

Response to Questions on the FY 2009 Advertised Budget Plan

Request By: Supervisor Herrity

Question: Provide a schedule for the debt on properties purchased with or expected to have debt service provided by the Penny for Affordable Housing Fund. Please provide at least the following information:

- a. Property Description
- b. Year Acquired
- c. Purchase Amount
- d. Number of units by type – apartment, town home, etc and number of bedrooms
- e. Partners and County participation % if applicable
- f. Debt remaining
- g. County portion of remaining debt
- h. Type of current financing – Bridge or Permanent
- i. Extent of County guarantee for debt service
- j. Current interest rate
- k. Projected sources of debt service
- l. Original Projected Revenue Stream from Rents – stratify by level of unit and projected income level
- m. Projected occupancy level
- n. Current Revenue Stream from Rents – stratify by level of unit and projected income level
- o. Current occupancy level

Response: This question applies to two properties acquired by Fairfax County using the Penny for Affordable Housing Fund: the Crescent Apartments (Hunter Mill District) and Wedgewood Apartments (Braddock District). The responses for each property, based on data elements outlined in the original question, appear on the following pages.

Crescent Apartments														
A	<i>Property Description</i>	The Crescent Apartments includes 180 units, plus a management office, in five garden apartment buildings (3 three-story buildings and 2 four-story buildings) of brick construction on 16.49 acres in the Reston area of Fairfax County. The Crescent was constructed in 1963 and is located at 1527 Cameron Crescent Drive, Reston.												
B	<i>Year Acquired</i>	2006												
C	<i>Purchase Amount</i>	\$49,500,000												
D	<i>Number of units and type</i>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Unit Type</th> <th style="text-align: center;">Number of Units</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">One bedroom/one bath</td> <td style="text-align: center;">37</td> </tr> <tr> <td style="text-align: center;">Two bedroom/one bath</td> <td style="text-align: center;">108</td> </tr> <tr> <td style="text-align: center;">Two bedroom/one bath/terrace</td> <td style="text-align: center;">4</td> </tr> <tr> <td style="text-align: center;">Two bedroom/two bath</td> <td style="text-align: center;">7</td> </tr> <tr> <td style="text-align: center;">Three bedroom/two bath</td> <td style="text-align: center;">22</td> </tr> </tbody> </table>	Unit Type	Number of Units	One bedroom/one bath	37	Two bedroom/one bath	108	Two bedroom/one bath/terrace	4	Two bedroom/two bath	7	Three bedroom/two bath	22
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		Three bedroom/den/two bath	2
		<i>TOTAL</i>	180
E	<i>Partners and County participation</i>	The Crescent is 100 percent County-owned and leased to the FCRHA.	
F	<i>Debt remaining</i>	As an interim financing plan, a total of \$37,615,000 was financed in February 2008 as a 5-year note. Annual principal and interest payments are approximately \$3.8 to \$3.9 million per year over the five-year period with \$900,000 coming from net project income. It is currently anticipated that by FY 2013, the final development plan will involve permanent financing of approximately \$28.6 million such that there will be an estimated annual debt service payment of approximately \$2.0 million from FY 2014 to 2034.	
G	<i>County portion of remaining debt</i>	100 percent	
H	<i>Type of current financing</i>	Mini-perm for 5 years. Permanent financing will be arranged subject to revitalization and additional development at the site which is currently in the planning process and being coordinated with Lake Anne revitalization efforts.	
I	<i>Extent of County guarantee for debt service</i>	Debt service is guaranteed by Fairfax County subject to annual appropriations.	
J	<i>Current interest rate</i>	3.92%	
K	<i>Projected sources of debt service</i>	Penny Fund and project operations/rent revenue	
L	<i>Original projected revenue stream from rents – stratify by level of unit and projected income level</i>	The original projected revenue from rents, for the first year of County ownership, was \$2.5 million per year based on the existing rents at the time of acquisition by the County in February 2006. This projection was based on the following breakdown by unit type:	
		Type	Annual
		One bedroom/one bath	\$446,220
		Two bedroom/one bath	\$1,462,800
		Two bedroom/one bath/terrace	\$96,600
		Two bedroom/two bath	\$43,920
		Three bedroom/two bath	\$430,500
		Three bedroom/two bath/den	\$36,960
<i>TOTAL</i>	\$2,517,000		
M	<i>Projected occupancy level</i>	95 percent (based on and consistent with current rate for the industry in our area)	
N	<i>Current revenue stream from rents – stratify by level of unit and projected income level</i>	The current rental revenue of the property for the first half of FY 2008 is \$1.1 million (current projection for FY 2008 is \$2.2 million). Twenty-one percent of the tenants had incomes under 50 percent of the Area Median Income (AMI), 23 percent earned between 50 and 60 percent of AMI, 28 percent earned between 60 and 80 percent of AMI, and 28 percent earned between 80 and 100 percent of AMI. Decreased revenue reflects higher-income households being replaced with lower-income households, and rents being lowered accordingly.	

<i>O</i>	<i>Current occupancy level</i>	The Crescent is currently 99 percent occupied. At the time of acquisition in February 2006, the occupancy rate was 93 percent.
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Wedgewood Apartments			
A	<i>Property Description</i>	The Wedgewood Apartments property includes 672 units comprised of three- and four-story brick apartment buildings and 15 townhomes. Wedgewood is located on 34.8 acres in the Annandale section of Fairfax County, and was constructed in phases between 1963 and 1967. Wedgewood Apartments is located at 4331 McWhorter Place, Annandale.	
B	<i>Year Acquired</i>	2007	
C	<i>Purchase Amount</i>	\$107,500,000	
D	<i>Number of units and type</i>	Unit Type	Number of Units
		One bedroom	165
		Two bedroom	456 (including 4 townhouse units)
		Three bedroom	51 (including 11 townhouse units)
		<i>TOTAL</i>	672
E	<i>Partners and County participation</i>	Wedgewood is 100 percent County-owned and leased to the FCRHA.	
F	<i>Debt remaining</i>	A total of \$105,485,000 was financed in November 2007 as a one-year note. The total principal and interest due is \$108,788,365 in FY 2009. It is anticipated that permanent financing support will be approximately \$6.0 million per year from FY 2010 through FY 2030.	
G	<i>County portion of remaining debt</i>	100 percent	
H	<i>Type of current financing</i>	Bridge. Permanent financing, which will reduce the County obligation, is expected within 18 months.	
I	<i>Extent of County guarantee for debt service</i>	Debt service is guaranteed by Fairfax County subject to annual appropriations.	
J	<i>Current interest rate</i>	3.625%	
K	<i>Projected sources of debt service</i>	Penny Fund and project operations/rent revenue	
L	<i>Original projected revenue stream from rents – stratify by level of unit and projected income level</i>	The original projected rental revenue was \$8.72 million dollars annually based on rent rolls/unit type mix at the time of acquisition by the County in November 2007.	
M	<i>Projected occupancy level</i>	95 percent (based on and consistent with current rate for the industry in our area)	
N	<i>Current revenue stream from rents – stratify by level of unit and projected income level</i>	The current revenue of the property from rents for FY 2008 is projected to be \$8.56 million. HCD is in the process of conducting tenant income verifications. As of March 31, 2008, incomes had been surveyed for 348 tenant households, or 51.8 percent of the total. Of those 348 households: 53 percent earn 50 percent of AMI and below; 29 percent earn between 50 and 60 percent of AMI; 11 percent earn between 60 and 80 percent of AMI, and 7 percent earn between 80 and 100 percent of AMI. Decreased revenue reflects higher-income households being replaced with lower-income households, and rents being lowered accordingly.	

<i>O</i>	<i>Current occupancy level</i>	Wedgewood is 96 percent leased, including move-ins taking place in April. The property was 90.5 percent occupied at the time of acquisition by Fairfax County in November 2007.
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