



## **Housing Advisory Committee (HAC)**

Wednesday, June 19, 2019

12:00 – 2:00 PM

Neighborhood Development Services (NDS) Conference Room  
City Hall, 605 E. Main Street

### **Agenda**

1. Call to Order / Introductions / Housekeeping / Minutes
2. CSRAP update – d’Oronzio
3. Interim update – HCV EE Incentive Pilot Program – Meyer
4. Strategy RFP and IAT update – if/as applicable/appropriate
5. City Update
6. County Update
7. UVA Update
8. Other Business / Subcommittee reports
9. Public comment \*

\* Note – at the discretion of the Chair, public comments related to particular agenda items may be solicited at that point in the meeting.

**Next HAC meeting: Wednesday, July 17, 2019, 12-2pm**

### **(Interim) Staff Contact:**

Brenda Kelley, Redevelopment Manager: (434) 970-3040 or [kelleybr@charlottesville.org](mailto:kelleybr@charlottesville.org)

City of Charlottesville HAC Meeting - 05/15/19 12-2 City Hall NDS conference room.

Minutes/Notes - Lyle Solla-Yates

12:08 - Call to order/Quorum Declared – Phil

CSRAP update - Phil

Phil-City Council presentation, Council sent back to HAC for modifications, will go to Policy subcommittee, City Council wants to see this before the end of June, ahead of schedule currently

Request for public comment

Todd Newmeyer, Cville Human Rights Office: referring people to program, windfall for some, challenge for others, lack of housing, rejected based on criminal history and vouchers. Looking for recourse for these people. Disproportionately people of color, possible proxy for racial discrimination. Want to educate voucher receivers on their rights. Desire to collaborate between Human Rights and HAC.

Dan: This kind of work is essential to a housing hub. TJACH is applying for funds for a housing navigator that will interact with landlords. Will know in the next month. May have a space donated.

Sunshine: Todd's idea of a joint effort would be great. Recommend as future action item.

Chris Meyer: Looking at funds from LEAP, would like to work with Policy subcommittee to do this

Dan: can this be sent to the Policy subcommittee?

Phil: If no objection, I send this to the Policy subcommittee (none heard)

Discussion on subcommittees for LD

Dr. Richardson, new City Manager, enters room, greets everyone.

IAT update - Schuyler/Mathan

IAT is intended to help understand interventions on cost and affordability. Joint effort of HAC and City Manager's office. Met again, checking formulas for accuracy. 2-4 weeks of work needed before bringing it back. Want it ready before CIP planning process begins.

Ridge: Hoping this will help guide the Housing Strategy, desire to turn this information into a narrative

Joy is carrying a large stick. Jokes about the stick.

Joy: Was at the Planning Commission meeting. Anything coming before the PC, there is not support for those making less than 50% off AMI. Still 80%. It makes CSRAP more difficult.

Sunshine: Rory from the PC is working on this and will bring it back to PC.

Phil: Ideally plans coming before the Planning Commission will reflect the Strategy. That's how we know it's working.

Dan: There's a value in breaking out which groups under what % AMI are being served, tool can do that.

Hill: Current requirement is 80%, that drives what we see. Nonprofit partners can go deeper.

Joy: There needs to be better partnerships. Habitat can't do everything. There's a feeling that we don't have to help that population because nonprofits will do that. Dan and Sunshine are doing a great job with public residents. There are people working three jobs having a hard time. Businesses say they can't provide deeper affordability. It's about profit. We're part of the city.

LD: It's not only about profit. Some are about sustainability. It's about sustaining themselves based on what the rents are. Different from a developer. We use this catch all "affordable housing" need to be clear what we mean. It's confusing. Some developers want to maintain housing we are committed to without raising rent.

Phil: This falls into the category of "you know it's working when" we start seeing these projects come in. We got contacted by a landlord. There is a provision in state law allowing the assessor to take into account the affordability of an apartment to then drop taxes. We don't have a neat and clean definition to apply that state statute to. In the city, our definition is 80% AMI and under rents for 30 years.

Alex: Do we expect this from the consultants?

Phil: y

Ridge: Can you send those emails to Policy committee?

Phil Y

Ridge: If we allow ADUs to be more readily available, what are the effects? IAT can tell us this.

Joy: We did this 8 years ago yes?

Chris M: Y

Joy: We need to keep the work we do.

Ridge: That work was done but nothing was done with it.

Chris M: Based on AMI. We don't control federal definitions. We have to mitigate that.

Phil: AMI at 80% is useful to talk about. Know what it is. Below 50% that tool and process falls apart. In conversation on IAT, there was interest in surveying existing affordable homes.

Sunshine: "Naturally Occurring Affordable Housing". Belmont Apartments brought this up. It was pretty rundown which made it inexpensive. We should monitor this so we can intervene before losing these homes to conversion to market rate.

Phil: Dr. Pethia surveyed landlords. The question is do we want to pursue that? How useful is that? Refers to housing survey in the packet.

Pethia: This survey didn't go out, don't have a clean database of properties. Want to pull out of GIS and update regularly. Didn't get done in time. Can be done now, but very labor intensive. Susan Elliot was working on this.

Phil: Is there a value in moving forward with that? Does this go to a consultant? Could just ask for this from property managers.

Pethia: Intent was an annual update to show trends and stay up to date. Requires more than one person.

Dan: Considered door to door surveys?

Pethia: Focused on 5+ unit buildings. Hard to do smaller. If you have an owner with a second address it's hard to know if it's a true rental.

Murphy: Could pull this info out of GIS, send out survey where address does not match. There are units out there we don't know about. People rent their basement under the table etc.

Phil: Should we pursue something like this?

Joy: How do other cities do that?

Pethia: Others in DC Metro have looked at multifamily.

Phil: We know the large institutional landlords, we can get that info.

Dan: Depends what the goal is. Random survey etc can tell you overall trends. If you need specific units, that's harder. Housing hub, City, and County can do that.

Sunshine: Need to know where affordable housing is before we lose it. Not major institutional landlords.

Chris M: Neighborhood association partnerships?

Phil: Collection and quality of data trap. We can get some data easily from institutional partners. Can poll directly.

Pethia: Possibly 67% response rate. Could reach out to those owners to help keep homes affordable.

Sunshine: Yes, value. How? Who?

Alex: HAC Policy committee

Hill: Outreach

Alex: Identify needs, then we can provide resources. Info can be analyzed by body

Grant: Staff and HAC need to collaborate

Phil: In middle of larger RFP, may be part of that.

Grant: There are data resources now in the City.

Alex: we have GIS ability

Hill: Need that resource

Murphy: Should be some work product on this from related efforts

Chris Meyer: I have interns to work on this once we have the data. We'd want to use it.

Sunshine: Suggest this goes to Policy subcommittee in concert with outreach, may inform consultants, can be done now. This is a motion

Phil second

Grant: GIS and?? data source. Not just those two?

Sunshine Y

Brenda: Property assessor can help.

Sunshine: age of property can tell us this

Grant: Not exclusively NOAH, also others

Phil: Moving this to Policy and Outreach, work it out, figure out how to implement it

Frank: Includes tool choices?

Phil: N

Motion passes unanimously

Landlord Survey draft - discussion

Housing Strategy RFP update - Mathon/Solla-Yates

Sunshine: Group met again, with Legal, PC, staff, will include members of CLIHC, need.

Phil nominates Lyle. Jennifer can represent. Dan recommends Chair choose this.

Hill: When will this get out? TBD

Other Business / Subcommittee reports

Hill: Question on subcommittee membership, need to be comprehensive of the group. Refers to draft membership.

LD: Can HAC ask general info from bodies that are members of HAC?

Phil: Can ask sure. Can't compel.

LD: Is that appropriate?

Sunshine: ABRT process may have the info you want. It's fine to ask otherwise.

Grant: Governmental entities, all the info is accessible through FOIA

Hill: Need to onboard nonexperts on the body

LD: May need specific data no already available. Loved when Dan asked "what's the goal". Goals should be based on data and being thoughtful.

Lyle: recommends HNA and Bonus Height Assessment as great resources

Phil: CSRAP draft will circulate to Policy

Dan: Policy will look at vouchers and energy upgrades

Ridge: Tax abatement

Frank: Can we get regular updates from County and City and UVA. Just what's going on, what are they doing.

Phil: Y

Joy: Tasking chair, no motion is needed

Hill: this is a regional body, should think that way

Nancy: Some orgs already have info on small landlords.

Murphy: There are known relationships

Dan: How do we get Haven's info?

Nancy: Talk to Stephen

Sunshine: Anthony too

Todd: Many doing this work, like us, PACHEM.

Phil: Policy committee needs to work on this

Ridge: PVCC, AIM, Love Inc

Phil: IRC

Pethia: Got a list of landlords from IRC, Haven, etc, all the same people.

Elaine: There is a list an intern made we all use. Todd and Nancy are referring to a running tally more informal

Claire Staple, Charlottesville Climate Collaborative: Need to combine energy efficiency with affordable housing, looking at this from a climate standpoint. An energy efficiency audit could be good, need to incentivize landlords to keep units affordable. C3 wants to be an asset. Have a group with 13 organizations working on this.

Lyle move to adjourn, Hill second

Adjourned 1:40



## **Housing Choice Voucher Incentive Pilot**

*An Energy Equity and Affordable Housing Initiative*

City of Charlottesville, Virginia

### **Pilot Overview**

Rental property owners that either currently accept Housing Choice Vouchers (HCV) or are interested in accepting vouchers would be eligible to receive funding for necessary renovations that incorporate energy efficiency improvements. This funding would not require repayment but rather, the property owner makes a binding commitment to continue accepting Housing Choice Vouchers for a set number of years after the renovations are complete, determined by the lending amount. The loan would be forgiven after the term of commitment to accept Housing Choice Vouchers ends. Additionally, this agreement would uphold the terms of affordability currently utilized by the Charlottesville Redevelopment and Housing Authority (CRHA) for HCV properties, which limits affordable housing rent increases relative to market value rates, in order to ensure sustained easement of residents' energy burden..

### **Methodology**

#### *Participation*

The pilot of this housing and climate initiative will engage 10 rental property owners, of which 7 will already be accepting HCV and 3 will be new to the HCV program. In order to gain a robust perspective of how a large scale program would function, the improvements of these properties should be selected to include a variety of projects from replacing inefficient appliances to replacing a roof or HVAC system.

The participating property owners for this pilot program will be recruited using the existing list of HCV rental properties in Charlottesville and word of mouth in the affordable housing network. Expansion of this pilot program may also utilize the results of the Housing Stock Survey, currently in development with the Housing Advisory Committee. Rental units offering 3+ bedrooms may warrant greater incentive in order to address the needs of larger families.

#### *Community Partners*

The success of this pilot program is dependent on the collaboration of community partners to administer the funds, conduct home energy assessments, manage projects, communicate with contractors, and oversee loan terms and agreements. LEAP has been identified as the preferred community partner to conduct home energy assessments and support the property owner with direct improvements or to help contract the proposed upgrades. Other community partnerships, such as AHIP and CRHA, should be explored to support the loan terms and agreements oversight (to be reviewed annually or at each lease renewal) and to administer the funds.



*Financing Models & Sample Loan Terms*

Qualitative reports from interviews with rental property owners will play a role in determining the most useful loan terms and commitments. Assuming the average cost of energy efficiency improvements ranges between \$1,000 - \$10,000, participation of 10 properties could require as much as \$100,000 in capital funding.

Current funds available to LEAP, AHIP, and other service providers should be examined to determine if this incentive program is eligible to pull funding from existing sources that already offer financial assistance to homeowners with lower incomes and have directives for approved energy efficiency projects (ie: Community Development Block Grant, HOME Investment Partnership Program, Charlottesville Affordable Housing Fund, Assisted Home Performance, CPP, etc.).

Eligible improvements for any one property will be determined by a home evaluation, and the total loan amount for the improvements may be broken down to address multiple needs identified in the evaluation. The determined improvements should be paired with existing funding to reduce the cost of each project, including but not limited to, the use of rebates or incentives offered by the City of Charlottesville or the Commonwealth of Virginia, other energy efficiency funding support (such as Dominion’s Utility Program funds), and retail/manufacturer rebates.

| <u>Loan Amount</u> | <u>Commitment Length</u> | <u>Forgiveness Rate</u> |
|--------------------|--------------------------|-------------------------|
| \$1,000 - \$2,000  | 2 years                  | \$500 - \$1,000 /year   |
| \$2,001 - \$3,000  | 3 years                  | \$666 - \$1,000 /year   |
| \$3,001 - \$4,000  | 4 years                  | \$750 - \$1,000 /year   |
| \$4,001 - \$5,000  | 5 years                  | \$800 - \$1,000 /year   |
| \$5,001 - \$10,000 | 10 years                 | \$500 - \$1,000 /year   |

Figure 1: Sample Loan Terms for HCV Incentive Financing Model

| <u>Example Loan Details</u>   |
|---|
| Principle Amount = \$4,450  |
| Loan Term & HCV Commitment Length = 5 years   |
| Forgiveness Rate = \$890 per year   |
| Potential Improvements = Water Heater Replacement, Insulation, Energy Efficient Appliance Replacement |

Figure 3: Example of Loan Term and Agreement

Loan terms selected for this pilot program should reflect a gradual loan forgiveness to encourage longer commitments in accepting HCV and to ease property-owner apprehensions by offering an option to exit the program and repay the loan amount. Alternative measures of loan terms may be set using a fixed number of commitment years or a standard forgiveness rate using scaled percentage, rather than forgiveness rates based on the loan’s principle amount.

| <b>Energy Efficiency Improvement</b> | <b>Est. Cost</b> |
|--------------------------------------|------------------|
| New Furnace or A/C                   | \$5,000          |
| Water Heater Replacement             | \$2,000          |
| Air Sealing                          | \$1,000          |
| Efficient Toilet & Install           | \$400            |
| LED bulbs                            | \$100            |
| Faucet/Shower Aerators               | \$50             |

Figure 2: Estimated Costs of Eligible Improvements

When a property-owner enters the forgivable loan agreement, the rental unit is also eligible to receive improvements in addition to the projects identified in the energy assessment, up to \$2,500. These improvement costs are a grant and is made in agreement with the renter using Dominion Utility Program funds, which only apply to low-income renters.

#### *Release from Agreement*

Property owners exit this incentive program when the loan is completely forgiven, if the property is sold, or if a non-qualified renter resides in the improved property. Voucher acceptance is required to remain in good standing, but includes continuation of a lease to previous voucher users who have graduated from the HCV program. If a property owner exits the program prior to total loan forgiveness, the remaining balance of the loan will be billed to the financially responsible party using the existing terms from Neighborhood Development Services that establishes a lien on the property, similar to the terms used by AHIP in their improvement projects.

#### **Evaluation**

The City and community partners should review the pilot program 12 months after the completion of improvement projects and produce an evaluation for the HAC. To track the success of this initiative, data should be gathered throughout the length of the pilot including:

- Energy cost-savings for HCV renters
- Number of HCV holders removed from the current waiting list
- Number of billable hours from improvement projects in local contractor industries
- Carbon emissions reductions

The evaluation should aim to summarize:

- Degree to which desired outcomes were met
- Challenges in recruiting participants
- Usefulness of loan model for property owners
- Proposed adjustments needed for large scale deployment



## **Housing Choice Voucher Incentives for Landlords**

*An Energy Equity and Affordable Housing Initiative*

City of Charlottesville, Virginia

### **Overview of Problem**

Affordable housing continues to be a critical issue in Charlottesville. While some low-income residents receive assistance through low-income housing placement, many other residents with low-income (<50% AMI) are added to the waitlist in order to receive Housing Choice Vouchers. There are currently 300 privately owned properties in Charlottesville that accept Housing Choice Vouchers<sup>1</sup>, however, the Charlottesville Redevelopment and Housing Authority (CRHA) is not currently accepting new applicants for the waitlist and has reported as many as 1,000 individuals waiting for vouchers<sup>2</sup>.

Charlottesville households with <50% AMI spend a significant portion of their income on energy costs. When a household's energy burden surpasses 10%, the home is considered to suffer energy poverty<sup>3</sup>. The average energy burden for Virginia households with <50% AMI increased by 2% from 2017-2018, which is likely to be a continued trend as extreme weather conditions become more frequent and intense<sup>4</sup>.

### **Proposed Solution**

An opportunity exists to secure and increase rental options for Housing Choice Vouchers holders, as well as potential to ease the cost burden on property-owners to make energy efficient improvements by coupling both initiatives in an incentive program that offers inclusive financing options for those who make commitments to accept vouchers.

Rental property owners that currently accept Housing Choice Vouchers would be eligible to receive funding for necessary renovations that incorporate energy efficiency improvements. This funding would be available to property owners and would not require repayment. Rather, the property owner makes a binding commitment to continue accepting Housing Choice Vouchers for a set number of years after the renovations are complete. The loan amount would be forgiven after the term of commitment to accept Housing Choice Vouchers ends and any funding to property owners that do not fulfill the commitment to accept vouchers are subject to repayment.

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<sup>1</sup> <http://www.charlottesville.org/departments-and-services/departments-h-z/housing-authority>

<sup>2</sup> Phone interview with CRHA staff (May 21, 2019)

<sup>3</sup> Simon, R (2008) Energy, Equity and the Future of the Fuel Poor. Energy Policy (36).

<sup>4</sup> Virginia HEAG 2018 Fact Sheet (2019) Fisher, Sheehan and Colton: Public Finance and General Economics

Further, property-owners who utilize this incentive and commit to accepting vouchers will also commit to capping the increase of rental costs for a reasonable amount of time so as to ensure the longevity of the unit's affordability. If permitted, increases to rental costs should be relative to the cost-savings associated with more efficient energy use.

A list of verified contractors or service providers should guide the eligibility of the release of funds with preference to local businesses. Considerations for smaller energy efficiency upgrades (such as LED bulb and aerator installations) should be further explored and incorporated into this incentive program. The time commitment for accepting vouchers should be inclusive of multi-generational families and also acknowledge imminent shifts in the housing market.

### **Desired Outcomes**

This energy equity and affordable housing initiative has the potential to:

- Retain the number of Housing Choice Voucher rental options in Charlottesville for a secured number of years with a cap on raising rent, relative to the tenant's cost-savings on energy bills.
- Expand the number of rental options for Housing Choice Voucher holders by incentivizing property owners to participate in the Housing Choice Voucher program with commitments to affordability for a set number of years.
- Increase the financial stability of low-income tenants by reducing their energy costs.
- Reduce greenhouse gas emissions from the residential sector, which makes up nearly 30% of Charlottesville's total emissions.





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