

Affordable Housing at the Potomac Yard Fire Station

*A proposed collaborative initiative to
deliver 60 units of affordable and
workforce housing as part of an
innovative mixed-use development*

Revised 8/15/06



*Smart Urban
Growth
Combines Civic
and Other Uses*



*Examples of Fire Stations in London, UK, Seattle, WA, and Silver Spring, MD,
sharing space with housing, office and other commercial and public uses*

The Developer's Voluntary Affordable Housing Contribution at Potomac Yard

As the project is currently planned, the Developer's voluntary affordable housing contribution for the overall site is estimated at approximately \$10.5 million



An Opportunity to Maximize Donated Land

- *The Developer may fulfill its contribution through a monetary payment or through the commitment of specific units and donated land for affordable housing in a value commensurate with the contribution amount*
- *The City's goal is to have affordable housing located throughout Potomac Yard development; to achieve the greatest number of units, the City is coordinating with the Developer to leverage its voluntary affordable housing contribution with other sources*
- *The City and the Developer have been working together to identify potential sites for affordable housing; one small mixed use project, combining four residential units over lower level retail, is already planned for Land Bay H*
- *The Developer's recent proposal to provide land and a fire station offers an opportunity to maximize the use of donated land to create a substantial number of affordable units above a civic use*

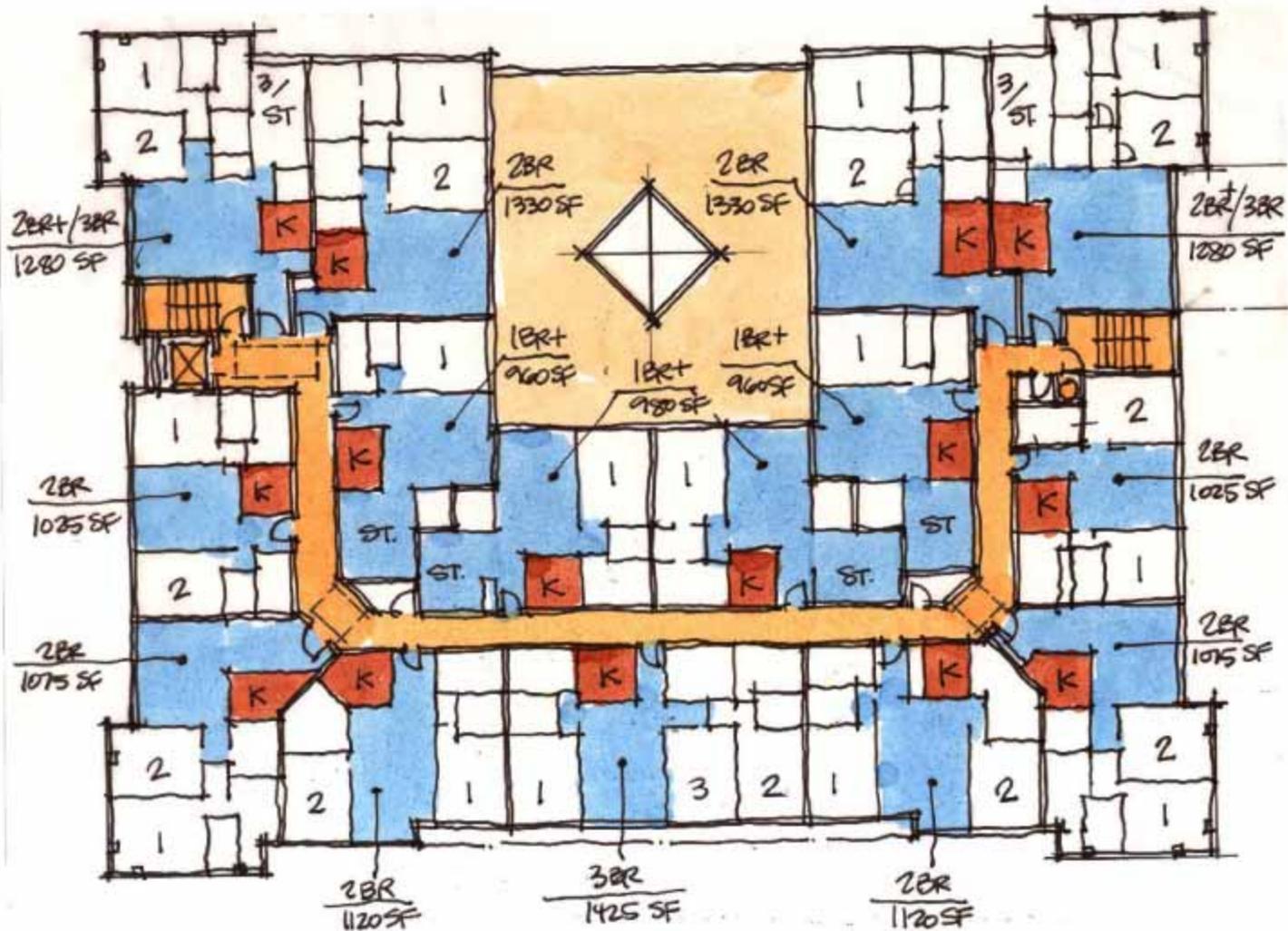
Potomac Yard Fire Station/Affordable Housing



The site's proximity to transportation, services, shopping and employment opportunities (it is planned to be located in the Town Center area) make it an ideal location for affordable and workforce housing, including City, public service and private sector employees

Features of the Proposed Housing Development

- *The project is proposed to be four stories, stick built, above the fire station*
- *The housing facility is proposed to contain approximately sixty (60) units, including a mix of unit types and sizes, e.g., 12 one bedroom units (@ 915 s.f.), 45 two (45) bedroom units (@1,150 s.f.), and 3 three bedroom units(@1450 s.f.)*
- *On-site amenities could include a community room, a business center, a small fitness center, and access to a rooftop garden*
- *The entrance would be well-articulated; it is proposed to be located across the street from the entrance to another multifamily development*
- *Underground parking(120 spaces) would serve residents*
- *The building would incorporate green building design and materials, and noise attenuation technologies*
- *Delivery could occur as early as 2008-09*



N  SCALE: 1" = 20'

FIRE STATION #209
Floorplan Concept
 July 14, 2006

Types of Housing Projects Considered

- *A preliminary review of various financing options, including low income housing tax credit (LIHTC) equity, indicates that the following scenarios are feasible:*
 1. *100% affordable rental*
 2. *Mixed-income rental (affordable/workforce)*
For example, 68% affordable (41units)/32% workforce (19 units)
 3. *Mixed-income rental (affordable/workforce/market)*
For example, 55% affordable (33 units)/25% workforce (15 units)/20% market (12 units)
 4. *Mixed income condos: proceeds from market rate sales units would be applied to defray the price of some "affordable" condo units*

What is Affordable Housing?

- *Affordable housing typically describes rental or for sale housing where the maximum rent or sales price is set at a level that is affordable to households with incomes at or below 60% of the area median income*
- *In the Washington metropolitan region, which includes Alexandria, the 2006 Area Median Income (AMI) for a four person household is \$90,300*
- *Income limits for 60 % AMI households of various sizes*

<i>One person = \$37,920</i>	<i>Three persons = \$48,780</i>
<i>Two persons = \$43,320</i>	<i>Four persons = \$54,180</i>
- *Income eligible households at or below 60% AMI may include working individuals, as well as persons receiving SSDI, Section 8 or other types of assistance*

Financing Affordable Housing - The LIHTC Program

- *The Low Income Housing Tax Credit (LIHTC) program was enacted by the Federal government in 1986 as a vehicle to attract private investment to the production of affordable housing, i.e., units with rents affordable to households with incomes at or below 60% AMI.*
- *Developers of affordable housing apply for awards of tax credits based on eligible project costs. These credits are then marketed to entities, with tax liabilities, which provide project equity in return for the credits.*
- *In exchange for investor equity ("free money"), the Developer commits to maintain tax credit subsidized units in the project as affordable for at least 30 years since the investor equity reduces the amount the developer must finance to complete the project.*
- *In Virginia, the LIHTC program is administered by the state's housing finance agency, VHDA, which monitors project costs, conducts inspections, and ensures compliance throughout the affordability period.*

	1 BR	2 BR	3 BR
2006 LIHTC Maximum Gross Rents Per Month (including utilities)	\$1,015	\$1,219	\$1,408

What is Workforce Housing?

- *Workforce housing typically describes rental or for sale housing where the maximum rent or sales price is set at a level that is affordable to local working households with incomes at or above 60 % of the area median income; in modeling this project, income eligibility for workforce housing has been set at 80% AMI*
- *Income levels for 80 % AMI households of various sizes
One person = \$41,700 Three persons = \$53,650
Two persons = \$47,700 Four persons = \$59,600*
- *Because tax credits are not available for units which serve households over 60% AMI, other sources of soft financing must be leveraged to help underwrite the cost of producing workforce housing since the reduced rental revenues these units generate suppress a project's mortgage capacity.*

Bus Driver \$ 27,360	Secretary I \$28,636	Computer Operator I \$28,640	Secretary II \$31,389
Shelter Supervisor \$31,389	Eligibility Worker I \$32,871	Secretary III \$34,420	Eligibility Worker II \$36,048
Supervisor Maintenance Therapist I \$37,868	Educational Asst. Librarian I \$39,756	Medical ER \$40,929	Financial Analyst Park Manager Therapist II \$41,747
Teacher/Steps A-D Deputy Sheriff I Fire Fighter I/II Police Officer I/II \$42,973	Librarian I Social Worker II \$43,832	Deputy Sheriff II Fire Fighter II/III Police Officer III \$45,125	Code Enforcement Inspector I/II Fiscal Officer III \$48,314
Police Officer IV \$49,743	Admin Officer II City Arborist \$50,738	Pharmacist II Management Analyst II \$53,275	<u>Examples of 2007 City Employee Pay Classifications eligible for affordable and workforce housing</u>

Scenario 2 Example

Affordable/Workforce Rental Project

	% Distribution	1-br	2-br	3-br	Total
Affordable Units	68%	8	31	2	41
Workforce Units	32%	4	14	1	19
Total	100%	12	45	3	60

Scenario 3 Example

Mixed Income Rental (Aff/Wkforce/Mkt)

	% Distribution	1-br	2-br	3-br	Total
Affordable Units	55%	6	25	2	33
Workforce Units	25%	3	11	1	15
Market Rate Units	20%	3	9	0	12
Total	100%	12	45	3	60

Considerations: Rental Project vs. For-Sale Condos?

- *Sustainability*

- *A non profit entity, such as AHDC, would likely be designated by the City to develop, own and operate the project as affordable housing, in perpetuity*
- *As market pressures drive condo prices, units may become less affordable over time despite restrictive covenants governing re-sales*

- *Non-City Subsidized Financing Sources Available*

- *Low income housing tax credit equity and the Developer's contribution could substantially fund a rental project's costs*

Coming soon to your neighborhood... "Smart Growth"



- *Mixed use developments, including combinations of civic, retail and residential uses, are considered "Smart Growth" in increasingly urbanized communities like Alexandria.*
- *A mixed use concept such as the Potomac Yard Fire Station and Affordable Housing project can be readily replicated throughout the City to produce new public facilities, to expand affordable and workforce housing resources, and to maximize the efficient use of land.*
- *In the photo, at left, a new condo development in Alexandria is located above Whole Foods, a grocery store.*