

HOUSING ADVISORY COMMITTEE

Affordable Housing Policy Review, Formulation & Best Practices Subcommittee Minutes
Neighborhood Development Services, Kathy McHugh's Office
November 6, 2013 at 10:30 am

Attendance Record	Present	Absent
SUBCOMMITTEE ATTENDEES		
Chris Murray	X	
Dan Rosensweig	X	
Frank Stoner	X	
Jennifer McKeever		X
Joy Johnson		X
Kristin Szakos	X	
Nancy Kidd	X	
STAFF		
Kathy McHugh	X	
Margot Elton	X	
OTHERS/VISTORS		
Zan Tewksbury	X	

Dan Rosensweig began the meeting by explaining that there have been some questions about the use of Charlottesville Housing Fund monies. Kathy McHugh added that the purpose of the meeting was to revisit Policy letter #1, which was adopted in November 2008, and needs to be updated. Dan Rosensweig gave some additional background, explaining that the CHF was established in 2007 by Council to “provide a flexible funding network for housing projects.” Following this, the Housing Advisory Committee was formed.

Kathy McHugh read to the group from a November 2006 Council manifesto, which included proposed guidelines for use of CHF monies. Dan Rosensweig commented that most of these guidelines are now requirements for receiving CHF funding.

Kathy McHugh then read from a memo about a January 2007 meeting about CHF funding, which discussed allowing units to be built in the urban ring of Albemarle County as well as within the City limits, and discussing the possibility of having CACF manage the CHF funds. Kathy McHugh stated that neither of these items had ever become official policy. Kristin Szakos commented that the current Council would likely not support allowing for development in the County using CHF money.

Dan Rosensweig then asked the group to bring issues from Policy Letter #1 to the forefront that merit further discussion.

The group settled upon the following issues, and discussion ensued about several of them:

1. 30-Year Affordability Requirement

Chris Murray stated that the 30-year requirement for CHF funds is a non-starter, as other funding sources require that housing be able to be sold at market rate in the event of a foreclosure.

Dan Rosensweig suggested that the group leave it to Kathy to reword the requirements and regulations as has been discussed at the full HAC meeting, and to allow for some flexibility with this 30-year requirement.

Kristin Szakos suggested the possibility of including a clause that states that for any units lost before the 30-year period, that another ought to be added in so the total number of supported affordable units averages out.

Frank Stoner said that this could be something along the model of how Lochlyn Hills affordability will be carried out.

Kathy McHugh asked if this meant that CHF money would be given to a project, and that this money would be returned to CHF (at least in part) if affordability was lost, so it could be given to another project?

Kristin Szakos agreed that this was what she was thinking of, and said that it sounded like this was a larger conversation requiring **further discussion**.

Consensus was that this topic merited a larger conversation, but that the thought was that there was a consensus on more flexibility and a general movement towards recycling funds if affordable units were lost.

2. Reporting Requirements

Chris Murray began the conversation by saying that any additional reporting requirements for CHF ought to take second seat to those required for other funding sources, and that CHF ought to accept other source reports.

Kristin Szakos stated that this had been taken care of in the rental ADU regulations after discussion at the previous full HAC meeting.

Kathy McHugh added that the reporting requirements are not mentioned in Policy Letter #1, and only in the abovementioned ADU regulations. She also added that the reporting requirements in the current CHF agreement speak to a quarterly report that is not overly cumbersome but does allow the City to continue to track project progress, which is a necessary step for due diligence.

Kristin Szakos said that the regulations ought to state the pieces of information required by CHF, and allow for projects to submit it in any format. If they have that information compiled for another funding source, they can submit it without problem.

Consensus was that idea suggested by Kristin Szakos was the appropriate way to proceed.

3. Discussion Regarding Funding Information in Table 8 of the 2025 Housing Goals Report

Frank Stoner asked about what this level of funding was expected to provide. Dan Rosensweig stated that although the science/approach used in the 2025 report was somewhat questionable, that it was envisioned that this funding would get us to the goal of 15% supported affordable housing within the next 15 years.

4. Reaffirmation by Council of ADU/Proffer Payments as Additional to Recommended CHF Allocation

Kristin Szakos mentioned that it was important that Council was aware that any proffer and ADU money given to CHF ought to be considered additional to the money allocated by Council to the CHF.

Dan Rosensweig suggested getting something before Council to reaffirm this.

Consensus was that Kathy would speak to Jim Tolbert about getting this on the Council agenda before the end of the calendar year. **(FOLLOW-UP ITEM)**

5. Earmarking/Funding from CHF Designated to Specific Neighborhoods

Kristin Szakos suggested that this be **put to the next meeting**, as it would likely necessitate a larger conversation that also involved the implications of a developer directing City Council policy. She then briefly

explained the recent scenario in front of Council, where the developer for the Standard student housing development on West Main Street asked Council to earmark part of the development's ADU contribution to the 10th and Page/Westhaven area, as those neighborhoods are nearby and will be most affected by the Standard.

Kristin Szakos then said that she was trying to look at how this would function down the road, if funding were broken down into several earmarked segments. She expressed worry that this would result in CHF being less flexible and, therefore, less useful. She also worried that this would create concentrated poverty in areas where there is already a high concentration of low-income households.

Dan Rosensweig said that he was initially inclined against this type of designation, because it would result in money chasing projects rather than the other way around, with developers proposing the wrong projects for neighborhoods just because the money was designated to be spent in that neighborhood.

Dan Rosensweig continued that he liked the idea of developers creating partnerships with communities, but not to the detriment of the flexibility of the funding stream.

Frank Stoner suggested a middle ground, where projects in the nearby neighborhoods would be given preference for CHF funding before others, but no money would be specifically tied to a neighborhood.

Kristin Szakos suggested that some money go into research and data collection to look into need by neighborhood.

Consensus was that the group did not feel that earmarking funds was a good idea, but that it merited more research and discussion. The group thought that the Planning Commission could possibly present side notes to Council as suggestions, but that there would be no hard designations that would make the money less flexible.

6. Tiered Affordability/Redefining 'Affordable'

Chris Murray suggested adding in a tiered allocation policy for CHF funds that would allow for dispersal of funds to projects targeting a wider variety of AMI levels. This system stems from the idea that, whereas CHF funds are intended to enable affordable housing for persons at or below 60% AMI, the need also exists for workforce housing or projects up to 100% AMI. Under this system, therefore, preference will be given in the allocation of CHF funds for projects that target the greatest number of units at or below 60% AMI but as funds may be available, the City will consider funding projects at increasing AMI levels, until the fund is depleted.

Kathy McHugh added that she is interested in redefining 'affordable' to include levels, which would tie into this tiered system. With this new definition, different AMI groupings could be given different definitions, and could be tied to different levels of funding support from CHF.

Frank Stoner asked what the group would consider an appropriate upper limit for the tiers. Kathy McHugh suggested 120%, which is the upper limit of what is defined as "workforce housing." Kristin Szakos and Dan Rosensweig suggested it be 80%. Dan Rosensweig said that he believes that people with incomes over 80% are finding housing and don't need the additional support. Dan Rosensweig then suggested a 100% AMI maximum and Kristin Szakos denoted that 120% could be recognized in the definition with no funding provided above the 100% level.

Consensus was that redefining affordability was a good idea, and implementing a tiered funding scale was a good plan, but that the upper limit of qualifying AMIs **needed further discussion**.

STAFF NOTE: The group could consider some type of value per unit created even differentiating by type of unit (# of bedrooms or square footage).

7. Redevelopment of Public Housing/RAD Impact

Kristin Szakos mentioned that with the possibility of RAD funding, public housing might go through significant change, and this ought to be considered by the HAC.

This item was determined to need **further discussion** at a later HAC meeting.

8. Using CHF Money for Asset Based Community Development/Resident Engagement at CRHA

Dan Rosensweig suggested considering allowing CHF funding to be used for the purpose of asset based community development and resident engagement with the upcoming CRHA redevelopment.

This item was determined to need **further discussion** at a later HAC meeting.

STAFF NOTE: Significant CHF funds were previously used for the WRT Master Planning effort, with minimal impact toward redevelopment. Asset Based Community Development techniques certainly have merit; however, this is thought to be more of a philosophy than a formula for accomplishing specific projects. If the group wants to pursue this further, then the discussion could be rolled into the larger issue of using CHF for non-housing development uses in general.

9. SRO and Rapid Re-Housing/Permanent Supportive Housing

Dan Rosensweig mentioned that the need for additional SROs ought to be part of the larger conversation involving CHF funds.

Kristin Szakos mentioned that this had to be part of a larger conversation about rapid rehousing and permanent supportive housing, as well as use of CHF for programming needs in general.

Kathy McHugh added that use of funds for programming related to rapid rehousing should also be considered. She provided an example of TJACH applying through the ABRT process for funding a Housing Locator/Navigator position, suggesting that CHF funds would likely be requested if ABRT funds are denied.

This item was determined to need **further discussion** at a later HAC meeting.

10. Residency Requirement

Dan Rosensweig mentioned wanting to revisit the city residency/5-year employment in the City requirement. He wondered whether there was a Fair Housing issue with this requirement, and noted that Habitat for Humanity is unable to deny on the basis of residency.

This item was determined to need **further discussion** at a later HAC meeting.

11. Preference towards Assisting with Land Assembly

Frank Stoner expressed a desire to have some priority given to projects that involved land assembly, since developers struggled with parcel purchase and land assembly for projects involving affordable housing.

This item was determined to need **further discussion** at a later HAC meeting.

12. Research/Data Collection Funding

Frank Stoner mentioned that he would like to see some CHF funding spent on research and data collection to better understand segmented need and to evaluate progress toward the housing goals. He specifically wants to see data from the real estate assessor and an inventory of rental units.

Consensus was that some funds ought to be allocated towards research and data collection, but that this item merited further discussion at a later HAC meeting.

13. Use of CHF for Other Programmatic Needs and/or Capital Improvements

Frank Stoner asked about the possibility of using CHF funds for capital improvements in blighted neighborhoods.

Kristin Szakos suggested that if this were allowed, that it ought to be capped at some percentage of the CHF allocation – perhaps 5%.

Kathy McHugh noted that CDBG does something similar in that 15% of the allocation can be spent on social programming.

Kristin Szakos said that her initial inclination is that housing money ought to be spent on housing. There are CDBG funds and other capital improvement program funds for these types of project, if the City determines that they are necessary.

Kathy McHugh agreed, saying that there is currently \$134,000 of CDBG funding designated for sidewalk improvements, street lighting, curb /gutters, etc. to be used in the 10th and Page (BXBC) neighborhood which has been designated by Council as the current CDBG priority neighborhood.

Dan Rosensweig said that it seems like a slippery slope, once housing money is designated for non-housing purposes.

Given that this issue relates to items 8 and 9 denoted above, it is deemed to need **further discussion** at a later HAC meeting.

14. Building High-End in Lower-Income Neighborhoods – Mixed Income or Gentrification?

Frank Stoner mentioned that if CHF is going to have mixed-income neighborhoods as a goal, it must acknowledge that it is different building low-income housing in traditionally higher-income neighborhoods than it is to build higher-income housing in traditionally lower-income neighborhoods. The former is seen as a good policy to de-concentrate poverty with the latter seen as gentrification.

This item was determined to need **further discussion** at a later HAC meeting.

15. Universal Design/Energy Efficiency

To provide for aging in place and to take advantage of livable tax credits, Frank Stoner suggested looking at requiring some level of universal design that has enforcement flexibility. Kathy McHugh pointed out that the City already has a policy in place that could be incorporated into Policy Letter #1 either by reference or as an addendum, and that this policy includes provisions for a waiver based on site conditions.

This item was determined to need **further discussion** at a later HAC meeting.

At the end of this meeting, the group agreed that as further discussion was merited on a number of the above issues, another meeting would be needed. The date and time of November 20, 2013 at 12 pm was selected, since it had been a previously scheduled HAC meeting.