

SECTION 104 (d) ONE-FOR-ONE REPLACEMENT PLAN

OHIO CREEK WATERSHED PROJECT

February 20, 2020

I. Overview

The City of Norfolk City Manager's Office of Resilience is submitting this One-For-One Housing Replacement Plan for its Ohio Creek Watershed Project, part of the City's Community Development Block Grant National Disaster Resilience (CDBG-NDR) grant. This CDBG-NDR assisted activity will precipitate the need to replace housing available to low- and moderate-income persons in accordance with Section 104(d) of the Housing and Community Development Act of 1974, as amended (HCD Act).

Following Hurricane Irene in 2011, numerous homes in the Ohio Creek Watershed were inundated with floodwater. The storm had a particularly significant impact on properties near, or adjacent to, the coastline, inland bays, rivers, and tributaries. To mitigate these effects during the next major storm, the City will embark on transformational coastal improvement projects in Norfolk's Chesterfield Heights and Grandy Village neighborhoods. Projects will reduce flooding, improve public spaces, and ensure that these communities thrive for years to come. The City is purchasing properties in the Chesterfield Heights neighborhood as part of the green infrastructure projects and road re-alignment of Kimball Terrace. These properties, once acquired, will be demolished and their lots will be replaced with open space, living shoreline and shoreline berm, green infrastructure projects that will help to reduce coastal flooding during future disasters.

The City, through the State of Virginia, received \$112M in CDBG-NDR funds to assist recovery efforts, of which \$2,000,000 has been allocated to acquire properties in Chesterfield Heights. The City will administer and distribute the CDBG-NDR funds for the acquisition program. Funds will be used to purchase properties and to pay for moving and living expenses to those displaced by the project. Additional funds have been allocated to construct the Living Shoreline (\$2.39 million) and Shoreline Berm (\$7.47 million). The Living Shoreline will be constructed along the banks of the Elizabeth River; placed parallel to the shore, it will create habitat for species, safeguard the shoreline from erosion due to wave energy, soak up stormwater, reduce storm surge, and trap polluted runoff.

When combined with the Living Shoreline, the Shoreline Berm will increase the durability and effectiveness of the flood protection structure. The Shoreline Berm will be sited along the Elizabeth River, as part of the City's coastal flood protection system, and will be vegetated with grasses and indigenous plants. If desired by the community, a walking path may be placed on the riverfront of the Berm to provide a recreational amenity. In this way, the flood-protection feature will be visually integrated into the existing landscape.

As a result of the City's purchase and demolition of housing units, the City is required to submit to the U. S. Department of Housing and Urban Development (HUD) information related to the demolition and replacement of housing units on a one-for-one basis, since the units purchased and later demolished will no longer be available to low- and moderate-income persons. This plan is designed to address those instances when a property or properties that are subject to replacement under 24 CFR 42.375 will be appropriately replaced. It is neither intended nor designed to identify replacement housing units for those property owners who voluntarily agree to sell their homes to the City. Rather, the plan simply details the manner in which the affordable housing stock will not be reduced, on a one-for-one basis, due to the removal of properties and construction of green infrastructure improvements.

II. Plan for Replacement of Units Acquired under Ohio Creek Watershed Project

A. Disaster Recovery Waiver

In accordance with the Federal Register Notice of National Disaster Resilience Competition Grant Requirements (FR-5936-N-01), the one-for-one replacement requirements at Section 104(d)(2)(A) (i)-(ii) and (d)(3) and 24 CFR 42.375 are waived in connection with funds allocated for lower-income dwelling units that are damaged by the disaster and not suitable for rehabilitation.

The Section 104(d) one-for-one replacement requirements generally apply to units to be demolished or converted and are occupied or vacant occupiable lower-income dwelling units. This waiver exempts disaster-damaged units that meet the City’s definition of “not suitable for rehabilitation” from the one-for-one replacement requirements.

The following plan identifies six (6) units located in the Chesterfield Heights neighborhood that are not eligible for the disaster recovery assistance waiver. These units do not meet the City’s definition of “not suitable for rehabilitation” and thus, are subject to the one-for-one replacement requirements. The plan will also identify the location of replacement units on a one-for-one basis.

B. Description of the activity

The City is purchasing residential properties from willing sellers in areas identified as possible locations for the Living Shoreline and Shoreline Berm. Eligible property owners will receive compensation, determined by a certified appraiser to be equivalent to the property’s fair market value. Tenants living in these properties will be required to relocate and are entitled to relocation benefits under the Uniform Relocation Act (URA). Upon the property being acquired by the City, existing structures will be demolished, and the property will be deed restricted and maintained as permanent public green space for passive recreation, conservation, and flood protection purposes.

C. Location and Inventory of Units to be demolished

The City will acquire fifteen (15) residential properties in Chesterfield Heights, of which five (5) properties will be required to be replaced on a one-for-one basis. The other seventeen (17) properties are vacant lots or lots with structures deemed uninhabitable by the City. The property addresses for units being replaced are as follows:

Replaced Unit	Street Address	Number of Bedrooms
1	731 Sedgewick Street, Unit 1, Norfolk, VA 23504	2
2	731 Sedgewick Street, Unit 2, Norfolk, VA 23504	3
3	712 Jacob Street, Norfolk, VA 23504	6
4	725 Sedgewick Street, Unit A, Norfolk, VA 23504	2
5	725 Sedgewick Street, Unit B, Norfolk, VA 23504	2

(See Figure 1 - Ohio Creek Acquired and Replacement Properties Map)

D. Location and Inventory of Replacement Units

Currently, the City has immediate plans to build affordable housing units in the City’s Campostella Heights area, an area with predominantly minority and low-income residents located across and on the Elizabeth River and within half a mile of the Chesterfield Heights neighborhood. The affordable housing unit development, The Retreat at Harbor Pointe, started construction in the Fall of 2019 and is expected to be completed in the Summer of 2020.

In 2004, the City of Norfolk amended their General Plan to include *A Strategic Plan for Southside* (“Plan”), located on the [City of Norfolk’s website](#). In 2009, the Plan was reaffirmed as part of the General Plan. As part of the Plan, the City included proposed recommendations for the Campostella Bridge site to develop high density residential units facing the water, along with other public and commercial improvements. The City and the Norfolk Redevelopment and Housing Authority (NRHA) agreed to a long-term collaboration to redevelop public housing communities in the Campostella Heights area.

The City and NRHA are committed to moving forward with revitalizing the neighborhood and deconcentrating poverty in a way that leads to successful outcomes for families. Through NRHA’s Project Based Voucher (PBV) program, newly constructed housing unit developments can receive assistance from the U.S. Department of Housing and Urban Development (HUD) to create rental housing units which are available and affordable to lower income households. In 2017, NRHA awarded PBV assistance to The Retreat at Harbor Pointe development. After the current project is complete, roughly 50 new units, or roughly 20 percent of the total units, will be made available to low-income renters in the Campostella Heights area. These units will be part of a pedestrian-friendly, mixed-use community with retail, parks, and a mix of housing affordability options.

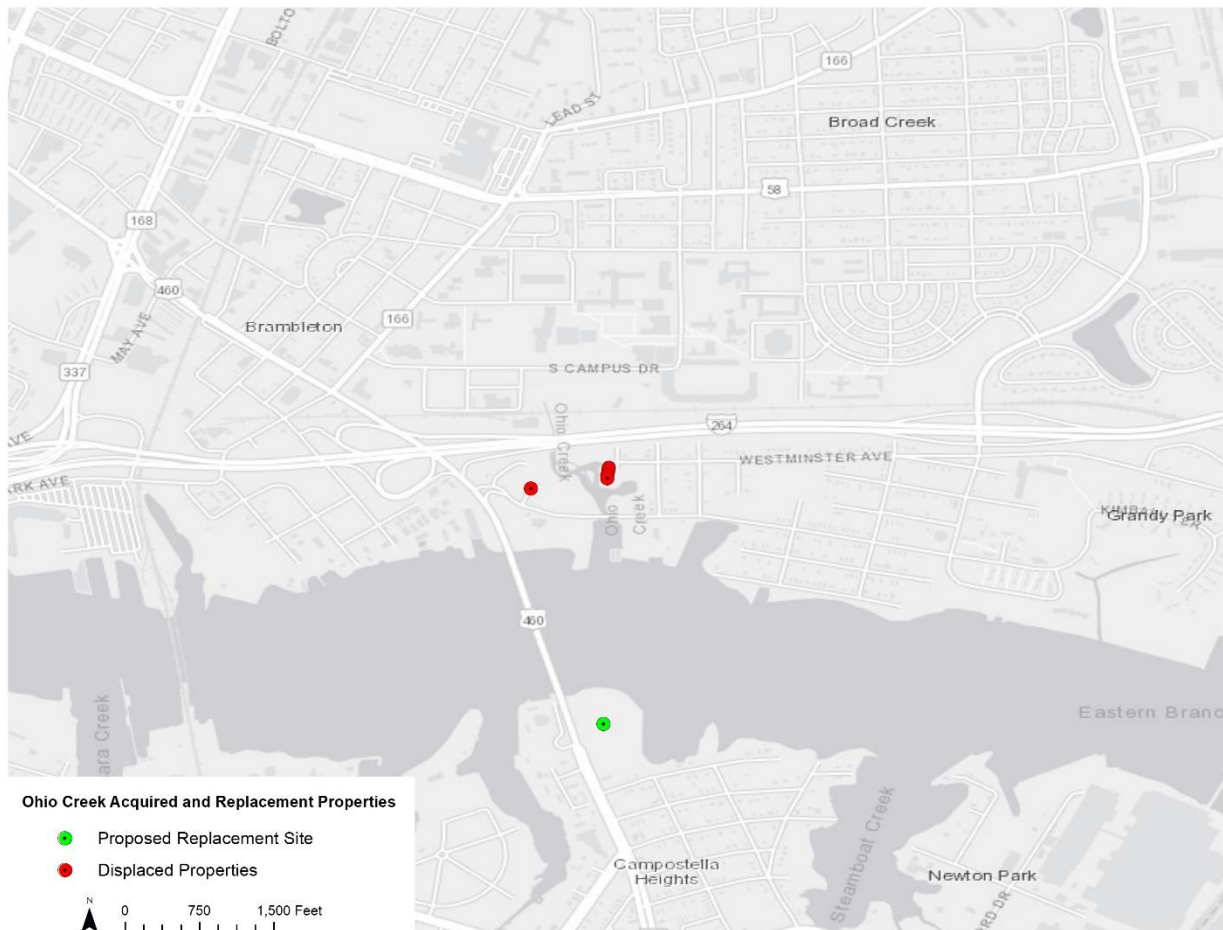
With both the Plan and the proposal targeting the Campostella Bridge site for high density residential development, additional investment has also been made available. The community is targeted for twinned mixed-income 9% - 4% Low Income Housing Tax Credit (LIHTC) transactions. The development’s main phase will be a 246-unit affordable apartment community, which will consist of two- and three-bedroom apartments spread throughout seven (7) four-story elevator-assisted buildings. The community will feature a clubhouse with a community room, fitness center, laundry facility, pool, waterfront elevated walking path, and small boat dock. The Retreat at Harbor Pointe development is anticipating completion in the summer of 2020. Breakdowns of the specific available units are provided below in Table 1.

This project will provide between roughly 50 affordable units to the City of Norfolk. Based on the number of affordable units to be created in this project currently under construction, the City does not require additional units to be built to meet 104(d)’s one-for-one replacement requirements. All units constructed within these projects will be “acceptable” according to HUD’s standards and will meet UPCS standards. These affordable units will be kept as affordable for at least ten years from the date of initial occupancy.

Table 1: Breakdown of Replacement Units

The Retreat at Harbor Pointe	Total Units	Bedroom Size					Income Mix		
		Studio	1	2	3	4	Public Housing or “Replacement Units” (Extremely low-income residents with HUD Housing Choice Vouchers through NRHA)	LIHTC Units (80% AMI units and below per VHDA income-averaging guidance)	Market Rate Units (Not income restricted; market rate)
PBV Units	50	0	0	30	20	0	50	0	0
All Units	246	0	0	150	96	0	50	196	0

Figure 1 - Map Ohio Creek Acquired and Replacement Properties



E. Schedule for completion of demolition or conversion

Residential properties that successfully close and transfer title through to the City shall be demolished as soon as reasonably practicable, after the City has completed its environmental assessments of the properties.. Demolitions are expected to begin on some properties as early as March 2020 and will continue on an on-going basis until completion.

F. Source of funding and timing for replacement of units

Funding for the replacement units has been provided through the NRHA for the development of multi-family housing units. Funding has also consisted of a mix of local funds, tax exempt bonds, and LIHTC equity made available through the Virginia Housing Development Authority (VHDA).

G. Basis for determining replacement units will remain affordable for at least 10 years

All affordable housing developments receiving financing from NRHA must maintain affordability, consistent with the LIHTC program, for a minimum of fifteen (15) years. This requirement is enforced by a regulatory agreement, deed restrictions, and a mortgage.

H. Justification for replacing larger units with smaller units

There is a single instance where one (1) six-bedroom unit will not be able to be replaced one-for-one. In Chesterfield Heights, the unit located at 712 Jacobs street will be replaced by three (3) two-

bedroom units in The Retreat at Harbor Pointe development. This proposed replacement is consistent with the housing needs of lower-income households in the area. With the exception of the instance cited here, all other units will be replaced on a one for one basis, matching all units and bedrooms. It should be noted that the City is purchasing owner-occupied single-family housing units, which sometimes exceed the standard bedroom size for affordable rental housing development. In the case cited here, two additional housing units will be added to the affordable housing stock, resulting in an overall increase in both households who can access these units, as well as units themselves.

III. DATES AND PUBLIC COMMENT: Any individual, group, or agency wishing to comment on the City's One-for-One Replacement Plan may submit written comments to the City of Norfolk's Office of Resilience, 501 Boush Street, Norfolk, VA 23510. All comments received by March 9 will be considered. This provides a 15-day comment period for the:

CITY OF NORFOLK
ONE-FOR-ONE REPLACEMENT PLAN
OF LOWER-INCOME DWELLING UNITS
OHIO CREEK WATERSHED PROJECT

City of Norfolk, City Manager's Office of Resilience webpage:

<https://www.norfolk.gov/3867/Ohio-Creek-Watershed-Project>

ADDRESSES: You may submit comments using any one of the following methods:

(1) Email: norfolkrc@norfolk.gov

(2) Mail: Doug Beaver, City of Norfolk, Chief Resilience Officer, 501 Boush Street, Norfolk, VA 23510

(4) Hand delivery: Same as mail address above, between 8:30 a.m. and 5 p.m., Monday through Friday, except Federal holidays. To avoid duplication, please use only one of these methods.

FOR FURTHER INFORMATION CONTACT: If you have questions regarding this notice, write or e-mail Doug Beaver, City of Norfolk Chief Resilience Officer, 501 Boush Street, Norfolk, Virginia 23510; telephone number (757) 441-2602; email norfolkrc@norfolk.gov .