



ARLINGTON COUNTY, VIRGINIA

<p style="text-align: center;">County Board Agenda Item Meeting of July 19, 2008</p>

DATE: July 1, 2008

SUBJECT: Allocation of Fiscal Year (FY) 2009 Affordable Housing Investment Fund (AHIF)/HOME Program Funding for the development of a Supportive Housing Program for households with persons with disabilities.

C. M. RECOMMENDATIONS:

1. Allocate \$850,000 in HOME Funds (101.495130.91102) to Robert Pierre Johnson Housing Development Corporation (RPJ) (101.456300.91102), an Arlington County approved Community Housing Development Organization (CHDO), to provide financial assistance for a Supportive Housing Program for persons with disabilities.
2. Authorize the County Manager, with concurrence of the County Attorney, to enter into a HOME Program Agreement with RPJ in order to allocate HOME funds for the development of a Supportive Housing Program for persons with disabilities.

ISSUE: This is a recommended allocation of \$850,000 in HOME funds to RPJ for the development of a Supportive Housing Program for persons with disabilities.

SUMMARY: RPJ is currently under contract with the Department of Human Services to develop a small-scale supportive housing project for persons with disabilities. An award of HOME funds will make development feasible and will help leverage other federal, state and local funds. It is expected that the allocation of HOME funds toward this project will result in 5 to 20 additional permanent supportive housing units. The County has \$1,456,905 in Federal HOME Program funding that must be committed to an eligible activity by July 31, 2008 in order to avoid recapture by the Department of Housing and Urban Development (HUD). Staff recommends using \$850,000 of this amount for a Supportive Housing Program for persons with disabilities. A companion report on the County Board's July 19 agenda would allocate the balance of the at-risk HOME funding to AHC, Inc. to augment the County's Moderate Income Purchase Assistance Program (MIPAP).

BACKGROUND: The HOME funds were previously among the AHIF/HOME funds allocated by the Board in January 2008 for the Macedonia Apartments. Since that project will not receive 9% Low Income Housing Tax Credits this year, the HOME funds cannot be committed by the deadline of July 31, 2008, and can no longer be used for the Macedonia project. For various

<p>County Manager: _____</p>

<p>County Attorney: _____</p>

<p>Staff: Marie Randall, David Cristeal, CPHD, Housing Division; Cynthia Stevens, DHS.</p>
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reasons, no other HOME eligible projects in the County's pipeline would be able to use the HOME funding prior to the recapture deadline.

The DHS Supportive Housing Plan of March 2005 calls for the development of small scale supportive housing projects using a variety of federal, state, and local funds including federal HOME Investment Partnerships Program (HOME) funds, US Department of Housing and Urban Development Section 811 Supportive Housing Funds (Section 811), and others. Under the contract with DHS, RPJ is required to develop a project that leverages Section 811 Housing Funds, if a suitable site is identified. In order to apply for the Section 811 funds, RPJ must have legal control of a project site. The HOME funds will allow RPJ to secure one or more sites for application in the 2009 Section 811 Housing funding cycle. The combination of the funding from HOME and Section 811 will provide the necessary amount of capital funding to make the supportive housing development financially feasible as housing for very low-income households. In addition, the Section 811 program provides rental subsidy contracts with five year, renewable terms, and the services provided by DHS will be integral to the success of the clients in the housing.

RPJ is a 501 (c) (3) organization based in Arlington named after the Reverend Robert Pierre Johnson, who created some of the first affordable housing developments in Washington, DC during the 1970s. RPJ's mission is to develop and preserve affordable housing for limited income individuals and families and to strengthen communities in the Washington Metropolitan area. In Virginia, RPJ Housing operates 374 affordable rental-housing units at fifteen locations in Fairfax County, four locations in Arlington County, two locations in Warren County and three locations in Alexandria. RPJ is filling a development niche in the Arlington community by focusing its activities on small to medium sized projects that include supportive housing units that are accessible and affordable to very low and low income families. RPJ is also an Arlington County approved Community Housing Development Organization (CHDO) which allows the organization to access specific federal HOME Investment Partnerships Program (HOME) funds that are designated by federal statute to be utilized only by CHDO's for the development of affordable housing.

This action allows the County to commit the HOME funds for an eligible activity by no later than July 31, 2008 as required by HUD. RPJ would have an additional three years to spend down the funding for HOME-eligible program costs to meet HUD's overall deadline of five years to expend the funds from the effective date of the funding agreement with the County.

DISCUSSION: This program will increase the County's supportive housing inventory, which currently includes 200 committed units, and help the County achieve its goal to develop 375 to 425 units of supportive housing by 2010. Additionally, this project meets four County Affordable Housing Targets and the terms and conditions of the agreement are proposed to ensure that County funds are used for the intended purpose.

a. Supportive Housing Program Plan: The Plan is to develop permanent supportive housing apartment units for persons with mental, intellectual, and physical disabilities and for youth in transition and aging out of foster care. Services will be provided by the DHS and human service agencies under contract to DHS.

RPJ will conduct a search to identify housing opportunities suitable for persons with disabilities. The types of housing to be researched include:

- i) Individual condominium units
- ii) Small County-owned parcels for new construction
- iii) Small garden apartment buildings in which a percentage of units will be designated for permanent supportive housing
- iv) Medium-sized apartment buildings in which a percentage of units will be designated for permanent supportive housing

To proceed with a purchase contract RPJ will seek approval from both DHS and the Housing Division staff. RPJ will prepare financial proformas in order to analyze the feasibility of the sites proposed for development. RPJ will identify all sources of funding assistance available to make the project affordable to low-income persons with disabilities.

b. Beneficiaries: Small scale projects funded with County HOME and other funds will benefit persons with disabilities earning 30% of the Area Median Income or below and who need support services to live successfully in their own apartment in the community. It is expected that the HOME funds for this project will result in 5 to 20 additional permanent supportive housing units.

c. Issues: A suitable property or properties for this Supportive Housing Program have not been identified as of yet. In order to best serve the disabled clients of DHS, the property and/or properties would have to meet accessibility and affordability criteria including widened doorways and hallways, one-level living, accessible bathrooms and kitchens (or be easily adaptable for accessibility). Additionally, securing funding from the federal Section 811 program is through a highly competitive process, and the award of these funds would not happen until after securing site control of the property and/or properties.

d. Plan to Secure Site Control: Upon approval of County HOME funds, RPJ will identify properties that meet the physical and fiscal parameters outlined above and review these with DHS and CPHD Housing staff. This review will occur, at a minimum, on a quarterly basis or until a suitable property is located. Simultaneously, RPJ will research additional funding opportunities such as those through the Virginia Housing Development Authority (VHDA) and the Virginia Department of Housing and Community Development (DHCD) and determine whether the site is suitable for an 811 application. When an appropriate property or properties are identified and approved by DHS and the CPHD Housing staff, a sales contract will be executed and closing scheduled. County funds will not be provided unless all required agreements and legal documents are executed and all other research of additional financial resources is completed in order to appropriately acquire and rehabilitate, renovate or construct the property.

e. Affordable Housing Goals: This project meets several County Affordable Housing Goals and Targets. These include:

- Goal 1. Balanced Assistance/housing for persons with disabilities (15% of County assistance to be provided in this category).
- Goal 2. Safe and Decent housing.
- Goal 3. Loss of Affordable Housing/increase by an average of 400 units/year. This project will result in 5 to 20 additional permanent supportive housing units.
- Goal 4. Serious Housing Need (for persons earning less than 40% of the AMI). This project will result in permanent supportive housing units for persons earning less than 30% of the AMI.

f. Community Process: The Housing Services Committee and Housing Commission will review this funding request at meetings on July 14, 2008.

FISCAL IMPACT: The amount of AHIF/HOME funds in the FY 2009 adopted budget is \$5,828,172. Of this amount, \$148,377 has already been allocated per the Board-approved Community Development Program and Annual Consolidated Plan, leaving an unallocated balance of \$5,679,795. Assuming approval of the other proposals before the Board to provide \$606,905 in HOME funds to the MIPAP program and up to \$2,000,000 in AHIF funds for the Jordan Manor project, the current unallocated AHIF/HOME balance will be \$3,072,890. Approval of the staff recommendation to allocate \$850,000 in HOME funds for the Supportive Housing Program will result in a remaining FY 2009 balance of \$2,222,890.