

# Affordable Housing Plan for Hunting Towers

Office of Housing Presentation

December 6, 2007

# Overview

- Alexandria Affordable/Workforce Housing Context
- Definitions of Affordability
- IDI Proposal: Proposed Pricing in Context of Affordability and Market Value
- Hunting Towers Tenant Survey
- Economic Analysis
- Resale Controls

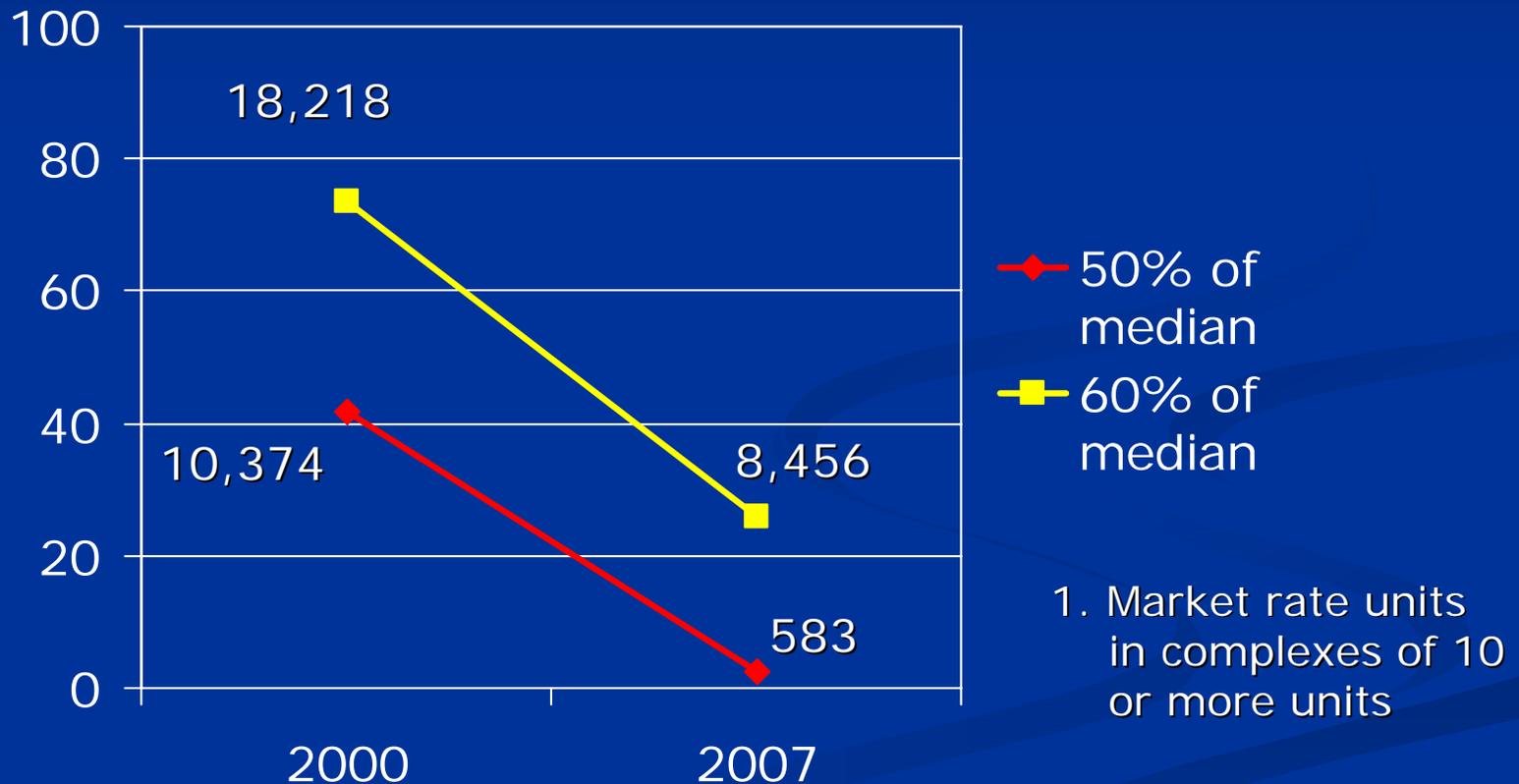
**Alexandria**  
**Affordable/Workforce**  
**Housing Context**

# Alexandria Affordable/Workforce Housing Context

- IDI proposes to provide 530 units of affordable and workforce housing.
- Most would be condominiums, but up to 100 units could be made available to a non-profit organization to operate as affordable rental housing.
- In comparison:
  - The largest number of affordable sales units pledged in connection with a development project is 32 – 38, at Lane Condominiums.
  - The total number of affordable/workforce sales units produced in connection with development projects since 1993 is 103.
  - The total number of affordable rental units produced in connection with development proposals is 62 , including conversion of planned sales units.
  - The largest number of affordable rental units produced at a single project through the Office of Housing's preservation efforts is 120, at ParcView Apartments.

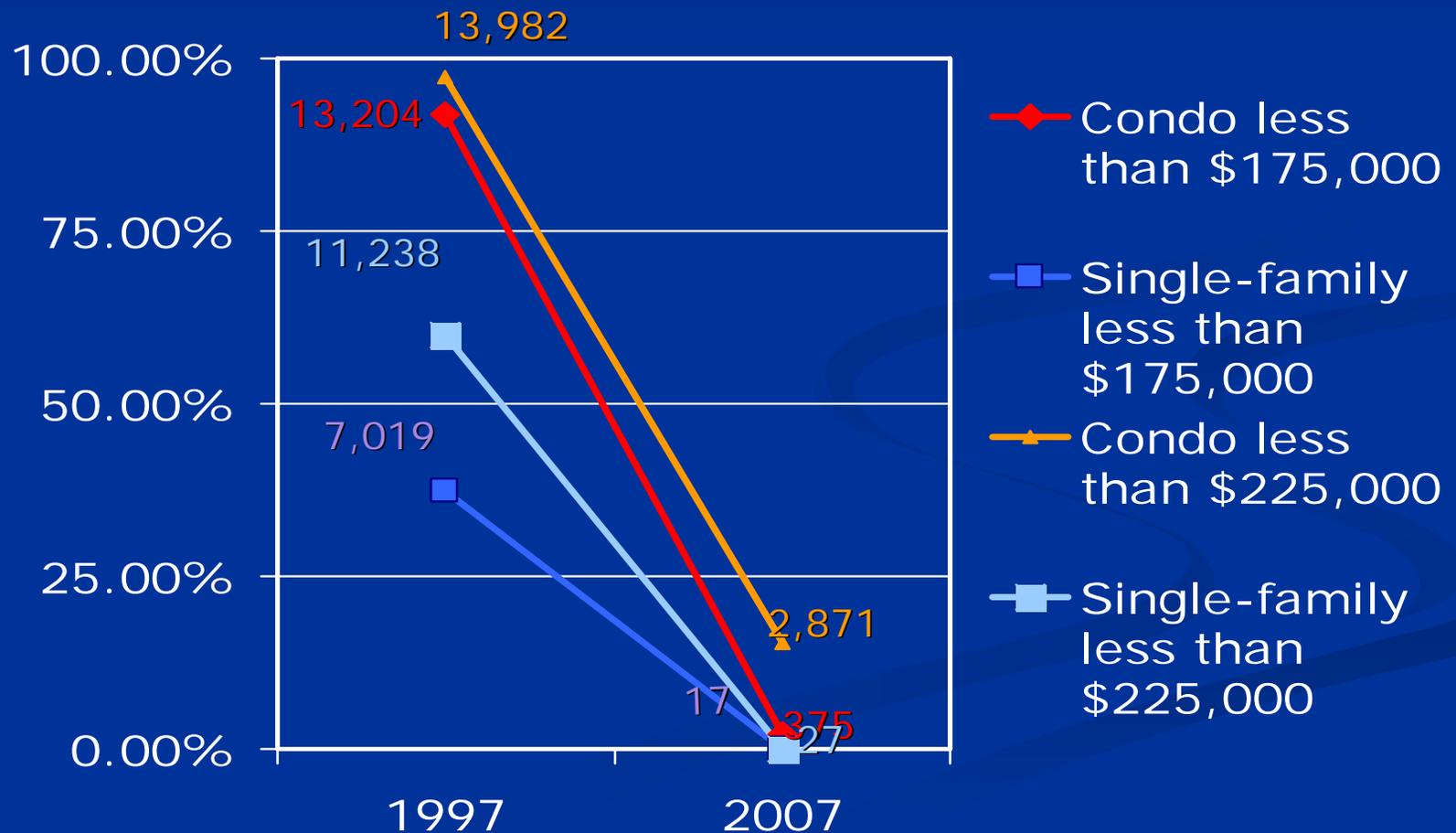
# Affordability of Rental Units

Percent of all rental apartment units<sup>1</sup> affordable to low and very low income households



# Ownership Housing Affordability

Percent of all units of each type in assessed value range, 1997 and 2005.



**IDI Proposal: Proposed Pricing in  
Context of Affordability and Market  
Value**

	<b>IDI MARKET VALUE EST. (COMP SALES 12/06 – 11/07)</b>	<b>CITY MARKET VALUE EST. (2006 COMP SALES, ADJUSTED)</b>	<b>IDI PROPOSED PRICING</b>					
			<b>Tenant</b>		<b>City Workforce</b>		<b>Public Workforce</b>	
			Price Range	Affordability <sup>1</sup>	Price Range	Affordability	Price Range	Affordability
<b>EFFICIENCY<sup>2</sup></b>	\$157,000 - \$207,000	\$163,000 - \$203,500	\$125,000 – \$170,000	“HUD 80%” – 100% AMI (1 person)	\$140,000 – \$180,000	Mathematical 80% AMI – 100% (1 person)	\$145,000 – \$185,000	Mathematical 80% - 100% AMI (1 person)
<b>1 BEDROOM</b>	\$235,000 - \$386,000	\$249,500 - \$279,300	\$170,000 – \$195,000	Mathematical 80% - 100% AMI (1.5 persons)	\$195,000 – \$240,000	100% - 110% AMI (approx. MIHP level) (1.5 persons)	\$235,000 – \$270,000	110% - 120% AMI (1.5 persons)
<b>2 BEDROOM</b>	\$310,000 - \$467,000	\$372,000 - \$390,000	\$205,000 – \$240,000	Mathematical 80% - 100% AMI (3 persons)	\$225,000 – \$330,000	100% - 110% AMI (approx. MIHP level) (3 persons)	\$290,000 – \$355,000	100% - 120% AMI (3 persons)

<sup>1</sup> Lowest income group at which a household of the designated size can qualify to purchase the minimum and maximum priced units. (Purchasers are not limited to designated household size.)

<sup>2</sup> IDI proposal includes Jr. 1 bedroom units with efficiencies. IDI’s price range for efficiency units ranges from the least expensive efficiency unit to the most expensive Jr. 1 bedroom unit.

# Affordable Housing Target Groups

- Rental housing: 60% of the area median family income for the Washington, DC metropolitan area, adjusted for family size
- Sales housing: City-established income limits. For households of three or more persons, the City's limit is the area median income, currently \$94,500. With standard family size adjustments, this is approx. 110% of median for a 3-person household, 120% for a 2-person household, etc.

# Workforce Housing

- While the City has not established official definitions for “workforce housing,” for rental projects, staff has begun to model workforce rental housing units at 80% of median, using either the HUD “capped” limit or the mathematical 80%.
- For sales housing, staff has considered the City’s current maximum sales housing income limits, which are higher than those used for federal programs, as workforce housing limits, but is moving toward using 120% of median as the standard, as many other jurisdictions are doing.

	<b>INCOME LIMITS</b>						
	50% AMI	60% AMI	HUD 80% AMI	Mathematical 80% AMI	100% AMI	110% AMI	120% AMI
1 person	\$33,100	\$39,720	\$42,000	\$52,960	\$66,150	\$72,820	\$79,440
1.5 persons	\$35,450	\$42,540	\$45,000	\$56,720	\$70,880	\$77,990	\$85,080
2 persons	\$37,800	\$45,360	\$48,000	\$60,480	\$75,600	\$83,160	\$90,720
3 persons	\$42,550	\$51,060	\$54,000	\$68,080	\$85,050	\$93,610	\$102,120
4 persons	\$47,250	\$56,700	\$60,000	\$75,600	\$94,500	\$103,950	\$113,400

	Family Size for Housing Payment Calculation (Tax Credit Formula)	<b>AFFORDABLE MONTHLY HOUSING PAYMENT (Rental 30%/Ownership 32% of Income)</b>						
		50% AMI	60% AMI	HUD 80% AMI	Mathematical 80% AMI	100% AMI	110% AMI	120% AMI
Efficiency	1 person	\$827/883	\$993/1059	\$1050/1120	\$1323/1412	\$1655/1764	\$1820/1942	\$1986/2118
1 Bedroom	1.5 persons	\$886/945	\$1063/1134	\$1125/1200	\$1418/1513	\$1773/1890	\$1950/2080	\$2127/2269
2 Bedroom	3 persons	\$1063/1135	\$1276/1362	\$1350/1440	\$1702/1815	\$2128/2267	\$2340/2496	\$2553/2723

	Family Size for Housing Payment Calculation (Tax Credit Formula)	<b>AFFORDABLE SALES PRICES (32% of Income)</b>						
		50% AMI	60% AMI	HUD 80% AMI	Mathematical 80% AMI	100% AMI	110% AMI	120% AMI
Efficiency	1 person	\$92,500	\$117,000	\$126,000	\$168,500	\$219,000	\$243,500	\$268,500
1 Bedroom	1.5 persons	\$103,000	\$128,000	\$137,500	\$182,500	\$234,500	\$259,250	\$290,000
2 Bedroom	3 persons	\$128,000	\$159,500	\$172,000	\$225,000	\$290,500	\$323,000	\$355,000

# Key Conclusions of Tenant Survey

- Survey results indicate a substantial interest among current tenants in purchasing their units. Very few current residents indicated no desire to purchase. A total of 63% of the 140 total respondents and 59% of the 34 elderly or disabled respondents indicated that they would like to purchase their units.
- 31% of all households indicating a desire to purchase are at or below 60% of median and 50% of elderly or disabled households interested in purchase are at or below 60% AMI.
- Almost 70% of elderly or disabled households indicating a preference for a long term lease were below 50% of AMI.

# Economic Analysis

**Hunting Towers Apartments**

**S U M M A R Y**

*Distribution of Sales Units*

Table 9

Unit Distribution	Total Units	Tenant	Pricing	City Pricing	Workforce Pricing
Efficiency	168		44	99	25
JR 1 BR	26		8	14	4
1 BR	166		68	74	24
2 BR	70		50	20	-
	430		170	207	53

*Distribution of Rental Units*

Table 8

Unit Distribution	Total Units	Tenant	Pricing	City Pricing	Workforce Pricing
Efficiency	80		80	80	80
JR 1 BR	10		10	10	10
1 BR	10		10	10	10
2 BR	-		-	-	-
	100		100	100	100

*Sales Revenues--Developer Price Scenario*

Table 10

Unit Distribution	Total Units	Tenant	Pricing	City Pricing	Workforce Pricing
Efficiency	168	\$ 6,490,000	\$ 15,840,000	\$ 4,125,000	
JR 1 BR	26	\$ 1,180,000	\$ 2,240,000	\$ 660,000	
1 BR	166	\$ 12,410,000	\$ 16,095,000	\$ 6,060,000	
2 BR	70	\$ 11,125,000	\$ 5,550,000	\$ -	
	430	\$ 31,205,000	\$ 39,725,000	\$ 10,845,000	

<i>Sources and Uses</i>	Developer Price Scenario
<i>Condo Sales Revenue</i>	\$ 81,775,000
<i>Rental Units Sales Revenue</i>	\$ 16,575,000
<i>Other Sources</i>	\$ -
<i>Total Sources</i>	\$ 98,350,000

<i>Uses</i>	
<i>Acquisition Price</i>	\$ 50,000,000
<i>Hard Costs</i>	\$ 26,443,509
<i>Soft Costs</i>	\$ 22,933,053
<i>Contingency</i>	\$ 4,937,656
<i>Profit</i>	\$ 26,078,555
<i>Total Development Cost</i>	\$ 130,392,773

<i>Surplus (Gap) Sale Units</i>	\$ (29,718,363)
<i>Surplus (Gap) Rental Units</i>	\$ (2,324,410)
<i>Total Surplus (Gap)</i>	\$ (32,042,773)

**Hunting Towers Apartments**

**Table 8**

*Value of City Rental Units--100 (90 Efficiencies/Jr 1 Br and 10 1-BR)*

Unit Type	Total Units	Market Value	TDC Value	Developer's Price Value [City Level]
Efficiency	80	\$ 185,000	\$ 171,564	\$ 160,000
JR 1 BR	10	\$ 190,070	\$ 219,251	\$ 160,000
1 BR	10	\$ 290,770	\$ 298,181	\$ 217,500
2 BR		\$ 445,000	\$ 392,459	\$ 277,500
	100			

Unit Distribution	Total Units			
Efficiency	80	80	80	80
JR 1 BR	10	10	10	10
1 BR	10	10	10	10
2 BR	-	-	-	-
	100			

Subsidy Required	Total Units			
Efficiency	80	\$ 14,800,000	\$ 13,725,093	\$ 12,800,000
JR 1 BR	10	\$ 1,900,700	\$ 2,192,507	\$ 1,600,000
1 BR	10	\$ 2,907,700	\$ 2,981,809	\$ 2,175,000
2 BR	-	\$ -	\$ -	\$ -
	100	\$ 19,608,400	\$ 18,899,410	\$ 16,575,000
<b>Grand Total</b>		<b>19,608,400</b>	<b>18,899,410</b>	<b>16,575,000</b>

**Hunting Towers Apartments**

**Table 15**

*Debt Supported by Tax Credit Rents & Needed Subsidy*

Unit	Size	Quantity	Unit Area	Gross Rent	- Operating Costs	Net Cash Flow
Efficiency		80	391	\$ 754,224	29,049	\$ 687,464
JR 1 BR		10	500	\$ 94,278	4,640	\$ 84,924
1 BR		10	680	\$ 101,004	6,311	\$ 89,643
2 BR		-	895	\$ -	-	\$ -
<b>Total:</b>		<b>100</b>	<b>2,466</b>	<b>\$ 949,506</b>	<b>\$ 40,000</b>	<b>\$ 862,031</b>

*Supportable Debt*

**\$ 9,788,678**

Developer Pricing	Quantity	Sales Price	Extension
Efficiency	80	\$ 160,000	12,800,000
JR 1 BR	10	\$ 160,000	1,600,000
1 BR	10	\$ 217,500	2,175,000
2 BR	-	\$ 277,500	-
<b>Total:</b>	<b>100</b>		<b>\$ 16,575,000</b>

*Subsidy Needed*

**\$ 6,786,322**

<u>Assumptions</u>		50% AMI
		Maximum Rent
Efficiency	Rental \$ 786	\$ 827
JR 1 BR	Rental \$ 786	\$ 827
1 BR	Rental \$ 842	\$ 886
2 BR	Rental \$ 1,010	\$ 1,063
% Rents Set Below Maximum		5%
Term	\$	30 years
Interest		6.50% annual
Average Operating Costs		\$400 PUM
Vacancy Factor		5%
DSCR		1.15 :1

*Note: Utilities included in Average Operating Costs*

**Hunting Towers Apartments**

**Table 15.1**

*Debt Supported by Tax Credit Rents & Needed Subsidy--530 Units*

Unit	Size	Quantity	Unit Area	Gross Rent	- Operating Costs	Net Cash Flow
Efficiency		248	391	\$ 2,338,094	69,177	\$ 2,152,013
JR 1 BR		36	500	\$ 339,401	12,833	\$ 309,598
1 BR		176	680	\$ 1,777,670	85,325	\$ 1,603,462
2 BR		70	895	\$ 848,274	535,989	\$ 269,872
<b>Total:</b>		<b>530</b>	<b>2,466</b>	<b>\$ 5,303,440</b>	<b>\$ 703,323</b>	<b>\$ 4,334,945</b>

*Supportable Debt*

**\$ 49,224,902**

Developer Pricing	Quantity	Sales Price	Extension
Efficiency	248	\$ 160,000	39,680,000
JR 1 BR	36	\$ 160,000	5,760,000
1 BR	176	\$ 217,500	38,280,000
2 BR	70	\$ 277,500	19,425,000
<b>Total:</b>	<b>530</b>		<b>\$ 103,145,000</b>

*Subsidy Needed*

**\$ 53,920,098**

<u>Assumptions</u>		50% AMI Maximum Rent
Efficiency	Rental \$ 786	\$ 827
JR 1 BR	Rental \$ 786	\$ 827
1 BR	Rental \$ 842	\$ 886
2 BR	Rental \$ 1,010	\$ 1,063
% Rents Set Below Maximum	5%	
Term	\$ 30 years	
Interest	6.50% annual	
Average Operating Costs	\$400 PUM	
Vacancy Factor	5%	
DSCR	1.15 :1	

*Note: Utilities included in Average Operating Costs*

**Hunting Towers Apartments**

**Table 16**

*Debt Supported by Tax Credit Rents & Needed Subsidy--Scenario 2*

Unit	Size	Quantity	Unit Area	Gross Rent	- Operating Costs	Net Cash Flow
Efficiency		80	391	\$ 905,616	29,049	\$ 831,286
JR 1 BR		10	500	\$ 113,202	4,640	\$ 102,902
1 BR		10	680	\$ 121,182	6,311	\$ 108,812
2 BR		-	895	\$ -	-	\$ -
<b>Total:</b>		<b>100</b>	<b>2,466</b>	<b>\$ 1,140,000</b>	<b>\$ 40,000</b>	<b>\$ 1,043,000</b>

*Supportable Debt*

**\$ 11,843,651**

Developer Pricing	Quantity	Sales Price	Extension
Efficiency	80	\$ 160,000	12,800,000
JR 1 BR	10	\$ 160,000	1,600,000
1 BR	10	\$ 217,500	2,175,000
2 BR	-	\$ 277,500	-
<b>Total:</b>	<b>100</b>		<b>\$ 16,575,000</b>

*Subsidy Needed*

**\$ 4,731,349**

<u>Assumptions</u>		60% AMI Maximum Rent	
Efficiency	Rental	\$ 943	\$ 993
JR 1 BR	Rental	\$ 943	\$ 993
1 BR	Rental	\$ 1,010	\$ 1,063
2 BR	Rental	\$ 1,167	\$ 1,228
% Rents Set Below Maximum		5%	
Term		\$ 30 years	
Interest		6.50% annual	
Average Operating Costs		\$400 PUM	
Vacancy Factor		5%	
DSCR		1.15 :1	

*Note: Utilities included in Average Operating Costs*

**Hunting Towers Apartments**

**Table 16.1**

*Debt Supported by Tax Credit Rents & Needed Subsidy--Scenario 2, 530 Units*

Unit	Size	Quantity	Unit Area	Gross Rent	- Operating Costs	Net Cash Flow
Efficiency		248	391	\$ 2,807,410	69,177	\$ 2,597,862
JR 1 BR		36	500	\$ 407,527	12,833	\$ 374,318
1 BR		176	680	\$ 2,132,803	85,325	\$ 1,940,838
2 BR		70	895	\$ 979,944	535,989	\$ 394,958
<b>Total:</b>		<b>530</b>	<b>2,466</b>	<b>\$ 6,327,684</b>	<b>\$ 703,323</b>	<b>\$ 5,307,977</b>

*Supportable Debt*

**\$ 60,274,043**

Developer Pricing	Quantity	Sales Price	Extension
Efficiency	248	\$ 160,000	39,680,000
JR 1 BR	36	\$ 160,000	5,760,000
1 BR	176	\$ 217,500	38,280,000
2 BR	70	\$ 277,500	19,425,000
<b>Total:</b>	<b>530</b>		<b>\$ 103,145,000</b>

*Subsidy Needed*

**\$ 42,870,957**

<u>Assumptions</u>		60% AMI Maximum Rent	
Efficiency	Rental	\$ 943	\$ 993
JR 1 BR	Rental	\$ 943	\$ 993
1 BR	Rental	\$ 1,010	\$ 1,063
2 BR	Rental	\$ 1,167	\$ 1,228
% Rents Set Below Maximum		5%	
Term		\$ 30 years	
Interest		6.50% annual	
Average Operating Costs		\$400 PUM	
Vacancy Factor		5%	
DSCR		1.15 :1	

*Note: Utilities included in Average Operating Costs*

# Resale Controls

- Goal is to achieve permanent affordability while not discouraging initial sales.
- Specific mechanisms are still under discussion.