



ARHA REDEVELOPMENT WORK GROUP

June 15, 2023

5:30 PM – 7:00 PM

VIRTUAL: via Zoom

URL: https://zoom.us/webinar/register/WN_yVzrWhIISGG0lWFQs1B0mg

Webinar ID: 931 0992 3678

Webinar Passcode: 941747

Dial-in number: 301-715-8592

MEETING AGENDA

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| 1. Welcome & Introductions | Mayor Justin Wilson |
| 2. Review and Approval of May 8, 2023 Meeting Summary | Redevelopment Work Group |
| 3. Samuel Madden Homes Development Project | Keith Pettigrew, ARHA
David Cortiella, ARHA |
| a. City HOF Funding Request | |
| b. LIHTC Application Update | |
| c. Section 18 Application | |
| d. Section 106 Update | |
| e. Tenant Relocation | |
| 4. Ladrey Senior Highrise Development Project | Thomas Jones, ARHA
Wanda Sherrod, ARHA |
| a. Project Schedule | |
| b. Concept 2 Submission Update | |
| c. Resident Engagement | |
| d. Community Engagement | |
| 5. Additional Development Planning Updates | Keith Pettigrew, ARHA
David Cortiella, ARHA |
| a. Re-syndication Activities - BWR, Chatham Square | |
| b. Rental Assistance Demonstration Conversions - Chatham Square, BWR, Old Dominion, James Bland I, II | |
| 6. Other Business | Redevelopment Work Group |
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UPCOMING MEETINGS

July 20, 2023 ▪ August 17, 2023 ▪ September 21, 2023



**Alexandria Redevelopment and Housing Authority Redevelopment Work Group
May 8, 2023**

MEETING SUMMARY

Participants

Work Group Members

Justin M. Wilson, Mayor, City of Alexandria
John Chapman, Councilman, City of Alexandria
Stephen Koenig, City of Alexandria Planning Commission
Peter Kleeblatt, Chair, ARHA Board of Commissioners
Anitra Androh, 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
Helen McIlvaine, Director, Office of Housing
Keith Pettigrew, CEO, Alexandria Redevelopment and Housing Authority (via phone)
Eric Keeler, Deputy Director, Office of Housing (via phone)
Christina Brown, City Attorney's Office
Brandi Collins, Office of Housing
Catherine Miliaras, Department of Planning and Zoning
Nancy Williams, Department of Planning and Zoning
David Cortiella, Alexandria Redevelopment and Housing Authority (via phone)
Nicole Wickliffe, Alexandria Redevelopment and Housing Authority
Thomas Jones, Alexandria Redevelopment and Housing Authority
Wanda Sherrod, Alexandria Redevelopment and Housing Authority (via phone)

Introductions and Approval of the March 16, 2023 Meeting Summary

Mayor Justin Wilson convened the meeting.

Councilman John Chapman moved to approve the March 16, 2023 Meeting Summary. Anitra Androh seconded. The Meeting Summary was approved.

Consideration and Approval of Electronic Participation Policy for Remote Participation and All-Virtual Meetings

Helen McIlvaine asked the Work Group to approve a new Electronic Participation Policy for remote participation and all-virtual meetings. Mayor Wilson asked why a new policy was needed and Ms. McIlvaine said that because the COVID-19 emergency declaration had expired, a new policy had to be approved by the Work Group. Mayor Wilson asked staff to clarify if the policy was the same as the remote participation policy that applied to Work Group members. Christina Brown explained that the new policy authorized the entire Work Group to hold two all-virtual meetings a year, but that an existing policy allowing individual Work Group members to participate remotely in two meetings per year would continue. Mr. Chapman asked if it would count as remote participation if a Work Group member began

a meeting via phone and arrived in person during the meeting. Ms. Brown said that would not be considered remote participation because the member would be in-person for part of the meeting.

Peter Kleeblatt moved to approve the policy. Mr. Chapman seconded. The policy was approved.

Samuel Madden Homes Development Project

David Cortiella reported that there was no further news on the status of the competitive 9% LIHTC application that ARHA submitted to Virginia Housing, but they expected to know if their application was successful by the end of May.

Nicole Wickliffe said that the Section 18 application process was continuing and ARHA submitted preliminary environmental information to HUD but needed the completed environmental assessment from the City to move forward. She said she anticipated this to be complete in the next thirty days.

Ladrey Senior Highrise Redevelopment

Thomas Jones gave a presentation on the Ladrey Senior Highrise Redevelopment, including information on projected rents and images of the proposed building massing.

Mayor Wilson asked how many units the project currently proposed. Mr. Jones said that based on the current interest rate environment, ARHA projected that 275 units was the maximum number of units that could be built within the financing resources available. He said they were constrained by the \$533,000 per unit cost maximum that Virginia Housing places on LIHTC units as well.

Since ARHA's proposal calls for a mix of affordability that includes 80% AMI units, Mayor Wilson asked if ARHA had 80% AMI units in other developments. Mr. Kleeblatt said that there are 80% AMI units at The Lineage. Mayor Wilson asked for the financial information presented to be written into a report he could share with others. Mr. Jones said ARHA would provide one. Ms. McIlvaine asked about the large differential between the 30% of income that the residents would actually pay in rent and the amount ARHA would actually be receiving from HUD pursuant to the Section 18 plan, if approved. Ms. Wickliffe explained that the Section 18 vouchers would be new vouchers issued by HUD and would be in addition to ARHA's existing voucher allocation. Residents would continue to pay approximately 30% of their household income, with the voucher making up the difference to a fair market rent for the specific unit type.

Ms. McIlvaine asked Mr. Jones about the small number of two-bedroom units in the proposed project and mentioned ARHA's previous statements about residents needing live-in aides. Mr. Jones said that most residents only needed aides during the day and only a few needed live-in caregivers. Ms. McIlvaine then asked about the status of the relocation process. Mr. Jones said Housing-to-Home, the relocation coordinator for Ladrey, met with all 170 households in Ladrey to discuss their relocation needs and was working with ARHA and the residents to create relocation plans for each household.

Ms. Wickliffe clarified that Section 8 regulations allowed for voucher holders to have incomes of up to 80% AMI so some of the future 80% AMI households could include voucher holders. Mr. Jones explained that going from public housing (Section 9) to vouchers (Section 8) would change the current elderly/disabled restrictions on the Ladrey waitlist to preferences for elderly/disabled households. Ms. Androh said that even with this change the length of the current Ladrey waitlist would result in all the new units being filled with elderly/disabled households.

Karl Moritz spoke about City staff's concerns with the proposed building massing. He said that staff would be happy to work with ARHA on parking reductions and height increases, but that the Old Town North Small Area Plan called for more building breaks and roof articulation, which the project currently lacked. Mayor Wilson asked if the project would be using the Residential Multifamily (RMF) Zone height and Section 7-00 density bonuses. Catherine Miliaras confirmed it would be.

Ms. Androh asked how many units would be lost if City staff's proposed changes were implemented and Mr. Moritz replied that with a change to the unit mix and additional height the unit count would remain the same. Mr. Kleeblatt said that adding more height would increase construction costs because of the need to increase the podium to two stories instead of one. Mr. Jones added that with rising interest rates, any increase in construction costs would make the project much harder to pencil out. Mr. Moritz said that City staff would be happy to review ARHA's proformas and work with them to find a way to balance cost and design. He said that further reductions in parking ratios could be allowed if that would help manage costs.

Ms. Androh said the existing Ladrey residents did not want studios, only one-bedrooms. Mr. Moritz replied that having a mixture of unit types made for a better building and was better for residents. Ms. Androh said that creating more affordable housing was ARHA's most important concern, not design. Mayor Wilson said that everyone shares the ARHA Board's passion for producing affordable housing, but that he has seen multiple projects that found a path to balancing design and maximizing unit creation. Ms. Androh repeated her statement that creating housing was more important than aesthetics. Jim Parajon said that it wasn't just aesthetics but balancing affordable housing with community desires as well as design.

Mayor Wilson reminded the Work Group that the project would need community support. Ms. McIlvaine asked about the status of ARHA's community outreach. Mr. Jones said there is an ongoing outreach process and that there would be a community meeting the week of May 22 to present the design to the public. He said that ARHA would submit a Concept 2 Plan to the City on May 24 with the intention of going to UDAC on June 7. Mayor Wilson asked when the project would come before City Council and Mr. Jones and Ms. Wickliffe said they were aiming for January or February 2024 in order to apply to Virginia Housing for the 2024 9% LIHTC application cycle.

Development Entity Approval Process

Mr. Pettigrew explained that ARHA wants the City Council to approve a special purpose entity (SPE) to which City Council would delegate the power to create other SPEs. He said that ARHA had many projects in their pipeline which would require the creation of multiple SPEs and that asking for City Council approval of each of them would be time-consuming for both ARHA and City Council, so having a separate SPE that could create other entities would be more efficient.

Ms. McIlvaine added that what ARHA intended to create would be a non-profit that would have a board where two members would be appointed by the ARHA Board and the other three would be approved by the nonprofit Board, not City Council. David Cortiella added that it would be a five-member board where two of the members would be ARHA employees and three would be independent of ARHA. Ms. McIlvaine listed possible safeguards to ensure the nonprofit would work solely for the benefit of Alexandria residents. Mayor Wilson asked how the new nonprofit would fit into ARHA's repositioning. Mr. Pettigrew said it would be a partner in development deals similar to the way that VHD, LLC currently

operates. Mayor Wilson then asked if the nonprofit would be able to obligate debt. Mr. Cortiella responded no. He continued that the nonprofit would be used when its status as an independent nonprofit would result in improved cash flow to ARHA instead of the current approach where ARHA only gets a .001% ownership interest, but VHD, LLC would be used otherwise. Mr. Cortiella said that a nonprofit would allow ARHA to accept charitable donations and use the money to replace HUD funds for supportive services which ARHA will no longer be eligible for as public housing units convert to units with voucher subsidies.

Mayor Wilson said there would need to be a clear Memorandum of Understanding between the City and the new nonprofit to define its powers. Ms. Androh said that the new SPE's bylaws would be in accordance with IRS regulations on non-profits, but the Mayor reiterated that there would need to be clear written rules in order for City Council to consider approval. He asked what the timeline for the new nonprofit would be. Ms. McIlvaine said the earliest the new entity could be on the docket for consideration would be September. She then asked where the ARHA Board was in consideration of the new entities. Mr. Kleeblatt said that there were two different issues being conflated: the creation of the non-profit entity and the need to create multiple SPEs for specific development projects.

Additional Development Planning Updates

Mr. Cortiella shared that ARHA taking control of the limited partnership of Chatham Square was currently held up as the Richman Group was reviewing the calculated exit taxes for the limited partnership and ARHA had to also calculate the impact of state taxes on the purchase price. He estimates they are 30 days from finishing the limited-partner exit.

Ms. Wickliffe said that the RAD conversions for James Bland 1 & 2, and Old Dominion were currently on pause while they worked with HUD to determine which Capital Needs Assessment items need to be done immediately and which could be deferred temporarily. She said once they reached an agreement the conversion could proceed quickly. Ms. McIlvaine asked if there could be an early exit for Old Town Commons (formerly James Bland) and Old Dominion and a resyndication. Ms. Wickliffe said it was a little early to be considering that but ARHA would consider it in the near future.

ARHA Strategic Planning Update

Mr. Pettigrew said ARHA's current Strategic Plan covers 2012 – 2022 so ARHA chose to only update the existing Strategic Plan for purposes of bond review. The updated Strategic Plan now includes the "Three Pillars" strategy – Repositioning, Redevelopment, and Resyndication - and is almost ready to be shared with City Council. He said that ARHA may create a new 10-year Strategic Plan next year.

Mayor Wilson asked what kind of public engagement was done for the Strategic Plan. Mr. Pettigrew said that all of the public meetings on Section 18 conversion, RAD conversion, and other ARHA repositioning efforts were the public engagement for the Strategic Plan.

Other Business

With no other business to discuss, Mayor Wilson adjourned the meeting.

The Ladrey Building: Improving and Increasing Affordable Housing

June 21, 2023, 6:00-8:00pm

A Community Meeting on the Redevelopment of the Ladrey Building

ARHA Conference Room

401 Wythe Street, Alexandria VA 22314

This meeting is both in person and virtual.

Zoom Info: Join Zoom Meeting

<https://arha-us.zoom.us/j/89515698424?pwd=M2ZwUWR2SE9RT2lYQlVtUGtBSXZPQT09>

Meeting ID: 895 1569 8424 | Passcode: 532508

For further information: Agnès Artemel, 703-683-2788

