

**REPORT OF THE  
VIRGINIA HOUSING DEVELOPMENT AUTHORITY**

**STUDY OF VHDA/LOCAL  
GOVERNMENTS COORDINATION  
REGARDING MULTIFAMILY  
TAX-CREDIT ALLOCATION  
AND FINANCING**

**TO THE GOVERNOR AND  
THE GENERAL ASSEMBLY OF VIRGINIA**



**HOUSE DOCUMENT NO. 31**

**COMMONWEALTH OF VIRGINIA  
RICHMOND  
2000**





December 10, 1999

The Honorable James S. Gilmore, III  
Governor of Virginia  
State Capitol  
Richmond, Virginia 23219

Members of the Virginia General Assembly  
General Assembly Building  
Richmond, Virginia 23219

Dear Governor Gilmore and Members of the General Assembly:

Pursuant to House Joint Resolution 746, I am pleased to submit the report entitled, "Study of VHDA/Local Governments Coordination Regarding Multifamily Tax-Credit Allocation and Financing." Enclosed are copies of the report for you and the members of the General Assembly. I trust that you will find the study report responsive and informative.

I wish to express my appreciation to the Honorable Frank Hall, the study group members, and other participants for their assistance in producing this report. Their efforts were indispensable in the completion of this report.

Sincerely,

Susan F. Dewey  
Executive Director

SFD:mb

Enclosure



# Preface

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## Summary of Study Mandate

House Joint Resolution 746 directs the Virginia Housing Development Authority (VHDA) to study ways in which it can work more closely with localities and the housing industry in approving loan financing and allocating federal low-income housing tax credit incentives for multifamily new construction projects.

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## Study Group Members

VHDA formed a study group comprised of representatives of parties specifically identified in the resolution. This group met four times to identify the issues and develop recommendations to improve the working relationships between VHDA, localities and the housing industry. The following representatives from localities and the housing industry served as formal members of the study group:

- Virginia Housing Study Commission: The Honorable Franklin Hall; Nancy Ambler
  - Virginia Municipal League: Barbara Wrenn
  - Virginia Association of Counties: Larry Land
  - Home Builders Association of Virginia: Mike Toalson
  - Apartment & Office Building Association: Tom Hyland
  - Virginia Apartment and Management Association: Barbara Eubank
  - Virginia Association of Realtors: Andy Heatwole
  - Department of Housing and Community Development: Bill Shelton
  - Virginia Housing Development Authority: Susan Dewey, Larkin Goshorn
- 

## Other Participants

In addition to the formal members of the study group, twenty-five (25) other interested parties and eight (8) VHDA resource people attended meetings and offered input to the process. (See **Appendix B** for a list of these participants) The last three meetings of the study group were facilitated by Jim Phillips of Shuford, Rubin and Gibney, P.C.

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## Scope of Study Group

Although HJR 746 focused specifically on “multifamily new construction projects,” the study group chose to include multifamily rehabilitation projects in the scope of their work. In addition, the group acknowledged that there are other issues of concern between VHDA and localities which are outside of the scope of the resolution. These include the Virginia Housing Partnership Fund, the Section 8 Program and the Single Family Regional Loan Fund which is jointly administered by VHDA and DHCD. The group did not focus on these programs, but acknowledged that the outcome of HJR 746 might have an application to improving processes and communication about those programs.

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**Information  
Gathering**

The study group used the following methods to identify the issues related to HJR 746:

1. Held four (4) meetings (See **Appendices C-F** for minutes of the meetings)
2. Solicited and discussed written “wish lists” from members and interested parties regarding VHDA financing programs (See **Appendix G** for written comments from study group members and other stakeholders)
3. Held one-on-one discussions between study group members and the facilitator outside of the study group meetings

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The following report was prepared in fulfillment of the resolution's mandate by staff of the Virginia Housing Development Authority with the assistance of the study group participants.

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## Executive Summary

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House Joint Resolution No. 746 of the 1999 Virginia General Assembly directs the Virginia Housing Development Authority to consult with the Department of Housing and Community Development, the Virginia Housing Study Commission, the Virginia Municipal League, the Virginia Association of Counties, the Homebuilders Association of Virginia, the Virginia Association of Realtors, and the Virginia Apartment and Management Association to study ways in which it can work more closely with localities and the housing industry in approving loan financing and allocating federal low-income housing tax credit incentives for multifamily new construction projects.

The primary issue is that local governments want the processes by which VHDA allocates tax credits and approves financing for multifamily properties to include more opportunities for consideration of the locality's community development plans and priorities. Specifically, localities want VHDA to consider a locality's consolidated or comprehensive plan as well as the amount and concentration of affordable housing already in a jurisdiction. The study group looked at four (4) aspects of this issue:

1. Local Government Input Regarding Specific Multifamily Properties
2. Local Government Input Regarding Allocation of Low-Income Housing Tax Credits
3. Local Government Participation in VHDA Program Policy Development
4. Statewide Affordable Housing Policy

In order to proceed with addressing these issues, the study group recommended that VHDA:

- 1) develop a policy statement to guide them in working with local governments and other stakeholders;
- 2) establish an ongoing VHDA/local government partner group to assess communications between VHDA and localities and develop ongoing forums for discussion of specific issues related to VHDA programs and policies; and
- 3) hold ongoing issue forums for all interested stakeholders as recommended by the partner group.

Action has taken place on all three recommendations. VHDA has completed the first recommendation by developing a partner policy statement. With respect to the second and third recommendations, the study group agreed on the structure and date of the first meeting for a VHDA/localities partner group and prioritized the issues for the ongoing issue forums.

The study group further identified the need for a statewide affordable housing policy in order to have a comprehensive framework from which to operate in making policy and programmatic decisions. This recommendation was outside of the scope of this resolution and was referred to the Department of Housing and Community Development for follow-up action.



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# Chapter 1 - Background of Resolution

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## Stakeholder Interests

The primary parties involved in this resolution are VHDA, Department of Housing and Community Development (DHCD), Virginia Housing Study Commission (VHSC), localities, the housing industry and people needing affordable housing. VHDA was designated by the legislature as an independent public entity to work directly with the housing industry to create affordable housing by stimulating private investment. DHCD is the state agency charged with setting housing policy by working directly with the localities and other related stakeholders to foster development of local communities. VHSC is the legislative agency charged with annually studying housing issues in the Commonwealth and reporting on the same to the Governor and the General Assembly. The Commission is specifically charged with working to ensure adequate, affordable housing in Virginia.

Although all of the parties desire to meet the housing needs of low- and moderate-income Virginians, they have different primary interests. VHDA's mandate is to stimulate private investment in housing construction and rehabilitation in order to increase the housing stock for low- and moderate-income Virginians. DHCD's charge is to ensure that affordable housing is equitably distributed throughout the state in a manner which is in keeping with local, regional and state community development goals. Developers want to build properties which are economically viable and respond to market demand. Localities want to shape the patterns of development within their jurisdictional boundaries so that they are consistent with their overall comprehensive plans, objectives and priorities and in a manner that ensures their ability to pay for associated services such as schools, fire, rescue and law enforcement. While recognizing the complexity of housing and service issues facing localities, affordable housing advocates are concerned that changes to VHDA's programs may create a system which could have the effect of allowing zoning by income.

In the absence of clearly articulated state housing policies regarding the location and distribution of affordable housing, VHDA's decisions regarding the approval of financing for developers of affordable housing are based on compliance with local zoning and land use regulations. Because zoning and land use laws are not always in alignment with local comprehensive plans or Consolidated Housing Plans developed for HUD, compliance with zoning and land use regulations does not necessarily indicate local support for a project. This has resulted in a measure of frustration by all parties as they seek to fulfill their various interests and responsibilities.

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## **Legislative Change**

Prior to 1995, there was a process laid out in the Virginia Code through which VHDA was required to notify localities 60 days before issuing a financing commitment for any type of multifamily loan. This notification was referred to as the "60-Day Letter." During the 60-day period, the locality could, by resolution, certify its disapproval of the financing for a specific project and notify VHDA of their disapproval. There was no requirement to provide a reason for the disapproval. This certification of disapproval by a locality resulted in VHDA not being able to finance that particular property. Some housing advocates and members of the housing industry were concerned that this process opened the door for the possibility of arbitrary denial of affordable housing development and could significantly limit the development of low- and moderate-income housing. In 1995, this procedure was revised to restrict the basis for objections by local officials to one based on zoning or land use regulations.

The result of this change is that localities lost a mechanism which gave them influence over where and how much affordable housing is developed in their area. They want to have more opportunities for being involved in such decisions, both at the policy level and on an individual project level.

In response to locality concerns about influencing development decisions in the Low-Income Housing Tax Credit Program, VHDA made some changes in the application scoring process in 1999 which were designed to increase the level of local influence. These changes are described more fully in the next section of the report. The legislative change which eliminated the 60-day letter highlighted the need to provide a more effective means of communication between VHDA, localities and the housing industry to determine how local goals and plans can be more actively included in the process by which VHDA makes decisions about financing loans and allocating tax credits for multifamily properties.

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## **VHDA Programs**

There are four primary means by which VHDA provides financing for the development of low- and moderate-income multifamily housing:

- Taxable Bonds
- Tax-exempt Bonds
- Virginia Housing Fund
- Administration of Low-Income Housing Tax Credit Program (LIHTC)

In all, except for the LIHTC program, the point at which the locality is notified that development, pursuant to VHDA financing, will take place is just prior to the issuance of a loan commitment by VHDA. For financing of properties to be rehabilitated, the developer is required to either have a building permit or, if a building permit is not required, send a letter to the local government which asks whether the proposed development complies with local zoning and land use regulations. In the event that the local government does not respond to the letter, a verification that the letter was received by the locality is considered to be adequate notification to the locality. In the case of a new construction development or a rehabilitation development requiring a building

**VHDA  
Programs  
(Continued)**

permit, issuance of a building permit by the locality is considered verification of adequate notification that the project development will take place.

A competitive application scoring process is used to select recipients for the LIHTC program. Typically, in recent years, the highest score has been approximately 800 points. The specific opportunities in the scoring process for localities to influence a project's score are as follows:

- Local Government CEO Letter - A letter of support from the locality will add 50 points, a neutral letter or no letter will add 25 points, and a letter stating that the project is not consistent with current zoning or other applicable land use regulations will result in 0 additional points to the project's score.
- Other Local Input - Localities that support the proposed project with local funds could add an additional 40 points to the project's score. The points available for new construction or rehabilitation projects can be increased to the maximum 80 points with a letter of support from the locality. Projects with a building permit issued by the locality will receive an additional 20 points.

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**VHDA Changes  
to Tax Credit  
Program**

In response to comments from localities, VHDA made the following changes to the LIHTC allocation process in 1999 to give more weight to the local government's support for or opposition to multifamily projects proposed in their locality:

- Earlier notification to localities of proposed tax credit projects in their jurisdictions. Projects that fail to give the early notification receive minus 50 points.
- An additional 20 points was added for projects located in revitalization areas identified by the locality.
- Preliminary approval by local authorities of the site plan was increased from 10 to 30 points.
- Approval by local authorities of the plan of development was increased from 20 to 40 points.
- Proper zoning for the proposed project was increased from 30 to 40 points.

VHDA believes that these changes make it extremely difficult for a proposed project to receive sufficient points to be awarded tax credits without points from actions taken by the locality. The results from the allocation of tax credits in 1999 support this belief.

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## Chapter 2 - Issues

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The primary issue is that local governments want the processes by which VHDA allocates tax credits and approves financing for multifamily properties to include consideration of the locality's consolidated or comprehensive plan as well as the amount and concentration of affordable housing already in a jurisdiction. The study group looked at four (4) aspects of this issue:

1. Local Government Input Regarding Specific Multifamily Properties

In the absence of the 60-day letter, the current process by which VHDA approves multifamily loans needs review to determine how locality concerns and objectives can be included early in the process and communicated actively rather than passively among the parties. The goal should be to recognize the legitimate interests of VHDA, the locality and the housing industry and minimize the impact of conflicting interests whenever possible.

2. Local Government Input Regarding Allocation of Low-Income Housing Tax Credits

The current process of seeking public input regarding the allocation of low-income housing tax credits needs to be examined to ensure that it includes sufficient opportunity for input to be incorporated into the proposed plan and for VHDA's Board to be aware of the input. Although VHDA has made changes to the process to give significantly more weight to a locality's position on a specific development, some localities are still concerned that they only have the ability to object to a specific property based on compliance with local land use regulations and not whether it is consistent with the housing and land use goals.

3. Local Government Participation in VHDA Program Policy Development

Communications between VHDA and localities would benefit from VHDA actively sharing programmatic plans and goals for multifamily programs and receiving input from localities on an ongoing basis.

4. Statewide Affordable Housing Policy

The presence of a statewide affordable housing policy is key to addressing the issues of equitable distribution of affordable housing throughout the state. This issue is beyond the scope of the resolution. VHDA anticipates that further action on this issue will be initiated by DHCD, with support from VHDA and VHSC.

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## Chapter 3 - Actions

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### Overview

The following actions were developed to address the issues identified by the study group:

1. Develop a policy statement to guide VHDA in working with local governments and other stakeholders
  2. Establish an ongoing VHDA/local government partner group to assess communications between VHDA and localities and develop ongoing issue forums for discussion of specific issues related to VHDA programs and policies
  3. Hold ongoing issue forums for all interested stakeholders as directed by the partner group
  4. Establish a Statewide Affordable Housing Advisory Board
- 

### Action #1 - VHDA Partner Policy Statement

VHDA has adopted the following policy statement as a guide in developing and operating its programs:

*VHDA exists as a political subdivision of the Commonwealth of Virginia to encourage the investment of private capital and stimulate the construction and rehabilitation of residential housing to meet the needs of persons and families of low and moderate income. We recognize that, in order to achieve our mission, mutual education and discussion about goals, policies and issues must take place with our various partners in an ongoing, consultative and cooperative manner, with full information available to all.*

VHDA has adopted the following policy statement specifically relating to its interaction with local governments and local housing authorities:

*Local governments and housing authorities, as corporate entities of the Commonwealth, are important partners in our efforts to provide affordable housing. Their input, plans and policies must be an integral part of our planning and decision-making processes. When there are inconsistencies between the plans, priorities and policies established at the state and local levels, then we must ensure that adequate forums exist for airing and resolving those differences in a manner that is fair and equitable to all stakeholders. To this end, VHDA will facilitate an ongoing local government advisory group to identify key issues of concern and agree on specific ways to address the issues.*

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### Action #2 - Localities/ VHDA Partner Group

The study group discussions clearly revealed the need for an additional, ongoing mechanism which focuses specifically on issues relating to VHDA programs and localities. VHDA will establish an ongoing consultation and planning group comprised of representatives from VHDA, Virginia Housing Study Commission (VHSC), Virginia Municipal League (VML), Virginia Association of Counties (VACO) and Virginia Association of Housing and

**Action #2 -  
Localities/  
VHDA Partner  
Group**  
(Continued)

Community Development Organizations (VAHCDO). This newly formed partner group will be responsible for identifying the issues which will be addressed in ongoing issue forums. They will meet approximately three times per year to “take the pulse” of the relationship between localities and VHDA and arrange forums to discuss specific issues.

**Purpose** - The partner group is not responsible for resolving issues but will decide when and how the specific concerns identified in each Partner Group meeting will be addressed. The group will focus on processes and procedures in order to:

- Identify issues of concern to localities and VHDA
- Assess the effectiveness of communication between VHDA and localities
- Discuss VHDA plans and priorities
- Establish timing and content of issue forums to resolve issues and disseminate information about VHDA programs and policies

**Composition** - These meetings will be open to any interested party, but the core group will be comprised of up to three (3) representatives from each of the following groups: VHDA, VML, VACO and VAHDCO and VHSC. The group will be chaired by VHDA’s Executive Director or Deputy Executive Director. VHDA will review the representatives selected to ensure that they provide a good geographic balance. Because the housing industry is not involved in all of the issues, they will not be directly represented in the core group. They will be kept informed of the activities and included in the ongoing issue forums which relate to programs in which they have a direct interest.

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**Action #3 -  
Ongoing Issue  
Forums**

There will be ongoing forums focused on specific issues identified by the Localities/VHDA Partner Group and designed to include all interested parties. This action actually began at the last meeting of the study group where interested parties reviewed the proposed 2000 Tax Credit Allocation Plan. Although this forum did not include all interested parties due to the connection with the work of the study group, future issue forums are intended to reach all parties who have an interest in the specific topic being addressed.

These forums will take place as scheduled by the VHDA/Localities Partner Group. One or more issues will be identified as the topic of the forum and all stakeholders interested in that topic will be invited to attend. The purpose of the forum is to reach agreement on solutions to issues related to VHDA programs and policies. The forums will be scheduled as far in advance as possible to give ample notice. Some of the forums which relate to cyclical processes such as the tax credit allocation plan will be scheduled annually to review the proposed plan at the beginning and assess the actual program performance at the end of the cycle.

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**Action #4 -  
Statewide  
Advisory  
Board**

As previously noted, action relating to the creation of a statewide affordable housing advisory board is beyond the scope of this resolution; however, the study group did identify a critical need for such a board. The Executive Directors of DHCD, VHSC, VHDA and other appropriate parties will work together to develop recommendations.

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## Chapter 4 - Accomplishments

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The work of the study group has already resulted in progress toward better working relationships between VHDA, local governments and the housing industry. As of the time of this report, the following positive steps had occurred:

1. VHDA developed a policy statement which demonstrates its commitment to actively partner with localities, the housing industry and other stakeholders.
  2. An ongoing dialogue group was established to interact regularly and plan for discussions of program and policy issues. The first meeting of the VHDA/Localities Partner Group was set for January 6, 2000.
  3. The study group agreed that the most important issues to be addressed in the Ongoing Issue Forums are: 1) tax credits; 2) the loan approval process; and 3) the Section 8 program.
  4. VML established a work group with representation by more than 30 localities and housing authorities to discuss and propose solutions for housing-related issues.
  5. Constructive discussions between parties have been taking place outside of the formal study group meetings as a result of the interactions in the meetings.
  6. The year 2000 Tax Credit Allocation Plan was reviewed with the full study group and other interested parties at the study group meeting on October 27, 1999.
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# APPENDIX A

## HOUSE JOINT RESOLUTION NO. 746

*Requesting the Virginia Housing Development Authority to study ways in which it can work more closely with Virginia localities and the housing industry in approving loan financing and allocating Low-Income Housing Tax Credit incentives for multifamily new construction projects.*

Agreed to by the House of Delegates, February 1, 1999

Agreed to by the Senate, February 18, 1999

WHEREAS, the Virginia Housing Development Authority issues loan financing for multifamily housing projects and administers the federal Low-Income Housing Tax Credit Program in the Commonwealth; and

WHEREAS, the Authority has issued such financing and allocated such credits despite the objections of certain Virginia localities in which projects receiving such financing and/or credits will be situated; and

WHEREAS, certain Virginia localities are experiencing extreme fiscal stress due to out-migration or rapid growth; and

WHEREAS, it is the goal of such localities to play a more significant role in shaping the patterns of development within their jurisdictional boundaries; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Virginia Housing Development Authority be requested to study ways in which it can work more closely with localities and the housing industry in approving loan financing and allocating Low-Income Housing Tax Credit incentives for multifamily new construction projects.

In all aspects of its study, the Authority shall invite the participation of the Executive Directors of the Department of Housing and Community Development and the Virginia Housing Study Commission, together with representatives of the Virginia Municipal League, the Virginia Association of Counties, the Homebuilders Association of Virginia, the Virginia Association of Realtors, and the Virginia Apartment and Management Association.

All agencies of the Commonwealth shall provide assistance to the Authority for this study, upon request.

The Authority shall complete its work in time to submit its findings and report on its progress to the Governor and the 2000 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.



# APPENDIX B

## Guests/VHDA Staff Participating in HJR 746 Study Group Process

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### Guests

The following individuals attended at least one meeting of the study group:

- Bob Adams, Virginia Mountain Housing
- Julian Bermudez, Prince William County Office of Housing and Community Development
- Carolann Bellaman, Virginia Association of Realtors
- B. David Canada, City Manager of Petersburg
- Bernard Caton, City of Alexandria, Office of Legislative Director
- Connie Chamberlin, Housing Opportunities Made Equal
- Tom Coleman, Henrico County Planning Commission
- Mildrilyn Davis, City of Alexandria, Office of Housing
- Jim Deskins, Harrisonburg Redevelopment and Housing Authority
- Brad Dolbec, TGM Realty Investors, Inc.
- Mary E. Egan, Fairfax County Department of Housing and Community Development
- Andy Friedman, City of Virginia Beach, Department of Housing and Neighborhood Preservation
- Doug Gray, Virginia Association of Realtors
- MerryBeth Hall, Richmond Apartment Management Association
- The Honorable Curtis W. Harris, Mayor of the City of Hopewell
- Satyendra Huja, City of Charlottesville, Office of City Manager
- Doug Kincaid, Portsmouth Redevelopment and Housing Authority
- Milton Martin, City of Hopewell
- Cindy L. Mester, Loudoun County Housing Services
- Jim Pates, City of Fredericksburg City Attorney
- Dan Pollock, City of Roanoke
- Sharon K. Prescott, City of Virginia Beach, Department of Housing and Neighborhood Preservation
- Sue Rowland, Northern Virginia Planning District Commission
- Russell Seymour, Stafford County Department of Planning and Community Development
- Michelle Simmons, Northern Virginia Planning District Commission

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### VHDA Staff Resources

The following people from VHDA attended the meetings and provided support to the study group:

- Karl Bren, Nonprofit Affairs Coordinator
- Paul Brennan, Senior Counsel
- Jim Chandler, Senior Development Officer
- Brenda Goodman, Quality Improvement Coordinator
- John Hastings, Assistant Director, Multifamily Development
- Barry Merchant, Policy Analyst
- Richard Taylor, Government Relations Manager
- Bob Washington, Deputy Executive Director





## **HJR 746 Study Group Meeting Minutes for July 14, 1999**

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### **Attendees**

#### Study Group Members:

Nancy Ambler, Virginia Housing Study Commission; Barbara Eubank, Virginia Apartment and Management Association; Larkin Goshorn, VHDA; The Honorable Franklin Hall, Housing Study Commission; Andy Heatwole, Virginia Association of Realtors; Tom Hyland, Apartment Office Building Association; Larry Land, Virginia Association of Counties; Bill Shelton, Virginia Department of Housing and Community Development; Peggy Sleevi, VHDA; Mike Toalson, Home Builders Association of Virginia; Barbara Wrenn, Virginia Municipal League

#### Others:

Carolann Bellaman, Virginia Association of Realtors; Paul Brennan, VHDA; Jim Chandler, VHDA; Gaston Loomis, City of Fredericksburg; Milton Martin, City of Hopewell; Barry Merchant, VHDA; Richard Taylor, VHDA

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### **Overview**

The first meeting of the study group to address HJR 746 was held at VHDA on July 14, 1999. The purpose of the meeting was to begin to assemble the study group and identify the issues of participants which will assist VHDA in exploring how better to work with local governments and the housing industry in approving loan financing and allocating Low-Income Housing Tax Credits incentives for multifamily new construction projects.

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### **Discussion of Issues**

#### VHDA perspective:

In funding projects or allocating tax credits, VHDA makes financing decisions based on the existence of proper zoning and issuance of building permits. VHDA's concern is that we not discriminate against projects that could otherwise be funded in the marketplace.

#### VML perspective:

Localities are interested in phasing growth. Friction exists between needs and direction of development of suburbs vs. core cities. Let local governments participate in discretionary decision making.

#### Overview of 60-day letter:

A summary of the background regarding elimination of the 60 day letter was provided by members of the study group.

#### Issue:

Where in a region should low income housing be placed? Is it appropriate to have regions make these decisions rather than individual localities? Cities are looking for surrounding counties to provide social services, including assisted housing, within the county so that the burden is not entirely born by the cities.

**Discussion of  
Issues**  
(Continued)

Low-Income Housing Tax Credit Program:

Larkin Goshorn provided an overview of the tax credit program, including evaluation criteria and the procedure by which VHDA performs annual review of the program. He clarified that the review incorporates input from localities through the use of focus groups and a public hearing. Households with income up to 60% of area median income adjusted for household size are qualified to occupy LIHTC units. In Fredericksburg, 60% AMI is \$47,220 for a family of four. Salaries for only 6 or 7 of job classes in Fredericksburg city government exceed this level.

VHDA Tax Credit regulations do not consider local comprehensive plan, only the existence of appropriate zoning. VHDA has recognized and improved localities ability to provide input into the assessment for allocation of tax credits.

Consolidated Plans:

Consolidated plans are required by HUD for participation in HUD housing and community development programs. The community is required to assess and prioritize its needs. HUD's intent is to put dollars where needed. In practice, poor results, patchwork outcome. Consolidated plans discuss broad needs, but not specifics, such as siting of housing developments. They are very general and not specific enough to provide solutions beyond statement of need. Existing body of law (zoning, local planning) does not require inclusion or conformity with the locality's consolidated plan.

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**Questions  
Raised**

- Clarify how VHDA communicates with its constituency. What is its philosophy and how does that fit with its programs? Assess how that relates to the concerns of developers and communities.
- Are there opportunities similar to the allocation of tax credits to introduce local input with respect to bond-funded properties?

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**Questions for  
Consideration  
at Next Meeting**

What mechanisms can we suggest that would enable VHDA to serve its mission and meet the needs of localities? How can we provide localities with better information and focus on ways local governments can make an impact?

Please provide input to Larkin Goshorn by Wednesday, August 11, 1999.

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**Next Meeting**

Monday, August 16<sup>th</sup>, 2:00 PM to 4:00 PM, at VHDA

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## ***HJR 746 Study Group*** **Meeting Minutes for August 16, 1999**

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### **Attendees**

Study Group Members: Nancy Ambler (*HSC*); Susan Dewey (*VHDA*); Barbara Eubank (*VAMA*); The Honorable Franklin Hall (*Virginia House of Delegates*); Andy Heatwole (*VaAR*); Tom Highland (*AOBA*); Larkin Goshorn (*VHDA*) Larry Land (*VAC*); Bill Shelton (*DHCD*); Mike Toalson (*HBAV*); Barbara Wrenn (*VML*)

VHDA Resource Members: Karl Bren, Paul Brennan, Jim Chandler, Brenda Goodman, John Hastings, Barry Merchant, Richard Taylor

Facilitator: Jim Phillips

Guests: (See attached list of meeting guests)

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### **Process and Strategy**

Jim Phillips described his role as a neutral party who will facilitate the work of the Study Group and maintain balanced input from all members. The group set the following ground rules:

1. No personal attacks
2. Five minute target time per speaker during the round table discussion
3. Persons at the table can choose to yield their speaking time to anyone in the room.

The group discussed whether to use consensus or some other process for decision-making. They chose to postpone this issue and revisit it at a later time.

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### **Review of HJR 746**

The group reviewed the mandate of HJR 746 which requests that “VHDA study ways to work more closely with localities and the housing industry in approving loan financing and allocating low-income housing tax credit incentives for multifamily new construction projects.” Some members and guests thought the work of the Study Group should not be limited to the VHDA programs referenced in the legislation. Larkin Goshorn said that he considered rehab projects to be part of HJR 746.

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**Goals and Outcomes**

Study group members and guests offered the following comments regarding their goals and desired outcome from the work of the study group:

**Wrenn**

- Goal of Today's Meeting - Clear articulation of local government perspective
- Long Term Goals
  - ⇒ Balanced input so local governments are truly viewed as partners within a statewide policy framework
  - ⇒ Appreciation of complexity of issues for local governments
  - ⇒ Have local governments understand tax credits

**Hyland**

- Study Group can't succeed until the communications between neighboring localities are worked through
- More members of local government should be members of the Study Group

**Mayor Harris**

- All of us want a better community ... we want to work with VHDA to build better communities
- We want housing programs which are tailored to the particular needs and goals of a locality.
- Can't use a "one size fits all" approach to funding housing. (See attached remarks)

**Land**

- Comprehensive statewide policy on housing

**Shelton**

- Balanced access to the process with meaningful input for all VHDA financing programs

**Dewey**

- VHDA welcomes the opportunity to continue having ongoing dialogues with interested stakeholders about VHDA's programs and policies

**Ambler**

- (Chose not to comment since she drafted the resolution which initiated the legislation)

**Goals and  
Outcomes**  
(Continued)

**Friedman**

- Ongoing public process between state agencies and localities for public purpose programs which would have a major impact on VHDA decisions
- Communicate to meet mutual needs - not just related to tax credits
- Reconciliation and recognition of need to balance the process with the comprehensive plan
- Suggestions
  - ⇒ Need localities "at the table" with the study group
  - ⇒ Study group should determine how other states have created partnerships
  - ⇒ Revive process for input by localities

**Eubanks**

Would like to see people's perceptions of VHDA changed through an ongoing dialogue in conjunction with ongoing education about:

- VHDA's role and work
- what VHDA is and is not allowed to do

**Mester**

- Build ongoing communications process for all VHDA programs with all relevant parties
- Local governments want opportunity for input on all VHDA programs - not just multifamily new construction

**Heatwole**

- Education for local governments re: Programs
- Does not want return to localities to act arbitrarily
- Don't go back to veto by localities
- Have local governments understand tax credits

**Goshorn**

- Mechanism to foster communication between VHDA and localities to create an understanding of "What's going on" with policies and plans on a regular basis

**Hall**

- Clear articulation of local government perspective and /or responsibility (What is role of local government? Should it be different?)
  - All parties spell out what they specifically want for each program
  - Public policy is often in conflict; e.g., special exception law placed two policies in direct conflict
-

**Decisions and Assignments**

The Study Group made the following decisions:

1. Minutes will be sent to all study group members and guests by Jim Phillips.
  2. Study Group will limit focus to addressing the programs and issues in HJR 746 with the possibility of applying the outcome to other VHDA programs.
  3. All Study Group members will:
    - specifically list what they want from each program addressed by HJR 746 and proposals for how to get there
    - submit lists to Jim Phillips by September 7
  4. Jim Phillips will contact Barbara Wrenn, Larry Land and Tom Hyland regarding whether representatives from local governments should be added to the Study Group in order to address their specific interests.
  5. Meeting guests will continue to have opportunities for input at future meetings.
- 

**Next Meeting**

The Study Group will meet at VHDA on:

- 9/14 (from 10 until finished)
- 9/23 (from 10 until finished) - this meeting will depend on the outcome of the 9/14 meeting

[Note: After this meeting, the 9/14 meeting was cancelled due to a scheduling conflict]

---

**Guests at August 16, 1999  
HJR-746 Meeting**

Julian Bermudez  
Prince William County  
Office of Housing and Community  
Development

Carolann Bellaman  
Virginia Association of Realtors

B. David Canada  
City Manager of Petersburg

Bernard Caton  
City of Alexandria  
Office of Legislative Director

Connie Chamberlin  
Housing Opportunities Made Equal

Tom Coleman  
Henrico County Planning Commission

Jim Deskins  
Harrisonburg Redevelopment & Housing  
Authority

Mary E. Egan  
Fairfax County Department of Housing and  
Community Development

Andy Friedman  
City of Virginia Beach  
Department of Housing and Neighborhood  
Preservation

The Honorable Curtis W. Harris  
Mayor of the City of Hopewell

Gaston Loomis  
City of Fredericksburg Attorney's Office

Milton Martin  
City of Hopewell

Cindy L. Mester  
Loudoun County Housing Services

Sharon K. Prescott  
City of Virginia Beach  
Department of Housing and Neighborhood  
Preservation

Russell Seymour  
Stafford County Department of Planning and  
Community Development

Michelle Simmons  
Northern Virginia Planning District Commission





# APPENDIX E

## ***HJR 746 Study Group*** **Meeting Minutes for September 23, 1999**

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### **Attendees**

Study Group Members Present: Nancy Ambler (*HSC*); Susan Dewey (*VHDA*); Barbara Eubank (*VAMA*); The Honorable Franklin Hall (*HSC*); Andy Heatwole (*VAR*); Tom Highland (*AOBA*); Larkin Goshorn (*VHDA*); Bill Shelton (*DHCD*); Barbara Wrenn (*VML*)

Absent: Larry Land (*VAC*), Mike Toalson (*HBAV*)

VHDA Resource Members: Karl Bren, Paul Brennan, Jim Chandler, Brenda Goodman, John Hastings, Barry Merchant, Richard Taylor, Bob Washington

Facilitator: Jim Phillips      Guests: (See attached list of meeting guests)

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### **Stakeholder Statements**

The group reviewed statements of concerns and proposed actions submitted by the following groups:

- Virginia Municipal League (Barbara Wrenn)
- Henrico County (Tom Coleman)
- Virginia Association of Counties (Larry Land)
- City of Virginia Beach Department of Housing and Neighborhood Preservation (Andy Friedman)
- Fairfax County Department of Housing and Community Development (Mary Egan)
- VHDA (Susan Dewey)

The concerns and proposed actions were divided into the following two groups:

- Structure for an ongoing dialogue group
  - Specific program, policy and communication concerns
-

**Ongoing Dialogue  
Group--Structure**

The issues relating to the structure for an ongoing dialogue group included:

1. Need for a formal, ongoing, facilitated dialogue between VHDA, localities and housing authorities for mutual education and discussion re: goals, policies and issues (Friedman)
2. VHDA institute an ongoing, formal consultation and action group to which localities, housing authorities, industry representatives and locality representative organizations are invited (Friedman)
3. Form a (partner) group with:
  - Specific action items and timetables for achieving them
  - Discussion agendas for all relevant policies and plans (distributed in advance of meeting)
  - Facilitated discussions with any stakeholder who chose to attend meeting
  - Meeting minutes and memoranda re: actions or decisions
  - Quarterly report on its activities to stakeholders (Friedman)
4. Establish permanent advisory committee composed of representatives of constituent groups to discuss & examine program and policy issues. Meetings would:
  - Be open to other constituents
  - Be a forum for reviewing problem areas or complaints
  - Recognize legitimate concerns of property owners, builders, developers and others
  - Have a manageable number of designated representatives (Dewey)
5. Permanent advisory committee would assist VHDA in carrying out mandate to increase the supply of affordable housing in a way that would assist local governments in meeting their affordable housing and community development objectives, while at the same time recognizing the legitimate concerns of property owners, builders, developers and others engaged in the production of housing for low and moderate income Virginians. (Dewey)

The Study Group asked that VHDA draft a proposed structure for the dialogue group based on this input.

**Local Government  
Issues**

The issues and proposed actions relating to specific program and policy concerns included:

- **General Policy Issues**

1. VHDA operate all programs in partnership with localities and housing authorities (Friedman)
2. VHDA & localities agree to take no action that will be detrimental to either (Wrenn)
3. VHDA recognize local government's prerogative of decision-making on new and rehabilitated housing developments (Wrenn)
4. VHDA acknowledge and accommodate local governments' land use responsibility as reflected in their comprehensive plans (Wrenn)
5. VHDA adopt policy statement regarding partnering with local governments and local housing authorities (Friedman)

- **Tax credit program**

6. Effective and timely process for public input re: tax credit allocation plan (Egan)
7. Tax Credit Allocation Plan which reflects needs/priorities of other planning documents, i.e., Consolidated Plans (Egan)
8. More correlation between tax credit areas and Planning Districts so that "pools" reflect comparable areas (Egan)
9. New/modified cost indices for tax credit proposal ranking to accurately reflect actual and complete development costs (Egan and Wrenn)
10. Prompt issuance of IRS Form 8609 (Egan and Wrenn))
11. VHDA Board conduct public hearing prior to voting on specific tax credits (Wrenn)
12. VHDA work with localities to design more effective public comment process re: tax credit allocation plan (Wrenn)
13. Tax credit pools should reflect truly comparable areas & correlate to other recognized planning unit, i.e., regional planning district (Wrenn)
14. (Partner Group) review proposed Year 2000 Tax Credit Allocation Plan (Dewey)

**Local Government Issues**

(Continued)

• **Multifamily Housing - General**

15. More effective process for localities to comment on proposed projects (Egan)
16. VHDA give local authorities first option to issue bonds (Egan)
17. Allow locality to raise concerns if a project conflicts with any adopted policy/ordinance (Coleman)
18. Allow opportunity for area residents to voice concerns to VHDA re: proposed projects (Coleman)
19. Examine Va. Code 36-55-39 & have subsequent amendments reflect deference to local comprehensive plans (Land)
20. VHDA & local governments jointly design more effective process for input and response re: policy and proposed projects (Wrenn)
21. Apply same governmental process to both VHDA and local governments (Wrenn)
22. (Partner Group) review Section 8 Program (Dewey)
23. (Partner Group) review allocation plan for tax exempt bonds for multifamily (Dewey)

• **Miscellaneous**

24. Improve loan processing time for Va. Housing Partnership Fund (Egan and Wrenn)
  25. (At least) one member of VHDA board be a local government official (Wrenn)
  26. Develop statewide affordable housing plan - DHCD, VHDA, VHSC, localities, housing advocates and developers as equal partners (Wrenn)
  27. Broaden grounds for which locality may object to assisted multifamily units (Wrenn)
  28. Coordinate VHDA & DHCD programs, i.e., Regional Loan Fund (Study Group)
-

**Statewide  
Advisory Council**

Bill Shelton and other members of the Study Group agreed that many of the concerns are part of a larger system and therefore should be addressed from a systems perspective. There was general agreement about the need for a statewide affordable housing advisory board which would include, but not be limited to DHCD, VHDA, Housing Study Commission, consumers, localities, housing Industry, local housing authorities. The meetings would be open to any interested party. The group decided that the development of such a group was beyond the scope of this Study Group and they recommended that Susan Dewey, Bill Shelton and Nancy Ambler jointly develop a proposal for establishing a statewide advisory board.

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**Local Government  
Input--Issues**

The Study Group chose to focus on addressing the question of "How to provide local governments the opportunity to affect the outcome of VHDA loan financing (including tax credits)?" The following comments and observations were made:

1. One problem is that zoning and comprehensive plans in localities are not always consistent
  2. Virginia Association of Realtors does not consider it a problem that zoning and comprehensive plans are not always consistent.
  3. Need to be aware of the distinction between use and financing
  4. Even if a property is zoned for multifamily, state and federal financing shouldn't go to development not desired by local government
  5. Localities want a voice in the use of resources (VHDA< HUD< IRS, etc.) for affordable housing in order to control low and moderate development
  6. The concern of affordable housing advocates is that the interests of people needing affordable housing may not be fully represented
  7. Localities don't believe they have meaningful input regarding the approval of financing for tax credit properties. 50 points in the process is not significant (VHDA offered comment that there is also an 80 point category in the tax credit application which considers "undue concentration" of affordable housing in a locality)
  8. VHDA observed that only one property in the 1999 tax credit process which received credits did not have the support of the locality. No properties which received tax credits were opposed by local governments.
  9. Localities believe they should have the right to say when they have enough affordable housing
-

**Local Government  
Input - Proposed  
Actions**

In response to the comments regarding increased input from localities, the following proposals were suggested:

1. Give localities the right to veto any VHDA-financed property (Delegate Hall responded that this may be unconstitutional.)
2. Have a state requirement that comprehensive plans would designate where affordable housing would and would not be placed (Concern expressed that this could set up a discriminatory scenario. Suggestion that this concern should be directed to the Attorney General's office.)
3. Localities consider grounds for objection too narrow. They suggest creating a new category for local government objections based on: 1) consolidated plan or comprehensive plan, 2) having sufficient affordable housing relative to the adjacent locality or 3) undue concentration of such housing.

The following observations were offered regarding solutions for increasing local input:

1. Solution to local input may not be "one size fits all."
2. Not all localities are "doing the right thing" regarding affordable housing. Need to find a method for identifying and measuring this and using that information in approving financing
3. If the problem is how to finance the costs of residential growth, the solution shouldn't be framed in terms of affordable housing

---

**Decisions and  
Assignments**

The group agreed to the following:

1. The deliverable from the study group will be a report prepared by VHDA for the Housing Study Commission, the Governor and the General Assembly based on input from the Study Group.
2. The report will not specifically recommend that discussions between VHDA and local governments be "facilitated" because this could send a message that the forums are expected to be adversarial. The use of a facilitator will be discretionary.
3. The scope of the Study Group report will include rehabilitation projects
4. VHDA will draft the structure for the "Partner Group"
5. Susan Dewey, Bill Shelton and Nancy Ambler will work together to develop a proposed structure or plan for an Affordable Housing Advisory Group.

**Next Meeting**

The Study Group will meet at VHDA on either 10/27 (full day session - hours not specified) or 10/28 from 10:00 - 12:30. Jim Phillips will contact members to confirm the specific date and time after members have reviewed their calendars.

The agenda items for the next study group meeting will include:

1. Review of Year 2000 Tax Credit Allocation Plan
  2. Develop solutions for increasing opportunity for local to affect outcome of VHDA loan financing
  3. Review draft structure for the VHDA/Local Governments "Partner Group" and the plan for addressing remaining and ongoing issues
- 

**Meeting Documents**

The following documents were distributed at the meeting:

1. Excerpted comments of Coleman, Egan, Friedman, Land, and Wrenn
2. Letter from Susan Dewey re: proposed actions for improving communications with local governments
3. Proposed 2000 Tax Credit Allocation Plan
4. Guidelines for Tax Credit Program Applications and Scoring

Anyone who would like to receive additional copies of any of these documents should contact Brenda Goodman at (804) 343-5592 or via email at "brenda.goodman@vhda.com."

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## Guests at September 23, 1999 HJR-746 Meeting

- Adams, Bob  
Virginia Mountain Housing
- Bellaman, Carolann  
Virginia Association of Realtors
- Caton , Bernard  
City of Alexandria  
Office of Legislative Director
- Chamberlin, Connie  
Housing Opportunities Made Equal
- Coleman , Tom  
Henrico County Planning Commission
- Davis, Mildrilyn  
City of Alexandria, Office of Housing
- Deskins, Jim  
Harrisonburg Redevelopment and Housing  
Authority
- Dolbec, Brad  
TGM Realty Investors, Inc.
- Egan, Mary E.  
Fairfax County Department of Housing and  
Community Development
- Friedman, Andy  
City of Virginia Beach  
Department of Housing and Neighborhood  
Preservation
- Hall, MerryBeth  
Richmond Apt. Management Association
- Huja, Satyendra  
City of Charlottesville, Office of City Manager
- Mester , Cindy L.  
Loudoun County Housing Services
- Simmons, Michelle  
Northern Virginia Planning District Commission



# APPENDIX F

## HJR 746 Study Group Meeting Minutes for October 27, 1999

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### Attendees

Study Group Members Present: Nancy Ambler (HSC); Susan Dewey (VHDA); Barbara Eubank (VAMA); The Honorable Franklin Hall (HSC); Andy Heatwole (VAR); Tom Highland (AOBA); Larkin Goshorn (VHDA); Larry Land (VACO); Bill Shelton (DHCD); Barbara Wrenn (VML)

Absent: Mike Toalson (HBAV)

VHDA Resource Members: Karl Bren, Paul Brennan, Jim Chandler, Brenda Goodman, John Hastings, Barry Merchant, Richard Taylor, Bob Washington

Facilitator: Jim Phillips

Guests: (See attached list of meeting guests)

---

### 9/23/99 Minutes

The following changes were proposed and accepted for the 9/23 minutes:

1. Page 2, Change title "Virginia Housing Partnership Fund" to "Miscellaneous" to more accurately reflect the issues under that heading
  2. Page 3, Change #2 under "Local Government Input - Issues" to "VAR does not consider it a problem that zoning and comprehensive plans are not always consistent."
  3. Page 3, Change # 8 under "Local Government Input - Issues" to read "VHDA observed that only one property in the 1999 tax credit process, which received credits, did not have support of the locality. No properties which received tax credits were opposed by local government."
  4. Page 3, Change #3 under "Local Government Input - Proposed Actions" to read "Localities consider grounds for objection too narrow. They suggest creating a new category for local government objections based on: 1) consolidated plan or comprehensive plan, 2) having sufficient affordable housing relative to the adjacent locality or 3) undue concentration of such housing."
  5. Page 4, Delete "An abstract of this will be included in the HJR 746 report..."
- 

### Draft Study Group Report

The group discussed numerous changes to the draft report in order to more clearly and accurately represent various stakeholder views. VHDA agreed to include as many of the changes as possible.

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**Partner Group** The group decided that the Partner Group will focus on formulating specific suggestions for improvements for:

- Tax Credits
- Loan Approval Process
- Section 8

They noted a strong concern about the development of a statewide housing plan.

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**Decisions and Assignments**

The following decisions and assignments were made:

1. VHDA will send updated draft reports to all attendees for review by 10/29/99.
  2. Specific suggestions for changes to the report are to be submitted by 11/3/99.
  3. A copy of the final report with attachments will be sent to all study group participants.
  4. All minutes and letters from participants will be attached to the minutes.
  5. The target date for the first Partner Group meeting will be January 6, 2000 at 10:00 at VHDA.
  6. VHSC, VMA, VACO and VAHDCO will identify their representatives to the Partner Group and advise VHDA by 11/30.
-

## Guests at October 27, 1999 HJR-746 Meeting

- Adams, Bob  
Virginia Mountain Housing
- Gray, Doug  
Virginia Association of Realtors
- Caton , Bernard  
City of Alexandria  
Office of Legislative Director
- Chamberlin, Connie  
Housing Opportunities Made Equal
- Coleman , Tom  
Henrico County Planning Commission
- Davis, Mildrilyn  
City of Alexandria, Office of Housing
- Egan, Mary E.  
Fairfax County Department of Housing  
and Community Development
- Friedman, Andy  
City of Virginia Beach  
Department of Housing and Neighborhood  
Preservation
- Hall, MerryBeth  
Richmond Apt. Management Association
- Huja, Satyendra  
City of Charlottesville, Office of City  
Manager
- Kincaid, Doug  
Portsmouth Redevelopment and  
Housing Authority
- Martin, Milton  
City of Hopewell
- Simmons, Michelle  
Northern Virginia Planning District  
Commission
- Pates, James M.  
City of Fredericksburg, City Attorney
- Pollock, Dan  
City of Roanoke
- Powell, Jason  
JLARC
- Rowland, Sue  
Northern Virginia Planning District  
Commission



Return-Path: <lland@vaco.org>  
X-Really-To: <JPHILLIPS@SRGLAW.COM>  
Date: Tue, 07 Sep 1999 14:40:38 -0400  
From: Larry Land <lland@vaco.org>  
Organization: VACo  
X-Accept-Language: en  
To: JPHILLIPS@SRGLAW.COM  
Subject: Housing study

Jim,

Please accept this message as the contribution that you wanted by September 17 pertaining to the different issues each subcommittee member wishes to examine.

As I discussed with you on the phone, I believe there needs to be an examination of Virginia Code Section 36-55.39. I believe there is a need for the subcommittee to revisit HB 1744 from the 1995 session of the General Assembly (amending this section). Since 1995 subsequent amendments were made to §36-55.39 which removed many of the 1995 amendments. I believe any subsequent amendments to this Code section should reflect deference to local comprehensive plans.

Please feel free to call me again at 343-2504 if you would like to discuss this matter with me further.

Larry Land  
VACo



Return-Path: <col09@co.henrico.va.us>  
X-Really-To: <jphillips@srglaw.com>  
Date: Thu, 09 Sep 1999 13:50:17 -0400  
From: col09@co.henrico.va.us (Coleman, Thomas M.)  
Organization: Planning Office, County of Henrico  
X-Accept-Language: en  
To: jphillips@srglaw.com  
Subject: hjr 746

Jim

Re: HJR 746.

I have two concerns with VHDA's administration of the loan financing/tax credit programs.

1. VHDA does not seek meaningful comment from the localities on a project-by-project basis.

For example, VHDA narrowly defines the circumstances under which a locality can raise a negative opinion. A locality can only object if a project conflicts with either the zoning ordinance or the comprehensive plan.

Solution: Allow the locality to raise concerns if the project conflicts with any adopted policy/ordinance (Consolidated Plan, Housing Plan, etc.)

2. The locality must be responsive to the concerns of its citizenry. VHDA is not compelled to solicit nor respond to community issues, and as a creature of the State, (arguably) this should not be acceptable.

Solution: Allow an opportunity for area residents to voice concerns.

Have a good day,

Tom Coleman  
County of Henrico





September 17, 1999

Mr. James D. Phillips  
Shuford, Rubin & Gibney, P.C.  
Richmond, Virginia  
[Jphillips@srglaw.com](mailto:Jphillips@srglaw.com)

Dear Mr. Phillips,

RE: HJR 746 Study Group

This is in response to the outcome of the meeting of August 16, and your memo of September 2 on this subject.

I am limiting my remarks here to those which specifically apply to the mandate of HJR 746, knowing that the opportunity may exist to address other issues in the future.

I believe the following would most contribute to achieving the mandate of the resolution - "VHDA study ways to work more closely with localities and the housing industry.....":

1) A key contributing factor to the lack of agreement between VHDA and localities is the lack of recognition or acknowledgment by VHDA that VHDA is seeking to achieve goals of the Commonwealth, as are the localities and housing authorities; and that therefore VHDA should explicitly acknowledge that in the administration of the programs covered by HJR 476, that they will act in a manner that **treats localities as full partners in achieving common goals**; and that the way to resolve conflicting goals or actions is through **ongoing, informed dialogue between partners**. Therefore, I believe that VHDA should explicitly adopt the following policy guidance statement (or a similar alternative) for all its operating programs and program managers:

**"VHDA exists to create affordable housing opportunities within the Commonwealth of Virginia, consistent with all**

**applicable law and regulation. Localities and housing authorities, as corporate entities of the Commonwealth, are our partners in this undertaking, and their input, plans and policies must be an integral part of our planning, decision-making and acting. In order to achieve this, mutual education and discussion about goals, policies and issues must take place in an ongoing, consultative and cooperative manner, with full information available to all."**

2) As a potentially time-effective method of acting to achieve the above goal, VHDA should institute **an ongoing, formal consultation and action group** to which localities, housing authorities, industry representatives and locality representative organizations (VML, VACO) are invited. This group would have the following characteristics:

A) It would have specific action items and timetables for achieving them relating to the ongoing discussion and review of VHDA plans and policies regarding the subject of the resolution. That is, VHDA would, in advance of each meeting, do the following

- > set discussion agendas for all of the relevant policies and plans;
- > send out in advance the current materials;
- > identify by memo its wishes for review and change;
- > conduct **facilitated** discussions with those who attend to obtain their informed input and assistance
- > distribute both the minutes of the meetings, and appropriate memoranda regarding its actions or decisions as a result of them
- > provide a quarterly report on its activities regarding the above to a complete list of stakeholders (locality contacts; housing authorities; industry groups, VML, VACO, Housing Study Commission; DHCD, appropriate legislators)

Certain practical matters regarding such a group would arise. Below I have identified some of them, and potential responses:

1) How could we practically have a group that consisted of all the localities?

Response: You can't, and you don't have to. Only the invitation is necessary. With an advance agenda, those interested in the subject will attend, and others will not. You will have provided the OPPORTUNITY for input.

2) We've consulted with localities before, but then they acted differently than they said.

Response: No one can make commitments in place of the governing body of a locality, and neither VACO nor VML can make commitments on their behalf either. What is requested is the opportunity to be informed and have input. VHDA must recognize that providing this opportunity does not substitute for a vote of any governing body.

3) How can we act in a time-effective manner if we must do this consultation?

Response: Advance planning. VHDA would have to identify for a 12 month period those policies and issues coming up, and schedule input significantly ahead of time.

4) Are you asking for this group to be given decision-making power over VHDA policies?

NO. I am asking that VHDA's decision-making process be changed to insure that educated and informed input by those concerned be included at the front end.

5) Won't this be an administrative burden on the VHDA staff?

Yes, but you will probably have fewer complaints, more cooperation, and fewer Joint resolutions in the future.

6) Why isn't our public hearing process good enough?

Public hearings don't meet the test of the policy stated above. They don't involve dialogue; people attending are not necessarily informed; and the agenda and format are pre-set by the organization holding the public hearing. Public hearings are not substitutes for ongoing consultation and dialogue among partners.

I hope that the study group finds these suggestions useful. Please let me know if you need anything further regarding this.

Thank you.

Sincerely,

Andrew M. Friedman  
Director

cc:

Ms. Barb Wrenn, Virginia Municipal League Richmond, Virginia [vmf@i2020.net](mailto:vmf@i2020.net)





**OFFICERS**

**PRESIDENT**

MARTINSVILLE CITY MANAGER  
EARL B. REYNOLDS JR

**PRESIDENT-ELECT**

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**IMMEDIATE PAST PRESIDENT**

FAIRFAX COUNTY CHAIRMAN  
KATHERINE K. HANLEY

**EXECUTIVE DIRECTOR**

R. MICHAEL AMYX

**MAGAZINE**

VIRGINIA TOWN & CITY

September 19, 1999

Mr. James D. Phillips  
Shuford, Rubin & Gibney, PC  
P.O. Box 765  
Richmond, VA 23218

Dear Mr. Phillips:

Thank you for delaying the deadline for submitting comments on ideas to improve the relationship between VHDA and local governments. The time was useful, particularly given the weather that disrupted everyone's schedule last week.

The ideas that I am providing you originated with local staff persons with housing responsibilities. They shared their thoughts with me, and I have tried to consolidate them into a single list.

I look forward to continue working with you in this arena.

Sincerely,

Barbara M. Wrenn, Director  
Land Use and Environmental Services

P.O. Box 12164  
13 EAST FRANKLIN STREET  
RICHMOND, VIRGINIA 23241  
804/649-8471  
FAX 804/343-3758  
E-MAIL [vmi@12020.net](mailto:vmi@12020.net)  
[www.vml.org](http://www.vml.org)

## **HJR 746: Improving the relationship with VHDA**

### **LOCAL GOVERNMENT SUGGESTIONS**

#### The relationship.

1. The agency and localities should agree to take no action that will be detrimental to either. Where a locality has a demonstrated record of managing development, including housing, VHDA should recognize local government's prerogative of decision-making on new housing developments.
2. Local governments are responsible for land use, and make land use decisions reflecting on adjacent uses. As a state-created entity, as are localities, VHDA should acknowledge and accommodate local governments' land use responsibility.
3. (At least) One member of the VHDA board should be a local government official.
4. The state needs a statewide affordable housing plan; DHCD, VHDA, local governments, housing advocates and developers should be equal partners in the plan's development and implementation.

#### Tax credit program.

5. The grounds for which a locality may object to assisted multi-family units should be broadened.
6. The board should conduct a public hearing prior to voting on specific tax credits.
7. Local governments would like to help VHDA design a more effective public comment process regarding the tax credit allocation plan.
8. The tax credit allocation plan should be required to be consistent with the Consolidated Plans produced by entitlement localities and the state DHCD.
9. The tax credit "pools" should reflect truly comparable areas and should correlate to some other recognized planning unit, such as regional planning districts.
10. New or modified cost indices are needed to reflect the actual and complete costs of development, especially in high cost areas.
11. IRS Form 8609 needs to be issued promptly; 3 to 4 months is much too long. Frequently, a significant portion of the tax credit proceeds is not released by the investor (and therefore is not available to pay project development expenses) until this form is issued.

#### Loan Financing.

12. The loan processing time for the Virginia Housing Partnership Fund needs to improve. It takes far longer than indicated in the program description.

#### Process.

13. The same governmental process must apply to both the agency and local governments.
14. Local governments would like to work with VHDA to design a more effective process for soliciting and responding to local government comments on policy development and proposed projects, NOT as a way to stop projects based on NIMBY, but to raise issues and have them heard as being legitimate. Localities have genuine concern with matters such as the scope of rehabilitation proposed, over-saturation of a particular market, and density out of step with the CIP.

## **From: Mary Egan**

Fairfax County Department of Housing and Community Development  
Suggestions for improved relationship with VHDA

### Tax credits

1. An effective process for obtaining public input regarding the tax credit allocation plan. To be meaningful, this must involve more than a public hearing before VHDA staff members just prior to the VHDA Board meeting when action on the plan is scheduled.
2. That the allocation plan reflect the needs/priorities in other planning documents produced at the state and local level such as the Consolidated Plans produced by entitlement localities and the state DHCD.
3. More correlation between the tax credit areas and the Planning Districts or other recognized geographic regions so that the tax credit "pools" reflect truly comparable areas.
4. Develop new cost indices or modify the one currently used (Marshall and Swift) in ranking tax credit projects to accurately reflect the actual and complete costs of development, especially in high cost areas.
5. Prompt issuance of IRS Form 8609 which is a key milestone for many investors in tax-credit projects. Frequently, a significant portion of the tax credit proceeds is not released by the investor (and is therefore not available to pay project development expenses) until this form is issued. In our experience it takes 3-4 months after the necessary paperwork is submitted before this form is issued and then only with constant follow-up. This may be a workload issue within VHDA.

### Loan Financing

1. Improve loan processing time for Virginia Housing Partnership fund. Our experience is that this takes far longer than indicated in the program description. On one project, it took one year simply to issue the loan commitment; another application was lost and had to be resubmitted, requiring three years.

### Tax credits and financing

A more effective process for localities to comment on proposed projects. We are not seeking a way to stop projects based on "NIMBY" issues, but to raise concerns regarding such things as the scope of rehabilitation proposed (especially for developments in revitalization areas) or over saturation of a particular market (for example, two tax credit developments for senior citizens directly across the street from one another).

### Tax exempt financing

VHDA give local authorities (at least those which are experienced, sophisticated lenders) the first option to issue the bonds.







September 22, 1999

Mr. James D. Phillips  
Shuford Rubin & Gibney, P.C.  
700 E. Main Street  
P.O. Box 765  
Richmond, VA 23218

Dear Mr. Phillips:

At the August 16<sup>th</sup> meeting of the HJR 746 study group it was agreed that each of the participants would submit a statement of our preferred outcomes of this effort. I am pleased to submit the following on behalf of VHDA.

In recognition of the complex and diverse issues that impact a number of different constituent groups, it is our hope that the study effort will result in the establishment of an ongoing forum that will assist us in carrying out our mission and in meeting the expectations of our various stakeholders.

More specifically, I hope that we can establish a permanent advisory committee composed of representatives of the constituent groups participating in this study. Such a committee would provide a forum for discussion and examination of programmatic issues. Further, it would provide an opportunity for input in the design of VHDA programs and policy matters prior to the drafting of guidelines or publication for public hearings or other public notice. It would also provide an opportunity for constituent groups to educate other members and VHDA staff and Board on matters of importance to them, and would provide a forum for exploring alternatives and reviewing problem areas or complaints.

We believe that such a forum would assist VHDA in carrying out our mandate to increase the supply of affordable housing in a way that would assist local governments in meeting their affordable housing and community development objectives, while at the same time recognizing the legitimate concerns of property owners, builders, developers and others engaged in the production of housing for low and moderate income Virginians.

*Virginia Housing Development Authority*

601 South Belvidere Street • Richmond Virginia 23220-6500 • 804-782-1986 • V/TDD 804-783-6705

Mr. James D. Phillips  
September 22, 1999  
Page 2

We would recommend that such a group have an established and manageable number of designated members representing the constituent groups to facilitate continuity and the development of a base of knowledge and expertise. We further recommend that meetings of the group be open to attendance by others from the constituent groups to ensure that a diversity of views and broad interest areas are represented.

We believe that such a group should meet on some regular scheduled basis, probably not less than quarterly each year and more often if necessary.

Currently, we have a number of issues that we would like such a group to consider. For example, the year 2000 housing tax credit allocation plan is now being reviewed. Revisions are expected to be adopted by the VHDA Board in November of 1999. The proposed changes will affect the allocation of tax credits in the year 2000. This is a process with a short timeframe for receiving and evaluating comments from stakeholders. We therefore suggest that in the very near future we hold a meeting of the group to receive input and comments and discuss the proposed year 2000 tax credit allocation plan.

Other issues that we believe should be addressed in the near future include the Section 8 program for which we are considering a restructuring, an allocation plan for issuance of tax exempt bonds for multifamily housing, and coordination of VHDA and DHCD programs such as the Regional Loan Fund.

We are mindful that we have an obligation pursuant to HJR 746 to produce a report soon. However, we are also interested in moving forward to implement efforts to improve cooperation and communication with local governments and other stakeholders. The above are some ideas that we believe will help move us in that direction, but we remain open to ideas and suggestions that others may have. We look forward to discussing these with the other participants of our study group.

Sincerely,



Susan F. Dewey  
Executive Director

SFD/REW/mse

**Ripley • Heatwole**  
COMPANY, INC.

October 26, 1999

James D. Phillips  
Shuford, Rubin & Gibney, P.C.  
700 E. Main Street -- Suite 1250  
PO Box 675  
Richmond, VA 23218

Re: Draft Study Report

Dear Jim,

I have not had a great deal of time to devote to the review of the Draft Study Report however; I would like to make a few brief observations. Paragraph 2 on Page 2 is as follows:

“In the absence of statewide policies regarding the location and distribution of affordable housing, VHDA’s decisions regarding the approval of financing for developers of affordable housing are based on local zoning and land use restrictions. These zoning and land use laws are not always in alignment with local comprehensive plans or the Consolidated Plan developed for HUD programs. This has resulted in a measure of frustration by all parties as they seek to fulfill their various interests and goals”.

It should be noted that VHDA financing decisions are based on many things other than “local zoning and land use restrictions”. Of course, many of the other “land use restrictions” include site plan approval, erosion and sediment control approval, and the issue of building permits.

The next sentence comments that “zoning and land use laws are not always in alignment with local comprehensive plans or the Consolidated Plan developed for HUD programs”. The last sentence makes the statement that this “has resulted in a measure of frustration...” This conclusion can only be reached if you believe that zoning, site plan approval, building permits, etc. should somehow conform to the Comprehensive Plan and/or the Consolidated Plan. Each of these items serves a separate function whether they conform should not be used as an excuse to exclude housing that meets all the mandatory requirements for issue of a building permit.

As I have stated in previous correspondence, the Comprehensive Plan is simply a “Plan”. The enabling legislation states that “The Comprehensive Plan shall be general in nature, in that it shall designate the general or approximate location and character”, of the items shown throughout the plan.

Zoning on the other hand is specific to a discrete piece of property or part of the property. The zoning is specific to the “by right” uses that are allowed under a particular zoning district.

Consolidated Plans in many instances do little more than provide some limited statistics on low and moderate income housing, information on some city initiatives regarding housing and an accounting of how the CDBG and HOME funds are spent in support of those programs.

I can see no rationale for a VHDA financed or a tax credit-development to have requirements that are different from similar properties with a different financing arrangement.

The change regarding the "60 Day Letter" was made because the General Assembly perceived there were abuses in the process. This was not only related to outright vetoes but, to the fact that many times there was no formal application made because the locality had made it clear that the approval would not be made. Consequently, some localities effectively red lined themselves.

While the local governments may not believe it, they do control who wins tax credits and who does not. Prior to 1993 or 1994 there were no points received or lost for the CEO letter. Last year the ability to receive the maximum of 80 points for location was vested to localities. While some points are always received in this category the maximum can rarely be obtained without local government support. Additional points are also awarded for various other local approvals.

I realize some of the items may appear to be subtle nuances and do not rise to the level of an outright veto; however, they have become a veto none the less. Only one project won tax credits last year that did not have a local support letter. This win was an anomaly and I do not believe it could occur in 2000 given the changes to the Qualified Allocation Plan.

My fear is the program will continue to lose it's objectivity and become nothing more than a struggle to produce the most "politically correct" application with the award going to the most influential. The project with the highest degree of readiness, market and probability of success may never be built.

I will have some additional comments at tomorrows meeting.

Sincerely,



F. Andrew Heatwole



# HOUSING OPPORTUNITIES MADE EQUAL

1218 West Cary Street Richmond, Virginia 23220  
(804) 354-0641 FAX: (804) 354-0690 TT/TDD: (804) 354-0680

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October 27, 1999

James D. Phillips, Esq.  
Shuford, Rubin & Gibney, P.C.  
P.O. Box 675  
Richmond, Virginia 23218-0675

Re: HJR 746 Study Group Report

Dear Jim:

Thank you for the opportunity to submit comments on the proposed report.

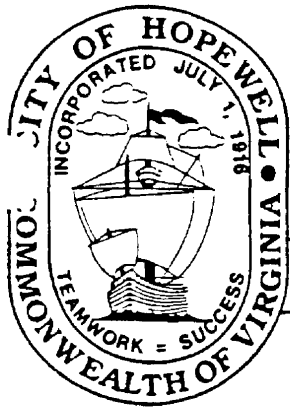
No housing advocates were appointed to the study group, so I do appreciate your and VHDA's willingness to open the process and allow us to participate. Although we lack formal "stakeholder" status, we clearly have a strong interest in the issues discussed. Since other groups were given the opportunity to express their concerns in the body of the document, I hope we may be able to do so as well.

As was discussed in the last meeting, we believe that a process which allows for denial of affordable housing financing because of where that housing would go has enormous fair housing implications. While the issues are complex and the concerns of the localities understandable, we need to take care not to resolve communication and coordination problems by creating a system which has the effect of allowing zoning by income.

Thank you for all your hard work in facilitating the discussions without you, there would probably have been no report at all.

Sincerely,  
  
Constance Chamberlin

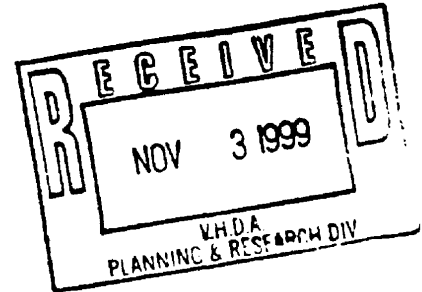




The  
City  
of  
Hopewell, Virginia

300 N. Main Street • Department of Development • (804) 541-2220 • Fax: (804) 541-2318

November 2, 1999



Ms. Brenda Goodman  
Virginia Housing Development Authority  
601 South Belvidere Street  
Richmond, VA 23220-6500

Dear Ms. Goodman:

Re: House Joint Resolution 746 Study

The draft report for this study states that modifications to the project review scoring system have been made, and that those changes give more weight to a local government's support or opposition to proposed projects.

I disagree.

Change #1: "Early notification from VHDA to localities of proposed tax credit projects in their jurisdictions. Projects that fail to give the early notification receive minus 50 points". Those points are controlled by VDHA and by the developer. The basis of these points is mailing a letter by a certain date. There is no involvement of the local government in assessing these points. I disagree that this change gives more (or any) weight to local government's support or opposition to a proposed, specific, project.

Change #2: "An additional 20 points was added for projects located in revitalization areas identified by the locality". These points are added by VDHA on the assumption that a locality will favor any and every project located in pre-determined sections of the community. There is no linkage between a locality's opinion on a specific project and VHDA's award of the points. I disagree that this change gives more (or any) weight to local government's support or opposition to a proposed, specific, project.

Change #3. "Preliminary approval by local authorities of the site plan was increased from 10 to 30 points". In Hopewell, approval of a site plan is an administrative act, not a discretionary act. Once a site plan meets technical requirements, it must be approved. There is no linkage between site plan approval and a locality's opinion on a specific project. I disagree that this change gives more (or any) weight to local government's support or opposition to a proposed, specific project.

Change #4. "Approval by local authorities of the plan of development was increased from 20 to 40 points". Hopewell does not use the term plan of development. If by plan of development you mean a site plan, then the above discussion applies. I disagree that this change gives more (or any) weight to local government's support or opposition to a proposed, specific project.

Change #5. "Proper zoning for the proposed project was increased from 30 points to 40 points". Property is zoned to guide its future land use. Property is zoned for multi-family use, not for tax credit use. VHDA presumes that once property is zoned for multi-family use, a local government will automatically support any and all multi-family projects proposed for that site. This presumption offers no opportunity for support or opposition of a specific project. I disagree that this change gives more (or any) weight to local government' support or opposition to a proposed, specific project.

Of the five changes listed in the report, none offer local government the opportunity to review a proposed, specific project; then submit comments directly in support or opposition to a proposed, specific project; and then have ranking points assigned accordingly.

Sincerely,

A handwritten signature in black ink, appearing to read 'Milton Martin', with a stylized flourish at the end.

Milton Martin  
Director of Development

Cc: Barbara Wrenn  
James D. Phillips



# APPENDIX H

## 1999 LIHTC SCORE SHEET:

### MANDATORY ITEMS:

|                                    |           | <u>Score</u> |
|------------------------------------|-----------|--------------|
| a. Signed, completed application   | Y or N    | _____        |
| b. Duplicate copy of application   | Y or N    | _____        |
| c. Partnership agreement           | Y or N    | _____        |
| d. SCC Certification               | Y or N    | _____        |
| e. Previous participation form     | Y or N    | _____        |
| f. Site control document           | Y or N    | _____        |
| g. Attorney's opinion              | Y or N    | _____        |
| h. Nonprofit questionnaire (if NP) | Y, N, N/A | _____        |

### 1. READINESS:

|                                |               |       |
|--------------------------------|---------------|-------|
| a. Plan of development         | 0 or 30 or 40 | _____ |
| b. Zoning approval             | 0 or 40       | _____ |
| c. Building permit             | 0 or 20       | _____ |
| d. Completion of plans & specs | Up to 20      | _____ |
| Total                          | 120 Max.      | ===== |

### 2. HOUSING NEEDS CHARACTERISTICS:

|  |                |       |
|--|----------------|-------|
| a. VHDA notification letter to CEO                 | 0 or 10 or -50 | _____ |
| b. Local CEO letter (Y, NC, N)                     | 50 or 25 or 0  | _____ |
| c. Location in QCT, DDA, EZ or Revitalization Area | 0 or 20        | _____ |
| d. Section 8 or PHA waiting list preference        | 0 or 10        | _____ |
| e. Local government or RECD funding                | Up to 40       | _____ |
| Total  | 130 Max.       | ===== |

### 3. DEVELOPMENT CHARACTERISTICS:

|                   |           |       |
|-------------------|-----------|-------|
| a. Unit size      | Up to 100 | _____ |
| b. Project type   | Up to 80  | _____ |
| c. Credit request | Up to 50  | _____ |
| d. Amenities      | Up to 30  | _____ |
| Total             | 260 Max.  | ===== |

|                                       |         |       |
|---------------------------------------|---------|-------|
| 4. TENANT POPULATION CHARACTERISTICS: |         |       |
| a. Special needs populations          | 0 or 30 | _____ |
| or b. 20% or more 3 bedrooms          | 0 or 30 | _____ |
| c. Relocation assistance              | 0 or 30 | _____ |
| Total                                 | 60 Max. | ===== |

|                             |          |       |
|-----------------------------|----------|-------|
| 5. SPONSOR CHARACTERISTICS: |          |       |
| a. Developer experience     | Up to 90 | _____ |
| b. Nonprofit involvement:   |          |       |
| Managing general partner    | 0 or 20  | _____ |
| or Material participation   | 0 or 10  | _____ |
| Total                       | 110 Max. | ===== |

|                                |           |       |
|--------------------------------|-----------|-------|
| 6. EFFICIENT USE OF RESOURCES: |           |       |
| a. Credit per unit             | Up to 120 | _____ |
| b. Credit per bedroom          | Up to 120 | _____ |
| c. Cost per unit               | Up to 55  | _____ |
| d. Cost per bedroom            | Up to 55  | _____ |
| Total                          | 350 Max.  | ===== |

Score prior to bonus points:  
(525 point threshold)

\_\_\_\_\_

|  |          |       |
|--|----------|-------|
| 7. BONUS POINTS:   |          |       |
| a. Units with rents at or below 50% of AMI                           | Up to 50 | _____ |
| or b. Units with rents at or below 50% rented to 60% at or below AMI | Up to 25 | _____ |
| c. Extended compliance   | 40 or 50 | _____ |
| or d. Nonprofit or LHA purchase option                               | 0 or 50  | _____ |
| Total  | 100 Max. | ===== |

**Grand Total** 1,130 Max. =====