

Creative financing helps preserve attainable apartments in DC area



St. James is nestled in the Beauregard neighborhood in Alexandria VA, which provides a beautiful and sophisticated feel, more like a residential neighborhood than a typical apartment community.

BY THE NUMBERS:

Acquisition Sources		Acquisition Uses	
NC loan	\$6,500,000	Land purchase	\$8,500,000
City of Alexandria	2,600,000	A&E, consultants	1,022,982
Developer equity	1,832,877	Financing costs	706,667
		Closing costs	703,228
Total acquisition costs	\$10,932,877	Total acquisition uses	\$10,932,877
Affordable apartments-Development Sources		Development uses	
Conventional mortgage	\$4,200,000	Ground lease payments	\$376,471
City of Alexandria	5,700,000	Construction hard costs	23,451,779
LIHTC equity	20,563,543	Construction soft costs	4,458,248
Developer equity	400,000	Financing costs	1,439,312
Deferred fee	1,179,903	Developer fee	2,317,636
Total development sources	\$32,043,446	Total development uses	\$32,043,446

ABOUT THE DEAL:

We provide acquisition loans up to \$10 million with terms generally around 36 months and rates starting at 6% that allow developers to purchase land and buildings planned for future development, preservation of affordability, or other redevelopment activities for both residential and commercial development.

When our long-time customer AHC wanted to acquire St. James Plaza in Alexandria, VA, an area which has been losing affordable housing options, we worked with them on an acquisition loan for the dual-use (apartments and market-rate townhomes) property. The development features 93 new apartment homes as well as a daycare and early childhood learning center. The initial LTV was 85%; we let them increase their leverage when they split the property, another unusual feature

of this loan, as was the partial guarantee we offered because of the size of the loan and AHC's strength.

"It was a big win to be able to help build affordable homes," said David Brotman, AHC Project Manager. "NC really helped this project come to fruition. They offer the creative solutions we need to get our projects to work, and we work well together."

ABOUT THE DEVELOPER:

AHC is an Arlington, VA-based developer that owns 7,000 affordable and mixed-income apartment homes around DC and Baltimore. Their mission is to ensure people who can't afford market-rate live in safe, good-looking, well-maintained properties. In addition, they property manage most of the apartments they own.