The next page is the Andrew Adkins financial modeling tool that was presented to the ARHA Redevelopment Work Group at the November 9, 2017 meeting.

City housing and planning staff developed the tool in collaboration with ARHA staff and CRC (ARHA's Development Partner). Notes regarding the assumptions that inform the tool can be found on the bottom of the spreadsheet. Please note the ranges of proceeds found under the ARHA Proceeds amounts for each scenario reflect the high and low points of sensitivity analyses that consider a 10% increase in land value and a 10% decrease in land value, combined with a 7.5% decrease in tax credit pricing. It is possible that market and/or other external cost factors may change the assumptions and potential results for each scenario modeled. This tool is intended ONLY to assess the feasibility of developing the various affordable and market rate units as described in each scenario. A separate tool to analyze the operational viability of each model is being prepared for the ARHA Redevelopment Work Group's December 14 meeting. These two analyses will help inform the Work Group's future guidance.

The tool and the scenarios modeled will also be presented at the next meeting of the Alexandria Housing Affordability Advisory Committee (AHAAC) on Thursday, December 7, at 7PM in Room 2000 of City Hall. Interested members of the public are welcome to attend and ask questions during the presentation.

For more information please contact the Office of Housing at 703-746-4990 or email Eric Keeler or Tamara Jovovic.

City of Alexandria, Office of Housing

11.08.17

ANDREW ADKINS AND WEST STREET DEVELOPMENT AND FINANCING SCENARIOS - WORKING DRAFT

	SUBMISSIONS TO DATE		SCENARIOS THAT HAVE 60-90 AFFORDABLE UNITS COMBINED ON-SITE				SCENARIOS THAT HAVE MORE THAN 90 AFFORDABLE UNITS COMBINED ON-SITE	
DEVELOPMENT PROGRAM	COLUMN A [Concept 1: 60 ARHA units onsite + 18 workforce units]	COLUMN B [Revised Concept 1: 60 ARHA units onsite]	COLUMN C [Revised Concept 1: 60 ARHA units onsite + 31 set-aside units]	COLUMN D [76 ARHA units in 5-story bldg onsite + 14 set-aside units]	COLUMN E [60 ARHA units onsite; 2.5 FAR]	COLUMN F [84 ARHA units onsite + 6 set-aside units]	COLUMN G [76 ARHA units in 5-story bldg onsite + 31 set-aside units]	COLUMN H [90 ARHA units onsite + 31 set-aside units]
ON SITE								
ARHA Replacement Units	60	60	60	76	60	84	76	90
Set-aside Units Affordable @ 60% AMI	0	0	31	14	0	6	31	31
Subtotal Affordable Units On Site	*60*	*60*	*91*	*90*	*60*	*90*	*107*	*121*
Workforce Units Affordable @ 80% AMI	18	0	0	0	0	0	0	0
Market-Rate Units	387	511	480	481	450	481	464	450
Total Units On-Site	**465**	**571**	**571**	**571**	**510**	**571**	**571**	**571**
OFF SITE								
ARHA Replacement Units	30	30	30	14	30	6	14	0
Total Units Off-Site	**30**	**30**	**30**	**14**	**30**	**6**	**14**	**0**

	COLUMN A [Concept 1: 60 ARHA units onsite + 18 workforce units]	COLUMN B [Revised Concept 1: 60 ARHA units onsite]	COLUMN C [Revised Concept 1: 60 ARHA units onsite + 31 set-aside units]	COLUMN D [76 ARHA units in 5-story bldg onsite + 14 set-aside units]	COLUMN E [60 ARHA units onsite; 2.5 FAR]	COLUMN F [84 ARHA units onsite + 6 set-aside units]	COLUMN G [76 ARHA units in 5-story bldg onsite + 31 set-aside units]	COLUMN H [90 ARHA units onsite + 31 set-aside units]
Est Value of ARHA Property to be Sold to CRC	$20.3 M	$26.8 M	$25.2 M	$25.3 M	$23.6 M	$25.3 M	$24.4 M	$23.6 M
Est Tax Credit Equity	$13.2 M	$13.2 M	$13.2 M	$16.7 M	$13.2 M	$18.4 M	$16.7 M	$19.8 M
Total ARHA Revenue	**$33.5 M**	**$40.0 M**	**$38.4 M**	**$42.0 M**	**$36.8 M**	**$43.7 M**	**$41.1 M**	**$43.4 M**
Est ARHA On-Site Replacement Cost (new construction)	-$21.6 M	-$21.6 M	-$21.6 M	-$30.8 M	-$21.6 M	-$33.9 M	-$30.7 M	-$36.4 M
Est ARHA Off-Site Replacement Cost	-$9.6 M	-$9.6 M	-$9.6 M	-$4.4 M	-$9.6 M	-$1.9 M	-$4.5 M	n/a
Est Tenant Relocation Costs (moving, etc)	-$187 K	-$187 K	-$187 K	-$207 K	-$187 K	-$217 K	-$207 K	-$225 K
Total On- and Off-Site Replacement Cost	**-$31.4 M**	**-$31.4 M**	**-31.4 M**	**-$35.4 M**	**-$31.4 M**	**-$36.1 M**	**-$35.4 M**	**-$36.6 M**
ARHA PROCEEDS (REVENUE - TOTAL REPLACEMENT COST)	**$2.0 M [-$1.0 M -$4.1 M]**	**$8.5 M [$4.9 M - $11.2 M]**	**$6.9 M [$3.4 M -$9.4 M]**	**$6.5 M [$2.7 M -$9.1 M]**	**$5.4 M [$2.0 M - $7.7 M]**	**$7.6 M [$3.7 M - $10.1 M]**	**$5.6 M [$1.9 M - $8.1 M]**	**$6.8 M [$3.0 M - $9.2]**
Est Cost of Temporary Housing for 2 Years (net tenant payments)	-$2.5 M	-$2.5 M	-$2.5 M	-$3.2 M	-$2.5 M	-$3.5 M	-$3.2 M	-$3.8 M
Estimate Cost of Temporary Housing	**-$2.5 M**	**-$2.5 M**	**-$2.5 M**	**-$3.2 M**	**-$2.5 M**	**-$3.5 M**	**-$3.2 M**	**-$3.8 M**
ARHA BALANCE (PROCEEDS - TEMPORARY HOUSING COST IF TENANT PROTECTION VOUCHERS ARE NOT AVAILABLE)	**-$500 K [-$3.5 M - 1.6 M]**	**$6.0 M [$2.4 M - $8.7 M]**	**$4.4 M [$900 K - $6.9 M]**	**$3.3 M [-$500 K - $5.9 M]**	**$2.9 M [-$500 K - $5.2 M]**	**$4.1 M [$200 K - $6.6 M]**	**$2.4 M [-$1.3 M - $4.9 M]**	**$3.0 M [-$800 K - $5.4 M]**

NOTE: The bracketed figures reflect the range of values that could result with a 10% increase or decrease in land value and up to a 7.5 cent decrease on every dollar of tax credit equity.

Key Observations from the Model

- Based on current market conditions, the majority of scenarios modeled are financially feasible and provide at least 90 affordable units on-site through a combination of ARHA-owned units and developer-provided Set-Aside Units (60% AMI)
- There are land proceeds available that can be used by ARHA for replacement housing costs and relocation costs even without tenant protection vouchers
- Tenant Protection Vouchers (TPVs) will positively impact relocation and replacement unit costs

Assumptions built into the model

- Per unit total replacement (development) cost, including land (based on Ramsey Homes LIHTC application)
- Per unit total development cost for replacement units, including land (based on Ramsey Homes LIHTC application including a 12% adjustment for Davis Bacon wages if ARHA building is taller than 4 stories
- Per unit average (unleveraged) purchase and rehabilitation costs (based on Miller Homes with 10% adjustment for inflation) for offsite replacement units
- Per unit 9% Tax Credit Equity (based on Ramsey Homes LIHTC application)
- Estimated land value per market-rate unit for ARHA property sold to CRC (based on average per unit land value) from comparable multifamily properties, including The Bradley and Station 650
- Estimated relocation costs per move per household (total cost per scenario assumes two moves per on-site replacement unit and one move per off-site replacement unit; Source: ARHA)
- Estimated monthly average cost of temporary housing (net tenant payment) assuming TPVs are not available

Other Considerations

- Per HUD regulations, land sales proceeds may be used for limited activities to benefit low-income public housing households, including the following qualified uses:
  - o repair or rehabilitation of existing ACC (public housing) units;
  - o development and/or acquisition of new ACC units;
  - o provision of social services for PHA residents;
  - o implementation of a preventative and routine maintenance strategy for specific single-family scattered-site ACC units;
  - o modernization of a portion of a residential building in the PHA's inventory to develop a recreation room, laundry room, or day-care facility for PHA residents;
  - o funding of a HUD-approved homeownership program authorized under Section 32, 9, 24 or any other Section of the Act, for assistance to purchasers, for reasonable planning and implementation costs, and for acquisition and/or development of homeownership units; and
  - o leveraging of proceeds to partner with a private entity for the purpose of developing mixed-finance public housing under 24 CFR 905.604.
- "Set-Aside Units" refers to any units provided by the developer to households at 60% of AMI at no cost to ARHA or the City
- Timing of relocation and replacement units has not been determined
- Real estate tax impacts of new development have not been calculated (revenue v. expenses)
- Operating costs will be an important factor in determining the income levels that can be served by the new ARHA units, whether onsite or offsite
- Development within West Street assemblage may contribute to Braddock Fund (Community Amenities and Open Space) if not directly contributing to the cost of developing ARHA units