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Title: Consideration of a City Loan of \$700,000 in Federal Community Development Block Grant (CDBG) Funds to Wesley Housing for an Elevator Modernization Project at Parcview Apartments.

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Attachments: 1. 22-0960_Attachment 1 - Project Location, 2. 22-0960_Attachment 2 - 60 Percent Area Median Income Limits, 3. 22-0960_Attachment 3 - Wesley Housing ParcView Elevator Repair and Modernization Loan Application

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 29, 2022

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: EMILY A. BAKER, DEPUTY CITY MANAGER
HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING
ERIC KEELER, DEPUTY DIRECTOR, OFFICE OF HOUSING
TAMARA JOVOVIC, HOUSING PROGRAM MANAGER, OFFICE OF HOUSING

DOCKET TITLE:

Consideration of a City Loan of \$700,000 in Federal Community Development Block Grant (CDBG) Funds to Wesley Housing for an Elevator Modernization Project at Parcview Apartments.

ISSUE: Consideration of a loan to fund the modernization and repair of the elevators at ParcView Apartments.

RECOMMENDATION: That the City Council:

1. Approve a \$700,000 loan comprised of federal CDBG funds to perform critically needed repairs to the elevator system serving ParcView Apartments;
2. Approve the transfer of \$700,000 in CDBG funds from the Home Rehabilitation Loan Program to the Housing Opportunities Fund for this loan; and
3. Authorize the City Manager to execute any necessary documents to facilitate the loan.

BACKGROUND: Located at 5380 Holmes Run Parkway (Attachment 1), ParcView Apartments is a 149-unit rental community with 120 units offering rents affordable to households with incomes up to 60% of the area median income (Attachment 2). The property also has an additional 29 non-income restricted units which further expand housing opportunity in the West End. As of September 2021, 79 resident households (53%) had Housing Choice Vouchers, and 87 had annual incomes at or below \$50,000.

ParcView was built in 1973 by Landmark Association LP using federal funds to enhance senior housing affordability. The property was sold to Wesley Housing in 2006 with the City providing a \$9 million loan to help preserve this important housing resource. Wesley Housing, a regional affordable housing developer and provider, operates three residential properties in the city. Its fourth community-the 81-unit Waypoint at Fairlington-will be opening in Summer 2022. Wesley subsequently rehabilitated the building, including converting some one-bedroom units into family-sized units. ParcView's initial tax credit partnership was scheduled to end this year and its investor, Enterprise, has exited the partnership, leaving Wesley the sole owner and operator of the property.

It is noted that in February 2022, City Council approved the "ParcView II" project which proposes, as part of a phased redevelopment that will add 224 net new units of affordable housing, to also renovate the existing 14-story building, retaining 146 of the existing 149 one- and two-bedroom units. At completion the redevelopment will include a total of up to 373 committed affordable rental units and 5,125-8,025 square feet of commercial space envisioned to be occupied by a daycare. The planned rehabilitation of the existing building encompasses updating aging building systems, the renovation of units, and the addition of amenity areas suited to the needs of Parcview's resident demographic.

The proposed modernization of the two elevators at ParcView Apartments constitutes the first step in that rehabilitation process (Attachment 3). The scope of work includes upgrades to the drive, motor and control systems, installation of a battery powered Emergency Return Unit, and improvements to the doors, hoistways and car equipment. If funding is approved, the repairs would begin this Spring and the work would be completed by December 2022. Currently, the state of repair results in the elevators being out of service frequently which is especially concerning in a high rise building that still has many senior residents (although it is not exclusively senior housing). Proceeds from the ParcView II project will supplement the budget for rehabilitation of the existing building, however, since funding for Parcview II has not yet been identified, staff believe the City loan is the right approach to address this interim project. The new loan will be incorporated into the City's permanent loan, along with its prior investment, when Parcview is refinanced and renovated in the future.

DISCUSSION: Funding for this project will come from the Home Rehabilitation Loan Program's Community Development Block Grant (CDBG) carryover funds. Due to the pandemic, the program has had lower than budgeted participation over the past two years which has resulted in a balance of funds. Many users of the HRLP are low- and- moderate income seniors. While the program has experienced an increase in projects during recent months, it will continue to have sufficient resources to work with clients after the proposed reprogramming of funds to support the elevator modernization project.

The reprogramming of the CDBG funds is in line with the City's 2022-2026 Consolidated Plan for Housing and Community Development which guides the use of the CDBG funds the City receives from the US Department of Housing and Urban Development.

The loan application was presented to the Alexandria Housing Affordability Advisory Committee on March 3, 2022. The Committee recommended approval of the loan to the City Council.

FISCAL IMPACT: Reprogramming and transfer of \$700,000 Community Development Block Grant funds currently programmed under the Home Rehabilitation Loan Program to the Housing Opportunities Fund.

ATTACHMENTS:

Attachment 1 - Project Location

Attachment 2 - 2021 60% Area Median Income Limits

Attachment 3 - Wesley Housing Elevator Repair and Modernization Loan Application

STAFF:

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