


[Sign In](#)
[AlexandriaVA.gov](#)
[Dockets](#)
[Calendar](#)
[City Council](#)
[Boards & Commissions](#)
[Archives](#)
[How to Participate](#)
[Share](#)
[RSS](#)
[Alerts](#)
[Details](#)
[Reports](#)

File #: 13-1040

Name: Public Hearing and Consideration of Funding Request from Rebuilding Together Alexandria

Type:

Status: Agenda Ready

File created: 1/25/2013

In control: [City Council Public Hearing](#)

On agenda: 2/23/2013

Final action:

Title: Public Hearing and Consideration of Program Amendment and Budget Transfers to Allocate \$500,000 In Home Investment Partnerships Program (HOME) and \$500,000 In Community Development Block Grant (CDBG) Monies to Rebuilding Together Alexandria to establish an Alexandria Neighborhood Stabilization Program

Attachments: 1. [13-1040 RTA NSP FY 2013 Program Amendment.pdf](#)

[History \(1\)](#)
[Text](#)

## City of Alexandria, Virginia

### MEMORANDUM

**DATE:** FEBRUARY 14, 2013

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** RASHAD M. YOUNG, CITY MANAGER

**DOCKET TITLE:**

**TITLE**

Public Hearing and Consideration of Program Amendment and Budget Transfers to Allocate \$500,000 In Home Investment Partnerships Program (HOME) and \$500,000 In Community Development Block Grant (CDBG) Monies to Rebuilding Together Alexandria to establish an Alexandria Neighborhood Stabilization Program

**BODY**

**ISSUE:** Consideration of the allocation of \$500,000 in Home Investment Partnership (HOME) Program funds and \$500,000 in Community Development Block Grant (CDBG) Program funds to Rebuilding Together Alexandria to support continuation of the Neighborhood Stabilization Program (NSP).

**RECOMMENDATION:** That City Council:

- (1) Hold a public hearing, and if City Council is ready to act following the public hearing:
- (2) Approve budget transfers from the following sources to establish a HOME and CDBG-funded Neighborhood Stabilization Program from the following federal funding sources:

Housing Opportunities Fund (HOME)	\$500,000
Home Rehabilitation Loan Program (CDBG)	\$500,000

Total \$1,000,000

- (3) Authorize the City Manager to execute an agreement with Rebuilding Together Alexandria to continue the Neighborhood Stabilization Program with \$500,000 in HOME funds for a revolving funding pool for NSP acquisitions, and \$500,000 in CDBG funds to also be used for NSP acquisitions but with all sales proceeds repaid to the City upon sales of the acquired homes.
- (4) Approve the attached program amendment (Attachment I) for submission to the U.S. Department of Housing and Urban Development (HUD).

CDBG funds to be allocated to this activity are available as a result of a combination of unanticipated program income generated from repayments of prior loans and, while activity in the Home Rehabilitation Loan Program has mirrored recent years, the average loan amounts have been smaller than projected in FY2013, thereby allowing the requested transfer. Because the proposed activity is eligible under the federal HOME Program guidelines, these funds are being allocated from the Housing Opportunities Fund (HOF). This is also an opportunity to help meet upcoming HUD expenditures (CDBG) and funding obligation (HOME) deadlines of May 15 and June 30, 2013, respectively. City Council can choose to approve this recommendation immediately at the public hearing, but if it desires Council could defer a decision until its February 26, 2013 legislative meeting.

**BACKGROUND:** In 2009, the City, Rebuilding Together Alexandria (RTA), 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 (DHCD). 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 RTA, existing City home purchase programs and Virginia Housing Development Authority (VHDA) reduced rate mortgage financing.

**DISCUSSION:** In response to a proposal from RTA to continue and expand its partnership with the City in administering an NSP-like program, staff is proposing that the City allocate \$500,000 in CDBG funds and \$500,000 in HOME funding to RTA to continue the City's highly successful NSP. Because this is a new activity not included in the City's FY 2013 One-Year Action Plan for Housing and Community Development, HUD rules require a program amendment with a 30-day public comment period (which began January 23) and one public hearing. Under the proposed program, RTA will expand its role in the program by acquiring and holding eligible properties in addition to completing the rehabilitation activities. Unlike in the previous program, the new program will not be restricted to specific target areas; funds may be used for eligible properties citywide. RTA will also organize homebuyer training classes in collaboration with the City and will assist the City in conducting outreach and marketing of assisted units.

The City will continue its role in unit inspections and selection, marketing homes for resale, particularly to City and ACPS employees, and will process loans to eligible homebuyers through the Flexible Homeownership Assistance Program (FHAP). FHAP will assist households with incomes up to 80% of the area median income with no-interest, deferred payment second trust financing. 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.

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
- Acquisition administrative fee (\$5,000 per unit)      Total = \$ 20,000
- Property appraisals - \$400 per unit      Total = \$ 1,600
- Property rehabilitation - \$8,750 per unit      Total = \$ 35,000
- Rehabilitation administrative Fee - \$5,500 per unit      Total = \$ 22,000
- Resale - to be funded through already budgeted Flexible Homeownership Assistance Program (FHAP) allocation

The existing NSP Program uses performance based budgeting to fund administrative costs. Staff recommends that the current administrative fee of \$5,000 per acquisition completed and \$5,500 per rehabilitation project completed be retained, providing a total projected budget of \$998,600. 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 NSP program to be administered by RTA with program income to be retained for additional future purchases and renovation activity as outlined above.

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.

**FISCAL IMPACT:** Allocation of \$500,000 in CDBG Home Rehabilitation Loan Program funds and \$500,000 in HOME Housing Opportunities Program funds, with the sales proceeds from CDBG transactions to be returned to the City's Home Rehabilitation Loan

Program, and sales proceeds from HOME-funded transactions to be retained in the new Alexandria NSP program to fund future purchases. As of January 31, the CDBG Home Rehabilitation Loan Program has a balance of \$1,150,000, of which \$550,000 is committed to specific cases or reserved for pending cases, leaving an unreserved balance of \$600,000. After the \$500,000 allocation to RTA, the balance will be \$100,000, but will be replenished as the CDBG funds are repaid. The HOME Housing Opportunities Fund has a balance of \$1,700,000, none of which is reserved or committed. After the allocation to RTA, the balance of HOME funds will be \$1,200,000.

**ATTACHMENT:** Program Amendment, New Table 3C, Consolidated Plan Listing of Projects for the period July 1, 2012 to June 30, 2013.

**STAFF:** Mark Jinks, Deputy City Manager  
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