

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	March 5, 2024
Action Required:	Adopt Amendments to Chapter 25 (Social Services), Article III (Rental Relief for the Elderly and Disabled Persons)
Presenter:	Todd Divers, Commissioner of the Revenue
Staff Contacts:	Sue Moffett, Director of Social Services Brenda Kelley, Redevelopment Manager Jason Vandever, City Treasurer
Title:	Ordinance amending Chapter 25 (Social Services), Article III (Rental Relief for the Elderly and Disabled Persons) Increasing Income Limit, Rents-Paid Limit (used in the Grant Formula), and Maximum Grant Amount (2nd reading)

Background

Charlottesville's Rental Relief Program for Elderly and Disabled Persons (RENT) has operated in some form or another since 1973 when it was first authorized by City Council. The program provides for the payment of grants to qualified tenants residing in the City who are not less than 65 years of age or are permanently and totally disabled and who are otherwise eligible. Per Sec. 25-57 of the City Code: "The city council finds and declares that persons qualifying for such grants are deemed to bear an extraordinary burden in rent costs, and thereby indirectly an extraordinary real estate tax burden, in relation to their income and financial worth. Such persons are deemed thus to qualify for general relief as provided in Code of Virginia, § 63.1-106, which general relief shall be in the form of the grants provided pursuant to this article."

The program is run under the auspices of the Social Service Section of City Code but is administered and budgeted for by the Office of the Commissioner of the Revenue.

The method for calculating the grant amount is set out in Sec. 25-61 of the City Code as follows:

$$G = .25 \times (R - (.24 \times I))$$

G = GRANT AMOUNT

R = THE LESSER OF THE ACTUAL AMOUNT OF RENT PAID OR \$12,000

I = GROSS COMBINED INCOME (capped at \$50,000)

The maximum grant amount is capped at \$1,500.

Discussion

1. The maximum rent parameter used in the formula above (R) was set at \$12,000 in 2019 due to a long overdue adjustment that Council approved as a result of steadily increasing real estate values which were passed along to renters in the form of rent increases. The maximum income parameter (I) was not adjusted at that time. However, area incomes HAVE increased over time, necessitating adjustments to both the Real Estate Tax Relief Program for the Elderly and Disabled (RETR) and the Charlottesville Homeowner Assistance Program (CHAP). In both of those programs, the maximum income is pegged to the most recent Median Family Income figure (actually, half of MFA) for the Charlottesville Metropolitan Statistical Area (MSA) as promulgated annually by the Department of Housing and Urban Development (HUD). Thus, as MFA rises, so too does the maximum income limit for RETR and CHAP. We propose doing the same for RENT.

For FY2023 (the most recent year available), MFA for the Charlottesville MSA was \$123,300. Therefore, if this measure is approved, the maximum allowable income for RENT applicants will be \$61,650 (as it is for RETR and CHAP).

2. We further propose using the RENT formula itself to set the annual maximum allowable rent that an applicant can claim in the reimbursement formula (R) as follows, where $G=0$ and $I=1/2$ of MFA. For CY2024, the formula works out as follows:

$$\begin{aligned}G &= .25 \times (R - (.24 \times I)) \\0 &= .25 \times (R - (.24 \times 61650)) \\0 &= .25 \times (R - 14796) \\0 &= .25R - (.25 \times 14796) \\0 &= .25R - 3699 \\3699 &= .25R \\3699/.25 &= R \\14796 &= R\end{aligned}$$

Simplified, the formula would be:

$$R = .24 \times I$$

Such a mechanism would ensure that the rent parameter increases in tandem with the income parameter.

3. We also propose increasing the maximum grant award from \$1,500 to \$2,000. This threshold has not been adjusted in over twenty years. The \$1,500 cap was legislated by Council in 2019, but had been the de facto cap prior to that due to the previous rent threshold being set at \$6,000 in 2001.

4. Finally, we would propose taking this opportunity to make some formatting and capitalization updates to this Article of the City Code (see ordinance mark-up).

Alignment with City Council's Vision and Strategic Plan

This change aligns with the City's vision of being a place where everyone thrives by targeting grant assistance where it is most needed. It reflects the City's commitment to implement equitable practices and policies across all of its activities. It further reflects the City's strategic outcome area of organizational excellence by delivering excellent service to the community.

Community Engagement

Informal. For a number of years now, housing advocates have expressed a desire to see these thresholds increased.

Budgetary Impact

There would be no budgetary impact in FY2024 as RENT grant checks for this year will not be mailed until FY2025 (December 2024). The cost of these program changes is estimated to be less than \$5,000, and has already been built into the Commissioner of the Revenue's annual budget request for FY2025. This amount is not far out of line with normal year-to-year budget increases.

Recommendation

Suggested Motion: "I move adoption of the ORDINANCE amending Chapter 25, Article III of the Charlottesville City Code, increasing the income limit, rents-paid limit (as used in the grant formula), and maximum grant amount for Rental Relief for the Elderly and Disabled Persons."

Alternatives

N/A

Attachments

1. Rent Relief Ordinance 2024