



November 19, 2014

Ms. Helen S. McIlvaine  
Deputy Director, Office of Housing  
City of Alexandria  
421 King Street, Suite 200  
Alexandria, VA 22314

Via Email and U.S. Mail

**Re: St. James Church Site- Development Loan Request**

Dear Ms. McIlvaine:

I am pleased to present our application for the City of Alexandria Housing Opportunities Fund (HOF) for a development loan of \$5,700,000 to pursue the redevelopment of the St. James Church site located at 5000 and 5001 Echols Ave into a new 93 unit affordable housing property.

This redevelopment will provide many benefits to the City including but not limited to those highlighted below:

1. Provide ninety-three (93) units of replacement affordable housing in the Beauregard corridor;
2. 46 of the units will be affordable to families at 50% AMI;
3. Provide new educational programming for children; and
4. Generate real estate tax revenue on currently untaxed land – both the affordable and market-rate building will pay real estate taxes.

AHC recognizes that our loan request has increased since the pre-development loan was approved. This increase is a direct result of AHC and the City of Alexandria's shared goal of providing 50% AMI units in the building. Additionally, 50% units will provide much needed points on the competitive VHDA 9% low income tax credit application. The 50% units have a financial impact on the property's cash flow and the amount of supportable first trust debt, and, as such, require additional City subsidy. Based on AHC's analysis, using a valuation standard previously accepted by the City of Alexandria, the lost value to the project for the 50% units is \$2,141,000 making AHC's additional request of \$1,700,000 significantly below the market value of these units.

AHC will continue to work with the design and construction teams to value engineer the building design to generate savings so we can reduce City funding.

AHC has site control of the properties and the projects preliminary plan was deemed complete by County Staff on November 10<sup>th</sup>, 2014. AHC expects to take the land use application to the Planning Commission and City Council by January 2015 and will apply for tax credits from VHDA in March, 2015. Subject to an award of 9% LIHTC, AHC plans to begin construction the first quarter of 2016. Construction will take approximately 18 months and we will lease up all units by the end of 2017. Over the next 12 months, AHC will invest approximately \$1.75M of its own funds to see this project through the City's entitlement approval process, complete construction documents and achieve financial closing. This is a substantial risk for AHC but an important one that will create new, long-term affordable units in Alexandria.

The AHC senior staff and board of directors are excited about this new, affordable housing project. We look forward to working with you to make this a reality. Your partnership is essential. If you have any questions, please contact me at 703-486-0626 x115

Sincerely,



Nick Bracco

Project Manager, Multifamily Group

cc: Eric Keeler, via email  
John Welsh, via email