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GUIDING PRINCIPLES



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Over the course of the Housing Master Plan process, a number of “big ideas” or principles emerged. These ideas developed among the stakeholders group and participating citizens from the series of educational meetings and discussions held throughout the process on topics such as current affordable housing supply and demand, housing for persons with disabilities, public housing, and many others, and coalesced during the Affordable Housing Allocation Exercise held in January 2011. (A complete list of topics can be found in the Appendix.) The principles that emerged revolved around the housing needed in order to serve all Alexandria residents, the partnerships necessary to make this housing stock a reality, the locations in the city where the various types of housing should be provided, the importance of a broad integration of incomes, and the value affordable housing provides the community. In recognition of these big ideas and themes, six principles were developed as a foundation upon which the goals and strategies of the Housing Master Plan are based. The six guiding principles are identified below.

PRINCIPLE #1: ALL INCOME LEVELS

ALEXANDRIA’S HOUSING STOCK SHOULD INCLUDE A VARIETY OF HOUSING OPTIONS FOR HOUSEHOLDS OF ALL INCOMES.

The Housing Master Plan analysis confirms what the Affordable Housing Initiatives Work Group (AHIWG), the HMP Advisory Group and stakeholders have asserted – that there is a pressing need now and projected into the future for greater affordability attainable to the full spectrum of incomes throughout the housing stock. Continued losses of affordable units at all levels will result in further stratification of the community and a city that only the wealthy can afford.

- From 2000 to 2010, Alexandria’s housing stock experienced a decrease of more than 6,000 market affordable rental housing units because of increases in rents or, to a limited extent (just over 100 units), conversion to condominium ownership.¹
- Based on existing rental housing supply, renter households earning below 30% Area Median Income (AMI) are underserved in all rental unit sizes, with analysis showing that over 3,500 Alexandria households at that income threshold cannot find rental housing that is affordable. Therefore, they are likely to be cost burdened by expending more than 30% of income on housing costs.²
- As of January 2012, 871 assisted units in non-Resolution 830 properties subsidized with project-based Section 8, Low-Income Housing Tax Credits, City Housing Trust Fund, and/or federal HOME funds, will face a potential loss of subsidy by June 2015, the end of the current Five-Year Consolidated Plan period. Another 480 units face threats from July 2015 through June 2020, including 423 for which the owners have an opportunity every five years to cease participation in the Section 8 program.
- There is a shortage of rental units that are priced to maximize what households earning over 80% AMI can pay (30% of household income). The relative shortage of high-end luxury apartments available to higher income residents is likely placing downward pressure on units that would otherwise be available to residents with lower incomes.
- The affordable housing stock is projected to decrease over the next twenty years as demand continues to increase. Even when the impact of existing affordable housing programs is considered, the City will need approximately 14,687 housing units affordable to households under 60% AMI to meet the projected demands.
- Approximately 12,422 affordable ownership units are no longer assessed at an affordable price due to the rise in property value over the years.³ As a result, individuals and families earning up to 60% AMI (\$57,300 or less for a family of three in 2011) have fewer affordable living options.

¹ Data from “Annual Rent Survey” conducted by the Office of Housing’s Landlord-Tenant Relations Division

² Affordability Analysis, Office of Housing and RKG Associates, Inc. 2010

³ Estimate provided by Department of Real Estate Assessment data and Office of Housing calculations



PRINCIPLE #2: ALL AGES AND ABILITIES

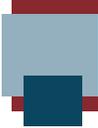
ALEXANDRIA'S HOUSING STOCK SHOULD BE EXPANDED TO OFFER GREATER HOUSING CHOICE TO PEOPLE OF ALL AGES AND ALL ABILITIES.

The City's housing stock should be expanded for broader accessibility to the entire community, regardless of age or ability. Stakeholders who participated in this process showed strong support for enhancing housing choice for all Alexandria residents as a priority of the Housing Master Plan.

- HUD data from 2007 indicate an unmet need of 795 affordable housing units for persons with disabilities in Alexandria.⁴ It was consistently reported that these households have the most difficult time finding suitable housing within the City, and often must accept the one unit they are able to find.
- The ACSB 2008 Needs Determination Study's analysis of waiting list data indicated that an increase in waiting lists for residential services is a direct result of current residents being unable to move out and into their own affordable housing unit due to inadequate supply of units affordable to households with extremely low incomes. This analysis points out the need for 100 or more deeply subsidized independent housing units for individuals in the private market.⁵
- The number of individuals over the age of 65 has increased over the past ten years and is expected to continue to increase as the baby boom generation continues to age. While there are some facilities to meet the housing needs of low-income seniors, the supply does not meet the current demand within the city. In particular, the city does not have an affordable assisted living facility. As the city's population continues to age, additional housing opportunities will be needed to allow individuals with varying income levels to age-in-place, move to senior independent living, or gain access to an assisted living facility so they can age within their community. Additionally, housing in walkable

⁴ HUD CHAS Databook, 2005-2007 American Community Survey Averages, and Community Strategies Institute.

⁵ ACSB 2008 Needs Determination Study for the Board's 2009 – 2010 Housing Plan



neighborhoods near public transportation is particularly desirable for this age group.

- As recommended in the Strategic Plan on Aging, adaptable housing options are needed to address changing family circumstances, such as housing a caregiver, bringing an older adult family member to live with an adult child, enabling a grandparent to take care of grandchildren, or accommodating an adult child who returns home to live.
- Throughout the process, advocates that represent the aging population, individuals with physical, intellectual, and mental disabilities, and the homeless stressed that the most fundamental need is for housing that is deeply subsidized. Individuals with special needs may require varying physical attributes within these units, such as universal design features, but the greatest need is for housing that is affordable at the very lowest of incomes. Therefore, the key issue to be addressed is the increased provision of permanently affordable housing that meets the economic and, where applicable, physical challenges of the population in question. Given the vulnerability of populations with limited housing choices to the impact of market supply and demand forces, the Housing Master Plan recognizes the importance of targeted efforts towards expanding the housing choices available to these populations.

PRINCIPLE #3: PARTNERSHIPS

PARTNERSHIPS ARE KEY TO ACHIEVING MEASURABLE IMPROVEMENT IN THE AFFORDABLE HOUSING STOCK IN ALEXANDRIA. THE CITY CAN BETTER LEVERAGE RESOURCES BY BEING AN ACTIVE ADVOCATE AND PARTNER WITH ARHA, NONPROFIT AND FOR PROFIT DEVELOPERS.

- It will take tremendous resources to address the current and future shortages of affordable housing in an effective manner. The City does not have the resources to address these issues alone and must continue to strengthen current partnerships and form new ones both in the private and public sector in order to find solutions. With an overarching vision established by the Plan the City can work cooperatively towards a common goal with a variety of partners.

- The City should continue to monitor the affordable housing stock for potential losses and work collaboratively with ARHA and other nonprofit partners to prevent these losses of existing units.
- The City and ARHA should continue to foster and participate in public private partnerships for the creation of affordable housing, allowing the risk and the benefit of redevelopment projects to be shared.
- The City can better leverage expertise and resources in the community by becoming a more active conduit for private and nonprofit developers, investors and property owners to communicate and identify opportunities for collaboration in stemming the loss of affordable housing stock or producing new units.
- By helping our development partners control costs through key tools proposed in the plan, the City can make the production of affordable housing more financially feasible.
- The City will continue to rely on key funding partners, such as HUD and VHDA, but it is critical that the City seek to establish new relationships with additional funding partners, such as lending institutions, foundations, and nonprofits.
- By continuing to build a constituency in the community supportive of affordable housing as a community asset by raising awareness about the level of need and why it is important to the community, the City will have a better chance of success in securing housing commitments in new development projects or policy changes that support preservation or development of affordable units. Policy changes can be difficult to secure if residents don't understand the economic and other benefits of a balanced housing market and an economically diverse community.

CITY OF ALEXANDRIA - ARHA PARTNERSHIP

ARHA, one of the City's key partners in its efforts to preserve and maintain affordable housing, was chartered by the State of Virginia in 1938. The partnership is cemented by Resolution 830, adopted in 1981 and amended in 1982, creating a joint commitment and agreement between the City and ARHA to retain, at a minimum, 1,150 public or publicly assisted housing units in Alexandria. See page 17 for additional information.

ARHA's Draft Strategic Plan emphasizes the importance and mutual benefits of maintaining and strengthening the City-ARHA partnership:

"ARHA has the powers, holdings, assets and client base that give it a unique position to help Alexandria achieve this element (Goal 7) of the City's Strategic Plan. In fact, [the ARHA] mission dovetails with those elements of the City's plan. However, because of market forces, ARHA cannot fully accomplish its mission without the support and cooperation of the city. Likewise, it will be difficult for the City of Alexandria to achieve its Goal 7 without the ARHA's cooperation and support. Though they have been partners and mutually supportive at times, their mutual goals make it imperative that this partnership between ARHA and the City of Alexandria be strengthened."

ARHA Draft Strategic Plan, October 2011, page 51.

HOUSING PRESERVATION/DEVELOPMENT PARTNERS

The City has a well-established network of not-for-profit agencies dedicated to preserving and expanding the supply of safe, decent and affordable housing. Nonprofit partners that focus on acquisition, preservation and renovation of affordable housing include:

- AHC, Inc.
- Alexandria Housing Development Corporation (AHDC)
- Alexandria Redevelopment and Housing Authority (ARHA)
- Community Lodgings, Inc. (CLI)
- Habitat for Humanity of Northern Virginia
- Harambee Community and Economic Development Corporation
- Rebuilding Together Alexandria (RTA)
- Sheltered Homes of Alexandria
- Wesley Housing Development Corporation (WHDC)

PUBLIC AND PRIVATE PARTNERS PROMOTING AFFORDABLE HOMEOWNERSHIP

The City has developed extensive regional and statewide partnerships to help expand and promote affordable home purchase and preservation opportunities. These partners include:

- Virginia Housing Development Authority (VHDA)
- Northern Virginia Housing Expo
- Alexandria Housing Development Authority (ARHA)
- Long-Term Affordability Work Group
- Virginia Department of Housing and Community Development (VDHCD)
- Private Lenders and Real Estate Agents
- Housing Counseling Agencies, including Housing Counseling Services, AHOME and the Northern Virginia Urban League (NOVAUL)



PRINCIPLE #4: LOCATION-EFFICIENT AFFORDABLE HOUSING

Access to transportation and services should be a key factor in the future distribution and allocation of affordable housing in the city.

Community support of transit accessibility for affordable housing residents was a consistent theme throughout the process, culminating in the January 2011 Allocation Exercise where walking distance to metro or bus was one of the key determining factors for where participants chose to site affordable housing within the city.

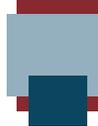
Affordability is maximized when housing is “location-efficient,” meaning it has good access to retail, services, jobs, and public transportation and allows individuals and families to reduce transportation costs and commuting time. Since transportation is generally considered to be a household’s second largest expenditure⁶, households with poor access to bus or rapid transit spend a larger percentage of their limited budget on transportation. While the average household spends 19% of its income on transportation, households in auto-dependent exurban locations spend more than 28% of income on transportation⁷. However, in “location-efficient” areas⁸, this amount drops to 9%, about one-half the national average⁸, highlighting how advantageous it is to develop affordable housing in locations well served by transportation and/or within walking and biking distance of shopping, services and employment.

The City’s current Transitway Corridor Feasibility Study will provide guidance for the feasibility of implementing dedicated corridor transit service in three corridors (North-South, Duke Street, and Van Dorn/Beauregard). The benefits of locating low- and moderate-income and workforce households

6 Consumer Expenditure Survey from the Bureau of Labor Statistics, <http://www.bls.gov/cex/home.htm>

7 Center for Neighborhood Technology Housing and Transportation Affordability Index <http://htaindex.cnt.org/>

8 Ibid



within these corridors are significant, but represent a challenge for the City as the higher land costs will make it more difficult to achieve affordability. On the other hand, while land in transit corridors will be significantly more expensive to develop, such corridors are also locations that can accommodate higher density, which in turn can include affordable housing. It is critical that future development of the corridors incorporates additional affordable housing, whether in major redevelopment projects or using infill strategies to surgically add affordable units in these TOD corridors.

Of equal importance in affordable housing locational decisions are strategic opportunities to preserve existing or ensure inclusion in large-scale new development. Additionally, consistent with current realities in most areas of the city, the share of assisted rental housing (including public housing) in any area should be consistent with share of the city's rental housing.

PRINCIPLE #5: MIXED-INCOME COMMUNITIES

Mixed-income communities are the optimal way of maintaining social and cultural diversity through increased opportunities for interaction rather than isolation or polarization.



Along with the City's framework for great urban neighborhoods, vibrant public open spaces, an energy efficient building stock, and accessible high capacity transit, a broad mix of affordable housing is a key element of a truly sustainable community. This was a frequently repeated theme among Housing Master Plan participants. Creating mixed-income communities can help break down barriers that develop with the polarization of any income or population group.

Mixed-income housing developments successfully add affordable units to the housing stock without concentrating low- or moderate-income residents. What constitutes a mixed-income development varies from project to project based on the market and the affordability objective. The text box on the following page demonstrates how leaders in the housing



research and advocacy field have defined mixed-income projects, but the principles behind the mixed-income approach are fairly consistent and straightforward. According to the Mixed-Income Housing and the HOME Program report published HUD, “professionals in the affordable housing industry have increasingly turned to mixed-income housing as a way to create more diverse and stable communities.”⁹ A report from Harvard’s Joint Center for Housing Policy states that “a mixed-income approach can have an important role in getting additional affordable units built, ensuring high-quality housing, and deconcentrating poverty.”¹⁰

“Impacts of Affordable Housing on Education”, an update to a 2007 literature review from the Center for Housing Policy, examined the various ways in which the production, rehabilitation, or other provision of affordable housing may affect educational outcomes for children. Research referenced in the document shows that a supportive and stable home environment can complement the efforts of educators, leading to better student achievement, and that creating mixed-income communities increases the likelihood that all children will be exposed to more support for education and stronger school systems.¹¹ A significant amount of research has demonstrated the social, economic and fiscal benefits of developing and maintaining an economically diverse population. Economic diversity, anchored in affordable housing strategies, enhances a community’s culture and often creates more vibrant neighborhoods. Affordable housing not only benefits the direct occupants; it stimulates the community as a whole.

⁹ <http://www.hud.gov/offices/cpd/affordablehousing/library/modelguides/2004/200315.pdf>

¹⁰ Smith, Alastair: *Mixed-Income Housing Developments: Promise and Reality*, October 2002. (Joint Center for Housing Studies of Harvard University.)

¹¹ http://www.nhc.org/media/documents/Housing_and_Education1.pdf

MIXED INCOME DEVELOPMENT – WHAT IS THE RIGHT “MIX”?

A review of the literature on mixed-income development confirms that there is no “one” definition of mixed-income development. Many factors must be considered.

HUD: “A mixed-income housing development can be defined as a development that is comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate. The “mix” of affordable and market-rate units that comprise mixed-income developments differ from community to community, and can depend, in part, on the local housing market and marketability of the units themselves. One of the challenges in developing mixed-income housing is determining a mix of incomes that can be sustained over time. In practice, there is no single formula, or standard definition, of mixed-income housing. Communities and developers around the county must evaluate local market conditions, and develop locally supported concepts and characteristics of the mixed-income development.”(HUD, Mixed-Income Housing and the HOME Program 2003).

ULI: “While there is no single accepted definition of “mixed-income housing,” this publication considers developments (achieved through a variety of policies and practices) that contain units that are affordable to households with different income levels, whether the households earn an above-moderate income, a moderate income (80 to 120 percent of the area median income (AMI)), a low income (50 to 80 percent of the AMI), or in some cases, a very low income (below 50 percent of the AMI).” (Myerson, Deborah L. Mixed-Income Housing: Myth and Fact. Washington, D.C.: ULI—the Urban Land Institute, 2003).

VHDA Mixed Use Mixed Income Financing: 20% of the housing units must be occupied by renters whose incomes are 80% of the area median income. Another 20% of the housing units must be occupied by renters whose incomes are 120% of the area median income. The remaining 60% of the units are not subject to income limits. (VHDA Website: <http://www.vhda.com/businesspartners/mfdevelopers/mffinancing/pages/mixed-use-mixed-income.aspx>)

Joint Center for Housing Studies, Harvard University: “Mixed-income developments vary greatly depending upon the same factors as any other housing development: population served, location, tenure type, management and scale. Most importantly, the mix of incomes within the developments varies greatly. In large part, the market determines what mix of incomes is possible. In addition, different mixed-income developments and funding programs give higher priority to different goals, which also shapes the income mix. Thus, a combination of the market and the priority given to the goals results in the mix of incomes served.” (Smith, Alastair: Mixed-Income Housing Developments: Promise and Reality, October 2002. Joint Center for Housing Studies of Harvard University.)



PRINCIPLE #6: ECONOMIC SUSTAINABILITY

Affordable housing is an important element of a healthy and growing economy.

One of the challenges in advocating for and funding affordable housing is that it is often framed purely as a social and economic cost to a community, rather than in terms of the significant benefits it can achieve. During the Housing Master Plan process, members of the community asserted the importance of demonstrating economic justification for the City's continued support of affordable housing. On a basic level, maintaining economic diversity enhances the culture and vibrancy of a community by allowing persons of many backgrounds to interact and communicate more freely. However, there are substantial, quantifiable benefits as well. A 2011 Planning Commissioners Journal article tackled precisely this issue, referencing significant research that demonstrates how developing and maintaining affordable housing strengthens the local economy.¹² The article, citing a literature review done by the Center for Housing Policy¹³ on the role of affordable housing in local economic development, provides the following key insights:

- Building affordable housing creates jobs and spending during and after construction, at a level equivalent to new employment produced by market rate housing. On average, 100 Low Income Housing Tax Credit (LIHTC) units add 120 new jobs during construction. The same units will support 30 local jobs (hospitality, health, education, local government, wholesale/retail, construction).
- Affordable housing attracts and retains new employers and a skilled workforce. More than 55% of companies with 100 or more employees acknowledge an insufficient level of affordable housing.¹⁴ Local affordable housing allows municipal workers such as teachers, firemen,

¹² Planning Commissioner's Journal, Number 83, Summer 2011: The Economic and Fiscal Benefits of Affordable Housing by Rebecca Cohen and Keith Wardrip

¹³ The Role of Affordable Housing in Creating Jobs and Stimulating Local Economic Development: A Review of Literature. Center for Housing Policy. January 2011.

¹⁴ Ibid



police officers and medical personnel to live closer to work. Businesses struggle to retain employees as workers are forced to live further away from their jobs. The increased competition for labor can lead to greater employee turnover and higher wage requirements.

- Investing in affordable housing increases revenues for states and localities. Affordable housing rehabilitation activity generates revenue (permitting, sales taxes, and property taxes) and economic activity. Well-designed and managed affordable housing development has a neutral or positive – not negative – impact on surrounding property values, and can result in increased tax assessments and tax revenues.
- Affordable housing programs contribute to neighborhood stability, which requires less local government intervention and support. Homebuyers who participate in an affordable homeownership program are less likely to experience foreclosure. Unless sold at auction, recent analyses have shown that foreclosed properties can lead to criminal activity and/or demolition, both of which are costs incurred by the local government. Furthermore, foreclosures reduce the government's overall property taxes, utility revenues and any other taxes or fees.
- When housing and associated costs are affordable (transportation and utilities), families have more income to spend on local goods and services. Low- and moderate-income households spend disposable income within their community to fulfill basic needs (food, clothing, healthcare, transportation). The Victoria Transport Policy Institute's recent analysis of the economic impact of travel time¹⁵ revealed that each mile of personal car travel during peak hours in the U.S. urban environment carried an economic cost (financial and social) of 50% of the driver's hourly wage rate. Lost wages and increased costs for the individual translate into decreased expenditures for goods and services, reduced sales tax revenue, and increased business costs/risks.

Another area in which the benefits of affordable housing are assumed but not well quantified is the social and economic improvement on an individual

¹⁵ Transportation Cost and Benefit Analysis II – Travel Time Costs. The Victoria Transportation Institute. August 2011. <http://www.vtpi.org/tca/tca0502.pdf>

and community level. The John D. and Catherine T. MacArthur Foundation recently established a five-year, \$25 million research initiative called How Housing Matters to Families and Communities to “deepen the literature on the effect that investments in affordable housing have on social and economic outcomes, beyond shelter. It explores the notion that affordable housing may be an essential “platform” that promotes positive outcomes in education, employment, and physical and mental health, among other areas.”¹⁶ An effort such as this will help bolster the fiscal and economic case for affordable housing.

In its October 2011 Report “Housing the Region’s Future Workforce”, George Mason University’s Center for Regional Analysis (CRA) projects that more than 1 million net new jobs will be added in the Washington region by 2030 (a figure much higher than City estimates), and another 1.8 million workers will retire, with new workers needed to fill many of those jobs.¹⁷ The CRA analysis projects that 41,340 of these new jobs are expected to locate in Alexandria. The report states: “The ability to absorb these new workers into the region and to ensure robust regional economic growth depends critically on providing a sufficient amount of housing of the right types and prices and in the right places.”¹⁸ Although CRA projections are significantly higher than the City’s and COG’s, the resulting net housing shortages have similar implications. As noted by the report, “Without an adequate supply of housing, our region will face increasing traffic congestion and a slowdown of economic growth.”¹⁹

While the City considers CRA projected employment figures to be high, there is no dispute that additional housing will be needed for additional workers. The City’s own analysis is included in Chapter 2.

¹⁶ http://www.macfound.org/site/c.lkLXJ8MQKrH/b.6547265/k.4E11/About_the_Initiative.htm

¹⁷ Housing the Regions Future Workforce: Policy Challenges for Local Jurisdictions, George Mason University School of Public Policy Center for Regional Analysis, October 2011

¹⁸ Ibid

¹⁹ Ibid

HOUSING THE REGION’S FUTURE WORKFORCE CRA 2011 REPORT:

“The ability to absorb these new workers into the region and to ensure robust regional economic growth depends critically on providing a sufficient amount of housing of the right types and prices and in the right places. The share of gross regional product that leaks out of the metropolitan area is expected to increase from four to eight percent over the next two decades as more and more of the region’s workers commute to homes outside of the region. The level of traffic congestion is worsening and our region’s workers face some of the most arduous and longest commutes in the nation. Employers are concerned about the ability to attract new workers because of the price and availability of housing.”

Policy Implications

Local jurisdictions are planning for an insufficient amount of housing to accommodate future workers. More housing is needed closer to jobs, in existing and growing regional employment centers. There is a need for more multi-family housing and smaller, more affordable owner and renter homes in the region. A lack of a sufficient supply of housing contributes to worsening traffic and quality of life and threatens our region’s economic vitality.

Source: Housing the Region’s Future Workforce: Policy Challenges for Local Jurisdictions, George Mason University School of Public Policy Center for Regional Analysis, October 2011



The CRA report also links the lack of suitable/affordable housing in jurisdictions where workers are employed to a significant “leakage” of potential economic activity to distant communities from which workers commute in order to find affordable housing. Revenue is lost because employees shop, spend and invest outside of Alexandria.

For cities especially, the direct and indirect impacts of the loss of affordable housing on economic and fiscal sustainability are significant. A recent City Mayors Society publication states:

Housing affordability problems for individuals and families mean economic and social problems for cities. Lack of affordable housing is a primary cause of homelessness. When cities cannot add new affordable housing where new jobs are created, traffic congestion and air pollution increase. Regional economies may lose billions of dollars a year in wasted fuel, delayed shipments, and lost work time.²⁰

Both quantitative and qualitative evidence exist indicating affordable housing provides critical benefits to residents, businesses, governments and communities as a whole. The jurisdictions within the greater Metropolitan Washington DC area are all experiencing challenges in preserving and promoting affordable housing. Most face the difficult combination of increasing land values, decreasing development opportunities and rising community opposition. While the preservation and promotion of affordable housing can be challenging, the empirical and anecdotal evidence indicate that the investment ultimately strengthens the economic and fiscal health of the community.

²⁰ Affordable Housing Crisis Cast a Shadow over the American Dream. City Mayors Society, January 2007. http://www.citymayors.com/society/housing_usa.html