

The Carlin

Action – November 8, 2018

Address: 4300 N. Carlin Springs, Arlington, VA 22203

Developer: Retirement Housing Foundation (RHF)

Project: Renovation of 162-unit Senior Housing building

Request: Approval of \$3,025,000 CDBG Loan



GENERAL PROJECT UPDATES:

- The project will be considered at the County Board meeting of November 17 (Recessed meeting November 27).
- The County Board approved issuance of the Industrial Development Authority (IDA) private activity bonds on September 25, 2018.
- RHF submitted 4% Low Income Housing Tax Credit application on October 1, 2018.
- The total development cost is estimated at \$42 million. In addition to the County CDBG loan, Sources include 4% tax credit equity, tax-exempt bond proceeds, seller and sponsor notes, and deferred developer fee.
- RHF and the various financing partners are working toward closing in mid-December.
- If all financing is approved, the renovation will begin in December and will be completed by Fall 2020.

TENANT ISSUE UPDATES:

- Age Restriction – The current age restriction of 55+ years of age dates to the original project in 1994. Most residents are 62+ years (97%), with 6 current residents (3%) between 55 and 62 years of age. Notably, 14 of 182 current residents (8% of all residents) are over 90 years of age.
- Housing Choice Vouchers and Housing Grants – The age requirement for Housing Grants for seniors is 65+. There is no age requirement for Housing Choice Vouchers. Fifty-nine (59) households (37%) have vouchers; 61 households (38%) receive Housing Grants. Housing Grant rents are capped at less than the tax credit allowable rent. The project proforma has been underwritten to reflect Housing Grant rents where applicable.
- Rent Increase Caps – For those tenants who do not receive rental assistance, rent increases will be capped at a negotiated amount below the allowable HUD increases in years where the HUD rents increase more than 5%. The County has proposed that for existing unassisted tenants, the rent increase cap would be 2.5%. For subsequent tenants the proposed cap is 5%.

FINANCING PARTNERS:

Funder	Role
IDA Bonds	Tax-exempt bonds for Construction Bridge Loan
Wells Fargo Bank	Purchaser of Tax-exempt bonds and Tax Credit Investor
Freddie Mac	Tax-exempt Permanent Senior Debt
<i>Arlington County</i>	Subordinate Cash Flow Loan
The Carlin Limited Partnership	Subordinate Cash Flow Seller Note
RHF, Inc.	Subordinate Cash Flow Sponsor Loan

Staff: Maureen Markham, Housing Development

REVISED SOURCES & USES:

Permanent Sources		Uses	
LIHTC Investor Equity	\$ 11,502,376	Acquisition Cost	\$ 22,300,000
First Mortgage	\$ 11,847,111	Construction/Hard Costs	\$ 9,886,527
County CDBG Loan	\$ 3,025,000	Architect Fees	\$ 700,000
Seller Note	\$ 7,290,818	Third Party Reports	\$ 584,998
Sponsor Loan (RHF)	\$ 5,175,000	Construction Loan Costs	\$ 1,807,815
Interim Operations + GP EQ	\$ 1,608,966	Relocation Costs	\$ 1,652,907
Project Reserves	\$ 1,148,592	Project Reserves	\$ 684,692
Deferred Developer Fee	\$ 333,574	Developer Fee	\$ 2,500,000
		Borrower Legal	\$ 175,000
		Permits & Fees	\$ 676,802
		Contingency	\$ 962,696
TOTAL SOURCES	\$ 41,931,437	TOTAL USES	\$ 41,931,437

NEXT STEPS:

- November: Action: Arlington County Board
- December: Financial Closing & begin renovation
- Fall 2020: Project Completion