ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE
DATE: NOVEMBER 2, 2017
LOCATION: ROOM 2000 - CITY HALL

AGENDA

1. Introductions and Chair remarks (Chair)  7:00 p.m.

2. Consideration of October 5, 2017 meeting minutes (Chair)  7:05 p.m.
   Action Requested: Review and Approve Minutes

3. Consideration of Affordable Housing Plan for Block 20
   (Tamara Jovovic/Mary Catherine Gibbs)  7:10 p.m.
   Action Requested: Review and approve Affordable Housing Plan

4. Eisenhower West/Landmark Van Dorn Implementation (Bill Harris)  7:30 p.m.

5. Alexandria Redevelopment and Housing Authority Update (Carter Flemming)  7:35 p.m.

6. Alexandria Housing Development Corporation Update and Presentation
   on Resident Demographics (Jon Frederick)  7:40 p.m.

7. Long-Range Interdepartmental Workplan (Tamara Jovovic)  8:00 p.m.

8. New Financial Format (Eric Keeler)  8:05 p.m.

9. Information Items:
   Housing Master Plan Progress (Tamara Jovovic)  8:20 p.m.

10. Staff Updates  8:25 p.m.

11. Announcements and Upcoming Housing Meetings (Staff)  8:40 p.m.

   Joint City-Schools Facility Investment Task Force
   Tuesday, October 30, 5:00 p.m.— Facility Maintenance and Operations Subcommittee Meeting
   Subcommittee
   City Hall, Council Workroom, 2nd Floor

   Joint City-Schools Facility Investment Task Force
   Thursday, November 2, 7:30 a.m.—Alternative Project Delivery Methods Subcommittee
   City Hall, Council Workroom, 2nd Floor

   Joint City-Schools Facility Investment Task Force
   Thursday, November 2, 9:00 a.m.
   City Hall, Council Workroom, 2nd Floor

   Joint City-Schools Facility Investment Task Force
   Monday, November 6, 7:00 p.m.— Capital Planning & Implementation Subcommittee Subcommittee
   City Hall, Council Workroom, 2nd Floor

   ARHA Redevelopment Work Group Meeting
   November 9, 2017, 5:30 pm, City Hall
12. Other
   Topics of interest for future meetings  
   Adjournment (Chair)
The meeting was called to order at 7:05 pm. Carter Flemming agreed to take minutes.

1. **Introductions and Chair Remarks (Robyn Konkel)**
   Robyn stated she had no remarks and proceeded to the next item on the agenda.
2. **Consideration of September 7, 2017 Minutes (Chair)**
Marian Wiggins made a motion to approve the September minutes; Bill Harris seconded the motion. The minutes were approved unanimously with four abstentions from Nechelle Terrell, Robyn Konkel, Yasin Seddiq, and Michelle Krocker.

Carter Flemming then made a motion that a correction be made to the June minutes reflecting that she voted “No” on the Fairlington Presbyterian Church affordable housing pre-development funding request, rather than the “Abstention”, as had been recorded. Mary Parker seconded the motion. The motion was passed unanimously.

3. **Consideration of Affordable Housing Plan for Sunrise Senior Living (Tamara Jovovic/Ken Wire)**
Ken Wire from McGuireWoods and Jerry Liang from Sunrise Senior Living gave a presentation on the proposed Sunrise Senior Living community at 400 N. Washington Street. The facility will have approximately 91-93 units of which approximately one third will be for memory care. The average age of residents is 85, and the average length of stay is 18-24 months. Mr. Wire presented three affordable housing options for the facility. Option #1 is a $326,469 contribution to the Housing Trust Fund, valued at more than double the standard voluntary monetary contribution. Option #2 is for one on-site assisted living bed with rent discounted to 60% below the market rate for a period of 20 years. Option #3 is for two on-site assisted living beds with rent discounted to 35% below the market rate for a period of 20 years.

Robust discussion ensued about these options. Bill Harris proposed a fourth option which would create two auxiliary grant-funded beds in perpetuity to help address the need for very deeply discounted senior living options in the City. There is currently only one auxiliary grant bed in the City of Alexandria, located at the Sunrise facility on Duke Street. Mr. Wire offered as a compromise to provide one studio auxiliary grant-funded unit for a period of 20 years, valued at approximately $1.45 million more than the standard voluntary monetary contribution. Michelle Krocker made a motion to endorse this proposal. The motion was seconded by Jon Frederick. The motion passed with one abstention by Dan Brendel. Bill Harris and Mary Parker noted that the Commission on Aging and Commission on Persons with Disabilities would, respectively, also be reviewing the proposal.

4. **Use of Bonus Density for Different Uses—public art space, daycare, and housing (Helen McIlvaine)**
Ms. McIlvaine informed the Committee that there has been discussion regarding the use of bonus density for purposes other than affordable housing. The recently approved update to the Old Town North Small Area Plan allows for 30% bonus density in order to help foster an arts district and retain existing City arts resources, including MetroStage and the Art League studios. Committee members expressed concern regarding the use of bonus density for community benefits other than affordable housing. Michelle Krocker stated that the City needs to establish an affordable dwelling unit ordinance and make affordable
housing contributions mandatory, rather than voluntary. Eric Keeler noted that the City would have to go to the General Assembly for permission to do this. Michelle Krocker noted that the City of Fairfax was currently working on such a policy.

5. **Housing Heroes (Helen McIlvaine)**
Ms. McIlvaine invited committee members to attend the first Housing Heroes recognition event on Tuesday, October 10th at 5:30 in the Sister Cities Committee room. Honorees will include Dave Mercer, Pia Trigiani, Carter Land, Regina Pinkney, and the Paradigm Company. All of these individuals and companies have made substantial contributions to the effort to create affordable housing in Alexandria.

6. **Church of the Resurrection (Eric Keeler)**
The application for the Church of the Resurrection affordable housing project is under review by the Beauregard Design Advisory Committee. The project’s design has evolved since its initial submission to reflect community input. Mr. Keeler expects that AHC will submit an affordable housing plan and permanent loan request for the Committee’s review later this fall.

7. **Resolution 830 Community Engagement Process (Helen McIlvaine)**
Ms. McIlvaine reported that this process was expected to begin in September, but is now rescheduled to begin on November 8th to allow the new ARHA CEO to participate. The schedule may have to move again depending upon the start date of the new CEO. It is hoped that two meetings can be held before the Christmas holidays.

8. **Joint City-Schools Facility Investment Task Force (Tamara Jovovic)**
Ms. Jovovic reported that there have been robust conversations during the meetings of this Task Force. The Task Force is taking a hard look at CIP projects in the pipeline. A draft recommendation is scheduled to be submitted to Council in December.

   Dan Brendel noted that the Task Force has discussed examining the timing of the CIP process and the potential for it to be decoupled from the budget process. He also reported that some proposed alternatives could result in considerable savings that could, in turn, be reallocated to other projects. Discussion ensued over why housing dollars are not included in the current CIP. A motion was made by Mike Doyle and seconded by Michelle Krocker that a letter be sent to the Task Force regarding the need for housing funds to be considered as a part of this process. The motion passed unanimously. Dan Brendel agreed to draft and send the letter to Robyn Konkel to circulate to the Committee for comment.

9. **Alexandria Redevelopment and Housing Authority Update (Carter Flemming)**
Carter Flemming reported that the CEO search is expected to result in a hiring announcement within the next two weeks. She reported that the Environmental Review for Ramsey Homes is complete and the Demolition/Disposition application is now being processed by HUD. The conversations about the issues
involving the Adkins redevelopment are continuing between ARHA and City staff.

10. Alexandria Housing Development Corporation Update and Presentation on Resident Demographics (Jon Frederick)
Helen McIlvaine reported that she had attended the ADHC strategic planning meeting and was very impressed with their plans. Due to the lateness of the hour, Jon Frederick’s presentation will be given next month.

11. Information Items (Eric Keeler)
Staff is still working on a new format for our financial reports.

12. Staff Updates
There were no staff updates.

13. Other Discussion
Committee members were asked to note the dates for upcoming Task Force meetings, as well as other housing-related meetings.

The meeting adjourned at 9:20 pm.
City of Alexandria, Virginia

MEMORANDUM

DATE:  OCTOBER 24, 2017

TO:  THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM:  HELEN S. MCILVAINE, DIRECTOR

SUBJECT:  EISENHOWER EAST BLOCK 20 AFFORDABLE HOUSING PLAN

ISSUE:  Consideration of an Affordable Housing Plan for Eisenhower East Block 20 (DSUP 2017-00005).

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

BACKGROUND:  The applicant, Paradigm Development Company, is the contract purchaser of Block 20 located at 2200 Mill Road within the Eisenhower East Small Area Plan. The applicant has proposed to construct an approximately 527,623 square foot 26-story residential tower with 420 rental units and an approximately 108,546 square foot hotel on the site. Prior to the approval of the September 2017 Master Plan Amendment (MPA) to the Eisenhower East Small Area Plan, the site had been envisioned for office development and would have resulted in a total voluntary affordable housing contribution equal to approximately only one third of the contribution presented in the attached Affordable Housing Plan. As part of the MPA, the applicant requested and received approval to:

1. modify the land use permitted on the site from office to residential and hotel; and
2. increase the permitted height from 220' to 260' to allow for a total of 26 residential stories with an additional 40' increase for architectural embellishments, mechanical equipment, and penthouses (for a total height of 300').

In order to develop the project, the applicant has requested a Development Special Use Permit (DSUP) and Coordinated Development District (CDD) Concept Plan Amendment, in addition to two minor encroachments for below-grade transformers and balconies. No additional density was requested as part of the MPA.

**DISCUSSION:** In the event of a rezoning or Coordinated Development District application when additional density or height is being requested (as is the case with this application), the Housing Master Plan recommends developer contributions take into account that affordable housing is one of the City’s highest priorities and that there should be a significant monetary or in-kind contribution to affordable housing in excess of what would normally be required with a Development Special Use Permit.

Staff conducted a Section 7-700 equivalency analysis based on the requested increase in height and has estimated the affordable housing contribution for the site to comprise:

1. a $1.57 million voluntary monetary contribution to the Housing Trust Fund (based on the proposed commercial development and residential floors 1-22 and 25-26); and
2. one third of the units located on the first two floors (floors 23 and 24) above the current maximum height of 220’. Since a total of 29 units are proposed on floors 23 and 24, staff has estimated the recommended number of affordable dwelling units to be between nine and ten, with unit sizes proportional to the overall mix of unit sizes in the building.

The applicant has offered to provide an affordable housing contribution in the form of one of the following four options:

**Option 1:** A $3 million contribution to the Housing Trust Fund. Staff notes that the applicant has agreed to provide the full value of the monetary contribution to the Housing Trust Fund early, prior to the issuance of the first at-grade Building Permit (if the City were to select Options 1 or 3). Typically, contributions are prorated by floor and are not paid until requests for Certificates of Occupancy. The timing of the full payment would make dollars available to the City Housing Trust Fund up to 12 months earlier than is customary.

**Option 2:** 15 on-site rental set-aside units affordable to households at 60% of the area median income (with rents adjusted for utility allowances). The units would be affordable for a period of 40 years, and the unit mix would be proportional to the overall unit mix in the building. Staff estimates the value of these units to be in excess of $3 million.

**Option 3:** A combination of a monetary contribution and on-site affordable rental set-aside units valued at $3 million. Staff notes that the applicant has valued the average contribution to be approximately $200,000/unit.
Option 4: A greater number of off-site affordable rental units leveraged with the $3 million value available and developed or secured potentially through a joint-venture with an affordable housing developer.

**STAFF RECOMMENDATION:** Staff recommends the Committee endorse Option 2 to further diversify the housing options in Eisenhower East (only 5% of housing approved/constructed within a half-mile of the Eisenhower East Metro Station is affordable to households earning up to 80% of AMI) contingent on potential future opportunities to create a greater number of affordable rental units off-site through a potential joint venture and/or a future opportunity to leverage a monetary contribution to fund or secure more than 15 units in or near the Plan area. In these cases, staff will work with the applicant to pursue these options and would return to the Committee to obtain its guidance on any proposals under consideration before seeking approval from the City Manager’s Office.

**FISCAL IMPACT:** $3,000,000 or a portion thereof to the Housing Trust Fund if Options #1 or #3 is selected.

**ATTACHMENTS:**
(1) Affordable Housing Plan for Block 20, DSUP 2017-00005, dated October 25, 2017

**STAFF:**
Eric Keeler, Deputy Director, Office of Housing
Tamara Jovovic, Housing Analyst, Office of Housing
Paradigm Development Company is the contract purchaser of Block 20, in the Eisenhower East Small Area Plan (“EESAP”) area, located at 2200 Mill Road. The block formerly was approved for a two-tower office development for a total of 585,000 adjustable gross square feet. The voluntary affordable housing contribution at that time was $900,000.00. Paradigm, as a multi-family housing developer, has worked with the City Staff, along with several other stakeholders in the EESAP, to convert several blocks that were slated for office development into multi-family housing development and other commercial development. After Paradigm completed construction of the Parc Meridian building on Block 19 of EESAP, Paradigm began work on a proposal for the development of the adjacent parcel, Block 20.

The updated proposal for Block 20 includes approximately 486,040 adjusted gross square feet of residential development (420 units) and approximately 98,954 adjusted gross square feet of hotel (180 keys), under the total adjusted gross floor area of 585,000 square feet allotted to Block 20 under the Eisenhower East Small Area Plan. The Plan provides that Block 20 has a base floor area of 585,000 adjustable gross floor area, as defined under the Plan. See Figure 4-9 Development Controls CDD 2 of the Plan. Paradigm was granted an increased height for Block 20 under the master plan amendment to the EESAP in September 2017. The current proposal goes higher than the previous height limit of the previous proposal for office development on this block because residential floor plates are necessarily different than office floor plates in that they are narrower in order to provide more natural light for residential users. As a result, the proposal for Block 20 goes up to 300 feet, in 26 stories, with architectural embellishments and mechanical equipment/penthouses in the top 40 feet. The EESAP amendment identified that one of the public benefits for the increased height is that the Applicant intends to provide an additional affordable housing contribution in the form of units or an additional cash contribution commensurate with Section 7-700 of the Zoning Ordinance. Under the current proposal, Paradigm believes that calculation results in 8-9 units. Paradigm has determined that each on-site unit for a 40-year term is the equivalent of approximately $200,000 per unit for a total cash equivalent contribution amount of approximately $1,600,000.00 to $1,800,000.00.

**Total Proposed Contribution:**

Paradigm is proposing to make a $3,000,000.00 total contribution in one of four options:

1) As a monetary contribution to the Housing Trust Fund (see timing proposed for payment below); or
2) In the form of 15 on-site units, for a period of 40 years; or
3) In the form of a combination of units and cash, or
4) In the form of off-site units of equivalent value as part of some public/private partnership.
Timing of Proposed Contribution:

Paradigm is willing to provide the $3 million contribution (should the City choose that option) prior to normal time at which housing trust fund contributions are made, typically prior to the issuance of a Certificate of Occupancy. Paradigm is willing to provide the full contribution prior to the issuance of the first at-grade Building Permit (if the City chooses that option). The City needs to confirm for Paradigm which it would prefer as soon as practicable, at the latest by February of 2018 so Paradigm can finalize their financing package.
### Housing Master Plan Progress Report

**Period: FY18 Q1**

City of Alexandria, Office of Housing

Updated: 10.17.17

#### Rental Units Created or Preserved/Rehabilitated

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#### HOUSING MASTER PLAN PROGRESS REPORT SUMMARY

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