

August 26, 2020

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

**Re: Seminary Road 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 \$250,000 for a future project located at 4547 – 4575 Seminary Road. AHDC has signed a purchase option for the one-acre parcel located at 4555 Seminary Road and the other two parcels are owned by Sheltered Homes of Alexandria (SHA) and the City of Alexandria, respectively. We have been working with SHA over the past several months and we are currently working on a letter of intent that will formalize this partnership.

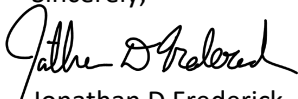
The three parcels combined equate to approximately three acres and AHDC's goal would be to consolidate the three parcels and develop a affordable multi-family building consisting of approximately 40 units along with a smaller townhouse style project that would include approximately 15 townhouse style units. The townhouse style units would be sold to first time homeowners as part of an affordable homeownership program. As part of the 15 townhouse units we would include 3 units for SHA to allow them to continue to serve their clients on the site.

AHDC is excited to continue our partnership with SHA and we think this is a great opportunity to use land already serving their clients to expand affordable housing opportunities in the City. While we are still working on a preliminary design for the project we believe a modest multi-family building along with the townhouse project will be a great complement and transition project of the neighborhood and provide a "missing middle" design and add to the City's affordable housing options.

AHDC is currently planning to submit a concept one development plan to the City this Fall with the goal of receiving entitlements for the site by the end of 2021. 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 2022.

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

Sincerely,

A handwritten signature in black ink that reads "Jonathan D Frederick".

Jonathan D Frederick  
President

CC: Eric Keeler, Deputy Director, City of Alexandria Office of Housing

## **Seminary Road Development**

### **Project Description**

AHDC is currently negotiating to acquire and redevelop three adjoining properties in the Seminary Hill neighborhood on Seminary Road between N. Pickett and N. Jordan streets. The proposed development envisions a multifamily, rental building of approximately 40 units along with approximately 15 townhomes/condominium units. AHDC plans to develop both the multifamily building and the townhomes/condos as affordable.

AHDC intends to submit a Concept 1 Plan in October with the goal of obtaining final entitlements by mid to late 2021. The development team is planning the multifamily building as three to four story, wood framed construction and the townhomes as three story, wood framed construction. No below grade parking is currently envisioned.

### **Property/Site Description**

The three parcels included in the proposed assemblage have separate owners. The combined total of the parcels is approximately 2.7 acres. AHDC plans to request a rezoning of the parcels to allow the proposed development.

#### 4547 Seminary Rd

Single-family home owned by Sheltered Homes of Alexandria, Inc. SHA currently operates a group home for intellectually and/or developmentally disabled clients. AHDC is negotiating to acquire the parcel from SHA and in exchange SHA will be conveyed ownership of multiple units within the townhomes/condo portion of the project.

#### 4555 Seminary Rd

Single-family home owned by private owner. AHDC has a purchase option agreement in place.

#### 4575 Seminary Rd

Vacant/unimproved land owned by City of Alexandria. AHDC is in discussion with the City to include this parcel with the understanding there would be no net loss in open space.

### **Ownership Structure & Financing Plan**

AHDC anticipates the multifamily building and townhomes having separate ownership structures and financing plans.

The multifamily building will be financed using the 9% Low Income Housing Tax Credit Equity program. AHDC plans to submit a 2021 tax credit application to Virginia Housing. Other anticipated sources of financing in addition to the LIHTC equity include a conventional first trust mortgage and City of Alexandria subordinated debt. AHDC will also pursue other financings sources such as the Virginia and/or National Housing Trust Funds and grants to the extent available.

Three of the townhomes are planned to be conveyed to SHA as consideration for the land value of 4547 Seminary Rd. SHA plans to utilize these units for their existing program and clients living in the single-family home currently. AHDC plans to develop and market the remaining townhomes as for-sale, affordable units. AHDC envisions financing the development costs through a conventional construction

loan, City of Alexandria subordinated debt, and will pursue other gap financing sources to the extent available.

Please refer to the attached financial summaries for preliminary estimates of the sources and uses for both the multifamily building and townhomes.

### **Target Population**

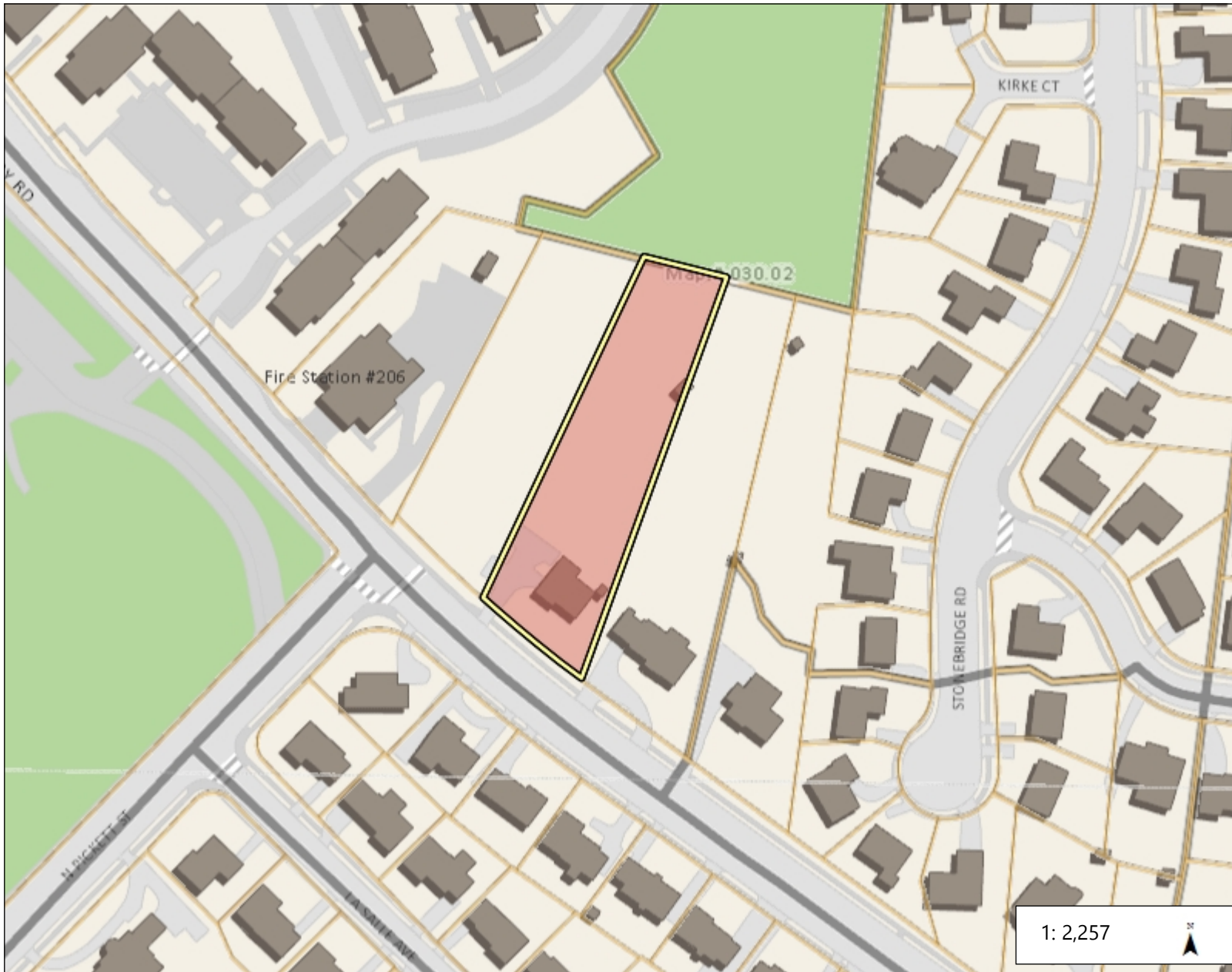
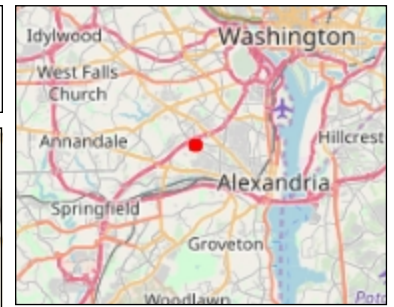
The multifamily building will target affordability levels between 40% to 60% AMI and feature a mix of 1BR, 2BR and 3BR unit types. A preliminary breakdown of the proposed mix of unit types and AMI levels is provided on the attached financial summary.

The townhome units conveyed to SHA are being planned as 4BR units. The remaining units are being planned as a mix of 2BR and 3BR units. AHDC's goal for the townhomes is to provide homeownership opportunities for households at or below 80% AMI. AHDC believes this can be accomplished through a combination of homeownership programs currently offered by The Office of Housing and Virginia Housing such as down payment assistance and first-time homebuyer loans. Please refer to the Sales Price Analysis attached for estimates of potential sales prices based on preliminary financing assumptions.

### **Project Schedule**

AHDC's preliminary project schedule is to begin construction in late 2022 with a project completion in the summer of 2024.

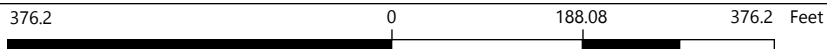
December 2021	Approval of entitlements
March 2022	Submission of 9% Tax Credit Application
July 2022	Award of 9% Tax Credits
November 2022	Acquisition Closing and Construction Start
June / July 2024	Construction Completion



Legend

- Tax Map Index
- Parcels
- Blocks
- Metro Stations
- Metro Lines**
- Blue
- Yellow
- Yellow Blue
- City Boundary
- Rail Lines
- Parcels
- Buildings
- Surface Water
- Streams
- Parks
- City of Alexandria

1: 2,257



WGS\_1984\_Web\_Mercator\_Auxiliary\_Sphere  
City of Alexandria, VA

This map is a user generated static output from an Internet mapping site and is for reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable.

**THIS MAP IS NOT TO BE USED FOR NAVIGATION**

Notes

**Seminary Rd - Multifamily Rental  
Summary  
8/24/2020**

Sources			Uses	
<b>Equity</b>			<b>Development Costs</b>	
Tax Credit Equity	8,999,100		Acquisition & Financing Costs	2,871,385
Sponsor Equity	-		Development Soft Costs	3,185,762
<b>Debt</b>			Construction Costs	10,885,076
First Trust Debt	4,150,000		Developer Fee	1,355,378
	-			
	-			
Gap Financing	4,470,811			
<b>Deferred Developer Fee</b>	50.0% 677,689			
<b>Interim Income</b>				
	-			
<b>Total Sources</b>			<b>Total Uses</b>	
	<b>\$ 18,297,600</b>		<b>\$ 18,297,600</b>	
			Surplus/(Deficit) 0	
Permanent (First Trust) Debt	\$ 4,150,000		Total Cost / Unit	457,440
Annual Debt Service	\$ 195,425		Hard Cost / Unit	33,884
Terms (Years)	35		Soft Cost / Unit	423,556
Interest Rate	3.13%			

Unit Type / Affordability Mix					
	%	No. Units		%	No. Units
Efficiency	0%	0	30% AMI	0%	0
One Bed	20%	8	40% AMI	10%	4
Two Bed	50%	20	50% AMI	40%	16
Three Bed	30%	12	60% AMI	50%	20
Four Bed	0%	0	80% AMI	0%	0
			100% AMI	0%	0
<b>Total Units</b>	<b>100%</b>	<b>40</b>	<b>Total</b>	<b>100%</b>	<b>40</b>

Project Schedule	
Development Start	11/01/22
Community Opening	06/01/24
Construction Period (Months)	18
Lease-up Period (Months)	4
Perm Loan Conversion	08/30/24

Income & Operating Expenses	
	<u>Yr 1 Stabilized</u>
<b>Revenue</b>	
Potential Gross Income	\$683,424
Less: Vacancy Allowance 5%	(34,171)
<b>Effective Gross Income</b>	<b>649,253</b>
Other Income	-
<b>Total Income</b>	<b>649,253</b>
<b>Operating Expenses</b>	
Administration	76,775
Maintenance Expenses	39,181
Supplies & Services	43,169
Utilities	73,639
Taxes & Insurance	77,837
Payroll Expenses	90,578
Contingency	-
<b>Total Operating Expenses</b>	<b>401,179</b>
Replacement Reserves	12,000
<b>Net Operating Income</b>	<b>236,074</b>
<b>DSCR</b>	<b>1.21</b>
<b>OpEx per unit (excl RR)</b>	<b>\$ 10,029</b>



**Seminary Rd - Multifamily Rental**  
**CF (Annual)**  
**8/24/2020**

	Year	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>Revenue</b>															
Rental		942,108	965,660	989,802	1,014,547	1,039,910	1,065,908	1,092,556	1,119,870	1,147,867	1,176,563	1,205,977	1,236,127	1,267,030	1,298,706
Vacancy		47,105	48,283	49,490	50,727	51,996	53,295	54,628	55,993	57,393	58,828	60,299	61,806	63,351	64,935
<b>Total Revenue</b>		<b>895,002</b>	<b>917,377</b>	<b>940,312</b>	<b>963,819</b>	<b>987,915</b>	<b>1,012,613</b>	<b>1,037,928</b>	<b>1,063,876</b>	<b>1,090,473</b>	<b>1,117,735</b>	<b>1,145,678</b>	<b>1,174,320</b>	<b>1,203,678</b>	<b>1,233,770</b>
<b>Expense</b>															
Administration		112,747	116,129	119,613	123,202	126,898	130,705	134,626	138,665	142,825	147,109	151,523	156,068	160,750	165,573
Maintenance Expenses		57,538	59,264	61,042	62,873	64,759	66,702	68,703	70,764	72,887	75,074	77,326	79,646	82,035	84,496
Supplies & Services		63,396	65,297	67,256	69,274	71,352	73,493	75,698	77,969	80,308	82,717	85,198	87,754	90,387	93,098
Utilities		108,142	111,386	114,728	118,170	121,715	125,366	129,127	133,001	136,991	141,101	145,334	149,694	154,185	158,810
Taxes & Insurance		114,306	117,735	121,267	124,905	128,652	132,512	136,487	140,582	144,799	149,143	153,618	158,226	162,973	167,862
Payroll Expenses		133,017	137,007	141,117	145,351	149,711	154,203	158,829	163,594	168,501	173,556	178,763	184,126	189,650	195,339
Reserve Replacements		17,622	18,151	18,696	19,256	19,834	20,429	21,042	21,673	22,324	22,993	23,683	24,394	25,125	25,879
<b>Total Expenses</b>		<b>606,767</b>	<b>624,970</b>	<b>643,720</b>	<b>663,031</b>	<b>682,922</b>	<b>703,410</b>	<b>724,512</b>	<b>746,247</b>	<b>768,635</b>	<b>791,694</b>	<b>815,445</b>	<b>839,908</b>	<b>865,105</b>	<b>891,058</b>
<b>Net Operating Income</b>		<b>288,235</b>	<b>292,407</b>	<b>296,592</b>	<b>300,788</b>	<b>304,993</b>	<b>309,203</b>	<b>313,416</b>	<b>317,629</b>	<b>321,838</b>	<b>326,041</b>	<b>330,234</b>	<b>334,412</b>	<b>338,573</b>	<b>342,712</b>
<b>DSCR</b>		<b>1.47</b>	<b>1.50</b>	<b>1.52</b>	<b>1.54</b>	<b>1.56</b>	<b>1.58</b>	<b>1.60</b>	<b>1.63</b>	<b>1.65</b>	<b>1.67</b>	<b>1.69</b>	<b>1.71</b>	<b>1.73</b>	<b>1.75</b>
<b>Debt</b>															
First Trust Debt		195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing		-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt</b>		<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>
<b>Net Sale Proceeds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reversion Cash Flow</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Cash Flow</b>		<b>92,809</b>	<b>96,981</b>	<b>101,167</b>	<b>105,363</b>	<b>109,568</b>	<b>113,778</b>	<b>117,991</b>	<b>122,204</b>	<b>126,413</b>	<b>130,616</b>	<b>134,808</b>	<b>138,987</b>	<b>143,148</b>	<b>147,287</b>
<b>Total Cash Flow</b>		<b>92,809</b>	<b>96,981</b>	<b>101,167</b>	<b>105,363</b>	<b>109,568</b>	<b>113,778</b>	<b>117,991</b>	<b>122,204</b>	<b>126,413</b>	<b>130,616</b>	<b>134,808</b>	<b>138,987</b>	<b>143,148</b>	<b>147,287</b>
<b>Deferred Fee Balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Residual Payment</b>		<b>46,405</b>	<b>48,491</b>	<b>50,583</b>	<b>52,681</b>	<b>54,784</b>	<b>56,889</b>	<b>58,995</b>	<b>61,102</b>	<b>63,207</b>	<b>65,308</b>	<b>67,404</b>	<b>69,494</b>	<b>71,574</b>	<b>73,643</b>

**Seminary Rd - Multifamily Rental**  
**CF (Annual)**  
**8/24/2020**

	Year	28	29	30	31	32	33	34	35	36	37	38	39	40
<b>Revenue</b>														
Rental		1,331,173	1,364,453	1,398,564	1,433,528	1,469,366	1,506,100	1,543,753	1,582,347	1,621,905	1,662,453	1,704,014	1,746,615	1,790,280
Vacancy		66,559	68,223	69,928	71,676	73,468	75,305	77,188	79,117	81,095	83,123	85,201	87,331	89,514
<b>Total Revenue</b>		<b>1,264,615</b>	<b>1,296,230</b>	<b>1,328,636</b>	<b>1,361,852</b>	<b>1,395,898</b>	<b>1,430,795</b>	<b>1,466,565</b>	<b>1,503,229</b>	<b>1,540,810</b>	<b>1,579,330</b>	<b>1,618,814</b>	<b>1,659,284</b>	<b>1,700,766</b>
<b>Expense</b>														
Administration		170,540	175,656	180,926	186,354	191,944	197,703	203,634	209,743	216,035	222,516	229,191	236,067	243,149
Maintenance Expenses		87,031	89,642	92,331	95,101	97,954	100,893	103,920	107,038	110,249	113,556	116,963	120,472	124,086
Supplies & Services		95,891	98,768	101,731	104,783	107,927	111,164	114,499	117,934	121,472	125,117	128,870	132,736	136,718
Utilities		163,574	168,482	173,536	178,742	184,104	189,628	195,316	201,176	207,211	213,427	219,830	226,425	233,218
Taxes & Insurance		172,898	178,085	183,428	188,930	194,598	200,436	206,449	212,643	219,022	225,593	232,360	239,331	246,511
Payroll Expenses		201,200	207,235	213,453	219,856	226,452	233,245	240,243	247,450	254,874	262,520	270,395	278,507	286,862
Reserve Replacements		26,655	27,455	28,279	29,127	30,001	30,901	31,828	32,783	33,766	34,779	35,823	36,897	38,004
<b>Total Expenses</b>		<b>917,790</b>	<b>945,324</b>	<b>973,684</b>	<b>1,002,894</b>	<b>1,032,981</b>	<b>1,063,970</b>	<b>1,095,889</b>	<b>1,128,766</b>	<b>1,162,629</b>	<b>1,197,508</b>	<b>1,233,433</b>	<b>1,270,436</b>	<b>1,308,549</b>
<b>Net Operating Income</b>		<b>346,825</b>	<b>350,906</b>	<b>354,952</b>	<b>358,958</b>	<b>362,917</b>	<b>366,825</b>	<b>370,676</b>	<b>374,463</b>	<b>378,181</b>	<b>381,822</b>	<b>385,380</b>	<b>388,848</b>	<b>392,217</b>
<b>DSCR</b>		<b>1.77</b>	<b>1.80</b>	<b>1.82</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Debt</b>														
First Trust Debt		195,425	195,425	195,425	195,425	195,425	195,425	195,425	195,425	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Gap Financing		-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Debt</b>		<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>195,425</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Sale Proceeds</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reversion Cash Flow</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Operating Cash Flow</b>		<b>151,399</b>	<b>155,481</b>	<b>159,527</b>	<b>163,532</b>	<b>167,492</b>	<b>171,400</b>	<b>175,251</b>	<b>179,038</b>	<b>378,181</b>	<b>381,822</b>	<b>385,380</b>	<b>388,848</b>	<b>392,217</b>
<b>Total Cash Flow</b>		<b>151,399</b>	<b>155,481</b>	<b>159,527</b>	<b>163,532</b>	<b>167,492</b>	<b>171,400</b>	<b>175,251</b>	<b>179,038</b>	<b>378,181</b>	<b>381,822</b>	<b>385,380</b>	<b>388,848</b>	<b>392,217</b>
<b>Deferred Fee Balance</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Residual Payment</b>		<b>75,700</b>	<b>77,740</b>	<b>79,763</b>	<b>81,766</b>	<b>83,746</b>	<b>85,700</b>	<b>87,625</b>	<b>89,519</b>	<b>189,091</b>	<b>190,911</b>	<b>192,690</b>	<b>194,424</b>	<b>196,108</b>



**Seminary Rd - Homeownership**

**Summary**

**8/24/2020**

Sources		Uses	
<b>Equity</b>		<b>Development Costs</b>	
Tax Credit Equity	-	Acquisition	-
Sponsor Equity		Development Soft Costs	1,117,692
		Financing Costs	262,898
<b>Debt</b>		Construction Costs	4,447,164
First Trust Debt	-	Developer Fee	300,000
	-		
	-		
Gap Financing	1,874,713		
<b>Deferred Developer Fee</b>	0.0%		
	-		
<b>Sale Proceeds</b>	4,275,000		
<b>Total Sources</b>	<b>\$ 6,149,713</b>	<b>Total Uses</b>	<b>\$ 6,127,753</b>
		Surplus/(Deficit)	21,960.0
Permanent Debt	N/A	Total Cost / Unit	408,517
Annual Debt Service	N/A	Hard Cost / Unit	296,478
Terms (Years)	N/A	Soft Cost / Unit	112,039
Interest Rate	N/A		

Unit Type / Affordability Mix					
	%	No. Units		%	No. Units
Efficiency	0%	0	30% AMI	0%	0
One Bed	0%	0	40% AMI	0%	0
Two Bed	40%	6	50% AMI	0%	0
Three Bed	40%	6	60% AMI	0%	0
Four Bed (1)	20%	3	80% AMI	100%	15
			100% AMI	0%	0
<b>Total Units</b>	<b>100%</b>	<b>15</b>	<b>Total</b>	<b>100%</b>	<b>15</b>

(1) Four BR units to be conveyed to SHA as consideration for land value of 4547 Seminary Rd

Project Schedule	
Development Start	11/01/22
Completion	06/01/24
Construction Period (Months)	18
Lease-up Period (Months)	3
Construction Loan Paydown	09/30/24

Income & Operating Expenses	
	<u>Yr 1 Stabilized</u>
<b>Revenue</b>	
Potential Gross Income	
Less: Vacancy Allowance	5%
<b>Effective Gross Income</b>	
Other Income	
<b>Total Income</b>	-
<b>Operating Expenses</b>	
Administration	
Maintenance Expenses	
Supplies & Services	
Utilities	
Taxes & Insurance	
Payroll Expenses	
Contingency	
<b>Total Operating Expenses</b>	-
Replacement Reserves	
<b>Net Operating Income</b>	-
<b>DSCR</b>	
<b>OpEx per unit (excl RR)</b>	<b>\$ -</b>

Seminary Rd - Homeownership

Sales Price Analysis

8/24/2020

Mortgage Costs				Other Monthly Costs			Total
Sale Price	Downpayment Assistance <sup>1</sup>	Mortgage Value	Monthly Mortgage Payment	Monthly Insurance <sup>2</sup>	Monthly Taxes <sup>3</sup>	Monthly HOA/Condo	Total Monthly Payment
\$275,000	\$27,500	\$247,500	\$1,043	\$30	\$259	\$300	\$1,632
\$300,000	\$30,000	\$270,000	\$1,138	\$33	\$283	\$300	\$1,753
\$325,000	\$32,500	\$292,500	\$1,233	\$35	\$306	\$300	\$1,874
\$350,000	\$35,000	\$315,000	\$1,328	\$38	\$330	\$300	\$1,996
\$375,000	\$37,500	\$337,500	\$1,423	\$41	\$353	\$300	\$2,117
\$400,000	\$40,000	\$360,000	\$1,518	\$43	\$377	\$300	\$2,238
\$425,000	\$40,000	\$385,000	\$1,623	\$46	\$400	\$300	\$2,369

Mortgage Int. Rate 3%

Insurance Rate 13%

Tax Rate \$1.13

2BR 80% AMI Payment (Monthly)<sup>4</sup> \$2,268

3BR 80% AMI Payment (Monthly)<sup>4</sup> \$2,620

<sup>1.</sup> Downpayment assistance set at 10% of downpayment, up to \$40,000 to meet Alexandria assistance maximum at 80% AMI mathematical.

<sup>2.</sup> Insurance set as percentage of every hundred dollars in sales price, divided by 12 months.

<sup>3.</sup> \$1.13 per \$100 in sale price, divided by 12 months. Alexandria tax rate is \$1.13 of assessed value, which could be higher than sales price.

<sup>4.</sup> 80% AMI monthly payments based on 2020 HUD rent limits