

Housing Advisory Committee (HAC) Minutes  
Wednesday, May 21st 2025  
City Space Conference Room 12p - 2p

**HAC Members Present:**

- Joy Johnson, Chair (JJ)
- Sunshine Mathon, Vice Chair (SM)
- Phil d'Oronzio (PdO)
- Heather Griffith (HG)
- Peppy Linden (PL)
- Mike Parisi (MCP)
- Nicole Scro (NS)

**HAC Members Absent:**

- Michael Payne (MP)
- Dan Rosenweig (DR)
- John Sales (JS)

**Staff Attendees:**

- Alex Ikefuna (AI)
- Brenda Kelley (BK)
- Taylor Harvey-Ryan (THR)
- Alan Peura (AP)

**1. Welcome**

**SM:** Calls meeting to order at 12:06pm.

**2. Introductions and Attendance**

**3. Agenda**

**i. April 16 2025 Regular HAC Meeting Minutes**

*Approval moved to next meeting*

**ii. April 30 2025 Policy Subcommittee HAC Meeting Minutes**

*Approval moved to next meeting.*

**4. Staff Updates**

**i.** Presentation on Charlottesville Affordable Housing Tax Abatement Program (CAHTAP)

**AP:** Presented this to City Council on 4/21. Council showed interest, staff bringing back to Council later this year.

Abatement's purpose is to reduce real estate tax in order to offset developers' cost of ADUs. Why? 10% ADU (Affordable Dwelling Unit) requirement in the Zoning Ordinance along with the difference in rents between market rate units and ADUs creates a revenue gap. CAHTAP would use a portion of the tax increment resulting from a new project to help fund its required ADUs.

Base value/tax vs. increment value/tax example (developer gets 50% tax increment):

- Property with a pre-construction base value of \$100,000 and base tax of \$100
- Post-construction, new \$250,000 value and \$250 tax
- Increment value: \$250,000 - \$100,000 = \$150,000
- Tax increment: \$250 - \$100 = \$150
- Property developer receives: 50% of the \$150 increment, or \$75
- City receives: \$250 (post-construction tax) - \$75 (50% tax increment to developer) = \$175

**SM:** PHA (Piedmont Housing Alliance) used tax increment at Kindlewood redevelopment phases 1 and 2. PHA pays the full tax on the front end, then the tax increment is

refunded back to PHA, which a 3rd party lender takes as payment for loan. Tax increment refund doesn't start until the first year after project completion.

**PdO:** Does the lender treat the refund as an income factor or as an offset?

**SM:** Counted as an income stream.

**NS:** Did PHA get 50% of increment?

**SM:** Phase 1 was 100% of increment. Capped at \$6 million over 30 year period. Covered additional debt. Phase 2 ~50-70% for 30 years. By state law, has to be relationship between CEDA, City, and developer. Chris Engel at CEDA proposed either a 100% increment for 12 years or 50% for 30 years. In order to be co-terminus with the mortgage, used 30 years.

**AP:** This method utilizes future City revenue, not current revenue. Could be a more sustainable option to invest in affordable housing.

**SM:** City Council could make a \$3 million one time disbursement (simpler, immediate) or spread the investment over a longer time period (some \$ goes to interest payments which is less efficient use of money, but the investment doesn't compete with present priorities).

**AP:** In 2022 the Virginia Assembly passed the Industrial Development and Revenue Bond Act establishing the payment structure. Abatement calculation done on front end, reimbursement is made after project is completed based on new assessed value and after the first real estate tax is paid. Must pay tax first and then get a refund under VA law.

Hoping to start analysis in June and finish in August with help of a consultant market stud: costs of labor, materials, financing etc., break out the cost of meeting ADU requirements. May help in thinking about targeting different areas of the city based on different market rate rents.

**PdO:** If a developer is meeting 10% ADU requirement, will increment be for the gross improvement? Or, for example if 2 ADUs required in a 20 unit building, will rebate be based on those two units? Could City use a 50% rebate on increment if 10% of units are ADUs, then increased rebate if 20%? How to adjust for different levels of affordability?

**AP:** Will use market study to help answer those questions. Could abate just the cost of including the 10% ADUs, or be more aggressive. Ex: Boston's tax increment study found obstacles were labor and financing costs, increment wouldn't be suited to overcome those factors. Albemarle County's ADU requirement is 20%, but developers only get 15% increment. Also question of length: Richmond starts with 15 year term, then 15 year renewal option.

**SM:** For-profit developer might want 10 years at 100% vs 30 years at lesser % as PHA did. Threshold for abatement might be 10% to match City's ADU requirement, but what about a fourplex with one ADU which isn't required by City? Can we make it applicable to smaller projects?

**PdO:** Term could be adjustable in tandem with total dollar cap.

**SM:** Could allow for dial turning—not in Richmond structure but could include here.

**AP:** Richmond's EDA Performance Grant Model passed in 2023, but no projects through this process yet. Our goal is to generate something like this calculation form shown on screen for Charlottesville but with more nuance. *Uses 501 Cherry Ave project as an example on Richmond EDA's spreadsheet. Abatement is based on % of project as residential (vs commercial) multiplied by the percentage of affordable units.*

**NS:** There is a meeting between CADRE and City staff at the end of June.

**AP:** Hoping to bring this back to HAC around September, hoping to get in front of Council late this year, first quarter of next.

**5. Next meeting: June 18, 2025**

**6. Public Comment**

*No public comment.*

**7. Adjourn**

*Adjourned 12:59p.*