

Governance

FINAL DRAFT



Governance | Purpose

Governance structures shape the efficacy and equitability of decision-making, which ultimately determine housing program implementation and community outcomes. Best practices that will ensure successful governance include:

Formalize processes to **set priorities for the use of public funds**

Include and empower community voices, including those who benefit from publicly-funded housing programs, in decision-making processes

Build trust in public processes by providing clear communication about priorities and reducing conflicts of interest and perceptions of conflicts

Ensure the successful implementation of recommendations by **aligning City capacity with needs and priorities**

Governance | Recommendations

Charlottesville should build governance structures that **institutionalize an equitable and efficient implementation** of the Affordable Housing Plan.

Setting clear roles and increasing the presence of BIPOC representation and those who participate in housing programs for the City’s staff and governance bodies is necessary for the effective implementation of the Charlottesville Affordable Housing Plan and addressing racial equity. In particular, the City should implement the following recommended changes to its governance structures:

Housing Advisory Committee (HAC)	Reform the structure and function of the Housing Advisory Committee to represent a broader range of viewpoints and focus on housing policy recommendations and not funding allocation.
Charlottesville Affordable Housing Fund (CAHF) Committee	Empower a committee with community and staff representation to make recommendations about the priorities and distribution of the CAHF.
City Staff Capacity	Realign priorities, increase capacity, and empower staff to collaborate with advocates and respond to community needs.
Standardized and Competitive Funding Process	Establish clear, transparent, and competitive processes to award grants and loans for affordable housing.

The remainder of this chapter provides additional detail on recommended policy changes, as well as the implementation needs and anticipated impacts of these changes.

Governance | Inclusive Governance

The Importance of Including Diverse Community Voices

Public input gathered as part of Cville Plans Together provides a clear illustration of the importance of including diverse community voices in the City’s decision-making. In public surveys and stakeholder interviews, the priorities of housing professionals and residents from marginalized populations including BIPOC reflected different priorities for affordable housing. Many housing professionals emphasized the importance of rental affordability, particularly for Charlottesville’s lowest-income residents. However, disaggregated public survey responses by race and ethnicity, and by homeowner status, shows that homeownership is a priority concern for Black and Latinx community members, as well as a higher concern for renters than homeowners. **To reflect the needs and priorities of its community, the City’s governance structures need a diversity of perspectives, not just from housing professionals but inclusive of community voices and beneficiaries of housing programs.**

Building Inclusive Governance throughout Charlottesville’s Affordable Housing Infrastructure

Charlottesville can take concrete steps to bring diverse voices into its decision-making processes, and to build inclusivity throughout its Affordable Housing infrastructure, including public and nonprofit entities that receive City funding. The governance recommendations outline steps to advance inclusive governance, including through reforming the Housing Advisory Committee, forming a new Committee to govern the Charlottesville Affordable Housing Fund (CAHF), setting goals and scoring criteria for recipients of CAHF funds to incorporate diverse voices into their decision-making processes, and expanding City housing staff. To advance this work across these entities, the City should:

- Develop an onboarding process including affordable housing training available to all new members of public and nonprofit boards and commissions, as well as leadership, to support successful participation.
- Provide funding from the CAHF administrative budget for the provision of this training and other programs that build the capacity of community members to serve.
- Monitor the success of these programs and make changes as needed to meet diverse participation goals.

Survey Respondents Who Believe that Homeownership is a Critical Issue in Charlottesville:

76%

Black or African American respondents

50%

White or Caucasian & respondents

74%

Hispanic or Latinx respondents

50%

Asian or Asian American respondents

63%

Renters

47%

Homeowners

Source: Cville Plans Together Public Survey (Spring 2020)

Governance | Housing Advisory Committee

Reform the structure and function of the Housing Advisory Committee to build trust and improve its impacts.

CONTEXT

Charlottesville's Housing Advisory Committee (HAC) is a public committee intended to provide City Council with recommendations about housing policy and priorities. The HAC has the potential to be an important link for Council to access community housing needs and priorities, but the current structure limits both its impact and its authority, and its activities have expanded beyond its initial purpose.

RECOMMENDED CHANGES

HAC reform should restructure the committee to achieve a better balance of representation aligned with the guiding principles of racial equity, regional collaboration, and a comprehensive approach to housing, and refocusing HAC efforts on advising and advocating for affordable housing priorities. The City should:

- Refocus the HAC on its stated purpose of monitoring affordable housing issues and providing City Council with recommendations about housing policy priorities, as well as championing and advancing the implementation of the Affordable Housing Plan, monitoring progress, and issuing an annual report on affordable housing in Charlottesville.
- Reduce the total number of seats on the HAC from 21 to between 10 and 15, and make all seats Council-appointed, keeping the current 2-year terms and 4-term limits.
- Increase the representation of BIPOC, including housing professionals and community members.
- Ensure that HAC members include beneficiaries of housing programs and subsidized housing residents.
- Give regional representatives voting power.
- Develop an onboarding process including affordable housing training for new members, particularly community members, to support successful participation.
- Continue to encourage public attendance at HAC meetings to ensure larger participation is possible.
- In the longer term, determine ways for the HAC to become a regional body that serves and represents the City of Charlottesville and Albemarle County, including through a joint funding agreement.

Charlottesville's Housing Advisory Committee is a public committee. Per the City's website, the purpose of the 21-member committee is to provide City Council with recommendations regarding housing policy and affordable housing priority, and research and discuss trends and ideas in affordable housing

Governance | Housing Advisory Committee

IMPACTS

Adding community voices and reducing the representation of organizations receiving City funding will build trust in the HAC by limiting perceptions of conflicts of interest and setting clearer mandates for both the HAC and City staff.

GUIDING PRINCIPLES

Racial Equity The Housing Advisory Committee must be a body that supports and affirms the City's commitment to racial equity in housing. Toward that end its membership must be rebalanced to expand the representation of BIPOC, including both housing professionals and community members. An onboarding process will be critical to ensure that community members are empowered to participate fully in setting priorities.

Regional Collaboration Full participation from regional representatives will be important to identify opportunities for City and regional priorities to align. The HAC can also serve as a conduit for the City to engage with the Regional Housing Partnership and identify areas for deeper collaboration, and may eventually serve and represent both the city and county.

Comprehensive Approach The HAC should consider and make recommendations for the City to pursue a balanced and comprehensive mix of affordable housing programs, including land use, subsidy, and tenants' rights, as well as supporting a full range of housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners

City Manager, Council, and Staff
Housing Advisory Committee

Action Items

1. The City Council will redefine the role and membership of the HAC, including guidelines to ensure a diverse and inclusive membership, and appoint new members
2. City staff in coordination with existing HAC members will develop and implement an onboarding process for new members

Timeframe

Immediate (within 1 year)

HAC Overview

Membership

10-15 members

- 2-3 affordable housing providers (recipients of City funds)
- 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.)
- 2-3 at-large community members
- 2-3 affordable housing residents or beneficiaries
- 2-3 regional representatives

Responsibility

Provide City Council with recommendations about housing policy priorities.
Champion and advance the implementation of the Affordable Housing Plan.
Issue an annual report on affordable housing in Charlottesville.

City Staff Role

Administrative

Terms & Appointment

Council-appointed, keeping the current 2-year terms and 4-term limits for consecutive service

Governance | Charlottesville Affordable Housing Fund Committee

Empower a committee with community representation to make recommendations about the **priorities and distribution of the CAHF**.

CONTEXT

The City currently struggles to identify and act on clear priorities for the Charlottesville Affordable Housing Fund (CAHF). Current governance structures do not provide a forum for City staff, community members, nonprofit stakeholders, and advocates to discuss housing priorities and recommendations before they are put before Council. Historically, this has slowed the appropriation and distribution of funds set aside for the CAHF and inhibited collaboration around the implementation of funding. There is also a perceived conflict of interest in the role that nonprofit stakeholders who receive funding from the CAHF play in making recommendations on funding allocations.

RECOMMENDED CHANGES

The City should designate a committee to make recommendations about priorities for the use of CAHF funds, to set targeting and scoring criteria for CAHF-funded programs and to review City staff recommended awardees. This should be a separate committee from the HAC. The City Council should appoint members and may choose some representatives from among HAC members. The committee should have equal representation from City staff, affordable housing practitioners, and community members including those who are impacted by housing investments, such as public housing residents or recipients of down payment assistance or other affordable housing program funds. The City should develop an onboarding process including affordable housing training and City budget training for members. Committee members who intend to apply for City funding will not be eligible to vote on the allocation of funding or participate in the review of applications.

IMPACTS

Designating or establishing a committee with this structure would provide a clear mandate for City leadership to guide funding decisions, supported by City staff and community members. This will help the City deploy funds to meet its housing needs. The recommended CAHF committee will ensure that the community's voices are included in decisions about the use of City funds to support affordable housing, provide an improved process to manage and eliminate conflicts of interest, and create a forum for direct engagement and collaboration between City staff, community members, and housing professionals.

A Housing Trust Fund (HTF) is a locally-controlled fund dedicated to support affordable housing programs. Charlottesville's HTF is called the Charlottesville Affordable Housing Fund (CAHF) and is the primary vehicle for local funding to support affordable housing subsidy.

Governance | Charlottesville Affordable Housing Fund Committee

GUIDING PRINCIPLES

Racial Equity Empowering community members impacted by Charlottesville’s housing investments, including BIPOC, will help the City to advance racial equity in housing through its investments. The CAHF Committee must support and affirm the City’s commitment to racial equity in housing. An onboarding process will be critical to ensure that community members are prepared to participate fully in making budget recommendations.

Regional Collaboration It should be the goal of the City and the CAHF committee to develop a regional Housing Trust Fund that can be used to support the development of affordable housing within the region. The City and the CAHF committee should also engage the University of Virginia to identify opportunities to make joint investments in affordable housing.

Comprehensive Approach While the HAC is charged with taking a more comprehensive view of housing policy in Charlottesville, the CAHF Committee will be primarily concerned with subsidy tools, but should have opportunities for discussion with the HAC and consider opportunities for the City to allocate funding to support land use changes such as subsidized ADUs, and to tenants’ rights tools such as paying into a legal services fund for tenants facing eviction. The CAHF committee will make recommendations about the use of CAHF funds to support a range of potential housing options for residents including rental and ownership opportunities.

IMPLEMENTATION

Lead and Partners
City Manager and Council
Committee Members

Timeframe
Immediate (within 1 year)

Funding Needs
None

CAHF Committee Overview

Membership 9 members

- 3 affordable housing providers and advocates
- 3 affordable housing residents or beneficiaries
- 3 City staff
- Should include no more than 3 HAC members

Responsibility Provide City Council with recommendations about the budget and use of CAHF funds. Comment and make recommendations on scoring & selection criteria, with final criteria set by City staff. Review & comment on funding award selections, with final selections made by City staff.

City Staff Role Substantive

Terms & Appointment TBD

Governance | Charlottesville Affordable Housing Fund Committee

Example Models for Housing Trust Fund (HTF) Governance

	Richmond Affordable Housing Trust Fund Oversight Board Richmond, VA	Atlanta Beltline Affordable Housing Advisory Board Atlanta, GA	Cambridge Affordable Housing Trust Cambridge, MA
Sample Responsibilities	<ul style="list-style-type: none"> Oversee the administration of the HTF and programs funded by the HTF Evaluate loan and grant applications Submit an annual report and other updates to City Council and Mayor Monitor compliance of funding recipients Ensure fund sustainability 	<ul style="list-style-type: none"> Make recommendations to the City on goals and policies related to the use of the HTF Provide semi-annual reports to the City Council and Mayor 	<ul style="list-style-type: none"> Advises on housing programs and policies to City staff and leadership Sets criteria for reviewing proposals for programs, policies, and developments Serves as the loan committee for awarding of funds
Sample Rules	<ul style="list-style-type: none"> Membership has staggered 3-year terms Chaired by an appointed City Council member (nonvoting) No funding may be awarded to persons serving on the board or to entities in which board members have a personal interest 	<ul style="list-style-type: none"> Members serve 2-year terms with a 3-term limit 	<ul style="list-style-type: none"> Membership appointed by City Manager City Manager serves as an ex officio member

Governance | Charlottesville Affordable Housing Fund Committee

A conflict of interest arises when there is a divergence between a CAHF Committee member's private interests and their obligations to the CAHF Committee, such that an independent observer might reasonably question whether the individual's professional actions or decisions are determined by consideration of personal gain, financial or otherwise. In order to avoid any potential conflict of interest with the mission of the CAHF Committee, the City and the CAHF Committee should adopt a statement to guide the Committee on issues of potential influences on disclosure and recusal.

Example Conflict of Interest Policy

The function of the CAHF Committee is solely to provide perspective and advice to City staff and City Council on the use of CAHF funds. The CAHF Committee does not have the authority to make decisions for the City.

The CAHF Committee has a duty to make recommendations in the interest of the public good, to both be, and to be perceived as, independent and credible advocates for the CAHF without regard to the private interests of its CAHF Committee members.

Definition of conflict of interest: A conflict is any interest in a transaction or decision where a CAHF Committee member (including the member's business or other nonprofit affiliations); or a CAHF Committee member's family, and/or significant other, close associates or employer will receive a benefit or gain. Family should be defined as "parents, spouse/significant other, siblings, children, grandchildren, grandparents, aunts, uncles, and first cousins." This policy addresses two types of potential conflicts of interest: (1) conflicts related to project/program funding award recommendations and (2) conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals.

Conflicts related to project/program funding award recommendations: If a CAHF Committee member has a conflict of interest, such as a conflict regarding a funding recommendation for a specific project under consideration by the Committee, the Affected member(s) will recuse themselves from relevant Committee discussions and votes and absence themselves from the room during the relevant discussion (which shall be noted in the minutes).

Conflicts related to the creation of the annual allocation plan and/or programmatic policies/procedures/Requests for Proposals: If a CAHF Committee member has a programmatic conflict of interest, such as may arise in the discussion of the Annual Allocation Plan, the member will disclose their interests which may present a conflict or appearance of a conflict to the group at the beginning of the meeting. The member will immediately disclose any additional conflicts which arise in the course of discussion. All conflict disclosures shall be noted in the minutes. When the Annual Allocation is presented for a vote, the annual allocation plan will be voted by line item/activity. The member should recuse himself/herself from the portion of the vote related to the line item/activity where the Member has a conflict.

Duty of Disclosure: Although members of the CAHF Committee serve in a purely advisory capacity, they will submit an annual written disclosure to the Committee chair any private interests that may cast doubt, or even the appearance of doubt, on their ability to serve the CAHF Committee impartially, disclose conflicts of interest in Committee meetings as described by this policy, and agree to be bound by this Conflict-of-Interest policy.

Governance | City Staff Capacity

Realign priorities, increase capacity, and empower staff to be **collaborative with advocates and responsive to community needs**.

CONTEXT

The size of Charlottesville’s housing staff is appropriate for a small city, but the scale and complexity of housing programs in Charlottesville is equal to that of a much larger city. There is a culture in which City staff can be at odds with the development community and the advocacy community, which limits the effectiveness of housing and development policies.

RECOMMENDED CHANGES

To ensure the successful implementation of the Affordable Housing Plan, Charlottesville needs to increase the capacity of City staff to effectively administer its housing programs and manage development processes, set clear priorities and measures of success for its programming, and make staff beholden to those priorities. In addition, the City should:

- Set annual production goals for City performance related to housing development and affordability, and track metrics related to the impact of the City’s housing programs and development activity, disaggregating data by race, ethnicity, and income level.
- Assess the appropriate place for housing staff within City government—whether within Neighborhood Development Services, within another department, or as a separate department or entity.
- Assign a staff person to be the liaison or lead for affordable housing development, taking responsibility for moving development through the approval and inspection process quickly and efficiently.
- Incorporate City staff in the CAHF committee and encourage collaboration to set funding priorities.
- Develop a standardized competitive process to award funding for affordable housing.
- Work with affordable housing developers to reduce the cost of the development of affordable housing.
- Provide clear communication about staff roles and City processes and priorities to external partners, and clear paths for community feedback to the City.
- Prioritize the recruitment of housing staff that reflect the communities served by housing programs.

Governance | City Staff Capacity

IMPACTS

Incorporating these changes into City processes related to development review, neighborhood services, and housing affordability programs will enhance the City’s capacity to advance the Affordable Housing Plan.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, Charlottesville’s Housing staff and Neighborhood Development Services staff need to apply a racial equity lens to decision-making, develop clear paths for community feedback to staff, and reflect the diversity of Charlottesville’s residents.

Regional Collaboration City staff need to dedicate time to liaising with the City’s regional partners to align and collaborate on housing and planning activities.

Comprehensive Approach City staff will need to work across departments and specializations to jointly address land use, subsidy, and tenants’ rights.

IMPLEMENTATION

Lead and Partners

Housing Staff
Neighborhood Development Services
City Manager and Council

Action Items

1. The City will set goals for development and housing programs, review current staffing, and make changes to accommodate new priorities and increase staff capacity. This should include hiring or designating an affordable housing liaison for developers.
2. The City will establish standardized competitive funding processes or administrative capacity for each program as appropriate.
3. The City will track its performance against established goals on production and cost per home.

Timeframe

Immediate (within 1 year)

Housing Staff in Charlottesville & Other Cities

City	City Housing Staff
Charlottesville, VA	Housing & Redevelopment <ul style="list-style-type: none"> • Housing Program Coordinator • Planner II/Grants Coordinator • Redevelopment Manager
Richmond, VA	Housing & Community Development <ul style="list-style-type: none"> • Director & Deputy • Management Analyst • Homeless Prevention (5) • Affordable Rental Housing & Neighborhood Transformations (3) • Homeownership (4)
Raleigh, NC	Housing & Neighborhoods <ul style="list-style-type: none"> • Director • Community Development (26) • Code Enforcement (28) • Community Engagement (17)
Durham, NC	Community Development <ul style="list-style-type: none"> • Director • 23 staff in program management, compliance, community development, etc.

Governance | Roles & Responsibilities

	Housing Advisory Committee (HAC)	Charlottesville Affordable Housing Fund (CAHF) Committee	City Housing Staff
Role	The HAC will monitor affordable housing issues in Charlottesville and the implementation of the Affordable Housing Plan. Based on this work, the HAC will make recommendations to City Council about policy priorities, advise on existing housing priorities (homeownership, homelessness, etc.), recommend new programs or tools, such as an acquisition fund, land bank, or inclusionary zoning and educate the broader public on Charlottesville’s affordable housing challenges and the programs in place to address them. The HAC will champion the Affordable Housing Plan and issue an annual report on affordable housing in Charlottesville.	The CAHF Committee is responsible for overseeing the use of CAHF funds. This includes recommending the allocation of the annual budget for the Charlottesville Affordable Housing Fund across the City’s programs. In addition, the CAHF committee will set scoring criteria and targeting recommendations for programs funded through the CAHF, and review City staff recommendations for fund awards.	The role of the City’s housing staff will be to implement the recommendations of City Council as informed by the HAC and the CAHF committee. City staff will manage a competitive solicitation and award process for City-funded housing programs, by issuing solicitations, scoring applications, and negotiating agreements with selected applicants. In addition, staff will lead the design and implementation of programs in collaboration with other City departments as appropriate.
Membership	<p>10-15 members</p> <ul style="list-style-type: none"> • 2-3 affordable housing providers (recipients of City funds) • 2-3 real estate professionals (may include brokers, lenders, developers, architects, etc.) • 2-3 at-large community members • 2-3 affordable housing residents or beneficiaries • 2-3 regional representatives 	<p>9 members</p> <ul style="list-style-type: none"> • 3 affordable housing providers and advocates • 3 affordable housing residents or beneficiaries • 3 City staff • Should include no more than 3 HAC members 	Not Applicable
Terms & Appointment	Council-appointed, keeping the current two-year terms, with a limit of four consecutive terms.	To Be Determined	Not Applicable

Governance | Standardized Competitive Funding Processes

Establish **clear, transparent, and competitive processes** to award grants and loans for affordable housing.

CONTEXT

Charlottesville provides funding in the form of grants and loans to support a range of affordable housing programs. Currently, requests for gap financing for new Low-Income Housing Tax Credit (LIHTC) developments are reviewed by the City on a case-by-case basis; Community Development Block Grant (CDBG) and HOME funds requests are awarded through a Request for Proposals process overseen by a CDBG/HOME taskforce, and requests for funding from the Charlottesville Affordable Housing Fund (CAHF) are made based on a Notice of Funding Availability (NOFA) and application process, with off-cycle funding requests reviewed on a case-by-case basis. Scoring criteria for CAHF fund applications include the number of homes developed or preserved that are affordable to households earning less than 80% of AMI, project readiness, and the leveraging of CAHF funds, as well as the project's support for the housing goals in the comprehensive plan. The relative weight or importance of these scoring criteria, and thresholds for performance, are not specified in the application materials for CAHF funds. Particularly for LIHTC development, the level of subsidy required on a per home basis appears high and warrants a closer evaluation.

RECOMMENDED CHANGES

Establishing clearer criteria and processes, particularly for development loans for LIHTC and loans and grant awards from the CAHF, will help the City better align the use of its funds with its affordable housing goals and underwriting priorities. In particular, the City should make the following changes:

- Work with the CAHF committee **to enumerate target funding amounts by program type** each year (e.g. LIHTC gap financing, homeownership programs, housing preservation).
- Establish a **request-for-proposals (RFP) process** for funds that clearly defines scoring criteria including target affordability levels and leverage of CAHF funds. In particular for LIHTC development funding requests, establish clear and competitive thresholds for the amount of local subsidy per home, location of project, and other criteria as relevant to City goals. Organizations competing for City funding will not be allowed to vote on budget allocations or awards.

Governance | Standardized Competitive Funding Processes

(CONT'D)

- Score projects based on applicant’s organizational and financial capacity and experience, efficiency and leverage of funds, alignment with public policy goals, and inclusion of community representation.
- Produce an **annual report on the investment and impact of funds**, noting metrics related to City goals including reducing racial disparities and production or preservation of homes by affordability level.

IMP- ACTS

Incorporating these changes into City funding processes will enhance the City’s capacity to advance the Affordable Housing Plan and ensure that public expenditures are underwritten in line with City affordable housing goals to maximize potential impacts.

GUIDING PRINCIPLES

Racial Equity To successfully support racial equity in housing, the City and CAHF committee should ensure that all projects and organizations funded help to advance Charlottesville’s racial equity goals, through community representation in decision-making, prioritization of the use of funds, and minimizing potential barriers to access.

Regional Collaboration If the City pursues regional funding opportunities through a regional housing trust fund, it should incorporate similar processes to ensure the efficient use of funds within the region.

IMPLEMENTATION

Lead and Partners

Housing Staff

CAHF Committee

City Manager and Council

Action Items

1. The City will conduct a review of existing scoring, evaluation, administration, and reporting processes and revise or replace as appropriate.
2. The City will work with the CAHF committee to establish allocation targets, production goals, and regular reporting for the use of CAHF funds.
3. The City will track its performance against established goals.

Timeframe

Immediate (within 1 year)

Governance | Standardized Funding Processes

Sample HTF Allocation Plan

Program	30% AMI	50% AMI	80% AMI	Total
LIHTC Gap Financing	33%	66%		\$2,500,000
Owner-Occupied Rehab		50%	50%	\$500,000
Down Payment Assistance			100%	\$1,000,000
Emergency Rental Assistance	80%	20%		\$500,000
Administrative Costs				\$500,000
Total				\$5,000,000

Metrics for Evaluation of Programs

To ensure that City funds support the City's goals and commitment to racial equity, it will be critical to track metrics related to city-funded developments and programs.

- **Program Impact and Cost** (e.g. number of homes, cost per unit, local subsidy per unit, total subsidy per unit, tenure type, length of affordability, affordability level)
- **Beneficiary Data** (e.g. race, location, income, household size)
- **Alignment** (e.g. were regional partners involved?, does funding recipient include diverse community representation in decision-making?, does this program complement other tools as part of a comprehensive approach?)

Sample LIHTC Project Scoring Criteria

Category	Points	Comments
Development Team Experience	7	
Site Control and Zoning	8	
Organization Financial Information	10	
Program & Construction Design	25	Incl. provision of home buyer education & design compatibility
Type of Activity	5	New construction vs. rehab
Project Financial Information	25	Request as % of total cost, leverage of funds
Alignment with City Goals	15	E.g. location near main transit lines
Developer Fee from HTF	5	
Bonus Points	Varies	Incl. universal design or green design, providing deeper affordability (e.g. more 30% AMI homes)