

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 28, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET TRANSFER OF HOUSING OPPORTUNITIES FUNDS (HOF) TO THE MODERATE INCOME HOMEOWNERSHIP ASSISTANCE PROGRAM (MIHP)

ISSUE: Council consideration of a budget transfer from the Housing Opportunities Fund (General Fund portion, HOF/GF) to the Moderate Income Homeownership Program (MIHP).

RECOMMENDATION: That Council approve a transfer of \$180,000 from the General Fund portion of the Housing Opportunities Fund (HOF) to the MIHP Program to be used to assist nine first-time homebuyers at Alexandria Crossing, the workforce element of the Glebe Park redevelopment project.

BACKGROUND: In March 2007, Council directed the formation of a Glebe Park Stakeholders Group to work with ARHA and the City in the redevelopment of this public housing site. Based on input from the Stakeholders Group and Council, the final development scenario proposed by ARHA and its developer partner, EYA, included eight market rate for-sale units and ten units designated to provide workforce homeownership opportunities. The revised Glebe Park plan was approved by the Planning Commission and Council in October 2007. Because of a Council-added stipulation that one of the ten workforce affordable units is to be a dedicated Resident Police Officer (RPO) unit, nine of the ten units will be available for purchase by income-eligible first-time homebuyers.

In its interim report to City Council on May 15, 2008, the Affordable Housing Initiatives Work Group (AHIWG) defined the term "workforce housing" as homeownership housing serving purchasers with incomes between 80% and 120% of the area median income (AMI). AHIWG further recommended that any purchase assistance for workforce housing be limited to households with incomes under 100% of AMI. The AHIWG final recommendations were adopted by City Council at its public hearing of June 13, 2009. New income limits for the MIHP Program, effective July 1, 2009, reflect the recommendations of the AHIWG final report.

DISCUSSION: Site work and construction of the public housing units at the Glebe Park site has now begun. However, as a lender's condition EYA cannot begin construction of the market and workforce affordable homes, which are being marketed under the name Alexandria Crossing, until 50% of the 18 units are under contract. EYA is concurrently marketing the workforce and market rate units to achieve its required sales threshold as quickly as possible.

Sales prices for the workforce units range from \$300,000 to \$365,000. Five of the nine units offer two bedrooms and two bathrooms, while four of the units will feature three bedrooms and two baths. Staff projects that, based on current interest rates and purchase assistance through the MIHP Program of up to \$20,000, households within the target range of 80% to 100% of AMI (adjusted for family size but capped at the current area median of \$102,700) can afford to purchase the homes at the stated sales prices. This estimate is based on affordability guidelines established under the federal Low Income Housing Tax Credit Program that a two-bedroom unit must be affordable at the three-person income level, and a three-bedroom unit must be affordable at a 4.5-person income level. Given the sales prices and income requirements to purchase the Alexandria Crossing workforce units, it is unlikely that one-person households could qualify to purchase a unit without significant individual savings being contributed to the purchase.

The Office of Housing is assisting EYA in marketing the workforce units at Alexandria Crossing to participants in the MIHP Program, to City and Alexandria City Public School employees, and to individuals registered for the City's eNews service. Marketing materials are attached and can be found on the web at www.eya.com/Alexandria_Crossing.

While it is possible that larger households (four or more persons) with incomes up to the AMI of \$102,700 could afford to purchase a unit at Alexandria Crossing without City subsidy, it is expected that most purchasers will require MIHP assistance of up to \$20,000 to meet current standard qualifying ratios. Because due to budget constraints FY 2010 MIHP funds are much more limited than in the recent past, the Office of Housing is requesting that a dedicated allocation of \$180,000 in uncommitted HOF/GF monies be made available to purchasers of units at Alexandria Crossing. These funds would have the same terms and conditions as regular MIHP loans, providing no interest, deferred payment terms of 99 years. In addition to MIHP funds, the City has applied for \$7.7 million in SPARC Program funding through the Virginia Housing Development Authority to provide reduced interest rate mortgage financing to these and other assisted purchasers. SPARC funding allocations are expected to be announced soon.

The workforce units at Alexandria Crossing will be subject to restrictive covenants and conditions that will control the resale price and marketing process for the life of the project. The future resale price will be based on the estimated affordable purchase price for a household at 100% of area median income. MIHP assistance would be repaid upon resale and would be made available to assist the subsequent purchaser of the unit at Alexandria Crossing.

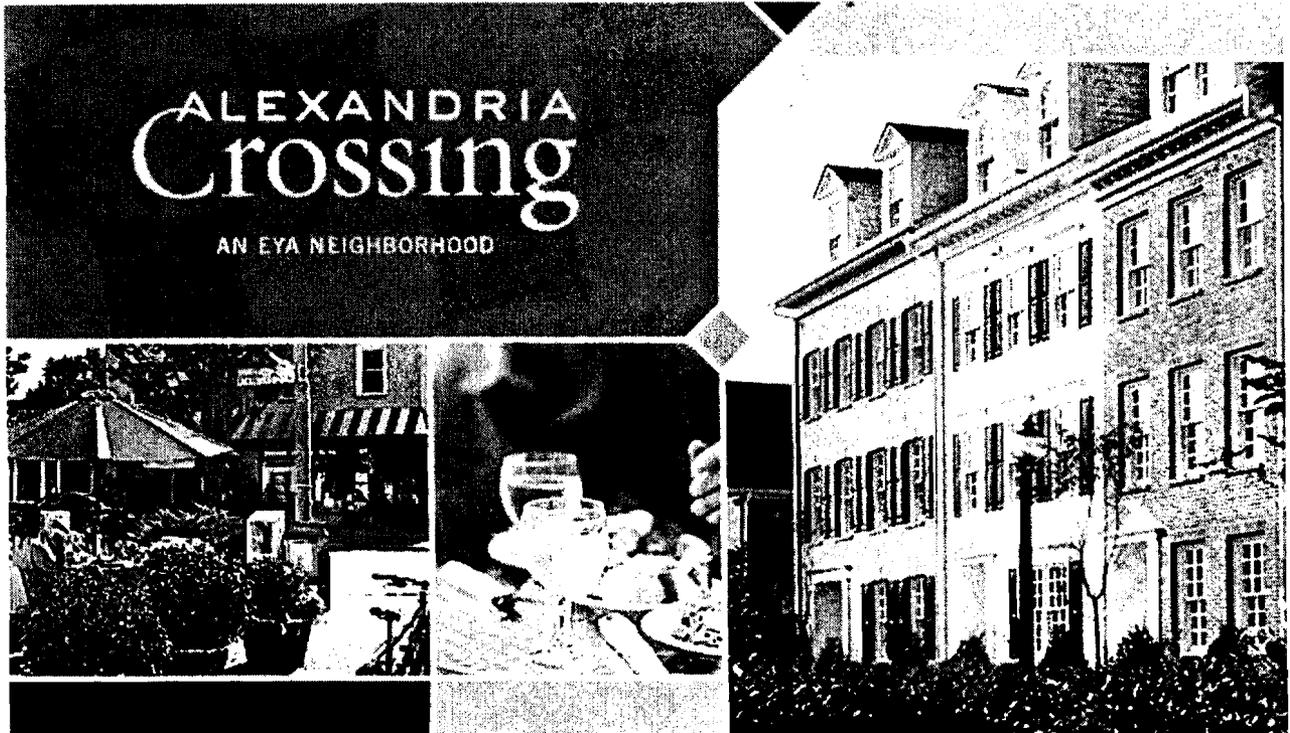
The Affordable Housing Advisory Committee approved this recommendation at its meeting on September 8.

FISCAL IMPACT: Transfer of \$180,000 from HOF/GF to MIHP, with no new net General Fund impact.

ATTACHMENT: Alexandria Crossing Marketing Materials

STAFF:

Mildrilyn Stephens Davis, Director, Office of Housing
Shane Cochran, Program Implementation Division Chief



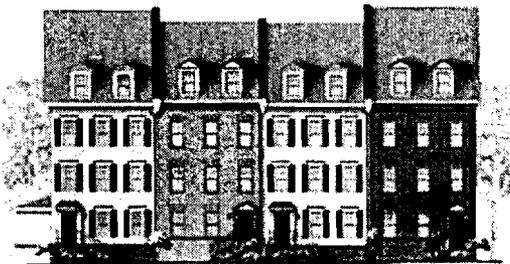
HOMES

NEIGHBORHOOD

FEATURES

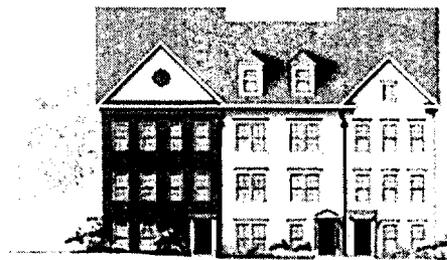
SITE PLAN

The acclaimed architecture of historic Old Town Alexandria blends seamlessly with today's modern home designs at Alexandria Crossing. Choose from floorplans with two, or three bedrooms on one, two, or three levels. Don't wait to reserve your preferred homesite—there are only 18 homes in this new community.



The Dalton

Type:	Townhome
Price:	From \$479,900
Bedrooms:	2 - 3
Bathrooms:	2.5
Garage:	Private Reserved Garage Parking

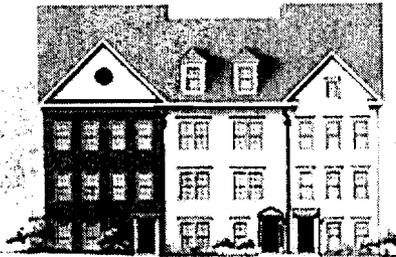


The Beckham I

Type:	Workforce Home
Price:	\$300,000
Bedrooms:	2
Bathrooms:	1
Garage:	Two Reserved Parking Spaces

[See Floor Plans](#)

[Download Floor Plan](#)



The Beckham II

Type: Workforce Home
 Price: \$300,000
 Bedrooms: 2
 Bathrooms: 1
 Garage: Two Reserved Parking Spaces

[See Floor Plans](#) [Download Floor Plan](#)

[See Floor Plans](#)

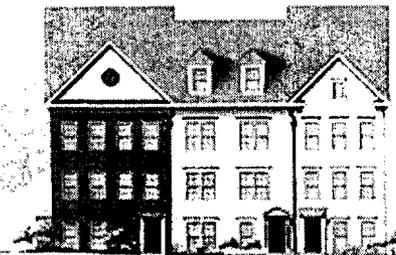
[Download Floor Plan](#)



The Carroll I

Type: Workforce Home
 Price: \$365,000
 Bedrooms: 3
 Bathrooms: 1.5
 Garage: Two Reserved Parking Spaces

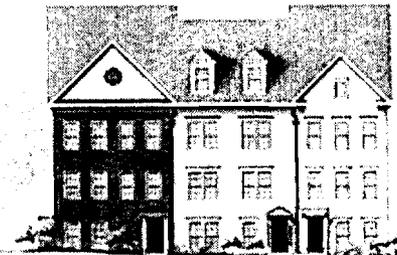
[See Floor Plans](#) [Download Floor Plan](#)



The Carroll II

Type: Workforce Home
 Price: \$350,000
 Bedrooms: 2
 Bathrooms: 1.5
 Garage: Two Reserved Parking Spaces

[See Floor Plans](#) [Download Floor Plan](#)



The Carroll III

Type: Workforce Home
 Price: \$325,000
 Bedrooms: 3
 Bathrooms: 1.5
 Garage: Two Reserved Parking Spaces

[See Floor Plans](#) [Download Floor Plan](#)

* Prices, terms, and availability subject to change without notice.

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