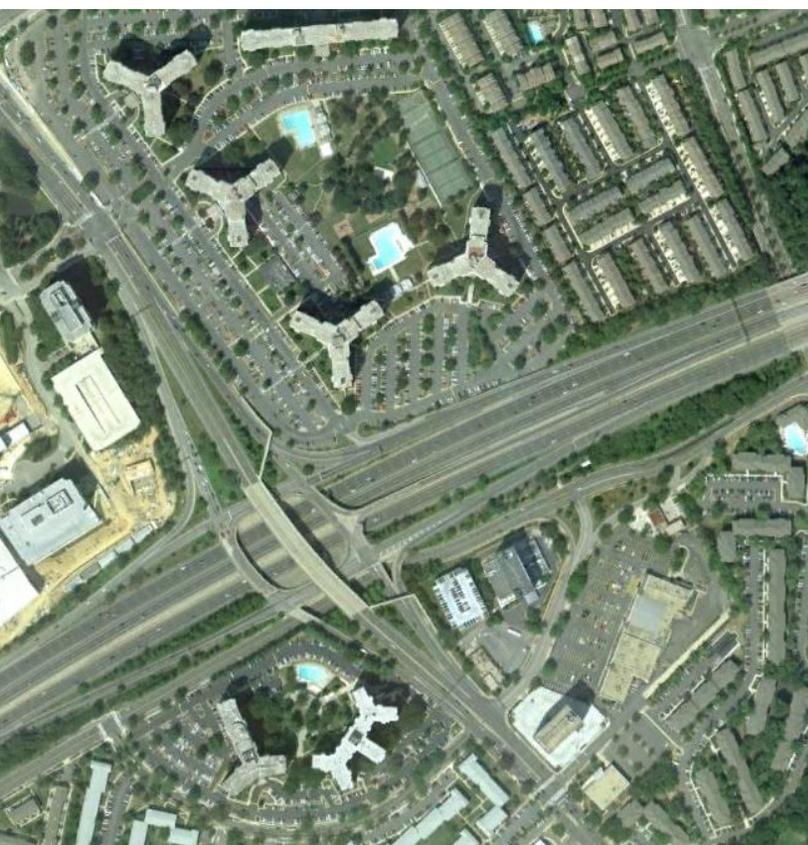
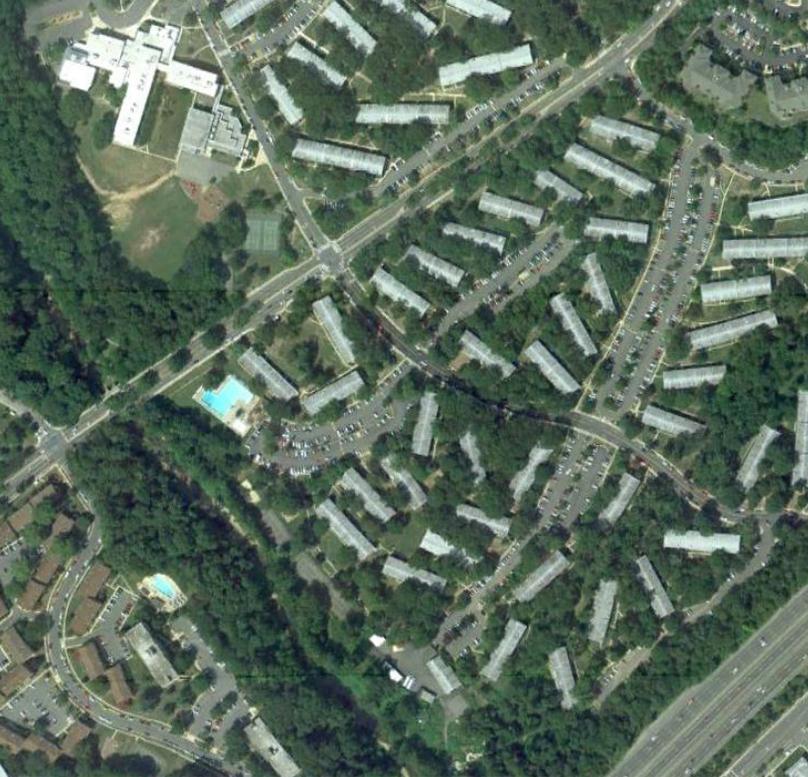


HOUSING

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HOUSING

The Plan envisions a series of neighborhoods designed to accommodate a range of incomes, ages, and household types and sizes. The Plan identifies \$87 million in private and public resources to accomplish the creation of over approximately 700 replacement affordable and workforce housing units. Reflecting this diversity, Beauregard is intended to be a home for families with children, couples, singles, and seniors, with diverse incomes, from all walks of life.

A. BEAUREGARD IS AN IMPORTANT SOURCE OF AFFORDABLE UNITS.

The existing residential development in Beauregard contains approximately 5,500 residential units, with a mix of efficiencies, and one, two and three bedroom units. Approximately 44% of the existing units are market rate affordable units, which constitutes more than 25% of the City's total market affordable housing inventory. Many residents of Beauregard are families who depend on the affordable housing.

The City defines housing as affordable if the cost of the housing and its related expenses (e.g. utilities) are at no more than 30% of a household's gross income. Many of the households in the Plan area likely spend 50% or more of their income on housing and housing-related costs.

In Alexandria, the income group for affordable housing consists of households making up to 60% (\$63,660) of the area median income for rental units and 80% (\$84,880) of the area median income (AMI) for sales units. Annual income guidelines for Washington, DC area median income are established by the U.S. Department of Housing and Urban Development (HUD). Future rent increases for affordable rental units depend on HUD's determination regarding AMI growth. Table 5 shows maximum incomes and rents in 2011-2012 for City households with incomes at or below 60% AMI.

Table 5: City of Alexandria, VA Area Median Income (AMI), 2011 60% AMI incomes and rents

2012 INCOME LIMITS					
PERCENTAGE OF AMI	ONE PERSON HOUSEHOLD	TWO PERSON HOUSEHOLD	THREE PERSON HOUSEHOLD	FOUR PERSON HOUSEHOLD	FIVE PERSON HOUSEHOLD
60%	\$45,150	\$51,600	\$58,050	\$64,500	\$69,660

2011 MAXIMUM RENT LIMITS AT 60% AMI (including utility cost allowance)				
RENT CALCULATION FACTOR	EFFICIENCY	1 BEDROOM	2 BEDROOM	3 BEDROOM
30% of 60% of AMI	\$1,114	\$1,194	\$1,432	\$1,655

Source: City of Alexandria, Office of Housing

The Plan area does not currently contain any publicly-assisted affordable, non-profit owned, Resolution 830 or ARHA owned public housing units. As a result, there is currently not a single dedicated affordable housing unit in the Plan area. In addition, none of the rental properties in the Plan area currently accept Section 8/Housing Choice vouchers that enable low and moderate income households to find housing in the private rental market by providing assistance to supplement what the household can pay up to the fair market rent.

B. CURRENT AFFORDABLE AND WORKFORCE HOUSING UNITS

Although Beauregard is one of the largest sources of market affordable and workforce housing in the City, none of the units are dedicated affordable units. Market affordable and workforce units have rents that are considered to be affordable because of the property's age, condition, location, and/or limited on-site amenities. Since the rents for these units are not regulated by agreements or

restrictive covenants they may cease to be affordable due to increases in the market rents. Over time an increased demand for housing coupled with the existing zoning will likely eliminate most all of the current market rate affordable units.

The Plan is recommending dedicated affordable and workforce units, which would enable some of the units to be committed to be maintained as affordable housing potentially for as many as 30 years. Residents of dedicated affordable and workforce units would need to be qualified as “income eligible,” and both the tenant income certifications and the lease agreements for these units would be monitored by the City’s Office of Housing to ensure compliance.

C. FUNDING CHALLENGES

It is estimated that the average cost to maintain an affordable and workforce housing for a range of households between 55%-80% AMI over thirty years, equates today to an average of \$123,000/unit because of the loss of rent revenue compared to the rent revenue generated by an equivalent market rate unit. The cost to maintain, over 30 years, an affordable or workforce unit varies with the cost today ranging from \$251,000 for a 2-bedroom unit at 55% of AMI to \$48,000 to maintain a 1-bedroom unit at 80% of AMI. The cost to purchase or subsidize an existing unit is generally less than to produce and maintain a new unit as affordable. However, when the renovations costs for the lifespan of the existing units is considered, the cost of an existing unit and a new rental are more comparable.

D. ENSURING ECONOMIC SUSTAINABILITY

The Plan's success in providing committed affordable housing could impact Alexandria's future economic sustainability. Without an adequate supply of affordable housing, the City's ability to compete for future job and economic growth is compromised. As a result, Alexandria may lose talented human capital and its associated consumer spending to other jurisdictions.

E. AFFORDABLE HOUSING STRATEGIES

A goal of the Plan is to ensure that over time, at least 28% of the existing units, when replaced, become committed affordable and workforce units. The Plan recognizes that the cost to develop and maintain committed affordable units over time needs to be balanced with other Plan public benefits such as transit and a new fire station. The Plan proposes to achieve a 28% affordable and workforce target. In 2011 dollars, a public-private investment of over \$87 million will be needed to reach the goals of the Plan through several strategies including:

- I. Phased implementation of the 28% affordable and workforce housing target using developer contributions, state and federal funds, as well as City funds;
- II. Affordable units dispersed throughout the Plan area;
- III. Innovative building types and parking approaches;
- IV. Green Technology, Enhanced Accessibility and Proximity to Transit;
- V. Encouraging Enhanced Regional Coordination;
- VI. Retention of some existing units;
- VII. Tenant Relocation Assistance;
- VIII. Use of Tools and Resources Developed in the Forthcoming Housing Master Plan; and
- IX. Submission of a Comprehensive Affordable Housing Plan for Beaugard.



I. Phased Implementation of Affordable Housing

The Plan recommends that 28% (703 units) of the existing units which are demolished will be replaced with committed affordable and workforce rental housing for incomes ranging from 55% to 80% AMI. To achieve this target will require that some of the developer contributions for Beauregard as well as voluntary affordable housing contributions be applied to finance the affordable housing plan. In addition, the Plan aims to continue the City's on-going efforts to meet and/or increase affordable housing by leveraging available funding through City, state, federal and other sources. City sources would include a percentage of real estate taxes gained from the redevelopment of the Plan area.

Phase I – Tenant Assistance

Many of the necessary improvements such as the fire station and transit corridor are needed in the early stages (2012 to 2020) of the proposed redevelopment. As a result, the funding necessary for elements such as affordable and workforce housing does not become available until approximately after 2020 (See Implementation - Chapter 9).

The Plan is recommending that the developers within the redevelopment sites and the City develop a Tenant Assistance Plan which would assist existing tenants in finding new rental units at the time their existing rental units are planned to redevelop.

Phase II – Tenant Assistance and New Units

Based on the projected development phasing, beginning in 2020, the developers will be responsible for providing monetary contributions to fund long term committed affordable and workforce units, which will total, \$56.2 million as follows (in 2011 dollars):

- \$22,400,000 - Developer public amenities fund for Beauregard (contribution allocated for housing); and
- \$25,800,000 - Developer voluntary affordable housing contributions to City based on current contribution formula for proposed density.
- \$8,000,000 - Developer contribution of existing 56 units at Hillwood.

To meet the 28% goal the City, with cooperation from the developers, will work to leverage up to \$31 million in federal, state, City and other/TBD funding sources to supplement the developer contributions. In total, \$87.2 million is estimated to be needed to develop and maintain 28% of the new and redeveloped units as affordable to households with incomes at or below 55%, 60%, 75%, and 80%AMI for a thirty year period.

II. Affordable and workforce units dispersed throughout the Plan area

The Plan requires distribution of affordable and workforce housing throughout Beauregard. As development occurs, developers will work with the City towards the goal of providing some affordable and workforce housing in every residential phase. For the units delivered prior to the start of the use of developer contributions to fund affordable and workforce housing, a plan to “reach back” to acquire committed units within the early projects would be implemented. Unit types and sizes may be considered in determining the appropriate level of affordability to best meet the necessary housing needs. The new committed affordable and workforce housing units would be able to accept residents with housing choice/ Section 8 vouchers, providing expanded housing options.



The Alexandria Redevelopment and Housing Authority (ARHA) is partnering again with private developer, EYA, to redevelop 194 obsolescent units of public housing at its James Bland properties into a mixed-income development known as Old Town Commons that will include market rate sales townhomes and condominiums, workforce sales condominiums and public housing rental units. Some of the existing public housing at James Bland, which covers five City blocks, will be relocated to other sites within the City; however, 134 will be redeveloped onsite. The cost to redevelop the public housing units (around \$56 million) is being funded by private equity induced by federal low income housing tax credits, proceeds from the sale of ARHA-owned land to EYA and through a portion of the proceeds earned by ARHA from EYA's sales of market rate and workforce units. Old Town Commons is modeled on a prior collaboration between ARHA and EYA, which also accessed federal HOPE VI grant funds. Old Town Commons is phased over five years. Market rate townhomes in the first two phases of have sold quickly, and reservations for the first phase of condominiums was recently offered to the public.

As designed by EYA, the public housing rental units are integrated seamlessly into its market rate product through innovative design as shown in the accompanying illustration. Three public housing apartments are incorporated into a multistory structure which mimics the exterior of neighboring market rate sales townhomes. By locating the public housing, which requires no-minimal parking, within the corner units the design efficiently maximizes the floor space available by eliminating a garage.

III. Innovative building types and parking approaches

Beauregard will offer a range of housing products and types. Creative design can increase the amount of affordable and workforce housing achieved while integrating these units into a larger mixed income community. Old Town Commons, offers an example of a mixed income development which combines market rate (sales) townhomes and affordable (rental) housing units in a design which all of the units appear to be townhomes from the street. The Plan recommends the use of innovative building types such as stacked townhouses, back to back townhouses, reduced width townhouses and accessory units to maximize the number of committed affordable and workforce rental units when they can be incorporated into a buildings design.

Smaller and/or more efficiently designed units may help yield a larger number of assisted units. Allowing accessory dwelling units within the Plan could also increase affordable options. Lowering the parking requirements (and its associated cost) for affordable housing units is a potential way to potentially increase the dedicated housing that can be developed such reductions reflect a lower rate of auto ownership and usage (and higher rate of public transportation usage) for affordable housing.

IV. Tenant Assistance

The Plan recommends that the developers provide a plan to address issues impacting current residents of the properties to be redeveloped. This Plan, which will be reviewed by Housing's Landlord Tenant Relations Board, will include strategies and timelines for outreach and notice for tenants, including translation, as needed; commitments for technical and financial assistance to be provided for relocation; and provision of housing and other resources to facilitate relocation within the Plan

area, particularly for income eligible tenant households, elderly residents, tenant households with special needs members, long term residents (5 years), and tenant households which include children attending schools in the Plan area.

V. Green Technology, Enhanced Accessibility and Proximity to Transit

Over the 20 - 30 year period of redevelopment, new construction offers potential opportunities for increased energy efficiency to reduce monthly utility costs for residents which will increase affordability. In addition, new construction will also enable accessible and universally designed units. Residents of affordable housing units could also benefit from proximity to improved transit, jobs, amenities and services.

VI. Enhanced Regional Coordination

The loss of market affordable and workforce housing in the Plan area is exacerbated by the anticipated loss of affordable and workforce housing in the region, particularly in adjoining areas such as Columbia Pike and Bailey's Crossroads over the next several decades. While each jurisdiction is developing strategies to preserve and/or produce committed affordable and workforce housing, financial constraints may make regional collaboration and potential pooling of resources a mutually beneficial option for future consideration.

VII. Retaining Existing Units

The per unit cost of affordable and workforce units may be reduced if some of the existing market affordable units in Beaugard, or immediately adjacent to the Plan Area, are preserved as committed units, because the cost is slightly lower than new units. This approach may be helpful in securing unit types or sizes that are not produced within redeveloped Beaugard, particularly to the extent that they are desirable for relocation of existing income-eligible households. Using this strategy,

it may also be possible to more deeply subsidize some component of units to ensure that existing very low and low income residents have affordable options. The cost to preserve existing units must include allowances for adequately rehabilitating and maintaining these units over time. Part of the preservation strategy may include accessing low income housing tax credits and/or bonds to attract investment of private equity.

JBG has offered and the City has conceptually agreed to, as part of this Plan, to transfer ownership of two existing multifamily buildings in the Hillwood community to the City and/or to its designated nonprofit development partner for preservation as affordable housing sometime in about 2018. The timing of the transfer depends on current financing restrictions. These 56 units, which will add an additional \$8 million of value to the overall public benefit being contributed by the developers. The future nonprofit owner will leverage resources from available federal and state sources, including tax credits, to renovate the buildings, if/as necessary, and to enhance livability and energy efficiency. Through continued coordination and cooperation between the City and the developers, it is anticipated that this type of public-private and nonprofit collaboration may be replicated to incent and maximize affordable housing preservation of other apartment properties.

VIII. Tools and Resources Developed in the Forthcoming Housing Master Plan

Other tools and resources now being developed in the Housing Master Plan, may also help to increase the target number of dedicated affordable housing units in the future. Potential tools for Beauregard could include a bridge or construction loan facility offered through a loan consortium, City loan guaranties, accessory dwellings and reduction of parking requirements for affordable housing units and incentives for universal design and supportive housing. When efficiencies enabled by the City result in savings for developers, these could be quantified and applied to increase the resources for affordable and workforce housing. If additional development, beyond



what is proposed in the Plan be approved in the future as “bonus density” it would be subject to the provision of affordable housing in conformance with the City’s bonus density policy in effect at the time of approval.

IX. City Plays an Active Role - Facilitating Partnerships and Providing Technical Assistance

To achieve the greatest number of units, the City will be a partner and investor in the redevelopment process. Not only will there need to be continued communication, collaboration and coordination with developers, the City will also take an active role in potentially facilitating public private partnerships and/or joint ventures, including with nonprofits and private developers in order to maximize access to public and private resources, such as federal low income housing tax credits and foundation grants. ARHA, and AHDC are likely partners.

The City, can also provide information and technical assistance. The City can identify and secure a wide range of public and private resources to fund affordable and workforce housing. These may include organizing a loan consortium, securing loan and development guarantees, accessing soft funding sources such as Federal Home Loan Bank grants for affordable housing production, providing local support to enable federal low income housing tax credits, funding bridge, predevelopment or construction loans through the City’s Housing Opportunities Fund and accessing foundations funds from Enterprise, MacArthur, Calvert and other affordable housing funders to underwrite affordable housing production or preservation costs (e.g., Enterprise green multifamily loans to enhance sustainable affordable housing.

Tools and incentives to preserve existing rental units as dedicated affordable and workforce housing will need to be explored in collaboration with owners. In addition, the dedicated affordable housing built or preserved within the Plan area could potentially be supplemented by preserving dedicated

affordable housing nearby at Southern Towers and Willow Run. A VHDA planning grant will allow the City to engage a consultant to assist in developing financing strategies to amplify affordable housing development and preservation efforts. Any preservation at those sites would need the agreement from the property owners.

XI. Submission of an Affordable and Workforce Housing Plan

The Plan recommends an affordable and workforce housing plan with the City and the developers to address the strategies, timing, financing and implementation of both interim and long term committed affordable housing in Beauregard. The plan will also address resources to be provided to facilitate relocation of existing residents and to enable income eligible households to remain within the Plan area as redevelopment occurs.

HOUSING RECOMMENDATIONS

- M** 5.1 A minimum of twenty-eight percent (28%) of the existing units (703) which are demolished will be replaced with committed affordable and workforce rental housing, including a mix of units to serve households with incomes at or below 55%, 60%, 75% ,and 80%AMI. Committed affordable and workforce units will also be available to otherwise qualified participants in the Housing Choice Voucher/Section 8 rental assistance program.

Phase I - Tenant Assistance/Reach Back

An umbrella tenant assistance plan should be agreed upon between the City and the developers concurrently with the rezoning(s) contemplated by the Plan. Then, as DSUPs are proposed, developers will provide a specific tenant relocation plan to the City for its review and approval, and shall comply with the City's voluntary conversion assistance program. As part of the Plan for affordable housing, the developer(s) will provide tenant assistance through a developer-sponsored relocation coordinator. Tenants will be surveyed and, depending on their qualification and income, will receive financial assistance and direction to comparably priced housing resources.

An agreement will also be developed between the City and the developers in the Plan area regarding the future process through which the City may reach back to acquire and preserve recent, but not new, units as "committed."

Phase II – Tenant Assistance and New Units

As part of the provision of committed affordable and workforce housing the developer(s) will be responsible for providing a monetary contribution based on square footage for each new building as part of the redevelopment. The Implementation Chapter of the Plan will detail the amount and structure of these contributions. During each DSUP process where residential units are included, affordable and workforce housing plans for each of the residential units in that DSUP shall be addressed.

- M** 5.2 Affordable homeownership will not be subsidized through the Beauregard public amenities fund and/or through Beauregard developer voluntary affordable housing contributions. These sources will be dedicated to produce and/or preserve affordable and workforce rental housing since that is the type that is being redeveloped in Beauregard and can be most effectively maintained as affordable over the long term. Within the Plan area, homeownership assistance may be provided to qualified buyers within existing City programs and resources established for this purpose.
- M** 5.3 All affordable and workforce housing should be distributed throughout the Plan area to the degree feasible. Preserving or securing affordable and workforce housing units in areas immediately outside the Plan area could be considered as an alternative strategy to exceed the target number established, to achieve even more deeply subsidized units (i.e., reach lower ranges of affordability than 55% or 60% AMI), and/or as a means to obtain particular unit types or sizes not available within the Plan Area when redeveloped.

-  5.4 As part of the redevelopment process, explore the provision of innovative building types such as stacked units, back-to-back townhouses and accessory dwelling units. Also, retention of existing units should be explored.
-  5.5 Explore parking that will incentivize affordable and workforce housing while also being consistent with the intent of the Plan.
-  5.6 Utilize the green technologies and systems to provide energy efficient units to minimize utility bills. If preservation opportunities arise, the City will review plans for rehabilitation to ensure they are adequate to extend the function, efficiency and livability of the building throughout the proposed affordability period.
-  5.7 In new construction, integrate universal design and/or accessibility features to accommodate multiple life stages and abilities.
-  5.8 Explore opportunities for public, private and non-profit collaborations to maximize the use of land and to leverage all available resources for the development and preservation of affordable and workforce housing. As an active participant in the redevelopment process, the City will facilitate public, private and non-profit partnerships as well as potential joint ventures in order to help access a range of funding and financing sources.