

a rent affordable to households with incomes at or below 45% AMI (Attachment 2).

Parc Square was built in the 1940s. The property serves as an important housing resource in Arlandria Chirilagua, a neighborhood that continues to face pressure on its housing market due to its proximity to National Landing, Potomac Yard, Amazon HQ2, and surrounding higher-income neighborhoods. In 2019-20, the City accelerated its Small Area Planning process for the neighborhood in part to develop strategies and tools to preserve, improve, and expand affordable housing options. This project is consistent with the approved Plan.

The property changed ownership a few times over the decade before Wesley Housing's purchase, with prior owners making predominantly cosmetic improvements and raising rents. Wesley Housing acquired Parc Square in early 2022 with a Housing Equity Fund Loan from Amazon, and a subordinate loan from another mission-focused lender. Wesley's intent was to preserve long term affordability with non-City resources, as well as create the opportunity to facilitate a future assemblage for redevelopment.

Wesley Housing has made significant progress towards rehabilitating several units in disrepair within existing resources. While it has faced renovation challenges, Wesley Housing has brought all but eight of the units online and hopes to complete rehabilitation of the remaining units with assistance from the City. It also hopes to address some structural issues resulting from proximity to the flood plain.

DISCUSSION: Wesley Housing is a regional affordable housing developer. The nonprofit owns and operates five properties in the City, including ParcView Apartments, Beverly Park Apartments, Lynhaven Apartments, The Waypoint, and Parc Square Apartments. As shown in its project Wesley plans to use the requested funding to rehabilitate units located at 525 and 527 Four Mile Road, 604 Notabene Drive and 3906 Old Dominion Boulevard, and for structural repairs to two buildings located at 525- 527 Four Mile Road. HOME funds from the City will allow Wesley Housing to bring eight units back online and provide committed affordable housing as required by lenders, as well as return operations to full capacity pending its future redevelopment.

Funding for Parc Square is proposed to be allocated from the federal funds portion of the City HOF. \$375,000 is currently available. As part of its review for use of federal funds, the City considers specific requirements such as environmental assessments, wage rates, per unit cost, and related subsidy limits. Based on staff analysis, this project complies with federal requirements and offers an appropriate use of these funds. The proposed use of HOME monies also aligns with the City's 2022-2026 Consolidated Plan for Housing and Community Development which outlines use of funds received from the US Department of Housing and Urban Development.

At its May 1, 2024 meeting, the Alexandria Housing Affordability Advisory Committee discussed the loan and recommended that City Council approve it.

FISCAL IMPACT: Commitment of up to \$291,300 in HOME monies from the City's Housing Opportunities Fund.

ATTACHMENT:

1. Wesley Housing Application for Parc Square Funding dated April 1, 2024
2. HUD 2024 Income and Rent Limits

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