

GRANT AGREEMENT

Charlottesville Supplemental Rental Assistance Program (CSRAP)

This grant agreement provides the terms and conditions upon which the City of Charlottesville ("City") will provide funding to the Charlottesville Redevelopment and Housing Authority ("CRHA") for the purpose of administering the "Charlottesville Supplemental Rental Assistance Program" ("CSRAP"). The CSRAP represents a partnership between the City of Charlottesville and the Charlottesville Redevelopment and Housing Authority. In order to facilitate expedient housing of those in need and to insure that funding resources are provided directly to housing clients, CRHA has proposed to administer the CSRAP at no cost to the City or the CSRAP. Therefore, the City and CRHA recognize that it is critical that the administrative burden associated with the program be kept to an absolute minimum. Funding approval in the amount of \$900,000 to support CRHA's administration of the CSRAP was provided by City Council on October 16, 2017.

Section 1. Time for Performance: February 1, 2018 through June 30, 2019.

Section 2. City Funding Amount: \$900,000

Section 3. Conditions of City Funding:

I. PURPOSE OF THE PROGRAM

- A. The City of Charlottesville has authorized the transfer of up to \$900,000.00 from Charlottesville Affordable Housing Fund (CAHF) to the Charlottesville Redevelopment and Housing Authority (CRHA) for use within the Fiscal Year ending June 30, 2018, upon the following conditions: (i) the funding shall be used exclusively by CRHA to provide rental assistance subsidies to individuals who are part of Extremely Low-Income to Low-Income Households, defined as those households earning less than 60% of Area Median Income (Area Median Income) as determined by the US Department of Housing and Urban Development annually within the City of Charlottesville, including, but not limited to, those who are homeless, elderly and/or disabled individuals, or those enrolled in a self-sufficiency program; and (ii) the administration of this funding by CRHA shall be in accordance with the terms of this document.
- B. The City is authorized by Va. Code §36-7 to provide money to a housing authority, to enable or assist the authority to carry out its purposes.

II. PROGRAM FUNDING

The CSRAP shall be funded through the Charlottesville Affordable Housing Fund (CAHF).

III. ADMINISTRATION

The CSRAP represents a partnership between the City of Charlottesville and the Charlottesville Redevelopment and Housing Authority. In order to facilitate expedient housing of those in need and to insure that funding resources are provided directly to housing clients, CRHA has proposed to administer the CSRAP at no cost to the City or the CSRAP. Therefore, the City and CRHA recognize that it is critical that the administrative burden associated with the program be kept to an absolute minimum. CRHA agrees to administer the CSRAP in a manner similar to the federal Housing Choice Voucher Program (HCVP) rules and regulations, as amended, and the City of Charlottesville's Housing Policy I, as amended (attached hereto as Appendix A).

For purposes of administration of the CSRAP, the term "household" shall mean and include any one (1) or more individual(s) who comprise a single housekeeping unit.

IV. ADMISSIONS/PREFERENCES AND THE WAITING LIST

- A. Eligible Households shall be selected and admitted from the CRHA's existing HCVP waiting list in accordance with the HCVP rules and regulations established by the CRHA for selection and admission for tenant-based housing assistance through the CSRAP unless specified otherwise in this agreement. Only Households with incomes less than 60% AMI shall be issued CSRAP rental assistance subsidies. A Household can apply to participate in the CSRAP Program if individual(s) within the Household live or work within the City of Charlottesville at the time of the application; however, CSRAP rental assistance shall be issued only to subsidize rental payments owed by a Household for rental of a dwelling unit located within the City of Charlottesville, except as per the provision in Section V.B.iii.
- B. The CHRA shall issue the CSRAP rental assistance according to the following priorities:
 - (i) Ten (10) CSRAP rental assistance subsidies will be issued to Households who are homeless. (These recipients may or may not be enrolled in the CRHA HCV waiting list.)
 - (ii) Twenty (20) CSRAP rental assistance subsidies will be issued to Households enrolled in a local self-sufficiency program. (These recipients may or may not be enrolled in the CRHA HCV waiting list.)
 - (iii) The remainder of the CSRAP funded rental assistance subsidies (i.e., those not issued in accordance with Sections IV.B(i) or IV.B(ii), above) shall be issued to HCVP eligible households, if the individual(s) within those Households live or work in the City of Charlottesville, and if the

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Household(s) is or are on the CRHA's HCVP waiting list at the time of the issuance of a CSRAP voucher.

- (iv) In the administration and issuance of CSRAP funded rental assistance subsidies described in Section IV.B(iii) above, CRHA will endeavor to achieve the following income tier objectives: Fifty percent (50%) of all CSRAP rental assistance subsidies shall be issued to Extremely Low-Income Households, defined as households with incomes less than 30% AMI; 25% of CSRAP rental assistance subsidies shall be issued to Households with incomes between 30% and 50% of AMI; with the remaining 25% of CSRAP rental assistance subsidies reserved for Households with incomes between 50% and 60% of AMI.
- C. Households on the CRHA's HCVP waiting list who accept CSRAP voucher(s) shall remain on the HCVP waiting list, and shall retain their ranking on that list. If an individual or household on the HCVP waiting list is selected by CRHA for the HCVP program, CRHA shall offer that Household the opportunity to replace any CSRAP subsidy being received with an HCV.

V. TENANT-BASED HOUSING ASSISTANCE

- A. CSRAP rental assistance subsidies shall be administered as tenant-based housing assistance in a manner similar to CRHA's HCVP rules and regulations.
- B. Notwithstanding any CRHA HCVP rule or regulation to the contrary, (see Section V.A, above), the following rules apply specifically to the CSRAP:
 - (i) Rental assistance subsidies shall not be eligible for portability as such term is defined and utilized in 24 C.F.R. §§ 982.351 and 982.353, as amended.
 - (ii) Households receiving a CSRAP voucher shall have 90 days to locate, and lease, a rental housing unit within the City of Charlottesville.
 - (iii) Should a Household be unable to locate a rental unit that it can afford (based on the 30% required contribution referenced in subparagraph (iv), following below) within the City of Charlottesville within the initial 90-day CSRAP voucher term, the CRHA may grant one 90-day extension, or may allow recipient household to search for rental housing within Albemarle County.
 - (iv) Households receiving a CSRAP voucher shall be required to contribute 30% of the monthly gross income of that Household toward rent each month. The Household's required rent contribution shall be determined at the time the Household is accepted into the CSRAP, and thereafter shall not be increased more than once every 24 months; regardless of whether or not the rent contribution is increased during any 24 month period.

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CRHA shall continue to verify and keep records as to the Household income, report income to the City, and comply with the requirements within this Grant Agreement.

- (v) CSRAP rental assistance shall be provided monthly. The monthly housing assistance payment shall be equal to the applicable HCVP payment standard for bedroom size for the Charlottesville area, as established annually by the Virginia Housing and Development Authority, minus the tenant's portion of the rent.
- (vi) The CRHA shall reexamine the income and family composition of each Household receiving CSRAP rental assistance, at least once every 24 months. Any Household that experiences a decrease in income may request a reexamination and adjustment of the requirement for 30% monthly income participation (see subparagraph (iv), above) at any time.

VI. CONTINUING ELIGIBILITY FOR CSRAP FUNDING

- A. Subject to availability of CSRAP funds and the terms of this Grant Agreement, CSRAP rental assistance may be issued to a Household so long as the Household is in compliance with the CSRAP Program Rules.
- B. CSRAP-assisted Households shall be entitled to the Informal Hearing Procedures for Applicants and Participants of the Housing Choice Voucher and Moderate Rehabilitation Programs as defined by 24 CFR §982.54(d)(12) and (13) as amended, as administered by the CRHA.

VII. PROGRAM FUNDING

- A. The City's Housing Program Coordinator has verified that funding in the amount of \$900,000 is available and has been appropriated by City Council to the CAHF to support the CSRAP. CSRAP will continue so long as funds from the initial funding allocation of \$900,000 to CAHF for support of the CSRAP remain unencumbered or additional funding has been appropriated by City Council in amounts sufficient to support continuation of the CSRAP in subsequent fiscal year(s).
- B. Each year, in accordance with a schedule established by the City's Budget Director, CRHA shall prepare and submit to the City an estimate of the amount of money needed during the ensuing fiscal year for the CSRAP, based on the Households then participating in the CSRAP at that time, and based on CRHA's estimate of any rent increases for those participating Households, and (at CRHA's option) CRHA's estimates of the cost of any desired expansion of the CSRAP to additional participants during the ensuing fiscal year. CRHA will be afforded at least 30 days within which to prepare and submit such annual funding estimate.

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- C. The City shall retain ten percent (10%) of each year's program funding allocation as a program reserve fund to ensure funding is available to cover any increases in rental assistance payments due to decreases in participant household incomes. The City shall also retain an additional twenty-five percent (25%) of remaining program funds as a rent reserve fund equal to four months housing assistance payments per household. All unused reserve funds shall be carried over in to the next year's program funding total.
- D. Upon execution of this agreement, CAHF funds in the amount of 25% of the total available program funds (the total program allocation minus the program reserve funds and the rent reserve funds), or \$150,000 will be disbursed to CHRA for implementation of the CSRAP ("Initial Operational Allocation"). When the unencumbered funding balance within the Initial Operational Allocation reaches ten percent (10%) of the Initial Operational Allocation funding (or \$15,000), CRHA shall request and the City shall immediately disperse an additional \$150,000 to CRHA to provide ongoing support for the program. In so doing, at all times during the term of the CSRAP, CRHA will maintain an unencumbered program Operational Allocation balance of no less than \$15,000 and no more than \$165,000.
- E. Initial Reporting Requirements:
 - (i) Upon determining that a Household is eligible to participate in the CSRA Program, CRHA shall transmit to the City's Housing Program Coordinator the following:
 - (a) A copy of the Household's rental assistance subsidy agreement, lease approval form, rent portions notice, rental unit information (including address and monthly rent), unit inspection report, and Household information (including income, size, composition), and
 - (b) a copy of an invoice or other statement of rent from the Household's landlord, identifying the monthly rental amount for that Household, at time of initial lease-up.
- (F) Ongoing Reporting Requirements.
 - (i) 30 days prior to the end of each calendar year quarter (specifically: on November 30, February 28, May 31, and August 31 each calendar year), the CRHA will submit to the City of Charlottesville, an itemized Quarterly Report, listing each recipient Household participating in the CSRA Program as of the date of such Report, and specifying the amount of monthly rent required for each Household (both household rent portion and rental assistance

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amount) for the calendar year quarter next succeeding the date of the Quarterly Report. Each such Quarterly Report shall add up each of the amounts required for the CSRA Program for the upcoming quarter, and shall give a total amount necessary to satisfy the Program commitments for that upcoming calendar year quarter.

- (G) Each itemized Quarterly Report referenced in Paragraph (F)(i), above, shall be accompanied by the following information (in addition to the information required by paragraph (D), above) and this information shall be presented in an Excel Spreadsheet or other format mutually acceptable to both CRHA and the City's Housing Program Coordinator. Each Quarterly Report shall providing program and household statistics, including but not necessarily limited to:
- Date voucher issued
 - Date voucher extended (if applicable)
 - Date unit leased
 - Name (head of household)
 - Unit Address
 - Total Monthly Rent
 - Amount of Monthly Rental Assistance Provided
 - Household Income
 - %AMI
 - Employment Status
 - Number of Wage Earners
 - Household Composition
 - Number of Adults
 - Number of Children
 - Number of Children Under 5-years
 - Number of Elderly (65 years+)
 - Number of Disabled
 - Race/Ethnicity
- (i) Following the Initial Operational Allocation, no funds will be released to CRHA, unless and until all required reporting pursuant to Section (E), Section (F) and Section (G) have been properly completed and submitted to the Housing Coordinator.
- (ii) The Housing Coordinator shall have 14 days from the date of report submittal to review and certify to CRHA that the reports provided meet the CSRAP reporting standards defined in Section (E), Section (F), & Section (G) above. After 14 days following report submittal (unless otherwise notified), CRHA and the Housing Coordinator will consider all reports submitted to be complete, proper and certified.

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- (iii) All reports shall be submitted to the City of Charlottesville's Housing Program Coordinator.


OFFERED BY: City of Charlottesville

By: 


Date: 1-23-2018

Christopher V. Cullinan
Director of Finance

FUNDS ARE AVAILABLE

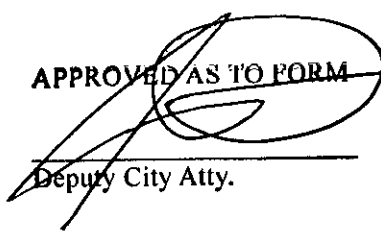
BY 
Director of Finance/Designee
1/18/18

ACCEPTED BY: Charlottesville Redevelopment and Housing Authority

By: 

Date: 12 - January - 2018

APPROVED AS TO FORM


Deputy City Atty.

APPENDIX A

**City of Charlottesville
Housing Policy 1**

City of Charlottesville
Objectives for Use of Charlottesville Affordable Housing Fund (CAHF)
and Criteria/Priorities for Award of Funds
Housing Policy 1 - as recommended by HAC on 9/17/14
ADOPTED BY CITY COUNCIL ON OCTOBER 20, 2014

General Information

There are three housing policies that comprise the recommendations of the Housing Advisory Committee (HAC). Policy 1, written to address appropriate usage of the Charlottesville Affordable Housing Fund (CAHF), was originally adopted by City Council on November 3, 2008, with a focus on the following topics: 1) funding categories, 2) target populations, 3) criteria for review of applications, and 4) affordability definition. The revised policy, as contained herein, has refined the text to include: 1) general information; 2) consideration of other City efforts; 3) definitions of all pertinent terms, 4) guidelines for use of CAHF; 5) accountability and tracking; and 6) how to apply for CAHF and potential use of funds.

Policy 2 involves "Incentives the City can provide to Encourage Development with Affordable Housing Units" and Policy 3 covers "Criteria for Awarding Multi-Family Incentive Funds/Strategic Investment Funds Revolving Loan Fund. Both policies were adopted at the same time as Policy 1, but neither is included herein as these are separate documents.

More than five years have passed since the policy was first adopted and the national and local housing markets have undergone significant changes during this time. Accordingly, the HAC has identified an update of this housing policy as essential to ensuring that City housing policies are current and relevant to help inform CAHF funding decisions.

The City of Charlottesville currently utilizes the annual Capital Improvement Program (CIP) budget process to fund its affordable housing efforts through the CAHF. This process is initiated on an annual basis through the submittal of a request from the City's Housing Development Specialist (Neighborhood Development Services) to the Budget Office. The amount of the annual request is based on the funding recommendations contained in Table 8 of the report entitled "City of Charlottesville 2025 Goals for Affordable Housing" (2025 Housing Goal - as adopted on February 1, 2010).

In addition to CIP funds, the City also has an Affordable Dwelling Unit ordinance (codified at City Code §34-12) that provides for payments in lieu of providing actual affordable units when rezoning or special use permits of a specified level of density are required. While the City would prefer that developers provide actual units either on or off site, the State enabling legislation for this ordinance is written such that it is unlikely that units will be built, because the CAHF contribution level is generally less expensive and does not require a 30 year compliance period after funds are provided.

Lastly, the final source of CAHF funds is voluntary contributions made through proffers. As the frequency and amounts are highly unpredictable, there is no way to quantify the impact of proffered contributions; however, this is also a source of funds for the CAHF.

This policy is applicable to all funds appropriated into the CAHF, regardless of their source (unless otherwise specified herein or by directive from City Council).

Consideration of Other City Efforts

City Council Vision for Housing: Quality Housing Opportunities for All - Our neighborhoods retain a core historic fabric while offering housing that is affordable and attainable for people of all income levels, racial backgrounds, life stages, and abilities. Our neighborhoods feature a variety of housing types, including higher density, pedestrian and transit oriented housing at employment and cultural centers. We have revitalized

public housing neighborhoods that include a mixture of income and housing types with enhanced community amenities. Our housing stock is connected with recreation facilities, parks, trails, and services.

Comprehensive Plan: The current City of Charlottesville Comprehensive Plan (as adopted on August 13, 2013) provides the legal basis for all land use and policy decisions related to housing in the City. The goals and objectives included in the Comprehensive Plan must therefore be taken into consideration with any and all CAHF decisions, realizing that each project will differ and that competing values will have to be analyzed on a case by case basis.

2025 Housing Goal Report: According to the subject report, the City has adopted the following as its goal for supported affordable housing in the City:

"Increase the ratio of supported affordable units to 15% of total housing units by 2025."

The 2025 report states that CAHF dollars should be leveraged to the maximum extent feasible. Table 8 of the 2025 Housing Goal (which establishes yearly funding levels necessary to reach the 2025 goal) is based on the assumption that the City will contribute 8.4% of the funds needed to preserve or create supported affordable housing, while the remaining 91.6% will be provided by other sources.

Definitions¹

Affordable and/or Affordable Housing²: Housing for occupant(s) at or below 80% of **Area Median Income** who are paying no more than 30 percent of income for Gross Housing Costs, including utilities.³ Income calculations should be based on 24 CFR Part 5, unless otherwise required by another funder.

Applicant: An organization seeking financial assistance from the Charlottesville Affordable Housing Fund.

Area Median Income (AMI): Median family income limits as adjusted by the U.S. Department of Housing and Urban Development (HUD) annually by family size.

Asset-Based Community Development: A methodology that seeks to identify and use the strengths within communities as a means for sustainable development (i.e., development that meets the needs of the present without compromising the ability of future generations to meet their own needs).

Beneficiary: Persons, households or families who benefit from funding received by a **Recipient**.

Comparable Substitution: Housing unit committed as a **Supported Affordable Unit** in lieu of another **Supported Affordable Unit** lost due to any event resulting in a loss of **Supported Affordable Unit** status.

Gross Housing Costs: For renters, the sum of contract rent and utility costs. For homeowners, the sum of mortgage, utilities, home insurance (including flood if required), private mortgage insurance, property taxes, and home owner association dues.

Levels of Affordability: Tiers of Affordable Housing defined in terms of **AMI**. Families earning: between 120 and 80 percent AMI are considered "moderate-income"; between 80 and 50 percent AMI, "low-income"; between 50 and 30 percent AMI, "very low-income" and below 30 percent AMI, "extremely low-income."

¹ Words and terms included within the definitions section are capitalized throughout this document for ease of reference. Within the definitions section, defined words/terms are also bolded.

² The City of Charlottesville has a variety of programs (other than CAHF) that support affordable and Supported Affordable Unit efforts; however, affordable and/or Supported Affordable Unit are defined specifically within each program based on the target Level of Affordability.

³ In the case of rental units and compliance with Code of VA 58.1-3295, properties financed with 26 USC §42, 26 USC §142(d) 24 CFR §983, 24 CFR §236, 24 CFR §241(t), 24 CFR §221(d)(3) or any successors thereof meet the local definition of affordable rental as noted herein.

People-Based Financial Supports: Funds provided to **Recipients** for use by income qualified beneficiaries that allow them to secure a Supported Affordable Unit (e.g., Housing Choice Vouchers or down payment/mortgage assistance).

Project-Based Financial Supports: Funds provided to **Recipients** that produce or rehabilitate a **Supported Affordable Unit** at a specific location to achieve **Levels of Affordability** (e.g., Low Income Housing Tax Credit projects, Project Based Vouchers and land trusts).

Project-Based Legal Supports: Legal controls that limit the income of **Beneficiaries**, the amount of rent charged, or resale price of a home (e.g., deed restrictions, regulatory compliance/affordability period, liens, or other).

Recipient: An organization receiving financial assistance from the Charlottesville Affordable Housing Fund.⁴

Residency: Having a physical presence in the City of Charlottesville, with the intent to remain in the City either temporarily or permanently. Qualification is not based on a length of stay or time requirement.⁵

Special Needs Population: Person(s) with a physical or mental impairment that substantially limits one or more major life activities, to include elderly, abused/battered spouses and/or children, children aging out of foster care, homeless persons, and chronic homeless persons.

Supported Affordable Unit (SAU): Housing unit that achieves one or more **Levels of Affordability** using various sources of public funding and mechanisms including, but not limited to: HUD, VHDA, the City of Charlottesville, Housing Choice Vouchers (Section 8), and/or deed restrictions. **SAUs** can be rental properties or owner-occupied dwellings. **Levels of Affordability** can be achieved through multiple mechanisms, such as **People-Based Financial Supports**, **Project-Based Financial Supports** and **Project-Based Legal Supports**, which can be combined.

Guidelines for Use of CAHF

The City's intent for CAHF funding is to: (1) create incentives and opportunities to provide new Supported Affordable Units⁶ that would not otherwise exist and (2) to preserve existing Affordable Housing and to help maintain affordable units at a risk of being lost without the provision of such funds. To this end, the City realizes that flexibility is important. The following shall inform the use of limited funding, with respect to both preferences for awarding and general requirements for use of CAHF.

- Preference is for projects that either preserve or provide additional Supported Affordable Units toward the City's 2025 Housing Goal.
- Applicants must clearly achieve one or more goals/objectives of the current Comprehensive Plan (or future updated versions).
- Additional consideration will be given to projects that support the City Council Vision for Housing and achieve objectives/goals of the Strategic Action Team (SAT) Growing Opportunities Report, the Strategic Investment Area (SIA) Report, or various Small Area Plans /other reports as developed by or on behalf of the City of Charlottesville.
- To the maximum extent feasible, CAHF should be paired with other City programs to maximize financial viability of projects. Current programs include: reduced water/sewer connection fee; tax

⁴ A Recipient could be a direct Beneficiary in some cases if funding is provided directly. This will only be allowed when provided by the Code of Virginia and incorporated into the City of Charlottesville Code of Ordinances.

⁵ Residency definition is based on program requirements for SNAP (i.e., Supplemental Nutritional Assistance Program, a.k.a. food stamps).

⁶ New supported affordable refers to either physically new or newly supported affordable (existing) units.

exemptions for housing improvements; free paint program; special tax rate for certain energy efficient buildings; and Design for Life C'ville.

- Efficient use of resources must be considered relative to the amount of CAHF provided. Leverage as provided by the Applicant and CAHF cost per Supported Affordable Unit will be taken into consideration. Priority will be given to those programs / projects that leverage the most funds and require the least subsidy.
- Funding can be used for mixed income Project-Based Financial Supports and People-Based Financial Supports ⁷; however, strong preference is for applications that benefit the lowest level of AMI, as defined herein to include extremely low income (30% AMI or less) and very low income (between 50 and 30 percent AMI), and low income (up to 60 percent AMI).
- In order to realize the City's vision of offering housing that is affordable and attainable for people of all income levels, preference is for approaches that address the Levels of Affordability that are in the shortest supply based on the demonstrated need. To the maximum extent feasible, the City should have housing stock sufficient to meet the needs of people across the income spectrum.
- Applicants are encouraged to provide opportunities for meaningful neighborhood participation and use Asset-Based Community Development strategies.
- Applicants must demonstrate their own financial viability as well as the financial feasibility of the project.
- Each project will be evaluated with respect to its readiness to proceed based on status of site control, zoning, financial commitments, construction drawings, and other commonly used indicators, with preference given to those projects most likely to commence in a timely manner or to those projects where CAHF funding will expedite the process.
- Funding requests will be evaluated with respect to the leverage the CAHF investment creates, and/or any proposed legal mechanisms requiring compliance and/or repayments that will be used to achieve continuing Levels of Affordability.
- Project-Based approaches will conform to the City policy for energy efficiency and incorporation of Universal Design features, as adopted on April 21, 2008 (updated on April 21, 2014).
- Funding can only be provided to non-profit organizations which have been designated as such by the U.S. Internal Revenue Service or to the Charlottesville Redevelopment and Housing Authority (CRHA). Only exceptions explicitly allowed by Code of Virginia and incorporated into the City of Charlottesville Code of Ordinances will be otherwise allowed.
- Recipients must be in compliance with all federal, state, and local laws/regulations.
- Beneficiaries of funds should primarily be City residents and/or be employed in the City.⁸ Recipients will be required to track and report on previous Residency to ensure compliance.
- CAHF assistance must be used to support projects located within the City limits of Charlottesville, unless approved by City Council.

⁷ 100% AMI is defined as the current median family income for a family of four for the City of Charlottesville as adjusted by HUD. Percentage adjustments for family size are 70% for one person, 80% for two persons, 90% for three persons, 108% for five persons, 116% for six persons, 124% for seven person and 132% for eight persons. For each person in excess of eight, the four-person income limit should be multiplied by an additional eight percent (e.g., for 9 persons multiply by 140%). Income limits are rounded to the nearest \$50. This is consistent with the methodology used for calculation of HUD income limits.

⁸ Exceptions to preferences are 1) the homeless, 2) persons who lived in the City during the previous 2 years, and 3) conflicting funding requirements that have no Residency preferences.

- Funding will be primarily reserved for access to or the creation, preservation, and development of Supported Affordable Units.
- Since market forces and demographics are subject to change, CAHF assistance may also be used on a limited basis to explore and encourage new models that are intended to enable affordable and/or Supported Affordable Units in the City.

Accountability and Tracking

Assistance for Rental Housing and Housing Rehabilitation

The purpose of CAHF support for rental housing or housing rehabilitation is to increase the availability of Supported Affordable Unit rental options and also to allow qualified owners⁹ to make essential repairs to maintain existing Affordable Housing and expand the City's base of Supported Affordable Units.

Accountability Measures

Project-Based: Projects should have a supported mechanism in place to ensure affordability. The affordability period will vary depending upon the amount of CAHF assistance provided and the type of project, as shown below.

TYPE OF PROJECT	CAHF ASSISTANCE ¹⁰	AFFORDABILITY PERIOD*
Housing Rehabilitation	<\$5,000 (per unit)	1 year
	\$5,001 - \$10,000	3 years
	\$10,001 - \$15,000	5 years
	\$15,001 - \$25,000	10 years
	\$25,001 - \$40,000	15 years
	\$40,001 - \$55,000	20 years
	\$55,001 - \$70,000	25 years
	\$70,001 and over	30 years
Rental Housing*		
	New Construction of Rental Housing	20 years
	Rehabilitation / Refinancing of Rental Housing	15 years

* Period of Affordability is further subject to Federal and/or other funding requirements. If the period required by other funding is shorter than required by CAHF or if foreclosure or other provisions exclude the use of an affordability period, then CAHF will subordinate accordingly. It will be the responsibility of the Recipient to request subordination. If the period is longer than required by CAHF, then the longer term will be used.

**Rental Housing affordability periods are consistent with the HUD HOME program guidelines.

Affordability Period: The CAHF Recipient (or current owner should the property sell) of Project-Based Financial Supports for rental housing will be responsible for ensuring the affordability of assisted projects

⁹ Qualified owners can refer to either an owner occupied unit where the household meets specified income limits or to owners of rental units where assistance is provided for the benefit of income qualified tenants.

¹⁰ CAHF assistance amounts will be revisited to ensure reasonableness. Housing rehabilitation amounts will be reviewed and updated every 5 years. Changes shall be indexed to annual percentage changes in the Consumer Price Index for Housing in the South Urban Region as published by the Bureau of Labor Statistics, using the month/year of adoption of this policy as a start date. Rental Housing figures will be revised based on changes to the HOME regulations as promulgated by HUD.

during the required affordability period, as shown in the above table. The affordability period may be reduced by the City for a rental housing project that will significantly increase the number of Supported Affordable Units. In no event shall the affordability period be less than 10 years. Should affordability be lost during this period, the Recipient or current owner will be responsible for repayment of funds. . The amount of repayment will be reduced for each year of compliance. The annual reduction will be equal to the amount of assistance divided by the number of years in the affordability period (e.g., \$300,000/20 = \$15,000). For CAHF assistance of \$300,000 for a new construction of rental housing project that remains supported affordable for 10 years, the amount of repayment would be \$150,000. Alternatively, the Owner and/or Recipient may commit comparable other units to be SAUs for the remainder of the term (i.e., Comparable Substitution).

People-Based: The CAHF Recipient of People-Based Financial Supports shall only use funds for income qualified Beneficiaries, as determined and agreed to by the City .

CAHF Tracking Measures¹¹

Project-Based: Within 30 days of receiving a certificate of occupancy for the project, the Recipient shall submit to the City an initial report which indicates the address of each Supported Affordable Unit within the project. On June 30 of every year thereafter during the applicable affordability period, the Recipient (or current owner should the property sell) will submit an annual report that indicates the address of all Supported Affordable Units, including those designated as a Comparable Substitution.

People-Based: The CAHF Recipient of People-Based Financial Supports for rentals shall report to the City on an annual basis the addresses of Supported Affordable Units occupied by Beneficiaries who received CAHF support (or support through recycling of CAHF funds).

Assistance for Homeownership

The purpose and intent of CAHF support for projects including supported affordable homeownership is to create opportunities to help bolster the inventory of Supported Affordable Units and/or help low-income residents earn equity.

In reviewing applications for CAHF funds to assist with homeownership, the City will consider, among other factors:

- Applicant's demonstrated history of providing Affordable Housing and/or Supported Affordable units
- Applicant's plan for continuing to provide additional Affordable Housing and Supported Affordable Units in the future
- Any mechanisms for maintaining affordability periods of the unit over time
- Any mechanisms for helping families earn savings through mortgage payments and appreciated value
- Any mechanisms for sharing appreciation upon resale with the non-profit agency
- Any mechanisms for sharing appreciation upon resale with the City
- Any mechanisms for recycling funds back into future Supported Affordable Units via reinvestment, return of funds to the CAHF or to another affordable housing fund (as agreed to by the City)
- Other creative mechanisms that help promote equity earning among low-income homeowners and/or leverage funding for future low-income housing opportunities

Accountability Measures

¹¹ There is no specified reporting format; therefore, any report providing the requested information may be used as long as the Supported Affordable Units are identified by address.

Project-Based: Funds received by the Recipient upon the sale of a designated Supported Affordable Unit shall be used by the Recipient to create access to additional Supported Affordable Units according to the Recipient's Form 990 or shall be returned to the City as part of an appreciation-sharing agreement, unless otherwise authorized by the City. The Recipient shall notify the City following the sale of a designated Supported Affordable Unit and shall designate the fund into which the proceeds (or portion thereof) have been placed.

People-Based: Funds received by the Recipient upon the sale of a designated unit shall be used by the Recipient to create access to additional Supported Affordable Units according to the Recipient's Form 990 or shall be returned to the City as part of an appreciation-sharing agreement, unless otherwise authorized by the City. The Recipient shall notify the City following the sale of a designated unit and shall designate the fund into which the proceeds (or portion thereof) have been placed.

CAHF Tracking Measures¹²

Project-Based: Within 30 days of closing on a Supported Affordable Unit that received Project-Based Financial Supports from CAHF, the Recipient will identify the unit as a Supported Affordable Unit in a notification submitted to the City that contains the address of the designated unit. On June 30 of every year thereafter, the Recipient shall submit a report that indicates the addresses of all Supported Affordable Units, including those that have secured Supported Affordable Unit status from the fund designated by the Recipient to receive proceeds from the sale of another Supported Affordable Unit(s) within the project or that are subject to Project-Based Legal Supports.

People-Based: Within 30 days of closing on a Supported Affordable Unit where the Beneficiary received People-Based Financial Supports from CAHF, the Recipient will identify the unit as a Supported Affordable Unit in a notification submitted to the City that contains the address of the designated unit. On June 30 of every year thereafter, the Recipient will submit a report that indicates the addresses of all Supported Affordable Units, including newly designated units that have secured Supported Affordable Unit status from the fund designated by the Recipient to receive proceeds from the sale of another Supported Affordable Unit(s).

How to Apply for CAHF & Potential Use of Funds¹³

Applications for CAHF will be accepted on a continual basis, with no set deadline. Applicants are strongly urged to communicate with City staff in advance to discuss their proposed project. If demand for funds exceeds available funds, then Applicants will be advised and preferences contained herein will help determine funding recommendations to City Council. The following is a list of potential uses for the CAHF; however, this list is not meant to be exclusive.

- Redevelopment of CRHA Properties
- Rental Housing
- Homeownership
- Down Payment & Closing Cost Assistance or Foreclosure Assistance
- Homeowner and/or Rental Rehabilitation
- Loan Program and/or Revolving Loan Fund

¹² There is no specified reporting format; therefore, any report providing the requested information may be used as long as the Supported Affordable Units are identified by address.

¹³ All potential uses of funds are subject to the Code of Virginia and the City of Charlottesville Code of Ordinances.

- Single Room Occupancy or Boarding House
- Energy Efficiency Upgrades
- Rental Subsidies
- Land Acquisition and Assembly in support of Supported Affordable Units and/or mixed income housing
- Land Development in support of Supported Affordable Units and/or mixed income housing
- Predevelopment Expenses when in support of a Supported Affordable Units project (e.g., feasibility analyses, market studies, A&E fees, environmental and/or geotechnical studies, relocation payments, appraisal costs, legal fees, permits, etc.)¹⁴
- Efforts involving the use of Low Income Housing Tax Credits, shared equity, community land trust and deed restrictions are encouraged to ensure long term affordability
- Initiatives that preserve and/or expand housing opportunities for the Special Needs Population.
- Preservation of existing Affordable Housing to provide Supported Affordable Units
- Other projects as allowable under Virginia Code.

Other Uses of CAHF Funds

- Funding exceptions are possible; however, use of funds for programmatic purposes should only be allowed when a determination has been made that 2025 housing goal progress is on track or ahead of schedule. Even in these instances, programmatic uses should be limited to one time expenses that are provided through ADU payments or proffers.
- Funding can be used for data collection to better understand housing issues/needs and to study Affordable Housing stock and Supported Affordable Unit issues as they relate to accomplishment of the 2025 housing goal. Funding should be limited to no more than 10% of the annual amount awarded to CAHF through the CIP process.
- Funding may also be used for administration purposes related to HAC meetings, educational purposes, public outreach, staff training, and other minor expenses related to furthering Supported Affordable Unit efforts. This amount should be limited to 1% of the annual amount appropriated to the CAHF.

¹⁴ A cost share of 50% will be required for predevelopment initiatives unless these are City directed/requested. Repayment of funds will not be required if a project is deemed infeasible as a result of predevelopment efforts; however, the Recipient will be required to share/disclose all findings with the City.

EXHIBIT 1
SECTION 3 POLICY

I. PURPOSE

The purpose of Section 3 of the Housing and Urban Development Act of 1968, as amended 12 U.S.C. 1701u (hereinafter Section 3), is to "ensure that employment and other economic opportunities generated by certain HUD financial funding shall, to the greatest extent feasible, and consistent with existing Federal, State, and local laws and regulations, be directed toward low and very low-income persons, particularly those who are recipients of government funding for housing, and to business concerns which provide economic opportunities to low- and very low-income persons."

Consistent with 24 CFR Part 135, as a recipient of HUD funding, the City of Charlottesville (hereafter "City") and the Charlottesville Redevelopment Housing Authority (hereafter "CRHA") require fulfillment of Section 3 requirements on all contracts that are covered by that assistance. The City and the CRHA work to ensure the provision of employment, training, contracting, and other economic opportunities to its low-income persons (as defined herein). In doing so, the City and the CRHA utilize Section 3 as a means of promoting stability and self-sufficiency to Section 3 Residents. Implementation procedures may be amended periodically by the City and the CRHA to ensure that the policy requirements are met and/or to enhance the efficiencies of compliance.

Because of the potential value to be realized through implementation of Section 3 efforts, the City Council of the City of Charlottesville has also directed that Section 3 be applied to proceeds from the Charlottesville Housing Fund.

II. APPLICABILITY

Section 3, as amended, requires that economic opportunities generated by certain HUD financial assistance for housing including Public and Indian Housing and Community Development Programs shall, to the greatest extent feasible, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to businesses that provide economic opportunities for these persons.

Section 3 requirements apply to projects and activities partially or wholly funded by: 1) development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937, 2) operating assistance provided pursuant to section 9 of the 1937 Act, 3) modernization assistance provided pursuant to section 14 of the 1937 Act, 4) Community Development Block Grant (CDBG), 5) the HOME Investment Partnership (HOME), 6) Charlottesville Housing Fund (CHF).

The City's Section 3 requirements apply to all contractors and subcontractors performing work in connection with HUD funded projects for which the amount of total federal assistance exceeds \$200,000; and/or the amount of the contract or subcontract exceeds \$100,000.¹ The City's Section 3 requirements also apply to all recipients, sub recipients, contractors and subcontractors performing work in connection with CHF funded projects for which the amount of the contract or subcontract exceeds \$100,000.

The CRHA's Section 3 requirements apply to all contractors and subcontractors performing work in connection with projects and activities funded by public housing assistance covered by Section 3, regardless of the amount of the contract or subcontract.²

The City also desires that contracts, which are not covered by Section 3 requirements, benefit Section 3 businesses and low and very low income individuals. The City greatly encourages businesses to

¹ 24 CFR 135.3

² 24 CFR 135.3(3)(i)

demonstrate compliance with the "greatest extent feasible" requirement as set forth at 24 CFR 135 to further Section 3 training, employment, contracting and other economic opportunities.

III. GOALS OF THE SECTION 3 REGULATIONS

The City and the CRHA and their sub recipients, contractors and subcontractors will demonstrate compliance with Section 3 by providing opportunities to Section 3 residents and Section 3 business concerns for section 3 covered programs to the greatest extent feasible in three ways, listed in order of preference; however, it should be noted that if there is a triggering event, hiring and contracting compliance is mandatory.

A. Hiring low- and very low-income workers

On Section 3 covered projects, at least 30% of the aggregate number of full-time new hires by the City, the CRHA, and its recipients, sub recipients and contractors on covered projects must be Section 3 eligible participants, with a preference for residents at the development where the work is being performed or in the area where the work is being performed. It should be noted that if all qualifications are met and remain equal, Section 3 residents will be given priority for hiring.

B. Awarding contracts to Section 3 business concerns

Award at least 10% of the total dollar amount of all Section 3 covered contracts for building trades work for maintenance, repair, modernization or development of Public or Indian Housing, or for building trades work arising in connection with housing rehabilitation, housing construction, and other public construction to Section 3 business concerns. Award at least 3% of the total dollar amount of all other Section 3 covered contracts to Section 3 business concerns.

C. Providing other economic opportunities

If the two goals above cannot be met by the City, the CRHA, and its recipients, sub recipients, or its contractors, other training and employment opportunities can be provided to substitute for goals A and B. Firms may provide other economic opportunities and will be responsible for soliciting and contracting a qualified firm experienced in providing a Department of Labor Approved curriculum consistent with Section 3 requirements [135.11] in the area of resident training in the following areas:

- Employment Readiness and Professional Development
- Section 3 Small Business Concern Development Training
- Building Construction Trades Classroom Training
- Other direct skills trainings unrelated to public housing solicited commodities³

IV. CITY AND CRHA RESPONSIBILITIES

The City and the CRHA, as the recipients of HUD funding, accept the responsibility of not only enforcing the Section 3 requirements, but also pro-actively facilitating compliance with Section 3. The City and the CRHA will fulfill this responsibility by following the procedures as outlined in the Section 3 Standard Operating Procedures. The City, through its decision to extend Section 3 to applicable CHF covered projects, also accepts the responsibility of pro-actively facilitating compliance to the greatest extent feasible, where applicable, with Section 3 on CHF covered projects. Through the City's decision to extend non-covered opportunities to Section 3 residents, the City's Department of Human Resources will be required to notify Section 3 staff of all City employment opportunities.

³ 24 CFR 135.11(d)

V. CONTRACTOR RESPONSIBILITIES

All contractors who enter into a Section 3 covered contract with the City and/or the CRHA must agree to comply with HUD's regulations in 24 CFR Part 135. The Section 3 contract clause specifies the requirements for contractors hired for Section 3 covered projects. These requirements must be included in all such contracts. All covered contracts shall include in full the following clause (referred to as the Section 3 Clause⁴):

HUD Section 3 Clause

- A. The work to be performed under this contract is subject to the requirements of Section 3 of the Housing and Urban Development Act of 1968, as amended, 12 U.S.C. 1701u (Section 3). The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low and very low income persons, particularly persons who are recipients of HUD assistance for housing and business concerns that provide economic opportunities for low and very low income persons.
- B. The parties to this contract agree to comply with HUD's regulations in 24 CFR Part 135, which implement Section 3. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the regulations of 24 CFR Part 135.
- C. The contractor agrees to send to each labor organization representative, workers with which the contractor has a collective bargaining agreement, or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice shall describe the Section 3 preference, shall set forth minimum number and job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.
- D. The contractor agrees to include this Section 3 clause in every subcontract subject to compliance with regulations in 24 CFR Part 135, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in 24 CFR Part 135. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the regulations in 24 CFR Part 135.
- E. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of 24 CFR Part 135 require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under 24 CFR Part 135.
- F. Noncompliance with HUD's regulations in 24 CFR Part 135 may result in sanctions, termination of this contract for default, and debarment or suspension from future contracts.⁵

CHF Section 3 Clause

⁴ 24 CFR 135.38

⁵ 24 CFR 135.38; 24 CFR 135.76(g)

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All recipients, sub recipients, contractors and subcontractors who enter into a CHF covered contract with the City must agree to comply with the City's Section 3 Policy. The CHF Section 3 contract clause specifies the requirements for grantees and contractors hired for CHF covered projects. These requirements must be included in all such contracts. All CHF covered contracts shall include in full the following clause (as referenced from the Section 3 Clause⁶):

- A. The work to be performed under this contract has been selected to be subjected to the requirements of the City's Section 3 Policy. The purpose of Section 3 is to ensure that employment and other economic opportunities generated by HUD assistance or HUD-assisted projects covered by Section 3 shall, to the greatest extent feasible, be directed to low and very low income persons, particularly persons who are recipients of HUD assistance for housing and business concerns that provide economic opportunities for low and very low income persons. The City of Charlottesville requires that all CHF covered contracts target training, employment and contracting opportunities to Section 3 businesses as well as low and very low income individuals in order to demonstrate compliance with the greatest extent feasible requirements set forth in the City's Section 3 Policy.
- B. The parties to this contract agree to comply with the City's Section 3 Policy. As evidenced by their execution of this contract, the parties to this contract certify that they are under no contractual or other impediment that would prevent them from complying with the regulations of the City's Section 3 Policy.
- C. The contractor agrees to send to each labor organization representative, workers with which the contractor has a collective bargaining agreement, or other understanding, if any, a notice advising the labor organization or workers' representative of the contractor's commitments under this CHF Section 3 clause, and will post copies of the notice in conspicuous places at the work site where both employees and applicants for training and employment positions can see the notice. The notice should describe the Section 3 preference, set forth minimum number of job titles subject to hire, availability of apprenticeship and training positions, the qualifications for each, the name and location of the person(s) taking applications for each of the positions, and the anticipated date the work shall begin.
- D. The contractor agrees to include this CHF Section 3 clause in every subcontract subject to compliance with the City's Section 3 Policy, and agrees to take appropriate action, as provided in an applicable provision of the subcontract or in this CHF Section 3 clause, upon a finding that the subcontractor is in violation of the regulations in the City's Section 3 Policy. The contractor will not subcontract with any subcontractor where the contractor has notice or knowledge that the subcontractor has been found in violation of the City's Section 3 Policy.
- E. Once a contractor has committed to comply with Section 3, the City will expect applicable HUD regulations found at 24 CFR Part 135 to be adhered to, just as if Federal funding had triggered the same.
- F. The Contractor will certify that any vacant employment positions, including training positions, that are filled (1) after the contractor is selected but before the contract is executed, and (2) with persons other than those to whom the regulations of the City's Section 3 Policy require employment opportunities to be directed, were not filled to circumvent the contractor's obligations under the City's Section 3 Policy.

⁶ 24 CFR 135.38

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G. Noncompliance with the City's Section 3 Policy may result in sanctions, termination of this contract for default, and debarment or suspension from future contracts.⁷

Examples of activities to demonstrate compliance with these efforts include distributing or posting flyers advertising positions to be filled, posting opportunities in a timely manner on the City's and the CRHA's website (if applicable), contacting the City and the CRHA for a list of residents that may have expressed interest in Section 3 employment, notifying the City and the CRHA about open positions, holding job informational meeting for residents, etc. Contractors will be responsible for submitting regular payrolls and documenting compliance efforts. The contractor shall maintain on file all records related to employment and job training of low-income and very low-income residents or other such records, advertisements, legal notices, brochures, flyers, publications, Section 3 forms from subcontractors, etc. in connection with covered contracts. If there is a report that is needed as part of the submission the contractor agrees to provide it timely. The contractor shall, upon request, provide such records or copies of records to the City and/or the CRHA and will maintain this information on file in conformance with record retention requirements as specified within the contract with the City / CRHA.

VI. PREFERENCES AND ELIGIBILITY

Note: All persons that are recipients of housing assistance by the government are Section 3 Residents and Public Housing Residents are top priority Section 3 Residents. The businesses owned by public housing residents are top priority business concerns. In Section 3 covered projects and/or contracts, when employment or contracting opportunities are offered as a result of Section 3 and all requirements are met and remain equal, public housing and/or Housing Choice Voucher residents/businesses within the City shall be provided preference over other Section 3 residents/business concerns and non-section 3 residents/business concerns. The City, the CRHA, recipients, sub-recipients, contractors and subcontractors are to apply the following preferences as described in Parts A through B.

- A) Regarding the hiring of Section 3 residents, Preference shall be given to those residents who live at the project site where the Section 3 covered assistance is expended.

Tier I Section 3 Residents shall be as prescribed below:

- I. Persons assisted with housing by the federal government in the neighborhood within the target area where the project is located.
- II. Other persons who are residents of Charlottesville Redevelopment and Housing Authority properties and or recipients of Section 8 Vouchers issues by the City of Charlottesville.
- III. Other persons who are participants of HUD programs being carried out in the City of Charlottesville.

Tier II Section 3 Residents shall be as prescribed below:

- IV. Low and very low income persons (as defined herein) within the City of Charlottesville.
- V. Low and very low income persons within the Charlottesville metropolitan statistical area.

- B) Regarding the contracting opportunities for Section 3 business concerns, preference shall be given in the following order:

⁷ 24 CFR 135.38
24 CFR 135.76

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- I. Section 3 business concerns owned at least 51 percent by any Section 3 residents of where the project is located and where the covered assistance is expended.
 - II. Section 3 business concerns that are owned at least 51 percent by Section 3 residents of the City.
 - III. Section 3 business concerns that provide economic opportunities for Section 3 residents in the service area or neighborhood in which the Section 3 covered project is located (at least 30 percent of full-time staff are Section 3 residents from the project site).
 - IV. Section 3 business concerns within the Metropolitan Statistical Area.
 - V. Other Section 3 business concerns.
- C) Regarding eligibility, a Section 3 resident seeking a preference must fulfill the requirements of the sought position and, if asked, must provide evidence of their Section 3 status. A Section 3 business concern seeking to qualify for a Section 3 contracting preference shall certify or submit evidence that the entity qualifies as a Section 3 business concern. The Section 3 business must also be qualified and be able to demonstrate its ability to complete the contract. The ability to perform successfully under the terms and conditions of the proposed contract is required of all contractors and subcontractors subject to federal procurement standards.⁸

VII. OTHER ECONOMIC OPPORTUNITIES

For all contracts where Section 3 requirements are applicable, other economic opportunities may only be used where a contractor or sub-recipient cannot comply with the hiring or subcontracting goals set forth in the Preference Tier structure in paragraph VI. Whenever the other economic opportunities are employed on Section 3 covered contracts (as defined herein), other economic opportunities must equal or exceed 3% of the total contract value including any change orders. Whenever the other economic opportunities are employed on contracts that are not covered by HUD assistance, then the value of other economic opportunities is to be determined between the City and the Contractor on a mutually agreed basis.

VIII. COMPLAINTS AND COMPLIANCE

Any Section 3 resident or business concern that feels that the Section 3 regulations were not complied with on Section 3 covered contracts are encouraged to first refer to the City or CRHA's complaint process. Section 3 residents or business concerns that feel that the Section 3 regulations were not complied with are also encouraged to contact the Section 3 Coordinator before filing a complaint directly to HUD. Any Section 3 resident or Section 3 Business (or authorized representative) may file a complaint directly to the Assistant Secretary for Fair Housing and Equal Opportunity at the following address (or as otherwise directed by HUD):

⁸ 24 CFR 85.36, 24 CFR 85.36b(8)

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**Assistant Secretary for Fair Housing and Equal Opportunity
Department of Housing and Urban Development
Philadelphia Regional Office of FHEO
U.S. Department of Housing and Urban Development
The Wanamaker Building
100 Penn Square East, 12th Floor
Philadelphia, Pennsylvania 19107-3380
(215) 861-7646 or 1-888-799-2085 or TTY (215) 656-3450**

The complaint must be in writing and be received within 180 days from the date of the action upon which the complaint is based. It should include the complainant's name and address, the City or contractor's name and address, and a description of the acts in question. The complainant will receive a response from HUD within 10 days in which further investigation will be explained.

IX. DEFINITIONS

Please refer to the 24 CFR 135.5 for a full list of prevailing definitions found in the regulation.

The City of Charlottesville and the Charlottesville Redevelopment and Housing Authority incorporate into this policy the definitions contained in 135.5 of 24 CFR Part 135 and any changes or updates to these definitions as may from time to time be incorporated into 24 CFR Part 135.

The City of Charlottesville and the Charlottesville Redevelopment and Housing Authority make no representation concerning interpretation and meaning of Section 3 of the Housing Act of 1968, as amended, and of 24 CFR part 135 beyond this policy. It is recommended that interested parties refer directly to the law and regulations for a complete understanding of their meaning.

CHARLOTTESVILLE HOUSING FUND (CHF) COVERED CONTRACT: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of CHF covered funding or for work arising in connection with a CHF covered project. "CHF Contracts" do not include contracts for the purchase of supplies and materials except, whenever a contract for materials includes the installation of the materials.

CHARLOTTESVILLE HOUSING FUND (CHF) COVERED PROJECT: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with CHF funding.

EMPLOYMENT OPPORTUNITIES GENERATED BY SECTION 3 COVERED ASSISTANCE: All employment opportunities generated by the expenditure of Section 3 covered funding (i.e. operating funding, development funding, and modernization funding) and with respect to Section 3 covered housing and community development funding, all employment opportunities arising in connection with Section 3 covered projects, including management and administrative jobs (including architectural, engineering, or related professional services and jobs directly related to administrative support of these activities) connected with the Section 3 covered project.

FULL-TIME EMPLOYEE: A permanent worker who is employed on a year-round basis and who works a full workweek, generally 30 to 40 hours per week.

LOW INCOME PERSON: Families (including single persons) whose incomes do not exceed 80% of the median income for the project area.

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NEW HIRES: New position and or vacant position filled with full-time employees for permanent, temporary or seasonal employment opportunities for any specific City or CRHA related contract.

ON THE JOB TRAINING (OJT): Planned and organized training, conducted at the employer's worksite. The trainee uses the actual tools, equipment, documents or materials that employees will use when fully trained. OJT aims to broaden and develop the employee's knowledge, skills, and abilities that are unique to a job.

RECIPIENT: Any recipient which receives Section 3 covered funding, directly from HUD or from another recipient and includes, but is not limited to, any State, unit of local government, PHA, IHA, Indian Tribe, or other public body, public or private nonprofit organization, private agency or institution, mortgagor, developer, limited dividend sponsor, builder, property manager, community housing development organization, resident management corporation, resident council, or cooperative association. Recipient also includes any successor, assignee, or transferee of any such recipient, but does not include any ultimate beneficiary under the HUD program to which Section 3 applies and does not include Section 3 contractors.

RESIDENT OWNED BUSINESS (ROB): A ROB is a Business Concern owned or controlled by Public Housing Residents, or low income residents that are: (a) at least fifty-one (51%) percent owned and operated by one or more public housing residents; and (b) whose management and daily business operations are controlled by one or more such individuals. For purposes of Section 3 compliance, a ROB must also meet the definition of a Section 3 Business Concern as described below.

SECTION 3: Section 3 of the Housing and Urban Development Act of 1968, as amended (12U.S.C.1701u).

SECTION 3 BUSINESS CONCERN: As defined by HUD, a Section 3 Business Concern is one:

- A. That is fifty-one (51%) percent or more owned by Section 3 Residents; or
- B. Whose permanent, full-time employees includes persons, at least thirty percent (30%) of whom are current Section 3 Residents, or were Section 3 Residents within three (3) years of the date of first employment with the Business Concern if the contractor is working on a redeveloped or replacement asset; or
- C. That provides evidence of a commitment to subcontract a minimum of twenty-five percent (25%) of the total contract award amount (including any modifications) to a Section 3 Business Concern(s) as defined in A or B. Example: If the Contract amount is \$1,000,000, contractor must subcontract at least 25% or \$250,000 to a Section 3 Business Concern(s) as defined in A or B in this part.

SECTION 3 CLAUSE: The contract provisions and sanction set forth in 24 CFR 135.38

CHF SECTION 3 CLAUSE: The contract provisions set forth in the City's Section 3 Policy as it pertains to covered CHF funding.

SECTION 3 COVERED ACTIVITY: Any activity that is funded by Section 3 covered funding.

SECTION 3 COVERED ASSISTANCE: Section 3 applies to the following HUD assistance (Section 3 covered assistance):

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(1) Public and Indian housing assistance. Section 3 applies to training, employment, contracting and other economic opportunities arising from the expenditure of the following public and Indian housing assistance:

- (i) Development assistance provided pursuant to section 5 of the U.S. Housing Act of 1937 (1937 Act);
- (ii) Operating assistance provided pursuant to section 9 of the 1937 Act; and
- (iii) Modernization assistance provided pursuant to section 14 of the 1937 Act;

The requirements of part 135 apply to recipients of covered section 3 housing and community development assistance for which the amount of the assistance exceeds \$200,000; and these requirements apply to contractors and subcontractors performing work on projects funded by housing and community development assistance for which the recipient's award exceeds \$200,000, and the contract or subcontract exceeds \$100,000. If the recipient's award of assistance exceeds \$200,000, but the contracts and subcontracts do not exceed \$100,000, then only the recipient is subject to the Section 3 requirements. The recipient's responsibility includes awarding contracts, to the greatest extent feasible, to Section 3 business concerns.

SECTION 3 COVERED CONTRACT: A contract or subcontract (including a professional service contract) awarded by a recipient or contractor for work generated by the expenditure of Section 3 covered funding or for work arising in connection with a Section 3 covered project. "Section 3 Covered Contracts" do not include contracts for the purchase of supplies and materials except, whenever a contract for materials includes the installation of the materials.

SECTION 3 COVERED PROJECT: The construction, reconstruction, conversion or rehabilitation of housing (including reduction and abatement of lead-based paint hazards), other public construction which includes buildings or improvements (regardless of ownership) assisted with housing or community development funding.

SECTION 3 JOINT VENTURE: An association of business concerns, one of which qualifies as a Section 3 Business Concern, formed by written joint venture agreement to engage in and carry out a specific business venture for which purpose the business concerns combine their efforts, resources, and skills for joint profit, but not necessarily on a continuing or permanent basis for conducting business generally, and for which the Section 3 Business Concern:

- Is responsible for a clearly defined portion of the work to be performed and holds management responsibilities in the joint venture; and
- Performs at least 25% of the work and is contractually entitled to compensation proportional to its work.

VERY LOW INCOME PERSON: Families (including single persons) whose incomes do not exceed 50% of the median family income for the project area.

Please refer to www.huduser.org/portal/datasets/il.html for current, local Income Limit information.

- ❖ Select current year.
- ❖ Select "Access Individual Income Limit area"
- ❖ Select "click here for FY XXXX IL Documentation" (where XXXX is the current fiscal year)
- ❖ Select State & County

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**First Amended GRANT AGREEMENT
Charlottesville Supplemental Rental Assistance Program
(CSRAP)**

This grant agreement provides the terms and conditions upon which the City of Charlottesville ("City") will provide funding to the Charlottesville Redevelopment and Housing Authority ("CRHA") for the purpose of administering the "Charlottesville Supplemental Rental Assistance Program" ("CSRAP"). The CSRAP represents a partnership between the City of Charlottesville and the Charlottesville Redevelopment and Housing Authority. In order to facilitate expedient housing of those in need and to insure that funding resources are provided directly to housing clients, CRHA has proposed to administer the CSRAP at no cost to the City or the CSRAP. Therefore, the City and CRHA recognize that it is critical that the administrative burden associated with the program be kept to an absolute minimum. Funding approval in the amount of \$900,000 to support CRHA's administration of the CSRAP was provided by City Council on October 16, 2017.

Section 1. Time for Performance: July 1, 2019 through June 30, 2020.

Section 2. City Funding Amount: \$945,000

Section 3. Conditions of City Funding:

I. PURPOSE OF THE PROGRAM

- A. The City of Charlottesville has authorized the transfer of up to \$945,000.00 plus carryforward program funding, if any, from Charlottesville Affordable Housing Fund (CAHF) to the Charlottesville Redevelopment and Housing Authority (CRHA) for use within the Fiscal Year ending June 30, 2020, upon the following conditions: (i) the funding shall be used exclusively by CRHA to provide rental assistance subsidies to individuals who are part of Extremely Low-Income to Low-Income Households, defined as those households earning less than 60% of Area Median Income (Area Median Income) as determined by the US Department of Housing and Urban Development annually within the City of Charlottesville, including, but not limited to, those who are homeless, elderly and/or disabled individuals, or those enrolled in a self-sufficiency program; and (ii) the administration of this funding by CRHA shall be in accordance with the terms of this document.
- B. The City is authorized by Va. Code §36-7 to provide money to a housing authority, to enable or assist the authority to carry out its purposes.

II. FUNDING

The CSRAP shall be funded through the Charlottesville Affordable Housing Fund (CAHF).

III. ADMINISTRATION

The CSRAP represents a partnership between the City of Charlottesville and the Charlottesville Redevelopment and Housing Authority. In order to facilitate expedient housing of those in need and to insure that funding resources are provided directly to housing clients, CRHA has proposed to administer the CSRAP at no cost to the City or the CSRAP. Therefore, the City and CRHA recognize that it is critical that the administrative burden associated with the program be kept to an absolute minimum. CRHA agrees to administer the CSRAP in a manner similar to the federal Housing Choice Voucher Program (HCVP) rules and regulations, as amended, and the City of Charlottesville's Housing Policy 1, as amended (attached hereto as Appendix A). An exception to the administration of the program will be permitted to allow for single room housing that might not otherwise meet HUD rules and regulations, in limited circumstances.

For purposes of administration of the CSRAP, the term "household" shall mean and include any one (1) or more individual(s) who comprise a single housekeeping unit.

IV. ADMISSIONS/PREFERENCES AND THE WAITING LIST

- A. Eligible Households shall be selected and admitted from the CRHA's existing HCVP waiting list in accordance with the HCVP rules and regulations established by the CRHA for selection and admission for tenant-based housing assistance through the CSRAP unless specified otherwise in this agreement. Only Households with incomes less than 60% AMI shall be issued CSRAP rental assistance subsidies. A Household can apply to participate in the CSRAP Program if individual(s) within the Household live or work within the City of Charlottesville at the time of the application; however, CSRAP rental assistance shall be issued only to subsidize rental payments owed by a Household for rental of a dwelling unit located within the City of Charlottesville, except as per the provision in Section V.B.iii.
- B. The CHRA shall issue the CSRAP rental assistance according to the following priorities:
 - (i) A minimum of fifteen (15) CSRAP rental assistance subsidies will be issued to Households who are homeless. (These recipients may or may not be enrolled in the CRHA HCV waiting list.)
 - (ii) A minimum of forty (40) CSRAP rental assistance subsidies will be issued to Households enrolled in a local self-sufficiency program. (These recipients may or may not be enrolled in the CRHA HCV waiting list.)
 - (iii) The remainder of the CSRAP funded rental assistance subsidies (i.e., those not issued in accordance with Sections IV.B(i) or IV.B(ii), above) shall be issued to HCVP eligible households, if the individual(s) within those Households live or work in the City of Charlottesville, and if the

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Household(s) is or are on the CRHA's HCVP waiting list at the time of the issuance of a CSRAP voucher.

- (iv) In the administration and issuance of CSRAP funded rental assistance subsidies described in Section IV.B(iii) above, CRHA will insure that vouchers will be issued to households with incomes less than 60% AMI.
- C. Households on the CRHA's HCVP waiting list who accept CSRAP voucher(s) shall remain on the HCVP waiting list, and shall retain their ranking on that list. If an individual or household on the HCVP waiting list is selected by CRHA for the HCVP program, CRHA shall offer that Household the opportunity to replace any CSRAP subsidy being received with an HCV.

V. TENANT-BASED HOUSING ASSISTANCE

- A. CSRAP rental assistance subsidies shall be administered as tenant-based housing assistance in a manner similar to CRHA's HCVP rules and regulations.
- B. Notwithstanding any CRHA HCVP rule or regulation to the contrary, (see Section V.A, above), the following rules apply specifically to the CSRAP:
 - (i) Rental assistance subsidies shall not be eligible for portability as such term is defined and utilized in 24 C.F.R. §§ 982.351 and 982.353, as amended.
 - (ii) Households receiving a CSRAP voucher shall have 60 days to locate, and lease, a rental housing unit within the City of Charlottesville.
 - (iii) Should a Household be unable to locate a rental unit that it can afford (based on the 30% required contribution referenced in subparagraph (iv), following below) within the City of Charlottesville within the initial 60-day CSRAP voucher term, the CRHA may grant one 120-day extension, during which time the recipient household may continue to search for rental housing in the City of Charlottesville or within Albemarle County.
 - (iv) Households receiving a CSRAP voucher shall be required to contribute 30% of the monthly gross income of that Household toward rent each month. The Household's required rent contribution shall be determined at the time the Household is accepted into the CSRAP, and thereafter shall not be increased more than once every 24 months; regardless of whether or not the rent contribution is increased during any 24 month period, CRHA shall continue to verify and keep records as to the Household income, report income to the City, and comply with the requirements within this Grant Agreement.
 - (v) CSRAP rental assistance shall be provided monthly. The monthly housing assistance payment shall be equal to the applicable HCVP payment standard for bedroom size for the Charlottesville area, as established annually by the

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Virginia Housing and Development Authority, minus the tenant's portion of the rent.

- (vi) The CRHA shall reexamine the income and family composition of each Household receiving CSRAP rental assistance, at least once every twelve (12) months. Any Household that experiences a decrease in income may request a reexamination and adjustment of the requirement for 30% monthly income participation (see subparagraph (iv), above) at any time.

VI. CONTINUING ELIGIBILITY FOR CSRAP FUNDING

- A. Subject to availability of CSRAP funds and the terms of this Grant Agreement, CSRAP rental assistance may be issued to a Household so long as the Household is in compliance with the CSRAP Program Rules.
- B. CSRAP-assisted Households shall be entitled to the Informal Hearing Procedures for Applicants and Participants of the Housing Choice Voucher and Moderate Rehabilitation Programs as defined by 24 CFR §982.54(d)(12) and (13) as amended, as administered by the CRHA.

VII. PROGRAM FUNDING

- A. The City's Housing Program Coordinator has verified that funding in the amount of \$945,000 is available and has been appropriated by City Council to the CAHF to support the CSRAP. CSRAP will continue so long as funds from the initial funding allocation of \$945,000 plus carryforward program funding, if any, to CAHF for support of the CSRAP remain unencumbered or additional funding has been appropriated by City Council in amounts sufficient to support continuation of the CSRAP in subsequent fiscal year(s).
- B. Each year, in accordance with a schedule established by the City's Budget Director, CRHA shall prepare and submit to the City an estimate of the amount of money needed during the ensuing fiscal year for the CSRAP, based on the Households then participating in the CSRAP at that time, and based on CRHA's estimate of any rent increases for those participating Households, and (at CRHA's option) CRHA's estimates of the cost of any desired expansion of the CSRAP to additional participants during the ensuing fiscal year. CRHA will be afforded at least 30 days within which to prepare and submit such annual funding estimate. This CSRAP Agreement may be renewed for succeeding fiscal years by written agreement of the parties, subject to the availability and appropriation of public funds.
- C. The City shall retain the existing program funding reserve of \$292,500 as a program reserve fund to ensure funding is available to cover any increases in rental assistance payments due to decreases in participant household income or increases in rent. All unused reserve funds shall be carried over in to the next year's program funding total.

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- D. When the unencumbered funding balance within the Initial Operational Allocation reaches an amount equal to approximately one month of maximum program rental expenses (or not to exceed \$80,000), CRHA shall request and the City shall immediately disperse an additional amount equal to approximately three months of maximum rental expenses (or not to exceed \$240,000) to CRHA to provide ongoing support for the program. In so doing, at all times during the term of the CSRAP, CRHA will maintain an unencumbered program Operational Allocation balance of no less than \$80,000 and no more than \$240,000.
- E. Initial Reporting Requirements:
- (i) Upon determining that a Household is eligible to participate in the CSRA Program, CRHA shall transmit to the City's Housing Program Coordinator the following:
 - (a) A copy of the Household's rental assistance subsidy agreement, lease approval form, rent portions notice, rental unit information (including address and monthly rent), unit inspection report, and Household information (including income, size, composition), and
 - (b) A copy of an invoice or other statement of rent from the Household's landlord, identifying the monthly rental amount for that Household, at time of initial lease-up.
- F. Ongoing Reporting Requirements.
- (i) 30 days following the end of each calendar year quarter (specifically: on October 31, January 31, April 30, and July 31 each calendar year), the CRHA will submit to the City of Charlottesville, an itemized Quarterly Report, listing each recipient Household participating in the CSRA Program as of the date of such Report, and specifying the amount of monthly rent required for each Household (both household rent portion and rental assistance amount) for the calendar year quarter next succeeding the date of the Quarterly Report. Each such Quarterly Report shall add up each of the amounts required for the CSRA Program for the upcoming quarter, and shall give a total amount necessary to satisfy the Program commitments for that upcoming calendar year quarter.
- G. Each itemized Quarterly Report referenced in Paragraph (F)(i), above, shall be accompanied by the following information (in addition to the information required by paragraph (D), above) and this information shall be presented in an Excel Spreadsheet or other format mutually acceptable to both CRHA and the City's Housing Program Coordinator. Each Quarterly Report shall provide program and household statistics, including but not necessarily limited to:

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- Date voucher issued
 - Date voucher extended (if applicable)
 - Date unit leased
 - Name (head of household)
 - Unit Address – and to be clearly identified if City or County address
 - Total Monthly Rent
 - Amount of Monthly Rental Assistance Provided
 - Household Income
 - %AMI
 - Employment Status
 - Number of Wage Earners
 - Household Composition
 - Number of Adults
 - Number of Children
 - Number of Children Under 5-years
 - Number of Elderly (65 years+)
 - Number of Disabled
 - Race/Ethnicity
 - Compliance with admissions preference priorities as defined in Section IV.B.
- (i) Following the Initial Operational Allocation, no funds will be released to CRHA, unless and until all required reporting pursuant to Section (E), Section (F) and Section (G) have been properly completed and submitted to the Housing Coordinator.
- (ii) The Housing Coordinator shall have 14 days from the date of report submittal to review and certify to CRHA that the reports provided meet the CSRAP reporting standards defined in Section (E), Section (F), & Section (G) above. After 14 days following report submittal (unless otherwise notified), CRHA and the Housing Coordinator will consider all reports submitted to be complete, proper and certified.
- (iii) All reports shall be submitted to the City of Charlottesville's Housing Program Coordinator.

OFFERED BY:
City of Charlottesville

By: 
Christopher V. Cullinan
Director of Finance

Date: 6.20.2019

ACCEPTED BY:
Charlottesville Redevelopment and
Housing Authority

By: 

Date: 21-June-2019

FUNDS ARE AVAILABLE

BY: 
Director of Finance/Designee

Approved As To
Form: 6/19/19
L. Robertson
Chief Dep City
Attorney