



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** APRIL 10, 2019

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

**DOCKET TITLE:**

Consideration of a Proposed Joint City and Alexandria Redevelopment Housing Authority Resolution to Modernize and Replace Resolution 830 (Public Hearing).

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**ISSUE:** New joint City and Alexandria Redevelopment Housing Authority (ARHA) Resolution to modernize and replace Resolution 830.

**RECOMMENDATION:** That City Council hold a Public Hearing on the attached joint City and ARHA Resolution to modernize and replace Resolution 830 on Saturday, April 13, 2019 and schedule the proposed replacement resolution for consideration and adoption at Council's April 23, 2019 Legislative Meeting.

**BACKGROUND:** Resolution 830, which was memorialized in 1981, is a joint commitment between the City and ARHA to provide for the one-for-one replacement of public and publicly assisted housing units in the event of their demolition due to public or private redevelopment activities. Under Resolution 830, 1,150 public and publicly-assisted housing units are specifically protected (Attachment 1). Since its adoption, ARHA has demolished and replaced 774 units pursuant to Resolution 830. The replacement units include those located at Annie B. Rose, Chatham Square, James Bland/Old Town Commons, Cameron Valley, Alexandria Crossing, and various scattered housing sites throughout the City. The City has partnered with ARHA and provided technical and financial assistance to help replace many of these deeply affordable units as redevelopment of various ARHA-owned properties has occurred.

In addition to its requirement for one-for-one replacement, Resolution 830 also 1) requires that no tenants be displaced until they can be relocated to replacement housing, 2) directs that all tenant relocation expenses be borne by ARHA or its development partner, 3) ensures that replacement housing be committed for a minimum of 20 years, 4) stipulates that if federal housing programs are changed or modified to phase out or eliminate what was conventional public housing or Section 8 publicly-assisted rental housing, the terms of Resolution

830 be interpreted to mean a type of housing that most closely approximates similar federal housing programs then in effect, and 5) requires that any assisted housing counted as replacement housing be “such housing that is substantially equivalent to the units being replaced...”

As federal funds to build, maintain and operate public housing have decreased over the past decade, ARHA has prioritized new approaches in its development and business models to ensure the agency’s long-term viability and the sustainability of its mission to serve households at very low-incomes, including many public housing residents. ARHA now proposes to broaden the income levels of those it serves to up to 60% to 80% of the area median income (Attachment 2) in the housing it redevelops and operates. Rent generated from this broader income mix will help cross subsidize project deficits resulting from inadequate federal financial support for public housing.

In 2014, the Alexandria Redevelopment and Housing Authority (ARHA) issued an RFP to select development partners to potentially redevelop several aging public properties as mixed-income housing. Pursuant to the RFP, and ARHA’s subsequent undertaking of the redevelopment of Ramsey Homes, the ARHA Redevelopment Work Group (Work Group), a City ad hoc committee comprised of two City Council members, two ARHA Board members and a member of the Planning Commission, began to meet regularly to provide guidance to City and ARHA staff on development, housing policy and community engagement matters in an effort to streamline the redevelopment process. The Work Group has been similarly convened for prior redevelopment activities.

With the evolution of City affordable housing policies and practices since 1981, and given that ARHA’s emerging requirements for long-term sustainability potentially impact how Resolution 830’s one-for-one replacement policy and strategies for relocation might be applied in future projects, after reviewing ARHA’s redevelopment concepts for Ramsey Homes and Andrew Adkins, the Work Group directed that a stakeholder group be established to review Resolution 830 and potentially suggest recommendations for its modernization and potential expansion. A stakeholder group representing diverse community interests was formed. Through a series of public meetings facilitated by consultant EJP (Rhae Parkes) in Spring 2018, the stakeholder group reviewed Resolution 830 in light of current City and ARHA policies and challenges. The stakeholder group’s findings were presented to the ARHA Redevelopment Work Group (and shared with City Council and the ARHA Board) in Summer 2018 (Attachment 3) and resulted in a revised Resolution to modernize the City and ARHA’s joint commitment that was reviewed by the Work Group in the Fall (Attachment 4).

A final draft Resolution, approved by the Work Group in March 2019 (Attachment 5), is now proposed for consideration and action by the Alexandria City Council and the ARHA Board. If adopted, this new joint resolution would become the governing policy related to replacement of ARHA-owned units when those protected by the Resolution are demolished and/or redeveloped. The final draft Resolution was introduced at City Council’s legislative meeting on April 9, was vetted at a community meeting, including the stakeholder group, on April 11, and following a public hearing on April 13, will be scheduled for Council’s further discussion, consideration and potentially, adoption, at the April 23 legislative meeting. Concurrent adoption by ARHA is anticipated so that the new Resolution will reflect the bodies’ new joint commitment.

It is noted that a potential policy expanding Resolution 830-like protections to non-ARHA owned deeply affordable units will be separately developed in FY 2020.

**DISCUSSION:** Implementing the one-for-one replacement requirement envisioned by Resolution 830 has posed challenges for ARHA and the City in recent redevelopment projects, given limitations on federal resources and the changes that have occurred in City housing funding sources and programs. The one-for-one

policy has not always been applied consistently as interpretations of Resolution 830's requirement for units that are "substantially equivalent" have evolved regarding unit size, bedroom count, affordability level, affordability term, and location of replacement housing units. The demographics of the households served by ARHA is changing. All of these factors impact development costs and project sustainability and have created uncertainty in the development process. The re-examination of Resolution 830, and its replacement with a modernized policy is intended to mitigate these issues.

The final draft proposed replacement Resolution updates Resolution 830 to reflect the input of the Resolution 830 Stakeholder Group, the ARHA Redevelopment Work Group, and collaboration between City and ARHA staff. The proposed final draft Resolution continues to reaffirm the joint City and ARHA commitment to replace one-for-one the 1,150 public and publicly-assisted units identified in its Attachment 1, and additionally incorporates the following key policy requirements:

- None of the affordable housing units protected by the final draft Resolution will be demolished unless replacement housing is available.
- No tenant will be displaced until they can be moved to replacement housing.
- All monies realized from the sale or lease of any public housing site will be used to the benefit the living environment of residents of ARHA-owned and/or public housing residents.
- All relocation expenses will be borne by ARHA and/or its designated development partner.
- All ARHA redevelopment projects will include an "Affordable Housing Plan" to be submitted with the initial development application that is consistent with City policies in effect at the time of the application.
- ARHA will determine the redevelopment's housing program in terms of unit size, bedroom count, affordability level, affordability term, and location of replacement housing units based on financing, local market demand, and housing needs of existing ARHA households immediately impacted by the proposed redevelopment; with the goal of achieving a financially sustainable project. ARHA will provide the City with documentation to support the proposed housing program.
- A mix of units affordable to households with incomes from 60% to 80% AMI will be developed to support units affordable to households at very low incomes (30% AMI or below to 60% AMI) based on assessments of housing needs and market conditions.
- At their mutual agreement, the City may provide long-term financial incentives or resources to help ARHA achieve deeper levels of affordability than what ARHA proposes.
- Replacement units can be financed by federal, state, or local housing programs; including the Low-Income Housing Tax Credit Program.

The requirement for ARHA to submit an Affordable Housing Plan is consistent with City policy that requires such plans for development projects that eliminate existing or provide new committed affordable housing units. The Affordable Housing Plan will allow the City to review ARHA's plans for tenant relocation, identify temporary and permanent replacement units, and affordability levels of the proposed redevelopment project, among other things. Affordable Housing Plans are reviewed by the Alexandria Housing Affordability Advisory Committee and the Landlord Tenant Relations Board. Generally, the Affordable Housing Plan will include the information listed below; but a complete list can be found in the 2019 Affordable Housing Plan Guidelines located on the Office of Housing [webpage](https://www.alexandriava.gov/uploadedFiles/housing/info/2019AffordableHousingPlanGuidelines_03.18.19.pdf) [<https://www.alexandriava.gov/uploadedFiles/housing/info/2019AffordableHousingPlanGuidelines\\_03.18.19.pdf>](https://www.alexandriava.gov/uploadedFiles/housing/info/2019AffordableHousingPlanGuidelines_03.18.19.pdf).

- It addresses temporary and permanent relocation issues and assistance/coordination to be

provided.

- It includes a survey of resident households impacted so that housing need and requirements for special assistance are addressed.
- It includes a timeline for identifying and securing off-site replacement units, if replacement of any units off-site is proposed (e.g., tied to some aspect of the development approval).
- It includes income ceilings (proposed income tiers) for replacement units.
- It includes ARHA's plan to secure tenant protection vouchers to assist residents during the relocation period to identify and secure temporary housing of their choice within the City or elsewhere.

In summary, the policy guidance in the Draft Revised Resolution 830 - coupled with ARHA's commitment to implement a "Right-to-Return" Policy for resident households in good standing - provides tenant protections for current ARHA residents, establishes a process for determining the appropriate housing program for future redevelopment based on housing needs, and creates a mechanism (through the Affordable Housing Plan) for City staff to review the proposed housing program and, if necessary or desirable, bring financial resources and incentives to bear to achieve deeper levels of housing affordability.

Staff notes the stakeholder group's support for expanding the one-for-one replacement protection policy to deeply affordable housing units owned by non-ARHA housing providers and will explore this at the direction of City Council in FY 2020.

**FISCAL IMPACT:** No immediate impact. The final draft Resolution incorporates an option for the City to potentially provide financial support in the future to achieve deeper levels of affordability than ARHA proposes, based on the parties' mutual agreement.

**ATTACHMENTS:**

1. Resolution 830 (adopted 1981, with minor amendments, 1982)
2. HUD Area Median Incomes (2018)
3. ARHA Stakeholder Group Process and Findings, June 2018
4. Draft Revised Resolution, October 2018
5. Final Draft Resolution, March 2019

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