

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 15, 2015
TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE
FROM: HELEN S. MCILVAINE, ACTING DIRECTOR
SUBJECT: CITY RELOCATION ACTIVITIES IN THE BEAUREGARD PLAN AREA

ISSUE: Report on the Beauregard Small Area Plan redevelopment process, Prequalification Applications for Committed Affordable Units (CAUs), and Office of Housing (Housing) activities in the community.

BACKGROUND: The Beauregard Small Area Plan established a goal and funding plan to create or preserve 800 units with rents set at 40% to 75% of the Area Median Income level. Affordability terms for these units will be 40+ years (except for 10-year units at Southern Towers). Residents of future committed affordable and workforce units must qualify as “income eligible,” and both the tenant income certifications and the lease agreements will be monitored by Housing to ensure compliance based on specific conditions incorporated during the development review phase. Ideally, income eligibility would result in a household spending only 30% of its income on rent.

As the Beauregard Area goes through this substantial redevelopment process over the next 30 years, the City will be providing ongoing information to the 2,250 Beauregard households that will be impacted by this project.

DISCUSSION:

Development Update

Home Properties, owner of Seminary Hill Apartments decided to postpone the approved redevelopment of the 296-unit complex and will not demolish and redevelop the property in 2015-2016 as previously anticipated. Nevertheless, the Housing included Seminary Hill in its pre-application solicitation in order to be prepared for the possibilities that Home Properties proceeds with redevelopment at a later date or sells the property to another developer who may pursue the approved redevelopment.

The JBG Companies, owner of the remaining 2,254 units to be redeveloped in the Meadowcreek, Stoneridge, Lynbrook, Stoneridge and Brookdale communities, has indicated that redevelopment of the Town Center area may commence later in FY 2016 or in early 2017. Town Center-related redevelopment may affect 251 or more residential units. Pursuant to the approved Tenant Assistance and Relocation Plan (TARP), JBG will notify all residents who will be affected by

construction at least nine months prior to any development activity, in addition to issuing required 120-day notices to vacate.

Housing staff will attend JBG resident meetings prior to and during redevelopment when it occurs. In addition, Housing plans to host quarterly community meetings for all Beauregard residents to keep them generally informed regarding redevelopment and to provide information about affordable housing and other city resources and services.

Pre-application Questionnaire and Community Outreach

After hiring a Relocation Coordinator in January 2014, Housing developed a CAU pre-qualification application and a brochure explaining the redevelopment and relocation processes, as well as an FAQ (frequently asked questions) answer sheet. After some potential confidentiality issues were resolved with the City Attorney's Office, these documents were mailed to 2,550 households in November 2014 with a cover letter which provided information about the approved TARP and Committed Affordable Units. The questionnaire was designed to collect application information necessary to establish and maintain a waitlist for the CAUs, but also to provide statistical information to help Housing project and plan for future housing needs. All materials were provided in both Spanish and English languages. Housing organized a "language bank" of city employees to assist with interpretation, as needed, when clients identified that they were not fluent in English or Spanish.

In February 2015, a follow up post card was sent to households that had not responded. In April 2015, Housing prepared a shorter questionnaire that tenants could return by email or text message (by taking a picture of the completed questionnaire) with their smartphones. These were distributed through a door to door canvassing campaign, and from April through July 2015, Office of Housing staff visited 2,254 units, knocking on doors, personally distributing the questionnaire and answering residents' questions during the distribution.

To date 337 completed pre-qualification applications have been received from the 2,550 units included in the Beauregard Small Area Plan and the results are summarized later in this memo. The margin of error for this sample is +/- 5%. The sample size is statistically significant and allows us to extrapolate the result to the overall units in the community and anticipate housing needs. This continuous community outreach is a proactive approach to anticipate the housing needs of the community prior to relocation.

The Office of Housing has also created a database with a preliminary CAU waitlist that will be active once the redevelopment starts. Staff has been meeting with tenants to help them complete the CAU Pre-qualification Application. Staff also reinstated door-knocking a second time for the 251 units which might be redeveloped if the Town Center redevelopment starts to ensure that all residents understood the importance of completing the application.

Office of Housing staff has participated in 5 community meetings with Beauregard residents since January 2014. In June 2015, the Office hosted a resident meeting to explain the CAU waitlist process, the priorities and point system and to share information about affordable housing opportunities in the area. Thirty households attended the meeting and the Relocation Coordinator continues to communicate with these households through phone calls, texts and emails.

Completed/In Progress Activities

Activity	Date completed
Creation of CAU Pre-Qualification Application, Cover Letter, FAQ (In English and Spanish)	January - November 2014
Mailing of 2,550 CAU Pre-qualification Applications	November 2014
Create Waitlist Database	December 2014
Newspaper notifications for tenants who moved out (Washington Post and El Tiempo)	December 2014
Create abbreviated version pre-qualification application (can be sent by text or email)	April 2015
Door Knocking Campaign (2, 254 doors knocked)	April – July 2015, August 2015
Meeting with Tenants /Community	November 2015 - June 2015 (Additional Meetings Planned)
Received CAU Pre-applications and send receipt letters	Continuous
Update waitlist	Continuous
On- going communication with tenants via email, text and letters	Continuous

CAU Complete Pre-applications Received	337
Doors Knocked in the Community	2254
One on one contact- meetings, appointments, on-site visits and phone calls	460
Community/Tenant Meetings	5

Preliminary Data and Findings

The community is very diverse, with many hard working families with multiple children. Several families that have participated in the pre-application survey are recent US refugees from Arabic-speaking countries with very limited financial resources. They have been receiving temporary housing and economic assistance. Based on pre-applications completed so far, sixty percent (60%) of the households in the Area earn less than 40% of the AMI and sixty percent (60%) of households are families with three or more members.

Staff believes that some of the residents who have responded are motivated by the likely housing affordability challenges they know they will face if/when displaced. The slowdown in the anticipated pace of redevelopment/demolition and the relatively static rents in Beauregard (moderated due to the new rental supply still being absorbed in Potomac Yard and elsewhere in the City) have depressed the expected response rates.

An anecdote from the trenches: Staff recently interviewed a community household of a single mother with two school-age children. She has two jobs and spends \$1,400 in rent for a 2 BD unit.

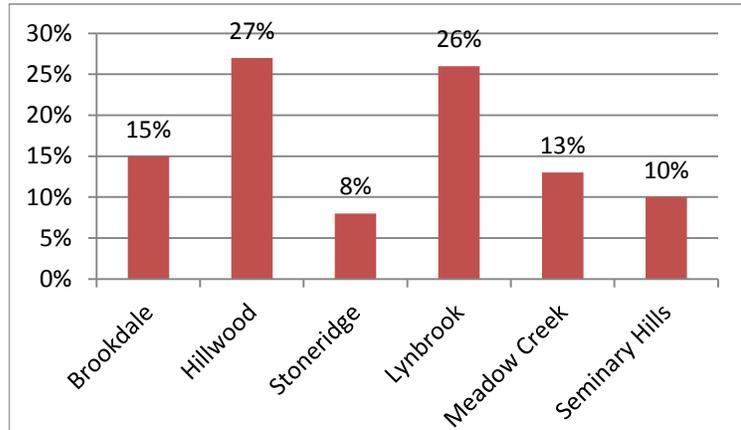
Her income is at 30% AMI, even after working two jobs. She barely sees her kids and is always exhausted, causing her stress and health issues. She spends one paycheck in rent and one to pay for groceries, health insurance, transportation and utilities. She says that if she gets an affordable unit she will pay \$983 in rent, and that she would like to work one job and spend the weekends with her children. A CAU will dramatically improve her quality of life. Her story is typical of many residents interviewed to date.

Preliminary Data

CAU Pre-qualification Applications/ Sample size: 337

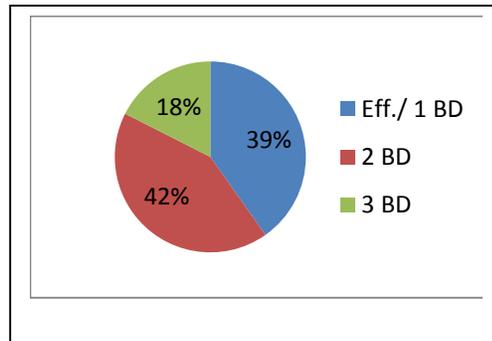
By Complex:

Brookdale	15%
Hillwood	27%
Stoneridge	8%
Lynbrook	26%
Meadow Creek	13%
Seminary Hills	10%

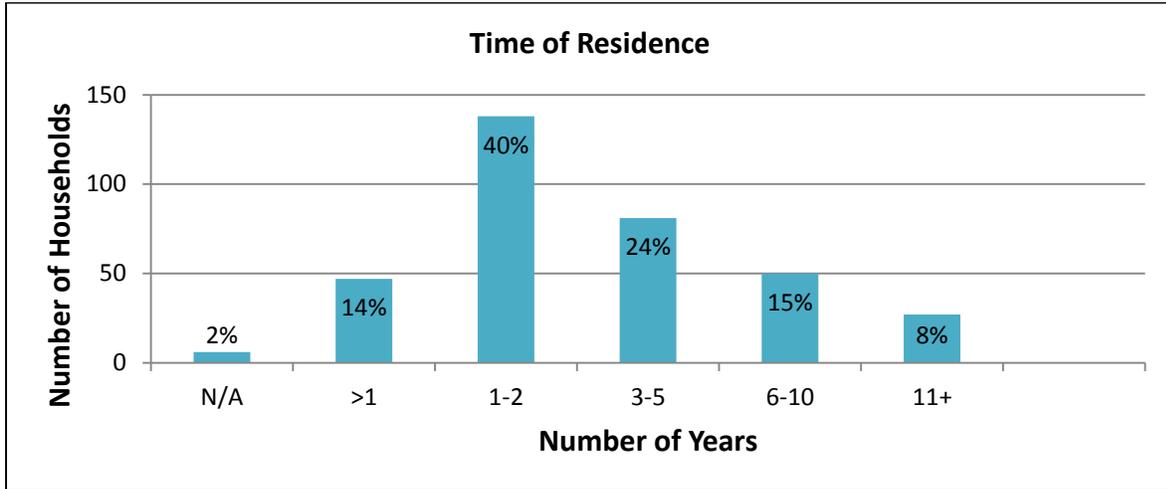


Unit Size needed by HH#:

Eff./ 1 BD	39%
2 BD	42%
3 BD	18%



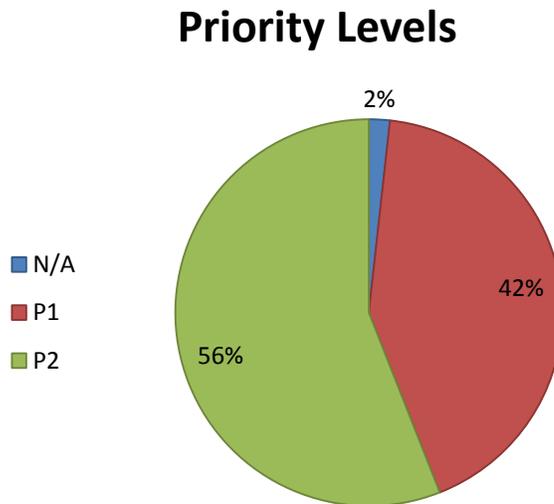
Time of Residence in the Beauregard Small Plan Area:



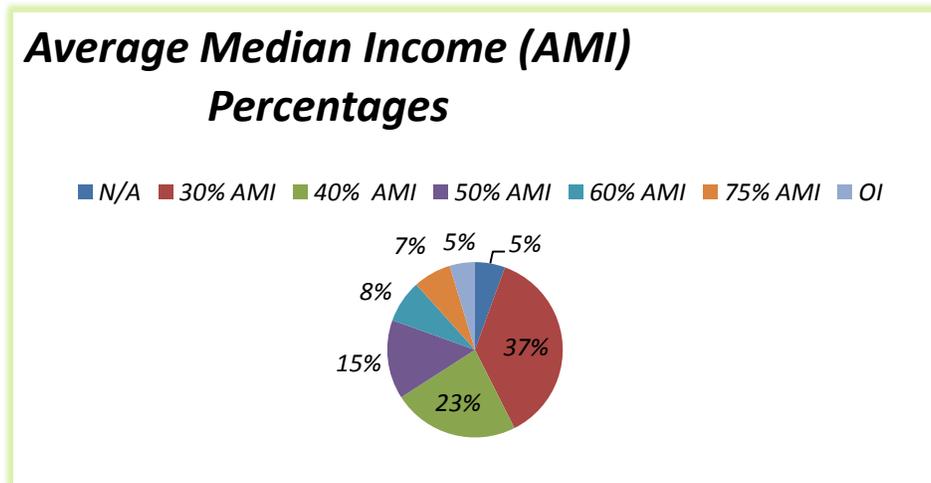
Community Households by Priority Level:

LEVEL I PRIORITY HOUSEHOLDS must have lived in one of the properties listed below on May 12, 2012 when the Beauregard Small Area Plan was approved by City Council and were still living in a unit in one of these properties on April 13, 2013 when Council approved rezoning amendments for the Small Area Plan.

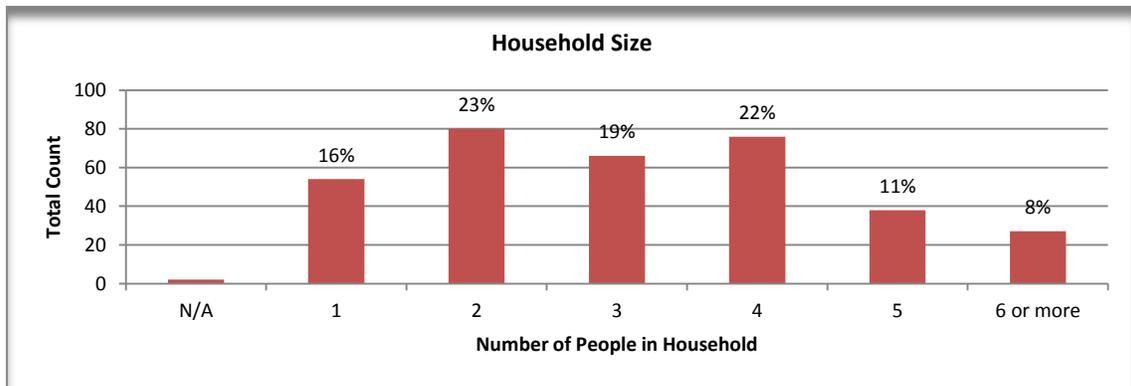
LEVEL II PRIORITY HOUSEHOLDS are residents of one the BSAP properties who moved into that property after May 12, 2012 and who live in a unit in one of these properties as of the date of approval of a DSUP that will result in the demolition of their unit.



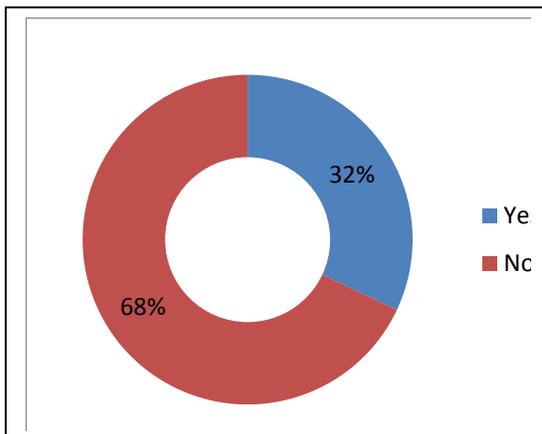
Population by AMI Levels:



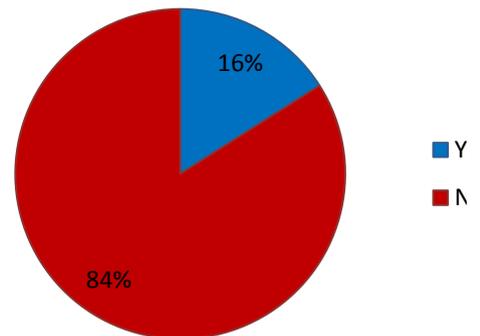
Household Size:



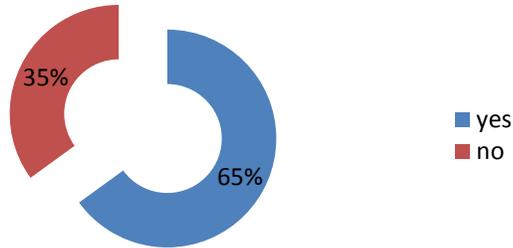
Households with Children in Elementary School:



Households with Disabled or Elderly member:



Interest in Southern Towers Units:
(Units that will remain affordable for 10 years)



Next Steps:

The Office of Housing will continue to receive CAU Pre-qualification applications and enter data into the waitlist database. These data will be used in aggregate to inform decisions in developing CAUs. Staff will maintain communication with the tenants by mail, phone, email and text and will meet with residents throughout the redevelopment.

A City Services Fair is planned for October 2015 in coordination with the Department of Community and Human Services. In January 2016 residents will be offered information on Financial Literacy Services, Homeownership Programs, and Preparation for Homeownership. At each quarterly meeting the staff will update residents on the redevelopment process and information about affordable units in the Area. Sharing information by text message has so far been a very effective way for Housing to continue to communicate with those who have completed the pre-application survey.

Staff:

Melodie Seau, Division Chief, Landlord-Tenant, Office of Housing

Caridad Palerm, Relocation Advisor (Beauregard), Landlord-Tenant Division, Office of Housing

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 30, 2015

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: HELEN S. MCILVAINE, ACTING DIRECTOR, OFFICE OF HOUSING

SUBJECT: UPDATE REGARDING THE STATUS OF SOUTHERN TOWERS' ALTERNATIVE HOUSING PLAN

In May 2012 City Council approved the Beauregard Plan to guide the future redevelopment of this area of the city which includes more than 2,400 market affordable apartment units. Among the community benefits to be provided, pursuant to the Plan and as a result of future redevelopment, was the City's commitment to help develop or preserve approximately 800 long-term committed rental units affordable to households with incomes ranging from 40-75% of the area median income (AMI) that would serve as housing resources for income-eligible tenants impacted by demolition/redevelopment. One element of the affordable housing component of the Plan anticipated that 46 of the committed units would be located in the Berkeley building at Southern Towers. A 40-year affordability term would be achieved in this property through the City "buying down" (subsidizing) market rents there to make them affordable at a cost of approximately \$3.5 million in FY2012 dollars.

When CDDs #21 and 22 were subsequently approved in April 2013, the owners of Southern Towers proffered an alternative housing plan to provide between 100 to 135 affordable rental units for a 10-year term at no cost to the City. This alternative was approved by City Council subject to the City and Southern Towers being able to negotiate an agreement regarding the number of units, level of affordability and other terms, in consultation with AHAC, within one year. Staff was also directed to seek 46 long term affordable units to replace those anticipated to have been secured at Southern Towers.

In June 2013, AHAC reviewed and recommended one of four options developed by Southern Towers and analyzed by Housing staff. The recommended option, 105 units with affordability ranging from 55-60% AMI, provided the greatest value to the City, in terms of unit mix and affordability. It includes a substantial number of efficiency and one bedroom units, reflecting the overall unit typology in the complex.

As reported to City Council in May 2014 (see Attachment), an agreement for the 105 units, consistent with the Tenant Relocation and Assistance Plan (adopted with the CDDs) was subsequently drafted, with an October 2014 start date. However, its execution was deferred by

mutual agreement between the City and Southern Towers as the start of anticipated redevelopment in Beauregard was delayed. Initially, the Southern Towers units, along with existing units at Seminary Tower and Lynbrook, were to be potential “early” housing resources for residents of Seminary Hill Apartments, the first complex to be demolished. While the City has been able to negotiate subsequent extensions—the terms currently allow the City to refer/place impacted tenants in the 10-year Southern Towers units through December 2017¹—further extensions are not likely possible given Southern Towers’ own plans to eventually redevelop its property. The City Manager will be executing the agreement shortly.

While redevelopment at Beauregard has not proceeded as anticipated when the Plan and CDDs #21 and 22 were adopted, the delay has been fortuitous in terms of the City’s significant progress in implementing portions of the Plan’s affordable housing component in order to be better prepared for Beauregard’s assured future redevelopment, including displacement of tenants over the 20-30 implementation period. Through its Beauregard relocation coordinator, the City has been able to contact all households in the Plan area that are anticipated to be impacted by future redevelopment. A database has been created, and there is currently a ranked waiting list for future committed affordable units with more than 300 households with various priorities. On the pre-application form, approximately 219 current Beauregard households have indicated that they would like to be considered for a 10-year committed affordable unit at Southern Towers if available (and appropriate to household size/income). While it is unclear if Seminary Hill will redevelop any time in the near- to mid-term, JBG has indicated that it plans to come forward with a DSUP for redevelopment of the Mark Center/Town Center area in 2016; it is anticipated that some of the impacted residents of the Stoneridge and Hillwood Apartments buildings may be relocated into committed units at Southern Towers.

It is noted that Southern Towers has begun renovating the five buildings on its property. The former Berkeley building was first to be rehabilitated and has recently been rebranded as The Graham. Following rehabilitation, market rents at Southern Towers will likely increase, potentially raising the value of the committed affordable units that are being provided at no cost to the City. The 105 units will be offered as vacancies become available throughout the Southern Towers complex.

A number of other future affordable housing resources near the Plan area are currently in various stages of predevelopment and development. These include St. James Plaza (AHC’s 93-unit affordable housing development that includes 46 long-term rental units for households at 50 and 60% AMI as a replacement for Southern Towers’ original commitment); the affordable building at Gateway at King and Beauregard (scheduled to be considered by Planning Commission and City Council in November and proposed to provide 74 long-term committed units affordable to households at 40, 50 and 60% AMI); and the Church of the Resurrection (in predevelopment, but anticipated to provide approximately 132 affordable units at 40, 50 and 60% AMI). These three projects will deliver almost 300 units of affordable housing, including many deeply subsidized units, exceeding the Plan’s target of “225 leveraged units”. Because these projects are leveraged, they provide a more efficient way for the City to secure affordable units, especially units affordable below 60% AMI.

¹ After December 2017, the City may continue to refer/place residents in up to 105 Southern Towers units however the 10 year term for all units will expire on December 30, 2027.


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File #: 14-2584 Name:

Type: Status: Agenda Ready

File created: 3/20/2014 In control: [City Council Legislative Meeting](#)

On agenda: 5/13/2014 Final action:

Title: Consideration of an Alternative Affordable Housing Plan for the Southern Towers Neighborhood of the Beauregard Small Area Plan.

Attachments: 1. [14-2584 Southern Towers Alternative Plan and Principles.pdf](#), 2. [14-2584 CDD21 Conditions 61\(a\) -\(e\).pdf](#), 3. [14-2584 Southern Towers - Staff Analysis of 4 Options.pdf](#), 4. [14-2584 Excerpt - AHAC 062713 Special Meeting Minutes.pdf](#)

[History \(0\)](#)
[Text](#)

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER/s/

DOCKET TITLE:

TITLE

Consideration of an Alternative Affordable Housing Plan for the Southern Towers Neighborhood of the Beauregard Small Area Plan.

BODY

ISSUE: Preservation of 105 units of affordable housing in the Beauregard Small Area Plan Southern Towers Neighborhood

RECOMMENDATION: That City Council:

1. Approve the attached alternative affordable housing plan (Attachment 1) for the Southern Towers neighborhood that includes 105 units of dedicated affordable housing for a period of 10 years, at no cost to the City.
2. Authorize the City Manager to execute all necessary documents to implement this proposed plan.

BACKGROUND: Southern Towers was one of the property owners included in the Beauregard Small Area Plan and subsequent CDD rezoning. As part of the overall affordable housing solution in the Beauregard planning process, Southern Towers had initially agreed in 2012 to allow the City to buy down rents on ten percent (46) of the units located within the Berkley Building of the Southern Towers property for a period of 40 years. At the time this was negotiated, the cost for the City to buy down the 46 Southern Towers units was estimated to be approximately \$3.5 million, with the exact purchase amount to be determined at the time the actual buydown occurred.

As the Beauregard rezoning process was being finalized, Southern Towers' owners proposed an alternative plan to reduce the long term encumbrance of affordable units on their property while potentially providing 60 to 70 or more additional affordable units (beyond the 46) to the City in the early years of the Beauregard redevelopment for a ten-year term. The units were proposed to be provided at no cost to the City. As a result of Council's expressed interest in the alternative plan, Conditions 61 (d) and (e) in CDD#21 (Attachment 2) as approved by Council called for staff and the Applicant to explore these options and return to Council within one year with an alternative affordable housing plan for 100 to 135 units priced between 55% - 75% Area Median Income (AMI) in the Southern Towers neighborhood. City Council also requested that City staff develop a plan for a potential substitute to replace the pledged 46 long term affordable units that were contemplated in the approved Beauregard Small Area Plan.

DISCUSSION: Following approval of Beauregard rezoning CDD#21, Southern Towers submitted four alternative affordable housing plans to the City. The options included varying number of committed units ranging from 100 to 135 units, and a range of affordability levels from 55% of AMI to 75% of AMI.

After its review of the four options, City staff recommended to the Affordable Housing Advisory Committee (AHAC) that the option which included 105 units with affordability levels at 55% AMI and 60% AMI be selected. While staff would have liked to recommend the options that included the greatest number of units, both options that exceeded 105 units included affordability levels up to 75% AMI for which applicable rents would exceed current market rents at the property, yielding a *de minimis* economic value to the City over the 10-year commitment period (Attachment 3). At a special meeting on June 27, 2013, AHAC discussed the various options and voted to approve the staff recommendation (Attachment 4).

It should be noted that the recommended 105 units consist largely (56 units, 53% of total) of efficiencies, all affordable at 55% AMI, with the units at all other sizes affordable at 60% AMI. All four options proposed by Southern Towers contained a preponderance of efficiency and one-bedroom units which could be offered at little or no discount from current market rents, and contained considerably fewer two-bedroom and three-bedroom units, which would represent more substantial discounts. The only option with a lower percentage (but larger number) of efficiencies was a 135-unit option with all other unit sizes affordable at 75% AMI. Staff and AHAC selected the option with the greatest number of units at 55% and 60% AMI (no units were offered at lower income levels). This option has slightly more units (and more non-efficiency units) than a similar option at the 100-unit floor contained in the CDD condition.

The City and the Applicant have been working to draft principles and a legal agreement to guide and enforce the commitment of affordable units at Southern Towers. Under the proposed draft agreement, the Applicant will begin to make the short-term affordable units available for occupancy in May 2015 with the expectation that all 105 units can be occupied by income eligible Beauregard tenants by the end of 2015. The ten-year affordability period for each unit will begin on its lease start date. The proposed May 2015 initial occupancy date is intended to coincide with Home Properties' proposed issuance of 120-day notices to vacate for the first portion of its proposed redevelopment of the Seminary Hills apartment complex (impacting approximately 164 of the property's 296 households). This timing will allow the Southern Towers alternative affordable housing plan to help address the relocation needs of these impacted households, only a fraction of whom will be able to have access to the planned long-term committed affordable units in the existing Seminary Towers property, which is not planned for demolition. At the City's discretion, an earlier start date may be approved than May 2015.

Housing staff expects to begin this month its preliminary survey of all Beauregard residents to establish a preliminary waitlist (subject to verification of information at the time each property redevelops). To the extent the 10-year Southern Towers units are not selected by Seminary Hills households (whose information will have been verified by the time the Southern Towers units are made available), the Southern Towers units would become available to prioritized waitlist households in properties planned for future demolition.

When Council requested that staff explore alternative affordable housing plans for Southern Towers, it also asked staff to develop replacement options for the 46 long-term units originally planned at that property that were originally pledged to be affordable for a period of 40 years. At this time, staff believes that a proposed plan by AHC, Inc. (currently in the development review process) to rezone and redevelop the St. James Methodist Church site located on Fillmore Street adjacent to the Beauregard Plan Area would be an ideal substitute. AHC has expressed a willingness to commit 46 of its proposed 92 affordable units in that project, if approved, as long-term affordable units to benefit Beauregard affordable housing goals. The remaining units in the project would also initially be made available as a Beauregard relocation resource, but would not be held to a 40-year commitment status for Beauregard residents.

FISCAL IMPACT: The cost to the City of the original affordable housing plan associated with the Southern Towers neighborhood was estimated to be approximately \$3.5 million in 2013 dollars. While the alternative plan reduces the affordability period of the Southern Towers units, it creates a 105-unit, 10-year housing resource at no cost to the City. The current net present value of these 105 Southern Towers units for the ten-year period is estimated at nearly \$1.1 million. The \$3.5 million affordable housing savings will be reprogrammed to address the affordable housing goals of the Beauregard Small Area Plan to be delivered and allow more units and/or to be delivered earlier than had been previously planned.

ATTACHMENTS:

- 1 Southern Towers Alternative Affordable Housing Plan
- 2 CDD#21 Conditions 61 (a) through (e)
- 3 Staff analysis of four housing options
- 4 Minutes of June 27, 2013 AHAC Special Meeting

STAFF:

Mark Jinks, Deputy City Manager
Mildrilyn Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing
Eric Keeler, Division Chief, Program Administration
Melodie Seau, Division Chief, Landlord Tenant Relations
Jon Frederick, Housing Analyst, Program Administration

**Southern Towers
Alternative Affordable Housing Plan**

Representatives of Southern Towers and the City Department of Housing have met and discussed and agreed to the following principles for the Southern Towers affordable housing plan as required by CDD Condition 61.

1. The 105 Southern Towers units under this plan will fulfill the Southern Towers affordable housing unit obligation and no other dedications will be required of Southern Towers in the CDD. However, Southern Towers' monetary contribution remains unchanged per CDD condition 13.
2. The City shall be solely responsible for assigning residents who have been displaced in the Beauregard Area to the agreed upon units. The City shall provide income and rent levels to Southern Towers on an annual basis.
3. Southern Towers shall include a lease provision that requires residents of the committed affordable units to annually document their income, and Southern Towers property management shall recertify their eligibility for continued residence in accordance with guidelines provided by the City.
4. The units will have a 10 year dedication term which will end 10 years after the unit's dedication date.
5. The units will be made available as existing market rate vacancies occur at Southern Towers.
6. Beginning in April 2015 to be ready for May 1, 2015, Southern Towers will make approximately 15 units a month available to the City each month for dedication. Southern Towers will provide a date available for each unit and the ten year term will commence on the lease start date of that unit. All of the units will be dedicated by December 2015.
7. If at any time during the 10 year term, there is not sufficient demand for these dedicated from residents displaced or expected to be displaced by demolition in the Beauregard Plan area, other existing residents in the Beauregard Plan area may be considered for these dedicated units -- if they meet all other qualifications.
8. At the sole discretion of the owner, these units may be provided in any of the five buildings at Southern Towers and may move between buildings.
9. The 10-year units provided through this agreement shall be separate and distinct from any unit that Southern Towers has agreed to make available pursuant to CDD condition 62 as part of the Beauregard Relocation Plan.

Attachment 1

10. Southern Towers shall initiate income verifications and perform reasonable criminal background checks on all potential residents as defined in the Beauregard Tenant Relocation Plan.

Affordability Allocation

Southern Towers Neighborhood Alternative Affordable Housing Plan

Unit Size	Number of Units	Affordable Levels	Affordable Time Frame
Efficiency	56	55% AMI	10 Years
One Bedroom	44	60% AMI	10 Years
Two Bedroom	4	60% AMI	10 Years
Three Bedroom	1	60% AMI	10 Years

Southern Towers Alternative Affordable Housing Plan Option Relevant CDD Conditions

61. Unless otherwise mutually agreed by the Applicant(s) and the City, the Applicant(s) shall:
- a) Allow the City to buy down up to 15% of the units in any new building developed within the CDD.
 - b) Upon approval of the first DSUP within either CDD#21 or CDD#22, allow the City to buy down up to 10% of the existing units in the Southern Towers Berkley Building.
 - c) The buy-down methodology used to determine the cost of affordable and workforce housing units shall be consistent with the formula set out in the Beauregard Affordable Housing Buy-Down Formula, which may be amended from time to time, as mutually agreed by the City and the Applicant(s).
 - d) The City and the Applicant for the Southern Towers neighborhood may negotiate a mutually agreed upon alternative to the 10% buy down in the existing Berkley Building to maximize availability of affordable units during the first phases of redevelopment. Such an agreement may include, but is not limited to, providing additional units for a shorter time at a discounted buy down price or potentially no buy down price to the City. If an alternative plan that is mutually agreed upon by the City and the Applicants is not finalized within one year of the approved CDD zoning, the City shall have the ability to proceed with the buy down of 10% of the existing units subject to other conditions herein.
 - e) The developer shall return to Council within a year with an agreement to provide 100-135 affordable units priced between 55%-75% AMI. The agreement shall provide the City with the opportunity to buy down units at a lower AMI and shall provide the option for mutually agreed upon extensions of the initial 10 year term.

Southern Towers Affordable Housing Proposal

- Southern Towers has proposed four affordable housing options for the City to review. Those options are detailed below. Based on an analysis of the number of units and NPV Staff recommends Option 2 (105 units with efficiencies at 55% AMI and all other unit sizes at 60% AMI)
- Table 1 shows the comparison between the current market rents and the restricted rents at the various percentages AMI proposed in the Southern Towers Options.
- Table 2 shows the specific distribution of each option provided by Southern Towers and the Net Present Value of each Option (Assumptions: Market Rent growth rate = 3%; Restricted Rent growth Rate = 2%; Discount Rate = 3%, Affordability would begin in 2014 and remain restricted for 10 Years.)

Affordability Options

100 Units

53 Efficiencies at 55% AMI
41 1BRs at 60% AMI
5 2BRs at 60% AMI
1 3BRS at 60% AMI

105 Units

56 Efficiencies at 55% AMI
44 1BRs at 60% AMI
4 2BRs at 60%
1 3BRs at 60%

125 Units

68 Efficiencies at 55% AMI
44 1BRs at 60% AMI
8 2BR at 75% AMI
5 3BR at 75% AMI

135 Units

68 Efficiencies @ 55% AMI
48 1BRs @ 75% AMI
13 2BRs @ 75% AMI
6 3BRs @ 75% AMI

Attachment 3

Table 1. Southern Towers Avg. Market Rents vs. Proposed Restricted Rents				
	ST Current Avg. Market*	55% AMI	60% AMI	75% AMI
Efficiency	\$995	\$1,035	N/A	N/A
1 BR	\$1,260	N/A	\$1,209	\$1,512
2 BR	\$1,630	N/A	\$1,452	\$1,814
3 BR	\$1,885	N/A	\$1,677	\$2,096

**As provided by Southern Towers and Confirmed by City Rent Survey*

Table 2. NPV of Southern Tower Affordable Housing Options									
Options	OBR Units	1BR units		2BR Units		3BR Units		Total Units	NPV
	55%	60%	75%	60%	75%	60%	75%		
Option 1	53	41	0	5	0	1	0	100	\$844,214
Option 2	56	44	0	4	0	1	0	105	\$861,344
Option 3	68	44	0	0	8	0	5	125	\$739,282
Option 4	68	0	48	0	13	0	6	135	\$156,360

**AFFORDABLE HOUSING ADVISORY COMMITTEE
Minutes of the Meeting of June 27, 2013**

Members Present

Katharine Dixon	Marcus Allen
Michael Caison	Carter Flemming
Robyn Konkel	John Catlett
Alma Allen	Laura Lantzy
Mildrilyn Davis (non-voting)	Rick Liu

Staff Present

Helen McIlvaine
Jon Frederick

The meeting was called to order by M. Caison at 7:05pm.

Jon Frederick provided an overview of the Southern Towers alternative affordable housing options for the Southern Towers neighborhood within the Beauregard Small Area. The options ranged from 100 units to 135 units at various levels of affordability that would remain affordable for a period of 10 years. Based on the options that were provided by Southern Towers, Housing Staff recommended Option two which would include 53 Efficiencies at 55% AMI, 41 1BRs at 60% AMI, 5 2BRs at 60% AMI, and 1 3BR at 60% AMI.

AHAC had a lengthy discussion on the various options that were presented by Southern Towers. AHAC discussed the decrease of affordability timeframe from 40 years to 10 years in exchange for additional units. AHAC members also had concerns on the high number of efficiencies compared to family sized units. AHAC members asked questions regarding the breakdown of units compared to the overall distribution of units within the Southern Towers. Housing Staff stated the unit distribution of each option was consistent with the overall distribution of the property as a whole and that was the reason for the high number of efficiencies.

After additional discussion AHAC members requested Staff to create a tracking spreadsheet to track progress on the implementation of the Beauregard Small Area Plan and zoning.

John Catlett made a motion to approve Staff's recommended option and it was seconded by Katharine Dixon. The motion carried 7-1 with Carter Flemming voting against and Alma Allen not voting because she had yet to be sworn in as an official AHAC member.

The meeting was adjourned at 8:35

Minutes provided by Jon Frederick, Housing Analyst, Office of Housing