CITY OF CHARLOTTESVILLE

"To be One Community Filled with Opportunity."

Housing Advisory Committee

AGENDA

Wednesday, May 7, 2024, noon

Location: 605 E Main St, Charlottesville, VA 22902

City Hall Basement Conference Room

1. **Welcome**
2. **Introductions & Attendance**
3. **Agenda Items**
   i. April 17, 2024, Regular HAC Meeting Minutes
   ii. Land Bank
      i. Discuss HAC-Suggested Modifications to Draft Land Bank Ordinance
4. **Public Comment**
5. **Adjourn**

Agenda Attachments:

- April 17, 2024 HAC meeting minutes draft

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Housing Advisory Committee

Housing Advisory Committee (HAC) Minutes

Wednesday, April 17th 2024

CitySpace 12p - 2p

HAC Members Present:

- Joy Johnson, Chair (JJ)
- Sunshine Mathon, Vice Chair (SM)
- Phil d'Oronzio (PdO)
- Heather Griffith (HG)
- Peppy Linden (PL)
- Dan Rosenweig (DR) [via Zoom]
- Mike Parisi (MCP)
- John Sales, CHRA (JS)
- Nicole Scro (NS) [leaves meeting at 1:04pm for prior engagement]

HAC Members Absent:

- Michael Payne (MP)

Staff Attendees:

- Antoine Williams (AW)
- Madelyn Metzler (MM)
- Alan Peura (AP)

Other Attendees:

- Luis Oyola, Piedmont Community Land Trust (LO)
- Lisa Herndon, Keller Williams Alliance, past president Charlottesville Area Association of Realtors [via Zoom]

1. **Welcome**
   JJ: Calls meeting to order at 12:07pm.
2. **Introductions and Attendance**
3. **Agenda Items**
   a. **March 20th HAC Regular Meeting Minutes**
      Approved w/o comment
   b. **April 9th HAC Policy Subcommittee Meeting Minutes**
      Noted that meeting date is incorrectly listed as March 9th, then approved
   c. **Policy Subcommittee update: Edits to 2018 Land Bank Ordinance**
      SM: Policy Subcommittee focused on these main points:
      - Land Bank (LB) Entity - stayed w/2018 proposal of LB as a new, independent entity
      - Governance Structure - proposed a board structure that is detailed in the ordinance working document
        - City Council member
        - Planning Commissioner
        - City staffer
        - HAC member
        - CEDA (Charlottesville Economic Development Authority) member
        - Up to 6 at-large spots
      - Increase emphasis importance of facilitation/coordination role of LB

- Strengthen LB alignment w/Affordable Housing Plan
- Expand intent beyond 2018 language re: blighted properties

d. LB Ordinance Discussion

Section 1: Findings

SM: Removing language re: “vacant, abandoned, blighted, and tax delinquent properties” and expanding scope to “creation and preservation of affordable housing” as well as including the “surrounding region”.

NS: Suggests using simply “the community”.

PdO: Suggests removing “sole purpose is to partner w/the local government” since purpose is larger.

Entity Discussion

JS: Not a big fan of forming a new entity to run the LB. Thought HAC was clear previously it wasn't going that route. Lot of orgs fighting over the same limited number of properties and resources, LB will just be another competitor.

SM: Notes that he also expected the outcome to be choosing an existing entity to run the LB, but that the Policy Subcommittee discussion last week shifted things.

PdO: Subcommittee spent a lot of time emphasizing the "facilitation & coordination" purposes. Thinks it’s a mistake to see this process as zero-sum.

SM: LB will not be a competing developer but will work with CRHA, PHA, HfH to lighten acquisition burdens and shorten project timelines.

JS: Once a board and executive director are put in place, those people can and likely will operate differently than HAC’s original intent.

NS: Agrees with JS that the housing space has multiple orgs already, so let’s identify the value-add of the LB.

JS: We're just creating a middle man.

PdO: A force multiplier, not a middle man.

JS: Fight will be over market rate units. Why will the LB be able to act faster than other orgs?

SM: LB can be a force multiplier because it will be resourced with City or CEDA funds to act quickly.

JS: Maintains skepticism on force multiplier idea.

HG: Don't want to use city funds for LB that could go to other orgs.

PdO: LB won't prohibit other orgs from purchasing and developing land. What if CRHA can fund a project’s construction but not the land purchase–CRHA can ask the LB to step in to help.

JJ: So whoever comes first to the LB about a specific property will end up getting that property?

SM: There will have to be a fair process in disposition of properties.

[Extended discussion of that issue w/o clarity or resolution]

How will LB Fund Itself?
SM: Uses the example of PHA's involvement in the 501 Cherry Ave project:
PHA's funding request from the City roughly equaled the property's acquisition cost. So if the LB existed and had purchased and then transferred the land to PHA for $1, the net cost to the City would be the same. PHA would benefit by not having holding costs on the land, allowing it to focus resources elsewhere.
PdO: Funding will become self-sustaining
NS: Not sure that is guaranteed.
HG: Is having a LB at all worthwhile? Doesn't think so in the face of challenges to it becoming self-sustaining, as well as it unlikely being able to compete with developers on the open market.
JS: City will need to fund the LB for at least 5 years in order to establish incoming cash flow via property taxes on its purchased land. Also doesn't foresee the LB acquiring the quantity of properties needed to create significant revenue in that manner.
PdO: LB will be able to raise its own cash in other ways–bonds, credits, borrowing, buying and selling property. 5 years is too bearish, instead thinks a 2 year timeframe is more realistic for it becoming self-sustaining financially.
HG: Acknowledges LB will have very low borrowing costs, but still have concerns about relying on direct income from properties for funding.
LO: Re: why have a LB at all, raises example of auction sales of tax delinquent properties. LB would have right of first refusal on these properties, so they would not even reach the auction process [and be purchased by open market bidders]. However, would not expect there to be many instances like this.

SM: Barring the entity question, all in alignment with Section 1? Notes last sentence to be tweaked by NS.
JJ: A little concerned by "rapid decision-making" language in that sentence, but yes.
All agree.

<u>Section 2: Authority</u>
No changes discussed.

<u>Section 3: Authorization and Establishment</u>
SM: Changed name to the "Charlottesville *Regional* LB Corporation."
JJ: Why operate outside of Cville?
PdO: State statute says it can't be limited to the city.
JJ: So the LB could buy property outside of the city?
PdO: Yes, could also expand to include other jurisdictions.
SM: We also need input from NS whether to use "shall not" or "may not" LB be required to pay taxes on properties.
PdO: Keep "shall not", let Council change it if they want to.
Note: Also see <u>Section 10: Participation by other Jurisdictions</u>

Section 4: Powers
No changes discussed.

Section 5: Acquisition of Property
No changes discussed.

Section 6: Financing of Operations
No changes discussed.

Section 7: Use and Disposition of Property
JS: Notes change in mission of LB from just affordable housing to including some commercial uses. Also notes concern with CEDA representation on the governing board.
NS: Recalls that CEDA was included for its knowledge & skills re: funding, grants, bonding to help LB raise capital.
PdO: If LB gets property that isn't suitable for housing, can still use those proceeds to fund other projects. Also notes likelihood of developing mixed use properties.
DR: Notes strong language in Section 7.B to promote affordable housing first, economic development second–only if a property proves to be unsuitable for housing.
PdO: Suggest striking some language re: non-housing uses and instead referring to Affordable Housing Plan.
JS: Suggests ending 7.B 1st paragraph at “policies and procedures., striking language on various uses.
SM: Suggests 7.B 2nd paragraph language clean up such as “If property can’t be used for affordable housing, then it may be used for other public interests.”
All agree to deleting Sections 7.C.ii - iii.
SM: Align language in 7D referring to abatement of estate taxes, water, sewer, etc. with “shall not” language in Section 3C re:property taxes.
PdO: Use “may abate” instead of “seek abatement.”

Section 8: Governance
JS: If LB is run by an existing org with its own board, then it follows that the LB board de facto already exists. Advantage vs. creating a new entity.
SM: Disagrees. Ex: If PHA ran LB, would still have to create a separate board structure outside of its existing board to administer LB. Would create tension for an existing org to run the LB if it also operates in the affordable housing development space.
PdO: PCLT cannot run or own the LB, per City Attorney.
MCP: Same with CRHA?
PdO: Unclear.

SM: Also notes risk of self-dealing, either real or perceived. Creating a new entity reduces that. State law says no board members can also work for an org that will receive funds from or otherwise benefit from the LB.
However, unable to reconcile self-dealing constraints with Maggie Walker Community Land Trust being chosen to run the LB in Richmond.
MM: Could be an instance of differing legal interpretations in Richmond vs. Cville.
JS: Reaffirms that state law says that an existing non-profit would not have to elect a whole new board to run the LB. Cites state code Section 15.2-7512, last sentence.
DR: Still leads us to forming a new entity, because existing entities can't have reps on board.
[Issue not resolved.]
All ok with using a majority of the governing board to form a quorum, instead of specifying 5 members.

<u>Section 9: Staffing</u>
Issue of regionality, other jurisdictions noted.

<u>Section 10: Participation by other Jurisdictions</u>
SM: Notes ongoing conversations in Nelson County & TJPDC re: LB creation. Idea of allowing other jurisdictions to join is to maximize coordination between them.
JS: Shares JJ's concerns that regionality could distract from focus on Cville itself.
MCP: Is there value in inserting language prioritizing–but not requiring–purchases in or most proximate to Cville over other jurisdictions to address JJ's concerns? Similar to language elsewhere that prioritizes affordable housing but doesn't preclude commercial uses as a secondary option.
LO: For PCLT, question of the entity running the LB is less important than it being able to act in Cville as well as regionally. Surrounding rural jurisdictions are all considering standing up individual LBs in contexts where land costs are much lower.
Could insert language that revenue/funds from a given jurisdiction could only be used by the LB in that jurisdiction.
PdO: Intent is and should be affordable housing in Cville first.
SM: Language should crack open the door to adding other jurisdictions but not affect that main intent.
JJ: "Regional" idea is a sticking point for me.
PdO: This is why TJPDC is not a suitable candidate for running the LB. Its purview is too broad.

<u>Section 11: Dissolution</u>
No changes discussed.

<u>Section 12: Miscellaneous</u>
No changes discussed.

Discussion of Next Steps

How to Communicate HAC's Recommendation & Disagreements to City Staff, Council

JS: HAC should outline what the LB does, its priorities, but not the org that runs it–City Council should decide that.

PdO: City Manager has been clear that Council needs guidance on that subject.

JS: The guidance should not be to establish a new entity.

AW: City Manager and City Attorney asked the HAC to look at the 2018 ordinance and modify it.

DR: HAC should note its internal disagreement on the entity issue and note how many members are for and against forming a new entity. Can HAC include information to Council outside of its 2018 ordinance modifications?

AW: HAC can present multiple options, as well as suggest a process to decide on the entity issue. State law doesn't prescribe what/how HAC presents, but it could lead to more work, time burden for staff.

DR: Cautions against HAC members speaking to the City Manager in individual conversations.

JS: Recommends presenting 2 options to City Council re: entity question, but not recommending either.

PdO: Notes that everyone in the Policy Subcommittee meeting was unanimous about standing up a new org. Leery of being multi-tracked. Notes JS is opposed to HAC recommending a new entity be formed to run the LB.

JS: Correct, doesn't think that option will be the most effective.

JJ: Policy Subcommittee's deliberations shouldn't be presented as a done deal.

PdO: Agrees 100%.

JS: HAC should vote on the Policy Subcommittee's proposal for a new entity while also forming a second option for staff and council to consider. Should also specify how many HAC members support each option.

NS: Since HfH, PHA, & CRHA are the biggest players in this space, getting buy-in from all parties for the LB will be crucial for it to be effective.

MCP: Asks JS to clarify what he sees as the second option.

JS: The two feasible options are 1) forming a new entity, or 2) designating an existing entity, which he prefers. Has concerns with a new entity's needs to build out staff, office space, expertise. CRHA, TJPDC, Economic Development [*unclear if he means the City's Office of Economic Development, or CEDA*] could all do it as existing orgs.

SM: PHA, for example, is already at capacity, so would have to hire new staff. Same for CRHA?

JS: CRHA would only need one additional staff member. Would be more for other orgs.

SM: Any org can also "rent" staff from the City. Not sure that building out a full staff is as large a challenge as JS does for a new entity. Whether for a new or existing org, there will be a ramping up period and learning curve re: staff, structure, process.

Timeline for Next Steps
SM: Notes HAC will send its draft ordinance to the City Manager, who will review and send it back to HAC with his notes. Then HAC will finalize the ordinance to send to Council.
AW: City Manager wants a Council-ready agenda item by June or July.
SM: Let's set a goal of sending the draft ordinance to the City Manager by June 1. Need to get input from him ASAP for how to approach remaining tensions.
PdO: Let's use the upcoming May 1 HAC Policy Subcommittee meeting as a full HAC meeting instead.
All agree.
JJ: Should stress the importance of this meeting, all should try to attend.
Also stresses need for agreement w/in HAC before moving to the Working Group stage with the City Manager.
[Working Group is PdO, AW, Planning Commissioner Lyle Solla-Yates, City Manager, & City Attorney]
All agree.

4. Public Comment
Lisa Herndon, via Zoom: Concerned about the issue of regionality taking focus away from Cville. Also wants to make sure conversations are contained within HAC, and side conversations aren't happening.
SM: Not aware of outside discussions.

5. Adjourn
PdO: Moves to adjourn at 152p.
All in favor, none opposed.