EXHIBIT NO. 1

29
9-12-06

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 7, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: CONSIDERATION OF FUNDING APPLICATION FOR THE ACQUISITION/REHABILITATION OF PARCVIEW APARTMENTS BY WESLEY HOUSING DEVELOPMENT CORPORATION

ISSUE: Consideration of a funding application by Wesley Housing Development Corporation (WHDC) for acquisition and rehabilitation of ParcView Apartments (formerly Landmark Apartments) located at 5380 Holmes Run Parkway for preservation of 149 affordable housing units.

RECOMMENDATION: That the City Council approve a loan of $9.0 million toward the total purchase price of $24.1 million to the non-profit Wesley Housing Development Corporation for the acquisition and rehabilitation of ParcView Apartments, as follows:

1. The loan would be an interest-only loan at 2 percent interest, with the interest (and, when possible, principal) to be repaid on a residual receipts basis once the deferred developer's fee earned by WHDC has been fully paid, but beginning not later than eleven years after permanent financing has closed.

2. For the length of WHDC's ownership, but in no event less than 40 years, 80% (120) of the property's 149 units shall remain affordable to households at 60% of the area median income.

3. In the event WHDC elects to sell the property, WHDC shall offer the right of first refusal to the City, or its designee.

4. Indicate Council's intent to raise the affordable housing general obligation bond authorization funded from the one-cent in dedicated real estate taxes from the previously authorized $22.1 million by $0.2 million to $22.3 million.

5. The loan would be funded by a combination of different City housing fund sources as detailed in this report.

BACKGROUND: Wesley Housing Development Corporation, founded in 1974, is a 501(c)(3) charitable non-profit organization whose mission is to develop and preserve affordable housing for limited income individuals and families and to strengthen communities in the Washington units of affordable housing in 20 different communities. Wesley currently owns and operates two affordable rental properties in the City, the 28-unit Lynhaven Apartments on Commonwealth Avenue, and the 41-unit Beverly Park Apartments on Notabene Drive. The City provided loans to WHDC to assist with its acquisition of both properties.

On June 27, 2006, the City Council considered a recommendation for funding of WHDC's purchase of ParcView Apartments, including the potential requirement that the amount of the City general obligation bonds allocated for affordable housing might need to be increased (Attachment I), and on that date Council gave its preliminary approval of a loan of up to $9.0 million. Since June, WHDC has completed due diligence, provided a non-refundable deposit of $500,000, and has confirmed that the conversion of some one bedroom units into family-sized units is structurally and economically feasible. The organization has qualified for 4% tax credits from the Virginia Housing Development Authority (VHDA), secured a tax credit investor, and will have its applications for tax-exempt bonds and SPARC funding (which have been underwritten and recommended by VHDA staff) considered by the VHDA Board on September 19.

Wesley's discussions with the project architect and structural engineer indicate that it will be possible to undertake an even more efficient strategy to convert some existing one-bedroom units into family-sized units than was originally presented to Council in June. WHDC's current proposal (Attachment II) will yield 149 units out of the existing 159 units, with a resulting mix of 75 one-bedroom units and 74 two-bedroom units. WHDC still plans to retain 80% of the units as affordable, with a total of 120 units (rather than the previous 117) committed as affordable for 40 years or more.

Wesley's estimate of rehabilitation hard costs, including unit conversions, is around $4.8 million. WHDC's anticipated total development cost (including financing and soft costs as well as rehabilitation) is approximately $33.5 million, with proposed financing to include approximately $12.0 million in VHDA tax-exempt bonds, nearly $8.0 million in 4% low income housing tax credit program equity, other VHDA loans of approximately $3.5 million, and a deferred developers fee of just over $1.0 million. To close the funding gap, the City is asked to provide a loan of $9.0 million to complete the funding package. The City's loan is equivalent to approximately $60,400 per completed unit or $75,000 per affordable unit.

WHDC will maintain 80% of the units as affordable (i.e., at 60% of median income or lower) and will ensure that current residents with Section 8 vouchers may remain at the property at affordable rent levels as well as preserve a significant number of units overall as affordable for 40 years or more. By retaining a 20% market component, dislocation of current over-income residents is unlikely. Wesley plans to close on the purchase by the end of October.

The City's Affordable Housing Advisory Committee (AHAC) recommended, on a preliminary basis in June, that this loan to WHDC be approved by Council. AHAC will be meeting on September 8 to make its final loan recommendation to Council.

FISCAL IMPACT: The required City loan of $9.0 million for the purchase of ParcView is part of a $33.5 million funding package required for WHDC to finance the acquisition and rehabilitation and conversion of the property and is consistent with the City's practice of leveraging its affordable housing funds by requiring loan applicants to maximize all outside funding sources to the greatest degree possible.

It is proposed that the $9.0 million City loan to WHDC be funded in the following manner:

General Obligation Bonds	$2,161,243 (including new $200,000 authorization)
Dedicated Real Estate Tax	4,414,679
General Fund HOF	360,230
Housing Trust Fund (HOF)	400,000
Recordation Tax	109,815
ARHA Chatham Square Loan Repayments	
CIP (FY 06)	93,363
CIP (FY 07)	1,156,637
HTF (FY 07)	304,033
	$9,000,000

As indicated in Attachment III, the $9.0 million loan to WHDC will use nearly all of the remaining balances of housing funds programmed through FY 2007 for the preservation of affordable rental housing. Attachment III provides a sources and uses table which shows how $35.6 million in funds have been allocated in FY 2006 and FY 2007. It should be noted that the largest project, Gunston Hall with a planned initial acquisition loan of $12.8 million, is currently the subject of litigation as the owners of the property have recently appealed to Circuit Court the decision of the Board of Zoning Appeals (BZA) which upheld the Director of Planning and Zoning's determination that the project could not be demolished. While the City believes that it will prevail in the forthcoming litigation, if and when that occurs is not known. Given Council's prior discussions about utilizing some open space funds for the Gunston Hall acquisition, it is proposed that at least $1.0 million in open space funds be planned to be used for the Gunston Hall acquisition.

As indicated to Council last June, given the prior allocations of affordable housing funds for Gunston Hall ($12.8 million), Arbelo ($3.5 million), Lacy Court ($6.6 million[1]), Birmingham Greens ($0.4 million), the anticipated allocation to Harambee ($0.8) million, the allocation of this proposed $9.0 million for the ParcView project, coupled with $1.6 million in debt service payments on the affordable housing general obligation bonds recently sold by the City, results in insufficient existing funds to provide the $9.0 million loan to Wesley. The City's housing funds which can be applied to this project is about $0.2 million short. While the Gunston Hall project is not a certainty due to the appeal of the City's "cannot demolish" decision, in order to assure the funds are available if Gunston Hall is able to be saved and go forward, it is necessary to

[1]Comprised of $4.8 million of City funds and $1.8 million of federal HOME monies.

consider the City funds for Gunston Hall allocated. The amount allocated for Gunston Hall will be able to be reduced to some degree by the application of open space funds.

In order to increase the amount of available funds to be able to fully fund the $9.0 million requested loan for the ParcView project, it would be necessary to increase Council's prior $22.1 million affordable housing bond authorization by about $0.2 million. This does not fully leverage by bond financing the one-cent in real estate revenues dedicated for affordable housing. It is estimated that the one-cent which currently generates $3.3 million annually in real estate tax could support about $30 million or about $7.9 million more than Council's prior authorization of $22.1 million. Therefore, if Council approves a $9.0 million loan to Wesley (which will require $0.2 million in additional bond authorization), there will only be $7.7 million left to allocate to future projects and the one-cent will have been fully utilized.

With the sources of City funds in FY 2007 to preserve affordable housing largely already committed, it will be necessary for the Workforce and Affordable Housing Work Group and City staff to revisit the issue of the amount of the one-cent in real estate taxes dedicated to affordable housing which should be leveraged with the issuance of additional general obligation bond funds above the $22.3 million previously or proposed at this time authorized by City Council.

ATTACHMENTS:
Attachment I. ParcView docket item from City Council meeting of June 27, 2006
Attachment II. Funding Application for ParcView Apartments from WHDC
Attachment III. Sources and Uses of Funds for WHDC ParcView Multi-Family Development

STAFF:
Mark Jinks, Deputy City Manager
Mildrilyn Stephens Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing

ATTACHMENT I

29

6-27-06

EXHIBIT NO. 1

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 23, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: PRELIMINARY CONSIDERATION OF FUNDING APPLICATION FOR THE ACQUISITION/REHABILITATION OF PARCVIEW APARTMENTS BY WESLEY HOUSING DEVELOPMENT CORPORATION

ISSUE: Preliminary consideration of a funding application by Wesley Housing Development Corporation (WHDC) for acquisition and rehabilitation of ParcView Apartments (formerly Landmark Apartments) located at 5380 Holmes Run Parkway for preservation of affordable housing.

RECOMMENDATION: That the City Council:

(1) Contingent upon final Council approval in September indicate Council's interest in approving a loan of up to $9 million toward the total purchase price of $24 million to Wesley Housing Development Corporation for the acquisition and rehabilitation of ParcView Apartments, as follows:

a. The loan, which would be formally reviewed and approved when the Council convenes again in September, would be funded from the Affordable Housing Initiatives account.

b. The loan would likely be an interest-only loan at 2 percent interest, with the interest (and, when possible, principal) to be repaid on a residual receipts basis once the deferred developer's fee earned by WHDC has been fully paid, but beginning not later than eleven years after permanent financing has closed.

c. For the length of WHDC's ownership, but in no event less than 40 years, 80% (117) of the units shall remain affordable to households at 60% of the area median income.

d. In the event WHDC elects to sell the property, WHDC shall offer the right of first refusal to the City, or its designee.

(2) Indicate that Council tentatively supports increasing the amount of City general obligation bonds allocated to affordable housing by at least $1.0 million.

(3) Docket Council's final consideration of approval of this loan and increasing the allocation of affordable housing bonds for its September 12 legislative meeting.

BACKGROUND: Wesley Housing Development Corporation, founded in 1974, is a 501(c)(3) charitable non-profit organization whose mission is to develop and preserve affordable housing for limited income individuals and families and to strengthen communities in the Washington Metropolitan area. To date, the organization has purchased and/or developed more than 1100 units of affordable housing in 20 different communities.

WHDC's portfolio is valued at more than $150 million: while the majority of Wesley's efforts involve affordable rental housing, the purchase of the 216-unit Madison Ridge project in Centreville in 2005 was WHDC's first condo conversion project. WHDC manages most of its own portfolio, which includes affordable rental apartments, units rented to households with Section 8 tenant-based vouchers, supportive housing units, and units with project-based Section 8 assistance. WHDC owns and operates two affordable rental properties in the City, the 28-unit Lynhaven Apartments on Commonwealth Avenue, and the 41-unit Beverly Park Apartments on Notabene Drive. The City provided loans to WHDC to assist with its acquisition of both properties.

WHDC was recently named 2006 Developer of the Year by the Housing Association of Nonprofit Developers (HAND), a regional consortium of non-profit and for-profit developers, lending institutions, government agencies, and affordable housing advocates.

WHDC is negotiating the details of a contract for the acquisition of ParcView Apartments, formerly Landmark Apartments. The property currently has 159 units (105 one-bedroom and 54 two-bedroom); WHDC plans to combine 26 one-bedroom units to create 13 additional two-bedroom units, resulting in a 146 unit property, with 79 one-bedroom and 67 two-bedroom units. WDHC proposes to set aside 80% (117) of the rehabilitated units as affordable.

This property prepaid its federally-assisted Section 236 mortgage in 1998, but there was no immediate adverse impact, as existing residents received Section 8 tenant-based vouchers and the rents, while increased, remained within affordable levels. Although the rents continue to be affordable, the property has stopped accepting new residents with vouchers during the past couple of years. According to information provided to WHDC by the current property manager, 56 existing resident households have vouchers, and approximately 23% of the tenants are elderly.

Wesley has offered $24 million ($150,943 per existing unit, or $164,384 per completed unit under its conversion proposal) to the owner. Its preliminary estimate of rehabilitation hard costs is $2.5 million. WHDC's anticipated total development cost (including financing and soft costs as well as rehab) is $30.4 million, with proposed financing to include VHDA tax-exempt bonds, 4% tax credits, and other VHDA funding. The City is being asked to provide $9 million to complete needed project funding, which is equivalent to approximately $61,600 per completed unit or $77,000 per affordable unit. Wesley was competing with two other bidders to purchase this property. One bidder (a for-profit entity) was willing to provide for a 20% affordable set-aside for a limited period of time, and wanted a significant loan from the City to provide this 20% level of affordability. While Wesley's loan request is substantial, it represents at least a 40-year affordability pledge for 80% of the units, and the granting right-of-first refusal to purchase to the City made Wesley's proposal more attractive to the City.

Wesley must place $100,000 at risk upon contract signing (anticipated for the last week of June after the Council meeting) and would have to place another $400,000 at risk at the end of the due diligence period, which will end around August 1. Before putting this amount of money at risk, WHDC has asked that the Council preliminarily consider and provide an expression of support for the transaction. Additional information will be provided to Council in September, as due diligence is completed and as negotiations of the loan progress with City staff.

The property is in sound condition and appears to have been well maintained, requiring only a moderate rehabilitation except for those one-bedroom units that will be converted into family-sized apartments. WHDC's plan to maintain 80% of the units as affordable will ensure that current residents with vouchers may remain at the property at affordable rent levels as well as preserve a significant number of units overall as affordable for 40 years or more; in addition, the retention of a 20% market component makes dislocation of current over-income residents unlikely.

The Affordable Housing Advisory Committee (AHAC) will be meeting on Monday, June 26, and will be making a recommendation to Council before its June 27 meeting.

FISCAL IMPACT: The requested City loan of up to $9 million to Wesley for the purchase of ParcView is part of a $30.5 million funding package necessary for Wesley to finance the proposed project. Wesley estimates that it will be able to fund this project with a combination of tax exempt revenue bonds, 4% low income housing tax credits, a VHDA SPARC loan, and with the City funds closing the gap. This is consistent with the City's practice of leveraging the City's affordable housing funds by maximizing all outside funding sources to the greatest degree possible. The $9 million is an estimated loan amount, and will be finalized during the next two months, with a final recommendation scheduled to come to Council in September..

Given the prior allocations of affordable housing funds for Gunston Hall ($12.8 million), Arbelo ($3.5 million), Lacy Court ($6.6 million[1]), Birmingham Greens ($0.4 million), the anticipated allocation to Harambee ($0.8 million), the allocation of this proposed $9 million for the ParcView project, coupled with $1.6 million in debt service payments on the affordable housing general obligation bonds recently sold by the City, results in insufficient existing funds to provide the $9

[1]Comprised of $4.8 million of City funds and $1.8 million of federal HOME monies.

million loan to Wesley. It appears that the City's housing funds which can be applied to this project is about $1.0 million short. While the Gunston Hall project is not a certainty due to the appeal of the City's "cannot demolish" decision, in order to assure the funds are available if Gunston Hall is able to be saved and go forward, it is necessary to consider the Gunston Hall funds allocated. The amount allocated for Gunston Hall will be able to be reduced to some degree by the application of open space funds.

In order to increase the amount of available funds to be able to fully fund the $9 million requested loan for the ParcView project, it would be necessary to increase Council's prior $22.1 million affordable housing bond authorization by about $1.0 million. This does not fully leverage by bond financing of the one-cent in real estate revenues dedicated for affordable housing. It is estimated that the one-cent which currently generates $3.3 million annually in real estate tax could support about $30 million or about $7.9 million more than Council's prior authorization of $22.1 million. Therefore if Council approves a $9 million loan to Wesley (which will require $1.0 million in additional bond authorization) there will only be $6.9 million left to allocate to future projects and then one-cent will have been fully utilized. In September when the ParcView project finances are finalized, and the actual amount of the proposed City loan needed is determined, staff will bring forward not only the ParcView loan for final Council consideration, but will also bring forth recommendation on future bonding of the dedicated one-cent for affordable housing.

STAFF:
Mark Jinks, Deputy City Manager
Mildrilyn Stephens Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing

Attachment II

FUNDING APPLICATION

FOR

PARCVIEW APARTMENTS

FROM

WESLEY HOUSING DEVELOPMENT CORPORATION

PARCVIEW APARTMENTS

ATTACHMENT A

PROJECT NARRATIVE

1. Organizational structure and capacity

Wesley Housing Development Corporation (WHDC), a leading nonprofit developer in Northern Virginia, has provided affordable rental housing for families and individuals for over 30 years. The organization's mission is: to develop, own, operate, and maintain affordable housing and sustain quality communities for low- and moderate-income persons in Northern Virginia. This area includes Arlington, Fairfax, and Prince William Counties; Cities of Falls Church, Alexandria, and Manassas. WHDC combines affordable housing with supportive services to build strong, stable families and communities. Wesley Housing is the result of the efforts of a small group of citizens—led by former schoolteacher Virginia S. Peters—who identified the vast unmet housing needs in Northern Virginia in the 1970s. Today, WHDC has a portfolio valued at $150 million and has purchased/developed 21 housing communities (plus two under development and/or contract) serving more than 10,000 low- and moderate-income households over its history.

WHDC selects and purchases rental communities, oversees construction or rehabilitation, manages its properties, and rents its units at below market rates. Over time, WHDC has used a variety of public and private financing partnerships to achieve affordable housing goals including project-based Section 8, Section 811, the Low-Income Housing Tax Credit (LIHTC) program, and bond financing. LIHTC equity is the most common avenue for low- to moderate-income housing creation and is a proposed source for ParcView along with tax-exempt bonds. To date, WHDC has participated in five projects using the tax credit program. WHDC also has significant success with difficult-to-develop projects including housing for persons with HIV/AIDS as well as physical disabilities. In the City of Alexandria, WHDC acquired and renovated Lynhaven Apartments in 2002 and acquired Beverly Park Apartments in October 2005.

In addition to the financing, construction and management of housing, WHDC offers residents a comprehensive range of supportive educational and social services to contribute to family and community stability. Programs and services are offered through three site-based Community Resource Centers and two resident services center for seniors. Through the Centers, residents can access vital resources needed to secure living wage jobs and attain higher levels of self-sufficiency. Classes offered include English for Speakers of Other Languages, computer instruction, financial literacy, after-school programs, and summer camp. As well, WHDC provides social service staff support for three special needs properties, Springdale House, Agape House, and Coppermine I.

WHDC is governed by a Board of Directors with representatives from community groups and the real estate, legal and finance professions. A roster of the Board of Directors including committees is attached to this application.

WHDC has 40 full-time and 5 part-time employees including site-based property management staff. Its operations include real estate, property management, finance, fundraising, social services and family programs. The following are summaries of the staff experience for those personnel overseeing areas most closely related to the development and implementation of the ParcView project.

Development Staff Experience

Alvin W. Smuzynski has been the President and CEO of Wesley Housing Development Corporation since 1998. Prior to his appointment as President, Mr. Smuzynski served for 11 years on Wesley Housing's Board of Directors, Executive Committee, Finance Committee, and property-management subsidiary, and as President of the Board. He came to the organization from the Department of the Treasury's Office of Thrift Supervision, where he was the Director for Regional Operations. Mr. Smuzynski has a strong background in finance, having also served at the Federal Home Loan Bank System, the Federal Home Loan Bank Board and the Federal Deposit Insurance Corporation. He received a B.A. from Elon College.

Rosana Montequin is Wesley Housing Development Corporation's Director of Real Estate Operations responsible for new acquisitions, financing, rehabilitation/new construction and asset management oversight for the organization. Ms. Montequin has more than 15 years of experience in real estate. Her background includes property management, asset management and real estate development and financing primarily for nonprofit housing developers in Northern Virginia.

Mary Claire Davis is a Project Manager for Wesley Housing Development Corporation's Real Estate Operations. Since joining Wesley in 2002, she has been involved in development for the existing portfolio - managing partner buy-out, financing and rehabilitation as well as new projects primarily in Arlington and Alexandria. Her prior experience includes project management, asset management, and interim director duties with a nonprofit developer as well as social services and program administration with a transitional housing provider. She received a Masters in Urban and Environmental Planning from the University of Virginia and a B.A. in Political Science from Emory University.

Carol Mayo Rocabado is Wesley Housing Development Corporation's Director of Property Management. Before coming to Wesley, Ms. Rocabado served as on-site General Manager for an apartment development and served in the same capacity for a condominium development prior to that. She also has managed portfolios of up to 10 properties and has served as Executive Director of a start-up, HUD-approved property management company. Ms. Rocabado has worked in property management since 1977 and has experience in budgeting, purchasing, personnel management, marketing and acquisitions.

(Note: Per purchase contract agreement, WHDC will retain the existing property management firm, Edgewood Management for a period of one year. Edgewood has over thirty years experience managing multifamily properties in sixteen states. They currently manage a portfolio of 164 properties with 25,117 units including 9,495 tax credit units.)

2. Project Description

Built in 1973, ParcView Apartments (once known as Landmark Apartments) has 159 multifamily units among fourteen stories located in the Landmark area of Alexandria. The property previously possessed a federal, project-based tenant assistance contract which the current owners opted out of in the 1990s. WHDC will purchase this property and maintain it as rental apartments using the Low Income Housing Tax Credit program to preserve long term affordability for eighty percent of the units with twenty percent remaining market-rate.

WHDC plans to combine a portion of the existing one bedroom units (40) to create a greater proportion of two bedroom units at the property. This reconfiguration will increase the number of two bedroom units to 74 from 54 currently and decrease the number of one bedroom units to 75 from 105. This will create a new overall total of 149 units.

Beyond the unit combinations, WHDC also will provide further rehabilitation of the property as a whole. This scope currently includes new windows, roof, kitchen upgrades, handicap-accessibility improvements to common areas, HVAC and hot water heater replacements, parking lot resurfacing, and installation of water saving fixtures.

WHDC expects to serve a similar population as currently resides at ParcView. There are fifty-six tenants with Section 8 housing vouchers. Approximately twenty percent of the households have residents over the age of sixty. Management reports that several households have members serving in the military. We estimate that approximately five to ten percent of the households have children under the age of eighteen.

WHDC intends to use the LIHTC program to provide equity for the acquisition and renovation. As a result, eighty percent of the units will be preserved as affordable to households earning sixty percent of the area median income or less (120 units) and the remaining twenty percent will be market rate.

3. Project location and site control

ParcView is located in the Landmark area of the City of Alexandria. The neighborhood primarily contains multi-family mid-rise housing, both rental and condominium. Adjacent properties include the Claridge House (elderly, federally subsidized rental), Pavilion on the Park (condominium), and Parkwood Court Apartments (market rental). Due north of the property is the thirty acre Brookvalley Park and Holmes Run creek which contains nature paths, picnic areas, jogging trails, playground, ball field, and community garden.

A public bus is available at the property's doorstep and the Van Dorn Metro Station is approximately one and a half miles away. Residents have easy access to major thoroughfares including Interstate 395 and Route 236 (Duke Street), a commercial roadway with plentiful retail, grocery, and service providers. The property is close to Landmark Mall and less than one mile from the Charles E. Beatley Library, the main branch within Alexandria.

Upon rehabilitation completion, ParcView will have 149 rental apartment units that include 75 one-bedroom apartments and 74 two-bedroom apartments (twenty of which will have two bathrooms). One bedroom rents will range from \$1005-\$1015 for tax credit units and \$1090-\$1100 for market units. Two bedroom rents will range from \$1200-\$1219 for tax credit units and \$1450 for market units. All rents will include utilities with the exception of telephone and cable. The site is appropriately zoned for this use. WHDC does not anticipate the need for any variances or waivers.

A Phase I Environmental study was completed in July 2006. As is typical for mid-rise and hi-rise buildings built in this era, there were findings of asbestos in the ceiling tiles and wall joint compounds. This can be managed through a standard operations and maintenance plan. In the forty units that will experience significant renovations as part of the unit combinations, contractors will remediate the asbestos. Tests for lead-based paint and lead in water revealed no areas of concern. There are no findings of concern related to historic preservation or geotechnical issues related to this project.

WHDC entered into a purchase contract in late June 2006 to acquire ParcView Apartments. The contract will be assigned to a newly created affiliate, Wesley ParcView L.P. in August 2006. Per the contract provisions, WHDC anticipates completing the acquisition in October 2006.

WHDC has met with the Housing Commission as well as the City Council to discuss this project. Additionally, we have fielded individual calls from neighboring citizens with questions about the project. A collaborative process has begun with the existing management of the property to ease the ownership transition. In this vein, WHDC will maintain the current management team to facilitate this process.

4. Project Target Population

As described in previous section of this application, WHDC expects to serve much of the same tenant population that currently resides at the property. The property has experienced exceptionally healthy occupancy in recent years with a current rate of 99%. With preservation over the long term, moderate rental rates should support in this continued strong occupancy. A market study completed in August 2006 indicated the proposed rents and expected improvements would keep the property well positioned in the market.

Due to the project activities planned, in particular the unit combination construction, there will be at least some short-term relocation at the property. As well, the implementation of tax credit financing will require tenant certification. Based on a preliminary file review of the property, a large majority of existing tenants are expected to qualify under the tax credit parameters. Additionally, natural turnover and the twenty percent market set-aside will assist in alleviating displacement. A healthy budget for this process is included and WHDC will work closely with the management and the City to mitigate any concerns. Additionally, a relocation plan will be developed governed by the Virginia Housing Development Authority (VHDA) guidelines for tax credit properties.

As part of the proposed renovations at the property, portions of the common areas not already in compliance will be made handicap-accessible. As well, it is anticipated that eight units (five percent) may be made accessible with an additional two units available for future retrofitting.

Currently fifty-six tenants possess Section 8 housing vouchers. As with all its properties, WHDC will continue to accept future tenants with vouchers. No further rental subsidies are anticipated at this time.

5. Project Budget

The project will access tax-exempt bonds coupled with four percent tax credits using the LIHTC program and the Virginia Housing Development Authority (VHDA) as issuer. The project also is eligible to use VHDA's low-interest supplemental loan programs (SPARC). Enterprise Community Investments will provide the tax credit equity.

A detailed project sources and uses spreadsheet is included in this application. The final bond amount for the VHDA loan is estimated at this time and will be finalized upon interest rate pricing in late September 2006. Rehabilitation costs are estimated between $20,000 and $25,000 per unit at this time. They will be estimates until architectural plans are finalized with all lenders and the City inspection process. In total the project, including acquisition and rehabilitation, is approximated at $225,000 per unit.

WHDC requests $9,000,000 in a soft loan from the City of Alexandria which translates into a $75,000 per unit support of the affordable portion of the project ($60,400 per unit total). WHDC will defer a portion of its developer fee over the first ten years of the project.

6. Project Pro-Forma

A project pro forma through thirty years is attached to this application (included with the sources and uses). Thirty years represents the outside term of the VHDA financing. At or before that time, the property will be refinanced.

7. Project Schedule

September 26, 2006	All funding commitments in place
October 31, 2006	Acquisition closing
December 1, 2006	Construction begins
June 1, 2006	Leasing of vacated units begins
September 30, 2006	Construction completed
December 31, 2006	Lease-up completed, tax credits placed in service

8. Evidence of Financing Commitment

The funding sources for this project are as follows:

Tax-exempt bonds:	VHDA	commitment requested at 9-19-06 Board meeting
SPARC loans:	VHDA	commitment requested at 9-19-06 Board meeting
Soft loan:	Alexandria	commitment requested at 9-12-06 Council meeting
Equity:	Enterprise	draft commitment received
Deferred Fee:	WHDC	committed

9. Development Experience

Development projects since 2000 involving WHDC are listed below. The third parties involved and listed in Section 10 below are all entities WHDC has worked successfully with on these projects. With the exception of the existing property management team that will remain in place for one year after acquisition, none of the team members are new partners with WHDC.

Recent projects with the newest listed first:

A. Coppermine Place I (Herndon, Virginia): New construction of a Sec 811 multi-family property for persons with physical disabilities and brain injuries. Includes 22 units of fully handicap-accessible apartments completed in 2006.
B. Beverly Park (Alexandria, Virginia): Includes 41 multi-family apartments in Arlandria acquired in October 2005. This project is under development and will be fully rehabilitated using LIHTC and City funds.
C. Madison Ridge (Centreville, Virginia): Acquisition of 216 multi-family apartments in July 2005. The property was subdivided, converting 118 of the apartments into condominiums and maintaining 98 of the apartments as affordable and market-rate rental.
D. Coppermine Place II (Herndon, Virginia): New construction of 66 apartments for seniors age 55 or older. Completed in 2005 with affordability using the LIHTC program.
E. Whitefield Commons (Arlington, Virginia): Restructuring and rehabilitation of 63 multi-family apartments using the LIHTC program. Renovations completed in 2005.
F. Knightsbridge (Arlington, Virginia): Restructuring and rehabilitation of 37 multi-family apartments using the LIHTC program. Renovations completed in 2004 and the project holds a project-based Section 8 contract.
G. Colonial Village (Arlington, Virginia): Refinance and rehabilitation of 162 multi-family apartments using conventional financing. Renovations completed in 2003 and the property is market-rate affordable.
H. Lynhaven (Alexandria, Virginia): Acquisition and rehabilitation of 27 multi-family apartments. Renovations completed in 2002 and affordability preserved using VHDA and City funding.
I. Quarry Station (Manassas, Virginia): New construction of 79 apartments for seniors age 55 or older. Completed in 2002 with affordability using the LIHTC program.
J. Wexford Manor (Falls Church, Virginia): Restructuring and rehabilitation of 74 multi-family apartments using the LIHTC program. Renovations completed in 2000 and a portion of the project holds a project-based Section 8 contract.

10. Project Development Team

The WHDC staff members primarily responsible for the completion of ParcView are listed in Section 1 of this application. In relation to the recent projects listed in Section 9, all staff listed were involved in each of these developments with the exception of Mary Claire Davis. Ms. Davis was the Project Manager for Beverly Park, Whitefield Commons, Knightsbridge, and Colonial Village. WHDC typically manages both the finance and construction processes in house.

Below lists the third parties anticipated to be member of the development team for this project. The previous WHDC projects involving these groups are listed.

Architect:	Zemaitis & Associates Warren Righter 8855 Annapolis Road, Lanham, MD 20706 (301) 577-1970 (301) 577-5054 fax alzemaitis@starpower.net *Quarry Station, Coppermine Place I, Coppermine Place II*
General Contractor:	Hamel Builders Tom Wahl 6586 Meadowridge Road Elkridge, Maryland (410) 379-1106 (410) 379-6705 fax tew@hamelbuilders.com *Quarry Station, Colonial Village, Knightsbridge, Whitefield Commons, Coppermine Place I, Coppermine Place II*
Environmental:	Apex Companies LLC Matthew Neigh 15850 Crabbs Branch Way, Suite 200 Rockville, MD 20855 (301) 417-0200 (301) 975-0169 fax mneigh@apexenv.com *Knightsbridge, Whitefield Commons, Beverly Park*
Legal:	Williams Mullen Michael C. Buseck (tax credit and real estate) P.O. Box 1320 (23218-1320) 2 James Center, Suite 1700 Richmond, VA 23219 (804) 783-6465 (804) 783-6507 fax mbuseck@williamsmullen.com *Wexford Manor, Quarry Station, Lynhaven, Colonial Village, Knightsbridge, Whitefield Commons, Coppermine Place I & II, Madison Ridge, Beverly Park*
Accountant:	Grubman Anand, P.C. Stewart Grubman 101 Chestnut Street, Suite 120

Gaithersburg, MD 20877
(301) 948-3464
(301) 762-7350 fax
stew@grubmancpas.com
Quarry Station

Lender: Virginia Housing Development Corporation
Scott Charnock
601 S. Belvidere Street
Richmond, VA 23220-6500
(804) 343-5643
(804) 783-6741
scott.charnock@vhda.com
Wexford Manor, Quarry Station, Lynhaven, Coppermine Place II, Madison Ridge

Broker: Virginia Capital Advisors, LLC
Charles Wilson
1915 Pocahontas Trail, Suite B-5
Williamsburg, VA 23185
(757) 220-3147
(757) 220-5746 fax
chaswil@erols.com
Quarry Station, Lynhaven, Coppermine Place II, Madison Ridge

Equity: Enterprise Community Investment, Inc.
Kenneth Crawford
10227 Wincopin Circle, Suite 800
Columbia, MD 21044-3400
(410) 772-2675
(410) 772-2585 fax
kcrawford@enterprisecommunity.com
Wexford Manor, Knightsbridge, Whitefield Commons

Property Management: Edgewood Management Corporation
Jack Murray
Metro Plaza II
8403 Colesville Road, Suite 400
Silver Spring, MD 20910
(301) 562-1723
(301) 562-1670 fax
jmurray@emcmgmt.com
No previous WHDC partnership. Current ParcVIew management for 30 years. Portfolio contains 164 properties including 9,495 tax credit units.

DEVELOPMENT PRO-FORMA

4% LIHTC

ParcView
4% LIHTC
80% @ 60% of Median Income or below

Project Name:	ParcView Apartments	Develope	Wesley Housing Development Corporation
Site Address:	5380 Holmes Run Parkway, Alexandria, VA	Lender	TBD
Total Units	149	Prepared	Rosana M. Montequin/Mary Claire Davis Date: 8/1/2006
Start Date:	8/1/2006	Site Offic	5380 Holmes Run Parkway, Alexandria, VA

DEVELOPMENT BUDGET: *SOURCES*

RENTAL - 149 units

ACQUISITION

Sources	Position	Rate	Term YR	PMT/YR	Amount
VHDA Tax-Exempt	1st	6.30%	24- mnth	0	0
SPARC	2nd	2.25%	24- mnth	0	0
SPARC	3rd	4.75%	24- mnth	0	0
City of Alexandria	4th	2.00%	24- mnth	0	0
Tax Credit Equity	Equity		24- mnth	0	0
SUBTOTAL				0	$0

Sources of Fees Paid At Permanent Take Out

Sources	Uses	Amount
Perm Loan	Other	0
Perm Loan	Other	0
Perm Loan	Other	0
Perm Loan	Other	0
Perm Loan	Other	0
SUBTOTAL		$0
TOTAL		$ -

PERMANENT FINANCING

Sources	Position	Rate	Term YR	PMT/YR	Amount
VHDA Tax-Exempt	1st	6.22%	30.00	883,089	11,990,000
SPARC	2nd	2.25%	30.00	91,739	2,000,000
SPARC	3rd	4.75%	30.00	93,897	1,500,000
City of Alexandria	4th	2.00%	40.00	180,000	9,000,000
Tax Credit Equity	Equity				7,950,951
Def Dev Fee	Equity	5.00%	10.00	135,927	1,067,952
Gap Source					0
TOTAL					$33,508,903
Gap					0

120 units Affordable					
		2.00%	40.00	327,052	9,000,000
				13,082,068	

DEVELOPMENT BUDGET: *USES*

	159Units @ $151,000/unit RENTAL	
Predevelopment		
Site Appraisal	5,000	
Market Study	5,000	
Capital Needs Assessment	3,300	
Phase I Environmental	6,900	
Survey- ALTA	7,700	
Pre-development Contingency	10,000	
SUBTOTAL	**$37,900**	
Acquisition		
Buildings	18,909,000	
Land	5,100,000	
Deed- Recordation Tax (.3333%)	63,024	
Title Insurance ($1.4 per $1,000)	33,613	
Legal OWNER	30,000	
SUBTOTAL	**$24,135,636**	
Construction		
Hard Cost:	*@ $25,000/unit*	
Site Work	0	
Residential -Rental Units	3,725,000	
Contractor's Overhead	75,000	
Contractor's Profit	176,126	
General Conditions	221,022	
Bonding Fee	35,000	
Cost Certification	5,000	
Contingency	550,000	
SUBTOTAL	**$4,787,148**	
Soft Cost	100%	32,129
Tax Credit Application Fee	500	
Tax Credit Allocation Fee	56,000	
Audit-Cost Certification	12,000	
Rental- Perm Loan Recordation (.25%)	61,225	
Rental- Perm Loan Title ($.60 per $1,000)	9,294	
Rental- Perm Loan Fee (501 (c)(3) bonds)	239,800	
Rental- Perm Loan Fee (SPARC)	17,500	
Rental- Mortgage Banker	154,900	
Rental- Lease Up Reserve	140,000	
Rental- Taxes & Insurance (Perm Closing)	0	
Owner - Legal	10,000	
Developer Fee	2,800,000	
Operating Reserve	500,000	
Construction Interest Reserve	150,000	
Architecture/Engineering	100,000	
Permits	57,000	
Relocation	100,000	
Soft Cost Contingency	140,000	
Other	0	
SUBTOTAL	**$4,548,219**	
SUBTOTAL Hard and Soft	**$9,335,367**	
Total Development Cost	**$33,508,903**	224,892

224,892

LIHTC Calculation ParcView Apartments

	Acquisition	
Buildings	18,909,000	
Legal (80%)	24,000	
Title and Recording (80%)	77,309	
Developer Fee	300,000	
	0	
	0	
	19,310,309	
	3.53%	
	681,654	
	Rehabilitation	
Hard Costs- Construction	4,787,148	
Developer Fee	2,500,000	
Soft Costs	1,748,219	
Predevelopment Soft Costs	37,900	
SUBTOTAL	9,073,267	
Deduct: Perm Financing Costs	257,300	
Deduct: Mortgage Banker 50%	77,450	
Deduct: Construction Interest Res	150,000	
Deduct: Reserves Capitalized	640,000	
Deduct: Tax Credit Fee	56,000	
	7,892,517	
	3.53%	
	278,606	
Total Annual Credits	960,260	768,208
Over 10 Years	9,602,598	
LIHTC Equity 80%	7,950,951	$1.035
Total Eligible Basis	21,762,261	
Total Basis	27,202,826	

OPERATING PRO-FORMA
4% LIHTC
Cash Flow Chart

Project Name: ParcView Apartments		Developer:	Wesley Housing Development Corporation
Site Address: 5380 Holmes Run Parkway, Alexandria, VA		CDC:	TBD
Total Units: 149		Prepared by:	Rosana M. Montequin/Mary Claire Davis — Date: 8/31/2006
Start Date: 8/1/2006		Site Office:	5380 Holmes Run Parkway, Alexandria, VA

														Total
1	Number of units under construction			0			0			0				0
2				Acquisition	Construction	26%	45%	72%	92%	Completion	Final Close	Rent-up	Stabilized P.	
3				Month 1	Month 2&3	Month 4	Month 5&6	Month 7&8	Month 9&10	Month 11&12	Months 13-15	Months 16-18	Months 19-24	
4	**Uses**													
5	Predevelopmen	37,900	0%	37,900	0	0	0	0	0	0	0	0	0	37,900
6	Aquisition	24,135,636	72%	24,135,636	0	0	0	0	0	0	0	0	0	24,135,636
7	Hard Cost	4,787,148	14%	0	442,811	820,517	895,675	1,302,104	982,323	343,717	0	0	0	4,787,148
8	Soft Cost	4,548,219	14%	849,719	123,050	100,450	73,050	44,050	44,050	49,050	1,119,300	152,000	1,937,000	4,491,719
9	other	0	0%	0		0	0	0		0	0	0	0	0
10	other	0	0%	0	0	0	0	0	0	0	0	0	0	0
11	Total	$33,508,903	100%	$25,023,255	$565,861	$920,967	$968,725	$1,346,154	$1,026,373	$392,767	$1,119,300	$152,000	$1,937,000	$33,452,403
12	**Cumulative Project Cost**			$25,023,255	$25,589,116	$26,510,084	$27,478,809	$28,824,963	$29,851,336	$30,244,103	$31,363,403	$31,515,403	$33,452,403	
13	**Sources: Disbursements**													
14	VHDA Tax-Exer	11,990,000	36%	$6,560,042	$565,861	$920,967	$968,725	$1,346,154	$1,026,373	$392,767	$0	$0	$209,110	$11,990,000
15	SPARC	2,000,000	6%	$2,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,000,000
16	SPARC	1,500,000	4%	$1,500,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,500,000
17	City of Alexandr	9,000,000	27%	$9,000,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,000,000
18	Tax Credit Equit	7,950,951	24%	$5,963,213	$0	$0	$0	$0	$0		$1,119,300	$152,000	$716,438	$7,950,951
19	Def Dev Fee	1,067,952	3%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$1,067,952	$1,067,952
20	Gap Source	0	0%	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
21	Total	$33,508,903	100%	$25,023,255	$565,861	$920,967	$968,725	$1,346,154	$1,026,373	$392,767	$1,119,300	$152,000	$1,993,500	$33,508,903

Footnotes:

OPERATING PRO-FORMA
4% LIHTC

Project Name:	ParcView Apartments	Developer:	Wesley Housing Development Corporation		
Site Address:	5380 Holmes Run Parkway, Alexandria, VA	CDC:	TBD		
Total Units:	149	Prepared by:	Rosana M. Montequin/Mary Claire Davis	Date:	8/1/2006
Start Date:	08/01/06	Site Office:	5380 Holmes Run Parkway, Alexandria, VA		

MONTHLY RENTAL INCOME

APT TYPE	Sq Feet	# of Units	Monthly Rent	Rent	Utility Allowance	Total Rent + Utility/mt	Affordable to Inc. level	1	2	3	4
			Percent of income applied towards rent 30%				Family Size and Area Median Income Affordability Analysis	62,500	71,400	84,000	89,300
1 BR-1bth 60%	550	42	1,005	42,210	0	1,005	40,200	64%	56%		
1 BR-1bth 60%	600	13	1,015	13,195	0	1,015	40,600	65%	57%		
1 BR-1bth Mkt Eff	600	13	1,100	14,300	0	1,100	44,000	70%	62%	52%	49%
1 BR-1bth/balc 60%	550	5	1,015	5,075	0	1,015	40,600	65%	57%	48%	45%
1 BR-1bth/balc Mkt	600	2	1,090	2,180	0	1,090	43,600	70%	61%	52%	49%
2 BR-1bth 60%	800	26	1,200	31,200	0	1,200	48,000	77%	67%	57%	54%
2 BR-1bth/balc 50%	800	28	1,205	33,740	0	1,205	48,200	77%	68%	57%	54%
2 BR-2bth Mkt w/balc	800	14	1,450	20,300	0	1,450	58,000	93%	81%	69%	65%
2 BR-2bth 60% w/balc	800	6	1,219	7,314	0	1,219	48,760	78%	68%	58%	55%
Rental Subtotal			169,614								
Other Income		40	5,960	Laundry & Misc.							
TOTAL RENTAL		149	$175,474								

MAXIMUM 60% RENTS:
1 BR $1,015(including utilities)
2BR $1,219 (including utilities)
3BR $1,408 (including utilities)

Assumption: Income 102.00%; Expenses 103.00%; Reserves Int. Rate 102.50%

ANNUAL INCOME ANALYSIS		Initial Year	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7	Yr8	Yr9	Yr10
ANNUAL RENTAL INCOME	12	2,034,168	2,074,851	2,116,348	2,158,675	2,201,849	2,245,886	2,290,804	2,336,620	2,383,352	2,431,019	2,479,639
Vacancy Loss	5%	-102,603	-104,656	-106,748	-108,884	-111,061	-113,282	-115,548	-117,859	-120,216	-122,621	-125,073
ANNUAL COMM. INCOME	12	71,520	72,950	74,409	75,898	77,416	78,964	80,543	82,154	83,797	85,473	87,182
Lease Up Reserve		140,000										
Construction Interest Reserve		150,000										
Units OFF LINE	20%	-406,834	0	0	0	0	0	0	0	0	0	0
TOTAL Effective Gross Income		1,886,251	2,043,146	2,084,009	2,125,689	2,168,203	2,211,567	2,255,799	2,300,915	2,346,933	2,393,871	2,441,749
ANNUAL OPERATING EXPENSES		Assumption: Expenses 103.00%										
Administrative												
Salaries-Overtime-Employee Benefits		150,000	154,500	159,135	163,909	168,826	173,891	179,108	184,481	190,016	195,716	201,587
Payroll Taxes			0	0	0	0	0	0	0	0	0	0
Office Supply			0	0	0	0	0	0	0	0	0	0
Legal			0	0	0	0	0	0	0	0	0	0
Audit			0	0	0	0	0	0	0	0	0	0
Real Estate Taxes		121,625	125,274	129,032	132,903	136,890	140,997	145,227	149,583	154,071	158,693	163,454
Management Fee	5.00%	94,313	102,157	104,200	106,284	108,410	110,578	112,790	115,046	117,347	119,694	122,087
Marketing		25,000	25,750	26,523	27,318	28,138	28,982	29,851	30,747	31,669	32,619	33,598
Insurance		36,500	37,595	38,723	39,885	41,081	42,314	43,583	44,890	46,237	47,624	49,053
General Admin		30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317
Taxes, Licenses, & Permits		13,175	13,570	13,977	14,397	14,829	15,273	15,732	16,204	16,690	17,190	17,706
Subtotal Administrative		$470,613	$489,746	$503,417	$517,478	$531,939	$546,813	$562,112	$577,847	$594,032	$610,680	$627,803
Maintenance												
Extermination			0	0	0	0	0	0	0	0	0	0
Painting			0	0	0	0	0	0	0	0	0	0
Permits and Fees			0	0	0	0	0	0	0	0	0	0
Ground Maintenance			0	0	0	0	0	0	0	0	0	0
Repairs			0	0	0	0	0	0	0	0	0	0
Elevator			0	0	0	0	0	0	0	0	0	0
Reserves Operating			0	0	0	0	0	0	0	0	0	0
Reserves Replacement		44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700
Other Maint. Supplies			0	0	0	0	0	0	0	0	0	0
Other Maint. Contracts		135,000	139,050	143,222	147,518	151,944	156,502	161,197	166,033	171,014	176,144	181,429
Subtotal Maintenance		$179,700	$183,750	$187,922	$192,218	$196,644	$201,202	$205,897	$210,733	$215,714	$220,844	$226,129
Utilities												
Heat			0	0	0	0	0	0	0	0	0	0
Gas and Electric			0	0	0	0	0	0	0	0	0	0
Water/Sewer Charges			0	0	0	0	0	0	0	0	0	0
Other			0	0	0	0	0	0	0	0	0	0
Other		210,000	216,300	222,789	229,473	236,357	243,448	250,751	258,274	266,022	274,002	282,222
Subtotal Utilities		$210,000	$216,300	$222,789	$229,473	$236,357	$243,448	$250,751	$258,274	$266,022	$274,002	$282,222
Other		0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES:		$860,313	$889,796	$914,128	$939,168	$964,940	$991,463	$1,018,760	$1,046,854	$1,075,768	$1,105,526	$1,136,154
PER UNIT		$5,774	$5,972	$6,135	$6,303	$6,476	$6,654	$6,837	$7,026	$7,220	$7,420	$7,625
NET OPERATING INCOME		$1,025,938	$1,153,350	$1,169,882	$1,186,521	$1,203,263	$1,220,104	$1,237,039	$1,254,061	$1,271,165	$1,288,346	$1,305,595
Debt Service												
1st Trust - VHDA TE Bonds		745,778	745,778	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089
Debt Service Coverage		1.38	1.55	1.32	1.34	1.36	1.38	1.40	1.42	1.44	1.46	1.48
2nd Trust - SPARC	Deferred ?	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739
Debt Service Coverage		1.22	1.38	1.20	1.22	1.23	1.25	1.27	1.29	1.30	1.32	1.34
3rd Trust - SPARC	Deferred ?	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897
Debt Service Coverage		1.10	1.24	1.08	1.11	1.13	1.14	1.16	1.17	1.19	1.21	1.22
City of Alexandria	Deferred ? Yes	0	0	0	0	0	0	0	0	0	0	0
Debt Service Coverage		1.10	1.24	1.09	1.11	1.13	1.14	1.16	1.17	1.30	1.32	1.34
Developer Loan Payments		0	135,927	135,927	135,927	135,927	135,927	135,927	135,927	135,927	135,927	135,927
NET CASH FLOW		$188,421	$179,906	$58,127	$76,796	$92,506	$109,348	$126,284	$143,306	$160,410	$177,590	$184,840
RESERVES		Assumption: Int. Rate 102.50%										
Reserves Operating Acc. Balance			$500,000	$512,500	$525,313	$538,445	$551,906	$565,704	$579,847	$594,343	$609,201	$624,431
Reserves Replacement Acc. Balance			$44,700	$90,518	$137,480	$185,617	$234,958	$285,532	$337,370	$390,504	$444,967	$500,791

ANNUAL INCOME ANALYSIS	Yr11	Yr12	Yr13	Yr14	Yr15	Yr16	Yr17	Yr18	Yr19	Yr20
ANNUAL RENTAL INCOME	2,5[illegible],232	2,579,817	2,631,413	2,684,041	2,737,722	2,792,477	2,848,326	2,905,293	2,963,399	3,022,667
Vacancy Loss	-127,574	-130,126	-132,728	-135,383	-138,091	-140,853	-143,670	-146,543	-149,474	-152,463
ANNUAL COMM. INCOME	88,926	90,705	92,519	94,369	96,257	98,182	100,145	102,148	104,191	106,275
Units OFF LINE	0	0	0	0	0	0	0	0	0	0
TOTAL Effective Gross Income	2,490,584	2,540,396	2,591,203	2,643,028	2,695,888	2,749,806	2,804,802	2,860,898	2,918,116	2,976,478
ANNUAL OPERATING EXPENSES	103.00%									
Salaries-Overtime-Employee Benefits	207,635	213,864	220,280	226,888	233,695	240,706	247,927	255,365	263,026	270,917
Payroll Taxes	0	0	0	0	0	0	0	0	0	0
Office Supply	0	0	0	0	0	0	0	0	0	0
Legal	0	0	0	0	0	0	0	0	0	0
Audit	0	0	0	0	0	0	0	0	0	0
Real Estate Taxes	168,357	173,408	178,610	183,969	189,488	195,172	201,028	207,058	213,270	219,668
Management Fee	124,529	127,020	129,560	132,151	134,794	137,490	140,240	143,045	145,906	148,824
Marketing	34,606	35,644	36,713	37,815	38,949	40,118	41,321	42,561	43,838	45,153
Insurance	50,525	52,040	53,601	55,210	56,866	58,572	60,329	62,139	64,003	65,923
General Admin	41,527	42,773	44,056	45,378	46,739	48,141	49,585	51,073	52,605	54,183
Taxes, Licenses, & Permits	18,237	18,784	19,348	19,928	20,526	21,142	21,776	22,430	23,102	23,796
Subtotal Administrative	$646,416	$663,534	$682,169	$701,339	$721,058	$741,341	$762,207	$783,670	$805,760	$828,484
Extermination	0	0	0	0	0	0	0	0	0	0
Painting	0	0	0	0	0	0	0	0	0	0
Permits and Fees	0	0	0	0	0	0	0	0	0	0
Ground Maintenance	0	0	0	0	0	0	0	0	0	0
Repairs	0	0	0	0	0	0	0	0	0	0
Elevator	0	0	0	0	0	0	0	0	0	0
Reserves Operating	0	0	0	0	0	0	0	0	0	0
Reserves Replacement	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700
Other Maint. Supplies	0	0	0	0	0	0	0	0	0	0
Other Maint. Contracts	186,872	192,478	198,252	204,200	210,326	216,635	223,134	229,828	236,723	243,825
Subtotal Maintenance	$231,572	$237,178	$242,952	$248,900	$255,026	$261,335	$267,834	$274,528	$281,423	$288,525
Heat	0	0	0	0	0	0	0	0	0	0
Gas and Electric	0	0	0	0	0	0	0	0	0	0
Water/Sewer Charges	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Other	290,689	299,410	308,392	317,644	327,173	336,988	347,098	357,511	368,236	379,283
Subtotal Utilities	$290,689	$299,410	$308,392	$317,644	$327,173	$336,988	$347,098	$357,511	$368,236	$379,283
Other	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING EXPENSES:	$1,167,677	$1,200,121	$1,233,514	$1,267,882	$1,303,256	$1,339,666	$1,377,139	$1,416,710	$1,455,410	$1,496,272
PER UNIT	$7,837	$8,055	$8,279	$8,509	$8,747	$8,991	$9,243	$9,501	$9,768	$10,042
NET OPERATING INCOME	$1,322,907	$1,340,274	$1,357,690	$1,375,146	$1,392,632	$1,410,141	$1,427,663	$1,446,188	$1,462,706	$1,480,206
1st Trust - VHDA TE Bonds	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089
Debt Service Coverage	1.50	1.52	1.54	1.56	1.58	1.60	1.62	1.64	1.66	1.68
2nd Trust - SPARC	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739
Debt Service Coverage	1.36	1.37	1.39	1.41	1.43	1.45	1.46	1.48	1.50	1.52
3rd Trust - SPARC	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897
Debt Service Coverage	1.24	1.25	1.27	1.29	1.30	1.32	1.34	1.35	1.37	1.39
City of Alexandria	254,183	266,119	283,187	300,283	317,430	334,588	351,760	368,935	386,103	403,253
Debt Service Coverage	1.00	1.00	1.00	1.00	1.00	1.08	1.08	1.08	1.01	1.01
Developer Loan Payments	0	0	0	0	0	0	0	0	0	0
NET CASH FLOW	$93,887	$99,328	$99,676	$100,026	$100,376	$100,726	$101,076	$101,426	$101,776	$102,126
RESERVES	102.50%									
Reserves Operating Acc. Balance	$640,042	$656,043	$672,444	$689,256	$706,487	$724,149	$742,253	$760,809	$779,829	$799,325
Reserves Replacement Acc. Balance	$558,011	$616,661	$676,778	$738,397	$801,557	$866,296	$932,653	$1,000,670	$1,070,367	$1,141,846

ANNUAL INCOME ANALYSIS	Yr21	Yr22	Yr23	Yr24	Yr25	Yr26	Yr27	Yr28	Yr29	Yr30	
ANNUAL RENTAL INCOME	3,083,120	3,144,782	3,207,678	3,271,832	3,337,268	3,404,014	3,472,094	3,541,536	3,612,366	3,684,614	
Vacancy Loss	-155,513	-158,623	-161,795	-165,031	-168,332	-171,698	-175,132	-178,635	-182,208	-185,852	
ANNUAL COMM. INCOME	108,400	110,568	112,780	115,035	117,336	119,683	122,077	124,518	127,008	129,549	
Units OFF LINE	0	0	0	0	0	0	0	0	0	0	
TOTAL Effective Gross Income	3,036,008	3,096,728	3,158,663	3,221,836	3,286,273	3,351,998	3,419,038	3,487,419	3,557,167	3,628,310	
Salaries-Overtime-Employee Benefits	279,044	287,416	296,038	304,919	314,067	323,489	333,193	343,189	353,485	364,089	
Payroll Taxes	0	0	0	0	0	0	0	0	0	0	
Office Supply	0	0	0	0	0	0	0	0	0	0	
Legal	0	0	0	0	0	0	0	0	0	0	
Audit	0	0	0	0	0	0	0	0	0	0	
Real Estate Taxes	226,258	233,046	240,037	247,239	254,656	262,295	270,164	278,269	286,617	295,216	
Management Fee	151,800	154,836	157,933	161,092	164,314	167,600	170,952	174,371	177,858	181,416	
Marketing	46,507	47,903	49,340	50,820	52,344	53,915	55,532	57,198	58,914	60,682	
Insurance	67,901	69,938	72,036	74,197	76,423	78,716	81,077	83,509	86,015	88,595	
General Admin	55,809	57,483	59,208	60,984	62,813	64,698	66,639	68,638	70,697	72,818	
Taxes, Licenses, & Permits	24,509	25,245	26,002	26,782	27,586	28,413	29,265	30,143	31,048	31,979	
Subtotal Administrative	$851,829	$876,866	$900,594	$926,032	$952,202	$979,126	$1,006,823	$1,035,318	$1,064,634	$1,094,794	
Extermination	0	0	0	0	0	0	0	0	0	0	
Painting	0	0	0	0	0	0	0	0	0	0	
Permits and Fees	0	0	0	0	0	0	0	0	0	0	
Ground Maintenance	0	0	0	0	0	0	0	0	0	0	
Repairs	0	0	0	0	0	0	0	0	0	0	
Elevator	0	0	0	0	0	0	0	0	0	0	
Reserves Operating	0	0	0	0	0	0	0	0	0	0	
Reserves Replacement	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	44,700	
Other Maint. Supplies	0	0	0	0	0	0	0	0	0	0	
Other Maint. Contracts	251,140	258,674	266,434	274,427	282,660	291,140	299,874	308,870	318,136	327,680	
Subtotal Maintenance	$295,840	$303,374	$311,134	$319,127	$327,360	$335,840	$344,574	$353,570	$362,836	$372,380	
Heat	0	0	0	0	0	0	0	0	0	0	
Gas and Electric	0	0	0	0	0	0	0	0	0	0	
Water/Sewer Charges	0	0	0	0	0	0	0	0	0	0	
Other	0	0	0	0	0	0	0	0	0	0	
Other	390,662	402,382	414,453	426,887	439,693	452,884	466,471	480,465	494,879	509,725	
Subtotal Utilities	$390,662	$402,382	$414,453	$426,887	$439,693	$452,884	$466,471	$480,465	$494,879	$509,725	
Other	0	0	0	0	0	0	0	0	0	0	
TOTAL OPERATING EXPENSES:	$1,538,331	$1,581,622	$1,626,181	$1,672,046	$1,719,256	$1,767,849	$1,817,868	$1,869,353	$1,922,349	$1,976,900	
PER UNIT	$10,324	$10,615	$10,914	$11,222	$11,539	$11,865	$12,200	$12,546	$12,902	$13,268	
NET OPERATING INCOME	$1,497,677	$1,515,106	$1,532,481	$1,549,790	$1,567,017	$1,584,149	$1,601,170	$1,618,066	$1,634,818	$1,651,410	
1st Trust - VHDA TE Bonds	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	883,089	
Debt Service Coverage	1.70	1.72	1.74	1.75	1.77	1.79	1.81	1.83	1.85	1.87	
2nd Trust - SPARC	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	91,739	
Debt Service Coverage	1.54	1.55	1.57	1.59	1.61	1.63	1.64	1.66	1.68	1.69	
3rd Trust - SPARC	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	93,897	
Debt Service Coverage	1.40	1.42	1.43	1.45	1.47	1.48	1.50	1.51	1.53	1.55	
City of Alexandria	420,374	437,454	454,482	471,444	488,327	505,116	521,797	538,355	554,772	571,033	8,229,004
Debt Service Coverage	1.01	1.01	1.07	1.07	1.07	1.01	1.01	1.01	1.01	1.07	
Developer Loan Payments	0	0	0	0	0	0	0	0	0	0	
NET CASH FLOW	$102,476	$102,824	$103,172	$103,518	$103,862	$104,206	$104,545	$104,883	$105,218	$105,550	
Reserves Operating Acc. Balance	$819,308	$839,791	$860,786	$882,305	$904,363	$926,972	$950,146	$973,900	$998,248	$1,023,204	
Reserves Replacement Acc. Balance	$1,215,092	$1,290,170	$1,367,124	$1,446,002	$1,526,852	$1,609,723	$1,694,866	$1,781,733	$1,870,976	$1,962,451	

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Attachment III

Sources and Uses of Funds for Multifamily Development - Fiscal Years 2006-07

Sources	FY 2006	FY 2007	TOTAL 06 - 07	Notes
HOME Funds (HOF)	$1,776,243		$1,776,243	
General Funds	$1,150,000	$300,000	$1,450,000	
General Obligation Bonds	$22,100,000	TBD	$22,100,000	
Additional General Obligation Bonds		**$200,000**	**$200,000**	
Penny Fund (Aff Hsg Initiatives)	$2,760,815	$3,288,608	$6,049,423	
Housing Trust Fund (HTF/HOF)	$1,629,986	$400,000	$2,029,986	
ARHA CIP Repayments (Madden)	$343,363	$1,156,637	$1,500,000	2007 $ to be received
ARHA HTF Repayments (Madden)	Non Development	$304,033	$304,033	2007 $to be received
Recordation Tax	$109,815		$109,815	
Open Space Fund (for Gunston Hall)		$1,000,000	$1,000,000	
TOTAL	**$29,870,222**	**$6,649,278**	**$36,519,500**	
Uses				
Arbelo Apartments	$3,500,000		$3,500,000	G.O. Bonds
Lacy Court Apartments	$6,615,000		$6,615,000	HOME $1,776,243; GO Bonds $4,838,757
Birmingham Green	$150,000	$250,000	$400,000	HOF $150K; CIP $250K
Community Lodgings, Inc (CLI)		$42,500	$42,500	*Under consideration --HTF/HOF*
Beverly Park	$1,500,000		$1,500,000	GF/HOF $750K; GF/HTF $750K
Beasley Square	$182,500	$600,000	$782,500	FY07 reflects estimated funding request
ParcView Apartments		$9,000,000	$9,000,000	G.O. Bonds $2,161,243; balance other sources
Gunston Hall	$12,800,000		$12,800,000	General Obligation Bonds & Open Space Fund
AHDC Operating Support	$125,000	$105,000	$230,000	GF/HOF
Debt Service (G.O. Bonds)		$1,634,744	$1,634,744	
TOTAL	**$24,872,500**	**$11,632,244**	**$36,504,744**	
BALANCE			**$14,756**	