



An Affordable  
Housing Corporation

April 27, 2015

Ms. Helen McIlvaine, Acting Director  
City of Alexandria Department of Housing & Community Development  
King Street, 2<sup>nd</sup> Floor  
Alexandria, VA 22314

By Hand & Email

**Re: Affordable Housing Loan Fund—Predevelopment Loan Application**

Dear Helen:

AHC Inc. (AHC) is pleased to present this application requesting a predevelopment loan from the City of Alexandria (City) for \$400,000. AHC is working jointly with the Episcopal Church of the Resurrection (ECR), which is located at 2280 N. Beauregard Street. I have attached a Project Summary and pro forma for your initial review. I will provide the additional items at your request.

The Church property is approximately two acres. AHC & ECR plan to develop two buildings in two phases. The first phase will consist of approximately 14,000 square feet of worship and program space for ECR, plus 85 affordable rental homes above for low- and moderate-income families. The Church will maintain a ground lease across the entire parcel. Further, the parking garage, church worship/program space, and the apartments will be titled in three separate condominium units.

AHC-ECR is on schedule to submit the Concept 1 in late April, and the Preliminary Plan in September. We want to be before the City Council in January 2016 so that we may apply for nine-percent (9%) low-income housing tax credits at VHDA in March 2016.

We are excited about the prospect of redeveloping the ECR property as it will address several goals in the Beauregard Small Area Plan (BSAP). First and foremost, the proposed redevelopment will produce approximately 175 new affordable and/or workforce housing units in the coming years; these affordable units will augment the 800 or so units currently planned in an area that will lose 2,400 market-affordable units. Secondly, this redevelopment will bring new families to the BSAP area, helping to enliven the area and to support use of the City's transportation and utility infrastructure investments.

If you have any questions regarding the application, please do not hesitate to contact me on 703-486-0626 x113 or on [welsh@ahcinc.org](mailto:welsh@ahcinc.org). We look forward to hearing from you.

Regards,

John M. Welsh  
Vice President—Multifamily Group

Attachments

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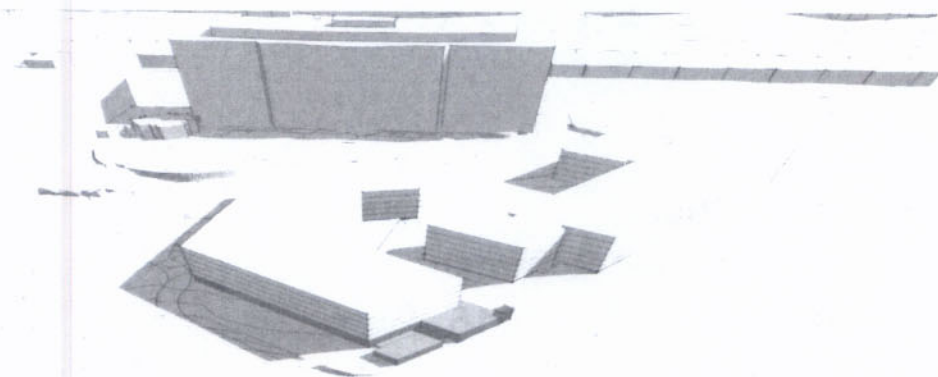


## Episcopal Church of the Resurrection Project Summary April 27, 2015

### **Project Description**

AHC Inc. (AHC) is the joint redevelopment partner with the Episcopal Church of the Resurrection (ECR) property at 2280 N. Beauregard in Alexandria, Virginia. AHC-ECR are in the early stages of rezoning the property to allow for two multi-family buildings and a new church sanctuary and outreach programming space. The two-building strategy assumes two separate phases—building one project beginning in 2017, and the second building 2-5 years later, depending on financing. ECR will own the ground, and provide long-term ground leases to the partnerships that will own the rental buildings. AHC will develop, own, and operate the residential properties. For the first phase, we expect that rents will target families earning between 50 percent and 60 percent AMI (area median income). The second building will be an affordable building as well, but perhaps with some workforce units as well. Again, this will depend on financing and market conditions.

The concept plan for Phase 1 includes an 85-unit affordable building to be built atop the ECR's new sanctuary and program space—used for a preschool/daycare for special-needs children and regularly scheduled food distribution. The building will have underground parking garage for approximately 130 spaces, split evenly between church and apartments. (The parking ratio for the residential portion is 0.80 spaces per unit inclusive of guest spaces.) This parking ratio is consistent with AHC's portfolio as well as with the City of Alexandria's (City) research on parking statistics for affordable housing.



The affordable building will be constructed to a finish level consistent with Jackson Crossing, St. James Plaza, and other AHC apartments in the region. Unit amenities will likely include an EnergyStar kitchen appliance package, high-efficiency individually-controlled HVAC system, low-e glass windows, very low flow bath fixtures, and ceramic tile baths. Common amenities will include laundry room on each floor, high-speed internet service, garage parking, elevator, handicap-accessible units, community room, and more. The church structural system will likely be concrete. The apartment building will be constructed of wood over a concrete podium (Type 5A) in accordance with VHDA standards. The Phase 2 building will be an apartment building similar in character to the first.

#### **Property**

The property is located at 2280 North Beauregard, within the Beauregard Small Area Plan (BSAP) in Alexandria's west end. The parcel (2.01 acres) is currently zoned RA. AHC-ECR will seek to rezone the property to CDD, the same zoning designation as Goodwin House, located adjacent to ECR.

The property is located at the southeast intersection of North Beauregard and Fillmore Street. Adjacent uses include Goodwin House, apartment properties such as Southern Towers, The Hermitage, The Fountains, and townhomes.

#### **Ownership Structure**

AHC and ECR will work in partnership to redevelop the property. The Church will retain ownership of the ground, and lease it to the ownership entities (e.g., limited partnership) of each apartment building.

#### **Financing Plan**

AHC will pay ECR an upfront groundlease payment. ECR will use those funds to pay for its construction costs and soft costs, including architect, engineer,

permits, fees, and other development expenses. AHC will apply for an allocation of nine-percent (9%) low-income housing tax credits from VHDA in the March 2016 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., and deferred developer fee.

### **Development Status**

AHC is submitting the Concept 1 plan to the City of Alexandria on April 29, 2015. AHC-ECR had met previously with City Planning staff to review a preliminary plan. As a result of that meeting and City comments, AHC-ECR has revised the plan from a three-building to a two-building plan. To meet the project targets, it is essential to complete the entitlement process by January, 2016, to allow for adequate time to complete the VHDA application.

AHC will work with its civil engineer and the City's Department of Transportation and Environmental Services to quantify the scope and cost of any off-site sanitary sewer upgrade, if necessary.

While the project has a funding gap for the affordable apartments, note that the project will generate considerable revenues for the City, including tap fees, building permit fees, utility undergrounding fees, as well as annual real estate taxes (on previously untaxed church property):

### **Project Milestone Schedule**

- Completion of entitlements – January 2016
- Submission of VHDA 9% LIHTC application- March 2016
- Acquisition- August 2016
- Award of 9% LIHTC application- June 2016
- Commence Construction- February 2017
- Complete Construction- September 2018



**Episcopal Church of the Resurrection  
Development Budget**

Position	Budget	Eligible Costs:		Per Unit	Factors	Notes
		4%	9%			
Building	\$0	\$0	X	\$0		
Land	3,145,000	X	X	\$37,000	\$37,000	
Recording/Fees	\$0	\$0	X	\$0	0.00%	
Closing Costs(title/survey, etc.)	\$0	\$0	X	\$0		Shown below
<b>Acquisition Subtotal</b>	<b>\$3,145,000</b>			<b>\$37,000</b>		
<b>Development ("Soft") Costs</b>						
<b>Architectural and Design</b>						
Conceptual Drawings	\$165,000	\$0	\$165,000	\$1,941		Based on CQA contract
Working Drawings	\$500,000	\$0	\$500,000	\$5,882	incl exp.	Based on CQA contract
Construction Administration	\$165,000	\$0	\$165,000	\$1,941		Based on CQA contract
Interior Design	\$0	\$0	X	\$0		church architect—paid from Acquisition funds?
Landscape	\$40,000	\$0	\$40,000	\$471		Incl. in Architect Line
<b>Engineering Fees</b>						
Civil	\$250,000	\$0	\$250,000	\$2,941		Increased due to sanitary sewer work
Structural	\$0	\$0	\$0	\$0		Incl. in Architect Line
MEP	\$0	\$0	\$0	\$0		Incl. in Architect Line
Geotech / Soils	\$40,000	\$0	\$40,000	\$471		
Environmental	\$15,000	\$0	\$15,000	\$176		
Traffic	\$35,000	\$0	\$35,000	\$412		
<b>Legal—Owner</b>						
Organization	\$10,000	\$0	\$5,000	\$118		
Loan Documents	\$50,000	\$0	\$0	\$588		
Zoning	\$80,000	\$0	\$40,000	\$941		Land Use Counsel
Tax credit	\$50,000	\$0	\$25,000	\$588		
Other	\$25,000	\$0	\$12,500	\$294		Deeds, Plat etc.
<b>Miscellaneous</b>						
Appraisal	\$15,000	\$0	\$15,000	\$176		
Market Study	\$8,000	\$0	\$8,000	\$94		Novogradac proposal/ Allen and Assoc. Proposal
Building Permits	\$250,000	\$0	\$250,000	\$2,941		Estimate- Needs confirmation from CM
Construction Management	\$95,000	\$0	\$95,000	\$1,118		Calculated
Project Management	\$202,500	\$0	\$202,500	\$2,382		Calculated
Special Inspections, EarthCraft, etc	\$100,000	\$0	\$100,000	\$1,176		Special 3rd, ADA, Utils, Green, Photometrics, Noise St.
FF&E (model, office...)	\$50,000	\$0	\$50,000	\$588		
Insurance: builder's risk	\$110,000	\$0	\$110,000	\$1,294		Shell is \$56K/yr for 2 years
Insurance: umbrella	\$35,000	\$0	\$35,000	\$412		
Marketing / Lease-up	\$40,000	X	X	\$471		
Management Start-Up Costs	\$45,000	\$0	\$45,000	\$529		AHCM estimate
R/E taxes during construction	\$60,000	\$0	\$60,000	\$706		30K/year based on Jackson Crossing estimate
Utilities during construction	\$40,000	\$0	\$40,000	\$471		Based on Shell
Sanitary Sewer Fee	\$55,202	\$0	\$55,202	\$649		Equal to \$0.51 per SF
Tap Fees	\$845,000	\$0	\$845,000	\$9,941		\$8000/unit plus \$90K for meter plus \$75K for utilities
Soft Cost Contingency	\$186,225	\$0	\$186,225	\$2,191	6.00%	of Total Soft Costs (Based on CONA)
<b>Reserves</b>						
Operating Reserve	\$299,356	X	X	\$3,522		6 months of OPEX + Repl. Reserves
Debt Service	\$248,023	X	X	\$2,918		6 months of Senior Debt Payments
Lease Up Reserve	\$0	X	X	\$0		
Ground Lease Reserve	\$0	X	X	\$0		
<b>Soft Costs Subtotal</b>	<b>\$4,109,307</b>			<b>\$48,345</b>		
<b>Financing Costs</b>						
<b>Tax Credit Fees</b>						
Tax Credit Application Fee	\$123,000	X	X	\$1,447	7.00%	7% Fee plus \$5K for extension fees
Syndicator Legal/ Due Diligence	\$40,000	\$0	\$40,000	\$471		Syndicator Total Due Diligence Costs
Cost Certification	\$25,000	\$0	\$25,000	\$294		Based on Jordan actuals and Shell projections
Tax Credit Consultant Fee	\$20,000	\$0	\$20,000	\$235		Astoria Tax Credit Application Fee
<b>Acquisition/Construction Loan Costs</b>						
Loan Origination Fee	\$119,000	\$0	\$119,000	\$1,400	0.85%	Estimate
Lender legal	\$37,500	\$0	\$37,500	\$441		Per CONA LOI
LIF Loan Fees	\$0	\$0	\$0	\$0	0.00%	
Inspections	\$18,000	\$0	\$18,000	\$212		Estimate based on Jackson Crossing
Cost of Issuance/Bond Exp.	\$0	X	X	\$0		
Letter of Credit fees/Rate Cap Fee	\$0	\$0	\$0	\$0		Estimate based on similar projects
Interest—Acq./Constr. Loan	\$643,869	\$0	\$643,869	\$7,575		
<b>Permanent Loan Costs</b>						
Loan Origination Fees	\$65,400	X	X	\$769	1.00%	
Lender Legal	\$0	X	X	\$0		Cost covered in Acq/Construction Loan
Recording/Title/Closing	\$140,800	X	X	\$1,656		Estimate
<b>Financing Subtotal</b>	<b>\$1,232,569</b>			<b>\$14,501</b>		
<b>Construction / Rehab</b>						
Construction/Rehab Costs	\$12,581,865	\$0	\$12,581,865	\$148,022		Per HBI budget 12-14-15
Structured Parking	3,381,720	\$0	\$0	\$39,785		From Construction Cost Take Off Sheet
Demolition	\$0	X	X	\$0		
Off-site Improvements	\$300,000	X	\$0	\$3,529		Upgrade to Sanitary Sewer System (est. same as St. James, but not 2 partners)
Utility Undergrounding	\$500,000	\$0	\$500,000	\$5,882		
Site Work	\$600,000	\$0	\$600,000	\$7,059		
Public Improvements Plan	\$0	\$0	\$0	\$0		
General Requirements	\$1,166,502	\$0	\$1,044,222	\$13,724	7.04%	
Builder's Overhead	\$385,391	\$0	\$344,992	\$4,534	2.33%	
Builder's Profit	\$770,782	\$0	\$689,984	\$9,068	4.65%	
Bonding Fee	\$0	\$0	\$0	\$0		
Environmental Remediation	\$0	\$0	\$0	\$0		
Contingency	\$1,574,901	\$0	\$1,574,901	\$18,528	8.00%	% of Hard Costs
<b>Construction Total</b>	<b>\$21,261,161</b>			<b>\$250,131</b>		
<b>Developer Fee</b>	<b>2,512,343</b>	\$0	\$2,512,343	\$29,557		Calculated
<b>GD TOTAL (TDC)</b>	<b>\$32,260,379</b>	<b>\$0</b>	<b>\$24,141,103</b>	<b>\$379,534</b>		