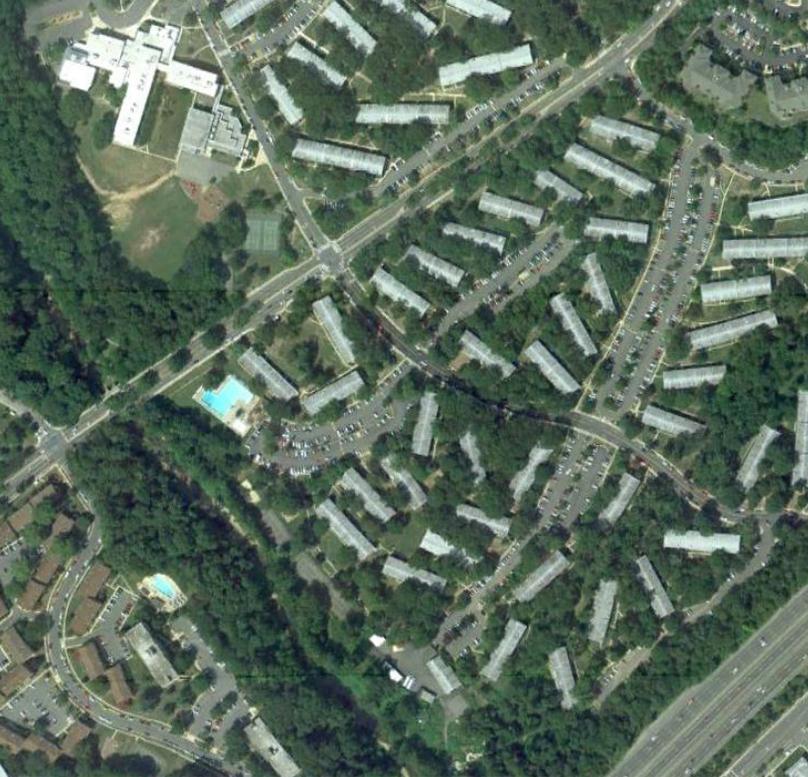


HOUSING

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5





## HOUSING

The Plan envisions a series of neighborhoods designed to accommodate households at a range of incomes, ages, and household types and sizes. The Plan identifies \$114.1 \$87 million (in 2011 dollars) in private and public resources to accomplish the creation of 800 over approximately 700 replacement affordable and workforce housing units. This is \$34 million more in private and public resources and includes 97 more units than in the first draft of this Plan. This goal number of units may grow as other sources of leverage are identified over time. Reflecting this diversity, Beaugard is intended to be a home for families with children, couples, singles, and seniors, with diverse incomes and backgrounds, from all walks of life.

### A. BEAUGARD IS AN IMPORTANT SOURCE OF AFFORDABLE UNITS.

The existing residential development in Beaugard contains approximately 5,500 residential units, with a mix of efficiencies, and one, two and three bedroom units. As of 2011 approximately 44% of the existing units were are market rate affordable units, which constitutes more than 25% of the City's total market affordable housing inventory. Many residents of Beaugard are families who depend on the relatively affordable housing.

The City defines housing as Housing is generally considered 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 City defines the income group for affordable housing consists of as households making up to 60% (\$63,660) of the area median income for rental units and up to 80% (\$84,880) of the area median income (AMI) for sales units, adjusted for household size. Annual income guidelines

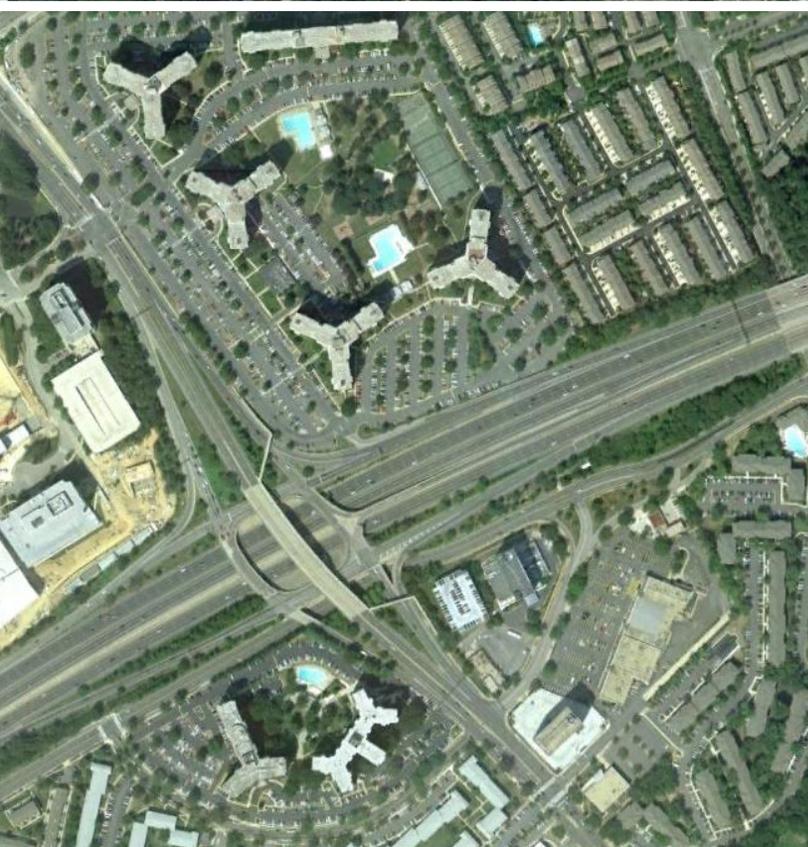


Table 5A: City of Alexandria, VA Area Median Income (AMI), 2011 60% AMI incomes and rents

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

2012 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	\$1,129	\$1,209	\$1,452	\$1,677

Source: City of Alexandria, Office of Housing

for the 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. For each size household, this table shows the highest income possible to qualify which means that households with incomes below 60% AMI may qualify, but to do so may exceed the 30% rent to income ratio.

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 owned by the developers 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.~~

**Public Housing** serves extremely low income households (typically 0-30% AMI) in the City. Public housing is owned and operated by the Alexandria Redevelopment and Housing Authority (ARHA). Residents pay 30% of their income for rent, and federal funds are paid to ARHA to help with costs of managing and maintaining public housing. There are approximately 823 public housing units in Alexandria.

**Affordable rental housing** serves households with incomes up to 60% AMI. Some units may be specifically designated to be affordable to households at lower income ranges. Owned or developed by both nonprofit and private developers, affordable housing may be funded with a variety of sources including low income housing tax credits and bonds which help attract private investment to subsidize project costs. Many affordable housing projects have covenants or regulatory agreements which specify the terms and conditions of affordability, including resident eligibility and qualification. The City monitors affordable housing when it is a lender or investor in the project, or when a developer provides as a set-aside, pursuant to a DSUP.

**Workforce rental housing** usually designates units that have rents that are affordable to households with incomes between 60-80% AMI. Because there are no state or federal subsidies to specifically fund the cost of constructing workforce housing, this type of housing must be subsidized or financed privately and/or by the local government. At The Station at Potomac Yard, 20 workforce units were developed using funds contributed by the developer to the City's Housing Trust Fund. Within the City's rental market, there are options for workforce housing in many existing developments.

**Housing choice vouchers** (formerly known as Section 8) are administered by ARHA. Vouchers provide a supplement help low and moderate income households find apartments within the general rental market. The program expands housing choices and helps create mixed income communities. The participating household pays 30% of its income toward rent, with the voucher making up the rest up to a fair market rent established by HUD. Households are re-certified each year. Vouchers may be used wherever a landlord agrees to accept them.



## 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 caused by market pressures. Over time an increased demand for housing coupled with the existing zoning will likely eliminate most all of the current market rate affordable units.

Another way that market affordable rental housing may be lost is by renovation and repositioning of an existing property. An example of this can be found just outside the Plan area at The Encore property. When this property, which was formerly known as Seminary Forest, was acquired in the mid-2000's it was rehabilitated and rents were increased, resulting in an economic dislocation of most residents. No relocation assistance was provided. During the decade rents rose nearly 90% at this rehabilitated property, more than twice the rent increases experienced across the street at a comparable market affordable garden apartment property.

Although market affordable housing is usually lost through rent increases that take the property out of the range considered affordable, in a desirable market like Alexandria, garden apartments are susceptible to redevelopment. Prior to the Beauregard Plan process, JBG filed a plan to redevelop the Lynbrook community by demolishing the largely affordable apartments there and replacing them with townhomes. Because the proposed density is permitted by the existing zoning, the developer could not be required to replace any of the market affordable rental units.

To ensure that some affordable and workforce level housing within the Plan area remains affordable over time the Plan is recommending dedicated recommends that 800 committed 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 with terms ranging from 30 years to perpetuity be provided throughout the Plan area, including both new and existing units. Residents of dedicated committed affordable and workforce units would need have 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 based on specific conditions incorporated during the development review phase. Ideally, income eligibility would result in a household spending only 30% of its income on rent and utilities. If a Beaugard Plan Area tenant is already paying more than 30% of income towards rent and is a tenant in good standing, the tenant will not be disqualified from a committed affordable unit, but may need to spend more than 30% of income on rent and utilities.

### C. FUNDING CHALLENGES

It is estimated that the average cost to maintain a new affordable and workforce housing for a range of households between 40%-75% 55%-80% AMI over thirty years, equates today to an average of ~~\$123,000~~ \$173,000/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: The average cost to buy down an existing unit for 30 years is less (estimated at

Table 5B: Affordable Housing Unit Cost by Income Group

AVERAGE COST OF A NEW AND EXISTING AFFORDABLE HOUSING UNIT in Beaugard Plan Area, 2012		
INCOME GROUP	NEW UNIT COST	EXISTING UNIT COST
40% AMI	\$251,500	\$119,000
50% AMI	\$202,500	\$70,000
55% AMI	\$178,000	\$45,500
60% AMI	\$153,500	\$21,000
75%AMI	\$80,000	xx

\$58,000 in 2011 dollars) and may vary depending on the unit's condition as renovated or not. Table 5B illustrates potential average costs to maintain affordability in new and existing units across a range of affordability levels.

#### D. ENSURING ECONOMIC SUSTAINABILITY

The Plan's success in providing committed affordable and workforce housing could impact Alexandria's future economic sustainability. Without an adequate supply of affordable and workforce housing, the City's ability to compete for future job and economic growth is compromised. A recent George Mason University Center for Regional Analysis study underscores this need for an increased supply of affordable and workforce housing in the City and the Washington metro area. As a result, Alexandria may lose talented human capital and its associated consumer spending to other jurisdictions. City businesses such as car repair shops, retail establishments, restaurants, hotels, and many service sector employers need to have an adequate supply of affordable and workforce housing options for their workers in order for their business to thrive and serve the Alexandria community.

#### E. AFFORDABLE HOUSING STRATEGIES

A goal of the Plan is to ensure that over time, at least 32% ~~28%~~ of the existing 2,475 units, ~~when replaced, become~~ to be demolished, are replaced with new and existing committed affordable and workforce units. The Plan's focus is to provide options for lower income households which have limited choices in the City's private rental market. The Plan recognizes that the cost to develop and maintain committed affordable units over time, while a high priority still, needs to be balanced with other Plan public benefits such as transit and a new fire station. The Plan proposes to achieve a ~~28%~~ this 32% affordable and workforce target based on an identified public-private investment of over \$87 \$114.1 million, in 2011 dollars . ~~will be needed to reach the goals of the Plan~~ This target will be met, and possibly improved, through several strategies including:

- I. Phased implementation dedication of the 28% committed affordable and workforce housing target using developer contributions, state and federal funds, as well as City funds units beginning before demolition starts;
- II. Tenant Relocation and Assistance Program;
- III. Affordable units dispersed throughout the Plan area;
- IV. Innovative building types and parking approaches, when feasible;
- V. Incentivizing green technology, enhanced accessibility and proximity to transit;
- VI. Encouraging enhanced regional coordination;
- VII. Retention of some existing 100 units, through developer donation;
- VIII. Use of Tools and Resources Developed to be recommended in the Forthcoming Housing Master Plan;
- IX. Funding and third-party leverage; Submission of a Comprehensive Affordable Housing Plan for Beauregard.
- X. Collaboration with housing non-profits and the Alexandria Redevelopment and Housing Authority (ARHA);
- XI. Exploring partnerships to achieve affordable senior housing units; and
- XII. Continued outreach and consultation with stakeholders and advocacy groups.

I. Phased Implementation of Affordable Housing Dedication of Committed Long-Term Affordable and Workforce Rental Units

The Plan recommends that 28% (703 units) 800 units (equals to 32% of the existing units which are to be demolished) will be replaced with be provided as committed affordable and workforce rental housing for households with incomes ranging from 55% to 80% 40% to 75% 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 City plans to dedicate \$52.4



**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.

million of the future real estate tax revenue that is realized due to an increase in the assessed values of properties as a result of redevelopment in the Plan area.

The Plan aims to continue the City's on-going efforts also envisions an active role for the City to meet and/or increase affordable housing by leveraging available third-party funding through City, state, federal and other public and private sources.

City sources would include a percentage of real estate taxes gained from the redevelopment of the Plan area.

With early money being made available by through a reduction of contingency funding for the Ellipse and the Transitway, as well as \$4.0 million from the City's Housing Trust Fund account and other City housing sources, the City will be able to acquire 101 committed affordable units within existing apartment developments so that some dedicated, long term units will be available by the time the first phase of demolition occurs. The City and the developers have set a preliminary target of having committed units, available of at least 20% of the units which are proposed to be demolished in each phase, prior to the start of each phase of redevelopment.

The City and the developers, in consultation with Tenant and Workers United (TWU) plan to sponsor a survey of the households that will be impacted by redevelopment. Survey data regarding household income and demographics of current residents will help refine planning for housing needs and targets for the rezoning in the fall and subsequent DSUP processes.

The City also hopes to improve the housing target by extending the affordability period beyond thirty to forty years, when possible. The developers have agreed to negotiate in good faith with the City for this ten year extension. The City would need to pay for that extension at the time it occurred.

In order to create units that would be dedicated affordable housing units in perpetuity, JBG has agreed to donate 100 existing units to the City. The value of these units is estimated at least \$14.3 million, with the mortgage value, including rehabilitation, projected at around \$8 million. These would include two buildings (56 units) in Hillwood and two buildings (44 units) in Lynbrook. The City would designate the future owner-operators of these affordable housing units. The owner-operators could be either a housing non-profit or ARHA. While the household incomes to be served in these buildings would be determined at a later date, it is the intent of this Plan that a range of incomes would be served in these 100 donated units. Since the units would have net income generated, that value can be captured through small mortgages whose proceeds can then be used to help increase the number of Plan area dedicated affordable housing units to the desired 800 unit level.

In addition to the donated units, in order to increase the number of units that could be considered held in perpetuity for affordable housing, the developers have agreed, after the CDD adoption and before DSUP consideration, to negotiate, in good faith with the City and non-profit housing provider and ARHA to sell building pads or sites to be developed. The sales prices in such transactions are contemplated to be at market rates, and the City would be able to apply some

of the \$114.1 million in affordable housing funds contemplated in this Plan for acquisition and development of acquired sites. Funding from federal housing tax credits and the Virginia Housing Development Authority (VHDA) would also be potential sources of financing for such acquisitions.

#### 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):

#### II. Interim Tenant Relocation and Assistance Program

Even as committed affordable units are acquired, it is anticipated that there will be an ongoing demand, exceeding the capacity provided by these units, for additional relocation resources within the Plan area for residents impacted by redevelopment. Some tenants may be eligible for committed affordable and workforce units if/ as available on a priority basis; others may have incomes above the threshold for qualification for these units.

The Plan proposes that the developers provide coordinated relocation and tenant assistance to impacted households as soon as DSUPs are filed. The tenant relocation and assistance program will include:

- Notice and regular, ongoing communication with residents beginning when a DSUP is filed, including information regarding the projected timing of demolition and relocation. This should provide around two years advance

notice to tenants before demolition so that they can prepare. To ensure that residents understand the process and can participate in planning for their future, translation and language services will be provided, as needed.

- After the initial notice, affected residents will be surveyed regarding their household’s composition and income to assess housing need and qualification for a committed unit. The survey will also collect information regarding other factors to determine whether the household should be considered on a priority basis for a committed affordable unit when available. These factors could include income, age (seniors), tenure, a disabled or special needs household member and children enrolled in elementary school in the Plan area.
- A relocation coordinator will provide assistance based on information provided in the survey. The coordinator will maintain a database of all available units and upcoming vacancies in the Plan area. The developers will cooperate in providing information about their properties. For residents who wish to relocate in the Plan area, the coordinator will offer available comparably priced units and will help with the leasing process. All resident households in good standing will be allowed to relocate without further credit or background checks. They will not be required to meet a minimum income standard to qualify for a comparably priced unit. The household shall be defined as consisting of every member listed on the lease.
- The relocation coordinator will also keep information regarding other affordable housing resources nearby and throughout the City, as well as information and referrals to other multifamily rental properties.

- The City's Office of Housing will provide information regarding housing resources. It will also work with the relocation coordinator to manage the process to prioritize households for relocation into a committed affordable or workforce housing unit and maintain a waiting list, as necessary.
  - All households in good standing at the time of relocation shall receive financial assistance to help defray costs of the move. These payments shall be no less than as set out in the City's Voluntary Conversion Assistance Policy.
- The tenant relocation and assistance program will be reviewed by the Landlord Tenant Board as part of the subsequent zoning(s) and development review process. That Board will seek comment from the Economic Opportunities Commission and the Social Services Advisory Board.

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~~ 62.5 million, as follows (in 2011 dollars):

- ~~\$22,400,000~~ \$23,900,000 - 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.
- \$8,000,000 - Mortgage value of donation of existing 100 units at Hillwood (56) and Lynbrook (44).

To meet the ~~28%~~ 32% replacement goal the City, with cooperation from the developers, will work to leverage up to ~~\$31~~ \$52.4 million in federal, state, City and other/TBD funding sources to supplement the developer contributions. In total, ~~\$87.2~~ \$114.1 million is estimated to be needed to develop and maintain ~~28%~~ 32% of the new and redeveloped units to be demolished as affordable to households with incomes at or below 40%, 50%, 55%, 60%, and 75%, and ~~80%~~ AMI for a ~~thirty-year~~ period a minimum of 30 years, and in some instances considerably longer.

#### III. Affordable and Workforce Units Dispersed throughout the Plan Area

The Plan ~~requires~~ envisions distribution of affordable and workforce housing throughout the Beauregard Plan area. As planned development occurs, in each DSUP developers will work with the City towards the goal of providing some committed units affordable and workforce housing in every residential phase including conditions to allow the City to "reach back" to buy additional new units in the future, as funding and opportunities may arise. Distribution of unit types would be defined as both distribution of individual affordable units within a market rate building, as well as buildings which would be comprised of either a range of affordable housing levels or a mix of market and affordable income levels. 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. With the proposed acquisition of existing units to expand the commitment target, distribution will extend to Southern Towers and Seminary Towers, potentially adding three bedroom units to the available mix. 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.

#### IV. Innovative Building Types and Parking Approaches

Beauregard will offer a range of housing products and types. Creative design can may increase the pool, location, and amount of affordable and workforce housing achieved options available while integrating these units into the larger mixed-income community. Old Town Commons, offers an local example of a mixed-income development which combines market rate (sales) townhomes and affordable (rental) housing units in through a design in 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 if feasible, they can be incorporated into a buildings design.

Smaller and/or more efficiently designed units may help yield a larger number of assisted committed units, or to reach households with very low incomes and/or special housing needs. Allowing accessory dwelling units within in the Plan could may 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 committed housing that can be developed. Such reductions reflect a documented lower rate of auto ownership and usage (and higher rate of public transportation usage) for affordable housing. Among residents of affordable housing, this strategy is also consistent with/supportive of the Plan's goal of fostering transit-oriented development.

#### 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 to incorporate green technologies to increase energy efficiency to and reduce monthly utility costs for residents which will increase enhancing affordability. In addition, new construction will also enable accessible and universally designed units to enhance affordable housing options for aging residents and/or persons with disabilities. Residents of affordable housing units could will also benefit from proximity to improved transit, jobs, amenities and



services. Expanding economic opportunity and lowering transportation costs will enhance financial self-sufficiency. An appropriate jobs-housing balance is important to Alexandria's future economic growth. Funding to incentivize green, accessible, and transit-oriented development are available through federal and private sources invested in sustainable smart growth.

#### VI. Enhanced Regional Coordination

The potential impact from the loss of market affordable and workforce housing in the Plan area is exacerbated by the anticipated loss of other affordable and workforce housing resources in the region, particularly in adjoining areas such as Columbia Pike and Bailey's Crossroads over the next several decades as redevelopment and revitalization occur. While each jurisdiction is developing plans and 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 and pragmatic option for future consideration.

#### VII. Retaining Existing Units

Incorporating existing units as part of the pool of committed affordable housing not only enhances opportunities to meet/improve the target number (by lowering initial acquisition costs) but also increases options to secure a variety of units sizes and dispersion through the Plan area. The per unit cost of affordable and workforce units may will be reduced more financeable if some of the existing market affordable units in Beauregard, or immediately adjacent to the Plan Area, are preserved as committed units, because the cost is slightly substantially lower than new units. This approach may be helpful in securing unit types or sizes that are not widely produced within redeveloped Beauregard, 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 down to a 40% AMI level 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 [funding sources such as](#) low income housing tax credits and/or bonds to attract investment of private equity, [along with other public financing mechanisms.](#)

JBG has offered and the City has conceptually agreed to, as part of this Plan, [Hillwood and Lynbrook Donation of Existing Units](#). [JBG has offered](#) to transfer ownership of two [four](#) existing multi-family buildings in the Hillwood [and Lynbrook](#) communities to the City [around 2020 \(Hillwood\) and 2028 \(Lynbrook\)](#). [Pending their transfer, the City would buy down some units in Lynbrook to be part of the Plan's committed affordable stock at a price calculated to recognize this interim arrangement, 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: It is likely that the City will designate the Alexandria Housing Development Corporation \(AHDC\), a non-profit entity, and/or ARHA to own and operate these properties, totaling 100 units as affordable mixed-income housing in perpetuity.](#)

These 56 units, which will [The mortgage value of the Hillwood and Lynbrook properties](#) adds an additional \$8 million of value to the overall public benefit being contributed by the developers. The future ~~non-profit~~ 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 coordination and cooperation between the City and the developers, it is anticipated that this type of public-private and non-profit collaboration may be replicated [elsewhere in the Plan](#) to incent and maximize affordable housing preservation of other apartment properties.

[The Plan anticipates the acquisition of existing units, as well, as part of the City's strategy to meet or exceed the target number. The developers have agreed to offer up to 10% of the units in the apartment buildings that are not proposed for redevelopment to be bought down as committed affordable units. Currently these include Southern Towers, Berkeley Building \(46 units\) and Seminary Towers \(55 units\). Since JBG's donation of Lynbrook is not planned for 10-15 years or more, the City will likely buy down affordability in the 44 units in that development pending transfer of ownership. The revised Plan now has a target of preserving more than 200 existing units as affordable, when Lynbrook and Hillwood are added.](#)

#### VIII. Tools and Resources ~~Developed to be Recommended~~ 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~~ [committed](#) affordable housing units in the future. Potential tools for Beauregard could include a bridge or construction loan facility offered through a [regional](#) 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 [overall pool of](#) resources for

affordable and workforce housing. If additional development, beyond what is proposed in the Plan be approved in the future as “bonus density” subject to traffic and other studies to demonstrate sufficient capacity of infrastructure in place. 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. Funding and Third-Party Leverage City Plays an Active Role-- Facilitating Partnerships and Providing Technical Assistance

More than \$114 million in public amenities fund, developer voluntary contributions for affordable housing, City real estate tax increment revenue and in-kind donations of land and buildings has been proposed to create and fund a stock of 800 long-term committed affordable and workforce housing units in the Plan area.

As presented, these funds are unleveraged. It is anticipated that this unprecedented investment will be leveraged with other third party sources to improve the Plan’s target, extend the term of affordability, provide deeper subsidies and to renovate existing buildings that are preserved, acquire other sites and/or units, if feasible, and meet other City affordable housing goals.

Table 5C: Affordable and Workforce Housing Funding Sources

AFFORDABLE AND WORKFORCE HOUSING FUNDING SOURCES for Beaugard Plan Area	
FUNDING SOURCE	AMOUNT (\$ IN MILLIONS)
Developer’s Cash Share	\$49.7
Mortgage Value of Donation	\$8.0
City Tax Increment Share	\$52.4
City Housing Monies	\$4.0
Total	\$114.1

Among the sources that may be leveraged are federal grant funds specified for sustainable communities and green or transit oriented development, private foundation grants and funds (e.g., Enterprise, MacArthur), bridge funds for preservation (Virginia Community Capital), and other federal and state funding sources (VHDA, FHA, housing tax credits and bonds) as well as private equity investment.

To achieve the greatest number of units, the City will be a partner and investor in the throughout 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,

# The Station at Potomac Yard

including with non-profits and private developers in order [as a means](#) to maximize access to public and private resources, such as federal low income housing tax credits and foundation grants. ARHA and AHDC [AHDC and/or ARHA are](#) 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, pre-development 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. [To fully implement the Plan, funding for additional Housing staff will be necessary.](#)

## X. Collaboration with Housing Non-profits and ARHA

[The Plan area may provide an important resource for some public housing replacement units, if/as deemed needed, when future ARHA redevelopment occurs. ARHA's draft Strategic Plan, anticipated to be released in spring 2012, provides a road map for the Authority's redevelopment plan and timeline for its Braddock Metro rail station area properties.](#)

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

**The Station at Potomac Yard**, an innovative mixed use development combining a state-of-the-art City fire station, retail space and 64 affordable and workforce rental units, was completed in 2009. An underground parking structure, with 142 spaces, serves all building users, and provides some potential commercial leasing revenue. A private developer provided the one acre site for the project, as well as a significant monetary contribution toward the design and construction costs of the fire station and housing elements. To finance, develop and construct the project, the City of Alexandria formed an limited liability corporation with a local nonprofit housing organization, the Alexandria Housing Development Corporation (AHDC). The completed building operates as a condominium, with the City owning the fire station and its associated parking and AHDC owning the residential facility and the retail space and their associated parking. The City and AHDC own the structure's common areas, including a community room.

The Station's public, private and nonprofit collaboration allowed the partners to access a wide range of financing tools and resources to fund the \$34 million project. In addition to the developer's donation of land and \$14.1 million, other sources for the project included federal low income housing tax credits (\$8.6M), a construction to permanent loan from the Virginia Housing Development Authority (VHDA) (\$8.3M), a loan from the nonprofit (its deferred developer fee of \$900,000), and City grants and loans totaling approximately \$2.9M.

This award-winning model of municipal, mixed use development has received national and international recognition. It is currently being replicated by jurisdictions in the U.S. and abroad.



housing nearby at Southern Towers and Willow Run or other comparable locations. 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 Beaugard. 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.

#### XI. Exploring Partnerships to Achieve Affordable Senior Housing Units

The City will explore potential partnerships to achieve affordable senior housing units, including the possibility of affordable assisted living, with The Hermitage and with Goodwin House, two senior housing communities located in the Plan area. This initiative is consistent with

recommendations in both the Strategic Plan for Aging and the draft Housing Master Plan. The City will explore the feasibility of developing senior or other supportive housing above the proposed fire station.

#### XII. Continued Outreach and Consultation with Housing Groups

In addition to multiple community meetings, the City has been active in reaching out to residents, neighbors, stakeholders, housing advocates (like Tenant and Workers United), neighbors, AHDC and regional non-profits with projects in the City, ARHA and the Affordable Housing Advisory Committee (AHAC) to provide information and to solicit feedback to improve and enhance the Plan. In February, AHAC sponsored a Town Hall meeting in the Plan area so that residents impacted by redevelopment and other stakeholders could provide comments. There has also been preliminary outreach to potential funders, such as VHDA and Enterprise, and to local and community lenders, to assess what financing products and resources might be made available to leverage the considerable investment already pledged to increase the target number of committed affordable and workforce units. This consultation will continue through each phase of redevelopment as the Plan is implemented.

## HOUSING RECOMMENDATIONS

- 5.1 A minimum of ~~twenty-eight percent (28%)~~ thirty-two percent (32%) of the existing units (~~703~~) (2,475) which are demolished will be replaced with 800 committed affordable and workforce rental housing, including a mix of units to serve households with incomes at or below 40%, 50%, 55%, 60%, and 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~~ Policy. 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 units constructed in the early years of development ~~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.

- 5.2 Affordable home ownership 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, home ownership assistance may be provided to qualified buyers within existing whatever City programs and resources established may exist for this purpose.
- 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. This would include units within market-~~

rate buildings as well as individual buildings which had a mix of affordable housing incomes or had that mix of incomes including market-rate housing units.

- 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, in compliance with applicable ADA requirements.
- 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.
- 5.9 Create perpetual affordable housing units through an option to extend thirty year affordable housing units by ten years, as well as create opportunities for non-profit and/or ARHA site or building acquisition during the plan implementation process.