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Title: Consideration of Second Predevelopment Loan of \$500,000 to the Alexandria Housing Development Corporation for its Arlandria-Chirilagua Affordable Housing Development.

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Attachments: 1. 21-0944_Attachment 1_4-14+Community+Meeting_Spanish, 2. 21-0944_Attachment 2_4-15+Community+Meeting_English

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

MEMORANDUM

DATE: MAY 5, 2021

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Consideration of Second Predevelopment Loan of \$500,000 to the Alexandria Housing Development Corporation for its Arlandria-Chirilagua Affordable Housing Development.

ISSUE: Second tranche of predevelopment loan funding for the 480-unit (approximate) affordable housing Arlandria-Chirilagua project.

RECOMMENDATION: That City Council approve additional investment of City predevelopment funds with a second \$500,000 loan to the Alexandria Housing Development Corporation (AHDC) for its planned 480-unit Arlandria-Chirilagua project.

BACKGROUND: On September 8, 2020, City Council approved a \$500,000 predevelopment loan to AHDC to help it advance a proposal for a 375-unit affordable housing-mixed use project at the former Safeway site located at the intersection of West Glebe and Mount Vernon Avenue in Arlandria-Chirilagua. With City funds and its own monies, AHDC and its development team have progressed the project through a Concept 2 submission and have engaged in substantial community engagement, including planning for the housing unit mix and affordability levels in consultation with Tenant and Workers United (TWU) and other neighborhood stakeholders, as well as draft housing recommendations generated through the Arlandria-Chirilagua planning process.

Feedback regarding the proposed project has been generally very positive, with community members urging AHDC and the City to create as much deeply affordable housing as feasible, as well as encouraging the proposed use of commercial space for community-serving retail, healthcare, childcare and other City and nonprofit social services. AHDC's mid-April presentations to the community are attached (Attachments 1 and 2). AHDC staff presented the development and responded to questions entirely in Spanish on the first night, followed by a meeting the next evening conducted in English. It is noted that AHDC is also developing a curriculum and potential training program to help ensure that community members have the information and preparation necessary to be "ready to rent" when the first phase of affordable housing is available in 2024. The City is also pursuing a waiver from the U.S. Department of Housing and Community Development (HUD) to prioritize placements of current Arlandria-Chirilagua residents when these projects lease.

Through the development review process, including City staff review and community consultation, the project design has advanced and been refined, and the number of residential units has increased from approximately 375 to an estimated 460 to 480 units, including at least 400+ affordable rental units (with 20% planned to be affordable at 40% AMI), and the balance to be affordable rental or sales units. AHDC is exploring options for a for-sale or other affordable ownership option, which is desired by the community. Significant infrastructure improvements which will benefit the development as well as the larger neighborhood have also been identified, making predevelopment-stage studies and financing options more complex.

DISCUSSION: To support nonprofit developer AHDC's efforts to deliver such an important housing and services resource in Arlandria-Chirilagua, staff believes providing additional predevelopment monies is appropriate. The Housing Master Plan proposed that staff have administrative authority to approve up to \$5,000 per unit in predevelopment funding for affordable housing projects. Technically, using the estimated 460-unit count, City support in the amount of \$2.3 million would fall within the support amount recommended for administrative approval in the Housing Master Plan. For most developments, staff has adopted a practice of consulting with AHAAC and City Council in its predevelopment funding decision-making, to keep both bodies, and the public, aware of upcoming affordable housing development and informed regarding likely City investment. Predevelopment funding support also helps establish a project pipeline that orders and prioritizes City housing investment, taking into account when local, state, federal and other resources may be leveraged to reduce the permanent gap.

The additional investment is also consistent with progress AHDC has made in advancing the project concept in the development review process (it is anticipated the development will be considered by Planning Commission and City Council at public hearings in late Fall 2021 and submit a tax credit application to Virginia Housing ("VH", formerly VHDA) in Spring 2022), in ongoing community engagement and consultation, and in work with City staff to explore and secure potential funding, including from multiple non-City sources. While no funding is fully secured, VH, which has helped sponsor the Arlandria-Chirilagua planning effort with a community impact grant, has indicated its support for the project.

It is noted that the City's early investment - critical to its collaboration with nonprofit developers - is always at-least matched by the nonprofit entity receiving support, in terms of staffing and monetary commitments to bring an affordable housing project through the development approval process and securing funding over an 18 to 24+ month period prior to construction.

FISCAL IMPACT: A second predevelopment loan of \$500,000 will increase the City's total predevelopment investment to \$1 million. Staff believes this is consistent with the recommendations of the Housing Master Plan, and appropriate to the size, scope and complexity of the project. AHDC's progress also supports additional investment. When this project commences this \$1 million loan amount will be rolled into the City gap filling loan. If the project does not proceed, the predevelopment loan would be converted into a grant which would be consistent with the City's policies and practices when undertaking affordable housing financing.

ATTACHMENTS:

Attachment 1 - AHDC 4-14 Community Presentation regarding the Arlandria-Chirilagua Project (Spanish)
Attachment 2 - AHDC 4-15 Community Presentation regarding the Arlandria-Chirilagua Project (English)

STAFF:

Emily A. Baker, Deputy City Manager
Helen McIlvaine, Director, Office of Housing
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing