



ARHA REDEVELOPMENT WORK GROUP

September 21, 2023

5:30 PM – 7:00 PM

City Council Workroom

MEETING AGENDA

1. Welcome & Introductions Mayor Justin Wilson
2. Review and Approval of June 15, 2023 Meeting Summary Redevelopment Work Group
3. Samuel Madden Homes Development Project Keith Pettigrew, ARHA
David Cortiella, ARHA
 - a. Section 18 Application
 - b. Section 106 Update
 - c. Tenant Relocation
4. Ladrey Senior Highrise Development Project Thomas Jones, ARHA
 - a. Completeness Submission Update
 - b. Resident Engagement
 - c. Tenant Relocation
 - d. Community Engagement
5. Additional Development Planning Updates Keith Pettigrew, ARHA
David Cortiella, ARHA
 - a. Re-syndication Activities - BWR, Chatham Square
 - b. Rental Assistance Demonstration Conversions - Chatham Square, BWR, Old Dominion, James Bland I, II
6. Premier Housing Update Keith Pettigrew/Peter Kleeblatt, ARHA
7. Other Business Redevelopment Work Group
David Cortiella, ARHA
 - a. Reschedule November and December Meetings
 - b. Local advocacy for changes to Low-Income Housing Tax Credit Program

UPCOMING MEETINGS

October 19, 2023 ▪ November 16, 2023 ▪ December 21, 2023



**Alexandria Redevelopment and Housing Authority Redevelopment Work Group
June 15, 2023**

MEETING SUMMARY

Participants

Work Group Members

Justin M. Wilson, Mayor, City of Alexandria
John Chapman, Councilman, City of Alexandria
Stephen Koenig, City of Alexandria Planning Commission
Peter Kleeblatt, Chair, ARHA Board of Commissioners
Anitra Androh, ARHA Board of Commissioners

City of Alexandria/Alexandria Redevelopment and Housing Authority (ARHA) Staff

James Parajon, City Manager, City of Alexandria
Emily Baker, Deputy City Manager, City of Alexandria
Karl Moritz, Director, Department of Planning and Zoning
Helen McIlvaine, Director, Office of Housing
Keith Pettigrew, CEO, Alexandria Redevelopment and Housing Authority
Eric Keeler, Deputy Director, Office of Housing
Christina Brown, City Attorney's Office
Brandi Collins, Office of Housing
Kim Cadena, Office of Housing
Catherine Miliaras, Department of Planning and Zoning
Nancy Williams, Department of Planning and Zoning
David Cortiella, Alexandria Redevelopment and Housing Authority
Nicole Wickliffe, Alexandria Redevelopment and Housing Authority
Thomas Jones, Alexandria Redevelopment and Housing Authority
Wanda Sherrod, Alexandria Redevelopment and Housing Authority

Introductions and Approval of the May 8, 2023 Meeting Summary

The meeting was held virtually on the Zoom meeting platform. Mayor Justin Wilson convened the meeting.

Stephen Koenig moved to approve the May 8, 2023 Meeting Summary. Peter Kleeblatt seconded. The Meeting Summary was approved.

Samuel Madden Homes Development Project

David Cortiella reported ARHA's request for an additional \$2.1 million dollars from the Braddock Fund to support the Samuel Madden development project that had been approved by the Alexandria Housing Affordability Advisory Committee (AHAAC) during their June 1, 2023 meeting. He said the request would be considered by City Council at the June 27, 2023 Legislative Session. Mayor Wilson asked if the approval of the funding request would close the project's funding gap. Mr. Cortiella responded that yes, the additional funding would close the gap. He said the project had been awarded \$2.2 million in low-income housing tax credits (LIHTC) and ARHA would receive the formal award letter soon. He explained

ARHA would like to have one entity or group to provide the tax credit equity and the financing, both construction and permanent. He said it would be similar to how ARHA financed Ramsey Homes because they could obtain better interest rates that way. He said there were multiple groups interested in providing equity for the south building because of the strong market in Alexandria. He added ARHA was in the market for financing right now and expected to select an equity partner for the south building in the next two to three months and hoped to select a tax credit equity partner in the same time period.

Mr. Cortiella went on to explain that if the equity for the 9% LIHTCs and other financial projections for the north building were not as strong as they anticipated, ARHA would alternatively d pursue an FHA loan guarantee like a 221(d) or 221(f). He said if ARHA chose to apply for one of those loans, there would need to be some restructuring because the loan guarantees lowered interest rates on the loans and capped fees associated with it.

Nicole Wickliffe said ARHA plans to submit their Section 18 application by the end of June or the beginning of July and that HUD’s review process would take 90-120 days.

Keith Pettigrew talked about the Section 106 process. He said ARHA identified a committee that would define a scope for the Section 106 oral history project and that ARHA was working with City staff on the project. Mr. Cortiella provided an update on the Memorandum of Understanding (MoU). He said the MoU had been reviewed by the Virginia Department of Historic Resources and that ARHA would be meeting with City staff to finalize some details before releasing the MoU for public comment. He said once the public comment period had elapsed, all interested parties would sign.

Mr. Pettigrew said ARHA is meeting monthly with the current Madden residents and working with a credit union to provide them with information on financial literacy. He said they are hoping for the tenants to improve their credit scores so they would have a better chance of finding an apartment when they received their vouchers. He said Housing Opportunities Unlimited (HOU), the relocation coordinator, has been attending the monthly tenant meetings and will be working with ARHA staff on the relocations. He said relocations would probably not start until the first quarter of 2024. Mayor Wilson suggested ARHA create a one-pager explaining the tenant relocation process that could be shared with the community. Mr. Pettigrew said he would take care of it.

Mr. Cortiella informed the Work Group that the project was on the Board of Architectural Review meeting agenda on July 26. He said that many issues had been resolved, but there were a few outstanding issues that ARHA continues to work on with City staff.

Ladrey Senior Highrise Redevelopment

Thomas Jones reported ARHA would be submitting the Concept 2 proposal for the Ladrey redevelopment with 271 units to the City on June 23. He said there would be an open community meeting on June 21 and a tenant meeting on June 22.

Mayor Wilson asked when the Work Group should expect another presentation on the project. Mr. Jones said ARHA would be happy to present an update at the July Work Group meeting, should one be held. He continued that they would be presenting to the Urban Design Advisory Committee for Old Town North (UDAC) on July 12. Mayor Wilson said that sharing the presentation from the UDAC meeting with the Work Group would be sufficient.

Additional Development Planning Updates

Mr. Cortiella shared that ARHA had not yet taken control of the limited partnership of Chatham Square but had exchanged reports with the limited partner's auditors. He said the Richmond Group has asked for a further analysis of how much the state taxes would cost. He said they would get through that in the next couple of weeks.

Mr. Cortiella said that they would have the Physical Needs Assessment (PNA) for Chatham and Braddock-Whiting-Reynolds by the first week of July and that the PNA would help determine how much LIHTC equity would be required. He said the results of PNA could influence the terms of the RAD conversion and possibly allow some units to be converted to Section 8, which would strengthen the properties financially and allow them to take on more debt to do additional rehabilitation work. He explained there are two potential avenues for financing the project: 4% tax credits from Virginia Housing or self-financing. He said ARHA will decide how to proceed at the end of July, but that all both properties would receive a capital infusion and that ARHA would work with Virginia Tech to retrofit the properties during the rehabilitation. He added that Virginia Tech will study the effects of the retrofits on the energy efficiency of the properties as a basis for future recommendations to other public and private entities and lawmakers.

Mr. Pettigrew said the RAD conversions of James Bland and Old Dominion was almost complete but the HUD transaction manager has asked for radon testing to be done before the conversions could be finalized. Nicole Wickliffe clarified that the radon testing was only required for Old Dominion and that James Bland was ready to receive a RAD conversion commitment. She said the radon testing for Old Dominion should be completed and submitted to HUD within two weeks.

Other Business

Mayor Wilson asked Mr. Pettigrew to provide an overview of the reports of violent crime at Andrews Adkins. Mr. Pettigrew said he reached out to the Special Applications Center (SAC) officer, Jane Hornstein, who has approved ARHA's Section 18 applications and asked if ARHA could submit a Section 18 application for Adkins as well as Madden. Ms. Hornstein told Mr. Pettigrew that because Adkins and Madden had the same HUD Asset Management Project (AMP) number, ARHA could include Adkins in the Section 18 application for Madden. Mr. Pettigrew said that a successful Section 18 application including Adkins would allow ARHA to get Tenant Protection Vouchers (TPVs) for Adkins as well as Madden in case they decided it was necessary to relocate the Adkins residents. He said Ms. Hornstein provided them with advice on how to write their Section 18 application for both properties. He continued that ARHA will submit a combined application in the next week or so and that if the application was approved, the TPVs would go into HUD's queue. He expressed confidence the application would be approved and that ARHA would be able to provide TPVs if the quality of life at Adkins worsened.

Mayor Wilson asked if the change in funding and relocation of the residents would begin a new redevelopment process. Mr. Pettigrew said, no demolition or redevelopment would occur in the near future and the Section 18 application would be solely to guarantee ARHA had TPVs if they needed them. Mayor Wilson stressed the need to clearly communicate is occurring to the public to prevent misinformation. Mr. Pettigrew said he meets with Adkins residents monthly to encourage a sense of community and keep them apprised of what ARHA is doing. Mayor Wilson asked if any City staff had

attended the meetings with residents and Mr. Pettigrew said that they had not. Mayor Wilson said that City staff from various departments should attend the meetings and City Manager Jim Parajon asked Mr. Pettigrew to provide him with the meeting dates and times so he could ensure staff attendance. Mayor Wilson also volunteered to attend the meetings.

Mr. Cortiella mentioned that ARHA allowed the Braddock West development to use the alleyway adjacent to Adkins and that Dominion Energy was finishing work on the underground conduit in the alley. He said ARHA and CRC, the Braddock West developer, would be filing a maintenance and use agreement with Planning & Zoning soon, as required by the Braddock West DSUP.

Mayor Wilson asked what was next on the topic of the cost the sewer connection that would be shared by Braddock West, any potential Adkins redevelopment, and future development on the Braddock Road site. Mr. Moritz and Mr. Cortiella answered that the issue of funding had been tabled until ARHA decided to actively redevelop Adkins and would not enter into negotiations about splitting the cost with CRC until such time. Mayor Wilson noted that if ARHA chose to accelerate the redevelopment of Adkins, the conversation about the cost would need to be restarted soon. Emily Baker said it would be a good idea for everyone to refresh their memories on the topic and consider what might be in the best interest of ARHA.

Mayor Wilson asked if there would be new information to discuss at the scheduled July 20 Work Group meeting. Helen McIlvaine said that ARHA and City staff meet about a week prior to the Work Group meetings and could determine at that time if a meeting was necessary. She also offered the option of staff providing the Work Group with a written update in lieu of a meeting. Mayor Wilson said that the July 20 meeting would remain on the schedule and any changes could be made closer to the meeting date.

With no other business to discuss, Mayor Wilson adjourned the meeting.

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 18, 2023

TO: ARHA REDEVELOPMENT WORK GROUP

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

SUBJECT: ARHA'S PREMIER HOUSING

In response to a request from the Work Group at its June 2023 meeting, ARHA has provided the attached memorandum describing how the creation of Premier Housing, a 501(c)(3) (nonprofit) organization will advance ARHA's mission and aspirations to develop, manage and operate affordable housing successfully.

As stated in the memorandum, Premier Housing would be used by ARHA as a vehicle for uses not authorized by HUD to housing authorities, but which are consistent with ARHA's repositioning program which is planned to improve the quality of its housing portfolio and ensure the long-term sustainability of the organization and its housing portfolio.

Among other things, the memorandum states that Premier Housing could apply for grants available to eligible 501(c)(3) organizations (resources not otherwise accessible by ARHA), act as a developer of affordable housing projects, form single purpose entities (SPEs) to control affordable housing owners, and share in financial benefits resulting from development transactions in which ARHA's participation is not currently allowed due to its status as a housing authority.

Based on this memo and another from 2022, ARHA has proposed that Premier Housing – which is required to be independent of the housing authority – be structured to be governed by a board comprised of ARHA senior staff (e.g., the CEO and CFO) who would in turn appoint three affordable housing professionals. It proposes that Premier's organizational documents state that its purpose is to support and further ARHA's mission, purposes, and activities; that ARHA will provide initial capital funding to operationalize the nonprofit; and that ARHA will record restrictions requiring long term affordability for development Premier undertakes on ARHA's account.

Housing staff have consulted the City Attorney in reviewing ARHA's request. Staff are generally supportive of approaches that enhance ARHA's mission to increase and preserve affordable housing within Alexandria; however, staff believe that if Premier is formed as proposed some safeguards be adopted to bound the authority, reach, and potential liability of the organization in order to honor the mandate of the City Charter which requires that ARHA's Board of

Commissioners be appointed by, and subject to, City Council's oversight, as well as the statutory requirement established in Virginia Code Section 36-19(12) that City Council approve ARHA organizations. To ensure ARHA's proposed extension of its operations to Premier aligns with these, City staff recommend the operating documents or bylaws of Premier Housing specifically incorporate the following provisions:

- That Premier Housing be created for affordable housing purposes only, including advancing ARHA's mission;
- That Premier Housing's area of activities be limited to the geographic boundaries of the City of Alexandria;
- That only senior executive staff who are permanent employees of ARHA serve on Premier's board and/or select its other directors;
- That City Council receive the names and credentials of the affordable housing professionals proposed to be appointed to Premier's board thirty days in advance of their appointment;
- That Premier, through ARHA, provide the names of all projects, developments, and activities in which it is participating and/or consulting in any capacity through regular updates at City-ARHA Redevelopment Work Group meetings;
- That Premier, comply with all federal, state, and local laws, as well as public reporting requirements, typical of nonprofit organizations; and
- That Premier, through ARHA, provide an annual report regarding its work to City Council, within thirty days of the organization's fiscal year end, including a listing of Premier staff and directors throughout the reporting period.

In addition to the above, staff recommend that the City have the right to review and approve future proposed amendments to the organizational documents of all ARHA entities, including Premier Housing and its sub-entities, if any, with 90 days' advance notice of proposed changes. This review will be delegated to the City Manager and/or his staff designee.

If the Work Group endorses ARHA's request to form Premier Housing, the item will be scheduled for consideration by City Council at its October 24, 2023 legislative meeting. It is recommended that the docket materials include a memorandum from the ARHA board describing the process through which it will regularly monitor Premier Housing's ongoing activities.

ATTACHMENTS:

- (1) Alexandria Redevelopment Housing Authority Premier Housing Summary of Controls and Opportunities

STAFF:

Christina Zechman Brown, Deputy City Attorney
Kimberly Cadena, Housing Analyst, Office of Housing

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MEMORANDUM

TO Christina Brown

FROM Amy M. Glassman

DATE August 16, 2023

RE Summary of Premier Controls and Opportunities

The Alexandria Redevelopment and Housing Authority (ARHA) seeks City Council approval for the formation of Premier Affordable Housing (Premier), which will be a 501(c)(3) nonprofit organization. Per your request, below is a discussion of intended uses of Premier as well as the various controls that will be in place to ensure Premier's actions are consistent with ARHA's mission.

Uses

- Apply for grants that ARHA cannot apply for but for which 501(c)(3)s are eligible. These grants may come from foundations, corporate giving, or other philanthropic entities. Grants could range from grants for resident services to development funds.
- Engage as developer of affordable housing projects
- Form single purpose entities that control affordable housing development owners

Why Premier?

- 501(c)(3) status can access funds and resources that ARHA cannot, which will then be used to further ARHA's mission
- Premier can share in funding benefits that would otherwise go to third party developers or investors in certain development transactions. Accordingly, more funds will stay in Alexandria, for the benefit of ARHA residents. These funding benefits cannot be received by ARHA or VHD, LLC because ARHA wholly controls VHD.

Structure and Controls

- Premier's formation authorized by ARHA Board

- ARHA senior staff and other affordable housing professionals will serve as the Premier board of directors
- Premier's organizational documents will provide that its purpose is to support and further ARHA's mission, purposes and activities.
- ARHA is anticipated to capitalize Premier and will include requirements in its funding documents consistent with the controls herein.
- For all Premier development work on ARHA-owned properties, ARHA will record restrictions that require the operation of long-term affordable units at the property, in accordance with the plans and design the City approves in connection with each transaction.

Sample Premier Work

- Premier applies for and receives a grant from the Annie E. Casey Foundation (for example) to support youth engagement and leadership work at ARHA properties or from the Ford Foundation (for example) to fund a case manager for homebound or medically fragile seniors.
- Premier controls 51% of the managing member of an ARHA redevelopment transaction. The other 49% is held by a third party developer. This arrangement will allow Premier to:
 - Through the managing member, control overall property operations including compliance with long-term affordability requirements
 - Earn meaningful cash flow from the transaction. While not all affordable transactions produce much cash flow, we believe it is important to ensure that, if they do produce proceeds, we can keep those funds in the City. Otherwise, nearly all cash flow would go to third party investors or the third party developer, rather than being reinvested in the City of Alexandria. Neither ARHA nor VHD LLC (ARHA's wholly controlled LLC) can access this cash flow due to tax rules.
 - Earn meaningful proceeds from a sale or refinancing of the transaction. As with the cash flow discussion above, neither ARHA nor VHD LLC can earn these proceeds due to tax rules. Again, this will ensure that more funds are reinvested in the City of Alexandria rather than pocketed by third party developers or investors.
 - Allow for the transaction to benefit from shorter depreciation recovery periods, which will optimize investor investment in the transaction more than VHD's involvement can do.

cc: Keith Pettigrew
David Cortiella