

City Council - ARHA Board of Commissioners Joint Worksession
March 8, 2016
City Council Workroom
6 PM

Agenda

1. Introductions
2. Review of Joint City ARHA Work Plan for Ramsey Homes
 - Goals
 - Collaboration Principles, including future MOU
 - Threshold Issues
 - Scope of Work/Decision Points
 - Schedule, including June check-in
3. Concluding Remarks

Joint City-ARHA Work Plan for Ramsey Homes

This document represents a collaborative approach to defining the redevelopment of Ramsey Homes, for the City of Alexandria and ARHA. Through the goals and processes outlined below, it is our united goal to determine the most effective development approach to redevelop the Ramsey site, working from the perspective of the initial ARHA proposal and the Alternate option, (the “Alternate”), to arrive at an optimum housing solution for impacted families.

1. Goals

To achieve, prior to the public hearing on March 12, 2016, a general agreement on what will happen if the City Council votes to approve the Master Plan Amendment and Rezoning on the Ramsey Property. There will need to be collaboration between all parties on what “agreement” consists of; however, as a starting point, staff suggests the agreement would cover:

- Agreement by both parties to continue to work on Ramsey redevelopment options;
- Agreement on the product of the future study, such as “robust comparative analysis of ARHA’s proposal and the Alternate”;
- Agreement on collaboration principles: how the two bodies and their staff will work together;
- Agreement on a framework for the future study: general time frame, issues to be explored, consultants required (and how they are paid for); role of the community, the ARHA Redevelopment Work Group (the “Work Group”), the City Council and ARHA Board, and staff;
- Agreement on how the process will be communicated and information shared with the public;
- Agreement to limit/mitigate concerns about unintended consequences of rezoning
- Agreement that this Work Plan constitutes the basis of how the City and ARHA will work together on the Ramsey Homes redevelopment process and potentially provide a template for their future collaboration on redevelopment of the RFP sites.

The goal is to return to the Council with a check-in about – and hopefully completion of – the analysis, and a decision on the staff-endorsed concept, prior to Council’s summer break.

2. Collaboration

Agreement on potential collaboration principles:

- Commitment to learn/understand/value what’s important to all parties
- Respect each other’s position, expertise, commitment
- No surprises
- If there’s a concern, bring it to the table
- Once an issue is resolved, it’s resolved
- Transparency/executive sessions
- Create a joint FAQ

- Post evidences of collaborative efforts on each other's websites as appropriate
- Balance work on solutions with a need for transparency
- Complete staff work in a timeframe that allows information to be shared with the public sufficiently in advance of meetings and hearings

3. Threshold Issues

- Value of ARHA's land asset
An appraisal of Ramsey Homes will be conducted to establish the site's highest and best use, as a prerequisite to the HUD disposition process. Since ARHA's modeling to date has assumed land value based on the City's 2015 Real Estate Assessment of the site, it is likely that an appraisal, particularly if it is premised on a re-zoning that allows 53 multifamily units, will indicate a much higher value than has been presented publicly, with potential implications for a future tax credit application and feasibility of a future acquisition of one building for preservation by a non-ARHA entity.
- HUD Disposition Process
Understanding the elements and timing of the HUD disposition process, including what City approvals are required and what determinations are prerequisites to HUD's final determination, including the Environmental Review and related Section 106 process. A detailed description of the disposition process, including the legal, procedural and financial constraints on re-use of the Ramsey property by another entity shall be prepared for the March 12 public hearing.
- Consultant Costs for Study of Options
ARHA typically carries all accumulated project costs, including soft costs, forward to each successive option so that these can be paid from project proceeds, when realized. As a result of this approach, each option studied becomes less competitive for tax credits since the total development costs are increasingly disproportionate to the model studied, making each model less efficient. ARHA and City staff will seek clarification, including written guidance from VHDA, on whether costs to be incurred for the study of the hybrid option (or any other options directed by the Work Group) should be aggregated as soft costs for the development proposal ultimately submitted by ARHA for tax credit funding.
- Timing of Rezoning and DSUP
As City staff noted at the February 20 public hearing, it is not Alexandria's routine practice for a rezoning of a specific property to occur well ahead of a development special use permit on that parcel. The reason is that the proposed DSUP provides concrete information about the potential result of the rezoning, and that practice has worked well. Staff also noted on February 20 that there is a pending DSUP, as well as potential alternative, for the Ramsey property, which provides information about how the new zoning could be used. Staff also mentioned that, in the past, the City commonly rezoned properties

following the adoption of a new small area plan, rather than waiting for development proposals (Eisenhower East is an example), but that has not been the practice in more recent plans. Finally, staff noted that in some neighboring jurisdictions, rezonings routinely occur ahead of a development case. Those jurisdictions' development approval processes are different from Alexandria's in other ways as well, reflecting their own set of traditions and needs.

Tax credit funding includes cost containment measures. These measures are in place to assure the efficient use of the limited resources available to build affordable housing. The cost per unit is a direct result of the adjusted total development cost divided by the total heated residential square foot area. Approval of the Master Plan Amendment and Rezoning would provide a framework as to what is possible on the site, in order to further the work on the study of the initial concept and Alternative.

4. Decision Points

Define options to be studied:

- The 53-unit, two buildings concept proposed by ARHA
- Alternate option, currently conceived as 49 units in a single building and one saved building
- Permutations, or variations, of these options will be studied to make them as competitive as possible as well as to maximize public benefit.

Professional Services:

- Discuss how to pay for consultants and other study costs.
- 3rd Party Consultants: ARHA/City shall consult with one another regarding consultants, the scope of their work and the general terms of their engagement. Consultants will not be vetoed without a substitute, mutually acceptable, consultant being identified.
- Agreement for the continued services of the design team to include the architect, civil engineer and construction manager, under the prior arrangement for reimbursement by the City for costs to study the Alternate.

Other Key Issues for Additional Study/Consideration:

- ARHA's operational costs and challenges
- Hard and Soft Costs
- Competitiveness for Tax Credit funding
- Sustainability

- City development requirements
- Height / Massing
- Green Building
- Intellectual and Developmental Disabilities
- Federal and State regulatory constraints, including requirements related to the disposition process, accessibility, Environmental Review/Section 106 process
- Historic Preservation
- ARHA/City Loan – Amount and terms to be determined based on 2017 QAP to maximize score
- Funding sources and requirements, including City sources, low income housing tax credits and other potential funding programs
- Community outreach strategies

5. Scope of Work

The scope of work covers a variety of professional services to be engaged for the redevelopment of Ramsey Homes, related to the Alternative and any permutations of either option.

Architecture:

Study the architecture for the Alternate:

- Efficiencies of consolidation
- Unit Mix, including efficiencies to increase units to 50+
- Options for relocation of garage drive aisle
- Calculate FAR

Site Plan/Density/Open Space:

Develop the Site Plan for the Alternate:

- Determine the size of the subdivided parcel
- Calculate open space exclusive of the subdivided parcel that will presumably belong to an owner who is not ARHA
- Preservation of the north or south building
- Study underground utility locations to see how they affect the decision to retain one building and to locate tie in for underground stormwater retention

Proposed Development, Operating Cost & Value:

Price the Alternate:

- Determine pricing for EarthCraft Silver/Gold/Platinum options
- Develop Development Proforma

- Appraise Alternate at its highest and best use with the rezoning to CRMU-M
- Engage third-party consultant to complete an operating expense study for use in an Operating Proforma
- Acquisition, use and renovation cost for preserved building

HUD/Legal Opinion:

Regarding the HUD Disposition process, if property is subdivided and a parcel to be sold for use other than public housing, what rights are preserved for the residents?

6. Schedule

Date	Meeting Topic/Attendees	Meeting Details
3/2/16	ARHA Redevelopment Work Group	Draft agreement statements, materials and agenda for Joint Work Session. Representatives from the historic community (HARC), the affordable housing community (AHAAC, EOC and others), and the immediate neighborhood are invited.
3/8/16	City Council/ARHA Joint Work Session	Agreement finalized on way forward
3/8/16	ARHA Board Meeting	ARHA Board meets immediately after Joint Work Session to officially authorize their CEO to execute agreement
3/9/16	City Staff, ARHA Staff	Conclusion of Joint Work Session reported to public, ahead of 3/12/16 public hearing
3/12/16	City Council Public Hearing	Public hearing and action on three land use decisions. Council vote to authorize the CM to execute agreement

ARHA has developed a schedule to track project milestones and identify critical path issues. A copy is attached. The schedule will be updated regularly for the Work Group.

Proposed process after March 12: The Work Group will meet monthly; both staffs will collaborate on preparation of materials for review, discussion, and direction. Materials from the meetings will be shared with the Council and the ARHA Board and posted online; this will include action minutes that will be prepared after each meeting (by City staff with ARHA staff review).

The objective is to work through analysis of the various parameters affecting the financial feasibility and tax credit competitiveness of the options and return to Council with the findings prior to scheduling a hearing on the DSUP to determine if there is agreement from Council that the concepts have been fully vetted. The community will have the opportunity to review and provide feedback on the progress at key steps; in addition, all work will be shared publicly at Work Group meetings and posted online.

Periodic Deliverables

- **April:** ARHA and City staff will detail the two options and refine the list of outstanding issues to be addressed and questions to be answered, summarizing the work already completed, and summarizing the steps that will be taken to get answers. This will include any consultants that will be needed and how they will be paid for. The result of this work will be brought back to the Work Group.
- **May/June:** Staffs will continue the analytical work with monthly work sessions with the Work Group. Consultant will review the initial submission and hybrid option and report on findings. Check-ins with community, ARHA Board and City Council in June to report progress, solicit feedback and outline next steps. This may be an opportunity to decide if further analysis is needed or if sufficient information has been gathered.
- **Summer:** Complete additional analytic work if needed. Continue to schedule monthly meetings for the Work Group, if possible. Potential work session with the Parker-Gray BAR. Assumption is that by this point, there will be agreement on the option to move forward to hearing in September. Possible discussion of refinements to that option, if supported by the analytical work, guidance from Parker-Gray BAR, and community feedback.
- **September/October:** Hearings on the Development Special Use Permit.

This collaborative and productive working relationship should extend beyond the Ramsey project, both in the sense of continuing through all of the upcoming redevelopment projects and in the sense of extending to non-development issues on which ARHA and the City partner.