



Alexandria Redevelopment and Housing Authority



# Redevelopment Work Group Development Update December 2022

# ARHA Development Principles



One-for-One replacement of all low-income units

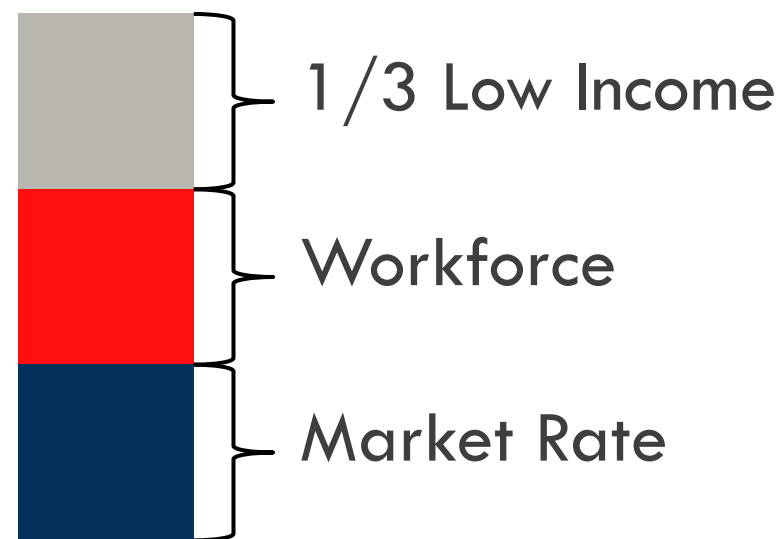


Mixed income community with fully integrated affordable units

Private Public Partnerships

Resident Input = Key

Minority Equity Participation



# Madden Redevelopment - 1

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## Schedule

### Entitlement Process on Target as Originally Projected!

City Comments to Completeness Submission	Dec. 1 (Received)
Meeting with City Staff for Project Conditions	Dec. 22
City Council Hearing ( <b>projected</b> )	February 2023
Submission of Tax Credit Application	March 2023
* Applying for Public Housing Pool at Virginia Housing	
If LIHTCs awarded-	
* Resident Relocation	Q3-Q4 2023
* Financial Closing	Q4 2023
* Demolition/Construction Start	Q1 2024

## Community Engagement

Additional Section 106 outreach – Project Consultant: EHT Traceries  
Relocation Planning - Relocation Consultant: HOU  
African-American History Tour



# Madden Redevelopment - 2

## Affordable Housing Plan

	Buildings		
Incomes	North	South	Total
0-30% AMI	77	84	161
50-60% AMI	79		79
80% AMI	51	35	86
Market		206	206
<b>TOTAL</b>	<b>207</b>	<b>325</b>	<b>532</b>

	RMF Zone		7-700 Units	
AMI	Required	Provided	Required	Provided
30%	0	161		
40%	112			
50%		27		
60%			<b>38</b>	<b>52</b>
<b>Non-RMR/7-700 Units</b>				
80%				86
Market				206
<b>TOTAL</b>	<b>112</b>	<b>188</b>		
<b>Combined Affordable</b>	<b>Required</b>	<b>150 units</b>	<b>Provided</b>	<b>240 Units</b>

# Madden Redevelopment - 3

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## Ownership Structure

### North Building – 207 Units - All Affordable

- \* Land lease to new Development Entity
- \* Tax Credit investor 99.99% owner and GP .01% owner
- \* GP Manager - single purpose entity ARHA with Fairstead and TCG
- \* ARHA 51% owner of GP Manager
- \* ARHA has Right of First Refusal post LIHTC compliance period

### South Building – 325 units – Mixed Income

- \* Land sale to Mill Creek; portion to be invested as equity by ARHA
- \* ARHA Investment partnership with Fairstead and TCG
- \* Mill Creek managing partner
- \* 84 units reserved for 0-30% AMI
- \* ARHA 10% ownership interest – Cash Flow, Equity, Refinance
- \* Fairstead/TCG 9% ownership; 81% equity investors
- \* ARHA has Right of First Offer Upon Sale/Equity Investor Buyout



# Madden Redevelopment - 4

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## Environmental Sustainability Plan

**This project is committed to achieving the following certifications**

- \* 2020 Enterprise Green Communities Plus, WELL
- \* EPA's ENERGY STAR
- \* Multifamily New Construction (MFNC) v1.1,
- \* EPA's Indoor air PLUS (IAP),
- \* DOE's Zero Energy Ready Home (ZERH)
- \* Zero Energy Ready (North Building)
- \* LEED Silver (South Building)

**In Partnership with Virginia Tech for Madden**

**In Partnership with VT - Sustainability Planning for ARHA Renovations**



# Madden Redevelopment - 5

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## Request for RE Tax Abatement and Construction Fee Relief

- Samuel Madden Redevelopment will generate real estate taxes to the City on a parcel that is currently exempt from paying real estate taxes;
- Abatement of RE taxes allows the repayment of an increased mortgage loan to offset increased costs and interest rates;
- \$50,000,000 in tax credit equity will be generated for the North Building at a time where there are limited City/State/Federal funds for mixed income financing
- Right of return for 66 current Madden families and 95 new units for 0-30% AMI
- Expansion of ground level retail around the new development
- Providing a Food Hub and Daycare open to City residents

## Request for City Funding

**Requesting \$1M from City's Housing Opportunities Fund**

Interest Rate increase has added pressure on the debt financing



# Ladrey Redevelopment

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## Development Partner Selection

- \* Currently negotiating Master Development Agreement with Winn/IBF Team
- \* Expected MDA in January 2023

## Resident Engagement A Priority

Development Team opened office at Ladrey  
Meet & Greet; Thanksgiving Dinner

**Goal:** Actively Engage Residents in Building Planning, Future Services,  
Relocation Planning – excellent resident participation

## City Planning

Active Engagement – Pre-Charette Meeting December 6

## HUD Engagement

Ladrey received HUD Approval for Section Section 18 conversion of 170 units to Project Based Vouchers – requires numerous steps



# Park Place/Saxony

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## Renovation Status

**Park Place and Saxony Units Completed**

## HUD Subsidy Conversion

HUD processing PBV conversion for all units

**Positive financial impact** on ARHA budget and ability to provide routine maintenance on units and quality services to residents.

# BWR/Chatham Re-Syndication

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## Re-syndication Planning

### Capital Needs Assessments

- Completed; currently creating scope of renovation work/Interior & exterior
- Cost estimate to be provided in Q1 2023
- Sustainability Planning with Virginia Tech

### Re-syndication Planning

- **Chatham LP Withdrawal**
- Expected Dec. 2022

### RAD Conversion

- Financing Plan to be submitted Q1 2023

### Financial Closing – Target September 2023

- Unit Renovation Q4 2023



# RAD Conversions/ Strategic Plan

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## No Change - Properties with CHAPS

- Chatham
- BWR
- Old Dominion
- James Bland

Conversion expected in 2023

## Strategic Planning

- **Update Strategic Plan to Reflect Subsidy Repositioning**

# General Obligation Bonds By ARHA

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## Standard & Poor's Rating

- Submitted Q4 2022
- Rating Expected Q2 2023 - Working with Key Banc Capital Markets
- **Rating of ARHA as a stand alone borrowing entity**

## General Obligation Bonds – Benefits

- Lower borrowing costs = collect bond yield or increase affordability
- Fewer transactional parties = tailored reserves, no 3<sup>rd</sup> party reports
- Creative structural flexibility = project specific debt financing

## ARHA Pledge & Bond Application

- **Pledge ARHA non-restricted revenues**
- Geo Bonds can be applied to LIHTC projects, Portfolio Recapitalization, RAD conversions, debt refinancing, Tax-exempt and Taxable financing, Permanent & short-term
- **Provides ARHA increased financing Flexibility**



# ARHA Development Entity - 1

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- **City Council Request:**
  1. Retroactive approval of VHD
  2. Approval of past and future Single Purpose Entities
  3. Approval of ARHA Non-profit entity

## WHY ARE WE DISCUSSING ENTITY FORMATION

- A question was raised about the legal authority of ARHA to create entities
- In order to have a clean opinion of counsel for tax credit purposes, this issue needs to be resolved!

## ARHA CREATED ENTITIES

- **VHD** – entity whose only board member is the ARHA Board
- **SPEs** – entities created for tax credits deals; property-specific
- **Premier Affordable Housing** – ARHA nonprofit entity
  - Five board members, three are independent of ARHA Board
  - ARHA CEO and CFO are Board members
  - Major role is to support ARHA's affordable housing mission



# ARHA Development Entity - 2

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## BENEFITS OF CREATING ENTITIES

- Generally, deal specific entities allow ARHA to spread its risk – we guard against liability by purchasing insurance and creating different legal entities. Corporations are persons under the law
- Non-profit entities allow ARHA to access the philanthropic community since corporate giving and foundation grants are usually limited to tax-exempt nonprofit corporations
- Tax Code changes in 2018-19 allows for nonprofits to share in a tax credit deal beyond the .01% limits that have been in place
- HUD makes a distinction of INSTRUMENTALITY (entity controlled by ARHA) & AFFILIATE (independent entity created by ARHA)



# Q & A



View South down N Henry St