

Ad Hoc Committee Members present (virtual): Beverly Baucom, S.L. Nusbaum; Mark Ethridge, Ascent Real Estate Capital (Co-Chair); Kim Graham, Greater Charlotte Apartment Association (Co-Chair); Clay Grubb, Grubb Properties; Rev. Dr. Stephanie Moore Hand, United Methodist Church; Philip Tegeler, Poverty and Race Research Action Council; Fred Warren, Fred Warren Realty

City Council Members present (CMGC): Malcolm Graham, Great Neighborhoods Committee Chair

INLIVIAN Members present (virtual): Fulton Meachem, President and Chief Executive Officer; Kimberly Cole, Executive Vice President of Administrative Operations

City Staff present: Shawn Heath, City Manager's Office (CMGC); Pamela Wideman, Housing & Neighborhood Services Director (CMGC); Willie Ratchford, Community Relations Director (virtual); Anna Schleunes, Assistant City Attorney (virtual)

Meeting Facilitator: Jason Gardner, City Learning & Development (virtual)

Meeting Time: 10:00 - 11:30 am

Meeting Materials:

All meeting materials are available online at <https://charlottenc.gov/Mayor/Pages/Source-of-Income-Ad-Hoc-Advisory.aspx>

1. Meeting Agenda
 2. Presentation: Committee Charge and Meeting Guidelines
 3. Briefing Materials: Committee Member Bios and Background Materials
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Jason Gardner opened the meeting and the committee members introduced themselves.

Review City Council Approved Committee Charge

City Council member Malcolm Graham thanked the committee members on behalf of the Mayor and City Council for their willingness to serve on the committee. He shared that the charge of the Source of Income Ad Hoc Advisory Committee, approved by City Council, is narrowly defined to develop recommendations, program enhancements and process improvements that will increase the acceptance of all forms of rental subsidies including the Housing Choice Voucher (HCV) program, the largest source of rental subsidy in our community.

The goal of this work is to spend the next several months identifying how to increase the acceptance of HCVs (also known as Section 8) and all other forms of rental subsidies, ultimately to expand housing opportunities for low-to-moderate income households, leading to increased opportunities for upward mobility.

He reminded the committee that from a legislative perspective, and from consulting with the City attorneys, that the City does not have the legislative authority from the State of North Carolina to require landlords to accept Section 8 vouchers or other housing subsidies and sources of income. When landlords believe that the HCV program is onerous and creates a financial risk to them, they often choose not to accept HCVs.

Guidelines for Discussion

Jason Gardner reviewed the guidelines for discussion, which were affirmed by the committee.

Establishing Committee Action Items

Kim Graham and Mark Ethridge, Committee Co-Chairs, explained that discussing what the committee believes is needed to undertake the committee charge will help identify focus areas and action items. The expectation is that committee members will then work on these between meetings, including engaging people outside of the committee with experience and expertise such as community members, academia, and those in pertinent professional practice. Committee members will then report-out on this work at a subsequent meeting. This will help inform the action items in each focus area and ultimately inform the committee recommendations.

The floor was opened to committee members to share proposed action items and information needed that is current and specific to the committee charge. The committee commented on and discussed the following:

- Landlords have legitimate concerns about the HCV program. Voucher payments should represent current rents that the market can support. There is only so much loss that landlords can absorb. Landlords often have bad experiences when dealing with federal regulations.
- Landlords also have perceived concerns about the HCV program. Educating landlords about the details of how the HCV program works and program benefits is important. Education for landlords should also include helping to rewrite the narrative about who relies on vouchers, so they aren't just a faceless stigma. A communication strategy including social media can help with this.
- Having various current data is important, including a map of where HCV units are located. The map will help tell the story of what the committee needs to do, such as where we are falling short in getting vouchers into more areas of high opportunity and lower poverty.
- Knowing the demand for and production of larger units is important. If voucher holders need 3 or 4 bedrooms, and if all we are producing in the pipeline are 1- and 2-bedroom units, this will not meet the needs of those families that need housing that is larger.
- Understanding what is working well in other programs and communities. We can learn, for example, who does inspections and security deposits the best, who is the best at answering landlords concerns over damaged units, etc. We may not have flexibility on certain programs with more regulations than others such as the HCV program, but we should at least know.
- The importance of developing metrics/goal setting. This should be centered around both multifamily and single-family. We need to know who owns the units. We know how many we are building, we know how many apartments exist today, we know how many are going unused, we can identify how many vouchers we want to see in high opportunity, low poverty areas. We can figure out what it will take based on landlord surveys that have been done or that the committee may decide to do. We can figure out who owns those units, and may want to focus on units that are proximate to higher opportunity areas that are not yet commanding large rents.
- As a city, we know how many multi-family units we have, but don't have much information on the total number of single-family rental units. Having a sense of where the opportunity and the gaps are with single-family rentals will be helpful. This is an opportunity area for rental subsidy programs, like A Way Home, Housing CLT, Charlotte Family Housing and others.
- The tight housing market. With eviction moratoriums about to open up and the shortage of housing, landlords may not have a greater appetite for the red-tape involved with vouchers - even with income uncertainty, and therefore uncertainty of rent payments in light of the impact of the pandemic. Eviction data for HCVs is extremely low.
- While HUD fair market rent (FMR) increased, incomes have not; FMRs are increasing because local rents in our market are increasing.
- A glossary of terms to help the committee understand the terminology.

Fulton Meachem shared that the number of vouchers allocated to Charlotte is static around 4,500 units with many of these vouchers currently in use. However, as people leave the program, the vouchers get recycled back through and serve people on the waiting list. Charlotte does not get new HCV vouchers, except perhaps special-use vouchers such as through Covid recovery allocations. He also shared that about 90% of all HCVs are in a single-family unit. The fastest growing market in Charlotte is multi-family; that's where most of the opportunity is but less of the participation in the program. Not many developers are building 3- and 4-bedroom apartments. A lot of voucher residents are also 1- and 2-bedroom families. Data to match up family composition to unit productions as well as opportunity areas is useful. He also noted that implementing changes to the HCV program locally requires that a process be followed, including notifying the community, and seeking approval from INLIVIAN's board as well as HUD.

Clay Grubb shared his firm's experience with HCVs. His firm has hundreds of subsidized rents including households at less than 30% AMI, yet not one single voucher. This is due to past experience that has been very painful. There have been times when his firm has dealt with HCVs that have ended up being very challenging to the extent that it was easier to give the discount than deal with the inspections and other programmatic headaches that came with the HCV program, or they ended up in court because of that particular voucher. He said that he and his firm are very comfortable with low-to-moderate income renters, even those below 30% AMI. Instead, it is the federal regulations that comes with the voucher program that is the issue. The reality is that the terms voucher and federal government are scary components to landlords.

Fulton Meachem shared that the committee could decide to identify what are changes we'd like to see to the HCV program, and as a team go to HUD and say these are the changes we need. The other items, like inspections and how long it takes, we can talk about and put on the table to put some metrics behind it and drive toward those metrics. Ultimately HCV is the largest rental subsidy program in the country. Finding a way for the private sector to have less of the red tape to make it more appealing is ideal; identify what is happening real or perceived and find ways to fix it.

Philip Tegeler shared that across the country there are housing authorities with more families moving into high-cost/high-opportunity areas. This has not resulted in increased costs in terms of their overall budget. This should provide a level of comfort to INLIVIAN. He also shared that updates to the HCV program are being proposed on a federal level, including a new bipartisan bill introduced in the Senate with numerous proposed landlord incentives, and the President's 2022 budget proposal including large amounts of money to assist housing authorities to get voucher families into high opportunity areas.

The committee co-chairs shared that this is an opportunity to find the best ways to make the voucher program better - to work hard to make sure the recommendations are attractive to landlords to either re-enter the program or try it for the first time.

The committee identified the following key focus areas for their work in the coming months as governed by the committee charge. Ms. Graham reminded the committee that the recurring themes/focus areas will be summarized and assigned to committee members to get the work underway. **These are not meant to be all-inclusive and may change over the coming months as the committee meets.**

1. **Data.** Current data specifically related to the committee charge. This includes:
 - Current number of HCVs and other rental subsidies in Charlotte
 - How many vouchers are currently unused
 - Reasons vouchers are not being used successfully
 - Map of where HCV units are located
 - Voucher eviction data
 - How the absorption rate compares to peer cities

- Voucher demand for larger units (2,3,4-bedroom units)
 - Snapshot of how many landlords are accepting vouchers and how many are not
 - Who owns the units
 - List of existing landlords that accept vouchers
 - Percentage of voucher families that just need the voucher to get over a hardship
 - Percentage of those who graduate from the voucher program
 - Number of single-family rental units in Charlotte – where are the opportunity gaps with single-family rentals
 - Current average rents by size (number of bedrooms)
 - HUD fair market rents (FMR), including changes over last several years
 - How current HUD FMR aligns with current market rents
 - How many units are within HUD fair market rent parameters
 - Identify areas that are proximate to moderate-to-high opportunity areas for targeting
 - Reporting on outcomes of HCV 2020 enhancements implemented by INLIVIAN
2. **Education.** Education strategy for landlords. Also includes a glossary of terms to help committee members undertake the work of the committee.
 - Education for Landlords about the HCV program – program ins and outs and benefits
 - Committee glossary of terms
 3. **Research.** Research to help inform the committee and ultimately inform recommendations.
 - What other states and cities are doing, what their policies look like, and other best practice sharing to help create a framework for our local community
 - Local voucher utilization rate compared to peer cities
 - What other voucher programs are doing (non-HCV)
 - Review landlord surveys, or conduct a new survey, to identify what it will take to increase utilization
 4. **Metrics.** Setting specific metrics related to the committee charge. These could include:
 - The number of landlords involved in accepting vouchers
 - The number of families with vouchers in lower poverty areas
 5. **Communications.** Communication strategy to help increase acceptance of HCVS and other forms of rental subsidy.
 - Rewrite the narrative about who the people are who rely on vouchers
 - INLIVIAN to help provide the committee with who the everyday essential people are that Charlotte residents come into contact with who are voucher recipients
 - Communications should be centered on both single-family and multi-family
 6. **Recommendations.** Develop recommendations related to the goal of expanding acceptance of HCVs and other rent subsidies in Charlotte. These could include:
 - Updates and enhancements to the HCV program that can be implemented locally without HUD programmatic change
 - Identify what we want to ask HUD to change in the HCV program, and advocate for those changes

Next Meeting

The committee confirmed that they will meet on the third Thursday of the month at 10:00 am. Ms. Graham noted that there may occasionally be more frequent meetings as needed. The next meeting is scheduled for June 17, 2021 at 10:00 am.

The meeting adjourned.