

City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 2, 2017

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

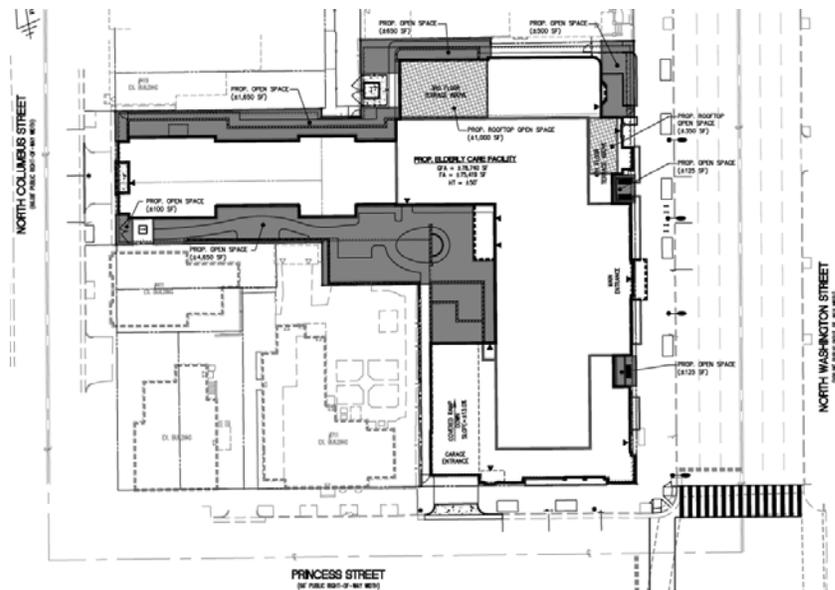
FROM: HELEN S. MCILVAINE, DIRECTOR

SUBJECT: SUNRISE SENIOR LIVING AFFORDABLE HOUSING PLAN

ISSUE: Consideration of an Affordable Housing Plan for Sunrise Senior Living (DSUP 2016-00041).

ACTION REQUESTED: That the Committee review and endorse one of the options presented in the associated Affordable Housing Plan.

BACKGROUND: The applicant, Sunrise Senior Living, is the contract purchaser of the properties located at 400 North Washington Street and 413 and 417 North Columbus Street. The applicant has proposed to replace the existing office building and surface parking lot with a 91-unit, 81,822 square foot senior living facility (a licensed assisted living residence). A portion of the facility will be assigned to provide care to residents with memory care or other cognitive needs. The facility will be served with 54 below grade parking spaces.



In order to develop the project, the applicant has requested a Development Special Use Permit (DSUP) for the entire project with a rezoning application and master plan amendment to rezone the 6,224 square feet of lot area for the North Columbus Street properties from the RM to CD Zone.

DISCUSSION: On September 8, the applicant presented the project to representatives of the Commission on Aging (COA). Noting the shortage of assisted living options in the City, the COA representatives received the concept positively and expressed a desire for some deeply affordable placements, potentially to serve aging residents of ARHA communities nearby and/or persons with auxiliary grant support funds. While unable to address this need here, the applicant has offered three voluntary affordable housing contribution options for the Committee's consideration.

Option #1: A \$326,469 contribution to the Housing Trust Fund. The standard voluntary monetary contribution is estimated at \$151,181.

Option #2: One on-site assisted living bed with a rent discounted to a rate that is 60% below the market rate. The room would be offered for a period of 20 years. Residents would have access to all of the facility's amenities. Any individualized resident care would be charged at the market rate. Based on an estimated average monthly rent of \$6,500, this option is valued at approximately \$936,000.

Option #3: Two on-site -assisted living beds with rents discounted to a rate that is 35% below the market rate. The rooms would be offered for a period of 20 years. Residents would have access to all of the facility's amenities. Any individualized resident care would be charged at the market rate. Based on an estimated average monthly rent of \$6,500, this option is valued at approximately \$1,092,000.

The applicant would administer and select residents for these units in accordance with its policies and procedures and would provide the Office of Housing with updates on the room usage and availability.

FISCAL IMPACT: \$326,469 to the Housing Trust Fund if Option #1 is selected.

ATTACHMENTS:

(1) Affordable Housing Plan for Sunrise Senior Living, DSUP 2016-00041, dated October 2, 2017

STAFF:

Eric Keeler, Deputy Director, Office of Housing
Terri Lynch, Office of Aging and Adult Services, DCHS
Tamara Jovovic, Housing Analyst, Office of Housing

Sunrise Senior Living
400 North Washington Street
Voluntary Affordable Housing Plan
DSUP 2016-0041

Sunrise Senior Living (“Sunrise”) is the contract purchaser of the properties located at 400 North Washington Street and 413 and 417 North Columbus Street (collectively, the “Property”). Sunrise submitted various development applications to the City of Alexandria to replace the existing office building and surface parking lot on the Property with an 81,822 square foot senior living facility (the “Project”). The Project will contain approximately 91 units with 54 below grade parking spaces. The first floor of the Project facing North Washington Street will contain the active uses such as the building lobby, reception area, community dining and community spaces. A portion of the Project will be assigned to provide care to residents with memory care or other cognitive needs.

In order to develop the Project, Sunrise requests a DSUP for the entire project with a rezoning application and master plan amendment to rezone only the 6,224 square feet of lot area for the North Columbus Street properties from RM to CD.

In discussions with City housing staff, Sunrise offered a voluntary affordable housing contribution at a rate of 150% of the rate recommended in the City’s Affordable Housing policy. The City’s 2017 recommended commercial rate is \$2.66 per square foot. Sunrise offered a rate of \$3.99 per square foot for a total payment of \$326,469.78. City staff requested that the Sunrise provide an alternative to the cash payment and propose affordable units as a community benefit for the rezoning of the North Columbus Street property.

Therefore, in lieu of the cash payment, Sunrise is able to offer the following two options for on-site discounted units:

1. 1 senior living bed discounted to a rate that is 60% below the market rate.
2. 2 senior living beds discounted to a rate that is 35% below the market rate.
3. Rooms will be offered for a period of 20 years.
4. Residents will have access to all Project amenities and facilities.
5. Any individualized resident care will be paid at market rate.
6. Sunrise will administer and select residents for these units in accordance with its policies and procedures.
7. Sunrise will provide the Office of Housing with updates on the room usage and availability.

Sunrise is pleased to offer the discounted units. However, the cost of the discounted units greatly exceeds the fees recommended in the City’s Voluntary Affordable Housing Policy. Therefore, Sunrise is only able to offer the units under the above terms.