

Bellefonte Apartments Renovation

Project Overview:

The Bellefonte Apartments Renovation project is a partnership between two Alexandria non-profits, the Alexandria Housing Development Corporation (AHDC) and Sheltered Homes of Alexandria (SHA), to renovate a 12 unit apartment complex owned by SHA. In May 2018 AHDC and SHA signed a development services agreement for AHDC to act as the development consultant to SHA to oversee the renewal of a federal housing assistant payment (HAP) contract and the renovation of the property. Over the past year AHDC has worked with SHA to extend the HAP contract that was due to expire at the end of 2018 and create a design and plan to renovate the units.

Property Overview

SHA is an Alexandria non-profit that owns real estate and works with the City of Alexandria to lease the units to intellectual and developmentally disabled individuals. The Bellefonte Apartments, located between East Bellefonte and East Duncan Ave in Del Ray, was built in 1978 with a federal HAP contract and VHDA financing. The apartment complex was built on an open lot that was part of a single family house that is also owned by SHA. The property consists of two buildings total 12 one-bedroom units that all serve an ID/DD population.

The planned renovation will update all major systems in the project including the roof, windows, HVAC, electrical panels, kitchens, baths, and floors. The renovation will also include improvements to the entry of the units that are currently open access. These entries will be closed off, fitted with entry doors and a secure access system. Finally, the renovation will make all units located on the first floor 100% accessible to facilitate the ability of residents to age in place.

In addition to work on the buildings the current scope of work includes a significant amount of site work to address a significant ponding issue that occurs after heavy rains. Additional site work will close a curb cut to the parking lot and replace an accessible ramp to the house onsite which is staffed by the City of Alexandria.

One of the unforeseen costs of this project is an off-site stormwater improvement that was required along E Bellefonte to connect to the City's stormwater system. As mentioned this site experiences a significant amount of ponding and the civil engineer devised a drainage system that would allow this water to tap into the stormwater drain. Unfortunately, there is no stormwater infrastructure at the street of this project therefore an offsite improvement is needed to connect to the City's nearest system. This improvement is estimated to cost approximately \$300,000 and is the reason for the majority of the City loan on the project.

AHDC has worked with City staff in T&ES to get a minor site plan approved and are now ready to submit our building permits. Building permits will be submitted in the coming weeks and we will plant be ready to start when the HAP contract is approved in July.

Proposed Target Population

The proposed project plans to serve the same residents that currently live on site most of which are at 30% of the AMI. The property will serve the ID/DD population and will be served by a HAP contract. In April a Relocation Plan was approved by the Landlord Tenant Relations Board. All moving, offsite rent

costs, and any other costs will be covered by the renovation project. Currently we are working with Southern Towers to provide a temporary offsite housing for all residents as the renovation occurs. In addition, SHA plan to rent an extra unit at Southern Towers that will allow City staff to continue providing the same level of support to residents that the currently receive.

Ownership Structure

SHA will remain the owner of this property. AHDC will have a right of first refusal in case SHA ever desires to sell

Financing Plan

AHDC is working with HUD to place a new HAP contract on this property under the mark up to market program. This program will allow SHA to get near market rents (\$1,810/month) for each unit and use those rents to support a new loan on the property. AHDC is working with VHDA to put a new REACH loan of \$2.4MM on the property with the below market rate of 1.95 amortizing over 30 years. SHA will use approximately \$225,000 of their funds that remained in the replacement reserve account with VHDA when the final loan payment was made and City of Alexandria Loan will fill the remaining financing gap of \$450,000. AHDC will work with a local community bank to acquire construction financing for the renovation.

Proposed Project Schedule (estimated to date):

- HAP Contract Execution and closing – July 2019
- Relocation – July/August 2019
- Site mobilization – August 2019
- Construction – September – December 2019
- Permanent loan conversion/tenant returns to site – December 2019 - January 2020