

CHARLOTTESVILLE REDEVELOPMENT & HOUSING AUTHORITY

P.O. BOX 1405

CHARLOTTESVILLE, VIRGINIA 22902

TELEPHONE: (434) 326-4672 FAX: (434) 293-3460

www.cvillerha.com



To: City Council
From: John M. Sales, Executive Director
Cc: John Blair
Date: October 15, 2020
Re: CRHA Update

Since permanent, federally funded housing came into being in the United States many changes have occurred in how it is funded. In the past few decades there has been a history of slashing HUD budgets. In 2011, HUD released [Capital Needs in the Public Housing Program](#), a third-party independent study that estimated the capital needs in the public housing stock in the U.S. The study found the nation's then-1.1 million public housing units were facing an estimated \$25.6 billion. https://archives.hud.gov/news/2016/pr16-017-PH_Capital_Needs.pdf.

We realize that Charlottesville has had many ups and downs with the management of the CRHA and but also recognize that these challenges are also happening on a national level. An interesting article that discusses both the lack of funding, poor management of the federal program and inequities is here. <https://ggwash.org/view/78164/how-public-housing-was-destined-to-fail>.

The process HUD has in place to address these challenges is what the CRHA is working through now and it is known as the PHARS initiative http://www.wahaonline.org/wp-content/uploads/2017/09/ED_Training_Jan_2012_-_PHARS.pdf.

On August 3, 2020, I started working as the Executive Director for the CRHA. I quickly uncovered some of the Housing Authority's most troubling issues. On that Friday, I became aware of the actual number of vacant units within the Housing Authorities portfolio of public housing.

Issue 1: Mass Vacancies in Public Housing

Before I started working for the Housing Authority, I was always told there were only around 30 vacant units. After I begin running reports, I uncovered the actual number of vacant units was 64. The Department of Housing and Urban Development (HUD) begins to penalize Housing Authorities that have a vacancy rate above 3%. The Housing Authority had a vacancy rate of approximately 17%, which severely affects the Housing Authorities operating funds from HUD. I then went through each vacant unit and identified the deficiencies and scope of work for each vacancy. I analyzed the staffing capacity and quickly came to the realization the maintenance department was severely understaffed. The industry standard for public housing is a maintenance worker for every thirty-five (35) apartment units. The CRHA for many years averaged four (4) maintenance workers for 376 public housing units, which is one (1) for every ninety-four (94) units. In August I applied for



CRHA does not discriminate on the basis of race, color, sex, age, religion, national origin, disability, veteran status, or union affiliations in any of its federally assisted programs and activities.



an operating shortfall grant of approximately \$658,000 which the Housing Authority received. I then worked on the creation of a skilled Maintenance Technician job description with the anticipation of hiring four (4) new employees to address the maintenance department's staffing needs. While we begin the process of hiring new staff, I begin reaching out to other housing stakeholders in the community that could potentially assist the Housing Authority by addressing its large number of vacancies. I was able to get a pledge from Habitat for Humanity to assist us with the turning of at least seven (7) units. As of today October 14, 2020, we have a total of thirty-four (34) vacant units that are not in Crescent Halls. Once the Demo/Dispo application is approved by HUD, which will occur within the next week the vacant units at Crescent Halls will not count against the Housing Authority. Of the thirty-four (34) units not at Crescent Halls; five (5) of the units are in the process of being rented. We anticipate the completion of 3-4 more units by the close of business on Monday, October 19, 2020. The completion of the additional units will reduce the non-Crescent Hall's vacancies to twenty-five (25). We are currently averaging the completion of 3-4 units per week. I anticipate having all of the currently vacant units turned and rented by December 31, 2020. With all of the units fully leased up, it will allow the Housing Authority to maximize the amount of operating funding received while also increasing the amount of tenant rent charged per month.

Issue 2: Mismanagement of the HCV Program

On, August 5, 2020, I begin analyzing the Housing Choice Voucher (HCV) program, which I was previously told was completely leased up. After analyzing the HCV program's financials, I determined we had the funding capacity to lease-up approximately seventy-five (75) additional vouchers. With the increased vouchers leased we would create an additional \$5,100 in monthly administrative fees to fund an additional staff member to run the program and conduct Housing Quality Standard Inspections (HQS). The HCV administrator at the time was also the Public Housing administrator which is not industry standard. The failure to have someone directly managing the oversight of the programs separately has caused both programs to be neglected. The Housing Authority had not completed HQS inspections in years which has been addressed by training two (2) staff members to be certified as HQS Inspectors and the HCV Manager is certified to complete HQS inspections. As of today October 14, 2020, we have housed an additional twenty-five (25) families and currently have approximately fifty (50) vouchers in the process of being leased. By releasing so many vouchers we have exhausted our HCV waitlist which will need to reopen soon. HUD has required the Housing Authority to re-write its administrative plan which guides how the HCV program is administered. We have completed the Administrative Plan rewrite with the approval of the Richmond HUD field office and posted it on our website for the required public notice and comment period. The Board of Commissioners (BOC) are slated to vote on the administrative plan during its October 26, 2020, regular board meeting. Once the administrative plan is approved, we can then move forward with opening the HCV waitlist. With the hiring of the HCV Manager, we now have an individual that is focused solely on the success of the program. We have created two programs to improve the success of the programs to include a security deposit program and a landlord incentive bonus. We designed the landlord incentive bonus to attract new landlords or new dwelling units. The security deposit bonus is designed to assist new voucher holders with leasing up their vouchers. Thus far over ten (10) voucher holders have accessed the fund to pay their security deposit.

Issue 3: Mismanagement of Public Housing

On August 4, 2020, I begin analyzing the physical deficiency reports for public housing. I noticed the sites had a long list of deferred maintenance issues on each site. With the hiring of four (4) additional maintenance technicians, it will allow the Housing Authority to address the list of deferred maintenance issues to include the mass number of open work orders. At the beginning of the year there were over two hundred (200) open work orders, as of today there are less than ten (10) open work orders. I have also procured a firm to complete an audit of all CRHA owned properties. The audit will be completed at the beginning of January 2021. The

deficiencies will be inputted in the work order system and then the work orders will be completed by the maintenance department.

While completing site walks with the Asset Managers I came to the realization the Asset Managers were not completing daily site visits, unit inspections, or housekeeping inspections. I have implemented a daily site inspection requirement which has resulted in more site deficiencies getting addressed promptly. I have also instituted a required move out inspection which was not in place previously. I'm currently in the process of working through the creation of a standard operating procedure for conducting routine unit inspections both through zoom and in person.

After analyzing the financial reports, I quickly realized CRHA had a long history of not collecting rent payments and not evicting for non-payment of rent. HUD identified the large tenant accounts receivables as a finding which must be addressed. We have reached out to community partners and other agencies to find rental assistance for the tenants who owe back rent. We currently have approximately one hundred sixty-three (163) households that owe back rent to CRHA. We are also working to create an Eviction Diversion program that would allow families to enter into the program if they owe back rent but are in overall good standings. This program will put the household on a payment plan and provide the family with financial literacy and budgeting preparation. If a family misses three (3) payments while on the payment plan, they will be removed from the program and becoming eligible for eviction. We are also currently in the process of re-writing the Admissions and Continued Occupancy Policy (ACOP) which governs the administration of the Public Housing program. Once HUD has approved the modified plan, we will post the plan for public comment before getting BOC approval.

The progress we have made thus far is just the beginning. We still have more items we must tackle but we are well on our way of getting out of troubled status.

At the CRHA we are currently working hard to stop this cycle and rebuild not just following HUD protocol but using lessons learned, resident knowledge, mixed financing and local creativity to design a new more resilient path forward. This is why we are not just focused on checking the boxes to become high performing with HUD but are instead taking the time to also design an action plan to:

- Develop mixed income properties that do not focus solely on public housing.
 - o Public housing provides the lowest amount of subsidy when comparing it to the HCV.
- Build equitable communities by giving public housing residents and other low-income residents in the community an opportunity to become homeowners.
- Explore opportunities to create a family self-sufficiency program for both public housing residents and HCV clients.
- Work with CATEC to improve the educational opportunities available to our residents and HCV clients.

We would like to extend an open invitation to you to meet with me and other key staff members to talk about CRHA's progress and future.

CRHA's work in the community is vital to the City of Charlottesville meeting its goals and priorities.