

HOUSING ADVISORY COMMITTEE  
Code Audit & Incentives Subcommittee Meeting Notes  
Neighborhood Development Services Conference Room, City Hall  
February 17, 2015  
12:00 pm

Attendance Record	Present	Absent
<b>MEMBERS</b>		
Dan Rosensweig	X	
Bob Hughes		X
Phi d'Oronzio	X	
Frank Stoner	X	
Ryan Jacoby		X
Ridge Schuyler	X	
Mark Watson	X	
Trish Romer	X	
Countess Hughes	X	
<b>STAFF</b>		
Kathy McHugh	X	
Melissa Thackston	X	
Brian Haluska	X	
<b>VISITORS</b>		
Lena Seville	X	

The meeting started at approximately 12:00 pm, with lunch provided for attendees.

Kathy McHugh welcomed everyone and explained that the purpose of meeting was to discuss providing input for the code audit relative to how City codes impact affordable housing. Attendees were provided with a copy of the Housing Chapter of the Comp Plan and introduced to Brian Haluska (City Planner), who was invited to provide a zoning/planning perspective for this conversation. Round table introductions were then made and Kathy announced that she is in communication with Beau Dickerson (as previously suggested) regarding possibly serving at the developer on the HAC.

Kathy further explained that this meeting was a continuation of the one from December 21, 2014, and that the approach being used was to review the individual goals and objectives of the housing chapter of the Comprehensive Plan to consider these in light of current City code. While the last discussion stopped at Goal 2 Objective 1, she suggested that the group might want to start over given that there was consensus that the discussion needed to include a City planner.

A discussion followed, with the group talking about limitations on the number of unrelated persons in the zoning ordinance. Brian commented that in R2, that the City is likely to get some push back on this issue and that the R-U zone was specifically created to allow only 3 persons in an effort to discourage conversion of single family homes into student rentals. He further noted that this limitation is really hard to enforce and that implementation is almost impossible.

Brian also questioned the PUD ordinance and stated that the group should question whether this is really worth our time, as we are essentially getting similar results to what by-right zoning would provide. He elaborated to state that we should modify the zoning and subdivision ordinances to get what we want.

Dan added that we should divorce ourselves from political considerations at this point to try to figure out all the things we can do to align Comp Plan with the codes. Specifically, we need to prepare a list and then let

City Council decide what they want to do. Further, the PUD ordinance does not explicitly include affordable housing, but it would be helpful if this was a consideration.

Brian stated that the City had previously requested the same discretion as Albemarle County, but that ultimately, the ADU ordinance is what we approved. He elaborated to state that he was not sure if the PUD ordinance could be amended or if the City needs enabling legislation. A legal opinion is likely needed to determine this.

Dan commented that there is a difference between the standard of review and objectives. Can objectives have stronger language as long as they are not worded as a requirement? Brian responded that while you can include strong objective /intent language, that if it is not required that the City cannot deny a plan simply because it does not meet these. Use of flowery language up front can be misleading to the public and ultimately lead to disappointment because it can't be enforced. Comp Plan is the place for such aspirational language.

Dan stated that he did not want this to be a conversation between just Brian and himself, so he encouraged others to speak up. He then remarked that the PUD ordinance lays out objectives and standards (which are used by the PC to weigh decisions), but that affordability is generally viewed through the lens of having various housing typologies. He asked if the language could be strengthened to specifically call out affordable housing.

Brian stated that it is not a hard and fast bar that you have to pass and that clarity is what is needed. Asking about variety was aimed more at deflecting homogenous developments. Specifically, he suggested that in looking at the standard of review and objectives that we ask for elaboration regarding size/type and price point to get at affordability.

Frank expressed concern that this is being defined too narrowly and that 80% AMI is too restrictive. He stated that this drives the market rate prices higher and that this concern should be noted.

In considering specific Comprehensive Plan language, Dan stated that Brian's voice would be helpful relative to Goal 1, Objective 2 and so he asked if Brian had any specific suggestions. Brian commented that in Charlottesville (due to scale), he was not sure if this is particularly helpful as we do have a bonus for proximity to a bus stop. He then went on to say that the HAC needs to look at parking. Large scale multi-family housing is where the growth is occurring. He went on to ask, what do parking regulations do to the cost of these units? Can we reduce the amount of parking required to reduce the costs? While keeping minimums, can we define offsets such as traditional bike parking and proximity to bus stops.

Brian noted that there are some recent developments that are not fully using their garages. Water House and was touted as an example of where parking was built to minimal requirements but the deck is never full. Also, the Flats on West Main was noted as building "more parking" than what was required, with the Standard (proposed student housing on West Main) proposing to do likewise. On the other hand, the developer of 1000 West Main is attempting to build to the minimum (if not slightly less) based on their experience in urban markets.

Dan stated that we need a more robust parking waiver, realizing that the market will also help control this. Phil noted that parking impacts housing pricing and that the cost of inclusion may not necessary given that people who live in downtown are less likely to be car centric. He also suggested that there might be a market for the unused parking to help offset costs.

Brian elaborated that no car households or those that are willing to warehouse their cars elsewhere are priced out of the downtown market when they have to pay for the added costs associated with accommodating minimum parking standards.

Dan asked the group if they thought that this idea had merit and should be included as a potential ordinance change.

There was **general consensus over making a recommendation to tie parking to the specific development, looking at both a minimum and maximum level of parking, with a possible waiver for affordable units and consideration of potential offsets (bike parking, proximity to transit, etc...).**

Frank was concerned about how this would ultimately work and potential impacts on parking if affordable units are leased to low income persons with cars. Brian responded that the current ordinance requires one space per unit, but that the parking could be handled as an add-on to the cost of rent (similar to the Pavilion development behind Barracks Road) , with Trish Romer adding that the cost of parking (if not optional) is already included in the price of the unit.

Dan asked if a joint parking agreement could be used to better utilize existing parking. Brian advised that this is allowed now and that only 40% of all parking is required on-site. There is also a provision to allow for payment in lieu of parking, if the property is in a modified parking zone. He noted that use of centralized parking facilities in downtown make sense. The example given was the Water Street garage which is used by workers during the regular work week and by those seeking entertainment after hours and on the weekend. He then suggested that perhaps the Economic Development Office could be helpful in putting developers in touch with owners of parking facilities.

Frank expressed anxiety for developers over the long term. He stated that they have no control over what happens in the future and that the City would likely not fill the gap in the future if parking becomes a problem. Brian countered by stating that the City should not have to take an active role and that the market would need to adjust to address the need.

Noting a need to address parking considerations in the code, Dan suggested that the group move on.

Moving onto Goal 2, the group discussed Accessory Dwelling Units (ADUs). The group wanted to see about mapping these, using the assessor data for plus one units. There was also discussion over whether Dominion power would provide a list of housing units with two meters. Kathy agreed to follow up on obtaining assessor data and possible mapping; however, the request to Dominion was thought to be complicated due to fact that there would be no way to distinguish between a primary dwelling/ADU and a duplex.

Frank asked about the definition of an ADU versus a duplex. Brian explained that internal accessory units are limited to 40% of the square footage of the primary unit and external units are limited to 30% of the rear yard. He added that the City looked to constrain external units a few years ago by adding height limitations and limiting occupancy to no more than 2 unrelated persons. The occupancy limit was due to concern over university/off campus housing usage.

Dan stated that he would like to include allowances for expanding ADUs. Brian asked what road blocks are currently being experienced? He stated that new urbanism advocates push hard for ADUs as they can expand affordable units into higher income areas; however, you can't force people to build them.

Mark Watson added that people in high end neighborhoods don't need them and those in low income areas can't afford them and/or can't fit them on their lots. He suggested building some models to let people look at

them and pick out what they like would be helpful, as well as possibly utilizing a loan program. Kathy expressed concern over the practicality of building models and having them available for public viewing (this would require money and space for public viewing opportunities). Phil added that a loan program was in the works that could help with ADUs.

Frank concurred that a loan program would be helpful as would a form book (pre-approved plans similar to what is used in Santa Cruz). Dan asked if we can ease the path in the zoning code and look at inclusion of a form book. Brian stated that the beauty of a form book is evident when you are able to comply and have the land/yard necessary to build it; however, you might need to target certain areas because while it might work on Ridge Street, that it would not work in all City neighborhoods. Further, a form book is more about building codes than zoning.

Dan inquired as to whether we should look at reductions in setbacks to help facilitate internal ADUs and also look at increasing the number of unrelated persons in ADUs in some areas.

Brian responded that with smaller yards an internal unit should be considered; however, accessory structures can be built within 5' of a property line. In looking to expand an existing structure, the rule is 25' off the rear line. He went onto explain that while Charlottesville is urban, that we use a lot of suburban guidelines. In Belmont and Woolen Mills he noted that the setbacks are extreme and that these are subject to change by no fault of your own if someone builds on a different part of the block.

Frank asked about offsite parking for ADUs to which Brian responded that it is not required.

For Goal #2, there was consensus around: 1) reduced setbacks for ADUs and 2) looking at the number of unrelated people allowed in ADUs and primary units.

Moving on to Goal 3, Dan asked Brian if he could suggest any tools. Brian responded that parking regulations have not been examined in light of affordable units and how this impacts density and unit size.

Dan noted that current developments at City Walk, Flats, etc... should have a stabilizing effect on rents and that increased inventory should bring down costs. He went on to explain that there are more people than ever entering the rental market and that due to student loans and other factors that these units were needed. In turn, we also need affordable rentals.

Brian concurred and stated that affordable rentals are an issue nationwide, as the focus has turned from homeownership to rental units.

Phil asked what we can do to effect change. Dan responded that he repeatedly keeps pointing to the zoning map which shows that we are still prioritizing R1 and R2 zoning. He stated that we need to reduce the amount of yellow on the map and bring it into line with the Comp Plan.

Frank then indicated that anecdotally that 1980's units in Albemarle County have vacancy rates between 35% and 40%. He has talked with some landlords that indicate plans to spend \$35K+/unit to renovate these in order to avoid going affordable (because once you go this route – there is no going back). While these units are in the urban ring and not the City, he noted that tools to encourage people to create a greater economic mix would be helpful.

Dan noted concern over the fact that there are no affordable units available for rent, asking Brian if there are opportunities to *tweak* the zoning map to provide gains.

Brian responded the City did a build out analysis (including approximately 72,000 units) with the last Comp Plan update and that most of the growth capacity is in the mixed use growth corridors (e.g., West Main, Preston, and Cherry Avenue). There is virtually no green space left (after Lochlyn Hill and Huntley) and development needs density to be cost effective.

Dan contemplated whether there **are opportunities along the edges where impact to neighborhoods would not be felt as strongly**. Areas identified include Gasoline Alley, along Moore's Creek, Hogwaller, and others.

One suggestion was to identify streets that people really like and to see whether current codes will allow this to be built.

Melissa asked about **subdividing existing large lots**, to which Brian responded that this would be feasible with sufficient road frontage, but that narrow lots with extra acreage don't allow this. Phil asked why you can't build without road frontage. In discussing this further, Brian commented that a lot of record without access could likely be built upon if utilities could be provided, and Phil noted that title issue with ingress/egress and 'forcing an easement by necessity' would add costs.

Dan stated that there are two issues that of lot standards based on access and frontage and lot standards based on dimension. Should we be looking at **potential reduction in dimensional lot and road frontage standards in an effort to expand density without changing zoning?**

Brian responded that this is one approach, but that the group should also look at appropriate housing types. He also mentioned the use of the infill SUP which allows you to deviate from subdivision standards, but there have only been about 3 in the past 8 - 10 years and that the process to qualify is very onerous.

Dan followed up by asking about the process? Brian responded that it is very involved and costly (\$1,500 to \$2,000) requiring you to complete the Low Impact Density -LID checklist.

Dan commented that there is a general rubric forming that is facilitating, if not maximizing, allowable/potential densities in current zoning districts. There are **potential frontage changes, lot dimension changes, revisions to the infill SUP process, expansion of the infill SUP zone** and all should be looked at to let City Council decide what needs to be done to eliminate constraints to get at our Comp Plan goals/objectives.

Dan then asked what is the process for how to get from here to there? Brian responded that this would involve an initiation process request to City Council. This could be done with recommendation from the Housing Advisory Committee, based on an all-inclusive list asking for further study and/or changes. Dan followed up by asking if we can do a catch all, sort of omnibus zoning text amendment (with intent of trying to satisfy the goals for affordable housing), to which Brian responded that we could do a broad request such as this. It was noted that this would be a good idea and is something that could potentially happen even if the code audit does not move forward.

Dan then asked how do we look at the issues associated with the edges outside of small area planning? Per Brian this is complicated by the fact that it is not generalized discussion about a zone, but rather is specific to an address/location. Dan responded by asking about the process used for mixed use corridors and whether something similar could be done here. Brian responded that the Cherry Avenue provided lessons learned from transition zones to apply to future mixed use.

Dan noted that Kathy Galvin has talked about transition zones which bring to question whether there is another zoning classification that we haven't talked about. Is there consensus around this issue to look at the edges/mixed matched parcels that have a higher and better use, without creating negative impacts on

neighborhoods? Phil noted that while you can't do this parcel by parcel, there may be opportunities along Moore's Creek. Brian added that this area is already zoned highway corridor which allows up to 21 dwelling units per acre. Phil countered that while not ideal, that perhaps we could create by example based on a new classification. Brian stated that Linden Town Lofts was previously built under this zoning. Dan added that this is an example of where the development doesn't necessarily impact the Belmont neighborhood, but is at a density where it starts to address inventory a little bit and potentially starts to address nodes for transportation corridors.

Dan then asked how we move the ball forward. Brian responded by stating that we need to know what areas are out there where the mismatch exists between use and zoning classification. Generally from a staff perspective, not sure that it was ever envisioned enlarging the mixed use corridors (allow for multiple story buildings and mix of uses), but highway corridor is a little strange. Are there other areas where we are missing an opportunity? Dan asked is there something of lower intensity than the mixed use corridor or another in-between classification? Brian responded that mixed use corridor runs the gamut and that neighborhood commercial is intended to provide transitions without dramatic height changes ... ultimately he seemed to think that current zones could be tailored. Dan responded that there are no medium density zones, with Brian countering that this depends upon how you define these.

There was then a discussion about vertical versus horizontal mixed uses and the challenges of each, with Phil asking how commercial uses could drive housing. Brian advised that the SUP speaks somewhat to this with certain densities generating the need to provide units or pay money to the housing fund. Phil further questioned how mixed uses in a development could potentially provide the capital to support housing. Frank Stoner interjected that this assumes that the retail/commercial is valued higher than the housing and that this is not necessarily true (commercial does not subsidize the residential side). Melissa noted that housing authorities are successfully using mixed income/mixed use to accomplish affordable housing, but that this approach is very challenging. Frank added that this greatly increases the difficulty of financing ... to which Phil mentioned that there is always the option to do condominiums.

As an alternative to condominium financing or road frontage, Frank explained that one of the ideas that his company has explored is the **unit lot code (based on Portland and/or Seattle model) which would provide fee simple lots without road frontage.** Per Mark Watson, these are *Ross Chapin* lots that provide a fee simple lot along a travel way, but not directly fronting on a road. Frank added that this facilitates more conventional financing and would be a valuable option locally. Dan then asked if this is part of the code audit, but Brian was not sure as it had been a while since he looked at this. Brian thought that this was something that has been considered and could be included. Dan added that his could get denser unit typologies around a green.

Kathy advised that time was being to run short, but that she was not sure how to proceed as the comments today were very broad. Brian reiterated that we need to initiate a study as a starting point and that the initiation stage does not require specific details as to what changes are needed, but rather it would request that certain issues be studied in light of the current codes. This gives Council the option of considering what they would be willing to do, while also eliminating those things that don't warrant further study.

There was consensus that we need something in writing. Brian stated that a bullet point list might be helpful to facilitate Council review so that they can prioritize and decide what they want to do. Ridge added that we might need an intermediate step that fleshes this out a little further (provide examples) to allow the HAC to speak with Council members in an informal way to see if there might be support for what is being proposed. Dan interjected that this also needs to go back to full HAC with Mark suggesting that examples might also be helpful.

Frank asked if this might be stalled because of the lack of a NDS director. Kathy noted that this conversation started off to help inform the code audit review/discussion, but that this effort is currently stalled. What is now being discussed by this group would require significant staff time and effort to move these issues along a different path, basically by-passing the code audit. Frank then asked why the City wide code audit was stalled and Brian responded that it is lack of a director and lack of staff resources to devote to doing it.

Lena Seville asked about a prior discussion about funding and Brian advised that he was not sure, but that the funding might be related to hiring an outside consultant to do this work.

Phil suggested that we first look at lining up the list from today with the Comp Plan and create a document to take back to the HAC to see if they want to move this forward to the next step.

Dan stated that this work is really critical to help achieve housing goals. In short, we can't and don't have resources to build things, but we can focus on the underlying policies. He also expressed concern over the demands on Kathy, Melissa and Brian to get this done, suggesting that it might need to be spread out over a period of time.

In an effort to identify next steps, Melissa summarized that her understanding was that this was not ready for Council consideration, but that the subcommittee wanted staff to create a list for review by HAC. The list would include lot frontage, lot dimension, non-related, edge zones, subdivisions, setbacks, condo-like fee simple lots, parking regulations, multifamily housing forms in single family areas, infill SUP and revisions to PUD to include affordable housing units.

Brian added that this does not have to be an all or nothing effort and that the list could be refined to identify those things that have a high priority and/or don't require significant time (more of an incremental approach).

With no further discussion, the meeting was adjourned at approximately 2:00 pm.