

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 6, 2025

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC)

FROM: JOSE GONZALEZ, HOUSING PROGRAM MANAGER, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF A LOAN REQUEST TO GOOD SHEPHERD HOUSING

ISSUE: Review of a loan request to enable Good Shepherd Housing to purchase a unit at 5340 Holmes Run Parkway (Attachment 1).

RECOMMENDATION: That the Committee endorse a loan of up to \$195,000 comprised of federal HOME Investment Partnership Program (HOME) funds from the Housing Opportunities Fund (HOF) for Good Shepherd Housing to purchase a condominium unit at the Pavilion on the Park.

BACKGROUND: Good Shepherd Housing (GSH) is a new entrant to Alexandria. They are looking to expand their current portfolio beyond Fairfax County. GSH has developed and preserved more than 100 condominium units and leases and manages another 17 along the Richmond Highway corridor in Fairfax County. While this will be GSH's first project in the city, they have a long history of successfully managing a scattered portfolio of rental housing. One of GSH's strategic goals is to enhance its impact on the preservation of affordable housing and to expand its services to residents of Alexandria.

The unit to be purchased is in the Pavilion on the Park Condominium. Built in 1967, the ten-story building has 283 total units. Located at 5340 Holmes Run Parkway, the Condominium lies within the Landmark-Van Dorn neighborhood (Figure 1) and is within walking distance of two DASH bus stops, the Holmes Run Trail, and the Beatley Library.

The unit is a one bedroom/one bath with 849 square feet. It is privately owned and has been offered for sale to GSH to avoid the displacement of a long-term tenant. Staff have reviewed sales prices for comparable units and believe the asking price proposed is fair. Although the City is being asked to fund 93% of the total project cost, GSH is funding closing related costs and \$7,500 for anticipated renovations (Attachment 2). In addition, GSH, moving forward, will be fully responsible for ongoing maintenance and operating costs, including condominium fees and utilities. GSH will be required to maintain reserve accounts for capital needs and any possible special assessments. GSH's intent is to preserve the long-term affordability of the unit by offering it as rental housing to households at or below the HOME limit.



Figure 1. Pavilion on the Park Condominium Location

DISCUSSION: Good Shepherd Housing will use City funding to purchase the unit and rent it to households with incomes at or below the HOME limit. The unit will be purchased using federal HOME funds. The current year's allocation of HOME funds is \$594,309. The use of HOME funds here also aligns with the City's 2022-2026 Consolidated Plan for Housing and Community Development and the CFY 2025 Annual Action Plan.

The rent will be set according to the High HOME rent limit. The limit is the lesser of the fair market rent for the area or a rent that does not exceed 30% of the adjusted income of a household at 65% AMI. Tenants with vouchers will continue to pay 30% of their income with the voucher making up the difference. GSH will verify the income of non-voucher holders to ensure they will not be rent burdened. This condo unit is in the Landmark/Van Dorn Small Area, where only approximately 13 percent of rental units were considered "market affordable" based on the 2024 Apartment Survey.

As City Council approved the Annual Plan, it is not necessary that they review this specific use of funds, but staff is presenting the request to AHAAC to get its input on having a potential partner in place if and when similar condominium units become available for sale. Staff believe this is a good opportunity to work with a new partner with experience in scattered site management when for-sale units are occasionally available for use as affordable rental units. For example, in the 2008 recession the City worked with Rebuilding Together DC – Alexandria and Housing Alexandria to acquire distressed units for rehabilitation and resale; now, it would have the opportunity to work with GSH to acquire units for management as affordable rental. Another advantage of the partnership with GSH is the case management support the organization can provide for some clients when needed.

FISCAL IMPACT: Commitment of up to \$195,000 in HOME funds from the City's Housing Opportunities Fund.

ATTACHMENT:

1. Portion of the Good Shepherd Housing Application for Pavilion on the Park Condominium Unit Funding, dated February 11, 2025 (Full application is on file with the Office of Housing)
2. Project Development Budget
3. 2024 HUD HOME Rent and Income Limits

STAFF:

Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing
Kim Cadena, Housing Analyst, Office of Housing



TRANSFORMING LIVES THROUGH AFFORDABLE HOUSING

(703) 768-9404

P.O. Box 1266
Newington, VA 22122-9998

www.goodhousing.org

January 31, 2025
Office of Housing
City of Alexandria, Va.
421 King St #205
Alexandria, VA 22314

Dear Mr. Keeler,

Good Shepherd Housing and Family Services (GSH) respectfully requests \$195,000 to support the acquisition of a one-bedroom condominium unit in Alexandria (5340 Holmes Run Parkway #1518, Alexandria), which will serve to preserve affordable housing for the long-term, as well as to maintain a current extremely low-income tenant with a Housing Choice Voucher to remain stably housed. GSH has a fifty-one-year history of preserving affordable housing in Fairfax County and welcomes the opportunity to expand our services into the City of Alexandria.

GSH is a certified Community Housing Development Organization and owns 100 condominium units and leases and manages another 17 units along the Richmond Highway corridor in Fairfax County. Aside from providing permanent affordable housing, GSH also offers wrap around case management services to our tenants, as well as access to several resident programs including Children's Resources, TANF, and Career Power.

For our agency's long-term support clients, we serve 140+ households, mainly struggling families with children (75 percent of our residents), in our affordable rental housing programs. Of these, we normally see 110+ households progress toward greater self-sufficiency and housing stability due to our programs, support, and below-market rents.

GSH provides the necessary services and supports that have enabled us to realize our mission: *reduce homelessness, increase community support and promote self-sufficiency* for low-income families. A partnership with the City of Alexandria will help us both expand our respective goals of preserving affordable housing and improving the financial outlook for its residents.

The Executive Director of GSH (Genee Hayes) is authorized to sign the City loan agreement on behalf of the applicant (Checklist Item 33); the GSH Board of Directors, inclusive of the Board President and Treasurer, has approved the application consistent with normal Board procedures (Checklist Item 32 including Board Resolution). Our Deputy Executive Director Candice Bennett oversees all financial operations and serves as the organization's CFO. Proof of insurance through our current insurer, Philadelphia Insurance Companies, will be provided at time of closing (Checklist Item 34).

We thank you for your consideration of this application and look forward to developing a long-term relationship to benefit the residents of the city.

Sincerely,

Genee Hayes
Executive Director



Good Shepherd Housing is a 501(c)(3) charitable agency, supported by public and private funding. Donations from individuals in the community are essential to our continued success, preventing homelessness and enabling self-sufficiency by providing permanent affordable housing, emergency financial services, budget counseling and case management to working-class families.



Project Development Budget

Total Project Cost:

Acquisition	\$ 195,000
Closing (2.6% of acquisition price)	5,070
Lead Paint Inspection	695
Appraisals	575
Home Inspection	350
Balance of Real Estate Taxes	1,628
Estimated Renovation	<u>7,500</u>
<i>Total Actual Expenditures</i>	<i>\$210,818</i>

TOTAL COST: \$210,818

Source of Project Funding:

	<i>Amount</i>	<i>Equity Position</i>
Equity Investment	\$ 15,818	
Alexandria Office of Housing	<u>\$ 195,000</u>	1 st
TOTAL FUNDING	\$210,818	

Other Funding Sources: Acquisition costs will be 93% funded from County CHDO/HOME funding sources. GSH will invest a total of 7% of the total actual expenditures, where our equity investment will be used to pay costs and pre-fund reserves other than acquisition. GSH will increase its RHA Reserve Account in the event monthly net income exceeds \$200 or more from the acquired unit, following which 25% of the monthly net income will be allocated to its RHA Reserve Account on a calculate annual basis.

Project Narrative

Good Shepherd Housing and Family Services, Inc.

Overview:

Good Shepherd Housing and Family Services, Inc (GSH) requests \$195,000 in funding from the City of Alexandria to purchase one 1-bedroom condominium unit at 5340 Holmes Run Parkway (#1518) to preserve it as affordable rental housing for a household who earns at or below 60% of the Area Median Income (AMI). GSH will use funding to purchase and refurbish this unit for a household of up to two persons and commit to a 40-year affordability covenant. By expanding beyond our traditional service area along Richmond Highway, GSH will be fulfilling its strategic plan of expanding our services to more areas of the region as well as increasing the number of units that GSH owns and preserves as affordable units. Additionally, by expanding our services into higher income areas at risk of redevelopment, GSH is supporting the city's objectives to affirmatively further fair housing.

The funds from the City will cover 93% of the total acquisition costs. GSH will pay the 7% balance of the purchase and all renovation costs with operating funds. GSH is prepared to absorb any additional turnover and rehab costs. It is important that the unit be safe and suitable, as we expect for all of our units, for our tenants.

Project Type: Rental Acquisition

Purchasing Entity: Good Shepherd Housing and Family Services, Inc. ("GSH")

Current Owner/Seller: Privately owned property where seller is making an "as is" sale. The property is not in foreclosure and has no liens on it.

Number of Existing and Proposed Units: 1 existing unit

Existing and Proposed Levels and Terms of Affordability: The current rent level is \$1,845/mo, inclusive of HOA fees and utilities for the current tenant who receives a Housing Choice Voucher. GSH anticipates keeping this rent level during the current tenant's occupancy. Should the tenant move, the monthly rent will be lower than the annual High HOME rent limit serving 80% AMI or below; the current rent level assumed in the pro-forma is \$1,600/mo. The planned rent is priced affordably and significantly at a discount for renters earning 60% of the AMI, consistent with the majority of other GSH units who also serve incomes up to 60% AMI.

Location: 5340 Holmes Run Parkway #1518, Alexandria, Virginia, 22304

Property Description: High rise-style condominium, 1 bedroom/1 bath, 849 sq ft

Short- and Long-Term Goals of the Proposed Project:

Short-Term Goals: Increase affordable housing rental stock available for residents at or below 60% AMI in zip codes 22304, where preservation of affordable housing is a critical need; will meet immediate housing needs of a household of no more than 2 persons.

Long-Term Goal 1: Extended Affordability

The project will include a 40-year affordability period.

Long-Term Goal 2: Promote Tenant Self-Sufficiency

GSH offers case management, support and housing-related services for its residents and continues to expand its resident programming with an emphasis on self-sufficiency and financial independence. All tenants are offered case management upon entering and throughout their tenancy with GSH. Once housed, our case managers offer financial counseling, workshops and other supports for improving self-sufficiency. They also refer our clients to other supportive resources, including community-sponsored basic needs providers (e.g., United Community), job training (e.g., Careerworks), healthcare access (e.g., Neighborhood Health), and financial and money management classes and mentors (e.g., Financial Empowerment Center). Over time, GSH residents improve their money management skills and self-sufficiency.

GSH has restructured its staffing to concentrate more internal time, agency resources and funds to resident programming and case management. GSH hired a Resident Services Director at the beginning of FY23. This position is responsible for the case management staff and expanding GSH's programming for residents, including the launch of a new program, Career Power. GSH has two case managers, and two career counselors. GSH has successfully pursued other grant and philanthropic opportunities to provide larger programs to various demographics within the GSH resident population.

Existing and Target Populations: The City of Alexandria needs affordable housing to promote the well-being and future prosperity of its residents and is currently working to develop its updated strategy for its Housing 2040 Master Plan. According to the September Housing 2040 Master Plan Quantitative Housing Needs Analysis Presentation (September 2024), while 36.4% of households in the city have incomes under 60% of the AMI, only 10% of market rate housing units are affordable to them. This project targets this population.

In addition to the household income/AMI considerations, our target population is considered “high risk” because they often have poor credit scores, uneven rental histories, long-term debt, or previous evictions, making other landlords unwilling to rent to them. Our affirmative fair housing marketing plan specifically expands our required marketing efforts to populations with most need.

Relocation Information: The unit is currently occupied by a tenant with a Housing Choice Voucher. GSH intends to maintain the current tenant in their housing. The household must earn no more than 60% AMI.

Consistency of the Project with the Underlying Small Area Plan and Housing Master Plan: This preservation project is consistent with Housing Master Plan including the guiding principal of “Prioritiz[ing] certain factors for distribution and preservation of affordable housing, including the location of affordable housing in transit-oriented, amenity-rich areas and the strategic preservation and/or xi production of affordable housing in large-scale developments and/ or redevelopments, especially where existing market affordable multifamily housing is being impacted.”

Similarly, this project is consistent with Strategy 1.3: “Partner with private nonprofit or for-profit affordable housing providers in acquiring and/or rehabilitating existing market affordable units to increase the number of publicly assisted, privately-owned rental housing affordable to households earning below 60% AMI, with priority for units serving households below 50% AMI.”

Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area								
Program	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% AMI	\$ 32,500	\$ 37,150	\$ 41,800	\$ 46,400	\$ 50,150	\$ 53,850	\$ 57,550	\$ 61,250
50% AMI	\$ 54,150	\$ 61,900	\$ 69,650	\$ 77,350	\$ 83,550	\$ 89,750	\$ 95,950	\$ 102,150
60% AMI	\$ 64,980	\$ 74,280	\$ 74,280	\$ 92,820	\$ 92,820	\$ 107,700	\$ 115,140	\$ 112,580
HUD 80%	\$ 68,500	\$ 78,250	\$ 78,250	\$ 97,800	\$ 97,800	\$ 113,450	\$ 121,1300	\$ 129,100
Source: HUD; Office of Housing								

Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area							
	EFFICIENCY	1 BR	2BR	3BR	4 BR	5 BR	6 BR
LOW HOME RENT LIMIT	\$1,353	\$1,450	\$1,741	\$2,011	\$2,243	\$2,476	\$2,707
HIGH HOME RENT LIMIT	\$1,693	\$1,803	\$2,045	\$2,509	\$2,779	\$3,048	\$3,317
For information only							
FAIR MARKET RENT	\$1,772	\$1,803	\$2,045	\$2,544	\$3,015	\$3,467	\$3,920
50% RENT LIMIT	\$1,353	\$1,450	\$1,741	\$2,011	\$2,243	\$2,476	\$2,707
65% RENT LIMIT	\$1,693	\$1,814	\$2,179	\$2,509	\$2,779	\$3,048	\$3,317
Source: HUD; Office of Housing							