

February 28, 2008

Denise Ambrose
Virginia Department of Housing and Community Development
501 North Second St.
Richmond, Virginia 23219

Dear Ms. Ambrose:

For almost thirty years, residents of Albemarle County have benefited from community improvement activities that have been supported in part through the state's Community Development Block Grant Program (CDBG). Most of this activity has involved the rehabilitation of owner-occupied houses so that the homeowners could remain in safe, decent, and affordable units. Although we continue to have scattered sites that can use this assistance, we have a much more pressing community development need as identified in recent studies. That need is for the creation of more affordable rental housing and we see this being addressed by nonprofit, for-profit, and public partnerships.

Over the past few years, County staff has been working with two particular projects which will add 128 new affordable rental units. Treesdale Park is a 90-unit development proposed by the Albemarle Housing Improvement Program and Crozet Meadows, a partnership between Jordan Development Corp. and the Piedmont Housing Alliance, will add 38 new senior rental units to an existing 28 units that will be renovated. Both projects have applied for low-income housing tax credits and plan to request the County to apply for CDBG to help address on-site infrastructure needs. These funds are necessary to keep the financing costs as low as possible so that rents are not negatively affected.

Staff reported at our last Housing Committee meeting that the rules put in place by DHCD may impact the County's decision to apply for CDBG funds and, if we do apply and receive funds, there may be limited benefits to the proposed developments. This specifically is the rule that funds used for on-site infrastructure must be repaid at the completion of the development. Both projects have the ability to access construction funds. The real impact of CDBG would be in the form of a deferred loan without interest for at least ten, and possibly fifteen, years. For Treesdale Park, a deferred loan is worth between \$20 and \$50 per month in rent on each of the ninety proposed units. Translated into income, this means anything other than a deferred loan would require annual household incomes to be \$800 to \$2000 higher to maintain the same level of affordability.

As Chairman of, and on behalf of, the Albemarle County Housing Committee, which is appointed by the Board of Supervisors to provide advice and guidance to the Board, I am asking that DHCD reconsider this rule in its CDBG Program Design. Understanding that it is too late to make such a

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change for this year, I encourage you to consider being open to flexibility and negotiation if one or both of these projects receive an award of CDBG funds. We believe that housing production is an important community development need and the way to achieve that is through the commitment and willingness of all partners to compromise when necessary so that the eventual beneficiaries, residents and citizens of the County, are served well.

Thank you and your staff for their continued commitment in working with Albemarle County. We look forward to a continued and successful partnership with DHCD.

Sincerely,

Leonard Winslow III
Chairman
Albemarle County Housing Committee

Copies: Nancy O'Brien
Bill Shelton
Todd Christensen
Bob Tucker
Bryan Elliott