

FOR RELEASE THURSDAY by Falls Church Housing Corporation
Contact: Carol Jackson, 703-241-5402

Topic: United decision by contract Owners to end their combined project, The Wilden/McKeever Mixed Use, Affordable Housing Development, actively readying for construction start early September

Location: City of Falls Church, VA, Combined Site Plan at 350/360 S. Washington Streets

Background: On Thursday, July 29, 2010, City of Falls Church City Council convened a Special Meeting to consider an early release of City of Falls Church loan funds previously set aside in March 2010 by City Council Resolution for use as local government match funds by The Wilden Senior Apartments in its plan to develop and operate permanently affordable rental housing for seniors. The funds release request Thursday night was made by The Wilden Partners, LP, the entity established by Falls Church Housing Corporation (FCHC) and The Community Builders (TCB) for the purpose of developing, owning and operating The Wilden. That meeting ended with a motion to table the requested action until the City Council's regularly scheduled public hearing on Monday, August 9, 2010, where The Wilden Partnership's request to release \$1 million (50% of the currently approved \$2 million City loan) will be discussed again on the Agenda.

The purpose for the request of the advance was to enable The Wilden to contribute the project's share of the acquisition and development cost of the parking required for the development. The decision to locate parking on the adjacent 360 parcel in a structured facility that would also be developed as an office tower was a direct result of input and negotiations with the City Council and economic development and planning officials last winter to determine that an enhance commercial development spanning a combined 2 parcel site would be the best path to pursue to obtain united City Council and staff support.

Current Events: Since Friday morning, no written confirmations have been received from any sources currently involved in providing the variety of public and private equity and debt sources of financing for the total development cost, @\$17 million, for The Wilden Senior Apartments, including its land and parking. To date, The Wilden partners have heard verbally from their liaison at Virginia Housing Development Authority (VHDA) the following:

- The Wilden 2009 award of \$4 million from Tax Credits Assistance Program (TCAP) funds is officially withdrawn as of the July 30, 2010 deadline, identified to all parties at last week's hearing;
- The VHDA tax credits division chief has been working hard the last 4 days to locate and create a package of funds that will be a dollar for dollar substitute match to replace the TCAP funds withdrawn;
- The exact nature of those funds will be worked through between VHDA and the tax credit investor representatives;
- Whatever precise combination of \$4 million in funds from low income housing tax credits (LIHTC) to be now made newly available to The Wilden, eligible uses will remain restricted as currently regulated by VHDA, HUD and IRS compliance divisions; timing will yet be of the essence to begin construction early fall 2010
- As was true Thursday night when the request was made to City Council, \$1 million of the City's approved loan funds are the only available source of eligible funds to get The Wilden fully underway. Using the funds to provide for the parking needs of the senior housing development are an allowable expenditure within the City's existing

commitment, and this amount has been included in all approved project budgets. The need for the change to the timing of the funds relates to the current economic climate in which the funds were needed by the developer of the McKeever office building in advance to secure the site and proceed with construction financing, rather than to be used as a reimbursement of acquisition and construction costs after the garage has been completed. The Wilden partnership did its best to explain and clarify answers to complex sources of funds regulations, found routinely in LIHTC deals, but understandably complex to all who have not worked in this arena.

Consequently, Falls Church Housing Corporation Board President, Steven Rogers, DVM, in an interview today with Nicholas Benton, Editor/Publisher, *Falls Church News Press*, issued the following statement,

In cooperation with our partners, The Community Builders (TCB) and Jefferson Investment Group led by our friend and supporter, Bob Young, I regret to inform you that today we have ended our efforts to redevelop and build the combined mixed use development for affordable residential and commercial office on properties currently located at 350/360 S. Washington Street in the City of Falls Church.

On behalf of the Board of Directors for Falls Church Housing Corporation (FCHC) and our partners, we are deeply saddened that we have not been able to achieve majority support among the members of the City Council who have made it clear that they will vote down our reasonable and necessary request to advance the timing of funds release for a portion of the City of Falls Church loan, currently approved to The Wilden.

The FCHC Board of Directors is not willing to risk as collateral, Winter Hill Senior Apartments, which, we have been told by our lending sources, is our only potential option to bypassing the City's advance of funds. FCHC has stewarded and carefully used its specifically designated project development funds, long directed to the mission-driven risk and rewards of non-profit affordable housing development. We can not justify Winter Hill collateral to be at risk to assist the development of an office building that has become the linchpin for The Wilden, mandated by some on the Council as the "only desirable" product of the senior housing combined development.

We know we have made it clear to City Hall staff and City Council members that the City loan funds are THE necessary source within the regulated timing available to get The Wilden and its parking underway. We honestly thought in making a cogent request to Council last week that those who state their priorities to be in support of commercial development as the way to a good future for our city would have provided a majority of members in favor of the \$1 million release request that was identified as the surest way by which to begin development of the McKeever property. Our Wilden partnership deeply regrets that our specific and reasonable request instead set off a reprise of the same objections to The Wilden/McKeever development heard in March.

With all due respect, admiration and gratitude for our partners and supporters who have stood with us during this long and now thwarted journey, we must now see what is true. We are fighting an uphill fight in a vocal community that is ambivalent at best, and hostile at worst, about its need for affordable housing inside its City of Falls Church borders. The Wilden is ready to go forward now and must be in the ground in a matter of a few short months or lose its state and federal funding. We have no other sources to explore within the timeline required of our land purchase commitments and public funds regulations.

This is the hand we have been dealt. We will no longer 'fight City Hall' to continue The Wilden at a social fabric cost now too great to our fragile community.

Today we withdraw The Wilden partnership request for the advance of funds. While the current City Loan terms will remain in place, our partnership will release their purchase options for the properties upon which the City Loan is conditioned. We will no longer pursue this project begun in 2007.

Our thoughts at this turn of events have no adequate words at this time. It is a sad day for FCHC, our many dedicated partners and financing agencies, and our collective community. In coming days, we will try to express our grateful thoughts to our friends and supporters over these many eventful years. We are deeply sorry the tide turned before FCHC and our partners could have sailed into safe harbor where The Wilden and McKeever development would have been a light house to many. Now we will never know. Good people will be free to debate, as yet another 'what might have been' opportunity has left the scene unfulfilled.

Thank you sincerely,

*Steve Rogers,
FCHC President*

End of Notice

Falls Church Housing Corporation (FCHC) is the community-based non-profit, incorporated in 1981, sponsored and in continuing cooperative partnership with City of Falls Church to own, build, preserve and operate multi-family, permanently affordable rental housing units to maintain a balanced spectrum of housing opportunities for those citizens who choose to live, work and retire as contributors to our community's greater good in the City of Falls Church.

Contact: Carol Jackson, FCHC Executive Director, 703-241-5402