

**City of Charlottesville**  
**Charlottesville Affordable Housing Fund (CAHF)**  
**Notice of Funding Availability (NOFA) and Application for Funding**

**I. Overview**

The Charlottesville Affordable Housing Fund (CAHF) was established in 2007 by the City of Charlottesville to provide a flexible funding mechanism for housing-related projects. The primary purpose of the CAHF is to provide financial resources to address the affordable housing needs of individuals and families who live or work in the City by promoting, preserving and producing quality, long-term affordable housing options; providing housing related services to low-income and moderate-income households; and providing support for non-profit and for profit organizations that actively address the affordable housing needs of low- and moderate-income households. The CAHF is managed by the City’s Housing Program Coordinator, located within the Department of Neighborhood Development Services.

**II. Fund Capitalization**

The CAHF receives annual appropriations through the City of Charlottesville’s Capital Improvement Program budgeting process. The amount of CAHF dollars available for award each year will be determined upon the City of Charlottesville City Council’s adoption of the fiscal year budget. Additional sources of CAHF funding include:

1. Cash contributions in lieu of providing actual affordable units when rezoning or Special Use Permits of a specified level density are approved. The amount of the cash contribution shall be determined in accordance with Section 34-12 of the City of Charlottesville Code, which outlines the City’s Affordable Dwelling Unit Ordinance. The cash contribution shall be indexed to the Consumer Price Index for Housing in the South Urban Region as published by the Bureau of Labor Statistics and shall be adjusted annually based upon the changes made in January of each year to that index.
2. Voluntary contributions made through proffers.
3. Repayment of loans made through the CAHF.

**III. Distribution of Funds**

Each annual appropriation to the CAHF will be provided as grants to nonprofit housing developers and/or providers, or for profit developers with nonprofit partners. Funding will be disbursed through an application process started June-July of each year.

**Approximately \$792,000 of CAHF funds are available through this current NOFA.**

#### **IV. Application Process**

Applications for funding will be accepted through an annual Notice of Funding Availability, to be published on the Housing & Grants pages of the City website.

**All requests for funding must be received no later than 4:00 PM on Thursday, July 18, 2019.**

Any application missing one or more of the required information or documents will be considered incomplete and will not be reviewed or considered for funding.

Project funding awards are contingent upon approval by the Charlottesville City Council.

#### **V. Eligible Applicants**

CAHF funding is provided to nonprofit organizations, and for profit developers with a nonprofit partner. The City will accept funding applications that meet the following eligibility requirements:

- Applicant (or the applicant's partner) is a designated 501(c)(3) nonprofit organization, government entity or the Charlottesville Redevelopment and Housing Authority.
- Applicant must not be in violation of any federal, state or local laws/regulations.
- Applicant has owned and/or developed at least one development that contains Supported Affordable Units (SAU), income-restricted units, or market rate housing units that have been placed in service. If applying for Low Income Housing Tax Credits, applicants must meet Virginia Housing Development Authority (VHDA) eligibility requirements as outlined in the VHDA Low-Income Housing Tax Credit Manual (<http://www.vhda.com/BusinessPartners/MFDevelopers/MF-LoanApplication-Guides/Pages/LIHTCApplicationsForms.aspx#.Wcpre4-PK71>).
- The proposed project will provide housing units affordable to households with household incomes up to 80% Area Median Income as published by the US Department of Housing and Urban Development (HUD) for the Charlottesville, Virginia region, adjusted for household size. If the development is mixed-income, CAHF funds will be applied only to the affordable portion of the development.
- The proposed project adheres to the minimum affordability requirements for SAUs as outlined in Housing Policy 1.
- The proposed project activities are located within the jurisdictional boundaries of the City of Charlottesville.

## **VI. Eligible Uses of CAHF Funds**

CAHF funds will be used to support affordable housing projects located within the City of Charlottesville, unless otherwise approved by the Charlottesville City Council. Eligible uses of the funds include, but are not limited to:

- Redevelopment of Charlottesville Redevelopment and Housing Authority properties;
- Productive reuse of properties declared surplus by the City of Charlottesville for residential purposes;
- Land acquisition and assembly;
- Land development;
- Predevelopment expenses including: reasonable expenses for architectural fees, market research consultants, architectural plans and construction specifications, zoning approval fees, engineering studies, legal fees, and other costs directly associated with activities prior to development of the property;
- Construction of supported affordable homeowner or rental housing units;
- Construction of mixed-income communities;
- Construction or preservation of Single Room Occupancy developments;
- Preservation or expansion of housing options for Special Needs Populations;
- Increasing housing accessibility and/or visitability;
- Preservation or expansion of supported affordable housing;
- Homeowner or rental property rehabilitation;
- Programs supporting homeownership, such as: homeownership counseling, down payment and closing cost assistance, or employer supported housing programs;
- Energy efficiency upgrades;
- First-time homebuyer education programs;
- Rental subsidies;
- Data collection to better understand housing issues/needs and to study affordable housing stock and SAU issues as they relate to the 2025 housing goal (limited to no more than 10% of annual CIP allocation to the CAHF);
- Programmatic purposes only when a determination has been made that 2025 housing goals are on track or ahead of schedule.

CAHF funds cannot be used to cover the costs associated with the following activities:

- Property tax penalties;
- Rental of room for community meetings;
- Mailings;
- Refreshments for community or neighborhood outreach meetings;
- Transportation to community or neighborhood outreach meetings; OR

- Administrative or staffing costs for nonprofit developers if HOME, CDBG or other available funding sources are available for this purpose.

## **VI. Application Review and Evaluation Criteria**

Completed applications will be evaluated by the Housing Advisory Committee’s Allocations Subcommittee. Applications will be assessed on the evaluation criteria described below. Recommendations for funding will be based on which project(s) meets or exceeds these criteria to the greatest degree. Recommendations for project funding will be presented to the Charlottesville City Council for approval anticipated to be at a City Council meeting in October 2019. Funding award notifications will be issued no later than November 2019.

**NOTE:** If project proposals do not adequately meet the described guidelines, the Allocations Subcommittee may recommend not funding the proposal(s) and reserves the right to reject any and all proposals.

Applications will be assessed based on how well their plans address the following factors:

### *A. Supply*

- Number of Supported Affordable Units (SAUs) affordable to household incomes less than 80% AMI.
- Number of newly constructed SAUs
- Number of preserved SAUs
- Number of SAUs affordable to household incomes less than 60% AMI
- If project based, commitment period for affordability.
- If people based, applicant’s plan for continuing to provide affordable housing in the future, mechanisms for maintaining affordability over time, mechanisms for helping recipients earn savings via mortgage payments and appreciation sharing, other mechanisms for leveraging funding for future low-income homeowners.
- Number of units incorporating Universal Design Standards
- Units incorporating energy efficiency features
- Mechanisms for promoting household equity among low income homeowners

### *B. Project Experience, Capacity & Readiness*

- Applicant has a demonstrated history of providing affordable housing and/or SAUs
- Demonstrated organizational financial viability and the financial feasibility of the project
- For already-identified projects, applicant has control of the project site

- For land pursuit and assembly, applicant has a demonstrated history of successful land acquisition.
- Applicant provides detailed descriptions of the planning, design, pursuit and/or construction process
- A project timeline and/or construction schedule is included in the application
- Project includes a public participation process with clear goals and processes for meaningful neighborhood participation, including engagement with and commitment to honor input of directly affected communities and individuals.
- Applicant has a demonstrated history of employing Asset Based Community Development to successfully involve and provide agency to low-wealth individuals.
- For identified projects, regulatory compliance (e.g., zoning, land use, etc.)

*C. Budget*

- Application includes a listing of all current and committed funding sources and amounts from each source
- Applicant provides a description of how CAHF and other funding sources shall be used
- CAHF cost per unit
- Leveraging of CAHF funds

*D. Policy*

- Project one or more of the Housing Goals outlined in the City’s Comprehensive Plan
- Project supports City Council’s 2025 Goals for Affordable Housing
- Project supports objectives of the City’s Small Area Plans, including the Strategic Investment Area plan.

**VIII. Submission Requirements**

Only applications completed using the application format included in Exhibit 1, and submitted by the application deadline, will be considered. Applications can be submitted electronically via email to:

**Alex Ikefuna**

**Director, Neighborhood Development Services Department**

**ikefuna@charlottesville.org**

**Exhibit 1: Application Form for the Charlottesville Affordable Housing Fund (CAHF)**

# City of Charlottesville Affordable Housing Fund (CAHF) Application

## Applicant Information

Amount of CAHF Funds Requested:

Organization name:

Contact name:

Title:

Address:

Phone:

Email:

## Project Information

Project name:

Project location:

Purpose of requested funding (check all that apply):

- New construction
- Acquisition
- Rehabilitation
- Rent subsidy
- Other

Project type (check all that apply):

- Multi-family
- Single family (detached)
- Single family (attached)
- Rehabilitation
- New Construction
- Other

Income restrictions on project (indicate approximate number of units meeting each Area Median Income (AMI) category:

_____	Incomes less than 30% AMI
_____	Income between 30% and 40% AMI
_____	Incomes between 40% and 50% AMI
_____	Incomes between 50% and 60% AMI
_____	Income between 60% and 80% AMI
_____	Unrestricted units (>80% AMI)
_____	<b>Total Units</b>

### **Project Proposal:**

Please provide following information as separate attachments to the application:

- 1. Project Description** -- Provide a description of the proposed project. Include: project type and location, short and long term goals, the population(s) to be served. Discuss plans for accessibility/adaptability, energy conservation and/or any green building components.
- 2. Demonstration of Need** -- Describe how the project contributes to the City of Charlottesville's housing goals.
- 3. Project Readiness** -- Provide evidence of: organizational experience and capacity to manage the project, pursue and acquire land, site control, required zoning variance and permitting (if applicable), financial commitments for the projects, community engagement plan (if applicable), resident relocation plan (if applicable), plans for preparation and coordination of necessary public meetings.
- 4. Project Budget** -- Provide a detailed description of the proposed project budget showing sources and amounts of additional funding.
- 5. Project Schedule** -- Indicate the proposed project schedule, including pre-development, anticipated pursuit and acquisition timeline, site control, zoning approval, financing and construction miles (as appropriate) to project completion.



**6. Experience** -- Provide a summary of similar activities completed by the organization and project team.

**Authorization:**

Organization Name: \_\_\_\_\_

Project Title: \_\_\_\_\_

I, \_\_\_\_\_ certify that I am authorized to  
(Authorized Organization Official)

apply for funding from the City of Charlottesville. I certify that all information contained herein is accurate to the best of my knowledge.

\_\_\_\_\_  
Signature Date

\_\_\_\_\_  
Print Name Title

## **Exhibit 2: CAHF Application Timeline**

**(Please note: Dates of approval and award may change. It is the applicant's responsibility to confirm approval and award dates.)**

## NOFA Posted

- June 10, 2019

## Applications Due

- 4:00 PM July 18, 2019

## Applications Review

- July 19 - August 9, 2019

## City Council Approval

- October 2019

## Award Notices

- By October 31, 2019

**Exhibit 3: City of Charlottesville Affordable Housing Goals**

**City of Charlottesville 2025 Goals for Affordable Housing**  
<http://www.charlottesville.org/home/showdocument?id=24716>

Achieve a minimum 15% supported affordable housing throughout the City by 2025.

**Selection of City of Charlottesville Comprehensive Plan 2013 Housing Goals**  
<http://www.charlottesville.org/departments-and-services/departments-h-z/neighborhood-development-services/comprehensive-plan/comprehensive-plan-2013>

*A. Affordable Housing Goals*

- Goal 2: Maintain and improve the City’s existing housing stock for residents of all income levels.
- Goal 2.5: Preserve and improve the quality and quantity of the existing housing stock through the renovation, rehabilitation and/or expansion of existing units as a means of enhancing neighborhood stability.
- Goal 3: Grow the City’s housing stock for residents of all income levels.
- Goal 3.2: Incorporate affordable units throughout the City.
- Goal 3.3: Achieve a mixture of incomes and uses in as many areas of the City as possible.
- Goal 3.6: Promote housing options to accommodate both renters and owners at all price points, including workforce housing.
- Goal 8.1: Encourage mixed-use and mixed-income housing developments.
- Goal 8.2: Link housing options and employment opportunities in City land use decisions.
- Goal 8.4: Promote environmentally sustainable patterns of development as well as economic development and job creation in relatively underinvested, financially depressed areas.

*B. Housing for Special Needs Populations*

- Goal 2.4: Support the promotion of the Design for Life C’ville program that provides a rebate of permit fees for incorporation of standards that address visit-ability and live-ability.
- Goal 2.5: Promote the use of rapid rehousing and permanent supportive housing options by providing support to programs and organizations serving the homeless and near-homeless populations, as well as those with challenges that would otherwise prevent independent living.

**City of Charlottesville Strategic Plan Affordable Housing and Related Goals**  
<http://www.charlottesville.org/home/showdocument?id=54323>

- Goal 1.3: Increase affordable housing options.
- Goal 1.4: Enhance financial health of residents.
- Goal 2.1: Reduce adverse impact from sudden injury and illness and the effects of chronic disease.
- Goal 2.3: Improve community health and safety outcomes by connecting residents with effective resources.
- Goal 3.1: Engage in robust and context sensitive urban planning and implementation.
- Goal 5.4: Foster effective community engagement.

**Exhibit 4: 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.

## Definitions<sup>1</sup>

**Affordable and/or Affordable Housing<sup>2</sup>:** 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.<sup>3</sup> 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.”

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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(f), 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.<sup>4</sup>

**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.<sup>5</sup>

**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 Units<sup>6</sup> 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.

<sup>4</sup> 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.

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

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

- 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 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<sup>7</sup>; 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.<sup>8</sup> 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.

<sup>7</sup> 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 multiple by 140%). Income limits are rounded to the nearest \$50. This is consistent with the methodology used for calculation of HUD income limits.

<sup>8</sup> 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 owners<sup>9</sup> 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 <sup>10</sup>	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**

<sup>9</sup> 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.

<sup>10</sup> 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.

Assisted projects 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 Measures<sup>11</sup>**

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

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<sup>11</sup>

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.

## Accountability Measures

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 Measures<sup>12</sup>

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 Funds<sup>13</sup>

**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

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<sup>12</sup>

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.

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

- Homeowner and/or Rental Rehabilitation
- Loan Program and/or Revolving Loan Fund
- 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.)<sup>14</sup>
- 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.

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<sup>14</sup>

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.