

East Reed Affordable Housing Development



East Reed -- Project Description

- 78 apartments, including a mix of 1, 2 and 3-bedroom units
- Affordable to households with incomes up to 60% AMI /\$65,000 for a 4-person family and potentially 8 project based vouchers for residents of accessible units
- Long term affordability (60 years) secured by a restrictive covenant
- Transit oriented location on Route 1 BRT line and close to future Metro
- Onsite resident service programs for pre-K and school children
- Garage parking with 78 spaces (including visitor parking), as well as new on street parking
- Roof top terrace, TMP, activity room and other amenities for residents



East Reed -- Project Partners (PPP)

AHC

- Nonprofit housing developer
- Since 1975, has successfully developed/preserved 5,000+ affordable housing units
- VHDA designation as “experienced tax credit developer”
- Strong financial position and balance sheet
- AHC will develop project and assume development risk

City of Alexandria *(exclusive of role as a lender for \$2.5 M)*

- 3600 Jefferson Davis parcel will be City’s partnership stake
- AHC will buy out City’s interest in 2031
- As partner, City will participate in ongoing governance & oversight

Tax Credit Investor

- TBD investor will buy credits/provide \$12.5 million in private equity funding in return for offset of federal tax liability



East Reed -- Partnership Structure

EAST REED PUBLIC-PRIVATE PARTNERSHIP STRUCTURE

East Reed LP

AHC-East Reed, Inc.(AHC) as general partner; East Reed LLC (City)as minority partner; Tax Credit Investor as limited partner

Tax Credit Investor (TBD)

Buys tax credits in return for equity investment of \$12.5 million

AHC, Inc.

Experienced affordable housing developer

AHC – East Reed, Inc.

AHC special purpose development entity for this project

City of Alexandria, VA

Support includes \$2.5 M loan and 3600 parcel

East Reed LLC

City-controlled special purpose entity; it will bring 3600 parcel to limited partnership with AHC and Investor; minority partner

Partnership Agreement between the City of Alexandria and AHC

Agreement to transfer ownership of 3600 parcel to East Reed LLC contingent on land use approvals and tax credit funding. Agreement describes parties' responsibilities and contributions, as well as ongoing risk, management and governance roles.



East Reed -- Key Elements of City/AHC Partnership Agreement

- City to provide 3600 parcel (and loan of \$2.5 million)
- AHC to develop, finance and construct the project
- AHC will assume all risks associated with project
- Upon completion, AHC will lease and manage the project
- AHC will provide resident services programs onsite
- City will participate in ongoing project management and governance
- City and AHC will collaborate to monitor utilization of parking and implement a program, if necessary, to maximize resident use of parking garage
- In 2031, AHC will acquire the City's partnership share for \$720,000, minus City's one-half share environmental mitigation costs



East Reed -- Sources and Uses for \$24.5 Million Development Budget

	Amount (estimated)
VHDA or Conventional Permanent Financing	\$8.0 M
Tax Credit Equity	\$12.5 M
City Housing Loan: \$32 K/unit <i>(incl. \$250K predevelopment loan)</i>	\$2.5 M*
AHC Deferred Developer Fee	\$1.5 M
Total	\$24.5 Million

**The City loan amount does not include the FMV (\$720,000) of the 3600 parcel which is being appropriated to the partnership as part of the City's support.*



East Reed -- City Loan Terms

- City loan of \$2.5 M is a residual receipt loan, i.e., repaid out of project cash flow
- Interest rate is 2%; accrues once funds are disbursed
- AHC will maintain 78 affordable units for 60 years
- City loan is secured by project/land
- AHC's affordability commitment is captured through a restrictive covenant filed in land records enforceable against future buyers
- City's loan is subordinate to other loans and AHC's deferred developer fee
- City maintains a right of first refusal if AHC sells the project



East Reed -- Breakdown of City Housing Funds

Housing Tax Revenue Account	\$1.6 M
<i>Dedicated affordable housing/"penny" fund</i>	
Unallocated housing bond funds	\$0.5 M
Housing Trust Fund (HTF)	\$0.4 M
<i>Developer voluntary housing contributions/loan repayments</i>	
TOTAL	\$2.5 M

<u>Detail of Housing funds balance (after East Reed)</u>	\$4.3 M
Unallocated Housing Trust Fund (HTF)	\$1.1 M
HOME	\$1.8 M
Program reservations (e.g., Braddock/Beauregard, etc.)	\$0.9 M
Other uncommitted Housing funds	\$0.5M



East Reed -- Benefits of City Investment

- City's investment of \$ is leveraged 10:1 through private public partnership structure
- 78 critically needed units of new affordable housing for households with incomes up to 60% AMI in a transit-oriented location
- Opportunity for 8 deeply subsidized (through project-based vouchers) HUD 504/accessibile units for residents with disabilities



East Reed -- City Council Requested Action

Contingent on land use approvals:

- Transfer the land to the East Reed LLC
- Approve the Housing Funds loan of \$2.5 million
- Authorize the City Manager to execute the Partnership Agreement



East Reed -- January 12 City Council Public Hearing

On January 3, Planning Commission unanimously approved:

- Development Special Use Permit with Site Plan
Note: Planning Commission amended the DSUP to add a condition requiring that one free parking space be provided to households with cars
- Map Amendment (Rezoning) Request from CDD 7 to CRMU/Medium
- Master Plan Amendment to Amend the Potomac West Small Area Plan
- City Charter Section 9.06 Review

On January 12, City Council will consider the first three items, and receive Planning Commission's Section 9.06 report.

- City Council to consider future right-turn lane later this spring

