



# ARHA REDEVELOPMENT WORK GROUP

February 16, 2023

5:30 PM – 7:00 PM

IN-PERSON: City Hall, City Council Workroom

## MEETING AGENDA

- |   |                          |
|---|--------------------------|
| 1. Welcome & Introductions  | Mayor Justin Wilson      |
| 2. Review and Approval of January 26, 2022 Meeting Summary  | Redevelopment Work Group |
| 3. Samuel Madden Homes Development Project  | Keith Pettigrew, ARHA    |
| a. Planning Commission Update   | David Cortiella, ARHA    |
| b. Section 106 Process  |                          |
| c. Status of Request for Fee Relief and Real Property Tax Exemption                                   |                          |
| d. Request for City Funding on 2/25   |                          |
| e. LIHTC Application  |                          |
| f. Section 18 Application   |                          |
| 4. Additional Development Planning Updates  | Keith Pettigrew, ARHA    |
| a. Ladrey Senior Highrise   | David Cortiella, ARHA    |
| b. Re-syndication Activities - BWR, Chatham Square  |                          |
| c. Rental Assistance Demonstration Conversions - Chatham Square, BWR, Old Dominion, James Bland I, II |                          |
| 5. New ARHA Special Purpose Entities and Development Entities   | Keith Pettigrew, ARHA    |
| 6. ARHA Strategic Planning Update   | Keith Pettigrew, ARHA    |
| 7. Other Business   | Redevelopment Work Group |
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## UPCOMING MEETINGS

March 16, 2023

▪ April 18, 2023

▪ May 18, 2023



**Alexandria Redevelopment and Housing Authority Redevelopment Work Group  
January 26, 2023**

**MEETING SUMMARY**

**Participants**

***Work Group Members***

Justin M. Wilson, Mayor, City of Alexandria  
Stephen Koenig, City of Alexandria Planning Commission  
Peter Kleebatt, 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  
Helen McIlvaine, Director, Office of Housing  
Karl Moritz, Director, Department of Planning and Zoning  
Keith Pettigrew, CEO, Alexandria Redevelopment and Housing Authority (via Zoom)  
Eric Keeler, Deputy Director, Office of Housing (via Zoom)  
Nancy Williams, Deputy Director, Department of Planning and Zoning  
Christina Brown, City Attorney's Office  
Brandi Collins, Office of Housing  
Kim Cadena, Office of Housing (via Zoom)  
Catherine Miliaras, Department of Planning and Zoning  
Stephanie Sample, Department of Planning and Zoning  
David Cortiella, Alexandria Redevelopment and Housing Authority (via Zoom)  
Kanasha Brown, Alexandria Redevelopment and Housing Authority  
Thomas Jones, Alexandria Redevelopment and Housing Authority  
Wanda Sherrod, Alexandria Redevelopment and Housing Authority

**Introductions and Approval of the December 8, 2022 Meeting Summary**

Mayor Justin Wilson convened the meeting. Those joining the Mayor included Planning Commissioner Stephen Koenig and ARHA Commissioner Peter Kleebatt. Councilmember John Taylor Chapman and ARHA Commissioner Anitra Androh were not present.

Mr. Kleebatt moved to approve the December 8, 2022 Meeting Summary. Mr. Koenig seconded. The Meeting Summary was approved.

**Samuel Madden Homes Development**

David Cortiella gave a presentation to the Work Group. He began by noting the Samuel Madden redevelopment would be going to Planning Commission on February 7 and City Council on February 25. He provided a schedule of upcoming milestones, including the March 16 Low Income Housing Tax Credit application deadline. He talked about the Section 106 process and the progress of the oral history project. He said there would be another Consulting Parties meeting in early February and that information about the potential mitigation measures would be circulated soon.

Mr. Cortiella moved on to the outstanding issues regarding permitting and tap fees, the potential real estate tax abatement, the status of ARHA's Section 18 application to HUD, and resident relocation planning. He said they had received a letter from the City Manager about waiving the permitting fees for the north building and that they were reviewing it. He also said they were awaiting the letter from the City Assessor with a determination of whether the north building would be exempt from real estate taxes. Jim Parajon said he believed the letter had gone out from the City Attorney and the Assessor's Office and that they had determined additional information about the ownership was needed. Mr. Cortiella said ARHA would submit more information in February.

With regard to ARHA's Section 18 application for the existing 66 units at Samuel Madden, he said ARHA had resubmitted it to HUD with updated third-party estimates of the cost of rehabilitating the property which showed any rehabilitation would be over HUD's Total Development Cost threshold for rehabilitation versus redevelopment and stated their consultant said there was a 90% chance the application would be approved. Mayor Wilson asked what would happen if HUD denied the Section 18 application. Mr. Cortiella said that ARHA would apply for a RAD blend, which would allow ARHA to make 60% of the units Project-Based Vouchers and receive RAD rents for the remaining 40% of units. He explained that because RAD rents are lower than Project-Based Voucher rents the project deficit would be larger and ARHA would not have as much leverage because only 4% LIHTC credits can be used on projects with RAD units. Mayor Wilson asked when ARHA would receive HUD's decision. Mr. Cortiella replied that they would be resubmitting to HUD in February and that the review process would take three to four months, so they would be receiving HUD's answer approximately the same time as Virginia Housing would be announcing the winners of tax credit allocations. Mayor Wilson then asked what the medium- and long-term consequences of whether or not ARHA received Section 18 funding. Mr. Cortiella said the deferred developer fee would pay out at year 12, not year 10, and there would be a \$4.7 million equity gap.

Finally, he said the resident relocation process would begin next month with a meeting with HOU, their relocation consultant. He estimated the relocation process would begin in late summer or fall 2023 provided ARHA was on track for a November or December 2023 closing on the project.

Mr. Koenig asked if the incomplete Board of Architectural Review (BAR) process would have any bearing on the project's LIHTC application. Karl Moritz replied that BAR decisions were not relevant to the LIHTC application, only the approval of City Council. Mr. Koenig then asked what the chances were that the BAR would issue a Certificate of Appropriateness to the project. Mr. Moritz said he could not make any guarantees about the actions of independent bodies, but that he was confident that the work ARHA had done to modify the project in line with the BAR's expectations would weigh heavily in their favor. Stephanie Sample added that while the BAR had not seen the most recent concept drawing, it was in line with their previous suggestions. Mr. Koenig expressed concern that the BAR would deny the project a Certificate of Appropriateness because of the mass and scale of the building, but Mr. Moritz assured him that the BAR had been educated as to what could and could not be changed at the Certificate of Appropriateness stage and that made him optimistic about the project's chances. Ms. McIlvaine added that Virginia Housing understands that sometimes local processes delay projects and, in those cases, it will hold on to the credit reservation until the processes are complete.

### **Additional Development Planning Updates**

Thomas Jones provided an update on Ladrey. He said ARHA and their development partners were near to finalizing the Master Development Agreement and they expected it to be complete in early February. He reported that Winn had completed 130 resident profiles thus far and was working to complete the remaining 40. He said there had been a resident meeting on January 26 and there will be a website for the project in multiple languages. He reminded the Work Group that Ladrey had successfully applied for a Section 18 disposition and would receive project-based vouchers. Helen McIlvaine asked if that was for all 170 units. Mr. Jones replied that it was, and that the overall redevelopment project would be approximately 270 units.

Mr. Jones reported that the conversion of units at Park Place and Saxony Square from Public Housing subsidy to project-based vouchers approved under the Section 18 repositioning process was complete.

Mr. Cortiella said that ARHA still does not have control of the limited partnership of Chatham Square but that ARHA would be meeting with the Richmond Group in two weeks to discuss the issue. He said they were reviewing the Capital Needs Assessments for Braddock-Whiting-Reynolds and Chatham Square to determine the amount of tax credit equity or other funding they would require for the renovation. He said ARHA had contacted Professor Agee of Virginia Tech to discuss sustainability measures that could be included in the renovation and the costs of these measures. He added there was funding in the Inflation Reduction Act to pay for sustainability measures taken by public housing agencies. He said ARHA anticipates the financial closing on the renovation project to take place in October or November 2023 and that the Rental Assistance Demonstration conversions of BWR, Chatham Square, Old Dominion, and James Bland would occur in 2023.

### **Strategic Planning**

Mr. Jones reported ARHA would have a draft update of their new strategic plan within the next several weeks. He also reported they would receive a bond rating from Standard & Poor's in March or April 2023. Ms. McIlvaine asked if this was to restart ARHA's bond issuance authority. Mr. Jones replied it was and that the bonds would be general obligation bonds.

### **New Development Entity**

Mr. Cortiella told the Work Group ARHA would need to form new entities soon because they are necessary for any LIHTC transactions that might take place. He also said that once the entities were formed under Virginia law, ARHA would resubmit the materials needed for their tax abatement request. Mayor Wilson asked for clarification between the issues of entity formations that will require City Council approval and ownership entities asking for tax abatements. Christina Brown explained that ARHA's original request regarding the formation of a development entity requested permission to form multiple different entities and that the City Attorney's Office had sent back questions for ARHA to answer. She said discussions between the City Attorney's Office and ARHA were ongoing. She said that she did not know if the entities that would be involved with the Samuel Madden project were included in those discussions. Mayor Wilson asked how the City was involved in ARHA's creation of new entities and Ms. Brown said that the statute that authorized ARHA's existence specified that the local governing body provide input on the entities created by ARHA.

Mr. Cortiella said that the formation of Premiere Housing was not a priority at the moment, but that the retroactive approval of VHD and the approval of the new entities for Samuel Madden were necessary in order to submit the paperwork for the tax abatement. Mayor Wilson asked for confirmation that the City Council's approval of new entities would shape how the Samuel Madden financing would be structured because of its effect on issues such as taxation and fee relief. Mr. Cortiella said this was correct. Mayor Wilson then asked if the City Attorney's Office concurred. Ms. Brown said that the logic of forming the entities for financing purposes was sound and that the timing could be worked out. She said the larger issue would be if ARHA was looking for blanket approval of all entities, more narrow approval of specific entities, or approval of entities related solely to the Samuel Madden project. Mayor Wilson asked if ARHA would be the applicant for tax credits. Mr. Cortiella said no, it would be an entity. Ms. McIlvaine asked if the entity would be controlled by ARHA and would be a special purpose entity specifically for tax credit purposes. Mr. Cortiella said it would be.

Mr. Cortiella explained there were four requests ARHA had of the City regarding entity formation: retroactive approval of entities already created, such as VHD and other special purpose entities; the approval of Premiere Housing, which would be a non-profit affiliate of ARHA; the approval of the entities needed for the Samuel Madden redevelopment; and the creation of a process to request entity approval in the future.

#### **Other Business**

Mayor Wilson confirmed the next Work Group meeting would be February 16.

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