



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 6, 2023

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: JAMES F. PARAJON, CITY MANAGER /s/

FROM: HELEN S. MCILVAINE, DIRECTOR, OFFICE OF HOUSING

DOCKET TITLE:

Consideration of a City Loan and City Grant to Renovate and Preserve 1022 Pendleton Street as a Rooming House.

ISSUE: City funding up to \$1.95 million to include a loan of \$750,000 and a grant of \$1.2 million for renovation and preservation of a rooming house owned and operated by Corrine J. Dixon, LLC.

RECOMMENDATION: That City Council:

- 1) Approve City funding, derived from federal HOME-ARPA grant funds received by the City during the COVID-19 pandemic, of up to \$1.95 million to include a loan of \$750,000 and a grant of \$1.2 million, with both to be secured on the property, for renovation and preservation of a rooming house owned and operated by Corrine J. Dixon, LLC; and
- 2) Authorize the City Manager to execute such agreements as may be necessary to implement the project.

BACKGROUND: 1022 Pendleton Street is operated as a rooming house serving 8 residents. Although sometimes referred to as a "boarding house," this property does not provide meals or other services typical of traditional boarding houses. The property's ownership entity is Corrine J. Dixon, LLC, a limited liability corporation represented by Ms. Dixon's daughter, Janice Howard. Ms. Dixon, who is deceased, was a prominent black businesswoman and local philanthropist in the second half of the 20th century. Her grandfather, known as "Baker John", bought the Pendleton Street- Parker Gray neighborhood property around 1910 and turned the house, with a separate commercial space, into a 10-bedroom family home with a successful bakery attached. Ms. Dixon was well-known in Alexandria's black community for her generosity in supporting the personal needs, educational attainment goals, and professional aspirations of her extended family, as well as members of her church and the wider Parker Gray neighborhood.

During segregation, Ms. Dixon used the Pendleton property as green-book style lodgings for African American entertainers and notables not allowed to stay in Alexandria and Washington, D.C. hotels. When the property ceased operating as lodgings in the late 1960's, Ms. Dixon converted the property into a rooming house for eight small households (typically single individuals, but occasionally couples or a parent and child). Each household had a separate bedroom, but shared bathrooms, and the kitchen, dining room, and "living room" areas in common. The property does not operate as committed affordable housing but by its nature and condition the rents are low and most residents have incomes characterized as low or very low. Some residents are transitioning from

homelessness and shelter stays, and/or would be at risk of experiencing homelessness if not for the low cost of leasing at the rooming house. A few current tenants have lived at the property for several decades: with its rents generating little revenue after real estate property taxes and utility costs are paid by the owner, the Pendleton property has experienced significant interior and exterior deterioration resulting from deferred maintenance. The condition of the building was cited as a problem to be addressed before its SUP is renewed in 2024.

Staff of the Office of Historic Alexandria (OHA) and the Department of Planning and Zoning's Historic Preservation division, have cited the building's historic, cultural, and architectural significance to the Parker Gray neighborhood in supporting the Office of Housing's plan to extensively renovate the property, including returning the building's 1920's-era "Italianate" character, while modernizing the interior, upgrading the HVAC and other building systems, and enhancing overall safety and accessibility, including one fully ADA-accessible bedroom and bathroom. A total of ten sleeping rooms is planned, with one suite available for an onsite manager. The State Historic Preservation Office (SHPO) has reviewed the architect's plans and SHPO's guidance and modifications have been incorporated into the final design. One very modern upgrade that is planned is the installation of a geothermal heating and cooling system that will significantly reduce utility costs. Images of the property currently can be found in Attachment 1. Project plans are in Attachment 2.

The necessary archeological work on the property preceding renovation-related construction will be completed this summer, and existing residents will be located into nearby rental properties. Residents will have a right to return. Housing's Landlord Tenant Relations Board will review the proposed Tenant Relocation Plan at its June meeting; Housing staff are providing technical assistance for this process. Construction is expected to be completed within twelve months, with Housing staff also providing project management and oversight for all construction related activities (including supervision of the architect, engineer, consultants, and contractors and for payment applications and payments through its Housing Rehabilitation Loan Program Manager. While OHA is familiar with the property and its history, it will continue to collaborate with Ms. Howard in documenting and memorializing the role of the building and the contributions of its occupants over time to 20th century Black Alexandria and to the community's black businesses. The commercial space will be restored, and it is hoped a local entrepreneur may be able to use it again. Ms. Howard hopes to rebrand the rooming house to celebrate the Jackson family's stewardship of the property over the past century.

DISCUSSION: Rooming houses (the designation for these properties in the City's Zoning Ordinance) offer an increasingly rare, and uniquely affordable, housing typology. As described above, the naturally occurring very low rent offers housing options for very low-income persons, including those experiencing, at risk, or transitioning from homelessness. The HOME-ARPA funds are a good funding source for the project, as they are intended to support those at risk of homelessness in various ways, including through deep housing affordability without income restrictions. As a result, Housing recommends that the bulk of the City's allocation of HOME-ARPA funds (totaling \$2.2 million) be dedicated to this project. Any remaining funds would be directed to housing and related activities that will prevent homelessness for persons who have been involved in the justice system, a group which has traditionally been excluded from receiving federal housing and supportive service benefits.

The project budget, including relocation expenses, is estimated at \$1.9 million (Attachment 3). It is noted that earlier this Spring Housing submitted a request for a federal earmark of \$1.5 million for the project. The earmark has received support from Senators Warner and Kaine, and from Congressman Beyer. In the event the project receives a funding award, the HOME-ARPA funds will be redirected to the types of projects generally described above.

The interdepartmental staff team working on this project are very grateful for the cooperation and collaboration of Ms. Janice Howard in choosing to continue to preserve the property and operate it as a rooming house for at least fifteen years following renovation in honor of her mother's legacy of helping others. Very low rents will continue, and a referral process based on funding source criteria will be created in coordination between Ms. Howard and the Office of Housing and Department of Community and Human Services, as vacancies occur in the future. The operation of the property as a rooming house will be recorded via a restrictive covenant in the City's land records to maintain this arrangement. On behalf of the Jackson family, Ms. Howard has confirmed the desire of other descendants to continue this use. Via the loan and grant documents, the City will retain the right of first refusal to acquire the property if, and when, it is sold in the future.

Staff believe that splitting the cost of the project into a loan and a grant is appropriate to reflect that the rent schedule will continue to primarily meet bare costs of operating the property, even though the restrictive covenant will assist with the future real estate assessment and tax burden. Obligations related to the grant will expire at Year 15 of operation; the loan portion (\$750,000) of the funding to be repaid upon its future sale is believed to be consistent with the value anticipated to be added to the property's real estate assessment and the approximate hard costs of construction.

FISCAL IMPACT: Commitment of up to \$1,950,000 in HOME-ARPA funds for the preservation and renovation of the Pendleton boarding house property, with \$750,000 to be recorded as a loan secured by the property, and \$1.2 million to be provided as a grant

contingent upon its operation as a rooming house, for at least fifteen years following renovation. This potential expenditure of the HOME-ARPA funds was designated in the HOME-ARPA Allocation submitted to HUD.

ATTACHMENTS:

- 1) Images of Pendleton Street Boarding House
- 2) Elevation and floor plans
- 3) Project budget

STAFF:

Emily A. Baker, Deputy City Manager
Gretchen Bulova, Director, Office of Historic Alexandria (OHA)
Audrey Davis, Director of the Alexandria Black History Museum, OHA
Eleanor Breen, Archaeologist, OHA
Garrett Fessler, Archaeologist, OHA
Susan Hellman, Urban Planner, Historic Preservation, Planning & Zoning
Ann Horowitz, Principal Planner, Planning & Zoning
Eric Keeler, Deputy Director, Office of Housing
Melodie Seau, Chief, Landlord Tenant Division, Office of Housing
Tamara Jovovic, Housing Program Manager, Affordable Housing Division, Office of Housing
Virginia Patton, Housing Program Manager Landlord Tenant Division, Office of Housing
Arthur Thomas, Home Rehabilitation Loan Specialist, Office of Housing (Project Manager)
Kenneth Turscak, Housing Analyst, Affordable Housing Division, Office of Housing