

HOUSING COMMISSION

APPROVED MEETING NOTES – March 8, 2018

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

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

Other Staff Present: Marie Randall and Yoomie Ahn of the Housing Division, Department of Community Planning, Housing and Development (CPHD).

The Vice Chair, Matt de Ferranti, called the meeting to order.

Public Comment

Aleksandr Belinskiy provided a snapshot of rent data that is advertised on different website for MARK properties in Housing Conservation Districts (HCD). He said that there are substantially different properties in different HCD areas. He added that there will be a hike in rent from 80% to 100% AMI in the next two years. Doesn't mean that these people will be evicted because we don't know how many people are over income, the County needs to find out how many households this could impact.

Approval of Notes

Eric Berkey moved approval of the February 15, 2018 notes, Russell Borthwick seconded and the motion passed unanimously.

Single Family Loan Servicing Guidelines

Staff Presentation

The County has a couple of long-standing affordable single family programs including the Home Improvement Program (or HIP), the Moderate Income Purchase Assistance Program (or MIPAP) and the Barrier-Free Program (which was a grant and forgiven over time). Previously, AHC both administered the programs and provided the loan servicing for the entire portfolio. The County is now administering the MIPAP program and AmeriNat is servicing the loans for all of the programs, this started in February 2017. The County is drafting loan servicing guidelines that will be presented to the Board in May. The loan servicing guidelines will memorialize how the County (and AmeriNat) are working with the loans and homeowners. The loan servicing guidelines will reiterate that the

County will be following the terms, conditions and requirements in the agreement and loan documents, but they will also attempt to mitigate any challenge or issue with the loan as they arise.

MIPAP Origination Guidelines

Staff Presentation

Yoomie Ahn introduced herself as a substitute for Akeria Brown, Homeownership Program Administrator, who was unable to attend tonight's Housing Commission meeting due to an information session at Walter Reed Community Center for prospective Affordable Dwelling Unit purchasers of Key & Nash condos. Yoomie presented the PowerPoint slide presentation prepared by Akeria Brown.

The proposed policy changes include the ratio of housing expenses to income (front-end ratio) must not exceed 32%. The household liquid asset maximum is \$15,000 or less (401K and pensions not included in this calculation). Potential borrowers must complete an application for MIPAP pre-approval. The pre-approval amount is determined by the Loan Evaluation Committee (LEC) and is the maximum allowable loan amount. The maximum amount is based upon household debts, expenses and income reserves. Applicants must attend financial counseling and complete a household spending plan. MIPAP funds will not be available for purchases of Affordable Dwelling Units (ADUs). Deed of Trust and Promissory Note will reflect a penalty on borrowers who cease to occupy the property as primary residence while indebted under MIPAP.

Commission Questions and Discussion

Russell Borthwick asked if AHOME has agreed to provide homebuyer counseling. Yoomie Ahn confirmed and added that AHOME receives funding from the County and is under contract to do so. Paul Browne said that historically there have been a lot of military families in Arlington and asked if the Arlington resident preference would prevent them from utilizing MIPAP. Yoomie Ahn said that other local jurisdictions also have a resident preference and staff have not heard of problems with implementing the preference. Since the County assumed administration of the program from AHC, staff have not seen any applications from veterans or military households. Paul Browne said that the liquid asset limit might be setting people up for failure; if, for example, help with closing costs and the down payment is provided, the households would not have sufficient liquid assets to pay for home repair. He asked what other jurisdictions do in that situation. Yoomie Ahn said that staff will look at what they do and explained that the asset limit is intended to ensure that MIPAP funds assist households most in need of assistance and without other resources such as family loans or gifts. Kay Langenbeck asked about household demographics. Yoomie Ahn said that MIPAP assists households earning up to 80% of area median income. A range of households earning between 50% and 80% of AMI have applied in recent months. Yoomie Ahn added that it can be a struggle for lower income households to qualify for mortgages, but some are successful in saving money to apply towards a home purchase. Matt de Ferranti asked if 157 applicants (number from PowerPoint presentation) applied last year. Yoomie Ahn said that those are households who submitted a homebuyer assessment form, but not a complete application which is part of a more rigorous process involving submission of financial documentation. She added that staff are looking at redefining "applicants" so that there is a more accurate count of households who undergo the new application process. Matt de Ferranti asked how many loans have been approved. Yoomie Ahn said that, after the loan underwriting guidelines were approved by the County Board last summer, staff have underwritten three loans to date and seeks to do seven to 10 before the end of the fiscal year.

Russel Borthwick asked about the minimum credit score. Yoomie Ahn said that, despite VHDA lowering its minimum credit score for first-time homebuyers, County staff will not recommend doing

the same as MIPAP applicants are meeting or exceeding the minimum score. Eric Berkey said that he would concur with Paul Browne that it feels like the asset limit might be too low and asked if you can explain the policy for not using MIPAP for ADU purchases. Yoomie Ahn said that it has been County policy since the program transitioned back to the County from AHC to avoid the double-subsidization that would occur if ADU purchasers used MIPAP funds. The County's objective is to serve more households and our recent experience has been that ADU purchasers do not need MIPAP funds. Eric Berkey asked if the affordability restrictions are still being worked out. Yoomie Ahn said that we do have the legal language and loan document templates. Staff continue to work with the County Attorney's Office to ensure that MIPAP borrowers understand program requirements and recordation of appropriate documents. Eric Berkey noted that \$500,000 as a maximum purchase price is a lot of money, but it doesn't go very far in Arlington. If we want to serve families, it is hard to find a 3-bedroom condo for that amount. He added that he gets that you don't want to go too high, but it might be too low where it is. Paul Browne asked if the maximum purchase price has been indexed and if it has been increased ever. Yoomie Ahn said that it did increase last year when the County Board approved the loan origination guidelines. Alice Hogan asked how frequently the guidelines will be revisited. Yoomie Ahn said that staff will be recommending changes later this calendar year; it may make sense to revisit them every two years. Alice Hogan said that she also had a concern about the maximum purchase price of \$500,000, as well as the \$15,000 liquid asset limit if it includes a cash down payment. Alice Hogan suggested ongoing support of MIPAP borrowers might be beneficial and wondered if AHOME could do periodic check-ins to see how the borrowers are doing or maybe do follow-up workshops with them.

Colonial Village West

Staff Presentation

AHC Inc. is requesting a bond allocation from the Arlington County Industrial Development Authority (IDA) of up to \$13,000,000 to fund renovations at the Colonial Village West (CVW) Apartments, an affordable housing property located in the Courthouse neighborhood. The request is for IDA financing only; no additional County funds are being sought. CVW is a 100% affordable 70-unit property that is ending a 15-year tax credit compliance period. The property consists of eight attached two-story buildings and one three-story building, most of which were built in 1938. The property is listed on the Historic Register and is located in a locally designated historic district.

Commission Questions and Discussion

Kay Langenbeck asked if the County has any liability in the transaction and Alan Goldstein from AHC said that they do not. Kay Langenbeck asked what happens if the County says no and Alan Goldstein said that they wouldn't be able to access the tax credit equity. Alice Hogan suggested adding the new community space to the handout and should also add accessibility improvements. Alice Hogan asked if you can explain the seller note. Alan Goldstein said that an entity of AHC currently owns the property and that AHC is leaving that money in to make the project feasible, it would be a loan to AHC from the current owner. Alice Hogan had a question on what the cost will be to renovate and Alan Goldstein said that in order to get the tax credit the property needs to be completely sold, so it is showing the full cost. Eric Berkey asked what the life cycle is of the HAB contract and the applicant said that it was recently renewed for 20 years through 2037 and then underlying that affordability is the tax credit, will be doing another 30 years of affordability. Kay Langenbeck asked how AHC is creating the common space if it is historic and the applicant said that it is in a space that isn't part of the historic footprint. Paul Browne asked if the 50% AMI units are in order to meet tax credits, what is driving further affordability limits and the applicant said that it is being driven by the tax credit application. Paul Browne asked about historic tax credits and the applicant said that they determined they were not eligible. Alice Hogan asked if 30 years is a typical

affordability period and the applicant said that it is for tax credit properties. Rolf Blank asked if there is a waiting list and how do you determine who is next. The applicant said that the management company holds a list and that it is longer due to it being a Section 8 property.

FY 2019 Budget Recommendations

Staff Presentation

The County Manager's FY 2019 budget proposal includes the funding that is level to what the County Manager proposed last year for the Affordable Housing Investment Fund (AHIF) at \$13.7 million, including shifts from one-time to ongoing funding. The proposed budget provides 49 percent of the total appropriation through ongoing funds as compared to 33 percent in the adopted FY 2018 budget. This budget also continues efforts to shift funding of Housing Grants to ongoing funding sources. The County Manager's proposed budget fully funds the FY 2019 housing grant need of \$8.7 million, with only \$0.7 million in one-time funding, compared to one-time funding of \$1.6 million for housing grants in FY 2018.

Due to budget challenges, the County Manager's budget recommendation for FY 2019 AHIF Housing Services proposed funding differs slightly from what the Housing Commission approved at the December 2017 meeting. The Bonder & Amanda Johnson CDC (BAJCDC) program will provide referral services for residents in the Nauck neighborhood, including referrals to Arlington DHS, immigration services, legal services, job search services, and healthcare providers. This program was originally reviewed by the Community Development Citizen's Advisory Committee (CDCAC) during the FY 2019 Community Development Fund Review Cycle (October-November 2017). CDCAC felt very strongly that this program should be funded, given the program's neighborhood focus in Nauck. Given the budget challenges for next year, County staff had to make significant funding cuts to programs funded through CDBG, CSBG and TANF and was unable to fit the BAJCDC program under any of these funding sources. Staff therefore recommended eliminating funding for the "Creating Smoke-free Buildings" program, reducing funding for the "Providing Internet to Arlington Mill Residents" program from \$20k to \$10k and funding this program over two years at \$10k each year, and including funding for the BAJCDC program.

Commission Questions and Discussion

Eric Berkey said that we should state that we are glad that AHIF didn't go down since there are plenty opportunities to slash it and haven't. We should be encouraged that it is staying the same. Alice Hogan said that we should know that affordable housing is a priority and it should remain level funded. Matt de Ferranti noted that he spoke at the budget hearing and mentioned that AHIF is a revolving loan fund and the need demonstrated through the NOFA. Eric Berkey said that it is a positive that we are going away from one-time funding. Eric Berkey said that we should state that AHIF Housing services is an important subset of AHIF that helps our nonprofit partners build community and helps residents stay where they are through programs like financial literacy training. He said that while it is not strictly a housing service, it is a very effective way to do this and a lot of bang for the buck. Rolf Blank said that we should look to see if there is any follow up on the eviction issue. Alice Hogan said that we should affirm the funding for the Housing Grant program and that it would be a good idea to revisit the maximum allowable rent that hasn't been adjusted since 2010. This would also allow some households to not use both a CAF and a Housing Grant. Eric Berkey said that he feels that we should revisit the Real Estate Tax Relief Program and have members of the working group and DHS come and give a presentation.