

Gateway at King Beauregard Affordable Housing

Proposed Project Description

AHDC is the contract purchaser of the development rights for 74 units within the King and Beauregard Gateway mixed use development. The project is in the final stages of review by the City of Alexandria Planning and Zoning Department and is scheduled for public hearings in November 2015. In all, the project includes 352 rental units (including AHDC's 74 affordable units), a 62,500 square foot Harris Teeter grocery store, 53,000 square feet of retail, and 91,000 square feet office. The entire project will top a two level underground parking garage with over 800 parking spaces, 44 of which will be reserved for AHDC's project. In addition, the project will include a new bus rapid transit (BRT) station that will be part of the West End Transitway the City has been working over the past several years.

The affordable housing within the project will be financed, developed, and owned by AHDC. AHDC's project will be included as part of the corner building that sits at the corner of King and Beauregard Streets as depicted in Figure 1. In addition to the 74 units of affordable housing, the corner building will include approximately 35,000 square feet of retail and 22,500 square feet of office space that will be owned by the master developer. The residential lobby of the building will be placed on the interior spine road that connects Beauregard and King Street as is depicted in Figure 1.

AHDC's project will be built with high quality exterior finishes to mend seamlessly with the entire project. The project will be a four story wood frame construction built over a ground floor and concrete podium that will host the residential lobby, ground floor retail, and the office lobby. The residential units will be equipped with Energy Star kitchen appliance packages and high-efficiency individually controlled HVAC systems. Residents of the project will enjoy access to laundry

facilities strategically located on floors 2-5, a 1,350 square foot community room, an exclusive courtyard designed with soft play surfaces and equipment suitable for children. Residents of AHDC's project will also include access to all the amenities available in the market rate rental building.

Figure 1: The Gateway at King and Beauregard



Property

The property is located at the corner of King and Beauregard Streets and is approximately 5.3 acres in size. It includes the current strip retail at the corner and the old Jefferson Memorial Hospital site. The entire site is currently subject to a rezoning and preliminary development special use permit application that has been filed by the master developer 4600 King LLC, which is represented by Mr. Daniel Abramson. The master developer has a purchase option on the portion of the site that was previously

occupied by the Jefferson Memorial Hospital and long term land use agreement on the corner portion of the site that will include the affordable building.

Proposed Project Target Population:

AHDC's development will be a rental project that will target a range of affordability levels between 40% area median income (AMI) and 60% AMI. The project affordability targets will be as follows: ten percent of the units at 40 percent AMI, 40 percent of the units at 50 percent AMI, and 50 percent of the units at 60 percent AMI. The units will be a mix of efficiencies, one bedroom, two bedroom, and three bedrooms with 80 percent of the project being dedicated for two and three bedroom units. Ten percent of the units will be full accessible for tenants with disabilities. AHDC believes the proposed unit and affordability mix will assist those households in the City that are the most in need, while at the same time maximizing scoring opportunities provided in the Virginia qualified action plan. When combined with the market rate product anticipated with this development the addition of the AHDC's project will create a true mixed income, mixed use community.

Ownership Structure

AHDC is working to execute a purchase option on the approximate 92,000 square feet that will be used to construct the affordable housing portion of the project. The development rights purchased by AHDC will be subject to the terms of a 99 year ground lease, but AHDC will not be responsible for any of the payments associated with that lease. The entire corner building will part of a condominium and AHDC will have representation on the board. The ground lease will include a buyout option for the master developer, but it will be understood that AHDC would not be responsible for any additional payments beyond its upfront cost.

Financing Plan

AHDC's financing plan includes submitting an application for a nine percent low income housing tax credit allocation in March 2016. The LIHTC equity will be supplemented by a conventional first trust mortgage, City of Alexandria subordinated debt, and AHDC deferred developer fee. AHDC has also submitted a loan application to the Virginia Department of Community Development for state housing trust fund dollars. If AHDC would to be awarded state housing trust fund dollars, it would use those proceeds to further reduce the conventional debt needed finance the project hence leading to greater cash flow and potentially earlier payments on the City's loan.

Market Demand

AHDC has yet to commission a full market study to demonstrate demand for the proposed project. However, the City of Alexandria Housing Master Plan (HMP) and Beauregard Small Area Plan (BSAP) provide significant amounts of data that demonstrates a demand for the housing type and affordability levels that will be provided in this project. The HMP demonstrated the need for additional affordable units that at or below 60 percent AMI specifically those at or below 50 percent AMI. The report also showed the need for additional affordable 3BR units to support families. The BSAP provides additional data demonstrating the market demand for affordable housing in the City, specifically highlighting the need for units at or below 40 percent AMI. Half of the units within the project will be affordable to households at or below 50 percent of AMI with rents of eight of those units being reserved for

households at 40 percent of AMI. In addition, 80 percent of the units will consist of two and three bedroom units that will serve families in the City.

Community Outreach

As mentioned AHDC's project will be located within the larger mixed use project that is currently going through the City's planning process. The entire project has been presented to many of the surrounding civic associations on many occasions. The most recent community meeting with a number of Civic associations took place on September 15, 2015. AHDC representatives attended the meeting to answer any questions regarding the affordable housing component of the project. While citizens had questions about open space and traffic, the overwhelmingly majority of those in attendance were in favor of the affordable housing and the project as a whole.

Proposed Project Schedule (estimated to date):

- Completion of entitlements – November 2015
- City sign of final engineered site plan receipt – March 2016
- Submission of VHDA 9% LIHTC application – March 2016
- Award of 9% LIHTC application – June 2016
- Acquisition – September 2016
- Master developer begins construction of site work/garage – October 2016
- Completed podium turned over to AHDC – October 2017
- AHDC completes construction of affordable building – June 2018
- Complete property leasing – October 2018