REVISED DRAFT

HOUSING

MASTER PLAN

OFFICE OF HOUSING

NOVEMBER 2013

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EXECUTIVE SUMMARY

When the Affordable Housing Initiatives Work Group (AHIWG) completed its review of housing programs and policies in 2009, it recommended that the City next undertake a Housing Master Plan to guide future development and preservation of affordable and workforce housing. Like other subject elements of the City's Comprehensive Plan, which provide overlays for component small area plans, the Housing Master Plan (the Plan) offers principles, goals, strategies tools, and potentially, funding resources, to meet Alexandria's anticipated affordable housing needs over the next 20 years. While Alexandria must have a robust supply of all housing types and tenures that are affordable to households at a range of income levels, ages and abilities in order to remain economically and socially vibrant, the private market typically builds to suit the needs of the more affluent. Developing a Housing Master Plan acknowledges that in Alexandria's desirable real estate market, ~~affordable housing~~ "housing for all," will not occur without government intervention.

During the time the Housing Master Plan was being developed, several other major and related planning efforts were proceeding concurrently in the city, including the Alexandria Redevelopment and Housing Authority (ARHA) Strategic Plan, the Beauregard Small Area Plan and the Strategic Plan on Aging. The Housing Master Plan reflects the rich cross-fertilization of these planning efforts. Although the Beauregard Plan was approved just before the release of the draft Housing Master Plan, many of Housing Master Plan's recommendations are previewed in Beauregard, signifying the importance of affordable housing in that Plan where so much market affordable housing is proposed to be redeveloped. The ARHA Strategic Plan details the housing authority's short- to mid-term redevelopment strategy to use its valuable land assets to attract private partners and third party leverage to facilitate the redevelopment of its public housing portfolio into mixed-income communities. The strategy will also facilitate

development-related activities and fees which provide a stream of revenue to sustain ARHA's housing and supportive service functions on behalf of the city's lowest income residents into a future where federal funding operating support is uncertain. The Strategic Plan on Aging emphasizes seniors' desire to remain and age in their own housing and community for as long as possible and promotes tools and programs to facilitate that goal.

The Introduction reminds us that while we often talk about affordable housing in terms of units, affordable housing should focus on the people who live in the units. The steady loss of affordability in rental housing due to pressures in Alexandria's multifamily market have caused many low- and moderate-income households to be priced out of the city by those who can afford to pay more for rent. There are also few affordable homeownership options, except in the condominium sector, where escalating fees or special assessments may impact long term affordability. In 2011, the average assessed value of a single family home was $617,826, placing affordable ownership of a fee simple home far beyond most families' reach. The economic reality is that many households who would choose to live in Alexandria simply can't afford to move here, while many who live here now, especially seniors, are worried that they won't be able to afford to remain.

As is amply documented in Chapter 2, Demographic and Housing Analysis, the analysis of Alexandria's housing supply and projections regarding future demand present a stark view of how existing gaps are likely to be further exacerbated by market conditions unless the City adopts a proactive approach to create a stock of long term committed affordable units, including deeply subsidized permanent affordable rental housing[1] and more accessible housing choices.

The housing analysis reviewed current and future housing demand by focusing on households with incomes at or below 60% area medium

1 The Office of Housing consulted with RKG Associates, Inc, an Alexandria-based economic analysis firm in developing initial assessment and projections regarding housing needs and demand. RKG also provided facilitation services for first phase public meetings.

income (AMI), as those households have limited options in the Alexandria market and are most impacted when rents at market affordable properties increase. More than 40% (14,353 households) of the overall rental housing demand in the city consists of households with incomes at or below 60% AMI. For extremely low-income households within this group (those at or below 30% AMI), there are no committed permanent affordable units or market affordable units subsidized to be affordable to this income level outside of a limited number of project based Section 8 units, ARHA-owned public housing and some operated by City or nonprofit agencies for the benefit of special needs clients.

The unmet need for units to serve this very low-income population is estimated to be around 3,560, however, it may be much greater based on anecdotal information provided by agencies serving very low-income persons and by ARHA. When ARHA opened its waiting lists for public housing and housing choice vouchers in August 2011, more than 15,000 households applied to be added to the lists. While the average household size in Alexandria is just over two persons, the supply of housing product available locally (and much of which was built post WWII to accommodate a growing but transient workforce) has perhaps shaped the city's demographic profile and limited options: of approximately 31,000 multifamily rental units here, 47% have one bedroom; 36% have two bedrooms; efficiencies comprise 10%; and 3 or more bedroom units are 7%. Across all income levels, Alexandria lacks a sufficient supply of three bedroom units – a net need of nearly 5,000 three bedroom units has been identified. Households with incomes at or below 30% AMI are underserved in all rental unit sizes; for households at 50, 60 or 80% AMI, there is unmet need in certain housing sizes, depending on income level.

Increasing demand indicates that competition for affordable rental housing will be intense into the future: using even the most optimistic assumption that all currently assisted (committed) units will remain affordable still reveals an anticipated gap of ~~7-~~14,000 new units affordable to households at or below 60% AMI in 2030.

Approximately 4,000 Alexandria households with an intellectually, physically or developmentally disabled family member face additional barriers when it comes to finding affordable housing. Some need accessible housing or housing modified to accommodate their disabilities so they may live independently. For those whose main housing barrier is cost burden, the unmet need is around 800 units.

The Alexandria of our Future : A Livable Community for All Ages, Alexandria's Strategic Plan on Aging, 2013-2017 ("Strategic Plan on Aging') found that the majority of the city's seniors are "housing cost burdened" despite a number of City programs to help them age in place by providing modifications and repairs to ownership and rental housing or to defer or lessen property taxes. Only 614 units in Alexandria are dedicated to providing affordable independent living for low-income seniors. Through a regional partnership, Alexandria's low-income seniors who can no longer live independently have limited access to a regional facility in Manassas that offers some affordable assisted living options and nursing home beds. Only one affordable long term care bed is available locally, at a Sunrise facility. Hopefully, as the Beauregard area redevelops and some of the senior continuing care communities there may expand housing or other services for seniors, local affordable senior options will improve, too.

Navigating Virginia's Legislative and Development Environment which is described in Chapter 3, presents the challenges Alexandria faces in securing committed affordable housing in the development process. In Virginia, local control of land use is constrained by the doctrine of limited authority for local governments commonly called the Dillon Rule, which limits local municipalities' powers to those specifically conferred, those necessarily or fairly implied from a specific grant of authority, or those essential and indispensable to the purpose of government. Because of the Dillon Rule, municipal governments in Virginia have only those powers which the state legislature explicitly conveys or reserves to them. In Alexandria's case, the City's Charter gives it some powers additional to those granted through the Code of Virginia.

Offering the incentive of increased density in appropriate cases offers the best opportunity for the City to obtain committed affordable units as it provides a developer with additional value for which the City should receive something in exchange (beyond future real estate tax revenue). State provisions allow local governments to require public amenities and infrastructure (e.g., sewer capacity and road improvements) needed to accommodate development from developers, but the provision of affordable housing is not included in the list of community benefits which must accompany development.

Alexandria has successfully negotiated a voluntary housing contribution practice with the development community (a financial contribution is made based on square footage developed), but onsite committed units may only be required when increased density characterized as bonus density is requested. Because committed units are so valuable to replenishing the city's diminishing stock of affordable housing and promote the goal of enhanced geographic distribution of affordable housing throughout Alexandria including within transit-oriented and amenity-rich locations, the Housing Master Plan is proposing that the City's interpretation of bonus density be expanded and codified to include circumstances when permitted density is increased through rezoning, CDDs or small area plans.

In Chapter 4, Guiding Principles are offered to create an overarching vision for the Housing Master Plan and its future implementation to better meet Alexandria's anticipated housing needs through 2030. The guiding principles of the Housing Master Plan are as follows:

- Facilitate a variety of housing options for households of all incomes.
- Expand housing choice for people of all ages and abilities.
- Be implemented through active partnerships with AHDC and other nonprofits, ARHA, and others to leverage City resources.
- Prioritize certain factors for distribution and preservation of affordable

housing, including the location of affordable housing in transit-oriented, amenity-rich areas and the strategic preservation and/or production of affordable housing in large-scale developments and/or redevelopments, especially where existing market affordable multifamily housing is being impacted.

- Promote the integration of affordable housing as essential to the creation of successful and vibrant mixed-income communities.
- Be implemented in ways that recognize that affordable housing is an important component of Alexandria's economic sustainability. [2]

Chapter 5's Goals and Strategies provide a detailed roadmap for the Housing Master Plan's implementation. The goals and strategies of the Housing Master Plan are summarized below:

- Preserve long term affordability and the physical condition of assisted and market affordable housing. This includes prioritizing units affordable to households with incomes at or below 50% AMI, obtaining commitments from owners of market rate affordable housing to maintain affordability, and supporting ARHA's redevelopment efforts, including continuing the City's commitment to Resolution 830, wherein it pledges to work jointly with ARHA to replace any public housing units lost through redevelopment on a one-for-one basis.
- Provide or secure affordable and workforce housing through strategic development or redevelopment. This includes developing policies and regulations to incorporate affordable and workforce housing in redevelopment and development projects, partnering with ARHA, AHDC and other nonprofits, adding affordable housing plans to all small area and corridor plans and seeking substantial replacement of market affordable units lost through redevelopment with committed units.

2 According to an October 2011 study produced by George Mason University's Center for Regional Analysis, more than 1 million new jobs will be created in the Washington, DC area during the Plan period. For Alexandria to be competitive in participating in the regional economic growth anticipated, the City must dramatically increase the housing supply it has available. At least half of the jobs will be filled by a workforce with incomes in the 60% AMI range.

- Provide affordable home purchase opportunities. This includes home buyer counseling and training, and loans to low- and moderate-income purchasers and to City and school employees for down payment and closing costs.
- Enable homeowners to remain in their homes This includes home rehabilitation or modification services through the City's Home Rehabilitation Loan Program (HRLP) or through financial support provided to Rebuilding Together Alexandria (RTA) or through the City's new energy efficiency loan program to facilitate home repairs, maintenance and efficiency improvements).
- Provide safe, quality housing choices (this includes promoting the incorporation of visitability and Universal Design features in residential building and additional accessible units in new construction, as well as requiring these in affordable housing projects for which the City provides loans or financial support; it also includes development of a Housing Choice Policy, similar to the City's successful Green Building policy to make developers aware of the City's priorities when project concepts are initially brought forward; the Virginia Livable Home Tax Credit could be promoted as a resource to subsidize developer or homeowners costs associated with enhancing accessible options pursuant to this policy).
- Enhance public awareness of benefits of affordable housing. This will include improvements and updates to the housing website to provide timely information regarding available programs, tools, resources and priorities for the Alexandria community as well as to targeted stakeholders such as developers; it also includes a more proactive role for housing within the early stages of the development concept process to explore and structure opportunities to include affordable housing, including actively facilitating public-private and nonprofit collaborations or provide financial/technical assistance, when feasible, to amplify the affordable housing component of projects; it also includes increased outreach and education regarding affordable housing.

As Chapters 6 and 7 make clear, a variety of Implementation Tools and Funding Resources must be available to realize the goals established in the Housing Master Plan. In addition to fully leveraging the existing tools, programs and financial assistance offered by the City, some modifications are proposed to amplify their impact to increase affordable housing options.

Some modifications to the existing development approval process have been proposed to create efficiencies and savings (time and money) for developers to incentivize affordable housing production and preservation. Planning has already streamlined the development review process and further expedites review when needed and if possible for affordable housing projects seeking competitive tax credit financing due to the strict requirements and deadlines for funding applications. Development fee waivers and creating additional financial resources as loans or grants to help fund the "early" costs of development and/or predevelopment has also been proposed.

With regard to preservation of affordable housing, the Housing Master Plan proposes that the City allow administrative review of requests, rather than requiring DSUPs, for parking reductions where a substantial rehabilitation of a property with more than 65% of its units will be affordable is proposed. This change alone would achieve significant savings for developers who wish to improve an affordable property but not intensify its use. Evidence from affordable properties that have gone through the DSUP process has shown that low- and moderate-income residents of affordable housing do not own or use automobiles at the same rate as others. When a citywide parking study is undertaken in the future, it is suggested that a parking ratio be adopted for affordable housing to reflect lower utilization. Reducing parking for affordable units should help capture value that can be reinvested to provide deeper subsidies or additional units, especially in the case of underground parking, where the savings may be substantial.

Additional recommended tools include: developing the use of community land trusts to separate and remove the cost of land from residential

improvements; developing a housing choice policy to promote expanded accessibility in affordable housing during the project development process; revising the affordable housing contribution policy and expanding bonus density to include other circumstances when significant additional density is granted to trigger provision of committed affordable units; exploring use of City-owned and surplused properties, as well as air rights associated with municipal facilities, for opportunities to co-locate and/or adapt new affordable housing; creating a Resource Center for Affordable Housing to improve the availability of useful housing information to the general public and the development community; creating a scattered-site historic register district for the City's market affordable postwar garden style properties to create eligibility for federal and state Historic Preservation Tax Credits, which would serve as an additional resource for affordable housing preservation and rehabilitation.

Tools that have not been previously embraced by the City but which will continue to be explored for limited use in the future to expand affordable housing options include accessory dwelling units (initially planned to be introduced only in the context of new CDDs) and transfers of development rights (TDRs). Because opportunities to create sending and receiving areas for the density that is commoditized in such a transaction are fairly limited in the city, given the generally high underlying base density allowed within existing zoning rights in most parts of the city, it is envisioned that TDRs may be developed only on a case by case basis to preserve existing market affordable assets, when appropriate.

With regard to funding, increased financial resources will also be needed to supplement those available, in addition to refining existing homeownership assistance and multifamily development loan programs to expedite the repayment and recycling of limited City resources.

The Plan proposes that predevelopment funds, provided through the Housing Opportunities Fund, be expanded to the greater of $50,000 or $5,000/per unit to remove early cost barriers to affordable housing

development. If a project goes forward, the funds would be included in the overall loan amount. In addition to the City's real estate tax rate dedicated to affordable housing, an annual allocation of City General Funds monies has been proposed to help meet the goals of the Housing Master Plan. As an alternative, this source could also be accessed to match developer contributions received. The Beauregard Plan introduced the use of the increased tax revenues from the area's development as a vehicle to achieve committed affordable and workforce housing. (The City has also approved the use of this mechanism in North Potomac Yard for the funding of a planned Metro station.) In Beauregard, funds for housing will not be borrowed in advance of development (as in a typical tax increment financing scenario) but will be generated out of a portion of future tax revenues only when realized by the City as a result of the increased assessed value of properties as a result of redevelopment envisioned in the Plan.

Non-monetary resources, available through the City as a result of its excellent credit rating, superior financial management and reporting practices, and respected stature with national bond ratings agencies, potentially might applied to assist affordable housing development by facilitating third party investment and loans. For example, the City's willingness to provide loan or other backstop guarantees (a "moral obligation") could enable nonprofits and other developers to negotiate loans or more advantageous below market interest rates to make affordable housing projects viable. City-funded loan loss reserves to mitigate third party lender risk associated with affordable housing development could also be an important new tool .[3]

Loan consortiums (where multiple regional or socially-minded lenders participate in underwriting and providing loans for affordable housing) are emerging as an important new resource for affordable housing development and preservation. Although the City might organize such an effort on its own, it could also participate in some of the consortium projects now being sponsored by national foundations or it might collaborate with other

3 On a very small basis, the loan loss reserve concept is being used in the new energy efficiency improvement loan product being offered to low- and moderate-income households now. For this program, the City is using Capital Improvement Program funds it secured for reserve purposes. A local credit union is providing actual loan funds.

Northern Virginia jurisdictions to fund affordable housing development and preservation as a regional asset.

The Recommendations in Chapter 8 combine in one location the principles, goals and strategies presented throughout the Housing Master Plan. The Housing Master Plan provides a bold and more entrepreneurial approach to enhancing affordable housing options for the many Alexandrians who need it. In addition to new staffing resources that may be required, it will take a village of supporters within the community and among the City leaders to raise affordable housing by investing in new tools and resources to prioritize its development and preservation over the lifetime of the Plan.

The Plan recommendations are summarized below.

1. Housing Master Plan Principles (Chapter 4).

Principle 1. Alexandria's housing stock should include a variety of housing options for households of all incomes.

Principle 2. Alexandria's housing stock should be expanded to offer greater housing choice to people of all ages and all abilities.

Principle 3. Partnerships are key to achieving measurable improvement in the affordable housing stock in Alexandria.

Principle 4. Access to transportation and services, strategic preservation or location opportunities, and rental proportionality should be a key factor in the future distribution and allocation of affordable housing in the city.

Principle 5. Mixed-income communities are the optimal way of maintaining social and cultural diversity through increased opportunities for interaction rather than isolation or polarization.

Principle 6. Affordable housing is an important element of a healthy and growing economy.

2. Goals and Strategies (Chapter 5):

Goal 1: Preserve the long-term affordability and physical condition of the existing stock of publicly assisted rental housing, as well as market rental housing where affordability commitments can be secured.

- Strategy 1.1 Maximize opportunities to preserve the current stock of privately owned, publicly assisted units within the city, with a priority for units serving households earning below 50% of AMI (subject to property owner cooperation).
- Strategy 1.2 Obtain commitments from current owners for the long-term preservation of currently existing market-rate affordable units.
- Strategy 1.3 Partner with private nonprofit or for-profit affordable housing providers in acquiring and/or rehabilitating existing market affordable units to increase the number of publicly assisted, privately-owned rental housing affordable to households earning below 60% AMI, with priority for units serving households below 50% AMI.
- Strategy 1.4 Increase the number of housing units affordable to households earning below 30% of AMI and senior households in areas of the city that have the greatest presence of support services including transportation, retail, recreation, and public or private human service providers.
- Strategy 1.5 Support, where appropriate, the rehabilitation of current ARHA units, or acquisition/rehabilitation of replacement units, in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly-assisted units.

Goal 2: Provide or secure long-term affordable and workforce rental housing through strategic new development and redevelopment.

- Strategy 2.1 Develop policies and regulations that incorporate affordable housing units as part of new development and redevelopment projects.
- Strategy 2.2 Partner with nonprofit and for-profit developers to develop new affordable housing projects within the City.
- Strategy 2.3 Include an affordable housing plan, using the tools identified in the Housing Master Plan, as part of all new or revised Small Area and Corridor Plans.
- Strategy 2.4 Support, where appropriate, the redevelopment or new development of ARHA units in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly-assisted units, and consistent with ARHA's Strategic Plan goals. (See also objective 1.5)
- Strategy 2.5 Seek to achieve substantial replacement of existing market-rate affordable housing units on properties under consideration for redevelopment.

Goal 3: Provide and support the provision of affordable and workforce home purchase opportunities for Alexandria residents and workers.

- Strategy 3.1 Assist households in overcoming barriers to homeownership through homebuyer training and counseling services and to offer post-purchase counseling services, including default and delinquency counseling, to homeowners in crisis.
- Strategy 3.2 Provide financial assistance to low- and moderate-income households that have completed homebuyer training and financial incentives to City and Alexandria Public School Employees that will allow them to seek homeownership opportunities.

Strategy 3.3 Support, where appropriate, the creation of long-term affordable and workforce affordable homeownership set-aside opportunities for low and moderate income first-time homebuyers.

Goal 4: Enable homeowners to remain in their homes safely, comfortably, and affordably.

Strategy 4.1 Provide rehabilitation services to existing low-~~income~~ and moderate-income homeowners in maintaining their existing homes.

Strategy 4.2 Assist low- and moderate-income homeowners maintain their homes and improve energy efficiency to decrease overall housing cost.

Strategy 4.3 Provide assistance to seniors who own homes with limited income and resources in order to strengthen their ability to age in place.

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

Strategy 5.1 Partner with existing property owners to convert non-accessible and non-visitable units to allow for visitability and habitation by persons with physical disabilities.

Strategy 5.2 Develop mechanisms to promote and encourage the development of new universally designed housing units.

Strategy 5.3 Develop mechanisms to promote and encourage an increase in the number of accessible and adaptable units above the minimum requirements of applicable laws and regulations.

Strategy 5.4 Develop mechanisms to promote and encourage the development of visitable and accessible residential development in new construction exempted from the Fair Housing Act, ICC or other applicable laws and/or regulation s(i.e., single family residential development.)

Strategy 5.5 Develop minimum goals for adaptable construction techniques and the accessible units in multi-family rehabilitation projects funded by City resources where there is no legal or regulatory requirement.

Strategy 5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program to cover 50% of the costs to retrofit existing housing units for accessibility and visitability.

Strategy 5.7 Collaborate with appropriate public and private partners to develop an assisted living facility serving Alexandrians of varying income levels.

Goal 6: Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities.

Strategy 6.1 Continue, enhance and increase the City's outreach effort to the community regarding the need for and the benefits of having affordable housing including information dissemination to affordable housing developers and advocates.

Strategy 6.2 Work with the City agencies and appropriate service providers, such as in-home care providers, to ensure broad awareness of existing City services and resources.

Strategy 6.3 Conduct stakeholder outreach efforts

Strategy 6.4 Identify, foster and encourage potential development and public/private partnership opportunities in the City.

Goal 7: Enhance public awareness of the benefits of healthy, well-designed, and energy efficient housing that fosters the well-being of Alexandria residents.

Strategy 7.1 Provide rehabilitation assistance to existing multifamily properties and encourage new affordable multifamily properties to improve housing conditions, including energy efficiency and indoor air quality.

Strategy 7.2 Promote comprehensive smoke-free air policies within all assisted housing units in the City and encourage the owners of assisted housing to offer residents access to effective smoking cessation services.

Strategy 7.3 Assist owners of multifamily properties in educating residents of ways to address environmental triggers such as mold, dust, secondhand smoke, animal dander and rodents.

Strategy 7.4 Assist homeowners in assessing energy efficiency and indoor air quality through home audits and assessments. Provide access to affordable loan products to assist homeowners in improving the quality of their immediate living environment.

3. The City should pursue modifications of some tools, and implement new tools as follows (Chapter 6):

Programmatic Tools

a. Modify Home Purchase Assistance Loan Programs to increase self-sustainability, add post-purchase counseling, and recapture program funds more quickly.

b. Modify Home Rehabilitation Loan Program to recapture program funds more quickly and offer smaller energy-efficiency loans.

c. Waive development fees for certain affordable housing projects

d. Revise the formula for voluntary contributions and index to reflect inflation

e. Pursue the development of a Community Land Trust for affordable housing

f. Develop policies and programs to increase visitable,

adaptable, accessible, and unversial design housing unts

g. Establish a policy of maximizing public land for affordable housing

h. Establish a Resource Center for Affordable Housing

i. Develop a nomination, for inclusion in the National Register of Historic Places, for a multiple resource district of postwar midrise garden apartments. A successful nomination would make such properties eligible for federal and state Historic Preservation Tax Credits.

j. Reactivate the City's Affordable Assisted Living Work Group to examine the issues and barriers to creating a mixed-income affordable assisted living facility in Alexandria.

Zoning Tools

a. Revise Section 7-700to standardize the percentge of bonus that is dedicated to affordable at 1/3 of bonus square footage; and allow off-site housing and/or monetary contributions (calculation method to be determined)

b. Revise the Zoning Ordinance to establish specific parking ratios for affordable housing

c. Create a policy to allow accessory dwelling units in specific circumstances

d. Revise the Zoning Ordinance to exempt multifamily properties based on specific criteria from the requirement to meet current parking standards

e. Study the development of a modified Transfer of Development Rights (TDR) program for affordable housing.

Funding Tools

a. Provide loan guarantees or use City funding as a loan loss reserve

b. Revise predevelopment funding policy of the City's

Housing Opportunities Fund

c. Develop a program of partial, time-limited tax abatement for substantial rehabilitation of affordable housing

d. Pursue the creation of a loan consortium

e. Provide increased General Fund direct allocation support

4. The City should pursue and/or promote the use of the following funding sources, when and if applicable (Chapter 7):

a. Federal

i. Sustainable Communities Grant and Community Challenge Grants

ii. Historic Preservation Tax Credit

iii. Green Retrofit Program for Multifamily Housing

iv. National Housing Trust Fund Program (if and when funded)

v. Support efforts to increase funding levels for the HUD programs

b. State

i. Virginia Livable Home Tax Credit Program

ii. Support adoption of State Housing Trust Fund

iii. Mortgage Credit Certificates (MCCs) (when made available by VHDA)

c. Funding opportunities from organizations such as the following:

i. Virginia Community Capital

ii. The MacArthur Foundation

iii. Enterprise Community Partners

iv. Home Depot Foundation

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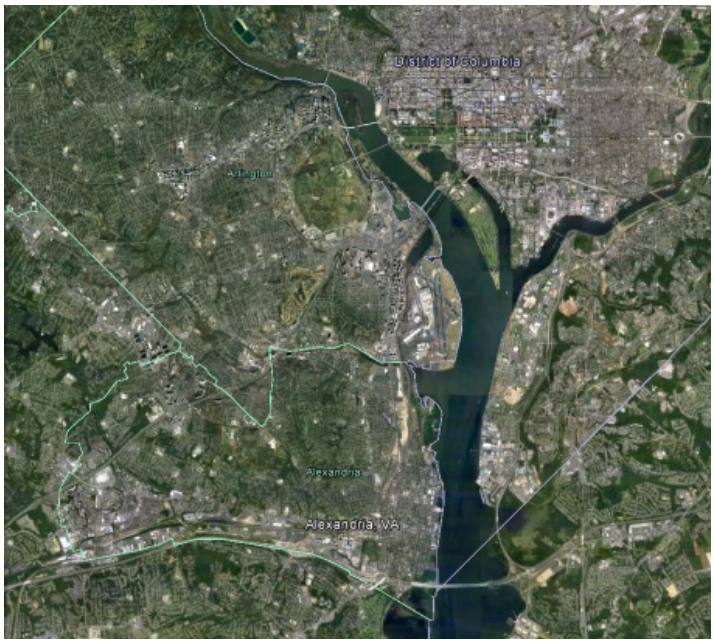
Introduction

INTRODUCTION



The City of Alexandria, Virginia, is located on the Potomac River, just six miles from Washington, DC. With its population nearing 140,000, this desirable community contains many distinctive neighborhoods. While Alexandria's largely built environment makes new development and/or redevelopment both challenging and expensive, and may limit the total potential supply of housing, the City's unique character and its proximity to federal government, defense, technology and contracting jobs continue to make it one of the hottest real estate markets in the United States. Given this, Alexandria's challenge as a community, if it is to remain socially and economically diverse, is to be able to offer a range of housing affordability for all, including types and tenures designed and financed to accommodate households of different sizes, abilities, ages and incomes.

Attaining the goal of providing housing for all has been complicated by the fact that ~~As a result,~~ for more than a decade, local increases in housing and housing-related costs have outstripped household income growth. While the area median income (as determined annually by HUD) rose from $82,800 to $103,500 (a total of 25%) between 2000 and 2010, within the City monthly fair market rental housing costs for a two bedroom apartment grew from $1,034 to $1,624 (a total of 57%) during the same period, while the average assessed value of a residential condominium (including cooperatives) increased from $106,875 in 2000 to $269,695 on 2010 (152%), after peaking in 2006 at $364,286.

Although the increase in the price of sales units has moderated somewhat since the 2007-08 decline of the housing market, constraints on credit, more stringent homebuyer qualification guidelines, a general sense of financial insecurity and limited supply due to so many existing homes being underwater (with owners unable to sell and move up) have reduced opportunities for low- and moderate-income purchasers.

While many households have responded to the economic challenge of rising housing costs by simply spending more of their income on housing than is considered "affordable" (approximately 30% of gross income) and/or have opted to share limited housing resources in order to remain in the city, the cost of housing in Alexandria has caused other residents to leave to seek greater affordability in the exurbs, or discouraged potential new resident households from considering locating in the city, all resulting in a diminishment of the social and economic diversity long a core community value. These trends among low and moderate and middle income households have implications for Alexandria's long term sustainability, too, if the city becomes a place where only the affluent can choose to live.

The Office of Housing's annual survey of multifamily rental properties, which tracks market rent trends and assesses affordability within the local housing sector each January, confirms a shocking loss of affordability due to rapidly rising rents between 2000 and 2011. In survey data posted on the City's website, the number of rental units affordable to households with incomes at 60% of the Washington area median, was 6,416 in 2011 compared to 18,218 units in 2000.

While there have been incremental gains in long term committed affordable units over the past few years thanks to City financial support for preservation, significant portions of Alexandria's market affordable apartment stock have simply had rents rise out of affordability due to demand. Investors seeking to buy income producing multifamily properties in the Washington metropolitan area and owners or developers who wish to maximize the return of existing properties through renovation and

repositioning or through wholesale redevelopment threaten much of what remains. In the Beauregard Plan area alone, the demolition of nearly 2,500 market affordable and workforce rental units is proposed.[1] While at least 800 committed affordable and workforce units (as well as other housing related benefits like relocation assistance) will be provided through the Plan, the cost of providing dedicated and deeply subsidized housing units ultimately limits the number that can be developed and maintained over time without substantial third party leverage. In addition, the pending expiration of affordability requirements at some assisted properties elsewhere in the city will lessen current affordable housing options, without owner action and/or city intervention.

To counter the loss of so much affordable housing, the City has staked significant financial, technical and staffing resources to work with nonprofit and private partners to acquire and preserve and/or produce long term affordable housing. Among the tools developed by the City is authority to issue general obligation bonds to support affordable housing projects with bond debt serviced with funds raised through a dedicated penny earmarked for this purpose from each dollar levied for real estate property taxes. While the dedicated tax revenues were reduced by the City in FY 2010 and again in FY 2011 due to fiscal constraints, the monies leveraged by these revenues between 2006 and 2008 effectively supplemented resources in the Housing Opportunities Fund, which is a combination of City General Fund, Housing Trust Fund (voluntary developer contributions), and federal HOME funds. Through this initiative, which was implemented at the height of the real estate market, the City helped preserve and/or produce approximately 299 dedicated units of affordable housing which are secured with restrictive covenants of 40 years or more at a total cost of around $22.5 million.

General obligation bond funds have been combined with other housing

1 The market-driven increases in rent in Beauregard during the development of the Plan provide a good illustration of the City's challenges with regard to its market affordable stock. From the time the Plan process began in 2010 through its approval in May 2012, the number of apartments affordable to households with incomes at or below 60% AMI dropped from approximately 2,300 to just over 800.

funds to support ARHA public housing redevelopment efforts involving approximately 160 new, rehabilitated, or acquired and rehabilitated, replacement public housing units. A small portion remaining is now planned to be provided to seed early buy down of existing units in Beauregard as committed affordable units when tenants must be relocated for the first phase of demolition (around 2014).

Even before externally-driven market conditions and recent federal budget cuts forced reductions in local affordable housing investment, Alexandria recognized that leveraging non-City resources and identifying or developing other tools to promote affordable housing were critical to creating sustainable affordable housing programs. In June 2006, following a joint work session with the Planning Commission on affordable housing issues, City Council appointed the (AHIWG), led by two Council members and comprised of various stakeholders including affordable housing advocates, land use counsel, nonprofit and private developers, including ARHA, lenders, city residents and participants from City housing programs, to study and make recommendations regarding how Alexandria might strengthen its affordable housing efforts by creating or leveraging new resources and tools.

Over the course of two years, AHIWG reviewed every housing program and activity, and provided multiple recommendations to enhance affordability and impact. While the collapse of the national financial markets in 2008 limited the Group's initial, aspirational goals to expand City monetary resources to support future affordable housing activity, AHIWG's final report suggested additional study and development of non-City financial resources and/or other zoning and land use tools to further affordable housing development. Chief among these was a Housing Master Plan process to draft an affordable housing element for the City's Comprehensive Plan to guide future affordable housing efforts in order to achieve a wider distribution and range of affordable housing options throughout Alexandria.

The Housing Master Plan (HMP) process, led by the Office of Housing with cooperation and support from the Department of Planning & Zoning, was launched in April 2010. An advisory group, consisting of the City's standing

Affordable Housing Advisory Committee (AHAC) and other stakeholders selected to represent particular housing interests and constituencies, has served as primary consultant for the Plan, along with members of the community who have participated in public meetings and presentations or who have interacted via materials posted on the City website. The Housing Master Plan process has included substantial public outreach, including engagement of special needs groups and the community at large. While the first several HMP meetings, including a half day bus tour to view affordable housing projects in the city, provided a great deal of educational and background information regarding City housing initiatives and policies, subsequent meetings presented resources and potential tools that might be implemented to increase affordable housing.

At an allocation exercise held in January 2011 to culminate the learnings and discussions sponsored during the public part of the HMP process, advisory group and community members in attendance were able to implement the resources and tools that had been discussed to locate, or relocate, affordable housing development within the city. Participants were assigned to groups based on their place of residence to achieve a diversity of perspectives within each group. Interestingly, the five groups independently reached consensus regarding several principles to guide future affordable housing development and inform HMP recommendations. These included creating mixed-income development to maintain community diversity; achieving a greater geographic distribution of affordable housing and housing types throughout the city; developing affordable housing near transit and other amenities, including employment, schools, shopping and services; and focusing affordable housing efforts in areas with the greatest potential for increased density and mixed use development, including Potomac Yard, the Eisenhower Valley, Landmark/Van Dorn and Beauregard. Participants acknowledged that increased accessibility within Alexandria's new housing stock was an important goal given the city's aging demographic. The group also noted that identifying and facilitating partnerships to maximize resources is critical to implementing the Plan.

To accomplish the goals outlined in the HMP over the short, mid and long terms will require financial resources as well as potential legislative changes at the state level, along with systemic changes at the local level to elevate the primacy of affordable housing development in every step of the interdepartmental review process, the Development Special Use Permit process, and small area planning processes. In addition, the City will have to implement land use and planning tools that achieve affordable housing both incrementally and on a larger scale. Housing and other City staff will need to be more proactive in helping to identify potential third party public and private financial resources to increase project leverage, and in facilitating partnerships among public, private and nonprofit entities to maximize affordable housing development. It is anticipated that a growing community of local advocates will ensure that affordable housing is a priority of the City's planning and elected leadership.

The Housing Master Plan effort, like other recently completed or concurrent citywide master planning initiatives around City strategic planning, green building, transportation, and aging, reflects the value that the community and its political leaders place on affordable housing as an essential element to Alexandria's land use planning, its economic sustainability, its quality of life, and its diversity. In the past few years, many national and regional studies have reported that a jurisdiction's ability to maintain an appropriate jobs-housing balance which enables individuals to live affordably near their places of employment is critical to attracting a variety of businesses to locate within a community and/or to positively influence decisions by employers to continue local operations because they can recruit and retain workers within a reasonable geographic or commuting distance.

Affordable housing choice is particularly critical and challenging for employees of service based businesses such as hotels, restaurants, hospitals and retail centers. When transportation cost is considered along with housing cost, proximity to work and or to affordable public transportation, impacts the pools of potential employees at all employment levels. If employees must drive long distances to afford housing, traffic, road

congestion and air quality are increased, negatively impacting the general quality of life for all. Hours spent "in transit" reduce more productive use of time, including time at home with family or in activities which benefit the community. When first responders and those on whom the local government or school system depend to provide critical services have limited affordable housing choice, the implications for the community (and both tangible and intangible opportunities for community investment by these key stakeholders), are amplified.

An October 2011 report from George Mason University's Center for Regional Analysis (CRA) directly links housing affordability and a healthy jobs-housing balance to economic sustainability by staking the metro area's future economic growth on its ability to produce enough suitable housing to accommodate the large number and range of jobs anticipated to come to the region over the next twenty years. The lack of adequate housing options near jobs will also result in significant "leakage" of potential economic activity out to distant communities from which workers must commute in order to find affordable housing. The Alexandria Economic Development Partnership confirms that consumer revenue lost because local employees shop, spend and invest outside Alexandria should be a real concern to the City and its business community.

Of course, the timeline for implementing change, developing tools, leveraging resources and meeting goals as articulated in the Housing Master Plan must be balanced with the human and financial resources the City can responsibly provide, given competing demands for its services and programs. Few investments make as big an impact on how a community is shaped as the preservation or production of sustainable affordable housing because that determines what human capital is available. As one stakeholder so eloquently articulated at the inaugural Housing Master Plan meeting in April 2010, "when we talk about the number of units and what's been lost, let's not forget that what we are really talking about is people."

2

Demographic and Housing Analysis

THE STATE OF AFFORDABLE HOUSING IN ALEXANDRIA

EXISTING CONDITIONS

As a result of the City of Alexandria's growth during the economic boom of the last decade, market pressures impacted the affordability of existing housing units. From 2000 to 2010, Alexandria had a decrease of approximately 6,051 market affordable rental housing units[1] because of increases in rents or, to a limited extent (just over 100 units), conversion to condominium ownership. Approximately 12,422 affordable ownership units were lost from the affordable housing stock due to the rise in property value over the same period[2]. As a result, prospective renters and homeowners earning up to 60% Area Median Income (AMI) ($57,300 or less for a family of three in 2011) have fewer affordable living options.

COMMUNITY PROFILE

Alexandria is a densely populated, medium-sized independent city with a diverse population and a total land area of 15.75 square miles. The city is located along the western bank of the Potomac River, approximately six miles south of downtown Washington D.C., and is bordered by Fairfax County to the south and west, and Arlington County to the north. Due to its proximity to the nation's capital, Alexandria has experienced a healthy local economy, stable housing market, and a good quality of life.

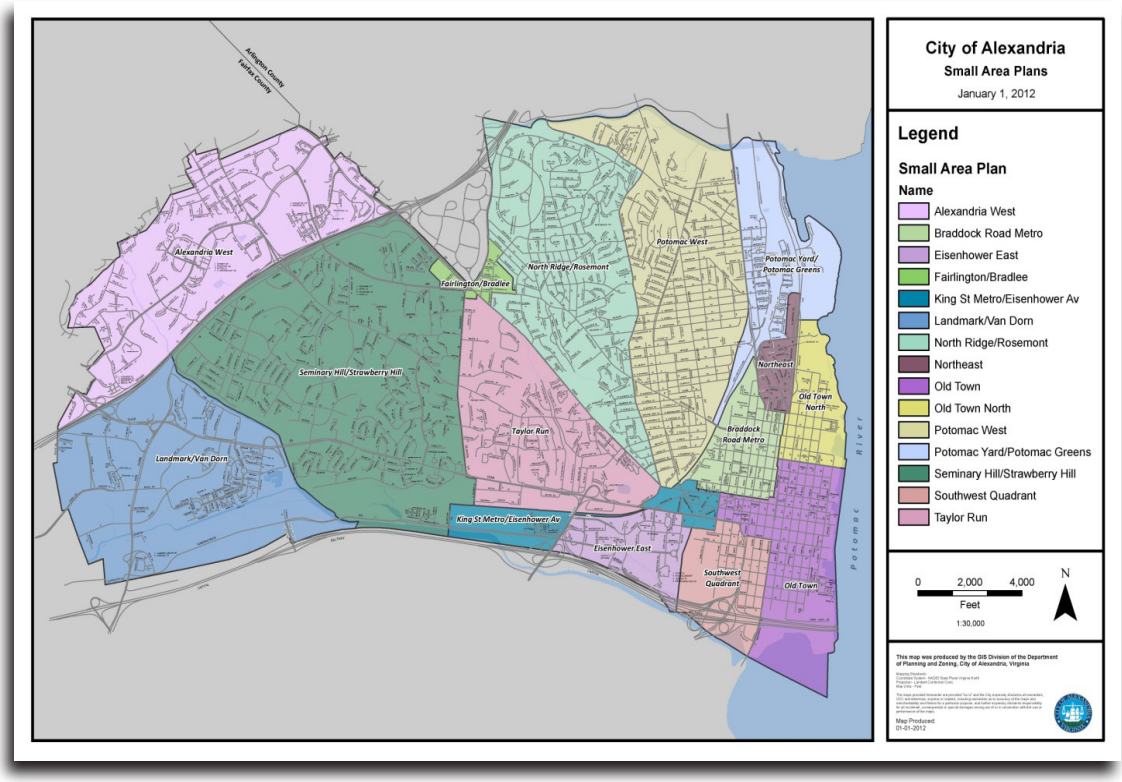
Over the last decade, Alexandria has grown in population, number of households, number of housing units, and percentage of homeowners, while at the same time experiencing a slight decrease in average household

1 Data from the "Annual Rent Survey" conducted by the Office of Housing's Landlord-Tenant Relations Division
2 Estimate provided by Department of Real Estate Assessment data and Office of Housing calculations

and family size. The U.S. Census Bureau (2010) estimated that the city has a population of 139,966 people, 68,082 households, and 72,376 housing units. The city's 2010 population represents an 8.3% increase from the 2000 Census, which documented a total population of 128,283 people, 61,889 households, and 64,251 housing units. The 2010 owner-occupied housing percentage is 43.3%; an increase from the 2000 percentage of 40.0%. The 2010 Census estimates an average household size of 2.03 persons and an average family size of 2.85 persons, nearly identical to the 2000 average household size of 2.04 persons and an average family size of 2.87 persons.

The city's racial and ethnic distribution remained largely consistent between 2000 and 2010. The only minor change was an increase in the Hispanic (of any race) population from 14.7% in 2000 to 16.1% in 2010. In 2010, the overall racial distribution was: whites, 60.9%; blacks, 21.8%; Native Indian and Alaska Native, 0.4%; Asian, 6%; Native Hawaiian and other Pacific Islander, 0.1%; Some other race, 7.1%; and two or more races, 3.7%.

In general, Alexandria's population is growing proportionally older, yet there was an increase in the under 5 years old age group from 2000 to 2010. In 2000 the percentage was 6.2% and in 2010 it was 7.1%. The population



aged 5 – 19 years old decreased from 12% to 11.3% and the population aged 20 – 44 years old decreased from 51.1% to 47.9%. The population aged 45 – 64 years old increased from 21.5% to 24.3% and the population aged 65 years and older increased from 8.9% to 9.2%.

Over the last decade Alexandria's median income[3] increased at a rate faster than the U.S. Consumer Price Index (CPI)[4]. From 2000 to 2010, inflation in the Washington-Baltimore Metropolitan area increased by 32.2 percent. However during that same time period, the median household income increased by 37.7 percent ($56,504 to $77,793) and the median family income increased by 50.1percent ($67,023 to $101,064).

The city currently has 17 small planning areas that cover the city in varying size, geographic boundary, land use composition, housing type, and neighborhoods. However, at the time of the analysis for the Housing Master Plan, the city consisted of 15 small planning areas which included the land area of the two "new" small areas of the waterfront and North Potomac Yard as shown on Map 2-1; subsequent references will refer to these 15 small areas. Each of these small areas is used by the City in its planning efforts and has a corresponding small area plan. The City's Master Plan is comprised of each small area plan as well as other element chapters such as Transportation, Open Space, and this Housing Master Plan. Since small areas cover all of the neighborhoods within the city, the geographic areas are used as a basis in the following supply and demand analysis. While there are some challenges with using small areas (due to varied sizes and land uses) in this analysis, they are a consistent geographic metric within the city and are used in other planning efforts.

3 U.S. Census estimates of median household and median family incomes
4 Based on U.S. Consumer Price Index All Urban Customers data for the Washington-Baltimore, DC-MD-VA, WV area

AFFORDABLE HOUSING DEFINITIONS

Affordable housing: Rental or ownership housing costing no more than 30% of a household's gross monthly income before taxes. Income target groups: up to 60% area median income (rental) and 80% area median income (ownership).

Area Median Income (AMI): Median family income reflects the income level at which half of all families earn more and half earn less. The 2011 AMI in the Washington DC Metropolitan area is $106,100. In family-size adjusted figures, the actual median is associated with a family of four.

Market affordable rental housing: Rental housing priced such that a household earning 60% AMI would spend no more than 30% of household income on housing costs.

Public housing: Income-restricted housing units that are targeted to extremely low- to low-income families. Residents pay 30% of their adjusted income as rent and HUD provides the local housing authority with subsidies to maintain the units and the developments in which they are located.

Workforce housing: Housing units that target households of moderate-incomes. Moderate-income may include incomes ranging from 60% - 80% (rental) and 80% - 120% AMI (ownership).

Publicly-assisted housing: Rental units available to income-eligible households through rent and/or occupancy restrictions imposed as a condition of assistance under federal, state, or local programs. Targeted income levels vary by program, and may be as high as 80% AMI.

AFFORDABLE RENTAL HOUSING

There are an estimated 30,251 rental housing units within the City of Alexandria. This total reflects all multi-family dwellings classified as rental properties by the City of Alexandria's Department of Real Estate Assessments as well as those reported in the Office of Housing's Annual Rent Survey[5]. Based on data collected by the Office of Housing and Department of Real Estate Assessments, almost half (47%) of these units contain one bedroom. Two-bedroom units constitute the second largest total at (36%). Efficiencies (10%) and units with three or more bedrooms (7%) account for the remaining units. This distribution of rental units indicates that there are limited options for large households (five or more persons) and families to find traditional rental solutions.

The affordability analysis of the existing multi-family rental supply relied heavily on the Annual Rent Survey. This analysis focused on 2-person households as that is the household size that most closely resembles the average household size in Alexandria[6]. The location and distribution of the City's multi-family rental housing are presented in Table 2-1. The table includes market affordable rental units and assisted affordable rental units (including public housing units) as of 2010. The data is presented by small area and citywide. This approach provides an understanding of the absolute numbers, relative proportion, and distribution of all affordable rental housing within the city. It must be noted that increases or decreases in rents, as they are tracked annually, may result in shifts in the number of affordable rental units from year to year.

The city's rental housing units are concentrated within four small areas. Alexandria West, Landmark/Van Dorn, Potomac West, and Seminary Hill encompass nearly 81% of all of the city's rental units. The Alexandria West small area has the largest share of the city's rental housing at 29.3%,

5 The "Annual Rent Survey" is conducted by the Office of Housing's Landlord-Tenant Relations Division
6 The 2010 Census estimates an average household size of 2.03 persons for Alexandria

(Continued on page 16)

Table 2-1: Alexandria Rental Housing Affordability, 2010

Small Area	Rental Unit Count	Distribution of Rental Units Citywide	Market Affordable Rental Unit Count(1)	Share of Units in Area that are Market Affordable	Distribution of Market Affordable Rental Units Citywide
Alexandria West	8,849	29.3%	4,070	46.0%	41.3%
Braddock Road Metro	848	2.8%	0	0.0%	0.0%
Eisenhower East	1,898	6.3%	0	0.0%	0.0%
Fairlington/Bradlee	16	0.1%	0	0.0%	0.0%
King Street Metro/ Eisenhower Ave	460	1.5%	0	0.0%	0.0%
Landmark/Van Dorn	6,507	21.5%	1,562	24.0%	15.9%
Northeast	261	0.9%	65	24.9%	0.7%
North Ridge/ Rosemont	332	1.1%	171	51.5%	1.7%
Old Town	360	1.2%	96	26.7%	1.0%
Old Town North	341	1.1%	0	0.0%	0.0%
Potomac West	4,164	13.8%	2,389	57.4%	24.3%
Potomac Yard/ Potomac Greens	64	0.2%	0	0.0%	0.0%
Seminary Hill	4,869	16.1%	1,220	25.1%	12.4%
Southwest Quadrant	758	2.5%	152	20.1%	1.5%
Taylor Run	524	1.7%	125	23.9%	1.3%
City	30,251	100.0%	9,850	32.6%	100%

Source: Office of Housing and RKG Associates, Inc., 2010
(1) 60% of AMI, Two- Person Household

Meridian Carlyle Place

Lacy Court Apartments

Assisted Affordable Rental Unit Count	Share of Units in Small Area that are Assisted Affordable	Distribution of Assisted Affordable Rental Units Citywide	Total Affordable Rental Unit Count	Share of Units in Small Area that are Affordable	Distribution of Affordable Rental Units Citywide
151	1.7%	4.1%	4,221	47.7%	31.1%
325	39.0%	8.8%	325	39.0%	2.4%
28	1.5%	0.8%	28	1.5%	0.2%
18	100.0%	0.5%	18	100.0%	0.1%
0	0.0%	0.0%	0	0.0%	0.0%
1,027	15.8%	27.7%	2,589	39.8%	19.1%
88	34.0%	2.4%	153	59.1%	1.1%
1	0.3%	0.0%	172	51.7%	1.3%
82	22.8%	2.2%	178	49.4%	1.3%
341	100.0%	9.2%	341	100.0%	2.5%
321	7.7%	8.7%	2,710	65.1%	20.0%
64	100.0%	1.7%	64	100.0%	0.5%
801	16.4%	21.6%	2,021	41.4%	14.9%
215	28.4%	5.8%	367	48.4%	2.7%
240	45.6%	6.5%	365	69.4%	2.7%
3,702	12.2%	100.0%	13,552	44.8%	100.0%

Ladrey High Rise

Alex Crossing

or 8,849 units. However, this allocation of rental housing closely follows the distribution of all housing units within the City, as Alexandria West, Landmark/Van Dorn, Seminary Hill and Potomac West account for nearly 70% of Alexandria's housing[7]. Outside of the 4 small areas mentioned, no other small area contains more than 7% of the city's total rental housing supply and no other small area holds more than 8% of Alexandria's entire housing supply.

Of the existing rental housing in Alexandria, 44.8% or 13,552 rental units were priced in 2010 at a level affordable at the 60% AMI rent threshold for a two-person household. Alexandria West, Landmark/Van Dorn, Potomac West, and Seminary Hill account for nearly 85% of the city's affordable rental housing; this includes market affordable units as well as assisted affordable rental units (including public housing). However, Table 2-1 shows that, within all but two small areas, the percentage of the city's affordable housing located within the area is within two percent of the percentage of the City's rental units that fall within the area. The two small areas that do not follow this pattern are the Eisenhower East and Potomac West small areas.

1. PUBLIC AND ASSISTED RENTAL HOUSING SUPPLY

Resolution 830 Housing Units

The City of Alexandria is committed to preserving 1,150 public or publicly assisted housing units under Resolution 830, which requires that no covered unit may be lost unless a replacement unit is provided, (see text box on following page). Resolution 830 addresses all of the city's existing public housing units owned by the Alexandria Redevelopment and Housing Authority (ARHA), several replacement properties owned in whole or part by ARHA (Hopkins-Tancil Courts, Jefferson Village, Quaker Hill, Alexandria Crossing, and Old Town Commons), and the privately-owned Annie B. Rose House which is located on ARHA-owned land. The City's Resolution 830 units are concentrated in two small areas – Braddock Road Metro and Old

7 Source: RKG Associates, Inc., 2010

WHO NEEDS AFFORDABLE HOUSING?

In Alexandria, affordable housing is for:

- Renters making up to $49,704 per year (up to 60% of AMI for a 2-person household)
- Homeowners earning up to $74,496 per year (up to 60%AMI for a 3-person household)

Occupations that may qualify for affordable rental or ownership housing include:

Home Health Aide	$22,890
Restaurant Food Server	$24,060
Maid/Housekeeping Cleaner	$24,080
Landscaping Worker	$26,350
Receptionist/Clerk	$30,460
Pre-school Teacher	$31,460
Refuse Collector	$36,820
Court Reporter	$42,780
Manager of Retail Sales	$45,210
Construction Worker	$45,410
Licensed Nurse	$46,840
Auto. Service Mechanic	$47,740
Emerg. Medical Tech. (EMT)	$48,000
Correctional Officer	$48,250
Family/School Social Worker	$56,270
Firefighter	$57,510
Elementary School Teacher	$68,650

Source: Bureau of Labor Statistics, Washington-Arlington-Alexandria Metropolitan Division, Occupational Employment and Wage Estimates, May 2010

Town North. Old Town North has 341 units (29.7% of the total) and Braddock Road Metro has 301 units (26.2% of the total). Each of the remaining small areas has between 0 - 8.9 percent of the City's Resolution 830 housing units. Table 2-2 provides the distribution of the Resolution 830 units within the City.

RESOLUTION 830

Resolution 830, adopted by City Council and ARHA in 1981 and amended in 1982, created a joint commitment and agreement between the City and ARHA to retain, at a minimum, 1,150 public or publicly assisted housing units in Alexandria. Resolution 830 establishes a requirement for one-for-one replacement of any public housing unit lost through redevelopment. It requires that no public housing unit be demolished unless replacement publicly assisted housing is available and that no tenant be displaced from public housing until they can be moved into appropriate replacement housing. It also requires that the net proceeds from the sale or lease of any public housing project be used to benefit the living environment of public housing residents and that all relocation costs be borne by ARHA or its developer.

Table 2-2: Resolution 830 and other Assisted Units By Small Area, 2011

Small Area	Res. 830 Units in Area (1)	Share of Total Res 830 Units in Area	Other Assisted Units in Area	Share of Total Other Assisted Units in Area	Total Assisted Units in Area	Share of All Assisted Units in Area
Alexandria West	52	4.5%	99	3.9%	151	4.1%
Braddock Road Metro	301	26.2%	24	0.9%	325	8.8%
Eisenhower East	0	0.0%	28	1.1%	28	0.8%
Fairlington/Bradlee	18	1.6%	0	0.0%	18	0.5%
King Street Metro/ Eisenhower Ave	0	0.0%	0	0.0%	0	0.0%
Landmark/Van Dorn	43	3.7%	984	38.6%	1,027	27.7%
Northeast	54	4.7%	34	1.3%	88	2.4%
North Ridge/Rosemont	1	0.1%	0	0.0%	1	0.0%
Old Town	82	7.1%	0	0.0%	82	2.2%
Old Town North	341	29.7%	0	0.0%	341	9.2%
Potomac West	84	7.3%	237	9.3%	321	8.7%
Potomac Yard/ Potomac Greens	0	0.0%	64	2.5%	64	1.7%
Seminary Hill	72	6.3%	729	28.6%	801	21.6%
Southwest Quadrant	0	0.0%	215	8.4%	215	5.8%
Taylor Run	102	8.9%	138	5.4%	240	6.5%
City	1,150	100.0%	2,552	100.0%	3,702	100%

Source: Office of Housing and RKG Associates, Inc., 2010
(1) Reflects distribution after completion of Old Town Commons and new 16 Replacement Units

Other Assisted Units

There are other rental units within Alexandria that are privately-owned but financially assisted with funds by the federal, state, or local government. In total, there are 2,552 of these units within the city, including 73 rental units that private developers set aside for households earning up to 60% AMI. The assisted units are concentrated in two small areas - Landmark/Van Dorn and Seminary Hill. The Landmark/Van Dorn small area contains 984 units (38.6% of the total) and the Seminary Hill small area contains 729 units (28.6% of the total). Each of the remaining small areas has between 0 – 9.3% of the city's assisted rental units, as shown in Table 2-2. Private entities that own and operate assisted rental housing in the city have the option to remove units from the city's assisted rental housing stock when the subsidy expires. As of January 2012, 871 assisted units in non- Resolution 830 properties subsidized with project-based Section 8, Low-Income Housing Tax Credits, City Housing Trust Fund, and/or federal HOME funds, will face a potential loss of subsidy by June 2015, the end of the current Five-Year Consolidated Plan period[8]. Another 480 units face threats from July 2015 through June 2020, including 423 for which the owners have an opportunity every five years to cease participation in the Section 8 program.

2. MARKET AFFORDABLE RENTAL HOUSING SUPPLY

Market affordable rental housing is housing that is affordable for a household at 60% AMI to spend no more than 30% of household income on housing costs, without any public subsidy or restrictions. Four small areas (Alexandria West, Landmark/Van Dorn, Potomac West, and Seminary Hill) encompass nearly 94% of the city's market affordable rental housing. Alexandria West has 41.3% of the city's market affordable rental housing, Landmark/Van Dorn has 15.9%, Potomac West has 24.3%, and Seminary Hill has 12.4%. Table 2-3 presents the distribution of market affordable rental housing as of January 2010.

8 The Consolidated Plan is a HUD-mandated document prepared every five years as a condition of the City's receipt of federal Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Program funding.

There are segments of the city that do not have any market affordable rental housing. The Braddock Road Metro, Eisenhower East, Fairlington/ Bradlee, King Street/Eisenhower Avenue, Old Town North, and Potomac Yard/Potomac Greens small areas have none. Those small areas have rental housing; just not at prices market affordable to households at 60% AMI.

Table 2-3: Market Affordable Rental Housing by Small Area, 2010

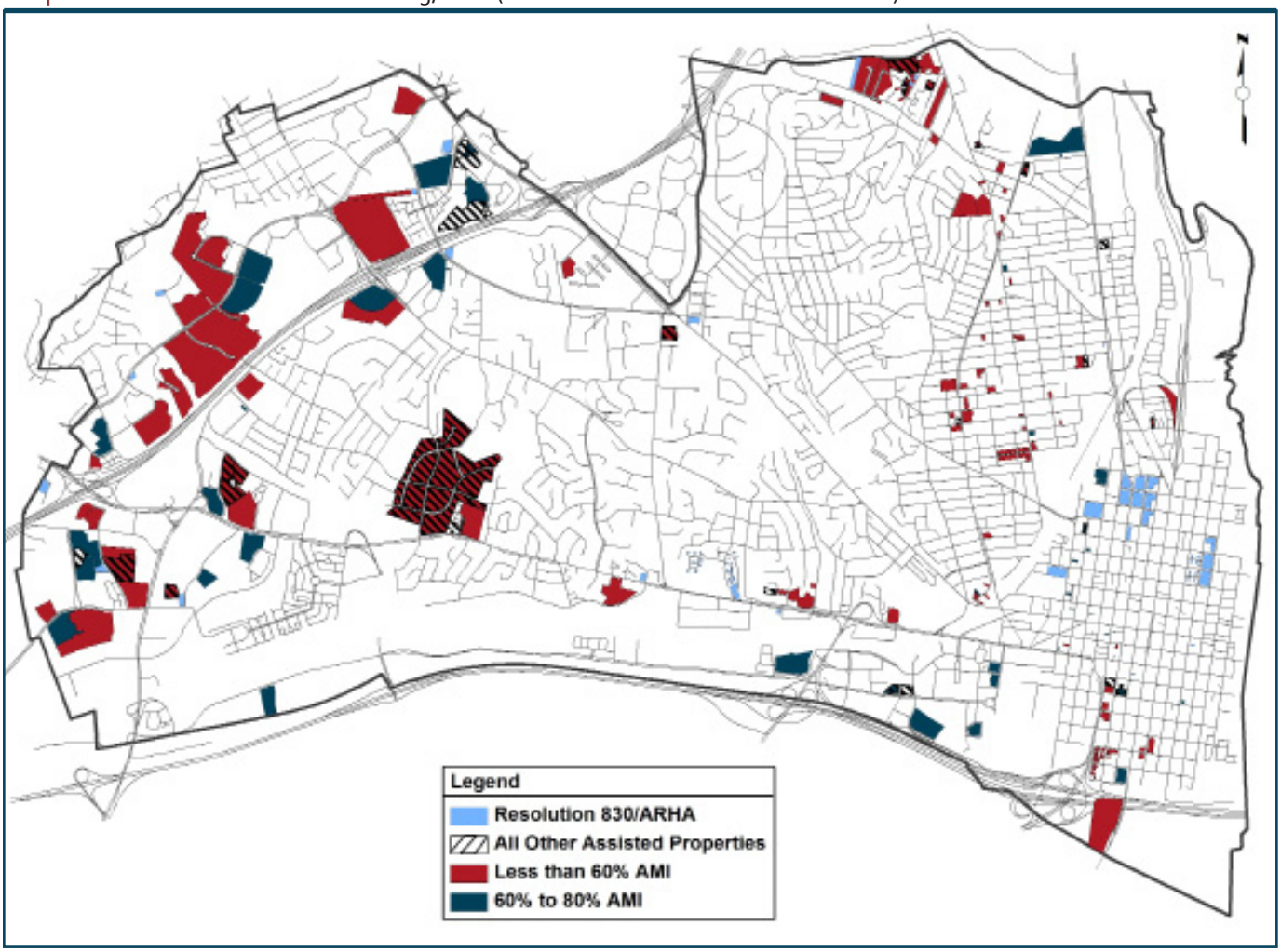
Small Area	Rental Unit Count	Share of All Rental Units Citywide	Market Affordable Rental Unit Count(1)	Share of Units in Area that are Market Affordable	Share of All Market Affordable Rental Units Citywide
Alexandria West	8,849	29.3%	4,070	46.0%	41.3%
Braddock Road Metro	848	2.8%	0	0.0%	0.0%
Eisenhower East	1,898	6.3%	0	0.0%	0.0%
Fairlington/Bradlee	16	0.1%	0	0.0%	0.0%
King Street Metro/ Eisenhower Ave	460	1.5%	0	0.0%	0.0%
Landmark/Van Dorn	6,507	21.5%	1,562	24.0%	15.9%
Northeast	261	0.9%	65	24.9%	0.7%
North Ridge/ Rosemont	332	1.1%	171	51.5%	1.7%
Old Town	360	1.2%	96	26.7%	1.0%
Old Town North	341	1.1%	0	0.0%	0.0%
Potomac West	4,164	13.8%	2,389	57.4%	24.3%
Potomac Yard/ Potomac Greens	64	0.2%	0	0.0%	0.0%
Seminary Hill	4,869	16.1%	1,220	25.1%	12.4%
Southwest Quadrant	758	2.5%	152	20.1%	1.5%
Taylor Run	524	1.7%	125	23.9%	1.3%
City	30,251	100.0%	9,850	32.6%	100%

Source: Office of Housing and RKG Associates, Inc., 2010
(1) 60% of AMI, Two- Person Household

In addition to the traditional multi-family rental housing supply, the city has a substantial number of ownership units (single-family detached, semi-detached, row house, townhouse, and condominiums) that are being rented. Based on the estimate of rental households and the city's current vacancy rate for apartment units, as many as 7,000 traditional ownership units are believed to be in the rental inventory. This finding is consistent with other urban communities where rental demand exceeds the capacity and variety of a traditional rental market. However, there

is no central data source on the number and rent levels of traditional ownership units being used as rental housing. Therefore, this analysis does not include these rental conversions as part of the supply and only reflects the known traditional rental supply (30,251 units).

Map 2-2: Market Affordable Rental Housing, 2010 (Affordable for -Rent 2-Person Households)



3. CURRENT AFFORDABLE RENTAL HOUSING DEMAND

The demand for affordable rental housing was assessed using data from the U.S. Census Bureau, ESRI, and the City of Alexandria. This information was used to determine the existing number of rental households by household size within various income ranges. This demand analysis focuses on 2-person households as that household size most closely resembles the

average household size in Alexandria. The rental housing demand data does not include existing Alexandria households that own their homes. Table 2-4 provides the number of existing rental households within various income ranges for two-person households. The income group with the largest number of households in the city is that within the 60% to 80% AMI range, which totals 6,746 households. There are also a substantial number of renter households within the 30% to 50% AMI (5,814 households) and under 30% AMI (5,757 households). Alexandria rental households earning below 60% AMI consist of 14,353 households, or 40.7%, of the rental demand pool.

Table 2-4: Apartment Housing Demand By Income Threshold Levels (Assuming all 2-person Household), 2010

Thresholds	Under 30%	30% - 50%	50% - 60%	60% - 80%	80% - 100%	100% - 120%	Over 120%
Corresponding Incomes	Under $24,850	$24,850 to $41,420	$41,420 to $49,704	$49,704 to $66,272	$66,272 to $82,840	$82,840 to $99,408	Over $99,400
Households	5,757	5,814	2,782	6,746	4,180	3,422	6,524

Source: ESRI and RKG Associates, Inc. 2010

4. CURRENT AFFORDABLE RENTAL HOUSING NEEDS ASSESSMENT

The demand analysis demonstrates the extent of the affordable housing need for households at various income thresholds. To accomplish this, an assumption was made about a household's ability and willingness to pay various amounts of rent. The analysis assumes rental consumers seek to maximize their ability to pay; meaning a household will spend 30% of their income on housing costs. While not all renters seek to pay the most they can afford based on the HUD standard of 30% of gross income, this assumption allowed the analysis to reveal a "best case scenario" result.

The results of this assessment are detailed in Table 2-5. Analysis of the existing affordable rental housing supply and the existing number of rental households demonstrates that there are fewer housing units available than the number of households at or below 60% AMI. Current households

earning below 30% AMI are underserved in all rental unit sizes. This income group has a net gap of 3,650 housing units, with the greatest unmet need for 1-bedroom and 2-bedroom units. This finding is consistent with most metropolitan communities and by ARHA's extensive waiting lists, (see inset box). There is also unmet demand at the 50% AMI, 60% AMI and 80% AMI income thresholds in certain housing size categories. Alexandria is underserved in 3-bedroom units at all income levels (net need of more than 4,900 housing units).

Table 2-5: Housing Affordability Analysis - Apartment Supply & Demand Comparison; 2-Person Income Levels, 2010

Percent AMI	Under 30%	30% - 50%	50% - 60%	60% - 80%	Above 80%	
Annual HH Income	$24,850	$41,420	$49,704	$66,272	$66,272+	
Rent Level	$621	$1,036	$1,243	$1,657	$1,657+	TOTALS
EFFICIENCY						
Supply	130	2,203	202	455	0	2,990
Demand	599	605	290	702	1,470	3,665
Difference	(469)	1,598	(88)	(247)	(1,470)	(675)
1 BEDROOM						
Supply	793	3,985	3,644	4,542	1,401	14,365
Demand	2,259	2,282	1,092	2,647	5,542	13,820
Difference	(1,466)	1,704	2,553	1,896	4,321	545
2 BEDROOM						
Supply	735	26	1,361	4,415	4,322	10,859
Demand	1,764	1,782	852	2,067	4,329	10,793
Difference	(1,029)	(1,756)	509	2,348	(7)	67
3+ BEDROOM						
Supply	450	0	23	823	741	2,037
Demand	1,137	1,146	548	1,331	2,786	6,948
Difference	(687)	(1,146)	(525)	(508)	(2,045)	(4,911)
TOTAL						
Supply	2,108	6,214	5,230	10,235	6,464	30,251
Demand	5,758	5,814	2,781	6,746	14,126	35,225
Difference	(3,650)	400	2,449	3,489	(7,662)	(4,974)

Source: Office of Housing and RKG Associates, Inc. 2010

ARHA WAITING LISTS

According to the ARHA,) unmet demand for ARHA units is substantial. ARHA currently has 1076 "hard" units of affordable housing (public housing, tax-credit, market affordable, project based subsidy) and there are currently 4,128 families on the waiting lists for one of those units. The average wait for one of these units is approximately 6 to 8 years. ARHA also has funding to support 1422 Section 8 Housing Choice Vouchers (HCV, formerly Section 8) and 752 families waiting an average of 7 years for those vouchers. Both lists are often closed as a result of the backlog, but in August 2011, when the HCV and Public Housing waiting lists opened up, hundreds of prospective residents waited in line for hours before the doors even opened. During the 1 week open period, 15,000 unduplicated households were added to public housing and HCV lists.

By 9:30am on August 15, 2011, more than 250 people had lined up outside GW Middle School in hopes of securing a place on ARHA's waiting list for Housing Choice Vouchers. By the end of the day, ARHA had processed more than 1700 applications.

Interestingly, the largest gap is found for units with rent levels priced for households with incomes above 80% AMI (7,662 units). It is likely that a substantial share of the households earning above 80% of AMI are occupying housing priced to be affordable to lower income households. This condition places downward pressure on households earning at the lowest end of the affordability continuum by reducing the actual supply available to them as those units are occupied by households that could "afford" to pay more for their housing. As previously noted, the rental housing supply figures do not include condominiums, townhomes, or single-family units that are used as rental housing. Based on the estimate of rental households and the city's current vacancy rate for rental units, as many as 7,000 ownership units are believed to be in the rental inventory. Some of the rental demand for the above 80% AMI income threshold may be met by those households renting ownership units.

5. FUTURE AFFORDABLE RENTAL HOUSING NEEDS ASSESSMENT

The previous sections provide data on the current supply and demand of affordable rental housing within the city. This section will provide an analysis of the supply and demand for affordable rental housing over the next twenty years. In order to complete this analysis, assumptions were made on the amount of future market affordable rental supply, the future status of the current assisted properties, and the new demand of affordable units over the next 20 years. While the current supply and demand analysis broke data into various income groups, the future projections attempts to provide data only on those households below 60% AMI with the understanding that lower income groups will be disproportionately impacted as area median income and rents continue to rise in the Washington Metropolitan Area.

PROJECTION ASSUMPTIONS

1. MARKET AFFORDABLE SUPPLY

As it has been shown, the market affordable rental supply has drastically decreased over the past decade. This trend is expected to continue over the next 20 years. Several factors will lead to the continued loss of market affordable housing supply including rents that rise faster that incomes and the redevelopment, rehabilitation and repositioning of current market affordable properties. The city lost approximately 6,000 units of market-rate affordable housing between 2000-2010 due most to rents that rise faster than incomes. Over the past two years this trend has continued as has the desire to rehabilitate and redevelopment housing to serve higher income groups. Therefore, this analysis assumes that market rate affordable housing will continue to be lost at the same rate as it was lost from 2000-2010 of approximately 600 units per year for the next 15 years for a total of approximately 9,000 units. The projections assume that none of the new market rate housing will be built to serve people at or below 60% AMI

2. ASSISTED AFFORDABLE HOUSING SUPPLY

As has been discussed in this section, a number of the city's assisted affordable housing properties are in danger of losing their affordable status. However, for the purposes of this analysis the projections assume all assisted affordable housing properties will be retained or replaced.

3. FUTURE NEW AFFORDABLE HOUSING DEMAND

In order to determine the demand of future units that will be required at affordable levels, an analysis was completed based on future jobs in the city. This analysis uses the methodology used by the George Mason University School of Public Policy's Center for Regional Analysis (CRA) in their recent report entitled, Housing the Region's Future Workforce. That analysis projected the type of jobs that would be created in the city and created the price point of housing based on those jobs. In order to be consistent with City's current projections, the housing master plan projections used

the city's projected growth in housing units and distributed them into rental and ownership housing using CRA's distribution rates for new housing (66.7% rental and 33.7% ownership). Based on this analysis, the city will see a demand of 9,707 rental units by 2030. Using the CRA price point distribution methodology, 4,886 of the total new units will need to be priced at $1,250 (in 2010 dollars) or lower. This rent level directly coincides with a price point affordable to 60% AMI households as shown in Table 2-4 above.

PROJECTION RESULTS

Table 2-6 compares the current and future supply and demand based on a number of assumptions described above. Table 2-6 shows that the city currently has a deficit of 801 units priced affordably for households making at or below 60% AMI, and this demand will grow to 14,687 by 2030. While this projection is not without its flaws, it provides a snapshot of the continually rising demand for affordable rental housing for families at or below 60% AMI.

Table 2-6: City of Alexandria Current and Future Affordable Rental Housing Supply and Demand, 2010-2030

Year	Supply			Demand			Net Supply
	Market Affordable	Assisted Affordable	Total Supply	Existing Demand	New Demand	Total Demand	
2010	9,850	3,702	13,552	14,353	0	14,353	(801)
2030	850	3,702	4,552	14,353	4,886	19,239	(14,687)

SUMMARY: AFFORDABLE RENTAL HOUSING SUPPLY AND DEMAND

The analysis of affordable rental housing supply and demand reveals several key points:

- Forty-five percent of the city's current rental housing is priced affordably for households earning up to 60% AMI. This includes both market affordable rental units and assisted affordable rental units.

- In all Small Areas except two, the amount affordable rental units are within two percent of the total rental units within that small area. The two small areas that do not follow this pattern are the Eisenhower East and Potomac West small areas.
- The highest concentrations of the city's market affordable rental housing are located in the following small areas: Alexandria West (41.3%), Landmark/Van Dorn (15.9%), Potomac West (24.3%), and Seminary Hill (12.4%).
- The highest concentrations of the city's assisted rental housing are located in the Landmark/Van Dorn (27.7%) and Seminary Hill (21.6%) small areas, with the highest concentrations of the City's Resolution 830 units located in the Braddock Road Metro (26.2%) and Old Town North (29.7%) small areas.
- As of January 2012, 871 assisted units in non- Resolution 830 properties subsidized with project-based Section 8, Low-Income Housing Tax Credits, City Housing Trust Fund, and/or federal HOME funds, will face a potential loss of subsidy by June 2015, the end of the current Five-Year Consolidated Plan period. Another 480 units face threats from July 2015 through June 2020, including 423 for which the owners have an opportunity every five years to cease participation in the Section 8 program.
- The City currently has a shortage of units at all bedrooms sizes affordable to households earning less than 30% AMI. The combined shortages of efficiencies, 1BR, 2BR, and 3BR units for this income group are more than 3,500 units.
- Estimates suggest that many as 7,000 renter households are being served by the non-traditional rental market (ownership single-family detached, semi-detached, row house, townhouse, and condominium units). This rental analysis does not include such units as part of the rental supply, as there is no reliable data on the number and rent levels of such traditional ownership units.
- Projections show that by 2030, demand for housing units priced for households at or below 60% AMI will exceed supply by 7,687 units.

OWNERSHIP HOUSING

1. AFFORDABLE OWNERSHIP SUPPLY

There are an estimated 40,114 ownership units within the City of Alexandria. This total reflects all units categorized as single-family detached, semi-detached, row house, townhouse, and condominiums in the City's Real Estate Assessment database. This database provides a comprehensive listing of housing units in the city. As detailed in the previous section, some of the units classified as ownership units are being used as rentals. However, there is no data source to definitively identify the total number of units that are used as rental housing. Therefore, this analysis considers all traditional ownership units (the types of units noted above) to be part of the ownership housing supply.

The affordable ownership supply is defined as units affordable to households earning 80% AMI, or $74,496 for a 3-person household. This household size was selected because ownership households tend to be larger than renter households. The data include conventional and Federal Housing Administration (FHA) homebuyers and fee simple (detached, semi-detached and row and town homes) and condominium units. FHA standards were included because, according to the Virginia Housing Development Authority (VDHA), approximately 90% of homebuyers in 2010 in used FHA loans to finance their purchase. An FHA loan allows the buyer to have a smaller down payment (3.5%) than is needed for a conventional loan (20%).

However, FHA mortgage interest rates are higher than conventional mortgage rates and the monthly housing cost includes an insurance premium in light of the reduced buyer equity in the acquisition transaction. FHA buyers can finance a home using less money down but the higher mortgage rate and required insurance premium, combined with a smaller down payment actually means that a typical FHA buyer making up to 80% AMI cannot afford the same mortgage, and therefore home, as a conventional buyer within the same income threshold (Table 2-7). The maximum home prices affordable to 3-person households earning 80% of AMI are shown in Table 2-8.

Table 2-7: Alexandria Ownership Affordable Thresholds (3-Person Income Levels) at 80% AMI, 2010

	FHA HOMEBUYER		CONVENTIONAL BUYER	
	Fee Simple	Condo	Fee Simple	Condo
Maximum Home Value	$262,098	$171,628	$384,803	$268,581
Down Payment	3.5%	3.5%	20.0%	20.0%
Mortgage Total (%)	96.5%	96.5%	80.0%	80.0%
Current Interest Rates	5.25%	5.25%	4.92%	4.92%
Annual Mortgage Cost	$16,687	$10,927	$19,570	$13,659
Annual PMI	$1,265	$828	$0	$0
Real Estate Taxes	$2,563	$1,679	$3,763	$2,627
Insurance Cost	$344	$225	$505	$353
Condo Fee	$0	$7,200	$0	$7,200
Total Annual Cost	$20,859	$20,859	$23,839	$23,839
Required Gross Income	$74,496	$74,496	$74,496	$74,496

Source: Alexandria Office of Housing and RKG Associates, Inc., 2010

Table 2-8: Maximum Home Prices 3-Person Income Levels; Conventional & FHA Financing, 2010

	Maximum Home Price		
Type of Loan	80% of AMI	100% of AMI	120% of AMI
FEE SIMPLE			
FHA	$262,098	$327,623	$393,169
Conventional	$384,803	$481,003	$577,235
CONDOMINIUM			
FHA	$171,628	$237,153	$302,698
Conventional	$268,581	$364,781	$461,013

Source: PKG Associates, Inc., 2010

Using assessed value as a surrogate for sale price, there are very few fee simple houses within the City of Alexandria that, if placed on the market for sale, would be affordable. In 2010, a total of only 271, or 1.3%, of the city's fee simple supply are affordable to 3-person households earning 80% of AMI utilizing a FHA loan (Table 2-9). This represents a sale price of $262,098 using an FHA loan and $384,803 using a conventional loan. The majority (87%) of these homes are located in the Potomac West small area. However, the affordable units only account for 4.4% of Potomac West's total fee simple housing supply. Because of the higher sales price that can be affordable with a conventional loan, using a conventional loan increases the supply

of units affordable to households earning 80% of AMI to 2,268 fee simple housing units citywide. While this total is higher than through FHA means, it still represents less than 11% of the city's total fee simple housing supply.

Table 2-9: Alexandria Fee Simple Ownership Units Affordable at 80% AMI, 3-Person Income Levels, FHA Financing, 2010

Small Area	Existing Fee Simple	Affordable Fee Simple	% Small Area Units Affordable (By Small Area)	% Small Area Units Affordable (Citywide)
Alexandria West	1,170	1	0.1%	0.4%
Braddock Road Metro	1,275	11	0.9%	4.1%
Eisenhower East	26	0	0.0%	0.0%
Fairlington/Bradlee	13	0	0.0%	0.0%
King Street Metro/ Eisenhower Ave	56	0	0.0%	0.0%
Landmark/Van Dorn	1,343	0	0.0%	0.0%
Northeast	637	0	0.0%	0.0%
North Ridge/ Rosemont	2,966	1	0.0%	0.4%
Old Town	2,199	4	0.2%	1.5%
Old Town North	346	4	1.2%	1.5%
Potomac West	5,348	236	4.4%	87.1%
Potomac Yard/ Potomac Greens	349	0	0.0%	0.0%
Seminary Hill	3,167	14	0.4%	5.2%
Southwest Quadrant	621	0	0.0%	0.0%
Taylor Run	1,369	0	0.0%	0.0%
City	20,855	271	1.3%	100.0%

Source: Alexandria Office of Housing and RKG Associates, Inc., 2010

In contrast to fee simple housing stock, condominium units (based on assessed values) are comparatively more affordable. There are almost 3,900 condominium units affordable to households earning 80% of AMI using FHA financing (Table 2-10). This total represents nearly 20% of the total condominium supply in the city. Most of these affordable units are concentrated in certain areas of the city. Nearly 80% of the city's affordable condominiums are located in either the Alexandria West (32.7%) or Landmark/Van Dorn small area (41.2%) small area.

Table 2-10: Alexandria Condominium Affordable at 80% AMI, 3-Person Income Levels, FHA Financing, 2010

Small Area	Existing Fee Condominiums	Affordable Fee Condominiums	% Small Area Units Affordable (By Small Area)	% Small Area Units Affordable (Citywide)
Alexandria West	3,455	1,427	41.3%	37.2%
Braddock Road Metro	572	7	1.2%	0.2%
Eisenhower East	889	0	0.0%	0.0%
Fairlington/Bradlee	112	0	0.0%	0.0%
King Street Metro/ Eisenhower Ave	104	0	0.0%	0.0%
Landmark/Van Dorn	6,262	1,580	25.2%	41.2%
Northeast	350	0	0.0%	0.0%
North Ridge/ Rosemont	2,029	102	5.0%	2.7%
Old Town	814	1	0.1%	0.0%
Old Town North	1,389	23	1.7%	0.6%
Potomac West	546	119	21.8%	3.1%
Potomac Yard/ Potomac Greens	128	0	0.0%	0.0%
Seminary Hill	1,765	573	32.5%	15.0%
Southwest Quadrant	343	0	0.0%	0.0%
Taylor Run	471	0	0.0%	0.0%
City	19,229	3,832	19.9%	100.0%

Source: Alexandria Office of Housing and RKG Associates, Inc., 2010

In addition to down payment costs, interest rates, and insurance, there is another cost consideration that impacts the affordability of condominiums in Alexandria – condominium fees. Condominium fees range from about $200 to over $1,000 per month within the city. The affordability analysis used a condominium fee of $600 for each unit. Using a condominium fee this high decreases the number of units affordable to households at 80% AMI. Therefore, a household earning $74,496 per year can afford a $171,628 condominium using an FHA loan and a $268,581 unit using a conventional loan.

Old Town Set-Aside Units

Portners Landing Developer Set-Asides

2. AFFORDABLE SET-ASIDE SALES UNITS PROGRAM

Beginning in the 1990s, developers began providing homes in new housing developments to be set-aside as long-term affordable homeownership opportunities for low-and moderate-income first-time homebuyers. To date, 84 units have been pledged in ten developments through the Affordable Set-aside Sales Units Program, providing an important source of long-term affordable homeownership opportunities for the city. These homes have resale and other ownership restrictions ranging from 15 to 30 years. The majority of these units were sold in 1998-2000 and had 15 year restrictive covenants, which means the ownership restrictions will begin to expire in 2013. It is expected that two-thirds of these units will no longer be subject to affordability restrictions after 2016.

In 2009, City Council amended the requirements of the City's long-standing home purchase assistance programs, the Homeownership Assistance Program (HAP) and the Moderate Income Homeownership Program (MIHP), to include an equity sharing provision that serves to control future price increases based on the first-time homebuyer's purchase price and the City's assistance amount to the homebuyer. Through the equity sharing provision, the assisted homebuyer must share a portion of the future increase in value of their property over time through a price discount to the next income-eligible homebuyer when their unit is sold. Since this change was made in July 2009, 74 units were added to the city's inventory of resale-restricted homeownership units.

3. AFFORDABLE OWNERSHIP HOUSING DEMAND

Quantifying affordable ownership housing demand is difficult as homeownership demand goes beyond a household's desire to own. That household must be fiscally ready to purchase the home with the necessary down payment, income, and credit worthiness. In addition, there are households that prefer not to own a home despite the financial capacity to do so. Given the difficulty of estimating homeownership demand based on these factors, this analysis looks only at the ownership supply. Currently only 1.3% of the city's fee simple units and less than 20% of the

city's condominiums are affordable to households at 80% of AMI; for a total of 4,103 affordable ownership units. That represents only 10% of the city's ownership housing. Although an estimated 27.5% of current (2008-2010 ACS) homeowners have incomes at or below 80% of AMI, based on the foregoing finding this percentage could not be replicated if the same homeowners were purchasing their homes today. It is likely that the majority of these homeowners purchased either when prices were lower, or (especially in the case of retirees) their incomes were higher. Without intervention, the percentage of Alexandria homeowners will dwindle over time as current homeowners are replaced with subsequent buyers who will have to be able to afford today's prices.

4. FUTURE AFFORDABLE OWNERSHIP HOUSING NEEDS ASSESSMENT

Analysis of the future housing needs was based on the City's Round 8 Washington Metropolitan Council of Governments (MWCOG) housing unit projections normalized to the recent 2010 Census data. The total number of units was divided into rental and homeownership using the same distribution percentages discussed in the rental section of this chapter (66.3% rental, 33.7% ownership). These units were than distributed among different price points using the same methodology employed in the GMU Report. The results of this analysis show the city will need a total of 4,927 ownership new ownership units over the next 20 years. According to this analysis, 1,951 of those units would need to be priced between $200,000 and $399,000 (2010 dollars), roughly corresponding with the 100% AMI group shown in Table 2-8, and 927 units would need to be priced less than $200,000 (2010 dollars) which would serve the 80% AMI and under group.

SUMMARY: AFFORDABLE OWNERSHIP HOUSING SUPPLY AND DEMAND

Analysis reveals several key points:

- More than 93% of the city's existing affordable ownership housing consists of condominiums (for households earning 80% AMI and using FHA lending). This housing type may not satisfy the housing needs of the current demand pool.
- Only 1.3% of the city's existing fee simple units are affordable to households earning 80% AMI and using FHA lending. Only 11% of the city's existing fee simple units are affordable to households earning 80% AMI and using conventional lending.
- Potomac West small area has 87.1% of the city's fee simple units that are affordable to households earning 80% AMI and using FHA lending. That figure represents just 4.4% of the small area's fee simple units.
- Almost 20% of the city's condominiums are affordable to households earning 80% AMI and using FHA lending.
- Nearly 80% of the city's affordable condominiums are located in either the Alexandria West or Landmark/Van Dorn small areas.
- Increases in condominium fees will decrease the number of ownership units affordable to households at 80% AMI.

HOUSING NEEDS OF SPECIAL POPULATIONS

INTRODUCTION

The affordable housing challenges described in the earlier sections of this chapter have a great impact on the aging population, individuals with physical, intellectual, and mental disabilities, and the homeless. Many of these consumers find it difficult to obtain housing on the conventional housing market due to either physical, intellectual, or mental disability or condition. Included in this group are persons who may experience a period of homelessness and have a need for emergency housing. Many of these individuals may experience housing affordability issues due to fixed incomes and other types of extenuating circumstances that decrease their ability to pay.

Not all members of these populations will require affordable housing assistance but rather living environments that allow them to function effectively without financial assistance or subsidy. While each group will be discussed separately, it is important to note that these groups are not mutually exclusive. For example, many individuals with mental disabilities may also fall into homelessness. The analysis will describe the current make up of each of these populations in the city, provide an overview of the housing and services provided, and describe the current unmet housing demand for each group.

DEEPLY SUBSIDIZED HOUSING

While the various groups mentioned above may have different needs, the need for deeply subsidized affordable housing is a need that is present among all groups, although as noted above, does not impact all members of these groups. Deeply subsidized affordable housing is housing that is affordable for those with incomes at or below 30% AMI. Throughout the Housing Master Plan process, advocates that represent the various populations identified above stressed the need for housing that is deeply subsidized. Individuals with special needs may require varying physical attributes within these units, such as universal design features, but the greatest need is for housing that is affordable at the very lowest of incomes. Therefore, a key issue to be addressed is the increased provision of affordable housing that meets the economic and, where applicable, physical challenges of the population in question.

THE AGING POPULATION

SENIOR DEMOGRAPHICS

As in many areas of the country, the aging population in Alexandria continues to grow as the baby boom generation reaches retirement age. Table 2-11 shows the City's population over 65 in 2000, 2010 and projected over the next 20 years. While population projections may adjust over time, Table 4-11 demonstrates that the City will experience an increase in the population of persons over the age of 65 over the next 20 years. In

fact, the Alexandria Office of Aging's Strategic Plan on Aging, 2013 - 2017 projects the population of persons over 60 years of age will double its 2000 population by 2030.

Table 2-11: Alexandria Total Population by Age, 2000 - 2030

Detailed Age	2000	2010	2020	2030
Age 65 - 69	2,977	4,587	7,199	7,390
Age 70 - 74	2,718	2,758	6,050	6,475
Age 75 - 79	2,484	1,935	3,595	3,842
Age 80 - 84	1,720	1,605	1,955	2,403
Age 85+	1,706	1,921	2,274	2,374
Total Population over 65	11,605	12,806	21,073	22,484

Source: US Census and Virginia Employment Commission, 2010

EXISTING SENIOR HOUSING UNITS IN ALEXANDRIA

While many individuals will be able to continue to live at their current place of residence with minimal assistance, others will require a change in living arrangements that will accommodate their fixed incomes and diminished physical abilities. There are several types of living arrangements that can allow individuals that need assistance to remain within their communities. These options include supportive housing, continuing care retirement community (CCRC) campuses, and long term care facilities.

Beasley Square

The city currently has five residential properties with a total of 614 units dedicated to independent living for low-income elderly persons age 62 and older (or persons with disabilities). These properties include Annie B. Rose (90 units), the Ladrey Highrise (170 units), Park Place (38 rental units in a larger condominium property), Claridge House (300 units) and Beasley Square Apartments (8 units). The units at Ladrey Highrise and Park Place are all owned and operated by ARHA, while Annie B. Rose, Claridge House and Beasley Square are privately owned properties that received government assistance. The city also has three privately owned senior resident facilities for independent living totaling 470 units; however, none of these units are affordable to the low- and moderate-income elderly population.

Individuals (elderly or otherwise) that need additional assistance to perform everyday activities and functions may need to move to an assisted living or nursing home facility. Currently, there are no affordable facilities of these types within the city and low-income residents must move to surrounding communities to acquire these services. There are four facilities that have 209 units of assisted living within Alexandria. The City is a partial owner of the Birmingham Green long-term care facility located in Manassas, Virginia, and is entitled to place Alexandria residents in some of the facility's 64 assisted living units and 180 nursing healthcare units. At any given time, Alexandria has an average of 10 – 12 persons in assisted living and 19 in nursing care at Birmingham Green.

Alexandria has three ~~two~~ Continuing Care Retirement Communities (CCRCs: The Hermitage, The Fountains of Washington House, and Goodwin House) but none ~~neither~~ of these CCRCs is affordable to low-or moderate-income residents. There is only one long-term care bed in the city (at Sunrise) that has been designated for low-or moderate-income seniors.

The City offers a number of programs that can preserve affordability and foster aging in place for seniors. These include the City's Real Estate Tax and Rent Relief and Assistance Programs for Elderly and Disabled Persons which offers real estate tax relief, tax deferral, and rent relief to low-and moderate-income individuals who are elderly or disabled. Currently, these programs are set at a specific amount of relief, but are not indexed to incomes or inflations. The City also offers and supports programs that offer affordable home modifications for income-eligible seniors and individuals with disabilities. These include the City's no-interest Home Rehabilitation Loan Program (HRLP), the Rental Accessibility Modification Program (RAMP) grant program, and Rebuilding Together Alexandria's volunteer-based home repair programs.

SENIOR HOUSING DEMAND

While much anecdotal evidence exists pertaining to the need for elderly affordable housing, a current comprehensive study of this issue is not

available at this time. One way to gauge the need for more senior housing is to analyze previous data provided by HUD. HUD provides data on the cost burden a household experiences for housing cost. HUD further breaks this data down by income group. Table 2-12 provides the percentage of Alexandria elderly households at various incomes groups that were either cost burdened or severely cost burdened by housing cost. As of the 2000 Census, more than half of all elderly households making less than 80% of AMI were housing cost burdened and more than one-third of all elderly households making less than 50% of AMI were severely cost burdened. The same HUD data are not yet available for 2010, but it is highly likely that a significant portion of the city's low- and moderate-income elderly households continue to be housing cost burdened.

Table 2-12: Alexandria Elderly Cost Burdened Households, 2000

Income Group	Cost Burdened	Severely Cost Burdened
Extremely Low Income (<30% AMI)	50.7%	42.8%
Low Income (30.1% - 50% AMI)	68.0%	33.1%
Moderate Income (50.1% - 80% AMI)	55.1%	16.7%

Source: HUD CHAS Data Book, based on 2000 Census

IDENTIFIED HOUSING NEEDS

Many residents in the existing affordable senior independent living properties are frail and need the care level of an assisted living facility. As mentioned earlier, no such facility is available to low-and moderate-income seniors within the city. The development of an affordable assisted living facility would fill a significant community need, and would also open up much needed independent living apartments if there were a more appropriate facility available to residents who needed additional assistance with tasks of daily living. The development of a mixed-income affordable assisted living facility that would serve low-and moderate-incomes was a main goal of the City's Strategic Plan on Aging, 2013-2017.

Additionally, the City's Strategic Plan on Aging has recommended the use of accessory dwelling units as part of a plan to provide affordable housing options for seniors. Many other jurisdictions with high priced housing

markets permit accessory dwelling units which can allow seniors on fixed incomes to age in place and at the same time provide additional workforce units to the housing stock.

SUMMARY

The number of individuals over the age of 65 has increased over the past ten years and is expected to continue to increase as the baby boom generation grows older. While there are some facilities to meet the housing needs of low-income seniors, the supply does not meet the current demand within the City. As the city's population ages, additional housing opportunities will be needed to help seniors age in place, move to senior independent living, or gain access to an assisted living facility so they can age within their community.

PERSONS WITH PHYSICAL, INTELLECTUAL, AND MENTAL DISABILITIES

DEMOGRAPHICS OF PERSONS WITH DISABILITIES

In 2007, HUD Comprehensive Housing Affordability Strategy (CHAS) data, a data source provided by HUD for use in completing HUD-required documents, estimated that there are 3,835 households in Alexandria with a disabled household member. Disabilities can be physical, mental and developmental. Table 2-13 provides information on how this population is distributed throughout various incomes groups. Of the total number of households that have a disabled household member, 44% are considered to have low-incomes and 30% of these households have extremely low-incomes. Furthermore, of the 5,385 Alexandria renter households that make less than 30% of AMI per year, approximately 20% of those households have a least one family member with a disability.

The Alexandria Community Services Board (ACSB) serves Alexandria residents affected by mental illness, intellectual disabilities, and substance abuse disorders. In 2010, ACSB provided extended care services to 818 Alexandria residents. ACSB clients are more likely to be unemployed and

HOMELESSNESS DEFINITIONS

Supportive Housing: Supportive housing is a combination of housing and services intended as a cost-effective way to help people live more stable, productive lives. Supportive housing is widely believed to work well for those who face the most complex challenges—individuals and families confronted with homelessness and who also have very low incomes and/or serious, persistent issues that may include substance abuse, addiction or alcoholism, mental illness, HIV/AIDS, or other serious challenges to a successful life. Supportive housing is intended to be a pragmatic solution that helps people recover and succeed while reducing the overall cost of care.

Physical and Sensory Disabilities: Any impairment which limits the physical function of limbs or fine or gross motor ability is a physical disability. Sensory disability is impairment of one of the senses. The term is used primarily to refer to vision and hearing impairment, but other senses can be impaired.

Supportive Services: Supportive housing can be coupled with such social services as job training, life skills training, alcohol and drug abuse programs and case management to populations in need of assistance. Services in supportive housing are flexible and primarily focused on the outcome of housing stability.

Substance Abuse: is a maladaptive pattern of substance use manifested by recurrent and significant adverse consequences related to the repeated use of substances. Individuals who abuse substances may experience such harmful consequences of substance use as repeated failure to fulfill roles for which they are responsible, legal difficulties, or social and interpersonal problems.

Chronic Health Problems: A chronic health condition can be described as one that lasts longer than 3 - 6 months; is biologically based; has a significant impact on the life of a person; and requires more than usual access to healthcare services for support. Chronic diseases tend to become more common with age. The leading chronic diseases in developed countries include arthritis, cardiovascular disease such as heart attacks and stroke, cancer such as breast and colon cancer, diabetes, epilepsy and seizures, obesity, and oral health problems.

Table 2-13: Alexandria Persons with Disabilities, 2000

Income Group	Total Households	Number with a Disability	Percent (%) with a Disability
Owners			
30% AMI or less	2,758	6,050	6,475
30.1% - 50% AMI	1,935	3,595	3,842
50.1% - 80% AMI	1,605	1,955	2,403
80.1% AMI and above	1,921	2,274	2,374
Renters			
30% AMI or less	4,587	7,199	7,390
30.1% - 50% AMI	2,758	6,050	6,475
50.1% - 80% AMI	1,935	3,595	3,842
80.1% AMI and above	1,605	1,955	2,403

Source: HUD CHAS Data Book, based on 2000 Census

underemployed than other city residents. In FY 2010, 90% of the ACSB clients reported an income below $24,999 and 47% had incomes of less than $5,000.

EXISTING HOUSING ASSISTANCE FOR PERSONS WITH DISABILITIES

Housing assistance for persons with disabilities comes in many forms. These resources range from group homes for those with a substance use disorder to funding programs that rehabilitate homes to accommodate individuals with special needs. The City currently operates nine group homes and 57 supervised apartments that serve persons with mental illness and intellectual disabilities or substance abuse problems. Table 2-14 shows the distribution of these units in the city. While the units are relatively distributed throughout the city, the Potomac West Small Area has the largest share (26.8%) of ACSB housing followed by the Alexandria West, Landmark/Van Dorn, and Seminary Hill Small Areas.

Various City financial assistance programs may be of interest to income-eligible city residents with disabilities. These programs include the Housing Choice Voucher Program (operated by ARHA), which has vouchers designated for a number of targeted service populations, such as the

Table 2-14: Alexandria Community Services Board Housing Sites by Board Housing Planning Area, 2011

Board Housing Planning Area	Group Homes for persons with Mental Illnesses, Intellectual Disabilities, or Substance Abuse	No. of Apartment Sites for Persons with Mental Illnesses, Intellectual Disabilities, or Substance Abuse	Total ACSB Housing Sites in Board Planning Area	Percentage of all ACSB Housing Sites in Planning Area
Alexandria West	0	7	7	17.1%
Landmark/Van Dorn	0	7	7	17.1%
Northridge/Rosemont; Fairlington/Bradlee	1	2	3	7.3%
Old Town; Southwest Quadrant	0	1	1	2.4%
Braddock Metro; Northeast; Old Town North; Potomac Yard/ Greens	0	2	2	4.9%
Potomac West	4	7	11	26.8%
Seminary Hill	4	3	7	17.1%
Taylor Run; King St./ Eisenhower Metro; Eisenhower East	1	2	3	7.3%
Total Units	10	31	41	100%

homeless and children aging out of the foster care system; the Rent Relief Program which offers grants of up to $4,100 to elderly or disabled households with incomes up to $25,600; the Rental Accessibility Modification Program (RAMP), which serves low and moderate income renters with a disabled household member who live in privately owned rental properties; the Real Estate Tax Relief program for elderly or disabled residents; and the Home Rehabilitation Loan Program, which includes accessibility modifications as eligible rehabilitation items.

Supportive services for people with disabilities are provided through the ENDependence Center of Northern Virginia (ECNV) and the City's Office of Human Rights (OHR), among others. ECNV helps persons with disabilities gain independence through counseling, referrals for housing, personal assistance, assistive technology, educational opportunities, and transportation. OHR's ADA program manager facilitates equal access to all City programs and services and serves as an advocate for persons with disabilities.

HOUSING NEEDS OF PERSONS WITH DISABILITIES

Table 2-15 shows the number of disabled households in Alexandria with any of four HUD-defined "housing problems:" 1) housing unit lacks complete kitchen facilities; 2) housing unit lacks complete plumbing facilities; 3) household is overcrowded; and/or 4) household is cost burdened. The most common housing problem is cost burden. Most of Alexandria's disabled renter households have lower incomes and are housing cost burdened. This data indicates an unmet need of 795 affordable housing units for persons with disabilities in Alexandria.

Table 2-15: Alexandria Household with a Disabled Household Member and Housing Conditions Housing Conditions, 2007

	Disabled Households	With Conditions	Percent (%) with Conditions
Owners			
30% AMI or less	170	145	85%
30.1% - 50% AMI	275	125	45%
50.1% - 80% AMI	195	15	8%
80.1% AMI and above	1,.030	115	11%
Renters			
30% AMI or less	990	530	54%
30.1% - 50% AMI	265	265	100%
50.1% - 80% AMI	460	275	60%
80.1% AMI and above	450	-	0%

Source: HUD CHAS Databook, 2005-2007 American Community Survey

The ACSB completed a 2008 Needs Determination Study for the Board's 2009 – 2010 Housing Plan. An analysis of waiting list data indicated that an increase in waiting lists for residential services is a direct result of current residents who are ready (self-sufficient) but unable to move out and into their own affordable housing unit due to lack of supply. This analysis points out the need for 100 or more deeply subsidized independent housing units for individuals in the private market. Not only would these individuals gain independence and an appropriate living situation, it would result in openings in residential housing facilities for those on the waiting list.

The ACSB also identified a need for supportive services for individuals with mental illness or substance use disorders who are residing in their own affordable housing unit. These clients can live independently if they receive services within their homes. ACSB has determined that for every 15 – 20 individuals who need supportive services, an additional full-time direct support staff member is needed. The ACSB has plans to add one group home to serve individuals with mental illness or co-occurring mental illness and substance use disorders who require intensive supervision or who may also be medically fragile and not eligible for nursing home placement.

Establishing some types of housing for ACSB client groups can require a difficult approval process. For example, multifamily housing with 24-hour supervision falls under the zoning definition of "congregate housing," which requires a Special Use Permit (SUP). When the individuals being served by a congregate home are persons with mental health disabilities, substance abuse issues or are former homeless persons, the public process for the SUP can be inflammatory. A recent Community Services Board project for such a residence, Safe Haven, experienced a notably difficult approval process.

While the City has a responsibility to ensure that groups that fall under the congregate housing definition (to include uses such as fraternities or youth hostels) are closely reviewed and managed because of their potential impact on the community, the difficulty presented by the SUP public process with regard to housing for persons with mental illness and/or substance use disorders may discourage organizations from proposing creative or flexible approaches to providing much needed affordable housing for these populations.

HOMELESSNESS

HOMELESS DEMOGRAPHICS

Table 2-16 provides data on the city's homeless population from 2008 – 2011. It shows that the total homeless population rose 19.5% from 2008 to 2011, increasing among both singles and families. According to the Homeless

HOMELESSNESS DEFINITIONS

Chronically Homeless: HUD adopted the Federal definition which defines a chronically homeless person as "either (1) an unaccompanied homeless individual with a disabling condition who has been continuously homeless for a year or more, OR (2) an unaccompanied individual with a disabling condition who has had at least four episodes of homelessness in the past three years." The homeless person must be an "unaccompanied homeless person" which means an individual such as "a single homeless person who is alone and is not part of a homeless family and not accompanied by children."

Emergency Shelter: An emergency shelter is any facility the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific populations of the homeless. Although this definition includes the term transitional shelter, persons coming from transitional housing are not considered chronically homeless.

Unsheltered Individual: The "unsheltered" are that segment of a homeless community who do not have ordinary lawful access to buildings in which to sleep or a person sleeping in a place not meant for human habitation.

Services Coordinating Committee (HSCC) Point in Time (PIT) Count, 28% of the city's homeless single men and women met the definition of chronically homeless in 2010. A major cause for the increased homelessness is the lack of permanent affordable housing for people in the lowest income groups.

Table 2-16: Alexandria Homelessness Point in Time Counts, 2008-2011

Category	2008	2009	2010	2011	% Change 2008-2011
Total Number Counted	348	360	359	416	19.54%
Total of Singles	221	223	208	264	19.46%
Total Number of Families	42	44	52	52	23.81%
Total of Persons in Families	127	137	151	152	19.69%
Total Adults in Families	46	55	63	58	26.09%
Total Children in Families	81	82	88	94	16.05%

Source: Alexandria Point in Time Analysis, 2008-2011

Table 2-17 shows a breakdown of homeless individuals, adults in families, and children by issues identified during the Point in Time Count. Twenty-two percent (22%) of all individuals counted were identified as chronic substance abusers. Nineteen percent (19%) had a chronic health problem, and 12% were dually diagnosed with substance abuse and mental health issues. Health, substance abuse, and medical problems were much more prevalent with homeless singles than with homeless families. Most homeless families were victims of domestic violence or had language barriers.

Table 2-17: Alexandria Homeless Subpopulation, 2011

	Individual Adults	Adults in Families	Children in Families	Total
Chronic Substance Abuser (CSA)	89	2	0	91
Sever Mental Illness (SMI)	52	2	0	54
Dually Diagnosed (CSA & SMI)	45	0	0	45
Chronic Health Problem	76	2	0	78
Living With HIV/AIDS	6	0	0	6
Physical Disabilities	28	0	0	28
Domestic Violence Victim	9	41	0	50
Language Minority	11	15	0	26
U.S. Veterans	27	0	0	27

Source: Alexandria Point in Time Analysis, 2008-2011

Tables 2-18 A and B show the identified housing needs among the homeless singles and families that were counted during the 2011 Point in Time Count. There were a total of 43 unsheltered single men and women counted in 2011, an increase of 20% from 2010. During the 2011 count, 154 singles and 152 families were either staying in temporary winter beds or emergency shelters. The biggest housing need reported for those counted was emergency shelter, followed by transitional and other permanent housing. Thirty-one individuals and eight families identified the need for permanent housing opportunities.

Table 2-18A: Alexandria Homeless Singles Housing Needs, 2011

Population Counted In:	Emergency Shelter	Traditional Housing	Permanent Supportive Housing	Safe Haven	Other Permanent Housing
Unsheltered	36	2	1	2	2
Winter, hypothermia or temporary beds	54	1	2	0	0
Emergency Shelter	64	18	7	3	10
Transitional Housing	0	15	16	0	19
TOTALS	154	36	26	5	31

Source: Alexandria Point in Time Counts, 2011

TYPES OF HOMELESS ASSISTANCE

In Alexandria, the Homeless Services Coordinating Committee (HSCC) is made up of 28 member agencies from the public, private, nonprofit, faith-based, educational, and advocacy sectors, as well as individuals and formerly homeless persons. HSCC members ensure an effective continuum of care (CoC) by planning, coordinating and implementing strategies to eliminate homelessness in Alexandria. The member agencies offer an array

Table 2-18B: Alexandria Homeless Families Housing Needs, 2011

Population Counted In:	Emergency Shelter	Traditional Housing	Permanent Supportive Housing	Safe Haven	Other Permanent Housing
Unsheltered	0	0	0	N/A	0
Winter, hypothermia or temporary beds	0	0	0	N/A	0
Emergency Shelter	50	21	0	N/A	2
Transitional Housing	0	73	0	N/A	6
Literally Homeless TOTALS	50	94	0	N/A	8

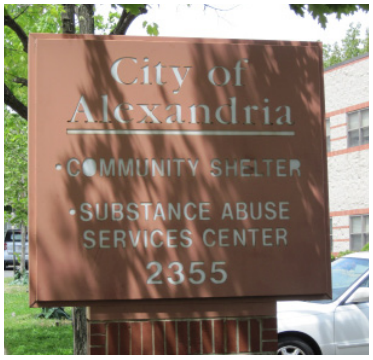
Source: Alexandria Homeless Point in Time Counts, 2011

of services and facilities, including homeless prevention services, homeless shelters, transitional housing, and permanent supportive housing.

HOMELESS PREVENTION

According to the FY 2011 – 2015 City of Alexandria Consolidated Plan, eviction resulting from nonpayment of rent is a primary cause of emergency shelter placements in the city. Preventing the loss of permanent housing is one of the three goals of Alexandria's Ten Year Plan to End Homelessness. Programs administered by the City provide prevention and intervention assistance for emergency rent payments, utility assistance, first month's rents, and emergency mortgage assistance. Demand for these funds has been growing.

HOMELESS SHELTERS



The following table shows the number of year-round and winter shelter beds available in Alexandria. Shelter facilities are run by the Alexandria Community Shelter, ALIVE! House, Christ House, Carpenter's Shelter, and the Domestic Violence Shelter. These beds are available for families, individuals, and couples without children. There are a total of 88 emergency shelter beds for individuals and 104 beds available year round for persons in families in Alexandria (Table 2-19). The number of beds available in Alexandria seems to be adequate for the number of homeless persons seeking shelter at any time.

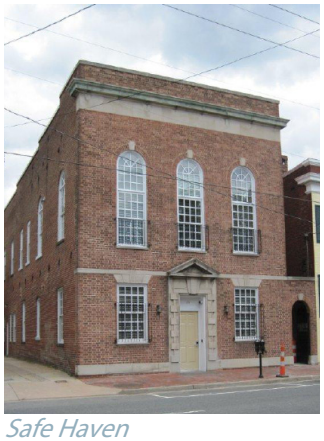
Table 2-19: Alexandria Emergency Shelter Beds, 2011

	Beds for Individuals	Bed/Units for Families	Year-Round Beds	Winter Beds
Hypothermia/Overflow/ Other (Additional Winter Capacity)	67	0	0	67
Emergency Shelter Beds	106	88	194	0
Transitional Housing Beds	52	89	141	0
Total	225	177	335	67

Source: Alexandria Homeless Point in Time Counts, 2011

TRANSITIONAL HOUSING

Transitional housing is housing offered for 12 – 24 months to individuals and households who need deep rental assistance and services before securing permanent affordable housing. While living in transitional housing, residents receive case management services, education, employment assistance, and assistance with any mental health, substance abuse, or medical issues. The goal of transitional housing programs is to move residents into permanent housing as soon as they are stable. As shown in Table 2-19, Alexandria has 52 transitional housing beds for individuals and 89 for families in 2011. Of the housing needed during the 2011 count, 73 persons needed a transitional housing bed.



Safe Haven

PERMANENT SUPPORTIVE HOUSING

As mentioned earlier, there is a lack of permanent supportive housing for persons with disabilities and/or substance abuse issues in Alexandria and this shortage is one cause of homelessness. By providing more deeply subsidized units needed by these individuals, the number of homeless individuals in Alexandria will decline. A significant portion of the homeless individuals counted in 2011 had substance abuse, mental health, and medical issues.

HOUSING NEEDS OF HOMELESS PERSONS AND FAMILIES

While current economic conditions have increased the demand for shelter and other homeless services, including food distribution, Alexandria suffers from a lack of permanently affordable housing options for very low-income individuals and households. The current demand estimates reflect that there is a need for 3,560 more rental units priced for renters at 30% of AMI or less. The most prevalent reason for homelessness given by those counted in 2011was a lack of permanent affordable housing. There is a substantial gap between the incomes of many residents and rental housing prices that will persist even after the economy improves.

3

Legislative and Development Environment

LEGISLATIVE AND DEVELOPMENT ENVIRONMENT

INTRODUCTION

The previous chapters have demonstrated the importance of affordable housing, its contribution to the sustainability of Alexandria's economy, and the great extent of the affordable housing need. This chapter will outline the current state and local legislative and regulatory environment for the development and preservation of affordable housing in the city.

STATE LEGISLATIVE AND REGULATORY ENVIRONMENT

In Virginia, local control of land use is constrained by the doctrine of limited authority for local governments commonly called the Dillon Rule, which limits local municipalities' powers to those specifically conferred, those necessarily or fairly implied from a specific grant of authority, or those essential and indispensable to the purpose of government. Because of the Dillon Rule, municipal governments in Virginia have only those powers which the state legislature explicitly conveys or reserves to them. In Alexandria's case, the City has a Charter which gives it some greater/lesser powers than those granted to other localities through the Code of Virginia. In general though, the City does not have the autonomy of municipalities in "home rule" states where city and town governments may adopt laws and regulations on almost any topic that is not expressly prohibited in the state constitution. As a result, state legislative authority must be secured for innovations to address housing needs that go beyond what is currently allowed under state law or the City Charter.

The Code of Virginia § 15.2-2223 requires that jurisdictions prepare and adopt comprehensive plans and that the scope and purpose of the plan shall

include "the designation of areas and implementation of measures for the construction, rehabilitation and maintenance of affordable housing, which is sufficient to meet the current and future needs of residents of all levels of income in the locality while considering the current and future needs of the planning district within which the locality is situated." Code of Virginia § 15.2-2283 also establishes that the creation and preservation of affordable housing shall be among the many purposes of zoning ordinances. The City's requirement to have a comprehensive plan is in City Charter Sections 9.01 and 9.04 through 9.06, and Section 9.09 refers to zoning powers and affordable housing.

INCREASED DENSITY

Increased density refers to the permission granted by a municipality to a developer to build more or larger units than otherwise allowed by the existing zoning code in exchange for the provision of affordable housing units. In Virginia, this is the only vehicle by which jurisdictions can require affordable housing in new development.

Why it's a compelling tool: A major factor in the cost of housing is the cost of the land beneath it. Local governments can have a profound impact on housing costs by how they adopt and apply the rules governing the amount of development that may be placed on a plot of land. The allowable density, or floor area ratio (FAR), which in turn establishes the amount of building that is permissible on a parcel, affects land value, thereby affecting the financial viability of a project. Because building densities can have such an impact on the price of the dwelling unit, providing greater density or floor area can lower the cost of an individual unit and make it affordable. Greater density/FAR is critical in bringing lower cost units into the housing inventory in high cost markets such as Alexandria

There are three sections of the Virginia Code (§ 15.2-2304, § 15.2-2305, and § 15.2-735.1) that provide municipalities with the authority to offer increased density (see adjacent text box) to developers who build qualified affordable housing. Increased density is the only vehicle by which jurisdictions can require affordable housing in new development. The majority of jurisdictions in Virginia are authorized by Code of Virginia § 15.2-2305 to establish an affordable housing dwelling unit program by amendment to its zoning ordinance. This section of the Code provides specific program options available to jurisdictions. For example, programs may allow for up to 30 percent increase in density in exchange for up to 17 percent affordable housing units, and that the amount of affordable housing provided can be scaled proportionally for lesser increases in density.

The City of Alexandria and certain other jurisdictions[1] are instead regulated by Code of Virginia § 15.2-2304, under which localities "may by amendment to the zoning ordinances … provide for an affordable housing dwelling unit program… [that] shall address housing needs, promote a full range of housing choices, and encourage the construction and continued existence of moderately priced housing by providing for optional increases in density

1 § 15.2-2304 names the City of Alexandria, the Counties of Loudoun and Albemarle, and the governing bodies of any county where the urban county executive form of government or the county manager plan of government is in effect. Currently, Fairfax County is the only jurisdiction under the urban county executive form of government. Arlington, the only County under the county manager plan, is covered by a separate Code section.

in order to reduce land costs for such moderately priced housing." What sets this provision apart from § 15.2-2305 is that in contrast with the specific provisions contained there with regard to percentage of density and affordable units allowed, § 15.2-2304 is less detailed and allows jurisdictions greater flexibility in its application. In 2004, Alexandria secured legislative approval to be covered under § 15.2-2304 because of its greater flexibility, given the City's practice of considering increases in density on a case by case basis rather than granting them across the board, as provided for in § 15.2-2305.

Alexandria's neighboring jurisdictions have each adopted their own locally-tailored programs. Fairfax and Loudoun Counties, both of which are currently covered by §15.2-2304, have each adopted inclusionary housing policies (see definition in text box) that require or incentivize greater density and affordable housing. As is typical for suburban-type residential developments, Fairfax has applied up to a 20 percent bonus to all properties and requires a specified percentage of affordable dwelling units in return for the amount of bonus density actually used by the developer. In addition, Fairfax adopted a "Workforce Housing Policy" requiring up to 20 percent affordable/workforce units and offering a 1:1 bonus for workforce units provided in certain rezonings. As urban types of development have increasingly occurred in different sectors of Fairfax, the County has worked with the local development community to devise housing policies to increase the provision and preservation of a range of affordable housing. The County has recently focused on provision of affordable housing options for very low-income populations, including homeless persons, and for households at workforce housing levels, going up as high 120-140 percent of the area median income in transit and employment centers like Tysons Corner. Formulas and guidelines of these inclusionary housing policies recognize the high cost (and potential return) of development in these areas, and are designed for the mandatory affordable and workforce housing to be provided with no economic loss experienced by the developer.

INCLUSIONARY HOUSING POLICY

Inclusionary housing policies may be mandatory or voluntary, and either require or offer incentives for developers of market-rate projects to set aside a modest percentage of units for low- and moderate-income households. Many ordinances require below-market units to be built at the same time, in the same location, and with an appearance similar or identical to the adjacent market-rate units [1], helping to create diverse, mixed-income neighborhoods and disperse affordable homes throughout the community.

Source: Housing Policy.org

http://www.housingpolicy.org/toolbox/strategy/policies/inclusionary_zoning.html

After Arlington County faced litigation due to its application of § 15.2-2304, the county decided to request proposed legislation to codify the County's Affordable Housing Guidelines. The legislation is now enacted as Code of Virginia § 15.2-735.1, and allows Arlington County to require affordable housing units in projects where the density exceeds a 1.0 floor area ratio (FAR). Because of the low standard FAR, the requirement to provide affordable housing units or make a payment is triggered in most Arlington site plans. The enabling language allows the developer to choose where to place the affordable housing (on site or off site) and, depending on this choice, requires five to ten percent of the total project be dedicated affordable housing. The Code also allows the developer to pay a fee in lieu of the affordable housing units.

Alexandria's current approach under Code of Virginia § 15.2-2304 is a bonus density ordinance codified into Section 7-700 of the City's Zoning Ordinance, which requires provision of some on-site affordable units when bonus[2] density or height is granted through the special use permit process. Section 7-700 leaves open the percentage of affordable housing units that a developer must provide in order to receive a density bonus and the duration of affordability of the units in order to provide flexibility. However, while the level of affordable housing for projects seeking bonus density under Section 7-700 is subject to negotiation between the applicants and the City, such projects often adhere to a formula contained in a 2005 report from a City-sponsored Developer Housing Contribution Policy Work Group, which suggested that one third of the units made possible by the bonus be provided as affordable units with an affordability period of at least 30 years. While such projects have provided a 30-year affordability period for a number of years, the City is now beginning to secure 40-year commitments.

Floor area ratio and density may be increased under Section 7-700 by up to 20 percent of the FAR and density otherwise permitted by the zone, and the height may be increased by up to 25 feet otherwise permitted by

2 Bonus density under Section 7-700 consists of increases, above what is allowed with a Development Special Use Permit in a given zone, of up to 20 percent in additional density or up to 25 feet in additional height.

the zone in any zone where the height limit is above 50 feet. Rezoning, which is the only way to achieve increases in density and/or height that exceed the parameters of 7-700, has also been used in lieu of Section 7-700 for some projects meeting the requirements of that section. Projects receiving additional density or height through rezoning are not subject to a requirement for on-site units and generally provide only voluntary monetary contributions. Only rarely have developers seeking rezoning elected to translate their voluntary contributions into on-site units. Therefore, some view rezoning as a missed opportunity for the provision of on-site affordable housing.

Currently, Section 7-700 requires that affordable units be provided on-site in order to receive the bonus density. In some circumstances, the City could achieve a more beneficial (and fiscally efficient) result by using funds to purchase units in another location rather than receive a limited number of units on-site from the developer. The Affordable Housing Initiatives Work Group (AHIWG) prioritized generating funds for preservation above securing small numbers of new units through the development process, and recommended that any new affordable housing units built should be significant in number or location, or should address another housing goal, such as replacement of other priority housing units, including public housing units.

Alexandria's current approach to applying § 15.2-2304 carries both risks and rewards. Less specificity in the zoning ordinance provides the City with more discretion to work towards the best outcome both for the City and the developer – with the potential for achieving more affordable housing than might be possible under a more specific ordinance. At the same time, the lack of specificity provides less surety for the City and developers and can also result in an outcome less favorable to affordable housing than might be possible with specific ordinance requirements.

As discussed above, while Alexandria does have some authority to require the construction of affordable units through the bonus density provision, the City does not have authority to require preservation of existing market affordable units. If the market warrants redevelopment of an existing multifamily project, a property owner cannot be legally obligated to preserve any proportion of the affordable units. In Alexandria and around the DC Metro region, the loss of existing market affordable units is virtually impossible to recapture as the cost of replacing lost units in new development is out of reach.

The difficult position that Virginia jurisdictions must work within in order to achieve affordable housing is aptly characterized in a 2011 article in the Journal of Local Government Law, which states, "… in the absence of expressed enabling authority, affordable housing can be attained only through properly enabled incentive mechanisms and voluntary contributions, in kind or cash, that risk being characterized, rightly or wrongly, as coercive exactions." [3]

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3 MacIsaac, Stephen A., Journal of Local Government Law, Winter 2011, p. 6

PLANNING

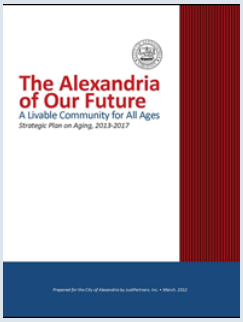
CONSISTENCY WITH CITY PLANS

As a new element of the City's Master Plan, the role of the Housing Master Plan will be to provide an overarching vision to guide affordable housing preservation and creation citywide. Over the course of the planning process, other City plans and policies were consulted to ensure that the Housing Master Plan would be consistent with and reflective of other City policy. The 2010 City Council Strategic Plan, Alexandria of our Future: A Livable Community for All Ages Strategic Plan on Aging for Alexandria, Strategic Plan to Prevent and End Homelessness, and Transportation Master Plan, Eco-City Alexandria and Green Building Policy provided guidance and support for the principles, goals, and objectives of the HMP.

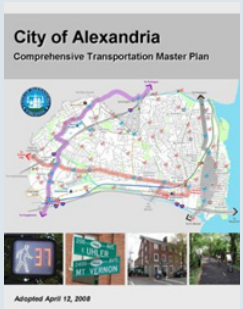
The 2010 Alexandria City Council Strategic Plan places a strong emphasis on the importance of affordable housing to the community. Goal 7 states: "Alexandria is a caring and inclusive community that values its rich diversity, history and culture, and promotes affordability." The first objective associated with this goal is comprehensive: "Promote a continuum of affordable housing opportunities for all residents, especially those most in need." (Alexandria City Council Strategic Plan June 2010). The six initiatives associated with this objective are shown at right and are echoed in the goals and strategies found in Chapter 5.

CITY COUNCIL STRATEGIC PLAN 2010 GOAL 7 INITIATIVES:

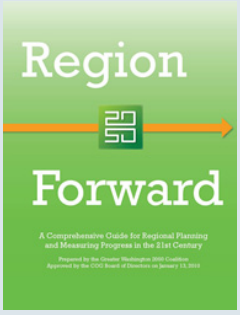
- Achieve a net increase in the number of dedicated affordable rental and ownership units in the City by 2015, through the development and implementation of sustainable and adequately funded development and preservation strategies, including seeking any necessary state legislative changes.
- Identify zoning, land-use tools, and strategies to incorporate affordable housing in development and redevelopment efforts in the City; locate such opportunities strategically with regard to employment centers and transportation, and subsequently begin implementation of those strategies through the Housing Master Plan.
- Offer diversity in housing choices for households and individuals with income ranging from 0 to 50% of the regional median income, with special attention to households with extremely low-incomes (30% of median and below), and households with special needs.
- Provide increased housing choices for low- and moderate-income households of three or more persons.
- Create and plan for livable communities, accessible and affordable to persons of all ages and abilities, including strategies enabling seniors and persons with disabilities to age or remain in place.
- Increase opportunities (funding and/or units) for City and ACPS employees to live (by owning or renting) affordably in Alexandria, and increase employee awareness of such opportunities



The Strategic Plan on Aging for Alexandria establishes many recommendations specifically related to housing for an aging population. The recommendations range from affordable assisted and independent living housing production, to zoning ordinance changes to permit accessory dwelling units, to resources that allow persons to age-in-place. The Homeless Services Coordinating Committee (HSCC) released an updated Strategic Plan to Prevent and End Homelessness in 2010. An overarching goal of that plan is to "increase safe, decent and affordable housing opportunities for very low-income residents of the City of Alexandria." The housing goals of these specific populations (aging and homeless) are actually universal in nature with implications for all city residents.



Although transportation is not a focus of the HMP, several strategies discussed during this planning process, such as reductions in parking requirements and unbundling parking from units (see Chapter 5: Implementation tools for more information), were set forth in the Transportation Master Plan 2008. While the Transportation Plan establishes these as strategies to decrease impacts to the transportation network, the HMP views them as ways to decrease development costs and thereby increase affordable housing production.



Another recent effort pertinent to the City's affordable housing efforts is the Metropolitan Washington Council of Governments (MWCOG), Region Forward Plan. Through its membership in MWCOG, the City participated in this long range, multidisciplinary planning effort in cooperation with other local, state and federal government officials, business and nonprofit leaders, and advocates. The plan was developed to help the region meet future challenges, including preserving and creating affordable housing, maintaining aging infrastructure, growing more sustainably, and including all residents in future prosperity. One of the "Livability Targets" of the Plan is that beginning in 2012, "The region will dedicate 15% of all new housing units to be affordable—or a comparable amount of existing housing units through rehabilitation or preservation efforts—for households earning less than 80% of the regional median income."[4] While the Housing Master Plan does not envision an across-the-board 15% affordable housing requirement for new development (which the City could not require under current legislative authority) its principles are consistent with those of Region Forward: "a variety of housing types and choices in diverse, vibrant, safe, healthy, and sustainable neighborhoods, affordable to persons at all income levels, and the commitment to making the production, preservation, and distribution of affordable housing a priority throughout the Region."[5]

4 Region Forward: A Comprehensive Guide for Regional Planning and Measuring Progress in the 21st Century, Metropolitan Washington Council of Governments, January 2010
5 Ibid

CITY MASTER PLAN AND SMALL AREA PLANS

For long-range planning purposes, the city is divided into sixteen planning areas with Small Area Plans (SAPs) guiding the land use, zoning, and development of each. In addition to the SAPs, the City's Master Plan includes a number of element chapters on topics of citywide relevancy, such as Historic Preservation, Transportation and Open Space. As recommended by the final report of the Affordable Housing Initiatives Work Group (AHIWG), this Housing Master Plan will be the "housing element of the City's Master Plan [to] establish clear land-use tools and other policies to preserve and develop affordable and workforce housing." Until now, efforts to address affordable housing in the city have been somewhat piecemeal and without the benefit of a guiding vision and set of implementation tasks. With a shared vision, all the partners who have a role in promoting affordable housing will have a comprehensive document to guide their efforts and facilitate a cooperative and efficient approach to enhance affordable housing citywide.

Recent small area or corridor plans completed since the 1992 Master Plan such as the Eisenhower East Small Area Plan, Braddock Metro Neighborhood Plan, Braddock East Small Area Plan, Landmark/Van Dorn Corridor Plan, and Beauregard Small Area Plan include general language with regard to the City's vision for affordable housing in those areas and recommendations for how new development should preserve units or incorporate new ones.

For example, the Eisenhower East Small Area Plan (June 2006) calls for "developers of new residential or commercial development to provide a contribution to the City's Housing Trust Fund…or to provide on-site affordable units, in lieu of a monetary contribution, whenever feasible." The affordable housing objective of the Braddock Metro Neighborhood Plan (March 2008) is to "Promote mixed-income housing and follow an inclusive process to de-concentrate public housing." The Braddock East Master Plan (October 2008) was written to focus entirely on the future of affordable housing in that area with the specific objective of promoting mixed-income

housing in future redevelopment, including public, workforce and market rate housing. One year later, the Landmark/Van Dorn Corridor Plan (June 2009) states: "The preservation or replacement of existing assisted and/or market rental units is the primary emphasis of the Landmark/Van Dorn affordable housing strategy, in an effort to maintain the current level of assisted housing and to prevent further losses of market affordable housing."

The Beauregard Small Area Plan, approved in May 2012, provides detailed recommendations with regard to affordable housing. Because the Beauregard area is home to a large proportion of the city's market affordable rental housing, the topic was a key area of focus during the planning process. While the City cannot require replacement of the existing market affordable housing that will be displaced as development occurs, the City can capture value for affordable housing through the small area planning process and a mix of voluntary developer contributions and other resources, including federal/state/City funding. As a result, the Beauregard Small Area Plan as approved establishes a goal for the inclusion of committed affordable units in the planning area as redevelopment occurs. Redevelopment will include 800 committed affordable and workforce rental units (599 new and 201 existing) to be affordable for 40 years to households with incomes ranging from 40% – 75% AMI, at a cost of $120 million in developer and City funding support. This number is equal to 32% of the units to be demolished, 20% of net new units, and 12% of total new units. The affordable housing component of the plan may be subject to change based on recommendations to be received from the Affordable Housing Advisory Committee prior to the upcoming rezoning. These recommendations will be informed by the results of a tenant survey conducted after the adoption of the plan.

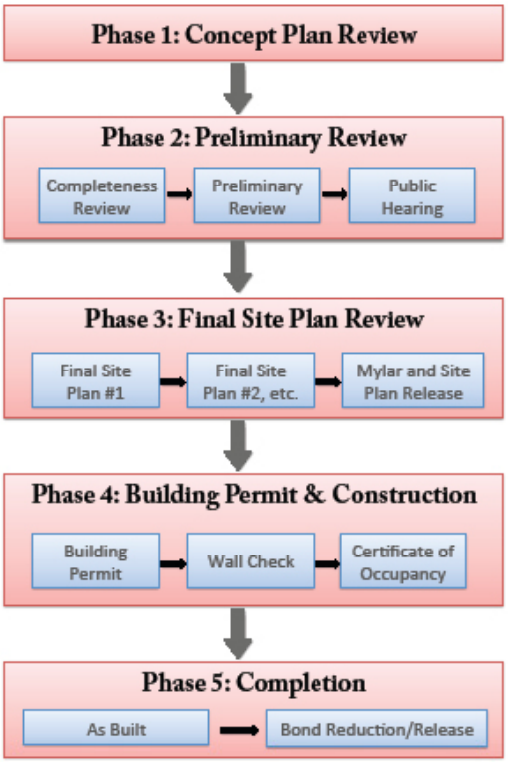
LOCAL DEVELOPMENT ENVIRONMENT

While the Commonwealth of Virginia does not allow Alexandria to require affordable housing in all new development projects, the City can, and does, encourage the preservation and production of affordable housing through its development review process. This section of the chapter will discuss challenges in how zoning impacts affordable housing, the City's current development process, examples of what other jurisdictions are doing to encourage affordable housing production, and challenges the City faces in maintaining or changing its current approach.

DEVELOPMENT PROCESS

The City recently completed an in-depth assessment to review and improve the development review process for all projects. With a standard procedure for interdepartmental concurrent review and an effort to reduce the number of revisions through increased internal coordination, the City has achieved new levels of efficiency and predictability for all developers. In addition, some smaller projects that do not have technical or environmental complexities requiring in-depth review can take advantage of the "Simplified Site Plan" application, significantly reducing the length of the review process.

The City's current development plan review process is presented in Figure 3-1. On average, it takes 1-2 years for an applicant to get to Phase 4, although the ultimate review time is dependent on the complexity of the development project and the level of effort provided by the applicant, including outreach to the community. In general, the City has been able to expedite projects when there is a compelling reason, such as deadlines for Low Income Housing Tax Credit applications or other financing tools.



Some jurisdictions in the country have implemented expedited review programs specifically for affordable housing projects in order to compress timelines and reduce development costs. For example, Austin, Texas incorporated accelerated reviews into its SMART (Safe, Mixed-income,

LOCAL REGULATORY ACTIONS CAN HAVE DIRECT AND INDIRECT IMPACTS ON THE COST OF PRODUCING HOUSING, INCLUDING:

- Permitting and procedural requirements: these influence both the cost and production time it takes to bring a unit online.
- Regulations and policies covering infrastructure financing: these have a direct impact on housing costs.
- Land use rules and policies governing zoning densities and subdivisions: these regulations influence the number and cost of new units brought to market.
- Building codes and emphasis on accessibility and visitability: these affect the cost of the finished product.
- Regulations protecting cultural resources: these can affect the cost of development in historic areas such as Alexandria.

Accessible, Reasonably-priced, Transit-oriented) Housing Policy Initiative and reports that the review time for priority projects has been reduced by half. Santa Fe, New Mexico expedites review timelines for projects that include a unit mix of at least 25% affordable units. This approach also provides waivers of certain permit and utility fees. In its Chapter 40R program, the Commonwealth of Massachusetts enacted state laws requiring that local governments complete reviews within certain timelines for eligible projects incorporating affordable housing.

In Alexandria, the development review process provides an important mechanism for citizen involvement in the development review process. Any efforts to expedite the process in order to encourage affordable housing must be balanced with the City's commitment to community engagement and a thorough review. In addition, expedited review for particular projects would require additional staff in order to ensure the kind of thorough review that the City expects.

DEVELOPMENT REVIEW COSTS

City Charter Section 2.07 authorizes the City to set the fees and charges for the services it is mandated to provide. Therefore the City also has the authority to waive, reduce or defer payment of certain fees in order to encourage the production of affordable housing. Some jurisdictions have developed policies that provide for adjustments in developer fees as one way of reducing the production costs of affordable housing creation or preservation. Most municipalities, including Alexandria, require the payment of all review, application, permit and utility fees before or at the time of building permit issuance. These fees can be significant and have high carrying costs for the developer until the project reaches a level of occupancy or sales that allows permanent financing to close. This can be particularly onerous for a nonprofit developer. Alexandria does not have a formal policy for providing waivers or rebates on fees for affordable housing projects, except in the case of Alexandria Redevelopment and Housing Authority (ARHA) properties where permit, sewer tap, and other development related fees may be waived in accordance with City Code

Sections 8-1-23(d)(2) and 5-6-25.1 (c)(2). The challenge with waiving or rebating fees for all affordable housing projects is the impact of the loss on the City's operating budget. In some instances, departments rely on fees to cover their operations.

PARKING REDUCTIONS

Another aspect of the development process that can contribute to project costs is the process for requesting parking reductions. Currently in Alexandria, when older buildings (typically deficient in parking by current standards) undergo significant rehabilitation (defined under Section 8-200 (F)(4) (a) of the City's Zoning Ordinance as requiring costs exceeding 33.3 percent of the value of the improved structure(s), the City requires that they come into compliance with current parking standards unless a parking reduction is authorized by a Special Use Permit (SUP). Experience has shown that moderate- to large-scale renovation of older affordable apartment buildings generally triggers this requirement. These requests for SUPs must go before Planning Commission and City Council and therefore add time and cost to the process.

Parking is an expensive component of construction cost, particularly in an urban environment like Alexandria, where it often must be accommodated underground or in an above ground parking structure rather than in surface lots, which are relatively less expensive to include in a development site. However, with growing national evidence of declining car ownership in urban locations near transit, the City has already shifted toward applying parking maximums for development projects instead of parking minimums, particularly in close proximity to transit. In addition, the City is also approving projects where the parking is "unbundled" from the housing unit. This means that residents do not automatically get a parking spot with their residential unit. Instead they can choose whether or not to pay for a parking space, and in many cases, are choosing not to own a car at all.

PARKING RATIOS FOR AFFORDABLE HOUSING

- Current national data indicates that car ownership is consistently lower in affordable housing. A 2007 nationwide study shows that 20% of the households with incomes below $25,000 did not own cars. (Research and Innovative Technology Administration Bureau of Transportation Statistics)
- City vehicle registration data collected in 2008 demonstrated a vehicle ownership ratio of 0.75 cars per household among public housing residents in the City. This data was used in determining the parking ratios in the James Bland redevelopment project and the 2008 Braddock East Master Plan. The Braddock East Plan recommended a parking ratio for public housing of up to 0.75 spaces per unit, with some or all of the parking requirement provided on street if accompanied by a SUP parking reduction application. ((City of Alexandria Office of Housing and Department of Finance data, and Braddock East Plan, Page 38)
- A 2011 City survey of 7 city funded affordable housing projects found a parking utilization rate of 0.72. (City of Alexandria Office of Housing)
- Parking standards could be further reduced where affordable housing has good access to amenities, including transit (bus and rail), neighborhood serving retail, schools, and recreation centers.

FACTORS THAT IMPACT AFFORDABLE HOUSING PRODUCTION & PRESERVATION

The cost of preserving or producing affordable housing is significant. Achieving new or preserved units is the result of a complex balancing of often competing and equally important factors and costs when reviewing development projects. More or fewer units achieved in any particular project are typically the result of trade-offs made in the following areas:

- Density: higher density is not always welcome by the community, and yet it can be one of the most important factors in covering the cost of affordable housing units
- Transportation infrastructure
- Parks/Open space
- Parking: quantity and approach (underground, structured, surface)
- Community Amenities: streetscaping, public art
- Community Facilities: school, fire station, recreation center, public infrastructure
- Design: standards for architectural design and building materials
- Environmental Objectives: green building policy, LEED
- Preservation of Resolution 830 units
- Universal design
- Application fees & soft costs
- Length of review/community process
- Cost of subsidy required for affordable unit (depends on location, size, income level, etc.)
- Financing (i.e. Low Income Housing Tax Credit) deadlines

Many jurisdictions around the country, including cities and counties in California, Oregon, Washington and Texas, to name a few, have implemented parking reduction policies for the provision of a minimum percentage of affordable housing units in projects. The reduced parking acts as incentive for affordable housing creation, subsidizing additional units by decreasing construction costs. Although the City has not established such a policy, Section 8-100 (A)(5) of the zoning ordinance allows for an "alternative reduction" of the off-street parking requirement in conjunction with the provision of low and moderate-income housing as provided in Section 7-700. Similarly, Arlington County allows for parking reductions through the site plan process.. "in appropriate circumstances … for the achievement of extraordinary goals identified in County plans and policies including affordable housing." [1]

Parking ratios for projects with significant affordable housing components may not warrant the provision of as much parking as the City has traditionally required.[2] The 2008 Braddock East Plan recommended a 0.75 parking ratio for public housing properties.[3] Table 3.1 shows the parking utilization ratio at a number of Alexandria affordable housing properties receiving City assistance for development or preservation in recent years.

1 Arlington County Board Direction re Parking Reduction, January 21, 2012 http://www.arlingtonva.us/departments/EnvironmentalServices/dot/images/file84737.pdf
2 Research and Innovative Technology Administration, Bureau of Transportation Statistics (2007)
3 City of Alexandria Braddock East Master Plan, October 2008; Page 38

Table 3-1: City Assisted Affordable Housing Projects with Parking Spaces

	# Affordable Units	# Parking Spaces	Effective Parking Ratio	Registered Cars/Usage	Utilization Rate
Station at Potomac Yard	64	64	1	54	0.84
Elbert Avenue	28	17	0.6	17	1.00
Beverly Park	33	29	0.9	24	0.83
Parcview	120	120	1	62	0.52
Arbelo	34	27	0.8	10	0.37
Longview Terrace	41	37	0.9	37	1.00
Lacy Court	44	33	0.8	30	0.91
Totals	364	327		234	
Average Utilization					0.72

Source: Parking data collected from SUP staff reports and phone survey of the properties. This data will be verified as part of larger survey of all affordable projects in the City.

VOLUNTARY DEVELOPER CONTRIBUTION FORMULA

As detailed earlier in the chapter, Alexandria provides for the option of bonus density in the Zoning Ordinance, allowing projects an increase in density of up to 20 percent in exchange for the provision of affordable housing units. Obtaining bonus density requires a special use permit; therefore, the maximum bonus of 20% may not always be approved.

In addition to the City's bonus density provision, a tiered contribution formula (shown on pg. 63) for voluntary contributions was developed in FY 2005 through the City's collaboration with developers and others. The 2005 formula was accepted by City Council and in the intervening years the development community has largely offered voluntary contributions in accordance with this formula. A new Council-authorized Housing Contribution Work Group was tasked with reviewing the 2005 formula and is expected to make recommendations to be incorporated into or considered simultaneously with this Housing Master Plan. Developer pledged contributions from FY2006-2011 totaled 112 set aside units and $27 million to the Housing Trust Fund. Of these pledges, nine rental units have been completed and $13.4 million has been received. During this same time period, the City also received an additional $3.5 million in

developer contributions and 52 rental and 11 sales units based on pledges that were made prior to FY2006.

CONCLUSION

As described above, the statutory environment in Virginia limits a locality's ability both to require affordable housing in new development projects and to require preservation of existing market affordable housing. Localities can fund affordable housing directly, but given today's economic climate of limited public resources and many competing needs, this is an unlikely solution to the city's affordable housing shortage. Instead, jurisdictions must be creative and proactive in their efforts to promote affordable housing production and preservation in private development. The next chapter will discuss the Plan's overarching principles to guide the City's efforts to increase the preservation and production of the affordable housing stock in Alexandria.

DEVELOPER CONTRIBUTION FORMULAS (CURRENTLY UNDER REVIEW BY THE HOUSING CONTRIBUTION WORK GROUP)

Commercial Development (3,000+ square feet): (3,000+ square feet): $1.50 per square foot (SF) of Gross Floor Area (GFA)

Residential Development Tier I: For new residential development within by-right limits, the contribution is $1.50/SF of GFA for rental residential development and $2.00/SF of GFA for for-sale residential development.

Residential Development (5+ units) Tier II: For new residential development receiving additional density via development special use permit, rezoning, or master plan amendment, (but not bonus density per Section 7-700), the contribution is the Tier I contribution plus an additional $4.00/SF of GFA of the additional square feet.

Residential Development Tier III: (Combination Mandatory and Voluntary) For residential development receiving bonus density or increased height per Section 7-700 of the Zoning Ordinance, on-site affordable housing is required, but the amount is not specified. Under the formula, the desired amount of affordable housing is one-third of any residential units made possible by the bonus square feet. In addition, the formula calls for a voluntary contribution for remaining Tier I/II square feet of residential development.

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Guiding Principles

GUIDING PRINCIPLES

Over the course of the Housing Master Plan process, a number of "big ideas" or principles emerged. These ideas developed among the stakeholders group and participating citizens from the series of educational meetings and discussions held throughout the process on topics such as current affordable housing supply and demand, housing for persons with disabilities, public housing, and many others, and coalesced during the Affordable Housing Allocation Exercise held in January 2011. (A complete list of topics can be found in the Appendix.) The principles that emerged revolved around the housing needed in order to serve all Alexandria residents, the partnerships necessary to make this housing stock a reality, the locations in the city where the various types of housing should be provided, the importance of a broad integration of incomes, and the value affordable housing provides the community. In recognition of these big ideas and themes, six principles were developed as a foundation upon which the goals and strategies of the Housing Master Plan are based. The six guiding principles are identified below.

PRINCIPLE #1: ALL INCOME LEVELS

Alexandria's housing stock should include a variety of housing options for households of all incomes.

The Housing Master Plan analysis confirms what the Affordable Housing Initiatives Work Group (AHIWG), the HMP Advisory Group and stakeholders have asserted – that there is a pressing need now and projected into the future for greater affordability attainable to the full spectrum of incomes throughout the housing stock. Continued losses of affordable units at all levels will result in further stratification of the community and a city that only the wealthy can afford.

- From 2000 to 2010, Alexandria's housing stock experienced a decrease of more than 6,000 market affordable rental housing units because of increases in rents or, to a limited extent (just over 100 units), conversion to condominium ownership. [1]
- Based on existing rental housing supply, renter households earning below 30% Area Median Income (AMI) are underserved in all rental unit sizes, with analysis showing that over 3,500 Alexandria households at that income threshold cannot find rental housing that is affordable. Therefore, they are likely to be cost burdened by expending more than 30% of income on housing costs. [2]
- As of January 2012, 871 assisted units in non-Resolution 830 properties subsidized with project-based Section 8, Low-Income Housing Tax Credits, City Housing Trust Fund, and/or federal HOME funds, will face a potential loss of subsidy by June 2015, the end of the current Five-Year Consolidated Plan period. Another 480 units face threats from July 2015 through June 2020, including 423 for which the owners have an opportunity every five years to cease participation in the Section 8 program.
- There is a shortage of rental units that are priced to maximize what households earning over 80% AMI can pay (30% of household income). The relative shortage of high-end luxury apartments available to higher income residents is likely placing downward pressure on units that would otherwise be available to residents with lower incomes.
- The affordable housing stock is projected to decrease over the next twenty years as demand continues to increase. Even when the impact of existing affordable housing programs is considered, the City will need approximately 14,687 housing units affordable to households under 60% AMI to meet the projected demands.
- Approximately 12,422 affordable ownership units are no longer assessed at an affordable price due to the rise in property value over the years.[3] As a result, individuals and families earning up to 60% AMI ($57,300 or less for a family of three in 2011) have fewer affordable living options.

1 Data from "Annual Rent Survey" conducted by the Office of Housing's Landlord-Tenant Relations Division
2 Affordability Analysis, Office of Housing and RKG Associates, Inc. 2010
3 Estimate provided by Department of Real Estate Assessment data and Office of Housing calculations

PRINCIPLE #2: ALL AGES AND ABILITIES

Alexandria's housing stock should be expanded to offer greater housing choice to people of all ages and all abilities.

The City's housing stock should be expanded for broader accessibility to the entire community, regardless of age or ability. Stakeholders who participated in this process showed strong support for enhancing housing choice for all Alexandria residents as a priority of the Housing Master Plan.

- HUD data from 2007 indicate an unmet need of 795 affordable housing units for persons with disabilities in Alexandria.[4] It was consistently reported that these households have the most difficult time finding suitable housing within the City, and often must accept the one unit they are able to find.
- The ACSB 2008 Needs Determination Study's analysis of waiting list data indicated that an increase in waiting lists for residential services is a direct result of current residents being unable to move out and into their own affordable housing unit due to inadequate supply of units affordable to households with extremely low incomes. This analysis points out the need for 100 or more deeply subsidized independent housing units for individuals in the private market. [5]
- The number of individuals over the age of 65 has increased over the past ten years and is expected to continue to increase as the baby boom generation continues to age. While there are some facilities to meet the housing needs of low-income seniors, the supply does not meet the current demand within the city. In particular, the city does not have an affordable assisted living facility. As the city's population continues to age, additional housing opportunities will be needed to allow individuals with varying income levels to age-in-place, move to senior independent living, or gain access to an assisted living facility so they can age within their community. Additionally, housing in walkable

4 HUD CHAS Databook, 2005-2007 American Community Survey Averages, and Community Strategies Institute.
5 ACSB 2008 Needs Determination Study for the Board's 2009 – 2010 Housing Plan

neighborhoods near public transportation is particularly desirable for this age group.

- As recommended in the Strategic Plan on Aging, adaptable housing options are needed to address changing family circumstances, such as housing a caregiver, bringing an older adult family member to live with an adult child, enabling a grandparent to take care of grandchildren, or accommodating an adult child who returns home to live.
- Throughout the process, advocates that represent the aging population, individuals with physical, intellectual, and mental disabilities, and the homeless stressed that the most fundamental need is for housing that is deeply subsidized. Individuals with special needs may require varying physical attributes within these units, such as universal design features, but the greatest need is for housing that is affordable at the very lowest of incomes. Therefore, the key issue to be addressed is the increased provision of permanently affordable housing that meets the economic and, where applicable, physical challenges of the population in question. Given the vulnerability of populations with limited housing choices to the impact of market supply and demand forces, the Housing Master Plan recognizes the importance of targeted efforts towards expanding the housing choices available to these populations.

PRINCIPLE #3: PARTNERSHIPS

PARTNERSHIPS ARE KEY TO ACHIEVING MEASURABLE IMPROVEMENT IN THE AFFORDABLE HOUSING STOCK IN ALEXANDRIA. THE CITY CAN BETTER LEVERAGE RESOURCES BY BEING AN ACTIVE ADVOCATE AND PARTNER WITH ARHA, NONPROFIT AND FOR PROFIT DEVELOPERS.

- It will take tremendous resources to address the current and future shortages of affordable housing in an effective manner. The City does not have the resources to address these issues alone and must continue to strengthen current partnerships and form new ones both in the private and public sector in order to find solutions. With an overarching vision established by the Plan the City can work cooperatively towards a common goal with a variety of partners.

- The City should continue to monitor the affordable housing stock for potential losses and work collaboratively with ARHA and other nonprofit partners to prevent these losses of existing units.
- The City and ARHA should continue to foster and participate in public private partnerships for the creation of affordable housing, allowing the risk and the benefit of redevelopment projects to be shared.
- The City can better leverage expertise and resources in the community by becoming a more active conduit for private and nonprofit developers, investors and property owners to communicate and identify opportunities for collaboration in stemming the loss of affordable housing stock or producing new units.
- By helping our development partners control costs through key tools proposed in the plan, the City can make the production of affordable housing more financially feasible.
- The City will continue to rely on key funding partners, such as HUD and VHDA, but it is critical that the City seek to establish new relationships with additional funding partners, such as lending institutions, foundations, and nonprofits.
- By continuing to build a constituency in the community supportive of affordable housing as a community asset by raising awareness about the level of need and why it is important to the community, the City will have a better chance of success in securing housing commitments in new development projects or policy changes that support preservation or development of affordable units. Policy changes can be difficult to secure if residents don't understand the economic and other benefits of a balanced housing market and an economically diverse community.

CITY OF ALEXANDRIA - ARHA PARTNERSHIP

ARHA, one of the City's key partners in its efforts to preserve and maintain affordable housing, was chartered by the State of Virginia in 1938. The partnership is cemented by Resolution 830, adopted in 1981 and amended in 1982, creating a joint commitment and agreement between the City and ARHA to retain, at a minimum, 1,150 public or publicly assisted housing units in Alexandria. See page 17 for additional information.

ARHA's Draft Strategic Plan emphasizes the importance and mutual benefits of maintaining and strengthening the City-ARHA partnership:

"ARHA has the powers, holdings, assets and client base that give it a unique position to help Alexandria achieve this element (Goal 7) of the City's Strategic Plan. In fact, [the ARHA] mission dovetails with those elements of the City's plan. However, because of market forces, ARHA cannot fully accomplish its mission without the support and cooperation of the city. Likewise, it will be difficult for the City of Alexandria to achieve its Goal 7 without the ARHA's cooperation and support. Though they have been partners and mutually supportive at times, their mutual goals make it imperative that this partnership between ARHA and the City of Alexandria be strengthened."

ARHA Draft Strategic Plan, October 2011, page 51.

HOUSING PRESERVATION/DEVELOPMENT PARTNERS

The City has a well-established network of not-for-profit agencies dedicated to preserving and expanding the supply of safe, decent and affordable housing. Nonprofit partners that focus on acquisition, preservation and renovation of affordable housing include:

- AHC, Inc.
- Alexandria Housing Development Corporation (AHDC)
- Alexandria Redevelopment and Housing Authority (ARHA)
- Community Lodgings, Inc. (CLI)
- Habitat for Humanity of Northern Virginia
- Harambee Community and Economic Development Corporation
- Rebuilding Together Alexandria (RTA)
- Sheltered Homes of Alexandria (SHA)
- Wesley Housing Development Corporation (WHDC)

PUBLIC AND PRIVATE PARTNERS PROMOTING AFFORDABLE HOMEOWNERSHIP

The City has developed extensive regional and statewide partnerships to help expand and promote affordable home purchase and preservation opportunities. These partners include:

- Virginia Housing Development Authority (VHDA)
- Northern Virginia Housing Expo
- Alexandria Housing Development Authority (ARHA)
- Long-Term Affordability Work Group
- Virginia Department of Housing and Community Development (VDHCD)
- Private Lenders and Real Estate Agents
- Housing Counseling Agencies, including Housing Counseling Services, AHOME and the Northern Virginia Urban League (NOVAUL)

PRINCIPLE #4: LOCATION-EFFICIENT AFFORDABLE HOUSING

Access to transportation and services should be a key factor in the future distribution and allocation of affordable housing in the city.

Community support of transit accessibility for affordable housing residents was a consistent theme throughout the process, culminating in the January 2011 Allocation Exercise where walking distance to metro or bus was one of the key determining factors for where participants chose to site affordable housing within the city.

Affordability is maximized when housing is "location-efficient," meaning it has good access to retail, services, jobs, and public transportation and allows individuals and families to reduce transportation costs and commuting time. Since transportation is generally considered to be a household's second largest expenditure[6], households with poor access to bus or rapid transit spend a larger percentage of their limited budget on transportation. While the average household spends 19% of its income on transportation, households in auto-dependent exurban locations spend more than 28% of income on transportation[7]. However, in "location-efficient" areas, this amount drops to 9%, about one-half the national average[8], highlighting how advantageous it is to develop affordable housing in locations well served by transportation and/or within walking and biking distance of shopping, services and employment.

The City's current Transitway Corridor Feasibility Study will provide guidance for the feasibility of implementing dedicated corridor transit service in three corridors (North-South, Duke Street, and Van Dorn/Beauregard). The benefits of locating low- and moderate-income and workforce households

6 Consumer Expenditure Survey from the Bureau of Labor Statistics, http://www.bls.gov/cex/home.htm
7 Center for Neighborhood Technology Housing and Transportation Affordability Index http://htaindex.cnt.org/
8 Ibid

within these corridors are significant, but represent a challenge for the City as the higher land costs will make it more difficult to achieve affordability. On the other hand, while land in transit corridors will be significantly more expensive to develop, such corridors are also locations that can accommodate higher density, which in turn can include affordable housing. It is critical that future development of the corridors incorporates additional affordable housing, whether in major redevelopment projects or using infill strategies to surgically add affordable units in these TOD corridors.

Of equal importance in affordable housing locational decisions are strategic opportunities to preserve existing or ensure inclusion in large-scale new development. Additionally, consistent with current realities in most areas of the city, the share of assisted rental housing (including public housing) in any area should be consistent with share of the city's rental housing.

PRINCIPLE #5: MIXED-INCOME COMMUNITIES

Mixed-income communities are the optimal way of maintaining social and cultural diversity through increased opportunities for interaction rather than isolation or polarization.

Along with the City's framework for great urban neighborhoods, vibrant public open spaces, an energy efficient building stock, and accessible high capacity transit, a broad mix of affordable housing is a key element of a truly sustainable community. This was a frequently repeated theme among Housing Master Plan participants. Creating mixed-income communities can help break down barriers that develop with the polarization of any income or population group.

Mixed-income housing developments successfully add affordable units to the housing stock without concentrating low- or moderate-income residents. What constitutes a mixed-income development varies from project to project based on the market and the affordability objective. The text box on the following page demonstrates how leaders in the housing

research and advocacy field have defined mixed-income projects, but the principles behind the mixed-income approach are fairly consistent and straightforward. According to the Mixed-Income Housing and the HOME Program report published HUD, "professionals in the affordable housing industry have increasingly turned to mixed-income housing as a way to create more diverse and stable communities."[9] A report from Harvard's Joint Center for Housing Policy states that "a mixed-income approach can have an important role in getting additional affordable units built, ensuring high-quality housing, and deconcentrating poverty." [10]

"Impacts of Affordable Housing on Education", an update to a 2007 literature review from the Center for Housing Policy, examined the various ways in which the production, rehabilitation, or other provision of affordable housing may affect educational outcomes for children. Research referenced in the document shows that a supportive and stable home environment can complement the efforts of educators, leading to better student achievement, and that creating mixed-income communities increases the likelihood that all children will be exposed to more support for education and stronger school systems.[11] A significant amount of research has demonstrated the social, economic and fiscal benefits of developing and maintaining an economically diverse population. Economic diversity, anchored in affordable housing strategies, enhances a community's culture and often creates more vibrant neighborhoods. Affordable housing not only benefits the direct occupants; it stimulates the community as a whole.

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9 http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/2004/200315.pdf
10 Smith, Alastair: Mixed-Income Housing Developments: Promise and Reality, October 2002. Joint Center for Housing Studies of Harvard University.)
11 http://www.nhc.org/media/documents/Housing_and_Education1.pdf

MIXED INCOME DEVELOPMENT – WHAT IS THE RIGHT MIX?

A review of the literature on mixed- income development confirms that there is no one definition of mixed-income development. Many factors must be considered.

HUD: "A mixed-income housing development can be defined as a development that is comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate. The "mix" of affordable and market-rate units that comprise mixed-income developments differ from community to community, and can depend, in part, on the local housing market and marketability of the units themselves. One of the challenges in developing mixed-income housing is determining a mix of incomes that can be sustained over time. In practice, there is no single formula, or standard definition, of mixed-income housing. Communities and developers around the county must evaluate local market conditions, and develop locally supported concepts and characteristics of the mixed-income development."(HUD, Mixed-Income Housing and the HOME Program 2003).

ULI: "While there is no single accepted definition of "mixed-income housing," this publication considers developments (achieved through a variety of policies and practices) that contain units that are affordable to households with different income levels, whether the households earn an above-moderate income, a moderate income (80 to 120 percent of the area median income (AMI)), a low income (50 to 80 percent of the AMI), or in some cases, a very low income (below 50 percent of the AMI)." (Myerson, Deborah L. Mixed-Income Housing: Myth and Fact. Washington, D.C.: ULI–the Urban Land Institute, 2003).

VHDA Mixed Use Mixed Income Financing: 20% of the housing units must be occupied by renters whose incomes are 80% of the area median income. Another 20% of the housing units must be occupied by renters whose incomes are 120% of the area median income. The remaining 60% of the units are not subject to income limits. (VHDA Website: http://www.vhda.com/businesspartners/mfdevelopers/mffinancing/pages/mixed-use-mixed-income.aspx)

Joint Center for Housing Studies, Harvard University: "Mixed-income developments vary greatly depending upon the same factors as any other housing development: population served, location, tenure type, management and scale. Most importantly, the mix of incomes within the developments varies greatly. In large part, the market determines what mix of incomes is possible. In addition, different mixed-income developments and funding programs give higher priority to different goals, which also shapes the income mix. Thus, a combination of the market and the priority given to the goals results in the mix of incomes served." (Smith, Alastair: Mixed-Income Housing Developments: Promise and Reality, October 2002. Joint Center for Housing Studies of Harvard University.)

PRINCIPLE #6: ECONOMIC SUSTAINABILITY

Affordable housing is an important element of a healthy and growing economy.

One of the challenges in advocating for and funding affordable housing is that it is often framed purely as a social and economic cost to a community, rather than in terms of the significant benefits it can achieve. During the Housing Master Plan process, members of the community asserted the importance of demonstrating economic justification for the City's continued support of affordable housing. On a basic level, maintaining economic diversity enhances the culture and vibrancy of a community by allowing persons of many backgrounds to interact and communicate more freely. However, there are substantial, quantifiable benefits as well. A 2011 Planning Commissioners Journal article tackled precisely this issue, referencing significant research that demonstrates how developing and maintaining affordable housing strengthens the local economy.[12] The article, citing a literature review done by the Center for Housing Policy[13] on the role of affordable housing in local economic development, provides the following key insights:

- Building affordable housing creates jobs and spending during and after construction, at a level equivalent to new employment produced by market rate housing. On average, 100 Low Income Housing Tax Credit (LIHTC) units add 120 new jobs during construction. The same units will support 30 local jobs (hospitality, health, education, local government, wholesale/retail, construction).
- Affordable housing attracts and retains new employers and a skilled workforce. More than 55% of companies with 100 or more employees acknowledge an insufficient level of affordable housing.[14] Local affordable housing allows municipal workers such as teachers, firemen,

12 Planning Commissioner's Journal, Number 83, Summer 2011: The Economic and Fiscal Benefits of Affordable Housing by Rebecca Cohen and Keith Wardrip
13 The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of Literature. Center for Housing Policy. January 2011.
14 Ibid

police officers and medical personnel to live closer to work. Businesses struggle to retain employees as workers are forced to live further away from their jobs. The increased competition for labor can lead to greater employee turnover and higher wage requirements.

- Investing in affordable housing increases revenues for states and localities. Affordable housing rehabilitation activity generates revenue (permitting, sales taxes, and property taxes) and economic activity. Well-designed and managed affordable housing development has a neutral or positive – not negative – impact on surrounding property values, and can result in increased tax assessments and tax revenues.
- Affordable housing programs contribute to neighborhood stability, which requires less local government intervention and support. Homebuyers who participate in an affordable homeownership program are less likely to experience foreclosure. Unless sold at auction, recent analyses have shown that foreclosed properties can lead to criminal activity and/or demolition, both of which are costs incurred by the local government. Furthermore, foreclosures reduce the government's overall property taxes, utility revenues and any other taxes or fees.
- When housing and associated costs are affordable (transportation and utilities), families have more income to spend on local goods and services. Low- and moderate-income households spend disposable income within their community to fulfill basic needs (food, clothing, healthcare, transportation). The Victoria Transport Policy Institute's recent analysis of the economic impact of travel time[15] revealed that each mile of personal car travel during peak hours in the U.S. urban environment carried an economic cost (financial and social) of 50% of the driver's hourly wage rate. Lost wages and increased costs for the individual translate into decreased expenditures for goods and services, reduced sales tax revenue, and increased business costs/risks.

Another area in which the benefits of affordable housing are assumed but not well quantified is the social and economic improvement on an individual

15 Transportation Cost and Benefit Analysis II – Travel Time Costs. The Victoria Transportation Institute. August 2011. http://www.vtpi.org/tca/tca0502.pdf

and community level. The John D. and Catherine T. MacArthur Foundation recently established a five-year, $25 million research initiative called How Housing Matters to Families and Communities to "deepen the literature on the effect that investments in affordable housing have on social and economic outcomes, beyond shelter. It explores the notion that affordable housing may be an essential "platform" that promotes positive outcomes in education, employment, and physical and mental health, among other areas."[16] An effort such as this will help bolster the fiscal and economic case for affordable housing.

In its October 2011 Report "Housing the Region's Future Workforce", George Mason University's Center for Regional Analysis (CRA) projects that more than 1 million net new jobs will be added in the Washington region by 2030 (a figure much higher than City estimates), and another 1.8 million workers will retire, with new workers needed to fill many of those jobs.[17] The CRA analysis projects that 41,340 of these new jobs are expected to locate in Alexandria. The report states: "The ability to absorb these new workers into the region and to ensure robust regional economic growth depends critically on providing a sufficient amount of housing of the right types and prices and in the right places."[18] Although CRA projections are significantly higher than the City's and COG's, the resulting net housing shortages have similar implications. As noted by the report, "Without an adequate supply of housing, our region will face increasing traffic congestion and a slowdown of economic growth."[19]

While the City considers CRA projected employment figures to be high, there is no dispute that additional housing will be needed for additional workers. The City's own analysis is included in Chapter 2.

16 http://www.macfound.org/site/c.lkLXJ8MQKrH/b.6547265/k.4E11/About_the_Initiative.htm
17 Housing the Regions Future Workforce: Policy Challenges for Local Jurisdictions, George Mason University School of Public Policy Center for Regional Analysis, October 2011
18 Ibid
19 Ibid

HOUSING THE REGION'S FUTURE WORKFORCE CRA 2011 REPORT:

"The ability to absorb these new workers into the region and to ensure robust regional economic growth depends critically on providing a sufficient amount of housing of the right types and prices and in the right places. The share of gross regional product that leaks out of the metropolitan area is expected to increase from four to eight percent over the next two decades as more and more of the region's workers commute to homes outside of the region. The level of traffic congestion is worsening and our region's workers face some of the most arduous and longest commutes in the nation. Employers are concerned about the ability to attract new workers because of the price and availability of housing."

Policy Implications

Local jurisdictions are planning for an insufficient amount of housing to accommodate future workers. More housing is needed closer to jobs, in existing and growing regional employment centers. There is a need for more multi-family housing and smaller, more affordable owner and renter homes in the region. A lack of a sufficient supply of housing contributes to worsening traffic and quality of life and threatens our region's economic vitality.

Source: Housing the Region's Future Workforce: Policy Challenges for Local Jurisdictions, George Mason University School of Public Policy Center for Regional Analysis, October 2011

The CRA report also links the lack of suitable/affordable housing in jurisdictions where workers are employed to a significant "leakage" of potential economic activity to distant communities from which workers commute in order find affordable housing. Revenue is lost because employees shop, spend and invest outside of Alexandria.

For cities especially, the direct and indirect impacts of the loss of affordable housing on economic and fiscal sustainability are significant. A recent City Mayors Society publication states:

> Housing affordability problems for individuals and families mean economic and social problems for cities. Lack of affordable housing is a primary cause of homelessness. When cities cannot add new affordable housing where new jobs are created, traffic congestion and air pollution increase. Regional economies may lose billions of dollars a year in wasted fuel, delayed shipments, and lost work time. [20]

Both quantitative and qualitative evidence exist indicating affordable housing provides critical benefits to residents, businesses, governments and communities as a whole. The jurisdictions within the greater Metropolitan Washington DC area are all experiencing challenges in preserving and promoting affordable housing. Most face the difficult combination of increasing land values, decreasing development opportunities and rising community opposition. While the preservation and promotion of affordable housing can be challenging, the empirical and anecdotal evidence indicate that the investment ultimately strengthens the economic and fiscal health of the community.

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20 Affordable Housing Crisis Cast a Shadow over the American Dream. City Mayors Society, January 2007. http://www.citymayors.com/society/housing_usa.html

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Goals & Strategies

GOALS AND STRATEGIES

The previous chapter provided the overarching principles to guide the City's efforts to plan for its future housing stock. This chapter presents six goals to be implemented within the framework of the guiding principles. These goals address increased affordable rental and homeownership opportunities; increased accessibility of the city's housing stock, and increased community support and partnerships for affordable housing programs. Each goal provides details on how, if properly implemented, it will help achieve the guiding principles envisioned in the previous chapter. Provided with each goal is a series of strategies that can be used to achieve the goals along with tools that can be used for implementation. Many of the tools will be more fully explained in the following chapter and in the tool sheets in Appendix; their inclusion in this chapter is intended solely to provide a snapshot of the toolbox needed to achieve the goals and strategies.

Goal 1: Preserve the long-term affordability and physical condition of the existing stock of publicly assisted rental housing, as well as market rental housing where affordability commitments can be secured

The preservation of existing assisted rental housing and market affordable rental housing is a key component to maintaining affordable housing for the residents of Alexandria. As has been noted in Chapter 4 of this Plan, the city has lost significant numbers of market affordable housing units due to increasing rents over the past decade. This trend is anticipated to continue as demand for rental housing in the city continues to increase. In addition, the current stock of assisted affordable housing has a number

GOAL 1: Preserve the long-term affordability and physical condition of the existing stock of publicly assisted rental housing, as well as market rental housing where affordability commitments can be secured.					
	Implementation Strategies				
Implementation and Funding Tools	1.1 Preserve Current Privately Owned Publicly Assisted Units	1.2 Obtain Commitments from Private Owners	1.3 Additional Privately Owned Publicly Assisted Units	1.4 30% AMI Units in Areas with greatest Support Services	1.5 Support 1,150 Current ARHA Units
Resolution 830				X	X
Developer Contribution Policy	X	X	X	X	X
Community Land Trust	X		X	X	
Transfer of Development Rights (Modified)	X	X	X	X	
LIHTC	X		X	X	X
Energy Efficiency Loans	X	X		X	
Loan Guarantees	X		X	X	X
Tax Abatement	X	X	X	X	X
Loan Consortium	X		X	X	X
Historic Tax Credits	X	X	X	X	
Development Fee Relief	X	X	X	X	X
Resource Center	X	X	X		
Parking - Rehabilitation	X	X	X	X	X
Parking Reduction for AH			X	X	X

of units in which affordability periods will expire over the next decade. As development and land costs continue to escalate, it is imperative that the City work to preserve existing affordable housing options to ensure housing for residents of all incomes (Principle 1). As preservation opportunities present themselves, the desire to create mixed-income communities (Principle 5) and location efficient affordable housing options (Principle 4) should help guide the decision making process. In order to accomplish this goal the City will need to continue to cultivate partnerships with both the private and public sectors (Principle 3). The preservation of the existing affordable housing stock will help to ensure a vibrant and diverse workforce that is vital to the economic sustainability of the City (Principle 6). The City's efforts to achieve Goal 1 dovetail with the Alexandria Redevelopment and Housing Authority (ARHA) 2012-2022 Draft Strategic Plan to preserve existing ARHA units and work cooperatively with the City to identify and preserve properties at risk of losing affordability.

STRATEGY 1.1 Preserve the current stock of privately owned, publicly assisted units within the City, with priority for units serving households earning below 50% of AMI (subject to property owner cooperation).

STRATEGY 1.2 Obtain commitments from current owners for long-term preservation of currently existing market-rate affordable units.

STRATEGY 1.3 Partner with private nonprofit or for-profit affordable housing providers in acquiring and/or rehabilitating existing market affordable units to increase the number of publicly assisted, privately-owned rental housing affordable to households earning below 60% AMI, with priority for units serving households below 50% AMI.

STRATEGY 1.4 Increase the number of housing units affordable to households earning below 30% of AMI and senior households in areas of the City that have the greatest presence of support services including transportation, retail, recreation, and public or private human service providers.

STRATEGY 1.5 Support, where appropriate, the rehabilitation of current ARHA units, or acquisition/rehabilitation of replacement units, in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly-assisted units. (See also 2.4)

Goal 2: Provide or secure long-term affordable and workforce rental housing through strategic new development and redevelopment

While the preservation of existing affordable housing is important, it will also be important to ensure new units of affordable housing are developed during the plan timeframe. New affordable rental units can help replace current market rate affordable units lost to both redevelopment and increasing rents. Creating new dedicated affordable housing units can help provide housing opportunities for all incomes (Principle 1) and help create the economic diversity needed for a thriving economy (Principle 6). Strategically incorporating affordable rental units within new development will allow the City to create mixed-income communities (Principle 5) that decrease poverty concentrations. Mixed-income communities can be realized by incorporating new rental units within individual market rate projects, as well as developing new affordable housing projects that are in close proximity to other market rate projects. In addition, new development

GOAL 2: Provide or secure long-term affordable and workforce rental housing through strategic new development and redevelopment.

	Implementation Strategies				
Implementation and Funding Tools	2.1 AH as part of new projects	2.2 Create Affordable Housing	2.3 Affordable Housing Plans in Small Area Plans	2.4 Redevelopment or new development of ARHA units to maintain 1,150	2.5 Replace Demolished Existing Market-Rate Affordable Units
Resolution 830				X	
Bonus Density	X	X	X	X	X
Accessory Dwelling Units	X		X		X
Maximize Public Land for AH	X	X	X	X	X
Developer Contribution Policy	X	X	X	X	X
Community Land Trust		X	X		
Transfer of Development Rights (Modified)	X	X	X	X	X
LIHTC		X		X	X
Loan Guarantees		X		X	X
Tax Abatement		X	X	X	X
Loan Consortium		X		X	X
Resource Center	X	X		X	X
Developer Fee Relief	X	X	X	X	X
Parking Reduction for AH	X	X	X	X	X

of affordable housing rental stock increases housing options for residents of Alexandria and can be carried out in a manner to increase the number of units in location efficient areas (Principle 4).

STRATEGY 2.1 Develop policies and regulations that incorporate affordable housing units as part of new development and redevelopment projects.

STRATEGY 2.2 Partner with nonprofit and for-profit developers to develop new affordable housing projects within the City.

STRATEGY 2.3 Include an affordable housing plan, using the tools identified in the Housing Master Plan, as part of all new or revised Small Area and Corridor Plans.

STRATEGY 2.4 Support, where appropriate, the redevelopment or new development of ARHA units, in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly-assisted units consistent with ARHA's Strategic Plan goals and with City land use policies and practices. (See also objective 1.5)

STRATEGY 2.5 Seek to achieve substantial replacement of existing market-rate affordable housing units on properties under consideration for redevelopment.

Goal 3: Provide and support the provision of affordable and workforce home purchase opportunities for Alexandria residents and workers

As was shown in Chapter 4, the current market in Alexandria produces few homeownership opportunities that are affordable to residents with low and moderate-incomes without purchase subsidy. Increasing homeownership opportunities available to residents of these incomes ties directly to many of the principles identified in the previous chapter. Assisting city residents and workers of low- and moderate-incomes to become homeowners helps to create economic diversity among city residents resulting in strong, resilient neighborhoods (Principle 4). Homeownership programs contribute to the economic sustainability of the city as they provide employees on the lower end of the pay scales with a path to homeownership, allowing Alexandria residents to remain in the city and Alexandria workers to live in the jurisdiction where they work.

PARTNERING FOR HOMEOWNERSHIP

Making the transition from public housing to homeownership can be a long process and a goal that many public housing residents believe is out of reach. The City of Alexandria and the Alexandria Housing and Redevelopment Authority have partnered in helping ARHA residents make this transition through extensive education, outreach and support. ARHA has been a regional leader in participating in the Housing Choice Voucher (HCV) Homeownership Program – an initiative that allows public housing agencies to assist former residents with monthly mortgage payments in lieu of rental assistance payments for up to 15 years. By combining the HCV Homeownership Program with the City's Homeownership Assistance Program, this partnership has led to more than 20 HCV and public housing residents in becoming homeowners.

Natasha Patterson, a single mother with two young daughters, was a recent participant in the program and successfully purchased a home in Alexandria's West End. Ms. Patterson also works in the West End, so finding a home that was both affordable and near her job site were priorities. Through participating in first time homeownership educational classes administered by ARHA and the assistance of Office of Housing HAP Program, Ms. Patterson was able to purchase a single family home that was affordable to her and her family. In Ms. Patterson's words, "Buying a home was a dream come true."

This initiative demonstrates the power of support, encouragement and self-sufficiency in helping lower-income City residents to achieve their goals – even in high cost areas such as the City of Alexandria.

GOAL 3: Provide and support the provision of affordable and workforce home purchase opportunities for Alexandria residents and workers			
	Implementation Strategies		
Implementation and Funding Tools	3.1 Assist households to overcome barriers to homeownership	3.2 Provide financial assistance to low and moderate income households and financial incentives to City Employees to help achieve homeownership	3.3 Create long-term affordable and workforce affordable homeownership opportunites
Homeownership Counseling	X		
Home Purchase Loan Programs		X	
Bonus Density			X
Other development tools as may be deemed appropriate to support homeownership			X

STRATEGY 3.1 Assist households in overcoming barriers to homeownership through homebuyer training and counseling services, and offer post-purchase counseling services, including default and delinquency counseling, to homeowners in crisis.

STRATEGY 3.2 Provide financial assistance to low- and moderate-income households that have completed homebuyer training and financial incentives to City and Alexandria City Public School employees that will allow them to seek homeownership opportunities.

STRATEGY 3.3 Support, where appropriate, the creation of long-term affordable and workforce affordable homeownership set-aside opportunities for low and moderate income first-time homebuyers.

Goal 4: Enable homeowners to remain in their homes safely, comfortably, and affordably

Just as preserving the City's affordable rental stock is important, it is equally important to ensure that residents of moderate means, fixed incomes, and challenging circumstances who have achieved homeownership have the opportunity to remain in their homes. There are a number of circumstances that might impede current homeowners' ability to remain in and maintain their home, including decreasing incomes, increasing taxes, increasing home repairs, and physical challenges. Providing assistance to these residents increases housing opportunities for people of all incomes and abilities (Principles 1 and 2) and helps to maintain an economically and racially diverse City.

STRATEGY 4.1 Provide rehabilitation services to existing low- and moderate-income homeowners (below HUD 80% AMI) in maintaining their existing homes.

STRATEGY 4.2 Assist low- and moderate-income homeowners to maintain their homes and improve energy efficiency to decrease overall housing cost.

STRATEGY 4.3 Provide assistance to home-owning seniors with limited incomes and resources in order to strengthen their ability to age in place.

GOAL 4: Enable homeowners to remain in their homes safely, comfortable, and affordably

	Implementation Strategies		
Implementation and Funding Tools	4.1 Provide home rehabilitation services to loan and moderate income homeowners	4.2 Assist qualified homeowners to maintain their homes and improve energy efficiency	4.3 Provide assistance to home owning seniors with limited incomes and resources
Accessory Dwelling Units	X		X
Home Rehabilitation Loan Program	X	X	
Energy Efficiency Grants		X	
Energy Efficiency Loan Program		X	
Livable Home Tax Credit		X	X
Tax Abatement		X	
Tax Relief Program			X
Resource Center	X	X	

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities

Households with one or more members with special needs have fewer housing choices than other households. Particularly limited are housing choices for elderly persons requiring on-site services, chronically homeless persons, persons affected by mental illness and/or intellectual disabilities that limit their ability to live independently, and persons with physical disabilities. Much of the Housing Master Plan is focused on the affordable housing needs of City residents and workers. However, Principle 2 of the preceding chapter discusses housing options for people of all ages and abilities, and goes beyond affordability issues to include promoting a housing stock that includes visitable, adaptable, and accessible housing options (see next page for definition of these terms). While the City of Alexandria does not have the legal authority to require the development community to provide more accessible housing than is required by the International Building Code, incentives can be provided to increase housing options for people of all abilities.

STRATEGY 5.1 Partner with existing property owners to convert non-accessible and non-visitable units to allow for visitability and habitation by persons with physical disabilities.

STRATEGY 5.2 Develop mechanisms to promote and encourage the development of new universally designed housing units.

STRATEGY 5.3 Develop mechanisms to promote and encourage an increase in the number of accessible and adaptable units above the minimum requirements for new construction pursuant to the Fair Housing Act, the International Code Council (ICC), and/or other applicable law and regulation.

STRATEGY 5.4 Develop mechanisms to promote and encourage the development of visitable and accessible residential development in new construction types (e.g. single family residential development) exempted from the Fair Housing Act, ICC or other applicable law and/or regulation

STRATEGY 5.5 Develop minimum standards for adaptable construction techniques and the accessible units in multi-family rehabilitation projects funded by City resources where compliance with the Fair Housing Act, ICC or other applicable law and/or regulation is not required.

STRATEGY 5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program to cover 50% of the costs to retrofit existing housing units for accessibility and visitability.

STRATEGY 5.7 Collaborate with appropriate public and private partners to develop an assisted living facility serving Alexandrians of varying income levels.

GOAL 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

	Implementation Strategies						
Implementation and Funding Tools	5.1 Convert non-accessible and non-visitable units to visitability and accessibility ~~habitation~~	5.2 Increase universally designed units	5.3 Increase accessible and adaptable units in new construction	5.4 Increase visitable and accessible single family residential development	5.5 Minimum Requirements in multi-family rehabilitation funded by City	5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program	5.7 Develop an assisted living facility serving Alexandrians of varying income levels
Rental Accessibility Modification Program	X						
Housing Choice Policies		X	X	X	X		
Resource Center	X	X	X	X	X	X	X
Tax Abatement		X	X	X	X		X
Livable Home Tax Credit			X	X	X		
Parking - Rehabilitation					X		
Modified Income - Assisted Living							X

DEFINITIONS RELATED TO ACCESSIBILITY IN HOUSING

Accessible Design - a general term which means that the home meets prescribed requirements for accessible housing. Mandatory requirements for accessible housing vary widely and are found in state, local and model building codes, as well as in agency regulations such as HUD's Section 504 and the Fair Housing Amendments Act requirements. Examples of accessible features include wide doors, lower countertop segments, grab bars in bathrooms and switches and controls in easy-to-reach locations.

Adaptable Design – An adaptable unit has all the accessible features that a fixed accessible unit has but allows some items to be omitted or concealed until needed so that the dwelling unit can look the same as others and be better matched to individual needs when occupied. Adaptable features are those that can be readily adjusted in a short time by unskilled labor without involving structural or finished material changes.

Universal Design – Items that are usable by most people regardless of their level of ability or disability. Universal design addresses the scope of accessibility and suggests making all elements and spaces accessible to and usable by all people to the greatest extent possible. This is accomplished through thoughtful planning and design at all stages.

Visitability – A movement in housing design to change home construction practices so that virtually all new homes offer a few specific features making the home easier for mobility-impaired people to live in and visit. Visitable homes incorporate the following minimum design features:

- At least one zero-step entrance approached by an accessible route on a firm surface no steeper than 1:12, proceeding from a driveway or public sidewalk
- Wide passage doors
- At least a half bath/powder room on the main floor.

Source: Center for Universal Design, College of Design, North Carolina State University and Concrete Change of Decatur, Georgia.

Goal 6: Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities

In order to meet the future demand for affordable housing and to maintain the city's economic and racial/ethnic diversity, work needs to continue to strengthen current partnerships and create new ones (Principle 3). The City cannot effectively address its housing needs alone. Partnerships will need to go beyond development partnerships and extend to all citizens to demonstrate the value of affordable housing. It will be important to create a constituency of affordable housing advocates that can play an active role in supporting affordable housing within the city. Only through these education efforts, advocacy, and community support can the immense challenge of providing housing options for people of all incomes, ages, and abilities be achieved (Principles 1 and 2).

GOAL 6: Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities

	Implementation Strategies			
Implementation and Funding Tools	6.1 Continue, enhance, and increase the City's outreach efforts on the benefits of Affordable Housing	6.2 Work with the City agencies and appropriate service providers, such as in-home care providers, to ensure broad awareness of existing City services and resources	6.3 Identify, foster, and encourage potential development of public/private partnership opportunities in the City	6.4 Identify, foster and encourage potential development and public/ private partnership opportunities in the City
Loan Consortium	X	X	X	X
Resource Center	X	X	X	X

STRATEGY 6.1 Continue, enhance and increase the City's outreach effort to the community regarding the need for and the benefits of having affordable housing, and provide affordable housing developers and advocates with quality information and materials to generate community support for affordable housing.

STRATEGY 6.2 Work with the City agencies and appropriate service providers, such as in-home care providers, to ensure broad awareness of existing City services and resources.

STRATEGY 6.3 Conduct stakeholder outreach efforts directed to developers, financial institutions, lenders, property owners and real estate professionals to [1] increase awareness of the financial opportunities and benefits of affordable and universally designed housing; and [2] address issues or concerns related to existing or proposed affordable housing development.

STRATEGY 6.4 Identify, foster and encourage potential development and public/private partnership opportunities in the City.

Goal 7: Enhance public awareness of the benefits of healthy, well-designed, and energy efficient housing that fosters the well-being of Alexandria residents.

Creating safe, healthy and well-designed housing that is free of hazards and toxins such as secondhand smoke, mold, pests, lead and chemicals is fundamental to the overall health of City residents and the community. Maintaining a healthful indoor living environment, especially for children, is a critical element of the City Council's Strategic Goal 2 of "..enhancing the health of its citizens and the quality of the natural environment. " The City's Eco-City Charter, adopted in 2007, also addresses a range of issues that relate to the quality of the City's housing supply and sustainable development. These include elements such as land use and open space, air quality, and energy use.

STRATEGY 7.1 Provide rehabilitation assistance to existing multifamily properties and encourage new affordable multifamily properties to improve housing conditions, including energy efficiency and indoor air quality.

STRATEGY 7.2 Promote comprehensive smoke-free air policies within all assisted housing units in the City and encourage the owners of assisted housing to offer residents access to effective smoking cessation services.

STRATEGY 7.3 Assist owners of multifamily properties in educating residents of ways to address environmental triggers such as mold, dust, secondhand smoke, animal dander and rodents.

STRATEGY 7.4 Assist homeowners in assessing energy efficiency and indoor air quality through home audits and assessments. Provide access to affordable loan products to assist homeowners in improving the quality of their immediate living environment.

GOAL 7: Enhance public awareness of the benefits of healthy, well-designed, and energy efficient housing				
	Implementation Strategies			
Implementation and Funding Tools	7.1 Provide rehabilitation assistance to multifamily properties	7.2 Promote smoke-free air policies and promote smoking cessation services to residents of assisted housing	7.3 Assist multifamily property owners in educating residents on environmental triggers	7.4 Assist homeowners in assessing energy efficiency and indoor air quality
Rehabilitation	X			X
Resource Center	X	X	X	X
Energy Efficiency Loan Program				X

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6

Implementation Tools

IMPLEMENTATION TOOLS

INTRODUCTION

Implementation of the goals and strategies identified in Chapter 5 will require the confluence of the right tools with the availability of financing. Implementation will be the result of ensuring the City has all of the appropriate tools at its disposal to affect the preservation and development of affordable housing options. The previous chapter provided a matrix with each goal that identified potential new and modified tools that are available for implementation. In addition to the tools identified in the previous chapter, the City currently has a number of tools at its disposal designed to increase affordable housing options in the City. This chapter provides an overview of the existing tools used by the City, describes potential modifications to a number of existing tools and programs that could increase effectiveness, and provides greater detail on the new tools that have been identified during the Housing Master Plan process.

The tools discussed in this chapter can be placed into three categories including programmatic tools, zoning tools, and funding tools. This chapter provides a brief description of each tool and discusses how it can impact affordable housing. Further detail on each tool, including descriptions, potential partners, and cost is provided in the appendix. While several of the identified tools could be implemented immediately, some tools will require additional study, community processes, and possibly even changes to the state enabling language. Therefore this Chapter will conclude with a matrix that provides a general time frame for the implementation of the new and modified tools that have been identified.

Table 6-1: City of Alexandria Existing Programmatic Tools for Affordable Housing	
Housing Development (Rental or Ownership)	• Acquisition and/or rehabilitation loans • Pre-development loans
Rental Housing	• Resolution 830 • Housing Choice Voucher (ARHA) • Rental Accessibility Modification Program (RAMP) • Rental Set-Aside Program • Rent Relief Program for Seniors and Disabled*
Rental Services	• Landlord-Tenant Complaint Mediation • Relocation Counseling • Eviction Assistance and Furniture Storage Program
Home Purchase	• Homeownership Assistance Program* • Moderate Income Homeownership Program* • Employee Housing Incentive Program • Ownership Set Aside Program • Homeownership Counseling
Homeownership Assistance	• Home Rehabilitation Loan Program • Energy Efficiency Loan Program (forthcoming) • Energy Share Program
Homelessness Prevention/Asssistance	• Homeless shelters • Nonprofit transitional housing programs • Transitional Assistance Program • Homeless Intervention Program
Residential Intellectual Disability Services	• Group homes • Supervised apartments • Safe Haven
Fair Housing	• Fair Housing Testing Program • Fair Housing Training for Realtors and Property Mangers.

* Modification(s) proposed in Housing Master Plan

PROGRAMMATIC TOOLS

EXISTING PROGRAMS

The City currently operates a number of programs aimed at increasing affordable housing options for city residents. Table 6-1 provides a list of the current City and ARHA programs designed to increase affordable housing options for city residents. These programs range from housing development programs used to increase the number of dedicated affordable housing units via new development and/or rehabilitation to programs that monitor and enforce federal fair housing laws. Combined, these programs allow the City to provide important services to all residents of the Alexandria, with a focus on helping those with the most need.

A CONTINUED COMMITMENT TO RESOLUTION 830

Under the management of ARHA, federally-assisted public housing units and other publicly assisted units provide decent and safe rental housing to extremely low- to moderate-income families, the elderly, and persons with disabilities. When the City passed Resolution 830 in 1982 it committed to maintaining a minimum of 1,150 such units (the number of public housing units then in existence). The AHIWG had suggested the exploration of a policy that would keep the same number of units with an indifference to what entity owned and operated those units. This possibility was explored

CLIENT SPOTLIGHT - RENTAL ACCESSIBILITY MODIFICATION PROGRAM (RAMP)

A debilitating illness can impact every aspect of one's life – especially when the illness results in impaired mobility. Longtime Alexandria advocate Barbara Gilley, who passed away in 2004, helped lead the charge for the City to create a resource to assist lower income Alexandrians in modifying their homes to meet accessibility needs. In response to the advocacy of Ms. Gilley and others on the Alexandria Commission for Persons with Disabilities, the Rental Accessibility Modification Program (RAMP) was approved by City Council in 2001 and has been a critical resource for Alexandria residents with disabilities.

In 2011, Ms. Sharine Sanders contacted the Office of Housing seeking assistance for her mother, Alexandria resident Velma Sanders, who suffered a stroke which led to mobility-impairments. They were given a RAMP grant to fund construction of new entrance platform, stairs and the installation of a vertical platform wheelchair lift. According to Ms. Sanders, the modifications made for her mother provided a life changing link to the world outside her home of four years: "Without the help of City staff, the architect and project contractor, I don't know what I would have done. I couldn't face sending my mother to a nursing home, and this program allowed her to stay here at home with me."

RAMP is a unique program that fills a gap provided by no other service in the City. It serves both current residents with special housing needs and preserves accessible housing opportunities for future residents. RAMP assists low- and moderate-income tenants with physical disabilities by providing a grant of up to $50,000 to complete accessibility modifications to their residences. Funded through the federal Community Development Block Grant (CDBG) Program, RAMP not only assists Alexandria renters in overcoming accessibility needs, the program provides professional architects who work with the household to determine the scope of needs and the most cost effective approach to completing the needed modifications. Participating landlords are asked to preserve RAMP-funded modifications as permanent improvements to the rehabilitated rental property, thereby increasing the supply of accessible homes within the City.

during the Housing Master Plan process, but given the relative permanence of public housing authorities, such as ARHA, compared to that of nonprofits, and the fact that such authorities have access to funding sources not available to other entities, the Housing Master Plan recommends continuing the current Resolution 830 structure with ARHA.

MODIFIED PROGRAMS

Home Purchase Assistance Loan Program Enhancements

The existing Homeownership Assistance Program (HAP) and Moderate Income Homeownership Program (MIHP) have been very successful in helping low- to moderate-income residents become homeowners in Alexandria. The HMP recommends these programs be enhanced to provide post-purchase counseling to provide support to lower income homeowners in such areas as home maintenance, budgeting, and other areas to ensure the sustainability of their status as homeowners. The HMP also recommends that the City explore alternative approaches to loan repayment to create a stream of ongoing revenue and to allow the City to serve a greater number of qualified households.

Home Rehabilitation Loan Program Enhancements

This is a current program that has been effective at assisting residents in remaining in their homes by addressing a range of housing needs such as deteriorated housing conditions, changing physical needs of the owner and changes in household size. The HMP recommends two enhancements to this program. One change would make loans subject to a 5-year continued eligibility review that may enable the City to recapture and reinvest funds more quickly. The second change would increase the reach of the program to offer smaller energy efficiency loans that focus on reducing residential energy use. These enhancements will increase the monitoring of the loans and help to further the City's Eco-City Initiatives while increasing affordability.

CLIENT SPOTLIGHT - HOME REHABILITATION LOAN PROGRAM (HRLP)

In 2007, Richard and Thelma Lewis, both 74, were finding it challenging to maintain their home on their retirement income. That challenge was eclipsed when Mr. Lewis suffered a fall in his home and fractured several vertebrae in his neck. Mr. Lewis was rushed to the hospital and underwent several operations. Once his condition stabilized he was released from the rehabilitation hospital to return home. The accident left Mr. Lewis with a permanent paralysis which requires him to use walkers for stability and wheelchairs for distance travel.

Unfortunately, the home in which Mr. and Mrs. Lewis had lived and raised their family for 35 years was no longer adequate for Mr. Lewis' current condition. He had to be carried in and out because his paralysis prevented him from negotiating the entrance stairs. Once inside, he was restricted to the living room or kitchen because the doors to his bedroom and the bathroom were too narrow to accommodate his wheelchair or walker.

Mr. and Mrs. Lewis applied for an HRLP loan offered through the City's Office of Housing. The loan allowed them to make accessibility improvements including an addition which contains an accessible bedroom and bathroom. The existing parking pad and sidewalk to the rear of the house were reconfigured and an electric wheelchair lift was installed to provide Mr. Lewis with access to the addition, and doorways in the existing structure were widened to allow passage of a wheelchair to the living and dining rooms.

The HRLP is a long-standing City loan program funded through the federal Community Development Block Grant (CDBG) and HOME Programs that helps lower-income Alexandrians age in place, meet changing needs, and maintain housing conditions throughout the City. The Program assists households that have limited incomes and few alternative resources for completing costly home repairs and modifications.

Predevelopment Funds

Developers often have to invest large amounts of money early in the development process in order to determine whether a project is feasible. These expenses might include engineering studies, architectural design or other types of professional consulting services. Costs are incurred for filing development applications as well. Until a project is determined to be feasible and has been approved, money spent is "at risk." Funds for costs associated with this "predevelopment" stage are typically hard to finance due to the risk that the project won't go forward and the funds invested will not be recovered. For this reason, predevelopment costs may be a barrier to affordable housing development. While limited predevelopment funds are now provided through the City's Housing Opportunities Fund (HOF), the Plan proposes that this funding resource and any other appropriate City development funds be modified to allow projects to receive the greater of $50,000 (the original HOF limit) or $5,000 per unit, to be approved administratively by staff, for predevelopment purposes. This will enable

the provision of a meaningful level of assistance to larger projects. Any predevelopment funds provided will be considered as part of the City's gap financing. When a project is approved/financed, the predevelopment funds advanced will be incorporated in the total final loan amount. In addition to removing a financial barrier, the loan's administrative process expedites the underwriting and approval timeline during a crucial phase of project development. As is currently the case, the funds would become a grant in the event the project does not go forward.

Development Fee Relief

This policy would provide fee waivers for the development review and permits for affordable housing projects that provide at least 65% of units as affordable for a period of 30 years, provided that such fees are not the primary source of funding for the department that collects them. This program would only impact a limited number of projects, but it would further reduce the cost to developers attempting to provide affordable housing to Alexandria residents.

Voluntary Developer Contribution Formula

The City's current developer contribution formula for affordable housing was approved by City Council in 2005 and applies to new construction projects that go through the City's development process. Projects that exceed minimum development thresholds are asked to make a voluntary contribution to the Housing Trust Fund or submit an Affordable Housing Plan for on-site units. Consistent with the recommendations of the Housing Contribution Work Group[1], the HMP recommends this formula for voluntary contributions be updated to reflect inflation, and continue to be indexed to inflation on an ongoing basis.

1 The Housing Contribution Work Group recommendations have not been finalized as of this writing, but the group has reached a general consensus with regard to indexing the formula to inflation.

Community Land Trust

The City should promote the development of an independent community land trust (CLT). A CLT is an entity that can ensure the long-term availability of affordable housing by securing and retaining ownership of the land on which affordable housing is located. High land costs are often an obstacle in preserving affordability. By using a CLT, the value of the land can be separated from the cost of the improvements when a project is financed or mortgaged. Since ownership of the land is retained by the trust entity, future redevelopment and use is controlled. As the name implies, the CLT

COMMUNITY LAND TRUSTS (CLT)

The CLT model of affordable housing has been around for more than thirty years as a response to the rising costs of housing, limited space for new construction, growing number of abandoned buildings and an aging housing stock. According to the Community Land Trust Network, there are approximately 200 communities across the U.S. that currently operate or are forming CLTs.[1]

In general, the purposes of a CLT are to:

- provide access to land and housing to people who are otherwise denied access;
- increase long-term community control of neighborhood resources;
- empower residents through involvement and participation in the organization; and
- preserve the affordability of housing permanently.[2]

Matthei Place, Bellingham, WA. 14 unit home ownership project of the Kulshan CLT

Historically, CLTs operated in rural areas and focused on homeownership using a basic model: a nonprofit trust owns the land and leases it for a nominal fee to individuals who own the buildings on the land, providing homeowners with the same permanence and security as a conventional buyer. Today, that emphasis is changing, and much of the housing provided by the largest CLTs is multi-family rental to meet the needs of low-income households, many of which are not in a position to qualify for mortgage financing.[3] The advantages of applying the CLT model to multifamily housing are that they present new opportunities for "scaling up" and protecting market affordable units, preserving and creating more low-income multifamily units where land costs are high over a longer period of time with limited public investment.[4]

CLTs can take different approaches. Some CLTs own and manage both the land and rental unit building. Others, involved with residential (and commercial) condominiums where the CLT owns neither the land nor the building, hold instead an affordability covenant on units sprinkled throughout a larger residential complex.[5] Regardless of how the model is applied, "…as the number of CLTs nationwide has more than doubled in the last ten years, this model is creatively and cooperatively fulfilling a need for permanently affordable housing in this country."[6]

1 Community Land Trust Network: http://www.cltnetwork.org
2 ibid
3 Angotti, Tom; Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City; 2007 Lincoln Institute of Land Policy, Working Paper
4 ibid
5 Davis, John E. The Community Land Trust Reader, 2010; Lincoln Institute of Land Policy, page 37
6 Community Land Trust Network: http://www.cltnetwork.org

exists because of the inherent value that a community places on affordable housing preservation through this mechanism. A CLT is flexible enough to combine various types of land uses, income levels and housing types to secure everyone's investment in affordable housing. If land is developed for multifamily rental, affordability is achieved by deducting land value from the costs that need to be financed. The trust can monitor and control the use of the property and its eventual disposition.

While this tool may provide a valuable means of ensuring long-term affordable housing, considerable work must be done in exploring how it would best be structured and used in Alexandria. The City's specific role remains to be determined, but at a minimum, it is envisioned that the City would foster the development of an independent CLT and provide funding support for specific projects. Once a decision is made as to the desired nature and extent of the City's role, a determination will be made as to whether or not an ordinance is required.

Housing Choice in New Construction and Rehabilitation

This tool involves policies and programs to increase visitable, adaptable, accessible, and universal design housing units (see definition text box in Chapter 5) to create a variety of housing choice for all residents of Alexandria. Its purpose is to create policies to encourage production of more units that meet the needs of the special needs and frail elderly populations in both new construction and rehabilitation projects.

Public Land for Affordable Housing

The most challenging aspect of developing affordable housing in high cost areas such as Alexandria is the cost of the land itself. One way of increasing the efficiency of the City's limited affordable housing funding is to apply it to land already owned or facilities operated by the City, and/or to leverage partnerships for new City facilities. This tool involves the development of criteria to evaluate when it is appropriate to include affordable housing on City-owned land that will be surplussed and current and future City facilities. An example of this type of use is the Station at Potomac Yard where affordable housing was placed above a City fire station constructed on land

that had been donated to the City by the developer of the surrounding Potomac Yard development (and was subsequently conveyed by the City to the project's ownership entity).

Resource Center for Affordable Housing

The Office of Housing is a significant source of information and resources to homeowners, renters, developers, landlords, and housing and service providers. To improve the accessibility of data to persons seeking information, the Office of Housing can enhance the availability of data to the public by maintaining current and historical data in a user friendly format online. In addition, the resource center can provide links to similar regional, statewide and national data.

Special District to Enable Access to Historic Preservation Tax Credits

This tool involves the City's development of a nomination, for inclusion in the National Register of Historic Places, for a multiple resource district of postwar midrise garden apartments. A successful nomination would make such properties eligible for federal and state Historic Preservation Tax Credits, which could cover 20 percent and 15 percent, respectively, of renovation costs. Eligible renovations to these properties (for tax credit purposes) would have to meet the standards of the Secretary of the Interior, which require that significant exterior features be kept, but are adaptive to new technologies, allow the use of modern materials, and are flexible with regard to building interiors. These tax credits may be used in conjunction with Low Income Housing Tax Credits, reducing a project's funding gap and/or making it possible to serve households at income levels lower than the 50% and 60% of median incomes commonly used in the LIHTC program. They may also serve as an alternative funding source for projects that do not use LIHTC.

Owners seeking to renovate their properties without using Historic Preservation Tax Credits would not be subject to restrictions by virtue of their properties having been included in a multiple resource district, nor would they be prohibited from demolishing them. However, they would not be able to take an income tax deduction for the demolition.

Mixed-Income Affordable Assisted Living

The need for a facility that serves a range of incomes within the City and which provides housing combined with supportive services has long been recognized. The cost of development of an assisted living facility is a central challenge that is exacerbated by the cost of providing required supportive services. As the demand for such housing increases along with the overall population of older Alexandrians, the City may wish to act in the near term to meet the expected future demand for such housing.

Currently, the City participates in a regional consortium that provides assisted living at Birmingham Green, which is approximately 40 miles from Alexandria. This arrangement does not serve Alexandrians well in that seniors are uprooted from their community, and family members may be challenged to visit their relatives regularly because of time required to travel such a long distance. This tool will aim to reactivate the City's Affordable Assisted Living Work Group to examine the issues and barriers to creating a mixed-income affordable assisted living facility in Alexandria.

ZONING TOOLS

EXISTING ZONING TOOLS

Table 6-2 describes the zoning tools the City currently uses to promote affordable housing. Section 7-700 of the City's Zoning Ordinance pertains to bonus density/height and parking reductions in exchange for on-site affordable housing units. In addition to the bonus provisions in the zoning ordinance, the City has adopted a voluntary developer contribution policy that allows applicants to make contributions to the City Housing Trust Fund or submit an affordable housing plan during the development approval process.

Table 6-2: City of Alexandria Existing Zoning Tools for Affordable Housing

Housing Development (Rental or Ownership)	• Bonus density/height (7-700)* • Parking reduction (7-700)* • Voluntary housing contributions from new development*
Rental Housing	• Development review timing sensitive to tax credit application schedule

* Modification(s) proposed in Housing Master Plan

MODIFIED ZONING TOOLS

Additional Density in Exchange for Affordable Housing

The Commonwealth of Virginia allows local governments to require developers to include affordable dwelling units in exchange for additional density. The City currently has a bonus density program under Section 7-700 of its Zoning Ordinance that allows a developer to increase density by up to 20 percent or height by up to 25 feet in exchange for providing on-site affordable units. Consistent with the recommendations of the Housing Contribution Work Group, this tool calls for Section 7-700 to be amended to allow affordable housing units to be located off-site, or for the developer to provide a monetary contribution (calculation method to be determined) in lieu of the units if agreed upon by the City and the developer. Section 7-700 would also be amended to allow a density bonus to exceed 20% if allowed by the underlying Small Area Plan.

Outside of the 7-700 framework, additional opportunities for affordable housing may be created when an application for a rezoning is proposed as part of implementation of a Small Area Plan or in accord with the City's Policy entitled Criteria for Rezoning without a Master Plan Study, adopted on December 7, 2010. ~~For rezonings that add density outside of the Section 7-700 framework, t~~ The City would continue to evaluate the appropriate affordable housing contribution on a case by case basis. ~~However, it is~~ The Developer Housing Contribution Work Group recommended that the City adopt a policy statement that, when additional density is provided through rezoning, developer contributions should take into account that affordable housing is one of the City's highest priorities.

In essence, this means that when an application for a rezoning is proposed that increases the permitted density or otherwise adds value to the parcel being rezoned, the City should consider whether, among the variety of public benefits that may be under consideration, there should be a significant cash or in-kind contribution to affordable housing in excess of what would normally be provided with a Development Special Use Permit.

Parking Requirement Reduction Policy for Affordable Housing Development

Urban areas with high land costs and requirements for underground parking can substantially increase the cost of a development project. Much research has been done that shows decreasing parking requirements in transit corridors can provide substantial public benefits. The Housing Master Plan has provided data that demonstrates that affordable housing residents typically own fewer cars than residents of market rate units. The City already works to decrease parking requirements in transit corridors and has furthered reduced parking requirements on affordable housing projects. This tool calls for a written policy that recognizes parking reductions for affordable housing that would negate the need for a parking study with the use of Section 7-700 of the Zoning Ordinance. Also, if a citywide parking study is completed, the establishment of specific parking ratios for affordable housing is recommended.

NEW ZONING TOOLS

Accessory Dwelling Unit Policy

An accessory unit can either be in a detached structure or within a primary residence. Such structures can function as garage apartments, carriage houses, English basements, in-law suites, etc. They have been popular as an additional revenue source for the homeowner to subsidize housing costs, particularly seniors on a fixed income. Due to size and ancillary use, accessory dwelling units can provide a source of market affordable housing. A full-fledged accessory dwelling unit program will require an extensive community process and be crafted in such a way to limit impact on the neighborhoods surrounding such units. The HMP recommends a two step approach to an accessory dwelling unit policy, first allowing these units in new Coordinated Development Districts and then exploring the potential for expanding into a broader program after a community process.

Parking Requirements for Substantial Rehabilitation Projects Policy

The City currently requires a rehabilitation project in which the cost for rehabilitation exceeds 33 1/3% of value of the building to meet current parking standards. In many cases this rule pushes the project into the

TRANSFER OF DEVELOPMENT RIGHTS PROGRAMS IN PRACTICE

The City of Seattle and many other jurisdictions in Washington State have implemented TDR programs for affordable housing preservation, in addition to open space and historic preservation. Seattle's program, enacted in 1985, allows commercial developers who want more density than allowed under zoning rules to purchase unused density from owners of downtown properties that have affordable housing, a landmark building, or major open space. The program sets up a framework in which developers can purchase additional development rights from specified TDR districts instead of going through an administrative process for approval of additional density. Seattle's program has contributed over $14 million of funding for affordable housing projects in downtown and helped to preserve over 900 units of affordable housing.

Arlington County, which, as a jurisdiction with the county manager form of government, has pre-existing density transfer authority under Virginia Code § 15.2-750, adopted a TDR ordinance in 2006 with affordable housing, open space and historic preservation goals. The ordinance itself does not provide specifics on how the program works, nor does it establish sending and receiving zones, but a Board-adopted policy document provides guidelines for implementation. Arlington has successfully used the program in the sector planning process and most recently in Columbia Pike planning. The County sees this as one of many tools that will be used to preserve existing market affordable garden apartment stock in the Columbia Pike corridor. For both Arlington County and Seattle Washington, the unused density in existing affordable housing projects provides the supply of density rights that can be purchased for developments in receiving areas.

Special Use Permit process to obtain a parking reduction. The current policy increases the cost and time involved in rehabilitating a project for affordable housing. The recommended new policy would exclude the rehabilitation cost of affordable units (defined as multi-family housing units that will serve households at or below 60% AMI, for a period of not less than 30 years) from the rehabilitation cost used in the calculation that determines wheher compliance with the current parking standards is triggered.

Transfer of Development Rights

AHIWG directed that the Housing Master Plan explore Transfer of Development Rights (TDR) as a potential tool for the preservation of affordable housing. Virginia jurisdictions are permitted to adopt TDR ordinances through Section 15.2-2316.2 of the Virginia Code. Typically, a TDR program allows landowners within designated "sending" areas to transfer or sell unused density on their property to a property owner in a designated "receiving" area. In an affordable housing TDR program, the goal is to preserve existing market-rate affordable housing and encourage higher density development in appropriate areas. Essentially, it is a way

of directing a portion of the increase in value of density toward affordable housing preservation. In this way, affordability is maintained and owners can gain capital needed to update the property and decrease operating costs.

While a TDR program can be a powerful preservation tool, the traditional approach (i.e., the one permitted by the Code of Virginia) may not currently be well suited to Alexandria for the following reasons:

1. Designated sending areas: Preliminary analysis shows that there is little unused density on the sites of existing market affordable housing that the City would like to preserve.
2. Designated receiving areas: Selecting appropriate receiving areas for increased density can be controversial, particularly since most of the city is largely built out with existing neighborhoods that may be opposed to more development even in the transit corridors. Therefore, there will be limited locations that can be classified as receiving areas.
3. Developing a comprehensive citywide program based on the traditional, permitted approach would entail a substantial investment of staff time for analysis, development of recommendations, community outreach and review, and ongoing management.
4. A program based on the traditional, permitted approach would consist of private transactions only, and would not allow a City role.

The City can achieve the goal of directing a portion of the increase in value of density toward affordable housing through other means, including a non-traditional approach to TDR. Directing developer contributions to specific affordable housing needs (as a transaction negotiated between the property owners) is one option, with the benefit of giving the City more control to address specific needs and conditions with significantly less administrative complexity, as opposed to a traditional TDR program which would provide modest results and limited City control. Another option is using TDR principles during the small area plan and rezoning processes, allowing density to be reallocated within an area to encourage the preservation of affordable housing. Areas that include significant stock of garden style apartments with unused density along a transit corridor could use this tool to preserve affordable housing.

Given the complexity and particular challenges with implementing a traditional TDR program in Alexandria, further study by the Office of Housing should be conducted on the future potential of a general TDR policy (or alternative).

FINANCIAL TOOLS

EXISTING FUNDING TOOLS

Table 6-3: City of Alexandria Existing Financial Tools for Affordable Housing

Housing Development (Rental or Ownership)	• Dedication of real estate tax revenues
Rental Housing	• Real property tax exemption (ARHA only) • Waiver of building permit and sewer tap fees (ARHA only)*
Homeowner Assistance	• Real Property Tax Relief for Seniors and/or disabled • Real estate assessments based on covenanted resale price restrictions

* Modification(s) proposed in Housing Master Plan

MODIFIED FUNDING TOOLS

Loan Guarantees

To mitigate risk in the event of a foreclosure, conventional lenders will finance only a portion of total development cost to avoid investments exceeding the value of real estate which is held as collateral and/or some percentage of the net operating income (NOI) available to service debt. Loan guarantees may be used as a form of credit enhancement for real estate projects where the lender would like to secure the value of its investment, beyond the value of pledged collateral, to "backstop" against potential loan loss. In the context of affordable housing, City loan guarantees may also be useful to assist nonprofit organizations which lack sufficient established financial or project capacity in securing loans to undertake projects. In addition to selective "backstop" guarantees, the City of Alexandria should consider allocating some of the HOF funds traditionally used to provide gap financing to at 100% of cost to be alternatively used as a loan loss reserve, i.e., a source to guarantee 20% to 50% of the project loan amount. By guaranteeing a portion of the project cost a conventional lender's risk is

substantially reduced, potentially increasing the amount of credit that can be made available from non-City sources.

General Fund Support (Various Options)

The City's General Fund can be allocated for housing purposes in numerous ways. The uses could fund projects outright including operating, construction soft and hard costs; create a pool of funds for development related costs; waive certain development fees for projects with affordable housing; match voluntary and/or in-kind discounted unit contributions with General Fund dollars from new development. The major challenge for the City is to weigh the different demands on the uses of funds within the operation of local government.

General Fund monies could be allocated for affordable housing in the following ways:

- An annual lump sum general fund appropriation: Currently the City provides General Fund appropriation for staffing, operating costs (including rent), and an allocation to the Housing Opportunities Fund currently used to fund AHDC, but aside from the dedicated real estate tax, it does not provide money to directly subsidize hard units.
- An increase in the dedicated real estate tax for affordable housing: Currently the City provides 0.6 cents of the real estate tax rate for affordable housing. This is a decrease from the full penny that was provided in the past. City Council could restore and possibly increase this funding source to provide a dedicated funding source for affordable housing
- Tax increment funding: A portion of new tax revenue from development would be dedicated for affordable housing. This would be an expansion of the City's use of this tool in North Potomac Yard for a Metro Station and in the Beauregard Small Area Plan for affordable housing.

Tax Abatement for Rehabilitation

The City could also create a Tax Abatement Policy which would forego General Fund revenue for certain affordable housing projects. As mentioned many times throughout the HMP, costs are one of the biggest obstacles to

affordable housing production. One way to address this issue to find ways to decrease the operating costs faced by affordable housing owners and developers. This tool will enact a policy that provides a form of partial tax abatement for rehabilitation of certain affordable housing for a period of up to 15 years, consistent with the provisions of § 58.1-3220 of the Code of Virginia. This is just one of many financial tools that can help to decrease the cost of developers that are providing below market rents to residents of the city.

NEW FUNDING TOOLS

Loan Consortium

One of the largest obstacles to increasing the amount of affordable housing is the lack of financial resources. Building on the partnership principle discussed in Chapter 4, this program will develop an independent entity that brings together the City, ARHA, lending industry and private investors to provide loans for affordable housing. The idea behind this tool is to leverage the limited resources of the City with other dollars to increase funding opportunites for affordable housing.

TOOL IMPLEMENTATION

While the tools identified in this chapter have been placed into distinct categories, they must be implemented together in order to positively impact affordable and accessible housing options. As the HMP moves to implementation, the City will need to take several actions in order for the tools described in this chapter to become available. Several of the tools can be implemented in the short term, while others will need further analysis, community outreach, local policy or ordinance amendments, and even state legislative authority. Table 6-4 provides the required actions and general timeframe in which the new and modified tools identified in this chapter can be implmented. As the City moves from the HMP planning process to the implementation process it will be important to increase the tools at its disposal to meet the goals identifed in Chapter 5.

Table 6-4: Implementation Matrix

NEW OR MODIFIED TOOL	IMPLEMENTATION SCHEDULE		REQUIRED ACTION
	1 - 3 Years	4 - 6 Years	
Programmatic Tools			
Community Land Trust	X		Further Study; Policy Development
Development Fee Relief	X		Further Study; Policy Development
Home Purchase Assistance Loan Program Enhancements	X		Local Program Modification
Home Rehabilitation Loan Program Enhancements	X		Local Program Modification
Housing Choice in New Construction and Rehabilitation		X	Partnerships, Further Study, Policy Development
Maximum Public Land for Affordable Housing		X	Partnerships, Further Study, Policy Development
Mixed-Income Affordable Assisted Living	X		Partnerships, Affordable Assisted Living Work Group Formation, Advocacy and Outreach
Predevelopment Funds	X		Local Policy Development
Resource Center for Affordable Housing	X		Research, Data Collection, Website Update
Special District to Enable Access to Historic Tax Credits	X		Partnerships, Study and Analysis, Advocacy and Outreach
Voluntary Developer Contribution Formula	X		Local Program Modification
Zoning Tools			
Accessory Dwelling Unit Policy			
Phase 1 (New CDD Zones)	X	X	Local Policy Development
Phase 2 (Full Program)		X	Community Outreach, Research, and Analysis, Local Policy
Additional Density in Exchange for Affordable Housing	X		Local Policy Development , Local Ordinance Amendment
Parking Requirements for Substantial Rehabilitation	X		Local Ordinance Amendment
Parking Requirement Reduction Policy for Affordable Housing	X		Local Policy Development
Transfer of Development Rights		X	Further Study, Local Ordinance
Financial Tools			
General Fund Direct Allocation Support			
Annual Lump Sum Appropriations	X		Local Policy Development
Increased Dedicated Real Estate Tax Revenue	X		Local Policy Development
Tax Increment Funding	X		Local Policy Development
Loan Consortium	X		Partnerships, Education Process, Local Program Development
Loan Guarantees		X	Local Policy Development
Tax Abatement for Rehabilitation		X	State Enabling Legislation, Local Policy Development

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7

Funding Sources

FUNDING SOURCES

INTRODUCTION

Chapter 2 demonstrated a growing demand for affordable housing in Alexandria. The main reason that demand is increasing is the growing gap between market rate rents and sales prices and what those of low- and moderate- incomes can afford to pay. Due to this gap, standard loan institutions will not lend the full amount to acquire or develop affordable housing projects that will have capped rents. Alternative funding sources need to be included in affordable housing deals to close the gap between what the loan institutions will finance and the cost of the project. The previous chapter identified a number of new tools and programs, and modifications to existing ones, that can be used to increase affordable housing options in the city, but the availability of funding sources to support the various programs will play a significant role in the successful implementation of the Housing Master Plan.

Funding will be the most challenging and crucial component of implementation of the Plan. At a time when the affordability gap continues to rise, both public and private resources available for affordable housing projects have continued to dwindle. The City's local resources are limited and are needed to address numerous priorities outlined in the City's Strategic Plan. Affordable housing options are only one priority of the City and it will require a plethora of funding sources to implement the goals identified in Chapter 5. This chapter explores the different funding sources available for affordable housing development and preservation. It provides a synopsis of the inventory of the various local, state, federal, and outside resources available to fund affordable housing efforts. This inventory includes both existing funding sources (i.e., the developer contribution formula and federal funds) as well as potential new sources (i.e., competitive grants).

FUNDING SOURCES

Funding for affordable housing comes from a variety of sources including federal, state, private, and City dollars. This section discusses both the currently available funding sources along with potential resources that may be able to be used in the future. While this section briefly discusses these funding sources it does not provide the specific details on each funding source. Appendix 6 provides a detailed matrix of all currently available future potential funding sources, along with the limitations of each source and program.

FEDERAL FUNDING

Current Sources

The federal government provides a number of grant programs for the purpose of funding affordable housing efforts. The two most popular programs include the Community Development Block Grant (CDBG) Program and the HOME Investment Partnerships Program (HOME). Each year the City receives direct funding for these programs from HUD. CDBG money could also be used to leverage additional funding through the federal Section 108 Loan Program that allows a City to finance up to five times its annual CDBG allocation; however, the City has never used this option, which also requires that the locality's CDBG funds be used to cover any shortfall in a project's debt service payments.

In recent years the City also received funding from HUD's Neighborhood Stabilization Program (NSP), via the Virginia Department of Housing and Community Development (VDHCD), aimed at helping communities and homeowners deal with the foreclosure crisis. The City also used Department of Energy (DOE) funds from the from the Energy Efficiency and Conservation Block Grant (EECBG) to help low- to moderate-income families with the cost of energy wise home repairs. However, the EECBG program has not received additional funding in subsequent budget years. NSP was funded in both federal fiscal years 2009 and 2010, but due to changes in the allocation formula and the City's recovering housing market, the City did not qualify for funding under NSP 2 or NSP 3.

Another Federal source that funds much of the affordable housing projects throughout the City is the Low-Income Housing Tax Credit (LIHTC). The LIHTC Program is a competitive funding program administered by the Virginia Housing Development Authority (VHDA) aimed at attracting private resources to fund affordable housing in exchange for tax credits. The City has been successful in attracting LIHTC funding for several new construction and rehabilitation projects over the past several years. Similar to the LIHTC program, the New Market Tax Credits (NMTC) program, which is administered through the U.S. Treasury Department's Community Development Financial Institution (CDFI), was established in 2000 by Congress to attract private investment into operating businesses and mixed-use real estate projects located in low-income communities where other types of financing may not be available. New Market credits allow individual and corporate investors to receive tax credits to be applied against Federal income tax liability in exchange for making equity investments to qualified Community Development Entities (CDEs) that allocate funds for projects that respond to public needs, including economic anc commercial development. While residential development, including affordable for-sale and rental units, as part of a mixed-use development, may be funded with NMTCs, their use is limited to qualifying census tracts. Currently, no such tracts exist within the City. ~~The New Markets Tax Credit (NMTC) works in a similar fashion as the LIHTC with the goal to attract investment to low-income and impoverished communities, but the City has not utilized this resource to date. The use of NMTC is limited to certain qualifying census tract which could not limit the use of this resource in Alexandria.~~ Finally, the Federal Government also allows for the issuance of tax-exempt bonds for affordable housing. Both ARHA and VHDA are issuers.

Potential Future Sources

The Federal Government has a number of other programs that could provide potential funding for affordable housing preservation and production. Several of these programs are currently funded, but they are either part of a competitive funding process or require specific action by property owners. Sustainable Communities Grant and Community Challenge Grants

are recently-enacted funding sources that are designed to tie affordable housing to transportation and energy efficiency planning. The funding for this program has been limited. The Federal Government also funds programs like the Historic Tax Credit, and a number of loan programs (Green Retrofit Program for Multifamily Housing, etc.) that allow individuals to receive financing for renovation to existing units. Finally, Congress has created a National Housing Trust Fund that would provide funding for affordable housing preservation, especially for those at the lowest incomes; however, this program has never been funded.

STATE FUNDING

Current Sources

VDHCD and VHDA are responsible for distributing Virginia's resources for affordable housing. VHDA has a number of programs that have been used in City affordable housing projects, including the Sponsoring Partnerships and Revitalizing Communities (SPARC) Program, the Community Homeownership Revitalization Program (CHRP), and the Resources Enabling Affordable Community Housing in Virginia (REACH) Program. The multifamily SPARC Program is a loan product that assists in the construction, acquisition, and/or rehabilitation of multifamily rental housing, while the REACH Program provides assistance for both rental and homeownership housing for persons with disabilities, the homeless population, and homeownership opportunities in distressed communities. VHDA also has the ability to issue tax exempt bonds to fund affordable housing projects which a number of projects in the City have used. VDHCD operates the Affordable Housing and Special Needs (Commonwealth Fund) that provides below market rate loans for the development of rental properties that target special needs populations.

Potential Future Sources

The Virginia Livable Home Tax Credit Program provides a tax credit of up to $5,000 for the purchase or construction of a new accessible residence and up to 50 percent for the cost of retrofitting existing units, not to exceed $5,000. The credit may be taken by homeowners, builders, or contractors, but only one credit may be issued for a single construction or renovation

project. Currently the state wide allocation of credits is up to $1 million in any fiscal year, but to date it has not been utilized statewide or within the city. This is an available funding source that can be used to address Goal 5 pertaining to increased accessible housing.

VHDA is exploring the use of Mortgage Credit Certificates (MCCs), which provide first-time low- and moderate- income homebuyers with a federal tax credit for part of the interest on their mortgage loans as a means of expanding affordable homeownership opportunities within Virginia.
A new state Housing Trust Fund enacted in 2012 will become available in FY 2013. Guidelines for the use of the initial $7 million statewide allocation are still in development, and therefore the likelihood of Alexandria's ability to access and utilize these funds is unknown at this time.

PRIVATE FUNDING SOURCES

Current Sources

The private sector, including private nonprofit organizations, plays a significant role in the funding of affordable housing. Private developers provide voluntary cash contributions for affordable housing through the development approval process. These dollars are used to increase housing opportunities for low and moderate-income families. In addition, several private developers have included affordable housing plans as part of approved developments that set aside rental or homeownership units to serve individuals of low- and moderate-incomes. Currently, the provision of such units is mandatory only when a project receives additional density or height under Section 7-700 of the City's Zoning Ordinance. However, some developers have voluntarily elected to provide affordable units as an alternative to a cash contribution.

Through the LIHTC and Tax-Exempt Bond programs mentioned above, investors provide funding for a specific project in order to take advantage of the various tax benefits that have been established by the public sector, with such investments used as equity to help fill the financing gap to make the project a reality.

Potential Future Sources

There are also a number of nonprofit entities that invest in affordable housing as part of their mission or that have been formed for the sole purpose of creating affordable housing. The various organizations that could be involved in affordable housing are foundations, Community Development Corporations (CDCs), or development organizations. Foundations often provide funding that has been collected from donors or others sponsors to help support affordable housing production. CDCs are nonprofit organizations that focus on community improvement in which providing affordable housing could be included. Finally, there are several affordable housing development corporations that were formed for the sole purpose of providing funding to develop and preserve affordable housing options.

There are a number of nonprofit corporations that provide money for affordable housing preservation and/or production. Organizations such as Virginia Community Capital, The MacArthur Foundation, Enterprise Community Partners, and the Home Depot Foundation provide funding for affordable housing projects. While this funding is available, it is highly competitive and limited. Enterprise Community Partners is currently working on funding affordable housing projects in high capacity transportation corridors through its Green Path funding program. This is a partnership the City will continue to explore as part of the implementation of the Housing Master Plan.

The City may also be able to explore the development of a loan consortium that would leverage money from various financial institutions in order to reduce each institution's financial risk. This money could then be coupled with City resources to provide gap financing for affordable housing projects.

LOCAL FUNDING SOURCES

The City dedicates a portion of its real property tax revenues (currently 0.6 cents of the tax rate) for affordable housing. The City Council has also authorized the issuance of general obligation bonds for affordable housing, with the debt service on the bonds to be paid from the dedicated real

property tax. However, approximately 0.5 cents of the current 0.6 cent dedication is budgeted to pay for the debt service on previously issued bonds, and the remaining authorized housing bonds are committed to a specific housing effort.

In addition to debt financing, the City also provides General Fund revenue to match federal grant programs, to support a portion of the Office of Housing's operations, and as a direct allocation to the Housing Opportunities Fund (which also receives allocations of federal HOME funds and Housing Trust Fund monies). The City maintains a Housing Trust Fund which receives contributions from the development community based on a voluntary formula. In addition, the City's Capital Improvement Program (CIP) was used for affordable housing on one occasion.

USE OF RESOURCES

As discussed above funding for affordable housing comes from a variety of different sources and most affordable housing projects use several of these funding sources in order to make the project viable. In most cases, no one

New Construction
The Station at Potomac Yard: 64 Units

Initiative born out of need for additional fire protection services in the Potomac Yard Area. Developer contributed land and money towards station and housing ($7.5M cash to HTF) and provided non-covered assistance in predevelopment costs.

Funding for housing included:
- 8.6 M Low Income housing tax credits
- VHDA construction/permanent loans ($8.35M)
- City grants/loans from HTF an CIP ($7.9M)

Acquisition and Rehabilitation
ParcView: 149 Units, 120 Affordable

Financing for the $33.5 million project included:
- $7.9 M 4% Low income housing tax credits $11.9 M Tax exempt bonds (VHDA)
- $3.5 M SPARC loan (VHDA)
- $1.06 M Deferred developer fee (Wesley Housing)
- $9.0 M City of Alexandria residual receipts loan

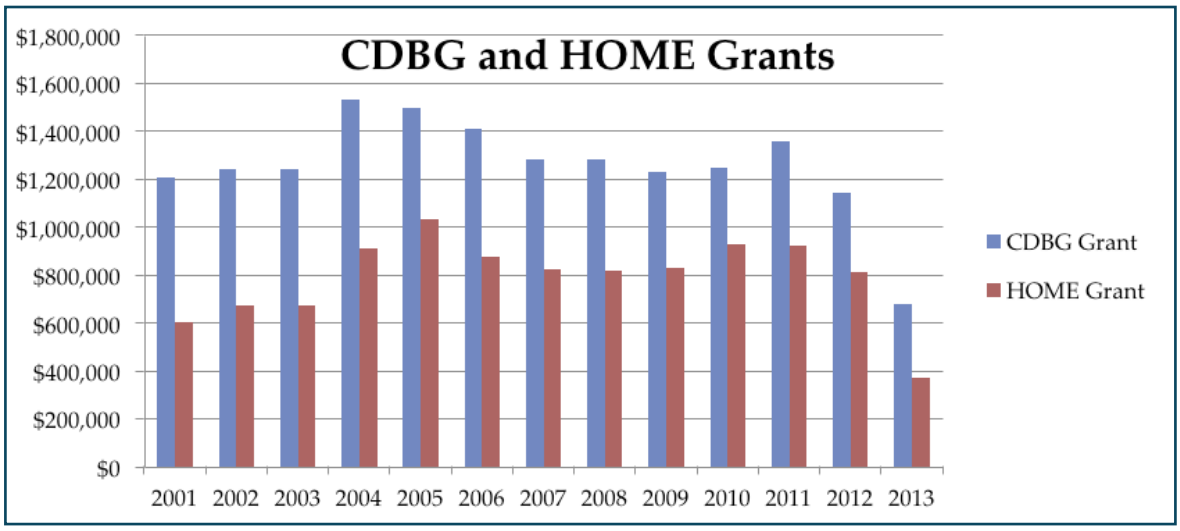
City's investment breakdown:
- $2M general obligation bond funds
- $4.4M dedicated RE taxes
- $306K General Fund $400K Housing Trust Fund (HTF)
- $109K Recordation Tax
- $1.5M Program Income

entity can fund an entire projects and it takes resources from the private, nonprofit, and public sectors to get an affordable housing project off the ground. Below are two examples of how funding sources can be combined to complete affordable housing projects in the city.

CURRENT FUNDING TRENDS

FEDERAL FUNDS

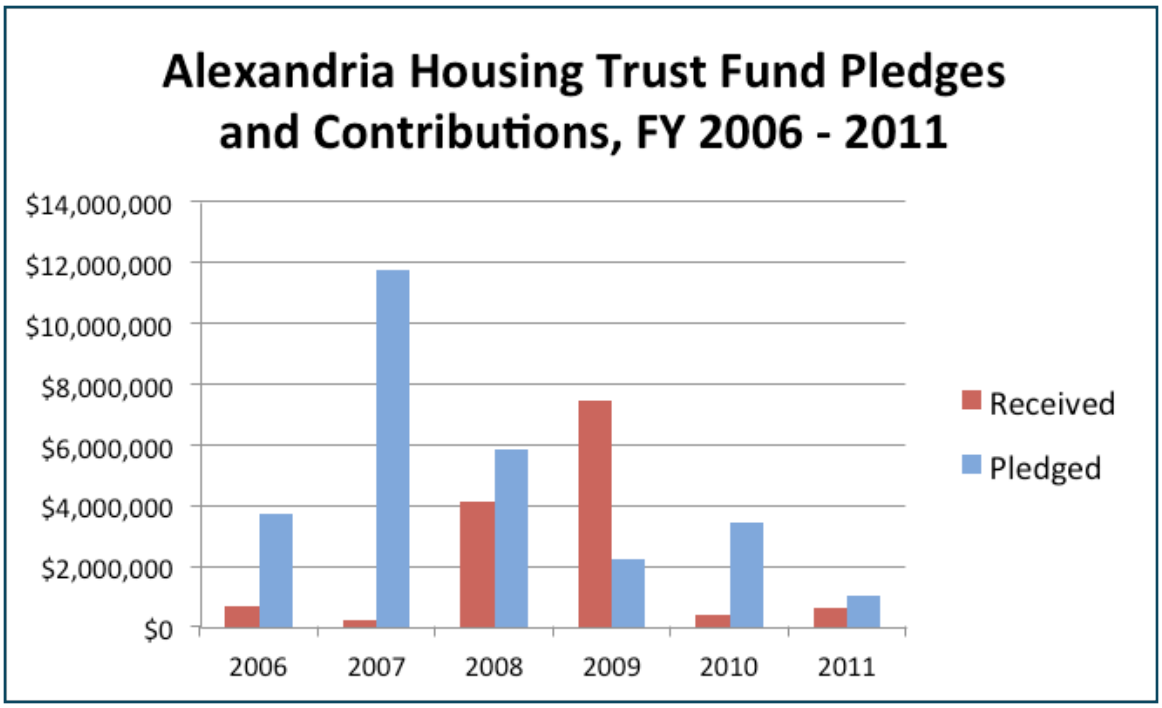
Federal Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds have been flat or falling for the last few years. Federal support for ARHA and housing in general are flat or declining. For example, HUD currently (Federal Fiscal Year 2012) provides public housing authorities with only 80%, of the public housing operating subsidy for which they are eligible, down from 95% the previous year. The City's CDBG and HOME grants experienced a combined 46% reduction for FY 2013. Historically, these grants have been used to support three major programs: Homeownership Assistance, Home Rehabilitation Loans and the Housing Opportunities Fund, with smaller allocations for the Rental Accessibility Modification, Winter Shelter, Transitional Assistance, and Eviction Storage programs. The Homeownership Assistance and Eviction Storage Programs have already become casualties of CDBG and HOME budget reductions, and are not funded in City FY 2013. Federal budgetary constraints are likely to continue over the next several years and will severely hamper the City's ability to maintain existing programs designed to preserve the affordable housing stock.



LOCAL FUNDS

Housing Trust Fund Contributions

Developer contributions are placed in the City's Housing Trust Fund to support a variety of affordable housing activities. These funds are dependent on the development plans being completed, so fund levels are directly impacted by the economy. Housing contributions from developers are on an erratic but generally downward trajectory (Figure 2) due to the slowdown in the housing and development market in the past few years. At the same time, an increase in contributions of affordable units has added to the affordable housing stock, but reduced the level of cash contributions to the City's Housing Trust Fund. Prior to 2000, the majority of projects were coming on-line and making contributions within two years of approval; in recent years most projects are taking three years or more, with an increasing percentage taking five or more years. The Housing Trust Fund also receives program income from loan repayments.



CONCLUSION

Funding is the biggest challenge to the implementation of the Housing Master Plan. The chapter has identified several of the existing sources and some potential new sources of funding for affordable housing. However, the reality remains that at a time when the need for affordable housing continues to grow, available funding continues to decrease. To offset the decrease in federal and state funding, the City will need to continue to find additional sources of funding to help implement this plan and at the same time leverage more dollars for every local dollar invested.

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Plan Recommendations

PLAN RECOMMENDATIONS

The preceding chapters contain a number of recommended policies and actions in the form of principles, goals, strategies, tools, and funding strategies for affordable housing. These recommendations are summarized below:

1. THE CITY'S AFFORDABLE HOUSING EFFORT SHOULD BE GUIDED BY THE FOLLOWING PRINCIPLES (CHAPTER 4).

PRINCIPLE 1. The City's affordable housing effort should be guided by the following principles (Chapter 4).

PRINCIPLE 2. Alexandria's housing stock should be expanded to offer greater housing choice to people of all ages and abilities.

PRINCIPLE 3. Partnerships are key to achieving measurable improvement in the affordable housing stock in Alexandria. The City can better leverage resources by being an active advocate and partner with Alexandria Redevelopment and Housing Authority (ARHA), nonprofit and for profit developers.

PRINCIPLE 4. Access to transportation and services, strategic preservation or location opportunities, and rental proportionality should be a key factor in the future distribution and allocation of affordable housing in the city.

PRINCIPLE 5. Mixed-income communities are the optimal way of maintaining social and cultural diversity through increased opportunities for interaction rather than isolation or polarization.

PRINCIPLE 6. Affordable housing is an important element of a healthy and growing economy.

2. THE CITY SHOULD PURSUE THE FOLLOWING GOALS AND STRATEGIES IN CARRYING OUT ITS AFFORDABLE HOUSING EFFORTS (CHAPTER 5):

Goal 1: Preserve the long-term affordability and physical condition of the existing stock of publicly assisted rental housing, as well as market rental housing where affordability commitments can be secured.

Strategy 1.1 Maximize opportunities to preserve the current stock of privately owned, publicly assisted units within the city, with priority for units serving households earning below 50% of AMI (subject to property owner cooperation)

Strategy1.2 Obtain commitments from current owners for long-term preservation of currently existing market-rate affordable units.

Strategy 1.3 Partner with private non-profit or for-profit affordable housing providers in acquiring and/or rehabilitating existing market affordable units to increase the number of publicly assisted, privately-owned rental housing affordable to households earning below 60% AMI, with priority for units serving households below 50% AMI.

Strategy 1.4 Increase the number of housing units affordable to households earning below 30% of AMI and senior households in areas of the city that have the greatest presence of support services including transportation, retail, recreation, and public or private human service providers.

Strategy 1.5 Support, where appropriate, the rehabilitation and redevelopment of current ARHA units, or acquisition/ rehabilitation of replacement units, in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly- assisted units. (See also 2.4)

Goal 2: Provide or secure long-term affordable and workforce rental housing through strategic new development and redevelopment.

Strategy 2.1 Develop policies and regulations that incorporate affordable housing units as part of new development and redevelopment projects.

Strategy 2.2 Partner with non-profit and for-profit developers to develop new affordable housing projects within the city.

Strategy 2.3 Include an affordable housing plan, using the tools identified in the Housing Master Plan, as part of all new or revised Small Area and Corridor Plans.

Strategy 2.4 Support, where appropriate, the redevelopment or new development of ARHA units, in furtherance of the City's joint commitment with ARHA to provide 1,150 publicly-assisted units and consistent with ARHA's Strategic Plan goals. (See also objective 1.5)

Strategy 2.5 Seek to achieve substantial replacement of existing market-rate affordable housing units on properties under consideration for redevelopment.

Goal 3: Provide and support the provision of affordable and workforce home purchase opportunities for Alexandria residents and workers.

Strategy 3.1 Assist households in overcoming barriers to homeownership through homebuyer training and counseling services, and offer post-purchase counseling services, including default and delinquency counseling, to homeowners in crisis.

Strategy 3.2 Provide financial assistance to low- and moderate-income households that have completed homebuyer training and

financial incentives to City and Alexandria City Public Schools employees that will allow them to seek homeownership opportunities.

Goal 4: Enable homeowners to remain in their homes safely, comfortably, and affordably.

Strategy 4.1 Provide rehabilitation services to existing low- and moderate-income homeowners (below HUD 80% AMI) in maintaining their existing homes.

Strategy 4.2 Assist low- and moderate-income homeowners to maintain their homes and improve energy efficiency to decrease overall housing cost.

Strategy 4.3 Provide assistance to home owning seniors with limited incomes and resources in order to strengthen their ability to age in place.

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

Strategy 5.1 Partner with existing property owners to convert non-accessible and non-visitable units to allow for visitability and habitation by persons with physical disabilities.

Strategy 5.2 Develop mechanisms to promote and encourage the development of new universally designed housing units.

Strategy 5.3 Develop mechanisms to promote and encourage an increase in the number of accessible and adaptable units above the minimum requirements for new construction pursuant to the Fair Housing Act, the International Code Council (ICC), and/or other applicable law and regulation.

Strategy 5.4 Develop mechanisms to promote and encourage the development of visitable and accessible residential development in new construction exempted from the Fair Housing Act, ICC or other applicable law and/or regulation (e.g., single family residential development.)

Strategy 5.5 Develop minimum requirements for adaptable construction techniques and the accessible units in multi-family rehabilitation projects funded by City resources where compliance with the Fair Housing Act, ICC or other applicable law and/or regulation is not required.

Strategy 5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program to cover 50% of the costs to retrofit existing housing units for accessibility and visitability.

Strategy 5.7 Collaborate with appropriate public and private partners to develop an assisted living facility serving Alexandrians of varying income levels.

Goal 6: Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities.

Strategy 6.1 Continue, enhance and increase the City's outreach effort to thecommunity regarding the need for and the benefits of having affordable housing, and provide affordable housing developers and advocates with quality information and materials to generate community support for affordable housing projects.

Strategy 6.2 Work with the City agencies and appropriate service providers, such as in-home care providers, to ensure broad awareness of existing City services and resources.

Strategy 6.3 Conduct stakeholder outreach efforts directed to developers, financial institutions, lenders, property owners and real estate professionals to [1] increase awareness of the financial opportunities and benefits of affordable and universally designed housing; and [2] address issues or concerns related to existing or proposed affordable housing development.

Strategy 6.4 Identify, foster and encourage potential development and public/private partnership opportunities in the City.

3. IN ADDITION TO CONTINUING TO USE ITS CURRENT AFFORDABLE HOUSING TOOLS, THE CITY SHOULD PURSUE MODIFICATIONS OF SOME TOOLS, AND IMPLEMENT NEW TOOLS AS FOLLOWS (CHAPTER 6):

PROGRAMMATIC TOOLS

A. Modify Home Purchase Assistance Loan Programs

- Secure funding to enable programs to continue and become self-sustaining;
- Add post-purchase counseling; and
- Explore alternative approaches to loan repayment to create a stream of ongoing revenue and to allow the City to serve a greater number of qualified households.

B. Modify Home Rehabilitation Loan Program

- Make loans subject to a 5-year continued eligibility review that may enable the City to recapture and reinvest funds more quickly;
- Offer smaller energy efficiency loans that focus on reducing residential energy use; and
- Explore alternative approaches to loan repayment to create a stream of ongoing revenue and to allow the City to serve a greater number of qualified households.

C. Waive development fees for projects that provide at least 65% of units as affordable for a period of 30 years, provided that such fees are not the primary source of funding for the department that collects them.

D. Revise the formula for voluntary contributions to reflect inflation, and continue to be indexed to inflation on an ongoing basis.

E. Pursue the development of a Community Land Trust for affordable housing

F. Develop policies and programs to increase visitable, adaptable, accessible, and unversial design housing unts to create a variety of housing choice for all residents of Alexandria.

G. Establish a policy of maximizing public land for affordable housing through the development of criteria to evaluate when it is appropriate to include affordable housing on City-owned land and facilities.

H. Establish a Resource Center for Affordable Housing, largely through the provision and maintenance of online housing information.

I. Develop a nomination, for inclusion in the National Register of Historic Places, for a multiple resource district of postwar midrise garden apartments. A successful nomination would make such properties eligible for federal and state Historic Preservation Tax Credits.

J. Reactivate the City's Affordable Assisted Living Work Group to examine the issues and barriers to creating a mixed-income affordable assisted living facility in Alexandria.

ZONING TOOLS

A. Revise Section 7-700 to standardize the percentge of bonus that is dedicated to affordable at 1/3 of bonus square footage; and allow affordable housing units to be located off-site and/or provided in the form of a monetary contribution (calculation method to be determined) in lieu of the units if agreed upon by the City and the developer.

B. Revise the Zoning Ordinance to establish specific parking ratios for affordable housing, including lower ratios for transit-oriented development.

C. Create a policy to allow accessory dwelling units (either within primary dwelling units or as detached structures) in new Coordinated Development Districts, and pursue a community process to explore the possibility of developing a broader program.

D. Revise the Zoning Ordinance to exempt multifamily properties with a commitment of at least 30 years to serving households at or below 60% of median income from the requirement to meet current parking standards when the cost of rehabilitation exceeds 33 1/3% of the building value.

E. Study the development of a modified Transfer of Development Rights(TDR) program for affordable housing.

FUNDING TOOLS

A. Provide loan guarantees as a form of credit enhancement for affordable housing projects. Alternatively, use City funding as a loan loss reserve, i.e., a source to guarantee 20% to 50% of the project loan amount in order to reduce a conventional lender's risk.

B. Provide predevelopment funds from the the City's Housing Opportunities Fund (HOF) to allow projects to receive the greater of $50,000 (the original HOF limit) or $5,000 per unit, to be approved administratively by staff, for predevelopment purposes. This will enable the provision of a meaningful level of assistance to larger projects.

C. Develop a program of partial, time-limited tax abatement for substantial rehabilitation of affordable housing, pursuant to existing state law, and seek authority to enact such a program for new construction of affordable housing.

D. Pursue the creation of a loan consortium that brings together the City, ARHA, lending industry and private investors to provide loans for affordable housing.

E. Provide General Fund support through such mechanisms as increasing the current $0.06 dedication of real estate tax revenues for affordable housing, dedicating a portion of the incremental tax revenue from new development to affordable housing, and/or providing matching funds for developer contributions to affordable housing.

4. THE CITY SHOULD PURSUE AND/OR PROMOTE THE USE OF THE FOLLOWING FUNDING SOURCES, WHEN AND IF APPLICABLE (CHAPTER 7):

A. FEDERAL

- Sustainable Communities Grant and Community Challenge Grants
- Historic Preservation Tax Credit
- Green Retrofit Program for Multifamily Housing and similar programs for renovating existing units
- National Housing Trust Program (if and when funded)
- Support efforts to increase funding levels for the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) Programs

B. STATE

- Virginia Livable Home Tax Credit Program
- Support adoption of State Housing Trust Fund
- Mortgage Credit Certificates (MCCs) (when made available by VHDA)

C. FUNDING OPPORTUNITIES FROM ORGANIZATIONS SUCH AS THE FOLLOWING:

- Virginia Community Capital
- The MacArthur Foundation
- Enterprise Community Partners (including anticipated GreenPath funding for affordable housing projects in high capacity transportation corridors)
- Home Depot Foundation

CONCLUSION

The recommended principles, goals, strategies, and tools contained in this Housing Master Plan provide a framework for the City to achieve a range of affordable housing options to serve a wide variety of housing needs, preserve and enhance its diversity, and contribute to a strong and vibrant economy.

APPENDICES

APPENDIX 1:
PUBLIC PROCESS IN DEVELOPING THE HOUSING MASTER ~~PRIOR TO RELEASE OF DRAFT~~ PLAN

PART I: HOUSING MASTER PLAN ADVISORY GROUP

A. INTRODUCTION

An extensive civic engagement process was undertaken as part of the Housing Master Plan. As with all other planning efforts in Alexandria, providing opportunities for the community to participate and provide feedback on the planning process is paramount to ensuring community needs are addressed and building buy-in for successful implementation.

Multiple meetings were held with the appointed Housing Master Plan Advisory Group (AG) and the public between April of 2010 and April of 2011. In addition to set, topic-related meetings, the community outreach effort included a narrated bus tour of approximately 70 existing affordable housing sites within Alexandria as well as an interactive affordable housing allocation exercise in which participants discussed and placed affordable housing throughout the City based on group-established priorities.

B. METHODOLOGY

The City established the AG to help guide the planning process and ensure comprehensive participation from all of the stakeholders potentially impacted by the result of this effort. The AG was comprised of the City's Affordable Housing Advisory Committee (AHAC) plus an additional five appointees. The group included both public sector and private sector representatives including residents, interest groups, for-profit and nonprofit developers, housing advocates, financial industry and legal interests. This group was charged with providing direct feedback on data presented and spearheading the development of the goals and objectives that guided the creation of the implementation plan.

Meetings were strategically held during each phase of the research/planning process and were organized by specific topics. Organizing the meetings by topic allowed for the most efficient use of time in which to obtain targeted feedback and direction. The first session began with an overview of demographic and economic context of the City and a discussion of the planning process and goals. As the research and planning progressed, the topics became more specific and ranged from the housing economics of

affordable development to design tools used for developing affordable housing. An overview of each meeting is provided in the following section, with detailed data about each meeting available on the City's website at www.alexandriava.gov/housingplan.

C. PUBLIC MEETING OVERVIEW

The following section provides an overview of the public meetings held to date.

AG/Public Session 1 – Kick-off: Information and Listening Session April 1, 2010

This meeting served as the official kickoff for the Housing Master Plan. Dr. Lisa Sturtevant, from the George Mason University Center for Regional Analysis presented a global market assessment of the DC metropolitan area, as it relates to housing and affordable housing. The presentation provided a framework for the efforts to be completed as part of the Master Plan. In terms of Master Plan business, the City staff and consultants provided an overview of the process, addressed the purpose of the plan and moderated a discussion period with AG members and the community.

AG/Public Session 2 – Affordable Housing Sites Tour (SATURDAY) May 1, 2010

City staff led two buses of stakeholders and AG members on a driving tour that highlighted over 70 housing properties in the City relevant to the Housing Master Plan process. This tour included moderated discussions about topics ranging from existing affordable housing properties and areas where future development likely will occur. The tour provided interested parties to become better acquainted with the issues, opportunities and challenges facing affordable housing in the City.

AG/Public Session 3 – Defining the Challenge May 6, 2010

To set the stage for the Housing Master Plan process and future meetings, City staff presented information illustrating current affordable housing supply and demand, as well as data and projections about population, employment and commuting patterns. The meeting also served to familiarize the AG and the public on the major findings and recommendations generated through the Affordable Housing Initiatives Work Group effort that preceded the Housing Master Plan. A moderated discussion between staff, the consultants, the AG and the community was held.

AG/Public Session 4 – Planning & Zoning 101 June 10, 2010

The City staff presented facts and information regarding the regulatory environment in Virginia and Alexandria can influence affordable housing retention and development. Topics included a review of how factors such as zoning, density, height limitations, and issues such as parking and open space requirements all influence decisions. The presentation concluded with a review of the amount, type and location of planned residential and mixed-use development, redevelopment and infill currently known by the City. The discussion with the AG and public in attendance focused on how the planning and regulatory process affects housing production, including limits, opportunities and costs.

AG/Public Session 5 – Homeless and Special Needs Housing July 1, 2010

The City staff and consultant RKG Associates, Inc. held a session specifically focusing on the housing needs, supply and operating costs for homeless and special needs populations, including an assessment of affordable assisted living needs and challenges within Alexandria. The presentation addressed the challenges facing communities such as Alexandria to meet these needs as well as examples of creative, working solutions here and elsewhere that can be employed by the City. The AG and public discussion addressed several of the frustrations facing both the persons with needs as well as the entities trying to meet those needs.

AG/Public Session 6 – Housing Economics September 16, 2010

This session was designed to present the financial realities of preserving and developing affordable housing in Alexandria's real estate and market climate. RKG Associates, Inc. provided a hands-on presentation of the impact providing affordable housing could have on the financial feasibility of a development project; and how location, scale and development type all influence the magnitude of impact. The presentation included a discussion of new development compared to preservation, and how the priorities established for the Master Plan will influence the efficiency of the City leveraging public monies to influence affordable housing. The meeting included an update regarding concurrent work of the Developer Contribution Group.

AG/Public Session 7 – Funding October 7, 2010

Session 7 focused on how affordable housing is funded locally, regionally and nationally. The consultant team's presentation included regulatory and investment realities within Virginia; and how those realities affect delivering and protecting affordable housing in Alexandria. The presentation provided an exploration of funding options for affordable housing based on best practices from other jurisdictions and sources available through public, nonprofit and private organizations focused on affordable housing preservation and development. The AG/public discussion included conversations about the current climate surrounding affordable housing as well as potential changes into the future.

AG/Public Session 8 – Land Use/Development Tools #1 October 28, 2010

The outreach strategy included a detailed discussion of specific tools to be considered by the City to aid in implementing the Housing Master Plan. To ensure comprehensive assessment of these potential tools and sufficient opportunity for the AG to understand and vet these concepts, the tools discussions were divided into three general topic areas presented by the consultant tema over three meetings. Session 8 focused on the merits and methods to create various public private partnership (PPP) tools within the City to promote the preservation and development of affordable housing. The meeting included, but was not limited to, topics such as:

- Air rights/public land assets
- Land swaps/preservation
- Density/density bonuses
- Tax abatements
- Joint ventures/direct investment strategies
- Other PPP alternatives

AG/Public Session 9 – Land Use/Development Tools #2 November 11, 2010

The second tools discussion focused on how the City can promote affordable housing through regulatory changes including the development of new and/or modification of existing policies and procedures, particularly as they relate to the development process. Topics addressed and discussed included:

- Transfer of development rights (TDR)
- Mixed income development
- Development process and permitting
- Community land trusts

AG/Public Session 10 – Land Use/Development Tools #3 December 2, 2010

The final tools discussion session focused on design-related tools that can be employed to influence the preservation and provision of affordable housing. These tools range from aesthetic changes and requirements to development strategies aimed at supporting affordable housing. The presentation included visual examples to stimulate discussion. Topic areas from the presentation include:

- Adaptive reuse
- Universal design
- Accessory dwelling units (i.e. granny flats)
    - Existing and new development
- Other design alternatives

AG/Public Session 11 – ARHA Strategic Plan and Priority Housing Unit Policy (PHUP) January 6, 2011

Alexandria's Redevelopment and Housing Authority (ARHA) had a concurrent effort ongoing during the Housing Master Plan focused on identifying strategies for ARHA to enhance its efforts to preserve and provide public and subsidized housing. Given the parallel track ARHA and the City were traveling, the Office of Housing held a joint session with ARHA to discuss issues related to public housing and possible options to house the city's lowest income residents,. The presentation and AG discussion also addressed the PHUP recommendation from Chapter II of the AHIWG report, and its appropriateness for the Housing Master Plan.

AG/Public Session 12 – Allocation Exercise (SATURDAY) January 29, 2011

City staff and the consultant led an interactive exercise with AG and community participants aimed at identifying supportable strategies on how to enhance the distribution of affordable housing within the city. The participants were tasked with allocating the existing and required affordable housing (to meet existing city demand) for a variety of affordable housing on a large city map based on a series of development parameters. The results of the exercise provided insight into how community members view addressing the needs to support affordable housing.

AG/Public Session 13 – Framework of Preliminary Draft Outline February 3, 2011

The consultant led a presentation and subsequent discussion of the overarching issues that will be addressed in the final Housing Master Plan document. The focus of the meeting was to garner support for the AG and the community on the goals and objectives that define the implementation strategy for the City.

AG/Public Session 14 – Presentation of Draft Implementation Strategy April 14, 2011

The City staff and consultant presented a draft of the goals and strategies, along with a resource prioritization matrix, for input from the AG and public. The discussion focused on specific actions being presented in reference to the Group's support of each action and the prioritization of all actions.

AG/Public Session 15 – Overview of Draft HMP May 2, 2012

Staff presented an overview of the Draft Housing Master Plan for review and discussion by the AG prior to discussion with the Planning Commission and City Council.

AG/Public Session 16 – Draft Plan Review January 28, 2013

AG/Public Session 17 – Draft Plan Review April 4, 2013

D. ALLOCATION EXERCISE RESULTS

Among the many issues discussed throughout the Housing Master Plan process, none garnered as strong of an emotional reaction as the issue of affordable housing distribution. The discussions held as part of the Housing Master Plan effort focused around three primary subject areas: [1] equity for neighborhoods with a higher concentration of affordable housing; [2] the criteria that should be used to determine suitable locations for affordable housing; and [3] the financial realities of delivering affordable housing in certain areas. Given that one of the five goals driving the Housing Master Plan effort is, "To make recommendations to ensure a more balanced geographic distribution of affordable, workforce and public housing throughout the City," it is important to provide the principles used to guide the implementation recommendations.

As in many communities, one of the most polarizing discussions surrounding affordable housing has been the equitable distribution within the community. There are neighborhoods within the city that feel their portion of the City houses a greater "fair share" than other parts of the city and seek an equitable redistribution. This conversation has been particularly sensitive regarding subsidized and public housing. At one end of the discussion was the concern that having a higher concentration of affordable housing in one area influenced individual safety and potentially affected property values. On the other end of the discussion was the recognition that concentrating households with the least means was not an effective measure to develop a sense of community. The stated consensus among the AG and of the community that participated in discussions leading up to the allocation exercise was the need to improve housing quality and housing choice throughout the city for all households, regardless of status.

The allocation exercise provided AG and interested community members an opportunity to become "planners for a day," and make group recommendations as to the distribution of affordable housing based on existing supply, current demand levels and projected need into the near future. Participants were distributed into five groups led by City staff members and charged with three tasks: [1] define the parameters from which affordable housing distribution should be done, [2] allocate affordable rental housing units to meet the current estimated demand throughout the city assuming the cost to deliver these units are universal, and [3] reconsider the distribution based on the market analysis findings on the true "cost" of delivering affordable housing in different areas of the city. Each group was given a large city map and a supply of Lego blocks representing specified numbers (denoted by size) and types (denoted by color) of affordable housing (i.e. market rate affordable as compared to public housing). Prior to the start of the exercise, staff set up

Lego blocks representing the city's existing distribution of affordable housing supply on the maps to show existing distributions. Participants initially added blocks representing the unmet demand. In the portion of the exercise that took into account the cost of providing housing in different areas of the city, they then had an opportunity to redistribute whatever blocks they chose, including currently existing affordable housing.

The event yielded some expected and some unexpected results. There was general recognition by the AG that there are mitigating factors related to the delivery of affordable housing, particularly for those households with special needs and/or with the most modest means. Simply put, creating an equal spread of affordable housing (both market rate and subsidized) throughout the city was not viewed as the most efficient approach to serving these populations. Issues such as transportation, access and proximity to services and housing cost all are factors that need to be considered when attempting to place new affordable housing units. Among the most discussed was the need for the housing to improve the resident's quality of life. For example, relocating public housing units out of the Old Town area (where transportation and access to services are relatively high) to a part of the city isolated from public transit, employment opportunities and basic commercial and social needs was not seen as an appropriate or effective tool.

It is important to note that the relative cost implications of delivering affordable units in certain parts of the city generally was not given substantial weight by the AG or the majority of the public who participated in this process. For this issue, the general opinion expressed was recognition that housing is expensive in Alexandria and the value of locations that can adequately accommodate affordable housing outweighs the financial costs of providing opportunities for modest-income and special needs households. That said, there was an acknowledgement that all sites do not serve all populations equally, and should be considered on a case-by-case basis to determine which income levels and need-based groups would be best served at that particular location.

Based on these discussions, the following themes emerged as consensus items with regard to objectives for the location of affordable housing:

- To capitalize on the transportation and access benefits of the transportation hubs that support households in need of public transit services.
- To promote the development of accessible/adaptable housing for all new housing projects within the city.
- To ensure that any relocation efforts provide a net benefit to the quality of life of the occupants.
- To encourage replacement of units on-site as the first preference.

- To consider context sensitive approaches to deliver affordable housing in areas of the City with established design or historic standards.
- To evaluate each opportunity and determine which need-based groups would be best served at that site.

PART II: HOUSING CONTRIBUTION WORK GROUP

A. INTRODUCTION

A development community discussion process was undertaken as part of the Housing Contribution Review for the Housing Master Plan that was laid out in the AHIWG Report. The mission of the group was to review and consider revisions to the current affordable housing contribution formula, which has been in use since 2005. The process provided an opportunity for the development community along with the public to participate and provide feedback on the discussion and it was important to ensure an open dialog to create buy-in for successful implementation. Multiple meetings were held with the Housing Contribution Work Group (HCWG) between April of 2011 and May of 2012.

B. METHODOLOGY

The City established the HCWG to help guide the contribution process and ensure comprehensive participation from all of the stakeholders potentially impacted by the result of this effort. The HCWG was comprised of nineteen persons representing both public sector and private sector representatives including citizens, industry groups, for-profit and nonprofit developers, representatives from the planning commission and affordable housing advisory committee and legal interests. This group was charged with providing direct feedback on level of affordable housing contribution for new development projects in the City.

C. MEETING OVERVIEW

The following section provides an overview of the meetings held to date.

HCWG/Meeting 1 – Introduction April 4, 2011

These meetings served as the introduction of the mission of the group, discussion of the developer interview conducted by RKG, and a presentation on the contribution formulas of surrounding jurisdictions.

HCWG/Meeting 2 – Economic Model April 21 and April 26, 2011

These meetings provided a presentation of the economic model developed by RKG Associates to both HCWG members and development community as a whole, and solicited input and feedback from the development community.

HCWG/Meeting 3 – Affordable Housing Contributions and Pledges April 28, 2011

This meeting served as a review of the current policy, goals of the group as proposed by the Office of Housing and the starting point for the development of the new formula.

HCWG/Meeting 4 – Contribution Principles May 18, 2011

The meeting included discussion of the principles for the contribution formula and review of the RKG economic model.

HCWG/Meeting 5 –Voluntary Contribution Formula June 27, 2011

The work group considered a staff proposal for a revised formula based on inflation indexing.

HCWG/Meeting 6 –Bonus Density May 31, 2012

The group discussed a staff proposal for changes with regard to bonus density. Staff also provided a Housing Master Plan status update.

HCWG/Meeting 7 – Final Wrap-Up January 23, 2013 ~~TBD~~

PART 3: PLANNING COMMISSION AND CITY COUNCIL

Housing staff presented an overview of the draft plan in public Work Sessions with the City Council (May 8, 2012, April 19, 2013, and May 14, 2013) and Planning Commission (June 3, 2012 and March 5, 2013).

PART 4: TOWN HALL MEETINGS, PRESENTATIONS AND PUBLIC COMMENTS

Housing staff held Town Hall meetings on January 24 and February 11, 2013 to receive public comments on the draft plan. In addition, staff presented an overview of the draft plan to the Alexandria Redevelopment and Housing Authority (January 28, 2013), the City's Human Rights Commission (April 16, 2013) and the Economic Opportunities Commission (6/19/2013). The City also maintained a public comment board on the Housing Master Plan webpage for approximately three months following the release of the draft plan.

This revised version of the Plan incorporates broad themes and specific comments expressed in public meetings and on the public comment board, as well as recommendations and feedback offered by the Housing Master Plan Advisory Group, Planning Commission and City Council. One commonly expressed recommendation that is not included here is that the Plan should incorporate numeric targets for the development and preservation of affordable housing. Several options for numeric targets (a current resource option and three options involving additional funding) were discussed with City Council at an October 8, 2013 work session, with the target options moved to the appendices section of the HMP. No specific taget option was selected. Assuming the existing funding level, a reasonable target is that 152 units per year which represents 1,821 units of various types can be produced, preserved, or supported from FY 2014 through FY2025. The four specific options are provided in Appendix 9.

APPENDIX 2: EXISTING HOUSING PROGRAMS

HOUSING DEVELOPMENT (RENTAL OR OWNERSHIP)

Housing Opportunities Fund

Through private developers the City's Office of Housing provides funds so affordable housing units are developed or preserved through acquisition and/or rehabilitation, or new construction.

RENTAL HOUSING

Affordable Rental Set-Aside Unit Program

This program provides affordable rental opportunities in newly constructed apartment complexes. This program provides a limited number of discounted units in some newly constructed rental developments based on pledges made by developers during the development approval process. The units are discounted by the developer to levels affordable to low and moderate income renters. Units designated as affordable set-asides have long-term affordability requirements.

Public Housing and Replacement Units under Resolution 830

Under Resolution 830, 1,150 federally-assisted public housing units and other publicly –assisted units provide decent and safe rental housing to extremely low- to moderate-income families. These units are either owned and operated by ARHA or are located on ARHA-owned land.

Privately-Owned Assisted Rental Units

A number of privately-owned rental units in Alexandria have received federal, state, and/or local assistance that requires them to provide affordable housing to individual and families with low and moderate incomes.

Section 8 Housing Choice Voucher Program

Under the management of the Alexandria Redevelopment and Housing Authority, this federally-funded program provides rental subsidies to very low-income families to allow them to rent private market rental housing where landlords agree to accept the vouchers.

Section 8 Security Deposit Loan Program

The program provides loans to Section 8 voucher program participates to assist with rental security deposits.

Rental Accessibility Modification Program (RAMP)

This City program provides grants of up to $50,000 to income-eligible renters with physical disabilities for accessibility modifications to their rental units, such as wheelchair ramps, grab bars and other similar modifications to enable low income renters with disabilities to remain in their units.

Rent Relief Program

This Department of Community and Human Services (DCHS) program provides financial assistance to income-eligible renters who receive no other rental assistance and who are 65 or older, or who have a total disability.

Long-Term Tenant-Based Rental Assistance (TBRA) for Persons with HIV/AIDS

Through the Northern Virginia Family Services, this program provides rental assistance to persons living with HIV/AIDS.

Short-Term Housing Assistance for Persons with HIV/AIDS

Through the Northern Virginia Family Services, this program provides housing for persons living with HIV/AIDS.

Security Deposit/First Month Rent Assistance for Persons Living with HIV/AIDS

Through the Northern Virginia Family Services, this program provides financial assistance to persons living with HIV/AIDS with security deposits or the first month rent.

RENTAL SERVICES

Landlord-Tenant Complaint Mediation

The City program offers the means for resolving landlord-tenant disputes by making both parties familiar with their rights and responsibilities under the law and by helping to settle disagreements through mediation.

Relocation Counseling

The City provides counseling to assist persons seeking suitable rental housing, provides available information on vacancies and their locations, and provides a list of rental apartment complexes.

Eviction Assistance and Furniture Storage Program – Not funded in FY 2013

The DCHS program offers transportation and storage to households that are about to be evicted. Storage can be used for up to 60 days, giving families additional time to find replacement housing.

HOME PURCHASE

Homeownership Assistance Program – Minimal funding in FY 2013

The City program provides homeownership opportunities for low to moderate income home buyers who live or work in Alexandria and meet income limits. The program provides up to $50,000 as a no-interest, second trust loan for principal and interest write-downs, downpayment assistance and settlement costs for the purchase of single family homes, condominiums, or shares in cooperatives. Purchasers must contribute $2,000 or more toward downpayment and closing costs.

Moderate Income Homeownership Program (MIHP) – Not funded in FY 2013

The City program offers deferred-payment second trust loans for downpayment and closing cost assistance to first-time homebuyers with incomes between the City's Homeownership Assistance Program levels and City-established maximum income limits.

Employee Homeownership Incentive Program (EIHP) – Not funded in FY 2013

The City program assists Alexandria public school and City employees to purchase homes in the City of Alexandria by offering deferred interest payment loans.

Affordable Homeownership Set-Aside Unit Program

This program provides affordable home purchase opportunities in newly constructed condominiums or townhomes to first-time homebuyers who have been found eligible for the HAP or MIHP Programs. The units are discounted by the developer to levels affordable to low and moderate income purchasers.

Homeownership Counseling Program – Not funded in FY2013

A private counseling agency under contract with the City provides group counseling for applicants and potential applicants on the home buying process, affordable housing opportunities, affordable financing, credit issues, consumer debt management, and post-purchase homeownership responsibilities, as well as individual homebuyer counseling specific to applicants' individual situations.

Neighborhood Stabilization Program (NSP)

This federal program was established for the purpose of stabilizing communities that have suffered from foreclosures and abandonment. The City of Alexandria received an allocation of NSP1 funds through the Virginia Department of Housing and Community Development that is being used to purchase, rehabilitate and resale foreclosed, vacant and abandoned homes in three target areas within the City.

HOMEOWNER ASSISTANCE

Energy Efficiency Loans - Alexandria Energy Saver Loan and Home Performance Loan

Through a unique partnership with LEAP (Local Energy Alliance Program) and CommonWealth One Federal Credit Union, the City is offering a loan resource to assist residents in affordably improving the energy efficiency of their homes. These loan programs, supported in part through a loan loss reserve account provided by the City, offer up to $20,000 for energy efficiency related improvements, such as whole house sealing, air conditioning and heating equipment, duct sealing, or even appliance replacement. Interested households may complete a free online energy assessment at www.ilikeleap.com.

- The Alexandria Energy Saver Loan Program offers loans at 4.9% annual percentage rate (APR) and is designed to assist moderate income households in reducing their energy use and monthly utility costs.
- The Home Performance Loan, offered at a 7.9% APR is available to assist other qualifying household regardless of income. In addition to favorable financing, the partnership offers trained and certified contractors to assist homeowners in making informed decisions about improving their homes.

Community Housing Partners Corporation (CHPC)

CHPC, the local administrator of the federally-funded Weatherization Assistance Program (WAP), assists extremely low-income residents of Northern Virginia, including Alexandria, in completing basic energy

efficiency improvements. Services include diagnostic tests to evaluate areas of heat loss, repair or installation of attic and wall insulation, weatherstripping doors and other measures to prevent heat loss. CHPC can also complete indoor air quality checks, such as testing for carbon monoxide, as well as inspections of heating equipment to ensure safe and efficient operation. All CHPC services are free to eligible homeowners and renters.

Home Rehabilitation Loan Program

This City program uses Federal Community Development Block Grant (CDBG) and HOME Investment Partnership Program (HOME) monies for home rehabilitation to improve the quality of homes owned by persons up to the 80% AMI as defined by HUD. Households may receive loans to make necessary home repairs with a limit of $90,000 for construction costs plus additional monies for moving and storage fees, architectural and engineering expenses, permits, title and appraisal reports, recording fees and other related costs.

Virginia Energy Assistance Program

DCHS can provide needed financial assistance with the cost of heating your home this winter or with repairs to heating equipment. This program helps with home heating costs, but can also be used for furnace re-starts, late charges, delivery charges, installation charges, and connection or re-connection fees.

Real Property Tax Relief

This Finance Department program provides forgiveness or deferral of real property tax for income-eligible persons who are over age 65 or permanently disabled.

Rebuilding Together Alexandria (RTA)

This local nonprofit organization provides free home repairs, including weatherization and safety modifications, to homeowners in need (primarily low- income elderly and disabled residents.

HOMELESSNESS PREVENTION/ ASSISTANCE

Community and Emergency Services Program

This DCHS program provides short-term rental and utility assistance to persons threatened with homelessness.

Homeless Prevention Program

This DCHS program offers financial assistance and case management services to Alexandria households at imminent risk of becoming homeless.

Transitional Assistance Payment (TAP)

The DCHS program provides financial assistance to low-income households and those experiencing homelessness to secure permanent housing.

ALIVE! House

This facility offers single women and families who are homeless with emergency shelter and access to supportive services.

Alexandria Community Shelter (ACS)

Under contract with the City of Alexandria, New Hope Housing, Inc. provides emergency shelter and supportive services to families and single men and women experiencing homelessness.

Alexandria Women's Shelter

The DCHS provides emergency shelter to victims of domestic violence.

Carpenter's Shelter

Carpenter's Shelter provides transitional housing, emergency shelter, aftercare, case management and other supportive services to homeless families and single adults. The facility also provides a day program for unsheltered homeless.

Alexandria Winter Shelter

This program provides seasonal shelter to protect persons experiencing homelessness from exposure-related cold weather conditions such as hypothermia and frostbite.

Community Lodgings, Inc. Transitional Housing Program

This program provides transitional housing, case management, education and other supportive services to help homeless persons transition from homelessness to self-sufficiency/permanent affordable housing. Community Lodgings also has affordable housing units available.

Adopt-A-Family Program (Alexandria)

Through the Arlington-Alexandria Coalition for the Homeless (AACH), this program provides transitional housing, case management and other supportive services, for up to two years, to help homeless persons transition from homelessness to self-sufficiency/permanent affordable housing.

Turning Point-Salvation Army Transitional Housing Program

This program provides homeless persons with transitional housing, case management and other supportive services to help them transition from homelessness to self-sufficiency.

Agape House

Under the management of Wesley Housing Development Corporation, this facility, located in Fairfax County, is open to Alexandria residents to provide housing for homeless persons living with HIV/AIDS.

Guest House

This facility offers transitional housing and supportive services to help female ex-offenders transition to self-sufficiency.

COMMUNITY SERVICES BOARD

Transitional/Permanent Supportive Housing Group Homes and Supervised Apartments

These facilities provide housing for men and women in the City of Alexandria who have mental illness, intellectual disabilities, and/or substance abuse disorders.

Transitional/Permanent Supportive Housing for Homeless Persons

This program, offered through the Alexandria Community Services Board (ACSB), provides housing for men and women who have a serious mental illness.

Safe Haven

Under the direction of the Alexandria Community Services Board (ACSB), Safe Haven offers housing for men and women who are homeless or chronically homeless, and have mental illness.

FAIR HOUSING

Fair Housing Testing Program

This City program is designed to identify discriminatory practices in the lending, rental, and real estate housing market. The Office of Housing trains and provides stipends to persons who conduct tests to identify evidence of discrimination in the provision of housing. Housing staff meet with owners of all properties where problems are found. Evidence of serious discrimination is referred to the City's Office of Human Rights. Discrimination on the basis of race, national origin, disability status, familial status and sexual orientation is covered

Fair Housing Training for Realtors and Property Managers

This City program is designed to promote compliance with fair housing laws. Landlord-Tenant Relations staff provides half-day training to real estate or property management companies on compliance with federal, state, and local fair housing laws. Training is provided upon request for businesses involved in the sale, rental or management of property in the City of Alexandria.

APPENDIX 3: HOUSING MASTER PLAN CONSISTENCY WITH OTHER PLANS

Throughout the Housing Master Plan process, specific attention has been paid to the goals of other plans in the city and the region. As a result, the HMP has a number of principles and goals that are consistent with and in many way complement the goals of other plans. The following section provides a brief overview of some of the other City plans that were reviewed and describes the consistencies between those plans and the Housing Master Plan. The level of detail varies in accordance with the elements of congruence between plans.

CITY COUNCIL STRATEGIC PLAN

Goal #7, Objective #1 of the City Council Strategic Plan is to "promote a continuum of affordable housing opportunities for all residents, especially those most in need." The six initiatives within this objective are provided below along with the corresponding Principles, Goals, Strategies, and Tools that have been identified in the Housing Master Plan

1. Achieve a net increase in dedicated affordable rental and ownership units in the City by 2015. (HMP Goals 1, 2, and 3 and accompanying strategies and tools as shown in Chapter 5)
2. Create and plan for livable communities which are accessible and affordable to persons of all ages and abilities. (HMP Principles 1 and 2 and Goals 1, 2, 3, 4 and 5 along with accompanying strategies and tools as shown in Chapter 5).
3. Increase opportunities for City and ACPS employees to live in Alexandria (HMP Goals 1, 2, 3, 4, and 5 along with accompanying strategies and tools as shown in Chapter 5).
4. Increase housing choices for low- and moderate-income households with three or more persons (HMP Principles 1, 2, and 5 and Goals 1, 2, 3, and 5 along with accompanying strategies and tools as shown in Chapter 5).
5. Offer diversity in housing choices for households and individuals ranging from 0 – 50% AMI (HMP Principles 1, 2, and 5 and Goals 1, 2, 3, and 5 along with accompanying strategies and tools as shown in Chapter 5).
6. Identify Land Use tool and strategies to incorporate affordable housing in the development and redevelopment efforts in the City and locate such opportunities strategically with regard to employment centers and transportation (Principles 3, 4, and 5 and Goals 1 and 2 along with accompanying strategies and tools as shown in Chapter 5).

ECO-CITY CHARTER AND ENVIRONMENTAL ACTION PLAN

The principles established by the City's Eco-City Charter and Environmental Action Plan include guidance related to transportation and energy that broadly reflect the principles outlined in the Housing Master Plan. The Eco-City Charter and Environmental Action Plan include the following statement related to energy use:

> *The quantity and sources of energy used by Alexandria's government, businesses and residents impact our environment and quality of life—whether it be through pollutants added to the air, negative effects on water quality or local contributions to climate change. Recognizing this, Alexandria commits to managing its energy—both the electricity that powers our buildings and homes and the fuel that powers our vehicles and other equipment.*

The reduction of energy use through conservation is one of the key principles outlined in the Eco-City Charter and is consistent with Goal 4, Strategy 4.2 which recommends that the City assist low- and moderate-income households in improving the energy efficiency of their homes. Further the HMP recommends a modification to the Home Rehabilitation Loan Program to create an energy efficiency loan program that will make low interest loans to households that want to improve the energy efficiency of their homes

The Eco-City Charter also includes a principle related to transportation that is consistent with the HMP. The guiding principle related to transportation reads:

> *The City of Alexandria will encourage modes of transportation that reduce dependence on the private automobile by promoting mass transit and pedestrian- and bike-friendly transportation networks. The City will integrate transportation options with land use decisions in order to ensure a healthy environment while continuing economic growth.*

To further this goal, the Eco-City Charter calls for the City to provide safe, accessible, efficient and affordable transportation options to residents regardless of age, income, race or ability. Housing Master Plan Guiding Principle 4 stresses the importance of access to transportation and services in the future distribution and allocation of affordable housing in the city. In addition, Goal 1, Strategy 1.4 of the Housing Master Plan reinforces this principle by recommending the development of affordable housing in areas of the City with the greatest presence of support services, including public transportation.

"THE ALEXANDRIA OF OUR FUTURE – A LIVABLE COMMUNITY FOR ALL AGES, STRATEGIC PLAN ON AGING, 2013 – 2017"

Affordable housing is cited as a key element of the document "The Alexandria of Our Future – A Livable Community for All Ages, Strategic Plan on Aging, 2013 – 2017" presented to City Council on April 10, 2012.

The City's Housing Master Plan includes two key principles that relate to the objectives identified in the Plan on Aging. They are:

- Principle #1 All income levels
- Principle #2 Alexandria's housing stock should be expanded to offer greater housing choice to people of all ages and abilities.

The following are five specific objectives which were included in the Plan on Aging. Listed below each objective is a description of how and where the objective is addressed within the Housing Master Plan.

STRATEGIC PLAN ON AGING GOAL #2. HOUSING

HOUS 1. Through public/private collaboration, a mixed-income affordable assisted living facility, with at least 100 units, is available to Alexandrians of low and moderate income.

Addressed within the HMP as follows:

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

- Strategy 5.7 Collaborate with appropriate public and private partners to develop an assisted living facility serving Alexandrians of varying income levels.

HOUS 2. A significantly increased number of new or refurbished units that support independent living are available to older Alexandrians of low and moderate incomes.

Addressed within the HMP as follows:

Goal 4: Enable homeowners to remain in their homes safely, comfortably, and affordably.

- Strategy 4.1 Provide rehabilitation services to existing low- and moderate-income homeowners (below HUD 80%) in maintaining their existing home.

- Strategy 4.3 Provide assistance to home-owning seniors with limited incomes and resources in order to strengthen their ability to age in place.

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

- Strategy 5.1 Partner with existing property owners to convert non-accessible and non-visitable units to allow for visitability and habitation by persons with physical disabilities.
- Strategy 5.2 Develop mechanisms to promote and encourage the development of new universally designed housing units.
- Strategy 5.3 Develop mechanisms to promote and encourage an increase in the number of accessible and adaptable units above the minimum requirements for new construction pursuant to the Fair Housing Act, the International Code Council, and/or other applicable law and regulation.
- Strategy 5.4 Develop mechanisms to promote and encourage the development of visitable and accessible residential development in new construction types (i.e. single family residential development) that are exempted from the Fair Housing Act, ICC or other applicable law and/or regulation
- Strategy 5.5 Develop minimum requirements for adaptable construction techniques and the accessible units in multi-family rehabilitation projects funded by City resources where compliance with the Fair Housing Act, ICC or other applicable law and/or regulation is not required.
- Strategy 5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program to cover 50% of the costs to retrofit existing housing units for accessibility and visitability.

HOUS 3. The City of Alexandria adopts an ordinance allowing accessory dwelling units and family/caregiver suites.

Addressed within the HMP as follows:

Strategy 2.1 Develop policies and regulations that incorporate affordable housing units as part of new development and redevelopment projects.

Strategy 2.3 Include an affordable housing plan, using the tools identified in the Housing Master Plan, as part of all new or revised Small Area and Corridor Plans.

HOUS 4. Older Alexandrians have easy access to information and understand about ways to modify homes to enable aging at home. Information will include universal design, home modification assistance programs, health and safety audits, tax credits and other supports available at the local, state and federal levels.

Addressed within the HMP as follows:

Goal 5: Provide a variety of safe, quality housing choices that are affordable and accessible to households of all ages and abilities.

- Strategy 5.6 Facilitate the use of the Virginia Livable Home Tax Credit Program to cover 50% of the costs to retrofit existing housing units for accessibility and visitability.

Goal 6: Enhance public awareness of the benefits of affordable housing and promote available housing and partnership opportunities.

- Strategy 6.1 Continue, enhance and increase the City's outreach effort to the community regarding the need for and the benefits of having affordable housing, and provide affordable housing developers and advocates with quality information and materials to generate community support for affordable housing.
- Strategy 6.2 Work with the City agencies and appropriate service providers, such as in-home care providers, to ensure broad awareness of existing City services and resources.
- Strategy 6.3 Conduct stakeholder outreach efforts directed to developers, financial institutions, lenders, property owners and real estate professionals to [1] increase awareness of the financial opportunities and benefits of affordable and universally designed housing; and [2] address issues or concerns related to existing or proposed affordable housing development.
- Strategy 6.4 Identify, foster and encourage potential development and public/private partnership opportunities in the City.

HOUS 5. Recognizing the expected growth in eligibility for the Real Estate Tax Relief and Assistance Program for Elderly and Disabled Persons, the City evaluates its eligibility criteria and anticipated fiscal impact and plans accordingly.

Addressed within the HMP as follows:

Goal 4: Enable homeowners to remain in their homes safely, comfortably and affordably.

- Strategy 4.3 Provide assistance to home-owning seniors with limited incomes and resources in order to strengthen their ability to age in place.

TRANSPORTATION MASTER PLAN

Transportation Vision: *The City of Alexandria envisions a transportation system that encourages the use of alternative modes of transportation, reducing dependence on the private automobile. This system will lead to the establishment of transit-oriented, pedestrian friendly village centers, focused on neighborhood preservation and increased community cohesion, forming a more urban, vibrant and sustainable Alexandria. The City will promote a balance between travel efficiency and quality of life, providing Alexandrians with transportation choice, continued economic growth and a healthy environment.*

The Housing Master Plan is consistent with the Transportation Master Plan in its consistency with transit oriented development principles. Specifically, Housing Master Plan Principle #4 encourages location-efficient distribution of affordable housing within areas with access to retail, services, jobs and public transportation. The Plan makes specific reference to the benefits of locating affordable housing in the three high capacity transit corridors identified in the Transportation Master Plan. The HMP has also identified a specific tool pertaining to decreasing parking ratios for affordable housing which is also consistent with the Transportation Master Plan.

ALEXANDRIA REDEVELOPMENT AND HOUSING AUTHORITY (ARHA) 2012-2022 STRATEGIC PLAN, OUR PAST, OUR PRESENT, OUR FUTURE

The ARHA Strategic Plan identifies Guiding Principles for Affordable Housing, Resident Self-Sufficiency and Quality of Life, Community Economic Development, Community Relationships, and Agency Viability. Specific strategies for addressing each of the Guiding Principles are addressed within the Plan. ARHA is the City's primary provider of affordable housing for very low income households and is recognized as a fundamental partner in implementation of the City's Housing Master Plan. The Guiding Principles outlined in the Housing Master Plan are generally echoed in ARHA's Strategic Plan and elements of each of the six Goals of the City's Plan can be found within the ARHA Plan.

The Guiding Principle for Affordable Housing identifies ARHA's role in development and redevelopment of its own sites as well as outlining opportunities for the agency to participate in development of non-ARHA properties. These Guiding Principles, which are reflected in Housing Master Plan Goals 1 and 2, include the following:

- Preserve or replace all of ARHA's current units;
- Maximize onsite replacement housing;
- Provide a range of affordable housing options;
- Increase the number and quality of affordable housing units;
- Follow housing preservation, production and operations practices that contribute to ARHA's viability and sustainability;

Also addressed within this strategy is ARHA's efforts to expand affordable homeownership opportunities, consistent with Goal 3 of the City's Housing Master Plan.

The second Guiding Principle relates to Resident Self-Sufficiency and Quality of Life and includes elements of Housing Master Plan Goal 6 which relates to enhancing public awareness of the benefits of affordable housing. These include:

- Addressing public perceptions of security and crime;
- Public information emphasizing resident success;
- Communication with residents, the general public and service partners ARHA's expectations for resident achievement and their successes.

Community Economic Development is a guiding principle in the ARHA strategic plan that relates to individual economic empowerment of ARHA residents. The Housing Master Plan also includes a guiding principle that emphasizes the role of affordable housing in creating a healthy and growing economy. ARHA includes a specific strategy to include mixed use in its redevelopment plan as a means of supporting ARHA's viability and the economic growth of the City.

ARHA-Community Relationships is a guiding principle which emphasizes partnerships and effective working relationships with the City and other stakeholders. The strategies outlined within this principle further support the Housing Master Plan Goal 6 with regard to promoting the benefits of affordable housing.

The final guiding principle in the ARHA Strategic Plan relates specifically to the operations and management of the agency itself. While this principle is not addressed within the City's Housing Master Plan, support for ARHA and its acquisition, rehabilitation, development and redevelopment efforts are included as specific strategies in the Goals 1 and 2 of the Housing Master Plan.

STRATEGIC PLAN TO PREVENT AND END HOMELESSNESS, 2010

One of the main needs in the fight against homelessness is independent housing units that are affordable at the lowest income levels. This type of unit allows homeless individuals and families to move from shelters and transitional housing to independent housing units. The HMP also identifies the need to help create the deeply subsidized affordable units that help move can help move the homeless population from shelters to independent units. Principles 1 and 2 of the Housing Master Plan pertain to creating housing for individuals of all incomes, ages, and abilities while Principle 3 discusses partnerships that will needed make this type of housing a reality. Goal 1 of the HMP discusses the need to preserve long term affordability of current assisted and market affordable rental housing stock. Specifically, Strategy 1.4 discusses the need to increase the number of rental housing units that are affordable to households earning below 30% AMI.

WASHINGTON METROPOLITAN COUNCIL OF GOVERNMENTS' "REGION FORWARD PLAN"

The Region Forward Plan "seeks a variety of housing types and choices in diverse, vibrant, safe, healthy, and sustainable neighborhoods, affordable to persons at all income levels." The plan also calls for "the production, preservation, and distribution of affordable housing a priority throughout the Region." The plan specifically calls for a minimum of 10% all housing and 15% of all new housing, (or 15% including preserved housing), to be affordable at or below 80% AMI. The Region Forward Plan also recommends that 80% of all subsidized affordable units be located in a Regional Activity Center.

The Housing Master Plan does not identify specific percentages of housing that should be dedicated affordable as the City lacks the legal authority to mandate a specific percentage of affordable units to be achieved in all new development. However, the HMP does provide specific goals and strategies aimed at creating and preserving affordable rental housing for households at or below 60% AMI and ownership housing for housing for 80% AMI and below (HMP Principles 1 and 2 and Goals 1, 2, 3, and 4 along with the accompanying strategies and tools shown in Chapter 5.) As of 2010, Alexandria's assisted rental housing stock constituted 5.1 % of the city's total housing stock and 12.2% of its rental housing stock.

The Housing Master Plan also makes specific references to developing and preserving affordable housing in areas approximate to transit and services (Principle 4) which mirrors closely the Regional Activity Center's identified in the Region Forward Plan.

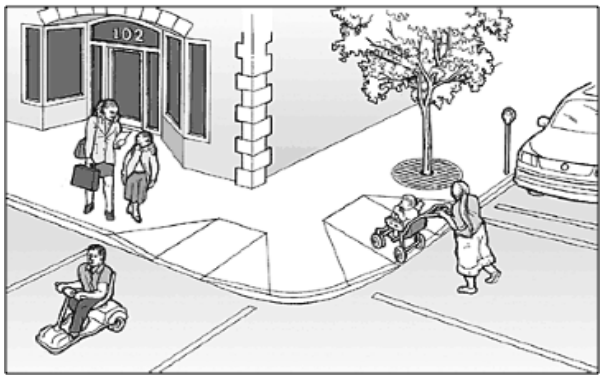
APPENDIX 4:
STRATEGIES FOR HOUSEHOLDS WITH PHYSICAL NEEDS

Affordable housing needs to be inclusive of all types of users. Housing choice should be available for all segments of the community, should be able to be adapted as users and needs change, and should be easily visited by all members of the population. Developing for households with special needs is a major part of the design parameters of an affordable housing program. The following are various types of accessibility in regards to housing options:

- Visitability is based on the principle that all new homes should include basic features that make them accessible to people regardless of their physical abilities.

- Adaptable housing refers to dwellings with design features that are easily adapted at a later date to flex with the changing needs of the occupants. This means the adaptations require less work at less cost.

Figure A4 – 1: Visitability Feature



Source: LAWalks.org

- The term Accessible describes a site, building, facility, or portion thereof that complies with these standards and that can be approached, entered, and used by physically disabled people.

- The intent of Universal Design is to simplify life for everyone by making products, communications, and the built environment more usable by as many people as possible at little or no extra cost. Universal Design benefits people of all ages & abilities

One approach for delivering affordability while also providing for households with special needs, has always been to provide the minimum number of fully accessible units, as required by the Fair Housing Act wherever applicable. However, it is recommended that the Housing Master Plan promote the development of the tools necessary to make as many units visitable and adaptable as possible, especially on all ground floor units. A "visitable home" has a main level that is easy for both residents and guests to enter and exit with ease.

A house is visitable when it meets three basic requirements :

- One zero-step entrance.
- Doors with 32 inches of clear passage space
- One bathroom on the main floor you can get into in a wheelchair

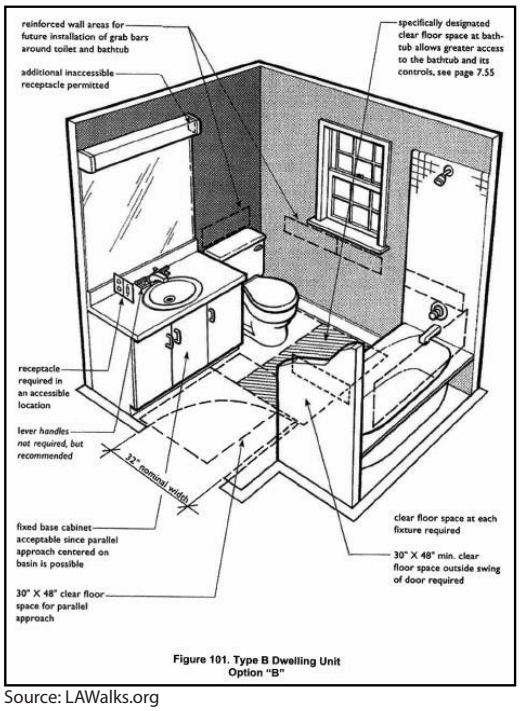
In general there is a 25 to 50 square foot increase for an accessible unit as compared to a non accessible unit with the same number of bedrooms and bathrooms. If planned properly the cost for providing accessible units in a new building can be negligible. For example, the requirements for providing a 4 fixture bathroom (sink, toilet, tub, and shower) in a non-accessible unit is virtually the same in cost and size as 3 fixture bathroom (accessible sink, toilet, and shower) in an accessible unit. There are usually multiple accessibility codes and requirements, which can oftentimes be conflicting, that will need be reviewed before a final decision about a direction on types and numbers of accessible units is made to avoid the need for retrofitting, which is when accessibility generally is the most costly.

In terms of adaptibility, certain design features are built-in for future accessibility:

- Blocking for grab bars
- Adjustable countertop height
- Tiling before fitting cabinetry, so knee-space clearance & accessible cabinetry can be installed later
- Adjustable height bench/counters that can be moved up & down to suit each user in the home

This approach reduces the requirement of the developer to build unts thay may not hbe attractive to the market, but can be converted more easily if the need arises. This approach is a good "compromise" between mandating/inducing full accessibility and creating developments that would require costly retrofits to be adapted for a person with needs.

Figure A4 – 2: Adaptability Guidelines - ANSI Type B



Source: LAWalks.org

Uniformity in unit size is important in keeping the costs of providing affordable accessible units in check. With careful advance planning adaptable units can be designed to flex between accessible and non-accessible market-rate units. Fully-accessible bathrooms (rental units or hotel rooms) are undesirable in the marketplace, so those units are the last to rent and often require a 10% rental rate discount because of the bathrooms.

The principal of Universal Design stresses the importance of use by all individuals. This includes elements to assist with visual and hearing-impaired residents. It also ensures that spaces works for non-classified special needs. Visitability and accessibility is needed from the very young to the elderly. The Principles of Universal Design include:

- Equitable use
- Flexibility in use
- Simple & intuitive
- Perceptible information
- Tolerance for error
- Low physical effort
- Size and space for approach & use

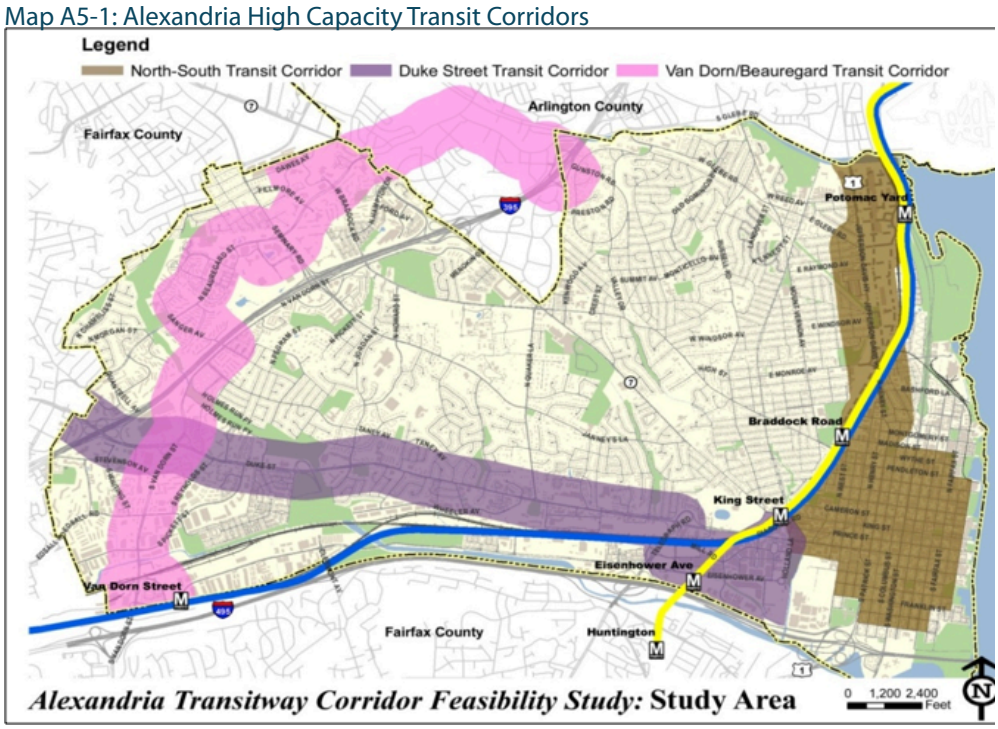
APPENDIX 5:
AFFORDABLE HOUSING AND TRANSIT

AFFORDABLE HOUSING IN TRANSIT-ORIENTED DEVELOPMENT

Transit-Oriented Development (TOD) allows for higher density near Metro stations, transit stops and along transit corridors to maximize the benefit of having people live near multi-modal transit hubs. To be successful, a TOD needs to have enough people populating residences, workplaces, shops and restaurants within a compact area to encourage non-automobile transportation usage. When the proper critical mass is achieved, public spaces will be activated, commercial establishments will have more walk-in customers and sidewalks will be safer within a "24/7" environment.

Some of the City's most successful redevelopment efforts to date have been compactly clustered within comfortable walking distance of Metro stations. The City is currently in the process of conducting the Transitway Corridor Feasibility Study to make recommendations for providing enhanced high capacity-transit service in the North-South, Duke Street, and Van Dorn/Beauregard corridors. The goal of the Transitway Corridor Feasibility Study is to identify and adopt a transit enhancement strategy for each study corridor and provide an action plan to guide future study (Map A5-1)

Map A5-1: Alexandria High Capacity Transit Corridors



As the transit improvements are approved and implmented along the City's High Capacity Transit Corridors, land values will be increased and affordability will be challenged. One of the key challenges in corridors that will experience an upgrade in service (including a switch from regular bus service to Bus Rapid Transit or some other form of light rail or streetcar) is staying ahead of development with affordability. It is critical to identify locations within the transit corridors that will allow for both affordble houisng preservation and new development. While there are locations in these corridors for major redevelopment projects, some of the infill strategies such as civic/institutional land, buffer strips/ liner conditions, and transition zones may offer some possibilities to surgically add affordable units in these TOD corridors.TOD's also help to decrease the overall parking needs and requirements, which has a positive effect on housing affordability. The City has already started to implement lower parking standards in many of the newly adopted Small Area Plans and the Parking Reduction for Affordble Housing Tool discussed in Chapter 6 recomends further reducing parking ratios for affordable housing

HOUSING AND TRANSPORTATION COSTS COMBINED

The standard for establishing whether or not housing is affordable is to determine the percent of a households income consumed by housing costs. However, there is a growing amount of support to combine a household's housing and transportation cost to measure true affordablility. The reasoning behind this movement is because after housing, transportation is the second largest cost of living for American households. Figure A5-1 compares the transportation costs of households that lived in different locations. While the average household expends 19% of its income on transportation, in auto-dependent exurban locations transportation costs consume 25% of income. However, in what is often termed "location efficient environments", meaning within convenient access to transit and/or walking distance to daily services and employment, the amount of

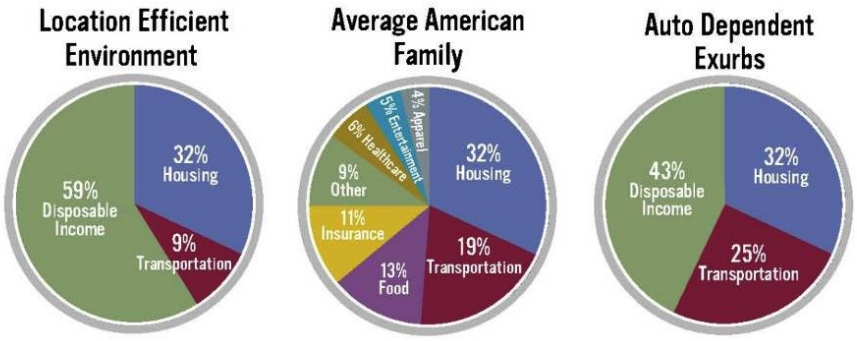
Carlyle Place and Meridian at Eisenhower
Eisenhower Ave Metro
Source: City of Alexandria

Small-Scale Infill
Transition Areas along Bus Routes

Hoffman Development Rendering
Eisenhower Metro Station
Source: City of Alexandria

household income expended on transportation drops to 9%, about one-half the national average. This highlights how advantageous it is to develop affordable housing in locations well served by transportation and/or within walking and biking distance of shopping, services and employment.

Figure A5-1: Transportation Costs in Location Efficient Environments vs. Auto Dependent Exurbs



Source: Reconnecting America, Why Transit-Oriented Development and Why Now?

Map A5-2 indicates the Housing and Transit Affordability Index for Alexandria and the surrounding jurisdictions. The areas on the map that are colored blue represent locations in the Alexandria area where housing plus transportation cost is greater than 45% of the overall household income (Map A5-2). The areas in yellow represent locations in the area where housing plus transportation cost is less that 45% of the overall household income and correspond closely to the corridors in the Transitway Corridor Feasibility Study. Housing in transportation efficient locations allows lower income households to reduce living expenses while also allowing more moderate income households to either reduce costs or make trade-offs like living in a slightly more costly location, but covering that increase in housing costs through transportation savings.

Map A5 -2: Alexandria Housing and Transit Affordability Index

Source: Center for Neighborhood Technology

APPENDIX 6: FUNDING SOURCES MATRIX

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
FEDERAL SOURCES			
Assisted Living Conversion Program (ALCP)	HUD	Program provides private nonprofit owners of Section 8 project based housing developments and other housing programs not applicable in Alexandria that are designated primarily for occupancy by the elderly for at least five years are eligible for funding with a grant to convert some or all of the dwelling units in the project into an Assisted Living Facility (ALF) for the frail elderly. The facility must be licensed and regulated by the State (or if there is no State law providing such licensing and regulation, by the municipality or other subdivision in which the facility is located).	Funding is limited. Applicants must submit an application for funding, in response to the Notice of Funding Availability (NOFA) published in the Federal Register each fiscal year.
Community Development Block Grant (CDBG)	HUD	Annual Federal Grants provided on a formula basis to entitlement communities (including Alexandria). Funds can be used for a variety of housing (excluding new construction) and community development purposes.	Limited funds available based on Congressional budget levels. Strict income targeting requirements. Cannot be used for new housing construction or income payments (e.g. rent subsidies). Activities causing displacement trigger costly Uniform Relocation Act payments. Reduction in units (e.g. rehab rehabilitation that combines units) requires a one-for-one replacement of lost units. Davis-Bacon wage rates required for 12 or more units.
Energy Efficiency and Conservation Block Grants (EECBG)	DOE	The purpose of the EECBG Program is to assist eligible entities in creating and implementing strategies to: reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the maximum extent practicable, maximizes benefits for local and regional communities; reduce the total energy use of the eligible entities; and improve energy efficiency in the building sector, the transportation sector, and other appropriate sectors. The City of Alexandria has used a portion of the City allocations for housing energy efficiency improvements.	Limited funds available based on Congressional budget levels.
Green Retrofit Program for Multifamily Housing	HUD	Grants and loans will be made available through HUD's Office of Affordable Housing Preservation (OAHP) for eligible property owners to make green retrofit investments in the property to ensure the maintenance and preservation of the property.	All eligible owners submitting complete applications are accepted on a first-come, first-served basis subject to certain limitations by category.
HOME Investment Partnerships Program (HOME)	HUD	A HUD grant to States and designated localities (including Alexandria) by formula in order to provide decent and affordable housing for low- and very low-income households. It is the largest Federal block grant to the State and local governments designed exclusively to create affordable housing for low-income families.	Limited funds available based on Congressional budget levels. Strict income targeting requirements. Activities causing displacement triggers costly Uniform Relocation Act payments. Davis-Bacon wage rates required. May not be used to assist public housing projects.

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
Low Income Housing Tax Credits	Dept. of Treasury	Developers who receive awards of low income housing tax credits ("LIHTCs") which in VA, are administered by the state housing finance agency, VHDA) sell the credits to private investors who need the credits to offset tax liabilities. The funds generated by sale of the credits are used to develop or preserve affordable housing for income eligible residents. The minimum compliance period (when rents are restricted to be affordable to households with incomes at or below at least 60% AMI) is 15 years. LIHTCs come in two forms: 9% and 4%. The 9% credits, which are awarded competitively to new or substantial renovation project are calculated so that the annual credits over ten years equal approximately 70% of eligible building costs. The 4% credits, which are available on a noncompetitive basis for substantial renovation projects, equal 30% of the eligible building costs incurred, resulting in a lower equity yield to the developer.	Acquisition costs may to be eligible for credits under certain circumstances, including ownership changes within 10 years. Should a project not comply with all federal regulations under the tax code, credits may be recaptured. Volatility in the national credit markets impacts the sale and pricing of tax credits.
New Markets Tax Credit (NMTC)	Dept. of Treasury	The goal of this program is to spur revitalization efforts through private investment in low-income and impoverished communities (across the U.S. and its Territories). Investors receive offsets against federal tax liabilities in exchange for providing equity. Residential units may be funded with NMTCs if they are part of a larger, mixed-use development. ~~The goal of this program is to spur revitalization efforts of low-income and impoverished communities across the United States and Territories. The NMTC Program provides tax credit incentives to investors for equity investments in certified Community Development Entities, which invest in low-income communities.~~	NMTCs are intended to be used where other potential sources of financing are not available; their application is limited to qualifying (low income) census tracts. No such tracts exist currently in the City of Alexandria. ~~Limited to qualifying census tracts. An organization wishing to receive awards under the NMTC rogram must be certified as a CDE by the Fund.~~
Section 108 Loans	HUD	Section 108 is the loan guarantee provision of the CDBG program which provides communities with a source of financing for economic development, housing construction and rehabilitation, public facilities, and large-scale physical development projects.	Limited funds available based on Congressional budget levels. Local governments may finance up to five times their annual allocation of CDBG funds into federally guaranteed loans to pursue physical and economic revitalization projects that can renew entire neighborhoods. Local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations to cover the loan amount as security for the loan. The maximum repayment period under the Section 108 program is 20 years.

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
Section 202 Supportive Housing for the Elderly Program	HUD	The Program provides interest-free capital advances to finance the construction, rehabilitation or acquisition with or without rehabilitation of structures that will serve as supportive housing for very low-income elderly persons, including the frail elderly, and provides rent subsidies for the projects to help make them affordable. The capital advance does not have to be repaid as long as the project serves very low-income elderly persons for 40 years. Project rental assistance funds are provided to cover the difference between the HUD-approved operating cost for the project and the tenants' contribution towards rent. Project rental assistance contracts are approved initially for 3 years and are renewable based on the availability of funds.	Funding is limited. The available program funds for a fiscal year are allocated to HUD's local offices according to factors established by the Department. Private nonprofit organizations can apply to develop a Section 202 project if they can, among other requirements, submit a resolution that they will provide a minimum capital investment equal to 0.5 percent of the HUD-approved capital advance, up to a maximum of $25,000 for national sponsors or $10,000 for other sponsors. Public entities are not eligible for funding under this program.
Sustainable Communities Regional Planning Grant Program HUD-DOT Community Challenge Grant	HUD, DOT, EPA	The Sustainable Communities Regional Planning Grant Program supports metropolitan and multijurisdictional planning efforts that integrate housing, land use, economic and workforce development, transportation, and infrastructure investments in a manner that empowers jurisdictions to consider the interdependent challenges of: (1) economic competitiveness and revitalization; (2) social equity, inclusion, and access to opportunity; (3) energy use and climate change; and (4) public health and environmental impact. The HUD-DOT Community Challenge competitive grant program fosters reform and reduces barriers to achieving affordable, economically vital, and sustainable communities. Such efforts may include amending or replacing local master plans, zoning codes, and building codes, either on a jurisdiction-wide basis or in a specific neighborhood, district, corridor, or sector to promote mixed-use development, affordable housing, the reuse of older buildings and structures for new purposes, and similar activities with the goal of promoting sustainability at the local or neighborhood level. This Program also supports the development of affordable housing through the development and adoption of inclusionary zoning ordinances and other activities to support planning implementation.	Both programs are being initiated in close coordination with the U.S. Department of Transportation (DOT) and the U.S. Environmental Protection Agency (EPA), co-leaders with HUD in the Partnership for Sustainable Communities. The wide range of eligible projects makes this program a very competitive process.
The National Housing Trust Fund (NHTF)	HUD	The internet of this never-funded affordable housing production program is to complement existing Federal, state and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families.	The NHTF was created in 2012 but to date has not been funded.
STATE SOURCES			
Affordable Housing and Special Needs (Commonwealth Fund)	DHCD	Virginia Department of Housing and Community Development will provide up to $500,000 in equity for below market rate loans and deferred loans for rental projects targeted to persons with special needs.	

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
Historic Rehabilitation Tax Credit	DHR	The State Department of Historic Resources allocates federal and state credits for designated historic buildings. Renovations must follow Department of Interior guidelines or local standards.	
Resources Enabling Affordable Community Housing in Virginia (REACH)	VHDA	Provides nontraditional assistance for both rental and homeownership opportunities. VHDA offers this assistance as an amortized or deferred loan.	Program focus is being re-evaluated due to funding constraints.
Sponsoring Partnerships and Revitalizing Communities (SPARC)	VHDA	An uninsured loan product designed to facilitate the construction or acquisition and/or rehabilitation of multifamily rental housing. This program provides low-interest rate financing to rental projects that address Virginia's most critical housing needs and meets the programs specific eligibility requirements. Multifamily SPARC targets affordable rental housing for the homeless, people with disabilities, and for preservation, revitalization projects, including mixed use and mixed income projects. The SPARC rental program is funded by REACH Virginia subsidy funds. This funding provides low, fixed rate, long-term permanent financing for rental housing.	Limited funds available based budget levels.
State Housing Trust Fund	State	The Housing Trust Fund was enacted into law in 2012. Guidelines for the use of the Trust Fund are still in development.	Received $7 million of initial funding statewide in FY2014 (second year of biennial budget). Amount available to any individual locality will be limited. Plan for distribution is under development; Alexandria's ability to access these funds is not yet known.
PRIVATE SOURCES			
Enterprise Community Partners, Inc. – The Rouse Companies		Provides a variety of predevelopment funding, green grants, and loans for affordable housing projects and community development projects.	
Federal Home Loan Bank Affordable Housing Program (AHP)		AHP awards provide direct subsidies or subsidized loans for homeownership or rental initiatives. Funds are directed to the Bank's regional member institutions, which work in partnership with affordable housing providers. AHP funds may be used for homeownership and rental housing, as well as special needs housing such as single-room occupancy (SRO) units for the homeless, transitional housing, supportive housing, and for units specially equipped for the disabled and elderly.	Funding preferences change, and occasionally reflect special needs such as rebuilding efforts in the US Gulf Coast area, following Hurricane Katarina. Funding applications from high cost areas have difficulty meeting cost efficiency parameters.
The Home Depot Foundation		Through the Affordable Housing Built Responsibly grant program, The Home Depot Foundation administers millions of dollars in grants each year to nonprofit organizations whose missions align with the Foundation's interests in supporting the production and preservation of affordable, efficient and healthy housing.	Funding is competitive.

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
Green Preservation of Affordable Transit-Oriented Housing (Green PATH) Initiative		The National Housing Trust - Enterprise Preservation Corporation (NHT Enterprise) and Enterprise Community Partners are seeking $6-8 million in funding to support Phase I of this DC region initiative. The intent is to acquire and preserve affordable apartments near transit with a focus on neighborhoods that are at risk of maintaining affordability.	Regional funding goal is limited.
The MacArthur Foundation, Window of Opportunity: Preserving Affordable Rental Housing Initiative		The Window of Opportunity housing preservation initiative focuses on stable, affordable housing with a special emphasis on rental housing. In 2011, $17.9 million dollars in grants was available for rental housing preservation.	Funding is highly competitive.
Open Door Housing Fund	Private	Established in 2008 through the merger of the Washington Area Housing Trust Fund (WAHTF) and the Unitarian Universalist Affordable Housing Corporation (UUAHC), the Fund strives to create sustainable economically strong and diverse communities by providing low-interest loans to mission-oriented affordable housing developers. The Fund works to increase and preserve the Washington region's supply of affordable homes through loans, grants and equity investments to locally supported affordable housing developments. The Fund offers development financing for homeownership and rental housing for working families and special needs populations. Through the fund, OpenDoor also provides short-term loans to tenant associations, nonprofit and for profit local housing providers.	While planned to be a revolving fund, the Open Door Fund depends on new and continuing investments from a variety of sources including private donors and foundations, as well as local governments. These sources and levels of funding are not certain. In addition, the funds ability to revolve is contingent on repayment of short term financing through permanent take out strategies and options. In the current fiscal environment competition for, and availability of, scarce resources may limit access.
Virginia Community Capital	Private	Virginia Community Capital (VCC) is a multi-million dollar nonprofit, community development financial institution (CDFI) and banking entity that was created to provide innovative loan and investment solutions for affordable housing and economic development projects in the Commonwealth of Virginia. VCC's mission is to offer innovative, flexible financial products designed to support housing and community development ventures, increase jobs and build sustainable communities. VCC offers loan capital that is broader than bank lending to projects that have a positive community impact in low- to moderate-income communities in underserved geographies and markets. VCC has a special preservation loan product which provides up to $4 million per project to bridge permanent financing.	Loans range from $100,000 to $10,000,000. Permanent loans renewed on a five year term.
LOCAL SOURCES			
Dedicated Tax Revenues	City	A portion of the real property tax rate (currently 0.6 cents) is dedicated for affordable housing uses. Roughly 80% of this is used to pay debt service on general obligation bonds previously issued for housing development/preservation activities. The remainder is available for other such activities until such time as it may be needed for debt service on future bonds.	The majority of these funds currently are used for debt service on previously issued general obligation bonds, and therefore are not available for new projects.

FUND NAME	FUND SOURCE	FUND DESCRIPTION	LIMITATIONS
Housing Opportunities Fund	City	Fund includes allocations of City General Fund, HTF, and HOME funds. HOF is designed to provide a funding pool to support the development of affordable rental and sales housing in the City of Alexandria for low income households through acquisition and/rehabilitation, or construction including predevelopment assistance. HOF monies are also used for operating support for the Alexandria Housing Development Corporation (AHDC).	Funding available through the HOF is limited fiscal year allocations are dependent on the availability of funds in each funding source.
Housing Trust Fund	Developers/ City	The City's Housing Trust Fund (HTF) consists of developer contributions and program income, and is used to support a variety of activities such as homeownership purchase and counseling programs (not funded in FY 2013), Rental Accessibility Modification Program (RAMP) mini-grants, annual allocation to the HOF, and other housing-related efforts (such as Rebuild Together Alexandria) based on funding applications.	Pledges are made at development approval but are not received until Certificate of Occupancy which can take from 2 to 5 years and recently even longer due to economic slowdown.
General Fund	City	Taxpayer funds allocated to numerous City departments which support affordable housing programs.	There are competing needs within the City for the use of these funds.
General Obligation Bonds	City	A form of municipal bond secured by the taxing and borrowing power of the municipality issuing it. The City may issue general obligation bonds for affordable housing purposes.	Bonding capacity is limited by the amount of debt service that can be supported by the revenues available from the dedicated real estate tax monies, as well as by the City's overall debt ceiling.
Loan Consortium (Proposed)	Various	A Loan Consortium is an independent entity that brings together lending industry and private investors to provide loans in conjunction with City investment for affordable housing.	The Housing Master Plan recommends the further review and creation of a loan consortium.
HUD- Department of Housing and Urban Development; DOE- Department of Energy; EAP- Environmental Protection Agency; VHDA- Virginia Housing Development Agency; DHR- Department of Historic Resources; DHCD- Department of Housing and Community Development			

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Appendix 7: Implementation Tool Sheets

NAME:
ACCESSORY DWELLING UNIT POLICY

TOOL DESCRIPTION:
A policy that permits accessory dwelling units under certain conditions.

NEED AND BENEFIT DESCRIPTION:
Accessory units are implemented in many communities as a means for providing affordable housing in context-sensitive design solutions. Units in a detached structure or within a primary residence can function as garage apartments, carriage houses, english basements, in-law suites, etc. They have been popular as an additional revenue source for homeowners, particularly seniors on fixed incomes, to subsidize housing costs. Key benefits include:

1. The addition of affordable rental housing units to housing stock.
2. Rents that are generally lower than for comparably sized non-accessory apartments.
3. Opportunity for older residents to age in place by supplementing fixed income.
4. Efficient use of existing housing stock and renewed upkeep of older neighborhoods.

CHALLENGES:
A past City effort to investigate the potential of an accessory dwelling unit policy met significant community opposition concerning the perceived impacts of these units on individual neighborhoods, particularly with regard to parking and increased density. Any effort to implement a citywide accessory dwelling unit would require a significant investment of time in researching the potential policy and conducting community outreach.

The City could consider implementing an accessory dwelling unit policy for new construction within the new Coordinated Development Districts (CDD). This approach could facilitate the production of more affordable units in new planned developments while providing an opportunity for the City to assess benefits and impacts of a citywide accessory dwelling unit program.

LEAD PARTNERS:
Office of Housing
Department of Planning and Zoning

PROJECTED ANNUAL COST (Total):
Initial Investment: 400 plus Staff Hours (Policy)
Annual Operation: 200 to 400 Staff Hours (Enforcement & Administration)

POSSIBLE REVENUE SOURCES:
TBD

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☑ 4 - 6 Years

ACTION STEPS:

PHASE 1:

Create a policy that would encourage new CDD's to include accessory dwelling units. The CDD guidelines could also guide the accessory dwelling unit standards. In order to be effective, accessory dwelling units must not be required to provide off-street parking spaces.

PHASE 2:

STEP 1:
Create an accessory dwelling unit sub-committee to research ordinance provisions and policies for a citywide accessory dwelling unit program. Prepare report for Planning Commission/ City Council review.

STEP 2:
Develop a series of design and implementation parameters including a clear definition and bulk standards for accessory dwelling units outside of CDDs. Potential standards include:

- Accessory dwelling unit shall be a complete housekeeping unit with a separate kitchen, sleeping area, closet, and bathroom facility.
- Principal dwelling unit must be owner occupied.
- Accessory unit shall be a maximum 800 SF or 40% of the floor area of the primary unit, whichever is less.
- There shall be no additional parking space required for the accessory unit.
- Only one accessory dwelling (within the principal unit or detached) allowed per lot.

STEP 3:
Prepare and adopt (Planning Commission and City Council) an amendment to Zoning Ordinance, to codify the definition, bulk standards, and design requirements.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
Department of Planning and Zoning

PROJECTED COST:
Initial Investment: 40 to 60 hours staff time

Annual Operation: None

REVENUE SOURCES:
N/A

ACTION STEPS:

STEP 1:
Draft changes to Section 7-700 allowing monetary contributions and/or off-site units in lieu of on-site affordable units and the ability to increase density beyond 20% when allowed by the Small Area Plan.

STEP 2:
Develop appropriate method(s) of establishing/conveying policy statement regarding affordable housing as one of the high priorities to be taken into account with regard to developer contributions in rezoning that involves additional density.

STEP 3:
Adopt changes to Section 7-700 and measures identified with regard to affordable housing in rezoning that involves additional density.

NAME:
ADDITIONAL DENSITY IN EXCHANGE FOR AFFORDABLE HOUSING

TOOL DESCRIPTION:
Amend Section 7-700 of the City's Zoning Ordinance, which provides for additional density in exchange for the provision of dedicated affordable housing, to allow affordable housing units to be located off-site, or for the developer to provide a monetary contribution (calculation method to be determined) in lieu of the units if mutually agreed upon by the City and the developer. In addition, establish as City policy that when additional density is provided through rezoning, developer contributions should take into account that affordable housing is one of the City's highest priorities.

NEED AND BENEFIT:
The City currently has a bonus density program under Section 7-700 of its Zoning Ordinance that allows a developer to increase density by up to 20 percent, or height by up to 25 feet, in exchange for providing on-site affordable units. Utilization of this provision where the additional density is appropriate allows the City to achieve dedicated affordable housing with no City capital expenditure while at the same time allowing developers to achieve additional market rate units that increase the overall value of their projects.

The City's current bonus density program mandates that dedicated affordable housing units that are achieved as part of the process remain on-site. In some circumstances (i.e., when the number of bonus affordable housing units is small, or where there is a critical preservation opportunity at another, possibly nearby, location) it may be preferable to convert the subsidy value of the discounted units to a cash contribution that could be used to support a greater number of units elsewhere, or to allow the developer to provide a greater number of affordable units at a different site. However, Section 7-700 does not currently allow any flexibility on this issue.

Another challenge pertaining to bonus pertains to rezonings that add density outside of the Section 7-700 framework. This tool recomends that the the City continue to evaluate the appropriate affordable housing contribution for additonal density received through the rezoning process on a case by case basis. It also recommends that the City adopt a policy statement that, when additional density is provided through rezoning, developer contributions should take into account that affordable housing is one of the City's highest priorities.

CHALLENGES:
While it is important to acknowledge the affordable housing as a priority in establishing a developer's various contributions in situations involving additional density, it is also recognized that housing is only one of a number of high priorities, and that the relative importance of these various City priorities (transportation, environmental concerns, etc.) will vary from situation to situation.

NAME:
COMMUNITY LAND TRUST

TOOL DESCRIPTION:
Promote the development of an independent, nonprofit real property trust known as a Community Land Trust (CLT) in order to provide affordable housing through joint property ownership, with the CLT retaining ownership of the underlying land, and a resident or affordable housing development entity owning the improvements thereon, subject to a long term ground lease.

NEED AND BENEFIT:
A community land trust ensures the long-term availability of affordable housing by securing and retaining ownership of the land on which affordable housing is located. High land costs are often an obstacle in preserving affordability. By using a CLT, the value of the land can be separated from the cost of the improvements when a project is financed or mortgaged. Since ownership of the land is retained by the trust entity, future redevelopment and use is controlled. As the name implies, the CLT exists because of the inherent value that a community places on affordable housing preservation through this mechanism.

A CLT maintains an equitable and sustainable balance between individual and community interests. The primary purpose of a CLT is to create perpetual affordability through subsidy retention. A one-time subsidy investment in the land may mean there is no need to provide a subsidy every time a home located thereon is sold since the increase in value is bounded to the appreciation in the value of the improvements only. In the context of homeownership, CLTs can provide stability (reinvestment without gentrification), promote smart growth, preserve scarce resources, and bridge the gap between market rate homes and low income mobility. A CLT is flexible enough to combine various types of land uses, income levels and housing types to secure everyone's investment in affordable housing. If land is developed for multifamily rental, affordability is achieved by deducting land value from the costs that need to be financed. The trust can monitor and control the use of the property and its eventual disposition, too.

Key features of CLTs are nonprofit status, dual ownership of land and improvements, ground leases, perpetual affordability, active acquisition and development program, flexible development and community control. Each of the features can be varied based on the community in which the CLT operates.

CHALLENGES:
The greatest challenge faced by a Community Land Trust, particularly within a community like Alexandria, is acquisition of real estate. The City has both limited real estate resources and extremely high land prices. However, the Land Trust concept could be utilized in coordination with the developer contribution formula, with the developer providing the real estate as part or all of its contribution. The contribution provides the Trust with real estate needed to partner on the development of new affordable housing. The CLT model may be appropriate when long term, substantial City investment is required to facilitate an affordable housing project.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing, Community Development Corporations or nonprofits with 501c3 tax exempt status; large employers with strong community presence

PROJECTED ANNUAL COST (Total):
Initial Investment: TBD
Annual Operation: TBD

POSSIBLE REVENUE SOURCES:
CDBG, HOME, Tax Credits, FHLB Affordable Housing Program, Housing Trust Funds, land donations

ACTION STEPS:

STEP 1:
Employ mechanisms to clearly define who the 'community' would be, as well as definition of a corporate structure and governance. This step also includes determining the target audience, affordability preservation and responsibility of homeowners.

STEP 2:
Determine sponsorship of CLT (community, government, non-profit, or employer), project funding sources, and operational funding sources

STEP 3:
A strong education and awareness campaign to promote understanding of the benefits of this tool.

*NOTE: Annual operation depends on the type of corporate structure, governance, and sponsorship of the CLT.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Planning and Zoning
Code Administration
Transportation and Environmental Services

PROJECTED COST:
Per Project: $5,000 to $50,000

REVENUE SOURCES:
Foregone revenue from the general fund

ACTION STEPS:

STEP 1:

Determine what fees are and are not appropriate for inclusion in such a policy.

STEP 2:

Design specific recommendations and qualification standards that structure how the fee waiver will be implemented for targeted affordable housing projects.

NAME:
DEVELOPMENT FEE RELIEF POLICY

TOOL DESCRIPTION:
Provide fee waivers for the development review and permits for affordable housing projects.

NEED AND BENEFIT:
The development process for a project not seeking a by-right approval can be complicated and time intensive. For developers, the more money it costs to gain the necessary approvals and permits, the more costly the housing will need to be to cover this cost. Nonprofit housing developers generally have no way of absorbing the costs other than to pass them on to the end consumer of the housing product. When developers are trying to provide housing options for those with the least amount of income, it is critical to minimize all development costs. Local governments can be part of the solution for lowering housing costs if they are willing to be flexible in the way they assess their fees.

Communities like Alexandria have flexibility in developing policies for waiving and deferring various approval process fees and permitting fees in order to lower the cost of affordable housing. Some communities provide direct waivers of fees while others provide cash rebates to developers for payment of the fees.

The recommendation is that the City waive development fees for projects that provide at least 65% of units as affordable for a period of 30 years, provided that such fees are not the primary source of funding for the department that collects them.

CHALLENGES:
There are two primary challenges to implementing this tool. First is the true financial impact this tool will have. It was noted that development fees often do not rise to a level that would substantially impact the financial performance of the project. Second, certain fees collected during the development process are used to fund the reviewing department.

Notwithstanding these concerns, it will take a variety of tools to make affordable housing more feasible, and further exploration of this tool is recommended.

NAME:

GENERAL FUND DIRECT ALLOCATION SUPPORT FOR AFFORDABLE HOUSING

TOOL DESCRIPTION

Increased direct General Fund support for affordable housing. This could take one of several forms, including but not limited to:

- An increased annual lump sum appropriation of General Fund monies for affordable housing. This could potentially include, or take the form of:
  - an increase to the General Fund portion of the Office of Housing Budget for affordable housing loans;
  - an allocation of General Fund monies to match the voluntary monetary and in-kind affordable housing developer contributions received in the most recently completed fiscal year; and/or
  - a portion of the increased taxes received from new development (specific parameters would have to be established).
- An increase in the dedicated real estate tax for affordable housing.

NEED AND BENEFIT:

Currently the City provides a General Fund appropriation that partially supports the operating costs (staffing, rent, etc.) of the Office of Housing, as well as an allocation to the Housing Opportunities Fund.

The tax increment funding model was used in the Beauregard Small Area Plan for affordable housing and in North Potomac Yard for the Metro Station.

The City also allocates a portion (currently 0.6 cents) of the real property tax rate for affordable housing, with the majority of this amount already committed to the payment of debt service on previously issued general obligation bonds used for affordable housing projects.

Addressing the goals of this Housing Master Plan can best be done with a consistent, reliable source of annual funding. An increase in the level of General Fund support could provide additional funding for development and predevelopment costs associated with affordable housing preservation and development (and help leverage additional sources of funding); provide additional support for Office of Housing operations (e.g., to support additional staff needed to carry out the activities proposed in this plan; or to enable federal funds now used for administrative expenses to be used for direct assistance).

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

CHALLENGES:

Affordable housing is one of many competing demands for local government funding.

LEAD PARTNERS:

Department of Finance
Office of Management and Budget
Office of Housing

PROJECTED COST:

One penny in FY2013 equals $3.3 million

REVENUE SOURCES:

General Fund

ACTION STEPS:

Develop specific General Fund budget proposals for FY 2015 ~~4~~ (and subsequent years) to support the goals of this Housing Master Plan.

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing

PROJECTED COST:
FY 2014 ~~2~~ Budget for direct assistance: $226,000 ~~$1,500,000~~
Annual Operation: TBD depending on budgetary program. ~~Added as funds are available.~~

POSSIBLE REVENUE SOURCES:
CDBG, HOME, Housing Trust Fund, NSP Program Income

ACTION STEPS:

STEP 1:
Modify loan program policies and procedures pursuant to these recommendations.

STEP 2:
Increase scope and funding to the homeownership education program to include post-purchase counseling and homebuyer support.

STEP 3:
If sustainable funding for staffing can be obtained, convert program to a self-sustaining funding model with future support provided by the Housing Trust Fund, loan repayments, and other special sources of financing.

STEP 4:
Continue working regionally to create a loan consortium to ensure ongoing mortgage financing for deed restricted units. Continue advocacy with FHA and Government-Sponsored Enterprises (GSEs) on standardization and acceptability of local authority to create deed-restricted homeownership opportunities.

NAME:

HOME PURCHASE ASSISTANCE LOAN PROGRAM ENHANCEMENTS

TOOL DESCRIPTION:
Enhance the City's purchase loans program related to the acquisition of affordable housing

NEED AND BENEFIT:
The City's current Homeownership Assistance Program and Moderate Income Homeownership Program should be enhanced to provide post-purchase counseling to assist lower income homeowners prepare for homeownership, to provide sustainable homeownership opportunities, and create streams of revenue to allow the City to serve more qualified households.

The current program is very effective at supporting the households who have used the program, but could benefit from some modifications to the manner in which the loans are granted and recovered. The following recommendations are intended to help improve the application of the program without damaging its effectiveness.

- Loans should be made with a 5-year performance/ eligibility review horizon to ensure the participant remains qualified for the assistance. At that time, the Office of Housing will have the option to extend the non-payment or convert the loan into a performing loan.
- In order to protect the City's Investment, the City loan should not exceed 50% of the total appraised value of the structure.
- If an owner refinances the loan, the new loan should not exceed the owner's initial investment plus the owner's pro rata share of the appreciation.
- The City should explore offering post-purchase counseling to provide ongoing support to participating homeowners.

CHALLENGES:
The City has been very effective in creating affordable and sustainable homeownership opportunities for low and moderate income homebuyers. However, the structure of the current and past programs generally requires that the loan funds remain outstanding until the resale of the property. The City should continue to explore mechanisms that will assist first -time homebuyers in overcoming barriers to homeownership while concurrently continuing to promote long-term affordability and more quickly recapturing funds to assist other first-time buyers.

NAME:

HOME REHABILITATION LOAN PROGRAM ENHANCEMENTS

TOOL DESCPRIPTION:
Enhance the City's existing rehabilitation loan program related to modernizing and improving affordable housing.

NEED AND BENEFIT:
The Home Rehabilitation Loan Program should be enhanced to better allow the City to serve more households.
The current program is very effective at supporting its participants, but could benefit from some modifications to the manner in which the loans are provided and collected. The following recommendations are intended to help improve the application of the program without damaging its effectiveness.

- The City may wish to consider offering loans subject to a 5-year performance review/eligibility horizon to ensure the participant remains qualified for the assistance. At that time, the Office of Housing will have the option to extend the loan deferral or convert the loan into a performing loan.

- The Program should offer a smaller energy efficiency loan component that focuses on reducing residential energy use. Such loans can have the added value of reducing the monthly heating and cooling costs for lower income City homeowners but also helps the City in meeting established goals of Alexandria's Eco-City Action Plan.

CHALLENGES:
Home rehabilitation programs provide a critical resource for lower income homeowners who are financially unable to maintain their homes in decent, safe and sanitary condition. Such programs benefit both current residents and the City in preserving the quality of the City's aging housing stock. The cost of home rehabilitation activities, especially the removal of lead-based paint, within high cost areas such as the Washington D.C., area can be a disincentive to participation as large loans, even though they are deferred payment loans, can significantly erode the equity of the homeowner. In addition, the value of the loans makes repayment extremely unlikely for lower income participants that have few other financial resources.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing

PROJECTED COST:
Direct assistance:$700,000
Annual Operation:

REVENUE SOURCES:
CDBG, ~~Housing Trust Fund~~,

ACTION STEPS:

STEP 1:
Modify loan program policies and procedures as recommended.

STEP 2:
Capitalize loan pool for the program using grant, Housing Trust Fund and other revenue sources to augment loan pool amount over time.

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☐ 1 - 3 Years ☑ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
Planning and Zoning
Office of Human Rights
Code Administration

PROJECTED COST:
$5,000 to $20,000 per unit
Annual Operation: Dependent on level of activity

POSSIBLE REVENUE SOURCES:
General Fund, CDBG, HOME, LIHTC, Medicaid, VHDA, Virginia Livable Home Tax Credit program

ACTION STEPS:

STEP 1:
Establish a policy or policies that target percentages for all new construction and rehabilitation projects. These would serve as "minimum expectations" for new projects. Consult with development community during policy development.

STEP 2:
Develop minimum standards for projects funded with City resources. Identify other mechanisms that can be used to encourage an increased in the number of projects that incorporate visitable, adaptable, accessible, and universal design construction techniques.

STEP 3:
Adopt the new policy, develop training as needed for City staff and outreach to developers regarding the new policy.

STEP 4:
Utilize clearinghouse to identify potential tenants/buyers for the program units to share with developers and property owners willing to participate with this policy.

NAME:
HOUSING CHOICE IN NEW CONSTRUCTION AND REHABILITATION

TOOL DESCRIPTION:
Establish policies to encourage production of more units that meet the needs of the special needs and frail elderly populations in new construction and rehabilitation projects for both multi-family and single family projects.

NEED AND BENEFIT:
There is a strong need for more permanently affordable and accessible units in Alexandria. This demand will continue to grow as the senior population continues to grow during the timeframe of the Housing Master Plan. There are several types of programs that can be used to help serve these populations. This plan will focus on the following four programs:

Visitable: Housing that enables persons with disabilities to visit, with an accessible entrance, bathroom and common area.

Adaptable: Housing that incorporates design features in initial construction that allow for simple and cost efficient adaptability in the future to accommodate the changing needs of the occupants.

Accessible: Housing that is completely modified to accommodate persons with disabilities.

Universal Design: Housing built to simplify life for everyone by making products, communications, and the built environment more usable for everyone at little or no extra cost. Universal Design benefits people of all ages and abilities.

Establishing and achieving a target percentage of affordable housing units in all new construction and rehabilitation projects that fall within the categories above will provide persons with disabilities significantly greater housing choice (both in terms of location and housing type).

CHALLENGES:
There is some indication from the development community that current market forces pose a challenge to renting/selling fully accessible units, and that they are often the last to be rented or sold. The proposed "Resource Center" (see separate tool sheet) could alleviate some concerns about marketability by helping to identify/match up potential renters/buyers and appropriate units.

In addition, the City is not currently enabled by the Commonwealth to mandate these levels of accessibility. Without this authority, meeting accessibility targets will need to be accomplished through the development of a City policy or policies to encourage these construction techniques.

NAME:
LOAN CONSORTIUM

TOOL DESCRIPTION:
Develop an independent entity that brings together the City, lending industry and private investors to provide loans for affordable housing.

NEED AND BENEFIT:

One of the largest obstacles to providing affordable ousing is securing funding. The reduction in revenues (rental) or financial security (ownership) from serving lower-income households adversely impacts the financial viability of both rental and ownership properties. In the current economic climate and recent financial industry reforms, lenders are more adverse to risk than ever.

To combat this, many communities have created public/private loan consortium partnerships. These partnerships provide a "win-win" for both the community and the lenders. The community leverages its investment by requiring a matching investment from the lenders while the lenders defray risk by pooling resources and utilizing the public investment to reduce their exposure.

The Loan Consortium is envisioned to provide financing for projects seeking to support households earning below 60% of AMI. The Consortium would have programs to support homebuyers with purchasing affordable housing and for landlords (including CDCs) to rehabilitate multi-family affordable housing units. Funding for the lending pool will be secured by both private investors and lenders. The Loan Consortium could be a mechanism for lenders to meet community and Community Reinvestment Act goals.

CHALLENGES:
It will take a coordinated effort to secure participation from the lending institutions.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
ARHA
VHDA
Other Lending Institutions

PROJECTED COST:
TBD

POSSIBLE REVENUE SOURCES:
City General Fund; Housing Trust Fund; State Funds
Financial institution; Private Investors; Grants

ACTION STEPS:

STEP 1:
The Office of Housing should work with VHDA and others to establish a task force of regional and national financial institutions to explore the possible program and develop specific implementation parameters.

STEP 2:
Develop financing structure, underwriting guidelines, eligibility criteria for homebuyers and multi-family owners.

STEP 3:
Conduct outreach to lenders, private investors to contribute to lending pool.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☐ 1 - 3 Years ☑ 4 - 6 Years

LEAD PARTNERS:
City Manager's Office
Finance

PROJECTED COST:
Initial Investment: $500,000 to $1,000,000
Annual Operation:

POSSIBLE REVENUE SOURCES:
Housing Trust Fund
General Fund

ACTION STEPS:

STEP 1:
Meet with City Manager's Office and Finance and Accounting to establish basic requirements for program underwriting, implementation and administration. Consult City financial advisor, as/if needed.

STEP 2:
Meet with local and regional conventional lenders, and with loan consortium participants to review loan underwriting impediments and solicit feedback regarding proposed City program.

STEP 3:
Develop loan guarantee program for City Council consideration. Program should include strategy for outreach to potential consumers.

NAME:
LOAN GUARANTEES

TOOL DESCRIPTION:
Subject to underwriting, selectively utilize the City's credit and/or credit rating to guarantee third party loans for affordable housing.

NEED AND BENEFIT:
Generally, to mitigate risk in the event of a foreclosure, conventional lenders will finance only a portion of total development cost to avoid investments exceeding the value of real estate which is held as collateral and/or some percentage of the net operating income (NOI) available to service debt. Loan guarantees may be used as a form of credit enhancement for real estate projects where the lender would like to secure the value of its investment, beyond the value of pledged collateral, to "backstop" against potential loan loss. In the context of affordable housing, City loan guarantees may also be useful to assist nonprofit organizations which lack sufficient established financial or project capacity in securing loans to undertake projects.

In addition to selective "backstop" guarantees, the City of Alexandria should consider allocating some of the HOF funds traditionally used to provide gap financing up to 100% of cost to be alternatively used as a loan loss reserve, i.e., a source to guarantee 20% to 50% of the project loan amount. By guaranteeing a portion of the project cost a conventional lender's risk is substantially reduced, potentially increasing the amount of credit that can be made available from non-City sources.

Creating a loan guarantee and/or loan loss reserve program to assist in funding the acquisition and/or renovation of existing affordable housing stock will facilitate affordable housing development activity by leveraging more non-City sources.

The Loan Guarantee program can be run through the loan consortium concept or as a stand-alone feature.

CHALLENGES:
There is some inherent risk that the City would have to assume some or all project debt in the event of project failure. This could be mitigated by initial underwriting and ongoing City involvement/monitoring at all stages of project development. The impact of such credit extensions would also need to be assessed in light of their potential impact on City credit and/or bond ratings, and/or debt capacity, per audit guidelines.

NAME:

MIXED-INCOME AFFORDABLE ASSISTED LIVING

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

TOOL DESCRIPTION:

Development of residential facility with supportive services for seniors to fill a currently unmet need within the City of Alexandria.

NEED AND BENEFIT:

The need for a senior assisted living facility within the City that provides housing combined with supportive services to seniors with a range of incomes has long been recognized. As the demand for such housing increases along with the population of older Alexandrians, the City may wish to act in the near term to meet the expected future demand. In addition to recognizing the long-term benefit of a new affordable assisted living facility, the City encourages mixed-income expansion within existing assisted living facilities in appropriate locations which are compatible with neighborhood context.

Currently, the City participates in a regional consortium that provides assisted living at Birmingham Green, which is approximately 40 miles from Alexandria. This arrangement does not serve Alexandrians well in that seniors are uprooted from their community, and family members may be challenged to visit their relatives regularly because of time required to travel such a long distance.

Key benefits include:

1. The addition of a mixed-income assisted living facility and/or expansion of existing facilities to include affordable untis would enhance housing options for older Alexandrians of all income levels.
2. Combining supportive services and housing meets the needs of underserved elderly populations, especially those with very low incomes.
3. Providing a local assisted living facility would improve the lives of both residents and family members by allowing residents to remain within the Alexandria community.

CHALLENGES:

Development of a local assisted living facility has been a long standing goal of housing and aging services advocates. The cost of development of an assisted living facility is a central challenge that is exacerbated by the cost of providing required supportive services. While the cost of developing a facility could be overcome through public/private partnerships and affordable financing options, few federal or state resources are available to offset the significant ongoing costs of needed supportive services.

Increasing costs of health care, especially nursing home care, combined with high housing costs, make expansion of assisted living into the City an important complement to the continuum of housing options available to seniors of all income levels. The addition of assisted living options within Alexandria enhances the quality of life of many long-time residents and their families.

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☑ 4 - 6 Years

LEAD PARTNERS:

Office of Housing
ARHA
Office of Aging and Adult Services, DCHS
Department of Planning and Zoning

ESTIMATED COST:

Initial Investment:
Annual Operation: N/A

REVENUE SOURCES:

N/A

ACTION STEPS:

STEP 1: Reactivate the City's Affordable Assisted Living Work Group.

STEP 2: Seek and engage potential private sector partners

STEP 3: Assess whether there are reasonable zoning changes that would enhance the financial feasibility of developing affordable assisted living which recognize the special nature of assisted living facilities, such as reduced parking requirements.

STEP 4: Advocate for higher state funding for the Auxiliary Grant Program, which provides a supplement to income for qualified residents of assisted living or foster care.

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Planning and Zoning
Office of Housing

PROJECTED COST:
Annual Operation: Dependent on the number of projects

POSSIBLE REVENUE SOURCES:
N/A

ACTION STEPS:

STEP 1:
Garner support for excluding rehabilitation costs for affordable housing units serving households at 60% AMI for 30 years or more from the calculation used to determine whether current parking standards are triggered..

STEP 2:
Revise the Zoning Ordinance to reflect this change.

Work with existing affordable housing developers and providers to inform them of this change and to provide assistance in marketing the City's transit system and options. Also, encourage them to provide on-site incentives and amenities such as transit subsidies, car-share programs (such as ZipCars), and bike-share programs (such as Captial Bikeshare).

STEP 3:
Evaluate tool for effectiveness in promoting the rehabilitation and preservation of existing affordable housing; and any impacts on existing parking facilities and transit facilities and programs.

NAME:

PARKING REQUIREMENTS FOR SUBSTANTIAL REHABILITATION PROJECTS

TOOL DESCRIPTION:
Exempt costs associated with the rehabilitation of multifamily units that serve households at or below 60% AMI, with a commitment to remain affordable for at least 30 years, from the calculation of rehabilitation costs as a percentage of value for the purpose of determining whether current parking standards are triggered.

NEED AND BENEFIT:
The City requires property owners seeking to rehabilitate existing buildings to meet current parking ratio requirements if the cost of the renovation amounts to 33 1/3% of the current market value of the building. This requirement creates a substantial challenge to affordable housing developers and providers as providing off-street parking is very expensive in a high cost market such as Alexandria. Providing off-site parking at existing housing developments to current standards may also be physically prohibitive to many affordable housing developers and providers. These considerations may impact a development's ability to rehabilitate and may impair long-term affordable housing preservation. Excluding the rehabilitation costs for units that are affordable to households at 60% AMI from the 33 1/3 threshold can incentivize rehabilitation by removing the costly parking requirement. This policy can preserve existing affordable rental housing and sustain the current affordable housing stock.

In addition, there are trends that point to decreases in the number of vehicles that households own and thereby need to park. In Alexandria, households at affordable housing developments tend to have fewer vehicles than households at market-rate housing developments. Also, urban communities across the nation, including Alexandria, are improving transit infrastructure and facilities and encouraging residents to utilize single-occupancy vehicles less. Therefore, there are overall decreases in the demand for parking locally and regionally. This trend will only continue as the City continues to fund improvements to its transportation system.

CHALLENGES:
Strategic education and outreach efforts should be employed to garne community support for this tool and reassure community residents that it will not negatively impact existing parking situations. Also, affordable housing developers and providers should be encouraged to share information related to transit options with their residents and provide on-site incentives and amenities.

NAME:

PARKING REQUIREMENTS FOR AFFORDABLE HOUSING DEVELOPMENT

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

TOOL DESCRIPTION:

Establish a policy for the reduction of parking requirements in projects that meet minimum thresholds of affordable housing.

NEED AND BENEFIT:

The correlation between housing and transportation costs is well documented. Modest-income households with good access to public transportation experience a positive impact on quality of life with a reduction in total expenses. As a result, a key objective of the Plan is to encourage the development of more affordable housing options in close proximity to transit.

One of the most challenging aspects of providing affordable housing at transit centers is cost, primarily due to land prices, but also because the intensity of development requires structured and underground parking, which is traditionally five to 15 times more expensive than a surface space. Given the challenges of providing affordable housing at transit locations, and the substantial cost to subsidize these units, the objective of this tool would be to partially mitigate these costs in order to achieve more transit accessible affordable units.

For several years now, the City has been requiring lower parking ratios on a case by case basis in projects near transit, both in recognition of lower vehicle ownership rates and also to encourage transit use. In addition, the City has granted parking reductions for affordable housing projects based on City data documenting lower vehicle ownership rates among income eligible households. The purpose of a new policy would be to build on precedent by formalizing a lower ratio so that developers have some predictability when embarking on a project, and to encourage development of more affordable units at transit centers. A potential added benefit would be attracting more nonprofit affordable housing developers to select Alexandria for future project locations. Aspects of the policy to be studied and established would be:

- The appropriate reduced parking ratio; (As a point of reference, the Braddock East Master Plan recommended a parking ratio of 0.75 for public housing; City assisted affordable housing projects indicate an average utilization rate of 0.72)
- The required minimum threshold of affordable housing (by percentage) and appropriate distance to transit to qualify;
- A definition of "transit oriented development districts," such as a ½-mile walking radius from Metro stations and ¼-mile walking radius from bus rapid transit stops and bus transfer locations.
- An evaluation of whether or when codification of the policy as a zoning change is warranted, allowing the lower parking ratio without a Special Use Permit and parking study.

CHALLENGES:

- The development community has in some instances been hesitant to reduce parking to lower thresholds based on past market demand. National and local vehicle ownership data will need to be provided to support the concept;
- Gaining community support for parking reductions without a parking study, may be challenging.

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:

Planning and Zoning
Office of Housing
Transportation and Environmental Services

PROJECTED COST:

Initial Investment:	20 to 40 hours staff time
Annual Operation:	None

REVENUE SOURCES:

N/A

ACTION STEPS:

STEP 1:
Conduct an internal study of vehicle ownership and parking utilization levels among affordable housing development in the City. Gather data on current market demand for parking.

STEP 2:
Develop policy for review, input and public hearing.

STEP 3:
Implement parking reduction policy for future Affordable Housing development projects.

STEP 4:
Evaluate whether a Zoning Ordinance change is appropriate.

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing

PROJECTED COST:
Projects to receive the greater of $50,000 or $5,000 per unit

REVENUE SOURCES:
Housing Opportunities Fund which includes General Fund, Housing Trust Fund, and HOME

ACTION STEPS:

STEP 1:
Create a process for staff's review of predevelopment funding requests, including a checklist of required information and/or criteria to evaluate the merits and feasibility of the proposed project and financing structure and the likelihood that the City's investment will be recovered.

STEP 2:
Seek City Council approval to formally implement this expansion of staff's discretionary funding authority.

NAME:

EXPANDED PREDEVELOPMENT FUNDING

TOOL DESCRIPTION:
Housing staff's discretionary authority to administratively approve requests for predevelopment funding would be increased to the greater of $50,000 per project or $5,000 per unit.

NEED AND BENEFIT:
Developers often have to invest large amounts of money early in order to determine whether a project is feasible. These expenses might include engineering studies, architectural design or other types of professional consulting services. Costs are incurred for filing development applications as well. Until a project is determined to be feasible and has been approved, money spent is "at risk."

Funds for costs associated with this "predevelopment" stage are typically hard to finance due to the risk that the project won't go forward and the funds invested will not be recovered. For this reason, predevelopment costs may be a barrier to affordable housing development especially in an urban environment, like the City, where the planning, design and public processes may be very expensive.

CHALLENGES:
While limited predevelopment funds are now provided through the City's Housing Opportunities Fund (HOF), the Plan proposes that this funding resource and any other appropriate City development funds be modified to allow projects to receive the greater of $50,000 (the original HOF limit) or $5,000 per unit, to be approved administratively by staff, for predevelopment purposes. This will enable the provision of a meaningful level of assistance to larger projects. Any predevelopment funds provided will be considered as part of the City's gap financing. When a project is approved/financed, the predevelopment funds advanced will be incorporated in the total final loan amount. In addition to removing a financial barrier, the loan's administrative process expedites the underwriting and approval timeline during a crucial phase of project development. As is currently the case, the funds would become a grant in the event the project does not go forward.

The primary challenge associated with this tool are the additional financial resources required to provide greater levels of at risk dollars for projects that may not be viable or feasible. This risk may be mitigated by additional staff due diligence in reviewing and approving predevelopment funding requests.

NAME:
PUBLIC LAND FOR AFFORDABLE HOUSING

TOOL DESCRIPTION:
Develop criteria to evaluate the appropriateness of using City-owned land for affordable housing development or for co-locating affordable housing with public facilities.

The effort to develop criteria and analyze inventory should be followed by weighing the merits of a policy requiring that affordable housing or the co-location of affordable housing with other public uses be a key consideration in the sale or development of City-owned real estate assets.

NEED AND BENEFIT:
The most challenging aspect of developing affordable housing is the cost of the land itself. One way of increasing the efficiency of the City's limited affordable housing funding is to apply it to land already owned or facilities operated by the City, and/or to leverage partnerships for new City facilities. The City has already shown that combining a public use (a fire station) with affordable housing is a workable solution with award winning results in The Station at Potomac Yard project.

In order to build on The Station's success, criteria should be developed to assess and inventory developed and undeveloped City-owned properties for appropriateness for affordable housing in the event that they are surplussed or designated for development of future City facilities. Criteria might include access to transit and neighborhood amenities, compatibility with nearby uses, compatibility with a shared use, financial feasibility, current utilization (underutilized surface parking?) suitability for particular residential needs such as senior assisted living, and others. This will rule out inappropriate sites and allow the City to focus limited resources. Certain asset types, such as schools, may not be appropriate for shared use.

CHALLENGES:
Not all of the City's assets are conducive for redevelopment and/or appropriate for inclusion of affordable housing as part of the site. The determination of "appropriate" will need to be made on a case by case basis with input from relevant City stakeholders.

In addition, there are legal requirements with application to this tool that would need to be explored on a case by case basis, depending on disposition or use of city property, prior to pursuing implementation of the tool.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☐ 1 - 3 Years ☑ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
Department of General Services
Non Profit Developers

PROJECTED COST:
Initial Investment: Staff time
Annual Operation: N/A

POSSIBLE REVENUE SOURCE:
General fund

ACTION STEPS:

STEP 1:
Develop criteria for the purpose of evaluating the appropriateness of City-owned sites for affordable housing development. Evaluate best practices and programs currently in use.

STEP 2:
Evaluate and inventory City land assets based on criteria.

STEP 3:
Based on analysis, propose a public land policy to ensure that affordable housing development or co-location is a key consideration in the disposition of any City development project or surplus City owned land.

Engage development partners where possible to reposition these public assets. Public private partnerships with development entities to (re)develop these properties will be key in stretching resources.

References:
New York City Housing Plan: The New Housing Marketplace
http://www.nyc.gov/html/hpd/downloads/pdf/10yearHMplan.pdf)
Arlington County proposal from the Citizens Advisory Commission on Housing

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
Office of Communication and Public Information
Department of Planning and Zoning, GIS Division

PROJECTED COST:
Initial Investment: 520 Staff Hours
Annual Operation: TBD

POSSIBLE REVENUE SOURCES:
General Fund

ACTION STEPS:

STEP 1:
Identify the data that needs to be assembled for the Resource Center and determine the specific structure and organization of the Resource Center website.

STEP 2:
Coordinate with all stakeholders to collect, package and modify information for the Resource Center, including establishing relationships with current and prospective affordable housing property owners.

STEP 3:
Develop information, outreach and communication programs and materials; develop/augment property owner/developer databases.

STEP 4:
Organize and design all materials under a unified branding/ design look.

STEP 5:
Develop all redesigned and new materials, create and launch the Resource Center and provide printed materials to all relevant public agencies and facilities.

NAME:
RESOURCE CENTER FOR AFFORDABLE HOUSING

TOOL DESCRIPTION:
Develop and maintain a web-based resource center to provide information to developers, landlords, renters and homeowners, service providers, granting entities, lenders, and development partners.

NEED AND BENEFIT:
The Office of Housing is a significant source of information and resources to homeowners, renters, developers, landlords, and housing and service providers. To improve the accessibility of data to persons seeking information, the Office of Housing can enhance the availability of data to the public by maintaining current and historical data in a user friendly format online. In addition, the resource center can provide links to similar regional, statewide and national data.

- Networking sections for developers, lenders, and property owners
- Listing available resources including programs and services offered by the City, Alexandria Redevelopment and Housing Authority (ARHA), Virginia Housing Development Authority (VHDA), and U.S. Department of Housing and Urban Development (HUD)
- Available information regarding programs administered by ARHA and links to ARHA applications or information (i.e. Housing Choice Voucher Program and public housing wait list opening)
- Current and historic rental and vacancy data
- Information on the Loan Consortium and its programs
- Housing rehabilitation programs and opportunities (such as the Energy Efficiency Improvement program, Rebuilding Together and Home Rehabilitation Loan program)
- Advocacy and outreach materials including the benefits of affordable housing and related City policies
- Current vacancies for affordable and market rate rental units in the City via link to VirginiaHousingSearch.com (updatable by participating property owners)
- Promoting available tax credits (such as the Livable Homes Tax Credit and the Historic Preservation Tax Credit)
- Prepare and maintain an informational fact sheet online and to be distributed by organizations like AEDP.

CHALLENGES:
There is a substantial amount of data to be collected, organized and published that should be included as part of the clearinghouse. The initial setup effort to ensure all data is accurate and comprehensive will be considerable. It is also important that the resource center databases, posted materials, and virtual access points are updated frequently to ensure persons seeking information are accessing the most current data.

NAME:

SPECIAL DISTRICT TO ENABLE ACCESS TO HISTORIC PRESERVATIONTAX CREDITS

TOOL DESCRIPTION:
This tool involves developing a nomination, for inclusion in the National Register of Historic Places, for a multiple resource district of postwar midrise garden apartments. A successful nomination would make such properties eligible for federal and state Historic Preservation Tax Credits, which could cover 20 percent and 15 percent, respectively, of renovation costs. Eligible renovations to these properties would have to meet the standards of the Secretary of the Interior, which require that significant exterior features be kept, but are adaptive to new technologies, allow the use of modern materials, and are flexible with regard to building interiors. Owners of properties included in the multiple resource district would not be restricted in their use or disposition of such properties by virtue of the designation, but in the event of demolition would not be able to deduct the cost of demolition on their income taxes.

NEED AND BENEFIT:
Historic places link us to our heritage and can enrich the quality of our lives and the communities in which older properties are located. The City has a supply of older apartment buildings that provide affordably priced housing units. Some of these buildings may also be candidates for a special historic district for properties representative of postwar garden apartment construction, which, if approved, would make them eligible for rehabilitation using both federal and state Historic Preservation Tax Credits. This would provide access to additional funding streams for the renovation of affordable properties, and if combined with Low Income Housing Tax Credits, would reduce or eliminate the need for City subsidy for such projects. It is also possible that the economic benefits offered through such credits could be an important catalyst for stimulating reinvestment. The conservation and improvement of the City's existing affordable housing should be considered as a strategy for both the preservation of a historic category of buildings and the preservation of one of the City's largest sources of affordable rental housing.

CHALLENGES:
As with all older multifamily rental properties in the City, the potential for redevelopment rather than rehabilitation must be considered.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

LEAD PARTNERS:
Office of Housing
Office of Historic Alexandria
Planning and Zoning
State Historic Preservation Office
National Trust for Historic Preservation

PROJECTED COST:
TBD

REVENUE SOURCES:
Federal Historic Preservation Tax Credit
Virginia Historic Preservation Tax Credit

ACTION STEPS:

STEP 1:
Collaborate with the Office of Historic Alexandria to identify potential garden apartments that would qualify for the Multiple Resources Historic District.

STEP 2:
Invite property owner/property managers of potentially eligible buildings to an information meeting that explains how Historic Preservation can be used as a tool to help fund the cost of reinvestment in their property.

STEP 3:
Work with the Office of Historic Alexandria to create and submit an application for a multiple resources historic district for Alexandria garden style apartments.

STEP 4:
Develop a working relationship with the National Trust for Historic Preservation to help in finding purchasers of the Historic Tax credits. Preparation of a step by step manual on how to use Historic Tax credit as a tool to raise capital for reinvestment.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☐ 1 - 3 Years ☑ 4 - 6 Years

LEAD PARTNERS:
Department of Finance
Department of Real Estate Assessment
Office of Housing

PROJECTED COST:
Initial Investment: Staff time
Annual Operation: Per unit cost

REVENUE SOURCES:
Foregone revenue to the General Fund

ACTION STEPS:

STEP 1:
The Office of Housing in conjunction with the Department of Real Estate Assessment and Department of Finance will prepare a draft policy.

STEP 2:
City Council conducts informal study sessions and formal hearings prior to adopting tax reduction policy to enhance financial stability of priority affordable housing units.

NAME:

TAX ABATEMENT POLICY FOR SUBSTANTIAL REHABILITATION

TOOL DESCRIPTION:
Enact a policy that provides a form of tax abatement for rehabilitation of affordable housing.

NEED AND BENEFIT:
In order to keep housing affordable to priority income groups, the City will need to utilize all tools to lowering capital, operating and debt service costs. One component of the operating expense is the amount of property tax the property owner of the affordable unit must pay. Any savings on property tax expenses will help stretch the operating budget for such essentials as utilities, insurance, maintenance, etc.

Both the Virginia Code and the City Charter provide for limited waivers of property taxes for individual properties. The local government has the authority under § 58.1-3220 of the Code of Virginia to enact an ordinance to provide a partial tax exemption for up to 15 years for properties that have undergone substantial rehabilitation, renovation or replacement for residential use, and to establish criteria governing the type of real estate that qualifies for such an exemption. The partial exemption may be an amount equal to the increase in assessed value or a percentage of such increase resulting from the rehabilitation, renovation or replacement of the structure as determined by the locality, or an amount up to 50% of the cost of the rehabilitation, renovation, or replacement.

Some Virginia communities have created programs to provide a partial property tax exemption for affordable rehabilitated rental properties. Under the recommended policy, a property owner who moderately improves or modernizes older properties could receive a partial exemption for up to 15 years for each unit committed to serving households earning below 50% of AMI. Eligible applicants would be property owners who serve households earning below 50% of AMI that are seeking to renovate/rehabilitate their structure and who will commit to continue affordability for at least the duration of the exemption.

CHALLENGES:
Given the current fiscal and financial conditions within Alexandria, creating a policy that delays collection of new tax revenues for a determined period of time likely will draw concern from some community stakeholders. Therefore, the policy should be crafted in a manner that ensures any abatement/rebate is tied to a project meeting a minimum threshold for affordable housing. A sliding-scale approach that increases the abatement maximum for projects serving the lowest incomes (i.e. below 40% of AMI) and number of years committed to affordability is recommended.

NAME:

TRANSFER OF DEVELOPMENT RIGHTS (TDR) FOR AFFORDABLE HOUSING

TOOL DESCRIPTION:

Virginia jurisdictions are permitted to adopt TDR ordinances through §15.2-2316.2 of the Virginia Code. Typically, a TDR program allows landowners within designated "sending" areas to transfer or sell unused density on their property to a property owner in a designated "receiving" area. Under this tool, the City would explore the potential for a slightly different approach to a transfer of development rights (TDR) program to target the preservation of existing market rate affordable housing.

NEED, BENEFIT AND CHALLENGES:

In an affordable housing TDR program, the goal is to preserve existing market-rate affordable housing and encourage higher density development in appropriate areas. Essentially, it is a way of directing a portion of the increase in value of density toward affordable housing preservation. In this way, affordability is maintained and owners can gain capital needed to update the property and decrease operating costs.

While a TDR program can be a powerful preservation tool, a traditional (statutorily authorized) approach may not currently be well suited to Alexandria for the following reasons:

1. Designated sending areas: Preliminary analysis shows that there is little unused density on the sites of existing market affordable housing that the City would like to preserve.
2. Designated receiving areas: selecting appropriate receiving areas for increased density can be controversial, particularly since most of the City is largely built out with existing neighborhoods that may be opposed to more development even in the transit corridors. Therefore, there will be limited locations that can be classified as receiving areas.
3. Developing a comprehensive citywide program based on a traditional approach would entail a substantial investment of staff time for analysis, development of recommendations, community outreach and review, and ongoing management.

The City can achieve the goal of directing a portion of the increase in value of density toward affordable housing through other means, including a non-traditional approach to TDR. Directing developer contributions to specific affordable housing needs is one option, with the benefit of giving the City more control to address specific needs and conditions with significantly less administrative complexity, as opposed to a traditional TDR program which would provide modest results and limited City control. Another option is using a TDR-like financial tool during the small area plan process, allowing density to be transferred within the area for the purposes of affordable housing preservation. Areas that include significant stock of garden style apartments with unused density along a transit corridor could use this tool to preserve affordable housing.

PRESERVATION

NEW DEVELOPMENT

SPECIAL NEEDS

HOMEOWNERSHIP

OUTREACH

IMPLEMENTATION SCHEDULE:

☐ 1 - 3 Years ☑ 4 - 6 Years

Given the complexity and particular challenges with implementing a traditional TDR program in Alexandria, further study by the Office of Housing should be conducted on the future potential of a general TDR policy (or alternative).

LEAD PARTNERS:

Office of Housing
Planning & Zoning
City Attorney's Office
Planning Commission and City Council

PROJECTED COST:

Initial Investment:	120 to 320 Staff Hours
Annual Operation:	TBD

POSSIBLE REVENUE SOURCES:

General Fund
Fees collected from TDR transfers

ACTION STEPS:

STEP 1:
Office of Housing conducts further research, with input from the Department of P&Z, to develop the general parameters of a TDR program suited to use in the small area or corridor planning process and Alexandria's specific circumstances.

STEP 2:
Community focus groups review and provide input on recommendations for TDR policy.

STEP 3:
Planning Commission and City Council hold work sessions and formal hearings on adoption of non-traditional TDR policy to address priority affordable housing needs.

PRESERVATION
NEW DEVELOPMENT
SPECIAL NEEDS
HOMEOWNERSHIP
OUTREACH

IMPLEMENTATION SCHEDULE:

☑ 1 - 3 Years ☐ 4 - 6 Years

PROJECTED COST:
Initial Investment: 40 to 80 hours of staff time

REVENUE SOURCES:
Developer contributions

ACTION STEPS:

STEP 1: (Completed)
Create a developer housing contribution work group (DHCWG) to revisit the monetary contribution and bonus density programs created in 2005.

STEP 2: (Completed)
Revisit the monetary contribution formula for commercial and Tier 1 and Tier 2 Residential development. Make a recommendation on the level of contribution for each type of development. This step has been completed and a recommendation by the DHCWG has been made to increase the development as follows. Future contributions will be tied to the CPI for Housing index.

Contribution Levels, 2012

Commercial Development	$1.78 sq. ft.
Tier 1 Residential Development	$2.37 sq. ft.
Tier 2 Residential Development	$4.74 sq. ft.

STEP 3:
Work with the Housing Contribution Work Group to establish the process and timing of implementation of the formula.

NAME:
VOLUNTARY DEVELOPER CONTRIBUTION

TOOL DESCRIPTION:
The City's voluntary developer contribution formula for affordable housing applies to new construction projects that go through the City's Development approval process. Projects that exceed minimum development thresholds are asked to make a voluntary contribution to the Housing Trust Fund or submit an Affordable Housing Plan for on-site units.

NEED AND BENEFIT:
The funds provided to the Housing Trust Fund allow the City to carry out a number of its affordable housing initiatives. These include but are not limited to acquisition and rehabilitation of existing apartments for affordable housing, first time homeownership assistance, and new construction of affordable housing.

CHALLENGES:
When the developer contribution formula was revised and adopted in 2005 it consisted of a contribution of $1.50/sq. ft. for non-residential new construction and a tiered system for residential development. By-right development was considered Tier 1 Residential and consists of a contribution of $1.50/sq. ft. for rental projects and $2.00 sq. ft. for ownership projects. Tier 2 Residential development is all residential development allowed above the by right development and it consists of a contribution of $4.00 sq. When the current formula was adopted in 2005, it was to be revisited in three years. In addition, the type of development projects in the City have changed to more mixed use buildings the implementation of monetary contribution formulas has become less clear.

LEAD PARTNERS:
Planning and Zoning
Office of Housing

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Appendix 8: Public Comments

APPENDIX 8 : PUBLIC COMMENTS RECEIVED ON HOUSING MASTER PLAN

1. COMMENT: The City needs to establish a dedicated funding stream for affordable housing and increase revenues (examples include recordation fees, restoration of the penny on the tax rate, developer fees, development of City-owned property, use of air rights and transferable development rights). (ARHA; Northern Virginia Affordable Housing Alliance (NVAHA); Cheryl Malloy, ALIVE!; Herb Cooper-Levy; Kelly Gable, RPJ Housing, Partnership for A Healthier Alexandria)

2. COMMENT: The Housing Master Plan (HMP) needs to reflect specific targets and stated goals regarding the production of affordable housing. (Derek Hyra; Carol Jackson; Sammie Moshenberg; NVAHA letter signatories; Cheryl Malloy; Partnership for a Healthier Alexandria, Economic Opportunities Commission (EOC); ARHA)

3. COMMENT: New units created should be scaled to address the scope of the problem. (EOC)

4. COMMENT: The HMP should include a timetable for implementing strategies. (Cheryl Malloy)

5. COMMENT: The Plan should set forth a process for tracking progress in achieving stated goals and quantify the costs relative to available resources. (EOC)

STAFF RESPONSE (COMMENTS 1 – 5): City Council considered multiple options for establishing targets at its work session of October 8. While there was no consensus on additional targets, Council supported targets presented by staff as the "Base Case," or current funding levels from all sources, which provides for an annual target of 152 units of various types, and 1821 units through FY 2025. These targets and additional options dependent on additional resources will be included in the HMP as Appendix 9.

PRESERVATION/NEW CONSTRUCTION

6. COMMENT: The HMP should increase its focus on preservation of affordable housing and use of strategic preservation approaches. (Sammie Moshenberg; Vickie Menjivar; Sharon Annear (citing example of Foxchase); Katy Cannady; Herb Cooper-Levy (citing "special affordable housing districts" in Arlington).

7. COMMENT: Preservation of affordable units should be made the City's most important priority when a rental complex seeks public approval for renovations or condominium conversion. (Herb Cooper-Levy)

8. COMMENT: Rehabilitation of property is an important tool for preservation of affordable housing. (John Catlett)

9. COMMENT: New construction if the most expensive option for the development of affordable housing. (Don Buch)

STAFF RESPONSE (COMMENTS 6 – 9): Preservation is of vital importance and is a major element of the HMP and is specifically addressed in Goal 1. This goal addresses both the affordability and physical condition of both

publicly assisted rental housing as well as market rate rental housing. However, it is also important to take advantage of opportunities for the development of new units (covered in Goal 2) in order to create a mix of incomes in both new and existing communities. New communities should not be exclusively market–rate communities. New construction can also help replace some of the affordable housing lost to rent increases or demolition.

RENTAL/HOMEOWNERSHIP

10. COMMENT: City should support homeownership opportunities for lower income residents and City/ACPS employees. (John Catlett; Brandi Collins; Jon Smoot, Habitat for Humanity of Northern Virginia; Chyrell Bucksell)

11. COMMENT: Affordable rental housing offers more "bang for the buck" than homeownership housing. (Poul Hertel)

12. COMMENT: Homeownership offers stable housing costs and helps address wealth inequities in the community. (Jon Smoot)

13. COMMENT: It is important to have a balance between rental housing and homeownership. (John Catlett)

STAFF RESPONSE (COMMENTS 10 – 13): The HMP presents a balanced approach, presenting both rental and homeownership housing. Both are important for a healthy community. The City has a long history of providing downpayment and closing cost assistance to low and moderate income first time homebuyers, having assisted more than 1,000 first-time homebuyers to date. The City recognizes that homeownership is one of the few ways for families to stabilize their monthly housing costs and can be an important contributor to wealth accumulation for lower income households. Homeownership is a part of the continuum of housing options and is fundamental to a balanced housing policy for low and moderate income City residents and workers.
Reductions in federal funding in FY 2012 resulting in the elimination of the City's two primary programs, the Homeownership Assistance Program (HAP) and Moderate Income Homeownership Program (MIHP), as well as the Employee Homeownership Incentive Program (EHIP), which assisted City and ACPS employees with purchasing homes in the City. The programs were replaced by a $600,000 funding allocation called the Flexible Homeownership Assistance Program (FHAP) which is intended to assist residents of public housing and participants in the Housing Choice Voucher Program (formerly Section 8) in transitioning from assisted housing to homeownership, as well as households purchasing units from the City's inventory of Affordable Set-aside Sales Units.

As noted, the City recognizes that homeownership is an important step in the continuum of housing choices and that it can serve to greatly increase household wealth accumulation over time. While significant resources have been dedicated to home purchase assistance in the past, federal budget reductions have resulted in reduced staffing and resources dedicated to home purchase assistance. The City continues to support efforts to help residents of public housing and Housing Choice Voucher holders in transitioning to homeownership and has allocated funds to assist purchasers in acquiring resale units available through the Affordable Set-aside Sales Units Program.

14. COMMENT: City should establish a locally-funded rent subsidy program and/or provide shallow rent subsidies. (Vickie Menjivar; Herb Cooper-Levy; Eugene Mulligan; Chyrell Bucksell; Pat Arnaudo)

STAFF RESPONSE: Housing's investment efforts are focused on helping to create or preserve permanent affordable housing, however, through the Department of Community and Human Services' Rent Relief Program, the City offers cash grants of up to $4,100 per year to low-income renters who are 65 or older or totally disabled and who have no other assistance to help pay their rent (to be eligible, the annual combined income for all persons in the household must be less than $25,600). Applications must be filed annually before May 1. Those approved for the subsidy will receive monthly benefits on a

scale based on their income. The FY 2014 Budget for this program is $272,177 which is projected to serve 75 households with monthly assistance ranging from $171 to $342 a month, depending on income. The program operates on a first come, first served basis until all the funds are encumbered and has about 35 households on a waiting list.

PARTNERSHIPS/COLLABORATION/ OUTREACH

1. COMMENT: The City's partnerships with other organizations was recognized and applauded. The City should continue and expand partnerships and leveraging opportunities in the production of affordable housing. (Pat Arnaudo; Carol Jackson; Bob Eiffert; NVAHA; John Catlett)

2. COMMENT: Support stated for City's outreach to neighboring jurisdictions to share and learn best practices. Housing affordability is a regional issue. (NVAHA)

STAFF RESPONSE (COMMENTS 15-16): Principle #3 of the HMP focuses exclusively on the importance of partnerships in expanding the supply of affordable housing in the City. Examples of such partnerships are cited throughout the document and partners are listed on page 71. City staff recognizes that regional collaboration and communication are important to the sharing of best practices and emerging issues.

Staff is active in the Housing Directors Advisory Committee of the Metropolitan Washington Council of Governments (COG), VHDA's Northern Virginia Advisory Committee, the Housing Association of Nonprofit Developers (HAND), the Capital Area Foreclosure Network (CAFN), and the Communications Action Network (CAN). The City hosted the first Northern Virginia Housing Expo and continues to work with six Northern Virginia jurisdictions to hold this annual event which offers a range of rental and homeownership housing resources.

The City seeks regional partnerships, when appropriate, to maximize available leverage and increase program efficiencies and reach. Currently, the City is partnering with Arlington County on a condominium association education program, supported by VHDA. The City also participates in regional foreclosure prevention activities with Fairfax County and Housing Counseling Services, a DC-based nonprofit. The City is part of a regional partnership to provide affordable assisted living at Birmingham Green in Manassas. The other participating jurisdictions are Fairfax, Fauquier, Loudoun and Prince Williams Counties. When appropriate, the City will continue to pursue other housing-related opportunities for regional collaboration.

HOUSING NEEDS

3. COMMENT: Housing options for seniors need to be expanded (increased accessibility, affordable assisted living, accessory dwelling units). (Shirley Seers; Bob Eiffert, Chair, Commission on Aging; Pat Arnaudo; ACPD; Cheryl Malloy)

STAFF RESPONSE: The HMP addresses each of these options in Goal 5. In addition, an analysis of consistency between the HMP and the City's Strategic Plan for Aging, 2013-2017 in included in Appendix 3 of the HMP.

4. COMMENT: How is the HMP integrated with the needs of the Alexandria City public Schools, noting that 105 additional classrooms are expected to be needed in the near future? (Don Buch)

STAFF RESPONSE: The affordable unit projections included in the Housing Master Plan were based on a variety of sources. The most important of these sources were the population projections used by the City's Planning and Zoning Department to estimate future household growth in the City. The City's population projections and household unit projections are consistently updated by City Staff and coordinated with Alexandria City Public Schools (ACPS). The HMP also uses a study completed by the George Mason University School of Public Policy's Center for Regional Analysis (CRA) to determine the percentage of new household units that will need to

be priced at affordable levels throughout the planning timeframe. Since the basis of HMP's affordable unit demand is the City's population projections that are coordinated with the ACPS, the HMP has been integrated and coordinated with the City's ACPS.

5. COMMENT: The City should learn about and advocate for families affected by foreclosures. (Eugene Mulligan)

STAFF RESPONSE: Staff from the Office of Housing has participated in regional foreclosure initiatives such as the Capital Area Foreclosure Network (CAFN) and ongoing meetings sponsored by the Metropolitan Washington Council of Governments and the Urban Institute. Staff has also monitored foreclosure data collected by the City's Department of Real Estate Assessments. The City of Alexandria is routinely reported as having among the lowest rates of residential foreclosure in the Washington area.

Foreclosure prevention counseling is available to City residents and is provided by Housing Counseling Services (HCS). HCS is one of a number of nonprofit housing counseling agencies offering services to Washington area residents. Two members of the Office of Housing staff have completed training as foreclosure prevention specialists and have routinely assisted residents in resource and referral services.

6. COMMENT: The HMP should have a greater focus on the homeless. (Pat Arnaudo)

STAFF RESPONSE: The HMP was developed in consultation with the City's homelessness services community and the needs of this population are discussed in Chapter 2 under Housing Needs of Special Populations. The City has also developed a 10-Year Plan to End Homelessness. Deeply subsidized affordable housing, meaning housing affordable to households at or below 30% of area median income, was identified by advocates as the greatest housing need among special populations such as the homeless and individuals with physical, intellectual, and mental disabilities.

7. COMMENT: Affordable housing should serve households with incomes up to the Low Income Housing Tax Credit (LIHTC) income limit – 80% of area median is too high. (Pat Arnaudo)

STAFF RESPONSE: The HMP addresses a range of housing needs, from housing for those with extremely low incomes through workforce rental housing and the limited affordable homeownership options available to households at moderate income levels. While the document presents information on rental housing supply and demand for a variety of income ranges, including 80% of area median income (AMI), the City defines affordable rental housing (page 13) as being affordable to households at or below 60% of area median income. In addition, the HMP notes the critical need for affordable rental housing serving household between 30% and 50% of area median income. However, 80% of AMI is the City's threshold for affordable ownership housing.

8. COMMENT: The HMP demonstrates a great deal of work and care about the issue and the City needs to provide more affordable housing. (Kathy Richards)

STAFF RESPONSE: The HMP was developed to identify current housing resources, the scope of the City's affordable housing needs, and to establish priorities for the preservation and development of future affordable housing. In addition, the HMP identifies a host of tools that may be used to expand the supply of affordable housing units within the City.

9. COMMENT: The City estimate of unmet need for 800 additional accessible housing units is too low and that more emphasis needs to be placed on low-income people with disabilities who require accessible, affordable workforce housing. (ACPD)

STAFF RESPONSE: The estimate of unmet need of 795 additional accessible housing units was based on data provided by the U.S. Department of Housing and Urban Development, the American Community Survey averages and the Community Strategies Institute. The HMP notes that most of Alexandria's

disabled renter households have lower incomes and are housing cost burdened. The HMP outlines existing resources for housing assistance for persons with disabilities. Principle 2 and Goal 5 address accessible and affordable housing but notes that the City does not have the legal authority to provide more accessible housing than is required by the International Building Code.

1. COMMENT: Housing for families is a critical need. Information is needed on the number of children in assisted housing. (Children, Youth and Families Collaborative Commission)

STAFF RESPONSE: In planning for school facility needs, the Joint City/ACPS Enrollment Subcommittee conducted research and analyzed existing data indicating where students in the Alexandria Public Schools live. Staff plans to perform additional analysis of this data in order to respond to the Commission's question. However, the response based on this data will be limited to children in the City's public schools.

RESOLUTION 830

2. COMMENT: Resolution 830 should be expanded to include approximately 2,000 units of privately owned, federal subsidized apartments in the City. (Herb Cooper-Levy)

STAFF RESPONSE: This idea was reviewed during the HMP development process and a decision was made not to expand the focus of Resolution 830 to include additional privately-owned units because of ARHA's permanence and access to unique funding streams.

3. COMMENT: Resolution 830 should be redefined as "at least" 1,150 units. (ARHA)

STAFF RESPONSE: It is recommended that this be the subject of a discussion between City Council and the ARHA Board.

FINANCING TOOLS

4. COMMENT: The Plan should include more case studies demonstrating how affordable housing financing is structured. (Mike Seltz, Volunteers of America)

STAFF RESPONSE: Chapter 7 of the HMP describes the primary funding sources for affordable housing development and preservation. This chapter also provides two illustrative examples – one new construction and one acquisition and rehabilitation project – which demonstrate common affordable housing financing strategies.

5. COMMENT: New Market Tax Credits should be referenced in the HMP as a tool for development of affordable housing. (Derek Hyra)

6. COMMENT: All resources, including those that may not have a direct monetary cost to the City, should be explored, such as developer fees, New Market Tax Credits and the Community Reinvestment Act. (EOC)

STAFF RESPONSE (COMMENTS 28-29): New Market Tax Credits are discussed in both the funding and tools sections of the HMP. Pursuant to this comment, staff has done additional research which confirms that use of this resource is likely to be extremely limited in the city as it applicable only in areas with a preponderance of very low income households and/or where private investment is unlikely. These areas are federally-designated and there are currently none in Alexandria.

The City expects to continue to identify and pursue all appropriate funding sources and to employ available non-monetary tools that may be available to support the development or preservation of affordable housing.

HOUSING AND HEALTH

7. COMMENT: The Alexandria Public Health Advisory Commission (APHAC) submitted extensive comments regarding affordable housing and a range of health issues (childhood obesity, asthma, secondhand smoke, and lead-based paint). The impact of high housing costs and other economic stress were noted as contributing to mental health-related issues in adults. The Commission recommends that the HMP incorporate the following as an additional goal with corresponding strategies:

Goal 7: Enhance public awareness of how affordable and healthy home environments promote the health and well-being of Alexandria residents.

Strategies:

- 7.1 Develop a "health impact" rating for affordable housing that reflects the projects effects on community health and provide incentives for projects that earn the rating.
- 7.2 Promote comprehensive smoke-free air policies within all affordable housing units.
- 7.3 Provide residents of affordable housing with access to free and effective smoking cessation services.
- 7.4 Provide low-income residents of affordable housing with assistance in assessing and addressing environmental triggers, e.g. mold, dust, secondhand smoke, animal dander, rodents, etc., for respiratory health problems (e.g. asthma, COPD)
- 7.5 The Health Department should train a small cadre of residents to become "outreach workers" to provide in-home environmental assessments.

8. COMMENT: The Partnership for A Healthier Alexandria submitted written comments noting that while the draft Plan is very comprehensive, it should include a seventh principle which addresses the relationship of housing and health.

The following is recommended as Principle # 7: Public Health and Well-Being – Affordable housing is essential to the health and well-being of Alexandria residents.

The comments note that the role of housing as a social determinant of health and that unaffordable, insecure or poor-quality housing is often associated with poorer health, family conflict and breakdown. Housing tenure and frequent relocations are also cited as impacting the education attainment of children. The comments further recommend that playspaces for children, onsite garden spaces, and smoke-free standards in multifamily housing be adopted.

STAFF RESPONSE (COMMENTS 30-31): Staff recognizes the value of these recommendations and has incorporated the key elements of the proposed goal and strategies of comment 31 in the revised draft of the HMP as Goal 7. In addition, staff notes that the health of the home is given significant consideration under the City's federally funded HOME and CDBG programs and is also a factor in the Department of Energy's Home Performance with Energy Star Program (HPwES), which is being overseen in the City by the Office of Housing and Department of General Services through a partnership with the nonprofit Local Energy Alliance Program (LEAP).

The City's Home Rehabilitation Loan Program (HRLP) can address water intrusion into basements and crawl spaces that can lead to mold, mildew and other biological growth. Other elements of interior air quality commonly addressed through the HRLP include safety issues related to the use natural gas (such as CO emissions), interior finishes such as carpeting that may contribute to allergies, and home maintenance issues that can lead to rodents and insects. In addition, specific and detailed regulations have been issued by the Department of Housing and Urban Development with regard to lead-based paint (24 CFR, Part 35, subparts B-R). These regulations outline lead-based paint notification requirements as well as appropriate mitigation techniques. Under the City's Home Rehabilitation Loan Program, the maximum loan amount can be increased to cover the cost of mitigation or abatement of lead paint

hazards. Lead testing is required of all assisted structures constructed before 1978 where peeling or flaking paint is observed and when construction costs thresholds are met or exceeded.

Interior air quality and safety within the home are key elements of the HPwES program. Through the HPwES inspection and certification process, the health of the residents is assessed and sources of dust, molds and mildew are identified and addressed. Poorly maintained or malfunctioning furnaces and hot water heaters are also addressed as possible source of CO within the home. The HPwES program recognizes the home as a system which, in concert with improved energy efficiency, serves to ensure adequate and safe air flow within the home, thereby enhancing the quality of indoor air.

While the HRLP and HPwES programs address existing structures, new construction of affordable housing may be subject to heightened green building standards, such as LEED, EarthCraft or Green Globes, that include indoor air quality and home comfort in design standards. The Virginia Housing Development Authority (VHDA) uses the EarthCraft standard in scoring projects for Low Income Housing Tax Credit (LIHTC) financing, thereby encouraging builders to use construction approaches and finishes that will not negatively impact the health of residents. These include the use of low volatile organic compound (VOC) paints and avoidance of products, such as cabinetry and countertops, that may emit formaldehyde and other VOCs. Flooring is also considered in design standards with hard surface finished generally being preferable to carpeting. These finishes may include hardwood, vinyl, linoleum tile, or slate. The residential portion of The Station at Potomac Yards, a smoke-free building, met EarthCraft standards, while the commercial and municipal uses were designed to meet the LEED Silver certification. In addition to improved health and comfort, residents at the Station at Potomac Yard have benefited from very low monthly utility bills.

Staff agrees with this recommendation for newly constructed or substantially rehabilitated affordable units that are not part of a larger building which allows smoking by non-assisted residents.

ACCESSIBILITY/ADAPTABILITY

1. Comment: Adaptable features should be included in housing at the time of construction to reduce future costs to the homeowner. A review by the Alexandria Commission on Persons with Disabilities (ACPD) could play a role in reviewing and identifying strategies for specific measures to make housing more adaptable in the most cost effective way. (EOC)

STAFF RESPONSE: Principle #2 of the HMP notes the need for adaptable housing options to meet changing life circumstances. Goal 5, Strategy 5.5 specifically recommends that the City develop minimum standards for adaptable construction techniques. Input from the ACPD will be sought as relevant policies are developed.

OTHER CONCERNS

2. Comment: The location of current and future affordable housing should be discussed in the Plan. The City should avoid geographic concentrations of affordable housing. (Derek Hyra, Poul Hertel)

STAFF RESPONSE: The locations of current affordable housing are shown in the HMP in Map 2-2. Principle #5 specifically addresses the issue of geographic concentrations of affordable housing and promotes the development of mixed-income communities.

3. Comment: Explain City's strategy to address opt-outs of federally-subsidized private housing. (Sharon Annear)

STAFF RESPONSE: The City will continue to contact owners in advance of opt-out or expiration dates to express the City's interest in keeping the property affordable, and to inquire about their plans. If they intend to opt out and sell, the City will attempt to pursue a sale to an affordable housing provider (e.g., work with an affordable housing provider to structure a purchase offer that may include City gap financing). However, the City has no control over the buyer selected by the owner. Should the

owner wish to continue operating the property as a market property, the City cannot prevent this.

In appropriate circumstances, the City could offer a rehabilitation loan as a means of inducing the owner to keep the property affordable. In the event of an expiration (as opposed to opt-out) where the owner plans to retain the property, if the property is eligible for a new assistance contract under the Mark-Up-to-Market Program, the City may encourage the owner to pursue such an approach and provide assistance as needed and available. Otherwise, the City will encourage the owner to pursue new financing with affordability restrictions (e.g., tax credits and/or tax exempt bonds; local rehabilitation assistance).

4. Comment: The City is facilitating the conversion of affordable rental housing to condominium ownership through the support for parking and rehabilitation of older properties referenced in the Plan. (Poul Hertel)

STAFF RESPONSE: The proposed exclusion of affordable unit rehabilitation costs from the calculation of costs that trigger compliance with current parking standards applies only to units that are committed to remain affordable at or below 60% of area median income. Given the length of affordable housing commitments, it is highly likely that a condominium conversion following the expiration of the affordability period would require additional rehabilitation (or redevelopment) that would not be subject to the proposed provision.

5. Comment: The type of residential units being built in the City (multi-story townhomes) will become problematic as the City's population ages. (Poul Hertel)

STAFF RESPONSE: This is only one type of housing available in the City; there are other options available. According to the Department of Planning &Zoning:

- Between 60-70% of the city's housing units provide one-story living
- About 22% of Alexandrians 65 years and older have an ambulatory difficulty
- The townhouse product is very desirable in this region; builders are responding to demand
- The City's long term plans provide a large number of non-townhouse units in each of our areas planned for new housing (Potomac Yard, Braddock, Beauregard and Landmark)

APPENDIX 9 : HOUSING MASTER PLAN TARGETS

This Housing Master Plan sets forth a number of goals, strategies and tools designed to aid the City in its efforts to maintain and expand its supply of affordable housing, and to position Alexandria as a location that offers housing for persons of all incomes, ages, and abilities.

With the exception of units that are required or offered voluntarily through the development process, it is unlikely that any of the goals, strategies, and tools, will, in and of themselves, result in the development or preservation of any substantial number of affordable housing units absent some form of City investment or subsidy. Therefore, what the City can hope to achieve in the coming years in the area of affordable housing is inextricably bound to the availability of resources for this purpose.

Given that fact, and based on the assumption that the current level of resources available for affordable housing will continue, the City, through FY 2025, expects to achieve 1,821 units of various types (as defined in Table 1), or an average of 152 units per year beginning in FY 2014, as shown in Table 2. This includes 669 units to be provided with resources already designated to be set aside for replacement units in the Beauregard Small Area Plan and (although not requested by ARHA), for anticipated ARHA redevelopment efforts. Without these designated units, the target is 1,152 units, or 96 per year, through FY 2025.

Current resource levels, for the purpose of the above estimates, consist of the following FY 2014 Office of Housing budget allocations, excluding carryover:

General Fund	
Dedicated Tax Revenue	$ 400,000
Contingent Reserves	$ 174,000
Federal	
Community Development Block Grant	$ 950,000
HOME	$ 400,000
Housing Trust Fund	$2,500,000
TOTAL	$4,424,000

Tables 3 -5 provide additional scenarios of targets that could potentially be achieved with additional levels of resources.

Table A9-1: Definitions		
		Estimated Cost per unit average
Rental Production/ Preservation	New Construction; Acquisition/Rehab; Rehab Only (including RAMP)	$40, 000
Homebuyer	City home purchase assistance programs; NSP/ ANSP	$45,000/$40,000
Homeowner Rehab	Home Rehabilitation Loan Program/ Rebuilding Together Alexandria	$90,000/$5,000
Development Process (Rental or Ownership)	Bonus density; Units proffered as part of rezonings that add significant development potential; voluntary unit contributions	No cost to City
Beauregard (per Beauregard Small Area Plan timetable)	Units to be funded in accordance with schedule in Beauregard Small Area Plan, with 2015 as Year 1	$47,000
ARHA Redevelopment Support	Units that can be funded with actual and anticipated Housing Trust Fund contributions from Braddock Area, as restricted per Braddock East plan, plus anticipated $5M ARHA repayment of Glebe Park loan	$40,000
Rental Deep Subsidy	Provides a project based subsidy reducing rents from 60% AMI to 30% AMI for 5 or 10 years	5 Years - $42,000 10 Years - $92,000

Table A9-2: Estimated Units Achievable with Current Resource Levels - $5.5 million per year		
	Average Per Year	FY 2014 - FY 2025
Rental Production/Preservation	42	504
Homebuyer	6	72
Homeowner Rehab	20	240
Development Process (Rental or Ownership)	28	336
Sub Total	96	1,152
Beauregard (per Beauregard Small Area Plan timetable)	41	494
ARHA Redevelopment Support	15	175
Sub Total	56	669
GRAND TOTAL	152	1,821

Table A9-3: Possible scenario of additional units with New Resources above base case shown in Table 2 - $1.6 million per year		
	Additional Units Average Per Year	Additional Units FY 2015 - FY 2025
Rental Production/Preservation	23	253
Homebuyer	14	154
Homeowner Rehabilitation	0	0
Rental Deep Subsidy	0	0
TOTAL	37	407

Table A9-4: Possible scenario of additional units with New Resources above base case shown in Table 2 - $3.5 million per year		
	Additional Units Average Per Year	Additional Units FY 2015 - FY 2025
Rental Production/Preservation	33	363
Homebuyer	24	264
Homeowner Rehabilitation	3	33
Rental Deep Subsidy - 5 Years	20	220
TOTAL	80	880

Table A9-5: Possible scenario of additional units with New Resources above base case shown in Table 2 - $5.7 million per year		
	Additional Units Average Per Year	Additional Units FY 2015 - FY 2025
Rental Production/Preservation	45	495
Homebuyer	34	374
Homeowner Rehabilitation	6	66
Rental Deep Subsidy - 10 years	15	165
TOTAL	100	1,100