



**CITY COUNCIL SPECIAL MEETING
November 1, 2023**

**WORK SESSION
City Hall Basement Conference Room
605 E. Main Street**

J. Lloyd Snook, III, Mayor
Juandiego Wade, Vice Mayor
Michael K. Payne, Councilor
Brian R. Pinkston, Councilor
Leah Puryear, Councilor
Kyna Thomas, Clerk

6:00 PM City Council Work Session

- I. Call to Order/Roll Call**
- II. Presentation of Work Session Topic – "Core Neighborhood Districts - Development Code and Zoning Map review"**
James Freas, Director of Neighborhood Development Services
- III. Council Discussion**
- IV. Adjournment**

This is an in-person meeting with an option for the public to view electronically by registering in advance for the Zoom webinar at www.charlottesville.gov/zoom. The meeting may also be viewed on the City's streaming platforms and local government Channel 10. Individuals with disabilities who require assistance or special arrangements to participate in the public meeting may call (434) 970-3182 or submit a request via email to ada@charlottesville.gov. The City of Charlottesville requests that you provide a 48-hour notice so that proper arrangements may be made.

The meeting notice was published simultaneously to the public and the governing body on 9/20/23.



CITY OF CHARLOTTESVILLE

"A Great Place to Live for All of Our Citizens"

Department of Neighborhood Development Services

Memorandum

To: City Council
From: James Freas, Director, Neighborhood Development Services
Date: November 1, 2023
Re: Core Neighborhood Districts
CC: Sam Sanders, City Manager
Planning Commission

The Planning Commission's recommendation to Council on the proposed Development Code included two new districts – the base district identified as Residential Core Neighborhood A (RN-A) and the overlay district identified as Core Neighborhoods Corridor Overlay District. Each of these districts is responding to a challenge presented by the proposed new zoning that, even as the City allows for a greater intensity of development in order to increase housing supply and stabilize housing costs, there is the possibility of raising property values, particularly in certain neighborhoods close to the University and downtown that have historically had lower property values. That increase could then, in turn, result in an acceleration in the current rate of displacement in these neighborhoods. Both districts therefore feature a reduction in the proposed allowed intensity that would potentially reduce the increase in property values in these neighborhoods. However, there are also potential implications for equity and the objectives of this project in implementing these districts.

Background

The concern for displacement/gentrification has been an important part of the entire Cville Plans Together process. While increasing housing supply to serve households at a wide range of incomes is one of the central objectives of this effort, it has always been recognized that an acceleration of the displacement of lower-income households could also occur, requiring that the City be cognizant of this issue and identify measures to reduce this potential risk. At the same time, it has also been recognized that the history of segregation in the U.S. and Charlottesville have limited access to wealth-building and high opportunity neighborhoods for BIPOC residents and suppressed property values. The below is an excerpt from the Affordable Housing Plan:

Racial disparities impact all aspects of housing. A history of segregationist and exclusionary housing policies at both the local and national levels have contributed to Charlottesville's current challenges including persistent segregation of many neighborhoods and racial disparities in homeownership and other housing factors. Practices including redlining and exclusionary zoning have

historically been used as a tool for racial discrimination, including City ordinances that explicitly prevented Black, Indigenous, and People of Color (BIPOC) from living in white neighborhoods. Federal and local policies also limited access to mortgages and homeownership for BIPOC households and have kept property values depressed in BIPOC communities.

Today, discriminatory practices persist in many areas of housing and real estate, while racial disparities in homeownership continue to make it difficult for BIPOC families to build wealth. At the same time, recent nationwide patterns have shown that renewed investment in urban neighborhoods with large BIPOC populations can lead to gentrification and displacement due to rising rents or property values. Efforts to provide quality housing in Charlottesville's neighborhoods should mitigate unintended consequences such as displacement. [page 24]

The Land Use chapter of the Comprehensive Plan sought to address this issue with the Sensitive Community Area designation on the Future Land Use Map (FLUM). This designation, which was proposed to apply to only the General Residential areas of the map (those ultimately proposed to be zoned R-A), called for only allowing one unit per lot with more units granted only where existing structures were maintained and affordable units were to be provided.

In working on the draft zoning, consideration of how to approach concerns of displacement remains one of the more challenging issues. Part of this challenge was the recognition that displacement is happening today under the current single-family zoning paradigm and that there was unlikely to be a change to zoning that would reduce that pattern. Reducing the development allowance seemed like it may reduce the potential value a property owner could get in these neighborhoods relative to other unrestricted neighborhoods without necessarily reducing the rate of displacement.

The recent update to the "Rate of Change" analysis for the first time looked at the differences in how development might occur in different neighborhoods. One significant finding of this report is that the existing lower values of these historically more affordable neighborhoods has the potential to draw a higher degree of interest from developers and therefore could see a greater increase in property values and a corresponding greater degree of property turnover and displacement. This new information has led to a renewed interest in the Sensitive Community Areas idea presented in the Comprehensive Plan.

Proposed Districts

Residential Core Neighborhood A (RN-A)

The proposed RN-A district is nearly a direct implementation of the proposed sensitive community areas from the Comprehensive Plan. The proposed district allows one unit per lot, allows two more units if the existing structure is retained and allows up to 6 total units if all the bonus units are restricted so as to be affordable to a household earning no more than 60% of

Area Median Income (AMI). The district also restricts the massing and scale of that allowed unit to a greater degree than the regular R-A district.

These proposed restrictions are intended to retain smaller, more affordable housing stock. The bonus associated with preserving the existing structure creates the opportunity for the development of up to two accessory dwelling units, creating some opportunity for income/wealth building.

The most significant change from the Comprehensive Plan recommendation is in the proposed map. The Comprehensive Plan recommendation was based on mapping census block groups with high numbers of households earning less than \$30,000 a year or identifying as non-white. The proposed map, with additional changes provided by the Planning Commission, is based on the understanding of the neighborhood areas that have traditionally provided workforce housing and were adjacent to downtown or the University. These areas are the places experiencing the greatest degree of displacement today and, as inherently walkable, job accessible, and highly accessible to a range of resources, they are neighborhoods in which the City would have a strong interest in providing and preserving affordable housing opportunities.

Core Neighborhoods Corridor Overlay District

As proposed, the Core Neighborhoods Overlay District would cover Preston and Cherry Avenue. In these areas, the underlying zoning would be CX-3 allowing up to 3 stories by-right. An applicant would be able to seek greater height by special exception in exchange for providing a minimum of two community benefits from the list identified in the ordinance. This list includes items like greater affordable housing, low-cost commercial space to be used for specific community supporting businesses, and community gathering spaces.

This proposed overlay district is attempting to address the second aspect of gentrification as described in the Affordable Housing Plan (p. 40). Gentrification occurs both through displacement as a result of direct competition for housing as well as cultural change as an influx of new residents leads to changes in the commercial composition of the area and changes in the activities and availability of gathering places. The resources that make up the cultural aspect of a neighborhood are an important component to the livability of a place. When these are lost, low-income residents must either move as well or travel greater distances in order to access them.

Analysis

As has been noted before, zoning cannot by itself address the issues of gentrification and displacement. Zoning will not prevent higher-income people from moving into well-located neighborhoods close to downtown and the University and it won't prevent grocery stores, laundromats, and other important community resources from closing or relocating. The proposed districts can potentially reduce increases in the rate of gentrification and, in that way, buy the City some time to prepare and implement more robust anti-displacement measures, many of which are outlined in the affordable housing plan and can be further specified in

upcoming planning efforts. There are no “silver bullet” solutions and the work will require community-based solutions arrived at through planning efforts that closely engage with each community.

In discussing the proposed districts, Council should consider the following questions:

1. Do each of the proposed districts strike a fair balance between concerns over displacement and the rights and property values of existing property owners?

By potentially reducing increases in property value, the RN-A district potentially reduces the risk of displacement, particularly for renters, but also reduces the potential wealth building opportunity for existing property owners.

2. Are there other neighborhoods or corridors in the City that should be considered for the application of one of these districts?

The Future Land Use Map of the Comprehensive Plan (p. 28) shows more neighborhoods as sensitive community areas that have not been included in the proposed RN-A district.

One of the principles governing staff’s approach to the land use map and the zoning map is the concept of a zoning buffer, which is essentially the idea that, the more land area identified for a greater intensity of development, the more competition there is in land for development, and therefore, the less increase in land prices and the greater the potential for more housing affordable to a wider range of people (see Building Up the "Zoning Buffer": Using Broad Upzones to Increase Housing Capacity Without Increasing Land Values at <https://escholarship.org/uc/item/0r53h7pw>).

Another principle important to this process has been to reduce the need for discretionary review processes to the greatest degree possible. Discretionary review increases the direct cost of development, which in turn means that fewer overall projects happen because the finances no longer work, the timing takes too long, or both. In addition, projects subject to discretionary review are more likely to be subject to legal challenge, again leading to additional costs and delays. Instead, this effort has focused on creating rules to govern projects up front, rather than through an unpredictable review.

Conclusion

Gentrification and displacement are among the more problematic issues cities all across the country are attempting to address. While no community has come up with a definitive solution, these two proposed zoning districts offer an option to potentially reduce displacement pressure while the City engages in looking at a wider suite of tools.

Attachments

Future Land Use Map:

https://drive.google.com/file/d/14I_V2paX7DHURYEbbEZj0PPDZJbpFI5/view

Affordable Housing Plan:

<https://drive.google.com/file/d/1GVLEMIYLM4nrNcfDAeHSlooJvzwqDco2/view>

Zoning Map (draft August 2023): <https://cvilleplanstogether.com/draft-zoning/>

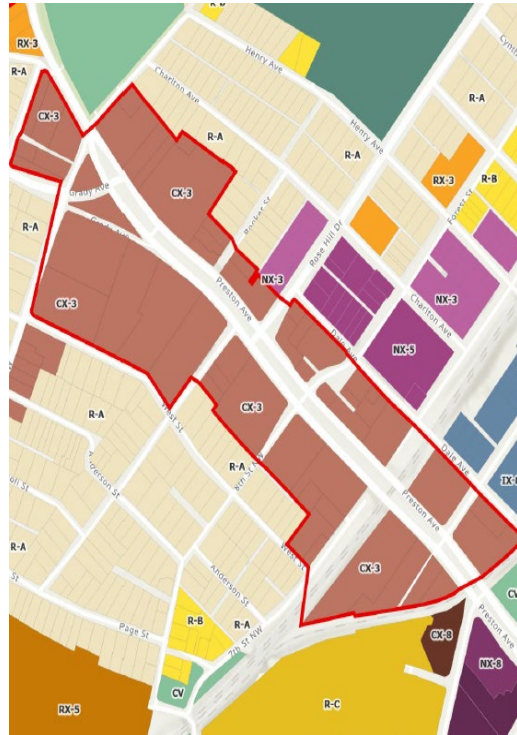
Proposed Map of the RN-A District as recommended by the Planning Commission

Proposed Preston Avenue corridor zoning options

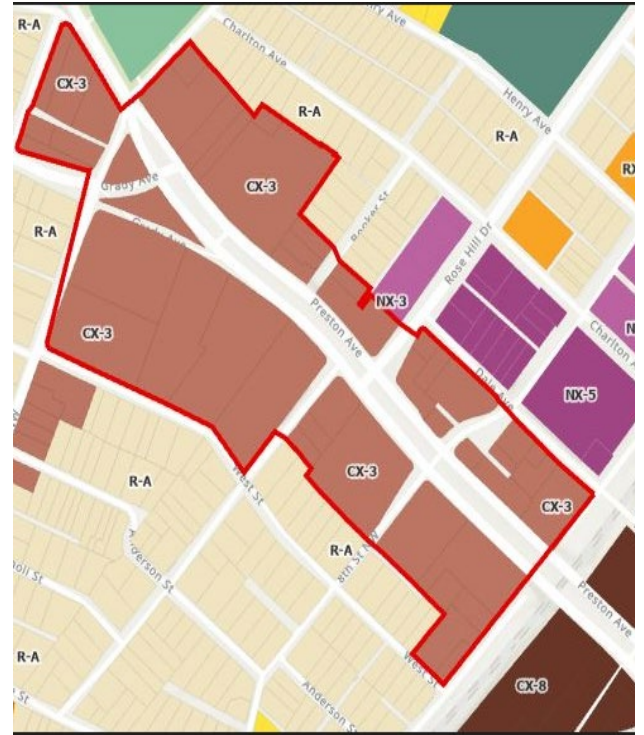
Preston Avenue corridor – change from CX-5 and CX-8 to CX-3.



Current Draft Map
August 2023



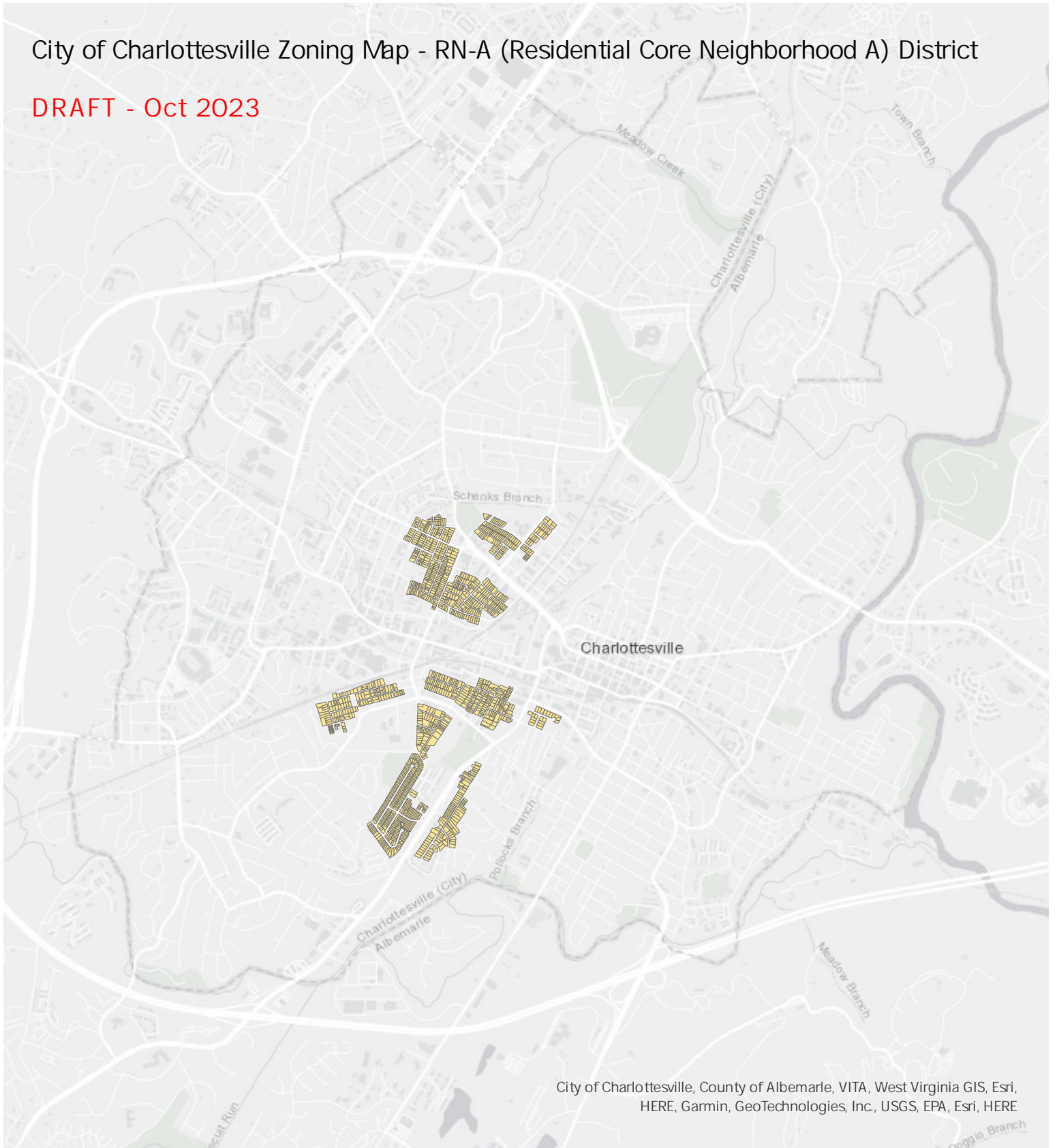
Proposed Draft Map
from
Oct 13, 2023



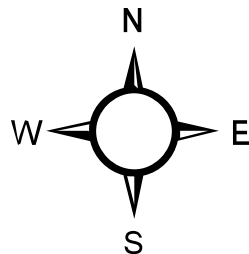
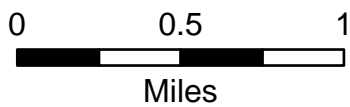
Planning
Commission
Recommendation
October 18, 2023

City of Charlottesville Zoning Map - RN-A (Residential Core Neighborhood A) District

DRAFT - Oct 2023



City of Charlottesville, County of Albemarle, VITA, West Virginia GIS, Esri, HERE, Garmin, GeoTechnologies, Inc., USGS, EPA, Esri, HERE



Residential
RN-A

