



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 20, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER /s/

DOCKET TITLE:

Consideration of Submission of a Grant Application to the Virginia Housing Development Authority's (VHDA) REACH Program.

ISSUE: Consideration of submission of a grant application to the Virginia Housing Development Authority's (VHDA) REACH Program.

RECOMMENDATION: That City Council approve the submission of a joint application with Arlington County for a \$10,000 REACH grant to conduct condominium association board education and outreach to condominium residents. REACH grant applications are accepted by VHDA on a rolling basis with no formal submission deadline.

BACKGROUND: Condominiums represent the most affordable type of ownership housing in the Northern Virginia, especially within the City of Alexandria and Arlington County. In Alexandria, condominiums represent 47% of the City's total stock of ownership housing. While condominium communities experienced significant price increases in the 2000s, they have also experienced the most significant declines in value since 2007 and some homeowners remain underwater. In concert with declining property values, many condominium communities have experienced rapidly increasing monthly fees and special assessments, thereby jeopardizing the affordability of this housing option for low and moderate income homebuyers. Jurisdictions across the country have expressed concern with these issues and have struggled to identify a method of controlling the rise of condominium fees. This issue has been raised repeatedly in discussions and City planning processes related to affordable housing.

DISCUSSION: Staff from the City and Arlington County has discussed the need to stabilize condominium fees and to improve both governance practices and consumer awareness of condominiums as a housing choice. To that end, staff has held preliminary discussions with the Virginia Housing Development Authority (VHDA) concerning the need for additional support and education of condominium associations. VHDA holds a significant portfolio of first trust mortgages on condominiums in Northern Virginia and is very interested in

supporting an effort to increase educational opportunities in this area.

VHDA has invited the City and Arlington County to submit an application for \$10,000 in REACH Program funding to support this initiative. Elements of the proposed program include regional workshops and seminars focusing on such topics as:

- Legal issues related to community associations
- Financial management
- Sound management practices and operations
- Restrictive covenants
- Insurance requirements
- Understanding the Federal Housing Administration (FHA) approval process

It is proposed that these workshops be conducted by the Washington Metropolitan Chapter of the Community Associations Institute, an organization with specific expertise in community association law and management. In addition to working with associations, staff is proposing targeted outreach to residents of troubled properties to help residents understand their rights and responsibilities as condominium owners, the importance of paying monthly fees, and issues related to resales. Information on resources to help underwater homeowners will also be presented. Leslie S. Brown, an attorney with the firm of Rees Broome, PC in Tysons Corner, has conducted two-hour resident education classes in the area and has agreed to partner with the City and Arlington County in this outreach effort.

Staff believes that outreach to residents and associations can help stabilize communities that have been most affected by the downturn in real estate values. This effort is also expected to facilitate resales by ensuring that communities maintain their FHA approval and the supply of affordable housing for future generations.

FISCAL IMPACT: None. No staff will be added for this initiative and training sessions and outreach will be conducted through partner agencies. Once grant funds are exhausted, the activity is expected to end.

ATTACHMENTS: None.

STAFF: Mark Jinks, Deputy City Manager
Mildrilyn Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing
Shane Cochran, Program Implementation Division Chief, Office of Housing