



ARLINGTON COUNTY, VIRGINIA

County Board Agenda Item Recessed Meeting of May 17, 2005

DATE: May 4, 2005

SUBJECT: Approval of Agreement of Conveyance of Property and Improvements at 2000 5th Street South, Arlington, Virginia, RPC # 24032036, from Arlington County to Arlington VOA Assisted Living Residence, Inc., a Virginia Non-profit Corporation, to Permit Renovation and Operation of the Property Exclusively as an Assisted Living Facility with Funding from the U.S. Housing and Urban Development Assisted Living Conversion Program; and Approval of 1.0 FTE for a Supportive Housing Services Coordinator to Establish a Centralized, Cross-disability Supportive Housing Services Program for the DHS Supportive Housing Program.

C. M. RECOMMENDATIONS:

1. Approve the attached Agreement of Conveyance of Property and Improvements at 2000 5th Street South, Arlington, Virginia, RPC # 24032036 (the "Property"), from Arlington County to Arlington VOA Assisted Living Residence, Inc. ("Arlington VOA"), a Virginia non-profit corporation, to permit renovation and operation of the Property exclusively as an assisted living facility with funding from the U.S. Housing and Urban Development ("HUD") Assisted Living Conversion Program ("ALCP").
2. Authorize the Director of Engineering and Capital Projects, Department of Environmental Services, or her designee, to execute the Agreement of Conveyance and all related documents necessary to convey the Property, subject to approval as to form of all documents by the County Attorney.
3. Approve 1.0 FTE for a Supportive Housing Services Coordinator to establish a centralized, cross-disability supportive housing services program for the DHS Supportive Housing Program funded from ongoing LPACAP supportive housing funds.

ISSUES: None.

SUMMARY: In order to take advantage of HUD funds available to renovate the Property and establish the Arlington Assisted Living Residence ("AALR"), County staff recommends conveyance of the Property to Arlington VOA, a single-asset, non-profit corporation, established under the Internal Revenue Service group tax exemption of the Volunteers of America, Inc.

County Manager: _____

County Attorney: _____

Staff: Cynthia Stevens, DHS; Tim O'Hora, DES Real Estate

Report Date: 5/16/2005

Arlington VOA will then apply for ALCP funds from HUD to renovate and operate an assisted living facility on the Property. The conveyance of the Property by the County to VOA Arlington will constitute a gift to VOA Arlington, a Virginia non-profit corporation, which will provide assisted living housing to elderly and disabled persons, including persons 60 years of age and older. The County has negotiated an Agreement of Conveyance (Attachment 1) with Arlington VOA. If the Agreement of Conveyance is approved by the County Board, the Property will be conveyed to Arlington VOA, in "AS IS" condition, by quitclaim deed.

To ensure that the Property is used exclusively for the intended public purpose, the quitclaim deed will include a reversion clause, providing that title to the Property will revert to the County, if: 1) HUD does not, prior to January 1, 2006, award ALCP funding to Arlington VOA, in the full amount of its application; 2) after issuance by the County of an Occupancy Permit for the facility, the Property, at any time, is not used exclusively for an assisted living facility, consistent with the requirements of the ALCP, and consistent with a Use and Operating Agreement with the County governing the use, operation and maintenance of the facility and Property; or 3) other specified events occur. The Property will be subject to a recorded ALCP Declaration of Restrictive Covenants, which will require the facility to be operated as an assisted living facility for the elderly/persons with disabilities for a period of at least twenty (20) years. Any reversion to the County will be subject to the recorded ALCP Declaration of Restrictive Covenants.

Staff also is recommending authorization of a 1.0 FTE permanent position for a Supportive Housing Services Coordinator to coordinate supportive housing services provided to DHS clients housed in the new affordable housing units developed under the DHS Supportive Housing Program. This position is recommended in the adopted Supportive Housing Plan and can be funded with LPACAP funding set aside for supportive services.

BACKGROUND:

Assisted Living Program. The County purchased the Property in June 2003, using funds from the Local Public Assistance Cost Allocation Plan ("LPACAP") Supportive Housing Fund, with the intent of developing a specialized assisted living program for older persons with mental disabilities. This property was previously called Oak Springs and is now called the Arlington Assisted Living Residence ("AALR"). The architectural firm of Grimm and Parker Architects was hired by DHS to develop renovations plans. A Citizens' Design Team, including members from four advisory commissions (the Community Services Board, the Health Center Commission, the Commission on Aging, and the Housing Commission), worked with the architect and County staff on the renovation plans. As design plans for "minimal rehab" were reviewed, it became clear that renovation would be more expensive than originally projected and that it was more cost effective in the long term and would result in a better program to consider an expansion of the building with more extensive renovations. At the same time, a federal program administered by the U.S. Department of Housing and Urban Development ("HUD") called the Assisted Living Conversion Program ("ALCP") was identified as a suitable source for renovation funds. In January 2005, the Citizens' Design Team and staff agreed to shift direction and pursue a more extensive expansion and renovation, funded by the ALCP program.

Grimm and Parker Architects has estimated expansion and renovation to cost approximately \$4 million, including an addition to the building that will increase the number of units, improve the accessibility of all units, and enhance program space. Staff has determined, with the assistance of an expert in the ALCP program, that these costs are allowable under the HUD program and that the AALR project should be highly competitive in seeking federal funding.

The Notice of Fund Availability (“NOFA”) for the ALCP (among other programs) was released on March 21, 2005, and allocates \$30 million dollars for the ALCP program, including \$5 million for the category for which the AALR project is eligible. The application to HUD must be submitted to HUD no later than June 22, 2005. The consultant advising DHS on the HUD application recommends that the application be submitted no later than June 15.

AALR Property. The Property is 41,750 square feet, zoned RA8-18 (up to 36 units/acre), and contains a vacant, two-story apartment building with a partial basement. Before the County acquired the property on June 14, 2003, the Property was operating under a County use permit approved in 1987 to adapt the 26 apartment units to a 39-unit elderly care facility. The County use permit expired at the end of 2003; therefore, the Property cannot be operated as an assisted living facility without a valid use permit issued by the County. In addition, the Virginia Department of Social Services had licensed the Property since 1988 as an assisted living residence to provide assisted living to individuals who require some homemaking and/or personal care, but not nursing care. In order to operate the property as an assisted living facility for older persons with mental disabilities, the facility operator will also have to submit a new application for an assisted living license to the Virginia Department of Social Services.

Supportive Housing Services Coordinator. The Supportive Housing Plan, developed under contract by the Technical Assistance Collaborative (“TAC”) for DHS and included as part of the County’s Consolidated Plan, recommends that DHS commit \$200,000 of ongoing LPACAP funds to establish a centralized, cross-disability unit with specific responsibility for supportive housing services coordination. TAC recommended that the unit be led by a senior Supportive Housing Services Coordinator.

The Supportive Housing Services unit will have the responsibility to provide direct hands-on housing related services to the tenants in supportive housing; assist prospective tenants to prepare for moving in and assuming the rights and responsibilities of tenancy; assure success of the supportive housing strategy from the tenancy perspective; convene teams of other services and support providers/practitioners around individual tenant service needs and choices; and bridge service delivery among the various service components within and outside the County. The Supportive Housing Services Coordinator would create the unit, hiring staff or contracting with organizations to provide the direct services, and supervise the supportive housing services system.

DISCUSSION:

Assisted Living Project. For the Assisted Living Project, the ALCP funds would cover the entire cost of renovating the building and the AALR project appears to stand a good chance of being awarded funding. However, the ALCP program requires that the building be owned and the

application to HUD be submitted by a non-profit organization. Local government entities are not eligible to apply for the funding. Therefore, the County issued a Request for Proposals (“RFP”) for a non-profit to: 1) assume ownership of the building and submit the application (with the County’s assistance); 2) renovate the building; and 3) ensure the operation of the assisted living facility. Volunteers of America National Services (“VOANS”) was selected as a result of the RFP process. VOANS has formed Arlington VOA, a single-asset, non-profit, subsidiary corporation, established under the Internal Revenue Service group tax exemption, to hold title to the Property. Arlington VOA is a non-profit corporation duly organized, validly existing and in good standing under the laws of the State of Virginia, and is authorized to do business in the Commonwealth of Virginia. Arlington VOA is also qualified to receive a gift or donation of real property from the County consistent with the provisions of Virginia Code §15.2-953(B) or other applicable laws. The County will have the right to appoint two members to the five-member Board of Directors of Arlington VOA.

If funds are awarded through the ALCP, Arlington VOA will enter into a contract with HUD to renovate the Property. HUD requires grantees under this program to operate the Property as an assisted living facility for a minimum of 20 years. Arlington VOA will work with DHS to secure a program operator. The operator may be an affiliate of the owner, but with a separate contract for operation, or may be a separate organization. In any case, the operator must obtain a license to operate an assisted living residence from the Virginia Department of Social Services. A similar process will be used to address property maintenance; either an affiliate of the owner will assume property maintenance responsibility or the owner will contract with another entity to provide property maintenance services.

AALR Property. The Property was acquired by a deed to the County Board recorded in the land records of Arlington County in Deed Book 3534, at Page 2424, and is generally described as Lot 11, Resubdivision of Part of Section 2, Talmage Wilcher Subdivision, Arlington County, Virginia (RPC #24032035).

If the Agreement of Conveyance is approved by the County Board, the Property thereafter will be conveyed by the County to Arlington VOA, in “as is” condition, by quitclaim deed. The quitclaim deed will provide that the conveyance is solely for use of the Property by VOA Arlington, as a nonprofit entity, to administer an assisted living program, as licensed by the Virginia Department of Social Services, consistent with the requirements of the HUD ALCP. The quitclaim deed will also include a reversion clause, specifying that title to the Property will revert to the County if any of the following conditions occur:

- (i) The U.S. Department of Housing and Urban Development (HUD) Assisted Living Conversion Program (ALCP) does not award, prior to January 1, 2006, ALCP funding to the Purchaser in the full amount of its application, for conversion and renovation of the Property;
- (ii) After the issuance by Arlington County of an Occupancy Permit for the facility, the Property, at any time, is not used exclusively for an assisted living facility, consistent with the requirements of the HUD ALCP;
- (iii) After issuance by Arlington County of an Occupancy Permit for the assisted living facility, the Purchaser, at any time, does not have, and continue to maintain, in full force

and effect, a Use and Operating Agreement with Arlington County governing the use, operation and maintenance of the facility and Property.

- (iv) The Seller and the Purchaser agree that the conveyance of the Property to the Purchaser is a gift for specified purposes, in the public interest. Accordingly, Purchaser agrees that it shall neither sell, encumber, nor subdivide the Property, or any portion thereof, at any time, without the specific prior written approval of the County Board of Arlington County, Virginia, after consideration by the Board of the documents by which the Property, or any part thereof, is proposed to be sold, encumbered or subdivided. Any attempt to sell, encumber, or subdivide the Property, without such prior approval, shall be void *ab initio* and shall entitle the Seller to cause a reversion of the Property to the Seller at the Seller's sole option.

As a condition of receiving the ALCP funding, the Property will be subject to a recorded ALCP Declaration of Restrictive Covenants, which will require that the facility be operated as an assisted living facility for the elderly and persons with disabilities for a period of at least twenty (20) years. Any reversion to the County will be subject to the recorded ALCP Declaration of Restrictive Covenants.

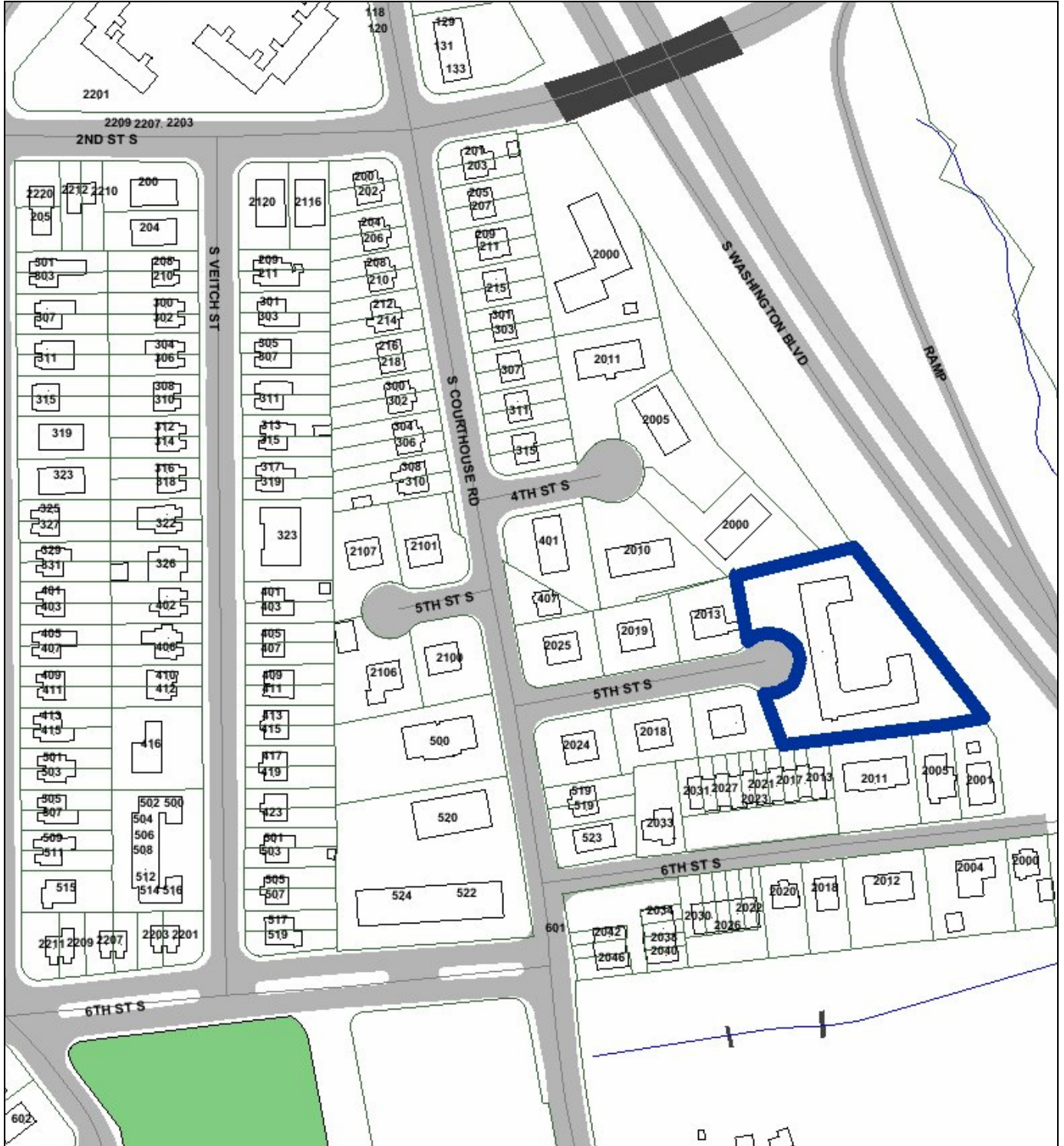
Public Notice. Public notice of the proposed disposition was given in accordance with § 15.2-1813 of the Code of Virginia. A notice was placed in the Monday, May 9, 2005 issue of the Examiner for the County Board Meeting of May 17, 2005.

Supportive Housing Services Coordinator. The Supportive Housing Services Coordinator position is needed to coordinate services for the 13 supportive housing units currently occupied, 14 units that will be occupied before the end of the 2005 calendar year, and any additional units to come on-line. The Coordinator also will create a system for tracking supportive housing units and residents, which will serve as a clearinghouse for matching units and residents as the inventory of supportive housing units grows. The position is wholly funded by LPACAP funds appropriated previously for ongoing supportive housing. At the time of appropriation, it was not clear whether supportive housing services would be provided by County staff or through contract with a private provider. Staff has concluded that the Coordinator position should be a County position, because of the need to coordinate among County programs and service providers, as well as with private providers. The Coordinator will work with other County staff to determine whether additional County supportive housing services positions are required or whether the services should be provided through contract.

FISCAL IMPACT: The Property was acquired by the County by deed dated June 26, 2003 for a purchase price of \$2,700,000 using LPACAP funds. The conveyance of the Property by the County to VOA Arlington will constitute a permissible gift to VOA Arlington, a Virginia non-profit corporation, which will provide assisted living housing to elderly and disabled persons, including persons 60 years of age and older. The conveyance enables access to as much as \$5 million, which otherwise would not be available to the County. The cost of transferring title for the Property and the developer's organizational costs can be covered by one-time LPACAP funds already appropriated for the AALR project; no increase in net tax support is required. Future action by the County Board will be required after the facility is renovated and an operator is selected, and operating funds are required for the program. The Supportive Housing Services

position will be funded from LPACAP ongoing funds earmarked for supportive housing services, and does not require net tax support. The position is estimated to cost approximately \$80,000.

EXHIBIT 1: VICINITY MAP
Arlington Assisted Living Residence
2000 5th Street South



Agreement of Conveyance
AALR Project
2000 5th Street South