

AFFORDABLE HOUSING ADVISORY COMMITTEE
LOCATION: ROOM 2000
CITY HALL
THURSDAY, FEBRUARY 7, 2013 7:00PM

AGENDA

1. Consideration of the Minutes of 1/3/13 meeting 7:00 p.m.
2. Rebuilding Alexandria Together Funding Request 7:05 p.m.
3. Beauregard Committed Affordable Unit Presentation and Discussion 7:35 p.m.
4. Information Items: 8:50 p.m.
 - a. Housing Trust Fund Financial Summary for December 2012
 - b. Housing Opportunities Fund Financial Status for December 2012
 - c. Tax and Bond Report for December 2012
 - d. Homeownership Programs Report for December 2012
5. Announcements and Upcoming Housing Meetings 8:55 p.m.
 - a) Planning Commission Work Session Beauregard
Tuesday February 5, 2013
City Hall
 - b) Landlord/Tenant Relations Board Meeting
Wednesday February 6, 2013
Room 2000 City Hall
 - c) Beauregard Housing Town Hall Meeting
Saturday February 9, 2013 9:30 a.m.
Ramsey Recreation Center
5650 Sanger Avenue
 - d) HMP Town Hall Meeting
Monday February 11, 2013 7:00 – 9:00 P.M
Jefferson-Houston Elementary School
 - e) City Council Work Session Beauregard
Tuesday February 12, 2013 5:30 AM
City Hall
6. Adjournment 9:00p.m.

AFFORDABLE HOUSING ADVISORY COMMITTEE
Minutes of the Meeting of January 3, 2013

Members Present

Katharine Dixon Michael Butler
Bill Harris Mike Caison
Rick Liu John Catlett
Carter Flemming
Deena De Montigny
Mildrilyn Davis (Non-Voting)

Staff Present

Jon Frederick
Melodie Seau
Amy Friedlander
Jeff Farner

Guests Present

Diane Stoy
Carol Jackson
Cathy Puskar

The regular monthly meeting of the Affordable Housing Advisory Committee was held in Room 2000 at the City Hall, and was called to order at 7:05 P.M. by Michael Caison, Chair.

1. Staff presented information on the Beaugard Tenant Relocation Plan that was first presented to AHAC in December. Staff asked, Attorney Cathy Puskar, who represents several of the Applicant's in the Beaugard Planning Area, to provide information regarding the logistical issues with "holding units" as part of the relocation plan. The following summarizes the discussion that occurred on the Beaugard Tenant Relocation Plan.
 - C. Puskar stated that it provided issues for the management companies of the impacted developers that were unnecessary because of the volume of units and amount of turn over within the plan area.
 - J. Catlett asked questions about the role of the various Relocation Coordinators referenced in the Relocation Plan. M. Seau of City Staff and C. Puskar representing the applicants discussed the role and process of the Relocation Coordinators.
 - M. Caison asked question pertaining to speed of development occurring in a manner faster than anticipated and asked if there were zoning restrictions that could be used to limit the speed of the development. City staff explained that the market would control the speed development, but for logistical and infrastructure reasons development would take between 15-30 years. J. Farner of City Staff provided information on the build out of other Small Area Plans including Carlyle and the Potomac Yard Development that has recently started. M. Caison expressed continued concern about the reliability of comparable units due the ability to speed up the development process. He expressed concern that while the total project may take several 15-30 years nothing could stop the development once approved from demolishing the housing much more quickly and negatively impact the Relocation Plan.
 - M. Caison asked about the similarities of this project with Hunting Towers. M. Seau explained the differences and explained that the Beaugard Tenant Relocation Plan required tenant relocation benefits that exceeded the City's Conversion Assistance Policy.
 - M. Butler asked who would fund the City's required Relocation Coordinator. It was explained that developer would be responsible for a coordinator for each project that

included demolition. City Staff also acknowledged that additional staff may be needed for the City's Relocation Coordinator, but it would fall within the Office of Housing's Landlord/Tenant Relations Division.

- A motion was made and the AHAC voted unanimously to support the Beauregard Tenant Relocation Plan
2. Office of Housing Staff J. Frederick presented analysis completed by the Office of Housing pertaining distribution of the committed units within the Beauregard Plan. Details of that analysis and discussion was as follows:
 - The Tenant Survey of the Beauregard showed that 38% of the households surveyed had incomes at or below 40% AMI. Of the households that were below 75% AMI 52% of the them were at or below 40% AMI
 - It was explained that this was a larger percentage at 40% AMI than in the committed unit distribution in the Small Area Plan.
 - Several distribution scenarios were presented ranging from the direct Tenant Survey distribution which resulted in a shortage of funding of over \$40 million to distributions that could achieve a number of units greater than the 800.
 - Different assumptions such as right sizing and the use of leverage were discussed as ways to further stretch the City's resources for Housing in the Beauregard area.
 - K. Dixon and R. Liu expressed some concern regarding the number of efficiencies in some of the City Staff analysis.
 - City Staff asked the committee to further analyze City's documents and be prepared to further discuss and potentially make recommendations at the next regularly scheduled AHAC meeting.
 3. The Chair called for the approval of the minutes of the December 6, 2012 AHAC meeting. The Minutes were unanimously approved by the committee as presented by staff.
 4. There being no further business the chair adjourned the meeting at 9:00 PM.

No committee member was assigned to take minutes so minutes have been provided by City Staff.

City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 31, 2013

TO: AFFORDABLE HOUSING ADVISORY COMMITTEE

FROM: MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING *msd*

SUBJECT: CONSIDERATION OF A REALLOCATION OF FEDERAL COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) AND HOME PROGRAM FUNDS TO REBUILDING TOGETHER ALEXANDRIA

ISSUE: Consideration of a reallocation of federal Community Development Block Grant (CDBG) and HOME Program funds to Rebuilding Together Alexandria to support continuation of the Neighborhood Stabilization Program (NSP).

RECOMMENDATION: That AHAC recommend to City Council the reallocation of federal funds to Rebuilding Together Alexandria to continue implementation of the Neighborhood Stabilization Program (NSP) and to expand the program to a City-wide service area. AHAC is asked to recommend the transfer of \$500,000 in HOME funds from the Housing Opportunities Fund to this initiative. In concert with this request, staff will be seeking City Council approval of the reallocation of \$500,000 in federal CDBG funds from the Home Rehabilitation Loan Program to the new NSP initiative. After the assisted unit is sold, CDBG funds will be recycled back to the City to support the Home Rehabilitation Loan Program during FY 2014. It is proposed that HOME funds be dedicated to an ongoing program to be administered by RTA with program income to be retained for additional future purchases.

BACKGROUND: In 2009, the City, Rebuilding Together Alexandria, and the Alexandria Housing Development Corporation (AHDC) successfully applied for an allocation of \$936,955 in federal Neighborhood Stabilization Program funding through the Virginia Department of Housing and Community Development. While the initial funding was expected to serve only four households, the program was very successful in generating program income through the resale of renovated homes and has assisted ten lower-income City residents in purchasing fully renovated homes in three targeted neighborhoods of the City. It is expected that the tenth and final unit will be acquired during the winter of 2013. It is noted that six of the NSP purchasers had incomes below 50% of the area median income, one of whom was a participant in the Section 8 Housing Choice Voucher Program. In addition, the NSP was very successful in leveraging funds through Rebuilding Together Alexandria, existing City home purchase programs and Virginia Housing Development Authority (VHDA) reduced rate mortgage financing.

DISCUSSION: In response to a request from RTA for funding to carry out an NSP-like program on its own, staff is proposing that the City allocate \$500,000 in HOME funding and \$500,000 in CDBG funds to Rebuilding Together Alexandria to continue the City's highly successful NSP. Because the recommended HOME funding is from the Housing Opportunities Fund, this request is in the purview of AHAC. Following the model of the existing NSP Program, it is expected that funds will be used as follows:

- Property acquisition – \$230,000 per unit Total = \$920,000
- Property appraisals - \$400 per unit Total = \$ 1,600
- Property rehabilitation – \$8,750 per unit Total = \$ 35,000
- Resale – to be funded through existing HAP allocation

The existing NSP Program uses performance based budgeting to fund deliverable costs. Staff recommends that the current deliverable costs of \$5,000 per acquisition completed and \$5,500 per rehabilitation project completed be retained, providing a total projected budget of \$998,600.

Benefits of the collaboration include:

- The program will leverage skills developed by RTA and City staff over the three years since the program began to expend funds quickly and efficiently. To increase program efficiency, RTA will assume the acquisition role previously performed by AHDC;
- RTA is willing to advance funds as necessary to ensure a seamless acquisition and rehabilitation process;
- Using local funding for the program provides greater flexibility in program design, specifically in expanding the program beyond the current NSP target areas;
- Elimination of target areas will expand the program to a greater number of communities in the City, continuing the original program's goal of stabilizing neighborhoods by acquiring, rehabilitating and re-selling foreclosed properties and short sales to income eligible, qualified homebuyers;
- This approach allows the City to continue to provide limited homeownership opportunities and counseling to lower income households within existing resources.
- The City and RTA can continue to leverage non-City resources for homeownership, including new VHDA grant funds that may be funded through Virginia's National Mortgage Settlement Fund allocation.

Homebuyer assistance, to be provided through the City's Flexible Homeownership Assistance Program (FHAP), will target households with incomes up to 80% of the area median income. Upon resale of the assisted unit, FHAP funds will be repaid to City and will include shared equity provisions approved by City Council in 2009 to ensure long-term affordability of the City's investment.

FISCAL IMPACT: Allocation of \$500,000 in CDBG and \$500,000 in HOME Program funds.

STAFF: Mildrilyn Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing
Shane Cochran, Program Implementation Division Chief, Office of Housing

**Program Amendment
New Table 3C
Consolidated Plan Listing of Projects**

Jurisdiction's Name City of Alexandria

Priority Need

Owner Housing

Project Title

Rebuilding Together Alexandria Neighborhood Stabilization Program

Project Description

Provide funding to Rebuilding Together Alexandria (RTA) to acquire and rehabilitate housing units under the Neighborhood Stabilization Program (NSP) using CDBG and HOME program funding. Based on delivery and transaction costs of \$19,563 per unit, the proposed \$500,000 HOME allocation will serve 2 initial households with an additional 2 households to be served through the \$500,000 in CDBG funding. Revolving funds and other resources within the program are projected to serve up to 22 additional households over time.

Objective category: Suitable Living Environment Decent Housing Economic Opportunity
Outcome category: Availability/Accessibility Affordability Sustainability

Location/Target Area: Citywide

(Street Address):

(City, State, Zip Code): Alexandria, VA 22314

Objective Number DH-2 (1)	Project ID 13
HUD Matrix Code 14G	CDBG Citation 24 CFR 570.202 (b)(1) 24 CFR 570.201(n)
Type of Recipient Other Entity	CDBG National Objective LMH
Start Date (mm/dd/yyyy) 3/01/2013	Completion Date (mm/dd/yyyy) 6/30/2013
Performance Indicator Households	Annual Units 4 households projected
Local ID	Units Upon Completion 26 units projected

Funding Sources:

CDBG	500,000
ESG	
HOME	500,000
HOPWA	
Total Formula	
Prior Year Funds	
Assisted Housing	
PHA	
Other Funding (PI)	
Total	\$1,000,000

The primary purpose of the project is to help: the Homeless Persons with HIV/AIDS Persons with Disabilities Public Housing

City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 6, 2013

TO: MEMBERS OF THE AFFORDABLE HOUSING ADVISORY COMMITTEE

FROM: MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING *med*

SUBJECT: DISTRIBUTION OF COMMITTED AFFORDABLE AND WORKFORCE UNITS WITHIN THE BEAUREGARD SMALL AREA.

ISSUE: Distribution of the committed affordable and workforce units within the Beauregard Small Area.

RECOMMENDATION: That the Committee recommend to City Council the attached distribution (Attachment 1) that is consistent with results of the Beauregard Tenant Survey with adjustments as described in this memo, and is projected to be achievable with only a limited additional City investment above what is contemplated in the Beauregard Small Area Plan.

BACKGROUND: When the Beauregard Small Area Plan (BSAP) was approved in May 2012, it envisioned approximately \$114 million in 2011 dollars for the provision of committed affordable and workforce housing units. Staff projected that this funding could support 800 units, based on the certain assumptions regarding the distribution of affordability levels and unit sizes. To help better understand the demographics of the population currently living in the Plan area, City Council endorsed completion of a survey of the residents (Tenant Survey) living in the buildings proposed for demolition. City Council also requested that AHAC provide recommendations on the distribution of the committed affordable housing units to be created from the resources identified in the Plan.

DISCUSSION: The Tenant Survey was completed during the summer of 2012 and presented to both the public and AHAC in the fall of 2012. Attachment 2 shows the income distributions of the tenants that were surveyed and the funding results of several distribution scenarios that were modeled by staff. Attachment 2 shows that the number of households reporting that their incomes are at or below 40% AMI is significantly greater than the percentage associated with the allocation in BSAP. As a result of this increased number of households at lower incomes, the cost to fund to a committed unit distribution to subsidize rents to match the Tenant Survey greatly exceeds the resources that were identified for affordable and workforce housing in the BSAP (see Distribution B on Attachment 2). However, staff believes that with the introduction of leverage, right-sizing (moving some one-person households, when/if appropriate, into

efficiencies) and an efficient use (as described later in this memorandum) of the Lynbrook property which will eventually be conveyed to the City by JBG, a committed unit distribution that is consistent with the Tenant Survey can be achieved. It is important to note that the distribution in the Plan assumed the use of only the identified developer and City contributions with projected funding that could be obtained from mortgaging two projects that JBG will eventually donate to the City. The new recommended distribution adds leveraged funds that will likely need to be secured through a competitive process. The next few paragraphs will discuss the assumptions the City has made in order to help pay for a committed unit distribution consistent with the survey.

Right-Sizing

When staff analyzed the results of the Tenant Survey, it was found that 42% of the 1BR households and 8% of the 2BR households were comprised of 1 person households. In the distribution scenarios distributed to AHAC at its January 3, 2013 meeting (Attachment 2), all of these households were moved to efficiencies. This saved money on cost because an efficiency unit is cheaper to subsidize than a 1BR or a 2BR unit. The result of this assumption was that 23 percent of all the committed affordable and workforce units would be efficiency units. There was some concern about this among AHAC members because of the significant change from the actual number of efficiencies in the current Plan area (i.e., many more households would be transitioned into efficiencies than lived in this type of unit currently). To respond to this concern, staff revised the distribution to reduce the number of efficiencies from 23 percent of the total to 12.5 percent. While this number of efficiencies is still larger than the number shown in the Tenant Survey, staff believes it is appropriate to right size households when subsidy is required to make housing affordable.

Leverage

During the development of the Beauregard Small Area Plan staff did not include the use of leveraged dollars from third party sources to help fund the affordable housing plan. However, because leverage like private equity generated through federal low income housing tax credits is typical in production and preservation of affordable housing, it was anticipated in the BSAP that leverage was a practical tool through which additional units or deeper subsidies could be achieved. The current distribution proposed by staff anticipates two moderately sized leveraged projects throughout the build out of the Plan.¹ Each project would include approximately 75 units and the models assume these would be built in approximately years 2021 and 2031.

Lynbrook Property

The BSAP requires JBG to convey two buildings totaling 44 units that are currently part of the Lynbrook property to the City for the purposes of dedicated affordable housing. It is anticipated that this property would be conveyed to the City around the year 2028. As part of the BSAP approval it was also agreed that JBG would allow the City to buy down rents at this property until such time as it is conveyed to the City. Staff is proposing, as part of the distribution, that the units at Lynbrook be bought down to 60% AMI until such time as the units are conveyed to the City. The 60% AMI rents are still below the current market rate rents charged at the property (providing some financial relief by moderating rents at this property), yet will allow the units to

¹ In the Plan, a specific right is reserved to the City to acquire parcels from the developers at their fair market values to partner with nonprofits for affordable housing/mixed income housing development.

remain affordable at a minimal cost to the City. When the units are conveyed to the City in the future, the income mix can be re-designated to levels that are consistent with distribution goals at that time.

Distribution and Funding Results

The assumptions described above help to reduce the overall cost of funding a committed affordable and workforce housing plan that is consistent with the Tenant Survey. Attachment 1 provides the distribution that results from the assumptions made by staff. This distribution results in a projected current funding shortage of approximately \$400,000 that would inflate to approximately \$1 million over the life of the Plan. In order to provide a distribution that is consistent with the Tenant Survey, staff proposes that AHAC recommend the distribution as provided in Attachment 1. This distribution could serve as a guide to be monitored by City staff and AHAC over time as individual projects within the BSAP are approved. On Monday, February 11, the City is meeting with nonprofit housing development entities, ARHA, funders, lenders and other potential partners to seek their input on this distribution strategy (as well as any alternate strategy that may be recommended by AHAC), as well as to gain their perspectives and insights on other strategies and tools that might be used to maximize affordable housing within the Plan’s available resources.

ATTACHMENTS:

- 1 – Beauregard Recommended Committed Affordable and Workforce Housing Distribution
- 2 – Beauregard Committed Affordable Unit Distribution Analysis

STAFF: Helen McIlvaine, Deputy Director, Office of Housing
Eric Keeler, Division Chief, Office of Housing
Jon Frederick, Housing Analyst, Office of Housing

Beauregard Committed Affordable Unit Distribution Analysis

Analysis Title	AMI Served Distribution						Funding Result	Units**	Comments
	40%	50%	55%	60%	75%	> 75%*			
TENANT SURVEY RESULTS									
Tenant Survey Results (All Participants)	38%	11%	5%	5%	13%	28%			
Tenant Survey Results (Households <75% AMI)	52%	16%	7%	7%	18%	NA			
DISTRIBUTION ANALYSIS									
A. Small Area Plan Distribution	12%	20%	30%	30%	8%	0%	\$30,556	800	No 3BR included
B. Tenant Survey (TS) Distribution (HH <75% AMI)	52%	16%	7%	7%	18%	0%	(\$40,516,620)	800	Existing Units @40% and 3BR
C. TS Distribution – Right Sizing (RS)	52%	16%	7%	7%	18%	0%	(\$25,200,531)	800	Moved 42% of 1BR and 8% of 2BR to efficiency based on 1p HH in survey
D. TS Results – 10% Leverage (L)	52%	16%	7%	7%	18%	0%	(\$15,469,252)	800	Assumed 10% of dollars could be leveraged resulting in 75,000/unit
E. TS Results – RS and L Combined	52%	16%	7%	7%	18%	0%	(\$999,763)	800	Combined Right Sizing Down and Leverage
F. TS Results – RS and L – No 55% AMI Units	52%	16%	0%	14%	18%	0%	(\$323,103)	800	Moved 55% AMI Units to 60% AMI Units
G. RS and L – Alternative Distribution # 1	42%	26%	0%	22%	10%	0%	\$12,210	800	Reduced 40% AMI and 75% AMI units Increased 50% and 60% AMI Units
H. RS and L – Alternative Distribution # 2	39%	28%	0%	24%	9%	0%	\$11,584	800	Further Reduced 40% and 75% Units
I. RS and L – Alternative Distribution - 50% & 60%	0%	37%	0%	63%	0%	0%	\$26,600	880	All 50% and 60% Units
J. RS and L – Alternative Distribution – All 60%	0%	0%	0%	100%	0%	0%	\$6,499	973	Used all available funding on 60% units

* It is estimated that households with an income greater than 75% AMI will be served by market rate unit within the plan area.

** The number of units is based on today's dollars and the actual number of units will be determined as individual DSUP's are submitted and reviewed pursuant to an agreed upon buy-down formula.

Housing Trust Fund Programs Financial Status

As of December 31, 2012

Balance as of November 30, 2012

3,304,364

Revenues for December 2012

Contributions	2,000
Loan Repayments	
Community Lodgings, Inc. (CLI)	2,288
Moderate Income Homeownership Program (MIHP)	9,285
Employee Homeownership Incentive Program (EHIP)	170
Ramp Mini Grant	200
Fees Offsetting Expenditures	0
	13,943

Expenditures for December 2012

Flexible Homeownership Program	0
Homeownership Counseling	
Housing Opportunities Fund - <i>see attached report</i>	0
Rental Accessibility Modification Program (RAMMP)	0
	0

Balance Available Before Outstanding Commitments/Reservations

3,318,307

Outstanding Commitments/Reservations as of December 31, 2012

Braddock Small Area Plan Fund	374,080
Flexible Homeownership Program	595,271
HOME/HOF March	304,171
Homeownership Counseling	56,020
FY 2014 Budget Reservation	171,404
Housing Opportunities Fund - <i>see attached report</i>	612,648
Rental Accessibility Modification Program (RAMMP)	5,215
	(2,118,808)

Unreserved Balance as of December 31, 2012

1,199,500

Housing Opportunities Fund Financial Status
As of December 31, 2012

	HTF	General Fund	HOME	TOTAL
Balance as of December 31, 2012	612,648	229,703	1,794,253	2,636,604
December 2012 Expenditures				
Notabene			(87,790.82)	(87,791)
Alexandria Housing Development Corporation (AHDC)	(43,250)	\$(54,500)		
Balance Available Before Outstanding Commitments	569,398	175,203	1,706,462	2,451,063
Outstanding Commitments				
Alexandria Housing Development Corporation (AHDC)	47,750	0		47,750
CLI Notabene	10,000		392.78	393
Fees for Professional Services				10,000
Unreserved Balance as of December 31, 2012	511,648	175,203	1,706,070	2,392,921

Other Housing Development Fund Financial Status
As of December 31, 2012

	Tax Revenue Account	Bond Account	TOTAL
Balance as of November 30, 2012	1,613,789	791,725	2,405,514
December 2012 Expenditures			
Alexandria Housing Development Corporation (AHDC)		\$0	
Balance Available Before Outstanding Commitments	1,613,789	791,725	2,405,514
Outstanding Commitments			
AHC East Reed Project	250,000		
Alexandria Housing Development Corporation (AHDC)		305,399	
Unreserved Balance as of December 31, 2012	1,363,789	486,326	1,850,115

Note: an additional \$2.25 million has been approved by AHAC for the AHC project; Council approved this allocation in January and it will be reflected in the next report

HOMEOWNERSHIP PROGRAMS REPORT

November 2012

	November 2012				Total FY 2012 as of November 30, 2012			
	Loans Committed	Amount and Source of Committed Loan Funds	Loans Settled	Amount and Source of Settled Loan Funds	Loans Committed	Amount and Source of Committed Loan Funds	Loans Settled	Amount and Source of Settled Loan Funds
Federal Funds HAP	0	\$0	0	\$0	0	\$0	0	\$
Flexible Homeownership Program	0	\$0	0	\$0	1	\$48,330 - HTF	1	\$48,330 - HTF

Loan Balances as of November 30, 2012:

HOME HAP \$ 36,358 Federal
 CDBG HAP \$ 123,942 Federal
 Flex HP \$ 585,816 Housing Trust Fund