

City of Alexandria

HOUSING MASTER PLAN

PUBLIC PRIVATE PARTNERSHIP IMPLEMENTATION TOOLS

October 28th, 2010

Presented By:

O. Jesse Wiles, President

APD Urban Planning and Management



PRESERVATION OF PUBLICLY ASSISTED UNITS

PUBLIC PRIVATE PARTNERSHIP TOOLS



Preservation of Publicly-Assisted Units

- **Existing Programs and Initiatives**
 - **Resolution 830 for preservation of 1,150 public housing and replacement units**
 - **City financial assistance to fill gaps for preservation/redevelopment (eg: Chatham Sq., Quaker Hill, Alexandria Crossing)**
 - PILOT or tax exemption for ARHA Resolution 830 units
 - Maintain inventory (list) of all publicly assisted housing units and monitor subsidy expiration and at risk dates
 - Provide technical assistance to willing owners of privately owned assisted units to develop strategies for preservation
 - Subject to availability of funds, provide financial assistance to preserve 1. Affordability and 2. Physical structure (rehabilitation), layering multiple funding sources as needed
 - **When assisted properties are offered for sale, provide City financial assistance (subject to availability) to potential buyers willing to preserve the units as affordable**

Preservation of Publicly-Assisted Units

- **Potential Enhancements of Existing Programs and Initiatives**
 - Create an Alexandria Housing Data Clearinghouse
 - Develop a **marketing** instrument that provides information for prospective affordable housing investors about the inventory of all affordable housing units in Alexandria (i.e. affordable housing type and supply, monitor expiration of subsidies, risk factors, lost properties).
 - The clearinghouse can be developed through a **workgroup** that should include representatives from local governments, regional entities, housing advocates, ARHA and state agencies regarding all affordable housing activity in the City. It should be a jointly funded initiative similar to other existing clearinghouse initiatives.

Preservation of Publicly-Assisted Units

- **Potential Enhancements of Existing Programs and Initiatives**
 - Roles and responsibilities of the Alexandria Housing Data Clearinghouse
 - Creating a "warehouse" to store data for public consumption;
 - **Providing a Web site allowing user-friendly access to all data collected;**
 - Creating an inventory of federal, state, and locally subsidized housing;
 - Provide access to an Affordable Housing Needs Assessment for Alexandria;
 - Compiling neighborhood-level affordable housing data;
 - Reporting the annual Office of Housing accomplishment results;
 - Include the rental market survey findings for the City of Alexandria;
 - **Collecting and sharing data on the housing needs of Alexandria's special needs populations;** and
 - Promoting standard formats for collection and sharing of local housing data.

Preservation of Publicly-Assisted Units

- **Potential Public/Private Partnership Tools for Discussion**
 - Secure resources to entice financial support for existing projects with expiring project-based subsidies
 - **Loan guarantees**
 - Credit enhancements
 - When 1-for-1 preservation is not achievable, conversion of non-Resolution 830 properties into mixed income/mixed use properties
 - Benefits
 - Gain more long-term commitments for affordable housing
 - Less investment from City; greater market potential
 - **Greater diversity in housing community**
 - Drawbacks
 - **Leaves some units “on the table”**

Preservation of Publicly-Assisted Units

- **Potential Public/Private Partnership Tools for Discussion**
 - **Lender Consortium**
 - **Funded through joint investments by lending institutions**
 - Funds would be used to make loans to developers of affordable housing to bridge the period between acquisition and construction closing. It would serve both non-profit and for-profit borrowers for both acquisition costs and predevelopment activities. The Fund features both flexible underwriting criteria and expedient turnaround time.
 - Non-profit borrowers may be allowed to request a maximum loan-to-value ratio greater than for-profit developers.
 - The predevelopment loans could be interest-only with principal repaid from construction loan proceeds.
 - **Source conventional funds that will help create financing for an Affordable Rental Investment Fund to fund preservation of publicly assisted housing and supportive housing development**

PRESERVATION OF MARKET-RATE AFFORDABLE RENTAL UNITS

PUBLIC PRIVATE PARTNERSHIP TOOLS



Preservation of Market-Affordable Rental Units

- **Existing Programs and Initiatives**

- Housing Opportunities Fund (HOF)
- **Maintain and annually update an inventory (list) of all market affordable rental units based on City's Annual Apartment Survey**
- **Subject to available resources, provide funding for acquisition and rehab to secure long term commitment of affordable units**
 - Layer multiple funding sources as needed
 - Local allocated funding sources have included HOF, dedicated real estate tax, general obligation bonds, federal HOME and CDBG program
 - Additional funding sources used include LIHTC, SPARC, REACH, VCC, tax-exempt bonds
- Rental Accessibility Modification Program (RAMP) for rental units occupied by low income residents with physical and sensory disabilities
- Forthcoming landlord focus groups to develop local incentives

Preservation of Market-Affordable Rental Units

- **Potential Enhancements of Existing Programs and Initiatives**
 - Continue to explore new sources for layered funding
 - **Venture Capital options**
 - Foundation grants and equity partnerships
 - Federal Home Loan Bank
 - **National non-profits (e.g. NeighborWorks America)**

Preservation of Market-Affordable Rental Units

- **Potential Public/Private Partnership Tools for Discussion**
 - Landlords' Collaborative
 - **Educate landlords** on benefits of accepting tenant-based vouchers; offer collective services such as tenant screening, collective procurement opportunities, maintenance pool
 - Environmental Stewardship Initiative (Mercy Housing)
 - **Provide energy audits, use of weatherization and green retrofit funds** (if available) to modernize older rental units/properties in exchange for continued affordability. Establish partnership with appliance manufacturer for discounted energy efficient appliances
 - **The Home Depot Foundation** - Through the Affordable Housing Built Responsibly grant program, The Home Depot Foundation administers millions of dollars in grants each year to nonprofit organizations whose missions align with the Foundation's interests in supporting the production and **preservation of affordable, efficient and healthy housing**
 - Green Retrofit Program for Multifamily Housing: Grants and loans will be made available through HUD's Office of Affordable Housing Preservation (OAHP) for eligible property owners to make green retrofit investments in the property to ensure the maintenance and preservation of the property

Preservation of Market-Affordable Rental Units

■ Potential Public/Private Partnership Tools for Discussion

- Establish Employer Assisted Housing Program Designed to Preserve Market Rate Affordable Rental Housing
 - Expand the existing program to include access to previously unavailable state funding sources, and to include market-affordable rental housing and access to previously unavailable state and local funding sources. **Provide additional options for employer participation to include land donation, development loans, downpayment assistance, gap financing, or LIHTC. Expand employer participation to include small and medium sized businesses**
 - Although EAH is used mostly to help an employee buy a home, the employer also can offer an EAH benefit to help the employee with rental housing. Usually, a rental EAH benefit is structured similar to a financial EAH for homeownership except the eligible use of proceeds is to help pay the security deposit or the monthly rent.
 - Rent Subsidies - In some communities, there may be adequate rental housing available, but the market rent is higher than the employee can afford. An employer can make the housing more affordable by providing a rent subsidy directly to the employee. As an alternative, **the employer can provide operating funds directly to the owner of the property, thereby reducing the rent charged to the employees.**

Preservation of Market-Affordable Rental Units

- **Potential Public/Private Partnership Tools for Discussion**

- Additional or restructuring of current bond measures, tax credit incentives, right of first refusal
 - Options to purchase with an assignable clause
 - Refinancing existing bond debt
 - **Historic tax credit**
 - Tax abatement (to be discussed in November)

Preservation of Market-Affordable Rental Units

- **Potential Public/Private Partnership Tools for Discussion**
 - Lender Consortium
 - **Education and Support Program**
 - **Promote education and support of affordable housing in order to change the perspective to asset-based**, call targeted areas 'opportunity areas' instead of targeted, low-income, etc.; create Developers' Collaborative
 - Conversion of privately owned units/properties to project-based voucher properties
 - Will require intensive education/outreach component to landlords

Preservation of Market-Affordable Rental Units

- **Potential Public/Private Partnership Tools for Discussion**
 - Enact new ordinances to provide targeted incentives within specific geographic areas (to be discussed in November)
 - Rehab Loans from Housing Trust Fund or Loan Consortium
 - **Assist smaller property owners in rehab projects to maintain continued affordability through rent/income restrictions.** Layered funding may work well (i.e., HOME, SPARC with Housing Opportunities Funds, etc.)
 - Loan Consortium - An existing non-profit and several financial institutions can provide financing for the development of affordable rental housing for income-qualified households
 - ARHA to increase applications for 9% LIHTC for targeted rental properties

PROVISION OF UNITS FOR HOUSEHOLDS EARNING BELOW 50% AMI

PUBLIC PRIVATE PARTNERSHIP TOOLS



Provision of Units for HHs Under 50% AMI

- **Existing Programs and Initiatives**
 - **Resolution 830 units**
 - Project based Section 8 units
 - **Section 8 vouchers**
 - HOPWA vouchers
 - Transitional housing units

Provision of Units for HHs Under 50% AMI

- **Potential Enhancements of Existing Programs and Initiatives**
 - **Expand Resolution 830 parameters to include all/more publicly-assisted units (to be discussed in January)**

Provision of Units for HHs Under 50% AMI

- **Potential Public/Private Partnership Tools for Discussion**
 - Land write-downs for ARHA-sponsored development
 - **Existing City-owned properties**
 - Coordination with Land Bank concept
 - Subordinated debt (either value of land or cash investments)
 - **Non-amortizing debt**
 - Below-market interest rates
 - Voluntary developer contribution adjustment for ARHA partnership
 - Reduced contribution
 - Other regulatory tools? (to be discussed in November)
 - **Formalize working relationships with ARHA to support delivery of housing to HHs under 50%AMI**

Provision of Units for HHs Under 50% AMI

- **Potential Public/Private Partnership Tools for Discussion**
 - **Education and Support Program**
 - **Conversion of privately owned units/properties to dedicated income level units**
 - Private affordable/publicly assisted
 - Will require intensive education/outreach component to landlords
 - **Owner Rehab Loans from Lender Consortium**
 - **Assist low income property owners in rehab projects to remain in their properties.**
 - Increase awareness and use of current incentives such as bonus density, technical assistance, loan guarantees, tax incentives to encourage greater affordable housing development

PRESERVATION OF AFFORDABLE HOMEOWNERSHIP

PUBLIC PRIVATE PARTNERSHIP TOOLS



Preservation of Affordable Homeownership

- **Existing Programs and Initiatives**

- **Homeownership Assistance Program (HAP) – purchase assistance for homebuyers up to 80% AMI**
- Moderate Income Homeownership Program (MIHP) – purchase assistance for home buyers up to 100% AMI
- Shared equity for HAP/MIHP assistance as of FY10
- **Shared equity and/or other resale restrictions for set-aside sales units**
- **Reduced real estate assessments to reflect restricted sales prices**
- **Tax relief program for elderly and/or disabled homeowners**
- Affordable homeownership preservation grant (AHOP) – discontinued program provided real estate tax reduction on a sliding scale for low income households

Preservation of Affordable Homeownership

▪ Existing Programs and Initiatives

- **Employee Homeownership Incentive Program (EHIP) – purchase assistance for City/ACPS and other designated employees**
- Homeownership training and counseling
- Homeownership and foreclosure prevention counseling
- Neighborhood Stabilization Program – purchase and resale of foreclosed units to eligible homebuyers
- Housing Choice Voucher Home Ownership Program (administered by ARHA) – use of voucher subsidies for mortgage payments
- VHDA programs
 - First time homebuyer mortgages
 - SPARC (only available through 12/10)
 - HomeStride (not currently available)
- **Home Rehabilitation Loan Program – no interest rehab loans for owners up to HUD “capped” 80% AMI**
- Assistance to Rebuilding Together Alexandria

Preservation of Affordable Homeownership

- **Potential Enhancements of Existing Programs and Initiatives**
 - Explore new options for Employer Assisted Housing Programs (include use of tax abatements, include private employers, increase assistance amounts)
 - **Provide Incentives for Employer Investment in Affordable Homes - Leverage public funds by offering matching programs where every dollar of housing assistance provided to employees by participating employers is matched with a public contribution.**
 - Encourage employer investment in affordable homes with tax credit programs
 - **Expand offer of support to non-profit entities participating in affordable homeownership rehabilitation/development**
 - Habitat for Humanity
 - Others
 - Get AHDC affiliated with national non-profits participating in homeownership
 - NeighborWorks America
 - LISC

Preservation of Affordable Homeownership

- **Potential Public/Private Partnership Tools for Discussion**
 - **Loan Consortium**
 - **Increase outreach to banking, lending institutions to either invest in or create lending pool as resource for financing affordable housing development projects.**
 - Education and Support Program
 - Promote education and support of affordable housing - change perspective to asset-based, call **targeted areas 'opportunity areas' instead of targeted, low-income, etc.**
 - **Rehab Investor Consortium** (Affordable Housing Corporation of Lake County)
 - Create a multibank lending consortium to **provide both long-term mortgage and bond financing for new construction, acquisition, and rehabilitation of affordable housing units**, as well as direct equity investment funds to acquire housing at risk of going to market rate rents.

Preservation of Affordable Homeownership

- **Potential Public/Private Partnership Tools for Discussion**
 - **Homebuyer Investment Fund**
 - Private investors provide capital in exchange for proportionate share of property appreciated at sale or refinance.
 - Owner Rehab Loans from Loan Consortium
 - **To assist low income property owners in rehab projects to remain in their properties.**
 - Individual Development Accounts
 - Commonwealth runs program; for HHs below 50% AMI in Alexandria
 - Build upon VIDA program utilizing local income threshold assessment (Assets for Independence)

Preservation of Affordable Homeownership

- **Potential Public/Private Partnership Tools for Discussion**
 - **Explore use of City owned property or underutilized sites for adaptive reuse (to be discussed in December)**
 - Environmental Stewardship Initiative (green rehab initiative)
- **Create Community Land Trust (CLT)**
 - **Assemble property through new CLT entity for the development owner-occupied affordable housing**
 - **Develop new homes and sale structures at up to 50% savings (no land value)**
 - **On resale of home, CLT entity retains ownership of land and savings is passed on to next eligible homebuyer**

CONSTRUCTION OF NEW AFFORDABLE HOUSING

PUBLIC PRIVATE PARTNERSHIP TOOLS



Construction of New Affordable Housing

■ Existing Programs and Initiatives

- Affordable Set-Aside Rental Unit Program - provides affordable rental opportunities in newly constructed apartment complexes.
- Affordable Set-Aside Sales Unit Program - provides affordable home purchase opportunities in newly constructed condominiums or town homes.
- Housing Opportunities Fund - provides project financing to support the development and preservation of affordable rental and sales housing in the City.
- Provision of bonus density, bonus height, and/or parking reduction in exchange for provision of affordable units
- **Voluntary Housing Contribution Formula - developer contributions for affordable housing in connection with new development**
- Non-City financing sources include LIHTC, SPARC, REACH, VCC, tax exempt bonds, layered as necessary with any applicable City funding

Construction of New Affordable Housing

- **Potential Public/Private Partnership Tools for Discussion**
 - Lender Consortium
 - Lending Pool that provides funding to assist non-profit housing organizations and ARHA in treating new affordable housing.
 - Developers' Collaborative
 - **For-profit/non-profit J/V for the development of affordable housing**
 - Can work in tandem with the voluntary developer contribution funds from a project
 - Convey city owned land to CDCs to ensure long term affordability
 - **Community Land Trusts (CLT)**

Construction of New Affordable Housing

- **Potential Public/Private Partnership Tools for Discussion**
 - Homebuyer Investment Fund
 - **Establish as a source for affordable housing development funding (private investors provide capital in exchange for proportionate share of property appreciated at sale or refinance).**
 - Local government oversight
 - Create a multibank lending consortium to provide both long-term mortgage and bond financing for new construction, acquisition, and rehabilitation of affordable housing units, as well as direct equity investment funds to acquire housing at risk of going to market rate rents.
 - The Investor Consortium shares the benefits and risks of responsible affordable housing lending among multiple public and private partners, and offers simplified loan administration for homeowners and investors.

Construction of New Affordable Housing

- **Potential Public/Private Partnership Tools for Discussion**
 - Incentive Programs
 - **Provide affordable housing developers options – onsite vs. off-site construction of affordable units; maintain affordable units vs. in-lieu fees (fees can be paid into investment fund); opt for longer affordability periods; similar exterior designs for on-site affordable units**
 - **Incentive Housing Zones (IHZs) - Developers can request a long-term subsidy from the City for a specified number of affordable rental units developed within an IHZ. Make nonprofit housing or development organizations eligible for state technical assistance grants that help build capacity to develop homes within the IHZ (could be implemented in conjunction with a Community Land Trust model)**
 - **Offer additional incentives for use of sustainable or green initiatives in new affordable housing developments**

PROVISION OF UNITS FOR SPECIAL NEEDS HOUSEHOLDS

PUBLIC PRIVATE PARTNERSHIP TOOLS



Provision of Units for Special Needs HHs

- **Existing Programs and Initiatives**
 - **606 publicly assisted housing units for elderly and/or disabled**
 - 181 beds in 9 group homes/ 57 units in supervised apartments
 - 82 ARHA accessible units
 - Accessible units in other publicly assisted housing (# unknown)
 - 178 homeless beds in 4 homeless shelters
 - **34 transitional housing units**

Provision of Units for Special Needs HHs

- **Potential Public/Private Partnership Tools for Discussion**

- Elder Mixed Income

- **Developments financed through the Elder Mixed-Income program serve elders who wish to live in independent rental apartments with on-site access to supportive services.**
 - For developers of rental housing that fills a niche between conventional elderly housing without services and full-service personal care programs
 - **At least 20% of units must be reserved for households earning less than 50% of the area median income**
 - The remaining units may be rented at market rates

Provision of Units for Special Needs HHs

- **Potential Public/Private Partnership Tools for Discussion**
 - Program of All-Inclusive Care for the Elderly (PACE)
 - Fully integrated model of care for the frail elderly
 - Alternative to formal elderly care facilities
 - **In-home and on-location services**
 - Requires application to Centers for Medicare and Medicaid Services (CMS)
 - Establish a PACE service area for Alexandria/Alexandria region
 - **Support and participation from the Commonwealth (some already operating in VA)**
 - **Creates subsidized assisted living without congregate care facility**

DISCUSSION QUESTION

The City's participation in Public/Private Partnerships can manifest in many forms. Please rank the following approaches from what you deem most desirable (1) to least desirable (8).

- Developer ("soup to nuts" participation in real estate deals)
- Equity Partner (invest in deals and receive a return on investment)
- Facilitator (improve networking amongst various real estate entities, no investment)
- Financier (become lending entity)
- Grantor (provide assets for deals, no guaranteed return of investment)
- Promoter (passive encouragement of deals, no investment)
- Regulator (provide regulatory assistance to enhance affordable housing, no money)
- Do not do Public/Private Partnerships

DISCUSSION QUESTION

If City funds are used to enter into Public/Private Partnerships, they should be used with the following conditions.

(Rate statement on a scale of 1 to 10, with 10 reflecting you strongly agree with the position.)

The amount of subsidy used should not exceed a predetermined limit on a per unit basis. In other words, units that require excessive subsidy levels will be judged financially infeasible unless other outside funding sources are found.

The City subsidy should be matched by other outside sources to achieve affordability

City funds should only be used if there are provisions to pay back the subsidy over the life of the project

I do not believe City funds should be used to subsidize affordable housing construction/preservation

DISCUSSION QUESTION

If you were in charge of the City's Public/Private Partnership activities, where would spend the funds dedicated to these programs?

(Please account for all the constraining factors that we've discussed in previous meetings.)

New Construction Ownership	_____	%
Preservation Ownership	_____	%
New Construction Rental	_____	%
Preservation Rental	_____	%

What household income groups would you target?

(Rank in order from 1 to 4)

	Owner	Renter
30% AMI or Below	_____	_____
30% to 50% AMI	_____	_____
50% to 80% AMI	_____	_____
80% to 120% AMI	_____	_____

DISCUSSION QUESTION

If you believe that PPPs for new affordable housing construction are important, under what conditions would you pursue them?

As part of a larger mixed-income development

As part of a public housing authority development

Only if private/non-profit developers agree to construct without public subsidies

Only if the public subsidies could be paid back by the developer

Only if the project created housing for households below 50% of AMI

Other qualifier _____

DISCUSSION QUESTION

How many agree with the following statements? (Rank on a scale of 1 to 10, with 10 being the most important)

I believe the City of Alexandria should attempt to provide affordable housing projects/programs (in all its forms) that assist households with the greatest need (i.e., lowest income, special needs, etc.)

I believe the City of Alexandria should pursue affordable housing projects/programs that are most feasible or achievable, regardless of the level of household need.

I believe the City should actively pursue affordable housing projects/programs that will benefit a wide range of renter and owner households facing affordability challenges.

I believe the City should actively pursue affordable housing projects/programs, only if the project leverages funding from multiple outside sources (i.e., nonprofits, banks, developers, etc.)

DISCUSSION QUESTION

Please rate the use of the following sources of affordable housing funding on a scale of 1 to 10 with 10 being the most desirable

The 1 cent property tax on residential and commercial real estate

Voluntary developer contribution to the Housing Trust Fund

Federal grant funds

State funding assistance

A special affordable housing transfer tax imposed at the time of property sale (will require approval of General Assembly)