



Housing Advisory Committee (HAC) Policy Subcommittee Meeting

Wednesday, July 3, 2019

12:00noon

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

Agenda

1. Call to Order / Introductions
2. Energy upgrade incentives for accepting HCVs
 - i. Results of landlord survey
 - ii. Proposal for pilot program
3. NOAH survey
4. Update on the assessment statute
5. Public Comment

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Housing Choice Voucher/CSRAP Incentive Pilot

An Energy Equity and Affordable Housing Initiative

City of Charlottesville, Virginia

Pilot Overview

The goal of this pilot is to increase the amount of properties accepting rental vouchers and reduce low-income renters' utility bills. Rental property owners that either currently accept Housing Choice Vouchers (HCV) or CSRAP, or are interested in accepting either of these 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 or CSRAP for 5 years. The "loan" will be forgiven in full 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 target 10 rental properties. In order to gain a robust perspective of how a large-scale program would function, the improvements of these initial 10 properties should be selected to include a variety of projects and loan amounts.

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.

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 implement all of the energy efficiency measures because of its existing work for the City on this topic and access to additional external funding. Other community partnerships, such as CRHA, will be included in order to support the loan terms and agreements oversight (to be reviewed annually or at each lease renewal) and to support the pilot's evaluation.

Financing Models & Sample Loan Terms

Current funds available to LEAP and other service providers should be examined 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.).

Loan terms for this pilot program will include a 5 year commitment to accepting Housing Choice Vouchers and/or CSREP vouchers and will be forgiven at the fixed rate of 20% per year, with a maximum of \$10,000 per loan. Rental properties with multiple units may be eligible to receive additional lending at the discretion of program administrators in order to address the needs of larger buildings.

Eligible improvements for any one property will be determined by a home energy assessment executed by LEAP, and the total loan amount for the improvements may be broken down to address multiple needs identified in the assessment. 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.

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 (ex: LED lightbulbs, low-flow faucet aerators, etc.)

Example Loan Details
Principle Amount = \$4,450
Loan Term & HCV Commitment Length = 5 years
Forgiveness Rate (20%) = \$890 per year
Potential Improvements = Water Heater Replacement, Insulation, Energy Efficient Appliance Replacement

Figure 1: Example of Loan Term and Agreement

<u>Energy Efficiency Improvement</u>	<u>Est. Cost</u>
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

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 or CSRAP programs. 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:

- Number of new properties accepting HCV or CSRAP vouchers
- Energy cost-savings for voucher recipients
- Number of HCV and CSRAP holders removed from the current waiting list
- Reduced Green House Gas emissions from households in the pilot

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