

ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

DATE: DECEMBER 7, 2017

LOCATION: ROOM 2000 - CITY HALL

AGENDA

1. Introductions and Chair remarks (Chair) 7:00 p.m.
2. Consideration of November 2, 2017 meeting minutes (Chair) 7:05 p.m.
Action Requested: Review and Approve Minutes
3. Consideration of Loan Request and Affordable Housing Plan for Church of the Resurrection (Helen McIlvaine/John Welsh) 7:10 p.m.
Action Requested: Review and approve Loan Request and Affordable Housing Plan
4. Route 1 South Housing Affordability Strategy Update (Tamara Jovovic) 7:30 p.m.
Action Requested: Designate AHAAC Representative
5. Resolution 830 Community Engagement Update (Helen McIlvaine) 7:45 p.m.
Action Requested: Designate AHAAC Representative
6. Public Hearing on Andrew Adkins Redevelopment Scenarios (Eric Keeler) 7:55 p.m.
7. Alexandria Redevelopment and Housing Authority Update (Carter Flemming) 8:20 p.m.
8. Alexandria Housing Development Corporation Update (Jon Frederick) 8:25 p.m.
9. City Manager Budget Priorities Request (Helen McIlvaine) 8:30 p.m.
Action Requested: Provide Recommendations for FY19
10. Information Items: 8:35 p.m.
Financial Report (Eric Keeler)
11. Staff Updates 8:40 p.m.
12. Announcements and Upcoming Housing Meetings (Staff) 8:50 p.m.

Joint City-Schools Facility Investment Task Force
Monday, December 4, 7:00 p.m.— Capital Planning & Implementation Subcommittee Subcommittee
City Hall, Council Workroom, 2nd Floor

Joint City-Schools Facility Investment Task Force
Thursday, December 14, 9:00 a.m.
City Hall, Council Workroom, 2nd Floor

ARHA Redevelopment Work Group Meeting
December 14, 2017, 5:30 pm, City Hall
13. Other 8:55 p.m.
Topics of interest for future meetings
- Adjournment (Chair) 9:00 p.m.

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 1, 2017

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC)

FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: CONSIDERATION OF AN AFFORDABLE HOUSING PLAN AND A LOAN TO AHC, INC FOR AN AFFORDABLE HOUSING PROJECT

ISSUE: Consideration of an Affordable Housing Plan and a loan of up to \$8.4 million to AHC, Inc (AHC) to develop 113 affordable rental housing units in partnership with the Episcopal Church of the Resurrection.

RECOMMENDATION: That the Alexandria Housing Affordability Advisory Committee (AHAAC) recommend that City Council:

- (a) approve a permanent loan to AHDC of up to \$8,400,000 (including \$565,000 of previously approved predevelopment funds) for the development of 113 affordable apartments;
- (b) approve a grant of \$350,000, if an allotment of 12 project-based vouchers is not provided by ARHA in time for the 2018 LIHTC deadline; and
- (c) approve its affordable housing plan as part of the Development Special Use Permit (DSUP).

BACKGROUND: AHC and the Episcopal Church of the Resurrection (the Church) are collaborating on a proposal to redevelop the Church's existing 2-acre property located at 2280 North Beauregard Street in the Beauregard area (Attachment 1 and renderings on page 2). As part of the redevelopment, the Church will construct a new church building on the southern portion of the site to continue its ministry, food pantry, and other community services. AHC will have a 65-year ground lease with the Church with an option to extend.

The project meets several City housing needs articulated in the Housing Master Plan (HMP), including collaborations with and among nonprofit partners, deeply affordable subsidized units, location of affordable housing development near transit, accessible housing and family-sized units. This project is among the three leveraged projects envisioned in the Beauregard Small Area Plan to help fulfill the City's pledge to provide 800 committed affordable units.



① View 1 Access Road
NTS



① View 2 from Access Road
NTS



① View from N. Beauregard Street
NTS



① View from Filmore Avenue
NTS

In June 2015, AHAAC and City Council approved a predevelopment loan of \$400,000 based on a proposed 80-unit project to assist AHC with legal, architectural, engineering and other professional costs related to the project. The funding amount was subsequently increased to \$565,000 to reflect an increase in the size of the project to 113 units.

AHC proposes a mix of one, two and three-bedroom apartments, including 12 fully accessible units. 12 units will be affordable at 40% of the Area Median Income (AMI), 45 units at 50% AMI, and 56 units at 60% AMI (Attachment 2). The units will be committed as affordable housing for 65 years. In addition to an onsite property management office, the building will feature a laundry facility, a community room, landscaped open space, and underground vehicular and bicycle parking. A total of 80 parking spaces will be provided consistent with the City's parking standards for multifamily development; residents will also have access to bus service along North Beauregard. As is standard with all new affordable housing developed in the City, the apartments will be constructed to third-party certified energy efficiency standards. The proposed building design is consistent with the 2012 Beauregard SAP and its associated Urban Design Standards and Guidelines and has been endorsed by the Beauregard Design Advisory Committee.

DISCUSSION: AHC has requested a loan of up to \$8.4 million from the City (Attachment 3). AHC's planned prepayment of its ground lease to the Church will cover that entity's costs for construction of its new church building. Other funding for the projected total development cost of \$45 million is anticipated to come from \$23.8 million in low income housing tax credit equity (AHC plans to apply for 9% credits in March 2018), \$10.5 million in first trust loan funds, and \$500,000 in developer funds. AHC also plans to defer approximately \$1.7 million of its developer fee. Payments to the City are currently projected to begin around Year 3. If successful in obtaining tax credits, the project would be

constructed for delivery by the end of 2021, providing an important housing resource for residents along the Beaugard corridor.

It is noted that, in addition to the loan request, AHC has also requested a grant of \$350,000 to fund rental subsidies for 12 units to serve some very low-income households and significantly increase the competitiveness of AHC's low income housing tax credit application. While the City plans to renew its request for an allocation of 12 project-based vouchers from ARHA, in the event the vouchers are not available in time for the 2018 LIHTC deadline, the City will provide grant funds consistent with the rental subsidy pilot program created in 2017 that provides assistance for a five-year period subject to renewal based on funding availability. Initial grant funds will come from the Housing Trust Fund.

FISCAL IMPACT: The \$565,000 predevelopment loan was comprised of Housing Trust Fund dollars. The additional \$7,835,000 loan request for a total \$8,400,000 permanent loan will be derived from the Housing Opportunities Fund, which includes the Housing Trust Fund, federal HOME dollars, dedicated revenue, and a general fund allocation earmarked as part of the FY2018 City budget process. An additional \$350,000 in grant funds will be allocated, if necessary, as described above. City loan dollars for development of the project will be drawn down by AHC at various project milestones.

ATTACHMENTS:

- (1) Affordable Housing Plan
- (2) HUD Income and Rent Limits for 40, 50, and 60% AMI
- (3) Loan Application

STAFF:

Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Analyst, Office of Housing

Church of the Resurrection AHP

1.1 Project name and address: Church of the Resurrection Redevelopment
2280 N. Beaugard Street

1.2 Application Number: DSUP#2016-0044

1.3 Brief Description of the application and proposed development

AHC and the Episcopal Church of the Resurrection have filed a Development Special Use Permit to redevelop the site of the current Church to include a new affordable multifamily building and a new church building. The 2.01 acre site is located at the intersection of Beaugard Street and Fillmore Avenue. AHC and the Church will subdivide the parcel, and AHC will enter into a 65-year ground lease (with an option to extend) with the Church for the eastern parcel. AHC proposes to develop and manage a multifamily building with all 113 units affordable to families at 40%, 50%, and 60% of area median income (AMI). Twelve of these units will receive rental subsidies from the City of Alexandria.

The multifamily building will have an underground parking garage with approximately 80 spaces and four spaces available on a new access road that will run from the circle on Fillmore Avenue to the existing and future church parking lot. The affordable building will be constructed to a finish level consistent with Jackson Crossing, St. James Plaza, and other AHC apartments in the region. Unit amenities will likely include an EnergyStar kitchen appliance package, high-efficiency individually-controlled HVAC system, low-e glass windows, very low flow bath fixtures, and ceramic tile baths. Common amenities will include laundry room on each floor, high-speed internet service, garage parking, elevator, 12 handicap-accessible units, community room, a fitness room, a landscaped courtyard, and more. The building is anticipated to meet Earthcraft Gold standards. The building will be six stories, and will be constructed of wood over a concrete podium (Type 5A).

1.4 Requested zoning changes or waivers (if any);

The property is currently zoned RA. AHC-ECR are seeking to rezone the property to join the adjacent Coordinated Development District (CDD) #23. Zoning approval is anticipated at the January 20, 2018 City Council meeting.

1.5 The Small Area Plan in which the project is located and a brief discussion of how relevant affordable housing goals and recommendations are being addressed by the AHP.

The project is located within the Beaugard Small Area Plan. The BSAP recognizes that the Beaugard area currently has no dedicated affordable units, and is at risk of becoming increasingly unaffordable as redevelopment occurs in the area. To address this threat to affordability, the Plan recommends that 800 committed affordable and workforce units affordable to households with incomes ranging from 40% to 75% AMI be provided in the Plan area. This project will provide critically-needed affordability to working families in the Beaugard Small Area Plan.

2. Description of the AHP:

This project will be a multifamily rental property with all units affordable to households with incomes below 60% AMI. The project will include:

- 56 units affordable to households at or below 60% AMI
- 45 units affordable to households at or below 50% AMI
- 12 units affordable to households at or below 40% AMI

The building will cater to working families, offering 17 one bedrooms, 84 two bedrooms, and 12 three bedrooms. AHC will own and operate the project, maintaining affordability for a minimum of 65 years.

Attachment 2:

Median Household Incomes for DC Metro Area

| Income range | 1-Person | 2-Person | 3-Person | 4-Person |
|---------------------|-----------------|-----------------|-----------------|-----------------|
| 40% AMI | \$30,920 | \$35,320 | \$39,720 | \$44,120 |
| 50% AMI | \$38,650 | \$44,150 | \$49,650 | \$55,150 |
| 60% AMI | \$46,380 | \$52,980 | \$59,580 | \$66,180 |

Source: HUD 2017 Designated Median Household Income for the Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area

Episcopal Church of the Resurrection Project Narrative



An Affordable
Housing Corporation



Project Description

AHC Inc. (AHC) is partnering with the Episcopal Church of the Resurrection (ECR) to redevelop the church property at 2280 N. Beauregard in Alexandria, Virginia. AHC and ECR are rezoning the property to allow for an affordable multifamily building and a new, approximately 5,000 square foot church. ECR will own the ground, and provide a long-term ground lease to the partnership that will own the rental building. AHC will develop, own, and operate the residential property. The current plan includes 113 affordable units with a range of incomes. Proposed income mix is:

- 12 units affordable at 40% AMI
- 45 units affordable at 50% AMI
- 56 units affordable at 60% AMI

The building will cater to working families, offering 17 one bedrooms, 84 two bedrooms, and 12 three bedrooms. The twelve units affordable at 40% AMI will receive rental subsidies from the City of Alexandria. AHC anticipates that 12 units will be accessible.

The multifamily building will have an underground parking garage with approximately 80 spaces and four spaces available on a new access road that will run from the circle on Fillmore Avenue to the church parking lot. The parking ratio for the residential portion is 0.71 spaces per unit inclusive of guest spaces, which is consistent with AHC's portfolio, as well as with the City's optional parking standards for affordable housing.

The affordable building will be constructed to a finish level consistent with Jackson Crossing, St. James Plaza, and other AHC apartments in the region. Unit amenities will likely include an EnergyStar kitchen appliance package, high-efficiency individually-controlled HVAC system, low-e glass windows, very low-flow bath fixtures, and ceramic tile baths. Common amenities will include laundry room on each floor, high-speed internet service, garage parking, elevator, handicap-accessible units, community room, and more. The building is anticipated to meet Earthcraft Gold standards. The building will be six stories, and will be constructed of wood over a concrete podium (Type 3A) in accordance with VHDA standards.

Neighborhood Context

The property is located within the Beauregard Small Area Plan (BSAP) at the southeast intersection of North Beauregard and Fillmore Street. Adjacent uses include senior and family housing, including Goodwin House, Southern Towers, The Hermitage, The Fountains, and townhomes. The parcel is 2.01 acres and is currently zoned RA. AHC-ECR are seeking to rezone the property to join the adjacent Coordinated Development District (CDD) #23. This proposed development will provide critically-needed affordability to working families in the Beauregard community, which is expected to lose a large supply of market affordable units in the coming years.

The location offers good bus service, with six routes offering service to Old Town, Pentagon, and Farragut Square in Washington, D.C. available at stops on Beauregard Street just steps from the property. The City of Alexandria is in the planning stage of the West End Transitway Bus Rapid Transit (BRT), which could offer enhanced transit running directly in front of the project within a matter of years. Beauregard, Braddock, and Seminary Roads offer many convenient grocery and retail opportunities for residents.

Ownership Structure and Site Control

AHC and ECR will work in partnership to redevelop the property. The property will be subdivided, and the Church will retain ownership of both parcels. The Church will lease the northern parcel to the AHC ownership entity (e.g., limited partnership) of the apartment building for an anticipated term of 65 years with an option to renew. AHC and the Church are in the final stages of negotiating a ground lease, and will sign prior to the March, 2018 tax credit application.

At closing on financing, AHC will pay ECR an upfront ground lease payment in the anticipated amount of \$4.1 million. ECR will use those funds to pay for its construction costs and share of soft costs, including architect, engineer, permits, fees, and other development expenses. The multifamily building and the church will operate independently, but may share some maintenance where practical, such as landscaping and snow removal.

Financing Plan

AHC will apply for an allocation of nine-percent (9%) low-income housing tax credits from VHDA in the March 2018 competitive application cycle. While AHC anticipates applying for only 9% tax credits for the entire 113-unit building, the project may employ a hybrid tax credit model if it greatly enhances our tax credit scoring in the competitive VHDA 9% New Construction pool. The 9% tax credit equity will be combined with first trust debt and a subordinate loan from the City of Alexandria. AHC is exploring VHDA first trust financing, which offers a lower blended interest rate than conventional first trust debt. AHC is also providing a sponsor loan in the approximate amount of \$500,000 to the project.

Development Status

AHC is in the final stages of the City's entitlement process, and has been deemed Complete by the City of Alexandria. The high-quality design of the building resulted in unanimous support from the Beauregard Design Advisory Committee in October, 2017. The property is scheduled to be on the Planning Commission and City Council Agenda in January 2018, which will allow AHC the necessary time to complete and submit the VHDA tax credit application by the March 2018 deadline.

Project Team

Developer: AHC Inc.

General Contractor: Harkins Builders

Architect: Cunningham Quill Architects

Engineer: Walter L. Phillips

Management Company: AHC Management

An overview of AHC Inc. and description of similar completed projects is included with this application. AHC also anticipates completing the nearby St. James Plaza in spring of 2018. St. James Plaza won 9% tax credits in 2015, and is a five-story multifamily apartment building consisting of 93 affordable units and approximately 2,350 square feet of retail space for a daycare center.

Project Milestone Schedule

- Completion of entitlements – January 2017
- Submission of VHDA 9% LIHTC application- March 2018
- Award of 9% LIHTC reservation- June 2018
- City approved engineered site plan and subdivision plat – March 2019
- Acquisition – March 2019
- Commence Construction- April 2019
- Complete Construction- April 2021
- Complete property leasing- July 2021

Sources and Uses

| SOURCES | Total | Per Unit |
|--------------------------------------|---------------------|------------------|
| Senior Permanent VHDA Taxable | \$10,550,000 | \$93,363 |
| Low Income Housing Tax Credit Equity | \$23,766,623 | \$210,324 |
| Historic Tax Credit Equity | \$0 | \$0 |
| Deferred Developer Fee | \$1,713,746 | \$15,166 |
| AHC Cash | \$500,000 | \$4,425 |
| County/Local Jurisdiction Loan | \$8,400,000 | \$74,336 |
| Interim Income | \$0 | \$0 |
| Total Sources | \$44,930,370 | \$397,614 |

| USES | | |
|--|---------------------|------------------|
| Acquisition | \$4,100,000 | \$36,283 |
| Construction | \$28,924,921 | \$255,973 |
| Soft Costs | \$5,745,854 | \$50,848 |
| Reserves | \$836,880 | \$7,406 |
| Development Fee | \$3,427,493 | \$30,332 |
| Financing / Construction Loan Interest | \$1,892,255 | \$16,746 |
| Total Uses | \$44,927,404 | \$397,588 |

| | | |
|-----------------------------|----------------|-------------|
| Excess / (Shortfall) | \$2,966 | \$32 |
|-----------------------------|----------------|-------------|

The next page is the Andrew Adkins financial modeling tool that was presented to the ARHA Redevelopment Work Group at the November 9, 2017 meeting.

City housing and planning staff developed the tool in collaboration with ARHA staff and CRC (ARHA's Development Partner). Notes regarding the assumptions that inform the tool can be found on the bottom of the spreadsheet. Please note the ranges of proceeds found under the ARHA Proceeds amounts for each scenario reflect the high and low points of sensitivity analyses that consider a 10% increase in land value and a 10% decrease in land value, combined with a 7.5% decrease in tax credit pricing. It is possible that market and/or other external cost factors may change the assumptions and potential results for each scenario modeled. This tool is intended ONLY to assess the feasibility of developing the various affordable and market rate units as described in each scenario. A separate tool to analyze the operational viability of each model is being prepared for the ARHA Redevelopment Work Group's December 14 meeting. These two analyses will help inform the Work Group's future guidance.

The tool and the scenarios modeled will also be presented at the next meeting of the Alexandria Housing Affordability Advisory Committee (AHAAC) on Thursday, December 7, at 7PM in Room 2000 of City Hall. Interested members of the public are welcome to attend and ask questions during the presentation.

For more information please contact the Office of Housing at 703-746-4990 or email [Eric Keeler](#) or [Tamara Jovovic](#).

**ANDREW ADKINS AND WEST STREET
DEVELOPMENT AND FINANCING
SCENARIOS - WORKING DRAFT**

SUBMISSIONS TO DATE

SCENARIOS THAT HAVE 60-90 AFFORDABLE UNITS COMBINED ON-SITE

**SCENARIOS THAT HAVE MORE THAN 90 AFFORDABLE UNITS
COMBINED ON-SITE**

| DEVELOPMENT PROGRAM | COLUMN A [Concept 1: 60 ARHA units onsite + 18 workforce units] | COLUMN B [Revised Concept 1: 60 ARHA units onsite] | COLUMN C [Revised Concept 1: 60 ARHA units onsite + 31 set-aside units] | COLUMN D [76 ARHA units in 5-story bldg onsite + 14 set-aside units] | COLUMN E [60 ARHA units onsite; 2.5 FAR] | COLUMN F [84 ARHA units onsite + 6 set-aside units] | COLUMN G [76 ARHA units in 5-story bldg onsite + 31 set-aside units] | COLUMN H [90 ARHA units onsite + 31 set-aside units] |
|---|--|---|--|---|---|--|---|---|
| ON SITE | | | | | | | | |
| ARHA Replacement Units | 60 | 60 | 60 | 76 | 60 | 84 | 76 | 90 |
| Set-aside Units Affordable @ 60% AMI | 0 | 0 | 31 | 14 | 0 | 6 | 31 | 31 |
| <i>Subtotal Affordable Units On Site</i> | <i>60</i> | <i>60</i> | <i>91</i> | <i>90</i> | <i>60</i> | <i>90</i> | <i>107</i> | <i>121</i> |
| Workforce Units Affordable @ 80% AMI | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market-Rate Units | 387 | 511 | 480 | 481 | 450 | 481 | 464 | 450 |
| Total Units On-Site | 465 | 571 | 571 | 571 | 510 | 571 | 571 | 571 |
| OFF SITE | | | | | | | | |
| ARHA Replacement Units | 30 | 30 | 30 | 14 | 30 | 6 | 14 | 0 |
| Total Units Off-Site | 30 | 30 | 30 | 14 | 30 | 6 | 14 | 0 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |
| Est Value of ARHA Property to be Sold to CRC | \$20.3 M | \$26.8 M | \$25.2 M | \$25.3 M | \$23.6 M | \$25.3 M | \$24.4 M | \$23.6 M |
| Est Tax Credit Equity | \$13.2 M | \$13.2 M | \$13.2 M | \$16.7 M | \$13.2 M | \$18.4 M | \$16.7 M | \$19.8 M |
| Total ARHA Revenue | \$33.5 M | \$40.0 M | \$38.4 M | \$42.0 M | \$36.8 M | \$43.7 M | \$41.1 M | \$43.4 M |
| Est ARHA On-Site Replacement Cost (new construction) | -\$21.6 M | -\$21.6 M | -\$21.6 M | -\$30.8 M | -\$21.6 M | -\$33.9 M | -\$30.7 M | -\$36.4 M |
| Est ARHA Off-Site Replacement Cost | -\$9.6 M | -\$9.6 M | -\$9.6 M | -\$4.4 M | -\$9.6 M | -\$1.9 M | -\$4.5 M | n/a |
| Est Tenant Relocation Costs (moving, etc) | -\$187 K | -\$187 K | -\$187 K | -\$207 K | -\$187 K | -\$217 K | -\$207 K | -\$225 K |
| Total On- and Off-Site Replacement Cost | -\$31.4 M | -\$31.4 M | -\$31.4 M | -\$35.4 M | -\$31.4 M | -\$36.1 M | -\$35.4 M | -\$36.6 M |
| | | | | | | | | |
| | | | | | | | | |
| ARHA PROCEEDS (REVENUE - TOTAL REPLACEMENT COST) | \$2.0 M [-\$1.0 M - \$4.1 M] | \$8.5 M [\$4.9 M - \$11.2 M] | \$6.9 M [\$3.4 M - \$9.4 M] | \$6.5 M [\$2.7 M - \$9.1 M] | \$5.4 M [\$2.0 M - \$7.7 M] | \$7.6 M [\$3.7 M - \$10.1 M] | \$5.6 M [\$1.9 M - \$8.1 M] | \$6.8 M [\$3.0 M - \$9.2] |
| Est Cost of Temporary Housing for 2 Years (net tenant payments) | -\$2.5 M | -\$2.5 M | -\$2.5 M | -\$3.2 M | -\$2.5 M | -\$3.5 M | -\$3.2 M | -\$3.8 M |
| Estimate Cost of Temporary Housing | -\$2.5 M | -\$2.5 M | -\$2.5 M | -\$3.2 M | -\$2.5 M | -\$3.5 M | -\$3.2 M | -\$3.8 M |
| | | | | | | | | |
| ARHA BALANCE (PROCEEDS - TEMPORARY HOUSING COST IF TENANT PROTECTION VOUCHERS ARE NOT AVAILABLE) | -\$500 K [-\$3.5 M - 1.6 M] | \$6.0 M [\$2.4 M - \$8.7 M] | \$4.4 M [\$900 K - \$6.9 M] | \$3.3 M [-\$500 K - \$5.9 M] | \$2.9 M [-\$500 K - \$5.2 M] | \$4.1 M [\$200 K - \$6.6 M] | \$2.4 M [-\$1.3 M - \$4.9 M] | \$3.0 M [-\$800 K - \$5.4 M] |

NOTE: The bracketed figures reflect the range of values that could result with a 10% increase or decrease in land value and up to a 7.5 cent decrease on every dollar of tax credit equity.

Key Observations from the Model

- Based on current market conditions, the majority of scenarios modeled are financially feasible and provide at least 90 affordable units on-site through a combination of ARHA-owned units and developer-provided Set-Aside Units (60% AMI)
- There are land proceeds available that can be used by ARHA for replacement housing costs and relocation costs even without tenant protection vouchers
- Tenant Protection Vouchers (TPVs) will positively impact relocation and replacement unit costs

Assumptions built into the model

- Per unit total replacement (development) cost, including land (based on Ramsey Homes LIHTC application)
- Per unit total development cost for replacement units, including land (based on Ramsey Homes LIHTC application including a 12% adjustment for Davis Bacon wages if ARHA building is taller than 4 stories)
- Per unit average (unleveraged) purchase and rehabilitation costs (based on Miller Homes with 10% adjustment for inflation) for offsite replacement units
- Per unit 9% Tax Credit Equity (based on Ramsey Homes LIHTC application)
- Estimated land value per market-rate unit for ARHA property sold to CRC (based on average per unit land value) from comparable multifamily properties, including The Bradley and Station 650
- Estimated relocation costs per move per household (total cost per scenario assumes two moves per on-site replacement unit and one move per off-site replacement unit: Source: ARHA)
- Estimated monthly average cost of temporary housing (net tenant payment) assuming TPVs are not available

Other Considerations

- Per HUD regulations, land sales proceeds may be used for limited activities to benefit low-income public housing households, including the following qualified uses:
 - repair or rehabilitation of existing ACC (public housing) units;
 - development and/or acquisition of new ACC units;
 - provision of social services for PHA residents;
 - implementation of a preventative and routine maintenance strategy for specific single-family scattered-site ACC units;
 - modernization of a portion of a residential building in the PHA's inventory to develop a recreation room, laundry room, or day-care facility for PHA residents;
 - funding of a HUD-approved homeownership program authorized under Section 32, 9, 24 or any other Section of the Act, for assistance to purchasers, for reasonable planning and implementation costs, and for acquisition and/or development of homeownership units; and
 - leveraging of proceeds to partner with a private entity for the purpose of developing mixed-finance public housing under 24 CFR 905.604.
- "Set-Aside Units" refers to any units provided by the developer to households at 60% of AMI at no cost to ARHA or the City
- Timing of relocation and replacement units has not been determined
- Real estate tax impacts of new development have not been calculated (revenue v. expenses)
- Operating costs will be an important factor in determining the income levels that can be served by the new ARHA units, whether onsite or offsite
- Development within West Street assemblage may contribute to Braddock Fund (Community Amenities and Open Space) if not directly contributing to the cost of developing ARHA units



OFFICE OF THE CITY MANAGER
301 King St., Suite 3500
Alexandria, VA 22314

MARK B. JINKS
City Manager

703.746.4300
Fax:
703.838.6343

November 2, 2017

Dear City Board, Committee, and Commission Chairs,

Thank you for your commitment of time and knowledge to one of our City boards, committees and commissions. Your work is greatly appreciated by City staff, City Council, your fellow residents and the business community. We recognize the importance of your input and guidance on major policy decisions that our community faces.

Like many local governments, the City continues to experience limited revenue growth which cannot sustain the increasing costs of providing unchanged levels of service to the community. Revenues for FY 2019 are projected to grow by just over 1% and expenditures (if not constrained) by about 3%. This results in a \$31.8 million budget gap that must be closed. In addition, any increased spending for capital infrastructure, schools, or expanded services, continues to compete against the current services offered. In times of slow revenue growth, it is important to identify and align limited resources with community priorities. Therefore, to develop a fiscally responsible budget, service reductions may be necessary and any new or expanded services will likely be substantially limited in FY 2019.

This year departments will be instructed to develop reductions totaling 2% of their budget to help close the budget gap. Departments will also be asked to set budget priorities based on specific criteria such as: level of mandate, reliance on the City as the service provider, cost recovery, portion of the community served, and how the service impacts the overall desired results of the community as defined by the City Council and the City's Strategic Plan. The process will help identify programs and services that are essential to the community.

To help inform the development of the FY 2019 budget, I would appreciate your input on the priorities of your board, committee or commission. Specifically, it would be helpful to know the policy and programmatic areas that are (1) your highest priorities, as well as (2) areas which are the lowest priorities under your respective purview. This will inform the prioritization process and help to ensure key policy and programmatic areas are sustained as much as possible. Your feedback will assist City staff in developing budgets that support the most important services for the community at large.

City Board, Committee, and Commission Chairs
November 2, 2017
Page 2

Please provide feedback, coordinated through your staff liaison, by **December 15, 2017**. There will be additional opportunities to provide input into the budget process through the budget public hearing and the department for which you provide advice and counsel.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark B. Jinks', followed by a horizontal line.

Mark B. Jinks
City Manager

cc: The Honorable Mayor and Members of City Council
Morgan Routt, Director, Office of Management & Budget
Staff Liaisons to Boards, Committees and Commissions
Department Heads

FY 2018 Affordable Housing Development Funds Financial Report | December 1, 2017

Balance Remaining: \$6,824,412
(includes \$925,708 in unreserved carryover)

Revenues

| | 2017 | | | | | | 2018 | | | | | | Total |
|---------------------------------------|--------------------|------------------|------------|------------------|------------------|------------|------------|------------|------------|------------|------------|------------|--------------------|
| | July | August | September | October | November | December | January | February | March | April | May | June | |
| Developer Contributions Received | \$0 | \$186,398 | \$0 | \$316,236 | \$65,455 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$568,088 |
| Multifamily Loan Repayments | \$0 | \$0 | \$0 | \$0 | \$173,699 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$173,699 |
| New Revenue Allocated by City Council | \$5,156,917 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$5,156,917 |
| Total | \$5,156,917 | \$186,398 | \$0 | \$316,236 | \$239,154 | \$0 | \$5,898,704 |

Commitments & Reservations

| Fund / Project | Carryover | July | August | September | October | November | December | January | February | March | April | May | June | 2018 Total |
|---|---------------------|------------------|------------|------------|------------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------------|
| Housing Trust Fund (HTF) | | | | | | | | | | | | | | |
| Rebuilding Together Alexandria (RTA) | \$0 | \$50,000 | \$0 | \$0 | -\$50,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Pilot Rental Assistance | \$250,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Braddock Small Area Plan Fund | \$834,080 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Housing Trust Fund (HTF) Total | \$1,084,080 | \$50,000 | \$0 | \$0 | -\$50,000 | \$0 |
| Housing Opportunity Fund (HOF) | | | | | | | | | | | | | | |
| Wesley - Fairlington Presbyterian Church | \$400,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARHA - Set Aside | \$3,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| ARHA - Ramsey Homes | \$2,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| AHDC - Operating | \$300,000 | -\$75,000 | \$0 | \$0 | -\$75,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | -\$150,000 |
| AHDC - King & Beaugard | \$5,150,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| AHDC - Carpenter's Shelter | \$6,600,000 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| AHC - Church of the Resurrection | \$40,165 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Housing Opportunity Fund (HOF) Total | \$17,490,165 | -\$75,000 | \$0 | \$0 | -\$75,000 | \$0 | -\$150,000 |