

HOUSING COMMISSION

APPROVED MEETING NOTES – June 28, 2018

Attendance			
	Present		Present
Berkey, Eric	Y	Lederer, John	Y
Brescia, Eric	Y	Withers, Larry	Y
Borthwick, Russell	-		
Blank, Rolf	-	Staff:	
Bray, Holly	Y	Franklin, Joel	Y
Browne, Paul	Y	Planning Comm. Liaison:	
Certosimo, Jeff	-	Weir, Daniel	-
de Ferranti, Matt	-		
Gee, Evelyn	Y	Disability Advisory Comm Liason	
Hogan, Alice	Y	Ray, Doris	Y
Langenbeck, Kay	Y		

Held in: Courthouse Plaza, 2100 Clarendon Blvd, Room 311

Other Staff Present: Anne Venezia, Russell Schroeder, and Melissa Danowski of the Housing Division, Department of Community Planning, Housing and Development (CPHD).

The Chair, Holly Bray, called the meeting to order.

Public Comment

Jim Hurysz said that like the Civic Federation, the Housing Commission is not representative of Arlington county. He said that all the housing programs are highly subsidized and only serve moderate income households and are not anywhere near workforce housing. Despite 15 years of affordable housing programs in Arlington, housing continues to become more expensive, so he asked if this is acceptable in this County. He questioned where are you taking us, the residents and tax payers, for this so called affordable housing program.

Aleksandr Belinskiy said that he would like to bring to the attention of the Commission the definition of moderate income in the Consolidated Plan, which is different than the County's definition of moderate income. He said that it does not exceed 80% as determined by HUD, unless HUD determines different rate. He said that HUD does this calculation annually and currently it is \$77,450 for 80% for a 4-person household.

Approval of Notes

Holly Bray moved approval of the May 10, 2018 notes, Eric Berkey seconded and the motion passed unanimously.

Single Family Loan Servicing Guidelines

Staff Presentation

The Single-Family Loan Servicing Guidelines establish the process for County staff and its third-party contractor to service Moderate Income Purchase Assistance Program (MIPAP) and Home Improvement Program (HIP) loans. While loan documents and program requirements have evolved

over the past 35 years of the program, the guidelines provide a consistent process for servicing tasks such as collecting repayments, calculating payoffs and equity participation, releasing liens and other typical services. The guidelines also provide guidance on the enforcement of program requirements such as maintaining the property as a primary residence, maintaining insurance, verifying payment of property taxes, and other terms and conditions of the loans.

Commission Questions and Discussion

Eric Brescia asked how long are the loans and Anne Venezia said that they are usually 30-year loans and that the County still has about 20 loans outstanding that were made prior to 2000 and that the terms vary. Eric Brescia asked if anyone does a refinancing to a standard loan product and Anne Venezia said that people do refinance, they realize they are getting equity and can take out that County loan and refinance with a conventional loan and cap the amount of equity that we get. Holly Bray asked if this process is already in place and you are just formalizing with the Board and Anne Venezia said that is correct, it reflects our current process. Holly Bray asked if the County services the loans and Anne Venezia said just a few that are delinquent. Holly Bray moved approval, Larry Withers seconded and the motion passed unanimously.

Housing Conservation Districts

Presentation

Arlington County has a newly-established Housing Conservation District to protect market-rate affordable housing in 12 areas. County staff are currently engaging with the community to develop a series of zoning and financial tools to incentivize continued housing affordability in these locations, and are meeting on a regular basis with a Housing Conservation District Advisory Group comprised of fourteen representatives from stakeholder groups including nonprofit organizations, and public commissions. The HCD is a special planning district that was created to encourage the retention of housing affordability. This will be achieved by allowing a context-appropriate spectrum of development, ranging from renovation and addition to infill and redevelopment in exchange for dedicated affordable housing units.

Public Comment

Aleksandr Belinskiy said that questions regarding tenants has not been discussed or resolved and it has not been mentioned in the policy document. It has not been addressed how many people at 80% would be able to live in these apartments or how long they would be able to afford living in them. The County recently approved revised relocation guidelines and developers are not required to go through guidelines as a by-right project. No outreach regarding that has happened and no feedback has happened especially with regards to tenants.

Commission Questions and Discussion

Kay Langenbeck said that there is a lack of affordable condos in Arlington and suggested that it seems to me that if you turned some into co-ops it would provide an ownership opportunity and provide funding for the owner. She asked if this is something that has been explored and Russell Schroeder said that ownership is something that we are looking at. Eric Berkey asked if the proposals would be specifically tailored to each area and Russell Schroeder said that they would be across the board, but noted that not every parcel would have access to all of the incentives. He added that there are still financial incentives if the planning incentives are not available. Eric Berkey said that the parking study is going on, is there any communication between the two efforts. Russell Schroeder said that we will definitely talk to DES about impacts to parking. Eric Brescia asked what the timeline is looking like right now and Russell Schroeder said that between the next two meetings we hope to get more clarity on the proposals we will put forward. He added that we were looking at

the fall to present this to the community, but there has been some slippage in the schedule and are hoping for November and sometime early next year to go to the Board. Holly Bray asked what were the primary reasons property owners weren't happy with it. Russell Schroeder said that they weren't aware of the proposal and the issue of removing the by-right option for townhomes. He added that they are interested in the financial incentives. Alice Hogan asked if the Housing Conservation Districts is a component of the Affordable Housing Master Plan and Russell Schroeder said that part of the AHMP is to look at the preservation of MARKs. Alice Hogan asked if we need to have a subcommittee to look at this. Holly Bray suggested that when it is further defined we can have a couple smaller meetings. Eric Brescia said he concurred and until we have some more concert proposals to look at I would wait. Alice Hogan asked if there is any overlap with fulfilling the promise and Russell Schroeder said that there is and will call that out when he goes over staff's response.

Fulfilling the Promise Report

Staff Presentation

The County Board, in consultation with the County Manager and staff, has reviewed the Fulfilling the Promise report which aims to aid the County in achieving the Affordable Housing Master Plan objective to produce and preserve a sufficient supply of affordable rental housing to meet current and future needs. The table below provides actions that the County has or will undertake that correspond to each strategy identified in the report.

Strategy	County Actions/Next Steps
1) Reduce Site Plan Conditions for New Affordable Housing Construction	1) Last November, the County Board adopted a set of parking guidelines for residential site plan projects in the metro corridors, that included additional reductions that may be considered for affordable units. 2) The County Board has the ability to eliminate or reduce certain “standard” site plan conditions typically approved with site plan projects on a case-by-case basis.
2) Waive Permit and Tap Fees for Affordable Housing Projects	<ul style="list-style-type: none"> • CPHD will be hiring a consultant to undertake a permit fee study. The scope of work for this study will include an item to study a possible fee waiver or fee reductions for affordable housing.
3) Reduce Use Permit Conditions for Rehabilitation Projects	<ul style="list-style-type: none"> • Phase II of the Housing Conservation District (HCD) process will consider new zoning ordinance regulations for rehabilitation through an administrative approval process rather than use permit. • The County Board has the ability to reduce certain use permit conditions on a case-by-case basis.
4) Modify Bonus Density Policy (Allow a cash contribution)	<ul style="list-style-type: none"> • Contributions to AHIF rather than on-site units can be considered on a case-by-case basis and where consistent with adopted sector or area plan goals.

5) Pursue Community-Serving Real Estate Opportunities	<ul style="list-style-type: none"> It is the policy of Arlington County to consider affordable housing when planning for major community facilities.
6) Offer Property Tax Abatements/Exemptions <i>Note: Abatements or Exemptions would be considered as a tax expenditure (foregone revenue) in the annual budget process and would be viewed in light of the overall budget for affordable housing expenditures. An offset for the budget impact of tax abatements or exemptions would have to be identified.</i>	<ul style="list-style-type: none"> Phase II of the HCD will consider creation of a pilot incentive program that would reimburse eligible property owners the property tax payments in exchange for housing affordability.
7) Increase AHIF Funding	<ul style="list-style-type: none"> This year's budget increased the ongoing base funding for AHIF, making the Fund less reliant on one-time funding.

Public Comment

Aleksandr Belinskiy said that the document is well written and has many ideas to be applied to all housing development not just affordable. He said that there is no strict commitment to build these units and a market analysis should be done to see who would be able to afford to live there. He questioned the requirement for a cash contribution since getting units onsite is a way of retaining tenants and that the cash contributions would benefit someone else.

Stuart Stein said that the one thing I don't hear about is the Arlington county individuals, we don't hear about the people that live in these units. We aren't hearing a lot about people being forced out of their community, sometimes these residents have been there for 20-30 years. Regarding the discussion on bonus density, everything is on the table with bonus density and this should be an opportunity for the resident to return.

Commission Questions and Discussion

Eric Brescia asked if there is anything about the site plan that could happen as far as the time it takes to go through the process and Russell Schroeder said that is an ongoing discussion. Kay Langenbeck asked if the Board asked the Housing Division to put this document together and Russell Schroeder noted that it wasn't put together by staff. Eric Berkey said that he is interested in number six and asked if staff has gauged interest in it and wondered if properties would be incentivized by this. Russell Schroeder said that when we talked to landlords there was some interest in it and they provided some feedback on ways to make it better. Kay Langenbeck asked why staff is presenting this document and Russell Schroeder said that the County Board asked the Manager to have staff look at it and to provide a response to it. Holly Bray asked Paul Browne if he remembered what the tap fees were for Union on Queen and Paul Browne said that they were more than \$500,000. Holly Bray asked if it would be possible to have the developer pay that upfront and then discount the water and sewer, the lender could then give them a better deal. Paul Browne said that is an interesting suggestion and noted that it would be an ongoing subsidy for the County because they are paying for those services. Holly Bray added that it would allow your lender to underwrite the deal more generously with Eric Berkey saying that it would then allow them to get a larger loan and then rely on less AHIF. Paul Browne said that it is using County money for debt service. Alice Hogan said that she feels it would help to get more concrete predictability for developers and if there is a timeframe for the study it would be good to get updates out. Alice Hogan said that we need to have a discussion if it is wise to put a few units in larger buildings with no services, etc. John Lederer said that vacancy rates in the high end units is around 15% and

affordability is at the low end and he thinks it is a moot point whether tenants are mixed in or not and that bonus density is our greatest ability to get more AHIF money.

Notice of Funding Availability Update

Staff Presentation

The application period for the FY2019 Federal and Local Loan Funds NOFA occurred from April 16 through June 15, 2018. The estimated level of available funding for FY2019 NOFA projects is \$11.4 million, which includes both local and federal funds. This is an increase over the originally projected amount due to increased local and federal appropriations and early receipt of a developer contribution that was scheduled for FY2019. Successful applicant(s) will be notified in writing on August 13, 2018 and will be invited to continue the project review process (negotiations on project financing, Housing Commission meetings, Tenant Landlord Commission meetings [if needed], meetings related to the use of federal funds, and meetings related to the planning process [if needed] such as Site Plan Review Committee [SPRC], Planning Commission, and other commissions). Upon completion of the review process, the successful project(s) will be presented to the County Board for consideration. Four affordable housing project applications have been received. The applications are seeking a total of \$26.1 million in Federal and local loan funds for 478 committed affordable units (CAFs). The projects include 3436 Lee Highway, The Carlin, American Legion, and Trenton Street.

Commission Questions and Discussion

Eric Berkey asked if the footnote for the Lee Highway project indicates it would have to go through a separate NOFA for construction and Melissa Danowski said that is correct. Eric Brescia asked since Trenton Street went through the site plan process is it a top priority or at the top of the list. Melissa Danowski said that part of the NOFA is points for readiness and that we are looking at both scoring guidelines and the feasibility for using the Federal funds. Holly Bray asked how much of the \$11 million is Federal funds and Melissa Danowski said about \$6 million. John Lederer asked if this is new ground for us and if the Commission will be asked for input on the decision. Melissa Danowski said that the NOFA decision is a staff decision and then it comes to the Housing Commission for input and recommendations to the County Board. John Lederer asked that since there is a shortfall, would this be a slice and dice. Melissa Danowski said that we are looking at setting it up as a pipeline and fund more than one. Holly Bray said that it would be good to ask how much each applicant spent on the application. Kay Langenbeck questioned if we give the Lee Highway project money for acquisition doesn't that obligate the County to fund them in the future.

FY 2019 Legislative Priorities

Staff Presentation

The County Board is seeking input on the development of Arlington's 2019 legislative priorities. The email from the Board said that your contributions are very important as they have learned that engaging our advisory boards and commissions helps us create a better document. It also gives us time to work with allies to create a legislative coalition with the organizations that are developing their legislative priorities now. Next year will be a "short" session, in which the General Assembly will meet for six weeks to pass legislation, and consider changes to the biennial budget. With this in mind, the following questions are meant to help frame your input. It would be helpful to have your thoughts on some or all of the following areas:

- If the legislature and Governor could take 1-3 actions that would affect the work of your group, what would most benefit Arlington?

- Given the state budget cuts over the past decade, what are the most important to restore? Are there other areas in the budget that should be expanded? Are there any funding cuts you would recommend?
- From your involvement in Arlington and the Commonwealth, what legislation can you anticipate in 2019 that might affect Arlington positively or negatively? In other words, is there anything we should anticipate and develop a strategy to address?
- Among businesses, other local governments, or interest groups, who would be our natural allies, if any, both in our community and around the Commonwealth on any of these issues? We are always more effective when we create a statewide team.
- Is there anything else that you would like to suggest to help us best develop our 2019 legislative priorities?

Public Comment

Michelle Winters said that this will be a big year at the state and that the Virginia Housing Commission is looking at evictions. She said that at the Leckey forum we heard that source of income is an issue and that some landlords won't take Section 8. She added that we tend to talk about dollars when we go to the state but we also need to be thinking about these other items.

Commission Questions and Discussion

Holly Bray said that a condo can only charge \$50 for a penalty fee and this is not enough money to be a deterrent. Doris Ray said that she supports the idea of going after source of income and that the affordable housing community should get together more closely with disability community. Doris Ray said that the issues with the condo boards is the uncertainty of what they have to do or how they accommodate reasonable accommodations. Eric Berkey said that Virginia is very unfriendly for tenants and it would be good to make some changes to help prevent evictions.