



Affordable Housing

Presentation to Hunting Creek
Stakeholders Group

October 18, 2006



Who Needs Affordable Housing?



Affordable Housing Target Groups

- ◆ Rental housing: 60% of the area median family income for the Washington, DC metropolitan area, adjusted for family size
- ◆ Sales housing: City-established income limits. For households of three or more persons, the City's limit is the area median income.



Workforce Housing

- ◆ While the City has not established official definitions for “workforce housing,” for rental projects, staff has begun to model workforce housing units at 80% of median, using either the HUD “capped” limit or the mathematical 80%.
- ◆ For sales housing, staff believes the City’s current maximum sales housing income limits, which are higher than those used for federal programs, should be considered workforce housing limits.

Occupations at 60% of Median

1 person - \$37,920

3 persons - \$48,780

Bureau of Labor Statistics, 2005

- Accounting Clerk	\$37,090	- Claims Adjuster	\$47,950
- Bio Technicians	\$37,770	- Mental Health	
- Security Guard	\$26,690*	Social Workers	\$46,680
- Preschool Teacher	\$27,720*	- Paralegals	\$48,630
- Nurses Aides, Orderlies, and Attendants	\$25,270**		
- Teacher Assistants	\$24,450**		

**Income below 50% of median - \$31,600*

***Income below 40% of median - \$25,280*

City of Alexandria, FY 2007

- Acct'g Technician	\$37,868	- Civil Engineer II	\$46,027
- Auto Mechanic	\$37,868	- Computer Programmer	\$48,324
- Zoning Inspector	\$37,868	- Police Officer I-IV	\$42,973-47,377

2 of 34 Hunting Terrace residents fall within this group.

Occupations at Mathematical 80% of Median

1 person - \$50,570 3 persons - \$65,020

Bureau of Labor Statistics, 2005

- Computer Support Specialist \$48,670
- Child, Family and School Social Workers \$49,410
- Lab Tech \$49,280
- Insurance Agent \$49,100
- Non Profit Program Director \$50,500

- Facilities Engineer \$65,000
- Electrician \$64,000
- Compensation Benefits Analyst \$59,540
- Labor Relations Specialist \$63,590
- Landscape Architect \$60,320

City of Alexandria, FY 2007

- Mechanical Engineer \$48,324
- Police Corporal \$49,743
- Superintendent, Construction \$48,324

- Web Architect \$58,733
- Assistant City Attorney II \$61,667

4 of 34 Hunting Terrace residents fall within this group

Occupations Eligible for Moderate Income Homeownership Program

1 person - \$72,240

3 persons- \$90,300

Bureau of Labor Statistics, 2005

- Architect	\$69,210	- Transportation Manager	\$90,160
- Life Scientist	\$70,880	- Chemical Engineer	\$89,930
- Speech Pathologist	\$69,060	- Financial Analyst	\$83,400
- Real Estate Broker	\$71,070	- Computer Hardware Engineer	\$90,280

City of Alexandria, FY 2007

- Fire Battalion Chief	\$69,790	- School Psychologist	\$89,300
- Deputy Director, GS 27	\$71,186	- Director, GS 31	\$86,519

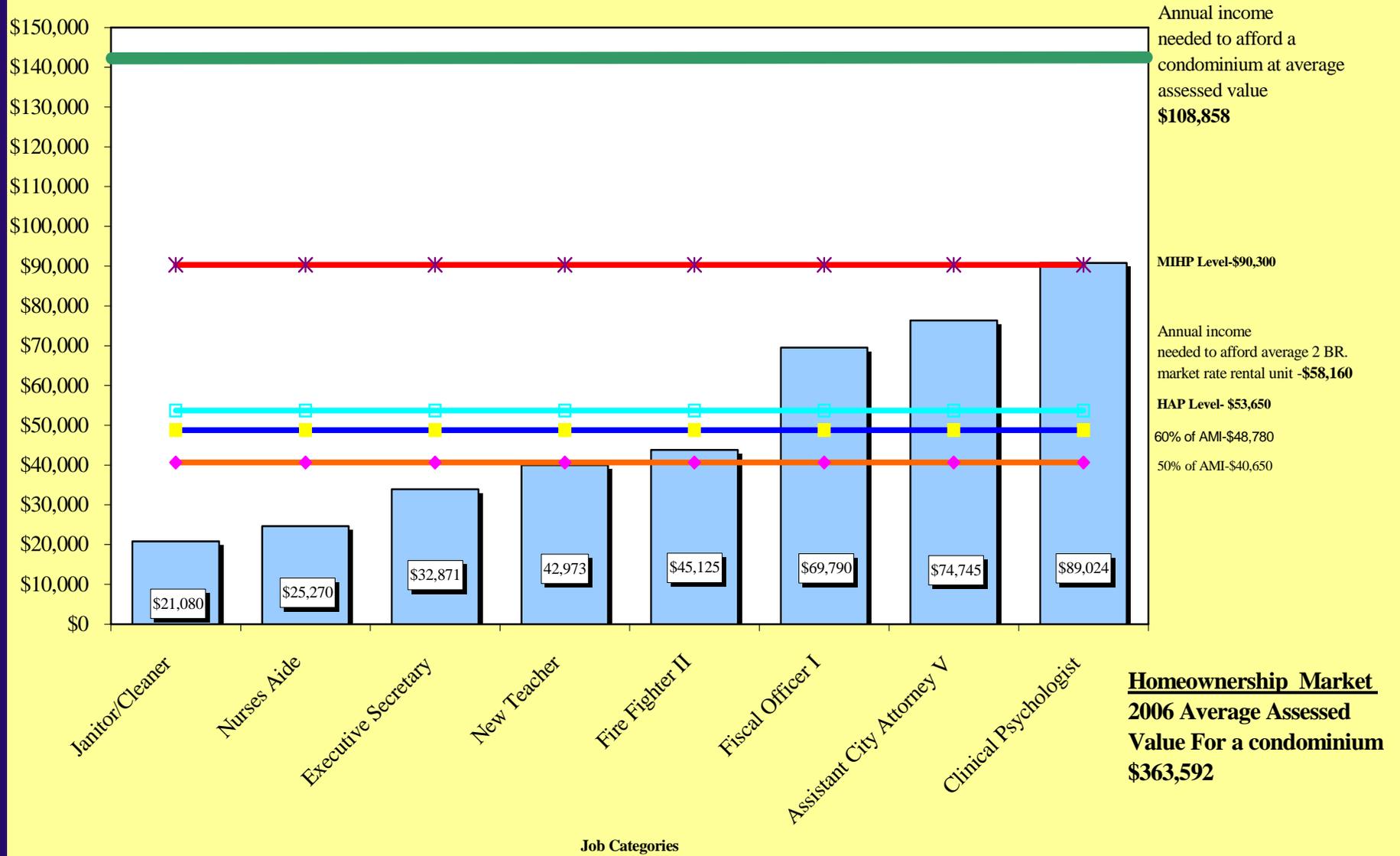
14 of 34 Hunting Terrace residents fall within this group.



Incomes and Housing Costs

- ◆ From 2000 to 2006:
 - The HUD-determined median income for the Washington, DC metropolitan area increased by 9%, from \$82,800 to \$90,300
 - The average rent for a market rate two bedroom unit in Alexandria increased by 40.6 %, from \$1,034 to \$1,454
 - The average assessed value of residential property increased by 175% from \$191,341 to \$526,852
 - Single family units: 156%, \$260,907 to \$667,386
 - Condominium units: 240%, \$106,875 to \$363,592

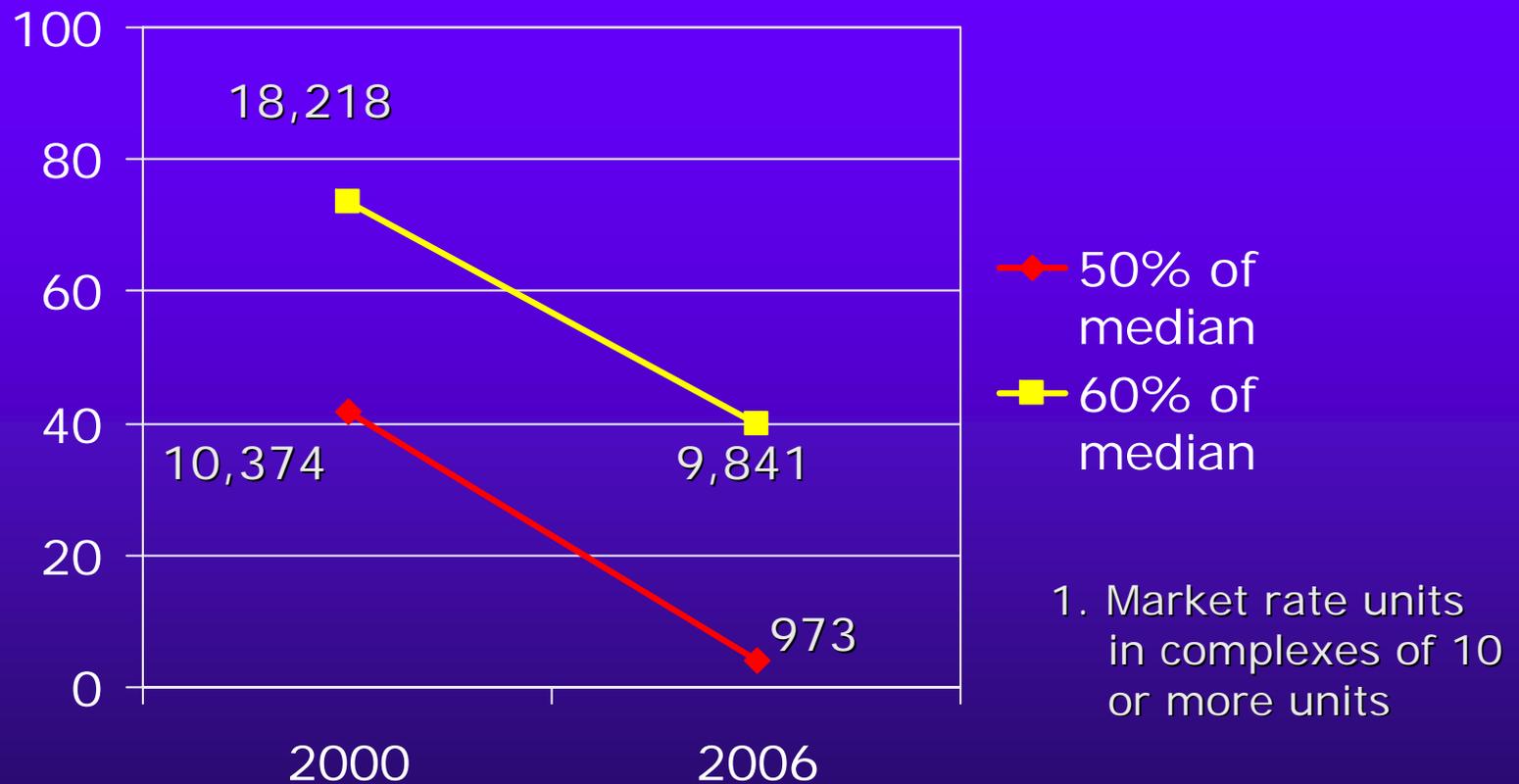
ONE INCOME, THREE- PERSON HOUSEHOLDS*



* The three-person family size is used to establish the affordable rent for a two-bedroom unit under the Low Income Housing Tax Credit (LIHTC) program.

Affordability of Rental Units

Percent of all rental apartment units¹ affordable to low and very low income households





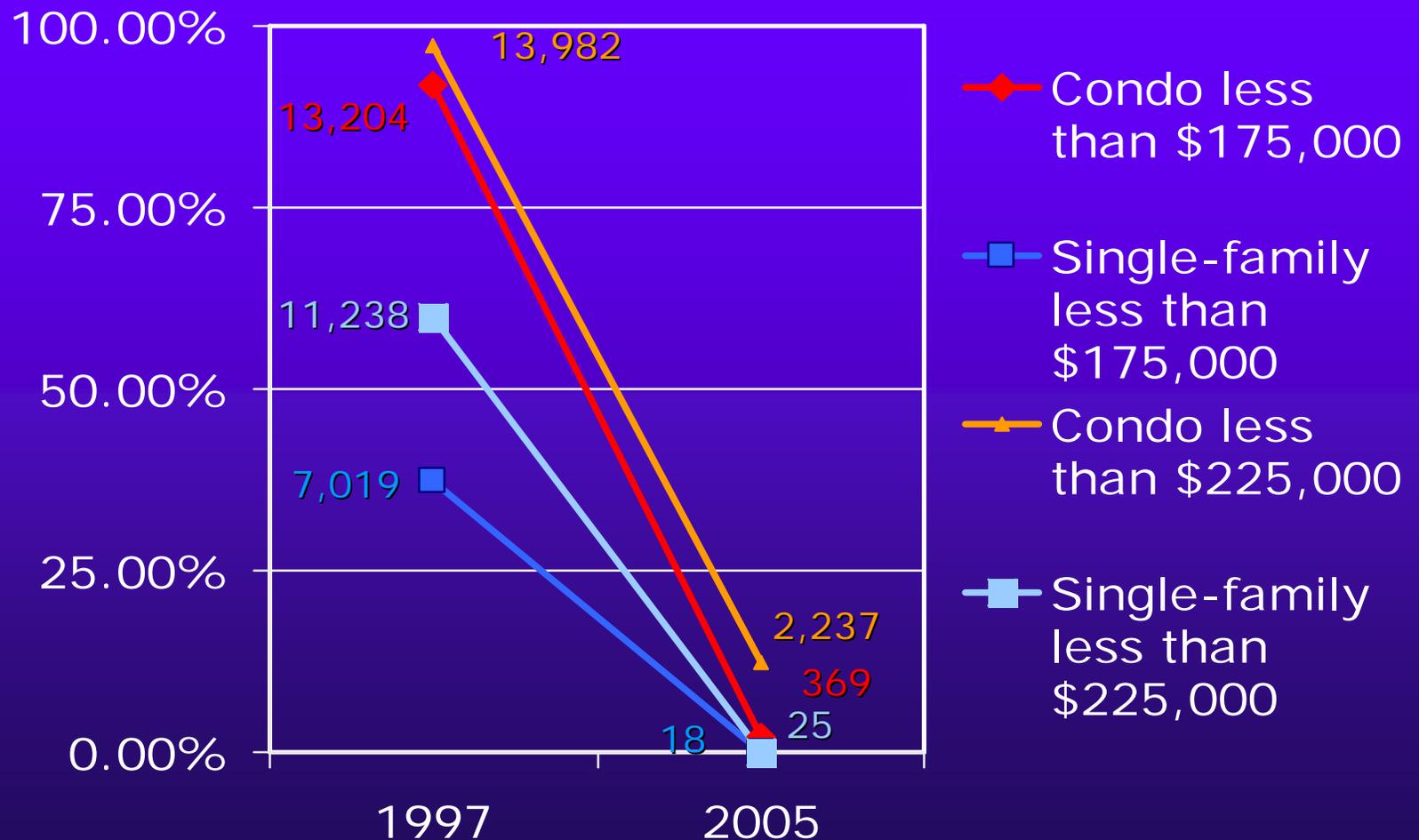
Loss of Rental Units Through Condominium Conversion

- ◆ 2,603 units registered with the state for condo conversion since November 2004 (574 subsequently shelved)



Ownership Housing Affordability

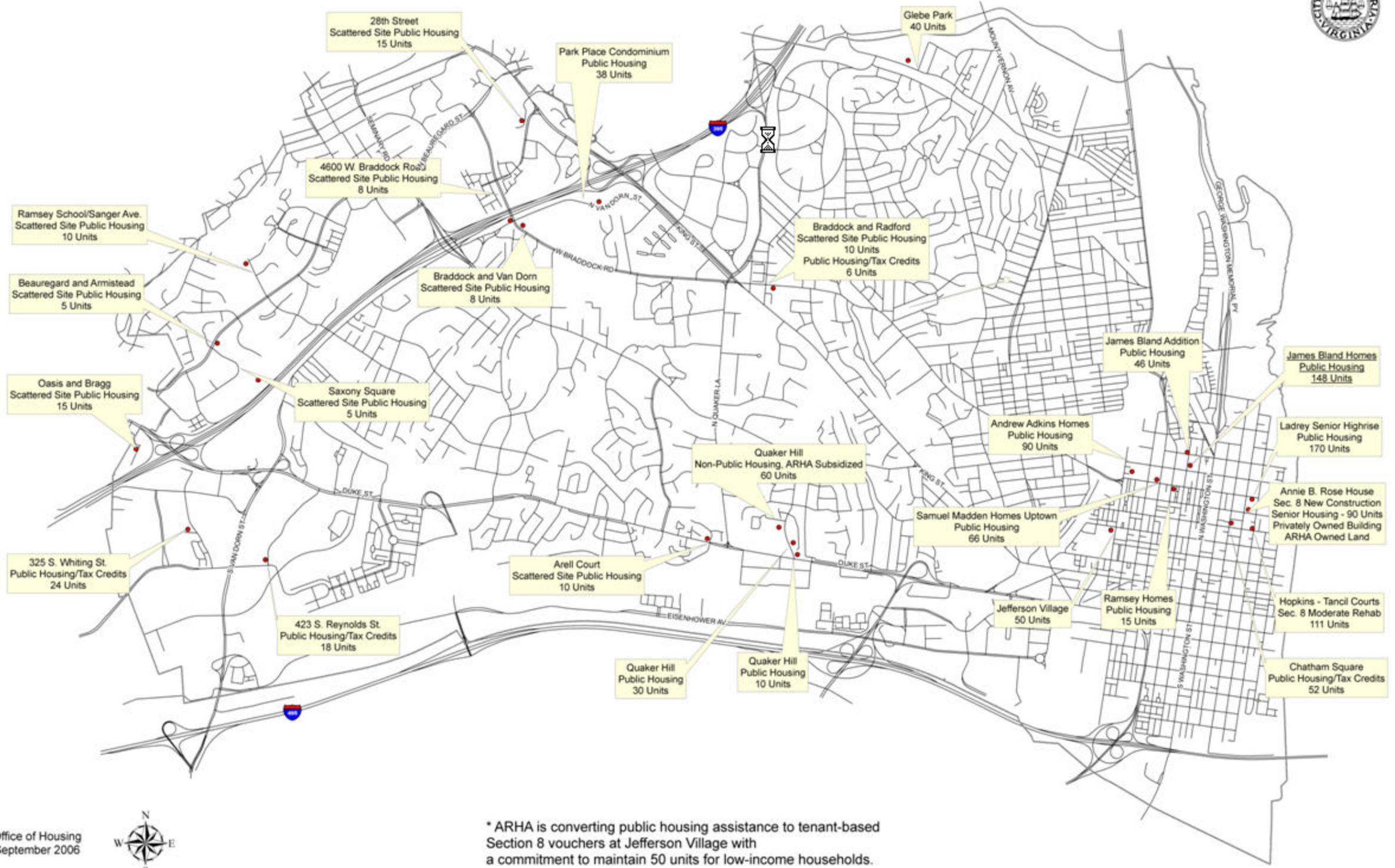
Percent of all units of each type in assessed value range, 1997 and 2005.





Current Affordable Housing Units

Public Housing and Replacement Units (Resolution 830)

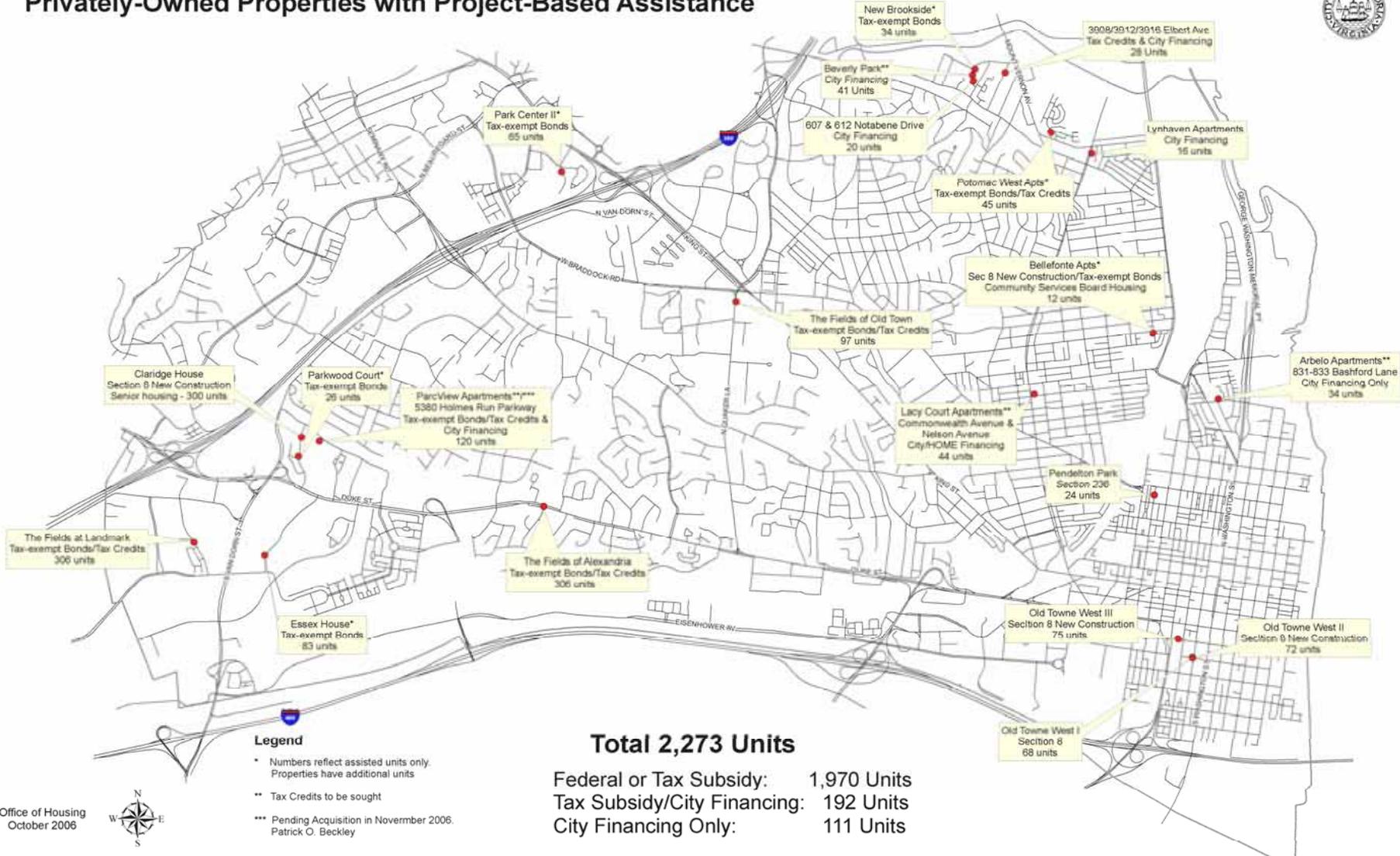


* ARHA is converting public housing assistance to tenant-based Section 8 vouchers at Jefferson Village with a commitment to maintain 50 units for low-income households.

Office of Housing
September 2006



Privately-Owned Properties with Project-Based Assistance



Legend

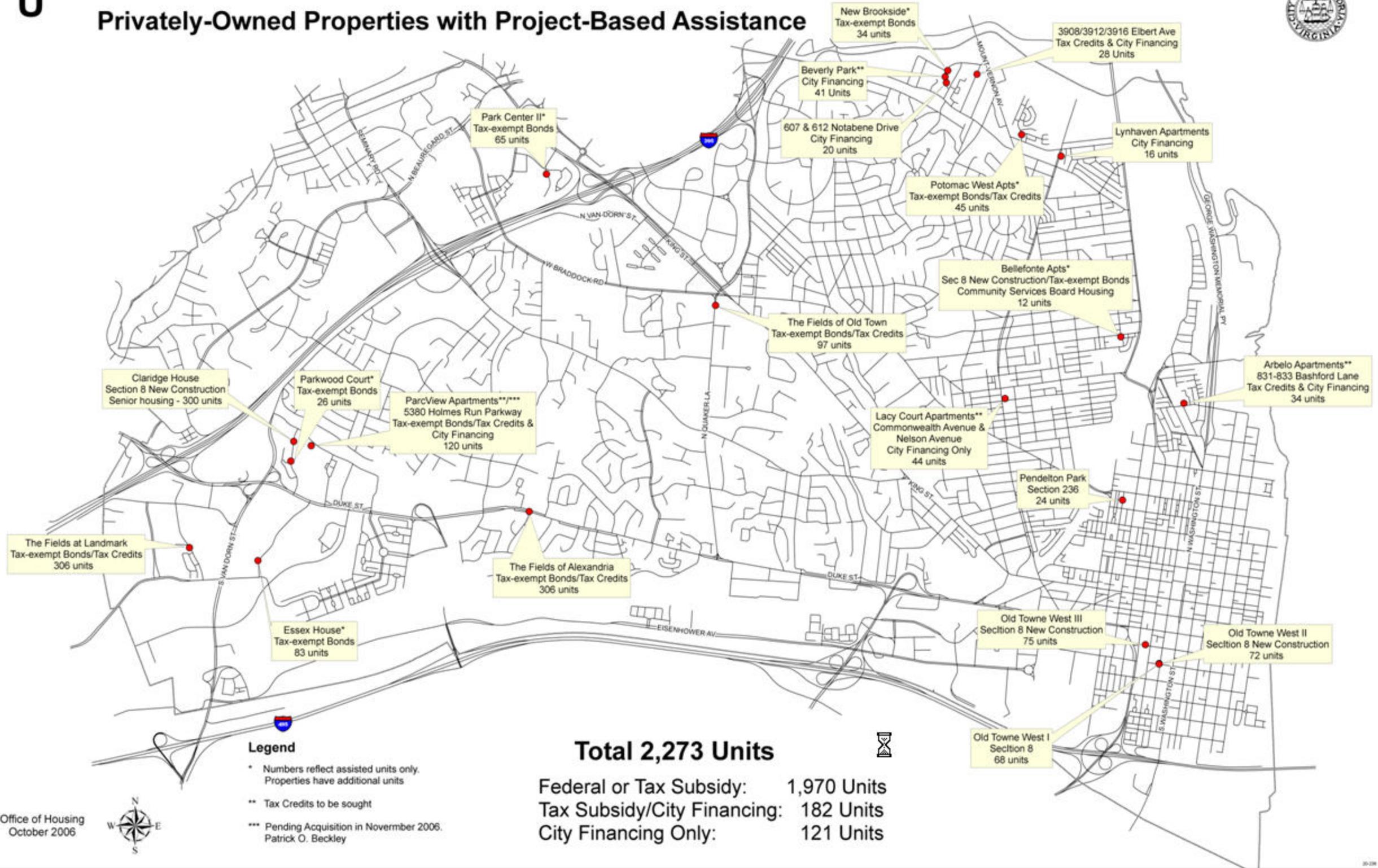
- * Numbers reflect assisted units only. Properties have additional units
- ** Tax Credits to be sought
- *** Pending Acquisition in November 2006. Patrick O. Beckley
- **** Pending Acquisition in November 2006. Patrick O. Beckley

Total 2,273 Units

Federal or Tax Subsidy:	1,970 Units
Tax Subsidy/City Financing:	192 Units
City Financing Only:	111 Units

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Privately-Owned Properties with Project-Based Assistance



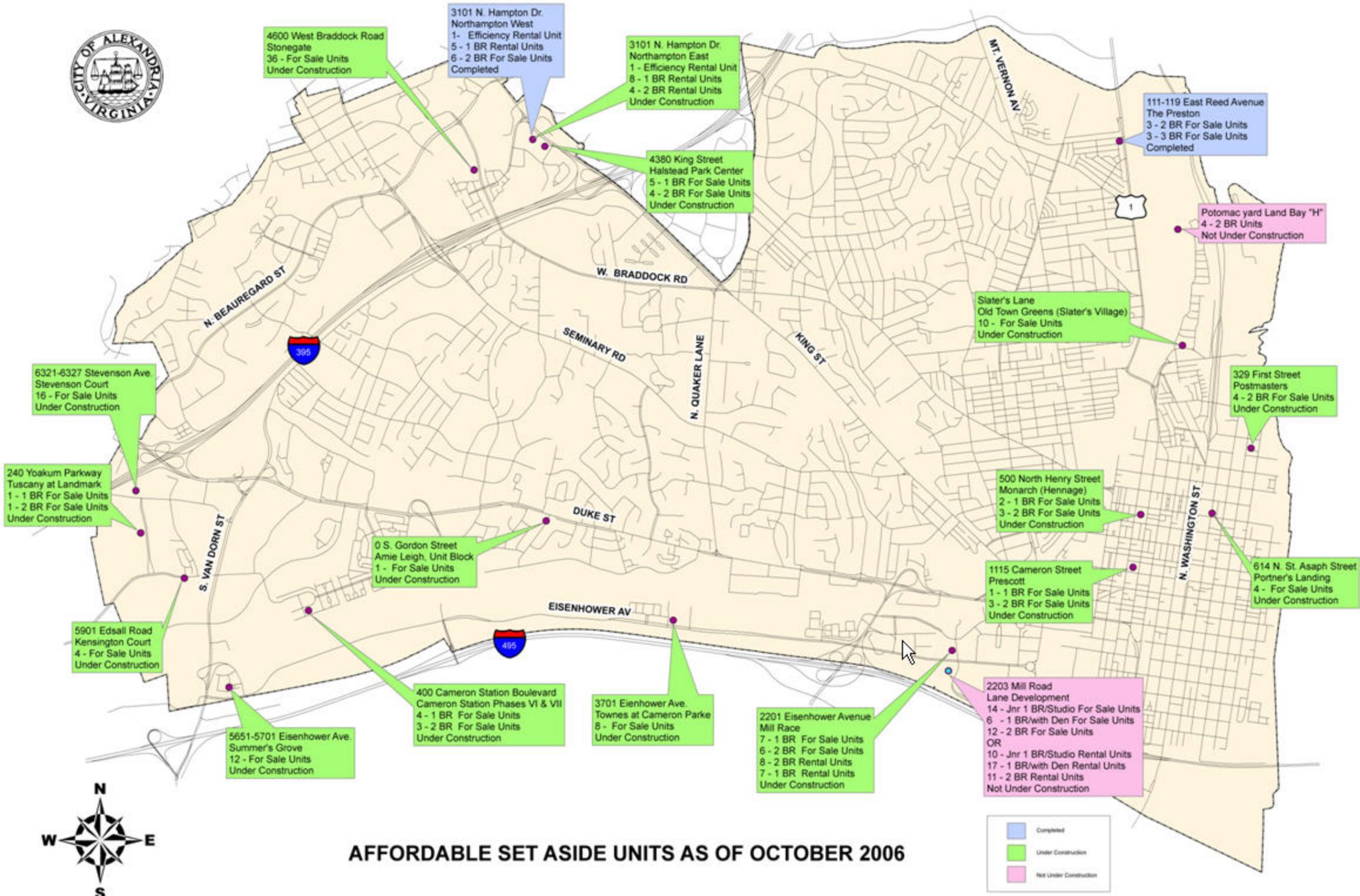
Legend

- * Numbers reflect assisted units only. Properties have additional units
- ** Tax Credits to be sought
- *** Pending Acquisition in November 2006. Patrick O. Beckley

Total 2,273 Units

Federal or Tax Subsidy: 1,970 Units
 Tax Subsidy/City Financing: 182 Units
 City Financing Only: 121 Units





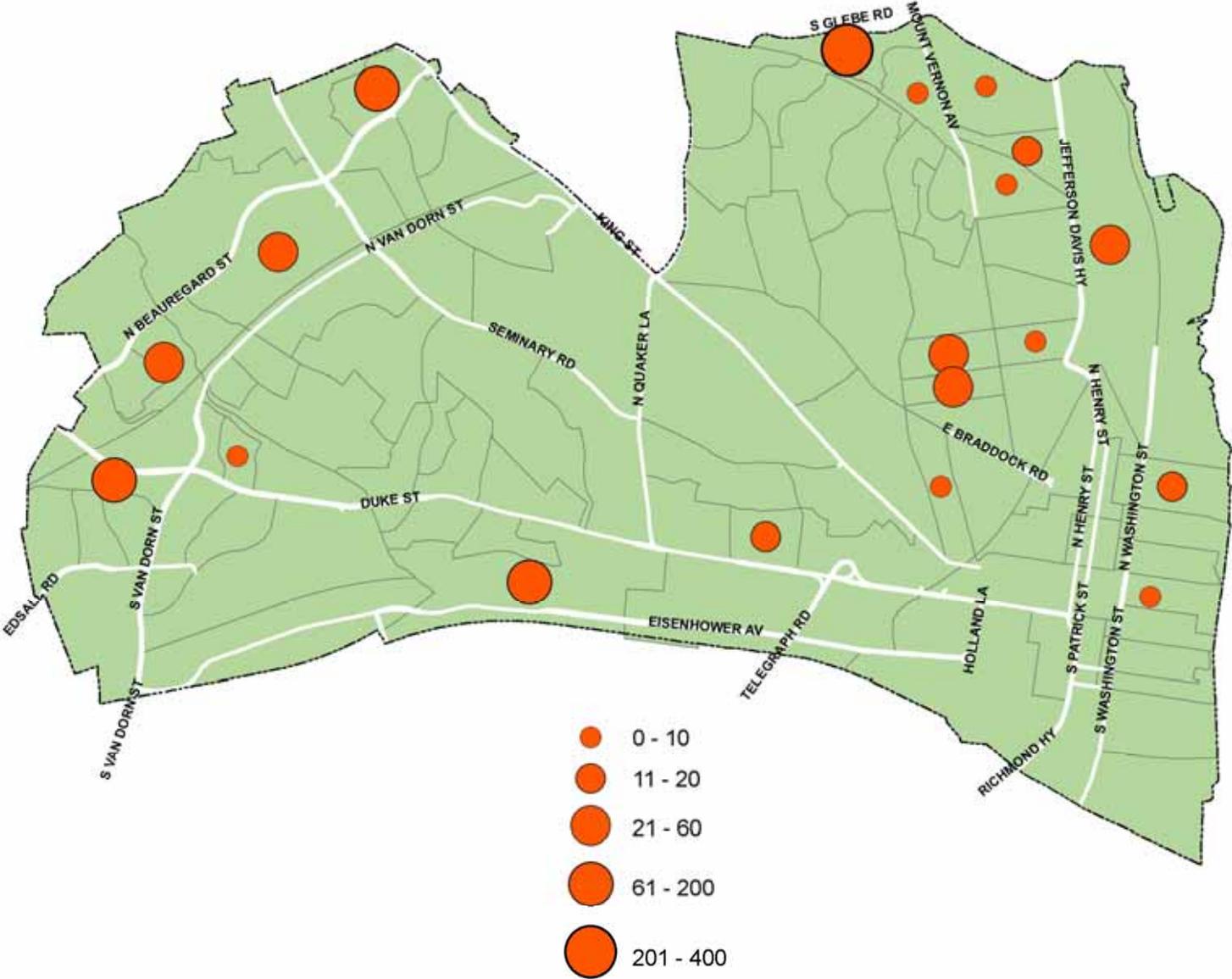
AFFORDABLE SET ASIDE UNITS AS OF OCTOBER 2006

Legend:

- Completed (Blue square)
- Under Construction (Green square)
- Not Under Construction (Pink square)

Private Market Multifamily* Rental Units Affordable at 50% of Median Income, 2006

Complexes of 10 or more units

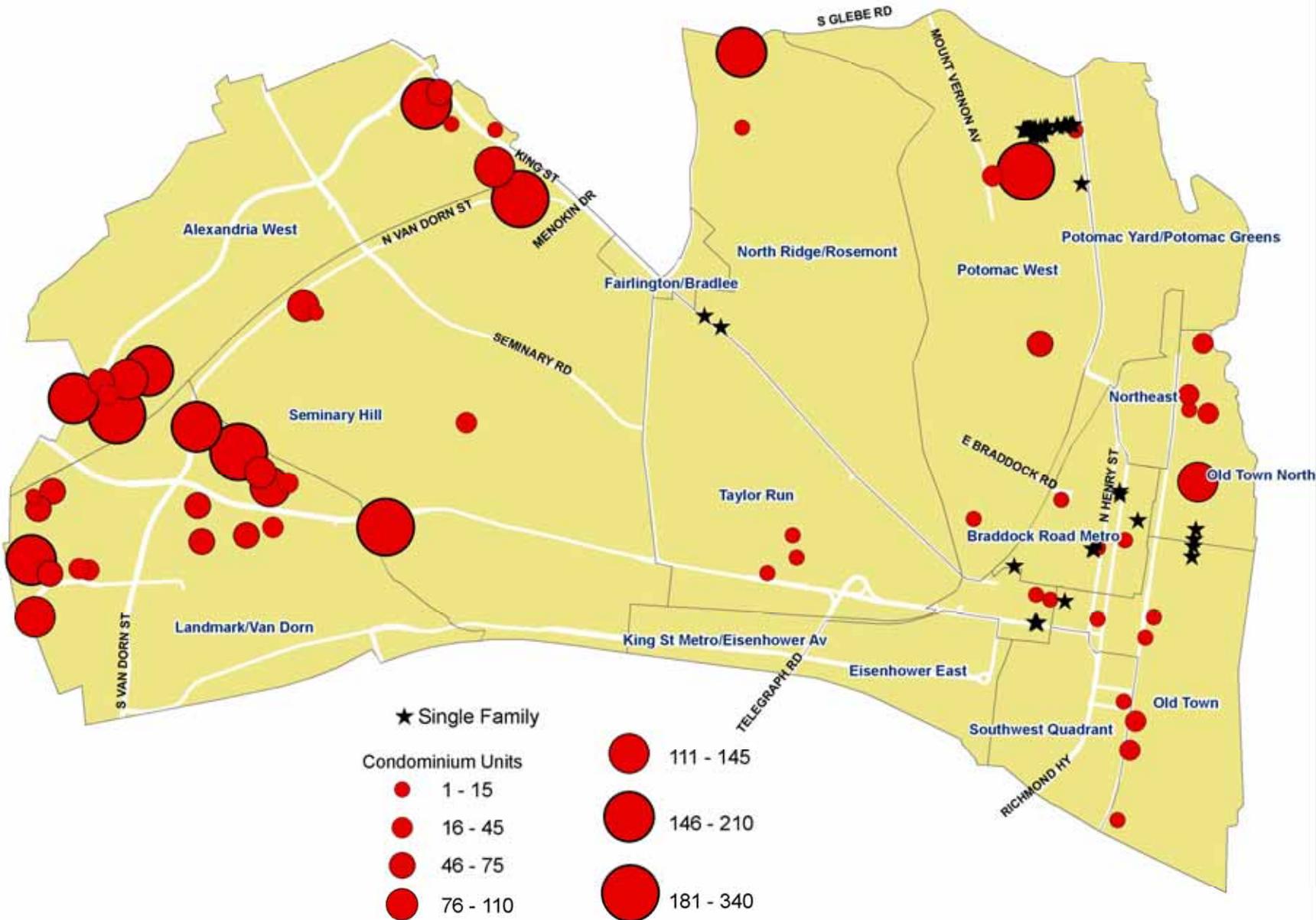


Private Market Multifamily* Rental Units Affordable at 60% of Median Income, 2006

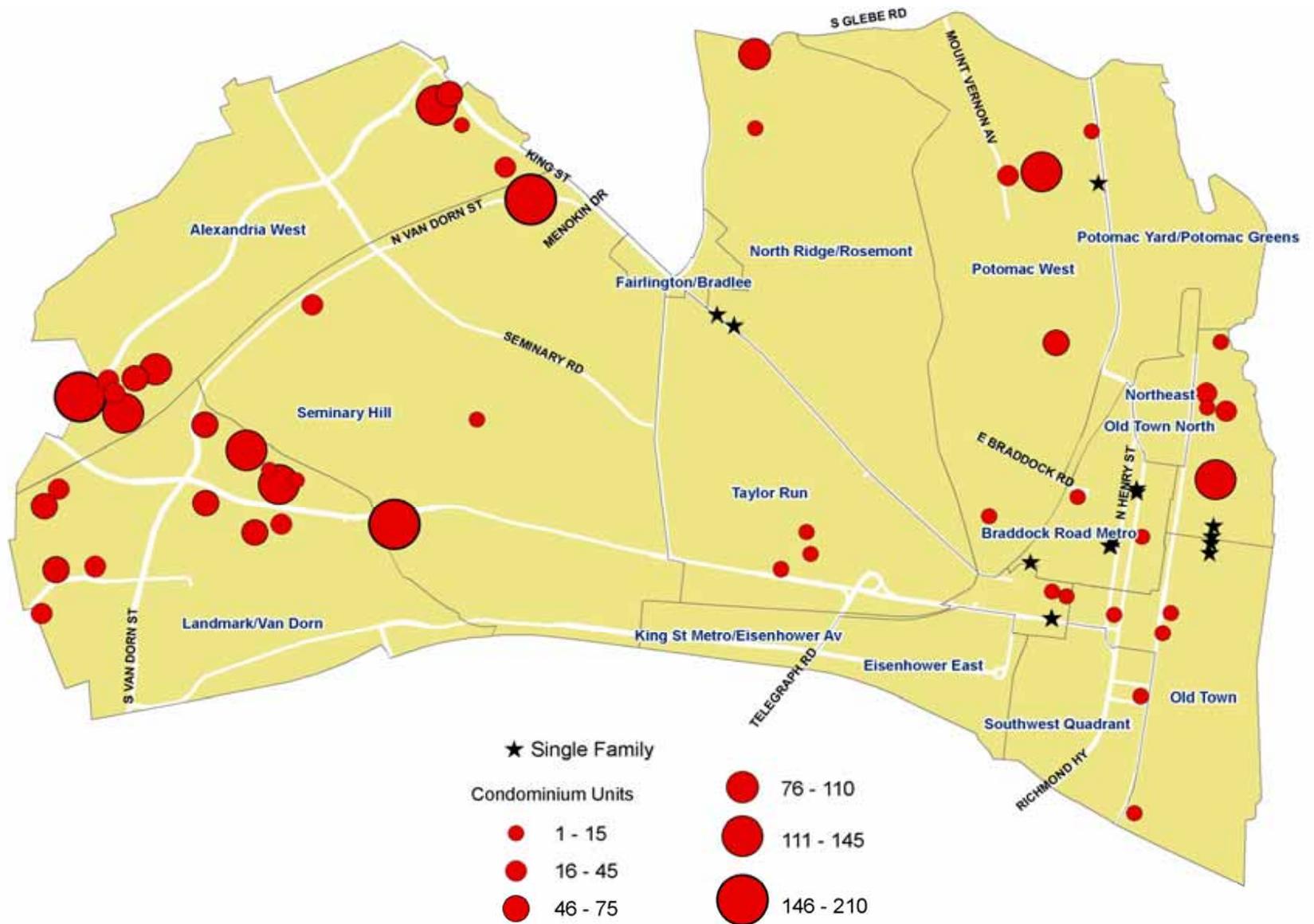
Complexes of 10 or more units



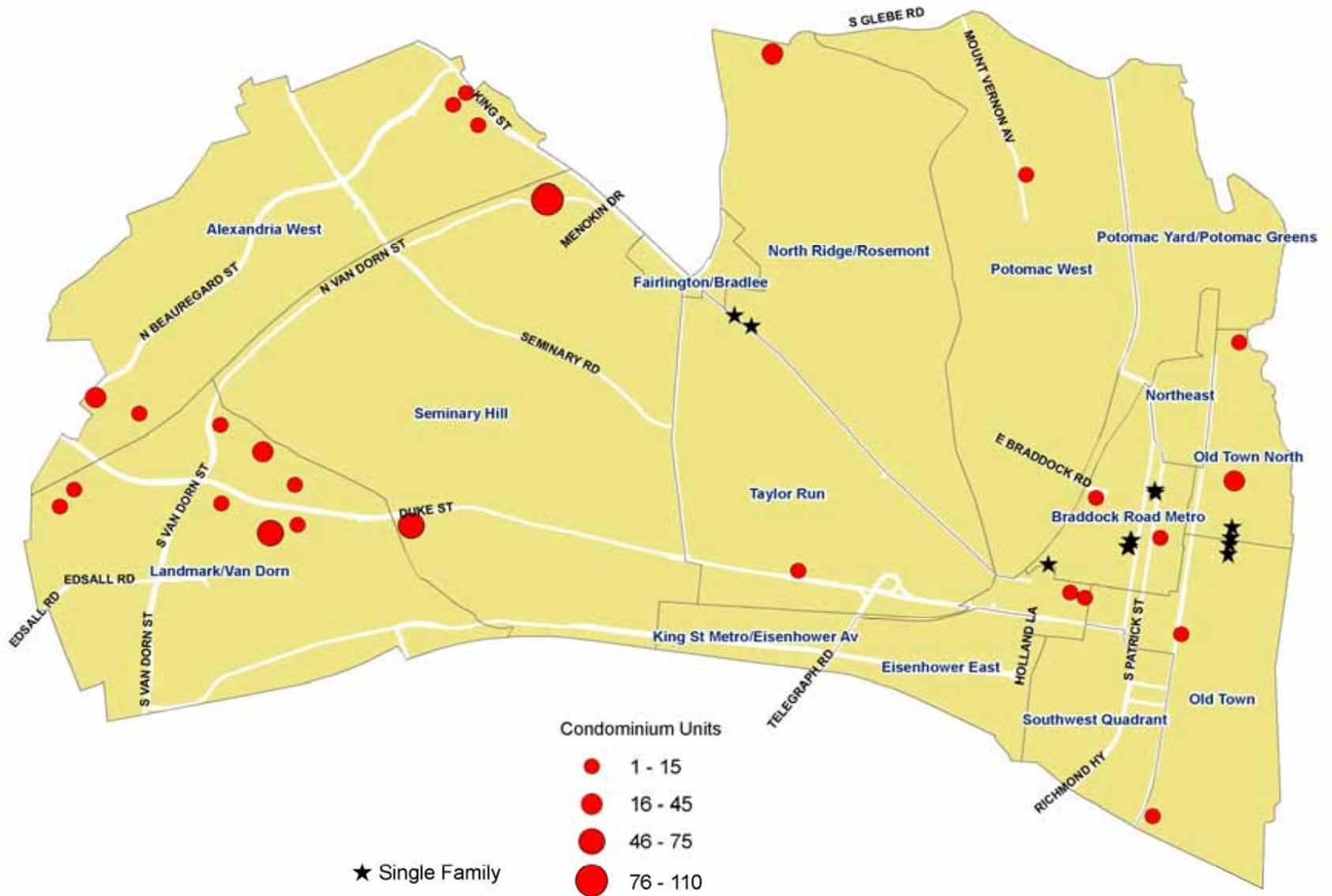
Condominium and Single Family Units with 2006 Assessed Values Below \$250,000



Condominium and Single Family Units with 2006 Assessed Values Below \$225,000



Condominium and Single Family Units with 2006 Assessed Values Below \$175,000





Housing Production



Producing Affordable Housing

- ◆ Housing production (sales and rental)
 - Direct funding support for construction or acquisition/rehabilitation.
 - Housing Opportunities Fund
 - Dedicated one cent on real property tax rate
 - General obligation bonds
 - Development of units by Alexandria Housing Development Corporation and other non-profits
 - Securing affordable units in new developments.
 - Using incentives under Zoning Ordinance
 - Voluntary contributions translated into units
 - City support for funding by others



Non-City Financing for Affordable Housing Development

- ◆ Low Income Housing Tax Credit Program
- ◆ Tax Exempt Bond Program
- ◆ VHDA Multifamily SPARC Program
- ◆ VHDA REACH Initiatives
- ◆ Grants (E.g., Federal Home Loan Bank)
- ◆ Conventional Loans



Current and Planned Projects with City Funding

- ◆ Acquired, Rehabilitation Pending: Beverly Park (41 units), Wesley Housing Development Corporation; Arbelo Apartments (34 units), Lacy Court (including Monroe Nelson) Apartments (44 units), RPJ Housing Development Corporation
- ◆ Approved: Beasley Square (new construction), Harambee Community and Economic Development Corporation – 8 units
- ◆ Under Contract: ParcView Apartments (159 units to be converted to 149 units; 120 affordable), Wesley Housing Development Corporation
- ◆ On Hold: Gunston Hall



Affordable Housing Production Units in New Developments

- ◆ 96 affordable sales units and 12 affordable rental units produced in 10 developments under City's Affordable Housing Policy
- ◆ Includes discounted and non-discounted units produced by for-profit developers, as well as 16 non-profit developer units with City assistance
- ◆ Completed FY 2005 (included in figures above)
 - The Preston: 6 sales units
 - Northampton Place West: 12 rental units in condominium building



Current Discounted Unit Activity

◆ Currently Under Construction

- Cameron Station: 7 sales units (affordable units under contract)
- Northampton Place West: 13 rental units in condominium building
- The Monarch (Hennage Printing): 5 sales units
- Halstead Park Center: 9 sales units
- Mill Race: 13 sales units*, 15 rental units
- Tuscany at Landmark: 2 sales units
- The Prescott (Hopkins Warehouse): 4 sales units

◆ Pledged Units Not Yet Under Construction

- Postmasters: 4 off-site sales units to be purchased
- Lane Development: 32 – 38 rental units
- Potomac Yard Landbay H: 4 rental units



Developer Housing Contribution Work Group Formula

◆ Residential Development

- \$1.50 (rental)/\$2.00 (sales) per gsf of base permitted gross floor area, PLUS
- \$4.00 per gsf of additional floor area permitted by Zoning Code with a Special Use Permit, PLUS
- 1/3 of any new units made possible by additional square footage using bonus density/height provisions

◆ Commercial Development

- \$1.50 per gross square foot



Planned Developments Since Acceptance of Current Formula

◆ Approved

- Lane Development Condominiums
- Potomac Yard Landbay H

◆ Pending

- Potomac Yard Landbay G (Fire Station/Housing)
- Braddock Metro Condominiums

ATA – Lane Development





Density/Height Bonus As a Tool to Produce Affordable Housing

City Ordinance: The City's Zoning Ordinance provides for up to 20% bonus density and up to 25 feet in bonus height in exchange for affordable housing

In the ATA-Lane Development Project, the developer has pledged to set aside as affordable housing **38%** of the additional square footage achieved through a density (79,000 gsf) and height (100 ft.) bonuses.

The developer will set aside more than 30,000sq. ft to provide **38 affordable set-aside rental units** if the property is developed as apartments, **OR**, if the property is developed as a condominium, will convey **32 affordable condominium units** to the City or its designee for use as affordable rental housing.

The developer will also provide a **voluntary cash contribution** consistent with the guidelines suggested in the Developer's Housing Contribution Policy Work Group (DHCPWG) of **more than \$1 million.**

Potomac Yard Landbay H



- Developer will build 4 residential units above retail and convey the residential units to the City or its designee
- Designee (presumably AHDC) will purchase units for the mortgage amount supported by the rents
- Remaining value is developer's contribution
- Units will be operated as affordable rental units

Potomac Yard Fire Station Project





Potomac Yard – Affordable Housing Component

- ◆ Approximately 60 rental units are planned, including a mix of 1, 2, and 3 bedroom apartments
- ◆ The project will combine approximately 41 affordable and 19 workforce units (to serve households with incomes up to 80% of the area median (mathematical))
- ◆ The residential component will incorporate green elements and noise attenuation technology
- ◆ Project will be financed with tax credits and a portion of the developer's voluntary affordable housing contribution.
- ◆ City will designate a non-profit entity (presumably AHDC) to develop and manage.

Landmark



Opportunities for new affordable housing through redevelopment



Housing Assistance



Making Housing Affordable

- ◆ Assistance with housing costs
 - Homeownership costs
 - Down payment and closing costs
 - Mortgage financing
 - Fostering/encouraging private investment
 - Property tax relief
 - Home rehabilitation assistance
 - Rental costs
 - Rent subsidies (ARHA, HUD)
 - Rent relief



Homeownership Programs

- ◆ No-interest, deferred down payment and closing cost assistance
 - Homeownership Assistance Program (HAP)
 - Moderate Income Homeownership Program (MIHP)
 - Employee Homeownership Incentive Program (EHIP)
- ◆ Seller Incentive Fund (Suspended FY 2007)
- ◆ Employer Assisted Housing
- ◆ Access to VHDA Special Mortgage Programs: SPARC and Home Stride



City-Funded Homeownership Programs

- ◆ HAP and MIHP provide no-interest, deferred payment loans, due upon sale (or in 99 years); no monthly payments
- ◆ Maximum HAP/MIHP loan amounts range from \$30,000 (MIHP) to \$50,000 (HAP; MIHP Law Enforcement)
- ◆ Program budgets would not support loans of this size for the proposed number of affordable units at Hunting Terrace



Rental Assistance

- ◆ Most rental assistance in Alexandria is provided by ARHA or private entities using federal programs
- ◆ City's role is primarily affordable housing production assistance (Office of Housing) and rent relief for elderly/disabled (Department of Human Services)
- ◆ Office of Housing also works to preserve/replace current assisted units, including "Resolution 830" units such as Samuel Madden Homes (Downtown)
- ◆ City provided \$4.2 million toward Madden redevelopment effort, including \$2 million from Housing Trust Fund



Hunting Terrace



Estimated Formula Contribution

- ◆ Staff is still working with the applicant to assess the amount of density permitted on this site without a bonus.
- ◆ Using very gross assumptions, a housing contribution for this site in accordance with current formula might be calculated as follows:
 - 300 unit building w/14 stories = 21-22 units per floor
 - Estimated number of units above 50 feet (5th floor): 193
 - 1/3 of bonus units = 64 affordable units
 - PLUS cash contribution on non-bonus density (to be determined)
- ◆ Calculation will be refined as additional information becomes available



Extraordinary Affordable Housing

- ◆ City Council, with input from the Planning Commission and this Stakeholders Group, will determine what constitutes an “extraordinary” contribution
- ◆ Possible factors for consideration
 - Number of affordable units
 - Level of affordability
 - Length of affordability and strength of resale controls
 - Is strength of affordable housing program commensurate with magnitude of requested height bonus?



Issues for Further Review/Analysis

- ◆ Value of the requested height bonus in comparison to the public benefit value of the 116 affordable units
 - Does developer need all of the requested height to be able to support the proposed affordable units?
 - Is the value of the “Portofino Towers Subsidy” reasonable in terms of the public benefit to be received?
- ◆ Appropriate mix of unit sizes
- ◆ Appropriate long-term resale restrictions
- ◆ Appropriate target group(s) and sales prices
- ◆ Potential for AHDC-owned building or units for long-term rental affordability
- ◆ Need for (and appropriate level of) City closing cost and/or downpayment subsidy
- ◆ Hunting Towers