

Housing Advisory Board

Minutes November 18, 2019

Meeting held at the Strategic Growth Area Office located at 4525 Main Street, Suite 710, Studio Meeting Room, Virginia Beach, Virginia 23462.

Board Present: Ann Crenshaw, John Georghiou, Jessica Guglielmo, Hunter Hanger, Kevin Kemp, Bob Miller, Ron Ripley, Teresa Stanley, and Rosemary Wilson.

Board Absent: Bob Dyer and Fay Silverman.

Staff Present: Andy Friedman, Karen Prochilo, Margaret Reyes, Jill Rinaldo, Sharon Shoff, Alexander Stiles, and Bobby Tajan.

Guests Present: Thomas Johnston, Angie Lombardi, and Marie Peace.

The meeting was called to order by Ann Crenshaw at 3:05 p.m.

Executive Summary of Meeting

Actions Taken by the Board

- The Minutes from the October 21, 2019 meeting were approved.

Guest Presentation

- “Benefits of the Affordable Housing Program (LIHTC)”

Staff Presentation

- Comprehensive Plan Story Map

Updates

- Affordable Housing Update deferred to next meeting.
- Housing Advisory Board Annual Report to City Council prepared for submission.

Next Meeting

To be determined - tentatively scheduled for December 16, 2019 (3:00-5:00 p.m. at the SGA Studio)

Detailed Minutes of Meeting

Ann Crenshaw welcomed the guests then roundtable introductions took place.

Minutes

The Board reviewed the Minutes from the October 21, 2019 meeting. John Georghiou made a motion to approve the Minutes and Bob Miller seconded the motion. All board members in attendance unanimously approved the motion and the Minutes were accepted as written.

[Hunter Hanger, Karen Prochilo, Ron Ripley, and Rosemary Wilson arrived after the vote had taken place.]

Guest Presentation

Tom Johnston, founding Partner and Chief Development Officer; Marie Peace, Vice President of Compliance; and Angie Lombardi, Vice President of Marketing; of The Franklin Johnston Group presented “Benefits of the Affordable Housing Program (LIHTC)” (see attached). For 30 years Tom and his partner, Wendell Franklin, have been developing affordable and luxury multifamily housing. Currently in VB they have 3 active construction sites. The Franklin Johnston Group has been successful in producing both types of housing with no discernable differences between them, other than financing.

This achievement is made possible by participating in federal programs that help to bridge funding gaps. Highlights of the presentation were as follows:

- Terminology is critical to public acceptance of affordable housing developments which is why The Franklin Johnston Group prefers to use the terms “affordable apartment communities” and “apartment homes” instead of saying developments or units. The federal government also recognizes this concept as evidenced by the fact they will be changing the program name from the Federal Low-Income Housing Tax Credit (LIHTC) Program to the Affordable Housing Program in 2020.
- Frequent audits for compliance performed by government entities, developers, and investors promote LIHTC developments to be consistently well maintained. Competition for tax credits/funding and the aforementioned premium upkeep results in attractive, quality developments that are an asset to the neighboring community as well as to the residents.
- Once financially qualified, residents are only required to recertify if they require a larger unit. Therefore, residents are not penalized for working to improve their careers and financial stability.
- Affordable housing includes a broad spectrum of age groups. Income averaging additionally diversifies the community. Residents in these environments tend to look out for each other, encourage one another to excel personally and professionally, and inspire each other to be more physically active (which benefits elderly health).
- The Board was encouraged to visit <https://www.theplanningcouncil.org/> for the wealth of statistical data available for review.

Discussion (after presentation)

- Tom Johnston and Angie Lombardi (in response to question of pet acceptance) stated that pets are allowed. A fecal sample is required to ensure sanitary compliance. Additionally, some of their properties do not have restrictions on breed and size. Staff finds residents tend to be compliant and pleased with their pet policies.
- Bob Miller inquired how long tenants reside in LIHTC properties.
 - Marie Peace advised that tenure varies. In Arbor Lake there are 3 residents who originally moved in when the property opened in 1996, however, on average tenancy is typically 4-5 years. The tenants who move out generally are either leaving the area or are being asked to leave due to multiple lease violations.
- Hunter Hanger questioned what other product styles are offered and what criteria differentiates them?
 - Tom Johnston replied they also offer high end living which appeals to the demographic shift of millennials and baby boomers. This luxury living offers larger living areas and higher end finishes. Rental prices are higher for luxury living as they are market based. The affordable housing units tend to be smaller and program based in order to meet affordability criteria.
- Andy Friedman asked what percentage of renters in affordable housing are employed.
 - Marie Peace responded it varies by area, but most properties have 70% working. The other 30% of non-working residents is comprised of seniors and households where one adult works and one stays home with children. Many households have members who hold part time employment positions as well.
- Andy Friedman requested clarification that The Franklin Johnston Group was not a charity.
 - Tom Johnston stated that while there is an important role for non-profits, his company is for profit which is also an integral piece of affordable housing. The upkeep that is required in order to deliver returns and support those who received tax credits requires profit. The resulting upkeep and profit also yield better resident retention.
- Andy Friedman asked Tom to speak on nimby opposition and zoning by right.

- Tom Johnston said the new Comprehensive Plan has the ability to pave the way for multifamily affordable housing. He challenged Council and the Planning Commission to really look at what is being proposed and the benefits it will reap and not to listen to nimby chatter.
- Marie Peace stressed that educating the public is essential to change and growth.
- Bob Miller stated he likes the phrasing “apartment homes” as it lends to a sense of community. He then tallied the number of homes currently being built and asked how many units should be included in the new Comprehensive Plan.
 - Tom Johnston responded the number of units should be unlimited. In support he said he has not heard of a tax credit property that has failed and that lowering developers’ cost and increasing density will benefit everyone. He cautioned with increased density, steel construction and structured parking will be considerations. He stated he also believes public and private partnering will be essential to stormwater management.
- Rosemary Wilson shared that previously the HAB has discussed repurposing underperforming shopping centers as well as the impacts of driverless cars. She inquired if Tom’s planning included either of those topics.
 - Tom Johnston replied that shopping centers in VB seem to do well and he believes old industrial buildings and schools are the more prevalent areas for opportunity. In answer to her question of driverless cars, he said they have not been a topic of conversation. However, charging stations and access to public transportation, including Uber, is included in their planning. He noted that affordable housing generally exhibits less need for parking than their luxury counterparts, but it could certainly be an important consideration for the new Comprehensive Plan.

[Franklin Johnston Group representatives advised they will be available in the future for questions and speaking engagements if the HAB desired. They then departed the meeting at 4:05 p.m.]

Comprehensive Plan Story Map Presentation

Margaret Reyes and Sharon Shoff demonstrated the preliminary progress made in formulating a Story Map that will serve as a user-friendly supplement to the Comprehensive Plan. Although the Story Map has not been published yet, when released it will provide general information and answer questions that the public may have related to Housing. Time was limited to explore the massive amount of data contained in the Story Map; however, Margaret and Sharon were able to highlight several options for fact finding drill downs of the maps and charts. They pointed out that the narrative and legends make the information easier to understand and that they are still receiving and refining data from multiple sources that will be included in the final version. Additionally, sliders will be added to the maps that will reveal a time lapse evolution of selected areas, significantly enhancing the user’s experience.

Discussion (after presentation)

- Karen Prochilo commended Margaret and Sharon for the impressive progress they have made in such a short time. She said it was remarkable considering Margaret had only recently learned how to use Story Map.
- Rosemary Wilson thought the Story Map was amazing. She said that a couple of years ago Council was concerned too many apartments were being built, but this tool will make comprehension of what is available and where it is located much easier to assess.
- Ann Crenshaw inquired where the data came from, who populated it, and how difficult it would be to separate data such as major rehabilitation projects on older homes? Additionally, she said the Story Map will be much more useful than the old technical document for bankers and business people.
 - Margaret Reyes advised that she has been compiling spreadsheets of data from the Real Estate Assessor’s Office and ArcGIS as well as reaching out to other departments and networks to

obtain as much information as possible and verify its accuracy. She said the maps are divided to make them visually less cluttered and are only limited by the amount of information other departments are willing to share.

- Bobby Trajan added that Permits & Inspections data would need to be included for rehabilitation information to be available. Once that data is in place it can then be compared with Codes Enforcement data to pinpoint areas of opportunity or concern.
- Ron Ripley suggested that as density increases, and people look to multifamily units for affordability it is important that the new Comprehensive Plan speak to the quality of construction.
 - Bobby Trajan acknowledged his agreement saying that focus will start along the major corridors and then extend out into neighborhoods to see what they would like in their locations as well.
- Jessica Guglielmo inquired how the percentage of owner vs. renter status may impact the narrative. She elaborated by stating it would be interesting to evaluate specific areas and the trends of permanent or temporary residency and possible reasoning behind same.
 - Sharon Shoff and Margaret Reyes pointed out assessment trends, vacancy rates, and census data in the Story Map cautioning that the data is still being massaged.
 - Teresa Stanley shared that the neighborhood she resides in has restrictions on the number of renters that are allowed in an attempt to ensure a balanced mix in that area. She then spoke to the misconception some people have that owners may take better care of their property than renters. Teresa stated that every neighborhood is valuable and should be perceived as such.
 - Bobby Trajan cautioned that presentation is very important when communicating with the public so as not to insinuate that one group cares about their community more than another.
 - Andy Friedman reinforced Bobby's statement by saying that one's status (income, residency, etc.) does not equate to their character.
- Karen Prochilo reminded the group that the Story Map is a work in progress and there are placeholders for links and data to be added in the future. She requested if anyone has additional comments to please email them to her.
- Bobby Trajan advised that each chapter/topic in the new Comprehensive Plan will have its own Story Map.

Affordable Housing Update

Karen Prochilo stated that due to time constraints this portion of the agenda will be deferred.

Housing Advisory Board Annual Report to City Council Update

Karen Prochilo distributed the unsigned copy of the Housing Advisory Board Annual Report to City Council for all present to peruse. The signed original will be appropriately submitted within the week.

Next Meeting Date

Jill Rinaldo will survey members via email for availability during the holiday season. Next meeting tentatively scheduled for December 16, 2019 (3:00-5:00 p.m. at the SGA Studio).

The meeting adjourned at 4:38 p.m.

Jill Rinaldo
Recording Secretary



Benefits of the Affordable Housing Program (LIHTC)

The Franklin Johnston Group
Tom Johnston, Marie Peace and
Angie Lombardi

Why Choose Affordable Housing:

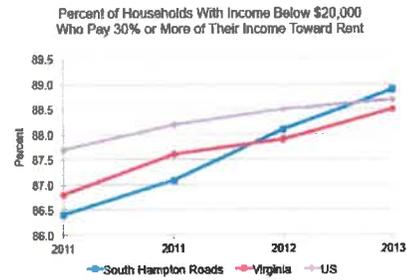
- Affordable housing is important to the economic vitality of communities.
- Affordable homes can attract and retain employees to the area which is a benefit to area employers.



How Affordable Housing Makes a Difference:

Extremely low-income households are those earning less than \$20,000 per year. They are especially burdened by high housing cost, which can require them to forego food, medical care and other necessities that lead to negative impacts on their children's well-being.*

In 2013, 89% of Extremely Low-Income households were paying more than 30% of their income toward rent.

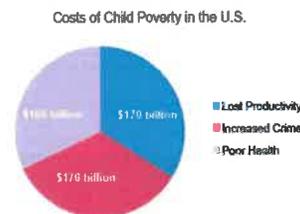


*Source - U.S. Census Bureau

How Affordable Housing Makes a Difference:

Housing instability leads to poor school performance - Studies show children living in safe affordable housing thrive in school, attend higher education and earn more as adults.

The cost of children living in poverty will cost Americans \$500M per year in poor health, lost productivity and increased crime.*



*Source - The Planning Council

How Affordable Housing Makes a Difference:

Because rents in these communities remain at or below 30% of the applicable income limit for the unit size, families can:

- Start to save for the future
- Have money for everyday necessities
- Afford to spend money on fun and entertainment

Why Affordable Housing is The Best Option:

Unlike other housing programs the LIHTC program does not punish families for earning higher income from year to year.

Regardless of how high family income increases, families can remain in their home and still only pay a rent of 30% of the applicable income limit for the unit size.

Why Affordable Housing is a Great Investment:

- Class A Market Rent properties are at risk for lower future demand because:
 - Employment Growth is slowing, which will reduce the nation's housing demand
 - Millennials are approaching prime home buying age while single family homes are becoming more affordable with lower interest rates
 - Across the US there are 660,000 Class A apartment units under construction, all of which will be competing for the same (shrinking) pool of upper-class renters
- Class B and Affordable Properties are not competing with the increased construction of Class A multi-family housing or single-family housing
 - Affordable housing serves lower- and middle-income families, which provide a more reliable tenant base
 - Most middle-class renters don't have the means to consider home ownership

Income and Unit Size:

Norfolk, Va. Beach, MSA 2019 Income Limits
Current Median Income = \$79,300

Household Size	40%	50%	60%	70%	80%
1 Person	\$22,240	\$27,800	\$33,360	\$36,750	\$42,000
2 Person	\$25,400	\$31,750	\$38,100	\$42,000	\$48,000
3 Person	\$28,560	\$35,700	\$42,840	\$47,250	\$54,000
4 Person	\$31,720	\$39,650	\$47,580	\$52,500	\$60,000
5 Person	\$34,280	\$42,850	\$51,240	\$56,700	\$64,800
6 Person	\$36,800	\$46,000	\$55,200	\$60,900	\$69,600

Hampton Roads 40% & 80% Rent & Income

<u>Household Size</u>	<u>40% Income Limits</u>	<u>Bedroom Size</u>	<u>40% Max Rents</u>
1	\$22,240	1	\$595
2	\$25,400	2	\$714
3	\$28,560	3	\$825
4	\$31,720		
5	\$34,280		
6	\$36,800		

<u>Household Size</u>	<u>80% Income limits</u>	<u>Bedroom Size</u>	<u>80% Max Rents</u>
1	\$42,000	1	\$1,125
2	\$48,000	2	\$1,350
3	\$54,000	3	\$1,560
4	\$60,000		
5	\$64,800		
6	\$69,600		



Demographics Benefiting from Affordable Housing:

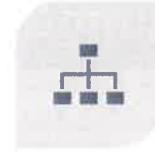
Provides housing for low to moderate income families and individuals to include:

- Retail & Restaurant Workers
- Healthcare workers
- Teachers
- Police & Firefighters
- Small Business Owners / Entrepreneurs
- Elderly living on fixed income

What Will the Quality of the Property Look Like?



AFFORDABLE HOUSING COMMUNITIES ARE SOME OF THE MOST BEAUTIFUL APARTMENT HOMES IN THE AREA WITH HIGH END AMENITIES



BECAUSE OF THE FINANCING STRUCTURE THESE COMMUNITIES MUST REMAIN WELL MAINTAINED AND MANAGED.



COMMUNITIES ARE INSPECTED AT LEAST ONCE ANNUALLY BY MULTIPLE SOURCES INCLUDING, BUT NOT LIMITED TO, STATE AGENCIES AND INVESTORS.

Two Hundred West – Va. Beach



Two Hundred West continued



Aquia 15 – Stafford, VA



Aquia 15 continued

in unit washer/dryer included



Aquia 15 Amenities



Clairmont at Campostella – Norfolk, VA



Thank you for having us!

Questions/Comments...

**HOUSING ADVISORY BOARD
ANNUAL REPORT TO CITY COUNCIL**

**For the period October, 2018 through September, 2019
Report Date: October 21, 2019**

Purpose: The Housing Advisory Board (HAB) was established by City Council to:

1. Establish the maximum sales and rental prices of workforce housing units semi-annually;
2. Advise the city council on all aspects of the city's workforce housing program, including recommendations for modifications of the requirements of the program; and
3. Report annually to the city council on the production of workforce housing units, participation in the workforce housing program, and achievement of program goals.
4. Advise the city manager and the city council regarding implementation of strategies to address issues of housing affordability and neighborhood preservation

This report provides a summary of activities of the board and program activities during the report period.

Workforce Housing Developments: Riverlake remains the city's first and only workforce housing development at this time.

Workforce Housing Program Modifications: No modifications were made to the Work Force Housing Program during this reporting period.

Workforce Housing Program Development: The Workforce Housing Program is advertised on the Department of Housing and Neighborhood Preservation's website.

New Activities:

The HAB identified issues from the 2017 Housing Needs Assessment and Market Analysis and Housing Reinvestment Study to work on to ensure the housing market stays vital. The HAB will make recommendations for policies to increase the production of affordable housing units in Virginia Beach

The role of the HAB has expanded to include advisor on housing strategy development for the Housing Strategy Goals Team (SGT 4) and the pilot neighborhood project in Princess Anne Plaza, Windsor Woods and The Lakes.

Two members, representing the HAB, are on a Design Advisory Team that will guide the use of a VHDA grant for professional design services to assist in the housing strategy development as well as the pilot project. This team emphasizes the importance of good design, preservation and development practices. The team will provide a coordinated and collaborative approach to the design progression in the neighborhood pilot area as part of an overall effort.

Respectfully submitted,

Ann Crenshaw, Chair

Ronald Ripley, Co-Chair

Attachment: Housing Advisory Board - Membership Roster