

M E M O R A N D U M

DATE: March 28, 2000

TO: The Board of Supervisors

FROM: Richard B. Hanson, Housing and Community Development Administrator

SUBJECT: Burton Woods-Powhatan Elderly Housing Development - Community Development Block Grant

Attached for your consideration is a resolution authorizing the County Administrator to submit an application for a \$439,000 Community Development Block Grant (CDBG) to assist in financing the development of a 75-unit apartment project to provide affordable rental housing for low- and moderate-income elderly households. CDBG funds are proposed to be used to demolish the existing 60-unit Burton Woods I apartment project and for site development expense for a new elderly apartment development to be constructed on this site.

Current Project Area Conditions

Burton Woods Apartments were constructed in two phases in the mid-1970s as subsidized housing for low-income households. Burton Woods I, which fronts on Longhill Road, consists of 60 townhouse style units. Due to the dilapidated condition of the development, approximately half of the 60 units are vacant. The roofs, floors, and appliances are failing. A recent detailed inspection by USDA Rural Development, which holds the mortgage on both Burton Woods I and II, verified that Burton Woods I is neither structurally nor economically feasible to be rehabilitated.

Burton Woods II consists of 48 garden apartment units located on a parcel behind Burton Woods I. Although Burton Woods II is also in poor condition, the development is structurally and economically feasible to rehabilitate. TM Associates which recently took over management of Burton Woods I and II submitted an application earlier this month for Federal Low-Income Housing Tax Credits to enable it to purchase and renovate Burton Woods II. TM Associates proposes to spend \$1.1 million to completely renovate Burton Woods II. TM Associates will know by this summer whether its application for tax credits will be funded in 2000. If the financing is approved, rehabilitation on Burton Woods II is expected to begin in January 2001. Rents are expected to be maintained below \$350 for these renovated units.

Adjacent to the Burton Woods Apartments at the corner of Longhill and Centerville Roads is a vacant parcel that has been proposed for development for commercial and office uses by Trammel Crow. Across Centerville Road from that parcel is the entrance to the planned District Park. Revitalization of Burton Woods will have a positive impact on these new developments as well as neighborhood improvement activities in the adjacent Forest Glen neighborhood.

Powhatan Elderly Housing Development Proposal

TM Associates, an experienced low-and moderate-income multifamily housing development firm, has developed a proposal for a three-story elderly apartment project on the current site of Burton Woods I. The total development cost of this project is projected to be \$5.8 million. USDA Rural Development has agreed to write off a portion of its existing debt on Burton Woods I to enable TM Associates to purchase the property and to construct the proposed new housing. TM Associates also has access to a Year 2000 reservation of VHDA bond funds and Low-Income Housing Tax Credits, which can be used for this new development. Additional financing for this development will be obtained from sale of the tax credits as well as a proposed

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Federal Home Loan Bank Affordable Housing Program loan. An additional low interest loan is needed to complete the financing package. The proposed CDBG, which will be used for demolition and site development expenses, will provide this crucial low interest loan. Rents for the new elderly apartments are proposed to be \$500 for the 55 one-bedroom units and \$550 for the 20 two-bedroom units. Burton Wood's current allocation of 70 units of rental subsidy will be available to reduce rents for low-income residents to 30 percent of monthly income, with existing residents of Burton Woods I and II having priority to receive rent subsidy.

We recommend approval of the attached resolution to authorize the submission of a Community Development Block Grant application for the Burton Woods-Powhatan Elderly Housing Development Project.

Richard B. Hanson

CONCUR:

Anthony Conyers, Jr.

RBH/AC/al
elderly.mem

Attachment