DATE: June 13, 2005

SUBJECT: Allocation of Community Development Block Grant (CDBG) Housing Development Fund to Doorways for Women and Families (Doorways), previously The Arlington Community Temporary Shelter (TACTS), as a loan to assist with the redevelopment of the Emergency Shelter for homeless women and families.

C. M. RECOMMENDATION(S):

1. Allocate up to $600,000 to Doorways for Women and Families (006.668.6HTR) from CDBG Housing Development Fund (06.668.6BDA) to assist with cost of redevelopment of the Emergency Shelter for homeless women and families, located in the Lyon Park neighborhood. The financing assistance is in the form of a loan to Doorways, subject to the terms and conditions outlined in this report and to the conditions outlined in the Board Report for the Use Permit Amendment U-2607-88-1.

2. Authorize the County Manager to execute the required documents for a loan of up to $600,000 to Doorways, subject to approval by the County Attorney.

3. Authorize the County Manager, with the concurrence of the County Attorney, to act as the County Board’s representative in approving financing or program revisions that are necessary to remove any ambiguity or inconsistency or which improve the County’s financial security or financial position, and which changes do not adversely affect the County financially, prior to or after execution of the County’s financing documents.

ISSUE: Should the County provide a deferred loan to Doorways for redevelopment and increased capacity of its Emergency Shelter?

SUMMARY: Doorways, an Arlington based non-profit, has requested up to $600,000 from the CDBG Housing Development Fund (a federal revolving loan fund) to be combined with other resources for the redevelopment of the Emergency Shelter located in the Lyon Park.
neighborhood. The plan is to demolish the existing shelter and construct a new 21-bed facility for transitional housing services for homeless women and children. Staff supports this proposal because the rebuilding scenario is the most cost efficient option and Doorways has the commitment of a significant amount of resources that leverage County funds.

BACKGROUND: The single-family house that serves as the Emergency Shelter was built in 1942 and is located in the Lyon Park neighborhood. The house is a 2,900 square foot, one-story structure with an attic and basement as well as an addition. The lot measures 45 feet wide and 171 feet long. Doorways purchased the property in 1989, and the surrounding neighborhood has been supportive of the shelter and its programs since it began operation.

Due to its age and heavy use, the shelter and its systems have become deteriorated and are in need of replacement. In 2004, Doorways applied to the County for CDBG funding to rehabilitate the Emergency Shelter. Upon closer inspection, County staff concluded that the facility was in need of major repairs. A detailed analysis of the building was conducted by the architectural firm of Rust, Orling and Neale, under contract with the County to provide predevelopment assessment of projects for non-profits. The architect determined that the property was in need of substantial rehabilitation.

Doorways considered several options for this project, including moderate rehab, substantial rehab, sale of the property and purchase in another neighborhood, and demolition and new construction on the current site. Because it has had a good relationship with the neighborhood Doorways favored remaining in Lyon Park. Rebuilding provides the opportunity to expand the facility to accommodate up to 21 clients, five more than are being currently served. This option also would provide a facility that is better suited for the program needs.

DISCUSSION: Doorways (previously known as The Arlington Community Temporary Shelter (TACTS)) has been operating for 25 years providing emergency shelter and supportive services. It operates two shelters in Arlington, the Safehouse and the Emergency Shelter, serving women and children who are homeless or victims of domestic violence. It also offers a Transitional Housing Program to help families achieve stability and independence.

The Emergency Shelter provides housing, food, information, referrals, and case management services. Clients may stay up to one month, during which time they are required to set goals and work towards achieving them. Counseling services and resources available to clients include mental health counseling, substance abuse services, a certified nurse, financial counseling, childcare services, vocational services, and more. Doorways connects clients with other agencies in Northern Virginia to ensure a full range of services are available to them.

County Funds Requested: Doorways is requesting $600,000 from the CDBG Housing Development Fund to be combined with private donations and a grant from the Freddie Mac Foundation. Staff recommends the allocation be in the form of a 60-year, zero percent (0%) interest loan with payment deferred as described in the Loan Terms and Conditions section of this report.

Financing Plan: The total project cost is approximately $1,992,000. Doorways has obtained a commitment from HomeAid Northern Virginia for assistance in the construction of the new
shelter. HomeAid Northern Virginia is Northern Virginia Building Industry Association’s charitable subsidiary and focuses on building and renovating transitional housing for the homeless. HomeAid’s in-kind contribution to the project will be approximately 40% of the construction hard costs, or $541,600 in cost savings on donated labor and materials. Doorways has also secured a $500,000 grant from the Freddie Mac Foundation, and expects to raise at least $350,000 in private donations. Federal support via the CDBG Housing Development Fund in the amount of $600,000 will enable the project to proceed.

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>USE OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>HomeAid</td>
<td>$542,000</td>
</tr>
<tr>
<td>Const./Hard Costs</td>
<td>$1,427,500</td>
</tr>
<tr>
<td>Private Donations</td>
<td>$350,000</td>
</tr>
<tr>
<td>Soft Costs</td>
<td>$564,500</td>
</tr>
<tr>
<td>Freddie Mac Found.</td>
<td>$500,000</td>
</tr>
<tr>
<td>CDBG Housing Development Fund</td>
<td>$600,000</td>
</tr>
<tr>
<td>Total Sources</td>
<td>$1,992,000</td>
</tr>
<tr>
<td>Total Uses</td>
<td>$1,992,000</td>
</tr>
</tbody>
</table>

**DHS Funding:** In Fiscal Year 2005, Doorways was allocated $257,546 in its base budget for the operation of the Emergency Shelter and Domestic Violence Shelter and was also provided an additional $145,000 in LPACAP funding to assist with fundraising and the shortfall from the Thrift Store closing. In total the organization was provided $402,546.

In Fiscal Year 2006, Doorways will be provided a total of $338,936 for the operation of the Emergency Shelter and the Domestic Violence Shelter. The County Board increased the base budget by $75,000 for FY ’06 to assist with additional operational cost (FTEs, insurance, equipment repair) associated with the operation of the shelters.

**Redevelopment Plan:** Doorways carefully examined the options of rehabilitation or redevelopment of the current facility versus sale of the property and relocation to another site in the County. The relocation would have involved securing a site to accommodate the dormitory use or construction of a new facility. Relocating the shelter would also have necessitated obtaining neighborhood support from a civic association unfamiliar with the Doorways program. Further analysis confirmed that the most cost effective option is to rebuild the shelter on the current site. A redevelopment plan and budget has been submitted to Housing development staff and reviewed as part of the request for CDBG funds.

The current Doorways facility will need to be closed for approximately 12 months during the redevelopment. A Residential Services Relocation Plan will be developed by the organization with the help of County staff, and will include possible locations for temporary housing, cost estimates and sources of funds.

**Handicapped Accessibility:** One bedroom and bath will be fully accessible and the building will comply with County and federal accessibility codes for dormitory use.

**Housing Policy Goals:** The proposal would meet several critical County Board Adopted Housing Policy Goals and Targets including balanced support for the elderly and persons with

CDBG Allocation to Doorways - 3 - 7/6/2005
disabilities with a transitional safety net for working families with children; and ensure through all available means that all housing in Arlington County is safe and decent.

**Loan Terms And Conditions:** Approve the $600,000 loan to Doorways as project financing assistance for the redevelopment of the Emergency Shelter located in the Lyon Park neighborhood subject to the following terms and conditions:

1. This financing assistance is in the form of a zero percent (0%) interest rate 60-year deferred-payment loan, secured by the property, so long as the shelter is operated according to the terms and conditions outlined in the Board Report for the Use Permit Amendment U-2607-88-1. In the event that Doorways needs to refinance the property under commercially reasonable terms, in an amount sufficient to provide for future capital needs to rehabilitate the property, Doorways may request the County Board to provide additional funding or a modification to the program agreement to ensure that the property will be maintained in a safe and decent condition for the full 60 year loan term. However, prior to the expiration of the 60-year loan period, should the property be sold, or title thereto be transferred, the loan is immediately due and payable.

2. The applicant shall execute a generally standard CDBG Program Agreement and loan instruments for the County loan in a form acceptable to the County Manager and the County Attorney.

3. The allocation is contingent upon completion of an Environmental Review Record and release of funds by HUD.

4. Use cannot be changed from shelter without prior County approval.

5. The applicant must secure all remaining funds to complete the development budget prior to disbursement of any funds from the County.

6. The applicant, heirs or assigns shall provide a purchase option including a right of first refusal to the County or its designee, if Doorways decides to sell the property any time prior to the repayment of the approved County loan, wherein the County or its designee shall have the right, but not the obligation, for a period of up to 180 days, to purchase the property at 90 percent of its then-appraised fair market value, less outstanding principal on County loan. If the owner’s appraiser and County’s appraiser do not concur on the fair market value of the property, the two appraisers shall select a third appraiser using the industry-standard three appraiser method to determine the fair market value.

7. The project is subject to the terms and conditions outlined in this report and to the conditions outlined in the Board Report for the Use Permit Amendment U-2607-88-1.

**CITIZEN COMMENT:** The Community Development Citizens Advisory Committee (CDCAC) will consider the proposal at its meeting on Wednesday, July 6, 2005. A separate letter regarding CDCAC support will be sent after that meeting. Lyon Park Civic Association has met several times with Doorways and will convey its comments to the Board prior to the July 9 Board meeting.
FISCAL IMPACT: The unobligated balance of the CD Housing Development Fund is $2,083,024. Approval of staff recommendation in an amount of up to $600,000 from the CD Housing Development fund would result in a remaining balance of $1,483,024.