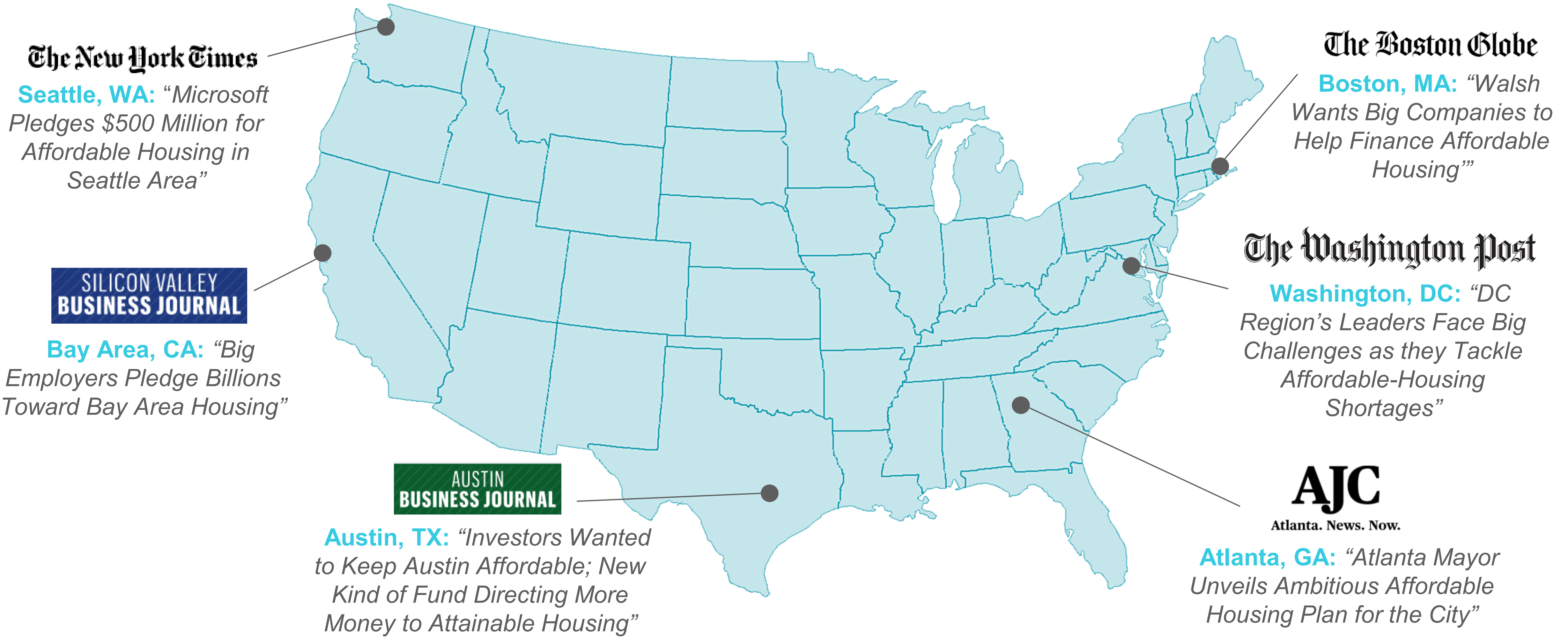




Washington Housing
Initiative

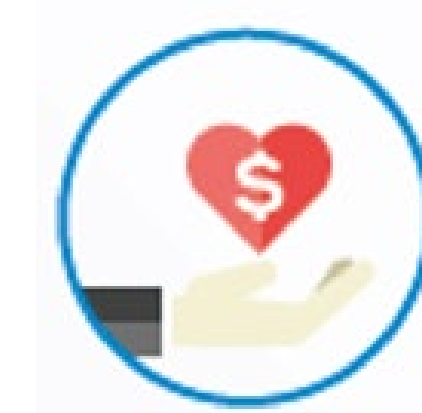
> Investing In The Places
Working People Call Home

> “Housing Affordability Matters to Employers” – Greater Washington Partnership



> An Innovative Approach: The Washington Housing Initiative

*The Washington Housing Initiative is a transformational, market-driven approach to preserve and create affordable workforce housing in rapidly changing communities through its two primary vehicles: the **Impact Pool** and the **Washington Housing Conservancy***



Washington Housing Conservancy

- Owns and operates affordable workforce housing
- Builds connected communities
- Self-sustaining independent non-profit corporation supported by the Federal City Council
- \$13 million in donations to date

Impact Pool

- Investment vehicle that provides loans to preserve affordable workforce housing
- Investor returns capped at 7%¹
- Managed at cost by JBG SMITH²
- Targeting \$150 million fund size



> Key Principles: Washington Housing Initiative

- Commit to long-term affordability
- Focus on High-Impact Locations across the Washington region
- Invest at scale, with speed, certainty, and flexibility
- Sustain and strengthen inclusive communities
- Build a replicable model

Goals

- Preserve 3,000 units of naturally occurring affordable workforce housing
- Prevent displacement & address resident needs
- Provide new, private capital for workforce housing



> “Cost Burdens Have Moved Up the Income Scale” – Joint Center for Housing Studies of Harvard University



Almost 45,000 Arlington & Alexandria households fall into the “affordability gap”¹

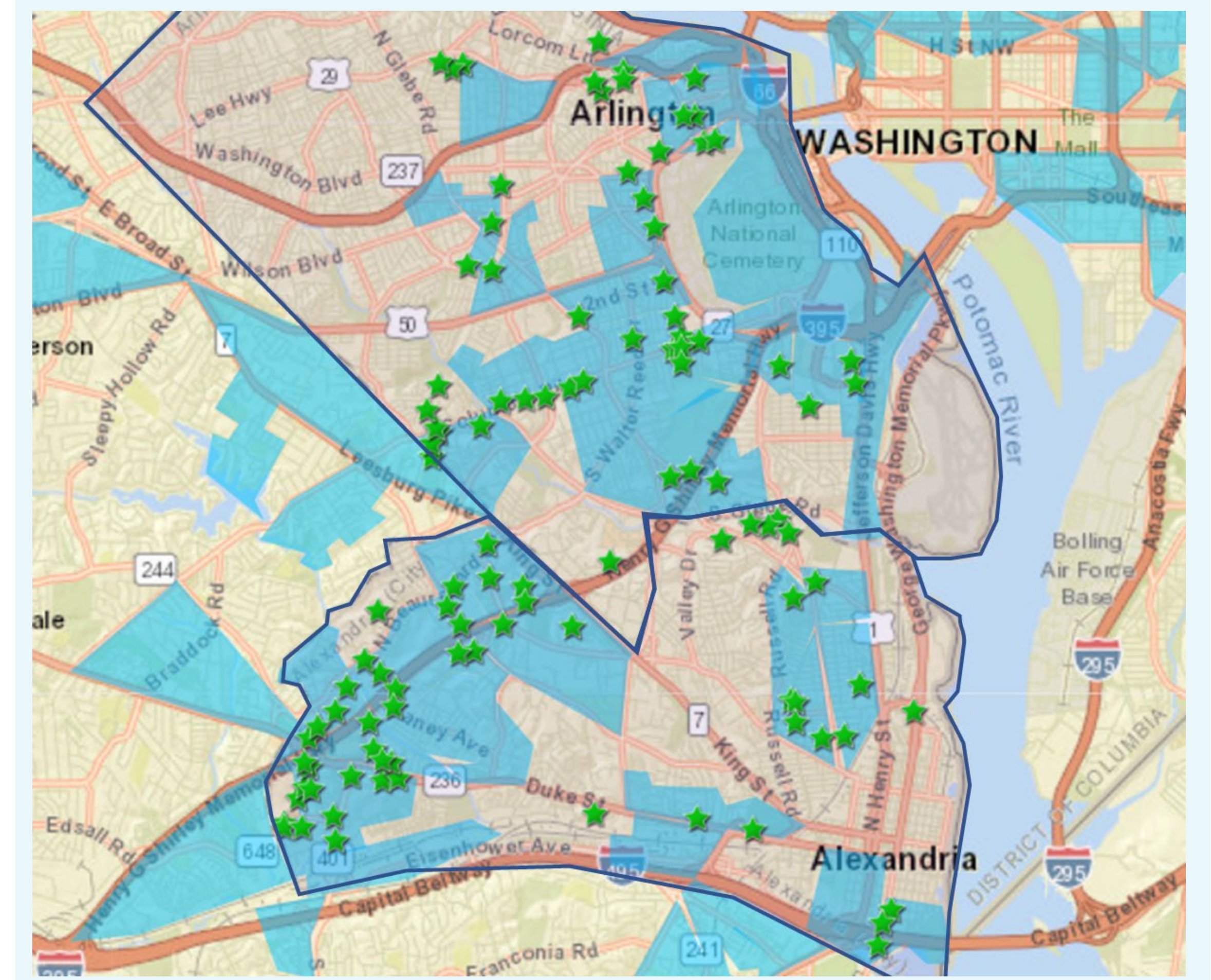
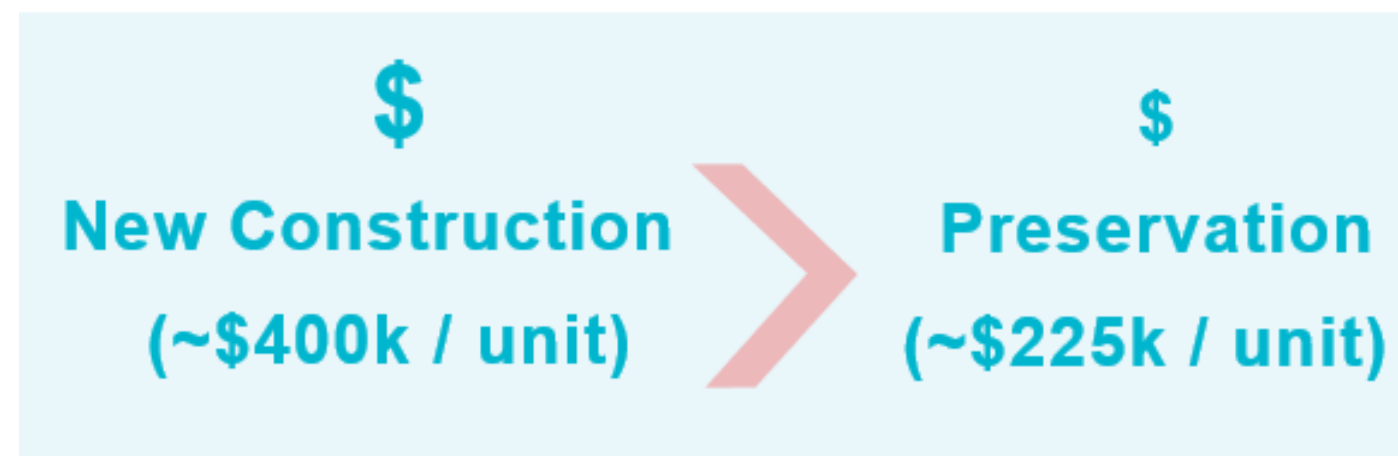
\$2,327
Average two-bedroom apartment rent in Arlington & Alexandria²



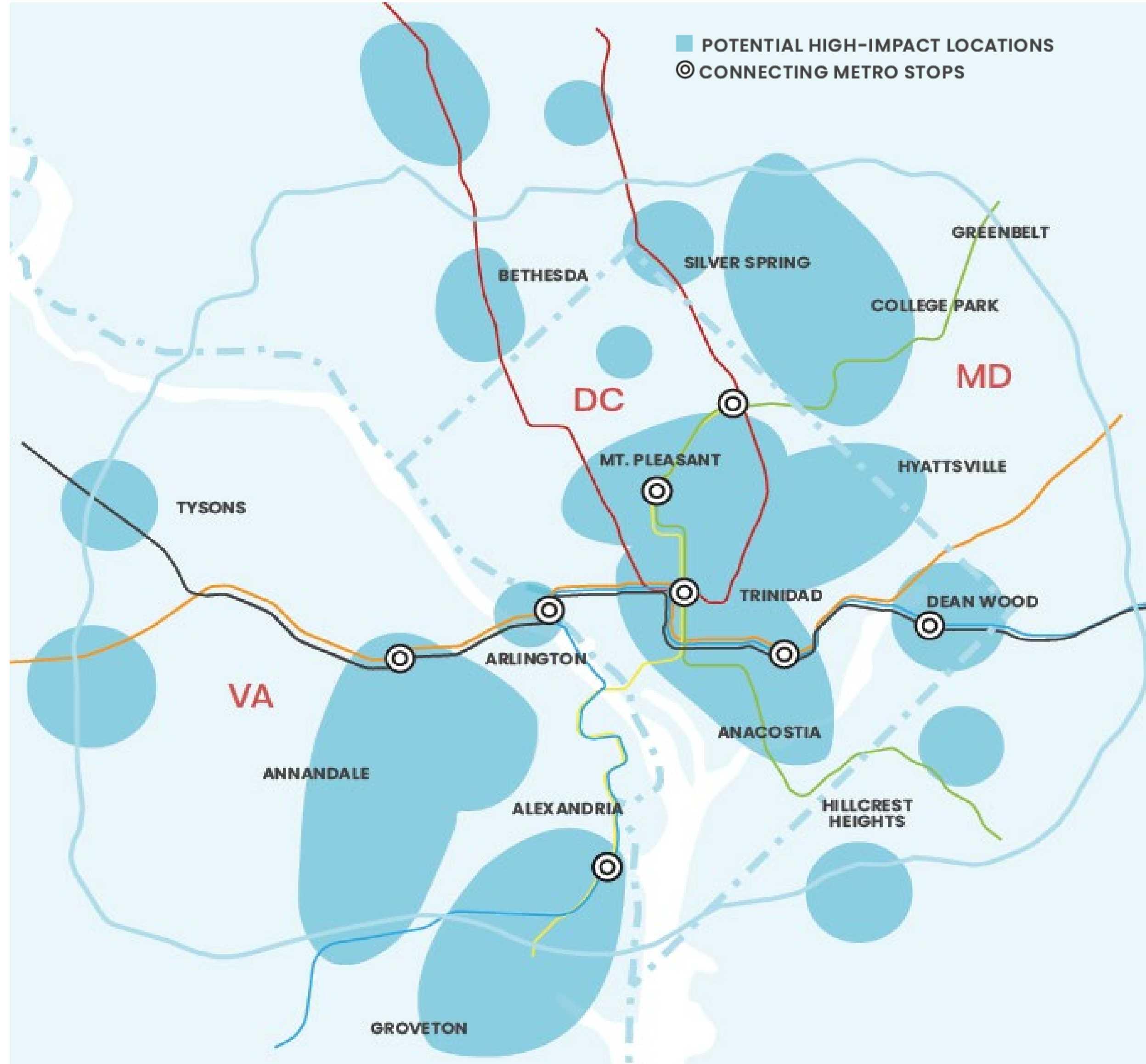
Profession	Health Technician	Firefighter	IT Tech Support	Kindergarten Teacher
Annual Salary ³	\$52,520	\$61,500	\$63,276	\$69,980
Affordable Monthly Rent	\$1,313	\$1,538	\$1,582	\$1,750
Monthly Rent Shortfall ⁴	(\$1,014)	(\$789)	(\$745)	(\$577)

➤ “Preservation of Both Subsidized and Unsubsidized Affordable Housing is Critical to Meeting Future Housing Needs.” - Urban Institute

- Since 2000:
 - Rents increased +90%
 - Unsubsidized Affordable Housing decreased +86%¹
- 27,000+ Naturally Occurring Affordable Housing units in Arlington & Alexandria²
- In 2018, there were over 3,800 units sold for an average price of \$192,000/unit
- Plethora of opportunity allows for speed and certainty of impact
- Preservation is faster and less expensive than new construction



> Focus Investments in High-Impact Locations



- **High-Impact Locations** are places that are relatively affordable today, but growing rapidly
 - Above-average population growth
 - Proximity to jobs & transportation
 - Large rental housing stock
 - Predominately middle-class
 - Private investment will drive change:
 - More retail and family amenities
 - Less affordability
- **Location drives impact¹**
 - Growing up in a high-opportunity neighborhood improves a child's outcomes:
 - 27% more likely to go to college
 - 30% higher earnings over lifetime

¹ Adapted from *More Than a Home*, Enterprise Community Partners, November 2017

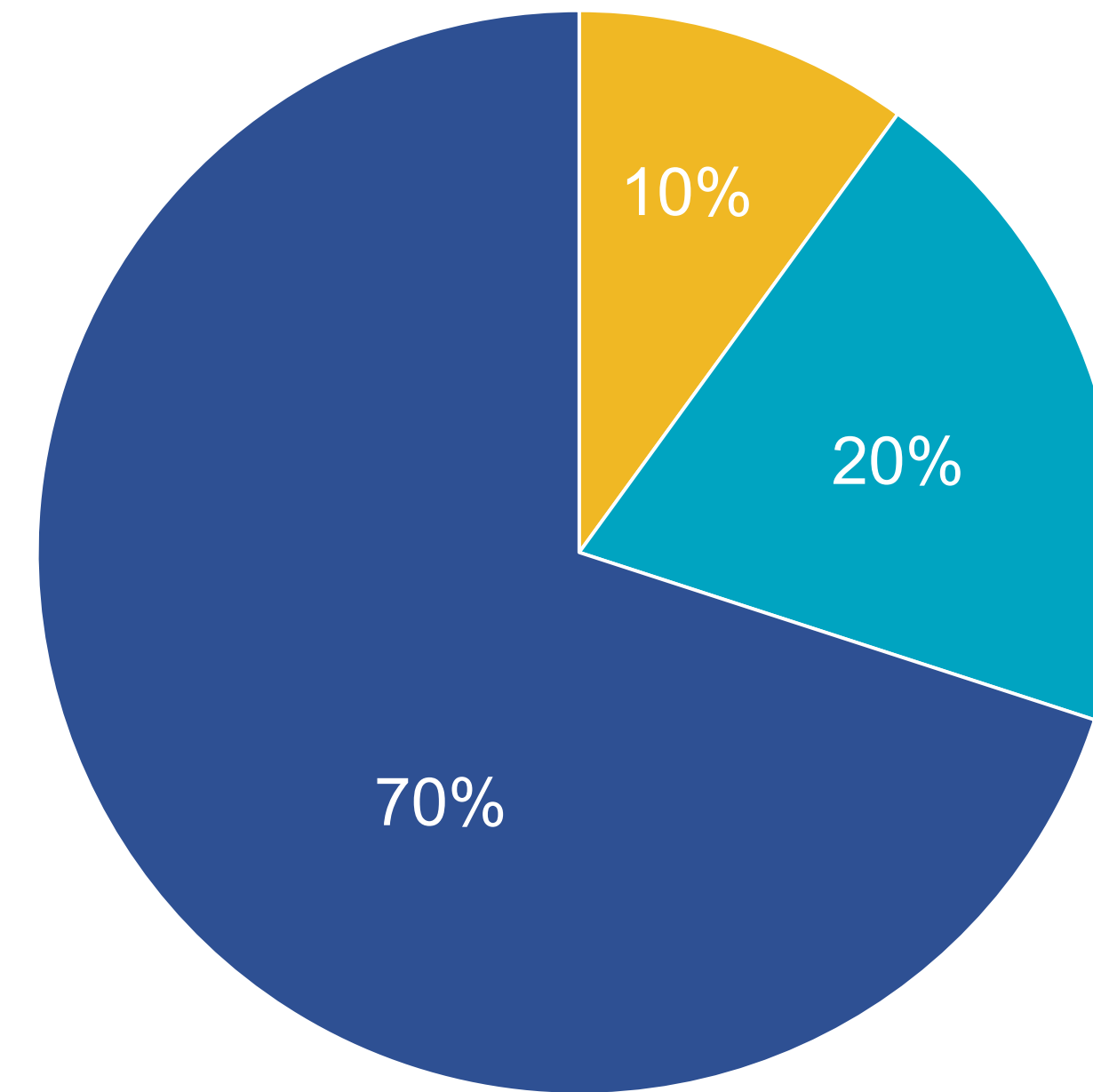
> Typical Deal Structure

Projects funded with Impact Pool capital commit to:

- Accept 15-year affordability covenants
 - At least 51% of the units reserved for families earning 80% of AMI or less
- Support critical neighborhood resident services
- Re-invest a portion of the profits in affordability and impact
- Measure and track social and environmental outcomes

Impact Pool investment repaid through refinancing – not sale – to preserve long-term affordability

Example Project Funding



- Philanthropy/Owner Investment
- Impact Pool Loan
- First Mortgage

> Washington Housing Initiative Supporters

- +\$100 million in commitments to the Washington Housing Initiative
- Supporters include:
 - Banks
 - Foundations
 - Real Estate Companies
 - Individual Investors

Select Partners



JBG SMITH

Bank of America
Merrill Lynch



BB&T



B|P BUCHANAN
PARTNERS

CITY BRIDGE
FOUNDATION



JPMORGAN CHASE & Co.



THE COMMUNITY BANK OF THE NATION'S CAPITAL

WELLS
FARGO

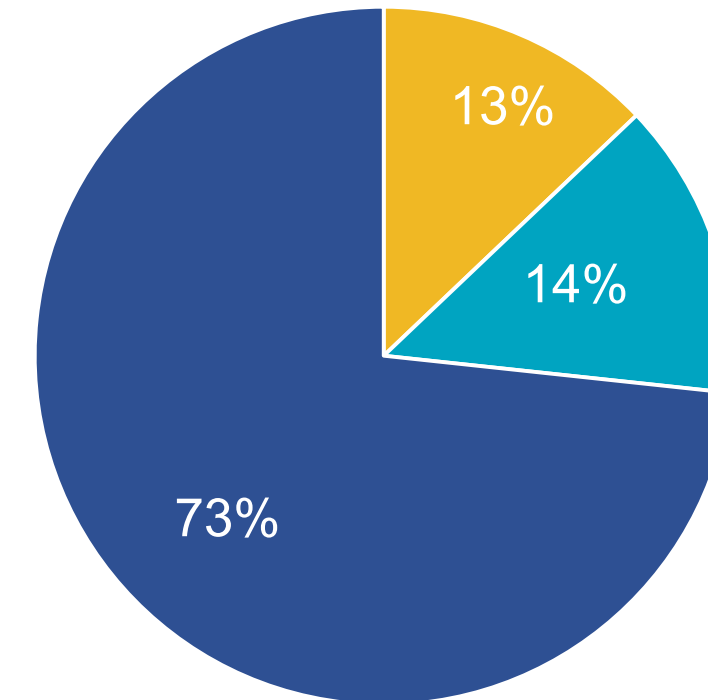
> Example Project (Northern Virginia): Investment Opportunity Overview

Summary



- 326-unit high-rise apartment complex located in Northern VA
- Naturally Occurring Affordable Housing at current rents
- Marketed as an opportunity raise rents due to the “Amazon Effect” and no affordable housing requirement

City/State Impact

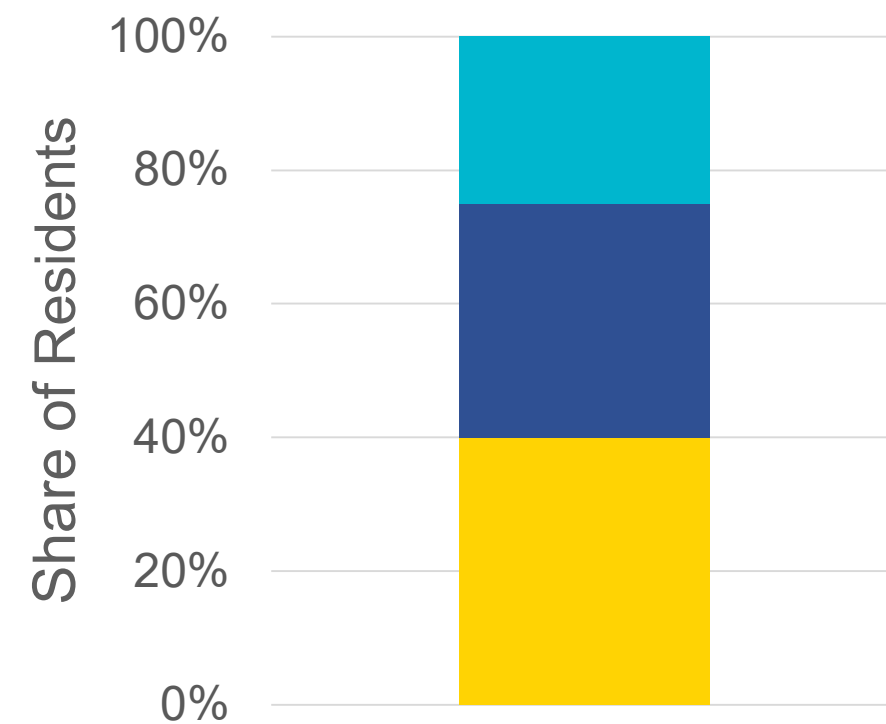


- City/State
- Impact Pool Loan
- First Mortgage

- Public funds leveraged more than 7:1 with private capital
- Control of 326 units for less than \$25,000/unit in city funds

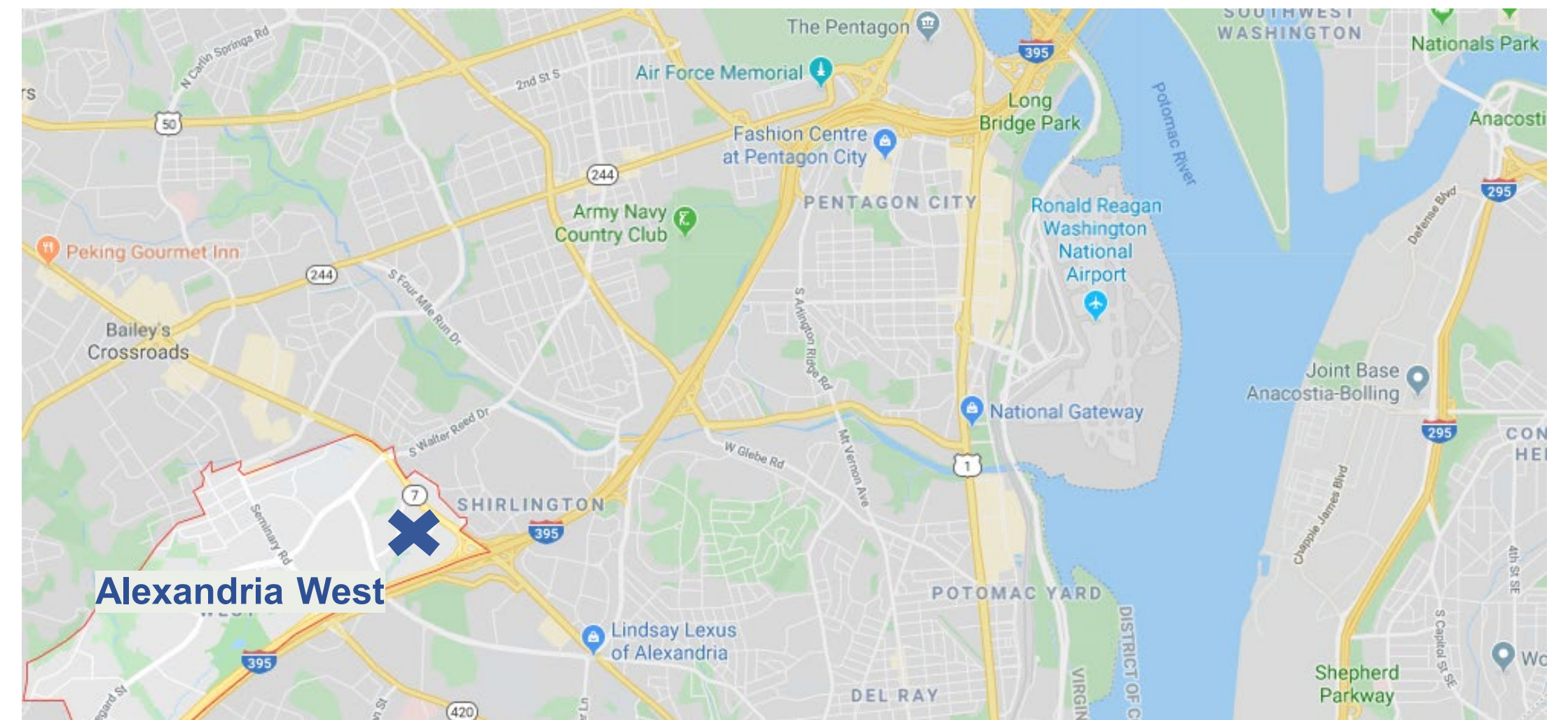
AMI & Rent Roll Analysis^{1,2}

- Purchase will create 245 units of committed affordability
- Average rent per unit (after adjustment) = \$1,872



- <120% AMI = salary less than \$116,000 (e.g. Nurse Practitioners or Construction Mangers)
- <80% AMI = salary less than \$77,600 (e.g. Middle School Teacher or Legal Secretary)
- <60% AMI = salary less than \$58,200 (e.g. Payroll Clerks or Administrative Assistants)

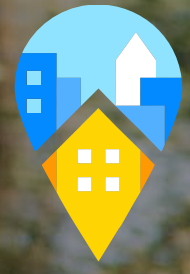
Neighborhood Overview³



¹ Rent roll information as of 10/2/2019, income analysis is an approximation utilizing provided income data

² Salaries based on 2-person households

³ Based on zip code 22302, 2017 estimates, unless otherwise noted



Washington Housing Initiative

> Questions?





2020 Housing Summit- Housing the Future Workforce and Ensuring that all Benefit

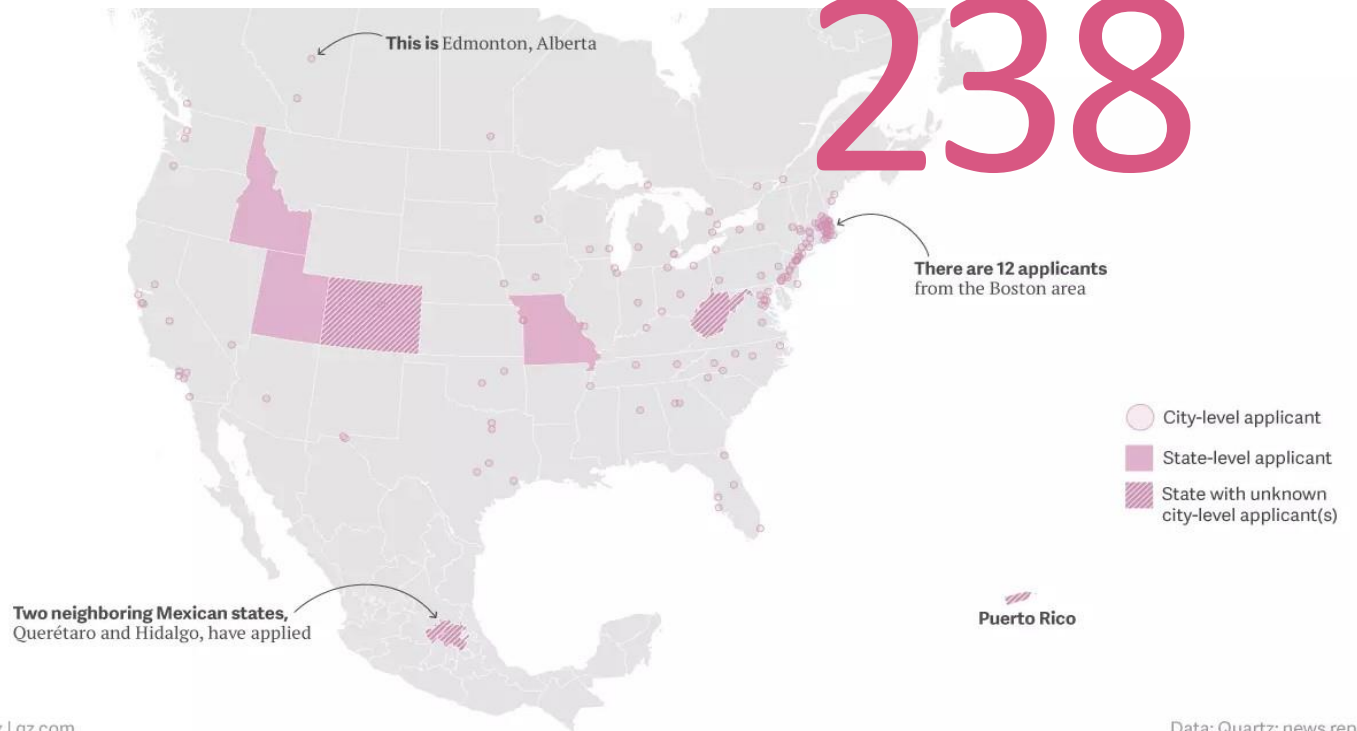
January 11, 2020

**Stephanie Landrum, President & CEO
Alexandria Economic Development Partnership (AEDP)**

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THE GREAT CHASE FOR AMAZON'S HQ2 (AND ITS ROLE AS A CATALYST)

238



Quartz | qz.com

Data: Quartz; news reports

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IN RETROSPECT: AMAZON H2Q RFP

Labor Force- The Project includes significant employment requirements...and with corresponding educational attainment of the available workforce. The Project must be sufficiently close to a significant population center, such that it can fill the 50,000 estimated jobs that will be required over multiple years. A highly educated labor pool is critical and a strong university system is required.”

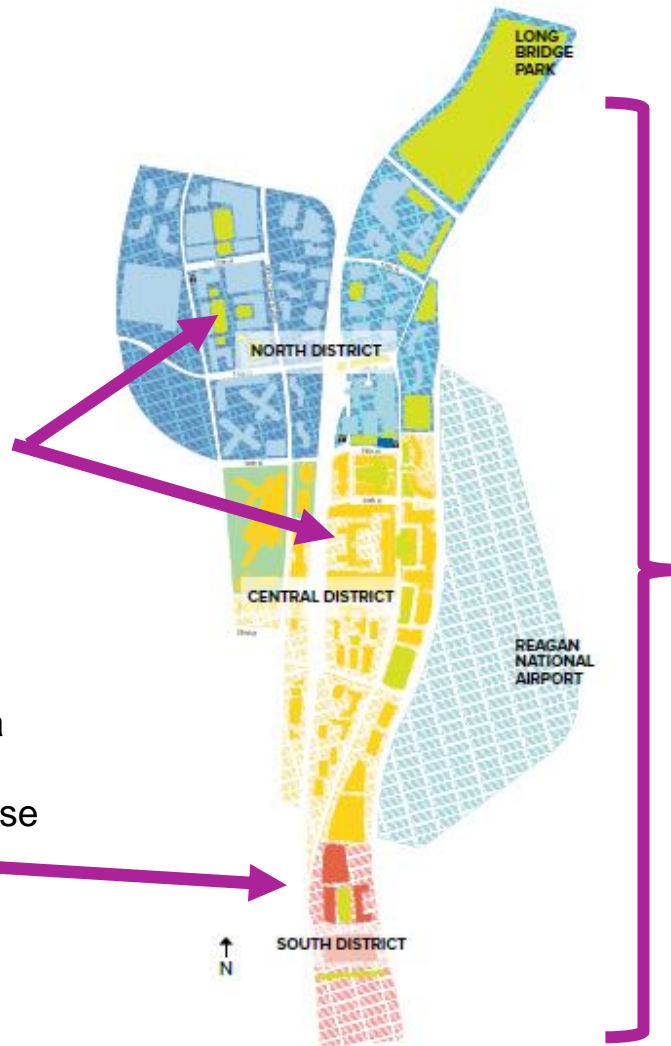
NATIONAL LANDING

Amazon selects NOVA for HQ2 site after 14-month search

- \$2.5 billion investment by Amazon in Arlington County
- At least 25,000 new HQ jobs within 12 years

New Virginia Tech Innovation Campus to locate in Alexandria

- \$1 billion investment by VT
- 2 million square foot mixed-use campus



New State investments in transportation, affordable housing, higher education and K-12 education for National Landing and NOVA

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HOW DID WE WIN?

The Why: National Landing

The Nation's Tech Capital

- A robust ecosystem of tech anchors
- A specialized R&D base to support you
- Offers proximity to major clients

North America's Top Producer of Tech Talent

- A deep pool of STEM talent and expertise
- Robust pipeline of specialized talent to respond to future needs

A Global and Inclusive Region that Enables the Seamless Movement of People and Ideas

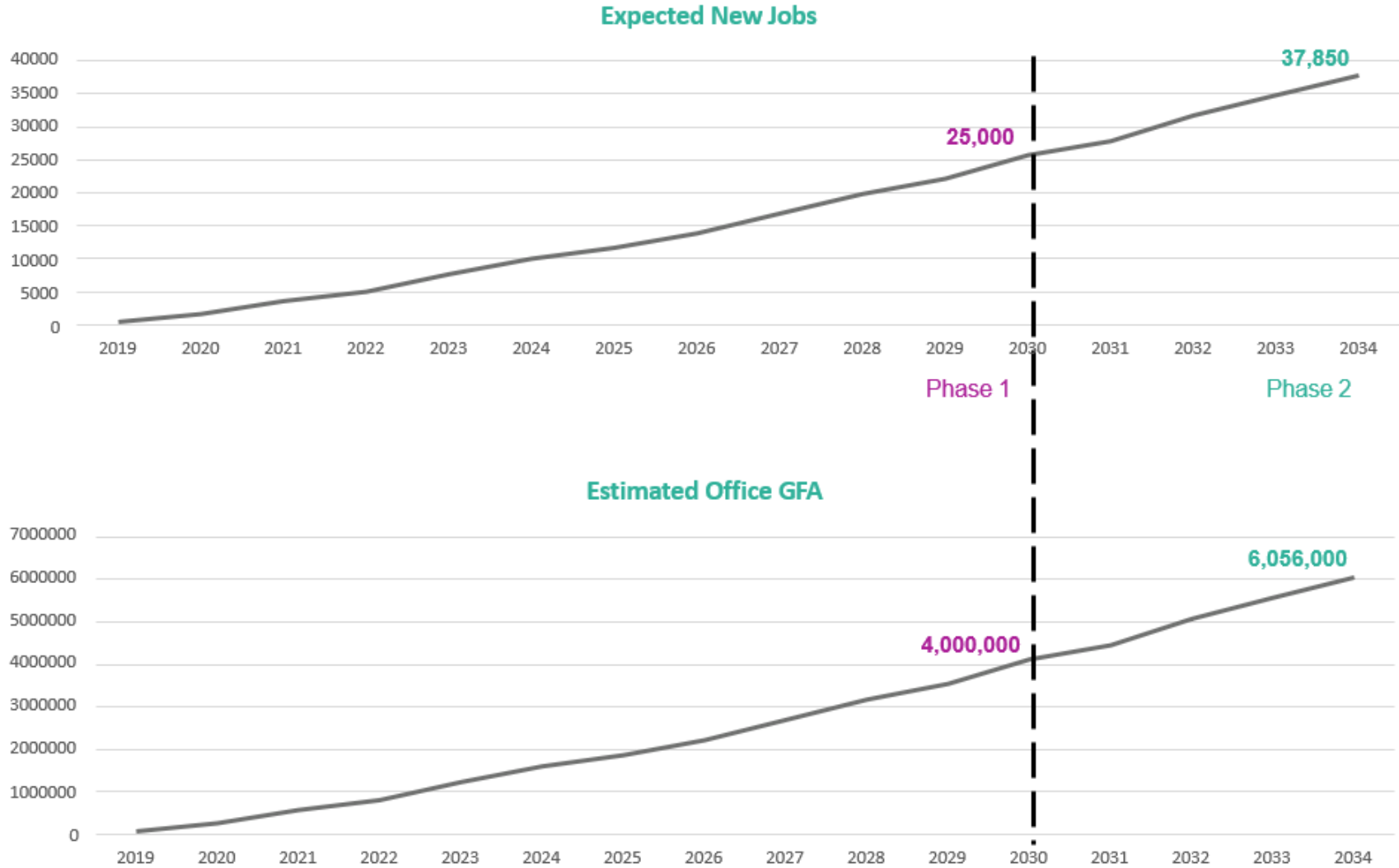
- Exceptionally liveable communities
- One of the nation's best educational and transportation systems
- A diverse and inclusive environment

A Stable and Competitive Partner with a Legacy of Exceptional Governance

- Competitive costs of doing business
- A stable regulatory and fiscal environment

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ANTICIPATED PATH OF GROWTH - AMAZON



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VIRGINIA TECH INNOVATION CAMPUS TIMELINE

PLANNING: 1 YEAR

BUILDING: 2- 5 YEARS

SCALING: 10 YEARS

PROPELLING: THE NEXT 100

VIRGINIA TECH.

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STRATEGIC INVESTMENTS IN AFFORDABLE HOUSING

Locality	Programs and/or Neighborhoods	Annual Investment (Per year)	Annual Impact (Affordable housing units per year)
Arlington	<ul style="list-style-type: none"> Neighborhoods immediately around the proposed site – Crystal City, Pentagon City and Columbia Pike areas 	\$7M*	100+
Alexandria	<ul style="list-style-type: none"> \$2M/year of existing funding \$5M/year of new funding (beginning in 2018) At least \$1M/year of new funding attributed to new revenue growth from project 	\$8M+	100–140
Virginia Housing Development Authority (VHDA)	<ul style="list-style-type: none"> Low income housing tax credits in NOVA Expansion of Homeownership Loan Program or launch of an Economic Development Pool \$152M private activity bond cap for affordable rental housing in NOVA 	\$15M+	N/A

**Projected*

CONTACT



Stephanie Landrum

President & CEO

Alexandria Economic Development Partnership

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KAISER PERMANENTE'S HOUSING FOR HEALTH EFFORTS IN THE MID-ATLANTIC REGION



Community Health Department
January, 2020

Why Housing for Health?

Safe, stable housing is a key determinant of both physical and mental health.



Average life expectancy for a person without stable housing is 27.3 years less than the average housed person



Without a place to live, it is nearly impossible for a person to take care of basic health needs.

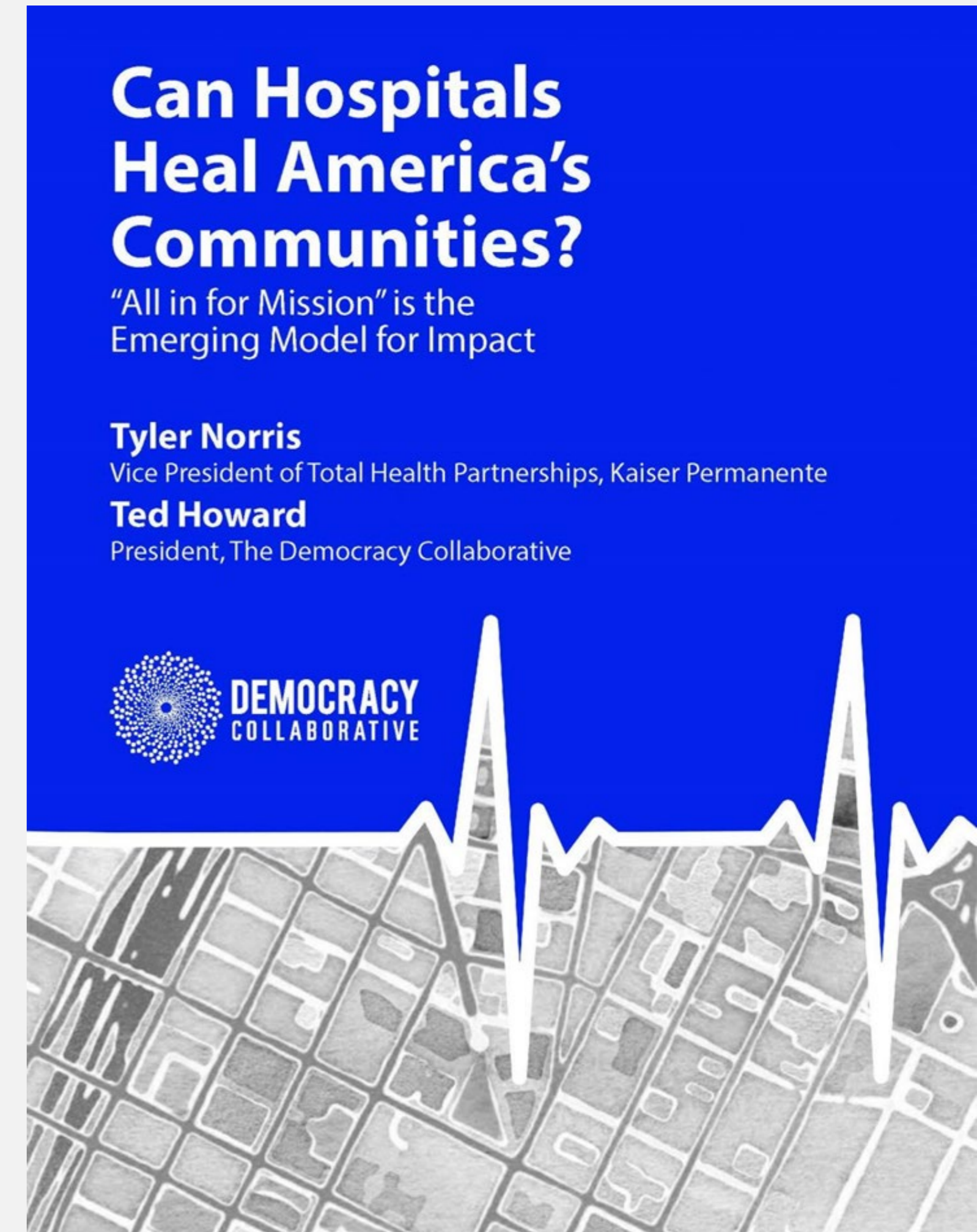


The solution to homelessness is housing.

We are fulfilling our role as an anchor institution in the mid-Atlantic region.

“Economists call them ‘sticky capital’—unlike for-profit corporations that come and go from our communities, and which tend to export wealth to capital centers, **anchor institutions are rooted in place...** As such, they have a vested self-interest in helping to ensure that the communities in which they are based are safe, vibrant, healthy, and stable.”

-- Tyler Norris and Ted Howard, *Can Hospitals Heal America's Communities?*, December, 2015



And addressing the real threat of gentrification and displacement.



Since 2000, Washington, D.C., suffered the most widespread low-income displacement of any major central city.

--Institute on Metropolitan Opportunity at the University of Minnesota Law School, American Neighborhood Change In the 21st Century, April 2019

Our region needs to increase its stock of low-cost housing

- An Urban Institute report (*Meeting the Washington Region's Future Housing Needs*, September 4, 2019) stated that the Washington, D.C. region needs 374,000 new housing units by 2030 to meet growing demand; 264,000 need to be low-cost housing.
- The report calls on government, business, nonprofit, and philanthropic leaders all to do their part.



COMMUNITIES LOCATED ALONG
THE ROUTE OF THE NEW PURPLE
LINE LIGHT RAIL
TRANSPORTATION SYSTEM
MAY FACE AN ESPECIALLY HIGH
RISK OF GENTRIFICATION AND
DISPLACEMENT.

That's why Kaiser Permanente has worked closely with the Purple Line Corridor Coalition to increase production and preservation of affordable housing, and stabilize small businesses, along the Purple Line route.

Purple Line Alignment



We were selected to anchor an affordable housing initiative in the Purple Line Corridor.



Center for
Community
Investment

- Accelerating Investments for Healthy Communities (AIHC) is designed to help participating hospitals and health systems deepen their investment in affordable housing, and advance policies and practices that foster equitable housing solutions.
- The Center for Community Investment provides technical training and \$375,000 in seed capital for **six participating hospitals and health systems** in 2019 and 2020.
- AIHC health systems and hospitals and their focus regions are: 1) Bon Secours Mercy Health System (Baltimore, MD and Cincinnati, OH); 2) Boston Medical Center (Boston, MA); 3) Dignity Health (San Bernardino, CA); 4) Kaiser Permanente (Prince George's and Montgomery counties, MD); 5) Nationwide Children's Hospital (Columbus, OH); UPMC (Pittsburgh, PA)

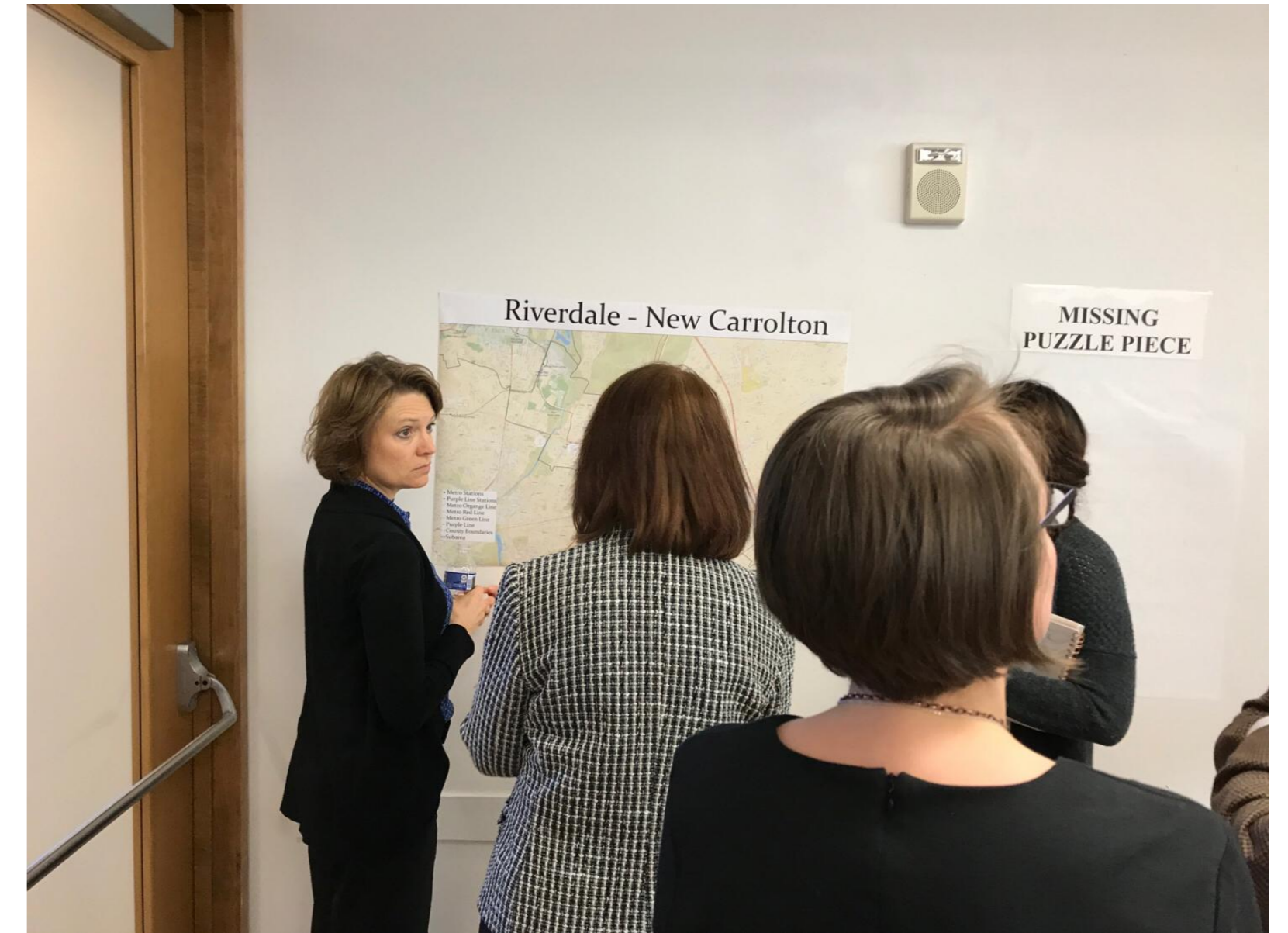
Accelerating Investments for Healthy Communities (AIHC) in the Purple Line Corridor



Working with:

- community residents;
- government officials;
- non-profit and for-profit housing developers;
- bankers, lenders, CDFIs;
- and community development experts

to catalyze a pipeline of affordable housing projects in the corridor.



Accelerating Investments for Healthy Communities (AIHC) in the Purple Line Corridor



- Amplifying our corridor-wide partnerships and supporting collective efforts to enable the financial, legislative and policy environment necessary to accelerate the development of affordable housing.
- With funding from CCI and from Kaiser Permanente's Thriving Communities Fund, we seek to leverage other public and private capital to increase the supply of affordable housing, and preserve existing affordable housing, as the Purple Line gets underway.
- We are specifically focusing on areas that may face the heaviest risk of housing and resident displacement: Silver Spring, the International Corridor, and Riverdale-New Carrollton.
- JPMorganChase is also investing \$5 million in the corridor, and CCI will make available an additional \$1.5 million.



Projected Outcomes:
1000 homes in our batch
by end of 2020;

Overall goal: Between
now and 2030, **No Net
Loss** of 17,000 homes in
Purple Line Corridor
currently affordable to
families at 60% of Area
Median Income or below.

We are also working with our national partner, Community Solutions, to end homelessness in Kaiser Permanente communities.

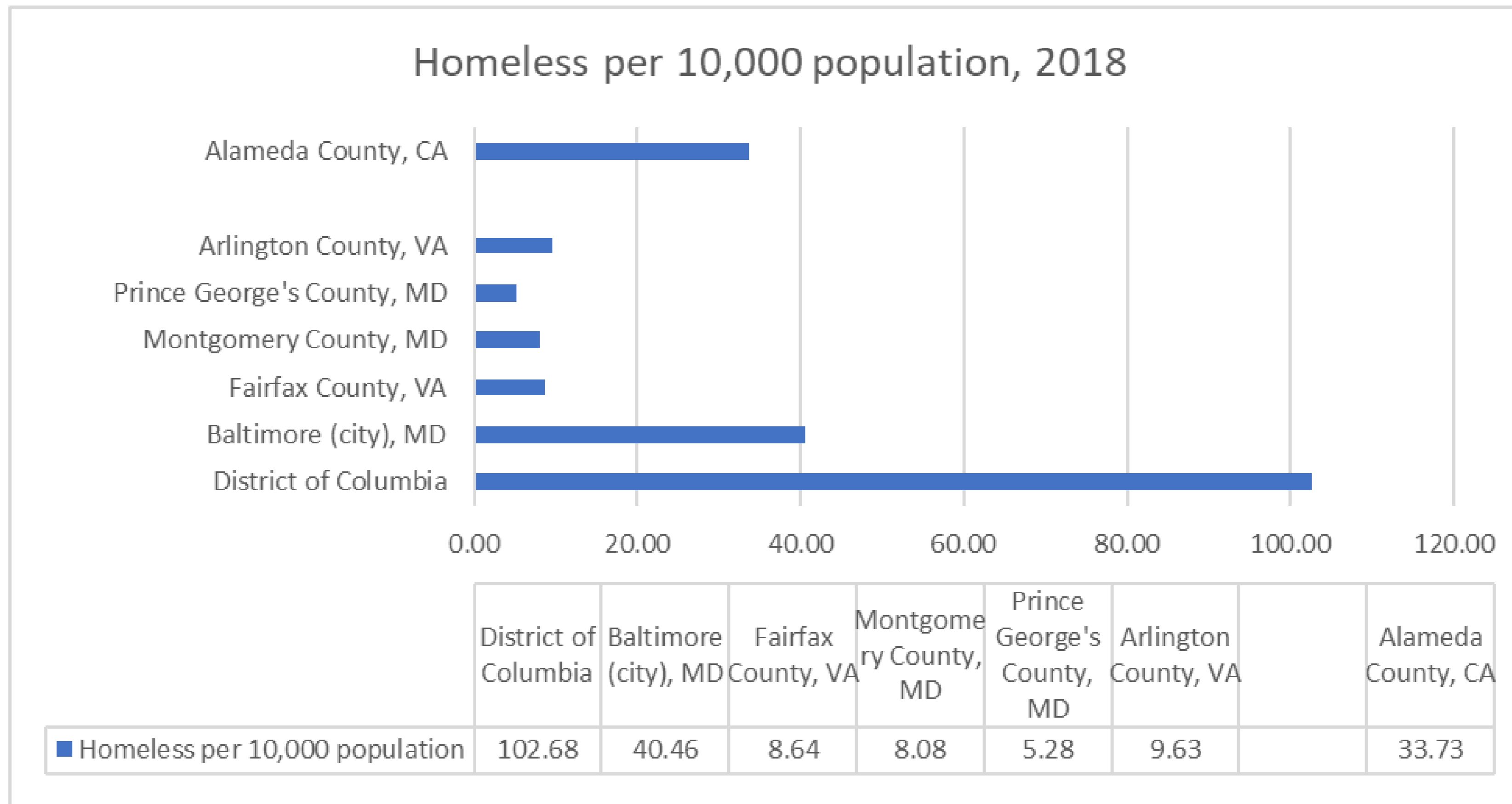
Built For Zero.

COMMUNITY
SOLUTIONS

Launched and deepening work with Community Solutions to strengthen community data and tools to achieve functional zero homelessness.

- Partnership led by KP national office.
- Started with 15 KP communities - have since added 8 more communities for total of **23 communities** in Built for Zero network in KP's footprint
- Built for Zero communities in MAS include Baltimore city, Montgomery County, Washington, D.C., Arlington County, Fairfax County.
- KP national office is contributing \$200,000 in 2020 to end homelessness among families with children in Montgomery County and \$175,000 to end chronic homelessness in Arlington County.

Washington, D.C. is the epicenter of the homelessness crisis in our region.



KPMAS is working with the District of Columbia government, Community Solutions, and local service providers on a strategy to end homelessness.

RxHome Fund

\$100 million revolving debt fund: \$50M Kaiser Permanente debt; \$50M Enterprise Community Loan Fund (ECLF) debt

So far, four loans have closed in MAS region to housing developments serving very low-income, formerly incarcerated and formerly homeless residents – two apartment buildings in Baltimore and two in Washington, D.C., for a total of 542 apartments.

Three more projects currently in pipeline.



Pedestal Gardens in Baltimore: 400 apartments permanently preserved below market rents.

The Housing Crisis in Arlandria / Chirilagua

Evelin Urrutia
Executive Director
Tenants and Workers United

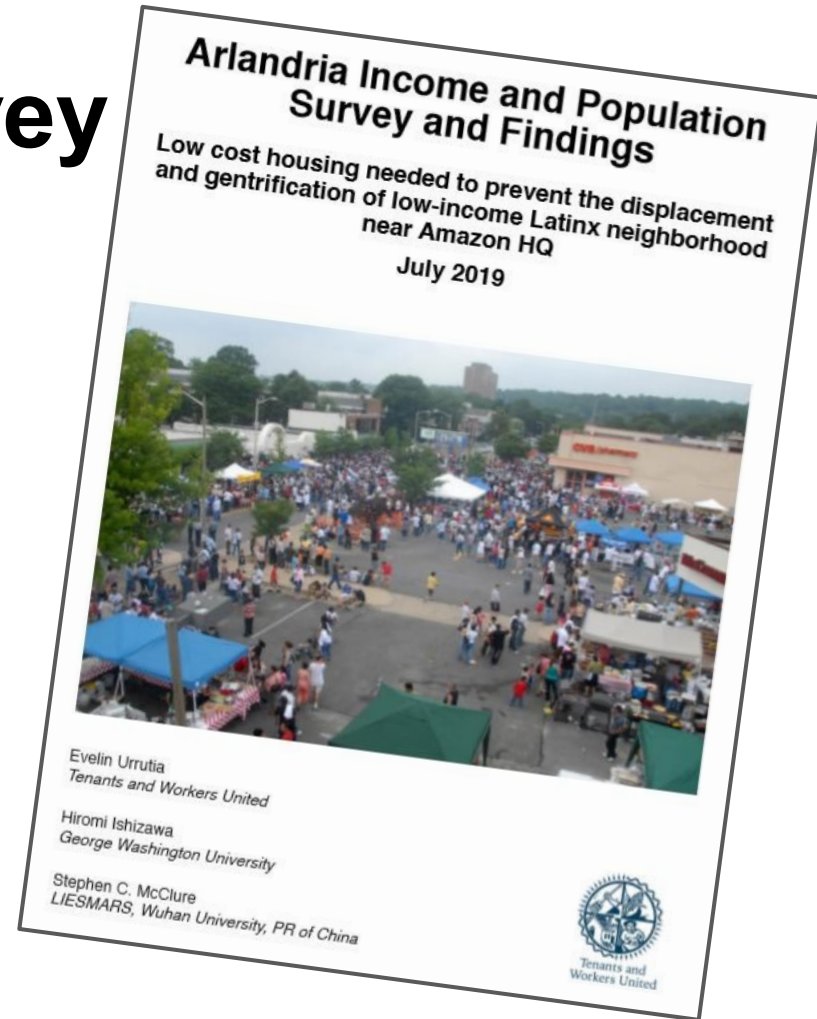


Arlandria Housing Survey

285 households surveyed

For the full report, go to:

bit.ly/TWUHousingSurvey



Arlandria's Uniqueness

- Deep Roots: Average length of residency is **12.5 years**
- Rich Culture: **75%** of participants **speak Spanish**
 - *42% Salvadoran, 22% Honduran, 7% Guatemalan*



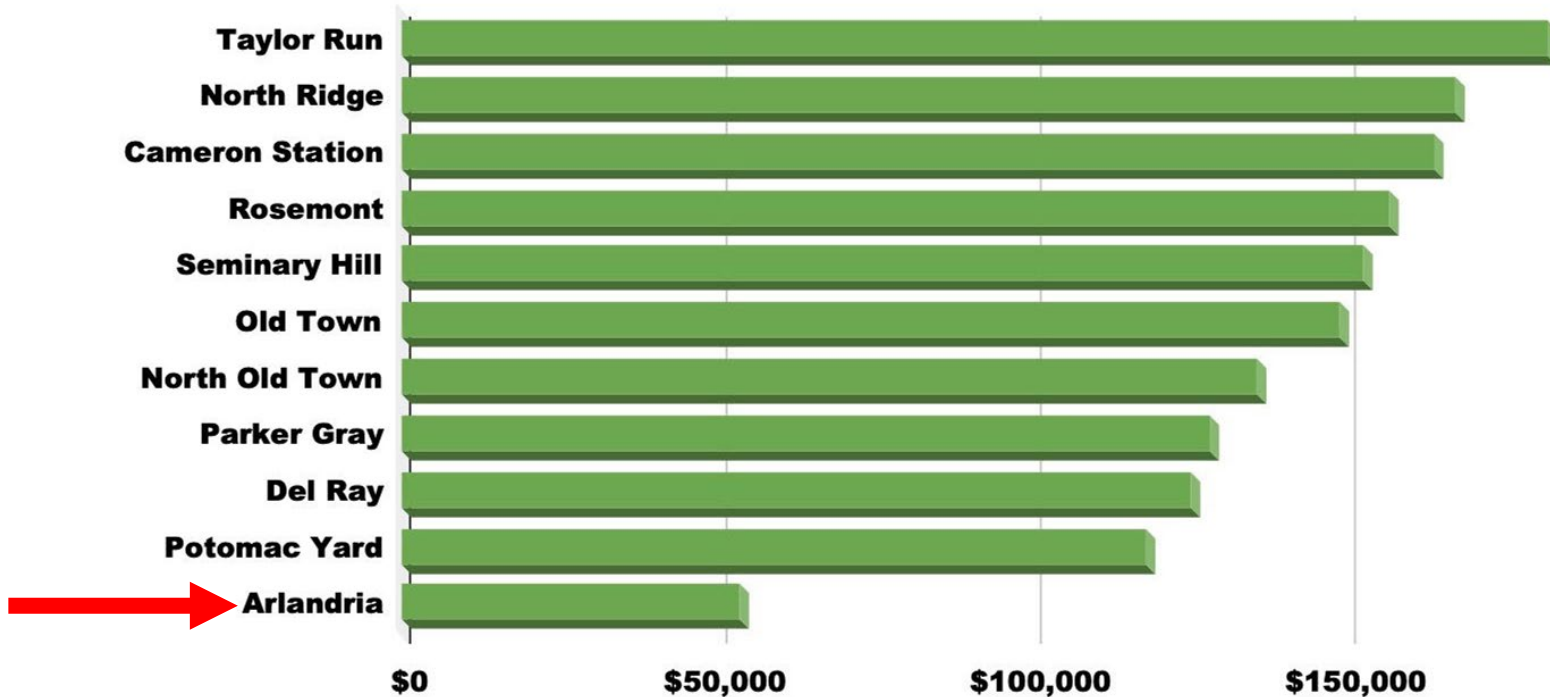
- **Thriving local economy** with authentic restaurants and small businesses
- Strong **sense of community** with shared histories, language, and culture

Arlandria is Under Threat

- **67%** of people surveyed earn less than **30%** of the area median income
- Another **28%** of participants earn less than **40%** of the AMI
- Many participants work in low-wage jobs in janitorial and food services, construction, and other manual labor industries

**Proposed workforce housing at or above 60% of the AMI
will not help current residents of Arlandria**

Median Family Income



source: U.S. Census Bureau

Graph from a December 13, 2019 [article](#) in the *Alexandria Gazette Packet*.

Policy Recommendations

- Preserve 100% of existing affordable units (no net loss)
- Create policies that prevent the displace of current residents
- Zoning for new construction or redevelopment in Arlandria should link:
 - increased density
 - reduced parking requirements and increased transit services
 - local or state subsidies to ensure that 1/3 of all new housing is affordable to people at or below 30% of AMI

Contact Info:

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eurrutia@tenantsandworkers.org

