



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: FEBRUARY 8, 2017

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Consideration of a Request from the Alexandria Redevelopment and Housing Authority (ARHA) to Increase the Amount of the City Loan for the Redevelopment of Ramsey Homes to \$2 Million.

ISSUE: Increasing the previously approved City loan amount to be provided to the Alexandria Redevelopment and Housing Authority (ARHA) for the Ramsey Homes redevelopment to \$2 million (Attachment 1).

RECOMMENDATION: That City Council approve a permanent loan to ARHA of up to \$2,000,000 for the redevelopment of Ramsey Homes which is to be funded from proceeds of ARHA's planned repayment of the City's \$5.0 million 2008 Glebe Park loan.

BACKGROUND: In November 2016, City Council approved a loan of up to \$1.1 million to ARHA to pay for offsite infrastructure improvements and other amenities required for the proposed redevelopment of the existing 15-unit Ramsey Homes public housing development into a 52-unit mixed income community.

ARHA's request for additional City loan funding derives from several factors that have impacted the cost of the project over the past few months, including increased construction costs and changes in the pricing of tax credits which will lower the equity ARHA expects to raise from investors due to fluctuations in tax credit value resulting from anticipated changes to federal corporate income tax rates. ARHA's request also is triggered by increased costs related to increasing costs of construction labor and materials in the D.C. region and 2017 changes to VHDA's scoring system which favor housing authority pool projects that use a HUD program that is not part of ARHA's financing plan for Ramsey.

Besides the additional \$900,000 in funds now being requested from the City, ARHA will also invest some of the proceeds it has earned from the James Bland/Old Town Commons project to offset the anticipated shortfall.

ARHA's letter states that the agency will provide \$1.4 million to help close the funding gap in addition to providing the Ramsey Homes land estimated at a \$3.7 million value. Funds from the City and ARHA will maximize the subsidized funding commitment points in the LIHTC application.

ARHA reports that its revised disposition application for James Bland has been approved by HUD which will enable sales proceeds from the Old Town Commons property to be used to repay the City's Glebe Park loan.

ARHA has continued to refine its LIHTC application to increase Ramsey's competitiveness for credits.

FISCAL IMPACT: The new request of up to \$2 million will require an additional allocation of \$900,000 contingent on ARHA's repayment of the City's \$ 5.0 million Glebe Park loan.

ATTACHMENT: ARHA Request dated January 24, 2017

STAFF:

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