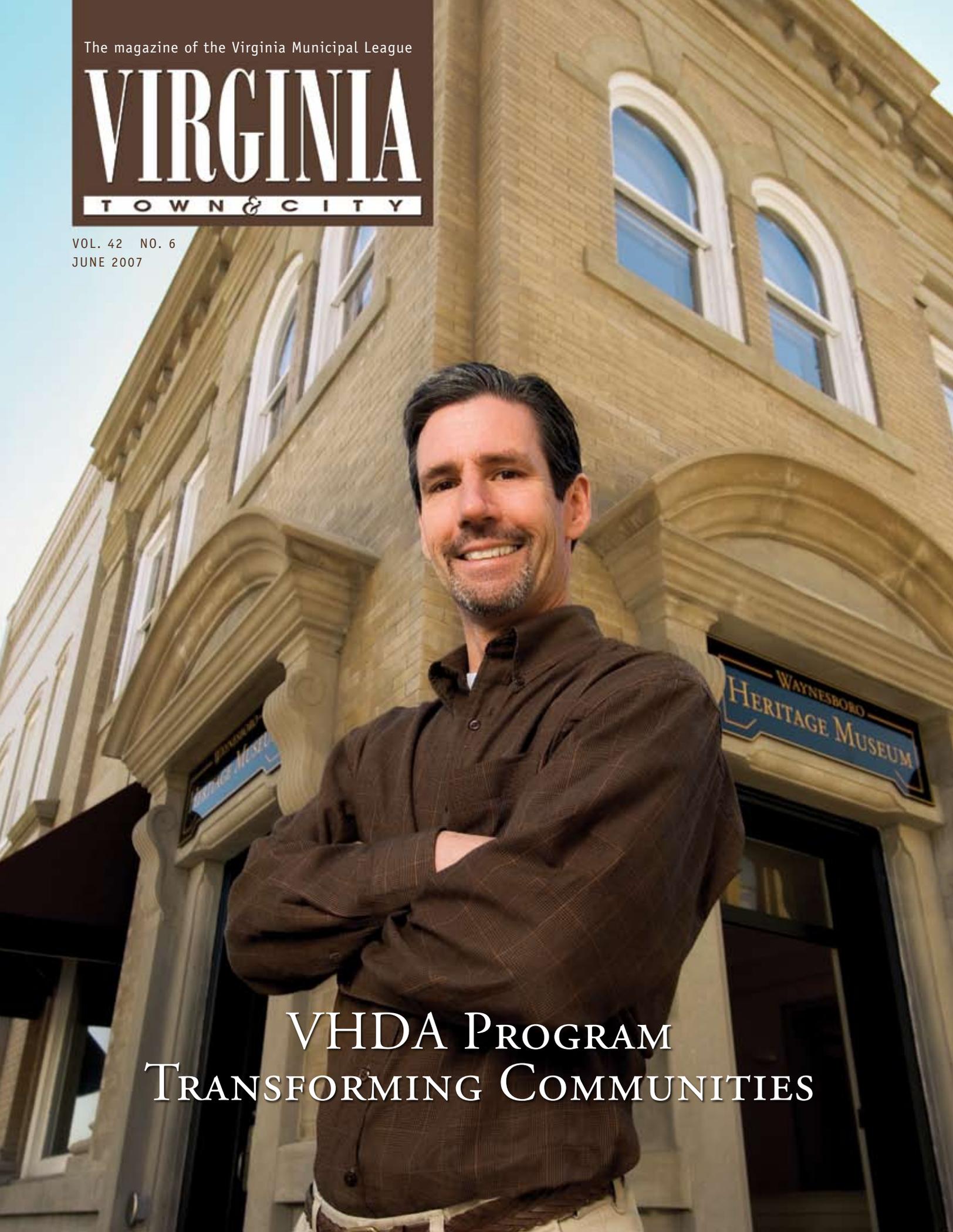


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VHDA PROGRAM
TRANSFORMING COMMUNITIES

VHDA's REACH *Virginia* Program

Initiative encourages revitalization, housing opportunities

WHEN EDDIE DELAPP, executive director of the Waynesboro Redevelopment and Housing Authority, decided to revitalize a historic bank building in downtown Waynesboro, he turned to the Virginia Housing Development Authority's REACH *Virginia* (Resources Enabling Affordable Community Housing in Virginia) initiative for help.

"We went to VHDA because their mixed-use and mixed-income program is specifically designed to help revitalize downtown areas of older towns and cities," Delapp said. "As a result of VHDA's assistance, this building will now serve as an anchor for further revitalization in downtown Waynesboro. And, we're looking to revitalize other buildings

in this area as well."

Today the renovated bank not only provides space for the Waynesboro Heritage Museum, it also offers small street-front commercial space and six loft-style apartments.

By Ann Brown

VHDA helped make the project feasible with \$550,000 in financing at a below-market interest rate with a 35-year term. VHDA financing supported through the REACH *Virginia* initiative will allow the property to operate with a reduced debt service, which will support the long-term success of the museum and the residential units as downtown Waynesboro undergoes a physical and economic transformation that reflects a national trend among older urban communities.

"Many localities are moving

toward 'walk-able' communities where home, work and play are all within a short distance," said Mike Hawkins, VHDA's director of community housing. "As a result, in the coming years the growth of mixed-use developments – and the diverse rental and homeownership opportunities that are a part of this type of development – are predicted to soar in every state. Furthermore, this trend bodes well for the revitalization efforts in our older urban communities which were originally designed as pedestrian friendly neighborhoods."

When it comes to the state of Virginia, the City of Waynesboro is just one example of how VHDA's REACH *Virginia* initiative is providing resources for revitalization and housing opportunities that translate into



The original grandeur of what was once the First National Bank building, including its ornate entrances and arched second-story windows, was carefully preserved during renovation. The property is managed by South River Development Corp.

“communities of opportunity for the 21st century.”

Petersburg, South Norfolk metamorphosis

“High Street Lofts, located only a few blocks from downtown Petersburg, provides VHDA with an excellent opportunity to finance a great homeownership project that will also help local urban renewal efforts,” said Community Housing Officer Costa Canavos, who represents VHDA’s outreach to local governments.

“We’re very excited about this project for several reasons,” Canavos said. “First, it’s an opportunity to help with revitalization efforts in downtown Petersburg plus adapt to market demands and the needs of local jurisdictions. Second, it gives VHDA the ability to provide a vehicle for affordable for-sale units in a mixed-income housing environment.”

Canavos explained the three-phase project involves turning the old Seward Luggage building, located in one of the city’s historic districts, into one- and two-bedroom condominiums as well as street-level commercial spaces. The developer, Miller and Associates of Richmond, which has completed Phase I, approached VHDA for construction financing for phases II and III. Phase II is scheduled to start late this spring.

“The original design of the mixed-use/mixed-income homeownership pilot model requires 20 percent of the residential units be sold to borrowers who qualify for financing under VHDA’s first-time homebuyer program sales price and income limit restrictions. The remaining 80 percent of the units will not be subject to sales price and income limits,” Canavos said. “VHDA is providing the short-term construction financing for the development with the assumption that purchasers of the affordable units may use VHDA’s homeownership loan programs.”

Combining programs such as VHDA’s Conventional 103 and FHA Plus mortgages with VHDA’s SPARC (Sponsoring Partnerships and Revitalizing Communities) funding, will enable the developer to offer VHDA financing for the affordable

units. In addition, VHDA’s Flexible Alternative loans will provide affordable options for repeat homebuyers or for those households whose incomes exceed VHDA First-time Homebuyer criteria.

The Gateway at SoNo in the South Norfolk area of Chesapeake is another example of successful outreach and partnership development under the REACH *Virginia* initiative. Construction on this mixed-use and mixed-income pilot project, which is scheduled to begin this month, will transform a vacant six-acre lot located in a blighted area of the community into a vibrant mixed-use complex that will ultimately include 133 residential for-sale condos, loft apartments and some 56,000 square feet of for-sale retail and office space.

A \$10 million revolving VHDA loan with a 36-month variable interest rate is helping to make it feasible for developer Harris Judah LLC to work with the City of Chesapeake to deliver new affordable housing options that will improve the quality of life in the region. The Gateway at SoNo is the first of several projects envisioned by the City of Chesapeake to promote the revitalization of South Norfolk.

“We decided to finance this as a pilot project that requires 20 percent of the residential units to qualify for financing under VHDA’s First-time Homebuyer program (e.g. sales price and income levels will apply),” Canavos said. “It’s an excellent opportunity for VHDA to support the City of Chesapeake’s effort to revitalize the South Norfolk area. It also lets REACH *Virginia*’s financial strength serve as a catalyst to enable the transformation of the SoNo area into a community of opportunity for the 21st century.”

How REACH Virginia emerged

Providing vital resources that promote the metamorphosis of neighborhoods across the Commonwealth is what the REACH *Virginia* program has been all about since its creation by VHDA in 2005.

“We developed REACH *Virginia* as a multifaceted response to a study of statewide housing needs,” said VHDA

Executive Director Susan Dewey. “It meets these diverse needs by providing financing programs that address key housing challenges by promoting strong, inclusive and sustainable communities.”

These challenges, Dewey said, include financing that makes housing affordable for low-income households, residents of high growth and high cost regions, and housing for seniors and people with disabilities. REACH *Virginia* also works to expand housing choices for minorities and diverse cultures and to revitalize Virginia’s older urban areas and distressed rural communities.

Through the REACH *Virginia* initiative, VHDA contributes a portion of its earnings as subsidy to support targeted housing programs. This subsidy is the overall amount VHDA provides to lower interest rates for strategic programs that fund homeownership and multifamily rental housing. In the three years since the program’s inception, VHDA has substantially increased its financial commitment. In FY05 VHDA used \$6.1 million in subsidy to support more than \$50 million in homeownership and multifamily rental housing programs. In FY07, the subsidy allocation was increased to \$19.7 million to support \$234 million in lending funds.

“What’s really wonderful,” Hawkins said, “is that by virtue of the innovative financing we’re providing to developers and local governments, we’re also helping develop the long-term viability of communities – particularly those undergoing revitalization. This, in turn, leads the way to establish environments that encourage other lenders and developers to further improve these communities.”

Other examples of innovative homeownership and multifamily developments financed by REACH *Virginia* include:

Beasley Square, Alexandria

The Shiloh Baptist Church of Alexandria was formed in 1863 and has a rich history of ministering to the city. Several years ago the church

formed a non-profit corporation called Harambee to begin the work of developing a facility for seniors. Harambee means “pulling together,” and that is precisely what the church and the City of Alexandria are doing as they make plans for Beasley Square, a needs-based community housing development.

Beasley Square, to be located on church property at the corner of Duke and West Streets in historic Old Town Alexandria, will be an eight-unit independent living facility for low-income seniors in a community where the median income now exceeds \$94,500. In addition to both the city and the church bringing needed equity to the housing development, VHDA will provide favorable below-market financing. Construction is scheduled to begin in July and take about a year.

Miller’s Hill, Roanoke

The Roanoke Redevelopment and Housing Authority (RRHA), working in partnership with the City of Roanoke, is revitalizing the blighted area of Miller’s Hill located in a historic district just a few blocks from the downtown business district.

Local funds provided by the City of Roanoke enabled RRHA to purchase 17 houses located in the 400 block of Miller Hill’s Day Avenue. In addition, RRHA is using historic tax credits to generate approximately \$30,000 in equity per house to support renovations to transform these properties into single-family homes priced from \$250,000 to \$280,000. Using REACH *Virginia* subsidy dollars, VHDA is offering \$2.5 million in Flexible Alternative loans at below-market interest rates to encourage these homeownership opportunities in Miller’s Hill.

Village Square, Floyd

The Town of Floyd, located along Virginia’s Heritage Music Trail in Floyd County, is part of a national trend in which small town revitalization is based on staying small by playing on cultural and environmental strengths. In Floyd, that puts the focus on nurturing local

arts and history.

Sponsored by a group of artisans, small business owners and families, The Village Square project will help revitalize the downtown core of Floyd by attracting small local businesses, rather than encouraging big business from outside.

The town has invested a \$1 million federal community development grant through the Virginia Department of Housing

and Community Development in job creation and its downtown.

Plans for Village Square include the renovation of two mixed-use buildings in downtown Floyd, with two commercial units and eight residential units. This project is the first mixed-use project that VHDA has financed in Southwest Virginia. Through Virginia Community Capital and VHDA financing, the citizens of Floyd are preserving the unique culture of their town, as well as the long-term sustainability of the community.

“These types of projects, in which localities have an opportunity to promote mixed-use mixed-income housing, bring Virginia neighborhoods and downtowns back to life,” said Jay Fisette, an Arlington County board member who also serves as VML’s president-elect and vice chairman of VHDA’s Board of Commissioners. “Revitalization that includes affordable homeownership also makes these types of projects perfect opportunities for VHDA’s REACH *Virginia* financing.”

Teamwork makes the difference

Innovative financing that strengthens community partnerships is just one way REACH *Virginia* addresses the state’s affordable housing challenges. Another equally important way is with a team of experienced professionals who provide outreach, assist with capacity building and nurture project facilitation activities.



This three-prong, hands-on strategy employed by the REACH Team enables housing organizations to use VHDA financing with maximum effectiveness.

Comprised of experts with diverse housing industry backgrounds, the

team consults with housing authorities, local governments and developers to discuss the value of VHDA products and

financing, and explain how VHDA financing can be combined with other resources to successfully address complex housing and community development challenges.

Depending upon the housing opportunity, team members either work as individual consultants to address a specialized need, or team up to address a community’s broader affordable housing and revitalization issues.

“We’re confident that VHDA’s new strategic direction will help us reach and exceed our affordable housing goals during the next several years,” Dewey said. “But we also realize that VHDA’s success in serving the housing needs of low- and moderate-income Virginians relies heavily on our strong partnerships with local governments, area housing authorities and other housing advocates.

“No one knows the specific housing needs of a community better than those who live there,” she added, “and we look forward to receiving input from our many partners and stakeholders as VHDA continues to focus REACH *Virginia* strategies on the state’s diverse regions.”

For more information about VHDA’s REACH *Virginia* initiatives, or to learn more about VHDA’s Mixed-use and Mixed-income financing, contact Costa Canavos at 804/343-5735 or costa.canavos@vhda.com. 

About the author

Ann Brown is a senior copywriter at the Virginia Housing Development Authority.

Diverse needs require diverse solutions ...

VHDA reaching out to make housing more affordable and strengthen communities

FROM THE BLUE Ridge Mountains to the Atlantic Ocean, Virginia's landscape envelops a collection of communities as diverse as its geography. While the cities, towns and counties that make up Virginia vary greatly in size and appearance, two common denominators that they share are a lack of affordable housing and neighborhoods in need of revitalization.

Stated bluntly: Finding affordable, quality housing is becoming more difficult, if not impossible, for

By Cameron McPherson

an increasing number of Virginians. That's where REACH *Virginia* (Resources Enabling Affordable Community Housing), VHDA's targeted outreach initiative, comes into the picture. Dedicated to promoting an array of housing opportunities for all Virginians, REACH *Virginia* tackles state-wide priority housing needs with a team of experienced outreach officers. The REACH *Virginia* team helps local communities, non-profit organizations and other stakeholder groups understand how VHDA programs can

address their housing and community development needs.

"This kind of outreach is an important part of VHDA's ability to engage in a positive dialogue with our housing and community development partners," said Mike Hawkins, director of community housing. "With so many stakeholders spread across an area as large as Virginia, successful outreach definitely requires a strong sense of teamwork, a commitment to partnerships and considerable expertise. I am extremely fortunate to be a part of such a team at VHDA."



Members of VHDA's REACH *Virginia* team seated left to right: Chris Hilbert, Mike Hawkins, Bill Fuller (with Abby), Monique Johnson and Jose Paiz. Standing left to right: Monica Jefferson, Gail Braham, Gerard Jameson, Shawn Washington, Bruce DeSimone, Costa Canavos, Toni Ostrowski, Mike Scheurer and Christine Lowrie.

VHDA's Local Governments Advisory Board Revitalizing communities together

AS BASEBALL LEGEND Yogi Berra once said, "If you don't know where you're going, you'll wind up somewhere else." This logic, and the growing trend to provide more housing opportunities, especially in evolving metropolitan areas, was the motivation behind VHDA's establishment of a Local Governments Advisory Board in 2002.

Co-chaired by VHDA Executive Director Susan Dewey and Managing Director of Development Don Ritenour, the board serves as an ongoing communication forum between VHDA and local governments. In addition to spurring collaboration in identifying and addressing important community housing issues, the board is also a working partnership. It enables a regular exchange of information, an avenue for recommendations and a conduit for coordinating resources, programs and policies.

Although VHDA facilitates the meetings and identifies potential agenda topics, board members regularly contribute topics they would like to discuss. One example of the power of open discussion, and a positive development that was encouraged by the board, was the creation of legislation passed by the General Assembly in 2004 that permits VHDA to finance mixed-use/mixed-income developments in revitalization areas. Prior to this action, VHDA was essentially limited to lending to the lower-income housing components of mixed-use developments.

To ensure each region of the Commonwealth is represented, VHDA invites local jurisdictions and regional housing authorities to appoint board representatives, who typically serve for three years.

Current board members include: Dave Baldwin, Bristol Redevelopment and Housing Authority; Mil-

drilyn Davis, City of Alexandria, Office of Housing; Acquanetta Ellis, City of Norfolk; Jerry Fischer, City of Danville; Jim Gehman, Norfolk Redevelopment and Housing Authority; Patricia Gray, Cumberland Plateau Regional Housing Authority; Rick Hanson, James City County, Office of Housing and Community

Development; Scott Napier, Lee County Redevelopment and Housing Authority; Paula Sampson, Fairfax County Department of Housing and Community Development; Bill Shelton, Virginia Department of Housing and Community Development; Wanda Stevens, Staunton Redevelopment and Housing Authority; Ron White, Albemarle County Office of Housing; and Brenda Willis, Chesapeake Redevelopment and Housing Authority.

In addition to providing VHDA with a better understanding of the local government perspective on housing issues, over the last four years the Local Governments Advisory Board has also:

- Emphasized the need for local tailoring of funds. This resulted in the creation of VHDA's SPARC (Sponsoring Partnerships and Revitalizing Communities) program.

- Assisted with improvements to the Low Income Housing Tax Credit process to further encourage the development of affordable rental housing.

"Making housing affordable for all Virginians is what it's all about," Ritenour said. "And developing a variety of affordable options definitely takes working in partnership with all VHDA stakeholders, especially those at the local government level." 

About the author

Ann Brown is a senior copywriter at the Virginia Housing and Development Authority.

The REACH Virginia team

Dr. Mike Hawkins, who has considerable community development experience at the local government level, and who holds a doctorate in public administration and urban policy, leads the REACH Virginia team.

Costa Canavos, the team's local government outreach housing officer, educates Virginia localities about the measurable benefits and exciting opportunities that result from revitalization efforts. Canavos also serves as the

primary contact for VHDA's Mixed-use and Mixed-Income Financing Program.

Bruce DeSimone handles housing issues affecting senior citizens and the frail elderly. In addition to helping determine needs, he also assists in forging partnerships with public, private and non-profit organizations that blend resources to address the unmet housing needs of aging Virginians.

Dr. Bill Fuller leads VHDA's efforts at assisting people with disabilities find affordable, accessible and sustainable housing. In his role as a senior community housing officer,

Fuller not only underwrites loans for projects and programs affecting those with disabilities, but he also works with non-profit organizations seeking to build their financial capacity to sponsor projects that assist disabled Virginians.

Chris Hilbert is a senior community housing officer who works with non-profit housing organizations to determine their financing needs while serving as a loan underwriter for a variety of multi-family developments. Hilbert also serves as the team's expert on issues related to homelessness.

Monica Jefferson addresses housing outreach efforts targeted to Virginia's African American communities. Part of her outreach efforts include partnering with historically black colleges and universities, and improving homebuyer financial education through the VHDA Wealth Starts @ Home program. The program is designed to demystify the home buying process. Jefferson also is the team's expert on outreach to the faith community.

Monique Johnson helps non-profit organizations and small for-profit developers identify financing options as they address issues pertaining to rental housing. She also serves as the team's expert on identifying opportunities to use VHDA financing to support public housing redevelopment efforts using a mixed-finance approach.

Christine Lowrie is VHDA's program manager for Housing Virginia, a non-profit collaboration of diverse housing organizations that seeks to dispel misperceptions about

affordable housing. Housing Virginia educates the public about the benefits of affordable communities, particularly workforce housing opportunities.

Toni Ostrowski is a senior community housing officer who manages stakeholder and partnership relationships that have specific, vested interests in housing needs. She coordinates the activities of many of VHDA's advisory boards, including the Local Governments Advisory Board. In addition, Ostrowski is the team's expert on homeownership development, particularly in the context of neighborhood revitalization.

Jose Paiz is VHDA's Hispanic outreach officer. He assists Hispanic communities by cultivating relationships with existing local resources that are serving – or are interested in serving – the housing needs of this population. He also assists with efforts to promote and increase financial literacy and knowledge about homeownership in Hispanic communities.

Mike Scheurer is responsible for outreach targeted to rapidly

growing Northern Virginia and its increasingly expensive housing market. In addition to working with private developers and non-profit housing development corporations, Scheurer partners with lenders, local governments and redevelopment and housing authorities to develop new financial tools for those with low- and moderate-incomes who want to buy a home in Northern Virginia.

Gail Braham and **Shawn Washington**, program coordinators for REACH *Virginia*, provide administrative support and program assistance for the team's activities. For additional research and program support, the team counts on **Gerard Jameson**, a doctoral student recruited through VHDA's intern program.



About the author

Cameron McPherson is a public relations intern for VHDA.



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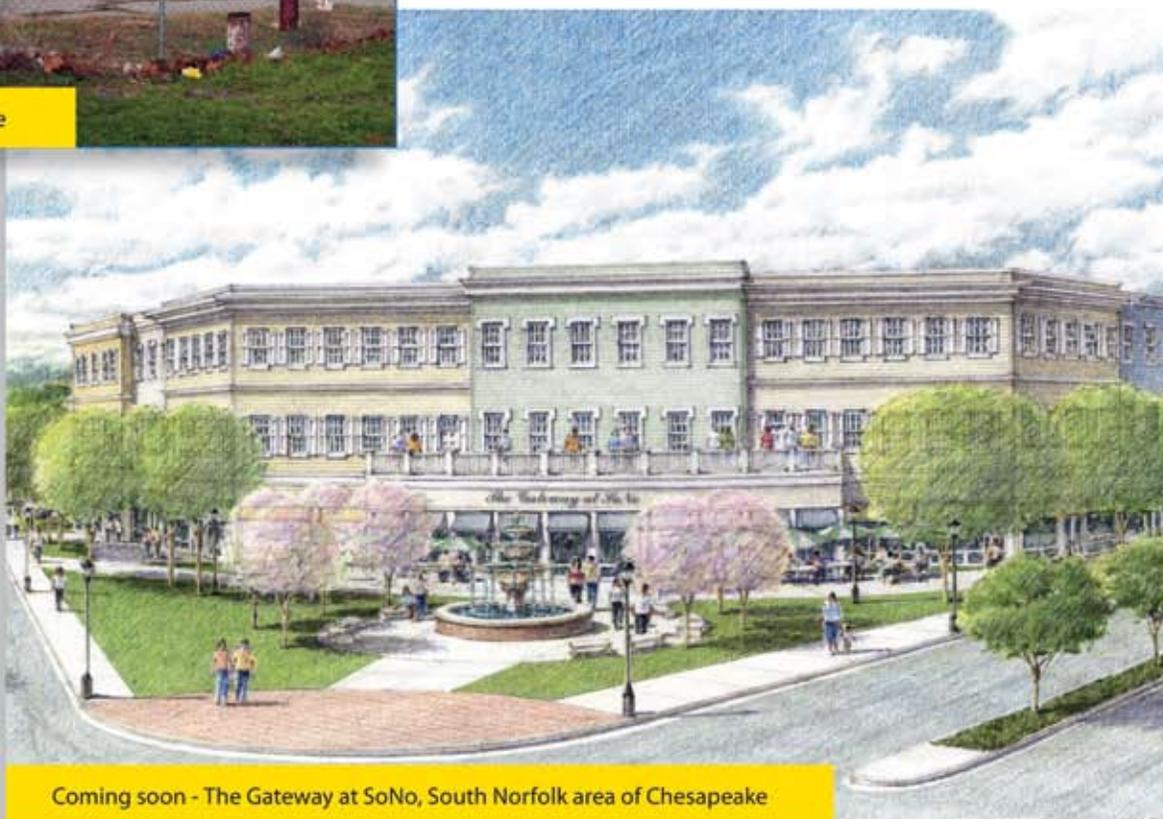
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Start a
metamorphosis
of your own.



Before



Coming soon - The Gateway at SoNo, South Norfolk area of Chesapeake

Transform blight into neighborhoods bright with promise. Join the growing number of Virginia communities using VHDA resources to seize opportunities for true revitalization. With our financing expertise and go-the-extra-mile flexibility, your plans for building a brighter future can begin to take flight.

To learn how VHDA financing can help you transform blight into neighborhoods bright with promise, call Community Housing Officer Costa Canavos at 804-343-5735 or email costa.canavos@vhda.com.



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