

HOUSING ADVISORY COMMITTEE  
RCLCO Housing Study Recommendations Subcommittee  
Meeting Notes  
Neighborhood Development Services Conference Room, City Hall  
April 20, 2016  
12:00 pm

<b>Attendance Record</b>	<b>Present</b>	<b>Absent</b>
<b>MEMBERS</b>		
Betsy Lawson	X	
Carmelita Wood	X	
Dan Rosensweig	X	
Jody Lahendro		X
Jennifer McKeever	X	
Kristin Szakos	X	
Ridge Schuyler	X	
<b>NON VOTING MEMBERS</b>		
Trish Romer (UVa)		X
<b>STAFF</b>		
Kathy McHugh	X	
Tierra Howard	X	
Missy Creasy	X	
Brian Haluska	X	
<b>OTHERS</b>		
Jeff Fogel	X	
Lena Seville	X	

The meeting began around 12:10, postponing the start of the meeting waiting for others to arrive who were anticipated to attend. Kathy McHugh (KM) started off by asking everyone to sign in and pick up copies of the documents on the handout table and went on to explain the proposed schedule for the review of the RCLCO report and suggestions for questions that the group might want to ask along with possible recommendation options. The proposed meeting schedule is as follows:

April 20, 2016 – Subcommittee Discussion of RCLCO Current City Policy and Additional Policy Options  
Allowed but Not Pursued

May 18, 2016 – Full HAC Joint Meeting with CDBG Task Force to Discuss Proposed CDBG/HOME Policies

June 15, 2016 – Subcommittee Discussion of Short Term Recommendations

July 20, 2016 – Subcommittee Discussion of Long Term Recommendations

August 17, 2016 – Full HAC Discussion of Subcommittee Recommendations/Report to go to City Council in September

September 6 or 19 – Look to take recommendations to Council

Potential questions to ask in reviewing the report recommendations are as follows:

1. What is our understanding of what is being recommended?
2. How would it benefit the City's affordable housing efforts?

3. How would it negatively impact the City's affordable housing efforts?
4. What are other possible impacts not specifically related to affordable housing, but that need to be considered?
5. Is this something or are there parts of this that the group feels would be useful to pursue?
6. If worth further pursuit, what would be necessary to make this happen (e.g., further study, consultation with others, etc...)?

The proposed possible recommendation options include the following:

1. Recommended subject to specific conditions
2. Recommend consideration/inclusion in NDS Code Audit
3. Recommended consideration/placement on City's Legislative Agenda
4. Coordination needed with City Attorney's Office
5. Coordination needed with CRHA
6. Coordination needed with Office of Economic Development
7. Coordination needed with Commissioner of Revenue
8. Coordination needed with City Tax Assessor
9. Coordination needed with Albemarle County
10. Coordination needed with other (specify)
11. Not recommended based on specific reasons

KM also noted that the group could use the handout with the RCLCO policy recommendations as a basis for the discussion. A copy of this chart (with notations and additions from the discussion and subsequent e-mail follow up) is attached hereto.

Kristin Szakos (KS) stated that the group should keep in mind that there may be some implementation steps that will need to be structured effectively (e.g., workflow chart).

Dan Rosensweig (DR) added that in doing his homework that he noted that not all of the policy recommendations in the text are captured on the summary sheet. KM responded in agreement and stated that she was aware of this and planned to add these to the chart (as appropriate to the various policy categories) moving forward, but that all of these recommendations are up for discussion. KM went on to explain that the current focus of this meeting is the Current City Policy (CCP) and Additional Policy Options Allowed but not Pursued by City (APO) as found in the report.

In reference to the chart, **CCP#1** (Density bonuses for developers who designate a certain percentage of dwelling units as affordable), KM provided an overview of current City code bonus provisions which include one for density within R-UMD and R-UHD zones (Sec. 34-368) and one for bonus square footage based on provision of certain amenities within a mixed up development (Sec. 34-660), both of which are provided below. Further, KM denoted that, that in accordance with information from the City Attorney's office, that

Virginia Code §15.2-2201 is the general enabling legislation that forms the basis for the various types of incentives already existing in our zoning ordinance.

Sec. 34-368. Density bonus, R-UMD and R-UHD. Within a multifamily development proposed within any R-UMD or R-UHD district, an additional five (5) units shall be allowed over and above the number of units permitted by the density limitations of the applicable zoning district, for each single-family detached dwelling owned by the developer and for which the developer records restrictive covenants requiring such dwelling, for so long as it remains a residential use, to be: (i) owner-occupied, and (ii) used and occupied by no more than two (2) persons unrelated by blood or marriage. To qualify for this bonus, the single-family detached dwelling must be located within an R-1(U) or R-2(U) zoning district within the city, and the restrictive covenants must be recorded prior to approval of the preliminary site plan for the multifamily development to which the bonus units will be applied. (9-15-03(3))

Sec. 34-660. Bonuses, square footage. Following below is a list of bonuses that may be granted in return for certain amenities within a mixed-use development. The bonuses may be applied to increase the square footage of a use allowed within the Cherry Avenue Corridor district subject to size restrictions. Notwithstanding any contrary indication set forth within section 34-796 (use matrix), where a bonus allows for square footage greater than that allowed-by right for a particular use, no special permit shall be required. (1) For every one (1) square foot of space used for child care, an additional two (2) square feet of space shall be granted. (2) For every one (1) square foot of landscaping above those required by sections 34-369 and 34-853, an additional twenty-five hundredths (0.25) square feet of space shall be granted. (3) For every one (1) square foot of space used for a training center whose facilities would not be limited exclusively to employees of a business, or to residents, within the mixed-use project, an additional two (2) square feet of space shall be granted. (4) For every one (1) square foot of space used for a courtyard, plaza, open space or porch, an additional two (2) square feet of area shall be granted. (5-19-08(3))

KM went on to explain that according to the City Attorney's office that localities are authorized to include provisions for "incentive zoning" within their zoning ordinances, per Virginia Code 15.2-2286(A)(10). The term "incentive zoning" is defined in state law as follows:

"Incentive zoning" means the use of bonuses in the form of increased project density or other benefits to a developer in return for the developer providing certain features, design elements, uses, services, or amenities desired by the locality, including but not limited to, site design incorporating principles of new urbanism and traditional neighborhood development, environmentally sustainable and energy-efficient building design, affordable housing creation and preservation, and historical preservation, as part of the development.

Separately, another provision of state zoning enabling legislation also authorizes the use of density bonuses as part of an "affordable housing dwelling unit program". This statute (see Virginia Code 15.2-2305) has been in place since 1990, and is in addition to the authority that the City has been implementing. Ridge Schuyler (RS) looked at this on his phone and stated that this looks like it has possibility.

DR stated that current City code is a challenge because it only applies to two residential zoning districts (UMD & UHD). Brian Haluska (BH) explained that the intent of those zones was to allow increased density by right to reduce density in surrounding areas such as the Venable neighborhood (near UVA) and to limit single family properties from being torn down to build larger multifamily properties. Further, that it may not be appropriate in other areas because of historic districts.

DR noted concern over the report and asked if it has been adopted by Council. KS responded that City Council had accepted the report. There was general concern that the report contains mistakes and/or is not clear with respect to policy recommendations; however, KS suggested that the chart be revised for accuracy and to

reflect HAC recommendations prior to being sent to City Council. KM added that she suspected that RCLCO (since the report is not clear and does not cite code references) might be referring to the City's Affordable Dwelling Unit (ADU) ordinance in that a SUP could provide for increased density.

Circling back to the density bonus discussion, RS stated that in response to question #4 from the potential list of questions to ask – that other possible impacts of increased density could include appearance, quality, and historic preservation. He advised that we should coordinate with the City Attorney's office, while looking at best practices, as we consider expansion into other areas of the City

DR stated that we could use an affordable housing overlay district with different tiers of affordability which could be used with any zoning district but would allow affordable units in districts that don't allow residential now. He then asked if there are any zoning districts without residential and Missy Creasy (MC) advised that only M1 excludes residential; however, it is possible with a special use permit. Betsy Lawson (BL) added that we should look at relaxing parking requirements in overlay districts (SIA as an example) because urban users don't necessarily have a need for as much parking.

KS asked what an overlay district would look like in other areas to which DR responded that there are best practice examples that should be considered (e.g., Alexandria has a cheat sheet that KM can provide to the group).

In general support, Jennifer McKeever (JM) remarked that expanding the use of density bonuses within the City should be examined further.

Moving to **CCP#2** (Outlined a reinvestment plan and strategy for a distressed area of the City southeast of downtown) KM explained that this is referring to the SIA. DR asked about use of Form Based codes (FBC) within the SIA and expressed concerns that it needs to consider how to promote affordable housing. JM asked who is designing the code changes, to which MC responded that the Planning Commission (PC) would be responsible and that Jody Lahendro is the current PC rep for the HAC. KM denoted that Jody intends to serve on this subcommittee, but had let her know that he could not make this initial meeting. JM responded that the HAC and PC should be working on this together. Since this matter will be discussed with the PC next week, MC offered to coordinate with Jody to discuss the concern over the need to ensure that the code considers the need to further affordable housing in the SIA. DR stated that he will support this further by making the concern known during the PC "matters to the public."

KM took this opportunity to mention that the SIA currently has a number of supported affordable housing units (referring to the affordable housing map handout) and that preservation as well as new units need to be considered in any FBC for the SIA or other areas.

Moving to **CCP#3** (allows higher building densities in mixed-use and R3 districts), DR stated that this has worked to date, but changes on West Main Street (increasing the current by-right density limits within the West Main Street zoning districts) might impact this. Further that if the SUP option is eliminated on West Main Street that it would impact the ADU ordinance which is only triggered by projects with greater than 1.0 FAR requiring rezoning or a SUP. It was recommended that this be coordinated with the West Main initiative, which is being handled by BH (who was in attendance).

Both **CCP#4** (City of Charlottesville 2025 Goals for Affordable Housing document) and **CPP#5** (Housing Policy #1 guides funding for affordable housing related programs) were both mentioned briefly, with KM denoting that she wanted to confirm her prior recommendation that the 2025 housing goal needs be reconsidered at some point. Note this does not necessarily mean a reduction of the 15% goal but a firming up on the numbers in the report and additional consideration of extenuating factors. As to Housing Policy #1, Kathy mentioned that a standard operating procedure is needed to address the accountability provisions of the policy and that this is on her list for future projects.

For **CCP#6** (real estate tax abatement for eligible homeowners), KM discussed the current programs available (see following) and suggested that it would be helpful to tie these programs to our definition of affordable housing using area median income rather than a single income limit regardless of household size. DR stated

that there needs to be additional enabling legislation to allow for other needed programs/incentives/abatements. Specifically, he cited Thomas Jefferson Community Land Trust (TJCLT) owned properties which are taxed even though the land can't be sold with the house. Further, he noted that there are other properties (e.g., Habitat's Nunley / Paton development) where the deed restriction on future sales price is not being considered in assessing the value of the homes. Both of these issues (although not specifically related to the current tax relief programs) were thought to be related and worth inclusion in HAC recommendations.

#### ***Charlottesville Housing Affordability Tax Program (CHAP) - Commissioner of the Revenue***

In an effort to promote and preserve homeownership, the Charlottesville City Council offers grants to homeowners who may not otherwise qualify for the City's elderly and disabled tax relief programs. These grants help offset the financial hardships faced by many homeowners due to rising real estate assessments.

If you are the legal owner AND occupant of your home (valued at \$365,000 or less), you owe no delinquent real estate taxes, your household income is \$50,000 or less, and you own no other real estate property (anywhere), you MAY qualify for a grant.

City Council must vote to reauthorize this program yearly. If reauthorized, applications will be mailed to homeowners whose dwelling is valued at \$365,000 or less (and who are not already receiving real estate tax relief for the elderly and/or disabled).

#### ***Tax Relief for Elderly or Permanently Disabled (City Code Sec. 30-96) - Commissioner of the Revenue***

If you own and are living in your home in the City of Charlottesville and are 65 years of age or older, or permanently disabled, and have a yearly income of \$50,000 or less, a net worth of \$125,000 or less, you may qualify for Real Estate Tax Relief. Net worth shall exclude the fair market value of the dwelling in which you live.

#### ***Disabled Veteran's Tax Exemption (Article X, Section 6-A of the Constitution of Virginia) - Commissioner of the Revenue***

A Disabled Veteran may qualify for an exemption from Real Estate Tax if the following criteria is met:

- Real Estate must be owned or jointly owned with spouse by the veteran;
- The Real Estate must be occupied by the veteran as his primary place of residence;
- The veteran must have been rated by the U.S. Department of Veterans Affairs or its successor agency to have a 100% service-connected, permanent and total disability.

The surviving spouse of an eligible veteran may also qualify provided the death of the veteran occurs after January 1, 2011, the surviving spouse does not remarry, and the surviving spouse continues to occupy the real estate as his/her primary place of residence.

For **CCP#7** (Charlottesville Affordable Dwelling Unit Ordinance), KM advocated for an increase in the amount of the contribution required by the ADU ordinance stating that the City could anticipate opposition to this as it would have to be approved by the General Assembly; however, a modest increase (from \$2 to \$3 or \$4) would have a better chance than a large increase (from \$2 to \$8 or \$10) and that this is about the only other thing that can be done to help provide affordable housing units and discourage just paying into the fund, while significantly helping fund affordable housing efforts when payment is made. Also in circling back to

earlier conversations regarding FBC, there was a discussion and consensus over the need to coordinate with the SIA, West Main and Code Audit efforts.

DR suggested that we add expedited review (considering the SMART program used by Austin Texas) under the Current City Policy column as it was not included by RCLCO. He went on to say that the current process is not working.

Moving onto the Additional Policy Options Allowed but Not Pursued by the City (APO), **APO#1** (Designate housing restricted to workforce households by defining it as “affordable”) KM noted that Housing Policy #1 already allows for tiers of affordability with 80 – 120% AMI being classified in accordance with HUD criteria of “moderate income” households. KM also noted that there is still a preference for assisting projects with the CAHF that benefit the lowest levels of affordability (extremely low, very low and low). KS added that since these households are included in the definition contained our policy, that even if CAHF dollars might not be used, that it could open the way for other incentives. BL agreed interjecting that there should be some middle ground between income levels. DR disagreed with the RCLCO recommendation and opined that it is not supported by the data in the report that speaks to housing needs on the very lowest and highest end of the economic spectrum. BL stated that there is always a need for bridge housing (or other description) for professions (e.g., nurse, school employees, fire and police) that work in the City and ideally should live close by. She volunteered to look at the definition and send information back to KM to share with the group.

At this point, Jeff Fogel (visitor) asked if he might address the group because he had to leave soon. KM responded that we generally wait until the end of the meeting for public comment, but DR stated that he had no problem with this. With no further objection, Mr. Fogel expressed concern over the need for public funding of housing for very low income people. He stated that this would require an increase in taxes, but that housing needs and the corresponding need of jobs/economic development should be given high priority consideration by City leaders. KS responded that while she understands the need that as a City leader that she likes use of the CAHF, which leverages private funds to create housing for low income persons in the City.

For **APO#2** (Increase suggested voluntary cash proffers when this option is chosen in lieu of providing affordable dwelling units for projects that trigger Affordable Dwelling Unit Ordinance), in line with the discussion on CCP #7, it was thought that this should be recommended for consideration/placement of the City’s legislative agenda.

For **APO#3** (Raising minimum residential building densities in mixed-use districts), BH discussed that mixed use zones are meant to incentivize mixed use buildings, but that raising minimums would add mandates instead. DR said that he was not sure of the downside of this but that the recommendation is in opposition to the data which seems to say that we need larger homes for higher income families. KS said that she would like to see staff report of whether this would have an impact on affordability, to which KM replied that she would have to look to the planning staff for this information. The group also recommended coordination with West Main Street zoning considerations.

For **APO#4** (Increased use of public funds to improve streetscape and infrastructure in distressed or reinvestment areas), the group was generally supportive of this with the exception of JM who was reluctant to put funds from the CAHF toward support of infrastructure improvements. DR stated that given the high cost of development, that he was in favor of this if the project has a connection to construction of supported affordable housing units.

For **APO#5** (Implementing a minimum FAR for commercial developments) KM shared that RCLCO justified this on the basis that it would potentially free up more land for residential purposes. DR thought that this could help contribute to the CAHF and JM was of the opinion that it might add residential; however, BH stated that he didn't think that we need to require it because land is so valuable that you have to build up to recoup costs, so indirectly the market is already taking care of this.

For **APO#6** (A more automated tax abatement for affordable housing development rehabilitation), KM noted that the current tax abatement programs are not for development but for existing housing and that automation (as envisioned by RCLCO) was likely not feasible because the City does not have a City income tax program or other method to collect data on people to determine their qualifications. KS responded that while this is true that better outreach, communication and collaboration could be done. BL was also supportive of extending tax abatement / exemption programs to multifamily properties. DR responded that he would like to see a multi-family program tied to a property inspection to which BL responded that it would be based on a tax credit for making improvements (to be inspected through building permit process or other). BL referenced the J51 program in New York City and promised to send information to KM to share with the group. This is also related to **CCP#6**.

**APO #7** was not discussed because time ran out; however, DR added that there are best practices that were not included but should be added as additional recommendations from the HAC. Specifically, he mentioned 1) the Moderately Priced Dwelling Units /MPDU program (example Montgomery County MD), 2) sub-divisible alley frontage properties, and 3) prioritizing disposal of City owned land for affordable housing purposes. KM remarked that she felt that the group should focus its initial efforts on the report (rather than trying to add things), due to limited time and that since the recording device had stopped recording that she would prefer that DR send his recommendations in writing. He agreed to do this for KM to share with the group.

With no further discussion, KM thanked everyone for coming and the meeting was adjourned.