

**City of Falls Church  
Economic Development Authority  
Business Meeting Minutes - APPROVED  
Tuesday, August 2, 2016 – 7 p.m.  
Falls Church City Hall – Dogwood Room  
300 Park Avenue, Falls Church, VA 22046**

**I. Call to Order**

The EDA meeting was called to order at 7:03 p.m. by Chairman Novotny.

**EDA Board Members Present:** Mike Novotny, John Sandoz, Bob Young, and Erik Pelton. Barry Buschow participated by telephone from Culpeper, VA.

**EDA Members Excused:** Ed Saltzberg and Brian Williams.

**EDA Youth Representatives Excused:** Nuki Giorgadze and Nathan Holmes.

**EDO Staff:** Rick Goff, Becky Witsman, and Ingrid Racine.

**City Staff:** Nancy Vincent, Paul Stanford, and Jim Snyder.

**Public Attendees:** City Council Members Letty Hardi and Phil Duncan, Planning Commissioner Lindy Hockenberry, Commissioner of Revenue Tom Clinton, Rachelle Barimany, Ron Brousseau, and Lisa Varouxis.

**II. Approval of June 7, 2016 Minutes**

Mr. Young moved approval of the minutes, seconded by Mr. Sandoz, and approved with one abstention (Mr. Pelton).

**III. Petitions from the Public:** None.

**IV. Petitions from the Board**

Mr. Buschow shared with the board his favorable impressions of Culpeper's EDA, the town's marketing/messaging efforts, directional signage, and economic development website. He said he would share with staff for circulation to the board materials and links to learn more about Culpeper.

**V. New and Continuing Business**

**a. Housing Needs and Goals – City Consolidated Plan**

Mr. Goff introduced City Housing and Human Service staffers Nancy Vincent and Paul Stanford to present the 2016 Housing Master Plan for Falls Church. Mr. Stanford reviewed progress made toward achieving five housing goals established in 2005 by

the City. He credited the Special Exception Ordinance for negotiations with developers of new mixed-use projects resulting in a new supply of affordable dwelling units (ADUs), about six percent of all new multi-family housing units constructed. Mr. Young commented that the demand for ADUs far exceeds the six percent level and the City should strive to achieve at least 12%, consistent with its stated housing policy.

Mr. Stanford provided data about waiting lists for new ADUs and figures for rental rates in new mixed-use buildings. He gave examples of the use of Community Development Block Grant funds to help lower-income City residents repair and maintain their single family homes. He reviewed demographic trends in the City, including:

- younger median age of residents;
- increase in families;
- decrease in residents over 65;
- increase in the education level of adults (highest in the nation);
- increases in higher-income households; and
- decrease in lower-income households.

Mr. Stanford showed data on escalating home sales prices in the City since 2000. He also cited statistics about a surge in rental rates for housing in Falls Church and the growing number of renters and home owners who spend more than 30 percent of their monthly income for housing, a level considered “cost burdened” by the U.S. Department of HUD. He highlighted average wages for occupations in construction, retail and service industries, as well as for jobs in City government and FCCPS. He concluded that many workers are “in danger of being excluded from residing in the City should market forces continue to trend as they have been.” Mr. Stanford ended his presentation by asking the Board for feedback on several questions about the City’s affordable housing policy.

Mr. Novotny invited members of the public first to comment on the presentation and staff’s questions. Mr. Brousseau said that all forms of affordable housing (marketplace and City-designated) are dwindling in Falls Church. Affordability restrictions placed on large numbers of housing units are lapsing, he stated.

Several board members said that Falls Church should prioritize affordable workforce housing for its school and City workforces. They also said that it’s difficult for Falls Church to sustain an effective, broader affordable housing program given market forces and demographic trends in the City. Mr. Young commented that the City has made ADUs a low priority. Mr. Novotny responded that the cash value of ADUs is actually the highest of all categories of voluntary concessions from developers of mixed-use

projects, as reported by City staff. He added that housing affordability is a regional problem.

There was discussion about new strategies to increase the inventory of affordable housing in the City. Ms. Vincent suggested the conversion of larger homes into quadruplexes and building cottage homes through changes to the zoning ordinance. Mr. Young said that contributions of cash from developers to purchase housing may be a better long-term solution than voluntary concessions of time-limited ADUs. Mr. Novotny said that density bonuses awarded to developers who contribute ADUs could also be an effective approach. It was noted that Fairfax and Arlington counties each allocate funds for affordable housing, but the City of Falls Church does not. Mr. Duncan said that City policy in recent years has been for scattered versus concentrated affordable housing. He said he favors the concentrated approach: for example, buildings dedicated solely to affordable housing units.

Mr. Novotny thanked HHS staff for presenting to the board and soliciting its feedback on housing issues. Mr. Stanford encouraged board members to complete a survey on affordable housing that he distributed and is accessible online.

#### **b. Revitalization Areas**

Mr. Snyder presented for the Board's information and review a proposal to amend Chapter 4 (Land Use and Economic Development) of the City's Comprehensive Plan to add Revitalization Areas, Small Area Plans, and Urban Development Areas. He explained that the amendments were, in part, a response to Virginia proffer legislation approved in March 2016. The amendments will give the City greater latitude to negotiate proffers, he said, even though the City's approach generally has been to seek voluntary concessions from developers of projects requiring a special exception to the zoning ordinance. Mr. Snyder said that the Planning Commission approved the amendments unanimously on August 1 and City Council is scheduled to take final action on August 8.

Mr. Buschow moved, and Mr. Young seconded, a motion to approve the *Resolution to Amend Chapter 4 of the Comprehensive Plan: Land Use and Economic Development to Add Revitalization Areas, Small Area Plans, and Urban Development Areas*. A brief discussion followed. Mr. Snyder responded to questions about decisions whether or not to include church and park land in the map and legal risks to the City if the amendments are not approved. Mr. Pelton stated for the record his ownership of land at 111 Park Place. He said this does not affect his ability to cast an objective vote on the resolution. The resolution was approved unanimously.

#### **c. September 17, 2016 EDA Retreat: Discussion of Retreat Format and Proposed Business Survey**

The board discussed the September 17 tentative retreat date and its conflict with the annual Taste of Falls Church event. They concluded there likely would be better

overall attendance at the retreat by moving the date, potentially to September 24. They asked Mr. Goff to check on availability of the Viget Labs meeting space on the 24<sup>th</sup> and the availability of board members, liaisons and others for that date. The board confirmed its desire to use a similar format to the 2015 retreat: a review of accomplishments; setting of goals; identification of action items; and creation of a work plan.

Ms. Racine presented the draft of an online community survey requested by the board to solicit input on the EDA's effectiveness and potential to be conducted in advance of its 2016 retreat. She said that Mr. Novotny and Mr. Pelton already had provided input for the draft. The board made a number of suggestions and changes to the draft by consensus. Ms. Racine was asked to re-draft the survey format for final board review.

#### **d. September 19, 2016 Joint Work Session with City Council**

Mr. Goff informed the board that City Council has scheduled a joint meeting with the EDA on Monday, September 19 and seeks EDA input on topics for an agenda. He said that among topics the EDA can present are its recommendations for changes to the Technology Zone and Commercial Property Rehabilitation Tax Abatement programs. Mr. Novotny asked Mr. Goff to inquire about topics Council wishes to cover and suggested that members think about agenda items in the weeks ahead. (*In discussing the next agenda item – the EDA grants program – the board added the future of nonprofit grants to the tentative agenda for the joint meeting.*)

Mr. Pelton recommended that the EDA cancel its September 13 meeting because of the pending retreat and work session with City Council. Mr. Goff noted that a meeting of the Streetscape Task Force, with two members from the EDA, also is scheduled to meet on September 13, so a quorum of the board may be difficult to achieve. The consensus was to cancel the September 13 EDA meeting.

#### **e. 2016/17 EDA Grants Program**

Mr. Goff advised that it was the time of year for the board to consider its approach to 2016/17 grants for nonprofit programs and events. He distributed a summary of 2015/16 EDA grant awards, program guidelines, reviewed funds available in the EDA's "operating budget," and explained the typical schedule for notifications to potential grant applicants with deadline dates.

The board raised questions about the role of CATCH grants in funding for nonprofits, especially those also receiving funds from the EDA. Mr. Goff said he followed the CATCH grants closely and did not detect any 'double-dipping' by nonprofits for the same programs or events. The board suggested, however, that CATCH or the City would be better sources for nonprofit grants than the EDA, which has a different mission, limited funds, and new areas of interest such as downtown beautification projects, pedestrian and bike amenities.

Mr. Young proposed that staff inform past grant recipients that the EDA wants to get out of the grant business and will be discussing with City Council and CATCH alternative ways to fund nonprofits. He suggested that Keith Thurston of the CATCH

Foundation also be made aware of the EDA's position regarding grants. By consensus the board supported this approach.

## **VI. Staff Reports**

### **a. Transient Occupancy Tax Update**

Mr. Goff reported that the city manager supports an increase in the transient occupancy tax (TOT) for funding downtown improvements and is confident that a favorable decision from City Council could be achieved to raise the TOT by one percent for the next fiscal year. Mr. Goff added that at least 15 other cities in Virginia have a higher TOT than the City of Falls Church's seven percent current rate. He said the City's TOT produces about \$64,000 per year in revenue for each percentage levied (\$448,000 total per year). The board requested a clarification by the city attorney whether raising the tax will require state authorization. They also called for a concrete plan for spending additional TOT revenue. They suggested adding this topic to the joint work session agenda with City Council on September 19.

### **b. Update on Downtown Plaza**

Mr. Goff said the City has interviewed three strong candidates for project manager and made an offer to a certified professional engineer with extensive public and private sector experience, and is a City resident. He said, however, that until this candidate formally accepts the job in writing he cannot identify her. Assuming a post-Labor Day start date, the project manager will be invited to attend the EDA's October 4 meeting.

### **c. Update on Development Projects**

Mr. Goff and Ms. Witsman provided updates on the following projects:

- Harris Teeter/301 W. Broad Street (grocery now officially open);
- Tradition Place (application withdrawn);
- Insight's Washington and W. Broad Street (application amendment pending);
- Kensington (retail space is being actively marketed);
- Lincoln at Tinner Hill (grocery space not committed, but is being marketed to fresh food retailers);
- Inns of Virginia (site plan approved, construction should begin in January); and
- Mason Row (site plan expected in September, developer seeking certain changes to theater space and voluntary concessions).

Mr. Young reported on building rehabilitation work and site development at his Southgate project, estimating that the retail center will open in December 2016. He said leases have been signed for six retail spaces, with the remaining four under negotiation. Users committed to the space include Welsh Printing (a business relocating within the City), a day spa, dance studio, and Middle Eastern coffee shop.

Mr. Goff said that the two major BikeShare grants pursued by the City have been approved by their respective agencies.

**d. Business Report**

Ms. Witsman reported on the status of a number of businesses, including Value Vet, “Northside Social” (the former Blue & Grey Building on Park Ave.), Rare Birds (coffee shop and retailer), Jumping Joeys kid’s gym center in the Read Building, Better Homes and Gardens office at Northgate, and Kids First Swim School (next to Staples).

**VII. EDA Member Reports:** None

**VIII. Other Business:** None

**IX. Adjournment**

A motion was made to adjourn, which was seconded, and carried unanimously. The meeting adjourned at 9:45 p.m.