

# **CHARLOTTESVILLE HOUSING FUNDING REVIEW**

CITY COUNCIL UPDATE

**12/20/2021**

HR&A was hired to review the City's affordable housing funding over the past ten years, and to inform an update to the City's NOFA/RFP processes.

## COMPONENT I: PROCUREMENT REVIEW AND REDESIGN

### TASK 1, PROGRAM REVIEW

- Review performance of City-funded projects and programs over a 10-year period
- Create inventory of affordable housing supported by City
- Review existing processes

### TASK 2, PROGRAM REDESIGN

Detailed recommendations for:

- RFP/NOFA process redesign
- Selection and contracting
- Monitoring and reporting

## COMPONENT II: INCLUSIONARY ZONING PROGRAM DESIGN

In parallel, as part of the zoning rewrite, HR&A is analyzing the feasibility and design of an Inclusionary Zoning policy.

For Task 1, Program Review, HR&A's methodology analyzes multiple metrics of funding impact.

## METHODOLOGY

- **Thorough review of City documents**, including grant agreements, NOFAs, RFPs, reporting documents, email exchanges, etc.
- **One-on-one interviews** and data requests/reviews with nine major nonprofit beneficiaries
- **Compilation and verification of project inventory**
- **Targeted follow-up**

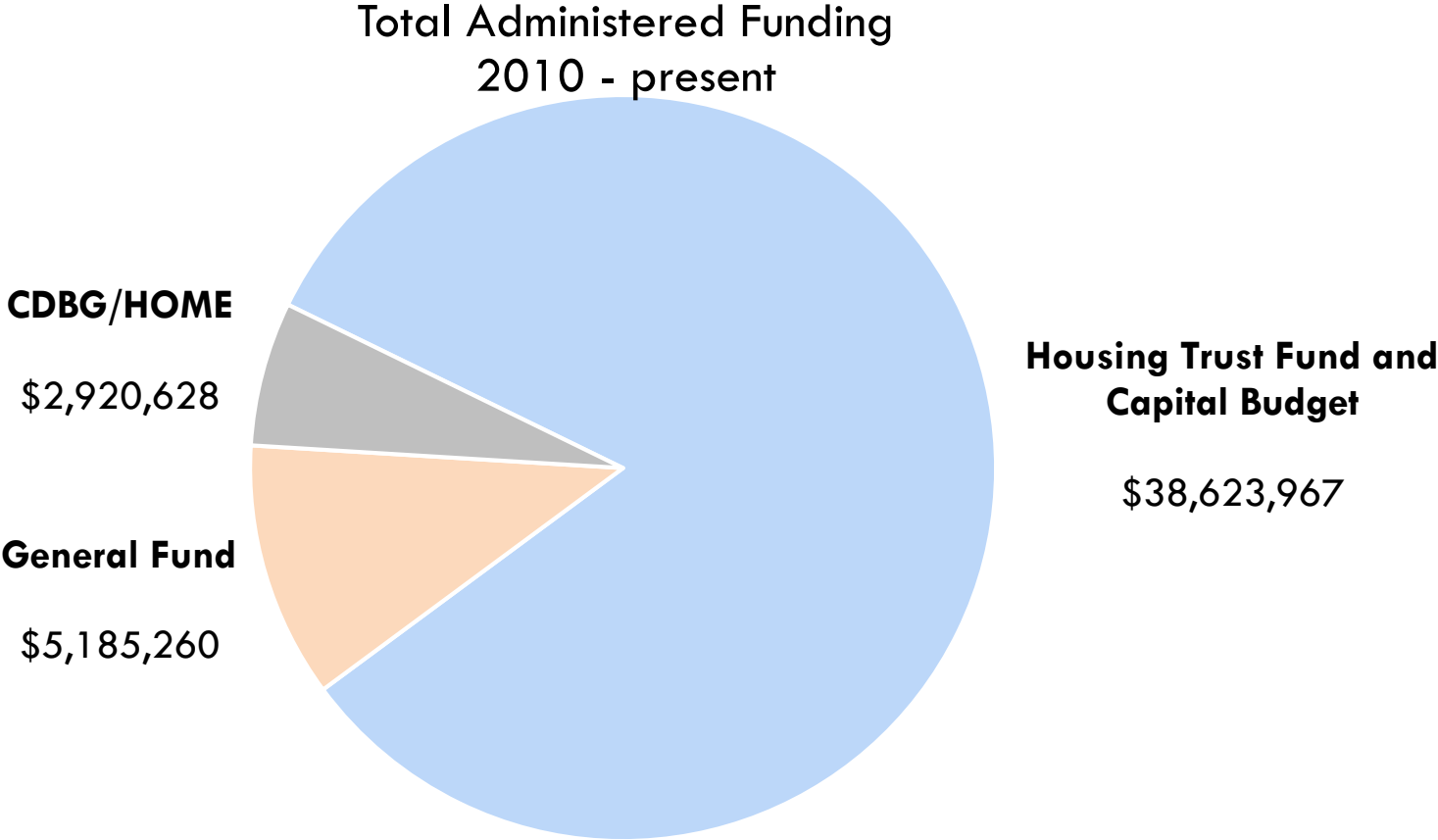


## METRICS

- **Grant recipient**
- **Unit creation** and households served
- **Project delivery** and completion
- **Project cost** and cost efficiency
- **Property ownership** and transfer
- **Target affordability level and duration**
- **Program income**
- **Verification of demographics**: race and ethnicity, household size, presence of children, disability, verified income, city residence or work status
- **Project performance**: cost overruns, cancellation, unplanned outcomes

*Items in progress*

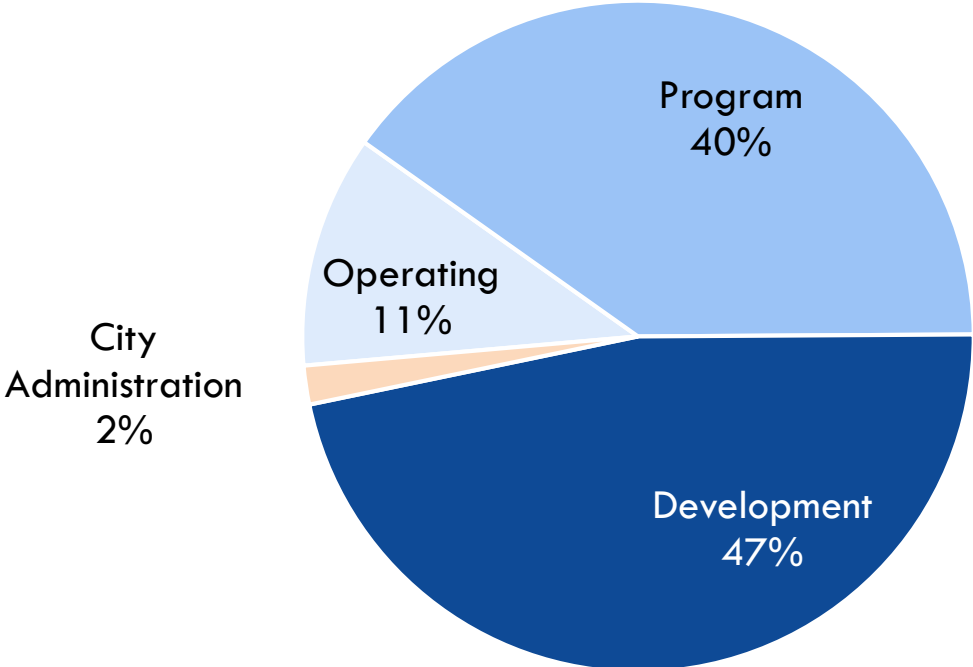
**Initial Summary Statistics | Since 2010, the City has administered \$46.7M to support affordable housing, drawing from local and federal funding sources.**



# Initial Summary Statistics | Nearly half of housing funding has gone to housing development, with an additional 40 percent to housing programs.

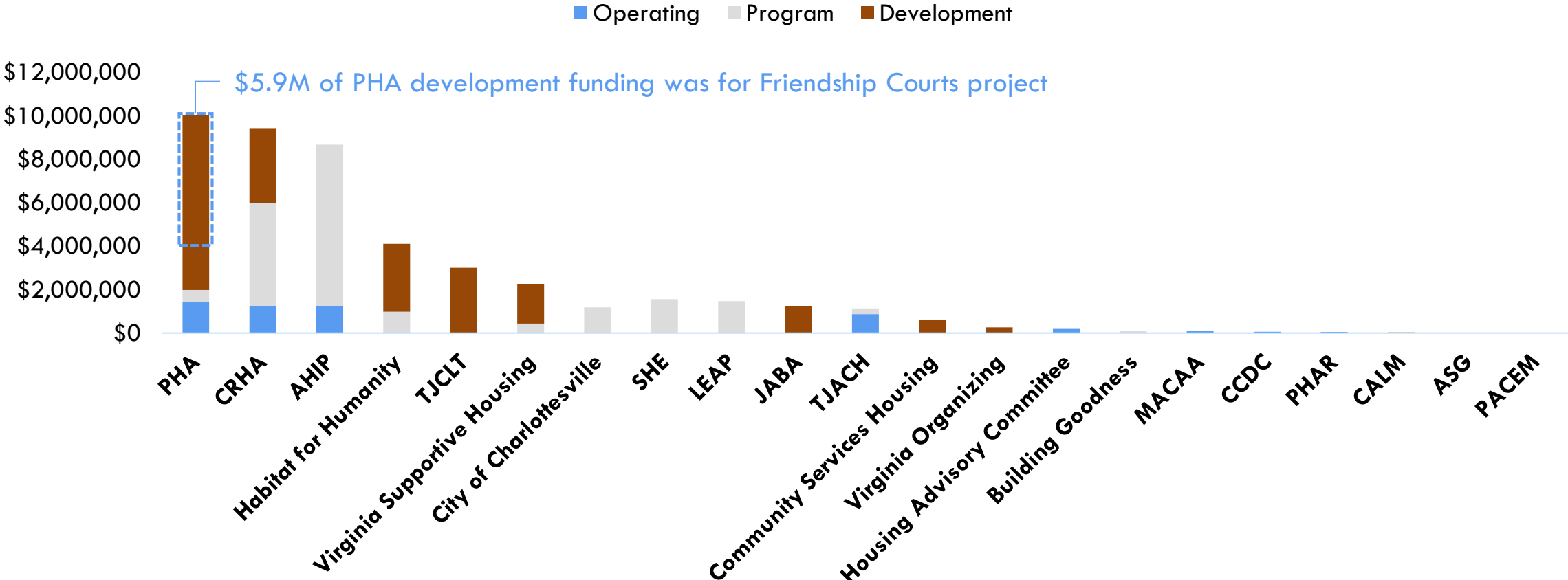
## Types of Grants

Total Spending by End Use  
2010 - present



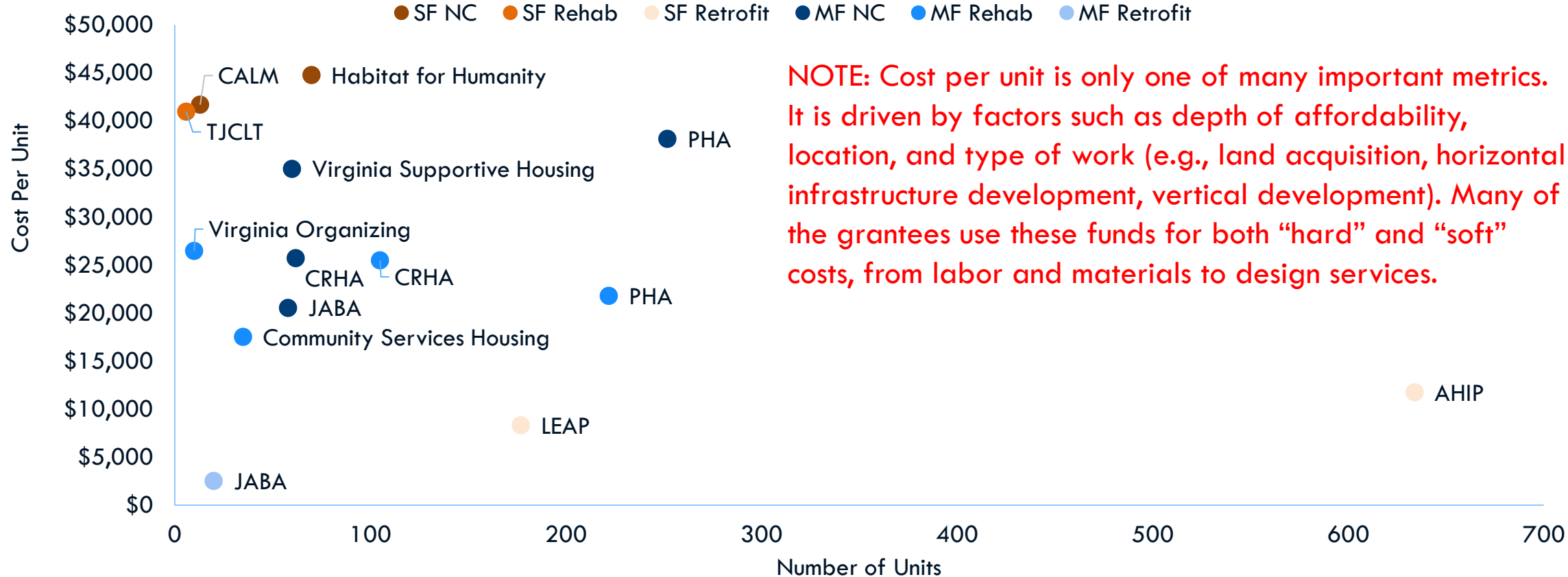
# Initial Summary Statistics | 95% of City funding was concentrated in grants to the largest 11 recipients, who provide a range of housing services.

Total Funding (and Cumulative Share of Funding) by Recipient, Largest to Smallest  
2010 - present



# Initial Summary Statistics | On an average per-unit basis, public subsidy for new construction ranged \$20K – \$45K, and rehab ranged \$3K – \$25K.

Average Cost Per Unit and Number of Units, by Development Project Type and Grantee  
2010 - present



**NOTE: Cost per unit is only one of many important metrics. It is driven by factors such as depth of affordability, location, and type of work (e.g., land acquisition, horizontal infrastructure development, vertical development). Many of the grantees use these funds for both “hard” and “soft” costs, from labor and materials to design services.**

## Initial Hypotheses | HR&A is reviewing areas to improve performance for both the City and nonprofit funding recipients.

The relevance, significance, and prevalence of the issues below require further project-specific investigation.

### List of Potential Issues

- Funding that was authorized by City was not spent or followed up on
- Projects are incomplete or significantly delayed; units were not built
- Properties located outside of City did not leverage regional funding
- Need for better reporting and monitoring requirements to track key information, e.g. program revenue, property ownership, detailed project status, etc.
- Demographics of LMI households served do not reflect City's goals of anti-racism and redressing longstanding racial disparities
- City-led processes (e.g. permitting, contracting) contribute to delays or uncertainty
- Measures that protect City and public interests (e.g. recapture provisions, requirements around affordability depth and duration) are not consistently in place



# Next Steps for Task 1, Program Review

	Ongoing program review following Council inquiries
December 20, 2021	Update to Council
	Continued follow-up with non-profits to receive and verify detailed reporting; continued iteration with City Staff to surface concerns
<b>By January 28, 2022</b>	<b>Final Component I Memo</b> containing findings of program review

# Next Steps for Task 2, Program Redesign

	Ongoing review of NOFA process and RFPs
<b>By January 28, 2022</b>	<b>Final Component I Memo</b> containing detailed draft recommendations for program redesign: <ul style="list-style-type: none"><li>• Overall structure and process map</li><li>• Scoring criteria, including organizational capacity, project financials, and mission/impact</li><li>• Reporting and monitoring processes</li></ul>
Additional Steps:	Incorporate recommendations into formal NOFA/RFP documents
	Staff recommendations on funding allocations and priorities
	Council approval
	Formally issue NOFA/RFPs
	Establish capacity and governance to review funding applications