MEMORANDUM

DATE: FEBRUARY 17, 2011

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: CONSIDERATION OF ALLOCATION OF ADVANCE FUNDING FOR THE ACQUISITION OF UP TO 16 PUBLIC HOUSING REPLACEMENT UNITS BY THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

ISSUE: Allocation of City housing funds for the purchase by the Alexandria Redevelopment and Housing Authority (ARHA) of 16 public housing replacement units.

RECOMMENDATION: That City Council:

1) Authorize the allocation of up to $3 million of the planned $6.4 million amount previously identified for the purchase by ARHA of individual housing units to satisfy the outstanding agreement to provide 16 replacement housing units for the James Bland redevelopment, with the understanding that:

   a. The acquisition of each of the condominium units by ARHA would require the concurrence of the Director of the Office of Housing that the stated criteria set forth in this memorandum have been met;

   b. There will not need to be any further Council authorization required with regard to these purchases, provided the 16 units meet the criteria set forth in this memorandum; and

   c. A second allocation of funding, if needed, would be brought forward for Council authorization for the acquisition of additional purchases, if and when the initial $3 million allocation becomes fully committed.

2) Authorize the City Manager to execute a Memorandum of Understanding with ARHA in regard to condominium fees for the 16 units consistent with the proposed concepts outlined in this docket item.

BACKGROUND: City and ARHA staff have been working together for some time to identify opportunities for the acquisition or development 16 replacement units needed in connection with the redevelopment of ARHA's James Bland properties. When Bland redevelopment plans were
approved the number of public housing units at the Bland site were reduced, with the reduced number of units planned to be transferred to the proposed ARHA Glebe Road and Old Dominion Boulevard sites in Arlandria. Council decided to change the housing income mix on the ARHA Old Dominion redevelopment site to include 16 workforce home ownership units in lieu of 16 public housing units. Council then agreed to fund the 16 replacement units in an amount up to $6.4 million (i.e. $400,000 per unit maximum) utilizing affordable housing funds. While a number of multifamily options have been evaluated by City and ARHA staff, no suitable multifamily option has been identified to date.

In prior Council discussions of this issue, Councilman Fannon proposed that ARHA purchase condominium units (which would be less in price than for single homes). Staff from the City and ARHA have been working on this concept and have agreed to pursue the purchase of individual condominium units, with the understanding that some or all of the savings achieved through the purchase of affordable condominium units can be applied toward the payment of condominium fees, which otherwise would be financially problematic for ARHA. While the focus currently is on condominium units, other moderately-priced housing units are not precluded from consideration. Condominium prices are now likely at their low point, so this is an opportune time to be acquiring condo units. The costs of condominiums vary widely, but the targeted cost range is no higher than $300,000, which would result in a total outlay of $4.8 million which is significantly under the $6.4 million. ARHA’s target acquisition criteria is for two or three bedroom units with at least 1 ½ bath in low rise buildings (see Attachment 1, page 2, for detailed criteria).

DISCUSSION: In order to purchase individual housing units that are on the market for sale, it is necessary to submit contract offers within a relatively short period of time. ARHA and Office of Housing staff have looked at a number of available condominium and other units in January and identified several units of interest; however, many were under contract to other buyers within a matter of days. In recognition of the need to move quickly, in January the ARHA Board of Commissioners adopted a resolution (attached) authorizing ARHA’s Chief Executive Officer to carry out all necessary functions for the purchase of units meeting parameters set by the ARHA Board. Similarly, given that City funds will be used to purchase the units, staff is recommending that Council give authorization for the expenditure of the first $3 million of the $6.4 million originally planned for this purpose, provided the units meet the criteria described below. ARHA has agreed to these Category 1 and 2 criteria which are described below.

Category 1 units would be deemed to have low impact, and, upon adoption of the staff recommendation, would require only that the ARHA CEO and the Director of the City’s Office of Housing be in agreement that the stated criteria have been met, and that the City Manager and City Council are notified at the same time notification is made to the ARHA Board. The affected condominium association would be notified of the purchase following ratification of the purchase contract. Category 2 units would have a higher level of impact and therefore require additional consultation. Specifically, Category 2 applies to situations in which the percentage of rental units in the complex after the proposed purchase would be such that Fannie Mae and Freddie Mac will not approve mortgages, thereby jeopardizing the ability of current owners to sell their units. However, in a few instances some condo properties may have so many units for sale that they would prefer the units to be purchased and rented and paying condo fees rather than sit empty.
Category 1

- The purchase will not result in ARHA ownership of more than 10% of the units in a single complex where ARHA does not currently own units;
- The purchase will not result in ARHA ownership of more than 33% (one-third) of units in a single complex where ARHA currently does own units, and the condominium association board supports the purchase of the unit(s) in question;
- The purchase will not cause the number of rented units in the property to exceed the percentage limit for Fannie Mae/Freddie Mac approval (currently 30% of the total number of units);
- The property is not within one-quarter mile of Alexandria Crossing or James Bland/Old Town Commons, where previous Council actions have already established the number of replacement units; and
- The total cost of acquisition and rehabilitation of a unit shall not exceed $300,000 for any individual unit if the City pays condo fees (see discussion below), or $400,000 otherwise.

Category 2

- If the number of rented condominium units in a property would exceed the limit for Fannie Mae/Freddie Mac approval of mortgage loans following the proposed purchase, approval by the condominium association board is required before a purchase offer can be made.

Condominium Fees

ARHA’s decision to pursue the purchase of condominium units is based on City staff’s proposal to recommend to Council that some or up to all of the likely savings from the budgeted $6.4 million that is likely to be achieved through the purchase of condominium units would be made available for the payment of condominium fees. What is contemplated is that an annual line item in the Office of Housing’s budget would be established with sufficient funds to reimburse ARHA. If the condo fees range between $300 per month to $400 per month, the total condo fee cost would be between $57,600 and $76,800 per year. However, this may be offset to some degree by net income from ARHA’s operation of these 16 units. The City would then reimburse ARHA its net loss up to the amount of the condo fee. Special condo assessments would also be reimbursed by the City. Over time, the total net amount paid to ARHA for this condo fee reimbursement program would not exceed the balance remaining from subtracting the actual condo purchase amounts for the 16 units from the $6.4 million. If the City paid $3.0 million for the 16 condos and had a cost of $57,400 in annual condo costs, it would be some five decades until the balance of the $6.4 million were fully drawn down. A specific detailed Memorandum of Understanding in regard to the condo fee reimbursement program will be drafted and executed between the City and ARHA.

FISCAL IMPACT: Obligation and expenditure of up to $3 million in affordable housing funds from the Office of Housing budget.

ATTACHMENT: ARHA Resolution No. 490
STAFF:
Mildrilyn Davis, Director, Office of Housing
Mark Jinks, Deputy City Manager
RESOLUTIONS OF
THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY ("ARHA"),
AUTHORIZING ACTIONS OF THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY FOR THE ACQUISITION OF SIXTEEN (16) REPLACEMENT UNITS ASSOCIATED WITH THE JAMES BLAND APARTMENTS REDEVELOPMENT PROJECT LOCATED IN ALEXANDRIA, VIRGINIA

RESOLUTION NO. 490

WHEREAS, on November 14, 2008, ARHA and GPB Associates LLC entered into an Agreement of Sale, Purchase and Redevelopment for the sale and redevelopment of Glebe Park Apartments located at 800 West Glebe Road and 3900 Old Dominion Boulevard in Alexandria (the "Glebe Park Project"), and James Bland Apartments located at 801 Madison, 808 Madison, 898 North Alfred Street and 918 North Columbus (the "James Bland Project") Streets in Alexandria, Virginia; and

WHEREAS, prior to redevelopment, the Glebe Park Property was improved by one hundred fifty-two (152) rental units which were occupied by residents receiving assistance from ARHA, and the James Bland Property was improved by one hundred ninety-four (194) rental units which are occupied by resident receiving assistance from ARHA; and

WHEREAS, ARHA acknowledges that the Glebe Park Property and the James Bland Project each has a unique and special importance to ARHA and to the City because of the need to comply with the terms of Resolution 830 adopted by the Alexandria City Council on April 27, 1982, which resolution requires the one-for-one replacement of certain publicly-assisted housing units in the City of Alexandria (the Resolution 830 Units”); and

WHEREAS, prior to the redevelopment efforts, forty (40) of the Glebe Park Units and all one hundred ninety-four (194) of the James Bland units are designated as Resolution 830 Units; and

WHEREAS, in the course of the governmental approval process for the Glebe Park and James Bland redevelopment efforts, the planning efforts resulted in the loss of sixteen (16) Resolution 830 Units; and

WHEREAS, the Development Special Use Permit for the James Bland Redevelopment (the “DSUP 2008-0013”) includes a condition detailing the commitment of the City to cooperate with ARHA to identify a suitable site or sites, and plans to make the sixteen (16) replacement units (the “Replacement Units”) available by the time relocation commences for Phase Two of the James Bland redevelopment but in any event by the completion of the James Bland Project which is anticipated to occur by 2015; and
WHEREAS, the City, as evidence of its good faith commitment, has reserved $1 million in authorized housing bond capacity concurrent with approval of the James Bland DSUP and further pledged to set aside 50% of all new developer contributions for affordable housing once all monies budgeted and previously allocated for use in FY 2009 have been received, which sources of funding (not to exceed $6.4 million was reserved for use for the Replacement Units until such time as the financing arrangements for the Replacement Units are finally determined, and all required funding commitments are secured; and

WHEREAS, pursuant to a direction from the ARHA/ City Working Group staff has been pursuing condominium opportunities City-wide as options for Replacement Units; and

WHEREAS, in order to facilitate purchase of the Replacement Units, ARHA must be able to act quickly once Replacement Units have been identified to place them under contract, the consummation of which would be subject to a process developed by city staff as to public process for acquisition of Replacement Units; and

WHEREAS, the following specific parameters have been developed to provide guidance to staff in the selection of the replacement units:

- Price per unit not to exceed $300/square foot.
- Condominium/HOA fees not to exceed $400/month.
- Entrance to the unit located at street level or off of an open breezeway if an upper floor.
- Consideration of 2 and 3 bedrooms only with at least 1-1/2 baths.
- Percentage of absentee owners to units in the community shall not exceed that limit allowed by FHA for financing such that an existing owner’s field of buyers could be unnecessarily limited.
- Attempts will be made to acquire multiple units in each community such that new acquisitions are clustered for ease of maintenance.

and,

WHEREAS, after putting possible Replacement Units under contract and submitting them to the City public process for acquisition, ARHA will need to execute closing documents necessary to evidence and consummate the Closing:

NOW, THEREFORE, BE IT RESOLVED by the Alexandria Redevelopment and Housing Authority that the Chief Executive Officer be authorized and instructed to take all steps necessary and appropriate to acquire and rehabilitate (if applicable) 16 scattered site condominium units as replacement public housing units for the Glebe Park/James Bland redevelopment effort, including but not limited to, placing units under contract and executing all closing documents subject to those specific parameters provided and regular Board updates, and it is further
RESOLVED that the Chief Executive Officer, acting singly, is hereby authorized, empowered, and instructed to enter into, acknowledge, amend, and/or deliver on behalf of the Authority and its instrumentalities any and all such other security agreements, financing statements, notices, requests, demands, directions, consents, approvals, waivers, acceptances, appointments, applications, certificates, agreements, supplements, amendments, further assurances or other instruments or communications, and to take any other action, as may be necessary or appropriate, in either of their sole and continuing discretion, in order to effect the consummation of the transaction described above, and it is further

RESOLVED that the Chief Executive Officer, by electronic mail or otherwise, keep the Board advised on a current basis of actions taken under this authority, affording a 24-hour notice for questions or objections.

Adopted this 1/24/2011.

ATTEST: ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

By: A. Melvin Miller, Chairman
   By: Roy O. Priest, Secretary Treasurer/CEO
Braddock East &
Jefferson Village
1/4 Mile Buffers

Legend
- Braddock East
- 1/4 mile buffer
- James Bland
- 1/4 mile buffer
- Jefferson Village
- 1/4 mile buffer
- WOTCA

*Digitized by City of Alexandria GIS from boundary described on WOTCA web page.

1 inch = 750 feet
Tuesday, February 15, 2011

Dear Members of the Alexandria City Council:

I am delighted to provide a letter of support for Mrs. Lillian Brooks in regards to consideration for reappointment to the Juvenile Detention Commission for Northern Virginia (JDCNV), as one of Alexandria’s two representatives. As Executive Director for the Northern Virginia Juvenile Detention Home, I understand the importance of making the right decision with regards to placement of personnel or in your case board members throughout the city. I have known Mrs. Brooks for many years and have had the opportunity to observe her both as an Alexandria Court Service Unit Director and a member of the JDCNV board. Mrs. Brooks brought numerous supervisory skills and a vast knowledge of the Juvenile Justice Field to our board and helped it evolve into the productive body it is today.

Mrs. Brooks’ input at our meetings and behind the scenes has always been right on point. She has been willing to address difficult issues that others may have been uncomfortable with and often shied away from. Mrs. Brooks is not afraid to ask the tough questions to get the necessary information for making sound decisions for both of the facilities in which the Juvenile Detention Commission for Northern Virginia has oversight. Mrs. Brooks’ knowledge of the Juvenile Justice Field allows her to give valuable insight to other members of the board when making important decisions relating to policy and procedure for our detained youth and the youth in our shelter program. Additionally, Mrs. Brooks has spend countless hours for which she has not been compensated, to assist the JDCNV locate funding sources for our Sheltercare Program. Mrs. Brooks is deeply committed to the youth living in the City of Alexandria and is willing to apply all of her skills and abilities to make a difference in their world, which makes her a perfect match for our board.

Mrs. Brooks has been a valuable member of our board for the last four years and I sincerely hope that you will reappoint her without hesitation to continue oversight of our programs. If I can be of further assistance regarding my recommendation of Mrs. Brooks please contact me at 703.842.2282.

Sincerely,

Krystal R. Kimrey, Executive Director

Protecting Their Present – Affecting Their Future
Tomorrow Night's Meeting/ARHA

I would like to express my concern about tomorrow night's meeting regarding the potential agreement with ARHA. I understand that the city is proposing to give ARHA at least an additional $3 million to develop 16 additional units, with the understanding that these units cannot be within one-quarter mile of Alexandria Crossing or James Bland/OldTown Commons.

First, I am concerned that ARHA already owes the city a great deal of money. What is the city's plan for ARHA to repay this additional amount?

Second, I am concerned about the one-quarter mile restriction. This seems to be insufficient. Parker Gray already has a great deal of public housing, and I do not understand why the units could not be located in another area that does not have its fair share. While I recognize that public housing is necessary, I do not believe that it is beneficial for it all to be concentrated in one area.

Thank you for your consideration of these matters.
COA Contact Us: Docket Item 23, ARHA Advance Purchase Authorization

Heidi Ford to: delpepper, paulcsmedberg, rose.boyd, jackie.henderson, elaine.scott, rob.krupicka, linda.owens, elizabeth.jones

Please respond to Heidi Ford


Issue Type: Mayor, Vice Mayor, and Council Members
First Name: Heidi
Last Name: Ford
Street Address: 1022 Oronoco St
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State: VA
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Phone: 703 518 0611
Email Address: ha.ford123@yahoo.com
Subject: Docket Item 23, ARHA Advance Purchase Authorization

Dear Mayor Euille and Members of Council,

I am writing to request that

that one of the conditions that would allocate City housing funds for the purchase by the Alexandria Redevelopment and Housing Authority (ARHA) of 16 public housing replacement units be amended. Specifically, I ask that you amend the requirement regarding the geographic placement of the 16 replacement units to explicitly state that none of the 16 replacement units can be located within the Braddock Metro neighborhood, including the Parker Gray historic district. The current language only stipulates the replacement units cannot be located with a quarter of a mile of Bland.

Comments: This language is insufficient and is inconsistent with the agreement negotiated between the City and this neighborhood as part of the Braddock East Small Area Plan which specifies that up to 50% of public housing units undergoing redevelopment would be scattered elsewhere in Alexandria. We expect the City to uphold the commitments it made to the neighborhood as well as to adhere to the Fair Share policy.
Respectfully,
Heidi
Ford
ARHA funding for off-sited public housing units

Matthew Downs

To: Mayor, Vice Mayor, and Council Members

Street Address: 326 N Patrick St
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Email Address: spam_me_not_please@comcast.net

Subject: ARHA funding for off-sited public housing units

I cannot say it better...

On Tuesday, February 22 the City Council will discuss an agreement with ARHA to provide funding for 16 of the 60 off-sited public housing units from the James Bland project for which no location has been identified. The City is preparing to enter into a Memorandum of Understanding with ARHA giving ARHA $3 million to buy 16 condo units, with the City picking up to another $3 million in condo fees.

The only geographic restriction placed on this grant is that the 16 replacement units cannot be located within a quarter mile of either Bland or Glebe Park.

Sound good? Not really. This microscopic distance restriction — which is only now being revealed in public and has
apparently been negotiated behind closed doors — means ARHA could still use City funds to redeposit the 16 off-sited units back into the neighborhood, flaunting an important provision Council negotiated with the community in the Braddock East Small Area Plan: that up to 50% of public housing units undergoing redevelopment would be scattered elsewhere in Alexandria.

This isn't the end of it.

As readers know by now, according to alexandranews.org, ARHA has declared its intention to acquire Pendleton Park Apartments, located at 608 N. Payne Street.

Chairman A. Melvin Miller has said no City money is needed for the acquisition. Instead, ARHA would use a combination of its own invested funds and Low-Income Housing Tax Credits.

Is it appropriate for ARHA to buy new neighborhood properties when it still owes the City millions of dollars? Here is a spreadsheet provided by City staff which demonstrates that as of December 31, 2010 ARHA still owes the City $11 million,

Comments: including monies still outstanding from before the Chatham Square development five years ago, which ARHA informs the City cannot be repaid from HUD HOPE VI grant money.

These two revelations represent a lot more than simple housing or debt repayment issues.

For years residents have clamored for better retail in our neighborhood, and a Harris-Teeter grocery store was proposed for the Madison site on N. Henry Street, then abruptly abandoned. Now a Harris-Teeter is
negotiating with a developer
to build a store east of Washington Street in an area that at present has
no
greater density than the Braddock neighborhood and which already has
two operating and competing
grocery stores. This seems to demolish the
City's contradictory defenses that retail is difficult to attract
here
due to competition from King Street and Potomac Yard or that that only ever
high-density
development can bring enough residents to support
retail.
This occurs just as Council has approved letting the Madison
developers reduce the amount of retail
space in their project. The
Monarch retail remains mostly unoccupied after four years, and all but a
small
patch of the retail space at the Braddock Place complex has been
occupied by office workers.
In approving the Braddock Road small area
plan, Council promised to bring amenities such as retail to this
neighborhood, yet by their actions they appear to be continuing to
encourage policies that ensure this
community remains less desirable for
retailers than any neighborhood east of Washington Street or west of
Mount Vernon Avenue.
So if you are fed up with the City's
rationalization of this mess, click on the link in the upper right column of
this blog and send Council a message before tomorrow night's hearing.
Good afternoon,

I write to you to express my deep disappointment in the City's proposal to relocate the remaining 16 James Bland public housing units in no less than a quarter mile of the Bland development. While I understand that no site determinations have been made, it is very disingenuous of the City to discuss unit relocation while including possible sites in the same neighborhood. Relocating units within the same neighborhood is in direct contrast to the City's fair share policy and the Braddock Road small area plan. Further, it demonstrates what a waste of time the Braddock Road small area plan charrettes where for all involved.

While I applaud the Council for exploring new housing options like the proposed condo units, I urge Members to remain true to the intent of fair share and the small area plan.

Secondly, I am very concerned about ARHA's proposal to buy more public housing units within the West Old Town neighborhood. The intent of increased density and unit relocation in the
Braddock Road small area plan was to ameliorate the effects of concentrated poverty. The neighborhood has sacrificed density and historical integrity to ensure the betterment of all of our neighbors... including the less fortunate. These neighbors deserve a chance for success and a better life. Keeping them mired in the same poverty is unacceptable and flies in the face of both the City's fair share policy and the Braddock Road small area plan. Additionally, in this time of fiscal restraint, ARHA should reconsider whether real estate investment is an appropriate use of funds when it owes the City's taxpayers millions of dollars. If ARHA plans to invest in the property with the ultimate goal of flipping it for a profit, then the Authority should immediately and publicly commit to embracing the tenants of the Braddock Road small area plan for its future private development.

Finally, I am deeply saddened to learn that Council has approved a reduction in retail space at the Madison project. Understanding that space in the Monarch has remained vacant for years, it is disheartening to see that retail planning estimates by City staff were so off. As you will recall, staff set expectations that the Monarch, Madison, and Colecroft sites would serve as anchors to attract businesses into the West Old Town neighborhood. It appears that their initial estimates of the economic climate were very inaccurate. Further, staff indicated that the neighborhood could not support a grocery store in the Monarch or Madison projects due to competition from existing chains. With the advent of Harris Teeters looking to set up shop near the existing Giant and Safeway, it appears that this analysis was off as well. A trend is emerging... one which takes years to uncover. I strongly encourage Council to take a hard look at the development plans and estimates provided by City staff to determine if the best qualified people are in fact holding those jobs... before further damage is done.
Issue Type: Mayor, Vice Mayor, and Council Members
First Name: Michael
Last Name: Urena
Street Address: 1009 Queen Street
City: Alexandria
State: VA
Zip: 22314
Phone:
Email Address: mike.urena4737@gmail.com
Subject: Public housing for retail
Just writing to let you know that retaining 16 public housing units in Parker-Gray, I bought a house in this neighborhood in September 2009, at the expense of retail, and in particular a grocery store is a poor decision. So despite being a taxpayer in this expensive neighborhood I still don't rate a grocery store within walking distance while those folks East of Washington Street rate three - Trader Joe, Giant and presumably now Harris Teeter. Not good.
COA Contact Us: Opposed to AHRA's plan to buy 608 Pendleton

**Issue Type:** Mayor, Vice Mayor, and Council Members

**First Name:** Wanda

**Last Name:** Barrett

**Street Address:** 626 N. Payne Street

**City:** Alexandria

**State:** VA

**Zip:** 22314

**Phone:**

**Email Address:** wsbarrett1@aol.com

**Subject:** Opposed to AHRA's plan to buy 608 Pendleton

As a resident and tax payor, I am highly opposed to AHRA's purchase of 608 Pendleton Park Apartments. There are already several low income housing units in this neighborhood. If your design is to disperse low income housing throughout the Alexandria area; then you should reconsider, as it appears that the West Old Town neighborhood is heavily concentrated. I live next door to the 608 Pendleton property and I'm very concerned about maintaining a safe and livable community as well as the value of my property.

Respectfully,

Wanda Barrett