

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 29, 2018

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

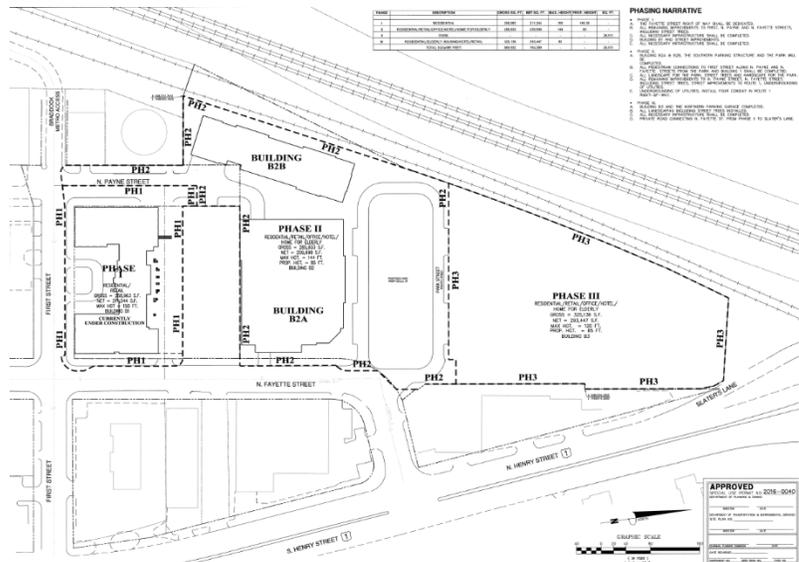
FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: BRADDOCK GATEWAY PHASE III AFFORDABLE HOUSING PLAN

ISSUE: Consideration of an Affordable Housing Plan for Braddock Gateway Phase III (DSUP 2018-00007).

ACTION REQUESTED: That the Committee review and endorse the associated Affordable Housing Plan.

BACKGROUND: The project is the final of three phases of development under CDD #15 (referred to as Braddock Gateway); the first phase opened in the Spring of 2018 as The Dalton and the second phase received its development approvals in June 2017. Braddock Gateway is a 7-acre site generally bounded by North Fayette, North Payne, and First Streets, and the WMATA/CSX train tracks (see image at right). It was approved in 2008 for up to 770,000 net square feet of development, with a mixture of residential and commercial space, and a large, central open space.



In Phase III, the applicant proposes to construct two buildings with a total of approximately 370 residential units and 3,000 square feet of ground-level retail.

DISCUSSION: As part of the development approval process for CDD #15, the applicant agreed to provide a \$5 million contribution to the Housing Trust Fund for the entire project to be paid

proportionately as each development requested certificates of occupancy. This contribution was more than double the standard voluntary monetary contribution in effect at that time. In 2015, CDD #15 was amended (CDD 2015-00005) to reflect a change in the phasing of the project; at that time, the timing of the housing contribution was adjusted with the first phase of the project to provide a \$1 million contribution and the remaining \$4 million to be paid proportionately through the remaining two phases. Under this agreement, a \$1.84 million contribution was anticipated with Phase II and \$2.16 million with Phase III.

At the time of approval of CDD 2015-00005, City Council expressed an interest in securing affordable units on-site in lieu of some portion of the monetary contribution. In response to this guidance and consistent with the Housing Master Plan's recommendation to focus affordable housing efforts in areas near transit and with the greatest potential for increased density and mixed-use development, the applicant for Phase II agreed to provide 50% of its contribution in the form of a monetary contribution to the Housing Trust Fund (this is the portion that is reserved for potential future offsite ARHA replacement units pursuant to the Braddock Metro Neighborhood Plan) and 50% in the form of on-site affordable units. In May 2017, the Committee voted to approve the affordable housing plan for Phase II which included four affordable rental units (two one-bedrooms and two two-bedrooms) affordable to households with incomes at 60% of the area median income (AMI) for a 40-year period.

The applicant for Phase III has offered to follow the same breakdown and provide 50% of its contribution in the form of a monetary contribution to the Housing Trust Fund (reserved for potential future offsite ARHA replacement units) and 50% in the form of on-site affordable units. With regards to the latter, the applicant has offered to provide four affordable rental units (two one-bedrooms and two two-bedrooms) affordable to households with incomes at 60% of the area median income for a 40-year period (equivalent to \$49,260-\$70,320 for a household of one to four). The applicant has attributed the higher per unit value of the on-site affordable units (compared to what was offered in Phase II) to an uptick in Class A rents combined with low capitalization rates in the local multifamily rental market. It has indicated that the newly constructed Dalton is the best comparable for this project when evaluating market rents because it offers a similar level of amenities.

FISCAL IMPACT: \$1,080,000 to the Housing Trust Fund. These monies are reserved to help fund ARHA's potential acquisition of offsite units, if required, pursuant to the Braddock Metro Neighborhood Plan. The reservation must be maintained pending completion of the redevelopment of all Braddock area ARHA properties.

ATTACHMENTS:

(1) Affordable Housing Plan for Braddock Gateway Phase III, DSUP 2018-00007, dated May 29, 2018

STAFF:

Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Analyst, Office of Housing