

# City of Alexandria, Virginia

## MEMORANDUM

DATE: APRIL 26, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *Jy*

SUBJECT: CONSIDERATION OF THE DRAFT FY 2011-2015 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT, DRAFT FY 2011 ONE-YEAR ACTION PLAN, AND DRAFT ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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**ISSUE:** Consideration of the City's Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development and associated documents necessary for HUD funding.

**RECOMMENDATION:** That the City Council:

1. Approve the Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development (Citizen Summary of this Plan is Attachment I), which includes the One-Year Action Plan containing the City's application for City Fiscal Year 2011 funding for \$1,357,948 in Community Development Block Grant (CDBG) monies and \$923,041 in Home Investment Partnerships Program (HOME) monies (Attachment II reflects planned CDBG and HOME expenditures) and the Draft Analysis of Impediments to Fair Housing Choice (Attachment III).; and
2. Authorize the City Manager to execute all necessary documents related to the Consolidated Plan, Action Plan, and the CDBG and HOME grants.

**DISCUSSION:** The Draft Consolidated Plan for Housing and Community Development has been prepared in accordance with regulations set forth by the U.S. Department of Housing and Urban Development (HUD). These regulations require that participants in certain HUD programs, including but not limited to the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) programs, develop and submit a three- to five-year strategic plan for housing and community development.

This Draft Consolidated Plan is a comprehensive five-year planning document that examines the City's overall needs for affordable housing, shelters/services for the homeless, housing for persons with special needs, and community and economic development. The Plan defines the City's strategy for addressing these needs for Fiscal Years 2011 through 2015, and includes a One-Year Action Plan with specific objectives for the City's Fiscal Year 2011. As required by

HUD, the Plan was released for a 30-day public comment period, which will end on May 10, 2010 and the City Council held a public hearing on April 17 (see Attachment IV).

The One-Year Action Plan also contains the City's applications for \$1,357,948 in CDBG funds and \$923,041 in HOME Program funds. (These grant amounts were recently received from HUD and supersede the figures in the City Manager's Proposal Budget. The new figures reflect an effective net increase of \$102,241 (after taking into account the decrease in required General Fund HOME match associated with the decrease in HOME funds). The majority of this amount (\$84,406) is proposed for use in the Homeownership Assistance Program, and the balance of \$17,835 will be used to offset eligible FY 2011 base budget General Fund personnel expenses of the Office of Housing in the City Manager's Proposed Budget.

The Draft Analysis of Impediments to Fair Housing Choice (AI) is a re-evaluation of conditions, and will also serve to update of the City's previous AI (initially performed in 1997, and subsequently updated biannually). Available information and data are included a Draft AI, released to the public with the Draft Consolidated Plan. The AI process is being managed to maximize collaboration and public input by coordinating the AI review with the preparation and public review of the City's Consolidated Plan. Impediments and barriers to housing choice identified in the Draft AI include the high cost of housing, diminishing supply of affordable housing, foreclosures and sub-prime loans, regulatory constraints, and on inadequate supply of housing for extremely low-income households, particularly those with special needs.

The majority of the Plan is consistent with ongoing activities and/or the City Manager's Proposed FY 2011 Budget. One notable exception is a goal of one new group home for the Community Services Board (CSB). This item is included in the current draft of the CSB Plan, which is expected to be acted on by the CSB on May 13 (a change from the April date reported in the public hearing docket item) and then forwarded to Council in June. (The original plan had been for this plan to come before Council at the same time as the Consolidated Plan.) Although the Consolidated Plan includes this item (with no funding specified), it is noted as being subject to Council approval. In the event the CSB does not approve this item, it will be removed from the document prior to submission to HUD.

Staff also wishes to note that the Homeless Services Coordinating Committee submitted a request to the Office of Housing to include a goal of 96 affordable efficiencies in the Consolidated Plan. It is our understanding that this is to be included in a revised 10-Year Plan to End Homelessness. As there is currently no specific timetable for bringing the revised homelessness plan to Council, the 96 efficiencies are not included in the official goals of the Consolidated Plan or Action Plan, but are noted in the text as a request from the Homeless Services Coordinating Committee that will be added to the goals if approved by City Council.

The Citizen Summary of the Consolidated Plan (Attachment I) was distributed to interested parties via email and mail on April 6. This document is a concise summary of the objectives and outcomes in the FY 2011-FY 2015 Consolidated Plan for Housing and Community Development. Both the Citizen Summary and the complete Draft Consolidated Plan are posted on the City's website at [www.alexandriava.gov/housing](http://www.alexandriava.gov/housing), and hard copies are being distributed

upon request to the Office of Housing.

Based on the April 17<sup>th</sup> public hearing and comments received to date no substantive changes have been made to the Consolidated Plan. The Office of Housing has received one written comment affirming the need for affordable efficiencies and the one speaker at the public hearing made a general statement in support of the Consolidated Plan. At the May 11 Council meeting the Office of Housing will report any additional comments received through the end of the public comment period (May 10), along with any changes resulting from the City's budget process. The final document will be submitted to HUD no later than May 14.

**FISCAL IMPACT:** Upon approval of the Consolidated Plan for Housing and Community Development, the U.S. Department of Housing and Urban Development will appropriate a total of \$2,280,989 in new federal funding to the City for FY 2011, including \$1,357,948 in CDBG funds and \$923,041 in HOME Program funds.

**ATTACHMENTS:**

Attachment I. Citizen Summary on the Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development and Draft FY 2011 One-Year Action Plan

Attachment II. Proposed CDBG and HOME Budget Expenditures

Attachment III. Draft Analysis of Impediments to Fair Housing Choice

Attachment IV. April 17, 2010 Docket Item #5 (without attachments)

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# City of Alexandria Draft Consolidated Plan 2010-2015

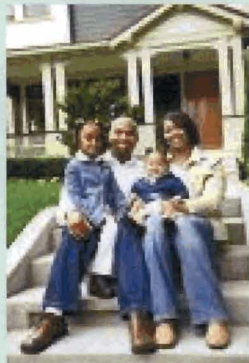
# Citizen Summary

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*This document is a concise Summary of the objectives and outcomes in the FY 2011-FY 2015 Consolidated Plan for Housing and Community Development. The draft Plan can be found at [www.alexandriava.gov/housing](http://www.alexandriava.gov/housing).*

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## What is the Consolidated Plan?

The Consolidated Plan for Housing and Community Development is a comprehensive planning document that identifies the housing and community development needs of the City of Alexandria's extremely low- to moderate-income, homeless, and special needs populations, as well as of any target areas identified by the City, and outlines strategies for addressing the needs of these groups and/or designated areas over a five-year period.

The specific activities to be undertaken in each of the five years of the Consolidated Plan period are spelled out in the One-Year Action Plan to the Department of Housing and Urban Development (HUD) prior to the beginning of the City's fiscal year. The City's performance is reported following the end of each City's fiscal year in the Consolidated

Annual Performance Evaluation Report (CAPER). Preparation of these documents is required by HUD as a condition of the receipt of funding under the federal Community Development Block Grant (CDBG), Home Investment Partnerships (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and for Emergency Shelter Grant (ESG) Programs. The City is an entitlement grantee under the CDBG and HOME programs, but not under the ESG and HOPWA programs. However, the City receives ESG funds through the state's allocation and HOPWA funds from a HUD allocation to the entire Washington, DC Metropolitan area.

This Draft Consolidated Plan covers the period July 1, 2010

through June 30, 2015 (City FY 2011-2015). In the Plan, the City has provided the required housing market analysis or inventory of facilities and services, needs assessment, and strategic planning information under five general categories: 1) Renters, Homebuyers, and Homeowners; 2) Homeless Persons and Those Threatened with Homelessness; 3) Persons with Special Needs; 4) Non-Housing Community Development; and 5) Other Issues of Concern to HUD.

As required by HUD, this One-Year Action Plan for this Plan provides details on undertaken in the first year of this Consolidated Plan period (City FY 2011). The Action Plan will also serve as the City's application for the Federal Fiscal Year (FFY) 2010 allocations of CDBG and HOME funds.

## Alexandria's Vision for Housing and Community Development

In 2009-2010, the City reaffirmed its commitment to providing housing and community development opportunities and supportive services for low and moderate income households and persons with special needs with an updated City Strategic Plan with the following goals and objectives:

There is Quality Development and Redevelopment, Support for Local businesses, and a Strong, Diverse, and Growing Local Economy.

The City Respects, Protects and Enhances the Health of its Citizens and the Quality of its Natural Environment.

Alexandria is a caring and inclusive community that values its diversity, history and culture, and promotes affordability.

In 2008-2009, the Affordable Housing Initiatives Work Group (AHIWG) studied the state of affordable housing in the City and recommended that the primary focus of Alexandria's affordable housing efforts should be the preservation of the quantity of affordable housing remaining in the City. The AHIWG report recommends prioritizing housing preservation efforts and the funding required, highlights the importance of planning and development for preservation, and recommends a simple and clear annual report card on the City's preservation efforts

The City began the development of a comprehensive, **City-wide housing master plan** in April 2010. The process is designed to provide a road map for future preservation and production efforts. Through community engagement and education to achieve consensus regarding needs and opportunities, it is anticipated that the Plan will enhance the geographic distribution of a range of housing options throughout the City and increase opportunities for development of public, affordable, and workforce housing. The Housing Master Plan is expected to be completed during calendar year 2011.



Population	2000	2008
Total	128,283	143,885
White	68,889 (53.7%)	83,165 (57.8%)
African-American	28,463 (22.2%)	30,504 (21.2%)
Asian American	7,299 (5.7%)	7,770 (5.4%)
Native American	255 (0.2%)	0 (0%)
Hispanic	18,882 (14.7%)	19,424 (13.5%)
Other	4,495 (3.5%)	3,021 (2.1%)
Income		
Median Household Income*	\$56,054	\$85,135
Percentage of persons below Poverty Level	8.9%	8.3%

## Population Snapshot

According to the American Community Survey (ACS) between 2000 and 2008, Alexandria's population grew by 12.2% to nearly 144,000, comprised of 61,579 households with an average size of 2.26. The 2000 U.S. Census showed that 46.3% of Alexandria's residents were members of racial or ethnic minority groups. By 2008, according to the ACS, the percentage decreased to 42.2%.

The largest age group in the City is persons 20-44 years of age, who comprise 44% of the population, followed by persons 45-64 (Baby Boomers), at 24%. The smallest age group is children age five years and under, at 8% of the population, followed by seniors (65 and older) at 11% and children ages 5-19 at 13%.

Noninstitutionalized civilians with a sensory, physical, mental, and/or self-care disability (9,442) made up 6.6% of the total population. Of this total 54% (5,084) were persons 65 years and over, 43% (4,029) were persons 18 to 64 years, and 3% (329) were persons under 18 years. Of the 6,253 individuals with disabilities between the age of 16 and 64, 49% are employed. 22.7% of these persons are living below the poverty level.

The ACS reports that in 2008, the City's median income was \$85,135. The percentage of persons living below poverty was 8.3% (11,450 persons), a decrease from 8.9% in 2000. Forty-two (42%) of Alexandria City Public Schools (ACPS) employee salaries fell below 60% of the area median income and 34% of all City employees had salaries below this level.

### Change in Average Monthly Rents on Market Rate Apartments (2000-2009)

Type of Unit	2000	2009	% Change 2000 to 2009
Efficiency	\$707	\$1,012	43%
One Bedroom	\$847	\$1,284	51%
Two Bedroom	\$1,034	\$1,700	64%
Three Bedroom	\$1,126	\$1,844	64%
Household Income			
	2000	2009	
HUD Area Median* (Family of Four)	\$82,800	\$102,700	24%

## Housing Snapshot

Affordable sales and rental housing in Alexandria is in high demand, particularly for low-to moderate-income individuals and families, as indicated by the high number of households on the public housing and Section 8 waiting lists, and by the number of prospective homebuyers who participate in the City's annual Homeownership Fair and in homeownership trainings.

The number of housing units in the City increased by 14.3% from 2000 to 2008, to an estimated total of 74,150 units in 2008. The housing stock consists of 30% single-family homes, 24% multi-family condominium units, and 46% rental apartments. ACS estimates the occupancy of these units to be 49% owner-occupied and 51% renter-occupied in 2008. Average market rate rents increased substantially over the past nine years, with two- and three-bedroom units experiencing a 64% increase.

More than half (55%) of the City's overall housing stock was built prior to 1960, and 10% was built prior to 1940. The 2008 ACS indicates that less than 1% of the City's housing stock was in substandard condition, using the Census definition of having structural deficiencies beyond rehabilitation, or lacking complete plumbing.

During 2008, 8,443 (12%) of the total housing units were vacant.

\*The American Community Survey income data is based on all households in Alexandria. HUD's area median is based on family households (not all households) in the entire Washington Metropolitan Statistical Area (MSA).



## Measuring Affordability

Income Required for Affordable Rent of Market Rate Rental Unit		
<i>This table shows the annual household incomes needed to afford the 2009 average market rate rents, based on rent not exceeding 30% of income</i>		
Type of Unit	Average Market Rate Rent (as of Jan. 2009)	Required Annual Income (if Rent = 30% of Income)
Efficiency	\$1,012	\$40,480
One Bedroom	\$1,284	\$49,940
Two Bedroom	\$1,700	\$68,000
Three Bedroom	\$1,844	\$73,760

### Estimated Number of Rental & Ownership Housing Units Affordable to Households within Specified Income Limits

	Extremely Low-income (30% AMI)	Low-Income (50% AMI)	60% AMI	Moderate-Income (HUD 80% AMI)
<b>Market Rate Rental</b>				
<i>(Affordability is based on rent payments at 30% of income for households falling specifically within each income category). The number of affordable units shown below is based on information reported in the City's 2009 Annual Apartment Survey.</i>				
# of Affordable Efficiency Units	0	1,286	2,162	2,312
# of Affordable 1-BR Units	0	231	5,679	6,463
# of Affordable 2-BR Units	0	310	1,595	2,862
# of Affordable 3-BR Units	0	68	162	245
<b>TOTAL</b>	<b>0</b>	<b>1,895</b>	<b>9,598</b>	<b>11,882</b>
<b>Affordable Ownership Units (based on 2009 assessed value)</b>				
Housing Units	20	6,432		10,994
<b>Subsidized Rental Units</b>				
Units with Project-Based Subsidies		3,697		
Estimated Tenant-Based Housing Choice Vouchers issued		1,560		
	The Federal allocation is 1,906 (includes 184 recently received for James Bland Relocation), but HUD funding is insufficient to support the larger number			

### Market Rental

There were approximately 9,600 market rate apartment units that were affordable to households with incomes below 60 percent of median in 2009 (including market (street) rents in multifamily properties with 10 or more units, just over half (53%) of the number such units in 2000. The 9,600 market affordable rental units were in 49 properties owned by for-profit owners. Most of these properties are smaller complexes (less than 100 units) and were built before 1975.

### Assisted Rental

The Alexandria Redevelopment and Housing Authority (ARHA) owns, operates, or owns land under 1,150 units of Public Housing/Replacement units.

2,547 Privately-owned rental assisted units are subsidized under the Low Income Housing Tax Credit (LIHTC), Tax-Exempt Bond, Section 236, Section 8 Moderate Rehabilitation, New Construction, and Developer Rental Set-Asides and/or with state or local funds.

### Assessed Values

Average values increased by 130% from 2000 to 2005 (from \$191,341 to \$441,823). After 2005, the average value peaked at \$526,852 in 2006, then declined to \$447,873 in 2010, only 1.3% higher than the 2005 level but still considerably higher (134%) than in 2000. For condominium units, the average value rose by 181.5% from 2000 to 2005 (from \$102,229 to \$287,765) and then decreased by 6% (from 287,765 to \$269,695) from 2005 to 2010, after peaking at \$363,592 in 2006.

### Purchase Prices

Units affordable for purchase by low- and moderate-income households are largely condominiums. Based on the Metropolitan Regional Information Systems, Inc. 2008 Statistics Report, of the 1,829 ownership units sold in Alexandria, 157 condominiums (8.6%) and 27 single family homes (3.7%) were priced between \$250,000 to \$300,000, and only 490 (27%) condominiums and 25 single family homes (1.3%) were priced below \$250,000. These units are within the affordability range for low- and moderate-income households, assuming a 30-year loan with 6.5% interest, having a housing payment (including principal, interest, taxes and insurance) not exceeding 35% of income, and a 20% down payment.



### Resolution 830

In 1981, the City and ARHA adopted Resolution 830, a commitment to preserve and maintain, at a minimum, 1,150 publicly-assisted rental housing units, the number of public housing units at that time. No such unit may be lost without the provision of a replacement unit.

### Assisted rental fact:

Private entities that own and operate assisted rental housing in the City will have the option to remove units from the City's assisted rental housing stock. During the Consolidated Plan period, 1,290 non-Resolution 830 properties will face potential loss of subsidy.



### Homebuyer fact:

Residential condominiums represent 48.1% of all residential real estate in the City of Alexandria and are traditionally the most affordable type of ownership housing for first time homebuyers. In 2010, the average assessed value of residential condominiums was \$269,695 compared to the single family residential average of \$612,749.



## Meeting the Needs – Renters

Preserve and maintain the existing supply of affordable housing and achieve a net increase

### City Programs/Resources:

The Housing Opportunities Fund (HOF) has been funded at a total of \$1 million per year in most years since its inception, the HTF portion has begun to fall short of its normal allocation because of a reduction in developer contributions to the HTF due to a slowdown in development projects associated with the general economic downturn. As of March 2010 the City has over \$23 million in outstanding pledges from approved development plans. However, contributions are received only after projects are completed (and in some instances, sold to homebuyers), and only \$100,000 in contributions is projected to be received in FY 2011 based on anticipated completions. Economic conditions are likely to be the major determinant of how much of the pledged contributions are received during this plan period. It is anticipated that the HOF will continue to assist eligible projects during this Consolidated Plan period, subject to the availability of resources.

**Other City Resources:** The City will devote approximately \$1.5 million in local tax revenue to pay the debt service on \$15 million in bonds previously issued to finance affordable housing development. Another \$3.1 million in bonds (\$270,000 in debt service) is proposed for FY 2011 for potential costs that may be associated with ARHA replacement units. No additional affordable housing bonds

or dedicated tax revenues are currently contemplated.

The City and non-profit housing developers will need to continue to identify funding sources (federal, state, local, and private) for use in the development of affordable housing.

**Five-Year Objectives** (all subject to available resources):

- Preserve and maintain the existing supply of 1,150 public housing units in the City
- Preserve and maintain the existing supply of approximately 2,547 privately-owned rental units with project-based assistance available to households at or below HUD's moderate-income limits
- Provide 1,906 tenant-based rental housing vouchers per years to households that are at or below HUD's moderate-income limits
- Secure 50 affordable set-aside rental units in new development projects

## Meeting the Needs – Homeowners and Homebuyers

Improve living conditions and provide affordable homeownership opportunities

### City Programs:

**Home Rehabilitation Loan Program** - Provides no-interest deferred payment loans to low- and moderate-income homeowners for home rehabilitation activities that include energy efficiency improvements.

The City Homeownership Assistance Programs provide deferred-payment second trust loans of up to \$50,000 for downpayment and closing cost assistance to income qualified first-time homebuyer households. Homeownership counseling and training is also provided for first-time homebuyers

**Five-Year Objectives** (all subject to available resources):

- Provide assistance to 150 households meeting income and other eligibility criteria to secure ownership housing
- Educate 1,500 prospective low-and moderate-income homebuyers on the home purchase process
- Provide no-interest rehabilitation loans to 50 homeowner households with incomes at or below HUD's moderate-income limits
- Provide modest, free repairs or renovations to 350 owner-occupied housing units for households at or below HUD's moderate-income limits



## Homeless

Coordinate programs and services to address the needs of homeless individuals and families

The City's public and private homeless service providers offer a comprehensive array of services and facilities through a continuum of care system designed to address the needs of persons in the City who are homeless or threatened with homelessness. The goal is to promote successful placement in permanent, affordable housing without recurring episodes of homelessness. Components in the continuum of care system include prevention and intervention services to help persons avoid homelessness; outreach, assessment and supportive services to address the individual needs of persons who become homeless; emergency shelter and transitional housing; supportive housing for homeless persons with special needs; and housing and services to help homeless persons make the transition to permanent housing and independent living.

So that agencies and organizations in Alexandria will be eligible for federal homeless services funding, the City's Homeless Services Coordinating Committee (HSCC), which is comprised of public and private service providers and other interested parties, prepares and submits to HUD an annual Continuum of Care plan identifying priority homeless services needs for the City, as well as strategies for addressing those needs. As recommended by HUD, the City has also developed a 10-Year Plan to End Homelessness including Chronic Homelessness. Homeless services goals and objectives developed for the Consolidated Plan take into account priorities established in both the Continuum of Care document and the 10-Year Plan to End Homelessness including Chronic Homelessness.

2009 Point in Time Count facts: HSCC conducted a point-in-time count of Alexandria's homeless population on January 28, 2009 (FY 2010 data is not available for the point-in-time count as of the writing of this document). The 2009 point-in-time count had a total of 248 homeless individuals and 47 families (comprised of 58 adults and 87 children) who were identified by outreach teams and facilities staff on the day of the count. Of the 248 homeless individuals, 20 were veterans, an increase from 17 who were identified in 2008. By definition, the homeless count includes 33 residents of permanent supportive housing operated by the Community Services Board. A total of 32 persons, a decrease from 71 in 2008, were identified as unsheltered. No families were unsheltered on the day of the count. Ninety-one (91) individuals counted met the HUD definition for chronic homelessness. Thirty-eight (38) individuals were sheltered at the winter only hypothermia program and potentially may be unsheltered at other times of the year.

The count reported a slight increase (1%) in the number of homeless individuals and families from the 2008 enumeration. More notably, the percentage of individuals identified as chronically homeless increased by 28%. However, the number of unsheltered individuals decreased substantially by 55%. The greatest identified housing need for homeless individuals is affordable efficiencies. The prime housing need of homeless families continues to be transitional housing. The shortage of affordable housing options was evident in the survey with 62 extremely low - income households identifying permanent housing as a key immediate need.

## Continuum of Care Programs/Components

### Prevention/Outreach/Support Services:

- Homeless Intervention Program
- Transitional Assistance Program
- Eviction Storage Program
- Counseling and Case Management Services
- David's Place

### Emergency Shelter:

- Alexandria Community Shelter
- Carpenter's Shelter
- ALIVE! House
- Women's Shelter
- Christ House
- Winter Shelter

### Transitional Housing

- Community Lodgings, Inc.
- Carpenter's Shelter
- Salvation Army
- AACH
- Guest House
- ACSB

### Permanent Housing:

- ACSB
- Safe Haven

### Five- Year Objectives :

- Continue to provide transitional housing programs- four facility-based and one tenant-based
- Continue to provide 245 beds for emergency shelter
- Continue to provide a Safe Haven (12 beds)







## Elderly Persons and Persons with Disabilities

Promote housing stability for elderly and disabled renters and homeowners

**Assisted Rental fact:**

Of the 3,697 assisted rental housing units in the City, 606 units are available to provide affordable rental housing specifically for elderly or elderly and disabled renters in an independent living environment. These units include: Ladrey Highrise, which provides 170 public housing units; Annie B. Rose, which provides 90 public housing units; 38 public housing units at Park Place, a 403 unit Condominiums project; and Claridge House, which provides 300 privately-owned federally assisted units. *Coming soon* Beasley Square, which will provide 8 housing units for residents (age 62 or older) at or below 60% of the area median income

**City Programs:**

The City's Rent Relief Program offers annual rent assistance to income eligible elderly and disabled renters who are not participating in programs subsidized with federal or state funds.

The Rental Accessibility Modification Program (RAMP) is offered to disabled renter households with incomes at or below HUD's moderate-income limits which are living in privately owned rental properties and require accessibility modifications

**The Property Tax Relief Program**

provides forgiveness or deferral of real property taxes for income eligible elderly homeowners who are over age 65 or who are permanently disabled. Other guidelines may apply to this program.

**Five-Year Objectives:**

- Develop or support the development of an assisted living facility which can accommodate elderly persons with incomes at or below HUD's moderate-income limits who are unable to live independently in the community
- Relieve the housing cost burden for over 1,480 income-eligible elderly renters and/or homeowners per year
- Provide modifications for 15 renters

## Persons Affected by Mental Illness, Intellectual Disabilities and Substance Use Disorders

Deliver compassionate best-practice services that measurably improve the quality of life for the neediest Alexandrians affected by mental illness, intellectual disabilities, and substance use disorders

**ACSB fact:**

Persons affected by mental illness, intellectual disabilities or substance use disorders often fall within the lower income range, making market rate housing unaffordable. In fact, in FY 09, 90% of ACSB clients reported an income below \$24,999 and 45% had incomes of less than \$5,000. The shortage of affordable housing puts these individuals at a higher risk of homelessness and seriously undermines the effectiveness/sustainability of any treatment or rehabilitation services that are provided.

Alexandria Community Services Board (ACSB) is responsible for identifying the service needs of individuals the City with mental illness, intellectual disabilities, and substance use disorders. Every five years, ACSB develops a Five-Year Housing Plan that identifies residential facility needs. The most recent plan is being developed for the period beginning July 1, 2010 through June 30, 2015 and is subject to ACSB and City Council approval.

Alexandria Community Services Board and Shelter Homes Alexandria operate permanent supportive housing programs that are open to persons who need supportive housing in nine group homes and 33 supervised apartments with a combined capacity of 135 beds. Another 37 transitional and permanent supportive housing beds and three placements for family households are also available through programs that specifically target homeless persons.

The ACSB's Draft Five-Year Housing Plan identified the following objectives:

- Increase access to affordable market rate housing for consumers
- Add one group home to serve individuals with a mental illness or co-occurring mental illness and substance use disorders (subject to final approval of the draft CSB Plan)



## Other Programs

Housing Opportunities for Persons with AIDS (HOPWA) Program  
Nortehr Virginia Family Services (NVFS) offers long-term tenant-based rental assistance to persons living with AIDS. This program currently supports vouchers for six households in the City of Alexandria. NVFS also offers short-term housing assistance and other housing-related services (including housing and financial counseling and emergency utility assistance), which are provided on a regional basis and are available to City residents living with HIV/AIDS.

Economic Development  
Low- and moderate-income persons often lack access to sufficient job training and to employment opportunities that could result in increased income and improved quality of life. Private-sector job creation efforts in low-income neighborhoods often requires the need to prepare a qualified work force in those neighborhoods, and the public sector plays a role in this process. The City of Alexandria provides the infrastructure, services and other economic development incentives to attract businesses that will

create jobs in these neighborhoods, and offers job training and employment placement services to enable individuals and families to achieve financial independence.

The City's economic development efforts are directed toward building a stable economy and a diversified business base capable of supporting job growth, commercial development, professional and retail trades and tourism activities that contribute to an expanded tax base.

**HIV/AIDS Fact:**  
The Virginia Department of Health reports that as of June 2009, there were 1,176 reported cases of AIDS and 731 reported cases of HIV in the City. According Northern Virginia Regional Commission (NVRC), the majority of persons living with HIV were at or below the low-income level for the region. This income group often finds it difficult to maintain a housing unit because as health problems arise from the HIV disease they are unable to work and experience a drop in the level of income needed to remain housed.

## Entities Implementing the Consolidated Plan

The organizational structure for carrying out the City of Alexandria's affordable and supportive housing strategy involves a variety of public and private entities. Two primary government agencies, the Office of Housing and the Alexandria Redevelopment and Housing Authority (ARHA), share the responsibility for addressing the housing needs of lower-income residents. The Department of Human Services (DHS), the

Department of Mental Health, Mental Retardation and Substance Abuse Department (DMHMRS), and relevant boards and commissions have the primary responsibility for serving the housing needs of low-income clients who are homeless or have other special needs.

The City and ARHA executed a Memorandum of Understanding (MOU) in FY 2008 to strengthen the partnership between the two entities through shared information and enhanced communication. The MOU represents an effort to create and interactive partnership through processes for better planning and coordination to achieve a shared affordable housing strategy for Alexandria to sustain and improve public and publicly-assisted housing within the City of Alexandria with the goal of improving the living environment for ARHA's residents. The MOU is intended to provide a vehicle for the City and ARHA to work as partners to jointly undertake short and long term land use and capital planning, including preparation of a comprehensive ARHA Strategic Plan.

## Draft Analysis of Impediments to Fair Housing Choice

The City has prepared a Draft Analysis of Impediments to Housing Choice (AI) which includes a thorough review and evaluation of current conditions. Available information and data are included a Draft AI, released to the public with the 2011 to 2015 Consolidated Plan. The AI process is being managed to maximize collaboration and public input by coordinating the AI review with studies and efforts currently in progress including the preparation of the City's Consolidated Plan.

### Impediments:

- High Cost of Housing
- Diminishing Supply of Affordable Housing
- Foreclosures and Sub-prime Loans
- Regulatory Constraints
- Inadequate Supply of Housing for Extremely Low-Income Households with Special Needs

### Efforts:

- Fair Housing Testing
- Fair Housing Education
- Voluntary Rent Guidelines
- Foreclosure Prevention and - Neighborhood Stabilization
- The Housing Master Plan

### Recommendations:

- Evaluate all barriers identified and establish strategies for addressing impediments.
- Develop a strategy for effective testing to include current issues and potentially discriminatory trends in the housing market.
- Continue and enhance current efforts to affirmatively further fair housing choice and identify any new initiatives through the AI and Housing Master Plan processes.



Project Federal Funds to be received by the City in FY2011

CDBG- \$1,357,948  
HOME- \$923,041

Current HUD Income limits 2009:

Single Person-

Extremely Low - \$21,550  
Low- \$35,950  
Moderate- \$44,800  
HAP- \$57,520

Three Person-

Extremely Low - \$30,800  
Low- \$51,350  
Moderate- \$64,000  
HAP- \$82,160

Project in progress during FY 2011:  
James Bland Redevelopment



During FY 2009, ARHA received approval for a Development Special Use Permit and a Tax Credit application for the 194-unit James Bland/James Bland Addition properties. The project will include demolition of the 194 public housing units and replace them with 134 (100 two-bedroom and 34 three-bedroom units) affordable rental housing units for income eligible ARHA-assisted households and 245 market rate sales units. The 134 units include 44 units to be relocated to the Glebe Park and Old Dominion sites and 16 units to be relocated to a City-identified and secured location that is acceptable to ARHA. ARHA received low-income housing tax credits for the first phase of James Bland (18 ARHA units) in June 2009, and the first 34 public housing units are being demolished in the spring of 2010. The first phase will also include 37 market rate townhouses. The overall redevelopment will involve five phases. It recently applied for tax credits for Phase II (also 18 units). Phase II will also include 39 market rate townhouses.

## CDBG and HOME Funded Programs

- Affordable Housing Development/Preservation Assistance- 20 units  
\$400,000 in HOME (\$320,000 new and \$80,000 HTF matching funds)
- Home Rehabilitation loan Program- 10 Loans  
\$980,717 in CDBG funds (550,717 new; 230,000 carryover, 200,000 Program Income (PI))
- Homeownership Assistance Program- 28 loans  
\$1,233,220 in HOME and CDBG funds (CDBG -\$335,725 new, \$150,000 PI; HOME- \$517,996 new, \$129,499 GF match, \$100,000 PI)
- Rental Accessibility Modification Program – 1 Grant  
\$58,000 in CDBG (\$49,000 new, \$9,000 carryover)
- Eviction Assistance and Furniture Storage- 50 households  
\$50,000 in CDBG (new)
- Transitional Assistance Program- 60 households  
\$52,000 in CDBG (new)
- Winter Shelter- 67 beds  
\$20,000 in CDBG (new)
- Fair Housing Testing-  
\$48,884 in CDBG (\$43,884 new; \$5,000 carryover)
- Program Administration-  
\$325,409 in HOME and CDBG funds (\$240,364 new CDBG; \$85,045 new HOME)

## Other Major Federally Funded Housing Programs

- Public and Replacement Housing- 1,150 units  
Section 8 Moderate Rehabilitation - \$1.2 Million; Public Housing Capital Fund -\$1.4 million; Public Housing Operating Fund - \$3.5 million
- Housing Choice Voucher Program- 1,722 vouchers allocated (funding provides for approximately 1,450 vouchers) an additional 184 vouchers have been issued for the James Bland redevelopment project \$17.4 million
- Privately Owned Subsidized Rental Units – 2,328 units  
LIHTC Program; Tax-Exempt Bonds; Section 8 project Based; Section 236
- Neighborhood Stabilization Program – 2 units - \$400,000
- Emergency Shelters and Transitional Housing (TH) programs  
ESG funds through the State  
Adopt-A Family Program (TH)  
\$139,440 in Supportive Housing funds
- Safe Haven - 12 beds  
\$54,608 in Supportive Housing Funds
- ACSB operated Transitional/ Permanent Supportive Housing for the Homeless persons – 39 beds  
\$624,446 HUD funds
- HOPWA - Funds are received on a regional basis with Alexandria residents eligible for programs

**Table B**  
**Community Development Block Grant (CDBG) 36<sup>th</sup> Year Proposed Budget**

PROGRAM	36th Year Grant	Carryover Funds	Anticipated Unbudgeted Program Income*	Total Funds Available	Percent of Budget
CDBG Program Administration	\$240,364			\$240,364	12.3%
Submissions & Applications for Federal Program/Public Information	\$16,258	\$10,000		\$26,258	1.3%
Fair Housing Testing	\$43,884	\$5,000		\$48,884	2.5%
Homeownership Assistance Program**	\$335,725		\$150,000	\$485,725	24.8%
Home Rehabilitation Loan Program**	\$550,717	\$230,000	\$200,000	\$980,717	50.0%
Rental Accessibility Modification Program**	\$49,000	\$9,000		\$58,000	3.0%
Eviction Assistance & Furniture Storage**	\$50,000			\$50,000	2.6%
Transitional Assistance Program**	\$52,000			\$52,000	2.7%
Winter Shelter**	\$20,000			\$20,000	1.0%
<b>TOTALS</b>	<b>\$1,357,948</b>	<b>\$254,000</b>	<b>\$350,000</b>	<b>\$1,961,948</b>	<b>100.0%</b>

\*These monies are unscheduled and cannot be predicted with certainty. They are not included in City's budget until they are received.

\*\* These programs benefit low- and moderate-income persons. Funds for these programs constitute 100% of the non-administrative program budget. General administrative costs are presumed to benefit low- and moderate-income persons in the same proportion.

**Table C**  
**Federal FY 2010 Home Investment Partnerships (HOME) Program Proposed Budget**  
**July 1, 2010 – June 30, 2011**

PROGRAM	FFY 2010 Grant	City General Fund	Housing Trust Fund Match	Anticipated Unbudgeted Program Income*	Total Available Budget	Percent of Budget
HOME Administration	\$85,045				\$85,045	6.9%
HOME Homeownership	\$517,996	\$129,499		\$100,000	\$747,495	60.6%
HOME Housing Development Assistance	\$320,000		\$80,000		\$400,000	32.5%
<b>TOTAL</b>	<b>\$923,041</b>	<b>\$129,499</b>	<b>\$80,000</b>	<b>\$100,000</b>	<b>\$1,232,540</b>	<b>100.0%</b>

\*These monies are unscheduled and cannot be predicted with certainty. They are not included in City's budget until they are received.

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**Analysis of Impediments to Fair Housing (AI)**  
DRAFT – APRIL 2010

**Introduction:**

The U.S. Department of Housing and Urban Development (HUD) requires that recipients of federal housing funding conduct, submit and update an Analysis of Impediments to Fair Housing Choice (AI). In addition, HUD's Consolidated Plan regulations (24 CFR 91) require participating states and localities to annually certify that the governing body is affirmatively furthering fair housing. Pursuant to these regulations, states and localities must (1) conduct an analysis of impediments to fair housing choice; (2) take appropriate actions to overcome the effects of impediments identified through that analysis; (3) maintain records reflecting the analysis and actions; and (4) review and update the AI in preparation of the Consolidated Plan to validate the certification of affirmatively furthering fair housing choice.

Fair housing choice is the ability of persons of similar income levels to have the same housing choices available to them regardless of race, color, religion, sex, handicap, familial status, or national origin. In Alexandria, the City's Human Rights Ordinance adds marital status, sexual preference and elderliness as protected classes.

The AI is an assessment of how a government's laws, policies, practices and conditions impact housing choice in a state or locality through the availability and accessibility of its housing. The AI serves to identify and correct any negative impacts on availability or accessibility which are under the control of the government through the analysis of impediments and barriers to fair housing choice. HUD Guidance prescribes review and identification of impediments and barriers in both public and private sector practices.

An impediment to fair housing choice is any action, omission, or decision which is intended to or has the effect of restricting a person's choice of housing on the basis of race, color, religion, sex, disability, familial status or national origin. Such a limitation to fair housing choice constitutes housing discrimination.

Barriers to housing choice are factors that limit a person's choice of housing, such as housing supply and location, or physical. Barriers can also include limiting factors like a homeseeker's source of income, ability to access financing, or limited English proficiency.

**The AI Process:**

**AI Review and Update – An Ongoing Process:**

The preparation of the 2010 AI will include a thorough review and evaluation of current conditions. This draft includes available information and data, and after release to the public, will incorporate public comment, resulting changes and responses. To enhance the evaluation, staff will maximize collaboration and public input by coordinating the analysis with studies and efforts currently in progress including the preparation of the City's Consolidated Plan.

## Demographic Profile

The City of Alexandria is a diverse community and its citizens value that diversity. Data from the U.S. Census Bureau, 2006-2008 American Community Survey indicate that the percentage of minority households exceeds national averages, as indicated in the table below.

Racial and Ethnic Profile			
Source: U.S. Census Bureau, 2006-2008 American Community Survey			
		Alexandria	National
Total population	140,657		
One race	137,085	97.5	97.8%
White	92,693	65.9	74.3%
Black or African American	29,040	20.6	12.3%
American Indian and Alaska Native	381	0.3	0.8%
Asian	7,929	5.6	4.4%
Native Hawaiian and Other Pacific Islander	73	0.1	0.1%
Some other race	6,969	5.0	5.8%
Two or more races	3,572	2.5	2.2%
Hispanic or Latino (of any race)	18,473	13.1	15.1%

A map illustrating the racial and ethnic distribution of the City's population using data from the 2000 US Census can be seen at Appendix I. The 2006 – 2008 American Community Survey does not contain updated information on the geographic distribution of racial and ethnic populations within the City.

Alexandria values diversity and the Alexandria City Council's Strategic Plan illustrates this. Council's statement and objectives for Goal 7 of the Strategic Plan place high priority on maintaining and improving diversity and housing choice, especially for low-income Alexandrians, and includes a variety of objectives to protect and increase housing choice.

### Goal 7 Statement (Released March 4, 2010)

*Alexandria is a caring and inclusive community that values its rich diversity, history and culture, and promotes affordability.*

In preserving diversity, the City recognizes the need to preserve affordable housing. A report prepared for the Brookings Institution Center on Urban and Metropolitan Policy entitled “*Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices*” offers the following analysis:

“The issue of gentrification has historically included a strong racial component—lower income African American residents are replaced by higher income white residents. In fact, in most (but not all) gentrifying neighborhoods examined in the case studies, minority households (African American as well as Latino) have predominated in recent decades, and some argue that this residential segregation occurs with the tacit support of public and private sector institutions and traditions. As a result, *an influx of higher*

*income households inevitably will put pressure primarily on historically minority communities.” (emphasis added) <sup>1</sup>*

The first of three objectives included in Goal 7 of Council’s Strategic Plan reflects Council’s understanding of the direct effect of availability of affordable housing on the housing choice of individuals and families protected by fair housing laws. The supply of affordable housing impacts the housing choice of racial and ethnic minorities, families with children, persons with disabilities and other special populations. The City’s commitment to diversity seeks to include households and individuals at all income ranges and in all circumstances.

Incentives developed to accomplish Object 1 of Goal 7 of include the following:

**Objective 1:** Promote a continuum of affordable housing opportunities for all residents, especially those most in need.

**Initiatives:**

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

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<sup>1</sup> Maureen Kennedy and Paul Leonard, “Dealing with Neighborhood Change: A Primer on Gentrification and Policy Choices,” A Discussion Paper Prepared for The Brookings Institution Center on Urban and Metropolitan Policy, April 2001.



## **Location of Affordable Housing**

A map of public and privately owned assisted housing is included at Appendix II. These properties are generally dispersed throughout the City, but with concentrations around the City's perimeter.

## **Waiting Lists**

In its October 9, 2009, Public Housing Agency Plan, ARHA reported that the Housing Choice Voucher (HCV) program (Section 8) waiting list was closed at the time of the submission, and had not been opened for six years. There were 749 households on the list, and average annual turnover was estimated to be approximately 49 households per year. ARHA did not anticipate that the waiting list would reopen in FY2010.

ARHA reported that households on the HCV program waiting list included 89.3% households at or below 30% AMI (Extremely Low-Income), 7.3% between 31% and 50%AMI (Very Low-Income), and 3.4% between 51% and 80%AMI (Low-Income). The waiting list for Chatham Square and BWR is also closed with 25 households waiting, and an average annual turnover of four units. Households include 2.5% Extremely Low-Income, 40% Very Low-Income, and 57% Low-Income households. The elderly/disabled waiting list is closed and includes 1965 households, 93.2% of which are Extremely Low-Income, 6.6% Very Low-Income, and .2% Low-Income.

## **Complaint Data**

In addition to the federally protected classes, the City's Human Rights Ordinance adds marital status, age and sexual orientation. The City's ordinance provides a range of fair housing protections and enforcement options. Although the City's Human Rights Ordinance has not been recognized by HUD as being substantially equivalent to the Federal law, staff is exploring the possibility of seeking a HUD designation of the ordinance as substantially equivalent.

A person who believes he or she is a victim of housing discrimination can file a fair housing complaint with HUD the Virginia Fair Housing Office, and the Alexandria Human Rights Office. Human Rights Office staff estimate that housing questions and complaints comprise about 10% of all contacts and inquiries made to the Alexandria Human Rights Office, and between 5% and 10% of the formal complaints filed under the Human Rights Code. However, staff notes that many complaints are related to public housing waiting lists or alleged lease violations, and it is often difficult to tie those to protected status. Staff responds to many inquiries concerning accessibility that do not result in formal complaints. Human Rights staff estimates that approximately 2500 contacts are tracked during each City fiscal year.

Human Rights complaints are tracked by federal fiscal year to use the same case management system for EEOC employment cases. Housing complaints and status/determination are summarized below.

**FFY 2008** (Oct 1,2007 - Sept 30, 2008)

*6 Housing Complaints (of 58 Total)*

3 Race/Retaliation - No Cause (all 3 same Complainant)

1 Race - No Cause

1 Age/Disability - No Cause

1 National Origin - No Cause

**FFY 2009** (Oct 1, 2008 - Sept 30, 2009)

*5 Housing Complaints (of 73 Total)*

1 Disability - No Cause

1 Familial Status/Retaliation - No Cause

1 Sexual Orientation/Retaliation - Settled w/Benefits

2 Marital Status/Familial Status - Open

**FFY 2010** (Oct 1, 2009 - Sept 30, 2010)

*1 to date*

1 Color/Disability – Open

**Needs of Special Populations**

A Residential Needs Assessment conducted by the Alexandria Community Services Board (ACSB) indicated that while existing programs generally are meeting needs of current consumers, there are on going wait lists for ACSB residential services. The data indicate that the CSB is not meeting all of the demand for residential support services for Alexandrians with mental health or substance abuse disorders. Approximately 65% of the unaccompanied homeless individuals counted in the point-in-time survey were identified as having a serious mental illness and/or substance abuse disorder. (For all practical purposes, residential wait lists did not exist in our ID residential program, suggesting that, to our knowledge, our current services are adequate to meet current needs).

Some survey data and much anecdotal information indicate that many individuals leaving state hospitals as well as some current residential consumers need medical support and have highly intensive residential support and supervision needs. It is unlikely that these individuals will be able to move on to greater independence and are not likely to be effectively or efficiently served in the best practice model of residential service.

In addition to the need for housing with support services, the study found that there are Board consumers who *do not need* residential supportive services, but who *do need* affordable housing without supports. Market rate housing is not accessible to the vast majority of Board consumers. The lack of affordable housing alternatives also means that current residents of Board residential programs, who may no longer require supportive services, have no choice but to remain in Board residential programs because of the lack of affordable alternatives. The inability of current residents to move on into their own homes prevents others in need of Board residential programs from being served.

In conclusion, the Needs Determination Study found significant congruence between what individuals served by the Board want, what staff believe they need and what the research literature says actually works and is effective.<sup>2</sup>

## **IMPEDIMENTS AND BARRIERS TO HOUSING CHOICE**

Location, supply and accessibility of affordable housing in Alexandria constitute the greatest barriers to housing choice.

### **Impediment: High Cost of Housing**

One of the greatest challenges to Alexandria in affirmatively furthering fair housing choice is its highly desirable location and the high cost of land. The City's proximity to Washington, DC, job opportunities, public transportation, and excellent government services, has created high demand for housing and an extremely strong housing market.

Apartment vacancy fluctuates, but remains very low in Alexandria and regionally in the Washington D.C. area rental market. Alexandria's rental apartment conditions are extremely strong when compared to national trends. "U.S. Census Bureau News," reported that the national vacancy rate for rental housing was 10.7 percent in the fourth quarter of 2009. Vacancy in January

City-wide average rents increased 4.7% from January 2008 to January 2009. From 2000 to 2009, average rents increased 52.6% Citywide, an average of 5.8% per year, with the highest annual increase during this period from 2001 and 2002, when rents increased 13.3%.

### **Impediment: Diminishing Supply of Affordable Housing**

There are great disparities between salary levels and the number of affordable housing opportunities for people living in our city; for example, over 40% of Alexandria jobs provide salaries within 60% of the area median income but less than 15% of our market rate rental stock is affordable to residents at this income level.<sup>3</sup> The City's commitment to producing and preserving affordable housing is challenged by a dwindling pool of available resources at the federal, state and local levels, along with the current turmoil in the financial markets.

Of the 3,722 publicly-assisted units in the City, only 1,150 are protected by a preservation/replacement Policy (Resolution 830). 1,580 publicly-assisted units face potential loss of subsidy during the next Five-Year Consolidated Plan period (FY 2011 – 2015).

From 2000 to 2009, Alexandria lost nearly 10 thousand privately owned, non-assisted affordable rental housing units because of increases in rents or, to a limited extent (109 units), conversion to condominium ownership.

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<sup>2</sup> Alexandria Community Services Board, Department of Mental Health, Mental Retardation and Substance Abuse, "Residential Needs Determination," March 2008.

<sup>3</sup> Job information is based on the average salary of each industry; affordability calculation reflects income level for a three-person household. It is acknowledged that salary does not necessarily equate to household income as many households have income from more than one job.

Tenant-based subsidies (Housing Choice Vouchers) are hamstrung by federal funding and rising rents. The ARHA-administered housing choice voucher program suffers from inadequate HUD funding, and because of a decline in the available affordable rentals in Alexandria, voucher recipients at times experience increased difficulty using vouchers within the city. In some cases, housing choice vouchers are used in some publicly-assisted units to make units affordable to households that cannot afford rent levels targeted to households at 50% or 60% of median.

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

### **Impediment: Foreclosures and Sub-prime Loans**

Residential foreclosures in the City increased from only 21 in 2006 to 364 in 2008. Although the rate of foreclosures has declined to 157 in 2009, HUD foreclosure risk scores indicate that indicate that areas of the City with greater minority concentrations are at greatest risk for foreclosure. These risk scores were applied to U.S. Census tracts to identify concentrated areas of recent sub-prime lending (more than 26% of all loans) between 2004 and 2008.

HUD data indicated a high risk of foreclosure in Hume Springs, resulting in NSP I funding. Staff research revealed that from January 2008, through December 2009, 25 of the 152 homes (16.4%) in Hume Springs (Mark Drive, Edison Street, and Dale Street) were foreclosed, listed as short sales, or withdrawn from sale and soon to be undergoing foreclosure. Thirteen of these properties were re-sold with the remaining 12 units being listed as Real Estate Owned (REOs) and short sales.

High foreclosure risk scores were applied to two Census tracts in the City's West End (1.03 and 4.01) in an analysis prepared for NSP II funding target areas. Data indicate that in Census Tract 1.03 83% of borrowers with high cost loans (i.e. sub-prime loans) issued between 2004 and 2007 were Hispanic. In addition, 89% of these borrowers earned less than 80% of the Area Median Income. Data for Tract 1.04 reflect that 55% of borrowers with high cost loans were Black and 30% were Hispanic.

### **Impediment: Regulatory Constraints**

In May 2009, the final report of the City's Affordable Housing Initiatives Work Group included two key findings indicating potential barriers, resulting in recommendations for further review and actions. These two findings (summarized below), as well as other potential regulatory barriers are currently being considered in a citywide Housing Master Plan, discussed further in the following section.

#### **AHIWG Key Findings**

1. Under the existing system, affordable housing competes with many other community benefits requested of developers (e.g., underground parking, open space and upgrades to utilities and infrastructure). The City's ability to secure or fund new affordable units is accomplished largely through developer willingness and ability to offer a contribution of money and/or units in accordance with a voluntary, tiered formula drafted in 2005. In the absence of legislative

authority to mandate the provision of affordable housing on site (except in cases where bonus density is requested), only a small number of units result from the City's negotiations with developers, relative to overall project size.

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

### **Impediment: Inadequate Supply of Housing for Extremely Low-Income Households with Special Needs**

The limited number of affordable housing units for extremely low-income households creates a barrier to housing choice for households with special needs by limiting opportunities for movement through shelter and supported housing programs.

The ACSB Needs Assessment reports that individuals with a mental illness or co-occurring disorder are disproportionately represented in the homeless population. The shortage of affordable housing places individuals with a mental illness or substance abuse disorder at higher risk of homelessness and seriously undermines the effectiveness of any treatment or rehabilitation services that are provided. People with disabilities are often very poor or have very low incomes. In fact in FY 07, 90% of ACSB consumers reported an income below \$24,999 and 42% had incomes of less than \$5,000. In addition to low income, stigma of having a mental illness and income has been found to be a major barrier to affordable housing for individuals with a mental illness

Most ACSB consumers are disabled and have very low incomes. While we know that stable housing and effective community integration are associated with individuals having housing choice, board consumers simply do not have choice available to them due to non-affordability. Despite the long wait lists at ARHA, the MHSA residential program has had access to a supply of Housing Choice Vouchers through an ARHA set aside for individuals with a disability. However, individuals with substance use disorders are not eligible for these Vouchers, which further limits access to affordable housing alternatives.

In addition, when individuals and families in transitional and supported residential housing are stabilized and able to move on, there are few units available to them given the financial limitations of these households. This creates an impasse, causing delayed access for households waiting for supportive and transitional housing that could otherwise be served.

### **EFFORTS TO AFFIRMATIVELY FURTHER FAIR HOUSING CHOICE AND ELIMINATE DISCRIMINATION IN ALEXANDRIA**

#### **Fair Housing Testing**

The Office of Housing operates a Fair Housing Testing Program designed to identify discriminatory practices in the rental housing, real estate sales and mortgage lending markets.

The program is monitored by the City Council-appointed Fair Housing Testing Program Advisory Committee. The City trains and provides stipends to pairs of testers who conduct tests to identify evidence of discrimination in the provision of housing. Where testing has found some evidence of discrimination, a formal complaint of discrimination can be filed with the City's Human Rights Office. Following further investigation, the Human Rights Office prepares a decision determining whether discrimination occurred. The Human Rights Office then attempts to conciliate the case between the Fair Housing Testing Program and the respondent. The City's Human Rights Commission could ultimately be called upon to hold a public hearing on the case and make a final decision of discrimination.

Since the Fair Housing Testing Program started in 1990, the Office of Housing has conducted a series of tests to identify discriminatory housing practices in real estate sales, lending, and rental housing based on race, national origin, familial status, disability, and sexual orientation. A summary of the test results of all categories tested since the program was initiated in 1990 follows below. These data allow for comparison of the test results to measure progress in industry compliance with fair housing laws. This information is also helpful in evaluating the effectiveness of City programs, including testing, fair housing education, outreach, and enforcement activities.

Fiscal Year	Market/TestType	Protected Class	Sites	% Problem	Action
1990	Rental Apts	Race/NatOrg (Hisp)	79	20%	1 Complaint \$10,000 Settlement
1991	Rental (Realtors)	Race/NatOrg (Hisp)	21	13%	Remedial Action
1992	Rental Apts	Familial Status	71	11%	1 Complaint \$4000 Settlement
1993/1994	Rental Apts	Disability	78	10%	3 Complaints \$2500 Settlement
1996	Rental Apts	Race	20	0	No Problems Found
1997	Rental Apts	Sexual Orientation	75	5%	Remedial Action
1998	Sales	Race/NatOrg (Hisp)	16	23%	3 Complaints \$10,000 Settlement
1999	Rental Apts	Disability	70	3%	Remedial Action
2000	Lending	Race/NatOrg (Hisp)	13	7%	Remedial Action
2000	Rental Apts	Race/NatOrg (Hisp)	72	4%	Remedial Action
2001/2002	Rental Apts	Familial Status	85	2%	Remedial Action
2003/2004	Rental Apts	Multiple Bases	83	1%	Remedial Action
2005/2006	Sales	Race/NatOrg (Hisp)	12	0	No Problems Found
2006	Lending	Race/NatOrg (Hisp)	11	0	No Problems Found
2007	Rental Apts	Race/NatOrg MidEast/Asian	73	4%	Remedial Action
2008	Rental Apts	Race/NatOrg (Hisp)	64	3%	Remedial Action
2009	Lending	Race	8	0	No Problems Found

## **Fair Housing Education**

The Alexandria Office of Housing provides on-going fair housing training through seminars industry professionals and on-site fair housing training for individual companies. The Alexandria Office of Housing and the Landlord-Tenant Relations Board host an annual seminar for Apartment Managers, and this training includes fair housing training. On-site training is provided to real estate offices, lending firms, and property managers or owners of rental housing upon request. Fair Housing training is provided as part of remedial action responses in cases where problems occur in fair housing tests.

In addition, Landlord-Tenant Relations Division staff is available to answer questions from the public and housing industry professional regarding fair housing and housing discrimination. Staff responds to inquiries from homeseekers who believe they have experienced discrimination, and frequently from property managers seeking to avoid actions that could be considered discriminatory.

## **Voluntary Rent Guidelines**

Since 1950, the Code of Virginia has prohibited localities from enacting rent control. However, for over 20 years, the City has encouraged landlords to limit rent increases in accordance with the City's Voluntary Rent Guidelines. The City's Voluntary Rent Guidelines are suggested maximum rent increases for existing tenants, but they provide no authority to the City to enforce the guidelines against landlords who fail to comply with them. Under current Virginia law, the City's rent guidelines must remain voluntary, as the City has no authority to mandate that rent increases be held to any recommended percentage.

The Landlord-Tenant Relations Board reviews the City's Voluntary Rent Guidelines and makes annual recommendations to City Council regarding the adequacy of the Voluntary Rent Guidelines. In preparing its recommendations, the Board considers rent data, market forecasts and vacancy surveys by Delta Associates, a national real estate consulting firm. The Board also considers market rent and vacancy data prepared by the Office of Housing in its annual apartment survey, as well as data compiled by Real Estate Assessments. In reviewing these data, the Landlord-Tenant Relations Board attempts to set the guidelines at a level that will account for inflation and property owners' increases in cost, without unduly burdening tenants. The 2009 resolution adopted by City Council recommended increases of no more than 5.5% if the tenant pays utilities and no more than 7.5% if the landlord pays utilities.

## **Foreclosure Prevention and Neighborhood Stabilization**

The City has taken steps to assist Alexandrians in avoiding foreclosure and to stabilize its neighborhoods. City staff includes trained foreclosure prevention counselors, and the City contracts with Housing Counseling Services to provide both classroom and individual counseling for homeowners at risk of foreclosure.

Recognizing the destabilizing influences of vacant and foreclosed properties in Alexandria, particularly in Hume Springs, the City sought and obtained Neighborhood Stabilization Program (NSP) funding. NSP funds are being used to stabilize communities by acquiring, rehabilitating and reselling homes to low and moderate income City residents and workers. The City partnered

with Rebuilding Together Alexandria and the Alexandria Housing Development Corporation, nonprofit housing providers to implement the program. The NSP partnership also included businesses and financial institutions. Commonwealth One Federal Credit Union, the owners of the first property sold under the NSP, partnered with the City to provide the property at a price that met the guidelines of the program. Long and Foster of Old Town and Union Mortgage Group donated significant time and expertise to the NSP program as well.

### **The Housing Master Plan**

The Housing Master Plan process, which began April 1, 2010 and will conclude around June 2011, is being managed by an Advisory Group comprised of the Alexandria Affordable Housing Advisory Committee plus an additional six appointees. All meetings are open to the public and participation by the entire community is actively encouraged and widely advertised.

The goals of the Housing Master Plan process include:

- To make recommendations to ensure a more balanced geographic distribution of affordable, workforce and public housing throughout the City;
- Define and/or establish goals for mixed-income housing;
- Enhance community understanding of housing choice as a critical component of Alexandria's economic sustainability strategy;
- Develop strategies for affordable, workforce and public housing preservation and production through development and zoning tools and resources; and
- Consider a proposed Priority Housing Unit Policy designed to enhance/broaden the quantity and range of housing identified for preservation.

### **RECOMMENDATIONS**

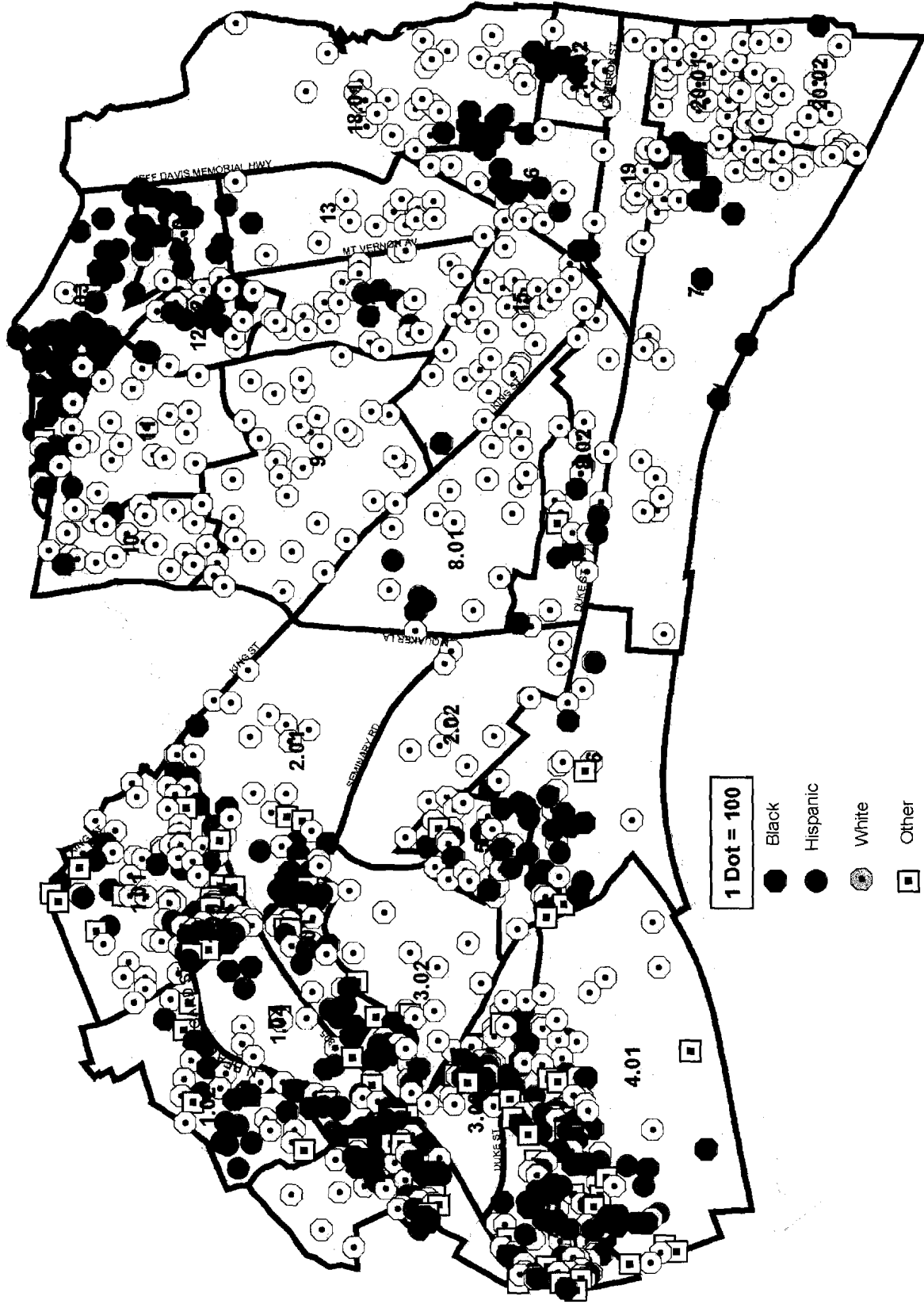
Evaluate all barriers identified and establish strategies for addressing impediments.

Develop a strategy for effective testing to include current issues and potentially discriminatory trends in the housing market.

Continue and enhance current efforts to affirmatively further fair housing choice and identify any new initiatives through the AI and Housing Master Plan processes.



### Distribution of Population by Race and Ethnicity 2000 Census



25

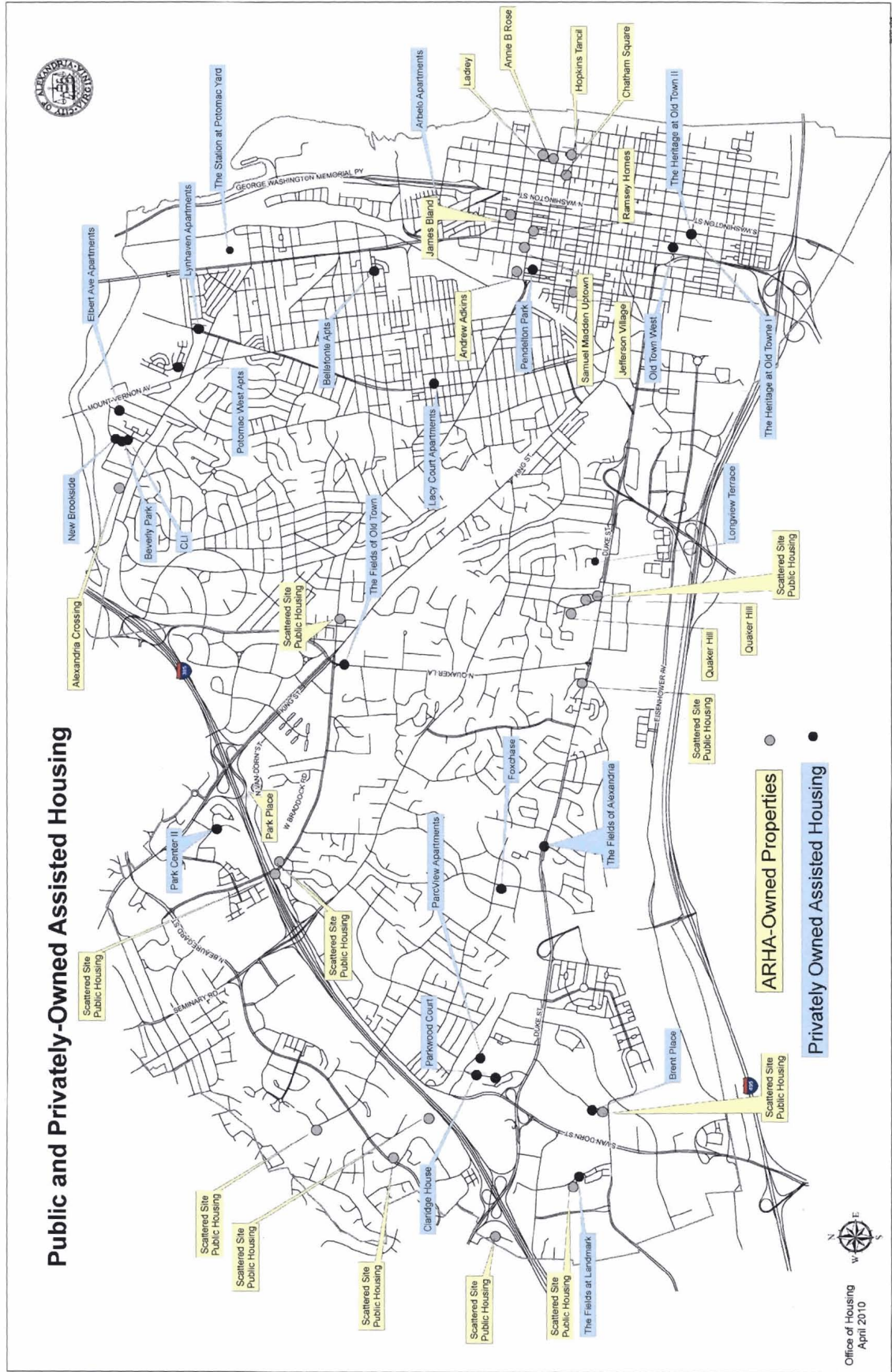



EXHIBIT NO. 1

5  
4-17-10

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 12, 2010  
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL  
FROM: JAMES K. HARTMANN, CITY MANAGER   
SUBJECT: PUBLIC HEARING ON THE DRAFT FY 2011-2015 CONSOLIDATED PLAN FOR HOUSING AND COMMUNITY DEVELOPMENT, DRAFT FY 2011 ONE-YEAR ACTION PLAN, AND DRAFT ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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**ISSUE:** Public Hearing on the City's Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development and associated documents necessary for HUD funding.

**RECOMMENDATION:** That City Council:

1. Conduct a public hearing on:
  - a. the Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development (Citizen Summary of this Plan is Attachment I), which includes the One-Year Action Plan containing the City's application for City Fiscal Year 2011 funding for \$1,357,948 in Community Development Block Grant (CDBG) monies and \$923,041 in Home Investment Partnerships Program (HOME) monies (Attachment II reflects planned CDBG and HOME expenditures); and
  - b. the Draft Analysis of Impediments to Fair Housing Choice (Attachment III); and
2. Docket the FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development, Analysis of Impediments to Fair Housing Choice, and FY 2011 One-Year Action Plan for final Council consideration on May 11, 2010.

**DISCUSSION:** The Draft Consolidated Plan for Housing and Community Development has been prepared in accordance with regulations set forth by the U.S. Department of Housing and Urban Development (HUD). These regulations require that participants in certain HUD programs, including but not limited to the Community Development Block Grant (CDBG) and Home Investment Partnerships (HOME) programs, develop and submit a three- to five-year strategic plan for housing and community development.

This Draft Consolidated Plan is a comprehensive five-year planning document that examines the City's overall needs for affordable housing, shelters/services for the homeless, housing for persons with special needs, and community and economic development. The Plan defines the

City's strategy for addressing these needs for Fiscal Years 2011 through 2015, and includes a One-Year Action Plan with specific objectives for the City's Fiscal Year 2011. As required by HUD, the Plan was released for a 30-day public comment period, which will end on May 10, 2010. This public hearing is a required part of the public input process.

The One-Year Action Plan also contains the City's applications for \$1,357,948 in CDBG funds and \$923,041 in HOME Program funds. (These grant amounts were recently received from HUD and supersede the figures in the City Manager's Proposal Budget. The new figures reflect an effective net increase of \$102,241 (after taking into account the decrease in required General Fund HOME match associated with the decrease in HOME funds). The majority of this amount (\$84,406) is proposed for homeownership down payment assistance, and the balance of \$17,835 will be used to offset eligible FY 2011 base budget General Fund personnel expenses of the Office of Housing in the City Manager's Proposed budget.

The Draft Analysis of Impediments to Fair Housing Choice (AI) is a re-evaluation of conditions, and will also serve to update of the City's previous AI (initially performed in 1997, and subsequently updated biannually). Available information and data are included a Draft AI, released to the public with the Draft Consolidated Plan. The AI process is being managed to maximize collaboration and public input by coordinating the AI review with the preparation and public review of the City's Consolidated Plan. Impediments and barriers to housing choice identified in the Draft AI include the high cost of housing, diminishing supply of affordable housing, foreclosures and sub-prime loans, regulatory constraints, and on inadequate supply of housing for extremely low-income households, particularly those with special needs.

The majority of the Plan is consistent with ongoing activities and/or the City Manager's Proposed FY 2011 Budget. One notable exception is a goal of one new group home for the Community Services Board (CSB). This item is included in the current draft of the CSB Plan, which is expected to be acted on by the CSB on April 15 and then forwarded to Council in June. (The original plan had been for this plan to come before Council at the same time as the Consolidated Plan.) Although the Consolidated Plan includes this item (with no funding specified), it is noted as being subject to Council approval. It is also subject (as are other cost items in the Consolidated Plan) to the annual budget process. In the event the CSB does not approve this item, it will be removed from the document prior to submission to HUD.

Staff also wishes to note that the Homeless Service Coordinating Committee submitted a request to the Office of Housing to include a goal of 96 affordable efficiencies in the Consolidated Plan. It is our understanding that this is to be included in a revised proposed 10-Year Plan to End Homelessness. As there is currently no specific timetable for bringing the revised homelessness plan to Council, the 96 efficiencies are not included in the official goals of the Consolidated Plan or Action Plan, but are noted in the text as a request from the Homeless Services Coordinating Committee that will be added to the goals if approved by City Council.

The Citizen Summary of the Consolidated Plan (Attachment I) was distributed to interested parties via email and mail on April 6. This document is a concise summary of the objectives and outcomes in the FY 2011-FY 2015 Consolidated Plan for Housing and Community

Development. Both the Citizen Summary and the complete Draft Consolidated Plan are posted on the City's website at [www.alexandriava.gov/housing](http://www.alexandriava.gov/housing), and hard copies are being distributed upon request to the Office of Housing.

Following the public hearing, staff will update the Consolidated Plan to reflect and address the comments received at the public hearing, any direction received from Council at the public hearing, any subsequent written comments received through the end of the public comment period on May 10, any changes resulting from the City's budget process, and any necessary technical corrections. The revised document will be docketed for final Council action at Council's May 11 Legislative session and will be submitted to HUD no later than May 14.

**FISCAL IMPACT:** Upon approval of the Consolidated Plan for Housing and Community Development, the U.S. Department of Housing and Urban Development will appropriate a total of \$2,280,989 in new federal funding to the City for FY 2011, including \$1,357,948 in CDBG funds and \$923,041 in HOME Program funds.

**ATTACHMENTS:**

- Attachment I. Citizen Summary on the Draft FY 2011-2015 Five-Year Consolidated Plan for Housing and Community Development and Draft FY 2011 One-Year Action Plan
- Attachment II. Proposed CDBG and HOME Budget Expenditures
- Attachment III. Draft Analysis of Impediments to Fair Housing Choice

**STAFF:**

- Mildrilyn Stephens Davis, Director, Office of Housing
- Eric Keeler, Program Administration Division Chief, Office of Housing
- Melodie Seau, Landlord Tenant Division Chief, Office of Housing
- Cindy Metcalf, Housing Analyst, Office of Housing