

EXHIBIT NO. 1

15, 16, 17
10-23-07

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 19, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES K. HARTMANN, CITY MANAGER

FROM: FAROLL HAMER, DIRECTOR
DEPARTMENT OF PLANNING AND ZONING *JH*

MILDRLYN DAVIS, DIRECTOR *med*
OFFICE OF HOUSING

SUBJECT: GLEBE PARK REDEVELOPMENT APPLICATIONS
DSUP # 2006-0031 (OLD DOMINION EAST)
SUP # 2007-0006 (OLD DOMINION WEST)
DSUP#2006-0030 (WEST GLEBE)

At the October 13th public hearing, City Council deferred the Glebe Park applications and requested that staff provide additional information regarding the following:

- Development of an overall management plan to incorporate an area manager;
- Fiscal impacts of an area manager;
- Modifications to references to Resolution 830;
- Elimination of the parking condition; and
- An estimate of the planned accessible units.

Staff has discussed their response with ARHA representatives.

A. Management Plan:

Council directed staff to prepare a draft condition that would require an overall management plan including participation from the adjoining civic associations and require an on-site unit for management. Staff recommends that the following two additional conditions be added to the referenced applications.

New Condition - (DSUP #2006-0030, DSUP #2006-0031 and SUP #2007-0006 – All sites):

Prior to the issuance of a certificate of occupancy permit, the ARHA Board shall adopt a management plan for its units, involving regular consultation with an advisory committee, to include representatives from the surrounding community, that will provide input on management and maintenance issues. The plan and composition of the advisory

body shall be established and maintained to the satisfaction of the City Manager, with the understanding that it must also be acceptable to any tax credit investors. The first advisory board meeting shall occur prior to the commencement of construction and the advisory board shall continue to meet on a regular and on-going basis. (Condition 23 on page 40 for Old Dominion East; Condition 7a on page 55 for Old Dominion West; and Condition 16a on page 61 for West Glebe)

B. Fiscal Impacts of Requiring an Area Management Plan:

The fiscal impact of the Area Management Plan depends on whether or not there is a requirement for an on-site manager or Resident Police Officer (RPO). Any requirement for an Area Management Plan that includes a requirement that a unit be set aside for a on site manager or RPO would impact AHRA in three ways: 1) potential interference with the Housing and Urban Development (HUD) requirements to comply with the Area Asset Management Model causing reduced HUD operating subsidies; 2) an impact on the competitiveness of the tax credit application; and 3) direct costs related to losing another unit.

First, pursuant to the HUD Asset Management Model, Housing Authorities are required to move to a management structure more in keeping with what occurs in the private sector. Under this model, properties will be grouped as Asset Management Projects (AMP) of approximately 250 units each. Each AMP must be economically viable or the Housing Authority must identify and then divest the non-viable properties from its portfolio. Each AMP will include a Certified Property Manager who would have the same access to office services and complimentary staff as a private sector manager. An on site manager at the Glebe Park project will require an added cost burden on the property of approximately \$80,000 per year that which will affect the economic viability of the AMP for this project, and could result in the Housing Authority being required to divest the property from its portfolio under HUD's Asset Management Model.

Second, the added expense for the on site manager would cause increased operating costs and a potentially less competitive tax credit application because the property would not be able to carry as much debt. The amount of debt the property could carry would be reduced by about 8 to 10 times the cost of the on-site manager. The tax credit application process is very competitive and losing even a few points can make the difference in whether the tax credits are awarded. Additionally, any on-site manager would have to be income qualified, under the tax credit rules, or the unit would be considered out of compliance. If the tax credit application were to be submitted with one fewer tax credit unit to accommodate the on site manager, none of the hard or soft costs related to the development or construction of that unit could be included in the project's eligible basis to be covered by tax credits.

Third, the workforce housing units are to be sold by ARHA as for-sale units and the proceeds of such sale allow ARHA to fund the rest of this renovation project. ARHA already has to reduce the proceeds from the sale of these units because the units are required to be sold as workforce units rather than unrestricted market rate units. If ARHA is required to use one of the workforce units for an area manager or RPO without the City purchasing the unit, there will be an additional direct cost to ARHA from the loss of the sale of this unit.

In the event the City or its designee elects to acquire the workforce unit for such uses, there will be a cost to the City consistent with the sales prices of the other workforce housing units (estimated today at approximately \$350,000).

New Condition (DSUP #2006-0031 - Old Dominion East):

The applicant shall amend its Affordable Housing Plan, to require the provision of one workforce unit that shall be used either for an ARHA area manager, or for a Resident Police Officer (RPO) or for other Police Department use, to the satisfaction of the Director of Housing. If the unit is used for a RPO or other Police Department use, such plan may include the purchase and operation of the unit by the City or its designee. (Condition 23b on page 40)

C. Resolution 830:

The Council directed staff to modify the conditions that relate to Resolution 830 to provide more flexibility so that if, in the future, the Resolution were modified or eliminated the condition would still apply to the development. (Condition #20 on page 40, condition #4 on page 55 and condition #13 on page 61)

Revised Conditions:

The units will be maintained as rental affordable housing ~~for at least thirty(30) years,~~ and will also be subject to one-for-one replacement ~~requirements of pursuant to Resolution 830 as it may amended from time to time.~~

D. Parking Permit:

Condition Eliminated:

~~*Residents of the building shall be ineligible to apply for or receive any residential parking permits pursuant to City Code Sec. 5-8, Article F. (P&Z) (Condition #26 on page 41 and condition #25 on page 63)*~~

E. Accessible Units:

The Council inquired about number of the accessible units required for each of the proposals. According to the building code, Old Dominion (East) and West Glebe will be required to have at least one fully accessible unit on each site. The rehabilitation units on Old Dominion (West) will have some accessible enhancements, but are not required to be fully accessible. The number of accessible units required by the building code may vary from the requirements of the VHDA program and the HOPE VI application.

cc: Melvin Miller, Chair, ARHA
Ray Priest, Interim Executive Director, ARHA