A Regular Work Session of the Danville City Council convened on March 21, 2023 at 8:45 p.m. in Council Chambers located on the Fourth Floor of the Municipal Building. The following Council Members were present: James B. Buckner, Bryant Hood, Mayor Alonzo L. Jones, Barry Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (8). L.G. "Larry" Campbell Jr., was absent. (1).

Staff Members present were: City Manager Ken F. Larking, City Attorney W. Clarke Whitfield, Jr., and City Clerk Susan M. DeMasi. Deputy City Manager Earl B. Reynolds Jr., was absent (1).

Mayor Jones presided.

WORK SESSION ITEMS

DISCUSSION OF PROPOSED REAL ESTATE INCENTIVES

Director of Community Development Ken Gillie introduced Susan McCulloch, Housing Division Director to present the proposed real estate incentives.

Ms. McCulloch reviewed her PowerPoint presentation, *Proposed Real Estate Incentives,* a copy of which has been retained on Laserfiche in the Clerk's folder, Presentations to Council, explaining the areas of focus of the presentation were incentives for developers, tenants, home buyers and other programs. The housing summit highlighted the need for housing in Danville; the developers have listened, were calling the City, requesting information about buildable lots and also asking what could the City do to help them make it happen.

Ms. McCulloch noted the first idea was a Real Estate Tax Grant for Developments - New Construction, stating it echoes Enterprise Zone incentives. Another idea was to revisit the City's real estate tax abatement program for historic properties to encouraged mixed use, multifamily community development. It currently was a five year incentive, with 100% on year one and 50% years 2-5. Staff was suggesting increasing it up to 15 years, a minimum investment of $5M, and no less than 70% residential, 30% commercial with a certificate of occupancy in two years. It could not be layered with any other incentives for housing; this was based on input from developers.

The next idea was for Permit Fee Grants and Waivers; it was the same base requirements of $5M for single family, for fifty or more houses, $6M multifamily as the minimum investment, sixty or more units. It must meet City criteria of development completed in five years, and examples of permit fee waivers would be building permit fees, electrical, plumbing, and zoning; they were for City fees only. Another tool that can help redevelopment projects, especially for new construction, would be preliminary engineering reports and financials for potential projects. If the properties were IDA or DRHA controlled, that were targeted for multifamily or single family infill, or mix, it would help to put in their hands a PER/Financials to give developers an idea of how much risk would be involved and how much it would cost. This tool was similar to what the City does for site selection for economic development projects.

The City currently offers two incentives by public works and utilities: roadwork assistance and infrastructure access to site. There were challenges, and staff had some suggestions to look at them on a case by case basis. The new requirements would have 15 acres minimum to be developed, and the same number of houses and investments for single family and multifamily homes. Staff does suggest that the utility and the general fund budget this each year, continue to replenish it and to add to it.

Ms. McCulloch noted every incentive package should have a local performance agreement with the same fine print found in the Economic Development local performance agreements. For single family and multifamily developments, they could include being current on all taxes and fees, show financial capacity, and timeline and deliverables. Goals consistent with the Danter report would be capital investment, number of units, and listing price for units. Ms. McCulloch stated that Council has already initiated a new incentive, the Zoning Ordinance Amendment passed in March for curb and gutter requirements in new developments.

Incentives for home buyers and renters could include Down Payment Assistance Grants; they would work with the DRHA with applicants meeting the criteria of 81-95% of AMI for up to $5,000. For renters, those trying to move up in new units, they would use the same criteria for $500 in Rental Deposit Assistance Grant. Staff also talked about helping new, multifamily and single family developments and adaptive reuse for historic properties, and looking at helping existing homes be enhanced to help the area. One was a First Time Homebuyers Fix Up Fund; the idea was to have a grant program up to $5,000 to complete the items that needed to be fixed so the property passed inspections.

Another idea staff was still working on was where neighbors could work together to apply for up to $20,000, with $3,000 per house, to fix up their homes as a group in one neighborhood, to improve curb appeal. They could work on greenspace, painting, touch ups, and this could inspire their neighbors to fix up as well. There were also ideas for programs to support housing development such as establishing a Housing Trust Fund and Housing Rehabilitation Zones, which were great for Virginia Housing Loans for low income housing. Landowners could also work together, if there were 51% of them as a private sector, and move to establish a Community Development Authority. This has been done in the Diamond District in Richmond. The City can also work with Community Development Authorities to assist them, and also look into helping groups establish neighborhood commissions. Should all these incentives be looked on favorably, they should be marketed to those who were looking to invest in Danville, and companies, developers, people who want to move here. Staff suggests showcasing this on the City's website to provide a one stop shop where people can research, conduct site visits and learn about the City before they call. One example to look at is InvestAtlanta.

Mr. Larking thanked Ms. McCulloch for leading the efforts to develop these incentive proposals. Council knows there was a housing issue in the community, and a lot of needs have been identified. The community was growing and people will be moving into the community for the recently announced jobs and potentially huge announcements in the future. It was important to be able to provide housing to people who were taking those jobs. This was a very comprehensive list of incentives based on the Ken Danter report, with discussion among staff, with the help of the City Attorney's office, to make sure it was legally allowed. Some of the options will cost upfront money, some will be tax rebates; staff will have to flesh out these ideas. The purpose of this presentation was to get Council's feedback on whether they think staff was heading in the right direction; later staff will come back with code changes, policies and budget requests to implement this.

Mr. Saunders questioned if the DRHA had funds for other joint ventures as far as working with the City and Ms. McCulloch stated the City works with DRHA and provides them downpayment assistance, grants for 80% of the area median income; the proposed incentive was for 81% to 95% of the area median income. Mr. Saunders asked if there was any update on the Stewart Street project and Mr. Gillie stated they were working to get rid of some of the structures that were in the way of that project and hopefully they will start soon after.

Vice Mayor Miller noted he was all for these programs. Council Member Vogler thanked Ms. McCulloch for the presentation, and asked how quickly can Council adopt some of these things; Mayor Jones questioned what did staff need from Council. Mr. Larking stated if there was a consensus to move forward, staff will bring these back as quickly as they can. Mayor Jones questioned if there was a consensus of Council to move forward, and Council indicated there was. Mr. Larking noted they will come back individually, and Mr. Vogler stated he thought these were very forward thinking, innovative and was excited about this.

Council Member Whittle questioned if a developer came in from out of town to build fifty units, what were those incentives. Mr. Larking noted there was a variety of options, for single family and multifamily development. The goal was to have more units, and the City was incentivizing large developments under a certain period of time; that was why the criteria was designed that way. If a developer was going to put in a lot of units and do it quickly, they would get an incentive. If they were going to drag it out over time, that was not meeting the City's need; it had to be designed in a way to meet the City's needs. Mr. Larking explained they would set up a program, and people would need make an application. Each incentive they were proposing required a local performance agreement in place, the City can layer things if it was allowed, and can put together a package for the right development. Mr. Whittle questioned the road reimbursement program, was that still in existence and Mr. Whitfield noted it was, and may have been revised a little.

PROGRAM UPDATES

Mr. Larking noted he sent an email out from Shannon Hair at DCC; there was the first College Workforce Viewpoint on Thursday, March 28th at Danville Golf Club at 6:00 p.m. If Council wanted staff to sign them up, they would be happy to do that.

Mayor Jones noted Vice Mayor Miller and Mr. Mayo would be serving on the Memorial Commission to see if the city needs to make any changes to that; Vice Mayor Miller will be the chair. Dr. Miller noted the basketball courts at Westmoreland Neighborhood Association, they would like to see those courts named after Johnny Newman and the reason why they want to look at the Memorial Commission.

Mr. Vogler questioned the stadium improvements at Dan Daniel, was there going to be a scope of work given to Council and Mr. Larking stated they would email it to Council

MEETING ADJOURNED AT 9:10 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK