



# Resolution 830 Working Group Module #1: Current Context of Public Housing Redevelopment, Existing Resolution 830 Units, and the History of Replacement

January 10, 2018, 6:30pm

Durant Center, 1605 Cameron Street, Alexandria, Virginia

## MEETING SUMMARY

### Meeting Materials

- [Agenda](#)
- [Presentation](#)
- [Working Group Members](#)
- [Working Group Members Survey Results](#)
- [Resolution 830](#)
- [Resolution 830 Units and Replacement Information](#)
- [Frequently Asked Questions](#)

### I. Introduction and Welcome:

Helen McIlvaine of the City of Alexandria Office of Housing opened the meeting. This was followed by formal remarks from Vice Mayor Justin Wilson, Vice-Chair of ARHA Board of Commissioners Salena Zellers, Councilman John Chapman, and Mayor Allison Silberberg. These ARHA and City leaders welcomed everyone and thanked the Working Group members for their time and anticipated input and stressed the importance of this conversation about affordable housing to Alexandria and the future of Resolution 830.

Rhae Parkes, from EJP Consulting Group, introduced herself and her team, including Emily Holt and Naomi Byrne as facilitators for the Resolution 830 Public Consultation process. EJP is a national firm that helps its clients, primarily housing authorities, reposition their assets for long-term affordability.

Each Working Group member then introduced himself/herself. Ms. Parkes provided summary results of an electronic survey EJP conducted with Working Group members ahead of the meeting, and reported that knowledge about Resolution 830 and affordable housing more broadly is diverse.

- **ARHA's Perspective:** Keith Pettigrew, ARHA's CEO, introduced himself and recognized other ARHA and City staff present. Mr. Pettigrew provided ARHA's perspective on Resolution 830 by offering the following questions: What was the original intent of the policy? What must be done to preserve the 1,150 units? What can be done in the current climate? Mr. Pettigrew stressed that sustainability for ARHA must be a central component of the future Resolution 830.

**City's Perspective:** Helen McIlvaine, Director of the City's Office of Housing, added the City's perspective: While Resolution 830 has been a mainstay of City and ARHA policy for a long time, interpretations and applications of the policy have varied over time. For example, do all units have to come back on-site or can they be located elsewhere in the City? How should elements

like bedroom size and levels of affordability be interpreted? When must replacement units be identified and secured? The timing of this process is important as ARHA undertakes redevelopment of several of its properties. In addition, the City is interested in looking at creative ways to broaden how Resolution 830 units are delivered.

- **Purpose of the Meeting/Role of the Working Group:**

- Ms. Parkes stated that the goal of the Resolution 830 Working Group is to examine the language and evaluate whether the 1981 policy should *stay the same, be replaced, or be revised into an updated version*. The role of the Working Group is to provide input and contribute to the conversation that ARHA and the City will be having in parallel, and to be a conduit for information with the stakeholders they represent. Final decision on recommendations that may emerge from the Working Group will rest with the City and with ARHA. This meeting is the first of four modules – the final module will result in a set of advisory recommendations from the Working Group on what ARHA and the City should consider when revising the policy.
- Ms. Parkes explained that to date, ARHA has been the implementer of what is being called for in Resolution 830 because they own the 1,150 units addressed by the Resolution, and the agreement is between the City and ARHA. However, a big part of this conversation needs to be informed by what is possible in today's marketplace, and what is happening at the federal level. Today's module is designed to discuss these contextual factors as well as Resolution 830 itself.

## II. Presentation:

The module 1 presentation focused on providing an overview of the current state of public and affordable housing, both nationally and locally, as well as reviewing the intent and impact of Resolution 830 over the past 36 years. Key data points are summarized below.

- In Alexandria, only 19% of families whose incomes are below 80% of AMI receive housing assistance, which is lower than both the national and regional average levels of households receiving assistance. Of those assisted, almost 50% receive Housing Choice Vouchers (HCV), in which the household has a voucher to help pay for housing anywhere they find it, rather than living in a designated "hard" unit that is affordable housing.
- Current national trends in affordable housing include: funding for public housing is decreasing; the number of public housing units are decreasing because housing authorities don't have sufficient funding to adequately maintain and operate them; Section 8 funding is flat, but the cost of housing has increased so the number of Housing Choice Vouchers (HCV) housing authorities can provide within their budget authority is decreasing. However, HCV has been a relatively stable funding mechanism for ARHA and the agency has been able to increase the number of vouchers issued, due in part to additional Tenant Protection Vouchers received from HUD as properties have redeveloped.
- The City of Alexandria has lost 90% of its unsubsidized market-rate affordable housing units. The City has been brainstorming about what tools it can put in place to mitigate this loss (rent control is not legal in VA).
- To date, when ARHA properties are redeveloped, ARHA has met its obligation under Resolution 830 to replace designated Resolution 830 units. Where units were once clustered in the

downtown core, some replacement units are now dispersed around the City, including the West End. However, many units are still located in the downtown core.

### **III. Discussion, Questions and Comments:**

Working Group Members were invited to ask questions and provide comments throughout the presentation. A summary of the questions and comments are included below. Additional data and information requested at the meeting or subsequently is available [HERE](#):

#### **Q: What is the income cap to live in ARHA housing?**

A: Income eligibility for various program types is shown on slide 13 of the presentation: From zero to up to 80% AMI (~\$60k) for public housing, up to 60% AMI (~\$53k) for housing funded with Low Income Housing Tax Credits (LIHTC), and 50% AMI (~\$44k) for a Section 8 Voucher (HCV or PBV, Project Based Voucher). However, ARHA typically serves households with incomes of \$50k or below (a breakdown of income levels shown on slide 14).

#### **Q: Does ARHA only receive federal funding?**

A: No. For the management and operations of public housing units, ARHA receives public housing operating and capital funds from the U.S. Department of Housing and Urban Development (HUD), combined with rent its residents pay (capped at 30% of their household income). Housing Authorities are not allowed to commingle non-public funds for public housing units. However, mixed-income properties use different funding sources, which can include City or State funding (e.g., LIHTC) and debt.

#### **Q: How is federal funding for public housing calculated?**

A: HUD considers the request made and the housing authority's expected expenditures to manage a property based on prior months of leasing.

#### **Q: Since rents for vouchers are capped, as rent prices have increased what has happened to the geographic distribution of the units used with a voucher? Are there parts of the City where voucher holders cannot live?**

A: Rents in some parts of the Alexandria market are higher than Federal rent caps for vouchers. Thus, there are areas in Alexandria where families cannot use a voucher as they are unable to find housing they can afford. While HUD does adjust rent caps based on market increases over time, there may be a lag of a few years, so a mismatch remains between today's market rent and the voucher rent cap.

#### **Q: How many households in the City are paying more than 50% of their income for housing?**

A: See Additional information [HERE](#). However, 30% of income is the typical definition used to measure affordability. Families that pay more than 30% are housing cost burdened.

**Q: Does the City not provide a subsidy to ARHA because it isn't allowed to or because it chooses not to?**

A: The City provides funding to ARHA to help subsidize costs related to the development of public and other affordable housing, but it cannot fund public housing operating costs. Housing authorities are not allowed to co-mingle funds for public housing because these buildings are owned by the federal government. Those costs are covered by federal operating subsidies and tenant rents.

As City residents, ARHA tenants receive services from City departments such as the Department of Community and Human Services, its Workforce Development Center, Department of Recreation, Parks and Cultural Activities, etc.

**Q: If public housing is considered no longer viable, can the federal government turn it over to ARHA or to the City?**

A: Yes, and this is one way that housing authorities can take ownership of their assets (called a voluntary conversion, as in HUD's Rental Assistance Demonstration, RAD). When this occurs, HUD deeds their asset to the local housing authority which can decide whether to rehab, tear down and rebuild, etc. The housing authority must be able to show that it can support the units for a 30-year affordability period through the plan it proposes. This strategy may not be feasible in a high cost rental market (like Alexandria) because the rent caps are the same as they are for Section 8 and do not reflect the true market.

ARHA reviewed the RAD program guidance when it was first issued and concluded that the rents required of the program were not financially feasible for their operating model.

**Q: Do we really know how much public housing is required in the City, and what about by housing type and size? What is the difference between the need and the current inventory? How do you determine need, by household income?**

A: There are over 9,000 households on ARHA's waitlist alone. See Additional information [HERE](#).

**Q: Will we receive a breakdown of the different types of housing offered under various affordable housing programs?**

A: Currently, there are 4,056 Committed Affordable Units in the City (including Resolution 830 units). There are an additional 1,749 "Market-Affordable Units" and 125 Shelter Beds for a total of 5,950 affordable units. See Additional information [HERE](#).

**Q: Are the Resolution 830 units shown on the slide 29 map all public housing units? Who owns them? Who manages them?**

A: Most of today's Resolution 830 units are subsidized – either as a Project Based Voucher (PBV) or public housing. Regardless of the subsidy type (public housing or PBV), all Resolution 830 units are owned or controlled by ARHA, except for a handful, owned/managed by a private developer subject to a ground lease with ARHA. This project, Annie B. Rose, a senior housing building, replaced the John Roberts public housing development which was demolished when the Braddock metro was constructed.

**Q: What is the utilization rate of the units that were taken and converted to PBVs?**

A: ARHA has a 98% utilization rate across its entire portfolio (affordable housing, public housing and PBV).

**Q: Can voucher holders use their voucher to live in a public housing unit?**

A: No. This would not be a good policy as it ties up two affordable housing subsidies in a single unit. However, a voucher holder can occupy a tax credit-financed unit because the voucher may help them to afford that rent.

**Q: So a developer working with the City may agree to provide affordable units in a new development that may or may not fall into ARHA's portfolio?**

A: Yes. The private sector may provide affordable housing on its own and the City encourages this. The City believes it is a good idea to encourage all kinds of players to contribute to the portfolio of affordable housing. The City supports other players who are developing and maintaining affordable housing. These nonprofit and/or privately developed (set-aside) affordable units must accept households with vouchers.

Note - as written, Resolution 830 is an agreement between the City and ARHA, but this may be a discussion point you want to explore.

**Q: If there are 1,150 Resolution 830 units, and 3,557 people are being served, what are the other 1,900 types of assisted housing?**

A: Excluding 'market-affordable' and excluding Resolution 830 units, there are 3,501 affordable hard units now. See Additional information [HERE](#).

The conclusion though is that number of **subsidized** units has not decreased – and about 500 have been added since 1981. In addition, the City has had to invest money to preserve the 1900 affordable hard units it had in 1981.

**Q: How long will these affordable units remain affordable?**

A: Resolution 830 currently has an affordability period of 20 years, but the affordability period for most units is 40+ years, the typical life of a building. If a nonprofit, whose mission is to provide affordable housing, owns an affordable unit, it's likely beyond that, e.g., 60 years or "perpetuity". In the development community, the affordability period is usually 40 years.

**Q: What percentage of affordable units are accessible?**

A: To score competitively on a Virginia tax credit application, 10% of units need to be fully accessible.

**Q: Considering the dispersal of affordable housing over the past 35 years, in part due to an effort to deconcentrate poverty in the city, we need to consider the changing demographics of the City. Do we want to be intentional about where the affordable units are located or let market forces lead development?**

A: The city's demographic profile has changed over time, and within neighborhoods. One of the goals of the City's Housing Master Plan is to achieve geographic dispersion of affordable housing. To do this the City and ARHA have had to be opportunistic about land acquisition, and to work closely with the private development community to secure affordable units in new developments everywhere.

**Q: What is the City's philosophy on relocating its affordable housing? Is it considering proximity to the human services offices residents may regularly access, the impact of moving children to different neighborhoods, access to transportation, affordable amenities (e.g., grocery store)? Does the City look beyond the cost of land at potential secondary expenses for residents moving to a new area?**

A: Many factors are evaluated in determining where replacement units are located. However, the goal is always to ensure that residents have access to services and amenities regardless of location. Because the City is relatively "small" and enjoys a robust public transportation system, there are not many constraints regarding where affordable housing may be developed as every neighborhood offers opportunity. To ensure a broad mix of incomes and mitigate impacts on existing infrastructure, some neighborhoods have sought to limit the amount of affordable housing sited there.

**Q: My neighbors in affordable housing are about to be subject to the impact of redevelopment and I suggest being creative to try to keep residents in their existing communities and maintain diversity.**

A: Ms. Parkes suggested coming back to these conversations when we discuss recommendations for the future of Resolution 830.

**Q: Resolution 830 states that replacement housing should be “substantially equivalent” to the housing being replaced for 20 years or more. Given the requirement of 1,150 units, if a Resolution 830 unit’s affordability expires, does it have to be replaced by another affordable unit?**

A: As mentioned before, although the policy language requires a 20-year affordability period, most of the redevelopment work that ARHA is doing now has a longer affordability period due to its funding/financing model which requires longer commitments. This group should be thinking about whether it wants to revise the 20-year requirement in its recommendations.

**Q: What does the term ‘substantially equivalent’ mean? This could address neighborhood, unit size/bedroom type, location, amenities, affordability level, etc.**

A: The Working Group can choose to discuss the interpretation of substantially equivalent and address it as desired in its recommendations.

**Q: Of the characteristics in question for substantially equivalent, only the bedroom mix is purely objective. What is it now?**

A: While Resolution 830 lists bedrooms of the original units, there has not been an interpretation to replace units by bedroom type. Instead, ARHA considers the needs of its current households, those on its waitlist, and market demand, when determining what unit types to build. For example, if a family is over housed (in a larger unit than needed), a smaller replacement unit will meet the family’s need.

**Q: But if you’re looking at the number of units and not the bedroom size, you could be reducing the number of people you’re able to house if you reduce the overall number of bedrooms.**

A: This is something to consider. For example, should you replace a 5BR unit that is no longer needed with two 2BR units and a 1BR unit?

**Q: While everyone that is relocated from their housing gets a voucher they may not be able to find housing within Alexandria, much less their neighborhood within Alexandria. Do you have data on how many leave and how many prefer to leave?**

A: ARHA works with every resident with a voucher to help them find a place to live wherever they like. A significant percentage actually want to leave the City and use this opportunity to do so. It’s about giving families the choice to do what they want to do. ARHA reported that nationally, only about 20% of those relocated return to a redeveloped property, but for ARHA, its return rate is 40%.

**Q: If a unit is public housing now and rent is based on paying 30% of household income, does a differently subsidized unit that has an established rent count as a replacement unit?**

A: It may, but this is another good question to consider in this Working Group.

**Q: Need to think about who the Resolution 830 units are actually serving, not the upper limit for what they're allowed to serve. The answer may be tough financially, but it's what we committed to do. I would like to see how many units there are at each affordability level and how many are needed.**

ARHA collects demographic information about residents impacted by redevelopment. Since they anticipate getting tenant protection vouchers to help low income residents pay for housing it may or may not be critical to ensure deeply affordable housing is included in the proforma, however, perhaps this demographic information can be shared as part of the consideration of each redevelopment proposal. **Q: I want to ensure that there is a broad spectrum of affordable housing available in the City. Need to make sure our City still has a place for those at 20-30% AMI. The loss of affordable housing over the past decade or so has been painful. This community is committed to affordable housing and we need to harness that energy. Can we look at what other communities have done or are doing to serve the full spectrum of affordability needed by its residents?**

**Q: I agree that we need to focus on lower AMI level, but I also want to consider those at the 80% AMI cap too. People's life circumstances change, and households could rapidly drop from being over eligible to that level, yet not be eligible for any supportive programs that typically focus on lower income households.**

A: This is consistent with the City's goal. The City needs a diversity of affordable housing options.

**Q: Resolution 830 is specifically between the City and ARHA as written, but this conversation allows us to consider other options.**

A: Yes

**Q: So at the end of the day, if want to continue to serve households at 20% AMI amidst declining federal funding then the City will probably have to step in to help. Has there been any fiscal analysis done to put a dollar figure on how much it would cost to serve this population?**

A: It will have to be a City-ARHA collaboration if these 20% AMI households are to be served by ARHA. The City did some cost analysis last year and found that it costs about \$250-\$500/month to subsidize a tax credit (50 or 60% AMI) unit to be affordable for a household at 30-40% AMI. ARHA might explore how to use the proceeds that come out of a development to subsidize more deeply affordable units. And, we (the City) have talked to a private developers that work here who have told us that if we provided some incentive like a tax exemption for a deeply affordable unit they could serve those at 30-40% of AMI versus the typical 60% AMI set-asides.