



## Wesley Housing Development Corporation

*The door to brighter futures for over four decades*

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### **Application for Pre-Development Funds: Fairlington Presbyterian Church Affordable Housing Apartment Building**

#### **I. Project Description**

Wesley Housing Development Corporation (Wesley Housing or WHDC) proposes to purchase a portion of land currently owned by Fairlington Presbyterian Church (FPC) at 3846 King Street in order to develop a new, 75-81 unit affordable housing apartment building. The four-story building will be primarily composed of family-sized units, with four out of every five apartments containing two or three bedrooms. The project will include an interior landscaped courtyard, replacement of the existing playground, and one level of underground parking. All units will be affordable to households earning up to 60 percent of area, which is today approximately \$65,000 for a family of four.

The short-term goal of the project is to address the need for affordable rental homes in the City of Alexandria and the region more broadly. This includes the need for family-sized affordable apartment homes. Over the long term, this project will address goals that are consistently associated with the provision of affordable housing: ensuring better access to high quality jobs, education, and services; allowing households to devote monthly budgets to other, non-housing items (such as healthcare and education); and creating mixed-income neighborhoods.

Wesley Housing and FPC entered into a Letter of Intent to transfer a portion of the FPC site to Wesley Housing to develop the apartment building. The site is zoned "RA", which permits 27 dwelling units per acre of multifamily development. When considering the 2.5 acres devoted to this building and the City's Affordable Housing Multiplier, we currently estimate the site can accommodate approximately 81 units including the affordable housing density bonus.

Wesley Housing and Fairlington Presbyterian share a vested interest in together engaging with the surrounding community. A planned community engagement process is currently being developed. The first official introduction of the proposed development occurred on May 23, 2017. In an effort to most effectively engage with the neighbors and communities that surround the proposed development, a coUrbanize website was developed. This platform will enable the project team to keep the community apprised throughout the planning process. It will also be a tool in which neighbors can share their opinions – positive and constructive – as well as ask questions of the project team.

#### **II. Predevelopment Funds Use/Budget**

Predevelopment funds awarded by the City will be used for a range of predevelopment activities. These activities include but are not limited to: preparing, submitting, and administering the Development Special Use Permit Process (DSUP); preparing and submitting a Low Income Housing Tax Credit (LIHTC) application; funding the architecture and engineering work required to apply for the DSUP and LIHTC application; and legal expenses associated with the DSUP and acquisition processes.

The request is for \$400,000 of predevelopment money.

### III. Project Budget

Following is a preliminary sources and uses for the project. Please note that the preliminary loan amount of \$50,000 per unit is financially feasible, but WHDC would reserve the right to modify its request in order to maximize its tax credit score.

#### Permanent Sources

	Sources	Per Unit
Tax Credit Equity	\$20,573,440	\$253,993
First Mortgage	\$7,460,000	\$92,099
Alexandria Loan	\$4,000,000	\$49,383
Equity		\$0
Other Source		\$0
Interim Income		\$0
Deferred Fee	\$1,438,786	\$17,763
<b>Total Permanent</b>	<b>\$33,472,226</b>	<b>\$413,237</b>

#### Summarized Uses

	Uses	Per Unit
Acquisition Costs	\$3,534,425	\$43,635
Construction Costs	\$22,075,350	\$272,535
Design, Engineering and Architecture	\$1,378,768	\$17,022
Owner's Construction Costs, Professional Services and Fees	\$1,469,700	\$18,144
Financing Costs	\$1,188,373	\$14,671
Partnership Costs	\$35,000	\$432
Developer's Costs, Carrying Costs and Reserves	\$913,039	\$11,272
Developer's Fee	\$2,877,572	\$35,526
<b>Total Uses</b>	<b>\$33,472,226</b>	<b>\$413,237</b>

**Excess (GAP) Permanent** **\$0**

### IV. Project Schedule

Milestone	Date
Complete schematic design	November 2017
Submit for DSUP and City Loan	November 2017
Submit LIHTC application	March 2019
Awarded tax credits	June 2019
Start construction	June 2020
Complete construction	December 2021

### V. Organizational Structure and Capacity

Wesley Housing's connection to the City of Alexandria is significant and meaningful. First, the organization had its first offices at Fairlington Methodist Church at 3900 King Street (across the street from the FPC site discussed here). Over our 40+ year history, we have developed and managed high-quality affordable housing properties in the City. Wesley Housing has acquired and rehabilitated three Alexandria properties: ParcView Apartments (5380 Holmes Run Parkway), Beverly Park (613 Notabene Drive) and Lynhaven Apartments (3521 Commonwealth Avenue). Broadly speaking, Wesley Housing has developed and managed more than 1,600 apartment homes in the Washington, DC region.

In addition to property rehabilitations, Wesley Housing has significant experience in new construction projects like the one proposed for the FPC site. These include 79 apartments for seniors in Manassas (Quarry Station) and 88 apartments for seniors and people with disabilities in Herndon (Coppermine Place), and 193 mixed-income apartments in Arlington (Union on Queen). Wesley Housing is currently constructing a standard-setting affordable apartment building for seniors in McLean, The Fallstead at Lewinsville Center.

## **VI. Attachments**

The following items are included with this application:

- a) IRS determination letter granting organization 501(c)(3) non-profit status
- b) Employer Identification Number
- c) Articles of Incorporation and Bylaws
- d) State Corporation Commission Certificate of Good Standing
- e) CHDA Certification – *not applicable*
- f) Audited financing statements for the past year
- g) Current balance sheet/statement of financial position
- h) Last year's federal tax returns/990s