



Keith Pettigrew, Chief Executive Officer

DATE: February 25, 2020

TO: Daniel Bauman, Chairman, ARHA Board of Commissioners

FROM: Keith Pettigrew, Secretary/Treasurer

SUBJECT: VOTE TO APPROVE RESOLUTION No. 691-2020 THE RELEASE OF A REQUEST FOR QUALIFICATION FOR ARHA DEVELOPMENT PARTNERS

ISSUE:

For over eighty years, the Alexandria Redevelopment and Housing Authority (ARHA) has developed, managed, operated, and renovated rent-restricted and income-restricted housing for low-income households in the City of Alexandria. ARHA has approximately eight hundred units under an Annual Contributions Contract (ACC) with the US Department of Housing and Urban Development (HUD). Annually, subject to congressional appropriations, HUD awards operating subsidies for these ACC units and a capital fund to undertake capital repairs on the properties.

Traditionally both the operating subsidies and capital funds provided to housing authorities have been woefully inadequate to meet the operating and capital demands for each property. ARHA's public housing stock was constructed over forty years ago and has not had any major capital investment to bring the units up to modern living standards. HUD's lack of funding for capital improvements on the public housing properties, therefore, has allowed ARHA only to undertake minimal investments at each site. Recently, ARHA conducted a physical needs assessment of the public housing properties and determined that it would take almost two decades of dedicated capital funds to bring each unit to modern living standards. As a result, ARHA has concluded that it is in the best interest of the residents and of the authority that the portfolio be evaluated with a focus on redeveloping large sites into mixed income housing. The procurement of a development partner will allow ARHA to not only maintain the number of units serving low- and very-low income households, but to increase the number of affordable housing units that can be provided in the city.

ARHA seeks a Development Partner who has utilized a wide range of financial tools to create affordable housing and is not solely restricted to financing affordable housing units with allocations of Low Income Housing Tax Credits (LIHTC). The solicitation lists potential ARHA sites for future consideration. The properties are broken down into two tiers as follows: Tier I: Adkins, Madden and Ladrey; Tier II: Hopkins-Tancil, Cameron Valley.

DISCUSSION:

In 2014, through solicitation of development proposals, ARHA attempted to procure development teams to undertake the complete redevelopment of a portion of the ARHA public housing portfolio. The 2014 procurement established various ARHA goals that the development proposals had to address as well as proscribed contents of a development plan that the proposal was required to meet.

The 2020 solicitation departs from proscribing development plan requirements and instead outlines principles that the development partner must follow. The principles include, among others: a) on site one-for-one replacement of existing public housing units, b) a commitment to increase the overall number of affordable units on the site, c) creation of a public-private partnership with ARHA so that we can share in cash flow and other benefits of both the affordable and market rate units, d) a preference for long term ground lease of the land versus sale of the public housing land, and creation of a mixed income community on the former public housing site.

The 2020 solicitation mirrors the 2014 process in that both are tiered processes. The two processes are dramatically different in that in the current RFQ once ARHA has created a list of preferred developers we do not hold a second round competition for selection of a site. Instead, the 2020 solicitation states that once procured, the Board will decide how the development partner is assigned a site or if more than one development partner is asked to compete for a site. An equally important distinction is that the 2020 solicitation outlines development principles whereas the 2014 solicitation proscribed development terms that the selected development partner would have to follow.

The goal of the 2020 solicitation is to allow for creativity and use of the partner's experience to guide development terms that are consistent with the small area plan, community needs, their past local experience and current design, financing best practices, and meeting ARHA's development principles.

RECOMMENDATION:

ARHA recommends that the Board approve release of the solicitation for Development Partners who will assist ARHA redevelop a portion of its public housing sites.

FISCAL IMPACT:

None.

HOUSING AUTHORITY BOARD OF COMMISSIONERS
TO APPROVE THE RELEASE OF A REQUEST FOR QUALIFICATION
FOR ARHA DEVELOPMENT PARTNERS

RESOLUTION No. 691-2020

WHEREAS, The Alexandria Redevelopment and Housing Authority (ARHA) is a public agency created under the laws of the Commonwealth of Virginia entrusted to carry out the functions outlined in the federal Housing Act of 1934; and

WHEREAS, among the tasks and charges entrusted in ARHA is the responsibility to manage, maintain and develop public housing units in the City of Alexandria; and

WHEREAS, throughout its history ARHA has acquired, built, developed and redeveloped rent and income restricted properties and provided operating subsidies for these public housing units by entering into an Annual Contributions Contract for the units; and

WHEREAS, the US Department of Housing and Urban Development (HUD) annually provides ARHA an inadequate amount of operating and capital funds for the management and maintenance of the units and for capital repairs at these public housing sites; and

WHEREAS, ARHA has determined that in order to improve the conditions for the households living in public housing and to preserve housing affordable to low-income and working families in the City of Alexandria, we must leverage public funds with private investments, create mixed income communities, and create a public-private partnership so that ARHA will continue to generate income for its future operating and capital needs; and

WHEREAS, ARHA has decided to issue a solicitation requesting the services of qualified and experienced development entities or development teams to serve as development partners with ARHA to create mixed income communities on current public housing properties; and

WHEREAS, among the development principles that the successful entity must demonstrate to become an ARHA development partner are the following: commit to a one-for-one replacement on the site of the public housing units, commitment through creative financing to add additional units affordable to working families, enter into a public-private partnership with ARHA, and develop on the site a mixed income community with amenities for all of the households of this new community; and

WHEREAS, ARHA will select a list of development partners with the track record of developing mixed income properties, record of utilizing HUD and local programs to subsidize affordable housing units, have the financial capacity to provide the required guarantees, have the local experience to manage the entitlement process with stakeholders and city agencies, and the team to manage the local permitting environment; and

WHEREAS, after selection pursuant to the RFQ, the Board of Commissioners will request development proposals for specific public housing sites from among the procured development partners with the goal of entering into a development term sheet; and

WHEREAS, any final development proposal on specific sites is subject to Board approval under a separate resolution; and

WHEREAS, all future development proposals are subject to, among other federal regulations, HUD demolition and disposition approvals and City of Alexandria zoning and other approvals.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Commissioners of the Alexandria Redevelopment and Housing Authority that, pursuant to the laws of the Commonwealth of Virginia, authorizes the Chief Executive Officer to issue a Request for Qualifications for the procurement of Development Partners.

The undersigned attest that the Alexandria Redevelopment and Housing Authority adopt the foregoing resolution.

Adopted this _____

ATTEST: ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

By: _____
Daniel Bauman, Chairman

By: _____
Keith Pettigrew, Chief Executive Officer