



THE NORTHERN VIRGINIA AFFORDABLE HOUSING ALLIANCE

HOUSING TRUST FUND AND CDBG
REPORT

DEC 2023 // PREPARED FOR THE CITY OF MANASSAS

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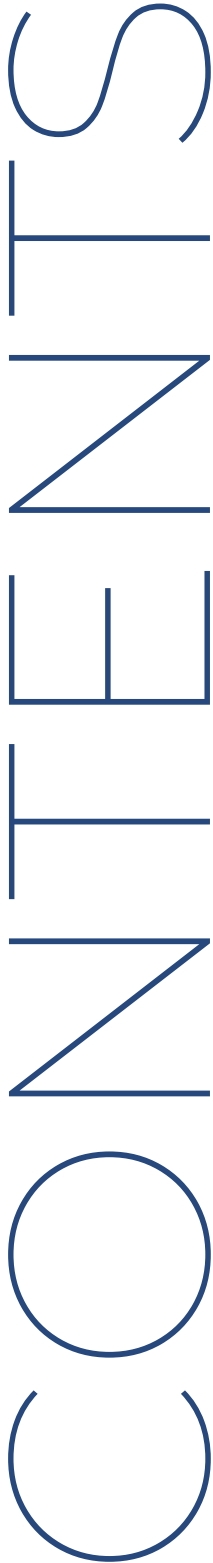
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MISSION

The mission of the Northern Virginia Affordable Housing Alliance is to promote healthy, sustainable and equitable communities that meet the diverse housing needs of Northern Virginia residents.

VISION

We envision a future in which Northern Virginia provides housing opportunities for all regardless of income, race, age, sexual orientation, gender identity, citizenship or disability status; in which no household is forced to forgo food, health care, or other essential services to pay their housing expenses; in which budget priorities and policy tools are leveraged to promote affordable housing development, and housing policies are crafted and implemented using an equity framework and an anti-racist lens.

ACTIVITIES

- Advocating for public policies and adequate financial investments to develop and preserve housing that's affordable;
- Calling for the deconstruction of land use systems and policies that perpetuate inequities, and the allocation of resources to address the disparities created by these systems;
- Building political will to advance affordable housing through better understanding of the interplay between housing, health, equity, and economic development;
- Partnering with underserved communities to lift their participation in our civic discourse;
- Conducting research and providing technical assistance on housing needs and policies to promote inclusive, equitable communities in Northern Virginia.

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EXECUTIVE SUMMARY

As the City of Manassas plans for their continued growth and development, housing for residents has become a stronger area of focus. A series of factors have aligned to create pressure on the housing market, and the regional economic prosperity enjoyed by Northern Virginia could be disrupted by this growing housing shortage. These challenges include a shortage of housing units to meet the growing population demands, restrictive land use policies that prohibit new construction, labor shortages and rising costs in the construction industry, and skyrocketing mortgage interest rates.

As the City Council considers various strategies to address both housing supply and housing affordability, they are seeking guidance on financial tools and land use strategies utilized by many neighboring jurisdictions to tackle this issue. For housing costs, that means that housing is affordable when a household can pay their rent or mortgage and have money left for food, transportation, healthcare and childcare if needed. While not the official US Department of Housing and Urban Development (HUD) definition of housing affordability, we believe that this is a practical definition that facilitates community discussions of residential development, and can be understood by all.

This report, by the Northern Virginia Affordable Housing Alliance (NVAHA), provides a summary analysis of demographic and income data for city residents and workers, and basic information related to housing supply. This includes an inventory of types of housing, the age of existing housing stock and average housing costs for both renters and homeowners.

We examine the elements of a Housing Trust Fund, a flexible financial resource that can be used to provide affordable rental or ownership opportunities for moderate income households. Finally, we identify regulatory policies and land use strategies which, when used in conjunction with a housing trust fund, can maximize the fund's impact to advance adopted housing objectives.

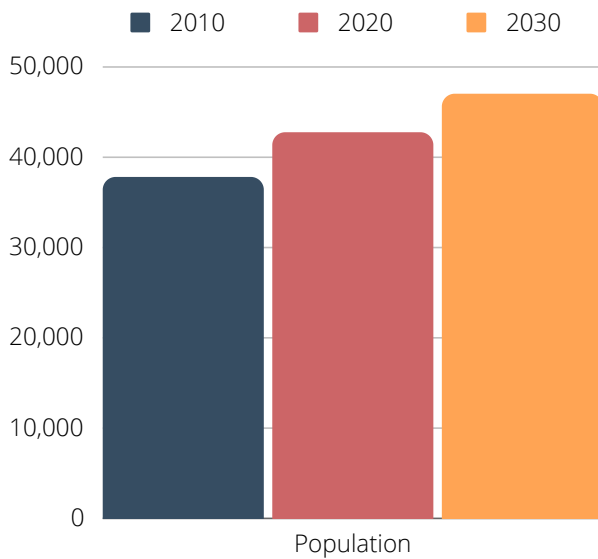
This report also offers an analysis of the advantages and disadvantages of remaining in partnership with Prince William County regarding the allocation of federal CDBG funds. Recommendations for options that support the greatest benefit to City residents are provided.

SUMMARY OF RECOMMENDATIONS

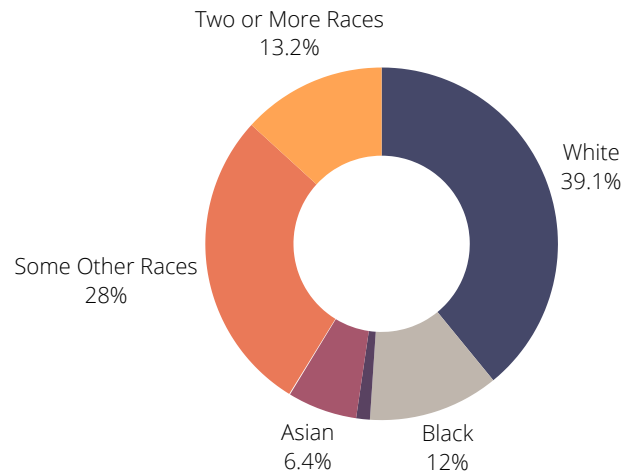
- Expand the existing Housing Trust Fund (HTF) and provide a dedicated source of revenue.
- Utilize publicly owned sites for housing or to co-locate housing with public facilities.
- Redevelop underutilized commercial or industrial zoned sites.
- Adopt development fee waivers.
- Provide density bonus and parking reductions to incentivize affordability goals.
- Adopt an Affordable Dwelling Unit (ADU) ordinance.
- Maintain current relationship with Prince William County regarding CDBG fund allocations to the City.
- Create a Housing Coordinator staff position to administer the HTF, act as a liaison for state housing programs, and coordinate housing related activities with Prince William County and the City of Manassas Park.

DEMOGRAPHIC AND INCOME CHARACTERISTICS (ACS DATA)

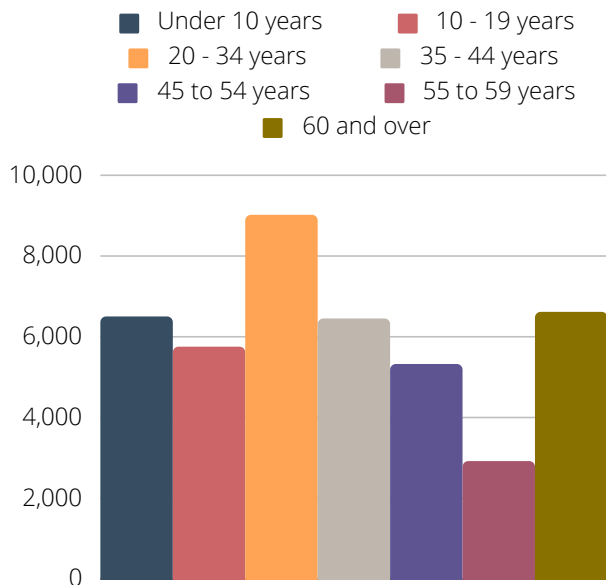
The City's population is expected to increase over the next decade. The current population of 42,772 is predicted to increase by 9%, or 47,039, by 2030.



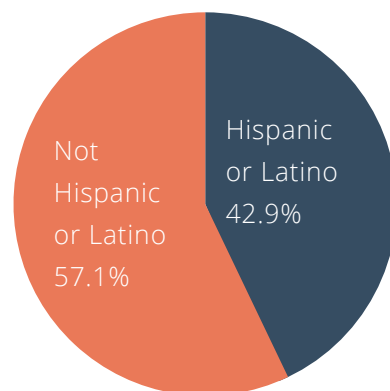
Manassas has a diverse racial distribution, with the largest group being White (16,717), followed by Some Other Races (11,975), Two or More Races (5,655), Black (5,124), Asian (2,729), American Indian (536), and a smaller representation of Native Hawaiian (36).



According to Census data, 34.5% of the population is 18 yrs old or younger and 10.4% are age 65 or older. The median age for City residents is 35 yrs old.

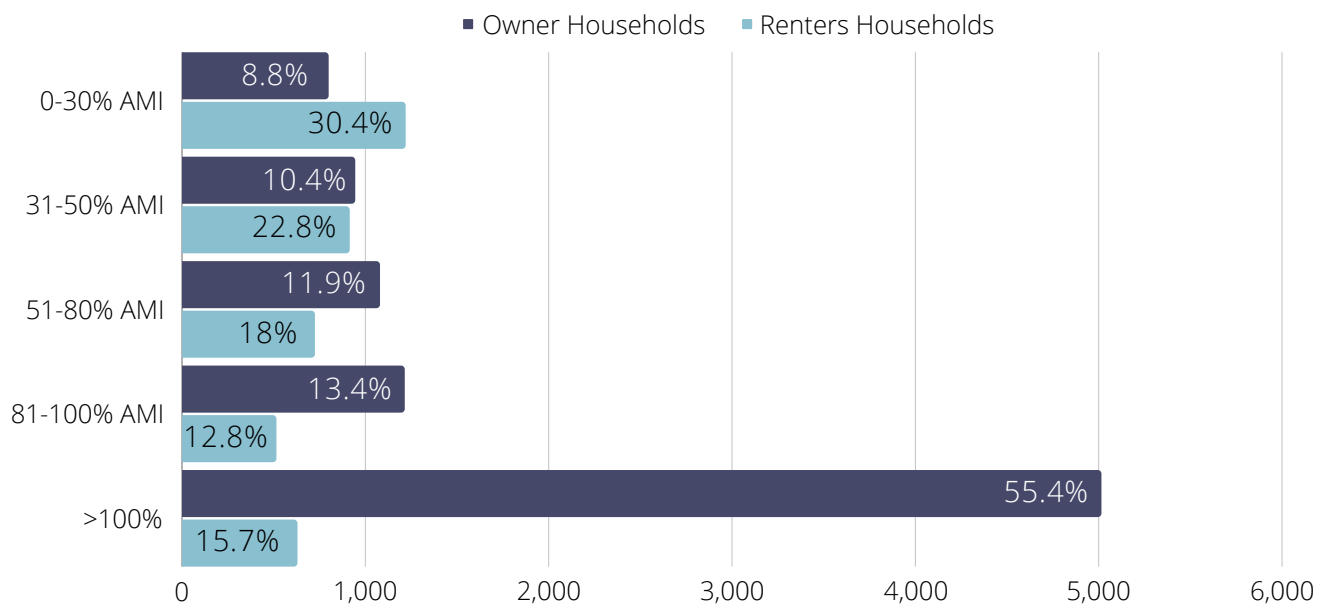


There are a substantial number of individuals who identify as Hispanic or Latino, with 18,345 individuals falling into this category. The majority of the population, specifically 24,427 individuals, identifies as not Hispanic or Latino.



INCOME DISTRIBUTION (HUD DATA)

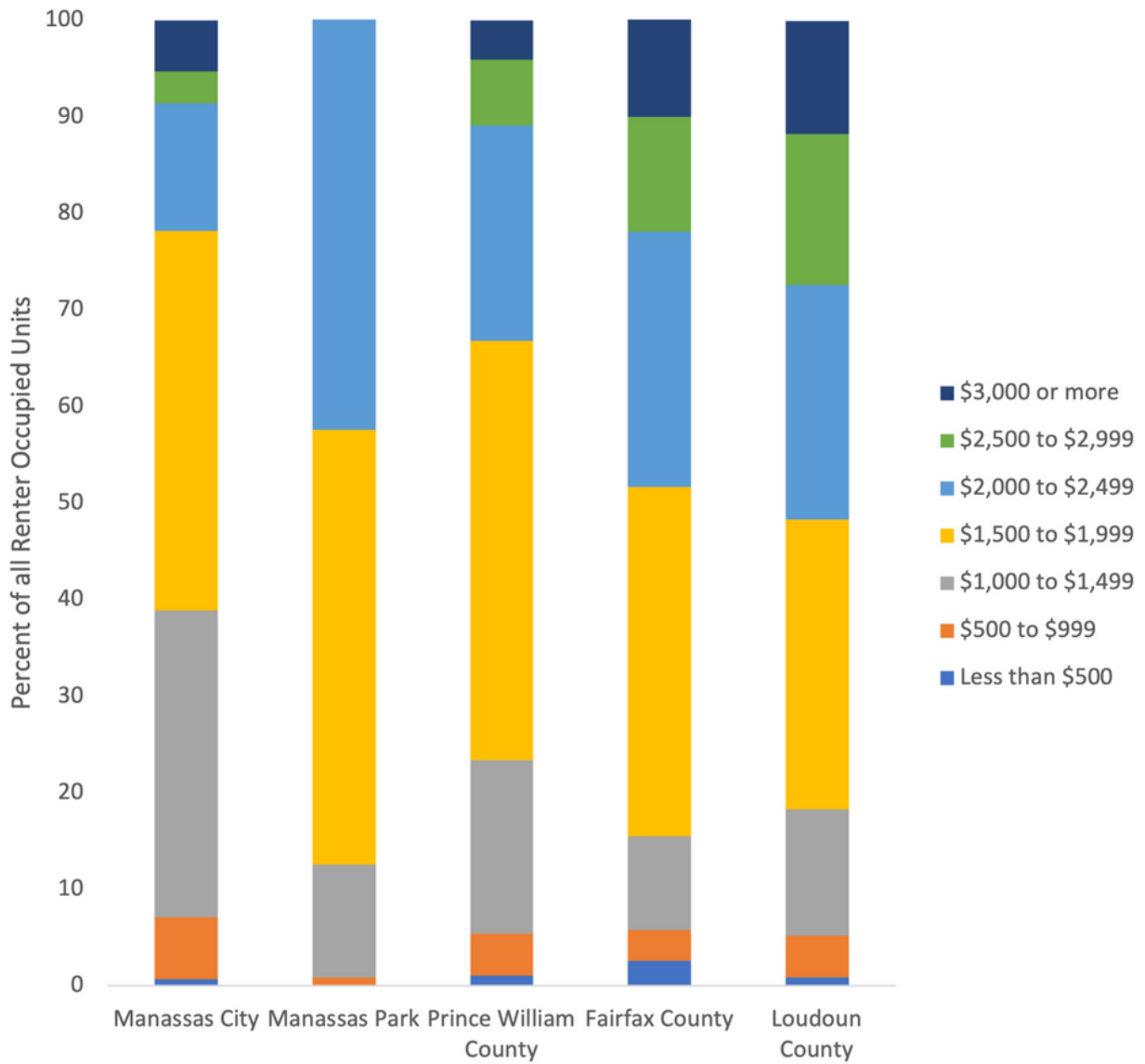
In Manassas, there is a notable contrast in income distribution between renters and homeowners. A significantly higher percentage of renters falls within the 0-30% of the Area Median Income (AMI) category, while a greater proportion of homeowners earns more than 100% AMI. While the median household income is \$101,934, 5.6% or 2,395 persons are in poverty, as determined by Census data methodology that calculates money income before taxes.



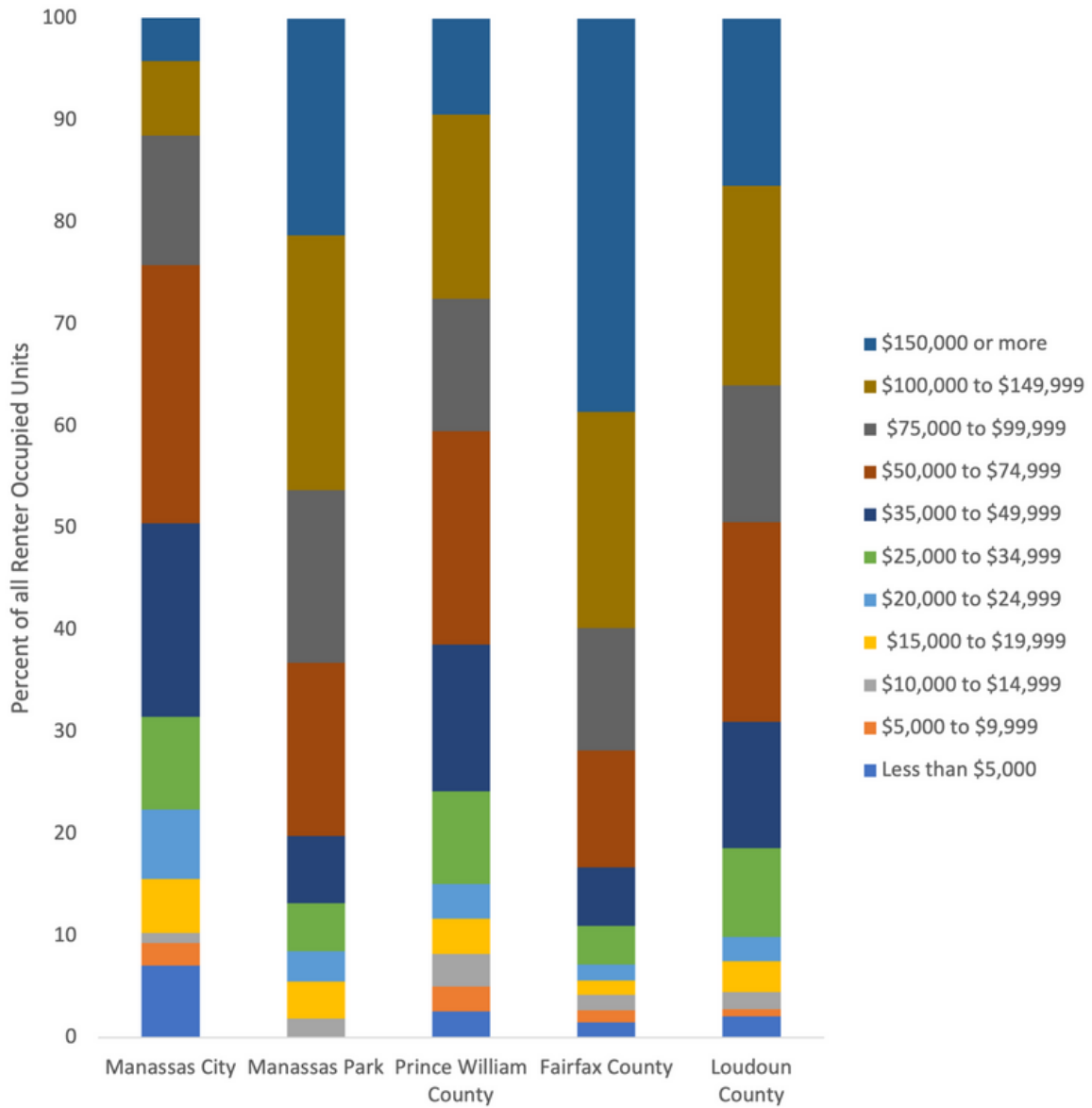
Manassas has the lowest median monthly rent at \$1,641, when compared to other jurisdictions. Although the median monthly rent is low, a significant number of renter households in Manassas (30.4%) earn 0 - 30% of the area median income.

It is worth noting that Manassas has the highest percentage of low income households in comparison to neighboring jurisdictions. Specifically, 22.4% of households in the City earn less than \$25,000 annually. This suggests a scarcity of affordable rental options available for households with varying income levels, potentially leading to a substantial number of housing cost-burdened renters.

Gross Rent (2021 ACS)



Household Incomes (2021 ACS)



WORKFORCE HOUSING NEEDS

On September 7, 2023, the City of Manassas had 19 active job listings, each including salary information. Based on methodologies by the National Low Income Housing Coalition and Terwilliger Center, NVAHA conducted a brief wage analysis to identify who can afford to call Manassas their home.

The data show that 36.84% of the applicants for these government positions, or 7 individuals, do not meet the income qualifications for renting a 1-bedroom unit at the Fair Market Rent of \$1,615 in the City of Manassas:

- Human Services Assistant
- Public Safety Communications Specialist I
- Deputy Registrar*
- Police Cadet (Part-time)
- Police Officer I
- Water & Sewer Utility Worker
- Airport Maintenance Worker/Technician I*

Furthermore, 63.16% of the applicants, totaling 12 candidates, fall short of meeting the income requirements for renting a 2-bedroom unit at the Fair Market Rent of \$1,838 in the City of Manassas. Based on the median home sales price, none of the positions listed offer a salary that would meet the criteria for homeownership in the City.

Over the past year, the Manassas City Public Schools faced hiring challenges, as 16 teacher candidates were not selected primarily due to housing-related concerns. According to Ray Singletary, Supervisor of Teacher Talent and Recruitment at Manassas City Public Schools, a significant portion of these candidates were recent college graduates. The starting teacher salary, set at \$54,742, coupled with the cost of renting a one-bedroom apartment, ranging from \$1,500 to \$2,000, as well as the burden of student loans, created a situation where these candidates expressed apprehension about their ability to maintain a comfortable standard of living in the City.

WAGE ANALYSIS

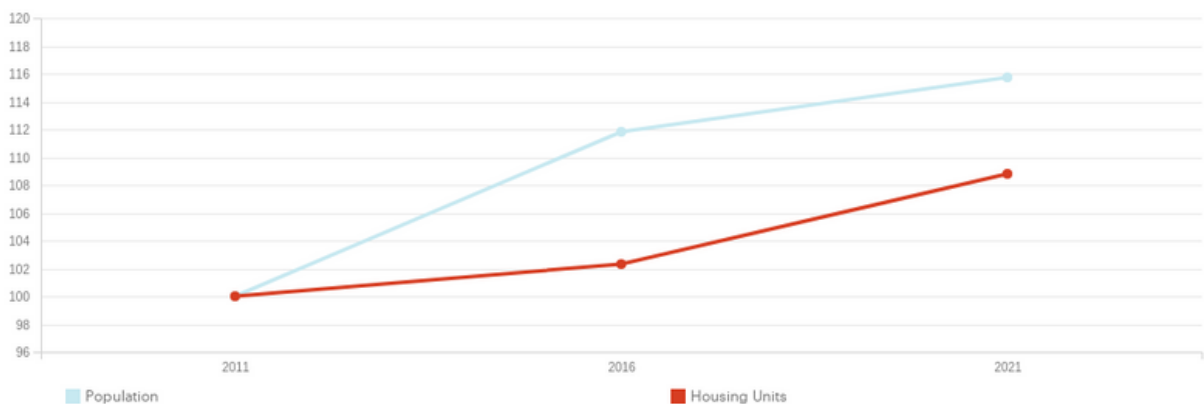
| Bedrooms | Fair Market Rent | Qualifying Income |
|-----------------|-------------------------|--------------------------|
| 1 Bedroom | \$ 1,615 | \$ 64,600 |
| 2 Bedroom | \$ 1,838 | \$ 73,520 |
| 3 Bedroom | \$ 2,299 | \$ 91,960 |

| Occupation | Posted Salary | 1 Bedroom Qualified? | 2 bedroom Qualified? | 3 Bedroom Qualified? |
|--|----------------------|-----------------------------|-----------------------------|-----------------------------|
| Human Services Assistant | \$45,344.00 | No | No | No |
| Human Resources Coordinator* | \$65,426.40 | Yes | No | No |
| Benefit Programs Specialist II* | \$65,426.40 | Yes | No | No |
| Public Safety Communications Specialist I | \$52,478.40 | No | No | No |
| Deputy Registrar* | \$53,851.20 | No | No | No |
| Administrative Coordinator - Social Services* | \$65,426.40 | Yes | No | No |
| Firefighter BLS* | \$64,871.04 | Yes | No | No |
| Family Services Specialist II (Foster Care)* | \$83,511.90 | Yes | Yes | No |
| Police Cadet (Part-time) | \$22,770.80 | No | No | No |
| Assistant Director/Coordinator - Economic Development* | \$97,541.60 | Yes | Yes | Yes |
| Firefighter ALS* | \$76,876.80 | Yes | Yes | No |
| Family Services Specialist III (CPS)* | \$87,682.40 | Yes | Yes | No |
| Police Officer I | \$62,628.80 | No | No | No |
| Electric Line Technician 1st Class* | \$92,081.60 | Yes | Yes | Yes |
| Water & Sewer Utility Worker | \$41,121.60 | No | No | No |
| Police Officer - VA Certified Lateral* | \$77,282.40 | Yes | Yes | No |
| Water & Sewer Utility Technician III* | \$68,691.80 | Yes | No | No |
| Family Services Specialist II (APS)* | \$85,924.80 | Yes | Yes | No |
| Airport Maintenance Worker/Technician I* | \$44,574.40 | No | No | No |

Note: *Job Postings from Linked-In as of September 7, 2023 - Job listings were specific to Manassas City Government. Median calculation was conducted for job postings with salary range listed (marked as *). Part - time hourly positions are calculated to equal annual wage. Assumptions were made for part time workers that they work 29 hours per week.

RELATIVE GROWTH OF POPULATION, EMPLOYMENT AND HOUSING STOCK (INDEXED)

In Manassas, between 2011 and 2021, the population outpaced the growth of housing units. The change in the total number of housing units of 8.8% lagged behind the 15.7% increase in the population. Over a similar period, from 2009 to 2019, the number of jobs in Manassas increased by 14.5%. When the number of jobs is rising faster than the housing stock is expanding, the excess demand pressure can cause housing prices and rents to rise and traffic congestion to increase as employees move outside the city.



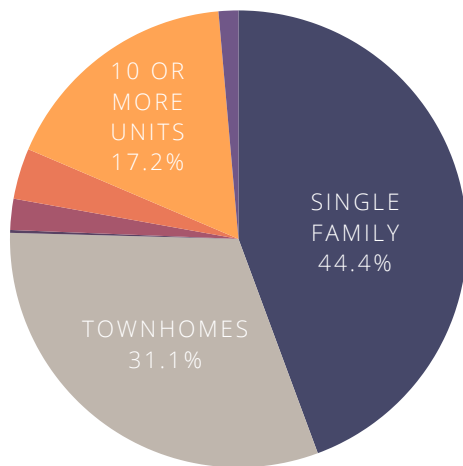
Note: Large variations over time may be due to small population groups.

Source: [Census LEHD](#) ⓘ
2007-2011 - 2017-2021 Data Contains: 1 City ([show](#))
2009 - 2019 Data Contains: 1 City ([show](#))

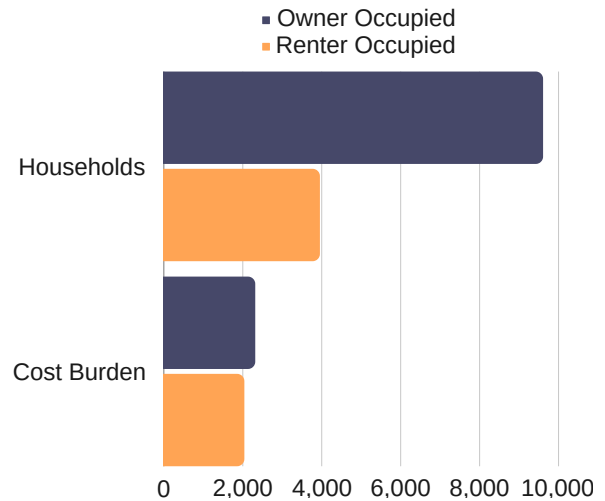
POLICYMAP

HOUSING INVENTORY, TYPE, AND AGE OF HOUSING STOCK (ACS DATA)

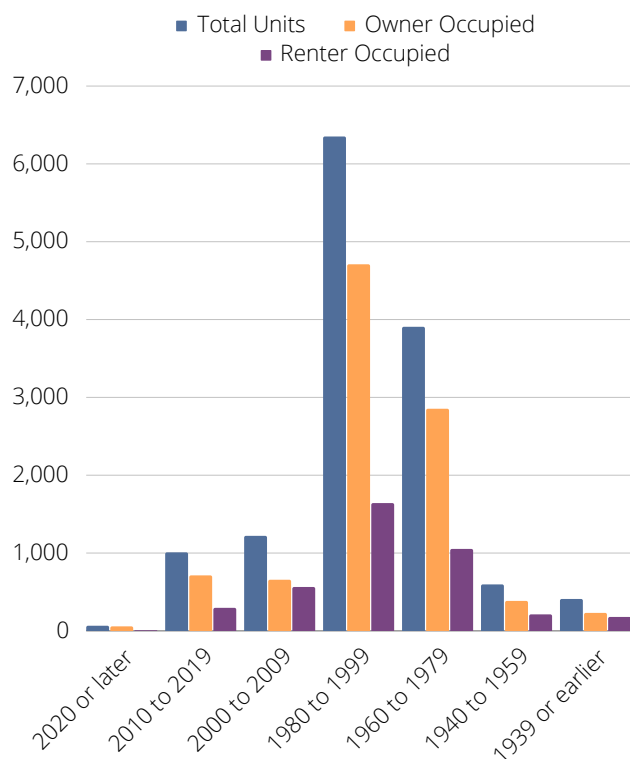
In 2020, Manassas had a total of 14,365 housing units, with 97.4% or 13,983 occupied. Single family detached homes represent 44.4% of housing units, 31.1% are single family attached, and the remaining inventory is multi-family housing units 3+.



Renter households occupy 30% of the housing units and owner-occupied households are at 70% of housing units. Despite the lower proportion of renter households in the City, data indicate that 51.6% of renters experience housing cost burdens, whereas only 24.1% of homeowners face similar challenges. This underscores the pressing need for more affordable housing options to support renters in the city.



The age of the current housing stock skews older, with most units falling between 24 and 40 years old. This could have implications for preservation strategies or neighborhood revitalization programs that might be considered.

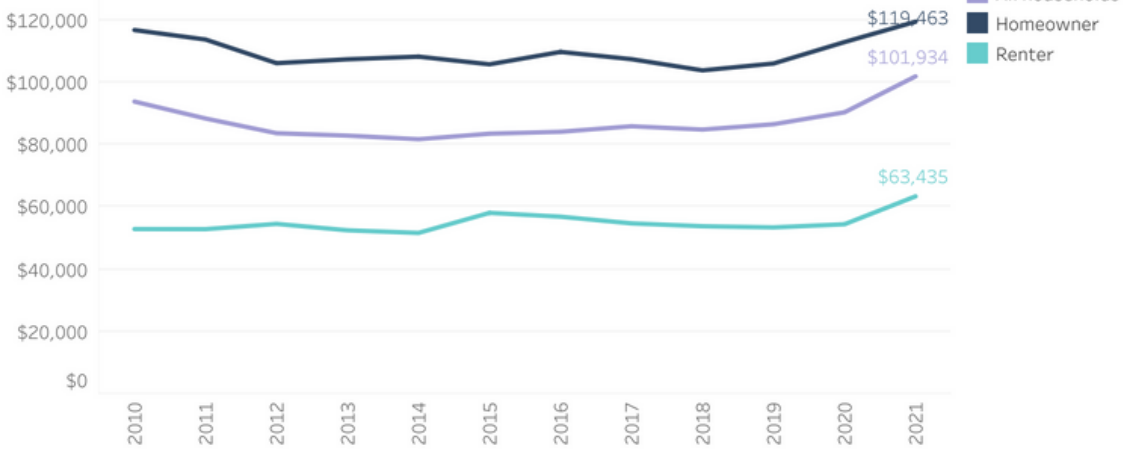


MEDIAN SALES PRICE, RENT DISTRIBUTION, ANNUAL BUILDING PERMITS HOUSING

In Manassas, the median income for homeowners stands at \$119,456, while renters have a substantially lower median income of \$63,435, marking a striking 61.26% difference between two groups. This disparity in income levels significantly impacts housing affordability in the city.

Median household income by tenure

Median household income in 2021 inflation-adjusted dollars



Source: U.S. Census Bureau, American Community Survey, 2010-2021 5-year estimates, Table B25119.

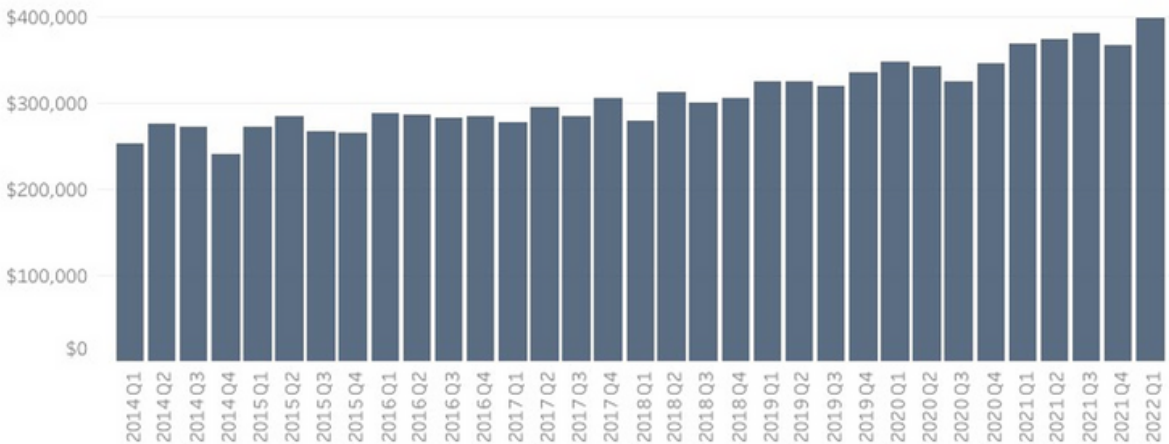


The rising median sales price of homes further creates a barrier to homeownership, particularly for lower income households.

Median sales price

Select locality:
Manassas City

Median single-family home sales price for Manassas City

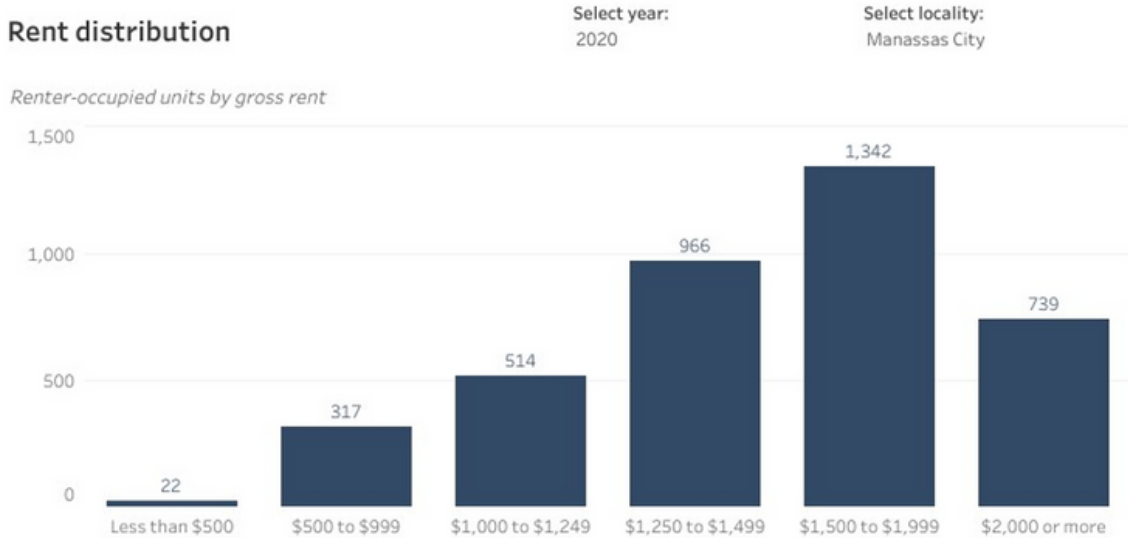


Source: Virginia REALTORS®.

Notes: Quarters with fewer than 5 sales are excluded to avoid unreliable median values.



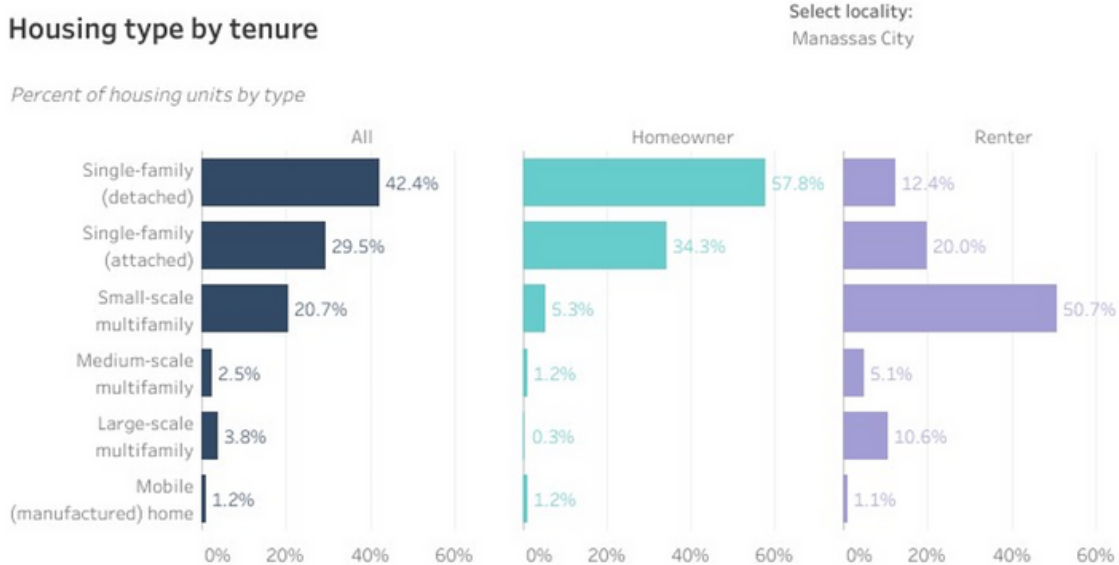
Rent distribution for the existing housing stock tends to skew toward the higher end of the spectrum. With 43.51% of renters earning less than 80% of the area median income, or \$95,300 for a family of 4, (see Income Distribution), a sizable proportion of residents find themselves unable to afford the market rate rent, amplifying the shortage of affordable housing options.



Source: U.S. Census Bureau, American Community Survey, 2010-2020 5-year estimates, Table B25063.



Additionally, the housing landscape in the city predominantly consists of single-family homes, further limiting options for those seeking alternative housing types that might be more affordable.



Source: U.S. Census Bureau, American Community Survey, 2015-2019 5-year estimates, Table B25032.



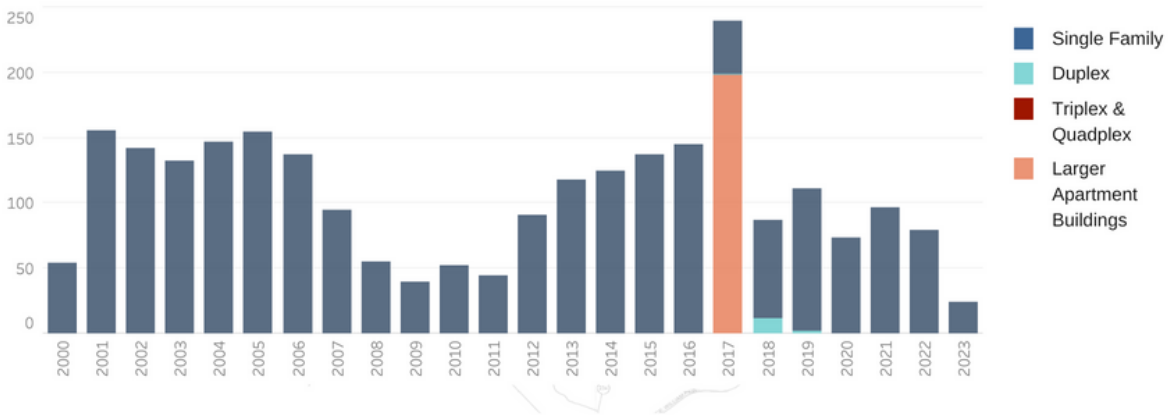
In the past decade, the issuance of building permits in Manassas has predominantly favored the construction of single-family homes. This pattern further underscores the challenges faced by residents seeking diverse, potentially more affordable housing options beyond what is currently available in the inventory.

Annual building permits by structure type

Select structure type(s):
All

Select locality:
Manassas City

Annual building permits issued from 2000 through April 2023



Source: U.S. Census Bureau, Building Permits Survey.



The Analysis of Naturally Occurring Affordable Housing within the [Prince William County Comprehensive Plan Update](#) offers additional insights into the rental landscape in Greater Manassas submarket, which includes the City of Manassas, the City of Manassas Park, Bull Run, Sudley, and Loch Lomond.

Only 38% of the affordable rental units, catering to households earning at or below 50% of the Area Median Income (AMI), are situated in the Greater Manassas submarket. Further, the demand for rental units affordable to households earning at or below 30% of AMI is notably high in the Greater Manassas submarket. However, the supply falls significantly short, meeting only 17.9% of the demand in the Greater Manassas submarket.

Given the broader geographic scope and age of the data (2019) covered in the report cited, a more detailed analysis specific to City of Manassas is crucial to fully comprehend the surplus and gaps in demand for affordable housing within its borders.

| AMI Threshold | Upper Income Limit | Max. Affordable Monthly Rent | Rental Supply (No. of Renter-Occupied Units with Cash Rents) | | Rental Demand (No. of Renter Households) | | Supply as a % of Demand | |
|---|--------------------|------------------------------|--|---------------|--|---------------|-------------------------|--------|
| | | | Count | Percent | Count | Percent | Gap | Count |
| County Total (Quantico Excluded) | | | | | | | | |
| Total | | | 41,542 | 100.0% | 42,656 | 100.0% | -1,114 | |
| 30% of AMI (Extremely Low Income) and Below | \$ 32,800 | \$ 820 | 1,595 | 3.8% | 9,525 | 22.3% | -7,930 | 16.7% |
| 31%-50% of AMI (Very Low Income) | \$ 54,600 | \$ 1,365 | 8,491 | 20.4% | 8,398 | 19.7% | 93 | 101.1% |
| 51%-80% of AMI (Low Income) | \$ 69,850 | \$ 1,746 | 12,475 | 30.0% | 5,211 | 12.2% | 7,264 | 239.4% |
| 81%-100% of AMI | \$ 109,200 | \$ 2,730 | 16,562 | 39.9% | 9,298 | 21.8% | 7,264 | 178.1% |
| 101%-120% of AMI | \$ 131,040 | \$ 3,276 | 1,492 | 3.6% | 3,145 | 7.6% | -1,753 | 46.0% |
| 121% of AMI and Above | | | 927 | 2.2% | 6,979 | 16.4% | -6,052 | 13.3% |
| Northwest | | | | | | | | |
| Total | | | 3,706 | 100.0% | 3,846 | 100.0% | -140 | |
| 30% of AMI (Extremely Low Income) and Below | \$ 32,800 | \$ 820 | 81 | 2.2% | 414 | 10.8% | -333 | 19.6% |
| 31%-50% of AMI (Very Low Income) | \$ 54,600 | \$ 1,365 | 133 | 3.6% | 467 | 12.1% | -334 | 28.5% |
| 51%-80% of AMI (Low Income) | \$ 69,850 | \$ 1,746 | 709 | 19.1% | 417 | 10.8% | 292 | 169.9% |
| 81%-100% of AMI | \$ 109,200 | \$ 2,730 | 1,943 | 52.4% | 947 | 24.6% | 996 | 205.3% |
| 101%-120% of AMI | \$ 131,040 | \$ 3,276 | 490 | 13.2% | 384 | 9.1% | 142 | 140.7% |
| 121% of AMI and Above | | | 350 | 9.4% | 1,253 | 32.6% | -903 | 27.9% |
| Greater Manassas | | | | | | | | |
| Total | | | 14,096 | 100.0% | 14,471 | 100.0% | -375 | |
| 30% of AMI (Extremely Low Income) and Below | \$ 32,800 | \$ 820 | 698 | 5.0% | 3,910 | 27.0% | -3,212 | 17.9% |
| 31%-50% of AMI (Very Low Income) | \$ 54,600 | \$ 1,365 | 3,137 | 22.3% | 3,340 | 23.1% | -203 | 93.9% |
| 51%-80% of AMI (Low Income) | \$ 69,850 | \$ 1,746 | 5,081 | 36.0% | 1,886 | 13.0% | 3,195 | 269.4% |
| 81%-100% of AMI | \$ 109,200 | \$ 2,730 | 4,951 | 35.1% | 2,830 | 19.6% | 2,121 | 175.0% |
| 101%-120% of AMI | \$ 131,040 | \$ 3,276 | 88 | 0.6% | 831 | 5.7% | -743 | 10.6% |
| 121% of AMI and Above | | | 141 | 1.0% | 1,674 | 11.6% | -1,533 | 8.4% |
| Central PWC | | | | | | | | |
| Total | | | 1,688 | 100.0% | 1,836 | 100.0% | -148 | |
| 30% of AMI (Extremely Low Income) and Below | \$ 32,800 | \$ 820 | 85 | 5.0% | 481 | 26.2% | -396 | 17.7% |
| 31%-50% of AMI (Very Low Income) | \$ 54,600 | \$ 1,365 | 421 | 24.9% | 190 | 10.4% | 231 | 221.4% |
| 51%-80% of AMI (Low Income) | \$ 69,850 | \$ 1,746 | 248 | 14.7% | 192 | 10.4% | 56 | 129.5% |
| 81%-100% of AMI | \$ 109,200 | \$ 2,730 | 633 | 37.5% | 451 | 24.6% | 182 | 140.4% |
| 101%-120% of AMI | \$ 131,040 | \$ 3,276 | 205 | 12.1% | 183 | 10.0% | 22 | 111.7% |
| 121% of AMI and Above | | | 96 | 5.7% | 339 | 18.5% | -243 | 28.3% |
| I-95 Corridor | | | | | | | | |
| Total | | | 22,052 | 100.0% | 22,503 | 100.0% | -451 | |
| 30% of AMI (Extremely Low Income) and Below | \$ 32,800 | \$ 820 | 731 | 3.3% | 4,721 | 21.0% | -3,990 | 15.5% |
| 31%-50% of AMI (Very Low Income) | \$ 54,600 | \$ 1,365 | 4,800 | 21.8% | 4,400 | 19.6% | 400 | 109.1% |
| 51%-80% of AMI (Low Income) | \$ 69,850 | \$ 1,746 | 6,437 | 29.2% | 2,716 | 12.1% | 3,721 | 237.0% |
| 81%-100% of AMI | \$ 109,200 | \$ 2,730 | 9,035 | 41.0% | 5,070 | 22.5% | 3,965 | 178.2% |
| 101%-120% of AMI | \$ 131,040 | \$ 3,276 | 709 | 3.2% | 1,883 | 8.4% | -1,174 | 37.7% |
| 121% of AMI and Above | | | 340 | 1.5% | 3,713 | 16.5% | -3,373 | 9.2% |

Source: American Community Survey 2019; Analysis of Naturally Occurring Affordable Housing; Prince William County Comprehensive Plan Update

Note: The AMI Thresholds provided apply specifically to a 3-person household.

HOUSING OPPORTUNITIES FOR A DIVERSITY OF INCOME LEVELS

The Comprehensive Plan states that “Manassas aspires to be a city with diverse, vibrant, mixed use/mixed income communities for households of all income levels located near transit, jobs and amenities.” For housing costs, that means that housing is affordable when a household can pay their rent or mortgage and have money left for food, transportation, healthcare and childcare if needed. While not the official US Department of Housing and Urban Development (HUD) [definition of housing affordability](#), we believe that this is a practical definition that facilitates community discussions of residential development, and can be understood by all.

The Comp Plan also highlights mobility as a concern for residents. “With limited opportunities to expand the road network, coordinating residential land use with existing transportation corridors mitigates congestion. Residents expressed a desire for walkable, transit-oriented activity centers with opportunities to live, work and play, reduce longer distance automobile travel and decrease congestion on the regional road system.” To implement Comp Plan objectives and support housing affordability, City Council is considering reactivating the City’s Housing Trust Fund with \$2 million from the American Rescue Plan Act (ARPA).

CITY OF MANASSAS HOUSING TRUST FUND

In 1992, the City established a nonprofit HTF to promote homeownership, primarily through funding from the Federal Community Development Block Grant program (CDBG) and the Virginia Housing Development Authority, now called Virginia Housing. Bylaws were adopted and a Board of Directors was appointed in 2008. The fund’s purpose was to 1) meet the housing needs of persons in the City who are unable to secure ownership on their own, with priority given to single parents with children, seniors, and persons with disabilities; and 2) to utilize funds from both public and private sources to manage, invest, loan, or disburse these funds to the persons identified above. In 2009 an employee-based program was added to encourage both City and School Board employees to live in the city.

According to the IRS 990-EZ filing for 2008, \$145,000 in grant funding was provided to six eligible families to purchase homes. A final return for the nonprofit HTF was submitted in 2012, but in a June 2017 Memo to City Council, it was recommended that “the corporation needs to be reinstated with the State Corporation Commission and a new Board should be appointed.” Now, City Council has the opportunity to build upon the existing framework to develop a more comprehensive fund tailored to meet the City’s housing priorities.

WHY A HOUSING TRUST FUND?

A housing trust fund (HTF) provides an effective vehicle for the City to secure affordable rental or ownership opportunities for moderate-income households. Some of the advantages include the following:

- these funds are not restricted by requirements associated with some state or federal fund programs;
- these funds can provide critical gap financing for a proposal to leverage additional equity such as low income housing tax credits, state and federal housing trust fund dollars and grant funding;
- the fund flexibility allows the City to adjust priorities to meet changing housing needs; these funds send an important message that the City is committed to investments in housing.

The following chart provides a summary of key elements found in a HTF. A more modest program could be developed initially, and grow over time as resources and staff permit.

| HOUSING TRUST FUND ELEMENTS | |
|--|---|
| Eligible Use of Funds | <ul style="list-style-type: none"> • Downpayment & closing costs for 1st time homebuyers • New construction of rental housing and homeownership units • Neighborhood preservation programs |
| Target Population and Affordability Period | <ul style="list-style-type: none"> • Income levels of households to be served • Affordability or control period for housing |
| Eligible Fund Applicants | <ul style="list-style-type: none"> • Nonprofit developers • For-profit developers • Individuals |

| HOUSING TRUST FUND ELEMENTS | |
|------------------------------------|--|
| Application design | <ul style="list-style-type: none"> • Notice of available funding • Rolling application or annual application • Includes eligible uses, housing priorities and target population • Funding as a loan or grant • Terms and conditions such as max allocation, leveraging requirements, etc. |
| Oversight and Review | <ul style="list-style-type: none"> • Application review by staff or oversight committee • Funding approval by committee or City Council • Periodic analysis & review of HTF |
| Fund Capitalization | <ul style="list-style-type: none"> • Annual appropriation from general fund • Dedicated source of revenue i.e. % of recording fees or real estate property tax • Developer contributions to HTF • Code violation fees • Bond allocation for housing |

PEER CITIES DEVELOP HOUSING TRUST FUNDS

ARPA funding has been used by multiple jurisdictions in Virginia to address the growing unmet housing needs in their communities, with the majority using these additional resources to bolster or initiate a housing trust fund. The following chart provides a summary description of the housing trust fund program for three peer cities.

| City | HTF Capitalization | Established | Eligible Uses | Total Funding |
|-----------------|--|-------------|---|--------------------|
| Charlottesville | annual CIP allocation; developer contributions | 2007 | New construction, preservation, rental subsidies, 1st time homebuyer programs | \$21M through 2020 |
| Harrisonburg | ARPA | 2023 | Ownership | \$2M |
| Blacksburg | ARPA | 2022 | Ownership (60-120% AMI) | \$4M |

Charlottesville has an established program with designated sources of funding and multiple eligible uses that align with their housing priorities. Given the shortage of affordable homeownership opportunities in their communities, both Harrisonburg and Blacksburg are using ARPA funding to support first-time homebuyer programs. While the trust fund program in these two jurisdictions is very new, neither city has a plan for sustained funding at this time. However, in phone conversations with staff, they shared the hope that any success from these initial programs will translate into support for a sustained local housing trust fund in future fiscal year budgets.

In the Northern Virginia Region, the following localities have established a Housing Trust Fund; City of Alexandria, Arlington County, Fairfax County and Loudoun County. Local general fund revenue, ARPA funding, developer contributions, and in some cases special taxes (such as meals tax) are used to capitalize these local housing trust funds.

Northern Virginia local governments most frequently use housing trust funds to support the development or preservation of affordable multifamily (rental) communities, often financed by the Low-Income Housing Tax Credit. The local contribution of trust fund dollars leverages additional sources of funds from federal, state and other resources.

Alexandria anticipates that local housing trust fund dollars will fund about 20% of total development costs of new or redeveloped housing. Arlington County's Affordable Housing Investment Fund (AHIF) had a 4:1 leverage in FY2021. Fairfax County dictates that local housing trust fund dollars have to achieve a minimum of 3:1 leverage. In Loudoun, housing trust funds have contributed on average, \$38,700 per unit (838 units developed between 2017-2023). Prince William County is currently planning for the creation of their own affordable housing trust fund and affordable dwelling unit (ADU) ordinance.

As one local example of the use of a Housing Trust Fund, in Loudoun County, the most recent affordable housing development, Loudon View Senior Apartments (opened in 2023), achieved a 5:1 leverage of local trust fund dollars. The total development cost of this 98 unit, new construction, affordable housing rental senior community was approximately \$30.6M, or \$312,000/unit, with a \$5.13M local housing trust fund investment, or \$53,400/unit (16% of total development costs).

Low Income Housing Tax Credit Program

The Low Income Housing Tax Credit Program is the most important resource for creating affordable housing in the United States today. This IRS program, enacted in 1986, subsidizes the construction and rehabilitation of affordable rental housing for low- and moderate-income tenants.

The City of Manassas currently has a total of 6 low income tax credit properties, contributing 557 affordable units in the city's housing stock. These affordable units amount to 3.88% of the total housing stock. Within the next five years, two LIHTC properties will reach their expiration date, resulting in an 18.67% loss of available affordable housing units within the city if left unaddressed. All of the City's current LIHTC properties, or 557 affordable units, will have reached their expiration by the year 2035. Preserving the existing

affordable housing in a community can be an effective use and leverage of local resources. To facilitate this process, we recommend that the City engage in conversations with current owners about their interest in recapitalizing and redeveloping the property to ensure continued affordability.

LAND USE STRATEGIES AND REGULATORY TOOLS

Land use strategies and regulatory tools can be used to leverage HTF dollars for greater impact. While each development proposal has unique characteristics, utilizing some of the following strategies could reduce the level of financial resources needed from the HTF. These strategies, currently used by several jurisdictions in Northern Virginia, present opportunities to rethink current land use patterns and create 'new land parcels' for residential uses.

CITY-OWNED PARCELS CAN BE USED TO DEVELOP HOUSING OR TO CO-LOCATE HOUSING WITH PUBLIC FACILITIES.

How can jurisdictions maximize their public land holdings for public good? One best practice is to develop an inventory of publicly owned land in desirable locations and appropriate for residential development. Through an RFP process, the City would award a long-term ground lease at nominal cost to an affordable housing developer and retain ownership of the land. Lower land costs will reduce overall development costs which can reduce any HTF resources needed.

Another option is to co-locate housing with public facilities such as a community center, library, school, or city government offices. Successful examples of this include the Arlington Mill Residences at the Arlington Mill Community Center, The Station at Potomac Yard, and The Fallstead at Lewinsville Center.

In the 2019 Manassas Housing Plan, the Mathis corridor and the Gateway area were identified as underutilized sites that could support higher residential density.

UNDERUTILIZED PARCELS OR UNDESIRABLE USES IN STRATEGIC LOCATIONS COULD BE REPOSITIONED FOR RESIDENTIAL AND MIXED-USE DEVELOPMENT.

This strategy involves a longer-term planning process for areas where disinvestment or deferred maintenance have triggered high vacancy rates, such as in aging commercial strip centers; or parcels with obsolete uses that may no longer be appropriate for their current location. Some of these sites also have large surface parking lots that could be repurposed in a redevelopment scenario. In some instances, landowners may initiate requests for comprehensive plan changes to address adverse economic conditions

on their sites. A revisioning process for mixed-use development could result in new residential opportunities with the right mix of developer incentives.

Utilize bonus density, reduce parking requirements and provide flexibility in height and set-backs to secure affordable units, especially in areas like the Mathis corridor and Downtown character areas, where the Housing and Neighborhoods chapter of the City's Comprehensive Plan calls for flexibility and density: "HOU 4.5.1 Implement land use and zoning tools that encourage higher-density residential in the Mathis and implement character area design principles to ease parking issues and enhance neighborhood character and walkability." The Mathis corridor is designated as a revitalization area, according to the requirements of the Code of Virginia, Section 15.2-2303.4E(i). A portion of this area is also designated an Opportunity Zone under the Federal Tax Cuts and Jobs Act of 2017. These designations can provide financial incentives to benefit desired development.

The Pan Am Shopping Center, at the intersection of Route 29 and Nutley Street, and the Bailey's Crossroads Community Business Center in Fairfax County are examples of how jurisdictions are using zoning tools and revitalization designations to reposition less productive commercial areas in desirable locations by planning for a mix of uses that include a substantial number of affordable and workforce units.

STREAMLINE DEVELOPMENT APPROVAL PROCESS AND ADOPT FEE WAIVERS

Lengthy development approval and permitting processes can add significant cost and time to a project. This is especially detrimental during times of economic uncertainty and rising interest rates. We commend the City Council for recognizing this concern and adopting an expedited or 'green taping' approval process.

In 2019, the General Assembly adopted § 15.2-958.4, a fee waiver provision which states that a locality "may by ordinance provide for the waiver of building permit fees and other local fees associated with the construction, renovation, or rehabilitation of housing by a nonprofit organization or a private entity that is pursuing an affordable housing development. Last year, Loudoun County adopted this ordinance to provide specific fee waivers to affordable housing development.

ADOPT AN AFFORDABLE DWELLING UNIT ORDINANCE

The State Code includes two separate affordable dwelling unit ordinances which, if adopted by a locality, can provide incentives to developers in exchange for affordable housing units. Once adopted, the locality can determine what kinds of projects should be included under the ordinance; the percentage of affordable

units required; incentives; income levels served; and the affordability term.

In the Code of Virginia, under Section [§15.2-2305](#) and a more expansive version [§15.2-2305.1](#) adopted in 2020, localities “may by amendment to the zoning ordinances of such locality provide for an affordable housing dwelling unit program. Such a program shall address housing needs, promote a full range of housing choices, and encourage the construction and continued existence of housing affordable to low-and-moderate-income citizens by providing for increases in density to the applicant in exchange for the applicant voluntarily [emphasis added] electing to provide such affordable housing.” Under this section of the Code, Manassas has no legal authority to mandate affordable units in new construction but can negotiate with developers for a desired outcome.

The City of Alexandria is an example of a locality that has successfully [secured affordable units](#) under this section of the code. At this time, neither Blacksburg nor Harrisonburg have indicated that they are considering the adoption of an affordable dwelling unit ordinance.

Specific jurisdictions have adopted [Section §15.2-2304](#). Of the Code of Virginia affordable dwelling unit ordinance. This companion section of the state code allows for a mandatory requirement of

affordable units in a zoning ordinance, stating that “in furtherance of the purpose of providing affordable shelter for all residents of the Commonwealth, the governing body...may by amendment to the zoning ordinances of such locality provide for an affordable housing dwelling unit program. The program shall address housing needs, promote a full range of housing choices, and encourage the construction and continued existence of moderately priced housing by providing for optional increases in density to reduce land costs for such moderately priced housing.”

If the City is interested in pursuing this option, inclusion into §15.2-2304 is done through a legislative process that identifies a patron to introduce a bill in the General Assembly to include Manassas in that section of the state code. The City of Fairfax is the latest jurisdiction in our region to be included in §15.2-2304.

RECOMMENDATIONS FOR FINANCIAL RESOURCES, LAND USE STRATEGIES AND REGULATORY TOOLS

| Activity | Actions Needed |
|--|--|
| Expand the existing Housing Trust Fund (HTF) and provide a dedicated source of revenue. | City Council action |
| Use publicly owned sites for housing or co-locate housing with public facilities. | Rezoning may be required |
| Redevelop underutilized sites. | Comp Plan changes; rezoning may be required |
| Adopt development fee waivers. | City Council action |
| Provide density bonus and parking reductions to incentivize affordability goals. | Rezoning may be required |
| Adopt Affordable Dwelling Unit (ADU) ordinance. | Legislative process in the General Assembly |
| Create a Housing Coordinator staff position to administer the HTF and leverage with additional resources; act as the liaison for state housing programs; coordinate more effectively with Prince William County and the City of Manassas Park regarding CBDG program | City Council action |
| Maintain current relationship with Prince William County regarding CBDG fund allocations to the City. | Market CBDG program activities for targeted impact |

ADDITIONAL STATE AND FEDERAL FINANCIAL TOOLS AND FUNDS

There are a variety of programs at the federal and state level to support affordable housing preservation, construction, and energy efficiency for older homes. Most of these programs focus on multifamily rental housing, but there are a few important programs within Virginia Housing, the state finance agency, that support first-time homebuyers.

We recommend creating a dedicated City Housing Coordinator position that can evaluate and identify the relevant programs for the City's housing priorities and provide technical assistance to individuals or developers. This would advance greater program utilization. This strategy was articulated in Chapter 4 of the Manassas 2040 Plan " HOU 4.2.5 Update and maintain an online, user-friendly clearinghouse of programs and public assistance available to neighborhoods and households, including those provided by nonprofit organizations and through state and federal programs."

FEDERAL AND STATE HOUSING ASSISTANCE PROGRAMS

- Community Development Block Grant federal funds (CDBG)
- [HOME Funds](#)
- **Virginia Department of Housing and Community Development (DHCD) Programs**
 - [Virginia Housing Trust Fund Competitive Loan Pool](#)
 - [Affordable and Special Needs Housing \(ASNH\)](#)
 - [Emergency Home and Accessibility Repair Program \(EHARP\)](#)
 - [Homebuyer Downpayment Assistance Program \(DPA\)](#)
 - [Weatherization Assistance Program \(WAP\)](#)
 - [Housing Innovations in Energy Efficiency \(HIEE\)](#)
 - [Virginia Housing Programs](#)
 - [Low Income Housing Tax Credits \(LIHTC\)](#)
 - [Rental Housing Lending Programs](#)
 - [Sponsoring Partnerships & Revitalizing Communities \(SPARC\) funds](#)
 - [First-time homebuyer loans \(Downpayment, Closing costs, Second Mortgage\)](#)
- **Virginia Housing Programs**
 - [Low Income Housing Tax Credits \(LIHTC\)](#)
 - [Rental Housing Lending Programs](#)
 - [Sponsoring Partnerships & Revitalizing Communities \(SPARC\) funds](#)
 - [First-time homebuyer loans \(Downpayment, Closing costs, Second Mortgage\)](#)

PARTNERSHIPS

Increasing housing supply and affordability supports residents at all ages and stages of life and maintains the economic resiliency and diversity of the City. When elected officials signal an interest in exploring investment tools and strategic land use policies to achieve community housing goals, they will attract partners eager to collaborate in creative problem-solving. In addition to affordable housing developers, the following community participants could be important conveners of community conversations and supporters for increasing housing production and affordability.

- Prince William Chamber of Commerce
- Manassas City Public Schools
- Prince William Association of Realtors
- UVA Health Prince William Medical Center
- Metropolitan Washington Council of Governments (COG)
- Houses of Worship
- Civic Groups
- All Nonprofit developers with projects in the City

CDBG PARTNERSHIP

Part of the scope of work was to conduct an analysis of the advantages and disadvantages of remaining in partnership with Prince William County, or of establishing a new partnership with Manassas Park, including which approach yields the greatest benefits for City residents using CDBG funding.

Prince William County (PWC), along with the cities of Manassas and Manassas Park, applied to the U.S. Department of Housing and Urban Development (HUD) July 1991, to be designated as an "Entitlement Urban County" to receive direct federal funding from HUD under the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) programs. As required, the County prepared and submitted a [Prince William Area Comprehensive Plan for FY 2020-2024](#).

The current [Draft Allocation Plan for FFY23](#), states that the goal of the CDBG program for the City of Manassas is to provide Major Rehabilitation funding to homeowners who are low and moderate-income at 80% or below the median income for the Greater Prince William Area with housing repair needs under Neighborhood Housing Rehabilitation Program (NHRP). CDBG funds utilized for the NHRP Program in the City of Manassas may be targeted to certain residential neighborhoods, as determined by the City Council.

As part of the evaluation, we reached out to Michael Rose, Director of the DC Field Office of the U.S. Department of Housing and Community Development, to inquire if the City of Manassas and the City of Manassas Park could partner together to receive their own allocation of CDBG funding, since the population of the two cities combined, reaches the 50,000 population threshold required to be an entitlement community. However, we learned from Mr. Rose that there are no consortiums under the CDBG program. The guidelines for program implementation are outlined in 24 CFR 570.200, and as such, partnership (consortium) of two units of general local government (UGLG) are not permitted. A UGLG that reaches the population threshold to become an entitlement will be notified of its status. Therefore, when the population of the City of Manassas reaches 50,000, HUD will send notification.

We recommend the City of Manassas remain as part of the Prince William area Entitlement Urban County until the time the City meets that 50,000 population threshold.

SUGGESTIONS FOR IMPROVEMENT OF TARGETED IMPACT OF CDBG FUNDING

As stated, the current utilization of the CDBG program, through the agreement with Prince William County, is focused on home repair programs. The City has expressed an interest to better target these resources in specific communities that meet the City's goals. The primary way these programs are targeted is through marketing and advertising to homeowners who may qualify.

We recommend that the new City of Manassas Housing Coordinator take an active role in promoting the program, spreading awareness about its availability, and educating potential applicants on eligibility criteria. We recommend that marketing materials and outreach be conducted in multiple languages.

The Housing Coordinator in the City of Manassas Park could be a valuable resource on program marketing and outreach strategies. Their work around community outreach and increasing program participation makes them a suitable source of guidance in this regard.

PRIORITIZED NEXT STEPS

| Short term/High priorities: 6 - 9 months | |
|--|--|
| Reconstitute legal structure for the housing trust fund (HTF) | Reinstate HTF with the State Corporation Commission; appoint a new Advisory Board |
| Hire Housing Coordinator | Administer housing trust fund program; identify state and federal fund programs to leverage HTF; coordinate housing activities with Prince William and Manassas Park |
| Adopt fee waiver for affordable housing development | City Council approval |
| Next steps/Medium priorities: 12-18 months | |
| Design HTF program parameters | Elements include eligible fund uses, eligible fund applicants; target population and affordability period; application design; oversight and review; fund capitalization |
| Continue review of existing land use policies and regulatory tools | Continue analysis of policies that could support residential development, including zoning and density; mixed-use development; parking requirements |
| Review Comprehensive Plan | Identify potential sites for future redevelopment for affordable housing |
| Identify financial resources for housing | Continue funding of HTF, adopt fee waivers, explore state and federal programs (LIHTC), regional funds (COG) |
| Adopt an Affordable Dwelling Unit ordinance | City Council approval if voluntary section of the state code; GA approval if mandatory section |

Longer term priorities: 18-36 months

| | |
|----------------------------------|--|
| Conduct a housing needs analysis | Consider resident incomes, existing type and tenure of housing stock and note where there are gaps, population growth projections, percentage of total housing to be affordable in the City |
| Convene developer roundtable | Used by many neighboring jurisdictions, this strategy brings members of the developer community, representing nonprofit and for-profit, affordable and market rate, and homeownership and rental housing together to review the City's housing programs and financial resources and solicit developer feedback |

ADDITIONAL RESOURCES:

Community Change [Housing Trust Fund Project](#)

[NVAHA Housing Finance 101](#)

[NVAHA Lunch & Learn: Affordable Housing Finance](#)

INTERVIEWS/MEETINGS CONDUCTED:

- Matt Arcieri, Planning and Community Development Director, City of Manassas
- Christian Samples, Planning Manager, City of Manassas
- Audra Ovalle, Planner, City of Manassas
- Patrick Pate, City Manager, City of Manassas
- Patrick Small, Economic Development Director, City of Manassas
- Nicole Kirven, Director Social Services, City of Manassas
- Trevor Hensley, Assistant Director Social Services, City of Manassas
- Cicely Harvey, Benefits Services Manager, City of Manassas
- Anita Brown, Administrative Coordinator, Social Services, City of Manassas
- April Thomas, CEO, Prince William Association of Realtors
- John DiBiase, Government Affairs Director, Prince William Association of Realtors
- Josh Shumaker, Director of Advocacy and Federal Programs, COSCDA (Council of State Community Development Associations)
- Joan Duckett, Director of Housing and Community Development, Prince William County
- John Payne, Strategic Housing Officer, Virginia Housing
- Michael Rose, Director, HUD DC Field Office