



## **Application for Pre-Development Funds: ParcView II Affordable Housing Apartment Building**

### **I. Project Description**

ParcView Apartments is an existing 14-story, 149-unit multifamily building in the Landmark area of Alexandria. The 3-acre site is located at 5380 Holmes Run Pkwy, in the West End neighborhood of Alexandria, within minutes of both Old Town Alexandria and Downtown Washington, D.C., and served by multiple bus lines.

The building was built in 1973 and purchased by Wesley Housing in 2006, at which point it underwent moderate renovation work, consisting primarily of upgraded finishes. This was accomplished with the assistance of a \$9 million loan from the City of Alexandria to help Wesley preserve an expiring subsidized building serving many low-income seniors. The renovation converted many 1BRs to family-sized units to better respond to City housing needs at that time.

The site includes free off-street parking, a fitness center, an in-ground pool (currently not in use), laundry facilities, and a secure entryway. The building sits on a 3-acre lot, surrounded by surface parking and the aforementioned pool.

The lot's current zoning designation allows for a 1.25 FAR, allowing for a maximum density of 164 units. Wesley Housing believes, however, that this site is a prime candidate for the new RMF zone, given its most notable characteristics – namely, an ageing affordable multi-family building, abundant yet under-utilized land, and a central and transit-rich location. Once rezoned to RMF, the ParcView site could potentially accommodate up to an additional 354 units. Wesley Housing would like to take advantage of this rezoning opportunity to redevelop the ParcView Apartments site through a master planning effort, aimed at increasing density and improving existing conditions.

Accordingly, we are proposing to erect a new affordable apartment building on the site while preserving, and eventually fully renovating, the existing one. While Wesley Housing envisions creating a vibrant community with a varied mix of family sizes, income tiers and age groups, our team is currently working to identify the ideal unit count, unit mix, and population targets based on market realities and funding opportunities. The details provided in the next sections represent extremely early projections that are likely to evolve in the future. For the purpose of these projections we are assuming feasibility on an approximate 291-unit new construction building.

The short-term goal of the project, centered around the construction of the new building on site, is to respond to the pressing need for affordable housing options in the City of Alexandria for families of any composition and individuals of all ages. Equally importantly, this initiative will be providing new housing in an equitable manner, by locating these families and individuals in a high-resource and desirable area of the City. Our 'medium-term' goal, focused on the renovation of the existing Parkview Apartments building, is to preserve the existing affordable housing stock in the City and improve an asset that Wesley believes can serve its community for many decades still. In the long run, Wesley sees this as an opportunity to strengthen its partnership with the City, help further the City's Master Plan goals of equitable development and sufficient economic opportunity, and pave the way for more high-quality affordable housing in the City and region.

### **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 entitlement and financing processes.

The request is for a \$400,000 predevelopment loan from the City of Alexandria. The remainder of the predevelopment budget will be funded from an existing Wesley line of credit that carries a higher cost of funds. The following predevelopment budget is solely for an assumed 291-unit new construction presumed 9%/4% hybrid project. It is important to note that for the purpose of the following budget, we have excluded many of the big dollar fees for Utility undergrounding, City bonds and tap fees that are usually paid very close to the construction loan closing and sometimes may be paid out of other committed sources since there are outstanding for a shorter period of time. In addition, this budget does not include the predevelopment costs associated with the renovation project for the existing 149-unit tower.

**Predevelopment Sources – 291 unit New Construction**

	<b>Sources</b>
City of Alexandria Predevelopment Loan	\$400,000
Wesley Line of Credit	\$2,325,000
<b>Total Predevelopment Sources</b>	<b>\$2,725,000</b>

**Summarized Uses**

	<b>Uses</b>
Design, Engineering and Architecture	
Phase I – Conceptual	\$75,000
Phase II – Entitlement/Schematic (to LIHTC App)	\$375,000
Phase III – DDs/CDs (to Closing)	\$1,500,000
Owner's Construction Costs, Professional Services and Fees	\$475,000
Financing Costs	\$300,000
<b>Total Uses</b>	<b>\$2,725,000</b>

**III. Project Budget**

Following is an extremely preliminary sources and uses for the 291-unit new construction project. This budget is based on Wesley prior experience and reasonable assumptions. The building program and costs need to be further developed in consultation with experienced architects, engineers, general contractors, lawyers and other consultants. This conceptual budget assumes an investment of approximately \$112,000 per unit from the City.



	Combined Totals		Phase I - 9% (145 Units)		Phase II - 4% (146 Units)	
	Sources	Per Unit				
Tax Credit Equity	\$40,440,571	\$138,971	\$24,664,765	\$170,102	\$15,775,806	\$108,053
First Mortgage	\$35,942,351	\$123,513	\$17,506,074	\$120,732	\$18,436,277	\$126,276
City of Alexandria Loan	\$32,500,000	\$111,684	\$12,500,000	\$86,207	\$20,000,000	\$136,986
Seller Note	\$0	\$0	\$0	\$0	\$0	\$0
Other Subordinate Loan(s)	\$3,200,000	\$10,997	\$1,500,000	\$10,345	\$1,700,000	\$11,644
Deferred Developer Fee	\$2,701,016	\$9,282	\$1,317,809	\$9,088	\$1,383,207	\$9,474
<b>Total Permanent</b>	<b>\$114,783,938</b>	<b>\$394,447</b>	<b>\$57,488,648</b>	<b>\$396,473</b>	<b>\$57,295,290</b>	<b>\$392,433</b>
<b>Summarized Uses</b>						
	<b>Uses</b>	<b>Per Unit</b>	<b>Uses</b>	<b>Per Unit</b>		
Acquisition Costs	\$5,345,193	\$18,368	\$ 2,663,498	\$ 18,369	\$ 2,681,695	\$ 18,368
Construction Costs	\$87,081,750	\$299,250	\$ 43,391,250	\$299,250	\$ 43,690,500	\$299,250
Architecture and Engineering	\$3,197,320	\$10,987	\$ 1,584,390	\$ 10,927	\$ 1,612,930	\$ 11,047
Owner's Construction Costs	\$6,534,540	\$22,455	\$ 3,256,110	\$ 22,456	\$ 3,278,430	\$ 22,455
Professional Services	\$364,200	\$1,252	\$ 181,920	\$ 1,255	\$ 182,280	\$ 1,248
Financing Costs	\$4,393,679	\$15,099	\$ 2,491,888	\$ 17,185	\$ 1,901,791	\$ 13,026
Partnership Costs	\$215,000	\$739	\$ 107,500	\$ 741	\$ 107,500	\$ 736
Operating and Carrying Costs	\$491,790	\$1,690	\$ 245,050	\$ 1,690	\$ 246,740	\$ 1,690
Reserves and Escrows	\$2,504,466	\$8,606	\$ 1,247,042	\$ 8,600	\$ 1,257,424	\$ 8,612
Developer's Fee	\$4,656,000	\$16,000	\$ 2,320,000	\$ 16,000	\$ 2,336,000	\$ 16,000
<b>Total Uses</b>	<b>\$114,783,938</b>	<b>\$394,447</b>	<b>\$57,488,648</b>	<b>\$396,473</b>	<b>\$57,295,290</b>	<b>\$392,433</b>
<b>Excess (GAP) Permanent</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$0)</b>	<b>(\$0)</b>	<b>\$0</b>	<b>\$0</b>

#### IV. Project Schedule

Milestone	Date
Engage A&E Team	September 2020
Complete Schematic Design	December 2020
Submit for DSUP and City Loan	December 2020
Achieve City Council Approval of DSUP and City Loan	January 2022
Submit LIHTC application	March 2022
Awarded tax credits	June 2022
Complete DD/CDs and Final Civil Engineering Plan and Permit Approvals	June 2022 – May 2023
Construction Loan Closing / Start construction	June 2023
Complete construction	December 2024

#### 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 46 year history, we have developed and managed high-quality affordable housing properties in the City. Wesley Housing has acquired and rehabilitated three Alexandria properties: the original ParcView Apartments (5380 Holmes Run Parkway), Beverly Park (613 Notabene Drive) and Lynhaven Apartments (3521 Commonwealth Avenue). Broadly speaking, Wesley Housing has developed over 2,300 units and currently manages more than 1,280 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 here. These include 79 apartments for seniors in Manassas (Quarry Station) and 88 apartments for seniors and people with disabilities in Herndon (Coppermine Place), 193 mixed-income apartments in Arlington (Union on Queen), and 82 apartments for seniors in McLean (The Fallstead). Most recently, we have broken ground on The Arden, 126 units of affordable housing



by the Huntington Metro and future home of Wesley's offices, and have completed an early acquisition closing on The Waypoint, 81 units of affordable housing in the Fairlington neighborhood.

## 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

