Minutes

PLANNING COMMISSION REGULAR MEETING
April 14, 2026 – 5:30 P.M.
Hybrid Meeting

I. COMMISSION PRE-MEETING (Agenda discussion(s))

Beginning: 5:00 PM
Location**:** NDS Conference Room
Members Present: Chairman Schwarz, Commissioner Joy, Commissioner Harness, Commissioner Mitchell, Commissioner Harp, Commissioner Solla-Yates, Commissioner Roettger, Commissioner Toder
Staff Present: Patrick Cory, Dannan O'Connell, Remy Trail, Matt Alfele, Kellie Brown

II. COMMISSION REGULAR MEETING – Meeting called to order by Chairman Schwarz at 5:30 PM.

Beginning: 5:30 PM
Location: City Hall Chambers

A. COMMISSIONERS' REPORTS

Commissioner Carp – I have been going to the CDBG meetings for the last month or so. They were interesting. We will soon talk about it.

Commissioner Mitchell – There were three meetings that I participated in since we last met. Two of those meetings with LUPEC. The first meeting was in February. Both conversations were led by VDOT. The first thing we talked about was general region coordination between the University, Rivanna, Albemarle County, the city, and the planning district when it comes to any VDOT projects that are happening in the area. I copied you guys on the presentation and the outline of the conversation. The first thing we talked about at the March meeting was the county's affordable housing fund. I will not go into details. You guys have copies of that in your packets. The second thing we talked about in the February meeting was an update from VDOT on the Fontaine project. A lot of things are happening there. In the March meeting, we talked about the affordable housing fund. Ms. Brown gave us a preview of what she is going to be presenting later tonight. The most interesting meeting was the BZA (Board of Zoning Appeals) meeting that we had in the middle of March. This was related to the developer's ability to pay into the housing fund as opposed to putting affordable housing on site if a development project is deemed to be student housing. One of the criteria for it to be deemed student housing is that it must be within 0.5 miles of North and Central Grounds. In this case, the negating factor was that little pocket park. The Clark Statue was in this pocket park. It is across from The Graduate. The real question was whether this pocket park was a part of Central Grounds. If it is a part of Central Grounds, the project in question is located at 211 5th Street Southwest. That project was before the BAR. The BAR rejected the application. They are appealing to Council. The debate was whether the pocket park was a part of Central Grounds. We ruled in favor of the Zoning Administrator's opinion. He felt that the pocket park was a part of Central Grounds. The ruling was a 2-to-2 ruling. When it is a tie, the tie goes to the Zoning Administrator. The applicant can appeal and bring it back. This Thursday, they are going to come back to us. We will hopefully have 5 people there to vote and get a majority vote. It was a 2-to-2 vote suggesting that we thought that the pocket part was a part of Central Grounds. This was not a merit review. This was a technical review.

Commissioner Solla-Yates – I would like to offer an update on the legislative subcommittee. It has been a busy year. We asked for many things. Many things have been acted on in Richmond. We asked for mobile home resident purchase reform. That turned into HB375. That has just been approved by the Governor. We asked for accessory dwelling units permitted statewide. That turned into SB531. That also has been approved by the Governor. We asked split rate taxation permission and were joined by 3 other localities. That turned into HB 282 and has been signed by the Governor. We asked for greater tree canopies zoning powers. That turned into HB549. That has been approved by the Governor. We asked for a locality first right of refusal for expiring below market rate housing. That turned into HB4 and was approved by the Governor. We asked for legal standing reform for zoning litigation. That turned into HB 447 and has been continued to next year. We asked for support for nonprofit affordable housing development. That turned into several bills, especially HB1279. The Governor gave a recommendation for 13 changes but is likely to pass.

Commissioner Harness – I went to the city Neighborhood Leaders meeting with the City Manager's Office on March 18th. There were several smaller discussions that happened. There were 3 main discussions that the public was having. This was the first meeting since the large ice storm that we had. There were questions from the public to the City Manager's Office about whether they were going to update the ordinance to better clear sidewalks or something along those lines, just getting feedback from the City Manager on how to improve that process for future storms. There were questions regarding the status of a project at 1011 East Jefferson Street that received a Special Use Permit years ago that has not yet started construction. Many neighbors in that area of the city were wondering what the status was and/or if there was a way to adjust the number of affordable housings that project was providing. The 3rd item of discussion was the Police Department was working to get the word out related to the emergency response system that I think is an app on your phone that you can get better information quicker through that. They are doing some neighborhood community policing related events.

Commissioner Roettger – My 2 reports have to do with the Tree Commission. You all received the State of the Forest Report from the chair. They are going to present it to City Council on April 20th at 6:30. It is an annual thing that they do. It has recommendations and things that pertain to the Planning Commission. They are interested in site plan checklists or brochures or things having to do with tree preservation from the beginning, having a tree preservation plan with an arborist. Some of these things are already in place but stronger enforcement of tree removal. There was some discussion on stormwater fees and incentives for tree preservations. The rest of it was how many trees were planted. That is a major piece of work for that body that did a lot of work on that. I was with Parks & Rec yesterday. We had a report from a UVA class looking at Riverside Park, mainly parking and accessibility. I have previously heard about trails and where the pieces are being watched to connect where we need to connect our trails. There is some talk around the rules around the garden plots that are being amended. They are already in place for this year. We are now getting feedback about whether there will be changes.

Commissioner Yoder – I have a report from the MPO Tech meeting that happened last week. We reviewed several things on the agenda. I will mention that as part of the MPO's UPWP stands for Unified Planning Work Program. It is their annual budget and work program. They will be studying the possibility of establishing a regional bike-pedestrian counter program that would live with the MPO. That would be beneficial to both the city and the county. That is something to watch. I hope that they move forward next year and set up an accounts program. The main item that was discussed was our region's smart scale applications which are due on August 1st. This is a state grant program for transportation projects that occurs every other year. My opinion in what I have seen so far is that it is a program that is not perfectly aligned with our goals and principles as a city in terms of our planning for what we want our future land use and transportation network to look like. Many people involved in this are trying to make the most out of it and get funds for projects that would allow safer walking, biking, and better transit access. The county and city are allowed to submit applications. The MPO itself can also submit smart scale applications. The city's main application this year is going to be the Ridge, McIntire, West Main intersection project, which is something that kicked off a while ago with some public outreach. In this meeting, we basically had to make recommendations to the MPO Policy Board, which is made up of elected officials from the city and county and MPO staff, whether we should advance the city, county, and MPO projects. It was a unanimous vote on the city's projects and the county's projects. There were split votes on the MPO's projects, which is an unusual circumstance. The 4 MPO projects that are currently in consideration are the I-64/5th Street Interchange improvements, which is proposed to be a divergent diamond intersection with paths that go to the bridge but don't cross the bridge, the US 29/US 250 eastbound ramp extension at Barracks Road. It would extend the on/off ramp. It would add a path on Barracks Road itself. The US 29/250 southbound ramp extension at Old Ivy Road and another on-ramp extension at Old Ivy Road on the bypass. These are the 2 projects that city staff wanted to remove from recommending to the Policy Board. These are 2 projects that have no multimodal elements. They are pure highway capacity projects. They were not identified in any of VDOT's statewide analysis of safety needs or congestion need. It did come out of a 2024 pipeline study that looked at the entire area. The appendix had a lot of different possible things you could do. These 2 ramp extensions were there. City staff moved to exclude these 2 projects. The MPO and county staff disagreed. One of the extensions is moving forward to the Policy Board. The off-ramp extension is being held because the county wants to investigate other options because they are interested in improvements to that movement. Maybe there is something else that could be done that is not just a highway expansion. Those projects move on. City Council is going to weigh in on this. They need not approve but recommend these applications as well.

B. UNIVERSITY REPORT

Commissioner Joy – I have 2 exciting bits of information. The first is the opening of The Center for Politics. That is a contextual addition to the Montesano House. It is about 5,000 square feet with flexible convening space that can host events for 200 to 400 people. They had the ribbon cutting last Friday. One thing of note is that to access that facility part of the project was the creation of a new dedicated access road from Leonard Sandridge. You access it from the north. Historically, you would go on Old Ivy Road through that trestle. That has now been vacated. You can no longer access that facility. With the higher density of event attendees, that will not bring added congestion to Old Ivy Road. The Virginia Guest House, Hotel, and Conference Center is officially open. It opened last week. That is 223,000 gross square feet, 214 rooms. There are over 25,000 net assignable square feet of IACC certified conference space, which is the International Association of Conference Centers. We are the only facility in central Virginia that has that certification. The ballroom, its largest space, can hold just under 1,000 guests. There are 3 public destinations for dining if you are interested. There is a counter café, which is a grab-and-go place. There is The Poplar, which is the main restaurant that serves breakfast, lunch, and dinner. There is The Perch, which is a rooftop amenity with nice views. That soft opening was last week. The ribbon cutting will be on April 29th.

C. CHAIR'S REPORT

Chairman Schwarz – Last month at the BAR meeting, it was a simple meeting. The only thing of interest was some infill development in the Oakhurst Gildersleeve Neighborhood, which is a tiny piece of housing next to South Lawn. It was a developer trying to squeeze in the maximum number of units on some parcels down there. We gave him some feedback. It was a preliminary discussion. They will be back for more in the future. We discussed getting The Mall ready for its 50th Anniversary and the materiality for The Mall crossings, which are now under construction.

D. DEPARTMENT OF NDS

Matt Alfele, Development Manager – We will not be having a work session on April 28th. That was tentatively scheduled for a small area plan discussion. That is not yet ready. You will not have that work session. At the end of last month, the new Development Manual and development review changes went into effect. These are related to last year's 2025 Development Code amendments and process updates. Those went into effect on the 23rd of March. I wanted to give an update on the 2026 code cleanup effort. We are moving forward with this year's cycle. Staff have begun preparing the items that will be included. The next major step will be the subcommittee kickoff meeting, which will take place in May. The date has not yet been determined. We will be sending an email to the subcommittee members. We are looking at a few dates. That will be the kickoff. At that meeting, we will be scoping out the 2026 cycle and moving forward from there.

Chairman Schwarz – A question about the rollout of the zoning updates, has there been advertising? I have not seen anything.

Mr. Alfele – I will be going to CADRE in May to talk about the updates. Our website has been updated with all the new material, new applications, and formats. We have not had any formal outreach. We have been talking about it for the last 6 months at our pre-application meetings with the development community. We have been preparing the development community for this.

Commissioner Roettger – For the next year, are we looking tier 3? What is the subcommittee? Who is on it? How deep are we getting into changes?

Mr. Alfele – The subcommittee is Chairman Schwarz and Commissioner Harness. One of the key things that is going to happen at the kickoff meeting is rebranding. It has always been intended to be a cleanup of the code and having to catch larger issues to put in tier 3. One of the things we are going to be concentrating on this year is refocusing that and that everyone understands that this yearly process is about cleaning up the code and not going into policy issues. We deal with the code. We run into these policy issues. We capture them so they can be placed on the larger work plan for the department so long range planning can address those. That is going to be one of the scopes. I am hoping to go away from the tiers and just call it code cleanup or something that better reflects what this project is.

Commissioner Roettger – People have been waiting for the next level. That is probably code cleanup versus code amendments or some term for the changes that will take longer.

Mr. Alfele – We have tried to be clear each time we meet with the public. We are collecting these tier 3 amendments. Tier 3 amendments need a huge public engagement. They must be something on the work plan that involves our long-range planning team. We are working on doing a better job of communicating that.

Chairman Schwarz – With the zoning updates that were issued, as a planning commissioner, I did not know when that happened. Could you put it on the homepage of the city's website? I know you send out those press releases. Make it obvious that people need to download a new zoning PDF.

Mr. Alfele – We can work with Communications. We can see if we can get something out.

Kellie Brown, NDS Director – I wanted to some additional updates. On the topic of the environmental policy and regulatory review, we will be coming to you next month with a comprehensive update. I did want to share that we are moving forward with the release of a request for proposals to look specifically at our stormwater regulations. In October 2025, City Council appropriated $1.5 million for both the environmental review project and the mobility plan. We anticipate allocating a portion of that for this environmental review for consultant services. We will be looking to use that to update the city's stormwater management regulations and develop technical reports and toolkits. The review team will include staff from multiple city departments to provide a cross-functional review and consider alignment with the overall Comprehensive Plan goals. I also wanted to offer a staff update. Ose Akinlotan, our long-range planning manager, has been promoted. She is now the Assistant Director of Communications and Public Engagement within the City Manager's Office providing strategic direction and much needed support, not just to NDS, but all departments to support the city's goals and the Council's priorities for enhanced meaningful community engagement in everything we do. We are happy to see her in this role. Last night, we had a planning popup at Carver Recreation Center. The focus of it was to collect community feedback on conceptual options for a repaving plan for Rose Hill restriping plans that will address safety and connectivity needs, slow speed limits. It was a great turnout. I think 45 people came out including some junior planners. There also was an opportunity to provide feedback online sat Connect Cville. In terms of upcoming Council work sessions, we will be presenting to Council on our recommendations and findings for the Affordable Dwelling Unit Manual, student housing regulations April 20th. Our short-term rental study will be providing an update to Council consistent with what we shared with you May 18th.

E. MATTERS TO BE PRESENTED BY THE PUBLIC NOT ON THE FORMAL AGENDA
No Public Comments

F. CONSENT AGENDA

1. **Minutes – November 12, 2025 – Regular Meeting**
2. **Minutes – November 25, 2025 – Work Session**
3. **Minutes – December 9, 2025 – Regular Meeting**

Commissioner Solla-Yates – Motion to Approve Consent Agenda – Second by Commissioner Yoder – Motion passes 7-0.

III. PLANNING COMMISSION PUBLIC HEARING ITEMS
Beginning: 6:00 PM
Format: (i) Staff Report (ii) Public Hearing (iii) Commission Discussion & Motion

1. **Community Development Block Grant ("CDBG") and HOME Investment Partnerships Program ("HOME") Funding: Draft Program Year 2026-27 Annual Action Plan.**

i. Staff Repot
Anthony Warn, Grants Analyst – Our city participates in The Community Development Block Grants and the HOME Investment Partnerships Programs offered by the United States Department of Housing & Urban Development. As part of that participation, we are required to develop an annual action plan that outlines what we are going to do to try to meet several important goals, meet HUD national objectives, and to show that we deserve continued participation in the program. As part of that, we come before the Planning Commission to get some feedback, and hopefully at the end you recommend that we can take this to City Council for 2 public hearings. There is also another public hearing scheduled before the commissioners of the Thomas Jefferson Planning District Commission. The TJPDC helps coordinate the HOME program. They are both entitlement programs. With CDBG, we engage with HUD on our own. We qualify on our own. Since HUD recognizes that affordable housing specifically is a more challenging regional approach, they try to encourage people to go into partnerships with the outlying areas. For several years, we have participated in what is called the Thomas Jefferson HOME Consortium. It is a 6-member partnership between the city of Charlottesville and the counties of Albemarle, Fluvanna, Greene, Louisa, and Nelson. We come together at different times in a regional housing leaders meeting and try to support efforts among all the partners and try to lend support where we can to each member. Most importantly, we share part of the money that HUD allocates to that program. I can go into that funding breakdown later.

Next Slide – Summary of Funding Requests Received
As part of the process every year, The Department of Housing and Urban Development says that 'we are going to put this much money into this program. It was originally appropriated by Congress. It is then passed through

on a formula basis. Each year, we open an application window request for proposals. This year, it ran from January 7th to February 7th. We tried to advertise it widely. We tried to let all the different nonprofit groups in the area know what is happening. I am proud to say that we have a first-time applicant that was recommended for funding this year. We are expanding the pool of people that know about the program and that can hopefully do good work in our community. We open the window and provide pre-application workshops for people. I want to thank members of the Planning Commission for giving us some important feedback, which is to emphasize the restriction placed on a certain category of activities in the Community Development Block Grant Program, the public service activities. By doing that, the applicant, who is a first-time applicant to the program and who has been recommended for funding under both programs, looked at what they are trying to do and split their application and applied under both programs and made it through. That was good feedback. The difficult part of this, as already mentioned, is that if we go into this process, we don't have any idea how much money we are going to get if any. We start off by basing our initial review on the awards and the allocations that we received in the prior year. Provided in the packet is a summary of the applications that we received between the 2 programs and tried to break them down into the different categories that HUD has set up in terms of what kind of work you are allowed to do with those. You see those there.

Next Slide – Preliminary Gap Analysis
As soon as we get those, I break them down. I look at the requirements that HUD set up. I try to break them down into different categories. This analysis is based on the current year applications that we received matched against our best estimate of what we will get from HUD from the prior year. When we started reviewing the applications, we had big gaps in each of the categories. The public service activities, the $153,182.20, says that the nonprofit partners in the community asked for that much more money than we thought we would have available to us.

Next Slide – Preliminary Funding Recs
We have been working as diligently as we can over the last couple of years to stay in HUD's good graces. Based on congressional allocations, each of the programs is going to see increases in funding. The CDBG will increase by 4.37 percent, an increase from $445,000 to $464,000. It is not huge. For the nonprofit groups that are going to receive that money, that is great. Under HOME, it is a larger anticipated increase of 7.79 percent, which sounds great. What that does is that it offsets the 7.5 percent reduction that we saw last year. We are roughly in line with the amount of funding that we had 2 years ago. We are getting the funding. We are happy about that. My job is to prepare the applications, do an internal review, and hand them over to the volunteer members of the task force. This year we welcomed a new representative from the Planning Commission, Commissioner Carp. He might be able to speak about that. That is a point at which I am glad that I am not involved in those conversations. My job is to be an impartial liaison between the members of the review team and the applicants. If they read the applications and they have questions, things that they need to know about, they come to me. They ask those questions. I go back to the applicants. I report word for word what they send. We did that a couple times this year. The information we got was helpful to the members of the review team. What you are seeing here is not actually the plan. The plan is a large document. It will be made available on the Thomas Jefferson Planning District Commission webpage tomorrow. The draft plan is available for a 30-day period of public comment. Any member of the public can look at that plan. We have links on the city CDBG and HOME webpage. As soon as it is live, we are going to do one of the news alerts through the Communications Department. It is up there. They can read it. They can show up at any of the public hearings after this one and make any comments that they want. We receive all the comments. We incorporate them into the plan. There is a special section of the final plan. If all goes well, we get local approvals from City Council and TJPDC. We send it to HUD. A lot of people ask if HUD approves the plan. It is interesting. Those of you who know federal regulations. They don't approve a plan. They just inform you that it meets statutory guidelines. This year we met the statutory guidelines, which enabled us to receive this amount of funds. Hopefully with your help and input and that of the community, we will repeat that again.

A couple of things about the recommendations. You will see that there are preliminary funding recommendations right here, which is what the review team recommended based on what we knew at the time. To get these things done, they must make the recommendations. What you don't see on the spreadsheet is that it is calculated out to a precise decimal point. When the official allocation award letter arrives from HUD, I calculate the percentage to the new numbers. What that does is it presents a dilemma for the members of the review team if we have an overage. It presents 2 options. One option is that you take the overage and split it evenly among all the applications recommended for funding. The second option is you do an equal percentage or some other complicated math to figure out that some applications might get more/ Since we did not have the allocation letter at the time and the typical procedure for all CDBG funded localities is to take any overage or decrease and apply it evenly among all the applications. What that means is that you will see that some of applicants are receiving are recommended to receive more than they had in their initial application and others are not. An example of that would be The Ark of the Piedmont. They are looking to make some infrastructure improvements at their group home for adult people with intellectual disabilities. They are getting more than they asked for. That is because the final allocation from HUD came in higher. With that 4.37 percent increase, that took them over. With the affordable housing applications, each one of those saw that same 4.37 percent application. It takes them nowhere near what they asked for in their applications. The amount that they asked for was so large. I know that there are going to be some questions that will come up at some point about why some people got more than what they asked for. It is only because it is a good problem to have. The allocation letter came in with higher numbers. Based on the feedback we get here tonight, and any feedback received from the public, we take these recommendations before City Council. They approve. My job is to create funding agreements and scope of work agreements and hopefully bring good things into our community.

Next Slide – FY26 Timeline
This is just a brief timeline for this. We start in the prior year by publishing a consolidated notice of funding availability that tells us how much we anticipate. On January 5th, we started the application window. I started meeting with prospective applicants. All we want to do is make sure that people know what they are applying for. In the past, we have gotten applications that were suitable for the HOME Program. Under the CDBG Program, they know if what they are trying to ask for will meet HUD requirements. The last thing we want is for people to try to do good things in the community to waste their time and energy applying for something that the requirements for the program will not allow us to fund in the first place. We have had those in the past. The CDBG-HOME Task Force met multiple times. They finalized their funding recommendations. Shortly thereafter, we received the HUD notice on April 6th. We now have our public hearing/public comment period. The electronic version is going to be available on the Thomas Jefferson Planning District Commission website. That has always been there. We will have links on our webpage. If any members of the public want a written copy of the plan, they can contact any of the staff contacts or myself. We can get them a printed copy. All of this is trying to gear up to getting money into nonprofit hands so they can start on July 1st with their good work.

Next Slide – FY26 Anticipated Outcomes
This is a summary of what we are trying to do and give an estimate of how many people or organizations will be assisted. You will see these odd codes 18C-microenterprise assistance. That is basically a HUD category that designates that kind of work as an eligible activity. It outlines all the requirements that we must follow. We have adult literacy that we have done before, accessibility and infrastructure improvements for the Arc of the Piedmont group home, which we funded in the past for a different purpose. We have funding for eviction diversion counseling this time. That was a big priority for the members of the review team. We are funding income eligible homeowner rehabilitations and energy efficiency upgrades through AHIP and LEAP. The new applicant is a group called Building Goodness Foundation. They have done interesting work internationally and locally. We are now trying to use their participation in this program to create what could be an impactful partnership among some of the existing organizations that we have funded. They can do a certain kind of rehabilitation for homeowners that LEAP and AHIP don't do and provide a more comprehensive package. Under the CDBG side, Building Goodness Foundation wants to take their expertise working with nonprofits

that serve the populations that we are trying to help and use that to provide some kind of infrastructure improvements for those nonprofits. It is complicated because a lot of nonprofits operate in buildings that they don't own, which makes it more complicated. We are excited to work with them. They have done a lot of work with childcare centers, rebuilding and rehabilitating their patios, providing more shade for the kids, and providing safer play spaces. It was a long and difficult deliberation. I have a strong slate of recommendations.

Commissioner Mitchell – With the redevelopment of housing stock, it has a lot of good momentum. One of the main reasons it is going so well is because we engaged the residents. It looks like we zeroed out the request for residence involved redevelopment. What was the thinking?

Mr. Warn – Yes, that is true. That was a difficult deliberation. Part of that is the fact that with the advent of the new funding stream that the city is offering for fundamental organizations. We tried to make sure that the other funding streams are not duplicative work. Some of the scope of work that PHAR does under the program that they have been funded for in the past falls under the scope of work for their designation as a fundamental organization. If you look at the City Manager's recommended budget for the upcoming year, PHAR is slated for a significant increase in funds. Once we became aware of that and the fact that some of the work that they were funded under, CDBG falls under the scope of work of this program. The members moved away from that and said, 'let's try to get money into these other programs.' It is always a difficult conversation. Every year that I have done this, the review team members walk away saying, "I just wish we had enough money to give everybody.' In that case, it was designation of PHAR as fundamental and the significant increase in money that they are going to see under the City Manager budget. There was unanimous consent.

Commissioner Mitchell – The second question relates to the IRC. We have put a lot of energy in helping the Afghan refugees who moved to Charlottesville get integrated into our community. It looks like we are not looking to help fund that, at least not in this document. What was the thinking?

Mr. Warn – That brings up a point that I might have glossed over. With that kind of work, if you look at that, it falls under the Public Service Activities category. That is a category of funds for which we get the largest number of applications and the greatest financial request. It is also the most severely constrained by HUD. The locality is limited to no more than 15 percent of their annual allocation to dedicate to those programs. It is the smallest pot of money that we have available to award funds. What that came down to, among several other considerations, is that they would have loved to fund the IRC. We have funded them in the past. We would have loved to do it again. The scope of work that they are proposing to do is similar in a lot of ways to work that is being done by other groups, other organizations. Including the Literacy Volunteers of Charlottesville and Albemarle, who work with some of the same population, and the idea that with not a lot of money to allocate. I think we were limited to $66,000. The IRC is connected to a larger national and international organization. Literacy Volunteers is a local organization. One of the considerations was trying to use what little money we have to support a local organization. They cannot rely on a larger national organization. I am not saying that IRC gets a lot of support. That was not something that any of us knew from the national organization. When push came to shove, the idea was to try to keep that money as local as possible.

Commissioner Harness – With the programmatic funding and set asides, can you inform us what that means?

Mr. Warn – Those are just a broad category of activities. Planning and admin are a set aside of funds to pay for the coordination of the program salaries, in some part my salary. The city covers part of my salary. Public services cap is programmatic. That is just that small category of funds within the larger allocation that is limited to IRC and LDCA activities. City Council has traditionally established some priorities for public facilities improvements and economic development. When I started, the sheets I inherited had these numbers on there. I believe that at some point they were a percentage of the total allocation. I was never able to find anything like that. I was recommended to carry forward those numbers. Those come out of the CDBG allocation. That last category, the HOME program local match is a requirement that has for every dollar that they give you for affordable housing activities under the HOME program, localities are required to spend 25 cents. For a long time, the city appropriated local funds into a special category to support these activities. My colleague at the Thomas Jefferson District Commission knows more about HOME funding and activities than anybody in the 6-member consortium. Her name is Laurie Jean Talun. What she found was that we don't have to appropriate local funds specifically for these activities. HUD already allows us to count all the affordable housing activities that a locality engages in anyway. As you know City Council has been pledging $10 million or more a year. What that means is that each year we must record some affordable housing activity, that is funded through local dollars with HUD. That covers the match. We do that on behalf of the entire consortium. Some of the other members who have much smaller budgets to work with as part of being the lead agency in the consortium, we cover that for them. We do that through the normal course of activities of the Charlottesville Affordable Housing Fund. What my colleague found out is that we report those to HUD, $10 million of activity. They then allow us to bank those up over years. We have a credit with HUD on the affordable housing match side of a couple million dollars that could carry us for quite some time. Since the Affordable Housing Fund is so active, every year we just find the Council resolution that supported that activity, we send that to HUD along with the plan. It covers that credit. Those aren't additional funds. Those are just ways to break it down. On a memo that was generated years ago, it said programmatic funds.

Commissioner Harness – There are earmarked funds.

Mr. Warn – It does not add to the total amount we have available. One of the things that you see in the packet is that we typically recommend priorities to Council. I have a draft in the packet of what that priorities memo would look like. We are trying to foster a conversation so that we are not just passing the same recommendations. If the community wants to recommend changes to Council, once they adopt them. I also left that number blank. If those are still important priorities, we should give some thought as to how we come up with a number for it, nor just carry the same number for it. Is it a percentage breakdown? That is to be dealt with in the future.

Commissioner Harness – With the different colors here, the amount split between the different colors not necessarily within the colors, is that decided by the Task Force? Is that programmatic?

Mr. Warn – That is based on the Task Force. I give them a blank version of the spreadsheet with the programmatic breakdowns. I lock it all down. They can plug in the numbers anywhere. There are some hidden fields off to the side that add up each category. If they put $24,000 for CIC, that number would have automatically gone up. It is just an auto-calculation of their recommendations.

Commissioner Harness – My last question is about the unallocated line of $55,000.

Mr. Warn – A tricky way to look at the HOME program. We get more funds under the HOME program. For CDBG, we anticipate getting $464,924. Under the HOME investment partnerships program, we anticipate getting $740,545. People look at that number and think that we have a lot of money to spend. TJPDC coordinates that program on behalf of the six members. There is 10 percent set aside for their planning and admin costs. Set aside from that, it goes to a larger award that rotates among the six members each year. It is called CHOTA. Whatever remains is divided equally among the 6 members of the consortium. Our local share is what those are always referred to as 17.5 percent of the total. That $92,568.21 is going to be what we anticipate our local share to be. We only received 2 applications under the HOME program this year. One was from Building Goodness Foundation, and the other one was from CRHA. CRHA recently acquired property. It needs significant rehabilitation work. The request was for $150,000 under the HOME program. We always ask them what will happen if we cannot fund you at 100 percent of what you are asking for. In that, they said that they would have to go back to square one and try to do a lot of local fundraising for whatever the gap funding needed to meet that $150,000. They would have to start from scratch. Since HUD has timeline requirements, they recommended Building Goodness Foundation to be funded 100 percent of their request. That went up a little bit because of the 7.79 percent increase. Whatever was left over is that unallocated fund. The Task Force would have liked to have awarded that to CRHA in this round. We have seen the property. We know it needs work. It could potentially offer people below 50 percent of AMI scale (8 individuals) some entry housing. It is an admirable goal. It is a great goal. If they must then raise $100,000, once we award that, it goes to HUD, and they accept it. That starts the clock. The idea was we put that as unallocated. We can go back to Council later with an application. CRHA can come back and say ‘we know that there is this amount of money on the table. We have done some work on our end. We think that we have the funding sack for the full $150,000.’ That money could be awarded to them. Depending on how Council approves it, that money could go to any group or it could be held in reserve for CRHA if they come up with a plan that staff deems to be viable. There are several projects it could be applied to. I think the review team’s hope was that it could be used to help CRHA develop a more actionable plan. One of the nice things about the CAHF and the Vibrant Communities Fund is that they are local dollars. They are flexible. Any time we use the HUD funds, as soon as we award them, the clock starts ticking. On the CDBG side, at the end of each program year, HUD does a calculation of how much money we have not spent on what they have given us. If it is too large, if it does not meet their timeline, we start to have a different conversation with HUD. A similar thing applies to the HOME side. My colleague Laurie Jean and I are available to work with the CRHA to try to come up with a plan. That property could provide benefit to the community. It is a worthy plan. They indicated that if they did not get the full $150,000. I looked at all the years of the HOME program. In one year, our local share was $147,000. That was about 20 years ago. It has never been close. The review team started off not being able to fully fund them.

Commissioner Solla-Yates – With the $55,000 that is unallocated, could that be used to supplement the Charlottesville Affordable Housing Fund? Could that be used in that process in some way in a helpful way? I worry about the clock adding complications and problems.

Mr. Warn – The short answer is yes. It cannot supplement local funds. HUD is clear that they are trying to give us money to do additional things in the community that we would not be able to do. Could it go to support a project? Yes, especially if it increases what that project can do.

Commissioner Solla-Yates – If someone made a spreadsheet looking at ways to reallocate, assuming that people who ask for a certain amount of money should only get that certain amount of money and not extra bonus money, would it be possible to keep funding to what is asked for and move money to LEAP, AHIP, and CIC without problems?

Mr. Warn – I can share with you the ‘sandbox,’ the spreadsheet that I created. I can unlock and share it with you. You can look at those kinds of funding recommendations. There are 2 boxes that are hidden off the side that show you how much is available in HUD terminology, funds that are available to commit. It is the money that you have to work with.

Commissioner Solla-Yates – If there was a proposal made tonight for recommendation to Council and the recommendation was to hold requests at the levels requested and then to add the balance to the 3 named organizations who are not meeting their requests, that would not break CDBG rules?

Mr. Warn – You have the power to make whatever recommendations you want to Council. I will say the work that CIC does is rare for a city of our size. To have CDFI, a treasury designated community development financial institution in our community for a city of our size is rare. If you have been over to the Saturday market, a lot of those people came through CIC workshops. The Beacon Commercial Kitchen is thriving. A lot of the people there preparing food and a lot of the people who came up with the idea came out of the CIC partnership. I am not allowed to have input on any of the recommendations.

Commissioner Yoder – On the programmatic funding and set aside, the 2 Council priorities that are each $89,000, are those funds that are set aside, and Council is going to determine? Have they been allocated in this process already?

Mr. Warn – When I started December 7, 2022, that was one of the questions that I asked. It was in there all the time. Nobody knew where the numbers came from. Many of the people involved at the time are gone. We do not always get applications up to that level. The approach that has been adopted by the review teams that I have been working with has been to try to get to that goal. If you cannot reach that goal, we specify that in the notes that go to City Council. What I have been told is that part of that incentive for the public facilities infrastructure came from when the program was trying to do things like sidewalk improvements and things in areas that typically get that kind of work. One of the problems that you came up with was that timeliness requirement comes in. This money needs to go into a project, especially on the CDBG side into a shovel ready project that has already been through permitting that has NDS approval. A couple years ago, we were able to invest around $89,000 into this emergency that was encountered by Beacon Commercial Kitchen while they were digging up their pipes. We had that money set aside. They had already been through permitting, all the site plan review and development. Their contractor dug up the connections to the municipal line. They were in bad shape and too small. They needed about $90,000 to replace that. Since we had the money available in that set aside for the public facilities and infrastructure, we had not received an application. They had the permitting in place and all the approvals. We were able to make a quick injection of those funds. Their contractor did not even have to stop work. They just stopped working on excavating out the water, sewer, and electrical conduits. They did some work on the inside of the building. When the money came through, they were able to switch around seamlessly.

Chairman Schwarz – What the committees ended up doing was spreading the money equally even if you are going over a requested amount. Is there a reason they chose to do that versus leaving them not adding money to people who have already gotten everything they asked for?

Mr. Warn – There was deliberation of the 2 options, which was to take any potential overage and allocate that in a different way or just go with the uniform increase. It was because we had no idea when. The HUD notice is typically supposed to come around January/February. Last year, it came out at the end of May. Just looking at the calendar trying to get things in place so we can get the plan to HUD before and get the funding agreements and the scopes of work in line before the July 1st start of the new program year because we had no idea when the letter would come. As soon as we had our final meeting and they voted, we went back, and the letter came in. It was basically without knowing the final answer.

Chairman Schwarz – This timeline happens every year. It always comes late. Is this just a new thing with the federal government?

Mr. Warn – There is a statutory requirement that they have. The allocation is published by April 4th. In the code of federal regulations, it says that. In terms of the guidance, they usually have dates that they set for when they want to plan for a city like ours. That memo has not been published. When it is published, it is the 1st or 2nd memo that HUD publishes each year. That has not come out this year. We default to the statutory absolute deadline, which is August 16th. We are trying to go earlier to get funding recommendations. We go before Council May 4th, Planning District Commission May 7th, and the final vote is on May 18th.

Chairman Schwarz – It makes sense. I see that you have July 1st. You must work backwards from that. I was curious.

ii. Public Hearing
No Public Comments

iii. Commissioner Discussion and Motion

Motion – Commissioner Mitchell – I move that we recommend that Council accept the draft one-year annual action plan for Program Year 2026/2027 and the associated draft funding recommendations as presented here tonight. Second by Commissioner Roettger. Motion passes 6-0 with 1 abstention. (Commissioner Solla-Yates)

Discussion following Motion and Second

Commissioner Solla-Yates – The only wording changes that I would like to see would be that 'recommend that funds for Arc of the Piedmont, Haven Day Shelter, and BGFCville Builds be held at the amounts asked for, and the balance be split between CIC, LEAP, and AHIP.'

Chairman Schwarz – I will not accept that as an amendment for the logistical reasons that staff has pointed out and the people who deliberated on this earlier. It would be more difficult than it needs to be to manage it that way.

IV. PLANNING COMMISSION ACTION ITEMS
Beginning: Following any public hearings

1. **Special Exception Request – 408 Harris Road (PL-26-0030)**

   i. **Dannan O'Connell, Staff Report** – This is a special exception on amenity space for 408 Harris Road.

Next Slide
The property is zoned R-B as is most of Harris Road. There is a line of R-C zone townhomes adjacent to it. That is part of the Longwood PUD. There are also some civic zone areas there for the amenity space for that PUD development. Jackson Via Elementary School is off to the east. The area is mostly designated medium intensity residential, which includes townhomes, duplexes, and things like that.

Next Slide
The next slide has the applicant's exhibit. This is a 6 sublot proposal. It is 6 residential dwellings in 3 duplex units with side-facing garages. The applicant would like to use the green highlighted areas, which are small grass front yards as the amenity space as required by the code.

Next Slide
The final slide has the request. To make this happen, we would need to reduce the required amenity space per lot, which stands at 10 percent and reduce the minimum and amenity space dimensions. The code requires each area to be a minimum of 400 square feet with horizontal dimensions of at least 10 feet. Staff did not recommend approval of this. The reasons were included in your staff report. If approved, we would not recommend any conditions be placed on the permits.

Commissioner Mitchell – With the right-of-way configuration, is that at the heart of the problem? Is it the applicant's design? The applicant is suggesting that the right-of-way configuration is the problem and not their design.

Mr. O'Connell – With the existing right-of-way, there is a curb and a sidewalk. I believe that the applicant is reconfiguring a bit. They approached us earlier asking if right-of-way could be purchased from the city.

Engineering and Utilities discussed that and shot that down saying it was more trouble than what it is worth regarding the configuration and maintenance of the utilities that are already there and that are proposed to be there. There is some grass area that is within the right-of-way currently. That cannot be used as an amenity space because of the way the code is written. The code specifies that an amenity space must be on a lot and not part of the right-of-way.

Commissioner Mitchell – It would be difficult for the applicant to redesign this thing to meet their general objectives because of the right-of-way. Is the right-of-way really the heart of the problem? Is there something I am missing?

Matt Alfele, Development Manager – The applicant will have a chance to speak in a minute. They might be able to speak to that. I would just leave it to clarify questions right now. Give the applicant a chance to give their presentation.

ii. Applicant Presentation

Richard Spurzem, Applicant – We have been working on this parcel for about 11 or 12 years. We first thought about adding it to the PUD for Longwood. Somewhere along the line, the acreage requirements for PUDs increased. We could not do that. We then looked at applying for a special use permit to get additional density here. That did not work out. When the new zoning code came into effect, we started to go down that road. We have gone through various things. I am surprised that staff did not recommend approval of this since they are the ones that suggested we go down this route and not go through the purchase of the right-of-way route. There have been few projects and no significant projects approved under the new zoning code. There are little parts of it that need to be worked out and clarified. That is the whole point of you redoing the code. We have tried to work with this. We are just trying to produce townhouses that are just like the joining the development of Longwood, which has 43 townhouses. It adjoins Flint Hill, which is now under construction. That was approved. This is a great place for this. It is 6 lots. My engineering planning costs are over $40,000 on this project.

Dustin Green, Applicant Engineer – With the minimum amenity space requirement, this infill site is approximately about 8,900 square feet. It is a tight space. The 10 percent amenity space requirements put us over 800 square feet. The space is available. That is why we tried to approach the city in purchasing the right-of-way. That is usually done within a foot of the back of the proposed sidewalk. Sometimes there are access easements that are requested by the city to maintain those into perpetuity. The 400-square-foot space and the 10-foot minimum width are available if we were to use that area from the back of the sidewalk onto the property. We are trying to balance the sublot requirements for density along with the amenity space requirements. We feel that the special exception is made for these kinds of situations. The new zoning ordinance does not always think about some of these difficult properties that have these tight spaces.

Commissioner Roettger – Can you bring up the site plan that has Exhibit A and Exhibit B?

Mr. Green – This is Exhibit A. The smaller shows that the minimum square footage of 400 is not met in any one of those instances. The 10-foot width is not met. If we were able to use the area behind the sidewalk, we would meet the 10 percent, 400-square-foot, and 10-foot-width requirements. People are going to use those spaces. That is the intent of the amenity space requirements. It is a matter of who owns that area. We wanted to purchase it.

Commissioner Roettger – What is happening between the 3 buildings?

Mr. Green – Those are the shared driveways going into the garage spaces.

Chairman Schwarz – Other than the amenity space, are these lots meeting all the other requirements of the code?

Mr. Green – Yes. We have not resolved all technical comments. We are very close.

Chairman Schwarz – The tree coverage, the maximum building area, the front edge building width have been met. As far as you know, it is just this.

Mr. Green – There was a streetscape variance requested. There is a storm sewer uniquely on the sidewalk. Having a green space, we are not allowed to put trees there.

Chairman Schwarz – Is that along the entire sidewalk?

Mr. Green – Yes. The idea for this is Streets That Work initiative is that they want to have some green space in between the sidewalk and the edge of the back of the curb. In this case, the storm sewer you see at the corner of Longwood, follows the sidewalk. We would not be able to plant trees on the sidewalk anyway. The green space is allowed to be behind.

Commissioner Yoder – You are saying that there is stormwater facility under what is currently a green strip between the sidewalks.

Mr. Green – There is a storm sewer drainage pipe. You can see it up there right at Longwood. That is the top of the drainage area. It does follow underneath the sidewalk all the way down.

Commissioner Harness – Can you describe these 6 homes that you envision being on the plot? I gather that they are townhomes with a garage on the ground floor. Can you describe the rest of them?

Mr. Spurzem – They are basically townhouses that exist directly adjacent there. The first level is a garage. You then go up to 2 levels above that. You are going in that driveway where you have those little islands. You are turning into the garage.

Commissioner Harness – Do you know how wide they are proposed to be?

Mr. Spurzem – It is 20 feet.

Commissioner Harness – If I am not mistaken, the townhomes in Longwood front the street.

Mr. Spurzem – The one that this is adjacent to has a private courtyard that fronts.

Commissioner Harness – Is there something driving sublots 6, 5, 4, and 3 from not facing the street?

Mr. Spurzem – The zoning does not allow it to face the street.

Commissioner Mitchell – You are asking for the special exception because there is a hardship. The hardship is a result of the right-of-way configuration.

Mr. Spurzem – Yes. You see the right-of-way. The curb and everything are well into the right-of-way. We could acquire this right-of-way.

Commissioner Mitchell – I want to make certain that we understand the net of the problem.

Mr. Spurzem – This thing cannot be developed if we don't get this exception. We have been through every other part of this and resolved other issues. There was initially a plan where you had 2 townhouses fronting Harris. You then had 4 front townhouses fronting on Longwood. That is not allowed now with the sublot.

Mr. Green – It is a good idea for the city to keep your right-of-way for future infrastructure. That makes sense. On a closed road that is lined up to flood plains, a creek, and the city border, it does not make sense.

Mr. Spurzem – We know that the right-of-ways in the city are much wider than the roads that are built in most places.

Commissioner Solla-Yates – I recently emailed staff asking about our plans for Longwood. The applicant is asserting that we are not planning a major highway through the area. Can you confirm that?

Mr. O'Connell – Yes.

iii. Commissioner Discussion and Motion

Commissioner Yoder – If I understand correctly, the main issue is that the amenity space exists in the real world. It belongs in the city right-of-way. If you are walking down the sidewalk, you cannot tell that. If we were to grant this, the main concern would be in the future. If the city wants to come through and widen it, that amenity space no longer meets the requirements. That seems like the main risk to approving the special exception.

Commissioner Harness – The other risk that might come along with it is the precedent it sets for amenity space, including land that is not on the lot.

Chairman Schwarz – I am not sure that I fully understand this whole amenity space requirement that we have in the zoning code. I must admit that I remember it being part of apartment buildings. If I realized it was part of R-A, R-B, and R-C, I would have made a much bigger stink about it when we were writing the draft of our zoning code. We have public parks for a reason. I feel this amenity space, a 10-foot planted strip, I am not sure what that is as an amenity space. You cannot throw a ball in that space. There could be trees or bushes there. Is that enough room to put a little playhouse. Do we want to see that in our city right-of-way? I feel that these driveways are going to be there, if these people have kids, the kids can play in the driveway. If they want to throw a ball, they are going to walk out in the street. There is not a lot of traffic. It feels like an odd requirement of our zoning code. I would like to see it added to our list of items we want to review with the zoning code as to whether it needs to be there. The staff report cites 'ensuring adequate recreation and open space for occupants and ensuring such spaces are accessible, usable, and safe.' There was another line that wasn't included which 'was encouraging projects to provide high quality pedestrian-oriented and publicly accessible gathering spaces along streetscapes.'

Mr. Spurzem – My understanding is when I asked this question to the planners and my engineer, we are going to have decks on these. Those are amenity spaces. They are only for the tenants of that unit. This amenity requirement is apparently only for a space for people to gather in a public space. People can gather in the driveway. That is the only amenity space for that occupant. There is amenity space. It is better for a bigger development that has a big top, playground, swimming pool, or tennis court that is a real amenity space that can be used by everyone in the community. The fact that these 6 people will come out and gather on the strip of grass, whether it is 400 square feet or 800 square feet and not just congregate on their own deck is absurd.

Commissioner Roettger – Since this is not necessarily a space where people would gather because it is a strip. Can you add up the entries? There is some other space that could be counted if it needed to be counted to get by the requirement.

Mr. Spurzem – Officially, those are driveways. We cannot count those.

Commissioner Roettger – Along Harris, there is grass. There is a buffer there too.

Mr. Green – We were trying to use the side of the house spaces. I don't want people in my front yard if I could avoid it. This is a space on the side. Not using all the little intricate parts is because of the 400-square-foot and 10-foot-wide requirements. If we were to have the special exception reduction, we are still at 8 percent of the total 10 percent space. We don't meet that width

Chairman Schwarz – It is probably bad planning to say that we are going to approve this because we don't like that section of the zoning code. It is worth an exception because the staff's graphic that showed adjacent green spaces. There are some large green spaces adjacent to this. There is a school directly across the street that is a large gathering space that would be a good reason to give this an exception. The form of these buildings, with the amount of green space that is there matches what is currently happening with the adjacent townhomes. It seems to fit in with that instance. If we were to pull these buildings 5 feet further from the street, I don't think that would be necessary to make it fit better with the neighborhood.

Commissioner Solla-Yates – I am looking at the Comprehensive Plan. We use the word 'context' 34 times. I especially like where we say in Strategy 1.2-Implement changes to the zoning ordinance needed to support community health and well-being context sensitive design, environmental protection, and climate change mitigation and preparedness. We must consider the context here.

Commissioner Roettger – If we were to look at this in the future, in terms of this, you are right. The context of this being almost across the street from a school with a playground gives a big plus to this. That is maybe something if we get into an amendment later, there could be something about a radius or adjacent parks. That could help alleviate some of the pressure there.

Motion – Commissioner Mithcell – I move to recommend approval of special exception permit PL-26-0030. Second by Commissioner Solla-Yates. Motion passes 7-0.

The Meeting was recessed for 5 minutes.

2. Presentation - NDS Manual In-Lieu Fee and Student Housing Study

i. Staff Presentation

Kellie Brown, NDS Director – I am here to present on our review of The Affordable Dwelling Unit Monitoring Procedures Manual, which must be updated on an annual basis. The focus of this study this year is to determine if updates to affordable housing expectations for student housing and non-student housing and bonus height are appropriate to improve support for affordable housing goals of the Comp Plan and address other concerns that have been raised with current policies specifically for student housing. The manual has not yet been reviewed nor updated since it was adopted in 2024. In November 2025, staff contracted with 3TP Ventures to support this study, conducting research on practices of other jurisdictions, evaluating current policies, and studying the financial feasibility of potential changes. Staff have also been conducting and gathering community input to confirm policy goals and making sure we are going in the right direction. Staff presented an overview of the scope of work for this effort to City Council in January 2026. I am here with

Amanda Klepper from 3TP Ventures and Line & Grade to share key findings and potential updates for options for the ADU Manual updates. I want to clarify that this is not an action item tonight but an opportunity for commissioners to learn more about this research, ask questions, provide feedback & insights. We will be sharing the same material with City Council next week. I look forward to being able to convey any Planning Commission feedback to them at that time.

Next Slide – Agenda
In terms of our agenda tonight, I will present on the study background, purpose & scope, public engagement goals & guiding principles. Somebody will present on the study findings, findings from other jurisdictions, findings from the initial fee evaluation, feasibility impacts, and potential policy recommendations.

Next Slide – Study Purpose
I have gone through this in my introduction. The purpose of this study is to conduct an annual review of the manual to determine where changes are needed. We are specifically focusing on in-lieu fee payment requirements and bonus height. This is for non-student housing, student housing, and the geographic criteria connected with student housing projects.

Next Slide – Affordable Housing and Student Housing Requirements
By way of background, this is a presentation of what our current expectations are in the ADU Manual and in the development code for affordable housing. For residential development, any project with 10 or more units must provide 10 percent of units at AMI levels of less than 60 percent or pay an in-lieu fee. Bonus height for units may be achieved if units are provided at less than 50 percent of the AMI or you must provide the same fee. The in-lieu fee is calculated as the average total cost per unit of developing a residential unit in the Charlottesville market. There are expectations for a bedroom count to 3 units. The expectations for student housing are different. Student housing is not defined as a particular use in the development code. It does have criteria associated with it for the purpose of this policy. Projects that are rented by the bedroom within half a mile of campus ground for student housing. No on-site affordable units are allowed. The in-lieu fee is required. For student housing, the in-lieu fee is calculated differently. It is the difference between the value of a market rate unit and that of an affordable unit. We refer to that as the value gap. The expectations are for units that have up to 3 bedrooms.

Next Slide – Rationale for Different Student Housing Requirements
The fee structure is presented on this slide. Questions are asked. What was the rationale for a distinction between student housing and non-student housing. The rationale when the policy was created with the adoption of the development code was that there are unique requirements for student housing projects such as the rental by bedroom rather than by a complete unit with a kitchen and private amenities and parental preference for student living conditions. There was that since it is not likely that the market would want to deliver student housing projects that also include affordable units, we should not require them. To go along with that, an in-lieu fee requirement was established that had a lower expectation to be consistent with that lower expectation for affordable housing. The current fee structure for non-student housing and student housing is presented on this slide.

Next Slide – Locations Where Affordable Housing Expectations for Student Housing Apply
This is the geographic criteria where the student housing boundaries were established. On the left is UVA Grounds. You can see North Grounds and Central Grounds labeled there. On the right, it is easier to see how that translates into the area of the city where this policy would apply.

Next Slide – Student Housing History
That is the summary of the background on the existing policy. I am going to present more information on the history of student housing and market trends we are seeing.

Commissioner Mitchell – The in-lieu fee for non-student housing is higher than the fee for student housing.

Ms. Brown – That is correct.

Commissioner Mitchell – Can you tell me why?

Ms. Brown – It is a different assumption. It is assumed that we should be capturing the production cost rather than the value gap. The reason why it was deemed important to have 2 different approaches was because the value gap is a lower expectation. If we are not going to be requiring on-site affordable housing, the thought was that we should be requiring less in terms of a fee. The value gap approach is lower.

Commissioner Mitchell – Do we want the expectations to be lower for student housing as it relates to the in-lieu fee?

Chaiman Schwarz – I think that staff has some recommendations.

Ms. Brown – In terms of how we have gotten to where we are with this question of student housing, UVA growth enrollment has steadily increased the demand for student housing. Historically, students have lived on Grounds in a limited capacity and in older apartment complexes around the university. As enrollment has grown, private developers have seen an opportunity to build purpose-built housing concentrated close to Grounds. They are building these larger 4-bedroom units with rental by the bedroom. It is a profitable product type that meets a need in the community today.

Next Slide – Student Housing Supply and Demand
Here are some statistics on how that is playing out in Charlottesville. Total undergraduate and graduate enrollment on Grounds is 27,000 according to the University of Virginia on their webpage. There are 7,000 beds on Ground, 4,000 first year students. UVA has targeted all 2nd-year students to live on Grounds by 2030. There are several projects that have been recently completed or are currently under construction. This slide is not correct. It shows a few projects. 2033 Ivy and Darden are on Grounds. There are many beds that are being built close to Grounds: The Verve, Aspen Heights, 1117 Preston Avenue, and The Bloom. That adds up to 3,500 beds. It is a healthy increase in the number of beds that are available. We will continue to see students living in the surrounding community and not on Grounds.

Next Slide – Student Housing-National Perspective
This is a trend that is not unique to Charlottesville. This kind of construction is happening in other communities. There is a project happening at Virginia Tech known as The Rambler that will be a short walk from Virginia Tech. It will be 8 stories, 247 units, 862 beds, 577,000 square feet. This product type is trending throughout the region and nationally as well.

Next Slide – Virginia Demographic Trends
We don't have a crystal ball for what the future holds. It is not clear that this is a trend that will continue. It may be something that we are just seeing at this moment in time. Births in Virginia peaked about 18 years ago. We are going to start to see a decline in the total number of kids that are looking to go to college. We don't know what that means for enrollment at UVA. There is a question of whether we, with all these new beds coming online, we reach saturation. I know from sharing this information at LUPEC and getting some feedback from staff at the university that there are currently no plans to build any additional housing on Grounds until they see whether there is continued demand for additional beds on Grounds and close to the university with all these new beds coming online.

Next Slides – Initial Observations and Concerns

Amanda Klepper, Consultant – Staff gave us several concerns that they put into the scope of our study that they had observed with the existing policy. One is that gap between the in-lieu fee for student housing and for non-student housing and whether that is the policy that we want. The way that the current fee structure was calculated and whether that is best practice. There is no in-lieu fee change for people to get bonus height representing the 50 percent AMI requirement.

Specific to student housing, the idea that the lack of on-site requirements within that half-mile buffer might be limiting the provision of affordable housing units near Grounds. The lower fee for student housing is an incentive, maybe an unintended incentive, for student housing. There is no higher fee for 4-bedroom units. There are a lot of these student housing projects. They are paying the amount for 3 bedrooms. What happens if a student housing project converts somewhere down the road and becomes non-student housing. It then has not met its requirements for affordable housing. There is a concern about that large geography of the half-mile buffer. It might be promoting displacement because it includes vulnerable neighborhoods.

Next Slide – Timeline
This is the timeline for our study back in December. We started with the scope of work. We did an initial study looking into the fee itself, how it might have been calculated and whether that is in line with best practice. What are other places in Virginia doing and making some kind of initial recommendations for direction. In January and February, staff went out to the public for some engagement and with stakeholders as well. From there, we developed some guiding principles for the work. We conducted a feasibility analysis with a proposed alternative fee structure and developed some policy recommendations. If the city wants to move forward with this, the next step would be updating the manual and the code.

Next Slide – Goals and Guiding Principles
Ms. Brown – While the consultant team was conducting the analysis of the policy and starting to investigate the in-lieu fees, we started asking some questions of the community to get a sense of what the most important things are for this policy to achieve and what potential impacts we want to avoid. We asked questions to try to evaluate potential trade-offs. Do we want fewer projects but mixed income or more projects, but units built? Throughout the community, more financial control of decisions versus less operational burden? Ultimately that translated into several questions we posed to the community.

Next Slide – Engagement Strategy & Reach
We used Connect Charlottesville/Connect Cville as our platform for getting that input. We also had meetings with committees, commissions, and some stakeholder group representatives. It was exciting to use Connect Cville. That was one of our first opportunities to test out the new platform. We had a lot of people visit the site. Not as many people provided input but helped to get the word out about the work we were doing.

Next Slide – Key Discussion Themes & Sentiments
Some core themes we heard in what was shared was concern about neighborhood preservation and character when it comes to student housing that is being developed. There was concern about these perceived loopholes and in-lieu policy. There were concerns about displacement.

Next Slide – Community Priorities & Sentiment
They ranked their concerns in the way they provided their feedback to us. The top concern was addressing displacement pressures in vulnerable neighborhoods, encouraging on-site affordable housing units, aligning fees with the current financial cost, producing and maintaining these units, supporting development feasibility for housing production, supporting new student housing within walking distance to Grounds, and increasing affordable housing options for students.

Next Slide – Guiding Principles
That allowed us to develop guiding principles to help inform our analysis and development of potential options. We want to have predictability. We want a policy that is easy for people to understand and know what the impact could be. We want affordable dwelling units on-site in new development. We want to see development at a wide range of price points, not just luxury. We want units that are accessible to lower income levels. We want a policy that promotes both public and private provision of affordable dwelling units. What can we do to ensure that the market can also support production of these units? Preservation of existing affordable units is also important. How can our policy support that? There are some things we want to avoid. We want to avoid concentrating affordable dwelling units in areas that are already low-cost areas. We also want to avoid making displacement pressures in vulnerable neighborhoods worse with this policy.

Chairman Schwarz – On the engagement page for the number of visitors and contributions, you have 270 unique visitors. This says 45 contributions. Does that mean that we 270 people looked but only 45 people did a survey?

Ms. Brown – That is correct. It was a 6-question survey.

Next Slides – Study Findings/Best Practices Fee Methods
Ms. Klepper – The first thing we investigated as part of this study was best practices for calculating in-lieu fees. In our research, we found 2 main methods that are generally used for in-lieu fee calculation. One is the affordability gap, also called the value gap. That is the difference between the value of a market rate unit minus the value of an affordable unit. This is the market rate developers' perspective of how much revenue they are losing by doing an affordable unit compared to a market rate unit. The other is the production cost. That is the construction cost minus the value of an affordable unit. That is more like the nonprofit developers' perspective of how much of a subsidy would they need to break even on providing an affordable unit given that it provides some amount of revenue. Fees can be fixed. The same fee applies to every development like your current fee. It can be indexed where there is a formula. It is calculated for each development individually.

Note that the construction cost or the cost of development, which is the current method, is not listed among the best common practices. It is generally seen as too high or over representing the cost of affordable housing.

Here are some pros and cons of each of these methods. The construction cost is a high fee if you want to balance toward providing the units versus paying the fee. That could be the way to do it. There has been concern that maybe the fee is too high. It is overrepresenting the cost of affordable units. It does not account for affordability levels. Whether it is 50 percent AMI or whatever, that is not part of the calculation. Production cost would be in line with the subsidy for the nonprofit developer to build off-site units. However, there is not a lot of developable land in Charlottesville. The off-site strategy has some limitations. It also is not dependent on keeping up to date with market rents because that is not part of the calculation. It is a low fee. Developers would be likely to choose to pay the fee every time. The affordability gap falls in the middle. It is a good match for the market rate developer cost. It would potentially be enough to fully subsidize off-site units since it is larger than the production cost. It allows for fees at multiple affordability levels. It also might align well with the tax abatement strategy if the city wants to move forward with the rent-based tax abatement because it is a similar calculation. On the downside, it is lower than the current fee and therefore maybe less likely to promote on-site units.

Commissioner Harness – What is the difference between the construction cost method and the production cost?

Ms. Klepper – The construction cost is just referring to the actual cost of building the unit. It is what the developer pays to build it. The production cost is that construction cost minus the revenue generated by an affordable unit. They are not giving the unit away for free. They are getting some revenue. It is just not enough to cover it.

Next Slide – Takeaways from Other Virginia Jurisdictions
We looked at other jurisdictions in Virginia. There are not a lot of other places at this point that require affordable units. They are all quite different in how they are structuring it. We found that pretty much every place that has an affordable unit requirement also has an in-lieu fee. There was maybe one place that didn't. That place had a lot of opportunities for modifications. They had an out. The in-lieu fee structures are different for every community. Some other places use the construction cost. Some say that only certain types of development can use the in-lieu fee. In general, very few communities have requirements like Charlottesville. There was not a lot of comparability with other Virginia localities.

Next Slide – Minneapolis Case Study
We did find an interesting case study from Minneapolis where they have student housing. They do require affordable units to be provided with student housing. These images show some examples of student housing projects that have affordable units in them. That affordability is also very student oriented. If you qualify for certain types of financial aid, you can qualify for the affordable units.

Next Slide – Findings & Takeaways of Initial Study
The existing fee does match local construction costs. We validated that. We were able to replicate the construction costs closely. It is a high fee. The method is not considered best practice even though there are some other places in Virginia that are using that. The existing student housing fee, which is described in the manual as being the value gap, might be the production cost. When we tried to replicate that, when we calculated production cost, it looked a lot like the existing fee that you are using for student housing. We think that it might be the production cost and therefore be too low. We recommend moving forward with the affordability gap as a best practice alternative with more flexibility and better policy alignment.

Commissioner Carp – That 'maybe' is striking. The code is a couple years old. I would think that we would know what the formula was. It sounds like you are discovering that it is not what we thought it was. What happened?

Ms. Brown – There has been a lot of staff turnover. We just don't have the visibility that you would expect us to have into how calculations were prepared for the existing policy. The best we can gather from trying to reverse engineer things is that if you apply the production cost approach, it seems to be the closest approximation to what is currently in the manual.

Commissioner Carp – When you say the current fees might be too low, by too low you mean developers would pay the fee and not build the on-site unit?

Ms. Klepper – That is underrepresenting the cost of affordable units.

Commissioner Carp – Is that what you are setting up to do here? It is a bigger topic than a content question.

Next Slide – Feasibility Analysis
Ms. Klepper – We did a feasibility analysis. We used the tool that we developed for the abatement study. It already has locally sourced construction costs, market rents, and affordable rents. We adapted that tool to compare the feasibility for developers of 3 scenarios. One is including the units paying the existing in lieu fee and an alternative in lieu fee based on that affordability gap or value gap. In theory, if we want to match the cost of providing the units, the feasibility of on-site and the fee should be similar.

Next Slide – Existing Fee vs Affordability Gap Fee
This is showing the current fee structure and the proposed fee structure. You can see the difference between those two. We also added a fee for 4-bedroom units for the proposed structure. We tested these two for feasibility.

Next Slide – In-Lieu Fee Calculations for Rentals
Just to show a sample calculation since we had questions about that or how the fee was calculated. This is a snapshot from our spreadsheet. You can see in detail that we have market rents that are based on local recent apartments in Charlottesville. The market rent minus property taxes and other operating expenses gives you net operating income. The net operating income was converted to a capitalized value, which is how an investor would see the value of that unit based on how much revenue it is generating. We did that calculation with an affordable rent. Those are the rent limits that are in your ADU Manual. We calculated the net operating income and the capitalized value from that and the difference between the 2 capitalized values was the fee.

Ms. Brown – I was thinking about your question Commissioner Carp about the characterization of the fee being too low. The fee that we are seeking to charge for student housing is the value gap, the difference between a market rate unit and an affordable unit. When we say it is too low, it is because what we are requiring is not that value gap. It is lower than the value gap. As we are surmising it, it was potentially that production cost other than the value gap. I wanted to clarify that. It is not that we are leaping to a policy conclusion. It is that we are objectively saying it is low relative to what the stated intent is for the policy in the manual right now.

Commissioner Harness – Is this proposal for non-student and student?

Ms. Klepper – It is for both.

Next Slide – Feasibility Analysis-Rentals
We tested this same fee for a variety of housing types as you can see on the table. These were the results regarding rentals. We looked at both rentals and condos. The metric here is yield on cost. For a feasible development, the target would be about 6 percent yield on cost. The table on the top shows the yield for projects including on-site units versus projects paying the existing fee. On the bottom table, it is on-site units versus projects paying the proposed fee. You might notice that student housing is the only development type that is getting above 6 percent in yield. Fees don't change the yield that much when comparing between the fee and providing units. It is not a big difference. If we are trying to represent the true cost, we would want it to be a big difference. The proposed fee affordability gap is a better match to units for most housing types. You can see that in bold where it is a better match.

Next Slide – Feasibility Analysis-Condos
There have not been many condos that have recently been built in Charlottesville. We did not have much data on recently built condos and what those are going for in the market. We have limited confidence in these results. With what we were able to do, this is what we found. The metric here is the gross margin. We want that to be 20 percent for a feasible development. This shows that most condo projects would not be feasible. The proposed fee has a much better alignment compared to the existing fee with the cost of providing affordable housing. The lower fee helps more in this case but would still not make condo projects feasible.

Commissioner Solla-Yates – How are you defining high-rise here?

Ms. Klepper – That is a good question. It is like steel frame over 8 stories kind of development.

Next Slide – Feasibility Analysis-General Findings

Changing the fee to affordability gap does narrow the financial gap between providing units on site and fee payments in most cases. It is not enough of a change that it is going to make a difference in a project's bottom line. Lowering this fee might address the perception that the fee is limiting to development. It is not going to make or break projects in most cases. We also looked at different tiers of land costs like more expensive areas versus lower cost areas. We wanted to note that because the fee is an average, it is like everybody pays the same fee. It is based on an average. In more expensive places, it is going to make more sense to pay the fee and not include the units. In less expensive places, it is going to make more sense to include the units rather than pay the fee. This is true for both existing and proposed. We wanted to note that there is a limitation of in-lieu fees in general. Potentially bringing the student housing in-lieu fee in line with other housing types, having the same fee across the board removes that incentive of having the lower fee. Student housing remains the most feasible type of housing to construct.

Chairman Schwarz – You said that it is the land cost that has some impact. How much of an impact? Is there a way to quantify? Are property values, if they came down 10 percent, does that make things significantly more feasible? Is that just a little more?

Ms. Klepper – I would have to investigate that. It is not the biggest impact. The areas with higher property values are also getting higher rents. That has a bit more of an impact.

Commissioner Carp – I am looking at the tables in the slides comparing current student housing in-lieu fees proposed. For studios, it is an increase of around $100,000. one bedroom is $70,000, two bedrooms over $100,000, three bedrooms $140,000. You say that adding $100,000+ to the cost of the unit does not impact its feasibility to develop. How does that work?

Ms. Klepper – It does have an impact. It is not making or breaking the project kind of impact. Are you talking about student housing specifically?

Ms. Brown – It is because the profitability of these projects is so great that having to pay an additional $4 million does not make that much of a difference.

Ms. Klepper – The fee is calculated based on non-student housing, which is, for a 4-bedroom, not as much rent. The rent is not as high as what they would be getting for 4 separate bedrooms being rented out. It is still an appeal for student housing.

Commissioner Carp – The gap must be even higher for 4- or 5-bedroom units because we don't correctly charge for them now. If I run those numbers through the 3TP spreadsheet, will it make sense? It sounds like a lot of money to me. If you say the 4-bedroom cost increases by more than $100,000, that is not going to impact production. It will have no impact on the number of units built. I need to see something that makes me believe that. It sounds like a lot of money. Maybe you can walk Council through your tool with these numbers.

Commissioner Harness – Is that not what your previous tables were trying to show?

Commissioner Carp – I want to see the process that led to the tables. This is a different way of saying there is no impact. It is so much money. I don't quite follow it. I can look at the tool later and see if it makes sense.

Ms. Brown – The tool that is available on the city website is not actually tailored to evaluate the student housing. We are still trying to figure out how we can modify that to be able to show this kind of specialized analysis that the consultants did for this effort. What might be the best thing to do for the Council presentation is to include some screenshots from the analysis to show how the numbers change.

Ms. Klepper – I can share a screenshot showing the full cost of building the student housing and how much of that is the in-lieu fee. That would be helpful

Commissioner Carp – That would be great. We have seen feedback from developers. If you were to ask a bank and developers like this, would a $4 million fee set you back? They would say no difference to us. Is that part of your research? Do you think that is what they would say if you asked them?

Ms. Klepper – We have not spoken to banks in this process.

Commissioner Carp – That is the question. Would the project get financing if the cost increased by that amount of money?

Ms. Brown – Every project is going to have its own independent review for feasibility when we are reporting out on the average how these kinds of changes impact feasibility. Yes, individual projects are going to be facing different circumstances. On average, what we are trying to demonstrate is that the yield only changes by 0.2. It changes very little if at all.

Commissioner Solla-Yates – I am still on this spreadsheet. With student housing, I noticed that the number is closest to high-rise. I think I know what kind of building we are modeling here. Are we talking about high-rise student housing?

Ms. Klepper – It is modeled more on low-rise. We would have more units with high-rise.

Next Slide – Change Fee Method to Affordability Gap
We recommend changing the fee method to the affordability gap. It brings the fee in line with best practices and with the true cost of providing affordable units. It addresses the perception that the current fee is too high and is curtailing new development, Potential impacts could be an increased supply of housing if that is the case and probably an increased fee payment, especially if the fee being too high is holding back developments then those were not the ones that were going to provide the affordable units anyway. We also recommend aligning student housing with other types, both in having the requirement for affordable units and having the same in-lieu fee as other housing types. Student housing is housing. It can be contributing to affordable housing in line with other types of housing. This is a simplification of affordable housing policies and addresses the concern that the student housing could convert to non-student housing eventually. Potential impacts would be increasing the student housing fee, more payment of the fee from student housing developments and therefore increased revenue to support community needs.

Next Slide – Eliminate Geographic Criteria for Student Housing
To go along with that, eliminating the half-mile buffer, the geographic criteria for student housing. It is considered equivalent that buffer is no longer needed, simplifying the affordable housing policy. We believe that there are plenty of other reasons that student housing would want to locate close to Grounds. That is where the students are. It helps them be more marketable to students and densities are higher there.

Next Slide – Add In-Lieu Fees for 4+ Bedrooms
We recommend adding an in-lieu fee for 4 bedrooms. The current fee structure ends at 3 bedrooms. Many units in student housing have 4 bedrooms or sometimes even more bedrooms. This would increase the revenue from 4-bedromm units. Potentially student housing may be still less likely to include on-site units because of the profitability of their units.

Next Slide – Add Fee Requirements for Bonus Height

We recommend adding a few requirements for bonus height. On this slide, we have shown the in-lieu fee calculated for 50 percent AMI rather than 60 percent AMI. A slightly higher fee that could be charged to get the bonus height. As an alternative, if we don't want to go down that path of either having 2 fees or if we decide we are happy with the construction cost fee then the alternative recommendation would be just to require on-site units to get bonus height.

Next Slide – Summary of Potential Options to Consider
To summarize the potential options to consider:

- Applying the affordability gap approach to the in-lieu fee expectation to align it with best practices and the true cost of affordable units.
- Potentially addressing the perception that the current fee is curtailing development.
- Increasing the fee for bonus height to reflect the fact that there is a different requirement for getting bonus height.
- Requiring on-site affordable units for student housing with the in-lieu fee to be aligned with other types of housing.
- Removing the half-mile buffer, the geographic criteria for student housing.
- Adding an in-lieu fee requirement for 4-bedroom units.

Next Slide – Future Considerations
Some future considerations would be that it will be important to keep monitoring how well the fee promotes on-site units versus fee payment where things are being built, where the fee is being used compared to units and continuing to monitor the market conditions given policy and demographic changes, especially around student housing, given some of the changes that staff mentioned.

Chairman Schwarz – You stop at four or more bedrooms. What happens if someone wants to do 5 or 6 bedrooms?

Ms. Klepper – They would be paying the in-lieu fee for 4 bedrooms.

Chairman Schwarz – Is there a drawback to that.

Ms. Brown – We have talked about this and there not being examples to look at those costs. We would propose that this is one of those things that we would monitor. If we start to see 5+ bedroom projects come online, next year, we can come. At this point, it would be speculative to try to come up with a requirement for that kind of product.

ii. Commissioner Discussion and Questions

Commissioner Roettger – Would it be helpful for the City Council Presentation? I am trying to picture the things that are in construction in relationship to this. I know we don't want to just name specific developments. To me that would be helpful. It would help visualize what we are talking about. Are we allowed to talk about the projects currently under construction?

Ms. Brown – With the projects under construction, we have included in that map. There are images in the presentation of The Verve and The Bloom as well. I want to make sure that I am highlighting those that have been provided.

Commissioner Roettger – When we were talking 4 bedrooms that was where I was thinking of what we have now. We have the total number of beds. You do have the visuals.

Ms. Brown – We can add the statistics on those visuals of the projects.

Commissioner Roettger – If the idea is that we are building all this, maybe we top out.
Commissioner Solla-Yates – I shared a couple of questions by email previously. I would like to go over them. I watched an excellent webinar with Ms. Brown. There was a discussion about funded inclusionary zoning. I note here, especially for 3-bedroom housing near jobs and services, especially near low-income and more diverse areas at high risk of displacement. That is not what you studied here. It appears to be an option that Portland is doing. How could that connect with this work?

Ms. Brown – That is a policy question. Should the city be looking to provide additional support to the development community to offset the costs for providing these required affordable units? The idea of tax abatement to help offset some of that requirement has been suggested. We recently did a study that showed that if you apply a rent gap method where you are seeking to abate the taxes that represent that gap between what you can charge. You then help with the feasibility of the project. You don't completely overcome the feasibility challenges. That certainly is an additional tool we could consider. I think what we are finding through this analysis is that student housing is at that or above that threshold for project feasibility, even with an in-lieu fee expectation that is intended to represent that gap. There is a question of whether additional incentive is needed to help support student housing projects. It is certainly something that we can continue to explore as a city to further incentivize types of housing that meet certain goals. I would not necessarily just look at it within the context of student housing. I would like to look at it for all kinds of projects to meet a variety of community needs.

Commissioner Solla-Yates – We have seen a 12-story student housing building go up near the university. It was not something we thought about when we were writing the zoning code when we were creating those policies. We were thinking 1880 JPA at maximum. The world changed again. Does the new reality of how we are funding inclusionary zoning change how we should be thinking about how high we should be going to meet this new reality? Is the overall financial map higher now?

Ms. Brown – You are asking if additional density might be needed beyond what is already allowed to support financial feasibility. I am going to look to Ms. Klepper to see if you have any immediate reactions to that question of whether adding 1 or 2 more stories of by-right height would significantly change the feasibility of non-student housing projects.

Ms. Klepper – We did find in our model that high-rise had a higher feasibility than mod-rise. It is something to investigate in more detail if you are interested in that.

Commissioner Harness – I am trying to take all your recommendations and think about them with each other. The affordability gap recommendation is basically you trying to land in the middle from where the non-student housing is and where the student housing is currently and applying that across the board. We are responding to the reality that these buildings that are projects being built are typically 4-bedroom. We are adding the extra 4-bedroom. I am thinking about removing the geographic boundary. I am trying to avoid using student housing developments with units that are rented out by the bedroom are allowed by-right citywide. It is basically a single resident occupancy building. This is saying, in a holistic picture, that single room occupancy is allowed anywhere. If you choose to go single room occupancy, you are still not allowed to build affordable units on-site.

Ms. Brown – No. We would suggest that there is no reason why single room occupancy projects should have different expectations for on-site affordable units than non-student housing. That policy could apply uniformly across the board. If it is a product type that does not lend to provision of on-site units, you can pay the in-lieu fee instead. You have flexibility.

Commissioner Harness – This is holistically again trying to eliminate the thing that we call today student housing. Part of the presentation was also about the goal of protecting sensitive neighborhoods. How does the idea of eliminating student housing align with that goal.

Ms. Klepper – It removes the incentive of a lower fee that applies within that half mile. If I understand correctly, it seemed like the concern was that half mile included a lot of vulnerable neighborhoods that were then having an incentive for student housing to be built within. This removes the incentive. We are assuming that student housing would have its own reasons to want to be close to Grounds. That half mile buffer was not even that far.

Commissioner Harness – There are other pressures outside of zoning and fees and things that the government can pull the strings on that are going to pull student housing closer to Grounds.

Ms. Brown – Presumably, the closer you are to Grounds, the higher your rents would be, the more likely you would be to locate there if there was a greater city expectation for affordability.

Commissioner Harness – With all this going on, are there thoughts about increasing by-right height or closer to Grounds to further pull things in that direction?

Ms. Brown – That is not something we have looked at. There needs to be a study of all the potential impacts of increasing building height, impacts on the transportation network. We have not moved in that direction. That would need to be something we would consider as part of our work plan and how that would shake out amongst other priorities.

Commissioner Harness – I think about a comment that we heard from the school district about when one of the student housing buildings come up, they saw an increase in enrollment. Homes that were taken by students previously were then vacated by the students and families were allowed to move in. We have a lot of things going on. I wanted to see if that was part of this study. I understand that is a bigger question picture to be presented in the future.

Commissioner Carp – You have a timeline in the presentation about when this goes to Council. Are they voting next week? Are they asking questions next week?

Ms. Brown – Next week, the format would be like here. They will be getting questions and hopefully getting directions about whether they want us to move forward with these or other recommendations.

Commissioner Carp – Is the timeline dependent on Council's reaction? There are a lot of things happening right now. I am thinking about the timeline for this moving forward. I am thinking about the feedback we heard in the past about predictability for developers, about wanting to know the rules, building a model, get clients, and build a project. Do you imagine this work affecting projects that are in the pipeline now?

Ms. Brown – If changes were made to the development code, they would apply to any projects that are still under review or have not been submitted. Anything that has already been approved would not be subject to change.

Mr. Alfele – It has to do with your vesting in governmental action. You have developers watching to see what is going on. You have projects in the pipeline. Governmental action is the approval of a development plan approval of a final site plan. That is what vests a project under your zoning regulations and your policies.

Commissioner Carp – Anybody without an approved final site plan would be subject to the new rules?

Ms. Brown – That is correct.

Commissioner Carp – I am thinking about the policy goals of inclusionary zoning. The point of inclusionary zoning is to provide affordable homes. Do you think these changes will yield more or fewer affordable units than the status quo?

Ms. Brown – They could, and they should. In suggesting lowering the in-lieu fee expectation for non-student housing, we are potentially allowing for projects that currently are infeasible to move forward.

Commissioner Carp – Do the yields improve enough for that if you go back to that yield comparison.

Ms. Brown – A little. There are a lot of other factors that are playing into whether we are seeing units. It is moving the needle in the direction we want to go. On the student housing side and requiring affordable units, that is in the spirit of providing units.

Commissioner Roettger – I do like the simplicity of not having the different categories. I heard from PHAR and other advocates why can't we have affordable units in these buildings if it works out. I have heard that there is some advocacy for that in some of the neighborhoods around those big developments.

Commissioner Yoder – I agree. I think simplicity is better in this zoning code. I support eliminating student housing as a separate category where we have locations in our zoning code where we map for that. I don't know what the right fees are. I think I understand the yields and everything that I see here. My main concern is that we don't set the fee that we are making too many new units infeasible. I agree with Commissioner Solla-Yates that I would like the city to seriously consider some kind of tax abatement strategy. If we as the public want public affordable below market units, it is perfectly appropriate for us to forgo some tax revenue to get that and make sure we are not reducing the number of new housing units that we are getting by charging those fees.

Commissioner Solla-Yates – Inclusionary zoning does not increase housing units at all. In general, it decreases housing units. What it does provide is access to opportunity. It provides places where people, who otherwise would not be able to access to have some chance for those lucky few. It is exciting. The challenge is that in some places those numbers don't work.

Commissioner Carp – Is the proposal going to do that thing? Are we going to get more units than the counterfactual? I am still not so confident that will happen.

Commissioner Harness – What are you looking from us?

Ms. Brown – This has been helpful. I am listening to questions that can help us think about issues that we still need to explore. I am hearing some feedback that this is going in the right direction. If there are major red flags, we would like to hear about those as well.

Commissioner Harness – I agree with that. This is a sticky topic. You are doing a good job of not being sticky about it. With the calculation of the fees, I question anytime I see fees like this being calculated. I understand that you can analyze it to get the best answer you can. It still might be wrong. There is some feedback that goes on and the fees are adjusted. We are going in a good direction. I am interested to see how Council can take this in.

Commissioner Roettger – I like the direction it is going. The student housing radius has been causing a lot of commotion.

V. ADJOURNMENT

The Meeting was adjourned at 8:20 PM.