



Housing Advisory Committee (HAC) Policy Subcommittee Meeting

Thursday, March 2, 2017

11:30 AM – 1:30 PM

Minutes

In Attendance: Jody Lahendro, Planning Commission
Betsy Lawson, Piedmont Housing Alliance
Kristin Szakos, City Council
Brenda Kelley, City of Charlottesville
Trish Romer, University of Virginia
Ridge Schuyler, Charlottesville Works
Beth Kennan, Piedmont Housing Alliance
Dan Rosensweig, Habitat for Humanity

Mark Rylander
Garrett Trent
Cliff Fox

Stacy Pethia, City of Charlottesville

Minutes

1. Discussion of implementation recommendations related to the HAC recommendations from the RCLCO Comprehensive Housing Analysis and Policy Recommendations report.

Stacy Pethia (SP) welcomed attendees to the meeting, noting that Phil d'Oronzio (HAC Chair) and Grant Duffield were unable to attend. She introduced Brenda Kelley (BK), the new Redevelopment Manager for the City. BK and SP are working together on affordable housing issues in the City's Strategic Investment Area (SIA). SP then introduced the meeting topic – prioritizing the RCLCO report recommendations for City Council action.

Prior to this meeting, SP had requested each subcommittee member chose their top five (5) priorities from the list of recommendations presented to City Council in November 2016. She received three responses, which she summarized in a meeting handout.

Jody Lahendro (JL) clarified that the HAC is to not only identify priorities for action, but also which of those priorities can go directly to City Council and which priorities need to be reviewed by the Planning Commission.

SP agreed, noting a Planning Commission work session has been scheduled for the end of March. The Planning Commission will address the land use recommendations prioritized during today's meeting, as well as those included in the full list of HAC recommendations from the housing study.

Kristin Szakos (KS) suggested the details for the Planning Commission work session be shared with the full HAC so they can attend and lend support for their priorities. SP agreed to do so.

SP began reviewing the responses she had received from subcommittee members, identifying those recommendations that had the most agreement. She noted the recommendation to increase the amount of money in the Charlottesville Affordable Housing Fund (CAHF) had very strong support.

KS noted City Council had asked for a doubling of CAHF funding for FY2018. However, the amount of funding will increase by \$800,000 next fiscal year and then double starting in FY2019. This was due to the request being submitted to the City Manager very close to the annual budgeting process. She stated subcommittee members keep this in mind when prioritizing the recommendations.

SP noted the responses she received showed strong support for prioritizing the sale/lease of City owned properties for the purposes of affordable housing development.

KS asked which public owned properties is this recommendation referring to.

SP has been working with a department GIS specialist to map all of the vacant residential zoned parcels in the city and identify which of those parcels are owned by the City. There is no a great deal of City owned parcels, but she noted the City Manager is exploring the possibility of purchasing properties for affordable housing development.

The next recommendation receiving strong support from respondents is "encourage/support the CRHA to redevelopment low income public housing".

KS asked if the housing policy allows for that?

SP noted it does. She then when on the provide the final item receiving support from two of the three respondents is to provide free broadband access for low-income households.

Dan Rosensweig (DR) noted subcommittee members have been asked to identify two categories of priorities: 1) immediate action for immediate benefit, and 2) immediate action for future benefit. He asked if this is how we want to structure the discussion?

SP suggested the group begin with identifying items for immediate action/immediate benefit, then move on to the longer-term benefit activities.

DR felt the group could tackle both today, but liked the immediate benefit approach first. It's good to see some action.

KS voiced strong support for increasing densities and wanted to make sure this gets presented to the Planning Commission as a preferred tool in the affordable housing toolkit.

DR noted this would be an item needing immediate action from City Council with a longer-term impact.

KS pointed out that development is happening now and she is concerned that, if density is not addressed, many opportunities for affordable housing development will be missed.

DR agreed. However, he views density as a broad consideration applied to all planning/zoning/policy issues. A City Council mandate is needed to ensure increased density is considered in all land use policies to ensure a future payoff.

SP stated her one concern is the Planning Commission has asked for data showing the potential impact of increased density on neighborhoods. They have also asked for a housing analysis. This is something she is unable to provide as the data is not available.

KS & DR: the RCLCO report provides information on the misalignment of housing supply and demand, showing deficits at the very low end and very high end of the market.

SP noted the Planning Commission is asking for a housing needs analysis, which shows how many units are needed – by type, size and price – to meet local demand. The best data for that type of analysis is the Census Bureau's Public Use Microdata Sets (PUMS), which provide individual responses to the census questionnaires. However, PUMS areas include populations of 100,000 or more. So, City data is included with data from parts of Albemarle County and Greene County.

DR: that is asking us to splice the data in a way even the market doesn't. To use that as a framework for this work is unrealistic and probably not valid. He noted we could probably do that by extrapolating a lot of data from multiple sources, but he wasn't sure how accurate that data would be.

Betsy Lawson (BL) asked if we are looking for strictly homeowner data or rental data also.

SP: Both

BL stated we could collect rental demand information from local waiting lists.

RS noted we could easily do a demand analysis of unit need based on Census household income data. However, we can't match that data with unit type/size.

DR indicated we could follow the methodology Albemarle County uses for their comprehensive plan (identifying deficit of units for low-income households). But there are too many nuances related to housing choice. We would get bogged down in the details. He's concerned that's the purpose of the Planning Commission request. He doesn't believe that level of data is valuable.

SP noted the methodology exists for conducting housing needs analyses, there is simply not a source of data. She then moved back to the priorities list by asking if subcommittee members supported the recommendation to increase densities. All responded with a yes.

RS clarified the density increases would cover the recommendations for bonuses for affordable housing development as well as the recommendation for increasing by-right densities.

DR suggested there are two actions: 1) legislative, encompassing changes to the zoning ordinance; and 2) directive, or making sure density is always considered as a tool for affordable housing development. This would require no change to current codes.

RS reminded the group we are currently focusing on the recommendations with short-term benefits.

DR noted there is clear consensus on doubling the CAHF and the dispensation of city property for affordable housing development.

RS, returning to the topic of dispensation of city properties, he noted it is important to recognize the recommendation may run counter to job development needs. In other words, City Council would have to decide if the sites should be used for housing or employment. So the HAC needs to put the recommendation in terms of affordable housing supporting economic self-sufficiency. There are available jobs in the City offering salaries of \$25,000 per year; however, that salary is not high enough to cover the cost of housing in the City. So, the argument can be made that, by providing affordable housing opportunities does as much to increase salary through lowering household expenses as efforts to create higher paying jobs. We need to stress it is not a trade-off between the two. When we hit that wall, our argument needs be that reducing people's housing expenses is just like giving them a raise.

DR noted the way the recommendation is worded will determine which category it will apply to. For instance, saying, "direct City Manager to issue an RFP for the sale of land for affordable housing development" leads to immediate action/benefit, whereas recommending the sale of land be prioritized for affordable housing development is a longer-term benefit.

KS asked how such a recommendation would impact future development in the City? For instance, the City bought land on E. Market Street recognizing the City will need to provide parking, retail, etc in the area. Does the City just scrap those plans and building affordable housing? She stated she would prefer the sale of land for affordable housing not be labeled "THE" priority, but as one of the City's top priorities. Otherwise, we will be undercutting what other committees have worked hard to make happen or nothing will happen.

RS suggested the group identify those City owned properties most appropriate for affordable housing development. Because someone has to get the ball rolling.

DR agreed.

JL felt that would require a committee being created to identify the properties and assess them. He asked what criteria would be used to determine those most appropriate for affordable housing?

KS suggested the Housing Program Coordinator could take on that task.

JL suggested the HAC determine the criteria to be used and provide that to SP.

SP noted, since she already has a map identifying those properties, she can work the GIS Specialist to collect parcel information for those site and share with the group.

DR asked if there was enough time between this meeting and the full HAC meeting on March 15th to get that done so the full HAC can vote?

SP asked if it was necessary to vote on those properties in two weeks or if it would be enough for the full HAC to vote on prioritizing the sale of City land for affordable housing development with appropriate sites to be identified and approved by City Council within X time period.

Trish Romer (TR) stated she was hung up on identifying properties. If we say this is one of the priorities, then it affordable housing is considered when every property comes up for sale, not just those identified.

DR felt the group could identify properties for immediate sale and then make sure affordable housing is considered for all future sites.

KS: we just add affordable housing to the list of City priorities and then identify sites for immediate targeting.

SP suggested the recommendation could be worded in such a way that affordable housing is prioritized for inclusion in City led development where appropriate.

DR noted the group now has two priorities.

SP asked if the group wanted to include the creation of a landlord risk reduction fund (LRRF) in the list? It could have immediate impact on the number of affordable rental units available.

KS asked if this will be used in conjunction with a good tenant training program?

SP said it could be in the future. Another option is to use the LRRF as an incentive for landlords to forgo the required security deposit. When trying to rent a home, many low-income families will have the first month's rent covered, but not additional funds to cover the security deposit.

She stated she has a landlord agreement from Lancaster, PA that could be used as a model for a program here.

DR asked if we know the extend of the problem in Charlottesville? He believes renter cost burden is a much bigger issue.

KS noted the required security deposit is a cost burden issue.

DR responded that studies have shown residents are paying 50% or more of their income for housing month after month. A LRRF doesn't solve that problem.

KS agreed, but noted a LRRF may open up housing to some low-income families who don't have access to housing now.

SP stated that many other cities running such a program use the fund to encourage landlords who normally would not rent to low-income families/families receiving rental assistance to do so. The fund makes them feel more comfortable.

DR stated he loves the program, but he sees these recommendations as a way to get in front of City Council with significant ideas and he's just not sure this fits.

KS agreed, but suggested you want some of the recommendations to be easy to implement.

RS provided some data to support the LRRF. He manages the Pathways Fund, which helps individuals on pathways to self-sufficiency meet a one time need acting as a barrier to success. Each year, 81% of the requests for assistance he receives are for housing needs. The average payment for housing support is \$648 and most of those payments are for security deposits.

SP noted that most city's running these programs find landlords don't access the fund.

KS pointed out that some landlords try to keep security deposits from individuals who have no power. A LRRF may be one way to prevent that activity.

DR expressed his support for the recommendation.

RS noted that, if the LRRF is backed up by the full faith of the City, it may not be necessary to reserve a large pot of money.

Moving on, DR proposed using CAHF funds to support the Charlottesville Redvelopment and Housing Authority's (CRHA) Housing Choice Voucher (HCV) program. He noted the CRHA is authorized to issue up to 533 HCVs annually. However, due to the high cost of housing in the City, the funding allocated by HUD only covers about 400 of those vouchers and only 388 vouchers are currently leased. DR estimates \$1 million to \$1.2 million annually would cover the cost of administering the 133 HCV's the CRHA currently can't fund. He further noted redevelopment of CRHA properties can't begin because there is nowhere to move public housing

residents. An influx of 200 vouchers would create conditions under which redevelopment could happen.

SP asked if those additional vouchers would act as relocation vouchers or be issued to households on the CRHA HCV program wait list.

DR stated that it does matter either way.

RS noted that, if we don't just use redevelopment as the hook, funding the 133 HCVs is a way to create mixed-income communities.

According to DR, the challenge will be overcoming what he calls the "Jim Tolbert" rule of not wanting to use City money to subsidize ongoing rental assistance. The rationale being you can't hold future City Council's accountable for current City Council action.

KS asked if subsidizing the HCV's would bring in extra HUD money?

SP responded, no.

DR noted HUD funds the HCV program at a certain level each based on the area's fair market rent. Due to the high housing costs in the city, more money is used per voucher than HUD awards.

SP asked if this was to be added to the list of recommendations?

KS asked if this would mean providing \$1.2 million to the CRHA each year forever?

DR suggested City Council provide funding for one year, and sign a letter stating Council's desire to continue funding for 15 years. This would act as a non-binding agreement for future Councils, but memorialize this Council's intentions.

KS asked if using the CAHF to fund the 133 vouchers mean there would be less money in the fund for other projects? And would that be okay since the vouchers may provide additional supported affordable units? She suggested the potential increase in the annual CAHF appropriation be used to fund the vouchers.

DR responded he hopes that CAHF could be used for the vouchers, as well as producing new units.

TR asked if the CAHF could be increased through increasing the proffer?

KS responded no; the City is unable to increase the proffer amount as we are at the maximum.

TR stated the proffer amount is so low it makes more sense to pay it than to build affordable housing. KR agreed, noting that is why no developers are using it.

DR suggested the following: the City Manager has requested an \$800,000 for the CAHF in Fiscal Year (FY) 2018. What if the City Council said they want to increase the CAHF by \$1.7 million in FY2018 with \$900,000 of that increase being used to fund the voucher program? That would providing funding for approximately 150 vouchers.

KS didn't know if there would be support among City Council for that request, or if the City Manager would be able to find the additional money for next FY.

RS noted it is ironic that the reason the CAHF can increase is because of rising property values that are forcing people out of their market. Funding the HCV program would be the circle back around.

KS noted it was just commercial property values that increased this year. Residential property values have stabilized. However, she believed asking for the extra money to fund the HCV program is worth a shot. The worst that can happen is Councilors say no. But, this will add supported affordable units, which is City Council's goal.

SP stated she will speak with the CRHA to determine the average cost of assistance per voucher.

DR asked KS if she felt comfortable being in the position of saying, of the additional \$1.7 million, \$800,000 will go to production of new units and the remaining \$900,000 will fund the HCV program?

KS stated yes, she does. Suggesting asking to double the CAHF and then identifying a percentage of that for funding the HCV program.

RS asked what those 200 units would mean towards the City's housing goal?

SP noted the 2025 Housing Goal report established an annual target of approximately 179 new units/year were needed to meet the goal.

DR noted this could be a way for the City to say, for the first time ever we've met that goal.

JL pointed out they could only say that for one year.

KS stated the amount would come out of the CIP, so using the CAHF is the way to go. Future Councils can take the money out of the program if they want.

JL noted he is not arguing against funding the HCV program.

DR believed that, since the CAHF is awarded on a year-to-year vote, it is a good idea for Council to include a letter of intent to fund the HCV program for program 15 years. KS stated the Council's vote signals that intent, a letter would not be necessary.

SP confirmed the group now had four immediate actions for immediate benefits, and asked if they wanted to add another recommendation or move on to the future benefits category?

DR suggested adding waiving developer fees for projects with on-site affordable housing. The is allowed under current City code.

KS asked how much are the developer fees?

DR responded: approximately \$3,000 - \$5,000/unit.

SP asked how many units would that waiver encourage developers to provide?

DR stated he believed developers would be encouraged. If a developer is going through the special use permit (SUP) process, the fees get pretty high.

KS suggesting using the waiver as a carrot for projects triggering the ADU ordinance. Instead of paying into the CAHF, the developer fees would be waived if they provided units on-site.

SP stated she liked that better.

TR noted other incentives, such as reduced setbacks or parking requirements, could also be provided.

DR stated we could do that through existing enabling legislation. That option may need to be added to the immediate action for future benefit category.

KS stated that, overall, the idea is good but felt it the waivers should be specifically applied to projects triggering the ADU ordinance.

JL suggested the immediate action could be to direct the Form Based Code consultant to consider all tools to incentivize developers to provide affordable units.

SP asked to clarify if the group was recommending waiving developer fees for all affordable housing projects or just those requesting a SUP?

KS responded with SUP.

DR stated, if that's the case, then we are excluding someone who wants to build a duplex somewhere and wants to make one side affordable.

KS noted that some of those projects are eligible for CAHF support. The SUP option would support private developers who can't access CAHF funds and don't have other leverage for affordable housing development.

DR noted that the City funds Habitat for Humanity projects and then takes a lot of the funds back in fees.

KS responded that we want to encourage private developers to produce affordable units, as well. The City can't use CAHF funds to incentivize them, so we need other tools.

DR stated he liked the idea of tying the waiver to the ADU ordinance.

KS noted this is something the City can do immediately.

DR suggested the City do it both ways.

KS noted that is a more expensive option. That's why she is encouraging the group present two separate options.

BL stated that, if the waiver is just for private developers, as a non-profit developer she will be more inclined towards building mixed income developments since she is not getting that bonus. When building affordable, every dollar counts. Money from the CAHF is just not enough, we need additional subsidies to make the project work. She argued that that non-profit developers need the fee waiver too.

RS asked why we don't use the same reasoning for non-profit developers? It seems crazy to give money to a developer and then take it back in fees.

KS stated she is just asking the group to present two separate options.

DR then asked if the group had any other recommendations for this category or should the group move on to the immediated action for future benenfit options?

SP stated she felt the five recommendations agreed to are great; it's a good number, easy to consider and act on, and will show progress toward the housing goal. Too many options can lead to inaction, so we should move on.

KS suggested moving the recommendation to add affordable housing as priority for City owned property to the future benefit category. DR stated the recommendation to dispose of specific City owned properties should stay in the immediate benefit category.

SP asked for other suggestions.

TR suggested recommending increasing density.

DR asked what the language should be for that recommendation? What is the Planning Commission's view on density increases?

JL: it depends on the location within the City. Parking is always a concern.

DR stated it was his understanding there have been discussions regarding density (for or against), is the City growing or not. Asked if there has been any progress?

JL responded, no. Planning Commission has been focused on the Community Development Strategy and how to frame the principles for introducing the topics to the community. One of the principles is the City will grow. They want feedback from the community on how they want to

see growth happen. Where would they like to see commercial density increase, where they want residential density to increase. That tells the Planning Commission to do something with zoning. They have been focused on how to start that conversation and this information from residents.

KS noted certain areas in the City are already approved for increased density. She asked if there is an assumption those areas would continue or is Planning Commission just starting over? She suggested we could increase density in those areas already identified for increased density first. Then the longer term conversation would be where to expand beyond that.

JL stated he believes the City is thinking forgone conclusions and Planning Commission is thinking how to get the information to make the conclusions.

DR stated the SIA plan is moving ahead, there's an RFP out for a consulting firm to generate a form-based code (FBC). There is a lot at stake in regard to affordable housing. He believed City Council could weigh in on a FBC for the SIA and say something specific about wanting allowances for additional affordable housing in the code. This could begin to bridge an divisions in the community about a FBC. Council could signal to the consultant, the Planning Commission and to staff that we want to include allowances for additional floor area ratio in exchange for affordable housing.

JL indicated he had not read the RFP, but would like to know if the consultant is being directed toward increasing density.

BK stated she knows it is addressed because the SIA is included in the RFP.

DR agreed and added there is language about affordable housing in the RFP, though he can't remember the specific language.

JL agreed that Council should direct the consultant to include allowances for affordable housing the FBC.

KS: it could be a policy thing, instructing the consultant to include increase FAR for affordable housing development in the FBC.

SP asked to clarify the language of the recommendation.

DR/KS: Instruction consultant, Planning Commission and City staff to, while developing a FBC, to identify increased FAR and density as means for increasing affordable housing development.

DR asked about the code audit, does the group want to make any recommendations? Nothing too prescriptive, but it's along the same lines as bonuses, density increases for on-site affordable housing

KS: all affordable housing.

DR: do want to do the same thing? Instruct staff to identify all allowable bonuses and extra allowances...

KS: including density.

DR: ...including tools such as density bonuses or decreased set-backs, in order to stimulate affordable housing development.

Mark Rylander (MR) asked if there was any way to require, instead of encourage, developers to provide affordable housing?

KS: Not in Virginia.

MR asked if it has to be a carrot not a stick?

DR responded that the City has limited enabling legislation from the State that in any projects with densities over 1 FAR, the City can require up to 5% of those units be affordable. Either provided on-site or built somewhere else. That's it.

MR noted that in the SIA there is an expectation that the buildings will be allowed to go up. And when they go up, people aren't going to understand how that is helping them, because it seems like it's just more expensive housing going up.

DR: what you can do in a FBC is say this is the building you are allowed. If you build affordable housing, you can have that.

SP clarified the language for the recommendation and summarized all future benefit recommendations.

RS stated these are clear recommendations. Part of the problem before is there were too many options.

KS recommended that, once these recommendations are presented to City Council, HAC members should share their views as to why they made the recommendations.

SP: best way to do that?

KS: via email.

2. Public comment

SP opened the floor to public comments/questions.

Cliff Fox (CF): is there is any interest in the City in creating public private partnerships between the nonprofits and the City for encouraging affordable housing? Not sure if that would be lookin

at the sale or leasing of land, but there's a lot of expertise out there the City is not accessing the private sector.

SP/BK are interested in talking about that.

CF stated there are groups out there ready to work with the City. But, in discussions with City staff and Council members, he feels the nomenclature is not present to make such partnerships happen. There is so much interest from the private sector now, and it just doesn't seem like the structures are present.

SP stated she would like to talk about how to make that happen.

RS asked if the partnerships would include, not just expertise, but actual affordable housing projects.

CF: Yes.

BK: And money too?

CF: Yes, why should the City use its funds if they can find a way to get private sector dollars involved?

DR noted one of the goals of the CAHF is to create leverage funds for development. And that is something Council looks at, where do the leveraged funds come from. There is not much active outreach to the private development sector, there's not the funnel yet, so when a private developer has an idea for a residential development there is no filter you get put in to where we can look at these types of partnerships.

CF stated he is looking at this from a sustainability perspective, on a 50 year horizon he believes a lot of the affordable housing we have now is compromised 1) because of the HUD structure and 2) because of the land planning that occurred historically. He hopes we are inventive enough to try to avoid recreating what we did 30 – 50 years ago.

SP asked for any additional comments/questions.

Garrett Trent asked which strategies have been used to increase affordable housing development in the City since the 2025 Housing Goal was set?

SP identified current partnerships with Habitat (DR stated they have built about 200 houses since the goal was set), AHIP to preserve housing, and with PHA. She noted she has been directed by City Council to become more strategic with the way the CAHF is used, especially since they want to increase the annual appropriation to the fund. This is what she is currently working on, and today's meeting was a large part of that. To find a more focused way to stimulate affordable housing development in the City. She indicated she is not able to say one approach has worked better than others.

RS noted the work began about two years ago with the HAC updating Housing Policy 1, Housing Policy 2, the policy framework that drives this work. The RCLCO housing study was a follow on to that. The process has been to figure out the best strategy. What can we do more effectively?

DR noted Habitat is tired of not moving the needle toward the 2025 goal. They are in the middle of a strategic planning process. They are not sure what the final product of that process will be, but they want to work with the community to develop a total housing value chain. The idea is to identify where the gaps are, not just in terms of quantity but in terms of quality as well. What is necessary for aging in place not just today but into the future. They want more housing built to meet the community's needs. Partners are going to be critical to the success of this process.

RS strongly recommended, when looking at aging in place needs, to think about where the caregivers are going to live. They are paid next to nothing, but need to live close to the seniors they serve.

DR stated that aging in place needs are not just housing related, but include the wrap around services that make aging in place possible.

RS asked what DR meant by community?

DR noted Habitat is thinking regionally.

SP asked if there were any more comments/questions? None were raised. SP ended the meeting.

**Proposed HAC Priority Recommendations for City Council
as of March 2, 2017**

Immediate Action – Immediate Benefit

1. Direct City Manager to immediately identify, and sell/lease, appropriate City owned properties for affordable housing development and to investigate additional land purchase for affordable housing.
2. Double the annual contribution to the Charlottesville Affordable Housing Fund.
3. Create a landlord risk reduction fund.
4. Waive developer fees:
 - a. for all developments providing on-site affordable housing; OR
 - b. for projects, triggering the City's Affordable Dwelling Unit Ordinance, providing required affordable housing units on-site.
5. Provide approximately \$900,000 to the CRHA to help cover the gap in funding for the Housing Choice Voucher Program.

Immediate Action – Future Benefit

1. Prioritize inclusion of affordable housing in City led development.
2. Instruct City staff, consultants, Planning Commission and other persons/parties involved in the development of a Form Based Code, to prioritize and maximize increased floor area ratio and other allowances as tools for increasing affordable housing development in the City.
3. Instruct City staff, consultants, Planning Commissioners and other persons/parties involved in code audits/zoning ordinance updates, to prioritize all allowable land use/planning tools – including increased density – in order to stimulate affordable housing development.