

City of Alexandria, Virginia

16
10-23-01

MEMORANDUM

DATE: OCTOBER 15, 2001

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: RECEIPT OF FINAL REPORT OF THE CITY MANAGER'S AFFORDABLE HOUSING TASK FORCE

ISSUE: Report of the City Manager's Affordable Housing Task Force.

RECOMMENDATION: That City Council:

1. Receive the report (Attachment I);
2. Thank the members of the Task Force for their thoughtful deliberations and hard work in developing this report and its recommendations; and
3. Set the report for public hearing on November 17, 2001.

The report will be docketed for final Council action as soon as possible following the public hearing, depending on any follow-up requested by Council.

BACKGROUND: To address the critical need for affordable housing in Alexandria, I established a task force to make recommendations to City Council regarding the City's role with respect to affordable housing. The Task Force began its work in January 2001 and defined its scope as that of developing recommendations to Council to enhance affordable housing opportunities for households with incomes between 30% and 75% of the Washington, D.C., metropolitan area median family income. The Task Force established two subcommittees: (1) the Affordable Housing Production Subcommittee considered development of affordable rental and owner-occupied housing through construction and rehabilitation, and (2) the Housing Assistance to Households Subcommittee reviewed options for assisting households through programs and subsidies for homebuyers, homeowners and renters. The Task Force adopted its final report on October 11, 2001.

Although the Task Force defined its scope narrowly for the purpose of achieving meaningful accomplishments in a relatively short time frame, the Task Force also recognizes that the issue of affordable housing encompasses a wider variety of issues, including affordable housing that addresses the needs of the elderly, persons with disabilities, homeless persons, persons in need of transitional housing, persons with special needs, and persons who fall outside the targeted

income range. The chosen focus of the Task Force is not intended to ignore these other needs, and it is the desire of the Task Force that its work be viewed as the first step in a longer process that will ultimately take into account the needs of the above mentioned populations.

In addition to myself, members of the Affordable Housing Task Force include Council Members William Euille and Joyce Woodson; Affordable Housing Advisory Committee members Jeremy Flachs and Amy Rose; Oscar Rodriguez, Realtor with Primary Properties Realtors, Inc.; Stanley Slotter, President of Paradigm Companies; Walter Webdale, President of AHC, Inc. (formerly Arlington Housing Corporation); Planning Director Eileen Fogarty; and Housing Director Mildrilyn Davis.

DISCUSSION: The attached report describes the work of the Affordable Housing Task Force and its two subcommittees, and presents a variety of recommendations for both housing production and housing assistance. (Attachment II to this docket memorandum provides a summary of the Affordable Housing Task Force Recommendations.) These recommendations take into account the input received at the City's May 19 Housing Summit¹, as well as a joint discussion among the Task Force, the Affordable Housing Advisory Committee, and the Planning Commission on October 3, with the understanding that the Planning Commission intends to submit additional written comments. The next step in the Task Force process is public review and comment, and staff recommends that this report be set for public hearing on November 17, followed by final Council action as soon as possible thereafter.

Overarching Policy Goals

In developing its recommendations, the Affordable Housing Task Force has defined as its primary overarching goal the establishment and preservation of stable communities and self-sufficient households, and has recognized that the provision of affordable housing opportunities, whether through the production of housing units or the furnishing of individual housing assistance, cannot operate in isolation, but must, in order to effectively achieve this goal, work in tandem with other City policies, programs and activities that are designed to achieve the goal.

An additional overarching goal is to have no net loss of rental or sales units currently affordable to households between 30% and 75% of median income. As of January 2001, the Landlord Tenant Relations rent survey of private apartment complexes with 10 or more units reported a total of 22,633 units affordable within this income range with adjustment for family size, assuming the measure of affordability is that the household pays no more than 30% of its income for rent. In addition, there are 3,307 rental units in the City with some form of project-based rental assistance. As of January 2001, the City's Office of Real Estate Assessments reported a total of 13,515 condominiums and 9,132 single family homes, a total of 22,647 units, assessed below \$225,000.

¹Attachment 2 to the Task Force Report (Attachment I) summarizes the Summit comments, and the report's Attachment 3 describes the Task Force's disposition of these comments.

The goals for each subcommittee are set forth below.

Housing Production Goals

- Provide a range of housing choices for households at all income levels.
- Provide affordable housing choices throughout the City.
- Support mixed-income communities.
- Encourage housing near employment centers, with adequate access to a variety of facilities and services.
- Maintain and enhance the quality and safety of housing and neighborhoods.

Housing Assistance Goals

- Provide a range of housing assistance opportunities for households at all income levels in a manner designed to maintain or increase self-sufficiency; e.g., assist homeowners to remain in their homes, assist renters to remain renters in Alexandria or to become homeowners in Alexandria, and assist homeless/transitional households to become stabilized in permanent housing.
- Assist and encourage families to reside in Alexandria on a long-term basis.
- Assist and encourage households with members who work in Alexandria, including public employees, to reside in the City.
- Assist and encourage households that have resided in Alexandria for many years to remain City residents.

Where applicable, the recommendations contained in this report contain suggested funding levels and potential funding sources. In most instances, the primary potential funding sources are the Housing Trust Fund, Community Development Block Grant (CDBG) program, or Home Investment Partnerships Program (HOME). However, the Task Force recognizes that all of the recommendations cannot be fully funded and sustained over time from these three funding sources, and that the suggested funding levels can only be achieved if these sources are augmented with other funds.

Full funding of the recommendations contained in this report would require initial funding of \$2,745,000, with the prospect of similar amounts in future years, assuming the initial funding is fully utilized. While the City's Housing Trust Fund currently has an unreserved balance of approximately \$4.9 million, the amount of Housing Trust Fund monies that can be made

available to support the recommendations in this report may be reduced by \$1 million to \$2 million in funding that might be needed to support the Samuel Madden redevelopment, as part of an overall funding package from the City that could total up to \$3.5 million.

There are no CDBG monies that can be made available this fiscal year for the recommended activities without impacting ongoing programs. HOME monies could be made available only by reducing monies available for the Homeownership Assistance Program. While carryover monies from these programs may be available in future years (and the Task Force has suggested a goal of \$500,000 per year in carryover monies from these two programs in combination), it should be noted that not all of the recommended activities are eligible for assistance under these programs. For example, CDBG monies cannot be used to support new construction or rent subsidies, and while HOME can be used for rent subsidies, HOME-funded rent subsidies cannot be targeted to a specific population as recommended in the Task Force report. The use of either program for acquisition and rehabilitation of existing rental properties is problematic, as it would trigger costly relocation requirements under the Uniform Relocation Act, as well as possible replacement housing payments if the existing number of housing units in such properties is reduced (e.g., to create larger units).

In the absence of funding sources other than the Housing Trust Fund, CDBG, and HOME, the actual funding allocations for at least some of the proposed activities will have to be less than the amounts specified in this report, or some of the activities will have to be postponed. Staff will explore these issues in further detail in the context of the FY 2003 budget deliberations, or in accordance with Council direction following the public hearing. Given that the FY 2003 budget will be developed under severe funding constraints, full funding of the recommendations in this report in FY 2003 is not likely. However, funding for affordable housing will be among the top priority needs that I will be considering for possible supplemental funding.

FISCAL IMPACT: Recommendations contained in the report, if fully funded, would require an allocation of up to \$2,745,000 in Housing Trust Fund, CDBG, HOME, and General Fund monies, with the prospect for similar amounts in future years.

STAFF: Mildrilyn Stephens Davis, Director, Office of Housing

ATTACHMENT:

- I. Final Report of the Affordable Housing Task Force
- II. Summary of Affordable Housing Task Force Recommendations

ATTACHMENT I

CITY OF ALEXANDRIA, VIRGINIA

FINAL REPORT OF THE AFFORDABLE HOUSING TASK FORCE

OCTOBER 2001

I. INTRODUCTION

To address the critical need for affordable housing in Alexandria, City Manager Philip Sunderland established a task force to make recommendations to City Council regarding the City's role with respect to affordable housing. In addition to the City Manager, members of the Affordable Housing Task Force include Council Members William Eulle and Joyce Woodson; Affordable Housing Advisory Committee members Jeremy Flachs and Amy Rose; Oscar Rodriguez, Realtor with Primary Properties Realtors, Inc.; Stanley Slotter, President of Paradigm Companies; Walter Webdale, President of AHC, Inc. (formerly Arlington Housing Corporation); Planning Director Eileen Fogarty; and Housing Director Mildrilyn Davis.

The first meeting of the Task Force was held on January 11, 2001, at which time the members agreed to develop recommendations to Council to enhance affordable housing opportunities for households with incomes between 30% and 75% of the Washington, D.C., metropolitan area median family income, with the understanding that this targeting of household incomes might be broadened as the Task Force pursues its objectives. In particular, the Task Force was charged with exploring the potential to enhance opportunities for housing affordability for households engaged in public service occupations, as well as for those households who live or work within the City limits.

Although the Task Force defined its scope narrowly for the purpose of achieving meaningful accomplishments in a relatively short time frame, the Task Force also recognizes that the issue of affordable housing encompasses a wider variety of issues, including affordable housing that addresses the needs of the elderly, persons with disabilities, homeless persons, persons in need of transitional housing, persons with special needs, and persons who fall outside the targeted income range. The chosen focus of the Task Force is not intended to ignore these other needs, and it is the desire of the Task Force that its work be viewed as the first step in a longer process that will ultimately take into account the needs of the above mentioned populations.

Two subcommittees of the Task Force were formed at the January 11 meeting. The Affordable Housing Production Subcommittee was responsible for considering options for the development of affordable rental and owner-occupied housing through construction and rehabilitation. The Housing Assistance to Households Subcommittee considered options for assisting households through programs and subsidies for homebuyers, homeowners and renters. During the period January 22 through April 3 (approximately 11 weeks), the two subcommittees held 12 meetings (six meetings each) and developed subcommittee reports that were combined to form the Interim Report of the Affordable Housing Task Force. All meetings were open to the public, and a list of attendees is included as Attachment 1

On May 19, the City and the Affordable Housing Task Force sponsored an Affordable Housing Summit to discuss and receive public input on the issue of affordable housing and the recommendations contained in the Task Force's Interim Report. Attachment 2 provides a summary of the group discussions from the summit. The full Task Force met on June 20 and July 17 to refine its report after taking into account the input received at the summit. This final report incorporates some changes as a result of comments received at the summit; many other suggestions were determined to be already encompassed by the Task Force recommendations, or already being addressed through other means. A summary of the disposition of the suggestions received is provided in Attachment 3. The report also reflects comments received at a joint meeting of the Task

Force with the Planning Commission and Affordable Housing Advisory Committee on October 3, 2001, with the understanding that additional written comments from the Planning Commission will be forthcoming. The final report was adopted by the Task Force on October 11.

The Task Force believes that the recommendations contained in this report reinforce the City's commitment to increasing affordable homeownership opportunities, and renew the City's commitment to maintaining a supply of affordable rental housing opportunities.

Overarching Policy Goals

In developing its recommendations, the Affordable Housing Task Force has defined as its primary overarching goal the establishment and preservation of stable communities and self-sufficient households, and has recognized that the provision of affordable housing opportunities, whether through the production of housing units or the furnishing of individual housing assistance, cannot operate in isolation, but must, in order to effectively achieve this goal, work in tandem with other City policies, programs and activities that are designed to achieve the goal.

An additional overarching goal is to have no net loss of rental or sales units currently affordable to households between 30% and 75% of median income. As of January 2001, the Landlord Tenant Relations rent survey of private apartment complexes with 10 or more units reported a total of 22,633 units affordable within this income range with adjustment for family size, assuming the measure of affordability is that the household pays no more than 30% of its income for rent. In addition, there are 3,307 rental units in the City with some form of project-based rental assistance. As of January 2001, the City's Office of Real Estate Assessments reported a total of 13,515 condominiums and 9,132 single family homes, a total of 22,647 units, assessed below \$225,000.

Funding Matters

Wherever applicable, the recommendations contained in this report contain suggested funding levels and potential funding sources. In most instances, the potential funding sources are the Housing Trust Fund, Community Development Block Grant (CDBG) program, or Home Investment Partnerships Program (HOME). However, the Task Force recognizes that all of the recommendations cannot be fully funded and sustained over time from these three funding sources, and that the suggested funding levels can only be achieved if these sources are augmented with other funds. In the absence of other funding, the actual funding allocations for at least some of the proposed activities will have to be less than the amounts specified in this report.

II. HOUSING PRODUCTION SUBCOMMITTEE REPORT

Subcommittee Members

Councilman William D. Euille
Amy Rose, Affordable Housing Advisory Committee
Stanley Slotter, President, Paradigm Companies
Walter Webdale, President, AHC Inc.
Mildrilyn Davis, Director, Office of Housing
Eileen Fogarty, Director, Planning and Zoning

Staff

Melodie Baron, Division Chief, Landlord-Tenant Relations
Shane Cochran, Division Chief, Housing Program Implementation¹
Lori Godwin, Assistant City Manager
Mark Jinks, Assistant City Manager
Kimberley Johnson, Department of Planning and Zoning
Gregory Tate, Department of Planning and Zoning

Guest Presenters/Invited Discussion Participants

Jennifer Archibald, Fannie Mae
Jack Clark, Fairfax County Department of Housing and Community Development
David Cardwell, Freddie Mac
Tom Deyo, Fannie Mae
David Jeffers, Director, Fannie Mae Northern Virginia Partnership Office
Patrick Maier, Montgomery County Housing Opportunities Commission
Cindy Mester, Loudoun County Housing Services
Peggy Sand, Housing Consultant
Douglas Westfall, Freddie Mac

Citizen/Other Attendees

See Attachment 1

¹ Principal staff

Summary of Work of Housing Production Subcommittee

The Housing Production Subcommittee held six meetings from January 22 to April 2 to discuss a variety of issues surrounding the production of affordable housing units, including both sales and rental units, for households with incomes from 30% to 75% of the Washington D. C. metropolitan area median family income. Members of the public who attended one or more meetings of this subcommittee are listed in Attachment 1

The Subcommittee began its analysis with an overview of the City's current housing production tools and their application. The first item reviewed was the City's Zoning Ordinance, which provides for increases in density, floor area, and height, and reductions in off-street parking, in exchange for providing affordable housing, at Council's discretion, through a Special Use Permit. Special provisions for CDDs in general and the Eisenhower Avenue CDD in particular were also discussed. The Subcommittee discussed the fact that the density, floor area, and height provisions have not been used, and explored possible reasons for this situation. (Zoning matters are addressed further in the Zoning Issues section, below.) The City's Affordable Set-Aside Unit production program, as well as other affordable housing development approaches taken by the City, were also discussed, and the challenges presented in implementing each of these approaches were highlighted.

The February 20 meeting of the Housing Production Subcommittee focused on the developer's perspective on affordable housing production. Task Force member Stanley Slotter presented a case study and summary pro forma which demonstrated the various factors that may influence housing affordability during the production process. Land costs, parking reduction requirements, and bonus densities were identified as critical elements in reducing per unit costs for multifamily rental housing developments. Other critical tools identified were Low Income Housing Tax Credits, incorporation of market rate units into the development, and project-based housing subsidies. The Subcommittee also discussed a range of other approaches to reducing development costs, such as tax abatement and tax exemption, performance zoning, and tax-exempt bond financing.

In an effort to understand how other jurisdictions address affordable housing production, the Subcommittee at its February 26 meeting heard from representatives from three neighboring jurisdictions, Fairfax County, Montgomery County and Loudoun County. Each of these jurisdictions has implemented affordable dwelling unit ordinances which require developers of large residential projects to provide a percentage of their total development as affordable homes for sale or lease to income eligible households. Each of the government representatives described their success in developing affordable units which were architecturally well-integrated and dedicated to long-term affordability, with the Montgomery and Fairfax representatives providing photographs to illustrate the architectural integration. It was noted that similar opportunities exist in the City but that such approaches must be taken within the context of the City's current density and existing housing stock. The speakers also highlighted other housing production efforts, as well as the local funding devoted to these efforts in their jurisdictions.

The March 12 Subcommittee meeting featured presentations from Freddie Mac and Fannie Mae, which work nationally in providing affordable housing development financing, often in partnership with local governments. These agencies, which purchase both single family and multifamily loans, offer a range of loan products including reduced interest rate loans, credit enhancement, and long-term fixed rate up-front loans. Potential partnership with the City, non-profit and for-profit developers was noted, particularly in regard to real property acquisition. These agencies cannot have an interest in real property nor can they partner solely with a private sector developer, thus creating a need for City participation in development initiatives. Representatives suggested that the City must focus on identifying an appropriate level of risk while also serving the long-term interests of affordable housing development.

The March 19 and April 2 meetings were devoted to developing the recommendations contained in the Task Force's Interim Report.

Throughout the Subcommittee's discussions and deliberations, it was repeatedly emphasized that, in order for this Task Force effort to be productive, the City must exercise the political will to take the actions necessary to address the issue of affordable housing.

Based on comments generated at the May 19 Housing Summit, the Task Force also emphasized that, in pursuing its housing production goals, the City should explore ways of working with the Alexandria Redevelopment and Housing Authority (ARHA) to utilize ARHA's development powers to increase the availability of affordable housing in Alexandria.

Housing Production Goals

- Provide a range of housing choices for households at all income levels.
- Provide a range of affordable housing choices throughout the City.
- Support mixed-income communities.
- Encourage housing near employment centers, with adequate access to a variety of facilities and services.
- Maintain and enhance the quality and safety of housing and neighborhoods.

Although the Subcommittee developed a number of concrete recommendations for initiatives to be undertaken in the short-term, the Subcommittee has taken a longer-term approach with regard to zoning matters. The recommended approach to zoning matters is discussed following the recommended non-zoning tools for affordable housing production.

Recommended Housing Production Tools (Non-Zoning)

1. Facilitate the acquisition/rehabilitation of existing multifamily² rental housing.

Description: Facilitate the development of affordable rental housing for households at or below 60%³ of area median income, preferably for a period of at least 20 years, through acquisition and rehabilitation of existing housing, on a case by case basis, with the objective of achieving the following:

- a mix of market and affordable units
- a mix of affordable unit sizes
- significant improvement to the physical structure of the property
- consistency with City land use policies
- stability of resident population

This will entail bringing together developers (both for-profit and non-profit), property owners, and funding sources, including secondary market lenders; supporting tax credit and tax-exempt bond projects where appropriate; and providing one-time loans or grants to make such projects work (e.g., to ensure mixed-income projects) under the assistance program described in recommendation 3. The primary liaison for this activity will be the Department of Planning and Zoning.

Action Needed to Implement: Council approval.

Level of Assistance: See Recommendation 2

Potential Funding Source(s): See Recommendation 2

2. Make direct grants or loans for affordable rental housing.

Description: Make direct grants or loans to non-profit or for profit developers to secure a commitment of affordable rents (for households at or below 60% of area median income), in new or existing housing, preferably for period of 20 years or more. For properties that have a high percentage of low-income units or where the City has provided a substantial amount of financing (under guidelines to be developed), include a right of first refusal for

² For the purposes of this report, multifamily property shall mean property with four or more residential units.

³ 60% of median income is used as the target income group for all rental housing recommendations because it is the maximum income level allowed for assisted units under the Low Income Housing Tax Credit and tax-exempt bond programs.

the City or its designee to purchase the property to continue the affordable use at the end of such period.

Staff comment: The City's financial subsidy could be based on the projected amount of property taxes owed by developer for the period of affordability. Potential projects should be considered on a case by case basis, with the intent of achieving the following:

- a mix of market and affordable units
- a mix of affordable unit sizes
- a well-designed new property with appropriate amenities or a significant improvement to the physical structure of an existing property
- consistency with City land use policies
- stability of resident population

Action Needed to Implement: Council approval.

Level of Assistance: Up to \$1 million per year

Potential Funding Source(s): HOME, CDBG, Housing Trust Fund, General Fund

3. Encourage on-site Affordable Housing Plans in rental development.

Recommendation: On a case by case basis, encourage developers of new rental housing to use an amount equivalent to their formula Housing Trust Fund contribution to provide on-site units affordable to households at or below 60% of area median income, preferably for a period of 20 years or more, taking into account the following:

- the number of affordable units that can be provided (e.g., through the housing contribution formula, or in accordance with any assistance program to be used), both as an absolute number and as a percentage of total project units
- the level of public subsidy required per unit
- the difference in rents between market and affordable units
- the breakdown of unit sizes in the affordable units
- the location of the site, in terms of proximity to transportation, schools, recreation, and other amenities
- the likelihood that the property, based on its location, unit sizes, and amenities, will attract families
- the likelihood that existing infrastructure and schools can support the proposed development, or the availability of funding to address additional needs that may be imposed by the proposed development

In addition, request all developers of rental housing to show how many affordable units can be provided in the development, and for how long, using the formula Housing Trust Fund contribution.

Action Needed to Implement: Council approval.

Level of Assistance: Depends upon number of rental units proposed for construction, and nature of the development with regard to the above criteria.

Potential Funding Source(s): Not applicable

4. Make grants or loans for project feasibility analysis and pre-development costs for affordable rental and sales housing.

Recommendation: Provide funding for feasibility analyses and pre-development costs, to be made available to non-profit developers and/or partnerships. Funding would be provided to assist in conducting preliminary project feasibility analyses, including analyses of market demand, physical characteristics of the site, and financial projections. Funding would also be provided for up-front financing for routine pre-development costs such as architectural and engineering plans and specifications, and preparation of marketing and management plans.

Action Needed to Implement: City Council approval and allocation of funds.

Level of Assistance: Up to \$500,000 per year, not to exceed \$50,000 per project for feasibility analysis and \$50,000 per project for pre-development costs.

Potential Funding Source(s): CDBG, Housing Trust Fund, General Fund (HOME is not recommended because costs would be disallowed if they do not result in a HOME-funded project.)

5. Allow design flexibility for affordable units.

Recommendation: For future set-aside units in new developments (on-site housing in lieu of developer contribution to Housing Trust Fund), allow flexibility in the design, location, and layout of affordable units, with the understanding that this may result in affordable unit designs that differ from the market rate units, but are architecturally compatible, as a means of making it possible to produce more affordable units.

Action Needed to Implement: Council approval of concept; staff development and Planning Commission/City Council approval of design standards; Planning Commission and Council approval of specific developments.

Fiscal Impact: None

Potential Funding Source(s): Not Applicable

6. Support affordable sales housing development.

Recommendation: Where financially feasible, aggressively encourage developers of new sales housing to provide affordable units on site in lieu of contributing to the Housing Trust Fund. Such units should be affordable to households within the Virginia Housing Development Authority's maximum income limits for single family mortgages, with a portion of such units affordable to households at or below 70%⁴ of median income (this assumes VHDA's limit will remain higher than 70% of median income). In addition, on a case-by-case basis, provide financial support to non-profit organizations to develop affordable sales units by contributing to land acquisition costs, construction/rehabilitation costs, and/or purchase assistance to income-eligible households.

Action Needed to Implement: Encouragement of affordable sales units in new developments requires no further action. Funding support requires Council approval and allocation of funds.

Level of Assistance: Special allocations as necessary.

Potential Funding Source(s): CDBG (excluding construction), HOME (excluding feasibility studies), Housing Trust Fund, General Fund.

7. Study the appropriateness of increasing the Housing Trust Fund contribution.

Recommendation: Conduct further study of the adequacy and appropriateness of Alexandria's \$.50 per gross square foot formula for developers' voluntary contributions to the City's Housing Trust Fund, and involve the development community in the review of this issue.

8. Establish an infrastructure fund.

Recommendation: Establish an infrastructure fund that can be used, on a negotiated basis, to offset, in whole or part, a developer's costs for improvements such as under grounding, landscaping, bricking, etc. for projects that provide affordable housing, with the stipulation that there shall be no difference in public infrastructure between developments that include affordable housing and those that do not.

⁴ Setting this income level slightly below the upper end (75%) of the Task Force's target income range will prevent affordability from being limited to those at the very top of the Task Force's range.

Action to Implement: Local ordinance.

Level of Assistance: \$300,000 - \$500,000 per year

Potential Funding Source(s): General Fund, Housing Trust Fund

9. Monitor federal plans for tax credits for sales housing.

Recommendation: Monitor the reported federal initiative to create a tax credit program for sales housing units, and encourage the use of such program if and when it becomes available.

Current Status: Under Senate Bill S. 1081, developers would be eligible for a tax credit for developing single family homes in qualified Census tracts, and the homes would have to be sold to qualified buyers.

Action to Implement: Not applicable.

Recommended Approach to Zoning Matters: Future Land Use & Policy Options

At issue is the challenge of changing the economics of providing affordable units and of crafting the appropriate mix of incentives and regulations which succeed in stimulating the construction of new well-sited and well-located units. While no immediate land use actions are recommended, the following proposals can be incorporated into the City's long range land use and planning efforts. The following proposals address both the difficulty and reality of working against market forces.

1. Evaluate the development and implementation of overlay zones.

Description: Evaluate Overlay Zones designed to encourage the construction of new affordable units in selected areas. Elements of the zone would include:

- Careful delineation of proposed boundaries for application of the overlay zone.
- Housing policy objectives to be accomplished.
- Density limitations for office/retail/ industrial uses within boundaries.
- Clear density guidance on residential densities which are compatible with surrounding neighborhoods.

- Possible land use incentives such as:
 - Reduction in parking requirements if located in proximity to mass transit/bus routes, or bus terminus.
 - Possible Transfer of Development Rights to offset lost development potential of the site.

Staff Comment: This approach would require assessment of neighborhoods within the City which are suitable for application of such an Overlay Zone; an analysis of appropriate density on a neighborhood by neighborhood basis, perhaps carried out within the Small Area Planning Process; the development of design, open space, and landscaping criteria to mitigate the impact of the potential development; and regulations regarding access and parking. It would also entail an assertive outreach program to work with the community.

2. Evaluate the development and implementation of performance zones.

Description: Evaluate performance zones designed to stimulate the integration of affordable units within proposed market rate developments and/or the payment of fees in lieu of performance. Elements of the performance zone could include:

- Identification of a threshold size of proposed new residential or commercial development, i.e., over a certain number of units or over a certain density which would require the project to perform.
- Require the provision of “x” number of affordable units within all new proposed developments which exceed the established threshold. If actual provision of the units is desired on site, do not allow waivers by “in-lieu” fees. If flexibility is desired, establish a fee ratio for payment of in-lieu fees.
- Require all new commercial development over “x” number of square feet to provide a payment for the construction of affordable housing. Payment should be proportional to the size of the proposed project.

Staff Comment: In Alexandria the provision of affordable units in new development (or a monetary contribution in lieu thereof) is voluntary, and incentives such as bonus density are available, through a Special Use permit, to developers who provide affordable units. It has been extremely difficult to get developer cooperation in providing affordable units since this affects the overall rate of return on investment. Jurisdictions which have required compliance have found that reasonable ratios are extremely important to establish and flexibility is preferred to rigid interpretation. A critical component of success is the establishment of a reasonable fee structure for “in-lieu” payments. In the City, where developers have voluntarily participated in an affordable housing program, very few developers have chosen to construct units; in-lieu payments have been made instead. The performance zone would have to include sufficient incentives to actually achieve on-site housing, if this is a City goal.

3. Evaluate the development and implementation of a program of transfer of development rights.

Description: Evaluate a program for the transfer of development rights. This program’s goal would be the creation of lower-rise, lower-density affordable housing on land which is currently too valuable to support this construction. In return for affordable housing development on selected sites, the developer would be able to sell and/or transfer his

foregone density to a “receiving” area where larger scale development would be permitted. This program could work in tandem with the overlay zone. The program could include

- Identification of areas where transfer program is permitted, i.e. potential transferring areas.
- Identification of areas where transfer of development potential is encouraged, i.e. “receiving areas.”
- Analysis of percent of development potential which could be transferred.
- Guidelines controlling sale or transfer of rights.

Staff Comment: Virginia law does not currently allow TDRs. However, this program can work well where there are well designed, available receiving areas. If there are few areas which can reasonably absorb additional density – usually commercial density – then there is a reluctance on the part of developer to enter into this program. However, if such areas are available, then it can be a reasonable way to stimulate affordable housing construction at no public cost.

I. HOUSING ASSISTANCE TO HOUSEHOLDS SUBCOMMITTEE REPORT

Subcommittee Members

Councilwoman Joyce Woodson, Chair
Jeremy Flachs, Affordable Housing Advisory Committee
Oscar Rodriguez, Primary Properties Realtors, Inc.
Mildrilyn Davis, Director, Office of Housing

Staff

Melodie Baron, Division Chief, Landlord-Tenant Relations⁵
Shane Cochran, Division Chief, Housing Program Implementation
Tom David, Housing Program Coordinator, Office of Housing
Bob Eiffert, Director, Office of Aging and Adult Services, Department of Human Services
Lori Godwin, Assistant City Manager
Bob Mulderig, (former) Deputy Director, Office of Housing⁵
Nelson Smith, Director, Office of Community Services, Department of Human Services

Guest Presenters/Invited Discussion Participants

Blaise de Franceaux, Long and Foster Realtors
Georgia McLaughlin, Century 21 New Millennium Realty
Clay Greenway, Millennium Mortgage Investors, Inc.
Tom Grove, Suntrust Mortgage
Marye E. Ish, ARHA
David Jeffers, Director, Fannie Mae Northern Virginia Partnership Office
Jim Kanala, Jobin Realty
Marcy Meyer, Housing Counseling Services
Marian Siegel, Housing Counseling Services
Lori Tavana, Fannie Mae
Dwight Witcher, ARHA
Gloria Yates, Community Development Specialist, Freddie Mac

Citizen/Other Attendees

See Attachment 1

⁵ Principal staff

Summary of the Work of the Housing Assistance to Households Subcommittee

The Housing Assistance to Households Subcommittee held six meetings from January 30 to April 3 to discuss a variety of issues concerning the provision of housing assistance to individual households.

The Subcommittee began its work by reviewing existing programs. Real estate agents, mortgage lenders and representatives of Housing Counseling Services (the City's contractor for providing training to participants in City homeownership assistance programs) were invited to attend the Subcommittee's January 30 meeting to assist in identifying key programmatic issues in the City's homeownership assistance programs. Problems noted by real estate agents and lenders in using the City's programs were the fact that the City does not offer a preapproval certification like those provided by first-trust lenders. Staff explained that this is because the amount of the City's loan is determined by the total cost of the transaction and the amount of the first trust, and therefore cannot be determined until the first trust loan is committed. Real estate agents advised the Subcommittee that under the Homeownership Assistance Program (HAP), if a seller is offering a unit whose most recent occupant was a renter, that unit cannot be sold to a participant in the homeownership program until six months after the tenant moves out (based on an agreement with HUD to avoid triggering federal relocation requirements). An additional issue raised is that the maximum sales price limits are so low that they exclude a number of homes available to Moderate Income Homeownership Program (MIHP) purchasers, even though, in some cases, the program participant could qualify for a higher priced home. Credit issues were identified by Housing Counseling Services staff as the greatest barrier to homeownership by low- and moderate-income first time homebuyers.

At its February 13 meeting, staff from the Department of Human Services presented a summary of the City's rental assistance programs. The City's programs are primarily short-term, crisis related programs. The Subcommittee discussed the Rent Relief Program, which provides an annual grant of up to \$1,500 to eligible elderly and disabled households in the City. The Subcommittee also discussed rental assistance programs in neighboring jurisdictions, and the City's inability to control rent increases because of state law restricting rent control.

At the March 6 meeting, staff reviewed the results of a survey of City employees, conducted by the Office of Housing to determine the housing needs and preferences of public employees. The survey indicated that many employees felt that they could not afford to purchase the type of house they wanted in the City of Alexandria. A number of respondents said that a yard was important to them, and condominiums were the least popular type of home in terms of what City employees would be willing to consider purchasing. The survey also revealed that a high percentage of City employees are unfamiliar with the City's homeownership programs. Representatives of Fannie Mae and Freddie Mac also attended the March 6 meeting to advise the subcommittee of affordable mortgage loan products available to low- and moderate-income homebuyers.

The March 20 meeting of the subcommittee was devoted to clarifying previously discussed topics and follow up on items of concern to the subcommittee, including a review of materials distributed at previous meetings for which there had not been sufficient time for discussion.

The March 27 and April 3 meetings focused on developing the Subcommittee's recommendations.

There were several items that staff was able to implement or begin developing immediately based on Subcommittee discussions. Those items appear beginning on page 26, following the Recommended Housing Assistance Tools.

Housing Assistance Goals

- Provide a range of housing assistance opportunities for households at all income levels in a manner designed to maintain or increase self-sufficiency; e.g., assist homeowners to remain in their homes, assist renters to remain renters in Alexandria or to become homeowners in Alexandria, and assist homeless/transitional households to become stabilized in permanent housing.
- Assist and encourage families to reside in Alexandria on a long-term basis.
- Assist and encourage households with members who work in Alexandria, including public employees, to reside in the City.
- Assist and encourage households that have resided in Alexandria for many years to remain City residents.

Recommended Housing Assistance Tools

- 1. Increase the maximum assistance limit under the City's Homeownership Assistance Program (HAP) from \$25,000 to \$35,000.**

Description: Increase the assistance provided under the City's Homeownership Assistance Program from (HAP) \$25,000 to \$35,000 per household, in order to enable HAP families to become homeowners in the current housing market. The limited number of homes for sale within the affordability ranges of HAP applicants has been identified as a significant barrier to increasing program participation. Staff has analyzed housing sales data of units listed at or below \$225,000 for the one year period of March 13, 2000 to March 13, 2001 to determine the numbers of units for sale at varying income ranges. Through this analysis, a total of 442 units were identified as having sold at or below the \$225,000 maximum sales price allowed

under the HAP and MIHP programs. An increase in the maximum assistance level will bring more homes into the range of affordability for assisted households, and should make it easier for households in this income range to locate an affordable home within the City. A \$35,000 limit during the period studied would have increased the number of units affordable to households at 50% of area median income from 176 to 205 units (an increase of 29 units) and would increase for those at 60% of area median income from 275 to 298 units (23 units).

No change is recommended at this time for the Moderate Income Homeownership Program (MIHP). The current limit of \$225,000 was established during the Task Force's deliberations because it was determined to be the amount a MIHP-eligible household can afford at the current assistance level of \$15,000 per household.

Action Needed to Implement: Council approval.

Level of Assistance: While funding is adequate in FY 2002, due to the availability of carryover monies, to provide up to 36 HAP loans at the proposed maximum assistance level of \$35,000, a "normal" budget allocation in that program in future years, in the absence of carryover monies, would support approximately half as many loans. Given significant increases in outreach by Office of Housing staff and new homeownership initiatives about to be implemented by the Office of Housing, additional funding may be needed in the future in order to accommodate the anticipated increase in demand. (Budget estimates exclude potential repayments of HAP loans that may be made during the program year.)

Potential Funding Source(s): HAP is currently funded with CDBG and HOME monies.

2. Review Rent Relief Program operation in FY 2001 and develop possible recommendations, for consideration in the fall of 2001, to affect the application process and operation of the FY 2003 program (disbursements in, or beginning in, July 2002).

Description: The Rent Relief Program provides an annual payment of \$1,500 to persons age 65 and over, or who are completely and totally disabled. To qualify, persons must have a household income of under \$18,000 per year, and not be receiving any other type of rent assistance. Persons apply by May 1 of each year. Those who qualify receive the grant in one lump sum during the month of July, the first month of the new fiscal year.

During FY 2001 (the grants disbursed in July 2000), the program distributed less than half the budgeted \$190,000. Starting in FY 2002 (the grants applied for in March through May 2001 and distributed in July 2001), the Department of Human Services is operating the program. DHS has mounted a major publicity effort to increase participation in the program. As a result, the number of applications and awards increased by nearly 50%. For this year, 107 individuals applied, compared to 71 in the previous year, an increase of 50.7%. The number of applications approved was 80, compared to 54 last year, an increase of 48.1%.

The primary reasons for non-approval were applicants being over the income limits or applicants already receiving rental assistance from another source, such as Section 8 or ARHA. For 80 approved applicants, FY 2002 expenditures will be \$120,000.

With these results in hand, staff will make recommendations for City Council consideration in the fall. Possible changes to the program include:

- raising the income eligibility limit from \$18,000 to \$25,600 per household per year, to match the income eligibility limit in the City's Real Estate Tax Relief program for the elderly and disabled;
- raising the annual benefit amount. The \$1,500 benefit was established in 1989, so an increase is warranted. One possibility is to make the benefit level a percentage of the program's maximum income.
- extending the eligibility period to be ongoing, instead of once a year;
- distributing the grants monthly, at \$125 per month, instead of in a lump sum once a year.

Staff comment: Staff's goal is to spend as much of the FY 2002 budgeted amount as possible. The recommendations to City Council in the fall will address that goal.

Action Needed to Implement: None now. Possible City Council amendment of Resolution #1391 in the fall.

Level of Assistance and Income Limit: \$1,500 per household now, with an income limit of \$18,000 per household per year.

Potential Funding Source(s): The program is funded with General Fund monies. Given that less than half of the available budget was utilized in FY 2001, the changes being contemplated may not result in a need for additional funding.

3. Consider the development of a City rental assistance program to assist households not currently being served by other rental assistance programs.

Description: The City could initiate its own rental assistance program, to be administered either by City staff or by a non-profit organization, to assist households not currently being served by other rental assistance programs.

Staff Comment: Staff considers Section 8 to be the most appropriate vehicle for providing ongoing rental assistance. Although staff does not support the idea of a City-funded rental assistance program, if the City were to develop such a program, staff recommends that it be narrowly focused on a specific target population.

One option would be to develop a rental assistance program for the City's VIEW/welfare-to-work caseload. Although HUD offers a welfare-to-work housing voucher program, HUD's rules require that eligible participants be taken from ARHA's waiting list, and that process would not direct assistance solely to the City's caseload nor enable the City's entire VIEW/welfare-to-work caseload to be served. Department of Human Services staff estimates that 57 clients are not receiving other rent subsidies and may currently be in need of such assistance. Based on an average wage for these clients of \$7.48 per hour (\$15,558 per year), an average subsidy of \$648 per month would be needed in order for these clients to pay no more than 30% of their incomes (average tenant payment: \$389 for rent at the level currently subsidized by ARHA for a two-bedroom unit (\$1037)).⁶ Subsidies would be provided for a period not to exceed two years (the maximum term of tenant-based rental assistance under the HOME program), conditioned on compliance with all requirements of the VIEW program and on making application for the Section 8 program (when the list is open), and transitioning to Section 8 assistance if and when the client is offered such assistance by ARHA.

Action Needed to Implement: Council approval and possible inclusion in annual HOME program budget or submission of budget amendment to HUD.

Level of Assistance: First-year cost for current VIEW/welfare-to-work caseload at an average of \$648 per month would be \$443,232; second-year allocation would increase to the extent that additional households are added while the initial households continue to receive assistance.

Potential Funding Source(s): Home Investment Partnerships Program (HOME) may be used for rental assistance not exceeding two years. However, HOME requirements may not allow the types of targeting described above. In that event, Housing Trust Fund or General Fund would be potential funding sources.

4. Support ARHA requests for additional Section 8 assistance.

Description: Provide the required City support letter should ARHA wish to apply for additional allocations of Section 8 tenant-based rental assistance.

⁶ Subsidies would be provided based on the actual unit rented by the participant; some families would require lower subsidies if they rented units costing less than \$1037 per month, or units with only one bedroom; families requiring larger units would require larger subsidies. The two bedroom figure was used to calculate the subsidy payment based on DHS' estimate that most families in the VIEW/Welfare-to-work caseload would require two-bedroom units.

Staff Comment: Support should be given when the assistance is to be targeted for specific purposes (e.g., assisted living, special needs households,⁷ homeownership) or project-based uses.

Action Needed to Implement: Council authorization for City Manager to execute the necessary letters.

Level of Assistance: To be determined on a case-by-case basis for specific applications to HUD.

Potential Funding Source(s): Not applicable.

5. Change Homeless Intervention Program (HIP) to allow repeat assistance after five years, rather than current rule of once in a lifetime.

Description: HIP is a state and City funded program designed to prevent homelessness of families facing eviction or foreclosure due to a financial crisis beyond their control. The program can assist with rent, security deposits and mortgages. Households engage in service planning and case management to eliminate the problems that caused the crises. Households can receive assistance for up to nine months while regaining self-sufficiency.

Virginia Department of Housing and Community Development (VDHCD) regulations specify that a household is eligible to receive assistance once in a lifetime. HIP started twelve years ago in FY 1989. The impact of this regulation increases each year the program is active. Every household approved effectively shrinks the pool of eligible families. FY 2001 is the first year since 1989 that DHS anticipates the allocation lasting the entire year. Intake was curtailed early in all other years due to the level of expenditures.

Staff Comment: Staff believes the resource could be more effectively used if the state allowed more flexibility. VDHCD has indicated that additional money will be available for FY 2002 through General Assembly action transferring surplus TANF for use in the program. DHS has expressed interest in the funding and asked for flexibility on the one-time assistance rule.

Action Needed to Implement: State approval to assist eligible households more than once, or Council action to allow the City-funded portion of the program to provide for assistance no more than once every five years.

⁷ From time to time HUD makes available housing vouchers for persons with special needs. The Alexandria Community Services Board's Five-Year Housing Plan approved by Council in FY 1998 includes a goal of obtaining 30 such vouchers.

Level of Assistance: Undetermined increase in number of program applicants; number has declined 25% since FY 1996.

Potential Funding Source(s): Not applicable at this time.

6. Maintain a minimum Housing Trust Fund balance to ensure minimum funding stream for MIHP and other activities.

Description: The Affordable Housing Advisory Committee has recommended that the Housing Trust Fund “be administered with a view toward maintaining a minimum balance of \$1.5 million,” and that this minimum balance policy “be revisited on an annual basis by the Affordable Housing Advisory Committee and City staff, in order to maintain flexibility in managing the Fund and to ensure the longevity of the Fund.”

Staff Comment: The proposed minimum balance may be unrealistic, given the recommendations for funding initiatives from the Affordable Housing Task Force, as well as ARHA’s need for financial assistance in providing replacement housing in connection with the redevelopment of Samuel Madden (Downtown). Staff agrees that the Housing Trust Fund should be prudently managed, but believes that the size of the balance should not drive funding decisions; i.e., it should neither serve to prevent monies from being put to work to accomplish affordable housing objectives, nor be a driver in approving affordable housing projects and programs that otherwise should not be funded, or fully funded.

Action Needed to Implement: Council approval.

Level of Assistance: Level of assistance to be provided with Housing Trust Fund monies is potentially greater without a minimum balance requirement than with one.

Potential Funding Source(s): Not applicable.

7. Explore, in conjunction with community groups and banking institutions, the development of Individual Development Accounts for low and moderate income households to encourage savings and asset development.

Description: Individual development accounts (IDA) have the potential to help families save, build assets, and enter the economic mainstream. Similar to 401(k) plans, IDAs are designed to encourage individuals to save money for a specific asset, such as homeownership. As of June 2000, IDA programs existed in over 250 communities, with another 100 programs in development. While the specifics of programs vary somewhat based on state law, the basic premise is that individual savings are matched by either a public or private entity on a dollar for dollar, one dollar to two dollars, or one dollar to three dollar basis.

According to data collected and analyzed by the Center for Social Development at the Washington University in St. Louis, at the end of June 2000, more than 2,439 account holders had saved more than \$913,000. Account holders typically saved \$24 per month, with an accumulated average of \$348. With the matching funds added in, the average savings was \$1,033 over nine months.

Virginia passed IDA legislation in 1998 that provided demonstration grant funding in a limited number of localities, so this tool is available in Virginia; however specific funding sources and potential community partners would need to be researched further with regard to the potential for this tool to assist households achieve a goal of homeownership.

The Alexandria United Way has expressed an interest in exploring the use of IDA accounts to assist low-income families save and build assets. In July, the Alexandria United Way convened an initial exploratory meeting with representatives of the United Way, community non-profit organizations and City agencies to discuss the opportunity to pursue a federal demonstration grant for an IDA program to serve Alexandrians. This group, which will continue its research this year, will review the technical requirements necessary to apply for federal demonstration funding and will develop recommendations for a potential grant-funded pilot program that will be presented to City Council in the fall.

Action Needed to Implement: Council approval of Task Force recommendation to explore program concept. Depending on what is recommended, General Assembly action may be required.

Level of Assistance: To be determined.

Potential Funding Sources: A funding source for the matching monies for individual accounts has not been identified at this time. In some states, a tax credit is provided to the contributor of an IDA for a low-income person. In other states, state funding is used to provide a direct match, or employers have provided matching funding. In some models, faith organizations provide matching funding to an IDA program. North Carolina also has a model program that uses CDBG monies to provide a direct match.

8. Provide homeownership assistance to move-up buyers as an incentive for them to remain in the City of Alexandria.

Description: Allow a one-time rollover of HAP and MIHP assistance for loan recipients (excluding purchasers of set-aside units in new developments who also have HAP or MIHP loans) who sell the home the City assisted them to buy, and immediately purchase a subsequent home within the City. In order to qualify for the rollover, loan recipients would have to be income eligible for HAP or MIHP at the time of the sale, and must have resided in the assisted home for at least five years (the period of time required to avoid the anti-

speculation surcharge imposed by the City's homeownership programs). The original assistance would not have to be repaid upon the sale of the assisted property, but a new deed of trust would be executed securing the City's loan on the new property. In the event the City implements a shared appreciation model for the HAP and MIHP programs, a decision will have to be made as to whether to impose the appreciation share on the first home by adding that amount to the second trust on the subsequent property.

Staff Comment: Although this initiative is designed to address the goal of retaining Alexandria residents in the City, and may also serve to retain families who might otherwise move out of the City, Housing staff is concerned that assistance to move-up buyers, who will have some level of equity in their first home, diverts assistance from first-time homebuyers, who may have a greater need for home purchase assistance.

This appears to be eligible under both CDBG and HOME; however, there is a maximum limit on the value of property to be assisted with HOME funds. If a HAP recipient with a HOME-funded loan desired to purchase a subsequent property, and the value of the subsequent property exceeded the value limit (currently \$229,917), the HOME monies would have to be repaid and replaced with other monies (CDBG HAP or Housing Trust Fund MIHP monies).

Action Needed to Implement: Council approval.

Level of Assistance: Based on FY 2000 and projected FY 2001 loan repayments, and assuming all loan recipients remain income-eligible, potential loss of an average of \$81,500 in HAP and \$24,000 in MIHP loan repayments per year, with retention in the City of up to 7 HAP and 2 MIHP recipients per year.

Potential Source(s) of Funding: Foregone CDBG, HOME, and Housing Trust Fund (MIHP) program income.

9. **Provide an incentive to sellers that makes HAP and MIHP buyers more competitive with non-assisted buyers in a hot housing market.**

Description: Only in a very tight housing market such as exists today, pay \$1,000 of the real estate commission in order to reduce the seller's costs as an inducement for the seller to sell to a buyer participating in the HAP or MIHP programs.

Action Needed to Implement: Council approval.

Level of Assistance: Based on prior year activity, less than \$50,000 per year. Actual cost could be greater if housing market remains tight and outreach efforts succeed in increasing program participation.

Potential Source(s) of Funding: HOME or CDBG for HAP, unless prevented by program

regulations; Housing Trust Fund, General Fund. HUD staff are looking into this matter, but initial indications are not favorable in terms of CDBG and HOME eligibility.

10. Market the positive aspects of condominiums in an effort to attract buyers to the most affordable segment of Alexandria's sales housing stock.

Description: Include in the City's homeownership counseling program a discussion of the merits of all types of sales housing, including condominiums.

Action Needed to Implement: Can be implemented administratively.

Potential Source(s) of Funding: Not applicable.

11. Support and encourage the involvement of Community Development Corporations.

Description: Support and encourage the involvement of existing Community Development Corporations, and/or the development of a new such corporation, in order to facilitate the provision of affordable housing in Alexandria.

Housing Assistance Actions Implemented or in Development Based on Task Force Discussions

There were several issues or recommendations raised during subcommittee discussions that staff was able to implement or begin addressing immediately. These are outlined below:

1. Eliminate 6-month waiting period for homeownership assistance to purchase units formerly occupied by tenants.

Issue: The City's Homeownership Assistance Program (HAP) is subject to federal acquisition and relocation requirements. Relocation requirements would be triggered if the City's assistance were connected to the displacement of a tenant from the property being purchased. Many years ago, an agreement was reached between the Office of Housing and the HUD Field Office staff that no such connection would be deemed to exist if a formerly tenant-occupied property were vacant for six months prior to the purchase contract from the assisted buyer. This situation has caused increasing difficulties in recent years, as an increasing number of buyers have become interested in purchasing properties that were previously rented. Assisted buyers have lost out because sellers were not willing to hold the property for six months if they had another buyer.

Action taken: After discussion of this issue at the Housing Assistance to Households Subcommittee, staff consulted with the current HUD Field Office staff and received a determination that the six month rule is unnecessary, and that the determination should be made based on the facts of each case, and on whether or not there is any relationship between the City's program and the owner's decision to sell the property.

2. Make it easier for borrowers, as well as real estate agents and prospective sellers, to know how much house the borrower can afford to purchase with the City's assistance.

Issue: Concerns were expressed that real estate agents and sellers would appreciate knowing specifically how much a buyer can expect to receive from the City, but this information is not known until the very end of the process.

Action Taken: While the specific City loan amount cannot be finalized until the first trust loan package is completed, homeownership program applicants will be provided with two letters to help clarify their standing in the City's program. The first letter will be issued after review of the applicant's initial application by City staff, and will inform the applicant which City program (HAP or MIHP) the applicant appears to qualify for, and the maximum assistance for which they are eligible under that program. The second letter will be provided after the applicant has consulted a lender and the lender has contacted the Office of Housing, and will advise the applicant in writing of the maximum house price for which the applicant is expected to qualify, taking into account the City's assistance. Although it is expected that the lender will share this information with the client, the letter may be used by the client to satisfy the real estate agent and prospective sellers of the client's ability to purchase a house in a given price range.

- 3. Take other steps, as appropriate, to expedite the homeownership assistance process, to the extent possible.**

Action Taken: The schedule for mailing program information to persons inquiring about the homeownership program has been amended to take into account the schedule of homeownership counseling classes, to decrease the waiting time between the initial inquiry and participation in counseling. In addition, changes in intake procedures to allow direct referrals to the housing counseling agency from lenders and real estate agents as well as City staff are under consideration. In response to a suggestion from real estate agents, staff will also schedule inspections after contract signing rather than after loan approval. Finally, staff has agreed to review first trust loan packages prior to the lender's receipt of the appraisal, in order to save time in the final review process.

- 4. Hold an information session for real estate agents and lenders/brokers concerning affordable mortgage products (such as those offered by Fannie Mae and Freddie Mac) prior to the Homeownership Fair.**

Action Taken: A meeting/information session on affordable mortgage products was held on June 7 at the Lee Center to share information with lenders and real estate agents concerning affordable loan products available from Fannie Mae, Freddie Mac, and the Virginia Housing Development Authority (VHDA). Staff will consider holding such sessions on a semi-annual or annual basis.

- 5. Increase participation in the City's Homeownership Assistance Program (HAP) and Moderate Income Homeownership Assistance Program (MIHP) through expanded outreach efforts.**

Action Currently Planned: Expand the range of community education activities related to the City's homeownership assistance programs with an emphasis on increasing outreach to the following populations:

- City of Alexandria employees
Past outreach efforts, which will continue, have included presentations at new employee orientations, Fire Department graduating class, Police and Deputy Sheriff roll calls, City Employee Benefits Fair, Transportation and Environmental Services event, as well as inclusion in the City Employee newsletter. Additional planned efforts include presentations at departmental staff meetings, attendance at other special events and information fairs that serve City employees, and inclusion of information on City's Intranet.

- **Alexandria City Public School employees**
Past outreach efforts have included attendance at Community Connections event for outreach for teachers and parents. Future efforts will require consultation with the ACPS administration, but are expected to involve presentations at appropriate meetings and/or special information sessions, notices in appropriate newsletters, and distribution of program materials to ACPS staff.
- **Spanish-speaking City residents**
In addition to continuing to make program brochures, homeownership counseling sessions, and Homeownership Fair seminars available in Spanish, future efforts involve the translation of application documents into Spanish, and identification of additional outreach opportunities (such as English as a Second Language classes and heritage organizations) for distribution of materials and on-site presentations.
- **Individuals employed by private employers located in the City.**
Heightened marketing and outreach to City-based employers will be provided in concert with the Employer Assisted Housing initiative endorsed by the Affordable Housing Advisory Committee and approved by City Council on June 28, 2001. While the major focus of that effort, a partnership involving the City, the Alexandria Chamber of Commerce, the Alexandria Economic Development Partnership, and Fannie Mae, will be the participation by local employers in providing homeownership assistance to employees, the program will also involve publicizing the City's programs. Employers will be encouraged to market the programs within their organizations and to emphasize the benefits of living and working in Alexandria. Office of Housing staff, possibly in conjunction with assistance from the City's homeownership counseling contractor, will be made available to conduct information sessions to assist private employers in conducting internal outreach efforts.

In addition, for general (non-targeted) outreach, the City will continue to hold the annual Homeownership Fair, and promote it through direct mailings to all multifamily rental apartments in the City. The City's website will also be used as a means of disseminating program information.

6. Increase sales price limit for homeownership programs.

Issue: The maximum sales prices in the City's Homeownership Assistance Program (HAP) and Moderate-Income Homeownership Program (MIHP) have been \$173,200 for new housing and \$171,800 for existing housing. Prior to January 2001, these were the income limits for all of the Virginia Housing Development Authority's first-time homebuyer programs in Northern Virginia. However, in January 2001, VHDA increased the limit for

mortgage products not funded with Mortgage Revenue Bonds to \$275,000, retaining the previous limits for MRB-funded projects because of federal requirements. Based on input from real estate agents and lenders to the effect that income-eligible buyers, and particularly families, are having difficulty finding suitable housing within the current limits, the Subcommittee requested that staff look into raising the sales price limits.

Action Taken: Staff implemented a new sales price limit of \$225,000, and selected this figure, rather than \$275,000, because \$225,000 was calculated to be what a household with an income of \$79,500, and non-housing debt typical of the City's MIHP purchasers can afford, with \$15,000 of City MIHP assistance, without requiring substantially more cash investment from the purchaser than the MIHP program requires. Assuming an interest rate of 7.46% (program average for FY 2001), a 5% required downpayment, and non-housing debt of \$500 per month, the purchaser would have to provide \$3,731 of his or her own funds to complete the transaction. The minimum purchaser contribution under the MIHP program is \$3,000. A similar scenario, using a purchase price of \$250,000, would have required the purchaser to come up with \$5,812. The Affordable Housing Advisory Committee endorsed the \$225,000 limit on April 5, 2001.

7. **Improve data collection and program evaluation efforts to better assess the effectiveness of existing housing and rental assistance programs in advancing the goal of establishing and preserving stable communities and self-sufficient households.**

Issue: Concerns were expressed regarding the lack of data available to assess why certain individuals are not eligible for existing rental assistance programs. The Subcommittee also expressed a desire to better understand if households were facing chronic needs, and to better understand the nature of these needs.

Action Currently Planned: Staff are prepared to review data collection systems to determine where improvements can be made, and to increase data sharing where permissible under confidentiality requirements, provided that it would be cost effective to do so.

CITIZEN/OTHER ATTENDEES AT SUBCOMMITTEE MEETINGS

Housing Production Subcommittee

Jeff Bennett, Alexandria Redevelopment and Housing Authority
Scott Frey, Commission on Aging
Barbara Gilley, Alexandria Commission on Persons with Disabilities
Poul Hertel, Federation of Civic Associations
Karen Levy, City employee
Lois Kebe, Affordable Housing Advisory Committee
Sarah Posner, Alexandria Commission on Women
Alethea Taylor-Camp, Warwick Village
Lois Van Valkenburgh, Commission on Aging
Marsha Williams, St. Joseph's Church

Housing Assistance to Households Subcommittee

Sylvia Brennan, Legal Services of Northern Virginia
Barbara Gilley, Alexandria Commission on Persons with Disabilities
Poul Hertel, Federation of Civic Associations
Andrew Macdonald
Dana Matthews
Donald Mela
Gail Templeton, Community Builder, HUD Next Door
Lois Van Valkenburgh, Commission on Aging
Otis G. Weeks, Ladrey High Rise Advisory Board

**SUMMARY OF GROUP DISCUSSIONS FROM AFFORDABLE HOUSING SUMMIT
OF MAY 19, 2001**

Impacts of High Housing Costs

After coming up with a variety of causes for high housing costs, all groups noted that high housing costs negatively impact quality of life for City residents. The factors noted included higher density, reduced open space, loss of available service level employees, and increased traffic congestion. Overcrowding was also mentioned by several groups as a negative result of high housing costs. One group noted that high housing costs increase the number of families where both parents have to work.

Groups also noted that high housing costs negatively affect businesses because people have less disposable income. In addition, the City's ability to attract new business is detrimentally impacted by its housing market. Several groups noted that the lack of affordable housing prevents teachers, police officers and other middle income professionals from living in the community where they work. One group added that the economic and social stress on families caused by the families' housing cost burden is felt by the larger community. Another group noted negative effects on schools as a result of high housing costs.

One group added that an increase in homelessness is a result of a high cost housing market. Some groups noted increased costs for social and government services as a result of high housing costs.

All groups noted a loss of diversity as one of the most negative results of the loss of affordable housing. Particularly noted was the loss of minorities, families with children, young adults and elderly who are forced to move out of the City because of high housing costs. Developing concentrations of rich and poor households was noted as a negative result of high housing costs.

One group noted that a positive benefit of high housing costs was the resulting increase in local government revenues from higher property values.

Public Reactions to the Goals of the Affordable Housing Task Force

Overarching Policy Goal

All groups reported agreement with the overarching policy goal as stated. Groups expressed support for the statement of general goals for the City, and applauded the effort. Concern was expressed by almost all groups, however, that the goals stated in the task force's report were not sufficiently measurable. Most groups expressed a desire to be more specific with the goals, to change words like

encourage, provide and support to fund, develop and produce. The general consensus of most groups was that targeted numbers, specific, measurable goals and targeted time periods were needed if the goals were to be of any value. One group stated that numerical goals should be established for all goals.

Housing Production Goals

Most groups agreed that numeric goals should be established for all production goals, and more than one group felt time frames should be added to production goals. Groups generally noted that the production goals were too vague, and needed to be more specific. A number of groups and participants noted that these were admirable goals, but too vague to produce results. One group felt that design standards should be incorporated into housing production goals. Another group also recommended establishing specific goals for facilities and services.

There was general agreement with the Task Force's housing production goals, with the exception and modifications noted below.

- One group suggested deleting the goal to *provide a range of housing choices for households at all income levels.*
- One group suggested that the goal to *provide affordable housing choices throughout the City* be changed to “provide a range of affordable housing choices throughout the City.”
- One group strongly supported the goal to *support mixed-income communities* and felt that it should be emphasized.
- The goal to *encourage housing near employment centers, with adequate access to a variety of facilities and services* was mentioned as an important element of any development plan. One group felt that transportation should be added to this goal, and that the City should encourage housing near employment centers and transportation to encourage the use of mass transit rather than personal cars.
- Some commenters found the goal to *maintain and enhance the quality and safety of housing and neighborhoods* to be too vague.

Some additional housing production goals recommended by conference participants included the following:

- Add goals specifically for production of senior, supportive and accessible housing, including SRO or “working singles housing” development.
- Coordinate with federal funding sources and with ARHA
- Develop a mechanism to create land trusts
- Develop regional production strategies
- Support mixed use development

- Create a Community Development Corporation
- Actively recruit non-profits
- Work with multifamily owners toward renovation and preservation of existing affordable properties
- Ensure infrastructure can support new housing and set aside land for schools
- Incorporate goals to increase the ratio of homeowners to renters; homeownership should be a major goal
- Renew commitment to renters
- Encourage the development of larger apartments
- Encourage open space
- Incorporate information on affordable housing design requirements
- Create a task force to focus on key issues related to housing production
- Allow creation of accessory dwelling units (“granny flats”)
- Review codes to find ways to legally permit greater occupancy within units

Housing Assistance Goals

Comments regarding housing assistance goals were similar to those made for all goals - more accountability for measurement needs to be incorporated into these goals. The task force goals were supported except as noted or modified below:

- With regard to the goal to *provide a range of housing assistance opportunities for households at all income levels in a manner designed to maintain or increase self-sufficiency...* some groups felt that additional emphasis should be placed on education, particularly regarding the benefits of homeownership. One group noted that programs should be geared toward increasing the ratio of homeowners to renters. In the portion of the goal statement that gives the example of *assisting homeless/transitional households to become stabilized in permanent housing*, another group wanted to amend the reference to refer to permanent **supportive** housing. The intent is that there should be community supports to help households be successful in living independently, or in first-time homeownership.
- The goal to *assist and encourage families to reside in Alexandria on a long-term basis* was challenged in two groups. A few participants in one group felt that family households did not merit special consideration, and that households without children and single person households are significant contributors to the City and should also be encouraged. Another group also suggested that programs encourage both families and singles.
- With regard to the goal to *assist and encourage households with members who work in Alexandria, including public employees, to reside in the City*, some participants suggested that City employees be required to live in the City.
- Most groups and participants were in agreement with the goal to *assist and encourage households that have resided in Alexandria for many years to remain City residents*. In one group there was one person who strongly objected, and expressed the opinion that residents

should work additional jobs (as she does) if necessary to continue to afford to live in Alexandria.

All additional goals expressed in this discussion were housing production goals and are listed in the preceding section.

HOUSING TOOL RECOMMENDATIONS

HOUSING PRODUCTION RECOMMENDATIONS

Recommended Housing Production Tools (Non-Zoning)

Participants in all groups noted that production recommendations should have numbers of units to be developed and time frames for development.

1. *Facilitate the development of affordable rental housing through acquisition and rehabilitation of existing multifamily rental housing.*

This recommendation was supported. Some groups felt that numeric goals for acquisition and rehabilitation should be incorporated. One group felt that this recommendation should include conversion of existing rental housing to homeownership. Another group recommended that a public-private partnership be created to accomplish this goal. One group suggested adding education as a component of this recommendation.

2. *Make direct grants or loans to non-profit or for-profit developers to secure a commitment of affordable rents, in new or existing housing, for a specified period of time (e.g., 20 years or more). This would generally be associated with new construction or acquisition and rehabilitation.*

Most commenters agreed with the Task Force that the City should place more emphasis on funding nonprofit developers. One group added that tenant organizations should be added to the recommendation. Another group suggested tax incentives to accomplish this recommendation.

3. *Encourage developers of new rental housing to use an amount equivalent to their formula Housing Trust Fund contribution to provide affordable units on site.*

Several groups felt that this was a very important tool and that the City should place much greater emphasis on receiving units rather than financial contributions from developers. One group stated that this recommendation was insufficient to produce new rental housing and that additional incentives are required. Another group suggested that the City match funding and provide City general funds to achieve this goal. One group noted that it is important to encourage architecturally compatible housing design.

4. *Provide funding to non-profit developers and/or partnerships for feasibility analyses and pre-development costs. Assistance would become a loan if the project goes forward but would be a grant if it does not.*

In connection with number two of the recommendations, most participants noted this to be an important recommendation, and felt that the City should provide much greater assistance to non profit developers. One group suggested adding the development of a CDC to this recommendation. One group noted that it had participants with strong feelings on both sides of the issue of providing pre-development costs, with the opposition being a concern about the capabilities of a non-profit that can't afford its own pre-development studies.

5. *Allow flexibility in the design, location, and layout of affordable set-aside units in new developments (on-site housing in lieu of developer contribution to Housing Trust Fund), with the understanding that this may result in affordable unit designs that differ from the market rate units, but are architecturally compatible, as a means of making it possible to produce more affordable units.*

This was supported by most groups. One group specifically noted the importance of allowing design flexibility for affordable units. One group wanted to replace "*as a means of making it possible to produce more affordable units*" with the words "*in order to produce more affordable units.*" Another group noted that units should be dispersed throughout the development. However, one group did not agree with this goal and stated that it is preferable to subsidize the cost differential rather than have differences between market and affordable units.

6. *Where financially feasible, aggressively encourage developers of new sales housing to provide affordable units on site in lieu of contributing to the Housing Trust Fund, and provide financial support to non-profit organizations to develop affordable sales units.*

All groups agreed that this is an important recommendation, and that units are far more desirable than contributions to the housing trust fund. One group recommended combining this recommendation with recommendation number three. The group in disagreement with number five added that market rate and affordable units should be indistinguishable.

7. *Conduct further study of the adequacy and appropriateness of Alexandria's \$0.50 per square foot formula for developers' voluntary contributions to the City's Housing Trust Fund, and involve the development community in the review of this issue.*

All groups agreed with this recommendation. One group felt that the amount should be increased without further study. On group stated that this recommendation will require full community involvement.

8. *Establish an infrastructure fund that can be used, on a negotiated basis, to offset, in whole or part, a developer's costs for improvements such as under grounding, landscaping, bricking, etc., for projects that provide affordable housing, with the stipulation that there shall be no difference in public infrastructure between developments that include affordable housing and those that do not.*

There was no disagreement with this goal. One group wanted to make sure that this would be accomplished through the existing bureaucracy. Another group suggested adding language to this recommendation stating “*on a negotiated basis depending on the number of units.*”

9. *Monitor the reported federal initiative to create a tax credit program for sales housing units, and encourage the use of such program when it becomes available.*

This recommendation was encouraged. One group felt that a staff position should be created to monitor federal funding sources. Another group felt that the word “*monitor*” in this goal should be changed to “*support*”.

The participants also suggested adding some recommendations for production as follows:

- Maximize the use of federal and state funding
- Develop a Single Room Occupancy (SRO) facility for working singles
- Identify a dedicated revenue source for the housing trust fund
- Develop subsidies for preservation
- Preserve existing rental housing
- Develop a plan for renovation of public housing units
- Maintain and expand Resolution 830 Housing
- Provide local funding for development
- Create Business Improvement Districts
- Provide a tax break for affordable housing
- Conduct a study to discover other possible sources for funding the City's housing needs (i.e. transfer taxes and real estate taxes).
- Focus on at-risk, older neighborhoods
- Make greater use of Habitat, Christmas in April and other existing non-profits
- Cap the resale cost of HAP or MIHP-assisted housing
- Provide property tax abatement for certain groups
- Support condo conversions
- Encourage rooming houses as a viable affordable housing option
- Encourage starter houses - basic units that can be expanded over time.
- Look at warehouses and other commercial properties for adaptive reuse
- Look at remaining available 30 acres and identify opportunities

Recommended Approach to Zoning Matters: Future Land Use & Policy Options

Groups were not uniform in their responses to zoning recommendations. Some groups encouraged increasing density, while others did not. Most groups advised caution in approaching zoning incentives. The groups noted the trade-offs required by increasing density or reducing open space or parking requirements.

Balancing density with open space was a recurring theme expressed by many participants. More than one group expressed concerns regarding parking. One group added that the City should make sure that all zoning is inclusionary. One group suggested review of small area plans for changes. The same group also recommended researching zoning initiatives implemented by other jurisdictions.

Several groups felt that affordable dwelling units (ADUs) should be required in exchange for additional density through an ADU ordinance. Several suggestions for reviewing Fairfax and other ordinances were made.

With regard to the specific zoning tools recommended for consideration by the Task Force, one group recommended that *overlay zones* be located near metro stations. One group expressed concern that, with the *transfer of development rights*, added development rights on other properties could create problems.

Some additional recommendations for zoning incentives included the following:

- Promote car free buildings
- Develop a range of incentives to address the needs of households in a range of incomes
- Provide a continuum of zoning options
- Provide zoning for accessory units (mother-in-law suites)

HOUSING ASSISTANCE RECOMMENDATIONS

As with other categories, participants felt that the recommendations for housing assistance were too broad and needed greater specificity.

Housing Assistance Tools

1. *Review the City's homeownership programs, including the provision of set-aside units in new developments, and make recommendations for improving program operations and expanding program utilization.*

There was no disagreement with this recommendation. More marketing of programs was recommended by one group.

2. *Review the operation of the Rent Relief Program for senior citizens and persons with disabilities in FY 2001 and develop recommendations for improvement for consideration in the fall of 2001. Possible recommendations include establishing an open (year-round) enrollment period, and making payments on a monthly basis rather than in an annual lump sum.*

Several groups and participants agreed that this recommendation is important. Two groups recommended raising the income limits for this program (part of Task Force recommendation inadvertently omitted from executive summary). One group requested consideration of increasing the payment amount. One group felt that intensive education for this program was necessary, and that staff should study population trends and analyze existing programs for this population. One group felt some language clarification was needed for this recommendation.

3. *Consider the development of a City rental assistance program to assist households not currently being served by other rental assistance programs. One option would be a rental assistance program for participants in the City's VIEW/welfare-to-work program who are not currently receiving rental housing assistance.*

While there were no objections to this recommendation, one group felt that any future initiatives should be accomplished without the creation of a new bureaucracy. The group noted that the program should be administered by an existing agency or non profit. One group recommended using the Arlington program as a model (which isn't limited to VIEW participants).

4. *Support ARHA requests for additional Section 8 assistance when such assistance is to be targeted for specific purposes (e.g., assisted living, special needs households, homeownership) or project-based uses.*

Most groups felt that it was important to seek additional Section 8 assistance. However, one group wanted the reference to ARHA deleted and wanted to support any agency seeking Section 8 assistance. One group recommended that Section 8 assistance be targeted.

5. *Change the City-funded portion of the Homeless Intervention Program (HIP), and seek state approval for a change in the state-funded program, to allow repeat assistance after five years, rather than current rule of once in a lifetime.*

While there were no objections to this recommendation, participants in one group felt it was necessary to monitor future budget implications.

6. *Maintain a minimum Housing Trust Fund balance to ensure a minimum funding stream for the Moderate Income Homeownership Program and other activities.*

Some participants felt that this recommendation should be deleted. Other groups and participants liked the recommendation and wanted to see it stay. One group stated that an allocated fund should be designated to provide a minimum fund balance.

7. *Monitor efforts by other Northern Virginia jurisdictions to study the issue of seeking authority from the General Assembly add a protection, under local human rights ordinances, from discrimination on the basis of source of income. This would benefit households receiving SSI and similar income, but may not necessarily be successful in preventing landlords from refusing to rent to households receiving Section 8 subsidies.*

More than one group felt that this should be eliminated. Another group said that it should be made a goal rather than a recommendation. One group suggested that this might be covered by the Equal Credit Opportunity Act, and already required.

8. *Explore, in conjunction with community groups and banking institutions, the development of Individual Development Accounts for low and moderate income households to encourage savings and asset development.*

This recommendation was supported by all, with none of the groups expressing disagreement.

9. *Provide homeownership assistance to move-up buyers, as an incentive for them to remain in the City of Alexandria, by allowing a one-time rollover of City homeownership assistance loans for loan recipients who sell the home the City assisted them to buy. Eligible recipients must immediately purchase a subsequent home within the City, and must be income-eligible for home purchase assistance at the time of the rollover.*

While there were no outright objections to this recommendation, one group suggested that the amount of appreciation on the sale of the first home be determined in deciding on a case by case basis whether to grant a rollover of HAP or IHP assistance.

10. *In order to make HAP and IHP buyers more competitive with non-assisted buyers in a hot housing market, pay \$1,000 of the real estate commission in order to reduce the seller's costs. This would be done only in a hot housing market such as exists today.*

One group recommended deletion of this recommendation. Another group objected to a specified amount, noting that in some cases \$900 might be necessary and in others \$1,200 could be required. One group felt a definition of "hot housing markets" would be necessary and that this practice should not be automatic.

11. *Include in the City's homeownership counseling program a discussion of the merits of all types of sales housing, including condominiums, in an effort to attract buyers to the most affordable segment of Alexandria's sales housing stock.*

Some groups were in agreement with this recommendation, with one group suggesting that coops be added to the counseling. However, one group strongly objected to staff comment, in the full Task Force report, concerning this recommendation, stating that it was disparaging to condominium ownership, and wanted the comment critical of condominiums to be eliminated. One group suggested adding education for brokers.

12. *Support and encourage the involvement of existing Community Development Corporations, and/or the development of a new such corporation, in order to facilitate the provision of affordable housing in Alexandria.*

There was widespread support for this recommendation.

Additional Housing Assistance recommendations include:

- Resurrect Operation Match and allow postings on the City's website
- Encouraged faith-based assistance
- Increase income levels for rent and tax-relief for the elderly
- Address increasing utility costs for renters
- Seek authority to enact a rent control ordinance
- Link buyers and sellers and support deals
- Provide assistance to buyers to resolve credit issues
- Provide tax credits to sellers who sell to low-income buyers
- Change Section 8 certificates to vouchers (already in process)

OTHER RECOMMENDATIONS FROM DISCUSSION GROUPS

Some groups made additional recommendations that were not easily categorized:

- Establish a long term task force which would ensure broad representation, including developers, homeowners, renters, and consumers.
- Publicize the results and status of the housing trust fund regularly
- Improve public education about available programs and services
- Develop goals for ongoing and open discussion of housing programs
- Have public hearings in different parts of the City
- Develop a legal mechanism for controlling long term affordability of units.
- Ensure that subsidized renters have the same rights as others
- Develop the political will to provide affordable housing
- Rehabilitate Samuel Madden Downtown, rather than redevelop
- Have the City, rather than ARHA, provide social services to ARHA residents
- Improve cooperation between the City and ARHA
- Strengthen code enforcement
- Recognize supportive developers
- Provide incentives to renters to remain in long-term rentals
- Enable subletting by elderly (elderly persons renting out rooms in their homes)
- Develop a partnership with schools for building trades to do rehabilitation
- Raise salaries for public employees
- Enact Anti-displacement legislation
- Require tenant right of first refusal
- Educate landlords and tenants on responsibilities

DISPOSITION OF COMMUNITY SUGGESTIONS FROM HOUSING SUMMIT

Suggestions that are already covered/contemplated by Task Force and/or can be addressed under existing Task Force recommendations

1. Preserve existing rental housing. Related items:
 - Work with multifamily owners toward renovation and preservation of existing affordable properties
 - Develop subsidies for preservation
 - Focus on at-risk, older neighborhoods

These are addressed in Housing Production Recommendations #1 and 2.
2. Actively recruit non-profits. Related items:
 - Make greater use of Habitat, Christmas in April and other existing non-profits
 - Encourage faith-based assistance

These are consistent with Housing Production Recommendations #2, 3, and 4, which involve funding for non-profit organizations.
3. Create a Community Development Corporation
Housing Assistance Recommendation #11 calls for supporting and encouraging the involvement of existing community development corporations, and/or developing a new such corporation.
4. Link buyers and sellers and support deals
This is addressed in Housing Production Recommendation #1.
5. Incorporate information on affordable housing design requirements
Design issues will be addressed in the context of Housing Production Recommendation #6.
6. Renew commitment to renters
Housing Production Recommendations #1, 2, 3, and 4, and Housing Assistance Recommendations # 2, 3, 4, and 5 are evidence of a renewed commitment to affordable rental housing.
7. Incorporate goals to increase the ratio of homeowners to renters; homeownership should be a major goal.
Homeownership remains a major goal and is supported by Housing Production Recommendations # 4,5,6, and 9, and Housing Assistance Recommendations # 1, 8, 9, and 10.

8. Increase income levels for rent and tax relief for the elderly.
The income level for the tax relief program was increased for the 2001 tax year, and Housing Assistance Recommendation #2 recommends that the income limit for the Rent Relief Program be increased as well.
9. Develop a range of incentives to address the needs of households in a range of incomes
The Task Force report contains recommendations to address the needs of households at a variety of income levels, ranging from those eligible for the Homeless Intervention Program and Section 8 to those eligible for the City's Moderate Income Homeownership Program.
10. Encourage the development of larger apartments
Housing Production Recommendations #1 and 2 cite "a mix of affordable unit sizes" as one factor to be considered in facilitating or funding affordable rental housing, and Recommendation 3 refers to the breakdown of unit sizes in the affordable units as a factor to be taken into account in encouraging on-site affordable units in rental housing developments; this reflects a desire to see projects include larger units that can serve families, as opposed to projects limited to efficiency and one-bedroom units.
11. Improve public education about available programs and services
Education and outreach are specifically addressed in two places in the Housing Assistance Subcommittee section of the Task Force report (Recommendation #2 on the Rent Relief Program and Item 5 (homeownership assistance programs) of the Actions Implemented or in Development Based on Task Force Discussions, broader education and outreach covering all of the City's housing programs are consistent with the consensus of the subcommittee and will be pursued.
12. Have public hearings in various parts of the City.
While it is unclear if one intent of this suggestion was to improve awareness of affordable housing programs, such a strategy may be considered as we develop a community education/outreach effort.
13. Develop a legal mechanism for controlling long term affordability of units
Housing Production Recommendations # 1, 2, and 3 contemplate this for units assisted or supported by the City.

Suggestions incorporated in report

1. Ensure infrastructure can support new housing and set aside land for schools
Infrastructure and schools have been added to Housing Production Recommendation #3 as factors to be considered in supporting development of new affordable units.
2. Add increasing payment amount to the changes to be considered for the Rent Relief program
This suggestion is now included in Housing Assistance Recommendation #2.

3. **Improve cooperation between the City and ARHA**
Language has been added to the introduction to the Housing Production Recommendations stating that in pursuing its housing production goals, the City should explore ways of working with the Alexandria Redevelopment and Housing Authority (ARHA) to utilize ARHA's development powers to increase the availability of affordable housing in Alexandria. It should also be noted that a Council/ARHA Task Force meets regularly to discuss issues of mutual concern and keep communication channels open. In addition, the City and ARHA are collaborating on the redevelopment of Samuel Madden through a joint work group.

Suggestions recommended for further study/consideration

1. **Add goals specifically for production of senior, supportive and accessible housing, including SRO or "working singles housing" development. Related suggestion:**
 - Develop an Single Room Occupancy (SRO) facility for working singles
See note after item 2 below.
2. **Allow creation of accessory dwelling units ("granny flats") Related suggestion:**
 - Provide zoning for accessory units (mother-in-law suites)
 - Enable subletting by elderly (elderly persons renting out rooms in their homes)*Planning and Zoning staff will be evaluating new development and redevelopment areas on a Citywide basis, and this evaluation will include looking at opportunities for affordable housing. In looking at such opportunities, possibilities for the types of housing described in items 1 and 2 above will be considered.*
3. **Encourage starter houses - basic units that can be expanded over time.**
While there is no objection to this concept from a zoning perspective, the starter house concept assumes the availability of land in excess of what is needed for the initial starter house. Land costs may mitigate against the feasibility of this concept in Alexandria.
4. **Look at warehouses and other commercial properties for adaptive reuse**
Adaptive reuse for residential purposes is already occurring. Staff will encourage the provision of affordable units in such development projects where feasible and appropriate.
5. **Promote car free buildings**
While it would be extremely difficult to require that a building be "car-free," the City can promote parking incentives (e.g., parking reductions) for affordable housing where appropriate.
6. **Provide a continuum of zoning options**
The City currently has a variety of zoning incentives for the provision of affordable housing, and will focus on ways to publicize these incentives.

7. **Support mixed use development**
The zoning code includes incentives for mixed use development, but these incentives are not being well used. Staff will look at possibilities for additional incentives.
8. **Encourage open space**
Staff will examine ways to balance the often competing priorities of affordable housing and open space in order to foster livable environments (i.e., including adequate open space) within developments that provide affordable housing.
9. **Support condo conversions**
Condominium conversions address the City's goal of increasing its percentage of owner-occupied housing. In order to avoid significant displacement, City involvement should be focused on projects where the majority of residents have the both desire and ability (with City assistance, if necessary) to purchase.
10. **Recognize supportive developers**
Staff will consider ways to provide recognition to developers who make significant achievements in the area of affordable housing in Alexandria.
11. **Develop a partnership with schools for building trades to do rehabilitation**
Staff will look into the feasibility of this suggestion.
12. **Resurrect Operation Match and allow postings on the City's website**
The City terminated this program several years ago because it was not producing sufficient results. However, it has recently been reinstated in other jurisdictions that previously terminated it, and staff will review the results of this program in those jurisdictions before making a recommendation on the advisability of reinstating it in Alexandria.
13. **Identify a dedicated revenue source (other than developer contributions) for the housing trust fund. Conduct a study to discover other possible sources for funding the City's housing needs (i.e. transfer taxes and real estate taxes)**
Staff will investigate and make recommendations with regard to other possible funding sources. However, the Housing Production Subcommittee reviewed the option of using real estate tax incentives for affordable housing, and concluded that direct grants and loans are a better option than incentives involving the real estate tax.
14. **Develop the political will to provide affordable housing**
This is the purpose of the work of the Affordable Housing Task Force, including the May 19 Affordable Housing Summit, as described in the report, as well as the remaining steps leading up to Council consideration of the Task Force report.

Suggestions that are already being addressed/partially addressed

1. Develop regional production strategies
Both the COG Housing Directors Committee and the Washington Area Housing Partnership are pursuing the development of regional approaches to the issue of affordable housing in the Washington, DC metropolitan area. Staff will monitor these efforts and report their progress to City Council as appropriate.
2. Require affordable dwelling units (ADUs) in exchange for additional density through an ADU ordinance.
The City's zoning code allows for additional density in exchange for affordable units, although not through an ordinance. In certain zones, affordable housing is a required in order to obtain additional density. However, in many zones, the allowed density is sufficiently high that providing for additional density in the manner provided by Fairfax and Loudoun Counties' Affordable Dwelling Unit Ordinances may result in unacceptable density levels.
3. Maintain and expand Resolution 830 Housing
By definition, the City and ARHA have a commitment to maintaining 1,150 housing units under Resolution 830 as rental units under the public housing program administered by ARHA or otherwise affordable to persons on the Alexandria Redevelopment and Housing Authority's waiting list. While expansion of the number of units covered by Resolution 830 is not currently contemplated, staff envisions that all rental housing developed with City support or assistance pursuant to Housing Production Recommendations 1, 2, and 3 would accept households with tenant-based rental assistance (Section 8 Housing Choice Vouchers), which serves the same income group as does Resolution 830 housing. (It should be noted, however, that voucher holders would need to pay more than 30% of their incomes to rent a unit at the maximum rent under the Low Income Housing Tax Credit program.)
4. Provide local funding for development
The City has provided funding for a number of affordable housing projects, and its involvement in affordable housing development can be expected to increase through the Housing Production Recommendations.
5. Provide assistance to buyers to resolve credit issues
This is currently being done through the City's Homeownership Counseling Program for potential applicants to the City's homeownership programs.
6. Establish a long term task force which would ensure broad representation, including developers, homeowners, renters, and consumers. Related suggestion: Create a task force to focus on key issues related to housing production.
The Affordable Housing Advisory Committee already has the representation suggested above.

7. Publicize the results and status of the housing trust fund regularly
A status report on the Housing Trust Fund is provided each month to the Affordable Housing Advisory Committee and is available to the public on request. However, staff will consider additional ways of making this information available.
8. Change Section 8 certificates to vouchers
Under federal requirements, all Section 8 certificates are gradually being converted to Section 8 Housing Choice Vouchers.
9. Educate landlords and tenants on responsibilities
The City has two publications that address this issue and staff has met with a number of property owners and managers, mostly in the Arlandria area, on this subject.
10. Coordinate with federal funding sources and with ARHA. Maximize the use of federal and state funding
Staff maximizes the use of federal and other funding sources before turning to Housing Trust Fund or other local dollars. In addition, as noted in the section of items incorporated into the Task Force Report, language has been added to the introduction to the Housing Production Recommendations stating that in pursuing its housing production goals, the City should explore ways of working with the Alexandria Redevelopment and Housing Authority (ARHA) to utilize ARHA's development powers to increase the availability of affordable housing in Alexandria.
10. Look at remaining available 30 acres and identify opportunities
This is a reference to land identified in Housing Summit materials as being suitable for residential development. Sites are now being reviewed for appropriateness for Samuel Madden replacement housing. Sites that are not used for the scattered site public housing may be considered for other types of affordable housing development.
11. Develop goals for ongoing and open discussion of housing programs
The open meetings of the Affordable Housing Task Force, the May 19 Affordable Housing Summit, the planned public hearing on this report, and the ongoing open meetings of the Affordable Housing Advisory Committee address this suggestion.

Suggestions previously reviewed but not adopted by Task Force

1. Provide a tax break for affordable housing
As noted above, the Housing Production Subcommittee considered real estate tax incentives for affordable housing and concluded that direct grants and loans are a better alternative for producing affordable housing.
2. Provide property tax abatement for certain groups
The Housing Assistance Subcommittee considered the suggestion of tax abatement for first

time homebuyers, but decided not to pursue this idea after learning that an amendment to the state Constitution would be required. According to the City Attorney's office, a tax exemption or tax abatement for first time homeowners (or other classification of individuals not currently entitled to tax exemptions) would have to be implemented by an amendment to the Constitution. This is because Article X, section 1 of the Constitution provides that all property, except that for which an exemption has been granted is to be taxed and all taxes assessed shall be uniform.

Suggestions not recommended by staff

1. **Encourage rooming houses as a viable affordable housing option**
Rooming houses are currently allowed with a Special Use Permit, but are unlikely to be encouraged by staff because they have been problematic in terms of nuisance activity.
2. **Cap the resale cost of HAP or MIHP-assisted housing**
*Enabling income-eligible households to reap the benefits of homeownership and preserving a long-term supply of affordable sales housing can be competing goals. Providing the benefits of homeownership to low- and moderate-income households was one of the original goals for the establishment of the Homeownership Assistance Program, and staff does not recommend capping the resale cost as it is likely to remove one of the primary benefits of homeownership, that of accumulating sufficient equity to enable a household to improve its housing situation.
However, the City does limit the resale price, for a period of 15 years, on set-aside units in new developments, because of the greater potential for windfall profits upon resale in new developments.*
3. **Seek authority to enact a rent control ordinance**
Rent control makes housing more affordable only for a portion of the households that cannot afford market rents (i.e., only those households that have lived in a unit long enough to be able to enjoy the benefits of controlled rents). In addition, rent control, by affecting every rental property, diminishes the fair market value of all rental properties, and would thereby reduce the assessed value of all such properties and the real estate taxes paid on them. Staff recommends that, rather than pursue legislation that would result in a very large real estate tax loss to the City, it would be preferable to provide direct funding to programs that provide affordable housing benefits to tenants/households that really need them.
4. **Require tenant right of first refusal**
A requirement of this nature would hinder the types of affordable housing development contemplated in Housing Production Recommendations 1 and 2 by making it difficult for non-profit or for-profit developers to acquire existing rental property.
5. **Provide tax credits to sellers who sell to low-income buyers**

The only tax for which the City could provide a credit would be the real estate tax. Providing a real estate tax credit to a seller who will not necessarily own property subject to the City's real estate taxes following the sale to a low income buyer does not appear to be a logical or feasible option.

6. Enact Anti-displacement legislation
Protections for displacees exist in state law and in the City's Housing Conversion Assistance Policy. Staff does not recommend legislation that would prohibit displacement, as some displacement may be necessary in the development of affordable housing. However, staff strongly recommends that any such displacement be minimized.
7. Make sure that all zoning is inclusionary.
While Housing Production Recommendations #5 and #6 are designed to encourage the inclusion of affordable units in developments where they have not traditionally been included because of costs, staff believes that the inclusion of affordable units is not always feasible, and therefore mandating such inclusion would be inappropriate.
8. Review codes to find ways to legally permit greater occupancy within units
The discussion group making this suggestion believed the City has the authority to enact different occupancy standards from the ones currently in force. However, the standards currently in use are from the BOCA Code, were developed for health and safety reasons, and cannot be unilaterally changed by the City.
9. Provide incentives to renters to remain in long-term rentals
This suggestion was intended to minimize transiency among renters. The City has no ability to control or influence a tenant's decision to move. Staff does not consider it appropriate to attempt to interfere with the normal process of rental leases between landlords and tenants.

Suggestions beyond/outside the scope of this Task Force

1. Create Business Improvement Districts
2. ARHA issues: Develop a plan for renovation of public housing units. Have the City, rather than ARHA, provide social services to ARHA residents. Rehabilitate Samuel Madden Downtown, rather than redevelop. Ensure that subsidized renters have the same rights as others
3. Address increasing utility costs for renters
4. Strengthen code enforcement
5. .Raise salaries for public employees
6. Develop a mechanism to create land trusts. *Land trusts are for the preservation of open space; this Task Force is not the appropriate body to address.*

SUMMARY OF AFFORDABLE HOUSING TASK FORCE RECOMMENDATIONS

HOUSING PRODUCTION RECOMMENDATIONS

Recommended Housing Production Tools (Non-Zoning)

1. Facilitate the development of affordable rental housing through acquisition and rehabilitation of existing multifamily² rental housing.
2. Make direct grants or loans to non-profit or for-profit developers to secure a commitment of affordable rents, in new or existing housing, for a specified period of time (e.g., 20 years or more). This would generally be associated with new construction or acquisition and rehabilitation.
3. Encourage developers of new rental housing to use an amount equivalent to their formula Housing Trust Fund contribution to provide affordable units on site.
4. Provide funding to non-profit developers and/or partnerships for feasibility analyses and pre-development costs. Assistance would become a loan if the project goes forward but would be a grant if it does not.
5. Allow flexibility in the design, location, and layout of affordable set-aside units in new developments (on-site housing in lieu of developer contribution to Housing Trust Fund), with the understanding that this may result in affordable unit designs that differ from the market rate units, but are architecturally compatible, as a means of making it possible to produce more affordable units.
6. Where financially feasible, aggressively encourage developers of new sales housing to provide affordable units on site in lieu of contributing to the Housing Trust Fund, and provide financial support to non-profit organizations to develop affordable sales units.
7. Conduct further study of the adequacy and appropriateness of Alexandria's \$0.50 per square foot formula for developers' voluntary contributions to the City's Housing Trust Fund, and involve the development community in the review of this issue.
8. Establish an infrastructure fund that can be used, on a negotiated basis, to offset, in whole or part, a developer's costs for improvements such as undergrounding, landscaping, bricking, etc., for projects that provide affordable housing, with the stipulation that there shall be no difference in public infrastructure between developments that include affordable housing and those that do not.
9. Monitor the reported federal initiative to create a tax credit program for sales housing units, and encourage the use of such program if and when it becomes available.

¹ For the purposes of this report, multifamily property shall mean property with four or more residential units.

Recommended Approach to Zoning Matters: Future Land Use & Policy Options

1. Evaluate the development and implementation of Overlay Zones designed to encourage the construction of new affordable units in selected areas.
2. Evaluate the development and implementation of Performance Zones designed to stimulate the integration of affordable units within proposed market rate developments and/or the payment of fees in lieu of performance.
3. Evaluate the development and implementation of a program of Transfer of Development Rights for the purpose of creating lower-rise, lower-density affordable housing on land which is currently too valuable to support such construction.

HOUSING ASSISTANCE RECOMMENDATIONS

Housing Assistance Tools

1. Increase the maximum assistance limit under the City's Homeownership Assistance Program (HAP) from \$25,000 to \$35,000.
2. Review the operation of the Rent Relief Program for senior citizens and persons with disabilities in FY 2001 and develop recommendations for improvement for consideration in the fall of 2001. Possible recommendations include establishing an open (year-round) enrollment period, raising the income eligibility limit to conform to that for the City's Tax Relief Program, raising the benefit level, and making payments on a monthly basis rather than in an annual lump sum.
3. Consider the development of a City rental assistance program to assist households not currently being served by other rental assistance programs. One option would be a rental assistance program for participants in the City's VIEW/welfare-to-work program who are not currently receiving rental housing assistance.
4. Support ARHA requests for additional Section 8 assistance when such assistance is to be targeted for specific purposes (e.g., assisted living, special needs households, homeownership) or project-based uses.
5. Change the City-funded portion of the Homeless Intervention Program (HIP), and seek state approval for a change in the state-funded program, to allow repeat assistance after five years, rather than current rule of once in a lifetime.
6. Maintain a minimum Housing Trust Fund balance to ensure a minimum funding stream for the Moderate Income Homeownership Program and other activities.
7. Explore, in conjunction with community groups and banking institutions, the development of Individual Development Accounts for low and moderate income households to encourage savings and asset development.
8. Provide homeownership assistance to move-up buyers, as an incentive for them to remain in the City of Alexandria, by allowing a one-time rollover of City homeownership assistance loans for loan recipients who sell the home the City assisted them to buy. Eligible recipients must immediately purchase a subsequent home within the City, and must be income-eligible for home purchase assistance at the time of the rollover.

9. In order to make HAP and MIHP buyers more competitive with non-assisted buyers in a hot housing market, pay \$1,000 of the real estate commission in order to reduce the seller's costs. This would be done only in a hot housing market such as exists today.
10. Include in the City's homeownership counseling program a discussion of the merits of all types of sales housing, including condominiums, in an effort to attract buyers to the most affordable segment of Alexandria's sales housing stock.
11. Support and encourage the involvement of existing Community Development Corporations, and/or the development of a new such corporation, in order to facilitate the provision of affordable housing in Alexandria.

INCOMES AT 30% TO 75% OF AREA MEDIAN FAMILY INCOME

Based on HUD median family income of \$85,600 for the Washington, D.C. Metropolitan Statistical Area as of April 6, 2001

	1 person	2 persons	3 persons	4 persons	5 persons	6 persons	7 persons	8 persons
30% Median	\$17,650	\$20,150	\$22,700	\$25,200	\$27,200	\$29,250	\$31,250	\$33,250
75% Median	\$44,950	\$51,350	\$57,800	\$64,200	\$69,350	\$74,450	\$79,600	\$84,750

As of April 6, 2001, the HUD median family income for the Washington, D.C. metropolitan area increased by 3.4% from the 2000 median family income of \$82,800. Based on the old (2000) figures, staff determined that most entry level City public safety employees and most entry level teachers will fall into the 30% to 75% of median income range, though this will depend on family size, the presence or absence of additional wage earners in the household, and (for teachers) level of education. However, police officers, firefighters, emergency rescue technicians, and teachers with working spouses are unlikely to fall within this income range. Moreover, the more experience (or, for a teacher, education) one of these employees has, the less likely the employee would fall in this income range.

Assuming a three-person household and no other household income, for calendar year 2000, 46% of the sworn members of the police department, 33% of the City's firefighters and emergency rescue technicians, and 74% of Alexandria's public school teachers have household income less 75% of the region's median family income. In addition, assuming all City employees live in three-person households and have no other source of income, 74% of all permanent, full time City employees as of December 2000 had household income less than 75% of the region's median family income.

SELECTED EMPLOYMENT AND WAGE INFORMATION

The following table provides a sampling of occupational employment and wage estimates for the Northern Virginia portion of the Washington D.C. primary metropolitan statistical area. This information, provided by the Bureau of Labor Statistics, presents the median hourly wage, mean hourly wage, and the mean annual wage by occupational code for thirty-five large employment categories. The estimates are calculated with data collected from employers in all industrial divisions during calendar year 1999.

SOC Code Number	Occupation Title	Employment	Median Hourly	Mean Hourly	Mean Annual
13-2011	Accountants and Auditors	29,870	\$21.17	\$23.36	\$48,580
13-2072	Loan Officers	6,250	\$19.80	\$21.65	\$45,030
15-1021	Computer Programmers	20,200	\$23.18	\$24.88	\$51,740
17-2051	Civil Engineers	4,760	\$27.39	\$27.94	\$58,110
19-4021	Biological Technicians	2,310	\$16.99	\$16.06	\$33,400
21-1021	Child, Family, and School Social Workers	3,800	\$18.27	\$18.61	\$38,710
23-2011	Paralegals and Legal Assistants	10,320	\$15.93	\$17.22	\$35,820
25-2011	Preschool Teachers, Except Special Education	8,210	\$10.01	\$11.08	\$23,040
25-2022	Middle School Teachers, Except Special and Vocational Education	10,500	Not Available	Not Available	\$36,650
25-9041	Teacher Assistants	23,590	Not Available	Not Available	\$18,920
27-1024	Graphic Designers	3,280	\$17.67	\$18.11	\$37,680
29-1111	Registered Nurses	39,730	\$22.81	\$23.18	\$48,200
31-1012	Nurses Aides, Orderlies, and Attendants	16,400	\$8.88	\$9.31	\$19,370
31-9091	Dental Assistants	5,630	\$13.95	\$13.82	\$28,740
33-2011	Fire Fighters	4,730	\$17.21	\$17.33	\$36,040
33-3041	Parking Enforcement Workers	130	\$10.89	\$11.23	\$23,360
33-3051	Police and Sheriff's Patrol Officers	13,470	\$19.38	\$19.75	\$41,070
33-9032	Security Guards	34,430	\$9.60	\$10.14	\$21,090
35-2011	Cooks, Fast Food	7,220	\$6.78	\$6.87	\$14,290
35-3031	Waiters and Waitresses	29,580	\$6.35	\$6.69	\$13,920
37-2011	Janitors and Cleaners, Except Maids and Housekeeping Cleaners	51,980	\$7.71	\$8.23	\$17,120