

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



January 19, 2016

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

By Hand & Email

Re: Pre-development loan application

Alexandria Housing Development Corporation (AHDC) is pleased to present this application to the City of Alexandria (City) for a predevelopment loan of \$500,000. AHDC has signed a memorandum of understanding with the Carpenter's Shelter (CS) to redevelop the site of their current shelter located at 930 North Henry Street. I have attached a project summary and pro forma for your review and we will provide additional information upon your request.

The CS site is approximately .82 acres in size and located about a quarter mile from Braddock Metro Station. The current plan is to redevelop the site and create a new shelter on the ground level along with ten units of permanent supportive housing. The new shelter will be topped with 100 units of housing affordable to low and moderate income families. The entire building will be placed on top underground parking structure. The new shelter will be owned by CS and the affordable housing owned by AHDC and the each will be titled with a separate condominium unit similar to the Station at Potomac Yard.

AHDC is excited to be working with Carpenter's Shelter on this project. We feel it is a great opportunity to provide housing diversity to a neighborhood that is walkable to one of the City's metro stations and has seen a large amount of luxury rental built in the last few years. AHDC is currently planning to submit a concept one development plan to the City by the end of February with the goal of receiving entitlements for the site by the end of 2016. This schedule will allow AHDC to be ready to submit for an allocation low income housing tax credits as well as other funding sources in 2017.

If you have any questions regarding this application, please do not hesitate to contact me at 703-739-7775 or at jfrederick@housingalexandria.org.

Sincerely,

Jonathan Frederick
Executive Director

Carpenter's Shelter Redevelopment

Proposed Project Description

AHDC has signed a memorandum of understanding (MOU) with the Carpenter's Shelter (CS) to redevelop their site located at 930 N. Henry Street. The redevelopment will include a new shelter that will be owned and operated by CS topped by 100 units of affordable housing that will be owned and operated by AHDC.

AHDC plans to submit the first concept plan to the City by the end of February with the goal of gaining entitlements by the end of 2016. AHDC currently envisions serving households that make between 40% and 60% of the area median income. The project will include a community room and outdoor courtyard to serve the residents of AHDC units. It is also contemplated that ground floor will include ten units of permanent supportive housing that will help fill a huge gap in the housing continuum in the City. The ownership structure of the permanent supportive housing units is flexible to allow AHDC to be as competitive as possible for both low income housing tax credits and other funding opportunities. The current pro forma and budget provided with this application does not anticipate AHDC owning the supportive housing units. The main factor that will determine if it will be advantageous for AHDC to own the permanent supportive housing units is the availability of a rent subsidy that will allow for scoring opportunities on a LIHTC and other funding applications.

AHDC's project will be built with high quality exterior finishes to mend seamlessly with neighborhood. The project is currently contemplated as a five story wood frame construction built over a ground floor and concrete podium that will host the residential lobby and a new shelter facility. 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 community room, and exclusive courtyard

Property

The project site is walkable to the Braddock Metro located in a neighborhood directly north of the newly developed Belle Pre project. This area has experienced significant growth over the past several years as the City has been implementing the Braddock Metro Small Area Plan. The site is approximately .82 acres in size and is located that is anticipated for redevelopment in the Braddock Metro Small Area Plan

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.

Ownership Structure

AHDC has executed MOU with the Carpenter's Shelter and is beginning work on a purchase and sale agreement. The current planned ownership structure will be two separate condominium units within the new building including a new shelter facility and the AHDC housing development. AHDC will pay an acquisition cost of \$6,250,000 to Carpenter's Shelter based on an appraisal of the project. CS will use the proceeds of this sale to build a new shelter and AHDC will own outright the affordable housing project that is the subject of this application.

Financing Plan

AHDC's financing plan includes submitting an application for a nine percent low income housing tax credit allocation in March 2017. The LIHTC equity will be supplemented by a conventional first trust mortgage, City of Alexandria subordinated debt, AHDC deferred developer fee, as well as other financing sources that may be available including VA housing trust fund and federal home loan bank grants.

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) provides a significant amount 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 approved Beauregard Small Area Plan 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.

Proposed Project Schedule (estimated to date):

- Completion of entitlements – December 2016
- Submission of VHDA 9% LIHTC application – March 2017
- Award of 9% LIHTC application – June 2017
- Acquisition – September 2017
- Begin Construction – 1st quarter 2018
- Completed Construction – 3rd quarter 2019