

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 4, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF A RESOLUTION PROVIDING LOCAL GOVERNING BODY APPROVAL OF UP TO \$26,000,000 IN ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY (ARHA) REVENUE BONDS TO FINANCE THE ACQUISITION AND REHABILITATION OF A 285-UNIT RENTAL HOUSING PROJECT IN MANASSAS, VA

ISSUE: City Council consideration of the ARHA issuance of up to \$26,000,000 in tax-exempt revenue bonds for the below-described project.

RECOMMENDATION: That the City Council approve the attached resolution (Attachment) approving ARHA's issuance of revenue bonds for the Project.

DISCUSSION: Fairfield Village Square LP is an entity controlled by Fairfield Residential LLC ("Fairfield"), a nationally prominent developer of market-rate and workforce multifamily housing projects. Fairfield will acquire and rehabilitate Village Square Apartments, a 285 unit multifamily facility in Manassas (the "Project"). Fairfield will finance the Project with tax-exempt revenue bonds and low income housing tax credits.

Manassas does not have a Redevelopment and Housing Authority, so Fairfield has requested that ARHA act as tax-exempt revenue bond issuer for the Project. The Manassas City Council approved the Project, including ARHA's involvement, on March 14, 2005. The regulations for tax-exempt bonds require that the local governing body of the jurisdiction where the bonds are issued (the Alexandria City Council) give final approval, in addition to the required approval from the governing body of the jurisdiction where the project is to be located (Manassas City).

ARHA approved the Project and the issuance of the bonds following a public hearing on March 28, 2005. No one from the public spoke in opposition to the Project or opposed the issuance of the bonds at the public hearing.

Fairfield has requested an ARHA revenue bond issue of not to exceed \$26,000,000. The bonds will be limited obligations of ARHA payable solely from revenues derived from Fairfield and the Project. The bonds will not be obligations of the City of Alexandria, the Commonwealth of Virginia or any other political subdivision thereof. The bonds will be credit enhanced by Fannie Mae or Freddie Mac, so there will be virtually no risk that bondholders will not be paid.

FISCAL IMPACT: There is no fiscal impact to the City. Fairfield has paid ARHA its \$10,000 bond application fee. All of ARHA's costs and expenses incurred in connection with the issuance of the bonds, including its legal fees, will be paid for by Fairfield. It is expected that all of ARHA's administrative expenses incurred in connection with its ongoing bond monitoring responsibilities will be covered by the 1/8th of one percent annual administrative fee ARHA will charge Fairfield. In addition, assuming a \$26,000,000 issue, ARHA will charge bond issuance fees due and payable by Fairfield upon the closing of the bond issue.

ATTACHMENT: Proposed Council Resolution

STAFF:

Mildrilyn Stephens Davis, Director, Office of Housing

Melodie Baron, Division Chief, Landlord-Tenant Relations

**RESOLUTION
OF THE CITY COUNCIL OF THE
CITY OF ALEXANDRIA, VIRGINIA**

WHEREAS, the Alexandria Redevelopment and Housing Authority (“Authority”) has considered the application of Fairfield Village Square LP (“Borrower”) requesting the issuance of the Authority's revenue bonds in an amount not to exceed \$26,000,000 (“Bonds”) to assist in the financing of the Borrower's acquisition and rehabilitation of an approximately 285 unit multi-family residential rental housing project known as Village Square Apartments (“Project”) located at 8670 Devonshire Court, Number 204, in the City of Manassas, Virginia, and has held a public hearing in connection therewith on March 28, 2005;

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the governmental unit having jurisdiction over the issuer of private activity bonds must approve the issuance of such bonds;

WHEREAS, the Authority issues its bonds on behalf of the City of Alexandria, Virginia (“City”); and the City Council of the City of Alexandria, Virginia (“Council”) constitutes the highest elected governmental unit of the City;

WHEREAS, the Authority has recommended that the Council approve the issuance of the Bonds; and

WHEREAS, a copy of the Authority's resolution approving the issuance of the Bonds, subject to the terms to be agreed upon, and a certificate of the public hearing have been filed with the Council.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ALEXANDRIA, VIRGINIA:

1. The Council approves the issuance of the Bonds by the Authority for the benefit of the Borrower, as required by Section 147(f) of the Code, to permit the Authority to assist in the financing of the Project.

2. Neither the Commissioners of the Authority nor any person executing the Bonds shall be liable personally on the Bonds by reason of the issuance thereof. The Bonds and other obligations of the Authority (and such Bonds and obligations shall so state on their face) shall not be a debt of the City, the Commonwealth of Virginia or any political subdivision thereof (other than the Authority) and neither the City, nor the Commonwealth of Virginia or any political subdivision thereof (other than the Authority) shall be liable thereon, nor in any event shall such Bonds or obligations be payable out of any funds or properties other than those pledged therefor by the Authority. The Bonds shall not constitute an indebtedness within the meaning of any constitutional or statutory debt limitation or restriction.

3. The approval of the issuance of the Bonds does not constitute an endorsement to a prospective purchaser of the Bonds of the creditworthiness of the Project or the Borrower.

4. The Council directs the Director of Development of the Authority to request an allocation or allocations of the State Ceiling (as defined in Section 15.2-5000 of the Code of Virginia of 1950, as amended ("Virginia Code")) in accordance with the applicable provisions of the Virginia Code and any regulations or executive orders issued thereunder.

5. This resolution shall take effect immediately upon its adoption.

Adopted by the City Council of the City of Alexandria, Virginia this 12th day of April, 2005.

Clerk, City Council of the City of Alexandria,
Virginia

[SEAL]