

MEETING AGENDA

FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY

Thursday, December 10, 2015

FCRHA Board Room - One University Plaza
4500 University Drive - Fairfax, Virginia 22030

7:00 p.m. – CALL TO ORDER

PUBLIC HEARING

Draft Significant Amendment to the Fiscal Year 2016
Fairfax County Redevelopment and Housing Authority
(FCRHA) Moving to Work Plan

CITIZEN TIME

APPROVAL OF MINUTES

October 29, 2015

ACTION ITEMS:

1. Resolution Number 37-15 Approval of Updated Financing Plan for the Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District) *(Referred from Finance Committee)*
- Resolution Number 38-15 Approval to (1) Issue a Request for Financial Services for First Lender (2) and Obtain a Loan from a Private Lender for the Purposes of Financing the Preservation and Rehabilitation of the Murraygate Village Apartments that shall be Secured by the Property in First Lien Position (Lee District)
- Resolution Number 39-15 Approximate Amount of \$261,152, from the FCRHA Operating Fund, for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)
- Resolution Number 40-15 Approval to Assume an Existing \$500,000 FCRHA Loan and Extend the Maturity of the Loan to be Coterminous with the Housing Blueprint Fund Loan (Lee District), for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)
- Resolution Number 41-15 Approval to (1) Establish Murraygate Village Limited Partnership for the Purposes of Applying for and Syndicating Low-Income Housing Tax Credits (LIHTC); (2) Transfer the Project from Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. to Murraygate Village Limited Partnership; (3) Issue a Request for Financial Services for a Syndicator for 9 Percent Low-Income Housing Tax Credits

(LIHTC); and (4) Enter into an Amended and Restated Limited Partnership Agreement with Investor Limited Partner Chosen in Response to the Request for Financial Services (Lee District) for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

ADMINISTRATIVE ITEMS:

1. Resolution Number 42-15 Approval to Submit Comments to U.S. Department of Housing and Urban Development (HUD) on Proposed Rule Concerning Smoke-Free Public Housing (*Referred from HOMS Committee*)

INFORMATION ITEMS:

1. Fairfax County Redevelopment and Housing Authority Regular Meeting Summary – October 29, 2015
2. Minutes of the Housing Ownership, Management and Security Committee Meeting – December 2, 2015
3. Minutes of the Finance Committee Meeting – December 2, 2015
4. FCRHA Strategic Plan: Status Report on Fiscal Year 2015 Action Plan
5. Update on the Public Housing Subsidy Conversion through the Rental Assistance Demonstration (RAD)
6. Fairfax County Redevelopment and Housing Authority Calendar of Meetings – January and February 2016

CLOSED SESSION

For: (a) for discussion and consideration, pursuant to Virginia Code Section 2.2-3711(A)(3), of the acquisition of real property for a public purpose where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the FCRHA, and (b) consultation with legal counsel and briefing by staff members, pursuant to Virginia Code Section 2.2-3711(A)(7), pertaining to probable litigation and specific legal matters requiring the provision of legal advice by such counsel where such consultation or briefing in an open meeting would adversely affect the negotiating or litigating posture of the FCRHA.

BOARD MATTERS

ADJOURNMENT

Fairfax County is committed to a policy of nondiscrimination in all County programs, services and activities and will provide reasonable accommodations upon request. To request special accommodations call (703) 246-5101 or TTY (703) 385-3578. Please allow 48 hours in advance of the event in order to make the necessary arrangements.

MINUTES OF THE MEETING OF THE FAIRFAX COUNTY
REDEVELOPMENT AND HOUSING AUTHORITY

October 29, 2015 Regular Meeting

On October 29, 2015, the Commissioners of the Fairfax County Redevelopment and Housing Authority (FCRHA) met in the FCRHA Board Room, One University Plaza, 4500 University Drive, Fairfax, Virginia.

CALL TO ORDER

FCRHA Chair Robert Schwaninger called the Meeting of the FCRHA to order at 7:00 p.m. Attendance was as follows:

PRESENT

Robert Schwaninger, Chairman
Matthew Bell
Robert C. Carlson
Christopher Craig
C. Melissa Jonas
Richard Kennedy
H. Charlen Kyle
Albert J. McAloon
Rod Solomon

ABSENT

Willard Jasper, Vice Chair
John Betts

Also present at the meeting were the following staff of the Department of Housing and Community Development (HCD): Thomas Fleetwood, Acting Director; Robert Easley, Deputy Director, Operations; Hossein Malayeri, Deputy Director, Real Estate, Finance and Development; Kris Miracle, Director, Administration Division; Russell Lee, Director, Rental Services Division; Elisa Johnson, Director, PROGRESS Center, Rental Services; Marijke Hannam, Director, Financial Management (FM) Division; Casey Sheehan, Contract & Procurement Coordinator, FM; Carol Erhard, Director, Homeownership and Relocation Services Division; Grace Highman, Chief, Homeownership, Homeownership and Relocation Services; Leo LeDuc, Director, Property Management (PM) Division; Toni Clemons-Porter, Associate Director, Senior Housing & Assisted Living, PM; Aseem Nigam, Director, Real Estate Finance and Grants Management (REFGM) Division; Michael Pearman, Portfolio Manager, REFGM; Bob Fields, Interim Associate Director, Grants Management, REFGM; David Jones, Senior Program Manager, REFGM; Nicole Wickliffe, Director, Asset Management Division; Ashley Montgomery, Director, Public Affairs, FCRHA Policy, Reporting and Communications (PRC); Steve Knippler, Senior Program Manager, FCRHA PRC; Mike Trent, Network Analyst, ISS; and Jodi Cienki, FCRHA Assistant. Also in attendance was FCRHA Counsel: Cynthia A. Bailey, Senior Assistant County Attorney; Alan Weiss, Ryan Wolf and Susan Timoner, Assistant County Attorneys.

PRESENTATION

Briefing on Moving to Work Agreement Extension

At 7:00, Stephen Holmquist of Reno Cavanaugh, PLLC, gave a brief presentation on the Moving to Work Agreement Extension which included an overview of the most critical issues. A discussion followed with the presentation ending at 7:24.

CITIZEN TIME

The FCRHA Chair opened Citizen Time at 7:24. No one had signed up in advance and no one in the audience wanted to speak. Accordingly, the Chair closed Citizen Time at 7:24.

APPROVAL OF MINUTES

September 17, 2015

Commissioner McAloon moved to approve the Minutes of the September 17, 2015, FCRHA Meeting, which Commission Kennedy seconded. The motion carried unanimously.

INFORMATION ITEMS

4. Fiscal Year 2015 Moving to Work Annual Report – Brief Discussion

ACTION ITEMS

1.

RESOLUTION NUMBER 27-15

Approval of Non-Smoking Policy and Lease Addendum for certain Fairfax County Rental Program (FCRP) Properties (Braddock, Providence and Sully Districts)

NOW THEREFORE, BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby approves the Non-Smoking policy for use in the Fairfax County Rental Program (FCRP) Pilot Properties, effective December 3, 2015, as described in the Action Item presented on October 29, 2015.

AND BE IT FURTHER RESOLVED that a 30-day notice be sent to the residents of the Pilot Properties, notifying them that the Non-Smoking Policy will take effect on December 3, 2015, which notice will also request, but not require, that all current residents at the Pilot Properties execute the Non-Smoking Addendum.

AND BE IT FURTHER RESOLVED that beginning on November 2, 2015, lease agreements for new and renewing residents at the Pilot Properties will include the Non-

Smoking Addendum, which will clearly state that the policy goes into effect on December 3, 2015.

Commissioner Kennedy moved to adopt Resolution Number 27-15, which Commissioner McAloon seconded. The motion passed unanimously.

2.

RESOLUTION NUMBER 28-15

Fairfax County Redevelopment and Housing Authority (FCRHA) Authorization to: 1) Substitute Fairfax County Housing and Community Development Corporation with FCRHA Housing Assistance Corporation as General Partner in the Stonegate Village (FCRHA/HCDC One) and Murraygate Village (FCRHA/HCDC Two) Limited Partnerships, and 2) Dissolve Fairfax County Housing and Community Development Corporation (Hunter Mill and Lee Districts)

WHEREAS, the Fairfax County Redevelopment and Housing Authority/HCDC One, LP is the owner of Stonegate Village Apartments and Fairfax County Redevelopment and Housing Authority/HCDC Two, LP is the owner of Murraygate Village Apartments (the "Partnerships"); and

WHEREAS, the Fairfax County Housing and Community Development Corporation (HCDC) is the General Partner of the Partnerships; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is the Managing General Partner and the Limited Partner of the Partnerships; and

WHEREAS, the FCRHA formed the Fairfax County Housing Assistance Corporation (HAC) to serve as general partner in all other limited partnerships formed by the FCRHA subsequent to the formation of HCDC; and

WHEREAS, the FCRHA desires to consolidate all general partner functions to one FCRHA-established corporation for administrative and efficiency purposes;

NOW THEREFORE BE IT RESOLVED THAT the FCRHA as Managing General Partner of both Partnerships hereby authorizes, the substitution of HCDC with HAC as General Partner in the Partnerships, subject to the approvals of HAC, HCDC, and the Virginia Housing Development Authority, and

IT IS FURTHER RESOLVED THAT following the substitution of HCDC with HAC in both limited partnerships and related agreements, that HCDC shall be dissolved and

IT IS FURTHER RESOLVED THAT the FCRHA authorizes any Assistant Secretary of the FCRHA to execute all necessary documents in connection with the substitution of HCDC with HAC in the Partnerships, and to dissolve HCDC.

Commissioner McAloon moved to adopt Resolution Number 28-15, which Commissioner Jonas seconded. The motion passed unanimously.

3.

RESOLUTION NUMBER 29-15

Authorization to Apply to the U.S. Department of Housing and Urban Development (HUD) for Subsidy Conversion of Certain Public Housing Properties under the Rental Assistance Demonstration (RAD) (Lee District)

BE IT RESOLVED THAT that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes the submission of the individual Rental Assistance Demonstration (RAD) applications for Audubon Apartments and The Atrium as outlined in the Action Item presented on October 29, 2015; and

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary or any Assistant Secretary to sign the RAD Board Approval Forms indicating the FCRHA's commitment to comply with all requirements of RAD as well as any other documentation reasonably necessary to effectuate the applications; and

BE IT FURTHER RESOLVED THAT the FCRHA authorizes the expenditure of up to \$1,000 from Fund 815-C81520, Public Housing Projects Under Management for financial and technical advisory services in connection with these applications.

Commissioner McAloon moved to adopt Resolution Number 29-15, which Commissioner Bell seconded. The motion passed unanimously.

INFORMATION ITEMS (Cont.)

5. Update on the Public Housing Subsidy Conversion through the Rental Assistance Demonstration (RAD) – Brief Discussion

ACTION ITEMS (Cont.)

4.

RESOLUTION NUMBER 30-15

Award of \$1,905,383 in Federal HOME and CDBG Program Funds to Five Fairfax County Non-profit Housing Organizations

BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes the Chairman, Vice Chairman, or any Assistant Secretary of the FCRHA to negotiate, execute and deliver contracts, loans and any other necessary or appropriate documents or agreements, in accordance with the applicable federal regulations for the use of Community Development Block Grant and Home Investment Partnerships Funds, with the following non-profit organizations, consistent with and subject to the approvals of the Board of Supervisors, in each instance between the FCRHA, as more fully described in the item presented to the FCRHA at its October 29, 2015 meeting, and:

(1) Marian Homes, Inc. in the amount of \$540,000 for the acquisition and ADA conversion of a single family home to provide affordable housing to five individuals with disabilities at or below 30 percent of area median income, subject to underwriting by the HCD Loan Underwriting Committee;

(2) Christian Relief Services in the amount of \$244,000 for the acquisition of a single family home to provide affordable housing to three individuals with disabilities earning incomes at or below 30 percent of area median income, subject to underwriting by the HCD Loan Underwriting Committee;

(3) Pathway Homes, Inc. in the amount of \$560,691 for the acquisition of 4 housing units to serve individuals with disabilities earning incomes at or below 30 percent of area median income, subject to underwriting by the HCD Loan Underwriting Committee;

(4) Cornerstones Housing Corporation in the amount of \$280,346 for the acquisition of one (1) two-bedroom housing unit to serve individuals or families earning incomes at or below 30 percent of area median income, subject to underwriting by the HCD Loan Underwriting Committee; and

(5) Good Shepherd Housing and Family Services in the amount of \$280,346 for the acquisition of one (1) three-bedroom housing unit to serve a low-income, homeless family with an income at or below 50 percent of area median income, subject to underwriting by the HCD Loan Underwriting Committee.

Commissioner Kennedy moved to adopt Resolution Number 30-15, which Commissioner Kyle seconded. The motion passed unanimously.

5.

RESOLUTION NUMBER 31-15

Authorization to Apply for and Accept Extraordinary Administrative Fees (EAF) from the U.S. Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (VASH) Program

NOW, THEREFORE, BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes applying to the U.S. Department of Housing and Urban Development (HUD) for up to \$150,000 in Extraordinary Administrative Fees (EAF) from the HUD Veterans Affairs Supportive Housing (VASH) Program, to be used for the purposes described in the Acton Item presented on October 29, 2015; and

BE IT FURTHER RESOLVED that the FCRHA authorizes its Chairman, Vice Chairman and any Assistant Secretary to sign any necessary documents or instruments necessary to accept such funding if awarded.

Commissioner McAloon moved to adopt Resolution Number 31-15, which Commissioner Kyle seconded. The motion passed unanimously.

ADMINISTRATIVE ITEMS

1.

RESOLUTION NUMBER 32-15

Adoption of Changes to the Fairfax County Redevelopment and Housing Authority (FCRHA) Purchasing Resolution to Conform to the Fairfax County Purchasing Resolution

NOW, THEREFORE, BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby:

- 1) adopts the Fairfax County Purchasing Resolution (hereinafter called the County Purchasing Resolution) with changes dated July 1, 2015, as presented to the FCHRA at its meeting of October 29, 2015, and incorporates the same as the FCRHA Purchasing Resolution; and
- 2) directs that the County Purchasing Resolution shall hereinafter be referred to as the FCRHA Purchasing Resolution.

Commissioner Kyle moved to adopt Resolution Number 32-15, which Commissioner Jonas seconded. The motion passed unanimously.

2.

RESOLUTION NUMBER 33-15

Authorization to: 1) Release for Public Comment the Fairfax County Redevelopment and Housing Authority (FCRHA) Rental Assistance Demonstration-Specific Significant Amendment to the Moving to Work (MTW) Plan for Fiscal Year 2016; and 2) Schedule a Public Hearing on the Significant Amendment

BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) approves the release, for the purpose of seeking public comment, of the proposed Rental Assistance Demonstration (RAD)-Specific Significant Amendment to the Moving to Work (MTW) Plan for Fiscal Year 2016, as presented to the FCRHA at its meeting on October 29, 2015; and

BE IT FURTHER RESOLVED THAT the FCRHA authorizes the Fairfax County Department of Housing and Community Development to advertise a public hearing on the RAD-Specific Significant Amendment to the MTW Plan to be held at the FCRHA meeting on December 10, 2015.

Commissioner Jonas moved to adopt Resolution Number 33-15, which Commissioner Solomon seconded. The motion passed unanimously.

3.

RESOLUTION NUMBER 34-15

Establishing the Schedule of Meeting Dates for 2016
for the Fairfax County Redevelopment and Housing Authority

BE IT RESOLVED that the regular meetings and the Annual Meeting of the FCRHA for January through December 2016 will be held at the FCRHA Board Room at One University Plaza, 4500 University Drive, Fairfax, Virginia 22030 at 7:00 p.m. on the following dates unless the Chairman, or in the Chairman's absence, the Vice Chairman, shall authorize a different time.

January	28
March	10
April	14
June	9
July	28 ANNUAL MEETING
September	22
October	27
December	8

Commissioner Kyle moved to adopt Resolution Number 34-15, which Commissioner Bell seconded. The motion passed unanimously.

INFORMATION ITEMS (Cont.)

1. Fairfax County Redevelopment and Housing Authority Regular Meeting Summary – September 17, 2015
2. Minutes of the Housing Ownership, Management, and Security Committee Meeting – October 21, 2015
3. Minutes of the Finance Committee Meeting – October 21, 2015
6. Exchange of Parking Spaces Between FCRHA-Owned Unit and First Time Homebuyer Owned Unit at Legato Corner Condominium (Springfield District)
7. Summary of the Board of Supervisors Housing Committee Meeting – September 29, 2015
8. Fairfax County Redevelopment and Housing Authority Calendar of Meetings November and December 2015

CLOSED SESSION

Commissioner Carlson moved that the Fairfax County Redevelopment and Housing Authority (“FCRHA”) go into Closed Session for: (a) for discussion and consideration, pursuant to Virginia Code Section 2.2-3711(A)(3), of the acquisition of real property for a public purpose, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the FCRHA. Commissioner Kennedy seconded the motion.

The motion carried and the FCRHA went into Closed Session at 7:56 p.m.

OPEN SESSION RESUMES

Commissioner Carlson moved that the members of the FCRHA certify that to the best of their knowledge only public business matters lawfully exempted from the open meeting requirements prescribed by the Virginia Freedom of Information Act and only matters identified in the motion to convene Closed Session were heard, discussed or considered by the FCRHA during Closed Session. Commissioner McAloon seconded the motion.

The FCRHA took the following roll call vote:

AYE

Robert Schwaninger, Chairman
Matthew Bell
Robert C. Carlson
Christopher Craig
C. Melissa Jonas
Richard Kennedy
H. Charlen Kyle
Albert J. McAloon
Rod Solomon

NAY

ABSTAIN

The motion carried unanimously by the commissioners present and the Open Meeting resumed at 8:10 p.m.

RESOLUTIONS:

1.

RESOLUTION NUMBER 35-15

Fairfax County Redevelopment and Housing Authority (FCRHA) Authorization to Bid at Foreclosure Sale on Silver Lining Initiative Property at 4959 Americana Drive #202, Annandale, VA 22003 (Braddock District)

BE IT HEREBY RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes to purchase at foreclosure the property at 4959 Americana Drive, #202, Annandale, VA 22003 as discussed in closed session.

Commissioner Craig moved to adopt Resolution Number 35-15, which Commissioner McAloon seconded. The motion passed unanimously.

2.

RESOLUTION NUMBER 36-15

Fairfax County Redevelopment and Housing Authority (FCRHA) Authorization to Bid at Foreclosure Sale on Silver Lining Initiative Property at 14876 Lambeth Square, Centreville, VA 20120 (Sully District)

BE IT HEREBY RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes bidding at the foreclosure sale of the property at 14876 Lambeth Square, Centreville, VA 20120 as discussed in Closed Session

Commissioner Carlson moved to adopt Resolution Number 36-15, which Commissioner Schwaninger seconded. The motion passed unanimously.

BOARD MATTERS – See Attachment #1

ADJOURNMENT

Commissioner Craig moved to adjourn the meeting at 8:47, which Commissioner Kennedy seconded. The motion carried unanimously.

(Seal)

Robert Schwaninger, Chairman

Thomas Fleetwood, Assistant Secretary

Board Matters

October 29, 2015

1. Information on New Affirmatively Furthering Fair Housing Regulations

Commissioner Solomon requested that the FCRHA commissioners be informed of the new fair housing regulations that will affect the FCRHA. Commissioner Kennedy indicated that he was available to staff for consultation on this.

2. Commissioner Kyle Notes Issues Involving Other Housing Authorities

Commissioner Kyle expressed concern regarding the inappropriate actions by some Housing Authority of Baltimore City home repair staff involving residents, as discussed in recent media reports. Commissioner Kyle also informed the commissioners of actions involving the Denver Housing Authority and a redevelopment project which affected a community of homeless persons. Commissioner Kyle felt the Housing Authority should have worked with the people to find an alternative. A third incident the commissioner raised involved a property in Brooklyn where people were forced to cease cultivating a community garden to allow the property to be used by an entity that did not have clear title to it.

3. Commissioners to Receive iPads; Use of BoardBook Software

Department of Housing and Community Development (HCD) Acting Director Tom Fleetwood indicated that progress had been made on obtaining iPads for the commissioners as well as the use of BoardBook software for their meetings. Mr. Fleetwood thanked Robert Easley, HCD Deputy Director, Operations, and Mike Trent, Network Analyst, Information Systems and Services Division, HCD, for their efforts. The commissioners will receive county email addresses and the equipment should arrive in time for the December FCRHA meetings, which is the target for trying out the BoardBook software.

4. Thanksgiving Wishes

Chairman Schwaninger joined HCD Acting Director Tom Fleetwood in wishing everyone a Happy Thanksgiving. Chairman Schwaninger expressed his thanks to all the FCRHA commissioners, to HCD staff, and to staff from the Office of the County Attorney.

ACTION – 1

RESOLUTION NUMBER 37-15: Approval of Updated Financing Plan for the Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

RESOLUTION NUMBER 38-15: Approval to (1) Issue a Request for Financial Services for First Lender (2) and Obtain a Loan from a Private Lender for the Purposes of Financing the Preservation and Rehabilitation of the Murraygate Village Apartments that shall be Secured by the Property in First Lien Position (Lee District)

RESOLUTION NUMBER 39-15: Approval for Payment of a Negative Cash Balance in the Approximate Amount of \$261,152 from the FCRHA Operating Fund, for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

RESOLUTION NUMBER 40-15: Approval to Assume an Existing \$500,000 FCRHA Loan and Extend the Maturity of the Loan to be Coterminous with the Housing Blueprint Loan (Lee District), for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

RESOLUTION NUMBER 41-15: Approval to (1) Establish Murraygate Village Limited Partnership for the Purposes of Applying for and Syndicating Low-Income Housing Tax Credits (LIHTC); (2) Transfer the Project from Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. to Murraygate Village Limited Partnership; (3) Issue a Request for Financial Services for a Syndicator for 9 Percent Low-Income Housing Tax Credits (LIHTC); and (4) Enter into an Amended and Restated Limited Partnership Agreement with Investor Limited Partner Chosen in Response to the Request for Financial Services (Lee District) for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

ISSUE:

The purpose of this item is to request Fairfax County Redevelopment and Housing Authority (FCRHA) approval to take the necessary steps to finance the preservation and rehabilitation of Murraygate Village Apartments in the Lee District. Specifically, the FCRHA is requested to:

- 1) Approve the revised financing plan for Murraygate Village Apartments;

- 2) Provide authorization to issue a Request for Financial Services (RFS) for a first trust lender and tax credit syndicator and approve seeking a loan, if necessary, from a private lender that shall be secured by the property in first lien position;
- 3) Approve payment of a negative cash balance in the amount of \$261,152 from Fund 810-C81000, FCRHA Operating Fund;
- 4) Permit the assumption of an existing FCRHA loan to the property in the amount of \$500,000 and extend the maturity of the loan; and
- 5) Authorize establishing the Murraygate Village Limited Partnership (MVLN) for the purposes of applying for and syndicating Low-Income Housing Tax Credits (LIHTC); transferring the property from the current limited partnership, FCRHA/HCDC Two Limited Partnership, to MVLN; and entering into an amended and restated limited partnership agreement with the investor limited partners chosen in response to the RFS.

RECOMMENDATION:

The FCRHA Finance Committee reviewed this item and approved placing it on the December 10, 2015 FCRHA meeting agenda with a recommendation for approval.

TIMING:

The architect/engineer consultant for the project has been selected and a final price was received for all design work. The design contract provisions have been approved by the County Attorney's office, and work has started. The Virginia Housing Development Authority (VHDA) has set March 4, 2016, as the deadline for submission of applications for the 9 percent LIHTC. In order to make a competitive application for 9 percent LIHTC, a viable financing plan must be in place.

RELATION TO FCRHA STRATEGIC PLAN:

The proposed action addresses the FCRHA's Strategic Plan goals to preserve, expand and facilitate affordable housing opportunities in Fairfax County.

BACKGROUND:

In May 1991, the FCRHA purchased Murraygate Village Apartments ("the property"), located off of the Route 1 corridor of Alexandria in the Lee District. The property was built in 1971 using United States Department of Housing and Urban Development (HUD) Section 236 financing, and consists of 204-units, located in eight buildings. The original private developer executed a Regulatory Agreement with HUD and agreed, among other things, to keep the property affordable for 40 years. HUD provided an interest rate payment (IRP) subsidy which lowered the interest rate paid on the loan by the property to 1 percent, decreasing the debt service and allowing the rents to be affordable to low and moderate income households. When the FCRHA purchased the

property in 1991, the Authority assumed the HUD Section 236 loan, which matured in 2011. Other sources used to acquire the property included a CDBG Section 108 loan.

In 1994, the FCRHA rehabilitated the property. In order to finance the rehabilitation, a limited partnership was formed and tax credits were syndicated to generate equity. Other sources of funds included a tax exempt note purchased by Fannie Mae and County and State funds. The property remains in the ownership of the limited partnership, of which the FCRHA is the managing general partner.

In 2008, the 15-year tax credit compliance period ended. The FCRHA purchased the limited partner's interest in 2011. As a result, the FCRHA is now the limited partner as well. The property is currently in the tax credit extended use period which ends in 2023.

In 2011, federal HOME Investment Partnership (HOME) funds were used for roof replacement and minor common area rehabilitation.

In March 2013, the FCRHA approved the initial financing plan for the renovation of the property. This included amending the rent structure for current and new residents to increase rents to support financing for rehabilitation; utilizing local Housing Blueprint funds for energy conservation and modernization; applying for LIHTC from the Local Housing Authority Pool in 2014; and forgiving an unsecured FCRHA Note which is payable to the FCRHA by the Partnership.

Since March 2013, staff has worked to develop a plan for the redevelopment and rehabilitation of Murraygate Village Apartments. This has included having a comprehensive needs assessment completed by third party consultants to determine the scope of work and estimating construction costs for the project, development of a relocation plan for residents, and hiring a third party market study analyst and appraiser to assess competitiveness of the project and new rents.

In the course of more thoroughly underwriting the project, an updated financing plan has been developed; this revised plan has been designed to increase the project's competitiveness for 9 percent LIHTC. The key element of the original financing plan that is being revised by the requested suite of actions is decreasing the amount of tax credits and bridging the resulting gap, in part, with a new first mortgage. The updated financing plan will be discussed in more detail below. The project will be transferred from the existing limited partner to a new limited partner via deed.

It should also be noted that, at the request of the District Supervisor, staff has collaborated over the last year with other county agencies, including the Department of Neighborhood and Community Services and the Fairfax County Park Authority, to develop a partnership with an adjacent property owner to create additional recreational amenities for area residents. That work is ongoing and will continue on a separate track from the renovation of Murraygate. The planned amenity, a community ball field, is anticipated to be developed adjacent to Murraygate.

Property Description

Murraygate Village is a multifamily rental apartment community consisting of 204 garden style units in 8 buildings: 72 one-bedroom units; 56 two-bedroom units; 42 three-bedroom units; 30 four-bedroom units; and 4 two-bedroom units that are used for office/community space and are not rentable. There are currently 40 Project Based Vouchers at the property. Amenities at Murraygate include a tot-lot, basketball court and a community center operated by The Boys and Girls Club. The property is located within minutes of public transportation and shopping. The average income of the families living at the property is \$38,671, which is approximately 35 percent of the Area Median Income (AMI) for a family of four.

Accessibility

Ten of the 200 rental units (5 percent) will be fully handicapped accessible after the renovation. The property currently has eight (8) units that are handicap accessible and two (2) additional units will be converted to be fully accessible units as part of the rehabilitation. The rehabilitation of these units will be completed in accordance with Section 504 requirements.

Affordability

Current Income Mix

Number of Units	Percentage of Units	Household Income Levels
70	35%	30% or below AMI
55	27%	50% or below AMI
18	9%	60% or below AMI
38	19%	Above 60% AMI
19	10%	Vacant
200*	100%	TOTAL

**There are 4 offline units which house the office and community center.*

It should be noted that of the 125 households that have incomes at 50 percent AMI or below; 40 of these units receive Project-Based Vouchers. It should also be noted that the project has a comparatively high vacancy rate because units are being held open in anticipation of the renovations.

Current Rents

Unit Type	Number of Units	Square Footage	Gross Rents*
1BR/1BA	72	595	\$572-944
2BR/1BA	56	757	\$687-1,122
3BR/1BA	42	1007	\$736-1,224
4BR/1BA	30	1007	\$950-1,301

**Rents include utilities.*

Post-Rehabilitation Rents/Tenant Payment of Utilities

In March 2013, the FCRHA approved rent increases for current residents. Starting August 2013, current residents received an annual rental increase of 5 percent to 10 percent of their current rent. Households earning at or below 80 percent AMI received a 5 percent rent increase; households with incomes above 80 percent of AMI received a 10 percent increase. As part of the rehabilitation, utilities will be converted from master metering to individually metered utilities. Post-rehabilitation, tenants will be required to pay utilities incurred for their unit in addition to their rents.

There are currently 19 vacant units at the property and the goal is to have no less than 24 vacant units at the time of the start of construction. The property stopped leasing in 2014 to limit the displacement of residents during the renovation, as the plan was to apply for tax credits in 2015. Due to the potential reconfiguration of one or more buildings as part of planning for the proposed ball field, the plan to apply for tax credits was deferred until 2016. Now, it has been determined that the ball field, if developed, will be placed on privately-owned land adjacent to Murraygate, and that the current building configuration will remain undisturbed. The vacancy turnover rate is less than 5 percent annually. Vacant units will be rented to new, income qualified tenants at tax credit rents post-rehabilitation. Post-rehabilitation rents will be based on the rental market and LIHTC program requirements at the time of construction completion.

Proposed Scope of Rehabilitation

The proposed rehabilitation of the property is comprehensive in nature and will promote long term sustainability and energy efficiency. Moseley Architects were engaged to conduct a needs assessment of the property and derive cost estimates based on the identified needs. Moseley Architects completed a needs assessment in October 2013. Based on the needs assessment, the proposed scope of work was developed:

- Replace existing central plant HVAC system and replace with individual heat pumps that allows for improved energy efficiency and individually metered utilities;

- Renovate the eight (8) existing accessible apartments and two (2) others to comply with applicable accessibility standards for a total of ten (10), or 5 percent, accessible apartments;
- Renovate kitchen and bathrooms;
- Improve sound insulation in the floor-ceiling assembly between the apartments;
- Insulate exterior walls, replace windows, interior paint of all units, and upgrade domestic water pipes to address corrosion and leaks/water infiltration in units; and
- Replace canvas awnings at the entry to each building and parking lot improvements.

The estimated cost of the rehabilitation including contingency is \$11,354,340. The total cost represents rehabilitation of all 204 units, which includes the office and community areas.

Moseley Architects has also been selected to develop the plans for the property based on the identified needs. The firm is under contract as of November 2015. The Department of Housing and Community Development (HCD) will submit all necessary documents and specifications to VHDA for the 9 percent LIHTC application, and oversee the rehabilitation.

Relocation

The scope of rehabilitation cannot be completed with the residents in place; therefore, some families will be required to temporarily relocate off-site prior to rehabilitation commencing. Staff will conduct family surveys to determine housing needs and identify comparable units in the community for relocation. Approximately 24 units will be vacated after required project notification is made and 120-day notices are sent. As of the date of this item, 19 units are already vacant; therefore, a total of five (5) families will have to temporarily relocate off-site prior to rehabilitation commencing.

Murraygate families will have priority at other Fairfax County Rental Program (FCRP) properties per FCRHA policy. When rehabilitation is complete, families may return to a newly rehabilitated unit, subject to continued compliance with their lease. Upon return, the family will be required to pay post-rehabilitation rents and utilities. If the family chooses to remain at the alternate FCRP property after project completion, they will have to pay the standard rent at that particular property, and the Murraygate unit will be leased to a new family.

All families will receive relocation assistance to cover moving costs, and for families moving off-site, a second move back to Murraygate. Budgeted relocation expenses are \$375,000.

After the first units are vacated, all other families will be moved into renovated units upon completion. Families will not move back into the units they currently occupy, but to newly renovated units on the property.

Community meetings will be held to explain relocation plans and address family questions and concerns. The first such meeting will be held prior to March 2016. A detailed relocation plan will be submitted with the VHDA tax-credit application in March 2016.

Revised Financing Plan

Since the original financing plan for Murraygate Village was approved in March 2013, the total cost of the project has increased from \$12,435,403 to the current estimate of \$17,134,148. This increase is mainly attributable to an expansion of the scope of the project resulting from the comprehensive needs assessment conducted on the property.

The sources and uses under the original March 2013 financing plan were as follows:

SOURCES	
FY 13 Housing Blueprint	\$4,443,655
Tax Credits	\$6,991,748
Murraygate Replacement Reserve	\$500,000
Deferred Developer Fee	\$500,000
Total Sources	\$12,435,403

USES	
Rehabilitation plus contingency	\$8,994,645
Architect and Design	\$697,232
Relocation	\$150,000
Operating Reserve	\$355,667
Tax Credit Fees	\$97,274
Soft cost contingencies	\$332,866
Developer Fee	\$1,000,000
Closing Costs	\$100,000
Pay-off PNC Line of Credit	\$707,719
Total Uses	\$12,435,403

The sources and uses under the proposed revised financing plan are as follows:

SOURCES	
Private Loan	\$1,399,870
FY 13 and FY 15 Housing Blueprint and Affordable Housing Partnership Program, Program Income	\$5,895,717
Tax Credits	\$5,567,420
Murraygate Replacement Reserve	\$500,000
Deferred Developer Fee	\$750,000
General Partner Loan	\$3,021,141
Total Sources	\$17,134,148

USES	
Rehabilitation plus contingency	\$11,354,340
Architect and Design	\$976,050
Permitting/Transformer Costs	\$132,000
Project Management	\$385,320
Relocation	\$375,000
Reserves	\$811,944
Tax Credit & Syndication Fees	\$141,350
Soft costs and financing fees	\$238,922
Soft Cost Contingency	\$292,521
Construction Interest	\$188,982
Legal Fees	\$130,000
Developer Fee	\$1,400,000
Pay-off United Line of Credit	\$707,719
Total Uses	\$17,134,148

There are significant differences in the sources between the March 2013 financing plan and the update being presented for approval. The primary change is the amount of the 9 percent LIHTC equity, and utilizing more funding from The Penny Fund and Housing Trust Fund. The original financing plan assumed generating approximately \$7 million, and the current plan assumes only \$5.6 million. In order to make the project's tax credit application more competitive, the FCRHA is reducing the amount requested from VHDA. Final determination of the amount of credits to be requested would be determined based on balancing competitiveness of the project and financial feasibility. The approximate \$1.4 million loss in equity is significant and requires additional resources to bridge the gap, which will be filled by a first mortgage from a conventional lender.

In addition, due to the increase in the scope of the rehabilitation and related expenses, a General Partner Loan in the amount of \$3,021,141 will be used to finance the

rehabilitation and related expenses. The General Partner Loan is comprised of remaining funds from completed projects, or from projects that did not move forward, and program income.

A total of \$8,916,858 in Housing Blueprint funding and other local resources, including the Housing Trust Fund, are available for the Murraygate project. This includes \$5,895,717 which will be used to fund the Housing Blueprint Loan, and \$3,021,141 which will be used for the General Partner Loan.

Staff has spent a considerable amount of time in restructuring this project over the last several years and will continue to do so until the buildings are placed-in-service by the end of 2018. Staff will provide construction oversight, tenant relocation, tenant certification and lease-up. In addition, as it is customary in a tax credit transaction, the FCRHA as the Managing General Partner will provide certain guarantees in terms of construction completion, credit delivery, etc. which may have a financial impact on the FCRHA. In order to mitigate the staff costs and these risks, the developer's fee has been increased from \$1 million to \$1.4 million, \$750,000 of which is deferred.

Staff is exploring avenues to enhance the competitiveness of the project for LIHTC. For instance, staff is working with architect to determine if additional points can be gained by including certain amenities/features within the scope of work. If the FCRHA were to be unsuccessful in obtaining 9 percent tax credits from the Local Housing Authority pool, alternative approaches would be pursued such as bonds and by right 4 percent tax credits, and/or an adjustment to the scope of rehabilitation.

The Housing Blueprint Loan will be a cash-flow, deferred loan to the limited partnership with a simple interest rate per annum of 2 percent. The payment of all principal and interest will be deferred and simple interest will accrue for 30 years or such other term as is coterminous with the first mortgage loan from a third party lender or such longer term as may be required by the investor limited partner. The entire indebtedness will become due and payable upon transfer of the property without the prior approval of the FCRHA, refinancing, or failure to comply with the Housing Blueprint Loan and other loan document requirements. Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal. In the event that the Housing Blueprint Loan is paid off before maturity of the loan, the developer, which is the limited partnership, will maintain the affordability period according to the Housing Blueprint goals, for a minimum term of 30 years or for a term coterminous with the first mortgage or such longer term as may be required by the investor limited partner.

Murraygate will also be awarded a General Partner Loan of \$3,021,141. It will be a cash-flow deferred loan and have an interest rate of no less than 2 percent per annum or a maximum rate of Applicable Federal Rate. The payment of all principal and interest (which shall accrue) will be deferred for 30 years (or such other term as is coterminous with the first mortgage loan or such longer term as may be required by the investor

limited partner) but will become due and payable upon transfer of all or any part of the property without the prior approval of the FCRHA, refinancing, or failure to comply with the General Partner or other loan document requirements. Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal. The General Partner Loan shall be subordinate to the Housing Blueprint Loan.

Notwithstanding the above, if necessary for the restructuring of the financing or as may be requested by the tax credit investor limited partners, loan funds such as the Housing Blueprint Loan, the General Partner Loan or such other funds which may be awarded by FCRHA can be loaned directly or indirectly by the FCRHA into the project ownership. Additionally, \$500,000 in replacement reserves were set aside to fund predevelopment costs. It is anticipated that the Project could receive an allocation of approximately \$580,000 annually, for 10 years, in 9 percent LIHTC from VHDA.

FCRHA Loan Assumption and Payment of FCRHA Indebtedness

Murraygate's current debt consists of an FCRHA deferred loan of \$500,000 which matures on October 1, 2024, and \$707,719 from the United Bank line of credit which requires interest only payments. The United Bank loan will be paid off as part of the financing of the project. However, it is requested that the FCRHA deferred loan be assumed and the maturity date be extended to a term that is coterminous with the Housing Blueprint Loan or some greater term (as described below), and the loan be subordinated to new debt to be incurred in connection with the proposed preservation and rehabilitation of the project.

The FCRHA loan was structured as a deferred cash flow loan that was to be paid upon maturity or title transfer. The Partnership does not have sufficient funds to pay off this loan at the point of title transfer and therefore assumption of the loan is requested. The extension of the loan is being requested because any new limited partner would require a loan to have a maturity that is at least as long as the tax credit compliance period which is 15 years after the project is placed in service (for Murraygate that is expected to be 2018), which would be beyond the maturity currently at 2024. As the loan does not currently satisfy that condition, the loan term will need to be extended. Furthermore, the limited partner investor may also require that the loan be extended beyond the 15-year compliance period in order to satisfy requirements applicable to debt under Section 42 of the Internal Revenue Code (IRC). Moreover, a new first lender may require that the loan be at least coterminous with the new first mortgage loan. The loan shall be subordinated to any debt, as may be necessary in connection with structuring the financing, including, but not limited to, the Housing Blueprint Loan and the General Partner Loan referenced below. The loan shall continue to be a cash flow deferred loan.

While not a loan, the project has carried indebtedness owed to the FCRHA in the approximate amount of \$261,152. This indebtedness reflects historical accrued and unpaid operating expenses, primarily payroll and contractual services, owed to the FCRHA. The FCRHA pays for the expenses which the project is required to reimburse. Historically, the project has not always been able to make reimbursement and an accrual of these expenses was noted on the balance sheet. In recent years, particularly since the repayment of significant debt on the property, the project has been paying down the accrued balance on an annual basis. However given the need for cash and reserves to secure debt needed for the rehabilitation of Murraygate, this indebtedness is requested to be paid from the FCRHA Operating Fund.

Approval to Issue Request for Financial Services (RFS)

As discussed above, staff is preparing to submit an application for 9 percent LIHTC to VHDA in March 2016. If awarded, the FCRHA is requested to authorize issuing a Request for Financial Services (RFS) to secure a tax credit and equity provider and first lender, if necessary, for the financing of the project. Similar to an RFP, the RFS would provide project description including anticipated sources/uses, affordability and rent restrictions. Interested syndicators or lenders would respond to the solicitation and the financing proposals would be reviewed by an internal Selection Advisory Committee. Staff would evaluate competitive pricing, reserve and other requirements, experience and capacity of the syndicator/lender, and other requirements that syndicator or lender would require.

Finally, if awarded credits, the FCRHA in approving the requested action is authorizing the Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of the project, which includes but is not limited to execution of Development Agreements, Letters of Commitment, and Limited Partnership Agreement. This request is being made as some syndicators and lenders may request documentation that the Assistant Secretary has been duly authorized by the governing body to enter into the financial and legal agreements with syndicators and lenders.

Risks and Concerns

1. **Interest rate risk:** Should interest rates increase above current estimated interest rates (about 6.5 percent for commercial loans), Murraygate will have to seek additional sources of funds to identify cost savings in the development budget.
2. **Tax credit equity price:** Should equity prices fall below current equity, the FCRHA will have to identify additional funds or cost savings in the development budget.
3. **Tax credit award:** If the FCRHA were to be unsuccessful in obtaining 9 percent tax credits, alternative approaches would be pursued such as bonds and by right 4 percent tax credits, and/or an adjustment to the scope of rehabilitation.

Next Steps

1. Submit an application for 9 percent LIHTC to VHDA in March 2016
2. Prepare targeted relocation plan and associated resident outreach.
3. Refine the development budget based on completion of work items by our consultants, feedback from syndicators/lenders.
4. Review of the partnership structure, as a new limited partnership will likely need to be created and the Fairfax County Housing and Community Development Corporation (HCDC) is replaced by the Housing Assistance Corporation (HAC).
5. Issue RFS for syndicator and lender, as necessary. Execute letters of commitment and post-allocation award, finalize underwriting terms.
6. Prepare design documents and contracts. Issue Invitation to Bid for general contractor in late 2016 and select contractor by early 2017.
7. Anticipated closing February 2017.

Closing

The anticipated date to close is February 2017. The 9 percent credit allocation will not be awarded until July 2016 after which it will take between six and seven months to finalize terms with syndicators, finalize plans, acquire appropriate building/permit approvals, etc.

STAFF IMPACT:

Staff impact has increased in an effort to prepare for the rehabilitation, and will continue until the buildings and units are placed in service, which is anticipated to be completed by the end of 2018. This will include construction oversight, tenant relocation, tenant certification and lease-up. The Department of Public Works and Environmental Service (DPWES) may be used for construction management.

FISCAL IMPACT:

A total of \$7,535,706 will be expended from the Fund 300-C30300, Penny for Affordable Housing Fund and \$1,381,152 will be expended from the Fund 400-C40300, Housing Trust Fund to support the renovation of Murraygate Village Apartments. These funds will be used to capitalize a Housing Blueprint Loan (\$5,895,717) and General Partner Loan (\$3,021,141) to the partnership. In addition, the project will contribute \$500,000 for replacement reserves.

The Partnership shall pay to the General Partner a Partnership Management Fee for services rendered in connection with filing necessary documents and certificates, establishing and maintaining the Partnership's books and records and administering the normal operations of the Partnership. This fee will be \$35,000 per year and will be paid after the deferred developer's fee is paid in full. If there isn't sufficient cash flow, such a fee shall accrue from year to year and shall be paid from the following year's available cash flow. Such a fee and accrual will be subject to the approval of the equity provider

and other lenders. The Partnership Management Fee will go into Fund 810-C81000, FCRHA Operating Fund. The deferred developer fee of \$1,400,000 will go into Fund 810-C81000, FCRHA Operating Fund, as well.

While not a loan, the project has carried indebtedness owed to the FCRHA in the approximate amount of \$261,152. This indebtedness reflects historical accrued and unpaid operating expenses, primarily payroll and contractual services, owed to the FCRHA. It is recommended that this be paid from Fund 810-C81000, FCRHA Operating Fund.

ENCLOSED DOCUMENTS:

- Attachment 1 – Resolution Number 37-15
- Attachment 2 – Resolution Number 38-15
- Attachment 3 – Resolution Number 39-15
- Attachment 4 – Resolution Number 40-15
- Attachment 5 – Resolution Number 41-15
- Attachment 6 – Map
- Attachment 7 – Pro-Forma
- Attachment 8 – Housing Blueprint Loan Term Sheet
- Attachment 9 – General Partner Loan Term Sheet

STAFF:

- Tom Fleetwood, Acting Director, Department of Housing and Community Development, (HCD)
- Robert Easley, Deputy Director, Operations, HCD
- Hossein Malayeri, Deputy Director, Real Estate, Finance and Development, HCD
- Nicole Wickliffe, Director, Asset Management, HCD
- Carol Erhard, Director, Homeownership and Relocation Services, HCD
- Aseem K. Nigam, Director, Real Estate Finance and Grants Management Division (REFGM), HCD
- Tony Esse, Associate Director, Design, Development and Construction, HCD
- Debashish Chakravarty, Senior Real Estate Finance Officer, REFGM, HCD

RESOLUTION NUMBER 37-15

Approval of Updated Financing Plan for the Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

WHEREAS, Fairfax County Redevelopment and Housing Authority/HCDC Two, LP (the "Partnership") is the owner of Murraygate Village Apartments (the "Project"); and

WHEREAS, Fairfax County Housing and Community Development Corporation (HCDC)(or its successor) is a General Partner of the Partnership; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is Managing General Partner and the Limited Partner of the Partnership;

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby approving the updated Financing Plan for Murraygate Village Apartments (Lee District) as described in the Action Item presented on December 10, 2015;

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of Rehabilitation of Murraygate Village Apartments which includes, but is not limited to, executing Letters of Intent and Commitment with First Lender and Syndicator, executing the Amended and Restated Partnership Agreement with the Syndicator, executing all necessary forms associated with the 9 percent Low-Income Housing Tax Credit Application and executing all necessary loan and financing documents.

RESOLUTION NUMBER 38-15

Approval to (1) Issue a Request for Financial Services for First Lender (2) and Obtain a Loan from a Private Lender for the Purposes of Financing the Preservation and Rehabilitation of the Murraygate Village Apartments that shall be Secured by the Property in First Lien Position (Lee District)

WHEREAS, Fairfax County Redevelopment and Housing Authority/HCDC Two, LP (the “Partnership”) is the owner of Murraygate Village Apartments (the “Project”); and

WHEREAS, Fairfax County Housing and Community Development Corporation (HCDC)(or its successor) is a General Partner of the Partnership; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is Managing General Partner and the Limited Partner of the Partnership;

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby authorizes approval to issue a Request for Financial Services for a First Lender;

BE IT FURTHER RESOLVED THAT the FCRHA authorizes the obtaining a loan from a Private Lender for the Purposes of Financing the Rehabilitation of Murraygate Village Apartments that shall be secured by the Property in First Lien Position.

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of Rehabilitation of Murraygate Village Apartments which includes, but is not Limited to, executing Letters of Intent and Commitment with First lender and Syndicator, executing the Amended and Restated Partnership Agreement with the Syndicator, executing all necessary forms associated with the 9 percent Low-Income Housing Tax Credit Application and executing all necessary loan and financing documents.

RESOLUTION NUMBER 39-15

Approval for Payment of a Negative Cash Balance in the Approximate Amount of \$261,152 from the FCRHA Operating Fund, for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

WHEREAS, Fairfax County Redevelopment and Housing Authority/HCDC Two, LP (the "Partnership") is the owner of Murraygate Village Apartments (the "Project"); and

WHEREAS, Fairfax County Housing and Community Development Corporation (HCDC)(or its successor) is a General Partner of the Partnership; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is Managing General Partner and the Limited Partner of the Partnership;

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby approves paying the negative cash balance in the approximate amount of \$261,152 from the FCRHA Operating Fund;

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of rehabilitation of Murraygate Village Apartments which includes, but is not limited to, executing Letters of Intent and Commitment with First lender and Syndicator, executing the Amended and Restated Partnership Agreement with the Syndicator, executing all necessary forms associated with the 9 percent Low-Income Housing Tax Credit Application, executing all necessary loan and financing documents and executing all necessary documents evidencing the forgiveness of the Fairfax County Note.

RESOLUTION NUMBER 40-15

Approval to Assume an Existing \$500,000 FCRHA Loan and Extend the Maturity of the Loan to be Coterminous with the Housing Blueprint Loan (Lee District), for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

WHEREAS, Fairfax County Redevelopment and Housing Authority/HCDC Two, LP (the "Partnership") is the owner of Murraygate Village Apartments (the "Project"); and

WHEREAS, Fairfax County Housing and Community Development Corporation (HCDC)(or its successor) is a General Partner of the Partnership; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is Managing General Partner and the Limited Partner of the Partnership;

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby authorizes approval to 1) assume an existing \$500,000 FCRHA Loan, and 2) extend the maturity of the loan to be co-terminus with the Housing Blueprint Fund Loan or such longer term as may be required by the investor limited partner, and 3) subordinate the FCRHA Loan to a new first mortgage loan to be obtained from a third party lender, and any other debt obtained in connection with the Preservation and Rehabilitation of the Project, including but not limited to, the Housing Blueprint Fund Loan, the General Partnership Loan and/or any other loans;

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of rehabilitation of Murraygate Village Apartments which includes, but is not limited to, executing Letters of Intent and Commitment with First lender and Syndicator, executing the Amended and Restated Partnership Agreement with the Syndicator, executing all necessary forms associated with the 9 percent Low-Income Housing Tax Credit Application and executing all necessary loan and financing documents.

RESOLUTION NUMBER 41-15

Approval to (1) Establish Murraygate Village Limited Partnership for the Purposes of Applying for and Syndicating Low-Income Housing Tax Credits (LIHTC); (2) Transfer the Project from Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. to Murraygate Village Limited Partnership; (3) Issue a Request for Financial Services for a Syndicator for 9 Percent Low-Income Housing Tax Credits (LIHTC); and (4) Enter into an Amended and Restated Limited Partnership Agreement with Investor Limited Partner Chosen in Response to the Request for Financial Services (Lee District) for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District)

WHEREAS, Fairfax County Redevelopment and Housing Authority/HCDC Two, LP (the "Partnership") is the owner of Murraygate Village Apartments (the "Project"); and

WHEREAS, Fairfax County Housing and Community Development Corporation (HCDC)(or its successor) is a General Partner of the Partnership; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) is Managing General Partner and the Limited Partner of the Partnership;

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby approves establishing Murraygate Village Limited Partnership for the purposes of applying for and syndicating low income housing tax credits (LIHTC);

BE IT FURTHER RESOLVED THAT the FCRHA approves transferring the project via Transfer Deed or other conveyance document from Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. to Murraygate Village Limited Partnership;

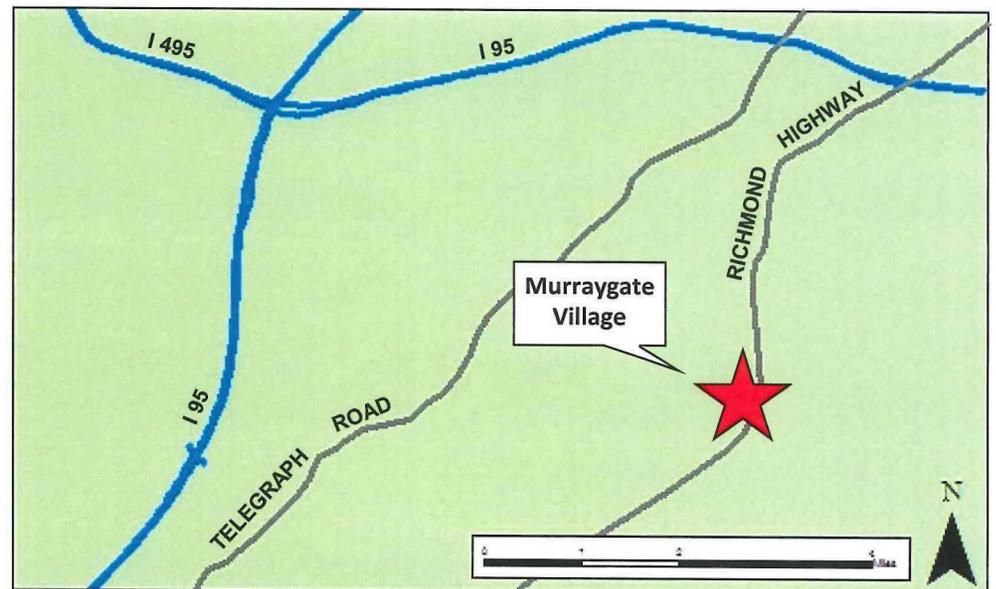
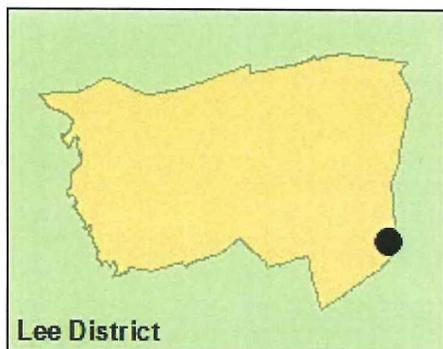
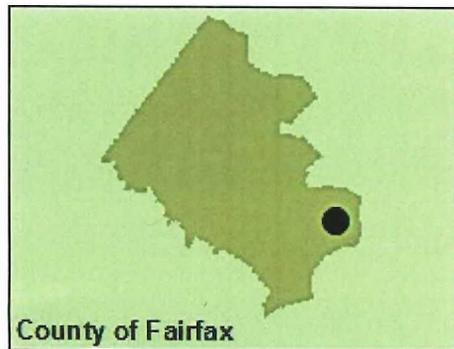
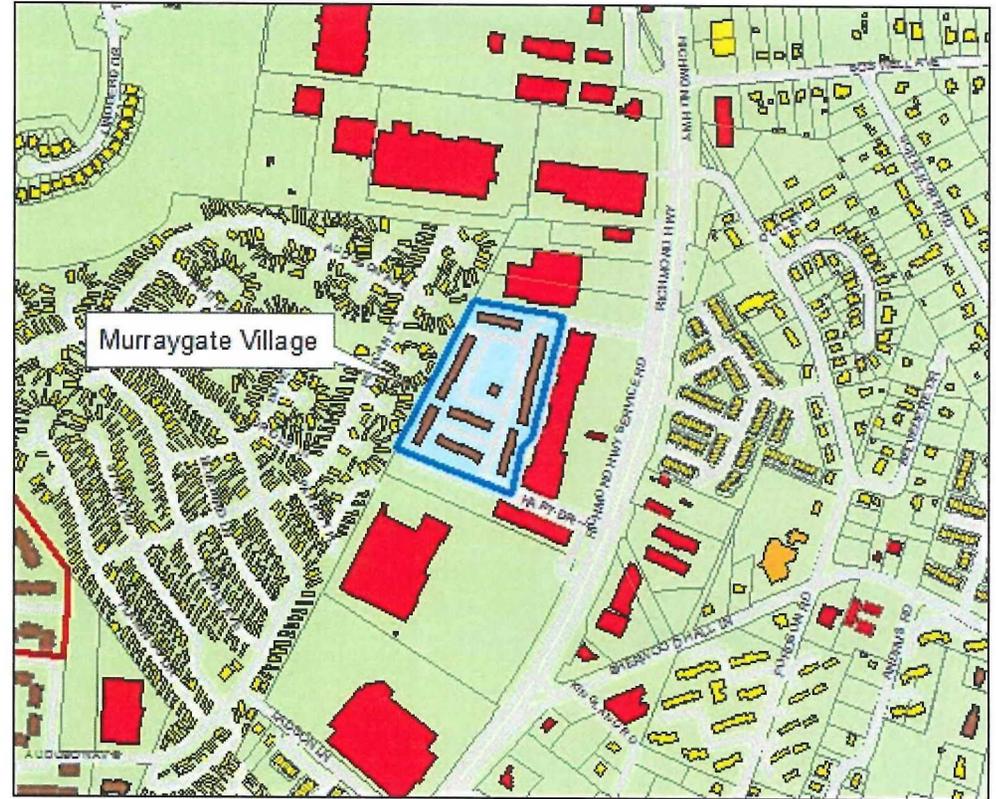
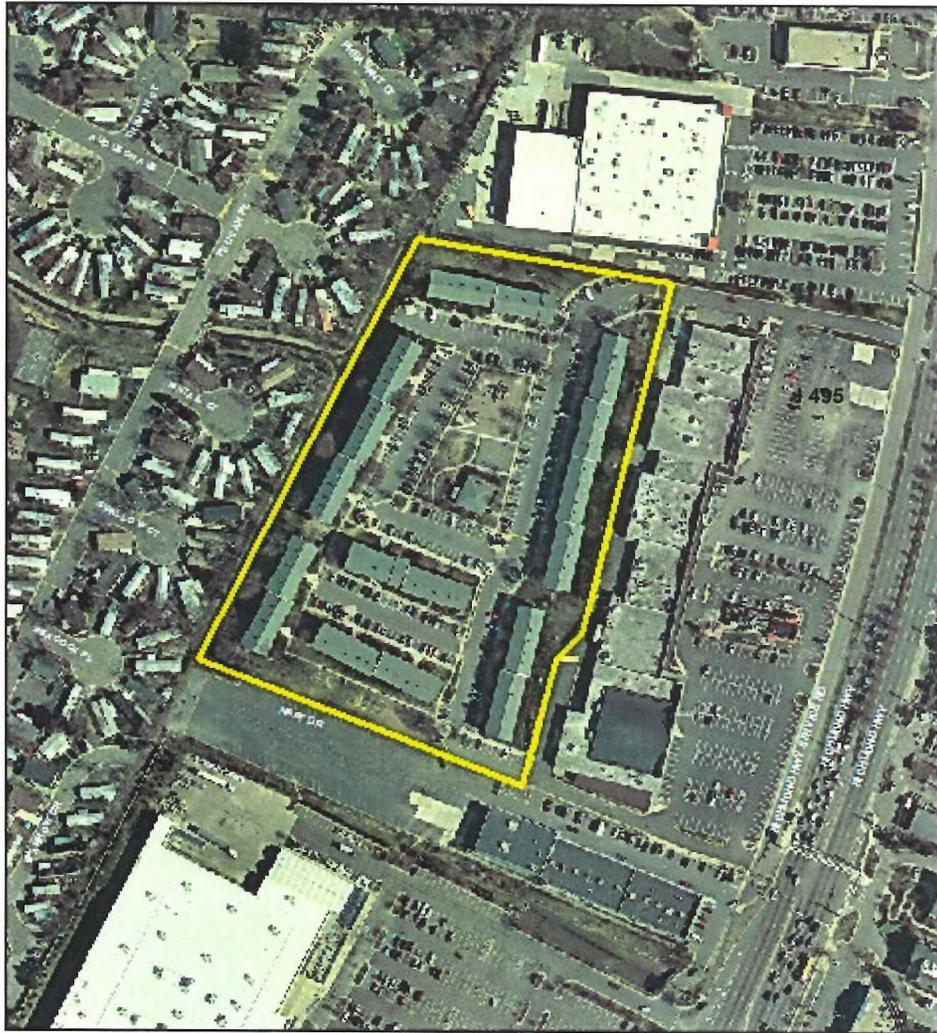
BE IT FURTHER RESOLVED THAT the FCRHA approves issuing a Request for Financial Services for a syndicator for 9 percent Low Income Housing Tax Credits (LIHTC);

BE IT FURTHER RESOLVED THAT the FCRHA approves entering into an amended and Restated Limited Partnership Agreement with Investor Limited Partner chosen in response to the Request for Financial Services (Lee District);

BE IT FURTHER RESOLVED THAT the FCRHA authorizes its Chairman, Vice Chairman, Secretary, or any Assistant Secretary to execute all necessary documents in connection with the financing of rehabilitation of Murraygate Village Apartments which includes, but is not limited to, executing Letters of Intent and Commitment with First lender and Syndicator, executing the Amended and Restated Partnership Agreement with the Syndicator, executing all necessary forms associated

with the 9 percent LIHTC Application, and executing all necessary conveyance documents.

Murraygate Village



Housing Blueprint Loan Term Sheet:

- Borrower: Murraygate Village Limited Partnership
- Address: 7800 Belford Drive, Alexandria, VA 22036 (Property)
- Amount: Not to exceed \$5,895,717, subject to terms and conditions
- Interest Rate: A minimum rate of 2% simple interest per annum with a maximum rate equal to the Applicable Federal Rate (AFR). Interest rate during construction will be 0% per annum.
- Amortization: N/A - will be deferred for repayment as provided below
- Term: The payment of all principal and interest (in the event of default and as provided in the Housing Blueprint loan documents) will be deferred and simple interest will accrue for 30 years or such other term as is coterminous with the primary loan from a third party lender (or such longer term as may be required by the investor limited partner) but the entire indebtedness will become due and payable upon transfer of the Property without the prior approval of the FCRHA, refinancing, or failure to comply with the Housing Blueprint and or loan documents requirements. *Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal.* At the end of the term of loan term the outstanding principal balance along with any accrued interest shall become due and payable. The annual loan payments shall be payable only from the cash flow remaining after payment of the deferred developer's fee in full. During the 30-year term or such other term as is coterminous with the primary loan (or such longer term as may be required by the investor limited partner), refinancing may occur at the discretion of the FCRHA and as allowed by FCRHA policies. In the event that the Housing Blueprint Loan is paid off before maturity of the loan, the developer shall maintain the affordability period according to the Housing Blueprint goals, for a minimum term of thirty (30) years or for a term coterminous with the first mortgage (or such longer term as may be required by the investor limited partner).
- Security: Second Lien Deed of Trust on the Property, or such other lower priority lien position necessary to avoid reallocation of the tax credits under IRC Section 42 of the Internal Revenue Code, with reasonable assurance that the value of the Property exceeds the aggregate debt of the higher priority loans and the Housing Blueprint loan.

Conditions:

- 1) This Housing Blueprint Loan is for the specific purpose of providing a loan associated with the Borrower's property consisting of 200 rental units located at 7800 Belford Drive, Alexandria, VA 22306(Fairfax County). Notwithstanding the above, if necessary for the structuring of the financing or as may be requested by the tax credit investor limited partners, the Housing Blueprint Loan can be loaned directly or indirectly by the FCRHA into the Project ownership.
- 2) The Housing Blueprint Loan will close simultaneously with the permanent mortgage lender(s) and the low income housing tax credit equity provider.
- 3) There will be no further subordinate debt permitted to be placed on the Property, other than the loans represented in the application for this loan, without the permission of the FCRHA.
- 4) Borrower will pay an annual partnership management fee of \$35,000, for managing the partnership, after payment of the must-pay debt service and after payment of the deferred developer's fee.
- 5) Borrower and FCRHA shall execute a Right of First Refusal Agreement.
- 6) In case of any material default under the senior lien Deed of Trust, terms acceptable to the FCRHA negotiator shall be provided to assist in the protection of the Housing Blueprint loan value which may include, but not be limited to, the right to cure or to acquire ownership of the senior debt or of the property or both rights.
- 7) Borrower will maintain the Property as affordable housing for households where the initial household income for 20% of the units does not exceed 30% of the area median income (AMI), the initial household income for 37.5% of the units does not exceed 50% of AMI, the initial household income for 22.5% of the units does not exceed 60% AMI, and 20% of the units shall have Project-Based Vouchers (PBV's) attached at 50% AMI. The Property shall be occupied by such households where the household income limits do not exceed the above limits. The term "affordable" shall mean that no more than 30% of the household's gross income is paid for housing costs. These restrictions shall be established in the deed of trust for the Housing Blueprint Loan and by a recorded regulatory agreement and shall be in place and run with the land of the Property for at least 30 years.
- 8) And the following conditions are required for loan closing and release of funds:
 - a. **Loan Terms.** Loan will (1) not exceed \$5,895,717, (2) the loan will have an interest rate of no less than 2% per annum or a maximum rate of AFR, and (3) the payment of all principal and interest (which shall accrue) will be deferred for 30 years (or such other term as is coterminous with the primary loan or such longer term as may be required by the investor limited partner) but will become due and payable upon transfer of all or any part of the Property without the prior approval of the FCRHA,

refinancing, or failure to comply with the Housing Blueprint or loan document requirements. *Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal.* The annual loan payments shall be payable only from the cash flow remaining after payment of the deferred developer's fee in full, and after payment of the Partnership Management Fee. During the loan term, refinancing may occur at the discretion of the FCRHA and as allowed by FCRHA policies. Borrower will provide satisfactory construction commitments prior to closing.

- b. **Lien Position.** The Housing Blueprint Loan is anticipated to be secured by a Deed of Trust in second lien position encumbering the Property, subject only to the first priority Deed of Trust securing the primary loan.
- c. **Title.** Borrower will provide (1) satisfactory title and judgment search of Property and (2) satisfactory lender's title insurance commitments for the benefit of the FCRHA including, among other things, affirmative mechanics lien coverage, as prepared by a title company selected by the FCRHA.
- d. **Loan Documentation.** All senior loans and all Housing Blueprint Loan terms and any lease agreement terms, conditions, and documentation shall be acceptable to the FCRHA's authorized negotiator/representative and its counsel.
- e. **Conditions to Disburse Funds.** The Housing Blueprint Loan closing and disbursement of funds will take place only with the approval of any Assistant Secretary of the FCRHA.
- f. **Other Conditions to Close.** Closing will not take place until the following have been accomplished in form and substance acceptable to HCD on behalf of the FCRHA:
 - i. Appraisal accepted and approved by the HCD Staff.
 - ii. Environmental reviews accepted and approved by the HCD Staff. Physical Needs Assessment acceptable and approved by HCD Staff.
 - iii. Market Study accepted and approved by the HCD Staff.
 - iv. Relocation Plan reviewed and approved by HCD Staff.
 - v. Reservation of all needed low-income housing tax credits.
 - vi. Primary loan commitment from a third party lender for both construction and permanent financing.
 - vii. Commitment from tax credit investor.
 - viii. Final underwriting by the HCD Staff.
 - ix. Zoning letter issued by the Fairfax County Department of Planning and Zoning with respect to the Property and the Murraygate Project.
 - x. Other factors as deemed necessary to protect the interest of the FCRHA and Fairfax County.
- g. **Note:**
 - i. The lien position is subject to the satisfaction of the senior lender and tax credit investors.
 - ii. Any savings in the development budget, at the discretion of the

FCRHA and provided it does not impact the tax credit basis, will be used to reduce the Housing Blueprint loan.

General Partnership Loan Term Sheet:

- Borrower: Murraygate Village Limited Partnership
- Address: 7800 Belford Drive, Alexandria, VA 22036 (Property)
- Amount: Not to exceed \$3,021,141, subject to terms and conditions
- Interest Rate: A minimum rate of 2% simple interest per annum with a maximum rate equal to the Applicable Federal Rate (AFR). Interest rate during construction will be 0% per annum.
- Amortization: N/A - will be deferred for repayment as provided below
- Term: The payment of all principal and interest (in the event of default and as provided in the General Partnership loan documents) will be deferred and simple interest will accrue for 30 years or such other term as is coterminous with the primary loan from a third party lender (or such longer term as may be required by the investor limited partner) but the entire indebtedness will become due and payable upon transfer of the Property without the prior approval of the FCRHA, refinancing, or failure to comply with the General Partnership and or loan documents requirements. *Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal.* At the end of the term of loan term the outstanding principal balance along with any accrued interest shall become due and payable. The annual loan payments shall be payable only from the cash flow remaining after payment of the deferred developer's fee in full, payment of the Partnership Management Fee, and payment of the Housing Blueprint Loan. During the 30-year term or such other term as is co-terminus with the primary loan (or such longer term as may be required by the investor limited partner), refinancing may occur at the discretion of the FCRHA and as allowed by FCRHA policies. In the event that the General Partnership Loan is paid off before maturity of the loan, the developer shall maintain the affordability period for a minimum term of thirty (30) years or for a term coterminous with the first mortgage (or such longer term as may be required by the investor limited partner).
- Security: Third Lien Deed of Trust on the Property, or such other lower priority lien position necessary to avoid reallocation of the tax credits under IRC Section 42 of the Internal Revenue Code, with reasonable assurance that the value of the Property exceeds the aggregate debt of the higher priority loans and the General Partnership loan.

Conditions:

- 1) This General Partnership Loan is for the specific purpose of providing a loan associated with the Borrower's property consisting of 200 rental units located at 7800 Belford Drive, Alexandria, VA 22306(Fairfax County). Notwithstanding the above, if necessary for the structuring of the financing or as may be requested by the tax credit investor limited partners, the General Partnership Loan can be loaned directly or indirectly by FCRHA in to the Project ownership.
- 2) The General Partnership Loan will close simultaneously with the permanent mortgage lender(s) and the low income housing tax credit equity provider.
- 3) There will be no further subordinate debt permitted to be placed on the Property, other than the loans represented in the application for this loan, without the permission of the FCRHA.
- 4) Borrower will pay an annual partnership management fee of \$35,000, for managing the partnership, after payment of the must-pay debt service and after payment of the deferred developer's fee. If there isn't sufficient cash flow, such a fee shall accrue from year to year and shall be paid from the following year's available cash flow. Such a fee and accrual will be subject to the approval of the equity provider and other lenders.
- 5) Borrower and FCRHA shall execute a Right of First Refusal Agreement.
- 6) In case of any material default under the senior lien Deed of Trust, terms acceptable to the FCRHA negotiator shall be provided to assist in the protection of the General Partnership loan value which may include, but not be limited to, the right to cure or to acquire ownership of the senior debt or of the property or both rights.
- 7) Borrower will maintain the Property as affordable housing for households where the initial household income for 20% of the units does not exceed 30% of the area median income (AMI), the initial household income for 37.5% of the units does not exceed 50% of AMI, the initial household income for 22.5% of the units does not exceed 60% AMI, and 20% of the units shall have Project-Based Vouchers (PBV's) attached at 50% AMI. The Property shall be occupied by such households where the household income limits do not exceed the above limits. The term "affordable" shall mean that no more than 30% of the household's gross income is paid for housing costs. These restrictions shall be established in the deed of trust for the General Partnership Loan and by a recorded regulatory agreement and shall be in place and run with the land of the Property for at least 30 years.
- 8) And the following conditions are required for loan closing and release of funds:
 - a. **Loan Terms.** Loan will (1) not exceed \$2,009,942, (2) the loan will have an interest rate of no less than 2% per annum or a maximum rate of AFR, and (3) the payment of all principal and interest (which shall accrue) will be deferred for 30 years (or such other term as is coterminous with the

primary loan or such longer term as may be required by the investor limited partner) but will become due and payable upon transfer of all or any part of the Property without the prior approval of the FCRHA, refinancing, or failure to comply with the General Partnership or loan document requirements. *Although the principal and interest are deferred, the loan from the FCRHA will be a cash flow loan which means that, should there be cash flow, it will get applied first to the accrued interest and then to the principal.* The annual loan payments shall be payable only from the cash flow remaining after payment of the deferred developer's fee in full, the Partnership Management Fee, and payment of the Housing Blueprint loan. During the loan term, refinancing may occur at the discretion of the FCRHA and as allowed by FCRHA policies. Borrower will provide satisfactory construction commitments prior to closing.

- b. **Lien Position.** The General Partnership Loan is anticipated to be secured by a Deed of Trust in Third lien position encumbering the Property, subject to the first priority Deed of Trust securing the primary loan and the second Deed of Trust securing the Housing Blueprint Loan.
- c. **Title.** Borrower will provide (1) satisfactory title and judgment search of Property and (2) satisfactory lender's title insurance commitments for the benefit of the FCRHA including, among other things, affirmative mechanics lien coverage, as prepared by a title company selected by the FCRHA.
- d. **Loan Documentation.** All senior loans and all General Partnership Loan terms and any lease agreement terms, conditions, and documentation shall be acceptable to the FCRHA's authorized negotiator/representative and its counsel.
- e. **Conditions to Disburse Funds.** The General Partnership Loan closing and disbursement of funds will take place only with the approval of any Assistant Secretary of the FCRHA.
- f. **Other Conditions to Close.** Closing will not take place until the following have been accomplished in form and substance acceptable to HCD on behalf of the FCRHA:
 - i. Appraisal accepted and approved by HCD staff.
 - ii. Environmental reviews accepted and approved by HCD staff.
Physical Needs Assessment acceptable and approved by HCD staff.
 - iii. Market Study accepted and approved by HCD staff.
 - iv. Relocation Plan reviewed and approved by HCD Staff.
 - v. Reservation of all needed low-income housing tax credits.
 - vi. Primary loan commitment from a third party lender for both construction and permanent financing.
 - vii. Commitment from tax credit investor.
 - viii. Final underwriting by the HCD Staff.
 - ix. Zoning letter issued by the Fairfax County Department of Planning and Zoning with respect to the Property and the Murraygate Project.
 - x. Other factors as deemed necessary to protect the interest of the FCRHA and Fairfax County.

- g. Note:**
 - i. The lien position is subject to the satisfaction of the senior lender and tax credit investors.
 - ii. Any savings in the development budget, at the discretion of the FCRHA and provided it does not impact the tax credit basis, will be used to reduce the General Partnership Loan.

ADMINISTRATIVE – 1

RESOLUTION NUMBER 42-15: Approval to Submit Comments to U.S. Department of Housing and Urban Development (HUD) on Proposed Rule Concerning Smoke-Free Public Housing

ISSUE:

The Fairfax County Redevelopment and Housing Authority (FCRHA) is requested to approve the submission of comments to HUD on the proposed rule on no smoking policies at federal Public Housing properties.

RECOMMENDATION:

At its December 2, 2015 meeting, the FCRHA Housing Ownership, Management, and Security (HOMS) Committee reviewed draft comments prepared by Department of Housing and Community Development staff regarding HUD's proposed rule concerning smoke-free public housing. The Committee provided significant input and asked that revised comments (Attachment 2) be brought back to the full FCRHA for approval to submit on the FCRHA's behalf.

TIMING:

Immediate. The due date for submission of public comments to HUD is January 19, 2016.

RELATION TO FCRHA STRATEGIC PLAN:

This item supports action that meets the FCRHA Strategic Plan to provide high-quality, safe, decent housing for tenants of FCRHA properties.

BACKGROUND:

On November 12, 2015, HUD announced a proposed rule to make the nation's public housing properties entirely smoke-free. HUD's proposed rule would require more than 3,100 Public Housing Agencies (PHAs) across the country to implement smoke-free policies in their developments within 18 months of the final rule. (See Attachment 3 for proposed rule.)

Under HUD's proposed rule, PHAs must implement a policy prohibiting lit tobacco products (cigarettes, cigars or pipes) in all living units, indoor common areas, administrative offices and all outdoor areas within 25 feet of housing and administrative office buildings. Not included in the proposed rule is the prohibition of electronic nicotine delivery services (ENDS), like e-cigarettes, or waterpipe tobacco smoking, also known

as hookahs. HUD is seeking additional comments to determine whether the final rule should prohibit these items as well.

The FCRHA has already taken steps in this direction through the implementation of a “pilot” no-smoking policy, which is in the process of being implemented this year at four FCRHA-owned properties in the Fairfax County Rental Program. The four properties are: Little River Glen Senior Residences and Olley Glen Senior Residences (Braddock District); Castellani Meadows townhouse community (Sully District); and Hopkins Glen apartment community (Providence District). The proposed rule would affect the FCRHA’s federal Public Housing properties, with the exception of the mixed finance properties that are part of The Green Limited Partnership (West Glade, 26 units; Coppermill, 4 units; Monroe Chase, 3 units; Virginia Station, 6 units; and Walney Oaks, 6 units; and Woodland Glen, 5 units) and Tavenner Lane (12 units).

The proposed rule is open for public comment through January 19, 2016. HUD is requesting that all interested persons submit comments electronically at www.regulations.gov [FR 5597-P-02 Instituting Smoke- Free Public Housing]. Comments can also be submitted by mail to the Regulations Divisions, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410.

Highlights of Proposed Rule

- The policy would prohibit lit tobacco products in all living units, indoor common areas in public housing and in PHA administrative office buildings. Lit tobacco products refer to those that involve the ignition and burning of tobacco leaves, such as cigarettes, cigars, and pipes.
- The proposed rule would require smoke-free policies to extend to all outdoor areas up to 25 feet from housing and administrative office buildings (restricted areas). PHAs may, but would not be required to, further limit smoking to outdoor dedicated smoking areas outside the restricted areas, create additional restricted areas in which smoking is prohibited, or, alternatively, make their entire grounds smoke-free. *(Not included in the proposed rule is the prohibition of electronic nicotine delivery services (ENDS), like e-cigarettes, or waterpipe tobacco smoking, also known as hookahs.)*
- HUD is proposing to require PHAs to implement smoke-free policies within public housing except for dwelling units in a mixed-finance project. Public housing is defined as low-income housing, and all necessary appurtenances (e.g., community facilities, public housing offices, day care centers, and laundry rooms) thereto, assisted under the U.S. Housing Act of 1937 (the 1937 Act), other than assistance under section 8 of the 1937 Act. While the smoke-free policy will also apply to scattered sites and single family properties, this requirement would not extend to public housing units that are part of a mixed-finance project because the PHA may not be the primary owner, and non-public housing units may be contained within the building.

- The proposed rule would require the prohibition on indoor smoking and smoking in restricted areas to be included in a tenant's lease. This would be done either through an amendment process or as tenants renew their leases annually. By including the smoking prohibition in the lease, PHAs would be allowed to use enforcement mechanisms already in place and provide an additional notification of the policy to the tenant.
- Under the proposed rule, PHAs would have 18 months from the effective date of the final rule to establish compliant smoke-free policies. PHA plans would need to be updated to reflect the smoke-free policy, and PHAs would be required to conduct resident engagement, to hold any public meetings that are required to amend their PHA plans, and to incorporate the required new lease provisions during tenants' recertifications or at a date before the policy is fully effective. PHAs with existing smoke-free policies would have this time to review their policies to ensure that they are in compliance with the final rule.
- Tenants with mobility impairments or mental disabilities may seek a reasonable accommodation if they are unable to access non-restricted areas to smoke. Requests for reasonable accommodation must at least be considered, and granted in appropriate circumstances. The Office of Fair Housing and Equal Opportunity (FHEO) would develop guidance on accommodating persons with a disability related to smoke-free housing. HUD is seeking comments to inform that guidance.

FISCAL IMPACT:

None

ENCLOSED DOCUMENTS:

Attachment 1: Resolution Number 42-15

Attachment 2: Proposed Comments on HUD Proposed Rule on Making Public Housing Smoke-Free

Attachment 3: Proposed Rule: Instituting Smoke-Free Public Housing

STAFF:

Tom Fleetwood, Acting Director, Department of Housing and Community Development (HCD)

Robert Easley, Deputy Director, Operations, HCD

Leo Leduc, Director, Property Management Division (PMD), HCD

Stephen Knippler, Senior Program Manager, FCRHA Policy, Reporting and Communications Division, HCD

RESOLUTION NUMBER 42-15

Approval to Submit Comments to U.S. Department of Housing and Urban Development
(HUD) on Proposed Rule Concerning Smoke-Free Public Housing

BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) approves the submission of comments to HUD on the proposed rule concerning smoke-free public housing, as presented to the FCRHA at its meeting on December 10, 2015.

Proposed Comments on HUD Proposed Rule on Making Public Housing Smoke-Free

- When implementing this policy, it may be helpful for the U.S. Department of Housing and Urban Development (HUD) to provide local Public Housing Agencies (PHAs) case studies and best practices of other PHAs (of all different sizes) that have effectively implemented non-smoking initiatives to serve as models to others. The Fairfax County Redevelopment and Housing Authority (FCRHA) is in the process of implementing its pilot non-smoking policy in its non-federally subsidized properties and would be pleased to share its experiences so far.
- The proposed rule would require smoke-free policies to extend to all outdoor areas up to 25 feet from housing and administrative office buildings (restricted areas). It is requested that the required distance be extended to either 40 or 50 feet, when possible given building location, open space availability, etc.
- Information should be provided by HUD as to whether this rule would apply to properties that are converting from public housing to federal Section 8 subsidies under the Rental Assistance Demonstration (RAD) program.
- Under the proposed rule, PHAs would have 18 months from the effective date of the final rule to establish compliant smoke-free policies. This seems too short a time for PHAs to implement such policies for all of their properties. It is requested that more time be provided or that exemptions be permitted under certain conditions. For example, time is required for PHAs to put in smoking shelters and the time required to complete the process (obtaining permits, finalizing construction contracts, etc.) may exceed the 18-month deadline.
- It is requested that HUD consider ways to encourage regional collaboration among PHAs to create consistency in their smoke-free policies.
- Not included in the proposed rule is the prohibition of electronic nicotine delivery services (ENDS), like e-cigarettes, or waterpipe tobacco smoking, also known as hookahs. It is recommended that these other types of smoking not be exempted.
- Implementation of smoke-free policies raises the question of what will be done with persons who state that they do not want to live at the property because of such policies, or persons with physical or mental disabilities that may preclude them from complying with the policies. It is requested that HUD provide further guidance and information on this issue.

Proposed Rule: Instituting Smoke-Free Public Housing

**THIS PROPOSED RULE IS PENDING PUBLICATION IN THE FEDERAL REGISTER. PUBLICATION
IN THE FEDERAL REGISTER WILL COMMENCE THE PUBLIC COMMENT PROCESS**

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

24 CFR Parts 965 and 966

**[Docket No. FR 5597-P-02]
RIN 2577-AC97**

Instituting Smoke-Free Public Housing

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Proposed rule.

SUMMARY: This proposed rule would require each public housing agency (PHA) administering public housing to implement a smoke-free policy. Specifically, this rule proposes that no later than 18 months from the effective date of the final rule, each PHA must implement a policy prohibiting lit tobacco products in all living units, indoor common areas in public housing, and in PHA administrative office buildings (in brief, a smoke-free policy for all public housing indoor areas). The smoke-free policy must also extend to all outdoor areas up to 25 feet from the housing and administrative office buildings. HUD proposes implementation of smoke-free public housing to improve indoor air quality in the housing, benefit the health of public housing residents and PHA staff, reduce the risk of catastrophic fires, and lower overall maintenance costs.

DATES: Comment Due Date: **[INSERT DATE 60 DAYS AFTER DATE OF
PUBLICATION IN THE FEDERAL REGISTER].**

ADDRESSES: Interested persons are invited to submit comments regarding this proposed rule. All communications must refer to the above docket number and title. There are two methods for submitting public comments.

1. Submission of Comments by Mail. Comments may be submitted by mail to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street SW, Room 10276, Washington, DC 20410–0500.

2. Electronic Submission of Comments. Interested persons may submit comments electronically through the Federal eRulemaking Portal at www.regulations.gov. HUD strongly encourages commenters to submit comments electronically. Electronic submission of comments allows the commenter maximum time to prepare and submit a comment, ensures timely receipt by HUD, and enables HUD to make comments immediately available to the public. Comments submitted electronically through the www.regulations.gov website can be viewed by other commenters and interested members of the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Note: To receive consideration as public comments, comments must be submitted through one of the two methods specified above. Again, all submissions must refer to the docket number and title of the rule.

No Facsimile Comments. Facsimile (fax) comments are not acceptable.

Public Inspection of Public Comments. All properly submitted comments and communications submitted to HUD will be available for public inspection and copying between 8 a.m. and 5 p.m., weekdays, at the above address. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at 202–708–3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the toll-free Federal Relay Service at 800–877–8339. Copies of all comments submitted are available for inspection and downloading at www.regulations.gov.

FOR FURTHER INFORMATION CONTACT: Leroy Ferguson, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Washington, DC 20410-0500; telephone number 202-402-2411 (this is not a toll-free number). Persons who are deaf or hard of hearing and persons with speech impairments may access this number through TTY by calling the toll-free Federal Relay Service at 800-877-8339.

SUPPLEMENTARY INFORMATION:

I. Executive Summary

A. Purpose of the Proposed Rule

The purpose of the proposed rule is to require PHAs to, within 18 months of the final rule, establish a policy prohibiting lit tobacco products, as such term is proposed to be defined in § 965.653(c). inside all indoor areas of public housing, including but not limited to living units, indoor common areas, electrical closets, storage units, and PHA administrative office buildings and in all outdoor areas within 25 feet of the housing and administrative office buildings (collectively, “restricted areas”). As further discussed in this rule, such a policy is expected to improve indoor air quality in public housing, benefit the health of public housing residents and PHA staff, reduce the risk of catastrophic fires, and lower overall maintenance costs.

B. Summary of Major Provisions of the Proposed Rule

This proposed rule would apply to all public housing, other than dwelling units in mixed-finance buildings. PHAs would be required, within 18 months of the effective date of the final rule, to establish policies prohibiting lit tobacco products in all restricted areas. PHAs may, but would not be required to, further restrict smoking to outdoor dedicated smoking areas outside the restricted areas, create additional restricted areas in which smoking is prohibited (e.g., near a playground), or, alternatively, make their entire grounds smoke-free.

PHAs would also be required to document their smoke-free policies in their PHA plans, a process that requires resident engagement and public meetings. The prohibition on lit tobacco would also be included in a tenant's lease, which may be done either through an amendment process or as tenants renew their leases annually.

C. Costs and Benefits of this Proposed Rule

The costs to PHAs of implementing smoke-free policies may include training, administrative, legal, and enforcement costs. Of these costs, HUD expects that the expense of additional enforcement efforts may be the highest. The costs of implementing a smoke-free policy as proposed by this rule are minimized by the fact that HUD guidance already exists on many of the topics covered by the smoke-free policy proposed to be required by this rule; that hundreds of PHAs have already voluntarily implemented smoke-free policies; and that infrastructure already exists for enforcement of lease violations, and violation of the smoke-free policy would be a lease violation. In addition, time spent by PHA staff on implementing and enforcing the smoke-free policy will be partially offset by the time that staff no longer have to spend mediating disputes among residents over smoking in secondhand smoke infiltration within living units. Given the existing HUD guidance, initial learning costs associated with implementation of a smoke-free policy may not be significant. For the hundreds of PHAs that are already implementing voluntary smoke-free policies, there will be minimal costs for these PHAs, and, generally, only if their existing policies are not consistent with the minimum requirements for smoke-free policies proposed by this rule.

The benefits of smoke free policies, however, could be considerable. Over 700,000 units would be affected by this rule (including over 500,000 units inhabited by elderly households or households with a non-elderly person with disabilities), and their non-smoking residents would

have the potential to experience health benefits from a reduction of exposure to secondhand smoke. PHAs will also benefit from a reduction of damage caused by smoking, and residents and PHAs both gain from seeing a reduction in injuries, deaths, and property damage caused by fires.

Estimates of these and other rule-induced impacts are summarized in the following table:

Impact	Source	Amount (Discount Rates in Parentheses)
Cost (potentially recurring but concentrated during first few years of the rule's implementation)	PHA Compliance	\$3.2 million
Cost (recurring)	Smoker Inconvenience	\$209 million
Cost (recurring)	Enforcement	not quantified
Benefit (recurring)	PHA Reduced Maintenance	\$16 to \$38 million
Benefit (recurring)	PHA Reduced Fire Risk	\$32 million
Benefit (annualized over 10 to 50 years)	Non-Smoker Health	Less than: \$148 to \$447 million (3%) \$70 to \$137 million (7%)
Benefit (recurring)	Non-Smoker Well-Being (PHA residents who do not live in units with smokers)	\$96 to \$275 million
Benefit (recurring)	Smoker Health	not quantified
Partially Quantified Net Benefits (recurring)	See above	Less than: -\$19 to \$302 million (3%) -\$97 to -\$8 million (7%)

For additional details on the costs and benefits of this rule, please see the Regulatory Impact Analysis (RIA) for this rule, which can be found at www.regulations.gov, under the docket number for this rule. Information on how to view the RIA is included below.

II. Background

A. The Effects of Smoking on Health

Tobacco smoking has been determined to be a cause of diseases of nearly all organs in the body, and research continues to newly identify diseases caused by smoking, including diabetes mellitus, rheumatoid arthritis, and colorectal cancer. In addition to causing multiple

diseases and cancers, tobacco smoking has many other adverse effects on the body, including inflammation and impairment to the immune system.¹

Adverse effects of tobacco use are not limited to the smoker. The U.S. Surgeon General estimates that exposure to secondhand tobacco smoke (i.e., the smoke that comes from burning tobacco products and is exhaled by smokers) is responsible for the death of 41,000 adults non-smokers in the United States each year from lung cancer and heart disease.² Secondhand smoke (SHS) contains hundreds of toxic chemicals and is designated as a known human carcinogen by the U.S. Environmental Protection Agency, the U.S. National Toxicology Program, and the International Agency for Research on Cancer.³ Exposure to SHS can also cause sudden infant death syndrome and respiratory symptoms such as cough and wheeze, middle ear infections, and slowed lung growth and reduced lung function in children, and increased risk of stroke in adults.⁴ The Surgeon General has concluded that there is no risk-free level of exposure to SHS, and that eliminating smoking in indoor spaces fully protects nonsmokers from exposure to secondhand smoke. Separating smokers from nonsmokers, cleaning the air, and ventilating buildings cannot eliminate exposures of nonsmokers to secondhand smoke.⁵

The effects of SHS are especially damaging in children and unborn fetuses. The Surgeon General estimates that SHS is responsible for the death of hundreds of newborns from Sudden Infant Death Syndrome (SIDS) each year.⁶ Lead in SHS is also a significant source of lead in

¹ Office of the Surgeon General, “The Health Consequences of Smoking—50 Years of Progress,” (2014), available at <http://www.surgeongeneral.gov/library/reports/50-years-of-progress/full-report.pdf>.

² *Id.*

³ American Cancer Society, “Secondhand Smoke,” <http://www.cancer.org/cancer/cancercauses/tobaccocancer/secondhand-smoke>.

⁴ 2014 Surgeon General’s Report, footnote 1.

⁵ U.S. Dept. of Health and Human Services, “The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General,” (2006), available at <http://www.surgeongeneral.gov/library/reports/secondhandsmoke/fullreport.pdf>.

⁶ *Id.*

house dust and children's blood. The CDC confirmed the association between SHS exposure and blood-lead levels in youth and adults, concluding that youth with SHS exposure had blood lead levels high enough to result in adverse cognitive outcomes.⁷

Approximately half of the U.S. population is protected from SHS exposure through statewide, municipal, and federal laws prohibiting smoking in indoor areas of public places and worksites, including bars and restaurants. However, an estimated 58 million Americans remain exposed to secondhand smoke, including 15 million children ages 3 to 11. The home is the primary source of exposure for children.⁸ Because SHS moves throughout buildings, individuals living in multiunit housing can be exposed to SHS even if no one smokes in their households. Surveys of multiunit housing residents indicate that 26 to 64 percent of residents reported SHS incursions into their units from external sources (e.g., hallways or adjacent apartments), and 65 to 90 percent of the residents experiencing such incursions were bothered by them.⁹

The movement of contaminants from SHS within buildings has also been documented through direct measurements of fine particles (an environmental marker of SHS) in indoor air. SHS can move both from external hallways into apartments and between adjacent units.¹⁰ A study of public housing documented lower concentrations of SHS contaminants in buildings covered by smoke-free policies (i.e., policies prohibiting the smoking of tobacco products in all

⁷ Patricia Richter et al., "Trends in Tobacco Smoke Exposure and Blood Lead Levels Among Youth and Adults in the United States: The National Health and Nutrition Examination Survey, 1999-2008," *Preventing Chronic Disease*, (December 19, 2013), available at http://www.cdc.gov/pcd/issues/2013/pdf/13_0056.pdf.

⁸ 2006 Surgeon General's Report, footnote 5; David M. Homa et al., "Vital Signs: Disparities in Nonsmokers' Exposure to Secondhand Smoke—United States, 1999-2012," *Morbidity and Mortality Weekly Report* (February 6, 2015), available at http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6404a7.htm?s_cid=mm6404a7_w.

⁹ Kimberly Snyder et al., "Smoke-free Multiunit Housing: A Review of the Scientific Literature," *Tobacco Control* (2015), available at <http://tobaccocontrol.bmj.com/content/early/2015/01/07/tobaccocontrol-2014-051849.short?rss=1>.

¹⁰ Brian A. King et al., "Secondhand Smoke Transfer in Multiunit Housing," *12 Nicotine and Tobacco Research* 1133 (2010), available at <http://ntr.oxfordjournals.org/content/12/11/1133>.

indoor spaces) compared to buildings without these policies.¹¹ Analysis of data from the National Health and Nutrition Examination Survey (NHANES) demonstrated evidence of greater SHS exposure among children (aged 6 to 18) living in multiunit housing through measurements of cotinine (a metabolite of nicotine) in their blood.¹² The study demonstrated that children living in non-smoking households in apartments had 45 percent higher levels of cotinine in their blood compared to children living in non-smoking households in detached homes. CDC researchers analyzed NHANES data over the period from 1999-2012 and reported that one of four nonsmokers (approximately 58 million people) continue to be exposed to SHS, with the highest exposures among children, non-Hispanic blacks, renters, and those living in poverty.¹³

The Surgeon General concluded in 2006 that separating smokers and nonsmokers, building ventilation, and cleaning the air cannot eliminate exposure to SHS; that can only be accomplished by eliminating smoking from indoor spaces.¹⁴

B. The Financial Costs of Smoking

Beyond the increased costs associated with higher healthcare expenses, tobacco smoking can have profound financial impacts on PHAs and owners of other multiunit properties. Smoking is the leading cause of fire deaths in multiunit properties.¹⁵ In 2011, smoking caused 17,600 residential fires resulting in 490 civilian deaths, 1,370 injuries, and \$516 million in direct

¹¹ Elizabeth T. Russo, et al., “Comparison of Indoor Air Quality in Smoke-Permitted and Smoke-Free Multiunit Housing: Findings from the Boston Housing Authority,” 10 *Nicotine and Tobacco Research* 1093 (2014), available at http://ntr.oxfordjournals.org/content/early/2014/08/25/ntr.ntu146.abstract?utm_source=rss&utm_medium=rss&utm_campaign=comparison-of-indoor-air-quality-in-smoke-permitted-and-smoke-free-multiunit-housing-findings-from-the-boston-housing-authority.

¹² Karen M. Wilson et al., “Tobacco-Smoke Exposure in Children Who Live in Multiunit Housing,” 127 *Pediatrics* 85 (2011), available at <http://pediatrics.aappublications.org/content/127/1/85.full.pdf+html>.

¹³ David M. Homa et al., “Disparities in Nonsmokers Exposure to Secondhand Smoke in the United States, 1999-2012,” *Mortality and Morbidity Weekly Report, Early Release*, 64 (February 3, 2015), available at <http://www.cdc.gov/mmwr/pdf/wk/mm64e0203a1.pdf>

¹⁴ U.S. Dept. of Health and Human Services. See footnote note 2.

¹⁵ U.S. Fire Administration, *Residential Structure and Building Fires*, http://www.usfa.fema.gov/downloads/pdf/publications/residential_structure_and_building_fires.pdf

property damage.¹⁶ Smoking is especially dangerous in units where a household member is receiving oxygen for medical purposes. Research conducted by the U.S. Fire Protection Association found that for fire deaths during the period from 2007-2011 in which oxygen administration equipment was cited as being involved in the ignition, 82 percent involved smoking materials as the heat source.¹⁷

Smoking is also associated with higher maintenance costs for landlords of multiunit housing. Smoking indoors increases the cost of rehabilitating a housing unit because of the need for additional cleaning, painting, and repair of damaged items at unit turnover compared to non-smoking units. The cost of cleaning and renovating a smoking unit adds up quickly, and smaller properties generally pay more per unit than larger properties when repairing smoking damage. A survey of public and subsidized housing managers found that the additional cost of rehabilitating the units of smokers averaged \$1,250 to \$2,955 per unit, depending on the intensity of smoking.¹⁸ A study conducted in California found that the owners of multiunit housing could save over \$18 million per year if the operators of all multiunit housing in the state adopted smoke-free building policies.¹⁹ Researchers from the CDC estimated that a nationwide smoke-free public housing policy would result in an estimated annual cost savings of \$152.91 million, including \$42.99 million in reduced renovation costs and \$15.92 million in averted fire losses.²⁰

¹⁶ Marty Ahrens, Ntl. Fire Protection Assn., "Home Structure Fires," (April 2013), available at <http://www.nfpa.org/~media/Files/Research/NFPA%20reports/Occupancies/oshomes.pdf>.

¹⁷ John R. Hall, Jr., Ntl. Fire Protection Assn., "The Smoking-Material Fire Problem," (July 2013), available at <http://www.nfpa.org/~media/Files/Research/NFPA%20reports/Major%20Causes/ossmoking.pdf>.

¹⁸ Ntl. Ctr. For Healthy Hsg., "Reasons to Explore Smoke-Free Housing," (Early Fall 2009), available at http://www.nchh.org/portals/0/contents/nchh_green_factsheet_smokefree.pdf.

¹⁹ Michael K. Ong et al, "Estimates of Smoking-Related Properties Costs in California Multiunit Housing," 102 Am J Public Health 490 (2012), available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3487653/>.

²⁰ Brian King et al., "National and State Cost Savings Associated With Prohibiting Smoking in Subsidized and Public Housing in the United States," Preventing Chronic Disease (October 2014), available at http://www.cdc.gov/pcd/issues/2014/pdf/14_0222.pdf.

Self-imposed rules prohibiting smoking in individual households (referred to as smoke-free home rules) are becoming increasingly common in the United States. CDC researchers found that the prevalence of smoke-free home rules among U.S. households increased from 43 percent in 1992-1993 to 83 percent in 2010-2011, including an increase among households with at least one adult smoker, implying that the smokers in these households agree to smoke outside of the home.²¹ Two national surveys discussed by the CDC researchers identified voluntary smoke-free home rules among residents of multiunit housing in over 70 percent of those surveyed. Additionally, CDC researchers, reviewing published studies, found that the majority of residents in multiunit housing expressed support for a complete smoke-free building policy in six of eight reviewed studies.²² The findings from these national and local surveys suggest that a smoke-free rule will be supported by a majority of public housing residents and will help those residents who already have a smoke-free home rule in place achieve the desired goal of eliminating the presence of SHS in their homes.

C. Moving to Smoke-Free Public Housing Units

HUD determined that the advantages of smoke-free housing policies were sufficient to warrant action by HUD to promote the voluntary adoption of smoke-free policies by PHAs and the owners/operators of federally subsidized multifamily properties. In 2009, HUD's Office of Public and Indian Housing published a notice that strongly encouraged PHAs to adopt smoke-free policies in at least some of the properties that they managed (this notice was reissued in

²¹ Brian A. King et al., "Prevalence of Smokefree Home Rules—United States, 1992-1993 and 2010-2011," *Morbidity and Mortality Weekly Report* (Sept. 5, 2014), available at <http://www.cdc.gov/mmwr/preview/mmwrhtml/mm6335a1.htm>.

²² Kimberly Snyder et al., *supra* note 9.

2012).²³ HUD's Office of Housing issued a similar program notice in 2010 that encouraged owners/operators of subsidized multifamily properties to adopt smoke-free policies (also reissued in 2012).²⁴ The notices describe the advantages of smoke-free policies, identify required and recommended actions in implementing smoke-free policies, and provide links to resources (e.g., smoking cessation assistance for residents). In June 2012, HUD published more detailed information on smoke-free housing policies for residents and the providers of subsidized housing, referred to as "smoke-free toolkits."²⁵

In October 2012, HUD also published a Federal Register notice that solicited feedback on the HUD's smoke-free housing initiative, specifically seeking information on topics such as best practices and practical strategies from housing providers who have implemented smoke-free policies, potential obstacles to policy implementation and how these could be overcome, suggestions for supporting housing providers and residents to facilitate policy implementation, and feedback from housing providers who have decided not to implement smoke-free policies.²⁶ HUD received many comments in response to this solicitation, largely from public health organizations and State and local health departments, expressing support for the concept and citing the great health risks posed by smoking and SHS.²⁷

In 2014, HUD released additional guidance for PHAs and owners/agents of subsidized multifamily properties on implementing smoke-free policies. This guidance incorporates some of

²³ PIH Notices 2009-21, "Non-Smoking Policies in Public Housing" and 2012-25, "Smoke-Free Policies in Public Housing", available at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/pih.

²⁴ Housing Notices 2010-21, "Optional Smoke-Free Housing Policy Implementation" and 2012-22, "Further Encouragement for O/As to Adopt Optional Smoke-Free Housing Policies," available at

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/notices/hsg.

²⁵ See: <http://portal.hud.gov/hudportal/HUD?src=/smokefreetoolkits1>.

²⁶ 77 FR 60712, "Request for Information on Adopting Smoke-Free Policies in PHAs and Multifamily Housing" (October 4, 2012).

²⁷ All public comments submitted on the October 4, 2012, notice can be found under docket 5597-N-01 in the www.regulations.gov portal at <http://www.regulations.gov/#!docketDetail;D=HUD-2012-0103>.

the feedback that HUD received from the 2012 Federal Register notice and includes summaries of interviews with nine early implementers of smoke-free housing policies, including administrators of public housing, subsidized multifamily housing, and market rate housing.²⁸ The guidance includes best practices around enforcement, especially graduated enforcement to assist residents with compliance and prevent evictions.

As a result of these combined actions, over 500 PHAs have implemented smoke-free policies in at least one of their buildings. While this voluntary effort has been highly successful, it has also resulted in a scattered distribution of smoke-free policies, with the greatest concentration in the Northeast, West, and Northwest, which also results in unequal protection from SHS for public housing residents. HUD recognizes that additional action is necessary to truly eliminate the risk of SHS exposure to public housing residents, reduce the risk of catastrophic fires, lower overall maintenance costs, and implement uniform requirements to ensure that all public housing residents are equally protected.

Therefore, HUD is proposing to require PHAs to implement smoke-free policies within public housing except for dwelling units in a mixed-finance project. Public housing is defined as low-income housing, and all necessary appurtenances (e.g., community facilities, public housing offices, day care centers, and laundry rooms) thereto, assisted under the U.S. Housing Act of 1937 (the 1937 Act), other than assistance under section 8 of the 1937 Act.

While the smoke-free policy will also apply to scattered sites and single family properties, this requirement would not extend to public housing units that are part of a mixed-finance project because the PHA may not be the primary owner, and non-public housing units may be contained within the building. While smoking in single family units does not lead to

²⁸ See: <http://portal.hud.gov/hudportal/documents/huddoc?id=SFGuidanceManual.pdf>.

smoke intrusion to adjacent units, the risk of fire and the increased unit turnover costs remain. Further, including all public housing units covered by this proposed rule means that all tenants will be treated equally and be subject to the same lease requirements. This prohibition on smoking would cover all types of lit tobacco products, including but not limited to cigarettes, cigars, and pipes. While the prohibition does not specifically cover waterpipe tobacco smoking (referred to as hookahs), such smoking involves lit charcoal and results in heating tobacco to temperatures high enough to produce secondhand smoke that contains harmful toxins.²⁹ For this reason, HUD is seeking comment on whether to include a prohibition on waterpipe tobacco in the final rule.

The prohibition on the use of lit tobacco products in this proposal does not include electronic nicotine delivery systems (ENDS), including electronic cigarettes (“e-cigarettes”). The absence of a prohibition on the use of e-cigarettes in this rule should not be read as an endorsement of e-cigarettes as an acceptable health alternative to cigarettes. The aerosol from ENDS typically contains nicotine derived from tobacco plants, and may contain other hazardous and potentially hazardous constituents such as formaldehyde and lead.³⁰ Accidental ingestion of nicotine liquid used in ENDS can cause acute nicotine toxicity in children, accounting for an increasing proportion of exposure calls to poison control centers.³¹ ENDS may also present an additional enforcement challenge for PHAs that are implementing smoke-free policies because the user may appear to be smoking a conventional cigarette. In light of growing health concerns

²⁹ See World Health Organization. Advisory note: waterpipe tobacco smoking: 2nd edition (2015), available at http://www.who.int/tobacco/publications/prod_regulation/waterpipesecondedition/en/.

³⁰ See Offerman, F.J. The hazards of e-cigarettes. June, 2014. ASHRAE Journal. See also National Institute for Occupational Safety and Health, “Promoting Health and Preventing Disease and Injury Through Workplace Tobacco Policies,” Current Intelligence Bulletin 67 (2015), available at http://www.cdc.gov/niosh/docs/2015-113/pdfs/fy15_cib-67_2015-113_v3.pdf.

³¹ CDC. Notes from the field: Calls to Poison Centers for Exposures to Electronic Cigarettes—United States, September 2010– February 2014. MMWR 2014;63:292-93.

regarding exposure to the aerosol of these products among non-users, especially children and pregnant women, HUD is seeking additional comments on the issue of ENDS, and may prohibit the use of these products in public housing in the final rule. HUD encourages PHAs that already have smoke-free policies to consider whether ENDS should be included in their smoke-free policies.

In proposing this policy, it is important for HUD to clarify that HUD's proposal does not prohibit individual PHA residents from smoking. PHAs should continue leasing to persons who smoke. This rule is not intended to contradict HUD's goals to end homelessness and help all Americans secure quality housing. Rather, HUD is proposing a prohibition on smoking inside public housing living units and indoor common areas, public housing administrative office buildings, public housing community rooms or community facilities, public housing day care centers and laundry rooms, in outdoor areas within 25 feet of the housing and administrative office buildings, and in other areas designated by a PHA as smoke-free (collectively, "restricted areas"). PHAs will have the discretion to establish outside designated smoking locations outside of the required 25 feet perimeter, which may include partially enclosed structures, to accommodate smoking residents, to establish additional smoke-free areas (such as around a playground), or, alternatively, to make their entire grounds smoke-free. In addition, section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act provides the participant the right to seek a reasonable accommodation, including requests from residents with mobility-impairment or mental disability. A request for a reasonable accommodation from an eligible participant must at least be considered, and granted in appropriate circumstances. To assist PHAs, HUD will work with its Office of Fair Housing and Equal Opportunity to develop guidance on accommodating persons with a disability related to smoke-free policies. The

guidance will be informed by comments on the proposed rule and issued in advance of the final rule.

The benefits of this proposed regulatory action may be substantial, and beneficiaries include both PHAs and residents of public housing. Over 700,000 units would be affected by this rule (including over 500,000 units inhabited by elderly households or households with a non-elderly person with disabilities), and their residents would have the potential to experience health benefits from a reduction of exposure to secondhand smoke. There are also over 775,000 children in these units. PHAs will benefit from a reduction of damage and renovation costs caused by smoking. Both residents and PHAs will gain from reducing deaths, injuries, and property damage caused by fires. The costs to PHAs of implementing the smoke-free policy proposed by this rule may include training, administrative, legal, and enforcement costs. Of these costs to PHAs, HUD expects that the expense of additional enforcement efforts may be the highest. The costs of implementing the smoke-free policy proposed by this rule are minimized by the fact that HUD guidance already exists on many of the topics covered by the proposed regulatory changes, and that over 500 PHAs have already implemented smoke-free policies. Given the existence of this HUD guidance, initial learning costs associated with implementation of a smoke-free policy as proposed by this rule may not be significant.

There may be costs to residents as a result of eviction, particularly for persons with disabilities, and especially those with mobility impairments. HUD recognizes that this rule could adversely impact those with mobility impairment or particular frailties that prevent them from smoking in designated areas. As mentioned above, HUD will develop guidance on reasonable accommodation, and HUD solicits public comment on how to mitigate these potential adverse impacts.

HUD recognizes that PHAs developing smoke-free housing policies may need technical assistance in writing the policies, engaging residents, and assisting residents who want to stop smoking. HUD will continue to provide free webinars and training sessions addressing these and related topics. PHAs are encouraged to work with their State HUD office, State and local tobacco prevention and cessation programs, state and community health organizations, and the Environmental Protection Agency's community-based asthma program network (www.asthmacommunitynetwork.org). CDC provides funding and technical assistance to State tobacco prevention and control programs and prevention and smoking cessation programs in every state and the District of Columbia (see http://www.cdc.gov/tobacco/stateandcommunity/tobacco_control_programs/ntcp/index.htm). Contact information for local organizations will be provided through HUD's website on a page dedicated to smoke-free resources that is under development.

D. Discussions with Stakeholders

In addition to the October 2012 Federal Register notice soliciting information on adopting smoke-free policies in HUD subsidized housing, in March 2015, HUD reached out to organizations representative of the interests and concerns of PHAs to solicit feedback on moving forward with smoke-free policies in public housing. The organizations expressed support for smoke-free policies but also requested that any regulations requiring smoke-free policies allow sufficient flexibility for PHAs to tailor such policies to their local conditions. In this rule, HUD has strived to provide such flexibility.

III. This Proposed Rule—Summary of Changes

Applicability (§ 965.651)

As stated above, this proposal would apply to all PHAs of any size and Moving-to-Work (MTW) agencies, but it would only apply to public housing, and would not apply to dwelling units in a mixed-finance project. Public housing is defined as low-income housing, and all necessary appurtenances (e.g., community facilities, public housing offices, day care centers and laundry rooms) assisted under the U.S. Housing Act of 1937 (the 1937 Act), other than assistance under section 8 of the 1937 Act.

Requirements (§ 965.653)

In § 965.653, HUD provides that a PHA's smoke-free policy must prohibit all "lit tobacco products." HUD proposes to define "lit tobacco products" as all lit tobacco products that involve the ignition and burning of tobacco leaves such as cigarettes, cigars, and pipes. HUD is proposing to require that PHAs prohibit all lit tobacco products not only in dwelling units, but also within indoor common areas and in outdoor areas within 25 feet of the housing and any PHA administrative office buildings (the "restricted areas"). Outside of these areas, PHAs would be permitted to limit smoking to outdoor designated smoking areas, which may include partially enclosed structures to accommodate residents who smoke, or, alternatively, to make their entire grounds smoke-free. PHAs that are not making the entire grounds smoke-free are encouraged to work with their residents to identify outdoor designated smoking areas that are accessible within the grounds of the public housing or administrative office buildings, that are not frequented by children (e.g., not a playground), and that are situated in a way that minimizes nonsmoking residents' exposure to secondhand smoke. While not required, a designated smoking area with shade and benches may assist residents with compliance.

Implementation (§ 965.653)

HUD is proposing to provide PHAs 18 months from the effective date of the final rule to implement smoke-free public housing, as proposed by this rule. HUD believes that 18 months will provide PHAs sufficient time to conduct resident engagement, to hold any public meetings that are required to amend their PHA plans, and to incorporate the required new lease provisions during tenants' recertifications or at a date before the policy is fully effective. PHAs that already have a smoke-free policy in effect will be required to review their existing policies for compliance with the requirements of this rule, as presented in the final rule, and amend their policies as necessary in the same timeframe of 18 months from the effective date of the final rule in order to implement smoke-free public housing, consistent with the requirements of the final rule.

In addition, HUD is proposing to require PHAs to amend their PHA plans to incorporate the smoke-free policy. If the PHA determines the imposition of a smoke-free policy is a significant amendment to the PHA plan, the PHA must conduct public meetings in accordance with standard PHA Plan amendment procedures, and these meetings must be held in accessible buildings and provided in accessible formats, as necessary, for persons with disabilities and those who are limited in English proficiency. HUD would recommend that all PHAs conduct meetings with residents to fully explain the smoke-free building requirements and to best determine which outside areas, if any, to designate as smoking areas and to accommodate the needs of all residents.

Lease Provisions (§ 966.4)

HUD believes that the best way to implement smoke-free policies is to incorporate the prohibition on indoor smoking in the leases each tenant must sign. This will allow PHAs to use enforcement mechanisms already in place and provide an additional notification of the policy to

tenants. HUD expects PHAs to follow the PIH administrative grievance procedures during enforcement of their smoke-free housing policies. Because some tenants may not be recertified before the policy takes effect, PHAs may require that all remaining leases be amended, or may establish their own schedule for lease amendments, provided that all leases are amended by the effective date of the policy.

IV. Specific Questions for Comments

While HUD welcomes comments on all aspects of this proposed rule, HUD is seeking specific comment on the following questions:

1. What barriers that PHAs could encounter in implementing smoke-free housing? What costs could PHAs incur? Are there any specific costs to enforcing such a policy?
2. Does this proposed rule adequately address the adverse effects of smoking and secondhand smoke on PHAs and PHA residents?
3. Does this proposed rule create burdens, costs, or confer benefits specific to families, children, persons with disabilities, owners, or the elderly, particularly if any individual or family is evicted as a result of this policy?
4. For those PHAs that have already implemented a smoke-free policy, what exceptions to the requirements have been granted based on tenants' requests?
5. For those PHAs that have already implemented a smoke-free policy, what experiences, lessons, or advice would you share based on your experiences with implementing and enforcing the policy?
6. For those PHAs that have already implemented a smoke-free policy, what tobacco cessation services were offered to residents to assist with the change? Did you establish partnerships with external groups to provide or refer residents to these services?

7. Are there specific areas of support that HUD could provide PHAs that would be particularly helpful in the implementation of the proposed rule?

8. Should the policy extend to electronic nicotine delivery systems, such as e-cigarettes?

9. Should the policy extend to waterpipe tobacco smoking? Does such smoking increase the risk of fire or property damage?

V. Findings and Certifications

Executive Order 12866, Regulatory Planning and Review

The Office of Management and Budget (OMB) reviewed this proposed rule under Executive Order 12866 (entitled “Regulatory Planning and Review”). OMB determined that this rule was economically significant under the order. The docket file is available for public inspection in the Regulations Division, Office of General Counsel, U.S. Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC, 20410-0500. The initial Regulatory Impact Analysis (RIA) prepared for this rule is also available for public inspection in the Regulations Division and may be viewed online at www.regulations.gov, under the docket number above, or on HUD’s website at http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/ia/. Due to security measures at the HUD Headquarters building, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at (800) 877-8339.

Information Collection Requirements

The information collection requirements contained in this proposed rule have been submitted to the Office of Management and Budget (OMB) under the Paperwork Reduction Act

of 1995 (44 U.S.C. 3501–3520) and assigned OMB control number 2577-0226. In accordance with the Paperwork Reduction Act, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information, unless the collection displays a currently valid OMB control number.

Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) establishes requirements for federal agencies to assess the effects of their regulatory actions on state, local, and tribal governments and the private sector. This rule will not impose any federal mandates on any state, local, or tribal governments or the private sector within the meaning of UMRA.

Environmental Review

A Finding of No Significant Impact with respect to the environment has been made in accordance with HUD regulations in 24 CFR part 50 that implement section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)). The Finding is available for public inspection during regular business hours in the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 7th Street, SW, Room 10276, Washington, DC 20410–0500. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the Finding by calling the Regulations Division at 202–708–3055 (this is not a toll-free number). Individuals with speech or hearing impairments may access this number via TTY by calling the Federal Relay Service at 800–877–8339.

Impact on Small Entities

The Regulatory Flexibility Act (RFA) (5 U.S.C. 601 *et seq.*), generally requires an agency to conduct a regulatory flexibility analysis of any rule subject to notice and comment rulemaking requirements unless the agency certifies that the rule will not have a significant

economic impact on a substantial number of small entities. This rule prohibits smoking of tobacco in all indoor areas of and within 25 feet of any public housing and administrative office buildings for all PHAs, regardless of size.

There are 2334 “small” PHAs (defined as PHAs with fewer than 250 units), which make up 75 percent of the public housing stock across the country. Of this number, approximately 378 have already instituted a voluntary full or partial policy on indoor tobacco smoking.

HUD anticipates that implementation of the policy will impose minimal additional costs, as creation of the smoke-free policy only requires amendment of leases and the PHA plan, both of which may be done as part of a PHA’s normal course of business. Additionally, enforcement of the policy will add minimal incremental costs, as PHAs must already regularly inspect public housing units and enforce lease provisions. Any costs of this rule are mitigated by the fact that PHAs have up to 18 months to implement the policy, allowing for costs to be spread across that time period.

While there are significant benefits to the smoke-free policy requirement, the majority of those benefits accrue to the public housing residents themselves, not to the PHAs. PHAs will realize monetary benefits due to reduced unit turnover costs and reduced fire and fire prevention costs, but these benefits are variable according to the populations of each PHA and the PHA’s existing practices.

Finally, this rule does not impose a disproportionate burden on small PHAs. The rule does not require a fixed expenditure; rather, all costs should be proportionate to the size of the PHA implementing and enforcing the smoke-free policy.

Therefore, the undersigned certifies that this rule will not have a significant impact on a substantial number of small entities.

Notwithstanding HUD's view that this rule will not have a significant effect on a substantial number of small entities, HUD specifically invites comments regarding any less burdensome alternatives to this rule that will meet HUD's objectives as described in the preamble.

Executive Order 13132, Federalism

Executive Order 13132 (entitled "Federalism") prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial direct compliance costs on state and local governments or is not required by statute, or the rule preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive Order. This final rule does not have federalism implications and does not impose substantial direct compliance costs on state and local governments nor preempt state law within the meaning of the Executive Order.

Catalog of Federal Domestic Assistance

The Catalog of Federal Domestic Assistance number for the Public Housing program is 14.872.

List of Subjects

24 CFR Part 965

Government procurement, Grant programs-housing and community development, Lead poisoning, Loan programs-housing and community development, Public housing, Reporting and recordkeeping requirements, Utilities

24 CFR Part 966

Grant programs-housing and community development, Public housing, Reporting and recordkeeping requirements

Accordingly, for the reasons stated in the preamble, HUD proposes to amend 24 CFR parts 965 and 966 as follows:

PART 965 – PHA-OWNED OR LEASED PROJECTS—GENERAL PROVISIONS

1. The authority citation for 24 CFR part 965 continues to read as follows:

Authority: 42 U.S.C. 1547, 1437a, 1437d, 1437g, and 3535(d). Subpart H is also issued under 42 U.S.C. 4821-4846.

2. Add subpart G to read as follows:

Subpart G—Smoke-Free Public Housing

965.651 Applicability

965.653 Smoke-free public housing

965.655 Implementation

Subpart G – Smoke-Free Public Housing

§ 965.651 Applicability.

This subpart applies to public housing units, except for dwelling units in a mixed-finance project. Public housing is defined as low-income housing, and all necessary appurtenances (e.g., community facilities, public housing offices, day care centers, and laundry rooms) thereto, assisted under the U.S. Housing Act of 1937 (the 1937 Act), other than assistance under section 8 of the 1937 Act.

§ 965.653 Smoke-free public housing.

(a) In general. PHAs must design and implement a policy prohibiting the use of lit tobacco products in all public housing living units and interior common areas (including but not limited to hallways, rental and administrative offices, community centers, day care centers, laundry centers, and similar structures), as well as in outdoor areas within 25 feet from public housing and administrative office buildings (collectively, “restricted areas”) in which public housing is located.

(b) Designated smoking areas. PHAs may limit smoking to designated smoking areas on the grounds of the public housing or administrative office buildings, which may include partially enclosed structures, to accommodate residents who smoke. These areas must be outside of any restricted areas, as defined in paragraph (a) of this section. Alternatively, PHAs may choose to create additional smoke-free areas outside the restricted areas or to make their entire grounds smoke-free.

(c) Lit tobacco products. Lit tobacco products are those that involve the ignition and burning of tobacco leaves, such cigarettes, cigars, and pipes. A PHA’s smoke-free policy must, at a minimum, include a prohibition on the use of all lit tobacco products.

§ 965.655 Implementation.

(a) Amendments. PHAs are required to implement the requirements of this subpart by amending each of the following:

- (1) All applicable PHA plans, according to the provisions in 24 CFR part 903.
- (2) Tenant leases, according to the provisions of 24 CFR 966.4.

(b) Deadline. All PHAs must be in full compliance, with effective policy amendments, by [insert, at the final rule stage, the date that is 540 days after the effective date of the final rule].

PART 966 – PUBLIC HOUSING LEASE AND GRIEVANCE PROCEDURE

3. The authority section for 24 CFR part 966 continues to read as follows:

Authority: 42 U.S.C. 1437d and 3535(d).

4. In § 966.4, revise paragraphs (f) (12) (i) and (ii) to read as follows:

§ 966.4 Lease Requirements.

* * * * *

(f) * * *

(12) * * *

(i) To assure that no tenant, member of the tenant's household, or guest engages in:

(A) Criminal activity. (1) Any criminal activity that threatens the health, safety or right to peaceful enjoyment of the premises by other residents;

(2) Any drug-related criminal activity on or off the premises; or

(B) Civil activity. For any units covered by 24 CFR part 965, subpart G, any smoking of lit tobacco products in restricted areas, as defined by 24 CFR 965.653(a), or in other outdoor areas that the PHA has designated as smoke-free.

(ii) To assure that no other person under the tenant's control engages in:

(A) Criminal activity. (1) Any criminal activity that threatens the health, safety or right to peaceful enjoyment of the premises by other residents;

(2) Any drug-related criminal activity on the premises; or

(B) Civil activity. For any units covered by 24 CFR part 965, subpart G, any smoking of lit tobacco products in restricted areas, as defined by 24 CFR 965.653(a), or in other outdoor areas that the PHA has designated as smoke-free.

* * * * *

Dated: October 22, 2015

/s/

Lourdes Castro Ramírez, Principal Deputy Assistant
Secretary for Public and Indian Housing

[FR-5597-P-02]

INFORMATION – 1

Fairfax County Redevelopment and Housing Authority Regular Meeting Summary –
October 29, 2015

On October 29, 2015, the Commissioners of the Fairfax County Redevelopment and Housing Authority (FCRHA) met in the FCRHA Board Room, One University Plaza, 4500 University Drive, Fairfax, Virginia.

Call to Order

FCRHA Chair Robert Schwaninger called the Meeting of the FCRHA to order at 7:00 p.m. FCRHA Commissioners present for a portion or all of the meeting were as follows: Robert Schwaninger, Matthew Bell, Robert C. Carlson, Christopher Craig, C. Melissa Jonas, Richard Kennedy, H. Charlen Kyle, Albert J. McAloon and Rod Solomon. Commissioners Willard Jasper and John Betts were absent.

Presentation

Briefing on Moving to Work Agreement Extension

At 7:00, Stephen Holmquist of Reno Cavanaugh, PLLC, gave a brief presentation on the Moving to Work Agreement Extension which included an overview of the most critical issues. A discussion followed with the presentation ending at 7:24.

Citizen Time

The FCRHA Chair opened Citizen Time at 7:24. No one had signed up in advance, and no one in the audience wanted to speak. Accordingly, the Chair closed Citizen Time at 7:24.

Approval of Minutes

September 17, 2015

Commissioner McAloon moved approval of the Minutes of the September 17, 2015 FCRHA Meeting, which Commissioner Kennedy seconded. The motion carried unanimously.

Information Items

4. Fiscal Year 2015 Moving to Work Annual Report – Brief Discussion

Action Items

Resolution Number 27-15 adopted

Approval of Non-Smoking Policy and Lease Addendum for certain Fairfax County Rental Program (FCRP) Properties (Braddock, Providence and Sully Districts)

Resolution Number 28-15 adopted Fairfax County Redevelopment and Housing Authority (FCRHA) Authorization to: 1) Substitute Fairfax County Housing and Community Development Corporation with FCRHA Housing Assistance Corporation as General Partner in the Stonegate Village (FCRHA/HCDC One) and Murraygate Village (FCRHA/HCDC Two) Limited Partnerships, and 2) Dissolve Fairfax County Housing and Community Development Corporation (Hunter Mill and Lee Districts)

Resolution Number 29-15 adopted Authorization to Apply to the U.S. Department of Housing and Urban Development (HUD) for Subsidy Conversion of Certain Public Housing Properties under the Rental Assistance Demonstration (RAD) (Lee District)

Information Items (Cont.)

5. Update on the Public Housing Subsidy Conversion through the Rental Assistance Demonstration (RAD) – Brief Discussion

Action Items (Cont.)

Resolution Number 30-15 adopted Award of \$1,905,383 in Federal HOME and CDBG Program Funds to Five Fairfax County Non-profit Housing Organizations

Resolution Number 31-15 adopted Authorization to Apply for and Accept Extraordinary Administrative Fees (EAF) from the U.S. Department of Housing and Urban Development (HUD) Veterans Affairs Supportive Housing (VASH) Program

Administrative Items

Resolution Number 32-15 adopted Adoption of Changes to the Fairfax County Redevelopment and Housing Authority (FCRHA) Purchasing Resolution to Conform to the Fairfax County Purchasing Resolution

Resolution Number 33-15 adopted Authorization to: 1) Release for Public Comment the Fairfax County Redevelopment and Housing Authority (FCRHA) Rental Assistance Demonstration-Specific Significant Amendment to the Moving to Work (MTW) Plan

for Fiscal Year 2016; and 2) Schedule a Public Hearing on the Significant Amendment

Resolution Number 34-15 adopted

Establishing the Schedule of Meeting Dates for 2016 for the Fairfax County Redevelopment and Housing Authority

Information Items (Cont.)

1. Fairfax County Redevelopment and Housing Authority Meeting Summary – September 17, 2015
2. Minutes of the Housing Ownership, Management, and Security Committee Meeting – October 21, 2015
3. Minutes of the Finance Committee Meeting – October 21, 2015
6. Exchange of Parking Spaces Between FCRHA-Owned Unit and First Time Homebuyer Owned Unit at Legato Corner Condominium (Springfield District)
7. Summary of the Board of Supervisors Housing Committee Meeting – September 29, 2015
8. Fairfax County Redevelopment and Housing Authority Calendar of Meetings – October and November 2015

Closed Session

Commissioner Carlson moved that the Fairfax County Redevelopment and Housing Authority (“FCRHA”) go into Closed Session for consultation with legal counsel, pursuant to the Virginia Freedom of Information Act (“VFOIA”). Commissioner Kennedy seconded the motion.

The motion carried and the FCRHA went into Closed Session at 7:56 p.m.

Open Session Resumes

Commissioner Carlson made a motion certifying that during Closed Session the members of the FCRHA only heard, discussed, or considered matters that were properly the subject of Closed Session pursuant to VFOIA. Commissioner McAloon seconded the motion, which unanimously passed.

The Open Meeting resumed at 8:36 p.m.

Resolutions

Resolution Number 35-15 adopted

Fairfax County Redevelopment and Housing Authority (FCRHA) Authorization to Bid at Foreclosure Sale on Silver Lining Initiative

FCRHA Agenda Item
December 10, 2015

Property at 4959 Americana Drive #202,
Annandale, VA 22003 (Braddock District)

Resolution Number 36-15 adopted

Fairfax County Redevelopment and Housing
Authority (FCRHA) Authorization to Bid at
Foreclosure Sale on Silver Lining Initiative
Property at 14876 Lambeth Square, Centreville,
VA 20120 (Sully District)

Board Matters

Adjournment

Commissioner Craig moved to adjourn the meeting at 8:47, which Commissioner Kennedy seconded. The motion passed unanimously.

ENCLOSED DOCUMENTS

None.

STAFF

Thomas Fleetwood, Acting Director, Department of Housing and Community Development (HCD)

INFORMATION - 2

Minutes of the Housing Ownership, Management, and Security Committee Meeting –
December 2, 2015

A meeting of the Fairfax County Redevelopment and Housing Authority (FCRHA) Housing Ownership, Management, and Security (HOMS) Committee was held on December 2, 2015, in the FCRHA Board Room, One University Plaza, Fairfax, Virginia 22030. Chairman Kennedy called the HOMS meeting to order at 5:30 p.m. The following Commissioners were present or absent:

Present

Richard Kennedy, Chair
Albert McAloon
Robert Schwaninger

Absent

Charlen Kyle

Also present for all or a portion of the meeting were: FCRHA Commissioners Matthew Bell and Robert C. Carlson. Department of Housing and Community Development (HCD) staff present at the HOMS Committee meeting were: Tom Fleetwood, Acting Director; Robert Easley, Deputy Director, Operations; Hossein Malayeri, Deputy Director, Real Estate, Finance and Development; Carol Erhard, Director, Homeownership and Relocation Division; Marijke Hannam, Director, Financial Management Division; Leo Leduc, Director, Property Management (PM) Division; Russell Lee, Director, Rental Services Division; Kris Miracle, Director, Administration Division; Aseem Nigam, Director, Real Estate, Finance and Grants Management Division; Nicole Wickliffe, Director, Asset Management Division; Toni Clemons-Porter, Associate Director, PM; Tony Esse, Associate Director, Design, Development and Construction Division; Debashish Chakravarty, Housing Community Developer IV, Real Estate, Finance and Grants Management Division; and Steve Knippler, Senior Program Manager, FCRHA Policy, Reporting and Communications Division.

Briefing/Discussion: Proposed HUD Proposed Rule Concerning Smoke-Free Public Housing; Suggested Comments

Committee Action: The HOMS Committee requested that the presentation be written as an Administrative Item and approved placing it on the December 10, 2015 FCRHA meeting agenda.

OTHER BUSINESS:

None.

FCRHA Agenda Item
December 10, 2015

ADJOURNMENT:

The HOMS Committee meeting adjourned at 6:10 p.m. The next meeting of the HOMS Committee will be Wednesday, January 20, 2016 at 5:30 p.m. in the FCRHA Board Room at One University Plaza, Fairfax.

ENCLOSED DOCUMENTS:

None.

STAFF:

Tom Fleetwood, Acting Director, Department of Housing and Community Development (HCD)

Robert Easley, Deputy Director, Operations, HCD

Russell Lee, Director, Rental Services Division, HCD

INFORMATION – 3

Minutes of the Finance Committee Meeting – December 2, 2015

A meeting of the Fairfax County Redevelopment and Housing Authority (FCRHA) Finance Committee was held on December 2, 2015 in the FCRHA Board Room, One University Plaza, Fairfax, Virginia 22030. Chairman Schwaninger called the meeting to order at 6:10 p.m. The following Commissioners were present or absent:

Present

Robert Schwaninger, Chair
Matthew Bell
Robert C. Carlson
Richard Kennedy

Absent

Christopher Craig

Also present for all or a portion of the meeting was FCRHA Commissioner Albert J. McAloon. Department of Housing and Community Development (HCD) staff present were: Thomas Fleetwood, Acting Director; Robert Easley, Deputy Director, Operations; Hossein Malayeri, Deputy Director, Real Estate, Finance and Development; Marijke Hannam, Director, Financial Management Division; Russell Lee, Director, Rental Services Division; Steve Knippler, Housing Community Developer IV, FCRHA Policy, Reporting and Communications; Aseem Nigam, Director, Real Estate Finance and Grants Management (REFGM); Debashish Chakravarty, Senior Real Estate Finance Officer, REFGM; Kris Miracle, Director, Administration Division; Carol Erhard, Director, Homeownership Division; Nicole Wickliffe, Director, Asset Management Division; and Tony Esse, Associate Director, Design, Development and Construction Division.

Action Item: Approval of Updated Financing Plan for the Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District).

Approval to (1) Issue a Request for Financial Services for First Lender (2) and Obtain a Loan from a Private Lender for the Purposes of Financing the Preservation and Rehabilitation of the Murraygate Village Apartments that shall be Secured by the Property in First Lien Position (Lee District).

Approval for Payment of a Negative Cash Balance in the Approximate Amount of \$261,152, from the FCRHA Operating Fund, for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District).

Approval to Assume an Existing \$500,000 FCRHA Loan and Extend the Maturity of the Loan to be Coterminous with the Housing Blueprint Loan (Lee District), for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District).

Approval to (1) Establish Murraygate Village Limited Partnership for the Purposes of Applying for and Syndicating Low-Income Housing Tax Credits (LIHTC); (2) Transfer the

Project from Fairfax County Redevelopment and Housing Authority/HCDC Two, L.P. to Murraygate Village Limited Partnership; (3) Issue a Request for Financial Services for a Syndicator for 9 Percent Low-Income Housing Tax Credits (LIHTC); and (4) Enter into an Amended and Restated Limited Partnership Agreement with Investor Limited Partner Chosen in Response to the Request for Financial Services (Lee District) for the Purposes of Preservation and Rehabilitation of the Murraygate Village Apartments (Lee District).

Committee Action: The Finance Committee reviewed this item and approved placing it on the December 10, 2015 FCRHA meeting agenda, with a recommendation for approval.

OTHER BUSINESS:

None.

ADJOURNMENT:

The Finance Committee meeting adjourned at 7:18 p.m. The next meeting of the Finance Committee will be Wednesday, January 20, 2016 at 5:30 p.m. in the FCRHA Board Room at One University Plaza, Fairfax.

ENCLOSED DOCUMENTS:

None.

STAFF:

Thomas Fleetwood, Acting Director, Department of Housing and Community Development (HCD)
Robert Easley, Deputy Director, Operations, HCD
Marijke Hannam, Director, Financial Management Division, HCD

INFORMATION – 4

FCRHA Strategic Plan: Status Report on Fiscal Year 2015 Action Plan

Attached is the Status Report on the Fiscal Year (FY) 2015 Fairfax County Redevelopment and Housing Authority (FCRHA) Strategic Plan Action Plan. Highlights of the FCRHA's accomplishments in FY 2015 include:

- Housing Blueprint: The FCRHA implemented the FY 2015 Housing Blueprint, which set specific goals in the areas of preventing and ending homelessness, providing affordable housing to persons with special needs, providing housing for low-income working families, and producing workforce housing. One of the key achievements under the Housing Blueprint in FY 2015 was the FCRHA's critical role in meeting the goals of Fairfax County's Ten-Year Plan to Prevent and End Homelessness. A total of 193 formerly homeless households received permanent housing in FY 2015. Of the 193 formerly homeless households provided with permanent housing, a total of 107 – or 55 percent – came from FCRHA or HCD resources.
- Moving to Work (MTW): In FY 2015, the FCRHA implemented several activities that required MTW flexibility. These activities included reducing the frequency of reexaminations for participants in the Public Housing and Housing Choice Voucher (HCV) programs, eliminating the Earned Income Disregard Calculation and beginning streamlined inspections of HCV units. The FCRHA also established a gateway for clients to move from Bridging Affordability to the HCV program.
- Bridging Affordability: Implementation of the Bridging Affordability program, which provides rental subsidies to homeless households and persons on the county's affordable housing waiting lists, continued in FY 2015. The program is operated by a collaborative of non-profit organizations, led by Northern Virginia Family Service (NVFS), under contract with Fairfax County. In FY 2014, a total of 75 new households were leased up under the program. The average income of all households under the program is \$18,020 or 17 percent of the Area Median Income (AMI) for a family of four.
- Affordable Housing Preservation: As of June 30, 2015, a total of 2,757 units had been preserved under the Board of Supervisors' Affordable Housing Preservation Initiative. A total of 56 affordable units/beds were preserved in FY 2015 via the financing of purchases by non-profit affordable housing providers; all properties will remain affordable for at least 30 years.
- Multifamily Rental Housing and Tenant Subsidy Programs: The FCRHA and HCD operate four principal affordable housing programs: the federal Public Housing and HCV programs, the Fairfax County Rental Program (FCRP) and Bridging Affordability. The average household income served in these programs in FY 2015

was \$24,190, or approximately 25 percent of the AMI for a family of three; this meets the federal definition of “extremely low income”. A total of 17,690 individuals were housed in the Public Housing, HCV, and FCRP programs in FY 2015.

- Rental Assistance Demonstration (RAD) Program: With Congress lifting the cap on RAD applications as of the end of FY 2015, the FCRHA’s RAD applications were considered. If successful, the RAD program would allow the FCRHA to convert several of its Public Housing units to federal Section 8 subsidies, providing significant benefits for both the residents and the FCRHA.

It should be noted that because many of the items in the FY 2015 Strategic Plan Action Plan are long-term projects, these items have been carried over into the FY 2016 Action Plan (adopted on February 19, 2015).

ENCLOSED DOCUMENTS:

Attachment: Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Plan - Action Plan

STAFF:

Thomas Fleetwood, Acting Director, Department of Housing and Community Development (HCD)
Stephen Knippler, Senior Program Manager, FCRHA Policy, Reporting and Communications Division, HCD

Attachment

FISCAL YEAR END STATUS REPORT
on the
FCRHA FY 2015 Strategic Plan – Action Plan

Presented to the Fairfax County Redevelopment and Housing Authority

Prepared by the Fairfax County Department of Housing and Community Development (HCD)

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

Abbreviations and Terms used in this document include:

ADU	Affordable Dwelling Unit
AMI	Area Median Income
BA	Bridging Affordability
CCFP	Consolidated Community Funding Pool
CDBG	Community Development Block Grant
CHDO	Community Housing Development Organization
CSB	Fairfax-Falls Church Community Services Board
ESG	Emergency Solutions Grant
FCRP	Fairfax County Rental Program
FHA	Federal Housing Administration
FUP	Family Unification Program
FY	Fiscal Year
HCD	Fairfax County Department of Housing and Community Development
HCV	Housing Choice Vouchers
HOME	HOME Investment Partnerships Program
HUD	U.S. Department of Housing and Urban Development
MIDS	Moderate Income Direct Sales
MTW	Moving to Work
PPEA	Virginia Public-Private Educational Facilities Infrastructure Act
RAD	Rental Assistance Demonstration
SEA	Special Exception Amendment
TBRA	Tenant Based Rental Assistance
THRIVE	T otal H ousing R einvention for I ndividual Success, V ital Services and E conomic Empowerment
VASH	Veterans Affairs Supportive Housing
VHDA	Virginia Housing Development Authority
WDU	Workforce Dwelling Unit

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
100	<p>Preservation of affordable units: Preservation of affordable housing both in rental complexes and in scattered sites consistent with the metrics of the FY 2015 Housing Blueprint. Assist private partners in financing acquisition of approximately 160 units to serve a range of incomes, from extremely low-income (30 percent of Area Median Income (AMI) and below) through workforce. (Countywide)</p>	<p>Ongoing. As of the end of FY 2015, a total of 2,757 units have been preserved under the Board of Supervisors' Affordable Housing Preservation initiative. In FY 2015, the Fairfax County Department of Housing and Community Development (HCD) and the Fairfax County Redevelopment and Housing Authority (FCRHA) used HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG) funds to preserve a total of 56 units/beds via the financing of purchases by non-profit affordable housing providers. All non-profit units/beds preserved during FY 2015 have affordability periods of a minimum of 30 years. Highlights of the FCRHA's preservation and other affordable housing activities in FY 2015 include:</p> <ol style="list-style-type: none"> 1. <i>Good Shepherd Housing and Family Services; scattered sites; three (3) units; Mount Vernon District:</i> The FCRHA provided financing in the amount of \$449,377 from CDBG (awarded under the Consolidated Community Funding Pool (CCFP)) and HOME (awarded under the CHDO set-aside) to Good Shepherd Housing for the purchase and rehabilitation of three units. These units are used as affordable rental housing for families earning at or below 50 percent of AMI. 2. <i>Marian Homes; five (5) beds; Braddock District:</i> The FCRHA provided financing in the amount of \$510,000 from CDBG to Marian Homes for the purchase of a single-family home providing five (5) group home beds for residents with disabilities. All residents are at or below 30 percent of AMI and one resident is transitioning from the Northern Virginia Training Center. 3. <i>Cornerstones Housing Corporation; The Apartments at North Point; 48 Units; Hunter Mill District:</i> The FCRHA provided financing in the amount of \$1,631,180 from CDBG and HOME for the acquisition of a 48-unit apartment development, preserving the affordability of all 48 units, with 24 units for households earning at or below 50 percent of AMI and 24 units for households earning at or below 60 percent of AMI. <p>Construction was completed on <i>Kate's Place; six (6) units; Springfield District:</i> Kate's Place provides County-owned permanent supportive housing for chronically homeless families. The project was funded with funds from the</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
		<p>County's Housing Trust Fund and the federal HOME Program. Residents moved into the units in February 2015.</p> <p>In addition, in FY 2013, the FCRHA provided financing to <i>Community Havens, Inc.</i> in the amount of \$300,000 from CDBG for partial acquisition and design costs for the construction of an Intermediate Care Facility in the <i>Springfield District</i>. In FY 2015, the facility, which provides <i>six (6) group home beds</i> of affordable housing, was occupied by individuals with disabilities earning at or below 30 percent of AMI.</p> <p>See also Line 106 and Line 604.</p>
101	<p>Affordable Housing Partnership Program (AHPP) and Private Partner Affordable Housing Acquisition: Facilitate new housing production and preservation by non-profits and others. AHPP is the gateway to FCRHA Funds for developers of affordable housing. Identify and pursue opportunities to maximize leveraging of county funds for affordable housing, with a focus on achieving FY 2015 Housing Blueprint Metrics. Consistent with the FY 2015 Housing Blueprint metrics, provide financing to private partner(s) to acquire up to approximately 160 units using a variety of financing including Low-income Housing Tax Credits, local funding and private financing. See also Lines 100, 102, 103, and line 300.</p>	<p>Ongoing. See Line 100.</p>
102	<p>Workforce Housing: Implementation and management of the county's workforce housing policy.</p>	<p>Ongoing. As of the end of FY 2015, approximately 5,130 Workforce Dwelling Units (WDUs) had been committed by developers via approved rezoning actions. Out of the committed WDUs, a total of 316 rental workforce units had been constructed as of the end of FY 2015.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
103	<p>Ten-Year Plan to Prevent and End Homelessness: Consistent with the Ten-Year Plan and the FY 2015 Housing Blueprint, continue to identify opportunities to link affordable housing preservation activities with countywide homelessness plan.</p>	<p>Ongoing. The FCRHA continued to align its policy planning and activities with the Fairfax County Plan to Prevent and End Homelessness in Ten Years. A total of 193 formerly homeless households with and without children received permanent housing in FY 2015. Of the 193 formerly homeless households provided with permanent housing, a total of 107 - or 55 percent - were housed using FCRHA or HCD resources including the Veterans Affairs Supportive Housing Voucher program, Family Unification Program (FUP) vouchers, Bridging Affordability, and the new units at Kate's Place.</p>
104	<p>Bridging Affordability Program (BA): HCD will continue to administer the BA program. BA funds are provided to non-profits via a competitive process to provide rental subsidies and acquire units to serve homeless individuals and families, and households on the county's waiting lists for affordable housing.</p>	<p>Ongoing. The BA program is administered for Fairfax County by Northern Virginia Family Service (NVFS). Two contracts totaling \$12,846,662 have been awarded to NVFS. BA funds are for rental subsidies for eligible households that received BA Certificates in fiscal years 2014, 2015 and 2016. Certificates are used by BA participants to lease affordable housing units in Fairfax County.</p> <p>Number of new certificates issued (all BA populations): 101 Number of newly leased units (all BA populations): 75 Average annual income of newly leased (all BA populations): \$18,020 Average household size (all BA populations): 3 Total BA funding: \$12,846,662 has been awarded to the NVFS collaborative since June 1, 2011.</p> <p>A total of 443 households have been served (were interviewed, found eligible, received a BA housing certificate, and received housing location or case management services) since leasing began in FY 2012; of that total, 355 households leased units. The average household size over all years is four.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
105	Crescent Apartments: Private redevelopment of the 180-unit apartment complex acquired by Fairfax County in FY 2006, and coordination with Lake Anne revitalization area. (Hunter Mill District)	In progress. The selected developer, Lake Anne Development Partners/CPDC, filed and received zoning approval for the redevelopment of the 16.5 acre site overlooking Lake Anne in Reston to allow for the construction of 935 residential units with retail and office components. The redevelopment provides for the preservation and replacement of the existing 181 affordable units while creating an additional 150 units of affordable workforce housing in this high quality community. The developer also applied for and received an award from the Virginia Housing Development Authority (VHDA) of nine percent Low Income Housing Tax Credits critical to its financing of the 181 replacement units. Additionally, the Board of Supervisors entered into a Comprehensive Agreement with the developer that addresses, among other things, the affordability, construction, operation and maintenance of the 181 affordable replacement units under a long term ground lease. (Hunter Mill District)
106	CCFP: Use of CCFP funds for affordable housing preservation.	In progress. Funds awarded through the CCFP were used to support the following accomplishments through nonprofit housing providers in acquiring and preserving 50 affordable housing units: <i>Good Shepherd Housing and Family Services, Inc.:</i> \$262,736 in CDBG funds to acquire two (2) units. <i>Cornerstones Housing Corporation:</i> \$718,605 in CDBG funds to acquire 48 units.
107	FCRHA Tax Credit Properties – Long-Term Affordability: Identify strategies to ensure long-term affordability of FCRHA tax credit properties.	Ongoing. In order to ensure long term affordability within the FCRHA tax credit properties, HCD will continue to work closely with the investors upon the Low Income Housing Tax Credit compliance end period to negotiate a nominal fee to purchase the limited partnerships interest. In addition, HCD will continue to closely monitor the financial feasibility of the projects and recommend restructuring of the loan, depending upon interest rates. In FY 2015 the FCRHA purchased the limited partnership interest for the Castellani Meadows townhouse community.
201	Lewinsville Senior Complex: Redevelopment of existing senior facility. (Dranesville District)	In Progress. The selected developer, Wesley-Hamel Lewinsville LLC, filed and received zoning approval (Special Exception Amendment (SEA)) for the redevelopment of the 8.5 acre site on Great Falls Street in McLean for the replacement and expansion of the existing Senior Center and Daycare facility as well as the construction of an 82-unit Senior Independent Living Residence. A total of 22 units are being replaced and 60 new units added.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
		<p>The developer also applied for and received an award from VHDA of nine percent Low Income Housing Tax Credits critical to its financing of the senior residence. Additionally, the Board of Supervisors entered into a Comprehensive Agreement with the developer which included:</p> <ul style="list-style-type: none"> • Comprehensive Agreement; • Infrastructure Development Agreement; • Option to Lease; and • Completion Guaranty
202	<p>Home Repair for the Elderly Program: Provides minor improvements to elderly households limited to \$500 in materials with no requirement for a permit.</p>	<p>Ongoing. A total of 144 cases which served 111 households were completed by the Home Repair for the Elderly Program during FY 2015. The average household income served in FY 2015 was \$22,249, or approximately 20 percent of the Area Median Income (AMI) for a one-person household; this meets the U.S. Department of Housing and Urban Development (HUD) definition of “extremely low income”.</p>
203	<p>Tenant Based Rental Assistance Program: Use federal HOME-funded vouchers to serve homeless populations and persons with special needs.</p>	<p>In progress.</p> <ul style="list-style-type: none"> • Four (4) new families leased utilizing TBRA-HOME Funds. Of the four (4) families leased during FY 2015, <ul style="list-style-type: none"> ➢ Two (2) were elderly families ➢ Two (2) were non-elderly families with family members who had a disability. ➢ A total of 49 families were under lease in the TBRA program in FY 2015.
204	<p>Kate’s Place: Development of six (6) units of permanent supportive housing at Katherine K. Hanley Family Shelter campus. (Springfield District)</p>	<p>Completed. Construction complete. All six (6) units now in use.</p>
205	<p>Emergency Solutions Grants: Partial support of prevention and rapid re-housing activities for homeless individuals and families.</p>	<p>Ongoing. In FY 2015 ESG funds helped 108 households move quickly from homelessness to permanent housing and achieve stability. A total of \$394,422 in ESG funds were spent in FY 2015 for rapid re-housing assistance with housing relocation and stabilization services and were matched with County General Funds.</p> <p>ESG funds also helped 93 households so they could remain in permanent housing and avoid homelessness. A total of \$396,461 in ESG funds were</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
		spent in FY 2015 for homelessness prevention assistance with housing relocation and stabilization services and were matched with County General Funds.
206	<p>Section 504/Accessibility modifications for FCRHA properties: Continued emphasis by Fairfax County on serving its physically disabled population, with a goal of improving accessibility in properties constructed before the current accessibility standards. Continuing implementation of Section 504 Plan for accessibility in Public Housing.</p>	<p>In progress. In FY 2015, the FCRHA continued to increase the availability of accessible units in both its federal Public Housing portfolio and the local Fairfax County Rental Program (FCRP). The following units have been retrofitted and converted to conform to federal accessibility standards:</p> <ul style="list-style-type: none"> • Five (5) units at <i>Old Mill Gardens (47 units); Mount Vernon District</i> • One (1) unit at <i>The Atrium (37 units); Lee District</i> • Six (6) units at <i>Ragan Oaks (51 units); Springfield District</i> • One (1) unit at <i>Wedgewood Apartment (672 units); Mason District</i>
207	<p>Lincolnia Senior Facility: Substantial renovation of FCRHA-owned senior facility (includes 52 beds of assisted living and 26 units of independent living). (Mason District)</p>	<p>In progress. Construction work 75 percent complete. Renovation of all assisted and independent living areas complete.</p>
208	<p>Accessibility/Universal Design: Incorporation of universal design in new construction and rehabilitation projects. Increase the number of affordable accessible units.</p>	<p>Ongoing. Units in both the FCRHA’s federal Public Housing portfolio and the local FCRP were retrofitted to conform to Section 504 accessibility standards. See Line 206.</p> <p>In addition:</p> <ul style="list-style-type: none"> • At Kate’s Place, newly constructed permanent affordable housing at the Hanley Shelter campus adjacent to the Katherine K. Hanley Family Shelter in the Springfield District, two (2) of the six (6) units are accessible units. <p>A total of 15 units were converted at the Lincolnia Senior Facility in the Mason District to fully accessible (13 assisted living units and two (2) independent living units) as part of the ongoing renovation at the facility.</p>
211	<p>Serving Households with Disabilities: Up to 55 percent of annual admissions to the Housing Choice Voucher and Public Housing programs come from a special preference admissions pool that are referred through the CSB or non-profit organizations.</p>	<p>Ongoing.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
212	Supportive Service Coordination: Support countywide effort to coordinate services.	Ongoing. The Community Services Board has been reworking the draft housing Supportive Services Blueprint. The document is not yet completed. HCD staff is rendering assistance as needed. The “Service Blueprint”, a companion to the Housing Blueprint, is being led by the Department of Family Services and the Community Services Board.
213	Ten-Year Plan to Prevent and End Homelessness: Identify opportunities to provide specialized rental housing consistent with homelessness plan.	See Line 103.
214	HCD PROGRESS Center: The PROGRESS Center will focus on intervention to address crises, collaboration with sister human service agencies to coordinate services and provide residents facing eviction with “second chance” opportunities to resolve their issues. The PROGRESS Center will also have a significant role in promoting economic growth and self-sufficiency among FCRHA program participants. It is anticipated that the PROGRESS Center will expand its focus to: 1) increase the coordination of mental health services to residents in need; and 2) increase community and family-building activities.	Ongoing. <ul style="list-style-type: none"> • The PROGRESS Center provided service coordination for 75 housing clients in FY 2015. • FCRHA contractors hired 20 low- and moderate-income workers from Section 3 outreach. • The PROGRESS Center implemented a community-based pre-apprenticeship program that offered basic skills in reading, writing and math to prepare participants for occupation in the trades.
216	Family Unification Efforts: Utilize special Family Utilization Program (FUP) vouchers for families that, due to inadequate housing, would 1) have the family’s children placed in out-of-home care; or 2) have the discharge of children from out-of-home care delayed.	Ongoing. A total of 21 new households leased up using FUP vouchers in FY 2015.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
217	<p>“Money Follows the Person” Vouchers: Apply for vouchers for non-elderly disabled persons, including persons at-risk of institutionalization due to their housing situation or those in institutions wishing to live in their community.</p>	<p>No activity. No opportunities were available to apply for MFP vouchers during the fiscal year.</p>
220	<p>Admissions Policies and Housing Options: Explore increased flexibility in FCRHA admissions policies concerning serving persons with special needs.</p>	<p>Ongoing. In FY 2015, HCD received FCRHA approval to provide a homeless preference for qualified families transitioning out of the BA program. This preference provides priority placement on the HCV waiting list for these families and establishes the “gateway” for BA families into the federally subsidized programs, as outlined in the Housing Blueprint. HCD also received approval to establish a preference for placement on the FCRP waiting list for families who are subject to relocation due to property development actions.</p>
221	<p>Birmingham Green: Explore opportunities to support additional affordable housing development and services at the Birmingham Green campus in Prince William County, which is co-owned by Fairfax County.</p>	<p>Ongoing.</p>
300	<p>Moving to Work/Continuing Implementation of THRIVE: The FCRHA has received designation as a Moving to Work agency, which will facilitate the full implementation of the Total Housing Reinvention for Individual Success, Vital Services and Economic Empowerment (THRIVE) initiative. The MTW designation will allow the FCRHA to:</p> <ul style="list-style-type: none"> • Create a housing continuum that seamlessly joins together the county’s housing programs – including Public Housing and HCV - and establishes goals to help residents move toward self-sufficiency. • Expand its already strong community partnerships with non-profit organizations to provide self-sufficiency services 	<p>In progress.</p> <ul style="list-style-type: none"> • Implemented several activities that required MTW flexibility including reducing the frequency of reexaminations for participants in the Public Housing and Housing Choice Voucher programs; eliminated the Earned Income Disregard Calculation; and began streamlined inspection of HCV units. • Developed the framework for a pilot rent reform that will be implemented in FY 2016. • Opened up the housing continuum for clients to move from BA to the HCV program.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
	<p>ranging from “ready-to-rent” training, to job readiness, through homebuyer education and beyond.</p> <ul style="list-style-type: none"> • Reduce the burden both on staff and residents related to such things as re-certifications and inspections, which will allow staff to focus more on people – not paperwork. This new focus will allow us to link residents to the services – such as job training and education – that they need to move toward self-sufficiency. 	
301	<p>Housing Choice Voucher Program: Participants receive financial assistance to rent privately-owned housing units. HCD administers this federally-funded rental subsidy program for Fairfax County, and for the Cities of Falls Church and Fairfax, and the Towns of Herndon, Vienna and Clifton. Federal funds pay the difference between the fair market rent and the amount the tenant can pay. A total of 3,527 vouchers are authorized by HUD. See also Lines 216, 302 and 316.</p>	<p>Ongoing.</p> <ul style="list-style-type: none"> • <u>Voucher utilization rate:</u> 96% • <u>Voucher funding utilization:</u> 98% • <u>Average income served as percentage of AMI:</u> 18% for a household of three, or \$17,739 per year • <u>Persons Housed:</u> A total of 9,327 persons housed in FY 2015. <p>The FCRHA began renewed leasing in the HCV program after over a year of no leasing due to federal sequestration. HCD is no longer required to be scored by SEMAP as stipulated in the MTW Agreement. HCD agreed to administer the project based voucher contract for Creekside Village Apartments (Lee District) which converted 108 units to project based voucher assistance through Component 2 of the Rental Assistance Demonstration (RAD) program. HCD also received an allotment of 17 additional Veterans Affairs Supported Housing (VASH) vouchers, bringing the total allotment of VASH vouchers to 80 during FY 2015. HCD has been provided presentations and information by several non-profit and service organizations such as SkillSource, Coordinated Services Planning, and Adult Career Pathways in establishing partnerships to increase family self-sufficiency, the agency’s primary MTW goal.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
302	<p>Public Housing Program: The FCRHA operates 1,060 federal Public Housing units, which are managed and maintained by HCD. The units were built or acquired using federal public housing funds, and are located throughout the county. FCRHA policy is to serve mainly households earning 30% AMI and below. HUD Capital Fund Program supports Public Housing modernization. See also Line 301.</p>	<p>Ongoing.</p> <ul style="list-style-type: none"> • <u>Occupancy rate:</u> 95% • <u>Average income served as percentage of AMI:</u> 22% for a household of three, or \$21,363 per year • <u>Persons Housed:</u> A total of 2,637 persons were housed in FY 2015.
303	<p>Fairfax County Rental Program - Multifamily: The FCRP includes rental property owned by the FCRHA and developed with funds other than Public Housing or HCV funds. FCRP generally serves working households with incomes which are slightly higher than those households living in Public Housing and or participating in the HCV program. Housing managed under the FCRP includes 1,929 units of multifamily housing, as well as 134 units of specialized housing and 504 units of senior independent housing. The FCRP serves a range of households with incomes from the low teens up to 80% of AMI, depending on the program component and the property.</p>	<p>Ongoing.</p> <ul style="list-style-type: none"> • <u>Occupancy Rate-HCD managed:</u> 96% • <u>Occupancy Rate- 3rd party managed:</u> 97% • <u>Average income served as percentage of AMI:</u> 37% for a household of three, or \$36,801 per year • <u>Persons housed:</u> A total of 5,725 persons were housed in FY 2015. <p>In FY 2015, 235 very low income households (earning 50% AMI and below) on the FCRHA's waiting lists leased up in FCRP multifamily properties. It is anticipated that the FCRP will be procedurally linked to the FCRHA's other housing programs as part of the Moving to Work Housing Continuum.</p>
304	<p>Non-profit Acquisitions Using Federal Resources: Purchase of properties by FCRHA non-profit partners, with emphasis on homelessness, extremely low-incomes households and persons with disabilities.</p>	<p>Ongoing. See Line 100.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
305	<p>Appropriate Housing Initiative: Pro-actively ensure that public housing residents are living in the most appropriate sized unit, with the goal of maximizing unit utilization and moving larger families off the waiting list. Consider acquisition of additional units varying in bedroom size, with possible emphasis on one-bedroom units, accessible units, and units in elevator buildings.</p>	<p>Ongoing. All new admissions into Public Housing are assigned to the appropriate size unit in accordance with the Occupancy Standards in the Public Housing Admissions and Continued Occupancy Plan. If a family's household composition changes during the Public Housing tenancy, the family will be placed on a transfer list to the appropriately sized unit in accordance with the Occupancy Standards when applicable.</p>
306	<p>Rehabilitation of FCRHA Properties. Rehabilitate FCRHA FCRP residential properties and group homes to maintain their safety and quality.</p>	<p>Ongoing. The FCRHA completed the following rehabilitation activities in FCRP properties in FY 2015:</p> <ul style="list-style-type: none"> • <i>Little River Glen (120 units, senior independent); Braddock District - Building systems improvements (fire sprinkler pipe replacement); generator plans and specifications completed and approved for generator installation</i> • <i>Castellani Meadows (24 units); Sully District - Kitchen improvements (replaced kitchen cabinets, counter tops, appliances) Exterior renovations (siding, fences, gates entry doors and windows replaced).</i> • <i>McLean Hills (25 units); Providence District - Kitchen improvements (kitchen cabinets counter tops, appliances, floors), Electrical improvements (replaced electrical panels), Bathroom improvements (replaced vanities, tub diverters and closet doors, Exterior improvements (replaced windows balcony and patio door)</i> • <i>Chatham Towne (10 units); Braddock District - Exterior improvements (Replaced entry doors and storm doors, landscaping re-grade, sod, mulch and sidewalk replacement.</i> • <i>Springfield Green (14 units); Lee District – Kitchen improvements (replaced cabinets, counter tops, appliances) Bathroom Improvements (replaced vanities and tub diverters)</i> • <i>Tavener Lane (12 units); Lee District - Kitchen improvements (replaced cabinets, counter tops and appliances), Mechanical improvements (HVAC units replaced), Exterior improvements (windows replaced)</i> • <i>Wedgewood Apartments; (672 units); Mason District - One (1) unit was converted under the Americans with Disabilities Act (ADA)</i>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
307	One University/Robinson Square: Potential redevelopment of FCRHA-owned property to produce additional affordable rental units and office space.	In Planning. Preliminary discussion and analysis to explore and consider the site's redevelopment potential and merits of such redevelopment were under way.
308	Capital Fund Program/Public Housing Rehabilitation and Modernization: Rehab/modernize/maintain FCRHA public housing properties to maintain safety and quality of life and enhance asset sustainability and energy efficiency.	<p>Projects Completed: The following Public Housing rehabilitation projects were completed in FY 2015:</p> <ul style="list-style-type: none"> • <i>The Atrium (37 units); Lee District - Property improvements</i> (repaved parking lot) • <i>West Ford; Mount Vernon District - Building systems improvements</i> (replaced community center main fire sprinkler pipe) • <i>Newington Station (36 units); Mount Vernon District -Exterior improvements</i> (replaced exterior siding, entry doors and gutters) <p>See Line 206 for accessibility modifications utilizing Capital Fund Program funds.</p>
309	Public Housing and FCRP/On-site Management Facilities: As a part of the ongoing implementation of HUD-mandated project-based budgeting, the FCRHA is implementing project-based management. This includes evolution to on-site management facilities at the FCRHA's Public Housing properties and the deployment of property managers. It is anticipated that this will be expanded to Fairfax County Rental Program (FCRP) properties in future years.	In progress. HCD is in the first of two phases in moving all property management and rental services functions to a fully onsite run operation. In this first phase, HCD has deployed three Property Managers (one position is vacant) and an Occupancy Manager to oversee the South County properties from four (4) community office locations as well as a smaller satellite office location; five (5) offices in total. Five (5) Property Management staff
310	Tax Credit Properties: Identify strategies to ensure long-term affordability of FCRHA tax credit partnership properties.	In progress. See Line 107.
311	Rental Housing Compliance: Monitoring of owner compliance with regulations governing rental units provided through the ADU program, as well as tax credits and other special affordable housing financing.	Ongoing. In FY 2015, HCD continued to monitor compliance with rental ADU regulations. As of the end of FY 2015, there were 1,219 rental ADUs in 48 projects across Fairfax County. A total of 15 rental units were delivered in FY 2015; a total of seven (7) homeownership units were delivered in FY 2015. With regards to Affordable Housing Partnership Program (AHPP) loans, an HCD portfolio manager monitored a percentage of the property files to insure compliance with the loan terms.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
312	Grants Compliance: Monitoring of activities and outcomes of FCRHA grantees, including funds granted via the CCFP process.	<p>Ongoing. In FY 2015, HCD performed on-site monitoring at six (6) FCRHA-owned, HOME-assisted housing properties and six (6) non-profit-owned HOME-assisted affordable rental housing programs. The FCRHA properties were, Hopkins Glen, Willow Oaks, Olley Glen, Eastern Market, Holly Acres and Lorton Valley. The non-profit programs were Gateway, RIVA, Chimes, Cornerstones, Shelter House and Good Shepherd. Additionally, a rent and income analysis was performed on all HOME-funded properties following the changes to the HOME rent and income limits in June 2015.</p> <p>In addition to regular monthly desk monitoring through electronic reports and correspondence, each of the three (3) CDBG-funded targeted public services activities funded through the CCFP was monitored by on-site visits during which client files and program records were sampled for contract compliance and reporting accuracy. Program staff also were interviewed. The contract terms of each CDBG-funded public services activity require compliance with all applicable HUD and other federal regulations.</p>
313	CDBG and HOME Strategies: Continuing evaluation of use of federal CDBG and HOME funds to maximize effectiveness of investments in programs and activities.	Ongoing.
314	Lincolnia Senior Facility	See Line 207.
315	CCFP: Management of CCFP and staffing the Consolidated Community Funding Advisory Committee.	Ongoing.
316	Veterans Affairs Supportive Housing (VASH) Program: The FCRHA has been awarded VASH housing vouchers for homeless veterans by the U.S. Department of Veterans Affairs. The FCRHA will conduct income certifications; case management is provided by Veterans Affairs.	The FCRHA was awarded 17 additional VASH vouchers for FY 2015 bringing the total allocation to 80. There were eight (8) VASH lease-ups in FY 2015.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
318	Asset Management Division: Focus on financial performance, overall condition, capital improvements and accountability, using a private-sector model.	Ongoing.
320	Customer Service/ Housing Application Center and Process: HCD will revamp the application service model for FCRHA housing programs.	In planning.
322	Fair Housing: Use existing staff to provide a proactive approach to and greater focus on fair housing activities. Provide staff training on fair housing, with particular emphasis on Section 504 responsibilities as a recipient of federal funding. Coordination with Tenant-Landlord Commission, Office of Human Rights and Equity Programs, and Consumer Affairs Office.	Ongoing. Office of Human Rights and Equity Programs participated in the annual Housing Expo to provide information about Fair Housing to potential home owners. Fair Housing training was provided to HCD staff on the following topics: Reasonable Accommodations, disability verification, and the Violence Against Women’s Act.
323	Rental Assistance Demonstration (RAD) Program: If the FCRHA’s RAD application to HUD is successful, the RAD program would allow the FCRHA to convert several of its Public Housing units to federal Section 8 subsidies, providing significant benefits for both the residents and the housing authority. See also Lines 301 and 302.	Ongoing. As of the end of FY 2015, Congress had lifted the cap on RAD applications. The FCRHA’s initial RAD applications were successful and the process began to start conversion of the first phase of FCRHA properties under RAD, which includes a total of 335 units.
400	First-Time Homebuyers Program: Provides access to financing and homeownership training for Fairfax County first-time homebuyers. Administers for-sale ADUs. The FCRHA partners with the Virginia Housing Development Authority to provide low interest first-trust mortgages to qualifying low and moderate income homebuyers.	Ongoing. During FY 2015, the First-Time Homebuyers Program facilitated the purchase of fifteen (15) homes by qualified first-time homebuyers. Homeownership staff responded to a total of 7,563 inquiries/requests for assistance with walk-ins and telephone calls.
401	Homeownership Division: Focus on Compliance: Develop and implement procedures for the expiration of some restrictions on ADU units with 15 covenants and convey to owners procedures regarding first resale during the extended control period. Monitor refinancing of ADU units by owners.	Ongoing. Procedures were updated in January 2015. There were 34 calls from First-Time Homebuyers Program owners to inquire about refinancing their Affordable Dwelling Units. All of these families either refinanced within the program requirements or elected not to refinance as a result of understanding the financing program requirements for their First-Time Homebuyers Program unit.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
402	Federal Housing Administration (FHA)/VHDA Financing Issue: Work with federal and state-level partners to resolve the issues related to the financing of ADUs.	Ongoing. Certain lenders, including VHDA, are still declining to provide financing for First-Time Homebuyer Program purchasers because of differences between the foreclosure protections in the FCRHA program restrictions and eligibility standards for FHA-backed mortgage insurance. However, possibly due to Community Reinvestment Act requirements, there has been an increase in lenders willing to accept those same protections in their underwriting criteria and thus to make loans to the FCRHA's First-Time Homebuyer purchasers.
403	HCV Homeownership Program: Provides 25 HCVs to move HCV participants to homeownership.	Ongoing. Currently, 13 participants are in the HCV Homeownership program.
404	Workforce Housing: Implementation of the county's workforce housing policy in coordination with the Department of Planning and Zoning.	See Line 102.
405	Moderate Income Direct Sales (MIDS) Program: Administration of purchases and re-sales of MIDS units to first-time homebuyers and qualified non-profits. Ongoing program compliance.	Ongoing. This is a subset of Line 400. A total of 82 MIDS units were in compliance with annual owner occupancy certifications.
406	Language access for homeownership clients	Ongoing. In FY 2015, 36 requests for translation and oral interpretation were facilitated for homeownership clients.
407	Relocation Program: Technical assistance for the development community and citizens on tenant relocation issues.	Ongoing. Forty-three (43) reviews of rehabilitation projects for compliance with federal, state, and local relocation requirements were completed. One hundred sixty-nine (169) households with one hundred ninety-eight (198) persons had access to relocation services due to acquisition or rehabilitation.
408	Compliance Monitoring and Counseling: Aggressive monitoring of ADU purchasers to ensure continued compliance with covenants, particularly with respect to refinancing.	Ongoing. Mailing of a total of 1,169 annual owner occupancy certifications to all First-Time Homebuyers Program owners for FY 2015, relating to owner requirements to provide yearly occupancy affidavits, served as an aggressive monitoring tool to ensure continued compliance with covenants.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
500	<p>HCD PROGRESS Center: The PROGRESS Center will have a significant role in promoting economic growth and self-sufficiency among FCRHA program participants. The PROGRESS Center will facilitate self-sufficiency partnerships with a variety of organizations such as SkillSource and YouthBuild. Particular emphasis on facilitating employment and training opportunities to FCRHA residents under Section 3 requirements.</p>	<p>Ongoing. See Line 214.</p>
501	<p>Family Self-Sufficiency Program: Incorporate as part of PROGRESS Center.</p>	<p>Ongoing.</p> <ul style="list-style-type: none"> • Twelve (12) Family Self-Sufficiency participants graduated from the program. • Family Self-Sufficiency participants increased their income an average of \$24,936. • Fifty (50) percent of the Family Self-Sufficiency graduates moved out of subsidized housing. <p>See also Line 214.</p>
600	<p>Workforce Housing: Facilitate the development and preservation of workforce housing that is affordable to families with a range of low and moderate incomes. The FCRHA will take an active advocacy and educational role in promoting workforce housing and will work jointly with the Planning Commission.</p>	<p>Ongoing. See Lines 100, 101, and 102.</p>
601	<p>The Residences at North Hill Park: Development of 33 FCRHA-owned acres known as "North Hill". Eleven (11) acres will accommodate approximately 67 units of manufactured housing; work with the Fairfax County Park Authority to create a passive community park on portions of the remaining land directly north of the new community. A total of 30 percent of the units will be rentals for those with incomes at or below 30 percent of AMI. An unsolicited proposal for the site, submitted under the Virginia Public-Private Educational Facilities Infrastructure Act (PPEA) was received from a private developer and is under consideration through the Fairfax</p>	<p>In planning. A developer, CHPENN, has been selected in response to a PPEA project proposal to develop the site. An interim agreement has been signed and the feasibility period is underway.</p> <p>The development of the North Hill property is expected to offer a diversified residential income mix, and serve as a catalyst and help contribute to the revitalization of the Richmond Highway corridor. North Hill provides the potential to construct 350 or more residential dwelling units in a sustainable and walkable community.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
	County Department of Purchasing and Supply Management. (Mount Vernon District)	
602	The Residences at Government Center: Development of 270 units of affordable/workforce housing on the campus of the Fairfax County Government Center. "The Residences at the Government Center" will have incomes ranging from 50 percent to 60 percent of AMI. (Braddock District)	In progress. Construction began in April 2015, commencing with clearing and site work. A ground breaking ceremony was held at the Government Center May 5, 2015. Project completion is anticipated for December 2016, with first lease-ups in October 2016.
603	Affordable Housing Partnership Program: See line 101.	See line 101.
604	Community Housing Development Organization (CHDO) Set-Aside: A portion of Fairfax County's HOME funds are set aside to assist CHDOs in developing/acquiring/preserving affordable housing.	Ongoing. CHDOs acquired 26 units/beds in FY 2015. Cornerstones- The Apartments at North Point - \$912,575 HOME CHDO (FY 13 and FY 14) was utilized to acquire 24 HOME units in a 48-unit apartment development (Hunter Mill District). Good Shepherd Housing- \$186,641 HOME CHDO (FY13 and FY15) was utilized to acquire two 2-bedroom units (Mount Vernon District).
605	West Ox Road: Development of affordable housing on county-owned land. (Sully District)	On hold. As of the end of FY 2015, a sizable funding gap remained for this project, which is now planned to serve special needs populations.
606	County-owned Land and Facilities for Affordable Housing: Encourage public/private partnerships to develop workforce/affordable housing on surplus or underutilized county-owned land and facilities, particularly for special needs populations.	Ongoing. Focus in FY 2015 was continuing progress on the Residences at Government Center project, the solicited PPEA proposals for Crescent and Lewinsville, and the continuing PPEA process for the North Hill property. In addition, the concept of identifying county surplus land for the development of housing for persons with special needs was included in the Housing Blueprint for FY 2016. See Lines 105, 201, 208, 307, and 601.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
607	Proffers from Private Developers: HCD will assist the Department of Planning and Zoning in facilitating affordable/workforce housing-related contributions from private developers via the rezoning process.	Ongoing.
608	Residential Studio Units/Affordable Efficiencies: Identify opportunities to encourage increased development of affordable efficiency apartments, particularly as part of revitalization efforts.	On hold.
609	Partnerships with Private Developers: Seek private sector partnerships with organizations such as HomeAid to achieve cost savings in projects serving homeless populations. Identify opportunities for housing development by the faith community.	In planning.
610	Construction Management: Continue utilization of the Department of Public Works and Environmental Services (DPWES) construction management resources, particularly for county-funded projects.	Ongoing.
611	Workforce Housing: Tysons Corner and Wiehle Avenue: Work with Department of Planning and Zoning to facilitate delivery of affordable and workforce housing units in these areas, per Comprehensive Plan and negotiated proffers.	Ongoing. As of the end of FY 2015, approximately 4,963 Workforce Dwelling Units (WDUs) have been committed by developers via approved rezoning actions. The majority of the WDUs are located in Tysons, Merrifield and Reston. As of FY 2015 only rental projects have been developed delivering 316 WDUs substantively located in Reston, Merrifield and Tysons.
612	Contributions by Non-Residential Developers: Assist the Department of Planning and Zoning in developing a countywide policy concerning monetary contributions for affordable/workforce housing by developers of non-residential projects.	Deferred. The Board of Supervisors has directed staff to study the impact of contributions by non-residential developers in Tysons prior to advancing proposals for expanding such policies beyond Tysons.
613	Tax Exemption/Housing for Extremely Low-Income Housing: Explore options for providing tax exemption for non-profit developers providing affordable housing to households earning extremely low incomes (30 percent of AMI and below).	On hold. No further efforts were undertaken on this issue in FY 2015.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
701	Multi-lingual access: Improve language access across agency programs via phone, internet and kiosk.	Ongoing.
702	Public Participation: FCRHA will ensure a coherent public participation process that promotes public ownership of its policies and practices.	Ongoing. HCD consistently advertises all public meetings and has well-developed processes for public participation in policy development. HCD meets or exceeds all Virginia Freedom of Information Act (FOIA) requirements in advertising meetings. In addition to traditional means of advertisement, the FCRHA utilizes the county's Newswire system. Based on the AP wire, Newswire addresses a larger audience and includes new social media journalists, citizen journalists, etc. and such websites as Patch.com.
703	Supervisor Town Meetings: FCRHA Commissioner attendance at Supervisor Town Meetings. HCD attendance upon request.	Ongoing as needed.
704	Newsletters: Continue to produce and distribute informational newsletters.	Ongoing. HCD continues to publish a variety of newsletters to residents of the FCRHA's properties and other stakeholders. In addition, the e-affordable newsletter provides up-to-date information on affordable housing issues.
705	Strategic Communications: With the guidance and assistance of the county's Office of Public Affairs, HCD will use a variety of creative techniques to market, promote, announce and celebrate FCRHA projects and programs. Use of e-affordable.org to inform the public about affordable housing issues and initiatives in Fairfax County. See also Line 813.	Ongoing. HCD actively markets FCRHA programs and initiatives through a variety of avenues, including the Internet, press releases and media interviews, among others.
706	Reporting on use of County funds: HCD will continue to account for and provide information about the status of county investments in affordable housing, including those identified in the FY 2015 Housing Blueprint.	Ongoing.
707	Non-profit Dialogues and partnerships: HCD will continue to hold quarterly meetings with its non-profit partners. Continue to promote partnerships with non-profit and community-based organizations; provide education/outreach on the work of the FCRHA and affordable housing in general.	Ongoing. The FCRHA and its non-profit partners continue to work closely together to meet their shared mission.
800	HCD Transformative Efforts: Change management for implementation of multiple new initiatives and reorganization simultaneous with anticipated retirements at key positions.	Ongoing.

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
801	<p>Set aside for housing emergencies and opportunities: Such as sewer and major system failures on FCRHA properties. Staff will work to identify opportunities to increase this pool.</p>	<p>Ongoing.</p>
803	<p>Project Selection and Leveraging: Undertake projects that have been thoroughly analyzed, display a well-defined need and demonstrate reasonable risk. Undertake projects that will maximize leverage and encourage public-private partnerships.</p>	<p>Ongoing. HCD continues to undertake projects that have been carefully assessed, that meet community needs, and that are aligned with the agency's strategic plan and the county's strategic vision. HCD consistently works to identify and secure resources to leverage county investments.</p>
804	<p>Maximizing Organizational Effectiveness: HCD will continue assessing the existing organizational structure to determine ways to maximize efficiency, cluster talents and expertise, and reflect the FCRHA strategic plan, HCD vision, and the Housing Blueprint.</p>	<p>Ongoing. HCD continued to use both the workforce and succession planning processes to identify personnel needs and develop continuity of operations contingencies.</p>
805	<p>Management and Maintenance of FCRHA-owned Housing: Continue high standards for management and maintenance of FCRHA housing. HCD/FCRHA will continue to strive for the highest ratings from HUD and others.</p>	<p>Ongoing. The FCRHA no longer gets scored by HUD in the Housing Choice Voucher and Public Housing programs because of its status as a Moving to Work agency. The FCRHA needed to have High Performer status to apply for MTW and will continue to be considered a High Performer.</p>
806	<p>Human Capital Development: HCD strives to further career development and professionalism among its employees and will continue to promote semi-annual professional development days, recognition, mentoring and policies related to promotional opportunities.</p>	<p>Ongoing. The FCRHA will name the sixth round of winners of the Conrad Egan Excellence Award after the end of FY 2015. The award, established by the FCRHA in June 2008 and named in honor of former FCRHA Chair Conrad Egan, recognizes outstanding performance by HCD staff in four categories: Achievement, Service, Leadership and Collaboration.</p>
807	<p>Administrative Systems and GIS: Explore adding new systems, upgrades or replacement of obsolete systems to increase administrative efficiency. Utilize GIS in programs and data analysis.</p>	<p>Ongoing. HCD continued in FY 2015 to implement the new FOCUS system, which replaced Fairfax County's enterprise systems for financial management, human resources and other critical functions.</p>
808	<p>Internal Process Reviews: HCD/FCRHA will continually assess procedures to ensure a series of decision points before major projects are undertaken.</p>	<p>Ongoing. The HCD Business and Development teams meet regularly to plan and evaluate potential projects and programs. In addition, the staff Loan Underwriting Committee (LUC) plays a critical role in vetting loan decisions prior to FCRHA consideration.</p>
809	<p>Fiscal Strength and Stability: HCD/FCRHA will explore opportunities to sustain Public Housing stock, maximize revenues from assets and retain a strong and stable financial position.</p>	<p>Ongoing. See Line 323.</p>

Fiscal Year End Status Report on the FCRHA FY 2015 Strategic Action Plan

SP Line	Description of Current Projects	Actual Outcomes in FY 2015
811	Staff Communication: Seek ways to use technology to further improve staff communication.	Ongoing.
812	Yardi System: Ongoing enhancements to the Yardi software system, a housing management information system which integrates financial data, tenant data and property management data into a single system.	Ongoing. HCD's ISS division continued to provide user support on the Yardi system to the Rental Services, Property Management, Financial Management and Property Improvement and Maintenance divisions throughout the year.
813	Media Relations/Public Affairs: Continue realignment of FCRHA strategic communications in partnership with the county's Office of Public Affairs. Continue same-day response to all media calls, with an attempt to respond to most calls within one hour of receipt of message.	Ongoing.
814	FCRHA Information Items: Continue to provide information items on FCRHA agendas on a regular basis to inform FCRHA members of staff activities and transactions.	Ongoing. Examples of regular information items presented to the FCRHA include meeting minutes from the FCRHA committees and the Board of Supervisors Housing Committee, the ADU tracking report, and the At-Risk Housing Report.
815	Messages from the Director: Send out "Messages from the Director" via e-mail to keep commissioners informed between meetings.	Ongoing.
816	FCRHA Meetings with other Boards, Authorities, and Commissions: Joint meetings between the FCRHA and Planning Commission, Human Services Council, CCFAC, Resident Advisory Council, CSB, DSB, and the Long-Term Care Coordinating Council as needed.	Ongoing as needed.
817	Board of Supervisors: Briefing to Board of Supervisors at Board Housing Committee Meetings as needed.	Ongoing. The Board of Supervisors Housing Committee met once during FY 2014, on February 10, 2015. HCD is the primary staff for these meetings, responsible for: 1) developing the meeting agendas under the guidance of the committee chair; and 2) creating comprehensive briefing materials for the meeting.

INFORMATION – 5

Update on the Public Housing Subsidy Conversion through the Rental Assistance Demonstration (RAD)

In an Information Item presented at the September 17, 2015 Fairfax County Redevelopment and Housing Authority (FCRHA) meeting, staff committed to providing regular updates on the FCRHA's applications to the U.S. Department of Housing and Urban Development (HUD) for participation in its Rental Assistance Demonstration (RAD) program. This item is provided to follow through on that commitment.

PHASE ONE APPLICATIONS

On October 29, 2015, following staff presentation of an item, the FCRHA approved the submittal of RAD applications to HUD for Audubon Apartments and The Atrium, as replacements for the Reston Town Center and Robinson Square properties. These applications were subsequently submitted to HUD in November 2015. Submission of these two applications to HUD concludes the submittal of RAD applications for the "Phase One" conversion.

AMENDMENT TO MOVING TO WORK PLAN

After a staff presentation of a separate item also on October 29, 2015, the FCRHA approved the release of the HUD-required draft Significant Amendment to the FCRHA Fiscal Year 2016 Moving to Work (MTW) plan for a 30-day public comment period and the scheduling of a public hearing on the draft amendment at its December 10, 2015 meeting. The FCRHA must amend its MTW plan to note the program changes that would occur if the "Phase One" units are converted under RAD. The FCRHA must submit the amendment to HUD, following public comment and a public hearing, and HUD must approve the amendment before the FCRHA may submit its 'financing plan' for any "Phase One" property. The FCRHA must wait until its first meeting that is at least 15 days from the date of the public hearing to approve the amendment; accordingly, the separate item requesting such authorization to amend the FCRHA Fiscal Year 2016 Moving to Work plan is anticipated for the January 28, 2016 FCRHA meeting.

"PHASE ONE" PROPERTY FINANCING PLANS AND FINAL APPROVALS

As noted in the September Information Item, the FCRHA must develop a "financing plan" for each "Phase One" property, to be submitted to HUD for approval before HUD will complete or "close" on the conversion. For the purpose of RAD, the HUD-required "financing plans" include a Capital Needs Assessment (CNA; discussed below), the scope of work to be performed based on the CNA, accessibility requirements, relocation plans (if applicable) and a development budget for the property. The purpose of the CNA is to determine the financial viability of the conversion by identifying any immediate

capital needs, as well as repairs and replacements needed over the next 20 years. The Department of Housing and Community Development (HCD) engaged a contractor to perform the HUD-required CNAs on the “Phase One” projects, including Audubon Apartments and The Atrium. However, CNA studies have not been conducted on the “Phase One” scattered site condominium units because HUD has not provided written guidance advising if CNA studies are applicable to condominium units when ownership within the development is less than 20 percent. HCD has been in close contact with HUD on this issue and HUD has advised that guidance will be provided prior to the end of December 2015.

The draft CNAs, excluding the scattered site condominium developments, were presented to HCD in November 2015. Staff is working closely with the CNA contractor to finalize the CNAs.

Under normal processes, these financing plans and related final FCRHA approvals for the “Phase One” conversions would be required to be submitted to HUD by January 11, 2016. However, due to the timing of the MTW plan amendment process, staff requested an extension of this deadline from HUD. HUD has granted an extension to April 11, 2016.

Accordingly, staff intends to present an item to the FCRHA in early 2016 that would request approval of the “Phase One” financing plans for submission to HUD as well as authorization to execute the RAD closing documentation – including the Housing Assistance Payment (HAP) contract and RAD Use Agreement – upon HUD’s written approval of the submitted financing plans. Effectively, this would be the FCRHA’s final approval to proceed with conversion of the “Phase One” properties under RAD.

PHASE TWO CONVERSION

In terms of the remaining properties in the Portfolio Application, which will constitute “Phase Two” of the FCRHA’s RAD conversion, specific RAD applications must be submitted by July 15, 2016.

It is anticipated that the “Phase Two” conversion will be much more complex than the “Phase One” conversion and possibly including issues such as relocation, transfer of assistance, securing of debt, and substantial rehabilitation.

While continuing to manage the “Phase One” conversion, staff has been simultaneously working to prepare for the “Phase Two” applications and will provide regular updates to the FCRHA going forward. It is also anticipated that the FCRHA will be asked to reconvene its RAD Committee to provide strategic guidance throughout Phase Two.

The following projects are part of the “Phase Two” Conversion.

Scattered Site(s)

Development Name	District	Type of Unit	Number of Units
Copper Mill (The Green)	Hunter Mill	Townhouse	4
Monroe Chase (The Green)	Hunter Mill	Townhouse	3
Virginia Station (The Green)	Providence	Townhouse	6
Walney Oaks (The Green)	Sully	Townhouse	6
Woodland Glen (The Green)	Springfield	Townhouse	5

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Multi-Family Development

Development Name	District	Type of Unit	Number of Units
Ragan Oaks	Springfield	Apartments	50
Barros Circle	Sully	Townhouse	44
West Glade	Hunter Mill	Apartments	26
Kingsley Park	Providence	Townhouse	107
Rosedale Manor	Mason	Apartments	96
Robinson Square	Braddock	Townhouse	46
Reston Town Center	Hunter Mill	Townhouse	30
Old Mill Gardens	Mt Vernon	Apartments	47
Greenwood	Mason	Apartments	138
West Ford I	Mt Vernon	Townhouse	24
West Ford II	Mt Vernon	Townhouse	22
West Ford III	Mt Vernon	Townhouse	59
Tavenner	Lee	Apartments	12

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STAFF:

Thomas Fleetwood, Acting Director, Department of Housing and Community Development (HCD)

Robert Easley, Deputy Director, Operations, HCD

Nicole Wickliffe, Director, Asset Management Division, HCD

Derek DuBard, Asset Portfolio Manager, Asset Management Division, HCD

FCRHA Agenda Item
December 10, 2015

INFORMATION – 6

Fairfax County Redevelopment and Housing Authority Calendar of Meetings – January and February 2016

Attached, for your information, are the Fairfax County Redevelopment and Housing Authority (FCRHA) Calendars for January and February 2016.

ENCLOSED DOCUMENTS:

Calendars: January and February 2016

STAFF:

Thomas Fleetwood, Acting Director, Department of Housing and Community Development (HCD)

January 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5 BOS	6	7	8	9
10	11	12	13	14	15	16
17	18 M L King Day	19	20 Committee Meetings	21	22	23
24	25	26 BOS	27	28 RHA Meeting	29	30
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February 2016

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2 BOS	3	4	5	6
7	8	9	10	11	12	13
14	15 Presidents' Day	16 BOS	17	18	19	20
21	22	23	24	25	26	27
28	29					