



## Resolution 830 Working Group Module #3: Expansion of Resolution 830

February 21, 2018, 8:00am

Charles Houston Recreation Center, 901 Wythe Street

### MEETING SUMMARY

#### Meeting Materials

- [Meeting Handout – Discussion Questions](#)
- [Meeting Handout – List of City-Assisted Affordable Housing Units](#)

#### I. Introduction and Welcome:

Helen McIlvaine, Director of the Alexandria Office of Housing, opened Module 3 by welcoming the group back and Rhae Parkes, the facilitator for the Resolution 830 Working Group Modules, explained the small group discussion structure of this meeting. Working Group members were randomly assigned to three tables and members of the public participated at a fourth table. Each group was given time to discuss a set of four questions, with a spokesperson from each group to report on the key takeaways of the discussion at their table. ARHA and City staff acted as technical resources and helped facilitate the discussions at the tables.

Ms. Parkes reminded the group that ARHA and the City are having their own discussions in parallel to the Working Group. Recommendations that emerge from the working group will be reviewed and considered by the City and ARHA.

#### II. Breakout Group Discussion and Reporting Out

##### Discussion Topic #1: Substantially Equivalent

- What does “substantially equivalent” mean now in Resolution 830? Should this language remain in the policy or be removed entirely? If retained, what should “substantially equivalent” mean going forward? Are replacement units intended to house the same level of affordability based on occupancy at the time of demolition?

Working Group members reported a unanimous “Yes” to include the term “Substantially Equivalent” in the policy and agreed on the need to assign more detail to the term to prevent displacement of current residents of affordable housing and ensure residents are able to move back into comparable living environments. However, several groups stressed the need to use language broad enough to allow for clarification and flexibility in the future. Groups proposed the following considerations for what the term “substantially equivalent” includes:

- Unit size (square footage)

- Bedroom size – however, some wanted the flexibility to base bedroom mix on local demand
- Affordability levels – retain same mix of income as is currently served
- Adherence to Building Code/Standards – keep up to date (or better) with current or anticipated standards (e.g., including energy-efficient design, building and utility delivery/equipment for electricity, heat, water, etc.)
- Location
  - A “critical mass” of residents should be allowed to return to an affordable unit on or near the original site
  - If moved, quality of life needs to be comparable at new location, meaning:
    - Similar or better access to amenities/services (e.g., schools, pedestrian accessibility, services, amenities, transit, and other community resources)
    - Need to consider relationship between location of replacement units and potential for services to change location (i.e., movement from eastern side of the city to the western side of the city)

## Discussion Topic #2: Type of Unit

- The presumption is that Resolution 830 is/and will remain focused on physical units. Should the City explicitly tie City funding to deeply affordable units or not?

Working Group members had differing perspectives; as described below:

- Reasons Against:
  - Don't want to take funding away from other housing programs.
  - Wary of a mandate in a changing funding environment and stress that flexibility is vital.
  - Need to make sure City can afford it AND sustain it – must consider the practical side.
- Reasons in Support:
  - A requirement would help support the cost of maintaining units at the lowest levels of the affordability spectrum (<30%AMI), as ARHA cannot afford to provide all 1150 units at <30% AMI on its own. To generate revenue to sustain its properties, ARHA must provide a mix of affordability levels, as allowed by financing sources.
  - City should tie its funding to deeply affordable units.

Working Group Member Question: To answer this question, we need to know what it would cost to make up the difference to operate deeply affordable units over time. What does ARHA need to continue serving the current population (i.e., to fill the gap between the currently proposed affordability levels and making all of its housing affordable at 30% AMI)? If \$450,000 per unit, not an impossible cost but the City has to grapple with where the money would come from?

Answer: ARHA quantifies its capital needs in its strategic plan and hopes to redevelop all of its projects over time. City has estimated that construction of a quality unit is around \$450,000, but that doesn't include operating costs. It is assumed that any operating costs of deeply subsidized units would be covered by HUD subsidy, local subsidy and cross subsidization that may be possible in mixed income communities with proceeds from higher income units. Mixing incomes is needed to balance costs.

### **Discussion Topic #3: Period of Affordability**

- Should the Resolution 830 20-year affordability period remain as is or should the funding source dictate the affordability period?

Working Group member responses were mixed; as described below:

- Some wanted to extend the required affordability period to 40 years, which most funding sources already require and is standard for affordable units secured in market rate development through the city's development review process.
  - Some wanted to keep the period at 20 years but clarify that 20 years was a floor.
  - All breakout groups wanted to tie the affordability period in some way to what the financing sources dictate, whether the required affordability period was extended or not.
  - One group suggested that if ARHA or a developer owns the unit, it should be affordable in perpetuity, since that is the mission of these organizations.
  - Another group acknowledged that the affordability period would depend on the affordability level of units as ARHA could not sustain affordability forever if all units are mandated at 30% AMI.
- What tools/mechanisms should the City establish to ensure long-term affordability?
    - One group suggested the City incentivize long-term affordability with tax exemptions and density bonuses.
    - Another group indicated that financing sources like LIHTC will subsidize the longer affordability period.

### **Discussion Topic #4: Resolution 830 Applicability**

- Should Resolution 830 "protection" be extended to future City-financed affordable housing units that are not owned and/or developed by ARHA? If no, Why Not? If yes, what does/should Resolution 830 protection mean? Should this be a separate agreement as Resolution 830 is an exclusive agreement between the City and ARHA; or a new City policy?

Working Group members were divided on whether and how city-funded units should be protected in the future. Many agreed with the concept of requiring some level of long-term commitment to city-financed affordable projects, but the details of implementation varied. Feedback included:

- Even among those who support the idea of protecting City-financed units, there was concern about requiring a specific number of units. One group suggested a minimum floor instead of a required number.
- Another group suggested having a required affordability period and to capture what the City is already doing with its right of first refusal policy, rather than a required number of units.

- One group suggested protecting non-ARHA units by extending access to the incentivizing tools ARHA has access to (e.g., PILOT programs, tax exemptions, fee waivers, bonus densities).
- There was concern among one group about whether existing policies designed to encourage private and nonprofit developers to build affordable housing (e.g., loan agreements, tax credits) were stable enough to be sustained over time without something like a Resolution 830 to protect them.
- Working Group members felt any newly required protections for City-funded units should go under a separate agreement, rather than comingling with the current Resolution 830 agreement between the City and ARHA.
- Another group suggested that City support could include a requirement that any City land that becomes available for future development, have a requirement for affordable housing.

Ms. McIlvaine asked Working Group members to continue to hold March 14 at 6:00pm for the final Module #4; but to be aware that the meeting date might be postponed so that a meeting between ARHA and City staffs could be scheduled first.