



## ARLINGTON COUNTY, VIRGINIA

### County Board Agenda Item Meeting of December 08, 2012

**DATE:** November 29, 2012

**SUBJECT:** Subordination of the lien of the Home Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) Deed of Trust to the Virginia Housing Development Authority's \$1,012,000 senior permanent loan to Robert Pierre Johnson Housing Development Corporation (RPJ Housing) (or its successors or assigns), with respect to certain real property located at 1700 South Garfield Street (RPC #31001033); Authorization to amend and restate the County loan documents relating to the \$1,330,184 loan of HOME and CDBG funds to RPJ Housing; and Appointment of Julie Massie as a substitute Trustee to replace Peter H. Maier.

#### **C. M. RECOMMENDATION:**

1. Approve the subordination of the lien of that certain Home Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) Deed of Trust, dated December 21, 2007, by and among Robert Pierre Johnson Housing Development Corporation of the National Capital Area, as grantor, the County Board, as beneficiary and grantee, and Carol McCoskrie and Peter H. Maier, as trustees, to the Virginia Housing Development Authority's \$1,012,000 senior permanent loan to Robert Pierre Johnson Housing Development Corporation (or its successors or assigns), and authorize the County Manager, or her designee, and trustees to execute a subordination agreement with VHDA, subject to approval as to form by the County Attorney.
2. Appoint Julie Massie as a substitute trustee to replace Peter H. Maier, and authorize the County Manager, or her designee, to execute an Appointment of Substitute Trustee, subject to approval as to form by the County Attorney.
3. Authorize the County Manager, or her designee, to amend and restate and execute the following County loan documents relating to the County Board's \$1,330,184 loan of HOME and CDBG funds to Robert Pierre Johnson Housing Development Corporation of the National Capital Area: (a) Home Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) Fund

County Manager:

County Attorney:

Staff: Sarah Pizzo, CPHD

21.

Agreement, (b) Home Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) Deed of Trust, (c) Promissory Note, and (d) Deed of Easement and Declaration of Restrictive Covenants, subject to approval as to form by the County Attorney.

4. Authorize the trustees under the Home Investment Partnerships Program (HOME) and Community Development Block Grant Program (CDBG) Deed of Trust, dated December 21, 2007, to execute an amended and restated Deed of Trust, subject to approval as to form by the County Attorney.
5. Authorize the County Manager, with the concurrence of the County Attorney, to act as the County Board's representative in approving financing or program revisions that are necessary to remove any ambiguity or inconsistency or which improve the County's financial security or financial position, and which changes do not adversely affect the County financially, prior to or after execution of the County's financing documents.

**ISSUES:** County Board approval will ensure a timely closing by Robert Pierre Johnson Housing Development Corporation (RPJ Housing) on permanent financing with the Virginia Housing Development Authority (VHDA) and provide long-term financial security for this apartment building. There are no outstanding issues.

**SUMMARY:** This is a follow-up to agenda item #31 at the January 23, 2010 County Board meeting in which the County Board, among other things, amended the loan terms and conditions of a CDBG and HOME loan to RPJ Housing and approved the subordination of the existing County loan to a senior financing. RPJ Housing is prepared to close on its permanent financing with VHDA this month, and the County Manager, in summary, is requesting and recommending that the County Board (i) authorize the County Manager, with the concurrence of the County Attorney, to develop and execute amended and restated CDBG and HOME loan documents and (ii) approve the subordination of the CDBG and HOME loan to a VHDA permanent loan.

**BACKGROUND:** At its December 15, 2007 meeting, the County Board approved a loan of up to \$1,330,184 (\$401,861 in CDBG and \$928,323 in HOME funds) plus \$50,000 in supportive housing grant funds to assist RPJ Housing with acquisition of a two-story garden apartment building located in the Nauck neighborhood at 1700 S. Garfield Street. RPJ Housing completed a rehabilitation of the property in Fall of 2009. In January of 2010, the County Board amended the loan terms and conditions of the CDBG and HOME loan. At this time, RPJ Housing is prepared to close on permanent financing with VHDA and as a result, needs to execute amended and restated CDBG and HOME loan documents with the County and is requesting that the County execute a subordination agreement required by VHDA.

**DISCUSSION:** It is critical that RPJ Housing close on its permanent financing with VHDA this month in order to pay off a BB&T construction loan that is due in January 2013. The total permanent financing package for the project consists of \$1,012,000 in below-market funds from VHDA's SPARC/REACH programs and the following County funds which were disbursed in

December of 2007 for acquisition: \$50,000 in supportive housing grant funds; \$928,323 in HOME and \$401,861 in CDBG loan funds (of which up to \$140,000 in CDBG funds will be repaid to the County at the closing this month).

**FISCAL IMPACT:** There is no fiscal impact.