PILOT RENTAL
SUBSIDY PROGRAM
DISCUSSION WITH
AHAAC
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

Increase in HUD Median Income in Washington Metro Area: 31%
Increase in Average Rent for 2-Bedroom in City: 91%
Increase in Average Assessed Value of Residential Property in City: 174%

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)**

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

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
**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)
- Nursing Aide: $14.42 (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 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)
- 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
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Hourly wage needed to rent in Alexandria in 2016 (rent assumed to equal 30% of income):

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<thead>
<tr>
<th>Bedroom Type</th>
<th>Hourly Wage</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$30.52</td>
</tr>
<tr>
<td>2 Bedroom ($1,975)</td>
<td>$37.98</td>
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</table>

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](http://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

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**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

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### Illustrative cost of pilot (1-bedroom units)

<table>
<thead>
<tr>
<th>AMI</th>
<th># Units</th>
<th>1-bedroom rent</th>
<th>Approx. annual subsidy for 10 units (from 60% to 30% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>90</td>
<td>$1,222</td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td>10</td>
<td>$611</td>
<td>~$75k</td>
</tr>
<tr>
<td>AMI</td>
<td># Units</td>
<td>1-bedroom rent</td>
<td>Approx. annual for 10 units (from 50% to 30% AMI)</td>
</tr>
<tr>
<td>-----</td>
<td>---------</td>
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<td></td>
</tr>
<tr>
<td>30%</td>
<td>10</td>
<td>$611</td>
<td>~$55k</td>
</tr>
<tr>
<td>AMI</td>
<td># Units</td>
<td>1-bedroom rent</td>
<td>Approx. annual for 10 units (from 40% to 30% AMI)</td>
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<td>-----</td>
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<tr>
<td>30%</td>
<td>10</td>
<td>$611</td>
<td>~$25k</td>
</tr>
</tbody>
</table>
## Illustrative cost of pilot (2-bedroom units)

<table>
<thead>
<tr>
<th>AMI</th>
<th># Units</th>
<th>2-bedroom rent</th>
<th>Approx. annual subsidy for 10 units (from 60% to 30% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>90</td>
<td>$1,467</td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td>10</td>
<td>$733</td>
<td>~$90k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AMI</th>
<th># Units</th>
<th>2-bedroom rent</th>
<th>Approx. annual subsidy for 10 units (from 50% to 30% AMI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60%</td>
<td>60</td>
<td>$1,467</td>
<td></td>
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<td>10</td>
<td>$733</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AMI</th>
<th># Units</th>
<th>2-bedroom rent</th>
<th>Approx. annual subsidy for 10 units (from 40% to 30% AMI)</th>
</tr>
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<tbody>
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<td>$1,467</td>
<td></td>
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<td>30%</td>
<td>10</td>
<td>$733</td>
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</tbody>
</table>
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