

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 13, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF PROPOSED AMENDMENT TO THE FY 2005 COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM TO PROVIDE FUNDING FOR IMPROVEMENTS TO THE LADREY PUBLIC HOUSING HIGHRISE

ISSUE: Consideration of a proposed amendment to the City's FY 2005 Community Development Block Grant (CDBG) spending plan to provide up to \$1,075,300 in CDBG funds to the Alexandria Redevelopment and Housing Authority (ARHA) for renovation work at the Ladrey Senior Highrise.

RECOMMENDATION: That City Council hold the public hearing and following the public hearing:

- (1) Approve the amendment;
- (2) Authorize the City Manager to execute all necessary documents associated with the program amendment and the loan to ARHA; and
- (3) Authorize budget transfers from the following activities to fund the Ladrey improvements:

Home Rehabilitation Loan Program	\$ 800,826
Low/Mod Housing	44,585
Blighting Influences	94,544
CDBG Program Administration	126,653
Fair Housing Testing	5,000
Submissions/Apps. for Federal Programs	<u>3,692</u>
Total, all programs	\$1,075,300

BACKGROUND: The City has received CDBG funds from the federal Department of Housing and Urban Development (HUD) for 29 years. CDBG funds have been a primary method of the federal government funding urban renewal and affordable housing programs at the local level for

nearly three decades. The current fiscal year CDBG allocation to the City is \$1,499,000. The funds may be used for a variety of housing and community development activities. Currently budgeted activities include downpayment and closing cost assistance loans to low and moderate income first time homebuyers, home rehabilitation loans to low and moderate income homeowners, and homeless services, among others.

The City prepares a five year plan to HUD called the Consolidated Plan, and updates the Plan annually through the Action Plan. The Action Plan for FY 2005 was approved by City Council in May 2004. If, during the year, the City chooses to add a new activity supported by CDBG funds, the City must advertise the change for a 30 day public comment period and hold at least one public hearing on the matter. Then, after considering any public comments received, the City must adopt the program amendment and submit it to HUD.

DISCUSSION: On December 22, 2004, the City's Office of Housing released for public comment a proposed program amendment (attached) for FY 2005 CDBG funds for renovation work at ARHA's Ladrey Senior Highrise. It reflects a proposed allocation of up to \$1,075,300.

The Ladrey Senior Highrise, located at 300 Wythe Street, is an ARHA-owned, 170-unit public housing rental property for low-income persons age 62 and over. The building was completed in 1978 and does not have a sufficient level of rental income or federal grant support to do major maintenance in the facility as needed or to replace appliances and renovate this more than 27 year-old building. The requested CDBG monies would be used to accomplish the following items, based on capital improvement needs identified by ARHA: replace heating and air conditioning convectors in all apartment units and common areas; renovate all kitchens; replace all fire doors in the building; replace the flooring in all units; repaint all units and common areas; and replace flooring in the lobby and carpet in the common areas. In 1999, the City allocated \$250,000 in CDBG funds to replace the windows at this property.

The funds would be a conditional grant to be repaid only in the very unlikely event that ARHA does not comply with CDBG requirements or ceases to use the building as public or publicly-assisted housing. The recommended transfers are not expected to adversely affect FY 2005 operations in the programs from which funds are being taken.

It is recommended that the \$1,075,300 be provided for the Ladrey project, as ARHA has no other funds available which could undertake this project. This is in large part due to the fact that over the last several decades the federal government has reduced its funding commitment for both affordable and public housing. In many cities the public housing authorities have reduced the number of public housing units as a result. However, in Alexandria the Council and the ARHA Board have been committed to maintain the number of public housing units, even in the face of reduced federal support. The end result is that there have been insufficient funds to pay for needed ARHA public housing capital improvements (such as at Ladrey).

The most sizeable share of the proposed transfer (\$800,826) is from the Home Rehabilitation Loan Program, which generates considerable program income (loan repayments) and also receives program income from the terminated Business Assistance Loan Program, which still receives monthly loan repayments.¹ Activity in this program has been slower than planned this year, due partly to the cancellation of several loan applications, and staff has determined that FY 2005 activities will not be adversely affected by this transfer.

Another \$139,129 of the transfer is coming from two other programs that are terminated or near termination. The Low/Mod Housing program is no longer active but continues to receive program income from repayments of old loans, and that income is periodically allocated to new activities. The Blighting Influences Program no longer needs the \$94,544 allocated to the program. Council has approved the termination of the program when the remaining properties are cleared of code violations, and the four properties still remaining on the Blighting Influences List are now substantially complete and are no longer likely candidates for City acquisition.

The remainder of the transfer consists of unexpended funds from activities that are administrative in nature, and staff has determined that the recommended amounts will not affect planned activity levels.

FISCAL IMPACT: Reallocation and expenditure of up to \$1,075,300 in previously budgeted CDBG funds.

ATTACHMENT: CDBG Program Amendment Memorandum

STAFF:

Mildrilyn Stephens Davis, Director, Office of Housing
Robert C. Eiffert, Deputy Director, Office of Housing

¹ Several years ago Council approved the transfer of all Business Assistance Loan Program income to the Home Rehabilitation Loan Program.

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 22, 2004

TO: INTERESTED ORGANIZATIONS AND INDIVIDUALS

FROM: MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING *msd*

SUBJECT: NOTICE OF 30-DAY COMMENT PERIOD ON PROPOSED AMENDMENT TO THE CITY'S COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM FOR A GRANT TO THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY FOR RENOVATIONS TO THE LADREY HIGHRISE

The City of Alexandria is accepting public comments regarding a proposed new activity to be funded under the City's Community Development Block Grant (CDBG) program. The attached program amendment (Attachment I) reflects the proposed allocation of up to \$1,075,300 in CDBG funds to the Alexandria Redevelopment and Housing Authority (ARHA) for renovation work at the Ladrey Senior Highrise. The proposed program amendment will be docketed for City Council public hearing and consideration at the Council's regular monthly public hearing to be held Saturday, January 22, 2005. Public comments will be reported to City Council at that time. Upon approval by Council, the amendment will be submitted to the U.S. Department of Housing and Urban Development (HUD).

The Ladrey Senior Highrise is an ARHA-owned, 170-unit rental property for persons age 62 and over located at 300 Wythe Street. The building was built in 1978. The requested CDBG monies would be used to accomplish the following items, based on capital improvement needs identified by ARHA: replace heating and air conditioning convectors in all apartment units and common areas; renovate all kitchens; replace all fire doors in the building; replace the flooring in all units; repaint all units and common areas; and replace flooring in the lobby and carpet in the common areas. In 1999, the City allocated \$250,000 in CDBG funds to replace the windows at this property.

The City proposes to approve the requested allocation to ARHA as a conditional grant to be repaid only in the event that ARHA does not comply with CDBG requirements or ceases to use the building as public or publicly-assisted housing.

The proposed funding for these improvements would be transferred from the following activities:

Income-Generating Programs

Home Rehabilitation Loan Program	\$ 800,826
Low/Mod Housing	44,585

Program Slated for Termination

Blighting Influences	94,544
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Administrative Programs

CDBG Program Administration	126,653
Fair Housing Testing	5,000
Submissions/Apps. for Federal Programs	<u>3,692</u>

Total, all programs	\$1,075,300
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The most sizeable share of this transfer is proposed to come from the Home Rehabilitation Loan Program, which generates considerable program income and also receives program income from the terminated Business Assistance Loan Program. Staff has determined that the funds recommended for transfer from this program are not likely to be needed this year based on projected loan repayment and program activity levels. The Low/Mod Housing program is no longer active but continues to receive program income from repayments of old loans, and that income is periodically allocated to new activities. The Blighting Influences Program no longer needs the funds shown, as Council has approved the termination of the program when the remaining properties are cleared of code violations, and the remaining properties on the Blighting Influences List are nearly complete and no longer likely candidates for City acquisition. The other activities from which funds are proposed for transfer are administrative in nature, and staff has determined that the recommended amounts will not affect planned activity levels.

Written comments on the proposed CDBG Program Amendment should be sent to: City of Alexandria, Office of Housing, P.O. Box 178, Alexandria, Virginia 22313. Comments must be received no later than 5:00 p.m. Friday, January 21, 2005, or must be delivered at the public hearing.

For additional information on the proposed program amendment, please call the Office of Housing at (703) 838-4990, or TTY (703) 838-5056 for the hearing impaired.

Attachment I: Program Amendment

**U.S. Department of Housing & Urban Development
 CPD Consolidated Plan
 Listing of Proposed Projects**

Project ID/ Local ID	Project Title/Priority/ Objective/Description	HUD Matrix Code/Title/ Citation/Accomplishments	Funding Sources
0014	Ladrey Public Housing Improvements	14B Rehab; Multi-Unit Residential	CDBG \$ 1,075,300
	Housing	570.202	ESG \$ 0
	Capital Improvements to Ladrey Senior Highrise. Improvements include: replacing all heating and a/c convectors; renovating all kitchens; replacing all fire doors; replacing flooring in all units; repainting all units and common areas; replacing lobby flooring and common area carpeting.	170 Housing Units	HOME \$ 0 HOPWA \$ 0
			TOTAL \$ 1,075,300
			Total Other Funding \$ 0

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Help the Homeless? No Start Date: 01/24/05
 Help those with HIV or AIDS? No Completion Date: 06/30/05

Eligibility: 570.208(a)(3) - Low / Mod Housing
 Subrecipient: Subrecipient Public 570.500(c)
 Location(s): Addresses

300 Wythe Street, Alexandria, VA 22314