



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of October 18, 2008**

**DATE:** October 3, 2008

**SUBJECT:** Amend the Agreement for Approved Financial Assistance for the Development of a Residential Group Home

### **C. M. RECOMMENDATIONS:**

1. Amend the loan terms and conditions for the \$150,000 loan from the CDBG Housing Development Fund to Robert Pierre Johnson Housing Development Corporation (RPJ) or its designated County-approved ownership affiliate, to assist with the development of a residential group home, subject to the terms and conditions of the County Manager recommendations outlined in this report.
2. Authorize the County Manager, with concurrence of the County Attorney, to execute the CDBG Program Amendment and to execute the required loan documents with RPJ or its County-approved ownership entity, and authorize and direct the trustees for the County to execute the loan subordination, subject to approval by the County Attorney.
3. 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 or programmatically, prior to execution of the County's financing documents.

**ISSUE:** County Board approval will ensure the viability of RPJ's overall financing package and completion of the renovations of this group home. There are no outstanding issues.

**SUMMARY:** The Robert Pierre Johnson Development Corporation (RPJ) is currently developing a four bedroom residential group home for four persons with intellectual and developmental disabilities (IDD) who are eligible to receive Medicaid Waiver in-home services. CDBG funds and private loan funds were used to acquire the home. Originally \$150,000 of the \$200,000 loan was a short-term construction loan to be repaid when permanent financing from the Virginia Housing Development Authority (VHDA) was secured, and \$50,000 was a deferred

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: Cynthia Stevens, DHS, Supportive Housing; Jane Eboch, CPHD, Housing Division

payment loan. Because of increased costs and the amount of financing that RPJ qualifies to borrow from VHDA, RPJ has requested that the County defer an additional \$71,000.

**BACKGROUND:** In December 2006, Robert Pierre Johnson Housing Development Corporation (RPJ) purchased a single family home suitable, with renovations and accessibility modifications, to serve as a group home for four persons with intellectual and developmental disabilities (IDD). It was purchased with \$415,000 CDBG funding and a bridge loan of \$229,000 from the Mercantile Potomac Bank.

At its September 8, 2007, meeting, the Arlington County Board approved an additional \$200,000 in CDBG funds to help finance the renovations. The action to commit more CDBG funds was required because Local Public Cost Allocation Plan (LPACAP) funds committed to this project became unavailable and the process to obtain loan funds from the Virginia Department of Housing and Community Development was considered too lengthy.

Initially the renovations were to be completed by a local home builder who had to withdraw its assistance due to the downturn of the housing market. Further, the renovations included Americans with Disabilities Act (ADA) features such as a ramped entrance, a fully accessible bathroom, elevator, widened doorways, reachable switch plates, and safety upgrades. This home will be the only fully accessible group home in the Arlington County inventory for persons with IDD.

The total cost of development, including renovations to make the units accessible, is \$927,746. The table below summarizes the proposed sources and uses of funds for the project. Sources include the Virginia Housing Development Corporation (VHDA) SPARC/REACH, Arlington CDBG Housing Development Fund, Arlington DHS grant, a contribution from RPJ and community donations. The VHDA assistance is a low interest loan, with a 3.5 percent interest rate and a 40 year term. The CDBG development loan is deferred, due only upon sale of the property or change of use. Of the \$200,000 CDBG construction loan, a total of \$121,000 will be deferred, due only upon sale of the property or change in use, and \$79,000 will be repaid upon permanent financing by VHDA in October, 2008.

**Sources and Uses Table**

Sources of Funds	Amount	Uses of Funds	Amount
Bank Loan to acquire/develop	\$229,000	Land/Acquisition	\$643,632
CDBG Development Loan	\$415,000	Construction	\$215,037
CDBG Construction Loan	\$200,000	Soft Costs	\$69,077
Arlington DHS Grant	\$50,000		
RPJ Contribution during Construction (carrying costs)	\$31,246		
Community Grants	\$ 2,500		
<b>Total</b>	<b>\$927,746</b>		<b>\$927,746</b>

**DISCUSSION:** Once completed and available for occupancy this project will add four units to the 229 units in the DHS supportive housing inventory and pipeline. This house will be home to

four Arlington residents with an intellectual or developmental disability, two of whom are currently living in a state institution and two living with an elderly parent. Services will be provided by CSI, a service vendor under contract to DHS. All residents are eligible for Medicaid Waiver services slots which became available to DHS in 2005. This project is consistent with DHS and State priorities that DHS consumers shall be integrated into communities in the least restrictive environment possible. In order to achieve the integration of persons with both intellectual and physical disabilities it was necessary to create a barrier-free environment in this home.

This project also addresses several County Affordable Housing Targets:

- Goal # 1 Balanced Assistance - - Balance support for the elderly and persons with disabilities with a transitional safety net for families with children.
  - This project serves persons with disabilities
- Goal # 4 Serious Housing Needs - - Reduce the number of households in serious housing need (defined as those earning below 40% of area median income)
  - The residents of the project will earn less than \$26,480 which is 40% of area median income

**Citizen Comments:** The Community Development Citizens Advisory Committee will meet on October 15, 2008 and review this recommendation. Action taken at that meeting will be summarized in a memo to the Board.

**Loan Terms and Conditions:** The County will amend its original agreement and lend \$121,000 in CDBG funds to RPJ or its designated affiliate, in the form of a deferred-payment loan for 60 years and \$79,000 as a short term construction loan, repaid upon permanent financing. The deferred-payment CDBG loan is due only upon sale of the property, cash-out refinancing, or change of use, and requires repayment of a prorated share of the sales price or fair market value as determined by a County approved appraisal.

**FISCAL IMPACT:** This reduces the amount of funds that will be repaid to the CDBG Housing Development Fund during FY 2009 and therefore reduces the amount that will be available for future projects. However, since program income for the CDBG Housing Development Fund is not budgeted for, this will not impact the CDBG FY 2009 adopted budget. The unobligated balance in the CDBG Housing Development Fund is currently \$260,126.

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