

HOUSING COMMISSION

APPROVED MEETING NOTES – February 15, 2018

Attendance			
	Present		Present
Berkey, Eric	Y	Lederer, John	Y
Brescia, Eric	Y	Withers, Larry	Y
Borthwick, Russell	Y		
Blank, Rolf	-	Staff:	
Bray, Holly	Y	Franklin, Joel	Y
Browne, Paul	Y	Planning Comm. Liaison:	
Certosimo, Jeff	-	Weir, Daniel	-
de Ferranti, Matt	Y		
Desai-Seltzer, Khyati	-	Disability Advisory Comm Liason	
Gee, Evelyn	-	Ray, Doris	Y
Hogan, Alice	Y		

Held in: Courthouse Plaza, 2100 Clarendon Blvd, Room 311

Other Staff Present: Maureen Markham, Melissa Cohen, Anne Venezia, Akeria Brown and Yoomie Ahn of the Housing Division, Department of Community Planning, Housing and Development (CPHD) as well as Nicole Harmon and Corey Travis of the Department of Human Services (DHS).

The Chair, Holly Bray, called the meeting to order.

Public Comment

Aleksandr Belinskiy said that while phase 1 of the Housing Conservation Districts is done he is concerned that phase 2 could have an impact on current tenants. His interest is in how to better develop projects without impacting current residents. He said that there is not a lot of affordable housing left and it would be a big problem for people who have to relocate to find similar affordable housing.

John Reeder – see attached comments.

Approval of Notes

Holly Bray moved approval of the January 18, 2018 notes, Larry Withers seconded and the motion passed unanimously.

Queen's Court South

Staff Presentation

APAH is requesting an AHIF loan of \$7.90 million to assist the redevelopment of Queen's Court South, located at 1801 N. Quinn Street. APAH submitted a site plan application to redevelop the Queen's Court site with 249 new Committed Affordable Units (CAFs) that was approved by the County Board in February 2017. In March of 2017, APAH applied for \$24.0 million in Affordable Housing Investment Fund (AHIF) loan funds for the complete redevelopment as part of the Fiscal Year 2018 Notice of Funding Availability (NOFA) process. The Queen's Court development was selected by staff to move forward with AHIF negotiations and the public process. APAH will finance

the development as two separate tax credit projects, but intends to construct both in one building and one phase.

APAH proposes submitting a competitive 9% LIHTC application by March 16, 2018 to VHDA for the 90-unit portion (Queen's Court South) and a non-competitive 4% LIHTC application for the remaining 156 units (Queen's Court North) later this year. Due to the amount of AHIF funds remaining in Fiscal Year 2018, staff recommends a \$7.90 AHIF commitment to assist in the construction of 90 new CAFs that are part of Queen's Court South. If the County Board approves the commitment of AHIF loan funds for Queen's Court South and APAH is awarded 9% LIHTC by VHDA in 2018, staff anticipates bringing forward a request from APAH for up to \$11.80 million for Queen's Court North AHIF funding in fall 2018. This would result in a total AHIF loan request of up to \$19.70 million to complete the 249-unit Queen's Court development. APAH expects to complete construction of the two projects by the end of 2021.

Public Comment

Aleksandr Belinskiy mentioned the land costs in recent AHIF projects and he noted a substantial increase in land costs for Queen's Court. He questioned if this will add increased pressure for tenants to pay for the higher land cost and it may not be advisable to fund this project. He also stated that the developer decided to capitalize on the ground lease so the County doesn't have any control of the land anymore. He said that there will be a 2 ½% acceleration in rent, which may be industry standard, but not for this area and he thinks it may be wise to lower the AHIF request.

Commission Questions and Discussion

Holly Bray noted that at the Bricks and Mortar meeting everyone was in favor of the project, there were some questions about developer fees and the value of the land, but in the end everyone supported the transaction. Holly Bray asked if the AHIF is going into an escrow for the remaining units in Queens Court North and Melissa Cohen said that it would go out in stages, but we would meet with the Commission to discuss the Queen's Court North AHIF recommendation in the fall. Holly Bray said that we don't want to have delays, this is something that should be in our toolbox to help our partners. Russell Borthwick asked if we have any idea of how much of the AHIF funds APAH has received and Melissa Cohen said that we would have to get back to you with that information. Alice Hogan said that APAH is giving up both the value of the land and taking a lower developer fee, she feels like the County may be squeezing them too much. Holly Bray added that we are also making them change the deal of what got approved through the NOFA and Melissa Cohen said that during the NOFA process it was made clear that it would be a continuing discussion and negotiation, which was similar to how we have done it before the NOFA. Melissa Cohen said that it has to do with the developer receiving surplus proceeds, Culpepper and the Springs also received additional surplus cash proceeds, but this has usually not been allowed. She added that Queen's Court was unique in that it didn't have existing debt. Carmen Romero said that APAH converted it to a line of credit and APAH does consider that debt. She added that she realizes we are in an extraordinary time and we need to move forward with this project. Alice Hogan asked what happened when you refinanced and Carmen Romero said that we needed the cash for redevelopment costs for other projects. Holly Bray asked what happens if you default on the line of credit, where does the bank go to get the money and Carmen Romero noted that it is a lien on the property.

Matt de Ferranti asked if you see this as an extraordinary time because of the amount of money we have and Carmen Romero said that it is both money and the number of competitive projects, we are ready to move forward with this deal. Melissa Cohen said that staff would ask the same of any developer. The County is in a time of numerous AHIF requests and limited budget, and staff are looking at putting the least amount of funding in to fill the gap while having a fair and financially

feasible development. Alice Hogan stated that she has a problem with this, we can't be undermining our partners and questioned who will be our advocates for our nonprofit partners. Alice Hogan noted that this should be a subject for an upcoming Tools and Trends meeting. Eric Berkey noted that we have two projects requesting the same revitalization status and asked what staff's rationale is for that decision. Melissa Cohen said that we look at that on a case by case basis and we feel that these two meet the qualifications of a revitalization area. Alice Hogan asked if Queen's Court North is part of the NOFA and Melissa Cohen said that the whole Queen's Court project was awarded as part of last year's NOFA. Alice Hogan asked APAH if they feel secure that the County will be there for part two and Carmen Romero said yes.

The Commission advises the County Board to approve the request for AHIF funds by APAH and to designate the Queen's Court site as a Revitalization Area. The Commission vote on the motion was 8-0-1. Members in favor are Mr. Berkey, Mr. Brescia, Mr. Borthwick, Ms. Bray, Mr. de Ferranti, Ms. Hogan, Mr. Lederer and Mr. Withers with Mr. Browne abstaining.

11th and Vermont Site Plan

Staff Presentation

The 1.27-acre site is located on two contiguous blocks at 1031 N. Vermont St., near the Ballston Metro Station. The site is bisected by 11th Street North; the north block is bounded by 11th Street North (south) and North Vermont Street (west); the south block is bounded by 11th Street North (north), North Vermont Street (west) and North Utah Street (east). The applicant, NVR Inc., proposes to redevelop the existing First Baptist Church of Clarendon, Montessori School, and adjacent surface parking lot on a 55,167 sq. ft.(1.27 acres) site consisting of two contiguous blocks with 12 townhouse units (north block) and 72 multifamily condominiums and townhouse units (south block). The applicant is requesting to amend the General Land Use Plan (GLUP) from "Low-Medium" Residential to "High-Medium" Residential Mixed Use on a portion of the south block.

For the affordable housing program, the applicant shall have the choice of \$470,444 cash; approximately 3 on-site units; approximately 4 off-site nearby units; or approximately 5 off-site units. For the GLUP change contribution the applicant is proposing to provide four 2-bedroom ownership condominium units affordable up to 80% of AMI.

Commission Questions and Discussion

Holly Bray asked what are we approving and Melissa Cohen said the affordable housing program, the applicant is providing the cash contribution per the ordinance and proposing four affordable units for the amendment to the GLUP. John Lederer asked what an offsite unit is and Melissa Cohen said that the ordinance has options with how many units and how far away it can be. John Lederer asked who would own the unit for an offsite unit and the applicant noted that it could be anyone. Holly Bray noted that last time they had a question about the condo fee and Akeria Brown said that the condo fee has not been decided yet. Paul Browne added that there is the initial condo fee and then when the owners take over it could increase, we were concerned that an owner at 80% of AMI could be very stressed and can be condo fee burdened. Akeria Brown said that these units are new and we don't anticipate large fee increases, we also provide education on what their role would be for a condo and we are looking at people at the top end of the 80% income span. She added that this is something that we will monitor. Alice Hogan asked what the status is for Key and Nash and Akeria Brown said that we have just started marketing the four units there and will start doing contracts at the end of April. Alice Hogan asked what would help people or protect people down the line and Akeria Brown noted that the condo fees are less at Key and Nash than for the market rate units. Eric Brescia also said that the increase in condo fees is probably not much of a higher escalation than

that of a rental unit and Akeria Brown added that there is no escalation restriction on where your income goes.

The Commission advises the County Board to support the affordable housing program. The Commission supports this project because the applicant's proposed affordable housing program will provide affordable homeowner opportunities in close proximity to the Ballston Metro station. The Commission vote on the motion was 9-0. Members in favor are Mr. Berkey, Mr. Brescia, Mr. Browne, Mr. Borthwick, Ms. Bray, Mr. de Ferranti, Ms. Hogan, Mr. Lederer and Mr. Withers.

Ballston Station Revitalization Resolution

Staff Presentation

In February 2017, the County Board allocated \$3,082,319 to Ballston Station Housing Corporation ("BSHC"), a non-profit affordable housing development corporation, for acquisition of land and construction of a new mixed-income housing development. BSHC applied for a competitive 9% Low Income Housing Tax Credit ("LIHTC") allocation in March of 2017 but did not score high enough to receive an award. BSHC will reapply in March 2018 with a different financing structure and affordability mix. The proposed resolution will designate the church's redevelopment site as a Revitalization Area, per Virginia Code, thereby allowing BSHC to seek the Revitalization Area points in their tax credit application. If BSHC is successful in obtaining a 9% LIHTC award, it anticipates requesting an AHIF allocation for the 4% project this fall. At that time, staff would consider an AHIF application for the request. BSHC anticipates requesting a total AHIF amount that would be no more than \$70,000 per affordable unit, or approximately \$2 million for the 4% request.

Commission Questions and Discussion

The Housing Commission recommends the County Board adopt a Revitalization Area Resolution for the Central United Methodist Church site located at 4201 N. Fairfax Drive. The Commission is very supportive of this project. Upon completion, the site will include mixed-income multifamily housing units, an associated parking garage and new church space. The development will also include a new and expanded day care facility, preservation of the Robert Ball Sr. family burial ground, and community space for continuing the on-going homeless support services that are currently offered at the church. Applying for tax credits is a highly competitive process, designating the church's redevelopment site as a Revitalization Area will result in a more competitive Low Income Housing Tax Credit application. The Commission vote on the motion was 8-0-1. Members in favor are Mr. Berkey, Mr. Brescia, Mr. Borthwick, Ms. Bray, Mr. de Ferranti, Ms. Hogan, Mr. Lederer and Mr. Withers with Mr. Browne abstaining.

Trenton Street Site Plan

Staff Presentation

The applicant, Wesley Housing Development Corporation (WHDC), proposes to rezone portions of the property from R-6 to RA8-18, and from RA8-18 to R15-30T and construct a new multi-family residential building with 115 units and two rows of townhouses with 19 total units. The site area includes the existing 63-unit Whitefield Commons buildings, which will remain. Two additional units will be constructed in space now used for storage and the current management office. Additional project details include:

- 115 new multi-family units in a 5-story building
 - 100% committed affordable units (if funding is obtained)
 - Proposed Earthcraft v.4 Gold certification;
- 19 new townhouse units (3-stories);

- 63 existing units in Whitefield Commons plus two additional units;
- Proposed project density 54 units per acre within the RA-18 District and 25 units per acre in the R15-30T District;
- Proposed parking 102 structured parking spaces in the multifamily residential building and a net increase of 5 on-site surface parking spaces for Whitefield Commons residents and townhouse visitor parking.

WHDC is proposing to redevelop the site into a mixed-income, mixed-tenure community consisting of approximately 19 for-sale townhouses and a multifamily building with 115 units of affordable rental housing. Seventy percent of the rental units will be “family-sized” with two or three bedrooms; 100% of the rental units will be affordable to households at 60% and 50% Area Median Income (AMI) for at least 60 years. No affordability restrictions are proposed for the townhouses which will be sold at market prices. Proceeds from the sale of the land to a townhouse developer will help to subsidize the affordable rental property development. Projected major sources of funding include an amortized first mortgage, tax credit equity through the Low Income Housing Tax Credit(LIHTC) Program, and gap financing from the County’s Affordable Housing Investment Fund (AHIF).

Commission Questions and Discussion

Matt de Ferranti asked if there is a Housing Conservation District near the property and the applicant said that there is not. Holly Bray asked if the site plan will go to the County Board in April and the applicant said that is correct. Doris Ray asked if the 2% accessible are also going to be fully Type A and the applicant noted that those usually overlap, 5% will be Type A. Alice Hogan asked if you are just putting together the site plan now and are looking to get AHIF in the future and the applicant said that is correct. Alice Hogan also asked if there will be any rehab at Whitefield Commons and the applicant noted that it is in decent shape for a property that was last rehabbed 13 years ago. They will look at a rehab program in the future but is not a priority right now. Alice Hogan noted that that the 0.9 parking ratio is a little higher and asked if that is because it isn't by a metro. The applicant said that is correct and that we have conflicting interests, the neighbors want more and the County wants less. Alice Hogan asked if there is any way to get lower and the applicant said that the 0.9 parking was negotiated through the SPRC process.

FY 2019 Budget Recommendations

Staff Presentation

Nicole Harmon gave an overview of the cost and utilization of the Housing Grant, Permanent Supportive Housing, and the Housing Choice Voucher programs. Anne Venezia gave an overview of the FY 2018 AHIF projection of available unallocated funds for development projects.

Commission Questions and Discussion

Paul Browne asked if the reduced number of applicants for Housing Grants is due to not being able to find an apartment. Nicole Harmon said that is correct, it is difficult to find a unit with those rental rates. Eric Brescia asked what happens to the remainder of funds if there is money leftover and Nicole Harmon said that is up to the County Manager’s discretion. Paul Browne asked who sets the rate for Housing Grants and Nicole Harmon said that the County does. Alice Hogan said that we could mention in the letter that the rate needs to be looked at. Paul Browne said that it would be a policy discussion if you want to serve more people. Paul Browne asked how long the maximum allowable rent has been in place and Nicole Harmon said since 2010. Eric Berkey said that the intent of the Master Plan is to keep people here and this seems to be doing the opposite. Eric Brescia noted that this is a tradeoff between putting it into AHIF vs Housing Grants and asked how the income limits are set. Nicole Harmon said that it is up to the County on how those are set. Eric

Brescia said that this is another lever and if you set it lower you serve fewer or higher you serve more. Paul Browne asked what the average subsidy is and Nicole Harmon said that it is just under \$600. Alice Hogan said that it should be noted that many in CAFs use the Housing Grant program as well and it might be worth a discussion on where our money is best used. Paul Browne asked if there is a time limit on receiving a Housing Grant and the answer was no. Eric Brescia wondered about the churn in the program and do we know why they are moving and Nicole Harmon said that they will have to see if they can get that information. Doris Ray asked if they have statistics on persons with disabilities who use the program and is there is an exemption for an accessible unit that would cost more. Nicole Harmon said that about 50% are disabled and there is not an exemption. Holly Bray noted that it would be good to have a follow conversation on this at a future meeting.

Alice Hogan asked how big the waiting list is for permanent supportive housing units and Lucy Yohn said that it is around 40 people with around 70 referrals. Alice Hogan asked if the waiting list is the result of lack of units and if they aren't all CAFs. Lucy Yohn said that they are mostly CAF units and the wait list is large for a number of reasons, one is that the individual may be in flux, may be institutionalized or something else going on that they aren't ready to be housed. Sometimes the screening by the landlord doesn't align or they might be waiting for an accessible unit to come online and sometimes they completing for units on the open market. Alice Hogan asked if there are enough units and Lucy Yohn said that she thinks the bigger challenge is the housing barriers. The landlord partnership has alleviated that somewhat and they have housed 30 people through that who had previously been denied. Alice Hogan asked what was meant by competing for units with other persons and Lucy Yohn said that we do need both, the need for designated units and working with landlords. She added that there are benefits with having an open contract because you have more choice. Holly Bray asked if there is outreach to our partners to get them housed and Lucy Yohn indicated that there is outreach ongoing now. Alice Hogan said that it looks like the need is for staff to help with the support. Doris Ray asked what the money in the budget pays for and Lucy Yohn said that it pays for the rental subsidies and the department has funding pots for the service needs.

Paul Browne asked how confident staff is in the \$3.75 million in AHIF loan repayments and Anne Venezia said that we have high confidence in that due to some savings we will be seeing and that we have been pretty accurate in the past and usually have been a little conservative. Matt de Ferranti asked what the budget is for the real estate tax relief program and Nicole Harmon said that it is uncollected revenue and the FY 2018 adopted budget was \$4.4 million. Matt de Ferranti would like to see what the recommendation on the tax relief program was again. Alice Hogan asked if the HOME funds are in addition to the AHIF balance and Anne Venezia said that the AHIF balance includes HOME funds; they are preparing for around \$8-10 million in available AHIF (including HOME) and CDBG for FY19, which includes prior-year funds.