

*Working to make homes affordable  
in the City of Alexandria.*



May 31, 2013

Ms. Mildrilyn Davis  
Director, Office of Housing  
City of Alexandria  
Alexandria, VA 22314

Dear Mildrilyn:

On behalf of the Alexandria Housing Development Corporation (AHDC) Board of Directors, I am pleased to submit our Plan to refinance and rehabilitate the portfolio of affordable rental properties currently known as AHDC ALL Properties listed below.

- Arbelo Apartments - Bashford Lane
- Lacy Court Apartments - W. Nelson and Commonwealth
- Longview Terrace - Seay St near Duke St.

We endorse the thorough staff memorandum that the Office of Housing will submit for the Council docket item to be discussed on June 11, 2013. We agree and fully support the recommendations and discussion items that Housing has put forward in that Memorandum.

As you know, AHDC purchased the properties from RPJ Housing and assumed the subordinated City debt in July, 2011. We did so with the understanding that AHDC would bring the properties to a long term sustainable operation as affordable rental properties in accordance with the City's goals. After nearly two years of ownership and operations, we have determined that the refinancing and renovation Plan being presented to City Council is in the best interests of preserving these affordable housing assets for the long term.

AHDC's Plan for refinancing and renovation is detailed in your staff report. In summary, AHDC will restructure the current short term first trust and long term City second trust to a 40 year financing plan, that attains a stabilized debt service ratio acceptable to our prospective lenders and investors. The terms of the structure will be:

- FHA 40 Year Multi-family, HUD-backed amortizing loan, at approximately \$16 Million
- 4% Low Income Housing Tax Credit equity invested by Limited Partner, at approximately \$7 Million

- 2<sup>nd</sup> Trust Loan from City of Alexandria (retained from the existing debt), at approximately \$8 Million
- Guaranteed Delivery to City at Year 15 a Right of First Option to purchase
- ARHA Bond Issue for funds needed for construction/lease up to be repaid at stabilized occupancy (early 2015)

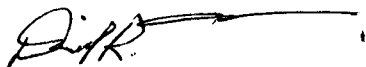
Regarding the major rehabilitation Plan, AHDC has hired an experienced team of architects, engineers and general contractor to undertake the scope, design specifications, build out, and construction management. They have been working together since last September to deliver a major rehabilitation program designed to satisfy HUD and VHDA standards guaranteeing the properties another 50 years of use. The hard cost budget for the major renovation is approximately \$66,000 per unit for total building structure improvements, which improvements are detailed in your staff report. We look forward to working closely with City departments to permit and inspect all aspects of the work as it moves forward later this summer.

As detailed in the staff report, we are in the process of hiring a relocation coordinator and field staff who will be available to and counsel our residents throughout the renovation process. The construction schedule will be worked in manageable phases, building by building, anticipating no more than 25% of the units will be vacant at any one time. We will put the units back into use as soon as possible and we may be subsidizing rents for the residents currently in place who may not be income eligible within the new 60% AMI rents structure. Those determinations will be made household by household and we will prioritize subsidies for those most at risk of being unable to locate suitable housing for their income or life circumstances. We will work very closely with the Office of Housing as well as the Department of Human Services throughout this process.

It is important that existing affordable housing in Alexandria be well managed and positioned for the long term. AHDC's Plan ensures that the 119 units incorporated in the Plan will be substantially upgraded and remain an integral part of Alexandria's affordable housing stock long into the future.

We are grateful for all the work your staff has invested in our progress to date and we are proud of the cooperative working arrangements forged in our public private partnership efforts.

Sincerely,



Daniel R. Abramson  
President