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*Keith Pettigrew, Chief Executive Officer*

May 17, 2023

Helen S. McIlvaine  
Director  
Office of Housing  
421 King Street, Suite 215  
Alexandria, VA 22314

RE: Housing Opportunity Fund  
Loan Request for Samuel Madden - \$3,100,000

Dear Ms. McIlvaine:

On behalf of the Alexandria Redevelopment & Housing Authority (ARHA), its Board of Commissioners and residents, I hereby submit a loan request in the amount of \$3,100,000 from the City of Alexandria Housing Opportunity Fund (Fund). The funds will be used as part of the capital stack for the redevelopment of the Samuel Madden Homes community (Madden).

In February 2023, the City's Planning Commission and the City Council approved the Madden project. Shortly thereafter, the City Council also approved a previous request from the Fund of one million dollars for this project. We are requesting that the previously approved loan amount be increased by \$2,100,000.

We are making this request for an increase to the loan amount in large part due to the reduction in available 9% tax credits that will be made available to the Madden project by Virginia Housing. Unlike in past years where Virginia Housing has funded tax credit applications to the requested amounts, this year Virginia Housing has provided notice to applicants that it will only fund applications to the maximum stated amount for each pool. Whereas our development team had been assuming a \$2.6M funding for the tax credits, we have been informed that the project is only eligible for a maximum award of \$2.2M. This reduction in tax credit equity, plus escalating interest rate hikes on all debt products and the continued escalation of construction labor and materials has created the need to secure additional funds to fill a gap that has materialized.

As you are aware, the development team has applied 9% tax credits and subsequently will apply for 4% tax credits. To make this tax credit twinning possible, two condo structures will be created to fund the construction of the building on the north parcel of the Madden property. If

the loan amount increase that we are seeking is approved, we will work with the City's attorney and Housing staff to properly record these funds against the 9% tax credit condo owner.

We will be submitting the required documents to the Housing Department staff for submission and approval by the AHAAC and subsequently approval by the City Council. I seek your support for this additional request of an additional loan from the Fund of \$2.1M, thereby making the total loan for the project of \$3.1M.

If you have any questions, please do not hesitate to contact me.

Sincerely,



Keith Pettigrew  
Chief Executive Officer

CC: Brandi Collins  
Eric Keeler