



ARHA REDEVELOPMENT WORK GROUP

April 18, 2024

5:30 PM – 7:00 PM

City Council Workroom

Conference Line: 703.746.1860

Passcode: 776655

MEETING AGENDA

- | | |
|---|---------------------------|
| 1. Welcome & Introductions | Mayor Justin Wilson |
| 2. Review of March 21, 2024 ARHA
Redevelopment Work Group Meeting Summary | Redevelopment Work Group |
| 3. Organizational Transitions: | Anitra Androh, ARHA Chair |
| a. Update on CEO Search | |
| 4. Premier Housing – Scheduled for City Council
Consideration on May 14, 2024 | Anitra Androh, ARHA Chair |
| 5. Update on Establishment of Bond Function | Marisa Stanley, CFO |
| 6. Development Planning Updates | ARHA Staff |
| a. Ladrey Redevelopment – Tax Credit
Application and Funding Plan | |
| b. Samuel Madden Redevelopment – Early
Start Request | |
| c. RAD Conversions and Re-syndications | |
| d. Update on RFQ for Additional
Development Partners and Timeline for
Upcoming Projects | |
| 7. Other Business | Redevelopment Work Group |
| a. Upcoming Meeting Schedule | |

UPCOMING MEETINGS

May 16, 2024 ▪ June 20, 2024 ▪ July 18, 2024

Alexandria Redevelopment and Housing Authority (ARHA) Redevelopment Work Group

March 21, 2024

Meeting Summary

Participants

Work Group Members

Justin M. Wilson, Mayor, City of Alexandria

John Chapman, City Council

Stephen Koenig, Planning Commission

Anitra Androh, Chair, ARHA Board of Commissioners

Willie Bailey, Vice Chair, ARHA Board of Commissioners

City of Alexandria/Alexandria Redevelopment and Housing Authority (ARHA) Staff

James Parajon, City Manager, City of Alexandria

Emily Baker, Deputy City Manager, City of Alexandria

Karl Moritz, Director, Department of Planning and Zoning

Stephanie Sample, Department of Planning and Zoning

Gregg Fields, Director, Department of Code Administration

Christina Zechman Brown, Deputy City Attorney, City Attorney's Office

Helen S. McIlvaine, Director, Office of Housing

Eric Keeler, Deputy Director, Office of Housing (via phone)

Kim Cadena, Office of Housing

Christopher Do, Office of Housing

Vernell Gibson-Caudle, ARHA

Marisa Stanley, ARHA

David Cortiella, ARHA (via phone)

Thomas Jones, ARHA

Kaleena Francis Lee, Jair Lynch Real Estate Partners

4 members of the public, students at UMD Planning program

Lori Reave from Chatham Square

Welcome & Introductions, January 18 Meeting Summary Approval

Mayor Justin Wilson convened the meeting. Mayor Wilson, Councilman John Chapman, Planning Commissioner Stephen Koenig, ARHA Board Chair Anitra Androh, and ARHA Board Commissioner Willie Bailey were present. Quorum was confirmed.

Lori Reave, a resident of Chatham Square, and four other members of the public were also present.

Mr. Koenig moved to approve the meeting summary of the January 18, 2024 Work Group meeting. Mr. Bailey seconded. The meeting summary was approved.

Organizational Transition

Ms. Androh discussed the search for ARHA CEO candidates. ARHA is working with a national search firm and has received ten resumes. She said there would be a meeting of the search committee on March 22 and that ARHA will update City on the progress of the search.

Ms. Androh introduced the new ARHA Chief Financial and Chief Operations Officers, Marisa Stanley and Vernell Gibson-Caudle, respectively.

Ms. Stanley discussed ARHA's revenue bond program, which is being restarted. It will provide housing developers funds to finance new construction. Projects using bond financing would be required to use rent- and income-restrictions comparable to the LIHTC program (20% of units are below 50% Area Median Income (AMI), or 40% of units are occupied by residents below 60% AMI). Mayor Wilson asked how these bond applications will work and how they will be considered and approved. Ms. Stanley explained that interested parties must reach out to ARHA and explain the project before applying for bond financing. The application would then be brought to the ARHA Board for consideration and, if approved, go to City Council for their consideration and approval. Once all bodies have approved the project, then ARHA would begin financing. City Manager Parajon asked what City's backstop position is and Mayor Wilson directed the question to David Cortiella. Mr. Cortiella explained that City Council approval is required by IRS regulations. He said the City's line of credit would not be used. Mayor Wilson noted that it is similar to the Industrial Development bonds issued through AEDP. Mayor Wilson explained that the 20% bar is still low and properties with 80% AMI units could be accessing tax exempt financing. Mayor Wilson commented that it is lucrative for private developers and would be jump from what City asks for in terms of affordable housing, but perhaps it would make affordable housing worth it. Helen McIlvaine explained that many market rate projects used it in past. The application process would open in April or May.

Ms. Kaleena Francis Lee with Jair Lynch Partners introduced herself. She has been working with ARHA to finance The Heritage project and explained that ARHA bond financing can potentially provide conduit when other financing is quite limited. Mayor Wilson asked for clarification that funding is provided by a private lender and ARHA serves as a conduit. Ms. Lynch confirmed that understanding is correct. Mayor Wilson asked if there was a state limit. Ms. McIlvaine explained that state funds will be released at the beginning of year and there may be more later as available. Mayor Wilson asked to clarify that April/May deadline to establish the bond function is correct. Ms. Lee confirmed that is the firm's understanding and that they have an application already. Mr. Cortiella stated that there will be additional steps before it comes to the City. Ms. McIlvaine explained that when ARHA had a bond program in early 2000s, it required a department to handle asset management. Ms. Stanley stated that she was confident ARHA had the capacity within their team as it is being developed.

Mr. Wilson asked for clarification on what standard is being applied and how it was seen by HUD as a voucher or otherwise. Ms. Stanley began to explain that it will be at specific AMIs. Mayor Wilson asked for clarification of how units created through the bonds are viewed in the ARHA portfolio. Ms. Stanley explained that after units are constructed, there will be review process by ARHA. Ms. Androh explained that bondholders will also monitor the projects after completion.

HUD's Performance Assessment

Ms. Androh explained HUD had spoken with about 85% of ARHA Board members regarding the of late filing of the agency audit, which resulted in an automatic zero in one category of HUD's yearly evaluation of public housing authorities and a below acceptable score in HUD's last annual review. HUD provided ARHA with recommendations to implement changes to avoid future late filings. Ms. Androh said ARHA had made those changes prior to HUD's recommendations. Ms. Androh said due to the staff transitions filing the audit had fallen through the cracks but that it would not happen again. She said that HUD understands what happened and that ARHA would have to submit additional agreements and reports to assure them it would not happen again. ARHA will retain its "troubled agency" status until the next HUD performance review in November 2024. Mayor Wilson asked for implication of troubled status. Ms. Androh explained that it will not affect vouchers or programs. At worst case, ARHA will have to disclose they are technically troubled to financial partners and investors. Mayor Wilson asked if it will impact projects or financing. Ms. Androh said ARHA has already explained the reason for the troubled status to their development partners. Ms. McIlvaine stated that the troubled agency status will be disclosed in the City's Annual Action Plan, as required, but will not be featured prominently.

Premier Housing Update

Ms. Androh said the docket item authorizing the creation of Premier Housing had been submitted to Council a few months ago, but she believes comments and concerns from Council members kept it off the docket at that time. Mayor Wilson asked if the Work Group agreed to send it to Council. They did. Mayor Wilson explained that even if an item is submitted for the consent docket, it may be pulled if any Council member has questions. Ms. McIlvaine said ARHA should have staff and/or board members present to respond to potential questions.

Ladrey Senior High-rise Building Conditions

Gregg Fields addressed questions about the maintenance of ARHA properties, specifically Ladrey, raised at the January 20 City Council public hearing. He explained that Code Administration looked at the waste and trash areas and that they all appeared to be in good condition. Mr. Fields said that 17 units (10% of all units) would be inspected on March 28. Information packets were dropped off to residents notifying them of the upcoming inspection. Mr. Fields said he had reviewed Alex311 complaints attached to the address for Ladrey, but there were only two complaints during the period reviewed and both concerned the street outside. Mayor Wilson mentioned comments provided by Annie B. Rose residents. Mr. Fields explained he gave his business card to someone who voiced a complaint. Mayor Wilson asked what happened last year regarding inspections. Mr. Fields said he does not know if Code did inspections last year. Mayor Wilson asked about the normal cycle for inspections. Mr. Fields explained that the normal inspection cycle is every 4 years. Mr. Parajon suggested that the cycle frequency be increased. Mr. Fields explained that they are filling vacancies in the department for inspection. They are also working to fill the "Code Ambassador" position which will liaise with properties and residents: an offer was made a few months ago to someone who backed out. Mayor Wilson asked to get updates on inspection cycles and progress of inspections to determine if additional staffing is needed to monitor some properties more frequently.

Development Planning Updates

Ladrey Senior High Rise

Thomas Jones told the Work Group that the application for competitive 9% LIHTC credits was submitted March 15. The application requested a credit amount in excess of what would normally be available in order to fill the remaining project funding gaps. Mr. Jones will meet with Virginia Housing on March 22 to discuss the application. Typically projects with funding gaps cannot advance. If ARHA does not win 9% credits, they will fall back to using 4% credits to finance the entire project instead of the 9%/4% combination they currently plan to use. Mayor Wilson asked when ARHA would know how they scored in comparison to other LIHTC applicants. Mr. Jones said ARHA should know how the project scored by March 22 which will give them an idea of how Ladrey compares to other projects. Mr. Parajon asked if it will be denied for the gap or if ARHA thought that the project scored well. Mr. Jones confirmed that ARHA believes it will score well and can't predict yet what VH will decide about the application's qualification. Mayor Wilson asked when the capital stack will be finalized. Mr. Jones explained ARHA is seeking funds from Amazon and other potential partners and once they complete those discussions they will have better idea of the capital stack. Mr. Jones anticipates a June or July 2025 closing.

Other Development Updates

Mr. Cortiella said that ARHA had filed for a RAD conversion for Braddock/Whiting/Reynolds (BWR). ARHA is planning to submit a Section 18 application to HUD for Cameron Valley on the grounds of obsolescence. Mayor Wilson noted that when ARHA submits the application for obsolescence, ARHA and the City must be prepared to talk to the community about current and future plans for the property. Mr. Cortiella explained Cameron Valley was included in ARHA's recent Request for Qualifications but that it does not mean ARHA currently has development plans for the property because the ARHA Board would determine the sequencing of properties for redevelopment. Mr. Cortiella said that it is being queued up to make a deal with a partner with subsidies in hand, similar to the approach in Ladrey, and unlike Madden where they are still filing information packages with HUD and the subsidy plan is not final. Mr. Cortiella explained that there is a long way to go before a Request For Proposals for Cameron Valley would be issued. Mr. Cortiella promised to keep the group updated on it.

Other Business

The date of the next Work Group meeting was confirmed to be April 18.