

*City of Alexandria, Virginia*

MEMORANDUM

DATE: DECEMBER 8, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: RECEIPT OF A REQUEST FROM THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY FOR A CITY HOUSING FUNDS LOAN IN CONNECTION WITH THE REFINANCING OF 60 HOUSING UNITS AT QUAKER HILL

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**ISSUE:** Request from the Alexandria Redevelopment and Housing Authority (ARHA) for: (1) \$4.7 million in City assistance (a new \$3.5 million City housing loan (Attachments I and II)) plus deferral of an outstanding \$1.2 million loan in order for ARHA to acquire and rehabilitate 60 Quaker Hill condominiums and townhouse units and (2) real estate tax exemption for the Quaker Hill units.

**RECOMMENDATION:** That Council receive the request from ARHA for a City Housing Funds loan in connection with the real estate transaction and related refinancing of 60 units at Quaker Hill and schedule the request for Council consideration at its Saturday, December 16 public hearing meeting.

**BACKGROUND:** ARHA currently is the Managing Agent for 60 units (30 condominiums and 30 townhouse units) at Quaker Hill that were developed as some of the replacement units for the old Cameron Valley public housing development that previously occupied the Quaker Hill site. As public housing replacement units, these units have been counted under Council adopted Resolution 830 (adopted in 1983 as an update to Council's 1972 Resolution 99), which committed the City and ARHA to maintain a minimum of 1,150 public or publicly-assisted housing units, and to replace any public housing units that are lost.

Quaker Hill was financed in large part by federal Low Income Housing Tax Credits (LIHTC) and therefore (as per how the LIHTC program typically works) is owned by Cameron Valley Limited Partnership, in which ARHA once had a small ownership interest, but as of 1996 has no ownership interest. Quaker Hill has reached the end of its tax credit compliance period. The tax credit partnership (as is the norm in the LIHTC program) now wishes to sell the property, and ARHA has the right of first refusal to purchase the 60 affordable housing units it operates in Quaker Hill. ARHA wishes to purchase and rehabilitate these properties using, in part, new tax

credit financing under the LIHTC program, a conventional mortgage, as well as ARHA is requesting gap financing from City Housing Funds in order to have sufficient funds to undertake this transaction and to preserve the units as low-income rental units. In addition, although not discussed in ARHA's November 29 letter, the ARHA project pro forma (Attachment II) also assumes additional City assistance in the form of the City granting the ARHA property a tax exemption and ARHA making an annual payment in lieu of taxes equivalent to somewhat less than 50% of the current \$0.2 million per year Quaker Hill tax bill. It has not been the City's practice to exempt LIHTC funded projects from real estate taxes except for Chatham Square which is a HUD public housing related project. Quaker Hill is not now and would not be such a project in the future.

This request is before you now because the LIHTC funds will soon be competitively awarded by the Virginia Development and Housing Authority (VHDA). VHDA will begin to take applications for allocations from the new Northern Virginia Affordable Housing Preservation Pool on December 15. While ARHA has asked Council to act on their request on December 12, so that they can apply the first day applications are taken, December 15, we have been told by VHDA that date is not a deadline. It is the first date that applications can be submitted, and it is also not a first-come, first-served situation. Staff proposes that Council discuss this request at its meeting on December 12 with any loan action taken by Council at its December 16 meeting. ARHA then can make application to the VHDA on December 18, one business day after applications are first being taken by VHDA.

**DISCUSSION:** The 60 Quaker Hill units were placed in service under the LIHTC program in 1990 and 1991. The property does not receive an operating subsidy under the HUD financed public housing program. It is currently occupied by residents who have federal tenant-based Housing Choice Vouchers (also known as Section 8). The sole source of revenue for this property is its rental income, which includes both the tenant payments and voucher subsidies. In addition to the normal operating expenses for a rental property, ARHA must pay condominium/homeowner association fees for these units, which are part of the larger market rate Quaker Hill development.

Prior to ARHA's issuance of Housing Choice Vouchers to Quaker Hill residents in 1999, the property's rental income came solely from low-income resident rents equal to 30% of their adjusted income, and therefore was not sufficient to cover its expenses. Over time, ARHA made operating deficit loans from its other housing programs totaling \$6.9 million to cover Quaker Hill operating costs. ARHA's proposed \$13.7 million purchase price for the property includes sufficient monies to repay (to itself) this operating deficit loan, along with a 1998 City loan for real estate taxes (approximately \$1.2 million, including interest). The proposed project financing does not provide sufficient funds for the transaction. ARHA has requested a City loan of \$4.7 million, a net increase of \$3.5 million over the existing loan, which was due in August 2006 but which the City extended for one year to give ARHA time to work out the details of the Quaker Hill buyout. Under the ARHA proposal, the City would loan ARHA \$4.7 million, and ARHA would repay the City the \$1.2 million outstanding loan, thereby creating a net City loan increase of \$3.5 million.

While it appears that a much smaller City loan may be necessary if ARHA were to forgive some of its operating deficit loan to the property, ARHA does not consider it feasible to forgive all or a majority of its current \$6.9 million loan to the Quaker Hill project, because HUD is requiring that ARHA repay the accounts of HUD-funded projects and programs from which monies were used to cover operating deficits at Quaker Hill and other ARHA properties. ARHA also has other HUD-imposed reimbursement or repayment obligations unrelated to operating deficits. The total of these obligations (based on the ARHA staff memo of November 28 included as Attachment III) is \$6.6 million. It appears the payoff of a large portion of the \$6.9 million Quaker Hill operating deficit through the proposed refinancing will provide ARHA with most of the needed funds to comply with HUD's requirements, as ARHA does not have sufficient funds from other sources that can be used for these reimbursement and repayment purposes. However, ARHA will defer a portion of its operating deficit loan to meet the immediate cash repayment needs.

In its November 29 letter to the Mayor and Council requesting the loan, ARHA indicated that if the City does not provide the requested loan, then ARHA will refinance the property without tax credits and "remove these 60 units from publicly assisted housing inventory in Alexandria." Such an option, according to that letter, would allow ARHA to repay itself most of the \$6.9 million (and much of the funds to meet the \$6.6 million HUD obligation), but would have the consequence that it "requires that the rents be increased significantly" to "true market rents." This in effect would probably result in the current residents being forced to move. According to ARHA's pro forma, market rents for the units would be \$1,900 for the two-bedroom unit and \$2,300 for the three-bedroom unit, compared to the project's proposed affordable rents (HUD Fair Market Rents less utility allowance) of \$1,074 and \$1,301.

Attachment II is ARHA's pro forma with sources and uses as well as multiyear income and expense projections. It is our understanding that ARHA is proposing that the City loan be a residual receipts low interest loan (similar to what the City has provided to other non-profit housing projects). The cash flow that would be used to repay the City (after first paying ARHA's deferred development fee) is reflected in the attachment. Staff is seeking clarification from ARHA as to the anticipated timing of repayment of the City's loan.

It should be noted that on December 7 ARHA provided to the City an updated pro forma for Quaker Hill. While it keeps the request for City funding at \$4.7 million, it appears to project the deferral of \$2.5 million of a \$6.5 million operating deficit loan. City staff have asked ARHA staff questions related to this change in financing plans and we are awaiting their response.

The Affordable Housing Advisory Committee (AHAC) discussed ARHA's request on December 7, and took the position (on a 10-2-1 vote with the recusal of the ARHA representative) "*That AHAC supports the acquisition and preservation of the Quaker Hill units at the suggested per unit price, in order to preserve low-income rental housing, but does not approve or disapprove any of the identified funding options.*" In adopting this position, AHAC noted that the requested City subsidy is less, on a per-unit basis, than that of other recently approved projects. However, several members also expressed concern about the size of the operating deficit.

At this time, staff is not providing Council with a recommendation on whether or not to provide the loan requested by ARHA. It would be appropriate for Council and ARHA to discuss this loan request before any staff recommendation is finalized. If a loan is approved by Council, we would need to prepare detailed loan terms and conditions, and address how the City's interests could be protected. Also, with much of the proceeds of the City's loan being used to reimburse other ARHA housing projects (such as Hopkins/Tancil), it may be feasible to have some of those projects pay back some prior City loans out of the reimbursement that those other ARHA housing projects are receiving.

**ATTACHMENTS:**

Attachment I. Letter from ARHA Board Chair A. Melvin Miller

Attachment II. Project Pro Forma

Attachment III. ARHA Financial Obligations (ARHA staff memo of 11/28)

**STAFF:**

Mark Jinks, Deputy City Manager

Mildrilyn Davis, Director, Office of Housing

Helen McIlvaine, Deputy Director, Office of Housing



# Alexandria Redevelopment and Housing Authority

**Commissioners**  
A. Melvin Miller, Chairperson  
Carlyle C. Ring, Jr., Vice Chairperson  
Ruby J. Tucker

CITY MANAGER'S OFFICE  
ALEXANDRIA, VA  
Carter D. Flemming  
Fletcher S. Johnston  
Joseph B. Magan  
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600 North Fairfax Street  
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William M. Dearman, Chief Executive Officer  
(703) 549-7115  
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November 29, 2006

Honorable Mayor Euille and Members of the City Council  
301 King Street  
Alexandria, VA 22314

RE: Request for Docketing on December 12 Meeting of City Council  
City Contribution, Quaker Hill Community

Dear Mayor Euille:

I am forwarding this communication on behalf of the ARHA Board of Commissioners to notify you of a Board action that was taken at our regularly scheduled meeting on November 27, 2006. This action related to the proposed buyout of the Quaker Hill community, which community was originally financed with an allocation of Low Income Housing Tax Credits (LIHTC). The 15-year compliance period associated with the original funding expired as of June of 2006 and it is the desire of the Board to finance the buyout with a vehicle that insures that Quaker Hill remain as publicly assisted housing. In undertaking this action however, we must also insure the fiscal well being of the overall agency.

The ARHA Board of Commissioners hereby requests that the referenced matter be docketed for consideration by City Council at its legislative session on December 12, 2006. The deadline for ARHA to file an application with the Virginia Housing Development Authority ("VHDA") for LIHTC for Quaker Hill is December 15th, therefore action by the City Council is necessary at the December 12<sup>th</sup> meeting. By way of further background, on August 14<sup>th</sup>, the Board took an action approving two options for the financing of this property (see attached). The choice of options is being compelled by ARHA's need to repay other housing programs that have been required to cover the operating deficits at Quaker Hill dating back to the initial lease-up. In its role as Managing Agent for Quaker Hill, ARHA was contractually obligated to cover any operating deficits of the project, and to preserve its Right of First Refusal to purchase this community at the end of the 15-year compliance period. ARHA continued to meet this obligation even though the deficits ultimately cost ARHA in excess of \$6.9 million. This operating deficit loan of \$6.9 million has been carried on our books and is included in the

basis for the allocation of tax credits. The resulting cash out at closing to ARHA will be used to repay those programs from which it was borrowed. This is not only the desire of ARHA but also is, a mandate from HUD.

As you know, a member of the City staff and a member of the ARHA staff recently met with the state housing finance agency (VHDA) and were advised that the deadline for filing the ARHA application for LIHTC financing for Quaker Hill is December 15 and that, pursuant to the manual governing the process, a new City commitment in the form of a loan or grant would be required for favorable consideration of the ARHA application.

The expected sources of the funds required to meet the obligations of the buyout, which must be met at transfer of ownership to ARHA in order to preserve these 60 units of publicly assisted housing are as follows:

- permanent financing of \$5 million;
- deferred existing city loan of \$1.2 million (this loan will be repaid and then refinanced as a subsequent city loan);
- tax credit equity of \$8.1 million
- ARHA deferred developer fee of \$703,195;
- additional City contribution of \$3.5 million necessary for favorable consideration by VHDA and to be repaid as funds are available.

The planned uses for the funds include:

- payoff of the existing mortgage of \$3.5 million;
- the cost of the payment to the limited partners at buyout which is the product of (a) the forecasted losses to be allocated to the limited partner for such year times (b) 34% for fiscal years 1991-92, 34.5% for fiscal year 1993 and 35% for subsequent years for a total of \$2.6 million;
- payoff of the city loan of \$1.2 million;
- payoff of the ARHA \$6.9 million operating deficit loan (\$6.3 of which is mandated by HUD);
- costs related to improvements identified in a Physical Needs Assessments (marine clay related damages, replacement of polybutylene plumbing and other necessary improvements) and associated costs including relocation and construction bridge loan for a total of \$4 million;
- developer fee and other closing and soft costs of \$2.5 million.

This financing option allows ARHA to make certain that its other housing programs are made whole at the closing of the Quaker Hill LIHTC financing which HUD is demanding be done promptly and preserves these units for compliance with Resolution 830 to maintain a certain number of publicly assisted housing units in Alexandria.

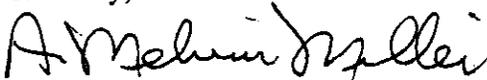
The only alternative option, and one that would remove these 60 units from publicly assisted housing inventory, utilizes ARHA governmental essential function bonds to finance the buyout. The use of this option would eliminate some of the restrictions

incurred with the use of LIHTCs and would improve the revenues for the project. This financing option *requires that the rents be increased significantly* to allow for the payoff of the debt service. This would create a revenue stream for ARHA that would be used to pay back those housing programs that contributed to the \$6.9 operating deficit loan. The major differences in this option and the option that uses LIHTCs is that, (1) while the governmental bond option would net ARHA approximately \$1 million more in income to the property over a fifteen year period, it does not have a significant payout at closing and would not allow ARHA to immediately make whole those housing programs that contributed to the operating deficits; (2) it would cause the existing resident population to seek alternative housing if they could not pay the increased rent, and (3) it would arguably not conform to the spirit of Resolution 830.

The Board has taken an action that allows Staff to apply for the LIHTC financing *contingent on the City making a commitment to the financing sufficient for favorable consideration by LIHTC* and allowing ARHA to make certain its other housing programs are made whole as required by HUD. Otherwise, we must put the second option in place to accomplish these objectives. We have been meeting with City staff in relation to this matter in an effort to work through the application process. The state financing agency has also made it clear to our collective staffs that a significant local commitment is required in order for the application to be competitive for the pool of credits for which we will be applying. According to VHDA, the City's commitment must be new low-interest loans or grants and must be included in the application, which is due on December 15<sup>th</sup>.

It is our hope that the City Council will support this request and help ARHA keep the 60 family units in the Quaker Hill community as affordable and publicly assisted housing pursuant to Resolution 830. Should you have any questions please do not hesitate to contact me. We look forward to seeing you at the December 12<sup>th</sup> Council meeting.

Sincerely,



A. Melvin Miller  
ARHA Board Chairman

cc: ARHA Board of Commissioners  
William M. Dearman, CEO  
James K. Hartmann, City Manager

Attachment(s)

(5)



# Alexandria Redevelopment and Housing Authority

## Commissioners

A. Melvin Miller, Chairperson  
Carlyle C. Ring, Jr., Vice Chairperson  
Ruby J. Tucker

Carter D. Flemming  
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William M. Dearman, Chief Executive Officer  
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To: Chairperson A. Melvin Miller and the ARHA Board of Commissioners

From: William M. Dearman, Chief Executive Officer *William M. Dearman*

Date: November 16, 2006

Re: Vote Approval Allowing Staff to Submit an Application for Low Income Housing Tax Credits for Quaker Hill

### ISSUE:

The Low Income Housing Tax Credit ("LIHTC") compliance period for the Quaker Hill community ended as of June of 2006. A Right of First Refusal document allows ARHA two (2) years to exercise its option to purchase the partnership's interest in the property for a specified purchase price.

### DISCUSSION:

Resolution 358, adopted in a special meeting of the Board on August 14<sup>th</sup> authorizes and directs the CEO to pursue two financing alternatives and to execute and deliver on behalf of the Authority such documents and to do and perform on behalf of the Authority such things and acts as shall be necessary or appropriate to pursue such financing alternatives, the final terms thereof to be approved by further resolution of the Authority before consummation of any such financing. Option 10C, as presented in the August 14<sup>th</sup> docket, includes 9% LIHTC financing.

The reason Option 10C was selected over Option 13A was because of the higher cash available to ARHA at closing. ARHA has been carrying a \$6.9 million operating deficit loan for Quaker Hill and this loan must be paid off or forgiven at closing. HUD has required that ARHA pay back certain program funds that were used to cover operating deficits therefore, it is in the best interest of ARHA to claim the operating deficit loan in the basis for the tax credit allocation in order to get the cash out at closing and pay back the funds. The alternative to the tax credit allocation is to borrow the funds to repay the program, finance the buyout of Quaker Hill with Essential Function Bonds (Option 13A) and raise the rents to true market rate rents in order to pay off the debt service. If the city is not able to fund the full commitment required to balance the sources and uses in the tax credit application proforma, the net effect would be a reduced cash at close out and ARHA would still have to borrow money to pay back other programs but would not have the capacity to pay the debt service because rents would be restricted.

Beginning in 2005, the state housing finance agency, VHDA, began offering a non-competitive pool of credits, set aside for applications proposing preservation of currently

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existing non-elderly properties providing affordable housing within specific Northern Virginia geographic locations. It was this pool of credits that ARHA intended applying for to execute financing Option 10C.

Even though staff has had numerous discussions with city staff regarding the financing for this project, to date we have not been able to secure a firm financial commitment for the project. The application for this pool of credits is the same as the application for the competitive pool of credits due annually in March with the exception of:

- Funding for the development is not feasible using tax-exempt bonds (as determined by VHDA using its normal underwriting criteria)
- Acquisition of the property cannot be accomplished within the schedule for the competitive scoring process
- At least 20% of the units must serve households at or below 50% of area median income
- The property must qualify for EarthCraft certification or earn at least 20 amenity points (excluding points for brick and bathrooms)
- One-third or more of the developer fee must be deferred
- Local funding (low-interest loans or grants) must be included in the application
- Applicants may not submit the same development for this pool and the competitive credit pool.

The application is due on December 15<sup>th</sup> and a reservation of credits will be made after an initial feasibility evaluation and is conditional upon the ARHA meeting the above requirements, plus those of the overall 9% application. If we satisfy the requirements, we would go through scoring and we could get a determination from VHDA as soon as 30 days after submission; immediately after determination, a reservation of credits would be issued.

**RECOMMENDATION:**

Vote to authorize staff to submit an application to VHDA on December 15<sup>th</sup> for an allocation of 9% credits, contingent upon the city funding the full commitment needed to cover the payoff of the outstanding operating deficit loan to ARHA. If the city is not willing to fund the full commitment, authorize staff to proceed with the Essential Function Bond issue.

**FISCAL IMPACT:**

None.



# Alexandria Redevelopment and Housing Authority

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To: Chairperson, A. Melvin Miller and the ARHA Board of Commissioners  
From: William M. Dearman, Chief Executive Officer  
Date: August 8, 2006  
Subject: Vote approval of Resolution No. 358 Authorizing Staff to Implement Financing Alternatives for Quaker Hill Buyout

**ISSUE:**

ARHA's Financial Consultant, the PFM Group, has completed the analysis of various scenarios regarding the buyout of the Quaker Hill, and as such, Staff is returning to the Board for further direction.

**DISCUSSION:**

**Financing Alternatives**

Public Financial Management, Inc. ("PFM") has selected for the Alexandria Redevelopment and Housing Authority's (the "Authority") consideration the following alternatives (the "Alternatives") for financing the acquisition and rehabilitation of the Quaker Hill project. These Alternatives were selected from among more than a dozen potential scenarios, based upon meetings with the Authority's staff. The chart below summarizes the Alternatives, selected by the PFM and ARHA and a more detailed description is provided in Attachment A.

<b>100% Restricted Scenarios</b>	
10 C	Taxable Bank Loan – FMR Rents – 9% Tax Credits – Fixed Rate – 100% @ 60% AMI
<b>No "Restrictions"</b>	
13 A	Tax Exempt (non-AMT) Bank Loan – No Tax Credits – Fixed Rate – 100% Market Rents

The Alternatives as presented are consistent in their underlying project configuration, and were used reliably as a means of selecting these two from the total group of financing structures presented. However, there are significant decisions that remain with respect to the physical plan for the project that will affect the final financing plan. These decisions are associated primarily with the rehabilitation plan for the project.

The most recent Physical Needs Assessment, prepared April 6, 2006 by EMG, cites "Currently Critical" and "Necessary" improvements in the amount of \$744,277, and also identifies an additional amount of \$2,194,964 of "Recommended" improvements for the project. How much of the total improvements are to be done, and whether they are funded from the proceeds of the financing or funded from cash flow, are key decisions for the Authority. However, these are decisions that can be accommodated within either of the viable Alternatives. Both of the Alternatives assume that only the "Currently Critical" and "Necessary" improvements are to be undertaken at the time of the buyout; it is prudent to complete all of the work, \$2,939,241 at one time and it is Staff's desire to handle the rehabilitation in this manner.



## Financing Tools

The selected Alternatives utilize one of the two financing tools:

1. **“9%” Low Income Housing Tax Credits (“9% LIHTCs”).** The current financing on Quaker Hill used this approach. The 9% LIHTC program provides 10 years of tax credits to investors in an annual amount roughly equal to 9% of the improvements on the property related to housing (land costs and any commercial uses are excluded from the tax credit basis). In the current market, this results in an equity investment equal to anywhere from approximately 50% to 70% of the total project costs.

The balance of the project costs must be provided by taxable debt from the private sector or public sources of funds. Under tax regulations, tax exempt bond financing may not be used in conjunction with 9% LIHTCs. The amount of 9% LIHTCs allowed within each state is restricted under federal law.

In Virginia, the Virginia Housing and Development Authority (VHDA) allocates 9% LIHTCs based upon applications for individual projects. VHDA provides two pools of 9% LIHTCs one reserved for a “Preservation Pool” of previously affordable units that require refinancing, and a “Competitive Pool” available to any affordable project within the Commonwealth. The entire 2006 Preservation Pool was allocated to one project, RPJ Housing Development Corporation’s Lacy Court. The application deadline for the 2007 Preservation Pool is November 2006; there are only \$ 2.2 million in credits available in this pool. Authority staff has had discussions with VHDA and has learned that there are three other projects, Quaker Hill would make four, that would be submitted for consideration in the 2007 Preservation Pool, two from RPJ, one from Wesley Housing, which is ParcView, and Quaker Hill. The Authority does not want to see ParcView jeopardized because Authority staff has been approached by Wesley Housing to issue tax exempt bonds for the acquisition / rehabilitation of the ParcView project. If the application is not successful in the 2007 Preservation Pool process, applicants are not allowed to submit in the March 2007 9% Competitive Pool for credits; and the Authority would be forced to apply 4% LIHTCs.

2. **Tax Exempt Essential Function Bonds (“Essential Function Bonds”).** These are tax exempt bonds that can be used when the project owner is a state or local government, agency or authority. These bonds do not carry any LIHTCs with them since partial ownership of the project by private investors is prohibited under the tax laws. The use of Essential Function Bonds can eliminate some of the restrictions incurred with the use of Private Activity Bonds or LIHTCs and improve the revenues of the project. They require no allocation from VHDA or any other agency, and can be issued under the Authority’s own authority, provided bond counsel opines that the use of the funds meets with the Authority’s public purpose.

**Description of Scenarios – Pros and Cons follow in Attachment A.**

## RECOMMENDATION:

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Staff recommends that the Board approve the financing alternative **Scenario 10 C (Taxable Bank Loan – FMR Rents – 9% Tax Credits – Fixed Rate – 100% @ 60% AMI)** as a first choice. If ARHA is successful in obtaining the 9% tax credits, this scenario provides the most upfront funds available to the agency after the buyout expenses have been paid. The funds available after the conclusion of the buyout can be used to

complete the additional improvements in Quaker Hill, prolonging the usefulness of the property, as well as, pay off the mortgage at Glebe Park, placing the Agency in a better position for redevelopment.

In order to implement this Alternative, Staff requests approval to amend the original contract with the PFM Group. This amendment would consist of additional services required to complete and submit the LIHTC application in order to receive an allocation of 9% tax credits from the Virginia Housing Development Authority, as well as, the PFM Group procuring the services of a Certified Public Accountant in the role of a subcontractor to the PFM Group, to provide certain certifications required by the VHDA application. The total cost of this amendment would is expected not to exceed \$ 15,000.00.

Should the Agency be unsuccessful in obtaining the 9% tax credits, then Staff recommends that financing alternative **Scenario 13 A** (*Tax Exempt (non-AMT) Bank Loan – No Tax Credits – Fixed Rate – 100% Market Rates* ) be adopted as a second choice. Although this scenario provides less upfront funds available at the conclusion of the buyout, the overall cash to the Agency over a 15-year term is significant, and this financing tool does not include as many restrictions as tax credits.

**FISCAL IMPACT:**

**Scenario 10 C**

Total cash flows to the Authority (without giving weight to the time value of money) of \$16.6 million. Additional services for Consultants are expected not to exceed \$ 5,000.00.

**Scenario 13 A**

Total cash flows to the Authority (without giving weight to the time value of money) of \$18.4 million. Total transaction costs are not expected to exceed 2% of the original aggregate principal amount of the bonds to be issued (\$250,000) and such transaction costs may be financed with the proceeds of the bond issue.

ATTACHMENT A: COMPARISON OF THE SELECTED ALTERNATIVES

**ALTERNATIVE 10 C**

*Taxable Bank Loan - FMR Rents - 9% Tax Credits - Fixed Rate - 100% @ 60% AMI*

This alternative assumes:

1. Taxable bank loan at fixed rate;
2. 9% LIHTCs;
3. Rents set at Fair Market Rent levels;
4. Income restrictions for 100% of the units at 60% of the Area Median Income.

This scenario results in:

1. Upfront cash to the Authority in an estimated amount of \$ 8.0 million.
2. Cumulative annual cash flow in the first 15 years of \$ 3.1 million.
3. Upon refinancing of the project to buyout the tax credit investors in 15 years, a net payment to the Authority of \$ 1.5 million.
4. Total cash flows to the Authority (without giving weight to the time value of money) of \$ 16.6 million.

**PROS**

1. Preservation of the project in its current use.

Approximately \$ 8.0 million of funds available at closing for additional rehab at Quaker Hill, investment in Glebe Park or any other purpose of the Authority. This is the highest amount of upfront cash of any alternatives.

2. Estimated positive cash flow throughout the life of the project.
3. Net payment to the Authority at the end of the tax credit period.
4. Ranks 2nd in overall cash flow to the Authority and 1st in upfront cash.

**CONS**

1. Very competitive to seek 9% LIHTC, and may not be successful.
2. Even if successful in obtaining 9% credits, funding would not be available until well into 2007.
3. Delay in paying off existing tax credit partners will increase the amount of payoff required.

**ALTERNATIVE 13 A**

*Tax Exempt (non-AMT) Bank Loan - No Tax Credits - Fixed Rate - 100% Market Rents*

This alternative assumes:

1. Tax exempt Essential Function Bond bank loan at a fixed rate;
2. No LIHTCs;
3. Rents set at market rents;
4. No income restrictions.

This scenario results in:

1. Upfront cash to the Authority in an estimated amount of \$ 3.8 million.
2. Cumulative annual cash flows in the first 15 years of \$ 6.0 million.
3. With no tax credits to buy out in 15 years, the Authority could refinance at that time producing a net payment to the Authority of \$ 1.7 million.
4. Total cash flows to the Authority (without giving weight to the time value of money) of \$ 18.4 million.

**PROS**

Approximately \$ 3.8 million of funds available at closing for additional rehab at Quaker Hill, investment in Glebe Park or any other purpose of the Authority. Estimated positive cash flow throughout the life of the project.

1. Net payment to the Authority at the end of tax credit period.
2. Ranks 1st in overall cash flow to the Authority.
3. Complete feasibility with no additional project owners.

**CONS**

1. Loss of 60 units of affordable housing.
2. Transition from affordable housing to market rate housing could cause financing delays.
3. Delay in paying off existing tax credit partners will increase the amount of payoff required.

RESOLUTION NO. 358

RESOLUTION OF THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY AUTHORIZING ITS CHIEF EXECUTIVE OFFICER TO PURSUE TWO FINANCING ALTERNATIVES WITH RESPECT TO THE QUAKER HILL ACQUISITION AND REHABILITATION PROJECT

WHEREAS, the Alexandria Redevelopment and Housing Authority (the "Authority") is empowered by the Virginia Housing Authorities Law, Chapter 1, Title 36, Code of Virginia of 1950, as amended (the "Act"), to finance and refinance the acquisition, rehabilitation and equipping of facilities used primarily for multi-family residences in order to promote decent, safe and sanitary housing in the Commonwealth of Virginia;

WHEREAS, beginning on June 30, 2006 the Authority has the contractual right to acquire the Quaker Hill multi-family residential community (the "Quaker Hill Buyout Option") located in the City of Alexandria, Virginia (the "City");

WHEREAS, the Authority has previously directed the Chief Executive Officer of the Authority to work with Public Financial Management, Inc. ("PFM") and McGuireWoods LLP ("McGuireWoods") to explore financing alternatives with respect to the exercise of the Quaker Hill Buyout Option, the rehabilitation of the Quaker Hill community and the possible leveraging of the Authority's ownership of the Quaker Hill community to provide financing for all or a portion of the Authority's expected contribution to a redevelopment joint venture with respect to another multi-family residential community located in the City known as Glebe Park; and

WHEREAS, PFM and the Chief Executive Officer of the Authority have recommended the Authority pursue two financing alternatives with respect to the foregoing, which alternatives are briefly described as follows:

Alternative A: The Authority obtains a short-term extension of the existing SunTrust Bank Quaker Hill mortgage financing (in an amount not to exceed \$3,750,000, for a term not to exceed 180 days at an annual interest rate not to exceed 7%) and then, in a combined fashion, publicly procures permanent taxable bank loan financing upon the most favorable terms available and seeks an allocation from the Virginia Housing Development Authority ("VHDA") to sell 9% low income housing tax credits to fund the exercise of the Quaker Hill Buyout Option, the rehabilitation of the Quaker Hill community (with up to 100% of its units restricted to residents at or below 60% of the Area Median Income) and the Glebe Park redevelopment joint venture contribution.

Alternative B: The Authority obtains the short-term SunTrust Bank Quaker Hill mortgage financing extension described above and then, if VHDA does not award the Authority the 9% low income housing tax credit allocation described above, the Authority publicly procures tax-exempt governmental bond financing upon the most favorable terms to fund the Quaker Hill Buyout Option, the rehabilitation of the Quaker Hill community (with the least restrictive affordability requirements, if any, permitted by

applicable local, state and federal law) and the Glebe Park redevelopment joint venture contribution.

**NOW, THEREFORE, BE IT RESOLVED BY THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY AS FOLLOWS:**

1. The Authority hereby finds and determines that the pursuit of the foregoing Quaker Hill Buyout Option financing alternatives, as described to the Authority by the Chief Executive Officer of the Authority, PFM and McGuireWoods, will be in furtherance of the purposes for which the Authority was organized under the Act.

2. Pursuant to Section 2.2-4303E of the Code of Virginia of 1950, as amended (the "Code"), the Authority hereby finds and determines that there is only one source practicably available for each of the following services to be procured (as more fully described in a notice to be posted in the Authority's lobby upon passage of this Resolution): (a) the extension of the SunTrust Bank Quaker Hill mortgage financing; and (b) PFM's financial advisory assistance with the Authority's application to VHDA for an allocation of 9% low income housing tax credits for the rehabilitation of the Quaker Hill community. Pursuant to Section 2.2-4303H of the Code and the Authority's November 2004 Purchasing Procedures Manual's Small Purchase Procedures, the Authority shall procure a market study acceptable to VHDA for submission in connection with the 9% low income housing tax credit allocation application described above.

3. The Authority hereby authorizes and directs the commissioners of the Authority, the Chief Executive Officer of the Authority and each other officer of the Authority to work with PFM and McGuireWoods to pursue financing Alternatives A and B as described above and to execute and deliver on behalf of the Authority such documents and to do and perform on behalf of the Authority such things and acts as shall be necessary or appropriate to pursue such financing alternatives, the final terms thereof to be approved by further resolution of the Authority before consummation of any such financing.

4. All other acts of the commissioners and the officers of the Authority that are in conformity with the purposes and intent of this Resolution, whether such acts occurred before or occur after the adoption of this Resolution, are hereby ratified, approved and confirmed.

5. This Resolution shall be effective immediately upon its passage.

**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
Cover Page**

**Major Assumptions**

Type of Ownership	ARHA	
Type of Debt	Taxable Bank Loan with 9% LIHTC	Taxable
Source of Debt	Bank loan	
Fixed or Variable	Fixed	
Underwriting Rate	7.50%	
Assumed Cash Flow Rate	7.50%	
Term	30	years
Amortization	30	years
Debt Service Coverage	1.20	
Rents	FMRs	
Restrictions	100% of units affordable at 60% of MAI	
Tax Credits	3.49%	
Tax Credit Price	100.00%	

**Construction/Rehab Assumptions Assumptions**

Construction/Rehab Begin Date	3/1/2007
Construction/Rehab Period	12 months
Construction Draw Schedule	Level monthly draws

**Comments**

This would be the permanent financing for the project

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**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
Cover Page**

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Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Sources & Uses: Bond/Loan Sizing

Sources	
Loan Proceeds (Permanent)	\$ 3,562,551
Temporary Bond Proceeds (To be Refunded)	
Deferred Operating Deficit Loan	2,455,428
Deferred City Note	1,204,300
Tax Credit Equity	\$8,514,179
Developer Cash	
Deferred Developer Fee	786,528
Additional City Contribution	8,500,000
<b>Total</b>	<b>\$ 19,987,186</b>
Tax Credit Equity during Construction	\$0
Surplus (Shortfall)	\$ (0)
Uses	
Payment to Limited Partners	\$ 2,600,927
Payoff of Bank Loan	3,440,922
Payoff of City Note	1,204,300
Payoff of Operating Deficit Loan	6,501,386
Additional Purchase Price	-
Purchase Price	13,747,735
Relocation Cost	50,000
Total Indirect Costs	100,000
Total Construction/Rehab Costs	3,507,242
Total Finance Costs	35,626
Subtotal Predevelopment Costs	15,000
Developer Fee	2,251,384
Subtotal Equity Partner Fees	50,000
Subtotal Bond Issuance Costs	100,000
Subtotal Permanent Lender Soft Costs	30,000
Soft Cost Contingency	100,000
Total Soft Costs	2,546,384
Subtotal	\$ 19,987,186
Contingency	-
<b>Total</b>	<b>\$ 19,987,186</b>

Next Year's Cash Flow	\$ 57,629
10 Year Contingency Cash Flow	\$ 2,157,436
Cash at AMTA at closing	\$ 5,547,014

Permanent Bond Amount		
Gross Rent Revenue	% of Revenue	855,000
Less: Vacancies	5.00%	(42,750)
Operating Expenses	From Operating Expense (Page 9) 42.14%	(360,275)
Property Taxes or PILOT Payments		(90,000)
<b>Net Operating Income</b>		<b>361,975</b>
Debt Service Coverage Ratio		1.20
Revenue Available for Debt Service		301,646
Total Underwriting Rate (St. Debt)		7.50%
Term of Loan (Years)		30
<b>Total Borrowing Capacity</b>		<b>3,562,551</b>

Underwriting Rate	
	Variable Rate
Credit Enhancement Fee	0.000%
Liquidity Fee	0.000%
Interest Rate Cap Imposed	0.000%
Issuer Fee	0.000%
Remarketing Fee	0.000%
Trustee Fee	0.000%
Total Annual Fees	0.000%
Assumed Bond/Loan Rate	7.500%
Underwriting Adjustment	0.000%
Less: Interest Rate Cap Exception	0.000%
<b>Total Underwriting Rate</b>	<b>7.500%</b>

Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Project Profile

Multifamily Project Profile			
Apartment Type	2BR	3BR	Totals
Square footage	910	1174	
% of total units	50%	50%	
Number of Units	30	30	60
Market Rents	\$1,900	\$2,300	
Fair Market Rents (1)	\$1,225	\$1,580	
40% of MAI - Gross Rents (2)	\$813	\$939	
50% of MAI - Gross Rents (2)	\$1,016	\$1,173	
60% of MAI - Gross Rents (2)	\$1,219	\$1,408	
50% of MAI - Rent/sq ft	\$1.12 sq ft	\$1.00 sq ft	
60% of MAI - Rent/sq ft	\$1.34 sq ft	\$1.20 sq ft	
Utility Allowance (3)	\$151	\$279	
Deducted? (Yes=1, No=0)	0	0	
Applied Utility Allowance	\$0	\$0	
Market Rents - Net Rents	\$1,900	\$2,300	
FMRs - Net Rents	\$1,074	\$1,301	
40% of MAI - Net Rents	\$813	\$939	
50% of MAI - Net Rents	\$1,016	\$1,173	
60% of MAI - Net Rents	\$1,219	\$1,408	
% of units at Market Rent	0%	0%	0%
% of units at Fair Market Rent	100%	100%	100.00%
% of units at 40% MAI	0%	0%	0.00%
% of units at 50% MAI	0%	0%	0.00%
% of units at 60% MAI	0%	0%	0.00%
Total	100%	100%	100%
Number of units a Market Rent	0	0	0
Number of units at FMR	30	30	60
Number of units at 40% MAI	0	0	0
Number of units at 50% MAI	0	0	0
Number of units at 60% MAI	0	0	0
Total	30	30	60
Monthly Market Rent Revenue	\$0	\$0	\$0
Monthly Fair Market Rent Revenue	\$32,220	\$39,030	\$71,250
Monthly Affordable Rent Revenue	\$0	\$0	\$0
Total Monthly Rent Revenue	\$32,220	\$39,030	\$71,250
Annual Rent Revenue	\$386,640	\$468,360	\$855,000
Total Annual Rent Revenue	\$855,000		

(1) Current Section 8 FMRs  
 (2) From Novogradac  
 (3) From ARHA

Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - for 4% and 9% Tax Credit Scenarios - Fixed Rate  
 Pro Forma Cost Summary (Page 1 of 2)

	Total Cost	Eligible Basis (%)	4% LIHTC Eligible Basis (\$)	9% LIHTC Eligible Basis (\$)	Notes
<b>Purchase Price</b>					
Payment to Limited Partners	\$ 2,600,927	80%	\$ 2,080,741		As estimated in Payoff to Partnership Worksheet
Payoff of Bank Loan	3,440,922	80%	2,752,738		Per June 30, 2005 Financial Statement footnotes
Payoff of City Note	1,204,500	80%	963,600		Per June 30, 2005 Financial Statement footnotes
Payoff of Operating Deficit Loan	6,501,386	80%	5,201,109		Per June 30, 2005 Financial Statement footnotes
Additional Purchase Price	-	80%	-		
<b>Total Purchase Price</b>	<b>\$ 13,747,735</b>		<b>\$ 10,998,188</b>		Assumes 80% attributable to depreciable basis, 20% to land
<b>Relocation Cost</b>	<b>\$50,000</b>	<b>100%</b>	<b>\$ 50,000</b>		
<b>Land Price</b>					
Land Price	\$ -	0%	\$ -		Implicit in purchase price
Broker comm/btle & closing	-	0%	-		N/A
<b>Total Land Price</b>	<b>\$ -</b>		<b>\$ -</b>		
<b>Indirect Costs</b>					
Building architect	\$ -	100%	\$ -	\$ -	
Landscape architect	-	100%	-	-	
Survey/Civil engineer	-	100%	-	-	
Soils engineer	-	100%	-	-	
Geotech engineer	-	100%	-	-	
Phase I/II	-	0%	-	-	
NEPA	-	0%	-	-	
Environmental (EIR) Consultant	-	0%	-	-	
Testing & inspection	-	100%	-	-	
Traffic engineer	-	0%	-	-	
Acoustical engineer	-	100%	-	-	
Other indirects	-	-	-	-	
Cost Estimator	-	100%	-	-	
Plan checker	-	100%	-	-	
Owner Rep's/Construction Manager	-	100%	-	-	
Municipal fees (Planning)	-	100%	-	-	
School district fees	-	100%	-	-	
Building Permit	-	100%	-	-	
PG &E	-	100%	-	-	
Cable/Phone	-	100%	-	-	
Water/Sewer	-	100%	-	-	
Contingency	100,000	100%	-	100,000	
<b>Total Indirect Costs</b>	<b>\$ 100,000</b>		<b>\$ -</b>	<b>\$ 100,000</b>	
<b>Hard Construction Costs</b>					
Priority 1 - Currently Critical	\$ 159,750	100%	\$ -	\$ 159,750	From Physical Needs Assessment
Priority 2	-	100%	-	-	From Physical Needs Assessment
Priority 3 - Necessary	584,527	100%	-	584,527	From Physical Needs Assessment
Priority 4 - Recommended	828,557	100%	-	828,557	Not included in this scenario
Priority 5 - Recommended	1,366,407	100%	-	1,366,407	Not included in this scenario
Additional Rehab (Update)	568,001	100%	-	568,001	
<b>Total Construction/Rehab Costs</b>	<b>\$ 3,507,242</b>		<b>\$ -</b>	<b>\$ 3,507,242</b>	
<b>Finance Costs</b>					
Construction Loan Fee	\$ -	100%	\$ -	\$ -	
Permanent Loan Fee	35,626	0%	-	-	1% of Bond Amount
Permanent Bond Interest Expense	-	0%	-	-	From Interest Calculation Page (page 7)
Temporary Bond Interest Expense	-	0%	-	-	From Interest Calculation Page (page 7)
Post construction interest	-	0%	-	-	
Operating revenue	-	0%	-	-	Assume Break Even
Operating expenses	-	0%	-	-	Assume Break Even
<b>Total Finance Costs</b>	<b>\$ 35,626</b>		<b>\$ -</b>	<b>\$ -</b>	



Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 4% and 9% Tax Credits - Fixed Rate  
 Tax Credit Equity & Mortgage Computation

	4% Tax Credit		9% Tax Credit		Combined Tax Credit	
	60	Units	60	Units	60	Units
	Tax Credit Equity	\$/Unit	Tax Credit Equity	\$/Unit	Tax Credit Equity	\$/Unit
Total Eligible Basis	11,048,188	184,136	\$ 5,716,826	\$95,280	\$ 16,765,014	\$279,417
Applicable %	100.00%		100.00%		100.00%	
Qualified Basis	11,048,188	184,136	\$ 5,716,826	\$95,280	\$ 16,765,014	\$279,417
Limited Partners %	99.99%		99.99%		99.99%	
Qualified Basis	11,047,083	184,118	\$ 5,716,254	\$95,271	\$ 16,763,337	\$279,389
Tax Credit Rate <i>(see Narrative as of 10/04/2006)</i>	3.49%		8.15%		11.64%	
Annual Credit	385,543	6,426	\$ 465,875	\$7,765	\$ 851,418	\$14,190
10 Years	3,855,432	64,257	\$ 4,658,747	\$77,646	\$ 8,514,179	\$141,903
DDA	1.00		1.00		1.00	
Credit Allocation:	3,855,432	64,257	\$ 4,658,747	\$77,646	\$ 8,514,179	\$141,903
Annual Credit	385,543	6,426	\$ 465,875	\$7,765	\$ 851,418	\$14,190
Gross Proceeds	3,855,432	64,257	\$ 4,658,747	\$77,646	\$ 8,514,179	\$141,903
Syndication Payout %	100.00%		100.00%		100.00%	
Syndication Payout	3,855,432	64,257	\$ 4,658,747	\$77,646	\$ 8,514,179	\$141,903
Cost of Syndication %					0	
Cost of Syndication					0	
Net 9% LIHTC Proceeds	\$0	0	\$4,658,747	77,646	\$4,658,747	77,646
Net 4% LIHTC Proceeds	\$3,855,432	64,257	\$0	\$0	\$3,855,432	\$64,257
<b>Total</b>	<b>\$3,855,432</b>	<b>64,257</b>	<b>\$4,658,747</b>	<b>\$77,646</b>	<b>\$8,514,179</b>	<b>\$141,903</b>

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**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Payoff to Partnership**

Capital Account per June 2005 tax returns	\$	4,280,886
Annual Reduction in Capital Account per June 2005 returns		274,703
Estimated monthly reduction in Capital Account		22,892
Capital Account at June 2005	\$	4,280,886
Additional reduction in Capital Account through June 2007		549,406
Total Capital Account	\$	4,830,292
Tax Rate		35.00%
Payoff to Partnership at June 2007	\$	2,600,927
Estimated Monthly Increment to Payoff	\$	12,327

Cap Account per Tax Returns as of 06/2005  
 Partnership Payoff as of 06/2007  
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**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
Estimate of Operating Deficit Loan Balance**

Loan Balance at June 2005	\$ 6,437,016	Per Financial Statements
Monthly interest on Loan	\$ 2,682	At 0.5% per annum
Balance at June 2005	\$ 6,437,016	
Interest through June 2007	<u>64,370</u>	
Total due at June 2007	\$ 6,501,386	

**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Rehabilitation Costs**

	<u>Amount</u>	<u>Cumulative Total</u>
Priority 1 - Currently Critical	\$ 159,750	\$ 159,750
Priority 2	-	159,750
Priority 3 - Necessary	584,527	744,277
Priority 4 - Recommended	828,557	1,572,834
Priority 5 - Recommended	1,366,407	2,939,241
Additional Rehab (Update)	<u>568,001</u>	
Total	\$ 3,507,242	

**Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Interest During Construction and Operating Expenses**

Par		
Interest Rate	7.50%	annual
Construction Period	<u>0</u>	months
	0.00	

Par	0.00	
Interest Rate	7.50%	annual
Capitalization period	<u>0</u>	months
	0.00	

Note: Assumes that an additional amount of bonds are issued to meet the 50% test.

**Operating Expenses 2005**

(times inflation factor)

	Total	60 Total/Unit	Units
Total Utilities		205	change regardless
Total Maintenance and Repair	5,000	83	
Total Insurance, Interest	335,901	5,598	
<b>Total</b>	<b>\$ 353,211</b>	<b>\$5,887</b>	
Actual Expenses x Inflation	1.02	\$5,887	<b>\$6,005</b>
			<b>\$360,275</b>

**Property Taxes 2005**

(times inflation factor)

Property taxes 2005	\$ 185,553
Inflation factor	<u>1.02</u>
Property taxes 2006	\$ 189,264
Less: Adjustment for PILOT	<u>(99,264)</u>
<b>Adjusted Property Tax Expense</b>	<b>\$ 90,000</b>

Alexandria Redevelopment & Housing Authority - Quaker Hill Financing  
 Bank Loan - FMRs - 9% Tax Credits - Fixed Rate - Scenario 10C  
 Cash Flows

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Market Rents	\$ 855,040	\$ 880,650	\$ 907,070	\$ 934,292	\$ 962,310	\$ 991,179	\$ 1,020,015	\$ 1,051,542	\$ 1,083,688	\$ 1,115,581
Fair Market Rents										
Adjustable Rents										
Subtotal Rents	\$ 855,040	\$ 880,650	\$ 907,070	\$ 934,292	\$ 962,310	\$ 991,179	\$ 1,020,015	\$ 1,051,542	\$ 1,083,688	\$ 1,115,581
Less: Vacancies	(52,250)	(53,033)	(53,353)	(54,715)	(56,116)	(57,550)	(59,020)	(60,527)	(62,070)	(63,649)
Net Rents	\$ 802,790	\$ 827,617	\$ 853,717	\$ 879,577	\$ 906,194	\$ 933,629	\$ 960,995	\$ 991,015	\$ 1,021,618	\$ 1,051,932
Less: Operating Expenses	(369,275)	(371,043)	(372,316)	(373,692)	(375,067)	(376,442)	(377,817)	(379,192)	(380,567)	(381,942)
Less: Property Taxes (1)	(22,708)	(22,881)	(23,054)	(23,227)	(23,400)	(23,573)	(23,746)	(23,919)	(24,092)	(24,265)
Net Operating Income (NOI)	\$ 410,807	\$ 433,693	\$ 458,347	\$ 482,663	\$ 507,727	\$ 532,791	\$ 557,855	\$ 582,919	\$ 607,983	\$ 633,047
Senior Debt Service	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)
Cash Flow	\$ (90,839)	\$ (67,953)	\$ (43,299)	\$ (19,983)	\$ 6,081	\$ 31,145	\$ 56,209	\$ 81,273	\$ 106,337	\$ 131,401
Cumulative Cash Flow	\$ 57,429	\$ 126,036	\$ 205,545	\$ 295,489	\$ 395,433	\$ 495,377	\$ 595,321	\$ 695,265	\$ 795,209	\$ 895,153

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Market Rents	\$ 1,140,049	\$ 1,183,520	\$ 1,227,000	\$ 1,270,480	\$ 1,313,960	\$ 1,357,440	\$ 1,400,920	\$ 1,444,400	\$ 1,487,880	\$ 1,531,360
Fair Market Rents										
Adjustable Rents										
Subtotal Rents	\$ 1,140,049	\$ 1,183,520	\$ 1,227,000	\$ 1,270,480	\$ 1,313,960	\$ 1,357,440	\$ 1,400,920	\$ 1,444,400	\$ 1,487,880	\$ 1,531,360
Less: Vacancies	(52,452)	(53,176)	(53,900)	(54,624)	(55,348)	(56,072)	(56,796)	(57,520)	(58,244)	(58,968)
Net Rents	\$ 1,087,597	\$ 1,130,344	\$ 1,173,100	\$ 1,215,856	\$ 1,258,612	\$ 1,301,368	\$ 1,344,124	\$ 1,386,880	\$ 1,429,636	\$ 1,472,392
Less: Operating Expenses	(484,180)	(498,705)	(513,230)	(527,755)	(542,280)	(556,805)	(571,330)	(585,855)	(599,380)	(613,905)
Less: Property Taxes (1)	(24,580)	(24,819)	(25,058)	(25,297)	(25,536)	(25,775)	(26,014)	(26,253)	(26,492)	(26,731)
Net Operating Income (NOI)	\$ 578,837	\$ 606,820	\$ 634,812	\$ 662,805	\$ 690,797	\$ 718,790	\$ 746,782	\$ 774,775	\$ 802,768	\$ 830,760
Senior Debt Service	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)	(501,646)
Cash Flow	\$ 77,191	\$ 105,174	\$ 133,166	\$ 161,159	\$ 189,151	\$ 217,144	\$ 245,136	\$ 273,129	\$ 301,121	\$ 329,114
Cumulative Cash Flow	\$ 1,263,416	\$ 1,479,090	\$ 1,694,764	\$ 1,910,438	\$ 2,126,112	\$ 2,341,786	\$ 2,557,460	\$ 2,773,134	\$ 2,988,808	\$ 3,204,482

(1) Based upon the calculated 2015 Adjusted Property Tax with an assumed property tax level of 3.00%.

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# Memo

**Date:** November 28, 2006  
**To:** Mildrilyn Davis, Office of Housing  
**From:** Derek McDaniel, Director of Finance  
**RE:** ARHA Financial Obligations

As requested, below is a summary of the Authority's obligations to HUD and ARHA's debt service which continues to have a significant impact on our budget.

<u>Summary of ARHA's Financial Liabilities</u>	<u>HUD Required Reimbursement</u>
1. Repayment due HUD for Hopkins Tancil unauthorized loans	3,853,218
2. Repayment due HUD for Hopkins Tancil residual receipts	433,535
3. 1999 Comp Grant funds recaptured by HUD	1,281,000
4. Liability due HUD for 2002/2003 double subsidy	561,000
5. Repayment due HUD for HCVP	498,000
Totals	<u><u>6,626,753</u></u>

17  
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12-12-06



<tandysue@comcast.net>

12/11/2006 04:03 PM

Please respond to  
<tandysue@comcast.net>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>,  
cc  
bcc  
Subject COA Contact Us: Preserve low income housing

**COA Contact Us: Preserve low income housing**

Time: [Mon Dec 11, 2006 16:03:22] IP Address: [69.255.102.76]

Response requested:

**First Name:** Tandy  
**Last Name:** Martin  
**Street Address:** 1507 Dogwood Drive  
**City:** Alexandria  
**State:** VA  
**Zip:** 22302  
**Phone:** 703 861-2990  
**Email Address:** tandysue@comcast.net  
**Subject:** Preserve low income housing

**Comments:**

On Tuesday evening Dec 12, I urge you to preserve Alexandria's assistance to low income families by preserving the 60 units of affordable publicly-assisted housing at Quaker Hill by supporting the buyout from the tax credit investor through a city loan commitment essential to the refinancing through the LIHTC program of VHDA for the buyout at City Council's Dec 12 meeting. Public housing is too scarce in the high priced Alexandria housing market to lose the opportunity to preserve these units for low-income families



<kvanroekel@jsi.com>

12/11/2006 02:45 PM

Please respond to  
<kvanroekel@jsi.com>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>,  
<timothylovain@aol.com>, <councilmangaines@aol.com>,  
<council@krupicka.com>, <delpepper@aol.com>,

cc

bcc

Subject COA Contact Us: Vote

17  
-----  
12-12-06

## COA Contact Us: Vote

Time: [Mon Dec 11, 2006 14:45:35] IP Address: [199.98.226.2]

Response requested:

**First Name:** Karen  
**Last Name:** van Roekel  
**Street Address:** 7163 Lake Cove Drive  
**City:** Alexandria  
**State:** VA  
**Zip:** 22315  
**Phone:** (703) 719-7163  
**Email Address:** kvanroekel@jsi.com  
**Subject:** Vote

**Comments:**

On Tuesday evening Dec 12, I urge you to preserve Alexandria's assistance to low income families by preserving the 60 units of affordable publicly-assisted housing at Quaker Hill by supporting the buyout from the tax credit investor through a city loan commitment essential to the refinancing through the LIHTC program of VHDA for the buyout at City Council's Dec 12 meeting. Public housing is too scarce in the high priced Alexandria housing market to lose the opportunity to preserve these units for low-income families.

Thank you,  
Karen Van Roekel

17  
12-12-06



<ajs333@aol.com>  
12/11/2006 01:42 PM  
Please respond to  
<ajs333@aol.com>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>, cc bcc  
Subject COA Contact Us: Request for Housing Fund Loan by ARHA

**COA Contact Us: Request for Housing Fund Loan by ARHA**

Time: [Mon Dec 11, 2006 13:42:23] IP Address: [66.28.47.100]

Response requested:

**First Name:** Alan  
**Last Name:** Schneider  
**Street Address:** 3608 Orlando Place  
**City:** Alexandria  
**State:** VA  
**Zip:** 22305  
**Phone:** 2024894831  
**Email Address:** ajs333@aol.com

**Subject:** Request for Housing Fund Loan by ARHA  
On Tuesday evening Dec 12, I urge you to uphold the highest moral, ethical, and compassion standards for those in our community who are less fortunate and need our help.

**Comments:** Please preserve the 60 units of affordable publicly-assisted housing at Quaker Hill by offering a city loan commitment essential to cost effective financing and which city support provides consideration for other funding assistance.

We need to preserve these scarce units for our hard working and qualified low income families.

I'll be looking for your support on this measure.

Thank you.  
Alan Schneider

17  
12-12-06



<pooleplace@cox.net>

12/11/2006 10:47 PM

Please respond to  
<pooleplace@cox.net>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>,  
<timothylovain@aol.com>, <councilmangaines@aol.com>,  
<council@krupicka.com>, <delpepper@aol.com>,

cc

bcc

Subject COA Contact Us: Low Income Housing, Dec. 12 Meeting

**COA Contact Us: Low Income Housing, Dec. 12 Meeting**

Time: [Mon Dec 11, 2006 22:47:03] IP Address: [72.205.24.117]

Response requested:

**First Name:** Chris  
**Last Name:** Poole  
**Street Address:** 7822 Desiree Street  
**City:** Alexandria  
**State:** VA  
**Zip:** 22315  
**Phone:** 703-339-3560  
**Email Address:** pooleplace@cox.net  
**Subject:** Low Income Housing, Dec. 12 Meeting  
Tomorrow evening, Dec 12, I urge you to preserve Alexandria's assistance to low income families in the 60 units of affordable publicly-assisted housing at Quaker Hill by supporting the buyout from the tax credit investor through a city loan commitment necessary to refinancing through LIHTC of VHDA for the buyout at the City Council meeting. Public housing is too scarce in the high priced Alexandria housing market to forego this opportunity for low-income families.  
**Comments:**

17  
12-12-06



<tgrinders@aol.com>

12/11/2006 09:16 PM

Please respond to  
<tgrinders@aol.com>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>

cc

bcc

Subject COA Contact Us: Affordable Housing in Alexandria

## COA Contact Us: Affordable Housing in Alexandria

Time: [Mon Dec 11, 2006 21:16:15] IP Address: [64.12.116.66]

Response requested:

**First Name:** Terry  
**Last Name:** Grindstaff  
**Street Address:** 1727 Oakcrest Drive  
**City:** Alexandria  
**State:** VA  
**Zip:** 22302  
**Phone:** 703-998-4122  
**Email Address:** tgrinders@aol.com

**Subject:** Affordable Housing in Alexandria

**Comments:** On Tuesday evening December 12, I urge you to preserve Alexandria's assistance to low income families by preserving the 60 units of affordable publicly-assisted housing at Quaker Hill. Supporting the buyout from the tax credit investor through a city loan commitment is essential to the refinancing through the LIHTC program of VHDA. You will consider this buyout at the City Council's December 12 meeting. Public housing is too scarce in the high priced Alexandria housing market to lose the opportunity to preserve these units for low-income families.

Keep Alexandria a diversified and caring community.

Terry Grindstaff

17  
12-12-06



<pnv@alum.mit.edu>

12/10/2006 07:58 PM

Please respond to  
<pnv@alum.mit.edu>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>

cc

bcc

Subject COA Contact Us: ARHA Loan

**COA Contact Us: ARHA Loan**

Time: [Sun Dec 10, 2006 19:58:28] IP Address: [68.166.64.235]

Response requested:

**First Name:** Paul  
**Last Name:** Van de Water  
**Street Address:** 2917 Richmond Lane  
**City:** Alexandria  
**State:** VA  
**Zip:** 22305  
**Phone:** 703-548-8868  
**Email Address:** pnv@alum.mit.edu  
**Subject:** ARHA Loan

**Comments:** I urge you to preserve the 60 units of affordable publicly assisted housing at Quaker Hill by supporting the loan request from ARHA. As you know, this loan is essential to obtain refinancing through the low-income housing tax credit program of the Virginia Housing Development Authority. Alexandria should not lose this opportunity to preserve scarce units of affordable housing for low-income families.

17  
12-12-06



<rhcavusa@aol.com>

12/12/2006 12:33 PM

Please respond to  
<rhcavusa@aol.com>

To <alexvamayor@aol.com>, <macdonaldcouncil@msn.com>, <timothylovain@aol.com>, <councilmangaines@aol.com>, <council@krupicka.com>, <delpepper@aol.com>

cc

bcc

Subject COA Contact Us: Affordable Housing

**COA Contact Us: Affordable Housing**

Time: [Tue Dec 12, 2006 12:33:11] IP Address: [205.188.116.137]

Response requested:

**First Name:** Henri  
**Last Name:** Rush  
**Street Address:** 200 East Braddock Road  
**City:** Alexandria  
**State:** Virginia  
**Zip:** 22301-2116  
**Phone:** 703-836-1935  
**Email Address:** rhcavusa@aol.com  
**Subject:** Affordable Housing

**Comments:** Please vote on Tuesday evening, December 12, to preserve the 60 units of affordable publicly assisted housing at Quaker Hill. I understand that what is required is that you support the buyout from the tax credit investor through a city loan commitment necessary to effect the refinancing through the LIHTC program of VHDA. I urge you to do so. Affordable Housing is too scarce in high priced Alexandria to lose the opportunity to keep these units available for service personnel who work in our City  
Thank you.

Henri F. Rush