

AFFORDABLE HOUSING ADVISORY COMMITTEE
LOCATION: ROOM 2000
CITY HALL
THURSDAY, SEPTEMBER 5, 2013 7:00PM

AHAC AGENDA

1. Consideration of June, 27 2013 Minutes 7:00 p.m.
2. Election of New AHAC Chairperson 7:05 p.m.
3. Anticipated FY 2014 Work Program and Related Matters 7:30 p.m.
4. Update on Wesley Housing Lynhaven Application 8:00 p.m.
5. Allocation of Federal HOME dollars to Rebuilding Together Alexandria 8:25 p.m.
6. Information Items: 8:40 p.m.
 - a. Housing Trust Fund Financial Summary for FY 13
 - b. Housing Opportunities Fund Financial Summary for FY 13
 - c. Tax and Bond Report Summary for FY 13
 - d. Homeownership Programs Report Summary for FY 13
7. Announcements and Upcoming Housing Meetings 8:45 p.m.
 - a) Council Consideration of WHDC Lynhaven Loan
September 10, 2013, 7:00 P.M.
City Hall
 - b) Landlord Tenant Board Discussion of Hunting Point
September 4, 2013
Room 2000
City Hall
8. Adjournment 8:50 p.m.

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 29, 2013

TO: AFFORDABLE HOUSING ADVISORY COMMITTEE

FROM: MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING

SUBJECT: UPDATE ON WESLEY HOUSING DEVELOPMENT CORPORATION
FUNDING REQUEST FOR LYNHAVEN APARTMENTS

BACKGROUND: At the June 6, 2012 regularly scheduled AHAC meeting, the committee approved a \$1.525 million loan to assist in the renovation of the Lynhaven Apartment Complex. At the time, WHDC's plan was to apply for competitive 9% Low-Income Housing Tax Credits (LIHTC) in the spring of 2014 to aid in the renovation of this project. City staff informed the committee during that meeting that if this financing plan changed we would bring the project back to you for your review. WHDC further reviewed this project over the summer and has decided to use 4% LIHTC to complete the renovation. This change and the manner in which it changes the project are outlined below.

DISCUSSION: WHDC's original Housing Opportunities Fund (HOF) application anticipated tax credit equity of approximately \$3.5 million to assist in the renovation. Due to the smaller size of the project and the competitive nature of the 9% LIHTCs, WHDC has decided to pursue an alternative financing strategy which includes 4% LIHTCs along with tax-exempt bond financing from the Virginia Housing Development Authority (VHDA). The impact this change has on the project can be seen in the attached sources and uses table. The amended financing plan reduces the amount of tax credit equity available for the renovation from \$3.5 million to approximately \$1.7 million which in return requires an increase in the amount of primary debt needed to complete the renovation from \$1.2 million to \$2.0 million. In addition, the scope of the renovation has been reduced from 72,232 per unit to 63,250 per unit which is still a substantial rehabilitation that will extend the useful life the property for many years.

The amended financing strategy decreases the required City loan by \$25,000, but does not change the interest rate or residual receipts aspects of the loan. However, due to the decrease in tax credit equity and the increase in primary debt the timing in which the City is repaid changes under the new strategy. The original loan request approved by AHAC in June showed repayment of the City loan to begin in year one while the new funding strategy would delay payments to year four. In addition, the amount of payments the City receives through year 15 would be reduced from \$600,000 to approximately \$165,000.

While the new strategy does not return the money to the City as quickly as the original HOF application anticipated, the new financing plan introduces a level of certainty that was not included in the original plan. The 4% LIHTCs are much less competitive than the 9% LIHTCs and the project would be able close in shorter timeframe which would reduce the risk of increasing interest rates on the permanent financing. In return for the City loan, WHDC has agreed to keep all 28 units in the complex affordable for a period of 40 years. Of the 28 units, 16 would be affordable at 50% AMI, and the remainder would be affordable to households at or below 60% AMI. This affordability would increase the number of dedicated affordable units within this project from 16 units to all 28 units. In addition, over half of the units would be affordable to households at or below 50% of AMI which has been a focus of the goals in the Draft Housing Master Plan.

FISCAL IMPACT: The City will provide an additional \$1,078,000 from the City's Housing Opportunities Fund. These dollars would consist of Federal HOME and matching funds that budgeted for the purpose of affordable housing production and preservation. Repayment of the loan is expected to begin in year four of operation after rehabilitation with repayment of approximately \$165,000 by Year 15.

ATTACHMENTS: Updated WHDC Loan Proforma

STAFF:

Helen McIlvaine, Deputy Director, Office of Housing
Eric Keeler, Division Chief, Office of Housing
Jon Frederick, Housing Analyst, Office of Housing



Lynhaven

Permanent Sources

	Sources	Per Unit
Tax Credit Equity	\$1,692,276	\$60,438
First Mortgage	\$2,030,000	\$72,500
Alexandria City Loan	\$1,500,000	\$53,571
Seller Note	\$1,360,500	\$48,589
VFHP	\$75,000	\$2,679
Other Source		\$0
Interim Income		\$0
Deferred Fee	\$73,136	\$2,612
Total Permanent	\$6,730,912	\$240,390

Summarized Uses

	Uses	Per Unit
Acquisition Costs	\$3,548,100	\$126,718
Construction Costs	\$1,771,000	\$63,250
Design, Engineering and Architecture	\$131,250	\$4,688
Owner's Construction Costs, Professional Services and Fees	\$74,175	\$2,649
Financing Costs	\$356,034	\$12,715
Partnership Costs	\$20,000	\$714
Developer's Costs, Carrying Costs and Reserves	\$288,000	\$10,286
Developer's Fee (Gross Fee)	\$542,353	\$19,370
Total Uses	\$6,730,912	\$240,390

Excess (GAP) Permanent **\$0**



Lynhaven

Development Program

28 Affordable Units	100% LIHTC Target	Applicable Fraction	Units	Sq. Ft.	Lesser
	Target % of LIHTC Units at or below 50%	Low Income Units	100.0%	100.0%	100.0%
	Target % of LIHTC Units at or below 40%	Non LIHTC Units	0.0%	0.0%	
	Target % of LIHTC Units at or below 30%	Total	100%	100%	

All Units

Number	Beds	Baths	Model	Sq Ft	Market	120%	100%	80%	60%	50%	40%	30%	Total LIHTC	Total Non-LIHTC	Utilities
0	0	1	A		0					0	0	0	-	-	\$75
5	1	1	A	527	0					1	4	0	5	-	\$90
23	2	1	A	680	0					11	10	2	23	-	\$115
0	3	2	A		0					0	0	0	-	-	\$140
28			TOTAL		-	-	0	-	-	12	14	2	-	28	-
					0.0%	0.0%	0%	0.0%	42.9%	50.0%	7.1%	0.0%	100.0%	0.0%	

LIHTC Units (60% AMI)

Number	Beds	Baths	Model	Sq Ft	Total SF	Net Rent	Utilities	Gross Rent	Max LIHTC Rent	Min Income (40%)	Min Income (30%)	Max Income
-	0	1	A	-	-		\$0	\$0	\$0	\$0	\$0	\$0
1	1	1	A	527	527	\$1,060	\$90	\$1,150	\$1,208	\$34,500	\$46,000	\$48,330
11	2	1	A	680	7,480	\$1,260	\$115	\$1,375	\$1,449	\$41,250	\$55,000	\$57,960
-	3	2	A	-	-		\$0	\$0	\$0	\$0	\$0	\$0
12			TOTALS		8,007							

Lower Targeted Units (50% AMI)

Number	Beds	Baths	Model	Sq Ft	Total SF	Net Rent	Utilities	Gross Rent	Max LIHTC Rent	Min Income (40%)	Min Income (30%)	Max Income
-	0	1	A	-	-		\$0	\$0	\$0	\$0	\$0	\$0
4	1	1	A	527	2,108	\$890	\$90	\$980	\$1,007	\$29,400	\$39,200	\$40,275
10	2	1	A	680	6,800	\$1,050	\$115	\$1,165	\$1,208	\$34,950	\$46,600	\$48,300
-				-	-		\$0	\$0	\$0	\$0	\$0	\$0
14			TOTALS		8,908							

Very Deep Targeted Units (40% AMI)

Number	Beds	Baths	Model	Sq Ft	Total SF	Net Rent	Utilities	Gross Rent	Max LIHTC Rent	Min Income (40%)	Min Income (30%)	Max Income
-	0	1	A	-	-		\$0	\$0	\$0	\$0	\$0	\$0
-	1	1	A	527	-	\$520	\$0	\$520	\$0	\$15,600	\$20,800	\$0
2	2	1	A	680	1,360	\$600	\$115	\$715	\$751	\$21,450	\$28,600	\$30,050
-				-	-		\$0	\$0	\$0	\$0	\$0	\$0
2			TOTALS		1,360							

28	TOTAL ALL UNITS	18,275
-----------	------------------------	---------------



Lynhaven

Rental Income

LIHTC Units (60% AMI)

Number	Unit Type	Sq Ft	Total Sq	Contract	Monthly	Annual
1	1.1.A	527	527	\$1,060	\$1,060	\$12,720
11	2.1.A	680	7,480	\$1,260	\$13,860	\$166,320
12	TOTALS	667	8,007		\$14,920	\$179,040

Lower Targeted Units (50% AMI)

Number	Unit Type	Sq Ft	Total Sq	Contract	Monthly	Annual
4	1.1.A	527	2,108	\$890	\$3,560	\$42,720
10	2.1.A	680	6,800	\$1,050	\$10,500	\$126,000
-	0.0.0	-	-	\$0	\$0	\$0
14	TOTALS	636	8,908		\$14,060	\$168,720

Very Deep Targeted Units (40% AMI)

Number	Unit Type	Sq Ft	Total Sq	Contract	Monthly	Annual
-	1.1.A	527	-	\$520	\$0	\$0
2	2.1.A	680	1,360	\$600	\$1,200	\$14,400
-	0.0.0	-	-	\$0	\$0	\$0
2	TOTALS	680	1,360		\$1,200	\$14,400

TOTAL RESTRICTED RENT				\$30,180.00	\$362,160
Average				1,077.86	

28	TOTAL ALL RESIDENTIAL UNITS	\$30,180	\$362,160
-----------	------------------------------------	-----------------	------------------

COMMERCIAL SPACE	\$0	\$0
-------------------------	------------	------------

Other Income

	PA	PM	PUPA	\$/Sq Ft
Late Charges		\$0		N/A
Laundry	\$2,520	\$210	\$90	N/A
Tenant Charges	\$0	\$0		N/A
Utility/Cable TV				
Parking and Other		\$0		N/A
Total	\$2,520	\$210	\$90	



Lynhaven

	% or #	Factor	Use	LIHTC Eligible Basis
Acquisition Costs				
Purchase Price - Land Portion	25%	\$3,500,000	\$875,000	
Purchase Price - Building Portion	75%		\$2,625,000	\$2,625,000
Transfer Tax	0.33%	\$3,500,000	\$11,550	\$8,663
Recordation Tax	0.33%	\$3,500,000	\$11,550	\$8,663
Title Insurance and Fees			\$25,000	\$18,750
Contingency	0.00%	\$10,500,000	\$0	\$0
Subtotal			\$3,548,100	\$2,661,075
Construction Costs				
Renovated Units		\$55,000 per unit	\$1,540,000	\$1,540,000
Contingency	15.00%	\$1,540,000	\$231,000	\$231,000
Subtotal			\$1,771,000	\$1,771,000
Design, Engineering and Architecture				
Design	8.12%		\$125,000	\$125,000
Contingency	5.00%	\$125,000	\$6,250	\$6,250
Subtotal			\$131,250	\$131,250
Owner's Construction Costs, Professional Services and Fees				
Impact and Tap Fees	0	\$0	\$0	\$0
Building Permit Fee			\$25,000	\$25,000
County Land Use Application Fees			\$0	\$0
Appraisal			\$7,500	\$7,500
Environmental			\$7,000	\$7,000
ALTA Surveys			\$10,000	\$10,000
Market Study			\$5,000	\$5,000
Dry Utility Fees			\$0	\$0
Earthcraft Fees			\$0	\$0
FF+E			\$10,000	\$0
Professional Services Contingency	15.00%	\$64,500	\$9,675	
Subtotal			\$74,175	\$54,500
Financing Costs				
<i>Construction Loan Costs</i>				
Construction Loan Fees	2.00%	\$2,030,000	\$40,600	\$40,600
Short Term Bonds Fee	2.00%	\$600,000	\$12,000	
Construction Loan Interest	4.86%	\$2,030,000	\$64,128	\$32,064
Short Term Bonds Interest	2.75%	\$600,000	\$16,500	
Construction Lender Counsel			\$0	\$0
<i>Permanent Loan Costs</i>				
Mortgage Banker	1.00%	\$2,630,000	\$26,300	
<i>Bond Costs</i>				
Bond Issuers Fee	0.00%	\$2,030,000	\$0	
Bond Underwriters Fee	0.00%	\$2,030,000	\$0	
<i>Other Loan Costs</i>				
Lender 3rd Party Reports and Fees			\$30,000	
Mortgage Title and Recording- First Mortgage	0.33%	\$2,030,000	\$6,766	
Second Mortgage	0.33%	\$1,500,000	\$5,000	
Third Mortgage	0.33%	\$1,360,500	\$4,535	
<i>Equity Costs</i>				
LIHTC Application Fee			\$750	
LIHTC Reservation Fee	7%	\$107,169	\$7,502	
Owner's Cost Certification			\$25,000	



	% or #	Factor	Use	LIHTC Eligible Basis
Owner Legal Fees				
Zoning and Entitlement Legal			\$0	\$0
Real Estate Legal			\$25,000	
Partnership and Syndication Legal			\$25,000	
Financing Legal			\$50,000	
Financing Contingency	5.00%	\$339,080	\$16,954	
Subtotal			\$356,034	\$72,664
Partnership Costs				
Accounting			\$20,000	
Contingency	5.00%	\$0.00	\$0	
Subtotal			\$20,000	\$0
Developer's Costs, Carrying Costs and Reserves				
Real Estate Taxes			\$28,000	
Builder's Risk Insurance			\$14,000	
Marketing Costs			\$15,000	
Lease-up Fee			\$0	
Debt Service Reserve (months)	0		\$0	
Operating Reserve (months)	6		\$91,000	
Lease-Up Reserve			\$0	
Relocation		\$5,000	\$140,000	\$140,000
Contingency	5.00%	\$0	\$0	
Subtotal			\$288,000	\$140,000
Total Development Cost Subtotal			\$6,188,559	\$4,830,489

	Eligible Basis	Cost Factor	Total	
Developer Fee				
<i>VHDA Developer Fee Calculation</i>				
10%/15% Method				
Acquisition Basis	\$2,661,075	0%	\$0	
Rehab Basis	\$2,169,414	25%	\$542,353	
Subtotal			\$542,353	
TDC Method				
15% of Total Development Cost	\$6,188,559	15%	\$928,284	
Declining Percentage Method				
Costs up to \$1,000,000	\$1,000,000	15%	\$150,000	
1,000,001 to \$10,000,000	\$9,000,000	12%	\$1,080,000	
Above \$10,000,000	\$0	8%	\$0	
Subtotal			\$1,230,000	
Lesser			\$542,353	
Attributable to Acquisition			\$0	\$0
Attributable to Rehab / Construction			\$542,353	\$542,353
Non-LIHTC Calculation				
Percent of Total Development Cost	\$6,188,559	20%	\$1,237,712	
Override	\$0			
Developer's Fee			\$542,353	\$542,353
Total Development Cost			\$6,730,912	\$5,372,842



Lynhaven

Mortgage Rate	4.86%	Amortization (Yrs)	30
Add'l Fees		Term (Yrs)	30
Loan Constant	6.34%	Cap Rate	5.75%
DCR	1.20	Maximum LTV	90%
Year 1 NOI		Annual	Monthly
		\$154,772	\$12,898
Maximum Mortgage (DCR)			
Maximum Cash Pmt.	\$128,977		\$10,748
Maximum Mortgage	\$2,034,468		
Maximum Mortgage (LTV)			
Value of Property	\$2,691,687		\$13,195
Maximum Mortgage	\$2,422,518		
Loan Amt Needed			
Amount Needed			
Payments	\$0		
Actual Amount	\$2,030,000		
Actual Payment	\$128,693 /YR		\$10,724 /MO
Total Amount	\$2,030,000		\$10,724 /MO
Blended Interest Rate	4.86%		\$128,693 /YR
Actual LTV	75%		
Actual DCR	1.20		



Lynhaven

Low Income Housing Tax Credit

		Acquisition	Construction
Eligible Basis		\$2,661,075	\$2,711,767
Basis Boost DDA/QCT	0%		\$0
Basis Boost VHDA LEED	0%		\$0
Federal Historic Credit			\$0
Adjusted Basis		\$2,661,075	\$2,711,767
Applicable Fraction (% Low Income)		100.0%	100.0%
Eligible Basis		\$2,661,075	\$2,711,767
Tax Credit Rate		3.15%	3.15%
Maximum Annual Credit		\$83,824	\$85,421
Self-Limited Credit	100%	\$83,824	\$85,421
Claimed Credit		\$83,824	\$85,421
Total Credit over 10 year period		\$838,239	\$854,207
Tax Credits to Limited Partner	99.99%	\$838,155	\$854,121
LIHTC Equity	\$ 1.00	\$ 838,155	\$ 854,121



Lynhaven

Notes	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
INCOME										
Gross Potential Rent	\$362,160	\$369,403	\$376,791	\$384,327	\$392,014	\$399,654	\$407,851	\$416,008	\$424,328	\$432,815
Other Income	\$2,520	\$2,570	\$2,622	\$2,674	\$2,728	\$2,782	\$2,838	\$2,895	\$2,953	\$3,012
Residential Vacancy	(\$18,108)	(\$18,470)	(\$18,840)	(\$19,216)	(\$19,601)	(\$19,993)	(\$20,393)	(\$20,800)	(\$21,216)	(\$21,641)
Bad Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income	\$346,572	\$353,503	\$360,574	\$367,785	\$375,141	\$382,643	\$390,286	\$398,102	\$406,064	\$414,186
OPERATING EXPENSES										
Administrative Expenses	\$182,000	\$187,460	\$193,084	\$198,876	\$204,843	\$210,988	\$217,318	\$223,937	\$230,552	\$237,469
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes and Insurance Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financial Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$182,000	\$187,460	\$193,084	\$198,876	\$204,843	\$210,988	\$217,318	\$223,937	\$230,552	\$237,469
Replacement Reserve	\$9,800	\$10,094	\$10,397	\$10,709	\$11,030	\$11,361	\$11,702	\$12,053	\$12,414	\$12,787
NET OPERATING INCOME	\$154,772	\$155,949	\$157,093	\$158,200	\$159,268	\$160,295	\$161,277	\$162,212	\$163,098	\$163,930
PRIMARY DEBT SERVICE										
First Mortgage Loan	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693
DOR	1.20	1.21	1.22	1.23	1.24	1.25	1.25	1.26	1.27	1.27
Investor Required Asset Management f	\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122
GP Asset Management Fee	\$2,500	\$2,563	\$2,627	\$2,692	\$2,760	\$2,829	\$2,899	\$2,972	\$3,046	\$3,122
CASH FLOW AFTER SENIOR DEBT & A/M FEES	\$21,079	\$22,131	\$23,146	\$24,122	\$25,056	\$25,944	\$26,785	\$27,576	\$28,312	\$28,992
Deferred Developer Fee	\$73,136	\$52,057	\$29,926	\$6,780	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Dev Fee Balance	\$21,079	\$22,131	\$23,146	\$24,122	\$25,056	\$25,944	\$26,785	\$27,576	\$28,312	\$28,992
Deferred Dev Fee Paid	\$0	\$0	\$0	\$17,342	\$25,056	\$25,944	\$26,785	\$27,576	\$28,312	\$28,992
Residual Receipts										
City HOME Loans	\$0	\$0	\$0	\$8,671	\$12,528	\$12,972	\$13,393	\$13,788	\$14,156	\$14,496
Seller Note	\$0	\$0	\$0	\$8,671	\$12,528	\$12,972	\$13,393	\$13,788	\$14,156	\$14,496



Lynhaven

	Notes	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
INCOME											
Gross Potential Rent	2%	\$441,471	\$450,300	\$459,306	\$468,493	\$477,862	\$487,420	\$497,188	\$507,111	\$517,254	\$527,599
Other Income		\$3,072	\$3,133	\$3,196	\$3,260	\$3,325	\$3,392	\$3,459	\$3,529	\$3,599	\$3,671
Residential Vacancy	5%	(\$22,074)	(\$22,515)	(\$22,965)	(\$23,425)	(\$23,893)	(\$24,371)	(\$24,858)	(\$25,356)	(\$25,863)	(\$26,380)
Bad Debt	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income		\$424,469	\$430,919	\$439,537	\$448,328	\$457,294	\$466,440	\$475,769	\$485,284	\$494,990	\$504,890
OPERATING EXPENSES											
Administrative Expenses	3%	\$244,593	\$251,931	\$259,488	\$267,273	\$275,291	\$283,550	\$292,057	\$300,818	\$309,843	\$319,138
Management Fee	\$6,500 PUPA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes and Insurance Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financial Expenses		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses		\$244,593	\$251,931	\$259,488	\$267,273	\$275,291	\$283,550	\$292,057	\$300,818	\$309,843	\$319,138
Replacement Reserve		\$13,170	\$13,565	\$13,972	\$14,392	\$14,823	\$15,268	\$15,726	\$16,198	\$16,684	\$17,184
NET OPERATING INCOME		\$164,706	\$165,423	\$166,076	\$166,663	\$167,180	\$167,622	\$167,986	\$168,258	\$168,463	\$168,568
PRIMARY DEBT SERVICE											
First Mortgage Loan		\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693
DCR		1.28	1.29	1.29	1.30	1.30	1.30	1.31	1.31	1.31	1.31
Investor Required Asset Management F	2.5%	\$3,200	\$3,280	\$3,362	\$3,446	\$3,532	\$3,621	\$3,711	\$3,804	\$3,899	\$3,997
GP Asset Management Fee	2.5%	\$3,200	\$3,280	\$3,362	\$3,446	\$3,532	\$3,621	\$3,711	\$3,804	\$3,899	\$3,997
CASH FLOW AFTER SENIOR DEBT & A/M FEES		\$29,612	\$30,169	\$30,658	\$31,077	\$31,421	\$31,687	\$31,870	\$31,967	\$31,972	\$31,881
Deferred Developer Fee		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
73,136 Deferred Dev Fee Balance		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Dev Fee Paid		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual Receipts		\$29,612	\$30,169	\$30,658	\$31,077	\$31,421	\$31,687	\$31,870	\$31,967	\$31,972	\$31,881
City HOME Loans		\$14,806	\$15,084	\$15,329	\$15,539	\$15,711	\$15,844	\$15,935	\$15,983	\$15,986	\$15,940
Seller Note		\$14,806	\$15,084	\$15,329	\$15,539	\$15,711	\$15,844	\$15,935	\$15,983	\$15,986	\$15,940



Lynhaven

Notes	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
INCOME										
Gross Potential Rent	\$538,151	\$548,914	\$559,892	\$571,090	\$582,512	\$594,162	\$606,045	\$618,166	\$630,529	\$643,140
Other Income	\$3,745	\$3,819	\$3,896	\$3,974	\$4,053	\$4,134	\$4,217	\$4,301	\$4,387	\$4,475
Residential Vacancy	(\$28,908)	(\$27,446)	(\$27,995)	(\$28,554)	(\$29,126)	(\$29,708)	(\$30,302)	(\$30,908)	(\$31,526)	(\$32,157)
Bad Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Effective Gross Income	\$514,988	\$525,288	\$535,793	\$546,509	\$557,439	\$568,588	\$579,960	\$591,559	\$603,390	\$615,458
OPERATING EXPENSES										
Administrative Expenses	\$328,712	\$338,574	\$348,731	\$359,193	\$369,969	\$381,068	\$392,500	\$404,275	\$416,403	\$428,895
Management Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Utility Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes and Insurance Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Financial Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$328,712	\$338,574	\$348,731	\$359,193	\$369,969	\$381,068	\$392,500	\$404,275	\$416,403	\$428,895
Replacement Reserve	\$17,700	\$18,231	\$18,778	\$19,341	\$19,921	\$20,519	\$21,135	\$21,769	\$22,422	\$23,094
NET OPERATING INCOME	\$168,576	\$168,483	\$168,285	\$167,975	\$167,548	\$167,001	\$166,326	\$165,516	\$164,566	\$163,469
PRIMARY DEBT SERVICE										
First Mortgage Loan	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693	\$128,693
DOR	1.31	1.31	1.31	1.31	1.30	1.30	1.29	1.29	1.28	1.27
Investor Required Asset Management F	\$4,097	\$4,199	\$4,304	\$4,412	\$4,522	\$4,635	\$4,751	\$4,870	\$4,991	\$5,116
GP Asset Management Fee	\$4,097	\$4,199	\$4,304	\$4,412	\$4,522	\$4,635	\$4,751	\$4,870	\$4,991	\$5,116
CASH FLOW AFTER SENIOR DEBT & A/M FEES	\$31,689	\$31,392	\$30,983	\$30,459	\$29,812	\$29,038	\$28,131	\$27,083	\$25,890	\$24,543
Deferred Developer Fee	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Dev Fee Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Deferred Dev Fee Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Residual Receipts	\$31,689	\$31,392	\$30,983	\$30,459	\$29,812	\$29,038	\$28,131	\$27,083	\$25,890	\$24,543
City HOME Loans	\$15,845	\$15,696	\$15,492	\$15,229	\$14,906	\$14,519	\$14,065	\$13,542	\$12,945	\$12,272
Seller Note	\$15,845	\$15,696	\$15,492	\$15,229	\$14,906	\$14,519	\$14,065	\$13,542	\$12,945	\$12,272

City of Alexandria, Virginia

MEMORANDUM

DATE: AUGUST 29, 2013

TO: AFFORDABLE HOUSING ADVISORY COMMITTEE

FROM: HELEN MCILVAINE, DEPUTY DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF AN ALLOCATION OF \$452,000 IN FEDERAL HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) AND MATCHING LOCAL MONIES TO REBUILDING TOGETHER ALEXANDRIA TO SUPPLEMENT FUNDING FOR THE ALEXANDRIA NEIGHBORHOOD STABILIZATION PROGRAM

ISSUE: Consideration of the allocation of up to \$452,000 in federal Home Investment Partnership (HOME) Program and matching funds to Rebuilding Together Alexandria (RTA) to support continuation of the Alexandria Neighborhood Stabilization Program (ANSP).

RECOMMENDATION: That AHAC approve if needed \$452,000 in federal HOME and matching funds from the Housing Opportunities Fund to the Alexandria Neighborhood Stabilization Program.

BACKGROUND: In February 2013, City Council allocated a total of \$1 million (\$500,000 in federal HOME funds and \$500,000 in Community Development Block Grant (CDBG) funds to Rebuilding Together Alexandria (RTA) to continue the City's highly successful Neighborhood Stabilization Program, which utilized federal funds allocated through the Virginia Department of Housing and Community Development to acquire, rehabilitate and re-sell foreclosed homes (or short sales) in target areas to income-qualified first time homebuyers. Through the February allocations, a Citywide Alexandria NSP was created, with RTA's role expanded to include acquiring and holding eligible properties in addition to completing the rehabilitation activities, organizing local homebuyer training classes in collaboration with the City, and assisting the City in conducting outreach and marketing units for resale.

DISCUSSION: During the first six months of ANSP's operation, which RTA has branded as "A Home of Their Own", RTA and City staff have so far inspected 16 foreclosed or short sale units throughout the City. RTA has successfully acquired and renovated three units, all of which are now under contract with lower-income first-time homebuyers. RTA has so far expended \$462,480.31 in federal funds in completing these three transactions, and as planned, the net proceeds from the sale of these CDBG-assisted units will be returned to the City to fund the Home Rehabilitation Loan Program administered by the Office of Housing. A portion of the

expended funds will become downpayment assistance to the buyers, which is repaid to the City upon their eventual resale.

The HOME Program funding of \$500,000 that was allocated to RTA for the same purpose will remain available to RTA as a source of revolving funds to support the organization's future ANSP acquisitions. The allocation of \$452,000 proposed now will help extend the life of RTA's program which provides the majority of the city's first-time homebuyer opportunities at the current time.

It is noted that, if approved, the recommended funds will be committed to RTA *only* if the City does not secure a HUD-requested waiver that is needed to allow the proposed \$1.1 million HOME funds allocation for Wesley Housing Development Corporation's Lynhaven Apartments project before the September 30 commitment deadline. Should the waiver not be granted or granted in enough time to obligate the funds, an alternative commitment of these funds to RTA avoids their recapture by HUD. Based on other pending HOME activity, the amount subject to recapture may be additionally reduced between now and September 30, so only the amount needed to avoid recapture would be committed to RTA. If an allocation to RTA is not needed to avoid the recapture of federal funds, the funds proposed here will not be committed to RTA. Instead, additional supplemental City or federal funds may be provided at RTA's request in the future.

FISCAL IMPACT: Allocation of up to \$452,000 in HOME Housing Opportunities Program funds to RTA (\$361,000 in HOME funds and \$91,000 in local match).

STAFF: Helen McIlvaine, Deputy Director, Office of Housing
Shane Cochran, Program Implementation Division Chief, Office of Housing
Eric Keeler, Administration Division Chief, Office of Housing

Housing Trust Fund Programs Financial Status

Fiscal Year 2013

Balance as of June 30, 2012	2,153,696
------------------------------------	------------------

Revenues for Fiscal Year 2013	
Developer Contributions	1,411,960
Loan Repayments	
Community Lodgings, Inc. (CLI)	27,460
Interest	13,364
Moderate Income Homeownership Program (MIHP)	332,688
Employee Homeownership Incentive Program (EHIP)	4,585
Quaker Hill Loan Repayment	308,258
VHDA Housing Counseling	5,000
Ramp Mini Grant	600
Fees Offsetting Expenditures	0
	2,103,914

Expenditures for Fiscal Year 2013	
Flexible Homeownership Program	48,392
Homeownership Counseling	1,050
Rebuilding Together Alexandria FY 2013	50,000
Housing Opportunities Fund - <i>see attached report</i>	43,250
Rental Accessibility Modification Program (RAMP)	340
	(143,032)

Balance Available Before Outstanding Commitments/Reservations	4,114,578
--	------------------

Outstanding Commitments/Reservations as of June 30, 2013	
Braddock Small Area Plan Fund	374,080
Flexible Homeownership Program	767,490
HOME/HOF Match	304,171
Homeownership Counseling	59,970
FY 2014 Budget Reservation	171,404
Housing Opportunities Fund - <i>see attached report</i>	521,648
AHC East Reed	399,885
Rental Accessibility Modification Program (RAMP)	5,415
	(2,604,062)

Unreserved Balance as of June 30, 2013	1,510,516
---	------------------

**HOMEOWNERSHIP PROGRAMS REPORT
FY 2013**

<i>Total FY 2013 as of June 30, 2013</i>				
	Loans Committed	Amount and Source of Committed Loan Funds	Loans Settled	Amount and Source of Settled Loan Funds
Federal Funds HAP	3	CDBG HAP - \$40,000 HOME HAP - \$50,000 HOME/NSP - \$50,000	3	CDBG HAP - \$40,000 HOME HAP - \$50,000 HOME/NSP - \$50,000
Flexible Homeownership Program	1	\$48,330 - HTF	1	\$48,330 - HTF

Loan Balances as of June 30, 2013:

HOME HAP	\$	28,069	<i>Federal</i>
CDBG HAP	\$	85,271	<i>Federal</i>
Flex HP	\$	767,490	<i>Housing Trust Fund</i>

Housing Opportunities Fund Financial Status

As of June 30, 2013

	HTF	General Fund	HOME	TOTAL
Balance as of July 31, 2012	602,648	134,514	1,514,041	2,251,203
FY 2013 Allocation	71,404	138,595	460,758	\$ 670,757
Repayments				
Brent Place			62,540	\$ 62,540
AHDC Reimbursement		\$ 50,204		50,204
Fiscal Year 2013 Expenditures				
Alexandria Housing Development Corporation (AHDC)	\$ (152,404)	\$ (138,596)		\$ (291,000)
CLI Notabene		(9,514)	(299,608)	(309,122)
Balance Available Before Outstanding Commitments	521,648	175,203	1,737,731	2,434,582
Outstanding Commitments				
Alexandria Housing Development Corporation (AHDC)				
CLI Notabene			392.78	393
Alexandria NSP (RTA)			500,000.00	500,000
Fees for Professional Services	10,000			10,000
Unreserved Balance as of June 30, 2013	511,648	175,203	1,237,338	1,924,189

Other Housing Development Fund Financial Status
FY 2013

	Tax Revenue Account	Bond Account	TOTAL
Balance as of June 30, 2012	1,199,067	791,725	1,990,792
FY 2013 Allocation	549,722		
FY 2013 Expenditures			
Alexandria Housing Development Corporation (AHDC)		(305,399)	
Balance Available Before Outstanding Commitments	1,748,789	486,326	2,235,115
Outstanding Commitments			
AHC East Reed Project	1,613,789	486,326	2,100,115
Unreserved Balance as of June 30, 2013	135,000	0	135,000