



Albemarle County

Legislation Text

File #: 18-505, **Version:** 1

AGENDA DATE: 10/3/2018

TITLE:

Park's Edge Apartments

SUBJECT/PROPOSAL/REQUEST: Discussion of proposal for the purchase of Park's Edge Apartments by the Piedmont Housing Alliance

ITEM TYPE: Regular Information Item

STAFF CONTACT(S): Richardson, Walker, Kamptner, Graham, White

PRESENTER (S): Ron White

LEGAL REVIEW: Yes

REVIEWED BY: Jeffery B. Richardson

BACKGROUND: Park's Edge Apartments is a ninety-six (96) unit affordable multifamily property located on Whitewood Road. The development includes a community center which was funded in part with Community Development Block Grant funds. The property is owned by Albemarle Housing Associates L.P., a for-profit entity associated with the Albemarle Housing Improvement Program (AHIP). Formerly known as Whitewood Village Apartments, Park's Edge was a U.S. Department of Housing and Urban Development (HUD) financed development under the Moderate Rehabilitation Program which included subsidies to ensure affordability.

With the subsidies set to expire in 2002, Albemarle County approached AHIP in 1998 to assist in preserving the property as affordable. The initial plan was to convert the property to a resident-managed development. The County secured a planning grant to conduct resident outreach to determine the capacity for the residents to take over the property. It was determined early in the process that there was limited capacity among the residents to assume this responsibility. AHIP, with County support, shifted the focus to purchasing, renovating, and preserving the property as affordable rental units.

These efforts led to the eventual purchase and renovation of the apartments and the construction of a community center with all units placed in service by 2004 using low-income housing tax credits (LIHTC) which require a fifteen-year (15) compliance period. That period ends in 2019 which will allow AHIP to retain the property as is, restructure the current financing, or sell the property to another entity. Regardless of the option chosen, the property has a commitment to remain affordable for an additional 15 years or until 2033.

STRATEGIC PLAN: Thriving Development Areas: Attract quality employment, commercial, and high density residential uses into development areas by providing services and infrastructure that encourage redevelopment and private investment while protecting the quality of neighborhoods

DISCUSSION: AHIP's Board and staff determined that property ownership and management is not a core function for AHIP and decided that working with a local mission-driven organization would be the first priority for transferring ownership to ensure that Park's Edge would be in good hands and would remain affordable

permanently. This would also provide a new owner the opportunity to restructure the financing including the possible infusion of additional LIHTC which would extend the affordability term until at least 2048.

In January 2018, the Executive Directors of AHIP and the Piedmont Housing Alliance (PHA) began discussing the potential for transferring ownership to PHA. PHA, also a nonprofit entity, currently owns and manages a number of multifamily properties in both the City of Charlottesville and County of Albemarle. County properties include Crozet Meadows, The Meadowlands, Scottsville School Apartments, and Woods Edge Senior Apartments.

On July 10, 2018, Board of Supervisor Diantha McKeel and County staff met with staff from AHIP and PHA to discuss their proposal and request for County support including financial support. During follow-up discussions and e-mail exchanges, the requested financial support was \$325,000.

On September 5, 2018, PHA's Board addressed a letter to the Board of Supervisors indicating unanimous support for the acquisition by PHA of Park's Edge (Attachment A). Generally, staff would analyze a proposal in much more detail than is currently available. This analysis would include a review of financial details to determine project feasibility and project readiness and will not be possible until a determination is made on sources and terms of financing and costs associated with the necessary renovation of the property.

PHA has indicated that having a commitment of support from the County is necessary to leverage favorable financing. However, staff is not prepared to make a recommendation for a financial commitment without a discussion with and advice from the Board. To facilitate the discussion, staff has identified funds available which were appropriated to the Housing Fund for fiscal year 2019. It is also important to note that while no new affordable housing will be produced, the affordability term will be extended an additional fifteen (15) years.

BUDGET IMPACT: There is no budget impact unless or until staff makes a recommendation for financial support and identifies the source of that support.

RECOMMENDATION:

Staff recommends that the Board consider this request and provide advice to staff for next steps.

ATTACHMENTS:

Attachment A - PHA Board Letter