**ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE MEETING**
**DATE: October 15, 2025**
**TIME: 7:00-9:15 P.M.**
**LOCATION: Virtual (Zoom)**
**https://zoom.us/webinar/register/WN_wh9dwzzkSmS6TUwcm-btRQ**

***Spanish interpretation will be provided upon request at least 24 hours in advance***

**AGENDA**

| | | |
|---|---|---|
| 1. | Introductions (AHAAC Co-Chairs) | 7:00 p.m. |
| 2. | Consideration of September 4, 2025 Minutes (Co-Chairs)<br>*Action Requested: Review and Vote on July Minutes* | 7:05 p.m. |
| 3. | Age Friendly Plan Update (Chris Moore and Mike Schuster) | 7:10 p.m. |
| 4. | Jamieson Avenue Affordable Housing Plan | 7:30 p.m. |
| 5. | Eisenhower East Block 3 Affordable Housing Plan | 7:50 p.m. |
| 6. | 4880 Mark Center Drive Affordable Housing Plan | 8:10 p.m. |
| 7. | PY Landbay G-G Development Preview | 8:30 p.m. |
| 8. | Housing Master Plan Update | 8:45 p.m. |
| 9. | ARHA Updates (Helen McIlvaine) | 9:00 p.m. |
| 10. | Housing Alexandria Updates (Jon Frederick) | 9:05 p.m. |
| 11. | Staff Updates (Staff) | 9:08 p.m. |
| 12. | Information Items:<br>September 2025 Financial Report | 9:10 p.m. |
| 13. | Announcements and Upcoming Meetings | 9:13 p.m. |

ARHA Redevelopment Work Group
October 16, 5:30-7 p.m.
City Council Work Room, 301 King St.

AHAAC November Meeting
November 6, 7-9 p.m.
Room 2000, City Hall, 301 King St.

Housing 2040 Community Meeting #5
November 17, 6-9 p.m. (tentative)
Mark Center Cafeteria

14. Adjournment (AHAAC Co-Chairs) 9:15 p.m.

City of Alexandria, Virginia

# ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE DRAFT MINUTES

In-Person | September 4, 2025

| | Members Present | Members Absent | Staff |
|---|---|---|---|
| 1 | Aschalew Asabie | | Wendy Ginsberg, City Manager's Office |
| 2 | Felicia Brewster | | Mary Horner, Landlord-Tenant Division Chief |
| 3 | Michael Butler | | Tamara Jovovic, Housing Program Manager |
| 4 | Joseph Dammann (Zoom) | | Christopher Do, Housing Analyst |
| 5 | | Michael Doyle | Kim Cadena, Housing Analyst |
| 6 | Betsy Faga | | Kenny Turscak, Planning & Zoning |
| 7 | Jon Frederick | | Maya Contreras, Planning & Zoning |
| 8 | | Michelle Krocker | Maggie Cooper, Planning & Zoning |
| 9 | | Coss Lumbé | Nathan Randall, Planning & Zoning |
| 10 | Jan Macidull | | |
| 11 | Shelley McCabe | | |
| 12 | Melissa Sathe | | |
| 13 | | Peter Sutherland | |
| 14 | Anderson Vereyken | | |
| 15 | Sean Zielenbach (Zoom) | | |
| 16 | Stephon Hill | | |
| | Helen McIlvaine*, Housing | | |
| | Ali Coleman Tokarz*, DCHS | | |
| | Guests | | |
| 1 | Ken Wire | Wire & Gill, LLP | |
| 2 | Megan Rappolt | Wire & Gill, LLP | |
| 3 | | | |

*non-voting

**1. Introduction and Chair Remarks (Chairs)**

Co-Chair Shelley McCabe welcomed the Committee and guests. The Chair designated Andy Vereyken to take notes for the meeting.

**2. Consideration of July 30, 2025 Minutes (Chris Do)**

Betsy Faga motioned to approve the July 30, 2025 minutes, Jan Macidull seconded the motion. The Committee voted unanimously to approve the July 30, 2025 minutes.

**3. Consideration of FY25 AHAAC Annual Report**

The Chair commented that the Committee accomplished a lot within the last year. Jon Frederick motioned to approve minutes; Betsy Faga seconded the motion. The Committee voted unanimously to approve the FY2025 Annual Report.

**4. Fair Housing Memo (Mary Horner)**

Mary Horner presented the initial findings from the Fair Housing Report conducted by the Equal Rights Center, which found instances of discrimination in Alexandria. Ms. Horner noted that Fair Housing Month is in April and a fair housing training will be offered in October. Ms. Horner noted that the Office of Housing will also host an apartment managers' seminar and will work on issues with landlords.

One Committee member asked if anyone would be cited for instances of discrimination. Mr. Horner noted that training is being offered first. Helen McIlvaine noted that both larger and smaller landlords were out of compliance for source of income discrimination. Another member asked if staff would reach out to HOAs and the general public. Ms. Horner noted that the training is not broadcast to the general public because the training is intended for landlords.

**5. FY2025 Legislative Accomplishments and FY2026 Legislative Priorities (Mary Horner and Wendy Ginsberg)**

Wendy Ginsberg introduced herself as the new Legislative Director for the City of Alexandria. Mary Horner provided a presentation on the 2025 Virginia Legislative Session.

One Committee member noted that the Faith in Housing bill is being pushed at the federal level by Senator Warner and will likely be strengthened again at the state level. Ms. McIlvaine noted that cities have expressed concerns about circumventing the planning process which outlines infrastructure improvements to support new development. One Committee member noted that without by-right development, developers often cut units to avoid community pushback and prevent costly delays.

One Committee member noted that the legislation governing housing authority appeal bonds would benefit Alexandrians considering ARHA is one of the highest eviction filers. Another Committee member commented that the November governor election could make vetoed bills viable again.

Ms. Ginsberg explained the legislative priority process in the City, noting City priorities may be different from other stakeholders. The City will monitor all bills and advocate for ones that align with their priorities. Ms. Ginsberg asked for proposals that could be written into bills and advocates who could speak to the impact and importance of the bill.

**6. Coalition Opportunity for Community Health (Natalie Talis)**

Natalie Talis from the Alexandria Health Department spoke about the ongoing Community Health Improvement Plan process. Ms. Talis explained that data, community walks, and listening sessions have pointed to differences across geographies in the city. The Health Department will be forming three coalitions to address health issues in each area: Arlandria, Van Dorn, and a citywide coalition on mental health. Interested residents are encouraged to sign up for the email list. One member asked if the meetings are in person or virtual. Ms. Talis responded that there will be in-person and virtual engagement opportunities.

**7. CAPER Public Hearing (Kim Cadena)**

Kim Cadena presented on the CAPER for FY2025, which is a report to HUD on how funding was used. The public comment period for the CAPER is open until September 22. Jon Frederick motioned to open the public hearing; Felicia Brewster seconded the motion. The Committee voted unanimously to open the public hearing.

One Committee member asked about the Comprehensive Plan. Mx. Cadena noted the Comprehensive Plan will be presented in April and will reexamine the City's priorities. One Committee member asked why City funds are being used instead of federal funds for homebuyer programs. Mx. Cadena explained that local funds have higher income limits and loan amounts, so they cover residents outside of the federal funds. Ali Coleman noted that based on the DCHS waitlist, the number of shelter and winter shelter residents will likely increase. This was the first year that the shelter exceeded the contracted number of people served per night. Jan Macidull motioned to close the public hearing, Betsy Faga seconded the motion. The Committee voted unanimously to close the public hearing.

**8. Jamieson Avenue Development Preview (Kenny Turscak and Ken Wire)**

Ken Wire introduced himself, Megan Rappolt, Nathan Randall, and Maya Contreras. The Jamieson Avenue project is located in the Eisenhower East SAP and is governed by the Carlyle CDD #1. The project proposes 187 units in an office to residential conversion with new construction on four additional floors. The project will be credited with previous developer contributions, consistent with City policy.

The developer is requesting 17 committed affordable units, yielded from Section 7-700 bonus density, be distributed on the first six floors in the original office building while the four-story vertical addition would be entirely market-rate. Staff have stated that the City's policy is to distribute CAUs throughout a project. One Committee member noted that this project would go against the City's policy. Ms. McIlvaine noted that it is not the Committee's responsibility to make the project more feasible but to recommend approval based on the City's policy. One member asked if the Applicant would consider shifting the proportionality of the unit mix to include more family-sized units as a compromise.

**9. 2425 Mill Road, Eisenhower East Block 3 Development Preview (Kenny Turscak and Ken Wire)**

Ken Wire presented on Eisenhower East Block 3, which is governed by the Eisenhower East SAP. The Applicant has requested the off-ramp provision permitted by the Rezoning Housing Contribution Policy to reduce the affordable housing contribution from 10% of residential square footage above the base area to 5% of density. Staff calculated that 10% of the residential density would provide 38 CAUs out of the anticipated 770 units; the Applicant is proposing 17 CAUs.

One Committee member asked why the Applicant was granted the ability to trigger the off ramp and its associated third-party analysis. Mr. Wire noted the increased construction costs for steel and concrete and increased interest rates have changed the market.

Another Committee member stated they cannot support the reduction in the CAUs or its justification. One Committee member pointed out that DSUP extensions are approved for three years and conditions will likely change with the market and interest rates during that time. While conditions are tough now, they will likely improve by the time the project begins. The Committee member asked if conditions now justify a modification in the project's affordable housing contribution for a project that will begin in four years.

One member asked if the conditions will be revisited. Tamara Jovovic responded that, based on current policy, housing conditions are not re-examined until the time of second extension requests, and that monetary contributions are locked in at time of concept submission.

**10. Newport Village Briefing (Kenny Turscak)**

Kenny Turscak provided a briefing on Newport Village. The project was approved in 2021 and an extension was granted in 2023.

The project is seeking to demolish 24 existing units and construct 383 rental units. Originally, the Applicant agreed to provide 12 CAUs at 50% AMI in the new building. The proposal seeks to shift all CAUs from the new building to the existing buildings and will increase the number of family-sized CAUs. The CAUs in the existing building will be renovated. Mr. Turscak asked the Committee to provide input on the change for the City Manager's consideration.

One member asked about the rent price in the existing building. Mr. Turscak noted that rents range from 65% to 80% AMI. One member commented that the project is losing 24 market affordable units to gain 12 CAUs.

One member commented that the policy is to provide 12 units with a proportional unit mix in the new building. The member added that there are two projects: the existing project and the new project. The change would go against policy and would provide 12 units in an older building instead of 12 units in a new building, which is not equivalent even with larger unit types.

One member asked what the market-rate rents are for the new building. Another Committee member replied that the Blake is charging substantially more than the existing units at Newport Village. Mr. Wire explained that the project is not feasible as approved and while the CAUs are not equivalent in value, providing CAUs now with larger unit sizes could make more of an impact than waiting years for new units to be constructed. Mary Horner noted that the Landlord-Tenant team receives the greatest demand for two- and three-bedroom CAUs.

Jan motioned to allow the Committee to draft a letter to the City Manager capturing these concerns; Andy seconded the motion. The Committee voted unanimously to draft a letter to the City Manager's office.

**11. Landmark Mall Block D (Kenny Turscak)**

Mr. Turscak provided a briefing on the Landmark Mall Block D development, which is part of larger Landmark Mall redevelopment. The CDD envisions frontloading development and adding the affordable housing building later. In addition to the 74-unit affordable project planned for the area, Block D is proposed as a 275-unit multifamily building with income restrictions between 80 and 120% AMI. The project is intended to add to the range of housing options.

Ms. McIlvaine noted that the units would be rent restricted instead of income restricted for compliance purposes.

**12. Housing Master Plan Update (Staff)**

Staff reported that the next Housing 2040 Community Meeting is planned for September 8 at Minnie Howard and will cover the Landlord-Tenant and Homeownership recommendations. Committee members were encouraged to attend.

**13. ARHA Update**

Michelle Krocker was not present at the meeting. One Committee member asked about the status of the ARHA CEO, Erik Johnson.

Ms. McIlvaine noted that at that moment, City Council had placed a FOIA request to gather information about the unit rented by Mr. Johnson and modifications made to it. The ARHA Board has placed Mr. Johnson on probation and named Rickie Maddox as acting CEO in the interim. A third-party investigation is being conducted into the matter. The City has no purview, aside from appointing and overseeing the ARHA Board. Staff will continue to keep the Committee updated.

**14. Housing Alexandria Update**

Jon Frederick updated the Committee that the Seminary Road project (Cardinal Path) will host an upcoming ribbon cutting. Phase II of the Sanse and Naja project is set to close in October. The Fall Festival is planned for Housing Alexandria on Thursday, October 9 from 4 to 8 p.m.

**15. Staff Updates (Staff)**

Ms. Jovovic reported that eight affordable homeownership units, ranging from one- to three-bedroom units, at the Whitley will be available soon. Applications are open from September 26 to October 24. A Committee member noted that VOICE is hosting a gathering about affordable housing and will send out more information.

**16. Information Items (Staff)**

Staff did not report on information items.

**17. Announcements and Upcoming Meetings**

ARHA Redevelopment Work Group
October 16, 5:30 – 7:00 p.m.
City Council Work Room, 301 King St.

AHAAC November Meeting
November 6, 7 – 9 p.m.
Room 2000, City Hall, 301 King St.

Housing 2040 Community Meeting #5
November 17, 7 – 9 p.m. (tentative)
Mark Center Cafeteria

**18. Adjournment (Chair)**

Jon Frederick motioned to adjourn the meeting. The Co-Chairs adjourned the meeting at 9:36 p.m.

# City of Alexandria, Virginia

## MEMORANDUM

DATE: OCTOBER 15, 2025

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: KENNY TURSCAK, URBAN PLANNER

SUBJECT: 2051 JAMIESON AVENUE (CARLYLE BLOCK B) AFFORDABLE HOUSING PLAN

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**ISSUE**: Consideration of the Affordable Housing Plan for 2051 Jamieson Avenue, Carlyle Block B (DSUP #2025-10015)

**ACTION REQUESTED:** That the Committee review and vote on the associated Affordable Housing Plan (Attachment 1)

**BACKGROUND:** 2051 Jamieson Avenue is an approximately 198,000-square foot commercial office building constructed in 2004. The project is located on Block B of the Carlyle neighborhood. Most of the neighborhood received land-use approval through a master Special Use Permit, first approved in 1990, that guides its development. The Carlyle SUP approved specific development parameters for each block, including specific uses, with office uses originally envisioned at Block B. While the property is located within the geographic boundaries of the Eisenhower East Small Area Plan (EESAP), the Carlyle neighborhood is not subject to the EESAP but rather to the development parameters and conditions of the Carlyle SUP.

*Project location within Carlyle neighborhood noted in red (top) and existing property (bottom)*

Pursuant to the Carlyle SUP, the property was covered under the original developer (The Oliver Carr Company-CNS Partnership) contribution of $4.6 million to the Housing Trust Fund. This contribution helped provide some of the first capital investments in the City's Housing Trust Fund.

*Renderings: View facing northeast (top) & facing north (bottom) from Jamieson Ave.*

Red Fox Development Company, the applicant, proposes an office to residential conversion and a four-story vertical addition to the property, totaling an estimated 187 units. Additionally, the applicant has proposed an alternate development scenario in which the project provides the same floor area but is programmed to include approximately 4,200 square feet of retail and 181 units.

The project is seeking 51,519 net square feet of additional density, amounting to a 37 percent increase. Though the EESAP encourages Section 7-700 bonus density in excess of 30 percent to encourage the production of affordable units, the project's location within the Carlyle SUP excludes it from this provision. Instead, the applicant is achieving this increase by utilizing a new provision that is being added to the Carlyle SUP that is similar to Sec. 7-700. This Sec. 7-700-like bonus density provision will require one-third of the project's requested bonus density to be provided as on-site committed affordable floor area. Although new to the Carlyle SUP, this approach is similar to the approach recommended in the EESAP and recommended for CDDs in the "Zoning for Housing" initiative. A breakdown of the project's affordable unit and contribution calculations are discussed further below.

The project involves the following applications and modifications:

- Amendment to the Carlyle SUP for residential use and increase in height on Block B, changes to the "Design Guidelines" for Block B, and the addition of the new provision similar to Sec. 7-700; and
- Development Special Use Permit (DSUP) amendment for a change in use to residential, increase in floor area, increase in building height, and an increase in penthouse height to 18 feet.

**DISCUSSION:** Through the project's use of Sec. 7-700-like bonus density, the applicant is required to provide one-third of the additional 51,519 net square feet—totaling 17,173 net square feet—as committed affordable floor area, estimated to yield approximately 17 committed affordable units (CAUs).

Below is the methodology used to calculate the required floor area and resulting units.

Permitted development under existing CDD #1: 137,903 net square feet

Additional density requested through bonus density: 51,519 net square feet
Total proposed development: 189,422 net square feet
One-third bonus density associated with bonus density: 17,173 net square feet
Total number of residential units: 187 (all-residential option)
Average square feet per unit: 189,422 / 187 = 1,013 square feet/unit
Affordable unit calculation: 17,173 / 1,013 square feet = 17.0 units
**Proposed affordable units: 17 units**

Consistent with City policy, the applicant proposes a committed affordable unit mix that is proportional to the project's overall market-rate unit mix, detailed in 'Table 1' below. The applicant, however, proposes that all CAUs be provided within the project's converted portion with no CAUs in the four-story addition citing that units within the expansion will offer larger floor plans and higher rents that render the project financially viable. City policy recommends CAUs avoid clustering by being distributed throughout the building.

**Table 1: Estimated Provision of Committed Affordable Rental Units**

| Unit Type | Units | Unit Mix as % of Total Units | Proposed Affordable Units | Affordable Unit Mix as % of Total Affordable Units |
|---|---|---|---|---|
| **Studio** | 2 | 1% | 0 | 0% |
| **Junior One-bedroom*** | 14 | 7% | 0 | 0% |
| **One-bedroom** | 77 | 41% | 8 | 47% |
| **One-bedroom + Den*** | 40 | 21% | 4 | 24% |
| **Two-bedroom** | 50 | 27% | 5 | 29% |
| **Three-bedroom** | 4 | 2% | 0 | 0% |
| **TOTAL** | **187** | | **17** | |

**Note: Non-traditional unit types, including units with dens, will rent at their closest equivalent; one-bedroom + dens will rent at a one-bedroom 60 percent AMI rate.*

Pursuant to the City's voluntary monetary contribution policy, staff adjusted the applicant's estimated contribution based on the conversion rate of $1.83 per net square foot (2025 dollars) against the estimated prorated value of the $4.6 million Carlyle SUP contribution. This adjustment is consistent with City policy that projects will not be double charged contributions but may have contributions adjusted based on a change in land use. Staff estimate an adjusted Housing Trust Fund contribution of $114,547.

AHAAC members received a development preview at the Committee's September 4, 2025 meeting. Discussion topics included City policy regarding credits for prior contributions and options to seek equivalent value in lower floors if the applicant does not provide CAUs in the project's expansion portion.

**FISCAL IMPACT:** $114,547 to the Housing Trust Fund

**ATTACHMENT:**

(1) Affordable Housing Plan for 2051 Jamieson Avenue, DSUP #2025-10015; August 28, 2025

**STAFF:**

Helen S. McIlvaine, Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

2051 Jamieson Avenue
Affordable Housing Plan
August 28, 2025

The Applicant is submitting this affordable housing plan concurrent with the amendment to the Carlyle Special Use Permit (the "Carlyle SUP") for an office-to-residential conversion with additional density for the property known as 2051 Jamieson Avenue and Carlyle Block B (the "Property"). Property is located in the northwest area of the Carlyle SUP and is bordered to the south by Jamieson Avenue, Dulany Street to the east, Duke Street to the north and Englehardt Lane to the west.

The Property is approximately 39,017 square feet or .9 acres and is currently improved with a 137,903 square foot office building. The Applicant is requesting an amendment to the Carlye SUP to add an additional 51,519 square feet of residential floor area to the Property. The Applicant is proposing that 33% of this additional floor area (17,173 square feet) be dedicated within the building as affordable dwelling units. This 17,173 square feet will be provided in 17 total units with a mix that is similar to the overall building mix. The proposed mix **eight** 1 bedroom units, **four** 1 bedroom and den units and **five** two bedroom units. The majority of this units will be located on floors 1-5 of building with one unit located on the new $6^{th}$ floor. These units are of similar size to the market rate units on these floors but will not be located on the top newer floors of the building. The top floors of the building are significantly larger units and will have the highest rents within the building which is necessary to finance the proposed conversion.

The Applicant is voluntarily proposing an affordable housing cash contribution for the conversion of the existing office building to residential use of **$260,637** (137,903 X $1.83 = $260,637).

See Contribution Calculation attached.

**2051 Jamieson Affordable Housing Unit Summary**

| Unit Mix Summary | | |
|---|---|---|
| Unit | # | % of Units |
| Studio | 2 | 1% |
| JR 1 Bed | 14 | 8% |
| 1 Bed | 74 | 41% |
| 1 Bed and Den | 38 | 21% |
| 2 Bed | 49 | 27% |
| 3 Bed | 4 | 2% |
| Total | 181 | 100% |

| Contribution Calculation | |
|---|---|
| Building Total GSF | 189,422 |
| Exiting Building SF | 137,903 |
| Net New SF | 51,519 |
| Net New SF (Minus Aff) | 34,346 |

| Affordable Units Calc | |
|---|---|
| Net New SF | 51,519 |
| Affordable SF | 33.3% |
| Total Aff Gross SF | 17,173 |
| Average Gross SF | 1014 |
| Aff Units | 16.94 |

| Affordable Unit Mix Summary | | | |
|---|---|---|---|
| Unit | # | % of Units | Total SF |
| Studio | - | 0% | |
| JR 1 Bed | | 0% | |
| 1 Bed | 8 | 47% | 7,308 |
| 1 Bed and Den | 4 | 24% | 4,136 |
| 2 Bed | 5 | 29% | 5,851 |
| 3 Bed | - | 0% | |
| 17 | | Total SF | 17,295 |

# City of Alexandria, Virginia

## MEMORANDUM

DATE: OCTOBER 15, 2025

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: KENNY TURSCAK, URBAN PLANNER

SUBJECT: 4880 MARK CENTER DRIVE AFFORDABLE HOUSING PLAN

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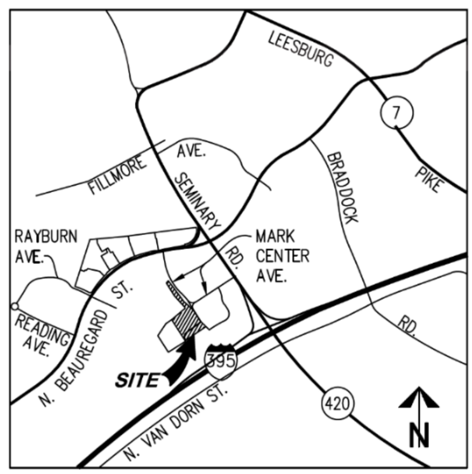
**ISSUE**: Consideration of the Affordable Housing Plan for 4880 Mark Center Drive (DSUP #2025-10007)

**ACTION REQUESTED:** That the Committee review and vote on the associated Affordable Housing Plan (Attachment 1)




**BACKGROUND:** 4880 Mark Center Drive is a four-acre vacant lot located in the AlexWest plan area (formerly the Beauregard plan area), adjacent to the Del Pepper Community Resource Center and the Washington Headquarters Services complex. The site was originally envisioned to host the Institute for Defense Analyses (IDA) headquarters before its move to Potomac Yard in 2022. The site is zoned as both Coordinated Development District (CDD) #4, which provides zoning and planning guidance, and Office Commercial (OC) Zone, allowing 1.25 FAR[1] by-right for residential uses.

The applicant proposes constructing a seven story, 402-unit multifamily residential rental project with open space improvements. CDD #4 provides 368,400 square feet of "base" density, which differentiates floor area associated with a voluntary monetary contribution versus floor area subject to on-site affordable housing requirements (floor area greater than 368,400 square feet is considered additional density). The AlexWest Small Area Plan (SAP) provides tiered density increase options which require specific affordable housing provisions with successive tiers; this project proposes a "Tier A" density increase, which requires ten percent of new residential development over base density be provided as committed affordable housing. Tier A rents will

[1] FAR determines the maximum amount of developable floor area, as defined by the Zoning Ordinance and adjusted for permitted exclusions, that a site has. FAR = max floor area / lot area

be affordable to households with incomes at 60 percent of the Area Median Income (AMI). The applicant has indicated that the project will be operated as rental housing.

*Rendering: view facing NW from Mark Center Drive*

The project includes the following applications and modifications:

- A CDD Development Special Use Permit (DSUP) with preliminary site plan; and
- A Special Use Permit (SUP) for a parking reduction.

**<u>DISCUSSION</u>:** The project is seeking 11,447 square feet above the project's 368,400 square foot base density, for a project totaling 379,847 square feet. Pursuant to AlexWest Tier A density increase requirements, the project shall provide ten percent of the project's 11,447-square foot increase as committed affordable floor area, approximating one unit. Below is the methodology used to calculate the required floor area and resulting unit.

<u>Permitted development under existing CDD #4</u>: 368,400 square feet

Density increase requested: 11,447 sqft
Total proposed development: 379,847 sqft
Ten percent affordable floor area associated with density increase: 11,447 square feet * 10% = 1,145 sqft

Total number of residential units: 402
Average square feet per unit (including prorated common areas): 379,847 sqft / 402 units = 945 sqft/unit
Affordable unit calculation: 1,145 sqft (aff. floor area) / 945 sqft(avg. unit size) = 1.2 units (rounds to one unit consistent with City policy)

**<u>Proposed affordable unit</u>: 1 unit**

The project's anticipated unit mix is provided in the table below. The applicant has proposed providing one two-bedroom committed affordable unit (CAU) affordable to households with incomes at 60 percent AMI.

| Estimated Unit Mix (based on Preliminary submission) | | | |
|---|---|---|---|
| **Unit Type** | **Units** | **Unit Mix as % of Total Units** | **Proposed Affordable Units** |
| **Studio** | 21 | 5% | 0 |
| **One-bedroom** | 237 | 59% | 0 |
| **Two-bedroom** | 144 | 36% | 1 |
| **TOTAL** | **402** | | **1** |

Noted previously, this project is in CDD #4, which allocates certain density—referenced as base density—to designated areas within the CDD; CDD #4 allocates 368,400 square feet of base density to the project site, Area 1-A. While CDD #4 has allocated base density to the site, this floor area is not by-right, which instead derives from the site's underlying OC zoning. For the purposes of calculating a voluntary monetary affordable housing contribution, the Tier I contribution rate applies only to by-right density permitted by underlying zoning, while Tier II rates apply to the delta between the maximum by-right floor area and the base density allocation. All floor area requested above the CDD-allocated base density will be subject to AlexWest affordable housing requirements and is not counted toward the voluntary monetary contribution.

The staff estimation utilized 2024 housing contribution rates, which reflect City policy that locks contribution rates to those current at the time of a project's Concept I submittal. Consistent with the above approach, by-right density, derived from the parcel's underlying OC zoning was calculated at a Tier I rate of $3.52/square foot for floor area up to 1.25 FAR, while floor area between 1.25 FAR and the project's 368,400 square foot "base" density was calculated on a Tier II, $7.29/square foot rate. Staff estimate a voluntary monetary contribution of $1,814,102.

**Staff Methodology**

Lot Area: 177,144 square feet
OC by-right residential floor area: 1.25 FAR

Tier I Floor Area: 177,144 sqft (lot area) * 1.25 FAR (by-right floor area) = 221,430 sqft
Tier I Contribution: 221,430 sqft (by-right) * 3.52/sqft (2024 $ Tier I) = $779,434
Tier II Floor Area: 368,400 sqft (CDD #4 "base" density) – 221,430 sqft (by-right/Tier I) = 146,970 sqft
Tier II Contribution: 146,970 sqft (Tier II floor area) * $7.04/sqft (2024 $ Tier II) = $1,034,669

**Total Staff-calculated Contribution:** $779,434 (Tier I) + $1,034,669 (Tier II) = **$1,814,102**

**Total Applicant-proposed Contribution: $1,344,660**

**Difference Between Applicant and Staff Calculations**

$1,814,102 (staff-estimated) – $1,344,660 (applicant-estimated) = **$469,442 difference**

The applicant disagrees with staff methodology and instead interprets "base" density as by-right, in which all floor area up to 368,400 square feet is considered under a Tier I contribution rate. Using this interpretation, the applicant estimates a voluntary monetary contribution of $1,344,660 based on a factor of $3.65/square foot (2025 Tier I rate).

**FISCAL IMPACT:** $1,344,660-$1,814,102 to the Housing Trust Fund

**ATTACHMENT:**

(1) Affordable Housing Plan for 4880 Mark Center Drive DSUP #2025-10007 dated March 31, 2025

**STAFF:**
Helen S. McIlvaine, Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

**4880 Mark Center Drive**
**Affordable Housing Plan**
**March 31st, 2025**

1.1 Project name and address

- **4880 Mark Center Drive**

1.2 Application number(s)

- **To be determined**

1.3 Brief description of the application and the proposed development program

**The Applicant proposes to construct a multi-unit building containing 402 units including one (1) affordable housing unit at 60% AMI.**

1.4 Requested zoning changes or waivers (if any)

- **A CDD Development Special Use Permit with Preliminary Site Plan.**
- **A Special Use Permit for a parking reduction.**

1.5 The Small Area Plan in which the project is located and a brief discussion of how relevant affordable housing goals and recommendations are being addressed by the AHP

**The project is located within the AlexWest Small Area Plan and shown as a Focus Area. The proposed project meets the Small Area Plan requirement that 10% of the increase in density beyond the base density be provided as on-site affordable housing.**

2. Description of the AHP to include:

2.1 Number, type (rental/for-sale), size (number of bedrooms), level of affordability (% of Area Median Income), and length of affordability of proposed affordable units

**The Applicant is proposing to provide a total of one (1) 2-bedroom affordable unit for rent at 60% AMI.**

2.2 General description of location of affordable units in the project

**The unit will be a 2-bedroom unit that is indistinguishable from the market rate units.**

2.3 Confirmation that residents of affordable units will have equal access to all amenities available to residents of market-rate units

**The residents of the affordable unit will have equal access to all private amenities available to future residents.**

2.4 Number, type (rental/for-sale), size (number of bedrooms), level of affordability (% of Area Median Income), and length of affordability of existing affordable units being demolished as part of redevelopment (if any)

**No affordable units are being demolished as part of this redevelopment.**

2.5 Brief discussion of tenant relocation plan approved by the Landlord-Tenant Relations Board (if applicable)

**N/A**

2.6 Description of the phasing of the project and any implications it may have on the delivery of units (if any)

**The multi-unit building will be constructed in a single phase and the affordable dwelling unit will be delivered at the same time as the market rate units.**

2.7 Description of any voluntary contributions to be made to the Housing Trust Fund in addition to the provision of affordable units (if any)

**The voluntary contribution based on the base residential density is $1,344,660.00.**

2.8 Any other information the applicant deems relevant to the AHP

**N/A**

# City of Alexandria, Virginia

MEMORANDUM

DATE: OCTOBER 15, 2025

TO: THE ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE

FROM: KENNY TURSCAK, URBAN PLANNER

SUBJECT: 2425 MILL ROAD (EISENHOWER EAST BLOCK THREE) AFFORDABLE HOUSING PLAN

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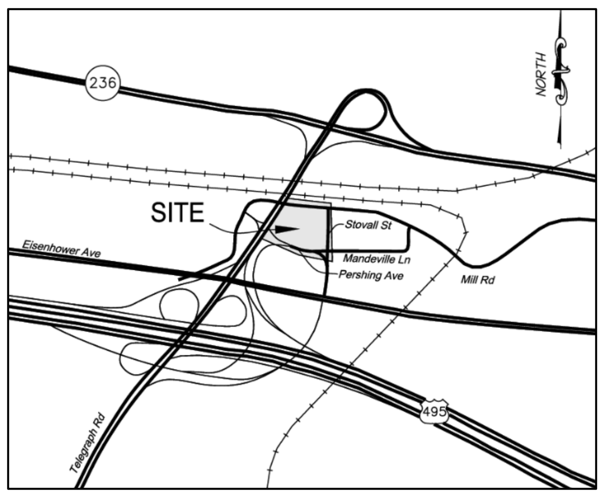
**ISSUE**: Consideration of the Affordable Housing Plan for 2425 Mill Road, Eisenhower East Block Three (DSUP #2025-10017)

**ACTION REQUESTED:** That the Committee review and vote on the associated Affordable Housing Plan (Attachment 1)

**BACKGROUND:** Eisenhower East Block Three is an approximately 3.1-acre site located within both the Eisenhower East Small Area Plan (EESAP) and CDD #2; the EESAP provides a general framework, including recommended land use, building height, and base density for each site. CDDs within the plan area typically contain more specific development parameters and are intended to encourage coordination and joint planning among multiple property owners.




To encourage the production of affordable housing within the plan area, the EESAP requires that developers provide ten percent of new residential development as affordable housing; "new" residential development is residential square footage above the 2003 Plan "base." Affordable rental housing will be provided to households with incomes at 60 percent of the Area Median Income (AMI) for 40 years, the City's standard level and term of affordability, respectively.

Additionally, the EESAP allows requests for a modification of the ten percent affordable housing requirement, which may only occur based on a detailed third-party financial analysis. Factors that may be considered in the analysis include unanticipated changes to the market and/or atypical site conditions impact project feasibility. In no case will the provision of affordable housing comprise less than five percent of new residential density.

The applicant proposes constructing an approximately 1.05 million net square foot mixed-use project featuring 767 units, 40,000 square feet of retail, and over 315,000 square feet of above grade parking. The project, which envisions a 362-foot tall, 32 story tower, will be the tallest building in the city. The applicant indicates the project would be operated as rental.

The project is seeking the following applications and modifications:

- Master Plan and CDD Concept Plan amendments to increase building height, transfer "base" density from Block Nine, and other modifications to support the approved plan;
- DSUP approval;
  - Modification of Section 6-403 for height of building in relation to centerline of street;
  - SUP per Zoning Ordinance Section 2-145(b)(9) to exclude the internal loading from floor area calculations; and
  - SUP to exceed the required retail and residential parking.

**<u>DISCUSSION</u>:** Following a density transfer which adds to the EESAP's permitted base density for the site, the applicant is seeking 348,023 net square feet in new residential density. Of this new residential density, ten percent—34,802 net square feet—must be provided as committed affordable floor area pursuant to EESAP recommendations, totaling 38 committed affordable units (CAUs). Below is the methodology calculating the required floor area and resulting units.

Permitted EESAP density for Block Three: 187,873 sqft

Density transfer from Block Nine to Block Three: 199,573 sqft
New residential density beyond permitted and transferred density: 348,023
Total proposed residential development: 695,469 sqft
Total proposed development: 1,051,143 sqft

Affordable housing floor area generated by "new" residential density: 348,023 * 10% = 34,802 sqft
Total number of residential units: 767
Average square feet per unit (including prorated common areas): 695,469 sqft / 767 units = 907 sqft/unit

Number of affordable units generated through "new" residential density: 34,802 sqft / 907 sqft/unit = 38.38 units

**<u>Proposed affordable units: 38 units</u>**

Citing construction cost trends and market changes since the EESAP was approved in 2020, the applicant has requested a modification of the ten percent affordable housing requirement to five percent of units at 60 percent AMI, totaling approximately 19 CAUs, and proposes 17 CAUs. The applicant and the City entered into an agreement to conduct a third-party analysis, which was completed by W-ZHA, a firm specializing in real estate advisory services.

Pursuant to the EESAP, the analysis examined if unanticipated changes to the market and/or atypical site conditions impact project feasibility; factors included construction material costs, secured overnight financing rates (SOFR), ten-year treasury bills, capitalization rates, rent growth, and others. Starting from a 2020 baseline, the analysis determined that several factors have met the threshold of unanticipated changes to the market and that a modification of the affordable housing contribution is justified.

The table below displays a range of scenarios from the project's anticipated 2029 opening and the following 1.5-year period during which the project is anticipated to stabilize. The X-axis (left to right) examines rent escalation scenarios ranging from a low of 2.3 percent to a high of 2.7 percent annually, and the Y-axis (top to bottom) examines unit scenarios ranging from five to ten percent of the new residential floor area. Additionally, the analysis examines a marbled and economic unit mix scenario; marbled CAUs would be provided proportionally relative to the overall unit mix, consistent with City policy, where an economic scenario would provide the least expensive units of each type.

Cells shaded green indicate the project is financially feasible and red cells indicate infeasible scenarios under these analysis conditions. Scenarios within the blue box indicate W-ZHA's best estimate of future conditions. Staff and applicant recommendations are also indicated below.

**Table: W-ZHA Analysis Findings & Conclusions**

**Applicant Recommendation**

| Project Returns<br>Annual Rent Escalation Up to Opening and During Operations | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Conservative | | Likely Proforma Assumptions | | | | Aggressive | |
| | 2.5% to Open/<br>2.3% Open | | 2.5% to Open/<br>2.5% Open | | 2.7% to Open/<br>2.5% Open | | 2.7% to Open/<br>2.7% Open | |
| **5% @ 60% AMI (19 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **6% @ 60% AMI (23 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **7% @ 60% AMI (27 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **8% @ 60% AMI (31 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **9% @ 60% AMI (35 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **10% @ 60% AMI (38 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | 6.35% | 14.4% | 6.37% | 14.7% | | | | |
| Economic | 6.37% | 14.7% | 6.39% | 14.9% | | | | |

**Staff Recommendation**

Based on the scenarios above, staff recommend a scenario in which eight percent of new residential development is provided at 60 percent AMI, totaling approximately 31 units. Staff find that this scenario, which is the highest financially feasible scenario with a marbled unit mix, is consistent with City policies including maximizing unit yield and providing set-aside units in a mix proportional to market rate units, while recognizing the findings of the analysis.

The applicant, citing uncertain market conditions, maintains a recommendation that five percent of new residential density, totaling approximately 19 units (proposed as 17 units), should be provided at 60 percent AMI. The applicant expresses openness to discussing an increase the voluntary contribution in exchange for fewer on-site affordable housing units.

Additionally, the applicant disagrees with staff methodology surrounding the voluntary monetary contribution. Consistent with City policy, by-right density, derived from the parcel's underlying OC zoning, was calculated at a Tier I rate of $3.52/square foot for floor area up to 1.25 FAR, while floor area between 1.25 FAR and the project's 387,446 square foot "base" density (including density transferred from Block Nine) was calculated on a Tier II, $7.29/square foot rate. Staff estimate a voluntary monetary contribution of $2,241,517.

**Staff Methodology**

Lot Area: 134,478 square feet
OC by-right residential floor area: 1.25 FAR

Tier I Floor Area: 134,478 sqft (lot area) * 1.25 FAR (by-right floor area) = 168,098 sqft
Tier I Contribution: 168,098 sqft (by-right) * 3.52/sqft (2024 $ Tier I) = $591,703
Tier II Floor Area: 387,446 sqft ("base" density) – 168,098 sqft (by-right/Tier I) = 219,349 sqft
Tier II Contribution: 219,349 sqft (Tier II floor area) * $7.04/sqft (2024 $ Tier II) = $1,544,213
Nonresidential contribution: 40,000 sqft (retail) * $2.64/sqft (2024 $Nonresidential) = $105,600

**Total Staff-calculated Contribution:** $591,703 (Tier I) + $1,544,213 (Tier II) + $105,600 (Nonresidential) = **$2,241,517**

**Total Applicant-proposed Contribution: $1,469,480**

**Difference Between Applicant and Staff Calculations**

$2,241,517 (staff-estimated) – $1,469,480 (applicant-proposed) = **$772,037 difference**

The applicant disagrees with staff methodology and instead interprets "base" density as by-right, in which all floor area up to 387,446 square feet is considered under a Tier I contribution rate. Using this interpretation, the applicant estimates a voluntary monetary contribution of $1,469,480 based on a factor of $3.65/square foot (2025 Tier I rate).

AHAAC received a development preview at the Committee's September 4, 2025 meeting. Discussion topics included general market conditions, application of and justification for the modification analysis policy, and methods through which conditions may address future market conditions.

**FISCAL IMPACT:** $1,469,480-$2,241,517 to the Housing Trust Fund

**ATTACHMENTS:**

(1) Affordable Housing Plan for 2425 Mill Road (Eisenhower East Block 3), DSUP #2025-10017, dated August 4, 2025
(2) W-ZHA Block 3 Affordable Housing Modification Analysis, dated July 2, 2025

**STAFF:**

Helen S. McIlvaine, Director, Office of Housing
Tamara Jovovic, Housing Program Manager, Office of Housing

Block 3, Affordable Housing Plan
August 4, 2025

The Applicant submits this affordable housing plan concurrent with the Completeness Development Special Use Permit ("DSUP") for a multifamily residential, mixed used building on the property known as Block 3 (the "Property"). The Property is bordered to the south by Pershing Avenue, Stovall Street to the east, Mill Road to the north and Telegraph Road to the west. The future development of the Property is guided by the Eisenhower East Small Area Plan ("EESAP"). A Coordinated Development District Concept Plan was approved by City Council in June 2024 (the "CDD").

The Property is approximately 134,478 square feet or 3.09 acres. The Applicant proposes in <u>gross square feet</u> a total 1,176,643 square foot building with approx. 767 residential units (and up to 775 units). The total net, zoning Floor Area is 695,469 square feet of residential use and 40,000 square feet of retail/commercial uses. In addition, the building includes an additional 315,674 square feet of above grade parking. The detailed floor area deductions and the breakdown of the number of studios, one bedroom and two-bedroom units are provided with the enclosed DSUP submission.

The EESAP and the CDD approval provide that all residential floor area requested above the 2003 CDD approval shall provide 10% of the increase as on-site affordable units. *See* 2024 CDD Condition #42. The CDD approval also permits a transfer of base density within the CDD between various blocks. *See* 2024 CDD Condition #13. The 2003 CDD approval allows for 187,873 square feet of density on the Property. Hoffman, the owner of Blocks 9 and 3, has agreed to transfer 199,573 square feet of 2003 base density from Block 9 to the Property. These two base density numbers equal 387,446 square feet of base density. The Applicant voluntarily proposes a base contribution for the residential floor area of $ 1,363,880 (387,466 X $3.52 = $1,363,880). The Applicant also voluntarily proposes a retail contribution of $105,600 (40,000 X $2.64 = $105,600). **Therefore, the total proposed voluntary monetary contribution is $1,469,480.**

Regarding on-site units, the Applicant is required under the CDD to provide 10% of affordable units for 308,023 square feet (695,469 sf proposed residential – 187,873 sf of base and – 199,573 of transferred density = 308,023 sf). The Applicant, however, is only able to provide 5% of this additional floor area as on-site units. With an average weighted unit size of 955 square feet, equating to **17 affordable units** (308,023 sf X .05 / 955 sf = 16.12 units). These units will be available at 60% AMI.

Pursuant to CDD Condition #42, the Applicant and City engaged a housing consultant to analyze the construction costs and revenue projections to determine the number of on-site affordable units the project can support. The housing analysis concurs with the above 17 units at 60% of AMI. This high-quality development will add Metro-accessible affordable housing to the City and adds both market-rate and affordable housing supporting the Metro-DC regional goal of increasing housing to meet unmet needs.

The Applicant is open to discussing an increase the voluntary contribution in exchange for fewer on-site affordable housing units.

W-ZHA, LLC

# Block 3 Affordable Housing Modification Analysis

July 2, 2025

# Project Overview

# Development Program

The project contains 767 units and 40,000 square feet of retail.

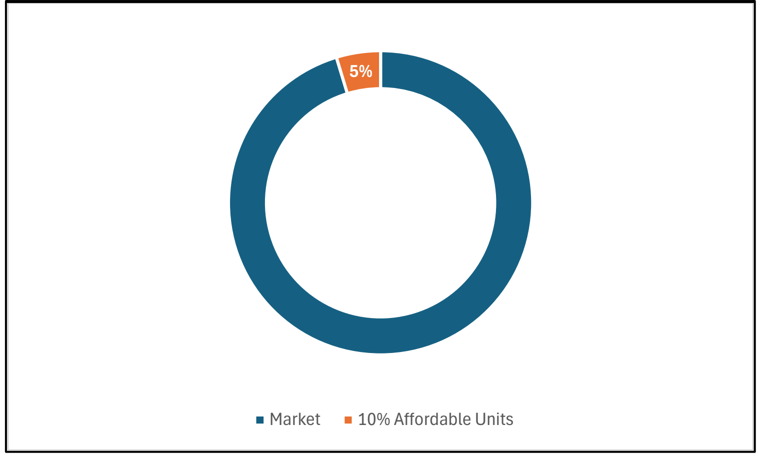
The 2020 EESAP requires that 10% of "new" residential development be set aside as affordable housing for households earning 60% of the area median income.

In the case of Block 3, "new" residential square feet are net of 2003 Plan "Base" square feet and transferred density.

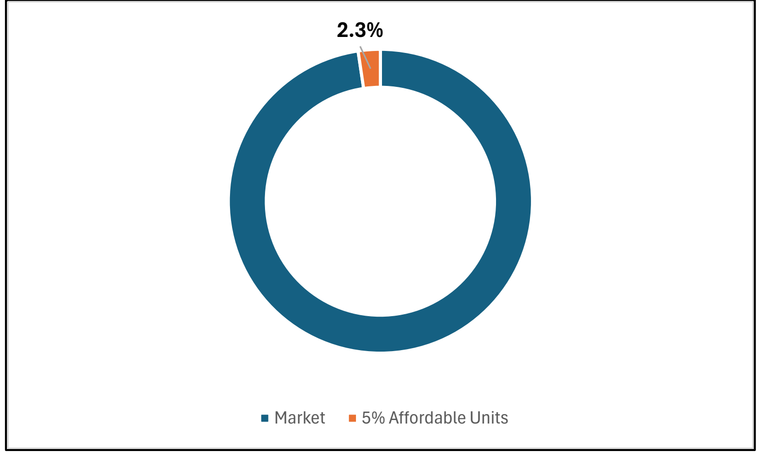
At the 10%, the Developer would need to develop 38 affordable units or approximately 5% of the total units.

At the 5%, the Developer would need to develop 19 affordable units or approximately 2.3% of the total units.

**Effective Share of Units @ 10% Affordable**




**Effective Share of Units @ 5% Affordable**



# Modification Request

Per the approved 2019 EESAP, affordable housing resulting from new residential development shall be affordable to households with incomes at 60% AMI. The EESAP allows for City Council to consider modifications to the 10% requirement at this level of affordability when there are unanticipated market changes that impact project feasibility. Factors include:

*Operations of income-producing uses and construction costs relative to rents and sales prices, beyond general trends*

The EESAP states that in no case will the affordable housing requirement be less than 5%.

The Developer is requesting that the 10% affordable housing requirement be reduced to 5% and that affordable AMI be increased from 60% to 80% given unanticipated changes in the market.

The modification provision applies to 60% AMI units only. The modification provision does not apply to units at 80% AMI (see Appendix for EESAP language).

# Study Purpose

This analysis answers the following questions:

Have there been unanticipated changes in the real estate market that impact project feasibility?

What affordable housing modification is reasonable given current and forecast market conditions and investment returns?

# Do Recent Market Dynamics Justify A Modification Request?

# Development Costs

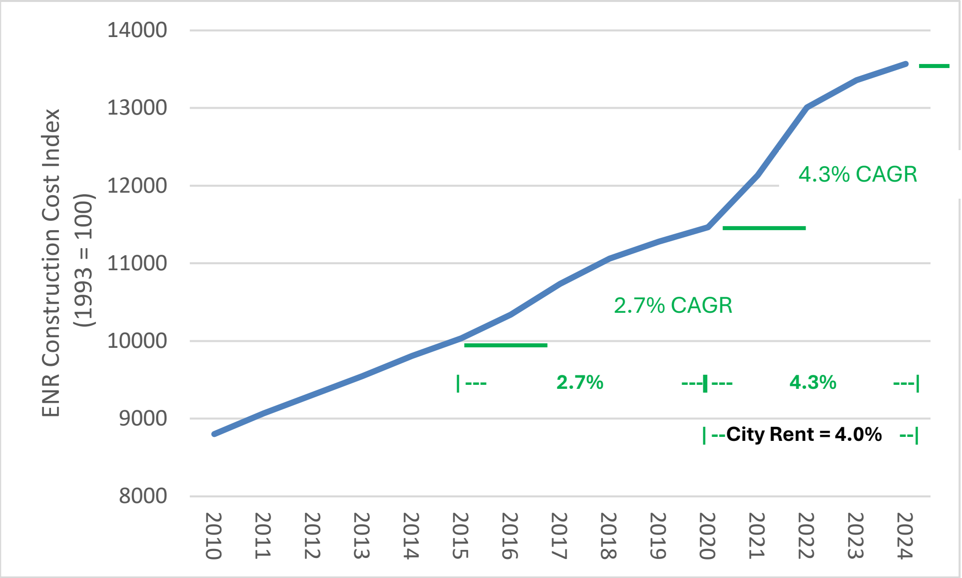
Development costs have increased beyond trend, particularly for buildings constructed with concrete.

Construction Cost

# Construction Cost

The ENR Construction Cost Index assumes a package of *all construction workers* and steel, wood, and concrete materials.

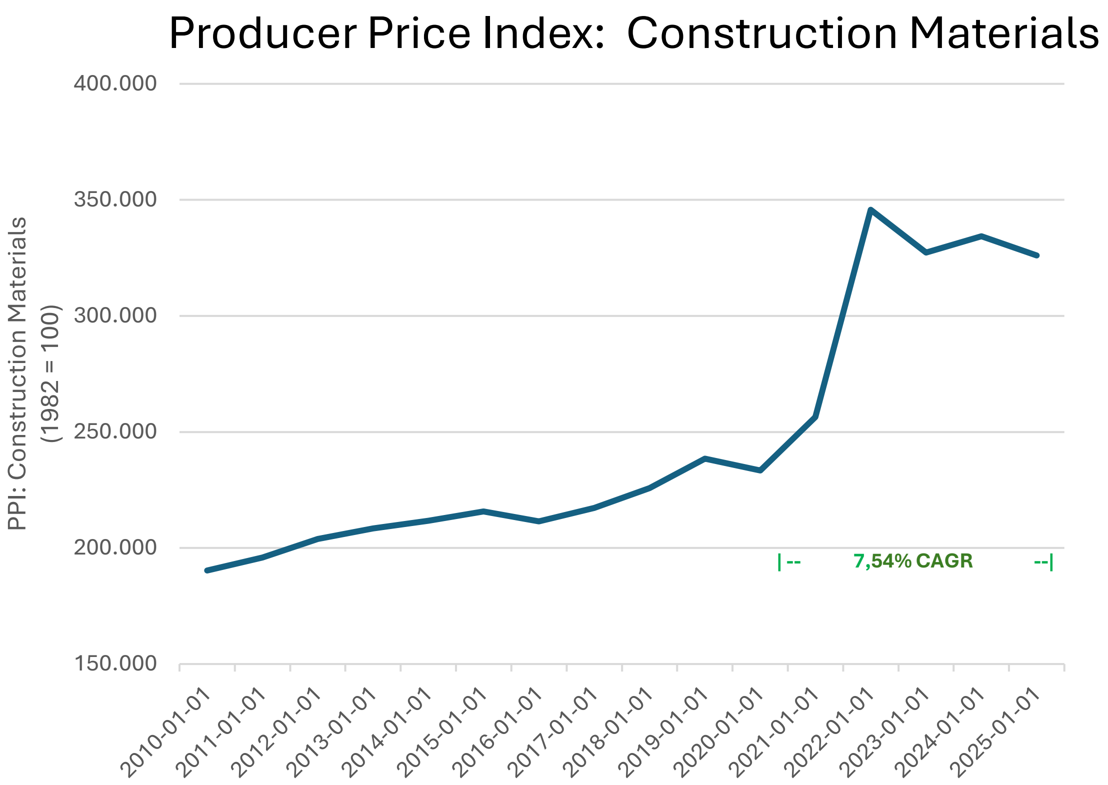
There has been an increase in construction costs since 2020 (4.3% compound average growth rate), but the average annual increase is not much more than the City's multi-family rent escalation (4.0%).



# Construction Material Costs

Material costs have contributed to increased construction costs.

Overall, construction material costs are beginning to decline.






Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

# Material Costs

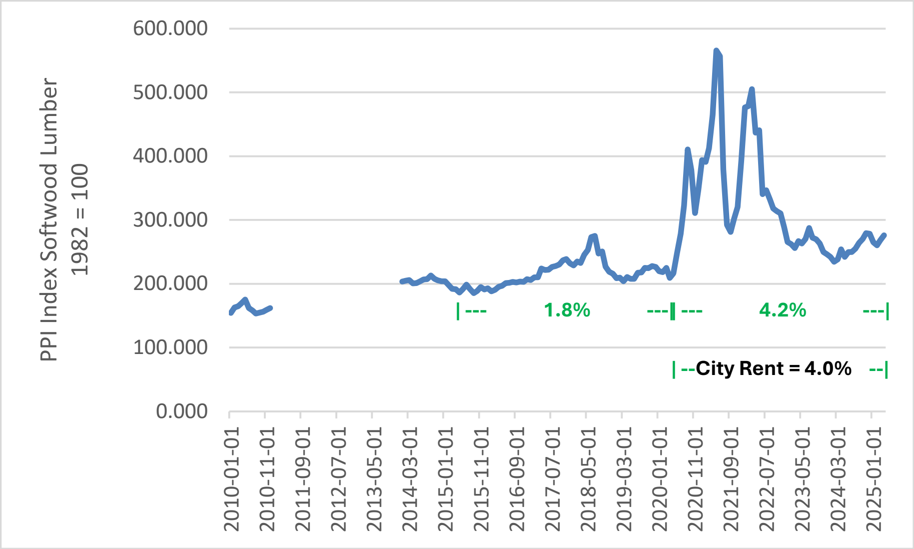
Not all material costs are the same, however.

Lumber prices increased from late 2020 to 2023, but have come back down. Soft Lumber's average 1st Quarter PPI index from 2020 to 2025 increased at a rate comparable to Alexandria's rents over this period.

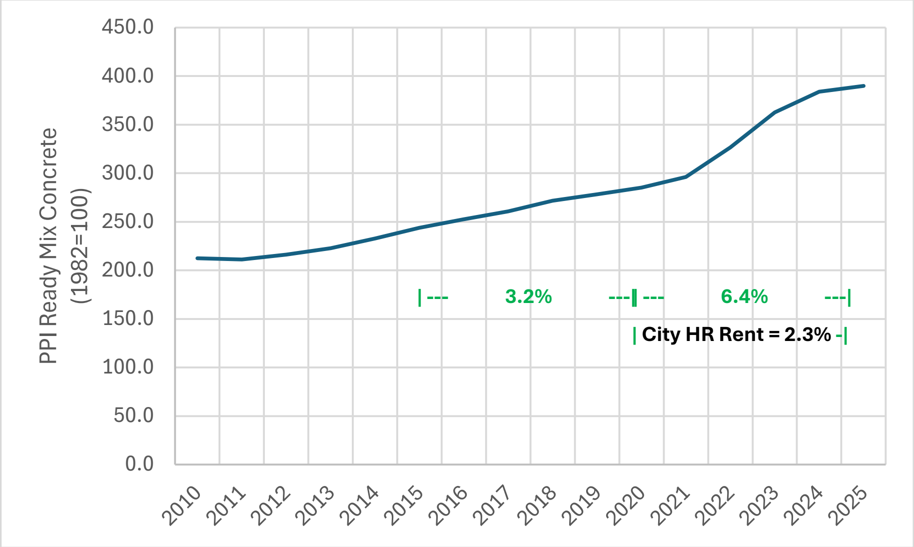
Concrete prices remain elevated. Ready mix concrete prices escalated at an average of 6.4% per year since 2020. Over this same period, rent among Alexandria newer high-rise projects escalated at an average rate of 2.3% per year.

The Block 3 project will be concrete.

**Producer Price Index: Soft Lumber**




**Producer Price Index: Ready Mix Concrete**




Source: Gordion Construction Cost Insights Report: Q2 2025

# Financing

Financing costs have increased beyond trend.

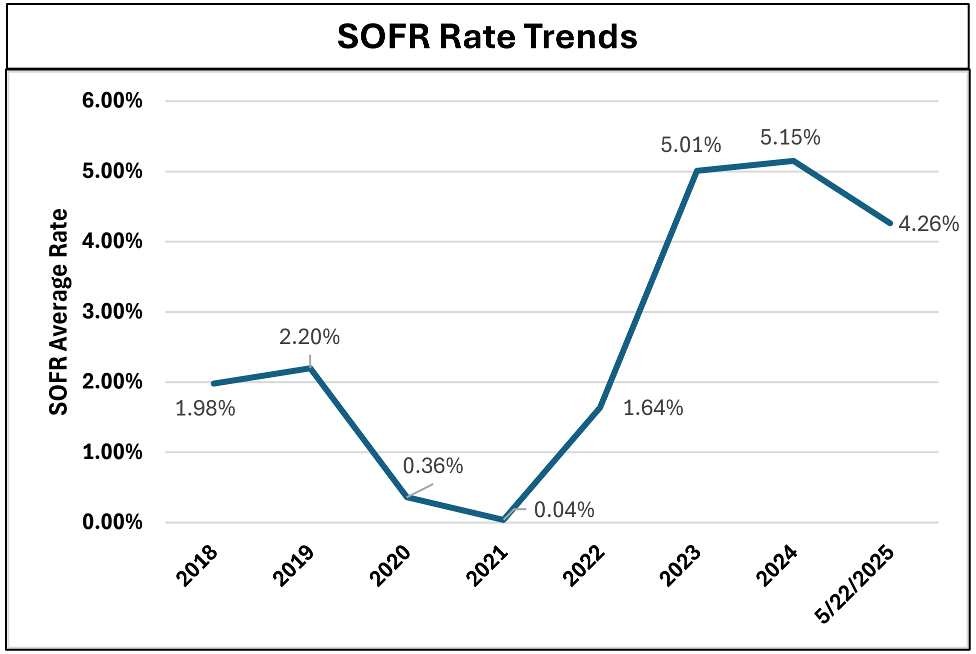
# Secured Overnight Financing Rate (SOFR)

SOFR was introduced in 2018 as a better alternative to the LIBOR.

Construction loan interest rates are pinned to the SOFR rate. The construction loan rate is the SOFR rate, plus a spread. Since 2021, the SOFR rate has increased significantly.

Construction financing has changed a lot as interest rates have increased. Low interest rates made the risk of a project not getting a permanent loan low. Therefore, construction loan-to-cost ratios were 70% to 80%. In today's higher interest environment, construction loan-to-cost ratios are much lower (50% to 60%). As such, more equity is required to do a project, which adds risk.

The increase in SOFR translates into higher construction interest costs. Higher construction interest is particularly costly on larger projects, where the construction term may be twice as long (32 months) as that of a smaller project (16 months), and the time to rent stabilization may be longer.



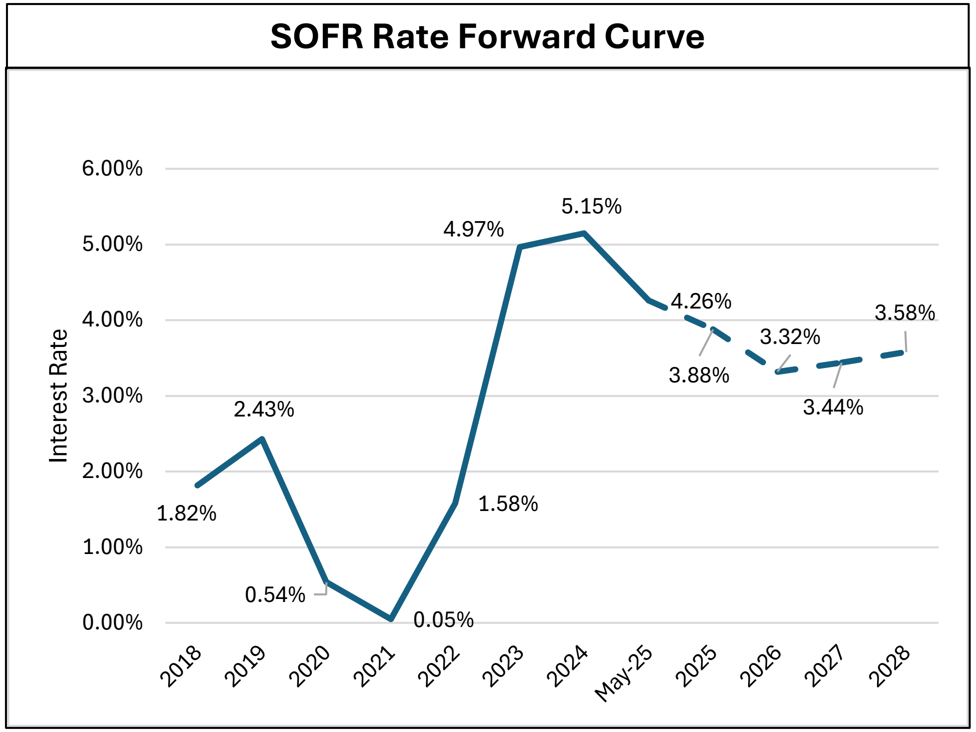

Source: New York Fed SOFR Historical Rates, Federal Reserve Economic Data (FRED)

# SOFR Forward Curve

Borrowers and lenders frequently use the forward curve as a component of interest rate projections for sizing interest reserves and for budgeting interest expense for floating-rate debt.

This is a forward curve from Chatham Financial, a recognized financial management consultancy.

SOFR futures indicate lower rates when the project goes to construction (2027), but still elevated.



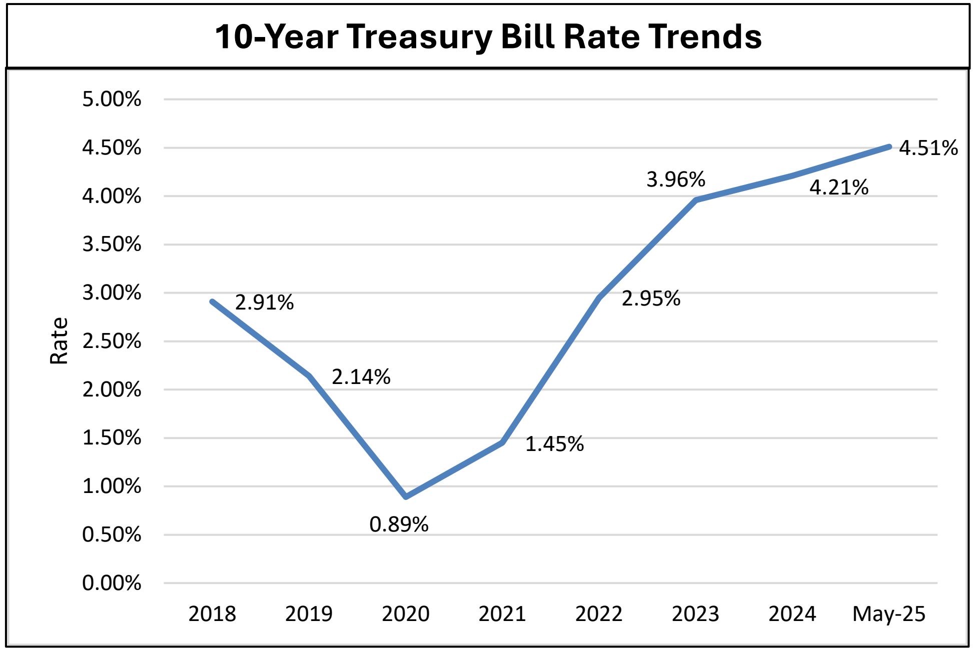

Source: Chatham Financial, SOFR Forward Curve (June 26,2025)

# 10-Year Treasury Bills

Permanent fixed-rate loans are typically pinned to the 10-Year Treasury rate. On March 23, 2025 the 10-Year Treasury yield was 4.51%.

A permanent loan's interest rate is typically the 10-Year Treasury Yield, plus a spread.

With the same net operating income, a higher interest rate will leverage less debt, increasing the equity required to develop the project. With all else equal, this will reduce investment returns.




Source: www.macrotrends.net/2016/10-year-treasury-bond-rate-yield-chart

W-ZHA, LLC

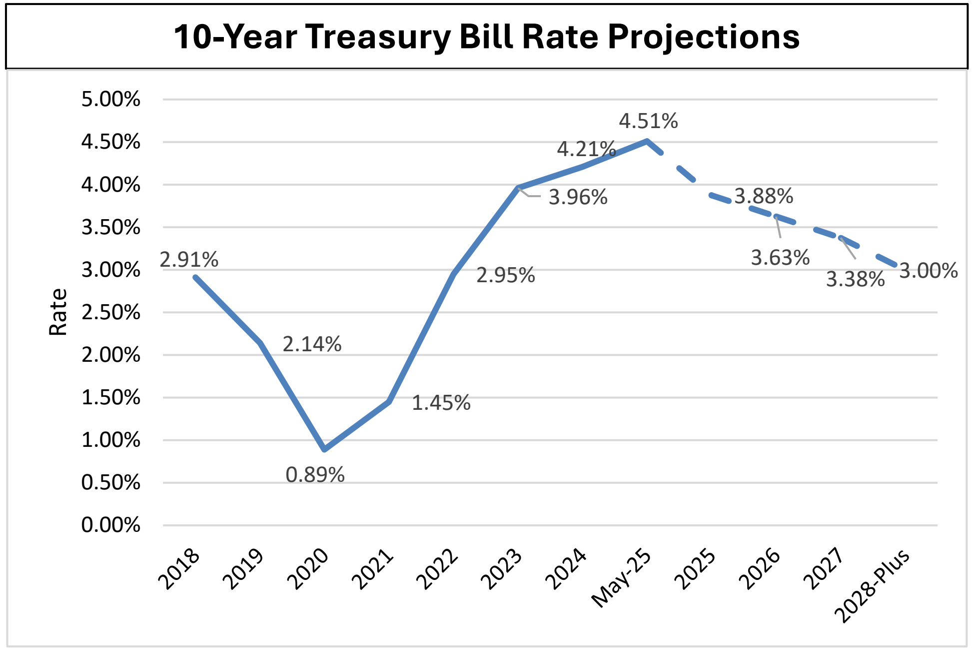
# 10-Year Treasury Median FOMC Member Projection

Each Federal Open Market System (FOMC) Governor indicates their view of the midpoint of the appropriate target range of the federal funds rate at the end of each of the next 3 years and over the long run.

The data in the graph indicate the FOMC median for the end of 2025 (3.88%), 2026 (3.63%), and 2027 (3.38%), and the long term (3%).

The FOMC Governors expect the 10-Year Treasury Bill rate to decline over the next 3 years.

The project will likely be refinanced in 2031, when the 10-Year Treasury may be 150 basis points (1.5%) lower.




Source: Chatham Financial, “Fed Dot Plot”

# Capitalization Rates

According to a recent CBRE Multi-Family Buyer & Seller Sentiment Survey (1 Quarter 2025), Going-In Cap Rates in the Washington, DC Metro market, were 4.75% to 5.25%.

The "Going-In" Cap Rate is a snapshot metric used to evaluate real estate investment returns. This metric typically applies to existing projects with an operating history.

When assessing the financial performance of a potential project, a spread is applied to the Going-In Cap Rate to account for risk. This spread is typically 125 to 150 basis points.

This means yield-on-cost in the Washington, DC area market would range from 6% to 6.75%.

Figure 4: Underwriting Assumptions for Core & Value-Add Multifamily Assets by Market, Q1 2025

| Market | Average Annual Rent Growth Underwriting First 3 Years (%) | | Unlevered IRR Target (%) | | Going-in Cap Rate (%) | | Exit Cap Rate (%) | |
|---|---|---|---|---|---|---|---|---|
| | Core | Value-Add | Core | Value-Add | Core | Value-Add | Core | Value-Add |
| Atlanta | 1.0 - 3.0 | 2.0 - 3.5 | 7.50 - 9.00 | 9.00 - 11.00 | 4.60 - 5.35 | 5.00 - 5.50 | 4.75 - 5.25 | 5.00 - 5.50 |
| Austin | 2.0 | 3.0 | 6.00 - 6.75 | 8.00 - 10.00 | 4.25 - 5.00 | 4.5 - 5.0 | 4.50 - 5.00 | 4.75 - 5.25 |
| Boston | 3.5 | 4.5 | 7.00 | 8.00 | 4.25 - 4.50 | 4.50 - 4.75 | 4.50 - 4.75 | 4.75 - 5.00 |
| Charlotte | 2.7 | 3.0 | 8.50 | 9.25 | 4.75 | 5.25 | 5.00 | 5.50 |
| Chicago | 4.0 | 4.0 | 8.00 - 8.50 | 8.50 - 9.00 | 5.50 - 5.75 | 5.50 - 5.75 | 5.00 - 5.25 | 5.25 - 5.50 |
| Dallas | 2.0 | 2.5 | 7.50 - 8.75 | 10.50 | 4.50 - 5.00 | 5.25 | 5.00 - 5.25 | 5.50 |
| Denver | 2.5 | 3.0 | 7.50 - 8.50 | 11.00 | 4.50 - 5.00 | 5.25 - 5.75 | 5.00 - 5.15 | 5.50 - 5.75 |
| Houston | 3.0 | 3.0 | 6.75 - 7.25 | 9.50 - 11.50 | 5.00 - 5.25 | 5.75 - 6.25 | 5.25 - 5.50 | 6.25 - 6.50 |
| Indianapolis | 3.0 | 3.0 | 7.50 - 8.00 | 9.50 - 10.00 | 5.25 - 5.75 | 6.00 - 6.50 | 5.75 | 6.50 |
| Los Angeles | 2.75 - 3.0 | 2.5 - 3.0 | 7.50 - 8.00 | 13.50 | 4.40 - 4.75 | 5.25 - 5.50 | 5.00 | 5.25 - 5.50 |
| Miami | 3.0 | 3.0 | 7.50 - 8.25 | 8.50 - 9.00 | 4.60 - 4.85 | 4.85 - 5.25 | 4.75 - 5.00 | 5.00 - 5.25 |
| Nashville | 2.0 | 3.0 | 7.00 - 8.50 | 9.00 - 11.00 | 4.50 - 5.00 | 5.25 - 5.75 | 4.75 - 5.25 | 5.00 - 5.50 |
| New York | 3.0 | 3.5 - 5.0 | 7.00 - 7.50 | 8.50 - 10.00 | 4.75 - 5.00 | 4.50 - 5.75 | 4.75 - 5.00 | 5.00 - 5.25 |
| Philadelphia | 3.0 | 2.5 - 3.0 | 7.00 - 8.00 | 8.25 - 9.25 | 5.00 - 5.50 | 5.00 - 6.00 | 5.00 - 5.50 | 5.25 - 5.75 |
| Phoenix | 0.0 - 4.0 | 0.0 - 3.0 | 7.00 - 8.00 | 7.50 - 10.00 | 4.25 - 4.75 | 5.00 - 5.75 | 4.50 - 5.00 | 5.00 - 5.75 |
| San Francisco | 1.5 - 2.5 | 1.5 - 3.0 | 7.00 - 8.00 | * | 4.50 - 5.00 | 4.50 - 5.00 | 4.75 - 5.25 | 4.65 - 5.15 |
| Seattle | 4.0 | 4.0 | 7.00 - 7.50 | 10.00 | 4.50 | 5.00 | 4.75 | 5.25 |
| Tampa | 3.0 | 3.0 | 8.50 | 18.00 | 5.00 | 6.25 | 5.25 | 6.25 |
| Washington, D.C. | 3.0 | 3.0 | 6.00 - 6.75 | 8.00 - 8.50 | 4.75 - 5.25 | 5.25 - 5.75 | 5.00 - 5.50 | 5.50 - 5.75 |
| **Average** | **2.7** | **3.1** | **7.58** | **9.81** | **4.83** | **5.32** | **5.01** | **5.42** |

*Unreported

Note: Estimates are based on the expert opinion of local CBRE investment professionals.

# Yield On Cost in 2021

In the 2nd half of 2021, the DC market cap rate was 3.75% to 4.25%.

Then, a bankable yield-on-cost was between 5% and 5.5%, well below what it is today.

## 2021 Capitalization Rates

East

| Market | Class A Stabilized H1 2021 | Class A Stabilized H2 2021 | Class A Value-add H1 2021 | Class A Value-add H2 2021 |
|---|---|---|---|---|
| Baltimore | 4.5% - 4.75% | 4.25% - 4.5% | 6% - 6.25% | 5.5% - 5.75% |
| Boston | 3.25% - 3.75% | 3% - 3.5% | 4% - 4.5% | 3.75% - 4.25% |
| NY: N. New Jersey | 4% - 4.5% | 4% - 4.5% | 4.5% - 5% | 4.5% - 5% |
| NY: New York City | 4.5% - 5% | 4% - 4.75% | 5.5% - 6% | 5% - 5.75% |
| NY: Fairfield County, CT | 4% - 4.5% | 4% - 4.5% | 4.5% - 5% | 4.25% - 4.75% |
| Philadelphia | 4.75% - 5.25% | 4.5% - 4.75% | 5.5% - 6.5% | 4.75% - 5.25% |
| Pittsburgh | 4.75% - 5.25% | 4.5% - 5% | 5.5% - 6% | - |
| Washington, D.C. | 3.75% - 4.25% | 3.75% - 4.25% | 4.75% - 5.25% | 4.75% - 5.25% |

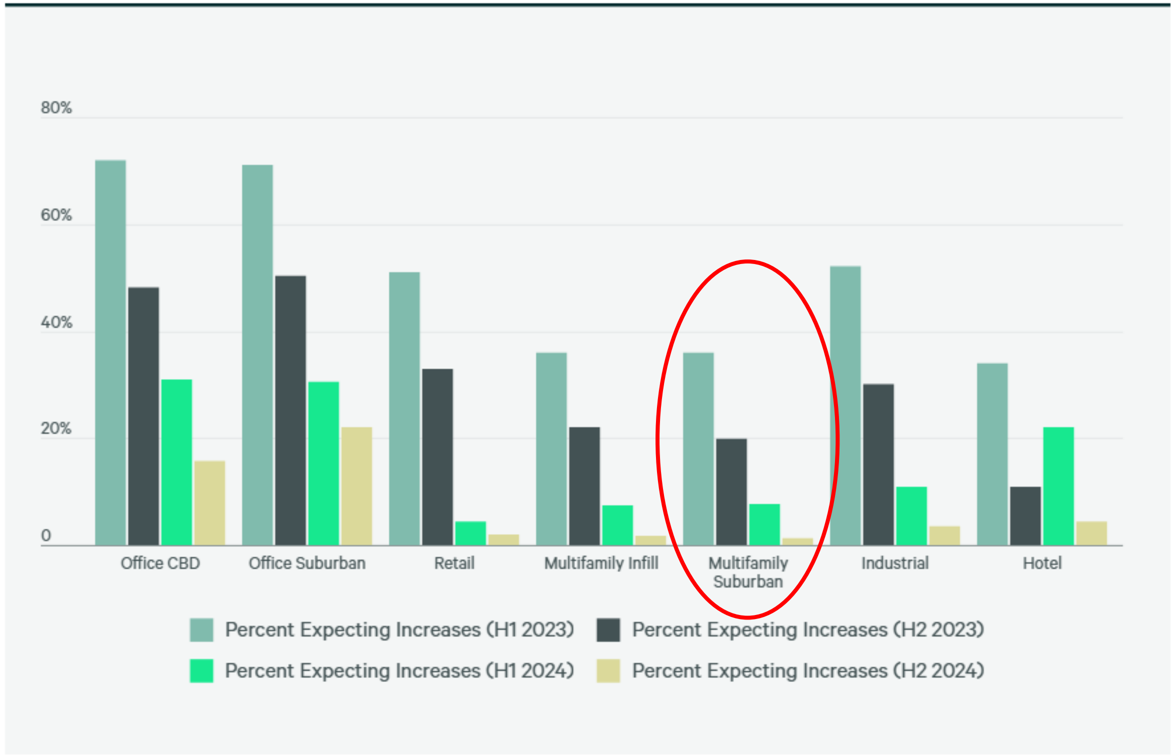
Source: CBRE Research, H2 2021.

# Yield On Cost Forecast

According to CBRE's Cap Rate Survey (2nd Half 2024), very few investors anticipate a cap rate increase in the next 6 months.

The report notes the most common response was "No Change".

Figure 2: Share of Respondents Who Think Yields Will Increase During the Next Six Months by CRS Vintage



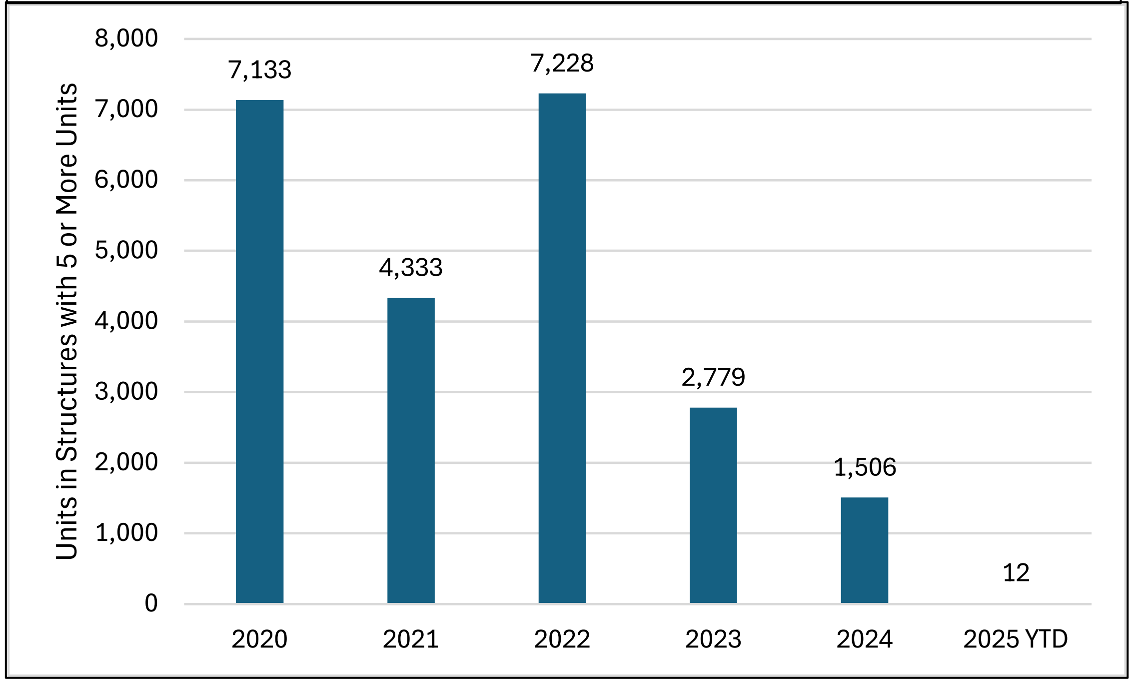

Source: CBRE Econometric Advisors.

# Construction Activity

*"2024 was a year when new apartment construction activity slowed considerably as high interest rates and construction costs made development not viable for many planned projects."*

From DC Development Report, 2024/25

**Washington, DC Building Permits – Residential 5+ Units**




Source: US Census

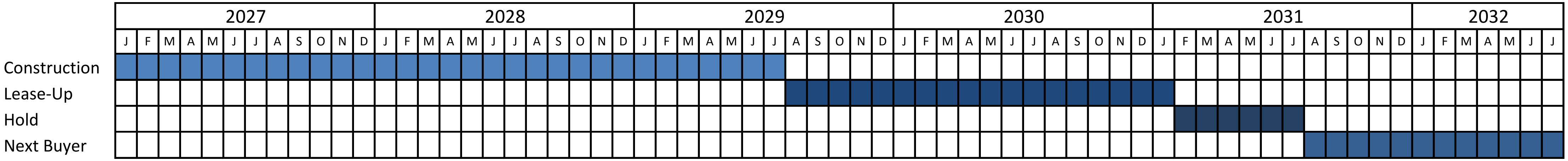
# Conclusion - Do Recent Market Dynamics Justify A Modification Request?

Yes, unanticipated changes in the market justify a review of the 10% affordability requirement.

# What affordable housing modification is reasonable given current and forecast market conditions and investment returns?

# Project Schedule

Construction in 2027, 2 years, 7 months.
Project to open in August 2029 and take 1.5 years to hit stabilized occupancy.
Project will be refinanced/sold 6 months after stabilized occupancy.



# Market Rental Rates – High-Rise 20-Plus Stories

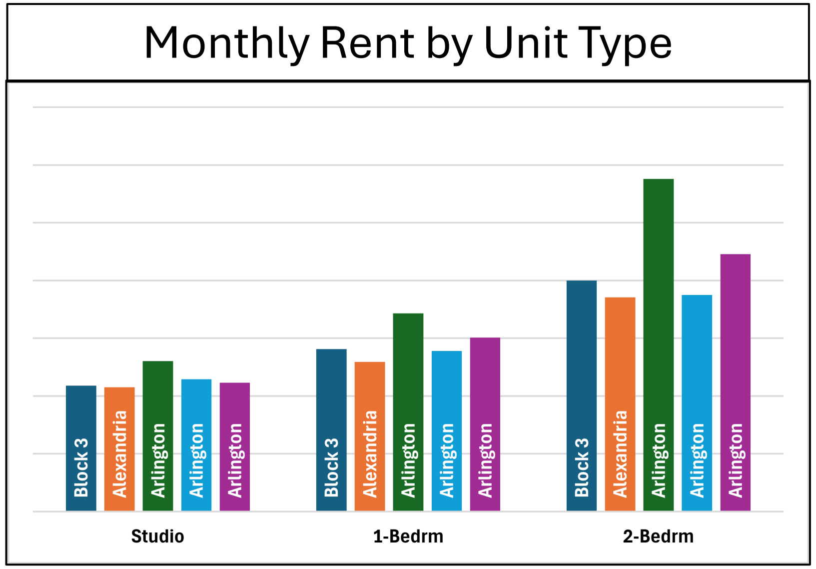
This is a sample of projects over 20 stories in Alexandria and Arlington.

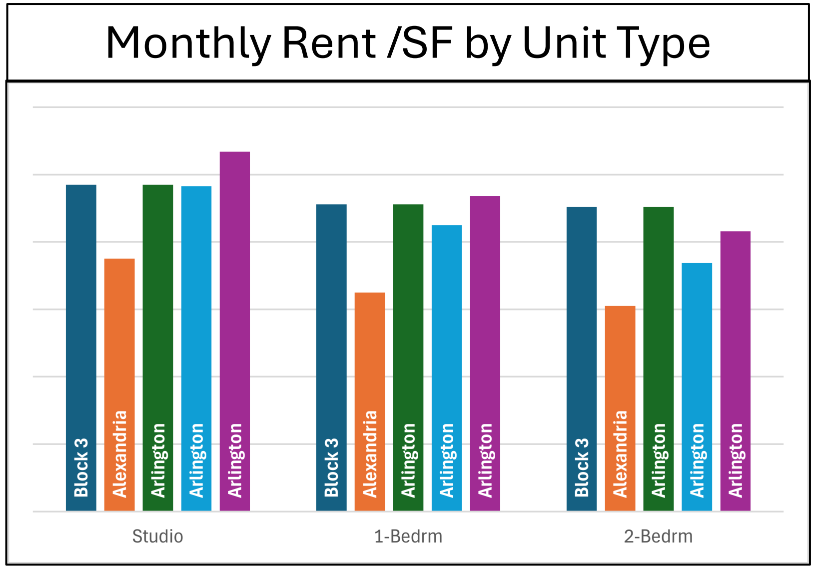
The rental rates have been eliminated for confidentiality purposes.

Proforma rents are comparable to high-rise (20-plus stories) projects in Arlington and higher than Alexandria's high-rise project.  Two other high-rise projects in Arlington have higher rents.

On a per-square-foot basis, Block 3 proforma rents are higher than the Alexandria high-rise and comparable to Arlington high-rise projects.

Block 3's overall 2025 rents are reasonable.



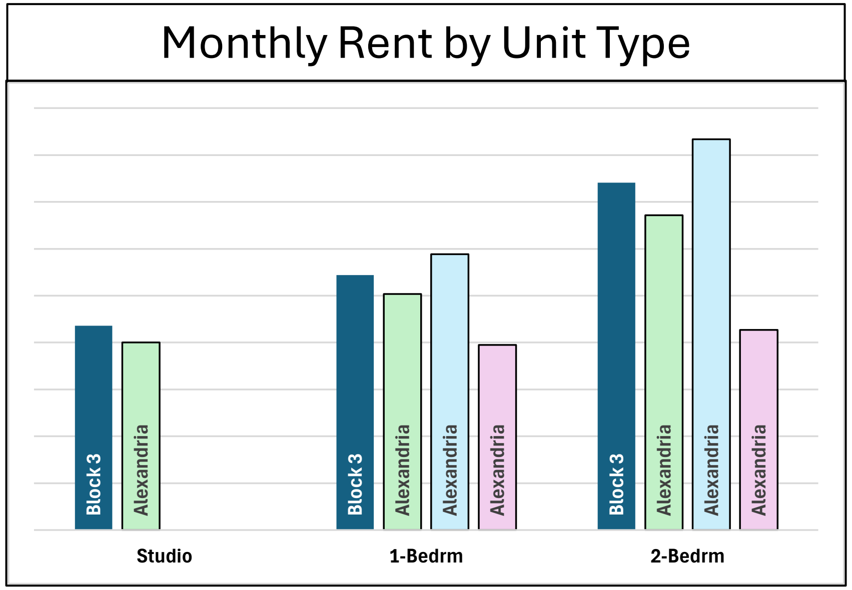
# Market Rental Rates – Block 3 Lower Levels & Mid-Rise Comparable Projects

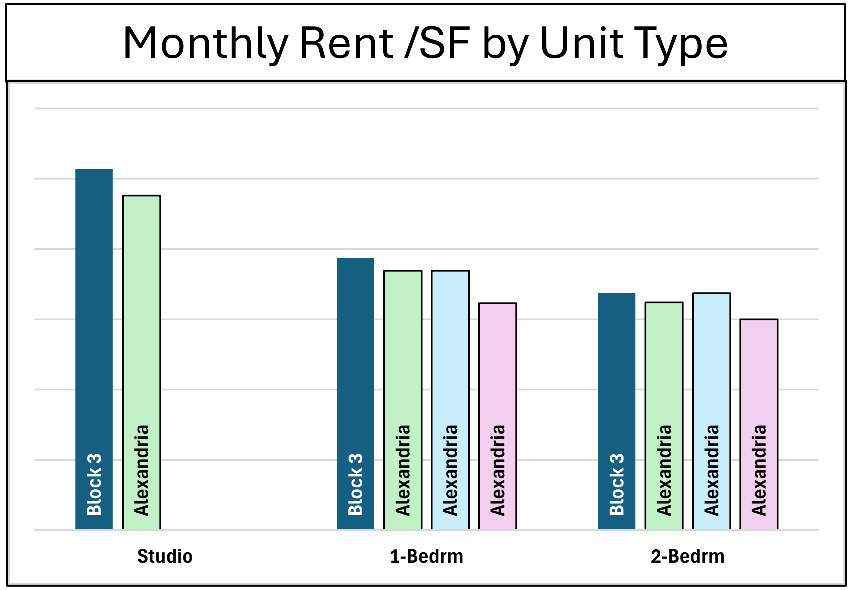
In this case, rents on the lower levels of Block 3 (stories 6 - 18) are compared to rents at Alexandria projects over 12 stories and under 20 stories.

The rental rates have been eliminated for confidentiality purposes.

Block 3 per square foot monthly rent is higher than the other Alexandria properties.

Block 3's lower-level rents 2025 are reasonable.



# Development Costs

Hard costs are within 7% of Marshall & Swift's cost estimating software for a 26-story reinforced concrete apartment building of excellent quality.

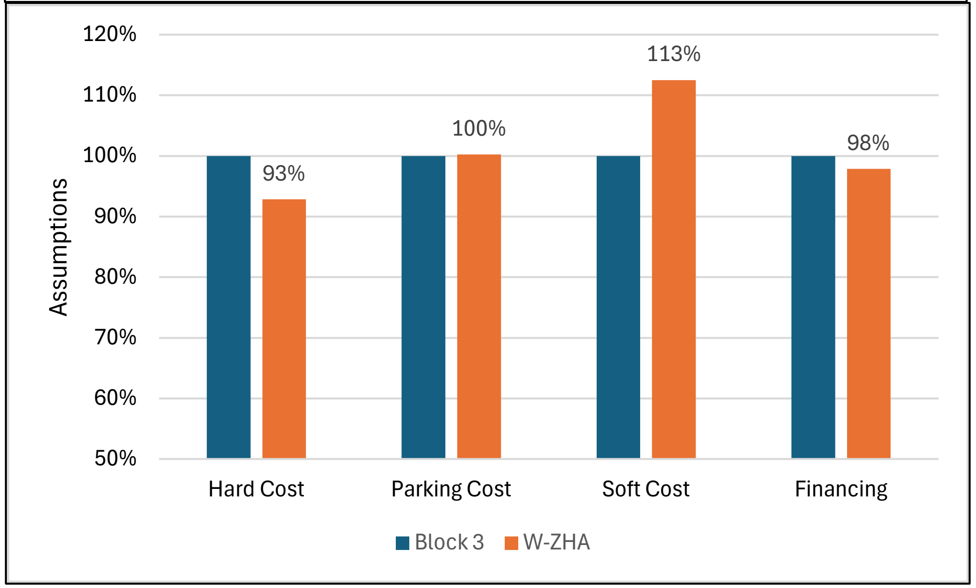
Garage cost per space is reasonable.

Soft costs as a percentage of hard cost are reasonable.

Financing costs are reasonable.

Block 3's development cost is reasonable.

W-ZHA Cost Assumptions vs Block 3 Proforma



# Financial Assumptions

- The Developer's construction loan interest rate anticipates a decline in SOFR, but not to the level indicated in Chatham Financial's Forward Curve (3.44% in 2027). The spread assumed by the Developer is reasonable (275 bps).
- The residual capitalization rate assumptions for residential and retail are within the range provided by the City's Department of Real Estate.

# Developer Proforma Rent Escalation

The Developer's rent escalates at 2% per annum until a year before the Project opens, then it stops escalating.

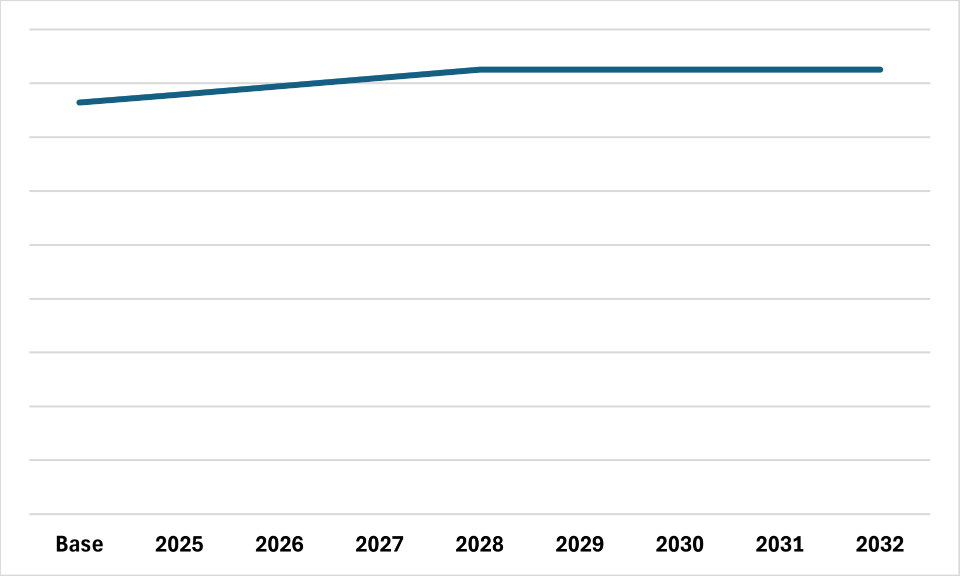
The rent does not escalate through lease-up or the hold period.

Given these assumptions, from 2025 to 2034, the rent's compound average annual growth rate (CAGR) is 1.04%.

The same pattern exists for other income and operating expenses.

Conclusion: Failure to escalate during operations results in a lower Internal Rate of Return on Equity. IRR is typically computed on current dollars. The proforma underestimates IRR.

Proforma Rent Escalation



# Affordable Rent

2025 affordable rents by unit size were applied for households earning 60% of area median income.

The Developer deducted $100 per month for utilities, which is lower than the City allowance.

This analysis applies the City's utility allowance to determine affordable unit monthly rent.

**Affordable Rents by Unit Type**
**VA Housing Utilities**
**2025 Affordable Rents**

| **60% AMI** | 1-Person | 2-Person | 3-Person |
|---|---|---|---|
| 60% AMI | $68,880 | $78,720 | $88,560 |
| Annual Housing Expense @ 30% of Income | $20,664 | $23,616 | $26,568 |
| Monthly Rent Including Utilities | $1,722 | $1,968 | $2,214 |
| | Studio | 1-Bedrm [1] | 2 Bedrm [2] |
| Monthly Rent Including Utilities | $1,722 | $1,845 | $2,214 |
| Less: Utilities | ($125) | ($165) | ($205) |
| Monthly Rent: W/Out Utilities | $1,597 | $1,680 | $2,009 |

1. 1-bedroom rent assumes half of the units are occupied by a 1-person household and half are occupied by a 2-person household.
2. 2-bedroom rent assumes the unit is occupied by a 3-person household.

Source: City of Alexandria; W-ZHA
F:\8000s, misc\83082 EE Blk 3\[Affordable Rent WZHA Worksheet.xlsx]Sheet1

W-ZHA, LLC

# Judgement Calls

# What is a Reasonable Yield-On-Cost Threshold for Block 3?

- Cap Rate (4.75 – 5.25 CBRE DC Market) + 125-150 BPs – 6.00% - 6.75%
- Cap Rate (5% City Real Estate) + 125-150 BPs – 6.25% - 6.5%
- JLL "State of U.S. Multi-Family Housing Development: May 2025" – DC Market Cap Rate 6.25% - 6.75%
- Interview with Experienced National Developer – 6.5%

**Conclusion: Block 3 is risky because high-rise construction is expensive; there is a long lead time to hit the market; and it will need to absorb 767 units. A Yield-on-Cost of 6.5% is the consensus nationally. Because the Alexandria market has below-average capitalization rates (less risky), W-ZHA assumed a minimum Yield-on-Cost of 6.45%.**

# What is a Reasonable Assumption for Rent Escalation?

W-ZHA, LLC

CBRE Outlook Report: Multi-Family: 1st Qtr. 2025:

> *By mid-2025 multifamily construction starts are expected to be 74% below their 2021 peak, 30% below their pre-pandemic average. As the construction pipeline shrinks, strong renter demand will lower the vacancy rate and precipitate above-average rent growth in 2026.*

There is consensus within real estate broker reports that the Washington Metro economy will continue to be strong (despite Federal policies) and that delivery slowdowns will contribute to future rent escalation.

# Supply & Effective Rent
# All Multi-Family Units
# City of Alexandria

This sample includes all multi-family units in Alexandria. *There is more room for rent escalation among older, more affordable apartment projects.*

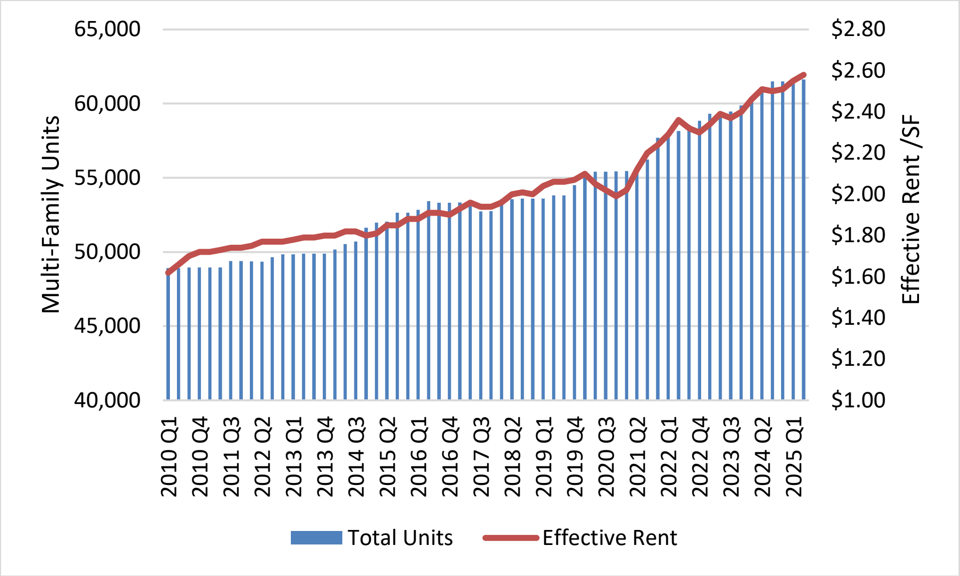
Multi-tenant supply increased by:

- 6.2% between 2010 and 2015 (avg 610 units /yr)
- 6.6% between 2015 and 2020 (avg 690 units /yr)
- 11% between 2020 and 2025 1st Qtr (avg 1,216 unit /yr)

Rents declined in response to supply surge in 2020.

Otherwise, rents have increased as supply has increased.

Among all multi-family units in Alexandria, rents have increased by over 3% per year for the last 15 years and by 4% over the last 5 years.




**Effective Rent CAGR**
**Alexandria All Units**

| 1st Qtr | CAGR |
|---|---|
| 2010 - 2025 | 3.1% |
| 2015 -2025 | 3.5% |
| 2020-2025 | 4.0% |

Source: Community Scale, Co-Star; W-ZHA

F:\8000s, misc\83082 EE Blk 3\Co-Star\[Alexandria - All units - compiled.xlsx]Table Effect

# Supply & Effective Rent
# High-Rise Buildings
# City of Alexandria

This sample includes *all* high-rise buildings in Alexandria, so it is a mix of old and new buildings. *There is more room for rent escalation among older, more affordable apartment projects.*

Multi-tenant high-rise supply :

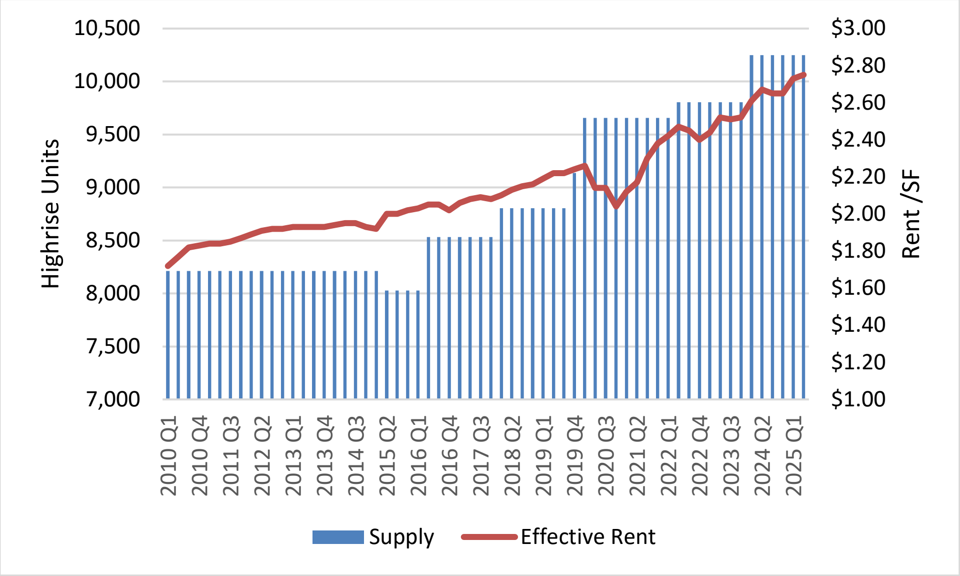
Decreased between 2010 and 2015

Increased by 17.6% between 2015 and 2020 (avg 289 units /yr)

Increased by 6.1% between 2020 and 2025 1st Qtr (avg 119 /yr)

Effective rents have escalated despite the increase in high-rise supply.

With a mix of older and newer high-rise buildings, rents have increased by over 3% per year over the last 15 years, and 3.9% over the last 5 years.




**Effective Rent CAGR**
**Alexandria Highrise Units**

| 1st Qtr | CAGR |
|---|---|
| 2010 - 2025 | 3.1% |
| 2015 -2025 | 3.7% |
| 2020-2025 | 3.9% |

Source: Community Scale, Co-Star; W-ZHA

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# Supply & Effective Rent Comparable High-Rise Buildings Arlington & City of Alexandria

This is an eight-property sample of comparable high-rise projects.

Arlington's existing high-rise supply comparable to the Block 3 project consists of:

- Cortland Rosslyn
- J Sol
- The Earl
- The Commodore

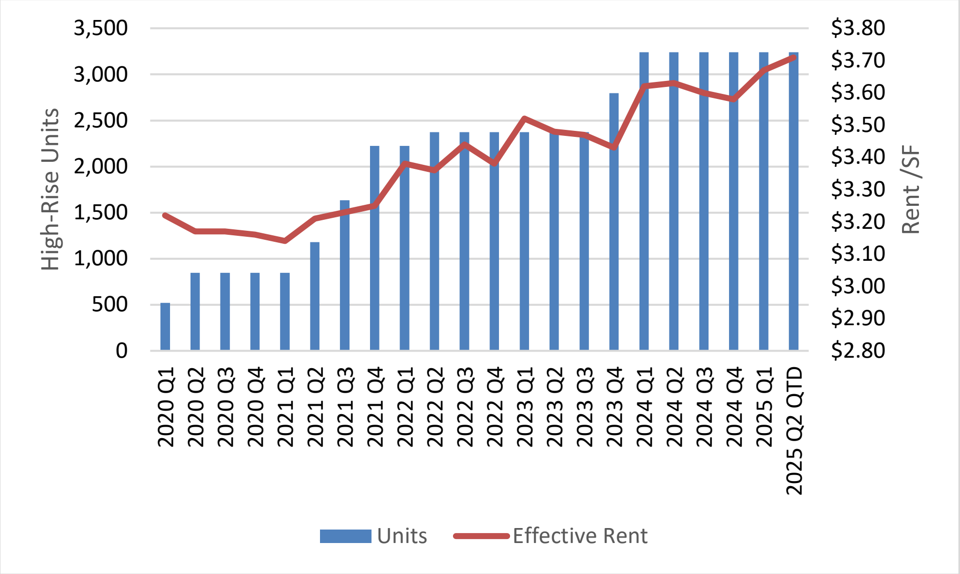
Alexandria's existing high-rise supply comparable to the Block 3 project consists of:

- Dylan & Reese
- Easton
- The Foundry
- Meridian 2250 at Eisenhower Station

The supply grew by an average of 544 units per year. The 2025 1st Qtr vacancy rate among these buildings was 5.49%.

All these buildings opened within the last 5 years, so the compound average annual growth rate incorporates lease-up years.

Rents have escalated by 2.7% per year over the last 5 years among comparable high-rises in Arlington and Alexandria.




**Effective Rent CAGR**
**Comparable High-Rise Bldgs**
**Alexandria & Arlington**

| 1st Qtr | CAGR |
|---|---|
| 2010 - 2025 | NA |
| 2015 -2025 | NA |
| 2020-2025 | 2.7% |

Source: Community Scale, Co-Star; W-ZHA
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# Supply & Effective Rent Comparable High-Rise Buildings City of Alexandria

The existing high-rise supply comparable to the Block 3 project consists of:

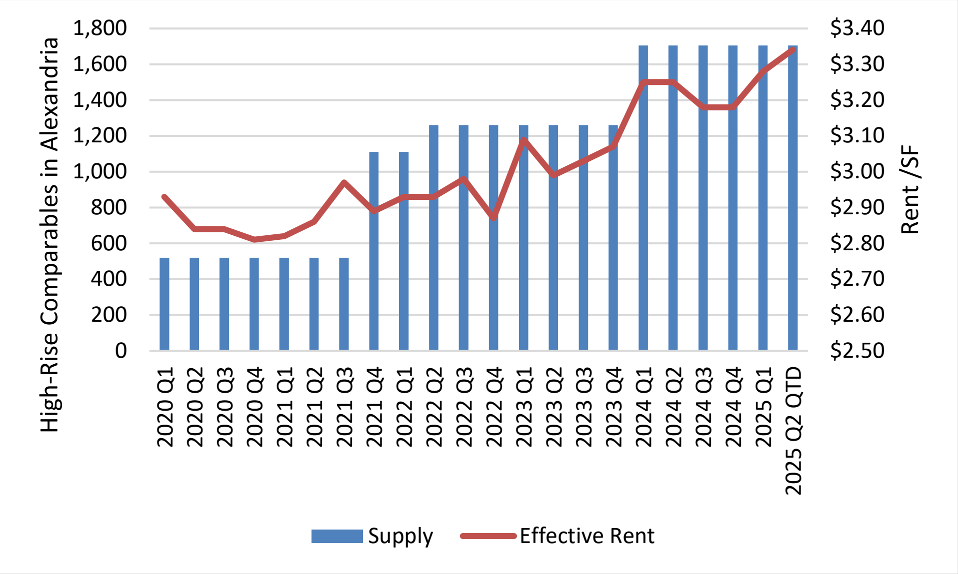
- Dylan & Reese (2021)
- Easton (2022)
- The Foundry (2020)
- Meridian 2250 at Eisenhower Station (2023)

All these buildings have come online since the beginning of 2020 – 1,704 high-rise units, an average of 341 units per year. 1st Qtr 2025 vacancy among these buildings was 6.87%.

The compound average annual growth rate (2.3%) incorporates lease-up years.

These are newer buildings charging premium rents.

Average rent among comparable high-rise buildings in Alexandria has escalated by 2.3% per year since 2020. This escalation occurred while supply was increasing rapidly.




| Effective Rent CAGR Alexandria Comparable High-Rise Bldgs | |
|---|---|
| **1st Qtr** | **CAGR** |
| 2010 - 2025 | NA |
| 2015 -2025 | NA |
| 2020-2025 | 2.3% |

Source: Community Scale, Co-Star; W-ZHA
F:\8000s, misc\83082 EE Blk 3\Co-Star\[Alexandria projects - compiled (1).xlsx]Table Effective

# Pipeline

According to CoStar data, there are 1,050 units under construction in Alexandria currently. Half of these units are in affordable projects and 8% are in senior projects. There are 430 market-rate, non-senior units under construction.

CoStar data indicates another 806 units are in “Final Planning” in Alexandria.

Building these units (1,856 units) within the next 4 years would result in an average of 464 units per year, which is below previous Alexandria averages.

Limited future supply should reduce vacancy and increase rents.

# Market Rent Escalation Conclusion

- The rent escalation for high-rise comparable projects reflects a period when supply expanded considerably.

- Rent should escalate faster in the near-future as the pace of new multi-family development in Alexandria has slowed.

W-ZHA, LLC

# Scenarios

# Assumptions: Affordable Unit Distribution

There are more expensive and less expensive 1-bedroom options. Economics improve when affordable units occupy less expensive 1-bedroom products.

W-ZHA applied two, unit-mix scenarios:

> "Marbled" – the affordable unit distribution mirrors the market-rate unit distribution.
>
> "Economic" – affordable units are placed strategically in the less expensive studio and 1-bedroom products.

The scenarios apply to the studio and 1-bedroom units only.

**Affordable Housing Unit Distribution Scenarios**
**Block 3 Scenarios**

| Unit Type | Marble | Economic |
|---|---|---|
| Alcove | 6% | 39% |
| JR 1 Bed | 11% | 0% |
| 1 Bed | 0% | 0% |
| 1 Bed | 17% | 39% |
| 1 Bed | 39% | 0% |
| 1 Bed and Den | 6% | 0% |
| 2 Bed | 0% | 0% |
| 2 Bed JR | 0% | 0% |
| 2 Bed | 22% | 22% |
| Total | 100% | 100% |

Source: Developer Proforma; W-ZHA

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# Assumptions: Inflation

- Applied inflation to the construction costs, rents, other income and operating expenses.

- Construction costs were escalated by 2.9% for two years. This rate is consistent with ENR's Building Cost Index for the last 12 months. *It is important to note, if construction costs increase at a faster rate over the next 2 years this will have a significant negative impact on project yields*.

- The inflation on other income and operating expenses is consistent with the Developer's pro forma assumptions, but W-ZHA applied inflation to the lease-up and operations periods.

- Rent inflation for market-rate units is assumed to be higher between 2026 and 2029 because fewer units are in the pipeline.

# Assumptions: Affordable Units Inflation & Occupancy

The inflation rate on affordable unit rent is driven by increases in the area median income.

Since 2017, affordable rent escalated at 5.1% per year.

Under all scenarios, the analysis applies 5.1% annual escalation to the affordable rents.

The analysis assumes a 97% occupancy rate for the affordable units and a 95% occupancy rate for the market-rate units.

**Affordable Housing Rent Trends**
**City of Alexandria**
**2017 - 2025**

| Year | AMI | Studio | 1-Bedroom | 2-Bedroom |
|---|---|---|---|---|
| 2017 | 60% | $1,159 | $1,242 | $1,489 |
| 2018 | 60% | $1,231 | $1,319 | $1,582 |
| 2019 | 60% | $1,275 | $1,366 | $1,638 |
| 2020 | 60% | $1,323 | $1,418 | $1,701 |
| 2021 | 60% | $1,355 | $1,451 | $1,742 |
| 2022 | 60% | $1,496 | $1,602 | $1,922 |
| 2023 | 60% | $1,583 | $1,696 | $2,036 |
| 2024 | 60% | $1,625 | $1,741 | $2,090 |
| 2025 | 60% | $1,722 | $1,845 | $2,214 |
| *Avg Annual Change* | | *5.1%* | *5.1%* | *5.1%* |

Source: City of Alexandria, Department of Housing; W-ZHA

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# Scenarios

The Yield-on-Cost (Yield) and Internal Rate of Return on Equity (IRR) are highly sensitive to rent inflation assumptions.

The rent inflation quoted in the scenarios applies to the market-rate units only.

Four rent inflation scenarios were analyzed. Inflation is applied during the period through construction completion ("% to Open") and during operations ("% Open").

Each of these scenarios is applied to the two unit-mix scenarios: "Marble" and "Economic".

The assumptions underlying each scenario range from Conservative to Likely to Aggressive. Actual inflation will depend on the market at the time.

Note that a proforma is a "best guess" product. Because proformas are used for financing, their assumptions are rarely aggressive.

**Proforma Scenarios: Inflation on Market Rent**
**Block 3**

| Inflation Scenario | To Open /1 | Open /2 |
|---|---|---|
| Conservative | 2.5% | 2.3% |
| Likely Proforma Lower | 2.5% | 2.5% |
| Likely Proforma Higher | 2.7% | 2.5% |
| Aggressive | 2.7% | 2.7% |

1. Time from now until construction completion (July 31, 2029).
2. Project lease-up and operations starting August 1, 2029.

Source: W-ZHA

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# Scenario Findings & Conclusions

Block 3 is a large, high-risk project.

- The analysis assumes a minimum yield-on-cost threshold of 6.45%.
- The analysis assumes a minimum IRR threshold of 15% to account for risk.
- Both thresholds must be satisfied for project feasibility.

Findings:

- The 10% affordability at 60% AMI requirement is only feasible with aggressive rent escalation and an economic unit mix.
- The scenario in the blue box is W-ZHA's best estimate of future conditions. If rent inflation remains stable at 2.5% per year, the project does not meet the investment thresholds with 5% of the units affordable.
- If rent escalation is higher in the near term and stabilizes at 2.5% during operation, the project is feasible with 5% to 8% of the units being affordable. Note that to make the project feasible with 7% or 8% of the units affordable, the Developer needs the economic unit distribution.

**Project Returns**
**Annual Rent Escalation Up to Opening and During Operations**

| | Conservative | | Likely Proforma Assumptions | | | | Aggressive | |
|---|---|---|---|---|---|---|---|---|
| | 2.5% to Open/ 2.3% Open | | 2.5% to Open/ 2.5% Open | | 2.7% to Open/ 2.5% Open | | 2.7% to Open/ 2.7% Open | |
| **5% @ 60% AMI (19 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **6% @ 60% AMI (23 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **7% @ 60% AMI (27 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **8% @ 60% AMI (31 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **9% @ 60% AMI (35 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | | | | | | | | |
| Economic | | | | | | | | |
| **10% @ 60% AMI (38 Units)** | | | | | | | | |
| **Afford Unit Distrib.** | Yield | IRR | Yield | IRR | Yield | IRR | Yield | IRR |
| Marble | 6.35% | 14.4% | 6.37% | 14.7% | | | | |
| Economic | 6.37% | 14.7% | 6.39% | 14.9% | | | | |

Source: W-ZHA

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# Appendix

Affordable Housing Language from EESAP

# Affordable Housing Language from the EESAP

## ENHANCE HOUSING AFFORDABILITY

1. Developer shall provide ten percent of new residential rental development as committed affordable rental housing. "New" residential development is residential square footage above the 2003 Plan "Base" as reflected in Table 5 - Base Development.

   a. Residential development resulting from the conversion of commercial development as reflected in the Base Table (Table 5) is excluded from the ten percent requirement.

   b. Modifications to the ten percent housing affordability requirement may be considered by City Council at the time of approval of a development special use permit in limited circumstances if unanticipated changes to the market and/or atypical site conditions impact project feasibility. Factors that may be considered, for example, include the operations of income-generating uses and construction costs relative to projected rents and sale prices, beyond general trends. Reductions of the housing affordability requirement will be determined through a third-party analysis based on information submitted by the developer as part of the development submission but in no case will be less than five percent.

   c. In cases where the City believes that more than ten percent of affordable housing can be efficiently achieved based on additional density granted, and/or through City technical or financial assistance, a third-party financial analysis will similarly be required to confirm the feasibility of staff's recommendation.

   d. Committed units shall have rents affordable to households with incomes at 60% of the area median income (AMI).

   e. Developer shall provide committed affordable homeownership units in new residential condominium or other for-sale development (Table 5 – Base Development) based on an equivalency analysis completed at the time development proposals are submitted. The level of affordability of committed affordable homeownership units will be consistent with the affordable housing policies and procedures in effect at the time development proposals are submitted; the units will have covenants restricting future resale to ensure long term affordability.

   f. All committed affordable units will be affordable for a term of 40 years.

2. Achieve an additional five or more percent of new residential development (Table 5 – Base Development) as committed affordable housing through public-private-nonprofit partnerships.

3. Developer to provide contributions on new commercial development (Table 5 – Base development) to the Housing Trust Fund consistent with the City affordable housing contribution policies and procedures in effect at the time development proposals are submitted.

4. Developer contributions on base development (Table 5 - Base Development) to the Housing Trust Fund will be consistent with the City affordable housing contribution policies and procedures in effect at the time development proposals are submitted.

5. Pursuant to Section 7-700 of the Zoning Ordinance, bonus density in excess of 30% is allowed to encourage the production of additional affordable units.

6. Build partnerships among public, private, and nonprofit entities to maximize the use of private and public land and to leverage all available resources for the development of affordable housing, including units proposed to be owned or operated by the Alexandria Redevelopment and Housing Authority (ARHA).

7. Encourage co-location of affordable housing with future municipal uses, including schools, where feasible.

8. Permit micro-units to enhance housing affordability options.

9. Offer a range of housing types to accommodate different household sizes and compositions, including studio, one-, two-, and three-bedroom units.

10. Encourage universal design to enable residents to age-in-place and to improve the safety and utility of housing for people with disabilities; visitability features should be incorporated to ensure all new homes are accessible to people regardless of their physical abilities.

# FY 2026 Affordable Housing Development Funds

## Financial Report

## September Highlights

| Payments Received | Reference | DSUP or Transaction ID | $ Amount |
|---|---|---|---|
| Developer Contributions | Tri Pointe Homes | 2020 - 10035 | $61,667 |
| | | | |
| **Grand Total** | | | **$61,667** |

| New Pledges / Project Name | Developer | Project Type | $ Pledged |
|---|---|---|---|
| **Grand Total** | | | |

| New Transaction(s) | Fund | Date | $ Amount |
|---|---|---|---|
| Pilot Rental Assistance | | | -$42,992 |
| Arlandria Chirilagua Housing Coop | | | -$192,338 |
| **Grand Total** | | | **-$235,330** |

## Revenues

2025 | 2026

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FY Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Developer Contributions | $0 | $61,672 | $61,667 | $88,095 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $211,434 |
| Developer Contributions - Braddock SAP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Multifamily Loan Repayments | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| New Revenue Allocated by City Council | $10,789,776 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $10,789,776 |
| ARPA CIP Funds | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **FY Total** | **$10,789,776** | **$61,672** | **$61,667** | **$88,095** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$11,001,210** |

**Balance Available**

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## Commitments and Reservations

*The lifecycle of a project often spans more than a single FY. The "Start" column in the table below represents remaining monies already committed and/or reserved for a project on July 1 of the current FY.*

| Fund / Project | Start | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | FY Total | Grand Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Housing Trust Fund** | | | | | | | | | | | | | | | |
| Braddock SAP | $23,273 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $23,273 |
| Pilot Rental Assistance | $790,390 | -$32,166 | -$20,231 | -$42,992 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | -$95,389 | $695,001 |
| Rebuilding Together Alexandria (RTA) | $0 | $50,000 | $0 | $0 | -$50,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| **Housing Trust Fund Total** | **$813,663** | **$17,834** | **-$20,231** | **-$42,992** | **-$50,000** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **-$95,389** | **$718,274** |
| | | | | | | | | | | | | | | | |
| **Housing Opportunity Fund** | | | | | | | | | | | | | | | |
| AHDC - Arlandria | -$1,144,640 | $9,151,108 | -$1,640,936 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $7,510,172 | $6,365,532 |
| AHDC - Operating | $0 | $250,000 | -$250,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| ARHA - Redevelopment and Repositioning | $300,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $300,000 |
| ARHA - Samuel Madden | $3,100,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $3,100,000 |
| Arlandria Chirilagua Housing Coop | $853,747 | -$180 | -$11,272 | -$192,338 | -$1,950 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | -$205,740 | $648,007 |
| CLI - Elbert Avenue | $170,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $170,000 |
| EHIP | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 |
| Pendleton Street Project | $1,950,000 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $1,950,000 |
| Wesley - Parc Square | $131,300 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $0 | $131,300 |
| **Housing Opportunity Fund Total** | **$5,360,407** | **$9,400,928** | **-$1,902,208** | **-$192,338** | **-$1,950** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$0** | **$7,304,432** | **$12,664,839** |