



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Meeting of February 24, 2018

DATE: February 16, 2018

SUBJECT: Adoption of Revitalization Area Resolution for the Central United Methodist Church site located at 4201 N. Fairfax Drive per Virginia Code Section 36-55.30:2.A for the purpose of a Low Income Housing Tax Credit application.

C. M. RECOMMENDATION:

Adopt the attached resolution (Attachment 1) to designate the Central United Methodist Church site as a “Revitalization Area.”

ISSUES: This is a request to adopt a resolution per Virginia Code Section 36-55.30:2.A for the Central United Methodist Church site for the purpose of a Low Income Housing Tax Credit application. There are no known issues at this time.

SUMMARY: In February 2017, [the County Board allocated \\$3,082,319](#) to Ballston Station Housing Corporation (“BSHC”), a non-profit affordable housing development corporation, for acquisition of land and construction of a new mixed-income housing development. BSHC applied for a competitive 9% Low Income Housing Tax Credit (“LIHTC”) allocation in March of 2017 but did not score high enough to receive an award.

BSHC will reapply in March 2018 with a different financing structure and affordability mix. The proposed attached resolution will designate the church’s redevelopment site as a Revitalization Area, per Virginia Code, thereby allowing BSHC to seek the Revitalization Area points in their tax credit application.

BACKGROUND: On February 28, 2017, the County Board approved [a site plan](#) and a [\\$3,082,319 AHIF allocation](#) for the redevelopment of the Central United Methodist Church property. Central United Methodist Church and BSHC have executed a development services agreement with Bozzuto Development Company (Bozzuto) that permits joint redevelopment of a mixed-use/mixed-income project at the site. Upon completion, the site will include mixed-income multifamily housing units, an associated parking garage and new church space. The development will also include a new and expanded day care facility, preservation of the

County Manager:

County Attorney:

20.

Staff: Sarah Pizzo, DCPHD, Housing Division

Robert Ball Sr. family burial ground, and community space for continuing the on-going homeless support services that are currently offered at the church. The multifamily apartments and a portion of the underground garage serving the apartments will be owned solely by BSHC. The new church, day care, homeless services/community space, and portion of the underground garage serving these uses will be owned solely by the church.

In March 2017, BSHC applied for competitive 9% LIHTC for its proposed 48 affordable units within the 119-unit complex. The project did not score high enough to receive a tax credit award. In June 2017, three projects were awarded allocations from the Northern Virginia tax credit pools: two projects in Fairfax County and The Berkeley redevelopment in Arlington. BSHC and Bozzuto have spent the past few months determining ways to structure a new, more competitive tax credit application for 2018.

DISCUSSION: BSHC will reapply in March 2018 for competitive 9% LIHTC under a more competitive financing structure and a different affordability mix, including:

- More than 20 additional affordable units, from 48 to 71.
- Utilizing a hybrid tax credit structure with a 9% LIHTC project and a 4% LIHTC project.

BSHC is not requesting any additional AHIF funds for the 9% project. However, if BSHC is successful in obtaining a 9% LIHTC award, it anticipates requesting an AHIF allocation for the 4% project this fall. At that time, staff would consider an AHIF application for the request. BSHC anticipates requesting a total AHIF amount that would be no more than \$70,000 per affordable unit, or approximately \$2 million for the 4% request.

Applying for tax credits is a highly competitive process, with points awarded to projects that meet specific criteria. In the 2016 competition, five points separated the two top-scoring projects in the Northern Virginia New Construction pool. A project is eligible for 10 “Revitalization Area” points if it is located in a “Revitalization Area” that meets the definition set forth in Virginia Code § 36-55.30:2. “Housing Revitalization Areas” as defined in the Code of Virginia, and the associated local resolutions creating the areas, are solely for the purpose of VHDA providing financing. In March 2017, [the County Board approved a Revitalization Area Resolution for the Berkeley Apartments site](#), also for the purpose of obtaining the tax credit application points.

Because of the deteriorating condition of the existing buildings, the church property meets the definition which cites “dilapidated conditions, obsolescence, overcrowding, inadequate ventilation, light or sanitation, or faulty or otherwise inadequate design, quality or condition.” To receive the 10 points, a County Board resolution is needed citing the specific statutory criteria. The proposed resolution, Attachment 1, will allow the affordable housing development located in the area to receive these Revitalization Area points, thereby making the project’s LIHTC application more competitive. If there are future tax credit projects located outside of the Central United Methodist Church Revitalization Area that would seek Revitalization Area points on their applications, another resolution would be needed at that time. The proposed resolution does not preclude tax credit projects within County-identified revitalization areas outside of the Central United Methodist Church Revitalization Area from obtaining these points in future tax credit rounds.

PUBLIC ENGAGEMENT: The Housing Commission has discussed this project several times. In advance of the February 2017 County Board meeting, the Commission voted to support the \$3,082,319 AHIF allocation to BSHC. In January 2018, the Commission was updated on the BSHC's plans to reapply for 2018 tax credits and to request a Revitalization Area Resolution. At its February 15, 2018 meeting, the Housing Commission considered the Revitalization Resolution and voted to recommend that the County Board support the staff recommendation. The Housing Commission will send a letter to the County Board.

FISCAL IMPACT: There is no fiscal impact to the current recommendation. However, if BSHC is successful in obtaining a 9% LIHTC award, it anticipates requesting an AHIF allocation for the 4% project this fall. At that time, staff would consider an AHIF application for the request. BSHC anticipates requesting a total AHIF amount that would be no more than \$70,000 per affordable unit, or approximately \$2 million for the 4% request. At this time, there is sufficient fund balance to support the 4% request.

ATTACHMENT 1

RESOLUTION OF THE COUNTY BOARD OF ARLINGTON COUNTY, VIRGINIA DESIGNATING THE CENTRAL UNITED METHODIST CHURCH SITE A REVITALIZATION AREA PURSUANT TO VIRGINIA CODE § 36-55.30:2

WHEREAS, pursuant to Section 36-55.30:2 of the Code of Virginia of 1950, as amended, the County Board of Arlington County desires to designate the site of the Central United Methodist Church, located at 4201 N. Fairfax Drive (the “Area”) and shown on Exhibit A hereto, as a revitalization area;

WHEREAS, the proposed redevelopment of the Central United Methodist Church is planned to correct and replace dilapidated and deteriorating interior and exterior conditions including water damage, plumbing, roofing and HVAC issues, among others;

WHEREAS, the affordable housing development proposed in this Area will provide a critical source of affordable housing for current and future low and moderate income residents whose tenancy and local employment is essential to implementing the goals of the County’s Affordable Housing Master Plan and to the Area’s future economic development and sustainability;

NOW, THEREFORE BE IT HEREBY DETERMINED as follows:

The proposed Revitalization Area is blighted, deteriorated, deteriorating or, if not rehabilitated, likely to deteriorate by reason that the buildings, improvements or other facilities in such area are subject to one or more of the following conditions – dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise inadequate design, quality or condition and private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.

EXHIBIT A

Map of Central United Methodist Church/Ballston Station Apartments Site

