

Park loan;

- (b) pass a resolution designating the Ramsey Homes project site a revitalization area pursuant to Section 36-55.30:2.A of the Virginia Code; and
- (c) authorize the City Manager to execute documents related to the loan as well as those evidencing City support for ARHA's upcoming application for low income housing tax credits.

BACKGROUND: ARHA has requested a City loan of up to \$1 million to support offsite infrastructure improvements and other amenities required to enhance its application for land use approvals to enable the proposed redevelopment of the existing 15-unit Ramsey Homes public housing development into a mixed income community (Attachment 1). ARHA's proposal includes 15 new replacement housing units per Resolution 830 that are affordable to households with incomes up to 30% of the Area Median Income (AMI) and 38 new units affordable to households at 50 and 60% AMI (Attachment 2).

Among the improvements and amenities to be funded with the City loan are upgrades to the storm water and sewer lines serving Ramsey Homes, enhanced sidewalk treatments, traffic signal improvements and rooftop amenities to meet open space requirements for the site that cannot be met at the ground level. ARHA cannot finance these improvements within the funding anticipated to be provided by low income housing tax credit equity.

ARHA has also requested that City Council adopt a Resolution designating the Ramsey Homes site a "revitalization area" pursuant to Section 36-55.30:2.A of the Virginia Code (Attachment 3). This designation will potentially enhance ARHA's score on its upcoming tax credit application by ten points. Council has made similar designations for other tax credit-funded affordable housing projects, including The Station at Potomac Yard and St. James Plaza. The designation of the Ramsey Homes site is consistent with the Code's provision that the existing buildings will become obsolescent based on ARHA's representation that continued federal support from the U.S. Department of Housing and Urban Development (HUD) is threatened by Ramsey's inadequacy as affordable housing based on its age and condition. The Virginia Code sets a standard that "without government intervention" the development of affordable housing, such as the proposed 38 net new affordable units would not occur on this site. City staff agrees that the Ramsey Homes site meets this standard.

DISCUSSION: ARHA proposes to redevelop the existing 15 public housing units at Ramsey Homes into a new 53-unit mixed income community through its development entity, Virginia Housing Development LLC. With regard to the source of City assistance, in 2008 when City Council approved a \$5.6 million loan to ARHA to pay off its mortgage on Glebe Park to facilitate that redevelopment, it was envisioned that the loan would be repaid from (a) property reserve funds immediately available at the financial closing (in fact, \$600,000 was repaid soon after City loan funds were disbursed) and (b) future proceeds to be realized by ARHA on land sales and project upside shared with market rate partner EYA for the redevelopment of the James Bland sites as Old Town Commons. Given ARHA's future plans (subsequently memorialized in its Strategic Plan for Redevelopment as well as the City's Braddock Metro Neighborhood and Braddock East Plans) to redevelop the majority of its aging housing portfolio following completion of James Bland, at the time of the 2008 loan approval City Council stipulated that when the Glebe Park loan was repaid by ARHA, these funds would be earmarked within the Housing Opportunity Fund as a revolving loan source for ARHA to support its future redevelopment efforts such as that now proposed for Ramsey Homes.

ARHA reports that it has recently completed its final reconciliation of the Old Town Commons project with EYA and will be submitting a revised disposition application to the U.S. Department of Housing and Urban Development (HUD) seeking that agency's approval to use Old Town Commons sales proceeds to repay the

City \$5.6 million loan. ARHA's current timeline for loan repayment to the City is sometime in mid-2016.

At its February 4, 2016 meeting, the Alexandria Housing Affordability Advisory Committee (AHAAC) considered the loan and recommended that City Council approve it, pending approval of the associated land use applications. It is additionally noted that AHAAC considered and approved ARHA's Affordable Housing Plan for Ramsey; prior to a final site plan being approved, the City's Landlord Tenant Relations Board must review and approve ARHA's tenant relocation plan.

FISCAL IMPACT: A permanent loan of up to \$1,000,000 of Housing Opportunities Fund dollars will be made to ARHA, with the disbursement of the monies contingent on ARHA's repayment of the City's Glebe Park loan. Like other loans for affordable housing, the new City loan for Ramsey will be a residual receipts loan paid out of property cash flow. The unpaid balance of the City loan will accrue interest at 2% annually. The City loan will be paid *pari passu* (on an equal footing) basis with ARHA's \$3.8 million seller note for the property's land value and a VHDA predevelopment loan of \$100,000, however the City's loan will be in a senior position to ARHA's seller note. This arrangement is similar to other city affordable housing loans to non-profit affordable housing organizations. Proformas provided by ARHA indicate that the City loan can be repaid within 30 years.

ATTACHMENTS:

- (1) ARHA Loan Request for Redevelopment of Ramsey Homes as Mixed-Income Development
- (2) HUD Income and Rent Limits for 30%, 50% and 60% AMI
- (3) Resolution Designating the Ramsey Homes Site a Revitalization Area

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