

HOUSING ADVISORY COMMITTEE
Minutes
Neighborhood Development Services Conference Room, City Hall
March 19, 2014
12:00 pm

Attendance Record	Present	Absent
MEMBERS		
Bob Hughes	X	
Carmelita Wood		X
Charlie Armstrong	X	
Chris Murray	X	
Connie Dunn		X
Dan Rosensweig	X	
Frank Stoner	X	
Joyce Dudek	X	
Jennifer McKeever		X
Joy Johnson	X	
Kaki Dimock	X	
Kira Drennon		X
Kristin Szakos	X	
Mark Watson		X
Nancy Kidd	X	
Lesley Fore	X	
Ridge Schuyler	X	
NON VOTING MEMBERS		
IMPACT		X
Ron White		X
Vicki Hawes		X
STAFF		
Kathy McHugh	X	
Margot Elton	X	
OTHERS		
Edith Good	X	
Corey Sims, VCEF	X	
Sara Ashe, UVA Nursing	X	
Katie Blackledge, UVA Nursing	X	
Christina Colopy, UVA Nursing	X	
Phaedrus Acgtblu	X	

The meeting was called to order by Chris Murray at approximately 12:05 pm.

The January 15, 2014 minutes were then considered. A motion to approve was made by Kristin Szakos, and seconded by Charlie Armstrong. Vote to approve was unanimous.

Chris Murray then introduced Ridge Schuyler to the group, who will be filling Wes Bellamy's seat as the at-large representative on the HAC. Kathy McHugh explained to everyone that Council had appointed Ridge Schuyler to serve out the remainder of Wes Bellamy's term, plus one additional term, that will expire on December 31, 2016.

There was then an inquiry about the banker position, which Kathy McHugh explained had been open since she had begun working at the City, despite numerous attempts to recruit a banker to serve. Kristin Szakos

proposed soliciting the organization Bank On, a non-profit that works to help people get into the banking system who are currently not using a bank for their money. While a representative from Bank On would not be a banker, precisely, they would be from the banking industry and would provide a similar perspective. Kathy McHugh responded that she thought that this might be a good solution, but that the appointment would have to go before Council, who would have final say on whether it would be appropriate. Kathy promised to follow up with Bank On and report back to the HAC.

Kathy McHugh then gave the group an update on the ADU regulations. On February 18, 2014, these were taken to Council and were passed, so the new regulations are now in place. She explained that since then, she'd gotten a question from a developer on payment timing, and was able to reference the guidelines successfully. She thanked the HAC for its hard work and dedication to helping develop the regulations.

Dan Rosensweig asked if Council had made any changes to the guidelines before passing them, to which Kathy McHugh responded that Council had suggested changing the acronym of "ADU" because of the potential for confusion with "accessory dwelling units," also called ADUs. Kathy McHugh added that she has made Missy Creasy, Planning Manager, aware of this suggestion by Council, and that as the City goes through its upcoming zoning code review/audit, that his item will be considered.

Review of Draft Housing Policy #1

The group then began discussion on the proposed update to Policy #1 that Kathy McHugh had sent out the previous week.

Kathy McHugh told the group that, since sending out the update the previous week, she had made one further addition, which was noted. The addition specified that a set amount of the CAHF funds would remain in the account in reserve, designated for administrative purposes. This funding would be used for educational and events purposes – for example, if the HAC chose to put on another event similar to the homelessness symposium – as well as to purchase meals and supplies for the HAC itself, and also to cover the costs of any trainings that Kathy McHugh attended, for there was no other budget for these activities. This is a current use of the CAHF funding, and the note that Kathy McHugh had added reflected a continuation of current policy.

Kathy McHugh also explained the change of acronym from CHF to CAHF to designate the housing fund: per the City Attorney's office, it was recently discovered that the fund is actually called the Charlottesville Affordable Housing Fund (not solely the Charlottesville Housing Fund). The money given to this fund through this year's CIP process was given to the CAHF, and it is now required that, from here on out, this name be used in place of CHF.

Kathy McHugh reviewed the general flow and outline of the policy letter, and then asked the group if there were any comments or specific items that they wanted to discuss. Hearing none, the conversation proceeded to the specific items that Kathy McHugh had requested to discuss.

The first issue (comment #1) that Kathy McHugh brought to the group to discuss was whether the definition of "gross housing cost" for ownership should include utilities. In the past, utility costs have been included as part of gross housing cost for renters, but not for homeowners. Items included for homeowners include: mortgage, home insurance (including flood, if required), private mortgage insurance, property taxes, and home owner association dues.

Conversation about this topic began with Joyce Dudek explaining that the work that AHIP does with CDBG money in the County calculates homeownership gross housing cost that includes utilities. Lesley Fore added that there is current legislation in Congress that would tie mortgage rates to utility cost. While this legislation

is not going to pass, its simple existence points to the importance of utility costs. She strongly supported including utilities into this gross housing cost. Dan Rosensweig also added that Habitat also take utility costs into account. From there, **the group decided that there was consensus that utilities ought to be included in the definition of gross housing costs for renters and homeowners alike.**

The second discussion topic raised (comment #2) focused upon the statement of preference for projects targeting lower AMI populations, while allowing for CAHF money to be used on projects that served up to a 100% AMI population. The question that Kathy McHugh posed to the HAC was whether the group wanted to set a limit on allowable AMI served. To this, Frank Stoner questioned how this would handle mixed-use projects which served both qualifying AMI residents as well as individuals above the eligible AMI percentage. Kathy McHugh responded that there were originally background calculations that would determine the eligible portion of the project that could be funded. Dan Rosensweig added onto this, saying that he felt like the example of mixed-use development showed a larger problem – when CAHF funding gets chopped up in this way, it stops being so flexible and becomes difficult for people to use effectively. He hoped that we could pull away some of the specificity outlined in the proposed policy letter, and move towards more flexibility and placing more at the discretion of the HDS. He then continued to say that he remembered there being consensus at the subcommittee level that there should be a preference for projects serving 80% AMI or lower. Kathy McHugh said that in fact, the subcommittee had reached consensus that there should be no funding for projects serving a population with AMI over 100%, as it felt that this portion of the population was already being served by the market. Dan Rosensweig suggested modifying the text to fund projects for populations with incomes at or below 80% AMI, but also including some language to allow a mechanism that would fund up to 100%. Chris Murray added that for this last piece, it might be helpful to reference mixed-income projects, and mention how these are part of the goals of the 2013 Comprehensive Plan.

There was then some general discussion about what the AMI for Charlottesville was. At the end of this discussion, Kristin Szakos suggested that the policy be updated to specify that the percentages referenced reflect City AMI.

The group then moved on to discuss comment #3 identified in the draft by Kathy McHugh. This involved how to structure the support mechanism that is tied to CAHF funding so that it provides both accountability and flexibility. In the policy memo, Kathy McHugh proposed a chart which would require varying affordability periods for different types of projects with different levels of CAHF support. If, prior to the expiration of this term, affordability is lost, some sort of repayment/fund recycling would be required.

Dan Rosensweig questioned how this chart would allow for projects with a variety of non-profit partners involved that take different approaches to affordable housing – for example, if a development involved a Habitat unit, a land trust unit, and a PHA down payment assistance unit. Kathy McHugh said that, while that could pose a complicated situation, that the policy would dictate that some arrangement would be worked out based upon the amount of total financing received to ensure that the same number of units would continue to be supported affordable for the duration of the compliance period.

The charts, for Dan Rosensweig, presented a larger question, however, which he then elaborated on. He presented a spectrum of affordable housing, where at one end are permanent models that ensure long-term affordability of the units – such as land trusts and CRHA – and on the other end are down payment assistance programs that empower the resident, but don't ensure that the specific unit is affordable long term – such as PHA's down payment assistance program. Many programs – such as Habitat and AHIP – fall somewhere in the middle of this spectrum. It is Dan Rosensweig's opinion that all organizations in this spectrum are doing valid and important work, and that they all ought to be supported with CAHF money. He feels, however, that if Policy #1 requires a length of time wherein the unit must remain supported affordable, that the City is

skewing its support towards the long-term/permanent end of this spectrum and away from programs that empower residents and allow for them to build equity using the funding.

In response, Kathy McHugh explained that, for our 2025 housing goal, the City needs to have 15% supported affordable housing, and therefore, it's important that units we fund with City money need to remain affordable for some period of time. To address this problem, the policy has tried to be flexible in situations where affordability is lost, but still believes it is important to require that fundamental accountability. Kristin Szakos agreed, saying that the goal of this particular policy is to further the 2025 goal, so the accountability piece was important. Dan Rosensweig responded by saying that down payment assistance units are supported and affordable at the time of the sale, but that he was worried that organizations such as PHA would be difficult to fund due to their lack of long-term affordability of units. He suggested removing the chart altogether and replacing it with language that would give the HDS discretion over each agreement. To this, Kathy McHugh asked whether this would require her to negotiate each contract. Kristin Szakos said that she thought that eliminating this need for the HDS to negotiate each deal, and ensure that each is as fair as the last, was why the group had wanted to update Policy # 1. The Policy was meant to eliminate discretion, and make it an easier process to get through. She continued to suggest that we could add a note to the chart that would call for more flexibility when required.

Ridge Schuyler questioned what the priority of the CAHF was. Considering the situation from the perspective of a beneficiary family, he understood wanting to be able to earn equity and benefit from the sale of his house, even if that meant that the house was no longer affordable in the long term. He suggested funding a program that would use CAHF money to fill the gap between 30% household income and the gross housing costs of market-rate homes, to help get people into homes. To this, Kristin Szakos responded that this idea has been considered, but never seriously, because it doesn't make the best use of CAHF resources. The goal of CAHF is to leverage the funding as part of larger finance packages, and this proposed model would be limited to only CAHF funding. Dan Rosensweig added that the PHA program is very similar to this right now, using CAHF funding to assist with down payment assistance. Ridge Schuyler asked for more information on how PHA restricts deeds that it assists with, but no one knew for sure how this works.

Dan Rosensweig said that, ultimately, with proposing changes to Policy # 1, we are trying to change something that is currently functioning well. It is its flexibility and lack of strings that make it such a desirable source of funding. To this, Chris Murray agreed. Ridge Schuyler countered that, while flexibility is desirable, it is important to maintain accountability as well if the City wants to reach the 2025 goal.

Perhaps, Dan Rosensweig suggested, it is not the policy that is the problem, but the way we are tracking progress towards the goal. Perhaps we should track all newly *created* supported affordable units, and not remove them once they are expired, for they were supported affordable units that came online. This would allow for PHA down payment assistance units to count towards the goal, even if they expired and were sold to help families build equity. This would make it so that the policy didn't implicitly prefer one type of supported unit over another. Frank Stoner picked up this thread, saying that, at this time, our policy favors the product, and not the family.

To this, Kathy McHugh responded that it sounded like the group was taking issue with some of the fundamental assumptions of the 2025 Housing Report, from which the 2025 goal comes. Revising this document could, she suggested, be the next big push after Policy # 1 and would involve reconsidering how we define supported affordable housing.

Dan Rosensweig agreed that this ought to happen, and that the definition of supported affordable housing ought to be revised to include "some level of affordability over some period of time" or similar language. He

insisted that it ought to be re-written to include both long-term housing and equity-building housing, even if the latter only creates supported affordable units for a short time.

Dan Rosensweig then clarified that he was on board with requiring deed restrictions or some mechanism of long-term affordability and accountability for rental units – his objections are on the homeownership side of things. He suggested that perhaps the policy ought to separate rental and homeownership, and deal with them separately.

At this point, as time was running out, the group decided that, as there were several larger issues to consider, that the subcommittee should reconvene to discuss further. Kristin Szakos requested that the 2025 Report be sent out to the entire HAC for review and comment. There was **consensus that the subcommittee try to meet in the intervening month, and then that the (revised) document be brought back to the full HAC for the May meeting.**

Building Permit Fee Waiver

Kathy McHugh then turned the conversation over to the next item on the agenda: the waiver of building permit fees for non-profit organizations working in affordable housing.

Margot Elton-Ratliff explained the proposed ordinance for building permit fee waiver. In 2009, Virginia passed enabling legislation allowing municipalities to waive construction permit fees for 501(c)(3) organizations involved with the construction and/or rehabilitation of affordable housing, but Charlottesville has not yet adopted such an ordinance.

Margot Elton-Ratliff clarified that the enabling legislation requires that the 501(c)(3) that owns the project is required to have a primary purpose of assisting with the provision of affordable housing. Kristin Szakos asked whether the organization or the project had to have that primary purpose, to which Margot Elton-Ratliff responded that this was a requirement of the organization. Lesley Fore asked whether this could be revisited, as she said that LEAP may be interested in doing basic weatherization work and she would be interested in seeing these permit fees waived as well. Margot Elton-Ratliff then explained that this was written into the state enabling legislation and isn't something that the City has discretion to change. Kathy McHugh explained that, with this ordinance, we are trying to locally adopt something that is already allowed that would help organizations already working in the City. While ideally it would go further and include more organizations with broader missions, we are stuck with what the State ordinance has enabled, and we would like to be able to take advantage of it for those organizations that would be able to receive the benefit.

Margot Elton-Ratliff laid out the basics of the proposed ordinance, which would cover two types of projects – the typical small scale rehab projects and new construction projects carried on regularly by AHIP and Habitat, as well as larger-scale projects such as The Crossings or Timberlake Place – as well as two types of organizations – non-profits with a designated construction arm, and for-profit organizations constructing projects that will ultimately be 100% owned and operated by a non-profit. As an example, Kathy McHugh elaborated to explain that Martin Horn had applied for the building permits for The Crossings, but since the project was to be owned and operated by Virginia Supportive Housing, this would have qualified for fee waiver. Chris Murray pointed out that, if the project is a low income housing tax-credit project, that the for-profit entity would have to own the large majority of the project – typically 99.9% ownership, with the non-profit owning just 0.01%. Kathy McHugh explained that this had also been taken into consideration, and explained that for this type of joint ownership, that the fee waiver would be prorated to reflect the non-profit portion of ownership. Chris Murray said that under LIHTC regulations, as long as there is non-profit ownership at all, the project is eligible for status as if it were entirely owned by a non-profit. He suggested

that this be used for the Charlottesville ordinance as well. Kathy McHugh suggested that this be something that could go to the City attorney for review, to see if it would be possible to include.

Kathy McHugh asked the group for feedback. Kristin Szakos responded that Council will ask what this will cost the City. Kathy McHugh responded that this was something that had been looked into, but also added that as of right now, when AHIP applies for building permits, that they are using money allocated from the CAHF to pay these fees, and continued to say that Council may end up wanting to take a hybrid approach to the policy and agree to waive the fees for the smaller projects, but not want to forego the revenue from the larger projects (like tax-credit projects) when a for-profit is involved.

Kristin Szakos said that what she felt the group wanted was for this policy to be as broad as state law would allow.

Charlie Armstrong then returned to the cost of the ordinance, and where this subsidy would come from – would it come from the general NDS budget, or would it be passed on to other permit fee payers in the form of increased permit fees? He stated that he supports the ordinance in theory, but does not support raising everyone else's permit fees to pay for it. Kristin Szakos agreed, and said that it was important to know how much this would cost the City, and where this money would come from.

Margot Elton-Ratliff said that, from research done into our permit database, that on average, this ordinance would result in an \$8,000 - \$8,500 loss of revenue, but that on years when there are larger projects, that this could be much higher.

Frank Stoner suggested that the non-profits be cut out, and the money be transferred straight from the housing fund to NDS. Kathy McHugh explained that this somewhat defeats the purpose of the ordinance, for it still takes the money away from housing. Frank Stoner responded that the money needs to come from somewhere. Either Council has to agree to run a deficit, or the money has to come out of some fund.

Chris Murray asked about how tap fees are handled, to which Kathy McHugh responded that the enabling legislation doesn't allow for the waiver of tap fees. Chris Murray continued that there is already a stipulation that allows for affordable housing projects to receive reduced tap fees, and asked about how this is paid for. Kathy McHugh responded that this would be a question for Public Utilities, and she wasn't sure how they handled it. Charlie Armstrong hypothesized that this was absorbed by the rest of the for-profit tap fee payers.

Kristin Szakos asked whether it would be a big deal for the rest of the developers to absorb this cost, but also said that she thought there could probably be a way to cover this from the General Fund. Charlie Armstrong disagreed that it would be an equitable solution to raise the fees for everyone else – ultimately, it's money.

Kathy McHugh reminded the group that they are an advisory committee, and said that from here, we could either incorporate their comments and move forward, or put it to a vote for support. Dan Rosensweig suggested a vote.

Charlie Armstrong moved that the HAC support the concept with the condition that an independent funding stream – that did not require general permit fees to be raised – be established to cover the costs associated with the ordinance. Joy Johnson seconded. There was no discussion. Vote in favor was unanimous.

Design for Life Cville & Universal Design

Margot Elton-Ratliff then presented the proposed resolution to streamline the City's Universal Design policies, explaining that currently the City has a 2008-adopted policy that dictates that all city-funded new construction projects be built to the Bronze level of the Universal Design Features, as set out by North

Carolina State University's Center for Universal Design, but that also the City has its own, 2012-adopted standards for the volunteer program, Design for Live C'ville, which allows for partial waiver of building permit fees for building to various levels of accessibility. These standards are not, however, consistent. For the purposes of consistency and ease of use, staff proposed streamlining the regulations so what is required for one program is required for all.

Lesley Fore asked whether this applied just for new construction, to which Margot Elton-Ratliff responded affirmatively. Kristin Szakos clarified that the Design for Life C'ville program applies to renovations as well.

Margot Elton-Ratliff continued to explain the proposed resolution as a two-step process. The first step would be to update the Design for Life C'ville guidelines to include items that they are missing, as currently the Bronze standards are more stringent. The second step would be to substitute the Design for Life C'ville guidelines into the 2008 resolution so it is the consistent standard used for all City accessibility programs.

Chris Murray asked whether staff would be reviewing the DHCD or Livable Home Tax Credit guidelines, to which Margot Elton-Ratliff responded that she had already done so. Chris Murray then asked whether there would continue to be a distinction between visit-ability and live-ability, to which Margot Elton-Ratliff responded that the Design for Life C'ville guidelines would continue to have both of these levels, and that the 2008 resolution would be updated to require that City-funded projects be required to adhere to the livable level, which is more consistent with the current Bronze requirement. Chris Murray then said that DHCD has done a great job of boiling down the guidelines for universal design to several criteria, which allows for some flexibility. Margot Elton-Ratliff responded that, due to this flexibility at the state level, anyone meeting the proposed City requirements would be eligible for the Livable Home Tax Credit without having to do additional accessibility work.

Margot Elton-Ratliff then continued to tell the group about a real life example that she and Kathy McHugh had reviewed that morning, which was applying for the live-able level of Design for Life C'ville. In this review, they discovered further loopholes in language of the Design for Life C'ville program that ought to be closed – for example, this project does not allow direct access from the living room into the master bedroom, but rather requires that someone in a wheelchair go out onto the back porch and then re-enter the house into the master bedroom, which technically meets the Design for Life C'ville guidelines because they currently define circulation as “interior or exterior” paths. Kathy McHugh added that this resolution is essentially a tightening up of our policy and our language, to address all types of situations where there are disabled people living in a home.

Chris Murray asked whether it would be possible to make a distinction between renovation and new construction. In renovation, perfect is the enemy of good. Kristin Szakos agreed, citing that many AHIP homes would not be able to receive funding if they were required to meet these standards for rehab projects. The group agreed this was an important distinction.

Kristin Szakos said that she thought that this would need a longer conversation, because she had serious concerns. She wants as much of City housing as possible to be live-able, and using City funding to promote that is a good thing, but was concerned that if CAHF money is intended to be used to do renovations and get people into housing, that if we raise the bar too high, that many projects will become ineligible, and many homes will become impossible to renovate. Phaerdrus Acgtblu interjected that he agrees – of the current stock of housing that comes on the market, many projects will be eliminated if these standards are required for rehab projects.

Chris Murray pointed out that DHCD has had their policy in place for 6-7 years, and has not come close to getting enough people to apply for the tax credit. He believes that even their flexible standard is too stringent.

In his opinion, this is a larger conversation. If the goal is to enable more of this type of housing, then this resolution puts speed bumps in the middle of a road that we're not driving on yet.

Kristin Szakos did not want to tie up the entire housing fund to these standards. She said she thought it needed more conversation. Kathy McHugh responded that this policy is not new – as of 2008, if an organization uses City money, they have to build to these Bronze level standards laid out by North Carolina State University, which are more stringent than our Design for Life C'ville live-able standards.

Frank Stoner asked if anyone in the group was opposed to this policy for new construction.

Dan Rosensweig responded that he was not opposed for new construction, as long as there was some flexibility for sites that make accessibility impossible. To this, Margot Elton-Ratliff responded that there is a built-in waiver for exterior accessibility for sites that are impractical, but that these projects would still be required to meet interior accessibility requirements. Kathy McHugh clarified that currently, interior accessibility is not waived but that there is a condition that would allow for exterior waiver by the City engineer for steeply-sloped sites.

The group chose to push this item to the next meeting for further discussion. (Note, a follow up e-mail was sent to the HAC after the meeting to clarify that the 2008 policy only applied to new construction and that it would not impact rehab projects, thus staff is planning to take the item to Council at the April 21, 2014 meeting.)

Tax Assessor Data

Kathy McHugh gave a brief summary of the meeting she attended with Frank Stoner and the City Tax Assessor Office. After this meeting, the Assessor's Office provided her with a data table of 1,800 fields that they use to assess properties, and asked which fields the HAC was interested in receiving the data for. Kathy McHugh looked through this table and came up with a list of fields that would be applicable to the data research that the HAC was interested in doing. At this time, she requested a vote from the HAC that would approve her officially requesting this data from the tax assessor.

Frank Stoner added that the idea would be that this same data would be collected annually, giving the HAC the ability to compare housing characteristics into the future for analysis.

Joy Johnson made a motion to ask Kathy McHugh to officially request this data from the tax assessor. Bob Hughes seconded the motion. There was no discussion. Vote to approve was unanimous.

The meeting was then adjourned at 1:43 pm. The next full HAC meeting is scheduled for 12 pm on May 21st. In the interim month, the subcommittee will meet to discuss Policy #1 in more depth.