



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 21, 2015

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Consideration of Approval to Lease City-owned Property at 211 Aspen Street.

ISSUE: Consideration of the acceptance of an unsolicited offer received from New Hope Housing for the lease of City-owned property at 211 Aspen Street.

RECOMMENDATION: That City Council authorize City Manager to execute a lease of City-owned property at 211 Aspen Street to New Hope Housing at a rate of \$1 per month for an initial term of three years and then two one-year renewals for rapid-rehousing of single men who are homeless with a preference given to veterans.

BACKGROUND: The City-owned property at 211 Aspen Street was purchased in February 1989 for the express purpose of housing four individuals admitted to the Alexandria Community Services Board (ACSB) dual diagnosis substance abuse/mental health transitional housing program. It had been established and rooted in the community for 23 years as housing serving a vulnerable population. This program was discontinued and the facility closed in June 2013 as budget reduction for DCHS.

Acceptance of the proposal from the non-profit New Hope Housing (NHH) to use the City-owned property located at 211 Aspen Street as affordable housing for homeless single men with a preference given to veterans implements the Housing Master Plan's recommendation to maximize public land for affordable housing. Further, the proposal is aligned with Goal #7 of the City's Strategic Plan:

Goal #7: Alexandria is a caring and inclusive community that values its rich diversity, history and culture, and promotes affordability.

Objective: Promote a continuum of affordable housing opportunities for all residents, especially those most in need.

Initiative: Achieve a net increase in the number of dedicated affordable rental and ownership units in the

City by 2015, through the development and implementation of sustainable and adequately funded development and preservation strategies, including seeking any necessary State legislative changes.

The project promotes successful advancement of the Department of Community and Human Services (DCHS) performance indicator of decreasing homelessness through provision of affordable housing for a targeted vulnerable population.

The focus on homeless veterans is also in alignment with the national effort of Housing and Urban Development (HUD) and the Veterans Administration to reduce the number of veterans living on the streets, experiencing homelessness to zero (as measured by the FY 2016 Point-in-Time (PIT) Count). Mayor Euille has signed on to the Mayor's Challenge to commit Alexandria to work toward this effort with the goal of seeing progress in the following indicators.

Indicators:

1. Reduction in homeless veterans living on the streets, experiencing homelessness to zero (as measured by the FY 2016 PIT Count).
2. The "Number of Homeless Veterans" on a single night is determined by the PIT Count, which is conducted the last week of January each year. "The PIT Count reflects the results of the work performed and the fiscal obligation/budget made in the prior fiscal year."
3. Reduction in total homeless veterans temporarily living in shelters or transitional housing to 12,500 (as measured by the FY 2016 PIT Count).

New Hope Housing operates one other veteran house, a four-bedroom townhouse off Route 1 in Fairfax County. All residents in this program have a lease in their own name. In the Aspen Street unit, as in all units operated by NHH, case management services will be provided to all residents. NHH staff will make weekly visits to the residents and will be available by phone. Facility maintenance calls are handled by a 24 hour cell phone carried by NHH's Director of Operations.

NHH will charge below fair market rent, between \$500-\$600 per month, depending on the size of the rooms. Each resident will have his own standard lease with New Hope Housing. This is a break even program for NHH with rent money along with additional funds raised by NHH, paying for the salary of the case manager, utilities, maintenance, direct client needs and supplies.

There are currently seven homeless veterans in the city whom the City is aware of. The proposed use of 211 Aspen Street as affordable housing for three homeless veterans would reduce that number by 43 percent and establish the City's first veteran specific housing initiative with a fixed housing site.

The property will operate as permanent housing for veterans and the lease with the City will include standard language for good tenancy and upkeep of the property. Also the lease terms for residents will include paying rent on time and maintaining the property. As with all programs in the Continuum of Care, there will be outcome measures to move residents towards independence.

While the use of the property in this way does not result in the City receiving the capital revenue that would be gained through the sale of the property, the use of the property to serve vulnerable populations is of critical

importance and continues one of the original purposes offered. The purpose of the purchase of 211 Aspen Street which was to provide housing for those with specific human service needs. This homeless veterans initiative is consist with that purpose.

FISCAL IMPACT: The proceeds from the sale of this property originally anticipated in the FY 2014 Capital Improvement Budget (CIP) was \$440,000. This Sale of Land Revenue was moved to FY 2016 as a funding source in the FY 2015 CIP. By foregoing this one-time revenue by retaining and leasing this City-owned property rather than selling it, the City will need to adjust cash capital available in the context of the FY 2015 CIP.

Based on the most recent sales data, there have been 18 valid sales to date in Warwick Village with 2015 Assessed Value to Sale Price Ratios ranging from 78.89% to 106.74% with a median ratio of 92.16%. All of these properties are in superior condition and sold at prices in excess of the subject property's 2015 assessment, with the exception of one property. Staff believes that the best comparable sales are those that are rated in fair condition and have finished basements. These are 211 Tennessee Avenue with a 2015 assessed value of \$445,831 and 56 Ancell Street which has a 2015 assessment of \$407,387. Based on the foregoing, the subject property has a current market value ranging from \$420,000 to \$460,000.

In terms of a cost benefit analysis, the Office of Housing indicates that the cost of acquiring one-bedroom units that would rent at 30% of AMI is approximately \$200,000 per unit in the open market. In the case of the subject property, it would be considered three (3) studio units with a market value as configured ranging from \$420,000 to \$460,000. This compares to an estimated cost of \$600,000 to acquire individual units in the open market indicating a potential realizable savings of \$140,000 to \$180,000.

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