



# City of Alexandria

City Council Chambers at  
Del Pepper Community  
Resource Center  
4850 Mark Center Drive  
Alexandria, VA 22311

## Legislation Text

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### City of Alexandria, Virginia

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#### MEMORANDUM

**DATE:** JUNE 21, 2017

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

**FROM:** MARK B. JINKS, CITY MANAGER /s/

**DOCKET TITLE:**

Consideration of a Predevelopment Loan to Wesley Housing Development Corporation for an Affordable Housing Development on Fairlington Presbyterian Church Site.

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**ISSUE:** A predevelopment loan of up to \$400,000 to Wesley Housing Development Corporation (Wesley Housing) for an affordable rental housing project on the site of Fairlington Presbyterian Church.

**RECOMMENDATION:** That City Council approve a predevelopment loan to Wesley Housing of \$400,000 for a proposed 81-unit affordable rental housing project.

**BACKGROUND:** Wesley Housing, an established non-profit affordable housing developer with three properties in the City, has proposed to purchase a portion of land on the site owned by Fairlington Presbyterian Church (FPC) at 3846 King Street to develop a new 75 to 81 unit affordable rental building. As noted in its predevelopment loan application (Attachment 1), Wesley Housing and FPC have entered into a preliminary agreement for the land transfer. The Church and its tenant, the Potomac Crescent Waldorf School, will continue to operate on the site.

A Concept 1 application submitted to the City in March shows a four-story affordable housing rental building above one level of underground parking; the units are proposed to serve households earning up to 50% and 60% of the area median income (AMI) (Attachment 2). The planned building design is consistent with the provisions of the RA Zone while taking advantage of bonus density to maximize the potential affordable housing (Attachments 3 and 4).

Wesley Housing proposes a mix of one, two and three bedroom apartments and will include some fully accessible units. A courtyard will provide recreational and open space for residents. A playground on the site will be improved and will be accessible to residents as well. As is standard with all new affordable housing developed in the City, the apartments will be constructed to meet third-party certified energy efficiency and green building standards.

As proposed, the project meets several City housing needs articulated in the Housing Master Plan (HMP), including collaboration with nonprofit partners to leverage other resources and to maximize long term affordability, location of affordable housing development near transit, jobs and amenities, accessible housing and family-sized units. The proposed project adds an important element of committed affordable housing critical to Alexandria's goal of creating mixed-income communities in an area of the City that currently does not have a significant amount of committed affordable housing.

**DISCUSSION:** Requests for City predevelopment loan assistance are typical for affordable housing projects. While the Housing Master Plan enabled staff to administratively approve predevelopment loans for amounts totaling up to \$5,000 per unit, staff has adopted the practice of bringing large predevelopment funding requests to AHAAC and to City Council to vet proposed developments and solicit guidance early in the development process. This has also been useful in setting priorities and identifying resources that will be required to induce third party leverage and in measuring progress in meeting HMP targets by establishing a pipeline of future projects. If this project goes forward, staff recommend that it be sequenced as a City-supported competitive non-profit pool tax credit project in the 2019 competitive round.

Based on the number of affordable units anticipated to be constructed, Wesley Housing has requested \$400,000 in predevelopment loan funding to advance the design and development of the project, take it through the City development review and community outreach processes, and to secure financing, including tax credits. Funding from Wesley Housing's planned acquisition of development rights from Fairlington Presbyterian Church will be used in part towards that entity's costs for reconstruction of its parking lot and the playground improvements referenced above.

The Concept 1 plan was shared with the community in May. Wesley Housing will undertake extensive outreach to neighboring civic associations and community groups over the next several months to discuss the project and address concerns. In addition, a website, [courbanize.com/projects/fpc-housing/information](http://courbanize.com/projects/fpc-housing/information), has been established to help facilitate public engagement regarding the project.

Although projections are very preliminary at this time, the proposed total financing package of \$33.5 million currently anticipates \$20.5 million in competitive/9% low income housing tax credit equity, \$7.5 in first trust mortgage debt, a deferred developer fee of \$1.5 million, and a City permanent gap loan of around \$4 million.

**FISCAL IMPACT:** Up to \$400,000 in Housing Trust Fund to Wesley Housing, with the funds to be released as draws are submitted. Staff will return with a permanent loan request in the future.

**ATTACHMENTS:**

- (1) Wesley Housing Predevelopment Loan Request
- (2) 2017 Income and Rent Limits for 50 and 60% AMI
- (3) Preliminary rendering and elevation of proposed project
- (4) Preliminary site plan

**STAFF:**

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