

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 20, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF A LOAN OF \$182,500 IN HOUSING OPPORTUNITIES FUND MONIES FOR THE BEASLEY SQUARE PROJECT

ISSUE: Funding of soft costs for the planned development of the Beasley Square residence for elderly persons.

RECOMMENDATION: That City Council approve a loan of \$182,500 in Housing Opportunities Fund monies to the Harambee Community and Economic Development Corporation for development soft costs for the planned Beasley Square property, with the understanding that this initial loan is intended to become part of a larger consolidated loan for the development of the property, and its repayment terms will be the same as are established for the larger loan.

BACKGROUND: Beasley Square is a planned 8-unit residence for low- and moderate-income elderly persons to be developed by the Harambee Community and Economic Development Corporation at 1323 Duke Street, on land owned by the Shiloh Baptist Church, Harambee's parent organization. In December 2004, Council approved a Master Plan amendment, rezoning and Development Special Use Permit for this development. The project's design was subsequently approved by the Board of Architectural Review. To date, the City has provided \$50,000 to Harambee for a project feasibility study and pre-development costs, which are to become part of a larger consolidated development loan for which Harambee expects to apply.

DISCUSSION: Under the proposed loan, the City would provide \$182,500 for specific development soft costs for the project, for an engineer, architect, archaeologist, topographic consultant, and other consultants. These costs are included in the preliminary project development costs contained in the project's feasibility study completed in 2004, but do not constitute all of the project's development soft costs.

According to Harambee, this is an interim funding request so that the organization can obtain more definitive numbers on the projected development costs. For example, the results of the archaeologist's testing could materially affect the cost of the project. Harambee is also pursuing other sources of financing, and intends to submit its funding request to the City following receipt

of the reports from the various consultants. Harambee currently anticipates that its funding requests to the City will total approximately \$600,000.

It should be noted that Harambee initially requested a total of \$282,452, including \$102,952 in funding for salaries and other organizational support. Staff is not recommending these requested operating funds. With the exception of support for the Alexandria Housing Development Corporation, which the City was responsible for creating, the City's policy has been not to use Housing Opportunities Fund monies for organizational support of the various non-profit housing groups.

The Affordable Housing Advisory Committee approved this recommended loan of \$182,500 at its June 9, 2005, meeting.

STAFF: Mildrilyn Stephens Davis, Director, Office of Housing