

***Fiscal Year (FY) 2019 Federal and Local Loan Funds Notice of Funding Availability (NOFA) Staff Recommendation***

Information – 9/13/2018

**BACKGROUND:** Four affordable housing project applications were received under the Housing Division’s FY19 Federal and Local Loan Funds NOFA issued on April 16 (see map on Attachment 1). The applications sought a total of \$26.1 million in Federal and local loan funds for 478 committed affordable units (CAFs) as follows:

<b>Name</b>	<b>Neighborhood</b>	<b>Developer</b>	<b>Request</b>	<b>Total Development Costs</b>	<b>CAFS</b>
3436 Lee Highway [1] Acquisition	Cherrydale	AHC	\$2,096,250	\$5,396,250 (acquisition only)	60
The Carlin Renovation, 4% Low Income Housing Tax Credits (LIHTC)	Buckingham	Retirement Housing Foundation	\$3,025,000	\$36,557,895	161
American Legion [2] New Construction, 9%/4% Hybrid LIHTC	Ballston- Virginia Square	APAH	\$9,939,481	\$74,590,709	160
Trenton Street New Construction, 4% LIHTC	Buckingham	Wesley	\$11,021,036	\$46,475,985	97
<b>Total</b>	-	-	<b>\$26,081,767</b>	<b>\$163,020,839</b>	<b>478</b>

1. The 3436 Lee Hwy application is for acquisition only. AHC anticipates building 60 new construction CAFS and requesting an additional \$5.4M in County loan funds in a future NOFA round for development of the building.
2. The American Legion application is for a hybrid 9%/4% LIHTC development. The \$9.9M total request includes \$4.2M for the 9% LIHTC and \$5.7M for the 4% LIHTC.

**RECOMMENDATION:** Move forward with loan fund negotiations and public process for the top three scoring applications: Trenton Street (\$11.0M) and The Carlin (\$3.0M), and American Legion (9% request - \$4.2M).

**SUMMARY:**

- Trenton Street, The Carlin, and American Legion had relatively close scores (82.7, 81.5, and 79.2, respectively) (Attachment 2).
- Both Trenton Street and The Carlin scored particularly well in the Readiness category. Trenton Street acquired site plan approval last spring and The Carlin does not need to undergo a planning entitlement process to perform the renovations.

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- In terms of Federal funds timeliness, CDBG funds must be disbursed by May 2019 at the latest or the County risks recapture by HUD. Of all project applications received, CDBG funds could be disbursed in the most timely manner for The Carlin.
- American Legion scored particularly well in the Geographic Distribution and Budget categories with a \$62k per unit loan fund request.

### **BUDGET:**

- It was originally anticipated that there would be approximately \$8 million in County loan funds available for the FY19 Federal and Local Loan Funds NOFA. A variety of factors increased available funds for FY19 NOFA projects, enabling staff's recommendation to consider approximately \$18 million in funding requests:
  - A developer contribution was received in FY18 that was originally projected to be received in late FY19,
  - As part of its proposed refinance, The Carlin will be able to repay its existing HOME loan,
  - Staff were originally holding a "place-holder" for an additional Ballston Station commitment, which has been moved to FY20,
  - The County Board appropriated \$14.3 million in new AHIF for FY19, which was over half a million more than originally anticipated, and
  - Staff propose including projected FY19 loan repayments and developer contributions in the amount of available funds for FY19 NOFA projects (prior estimations assumed a balance on July 1, 2018 only).
- As a result, there are sufficient Federal and local loan funds to have Trenton Street, The Carlin, and the 9% American Legion requests move forward in FY19.
- The American Legion project is a hybrid 9%/4% LIHTC development which can be phased across two fiscal years. If American Legion receives site plan approval, the 9% loan request is approved by the County Board, and the development is awarded VHDA competitive 9% LIHTC, staff recommends the loan fund negotiation and public process for the 4% American Legion request move forward in FY20.

### **NEXT STEPS:**

- Staff will begin the underwriting and negotiation process with the selected applicants. Selection through this NOFA process does not guarantee a County Manager recommendation or County Board support.
- Housing staff will seek input from a Multifamily Loan Advisory Group (MFLAG) comprised of County staff from the Department of Finance, Economic Development, Department of Human Services, Department of Environmental Services, and the County Attorney's Office.
- The three applicants will be invited to continue the project review process including Housing Commission meetings, Tenant Landlord Commission meetings (if applicable),

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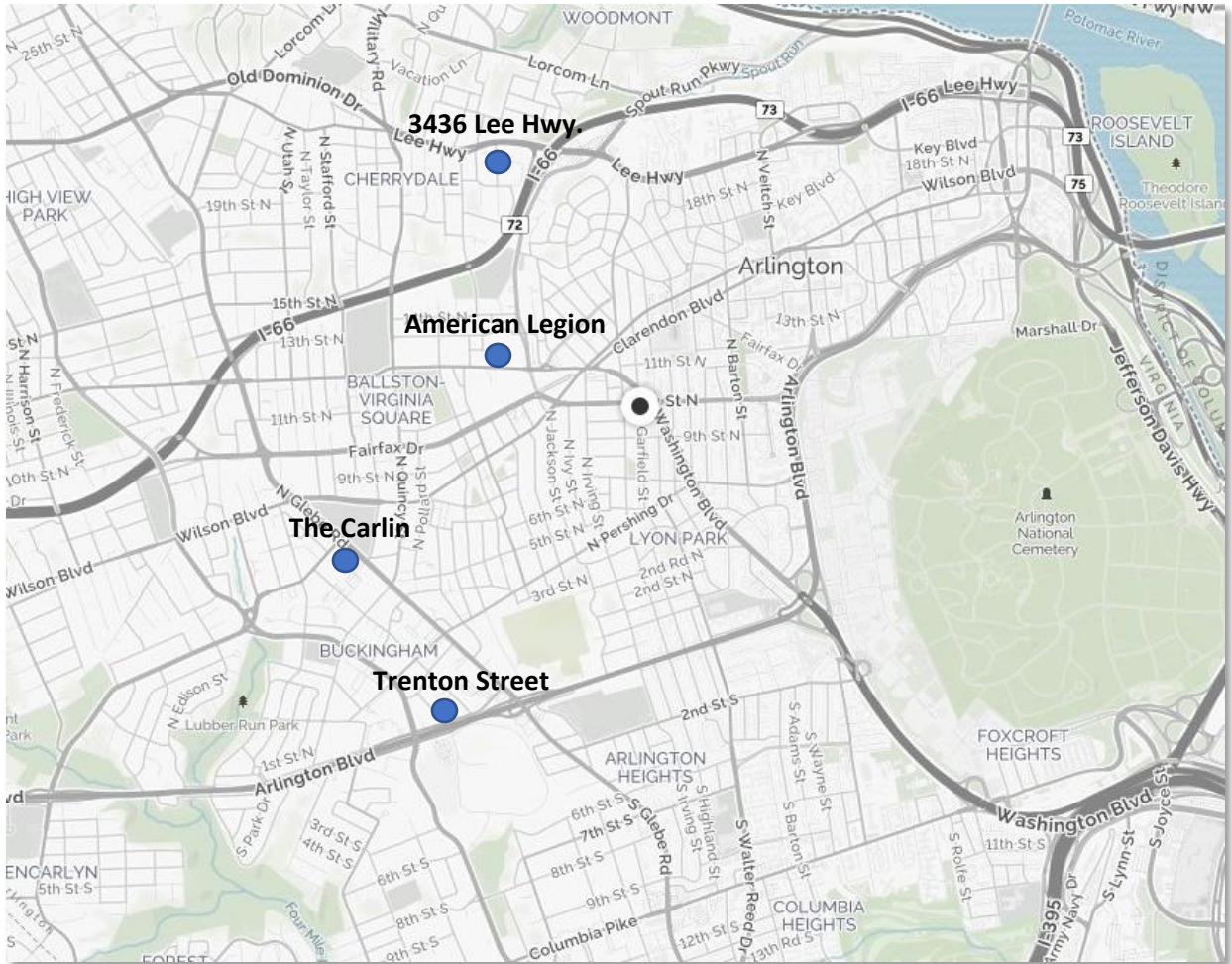
and meetings related to the planning process (if applicable) such as Site Plan Review Committee (SPRC), Planning Commission, and other commission meetings.

- Upon completion of the review process, the successful developments would then be presented to the County Board for consideration.

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**ATTACHMENT 1**

**Map of FY19 NOFA Applications**



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**ATTACHMENT 2  
FY19 Federal and Local Loan Funds NOFA  
Final Average Staff Scores of Applications Received**

<b>Category</b>	<b>Max Points Available (w/Weights Applied)</b>	<b>Trenton Street</b>	<b>The Carlin</b>	<b>American Legion</b>	<b>3436 Lee Hwy</b>
Supply	23.6	18.6	13.1	11.9	12.0
Geographic Distribution	10.0	4.0	10.0	8.0	10.0
Access	2.4	2.3	1.1	2.4	2.1
Sustainability	4.0	2.7	1.7	3.4	1.1
Experience	11.0	10.5	10.2	11.0	9.6
Readiness	9.0	9.0	8.6	5.7	0.5
Capital Budget	20.0	17.0	17.0	18.6	12.2
Operating Budget	20.0	18.6	19.8	18.2	15.8
<b>Total</b>	<b>100.0</b>	<b>82.7</b>	<b>81.5</b>	<b>79.2</b>	<b>63.3</b>

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