EXHIBIT NO. 1

33
6-9-09

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 4, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: RECEIPT OF FINAL REPORT OF THE AFFORDABLE HOUSING INITIATIVES WORK GROUP AND CONSIDERATION OF RECOMMENDATIONS FROM THE WORK GROUP

ISSUE: Final report of the Affordable Housing Initiatives Work Group (AHIWG).

RECOMMENDATION: That City Council receive the report, set the report for public hearing on June 13, and following the public hearing as detailed in this memorandum, adopt in principle recommendations "A," refer recommendations "B" to the Housing Master Plan process, and defer recommendations "C" until a future fiscal year when the City's fiscal situation has improved.

DISCUSSION: The attached Final Report of the Affordable Housing Initiatives Work Group (attached) contains the conclusions and recommendations resulting from two years of review, discussion and deliberation. The topics covered by the report are as follows:

- Preservation
- Development
- Funding
- Metrics
- Public Outreach
- Governance

Some of the group's recommended programmatic changes for FY 2010 have already been approved through the City's FY 2010 budget process and/or the recently approved One-Year Action Plan for Housing and Community Development:

- The approved budget for the Employee Homeownership Incentive Program (EHIP) reflected an increase in the maximum assistance level from $5,000 to $10,000.
- In approving the annual Action Plan for submission to HUD, Council approved changes in the Homeownership Assistance Program (HAP) and Moderate Income Homeownership Program (MIHP) to:

- provide for shared equity and deed restrictions as a means of ensuring long-term affordability of homeownership opportunities provided through these programs, and
- provide for tiered assistance as a means of maximizing the number of households that can be served with the declining budgets for these programs.

Not all of the group's remaining recommendations are intended for immediate action. Some of them are intended to be addressed more thoroughly through other policy efforts, such as the Housing Master Plan and the ARHA Strategic Plan, and are intended to be forwarded for consideration during these other efforts. In addition, recognizing that a number of its recommendations with fiscal impact would be difficult to implement in the current economic environment, AHIWG has offered some recommendations for consideration in a more favorable budget year.

The remainder of this memorandum summarizes AHIWG's recommendations, organized by the intended disposition of those recommendations.

A. Recommendations Intended for Council Adoption on June 13[1]

Preservation (Chapter II) Recommendation #6 (partial), #8:

6. Authorize staff to convene focus groups of landlords to assess the likely utilization/effectiveness of items 6a through 6d (shown beginning on page 7 of this memorandum). However, due to current fiscal constraints, any items deemed appropriate would be recommended for future consideration by Council in a more favorable budget year. Focus groups would be convened from the owners and managers in a staff-identified group of properties (currently 48) that are owned by for profit owners, with some or all rents affordable to households at or below 60% AMI and without assistance (for most if not all units) through any local, state or federal housing assistance program.

8. Technical assistance/business services for participating landlords/ nonprofits

   The City should provide technical assistance, cost savings and educational opportunities for small landlords that do not have access to rates and services available to larger property management professionals, in return for the participation by such landlords in preservation efforts.

   Additional detail on this recommendation appears on pages 19 – 20.

Development (Chapter III) Recommendation #1:

1. For staff review, analysis and the development of specific recommendations:

[1] These recommendations are proposed to be adopted in principle subject to appropriation consideration and future City Council decision making in relationship to the annual budget, or in relation to adopting future changes in City ordinances or policies.

a. Review and revise current permit approval processing, and other regulatory requirements, to reduce the cost of affordable housing development.

b. Reduce parking ratios, when feasible, to reduce the cost of affordable housing.

c. Expand developer access to non monetary tools and resources through the City (i.e., technical assistance, loan guarantees, tax incentives) to facilitate affordable housing development

Additional detail on this recommendation can be found on pages 22 - 23 of the Final Report. With regard to these issues, staff notes that the City has been pursuing ways to streamline the development review process, including greater use of administrative approval of Special Use Permits (SUPs) when appropriate. In addition, the City has also pursued reduced parking requirements, in part, to lower development costs -- most notably in the Braddock and Landmark/Van Dorn small area plans. In both cases, these initiatives were not limited to affordable housing projects. Staff suggests that the Council refer these recommendations to staff for review and response.

Funding (Chapter IV) Recommendations #1 - 5

Funding Strategies

1. Continue support for the dedicated tax revenue through the City's One Cent Fund[2] with the understanding that funding for new initiatives through this resource will be dependent upon available debt service capacity.

2. Preserve existing affordable housing through the following strategies:

    a. Units assisted through home purchase assistance and home rehabilitation loan programs to be included in preservation activity once long-term affordability is incorporated.

    b. Use of land-use tools to preserve existing market rate affordable housing.

    c. Goal of $3 million in funding annually to be used for preservation activities.
        i. Dedicated tax revenue through the One Cent Fund to be targeted to preservation activities (assuming ongoing availability of One Cent funding)
        ii. Developer contributions to preservation activities count toward recommended funding.
        iii. Should strive to broaden revenue base to ensure new sources of preservation funding.

Homeownership and Preservation of Affordable Homeownership

[2] The one cent dedication for affordable housing has been reduced to 0.7¢ effective July 1, 2009.

3. Expand the Employee Homeownership Incentive Program (EHIP) to include the following agencies should they wish to participate and include funding in their budgets: Alexandria Convention and Visitors Association (ACVA), Alexandria Transit Company (ATC), Alexandria Economic Development Partnership (AEDP), and Alexandria Redevelopment and Housing Authority (ARHA).

4. Home buyer counseling and training should be high priority.

5. Provide assistance through the Home Rehabilitation Loan Program (HRLP) to help low and moderate income City residents remain in their homes. The City should continue partnerships and support to organizations such as Rebuilding Together Alexandria to maximize available resources.

Metrics (Chapter 5) Recommendations #1, 2

1. Specific housing goals should be established with a range of targets reflecting aggressive, mid-range, and conservative figures in order to contrast what would be desirable in order to meet the need and what can realistically be done with available resources.

2. Staff should report annually to the community and to City Council and to the community using the attached "report card" (pages 32 - 33 of the Final Report) that presents specific accomplishments in the preservation and development of both affordable rental and ownership housing.

Public Outreach Recommendation

The Work Group recommends that Council authorize staff to employ the use of such materials as it deems appropriate for the purpose of public education on affordable housing, subject to available resources, and to seek partnerships and sponsorships for this purpose when opportunities arise. The education materials should explain the linkages between adequate affordable housing and the maintenance of community diversity, economic development, a quality environment and energy efficiency.

Governance Recommendations #1, 2

1. The Work Group strongly encourages the City Council to consider, as an interim step, appointing two Council Members to coordinate input and advice from ARHA, Alexandria's Affordable Housing Advisory Committee, non-profit and for-profit land-owners and developers in order to develop a policy development and governance approach for affordable housing that is able to look at the big picture, facilitate collaboration and ensure clear accountability for Alexandria's affordable housing goals.

2. We also recommend that the Council pursue the creation of an overall Affordable Housing Commission that would have policy oversight for all areas of public- and private-sector affordable housing activities. It is understood that participation by ARHA in such an

arrangement would have to be voluntary and cooperative, as ARHA is not subject to City oversight. In conducting its evaluation, we encourage the Council to examine and evaluate the approaches used by other jurisdictions within and outside of Virginia to accomplish similar goals and objectives.

B. Recommendations Intended for Referral to the Housing Master Plan or Other Process

Preservation (Chapter II) Recommendations #1 - 5

Priority Housing Unit Policy

1. The current Resolution 830 should be enhanced to broaden the quantity and range of housing identified for preservation according to the following principles:

   a. The combination of publicly-assisted units and tenant-based vouchers should accommodate, in perpetuity, a baseline of 3,457[3] households with incomes covering the entire range from 0 to 50% of median. The units made available in support of this target, including any units to which vouchers are project-based, shall be known as the "priority housing units."
   b. City financial and resource support for the provision, preservation and/or replacement of these units should be appropriated to the most sustainable, cost-effective projects, taking into account the following factors:
      (1) A housing provider's unique ability to access financing, for both capital costs and operations (e.g., ARHA's federal financing);
      (2) Level of permanence/long-term commitment of affordable units and strength of contractual commitment;
      (3) Demographic trends (e.g., populations identified as most in need of support, like single parents, low income workers, etc., based on waiting lists, policy requirements, etc.)
      (4) Quality of operations;
      (5) A project's ability to maintain or contribute to the creation of a mixed-income setting; and

[3] This figure is the sum of the following:
- the 1,150 units currently covered by Resolution 830;
- the 1,450 Housing Choice Vouchers supported by ARHA's currently available funding (1450), less the 110 such vouchers used or potentially used in Resolution 830 housing (Quaker Hill and Jefferson Village), less the 26 vouchers project-based to New Brookside
- the 980 privately-owned, publicly-assisted units with project-based Section 8 contracts that enable tenants to pay no more than 30% of income for rent
- 13 other units where residents with incomes at 30% of median [alternative: below 50% of median] income can rent without voucher assistance.

(6) A project's ability to leverage existing assets to maintain and expand the number of priority housing units.

All projects requiring City funding or other support will be evaluated on a case-by-case basis using these factors, with specific benchmarks to be established where applicable. We recommend that City staff be directed to create a formula based on these criteria.

c. While the priority housing units may be owned and/or operated by a variety of entities, public or private, the City remains committed to working in partnership with the Alexandria Redevelopment and Housing Authority (ARHA) in accordance with the Memorandum of Understanding between the two entities, as it may be amended from time to time, and expresses its strong support for the continued existence and operation of high-quality, well-managed public housing as an integral component of the priority housing units in the City of Alexandria.

d. The City shall strive to achieve and maintain the baseline number of priority housing units through actions such as the following:

(1) Local programs and funding mechanisms designed to support the development and preservation of priority housing units and other affordable housing units, subject to available resources
(2) Land use policies and actions that support the development and preservation of priority housing units
(3) Technical assistance and support tailored to the needs of various priority housing unit providers
(4) Support of, and advocacy for, applications to other funders for projects consistent with the City's goals for priority housing units and other affordable housing units
(5) Favorable real estate tax treatment, consistent with applicable law, to the extent deemed appropriate and financially feasible by City Council
(6) Other legally permissible incentives for securing the long-term commitment of priority housing units

2. The City should work with ARHA to evaluate and consider project-basing Housing Choice Vouchers, in accordance with HUD procedures, to the extent that such action does not impede the City's ability to house the target 3,414 households identified in Recommendation 1.

3. The City should encourage ARHA to look more pro-actively at leveraging its real estate assets to expand its housing stock.

4. The ARHA Strategic Plan should address the coordination of City and other supportive services to ARHA residents, with the goal of promoting self-sufficiency.

5. AHIWG recommends that City Council request staff to come back with a policy document incorporating the above recommendations for Council adoption, and that the Housing Master Plan also incorporate these concepts.

Development (Chapter III) Recommendation #2

2. During the Housing Master Plan effort, the Development Subcommittee recommends that the following ideas and strategies should be investigated, in consultation with the community:

   a. Encourage the development of mixed-use projects, and the inclusion of affordable housing in such developments.

   b. Provide City-owned land and/or air rights for affordable housing development.

   c. Promote adaptive re-use for affordable housing development.

   d. Investigate the possibility of allowing accessory dwelling units and/or caregiver or granny flats to increase private affordable housing resources.

   e. Explore ways to use density and the transfers of development rights (TDRs) to facilitate affordable housing development.

   f. Promote universal design.

A more detailed discussion of these recommendations appears on pages 23 - 25 of the Final Report.

C. Recommendations Intended for Future Consideration in a More Favorable Budget Year

Preservation Recommendations #6a – 6d

Rental Housing Preservation Strategies

6. Landlord focus groups (see page 2 of this memorandum) should consider the likely utilization and effectiveness of the following strategies, for **future** consideration by Council **in a more favorable budget year.**

a. Partial Real Estate Tax Exemption:

Enact an ordinance to allow partial exemption from taxation of real estate for properties that are a minimum of 25 years old [staff recommendation; legislation requires at least 15], have undergone substantial rehabilitation or renovation and are maintained as affordable rental units for persons at or below 60% AMI.

The City Attorney's Office has determined that the City could pass an ordinance that sets an amount/percentage of the property that must be kept as affordable rental units for the duration of the partial exemption. The authorizing legislation for partial exemptions from real estate taxes for residential properties is written broadly, it authorizes a locality in its ordinance to "(i) establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision, (ii) require such structures to be older than

fifteen years of age, (iii) establish requirements for the square footage of replacement structures, and (iv) place such other restrictions and conditions on such property as may be prescribed by ordinance." Virginia Code Section 58.1-3320(A). Virginia Code Section 58.1-3320(B) allows the exemption period to run for no longer than fifteen years.

Under the authorizing statute, the City could pass an ordinance that sets out the criteria under which residential properties qualify for the partial exemption and can also place other "restrictions and conditions" on the residential properties that qualify, so long as the partial exemption lasts for no longer than fifteen years after the rehabilitation, renovation or replacement occurs and the partial exemption commences. This would require that the City enact an ordinance that sets an amount/percentage of the property that must be kept as affordable rental units for the duration of the partial exemption and include a definition of "affordable rental units."

As an alternative, or possibly in addition, to the above, the City should explore the feasibility of enacting an ordinance to allow non-profit housing providers who enter into (or extend existing) agreements to maintain units as affordable for a minimum of 40 years to make a Payment in Lieu of Taxes (PILOT).

Additional discussion of this item appears on page 18 - 19 of the Final Report.

b. Affordable housing easements as alternative to #6a above.

Consider City purchase of limited term encumbrance on affordable housing properties, to be purchased in annual payments, subject to appropriations.
Further review and identification of potential easements and opportunities would be needed.

c. Use the City's Credit for Credit Enhancement or Support for Developer Financing.

Consider limited use of City's moral obligation as credit support for a developer loan. Use should be limited to large, high priority projects and should result in substantial benefit to an affordable housing deal (i.e. reduction in interest rates or basis points).

d. Rehabilitation Grants/Loans

Consider loans for rehabilitation or acquisition of existing housing, subject to income and rent restrictions for assisted units. The length of affordability period would be tied to the amount of funding. (For example, federal HOME program requires a five year affordability period for loans under $15,000; ten years for loans between $15,000 and $40,000 per unit, and 15 years for loans over $40,000 or rehabilitation involving refinancing). Probable funding source: CDBG and/or HOME.

7. Right of First Refusal:

Items 6a through 6d should provide for a right of first offer/right of first refusal when affordable properties are made available for sale.

FISCAL IMPACT: There is no immediate fiscal impact of adopting the "A" set of recommendations in principle as existing City staff can handle the staff work listed in the recommendations. The "B" and "C" set of recommendations would have a significant not-yet-projected range of costs, which can be better determined at the time the "B" set of recommendations are considered as part of the Housing Master Plan planning process, or when the City has the financial resources to consider the "C" set of recommendations. Implementation of any recommendations is subject to the consideration of appropriations by City Council in context of the annual budget process.

ATTACHMENT: Final Report of the Affordable Housing Initiatives Work Group

STAFF:
Mildrilyn Davis, Director, Office of Housing
Helen McIlvaine, Deputy Director, Office of Housing
Karl Moritz, Deputy Director, Planning and Zoning
Shane Cochran, Division Chief, Housing Program Implementation
Eric Keeler, Division Chief, Housing Program Implementation
Melodie Seau, Division Chief, Landlord-Tenant Relations

ATTACHMENT

FINAL REPORT

OF THE

AFFORDABLE HOUSING INITIATIVES WORK GROUP

MAY 2009

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EXECUTIVE SUMMARY

I. INTRODUCTION

Due to market and development pressures, the City of Alexandria, Virginia faces a severe shortage of affordable and workforce housing. Since 2000, there has been a sharp decline in both committed and market affordable rental units, as well as in opportunities for affordable homeownership by individuals and families earning between 60 and 80 percent of median income. This situation makes it harder for City and school employees, as well as other members of the local workforce, to live in Alexandria. As discussed in the work group's first report, there are great disparities between the salaries offered to work in Alexandria and the existence of housing affordable to this work force. This disparity exasperates traffic in our city and the region. There are also great disparities between salary levels and the number of affordable housing opportunities for people living in our city; for example, over 40% of Alexandria jobs provide salaries within 60% of the area median income but less than 15% of our market rate rental stock is affordable to residents at this income level.[1] The City's commitment to producing and preserving affordable housing is challenged by a dwindling pool of available resources at the federal, state and local levels, along with the current turmoil in the financial markets. The trajectory of Alexandria's housing market threatens the community's diversity, as well as its long term economic sustainability. The first part of our report in 2008 focused on the state of affordable housing and made a number of recommendations related to planning and development. This second and final report focuses on what we believe should be the primary focus of Alexandria's Affordable housing efforts – the preservation of the quantity of affordable housing we have left. In it, there are recommendations for how the city should prioritize its preservation efforts, the need for and prioritization of funding for such efforts, the important role of planning and development for preservation, the governance and overall management of preservation in the city, as well as a recommendation for a simple and clear annual report card that will describe the city's preservation efforts.

II. PRESERVATION OF PUBLICLY-ASSISTED AND MARKET AFFORDABLE HOUSING

Key Findings

Of the 3,722 Publicly-Assisted Units in the City, Only 1,150 are Protected by a Preservation/Replacement Policy (Resolution 830)

1. Resolution 830 addresses only a portion of the city's overall affordable rental housing preservation goals. There are other, non-ARHA units to preserve.

[1] Job information is based on the average salary of each industry; affordability calculation reflects income level for a three-person household.

2. ARHA currently faces operating and capital challenges.

3. There are both similarities and differences between ARHA and private non-profit organizations with regard to their ability to address the city's affordable housing needs.

4. 1,580 non-Resolution 830 publicly-assisted units face potential loss of subsidy during the next Five-Year Consolidated Plan period (FY 2011 – 2015).

Market-Affordable Rental Units Require Stronger Preservation Efforts

5. From 2000 to 2008, Alexandria lost more than 10,000 affordable rental housing units because of increases in rents or, to a limited extent (109 units), conversion to condominium ownership.

Tenant-Based Subsidies (Housing Choice Vouchers) Are Hamstrung By Federal Funding and Rising Rents

6. The ARHA-administered housing choice voucher program suffers from inadequate HUD funding.

7. Because of a decline in the available affordable rentals in Alexandria, voucher recipients at times experience increased difficulty using vouchers within the city.

8. Housing choice vouchers are used in some publicly-assisted units to make units affordable to households that cannot afford rent levels targeted to households at 50% or 60% of median.

Affordable Homeownership Units Require Preservation

9. From 2000 to 2008, Alexandria lost more than 15,800 affordable ownership units due to increases in ownership home values.

10. Although Alexandria's affordable set-aside units in new developments carry resale restrictions that provide for long-term affordability, the city's down-payment assistance programs currently do not have such provisions.

Policy Priorities

1. The City needs clear targets for preservation that encompass the full range of affordable units, whether publicly or privately-owned.

2. City policy must continue to include a specific focus low income housing opportunities by targeting a baseline number of rental units for households with the entire range of incomes between 0 and 50% of median.

3. Rental preservation should be Alexandria's primary focus for people earning less than 60% of median income and ownership programs should be focused on those earning more than 60% of AMI.

4. We need a more pro-active planning approach to affordable housing that takes into consideration planning and zoning activity throughout the entire city.

5. Home purchase assistance programs should have a preservation focus, to be accomplished through long-term affordability restrictions.

6. The City and ARHA must address best practices for city/public housing authority collaboration, including providing city operating resources to support the quality, accountability, etc., that the community should expect.

7. The City should seek to maintain existing sources of funding for affordable housing preservation and development, and should explore new opportunities for funding from federal, state, local, and private sources. In addition to using all available financial resources, the city should maximize partnership opportunities with both public and private entities to preserve and expand the supply of affordable housing.

Recommendations

Priority Housing Unit Policy

1. The current Resolution 830 should be enhanced to broaden the quantity and range of housing identified for preservation according to the following principles:

   a. The combination of publicly-assisted units and tenant-based vouchers should accommodate, in perpetuity, a baseline of 3,457[2] households with incomes covering the entire range from 0 to 50% of median. The units made available in support of this target, including any units to which vouchers are project-based, shall be known as the "priority housing units."

[2] This figure is the sum of the following:
- the 1,150 units currently covered by Resolution 830;
- the 1,450 Housing Choice Vouchers supported by ARHA's currently available funding, less the 110 such vouchers used or potentially used in Resolution 830 housing (Quaker Hill and Jefferson Village), less the 26 vouchers project-based to New Brookside
- the 980 privately-owned, publicly-assisted units with project-based Section 8 contracts that enable tenants to pay no more than 30% of income for rent
- 13 units (at 607/612 Notabene) where residents with incomes at 30% of median income can rent without voucher assistance.

b. City financial and resource support for the provision, preservation and/or replacement of these units should be appropriated to the most sustainable, cost-effective projects, taking into account the following factors:

(1) A housing provider's unique ability to access financing, for both capital costs and operations (e.g. ARHA's federal financing);
(2) Level of permanence/long-term commitment of affordable units and strength of contractual commitment;
(3) Demographic trends (e.g. populations identified as most in need of support like seniors, single parents, low income workers, etc. based on waiting lists, policy requirements, etc.)
(4) Quality of operations;
(5) A project's ability to maintain or contribute to the creation of a mixed-income setting and an appropriate balance of housing throughout the City;
(6) A project's ability to leverage existing assets to maintain and expand the number of priority housing units.

All projects requiring City funding or other support will be evaluated on a case-by-case basis using these factors, with specific benchmarks to be established where applicable. We recommend that City staff be directed to create a formula based on these criteria.

c. While the priority housing units may be owned and/or operated by a variety of entities, public or private, the City remains committed to working in partnership with the Alexandria Redevelopment and Housing Authority (ARHA) in accordance with the Memorandum of Understanding between the two entities, as it may be amended from time to time, and expresses its strong support for high-quality, well-managed public housing as an integral component of the priority housing units in the City of Alexandria; the City and ARHA should focus on the implementation of their joint goal of creating a leading public housing authority that is among the best managed in the Country.

d. The City shall strive to achieve and maintain the baseline number of priority housing units through actions such as the following:
    (1) Local programs and funding mechanisms designed to support the development and preservation of priority housing units and other affordable housing units, subject to available resources
    (2) Land use policies and actions that support the development and preservation of priority housing units
    (3) Technical assistance and support tailored to the needs of various priority housing unit providers
    (4) Support of, and advocacy for, applications to other funders for projects consistent with the City's goals for priority housing units and other affordable housing units
    (5) Favorable real estate tax treatment, consistent with applicable law, to the extent deemed appropriate and financially feasible by City Council

(6) Other legally permissible incentives for securing the long-term commitment of priority housing units

2. The City should work with ARHA to evaluate and consider project-basing Housing Choice Vouchers, in accordance with HUD procedures, to the extent that such action does not impede the City's ability to house the target 3,414 households identified in Recommendation 1.

3. The City should encourage ARHA to look more pro-actively at leveraging its real estate assets to manage and/or expand its housing stock.

4. The ARHA Strategic Plan should address the coordination of City and other supportive services to ARHA residents, with the goal of promoting self-sufficiency.

5. AHIWG recommends that City Council request staff to come back with a policy document incorporating the above recommendations for Council adoption, and that the Housing Master Plan also incorporate these concepts.

Rental Housing Preservation Strategies

6. Authorize staff to convene focus groups of landlords to assess the likely utilization/effectiveness of items 6a through 6d below. However, due to current fiscal constraints, any items deemed appropriate would be recommended for **future** consideration by Council **in a more favorable budget year.**

    a. Partial Real Estate Tax Exemption
    b. Affordable housing easements as alternative to #6a above
    c. Use the City's credit for credit enhancement or support for developer financing
    d. Rehabilitation Grants/Loans

7. Right of First Refusal

8. Technical Assistance/Business Services for participating landlords/nonprofits

Homeownership Preservation

9. Deed Restrictions to Ensure Long Term Ownership Preservation

III. DEVELOPMENT

Key Findings

1. Under the existing system, affordable housing competes with many other community benefits requested of developers (e.g., underground parking, open space and upgrades to utilities and infrastructure).

2. Constraints in the City's Master Plan, including constrained density and requirements for consistency with existing patterns of development, are sometimes barriers to affordable housing development. The lack of a comprehensive citywide plan for the quantity, type, ownership, and preservation of affordable housing is also a challenge.

Policy Priorities

1. The developer contribution work group should offer a system that promotes preservation efforts and provides alternative options to maximize production/preservation of affordable housing units as efficiently as possible. Development approvals should include developer contributions to community amenities and support of affordable housing within reasonable limits.

2. The housing master plan should seek to achieve a more balanced geographic distribution of affordable, workforce and public housing throughout the City in accordance with other elements of the City's Master Plan, should define and/or establish goals for mixed-income housing, and should enhance community understanding of housing choice as part of Alexandria's economic sustainability strategy.

Recommendations

1. For immediate implementation:

   a. Review and revise current permit approval processing and other regulatory requirements to reduce the cost of affordable housing development
   b. Reduce parking ratios, when feasible, to reduce the cost of affordable housing development
   c. Expand developer access to non monetary tools and resources through the City (i.e., technical assistance, loan guarantees, tax incentives) to facilitate affordable housing development.

2. During the Housing Master Plan effort, the Development Subcommittee recommends that the following ideas and strategies should be investigated, in consultation with the community:

   a. Encourage the development of mixed-use projects, and the inclusion of affordable housing in such developments.
   b. Provide City-owned land and/or air rights for affordable housing development
   c. Promote adaptive re-use for affordable housing development
   d. Allow accessory dwelling units and/or caregiver or granny flats to increase private affordable housing resources
   e. Explore ways to use density and the transfers of development rights (TDRs) to facilitate affordable housing development
   f. Promote universal design

IV. FUNDING

Key Finding

RESOURCES ARE DWINDLING: The City has preserved 299 affordable rentals using the dedicated one cent tax revenues and bond proceeds, but it has nearly exhausted the bonding capacity of its dedicated one cent on the real property tax rate for affordable housing. Federal Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds have been flat or falling for the last few years. Housing contributions from developers are on an erratic but generally downward trajectory due to the slow down in the housing and development market. 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. Federal support for ARHA and housing in general are flat or declining.

Policy Priorities

1. The City should seek to maintain existing sources of funding for affordable housing preservation and development, including restoring the dedicated affordable housing tax revenues to one cent on the real property tax rate as soon as practicable, and should explore new opportunities for funding from federal, state, local and private sources. In addition to using all available financial resources, the City should maximize partnership opportunities with both public and private entities to preserve and expand the supply of affordable housing in Alexandria.

2. Funding resources should be used to support the following priorities:
    a. Preserve existing affordable housing.
    b. Assist public employees to live where they work.
    c. Ensure home buyers are well-educated prior to purchasing their first home.
    d. Provide assistance to low and moderate income Alexandrians to remain in their homes and to age in place.
    e. Increase operational efficiencies of City home purchase assistance programs.

Recommendations

Funding Strategies

1. Continue support for the dedicated tax revenue through the City's One Cent Fund with the understanding that funding for new initiatives through this resource will be dependent upon available debt service capacity.

2. Preserve existing affordable housing through the following strategies:

    a. Units assisted through home purchase assistance and home rehabilitation loan programs to be included in preservation activity once long-term affordability is incorporated.
    b. Use of land-use tools to preserve existing market rate affordable housing.
    c. Goal of $3 million in funding annually to be used for preservation activities.
        i. Dedicated tax revenue through the One Cent Fund to be targeted to preservation activities (assuming ongoing availability of One Cent funding)
        ii. Developer contributions to preservation activities count toward recommended funding.
        iii. Should strive to broaden revenue base to ensure new sources of preservation funding.

Homeownership and Preservation of Affordable Homeownership

3. Expand the Employee Homeownership Incentive Program (EHIP) to include the following agencies should they wish to participate and include funding in their budgets: Alexandria Convention and Visitors Association (ACVA), Alexandria Transit Company (ATC), Alexandria Economic Development Partnership (AEDP), and Alexandria Redevelopment and Housing Authority (ARHA).

4. Home buyer counseling and training should be high priority.

5. Provide assistance through the Home Rehabilitation Loan Program (HRLP) to help low and moderate income City residents remain in their homes. City should continue partnerships and support to organizations such as Rebuilding Together Alexandria to maximize available resources.

6. In order to maximize the use of limited loan funds available to the HAP and MIHP programs, implement a tiered loan program to become effective in FY 2010, with higher assistance amounts available only to the lowest income groups for each program.

V. METRICS

Recommendations

1. Specific housing goals should be established with a range of targets reflecting aggressive, mid-range, and conservative figures in order to contrast what would be desirable in order to meet the need and what can realistically be done with available resources.

2. Staff should report annually to City Council and to the community using the attached "report card" the specific accomplishments in the preservation and development of both affordable rental and ownership housing.

VI. PUBLIC OUTREACH

Recommendation

The Work Group recommends that Council authorize staff to employ the use of such materials as it deems appropriate for the purpose of public education on affordable housing, subject to available resources, and to seek partnerships and sponsorships for this purpose when opportunities arise. The education materials should explain the linkages between adequate affordable housing and the maintenance of community diversity, economic development, a quality environment and energy efficiency.

VII. GOVERNANCE

Key Findings

The work group acknowledges that there are many public and private organizations responsible for the preservation of Alexandria's affordable housing stock, from the City's housing and planning departments, non-profit housing providers, the Alexandria Redevelopment and Housing Authority to for profit-land owners and developers.

Policy Priorities

1. It is the Work Group's belief that only clear coordination and collaboration amongst these many stakeholders will ensure that Alexandria can meet its obligations to the preservation of affordable housing.

2. We believe the governance of affordable housing in Alexandria should seek to achieve the following goals:
   a. A unified vision for all affordable housing in Alexandria
   b. Robust collaboration between all stakeholders
   c. A mechanism to set clear metrics and guidelines to govern the preservation, development and re-development of affordable housing
   d. Oversight for the implementation of the to-be-created Affordable Housing Master Plan

3. In order to achieve these objectives, we specifically encourage the Council to consider ways to improve and enhance collaboration between ARHA, the City's Office of Housing, the City's boards and commissions, and private-sector housing providers in Alexandria.

Recommendations

1. The Work Group strongly encourages the City Council, as an interim step, to consider appointing two Council Members to coordinate input and advice from ARHA, Alexandria's Affordable Housing Advisory Committee, non-profit and for-profit land-owners and developers in order to develop a policy development and governance approach for affordable housing that is able to look at the big picture, facilitate collaboration and ensure clear accountability for Alexandria's affordable housing goals.

2. We also recommend that the Council evaluate and, if appropriate, pursue the creation of an overall Affordable Housing Commission that would have policy oversight for all areas of public- and private-sector affordable housing activities. It is understood that participation by ARHA in such an arrangement would have to be voluntary and cooperative, as ARHA is not subject to City oversight. In conducting its evaluation, we encourage the Council to examine and evaluate the approaches used by other jurisdictions within and outside of Virginia to accomplish similar goals and objectives.

I. INTRODUCTION

The Affordable Housing Initiatives Work Group began its April 2008 Interim Recommendations report to Council with the following:

"Alexandria has experienced a dramatic loss of affordable housing in recent years. This poses a significant challenge to Alexandria's economic vitality and cultural strength. The importance of Alexandria's ability to offer a spectrum of affordable housing options cannot be understated: it is critical to the City's future economic development and growth; it is central to the City's vision of itself as a diverse and caring community as articulated in the Strategic Plan. The loss of affordable housing that has occurred in the last decade is a clear and present threat to the City's economic and racial/ethnic diversity. The recommendations contained in this report are designed to increase Alexandria's ability to offer a diversity of housing choices that make it possible for the City to be "home" to all segments of the population that wish to live here."

The foregoing statement is just as true today as it was when it was first written, and Alexandria's affordable housing situation is equally, if not more, urgent than it was at that time. The current report continues the work of the previous one in setting forth recommendations to strengthen and enhance Alexandria's ability to offer a wide variety of affordable housing options.

The high priority placed on affordable housing in the City of Alexandria is reflected in the City Council's Strategic Plan goal calling for a caring community that is diverse and affordable, and its related objective that an increased number of affordable housing units are available with emphasis on low and moderate income city workers, seniors, and individuals with disabilities. City Council established the Affordable Housing Initiatives Work Group to review the efficiency of the variety of programs and resources in use to make housing more affordable and support the production of affordable housing, and to make recommendations concerning additional mechanisms for supporting affordable housing for potential use in the City of Alexandria. The work group is co-chaired by two members of City Council as liaisons, and includes 14 members representing a variety of groups and agencies with an interest in preserving and developing affordable housing. The members of the work group are listed in Appendix I.

The Work Group was charged with reviewing the City's population, existing housing stock, and all programs, funding sources, and land use and financing tools for housing development, including those in use in the City, and those available but unused in Alexandria. In addition, the Work Group was tasked with an extensive review of the City's housing goals and targets, and developing recommendations for future goals, targets, or changes in procedure, programs, or the use of resources and tools available to the City. A dwindling pool of available resources at the federal, state and local levels, and current turmoil in the financial markets constrain the City's ability to subsidize affordable projects and programs and exacerbate the challenge in setting targets and projecting funding needs and solutions.

Alexandria is home to a diverse population of 142,100 people, 66.4% white, 20.9% African – American, 7.3% other, and 5.4% Asian and Pacific Islanders. 13% of Alexandrians (who may be of any race) are of Hispanic or Latino ethnicity. According to the American Communities Survey, from 2000 to 2006, the City experienced a 13.2% decline in Hispanic residents, an 8.7%

decline in the City's percentage of Black residents, and a 9.3% increase in the percentage of white, non-Hispanic residents. The City's per capita income is $65,141.

Alexandria contains 74,333 housing units, consisting of 21,870 single-family homes, 18,247 condominium units, and 34,216 rental apartments. Based on the 2008 annual rent survey conducted by the Office of Housing (of rental complexes with 10 or more units), 29% of these units are affordable to households at 60% of area median income or below. According to the U.S. Census Bureau's American Community Survey (2005), approximately 43% of housing units are owned and 57% are rented.

In 2009, the average assessed value of residential real property in Alexandria is approximately $476,490, representing a 4.75% decrease from 2008. The average assessed value for single-family homes is $637,154, a decrease of 3.46 percent from 2008. The average assessed value for condominiums is $301,718, a decrease of 7.57 percent from 2008. While housing values declined in 2007 and 2008, the decline was much smaller than in outer suburb jurisdictions of the Washington, D.C. region. For 2009, housing values are likely to continue to decline slightly. In 2008, 15% of the City's housing units were assessed below $250,000 which is considered affordable to households at 80% of median income or less.

As of November 2008, Alexandria's unemployment rate was 3.2%, Virginia's rate was 4.6% and the national rate was 7.2%. Alexandria is home to over 8,000 businesses and organizations, including a large concentration of technology companies, the fourth-largest concentration of professional associations in the country, the United States Patent and Trademark Office (PTO), and a tourism industry which hosts nearly two million visitors a year.

Forty-one percent of the City's households (individual and families) earn less than 60% of the area median income. Forty-two percent of Alexandria Public Schools employee salaries fall within this range, and thirty-four percent of all City employees (non-Schools) are in job classifications with average salaries at this level. The majority of those who work in the City commute in (Alexandria will have 107,800 jobs by 2010, per a Metropolitan Washington Council of Governments (MWCOG) projection), exacerbating gridlock on all major area roadways. According to the 2000 U.S. Census, 74.8% of Alexandria residents had jobs outside the City and spent almost thirty minutes a day commuting to work. A 2007 COG survey indicates that average area daily commuting times had increased to 35 minutes.

This report is intended to be a comprehensive reflection of the Work Group's activity, and incorporates and expands on the findings, policy priorities, and unfulfilled recommendations of the previous report. Actions taken in response to the previous interim recommendations are summarized in the appropriate subject chapter. The remainder of the report is organized into the following chapters:

Chapter II. Preservation of Publicly-Assisted and Market Affordable Housing
Chapter III. Development
Chapter IV. Funding
Chapter V. Metrics
Chapter VI. Public Outreach

Chapter VII. Governance

During the course of the Work Group's deliberations, several related housing policy efforts have been authorized. Where appropriate, the Work Group has made recommendations, based on its own findings, to the entities that will carry out these additional efforts. Specifically, Chapter II includes recommendations with regard to the content of the forthcoming ARHA Strategic Plan, and the majority of the recommendations on land use and development issues (Chapter III) are made as recommendations for the planned Housing Master Plan and the soon-to-be created work group to address developer housing contribution policy.

II. PRESERVATION OF PUBLICLY-ASSISTED AND MARKET AFFORDABLE HOUSING

This chapter addresses 4 topics:

- Resolution 830 and other publicly-assisted units
- Market-affordable rental units
- Tenant-Based Subsidies (Housing Choice Vouchers)
- Affordable Homeownership

Background and Key Findings

Resolution 830 and Other Publicly-Assisted Units

Alexandria currently has 3,641 rental units that were produced, acquired/rehabilitated, or receive ongoing assistance through some form of federal, state, or local assistance or action ("publicly-assisted units"), and primarily serve households with incomes up to 60 percent (in some instances 80 percent) of area median income. Of the City's publicly-assisted rental units, 1,150 (nearly one-third of the total) are covered by Resolution 830, which calls for the replacement of any covered unit that is demolished or otherwise removed from the stock of publicly-assisted units.

Currently, all Resolution 830 units are associated in some way with ARHA:

- ARHA owns (either singly or in partnership) and operates 1,060 units covered under Resolution 830, including 839 public housing units, 60 Low Income Housing Tax Credit units (Quaker Hill),[3] 111 Section 8 Moderate Rehabilitation units (Hopkins-Tancil), and 50 units (Jefferson Village) rented to households with tenant-based Housing Choice Vouchers.
- ARHA owns the land under an additional 90 privately-owned Section 8 units (Annie B. Rose House), also included under Resolution 830.

Resolution 830 calls for the preservation of a minimum of 1,150 units of public or publicly-assisted housing, and is intended to serve as a baseline number of units available to households at 50% of median or below, with the reality that the vast majority of these units (83% as of March 2008) serve households with incomes at or below 30% of median.

- The average incomes of ARHA residents as of March 2008 was $12,233; reflecting an average of $9,487 for households on public assistance and an average of $13,166 for non-public assistance households.
- The 247 ARHA resident households receiving public assistance paid an average rent of $131 in March 2008. The average rent paid by the 768 ARHA households not on public assistance was $558.

[3] 60 publicly-assisted units at Quaker Hill were developed under the Low Income Housing Tax Credit Program in 1991. The original tax credit investors were paid off in June 2008, and the property has been approved for an additional allocation of tax credits that has not yet gone to closing as of this writing.

- As of June 2008, 475 (47%) of ARHA's 1,013 resident households had employed members.

The history of adherence to Resolution 830 includes the following:

- Replacement of 40 public housing units demolished at John Roberts for Metro construction with 50 public housing units (10-unit increase) at four scattered sites: 28th Street (15), Oasis and Bragg (15), Sanger Avenue (10), and Yale Drive (10)
- Replacement of 90 public housing units at John Roberts with the 90-unit Annie B. Rose House, a Section 8 new construction residence for elderly households. The building is privately owned and managed, but is located on ARHA-owned land.
- Transformation of the 111-unit former George Parker public housing development into Hopkins-Tancil Courts, a Section 8 Moderate Rehabilitation property.
- Replacement of the 264-unit Cameron Valley public housing development as follows:
    - 30 new public housing units constructed on Yale Drive
    - 60 Low Income Housing Tax Credit (LIHTC) units constructed on-site, integrated into the market rate development (Quaker Hill)
    - 41 Units constructed on five scattered sites Arell Court (10), Beauregard and Armistead (5), 4600 W. Braddock (8), 4505 W. Braddock (8), 1600 W. Braddock (10); public housing subsidy subsequently obtained for these units
    - 40 units acquired and rehabilitated as part of 152-unit Glebe Park property; public housing operating subsidy subsequently obtained for the 40 units
    - 50 units as part of 69-unit Jefferson Village property; public housing subsidy subsequently obtained, but later converted to serve Section 8 voucher holders. City provided $1.1 million loan, repaid by ARHA.
    - 38 condominium units acquired within Park Place Condominium; public housing operating subsidy subsequently obtained. City provided $1.6 million grant of Community Development Block Grant funds.
    - 5 condominium units acquired within Saxony Square Condominium; public housing operating subsidy subsequently obtained.
- Replacement of the 100-unit Samuel Madden (Downtown) development, as follows:
    - 52 units constructed on site, as part of the new market rate development.
    - 48 units on three scattered sites: S. Whiting Street (24), S. Reynolds Street (18), Braddock and Radford (6).
    - Financing included LIHTC and City $3.5 million bridge loan, repaid by ARHA. City also purchased S. Reynolds Street site for ARHA.
- Approved (not yet executed) redevelopment of 234 public housing units to be demolished at Glebe Park (40) and James Bland (194), to be replaced as follows:
    - 84 LIHTC units with public housing subsidy as part of 102-unit community to be developed at Glebe Park. LIHTC financing has been approved.
    - 134 LIHTC units with public housing subsidy to be developed as part of 379-unit community to be developed at James Bland. Requires approval of five successive LIHTC applications, the first of which will be submitted in 2009.
    - 16 additional units to be secured, with City financial involvement.
    - In addition to necessary gap financing for 16 units, City financial involvement includes $5 million loan to retire previous mortgage on Glebe Park property.

- ARHA and ARHA's developer, EYA, are also providing bridge loans to enable this development to occur.

Alexandria's inventory of other (non-Resolution 830) publicly-assisted units includes the following (see Appendix II for a list of specific properties and numbers of units):

- 24 units assisted under the Section 236 program (including 4 with project-based Section 8)[4]
- 950 units with project-based Section 8 assistance under the Section 8 New Construction (527 units) and Substantial Rehabilitation (423 units) programs[5]
- 1,290 units with tax-exempt bonds, Low Income Housing Tax Credits, or both. 148 of these units also received City assistance toward acquisition and/or rehabilitation. ARHA was the bond issuer for four of the tax-exempt bond properties. 26 of the tax-exempt bond units have project based Housing Choice Vouchers.
- 155 units assisted with City housing bonds, Housing Trust Fund, Housing Opportunities Fund, CDBG and/or HOME assistance, but no assistance under the categories listed above. 119 of these units have not secured rehabilitation funding since their acquisition, and may ultimately utilize tax-exempt bonds or tax credits.
- 64 set-aside rental units secured through the City's development process.

Residents of Alexandria's 950 non Resolution 830 Section 8 New Construction and Substantial Rehabilitation units, 4 Section 8 units in the Section 236 property (Pendleton Park), 26 project-based voucher units, and 13 units in a locally-assisted property (607/612 Notabene) may pay no more than 30% of their incomes for rent. These units are affordable to residents with little or no income and thus may be occupied by households with incomes comparable to those of the typical ARHA resident household. Through the Low-Income Housing Tax Credit program, tax-exempt bonds, set-aside rental units, and/or City subsidies, there are 121 assisted non-Resolution 830 units with rents affordable to households at 50% of median, and 1,357 with rents affordable at 60% of median. The City's one remaining Section 236 property (Pendleton Park) has 24 units affordable to households at 50% of median (with four, as noted above, available to households with little or no income because of the Section 8 assistance for those units).

The key findings regarding Resolution 830 and other publicly-assisted units are as follows:

1. **RESOLUTION 830 ADDRESSES ONLY A PORTION OF THE CITY'S OVERALL AFFORDABLE RENTAL HOUSING PRESERVATION GOALS. THERE ARE OTHER, NON-ARHA UNITS TO PRESERVE.** Resolution 830 does not take into account the goal of preserving/replacing privately-owned assisted units (currently 2,508), mostly affordable to households with incomes at or below 60% of area median, or the goal of preserving the 8,100 units of market-affordable rental housing (as of January 2008).

[4] The Section 236 Program is no longer available as a source of assistance for new projects.

[5] The Section 8 New Construction and Substantial Rehabilitation Programs are no longer available to support new projects. Figures exclude the 90-unit Annie B. Rose House, a Section 8 New Construction property that is counted toward Resolution 830.

2. **ARHA CURRENTLY FACES OPERATING AND CAPITAL CHALLENGES.** Public housing operating and capital subsidies available to ARHA from the federal government are dwindling. For example, beginning with ARHA's fiscal year 2005, HUD began paying housing authorities less than 100% of the public housing operating subsidy for which they were eligible, and by 2007 the percentage funded had declined to 83.4%. The graphs on the following page, prepared by the National Association of Housing and Redevelopment Officials (NAHRO) shows the annual changes in public housing operating funds as a percentage of need since 1981, as well as changes in public housing capital funding since FY 2001.

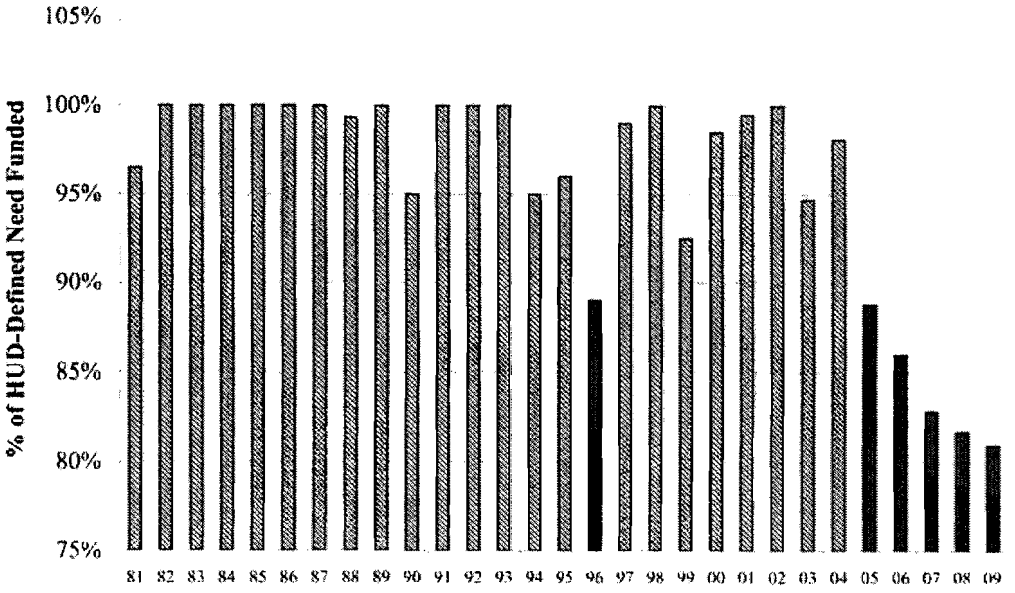
In addition to normal vacancies for unit turnover, as of March 11 ARHA has 44 units Resolution 830 units vacant pending rehabilitation and/or redevelopment, including 40 units at the recently vacated Glebe Park property. 609[6] of ARHA's Resolution 830 housing units were built before 1970. Of these, 334 are slated for redevelopment, pending several successful applications for Low Income Housing Tax Credit funding. (The approved Glebe Park redevelopment will provide replacement for 84 of these units.) The future redevelopment of an additional 171 units is contemplated in the recently-approved Braddock East Plan. ARHA's rehabilitation and redevelopment needs will be addressed in the forthcoming ARHA Strategic Plan. This leaves another 104 pre-1970 units that may also be candidates for rehabilitation or redevelopment.

Operating and capital funding issues will be among the issues addressed in the forthcoming ARHA Strategic Plan.

[6] Figure excludes 19 market rate units that are part of ARHA's 69-unit Jefferson Village property.

Public Housing Operating Fund in Historic Decline

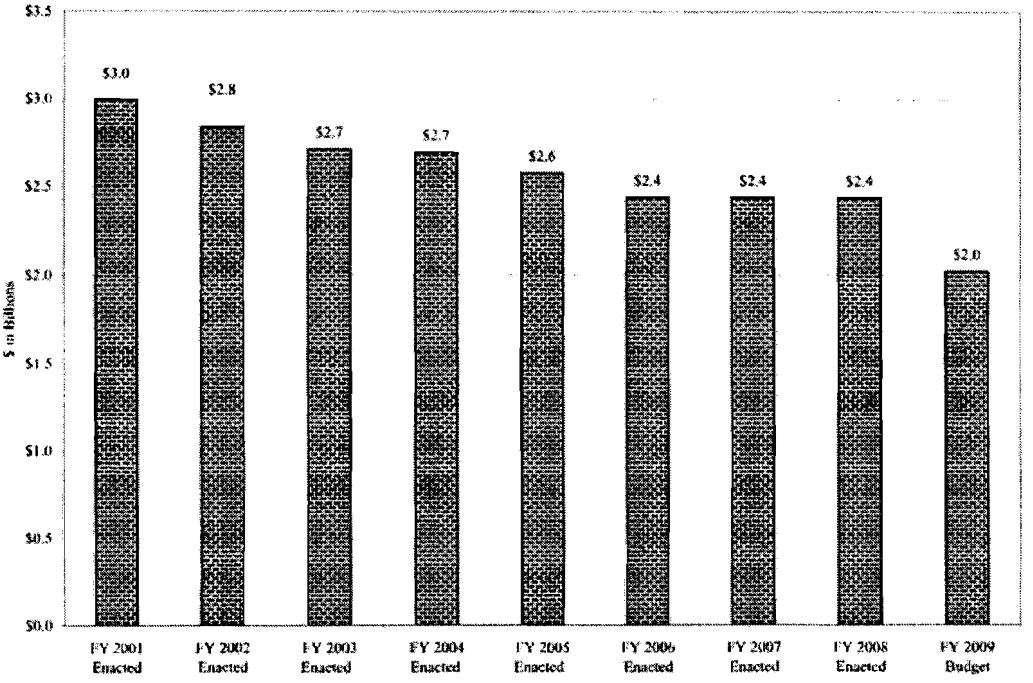
Operating Fund Prorations, FY 1981 - FY 2009



Note: The Proration is the percentage of HUD-defined Operating Fund needs covered by available appropriations.
Source: HUD Operating Fund data. Fiscal Year 2009 = President's budget; all others enacted.

Public Housing Capital Fund Eroding

FY 2001 - FY 2009



3. **THERE ARE BOTH SIMILARITIES AND DIFFERENCES BETWEEN ARHA AND PRIVATE NON-PROFIT ORGANIZATIONS WITH REGARD TO THEIR ABILITY TO ADDRESS THE CITY'S AFFORDABLE HOUSING NEEDS.** With the exception of HOPE VI, which is limited to housing authorities, development resources available to ARHA are the same as those available to non-profit organizations. Such resources normally support the development of housing units with rents affordable to households at 50% or 60% of median.

Non-profit developers do not have access to public housing operating subsidy payments that assist ARHA in making units affordable to households that pay little or no rent. Therefore, non-profit development using typical financing sources cannot make units available to households at the income levels of typical ARHA residents unless such residents have vouchers, or the property has project-based vouchers.

Operating costs appear to be similar between ARHA properties and non-profit affordable housing properties, with the exception of real estate taxes, as ARHA benefits from favorable tax treatment (PILOT payments or tax exemption) that nonprofit entities currently do not have.

4. **ALTHOUGH FEW PUBLICLY-ASSISTED UNITS HAVE FACED OBVIOUS THREATS TO CONTINUED AFFORDABILITY DURING THE CURRENT FIVE-YEAR CONSOLIDATED PLAN PERIOD (FY 2006 – 2010)[7], 1,580 NON-RESOLUTION 830 UNITS FACE POTENTIAL LOSS OF SUBSIDY DURING THE NEXT SUCH PERIOD (FY 2011 – 2015).** Properties assisted under the Section 8 New Construction, Substantial Rehabilitation, and Moderate Rehabilitation programs, as well as the Section 236 program, tax-exempt bonds, and the Low Income Housing Tax Credit Program all have designated time periods that they must remain affordable. In some instances, owners have the ability to opt out of the program at certain times, or to enter into new contracts with different terms. Some programs require that the original investors be repaid at a certain point, requiring that the property be re-assisted with new financing should the owner desire to keep it affordable.

Not counting ARHA-owned Resolution 830 units assisted under some of these programs, Alexandria has 316 assisted units in two properties where Low Income Housing Tax Credits, tax-exempt bonds, and/or City assistance have replaced previous Section 236 assistance, and another 563 units in two additional properties (under a common ownership) that are subject to annual or five-year Section 8 renewals as a result of previous collaboration between the City and the owner for the owner to enter into new subsidy contracts after previous affordability requirements ended. While the possibility for owners with these short-term Section 8 contracts to opt out of the program is possible at each renewal term, tenants are entitled to one-year advance notice before such a decision can be implemented. Aside from these short-term renewal dates, no assisted, non-Resolution 830 properties have faced subsidy expiration dates during the current

[7] Although not a subsidy loss issue, ARHA's Glebe Park units were faced with severe property condition issues, largely due to mold, that forced the closure of a substantial number of units at the property during this period, making them unavailable for occupancy.

Consolidated Plan period. One such property (Olde Towne West) was offered for sale during this period, but the City has approved a loan to enable the selected purchaser to provide continued affordability for a portion of the units. As of this writing, the seller and purchaser remain in negotiation for a final sales contract for this transaction. An option for the sale (but not subsidy termination) for CLI's Elbert Avenue property occurs in 2010.

However, during the next Consolidated Plan period (FY 2011 – 2015), at least 1,017 units in five assisted properties will reach critical decision points (again, excluding the 563 units with annual or five-year decision points associated with short-term Section 8 contracts):

- Pendleton Park (24 units) in 2012
- Claridge House (300 units) in 2012
- The Fields at Landmark (290 units) in 2013
- The Fields of Alexandria (306 units) in 2014
- The Fields of Old Town (97 units) in 2014

Others may be added to this list, as ARHA is currently revisiting the dates for projects assisted with its tax-exempt bonds.

Market Affordable Rental Units

The Office of Housing, through its Landlord-Tenant Relations Division's annual apartment survey, has identified approximately 8,100 market rate apartment units that are affordable to households with incomes at or below 60 percent of median in 2008. The survey covers market (street) rents in multifamily properties with 10 or more units. The 8,100 market affordable rental units are in 49 properties owned by for profit owners. Most of these properties have no project-based assistance through any local, state or federal housing assistance program, although some may have a mixture of assisted and non-assisted units. (Any assisted units in these properties are excluded from the count of market affordable units.)

Properties with affordable rents are predominately smaller complexes All of these complexes were built before 1975, although 43 have undergone some renovations requiring building permits. Renovations occurred prior to 1990 in 12 of the affordable properties, between 1991 and 1999 in 19 properties, and since 2000 in 12 properties.

Year Built	10 - 50 Units	51-100 Units	100-200 Units	200-500 Units	500-1000 Units	More than 1000 Units	Total
1914 1920	1	1					2
1921 1930							0
1931 1940	3	1					4
1941 1950	2	0	4	1	1	1	9
1951 1960	2	1	0	4	0	1	8
1961 1970	9	7	8				24
1971 1974				1	1		2
	17	10	12	6	2	2	49

Date of Last Rehab*	Total
Before 1990	12
1991 – 1995	9
1996 – 1999	10
2000 – 2005	10
2006 - 2007	2
	43

*Some Rehabilitation does not require permits. This information includes permitted work only.

The key findings for market-affordable rental units are as follows:

5. **FROM 2000 TO 2008, ALEXANDRIA LOST MORE THAN 10,000 AFFORDABLE RENTAL HOUSING UNITS BECAUSE OF INCREASES IN RENTS OR, TO A LIMITED EXTENT (JUST OVER 100 UNITS), CONVERSION TO CONDOMINIUM OWNERSHIP.**[8] The rapid rise in property values that has taken place in the last several years has led to an enormous loss of market-affordable rental units in Alexandria. Alexandria has gone from having 18,218 units of affordable rental housing[9] in 2000 to having only 8,123 such units in 2008. The result is that there are significantly fewer living options for people and families earning $53,160 or less (60% of 2008 area median income for a family of three)[10] per year. Forty-one percent (40,878) of the jobs in Alexandria are in industries whose average salary falls below this level.[11] Figure 1 below shows the distribution of jobs in Alexandria by average salary of their industry. Forty-two percent (836) of Alexandria City Public Schools employee salaries fall at or below this level, and 34 percent (783) of City employee salaries are at or below this level[12,13]. It is our view that this loss of housing puts added pressure on Alexandria's economic sustainability as well as on the ability of the City to attract and retain a competitive work-force.[14]While the City alone cannot stem this tide, it **can** proactively engage with both market and non profit housing owners and developers to secure a significant amount of affordable rental housing for both the short-and long-term.

[8] Although the City lost 2,322 rental units to condominium conversion from 2000 through 2008, only 109 were in properties with market (street) rents classified as affordable prior to conversion. The Office of Housing has no data on rents charged to tenants already in residence.

[9] Units, in complexes of 10 or more units, with market (street) rents affordable to households with incomes at or below 60% of the HUD-established area median income for the Washington, D. C. metropolitan area.

[10] In determining affordability, the income of a three-person household is used to set the affordable rent for a two-bedroom unit. The figures given for affordable units reflect units affordable to a household of appropriate size for those units using the formula established for the Low Income Housing Tax Credit Program.

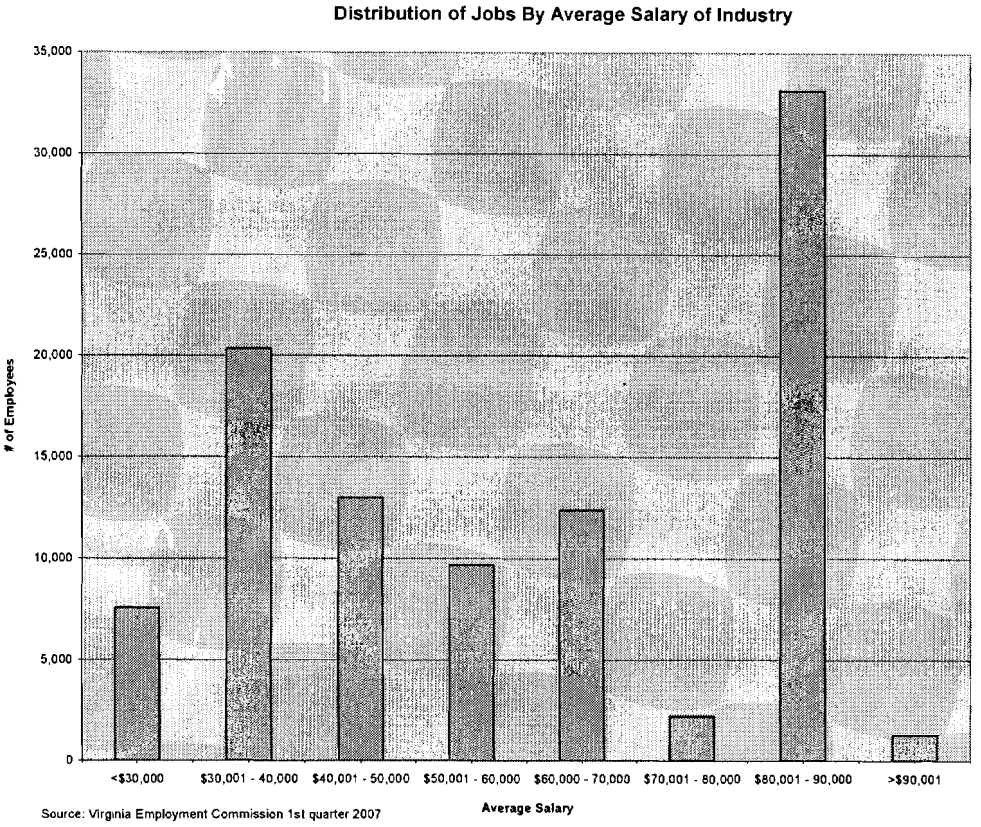
[11] Based on total of 99,548 jobs

[12] Data reflect 2,316 City jobs and 2,011 ACPS jobs.

[13] Information on jobs reflects salaries of $51,060 and below. All such persons cannot be assumed to have household incomes below 60% of median, as this information does not take into account household size, or additional income from other jobs or household members.

[14] The loss of affordable housing may also be affecting the City's diversity. According to the American Communities Survey, from 2000 to 2006, there was an 8.7 % decline in the City's percentage of Black residents and a 13.2% decline in Hispanic residents, and a 9.3% increase in the percentage of white, non-Hispanic households.

Figure 1



Tenant-Based Subsidies (Housing Choice Vouchers)

The key findings with regard to tenant based subsidies are as follows:

6. **THE ARHA-ADMINISTERED HOUSING CHOICE VOUCHER PROGRAM SUFFERS FROM INADEQUATE HUD FUNDING.** ARHA is authorized to administer 1,722 federal Housing Choice Vouchers, although current funding is no longer adequate to support that full number. ARHA's current funding stream can support approximately 1,450 vouchers.

7. **BECAUSE OF A DECLINE IN THE AVAILABLE AFFORDABLE RENTALS IN ALEXANDRIA, VOUCHER RECIPIENTS AT TIMES EXPERIENCE INCREASED DIFFICULTY USING VOUCHERS WITHIN THE CITY.**

   ARHA, once a net importer of Section 8 Housing Choice Voucher holders from other areas, is now, *at times,* a net exporter, as households receiving vouchers from ARHA often cannot locate suitable affordable housing within the City. This is due both to housing costs in the City as well as the fact that many Alexandria landlords do not accept

vouchers. As of October 2008, 65 of the 1,352 vouchers under lease[15] are being used outside of Alexandria.

8. **HOUSING CHOICE VOUCHERS ARE USED IN PUBLICLY-ASSISTED UNITS TO MAKE UNITS AFFORDABLE TO HOUSEHOLDS THAT CANNOT AFFORD RENT LEVELS TARGETED TO HOUSEHOLDS AT 50% OR 60% OF MEDIAN.** HUD regulations allow up to 20 percent of an agency's Housing Choice vouchers to be project based. Currently, 110 of ARHA's non-public housing, Resolution 830 units (Quaker Hill and Jefferson Village) rely on Housing Choice Vouchers to create affordability. ARHA has not officially project-based these vouchers, but relies on decisions by voucher holders to rent units at these properties. Twenty-six vouchers are officially project-based at New Brookside, a privately-owned, tax-exempt bond property. ARHA could project-base additional vouchers to other properties, subject to compliance with complex HUD requirements that require careful consideration. For example, ARHA would have to solicit applications, but could not hold a sizeable number of vouchers idle while doing so, given HUD's standard that no less than 85% of vouchers must be under lease at any given time.

   Housing Choice Vouchers are accepted by properties assisted under the tax-exempt bond and Low Income Housing Tax Credit programs, as well as properties that have received City development preservation assistance or were developed as set-aside rental units through the City's development process. While ARHA could quantify the number of vouchers in these properties as of a given date, the number is constantly changing.

Affordable Homeownership

In spite of recent declines in prices of residential real estate in Alexandria and the availability of very low interest rate mortgage financing, homeownership remains out of reach for many low and moderate income Alexandria residents and workers. Barriers to home purchase for these groups have been heightened by the tightening of lending standards resulting from the housing crisis. These include increased minimum downpayment requirements, higher minimum credit scores, and risk-based pricing on most mortgage products. Coupled with these challenges, the number of units in Alexandria considered to be affordable to these households has declined by more than 83.7% since 2000. While condominium ownership presents the most affordable option for first-time home buyers, the average assessment for a residential condominium remains at over $300,000 in 2009. This average was $106,875 in 2000. For all property types, the average assessment in 2009 is $476,490, an increase from the 2000 average of $194,300.

The City's homebuyer assistance programs, the Homeownership Assistance Program (HAP) and the Moderate Income Homeownership Program (MIHP) provide no-interest, deferred payment loans to income eligible City residents and workers. Loan funds are typically repaid to the City upon resale of the property. The City's current program is among the least restrictive approaches to assisting first time homebuyers and serves these households well in achieving many of the

[15] The number of households under lease is less than the number of supportable vouchers because at any given time, there are voucher holders in the process of seeking units.

benefits of homeownership (i.e. lower monthly housing cost coupled with opportunities for meaning wealth accumulation). The current program also incorporates controls to prevent inappropriate use of City funds, such as a requirement that the unit be the purchaser's primary residence and an anti-speculation surcharge to prevent property flipping.

While the design of the program helps households with very limited incomes to become homeowners, it does not address the fact that increases in property values over time may cause the property to lose its affordability upon resale. In contrast, affordable homeownership units obtained through the City's development process are kept affordable for specified periods of time (ranging from 15 to 30 years) For the set-aside units, the current resale formula treats the percentage discount on the initial sale as the "City's share" of the property's value, and reduces the market value upon resale by the same percentage as a means of providing affordability to the next purchaser.

9. **FROM 2000 TO 2008, ALEXANDRIA LOST MORE THAN 15,800 AFFORDABLE OWNERSHIP UNITS:** There has been a significant loss of home ownership opportunities for individuals and families earning 80 percent of median income or less ($71,280 for a three-person household in 2008) per year. The number of condominium and single family homes assessed at levels affordable to persons at or below 80% of median income declined from 19,642 to 3,793 from 2000 to 2008 due to rising market prices. The net result is that it is significantly harder for the city and school workforce as well as other members of the city workforce to afford to become homeowners in Alexandria.

   Since its inception, Alexandria's $5,000 purchase subsidy program for City and School employees has helped 89 families and individuals buy homes in the City through December 2007. Alexandria's other home ownership/down-payment assistance programs have helped an additional 909 households buy homes in the City. But rising costs and average incomes that have grown beyond the initial program design limits are making it harder for these programs to promote the ownership opportunities that they should, although this has been mitigated to some extent by the current opportunities for short sales and purchases of foreclosed properties.

10. **ALTHOUGH ALEXANDRIA'S AFFORDABLE SET-ASIDE UNITS IN NEW DEVELOPMENTS CARRY RESALE RESTRICTIONS THAT PROVIDE FOR LONG-TERM AFFORDABILITY, THE CITY'S DOWNPAYMENT ASSISTANCE PROGRAMS CURRENTLY DO NOT HAVE SUCH PROVISIONS.**

Policy Priorities

1. **THE CITY SHOULD SET SPECIFIC TARGETS FOR PRESERVATION THAT ENCOMPASS THE FULL RANGE OF AFFORDABLE UNITS, WHETHER PUBLICLY OR PRIVATELY-OWNED.** The Resolution 830 purpose of maintaining a baseline number of rental units for households at or below 50% of median should be integrated into a broader housing policy that focuses on a variety of income groups:
   - 0 – 30% of median
   - 31 – 50% of median
   - 51 – 60% of median
   - 61 – 80% of median

2. **CITY POLICY MUST CONTINUE TO INCLUDE A SPECIFIC FOCUS ON LOW INCOME HOUSING OPPORTUNITIES BY TARGETING A BASELINE NUMBER OF RENTAL UNITS FOR HOUSEHOLDS WITH THE ENTIRE RANGE OF INCOMES BETWEEN 0 AND 50% OF MEDIAN.**

3. **RENTAL PRESERVATION SHOULD BE ALEXANDRIA'S PRIMARY FOCUS FOR PEOPLE EARNING LESS THAN 60% OF MEDIAN INCOME, AND OWNERSHIP PROGRAMS SHOULD BE FOCUSED ON THOSE EARNING MORE THAN 60% OF AMI:** Creating new units of affordable housing is just too expensive to justify making it the primary focus of Alexandria's limited affordable housing resources. Focusing resources on efforts to preserve the remaining 11,741 units of assisted and market affordable rental housing (with an emphasis on those available to households below 50% of median) should be Alexandria's primary affordable housing priority. Alexandria needs to maintain a supply of affordable rental housing in order to serve current citizens as well as to meet the housing needs of lower-wage Alexandria job holders.

4. **WE NEED A MORE PRO-ACTIVE PLANNING APPROACH TO AFFORDABLE HOUSING THAT TAKES INTO CONSIDERATION PLANNING AND ZONING ACTIVITY THROUGHOUT THE ENTIRE CITY:** Because 1,017 assisted housing units face possible loss of subsidy by the year 2015 and only about 8,100 market affordable rental units remain, the City must take aggressive action to prevent further erosion of the affordable rental housing stock. Preserving these units (which may include replacement of some units through redevelopment) will require new tools and new resources.

5. **HOME PURCHASE ASSISTANCE PROGRAMS SHOULD HAVE A PRESERVATION FOCUS, TO BE ACCOMPLISHED THROUGH LONG-TERM AFFORDABILITY RESTRICTIONS.**

6. **THE CITY AND ARHA MUST ADDRESS BEST PRACTICES FOR CITY/PUBLIC HOUSING AUTHORITY COLLABORATION, INCLUDING PROVIDING CITY OPERATING RESOURCES TO SUPPORT THE QUALITY, ACCOUNTABILITY, ETC., THAT THE COMMUNITY SHOULD EXPECT.**

7. **THE CITY SHOULD SEEK TO MAINTAIN EXISTING SOURCES OF FUNDING FOR AFFORDABLE HOUSING PRESERVATION AND DEVELOPMENT, AND SHOULD EXPLORE NEW OPPORTUNITIES FOR FUNDING FROM FEDERAL, STATE, LOCAL, AND PRIVATE SOURCES. IN ADDITION TO USING ALL AVAILABLE FINANCIAL RESOURCES, THE CITY SHOULD MAXIMIZE PARTNERSHIP OPPORTUNITIES WITH BOTH PUBLIC AND PRIVATE ENTITIES TO PRESERVE AND EXAPAND THE SUPPLY OF AFFORDABLE HOUSING.**

Actions Taken Pursuant to AHIWG's Initial Recommendations

In June 2008, Council authorized staff to develop mechanisms to track market affordable rental units and encourage owners of market affordable units to keep such units affordable.

Recommendations

Priority Housing Unit Policy

1. The current Resolution 830 should be enhanced to broaden the quantity and range of housing identified for preservation according to the following principles:

   a. The combination of publicly-assisted units and tenant-based vouchers should accommodate, in perpetuity, a baseline of 3,457[16] households with incomes covering the entire range from 0 to 50% of median. The units made available in support of this target, including any units to which vouchers are project-based, shall be known as the "priority housing units."
   b. City financial and resource support for the provision, preservation and/or replacement of these units should be appropriated to the most sustainable, cost-effective projects, taking into account the following factors:
      (1) A housing provider's unique ability to access financing, for both capital costs and operations (e.g., ARHA's federal financing);
      (2) Level of permanence/long-term commitment of affordable units and strength of contractual commitment;
      (3) Demographic trends (e.g., populations identified as most in need of support, like single parents, low income workers, etc., based on waiting lists, policy requirements, etc.)
      (4) Quality of operations;
      (5) A project's ability to maintain or contribute to the creation of a mixed-income setting and an appropriate balance of housing throughout the city; and
      (6) A project's ability to leverage existing assets to maintain and expand the number of priority housing units.

      All projects requiring City funding or other support will be evaluated on a case-by-case basis using these factors, with specific benchmarks to be established where applicable. We recommend that City staff be directed to create a formula based on these criteria.
   c. While the priority housing units may be owned and/or operated by a variety of entities, public or private, the City remains committed to working in partnership with the Alexandria Redevelopment and Housing Authority (ARHA) in accordance with the Memorandum of Understanding between the two entities, as it may be amended from time to time, and expresses its strong support for high-quality, well-managed public housing as an integral component of the priority housing units in the City of Alexandria; the City and ARHA should focus on the implementation of their joint goal of creating a leading public housing authority that is among the best managed in the Country.

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[16] This figure is the sum of the following:
- the 1,150 units currently covered by Resolution 830;
- the 1,450 Housing Choice Vouchers supported by ARHA's currently available funding, less the 110 such vouchers used or potentially used in Resolution 830 housing (Quaker Hill and Jefferson Village), less the 26 vouchers project-based to New Brookside
- the 980 privately-owned, publicly-assisted units with project-based Section 8 contracts that enable tenants to pay no more than 30% of income for rent
- 13 units (at 607/612 Notabene) where residents with incomes at 30% of median income can rent without voucher assistance.

d. The City shall strive to achieve and maintain the baseline number of priority housing units through actions such as the following:

(1) Local programs and funding mechanisms designed to support the development and preservation of priority housing units and other affordable housing units, subject to available resources
(2) Land use policies and actions that support the development and preservation of priority housing units
(3) Technical assistance and support tailored to the needs of various priority housing unit providers
(4) Support of, and advocacy for, applications to other funders for projects consistent with the City's goals for priority housing units and other affordable housing units
(5) Favorable real estate tax treatment, consistent with applicable law, to the extent deemed appropriate and financially feasible by City Council
(6) Other legally permissible incentives for securing the long-term commitment of priority housing units

2. The City should work with ARHA to evaluate and consider project-basing Housing Choice Vouchers, in accordance with HUD procedures, to the extent that such action does not impede the City's ability to house the target 3,414 households identified in Recommendation 1.

3. The City should encourage ARHA to look more pro-actively at leveraging its real estate assets to manage and/or expand its housing stock.

4. The ARHA Strategic Plan should address the coordination of City and other supportive services to ARHA residents, with the goal of promoting self-sufficiency.

5. AHIWG recommends that City Council request staff to come back with a policy document incorporating the above recommendations for Council adoption, and that the Housing Master Plan also incorporate these concepts.

Rental Housing Preservation Strategies

6. Authorize staff to convene focus groups of landlords to assess the likely utilization/effectiveness of items 6a through 6d below. However, due to current fiscal constraints, any items deemed appropriate would be recommended for **future** consideration by Council **in a more favorable budget year.**

Staff identified a total of 48 properties, owned by for profit owners, with some or all rents affordable to households at or below 60% AMI and without assistance (for most if not all units) through any local, state or federal housing assistance program. Properties included in this analysis were all built before 1975, and nearly 80% had 100 or fewer units. Focus groups would be convened from the owners and managers in this group of properties. Regular updates of the status of these properties in the areas of financing, rehabilitation and

property sales would be necessary to maintain current information to assess risks to affordability.

a. Partial Real Estate Tax Exemption:

Enact an ordinance to allow partial exemption from taxation of real estate for properties that are a minimum of 25 years old [staff recommendation; legislation requires at least 15], have undergone substantial rehabilitation or renovation and are maintained as affordable rental units for persons at or below 60% AMI.

The City Attorney's Office has determined that the City could pass an ordinance that sets an amount/percentage of the property that must be kept as affordable rental units for the duration of the partial exemption. The authorizing legislation for partial exemptions from real estate taxes for residential properties is written broadly, it authorizes a locality in its ordinance to "(i) establish criteria for determining whether real estate qualifies for the partial exemption authorized by this provision, (ii) require such structures to be older than fifteen years of age, (iii) establish requirements for the square footage of replacement structures, and (iv) place such other restrictions and conditions on such property as may be prescribed by ordinance." Virginia Code Section 58.1-3320(A). Virginia Code Section 58.1-3320(B) allows the exemption period to run for no longer than fifteen years.

Under the Arlington and Fairfax Codes property owners must meet certain affordable rental housing criteria to qualify for and then maintain their partial exemptions. The Arlington County Code grants the exemption to residential or mixed use properties of which at least 20 percent of the total housing units are affordable rental housing units. Subsequently, the partial exemption ceases if the affordable rental housing requirements are not met. To qualify for the partial exemption, the Fairfax County Code requires that the property owner have and maintain a certain amount of "Moderate Rental Apartment units."

It should be noted that jurisdictions that have made this exemption available have found that the exemption has not been widely used to date, and therefore has not served as a significant tool for the preservation of affordable housing.

Further review of data from other localities regarding the effectiveness of this tool, as well as an assessment of the likelihood of use in Alexandria by targeted property owners would be needed. If it were determined that the exemption would likely be useful, criteria to ascertain the eligibility of targeted properties and eliminate other possible uses of the exemption would need to be established.

Under the authorizing statute, the City could pass an ordinance that sets out the criteria under which residential properties qualify for the partial exemption and can also place other "restrictions and conditions" on the residential properties that qualify, so long as the partial exemption lasts for no longer than fifteen years after the rehabilitation, renovation or replacement occurs and the partial exemption

commences. This would require that the City enact an ordinance that sets an amount/percentage of the property that must be kept as affordable rental units for the duration of the partial exemption and include a definition of "affordable rental units."

As an alternative, or possibly in addition, to the above, the City should explore the feasibility of enacting an ordinance to allow non-profit housing providers who enter into (or extend existing) agreements to maintain units as affordable for a minimum of 40 years to make a Payment in Lieu of Taxes (PILOT).

b. Affordable housing easements as alternative to #6a above.

Consider City purchase of limited term encumbrance on affordable housing properties, to be purchased in annual payments, subject to appropriations.
Further review and identification of potential easements and opportunities would be needed.

c. Use the City's Credit for Credit Enhancement or Support for Developer Financing.

Consider limited use of City's moral obligation as credit support for a developer loan. Use should be limited to large, high priority projects and should result in substantial benefit to an affordable housing deal (i.e. reduction in interest rates or basis points).

d. Rehabilitation Grants/Loans

Consider grants or loans for rehabilitation or acquisition of existing housing subject to income and rent restrictions for assisted units. Length of affordability period would be tied to amount of funding. (For example, federal HOME program requires a five year affordability period for loans under $15,000; ten years for loans between $15,000 and $40,000 per unit, and 15 years for loans over $40,000 or rehabilitation involving refinancing). Probable funding source: CDBG and/or HOME.

7. Right of First Refusal

Items 6a through 6d should provide for a right of first offer/right of first refusal when affordable properties are made available for sale.

8. Technical Assistance/Business Services for participating landlords/nonprofits:

Recommend City services to landlords participating in preservation efforts that provide technical assistance, cost savings and educational opportunities for small landlords that do not have access to rates and services available to larger property management professionals. Specifically, staff would assist by offering educational opportunities, information, and organizing participating landlords to allow for collective bargaining for lower cost financing, insurance, tenant screening services, and other goods and services. Other possibilities would be staff assistance in reviewing property operations to identify strengths and weaknesses and

offer recommendations for improvements in areas like documenting procedures and rules, preventive maintenance, and access to City services through other agencies.

Homeownership Preservation

9. Deed Restrictions to Ensure Long Term Ownership Preservation:

All home ownership opportunities created with city financial or land-use support should include deed restrictions that provide home owners with a modest rate of market appreciation on their own invested dollars, but that ensure the properties can be sold at an "affordable" price in the future.

Staff recommends the incorporation of equity sharing into its loan programs because this approach is expected to be most effective in preserving affordable, long-term homeownership opportunities. The shared equity approach, currently used for the majority of units in the City's Affordable Set-aside Sales Units Program, is most effective when the discount provided is significant. In equity sharing, the City's loan amount, represented by its percentage of the sales price, becomes the City's share of equity in the property. This equity share increases with the overall increase in property's value over time and is passed on as discount to the new buyer in the form of a price reduction from the appraised value. As an example of how equity sharing serves to provide long-term affordability, if a first time homebuyer purchases a home priced at $200,000 using $50,000 in HAP Program funds, 25% of future appreciation would be passed on to the subsequent low-income first-time homebuyer as a purchase discount upon resale. The greater the City's share of equity, the greater the future discount that can be provided to future homebuyers.

Equity sharing is widely known among mortgage lenders and has been found to be acceptable to the Virginia Housing Development Authority (VHDA). Shared equity is more administratively burdensome than the City's current program structure because an appraisal is required to determine the allowable resale price and Office of Housing staff will be required to assist with marketing the units to eligible buyers at the time of resale. Staff will also have the added responsibility of ensuring that restrictive covenants are recorded at the time of sale and that homebuyers understand the potential impact of equity sharing on their future appreciation.

The proposed change to an equity sharing model is expected to have an initially negative impact on interest and participation levels in the programs. If these changes are approved, staff will educate program participants on the new program design through the City's home buyer training program. Staff will also work with area lenders and realtors to ensure broad awareness and understanding of the City's programs.

III. DEVELOPMENT

Key Findings

1. **Under the existing system, affordable housing competes with many other community benefits requested of developers (e.g., underground parking, open space and upgrades to utilities and infrastructure).** The City's ability to secure or fund new affordable units is accomplished largely through developer willingness and ability to offer a contribution of money and/or units in accordance with a voluntary, tiered formula drafted in 2005. In the absence of legislative authority to mandate the provision of affordable housing on site (except in cases where bonus density is requested), only a small number of units result from the City's negotiations with developers, relative to overall project size.

2. **Constraints in the City's Master Plan, including constrained density and requirements for consistency with existing patterns of development, are sometimes barriers to affordable housing development.** The City's common practice of limiting density also limits opportunities for efficient creation of new affordable housing. The lack of a comprehensive citywide plan for the quantity, type, ownership and preservation of affordable housing is also a challenge. Community opposition can compound this problem as developments which propose substantial components of new affordable housing often face neighborhood resistance.

Policy Priorities

1. **The developer contribution work group should offer a system that promotes preservation efforts and provides alternative options to maximize production/preservation of affordable housing units as efficiently as possible.** Development approvals should include developer contributions to community amenities and support of affordable housing within reasonable limits.

   The 2005 voluntary affordable housing contribution formula was intended to remain in place for a minimum three-year period, which has now passed. Council in June 2008 approved AHIWG's recommendation that a new work group be convened, to include members of the development community, affordable housing advocates and other stakeholders. Pursuant to AHIWG's initial recommendations, this group will develop a proposal outlining how affordable housing contributions can be "directed to preservation (including replacement, in a redevelopment effort, of affordable units lost through that redevelopment) and homeownership programs first. Building on site units should be carefully evaluated on a case by case basis and only utilized as part of larger affordable housing goals (e.g., scattered site housing project) or when the opportunity for new units is significant, either locationally or numerically." (A list of rental set-aside units is contained in Appendix II; set-aside sales units are listed in Appendix III.)

While the financial resources anticipated to be created through a revision of the current guidelines are likely to be applied towards preservation efforts based on this criteria, the group will also consider alternative options through which developers may fulfill contributions, including joint ventures between private and non profit developers to take advantage of market conditions and relationships in ways that enhance cost-efficiencies, expand access to capital and make funding tools available to achieve a significant number of affordable units, on and offsite. By proceeding with this group now, increased contribution levels can be incorporated into overall development costs and land values prior to the next upward real estate cycle.

2. **The housing master plan should seek to achieve a more balanced geographic distribution of affordable, workforce and public housing throughout the City in accordance with other elements of the City's Master Plan, should define and/or establish goals for mixed-income housing, and should enhance community understanding of housing choice as part of Alexandria's economic sustainability strategy.**

   The upcoming housing master planning effort will be designed to help enhance the community's knowledge, understanding and acceptance of a continuum of affordable housing as part of Alexandria's long term economic sustainability strategy and should help establish land use policies, tools and resources appropriate to expand affordable housing development and preservation efforts throughout the City, particularly in those sectors experiencing significant development pressure. Implementation of the housing master plan should facilitate a more balanced geographic distribution of affordable, workforce and public housing in accordance with other elements of the City's Master Plan.

Actions Taken Pursuant to AHIWG's Initial Recommendations

1. Council authorized the creation of a new work group to study and refine the current affordable housing contribution process.
2. Council authorized and provided funding for the development of a comprehensive, City-wide housing master plan.

Recommendations

While City housing policies and resources should generally prioritize affordable ***preservation*** efforts, new development may be appropriate and desirable to produce affordable housing when it can be achieved efficiently and acts to maximize the use of land or other resources which enhance long term sustainability and affordability, or to otherwise meet City objectives to serve the housing needs of special populations.

1. For immediate implementation:

   a. Review and revise current permit approval processing, and other regulatory requirements, to reduce the cost of affordable housing development.

Waivers of certain development-related fees and streamlining regulatory requirements and processes to expedite approvals should be allowed to achieve time and cost efficiencies for affordable housing developments. For example, parking reductions for affordable housing in the case of a multifamily rental preservation rehabilitation project should be available through an administrative process rather than an SUP.

b. Reduce parking ratios, when feasible, to reduce the cost of affordable housing development.

Parking ratios for affordable housing units, particularly when underground parking is required, should be carefully analyzed and lowered ("right-sized"), whenever feasible, to reduce overall development costs and maximize production of affordable units. Access to metro and public transit options, resident demographics, proximity to shopping and amenities, opportunities for shared parking, neighborhood parking patterns and other factors relevant to the urban environment should be considered in establishing acceptable ratios.

c. Expand developer access to non monetary tools and resources through the City (i.e., technical assistance, loan guarantees, tax incentives) to facilitate affordable housing development.

Housing staff could provide technical assistance to non profit and private developers to help identify and secure financial resources to support projects.

The City's credit and City guarantees could be made available to leverage favorable financing. Tax incentives such as tax exemptions, based on the initial periods of committed affordability and/or a City or City designee right of first refusal, could be offered.

2. During the Housing Master Plan effort, the Development Subcommittee recommends that the following ideas and strategies should be investigated, in consultation with the community:

a. Encourage the development of mixed-use projects, and the inclusion of affordable housing in such developments.

The City should encourage or incent creative, mixed use development which includes affordable housing. As with The Station at Potomac Yard, which combines a new fire station, retail space and 64 new units of affordable and workforce housing, the City should act as a leader when it comes to affordable housing development by including affordable residential units when new municipal facilities are planned and constructed. Libraries, recreation centers and social service facilities are just a few examples of the types of uses that might be appropriate for residential development, including affordable supportive and senior housing or assisted living. In addition to the synergy with

amenities or services provided in the accompanying public space, such combinations reduce per unit land cost in ways that enhance affordability.

New affordable housing units 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.

b. Provide City-owned land and/or air rights for affordable housing development.

The City should review its property inventory to identify land which may be appropriate for affordable or mixed income housing development, whether by AHDC or other private or non profit development entities. To enhance long term affordability, the City's land should be made available for affordable development through a long term ground lease arrangement or some other mechanism that allows the City to retain ownership and control of the underlying parcel pending future redevelopment, as appropriate. In some jurisdictions, Community Land Trusts have been established to ensure long term affordability. This concept needs further study and consideration within the context of Virginia property law.

c. Promote adaptive re-use for affordable housing development.

As part of its commitment to green building, the City should facilitate the adaptive re-use of existing buildings, including City facilities, for affordable housing purposes, including housing for special needs groups. In many jurisdictions, schools, hotels and commercial buildings have been successfully renovated to provide affordable assisted living for the elderly, residential studios for very low income and formerly homeless individuals, and live-work spaces for artists.

d. Investigate the possibility of allowing accessory dwelling units and/or caregiver or granny flats to increase private affordable housing resources.

While the experience of other jurisdictions has shown that the number of units produced formally is relatively small, accessory units do add affordable housing opportunities for individual and small households and can work to preserve a homeowner's ability to remain in his or her own home by enhancing financial and supportive resources available. To the extent that accessory dwelling units exist illegally, making such units legal and subject to proper codes would increase public safety. While the work group does not have sufficient information to support changes in zoning to allow such units, we believe the concept should be studied.

e. Explore ways to use density and the transfers of development rights (TDRs) to facilitate affordable housing development.

A goal of the Housing Master Planning process is to identify areas of the City where increased density would be appropriate to support new or additional affordable, workforce or public housing development. When and where appropriate in small area

planning efforts or through the upcoming Housing Master Planning effort, the City should permit increases in density as a tool to facilitate affordable housing development. Because any additional density conferred has long term impacts on the surrounding community, the accompanying period of committed affordability for units produced must also be long term and should be fully secured by covenants restricting future use and transferability. While administration of a City-wide TDR program might be too burdensome or complex to administer efficiently, permitting transfers of development rights within discrete areas could generate resources that might be applied to produce or preserve affordable units proximate to the site receiving enhanced development rights.

Please note: While the potential adoption of inclusionary zoning ordinances practices through legislative action was proposed, the amount of density typically permitted by right in other jurisdictions to allow developers to achieve mandatory affordable housing targets was considered contrary to Alexandria's established practice of managing and controlling density.

f. Promote universal design.

The City should promote universal design features in affordable housing development and rehabilitation projects. By increasing accessibility, inclusion of such features will help ensure that residents can remain in their homes as long as possible.

IV. FUNDING

Key Finding

RESOURCES ARE DWINDLING: The City has preserved 299 affordable rentals using the dedicated one cent tax revenues and bond proceeds, but it has nearly exhausted the bonding capacity of its dedicated one cent on the real property tax rate for affordable housing. Based on the available bonding capacity, after taking into account debt service needs for projects approved to date, funds from this dedicated revenue will be inadequate to fund significant new acquisition and redevelopment activities. In fact, the annual bonding capacity in fiscal years 2010 and 2011 will be less than was required to fund even the smallest recent acquisition activities.

Federal Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds have been flat or falling for the last few years (Figure 2). Housing contributions from developers are on an erratic but generally downward trajectory (Figure 3) due to the slow down in the housing and development market. 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. Table 1 illustrates the increasing length of time between development approval, and receipt of initial contributions (which generally are paid at the time of certificate of occupancy or sale to the end user). 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. With regard to the effect of increased affordable unit contributions, the 81 set-aside units (17 sales and 64 rentals) produced from FY 2005 to date represent $6 million in subsidies that would otherwise have been provided as cash contributions. Federal support for ARHA and housing in general are flat or declining. For example, beginning with ARHA's fiscal year 2005, HUD pays housing authorities less than 100% of the public housing operating subsidy for which they are eligible. In 2007, the percentage funded had declined to 83.4%.

Given the fiscal challenges currently facing the City, the Work Group has diligently explored non-monetary resources and tools, and creative best practices from other jurisdictions that might be successfully replicated here with minimal City investment required. Nevertheless, the budgetary constraints that are likely to continue over the next several years will severely hamper the City's ability to maintain recent progress achieved in preserving affordable housing stock.

Appendix IV contains a list of known funding sources for affordable housing preservation.

Figure 2

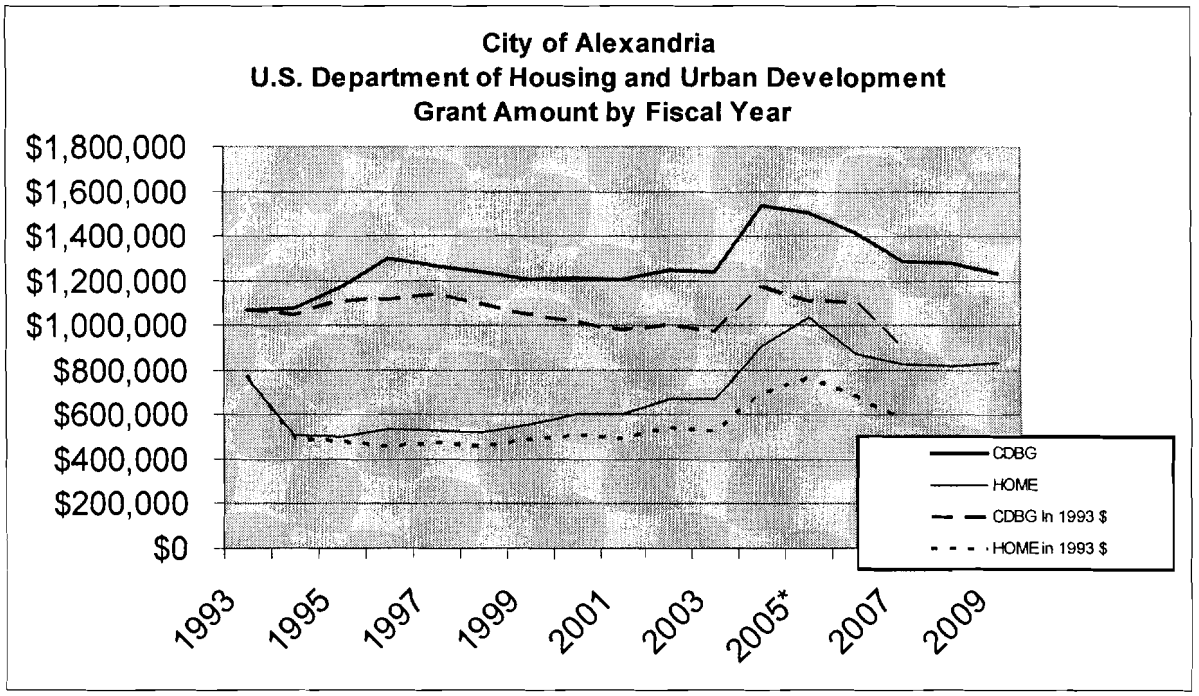


Figure 3

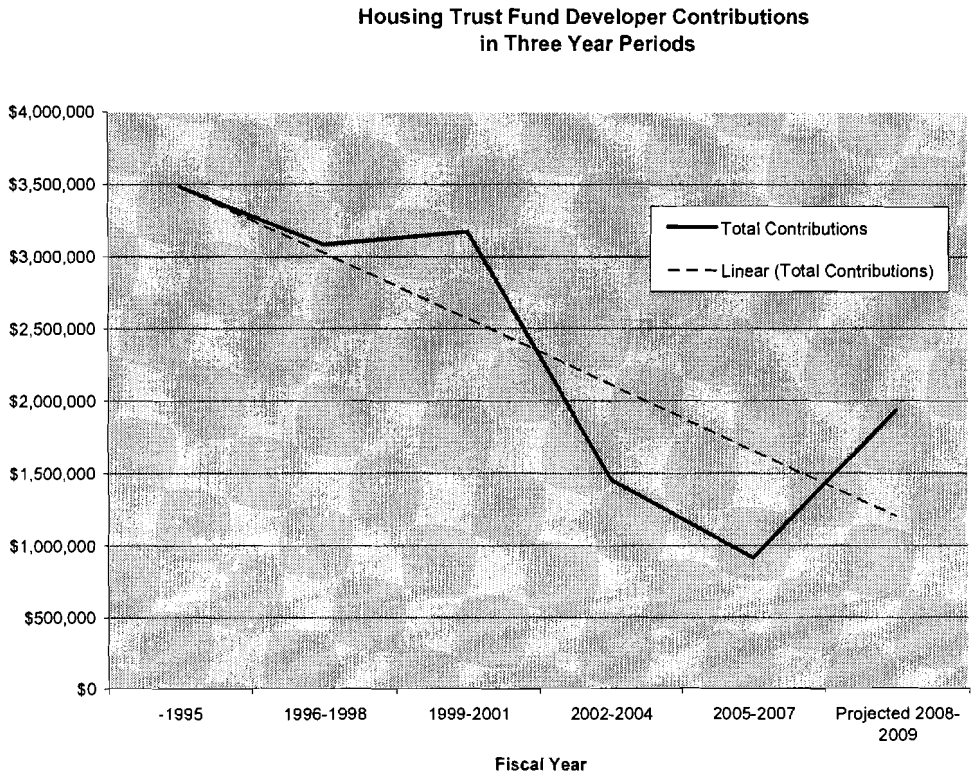


Table 1. Development Projects by Time Elapsed Between Approval and Housing Contribution

Time Elapsed Since Approval	Year of Initial Contribution				
	1987 – 1995	1996 – 2000	2001 – 2005	2006 – 2008	Total Projects, All Years
0 – 2 years	9 (100%)	33 (66%)	9 (17%)	0	51 (41%)
3 – 4 years	0	16 (32%)	33 (61%)	7 (58%)	56 (44%)
5 or more Years	0	1 (2%)	12 (22%)	5 (42%)	18 (14%)
Total Projects	9 (100%)	50 (100%)	54 (100%)	12 (100%)	125 (100%)

Policy Priorities

1. The City should seek to maintain existing sources of funding for affordable housing preservation and development, including restoring the dedicated affordable housing tax revenues to one cent on the real property tax rate as soon as practicable, and should capture new opportunities for funding from federal, state, local and private sources.

   In addition to using all available financial resources, the City should maximize partnership opportunities with both public and private entities to preserve and expand the supply of affordable housing in Alexandria.

2. Funding resources should be used to support the following priorities:
   a. Preserve existing affordable housing.
   b. Assist public employees to live where they work.
   c. Ensure home buyers are well-educated prior to purchasing their first home.
   d. Provide assistance to low and moderate income Alexandrians to remain in their homes and to age in place.
   e. Increase operational efficiencies of City home purchase assistance programs.

Actions Taken Pursuant to Initial Recommendations

Home Ownership

Changing Homeownership Assistance Program Income Levels: In May 2008, as part of its adoption of the City's annual Action Plan submission to the Department of Housing and Urban Development (HUD), Council approved a modification in the income limits for the Homeownership Assistance Program (HAP) to increase the number of households eligible for the maximum level of assistance. Specifically, the income limit for HAP was increased from the HUD 80% of median (in 2008, $55,350 for a family of three) to the mathematical 80% of median ($71,300), as allowed by HUD regulations. The increase in

income limits for the HAP Program was approved by HUD and was made effective for home purchase contracts executed after June 30, 2008. This has moved some households from the MIHP range into the HAP range.

City & Schools Down-Payment Program: During the FY 2009 budget process, it was agreed that AHIWG's recommended increase in the assistance level under the Employee Homeownership Incentive Program (EHIP) from the current $5,000 level to $10,000 would be considered in the context of the FY 2010 budget.

A related recommendation that EHIP loans, which currently are unsecured, be changed to be secured against the property, will be recommended for Council approval and implementation in FY 2010, provided the increase in assistance level is adopted.

Recommendations

Funding Strategies

1. Continue support for the dedicated tax revenue through the City's One Cent Fund with the understanding that funding for new initiatives through this resource will be dependent upon available debt service capacity.

2. Preserve existing affordable housing through the following strategies:

    a. Units assisted through home purchase assistance and home rehabilitation loan programs to be included in preservation activity once long-term affordability is incorporated.
    b. Use of land-use tools to preserve existing market rate affordable housing.
    c. Goal of $3 million in funding annually to be used for preservation activities.
        i. Dedicated tax revenue through the One Cent Fund to be targeted to preservation activities (assuming ongoing availability of One Cent funding)
        ii. Developer contributions to preservation activities count toward recommended funding.
        iii. Should strive to broaden revenue base to ensure new sources of preservation funding.

Homeownership and Preservation of Affordable Homeownership

3. Expand the Employee Homeownership Incentive Program (EHIP) to include the following agencies should they wish to participate and include funding in their budgets: Alexandria Convention and Visitors Association (ACVA), Alexandria Transit Company (ATC), Alexandria Economic Development Partnership (AEDP), and Alexandria Redevelopment and Housing Authority (ARHA).

4. Home buyer counseling and training should be high priority.

5. Provide assistance through the Home Rehabilitation Loan Program (HRLP) to help low and moderate income City residents remain in their homes. City should continue partnerships and support to organizations such as Rebuilding Together Alexandria to maximize available resources.

6. In order to maximize the use of limited loan funds available to the HAP and MIHP programs, implement a tiered loan program to become effective in FY 2010. The proposed tiers will follow the current income and family size format with higher assistance amounts available only to the lowest income groups for each program. The proposed tiers are shown in the chart that follows.

Proposed Tiered Assistance	
HAP Tier 1 – Up to $50,000 to households below HUD 80% of AMI. 1 person - $44,800 2 person - $51,200 3 person - $57,600 4 person - $64,000 5 person - $69,100 6 person - $74,250	**HAP Tier 1 – Up to $40,000 to households between HUD 80% and mathematical 80%.** 1 person - $44,801 – $57,520 2 person - $51,201 - $65,760 3 person - $57,601 - $73,920 4 person - $64,001 - $82,160 5 person - $69,101 – $88,720 6 person - $74,251 - $95,200
MIHP Tier 1 – Loan of up to $30,000 to households between mathematical 80% and 90% for households of 1-3 persons: 1 person - $57,521 - $64,710 2 person - $65,761 - $73,980 3 person - $73,921 - $83,160 4 person - $82,161 - $92,430 5 person - $88,721 - $99,810 6 person - $95,201 - $102,700	**MIHP Tier 2 – Loan of up to $20,000 to households between 90% and 100% of AMI:** 1 person - $64,711 - $71,900 2 person - $73,981 - $82,200 3 person - $83,161 -$92,400 4 + person - $92,431 - $102,700

V. METRICS

Background

Communicating the City's affordable housing goals and accomplishments in a clear and understandable manner to the general public is of paramount importance in publicizing the City's housing needs and successes. To that end, the Work Group sought to develop numerical goals and an annual report card.

During the course of its work, the AHIWG identified the need for benchmarking present housing conditions and goal-setting to help the City better understand the scope of

- year-to-year changes in the number of affordable housing units,
- the number of units affordable to households at various income levels, as approximated by salary levels, and
- the future need for affordable and workforce housing in the City.

While recognizing that a number of planning and reporting processes are currently in place, such as the Department of Housing and Urban Development's mandated Consolidated Plan and performance report, and the required Ten-Year Plan to End Chronic Homelessness and other Forms of Homelessness, the Work Group found that no single tool exists to help the City simply and clearly communicate its key goals and quantify its performance toward meeting these goals.

In setting goals, the AHIWG recognized the challenge of establishing meaningful, but realistic and balanced goals. While enthusiastically supporting the most aggressive goals, members recognized that these goals were unrealistic given current and projected program budgets. In turn, setting goals that are too low may not position the City to take full advantage of unforeseen opportunities, and may not reflect the City's commitment to addressing critical housing needs.

Recommendations

1. Specific housing goals should be established with a range of targets reflecting aggressive, mid-range, and conservative figures in order to contrast what would be desirable in order to meet the need and what can realistically be done with available resources.
2. Staff should report annually to the community and to City Council and to the community using the attached "report card" that presents specific accomplishments in the preservation and development of both affordable rental and ownership housing. The report also should explain the extent of the City's financial and other commitments that are dedicated to affordable housing.

Table A Affordable Rental Units

		Res 830				Privately Owned with income/Rent restrictions				Market Rate Affordable				Total			
		2007		2008		2007		2008		2007		2008		2007		2008	
Affordable @ 80-120 %amI	Units	0	0%	0	0%	0	0%	0	0%	3,677	14%	4,661	17%	3,677	12%	4,661	15%
	gained (lost)			0	0%			0	0%			984	27%			984	27%
60-80% amI	Units	0	0%	0	0%	0	0%	0	0%	14,152	54%	14,857	54%	14,152	47%	14,857	47%
	gained (lost)			0	0%			0	0%			705	5%			705	5%
50-60% amI	Units	0	0%	0	0%	1,445	60%	1,541	62%	7,933	30%	5,810	21%	9,381	31%	7,351	23%
	gained (lost)			0		96	6%					(2,123)	-27%			(2,030)	-28%
under 50 %amI	Units*	1,150	100%	1,150	100%	960	40%	950	38%	593	2%	2,313	8%	2,693	9%	4,413	14%
	gained (lost)			0	0%			0	0%			1,720	75%			1,720	39%
	total	1,150	100%	1,150	100%	2,396	100%	2,491	100%	26,345	100%	27,641	100%	29,893	100%	31,282	100%
	gained (lost)			0	0%			96	4%			1,296	5%			1,389	4%

Note: Units are shown in the category of the lowest income group that can afford to rent without receiving additional assistance (ie. vouchers). Therefore project-based Section 8 units while open to households up to 60% of median are reflected as being affordable to households under 50% of median as such households are eligible to rent these units for no more than 30% of their income. *units available to households under 50% of median are referred to as priority housing units. 2,100 of the priority housing units are included in this line under Res 830 (1,150 units) and privately owned with rent restrictions (950 units). Priority housing units also include Housing Choice Vouchers (HCV) that are not listed in these charts which accounts for another 1,314 units. 1,450 HCVs supported by ARHA's currently available funding, less the 110 vouchers used in Resolution 830 housing and 26 vouchers which are project-based.

Table B Employment

		% of School Employees				% of Police/Fire/Safety				% of City General Government Employees				Jobs by Average Salary of Industry			
		2007		2008		2007		2008		2007		2008		2007		2008	
120 %+ amI	% of Jobs	56	3%	60	3%	36	3%	33	3%	89	7%	70	5%	943	1%	841	1%
	gained (lost)			4	7%			(2	-6%			(19)	-27%			(102)	-12%
80-120 %amI	% of Jobs	632	31%	601	29%	405	39%	351	39%	337	26%	314	23%	35 356	36%	34 866	33%
	gained (lost)			(31)	-5%			(24	-6%			(23)	-7%			(490)	-1%
60-80% amI	% of Jobs	471	23%	483	23%	307	30%	282	29%	360	28%	410	31%	22 324	22%	27 423	26%
	gained (lost)			12	2%			(25	-8%			50	12%			5 099	23%
50-60% amI	% of Jobs	231	11%	234	11%	203	20%	183	19%	238	18%	268	20%	12 967	13%	17 980	17%
	gained (lost)			3	1%			(20	-11%			30	11%			5 013	28%
under 50 %amI	% of Jobs	621	31%	679	33%	77	7%	87	9%	265	21%	282	21%	27 911	28%	25 594	24%
	gained (lost)			58	9%			10	11%			17	6%			(2 317)	-9%
	Total	2,011	100%	2,057	100%	1,027	100%	966	100%	1,289	100%	1,344	100%	99 201	100%	106 704	100%
	gained (lost)			46	2%			(61	-6%			55	4%			7 503	7%

The median area income (100% amI) is based on the three person household income as defined by U.S. Department of Housing and Urban Development.

DRAFT

QUANTITATIVE GOALS AND METRICS MEASURES

Table 1

	Past 3 year Annual Average(FY 06-08)		FY 09		AGGRESSIVE		MID RANGE		Conservative (FY09 budget based where applicable)		
	Average	$ per unit	As of Dec 08	$ per unit	10-Year	Annual	10-Year	Annual	10-Year	Annual	$ per unit
Rental Units											
Preserve existing 8,000 privately owned, market affordable units	80	$93,966	0	$0	6,400	640	***3,500***	***350***	Acquisition: 1,240 Other: TBD	Acq:124 Other: TBD	$64,516
Preserve/replace 3,414 priority housing units	48	$59,028	0	$0	1,750	175	***880***	***88***		219	$36,350
Add new affordable rental units in conjunction with new developments	17	$56,067	0	$0	1,000	100	***500***	***50***	0	0	$0
Allow flexible use of existing Single Family units to include room rentals and/or accessory units (future goal subject to authorization of accessory units)	NA	NA	NA	NA	2,000 rooms rental/AA units	200	***1,000***	***100***	NA	NA	NA
Ownership Units											
Add new affordable ownership units in conjunction with new developments	4	$129,636	0	$0	500	50	***250***	***25***			$0
Rehabilitate SF low-income ownership units or NP rental units	City: 8 RTA: 76	$69,544 $3,182	City: 6 RTA: NA	$ 37,602 $NA	800	80	***400***	***40***	City: 110 RTA: 750	City: 11 RTA: 75	$88,488 $3,299
Assist city workforce (public & private employees) at <100% AMI to become first time homeowners	91	$40,838	52	$38,055	1,000	100	***900***	***90***	780	78	$41,994

VI. PUBLIC OUTREACH

Background

In addition to sharing information with the public on the City's housing goals and accomplishments as described in the preceding chapter, a public relations campaign is another essential element in galvanizing the community at large to understand and support the need for affordable housing in our community.

Proposals to establish or preserve affordable housing in a specific location are often met with apprehension by members of the surrounding community. Often there is confusion about what is meant by affordable housing, and what such housing will mean for property values and other areas of concern.

The Work Group supports the development of a multi-platform (print, City television programming, web) public relations campaign designed to shed light on the types of people who need affordable housing, and how the community benefits in terms of maintaining its community diversity, economic development, environmental quality and energy efficiency from being able to house such persons. Appendix V was developed for use in public presentations and possible posting on the City's website. Appendix VI provides examples of materials that have been used in other jurisdictions. The Washington Area Housing Partnership (WAHP) recently released a housing advocacy toolkit that provides additional materials and guidance for this purpose.

Recommendation

The Work Group recommends that Council authorize staff to employ the use of such materials as it deems appropriate for the purpose of public education on affordable housing, subject to available resources, and to seek partnerships and sponsorships for this purpose when opportunities arise. The education materials should explain the linkages between adequate affordable housing and the maintenance of community diversity, economic development, a quality environment and energy efficiency.

VII. GOVERNANCE

Key Findings

The work group acknowledges that there are many public and private organizations responsible for the preservation of Alexandria's affordable housing stock, from the City's housing and planning departments, non-profit housing providers, the Alexandria Redevelopment and Housing Authority to for profit-land owners and developers.

Policy Priorities

1. It is the Work Group's belief that only clear coordination and collaboration amongst these many stakeholders will ensure that Alexandria can meet its obligations to the preservation of affordable housing.

2. We believe the governance of affordable housing in Alexandria should seek to achieve the following goals:
    a. A unified vision for all affordable housing in Alexandria
    b. Robust collaboration between all stakeholders
    c. A mechanism to set clear metrics and guidelines to govern the preservation, development and re-development of affordable housing
    d. Oversight for the implementation of the to-be-created Affordable Housing Master Plan

3. In order to achieve these objectives, we specifically encourage the Council to consider ways to improve and enhance collaboration between ARHA, the City's Office of Housing, the City's boards and commissions, and private-sector housing providers in Alexandria.

Recommendations

1. The Work Group strongly encourages the City Council to consider, as an interim step, appointing two Council Members to coordinate input and advice from ARHA, Alexandria's Affordable Housing Advisory Committee, non-profit and for-profit land-owners and developers in order to develop a policy development and governance approach for affordable housing that is able to look at the big picture, facilitate collaboration and ensure clear accountability for Alexandria's affordable housing goals.

2. We also recommend that the Council pursue the creation of an overall Affordable Housing Commission that would have policy oversight for all areas of public- and private-sector affordable housing activities. It is understood that participation by ARHA in such an arrangement would have to be voluntary and cooperative, as ARHA is not subject to City oversight. In conducting its evaluation, we encourage the Council to examine and evaluate the approaches used by other jurisdictions within and outside of Virginia to accomplish similar goals and objectives.

APPENDIX I

AFFORDABLE HOUSING INITIATIVES WORK GROUP MEMBERS

City Council liaisons/Co-chairs	LUDWIG GAINES ROB KRUPICKA
Member, Affordable Housing Advisory Committee	NANCY CARSON
Member, Planning Commission	ERIC WAGNER
Member, Alexandria Redevelopment and Housing Authority	MELVIN MILLER
Representative, Alexandria Housing Development Corporation	KERRY DONLEY
Representative, Housing Action	JAMES HOBEN
Non-profit housing developer	HERB COOPER-LEVY
For-profit developer with affordable housing experience	STAN SLOTER
Land use attorney with affordable housing experience	JONATHAN RAK
Individual with expertise in affordable housing finance	MICHAEL SCHEURER
Representative, Chamber of Commerce	*No representative provided*
Teacher, police officer, or City employee	ELISSA WEBSTER
Representative, Commission on Persons with Disabilities	CHUCK BENAGH
Representative, Commission on Aging	WILLIAM HARRIS
Representative, Civic association	JOSEPH GRIGG

Privately Owned Assisted Housing	Subsidy Program						
Apartment Name	**Total Assisted Units**	**Section 236**	**Section 8 Project Based**	**Tax-Exempt Bonds**	**Low Income Tax Credits**	**City Funding**	**Developer Set-Aside**
Pendleton Park*	24	24	4				
Olde Towne West	215 of 319		215	75			
Claridge House	300		300				
Bellefonte	12		12	12			
Foxchase	423 of 2,113		423				
Park Center II	65 of 328			65			
New Brookside*	34 of 170		26	34			
Parkwood Court	76 of 189			76			
CLI Elbert Ave*	28			28	28	28	
Fields at Landmark*	290			290	290		
Fields of Alexandria*	306			306	306		
Fields of Old Town*	97			97	97		
Brent Place*	196 of 209			83	196		
Potomac West	45 of 60			45			
Beverly Park*	33				33	33	
ParcView*	120 of 149				120	120	
607/612 Notabene	20					20	
Lynhaven	16 of 28					16	
Arbelo	34					34	
Lacy Court	43					43	
Longview Terrace	41					41	
Northampton Place	12						12
The Alexander	13 of 275						13
Carlyle Place	13 of 326						13
Meridian at Eisenhower Station	15 of 369						15
Halstead Tower	9 of 174						9
Tuscany	2 of 104						2
Total	**2,572**	**24**	**980**	**1,111**	**1,070**	**335**	**64**

*Property has multiple forms of subsidy; units in different columns should not be added together.

Resolution 830 units	Subsidy Program						
Apartment Name	Total Assisted Units	Public Housing	Section 8 Project Based	HOPE VI	Tax-Exempt Bonds	Low Income Tax Credits	City Funding*
Hopkins-Tancil Courts	111		111				
Ramsey Homes	15	15					
Samuel Madden Uptown	66	66					
James Bland	148	148					
James Bland Addition	46	46					
Andrew Adkins	90	90					
Ladrey High-rise	170	170					
Quaker Hill (Yale Drive)	10	10					
Oasis and Bragg Scattered Site	15	15					
Ramsey School Scattered Site	10	10					
28th Street Scattered Site	15	15					
Annie B. Rose House	90		90				
Jefferson Village	50 of 69				50		50
Glebe Park	40	40					40
Saxony Square Condominiums	5	5					
Park Place Condominiums	38	38					38
Quaker Hill	30	30					
Quaker Hill Community	60					60	60
Arell Court Scattered Site	10	10					
Beauregard and Armistead Scattered Site	5	5					
4600 W. Braddock Scattered Site	8	8					
4505 W. Braddock Scattered Site	8	8					
1600 W. Braddock Scattered Site	10	10					
Chatham Square	52	52		52		52	52
BWR - Braddock Scattered Site	6	6		6		6	6
BWR - South Whiting Street Scattered Site	24	24		24		24	24
BWR - Reynolds Street Scattered Site	18	18		18		18	18
Total	**1,150**	**839**	**201**	**100**	**50**	**160**	**288**

*For Resolution 830 units, City funding reflects funding for acquisition, development, or redevelopment only. Other City rehabilitation funding is not reflected

APPENDIX III

For Sale Set-Aside Unit

Project Name	# Units
Stonegate	36 of 943
Stevenson Court	16 of 16
Amie Leigh	1 of 6
Townes at Cameron Park	8 of 229
Old Town Greens	10 of 273
Kensington Court	4 of 98
Summer's Grove	12 of 191
Portner's Landing	4 of 92
The Preston	6 of 53
Cameron Station Phases VI & VIII	7 of 148
Prescott	4 of 64
Total	**108**

APPENDIX IV

FUNDING SOURCES

During the course of AIHWG's work, the following funding sources, resources and tools for affordable housing preservation have been identified:

Community Development Block Grant (CDBG) - Federal annual grants provided on a formula basis to entitlement communities (cities with a population of 50,000 or more and urban counties with a population of at least 200,000). Funds can be used to provide affordable housing, among other things, although CDBG monies cannot be used to fund new construction.

CDBG funding constraints:

- 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. rehabilitation that combines units) requires a one-for-one replacement of lost units.
- Davis-Bacon wage rates required for 12 or more units.

CDBG funds may also be used to provide loan guarantees. **Section 108** is the loan guarantee provision of the CDBG program which provides communities with a source of financing for economic development, housing rehabilitation, public facilities, and large-scale physical development projects. 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.

HOME Investment Partnerships Program (HOME) - A type of Federal assistance provided by the U.S. Department of Housing and Urban Development (HUD) to States and Communities by formula in order to provide decent and affordable housing, particularly housing for low- and very low-income households. It is the largest Federal block grant to States and local governments designed exclusively to create affordable housing for low-income families. HOME is not available for public housing projects.

HOME funding constraints:

- Strict income targeting requirements.
- Activities causing displacement trigger costly Uniform Relocation Act payments.

Housing Trust Fund Developer contributions are placed in the City's Housing Trust Flexible fund to support a variety of affordable housing activities.

Housing Opportunities Fund (City General Fund, HTF, HOME) - The Housing Opportunities Fund is designed to provide a local financial resource to support affordable rental and sales housing in the City of Alexandria for households whose incomes do not exceed 120% of the Washington D.C. Area Median Income (AMI). The Fund was established in 2002, in response to recommendations of the City Manager's Affordable Housing Task Force, and has provided a key source of funding for the development and preservation of long term, below-market rate housing, particularly for low and moderate income households with few affordable housing options. HOF monies also may be used to fund predevelopment loans.

Limitations:

- Funding availability through the HOF is limited
- HOME monies do not work well with projects that involve combining units,
- Stricter income targeting with tax credits than is otherwise required

Dedicated Tax Revenue and General Obligation Bonds - Dedicated one cent on real property tax rate to support Affordable Housing. From FY 2006 through FY 2009, this revenue stream has yielded approximately $3 million annually, with a substantial portion of the revenue used to service general obligation bond debt, and some of the remaining funds used for direct project funding. General Obligation Bonds are a form of municipal bond secured by the taxing and borrowing power of the municipality issuing it. In November 2005 City Council authorized an allocation of up to $22.1 million in bonds. To date, more than 200 units have been preserved using dedicated tax revenues and GO bonds.

Limitation: 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.

Taxable and Tax Exempt Bonds - Bonds for affordable housing may be issued by VHDA, ARHA, or other state-designated agencies. Some are exempt from federal taxation, although taxable bonds must be used if combined with tax credits or some other federally subsidized housing programs. Typically, there are two types of bonds that can be used to facilitate affordable housing: affordable multifamily rental bonds (a type of private-activity bond) and 501(c) (3) bonds for nonprofit developers. A portion of the units are reserved for low income households.

Limitation: For tax exempt bonds, VHDA must be the bond issuer if other VHDA financing is used, precluding use of ARHA-issued bonds in such situations. VHDA also limits how and when bond debt can be retired with other permanent financing.

Multi-family Housing Revenue Bonds - Bonds issued to finance construction of multi-family housing projects where a specified proportion of the units will be rented to moderate- and low-income families, in some cases specifically targeted toward elderly residents. These securities may provide financing either directly or through a loans-to-lenders program, and may be secured, in whole or in part, by federal agency guarantees or subsidies.

Low Income Housing Tax Credit (LIHTC) - The LIHTC program was created under the Tax Reform Act of 1986 (TRA86) to attract private investment in affordable housing production by offering a dollar for dollar reduction or credit which can be applied to an investor's tax liability (typical investors have been banks, insurance companies or other corporate institutions with profits and tax obligations needing offset). The program is administered by state housing finance agencies (in Virginia, VHDA). States receive yearly allocations based on their populations (currently $2.25 per capita). In Virginia, affordable housing developers submit project applications that are competitively scored based on a variety of criteria, with the highest ranking projects receiving credit awards, with these credits then sold to investors who provide equity. In 2006, VHDA established a non competitive pool (with up to 15% of the next year's credit allocation available) for Northern Virginia "preservation" projects. In 2008, VHDA relaxed the geographic restriction on the non-competitive pool, restricting only 10% to Northern Virginia and making the remaining 5% available statewide. VHDA also established threshold criteria for participation in the non-competitive pool.

Limitation: Acquisition costs may not be eligible for credits under certain circumstances, including ownership change 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 has impacted the sale and pricing of tax credits in 2008-09, and many traditional investors are not buying credits at the current time.

Federal Home Loan Bank Affordable Housing Program - 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.

Limitations: Funding preferences change, and occasionally reflect special needs such as rebuilding efforts in the US Gulf Coast area, following Hurricane Katrina. Funding applications from high cost areas have difficulty meeting cost efficiency parameters.

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 meet the program's specific eligibility requirements. Multifamily SPARC targets affordable rental housing for the homeless, people with disabilities, and for preservation and 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. The terms are flexible and the pricing is fixed at a rate lower than the market rate, but higher than some direct government financing products.

Limitation: Pricing is fixed at a rate lower than the market rate, but higher than some direct government financing products might run for the entire financing package.

REACH Virginia (VHDA) - Provides nontraditional assistance to meet critical housing needs in Virginia, and is funded through an established percentage of annual excess net revenue. For example, the FY06 commitment of approximately $16 million in VHDA resources under the REACH Virginia initiative provided the opportunity to generate over $165 million in subsidized financing for an array of housing opportunities throughout Virginia. This funding is targeted to support an estimated 5,000 households and supports housing for persons with disabilities, transitional housing for homeless families, and for homeownership opportunities for families in revitalized neighborhoods and in mixed-use/mixed-income communities.

Virginia Department of Housing and Community Development (VDHCD) - Federal and State funds may be allocated for Affordable Housing Projects, as loans and grants, including predevelopment funds. These are frequently combined with VHDA loan products on hard-to-develop projects.

OpenDoor Housing Fund – Established in 2008 through the merger of the Washington Area Housing Partnership Trust Fund (WAHPTF) 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.

Enterprise Green Communities Funds - A grant and loan funding source to promote green design and building techniques and incorporation of green materials into affordable housing projects.

National Housing Trust - The National Housing Trust is a national nonprofit engaged in housing preservation through real estate development, lending, and public policy initiatives. The National Housing Trust educates policymakers of the need to dedicate resources towards the revitalization of existing affordable apartments, partners with investors to raise the capital necessary to buy and renovate affordable apartments that are deteriorating or at risk of being converted to market rate, and provides early money to developers to help them purchase and renovate affordable apartments through its Community Development Loan Fund.

Virginia Community Capital - Virginia Community Capital (VCC) is a multi-million dollar non-profit, 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.

Fannie Mae Public Entity Lending Program – Fannie Mae will make revolving, unsecured lines of credit available to local governments and public entities, with demonstrated financial capacity (balance sheet) to support affordable housing activities and projects. This resource could enhance the City's capacity to provide gap financing and/or short term bridge loans. Fannie Mae's lending rates have historically been below market; however, funds advanced are hard pay debt so the City's obligation would need to be recognized on its annual financial report.

Subsequent to the Work Group's deliberations, the following additional programs, with actual or potential applicability to affordable housing, were made available through the American Recovery and Reinvestment Act:

Neighborhood Stabilization Program (Competitive) – Grants will be awarded for activities to address home foreclosure and abandonment and for the provision of capacity building and support for NSP grantees. Rating factors will include grantee capacity to execute projects, leveraging potential, and concentration of investment to achieve neighborhood stabilization.

Public Housing Capital Fund (Competitive and Formula) – This program will provide funds for the capital and management activities of Public Housing Agencies as authorized under section 9 of the United States Housing Act of 1937 (42 U.S.C. 1437g) (the "Act"), with the exception that funds cannot be used for operations or rental assistance.

Community Development Block Grants (Formula) – This program enables local governments to undertake a wide range of activities intended to create suitable living environments, provide decent affordable housing and create economic opportunities, primarily for persons of low and moderate income.

Tax Credit Assistance Program (Formula) – TCAP provides grant funding for capital investment in Low Income Housing Tax Credit (LIHTC) projects via a formula-based allocation to State housing credit allocation agencies. The housing credit agencies in each State shall distribute these funds competitively and according to their qualified allocation plan. Projects awarded low income housing tax credits in fiscal years 2007, 2008, or 2009 are eligible for funding, but housing credit agencies must give priority to projects that are expected to be completed by February 2012.

Energy Efficiency and Conservation Block Grants (Competitive and Formula) – 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.

Locked Out of Our Neighborhoods

Home prices and rental rates have increased faster than income in most parts of the country, increasing the need for affordable housing.

prices and overall increase in homeownership rates, working families are still finding it difficult to purchase homes.

Here are the facts.

Average Single Family Home

$656,984

Average Condominium

$326,026

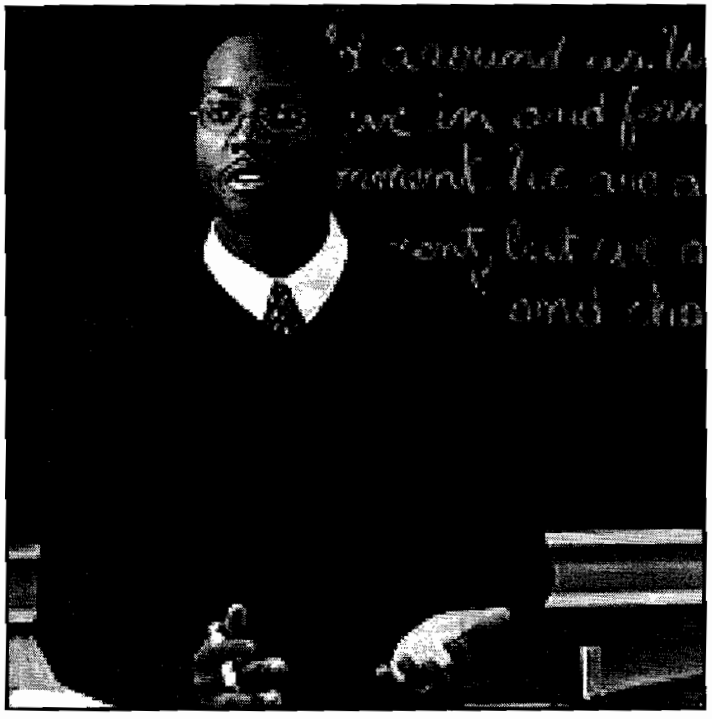
Annual Income
Needed to Purchase a Single Family Home in the
City of Alexandria

$142,000…

and a Condominium

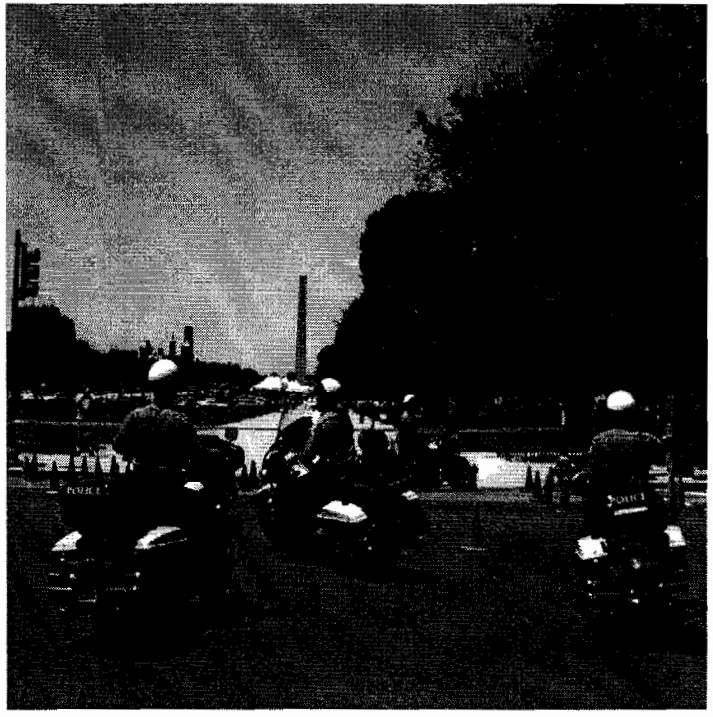
$83,500

6.5% interest rate, 80% LTV, and 32/42 ratio



Teacher $66,000

Source: Web site (Indeed.com/salary)

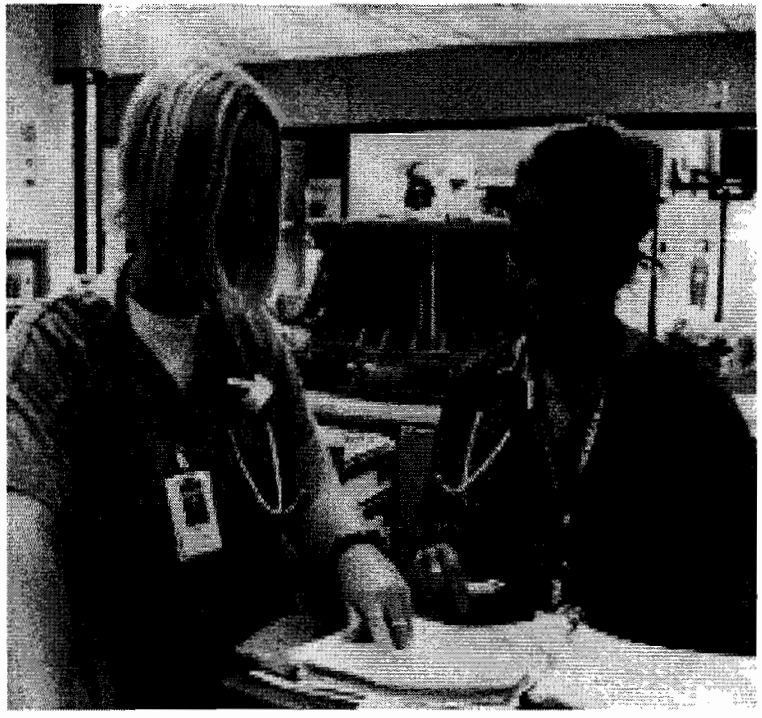


Police Officer $52,000

Source: Web site (Indeed.com/salary)

Fire Fighter $50,000

Source: Web site (Indeed.com/salary)



Licensed Practical Nurse (LPN)
$47,000

Source: Web site (Indeed.com/salary)

Here are the facts.

Average Rent for a Market Rate
Two Bedroom Unit

$1,604

Typical Hourly Salary

Hourly wage needed to rent
(not to exceed 30% of income):

1 Bedroom: $24.01

2 Bedroom: $30.84

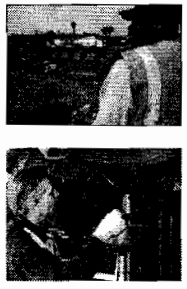
Retail Sales Person: $15.86

Janitor: $12.50

Housekeeper: $12.00

Child Care Worker: $24.03

Construction Worker: $18.75



Auto Mechanic: $19.23

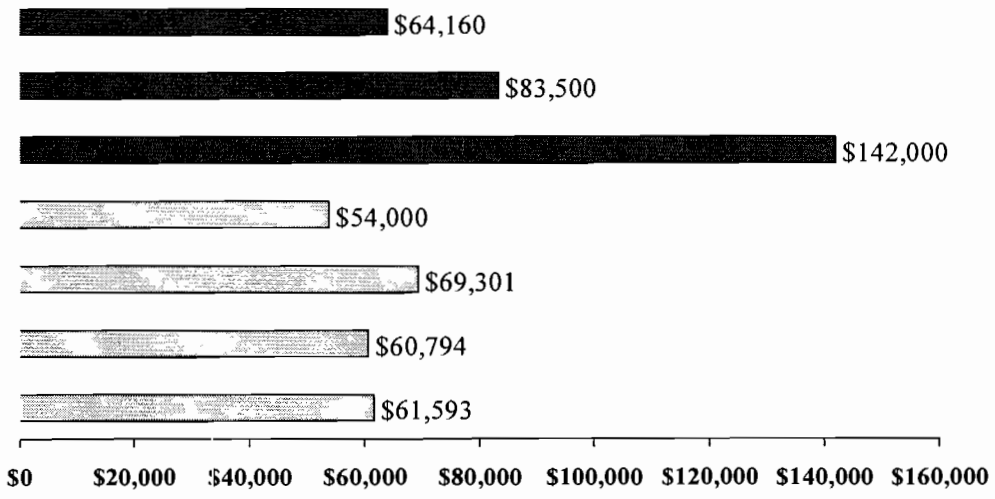
Customer Service: $18.75

Bus Driver: $14.90

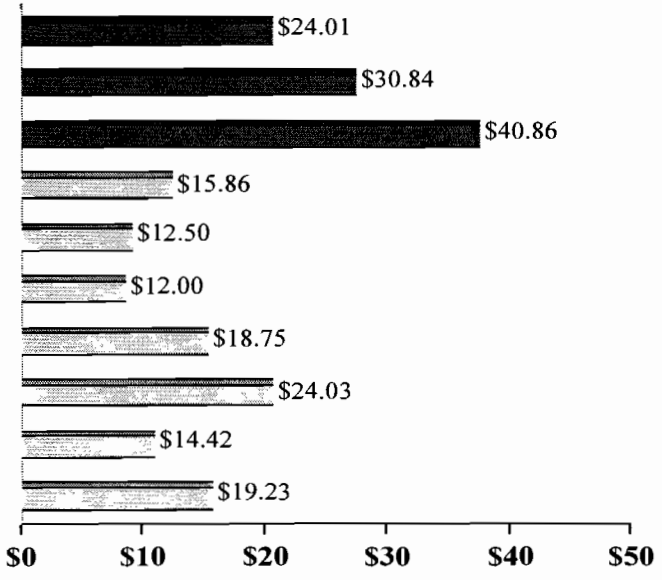
Source: Web site (Indeed.com/salary); City of Alexandria 2008 Market Rent Survey
Wage: ((average rent/.3)*12months)/2,080 work hours per year

Typical Salaries and Hourly Wages for Workers

City of Alexandria
2008 Examples of Salary and Hourly Wage for Occupations



Salary



Hourly Wage

Sources: Web site (Indeed.com/salary); City of Alexandria 2008 Market Rent Survey

Who's locked out of our neighborhoods to purchase affordable housing…

…and to rent affordable housing?

Affordable housing opens our neighborhoods to these workers.

Preserving existing affordable housing through rehabilitation and repairs keeps our neighbors in our communities.

If they can't afford a place to live,

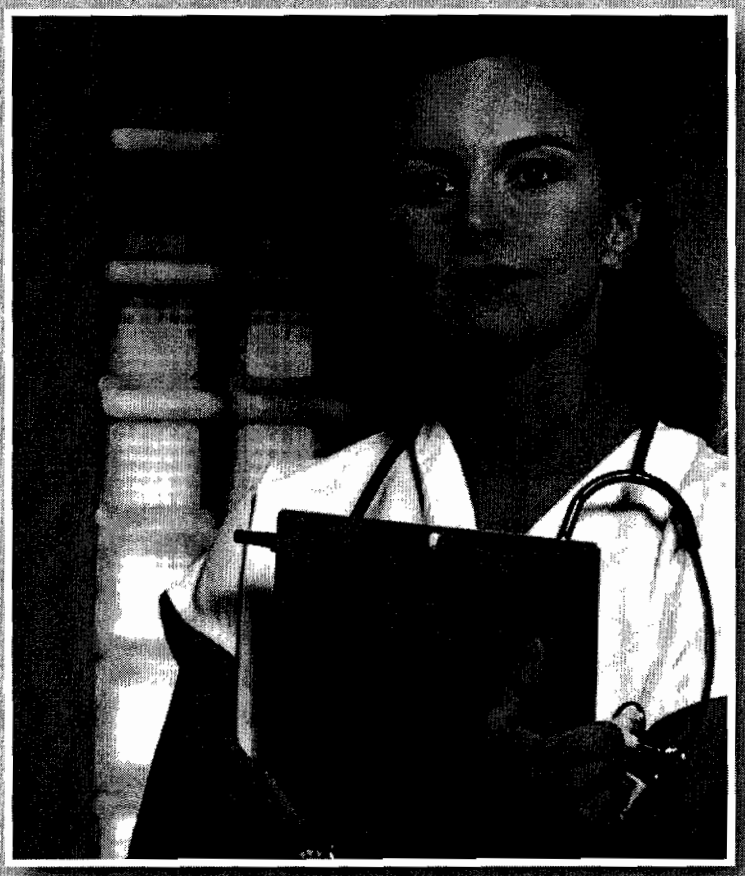
will they be here to help us when we need them?

Presented by

City of Alexandria
Office of Housing

Educating Our Communities About the Need for Affordable Housing

SHE CAN SAVE YOUR LIFE,
BUT SHE CAN'T BE YOUR NEIGHBOR.



She is a certified nurse's assistant at an assisted-care living facility, in one of Maine's more affluent communities. She loves her job. She loves the people she helps. But what she could do without is the hour-long commute to and from work each day.

Diversity within Maine's communities is key to their continued growth and vitality. When a segment of the population is forced to live elsewhere, the community ultimately suffers. Businesses can't find the employees they need to expand, community-based volunteer services disappear, and the community that was once so desirable isn't anymore.

In Maine, the ability of your community to provide safe, decent and affordable housing is critical to its success. If you'd like to see your community do more, call the Maine State Housing Authority for more information at 800-452-4668.

Maine State Housing Authority

We need emergency workers. They need affordable homes.

There's a severe shortage of affordable housing in nearly every part of Vermont. And it affects everyone.

Our communities need emergency medical technicians, child care workers, and police officers. Yet none of these professions earns an average wage high enough to afford a modest two-bedroom apartment, at statewide average rents.

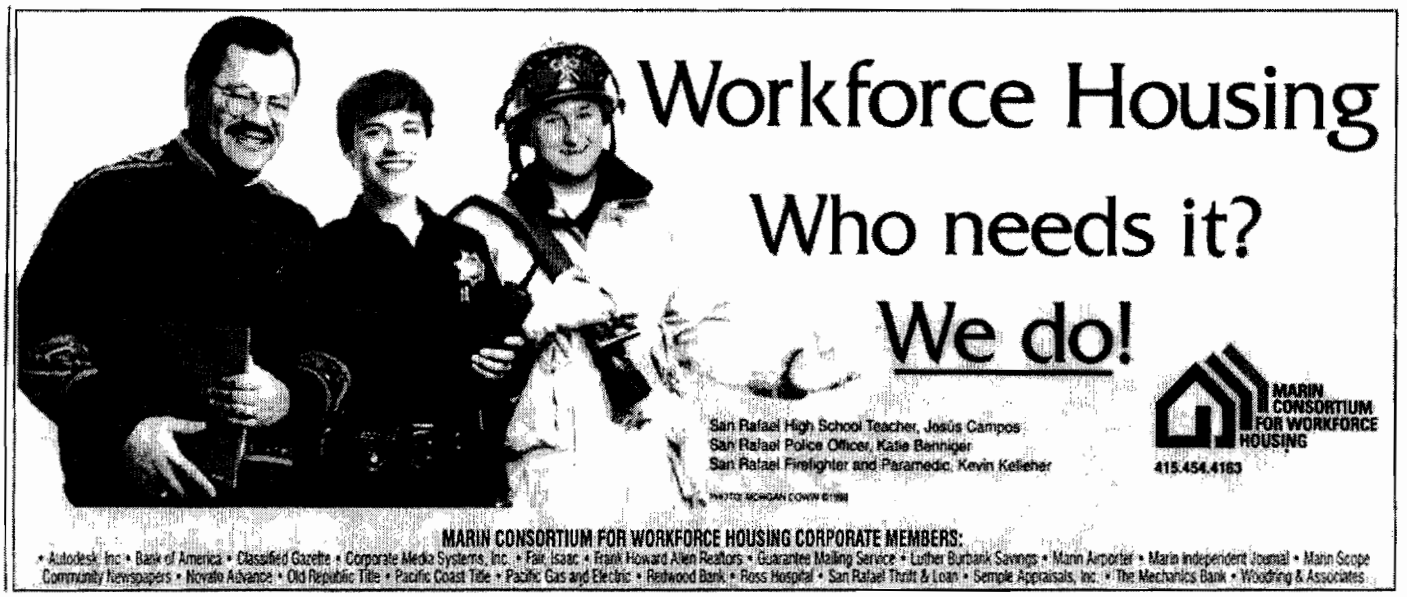
When hard-working Vermonters can't afford decent housing, we all risk losing essential services, community vitality, and economic energy.

We need to build more housing and we need to do so in a way that respects our state's character and environment.

Vermont Housing Awareness Campaign

802 652·3449 www.housingawareness.org

HOUSING–THE FOUNDATION OF VERMONT COMMUNITIES



415 454-4163
www.housingmarin.org

The Marin Consortium is glad to share its resource packet with ads, fliers, etc. for information purposes. Reproduction of any of the materials would require permission.
The ads developed by the *Marin Independent Journal* are the property of the newspaper.

- *Six out of ten healthcare workers commute into Marin because they love their jobs and their patients.*
- *What will happen to Marin's healthcare system if these workers decide to find work closer to their homes?*

Will they be... *here to help you?*

MARY JOHNSON (*Staff RN II, Kaiser Permanente/SR; lives in Napa*)
AMY COST (*LVN Nurse, Kaiser Permanente/SR; lives in Bodega Bay*)

WORKFORCE HOUSING

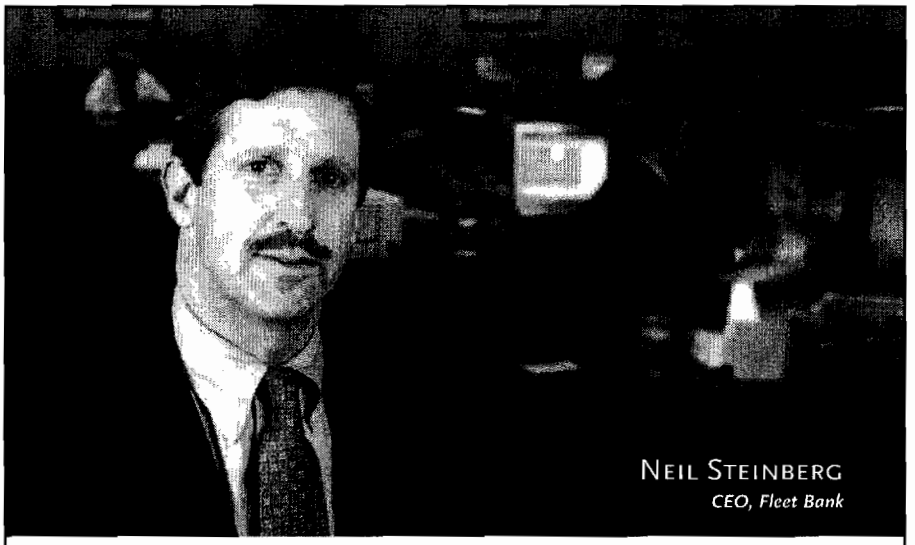
Marin needs homes for the locally employed!

GET INVOLVED...partner with local businesses and support local projects:

Marin's nurses, doctors, lab technicians and assisted living health care workers all need affordable housing. Otherwise, we face continued shortages, and the inability of our own workforce to live where they work. We must all work together to solve this escalating problem.

MARIN CONSORTIUM FOR WORKFORCE HOUSING
817 Mission Street, San Rafael
CA, 94901, Ph: 415-454-4163
http://housingcouncil.marin.org

The **Marin Consortium for Workforce Housing** was formed in 1996 to increase understanding and public support of workforce housing in Marin. It is composed of business, non-profit and governmental organizations and is headed by the San Rafael Chamber of Commerce. **SOURCE:** *Kaiser Permanente*



"Every business wants to grow and prosper. If the lack of affordable housing is holding us back, that is our business."

Skyrocketing rents and real estate prices are hurting Rhode Island's economy. Housing prices grew faster here than anywhere else in the nation last year. And business is feeling the impact. Consumers have less disposable income and it's harder to recruit and retain good employees. The economy can't grow if there's no place for the workforce to live. And that affects everyone. We need to create more housing the workforce can afford. The HousingWorks Coalition is doing something about it. *You can help.*

Find out more at:
www.housingworksri.com

HousingWorks
For Rhode Island's Future.

Without enough affordable housing, the entire community suffers.

Businesses can't find enough employees who can afford to live near their workplace. It is diffficult to recruit and retain employees when there is a shortage of affordable housing.

Children are forced into unstable and uncertain lives. With a stable home, a child is able to focus on learning without worrying about moving during the school year.

Seniors and persons with special needs on fixed incomes may have to sacrifice their basic needs in order to afford rent. Imagine choosing between food and a roof over your head.

Having a job does not guarantee a place to live at an affordable cost. The gap between what people can afford to pay for housing and the cost of housing is widening—and is a major cause of homelessness, especially here in King County.

The affordable housing crisis affects all of us.

You simply can't identify affordable housing by the way it looks!

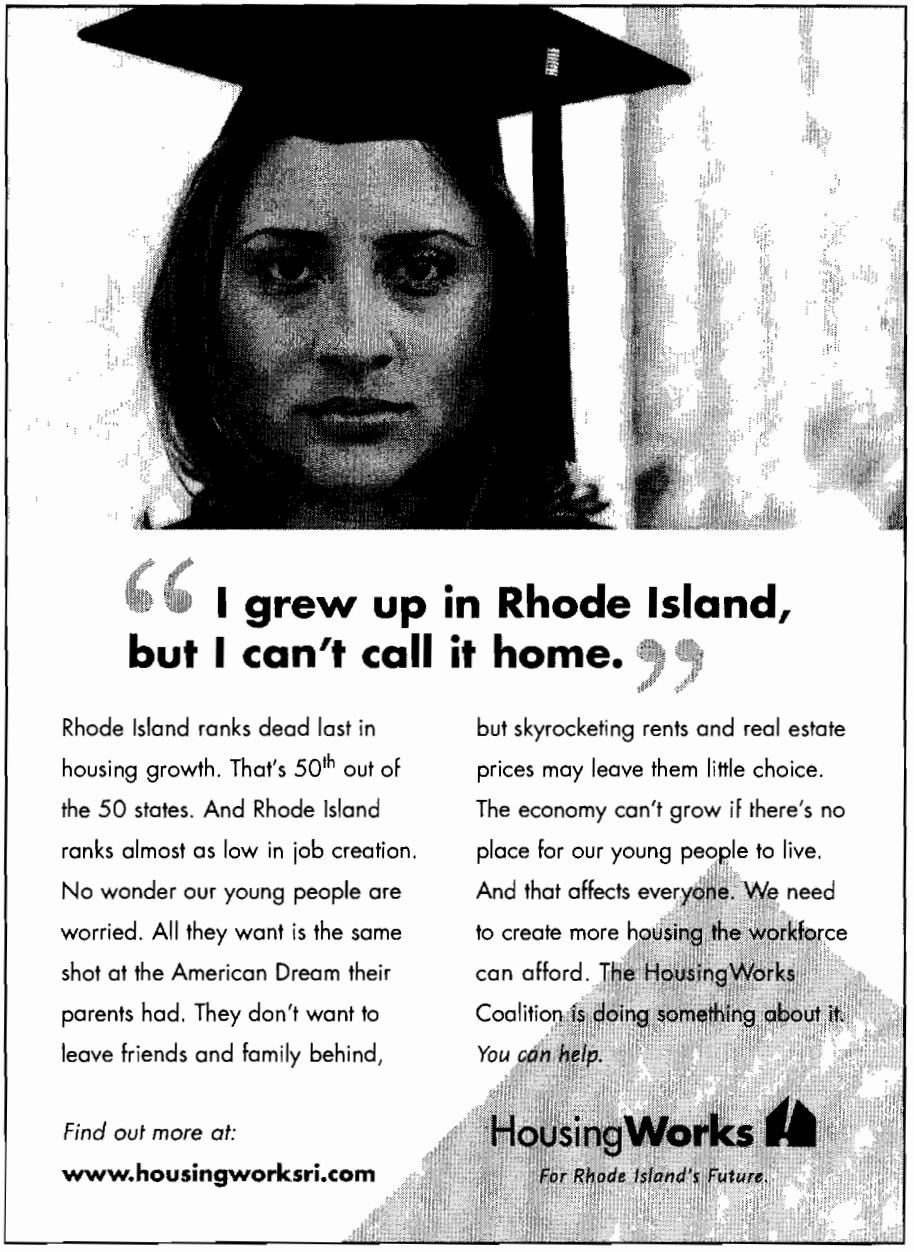
Every photo represents an affordable apartment, condominium or home serving low- and modest-income households in King County. Many of these affordable housing projects have won design awards. Others have helped reduce crime and revitalize communities. Some have attracted shops and services to their neighborhoods.

All share one thing in common—they have been built, developed or preserved by a nonprofit member of the Housing Development Consortium, an innovative trade association of nonprofit developers, lenders, architects, contractors and others involved in creating affordable housing.

Affordable housing doesn't look any different than its "market-rate" counterparts. The difference is what you pay, which is based upon your income.

Affordable housing can be an historic brick building with apartments above shops, a modern townhouse built around a courtyard or a single-family house that blends right into the neighborhood.

Only 1% of apartments in King County are affordable to persons earning less than 30% of median income.


"I grew up in Rhode Island, but I can't call it home."
Rhode Island ranks dead last in housing growth. That's 50th out of the 50 states. And Rhode Island ranks almost as low in job creation. No wonder our young people are worried. All they want is the same shot at the American Dream their parents had. They don't want to leave friends and family behind,
but skyrocketing rents and real estate prices may leave them little choice. The economy can't grow if there's no place for our young people to live. And that affects everyone. We need to create more housing the workforce can afford. The HousingWorks Coalition is doing something about it. You can help.
Find out more at:
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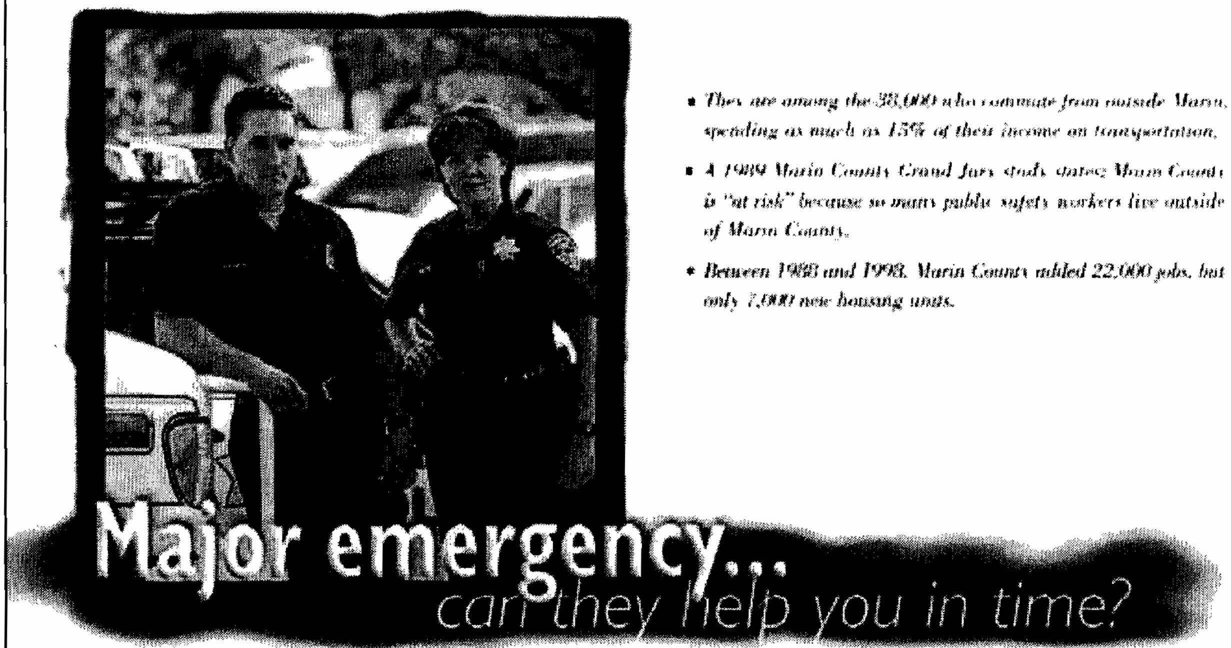
HousingWorks
For Rhode Island's Future.



- *They are among the 38,000 who commute from outside Marin, spending as much as 15% of their income on transportation.*
- *A 1989 Marin County Grand Jury study states: Marin County is "at risk" because so many public safety workers live outside of Marin County.*
- *Between 1988 and 1998, Marin County added 22,000 jobs, but only 7,000 new housing units.*

WORKFORCE HOUSING

Marin needs homes for the locally employed!

We need to change our attitudes about integrated housing, or we face continued shortages, and the inability of our own workforce to live where they work. We must all work together to solve this escalating problem.

GET INVOLVED...partner with local businesses and support local projects:

- Build more second units throughout the county
- Create more rental units and increase densities in already developed areas
- Provide a range of housing serving all incomes
- Encourage mixed-use development that includes housing
- Advocate for more state and federal housing programs

MARIN CONSORTIUM FOR WORKFORCE HOUSING

817 Mission Street, San Rafael
CA 94901 Ph: 415-454-4163
http://housingcouncil.marin.org

We need child care workers. She needs an affordable home.

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Vermont Housing Awareness Campaign

802 652·3449 www.housingawareness.org

HOUSING–THE FOUNDATION OF VERMONT COMMUNITIES

"I can save your life, but I can't call you neighbor."

Real estate prices are climbing out of sight. And that means it's getting harder and harder for Rhode Islanders to find a place they can afford. Today the average price of a single family home in Rhode Island is more than a quarter of million dollars. That means you've got to earn about $80,000 a year to buy the average home. But, 95 percent of Rhode Island jobs pay less. The economy can't grow if there's no place for the workforce to live. And that affects everyone. We need to create more housing the workforce can afford. The HousingWorks Coalition is doing something about it. *You can help.*

Find out more at:
www.housingworksri.com

HousingWorks
For Rhode Island's Future.

33
6-9-09

City of Alexandria, Virginia

Affordable Housing Initiatives Work Group Final Report

May 2009

Major Topics

- Preservation
- Development
- Funding
- Metrics
- Public Outreach
- Governance

Four Types of Recommendations

- Already adopted (FY 2010 Budget or HUD Action Plan)
- Adopt June 13 after public hearing
- Refer to Housing Master Plan or other process
- Defer until City's fiscal situation has improved

Preservation

- Already Done
  - Modify HAP and MIHP home purchase programs to provide long-term affordability (Approved 5/12/09 in HUD Action Plan)
- Adopt June 13
  - Convene landlord focus groups
  - Provide technical assistance/business services to "participating landlords"
- Refer to Housing Master Plan or other process
  - Priority Housing Unit policy calling for preservation of both ARHA and non-ARHA assisted units (3,457 units) affordable to households below 50% of area median (5 recommendations)
  - Includes recommendation that ARHA Strategic Plan address coordination of City and other supportive services to ARHA residents
- Defer
  - Partial Real Estate Tax Exemption
  - Affordable housing easements as alternative to tax exemption
  - Use the City's credit for credit enhancement or support for developer financing
  - Rehabilitation Grants/Loans
  - Right of First Refusal to purchase affordable properties

Development

- Adopt June 13

  Refer to staff for review, analysis and the development of specific recommendations:

  - Revise current permit approval processing, and other regulatory requirements, to reduce affordable housing development costs.
  - Reduce parking ratios, when feasible, to reduce the cost of affordable housing.
  - Expand developer access to non monetary tools and resources through the City (i.e., technical assistance, loan guarantees, tax incentives) to facilitate affordable housing development

- Refer to Master Plan process
  - Investigate the following:
    - Encourage mixed-use projects with affordable housing included.
    - Provide City-owned land and/or air rights for affordable housing development.
    - Promote adaptive re-use for affordable housing development.
    - Allow accessory dwelling units and/or caregiver or granny flats
    - Explore ways to use density and the transfers of development rights (TDRs)
    - Promote universal design.

Funding

- Already adopted
  - Increase EHIP loans to $10,000 (included in Approved FY 2010 Operating Budget)
  - Establish tiered levels of assistance for HAP and MIHP home purchase funding (approved 5/12/09 in HUD Action Plan)

- Adopt June 13

  A. Funding Strategies
  - Continue support for the dedicated tax revenue through the City's One Cent Fund. Policy priority includes restoration of fund from 0.7 cents back to one cent.
  - Preserve existing affordable housing through the following strategies:
    - Home purchase assistance and home rehabilitation loan programs with long-term affordability.
    - Use land-use tools to preserve existing market rate affordable housing.
    - Set goal of $3 million in funding annually to be used for preservation activities, to include:
      - Dedicated tax revenue
      - Developer contributions
      - New sources of preservation funding

Funding

B. Creation and Preservation of Affordable Homeownership

- Expand the Employee Homeownership Incentive Program (EHIP) to include the following agencies should they wish to participate and include funding in their budgets:
  - Alexandria Convention and Visitors Association (ACVA)
  - Alexandria Transit Company (ATC)
  - Alexandria Economic Development Partnership (AEDP) and
  - Alexandria Redevelopment and Housing Authority (ARHA)
- Home buyer counseling and training should be high priority
- Continue Home Rehabilitation Loan Program (HRLP); continue partnerships and support to organizations such as Rebuilding Together Alexandria

Metrics

City of Alexandria Housing Annual Report

Table A Affordable Rental Units

		Res 830				Privately Owned with Income/Rent restrictions				Market Rate Affordable				Total			
		2007		2008		2007		2008		2007		2008		2007		2008	
Affordable @ 80-120% ami	Units	0	0%	0	0%	0	0%	0	0%	3,677	14%	4,661	17%	3,677	12%	4,661	15%
	gained (lost)			0	0%			0	0%			984	21%			984	21%
60-80% ami	Units	0	0%	0	0%	0	0%	0	0%	14,152	54%	14,857	54%	14,152	47%	14,857	47%
	gained (lost)			0	0%			0	0%			705	5%			705	5%
50-60% ami	Units	0	0%	0	0%	1,448	60%	1,541	62%	7,933	30%	5,810	21%	9,381	31%	7,351	23%
	gained (lost)			0				93	6%			(2,123)	-37%			(2,030)	-28%
under 50% ami	Units*	1,150	100%	1,150	100%	950	40%	950	38%	583	2%	2,313	8%	2,683	9%	4,413	14%
	gained (lost)			0	0%			0	0%			1,730	75%			1,730	39%
	total	1,150	100%	1,150	100%	2,398	100%	2,491	100%	26,345	100%	27,641	100%	29,893	100%	31,282	100%
	gained (lost)			0	0%			93	4%			1,296	5%			1,389	4%

Note: Units are shown in the category of the lowest income group that can afford to rent without receiving additional assistance (i.e. vouchers). Therefore, project-based Section 8 units, while open to households up to 80% of median are reflected as being affordable to households under 50% of median, as such households are eligible to rent these units for no more than 30% of their income.

*Units available to households under 50% of median are referred to as priority housing units. 2,100 of the priority housing units are included in this line under Res 830 (1,150 units) and privately owned with rent restrictions (950 units). Priority housing units also include Housing Choice Vouchers (HCV) that are not listed in these charts which accounts for another 1,314 units (1,450 HCVs supported by ARHA's currently available funding, less the 110 vouchers used in Resolution 830 housing and 26 vouchers which are project-based).

Table B Employment

		% of School Employees				% of Police/Fire/Safety				% of City General Government Employees				# of Jobs by Average Salary of Industry			
		2007		2008		2007		2008		2007		2008		2007		2008	
120% + ami	% of Jobs	56	3%	60	3%	35	3%	33	3%	89	7%	70	5%	943	1%	841	1%
	gained (lost)			4	7%			(2)	-6%			(19)	-27%			(102)	-12%
80-120% ami	% of Jobs	632	31%	601	29%	405	39%	381	39%	337	26%	314	22%	35,356	36%	34,866	33%
	gained (lost)			(31)	-5%			(24)	-6%			(23)	-7%			(490)	-1%
60-80% ami	% of Jobs	471	23%	483	23%	307	30%	282	29%	360	28%	410	31%	22,024	22%	27,423	26%
	gained (lost)			12	2%			(25)	-9%			50	12%			5,399	20%
50-60% ami	% of Jobs	231	11%	234	11%	203	20%	183	19%	238	18%	268	20%	12,967	13%	17,980	17%
	gained (lost)			3	1%			(20)	-11%			30	11%			5,013	28%
under 50% ami	% of Jobs	621	31%	679	33%	77	7%	87	9%	265	21%	282	21%	27,911	28%	25,594	24%
	gained (lost)			58	9%			10	11%			17	6%			(2,317)	-9%
	Total	2,011	100%	2,057	100%	1,027	100%	966	100%	1,289	100%	1,344	100%	99,201	100%	106,704	100%
	gained (lost)			46	2%			(61)	-6%			55	4%			7,503	7%

The percent of area median income (ami) is based on the three person household income as defined by U. S. Department of Housing and Urban Development

Metrics

QUANTITATIVE GOALS AND METRICS MEASURES

Table 1

[illegible]	Past [illegible] Annual Average(FY06-08)		[illegible]		AGGRESS[illegible]		[illegible]		Conservative (FY [illegible] budget [illegible] where applicable)		
	Average	$ per unit	As of Dec 08	[illegible]	[illegible]	Annual	10 Year	Annual	[illegible] Year	[illegible]	$ [illegible] Unit
Rental Units											
Preserve existing 8,000 privately owned, market affordable units	80	$93,966	0	$0	6,400	640	*3,500*	*350*	Acquisition: 1,240, Other: TBD	Acq:124 Other: TBD	$64,516
Preserve/replace 3,414 priority housing units	48	$59,028	0	$0	1,750	175	*880*	*88*		219	$36,350
Add new affordable rental units in conjunction with new developments	17	$56,067	0	$0	1,000	100	*500*	*50*	0	0	$0
Allow flexible use of existing Single Family units to include room rentals and/or accessory units (future goal subject to authorization of accessory units)	NA	NA	NA	NA	2,000 rooms rental/AA units	200	*1,000*	*100*	NA	NA	NA
Ownership Units											
Add new affordable ownership units in conjunction with new developments	4	$129,636	0	$0	500	50	*250*	*25*			$0
Rehabilitate SF low-income ownership units or NP rental units	City: 8 RTA: 76	$69,544 $3,182	City: 6 RTA: NA	$ 37,602 $NA	800	80	*400*	*40*	City: 110 RTA: 750	City: 11 RTA: 75	$88,488 $3,299
Assist city workforce (public & private employees) at <100% AMI to become first time homeowners	91	$40,838	52	$38,055	1,000	100	*900*	*90*	780	78	$41,994

Public Outreach

- Adopt June 13
  - Authorize staff to employ materials for the purpose of public education on affordable housing, and to seek partnerships and sponsorships for this purpose when opportunities arise.
  - Materials should explain the linkages between adequate affordable housing and:
    - the maintenance of community diversity
    - economic development
    - a quality environment
    - energy efficiency

Governance

- Adopt June 13
  - Appoint two Council Members to coordinate input and advice from ARHA, Alexandria's Affordable Housing Advisory Committee, non-profit and for-profit land-owners and developers in order to develop a policy development and governance approach for affordable housing
  - Pursue the creation of an overall Affordable Housing Commission that would have policy oversight for all areas of public- and private-sector affordable housing activities.
    - Participation by ARHA in such an arrangement would have to be voluntary and cooperative, as ARHA is not subject to City oversight.
    - In conducting this evaluation, examine and evaluate the approaches used by other jurisdictions within and outside of Virginia.