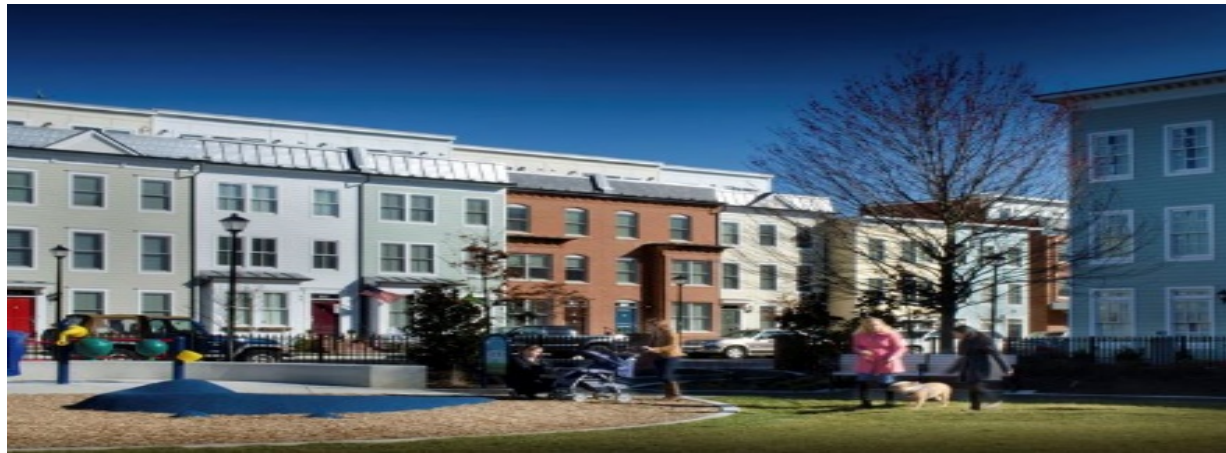




Alexandria Redevelopment and Housing Authority



Year 15 Properties Approach

May 2021

Preserving & Expanding Affordability



ARHA's Strategy

REPOSITIONING
+
REDEVELOPMENT
+
RESYNDICATION

Chatham Square – 52 Public Housing Units – Built in 2005

Braddock, Whiting, Reynolds – 48 Public Housing Units – Built in 2005



Units Constructed with Tax Credits



US Tax Policy

- Instrument for a social purpose:
- Tax Reduction for investment in rent-restricted properties
- 15 year Investment, i.e. Compliance Period.
- Applicable in public housing since approximately 1995

Strategy

- Investor Expectation
- Credits provided by US Treasury
- Property managed/maintained
- Resident family income restrictions maintained

Chatham Square

Built in 2005

Property Details:

- 52 Public Housing Units
 - 26 two-bedroom
 - 26 three-bedroom
 - 8 fully accessible units
- Old Town & Old Town North Small Area Plans

Syndication Details:

- Tax Credit Compliance Period ends: December 31, 2020
- The Richman Group
- GP Exit Strategy:
 - ARHA exercise Right of First Refusal
 - Price: Exit Taxes and Assumption of Debt



Braddock Whiting Reynolds

Built in 2005

Property Details:

- 48 Public Housing Units
 - 24 two-bedroom
 - 24 three-bedroom
- Fairlington/Bradlee Small Area Plan (Braddock) & Van Dorn Small Area Plan (Whiting & Reynolds)

Syndication Details:

- Tax Credit Compliance Period ends: December 31, 2020
- Enterprise Communities
- GP Exit Strategy:
 - ARHA assumes LP ownership
 - No Exit Price; assumption of existing debt



Why Resyndicate

Investor expectation achieved/ Expiring Use

- Tax Credits have been achieved
- Property met its performance measures

Ability to Renovate/Upgrade Property

- Upon syndication: replacement reserves
- Market Conditions have changed
- Building Code Changes
- Energy efficiencies

Exit of Limited Partners:

- Allows owner to own property without partners.



Exit Strategies

Repurchase Interest from Limited Partners

- Right of First Refusal
- Pre-determined Price
- Sale to Third Party
- Put Option Obligates GP to Purchase
- Bargain Sale



Standards for Resyndication



Minimum Rehab Costs

- 20% of acquisition/\$30,000 per unit

Refinancing Goal

- Goal is forgiveness of soft loan
- Original loan: cash flow repayment

Capital Accounts & Exit Taxes

- Capital Contribution, minus
- Distributions, minus
- Taxable Loss, minus
- Historic credits (if any), minus
- Syndication Cost

If positive: loss is written off

If negative: exit taxes are triggered

Exit of Limited Partners/Investors

Exit Current Limited Partners/Special Limited Partners

Determine Purchase Price/Negotiate Price

Accounting of Partnership property

Notice/Legal Agreements

File Amended LP/Submit Final K-1/Final Tax Returns

Execute Amended Partnership Agreement

New Syndication

- Physical Needs Assessment
- GC/A&E/Permitting
- Engage Syndicator
- Financing – Subsidy repositioning
 - - HOA Fees
- Closing

Schedule



BWR Units

Exit Partnership

May 21, 2021

Subsidy Reposition: RAD

HOA Fee Adjustment

Sizing/Financing/Closing/Renovation



Chatham Units

Exit Partnership

June 23, 2021

Subsidy Reposition: RAD

Condo Fee Adjustment

Discussion

◦ **Thank You**

◦ **Questions &
Answers**