

EXHIBIT NO. 1

City of Alexandria, Virginia

6
4-14-07

MEMORANDUM

DATE: APRIL 5, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: PUBLIC HEARING AND CONSIDERATION OF COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AMENDMENT TO PROVIDE FUNDING FOR NEW WINDOWS FOR THE LACY COURTS APARTMENTS

ISSUE: Consideration of a plan to provide up to \$105,000 in CDBG funds to the Robert Pierre Johnson (RPJ) Housing Development Corporation for new windows for the Lacy Courts Apartments.

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

- (1) Approve the amendment;
- (2) Authorize the City Manager to execute all necessary documents associated with the program amendment and the loan to Robert Pierre Johnson; and
- (3) Authorize a budget transfer of \$105,000 from the Home Rehabilitation Loan Program to fund the proposed window renovation project for the Lacy Courts Apartments.

BACKGROUND: The City has received CDBG funds from the federal Department of Housing and Urban Development (HUD) for more than 30 years. The funds may be used for a variety of housing and community development activities. 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 2007 was approved by City Council in May 2006. If, during a Plan 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. HUD also has a spend down requirement for CDBG funds or funds lapse back to the federal government. Because of the volume of loan repayments this year was greater than expected, the City was at risk for repayment of about \$105,000. As a result City housing staff reviewed various options to spend down the necessary funds, and determined that RPJ's

window project was a need that could be executed in time to meet the HUD spend-down requirement.

DISCUSSION: On March 17, 2007, the City's Office of Housing released for public comment a proposed program amendment (attached) for FY 2007 CDBG funds to be used for new windows for the Lacy Courts Apartments. It reflects a proposed allocation of up to \$105,000.

Founded by the National Capital Presbytery in 1978, RPJ Housing Development Corporation is a 501(c)(3) charitable non-profit organization whose mission is to develop and preserve affordable housing for limited income individuals and families and to strengthen communities in the Washington Metropolitan area. The requested CDBG monies would be used to replace windows at the Lacy Courts Apartments, located at 1502, 1506, 1512, and 1516 Commonwealth Avenue and 4, 6, and 8 West Nelson Avenue. RPJ plans to undertake a substantial renovation of the property when it secures permanent financing; replacing the windows in the interim will greatly improve energy efficiency (yielding positive benefits for residents) and will enhance the aesthetic appeal of the property to the benefit of the surrounding neighborhood.

The CDBG funds would be provided as an interest-free loan to be repaid when RPJ secures permanent financing for the Lacy Court property. RPJ intends to apply for tax credits and conventional mortgage financing within the next thirty-six months. Some of the proceeds from permanent financing will be used to repay other interim financing and to undertake a substantive rehabilitation of the property. A portion will be used to repay the CDBG loan for the window replacement. In the event that RPJ is not able to secure permanent financing prior to April 2010, and repay the CDBG loan, the outstanding loan amount will be added to the existing City loan to RPJ (to assist with Lacy Court's acquisition), subject to that loan's terms and conditions.

Despite anticipated constraints on CDBG funds in future years, providing monies to help a non profit entity undertake needed renovations at a City-assisted affordable housing development is appropriate so that the City will meet federal requirements to expend grant funds and program income generated by CDBG-funded activities in a timely manner.

Staff recommends that the \$105,000 be provided for the Lacy Courts Apartments project. The proposed funding for these improvements would be transferred from the Home Rehabilitation Loan Program, which generates considerable program income. The funds recommended for transfer from this program are not needed this year based on projected loan repayment and program activity levels and will help RPJ begin much needed improvements to improve livability and energy efficiency for residents of the Lacy Court property.

FISCAL IMPACT: Transfer and expenditure of up to \$105,000 in previously budgeted CDBG funds and/or FY 2007 CDBG program income.

ATTACHMENT: CDBG Program Amendment

STAFF:

Mildrilyn Stephens Davis, Director, Office of Housing

Helen McIlvaine, Deputy Director, Office of Housing

Eric Keeler, Division Chief for Program Administration, Office of Housing

Lucinda H. Metcalf, Housing Analyst, Office of Housing

Table 3C
Consolidated Plan Listing of Projects

Jurisdiction's Name **City of Alexandria**

Priority Need
Housing

Project Title
Lacy Court RPJ Housing

Project Description
Replace windows at Lacy Court Apartments located at 1502, 1506, 1512, and 1516 Commonwealth Avenue and 4,6, and 8 West Nelson Avenue

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area
1502, 1506, 1512, and 1516 Commonwealth Avenue and 4,6, and 8 West Nelson Avenue

Objective Number	Project ID 12
HUD Matrix Code 14B Rehab: Multi-Unit Residential	CDBG Citation 570.202(a)(3)
Type of Recipient Subrecipient	CDBG National Objective Low/Mod Housing
Start Date (mm/dd/yyyy) 4/17/2007	Completion Date (mm/dd/yyyy) 6/30/2007
Performance Indicator N/A	Annual Units 44
Local ID	Units Upon Completion 44

Funding Sources:

CDBG	\$105,000
ESG	
HOME	
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding	
Total	\$105,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing Needs

