the notes during the amortization period, in the event of a future financial challenge for a family, HFHGC is able to pause collection of monthly mortgage payments until a family's income returns. HFHGC also is able to rewrite the note at a more affordable rate in the unlikely event that a family is not able to restore its income. Among the more than 350 homes that HFHGC has built since its inception, only 5 have gone into foreclosure.

Maintaining Affordability of Redeveloped Rental Homes: Affordability for every new rental unit built in redeveloped Southwood will be preserved by a minimum **30-year** deed restriction that

requires the home to be rented to an LMI beneficiary at or below 80% AMI. These commitments are enforced through restrictive covenant deeds recorded on the property for capital funds accessed through Albemarle County, the Virginia Department of Housing and Community Development and other sources. As such, this means that this affordability period runs with the property and must be maintained regardless of whether or not there is a change in ownership.

HFHGC is employing multiple strategies to ensure that rents remain affordable ($\leq 30\%$ of HH income) for extremely low-income residents. In every rental development there is a set-aside of deeply subsidized units. Currently there are 20 units in the 121-unit LIHTC multi-family apartment building being constructed by the Piedmont Housing Alliance that are subsidized with project-based vouchers. There are also set-asides in HGHGC-owned rental developments for residents with Housing Choice vouchers. HFHGC assists Southwood residents to apply for vouchers when waitlists open up and is currently working with the County to seek a set-aside of 25 vouchers for extremely low-income Southwood residents.

Access to Resources and Financing for Underserved Communities

As detailed in Exhibit C, Southwood's households who are largely low, very low and extremely low-income, BIPOC, immigrant and/or large families, represent those least served by traditional housing delivery systems. Challenged with a higher rate of poverty and very few truly affordable housing options, almost one in five Southwood households has a disabled member. HFHGC will increase accessible and affordable housing options accommodating the diverse needs of Southwood residents and other underserved populations in a sustainable mixed-income community of choice. Offering 19 different home designs, rental and ownership options, ranging from ADA accessible condos to single family homes with basements and Accessory Dwelling Units ensures that there is a place to call home for everyone. HFHGC will ensure long-term housing affordability for renters and access to 0% mortgages for owners, most of whom would otherwise face impossible barriers to homeownership. Where site conditions allow, each home will be constructed with a zero step entrance and a first floor accessible bathroom and bedroom to accommodate aging in place. All Habitat homes are built to a minimum Energy Star 3.1 rating, ensuring maximum savings of monthly energy costs.

Given a need for physically accessible living at Southwood, HFHGC secured funding to create a set-aside of fully accessible rental homes integrated into the community to serve households with special needs, physical challenges, and extremely low incomes. For those residents in need of supportive services, HFHGC has an MOU with the Region Ten Community Services Board to provide supportive services. Serving all ages, Region Ten offers more than 35 different supportive services programs including mental health, substance use and developmental disabilities counseling. HFHGC constructed and is now renting 8 first floor, one-level condos in Village 1 to households with accessibility needs at deeply affordable rents. To serve more households with accessibility needs, HFHGC will purchase ADA-compliant ground level homes in Southwood from a partner builder. These homes, designed to accommodate households with mobility challenges, will be rented or sold to residents depending upon their needs and goals. Responding to differently-abled residents' desires, HFHGC is scattering accessible housing options within the redeveloped sections of Southwood as development progresses.

Having accessible, welcoming, intergenerational recreational spaces that invite neighbors to come together is a core value for Southwood resident designers. All proposed outdoor common spaces and amenities are intentionally located and designed to be fully accessible to ensure that

residents of all ages and physical abilities can gather and enjoy these spaces. HFHGC has an established relationship with Jaunt, a transportation service for persons with disabilities, and UVA Health Services, a mobile health clinic providing services to un- or under-insured Southwood residents. Innovage/PACE, providing all-inclusive care for low-income seniors, is on-site at the Southwood MHC twice a month, facilitating access to physical/mental health services, health insurance, transportation, and emergency financial assistance. They also sponsor regularly occurring events like a popular bi-weekly Bingo Social for all Southwood seniors.

In addition to ensuring access to housing and critical services, multiple activities to enhance economic opportunities for residents are included in the Southwood plan. According to HFHGC's community survey results there are 90 small businesses in the Southwood MHC and over 40% of residents are engaged in some form of self-employment, whether as their primary job or as an additional source of income. To further advance this entrepreneurship, the plan includes constructing a Multi-Use Building anticipated to house satellite offices for a variety of economic development agencies including the UVA Credit Union, the Community Investment Collaborative, Piedmont Virginia Community College and the Network2Work program. Together, these partnerships will bring an array of bilingual, on-site services including banking services, small business lending, entrepreneurial training, college counseling, and comprehensive job navigation support. For the dozens of food entrepreneurs in Southwood, the multi-use space will accommodate a weekly Farmer's Market allowing residents to continue making a living selling prepared foods and baked goods. The plan also includes constructing oversized garages and storage units, providing a critical resource for small business owners.

At resident and HFHGC request, Faulconer Construction, the primary infrastructure site contractor to date, has prioritized hiring Southwood residents for open positions. At this time, Faulconer employs 15 FTEs from Southwood and seeks to increase this number. In all contracting opportunity advertisements for vertical construction HFHGC encourages participation from Minority and Women-Owned and small businesses. Because HFHGC typically pursues smaller individual contracts, small businesses are more readily able to participate in Southwood's vertical construction projects. HFHGC also meets with contractors and sub trades to review Section 3 hiring practices and find ways to open up employment opportunities to Southwood and surrounding area residents among the contractor base. Section 3 clauses are included in all HFHGC contracts.

Significant Hazards that Could Impact Southwood

The vulnerability of MHUs means that even lower level storms are inconvenient at best and dangerous at worst for MHU residents. According to the FEMA National Risk Index, the Southwood MHU is in an area with "relatively low" risk of expected annual loss and social vulnerability and a "relatively high" rating for community resilience. Among weather hazards, four types of hazards were rated as "relatively moderate" risks with the remaining types rated as low, very low or not applicable. The four moderate risk hazards are



landslides, lightning, strong wind and ice storms. However, these are generalized risk ratings which do not adequately account for the risks associated with storms while living in a vulnerable, aging MHU. This is evident when Southwood residents recount numerous trips to the local Food Lion grocery store to wait out storms. Last winter, freezing conditions knocked out power in Southwood for four full days leaving families without heat or the ability to shower or cook.

Activities Addressing Current/Future Natural Hazard, Extreme Weather, Disaster Events

MHUs are more vulnerable to greater sustained damage from weather events than site-built homes. In fact, high winds that cause limited cosmetic damage to stick built homes can be devastating to MHUs. As a result of their low structural quality, sheltering in place during a storm is not adequate protection for MHU residents. As a result, even in less severe weather, MHU residents need to evacuate. Southwood residents who are fortunate enough to have vehicles travel ten minutes away to a Food Lion grocery store to shelter there during storms because currently, many of the central common facilities serving the Southwood MHC are also in mobile units as vulnerable to storms as their own MHUs.

HFHGC proposes to use a multi-prong approach to address this issue for residents both in the short term and long term. First, the Pilot area of the Southwood proposal involves replacing 88 MHUs with 107 durable, affordable homeownership and rental options for Southwood and other LMI residents. Stick-built homes are much better able to withstand the effects of high winds and ice storms, particularly given that the infrastructure in the Pilot areas will be newly constructed with storm resilience in mind, including underground electrical conduit far less susceptible to disruption during a storm and sufficient storm drainage. Second, for residents in the Southwood Main area where replacement and redevelopment will not occur prior to 2031, HFHGC proposes to build a Multi-Use Building which will double as a readily accessible storm shelter for residents, particularly critical to ensure the safety of residents with mobility challenges and residents without a vehicle. Additionally, PRICE Main upgrades will include modern, underground electrical lines, updated stormwater management facilities and VDOT standard roads to eliminate MHU flooding risks and reduce power outages.

HFHGC will continue to conduct outreach and provide disaster preparedness education and training, including encouraging evacuation early in a storm's approach given the particular vulnerabilities associated with MHU living, coordinating with emergency responders concerning the storm shelter's location and accessibility and encouraging neighbors to look out for each other during an emergency. Since purchasing Southwood in 2007, HFHGC has demonstrated a sustained commitment to the health and well-being of Southwood households. During the COVID pandemic, for example, HFHGC suspended collecting pad rents and water charges in May and June 2020, and worked with residents and United Way to secure financial relief for those who experienced job loss or a reduction in work hours.

Advancing Environmental Justice

While Southwood's Census Tract 113.02 is not considered "disadvantaged" by the Climate and Economic Resilience Screening Tool, Southwood families have suffered clear environmental inequities for decades. Southwood is often unreported by these metrics due to surrounding affluent neighborhoods. For example, single-family property values on Stagecoach and Forest View Roads average \$363,769 – both fully contained in Census Tract 113.02 (Albemarle County GIS, n.d.). The neighborhoods of Mosby Mountain where average current assessments exceed \$600,000 and the Mountain Valley Subdivision with most assessments exceeding \$1 million are

also adjacent. These neighborhoods are served by modern utilities making Southwood stand out as an underinvested pocket of poverty amidst some of the region's most well-resourced communities.

More than half (57%) of Southwood's residents have lived in the MHC for over a decade, thereby exposing families to long-term negative health impacts due to the MHC's failing infrastructure. The over \$51M that HFHGC has invested in Southwood, addressing urgent health and safety needs of the MHC's residents, is a representation of both HFHGC's commitment to the wellbeing of residents and the severity of the issues the community has endured for decades. The previous Southwood owners decommissioned an on-site private sewage treatment plant decades ago, and instead of replacing it or connecting MHUs to public sewer, they improperly connected multiple MHUs to a single septic tank, creating a significant health hazard for residents and a threat to the watershed. When Habitat purchased Southwood, sewage bubbled up into MHUs and fields where children played. The area still served by a failing septic system is located uphill and adjacent to Biscuit Run Creek which feeds the Chesapeake Bay Watershed.

This proposal continues vital health and safety investments critical to protect residents and construction workers through converting the remaining 77 MHU pads from failing, aged septic systems to a clean, modern and serviceable public system; removing underground storage components (fuel oil tanks and septic fields); and removing asbestos-containing water lines.

Securing Diverse Stakeholder Participation (MAIN and PILOT)

From the very beginning, Southwood residents have been partners and leaders in the planning and implementation of all preservation (MAIN) and revitalization (PILOT) activities. From MHC property management services, to the multi-phased redevelopment strategy, to the design of new homes and neighborhoods, all of these activities are directly informed by or co-created with Southwood residents. Embedded resident leadership opportunities like the Southwood Resident Advisory Committee and the resident-led design process ensure that residents continue to play an active role in informing preservation and redevelopment activities going forward.

To date, more than 250 families have devoted nearly 3,500 hours to neighborhood visioning and design efforts. On the front line advocating for Southwood needs, residents have also spoken with County staff and elected officials alongside HFHGC at public hearings. Residents volunteered more than 1,000 hours to develop the Phase I rezoning proposal and master plan, with more than 100 Southwood families sending emails in support of Phase II's rezoning approval, and 32 families speaking in person in support of rezoning at the September 2022 Board of Supervisors meeting. Southwood families' demonstrated leadership continues to be key to securing required approvals, including for the Code of Development adopted by the Albemarle Board of Supervisors in April 2019 for the first phase and in November 2022 for the second of the two phases, inclusive of Villages 4-11. This process is serving as a national model for what can be accomplished when residents are not only involved in co-planning the development of high-quality, affordable housing, but also providing informed leadership and advocacy in moving the process forward.



To ensure long-term resident input, the Southwood code of development includes a binding requirement that legacy Southwood residents comprise at least 51% of the Homeowners

Association (HOA)’s Architectural Review Board. Further, existing MHU residents will continue to have a voice in the design of new homes and pocket neighborhoods through future village planning processes. Residents also complete a housing needs assessment that asks questions about their qualitative preferences around home products (e.g., types, size, location, design, bedrooms), which directly informs the Southwood home product array. The Southwood HOA Board is also currently forming a Neighborhood Advisory Committee, an officially commissioned subcommittee of the HOA with reserved seats for legacy Southwood residents, to inform HOA policies and enforcement activities. As part of the Habitat Homeownership Program, Southwood home buyers go through extensive HOA governance and community leadership training prior to closing on their home in preparation for taking on these roles.

In addition to residents, HFHGC has worked alongside a coalition of key community stakeholders to plan, implement and evaluate Southwood activities. In 2019 HFHGC formed the Southwood Community Advisory Committee (CAC), comprising representatives from over two dozen local, state and federal agencies that include funders, public officials, city/county staff, businesses, county schools, non-profits, health centers, legal aid organizations, churches, advocacy coalitions, volunteers, builders, developers and more. The CAC meets quarterly with Habitat leadership providing continual input, support, and accountability for all preservation and redevelopment activities in Southwood.

Alignment with Existing Community Plans and Policies

Located in one of two federally-designated Opportunity Zones in Albemarle County, the Southwood Mobile Home Park is currently an isolated pocket of concentrated poverty leading to its designation as a “*priority area*” in the 2015 Albemarle County Comprehensive Plan (pgs 106, 137, 193). The FY20-23 County Strategic Plan identifies Habitat for Humanity of Greater Charlottesville/Southwood as a “key public/private partnership”. As a result, the County has

provided significant financial assistance throughout the redevelopment process, including more than \$5.8M in direct subsidies and compliance support.

Albemarle County considers Southwood “a critical component of successfully working with a concentration of the County’s **most vulnerable population** that could serve as **a blueprint** for future revitalization and redevelopment of the County’s aging suburban infrastructure” (Board of Supervisors Resolution, 2016).

Unfortunately, while Southwood is located within close proximity to thriving retail and residential areas, pedestrian and public transportation access to those areas is limited, resulting in decades of economic and physical isolation from the rest of the County and Charlottesville City. These historical disadvantages, and evolving policy priorities to

address them, are reflected in the substantial and numerous performance agreements, grants, and other financial investments the County and the Thomas Jefferson Planning District Commission have made in Southwood’s redevelopment.

EXHIBIT E – Scoring Factor (c): Capacity

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT E – CAPACITY (V.A.1.c)

Experience Managing Projects

Habitat for Humanity of Greater Charlottesville (HFHGC) has been building affordable homes and renovating homes to preserve affordability since 1991. Over the past 30+ years, HFHGC has built and rehabilitated almost 400 affordable homes. Additionally, HFHGC has developed or been a partner in the development of 14 mixed income communities. These communities are the site of more than 1,000 homes and are strengthened by HFHGC's pioneering community development contributions – including post-closing support for families, generation of HOA and Condo declarations, turning over control and ownership of land to HOAs, community building activities among Habitat and Market Rate buyers and facilitation, etc. HFHGC's role in these developments has been comprehensive – from pursuit, to purchase/financing, design and entitlements, land development and disposal and home building.

Importantly, HFHGC also has *demonstrated, successful experience working with residents to redevelop a city of Charlottesville MHC into permanent affordable housing into a mixed-income community without resident displacement: Sunrise*. In 2004, 16 long-time, mostly senior families living in the Sunrise Park Mobile Home Community in Charlottesville Virginia were faced with an existential crisis. The land under their MHUs – which many had occupied for more than 40 years – had been sold to a developer and they were told that they had but a few months to relocate. Most were subsisting on limited, declining or, in one case, zero income and were likely to be forced into homelessness. That's when Habitat stepped in, purchased the contract from the developer and promised the families they could stay for the rest of their lives affordably as we figured out together how to convert the mobile home park into a mixed income development, inclusive of life estate housing, new Habitat homes and market rate units to cross subsidize the affordable components.



Within ten years, HFHGC had redeveloped Sunrise into a first-of-its-kind 70+ unit mixed income community anchored by the longtime residents – in new, safe, decent and affordable housing – secure and treasured as the redeveloped community's village elders. To our knowledge, Sunrise was the first MHC in the nation to redevelop into a mixed income community without any resident displacement. The neighborhood now features 32 affordable-ownership homes in addition to nine lifetime estate rentals for longtime residents of the park and market rate homes. Neighborhood amenities include a community center, yoga room, shared patio and two large common green spaces. HFHGC was the sole developer of the project having acquired the purchase agreement from a market-rate developer who intended to evict current residents, worked with residents to develop a concept for the redevelopment, assembled a team of architects, engineers and a project manager to create design options, assembled necessary financing, rezoned the property, developed the land, sold outparcels to a market rate builder, and managed the staging of the development in order to ensure that existing residents of Sunrise would not be displaced during the redevelopment process.

Currently, in addition to building homes in two other intentional mixed income communities in the region, Habitat is developing the first phase of Southwood. In 2023, HFHGC completed construction of the first 80-unit Village (with 49 affordable homes) and delivered pads for another 255 units. Because HFHGC was able to acquire undeveloped land as part of the Southwood MHC purchase in 2007, HFHGC has been able to build enough affordable homes for sale or rent in Village 1 to enable 49 families living in future phases of redevelopment to purchase homes or relocate to affordable rentals without having to leave the MHC. While developing in phases and relocating residents in stages is complicated and requires a significant amount of coordination, HFHGC believes that this is the right way to approach development where non-displacement/resident retention is a primary goal.

HFHGC has completed each of ten (10) Virginia Department of Housing and Community Development (DHCD) contracts it has administered to build 76 affordable homes across the region - on time and on budget - and successfully sold all of those homes to extremely-low, very-low, low and moderate income households. In fact, DHCD has awarded HFHGC three new contracts for the next phase of Southwood's development, demonstrating DHCD's satisfaction with HFHGC's accomplishments and ability to successfully administer DHCD funding to build affordable housing.

Experience Utilizing HUD Grant Funds

In addition to our experience managing a variety of state, local, and financial grants, HFHGC has a deep and wide history of successfully securing, managing and spending federal grant funds as well. For well over a decade, HFHGC has successfully utilized SHOP, CDBG, HOME and NSP to deliver affordable housing. In fact, since 2015, HFHGC has successfully managed **ten (10)** funding contracts representing **over \$4.3 million in HOME/CDBG** funds and \$2.7 million in Virginia Housing Trust Fund to develop infrastructure and deliver 76 units of affordable housing under contracts with the **Virginia Department of Housing and Community Development (DHCD)**. HFHGC currently has another \$1.39 million in new Virginia DHCD contracts to build and sell 25 affordable homes and a new round of funding commitments for vertical construction of Southwood affordable housing and infrastructure development totaling \$4.6 Million.

HFHGC, the grantee, acquired the property, conceived of the proposed project in coordination with stakeholders and residents, managed third-party professionals designing and engineering the developments, built affordable homes, marketed homes, counseled and educated buyers and coordinated successful homebuyer closings for these homes. While HFHGC has participated in partnerships, the vast majority of our work is done as the primary or sole developer. As such, HFHGC has and continues to assume responsibility for compliance with funding contract timelines, budgets, eligible uses of funds, reporting, and cross-cutting federal requirement compliance. HFHGC has encountered some challenges typical of real estate developers including encountering unanticipated site conditions only discoverable once excavation occurs. HFHGC handles such issues by working closely with contractors and engineers to develop and implement the most cost effective solution possible given the circumstances. HFHGC also maintains a close watch on its financial position, ensuring that resources exist to address and manage unforeseen development costs.

- Since 2015, HFHGC has also successfully administered **nine HOME/CDBG** contracts with the **City of Charlottesville**. Eight contracts, totaling over \$321,000 were for down payment

assistance serving 50 households buying homes in the city; and HFHGC administered a \$45k grant providing emergency families financial assistance during the COVID pandemic.

- As an affiliate of HFHI, HFHGC has participated regularly in HUD's Self-Help Homeownership Opportunity Program (SHOP); from 2010 to 2021, HFHGC received 10 subcontracts with HFHI to **administer over \$1.5 million in SHOP** resulting in the production of 96 affordable homes. SHOP audits have consistently demonstrated our compliance with all applicable grant requirements.
- HFHGC is currently managing HUD Economic Development Initiative funds (Contract #B-22-CP-VA-0906). To date, we have successfully drawn 52% of a \$1,015,000 grant utilizing the **HUD DRGR** system and filed two approved progress reports. We are on track to spend down the grant funds well before the grant term concludes.

Key Staff and Staffing Contingencies

HFHGC has long been recognized as a leader in innovation within the Habitat for Humanity International affiliate network and beyond, and was the first U.S. Habitat affiliate to undertake land development, the first to build mixed-income communities, as well as the first invited to participate in the Quality of Life Framework pilot. Over time, as HFHGC has created new models and lines of service delivery, the affiliate has invested in staff with expertise in these new areas who are capable of growing into broader responsibility. HFHGC's current staffing model reflects this diversity of experience across a range of functional areas - from construction to direct family services, compliance to fundraising, and beyond - while maintaining a keen focus on future needs, trends, and succession planning.

Daniel Rosensweig, President and CEO: Dan, President and CEO for the last fifteen years, has primary responsibility for overseeing all affiliate operations, including land acquisitions, contracts, land development, and home construction and rehabilitation; ensuring fiscal integrity and viability of the organization; managing a staff of 61 employees; and, implementing policy and strategic directions set by a volunteer board of directors. Dan has served as the Chair of the Charlottesville City Planning Commission advising City Council in the development of a Comprehensive Plan and on land use, transportation, utilities and community facilities and capital programming. Dan has a Ph.D. from the University of Virginia, a M.A. from Georgetown University, and a B.A. from the University of Texas in Austin.

John Desmond, Vice President, CFO, and Chief Construction Officer: John, who has been with HFHGC for 12 years, has more than 40 years of operations and project management experience in land development, commercial, apartment, and residential real estate, as well as deep expertise in managerial accounting and real estate finance. He also has experience in land acquisition, entitlements, land development, and home construction experience – including owning and operating his own market rate real estate development company. John is responsible for overseeing affiliate and project finances and for coordinating land development and building activities.

Janette Kawachi, Chief Partnership Officer: Janette has served in this role from 2016 to the present. Her primary responsibilities include the overall leadership, direction and management of HFHGC's Department of Family and Community Partnerships. Her department is responsible for overseeing and implementing the affiliate's homeownership program as well as community engagement and neighborhood revitalization efforts. She also oversees HFHGC's work around advancing strategic partnerships and advocacy efforts to promote the development and

preservation of affordable housing in the region. Janette has been involved in supportive housing initiatives addressing issues of poverty and inequality for almost 20 years. Janette has a Ph.D in Sociology in Sociology from Yale University, an M.A. in Sociology from the University of California, Santa Barbara, and B.A. in Sociology from the University of California, Los Angeles.

Michelle Wamsley, Chief Advancement Officer: Michelle joined HFHGC in July 2022, bringing nearly 30 years of fundraising and management experience to her role. She provides leadership and strategic direction for all resource development staff and activities (individual philanthropy, as well as public and private grantseeking, and grants compliance), while also overseeing communications, regional housing, and human resources. Michelle received her M.P.A. from Virginia Tech and B.A. from the University of New Hampshire.

Key Contractual Collaborators

- Roudabush, Gale & Assoc., Inc.(RGA): RGA, founded in 1956, focuses on land surveying and civil engineering design. They provide land development and construction support from the conceptual stage through the completion of the final project. RGA has a long-standing relationship with HFHGC, providing civil engineering design support for HFHGC's mixed-income development projects, including Sunrise Park, Harmony Ridge, and Southwood. While not HFHGC staff, RGA is responsible for the affiliates' land development activities and collaborates extensively with HFHGC construction leadership and field staff.
- Don Franco, President, RGA: Don is a licensed Professional Engineer and has worked in civil engineering and land development since 1985. His experience includes all aspects of real estate development and civil site design. He has land development, site design, and site construction expertise - including owning and operating a real estate development firm and land surveying and civil engineering design firm. Don has worked on the affiliate's land development projects since 2008.

Staffing Contingencies: At present there are no significant staffing gaps or vacancies in key areas affecting the implementation of any of the PRICE Pilot or Main program activities. HFHGC is poised to fill any available positions quickly, with a full time Human Resources professional on staff, the reputation as an employer-of-choice in the region, and a leadership team possessing extensive professional networks in a variety of key subject areas. Additionally, staff succession planning is a critical component of HFHGC's hiring and review processes, as well as an operational priority for the HFHGC Board of Directors. Grants funds requested for staffing will add additional capacity to conduct PRICE activities.

Experience Promoting Racial Equity

HFHGC works exclusively with low- and very low-income individuals and families, mostly Black, Indigenous and Other People of Color (BIPOC), many of whom have lived in generational poverty due to decades of inequitable social policies that have excluded them from educational, housing and wealth-building opportunities in this community. Southwood is an example of this subpopulation, where over 90% of the residents identify as BIPOC. Outside of Southwood, the families served through Habitat's Core Homeownership Program reflect the demographics of low-income households in our community. Among the 142 families served over the past 2 years, the average AMI was 43%;



92% identified as BIPOC; 60% identified as Black/African American; 27% identified as Hispanic or Latino.

Engaging community voices is a core principle of HFHGC's work. Listening to the dreams and aspirations of residents and empowering them to be leaders in designing their own and their community's future has been instrumental to this work and earned HFHGC the 2022 Virginia Governor's Housing Conference Award for Community Engagement and Inclusivity. We do this by being intentional about the listening process and embedding concrete, iterative strategies and mechanisms throughout our projects that ensure a continuous feedback and program improvement process.

In 2019, HFHGC created the country's first Habitat Homeowner Advisory Council (HAC). Composed of 12 current Habitat homeownership, the HAC not only serves as an advisory body, providing critical input on Habitat programs and products, but also as a planning and governance body ensuring accountability for meeting program goals and defining success measures. The Council meets at least quarterly, with agendas co-developed by Co-Chairs of the Council and Habitat staff.

Experience Completing HUD Environmental Reviews

Through HFHGC's extensive work utilizing various federal funds (HOME/CDBG/SHOP) to support affordable housing developments, we have coordinated with Participating Jurisdictions including the city of Charlottesville and Thomas Jefferson Planning District Commission, Albemarle County, the Richmond HUD Office and environmental professionals to complete Environmental Review Records and to secure an approved Request for Release of Funds for each of our previously funded HUD-funded projects. Further, ***HFHGC and Albemarle County secured a HUD-executed Form 7015.16 for Southwood on October 17, 2023 in order to utilize HUD Economic Development Initiative funds at Southwood.*** The scope of this Part 58 clearance covers the activities of redevelopment proposed herein.

Familiarity with Cross-Cutting Federal Requirements

Given our successful history of deploying and managing federal funds, HFHGC is also familiar with and experienced managing compliance with cross-cutting federal requirements. HFHGC's Finance team and Compliance Officer have the necessary experience and knowledge to effectively manage compliance with the Uniform Administrative Requirements, Cost Principles and Audit Requirements. HFHGC has the financial management systems in-place required to maintain accurate records, internal controls and accountability for all funds utilized and maintain adherence to cost principles. HFHGC's Finance team works closely with Human Resources to ensure that compensation, fringe benefits, travel/mileage expenses and other employee related expenses and benefits, including executive pay, remain in compliance with federal guidance. HFHGC's operations manager ensures consistent delivery of insurance coverage for the organization and our work-in-progress projects, including ensuring protection for HFHGC volunteers when they donate labor to the organization.

Further, HFHGC has established procurement policies and procedures consistent with federal requirements which ensure reasonably-priced expenditures on real estate developments as well as operations. HFHGC's various departments adhere to the procurement policies in accordance with the nature of the expenditure. Our most frequent and highest cost procurements are handled

by the HFHGC Construction team where bids are solicited regularly for general construction work and/or sub trade work on construction projects.

We are slated to undertake a Davis-Bacon wage infrastructure project in the Fall of 2024. For this project, the grantee, Albemarle County, will be responsible for on-going wage compliance. As the sole applicant to the PRICE Program, HFHGC has included a request for PRICE funding to support a Davis Bacon wage consultant as part of this grant request.

HFHGC has on-going experience complying with fair housing and non-discrimination requirements via our previous and current federally-funded contracts and via our mission and commitment to providing access to housing by underserved populations. HFHGC has a full time Compliance Officer that has been with HFHGC for two decades. She works with the HFHGC Operations Manager to ensure that federal labor posters, fair housing law posters and literature are kept current and are posted at the office and at job sites. She also works closely with HFHGC's Residential Planning and Design Manager and HFHGC's Communications and Annual Giving Manager to ensure that our marketing and outreach efforts, literature, websites and signage comply with fair housing, equal opportunity and affirmatively furthering fair housing requirements.

EXHIBIT F – Scoring Factor (d): Match/Leverage

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT F – MATCH/LEVERAGE (V.A.1.d)

Description of Matching Funds

Pilot Match Source – Non-Federal Funding	Amount	Terms
Virginia Department of Housing and Community Development (DHCD) - Virginia Housing Trust Fund (VHTF) - Soft Loan	\$3,496,000	0% construction financing, converting to 0%, no payment, declining balance second mortgages to develop affordable homeownership units
Virginia DHCD- VHTF - Soft Loan	\$1,800,000	0%, no payment, forgivable permanent financing for 11 deeply affordable rentals
Albemarle County - Grants	\$2,500,000	Affordable Housing Investment Fund Grant
Albemarle County – Tax Rebates	\$1,285,545	Tax rebate revenue to support construction of affordable homes
Anonymous Individual Donor	\$3,000,000	Gift
TOTAL	\$12,081,545	

HFHGC is requesting \$10,000,000 in PRICE Pilot funding matched by \$12,081,545 in committed **non-federal** funding for a **match ratio of 121%** of this grant request. Additionally, and while not required, PRICE funding will leverage \$1,000,000 in CDBG funding as well as \$695,908 in HOME Investment Partnerships Program funds, for activities within the Pilot area.

Funding Risks/Internal Budget Risks to Timeline and/or Completion of Activities

One of HFHGC's greatest strengths is its diverse funding strategy. Varied revenue streams significantly reduce HFHGC's overall exposure to unpredictable market conditions and eliminate overreliance on any one source. Intentional diversification allows HFHGC to pivot to ensure consistent availability of capital necessary to prioritize maintaining momentum on projects like Southwood. This also allows HFHGC to be nimble and experience minimal disruption to the timelines of grant-funded projects, as evidenced by HFHGC's success securing year-over-year funding from the city and state due to successfully meeting and exceeding funder expectations.

By nearly any measure, Southwood is an ambitious redevelopment and preservation effort with the critical replacement of failing MHC infrastructure chief among the most pressing needs. Available sources of federal, state, local, and private funding for the necessary improvements to Hickory and Bitternut Streets are limited to discrete portions of the project - each with a different focus, funding timeline, and varying compliance requirements - leaving HFHGC to manage a piecemeal approach. This is costly, inefficient, and incapable of creating the lasting change Southwood needs to create connectivity and parity with wealthier nearby neighborhoods. Ultimately, if HFHGC cannot secure PRICE funding, the greatest risk will be to the Southwood residents who will continue to bear the burden of residing in a community with inadequate infrastructure.

Contingency Plans

Funding: HFHGC has been building affordable homes and rehabbing homes to preserve affordability since 1991. Over the past 30+ years, it has built and rehabbed close to 400 homes.

A pioneer in creating mixed income communities, HFHGC has developed or built 14 such communities since 2004. Additionally, HFHGC was the first in the nation to transform a MHC into a mixed-income community without resident displacement. In most years, HFHGC is the most productive Habitat affiliate for a service area of its size in the United States and Canada. This fiscal year, we are on pace to complete 57 homes and 15 renovations while completing development of close to 250 buildable lots.

The strength of our financial plan at Southwood is based on a varied portfolio of revenues, from private fundraising, to government grants, Store income, partner family mortgage repayments and more. Market rate outparcel sales, in particular, provide significant cross subsidies to our mixed-income projects. Specifically at Southwood, our proforma includes \$80M in outparcel sales. At the conclusion of the first phase of development, we are on track to outperform that number. We have contracts in place for each lot we will deliver over the next three years and, from a contingency perspective, have had multiple builders express interest in providing back up offers to purchase our developed lots. Our market faces an extreme shortage of buildable lots so getting replacement contracts is never an issue if a market-rate builder does not perform.

Additionally, we have access to multiple short and medium term debt facilities to manage contingencies in cash flow. For example, we have a \$5M line of credit with a local bank and a Virginia Housing \$14M construction and acquisition bridge loan for the first phase of development (Villages 1, 2 and Block 10). The former is backed by the value of our mortgages we hold and the latter is collateralized by land.

Our strong and diversified funding plan and resources notwithstanding, we have structured our PRICE application, and in particular our PRICE Main application, to include a built-in contingency plan. Each project funded by PRICE Main can be implemented independently of the other projects. For example, both the reconstruction of Hickory and Bitternut Streets are shovel ready, will not require additional trailer moves (they take place in the existing ROW), and would provide immediate health and safety benefits to the community as we seek funds for improvements of other facilities and amenities, etc. In short, if some PRICE Main activities were funded but other elements were not, HFHGC would still be able to move forward, albeit less efficiently, at a slower pace and with more uncertainty for residents.

Timeline: HFHGC homes take between 6-12 months to construct depending on the build mode we employ. We maintain a detailed, live build schedule that is tracked daily and each home is categorized as one of seven build mode types, which vary from majority volunteer construction to turn-key builds where homes are subcontracted to a local contractor. Typically, the most rapid build mode is where homes are almost completely “subbed out” and completion can occur within 6 months. Should any component of the timeline be delayed, we are able to substitute any or all of the elements of home construction typically undertaken by volunteers with subcontractors. Although there is an upfront cost to this switch, overhead savings accrued by shorter builds keeps costs consistent and allow us to stay at or under budget.

We do not anticipate needing any variance from the anticipated timeline. However, all of our contracts for lot delivery to market rate builders include significant grace periods on favorable terms. Should we not be able to deliver lots – our largest revenue source – on time and a builder withdraws– we would simply replace them with another builder.

EXHIBIT G – Scoring Factor (e): Long-Term Effect

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

EXHIBIT G – LONG-TERM EFFECT (V.A.1.e)

Southwood's preservation and revitalization strategy is grounded in the Quality of Life Framework, an evidence-based, holistic and equity-focused approach that ensures revitalization efforts are intentionally tied to *communities' needs and preferences* and engages residents throughout the entire process as *agents of change* in their own neighborhood. The outcome is not just broad sector changes that yield tangible and immediate benefits to residents, but also a transformational shift in power and ownership over those changes, which ensures that efforts are sustained far beyond the term of PRICE, or HFHGC support. Below are three key areas of long-term impact that we anticipate as a result of the project.

Lasting Affordability and Homeownership

As described at length in the affordability section of *Exhibit D*, HFHGC is employing several different strategies and funding sources to ensure deep and lasting home affordability for Southwood residents whether they live in the MHC (MAIN) or the redeveloped portion of Southwood (PILOT). Under HFHGC's ownership, MHU lot rents will continue to stay affordable throughout the life of the redevelopment with annual rent increases capped at 1.5%. HFHGC's Property Management for Success (PMFS) ensures that affordability and housing stability remain the primary focus. Southwood families are also guaranteed long-term housing affordability in redeveloped Southwood whether they choose to rent or own.

Affordability for every new rental unit built in redeveloped Southwood will be preserved by a minimum **30-year** deed restriction that requires the home to be rented to a legacy Southwood resident or an LMI beneficiary at or below 80% AMI. Rental set-asides for project- and tenant-based voucher holders with ADA accessible designs ensures deep, life-time affordability for the lowest income, elderly and disabled residents.

HFHGC's model of shared-equity homeownership offers LMI households long-term affordability and an opportunity to build generational wealth. The conversion from MHU ownership to fee-simple home ownership results in lasting tenure security for homebuyers, who will always have an affordable place to call home as long as they choose to stay. In good economic times and bad, when encountering unexpected personal or financial challenges, HFHGC's flexible and robust foreclosure prevention support helps families retain their most valuable asset. If they sell, families can realize and pass on the hard-earned wealth they built in their home while HFHGC has the ability to recapture initial subsidies and repurchase the home to sell to another low-income homebuyer. A high ratio of homeowners to renters promotes greater neighborhood stability and civic engagement among LMI households in Southwood.

Other long-term impacts will include:

- Affordable MHU lot rents for the entire duration of the redevelopment (*15+years*)
- Once the entire MHC is redeveloped, at least 317 new HFHGC homes will have affordable deed restrictions for a minimum of **30 years**
- At least 146 rental homes will remain affordable for at least **30 years**
- 250+ Southwood families will receive extensive financial empowerment coaching, homebuyer preparation, and post-purchase support, setting them up for lasting financial success far beyond the PRICE grant term

- 250+ Southwood families transition from renting MHU pads to fee-simple ownership, allowing them to build an average of \$16,200 per year in equity, creating significant and positive multiplier effects for future generations as well as the broader community.
Families will earn collectively an estimated \$121M in equity over 30 years.
- An estimated 75 extremely low-income (many elderly and disabled) Southwood MHU households will gain lasting housing stability in safe and accessible rental homes deeply subsidized by vouchers or rental subsidies that guarantee life-time affordability
- Long-term housing affordability and tenure security will allow LMI renters and homeowners to *remain stably housed*, leading to improved outcomes in health, child development, education, employment and economic mobility
- Long-term affordable housing means LMI renters and homeowners have *more discretionary spending*, allowing them to save more, pay down debt, invest in educational opportunities, transportation needs, health insurance, or start a business, leading to lasting financial security and breaking the cycle of poverty

Advancing Housing and Economic Justice for Underserved Communities

HFHGC's holistic approach combining preservation activities centered on non-displacement and resident empowerment with a revitalization strategy that delivers equitable mixed-income community development and wealth building opportunities for low-income families is a model for advancing housing access and justice for underserved communities. The non-displacement strategy that keeps Southwood's tight-knit community together and allows families to remain housed in the park throughout the redevelopment process ensures that all Southwood residents - whether living in the preserved or revitalized portion of Southwood - will benefit from the urgently needed infrastructure improvements and community amenity enhancements funded through PRICE. The resident-led planning process, based on the Quality of Life Sectors, ensures that amenity enhancements, new homes, community partnerships and service improvements are designed to meet the economic needs and cultural preferences of legacy Southwood residents. As investment flows into Southwood, HFHGC's lasting home affordability model ensures that Southwood's low-income (primarily BIPOC) families will not be priced out of the neighborhood and can reap the life-long benefits of living in a high-opportunity neighborhood and building wealth through homeownership. By improving Southwood with an intentional racial and social equity approach, the project will help reverse historical patterns of racial and economic segregation and spur further investment in historically marginalized communities in the region. Some clear long-term impacts of the project include:



- Southwood transitions from a concentrated pocket of poverty to a thriving, physically and socially integrated, opportunity-rich neighborhood with a diverse mix of families of different socioeconomic and racial/ethnic backgrounds.
- Neighborhood stability created by high rates of affordable homeownership will lead to higher rates of civic engagement among Southwood legacy residents and equitable neighborhood decision-making in redeveloped Southwood

- The Southwood neighborhood transitions from a physically isolated island of disinvestment, into a safe neighborhood with a rich offering of amenities for recreation, shopping, exercise, play, and services rivaling or besting amenities offered in other neighborhoods of choice in the area
- Southwood small business owners and entrepreneurs are able to sustain and even grow their businesses, and their wealth, as a result of PRICE funded community amenities and enhancements - Multi-Use Building, Farmers Market, parking garages, equipment storage facilities - designed to meet their specific needs.
- As a result of HFHGC's non-displacement approach, Southwood retains the rich cultural heritage and traditions of Latinx food, music, family celebrations, community gatherings and entrepreneurialism that has shaped the neighborhood for decades, becoming a vibrant hub that attracts a diverse mix of residents and increased investment.
- Through travel and hosting, HFHGC will share learnings with more than 1,000 other Habitat affiliates and housing agencies.

Building Healthy, Livable, Resilient Communities

Southwood, an area of historical disinvestment and an isolated pocket of concentrated poverty, is an illustrative example of why zip code is a better predictor of health than genetic code. Where you live directly affects your health and well-being in a number of ways, from exposure to air pollution and toxins to accessibility of healthy food, exercise, green space, services, and medical care. As a result of poor infrastructure and substandard housing, Southwood residents have endured years of environmental injustices (poor air quality, water pollution, dangerous electrical wiring, extreme cold/hot temperatures, toxic waste, frequent power outages, vulnerability to extreme weather events, etc.) with well-documented negative impacts on health, well-being and longevity. The PRICE funded activities aimed at upgrading infrastructure, housing, and community amenities, *as described in Exhibit D*, will not only lead to immediate quality of life improvements for an underserved community and population, but to a dramatic change in health and life trajectories. Specific long-term effects of infrastructure and housing activities include:

- Improvements to electrical, water and septic/sewer infrastructure will decrease exposure to a multitude of environmental health hazards and lower incidences of acute and chronic health conditions (cardiovascular disease, infectious diseases, respiratory problems, injuries, depression, anxiety, etc.) leading to improvements in overall health and longevity
- Improvements in roads and community amenities will increase walkability and bikeability of neighborhood and increase accessibility to trail systems, healthy food, services, economic centers and medical care leading to improved overall health and quality of life
- Replacing aging MHUs with new MHUs and new accessible permanent homes will decrease families' vulnerability to injury and displacement caused by extreme weather events; decrease exposure to dangerous indoor health hazards like mold, extreme heat/cold, fires/burns, overcrowding, power outages, slips/falls, etc, increasing overall health and resident safety

Overall, designing and implementing neighborhood change led by residents is expected to result in a vibrant, sustaining neighborhood of choice where social injustices have been addressed to create true equity for Southwood residents regardless of their income, race, household composition, ethnicity, or physical ability.

ATTACHMENT A – Advancing Racial Equity

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

ATTACHMENT A –Advancing Racial Equity Narrative

Habitat for Humanity of Greater Charlottesville

The Southwood project as a whole - from our non-displacement pledge to the resident-led design process to a continuum of affordable housing products made accessible through robust community engagement and financial empowerment services - incorporates a multitude of intentional strategies designed to directly address and undo historical patterns of housing segregation and discrimination that have long denied BIPOC populations equitable access to safe, decent and affordable housing in this community.

The Southwood community represents the largest concentration of affordable, but substandard, housing in the region with the vast majority of households earning less than 50% of the Area Median Income (AMI). Data collected by Habitat shows that 36% of residents are extremely low-income or under 30% AMI, while another 44% are very low-income or between 30% and 50% of AMI. As income is highly correlated with race, the park is also home to one of the largest concentrations of households excluded from participation in traditional paths to sustainable affordable homeownership or rental housing options. Eighty percent (80%) of households are Hispanic/Latinx, 14.8% White, and 4.6% Black. The primary language for 81.5% of Southwood households is Spanish. Although the majority of households have at least one foreign-born parent, many families immigrated to the US long ago and have lived in Southwood for decades. The majority, 57%, of residents have lived in Southwood for more than 10 years.

This points to a stable adult population that has endured substandard housing and infrastructure deficits, and their associated health hazards, for many years. This economic and housing injustice is amplified by the fact that immediately surrounding Southwood are the neighborhoods of Mosby Mountain and the Mountain Valley Subdivision where average home assessments range from \$600K to over \$1M. These neighborhoods are served by modern utilities making Southwood stand out as an underinvested pocket of poverty and community of color amidst some of the region's most well-resourced, and majority White, communities.

Potential Barriers to Equity for Communities of Color

The Southwood trailer park, a majority BIPOC community and the population prioritized for this project, face significant barriers to healthy housing opportunities, homeownership and other wealth-building opportunities in our community. Without intentional efforts to eliminate these barriers, they would not equitably benefit from the housing and services being offered through the redevelopment. These barriers include:

- **Economic barriers:** Southwood is an almost exclusively low-income neighborhood with most families reporting incomes at 60% of AMI or less, and 43% AMI on average. There is a non-trivial proportion (15%) of households that are elderly/disabled and live off of very limited fixed incomes from Social Security or SSI. Limited household incomes limit housing choices, especially in the Albemarle-Charlottesville region, which is the second most expensive area for housing in the state of Virginia. In 2022, the median sales price in the Charlottesville-Albemarle region was \$405,000, an increase of 11% from 2021 and

30% more than the amount a family earning the median household income can afford (Charlottesville Area Association of Realtors, YTD 2022). Similar trends in rental units occurred with rates increasing 88% over the past decade making rental units unaffordable for many low-income families. Less than 5% of Southwood residents could afford market rate rent in the area today.

- Language barriers: For the majority of Southwood residents (81%), Spanish is the primary language.
- Credit barriers: Southwood is an underbanked community and many are accustomed to or prefer cash transactions. Many do not use or own credit cards and have never taken out a loan and therefore lack a credit history or score. Those that do have credit often unknowingly endanger or ruin their credit by cosigning on loans without understanding the implications. A large proportion of residents are involved in some form of self employment (~70%) either as their primary job or a secondary source of income, but most are operating with cash and could not produce the documentation necessary to qualify for a conventional loan.
- Financial literacy and capacity barriers: Southwood is also a primary target for a multitude of predatory financial services including pay-day loans, rent-to-own schemes, high-fee tax prep services, prepaid debit cards with hidden fees, predatory mortgage and auto loans, etc. The overall level of formal educational attainment amongst Southwood residents is relatively low with most residents reporting a high-school education or less. Residents lack familiarity and experience with mortgages or other mainstream financial products, and the highly technical language and aspects associated with them (interest rate, 30-year terms, closing costs, escrows). This lack of familiarity can be intimidating and create barriers to pursuing homeownership. In the TJPDC region, homeownership rates ranged from 0.4 to 2.2 percent of Hispanic households and 4.5 to 15.4 percent of Black households compared to 82.1 and 91.3 percent for White households.
- Experiential/Cultural Barriers: Many residents are immigrants who come from countries with corrupt, unstable governments, banking systems, and social service agencies fostering an immense distrust of mainstream financial services, public institutions and even non-profits. This distrust can be an immense barrier to engagement in services.
- Accessibility barriers: While Southwood is a relatively young community with many families, approximately 15% of the population are elderly or disabled households. According to a park-wide survey, a little over 18% of residents reported having accessibility needs when considering their future homes.
- Time barriers: Employment rates are relatively high in Southwood where 80% report being employed. A challenge, however, is that many families work multiple jobs, which severely limits their availability during the typical 9-5pm work day. In addition, as this is a very family-oriented community, the majority of households (57%) include children under the age of 18, so parents' time is further constrained by childcare responsibilities.
- Household composition barriers: Southwood households are incredibly diverse in form and are also relatively large compared to the general population. Many households are multi-generational and/or include extended family members, friends and non-related renters or "boarders". The Thomas Jefferson Planning District Commission's Analysis of Fair Housing Impediments (March 4, 2019) reports that refugee and Latino families (5+ household members) have experienced hesitation on behalf of property owners when it comes to placing a larger family in a unit. Local zoning ordinances and regulations also

limit the number of people who can live in a unit. Family sized units, or housing units with three or more bedrooms, are more prevalent in the region's owner-occupied housing stock, most of which are financially out of reach for Southwood residents, than in the renter-occupied housing supply (85 percent and 42 percent respectively). Large household size therefore creates significant barriers to safe, decent and affordable housing for many Southwood families.

Steps to Prevent, Reduce or Eliminate Barriers

Meaningful steps HFHGC will take to address these identified barriers include:

- 1) Investing in a Distressed, Racially Segregated Neighborhood without Displacement: Like many physically distressed neighborhoods, Southwood is rich with a sense of community but has lacked capital investment and has physically been separated from its much more affluent surroundings. In fact, the Southwood neighborhood is currently in a designated Distressed Census Tract for Capital Magnet Funds with average household incomes well below the median income in the Metropolitan Statistical Area. Without investment, residents could see a pattern of generational disinvestment and poverty. Targeted, sustained investments in segregated, distressed neighborhoods utilizing local, state and federal resources is the only way to stem the tide. Southwood has proven that once market rate developers see a vision for a renewed neighborhood – one that is a neighborhood of choice appealing to the private sector. Southwood, with one completed phase, or Village, has proven that the vision of a new neighborhood complete with quality of life in mind such as community playfields and parks, walkable streets and connectivity to surrounding areas is appealing to everyone.

Unfortunately, without purposeful redevelopment committed to current resident non-displacement, such targeted redevelopments can end up leaving generations of low-income families displaced. Southwood's redevelopment is being completed with the goal of retaining current residents first.

- 2) Aggressive, Culturally Sensitive and Limited English Proficient (LEP) Persons Appropriate Outreach: HFHGC recognizes a multitude of challenges faced by the Southwood community which is over 80% Hispanic, many with LEP challenges. Bilingual staff knock on doors and flyer residents to ensure that each household is aware of opportunities, are kept informed, and are actively encouraged to participate in resident-led community design sessions. In addition to face-to-face outreach, HFHGC staff distribute informational flyers and applications for assistance in both Spanish and English and provide translation services at all community events and meetings.
- 3) Affordable Housing Costs: All residents that rent or purchase a Habitat home in redeveloped Southwood are guaranteed to pay no more than 30% of their monthly household income toward housing costs. Rents are subsidized through a multitude of local, state and federal funding sources and through a variety of mechanisms - subsidized rents, project based vouchers, tenant based vouchers, LIHTC apartments, etc. Similarly, a multitude of local, state and federal funding sources subsidize Habitat mortgages.

Qualified homebuyers will receive an affordable, 15-30-year, zero-interest mortgage from Habitat. The 0% interest is key to serving low and very low-income families as it not only saves families tens of thousands of dollars over the life of the mortgage, it is also key to lowering monthly payments, making them affordable ($\leq 30\%$ of HH monthly income) for very low-income families. A multitude of local, state and federal funds subsidize these mortgages to make them affordable for families. Closing costs are also eliminated as a barrier as they are heavily discounted and bundled into mortgages so families don't have to pay these costs upfront.

- 4) Down Payment Assistance: Habitat is committed to ensuring that the cost of entry to purchasing a home will not prevent our lowest income households from becoming homeowners. We recognize that 5, 10, 20% down payments are a huge barrier of entry for extremely low and very low-income households. Because Habitat is both the seller and the 1st mortgage lender, we are uniquely positioned to provide down payment options to our buyers that meet their needs. We require a minimum down payment of \$2,500, which can be paid over several months up until the time of closing. Financial coaches work closely with families to develop and maintain attainable spending and savings plans that ensure families are able to pay the down payment in a timely manner. Habitat also provides a matching incentive where buyers receive a one-for-one match for every dollar paid toward the down payment above the minimum \$2500.
- 5) Patient and Sustained Financial Coaching, Counseling and Education: HFHGC staff act as coaches, mentors and cheerleaders for Southwood residents, building trust and taking steps to show residents how they may access services and housing options. We also meet households where they are when they start in our homeownership program and then work with them for a sustained twelve plus month period to develop a plan with measurable goals and objectives in household budgeting, homebuyer preparation, employment options, and tax filing to prepare households to either buy a home or be prepared to rent in the redeveloped Southwood. As a HUD-approved agency, all Habitat coaches are HUD-certified housing counselors. All Habitat programs center on a strengths- and asset-based approach to financial empowerment. Financial coaching is an evidence-informed intervention in the field of self-sufficiency programming to help individuals achieve long-term financial success through a framework for clients to meet their goals. All Habitat coaches are trained and certified by NeighborWorks America and our curriculum is based on its nationally recognized financial coaching program (Urban Institute, 2015).
- 6) Produce Affordable Housing Typologies that Address Needs for Accessibility and Family Size: At Southwood, residents lead the design efforts indicating their desires and needs in the neighborhood tackling issues that span from density to parking to green space to house designs. As a result of this process, Southwood home designs in the redevelopment include three-bedroom homes with a fourth bedroom/flexible room on the first floor with an accessible full bathroom, full basements that can be finished for additional living space and accessory dwelling units for intergenerational families. All Habitat homes meet the requirements of visitability – zero-step entrance, doors with 32-inches of clear passage space, and first floor bathrooms – in all of our homes unless site conditions are

prohibitive. All Habitat homes in Southwood are visitable via a sidewalk in the front, to provide access to any person with mobility limitations: whether that is a person using a wheelchair, pushing a stroller, a delivery person carrying a heavy package, or a senior/person with a disability with other mobility issues related to moving one's feet. We anticipate that 100% of the homes being funded via this project will meet the requirements of visitability, and we will upfit the interior for any family requiring full accessibility to accommodate specific mobility and/or disability issues.

- 7) Off-Site Rehousing Support: For those who choose to leave, an onsite Rehousing staff member provides relocation services to facilitate successful transitions. Each household is interviewed to determine specific relocation needs and preferences, explain relocation options and other assistance which may be available, the related eligibility requirements, and next steps. Staff provide up-to-date information on availability and prices of comparable rentals in the area as well as connections to local realtors and affordable lenders for those interested in market rate ownership. The team works closely with property management to monitor redevelopment timelines and to ensure, proactively, that families have secured a permanent home elsewhere. Staff also provide non-housing services, including connection to community financial resources, health/mental health supports, legal, child care, and transportation services, and collaborate with schools and other social service agencies. Habitat also provides trailer owners up to \$7,000 to help cover the cost of moving trailers to private land or other local trailer parks.

Measures to Track Progress/Evaluate Effectiveness of Efforts to Advance Racial Equity

Habitat employs a number of methods and tools to track program performance and ensure that our services are having the intended impact on individuals and families. The rehousing team tracks all of our rehousing efforts in a shared real-time spreadsheet and dashboard that can be accessed 24 hours a day by any member of the team or leadership. Staff track several data points on families being served through our rehousing and financial empowerment services including demographics (household size, race/ethnicity, age, marital status, etc.) as well as detailed information on income, credit scores, assets, etc. A key metric we are tracking is retention rate of residents in the park. For those leaving the park, Habitat tracks information on the services received and whether families rented or purchased a home outside of the park.

For families in the Habitat homebuyer program, Habitat tracks "hard" financial measures, including income/wages, employment, credit scores, good/bad debt, spending and savings/assets. At several different points during the program - enrollment, annually, at the time of closing, and 12 months after closing-we administer 2 surveys that capture more qualitative financial information. The first is a robust questionnaire based on the National Foundation for Credit Counseling's Financial Literacy Survey that captures families' knowledge, skills, and implementation of savings, budgeting, credit card debt, and retirement (NFCC, 2019). The second is the Consumer Financial Protection Bureau's standardized Financial Well-Being Scale, a research-based survey that captures financial security and freedom (CFPB, 2018). Our compliance department tracks mortgage payment delinquencies, loan modification requests, and foreclosures.

These metrics are reviewed bi-annually by the Chief Partnership Officer, the senior leadership team and the Homeowner Council. The Homeowner Council is composed of 12 paid Habitat homeowners that provide regular input to staff and help co- create new programs and policies. This regular "360" review facilitates accountability for program performance as well as feedback and continuous quality improvement. Many of these metrics are in Habitat's Affiliate-wide performance dashboard, presented to the board of directors twice annually.

In the past, evaluation data have informed important decisions around programming and policies, including the creation of a Rehousing Coordinator position, expansion of homebuyer education courses, increasing the intensity of financial coaching supports, adding employment and other wrap-around supports, training staff on MI and Trauma-Informed Care, and improved home designs.

ATTACHMENT B – Affirmative Marketing

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

ATTACHMENT B –Affirmative Marketing Narrative

Habitat for Humanity of Greater Charlottesville

The Southwood neighborhood is located in Albemarle County and in Census Tract 113.02. With a population of 113,535, Albemarle County is 81.3% White, 9.7% Black, 5.8% Asian, 5.9% Hispanic, 1% other (Census Data, July 1, 2021). The median household income for a family of four in 2020 was \$84,643 with 61.5% in the labor force and 6.3% living in poverty (Albemarle County, Community Report, 2021). CT 113.02 in Albemarle County has a population of 4,695. Race and ethnicity reflect a higher percentage minority population with 52% White, 26% Hispanic, 11% Black and 1% Native American, 8% Asian, and 2% Two+ races (<https://censusreporter.org/profiles/14000US51003011302-census-tract-11302-albemarle-va/>). Median household income of CT 113.02 is lower than that of the rest of the County at \$63,200 with 24.4% persons living below the poverty line (<https://censusreporter.org/profiles/14000US51003011302-census-tract-11302-albemarle-va/>).

Southwood's mobile home park residents, the population prioritized for this project, present very different demographics for race and income levels compared to the broader population living in Albemarle County or the census tract. Eighty percent (80%) of households are Hispanic/Latinx, 14.8% White, and 4.6% Black. The primary language for 81.5% of Southwood households is Spanish. Southwood families are among the poorest when compared to other families in Charlottesville City, Albemarle County and census tract 113.02. According to a community-wide resident survey administered by Habitat in 2021, approximately 36% are extremely low-income with an annual income less than 30% of the Area Median Income (AMI), and 44% very low-income or between 30-50% AMI. Only 1% of Southwood families report annual incomes above the 80% of AMI. Laborers (construction, landscaping, agricultural work) and service workers (food, health services) make up the greatest percentage of occupations of employed residents, and they earn on average about \$2,000 per month. Southwood is a very entrepreneurial community with over 90 small business owners, many that operate informally. These businesses are spread across diverse sectors including restaurants, catering businesses, construction, landscaping/gardening, childcare, house cleaning, carpentry, painting, etc. The vast majority are employed but approximately 13% of adults were not employed, including retirees and disability recipients.

This community of nearly 1,350 residents is very family-focused and many households are multi-generational. The average household size is 3.4 people and 58% of households have children under 18. Although the majority of households have at least one foreign-born parent, many families immigrated to the US long ago and have lived in Southwood for decades. The majority, 57%, of residents have lived in Southwood for more than 10 years.

Homeownership is a strong value and preference for most Southwood residents - 90% of trailers are owner occupied and all residents pay a monthly pad rent of just \$320. Housing assessments indicate that 90% hope to own, rather than rent, their permanent home in redeveloped Southwood. However, low-income BIPOC populations have historically faced multiple barriers to healthy housing, homeownership and other wealth-building opportunities in the market. The

Credit Union National Association identified Latinos as one of the largest and most underserved populations in the country by mainstream financial institutions. Barriers to accessing homeownership in the broader community including language barriers, cultural/experiential barriers (such as negative past experiences with financial services in their home country that has created strong distrust of mainstream institutions), economic barriers (low-incomes combined with high interest rates and high home prices), and structural barriers (racism, discrimination, difficulty building credit scores, and predatory financial services).

Without grassroots outreach and purposeful efforts to reduce or eliminate typical barriers to participation, the current residents of the Southwood Mobile Home Park would be the population least likely to apply for housing in the redeveloped portions of Southwood. Habitat has extensive experience working with low and very low-income families, many of whom have lived in generational poverty and, due to decades of inequitable social policies, have been excluded from educational, housing and wealth-building opportunities. Habitat understands that a profound sense of disconnectedness and distrust impedes engagement with mainstream financial systems, public programs and non-profit agencies. As a result, there is often a severe lack of information or worse, misinformation, about available housing opportunities, services and resources that prevents or deters families from applying. Making housing opportunities truly accessible to marginalized community members begins with an equity-focused outreach process. This is why Habitat invests heavily in targeted, community-based, personal outreach strategies that meet people where they are - physically, mentally, financially, linguistically, etc.

The team includes two bilingual (English/Spanish) outreach specialists that spend significant time in the neighborhood, engaging residents, building trust, and inspiring them to apply for a Habitat home. Habitat uses multiple outreach methods - door-knocking, posting flyers on residents' doors, partnering with churches and trusts service agencies, hosting monthly information meetings on-site as well as several community-wide engagement events throughout the year. Southwood services staff - property managers, community engagement staff and financial coaches - are located on-site and available 8am - 530pm, and many work nights and weekends to accommodate resident work schedules. As Spanish is the primary language for the majority (~80%) of residents, Habitat staff working in Southwood are bilingual, including 6 native Spanish speakers. All written documents and communications - letters, flyers, facebook postings, text messages, social media communications, official documents, assessments, etc. - are provided in both Spanish and English. Similarly, all meetings - one-on-one resident meetings, community meetings, classes, information sessions, etc. - provide English/Spanish translation and two staff are trained in simultaneous translation.

Community engagement and outreach processes are layered and follow a highly structured timeline. Habitat developed a redevelopment map that carves out 11 distinct sections or "villages" across the trailer park. This map, and an associated timeline, determines the timing and path of construction activities across the different sections of the park. While broader communication about the redevelopment process and ongoing community engagement activities span the entire park, staff conduct targeted outreach efforts in villages that are in the immediate path of construction as these trailer households are most at risk of displacement without a housing plan. Habitat's goal is to move families directly out of

trailers and into their new permanent homes in redeveloped Southwood, avoiding temporary rehousing. In order to make that happen, resident housing and financial assessments begin well in advance (18-24 months) of construction activities, especially if families are hoping to purchase a home and be mortgage ready by the time their trailers need to be cleared and their new home is ready for occupancy.

Informal outreach activities are conducted (flyering, door-knocking, texting, phone calls, etc.) in villages initially to inform residents of upcoming redevelopment activities and about various housing opportunities in redeveloped Southwood. This stage often requires multiple outreach attempts through multiple channels of communication. Once residents engage, staff conduct a comprehensive assessment to determine the families' housing and financial needs and preferences. Residents wishing to purchase then go through a Habitat loan pre-qualification process which determines the loan amount that they can qualify for to purchase a Habitat home. Residents then work with a financial coach to develop a financial action plan that guides them through the next several months to achieve certain milestones that would lead to a successful approval for the loan and/or action steps they need to take to increase their purchasing power. Due to a large informal cash economy that operates in Southwood and the fact that many residents hold multiple jobs, many residents do not have proper documentation to prove their full income. Unscrupulous and predatory tax preparers that target Southwood residents worsen the situation by under-reporting residents' incomes in order to maximize tax returns, from which they receive a cut. Habitat staff educate and train residents on how to properly track income and expenses and connect them with honest tax professionals to ensure a successful loan application process.

Without these extensive outreach activities, including financial empowerment services, Southwood residents would not be able to access the benefits of housing and homeownership in redeveloped Southwood.

**ATTACHMENT C –
Affirmatively Furthering Fair
Housing**

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

ATTACHMENT C –Affirmatively Furthering Fair Housing (AFFH) Narrative

Habitat for Humanity of Greater Charlottesville

The Southwood project strives to be a national model of equitable trailer park preservation and revitalization and how communities can affirmatively further fair housing. The project is in partnership with residents to transform a racially and ethnically concentrated area of poverty into a thriving, integrated, mixed-income community of opportunity without displacing any of the original households. Some specific strategies, actions, and features of the Southwood project that achieve these goals include:

Resident-led design process

Southwood is a national model for redeveloping “with” rather than “for” low-income communities. Residents have spent years learning about architecture, engineering, finance, entitlement, Homeowners Association (HOA) management, and more in order to plan every element of their community. For the last five years, more than 200 community residents have designed the first three mixed-income villages. Eventually, there will be 11 villages at Southwood, each one completely designed by the group of residents who will live in them.

Housing Choice and Affordability

Habitat’s affordability model is critical to ensuring equitable access to high-quality housing opportunities for low-income residents, particularly People of Color and individuals with disabilities on fixed incomes. It is offering 19 distinct affordable housing choices, inclusive of affordable purchase and rental options for even the lowest-income households. Habitat’s mortgage and rent structures ensure affordability throughout the entire tenancy of each homeowner and renter, guaranteeing that total household expenses never exceed 30% of a household’s gross income. This is critical as it guarantees low-income families’ ability to afford their home in the event of changes in taxation, utility rates, etc. This project will therefore not risk cost burdening of low-income families as Habitat is responsible for all subsidies to ensure long-term affordability.

Habitat’s robust continuum of housing options ensures true housing choice to meet the diverse and special needs of many Southwood families - elderly, disabled, multi-generational, extremely low-income - that face severely limited options on the market. Housing products include everything from single-level, ADA accessible condominium units to single family homes with Accessory Dwelling Units to accommodate large families. The regional Impediments to Fair Housing Analysis (March 2019) noted that refugee and Latino families, which tend to have large families, have experienced discrimination from property owners and local zoning ordinances and regulations also limit the number of people who can live in a unit.

Community Engagement, Financial Empowerment and Rehousing Services

Financial empowerment is also a central focus of Habitat’s programming. To realize the long-term benefits of homeownership, low-wealth families need more than just an affordable home and mortgage—they need support in transforming their financial capacity, knowledge and habits. The program offers a suite of supportive services based on families’ rehousing plans. All

homebuyers work through a 8-12-month program that prepares them for long-term success. This includes monthly one-on-one financial coaching on goal setting, budgeting, saving, debt reduction, credit repair, job navigation, tax filing and loan pre-qualification. Families complete group classes that cover mortgages, HOAs, home maintenance and community building. Tax filing support is a critical service for the community where 70% of residents are engaged in some form of self-employment but profit-and-loss tracking is not standard practice. The community is a target for many unscrupulous tax return preparers that apply shady practices that maximize a clients' refund by underreporting income or overreporting expenses, which not only puts families at risk for tax penalties but also endangers their ability to qualify for a mortgage.

For those who choose to leave, an onsite Rehousing staff member provides relocation services to facilitate successful transitions. Each household is interviewed to determine specific relocation needs and preferences, explain relocation options and other assistance which may be available, the related eligibility requirements, and next steps. Staff provide up-to-date information on availability and prices of comparable rentals in the area as well as connections to local realtors and affordable lenders for those interested in market rate ownership. The team works closely with property management to monitor redevelopment timelines and to ensure, proactively, that families have secured a permanent home elsewhere. Staff also provide non-housing services, including connection to community financial resources, health/mental health supports, legal, child care, and transportation services, and collaborate with schools and other social service agencies. Habitat also provides trailer owners up to \$7,000 to help cover the cost of moving trailers to private land or other local trailer parks.

These actions are consistent with and support the following proposed goals and strategies included in the Thomas Jefferson Planning District Commission's Impediments to Fair Housing Analysis and Analysis of Fair Housing Plan published in (March, 4, 2019):

1. Provide and support workforce programs to improve job skills, assist in job placement and promote entrepreneurship.
2. Provide and support credit repair programs, housing counseling programs. Utilize lease to own options within the HOME program.
3. Identify effective ways for local government, fair housing advocates and financial lenders to increase ownership amongst LMI minority households. Activities include support for agencies that provide HUD-Certified Counseling Training for prospective homeowners (credit counseling, pre/postpurchase education), increasing lending, credit and banking services to LMI and minority households, and support increased marketing and outreach efforts of affordable, fair mortgage products.
4. Empower and encourage individuals and families from diverse racial and socio-economic backgrounds to set and meet their financial and housing goals by enhancing the impact and reach among African American households with regards to financial capability and home ownership.
5. Include basic accessibility features in new home construction.
6. Reduce cultural and linguistic barriers to housing access by supporting agencies that provide services and resources to persons with language and cultural barriers.
7. Actively engage diverse residents and representatives that support diverse populations in discussions related to local government plans, policies, and programs.

ATTACHMENT D – Eligible Applicants Documentation

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

ATTACHMENT D –Eligible Applicants Documentation
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Habitat for Humanity of Greater Charlottesville

Per the NOFO, applicants “may implement a grant award by means of subawards to subrecipients to carry out PRICE program activities. Such applicants must provide evidence of collaboration between the parties.”

Habitat for Humanity of Greater Charlottesville is not proposing to implement PRICE activities proposed herein in collaboration with subawardees or subrecipients - As such, ***this attachment is not applicable to this proposal.***

ATTACHMENT E – Evidence of Partnership Letters

**Habitat for Humanity of Greater
Charlottesville (HFHGC)**

ATTACHMENT E – Evidence of Partnership Letters

Habitat for Humanity of Greater Charlottesville

Habitat for Humanity of Greater Charlottesville (HFHGC) is not proposing to implement PRICE activities proposed herein via partnerships. HFHGC is the sole applicant responsible for all proposed activities. *As such, this attachment is not applicable to this proposal.*