INTRODUCED: March 13, 2023

AN ORDINANCE No. 2023-086

To amend Ord. No. 2022-104, adopted April 25, 2022, as previously amended by Ord. No. 2022-243, adopted Sept. 12, 2022, which authorized the Chief Administrative Officer to issue grants, loans, or a combination thereof from the City's 1st Tranche of American Rescue Plan Act of 2021 funds to certain entities in designated amounts and authorized the Chief Administrative Officer, for and on behalf of the City, to execute all necessary documents to affect such issuance for the purpose of financing the construction and preservation of single-family and multifamily dwellings, to provide for a revised list of entities eligible for the issuance of such grants, loans, or a combination thereof.

Patron – Mayor Stoney

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: MAR 27 2023 AT 6 P.M.

I. That Ordinance No. 2022-104, adopted April 25, 2022, as previously amended by Ordinance No. 2022-243, adopted September 12, 2022, be and is hereby amended and reordained as follows:

WHEREAS, section 15.2-958 of the Code of Virginia (1950), as amended, provides that the "governing body of an locality may provide by ordinance that such locality may make grants or loans to owners of residential rental property occupied, or to be occupied, following rehabilitation or after construction if new, by persons of low and moderate income, for the purpose of rehabilitating or

AYES:	9	NOES:	0	ABSTAIN:	
ADOPTED:	MAR 27 2023	REJECTED:		STRICKEN:	

producing such property," and the Council desires to make such grants or loans to owners of residential rental property and to the City's land bank entity pursuant to section 15.2-7509 of the Code of Virginia (1950), as amended; and

WHEREAS, the City has determined to issue grants, loans, or a combination thereof from the City's 1st Tranche of funds received pursuant to the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022), to certain entities in designated amounts to finance the construction and preservation of single-family and multifamily dwellings as set forth in the document entitled "Amended 2 Attachment A2 – Recommendation for ARPA Funding Awards," a copy of which is attached to and incorporated into this amendatory ordinance;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That, subject to any requirements of section 15.2-958 of the Code of Virginia (1950), as amended, the Chief Administrative Officer be and is hereby authorized to issue grants, loans, or a combination thereof from the City's 1st Tranche of funds received pursuant to the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022) to the entities designated in the column entitled "Award Recipient" in the aggregate amounts designated in the column entitled "Recommended Award Amount" in the document entitled "Amended 2 Attachment A2 – Recommendation for ARPA Funding Awards," a copy of which is attached to and incorporated into this amendatory ordinance, for the purpose of financing the construction and preservation of single-family and multifamily dwellings.

§ 2. The Chief Administrative Officer, for and on behalf of the City of Richmond, be and is hereby authorized to execute all necessary documents, each of which first must be approved as to form by the City Attorney, to effect the issuance of grants, loans, or a combination thereof from the

City's 1st Tranche of funds received pursuant to the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022) authorized pursuant to section 1 of this ordinance and as set forth in the document entitled "Amended 2 Attachment A2 – Recommendation for ARPA Funding Awards," a copy of which is attached to and incorporated into this amendatory ordinance, for the purpose of financing the construction and preservation of single-family and multifamily dwellings in accordance with sections 15.2-958 and 15.2-7509 of the Code of Virginia (1950), as amended.

§ 3. This ordinance is in force and effect upon adoption.

II. This amendatory ordinance shall be in force and effect upon adoption.

A TRUE COPY:
TESTE:

Candice D. Reid

City Clerk

CITY OF RICHMOND
INTRACITY CORRESPONDENCE

O&R REQUEST

DATE: February 13, 2023 **EDITION:** 1

TO: The Honorable Members of the City Council

THROUGH: The Honorable Levar M. Stoney, Mayor

THROUGH: J.E. Lincoln Saunders, Chief Administrative Officer Sabrina Joy-Hogg On behalf of Lincoln Saunders

THROUGH: Sabrina Joy-Hogg, Deputy Chief Administrative Officer, Finance and Administration

THROUGH: Sheila D. White, Director, Department of Finance Sheila White

THROUGH: Jason P. May, Director, Department of Budget and Strategic Planning Jason May

THROUGH: Sharon L. Ebert, Deputy Chief Administrative Officer, Economic Development and Planning

FROM: Sherrill Hampton, Director SH
Department of Housing and Community Development

RE: **The State and Local Fiscal Recovery Funds Under the American Rescue Plan Act (ARPA) – Request for A Second Amendment to Funding Awards for City of Richmond's 1st Tranche ARPA Dollars to Further Affordable Housing Activities**

ORD. OR RES. No. ______________________________

PURPOSE: This O&R request is to amend Ordinance No. 2022-243 (see **Attachment B)** adopted on September 12, 2022, as it relates to needed changes in the names of the award recipients for the construction and preservation of single-family and multifamily dwellings and authorize the Chief Administrative Officer to develop and execute all documents necessary to do so based on proposed changes to one of the award recipients. See **Amended 2 - Attachment A2** for the related project and proposed amended award recipient name change.

REASON: One of the ARPA construction projects has been awarded Low Income Housing Tax Credits (LIHTC). It is standard practice for affordable housing developers to create affiliates or special development entities to meet investor and IRS requirements unless the developer/project sponsor is a non-profit entity. Better Housing Coalition ("BHC") a non-profit and project sponsor for the Cameo Street project is required to receive the funds directly as opposed to a development entity or it will subject its investors to a taxable event and the tax credit financing will not be available to the project. The tax credits comprise the majority of the project financing. To avoid the loss of tax credit financing the name of the Award Recipient must be changed from Cameo Street, LLC to Better Housing Coalition.

RECOMMENDATION: Approval of the proposed amendment is recommended.

BACKGROUND:
On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund, which together make up the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program. The City of Richmond's ARPA Spending Plan was approved by City Council on October 25, 2021. Mayor Stoney and the City Council allocated under the City's 1st Tranche of ARPA funds $10,000,000 to further affordable housing opportunities.

On April 25, 2022, City Council reviewed, as well as accepted the recommendation from the Land Use Housing & Transportation Committee to award funding to the seventeen (17) identified ARPA projects, twelve (12) of which were for new construction and preservation activities. See **Attachment C – Ordinance 2022-104**. One project has since requested to be withdrawn.

Several of the ARPA new construction projects have applied for or have been awarded Low Income Housing Tax Credit (LIHTC) Reservations from Virginia Housing. The original awards approved by City Council on April 25th were made in the names of the project sponsors, which is problematic for those projects receiving LIHTC Reservations unless the project sponsor is a non-profit. The LIHTC Reservations comprise the majority of the project financing. The original applicants or project sponsors have legal affiliates or special-purpose development entities created for the specific purpose of the proposed housing developments.

On September 12, 2022, City Council in Ordinance 2022-243 approved the requisite name changes of the award recipients for the construction and preservation of single-family and multifamily dwellings. Cameo Street LLC was listed as the Award Recipient for the Cameo Street project which now requires an amendment to make Better Housing Coalition (BHC) the Award Recipient.

FISCAL IMPLICATIONS: No adverse fiscal implications based on the proposed amendment. The proposed amendment allows for the timely utilization of the ARPA funds without causing negative tax implications for the associated non-profit developer and project investors.

The appropriation of the City's 1st Tranche of ARPA dollars enables the City to address the harmful consequences of or the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency as well as implement several of the goals of the City's 5-Year Consolidated Plan, the Mayor's Equity Agenda, the Comprehensive Plan (Richmond 300), the 2020-2030 Strategic Plan to End Homelessness, and the Equitable Affordable Housing Plan.

BUDGET AMENDMENT NECESSARY: No

REVENUE TO CITY: There will be additional revenue to the City as it relates to property taxes for any newly created housing units.

DESIRED EFFECTIVE DATE: Upon Adoption

REQUESTED INTRODUCTION DATE: March 13, 2023

CITY COUNCIL PUBLIC HEARING DATE: March 27, 2023

REQUESTED AGENDA: Consent Agenda

RECOMMENDED COUNCIL COMMITTEE: Requesting that the Committee Assignment be Waived.

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Housing and Community Development

RELATIONSHIP TO EXISTING ORD. OR RES.: 2022-243 and 2022-104

REQUIRED CHANGES TO WORK PROGRAM(S): If approved, there are no required changes to HCD's work plans as project administration is currently underway.

ATTACHMENTS: Amended 2 Attachment A2 - Recommendation for 1st Tranche ARPA Funding Awards Name Change for Cameo Street Project; Attachment B - Ordinance 2022-243 and Attachment C – Ordinance 2022-104.

STAFF: Merrick Malone, Senior Manager, Single- and Multifamily Housing - (804) 646-7426, and Sherrill Hampton, Director – (804) 646-6822.

AMENDED 2 ATTACHMENT A2 – RECOMMENDATION FOR ARPA FUNDING AWARDS

Grants, Loans, and Grant/Loan Combinations

Award Recipient	Project Sponsor	Project Name	Project Description	No. of Units	Requested Amount	Cost Per Unit	Total Project Cost	Leveraged Amount	Income Ranges			Recommended Award Amount
									0-50% AMI	51-60% AMI	61-80% AMI	
The Maggie Walker Community Land Trust	The Maggie Walker Community Land Trust	Permanently Affordable Homes	Construction of New Single-Family Homes	15	$1,000,000	$33,333.33	$6,803,000	$5,803,000	5	5	5	$500,000
	Subtotal – New Single-Family Homeownership			**15**	**$1,000,000**		**$6,803,000**	**$5,803,000**	**5**	**5**	**5**	**$500,000**
VST South Gate LLC	Genesis Properties, Inc.	South Gate Apartments	Multifamily Preservation	112	$2,000,000	$17,857.14	$17,531,714	$15,531,714	100	12	-0-	$1,000,000
Better Housing Coalition	Better Housing Coalition	North Oak Apartments	Multifamily Preservation	143	$250,000	$6,446.99	$632,000	$382,000	60	36	47	$250,000
	Subtotal – Multifamily Preservation			**255**	**$2,250,000**		**$18,163,714**	**$15,913,714**	**160**	**48**	**47**	**$1,250,000**
ElderHomes Corporation t/a Project: Homes	ElderHomes Corporation t/a Project: Homes	Bainbridge Affordable Rental	New Multifamily Housing Development	38	$717,312	$18,876.63	$7,035,000	$6,317,688	20	18	-0-	$517,312
700 West 44 LP	The Lawson Companies, Inc.	700 West 44, LP (9%)	New Multifamily Housing Development	72	$745,000	$10,347.22	$16,692,265	$15,947,265	36	36	-0-	$700,400
The View at Belle isle Apartments LP	The Lawson Companies, Inc.	The View at Belle Isle Apartments, LP	New Multifamily Housing Development	116	$1,040,000	$8,965.52	$24,904,278	$23,864,278	-0-	116	-0-	$1,040,000
Better Housing Coalition	Better Housing Coalition	Cameo Street	New Multifamily Housing Development	67	$500,000	$7,462.69	$19,039,423	$18,539,423	34	33	-0-	$250,000
7000 Carnation Managing Member, LLC	Lynx Ventures, Inc.	7000 Carnation	New Multifamily Housing Development	218	$1,744,000	$8,000.00	$39,222,553	$37,478,553	74	70	74	$1,744,000
Afton Avenue Apartments LLC	Genesis Properties, Inc.	Afton Ave Apartments	New Multifamily Housing Development	150	$2,000,000	$13,333.33	$33,604,458	$31,604,458	-0-	150	-0-	$1,000,000
The Community Builders, Inc.	The Community Builders, Inc.	Creighton Court Phase A	New Multifamily Housing Development	68	$1,000,000	$14,705.88	$23,400,967	$22,400,967	40	28	-0-	$500,000
Liberty Townhomes LLC	Liberty Townhomes LLC	Townhomes at Liberty Place	New Multifamily Housing Development	40	$800,000	$20,000.00	$11,981,052	$11,181,052	20	20	-0-	$600,000
	Subtotal – New Multifamily Housing Development			**769**	**$8,546,312**		**$175,879,996**	**$167,333,684**	**224**	**471**	**74**	**$6,351,712**
	Grand Total of Project Categories			**1039**	**$11,796,312**		**$200,846,710**	**$189,050,398**	**389**	**524**	**126**	**$8,101,712**