

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 12, 2012

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER 

SUBJECT: FOLLOW UP REGARDING THE AHC, INC. PROPOSED REED AVENUE AFFORDABLE HOUSING PROJECT

At Council's Legislative meeting on December 13, Council decided to defer declaring 3600 Jefferson Davis Highway surplus property as the first step in considering selling that property to AHC, Inc. (AHC) for the purposes of constructing a 54 unit affordable housing rental project. Council requested that City staff review the issues, and make a recommendation to Council as to a future course of action.

Staff and AHC have subsequently reviewed the situation and agreed that given the outstanding issues, and the March 16, 2012, Virginia Housing Development Authority set deadline for low income housing tax credit applications, that the planning and consideration schedule for this project be extended one year with an aim of a March, 2013 tax credit application. This added time will enable the City, AHC and the community more time to carefully review and consider the outstanding issues. This rescheduling also enabled AHC to avoid putting at risk nearly \$100,000 in deposits which were due to the sellers from AHC before the end of this past December. We learned today that AHC has re-negotiated a six-month extension from the private sellers and wants to get City Council and Planning Commission approvals by the end of June, 2012. City staff will work with AHC to develop a realistic schedule which will ensure that all issues are thoroughly vetted and satisfactorily addressed.

The outstanding issues were:

1. The project as originally proposed and designed by AHC did not have adequate parking. This was an issue raised by both City staff and the immediate neighborhood where on-street parking is in high demand. AHC had designed an underground garage with 0.7 spaces per unit which is far below City standards. TES staff determined that while a parking reduction was in order (given the low income nature of the residents which correlates with a lower rate of car ownership), the parking ratio that would be needed would be 1.1 spaces per unit including visitor parking. This meant that AHC would need to re-plan, reengineer, re-price and enlarge the underground parking. This would add to the project's budget.

2. The streetscape plan was a challenge given the size of the lots, the building footprint, utilities, and the immediate adjacent location of busy Jefferson Davis Highway. TES and AHC staff agreed on a new streetscape plan that meant the original streetscape plan needed to be reengineered and resubmitted to the City.
3. The two above redesigns also meant that AHC could not turnaround the redesigns in time to meet the February 5 Planning Commission and February 21 City Council dockets. In order to meet the March 16, 2012, tax credit deadline, a special public hearing on the AHC project would have been required at Council's March 13 Legislative meeting. While holding a public hearing on a normally non-public hearing meeting is not the norm (it has been done to meet tax credit deadline filings before for minor issues, and we have recently learned will be needed this year for consideration of a parking reduction for AHDC's existing Longview project because the value of the proposed rehabilitation triggered a parking space increase or a waiver), holding a public hearing for a rezoning, DSUP application, and other needed actions for a single new development project would be highly unusual and not within the normal practice of the City.
4. Given the City's declaration of surplus land timing requirements for advertisement of a property to the public to solicit offers, and Council's deferral on December 13, there was not sufficient time to make the February dockets, and with other offers possible potentially insufficient time to make the March Legislative meeting date. However, given the financial partnership that an affordable housing project like this requires, the City's surplus property disposition program may not be the best vehicle for the sale of any property where another public good, such as affordable housing, is being obtained through a non-profit entity such as AHC or AHDC.
5. The addition of the parking garage also ballooned the potential City affordable housing loan to AHC to about \$1.1 million (in addition to taking a long-term deferred purchase note on the City lots). The exact amount of the loan would need to be determined after the parking garage is redesigned and a project pro forma submitted to the City Office of Housing for analysis. As of mid-December, AHC also had not yet submitted all the required affordable housing loan information to the City.
6. Some of the issues raised by Council members in regard to the right turn lane, syncing with the small area planning process, reserving the land for a right hand turn lane, the impact of Potomac Yard traffic are all issues that could use more time for consideration.
7. Even if all of the above issues could have been worked out and decided by March 16, the tax credit award process is highly competitive and there was no guarantee that AHC would have been successful.

In conclusion, when weighing all the open issues listed above, the fact that AHC would have needed to put monies at risk at the end of December before those issues had been resolved, given open issues with the neighborhood needed to be addressed, and given that a very rushed consideration of any project can result in currently unknown issues arising later (which invariably cost money to resolve), City staff and AHC have agreed to aim towards a 2013 tax credit consideration, so that there is sufficient time to consider the merits of this project prior to the tax credit application deadline. If you have any questions about this recommendation, please contact Mark Jinks.

cc: Mark Jinks, Deputy City Manager
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Faroll Hamer, Director, Planning and Zoning
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