

---

**Keith Pettigrew, Chief Executive Officer**

September 27, 2019

Eric P. Keeler  
Deputy Director  
Office of Housing  
City of Alexandria  
421 King Street, Suite 200  
Alexandria, VA 22314

RE: **RAMSEY HOMES**  
Request for Additional Funds

Dear Mr. Keeler,

On behalf of the Alexandria Redevelopment and Housing Authority (ARHA), I hereby request an allocation of an additional \$1.4 million from the Housing Opportunities Loan Fund (HPF). The HPF proceeds will be used to fund additional hard and soft costs incurred during the construction of the Ramsey Homes.

#### **BACKGROUND**

The financial closing for the Ramsey Homes project was on November 28, 2018. Construction on the project commenced on approximately January 10, 2019.

The Ramsey Homes project is an affordable housing project consisting of 52 units financed with low income housing tax credits, city loans, and public housing funds. This project is being constructed on ARHA-owned land that previously housed 15 public housing units. The project is located on North Patrick Street between Wythe and Pendleton Streets. When completed the project will have 52 affordable units with one-, two- and three-bedroom units. The building will be a four-story wood construction over an underground concrete parking garage for 32 cars. The property will also include a park with passive green areas and a tot lot open to neighboring community.

#### **CLOSING AND CONSTRUCTION DELAYS**

As is the case with many construction projects in the City, the Ramsey Homes project has endured significant weather related delays. During the pre-construction phase, execution of the archeological study was impacted by severe weather. The study commenced in July 2018 and had an original duration of 20 business days. However, due to 2018 being one of the wettest years on record locally, the archeological study was not completed until October 2018. In large part, the delay of the financial closing from July to November was a direct result of our inability to produce the required archeological study. To complete the study, our General Contractor was onsite dewatering after each rain storm and

providing coordination of the excavation and related work. The unexpected costs associated with the four months of dewatering for archeology had not been accounted for in our pre-development budget.

The original closing for this project was projected for July 2018. The delay in the archeological study, however, delayed the project closing until November 2018. As the financial closing for this project was delayed, we were forced to request from VHDA an extension of our allocated tax credits. This five-month delay led to an increase in soft costs associated with legal fees, design work and special inspections and an escalation of some construction pricing that the general contractor had obtained in May 2018.

Since the commencement of construction, the weather in this region has continued to cause havoc on the schedule and, correspondingly, on the price of materials and labor. As a result, we have incurred additional unexpected costs for material cost escalations and third-party costs and fees. Together with the general contractor we have taken measures to mitigate the potential impact of future abnormal rain delays. Installation of the foundation (excavation of dirt, sheeting and shoring, and concrete pours) is approximately 80% completed. This is the critical path item most impacted by rain, so the potential for future delays, after installation of the undergrounding parking and concrete podium, greatly diminish. In addition, we reached agreement on a contract extension to May 2020. This will allow us to have greater control over our third party costs. All these factors allow us to have greater control over our site, costs and schedule.

ARHA has worked closely with the City throughout the planning and construction of Ramsey Homes. While the project has undergone many design iterations, cost escalations and some internal ARHA staff turnover, we are confident in the close working relationship with the city and are assured that the development process including budgeting with city funds, will be more streamlined in future development deals.


#### REQUEST

ARHA respectfully requests allocation of \$1.4 million in the Housing Opportunities Loan fund (HPF) to the Ramsey Homes project to fund hard and soft cost contingency.

Enclosed is a projected breakdown of costs based on current construction conditions. Please let us know if you require a more detailed outline and we will work to obtain such. If you have questions and if you require any additional supporting materials, please contact Sarah Scott at 703-549-7115 ext. 163.

Thank you for your continued support of the Ramsey Homes project.

Sincerely,



Keith Pettigrew,  
Chief Executive Officer