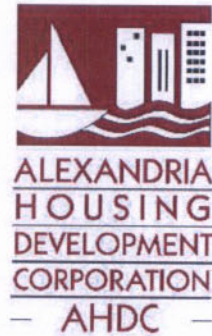


*Working to make homes affordable
in the City of Alexandria.*



May 27, 2015

Ms. Helen McIlvaine
Acting Director, Office of Housing
City of Alexandria
421 King Street, Suite 200
Alexandria, Virginia 22314

Dear Ms. McIlvaine,

On behalf of Alexandria Housing Development Corporation ("AHDC"), Board of Directors and our Development Consulting team at Mission First Housing ("MF"), I am pleased to submit this accompanying application to the Office of Housing to fund pre-development costs for an active 100% affordable housing development project for which AHDC has been working hard in recent weeks. The project is already known to City staff within the offices of Housing and Planning and Zoning as the Master Developer, 4600 King LLC, represented by Mr. Daniel Abramson, Principal, who has been consulting and working collegially with City representatives over the last many months. Plans are now moving forward to final phases of predevelopment planning and site control in preparation for submitting a comprehensive Plan of Development for Planning Commission and City Council review and approvals, expected in Fall 2015. Site Plan will immediately follow for approvals in first quarter 2016.

The property is sited on the corner of King and Beauregard as literally the gateway intersection entering City of Alexandria from the west on Leesburg Pike as it becomes King Street to the waterfront in Old Town and the first address on the Beauregard Street area master plan corridor. A name for the affordable residential piece of the master development has not yet been selected, but the master place name is appropriately titled, "Gateway at King Beauregard", aka Gateway. The Master Developer has proposed a condominium owner structure for the entire development and in that legal structure is offering to AHDC the opportunity to purchase @92,000 sf on top of a constructed ground floor podium, along with properly zoned underground parking adequate, prepared and permitted for AHDC to construct approximately 70+/- units of committed affordable housing with mix of bedrooms and income restrictions to house a mix of households paying maximum rents priced in the 40-60% AMI range.

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As the enclosed Application details, the Project Concept for the affordable residential condo component is well crafted and set as a mission driven element between the Master Developer (Seller) and AHDC (Buyer). An initial budget of financing Sources and Uses for acquisition and new construction has been drafted to correspond with the most recent 2015 LIHTC Application (QAP) to be filed for the procurement of tax credit equity as a primary funding source for the affordable project. The Pre-Development Loan proceeds will be used primarily to pay soft costs to the experts required to firm up this earliest set of Budget projections, especially as the master development moves through its Development Plan approval process with the City and its own lenders and investors.

In summary, the AHDC Board of Directors, represented and guided by its experienced Development Committee, is eager to take on the preliminary project development effort necessary to build a highly prized affordable residential property in an area of Alexandria where there has been long standing demonstrated need for subsidized multi-family rental housing. "The Affordable House" at King Beauregard will be a lasting contribution to the achievement of the City's ambitious, yet necessary housing creation goals, established in the 2013 Housing Master Plan. We appreciate the City Council creating this significant funding tool for affordable properties to get off the ground, literally, with a forgivable pre-development loan to developers who demonstrate the capacity, the site and the projected resources to make the specific vision a reality with support for necessary pre-development costs. Our application identifies our request for this loan to be a principal amount equal to \$5,000 p/unit, currently planned for 72 units, to total \$360,000. AHDC will act as the Developer/Borrower in the execution of the recordable Loan we hope can be awarded in June for our work to continue from its already active beginning in April.

Thank you sincerely for this consideration and the opportunity to work for housing dedicated to be affordable in an important area of the City new to AHDC. We look forward to being good stewards of your trust.

Best regards,

Carol A. Jackson
Executive Director

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4600 King Street Alexandria
SOURCES

4600 King

AHDC and MFHG

5/28/2015

Construction Period Sources:

	Total	% of TDC	Rate	Term	Status
Construction Loan	\$ 8,600,000	32%	3.50%	18	Will apply in 2016
GAP	\$ 2,929,848	11%			Will apply in 2016
City of Alexandria Loan	\$ 4,500,000	17%	2.00%	32	Applying for initial predevelopment
Deferred Developers Fee and Reserves	\$ 1,850,000	7%			Committed
Limited Partner Equity - LIHTC	\$ 8,593,856	32%			Will apply for 9% cr

TOTAL CONSTRUCTION FINANCING

SURPLUS/(DEFICIT)

Permanent Sources:

First Mortgage	Debt Coverage	1.15	\$ 6,600,000	25%	5.75%	35	Will apply in 2016
GAP			\$ 2,929,848				Will apply in 2016
City of Alexandria Loan			\$ 4,500,000	17%	2.00%	17	Applying for initial predevelopment
Deferred Developers Fee			\$ 1,000,000	4%			Committed
Limited Partner Equity - LIHTC			\$ 11,443,856	43%			Will apply for 9% credits in 2016

TOTAL PERMANENT FINANCING

SURPLUS/(DEFICIT)

USES

		Total	100.00% Residential	0.00% Commercial	Depreciable	Other	Per Unit
Acquisition							
Acquisition (includes site work, pad, parking)		10,380,000	10,380,000	0		10,380,000	148,286
Construction Costs							
Construction Costs: New		9,546,600	9,546,600	0	9,546,600		136,380
Construction Contingency (Owner)		515,516	515,516	0	515,516		7,365
Overhead & Profit		668,262	668,262	0	668,262		9,547
General Requirements		572,796	572,796	0	572,796		8,183
Other - Bonding		95,466	95,466	0	95,466		1,364
Furnishings and Personal Property		30,000	30,000	0	30,000	0	429
Professional Fees (Construction-Related)							
Architect: Design/Reimbursables	5.0%	525,063	525,063	0	525,063		7,501
Architect: Supervision	1.0%	100,229	100,229	0	100,229		1,432
Architect: Interiors, Reimbursables		11,000	11,000	0	11,000		157
Legal - Real Estate		125,000	125,000	0	125,000		1,786
Survey/Civil Engineering		30,000	30,000	0	30,000		429
Permits		95,000	95,000	0	95,000		1,357
Security		75,000	75,000	0	75,000		1,071
Construction Interim Costs							
Liability and Builder's Risk Insurance		60,000	60,000	0	60,000		857
Pre-Dev Loan Interest		5,000	5,000	0	5,000		
Construction Period Interest		241,719	241,719	0	241,719		3,453
Construction and Permanent Loan Fees		156,000	156,000	0	19,000	137,000	2,229
Construction Management Fee		150,000	150,000	0	150,000		2,143
Construction Period Taxes		60,000	60,000	0	42,000		857
Permanent Financing							
Due Diligence/Legal Fees		60,000	60,000	0	60,000	0	857
Soft Costs							
Earthcraft		30,000	30,000	0	30,000		429
Market Study		10,000	10,000	0	10,000		143
Environmental		15,000	15,000	0	15,000		214
Tax Credit Fees	7.0%	73,500	73,500	0	73,500	73,500	1,050
Rent-up expense - marketing/advertising		30,000	30,000	0	0	30,000	429
Appraisal		10,000	10,000	0	10,000		143
Cost Certificate - & other accounting		25,000	25,000	0	0	25,000	357
Construction Inspector		20,000	20,000	0	20,000	0	286
Title and Recording		135,000	135,000	0	135,000		1,929
Soft Cost Contingency		65,000	65,000	0	65,000		929
Syndication Cost							
Syndication Fee		50,000	50,000	0		50,000	714
Developer Fees	12.5%						
Fee		2,000,000	2,000,000	0	2,000,000	0	28,571
Reserves							
Lease Up Reserve		75,000	75,000	0		75,000	1,071
Operating Reserve		432,553	432,553	0		432,553	6,179
TOTAL DEVELOPMENT COSTS		26,473,704	26,473,704	0	15,326,151	11,203,053	378,124

