

**AFFORDABLE HOUSING ADVISORY COMMITTEE**  
**LOCATION: ROOM 2000**  
**CITY HALL**  
**THURSDAY, MAY 1, 2014 7:00 PM**

**AHAC AGENDA**

1. Consideration of March 6, 2014 and April 3, 2014 meeting minutes 7:00 p.m.
2. Consideration of Seminary Overlook Affordable Housing Plan 7:05 p.m.
3. Consideration of a HOF Funding Allocation to Habitat for Humanity 7:35 p.m.
4. Update on FY 15 Housing Budget 7:45 p.m.
5. Information Items: 7:50 p.m.
  - a) Housing Trust Fund Financial Summary for March 2014
  - b) Housing Opportunities Fund Financial Status for March 2014
  - c) Homeownership Programs Report for March 2014
  - d) Tax and Bond Report for March 2014
  - e) AHC Predevelopment Docket Item
6. Adjournment 8:00 p.m.

AFFORDABLE HOUSING ADVISORY COMMITTEE  
Minutes of the April 3, 2014 Meeting

Members Present

Michael Caison  
Michael Butler  
Bill Harris  
Eric Weill  
Robyn Konkel  
Carter Flemming  
Rick Liu  
Mildrilyn Davis (non-voting)

Staff Present

Helen McIlvaine  
Jon Frederick

Guests

Jerome Fletcher  
John Puvak  
Pat Arnaudo

The meeting was called to order by Michael Butler at 7:05 PM

1. Due to a lack of a quorum, minutes of the previous meeting were not voted on.
2. Jerome Fletcher, Assistant to the City Manager, reported on the new “What’s Next Alexandria” program with a power-point presentation. The reason for the program is to make it easier for citizens to know about, and better understand, what their government is doing, and to make it easier for them to give their input into the planning and implementation process. The plan anticipates City officials will provide an open and honest presentation of their work in governing, and in return they want all citizens to be informed, to be heard, and to make their input easy and convenient. The program is described in detail in the “handbook for civic engagement” which can be found on the City’s website.
3. The meeting was interrupted at this point for Michael Butler to recognize Mike Caison for his long and faithful service as a member of AHAC, whose term expired with this meeting. Mike was first appointed to AHAC in 1999. He has served faithfully for the past 15 years, with two turns as Chair. Mike will be missed for the housing development experience he brought to the committee, for his humor and warm spirit, and for his booming base voice. In his honor committee members signed a certificate of appreciation, and staff served delicious cup cakes.
4. John Puvak, Home Properties Representative, made a second presentation to AHAC on the proposed Seminary Overlook project, the first presentation having been to AHAC at it’s February meeting. Their purpose of the presentation was to update the AHAC, and give opportunity for further input prior to a public hearing in June. Home Properties is committed to a minimum of 10% of newly constructed units to be affordable. The exact number, up to 15%, will depend on City funding available to buy-down those units. The first phase will be in two parts. Land Bay A will demolish 168 existing units and build 356 new units, with 36 being affordable. Land Bay B will demolish 128 existing units and

build 364 new units, with 36 being affordable. The project when completed will demolish 296 of the 843 existing units and build 925 new units, with at least 127 of them affordable. No work will begin prior to 2015.

5. Jon Frederick reported on Southern Towers' request to change their commitment to provide affordable housing by reducing the length of time of that commitment to 10 years. This revised plan maintains their same monetary commitment, but for more apartments (105) for a shorter length of time. In addition they would like for the use of those apartments to begin as soon as possible. The housing staff would like to hold off renting these apartments until they can be available for people having to move from other apartments when development begins in the Beauregard area. Dates for this provision are being negotiated.
6. Mildrilyn Davis reported on a 90 unit project in early stage of development between Echols and Fillmore. Housing staff is working on a predevelopment loan in anticipation of buying-down all 90 units, making them all affordable.

Michael Butler adjourned the meeting at 8:27 PM.

Respectfully submitted by Bill Harris

**AFFORDABLE HOUSING ADVISORY COMMITTEE**  
**Minutes of the March 6, 2014 Meeting**

Members Present

John Catlett  
Mike Caison  
Michael Butler  
Bill Harris  
Eric Weiss  
Robyn Konkel  
Katharine Dixon  
Deena de Montigny  
Carter Flemming  
Mildrilyn Davis (non-voting)

Staff Present

Helen McIlvaine  
Eric Keeler  
Jon Frederick

Guests

Christina Zechman Brown  
Roy Priest  
Connie Staudinger  
Pat Arnaudo

The meeting was called to order by Katharine Dixon, 7:00pm.

1. Christina Zechman Brown provided a presentation on the FOIA requirements as they pertain to AHAC Members. C. Brown provided an overview of the FOIA rules and provided specific examples to help explain them to the committee. The presentation provided specific information on what emails the committee members were required to keep to comply with FOIA requirements

A group discussion clarified that compliance for most correspondence can be achieved by responding to emails individually rather than “all”, retaining a record of all messages when they are sent to all members, and asking for clarification from the City Attorney’s Office when an individual member may need to know when to recuse themselves if impartiality is questionable.

2. Eric Keeler presented the Proposed Office of Housing Budget.
  - A summation of funds by program was provided
  - A Housing Trust Fund Programs Financial Status was provided
  - Eric answered questions posed by AHAC members to help them understand the budget
3. ARHA Chief Executive Officer Roy Priest reported on a proposed Housing Acquisition
  - Roy explained that an opportunity to buy The Washington Suites, an extended stay hotel in the West End, had been presented with a short time frame to commit to; ARHA has a March closing date for the property. The plan is that tenants residing in the 170 units of elderly housing currently located in the Ladrey property in Old Town would be relocated to the newly purchased property in the West End.
  - AHAC members asked Roy if ARHA had a plan to commit revenue earned by land sale back into the affordable housing fund and if ARHA would commit to a contribution to the City’s Housing Plan based on revenues earned.

- Roy Priest was non-committal in regard to specific contributions; however, he replied that the revenue will go back to ARHA and be used to provide services and dwelling accommodations to persons of low income at affordable rates.
4. Mildrilyn Davis informed AHAC members that the budget work session that includes the Office of Housing budget will take place March 10<sup>th</sup> at City Hall for those who wish to attend.
  5. J. Frederick described the changes made to the standard conditions for set aside rental units when a Housing Choice Voucher is involved. The condition was clarified to ensure that the Housing Choice Voucher would not cause a household to be considered over-income.
  6. The financial reports provided by Staff were self-explanatory.

Katharine Dixon adjourned the meeting at 7:55 pm.

Minutes respectfully submitted by Deena de Montigny

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 25, 2014

TO: AFFORDABLE HOUSING ADVISORY COMMITTEE

FROM: MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING

SUBJECT: CONSIDERATION OF AN AFFORDABLE HOUSING PLAN FOR THE SEMINARY OVERLOOK NEIGHBORHOOD OF THE BEAUREGARD SMALL AREA PLAN

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### **ISSUE:**

Consideration of the Affordable Housing Plan for Seminary Overlook.

### **RECOMMENDATION:**

That the Affordable Housing Advisory Committee approve the Affordable Housing Plan for the Seminary Overlook Neighborhood.

### **BACKGROUND:**

#### **Beauregard Planning Process**

From 2009 through 2013 the City of Alexandria undertook the Beauregard planning process that resulted in the approval of two new Coordinated Development Districts (CDD) in the West End of Alexandria as shown in Attachment 1. The result of the Beauregard Small Area Plan (BSAP) and subsequent rezoning was a significant density increase that will create five new neighborhoods and transform the Beauregard Corridor. In order to accommodate the proposed development, the City created a plan to make significant upgrades to the area's infrastructure including several new transportation improvements and a new fire station. The BSAP also created a plan for significant public benefits including a number of new and/or enhanced open space areas, bike and pedestrian trails, and a significant investment in affordable housing. Finally, the BSAP established an implementation plan to fund the plan from a variety of sources including developer contributions, City Housing Trust Fund dollars, and the future tax increment revenue created by the redevelopment.

#### **Beauregard Affordable Housing**

The area planned for redevelopment includes a number of garden style apartments that have long served as a resource of market affordable housing for City residents. The BSAP established a goal and funding plan to create or preserve 800 units of affordable housing within the BSAP over the next 30 years. The Affordable Housing Advisory Committee (AHAC) allocated significant

amount of its time during 2012 and 2013 to carefully weigh all issues and make a recommendation on the affordability distributions of the 800 units recommended by the BSAP. In May 2013, City Council approved an affordable housing distribution as recommended by AHAC with the understanding that this distribution may need to be amended over time. The distribution recommendation is provided as Attachment 2.

### **Funding Plan**

The implementation plan that was approved as BSAP and updated as part of the rezoning envisioned a pay as you go plan that would require no debt from the City. The funding plan is based on three sources including developer contributions, the City tax increment from the redevelopment, and City housing dollars. The total funding cost for the Beauregard public benefits plan is project to cost \$263 million through 2042, of which \$167 million is dedicated for the purposes of affordable housing. In addition to the \$167 million for affordable housing, the City will need to work to leverage three projects during the 30-year build out of the plan to meet the 800-unit goal. While over half of the funding anticipated for the Beauregard Plan will be for the purposes of affordable housing, the majority of those funds are not available for affordable housing units until such time as the major transportation improvements needed to support the plan have been constructed.

### **DISCUSSION:**

#### **Seminary Overlook Neighborhood**

The Seminary Overlook Neighborhood consists of the current Seminary Hills Apartment Complex (296 units) and the Seminary Towers Apartments (547). The neighborhood's location in in relationship to the rest of the Beauregard Plan area is shown in Attachment3. Home Properties has submitted a Development Special Use Permit for the redevelopment of the 296 unit Seminary Hills garden apartment complex. The DSUP application envisions replacing the 296 units with four multi-family buildings with a total of 720 units. The current DSUP does not include any demolition of the Seminary Towers buildings or any new development for the parking lots surrounding the Seminary Towers buildings. Any redevelopment of those areas in the future would require an additional DSUP to approve the development. Per the zoning conditions of this project, an Applicant must submit an affordable housing plan for the entire neighborhood prior to approval of the first DSUP within that neighborhood. The affordable housing plan for the Seminary Overlook Neighborhood is attached for your review (Attachment 4) and will be discussed in further detail below.

#### **Plan Overview**

That approved CDD conditions (Attachment 5) for the Seminary Overlook neighborhood required that the neighborhood affordable housing plan show at least ten percent of all new and existing units as affordable units. The attached plan is composed of three components including the existing Seminary Towers units, the new 720 multi-family units to replace the Seminary Hills Apartments, and a future phase of development that could equal up 210 units. The affordable housing plan displays ten percent of all those units as affordable and shows what the unit sizes of those units would be for Seminary Towers and the new multi-family units based on a proportional mix. The timing of the provision of the affordable units is contingent on the availability of BSAP resources, of which only the City resources are expected to be available

when this development becomes available for first occupancy. A further detail discussion of each of the three components is provided below.

**Seminary Towers Existing Units**

The existing Seminary Towers Apartment complex consists of 547 units. Per the CDD conditions for this neighborhood Home Properties is required to make 10% of the units of the units in Seminary Towers available to the City to buy down for affordable housing. The attached affordable housing plan meets the requirements of the CDD as it shows 55 units available to the City. Based on the proportional mix of units within the Seminary Towers building, the 55 units would yield eight (8) studio, 24 one-bedroom, 18 two-bedroom, and five (5) three bedroom apartments. A proportional mix of units would be consistent with the manner in which the City typically addresses set-aside units within a market-rate building. However, due to the demand for affordable three-bedroom units in the City, Staff has worked with the applicant to double the number of three-bedroom units that will be available within Seminary Towers. The final proposed mix of units within this project can be seen in the final column of the affordable housing plan entitled proposed mix.

The buy-down of existing units within the Beauregard Plan will use the \$4.0M in housing resources that were envisioned in the plan for early units. Based on the proposed demolition schedule of the Seminary Hills Apartments, staff envisions buying down existing units in two phases proportional to the demolition to occur at Seminary Hills Apartments based on the availability of existing resources. The City will also have the ability to buy down units in the existing Lynbrook property and a final decision on the units to be bought down will be made in the future based rent levels and desired mix. While the final affordability levels will be determined at the time of purchase based on available resources and the need of the displaced tenants, the distribution plan envisioned the majority of the early units to within the 50% AMI and 60% AMI affordability levels.

**Phase 1 Land bays A and B (current DSUP)**

Phase 1 consists of two parcels which are titled Land bays A and B. This is the parcel that is the subject of the current DSUP that has been submitted by Home Properties. The development of this parcel would demolish 296 garden style apartments and replace them with four multi-family buildings totaling 720 units. Table 1 shows the unit mix of the 296 units that will be demolished as part of phase 1. The demolition of the units is currently scheduled to be completed in two phases with 164 units to be demolished in 2015 and the remaining 132 units to be demolished in 2017.

| <b>Table 1: Seminary Hills Apartments Unit Mix</b> |     |
|--|-----|
| <b>Efficiencies</b>                                | 3   |
| <b>One-Bedroom</b>                                 | 86  |
| <b>Two-Bedroom</b>                                 | 160 |
| <b>Three-Bedroom</b>                               | 47  |

The attached affordable housing plan shows the availability of 72 units that can be bought down for the purpose of affordable housing and is consistent with the requirements for the affordable housing plan as conditioned in the CDD zoning. However, the zoning also allows the City to buy down up to 15% percent of the units if resources are available. This provision is noted in the affordable housing plan and will be included in the DSUP conditions for approval. As described earlier, the Beauregard implementation plan puts an early focus on the construction of the needed roadway and transit improvements in the Beauregard Corridor. Hence the resources to buy down the 72 units within this phase will not be available until after those infrastructure projects are completed. The affordable housing plan reflects this issue in a footnote and the DSUP conditions will reflect the City's ability to buy down the subject units for a time period up to fifteen years after the completion of the ellipse and transitway. Due to extend amount of time until the resources will be available to purchase the 72 units the specific affordability levels and unit mix will be determined when the resources are available and the actual demand are determined.

## **Phase 2**

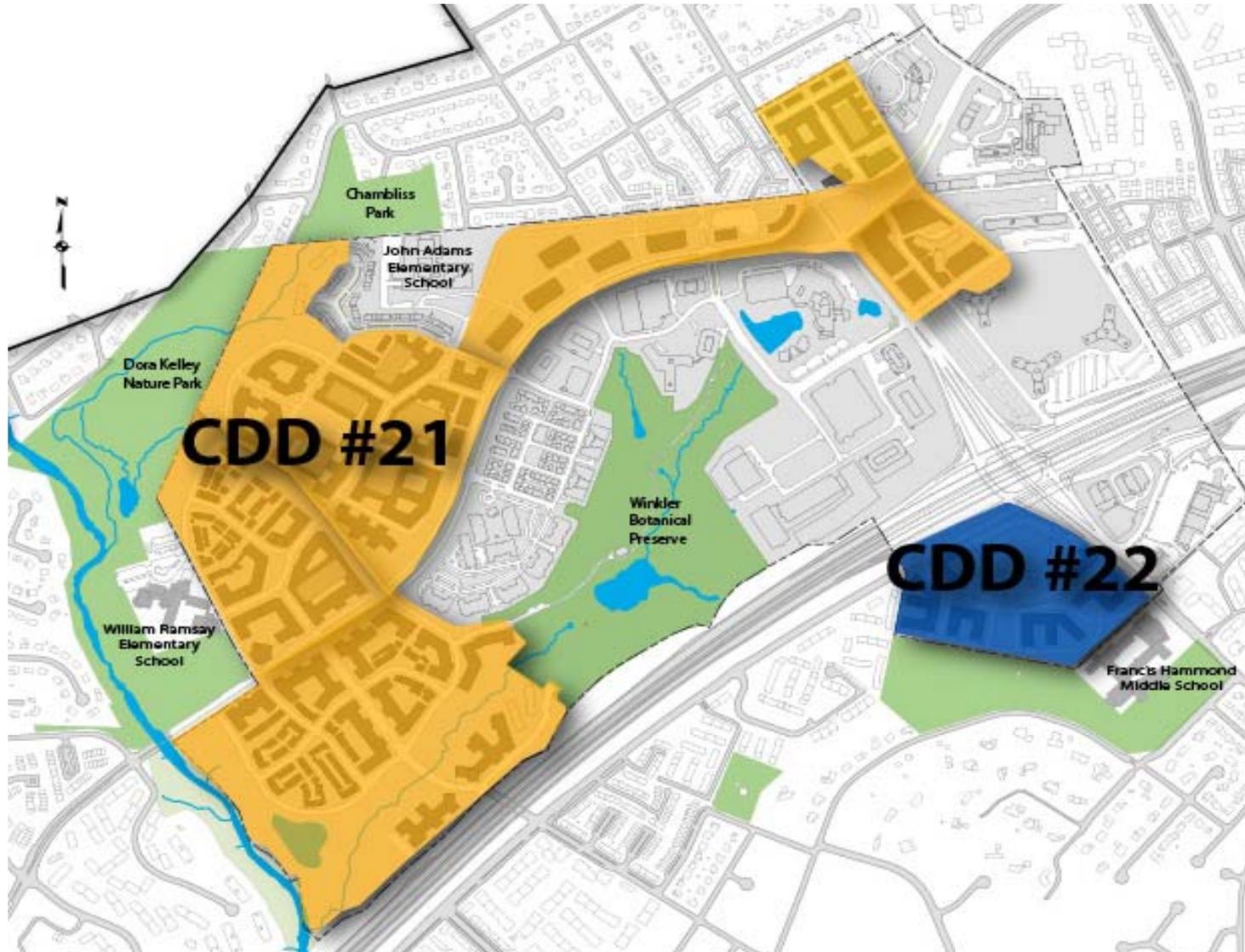
Phase 2 of the Seminary Overlook Neighborhood consists of the two surface parking lots adjacent to the existing Seminary Towers. The current DSUP submitted by Home Properties does not contemplate redevelopment of the phase 2 parcels at this time. However pursuant to the zoning, Home Properties (or future owner) will be allowed to build 210 units on these parcels. In order to continue redevelopment the owner of the parcel would be required to submit a DSUP and it would undergo the public outreach process and would be presented to AHAC at that time.

The BSAP and the AHAC distribution recommendation acknowledged the need to obtain parcels in order construct leveraged projects. Staff feels given the smaller number of entitled units for the Phase 2 parcels it may provide an opportunity for a leveraged parcel. The developer acknowledges the City's interest in acquiring a parcel for a leveraged project and will consider this option in the development of future phases of Seminary Overlook.

## **ATTACHMENTS**

- (1) BSAP CDD Map
- (2) AHAC BSAP Recommended Affordability Distribution
- (3) BSAP Neighborhood Map
- (4) Seminary Overlook Proposed Affordable Housing Plan
- (5) Seminary Overlook (CDD#22) Development Conditions

# Beauregard Zoning



BEAUREGARD



## Attachment 2 - Beaugard Recommended Committed Affordable/Workforce Housing Distribution

|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Leverage %               | 10%                  |
|---|----------------|-------------------|----------------------|----------|------------|--------------|--------------|---------------|---------|------------|--------------|--------------|---------------|---------|------------|--------------|---------------|--------------------------|----------------------|
| <b>Instructions:</b>  |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Total Funds Available    | <b>\$114,843,640</b> |
| Available funds were determined by Beaugard Small Area Plan |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Buydown Funds            | 103,593,640          |
| Enter unit amounts in blue cells                            |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Leveraged Funds          | 11,250,000           |
| Distribute units until Balance line is Zero                 |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Leveraged Unit Cost      | \$75,000             |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | <b>Buydown Funds</b>     | <b>90%</b>           |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | <b>Leveraged Funds</b>   | <b>10%</b>           |
| Income Group  | Unit Type      |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Total Units              |                      |
|   | New Efficiency | Towers Efficiency | Leveraged Efficiency | New 1BR  | Towers 1BR | Hillwood 1BR | Lynbrook 1BR | Leveraged 1BR | New 2BR | Towers 2BR | Hillwood 2BR | Lynbrook 2BR | Leveraged 2BR | New 3BR | Towers 3BR | Hillwood 3BR | Leveraged 3BR |                          |                      |
| 40% of AMI  | 54             | 0                 | 0                    | 94       | 0          | 20           | 0            | 16            | 131     | 0          | 7            | 0            | 18            | 0       | 6          | 8            | 20            | 374                      |                      |
| 50% of AMI  | 0              | 14                | 0                    | 17       | 10         | 6            | 0            | 4             | 0       | 41         | 3            | 0            | 12            | 0       | 4          | 3            | 10            | 124                      |                      |
| 55% of AMI  | 6              | 0                 | 0                    | 12       | 0          | 3            | 0            | 3             | 0       | 0          | 1            | 0            | 22            | 0       | 4          | 1            | 5             | 57                       |                      |
| 60% of AMI  | 0              | 0                 | 7                    | 5        | 0          | 2            | 22           | 11            | 1       | 4          | 1            | 22           | 16            | 0       | 2          | 1            | 6             | 100                      |                      |
| 75% of AMI  | 19             | 0                 | 0                    | 54       | 0          | 0            | 0            | 0             | 56      | 0          | 0            | 0            | 0             | 0       | 16         | 0            | 0             | 145                      |                      |
|   | 79             | 14                | 7                    | 182      | 10         | 31           | 22           | 34            | 188     | 45         | 12           | 22           | 68            | 0       | 32         | 13           | 41            | 800                      |                      |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | New Set Aside Units      | 449                  |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Existing Set Aside Units | 101                  |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Hillwood Units           | 56                   |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Lynbrook Unit            | 44                   |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Leveraged Units          | 150                  |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Total Units              | 800                  |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Buydown Fund Balance     | (\$392,407)          |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Leverage Fund Balance    | \$0                  |
|   |                |                   |                      |          |            |              |              |               |         |            |              |              |               |         |            |              |               | Net Balance              | (\$392,407)          |
|   | Existing       | New               | Hillwod              | Lynbrook | Total      |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
| 40% of AMI  | 5.94%          | 55.59%            | 62.50%               | 0.00%    | 46.75%     |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
| 50% of AMI  | 68.32%         | 7.18%             | 21.43%               | 0.00%    | 15.50%     |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
| 55% of AMI  | 3.96%          | 8.01%             | 8.93%                | 0.00%    | 7.13%      |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
| 60% of AMI  | 5.94%          | 7.68%             | 7.14%                | 100.00%  | 12.50%     |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
| 75% of AMI  | 15.84%         | 21.54%            | 0.00%                | 0.00%    | 18.13%     |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |
|   | 100.00%        | 100.00%           | 100.00%              | 100.00%  | 100.00%    |              |              |               |         |            |              |              |               |         |            |              |               |                          |                      |



**CDD #22, Condition 48, Seminary Overlook Neighborhood - Affordable Housing Plan**

*Revised April 10, 2014*

*Revised April 22, 2014*

|                                       | <b>Total Existing Development</b> | <b>Existing Development to Be Demolished</b> | <b>Existing Units to Remain</b> | <b>New Development</b> | <b>Units Available for Buy-down (10% of existing to remain and new units) *</b> | <b>Proportional Unit Mix</b>   | <b>Proposed Unit Mix ***</b>                              |
|---------------------------------------|-----------------------------------|--|---------------------------------|------------------------|---|--|---|
| Seminary Towers                       | 547 unit                          | 0 units                                      | 547 units                       | 0 units                | <b>55 units**</b>   | <b>8 - Studio<br/>24 - 1 BR<br/>18 - 2BR<br/>5 - 3BR</b>                       | <b>7 - Studio<br/>21 - 1 BR<br/>17 - 2BR<br/>10 - 3BR</b> |
| Phase 1 - Land Bay A (DSUP 2013-0026) | 164 units                         | 164 units                                    | 0 units                         | 356 units              | <b>36 units</b>   | <b>4 - Studio<br/>18 - 1 BR/1 BR w/den<br/>13 - 2BR/2BR w/den<br/>1 - 3BR</b>  | <b>TBD</b>  |
| Phase 1- Land Bay B (DSUP 2013-0026)  | 132 units                         | 132 units                                    | 0 units                         | 364 units              | <b>36 units</b>   | <b>4 - Studio<br/>18 - 1 BR/1 BR w/den<br/>13 - 2BR/2 BR w/den<br/>1 - 3BR</b> | <b>TBD</b>  |
| Phase 2 (future phase)                | 0 units                           | 0 units                                      | 0 units                         | 205 units              | <b>21 units</b>   | <b>TBD</b>   | <b>TBD</b>  |
| Total Units                           | <b>843 units</b>                  | <b>296 units</b>                             | <b>547 units</b>                | <b>925 units</b>       | <b>148 units</b>  | <b>TBD</b>   | <b>TBD</b>  |
| Total by Unit Type                    |                                   |  |                                 |                        |   | <b>TBD</b>   | <b>TBD</b>  |

\* Subject to availability of funds, the City may buy down up to 15% of the units in any new building. If sufficient funds are not available prior to the issuance of the final certificate of occupancy for the building, the Applicant(s) shall permit the City to buy down the affordable and workforce housing units consistent with the approval and subject to the buy-down formula as of the date of the actual buy-down for a period of time extending for fifteen (15) years after the completion of the Ellipse and Transitway improvements identified in Beaugard Small Area Plan. (CDD #22, Condition 49. a. and f.)

\*\* Pursuant to CDD #22, Condition 49.e., the buy-down of affordable and workforce housing units within the existing Seminary Towers Buildings may occur prior to the start of new development.

\*\*\* The goal, based on availability of funds, shall be to achieve a proposed unit mix with AMI targets recommended by AHAC and reflected in Table 5 of the CDD #22 Staff Report. Pursuant to CDD #22, Condition 49.h., no one project should include a disproportionate share of any income range or any bedroom size. The proposed unit mix is subject to mutual agreement of the Applicant and City.

**Existing Unit Mix of Seminary Towers and Proposed Unit Mix of Phase 1 (Land Bay A and Land Bay B)**

| <b>Unit Mix</b>       | <b>Seminary Towers</b> | <b>Percentage of Total Units</b> | <b>Land Bay A</b> | <b>Percentage of Total Units</b> | <b>Land Bay B</b> | <b>Percentage of Total Units</b> | <b>Phase 2</b> | <b>Percentage of Total Units</b> |
|-----------------------|------------------------|----------------------------------|-------------------|----------------------------------|-------------------|----------------------------------|----------------|----------------------------------|
| Efficiency (Studio)   | 73 units               | 13.3%                            | 40 units          | 11.2%                            | 37 units          | 10.2%                            | TBD            | TBD                              |
| One Bedroom           | 233 units              | 42.6%                            | 141 units         | 39.6%                            | 152 units         | 41.7%                            | TBD            | TBD                              |
| One Bedroom with Den  | 0 units                | 0%                               | 33 units          | 9.3%                             | 33 units          | 9.1%                             | TBD            | TBD                              |
| Two Bedrooms          | 183 units              | 33.5%                            | 122 units         | 34.3%                            | 122 units         | 33.5%                            | TBD            | TBD                              |
| Two Bedrooms with Den | 0 units                | 0%                               | 15 units          | 4.2%                             | 15 units          | 4.1%                             | TBD            | TBD                              |
| Three Bedrooms        | 58 units               | 10.6%                            | 5 units           | 1.4%                             | 5 units           | 1.4%                             | TBD            | TBD                              |
| <b>Total</b>          | 547 units              | 100%                             | 356 units         | 100 %                            | 364 units         | 100%                             | 21             | 100%                             |

## **Seminary Overlook Affordable Housing Development Conditions**

1. Prior to the submission of the first preliminary DSUP within each neighborhood, the Applicant(s) shall submit an affordable housing plan for the entire neighborhood reflecting the proposed distribution of affordable and workforce units within the neighborhood. This plan shall reflect at least 10% of the total new units to be developed and 10% of the existing units within Seminary Towers Building in order to achieve the goal of 800 units set forth in the BSAP within CDD#21 and CDD #22. This plan shall be amended with subsequent DSUPs, as necessary, to reflect any revisions to the plan. (Housing)
2. Unless otherwise mutually agreed by the Applicant(s) and the City, the Applicant(s) shall:
  - a) Allow the City to buy down up to 15% of the units in any new building developed within the CDD.
  - b) Upon approval of the first DSUP within either CDD#21 or CDD#22, allow the City to buy down up to 10% of the existing units within the Seminary Towers buildings.
  - c) The buy-down methodology used to determine the cost of affordable and workforce housing units shall be consistent with the formula set out in the Beauregard Affordable Housing Buy-Down Formula, which may be amended from time to time, as mutually agreed by the City and the Applicant(s).
  - d) The City and the Applicant for the Seminary Overlook neighborhood may negotiate a mutually agreed upon alternative to the 10% buy down in the existing Seminary Towers Buildings to maximize availability of affordable units during the first phases of redevelopment. Such an agreement may include, but is not limited to, providing additional units for a shorter time at a discounted buy down price or potentially no buy down price to the City. If an alternative plan that is mutually agreed upon by the City and the Applicants is not finalized within one year of the approved CDD zoning, the City shall have the ability to proceed with the buy down of 10% of the existing units subject to other conditions herein.
  - e) The buy-down of affordable and workforce housing units within the existing Seminary Towers Building, within the Seminary Overlook Neighborhood may occur prior to the start of new development.
  - f) The number, unit mix, and levels of affordability for affordable and workforce units to be bought down within new buildings shall be determined as part of the DSUP approval, taking into consideration the timetable and phasing of development for such DSUP. If sufficient funds are not available prior to the issuance of the final certificate of occupancy for the building, the Applicant(s) shall permit the City to buy down the affordable and workforce housing units consistent with the approval and subject to the buy-down formula as of the date of the actual buy-down for a period of time extending for fifteen (15) years after the completion of the Ellipse and Transitway improvements identified in Beauregard Small Area Plan.
  - g) The buy-down shall be made using resources from the Beauregard Implementation Fund and/or other resources provided by or leveraged by the City

and its partners for the purpose of creating dedicated affordable and workforce housing.

- h) The dedicated affordable and workforce housing units shall be dispersed throughout each neighborhood within the CDD boundaries and shall include a variety of unit sizes consistent with the market rate mix, unless otherwise mutually agreed upon by the Applicant(s) and the City, as well as a mix of affordability levels (i.e., various ranges of incomes). Specifically, dedicated units shall be priced to serve households with incomes ranging from 40% AMI to 75% AMI in accordance with the proportions established at the time of the rezoning, and as may be amended over time. No one project should include a disproportionate share of any income range or any bedroom size, with the understanding that the general income mix in existing units to be bought down or dedicated may differ from that in new units, and that the mix of affordable unit sizes may vary based on the unit sizes available in a particular project.
  - i) The Applicant(s) agree to coordinate with the City, if requested during the DSUP process, to make a good faith effort to include three bedroom dedicated affordable and workforce units within projects that would not typically include three bedroom units. Provision of such three bedroom units shall not require larger units than those contemplated in the market rate unit mix.
  - j) All dedicated affordable and workforce housing units within the CDD shall remain affordable for a minimum of 40 years. (Housing)
3. Any Applicant(s) obtaining a DSUP for development which necessitates demolition of existing units shall abide by the provisions of the Beauregard Tenant Assistance and Relocation Plan in effect as of the date of this approval, which may be amended from time to time, as mutually agreed by the City and the Applicant(s). (Housing)
  4. Residents of committed affordable and workforce units within the Plan area who receive Housing Choice Voucher assistance (or any future equivalent) shall not be denied admission on the basis of receiving this assistance. Minimum income requirements shall not be applied to Voucher holders who are otherwise qualified based on other selection criteria. (Housing)
  5. Residents of affordable housing units shall not be precluded from obtaining parking in the same manner which is available to market rate households. (Housing)
  6. If mutually agreed upon by the City and the Applicant(s), resources from the Beauregard Implementation Fund and/or other resources provided by or leveraged by the City and its partners may be used to acquire sites or parcels for affordable and/or mixed income development and/or to develop and construct units above public structures if/when feasible. (Housing)
  7. If mutually agreed upon by the City and the Applicant(s), land for the purposes of construction of dedicated affordable and workforce housing may be donated in lieu of a monetary contribution. (Housing)

8. In the event of an acquisition of land through purchase or donation for an affordable housing project, the contract between the Applicant and the City or its designee shall include terms detailing the allocation of units to be developed that will count toward the percentage goal of affordable units for that neighborhood. (Housing)

# City of Alexandria, Virginia

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## MEMORANDUM

**DATE:** APRIL 28, 2014

**TO:** AFFORDABLE HOUSING ADVISORY COMMITTEE

**FROM:** MILDRILYN STEPHENS DAVIS, DIRECTOR, OFFICE OF HOUSING

**SUBJECT:** ALLOCATION OF \$50,000 FROM THE HOUSING OPPORTUNITIES FUND TO HABITAT TO ASSIST IN FUNDING THE REHABILITATION OF A RESALE RESTRICTED AFFORDABLE HOMEOWNERSHIP UNIT

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**ISSUE:** Allocation of funding to support Habitat for Humanity of Northern Virginia (Habitat) in rehabilitating and selling a Habitat-owned home to an income-qualified first time buyer, and associated budget transfers

**RECOMMENDATION:** That AHAC approve the allocation of \$50,000 from the HOF to Habitat to assist in funding the rehabilitation of a resale restricted affordable homeownership unit.

**DISCUSSION:** Habitat is a local nonprofit affiliate of Habitat for Humanity International that works to build and sell safe, decent and affordable homes to low and moderate income buyers. Habitat constructed the residence at 1107 Princess Street in 1999 to provide an affordable homeownership opportunity to a lower income Alexandria household. Partial funding for the initial project and two other Habitat homes on Princess Street was provided through an earmark of federal funds through an initiative branded as “The Homes that Congress Built.” The original assisted purchaser resided in the home until 2013 at which time she moved out of the area and sold the home back to Habitat in accordance with the terms of her mortgage agreement. The property is a two-story, wood frame construction home with three bedrooms and one bath, and is located in the City’s Parker Gray District. Habitat wishes to preserve the home as one of eight affordable homeownership units it has constructed or rehabilitated within the City but it has found that significant repairs must be completed before the home can be sold to another lower income first time homebuyer.

Based on its inspections of the property, Habitat staff notes water damage in both the interior and exterior of the home and anticipates that drywall and siding will need to be repaired or replaced. Mechanical systems, including the HVAC system, water heater and kitchen appliances, are no longer in working order. The storm water system located at the rear of the property is not functioning. It is also expected that some windows must be replaced. The proposed scope of work for the renovations is attached to this memorandum. Habitat will follow design guidelines for the Parker Gray District.

The proposed scope of the rehabilitation work includes several items that will need to be completed by trade professionals, but Habitat plans to supplement this with volunteer labor, including the selected future homeowner(s), to the greatest extent possible. The value of the volunteer labor to be provided is estimated at \$74,688. Habitat will also leverage the City's investment through fundraising and fees from other programs. Habitat expects to provide approximately \$11,304 toward the total rehabilitation cost of \$61,304. The City's loan will help jump start the project on an expedited basis in order to get a now vacant affordable unit occupied as soon as possible.

In order to create affordable homeownership opportunities, Habitat holds the mortgage of the assisted homeowner, including, typically, a forgivable second trust. The resale price of Habitat units is restricted and only increases as the first trust is repaid and the second trust is forgiven. The Office of Housing provides an annual update to the Real Estate Assessments Office of the restricted value of Habitat units and assessments are adjusted to reflect these values. The adjusted assessment helps further increase the affordability of these homes.

The Office of Housing recommends that the loan for the renovation of 1107 Princess Street be made through the transfer of HRLP funds to the HOF. This action is contingent on City Council's approval of a budget transfer from the CDBG-funded HRLP to the HOF, scheduled for consideration at the May 13 legislative session. In spite of loan activity in the HRLP in excess of projections, staff has determined that adequate funding is available to fully fund the proposed Habitat rehabilitation activity through the existing HRLP budget. At the current time, eleven HRLP loans are expected to be obligated by the end of the City's FY14, including two loans for the rehabilitation of condominium units. Because home rehabilitation loans are repaid when the property is finally sold, proceeds from sales also help revolve the funds available for this program.

The proposed activity addresses Goal 4 of the City's Housing Master Plan by preserving an affordable homeownership opportunity through home rehabilitation. Habitat has requested the City loan assistance because it was faced with selling the property at market value to help fund other initiatives that are currently underway. The proposed loan will meet Goal 4 strategy 4.1 in assisting a household below 80% of the area median income, and strategy 4.2 in rehabilitating and improving the energy efficiency of the home to further decrease overall housing costs. When the project is completed, Housing staff propose to convert the funds invested into a loan for down payment and closing cost assistance to the buyer. The downpayment and closing cost assistance loan will be based on the City's existing income and eligibility guidelines. In the event that the entire loan amount is not needed to qualify the homebuyer (based on the City's standard cost-to-income ratios of 32%/41%), any balance of the loan would be repaid to the City when Habitat sells the property. An additional benefit of the proposed loan conversion is that the City's current shared equity program will further ensure that the Princess Street property remains an affordable homeownership opportunity into the future.

**FISCAL IMPACT:** Allocation of \$50,000 in CDBG HRLP funds to be transfer to the HOF. As of April 22, the CDBG HRLP has a balance of \$825,000, of which \$670,000 is committed to specific cases or reserved for pending cases, leaving an unreserved balance of \$155,000. The City's investment is being leveraged by approximately \$85,688 from Habitat and partner

agencies. Converting the funds into a loan to the buyer will help ensure the unit remains part of the City's affordable stock through shared equity.

**ATTACHMENTS:**

1. Habitat for Humanity Housing Opportunities Fund Application
2. Princess Street Residence Scope of Work



*Building Foundations... Building Families' Futures*

April 18, 2014

Helen McIlvaine,  
Deputy Director, Office of Housing  
421 King Street, Suite 200  
Alexandria, Virginia 22314

Re: 1107 Princess Street, Alexandria, Va. 22314 Funding Request

Dear Ms. McIlvaine

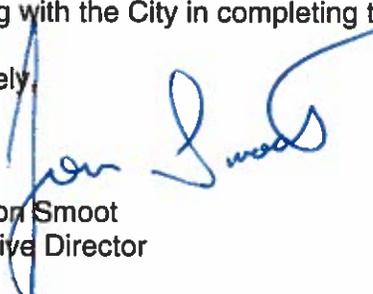
Habitat for Humanity of Northern Virginia would like to request Housing Opportunity Funds (HOF) for the renovation of 1107 Princess Street. The property, located in the Parker Gray neighborhood in the City of Alexandria, was purchased in December 2013 from a previous HfHNV homeowner. The homeowner moved out of the area in order to escape a domestic violence situation. The homeowner received their portion of shared equity from the property and has started a new life. Due to the homeowner's turbulent home life and deferred maintenance, the home is in disrepair; mechanical & electrical systems and appliances are not in working condition, there is evidence of water damage, doors and windows have signs of distress and exterior siding, fencing and storm water facility need attention. The home will need a complete renovation before this home can be offered for purchase to another first time home buyer within the 35%-80% AMI

HfHNV will use its extensive volunteer labor force to assist with the repairs but many of the repairs and renovations are beyond the skill of our volunteers. HfHNV will need to contract various tradesmen for the necessary and costly repairs. For this reason, we are submitting the attached HOF application.

We are anxious to begin the renovations at Princess Street and to provide another homeownership opportunity to a City of Alexandria resident. If the request for funds is approved by the City of Alexandria in May, we anticipate a completion date of November 30th.

We appreciate your consideration of our request and welcome any questions you may have about the project. Please feel free to contact me at (703) 521- 9890 ext 106. We look forward to working with the City in completing this project.

Sincerely,



Rev. Jon Smoot  
Executive Director

cc: Shane Cochrane

**CITY OF ALEXANDRIA**  
**HOUSING OPPORTUNITIES FUNDS APPLICATION**

**Project Narrative**

Habitat for Humanity of Northern Virginia (HfHNV) purchased 1107 Princess Street, Alexandria, Va. in December 2013 from a previous HfHNV homeowner. The homeowner relocated out of the area in order to escape an abusive domestic situation. HfHNV will renovate the property and offer it for sale to a low to moderate income first time home buyer.

1107 Princess Street is a 1,188 sq ft townhome located in the Parker Gray District in the City of Alexandria. The home was originally built in 1999 by Habitat for Humanity of Northern Virginia (HfHNV) – it met all zoning and regulatory laws at the time of construction. The home is two stories with 3 bedrooms and 1 bath – no basement. It is a wood frame structure with wood siding and an EPDM roof.

The home has many deferred maintenance repairs that need to be addressed before HfHNV can sell the property to another first time home buyer within the 30%-80% AMI. Water damage is apparent in several areas of the house, drywall on walls and ceiling will need to be repaired and/or replaced. Damage to structure or substructure is not apparent but will need to be addressed and rectified if uncovered. Walls throughout the house will need to be sanded and skim coated to remove existing undetermined surface treatment. Mechanical systems are not in working condition and have reached the end of their life cycle; HVAC, water heater and kitchen appliances will need to be replaced.

The exterior of the building also has apparent moisture damage; siding will need to be repaired and/or replaced. The condition of the sheathing is undetermined at this time; once the siding is removed the sheathing will be assessed. Several of the windows have broken seals and will need to be replaced – screens are missing or need repair.

The storm water facility in the rear of this lot is also in disrepair and not functioning. The facility will need to be re-installed per the original approved 1999 plans or HfHNV will need to pay a fee-in-lieu of the repairs. HfHNV has assessed the situation in consultation with the City of Alexandria, Transportation & Environmental Services, and Office of Environmental Quality and will likely pay the fee-in-lieu.

**Site Control/Land Use/Zoning**

1107 Princess Street is currently owned by Habitat for Humanity of Northern Virginia, it was purchased in December 2013. The property is in the City of Alexandria within the Parker Gray Historic District and is currently zoned RB - medium density residential - single-family, two-family and townhouse dwellings are permitted. No zoning change request is required.

Several of the repairs and material replacements are on the exterior of the building; HfHNV will follow the Design Guidelines for the Parker Gray District and apply for a Certificate of Appropriateness from the Board of Architectural Review where applicable.

## **Project Target Population**

HfHNV strives to serve families by providing them with simple, decent, affordable homes for purchase. Most Habitat families have at least one child, with many having three to four children. All interested applicants must meet the following initial criteria: 1) Have lived in Northern Virginia (Fairfax, Arlington, Alexandria, Falls Church, or Fairfax City) for at least one year prior to application; 2) Currently be living in either substandard or inadequate housing. This may include overcrowded or unsafe living conditions; 3) Be willing to partner with HfHNV in the building or rehabilitation of their home and/or other HfHNV homes; 4) Earn 35% – 80% of the area median income; and 5) Have adequate income to pay a 30-year mortgage with a minimal down payment. Families are carefully selected by the HfHNV Families Selection Committee on the basis of their need, willingness to partner and provide sweat equity, rental history, adequate credit score, clean criminal background, and ability to pay the mortgage.

The family selected for this home will undergo the same rigorous selection process as described above. Since the residence is currently uninhabited, there will be no displacement or relocation of residents.

## **Developer Experience**

Habitat for Humanity of Northern Virginia, established in 1990, is an affiliate of Habitat for Humanity International. HfHNV works to build, educate, advocate, and fundraise within the Northern Virginia community and beyond to eliminate substandard housing and help make affordable housing a reality for families in need. It is our mission to draw together the time, talent, and resources of the community to build decent, affordable housing for all people in need in Northern Virginia. Habitat's unique approach to affordable homeownership relies on owner sweat equity, donor generosity, volunteer labor, and an interest-free, 30-year mortgage.

HfHNV provides homeownership opportunities by constructing or rehabilitating single-family homes and multifamily communities - town homes and condominiums. For economy of scale and to meet the greater need in the community, HfHNV prefers to build multifamily communities when possible. To date HfHNV has constructed 82 new units and renovated 4 units for purchase, housing more than 358 people.

HfHNV also participates in the Neighborhood Stabilization Program – a government program that provides funding to purchase and rehabilitate foreclosed and distressed properties. These homes are renovated and repaired by skilled Habitat volunteers, and families are identified through the HfHNV selection process. To date, HfHNV has renovated 6 town homes in Fairfax County through the NSP program.

In addition to opportunities for first time home buyers, HfHNV also provides assistance to existing homeowners through *A Brush with Kindness*. *A Brush with Kindness* is a HfHNV program dedicated to preserving the vibrant character of neighborhoods in Northern Virginia by assisting low income families with exterior home repairs. Low-income homeowners impacted by age, disability or family circumstances often struggle to maintain the exterior of their homes. A Brush with Kindness helps these homeowners revitalize their homes and improve the look of their communities. Since we implemented the program in 2011 we have worked on 25 homes.

HfHNV has 11 office employees including construction staff and AmeriCorps Interns. The following are summaries of the staff experience for those personnel overseeing areas most closely related to the rehabilitation of 1107 Princess Street.

### **Development Staff Experience**

**Reverend Dr. Jon Smoot** has been the Executive Director of HfHNV since 2012. Prior to joining HfHNV, Jon served as Senior Pastor and Interim Senior Pastor for Presbyterian Churches in Virginia, Maryland, Wisconsin, Pennsylvania, and Scotland. Jon serves on the Board of Directors for the Northern Virginia Affordable Housing Alliance, as well as Affordable Housing Opportunity Means Everyone (AHOME). He also serves on the Fairfax County Affordable Housing Advisory Committee. Throughout Jon's church and community leadership, he has worked to help each organization to envision its future and mission, to leave behind outgrown programs and policies, and to move into the future of an organization able to put heart and hands into the work of outreach to those suffering economically or financially in its community. In his pastorate in Wisconsin, Jon's church partnered with another church to raise \$500,000 to assist Habitat-Dane County in funding and building an 18 unit townhome project in Madison. Most recently, at Falls Church Presbyterian Church, Jon was instrumental in the creation and development of the "Welcome Table," offering a free home-cooked meal to under-served or homeless men, women and families, which now serves well over 200 guests. Jon learned the building trade during high school and college-break summers working for a contractor in Baltimore, and continues to augment his building skills by remodeling and renovating every home in which he has lived – which is both a hobby and a form of relaxation. Jon holds a Master of Divinity (M.Div.) degree, as well as a Ph.D. in Theology. He is married to Mary Hobbie, a retired Senior Executive Service federal manager and litigator. Jon and Mary have 4 children and a son-in-law. Their home is in Alexandria, VA.

**Noemi B. Riveira** joined HfHNV in the fall of 2008. She is the Project Manager for HfHNV and is responsible for identifying and managing the implementation of HfHNV affordable housing development projects and pipeline. As Project Manager she is involved in every aspect of predevelopment for all HfHNV construction projects; site acquisition, due diligence, planning and the preconstruction process for new construction and rehabilitation projects. She specifically focuses on identifying and analyzing potential project sites, project scope, working with donors, developers, the design team, and the subcontractor community to maximize constructability while minimizing project cost. Her work involves being an integral part of the HfHNV team throughout the development process and construction phases. Ms. Riveira has a broad and extensive experience in the field of architecture. Prior to joining HfHNV she enjoyed working at several architectural firms in the Washington D.C. Metropolitan area and specialized in design and construction/contract documents of residential, institutional and commercial projects. Ms. Riveira has a Bachelors of Architecture from the University of Miami at Coral Gables, Fl. And is an alumna of the Urban Land Institute Regional Land Use Leadership Institute - Class of 2013. She is a member of the Urban Land Institute, ULI Women's Leadership Initiative, Congress for New Urbanism and the US Green Building Council. She was born in Habana, Cuba and now resides in Arlington, Va. with her husband Arturo and their three children.

**Romana Sanchez**, M.A, Director of Construction, manages all active construction projects for Habitat for Humanity of Northern Virginia including the building of new homes and renovations to existing homes. In addition, she also manages the *A Brush With Kindness* program which assists qualified homeowners with exterior home maintenance and repair projects. Ms Sanchez actively works in the field directing construction, supervising the volunteer workforce, coordinating sub-contractors and insuring that all building supplies, materials and equipment are on site for the each build day. Ms Sanchez has over twenty-five years of practice in the field of architecture. Prior to joining Habitat for Humanity of Northern Virginia in September 2011 she was a founding principal of Sanchez Palmer Architects in Alexandria, Virginia and specialized in the design, contract documents and construction administration of residential, religious and commercial commissions. Ms Sanchez obtained her BA in Architecture and Masters of Architecture from the University of New Mexico and is a Registered Architect.

**Peter Larson**, Director of Development, Manages the Development and Communications functions of Habitat for Humanity of Northern Virginia. He joined HfHNV in December of 2012. Peter graduated from the University of California, Santa Barbara, with a BA in Political Science. He moved to the DC area in 1992, and worked on Capitol Hill for eight years before leaving Capitol Hill to work at a lobbying firm specializing in state and local government and public transportation issues. For the past twelve+ years he has specialized in fundraising and special event work for various local and national non-profit organizations. He lives in Falls Church with his partner Bob, their son Heath, and their dog Guinness.

**Erica Painter** is the Volunteer Manager for Habitat for Humanity of Northern Virginia. As Volunteer Manager Ms. Painter's primary responsibility is to recruit, engage, and plan volunteer days for both Habitat for Humanity's construction site and two Habitat for Humanity ReStore locations. Ms. Painter works two days in the field helping to coordinate and engage volunteers on the construction site and spends three administrative days per week in the office. She also manages and supports the affiliate's AmeriCorps program. Ms. Painter has several years of Volunteer Management experience. She began her career with Habitat for Humanity working as the Volunteer Coordinator for Habitat for Humanity Bay-Waveland in Mississippi following Hurricane Katrina. Prior to joining Habitat for Humanity of Northern Virginia in August 2013 she was a Career Coach for Lord Fairfax Community College in Middletown, VA. Ms. Painter has a BA in Communications from the University of Tennessee.

**Rocha and Company**, PC, provides financial and accounting consulting and oversight services to Habitat NOVA. Rocha's wide range of experience enables the company to serve as a full service accounting firm with the ability to meet the numerous needs of the businesses and agencies. Their management team has successfully supported local, national and large international projects.

Please see attachments for a copy of the key staff resumes and a list of properties built or renovated by HfHNV.

## **Organizational Structure and Capacity**

Habitat for Humanity of Northern Virginia was founded in 1990 by a group of housing advocates concerned about the lack of affordable housing in northern Virginia and is a self-supporting, independent 501(c)3, affiliated with Habitat for Humanity International. Our mission is to build simple, decent, and affordable housing for qualified, lower income families. Headquartered in Arlington, Virginia, HfHNV builds homes in Arlington and Fairfax counties, as well as the cities of Alexandria, Falls Church, and Fairfax. To date, HfHNV has facilitated the dream of homeownership for 82 low-income families. There are currently over 350 individuals living in these homes, including over 200 children. The families eligible to purchase our homes earn between \$37,400 and \$68,500 per year, well below the annual median income in northern Virginia (\$107,000 for a family of four).

In 2004, HfHNV opened its first ReStore in Alexandria, Virginia; ReStore is a resale business that sells new and used building materials and home improvement items to the public at 50% to 90% below retail prices. All materials are donated by local businesses, building contractors, suppliers, and individuals. ReStore income has climbed steadily each year, providing unrestricted support for HfHNV's housing projects. In 2008, our ReStore was named Best Retail Business of the Year by the Alexandria Chamber of Commerce. Due to the success of the Alexandria ReStore, HfHNV opened its second ReStore in Chantilly, Virginia, in September 2009.

In June 2013, HfHNV broke ground on our newest project—a single family home in Falls Church, Virginia. The six-member family selected to purchase this home have been living in a two-bedroom apartment since they came to the United States after escaping a violent Sudan in 2002. Now, along with their four daughters (ages 7, 5, 3 and 2), the family has been helping to build their new home in Falls Church, along with more than 1500 HfHNV volunteers.

In 2013 & 2014 HfHNV renovated 2 NSP properties in Fairfax County. And in addition, HfHNV was awarded CDBG funds from the city of Falls Church to rehabilitate homes of low income individuals. Our construction team used this money to rehabilitate a historic home in Falls Church that is now a transitional home for homeless women and their children.

The organization also recently purchased three parcels of land, two in Fairfax County and another in the City of Alexandria. The Fairfax County parcels will yield two single-family homes. Construction is expected to begin in the summer of 2014. The property in the City of Alexandria will yield four townhomes and is in the very early stages of pre development. Several other building projects are being discussed with community partners and potential funders. It is expected that by 2016, HfHNV will be building multiple-family communities in Arlington and Fairfax County and the City of Alexandria.

HfHNV is headed by an Executive Director; the Reverend Jon Smoot, PhD. Senior staff includes a Director of Development, Director of Construction, and two ReStore Managers. Program staff includes a Project Manager, Outreach Manager and Volunteer Manager. There is a total of 11 staff, 10 of which are full-time and 1 of which is part-time. HfHNV also participates in the AmeriCorps program, and currently has a Resource Development VISTA, Construction Systems Improvement VISTA, and a Construction National Direct member.

The HfHNV Board of Directors works closely with our Executive Director to provide oversight and leadership to the affiliate. Our Board of Directors considers and decides on future projects, creates and approves policy, reviews affiliate and ReStore finances, and thinks strategically about the future direction of our affiliate. All members of the board serve on a committee. The work performed in our committees is used by the board to guide their decision-making and assist them in evaluating the success of our programs, operations, and systems. The board is comprised of the following committees: Executive; Finance; Families; Faith Relations; Marketing and Development; ReStore; Women Build; Nominating; and Land Subcommittee. Several committees, including the Families, ReStore, and Marketing and Development Committees contribute to the day-to-day activities in a truly meaningful way.

HfHNV's Board treasurer is exceptionally involved in the financial processes and budgeting of the affiliate. The current Board treasurer is a licensed CPA with an abundance of nonprofit experience. Financial reports are reviewed monthly by the entire Board of Directors and each year's budget is reviewed and approved by the full Board. The Finance Committee, consisting of Board members, staff, the contracted CPA, as well as non-associated community members, meets monthly to review all financial processes, status, challenges, and future outlook.

The Board of Directors is comprised of the following committees:

- **Executive Committee:** Responsible for oversight of all board activity and executive decision-making.
- **Finance Committee:** Responsible for oversight of the affiliate budget, income and expenditures.
- **Families Committee:** Responsible for providing HfHNV homeowners and prospective homeowners with a mutual support system, educational opportunities and a forum for discussions to help break the cycle of poverty. Also responsible for drafting and updating the selection criteria, recruiting and selection of applicants as prospective homeowners.
- **Faith Relations Committee:** Oversees the relationship of HfHNV with the faith communities in the affiliate's footprint.
- **Marketing and Development Committee:** Responsible for coordinating the raising of funds needed to conduct the business of the affiliate.
- **ReStore Committee:** Responsible for overseeing the operations of the Alexandria and Chantilly ReStores.
- **Women Build Committee:** Responsible for fundraising and planning events centered around Women Build Week which is held the first week of May annually. The committee will also advertise and recruit volunteers for the construction days.
- **Nominating Committee:** Responsible for recruiting and selecting new board members for nomination to the sitting board.
- **Land Committee:** Responsible for assessing and identifying properties for the affiliate in cooperation with the Project Manager. Members also assist with the due diligence process when a property is identified and makes recommendations to the Board. This committee meets as needed.

## Project Budget

Habitat for Humanity of Northern Virginia is requesting \$50,000 from the City of Alexandria to assist with the rehabilitation of 1107 Princess Street. These funds will allow HfHNV to make needed repairs and systems replacement and maintain the property as affordable housing. HfHNV purchased the property for \$147,541. The renovation costs are estimated to be \$61,304

Total cost of project to remain affordable homeownership **\$208,845**

HfHNV uses volunteer labor whenever possible to reduce construction and rehabilitation costs. The total estimated volunteer man hours required to complete this rehabilitation are shown below.

Total 3,888 man-hours (36 build days- 6 hrs/day x 18 volunteers) @ \$19.51/hr = \$74,688

HfHNV has monetary commitments as follows: from

|                   |         |
|-------------------|---------|
| McLean Interfaith | \$5,000 |
| Women's Build     | \$1,000 |
| ABWK              | \$5,000 |

Total Committed Funds from HfHNV and partners **\$85,688**

Habitat for Humanity of Northern Virginia will continue to seek GIK for materials and partner with community members to supplement the funds.

Attachment provides a detailed project cost estimate and photos of the existing conditions. We have also included contractor proposals for major mechanical systems.

## Project Schedule

The following represents a timeline for the rehabilitation of 1107 Princess Street.

|                  |   |
|------------------|---|
| December 2013    | Acquired Property   |
| February 2014    | Assessment of current property conditions                                     |
| March 2014       | Contractor proposals sought for major systems                                 |
| May 2014         | Removal of interior finishes and cabinetry by HfHNV<br>Women Build Volunteers |
| June 2014        | Application for Certificate of Appropriateness                                |
| June-July 2014   | Begin Rehabilitation  |
| July-August 2014 | Subcontractor Work  |
| September 2014   | Exterior Work   |
| November 2014    | Complete rehabilitation   |

Enclosed with this letter and application are the requested documents attached via email, including:

1. Location map
2. Property Closing Settlement
3. Articles of Incorporation
4. Certificate of Good Standing
5. Three years of HfHNV audited financial statements
6. Current financial statements
7. Resumes of key staff & board members
8. List of HfHNV Properties
9. Project cost estimate
10. Photographs of Existing Conditions
11. Subcontractor bids
12. Board of Directors' Resolution
13. Executed Disclosure and Certification statement

| ITEM OF WORK  | QUANTITY | UNIT  | \$/UNIT  | TOTAL         |
|---|----------|-------|----------|---------------|
| <b>Princess Street Residence</b>  |          |       |          |               |
| <b>(1170 GSF)</b>   |          |       |          |               |
| <b>Site</b>   |          |       |          |               |
| Rear Patio Re-Grading & Drainage  | 1,215    | SQFT  | 6.50     | 7,898         |
| Storm Water Facility Alternative Compliance w/ City of Alexandria             | 2,400    | SQFT  | 2.00     | 4,800         |
| Wood Fence Panels   | 12       | Panel | 35.00    | 420           |
| Wood Fence Posts  | 22       | Post  | 6.00     | 132           |
| Wood Fence Gate & Hinges  | 1        | Gate  | 40.00    | 40            |
| Add Anti-siphon devices on exterior hose bibs (parts & labor)                 | 2        | unit  | 175.00   | 350           |
| <b>Subtotal</b>   |          |       |          | <b>13,640</b> |
| <b>Roof</b>   |          |       |          |               |
| Roofing - Visual Inspection - No apparent repairs needed 11-5-13              | 585      | SQFT  | 0.00     | 0             |
| Gutters & Downspouts - Clean & Repair   | 72       | LNFT  | 4.42     | 318           |
|   | -        | -     | -        | -             |
| <b>Subtotal</b>   |          |       |          | <b>0.00</b>   |
| <b>318</b>  |          |       |          |               |
| <b>Exterior Walls</b>   |          |       |          |               |
| Replace Wood Siding or approved equivalent                                    | 1,152    | SQFT  | 1.85     | 2,131         |
| Plywood Sheathing - if needed due to water damage                             | 1,152    | SQFT  | 0.75     | 864           |
| Labor   | 1        | -     | 2,500.00 | 2,500         |
|   | 0        | -     | -        | -             |
| <b>Subtotal</b>   |          |       |          | <b>0.00</b>   |
| <b>5,495</b>  |          |       |          |               |
| <b>Exterior Windows</b>   |          |       |          |               |
| Double Hung Window to match existing  | 6        | EACH  | 527.00   | 3,162         |
| Replace damaged screens   | 4        | EACH  | 40.00    | 160           |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>3,162</b>  |
| <b>Exterior Doors</b>   |          |       |          |               |
| Replace Solid Core Wood Doors - front & back                                  | 2        | EACH  | 385.00   | 770           |
| Exterior Door Hardware  | 2        | EACH  | 30.00    | 60            |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>830</b>    |
| <b>Certificate of Appropriateness Review</b>                                  |          |       |          |               |
| Fee for all exterior alterations  | 1        | BAR   | 75.00    | 75            |
| <b>Subtotal</b>   |          |       |          | <b>75</b>     |
| <b>Interior Doors</b>   |          |       |          |               |
| Replace Damaged Interior Doors: Passage, Hollow core, 3'-0" wide x 6'-8" tall | 6        | LEAF  | 81.50    | 489           |
| Closet Folding Doors  | 4        | EACH  | 100.00   | 400           |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>889</b>    |
| <b>Specialties</b>  |          |       |          |               |
| Kitchen Counter and Cabinets - water damage due to deferred maintenance       | 14       | LNFT  | 650.00   | 9,100         |
| Replace Bathroom Tub, surround and faucet                                     | 1        | LSUM  | 850.00   | 850           |
| Replace Bathroom Vanities with Countertop and Faucets                         | 1        | EACH  | 250.00   | 250           |
| Shower Curtain Rod - Standard 5'-10" X 6'-0"                                  | 1        | EACH  | 26.00    | 26            |
| Laundry Room Washer and Dryer   | 1        | EACH  | 1,050.00 | 1,050         |
| Replace Missing Closet Rod & Shelving - w/Standards and Brackets              | 4        | EACH  | 170.00   | 680           |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>11,956</b> |
| <b>Stair</b>  |          |       |          |               |
| Interior Stair Repairs  | 1        | FLGT  | 100.00   | 100           |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>100</b>    |
| <b>Wall Finishes</b>  |          |       |          |               |
| Gyp Board Interior Partitions repairs & skim coat - First Floor               | 585      | SQFT  | 4.30     | 2,516         |
| Gyp Board Interior Partitions repairs & skim coat - Second Floor              | 585      | SQFT  | 4.30     | 2,516         |
| Paint & Labor   |          |       |          | 0             |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>5,031</b>  |
| <b>Floor Finishes</b>   |          |       |          |               |
| Resilient Flooring  | 292      | SQFT  | 5.85     | 1,708         |
| Repair/Replace water damaged subfloor due to deferred maintenance             | 50       | SQFT  | 0.60     | 30            |
| Carpeting - Nylon, level loop, 26 oz., light to medium traffic                | 878      | SQFT  | 4.06     | 3,565         |
|   | -        | -     | -        | 0             |
| <b>Subtotal</b>   |          |       |          | <b>5,303</b>  |

| <b>Ceiling</b>  |       |      |             |               |
|---|-------|------|-------------|---------------|
| Replace/Repair Damaged Gypsum Wallboard Ceiling               | 200   | SQFT | 0.84        | 168           |
| Paint Ceilings - paint & labor                                | 1,170 | SQFT | 0.00        | 0             |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      | <b>0.00</b> | <b>168</b>    |
| <b>HVAC</b>   |       |      |             |               |
| Replace Heating & Cooling System - equipment and installation |       | LSUM |             | 3,575         |
| Replace Hot Water Heater - equipment and installation         |       | LSUM |             | 550           |
| Exhaust Systems - reconnect kitchen and dryer                 |       | LSUM |             | 225           |
| Other Distribution Systems                                    |       |      |             | 0             |
| HVAC Controls   | 1     | EACH |             | 60            |
| <b>Subtotal</b>   |       |      |             | <b>4,410</b>  |
| <b>Fire Protection Specialties</b>                            |       |      |             |               |
| Fire Extinguisher Devices                                     | 2     | EACH | 75.00       | 150           |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      |             | <b>150</b>    |
| <b>Fire Protection Systems</b>                                |       |      |             |               |
| Carbon Dioxide Monitor  | 2     | EACH | 50.00       | 100           |
| Fire Protection Monitor                                       | 3     | EACH | 55.00       | 165           |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      |             | <b>265</b>    |
| <b>Electrical Service &amp; Distribution</b>                  |       |      |             |               |
| Panels  |       |      |             | 0             |
| Circuit Breakers  |       |      |             | 0             |
| Outlet Cover Plates - replace missing                         | 6     | EACH | 2.00        | 12            |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      | <b>0.00</b> | <b>12</b>     |
| <b>Lighting</b>   |       |      |             |               |
| Replace Damaged Energy Star Lights                            | 6     | EACH | 40.00       | 240           |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      |             | <b>240</b>    |
| <b>Other Equipment</b>  |       |      |             |               |
| Residential Equipment - Kitchen                               | 1     | LSUM | 1,600.00    | 1,600         |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      |             | <b>1,600</b>  |
| <b>Fixed Furnishings</b>                                      |       |      |             |               |
| Replace Privacy Blinds  | 11    | EACH | 60.00       | 660           |
|   | -     | -    | -           | 0             |
| <b>Subtotal</b>   |       |      |             | <b>660</b>    |
| <b>Miscellaneous</b>  |       |      |             |               |
| Dumpster  | 1     | EACH | 2,000.00    | 2,000         |
| Unforeseen Costs due to deferred maintenance/water damage     | -     | -    | 5,000.00    | 5,000         |
| <b>Subtotal</b>   |       |      |             | <b>7,000</b>  |
| <b>Total</b>  |       |      |             | <b>61,304</b> |

## Housing Opportunities Fund Financial Status

As of March 31, 2014

|   | HTF     | General Fund | HOME      | TOTAL     |
|---|---------|--------------|-----------|-----------|
| <b>Balance as of February 28, 2014</b>                  | 830,248 | 174,631      | 1,659,493 | 2,664,372 |
| <b>March 2014 Expenditures</b>                          | 0       | 0            | 0         | 0         |
| <b>Balance Available Before Outstanding Commitments</b> | 830,248 | 174,631      | 1,659,493 | 2,664,372 |
| <b>Outstanding Commitments</b>                          |         |              |           |           |
| Alexandria Housing Development Corporation (AHDC)       |         | 139,833      |           | 139,833   |
| CLI Notabene  |         |              | 393       | 393       |
| Wesley Lynhaven Apt                                     |         |              | 1,078,000 | 1,078,000 |
| Fees for Professional Services                          | 14,600  |              |           | 14,600    |
| <b>Unreserved Balance as of March 31, 2014</b>          | 815,648 | 34,798       | 581,101   | 1,431,547 |

a

**HOMEOWNERSHIP PROGRAMS REPORT**  
**March 2014**

|                                       | <i>March 2014</i> |   |               |   | <i>Total FY 2014 as of March 31, 2014</i> |   |               |   |
|---------------------------------------|-------------------|---|---------------|---|---|---|---------------|---|
|                                       | Loans Committed   | Amount and Source of Committed Loan Funds | Loans Settled | Amount and Source of Settled Loan Funds | Loans Committed                           | Amount and Source of Committed Loan Funds | Loans Settled | Amount and Source of Settled Loan Funds |
| <b>Flexible Homeownership Program</b> | 1                 | CDBG - \$34,500                           | 0             | CDBG - \$0<br>HOME - \$0                | 5   | CDBG - \$124,500<br>HOME - \$83,280       | 4             | CDBG - \$90,000<br>HOME - \$33,280      |

**Flexible Homeownership Loan Balances by source as of March 31, 2014:**

HOME \$ 187,422  
 CDBG \$ -  
 Housing Trust Fund \$ 985,441

## Housing Trust Fund Programs Financial Status

As of March 31, 2014

|  |                  |
|--|------------------|
| <b>Balance as of February 28, 2014</b> | <b>5,787,631</b> |
|--|------------------|

| <b>Revenues for March 2014</b>                  |              |
|---|--------------|
| Contributions                                   | 0            |
| Loan Repayments                                 |              |
| Community Lodgings, Inc. (CLI)                  | 2,288        |
| Moderate Income Homeownership Program (MIHP)    | 3,050        |
| Employee Homeownership Incentive Program (EHIP) | 0            |
| HTF mini ramp                                   | 200          |
| Fees Offsetting Expenditures                    | 0            |
|   | <b>5,538</b> |

| <b>Expenditures for March 2014</b>                      |                  |
|---|------------------|
| Flexible Homeownership Program                          | 0                |
| Homeownership Counseling                                | 200              |
| AHC East Reed - HTF Portion of funding                  | 399,885          |
| Rebuilding Together Alexandria                          |                  |
| Housing Opportunities Fund - <i>see attached report</i> |                  |
| Rental Accessibility Modification Program (RAMP)        | 0                |
|   | <b>(400,085)</b> |

|  |                  |
|--|------------------|
| <b>Balance Available Before Outstanding Commitments/Reservations</b> | <b>5,393,084</b> |
|--|------------------|

| <b>Outstanding Commitments/Reservations as of March 31, 2014</b> |                    |
|--|--------------------|
| Braddock Small Area Plan Fund                                    | 834,080            |
| Flexible Homeownership Program                                   | 985,246            |
| HOME/HOF Match   | 375,245            |
| Homeownership Counseling   | 57,467             |
| FY 2015 Budget Reservation                                       | 200,000            |
| Housing Opportunities Fund - <i>see attached report</i>          | 830,248            |
| AHC East Reed  | 0                  |
| RTA  | 0                  |
| Beauregard Fund*   | 1,500,000          |
| Rental Accessibility Modification Program (RAMP)                 | 6,015              |
|  | <b>(4,788,300)</b> |

|  |                |
|--|----------------|
| <b>Unreserved Balance as of March 31, 2014</b> | <b>604,784</b> |
|--|----------------|

\*In FY 2014 a total of \$2 million in HTF funds will be allocated to the Beauregard Fund. An additional \$1.6 million in bonds has also been budgeted for this fund.

**Other Housing Development Fund Financial Status**  
**As of March 31, 2013**

|   | Tax Revenue Account | Bond Account | TOTAL          |
|---|---------------------|--------------|----------------|
| <b>Balance as of February 28, 2013</b>                  | 2,122,246           | 486,326      | 2,608,572      |
| <b>February 2013 Expenditures</b>                       |                     |              |                |
| AHC East Reed Project                                   | (1,613,789)         | (486,326)    | (2,100,115)    |
| <b>Balance Available Before Outstanding Commitments</b> | <b>508,457</b>      | <b>0</b>     | <b>508,457</b> |
| <b>Outstanding Commitments</b>                          |                     |              | 0              |
| <b>Unreserved Balance as of March 31, 2013</b>          | <b>508,457</b>      | <b>0</b>     | <b>508,457</b> |

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: APRIL 16, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER

SUBJECT: CONSIDERATION OF THE RELEASE OF CONTINGENT RESERVE FUNDS AND THE TRANSFER OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS TO PROVIDE A PREDEVELOPMENT LOAN TO AHC FOR A PROPOSED AFFORDABLE HOUSING DEVELOPMENT NEAR BEAUREGARD

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**ISSUE:** Release of funds from Contingent Reserves and transfer of Community Development Block Grant (CDBG) funds to be used as partial funding for an affordable housing predevelopment loan.

**RECOMMENDATION:** That City Council:

- (1) approve a \$460,000 predevelopment loan to AHC, Inc. for its proposed development of an affordable housing property on Echols Avenue currently in the development review process,
- (2) approve the release of \$174,235 in FY 2014 contingent reserves as one part of the source of these loan funds, and
- (3) approve the transfer of \$285,785 in CDBG monies from the Home Rehabilitation Loan Program as the second part of these loan funds.

**BACKGROUND:** AHC, Inc. (“AHC”) is a 501(c)(3) nonprofit housing development entity that works regionally to develop and preserve affordable housing. It currently owns and operates approximately 5,000 affordable and workforce apartments in the Washington – Baltimore region and has also sponsored some affordable homeownership projects. AHC is currently constructing Jackson Crossing, a 78-unit multifamily building on East Reed Avenue that will be affordable to households with incomes at or below 60% of the area median income (AMI). This equates to about \$65,000 for a four person household. Jackson Crossing is scheduled to be completed in late summer 2015.

**DISCUSSION:** AHC now has an option to purchase the St. James United Methodist Church and the Methodist District Building parcels which are co-located on Echols Avenue (see Attachment 1). Working with City staff, AHC has proposed that the three acre site be redeveloped as two multifamily rental buildings, with one building affordable to households at 50% and 60% AMI,

and the other building rented at market rates. It is noted that the proposed entrances of both buildings would be on Fillmore Street. A community meeting was held on February 4 to brief Echols Street neighbors about this proposal. Proceeds from the entitlement, development and/or sale of the market rate building would be used to help subsidize some costs associated with development of the affordable housing.

While AHC's development concept is still preliminary (and subject to more community dialogue), it projects that the five-story affordable building will include approximately 92 units, including a mix of one, two and three bedroom units, some of which will be accessible. As at Jackson Crossing, AHC would provide a resident services program at this development, such as educational programs for pre-K and school aged children.

AHC's request at this time is for predevelopment expenses only. A number of zoning and land use approvals are also required. Assuming the necessary development approvals are attained, the anticipated cost of the development is around \$30.6 million, which AHC proposes to fund through a variety of sources, including low income housing tax credit equity and private debt. Besides the "at risk" predevelopment funding currently being requested, in order to complete the project AHC forecasts that it will need approximately \$3.54 million in additional gap financing from the City's housing trust fund to complete its funding package. This would bring the total City loan support to \$4 million when the predevelopment monies are added. These corollary issues and requested authorizations are anticipated to come back to City Council later this calendar year.

AHC's exclusive option to acquire the two parcels is secured by a good faith deposit. AHC has requested a City predevelopment loan of \$460,000 to supplement its investment of \$1.25 million so that it can develop the project design, complete architectural and engineering studies and reports, conduct the necessary due diligence to assure the viability and long term sustainability of the proposed development, attain development approvals and secure project financing. Because concept-stage funding is so difficult to finance (due to the risk that the project might not go forward), the City periodically provides predevelopment funding to assist nonprofit-sponsored affordable housing. If the project is determined to be feasible, attains the necessary development approvals, secures financing and moves forward to construction or rehabilitation, predevelopment funds advanced by the City are recaptured through a loan (or incorporated into a larger permanent loan amount) and are repaid pursuant to the terms of the City loan agreement. If a project does not move forward, the City's investment of predevelopment funding is usually characterized as a grant or "forgivable" loan. Pursuant to a recommendation in the newly adopted Housing Master Plan, City staff has discretion in evaluating and administratively approving predevelopment loans for "the greater of \$50,000 or \$5,000 per unit." While AHC's request is consistent with this recommendation, Council's action is needed in this instance to approve a budget transfer of federal Community Development Block Grant (CDBG) funding and to approve the release of the \$174,235 in General Fund contingent reserves set aside by City Council for affordable housing during last year's City FY 2014 budget process. At this time, all of Housing's unreserved FY 2014 and 2015 affordable multifamily housing funds are projected to be needed to provide the \$3.54 million gap financing for the Fillmore project. The resulting projected total \$4 million in City assistance equates to \$43,000 per unit.

Housing believes this “all in” programming of its funds over two fiscal years is appropriate due to the project’s proximity to Beaugard and its potential to be a critical affordable housing resource for Beaugard Plan Area residents displaced by redevelopment. In addition, if the project is ultimately approved, AHC has agreed that all 92 affordable units will be made available for Beaugard relocation, and that 46 units will remain dedicated for Beaugard replacement (as units turn over) as a substitute for the long term committed affordable units the City originally planned to buy down at Southern Towers’ Berkley Building. (With Council’s approval, Southern Towers is instead providing 105 affordable units at no cost to the City for 10 years). The details of the long term arrangement with AHC to provide a preference for Beaugard residents for so long as there is a demand will be worked out before a request for permanent financing approval comes before Council.

Upon Council’s approval of the recommended actions, staff intends to submit to the City Manager a recommendation for provide \$460,000 in predevelopment funding to AHC for this project. Staff believes that the benefits of the City’s investment in this important new affordable housing project outweigh the potential typical predevelopment risks involved. AHC has provided documentation of its anticipated predevelopment budget and estimates that it will have to expend approximately \$1.7 million to get through the development approval process and prepare a tax credit application. As stated above, AHC will fund those costs not covered by the City loan from its own reserves.

**FISCAL IMPACT:** \$460,000 of Housing funds, per the following breakdown: \$174,235 in contingent reserves and \$285,785 in CDBG monies. The CDBG amount will ensure that the City’s required federal spending target is met by the May 2 deadline. Both the contingent reserves and CDBG monies would be placed in the Housing Opportunities Fund (HOF)<sup>1</sup> for this purpose. If the project goes forward, the predevelopment loan will be consolidated with a larger permanent loan and repaid according to that loan’s terms. It should be noted that when AHC acquires this now tax-exempt property and then develops it with its two buildings as proposed, the property will be taxable and add more than \$0.3 million per year to the City’s real estate tax revenues.

**ATTACHMENTS:**

- (1) St. James Project Location Maps
- (2) AHC funding request, including predevelopment cost detail
- (3) Project summary with current concept plan
- (4) Total development budget summary

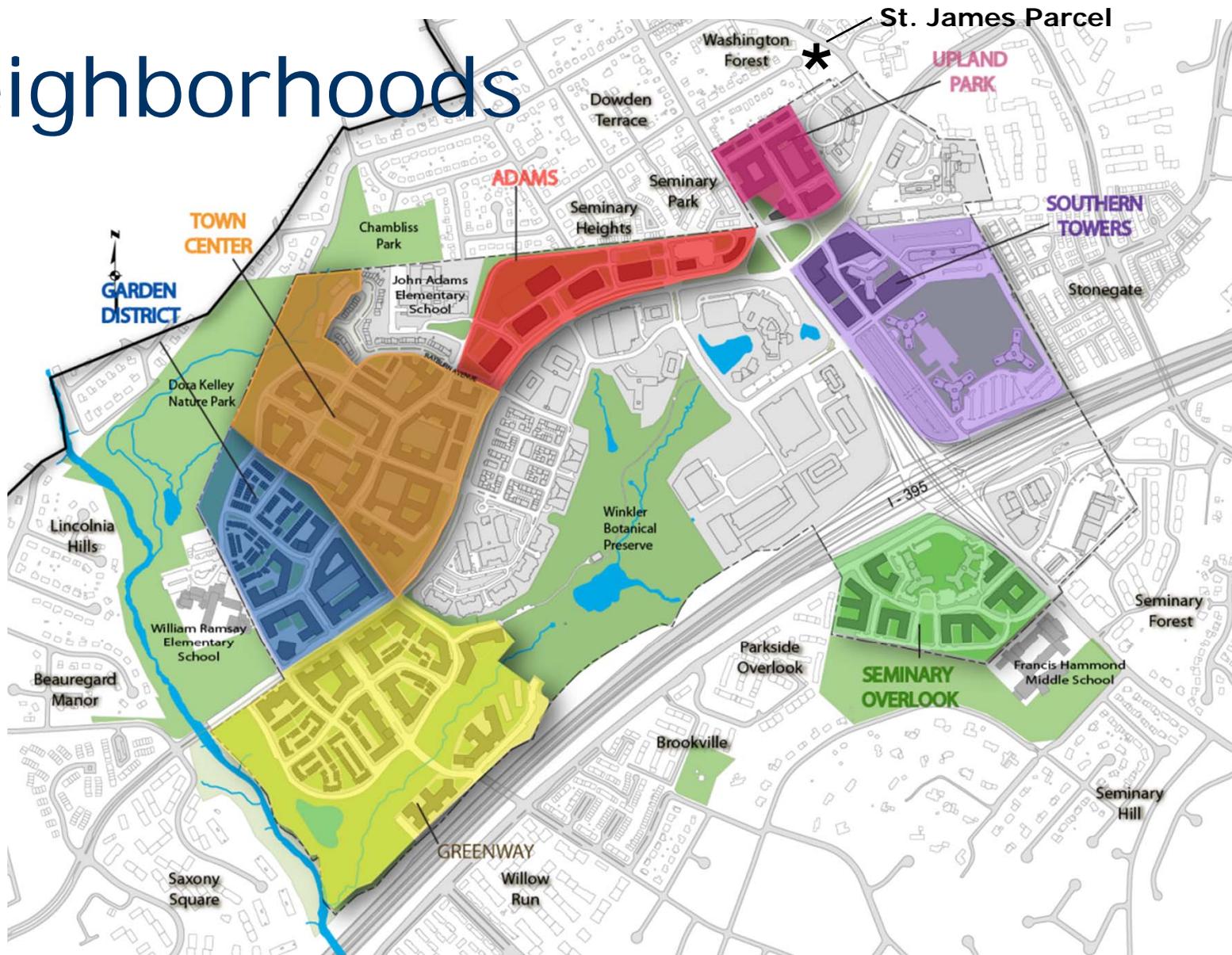
**STAFF:**

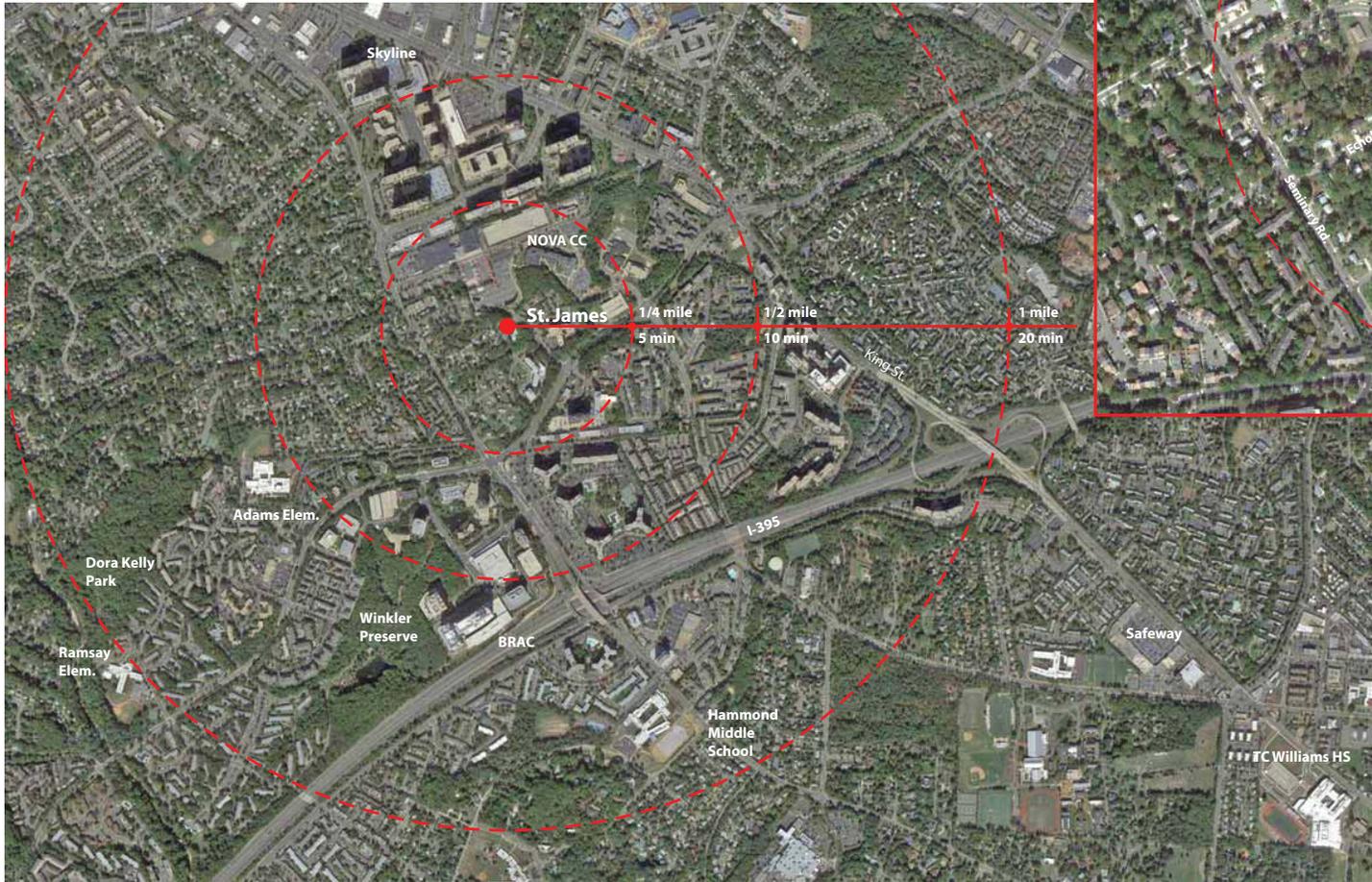
Mark Jinks, Deputy City Manager  
Mildrilyn Davis, Director, Office of Housing  
Helen McIlvaine, Deputy Director, Office of Housing  
Eric Keeler, Division Chief, Program Administration  
Jon Frederick, Housing Analyst, Program Administration

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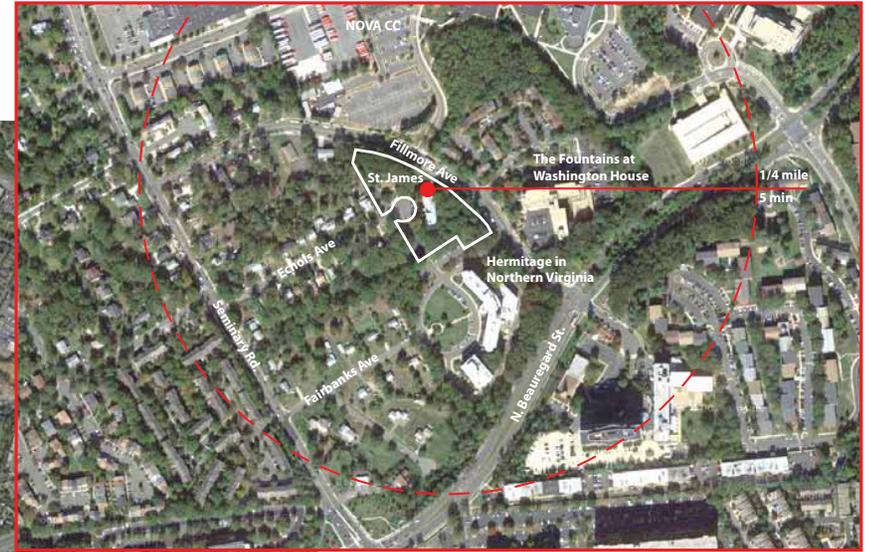
<sup>1</sup> This will be the first placement of CDBG monies into the HOF, which previously has consisted of General Fund, HOME, and Housing Trust Fund monies. Similar to the HOME monies in the HOF, for federal purposes the transferred CDBG monies will be characterized as CDBG Housing Development Assistance.

# Neighborhoods





Broad Context



Immediate Context

# St. James Redevelopment **DRAFT**

Alexandria, Virginia  
AHC, Inc



April 3, 2014

Ms. Helen S. McIlvaine  
Deputy Director, Office of Housing  
City of Alexandria, VA  
421 King Street, Suite 200  
Alexandria, VA 22314

Via Email and U.S. Mail

**Re: St. James Church Site- Pre-development Loan Request**

Dear Ms. McIlvaine:

I am pleased to present our application for the City of Alexandria Housing Opportunities Fund (HOF) for a pre-development loan of \$460,000 to pursue the redevelopment of the St. James Church site located at 5000 and 5001 Echols Ave into a new 92 unit affordable housing property. As outlined in Attachment A, the requested funds will pay for the land acquisition due diligence costs, architectural planning, civil engineering, and other entitlement related predevelopment costs expected to be incurred over the next several months as AHC completes the City's entitlement process.

This redevelopment will provide many benefits to the City, further outlined on Attachment B: (1) provide replacement affordable housing in the Beauregard corridor including some units at 50% AMI; (2) provide new educational programming for children and (3) generate real estate tax revenue on currently untaxed land.

AHC has site control of the properties and submitted a Concept 1 application to the City in early February 2014. We expect to take the land use application to the Planning Commission and City Council by November 2014 and will apply for tax credits from VHDA in March, 2015. Subject to an award of 9% LIHTC, AHC plans to begin construction the first quarter of 2016. Construction will take approximately 18 months and we will lease up all units by the end of 2017. Over the next 18 months, AHC will invest approximately \$1.25M of its own funds to see this project through the City's entitlement approval process and financial closing. The City loan will facilitate our capacity to create new affordable housing in Alexandria.

The AHC senior staff and board of directors are excited about this new, affordable housing project. We look forward to working with you to make this a reality. Your partnership is essential. If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nick Bracco", written over the word "Sincerely,".

Nick Bracco  
Project Manager, Multifamily Group

cc: Jon Frederick, via email

## Attachment A

### St. James Church Site

#### Pre-development Loan Cost Allocation

|   |                |
|---|----------------|
| Due Diligence Costs                         | 40,000         |
| Architecture and Planning                   | 250,000        |
| Civil Engineering                           | 90,000         |
| Legal Counsel (Land Use, Contract, Finance) | 80,000         |
| <b>Total</b>                                | <b>460,000</b> |

**NOTE:** Funds requested from City of Alexandria will supplement AHC's investment of approximately \$1.25M in pre-development costs.

**Attachment B**

**Benefits to the City of Alexandria**

**New Affordable Units**

92 Dedicated Affordable Units

Project timing allows for the 46 units from Southern Towers to be absorbed

**Break out of Fees to City of Alexandria**

|                                |                  |                                     |
|--------------------------------|------------------|-------------------------------------|
| Application and Review Fees    | 250,000          | Estimate based on Jackson Crossing  |
| Water and Sewer Tap Fees       | 736,000          | \$8,000 per unit                    |
| Water Meter Fees               | 90,000           | Estimate based on Jackson Crossing  |
| Sanitary Sewer Contribution    | 55,202           | \$0.51 per square foot contribution |
| <b>Total fees paid to City</b> | <b>1,131,202</b> |                                     |

**Real Estate Tax Value**

As a church, the property is currently exempt from Real Estate Taxes. If redeveloped, the properties will generate approximately **\$352,000** in tax revenue the first year.

Present Value of additional tax basis for next 30 years

(Discounted at 6%) **\$ 6,779,626**

|   |                    |
|---|--------------------|
| Original Gap (Dec 2013 Proforma)  | (7,750,000)        |
| City of Alexandria Loan<br>(Includes Pre-development Loan)                      | 4,000,000          |
| AHC Partnership Loan<br>(Proceeds from Market Rate Building)                    | 1,000,000          |
| <b>(Gap)/Excess (Dec 2013)</b>  | <b>(2,750,000)</b> |
| Reduction in development budget from change in program<br>and construction type | 1,752,861          |
| Increase in (Gap) resulting from upward pressure on perm<br>debt interest rates | (320,000)          |
| <b>(Gap)/Excess (April 2014)</b>  | <b>(1,317,139)</b> |

Please note this calculation does not include the costs associated with the off-site sanitary sewer upgrade estimated to cost upwards of \$1M. (Based on \$400 per linear foot)

**Contribution to Housing Opportunities Fund**

Market rate building will generate a affordable housing contribution of approximately \$660,000.



## St. James Church Site Project Summary

### **Project Description**

AHC Inc. is the contract purchaser of the St. James Methodist Church and Bi-District Office site located at 5000 and 5001 Echols Ave. in Alexandria, Virginia. AHC is in the early stages of rezoning the property to allow for two multi-family buildings. The two building strategy assumes AHC will develop own and operate one of the buildings as an affordable housing property with rents at 50% and 60% AMI. The second building will be a market-rate building and will be sold to a third-party developer with expertise in market rate development. AHC is currently seeking a partner for the market-rate building.

The current concept plan includes a new 92-unit affordable building shown as the left (west) building on the adjacent rendered plan. The building also includes approximately 3,000 square feet reserved for a preschool or daycare space. AHC will work with its strategic partners to provide those services. The building will have an underground parking garage.



The affordable building will be constructed to a finish level consistent with Jackson Crossing and other AHC Inc. apartments in the region. Likely unit amenities will include a full Energy Star kitchen appliance package, individually controlled HVAC systems, carpeting and ceramic tile baths. Washer and dryers will be available in common laundry rooms on each floor of the building. The building will be constructed of wood over a concrete podium (Type 5A) in accordance with VHDA standards.

## **Property**

The property is located just outside the Beauregard Small Area plan in Alexandria's west end. The two parcels combine to a site area of 2.97 Acres and are currently zoned R-12. AHC will be seeking to rezone the property to CRMU-M, the same zoning designation used at Jackson Crossing.

Located between the eastern edge of Echols Avenue and Fillmore Street, the existing Church buildings use Echols Avenue as its primary access point. The proposed design will change this, enabling residents of the new buildings to access the property from Fillmore Street, thus reducing the traffic impact to the residents of Echols Avenue. The conceptual plan also includes a new trail for enhance bicycle and pedestrian connectivity.

## **Ownership Structure**

AHC expects to use its standard limited partnership ownership structure at this property. However, this has not been finalized and will be explored further as the project becomes more certain.

## **Financing Plan**

The plan for the affordable building is to pursue an allocation of 9% low income housing tax credits from VHDA in the March 2015 competitive application cycle. The tax credit equity will be combined with conventional first trust debt, a subordinate loan from the City of Alexandria, a partnership loan from AHC Inc. from the proceeds of the market-rate building and deferred developer fee.

## **Development Status**

AHC has submitted its Concept 1 plan to the City of Alexandria in early February, 2014 and is working through the City's entitlement process. It is critical for the property to have completed the entitlement process by November, 2014 to allow for adequate time to complete the VHDA application.

AHC is working with it civil engineer and the City's Department of Transportation and Environmental Services to quantify the scope and cost of an off-site sanitary sewer upgrade. This off-site improvement could cost the project upwards of \$1.0M dollars (based on \$400 per linear foot).

### **Project Milestone Schedule**

- Completion of entitlements – November 2014
- Submission of VHDA 9% LIHTC application- March 2015
- Award of 9% LIHTC application- June 2015
- Acquisition- August 2015
- Commence Construction- February 2016
- Complete Construction- August 2017



**St. James Financial Projections  
Development Budget**

**\*\*Must Enter all yellow shaded areas\*\*  
\*\*Should Confirm green shaded areas\*\***

| Acct. Code                                 | Budget              | Eligible Costs:     |                  | Factors   | Notes   |
|--|---------------------|---------------------|------------------|-----------|---|
|  |                     | 9%                  | Per Unit         |           |   |
| <b>Acquisition</b>                         |                     |                     |                  |           |   |
| 1950 Building                              | \$0                 | X                   | \$0              |           |   |
| 1900 Land                                  | \$3,700,702         | X                   | \$40,225         |           | From Land Valuation Sheet                                 |
| 1611 Recording/Fees                        | \$12,323            | X                   | \$134            | 0.33%     | From Jackson Crossing budget                              |
| 1611 Closing Costs(title/survey, etc.)     | \$30,000            | X                   | \$326            |           | From Jackson Crossing budget                              |
| <b>Acquisition Subtotal</b>                | <b>\$3,743,025</b>  |                     | <b>\$40,685</b>  |           |   |
| <b>Development ("Soft") Costs</b>          |                     |                     |                  |           |   |
| <b>Architectural and Design</b>            |                     |                     |                  |           |   |
| 1521 Conceptual Drawings                   | \$232,000           | \$232,000           | \$2,522          |           | Based on CQA proposal                                     |
| 1521 Working Drawings                      | \$845,000           | \$845,000           | \$9,185          | incl exp. | Based on CQA proposal                                     |
| 1530 Construction Administration           | \$245,000           | \$245,000           | \$2,663          |           | Based on CQA proposal                                     |
| 1755 Interior Design                       | \$0                 | X                   | \$0              |           |   |
| 1522 Landscape                             | \$35,000            | \$35,000            | \$380            |           | Based on CQA proposal                                     |
| <b>Engineering Fees</b>                    |                     |                     |                  |           |   |
| 1523 Civil                                 | \$200,000           | \$200,000           | \$2,174          |           |   |
| 1526 Structural                            | \$0                 | \$0                 | \$0              |           | Incl. in Architect Line                                   |
| 1525 MEP                                   | \$0                 | \$0                 | \$0              |           | Incl. in Architect Line                                   |
| 1524 Geotech / Soils                       | \$30,000            | \$30,000            | \$326            |           |   |
| 1671 Environmental                         | \$15,000            | \$15,000            | \$163            |           |   |
| 1528 Traffic                               | \$15,000            | \$15,000            | \$163            |           |   |
| <b>Legal-Owner</b>                         |                     |                     |                  |           |   |
| 1622 Organization                          | \$10,000            | \$5,000             | \$109            |           |   |
| 1621 Loan Documents                        | \$50,000            | \$0                 | \$543            |           |   |
| 1625 Zoning                                | \$125,000           | \$62,500            | \$1,359          |           | Land Use Counsel  |
| 1624 Tax credit                            | \$60,000            | \$30,000            | \$652            |           |   |
| 1626 Other                                 | \$25,000            | \$12,500            | \$272            |           | Deeds, Plat etc.  |
| <b>Miscellaneous</b>                       |                     |                     |                  |           |   |
| 1690 Appraisal                             | \$25,000            | \$25,000            | \$272            |           | Increased to \$25K per Shell                              |
| 1700 Market Study                          | \$6,000             | \$6,000             | \$65             |           | Novogradac proposal                                       |
| 1510 Building Permits                      | \$250,000           | \$250,000           | \$2,717          |           | Estimate- Needs confirmation from CM                      |
| 1740 Construction Management               | \$90,000            | \$90,000            | \$978            |           | Calculated  |
| 1815 Project Management                    | \$130,000           | \$130,000           | \$1,413          |           | Calculated  |
| 1740 Special Inspections, EarthCraft       | \$75,000            | \$75,000            | \$815            |           | Special 3rd, ADA, Utils, Green, Photometrics, Noise Study |
| 1745 FF&E (model, office...)               | \$50,000            | \$50,000            | \$543            |           |   |
| 1591 Insurance: builder's risk             | \$110,000           | \$110,000           | \$1,196          |           | Shell is \$56K/yr for 2 years                             |
| 1592 Insurance: umbrella                   | \$35,000            | \$35,000            | \$380            |           |   |
| 1765 Marketing / Lease-up                  | \$50,000            | X                   | \$543            |           |   |
| 1780 Management Start-Up Costs             | \$50,000            | \$50,000            | \$543            |           | AHCM estimate   |
| 1580 R/E taxes during construction         | \$60,000            | \$60,000            | \$652            |           | 30K/year based on Jackson Crossing estimate               |
| 1791 Utilities during construction         | \$40,000            | \$40,000            | \$435            |           | Based on Shell  |
| 1773 Sanitary Sewer Fee                    | \$55,202            | \$55,202            | \$600            |           | Equal to \$0.51 per SF                                    |
| 1540 Tap Fees                              | \$901,000           | \$901,000           | \$9,793          |           | \$800/unit plus \$90K for meter plus \$75K for utilities  |
| 1925 Soft Cost Contingency                 | \$206,250           | \$206,250           | \$2,242          | 5%        | of Total Soft Costs (Based on CONA)                       |
| <b>Reserves</b>                            |                     |                     |                  |           |   |
| 1711 Operating Reserve                     | \$326,415           | X                   | \$3,548          |           | 6 months of OPEX + Repl. Reserves                         |
| Debt Service                               | \$301,816           |                     | \$3,281          |           | 6 months of Senior Debt Payments                          |
| - Lease Up Reserve                         | \$25,000            | X                   | \$272            |           |   |
| - Replacement                              | \$0                 | X                   | \$0              |           |   |
| <b>Soft Costs Subtotal</b>                 | <b>\$4,673,684</b>  |                     | <b>\$50,801</b>  |           |   |
| <b>Financing Costs</b>                     |                     |                     |                  |           |   |
| <b>Tax Credit Fees</b>                     |                     |                     |                  |           |   |
| 1720 Tax Credit Application Fee            | \$110,000           | X                   | \$1,196          | 7%        | 7% Fee plus \$5K for extension fees                       |
| 1623 Syndicator Legal/ Due Diligence       | \$40,000            | \$40,000            | \$435            |           | Syndicator Total Due Diligence Costs                      |
| 1600 Cost Certification                    | \$25,000            | \$25,000            | \$272            |           | Based on Jordan actuals and Shell projections             |
| 1600 Tax Credit Consultant Fee             | \$20,000            | \$20,000            | \$217            |           | Astoria Tax Credit Application Fee                        |
| <b>Acquisition/Construction Loan Costs</b> |                     |                     |                  |           |   |
| 1550 Loan Origination Fee                  | \$114,750           | \$114,750           | \$1,247          | 0.85%     | Estimate  |
| 1550 Lender legal                          | \$37,500            | \$37,500            | \$408            |           | Per CONA LOI  |
| 1611 LIIF Loan Fees                        | \$0                 | \$0                 | \$0              | 0%        |   |
| 1750 Inspections                           | \$18,000            | \$18,000            | \$196            |           | Estimate based on Jackson Crossing                        |
| 1660 Cost of Issuance/Bond Exp.            | \$0                 | X                   | \$0              |           |   |
| 1760 Letter of Credit fees/Rate Cap F      | \$35,000            | \$35,000            | \$380            |           | Estimate based on similar projects                        |
| 1735 Interest--Acq./Constr. Loan           | \$709,232           | \$709,232           | \$7,709          |           |   |
| <b>Permanent Loan Costs</b>                |                     |                     |                  |           |   |
| 1650 Loan Origination Fees                 | \$80,000            | X                   | \$870            | 1.00%     |   |
| 1650 Lender Legal                          | \$0                 | X                   | \$0              |           | Cost covered in Acq/Construction Loan                     |
| 1611 Recording/Title/Closing               | \$115,800           | X                   | \$1,259          |           | Estimate  |
| <b>Financing Subtotal</b>                  | <b>\$1,305,282</b>  |                     | <b>\$14,188</b>  |           |   |
| <b>Construction / Rehab</b>                |                     |                     |                  |           |   |
| 1100 Construction/Rehab Costs              | \$13,021,928        | \$13,021,928        | \$141,543        |           | From Construction Cost Take Off Sheet                     |
| 1100 Structured Parking                    | \$4,068,940         | \$0                 | \$44,228         |           | From Construction Cost Take Off Sheet                     |
| 1100 Demolition                            | \$0                 | X                   | \$0              |           |   |
| 1100 Off-site Improvements                 | \$0                 | X                   | \$0              |           | NO SEWER COSTS  |
| 1100 Utility Undergrounding                | \$0                 | \$0                 | \$0              |           |   |
| 1100 Site Work                             | \$0                 | \$0                 | \$0              |           |   |
| 1100 Public Improvements Plan              | \$0                 | \$0                 | \$0              |           |   |
| 1100 General Requirements                  | \$0                 | \$0                 | \$0              | 6.50%     | Included above  |
| 1100 Builder's Overhead                    | \$0                 | \$0                 | \$0              | 1.10%     | Included above  |
| 1100 Builder's Profit                      | \$0                 | \$0                 | \$0              | 5.65%     | Included above  |
| 1100 Bonding Fee                           | \$0                 | \$0                 | \$0              | 0.65%     | Included above  |
| 1120 Environmental Remediation             | \$0                 | \$0                 | \$0              |           |   |
| 1100 Contingency                           | \$1,367,269         | \$1,367,269         | \$14,862         | 8%        | 8% of Hard Costs  |
| <b>Construction Total</b>                  | <b>\$18,458,138</b> |                     | <b>\$200,632</b> |           |   |
| 1800 Developer Fee                         | 2,464,410           | \$2,464,410         | \$26,787         |           | Calculated  |
| <b>GRAND TOTAL (TDC)</b>                   | <b>\$30,644,539</b> | <b>\$21,663,542</b> | <b>\$333,093</b> |           |   |



**St. James Financial Projections  
Financing Plan**

\*\*Must Enter all yellow shaded areas\*\*

\*\*Should Confirm green shaded areas\*\*

| Financing  | Amount            | Interest Rate | Term  | Payment/<br>Year | Minimum<br>DSCR | DSCR<br>Base Year | Loan<br>Type  |
|--|-------------------|---------------|-------|------------------|-----------------|-------------------|---|
| <b>Predevelopment Financing:</b>   |                   |               |       |                  |                 |                   |   |
| Senior Predevelopment (AHC Inc.)   | \$1,800,000       | 6.00%         | 2.14  | \$108,000        |                 |                   | Int. Only   |
| Bridge Debt/2nd Trust  | \$0               | 0.00%         | 2.14  | \$0              |                 |                   | Int. Only   |
| Tax Credit Equity  | \$0               |               |       |                  |                 |                   |   |
| City of Alexandria Loan  | \$0               | 2.00%         | 2.14  | \$0              |                 |                   |   |
| AHC Funds (interest is AFR or other stated rate)                           | \$0               | 0.00%         | 2.14  |                  |                 |                   |   |
| City of Alexandria Land Note   | \$0               | 0.00%         |       |                  |                 |                   |   |
| Total Predevelopment Sources   | \$1,800,000       |               |       |                  |                 |                   |   |
| Total Predevelopment Uses  | \$1,780,000       |               |       |                  |                 |                   |   |
| Acquisition Financing Excess / (Gap)                                       | \$20,000          |               |       |                  |                 |                   |   |
| <b>Acquisition/Construction Financing:</b>                                 |                   |               |       |                  |                 |                   |   |
|  | <b>LTV (max.)</b> |               |       |                  |                 |                   |   |
| Sr Construction  | 80% \$13,500,000  | \$13,739,351  | 3.75% | 2.14             |                 |                   | <div style="border: 1px solid black; padding: 5px;"> <b>50% Test</b><br/>           Eligible Costs + Land \$25,364,244<br/>           Bond Proportion 53.22%         </div> |
| Subordinate Debt   | 10% \$0           | \$0           | 0.00% | 2.14             |                 |                   |   |
| Tax Credit Equity (proportion paid during constr.)                         | 90%               | \$13,498,650  |       |                  |                 |                   |   |
| City of Alexandria Loan Alexandria   |                   | \$4,000,000   | 2.00% | 2.14             |                 |                   |   |
| Bridge Debt/Tax Credit Equity  |                   | \$0           | 0.00% |                  |                 |                   |   |
| Proceeds from TH Outsale   |                   | \$0           |       |                  |                 |                   |   |
| Proceeds from Market Rate Outsale  |                   | \$1,000,000   |       |                  |                 |                   |   |
| Tax Credit Equity used to pay down Sr. Construction Debt                   |                   | (\$4,000,000) |       |                  |                 |                   |   |
| Construction Period Funds used to repay Senior Predevelopment Loan         |                   | (\$1,800,000) |       |                  |                 |                   |   |
| Development Account Balance at Conversion                                  |                   | (\$196,539)   |       |                  |                 |                   |   |
| AHC Inc. Partnership Loan  |                   | \$0           | 2.00% | 2.14             |                 |                   |   |
| Acquisition Financing Excess   |                   | \$20,000      |       |                  |                 |                   |   |
| Total Acquisition/Construction Sources                                     |                   | \$26,261,462  |       |                  |                 |                   |   |
| Total Acquisition/Construction Uses  |                   | \$ 26,261,461 |       |                  |                 |                   |   |
| Construction Financing Excess / (Gap)                                      |                   | \$0           |       |                  |                 |                   |   |
| <b>Permanent Financing:</b> <i>cummulative funding--acq. &amp; constr.</i> |                   |               |       |                  |                 |                   |   |
| Senior Debt  | \$8,000,000       | 6.45%         | 30    | \$603,632        | 1.15            | 1.1592            | Hard Pay  |
| Subordinate Debt   | \$0               | 5.00%         |       | \$0              |                 |                   | Hard Pay  |
| Tax Credit Equity  | \$14,998,500      |               |       |                  |                 |                   | n/a   |
| Proceeds from TH Outsale   | \$0               |               |       |                  |                 |                   |   |
| Proceeds from Market Rate Outsale  | \$1,000,000       |               |       |                  |                 |                   |   |
| Interim Income   | \$0               |               |       |                  |                 |                   | n/a   |
| Deferred Developer Fee   | 50%               | \$1,231,954   | 2.00% | 15               | \$95,133        |                   | Cashflow  |
| Partnership Loan AHC   |                   | \$0           | 2.00% | 35               | \$0             |                   | Cashflow  |
| County/Local Loan Alexandria \$43,478 per unit                             |                   | \$4,000,000   | 2.00% | 35               | \$159,006       |                   | Cashflow  |
| City of Alexandria Land Note   |                   | \$0           | 3.32% | 0                | \$0             |                   |   |
| Total Permanent Sources  |                   | \$29,230,454  |       |                  |                 |                   |   |
| Total Uses   |                   | \$30,644,539  |       |                  |                 |                   |   |
| Permanent Financing Excess / (Gap)   |                   | (\$1,414,085) |       |                  |                 |                   |   |