

PILOT RENTAL SUBSIDY PROGRAM DISCUSSION WITH AHAAC

SEPTEMBER 1, 2016

OFFICE OF HOUSING

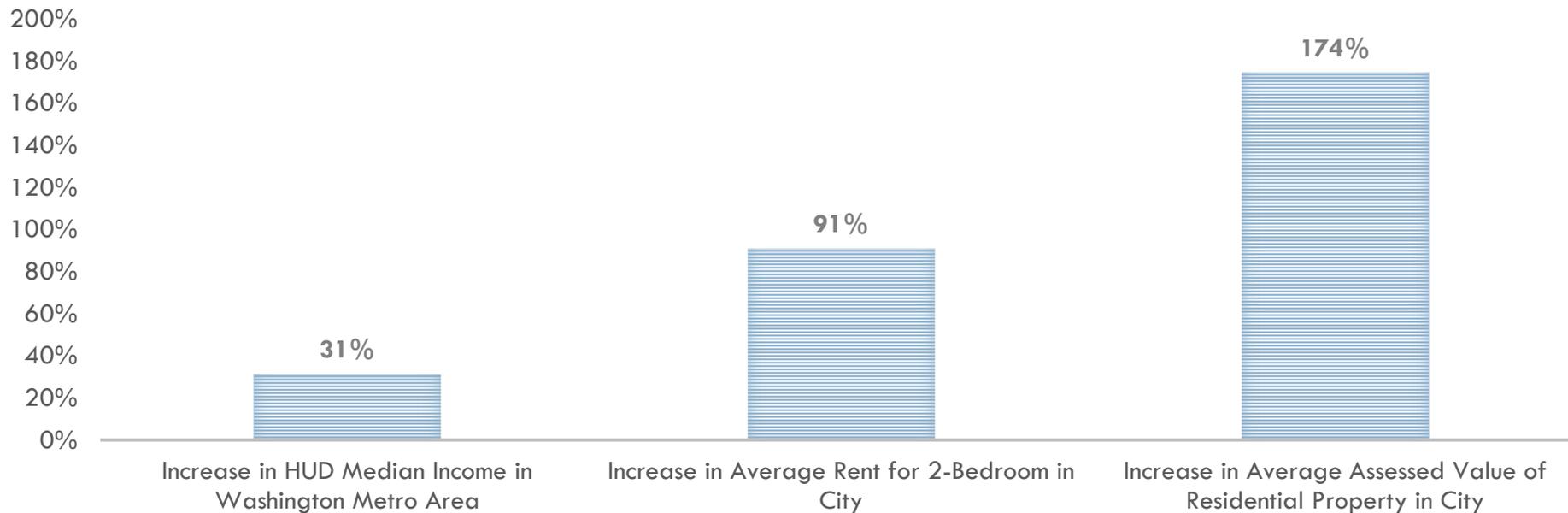
Growing housing affordability gap

- Estimated demand for affordable housing: approximately 14,000 units (2010)
 - ▣ Total inventory of committed affordable units: 3,818 (2016)
 - ▣ Shrinking supply of market affordable units: ~ 3,853 (2016)
 - ▣ Substantial job growth projected in lower-paying industries (GMU)
 - ▣ Limited inventory of deeply subsidized units some of which serve special populations
- ARHA has 2,291 households on the Housing Choice Voucher Program waitlist and long waitlists for each of its communities, e.g.:
 - ▣ Alexandria Crossing: 1,402
 - ▣ Old Town Commons: 815
 - ▣ Elderly/disabled: 544



Housing costs outpacing income growth

2000-2016 TRENDS



Source: City of Alexandria, Office of Housing and Office of Real Estate Assessments, 2016

Program context—broader discussion

- Part of FY17 discussion with the Department of Human and Community Services and the Alexandria Redevelopment and Housing Authority on how to comprehensively address growing unmet demand for deeply-subsidized housing
- Other examples include:
 - ▣ Expand private market acceptance of housing choice vouchers
 - ▣ Target households to achieve self-sufficiency through increased services
 - ▣ Secure deeply subsidized set-aside units in market-rate projects

Program context—VHDA QAP

- VHDA's 2017 Qualified Action Plan supports the inclusion of locally-subsidized units
- To receive points, projects must incorporate a minimum of 5 units or 10% of total units that receive local subsidies

A QAP or Qualified Action Plan outlines a state's affordable housing goals and priorities, and scoring system for LIHTC applications.

Program description

- 5-year pilot program to create deeply subsidized units in every City-supported, non-ARHA tax credit project
 - ▣ Subject to renewal based on availability of resources
 - ▣ Initially capitalized by the Housing Trust Fund with ongoing subsidies from multifamily loan repayment proceeds
 - ▣ Will help enhance competitiveness of City applications for low-income housing tax credits

What do we mean by deeply subsidized?

□ 2016 AMI (Area Median Income)

Household Size/AMI	1-Person	2-Person	3-Person	4-Person
30% AMI	\$22,850	\$26,100	\$29,350	\$32,600
40% AMI	\$30,440	\$34,760	\$39,120	\$43,440
50% AMI	\$38,050	\$43,450	\$48,900	\$54,300
60% AMI	\$45,660	\$52,140	\$58,680	\$65,160
80% AMI*	\$60,880	\$69,520	\$78,240	\$86,880
100% AMI	\$76,100	\$86,900	\$97,800	\$108,600

To:

From:

— ARHA/DCHS

Rental assistance

Ownership assistance

Sources: 2016 HUD Income Limits for 30% and 50% AMI for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro Fair Market Rent Area); FY 2016 Multifamily Tax Subsidy Project Income Limits for 60% AMI; and Office of Housing for 40% AMI and Mathematical 80% AMI (figures have not been rounded)

*Mathematical

Who do deeply subsidized units serve?

Typical Hourly Wages:

- Cashier: \$11.01 (2016)
- Laundry Worker: \$11.58 (2016)
- Retail Sales Person: \$11.34 (2016)
- Wait Staff: \$11.66 (2016)
- Housekeeper: \$12.70 (2016)
- Hairdresser: \$13.61 (2016)
- Food Prep Worker: \$13.97 (2016)
- Janitor: \$14.06 (2016)
- Packager (Manual): \$14.37 (2016)
- Nursing Aide: \$14.42 (2016)
- Home Health Aide: \$14.20 (2016)
- Bank Teller: \$14.56 (2016)
- Child Care Worker: \$15.15 (2016)
- Data Entry Keyer: \$17.15 (2016)
- **ACPS Bus Driver: \$18.21 (2016)**
- Dental Assistant \$18.38 (2016)
- Delivery Truck Driver: \$18.48 (2016)
- **Alexandria Deputy Sheriff I: \$21.82 (starting) (2016)**
- **Alexandria Firefighter I: \$22.02 (2016)**
- **ACPS Second Grade Teacher: \$22.71-\$27.10 (Steps 1-6, working 196 days*)**
- **Alexandria Police Officer I: \$23.01 (starting) (2016)**
- Administrative Assistant: \$24.11 (2016)
- Auto Mechanic: \$25.14 (2016)
- Plumber: \$27.41 (2016)
- General Manager: \$31.12 (2016)
- Librarian: \$32.40 (2016)
- Physical Therapist: \$43.01 (2016)

Hourly wage needed to rent in Alexandria in 2016 (rent assumed to equal 30% of income):

1 Bedroom (\$1,587): \$30.52

2 Bedroom (\$1,975): \$37.98

Sources: National Housing Conference 2015 Paycheck to Paycheck (www.nhc.org) adjusted by 2.5% for 2016; City of Alexandria Public Schools 2015-16 Salary Scales; City of Alexandria Job Opportunities webpage (February 5 and 10, and April 27, 2016; City of Alexandria 2016 Market Rent Survey Wage: ((average rent/.3)*12months)/2,080 work hours per year

* Assumes no other income

Who do deeply subsidized units serve? Example 1

Typical Hourly Wages:

- Cashier: \$11.01 (2016)
- Laundry Worker: \$11.58 (2016)
- Retail Sales Person: \$11.34 (2016)
- Wait Staff: \$11.66 (2016)
- Housekeeper: \$12.70 (2016)
- Hairdresser: \$13.61 (2016)
- Food Prep Worker: \$13.97 (2016)
- Janitor: \$14.06 (2016)
- Packager (Manual): \$14.37 (2016)
- Nursing Aide: \$14.42 (2016)
- Home Health Aide: \$14.20 (2016)
- Bank Teller: \$14.56 (2016)
- Child Care Worker: \$15.15 (2016)
- **Data Entry Keyer: \$17.15 (2016)**
- **ACPS Bus Driver: \$18.21 (2016)**
- Dental Assistant \$18.38 (2016)
- **Delivery Truck Driver: \$18.48 (2016)**
- Alexandria Deputy Sheriff I: \$21.82 (starting) (2016)
- Alexandria Firefighter I: \$22.02 (2016)
- ACPS Second Grade Teacher: \$22.71-\$27.10 (Steps 1-6, working 196 days*)
- Alexandria Police Officer I: \$23.01 (starting) (2016)
- Administrative Assistant: \$24.11 (2016)
- Auto Mechanic: \$25.14 (2016)
- Plumber: \$27.41 (2016)
- General Manager: \$31.12 (2016)
- Librarian: \$32.40 (2016)
- Physical Therapist: \$43.01 (2016)

Hourly wage needed to rent in Alexandria in 2016 (rent assumed to equal 30% of income):

1 Bedroom (\$1,587): \$30.52

2 Bedroom (\$1,975): \$37.98

Supports 4-person household earning 30%-40% of AMI (\$32,600-\$43,440 in 2016)

Sources: National Housing Conference 2015 Paycheck to Paycheck (www.nhc.org) adjusted by 2.5% for 2016; City of Alexandria Public Schools 2015-16 Salary Scales; City of Alexandria Job Opportunities webpage (February 5 and 10, and April 27, 2016); City of Alexandria 2016 Market Rent Survey Wage: ((average rent/.3)*12months)/2,080 work hours per year

* Assumes no other income

Who do deeply subsidized units serve? Example 2

Typical Hourly Wages:

- Cashier: \$11.01 (2016)
- Laundry Worker: \$11.58 (2016)
- Retail Sales Person: \$11.34 (2016)
- Wait Staff: \$11.66 (2016)
- Housekeeper: \$12.70 (2016)
- Hairdresser: \$13.61 (2016)
- Food Prep Worker: \$13.97 (2016)
- Janitor: \$14.06 (2016)
- Packager (Manual): \$14.37 (2016)
- Nursing Aide: \$14.42 (2016)
- Home Health Aide: \$14.20 (2016)
- Bank Teller: \$14.56 (2016)
- Child Care Worker: \$15.15 (2016)
- Data Entry Keyer: \$17.15 (2016)
- ACPS Bus Driver: \$18.21 (2016)
- Dental Assistant \$18.38 (2016)
- Delivery Truck Driver: \$18.48 (2016)
- Alexandria Deputy Sheriff I: \$21.82 (starting) (2016)
- Alexandria Firefighter I: \$22.02 (2016)
- ACPS Second Grade Teacher: \$22.71-\$27.10 (Steps 1-6, working 196 days*)
- Alexandria Police Officer I: \$23.01 (starting) (2016)
- Administrative Assistant: \$24.11 (2016)
- Auto Mechanic: \$25.14 (2016)
- Plumber: \$27.41 (2016)
- General Manager: \$31.12 (2016)
- Librarian: \$32.40 (2016)
- Physical Therapist: \$43.01 (2016)

Hourly wage needed to rent in Alexandria in 2016 (rent assumed to equal 30% of income):

1 Bedroom (\$1,587): \$30.52

2 Bedroom (\$1,975): \$37.98

Supports 4-person household earning up to 30% of AMI (\$32,600 in 2016)

Sources: National Housing Conference 2015 Paycheck to Paycheck (www.nhc.org) adjusted by 2.5% for 2016; City of Alexandria Public Schools 2015-16 Salary Scales; City of Alexandria Job Opportunities webpage (February 5 and 10, and April 27, 2016; City of Alexandria 2016 Market Rent Survey Wage: ((average rent/.3)*12months)/2,080 work hours per year
* Assumes no other income

Illustrative cost of pilot (1-bedroom units)

AMI	# Units	1-bedroom rent	Approx. annual subsidy for 10 units (from 60% to 30% AMI)
60%	90	\$1,222	
30%	10	\$611	~\$75k
AMI	# Units	1-bedroom rent	Approx. annual for 10 units (from 50% to 30% AMI)
60%	60	\$1,222	
50%	30	\$1,081	
30%	10	\$611	~\$55k
AMI	# Units	1-bedroom rent	Approx. annual for 10 units (from 40% to 30% AMI)
60%	50	\$1,222	
50%	30	\$1,081	
40%	10	\$815	
30%	10	\$611	~\$25k

Illustrative cost of pilot (2-bedroom units)

AMI	# Units	2-bedroom rent	Approx. annual subsidy for 10 units (from 60% to 30% AMI)
60%	90	\$1,467	
30%	10	\$733	~\$90k
AMI	# Units	2-bedroom rent	Approx. annual subsidy for 10 units (from 50% to 30% AMI)
60%	60	\$1,467	
50%	30	\$1,222	
30%	10	\$733	~\$60k
AMI	# Units	2-bedroom rent	Approx. annual subsidy for 10 units (from 40% to 30% AMI)
60%	50	\$1,467	
50%	30	\$1,222	
40%	10	\$978	
30%	10	\$733	~\$30k

Challenges

- Ensuring that support services are available to residents
- Financial sustainability
- Administration of program

Next steps

- Confirm that proposed pilot is consistent with VHDA guidelines
- Bring recommendation to AHAAC in October and then City Council
- Carpenter Shelter to serve as potential first project



Questions/Comments