City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 1, 2019

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC)

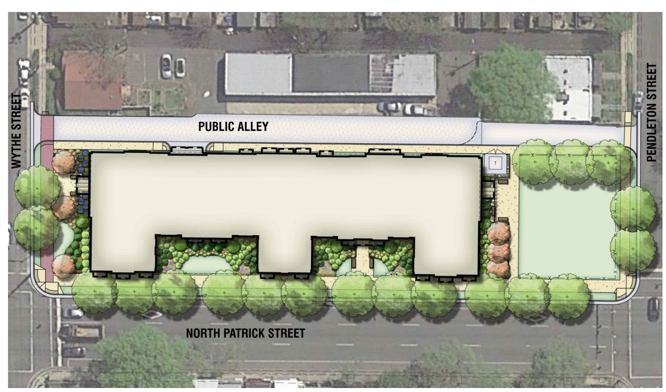
FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: CONSIDERATION OF A REQUEST FROM THE ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY (ARHA) TO INCREASE THE AMOUNT OF THE CITY LOAN FOR THE REDEVELOPMENT OF RAMSEY HOMES FROM $3.6 MILLION TO $5 MILLION

ISSUE: Consideration of an increase in the approved City loan amount to be provided to the Alexandria Redevelopment and Housing Authority (ARHA) for the Ramsey Homes redevelopment from up to $3.6 million to up to $5 million (Attachment 1).

RECOMMENDATION: That AHAAC recommend that City Council approve an additional allocation of $1.4 million for a total permanent loan to ARHA of up to $5,000,000 for redevelopment of Ramsey Homes. The monies are proposed to be funded from proceeds of ARHA's repayment of the City's 2008 Glebe Park loan ($5 million).

BACKGROUND: In November 2016 City Council approved a DSUP and City loan package of $1.1 million for the redevelopment of Ramsey Homes. The project will replace 15 existing public housing units (all 15 will be deeply affordable to households with incomes at 30% AMI or below, although not all will be traditional public housing, subject to an ACC contract with HUD), as well as add 37 new units, affordable to households with incomes ranging up to 60% AMI. The building mix will include one, two- and three-bedroom units.



In May 2017, Ramsey Homes was awarded Low Income Housing Tax Credits by VHDA. In May 2018, with AHAAC's support, as well as the Committee's requirement that ARHA prioritize repayment of the City new loan ahead of repayment of ARHA's note, City Council approved additional funds for a total loan to ARHA of up to $3.6 million to pay for increased construction costs (Attachment 2). The City, along with Capital One (construction lender) and Enterprise (tax credit investor) closed on financing of the $23 million project in November 2018. Construction began last winter and, following multiple weather-related delays for several months, the underground parking structure is completed, and the building foundation and deck are being poured currently. The project is anticipated to be completed in May 2020, with occupancy beginning in June 2020.

DISCUSSION: ARHA is now requesting an additional allocation of $1.4 million in City funds for Ramsey Homes to cover additional hard and soft costs related primarily to project weather delay and site conditions. Housing staff have collaborated with ARHA in reviewing the new additional costs related to the project. Among the additional costs that will be funded with the City's new loan authorization are archeological work, additional construction management requirements, and material cost escalation, as well as an increase in soft costs related to delay, including ARHA extending its project delivery date.

It is noted that the ARHA team managing the project currently does not include any of the original staff who have transitioned out of the agency since the development was first approved and funded. To cover the funding gap that has emerged, in addition to the $1.4 million in funds being requested from the City, ARHA has also increased its deferred developer fee from $310,00 to $734,000 and it will draw $625,000 from construction contingency funds incorporated in the project budget. More of ARHA's developer fee will have to be deferred, subject to the investor's approval, if additional costs – beyond those now budgeted - are incurred. ARHA believes that the project has achieved a phase of completion that is less risky, and the agency does not anticipate excessive costs going forward. All draws against the amount ultimately authorized by City Council will be reviewed prior to payment by Eric Keeler, Housing's Deputy Director, who is providing construction management support to ARHA.

Below is a comparison of the Sources and Uses from what was presented to City Council in May 2018 and the additional $1.6 million now needed to close out the project.

Sources	**2018**	**ARHA Projected Need**	**Change**
LIHTC	$12,626,142	$12,752,410	$126,268
ARHA Loan A	$3,710,000	$5,000,000	$1,290,000
ARHA Loan B	$303,083	$303,083	$0
ARHA HUD RHF	$1,034,933	$1,034,933	$0
Deferred Developer Fee	$310,256	$738,422	$428,166
ARHA Equity	$1,265	$0	($1,265)
VHDA Predevelopment Loan	$100,000	$0	($100,000)
City Loan	$3,600,000	$5,000,000	$1,400,000
Total	**$21,685,679**	**$24,828,848**	**$3,143,169**
Uses			
Predevelopment Archeology	$0	$310,000	$310,000
Construction Costs	$13,068,798	$13,604,148	$535,350
Financing Costs	$543,014	$662,689	$119,675
Soft Costs	$2,261,386	$3,063,515	$802,129
Reserves	$218,363	$304,378	$86,015
Developer Fee	$1,884,118	$1,884,118	$0
Acquisition Costs	$3,710,000	$5,000,000	$1,290,000
Total	**$21,685,679**	**$24,828,848**	**$3,143,169**

FISCAL IMPACT: The current request for loan funding of up to $5 million will require an additional allocation of $1.4 million of Housing Opportunities Fund (HOF) dollars, from the reservation established with proceeds from ARHA's repayment of $5 million for the City's Glebe Park loan. If all the funds requested are used for Ramsey, the reservation will be fully depleted; however, if there is a remaining balance it will be available for other 2014 RFP projects. As discussed above, the additional $1.4 million in HOF will be treated as a priority repayment item (as was the additional $1.6 million requested in May 2018). This means a total of $3 million of the City loan funding provided will be a priority, with the $2 million balance of the City loan being repaid, along with ARHA's seller note, from the project's future residual receipts on a shared 50/50 payout basis. As in 2018, ARHA has stated its intention to fully repay any remaining balance due on the City loan when the project is refinanced, after expiration of the initial affordability period, around Year 15 (estimated to be ~2035).

ATTACHMENTS:

(1) ARHA Request dated September 27, 2019
(2) City Council Docket item dated May 22, 2018

STAFF:

Eric Keeler, Deputy Director, Office of Housing

September 27, 2019

Eric P. Keeler
Deputy Director
Office of Housing
City of Alexandria
421 King Street, Suite 200
Alexandria, VA 22314

RE: **RAMSEY HOMES**
Request for Additional Funds

Dear Mr. Keeler,

On behalf of the Alexandria Redevelopment and Housing Authority (ARHA), I hereby request an allocation of an additional $1.4 million from the Housing Opportunities Loan Fund (HPF). The HPF proceeds will be used to fund additional hard and soft costs incurred during the construction of the Ramsey Homes.

BACKGROUND

The financial closing for the Ramsey Homes project was on November 28, 2018. Construction on the project commenced on approximately January 10, 2019.

The Ramsey Homes project is an affordable housing project consisting of 52 units financed with low income housing tax credits, city loans, and public housing funds. This project is being constructed on ARHA-owned land that previously housed 15 public housing units. The project is located on North Patrick Street between Wythe and Pendleton Streets. When completed the project will have 52 affordable units with one-, two- and three-bedroom units. The building will be a four-story wood construction over an underground concrete parking garage for 32 cars. The property will also include a park with passive green areas and a tot lot open to neighboring community.

CLOSING AND CONSTRUCTION DELAYS

As is the case with many construction projects in the City, the Ramsey Homes project has endured significant weather related delays. During the pre-construction phase, execution of the archeological study was impacted by severe weather. The study commenced in July 2018 and had an original duration of 20 business days. However, due to 2018 being one of the wettest years on record locally, the archeological study was not completed until October 2018. In large part, the delay of the financial closing from July to November was a direct result of our inability to produce the required archeological study. To complete the study, our General Contractor was onsite dewatering after each rain storm and providing coordination of the excavation and related work. The unexpected costs associated with the four months of dewatering for archeology had not been accounted for in our pre-development budget.

The original closing for this project was projected for July 2018. The delay in the archeological study, however, delayed the project closing until November 2018. As the financial closing for this project was delayed, we were forced to request from VHDA an extension of our allocated tax credits. This five-month delay led to an increase in soft costs associated with legal fees, design work and special inspections and an escalation of some construction pricing that the general contractor had obtained in May 2018.

Since the commencement of construction, the weather in this region has continued to cause havoc on the schedule and, correspondingly, on the price of materials and labor. As a result, we have incurred additional unexpected costs for material cost escalations and third-party costs and fees. Together with the general contractor we have taken measures to mitigate the potential impact of future abnormal rain delays. Installation of the foundation (excavation of dirt, sheeting and shoring, and concrete pours) is approximately 80% completed. This is the critical path item most impacted by rain, so the potential for future delays, after installation of the undergrounding parking and concrete podium, greatly diminish. In addition, we reached agreement on a contract extension to May 2020. This will allow us to have greater control over our third party costs. All these factors allow us to have greater control over our site, costs and schedule.

ARHA has worked closely with the City throughout the planning and construction of Ramsey Homes. While the project has undergone many design iterations, cost escalations and some internal ARHA staff turnover, we are confident in the close working relationship with the city and are assured that the development process including budgeting with city funds, will be more streamlined in future development deals.

REQUEST

ARHA respectfully requests allocation of $1.4 million in the Housing Opportunities Loan fund (HPF) to the Ramsey Homes project to fund hard and soft cost contingency.

Enclosed is a projected breakdown of costs based on current construction conditions. Please let us know if you require a more detailed outline and we will work to obtain such. If you have questions and if you require any additional supporting materials, please contact Sarah Scott at 703-549-7115 ext. 163.

Thank you for your continued support of the Ramsey Homes project.

Sincerely,

Keith Pettigrew,
Chief Executive Officer

Ramsey Cost Overruns Summary	
Construction Contingency	
Total Construction Contingency	$ 625,028
Additional Costs	
Pre - GMP Archeology	*$ 310,000*
Additional Hard Costs	*$ 535,350*
Additional Soft Costs	*$ 504,454*
Total Additional Costs	$ 1,349,804
Total Cost Overruns	**$ 1,974,832**

Requested City Loan	$ 1,400,000
Total Additional Costs	$ (1,349,804)
Balance	$ 50,196

Legislation Details (With Text)

File #:	18-7620	**Name:**	ARHA Ramsey Home loan increase
Type:		**Status:**	Agenda Ready
File created:	4/11/2018	**In control:**	City Council Legislative Meeting
On agenda:	5/22/2018	**Final action:**	
Title:	Consideration of an Increase in an Approved City Loan to the Alexandria Redevelopment Housing Authority (ARHA) for Ramsey Homes from $2 million to up to $3.6 million.		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. 18-7620_ Feb 14 2017 Loan Docket Memo, 2. 18-7620_Ramsey Request for Loan Increase and Proforma (0418).pdf, 3. 18-7620_Ramsey Homes Budget 2017-18 Comparison.pdf		

Date	Ver.	Action By	Action	Result

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 16, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:
Consideration of an Increase in an Approved City Loan to the Alexandria Redevelopment Housing Authority (ARHA) for Ramsey Homes from $2 million to up to $3.6 million.

ISSUE: Construction Cost increases at Ramsey Homes and the plan to close the resultant budget gap.

RECOMMENDATION: That City Council approve a permanent loan to the Alexandria Redevelopment Housing Authority (ARHA) of up to $3.6 million for Ramsey Homes which is to be funded from a portion of the proceeds of ARHA's $5 million previous repayment of the City's Glebe Park loan.

BACKGROUND: In February 2017, City Council approved a loan of up to $2 million to pay for offsite infrastructure improvements and other amenities required for the proposed redevelopment of the existing 15-unit Ramsey Homes public housing development into a 52-unit mixed income community (Attachment 1). City Council had previously approved a loan of
$1 million at the time of the DSUP for Ramsey Homes was approved in November 2016. In June 2017, the

development received Low Income Housing Tax Credits and ARHA has been working toward a financial closing this Spring, along with the preliminary start of construction. In February, ARHA held an Open House pursuant to the Section 106 process, and it has completed asbestos removal on the site. Demolition and archeological work will begin soon.

DISCUSSION: ARHA's request for the new loan amount (Attachment 2) cites several factors that have impacted its $2.2 million increase in construction project costs. ARHA notes that the price of steel and lumber have increased by over 20% during the year since its tax credit award. In addition, changes in tax credit prices paid by investors (resulting from the lowering of the corporate tax rate in the December 2017 Tax Reform Act) have caused ARHA's tax credit pricing for Ramsey to drop from $1.01 to $0.98. This amounts to $5 million reduction in the tax credit equity for this project. Also, ARHA has less of its own on-hand money available to invest in Ramsey than it projected last year. This is due to delays in the Adkins project which has resulted in ARHA not earning developer fees per the original DSUP schedule.
Besides the additional $1.6 million in funds being requested from the City, to close the gap, ARHA requested additional credits from VHDA and is deferring $310,000 in developer fees. ARHA has begun value engineering the project, which may result in additional savings. Since project numbers may fluctuate until closing, City Housing staff will continue to review the budget and proforma with ARHA on an ongoing basis, and additional City loan funds (out of the amount approved by Council) will only be used as needed.

Attached is a comparison of the Sources and Uses, including the budgets on which ARHA's current request is based and those developed for the 2017 loan request. Loan A is the value of ARHA's sellers note and Loan B is additional ARHA investment in the project (Attachment 3).

The Alexandria Housing Affordability Advisory Committee (AHAAC) considered the request at its May 3, 2018 meeting. To allow the financing and construction of the project to move forward, AHAAC recommended approval of the loan, however the Committee recommended that City Council approve the increase contingent upon ARHA making the new $1.6 million increment a priority repayment. ARHA's Acting Development Director Martin Lucero agreed to present this recommendation to the ARHA Board. He also agreed to return to AHAAC in June to update them on progress in value engineering.

FISCAL IMPACT: The request for up to $3.6 million will require an additional allocation of $1.6 million of Housing Opportunities Fund dollars, from the reservation established with proceeds from ARHA's repayment of $5 million for the City's Glebe Park loan. If all the funds requested are used for Ramsey, a $1.4 million balance from the $5 million reservation will remain for other RFP site projects. If the $1.6 million is a priority repayment, the $2 million balance of the City's loan and ARHA's seller note (Loan A) will share residual receipts on a 50/50 basis, with the City loan having payment priority. As in 2017, ARHA has stated its intention to fully repay any remaining balance due on the City loan when the project is refinanced after expiration of the initial affordability period, around Year 15 following stabilization (estimated to be ~2033).

ATTACHMENTS:

1. February 8, 2017 Docket Memo
2. ARHA Request for Ramsey Loan Increase (April 25, 2018) and Proforma
3. Comparison of 2017/2018 Project Budget - Sources and Uses

STAFF:
Emily A. Baker, Deputy City Manager
Helen S. McIlvaine, Director, Office of Housing

Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Analyst, Office of Housing

ARHA
BUILDING COMMUNITY PARTNERSHIPS

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

Keith Pettigrew, *Chief Executive Officer*

April 25, 2018

Eric P. Keeler
Office of Housing
421 King Street, Suite 200
Alexandria, VA 22314

RE: Housing Opportunities Loan (HOF) Application, REVISED April 25, 2018

Dear Mr. Keeler,

Regarding the Ramsey Homes project, we are requesting a modification to the loan from the HOF in the amount of up to $1,600,000 to fund development costs. Ramsey Homes was previously awarded $2,000,000 to fund development and since that time we have continued to work towards finalizing the design and development budget. The financial closing was initially scheduled for December of 2017, however, anticipated changes to the tax laws delayed the approval of the tax credit equity until January 2018. In addition, the required time necessitated by the site entitlement process and our equity investor to study and mitigate the on-site archeology has led to a delay of construction commencement which is currently anticipated to begin in June of 2018.

Several factors have now necessitated the need to seek additional gap financing. In 2017, the LIHTC market saw a decline in tax credit pricing after the enactment of tax reform, which ultimately decreased the corporate tax rate from 35% to 21%, and led to our tax credit syndicator reducing their pricing from $1.01 to $0.98 per tax credit, thereby reducing the amount of the equity pledged for the Development. Construction costs have also continued to rise since submission of our tax credit application, in March of 2017, with a precipitous spike in many commodities over the past few months, given the uncertainty around national trade policy. Since the initial cost estimate from our General Contractor, the price of steel has risen approximately 20% and lumber prices have seen a drastic 28% increase. There were also design changes required to meet code and green building compliance that have increased design and construction cost such as the need to upgrade to a NFPA 13 sprinkler system and upgraded windows to meet higher STC sound ratings, U-factor and SHGC factors required by both EarthCraft and VHDA.

We are also actively working with the design and construction team to Value Engineer (VE) at this point to find cost reducing measures and will continue to do so before executing a Guaranteed Maximum Price (GMP) contract for this project.

Staff has worked on completing tasks toward the Development since August, 2014. The process has culminated in the approval of a Master Plan Amendment, Zoning Amendment from residential to CRMU-M, DSUP, BAR Certificate of Appropriateness, Final Site Plan and Building Permits (pending). Staff has applied for and received 9% Low Income Housing Tax Credit (LIHTC) funding for the Redevelopment, a City Housing Opportunities Fund (HOF) Loan; HUD Replacement Housing Factor grant funds; and an Authority Loan. These funds make up the capital stack for the Development. The funds will be used to fund the hard and soft costs, the financing costs, the acquisition of the land and the developer fee.

Please find enclosed an updated Sources and Uses schedule and a 40 year Pro Forma for consideration by the Alexandria Housing Affordability Advisory Committee (AHAAC).

Please let us know if you have questions as you review this request and the supporting materials. You may contact Martin Lucero at 703-549-7115 ext. 163.

Thank you for your continued support of this Project. We are excited that it will increase the availability of housing opportunities for low income households in the city.

Sincerely,

Keith Pettigrew,
Executive Director and CEO

RAMSEY HOMES
SOURCES AND USES

USES

Contractor Costs	
Unit Structures (New)	7,362,716
Structured Parking Garage	1,464,033
Land Development	1,201,882
Off-Site Improvements	1,034,600
Subtotal	11,063,231
General Requirements	645,619
Contractor Overhead	193,000
Contractor Profit	585,000
Performance Bond	
Hard Cost Contingency	581,948
Subtotal	$13,068,798
Financing Costs	
Construction Loan Origination Fee	82,500
Construction Period Interest	460,514
Capitalized Soft Debt Interest	
Permanent Loan Fees	
Closing Costs- Construction	
Closing Costs- Permanent	
Other Financing Costs	
Sub-Total	$543,014
Soft Costs	
Architecture	632,544
Site Engineering/Survey	245,075
Construction/Developmt. Mgmt	102,880
Structural/Mechanical Study	1,500
EarthCraft/Leeds	23,900
Environmental Study	9,290
Soil Borings	9,960
Traffic Engineer	14,000
Land Use Attorney	145,120
Appraisal	8,500
Market Study	7,000
Legal (Tax and Real Estate)	150,000
Title and Recording	26,000
Insurance during construction	19,225
Organization Costs	20,282
Accounting	28,000
Cost Certification	30,000
Tax Credit Fees	90,658
Relocation Assistance	37,500
Fixtures, Furnishing & Equipment	50,000
History Consultant	423,745
HUD Disposition Fee	4,493
Secial Inspections	171,714
Soft Cost Contingency	10,000
Subtotal	$2,261,386
Reserves	
Operating	200,163
Replacement	18,200
Subtotal	$218,363
Developer Fees/Overhead	$1,884,118
Acquisition Costs	
Land	3,710,000
Building	0
Subtotal	$3,710,000
TOTAL USES	**$21,685,679**

SOURCES

ARHA Equity	1,265.00
Def Developer Fee	310,256.00
HUD RHF	1,034,933.00
LIHTC	12,626,142.00
ARHA Loan A	3,710,000.00
ARHA Loan B	303,083.00
City Loan	3,600,000.00
VHDA Reach Loan	100,000.00
Total	21,685,679.00

TOTAL SOURCES	**$21,685,679**	$0

ARHA
BUILDING COMMUNITY PARTNERSHIPS

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY

Keith Pettigrew, *Chief Executive Officer*

April 25, 2018

Dear Staff:

RE: 40-Year Proforma for Ramsey Homes Redevelopment

The Alexandria Redevelopment and Housing Authority (ARHA) is presenting a 40-year proforma for the redevelopment project of Ramsey Homes. We are aware that the property's cash flow is not sufficient to cover its debt.

The property is encumbered by two loans; the loans are modeled as indicated:

- an ARHA loan of $3,710,000 at 2% interest annually, and
- a City Loan of $1,100,000 at 2% interest annually.

The ARHA and City Loan are both residual receipt loans, to be repaid with net income after property expenses. At closing, when the loan agreements are negotiated and executed, the City and ARHA will determine the order of the individual loan pay downs (waterfall).

Please note that in June 2016, the project had an estimated total development cost of $17,641,562 with a debt service coverage ratio (DSCR) at 1.30. Due to the increased project costs, the DSCR is now below a 1.0, and if this was to be funded via conventional project financing, the project could not close.

401 Wythe Street • Alexandria, VA 22314 • Office: (703) 549-7115 • Fax: (703) 838-2825
www.arha.us
An Equal Opportunity Employer
Equal Housing Opportunity

Cash Flow (First Year)

1. Annual EGI Low-Income Units from (C1)			$586,692
2. Annual EGI Market Units (from C2)	+		$0
3. Total Effective Gross Income	=		$586,692
4. Total Expenses (from D)			$400,385
5. Net Operating Income	=		$186,307
6. Total Annual Debt Service (from Page 21 B2)	-		$292,987
7. Cash Flow Available for Distribution	=		($106,680)

Projections for Financial Feasibility - 15 Year Projections of Cash Flow

Estimated Annual Percentage Increase in Revenue 2.00% (Must be ≤ 2%)

Estimated Annual Percentage Increase in Expenses 3.00% (Must be ≥ 3%)

	Stabilized				
	Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income	586,692	598,426	610,394	622,602	635,054
Less Oper. Expenses	400,385	412,397	424,768	437,511	450,637
Net Income	186,307	186,029	185,626	185,091	184,417
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-106,680	-106,958	-107,361	-107,896	-108,570
Debt Coverage Ratio	0.64	0.63	0.63	0.63	0.63

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	647,755	660,710	673,925	687,403	701,151
Less Oper. Expenses	464,156	478,081	492,423	507,196	522,412
Net Income	183,599	182,630	181,502	180,207	178,740
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-109,388	-110,357	-111,485	-112,780	-114,247
Debt Coverage Ratio	0.63	0.62	0.62	0.62	0.61

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	715,174	729,478	744,067	758,949	774,128
Less Oper. Expenses	538,084	554,226	570,853	587,979	605,618
Net Income	177,090	175,251	173,214	170,970	168,509
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-115,897	-117,736	-119,773	-122,017	-124,478
Debt Coverage Ratio	0.60	0.60	0.59	0.58	0.58

	Year 16	Year 17	Year 18	Year 19	Year 20
Eff. Gross Income	789,610	805,402	821,510	837,941	854,699
Less Oper. Expenses	623,787	642,500	661,775	681,629	702,078
Net Income	165,823	162,902	159,735	156,312	152,622
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-127,164	-130,085	-133,252	-136,675	-140,365
Debt Coverage Ratio	0.57	0.56	0.55	0.53	0.52

	Year 21	Year 22	Year 23	Year 24	Year 25
Eff. Gross Income	871,793	889,229	907,014	925,154	943,657
Less Oper. Expenses	723,140	744,834	767,179	790,194	813,900
Net Income	148,654	144,395	139,835	134,960	129,757
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-144,333	-148,592	-153,152	-158,027	-163,230
Debt Coverage Ratio	0.51	0.49	0.48	0.46	0.44

	Year 26	Year 27	Year 28	Year 29	Year 30
Eff. Gross Income	962,530	981,781	1,001,417	1,021,445	1,041,874
Less Oper. Expenses	838,317	863,467	889,371	916,052	943,533
Net Income	124,213	118,314	112,046	105,393	98,340
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-168,774	-174,673	-180,941	-187,594	-194,647
Debt Coverage Ratio	0.42	0.40	0.38	0.36	0.34

	Year 31	Year 32	Year 33	Year 34	Year 35
Eff. Gross Income	1,062,711	1,083,966	1,105,645	1,127,758	1,150,313
Less Oper. Expenses	971,839	1,000,995	1,031,025	1,061,955	1,093,814
Net Income	90,872	82,971	74,620	65,803	56,499
Less Debt Service	292,987	292,987	292,987	292,987	292,987
Cash Flow	-202,115	-210,016	-218,367	-227,184	-236,488
Debt Coverage Ratio	0.31	0.28	0.25	0.22	0.19

	Year 36	Year 37	Year 38	Year 39	Year 40
Eff. Gross Income	1,173,319	1,196,786	1,220,721	1,245,136	1,270,038
Less Oper. Expenses	1,126,628	1,160,427	1,195,240	1,231,097	1,268,030
Net Income	46,691	36,358	25,481	14,039	2,008
Less Debt Service	292,987	292,987	292,987	292,987	292,987
ARHA Loan Paydown	-246,296	-256,629	-267,506	-278,948	-290,979
Debt Coverage Ratio	0.16	0.12	0.09	0.05	0.01

Sources	2018	2017	Change
LIHTC	$12,626,142	$11,439,666	$1,186,476
ARHA Loan A	$3,710,000	$3,710,000	$0
ARHA Loan B	$303,083	$1,370,309	-$1,067,226
HUD RHF	$1,034,933	$855,428	$179,505
Deferred Developer Fee	$310,256	$0	$310,256
ARHA Equity	$1,265	$0	$1,265
VHDA Reach Loan	$100,000	$100,000	$0
City Loan	$3,600,000	$2,000,000	$1,600,000
Total	**$21,685,679**	**$19,475,403**	**$2,210,276**
Uses			
Construction Costs	$13,068,798	$11,147,082	$1,921,716
Financing Costs	$543,014	$215,258	$327,756
Soft Cots	$2,261,386	$2,347,300	-$85,914
Reserves	$218,363	$215,763	$2,600
Developer Fee	$1,884,118	$1,840,000	$44,118
Acquisition Costs	$3,710,000	$3,710,000	$0
Total	**$21,685,679**	**$19,475,403**	**$2,210,276**