

*City of Alexandria, Virginia*

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MEMORANDUM

DATE: NOVEMBER 16, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF A FUNDING APPLICATION FROM COMMUNITY LODGINGS, INC. (CLI) FOR MONIES FROM THE HOUSING OPPORTUNITIES FUND

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**ISSUE:** Consideration of a funding application by Community Lodgings, Inc. (CLI) for a grant of \$37,500 from the Housing Opportunities Fund to replace approximately one hundred (100) windows in five of its multifamily buildings, and for a loan of \$5,000 to conduct a Capital Needs Assessment of CLI's portfolio.

**RECOMMENDATION:** That City Council approve funding of \$42,500 from the General Fund portion of the Housing Opportunities Fund, as follows:

1. \$37,500 as a grant to replace windows at 3908, 3912 and 3916 Elbert Avenue and 607 and 612 Notabene Drive.
2. \$5,000 as a loan for a Capital Needs Assessment of CLI's current portfolio, to be repaid as part of any subsequent loan for items identified in the needs assessment.

**DISCUSSION:** Community Lodgings Inc. (CLI) is a local non-profit organization, established in 1987, to preserve affordable housing, to provide transitional housing for the homeless, and to help families become self sufficient through counseling and supportive services programs. Currently CLI owns and operates two 10-unit rental properties at 607 and 612 Notabene Drive, as well as a 28-unit rental property with buildings located at 3908, 3912 and 3916 Elbert Avenue. The City has previously provided funds to assist with CLI's initial purchase and/or rehabilitation of various properties: one of the loans has been repaid; some of the other loans have been refinanced, to improve cash flow, by extending the original term. The status of City funding to CLI is summarized below:

<u>Property</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Source</u>	<u>Current Balance</u>	<u>Final Payment</u>
607 Notabene	Acquisition	\$100,000	HTF	0	-NA-
612 Notabene	Acquisition	\$100,000	HTF	\$ 16,260	07/2014
607-12 Notabene	Rehabilitation	\$ 25,000	Low/Mod	\$ 11,752	01/2013
Elbert Avenue	Acquisition	<u>\$300,000</u>	HTF	<u>\$179,047</u>	10/2014
		<b>\$525,000</b>		<b>\$207,059</b>	

Currently, fourteen of the units (up from 7 one year ago) located at the Notabene properties provide transitional shelter for the homeless; 28 units located at Elbert Avenue provide affordable housing to households at 50% AMI (10 units) and 60% AMI (18 units) of median income. Four of the units on Notabene have been converted for use as a Learning Center, which offers training and workshops to help CLI's clients and for use as the organization's offices.

All of CLI's properties are older, garden-style apartments. This spring, CLI asked the Office of Housing for approximately \$330,000 of grant funding to undertake numerous maintenance and rehabilitation projects for which the organization lacked sufficient reserves and cash flow. CLI's list of proposed work included renovation of bathrooms and kitchens (including new floors, surrounds, appliances and fixtures), floor repair and replacement in some units, HVAC system upgrades and replacements, and other interior work in many units, including painting, drywall repairs, mold remediation, and so forth. To help CLI prioritize and develop a work plan for the proposed rehabilitation, staff from the Office of Housing's Rehabilitation program and from the City's Department of Code Enforcement made a joint site visit (accompanied by CLI's property manager) to confirm an appropriate scope and to develop a budget for the most urgent work items. In addition, Office of Housing development staff offered to work with CLI's executive director on an ongoing basis to provide technical assistance to help CLI expand its current funding capacity, and to identify non-City financing mechanisms to fully rehabilitate CLI's portfolio over time.

During the site visit, a number of work items were identified, including some relatively minor repairs to ensure the buildings conform to current building Code standards. CLI and its property manager agreed to complete the code-related work immediately, using the properties' reserves and cash flow, as necessary. The site visit team also agreed that, given the age and condition of the original windows, helping CLI complete its ongoing replacement program, would be a good initial approach since this improvement would substantially improve all of the properties (by reducing noise, water damage due to leaks, and potential mold issues) as well as provide immediate energy savings during the upcoming winter season. Replacing all remaining original windows (around 100) at CLI's properties will cost approximately \$37,500.

With regard to the overall rehabilitation proposed by CLI, Housing staff recommends that \$5,000 be provided to help CLI engage an independent consultant to conduct a comprehensive Capital Needs Assessment of its portfolio to identify an appropriate cost, scope and time frame for such work. Staff believes that this study will inform CLI's ongoing strategic planning and capacity-

efforts, as well as help the organization (with technical assistance from Housing staff) refine future efforts to identify and secure resources, including financing, to enable the organization to become more self-sufficient so that it can continue to expand its operation and services.

To be consistent with City funding practices with regard to other non profit housing entities, and given the limited resources currently available for affordable housing projects, Housing staff recommended to the Affordable Housing Advisory Committee (AHAC) when this items was presented that CLI's request be structured as a loan. After discussion, AHAC recommended that funds for the window replacement (\$37,500) be provided as a grant to CLI, and that the \$5,000 recommended for a Capital Needs Assessment be structured as a loan (that could be wrapped into a future, perhaps larger loan amount for the rehabilitation), to support CLI's long term rehabilitation efforts. The Committee also decided that at a future meeting, it will develop parameters to guide future decisions to determine eligibility for grant or loan funding.

**FISCAL IMPACT:** \$37,500, will be paid out of the Housing Opportunities Fund as a grant to complete CLI's window replacement project; \$5,000 will be structured as a loan from that same Fund to CLI to subsidize the cost of a Capital Needs Assessment as a first step in developing a long term rehabilitation plan for CLI's portfolio.

**ATTACHMENT:** Letter requesting funding from Community Lodgings, Inc.

**STAFF:**

Mildrilyn Stephens Davis, Director, Office of Housing  
Helen S. McIlvaine, Deputy Director, Office of Housing  
Patrick Beckley, Housing Analyst, Office of Housing



# Community Lodgings

*Opening Doors to Independence*

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Ms. Helen S. McIlvaine  
Deputy Director  
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September 6, 2006

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Dear Ms. McIlvaine:

Community Lodgings has established a high standard under which we maintain our properties and programs. In an effort to assure that our properties do not deteriorate, we are herewith asking that the Office of Housing include in their budgetary request, funding for a complete needs assessment of our properties and monies to address the current need to replace 99 windows in our apartments located at 3908, 3912 and 3916 Elbert Avenue. All of our units are used for transitional and affordable housing tenants.

Community Lodgings operates on a very tight budget. Assistance from your department will enable us to continue our programs while assuring that our properties do not suffer.

Attached are budget information, costs estimates and other pertinent data. Please advise if anything additional is needed.

Yours truly,

*Bonnie Worrell Baxley*

Bonnie Worrell Baxley  
Executive Director