

City Releases Documents on Housing Corp \$1 Million Request

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Today the City of Falls Church released a number of documents relating to the Falls Church Housing Corporation's emergency request for release of \$1 million of the \$2 million loan the City Council agreed to in March.

Among the documents released is a draft resolution prepared by City staff for approval of the Falls Church Housing Corporation's (FCHC) request. The resolution will be considered Thursday night when the City Council meets in special session for the sole purpose of considering the request. The draft resolution provides confirmation that the FCHC and its partner plan to use the \$1 million "as a part of the funding necessary to acquire 360 S. Washington Street (360) from Mr. [Thomas] Sawner's estate."

The FCHC's purchase of the property at 360 S. Washington Street would represent a significant change in its earlier plan. Under the earlier plan, "Flower Building" owner Bob Young would acquire the 360 S. Washington property and construct the "McKeever" office building and parking garage there, while FCHC and its partner would develop "The Wilden" affordable housing project at the adjacent property at 350 S. Washington Street. Young and the Wilden partners would build the two projects under a unified site plan, according to the proposal approved in March.

Another document released by the City is a letter from FCHC partner, Boston-based The Community Builders, asking the City Council "to very modestly amend City Loan Terms of Agreement . . . modifying the timing of the release of one half of the City funds, \$1 million, to facilitate construction start for The Wilden, specifically related to acquisition/construction start for the project's structured parking at the attached McKeever 360 site."

A third document consists of talking points used by FCHC President Steve Rogers in conversations with City officials last week. Rogers' document states that FCHC is using \$2 million in existing cash to purchase the 360 S. Washington property, thereby creating a need for an additional \$1 million to purchase parking spaces for The Wilden in the adjacent "McKeever" parking garage. Rogers goes on to say that FCHC will recoup its investment in the 360 S. Washington property "when the McKeever office building is fully developed and sold out.

Rogers also provides a long list of "Consequences of Saying No," including that the 350 and 360 S. Washington properties will revert to existing use, that \$8.2 million in federal monies will be returned, that FCHC likely will have to sell 350 S. Washington at a loss, and that FCHC will have to merge with a larger entity "If yet attractive enough after huge assets loss."

None of the documents appear to answer the question of how FCHC will fully fund The Wilden project after \$1 million currently dedicated for that project is diverted for another use. [Ed. See comment below from Carol Jackson, FCHC Executive Director, on this point, stating that the use of the initial \$1 million would not be a diversion of funds away from The Wilden.]

In total, the following documents have been released regarding the FCHC request.

- 1) Draft resolution to approve the FCHC request, to be considered by the Falls Church City Council on Thursday, July 29

- 2) Letter from The Community Builders to Falls Church City Council dated July 26, 2010 –
- 3) Previous City Council resolution from March 2010, approving \$2 million City loan for The Wilden affordable housing project –
- 4) March 2010 pro-forma financial showing projected financial impact and community benefit of The Wilden affordable housing and The McKeever office building projects –
- 5) FCHC President Steve Rogers talking points presented to City officials last week –.
- 6) An undated FCHC financial statement presented to public officials last week showing The Wilden TW Total Development Sources and Assets: