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SEP 02 2015

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Roy Priest, Chief Executive Officer

August 20, 2015

Honorable Mayor Euille and City Council Members
301 King Street
Alexandria, VA 22314

RE: Ramsey Homes Redevelopment

Honorable Mayor Euille and City Council Members:

On April 22, 2015, the Parker-Gray District Board of Architectural Review (BAR) denied ARHA's Permit to Demolish the Ramsey Homes. We are appealing the decision of the BAR. The appeal will be heard by the City Council on Saturday, September 12, 2015. Notwithstanding the action taken by the BAR, the April 22nd staff report was in favor of the demolition and stated that the approval would be conditioned on specific items. ARHA is currently taking steps to address these conditions at significant financial cost to the Project. The development review process is iterative and over the course of the process, ARHA has been treated as any other developer. This is good and bad. For instance, ARHA has made a number of concessions to advance it's concept to this stage, which concessions have come at a high price. We have attached a listing of those changes we have made at the request of multiple parties and through an extensive community engagement process in order to achieve consistency with the Braddock East Master Plan (BEMP) and to gain support for our development concept. In fact, it is our opinion that we have met the full intention of the BEMP, with the exception of those items that could not be met due to a conflict with another BEMP suggestion.

We understand that there has been opposition related to the historic nature of the existing improvements but also believe our final history report will make the case to the City Council that, the site, not the buildings, is significant because of its contribution to affordable housing, not its architecture. The buildings have been altered such that they do not reflect what would be considered their architectural period of significance (1941-1942) and their form and style are very late examples, which are not exceptional. Continuing the legacy of affordable housing in Alexandria that we will sustain by introducing greater density to this block outweighs historic preservation, and, supports the goals of the BEMP, the City's Housing Master Plan and the ARHA 2012 – 2022 Strategic Plan.

The preservation discussion led to deliberations related to rehabilitation of any part of the existing improvements in lieu of full demolition. The current condition of the property is directly related to the lack of federal capital improvement and operating funds. There is a distinction between the two. The site was acquired by ARHA around 1953; it was built in 1941. The property is over 70



years old. There are associative problems that come with the age and construction of the property alone. To further exacerbate the problem, until 1998, any capital improvement funds provided to PHAs were competitive and it was very difficult to get an award. We are not sure what kind of success ARHA would have had in securing these earlier capital improvement grant funds but the national history is that they mostly went to the larger PHAs.

After much research relating to the impact of reductions in capital investments to PHA's, in 1998, HUD replaced the competitively-based Comprehensive Grant Program with a program that grants capital improvement funds to PHAs in an amount approved annually by Congress for each unit in a PHAs public housing inventory. This falls into the category of "too little, too late", because by 1998, ARHA's full public housing portfolio was suffering from deferred maintenance. HUD requires PHAs to know what the needs are at each development and prioritize those needs based on the severity of the need. While Ramsey Homes may have had very real deferred capital improvements, it may not have been as severe as needs at other ARHA sites. From 2009 to present, ARHA has spent 4% of its capital funds on Ramsey Homes, which represents 2% of our overall public housing portfolio. The fact also remains that, no amount of capital improvements could bring the units into full compliance with the required codes, therefore, the expenditure of any funds toward rehabilitation is inefficient.

Notwithstanding the information available to the public, ARHA had its design and construction team study the matter of rehabilitation versus redevelopment and the conclusion was that the cost of a rehabilitation would exceed the cost of new construction (Rehabilitation \$162,154 vs. New Construction \$160,518). Additionally, the rehabilitation would not be competitive for 9% tax credit funding and would not allow the design concept to meet the true intention of the BEMP. While the BEMP does call for rehabilitation or infill and a total of 15-30 units, this is a conflict with the overarching goal of creating communities with a mix of income levels and large enough to sustain a critical mass of public housing residents in order to maintain the strong social and support networks that are essential in low-income communities. We believe that the critical mass that would entice a syndicator to underwrite the Project is fifty-three units. Further, if it were even possible, it would be quite costly to underground parking or utilities if any of the structures were to be preserved.

As it relates to the discussion in the public regarding the potential to use Federal and Virginia Historic Tax Credits for the rehabilitation work at Ramsey Homes; we conferred with an attorney who uses these tax credits routinely in his practice and he believes a historic renovation of the Ramsey buildings would be a difficult transaction to close due to the combination of the high cost to rehabilitate, along with the small size of the transaction and the tax exempt issues. Further, the limited level of Historic Tax Credits would require debt financing because an application for 9% Low Income Housing Tax Credits would not be competitive.

Finally, we would like to point out that there are multiple references in the BEMP to the available funding and market conditions at the time of redevelopment; therefore, the need for flexibility to enable ARHA to achieve its mission of providing quality housing to persons of low income in a manner that allows ARHA to capitalize on its major asset – its land, which is held in trust primarily for the benefit of its residents.

As the Board of ARHA, and in acting in our role as stewards of public assets and advocates for the welfare of our residents and the one-for-one replacement policy of Resolution 830; we urge you to

approve the Permit to Demolish and advance this Project. There is an impassioned plea from the occupants of this site to live in safe, sanitary and decent housing. Housing that does not meet current codes and cannot provide modern amenities by virtue of its design is by definition, substandard. Further, the monthly rents we receive total \$4,395 to cover expenses of \$5,216. This property in its current condition is not sustainable; the redeveloped Project provides for a mix of housing opportunities in a sustainable proportion.

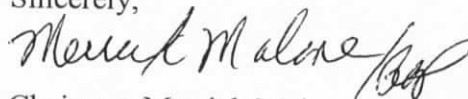
The ARHA 2012 – 2022 Strategic Plan that, we as a Board of Commissioners developed and adopted puts forth a value that states, ARHA will sustain its commitment to the preservation and expansion of the supply of affordable housing for residents of Alexandria. We will strongly emphasize the efficient use of our housing and other internal and external resources as vehicles for promoting improvements of the physical, social, and economic fabric of our communities and the quality of life of the families we serve. Your approval of our appeal will allow the Board of the City's Redevelopment & Housing Authority to fulfill the value and the vision, mission, principles and goals that we will engage in to support it.

When housing costs are too high, the impact on low-income renters can be severe and enduring. Families can be forced to cut back on food, clothing, medications, or transportation. High housing costs can compel families to live in housing that is overcrowded or unhealthy, or in neighborhoods with failing schools, high rates of crime, or limited access to basic services. Moreover, research suggests that housing instability and homelessness can hinder the healthy development of children in ways that have a lasting impact. We urge you to act with us to preserve and expand the total number of affordable units in this city as a whole and in the Braddock East community. Since the BEMP was adopted, only 1% of the new rental housing built in this community has been affordable. This cycle needs to be reversed and only we can do that.

Our projects require a layering of multiple sources, federal, state and local regulations that sometimes compete, and a whole host of technical issues in order to close. They are not as simple as private sector deals and they do take political will to complete. What is noteworthy is that ARHA redevelopment is a great investment for the City. During the period of 2010 – 2015, the impact to the City's real estate tax base for the residential communities that have developed on ARHA-owned land was \$25.5MM; the real estate tax base for the commercial for the same period was \$3.38MM. This \$3.38MM amount does not include income from business tax, sales tax, permits and licenses, indirect and induced effect. It also does not take into consideration the job creation and the indirect and induced effect leading to restaurant, retail, office, and service jobs and the fiscal impact this has had on the public revenues.

Should you have specific questions regarding this Project, we urge you to contact us or the CEO, Roy Priest.

Sincerely,



Chairman Merrick Malone
and the ARHA Board of Commissioners

cc: Roy Priest, CEO
Mark Jinks, City Manager

ATTACHMENT 1
CONSISTENCY OF THE RAMSEY PROPOSAL WITH CITY POLICY

In October 2008, the City adopted the Braddock East Master Plan (BEMP) for the Ramsey Homes, and in fact, for all of the public housing in the Braddock East area. The conceived development proposal for the Ramsey Homes development site (the "Project"), preserves the existing (15) low-income units, and adds an additional (38) units for households earning incomes up to 60% of AMI; a workforce housing limit. The redeveloped community will provide a mix of incomes and so, a sustainable community, with strong social and support networks.

The City's Housing Master Plan reminds us that, while we often talk about affordable housing in terms of units, affordable housing should focus on the people who live in the units. The steady loss of affordability in rental housing due to pressures in Alexandria's multifamily market have caused many low- and moderate-income households to be priced out of the city by those who can afford to pay more for rent. The economic reality is that many households who would choose to live in Alexandria simply cannot afford to move here, while many who live here now, especially seniors, are worried that they won't be able to afford to remain. Increasing demand indicates that competition for affordable rental housing will be intense into the future: using even the most optimistic assumption that all currently assisted (committed) units will remain affordable still reveals an anticipated gap of 7,000 – 14,000 new units affordable to households at or below 60% in 2030. The Ramsey community, if built as proposed, is but a drop in the bucket towards meeting the needs of the City. A small amount of housing but potentially a huge step in the right direction.

The Project would result in a community that meet the goals of the BEMP in many ways, including but not limited to:

- Promotes mixed-income communities.
- Upholds the principles of Resolution of 830 by preserving the 15 publicly assisted units.
- Adds housing options, including workforce and affordable housing, to new development is desirable, as it will contribute to the diversity of the neighborhood and will help to "bridge" the social and economic gap between the market-rate and public housing residents.
- Embraces the City Council's 2004 – 2015 Strategic Plan goal of creating a community that is diverse and affordable. The goal of the BEMP is to create communities with a mix of income levels and large enough to sustain a critical mass of public housing residents in order to maintain the strong social and support networks that are essential in low-income communities.
- Puts forward a program generally no more than one-story higher than adjacent buildings.
- Puts forward a program whose analysis is grounded in the current market conditions and based on what is necessary to submit a competitive Low-Income Housing Tax Credit (LIHTC) Allocation Application. The LIHTC funding is the public funding that is available at this time for this Project.
- Puts forward a program undergrounds parking and utilities.
- Provides appropriate transitions in scale and massing by taking the rhythm, scale and color from the adjacent and abutting properties.
- Provides an honest expression in the multi-family architecture while reflecting the neighborhood tradition in character.
- Contributes to walkable streets.
- Creates a façade that is indistinguishable as affordable housing.
- Continues the legacy of affordable housing in Alexandria by introducing greater density to this block.

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9-12-15

Why should we not tear down the Ramsey Homes in Parker Gray National Register Historic District?

They are Contributing structures to the National Register District which was just completed in 2004. If many of the contributing structures that contribute to a historic district are removed a district can be delisted.

They were built in 1942 under the Lanham Act for WWII families. The same fund was used to build the Carver Nursery School, which was built just a year later, and has now been rebuilt.

These buildings tell a story of housing during WWII that cannot be easily recreated. Their location in the heart of Parker Gray provides an ideal place to tell this story, as well.

Even though they have been altered, their presence can increase tourism, especially in the growing field of African American history as we continue to discover and uncover more of it.

If the ARHA building is allowed to be built it will block the view of this important block as visitors drive by. Sitting on the same block as the Robinson Library and the Watson Reading room, and across the street from the Charles Houston Recreation Center and its wall of history inside, these buildings can serve as an example of housing for African Americans. The Black History Museum is the beginning of most tours of African American History in Alexandria, and this site, and this block is a great place to begin that journey. You may also remember that there were proposals not too long ago to brick over this block of Wythe and tie the two sides of the street together with new sculptures in front of the Rec Center and the Black History Museum, enhancing creating a new event and public place.

The first thing that should be considered is whether these buildings should be preserved. Then we can consider what the best use for them is. Preservation should not be subject to whether they currently have the highest and best possible use or the valuable land has the highest and best possible use or what the financing scenarios are. Opponents of preserving these buildings might say it is preservation vs. affordable housing, which is a false argument. Once we resolve the first issue we can deal with the second issue. I can assure you that everyone of us cares about affordable housing and affordability in general and that we have sympathy for the residents of these buildings which have suffered from years of lack of maintenance and rehabilitation.

These buildings preserve open space which is scarce in the Braddock community and will be an even scarcer resource in the future. Like the Gunston Hall Apartments this preserves open space along one of our gateways into Alexandria.

There should be no argument that there should be only partial preservation. If one building is worthy of preservation then all the buildings are worth preserving. I would suggest if ARHA decides not to rehabilitate the buildings once the demolition is denied today, that if the city

looks at adaptive reuse, they could become part of the Black History Museum, to be used for storage, research and a permanent display of living conditions of African Americans in Alexandria from WWII to the present day. We want to preserve not just a remnant but the historic site.

We are only asking you to uphold the vote of Parker Gray Board and give these properties another chance to tell their history. Lastly, I know that here in Alexandria we are all interested in preserving the environment and building green buildings. We should remember that the greenest building is the building that is already built.

I would like to end by repeating two quotes from Talmadge Day's letter to the Editor in the Alexandria Times.

"How well Alexandria can contribute to the National Dialogue significantly depends on its vigilance in protecting every aspect of its history."

"Demolishing these structures and replacing them with a plaque in a high density project would not only destroy an important feature of Alexandria's historic fabric, but the character of a historic neighborhood as well."

On the other hand, the restoration of these historic structures, long overdue, will enhance heritage tourism, visitor understanding of our history, and improve and enhance one of the gateways to our historic city.

Boyd Walker