

City of Alexandria, Virginia

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1-14-03

MEMORANDUM

DATE: JANUARY 10, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *ps*

SUBJECT: AFFORDABLE HOUSING ADVISORY COMMITTEE ACTION RELATED TO ALLOCATION OF HOUSING TRUST FUND MONIES FOR THE ACQUISITION OF 325 S. WHITING STREET (DOCKET ITEM # 13)

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At its January 9, 2003 meeting, the Affordable Housing Advisory Committee approved the staff-recommended allocation of \$627,000 in Housing Trust Fund monies for the acquisition by the Alexandria Redevelopment and Housing Authority of 325 S. Whiting Street, but modified the recommendation to include two additional sentences that it recommends be incorporated into the City Council action on this item. The additional language is as follows:

If the City and ARHA jointly determine that total project finances (when all on- and off-site units are eventually financed) are such that any of the monies advanced by the City (not limited to the \$1.1 million allocation for Whiting Street) are no longer needed, then any excess funds would be returned to the City account from which it came. This accounting shall be made by City staff to the Affordable Housing Advisory Committee after the City has reviewed the total finances following completion of the project.

The primary intent of this addition is to make clear that all City monies allocated to the Samuel Madden-Downtown redevelopment project (on- and off-site units), including monies from the Housing Trust Fund and monies already spent for the acquisition of 423 S. Reynolds Street, which are determined to be not needed for the project, are returned to the City account from which they came.

City of Alexandria, Virginia

13  
1-14-03

MEMORANDUM

DATE: JANUARY 8, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: CONSIDERATION OF ALLOCATION OF HOUSING TRUST FUND MONIES TO THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY FOR THE ACQUISITION OF 325 S. WHITING STREET

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**ISSUE:** Allocation of Housing Trust Fund and General Fund monies to ARHA to purchase the replacement housing scattered site at 325 S. Whiting Street.

**RECOMMENDATION:** That the City Council approve the allocation of \$627,000 in Housing Trust Fund monies to the Alexandria Redevelopment and Housing Authority as partial funding for the acquisition of real property located at 325 S. Whiting Street, and authorize the City Manager to execute all necessary documents.

**BACKGROUND:** In September 2001, City Council agreed to provide up to \$3.5 million to assist ARHA with potential shortfalls related to the redevelopment of the Samuel Madden Homes (Downtown) and associated replacement housing. Based on the discussion between the City Manager and Council when this matter was considered, these monies were to come from a combination of the Housing Trust Fund and other City monies. City Council subsequently allocated \$1.5 million in General Fund monies for this purpose in its FY 2003 Capital Improvement Program budget, leaving \$2 million to be provided from the Housing Trust Fund.

In June 2002, the ARHA Board of Commissioners and the Alexandria City Council tentatively approved the designation of three scattered sites for the construction of 48 off-site replacement units, and on December 14, 2002, Council approved the necessary land use actions to enable the off-site (as well as the on-site) development to proceed. Two of the scattered sites, 423 S. Reynolds Street and 1706 West Braddock Road, are owned by the City and/or ARHA. The third site, 325 S. Whiting Street, must be purchased from a private owner.

**DISCUSSION:** For the past several months, ARHA has been negotiating with the owner of 325 S. Whiting Street to purchase that site. Those negotiations to date have failed to result in an agreement on sales price, and on December 19, 2002, the ARHA Board of Commissioners adopted a resolution to acquire the property by eminent domain.

In exercising its power of eminent domain, ARHA must file a Petition for Condemnation with the Alexandria Circuit Court. In accordance with applicable Virginia law for the "quick take" process which ARHA has elected to follow, ARHA is required to deposit with the Court funds in the amount ARHA believes is the subject property's fair market value as determined by ARHA's appraisal. These funds shall be held by the Court pending a resolution of the condemnation proceedings and a final determination of the subject property's value. Under this process, ARHA obtains possession of the property when the funds are deposited, and will then be obligated to pay whatever value is finally determined by the Court. Obtaining possession now will provide ARHA with sufficient site control to apply to the Virginia Housing Development Authority (VHDA) for Low Income Housing Tax Credits to finance the development of the replacement units at 325 S. Whiting Street. Applications for Low Income Housing Tax Credits are due in March 2003.

ARHA has determined the value of the property to be \$1.1 million, based on an appraisal by Scott Humphrey, and has requested (Attachment I) that the City provide these funds as part of the City's commitment of up to \$3.5 million. Based on the relative proportions of the \$3.5 million expected to come from the Housing Trust Fund (57%) and the General Fund (43%), staff recommends that 57% of the requested amount, or \$627,000, be provided from the Housing Trust Fund and the 43%, or \$473,000, remaining is proposed to be allocated from the General Capital Projects Fund in the Capital Projects Allocation docket item for January 14. A companion docket item discusses this capital allocation.

In addition to the currently recommended Housing Trust Fund amount, it should be noted that the City has already spent approximately \$670,000 in Housing Trust Fund monies in connection with the purchase of the scattered site at 423 S. Reynolds Street, and has approved (in FY 1998) but not spent \$424,000 in Housing Trust Fund monies for affordable on- and off-site sales units (which must be reprogrammed as there are no such units in the final development plans). It is City and ARHA staff's understanding that both of these sums would count toward the maximum \$2 million Housing Trust Fund figure.

While at this time total project costs and amounts of outside financing support (such as Low Income Tax Credits) are not finalized, it is likely that at least some of the \$3.5 million in City support will be needed. The City support of this \$1.1 million in new funding will take the form of a contingent grant to ARHA where ARHA would be obligated to use the funds to purchase 325 S. Whiting Street, as well as to construct the project on that site consistent with the development special use permit approved by the City. If total project finances (when all on- and off-site units are eventually financed) are such that some or all of the \$1.1 million is no longer needed, then any excess funds would be returned to the City account from which it came.

**STAFF:**

Mildrilyn Stephens Davis, Director, Office of Housing

**ATTACHMENTS:**

Attachment I. ARHA Request for City funding

# Alexandria Redevelopment and Housing Authority

**Commissioners**

A. Melvin Miller, Chairperson  
Carlyle C. Ring, Jr., Vice-Chairperson  
Ruby J. Tucker

Antoine P. Cobb  
Carter D. Flemming  
Fletcher S. Johnston

Shirley M. Marshall  
Judith S. Seitz  
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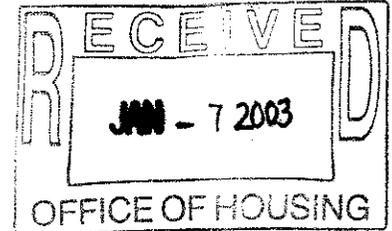
William M. Dearman, Chief Executive Officer

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January 6, 2003



Mr. Philip Sunderland, City Manager  
Office of the City Manager  
City of Alexandria  
City Hall  
301 King Street  
Alexandria, VA 22314

Dear Mr. Sunderland:

In the Alexandria Redevelopment and Housing Authority's (ARHA) planning for the revitalization of the Samuel Madden Homes (Downtown), the Board of Commissioners has resolved to build replacement housing at 325 South Whiting Street in the City of Alexandria. Further, the Board of Commissioners has resolved to acquire this land parcel. Therefore, ARHA requests a grant from the City, in the amount of \$1,100,000, the appraised fair market value of this parcel, which is to be deposited with the court in exercise of quick take condemnation.

Sincerely,

  
William M. Dearman  
Chief Executive Officer

cc: Ms. Mildrilyn S. Davis  
Ms. Connie Lennox



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