


*City of Alexandria, Virginia*

MEMORANDUM

DATE: JUNE 18, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: FUNDING APPLICATION FOR THE CONSTRUCTION OF BEASLEY SQUARE, AN AFFORDABLE SENIOR HOUSING PROJECT, BY HARAMBEE COMMUNITY & ECONOMIC DEVELOPMENT CORPORATION

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**ISSUE:** Request from Harambee Community & Economic Development Corporation (Harambee) for a new loan allocation of \$806,500 for the construction of Beasley Square (Attachment I).

**RECOMMENDATION:** That Council approves a new loan allocation of \$806,500 to Harambee for the construction of Beasley Square, an 8 unit affordable rental development to serve low income seniors, as follows:

- a) The loan will be funded from City Housing Opportunities Fund (HOF), and will be combined with previous funding of \$232,500 for a total loan of \$1,039,000.
- b) The City's total loan will be converted to an interest-only loan at 2 percent interest with interest and principal to be repaid on a residual receipts basis, with the first payment to the City beginning five years after Harambee closes on permanent financing.
- c) The property shall remain affordable to senior households at or below 60% of the Washington area median income for the length of Harambee's ownership, but in no event less than 40 years. It is anticipated that the project will serve seniors (62 years or older) with Section 8 Housing Choice Vouchers.
- d) The City's loan is contingent upon Harambee demonstrating to the satisfaction of the Director of the Office of Housing, that it has secured sufficient additional construction and permanent financing commitments from other sources to successfully complete construction of the project.

**DISCUSSION:** Harambee is a 501(c) (3) charitable non-profit organization with the mission to develop and preserve affordable housing for limited income individuals, including seniors. For the Beasley Square project, to be located 1323 Duke Street, Harambee has partnered with the Shiloh Baptist Church, which is contributing the site for the senior housing project through a long term ground lease (99 years at \$10 per year), as well as ongoing technical assistance, supplemental project funding and property management services. VHDA and City Housing staff are also providing technical assistance to Harambee, as Beasley Square is Harambee's first project. The total project budget for construction and related costs is \$2.2 million.

Beasley Square will have eight one-bedroom rental units to serve low income elderly residents. Harambee plans to accept eligible households from ARHA's Section 8/Housing Choice Voucher waiting list. In addition to serving potential new voucher holders, existing HCV program participants who are age-qualified also may be selected. And, since the property will be affordable to households at or below 60% of the area median income, income-eligible individuals who can afford to pay the rent without voucher assistance, also may be selected.

A Master Plan amendment, rezoning and Development Special Use Permit to facilitate the project were approved by City Council in December 2004. The project includes components of new construction as well as rehabilitation of an existing building on the property. Since gaining land use approvals, Harambee has conducted a number of predevelopment activities and studies, and has completed work on the project's foundation while working to secure final site plans and building permits, and full project financing. Harambee recently selected a general contractor to undertake construction of the project, and hopes to be underway by mid-summer.

Harambee previously received \$232,500 HOF monies for a feasibility study (\$25,000), predevelopment costs (\$25,000) and specific development soft costs (\$182,500). The remaining total development cost for the project is anticipated to be \$2,158,811. In addition to a new City loan of \$806,500 (planned to fund initial construction of the project), Harambee is seeking additional construction financing of around \$1,000,000 from the Virginia Community Capital; grant funds from Shiloh Baptist Church (\$100,000) and the Virginia Department of Housing and Community Development (\$250,000) as well as permanent financing of \$1,002,302 from VHDA. These organizations have given preliminary indications of support, however, release of any new City funding would be contingent on Harambee securing firm commitments from all of these anticipated funding sources.

It should be noted that when Council approved an interim loan of \$182,500 in Housing Opportunities Fund monies for Beasley Square in June 2005, it was anticipated that this loan for specific development soft costs, as well as earlier loans totaling \$50,000 (for feasibility studies and other work) would become part of a large consolidated loan that would eventually include gap financing to cover construction and other development costs. While the total remaining City funding request projected at the time of the 2005 Council action was \$600,000, subsequent increases in the costs of construction due to the market as well as to rehabilitation and other issues uncovered during the predevelopment phase, and now confirmed through the competitive

bidding process to select a general contractor for the project, have caused the financing gap covered by the City to grow by \$400,000, with the City's total subsidy now at \$1,039,000.

The City's per unit subsidy for the Beasley Square project is \$129,875. While higher than for some other affordable housing projects that are City funded, it does reflect the higher costs associated with building housing for the elderly, such as elevators and enhanced accessibility features. Many of the project's ongoing operating, maintenance and management services will be provided by Shiloh at no cost to the project. Harambee has provided the City with documentation of the various agreements between the entities regarding these services.

Staff recommends that the City's assistance be provided in the form of an interest-only loan at 2 percent interest, with the interest and principal to be repaid on a residual receipts basis beginning in Year 5 after Harambee closes on permanent financing. Because of the project's size and limited cash flow, without a refinancing at Year 20 or later repayment on the City's loan will likely extend beyond 40 years. Release of the new City funds requested will occur when Harambee demonstrates firm commitments for funding to complete the project, however, City Council approval for the loan is being sought prior to the summer recess to allow progress to continue during July and August, if possible.

The Affordable Housing Advisory Committee considered Harambee's funding request at its meeting on June 7, 2007. A quorum was not present, however, acting as a committee of the whole, the six Committee members in attendance expressed unanimous support for Harambee's funding request as recommended by staff.

**FISCAL IMPACT:** The City's consolidated loan of \$1,039,000 will be subordinated for repayment purposes to other lenders, as is typical for most of the affordable housing loans the City makes. The loan will be set at a 2% residual receipts basis and be repaid after other loan obligations. Without refinancing, substantial repayments to the City will not occur until after Year 25 with full repayment likely occurring after Year 40.

**ATTACHMENTS:**

Attachment I. Funding Application for Beasley Square

Attachment II. Letter of support and interest from ARHA regarding opportunity to serve elderly from Section 8 waiting list

Attachment III. Pro forma

**STAFF:**

Mark Jinks, Deputy City Manager

Mildrilyn Davis, Director, Office of Housing

Helen McIlvaine, Deputy Director, Office of Housing

# **Beasley Square Senior Housing Project**

## **Housing Opportunities Fund Loan Application**

Submitted by  
**Harambee - Shiloh Baptist Church Partnership**  
December 15, 2006

**Shiloh Baptist Church**  
1429 Duke Street  
Alexandria, VA 22314  
703-683-4573 • [www.shiloh-bc.org](http://www.shiloh-bc.org)

# Beasley Square Senior Housing Project Project Narrative

## 1.0 Organizational Structure and Capacity

### 1.1 Development and Management Team and Experience

The development and management team consists of several major components including:

- a. Sponsoring Management Oversight Group consists of the Harambee Community and Economic Development Corporation, a certified Community Housing Development Organization (CHDO) as the lead organization in partnership with Shiloh Baptist Church, a nonstock corporation of the Commonwealth of Virginia, the sponsoring organization.
- b. Governing Board for Harambee consists of Joyce Kidd, Harvey Grey. Resumes for all board members are included in Attachment A, Resumes.
- c. Advisory Group will provide strategic guidance and assistance in funds development, public relations, city interactions and relations as well as technical guidance throughout the planning, construction and tenancy. The Advisory group will have representation from various sectors including building development, banking & finance, civic organizations and public service. Persons who have agreed to serve on this Advisory Board include R. William (Bill) Hard, Executive Vice President, LCOR Inc., and Carolyn Dockery and John Reiter of BB&T Bank. Other persons to be asked to serve include Laverne Chatman, Alexandria Urban League and Delegate David Englin, Virginia House of Delegates.
- d. The Beasley Square Building Committee (BSBC) provides guidance related to interior design, construction and appointments to ensure that the project meets the needs of the target community – seniors requiring affordable housing. The BSBC membership will have representatives from Harambee staff and board, Shiloh Baptist Church who have expertise in interior design, construction, architecture and financial and construction management.

Figure 1-1 depicts the Beasley Square Senior Housing Project organization structure.

### 1.2 Harambee Mission and Organization Experience

Harambee Community and Economic Development Corporation, a certified Community Housing Development Organization (CHDO) [see Attachment B for CHDO certification letter], was established especially to develop affordable housing targeted at elderly citizens in the Alexandria and surrounding communities. In particular, Harambee's mission is to be an operating arm of Shiloh Baptist Church's housing ministry.

The organization consisting of Harambee and Shiloh Baptist Church possesses recent and excellent experience in working with the City of Alexandria on this project and similar projects including:

- Working with all agencies of the City (Planning & Zoning (P&Z), Transportation & Environmental Service (T&ES), Code Enforcement (Code), City Manager, and the Mayor) on projects involving City approvals, permitting, construction and occupancy including Beasley Square, Happy Home Child Learning Center (HHCLC), Agape Christian Academy (Agape) and Shiloh's new worship center at 301 S West Street.
- Working with a comprehensive and experienced architectural and engineering team of Rust Orling, RC Fields Engineering, Metropolitan Engineering and LandDesign Inc. on significant renovation and rehabilitation projects (HHCLC and Agape) and a \$1.6M worship center renovation and new construction.

In addition, the organization has experience in residential and commercial construction from the experiences of its individual team members. This relevant experience is highlighted in the individual's resumes contained in Attachment A, Resumes.

### 1.3 Key Staff Members

The key staff members of the organization involved in this project are Kathy Dixon, Joyce Kidd, Thomas Bolen, Carolyn Harvey, William Porter, Jonathon Rak, and Kenneth Wires. Resumes for these key staff personnel are included in Attachment A, Resumes.

## 2.0 **Beasley Square Project Description**

### 2.1 General Description

The Beasley Square project is a renovation and new construction housing project. The project, located at 1323 Duke Street, will consist of redeveloping and replacing an existing two story building that is currently vacant and being readied for construction. The goal of this project is to provide 8 rental units of affordable housing targeted at elderly citizens.

### 2.2 Current Design

The current design is a three story building consisting of wood frame construction with brick veneer. It will be patterned after the Italianate style of the architecture commonly found within the Old and Historic District of Alexandria. There are a total of eight 1-bedroom units with three units on the first and second floors and two units on the third floor. The degree of rehabilitation or renovation in this project includes:

- Renovating the frontal façade of the existing building to retain the Italianate style of the architecture commonly found within the Old and Historic District of Alexandria

The project will include green design techniques as referenced in the Final Site Plan #2 and listed below in Table 2.2.

**Table 2.2  
Green Design Technologies & Techniques**

Points	Credit	Comment
0	Erosion & Sediment Control	Provided per Virginia guidelines
1	Site selection	Site is not any of the prohibited types of sites
1	Development density	Site located in average two story downtown development
1	Alternative Transportation, Public transportation access	Proximity to Metro & bus lines
1	Water efficient landscaping	Use of Virginia native plants in landscaping
1	Water use reduction	Low flow showerheads, faucets, toilets
0	Fundamental Refrigerant Management	CFC refrigerants are not typically used in modern HVAC equipment
0	Storage & Collection of Recyclables	Recycling collection is required in the City of Alexandria
0	Environmental Tobacco Smoke (ETS) Control	Smoke control is provided by individual units
1	Low-Emitting Materials, Paints & Coatings	Virginia law mandates low VOC paints
1	Controllability of systems, lighting	Residential unit design provides lighting control in every room in every unit
1	Controllability of systems, thermal comfort	Residential unit control provides a thermostat to control temperature in every unit
1	Daylight & views – Views for 90% of spaces	All units have windows with access to exterior views
1	Innovation credit – All energy star residential appliances	All energy star appliances will be installed in the residential units
1	LEED accredited professional	A LEED accredited professional has worked on the project
<b>11</b>	<b>Total Points</b>	

### 3.0 Project Location and Site Control

#### 3.1 Location

The Beasley Square project is located at 1323 Duke Street, Alexandria, Virginia within the Old and Historic District of Alexandria. The neighborhood surrounding the location is characterized primarily by residential dwellings with a few retail and commercial developments. The site is located in Eastern Alexandria, not far from Washington's Metro transit system and the city's bus line. Duke Street borders the project site on the south and is a major thoroughfare that includes commercial, retail and residential properties. Prince Street borders the site on the north and is home to both single family and a few small multifamily dwellings. West Street borders the property site on the west and is made up primarily of single family housing units with one or two retail establishments. Payne Street provides the eastern border of the subject property and is home to residences. To the best of our knowledge there are not any affordable housing nearby.

#### 3.2 Site Control

Beasley Square project consists of a total of eight 1-bedroom units; each unit consisting of approximately 532 -571 square feet. The Applicable Payment Standard for a one bedroom unit according to ARHA is \$1,082 per month, and Beasley Square proposes a monthly rent of \$685. Each unit is designed to accommodate the special needs of the elderly with an emphasis on independent living. Each unit will have contemporary safety devices and private balconies. All units will meet the requirements of the Americans with Disabilities Act. In addition, the building features a centrally located stair and elevator, laundry facilities and heating, ventilation and air conditioning system.

The Beasley Square site has already completed the essential components of the SUP and FSP processes and therefore is appropriately zoned for the proposed use and has approved proposals for parking, open space et al. Other pertinent site control matters that have been addressed (e.g., preservation/historic significance via an archeologist study) or are being addressed via the Final Site Plan and permitting process include:

- Preservation or historic issues – Archeologist Study
- Geotechnical Issues – Soils Analysis by GeoConcepts Engineering, Inc as part of Below-Grade permitting process
- Applicant has been granted site control via a long term lease (e.g., land lease) by the owner, Shiloh Baptist Church, and the appropriate legal documents are being drafted by McGuireWoods law firm
- There are no actual or potential zoning issues to be resolved
- Extensive conversations in the form of written communications/flyers, neighborhood or community meetings have been conducted as part of the SUP process. Attachment C, Project Vetting, describes the nature of the vetting activities as well as the level of opposition and support. Letters of support are also contained in Attachment C.

### 4.0 Target Population

#### 4.1 Anticipated Market

The anticipated market for the Beasley Square project is the elderly at or near the poverty level. The viability of this target market, addressed in Market Study and Feasibility Analysis Proposed Affordable housing Beasley Square, Dynamic Functions Consulting Group, Inc., April 1, 2004, is summarized below:

- a. Waiting lists for affordable housing have up to three-year waiting periods
- b. The poor in Alexandria are increasing at a faster rate than housing development
- c. Alexandria's overall population is increasing at a rate of 1.5% per annum while housing is increasing at about 1.0% per annum
- d. Over 500 Section 8 vouchers remained unused in the most recent survey

- e. The City's Planning & Zoning Board has identified a universe of unmet need for the elderly of 1,251 families

#### 4.2 Other Population Matters

The following bullet points address other population related matters requested by the application.

- The only tenant at Beasley Square was the Shiloh Federal Credit Union, a non-profit organization, has already been relocated to 1429 Duke Street, an office property owned by Shiloh Baptist Church
- It is anticipated that all candidate tenants for Beasley Square will meet Section 8 guidelines and be eligible for the City's housing voucher program. Evidence of commitments for voucher subsidies are contained in Attachment D, Voucher Commitments

### 5.0 Budget

Attachment E, Budget, contains the detail financing and budget information for the Beasley Square housing project. The salient features of the budget are:

- Total Development Cost = \$1,044,200
  - Total Contract = \$701,289
  - Total Owner Cost = \$342,911
    - Contingency - \$100,000
    - Developer Fee - \$30,000

### 6.0 Pro-Forma

Attachment F, Pro-Forma, contains the detailed 40-year pro forma required by the City of Alexandria. The highlights of the pro forma are provided below:

- Assumptions
  - Management Fee – 5%
  - Vacancy Rate – 5%
  - Inflation Income – 2%
  - Inflation Expenses – 3%
  - VHDA money @ 4.65% (Could be better)
- Operations
  - Rents set at 40% median income for single person – i.e., \$685
  - City loan deferred until DCR re exceeds 1.20
  - Developer fee not paid until project reaches stabilization

### 7.0 Schedule

Attachment G, Beasley Square Master Plan, contains the details of the several schedule components required of this project including predevelopment, site control, zoning approval, financing and construction milestones. The critical path through completion is highlighted below as well as in the master schedule of Attachment F.

- Select General Contractor - January 19, 2007
- Below-grade Permit & Commence Foundation Construction - January 29, 2007
- Construction Financing from City of Alexandria Housing Office - February 12, 2007
- Final Site Plan Released - TBD (Depends on City Processes)
- Above-grade Permits Approved - April 2, 2007 (Depends on City Processes)
- Start Above-grade Construction - April 10, 2007 (Depends on City Processes)
- Long-term Take-Out Financing from VHDA - May 11, 2007
- Complete Construction - April 26, 2008
- Start Tenants Occupancy - June 4, 2008



## 8.0 Evidence of Financing Commitment

Source	Amount	Level of Commitment Statement
Virginia Housing Development Authority (VHDA)	\$532,000	Verbal based on VHDA cost analysis & subsequent application – Michael Scheurer, VHDA Community Housing Officer [see Pro forma]
Shiloh Baptist Church – Owner Equity	\$70,000	Shiloh Baptist Church Board of Directors' commitment
Office of Housing, City of Alexandria	\$512,000	Verbal based on city project planning conversations & subject to loan application – Helen McIlvaine, Deputy Director, Office of Housing [see Pro forma]
<b>TOTAL</b>	<b>\$1,114,000</b>	

## 9.0 Development Experience

### 9.1 Summary Organization Project Experience

The organization's four-point experience has been the working through the SUP and FSP processes to-date for Beasley Square. During these processes the organization worked at all levels of City government including Mayor, City Council, Planning Commission, Architectural Review Board, Office of Housing, individual neighbors and neighborhood associations, Planning & Zoning, Code Enforcement and Transportation and Environmental Service to accomplish the SUP and FSP. In addition to the experiences of working more effectively with the City, the organization has developed an intimate and professional relationship with the architectural and engineering team that will go forward with this project.

The primary organizational experiences on similar activities are the renovation and construction of a \$1.6M worship center encompassing all of the planning and activities involved in this Beasley Square project. The organization worked with a legal team to acquire the property, employed architects and various engineering firms for plans, drawings and permitting and employed an "owner builder" construction model to complete the project. The organization also used and worked within an advisory group structure which is proposed for this Beasley Square project. The organization conducted numerous competitive bidding activities to identify and select subtrade contractors and suppliers. This project afforded the organization the opportunity to develop an acute understanding of and an ability to work with the various City agencies – e.g., Code, P&Z, T&ES, Fire and Health.

On a scale not as large and complex as Beasley Square but in the same area of renovation and rehabilitation are the organization's experience with remodeling and renovating 1400 Duke for Happy Home Child Learning Center (HHCLC) and Agape Christian Academy (Agape) and 346 Commerce for Agape. For these projects, the organization had to coordinate and participate in numerous inspections and an almost overwhelming amount of code compliance addition, renovations and repairs. These experiences provided the organization with invaluable insights and knowledge of not only the processes but the people who administer and control the processes.

In addition to organizational project experience, the sum of the experience of the individual project team members is impressive and includes:

- Eighty (80) years of professional architectural experience ranging from draftsman, project architect, senior associate architect to partner on projects including single and multi-family residential housing, institutional (schools, churches, family life centers) and Commercial/governmental (office, retail, restaurants, government offices).
- More than eighteen (18) years of professional architectural engineering experience providing urban planning and civil engineering on such projects as residential single and multi-family housing, educational facilities, churches and field houses (gyms, stadiums).
- More than twenty-three (23) years of professional construction management and property management experience on projects ranging from worship centers, child care centers, office

**Table 10-2  
Beasley Square Development Team**

<b>Individual Name</b>	<b>Responsibility</b>	<b>Firm &amp; Contact</b>	<b>Experience</b>
Kenneth Wire	Legal matters advice & resolution, and drafting of legal documents	McGuireWoods LLP; <a href="mailto:kwire@mcguirewoods.com">kwire@mcguirewoods.com</a> ; 703.712.5362	
John Rust	Architectural	Rust Orling Architects <a href="mailto:jrust@rustorling.com">jrust@rustorling.com</a> 703.836.3205	
Paul Wilder	Civil Engineering	RC Fields Associates <a href="mailto:pwilder@rcfassoc.com">pwilder@rcfassoc.com</a> ;	
	Structural Engineering	Metropolitan Engineering	
Matt Clark	Landscaping	LandDesign, Inc. <a href="mailto:mclark@landdesign.com">mclark@landdesign.com</a> 703.549.7784	
Michael Scheurer	Long Term Financing	VHDA <a href="mailto:Michael.Scheurer@vhda.com">Michael.Scheurer@vhda.com</a> ; 804.343.5916	
Karen Parran	Architectural	Rust Orling Architects <a href="mailto:kparran@rustorling.com">kparran@rustorling.com</a> 703.836.3205	

10.3 Organizational Capacities

The organization possesses extensive experience and capacities to provide project management and construction supervision in the persons of William Porter (strategic project management) and Carolyn Harvey (tactical project management) for project management and Thomas Bolen for construction supervision. The extent of this experience and capacities are illustrated in sections 9.2 and 10.2 as well as in Attachment A, Resumes.



## Alexandria Redevelopment and Housing Authority

**Commissioners**

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

Carter D. Flemming  
Fletcher S. Johnston  
Leslie B. Hagan

Kerry-Ann Powell  
Richard J. Blake  
Peter H. Lawson

600 North Fairfax Street  
Alexandria, Virginia 22314

William M. Dearman, Chief Executive Officer

(703) 549-7115  
FAX: (703) 549-8709  
TDD: (703) 836-6425

November 30, 2006

Harambee, Inc.  
C/o Shiloh Baptist Church  
Attn: Ms. Carolyn Harvey  
1429 Duke Street  
Alexandria, VA 22314

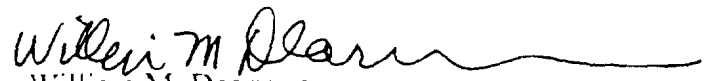
Dear Ms. Harvey:

This letter is to inform you that the Alexandria Redevelopment and Housing Authority (ARHA) is pleased to have been asked by Harambee, Inc., to work with them in their efforts to provide affordable senior housing.

ARHA has many applicants for Section 8 searching for affordable housing units in Alexandria and it is our opinion that the eight (8) units being developed by Harambee, Inc. will be quickly leased with eligible Section 8 applicants. ARHA will list the eight units in the Section 8 Vacancy List and will provide it to all Section 8 seekers who are looking for units in that size range.

We hope this information is useful and should you have any questions, feel free to call me at 703-549-7913.

Sincerely,

  
William M. Dearman  
Chief Executive Officer

Cc: Section 8 Lead Placement Officers  
Marye Ish, Dir. of Housing Operations



An Equal Opportunity Employer  
Equal Housing Opportunity





## Beasley Square, Alexandria, VA

### USES OF FUNDS

USES OF FUNDS	Total	Sub Tot	% OF Tot.	Sub Tot	\$/unit	Sub Tot	COMMENTS
Purchase of land	0		0.00%		0		
Purchase Building	0	0	0.00%	0.00%	0	0	
Off-Site Improvements	0		0.00%		0		None called out in estimate
Site Improvements	228536		10.59%		28567		Includes worker transit subsidy required by City
Unit Structures (New)	1201470		55.65%		150184		As per construction estimate 2/07
Unit Structures (Rehab)	0		0.00%		0		
Asbestos, Demolition, Other	0		0.00%		0		
General Conditions, Overhead, Profit	204835		9.49%		25604		As per construction estimate
Bonding Fee	0		0.00%		0		
Fixtures and Equipment	70000	1704841	3.24%	78.97%	8750	213105	
Building permit	5000		0.23%		625		
A&E Fees (Design and Supervision)	209382		9.70%		26173		Includes \$25,000 in other consulting; Amount is through construction completion
Tap Fees	10000		0.46%		1250		
Soil Borings	0		0.00%		0		Included in A&E
Construction Loan Fee	18000		0.83%		2250		
Construction Interest	49000		2.27%		6125		
Taxes During Construction	0		0.00%		0		TBD
Insurance During construction	0		0.00%		0		
Cost Certification	0		0.00%		0		
Legal Fees Permanent	3588		0.17%		449		
Legal Fees Construction	3000		0.14%		375		
Legal Fees Partnership	5000		0.23%		625		Amount included in \$50,000 city loan
Legal Fees Syndication	0		0.00%		0		
Survey / Title	5000		0.23%		625		May be included in A&E
Permanent Loan Fees	3000		0.14%		375		
Credit Enhancement / Mortgage Banker	0		0.00%		0		
Environmental Study	0		0.00%		0		Included in A&E
Structural Study	0		0.00%		0		Included in A&E
Appraisal Fee	3000		0.14%		375		
Market Study	25000		1.16%		3125		
Tax Credit Fee	0		0.00%		0		
Contingency	85000		3.94%		10625		
Replacement Reserve	0		0.00%		0		
Lease Up	0		0.00%		0		
Operating Reserve	0	423970	0.00%	19.64%	0	52996	
Developer's Fees	30000		1.39%		3750		
Relocation	0		0.00%		0		
<b>PROJECT TOTAL</b>	<b>2168811</b>		<b>100.00%</b>		<b>269851</b>		

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6-26-07

*City of Alexandria, Virginia*

MEMORANDUM

DATE: JUNE 26, 2007

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: CONSIDERATION OF FUNDING APPLICATION FOR THE  
CONSTRUCTION OF BEASLEY SQUARE – RESPONSE TO  
COUNCIL MEMBERS QUESTIONS

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In response to the request from several Council members, attached you will find a chart which compares the per unit value of City Assistance provided for various affordable housing projects including Beasley Square.

Attachment

Staff: Mildrilyn Davis, Director, Office of Housing  
Helen McIlvaine, Deputy Director, Office of Housing

**COMPARING NEW CONSTRUCTION vs PRESERVATION COSTS TO PRODUCE AFFORDABLE HOUSING (APPROVED PROJECTS)**

<u>Project</u>	<u>Acquisition Price (AP)</u>	<u>City Investment</u>	<u>Type of Project</u>	<u>Total Development Cost (TDC)</u>	<u># Aff Units/ # Units</u>	<u>City \$/Unit</u>	<u>Total \$/unit</u>	<u>Total City \$/aff unit</u>
<b>Beverly Park Apartments*</b>	\$4,100,000	\$1,500,000	Preservation/ Rehabilitation	\$7,886,437	33/33	\$45,455	\$238,983	\$45,455
	<i>Wesley proposed a conversion/build out plan to achieve 41 units when the acquisition loan was originally approved (2005); the City \$/unit is per "completed unit."</i>							
<b>Gunston Hall Apartments</b>	\$12,300,000	\$12,800,000 <i>(initial)</i> \$8,300,000 <i>(permanent)</i>	Preservation/ Rehabilitation	\$19,990,000	45/56	\$228,571 <i>(initial)</i> \$148,213 <i>(permanent)</i>	\$356,964	\$284,444 <i>(initial)</i> \$184,444 <i>(permanent)</i>
<b>Arbelo Apartments</b>	\$6,000,000	\$3,500,000	Preservation/ Rehabilitation	\$9,859,511	34/34	\$102,941	\$289,986	\$102,941
<b>Lacy Court Apartments*</b>	\$10,120,000	\$6,615,000	Preservation Rehabilitation	\$15,978,874	44/44	\$150,341	\$363,156	\$150,341 \$153,750**
	<i>City has also made short term predev loan (\$45K) and rehab loan (\$105K)**</i>							
<b>ParcView Apartments</b>	\$24,000,000	\$9,000,000	Preservation/ Rehabilitation	\$33,508,903	120/149	\$60,403	\$224,892	\$75,000
	<i>Parcview had 159 units when purchased by Wesley. Several 1 BR units will be converted to family-sized 2 and 3 BRs resulting in a total of 149 units when rehab is complete. City \$/unit is per completed unit.</i>							
<b>Quaker Hill Apartments</b>	\$39,302 \$13,748,000	\$4,700,000 <i>(\$3.5 M new loan plus \$1.2 M reinvestment)</i>	Preservation/ Rehabilitation	\$21,560,722	60/60	\$78,333 \$58,333-new loan	\$359,345	\$78,333
<b>The Station at Potomac Yard</b>	NA	\$6,000,000 <i>(PYD voluntary AH contribution to City)</i>	New Construction	\$20,103,820	44 aff & 20 @ 80% AMI/ 64	\$93,750 <i>(incl. workforce units)</i>	\$314,122**	\$73,750 \$136,363/60% unit
	<i>**Total \$/unit doesn't incl land cost, since parcel donated</i>							

**Average cost per completed unit (new construction) \$314,122 (exclusive of land); average City subsidy per completed unit (NC) \$73,750**  
**Average cost per completed unit (rehabilitation) \$305,554 (including land); average City subsidy per completed unit (rehab) \$106,655**

PENDING PROJECTS

<u>Project</u> <i>* denotes some units at 50% AMI</i>	<u>Acquisition Price (AP)</u>	<u>City Investment</u>	<u>Type of Project</u>	<u>Total Development Cost (TDC)</u>	<u># Affordable Units/ # Units</u>	<u>City \$/Unit</u>	<u>Total \$/unit</u>	<u>Total City \$/aff unit</u>
<b>Beasley Square</b> <i>(senior housing)</i>	NA	\$1,039,000	New Construction & Preserv/Rehab	\$2,158,811	8/8	\$129,875	\$269,851	\$129,875
<b>Longview Terrace Apartments*</b>	\$6,650,000	\$3,200,000	Preservation/Rehabilitation	\$10,879,734	41/41	\$78,049	\$265,360	\$78,049

*Longview is currently market affordable to households at 40, 50 and 60% AMI-- RPJ's acquisition will ensure long term affordability; according to their pro forma they will retain some 40 and 50% units)*