

HOUSING ADVISORY COMMITTEE
Minutes
Neighborhood Development Services Conference Room, City Hall
July 16, 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 | |
| Phil d'Oronzio | X | |
| NON VOTING MEMBERS | | |
| IMPACT | | X |
| Ron White | | X |
| Vicki Hawes | | X |
| STAFF | | |
| Kathy McHugh | X | |
| Melissa Thackston | X | |
| Susan Elliott | X | |
| OTHERS | | |
| Dede Smith | X | |
| Edith Good | X | |
| C'ville Tomorrow | X | |

The meeting was called to order by Joy Johnson at / around noon. Newly appointed banking representative Philip B. d'Oronzio (Phil) was introduced and welcomed to the group.

The May 21, 2014 minutes were then considered. A motion to approve was made by Kristin Szakos, and seconded by Mark Watson. Vote to approve was unanimous.

Kathy McHugh then presented a document entitled Overview of Proposed Changes to Housing Policy 1 (dated July 13, 2014) to the group, as sent out in advance of the meeting earlier that day.

In response to the presentation, Charlie Armstrong asked about treatment of pre-development expenses (e.g., soil borings, environmental studies, etc...) and what happens if a project is deemed infeasible. He specifically wanted to know if funds would have to be repaid. Kristin Szakos stated that this could potentially create a loophole for market rate developers to use CAHF without accountability. Dan Rosensweig stated that he would like to see discretion used in payback and /or some type of cost share provisions.

Kathy McHugh gave the example of Elliott Avenue and the City's agreement to cost share (up to \$25K) with environmental studies if Habitat/Southern Development opted not to move forward, noting that the City would still have valuable information as a result. Frank Stoner added that this is slightly different since the City owned that property. Kathy agreed, but stated that information could still have value, but that it would be good to tweak the policy text to allow flexibility on payback of these funds.

Frank Stoner asked about addressing Dede Smith's question on education related to down payment assistance (referred to hereafter as DPA). While not specifically listed, would such efforts be precluded? Dan Rosensweig commented that there has historically been a focus on unit creation or down payment assistance, so this would be a policy shift to add in programmatic elements such as education. Jennifer McKeever asked if there was a consensus among the HAC regarding the use of funds for programmatic purposes. Joy Johnson responded that due to Section 3 that she is supportive of workforce development/training programs. Kristin Szakos indicated that she leaned toward programmatic uses for education and counseling, if it can be shown to provide a certain number of jobs or affordable housing units. She further noted that such services could be linked through existing providers. Dan Rosensweig countered that while he had no disagreement on the need for workforce development and training, that the housing fund set aside is based on a former HAC study about the need for affordable housing units. As such, if we start funding these types of efforts then more money should be allocated above the level designated for providing housing units.

It was noted by both Jennifer McKeever and Ridge Schuyler that exceptions are incorporated into the policy. Specifically, page 8 of Policy 1 allows for "other projects as allowable under Virginia Code," so if requests are made, then City Council can decide on appropriateness.

Dede Smith then asked (regarding p. 3) if a third category could be added under the guidelines for use of CAHF to include down payment assistance. The group responded that DPA is currently allowed under the policy. Kathy McHugh then pointed out that down payment, closing costs assistance and foreclosure assistance are specified on page 7 under potential uses of funds, but that the guidelines are more general as to the intent of CAHF to be used to either provide new supported affordable units or preserve existing affordable housing at a risk of being lost. Dede stated that she would likely bring this up at the Council work session the following day.

Joy Johnson then asked if the group was ready to vote as to a recommendation on Policy 1. Kristin Szakos responded that due to Dede Smith's concerns that she would like for the group to consider whether to add DPA specifically, although she was concerned over the lack of leverage/multiplier effect. Jennifer McKeever indicated that she thought the existing text was already broad/clear enough and Dan Rosensweig agreed. Mark Watson denoted that PHA typically has to use multiple DPA funds to address individual need because guidelines differ for each fund and restrict the amount of assistance. He further noted that DPA does have a multiplier effect because private mortgages are leveraged as a result. A straw poll was taken and the majority supported not specifically including a separate reference to down payment assistance on page 3.

Staff also agreed to make a couple of minor changes as pointed out during the course of the discussion. These changes include adding language on page 3 to indicate that "new" Supported Affordable Units (as specified under paragraph one item one at Guidelines for Use of CAHF) could be physically new or newly supported affordable (existing) units. On page 5, under accountability measures, rehabilitation will be included with "Rental Housing - Refinancing of Rental Housing".

Charlie Armstrong then moved to recommend adoption of the proposed Housing Policy 1 to City Council, pending inclusion of language to consider forfeiture or cost share provisions for the use of the CAHF for pre-development costs. Jennifer McKeever seconded the motion and the vote to approve was unanimous. Kathy McHugh stated that (pending Council feedback) staff would add language on page 8 to indicate that "at the discretion of the NDS Director, investment of CAHF dollars into pre-development costs for projects deemed infeasible may not have to be repaid and/or the City will agree to a cost share provision to be negotiated and included in the funding agreement."

The next discussion item on the agenda involved proposed student housing and workforce studies. Kathy McHugh began by explaining the idea had initially been proposed during presentation of the housing report at the May 5, 2014 City Council meeting. City Councilors were interested to hear more and had requested feedback from the HAC so that these studies could be discussed in more depth at a work session on housing (scheduled for July 17, 2014). In an effort to provide a general basis for the discussion, Kathy prepared handouts for both proposed studies. She referenced the handouts during her presentation, noting that each contains a description of: 1) the need for the study, 2) what we want to know, 3) what should be analyzed, 4) general considerations, 5) who will do the study, and 6) what will it cost. She also mentioned that revisions to Housing Policy 1 would allow for funding to pay for these studies, within specified limits.

Jennifer McKeever then asked what staff would do with the results of the studies. Kathy McHugh responded that there is potential to use the information to guide future investment of CAHF and to better enable the City to determine impacts from development of new student housing currently being built and/or proposed to be built. Phil d'Oronzio added that the best reason for doing these studies is that "you don't know what you don't know." Jennifer asked if studies would look at what is actually affordable in a more comprehensive way, as that is something she would like to see. Joy Johnson added that she wants to know where the poor can live if not in public housing or Section 8. Also, how many affordable units are actually available as this has never been fully determined.

Dan Rosensweig added to this conversation, noting that when an acute housing crisis happens people have no place to go. Prompt reaction is required in times of crisis, but due to lack of affordable inventory, there are no units available for people to move into immediately. Kira Drennon remarked that people with mental illness can't find housing at all and that the student housing study won't examine this issue. Kristin Szakos responded that the proposed student study would give us clues as to how big student housing developments will take pressure off the neighborhoods.

In looking at housing stock currently for sale, Frank Stoner did a MLS search on his laptop and noted the number of houses under \$210,000 for sale in Charlottesville. Phil d'Oronzio noted that condominiums should be pulled out of this search; leaving only 46 units on the market and that these would require upwards to \$40k to purchase. Councilor Dede Smith noted that there are many under \$150,000 and that duplexes in Orangedale are selling at an average of \$100,000. Carmelita Woods added that many people in Orangedale buy housing to rent them out.

Phil d'Oronzio added that we should try to figure out (quantify) the impacts of pulling out students from the equation and that we need data to better define what we want to know.

Charlie Armstrong voiced that he believes that there is a need for the studies and that Joy has been asking for data for seven years. Further, that we don't need to silo discussions, but rather to combine these studies into one. Dan Rosensweig echoed support for combining the studies, but voiced concern over these being used to show that we are doing a great job in order to reduce commitment to housing. Jennifer McKeever added that she is agreeable to combining studies as long as we keep in mind that the larger issue is affordable housing. Ridge Schuyler stated that he wants the study to look at both the people (how can we help them) and the housing units. Kristin Szakos added that since part of the HAC charge is to identify those that need housing that we need to understand what policies/barriers are getting in way of doing this. Chris Murray contemplated aloud that once we extract students, we should have a clearer picture of what is needed. He asked if we could do a before and after study of the impact of the new developments and whether we could get a list of where all students are living.

Dan Rosensweig then noted that there seems to be consensus around several items: 1) that the studies should be done using a combined approach, 2) that there is a need to further delineate scope and outcome objectives, 3) to further consider housing stock that is affordable but not supported, 4) to consider impact on the 2025 housing goal, 5) need for a scoping committee, and 6) that implications for land use and other policies will need to be considered.

Kathy McHugh noted that the group had not really touched on the workforce study specifically, but that the e-mail from Kathy Galvin (copied to HAC members) needs to be considered as it raises some compelling reasons to promote workforce housing besides existing employee preference (which was the initial basis for staff's recommendation). She then noted each of the reasons as follows: 1.) the quality of air and water due to auto emissions and run-off, 2.) the level of traffic on city streets, especially cut-through traffic, 3.) the number of residential neighborhood and business district on-street parking spaces that are taken up by commuters, 4.) the importance of having city staff, police and teachers know and experience the neighborhoods they serve, 5.) the location (is workforce housing within walking and biking distance of workplaces and bus stops), type (small lot Single Family Detached, courtyard housing, condos, townhouses, carriage houses, small apartments, accessory units, etc.) and quality of housing in the City (not the county's urban ring) affordable to the workforce (defined as 80-120% AMI), 6.) the cost of owning and maintaining a car (reference made to the Southern Environmental Law Center 2010 publication on Jobs, Housing and Transportation at http://www.southernenvironment.org/uploads/publications/connecting_home_and_work.pdf, 7.) the city's low home ownership rates and need for middle-income housing stock (highlighted by the Blue Ribbon Commission Report, <http://www.charlottesville.org/Index.aspx?page=3483>).

No official action was taken on the studies, other than to note that there is consensus that the HAC will look to Council to direct next steps. Everyone was encouraged to attend the work session on July 17th from 5 to 7 pm at City Space if at all possible.

Kathy McHugh quickly updated the group on where things stand with getting information from the tax assessor's office and that she is still waiting for this to be finalized, as the CAMA system is making data collection difficult.

The meeting was then adjourned at approximately 1:45 pm. The next meeting of the full HAC will be on September 17th, with a possible scoping subcommittee meeting in August to consider proposed housing studies.