

**CITY OF CHARLOTTESVILLE, VIRGINIA.
CITY COUNCIL AGENDA**



Agenda Date:	June 15, 2020
Action Required:	Resolution
Staff Contacts:	Dr. Tarron Richardson, City Manager John Sales, Housing Program Coordinator Brenda Kelley, Redevelopment Manager Hollie Lee, Chief of Workforce Development Strategies Chris Engel, Director of Economic Development
Presenter:	John Sales, Housing Program Coordinator
Title:	Allocation of FY20 Charlottesville Affordable Housing Funds

Background:

Currently, the City utilizes an annual competitive selective process in awarding Charlottesville Affordable Housing Fund (CAHF) monies. The City Council approved \$1,370,000 for CAHF funding through the FY 2020 CIP budget and City Council year end appropriation. Before the COVID-19 pandemic a Notice of Funding Availability (NOFA) was issued but shortly after the pandemic began the NOFA was suspended. After the Governor issued a stay at home order, thousands of individuals in our community lost their employment which directly affects their living, including their ability to make rent and mortgage payments. In addition, the community has seen an increase in individuals that were previously incarcerated in a correctional facility released back into the community due to COVID-19. City staff clearly heard City Council concerns about assisting the community with immediate needs and prepared recommendations as to how to use existing CAHF funds to more immediately address basic quality of life needs in our community, especially addressing housing needs. These recommendations were provided to the HAC. Below you will locate the recommendations from City staff and the Housing Advisory Committee (HAC).

Discussion:

Staff proposes the creation and implementation of four (4) programs utilizing CAHF funding in response to immediate community needs due to the COVID-19 pandemic. Summaries of the proposals are as follows:

Program: Short-Term Homeless Rental Assistance Program (ST-HRAP)
Administrator: Economic Development Department
CAHF Request: \$264,000
Cap of Assistance: \$9,000

The ST-HRAP is a citywide grant program that provides limited housing assistance (up to 6 months) to households residing in the City that are experiencing homelessness. The program goal is to reduce the number of households at risk of contracting COVID-19 due to their inability to social distance and follow CDC guidelines on hygiene. The funding is provided as a grant with no repayment required. The household must be income qualified. After 6 months the assistance may continue if funding is still available. Assistance will be provided to approximately 27 households with an average not to exceed \$1,500 per household per month. Assistance is only provided for rental payments. ST-HRAP can only be used on hotels, apartments, condominiums, townhouses, duplexes, group homes, accessory dwelling units, and single-family detached homes. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. All individuals will be required to participate in the supportive services offered such as Bank On, Downtown Job Center, etc.

Program: Short-Term Re-Entry Housing Assistance Program (ST-RHAP)
Administrator: Economic Development Department
CAHF Request: \$264,000
Cap of Assistance: \$9,000

The ST-RHAP program is a citywide grant program that provides limited housing assistance (up to 6 months) to individuals that were recently released from a correctional institution due to COVID-19. The program goal is to reduce the number of households at risk of contracting COVID-19 due to their inability to social distance and follow CDC guidelines on hygiene. The funding is provided as a grant with no repayment required. After 6 months the assistance may continue if funding is still available. Assistance will be provided to approximately 27 individuals with an average not to exceed \$1,500 per individual per month. Assistance is only provided for rental payments. ST-RHAP can only be used on apartments, condominiums, townhouses, duplexes, group homes, accessory dwelling units, and single-family detached homes. ST-RHAP may also be used to pay for up to (2) months for an individual to live in a hotel, motel or extended stay. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. If the individual is reincarcerated for longer than (1) month the administrator will begin looking for a new individual to take over the unit. The landlord will be provided with up to (2) months of rental assistance if the tenant is reincarcerated. All individuals will be required to participate in the supportive services offered such as Bank On, Downtown Job Center, etc.

Program: Short-Term Landlord Rental Assistance Program (ST-LRAP)
Administrator: Economic Development Department
CAHF Request: \$264,000
CAHF Cost/Unit: \$4,500

The ST-LRAP program is a citywide forgivable loan program that provides limited housing assistance (up to 3 months) to landlords who have rental tenants that reside in the City and are at risk of experiencing homelessness due to nonpayment of rent as a result of the COVID-19 pandemic. Landlords that are awarded funding will be required to forgive all late fees that have accrued since the Local Emergency Declaration and allow the household to stay in their unit. The program is designed to reduce household displacement due to the COVID-19 pandemic. The funding is provided as a loan that is forgiven if the landlord does not evict the family during the program plus allows a one-month grace period after the program ends. If the landlord evicts the household before the grace period ends all funding the landlord has received becomes due in full with 3% interest. The landlord may apply to receive assistance for units that have unpaid rent and no payment plan in place. Assistance will be provided to approximately 54 households with a cap of \$1,500 per household per month. Assistance is only provided for rental payments. ST-LRAP can only be used on apartments, condominiums, townhouses, duplexes, accessory dwelling units and single-family detached homes. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. Households that are receiving other forms of housing assistance are eligible for ST-LRAP. All individuals will be encouraged to participate in the supportive services offered such as Bank On, Downtown Job Center, etc.

Program: Short-Term Homeowner Mortgage Assistance Program (ST-HMAP)
Administrator: Reviewing Options
CAHF Request: \$363,000
CAHF Cost/Unit: \$6,300

The ST-HMAP is a citywide loan program that provides limited housing assistance (3 months with the possibility to renew for 3 additional months) to homeowners that reside in the City and who are at risk of losing their homes due to nonpayment of mortgage as a result of the COVID-19 pandemic. The program goal is to reduce displacement as a result of the COVID-19 pandemic. Assistance will be provided to approximately 27 families with a cap of up to \$2,100 per household per month. The funds are provided as a deferred loan with a 60-month loan term with no set minimum payment, if the property transfers during the 60-month loan term the funds becomes due immediately. If the property is transferred through a non-sale and the individual cannot afford to pay the loan off, then it will continue to be deferred. The loan can be renewed for an additional 60-month term if the household can prove financial hardship. A flat 10% service fee is calculated up front when the funds are provided will be added to all funds provided upon repayment. After 3 months, the assistance may continue if funding is still available. A Deed of Trust (DOT) is recorded, and a Promissory Note is executed to secure the loan. The City Attorney's office will draft the DOT and Promissory Note and the City will hold the DOT and Promissory Note. Assistance is only provided for mortgage payments and homeowners insurance. The administrator will be responsible with completing loan closing and collecting loan payments. The administrator of the program must submit a monthly report identifying the

funding spent, family size served and AMI level. The administrator will create an application and market the program. Upon repayment of the loan it is the homeowner's responsibility to get the certificate of satisfaction recorded. All individuals will be encouraged to participate in the supportive services offered such as Bank On, Downtown Job Center, etc.

Community Engagement:

The HAC met in a virtual public meeting on May 26, 2020 to examine the program proposals. HAC did recommend a revision to the Short-Term HMAP program to provide for the loan funds be due and payable at the end of the mortgage term, which could be 30-years. Staff does not concur with this revision because it defers all repayments when some of the community will rebound faster and will be able to pay off the loan. I believe the loans should all have a set loan term but have the flexibility to extend the loan terms as needed. The HAC approved all 4 programs with the suggested amendment to the Short-Term HMAP.

Alignment with City Council Vision and Strategic Plan:

All of the proposed programs align with City Council Vision "Quality Housing Opportunities for All". All of the programs also align with Goal 1.3 of the Strategic Plan "Increase affordable housing options".

Budgetary Impact:

The total amount of project funding requests equals \$1,155,000. There is currently \$1,370,000 in previously unappropriated funding in the Charlottesville Affordable Housing Fund that is available for allocation in FY20. Approval of any of the four (4) program proposals presented above will significantly impact CAHF and the City's ability to fund further projects throughout FY20 and FY21. The staff recommendation below would nearly exhaust the remaining available CAHF funding, resulting in minimal means of funding any new projects that may come before City Council until additional dollars are appropriated to the Charlottesville Affordable Housing Fund.

Recommendations:

City staff and HAC recommend the following:

1. Fully fund the ST-HRAP, ST-RHAP, ST-LRAP and ST-HMAP programs in the amount of \$1,155,000. Funding the programs at \$1,155,000 will allow funds to move based upon the demand for the programs which will help respond to the community's needs.

The HAC recommends the following allocations:

1. HAC supports an amendment to the ST-HMAP proposal. The HAC supported adding the three (3) deferred loan payments to the end of the homeowner's mortgage.
2. The HAC also recommended being prepared to utilize other funding sources to fund the programs in the future if other sources become available. The HAC understands the need to create the programs to help the community get through this tough time but they would like to also be prepared to act on potential development opportunities that arise throughout the year.

Alternatives:

Council could decide to not fund any of the proposed programs, or to provide the proposed programs with a different level of funding. The City Council may also choose to not fund the projects as grants but as zero interest loans with repayment terms to be determined with each approved program.

Attachments:

Table 1: CAHF Funding Proposed Programs
Resolution for COVID-19 Housing Programs

CAHF Balance: \$1,370,000
Proposed Expenditure: \$1,155,000
Reserve: \$215,000

Housing Programs in Response to COVID-19				
PROGRAM	Short Term Homeless Rental Assistance Program (ST-HRAP)	Short Term Re-Entry Housing Assistance Program (ST-RHAP)	Short Term Landlord Rental Assistance Program (ST-LRAP)	Short Term Homeowner Mortgage Assistance Program (ST-HMAP)
AUTHORITY	City Charter, §50.7	City Charter, §50.7	City Charter, §50.7	City Charter, §50.7
PROGRAM DESCRIPTION	The ST-HRAP program is a citywide grant program that provides limited housing assistance (up to 6 months) to households residing in the City that are experiencing homelessness. The program goal is to reduce the number of households at risk of contracting COVID-19 due to their inability to social distance and follow CDC guidelines on hygiene.	The ST-RHAP program is a citywide grant program that provides limited housing assistance (up to 6 months) to individuals that were recently released from a correctional institution due to COVID-19. The program goal is to reduce the number of households at risk of contracting COVID-19 due to their inability to social distance and follow CDC guidelines on hygiene.	The ST-LRAP program is a citywide forgivable loan program that provides limited housing assistance (up to 3 months) to landlords who have rental tenants that reside in the City and are at risk of experiencing homelessness due to nonpayment of rent as a result of the COVID-19 pandemic. Landlords that are awarded funding will be required to forgive all late fees that have accrued since the Local Emergency Declaration and allow the household to stay in their unit. The program is designed to reduce household displacement due to the COVID-19 pandemic.	The ST-HMAP is a citywide loan program that provides limited housing assistance (3 months with the possibility to renew for 3 additional months) to homeowners that reside in the City who are at risk of losing their homes due to nonpayment of mortgage as a result of the COVID-19 pandemic. The program goal is to reduce displacement as a result of the COVID-19 pandemic.
FUNDING ALLOCATION	\$264,000 includes 10% funding for administration of the program. <ul style="list-style-type: none"> - \$240,000 to fund the program 	\$264,000 includes 10% funding for administration of the program. <ul style="list-style-type: none"> - \$240,000 to fund the program 	\$264,000 includes 10% funding for administration of the program. <ul style="list-style-type: none"> - \$240,000 to fund the program - \$24,000 administrative cost (*if not administered by the City) 	\$363,000 includes \$48,000 in funding for administration of the program. <ul style="list-style-type: none"> - \$315,000 to fund the program - \$48,000 administrative cost (*if

	- \$24,000 administrative cost (*if not administered by the City)	- \$24,000 administrative cost (*if not administered by the City)		not administered by the City)
WHO ADMINISTERS	The City would look into administering the program “in-house”. If a non-profit administers the program, quotes would need to be solicited through a small-purchase procurement procedure, so the non-profit(s) would be selected through a competitive process. A contract for administration would be procured through a simple quote procedure; we would be looking for a nonprofit that already has experience administering a similar program.	The City would look into administering the program “in-house”. If a non-profit administers the program, quotes would need to be solicited through a small-purchase procurement procedure, so the non-profit(s) would be selected through a competitive process. A contract for administration would be procured through a simple quote procedure; we would be looking for a nonprofit that already has experience administering a similar program.	The City would look into administering the program “in-house”. If a non-profit administers the program, quotes would need to be solicited through a small-purchase procurement procedure, so the non-profit(s) would be selected through a competitive process. A contract for administration would be procured through a simple quote procedure; we would be looking for a nonprofit that already has experience administering a similar program.	The City would look into administering the program “in-house”. If a non-profit administers the program, quotes would need to be solicited through a small-purchase procurement procedure, so the non-profit(s) would be selected through a competitive process. A contract for administration would be procured through a simple quote procedure; we would be looking for a nonprofit that already has experience administering a similar program.
WHO IT BENEFITS	Homeless households who are 0-50% AMI.	Individual’s re-entering society upon release from a correctional institution.	Ultimately the program will benefit households at 0-80% AMI who are at risk of becoming homeless.	Households at 0-80% AMI who can demonstrate a financial hardship.
TERM OF PROGRAM	6 Months with the possibility to renew if funding is available.	6 Months with the possibility to renew if funding is available.	Each household that receive assistance is eligible to receive assistance for up to 3 months. A landlord may re-apply after the initial 3-month period ends depending on circumstances and availability of funding.	3 Months with the possibility to renew if funding is available.

GRANT OR LOAN	The funding is provided as a grant with no repayment required. The household must be income qualified.	The funding is provided as a grant with no repayment required.	The funding is provided as a loan that is forgiven if the landlord does not evict the family during the program plus a one-month grace period after the program ends. If the landlord evicts the household before the grace period ends all funding the landlord has received becomes due in full with 3% interest.	The funds are provided as a deferred loan with a 60-month loan term with no set minimum payment, if the property transfers during the 60-month loan term the funds becomes due immediately. If the property is transferred through a non-sale and the individual cannot afford to pay the loan off, then it will continue to be deferred. The loan can be renewed for an additional 60 month if the family can prove financial hardship. A flat 10% service fee is calculated up front when the funds are provided will be added to all funds provided upon repayment.
NOTES	After 6 months the assistance may continue if funding is still available. Assistance will be provided to approximately 27 households with an average not to exceed \$1,500 per household per month. Assistance is only provided for rental payments. ST-HRAP can only be used on hotels, apartments, condominiums, townhouses, duplexes, group homes, accessory dwelling	After 6 months the assistance may continue if funding is still available. Assistance will be provided to approximately 27 individuals with an average not to exceed \$1,500 per individual per month. Assistance is only provided for rental payments. ST-RHAP can only be used on apartments, condominiums, townhouses, duplexes, group homes, accessory dwelling units, and single-family detached	The landlord may apply to receive assistance for units that have unpaid rent and no payment plan in place. Assistance will be provided to approximately 54 households with a cap of \$1,500 per household per month. Assistance is only provided for rental payments. ST-LARP can only be used on apartments, condominiums, townhouses, duplexes, accessory dwelling units and single-family detached homes. The administrator of the program	After 3 months the assistance may continue if funding is still available. A Deed of Trust (DOT) is recorded, and a Promissory Note is executed to secure the loan. Assistance will be provided to approximately 27 families with a cap of up to \$2,100 per household per month. The City will hold the DOT and Promissory Note. Assistance is only provided for mortgage payments and homeowners insurance. The administrator will be responsible

	<p>units, and single-family detached homes. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. All individuals will be required to participate in the supportive services offered such as Bank On, Downtown Job Center and etc.</p>	<p>homes. ST-RHAP can be used to pay for up to (2) months for an individual to live in a hotel, motel or extended stay. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. If the individual is reincarcerated for longer than (1) month the administrator will begin looking for a new individual to take over the unit. The landlord will be provided with up to (2) months of rental assistance if the tenant is reincarcerated. All individuals will be required to participate in the supportive services offered such as Bank On, Downtown Job Center and etc.</p>	<p>must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. Households that are receiving other forms of housing assistance are eligible for ST-LRAP. All individuals will be encouraged to participate in the supportive services offered such as Bank On, Downtown Job Center and etc.</p>	<p>with completing loan closing and collecting loan payments, while the City Attorney's office will draft the DOT and Promissory Note. The administrator of the program must submit a monthly report identifying the funding spent, family size served and AMI level. The administrator will create an application and market the program. Upon repayment of the loan it is the homeowner's responsibility to get the certificate of satisfaction recorded. All individuals will be encouraged to participate in the supportive services offered such as Bank On, Downtown Job Center and etc.</p>
--	--	---	--	--

*Funds may be moved between the different programs depending on the demand. *

RESOLUTION

**Allocation of Charlottesville Affordable Housing Fund (CAHF) for programs in response to the COVID-19 pandemic.
\$1,155,000**

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Charlottesville, Virginia that the sum of \$1,155,000 be allocated from previously appropriated funds in the Charlottesville Affordable Housing Fund (CAHF) for the creation and implementation of four (4) programs utilizing CAHF funding in response to immediate community needs due to the COVID-19 pandemic.

Fund: 426	Project: CP-084	G/L Account: 530670
Short-Term Homeless Rental Assistance Program (ST-HRAP)		\$264,000
Short-Term Re-Entry Housing Assistance Program (ST-RHAP)		\$264,000
Short-Term Landlord Rental Assistance Program (ST-LRAP)		\$264,000
Short-Term Homeowner Mortgage Assistance Program (ST-HMAP)		\$363,000