

HOUSING ADVISORY COMMITTEE
RCLCO Housing Study Recommendations Subcommittee
Meeting Notes
Neighborhood Development Services Conference Room, City Hall
June 15, 2016
12:00 pm

Attendance Record	Present	Absent
MEMBERS		
Betsy Lawson	X	
Carmelita Wood	X	
Dan Rosensweig	X	
Jody Lahendro		X
Jennifer McKeever		X
Kristin Szakos	X	
Ridge Schuyler		X
NON VOTING MEMBERS		
Vicki Hawes (UVa)	X	
STAFF		
Kathy McHugh	X	
Tierra Howard	X	
Missy Creasy	X	
Alex Ikefuna	X	
Lisa Robertson	X	
OTHERS		
Sean Tubbs	X	
Christopher Suarez	X	

The meeting began around 12:05. Kathy McHugh (KM) started off the meeting by asking everyone to sign in and pick up copies of the documents on the handout table and went on to review the proposed schedule for the review of the RCLCO report and a recap of the prior meeting/recommendations - referencing the summary chart which contains RCLCO recommendations and HAC comments to date. The proposed meeting schedule for future meetings is as follows:

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 (contingent upon hiring of replacement for KM and getting that individual up to speed on recommendations of this subcommittee)

KM advised that today's meeting is targeted toward discussing the short term recommendations from the RCLCO report, but since there were a number of additions from the last meeting (inclusive of items included in the report, but not on the chart and additional items from HAC members), we need to first look back at these as well.

Starting with the **Current City Policy (CCP)** column item number 8, KM referenced the addition of the expedited review from p. 36 of the RCLCO study with reference to **Other Options and/or HAC Recommendations (OHACR)** #4 and potential use of aspects of the SMART program example. As discussed at the April 20, 2016 subcommittee meeting, the group suggested that the current policy (as set forth in the code) might not be working as well as intended and that it should be reviewed by the development review team or others (as appropriate) to evaluate the potential for changes.

Moving onto the **Additional Policy Options Allowed but Not Pursued by the City (APO)** column, item number 8, it was noted that Kristin Szakos (KS) previously spoke about the need for better outreach, collaboration and promotion of our existing tax exemption/abatement programs to ensure that people who qualify for each are aware of the opportunity and know when and how to apply. Dan Rosensweig (DR) stated that he was concerned about a broader discussion that would include tax breaks for land trust and deed restricted properties; however, KM denoted that a notation to this effect had already been added from the last discussion at CCP #6. KS then brought up the issue of modified Tax Increment Financing (modified TIF) and wanted to know if such a tool could be used with residential properties. **Lisa Robertson (LR) responded that she would have to get back with the group on this**; however, some TIF's allow service districts to support public services. Further, LR denoted that legislation for tax exemption/abatement within Virginia varies by the type of property owners and classifications and that various things can be done within a designated Housing Rehabilitation Zone, but again this would need **further investigation** as there may be existing enabling legislation that allows us to do more than we are currently doing. DR added that this does not sound like a TIF (which relies on increased tax revenues to support improvements) would work, but that he likes where the conversation is going although a different mechanism may be needed.

Prior to discussing **Short Term Recommendations (STR)**, KM suggested moving to the additional items added in the OHACR column. Starting with item #1 which speaks to disposition of surplus public property for affordable housing purposes, there was a discussion regarding the disposition of the Kenwood Lane property by the City and the decision to take the highest price offer, even though there was a proposal for affordable housing submitted by both Habitat and PHA. KS was concerned over the need for the City to get the best price for the property; however, LR responded that our policy for the sale of land allows for price and other considerations. DR added that the RFP used by the City for the former landfill on Elliott Avenue (a.k.a. Burnett Commons 3) took multiple other factors into consideration, such as: affordable housing, mixed income, design aesthetic, etc...

Moving to OHACR #2, the group discussed the use of an affordable overlay district. KM asked Missy Creasy (MC) what are the considerations from a planning perspective to which MC replied that the City would need specifics as to what is being minimized and that she is concerned that the City would not be able to expedite design review further given current staffing and limitations. Dan added that this would need to be district by district, as appropriate. LR questioned if an overlay was necessary, as she believes that we can codify and prescribe what is allowed within City code - based on provision of affordable housing - with the underlying objective being to incentivize developers to build affordable units.

OHACR #3 speaks to the use of the Moderately Priced Dwelling Unit (MPDU) program example which was included in the RCLCO report as a national example that is not necessarily supported by Virginia code. KM explained that this appears to work much like a down payment assistance program, in that the City would assist middle income families with buying homes, placing a deed of trust or other security measure on the property to secure the investment. KM stated that the City might not be able to do this directly, but it was certainly something that could be supported through a program operated by one of our non-profit partners. Carmelita Wood (CW) asked if we had a direct down payment assistance program to which KM and MC responded that the program CW was thinking about was actually operated by CRHA.

OHACR #4 use of the SMART program to waive development fees and expedite the review process for developments that reserve 10% of units as affordable housing. KM pointed out that this is based on the example from Austin Texas and, similar to the MPDU program, it is cited as a national example that is not necessarily supported by Virginia code. Alex Ikefuna (AI) commented that we have to be aware of the laws which allow this in other states, recognizing that Virginia does not allow inclusionary zoning and that while we can do something similar - it has to be voluntary. KM asked LR for her thoughts based on the fact that our current expedited review is based on having 15% affordable units. LR emphasized that there is a lot that the City can do through incentives (administratively) that we can't mandate. The key is determining where to set the limits to make it attractive enough (financially and otherwise) to developers to actually build affordable units.

DR then asked about the flexibility of using these codified incentives to increase density to which LR responded that you can structure an ordinance to state that if you rehabilitate/convert/etc..., the City will provide you a bonus of "x" dwelling units and it will be deemed a by right use if you meet "abc". It was noted that this might not necessarily be what the community wants or would support, but ultimately this is a zoning matter that can be addressed through codified incentives. It was agreed that a new option should be added under OHACR (#7) to "Investigate density and other modifications/considerations based on use of zoning code incentives." It was noted that this needs to be considered in the context of criteria such as unit size relative to lot dimensions, etc... to try to get at affordability issues. Further, the affordable units will need to be secured by recorded deed restrictions (or other stated conditions such as reporting to the City's housing specialist), so that compliance / enforcement is not an issue.

As to OHACR #5 regarding sub-dividable alley frontage properties as discussed by the HAC code audit subcommittee, KM suggested that instead of limiting the recommendation to this one recommendation, that we look to add all of the code audit subcommittee's recommendations to this column. DR indicated that he thought this made sense.

OHACR #6 was a recommendation from the last meeting that spoke to taking care when the City looks to make form based zoning changes so that they don't negatively impact affordable housing. There was no further discussion on this particular issue.

Moving over to the Short Term Recommendations (STR), item #1 regarding aggressive pursuit of SIA goals/strategies was deemed to be something that is on-going anyway, but worth inclusive here.

As to STR #2, defining workforce housing as a separate "affordable income" group so that housing may be legally reserved for moderate income households" – KM asked for comments and thanked Betsy Lawson for her research to elaborate on workforce as income bands and in relation to the workplace (handout provided). AI commented that this is something that could be negotiated with developers and DR discussed that the Albemarle County use of tiers of affordability. He added that the RCLCO did not identify a shortage of moderate income housing, although it is naturally occurring as high/low income push into the middle "moderate" income housing due to a lack of housing inventory. KM stated that she believes that the recommendation is based more on the consumer research reflecting the desire for young professional workforce / aged 55 and over to live in the City (see bottom left column on page 36 of RCLCO report). BL added that there are other places that do not have a definition of workforce housing with KM responding that Housing Policy 1 already does this to a certain extent by defining tiers of affordability with a "moderate" income level for 80 to 120% AMI. Dan added that Housing Policy 1 also prioritizes use of housing fund dollars toward lower tiers of affordability when there is a choice and limited dollars are available. The group was not able to fully resolve this, so KM offered to re-listen to the meeting recording and draft a recommendation based on this discussion relative to achieving the objectives of our housing goal, Policy 1 and the Comp Plan.

Furthering the discussion over STR #2 LR asked if there has been any consideration of designating affordable units based on the size of the unit versus the income. AI stated that he thought this would be based on the market and location. DR agreed, but thought that it was an idea worth fleshing out, with the understanding that a small unit could be priced such that it would not benefit lower income households as the margins at 80% AMI are generally pretty slim. Further, given limited land, maximizing what is built simply makes financial sense for the developer. LR stated that she wants to think out of the box rather than just using density to see if there are other ways to get at the problem such as smaller units or reduced lot sizes. DR seems to think that this would have an immediate impact with reduced lot sizes because there are a number of residual parcels in the City that could be developed if dimensional requirement were reduced. BL added that rental development is complicated by the fact that there is a minimal level of development that is necessary to make a project financially feasible. DR suggested that we add another box under OHACR to investigate FBC to look at incorporating considerations for affordable housing provisions/incentives.

LR added that in thinking about how to best do this – that we need to balance the desire to increase affordable housing with concerns over the location and context sensitivity. DR responded that much of the

research he has done reflected the use of tighter design control to balance the need for context specific controls. LR indicated that we have less ability to regulate the type of materials but we have more control over the lot such as floor area ratio and other controls to dictate what is allowed within a certain space. KM asked what this would look like as we look to take these recommendations to City Council. IA thought that the code audit would be used to accomplish what is being discussed by this group. LR added that she thought that we should not wait for code audit to take place, but rather to look at these recommendations as we go along to consider how to do some of these incrementally without waiting for a comprehensive overall. DR concurred adding that the housing section of the Comprehensive Plan states that all decisions should be made within the context of how these impact our 2025 housing goal.

BL interjected that she has a concern about form based zoning and what happens when the incentives bump up against FBC. LR stated that in Charlottesville we are used to using dwelling units per acre, but that other places use floor area ratio or building height, etc... so she is assuming that we can make adjustments within FBC to define dimensions of the building and then be more liberal or have a wider range of forms to achieve certain goals. AI stated that in a built out area, that the FBC must respect what is already there and that you could not restrict height or other to something less than what already exists. BL added that FBC does not take topography into consideration and that FBC prioritizes keeping things looking the same rather than prioritizing affordable housing for the sake of keeping things uniform looking. DR then asked LR if there are any provisions used with FBC that provide allowances for affordable housing. LR advised that she look into this, but she thought that there would be opportunities for flexibility to incentivize affordable housing through different means (based on achieving certain objectives. She added that there are many localities that use FBC in different location and not city-wide and not to be overly afraid of something until we are working through it because you have to get started to figure out if it is a good idea to change or not. AI added that there would be a lot of community engagement over FBC.

As for STR #3 - *increasing minimum required densities in mixed use corridors*, KM denoted that this is similar to APO #3 and that previously we had recommended in favor of option 3 with staff feedback regarding the impact on affordability and coordination with the West Main Zoning Text Amendment be considered. DR added that this could impact our ability to get projects that trigger City Code 34-12. MC denoted that we don't currently have minimums so this would be new. LR added that it may be worth having a conversation about looking at density from a different perspective relative to mixed used districts, using floor area ratio versus dwelling units per acre. Will need to modify this recommendation in light of the fact that we don't currently have a minimum to increase and that consideration needs to be given to the impact on Section 34-12 based on floor area ratio rather than dwelling units per acre.

KM then told the group that we need to double back to APO #7, as she missed this earlier when we were discussing that column. This recommendation speaks to transfer of development rights with the County offering the City land within its jurisdiction to allow the city to increase its affordable housing inventory near its corporate limits. While DR was supportive of a TDR program (if it could work), the proposed recommendation does not really seem to work as written, and the County does not control land to provide it to the City. After a short discussion regarding this, it was recommended that we make this more generic and that we change this to "Consider a TDR program with additional consideration for affordable housing."

For STR #4 regarding redevelopment of public housing, KM denoted that the City cannot redevelop anything but that we can encourage or assist CRHA to do this. LR suggested combining this with STR #7, using it as an introduction. DR wondered why the CAHF had to be called out rather than use of City funding in general and AI was concerned that the CAHF would be viewed as a *slush fund* for redevelopment and that he wants to avoid this. The discussion reflected the need to change the wording to "Support and encourage CRHA to redevelop its public housing into mixed use/mixed income housing and use City resources to support those efforts."

For STR#5 related to increasing code, health and safety enforcement for privately managed units that are affordable to low income households. KM indicated that she thought that there was an element of controversy with this recommendation and DR echoed this by citing an example from Richmond where they are cracking down on trailer park residents. MC comments that there is a difference between proactive and

reactive enforcement and that our current approach is to be proactive city wide and that we would not be able to implement this recommendation within our current program. She went on to explain that the City looks to work with people to address issues on a case by case basis. As this appears to be focused on slum lords primarily, it is unclear how much help this could be locally when we already have a proactive program that looks to evaluate all City properties within a calendar year. KM stated that she felt as if there was general consensus for taking this out to which AI stated that having a rental housing registration program (which entails an annual or other inspection) would be another way to handle this, but LR added that this type of program is very expensive to implement and would require additional staff.

For STR #6, there was consensus to keep this as is.

For STR #7, it will be combined with STR#4 as noted above.

For STR #8 (which was added from the RCLCO study), the group thought it would be fine to leave this as is other than adding language that the City would encourage this because we can't do the development piece ourselves.

For STR #9 – no comment

STR#10 – DR was concerned that the recommendation does not support the RCLCO findings and that the language could be revised to sync it up to the data from the report. Accordingly, DR suggested changing “direct and incentivize new developments” to “encourage new developments” as we don't need to incentivize this type of development, we just need to get out the way and let it happen.

With no further discussion, KM thanked Tierra Howard TM for her help with the minutes and everyone else for coming. With this, the meeting was adjourned at 2 pm.