


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 ACQUISITION OF LONGVIEW TERRACE APARTMENTS BY ROBERT PIERRE JOHNSON HOUSING DEVELOPMENT CORPORATION (RPJ)

ISSUE: Request from RPJ for a loan of \$3.2 million to assist with the acquisition of Longview Terrace Apartments for preservation of affordable housing (Attachment I).

RECOMMENDATION: That Council approve a loan of \$3,200,000 to RPJ for the acquisition of the 41 unit Longview Terrace Apartments, as follows:

- a) The loan will be an interest-only loan at 2 percent interest for the first five years after RPJ closes on permanent financing, with interest and principal to be repaid on a residual receipts thereafter (given the property's projected cash flow, RPJ estimates full loan payoff would occur around Year 24).
- b) The property shall remain affordable to households at 60% of the Washington area median income for the length of RPJ's ownership, but in no event less than 40 years. To avoid displacement, when current tenants who earn more than 60% of the median income vacate the property, they will be replaced by income-qualified households.
- c) In the event RPJ elects to sell the property, RPJ shall offer the right of first refusal to the City, or its designee; and
- d) Authorize the loan to be funded by City issued general obligation bonds financed by the revenues from the one-cent in real estate taxes dedicated for affordable housing.

BACKGROUND: RPJ has requested City financing of \$3,200,000 (including some predevelopment funding) for the acquisition and rehabilitation of the 41-unit Longview Terrace Apartments, located at 2900 Seay Street, in the Taylor Run/Clover-College Park area, of Alexandria. RPJ will finance the balance of the acquisition price of \$6,560,000 through a loan of \$3,535,250 from Mercantile Potomac Bank. Longview Terrace, which was built in 1961, contains one efficiency unit, eight one-bedroom units, and 32 two-bedroom units. According to

the City's annual rent surveys, this modest, but well maintained, development is currently "market affordable" to households with incomes as low as 40 and 50% of the area median income. RPJ's ownership would ensure that that the property remains part of the City's stock of long term affordable rental housing.

DISCUSSION: Founded by the National Capital Presbytery in 1978, RPJ is a 501(c) (3) charitable non-profit organization with the mission to develop and preserve affordable housing for limited income individuals and families and to strengthen communities in the Washington Metropolitan area. RPJ offers a continuum of affordable housing opportunities from multi-family rental housing, to transitional housing, affordable homeownership and volunteer home repair programs. It has built, renovated, and managed over 2,300 affordable housing units throughout the metropolitan region. In Alexandria, RPJ has developed the 16-unit Stevenson Court Condominiums, a City-assisted affordable sales housing development, completed in 1998. In 2006, RPJ acquired two Alexandria multi-family properties for preservation as affordable rental housing, with the City's assistance: Arbelo Apartments, a 34-unit development located on Bashford Lane (\$3.5 million loan) and Lacy Court Apartments, a 44-unit development located on Commonwealth and West Nelson Avenues (\$6.6 million loan).

RPJ hopes to acquire Longview Terrace Apartments in mid-July, 2007, and will apply for low income housing tax credits in early 2008 to rehabilitate the property. The planned scope of work will focus on upgrades to the mechanical (HVAC) and electrical systems, renovations of bathrooms and kitchens, interior painting, new carpets and flooring, installation of energy efficient windows, improvements to the sidewalks and parking lots and re-shingling of roofs. (Attachment II). Pursuant to a recently enhanced due diligence process adopted by the City, upon receiving RPJ's application, the Office of Housing engaged an independent construction consultant to review the proposed scope of rehabilitation and cost estimate prepared by RPJ's architect and construction management team (Attachment III). With input from the City's consultant, RPJ now projects a rehabilitation cost of approximately \$56,000 per unit. Housing staff will work closely with RPJ and VHDA to refine the plan of development for Longview Terrace to maximize the project's ability to compete successfully for tax credit funding in 2008. If tax credits are not awarded by VDHA then the planned rehabilitation would not proceed.

RPJ's anticipated permanent financing package includes Low Income Housing Tax Credits as well as taxable bonds and loans through VHDA. It has vetted the project and the proposed financing plan with VHDA. RPJ plans to maintain Longview Terrace as affordable rental housing. While the majority of units will serve households with incomes at or below 60% of the area median income (in 2007, \$56,700 for a household of four), three units will have rents affordable to households at 40% of the area median income (\$37,800 for a four person household) and three units will have rents affordable to households at 50% of the area median income (\$47,250 for a four person household). (Attachment IV) RPJ will achieve affordability through attrition to avoid displacement of current residents: over-income households will be replaced by eligible tenants as units are vacated.

The property is located in a quiet residential community, close to transportation, employment, shopping and recreational opportunities. RPJ briefed the neighboring Clover-College Park Civic Association about the development and its request for City financing. That group has expressed support for RPJ's proposal and for the retention of affordable housing at Longview Terrace (Attachment V). It should be noted that, given the cost of the planned rehabilitation, RPJ will need to seek a waiver of the parking requirements at the development.

The Affordable Housing Advisory Committee (AHAC) reviewed RPJ's funding application at its June 7, 2007 meeting, and without a quorum present, acted as a committee of the whole to endorse the request, with four members supporting, one abstaining and one opposing. The Committee is pleased with the City's recently implemented enhanced due diligence process which incorporates a third party construction review of projects requesting a City loan, and AHAC members suggested additional areas for study in future rehabilitation projects.

Staff recommends that \$3,200,000 in City loan funding be provided to RPJ for Longview Terrace Apartments from a portion of the previously authorized \$22.1 million in City general obligation bonds. The loan represents a subsidy of \$78,048 per unit, which is consistent with recent preservation loans to other non-profits. In addition to preserving a property which currently provides affordable rental housing over the long term, RPJ's proposal offers affordable rental options for some very low income individuals and households.

RPJ will begin repaying interest on the City loan around fourteen years after securing permanent financing to allow full payment of RPJ's deferred developer's fee pursuant to the requirements of the low income housing tax credit program. The Longview Terrace loan is structured to be a residual receipts loan at 2 percent interest: without interim refinancing, RPJ's cash flow projections indicate that full repayment to the City will only occur around Years 40-41.

Given upward shifts in the rehabilitation costs of other preservation projects approved by Council, the City's due diligence process now includes third party review of a project's construction scope and cost to confirm that what is proposed by the developer is appropriate, given a project's age and condition, and to ensure the property's long term viability.

FISCAL IMPACT: The City's loan of \$3,200,000 will be subordinated for repayment purposes to other lenders. This is typical for affordable housing loans the City makes. The source of the \$3.2 million loan will be City general obligation bonds financed by the dedicated one-cent in real estate taxes set aside for affordable housing. This utilizes the last part of the \$22.1 million in previously Council authorized general obligation bonds. There remains about \$6.9 million in additional bonding authority remaining before the one-cent is fully leveraged by bonds and totally obligated towards bond debt service repayment.

ATTACHMENTS:

Attachment I. Funding Application for Longview Terrace Apartments (RPJ)

Attachment II. Project Evaluation/Rehabilitation Scope and Cost (EDG RPJ's Architects)

Attachment III. Review of Rehabilitation Scope and Cost (MBP-City's construction review consultant)

Attachment IV. Longview Terrace Sources and Uses; Project Pro Forma (RPJ)

Attachment V. Letter of Support (Clover-College Park Civic Association)

STAFF:

Mark Jinks, Deputy City Manager

Mildrilyn Davis, Director, Office of Housing

Helen McIlvaine, Deputy Director, Office of Housing

**City of Alexandria, Virginia
Housing Opportunities Fund
Application for Longview Terrace Apartments**



Project Description

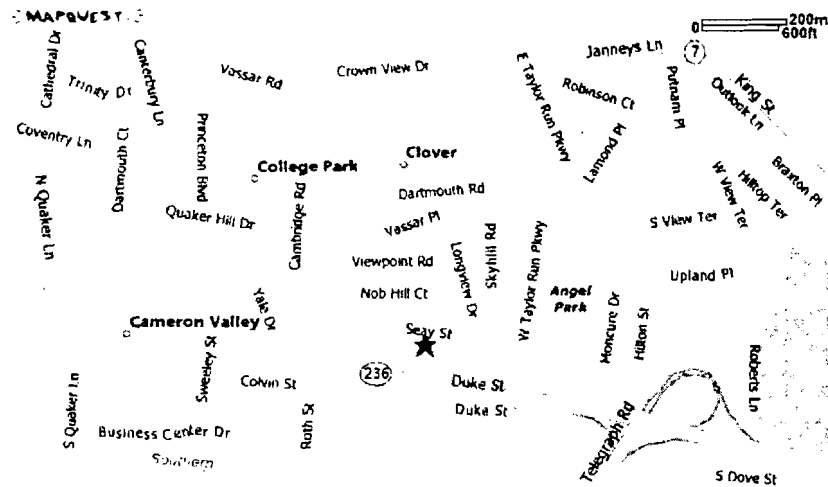
The Longview Terrace Apartments are located at 2900 Seay Street in the City of Alexandria, within an area known as Taylor Run/Clover, and near the intersection of W. Taylor Run Parkway and Duke Street. The neighborhood consists of garden apartments, townhouses and detached houses dating from the 1960s. The Longview Terrace Apartments consist of 41 units, made up of 1 efficiency apartment, 8 one bedroom apartments and 32 two bedroom apartments.

The Robert Pierre Johnson Housing Development Corporation of the National Capital Area (RPJ Housing) proposes to preserve units at the Longview Terrace Apartments as **rental** under the Low-Income Housing Tax Credit (LIHTC) program. RPJ Housing plans to acquire the property on or before July 11, 2007 (but after July 1, 2007) at a cost of \$6,560,000. After the property is acquired, a significant rehabilitation of the property is planned. Through rehabilitation, the **short term goal** is to improve the appearance, condition, and habitability of the property for existing tenants, new families, and the Taylor Run/Clover community at-large. With the implementation of the LIHTC program, the **long term goal** is continued affordability through restrictions ensuring rents will serve households at sixty percent (60%) of the area median income (ami) or less. RPJ Housing's purpose in acquiring Longview Terrace is to preserve it as a source of affordable rental housing, in perpetuity.

The **target population** for the Longview Terrace Apartments will be households earning 60% of ami or less. At this time, the rents range from \$800 to \$895 for one-bedroom units and \$1,150 to \$1400 for two-bedroom units. Three units will not be included as income restricted units as it relates to the Low Income Housing Tax Credit. This is to insure that no one is displaced by RPJ Housing's acquisition of the property. Nevertheless, these units will ultimately be affordable by persons whose incomes do not exceed 60% of ami, after any over-income tenants voluntarily move from the property.

As in all RPJ Housing properties, the Longview Terrace Apartments will accept Section 8 vouchers under the new ownership.

Site Development Description



The **general characteristics** of the Longview Terrace Apartments include one parcel zoned RC, totaling 31,765 square feet (.73 acres) with a four-story brick apartment building containing 37,488 square feet built in 1961. Currently, there are 41 units, made up of 1 efficiency apartment, 8 one bedroom apartments and 32 two bedroom apartments. Apartments do not include many amenities or upgrades. However, they have consistently high occupancy levels. The location is convenient to shopping, employment, public transportation, recreation, schools and services, including City and non-profit social services. Tenants are close to Duke Street and in walking distance to the King Street Metro Station (one mile). The property has full access to **public utilities** that includes electricity (Dominion Power), water/sewer (Virginia American Water Company), gas (Washington Gas), telephone, and cable.



Geographic and Demographic Impacts

It is not anticipated that the proposed acquisition and rehabilitation of the Longview Terrace Apartments has notable **geographic or demographic characteristics or influences** that may impact the development or the surrounding area. The property is an existing property in its current use. In summary, Longview Terrace will most likely serve the same household groups it currently serves but with an improved property.

Our focus is on tenants with incomes at or below 60% of ami. We will survey the current Longview Terrace tenants to determine their income levels. RPJ Housing does not displace tenants. Tenants whose incomes exceed 60% ami can remain tenants as long as they wish. When they voluntarily move, RPJ Housing will replace them with tenants of eligible income.

Our objective is to acquire the property and not increase rents. That said, there are inequalities in the current rent roll. Long term tenants pay less for the same space. Once we have provided improvements to assure that all people in a given size unit have the same amenities, we will equalize rents. In the event that there are persons who would pay more than 30% of their income for rent, we will seek subsidies to assist them with rent payments.



Project Design, Amenities, & Marketability

The primary **project design** proposed involves the rehabilitation of the existing properties. We will improve the property's condition and **amenities**. This would focus primarily on renovated kitchens and bathrooms, new windows, upgraded electrical systems and new HVAC.

Longview Terrace has significant **marketability** strength with the proposed improvements. As is, the property has many advantages including location to transportation, employment, shopping, and leisure activities as well as its position in an increasingly expensive housing market with dwindling affordable options. With the proposed renovations, its market situation greatly improves providing enhanced conditions in comparison to its immediate neighboring properties.

Funding Request and Project Financing

RPJ Housing is requesting **\$3,200,000** in Housing Opportunities Funds **for the acquisition of Longview Terrace Apartments** with acquisition to occur in July 2007. RPJ Housing has calculated that the property can carry \$3,535,250 million in debt that can be serviced without a rent increase. RPJ Housing is seeking the \$3,200,000 to bridge the gap between the market price of the Longview Terrace Apartments (\$6,560,000) plus predevelopment costs of \$175,250 and the amount of debt that the property will support at its current rents, \$3,535,250. That computes to \$78,049 per unit in acquisition assistance.

RPJ Housing is asking that this loan be structured as a residual receipts loan. We estimate that the property will have residual receipts beginning in year 5 and will be able to fully pay the loan off in year 24. The ability to refinance at the end of the Low Income Housing Tax Credit compliance period could accelerate the payoff.

RPJ Housing plans to submit an application for VHDA 9% LIHTC reservations on behalf of Longview Terrace Apartments. **Additional funding sources** for the acquisition include a conventional first trust lender, Mercantile Potomac.

Project Budget: Sources & Uses

The following chart illustrates how City funds will be used in the context of the sources and uses of acquisition funding for Longview Terrace.

Longview Terrace Sources and Uses (for acquisition only)

Sources

Bank Funding	\$3,535,250
City of Alexandria Acquisition Loan	3,024,750
City of Alexandria Predevelopment Loan	<u>175,250</u>
Total	\$6,735,250

Uses

Due Diligence	\$8,250
Sales Price	6,560,000
Settlement Costs	67,000
Tax Credit Application Professional Fees	<u>100,000</u>
Total	\$6,735,250

Partnership Description

If the Low Income Housing Tax Credit program provides the equity for the renovation, Longview Terrace will operate as **limited partnership**. A partnership along the following lines will be established.

Longview Terrace Limited Partnership

General Partner:	Longview Terrace Associates, LLC	00.01%
Original Limited Partner:	RPJ Housing Development Corporation	99.99%

Upon the admittance of the equity partner to the deal, the original limited partner (RPJ Housing) will be replaced by the tax credit equity provider. RPJ Housing usually works with the Virginia Community Development Corporation (VCDC) as its tax credit equity provider. VCDC is a non-profit organization specializing in providing Low Income Housing Tax Credit equity in Virginia. To date, VCDC has secured over \$120 million in equity from corporate investors. This equity has helped generate over \$180,000,000 in total development in 58 properties which have provided more than 2,000 units of affordable housing for Virginians.

Longview Terrace Associates, LLC will be established by RPJ Housing and will act as the managing general partner for project operations. RPJ Housing will be the developer for the financing and construction phases and will provide property management services. At the end of the Low Income Housing Tax Credit compliance period (15 years), RPJ Housing will repurchase the property via a contract that it will execute at the outset of this process and will retain the property as affordable rental housing in perpetuity.

Timeline

The following represents a **proposed timeline** for Longview Terrace:

July 2007	Purchase property
Summer/Fall 2007	Complete architectural scope and complete development program
Winter 2008	Prepare application for Low Income Housing Tax Credits
Summer 2008	Receive award of Low Income Housing Tax Credits and prepare construction bid documents
Spring 2009	Begin construction
Spring 2010	Complete construction and close on permanent financing

PROJECT EVALUATION SHEET

**Longview Terrace Apartments
2900-2915 Seay Street, Alexandria, VA**

Date of Evaluation: April 15, 2007

The following is a preliminary evaluation of existing conditions and anticipated upgrades and repairs as a result of the site visit, walk-through, and review of available information. Items in **bold** are part of the suggested scope of work.

Unit Total: 41 units
 1 Bedroom - 9
 2 Bedroom - 32

Building configuration:

Number of stairwells: 5
 Number of apartment units per stairwell: 2 units per floor x 4 floors (one stairwell has 3 units at the basement level)
 Fire alarm system - Existing bell and pull station, not monitored
 Sprinkler system - none in place.

No drawings nor units plans available

Construction: 1964

Type of work: Major rehab with tenant relocation

Rents & Maintenance records - available from management

Phase I Conditions (Phase 1 study completed by BlueRidge Environmental, Inc, report dated April 9, 2007)

1. Lead - High probability of lead-based paint on exterior metal railings, balconies, lintels, and interior trim paint. Probability of lead in glazed ceramic tile in bathrooms. **Lead-based paint survey and remediation plan will be required.**
2. Asbestos - Present in floor tile, mudded pipe fittings, and roofing materials. **Asbestos survey and remediation plan will be required.**
3. Fuel oil tanks - One tank had been removed in 1997, no contamination present.
4. Roof - Inspection pending.
5. Sewer lines - No inspection to date.

Please note that the evaluation below is based solely on one site visit and information gathered from that site visit. Based on EDG's experience, and considering the level of rehabilitation required in these units, our preliminary estimate for construction cost for the work is approximately **\$36,000/unit**. This could change subject to sprinkler requirements or other issues. Once detailed drawings and a scope of work are produced, a contractor can provide the actual costs with a detailed trade payment breakdown.

SITE: Single building surrounded by paved parking area. Site is located on a hillside, adjacent to Bishop Ireton High School and a residential neighborhood.

1. Fences - Various types of wood fencing on north, south, and west. **Replace fencing around perimeter of site.**
2. Retaining walls - Concrete/timber wall along north property line seems adequate.
3. Sidewalks - Existing sidewalks in generally good condition. **Provide for 20% replacement.**
4. Parking - Approximately 39 spaces (parallel or perpendicular) exist on site. Several spaces may be sacrificed for the handicapped access entrance to the proposed rental office, which may require a zoning appeal. **Seal coat lots, repair isolated areas and edge conditions, and restripe lots.**
5. Mail boxes - Existing pedestal mounted cluster boxes are located near entrance of site. **Replace pedestal mailboxes.**
6. Drainage - No major erosion noted.
7. Site amenities - None on site.
8. Landscape - Very limited. **Provide building foundation plantings at building entries.**
9. Dumpster enclosure - Access to existing enclosure is very limited. **Provide new area for dumpster enclosure for easier access.**

BUILDING EXTERIORS

Building is structurally sound - masonry is in good condition. Building exteriors are relatively drab; new building entries will liven up the facades. The addition of color accents at these areas will aid the revitalization of the buildings .

1. Masonry: Generally good condition, with exception of areas where water damage or building settlement has occurred. **Power wash, point up and caulk.**
2. Exposed wiring: Cable TV and satellite TV dishes are prevalent. **Remove exposed cable TV and relocate satellite dishes.**
3. Roofing - Existing pitched roofs with wood sheathing and asphalt shingles. **Replace all roof shingles and underlayment; selective or wholesale replacement of roof sheathing based on findings by a roof inspection. Provide new fascia, soffit, gutters, downspouts, and drip edge.**
4. Windows - Existing windows are double pane aluminum units, approximately 10 years old. **100% replacement with double glazed (insulated) vinyl units.**

STAIRWELLS

1. Stair Rails - Steel flat rails. **Replace to bring up to code.**
2. Wall/ceiling condition - Good condition, brick walls, trowelled ceilings. **Repaint ceilings.**
3. Separation from units - masonry- assumed to be 2 hours
4. Mailboxes - None - existing at exterior location
5. Flooring - Existing carpet. **Replace carpet at Owner's choice or replace with VCT and vinyl treads.**
6. Lighting - Existing incandescent lighting. **Replace and add exit signage.**
7. Windows - Existing sliders. **Replace with windows to match unit window replacement.**

BASEMENTS

1. Slab on grade basements throughout; no crawlspaces. **Provide framing and finish work for new leasing office and lobby; refurbish laundry rooms and add storage closets for tenant storage.**

UNITS

1. Type of floors and walls - Steel and concrete deck at first floor above basements; wood framing for upper floors. Ceiling heights are approximately 8'-0". Wood framing at a ll wall assemblies, with the exception of dwelling unit separation walls and stairwell walls.
2. Floor finish - Existing wood subflooring with carpet or exposed parquet flooring. Bathroom floors are ceramic tile. **Some replacement of damaged subfloor and full replacement of carpet. Provide VCT at kitchens and bathrooms.**
3. Wall and ceiling finish - Drywall; typically walls and ceilings are in good condition. **Minor patching (subject to further surveying). Provide bulkheads for new HVAC ductwork. Repaint all walls.**
4. Doors - Generally good condition, with exception of unit entry doors. **Replace unit entry doors; selective replacement of interior doors. Replace all door hardware.**
5. Bathrooms - Fair condition. **Replace bathtubs and remove wall ceramic tile and floor tile entirely. Replace fixtures and accessories, medicine cabinet, shower rod, etc.**
6. Kitchens - Small and inefficient. **Replace all cabinets and appliances, provide garbage disposals.**
7. H.C. Units - None on site. **Level of renovation may require certain percentage to be accessible (to be determined).**

MECHANICAL/ELECTRICAL/PLUMBING

Mechanical

Existing heat is provided by a hydronic baseboard system. Air conditioning is provided by window units. Kitchen and bath exhausts exist, however it is not certain if all kitchen exhausts are operational. **Provide new high efficiency split system heat pumps with remote condensers at all units, or a combined "Magic-Pak" system to remove the possibility of locating condensers on the ground. Provide new exhaust fans at bathrooms and kitchens.**

Plumbing

Existing domestic supply is copper and existing waste lines are assumed to be ductile iron. **Replace bath tub diverters with integral unit. Replace all fixtures, trim and fittings. Repair any sanitary sewer defects in buildings or on site.**

Electrical

Existing 100A individual services are connected to small load centers. Material of feeders and branch wiring is to be verified, and all outlets seem to be grounded. Receptacle locations seem adequate. Smoke detectors are battery operated. Central door entry system seems adequate. **Upgrade unit load centers. New light fixture package throughout units. Hardwire unit smoke detectors.**



McDONOUGH BOLYARD PECK

Quality through Teamwork since 1990

June 1, 2007

City of Alexandria
Office of Housing
421 King Street, Suite 200
Alexandria, VA 22314

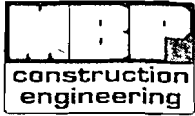
Attention: Helen S. McIlvaine
Deputy Director

Reference: Longview Terrace Apartments
Construction Cost Confidence Review

Attached is McDonough Bolyard Peck's (MBP) construction cost confidence review completed for the Longview Terrace Apartments in City of Alexandria, Virginia. To summarize the results we prepared the attached spreadsheet. The left side of the spreadsheet is a recapitulation of the Construction Management Group, LLC (CMG) budget estimate, dated 4/21/07, and the right side of the spreadsheet provides a summary of MBP's estimate for the items we analyzed, along with the calculated cost differential between CMG's bid and MBP's estimates.

In accordance with MBP's Scope of Services executed by City of Alexandria on 5/14/07, MBP analyzed line items included in CMG's estimate representing 100% of the corrected \$1,521,977 subtotal base construction cost estimate as calculated by CMG. MBP's subtotal cost estimate is \$1,731,027.59, a 13.7% difference. MBP's total includes a 20% contingency, which we believe is reasonable and prudent given the nature and scope of the work. Regarding our overall comparison with CMG's estimate, typically results within 20% are considered reasonable.

In addition to EDG's finding/evaluations and the items on CMG's conceptual construction budget spreadsheet, MBP has listed additional line items highlighted in red to cover what was observed during our site visit. Please note that the attached estimate is based solely on documents provided by City of Alexandria and one site visit and information gathered from that site visit.



Helen S. McIlvaine
Page 2 of 2
June 1, 2007

If you have any questions, please feel free to call me at 703-641-9088.

McDONOUGH BOLYARD PECK

Christopher J. Payne, PE, CCM
Vice President

Attachment

cc: Helen McIlvaine, City of Alexandria
J02016.008

Performed on
Longview Terrace Apartments

COMMENTS		
GENERAL		
1	Lead	Lead-based paints survey and evaluation will be required on all exterior metals and interior trim paint.
2	Asbestos	Asbestos survey and evaluation will be required on all floor tiles and plumbing in Kitchens and Bathrooms.
3	Roof	Roof inspection is required by the roofing specialist. Selective or wholesale replacement of roof sheathing based on findings by a roof inspection.
4	ADA/FHA	Inspection and evaluation is required by an ADA/FHA specialist for certain percentage of accessibility.
5	Sewer Lines	An evaluation is required by the City jurisdiction.
SITE		
1	Asphalt	Existing asphalt is in good condition. Due to numerous overlaying, some edge repairs needed.
2	Retaining Walls	Concrete/timber walls appear adequate. Some concrete crack repairs are required.
3	Fences	All wood fencing surrounding building needs to be replaced.
4	Sidewalks	Existing sidewalks in general good condition. Provide 20% replacement.
5	Drainage Structures	No adequate drainage in front of the structures due to the heavy overlaying of asphalt. Milling is required in front of the structures.
6	Parking	Certain percentage of the parking spaces may be converted to handicap parking space to have an access to the proposed rental office and possibly the proposed handicap units.
7	Mailboxes	The pedestal mounted cluster mailboxes and the concrete base pad needs to be replaced.
8	Landscaping	Minor plant box repairs and plantings are required.
9	Dumpster enclosure	Provide bigger enclosure for the easy access and replace the concrete padding.
BUILDING EXTERIORS		
1	Masonry	Good condition - With exception of areas where water damage and/or building settlement has occurred. Clean-up and repairs are required.
2	Railing	High probability of lead-based paint on exterior metal railings, balconies, and lintels. Lead-based paints survey and evaluation will be required.
3	Balconies Pans	Over 50% of the balconies' pans are rusted and falling apart, with some cracked concrete. The evaluations and method of repairs are required by the Structural Engineer and the Ironwork expert. For the estimating purpose assumed to install two steel blocking beams between each supporting beams and weld a steel plate beneath for the protection. For estimate purposes, we assume to fix all balconies (100%).
4	Windows	Replace existing aluminum framed windows with new paradigm vinyl windows with double pan insulated glass.
5	Fascia, soffit, gutters, downspouts, and drip edge	Replace existing gutters apron along all eaves where gutter exist. Replace existing downspouts with new 5" aluminum gutter with 3" x 4" downspouts. Replace existing fascia and rake boards and install new aluminum wrapping on all fascia and rake boards. Replace drip edge along all rake edges. Replace the existing soffit with new vinyl vented under all eaves and rakes.
6	Exposed Wiring	Remove exposed Cable TV.
STAIRWELLS		
1	Stair Rails	Replace the existing rails to bring up to current code.
2	Wall/ceiling condition	Good condition - Some repainting is required.
3	Flooring	Replace carpet.
4	Lighting	Replace the existing exit signs and add where needed at each ingress/egress location.
BASEMENTS		
1	Leasing Office	Provide framing and finish work for new leasing office and lobby to accommodate with ADA requirements. Replacement of the flooring is also required.
2	Laundry Rooms	Renovate entire laundry rooms. Replace the washers/dryers with new machines. The doors, working tables, the sink areas, and the electrical light switches/outlets need to be handicap accessible.
3	New Storage Closet	Provide storage closets for tenant storage.

By: AA

*Performed on
Longview Terrace Apartments*

UNITS		
1	Flooring	Replace all carpet area floors (Living Rooms and Bedrooms). Replace Kitchen and Bathrooms with new VCT flooring.
2	Wall/ceiling finish	Minor wall repairs, provide HVAC closet and bulkheads for ductwork, remove the base heat and replace with new baseboards, and repaint all walls.
3	Doors	Replace all unit entry doors, selective replacement of interior doors, and replace all door hardware.
4	Bathrooms	Remove and replace wall ceramic tile and floor tile, bathtubs, fixtures and accessories, medicine cabinet, air vent, and shower rod.
5	Kitchens	Replace all base and wall cabinets, appliances, the flooring, air vent, and provide garbage disposals.
6	H.C. Units	None on site. Level of renovation may require certain percentage to be handicap accessible.
MECHANICAL		
1	Heating & Cooling	Provide new high efficiency split system heat pumps with remote condensers at all units, or a combined "Magic-pack" system to remove the possibility of locating condensers on the ground. Provide new exhaust fans at bathrooms and kitchens. Add Ductwork and side wall diffusers for indoor heat pump section. Remove existing through the wall type A/C units. Remove finned tube radiators piping & boiler systems.
PLUMBING		
1	General	Replace bathtub diverter faucets with integral diverter valve unit. Replace all bathtubs, toilets, vanity sinks, faucet sets and fittings. Provide new angle stops for all fixtures. Insulate all hot water piping running to units from boilers. Repair any sanitary sewer defects in buildings or on site.
ELECTRICAL		
1	General	Upgrade each apartments unit load centers to new 125 ampere 240 volt load centers complete with circuit breakers. Replace all interior light fixtures packages throughout units. Add new circuits for indoor and outdoor heatpump sections. Provide 120 volt circuiting to new line voltage smoke detectors through out Apartments.

SCENARIO #1

Project Name	Longview Apartments	Developer	RPJ Housing
Site Address	2900 - 2906 Seay Street	Lender	TBD
Total Units	41	Prepared by	Jeannie Cummins
Start Date	Winter 2007	Site Office	TBD
			Date 6.7.2007

DEVELOPMENT BUDGET: SOURCES

Predevelopment

Acquisition

Mercantile Potomac Bank	3,535,250
Alexandria HOF	3,200,000
	6,735,250

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PERMANENT FINANCING

Sources	Position	Rate	Term YR	PMT/YR	Amount
VHDA Taxable Bond	1st	7.20%	30.00	81,455	1,000,000
VHDA SPARC	2nd	4.75%	30.00	93,897	1,500,000
VHDA MF Flex	3rd	2.00%	40.00	26,419	727,000
Alexandria HOF	4th	2.00%	40.00	resid rcpts	3,200,000
Deferred Dev Fee	5th	0.00%	0.00	0	680,865
		0.00%	0.00	0	
Tax Credit Equity:		0.00%	0.00	0	3,762,869
		0.00%	0.00	0	
TOTAL					\$10,870,734
Surplus/(Gap)					0

Notes: The Alexandria HOF loan is characterized as interest only, payable through residual receipts. All hard and soft costs for construction are gross estimates at this stage of the process, and may shift upon architectural review of the site. This scenario does not anticipate any return of principal to the HOF upon sale of the property to the Limited Partnership entity.

DEVELOPMENT BUDGET: USES

Predevelopment

	Total	Per Unit
Site Appraisal	4,500	110
Environmental	3,500	85
Earnest Money	200,000	4,878
Other: Roof Insp., Architect, Engineer, Marke	100,250	2,445
SUBTOTAL	\$308,250	7,518

Acquisition

Buildings	3,870,400	94,400
Land (net of earnest deposit)	2,489,600	60,722
Due Diligence (above)		0
Settlement Costs	67,000	1,634
Other	0	0
SUBTOTAL	\$6,427,000	\$156,756
Total Predev & Acquisition	6,735,250	

Construction

Hard Cost

Site Work		0
Demolition	0	0
Residential	1,731,028	42,220
Commercial	0	0
General Conditions	82,000	2,000
Contractor's Overhead	3% 78,000	1,902
Contractor's Profit	3% 78,000	1,902
Other: Bonding Fee	25,965	633
Contingency	15% 346,200	8,444
SUBTOTAL	\$2,341,193	\$57,102

Soft Cost

Accounting and Audit	0	0
Appraisal Fee	6,500	159
Architect and Engineering	45,000	1,098
Architect Supervision	45,000	1,098
Construction Bond	0	0
Acquisition/Construction Interest	317,550	7,745
Construction Loan Fee	43,500	1,061
Consultant	0	0
Developer's Fee	9% 880,000	21,463
Enterprise Interest	0	0
Environmental Survey	3,500	85
Furniture (example unit)	0	0
Inspection Fees	0	0
Insurance Builder's Risk & Bldg	13,500	329
Insurance Liability	7,500	183
Lead Test (incl in contract cost)	0	0
Legal Closing	65,000	1,585
Legal CDC	0	0
Market Study	2,750	67
Perm Lender Fees	20,875	509
Permits and Fees	34,620	844
Relocation	30,895	754
Reserves Lease Up	0% 22,650	552
Reserves Operating	58,750	1,433
Soft Cost Contingency	0% 0	0
Survey	6,000	146
Taxes	59,055	1,440
Title & Recording	87,226	2,127
DHCD Permanent Loan Fee	0	0
Mortgage Banker	10,000	244
Tax Credit Fee	29,420	718
Cost Certification Fee	5,000	122
Vacancy Reserve	0	0
SUBTOTAL	\$1,794,291	43,763

SUBTOTAL Hard and Soft	\$4,135,484	100,865
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Total Development Cost	\$10,870,734	\$265,140
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Project Name:	Longview Apartments	Developer	RPJ Housing
Site Address:	2900 - 2906 Seay Street	CDC:	TBD
Total Units:	41	Prepared	Jeannie Cummins
Start Date:		Date:	6/7/2007
		Site Office	TBD

MONTHLY RENTAL INCOME			Percent of income applied to 30%			Family Size and Area Median Income Affordability Analysis								
APT. TYPE	# of Units	Rent/mt	Rent	Utility Allowance	Utility/mo	Total Rent Inc. level	1	2	3	4	5	6	7	8
0 BR - 40%	1	535	535	116	651	26,040	39.37%							
0 BR - 50%	0	0	0		0	0								
1 BR - 40%	1	560	560	137	697	27,880	42.15%	36.88%						
1 BR - 50%	1	725	725	137	862	34,480	52.12%	45.61%						
1 BR - 60%	5	860	4,300	137	997	39,880	60.29%	52.75%						
1 BR - market	1	900	900	137	1037	41,480	62.71%	54.87%						
2BR - 40%	2	675	1,350	168	843	33,720		44.60%	39.65%	35.68%				
2BR - 50%	5	875	4,375	168	1043	41,720		55.19%	49.05%	44.15%				
2 BR - 60%	23	1,000	23,000	168	1168	46,720		61.80%	54.93%	49.44%				
2BR - market	2	1,200	2,400	168	1368	54,720		72.38%	64.34%	57.90%				
Other	0	0	0		0	0								
Other	0	0	0		0	0								
Super	0	0	0		0	0								
TOTAL	41	7,330	\$38,145											
misc	0	0	0											
Laundry, Storage, Late Fees:			700											
TOTAL MONTHLY INCOME:			\$38,845											

19

May 1, 2007

To: Mildrilyn Davis, Director
Helen McIlvaine, Deputy Director
Office of Housing, City of Alexandria

From: Christopher Tucker, President
Clover-College Park Civic Association

Re: Longview Terrace Housing Development

This message is to express our support of the CCPCA Board of Directors for acquisition of the Longview Terrace property for affordable housing on Seay Street using money from the Housing Opportunities Fund for a portion of the financing. This location is near the southeast corner of the boundary of our association and its 256 residences.

At our last Board of Directors meeting in April, we heard a presentation by Jeannie Cummins of RPJ properties about their plans to acquire the property and retain its use as affordable housing, evidently with a combination of financing from the City and the private sector.

We support the efforts of the City to retain affordable housing to the extent possible in this housing market, and believe that RPJ Housing would be an appropriate investor.

If you have any questions, please contact me. Thank you for your consideration.

cc: Jeannie Cummins, PRJ Properties
jcummins@rpjhousing.org



<rlippmann@hotmail.com>

06/26/2007 11:20 PM

Please respond to
<rlippmann@hotmail.com>

To <alexvamayor@aol.com>, <timothylovain@aol.com>,
<councilmangaines@aol.com>, <council@krupicka.com>,
<dellepper@aol.com>, <paulcsmedberg@aol.com>,

cc

bcc

Subject COA Contact Us: RPJ purchase of Longview Terrace

31
6-26-07

Time: [Tue Jun 26, 2007 23:20:25] IP Address: [69.140.66.44]

Response requested: []

First Name: Robert
Last Name: Lippmann
Street Address: 200 Longview Drive
City: Alexandria
State: VA
Zip: 22314
Phone: (703) 370-0670
Email Address: rlippmann@hotmail.com
Subject: RPJ purchase of Longview Terrace

I have just returned from the meeting tonight in which support for RPJ's purchase of Longview Terrace was unanimously approved.

I was unaware that I would not be able to bring up issues that I and other members of the immediately surrounding neighborhood had, which caused us not to support this measure.

In addition, certain issues had come to light after RPJ went to the neighborhoods, which, had they been known at the time, would have cause Clover neighborhood association to not support the project.

These issues are

- 1) RPJ requested (and has just received via the approval of this measure) a waiver of parking requirements. The reasoning being that since it was low income housing, fewer cars would be needed. In that case, why was the waiver requested (and approved) in the first place?
- 2) There is no mention of sprinklers being provided for in RPJ's proposal, whereas the rehab statement mentions it. In addition, the affordable housing committee had issues concerning the

Comments:

sewer and balcony inspections which have not been completed, yet these were not mentioned.

3) There are issues with dumpster access, which the neighborhood is currently having difficulties with the neighboring apartment complex despite informing Code Enforcement. We are concerned that an even greater problem will exist with RPJ not being restricted on that front.

4) RPJ presented to the neighborhood that not more than 10 units will be used for section 8 vouchers. Yet, their presentation to the city indicates that "In the event that there are persons who would pay more than 30% of their income for rent, we will seek subsidies to assist them with rent payments." Yet by my calculations, given a ami of \$65,000 for a family of 4, rent over \$950 (60% times 65000 times 30 percent divided by 12) would be subsidized. Given that the units rent for \$1150 to \$1400 a month, that means that every unit would be subsidized as opposed to the "maximum of 10 units" that RPJ asserted.

5) no mention of assessing the impact of the historical nature of the area is mentioned

Given these issues, and the fact they were either not addressed, or not revealed to the neighborhood associations prior to their vote, I feel that this issue should be reconsidered.

Sincerely,
Robert Lippmann