



City of Richmond

900 East Broad Street
2nd Floor of City Hall
Richmond, VA 23219
www.rva.gov

Legislation Text

File #: ORD. 2023-180, **Version:** 1

To authorize the Chief Administrative Officer, for and on behalf of the City of Richmond, to accept the second tranche of American Rescue Plan Act funds in the amount of \$10,000,000.00 from the United States Department of the Treasury; to amend the Fiscal Year 2022-2023 General Fund Budget by increasing estimated revenues and the amount appropriated to the General Fund Budget for certain agencies by \$8,000,000.00 of the \$10,000,000.00 of ARPA funding from the Department of Housing and Community Development for the purpose of funding the City's efforts to recover from the economic and health effects of the COVID-19 pandemic in accordance with the American Rescue Plan Act of 2021.

WHEREAS, pursuant to Ordinance No. 2021-220, adopted September 27, 2021, the Director of Finance has credited all funds received by the City, whether from the United States government, the Commonwealth of Virginia, or otherwise, provided pursuant to the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022) in the general ledger, to be managed in the Projects and Grants Module in the City's enterprise resource planning system for purposes authorized by the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022) for future appropriation by the Council of the City of Richmond only for expenditures authorized by the said Act;

NOW, THEREFORE,

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That the Chief Administrative Officer is authorized to accept the second tranche of American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022), funds in the amount of \$10,000,000.00 from the United States Department of the Treasury for the purpose of funding the City's efforts to recover from the economic and health effects of the COVID-19 pandemic in accordance with the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022).

§ 2. That a portion of the funds received pursuant to section 1 of this ordinance are hereby appropriated to the General Fund Budget for the fiscal year commencing July 1, 2021, and ending June 30,

2022, by increasing estimated revenues by \$8,000,000.00, increasing the amount appropriated for expenditures by \$8,000,000.00 and allotting to certain agencies the sum of \$8,000,000.00 as set forth in the document entitled “2nd Tranche - Recommendation for ARPA Funding Awards - ATTACHMENT A,” a copy of which is incorporated into and made a part of this ordinance, for the purpose of funding the City’s efforts to recover from the economic and health effects of the COVID-19 pandemic in accordance with the American Rescue Plan Act of 2021, H.R. 1319, 117th Cong., 1st Sess. (2021-2022).

§ 3. This ordinance shall be in force and effect upon adoption.

O&R REQUEST

DATE: May 18, 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

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

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

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

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

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

RE: **The State and Local Fiscal Recovery Funds Under the American Rescue Plan Act (ARPA) - Recommendation for Funding Awards for the City of Richmond’s 2nd Tranche ARPA Allocation to Further Affordable Housing Activities**

ORD. OR RES. No.

PURPOSE: To approve the recommendations for various funding awards under the City of Richmond’s 2nd Tranche of ARPA dollars and to authorize the Chief Administrative Officer to execute, for and on behalf of the City of Richmond, a total of \$8,000,000 in grants, loans, or a combination thereof by and between the City of Richmond and the designated project sponsors and/or special purpose entities outlined in **Attachment A**.

REASON: For the furtherance of the production and preservation of affordable multifamily housing units in the City of Richmond.

RECOMMENDATION: City Administration recommends approval of the funding awards.

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. This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses. The City of Richmond’s ARPA Spending Plan was approved by City Council on October 25, 2021 (see **Attachment C**). The funds are to be used in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID-19 public health emergency.

Mayor Stoney and the City Council allocated under the City’s 1st Tranche of ARPA funds \$10,000,000 to further affordable housing opportunities. This use is intended for projects that will align with and meet the requirements of the ARPA category of “Building Stronger Communities Through Investments in Housing and Neighborhoods” as well as align with 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. On April 11, April 25, and November 7, 2022, the City Council approved the awarding of funding to a total of seventeen (17) projects to further affordable housing activities, including multi and single-family development and preservation, housing-related services and the FY23 Inclement Weather Shelter operated by Commonwealth Catholic Charities.

The City of Richmond’s approved 2021 ARPA Spending Plan also called for a subsequent \$10,000,000 allocation in the 2nd Tranche of ARPA funding to continue efforts to expand affordable housing activities. To that end, the Housing and Community Development Department (HCD) released a Notice of Funding Availability (NOFA) for \$8,000,000 in ARPA Funding in combination with \$1,300,000 in AHTF Funding totaling \$9,300,000. \$2,000,000 of the 2nd Tranche allocation is being held to implement a new Homeownership Initiative. The availability of funding was advertised in the *Richmond Times-Dispatch* and the *Nuevas Raices* newspapers. The application packet was released on January 17, 2023. HCD held a (mandatory) workshop on January 26, 2023, for entities interested in applying. The deadline for the submission of applications for the City’s 2nd Tranche ARPA and AHTF funding was February 14, 2023. From January 26 through February 13, 2023, HCD staff was available to answer questions and provide clarification to interested entities. HCD also communicated with potential applicants by sending periodic FAQs and related responses using email, so all potential applicants received the same information. See **Attachment B** for a copy of the NOFA/Application Packet.

HCD received twenty-six (26) applications for the production and preservation of affordable multifamily units totaling \$29,162,539. HCD is recommending the funding of twelve (12) projects totaling \$8,000,000 of ARPA funds. The AHTF Supervisory Board on May 4, 2023, approved \$1,300,000 in leveraged funds for two projects, \$1,000,000 to the Michaels Development Company I, LP on behalf of the Richmond Family Housing 1, LLC, and \$300,000 to The Community Builders, Inc. for Creighton Court Phase B. Based on the funding available, evaluation criteria, and priorities articulated in the NOFA/Application Packet, projects recommended for funding were ranked as the most competitive in the activity areas cited above. See **Attachment A** for

HCD's recommendation for the 2nd Tranche ARPA funding awards.

The remaining \$2,000,000 of the 2nd Tranche ARPA allocation will be used to implement a new Homeownership Initiative.

FISCAL IMPACT/COST: The City received \$10,000,000 in 2nd Tranche ARPA Funding and with the approval of the recommendation of funding awards will allocate \$8,000,000 of the ARPA funding combined with \$1,300,000 in AHTF Funding. The categories of awards for ARPA funds include \$2,050,000 for multifamily preservation projects, which preserves 167 units of existing affordable units, and \$5,950,000 for multifamily new construction projects, which create 938 new affordable housing units. These funds will serve households earning between zero and eighty percent (0%-80%) of the Area Median Income (AMI). Approximately thirty-two percent (32%) or \$2,560,000 of the \$8,000,000 will serve households earning at or below 50% of AMI. In addition, of the combined total of the ARPA and AHTF awards (\$9,300,000), thirty-nine percent (39%) or \$3,627,000 of the \$9,300,000 will serve households earning at or below 50% of AMI.

FISCAL IMPLICATIONS: No adverse fiscal implications are anticipated. The appropriation of the City's 2nd Tranche of ARPA dollars combined with the AHTF 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 (Richmond300), the 2020-2030 Strategy to End Homelessness, and the Equitable Affordable Housing Plan.

BUDGET AMENDMENT NECESSARY: No

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

DESIRED EFFECTIVE DATE: June 26, 2023

REQUESTED INTRODUCTION DATE: June 12, 2023

CITY COUNCIL PUBLIC HEARING DATE: June 26, 2023

REQUESTED AGENDA: Consent Agenda

RECOMMENDED COUNCIL COMMITTEE: Land Use, Housing, and Transportation

CONSIDERATION BY OTHER GOVERNMENTAL ENTITIES: None

AFFECTED AGENCIES: Housing and Community Development (HCD), Budget and Strategic Planning, and the Department of Finance

RELATIONSHIP TO EXISTING ORD. OR RES.: 2021-291

REQUIRED CHANGES TO WORK PROGRAM(S): If approved, the new activities will be added to the HCD staff work plans for the implementation and monitoring of the proposed projects.

ATTACHMENTS: Attachment A - Recommendation for Awards, Attachment B - NOFA/Application Packet,

and Attachment C - Ordinance 2021-291

STAFF: Sherrill Hampton, Director - (804) 646-6822 and Merrick Malone, Senior Manager - Multi and Single
-Family Development - (804) 646-7426