



Albemarle County

Legislation Text

File #: 18-546, **Version:** 1

AGENDA DATE: 11/7/2018

TITLE:

Park's Edge Apartments

SUBJECT/PROPOSAL/REQUEST: Resolution of support for the acquisition and renovation of Park's Edge Apartments by the Piedmont Housing Alliance

ITEM TYPE: Regular Action Item

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

PRESENTER (S): Ron White

LEGAL REVIEW: Yes

REVIEWED BY: Jeffrey B. Richardson

BACKGROUND: Park's Edge Apartments is a ninety-six (96) unit affordable multifamily property located on Whitewood Road. The property is owned currently by Albemarle Housing Associates L.P., a for-profit entity associated with the Albemarle Housing Improvement Program (AHIP). The property also includes a community center which was funded in part with Community Development Block Grant funds. The property was purchased and rehabilitated in 2003/04 using, in part, low-income housing tax credits which require a fifteen-year (15) compliance period. That compliance 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.

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: At the October 3, 2018 Board meeting, AHIP's Executive Director asserted that property ownership and management is not a core function for AHIP and explained that an immediate priority would be to work with a local mission-driven organization to transfer ownership and to ensure that Park's Edge would be in good hands and would remain affordable permanently. This transfer would also provide the new owner the opportunity to restructure the financing, including the possible infusion of additional low-income housing tax credit (LIHTC)- extending the affordability term until at least 2048. The LIHTC funds are critical to make the project financially feasible given that the property is in need of improvements with a preliminary cost of approximately \$4.5 million.

Also, at the October 3rd meeting, Piedmont Housing Alliance's (PHA) Executive Director indicated their interest in purchasing and rehabbing Park's Edge. In addition, PHA expressed the necessity of County financial support to attract other funding sources including LIHTC, tax-exempt bonds, and the Virginia Housing Development Authority (VHDA); the total financial support requested from the County was \$325,000.

Board members requested that staff review the project, particularly related to the development budgets and

return to the Board to with a recommendation addressing the request. Subsequently, staff has had the opportunity to review the proposed budgets and a two-year old study of maintenance needs for the property. Because the budgets are proprietary as well as preliminary, they are not being attached to this request; the following is a summary of staff's findings:

- The costs identified in the dated needs assessment will need to be updated with a structural analysis and supported by contractor estimates.
- The estimate of \$4.5 million is derived from the needs assessment indicating approximately \$3.5 million with some systems listed for repair when replacement is likely needed.
- The operating pro forma appears reasonable and within parameters needed to receive LIHTC although it is calculated using the preliminary assumptions.
- With the expectation that costs will rise above the estimates, it is likely that the project will require significant support from the VHDA REACH program to keep debt service at a level that will make the project feasible.

Staff requested guidance from VHDA regarding their expectation of level of support/commitment of funds. VHDA suggested that the County not commit to a specific amount but rather indicate what the County *may* be willing to do financially to support the project. It was also stated that local financial support is important for VHDA to consider their REACH program to provide additional support to make the project feasible. REACH funds are retained earnings which VHDA puts back into affordable housing that have a positive impact on the community. PHA also needs to begin the application process for financing through VHDA prior to any need for gap financing is determined. A commitment of funds in a specific amount is not recommended by staff at this time. However, the reservation amount recommended by staff is reflective of the cap based on the initial request of PHA.

BUDGET IMPACT: The Housing Fund currently has available funds sufficient to meet this request. If the Board approves the recommendation, a future request may be made to appropriate up to \$325,000 from the Housing Fund to PHA with those funds remaining in the Housing Fund until the project is ready to move forward. PHA's timeframe for needing County funds may be as early as April 2019 but could be as late as September 2019.

RECOMMENDATION:

Staff is supportive of this affordable housing initiative and recommends that the Board adopt the attached resolution (Attachment A) indicating its support for the acquisition and renovation of Park's Edge Apartments by the Piedmont Housing Alliance and its reservation of up to \$325,000 in the Housing Fund pending determination of need through VHDA's underwriting of the project.

ATTACHMENTS:

Attachment A - Resolution