


City of Alexandria, Virginia**MEMORANDUM**

DATE: JUNE 1, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF EXTENDING THE DETERMINATION DATE
REGARDING PARTIAL LOAN FORGIVENESS FOR THE ARLANDRIA
CHIRILAGUA HOUSING COOPERATIVE

ISSUE Consideration of extending the date for forgiveness or repayment of a portion of the City's loan to the Arlandria Chirilagua Housing Corporation

RECOMMENDATION: That City Council:

- (1) Extend the date for determination of forgiveness or repayment of \$232,000 of the City's \$537,000 loan to the Arlandria Chirilagua Housing Corporation (ACHC) from July 15, 2009 to July 15, 2010, to allow time for ACHC to comply with forthcoming guidance to be provided by staff as to requirements that must be met in order to demonstrate ACHC's successful operation as a limited equity cooperative; and
- (2) Require that the forgivable portion of the loan become due and payable on January 31, 2010, in the event ACHC has not, by that date, demonstrated to the City's sole satisfaction a willingness to cooperate with the City's requests.

DISCUSSION: The Arlandria Chirilagua Housing Cooperative, owned by the Arlandria Chirilagua Housing Corporation (ACHC) has benefited from \$537,000 in City acquisition and rehabilitation loans made from 1994 through 1996. The first two portions of the loan, totaling \$425,000, were made to the Center for Cooperative Housing, a subsidiary of the National Center for Cooperative Housing, and were later transferred to ACHC to accomplish the goal of creating a resident-owned cooperative. The three segments of the loan are as follows:

- \$232,000 approved in February 1993 (Promissory Note 1)
- \$193,000 approved in March 1994 as part of a larger amount (Promissory Note 2)
- \$112,000 approved January 1997 as a reduction of a prior approval for \$150,000 (Promissory Note 3)

Under the terms of the loan documents for the first \$232,000, this portion of the loan will be fully forgiven in 15 years if the City determines in its sole discretion that the cooperative is operating successfully, but otherwise must be repaid at that time. The Deed of Trust for this portion of the loan establishes the 15-year target date as July 15, 2009. The other portions of the loan are due upon the earlier of 99 years or when the property ceases to operate as a cooperative affordable to low- and moderate-income households.

Over the past year, in preparation for making the determination as to whether ACHC is operating successfully, staff has requested considerable information from ACHC, much, but not all, of which has been provided. After reviewing the material provided by ACHC, staff is not confident that it has either sufficient evidence to determine that the cooperative is operating successfully. The law firm of Mercer Trigiani, a firm with considerable expertise in the field of community association law, including cooperative housing, has offered its pro bono assistance to the City to assist City staff with making a determination. It is anticipated that the review by Mercer Trigiani will be completed expeditiously, and staff will then present ACHC with a list of criteria to be met as evidence of successful operation as a limited equity cooperative.

In order to allow ample time for the ACHC to receive, review, and address the City's requirements stemming from the forthcoming review by Mercer Trigiani, staff recommends a one-year extension, to July 31, 2010, of the date by which a decision must be made concerning the forgiveness of the \$232,000 note. Should ACHC demonstrate compliance with the City's recommendations prior to that date, staff will forward a recommendation to Council for forgiveness of the loan immediately following its determination that the City's conditions have been met. Should ACHC not be able to demonstrate such compliance during that period, the loan would become due and payable on January 31, 2010.

However, staff further recommends that if ACHC declines to cooperate with the City in this matter, the \$232,000 shall become due and payable on January 15, 2010, six months from the current trigger date.

ACHC has been notified of the proposed extension of the forgiveness date.

FISCAL IMPACT: None at this time.

STAFF:

Mark Jinks, Deputy City Manager
Mildrilyn Stephens Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing
Melodie Seau, Division Chief, Office of Housing

34
6-9-09



Santos Vega
<arlandria@acipm.com>

06/09/2009 03:32 PM

Please respond to
Santos Vega
<arlandria@acipm.com>

To william.euille@alexandriava.gov,
timothy.lovain@alexandriava.gov, councilmangaines@aol.com,
council@krupicka.com, delpepper@aol.com,
cc
bcc
Subject COA Contact Us: Docket Item 34



Time: [Tue Jun 09, 2009 15:32:58] IP Address: [96.231.72.10]

Issue Type: Mayor, Vice Mayor, and Council Members
First Name: Santos
Last Name: Vega
Street Address: 3910 B Bruce Street #106
City: Alexandria
State: VA
Zip: 22305
Phone: 703-836-9151
Email Address: arlandria@acipm.com
Subject: Docket Item 34
Comments: Please make sure the Mayor and Council get this before the meeting tonight.
Attachment: 1e0a1bddf0cc8678a85a046d0b7fc01d.pdf



1e0a1bddf0cc8678a85a046d0b7fc01d.pdf



**Arlandria Chirilagua Housing Cooperative
Professionally managed by Amy Charles, Inc.**

8 June 2009

Mayor William D. Euille
Vice Mayor Redella S. "Del" Pepper
Councilman Ludwig P. Gaines
Councilman Rob Kuprica
Councilman Timothy B. Lovain
Councilman Paul C. Smedberg
Councilman Justin M. Wilson

Re: City Council Meeting 9 June 2009, Docket Item 34

Asunto: Reunión en el Consejo Municipal el 9 de junio del 2009, Asunto de Expediente 34

<p>Dear Honorable Mayor and Members of City Council:</p> <p>This letter is to address Docket Item 34: Consideration of Extending the Determination Date Regarding Partial Loan Forgiveness for the Arlandria Chirilagua Housing Cooperative, which provides 282 homes for people of lower income levels. I apologize for the lateness of this letter, but Arlandria Chirilagua Housing Cooperative ("ACHC" or the "Housing Cooperative") was not informed of this docket item until last week.</p> <p>First, the ACHC Board of Directors believes that ACHC has already provided enough information to prove that the Cooperative is operating successfully and hereby requests that the City Council to forgive the loan at this time.</p> <p>Second, if the Council decides to extend the date, the ACHC Board of Directors has three requests:</p> <ol style="list-style-type: none"> 1. While the Cooperative has provided extensive material and documents to the City already, ACHC has every intention of complying with reasonable requests and reasonable deadlines. However, ACHC requests that an appeal mechanism be 	<p>Estimado Honorable Alcalde y Miembros del Consejo Municipal:</p> <p>Esta carta es para tratar Asunto de Expediente 34: Consideración de Extensión de la Fecha de Determinación con Respecto al Perdón Parcial de Préstamo para Arlandria Chirilagua Cooperativa de Vivienda, que provee 282 unidades por gente de bajos ingresos. Me disculpo por la tardanza de esta carta, pero de Cooperativa de Vivienda de Arlandria Chirilagua ("ACHC" o la "Cooperativa de Vivienda") no fue informada de este Asunto de Expediente sino hasta la semana pasada.</p> <p>Primero, la Junta Directiva de ACHC cree que ACHC ya a proveído información suficiente para probar que la Cooperativa está operando exitosamente y solicita petición al Consejo Municipal de perdonar el préstamo en este momento.</p> <p>Segundo, si el Municipio decide extender la fecha, la Junta Directiva de ACHC tiene tres solicitudes:</p> <ol style="list-style-type: none"> 1. Mientras la Cooperativa ya le ha proveído extenso material y documentos al Municipio, ACHC tiene toda la intención de cumplir con razonables solicitudes y razonables plazos. Sin embargo, ACHC solicita que haya un mecanismo de apelación para ambos, cualquier determinación de incumplimiento y
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<p>established both for any determination of non-compliance and for the information requested. A review of compliance by some other entity than the one requesting the information seems only proper. The City's requests for materials and documents to date have been both burdensome and expensive. There is some disagreement about the relevance of some of the materials and documents requested by the City for to the verification of ACHC's business operations.</p> <p>2. The second request is that the period of time forgiveness and the date the loan becomes due and payable in the event that the City determines that ACHC is not cooperating with the City be same the date. That, just as it was in the original loan documents, the forgiveness date and the due and payable date be one and the same, 15 July 2009.</p> <p>3. The third request is that if the City calls the loan for any reason, that ACHC be given adequate notice and at least six months to raise the funds from its members to remit payment. The occupancy fees paid by tenants and members are the only source of income for ACHC. If the City calls the loan ACHC will be forced to raise the funds by assessing each ACHC member around about \$1,000.00, which will crush many ACHC members. Most ACHC members struggle everyday to just keep up with the financial demands associated with living here in the City of Alexandria. A number of ACHC members have lost jobs because of the present economic situation. The ACHC Board anticipates that many of the ACHC members will either not be able to pay such assessment or they will need to pay the assessment in installments over a at least three to six months. Finally, ACHC is required to comply with certain notice requirements before imposing such an assessment, which will delay the issuance of payment.</p> <p>The ACHC Board of Directors, through an information request, also made a prior request</p>	<p>para la información solicitada. Una revisión de conformidad por cualquier otra entidad que no sea la que está solicitando la información parece ser solamente apropiada. Las peticiones del Municipio de materiales y documentos en esta fecha han sido agobiantes y caras de proporcionar. Hay algún desacuerdo sobre la relevancia de algunos materiales y documentos solicitada de la Municipio para la comprobación del manejo de operaciones de ACHC.</p> <p>2. La segunda petición es que el periodo de tiempo perdonado y la fecha del préstamo esta debida y pagaba en el caso que el Municipio determina que ACHC no esta cooperando con el Municipio sea la misma fecha. Que, así como estaba en los documentos originales del préstamo, la fecha de perdón y la fecha de deuda y pago sean una sola y la misma, 15 de julio del 2009.</p> <p>3. La tercera petición es que, si el Municipio se determina que el préstamo es deuda y pagadero por cualquier razón, que ACHC se le sea dado un aviso adecuado de intención de pago, de por lo menos con seis meses para reunir los fondos de sus miembros para dar pago. Los cobros de ocupación pagaba de los inquilinos y miembros es el único ingreso para ACHC. Si el préstamo se convierte en deuda y pagadero, ACHC será forzada a valorar cada casa alrededor por acerca de \$1,000.00, y esta va a terminar muchos miembros de ACHC. La mayoría de los miembros de ACHC tiene problemas cada día con las demandas financieras que están presentes con una vida aquí en el Municipio de Alexandria. Hay muchos miembros de ACHC quien han perdido sus trabajos porque la situación presente económica. La Junta de ACHC cree que muchos de los miembros de ACHC no podrían pagar esta cantidad o ellos necesitaran pagar la cantidad en pagos atrás al menos de tres a seis meses. Finalmente, ACHC tiene requeridos para cumplir con avisos requeridos especificas antes de poniendo una tarifa, y esta va a llevar retraso un pago.</p> <p>La Junta Directiva de ACHC, a través de una información solicitada, también solicitó al Municipio</p>
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to the City to provide information relating to this loan. While the City has provided substantial information to date, the City has not provided information about funds provided under the loan agreement. Briefly, the loan was made to the Center for Cooperative Housing before the ACHC existed. The loan agreement includes particular requirements about how the money was to be spent. Accordingly, for ACHC records, the ACHC Board would like to obtain copies of any architectural drawings, invoices paid to contractors, and verifications and inspections of the work conducted by the City. If the City does not have the documents, ACHC requests that the City obtain the documents from the Center for Cooperative Housing.

The Housing Cooperative has been in business for about thirteen years. Since by all accounts the formation of the Housing Cooperative was breaking new ground, the Housing Cooperative has suffered more than its share of growing pains, but it is still in business, and remains one of the few places in the City where people with low income levels can own a home. Significantly, since 1996, the Housing Cooperative has not requested further loans or grants from the City.

There have been many turning points along the way. One such turning point occurred three years ago when the Housing Cooperative severed ties with HUD and with Jon Liss' Tenants and Workers United (TWU) (Formerly Tenants and Workers Support Committee). The Board of Directors took action at that time in the face of property deterioration and the refusal of HUD certified management agents to properly assess and repair that deterioration, deterioration that was exacerbated by HUD's insistence on the one hand that the Board have no control over management while at the same time holding the Board entirely responsible for that management. The Board realized that, in order to properly look after their own

de proveer información relacionada con este préstamo. Mientras que información substancial fue proveída del Municipio, el Municipio no ha proveído información sobre fondos proveído debajo del acuerdo de préstamo. En pocas palabras, este préstamo fue hecho al Centro de Cooperativa de Vivienda antes de que existiera ACHC. El acuerdo del préstamo incluye solicitudes particulares acerca de cómo el dinero iba a ser gastado. Por consiguiente, para los archivos de ACHC, la Junta de ACHC gustaría obtener copias de cualquier extracción arquitectónica, facturas pagadas a contratistas, y verificación e inspección del trabajo conducido por el Municipio. Si el Municipio no tiene los documentos, ACHC solicita que el Municipio los obtenga del Centro de Cooperativa de Vivienda.

La Cooperativa de Vivienda ha estado en el negocio por acerca trece años. Desde entonces por todas las cuentas de formación de la Cooperativa de Vivienda en sus pasos hacia algo nuevo, la Cooperativa de Vivienda ha sufrido más que su participación en crecimiento doloroso, pero está todavía en el negocio, y es uno de pocos lugares en el Municipio donde gente de bajos ingresos puede dueña una casa. Significativamente, desde 1996, la Cooperativa de Vivienda no ha solicitado préstamos ni becas adicionales a la Municipalidad.

Ha habido muchos cambios a lo largo del camino. Unos de esos cambios ocurrió hace tres años cuando la Cooperativa de Vivienda cortó ataduras con HUD y con Jon Liss de Inquilinos y Trabajadores Unidos (TWU) (Antiguamente Comité de Apoyo de Inquilinos y Trabajadores). La Junta Directiva tomó medidas en aquel entonces ante el deterioro de la propiedad y la denegación de agentes de gerencias certificadas por HUD para estimar y reparar apropiadamente ese deterioro, exacerbado por la insistencia de HUD, por una parte que la Junta no podía tener control sobre la gerencia mientras que por otra, al mismo tiempo, la Junta era responsable de esa gestión. La Junta había madurado hasta el punto que ellos se dieron cuenta de eso, con el propósito de cuidar apropiadamente su propia propiedad, la Junta, quienes todos son miembros de ACHC, y los

property, the Board, all of whom are ACHC members, and the ACHC members needed to take over supervision from outside entities that, while well-meaning, did not have the time or energy to properly assess the needs of the Housing Cooperative and the best way to achieve those needs.

In the Board's opinion, Jon Liss and TWU were also unresponsive to the deterioration of the property. ACHC understands that TWU received a number of grants and loans from the City, which in part were supposed to support ACHC programs and housing. While ACHC does not have access to TWU records, ACHC records do not show that any of these funds were received directly or indirectly by ACHC. After the Cooperative severed its ties with Jon Liss, he immediately developed an adversarial posture with regards to ACHC in order, we believe, to continue to receive grants using ACHC as a basis for the grant receipts.

The Housing Cooperative has operated at a loss for a number of years. In the Spring of 2008 the Board of Directors made a business decision to address that problem through the passage of a budget with a substantial increase. After the budget was properly ratified and implemented, ACHC believes that Jon Liss and TWU organized to convince ACHC members not to pay the increase. At one point, Jon Liss and TWU collected payments due to the Housing Cooperative from the members and deposited them in the bank in the name of Tenants and Workers United. The funds Jon Liss collected were not received by ACHC until 17 March 2008. The funds collected by TWU did not include the increase, putting all of the members who paid through Mr. Liss and TWU in default. Mr. Liss also engineered several meetings with the Mayor and City staff, who, while well-meaning, bought Mr. Liss' version of events without checking to see if his claims had any basis in fact. In an E-mail dated 11 April 2008, Mr. Liss asked the City to use the

miembros de ACHC necesitaron tomar supervisión de entidades exteriores que, mientras bienintencionado, no tuvieron el tiempo ni la energía para estimar apropiadamente las necesidades de la Cooperativa de Vivienda ni la mejor manera de alcanzar esas necesidades.

En la opinión de la Junta, Jon Liss y TWU también estuvieron indiferentes en el deterioro de la propiedad. ACHC entiende que TWU recibió becas y préstamos del Municipio, que fueron en parte a sostener programas de ACHC y vivienda. Mientras que ACHC no tiene acceso a los archivos de TWU, los archivos de ACHC no muestran que algunos fondos fueron recibidos directamente o indirectamente por ACHC. Después que la Cooperativa cortó ataduras con Jon Liss, él inmediatamente desarrolló un comportamiento adversario con respecto a ACHC con el propósito, creemos, de seguir recibiendo becas usando a ACHC como base por los recibos de becas.

La Cooperativa de Vivienda ha funcionado con pérdida de capital durante varios años. En la primavera del 2008 la Junta Directiva tomó una decisión de negocio para manejar ese problema por medio del pasaje de un presupuesto con un substancial aumento. Después de que el presupuesto fuera ratificado e implementado apropiadamente, ACHC cree que Jon Liss y TWU se organizó para convencer a miembros de ACHC de no pagar el aumento. Llegó un punto en el que recolectó pagos debidos a la Cooperativa de Vivienda por parte de los miembros y los depositó en el banco en nombre de Inquilinos y Trabajadores Unidos. Los fondos recolectados por Jon Liss no fueron recibidos por ACHC sino hasta el 17 de marzo del 2008. Los fondos recolectados por TWU no incluyeron el aumento, colocando a todos los miembros que pagaron a través de Sr. Liss y TWU en demora. Sr. Liss también maquinó varias reuniones con el Alcalde y personal del Municipio, quienes, bienintencionado, compraron la versión de Sr. Liss de los eventos sin chequear para ver si sus reclamos tenían alguna base concreta. En un correo electrónico con fecha 11 de abril del 2008, Sr. Liss le

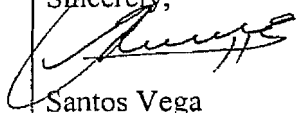
<p>City's loans as "leverage" against the Board of Directors (See attached E-mail).</p> <p>At this point, the City began its examination of the forgiveness of this loan, in response, it seemed to the ACHC Board, to Mr. Liss' request. In addition, at the same time, Assistant City Attorney Mary Elliott O'Donnell began soliciting pro bono attorneys to file a class action to remove the duly elected Board of Directors (See attached E-mails).</p> <p>Finally, at what the ACHC Board believes was a successful meeting between the Board of Directors and the Mayor and City staff, including Ms. O'Donnell, ACHC was able to present verifiable factual information which contradicts the story told by Mr. Liss to the City.</p> <p>During this period of time, the ACHC Board came to the realization that many of the members had been misled by people associated with Mr. Liss and TWU. Thus the ACHC Board of Directors, who personally do not want to see people lose their homes, decided in the best interests of ACHC and ACHC members and residents to establish an amnesty program whereby members who had not paid the occupancy fees due for their units. Briefly, members and resident who membership had been terminated had until the end of September of 2008 to pay the balance of due for their unit. All late fees, interest and legal fees incurred due to non payment of the occupancy charges were waived. In addition, at the same time, the Board reinstated all members who lost their membership because of agitation by Jon Liss, in time for them to vote and run in the election. While the costs and expenses associated with the amnesty program were not insignificant, the program was a success. All but twenty-one of the approximately 110 members in default at that time took advantage of the amnesty program and paid</p>	<p>pidió al Municipio de usar el préstamo del Municipio como "palanca de impulse" en contra de la Junta Directiva (Ver correo electrónico anexo).</p> <p>A este punto, el Municipio comenzó su examinación del perdón de este préstamo en respuesta, le pareció a la Junta de ACHC, a la solicitud de Sr. Liss. Además de eso, y al mismo tiempo, Abogado Asistente del Municipio Mary Elliott O'Donnell comenzó a solicitar a abogados gratuitos de presentar una clase de acción para quitar a la Junta Directiva elegida debidamente. (Ver correo electrónico anexo).</p> <p>Finalmente, en lo que la Junta de ACHC cree fue una reunión exitosa entre la Junta Directiva y el Alcalde y el personal del Municipio, incluyendo Sra. O'Donnell, ACHC presentó hechos verificables contradicen la historia dicha por Sr. Liss al Municipio.</p> <p>Durante este periodo del tiempo, La Junta Directiva realizó que muchos de los miembros han estado mal informados de la gente asociada con sr. Liss y TWU. Entonces, la Junta Directiva de ACHC, quien personalmente no quiso ver la gente pierda sus casas, decidió en los intereses mejores de ACHC y los miembros de ACHC y residentes para establecer un programa de amnistía por los miembros quienes no han pagado los cobros de ocupación por sus unidades. En pocas palabras, los miembros y residentes para quien las membresías fueron canceladas han tenido hasta el fin de septiembre de 2008 a pagar el balance debida por sus unidades. Todas las tarifas atrasadas, interés, y honorarios de abogados debidas por la razón que no pagaron los cobros de ocupación fueron borrados. Adicionalmente, al mismo tiempo, la Junta restableció a todos los miembros que perdieron su membresía, debido a agitación por Jon Liss, a tiempo para que ellos voten y corran en la elección. Mientras que los gastos asociadas con el programa de amnistía no fueron insignificantes, el programa fue un éxito. Todos excepto por veinte y uno de los 110 miembros en mora para ese entonces tomaron ventaja del programa de amnistía y pagaron el balance atrasado. Es importante a notar que durante lo</p>
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the past due balance. It is important to note that during this same period of time, approximately 165 members paid and continued to pay their charges as assessed. Regrettably, ACHC was forced to proceed with eviction proceedings against those who refused to pay the occupancy charges. In May of this year, fourteen cases were presented to the court. In ten cases, the Court granted possession and ACHC is proceeding with evictions. In the four of the cases, ACHC was able to enter in four settlement agreements which allowed the people to continue to reside at ACHC. In court, the Judge, when rendering his decision in the eviction matters, said that the ACHC budget was properly ratified and implemented, that the water/trash charges, which are a component of the Occupancy fees, were proper and properly implemented, and that a separate charge for tenants as opposed to members was proper and properly implemented. Throughout the process, Mr. Liss and his group agitated to prevent the defendants from paying what they owed and to pressure them not to sign the settlement agreement.

This is not the first time the ACHC Board of Directors has faced difficult circumstances head-on and worked to promote the best interests of the Housing Cooperative, and it is not likely to be the last. Running a Housing Cooperative for people with lower income levels is a daunting task. The Housing Cooperative's ability to function as a business in spite of difficult circumstances is one of the first criteria we would submit as a marker for a successful business.

Thank you in advance for consideration of this letter.

Sincerely,



Santos Vega
President

mismo periodo del tiempo, aproximadamente 165 miembros pagaron y continúan a pagar sus cargos como lo establecido. Desafortunadamente, ACHC fue forzada a proceder con procedimientos legales en contra de quienes se rehúsan a pagar los cobros de ocupación. En mayo de este año, catorce casos fueron presentados al corte. En diez casos, El Corte dio posesión y ACHC esta procediendo con desalojo. En cuatro de los casos, ACHC pudo entrar en acuerdos mutuos que permitió la gente a continuar vivir en ACHC. En la Corte, el Juez dijo que el presupuesto había sido ratificado e implementado correctamente, que los cargos de agua/basura, que son un parte de los cobros de Ocupación, eran apropiados e implementados apropiadamente, y que un cargo separado para inquilinos a diferencia de los miembros era apropiado e implementado apropiadamente. Durante todo el proceso, Sr. Liss y su grupo agitaron para prevenir a los demandados de pagar lo que ellos deben y presionarlos a no firmar ningún acuerdo.

Esta no es la primera vez que la Junta Directiva de ACHC ha enfrentado circunstancias difíciles, con cabeza en alto y trabajó para promover los mejores intereses de la Cooperativa de Vivienda, y no parece se el último. Correr una Cooperativa de Vivienda para gente de bajos ingresos es una tarea que intimida. La capacidad de la Cooperativa de Vivienda a funcionar como negocio a pesar de las circunstancias difíciles es uno de los primeros criterios que a nosotros nos gustaría someterse como un marcador para un negocio exitoso.

Gracias de ante mano por la consideración de esta carta.

Sinceramente,
Santos Vega
Presidente

TYI

— Forwarded by Nancy Coats/Alex on 04/11/2008 09:43 AM —



"Jon Liss" <jliss@twsc.org>

04/10/2008 07:30 PM

To <alexvamayor@aol.com>,
<Jim.Hartmann@alexandriava.gov>
cc <Mary.O'Donnell@alexandriava.gov>, "Victor M. Glasberg"
<vmg@robinhoodsq.com>, <nbacon@lsnv.org>
Subject request for follow up action regarding Arlandria Chirilagua
Housing Cooperative

Mayor Euille and Mr. Hartmann;

Earlier this year the residents of the Arlandria / Chirilagua Housing Cooperative requested city assistance concerning the looming crisis at the housing cooperative. This crisis involves the lack of democratic process, the lack of true ownership by residents and the declining condition of the apartments themselves. We met with City staff in mid-February. I've had several subsequent conversations with Mary O'Donnell from the City Attorney's office but I am not sure what if any action the City has taken. Residents have requested that I contact you again because the situation has taken a turn for the worse and there are deteriorating living conditions and almost half of the residents face the possibility of eviction.

To briefly summarize the last two months - a bad situation is becoming much worse. 110 residents refused to pay what they considered an illegal and inappropriate 20% rent increase in March (and April). At this point the board is stripping, with little due process, the memberships of at least 60 members. Ultimately 110 or more families could face eviction. We have tried - through attorney Victor Glasberg - to open up channels for negotiation. The board refused to negotiate. Now residents have submitted petitions signed by representatives of 222 of the 260 owner / residents calling for a Special Meeting to remove the board and hold free and fair elections to replace them. We anticipate that the current board will either not hold the mandated Special Meeting or that they will deny most residents the right to participate in the meeting.

The residents have requested that I contact you two to request immediate and aggressive City intervention to prevent the mass evictions and disenfranchisement of hundreds of residents. There are three actions that will greatly assist residents' efforts to restore democracy and preserve affordable housing at the Arlandria Chirilagua Housing Cooperative. Specifically:

- 1) Residents invite you (and other staff as appropriate) to directly meet with the residents - it is important for the residents to know that you stand with them and it is important for you to understand the gravity of the current situation.
- 2) Residents request your direct intervention with the current ACHC board. Some of their board members might listen if you urge them to work toward a fair settlement (free and fair elections, respecting of due process) as opposed to mass evictions. Santos Vega is the board president and residents urge you to meet directly with him.
- 3) The strongest leverage the city has is the \$600,000 loan that the City provided over 12 years ago to assist with the purchase of the property. This loan was provided in order to support (collective) homeownership for area residents. Currently 60 to 110 residents have lost or are losing their ownership stake and it is incumbent on the city to intervene and if need be require repayment of this loan if you find that its provisions are not being met. The financial pressure this causes may again force the ACHC to negotiate a fair and reasonable settlement.

Thank you in advance for your consideration. Problems at the cooperative have been developing over the last 2 years and while we have tried to resolve this internally residents now feel that urgent actions are required by the city in order to prevent the human disaster of mass evictions.

I will follow up with you shortly.

Jon Liss
Executive Director
Tenants and Workers United
(703) 684-5697 ext. 302



Mark Jinks/Alex
02/22/2008 06:33 PM

To: Mary O'Donnell/Alex@Alex
cc: Mildrilyn Davis/Alex@Alex
bcc:
Subject: Re: ACHC meeting w Jon Liss

Thanks for the email. Lets talk strategy before any letter is sent. This will get political and messy so we need to figure a way to finesse it to achieve what we want and not have it blow up in our faces. Mildrilyn is going to brief the City Manager (at his request) so that is a good forum to discuss the issues and how to proceed. She is in the process of setting up the meeting

Mary O'Donnell/Alex



Mary O'Donnell/Alex
02/22/2008 04:37 PM

To: Mark Jinks/Alex@Alex
cc: Mildrilyn Davis/Alex@Alex
Subject: ACHC meeting w Jon Liss

Mark

Just wanted to let you know I have some serious concerns regarding ACHC after listening to the problems raised by the residents and Mr. Liss. Rod had intended, before he left, to draft a letter to the Board asking for an extensive list of documents to determine if the Board was supporting home ownership, as required by the City loan. It is my intention to draft and send that letter within the next week. I am happy to discuss this with you and Mildrilyn, at your convenience.

mary

Mary Elliott O'Donnell
Assistant City Attorney
City Attorney's Office
301 King Street, Suite 1300
Alexandria, Virginia 22314
(703) 838-4433 (office)
(703) 838-4810 (fax)
Please note my email address has changed to mary.o'donnell@alexandriava.gov



Mildrilyn Davis/Alex
04/11/2008 12:04 PM

To Mary O'Donnell/Alex@Alex
cc Mark Jinks/Alex@Alex
bcc

Subject Re: Fw: request for follow up action regarding Arlandria
Chirilagua Housing Cooperative

History: This message has been replied to.

Per Jean Niebauer's suggestion, perhaps they LSNV can get a private attorney from their pro bono list to take on the class action. Has that been discussed?

Mary O'Donnell/Alex



Mary O'Donnell/Alex
04/11/2008 11:45 AM

To Mildrilyn Davis/Alex@Alex
cc Mark Jinks/Alex@Alex

Subject Re: Fw: request for follow up action regarding Arlandria
Chirilagua Housing Cooperative

A few weeks ago, I contacted a LSNV Board member to ask them to have LSNV take this on as a class action. The Board member told me that LSNV was meeting with Co-op members the first week of April to try to make a decision and that he thought it would be a good thing for LSNV to take on. I left a message earlier in the week with Nicole Bacon, the LSNV attorney who represented several of the evicted co-op owners asking them what LSNV was deciding. Coincidentally, she just called me back this am and it appears that they are focusing on the problems of the individual members being evicted and not on the co-op members as a whole. She said that, from her perspective, LSNV does not have the resources to investigate the issues raised to see if there are legitimate causes of action. She also said that they were letting Vic Glasberg take the lead on trying to get a special election going.

I will call the LSNV Board member back to see what pressure I can apply.

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Mildrilyn Davis/Alex



Mildrilyn Davis/Alex
04/11/2008 11:40 AM

To Mary O'Donnell/Alex@Alex
cc



Subject Fw: request for follow up action regarding Arlandria
Chirilagua Housing Cooperative

Pls. see below. Have you called Legal Services yet? Even with our letter going forward, the residents still need legal assistance. If you can follow up on that and let me know, I'd appreciate it.

— Forwarded by Mildrilyn Davis/Alex on 04/11/2008 11:38 AM —



Mark Jinks/Alex

04/11/2008 09:47 AM

To Mildrilyn Davis/Alex@Alex

cc

Subject Fw: request for follow up action regarding Arlandria
Chirilagua Housing Cooperative

fyi - what was the outcome of discussions with No Va Legal Services?

— Forwarded by Mark Jinks/Alex on 04/11/2008 09:46 AM —

Nancy Coats/Alex

04/11/2008 09:43 AM

To Mark Jinks/Alex@Alex

cc

Subject Fw: request for follow up action regarding Arlandria
Chirilagua Housing Cooperative

fyi

— Forwarded by Nancy Coats/Alex on 04/11/2008 09:43 AM —



"Jon Liss" <jliss@twsc.org>

04/10/2008 07:30 PM

To <alexvamayor@aol.com>,
<Jim.Hartmann@alexandriava.gov>

cc <Mary.O'Donnell@alexandriava.gov>, "Victor M. Glasberg"
<vmg@robinhoodsq.com>, <nbacon@lsnv.org>

Subject request for follow up action regarding Arlandria Chirilagua
Housing Cooperative

Mayor Euille and Mr. Hartmann;

Earlier this year the residents of the Arlandria / Chirilagua Housing Cooperative requested city assistance concerning the looming crisis at the housing cooperative. This crisis involves the lack of democratic process, the lack of true ownership by residents and the declining condition of the apartments themselves. We met with City staff in mid-February. I've had several subsequent conversations with Mary O'Donnell from the City Attorney's office but I am not sure what if any action the City has taken. Residents have requested that I contact you again because the situation has taken a turn for the worse and there are

deteriorating living conditions and almost half of the residents face the possibility of eviction.

To briefly summarize the last two months - a bad situation is becoming much worse. 110 residents refused to pay what they considered an illegal and inappropriate 20% rent increase in March (and April). At this point the board is stripping, with little due process, the memberships of at least 60 members. Ultimately 110 or more families could face eviction. We have tried – through attorney Victor Glasberg – to open up channels for negotiation. The board refused to negotiate. Now residents have submitted petitions signed by representatives of 222 of the 260 owner / residents calling for a Special Meeting to remove the board and hold free and fair elections to replace them. We anticipate that the current board will either not hold the mandated Special Meeting or that they will deny most residents the right to participate in the meeting.

The residents have requested that I contact you two to request immediate and aggressive City intervention to prevent the mass evictions and disenfranchisement of hundreds of residents. There are three actions that will greatly assist residents' efforts to restore democracy and preserve affordable housing at the Arlandria Chirilagua Housing Cooperative. Specifically:

- 1) Residents invite you (and other staff as appropriate) to directly meet with the residents – it is important for the residents to know that you stand with them and it is important for you to understand the gravity of the current situation.
- 2) Residents request your direct intervention with the current ACHC board. Some of their board members might listen if you urge them to work toward a fair settlement (free and fair elections, respecting of due process) as opposed to mass evictions. Santos Vega is the board president and residents urge you to meet directly with him.
- 3) The strongest leverage the city has is the \$600,000 loan that the City provided over 12 years ago to assist with the purchase of the property. This loan was provided in order to support (collective) homeownership for area residents. Currently 60 to 110 residents have lost or are losing their ownership stake and it is incumbent on the city to intervene and if need be require repayment of this loan if you find that its provisions are not being met. The financial pressure this causes may again force the ACHC to negotiate a fair and reasonable settlement.

Thank you in advance for your consideration. Problems at the cooperative have been developing over the last 2 years and while we have tried to resolve this internally residents now feel that urgent actions are required by the city in order to prevent the human disaster of mass evictions.

I will follow up with you shortly.

Jon Liss
Executive Director
Tenants and Workers United
(703) 684-5697 ext. 302



Mark Jinks/Alex
04/11/2008 01:13 PM

To: Mary O'Donnell/Alex@Alex
cc
bcc
Subject: Re: Fw: request for follow up action regarding Arlandria Chirilagua Housing Cooperative

I would suggest you talk to their exec director (I don't know who that curretnly is) and it would not hurt to remind them that their helping in our minds is part of the reason we give them City \$.

Mary O'Donnell/Alex



Mary O'Donnell/Alex
04/11/2008 12:08 PM

To: Mildrilyn Davis/Alex@Alex
cc: Mark Jinks/Alex@Alex
Subject: Re: Fw: request for follow up action regarding Arlandria Chirilagua Housing Cooperative

I raised it with both Nicole and the LSNV Board member in my conversations. Before today, I understood that LSNV was considering taking it on themselves, which would then moot the need for a private lawyer. But today Nicole told me that they would welcome "help" with the investigation, which also implies that they may want to handle this themselves. But they need to decide! Apparently I need to speak to someone higher up in the organization than Nicole. I left a message for the Board member after my last email, so that he can direct me to the best higher up person to talk with.....

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Mildrilyn Davis/Alex
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Mary O'Donnell/Alex

04/11/2008 11:45 AM

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Executive Director
Tenants and Workers United
(703) 684-5697 ext. 302

34
6-9-09

WHITEFORD, TAYLOR & PRESTON L.L.P.

REC'D JUN 24 2009

3190 FAIRVIEW PARK DRIVE, SUITE 300
FALLS CHURCH, VIRGINIA 22042-4510

MAIN TELEPHONE (703) 280-9260
FACSIMILE (703) 280-9139

BALTIMORE, MD
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WWW.WTPLAW.COM
(800) 987-8705

EDWARD J. O'CONNELL, III
PARTNER
DIRECT LINE (703) 280-9266
DIRECT FAX (703) 280-8944
EOConnell@wtplaw.com

June 22, 2009

First Class Mail and Electronic Mail

Honorable William D. Euille and
Members of the City Council
c/o the Clerk of the City Council
301 King Street, Room 2000
Alexandria, Virginia 22314

Re: The Arlandria/Chirilagua Housing Corporation
Deferral from June 9, 2009. Consideration of Extending the Determination Date
Regarding Partial Loan Forgiveness for the Arlandria Chirilagua Housing
Cooperative. (#34, 6/9/09)

Dear Mayor Euille and City Council Members:

We write on behalf of our client, Arlandria/Chirilagua Housing Corporation (ACHC). This firm has served as corporation counsel for about 14 months. We represent the Corporation. We do not represent the ACHC Board of Directors as an entity or the directors in their individual capacities. In addition, we do not represent ACHC's management company. Finally, we do not represent the 1000 plus ACHC members and other residents, most of whom would be considered lower income working family members and individuals.

ACHC and its Board of Directors are mindful of the concerns expressed by the City Council at the June 9, 2009 City Council meeting. We agree with the City staff that the deadline be extended until September. Thus, the purpose of our letter is to request that the City Council approve staff's request that it be given the opportunity to take time to evaluate whether ACHC has been and is "operating successfully" in accordance with the terms of the promissory note.

We believe that the City staff will find that ACHC has been for the past 15 years and is now operating successfully as a provider of housing for lower income working families and individuals on a cooperative homeownership basis and thus, the loans should be forgiven. For example, as the City staff is aware, ACHC successfully renegotiated the primary loans for the property. ACHC is working very closely with its primary lenders to maintain, repair, replace and improve the capital components of the property in accordance with an updated and detailed engineering study commissioned last year. To date, we have been told that repairs and improvements, all of which have been approved by its primary lenders and value over three million dollars, have been made to the property since 2006. In addition, ACHC has developed a good working relationship with the Alexandria Redevelopment and Housing Authority (ARHA) to provide Section 8 housing on the property. Furthermore, we believe that the City will

*Whiteford, Taylor and Preston L.L.P. is a limited liability partnership. Our Delaware office is operated under a separate Delaware limited liability company, Whiteford, Taylor & Preston L.L.C.

Honorable Mayor Euille and Members of the City Council
Arcadia Chirilagua Housing Corporation
June 22, 2009
Page 2

ultimately find that a significant majority of the ACHC members and residents generally support the work done by the current Board of Directors and ACHC's management company.

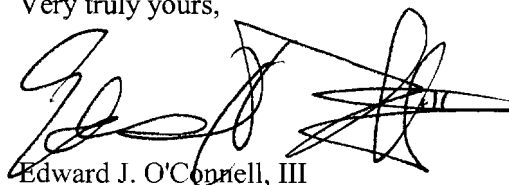
There is a small, very vocal, group of ACHC residents with the support of outside organizations, who are trying to effect the replacement of the current elected Board of Directors, dismiss the management company and staff, and take control of ACHC. To further their efforts, we have been told that a majority of the complaints received by the City were submitted by this group and that most complaints were unsubstantiated and found to be without merit by the City. In addition, ACHC has developed a good working relationship with City staff to promptly address any problems that may arise on the property.

ACHC faces many of the same challenges that other aging multi-family common interest communities are being forced to address. It is expensive to maintain an aging physical plant. More and more resources and funds have to be expended each year to just maintain the property. In addition, ACHC pays commercial rates for water and sewage, which are much higher than the rates paid by most residents of the City of Alexandria. Furthermore, unlike most multi-family common-interest communities, ACHC faces the additional challenge of being a lower income community. Many ACHC members and residents have been directly affected by the current economic situation and are struggling to simply live and survive on a daily basis. Thus, any increase in the occupancy fees, which for comparative purposes are currently about two-thirds to three-fourths of market rates for similar rental apartments, will be a huge burden for many ACHC members. If the City does not forgive the loan, these same ACHC members will be the ones who will have to pay the balance due.

Notwithstanding all these challenges, for the past 15 years ACHC has successfully provided housing for lower income working families and individuals, which includes some very low income families. We believe that the City staff will find and agree that ACHC is operating successfully and that it will endorse a recommendation to forgive the loan made some 15 years ago. ACHC will of course make available for examination additional financial and business records that the City staff needs to complete its evaluation.

On behalf of ACHC, we appreciate your time and attention to this matter. Please don't hesitate to contact me if you have any questions or require additional information from ACHC.

Very truly yours,



Edward J. O'Connell, III
Partner

EO:eo

cc: Board of Directors, Arlandria/Chirilagua Housing Corporation
Mildrilyn Davis, Director, Department of Housing
Kevin A. Kernan, Esquire