

October 18, 2022

A Regular Work Session of the Danville City Council convened on October 18, 2022, at 8:57 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders and Madison J.R. Whittle (8). J. Lee Vogler, Jr. was absent (1).

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

Mayor Jones presided.

WORK SESSION ITEMS

CONSIDERATION OF APPOINTMENTS TO BOARDS AND COMMISSIONS

Vice Mayor Miller noted the Committee on Appointments met earlier this evening and make the following recommendations:

Danville Redevelopment and Housing Authority:	Reappoint	Jermaine Parker and Patricia Daniel
River District Design Commission	Reappoint:	John Ranson
Planning Commission:	Appoint:	Pierre Jones
West Piedmont Planning District Commission	Reappoint:	Kimberly Walker

Council had no questions on the recommendations and agreed to put them on an upcoming business agenda.

PRESENTATION ON THE DANVILLE HOUSING STUDY

City Manager Ken Larking noted Ken Danter, from Economic Development Strategies, was there this evening; he has worked with the City helping it to understand its housing issues and needs. He was there to present a short version of the report he did regarding the City's housing demand analysis and what Danville needs to do as a City, and what City Council needs to do as a Council in order to address the housing needs of the community. If Danville, as a community, does not look at the information provided in this analysis and heed the recommendations included at the end, to put in place processes, and approvals eventually by Council, to address the housing needs, the situation with homeless and unhoused will only become more exacerbated.

Mr. Danter began a review of his Power Point, *Danville, Housing Demand Analysis*, (a copy of which has been retained in Laserfiche, in the City Clerk's folder, Presentations to Council) noting that they did a lot of data collection regarding Danville, and did a field survey of all of the residential real estate in the area. They also did a peer city comparison; they wanted to look at cities that were similar to Danville and be able to use that as a benchmark of where Danville should and could be. Mr. Danter explained there were two components of the housing need. There were 3,900 new jobs coming in and where were those people going to live; also, there were 43,000 people in Danville who want housing choices, choices they may not have right now.

October 18, 2022

In the peer city analysis, Mr. Danter picked ten cities that were similar to Danville based on growth, income, overall economy, and several other factors. They looked at population, income, incomes over \$75,000, home ownership, mortgage ratios, job to population ratio, distance from a major market, distance from interstate highway, and single and multi-family building permits. Two factors he found interesting were that Danville has a higher home ownership rate than the peer cities, which was surprising, and that Danville had a higher number of home owners living in a home that was paid off, that had no mortgage; that was higher than the peer cities.

Mr. Danter noted if they look at households aged 25-64 with incomes over \$70,000, Danville has 12% more of those households than the peer cities. Incomes over \$70,000 will support a \$300,000 home purchase. Looking at incomes over \$35,000, that will support a \$750 rent. In terms of the \$35,000 number, Danville was 14% higher than the peer cities, and was in a little better position than was thought. Mr. Danter stated if they look at households age 65 and older with income \$35,000 and over, Danville has 69% more than the peer cities. Looking at single family housing starts between 2001-2010, the peer cities had double the annual average housing starts than Danville did. From 2011-2020, peer cities had nine times more single family starts than Danville. Danville had more income qualified households, and peer cities had more housing starts; that was what Danville was leaving behind. Mr. Danter reviewed the multi-family starts, peer cities were about three times higher than Danville, but Danville surpassed them in 2011-2020 mostly because of the River District and tax credit projects.

Mr. Danter explained Danville had all the age and income cohorts to support housing, it just does not have any housing. Looking at the housing continuum, people start their housing at their first apartment, get better jobs, may get married or get a roommate, move up, get a little better apartment, then become a home buyer looking for a single family house. They may move two or three times in a single family home and then become seniors and begin thinking about alternative living, either a condominium, ranch apartment or assistive living. It was all part of the housing continuum. Mr. Danter stated the City was missing housing in that continuum, it becomes difficult to make that step up. If the City doesn't have that gap filled, then it impacts the ability to sell single family homes. The important thing was looking at new resident apartments, people coming into the market weren't saddled with the step up problem because they were probably coming from a place where they have already gone through those steps. They were coming into the market looking for a \$1500 per month apartment, and probably coming from a \$1200 apartment. The advantage of having new employees coming into the market was being able to fill at the top, and not having to bring people through the chain of steps.

Mr. Danter noted if he looked at just the penetration factors that have been established by the peer cities on an income cohort basis and apply that to Danville; they have a deficit of 606 units of single-family homes over \$250,000 that Danville should have in the market, but do not. The \$250,000 was an interesting number; in today's market, it was difficult to deliver a new home for under \$300,000, but approximately one-third of the demand was for that under \$300,000 property. If the City were looking at incentives, or programs to help get people in the housing, programs that can get the City to that level where they could just get that price down a little bit, that fills about a third of the gap.

Mr. Danter reviewed the housing market from 2010 to 2021, the number of single family transactions in Danville for over \$250,000, and discussed Danville's apartment community, noting there was a gap between apartments at \$600 per month to \$900 per month, with no product between those two figures. Looking at two bedroom units, it was the same thing, they cap out at about \$700, with a big jump up to \$1100 without a lot of product. As part of the strategy, the City can add to the top of the market because there were new employees coming in to fill that, but

October 18, 2022

they need to find ways to fill the gap between the \$500 and \$700 or between the \$700 and \$1100 in the two bedroom units.

Mr. Danter noted there was a pent up demand for apartments in Danville, for 760 units with rents between \$700 and \$1500. Seven hundred dollars was about the cost expected to get a one bedroom unit delivered today and that was getting tougher to do; it was more like \$800 or \$825. The City needs to try and buy down that rent a bit in order to get in more people. There was demand for those 760 units; in Danville today there were 3300 renters with an income that can support rents of \$700 or more, with 538 units available. There were over 600 existing renters ages 62 years old and older with incomes to support modern rental product. Nearly all available rental products were not senior friendly; that does not include homeowners aging in place and needing to make a lifestyle change. The other component was the 3,900 new jobs impacting the Danville region in the next eighteen months.

Mr. Danter discussed a housing demand model, and the impacts of new jobs on the housing market; how many single family homes, how many apartments do they need to support that. They have to consider how many of those people will be hired locally, how many will commute, how many will transfer in. Looking at that, they begin to get a handle on what was going to be the impact of those 3,900 jobs. With 3,900 jobs, the City will need 990 apartments at workforce level at \$750 to \$1,000 per month and will need an additional 573 upscale units with \$1,000 to \$1,500 rent. There will be a demand for over 234 single family homes. The number of units for single family was significantly lower than it was for apartments because people who come into the market for the first time, don't buy a single family as their very first home in a new market; they rent an apartment. Once they were in the community and decide to stay, then they buy a house; so the single family home impact doesn't really come for another 3-4 years down the road. With the combined pent up demand for the existing 43,000 people who want housing that the City doesn't currently provide, and the demand that was job driven, today's need was for almost 3,200 homes.

Mr. Danter noted he wanted to look at some key issues that the City needs to be thinking about when faced with the kinds of issues and problems it has and the opportunities they have. Danville was at a point where, if they cannot provide the housing for the companies that have already committed to Danville, the word will be out; it will be very difficult to bring additional firms here. The City has one opportunity in twenty-five years to right the ship. If the City does not do it now, they will not have another opportunity; the time was now and it has to be done. 3,900 jobs gives Danville an opportunity to support high end housing today without having to drag everyone up through the housing continuum. The people who were paying \$600 a month right now for an apartment, that can afford \$1500, some of them will make the jump. Over a period of time, they will get there, but they will not get there in a hurry. The 3,900 jobs gives the City the opportunity to establish housing today at the high end. The City needs to focus on chunk development. There were 3,900 people coming here next year; neighborhood revitalization and in fill housing were all worthy things to work on, but the City needs chunks of development. Mr. Danter noted there were incentives out there, staff was working on all kinds of ideas, looking at what other communities were doing. There were two things incentives can do, one, they can encourage a developer to come in, reduce the risk and two, it can buy down the cost to the consumer. The City has to balance that when looking at incentives, they can't just reward the developers without rewarding consumers.

Mr. Danter noted the elephant in the room was NIMBY, not in my backyard, it was a difficult issue. The City needs to understand, when projects come before them, what was the best decision to make for the community. They have to look and say, was this the best thing for the community,

October 18, 2022

or was it a desire of three people who live on the next street over. It was a difficult decision, but eventually they have to decide what was best for the community. Mr. Larking stated the people that came to the Council meeting earlier were concerned about the unhoused, and when the City looked at other communities with issues with housing costs that have been escalating out of control, where working class families can't live there, typically the issue was there was not enough new housing being built. That can be traced back to a developer who proposed a project in a certain area, the neighbors around there don't like it, they come out in force and the permitting process was halted at the last stage of approval. The City has to consider the entire community when things come forth for Council's approval, they need to be cognizant of the fact it might be better for the whole community to approve projects that come forward that were good projects, because if they don't then they could be pinching Danville's market so much that it forces all the housing costs to go up and makes it unaffordable.

Mayor Jones stated they need to get people on board, to get the message out and avoid misunderstandings. Mr. Larking noted there were multiple stages in the process of approving a housing development and they do have to make sure the community understands what the goal was and make sure they know when these things come forward to Council that there was a bigger picture reason why some of these things need to be approved. The only people that come out to the public hearings were the immediate neighbors, so Council doesn't get an idea of what the entire community thinks about a housing project. Economic Development put together a housing summit with developers, property owners, grant agencies, everybody who has a role to play in the housing market who can provide help, to prompt people to go ahead and make that investment in the community. They have already seen pretty good results, with a number of developers and interested people that have come to staff, talking about how they can take that first step toward building a large scale development. All that work staff does ahead of time will eventually require City Council approval. Mr. Larking stated they needed to make it clear to everyone involved that this was an important community wide goal; it will be the difference between whether or not people can afford to live here or not. It might be the difference between whether or not a new business has decided to locate here because they were concerned about whether or not they can have a workforce that lives close by to where their facility was located.

Mr. Whittle questioned whether they would treat the developers out in the open market the same way they treat those in the River District and Mayor Jones questioned if there should be consistency across the board, such as the River District with different zoning. Mr. Whittle noted what was missing was the impact of the historic tax credits which have done well in the River District, but step out of that and they were not there. Dr. Miller noted the jobs were coming but Danville needed to provide housing for them, that was their obligation. The other side of the coin was, he was going to take the defense of the nearby home owners, they have to live with it once the decision was made, the developer develops the area and leaves. They have to be good developments, with good contracts with secure covenants for the people that live nearby. Mr. Saunders noted in terms of downtown Danville, a lot of people drove through the City and didn't like what they saw downtown and kept driving away. This Council went to Greenville, SC, saw what they did, brought that here, and Danville started growing. If Council can explain the big picture, everybody wins, if they can show people how that works. Danville needs the private developers, they need people in the housing business and need to show how the City was growing, with a lot of private money being invested. Mr. Hood questioned whether in low income communities, structures that have been marked for demolition can be looked at again to be rehabbed up to Code. There were a lot of lots in different neighborhoods, and Mayor Jones responded that if they look at Monument Berryman plan, that was what the City was doing, and why partners like the DRHA can help.

October 18, 2022

Mr. Larking noted infill was something Mr. Danter had mentioned, doing some infill development was good, but because the gap was so large, the City really needs to have large scale development as well. Mr. Danter stated it was important to provide a smooth process, and Council was correct in letting everyone know what the rules were, that's what the developers want to know. Mayor Jones noted the City has to make sure all the codes were in place, if people think Danville was desperate, they would put up anything, and Mr. Danter noted a review of the Code was in order. The City needs to make sure its Code was reflective of what people were looking for; not just the people coming in, but the people living here who have not been offered a choice in twenty years. Everybody in the process has to buy into the program, and understand the importance of what they were trying to.

Mr. Larking noted the advice Mr. Danter was giving about making sure everybody from Council down to the Inspector has bought onto this, some of that was on him; he has to articulate to the department heads that were over these areas, how important it was. They have to articulate to the division directors, supervisors and employees that this was an all hands on deck effort, to make sure the City was doing the right thing for their community so they can avoid the pitfalls that others have seen, having housing that was too expensive, unaffordable and not meeting the demand from the current citizens or anyone that they want to bring in. The City's goal should be safe, affordable, energy efficient housing for all income levels. Mr. Danter noted there was an easy solution for a lot of what they have been talking about the last ten or fifteen minutes and that was being able to bring the developer a zoned site, ready to build on. If the City could deliver a zoned site, that takes Danville to the top of the list; developers will go to where it was easiest.

Mr. Larking noted staff will be bringing forward recommendations based on the much larger report that Mr. Danter presented, which will include revisions to the City's processes and also incentives that could go to the developer, or the consumer and other things.

CLOSED MEETING

At 9:52 p.m., Vice Mayor Miller **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion or consideration of the acquisition and/or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection A(3) of Section 2.2-3711 of the Code of Virginia, 1950 as amended, and more specifically to consider a discussion regarding the sale and/or potential purchase of specific parcels of property for use by prospective industrial, commercial, and mixed use projects looking to locate in the City; and an Economic Development discussion and update concerning a prospective business or industry where no previous announcement has been made and/or the expansion of an existing business or industry where no previous announcement has been made as permitted by Subsection (A)(5) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider: an update on multiple prospective commercial, mixed use, hospitality, and industrial projects considering locating within the City and/or locating within the region in cooperation with the City's regional partners.

The Motion was **seconded** by Council Member Saunders and carried by the following vote:

VOTE: 8-0-1
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, and Whittle (9)
NAY: None

October 18, 2022

ABSENT: Vogler (1)

Upon unanimous vote at 10:48 p.m., Council reconvened in open session and Vice Mayor Miller **moved** for adoption of the following Resolution:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

The Motion was **seconded** by Council Member Mayo and carried by the following vote:

VOTE: 8-0-1
AYE: Buckner, Campbell, Hood, Jones, Mayo,
Miller, Saunders, Vogler and Whittle (8)
NAY: None
ABSENT: Vogler (1)

MEETING ADJOURNED AT 10:50 P.M.

APPROVED:

s/Alonzo L. Jones

MAYOR

ATTEST:

s/Susan M. DeMasi, CMC

CITY CLERK