



April 1, 2024

Office of Housing
421 King St #205,
Alexandria, VA 22314

Re: Parc Square Funding Request


Dear Helen and Eric,

Please find below details about our funding request for Wesley's renovation of Parc Square Apartments, a five building, 66-unit property in the Arlandria neighborhood of the City of Alexandria.

Since acquiring the garden-style property in January 2022, Wesley Housing and Wesley Property Management Company have made significant progress on rehabilitating units left in disrepair by the previous owner. While we have faced significant unforeseen renovation challenges, we have brought all but eight of the units online, and are committed to working creatively to bring these final units online in a rapidly changing neighborhood, where the need for affordable housing is more pressing than ever.

We greatly appreciate your consideration of our request and welcome any questions from your team.

Sincerely,


Kamilah McAfee (Apr 1, 2024 11:10 EDT)

Kamilah McAfee
President and CEO
Wesley Housing
2311 Huntington Ave,
Alexandria VA 22303

April 1, 2024

Background

Wesley Housing purchased the Parc Square Apartments (66 units) in five garden-style apartment buildings in the Arlandria neighborhood in 2022 with the short-term plan of improving habitability of all units. Since acquisition, Wesley Property Management Company has made critical repairs within units. The long-term plan is a full property redevelopment that will increase the number of units of affordable housing on the site, incorporating Wesley Housing's Beverly Park into the redevelopment.

Parc Square Funding Request

Due to unforeseen construction issues and high turnover, eight units remain offline with \$207,000 in rehabilitation costs necessary for interior repairs, and up to \$84,300 in costs for essential structural repairs, for a **total funding request not to exceed \$291,300**.

To date, Wesley Housing deployed its own staff to manage and perform most of the renovations, creating significant cost savings. However, to bring more affordable units online and increase property performance, Wesley Housing began working with an outside contractor in February 2024. Wesley plans to employ the same contractor to complete work on the remaining units in disrepair.

These remaining eight units are ready for renovations, pending necessary additional funding. Please see the table below for details outlining the costs and delivery details:

#	Address	Cost to Turn	Cost for Supplies	Total Cost	Anticipated Delivery Date
1	525 Four Mile Rd #4	\$9,000.00	\$10,000.00	\$19,000.00	4/1/2024
2	604 Notabene Dr #3	\$9,000.00	\$10,000.00	\$19,000.00	4/1/2024
3	3906 Old Dominion Blvd #2	\$9,000.00	\$10,000.00	\$19,000.00	4/15/2024
4	3906 Old Dominion Blvd #3		\$10,000.00	\$10,000.00	5/1/2024
5	527 Four Mile Rd #2	\$10,000.00	\$10,000.00	\$20,000.00	7/1/2024

6	525 Four Mile Rd #1	\$30,000.00	\$10,000.00	\$40,000.00	7/1/2024
7	527 Four Mile Rd #1	\$30,000.00	\$10,000.00	\$40,000.00	7/1/2024
8	3906 Old Dominion Blvd #4	\$30,000.00	\$10,000.00	\$40,000.00	7/1/2024
Total		\$127,000	\$80,000	\$207,000	

Structural Repairs

Exterior cracks at 525-527 Four Mile Rd have presented another unforeseen renovation challenge. Wesley is currently working with a structural engineer to assess the problem and recommend repairs, which Deska Services estimates between \$46,000 and \$81,000 of repairs are necessary. The pricing variance stems from whether one or two corners of the building's foundation needs to be reinforced with helical piers, which will be determined by the structural engineer's findings.

Between structural engineering costs (\$3,300) and maximum repair costs of \$81,000, the structural work is **not to exceed \$84,300**.

The pictures depict exterior cracks at 525-527 Four Mile Rd:



Additional Background on Parc Square Renovation Challenges

Due diligence was conducted prior to the initial acquisition. The repairs necessary far exceed expectations. Leaks were discovered in the ground plumbing along with sewer backups when improvements began. This required in-unit excavation in multiple buildings to repair and replace pipes. Other problems included ground erosion and mold found in basement units (stemming from the plumbing issues). The unexpected conditions caused significant delays and renovation overages.

Another contributing factor to cost overruns is unit turnover. Since acquisition, nearly 50% of the building turned over. This resulted in time and money spent fixing up previously occupied units not originally included in the plan. The excessive turnover also slowed bringing new units online since Wesley Housing's staff had to balance renovations with unit turns.

Of the 66 total units, 58 units are now online and leased up. The remaining eight units are ready for renovations to begin, pending additional funding. As soon as renovations are complete, the units will be leased to qualified households.

