

**THE UNIFIED GOVERNMENT OF ATHENS-CLARKE COUNTY
COMMISSION AGENDA ITEM**

SUBJECT: Phase I Accelerated Concept Recommendation from the ARPA Affordable Housing Advisory Committee

DATE: June 1, 2022

BUDGET INFORMATION:

REVENUES: \$ 11,000,000 ARPA SLRF Designation for Affordable Housing

EXPENSES:

ANNUAL:

CAPITAL:

OTHER: \$ 4,000,000 Reserved for Future Phases for Affordable Housing and Affordable Housing Strategic Plan

\$ 1,733,334 Designated for North Downtown Athens Redevelopment Project

\$ 5,266,666 Available for Affordable Housing Phase I and Additional North Downtown Athens Redevelopment Project Supplement (if needed)

FUNDING SOURCE: American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds (SLRF)

COMMISSION ACTION REQUESTED ON: June 7, 2022

PURPOSE:

To request that the Mayor and Commission:

- a. Accept the recommendation of the ARPA Affordable Housing Advisory Committee to advance up to \$5.27 million of designated ARPA SLRF for Affordable Housing Phase I;
- b. Approve the project concept (**Attachment #1**) and timeline (**Attachment #2**) for Affordable Housing Phase I; and,
- c. Authorize the Mayor and appropriate staff to execute the necessary documentation related to this approval.

HISTORY:

1. On February 2, 2018, at the direction of the Mayor & Commission (M&C), the Unified Government of Athens-Clarke County (ACCGov) Manager Blaine Williams met with the Athens Housing Authority (AHA) Board at their annual retreat to discuss the potential to partner on a transformational project, given AHA's experience and the specialized nature of developing affordable housing. This project would later become the North Downtown Athens Redevelopment Project.

2. On October 1, 2019, the M&C approved a Memorandum of Understanding with the AHA that should the SPLOST 2020 referendum pass, ACCGov would provide from SPLOST 2020 Affordable Housing Project 02 budget approximately \$39,000,000 toward governmentally-owned components of the North (Downtown) Athens Development Project or infrastructure supporting the project.
3. On November 5, 2019, Athens-Clarke County voters approved the SPLOST 2020 referendum.
4. On December 31, 2019, Chinese health officials notified the World Health Organization (WHO) of 41 patients with a pneumonia-inducing illness.
5. On January 30, 2020, WHO declared the outbreak a Public Health Emergency of International Concern.
6. On February 11, 2020, WHO announced a name for the new coronavirus disease: COVID-19.
7. On March 11, 2020, WHO declared COVID-19 a global pandemic.
8. On March 13, 2020, President Donald Trump declared a National Emergency in the United States in response to COVID-19.
9. On March 14, 2020, Governor Brian Kemp declared a Public Health Emergency in the State of Georgia.
10. On March 15, 2020, the first COVID-19 case was confirmed in Athens-Clarke County.
11. On March 16, 2020, the Mayor and Commission (M&C) adopted an ordinance for the Declaration of Local State of Emergency in Athens-Clarke County.
12. On June 10, 2020, ACCGov approved an Intergovernmental Agreement (“IGA #2”) with the AHA approving use of \$18,000,000 in funds from SPLOST 2020 Project 02 for the purchase of the Bethel Midtown Village Property for the North Downtown Athens Redevelopment Project.
13. On March 2, 2021, M&C accepted the North Downtown Master Plan, approved the Project Concept to advance the Redevelopment Master Plan, and approved an intergovernmental agreement (“IGA #3”) with AHA for use of SPLOST 2020 Project 02 funds for certain project management services and professional design services (civil, landscape architect, etc.) for horizontal public infrastructure. Professional design services included providing preliminary horizontal infrastructure plans for all proposed phases of Bethel Midtown Village

redevelopment and final site construction documents for Phase I demolition and installation of horizontal infrastructure.

14. On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA) was signed into law. The \$1.9 trillion package is intended to combat the COVID-19 pandemic by stabilizing state and local government operations, households, and small businesses.
15. In mid-March 2021, ACCGov was granted \$57.6 million of ARPA Coronavirus State and Local Fiscal Recovery Funds (SLRF) funding to allocate across defined categories by virtue of being both a city and a county.
16. On June 3, 2021, the Finance Department shared a presentation on ARPA SLRF Guidance provided by the Government Finance Officers Association during an M&C retreat.
17. On June 15, 2021, the M&C approved and adopted the FY22 Capital and Operating Budget, which included an allocation of \$2,220,900 of ARPA SLRF Revenue Replacement funds to balance the proposed FY22 budget.
18. On June 21, 2021, the Department of Treasury released the Interim Final Guidance for ARPA SLRF.
19. On June 22, 2021, ACCGov received the first tranche of ARPA funding in the amount of \$28,794,422.
20. On August 3, 2021, the M&C approved the Proposed Intergovernmental Agreement with the Athens Housing Authority (IGA #4) for the demolition, design and installation of horizontal infrastructure, and project management to create buildable city blocks to support mixed-income housing and mixed-use redevelopment as outlined in the Project Concept.
21. On August 12, 2021, Manager Williams shared a presentation on ARPA SLRF funding with the M&C.
22. On August 17, 2021, the M&C approved an agreement with the Georgia Department of Health (DPH) for \$250,000 of ARPA funds for the purposes of vaccine incentives for Athens-Clarke County residents.
23. On September 7, 2021, the M&C approved \$400,000 of ARPA funds for ACCGov Employee vaccine incentive pay.
24. On September 17, 2021, Manager Williams emailed to the M&C a draft pro forma regarding the potential use of ARPA funds based on M&C feedback.

25. On September 21, 2021, the M&C allocated an additional \$100,000 of ARPA SLRF funds to the DPH for vaccine incentives.
26. On October 12, 2021, ACCGov's external auditor, Mauldin and Jenkins, shared a presentation to review their thoughts with the M&C on the ARPA program and process during a regularly scheduled Work Session.
27. On October 22, 2021, the M&C discussed youth development approaches and outcomes desired that could be funded by APRA during their retreat.
28. On November 2, 2021, the M&C allocated \$8,000,000 of ARPA funding to COVID-related employee premium pay and bonuses, as well as authorized two full-time positions that will be dedicated to ARPA administration and compliance.
29. At the November 3, 2021 retreat, the M&C reviewed the pro forma for potential funding budgets for ARPA.
30. On November 11, 2021, ACCGov entered into a contract for demolition and mass grading for Phase 1 of the North Downtown Athens Development Project with Kevin Price Construction.
31. At the December 2, 2021 retreat, the M&C reviewed the pro forma for potential funding budgets for ARPA.
32. On December 7, 2021, the M&C allocated:
 - \$2,542,691 to the Athens Alliance Coalition to operate a sanctioned homeless encampment;
 - \$2,425,000 to the Athenian First Development Corporation to administer an eviction prevention program;
 - \$240,000 to the East Athens Development Corporation to provide an additional community vaccine incentive program; and
 - \$100,000 to the Athens Neighborhood Health Center to provide an additional community vaccine incentive program.
33. In January 2022, the contractor began demolition of the buildings associated with Phase 1 of the North Downtown Athens Redevelopment Project.
34. On January 6, 2022, the Department of the Treasury released the Final Guidance for ARPA SLRF.
35. On January 13, 2022, Manager Williams shared a presentation to discuss the ARPA State and Local Fiscal Recovery Fund strategy and timeline during a Work Session.

36. On March 1, 2022, the Mayor and Commission approved a budget allocating ARPA State and Local Recovery Funds to various programs including a budget of \$11,000,000 for Affordable Housing. This action included a strategic planning process, followed by an RFP, and the associated timeline. The M&C also designated the existing Georgia Initiative for Community Housing (GICH) Committee as the advisory committee for the affordable housing allocation.
37. On March 17, 2022, the ARPA Affordable Housing Advisory Committee (AHAC) met for the first time. At that meeting, the AHAC noted the importance of providing funding to housing partners in an expedited manner. Subsequently, the AHAC made a motion to recommend the M&C carve out \$7M from the overall \$11M Affordable Housing budget for a Phase I RFP that would be released immediately for long lead time projects.
38. On April 14, 2022, the AHAC met to develop a project concept for a Phase I allocation in support of affordable housing.
39. On April 15, 2022, ACCGov released a Request for Proposals (RFP) for the Housing Affordability Investment Strategy. This plan will serve as the strategic plan that will inform a portion of the ARPA Affordable Housing Allocation.
40. On April 21, 2022, the AHAC convened to review a project concept and timeline for a Phase I allocation in support of affordable housing.
41. On May 10, 2022, at a regularly scheduled M&C work session, Rick Parker of the Athens Housing Authority and on behalf of the North Downtown Athens Redevelopment partnership, gave a presentation outlining the recent gap in financing for the North Athens Redevelopment Project and an ask of ACCGov to provide an additional \$5.2M in funding to allow the project to proceed as envisioned.
42. On May 17, 2022, proposals were returned for the solicitation to develop the Housing Affordability Investment Strategy. Only one qualified proposal was received.
43. On May 17, 2022, the AHAC met to discuss the Request for Proposal (RFP) process for ARPA funding related to affordable housing development. The Committee made a recommendation to the M&C to “set aside up to \$3M for the North Downtown Athens SPLOST project and to use the remaining funds from the \$7M total carve out for an expedited RFP process that would culminate in a December 2022 M&C vote on project funding.” The Committee also recommended that any of the unused portions of the \$3 million set aside be returned to the Phase I allocation in support of affordable housing, should it not be needed for the North Downtown Athens Redevelopment Project.
44. On May 17, 2022, the M&C approved a concept to fund a portion of the \$13.7 million funding deficit for the North Downtown Athens Redevelopment Project. \$1,733,334 of this balance was designated from the ARPA Affordable Housing allocation.

FACTS & ISSUES:

1. There are four general eligible uses for SLRF funds by cities and counties:
 - a. Replace lost public sector revenue, using this funding to provide government services up to the amount of revenue lost due to the pandemic;
 - b. Respond to the far-reaching public health and negative economic impacts of the pandemic by supporting the health of communities and helping households, small businesses, impacted industries, nonprofits, and the public sector recover from economic impacts;
 - c. Provide premium pay for essential workers;
 - d. Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, to support vital wastewater and stormwater infrastructure, and to expand affordable access to broadband internet; and
 - e. SLRF funds may be used for administration of SLRF programs and projects including costs to support effective management and oversight, compliance with legal and regulatory requirements, and accounting and reporting of SLRF funds.

2. The M&C were presented with staff recommendation on how to allocate the remainder of the SLRF. At the March 1, 2022 voting meeting, the M&C approved a commission defined option to allocate funds differently than was initially proposed (History #36). A summary of proposed and final allocations is as follows:

Category	Proposed Allocation	Final M&C Allocation
Revenue Replacement/Budget Balancing	\$11.0M	\$3.4M
Youth Development	\$5.6M	\$7.0M
Affordable Housing	\$5.6M	\$11.0M
Homelessness	\$5.6M	\$5.0M
Business and Workforce Development	\$5.6M	\$4.0M
Behavioral Health	\$0M	\$4.0M
Future Needs/Contingency	\$5.6M	\$4.6M
Administration	\$0.9M	\$0.9M
Total	\$39.9M	39.9M

3. The U.S. Treasury Department requires that ARPA SLRF funds be obligated by December 31, 2024 and spent by December 31, 2026. At the March 1, 2022 meeting, the M&C approved general timelines for the designation and use of ARPA funds in the community. The M&C also designated the Georgia Initiative for Community Housing (GICH) task force as the advisory group for the ARPA Affordable Housing Allocation.

4. The AHAC is charged with creating a community-wide Housing Affordability Investment Strategy. An RFP to solicit proposals for a a facilitator for this project has been distributed and is currently under review.

5. Under the original timeline presented to the M&C, the period of assessment was anticipated to take approximately 6-8 months, and all groups would be expected to return to the M&C in late fall of 2022 with the strategic plans/prioritized recommendations for M&C consideration. At their first meeting for ARPA funding (History #37), the AHAC stated that many housing projects involve long lead time activities such as land acquisition, construction, and partnerships to secure affordable housing tax credits. The committee felt there was a risk that these projects could not be implemented in a manner that meets the Treasury Department deadlines if the Housing Affordability Investment Strategy must be developed first. This discussion subsequently resulted in the AHAC recommending the M&C consider a Phase I allocation of \$7M for affordable housing projects that could be implemented before the Housing Affordability Investment Strategy was completed.

6. At subsequent meetings, the AHAC approved a recommended Phase I project concept and timeline for the M&C to consider. The original timeline would have resulted in the first affordable housing projects being considered at the March 2023 M&C voting meeting.

7. The Bethel Midtown Village site previously consisted of 190 affordable apartment units in 16 buildings and the College & Hoyt community contains 32 units in 11 buildings. This site would later become the core location for the North Downtown Athens Redevelopment Project. The Master Plan anticipates the phased demolition of all structures on these properties while providing new housing to the residents with a similar subsidy structure.

8. The North Downtown Athens Redevelopment Project is a public-private-partnership, with ACCGov and the AHA providing land and infrastructure in exchange for a private entity contributing to the vertical development costs.

9. As with many public construction projects at this time, AHA Director Rick Parker reported to the M&C on May 10, Phase I of the North Downtown Athens redevelopment project is facing a large financing gap as a result of construction pricing and interest rate increases. The current reported financing gap is \$13.7M. A previous shortfall of \$6.55M was already assimilated by the partnership.

10. If the funding gap is not addressed, the North Downtown Athens Redevelopment Project is at risk of failing. The AHA has submitted a \$4 million grant request to the Georgia Department of Community Affairs (DCA) in support of the project. Ultimately, the M&C voted to address the funding shortfall using the following measures (History #44):

\$ 4,100,000	Additional commitment from the NDA partnership
\$ 4,000,000	Tentative Ga. Department of Communalinity Affairs grant
\$ 400,000	Anticipated interest savings resulting from DCA grant
\$ 1,733,333	ARPA Affordable Housing designation
\$ 1,733,333	ARPA Contingency designation
<u>\$ 1,733,333</u>	<u>SPLOST 2020 Project #2, Affordable Housing</u>
\$13,700,000	

11. The AHAC recognizes that given the tight timeline of the North Downtown Athens Redevelopment Project and the uncertainty of the DCA grant that additional ARPA Affordable Housing funding may be needed. The GICH Committee also revisited the Phase I timeline to evaluate how shorter proposal development and review periods and special called M&C meetings may be used to result in a timeline that ends with M&C review in 2022. Ultimately, the GICH Committee made the following recommendations for the M&C to consider:
 - a. Approve a total allocation of \$7 million for Phase I of affordable housing work that is initiated prior to the completion of a strategic plan;
 - b. Allocate between \$1.733 million and \$3 million of the \$7 million Phase I allocation to address the funding shortfall for the North Downtown Athens Redevelopment Project. Redirect any of these unused funds back to the Phase I allocation for other affordable housing initiatives; and,
 - c. Use special called voting sessions and highly condensed timeline to complete the Phase I award process by December of 2022.

12. Staff will release a Request for Proposals once the M&C have approved a Phase I concept for affordable housing. The process will utilize a two-step application process resulting in dialogue between staff and the entities submitting proposals in order to minimize the risk associated with these proposals.

13. Staff have worked with the AHAC to refine the Phase I Concept (**Attachment #1**) and timeline (**Attachment #2**). While staff believes this process can be successful, they have identified the following challenges for the proposed process:
 - a. The December 2022 target date is very aggressive and leaves no room for modification as challenges arise;
 - b. The proposed Phase I allocation does not incorporate the front-end equity-focused discussions originally supported by the M&C;
 - c. The process does not take into account community engagement related to priorities and needs;
 - d. This process may result in other ARPA advisory groups making recommendations to deploy funding prior to the completion of strategic plans; and,
 - e. HCD is not fully staffed to address this endeavor, so other departmental activities will have to be delayed while the Phase I concept is deployed. At the time of this agenda report, only three of seven positions dedicated to this process are filled. A summary of relevant positions is included below:

HCD Staff Position	Status
Department Director	Vacant. Interim Appointee. Position Posted.
ARPA Community Engagement Administrator	Vacant. Interviews Completed. Hiring Under Review.
ARPA Compliance Analyst	Vacant. Position Advertised. Interviews Required.
Program Support Analyst II	FMLA Leave
Affordable Housing Administrator	Position Filled
Affordable Housing Coordinator	Position Filled
Housing Specialist	Vacant. Interviews Completed. Hiring Under Review.

14. The sole RFP response for the Housing Affordability Investment Strategy is currently under review. Should it be acceptable, it will be presented to the M&C for consideration. Should it not be acceptable, staff will issue another request for proposals for this initiative.
15. This recommendation meets the following ACCGov Strategic Plan Goals, Strategies, and/or initiatives:
- a. Strategy 4A: Support home ownership by increasing opportunities for low income and middle-income people to own a home, help people retain and remain in homes.
 - b. Strategy 4C: Preserve and increase the supply of affordable rental housing.
 - c. Strategy 4E: Improve equitable housing opportunities in identified disinvested or underinvested areas.

OPTIONS:

1. Mayor and Commission:
 - a. Accept the recommendation of the ARPA Affordable Housing Advisory Committee to advance up to \$5.27 million of designated ARPA SLRF for Affordable Housing Phase I;
 - b. Approve the project concept (**Attachment #1**) and timeline (**Attachment #2**) for Affordable Housing Phase I; and,
 - c. Authorize the Mayor and appropriate staff to execute the necessary documentation related to this approval.
2. Mayor and Commission do not approve the initiation Phase I for the ARPA Affordable Housing allocation.
3. Mayor and Commission defined option.

DEPARTMENT RECOMMENDED ACTION: Option #1 a, b, & c

DEPARTMENT: Housing & Community Development
Prepared by: Andrew Saunders



Andrew Saunders
HCD Interim Director

6/1/2022

Date

ADMINISTRATIVE COMMENTS:

ADMINISTRATIVE RECOMMENDATION: Option #1 a, b, & c



Manager

June 2, 2022

Date

ATTACHMENTS:

Attachment #1 - Affordable Housing Phase I Concept
Attachment #2 - Affordable Housing Phase I Timeline

ARPA Affordable Housing Project Phase I Concept

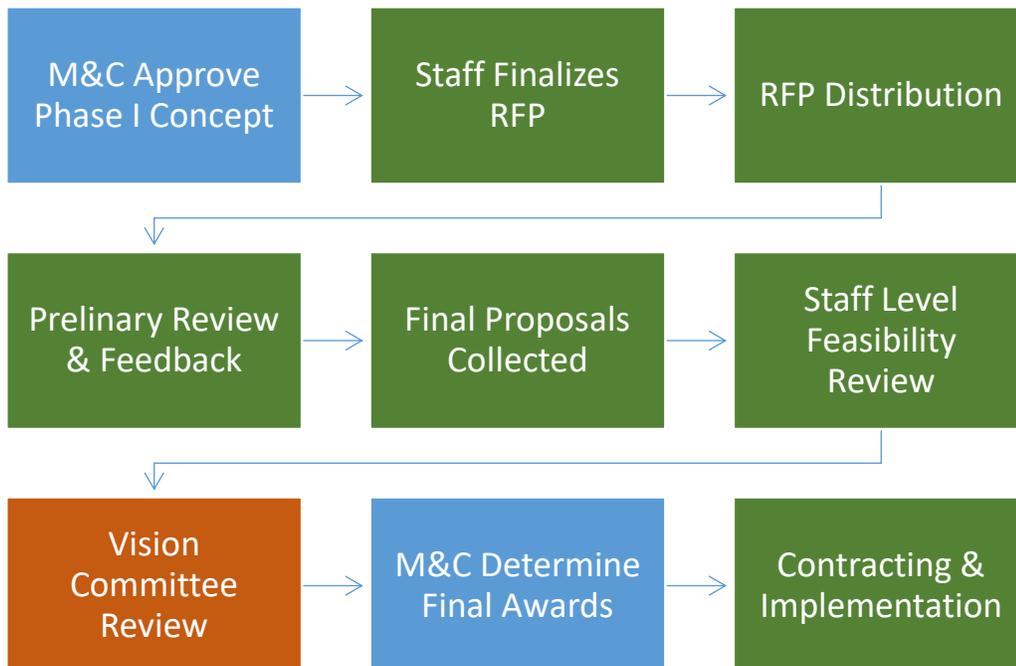
Purpose

To guide the immediate availability of up to \$7,000,000 (including contributions for the North Downtown Athens Project) from the ARPA housing allocation to address the housing crisis in our community while the Affordable Housing Strategic Plan is in development. A Phase I allocation facilitates the implementation of long-lead-time projects, such as construction or renovation, that may otherwise be infeasible under the ACCGov strategic planning and federal ARPA timelines. Additionally, these funds are intended to assist both the private and non-profit sectors in project implementation.

Phase I Goals

- New housing creation and the preservation of existing affordable stock will be prioritized over housing programs
- Prioritize projects that are “shovel ready” and feasible
 - Land acquisition should only be paired with construction projects.
- Projects should generally align with existing recommendations from the GICH Report, Envision Athens Agenda, Workforce Housing Study, Comprehensive Plan, or ACCGov Strategic Plan
- Emphasis will be placed on supporting projects within the Neighborhood Revitalization Strategy Areas (census tracts 6, 9, 301, and 302)
- Projects will be capped to serve individuals at 80% AMI, and will be incentivized to serve individuals with lower AMIs
- Larger projects will generally be prioritized over smaller projects (a single project may include a variety of related initiatives)
- Funding for program administration will be limited
- Prioritize projects that leverage external resources

Process



ARPA Housing Phase I - RFP & Award Timeline

