Approved

City - ARHA
Work Group on Samuel Madden
June 8, 2001

Committee Members Present:

Mayor Kerry Donley
Bill Euille, Member, City Council
David Speck, Member, City Council
A. Melvin Miller, Commissioner, ARHA Board
Michele Chapman, Chairperson, ARHA Board
Donna Fossum, Planning Commission
Phil Sunderland, City Manager
Bill Dearman, CEO, ARHA
Mark Jinks, Assistant City Manager
Connie Lennox, Director of Development, ARHA

Others Present:

Marye Ish, ARHA
Archie Morris, ARHA
Jeffrey Farner, Department of Planning and Zoning
Angela Smith, Office of Management and Budget
Robin Salomon, Skyline, LLC
John Moss, Ken Thompson & Associates
Ken Thompson, Ken Thompson & Associates
Cindy Smith-Page, Department of Real Estate Assessments
Connie Ring, Commissioner, ARHA Board
Sandy Murphy, Assistant to the Mayor
Beverly Jett, City Clerk
Ann O'Hanlon, Washington Post
Fred Kunkle, Washington Post
Catherine Puskar, Attorney

The meeting minutes from the May 24, 2001 Work Group meeting were reviewed and accepted as presented.

Mr. Moss presented the projected sources and uses of funds noting that the off-site cost estimates are approximate until more information is available. He also stated that they have advised ARHA to look at the possibility of increasing property income by raising rent levels to support some amount of debt financing. There are four sources of funding including: HOPE VI grant, land sale proceeds, tax credit equity and a construction/permanent loan. Mr. Moss then gave a breakdown of the uses of funds. The 52 on-site units are calculated at a cost of approximately $203,000 per unit. The 48 off-site units are assumed to be all new construction and are estimated at $180,000 per unit. The model does not include tax credit equity for the off-site units because the sites for these units are still unknown. To maximize the tax credit equity there would need to be a large number of units on one site. Mr. Jinks asked for the breakdown of the $180,000 for an off-site unit. Mr. Moss stated that $40,000 was for land acquisition and $140,000 for the construction of the unit.

Councilman Speck asked in lieu of new construction if ARHA had considered acquiring existing residential property and that he understands that ARHA is not interested in high-rise condos. He noted that there is a general perception that all condos are high-rise buildings but in fact there are townhouse and garden style apartment condos that could possibly be attractive.

Mr. Sunderland then focused on the on-site financial analysis. The financial model assumes that there are 52 ARHA units with an overall density of 160. He asked why the tax credit amount had changed from the last analysis. Mr. Salomon stated that the pricing on the tax credits changed and instead of doing the project in one year it was now assumed to span a two-year period. This will allow ARHA to go to the state for approximately $400,000 in tax credits each year which is a more reasonable allocation amount than asking for it all in one year.

Councilman Speck asked for someone to explain what the Family Investment Center was. Mr. Dearman explained that when the HOPE VI grant proposal was submitted it included a Family Investment Center that provided a variety of social services, such as computer training, GED classes and daycare. Some of these services are now being provided out of existing ARHA units. The new center does not have to be on-site but it does have to be accessible to the residents. The HOPE VI grant requires that ARHA spend $500,000 on social services or $5,000 per each of the 100 households over a four-year period. Councilman Speck asked if the $1 million shown in the financial model is capital to build the center. It was stated that in fact the $1 million is capital. Councilman Speck pointed out that, if the center was not tied to this project then the $1 million could be used to fill in the gap for the off-site units. He asked if the Family Investment Center has been looked at as a combined social services project that could potentially be funded out of a private foundation. He noted that there was City Council consideration being given to creating a private foundation for capital projects like this. Mr. Dearman said the center could be funded with other sources but stressed it would have to be delivered with the completion of the project. Ms. Lennox also included that previously the capital money has been the proposed developer contribution to the project.

There was a discussion on how HUD would treat deviations from the original grant application. Mr. Miller stated that the Family Investment Center was a part of the HOPE VI application and it was a competitive grant process. If this was the component that made ARHA stand above the rest of the applicants, HUD might not approve of changes. Mr. Sunderland suggested that what was in the original application could be altered if there was an opportunity to present to HUD a different way to accomplish the same goal. Mr. Salomon stressed that the social services component of all HOPE VI grants is a critical component of the project. Ms. Lennox pointed out that the $500,000 in the HOPE VI grant for social services is only seed money and after the four years of funding from HOPE VI that ARHA would have to come up with a way to continue to provide the social services component. Councilman Speck asked if HUD might consider allowing ARHA to get the $1 million in capital from somewhere else allowing that money to be applied to the off-site units. Mr. Miller stated that as long as there is funding for the Family Investment Center, HUD probably would not object to the source.

Councilman Euille asked if the on-site unit price of $203,000 factored in the tax credits, mix of units and parking. Mr. Moss said there are 75 parking spaces factored in and the mix of units is based on the 160 unit scheme agreed upon. Mr. Thompson also noted that this was tabulated with the assumption that a tandem parking space was counted as .5 spaces.

Councilman Speck asked Ms. Chapman if the Board would consider looking at different condo styles. Ms. Chapman stated the Board is more concerned about the ability to pay the condo fee. Mr. Miller stated that it would take a lot to convince the Board that the unit could be maintained over 40 years. Councilman Euille stated that the group should not totally exclude any form of housing at this point.

The group was then given a HOPE VI update. Mr. Dearman passed out two letters from HUD that stated they would work with ARHA. Ms. Lennox pointed out in the May 29 letter that if ARHA were to issue a new RFP they would not be required to submit a second offer to purchase to the Alexandria Resident Council (ARC), nor would it affect the HOPE VI grant. HUD also stated in the letter that the number of units did not have to be 52 on-site as in the proposal but would still require the site to be mixed income. Mayor Donley asked what constituted mixed income. Ms. Lennox explained that mixed-income constitutes a desire by HUD to provide a stepping-up (e.g., public housing, to tax credit, to Section 8 to rent-to-own or home ownership) for residents. Currently, the development plan at the Berg requires that you be a Public Housing resident or purchase a $350,000 home. Mr. Miller stated as long as there are no major changes to the original plan HUD may be flexible.

Councilman Euille stated that if ARHA just redeveloped the existing units they would lose the HOPE VI grant. Mr. Dearman said that ARHA had asked HUD, if we (ARHA) lost the HOPE VI funds, does HUD have a pot of modernization funds to contract for needed improvements? HUD said they did not.

The second letter from HUD stated that ARHA needed to provide an updated schedule within a reasonable amount of time. The schedule is to include major milestones and dates from the selection of a developer to the completion of the project. Ms. Lennox responded to the letter by notifying HUD that by the end of June some decisions will be made.

Mr. Dearman updated the group on the tour of the D.C. housing developments. It was decided that June 22, 2001 would be a good day for the tour.

Mr. Miller made a motion, it was seconded, and unanimously approved that the task force convene an executive session at this time for the purpose of discussing or considering the condition, acquisition or use of real property for public purpose, or the disposition of publicly held property, pursuant to Virginia Code § 2.1-344 (A) (3).

Motion was made, seconded, and unanimously approved to reconvene its meeting of this date which was recessed for the purpose of conducting an executive session.

After coming out of the executive session a motion was made and unanimously passed that certified to the best of each member's knowledge only public business matters lawfully exempted from open meeting requirements and only such public business matters as were identified in the motion by which the closed meeting was convened were heard, discussed or considered in the meeting by the public body.

The next meeting for the Work Group was scheduled for Friday, June 22, from 2:00p.m. - 6:00 p.m. in the Council Workroom. This meeting will be for the group to develop a set of recommendations to take to City Council and the ARHA Board.

The group decided to try and schedule a tour with the D.C. Housing Authority for the morning of Friday, June 22. Mr. Dearman will make the arrangements.