

## THE CITY OF ALEXANDRIA'S

# AFFORDABLE SET-ASIDE PROGRAM

FROM THE 1990s TO TODAY

**360+**

the number of  
set-aside units  
completed

**220+**

the number of  
set-aside units  
pledged

Since 1995 the Affordable Set-Aside Program has expanded housing options in the City of Alexandria by working with developers to include affordable rental or ownership units in their projects.

Lower rent and mortgage payments allow Alexandrians to build personal savings and household wealth, invest in education, and afford critical services, such as healthcare and childcare. Set-aside units give Alexandria workers more time to spend with their families and on leisure activities by enabling

them to live closer to the jobs. Approximately, three quarters of those who work here commute from outside the City (2009-2013 ACS 5-Year Estimates).

Affordable housing is also critically important to the City's economy. Many businesses find that a lack of affordable housing makes it difficult to attract and retain employees and remain competitive in the regional marketplace.

## OAKVILLE TRIANGLE—WHERE JOBS, HOUSING, AND TRANSIT GO HAND- IN-HAND

Oakville Triangle is located along the Route 1 Corridor approximately a half mile from the planned Potomac Yard Metro Station and on the City's new bus rapid transit line. As part of a 2015 rezoning request, the developer agreed to provide 65 rental units serving households with incomes at or below 60% of AMI.

The unit composition within the development, with its emphasis on studio units, is designed to meet the needs of likely workers attracted to the emerging retail, hospitality, maker, office, and flex space businesses planned for the Oakville Triangle/Route 1 Corridor and its exceptional access to transit services.

The contribution reflects the Housing Master Plan's recommendation that developer contributions during rezoning applications take into account that affordable housing is one of the City's highest priorities.

**\$7.8m**—the  
value of the 65  
affordable rental units  
pledged within the  
Oakville Triangle site,  
\$2.8 million more than  
the standard housing  
contribution

## AT A GLANCE

**What are Set-Aside Units?** Set-aside units are affordable rental or ownership units, commonly in newly constructed apartment complexes and residential developments, that are pledged during the development approval process. Rents and sales prices are discounted to levels affordable to low- and moderate-income renters and buyers.

### **Who administers the Set-Aside Program?**

The Office of Housing administers and monitors implementation of the program.

**How affordable are Set-Asides?** Set-aside rental units are typically affordable to households earning up to 60% of the Area Median Income (AMI) while ownership units typically serve households earning up to 100% of AMI as defined by the U.S. Department of Housing and Urban Development. Potential renters and homebuyers must meet eligibility criteria established by the City, external lenders, and leasing agents.

### **When do projects include Set-Asides?**

Projects that use bonus density and/or height provide affordable set-aside units either on- or off-site. If acceptable to the City, projects may also elect to convert a voluntary monetary contribution to the City's Housing Trust Fund into set-aside units or incorporate affordable units during the rezoning process or within a Coordinated Development District (CDD).

**How long are Set-Asides affordable?** The term of affordability for rental set-aside units has steadily increased from 15 years in the 1990s to 40 years today. Ownership units now include deed restrictions which ensure that affordability terms are passed onto subsequent buyers through equity sharing provisions.

**Do Set-Asides look any different?** Set-aside units are indistinguishable from their market-rate counterparts.

**Where are Set-Asides located?** Check out the map on page 2! You can find set-aside units across the City in townhouse communities, condominium buildings, and apartment complexes.

### **Do other City programs support Set-Asides?**

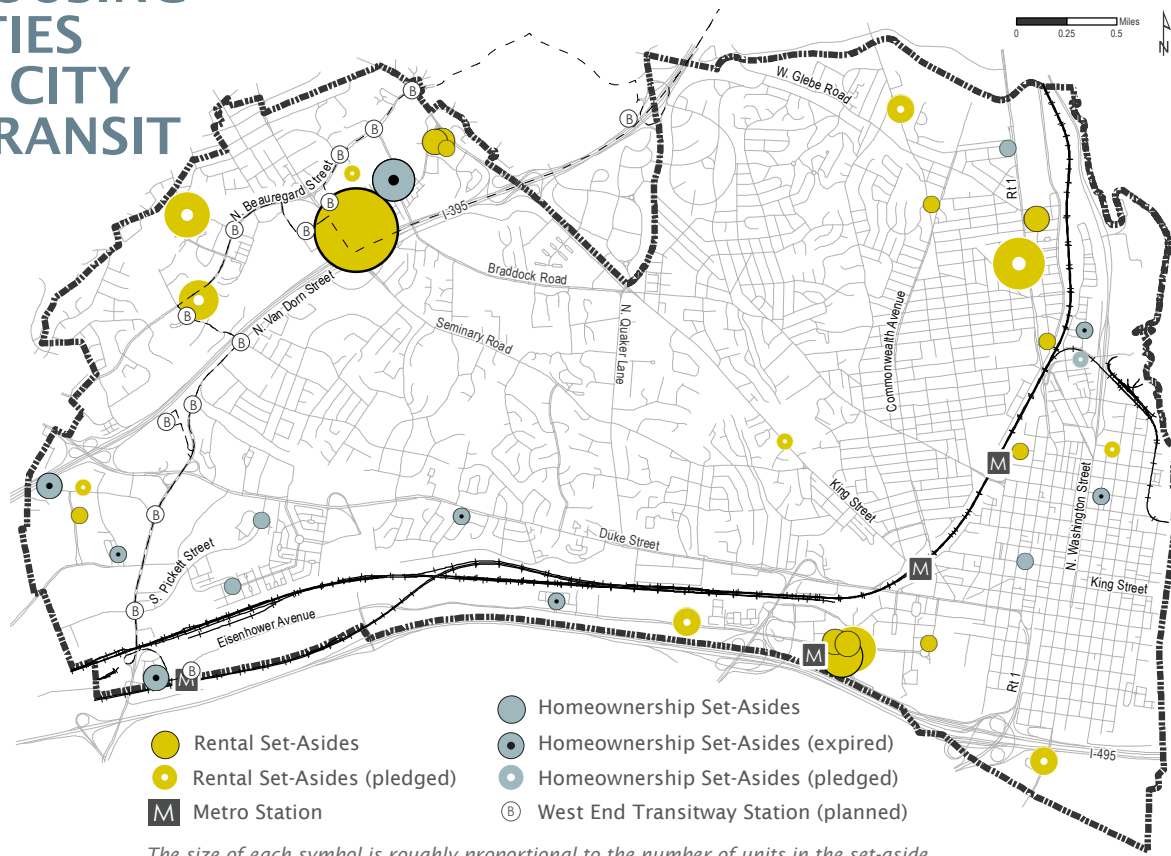
The City's Flexible Homeownership Assistance Program and its training and counseling services help purchasers of set-aside units prepare for the home buying process, as well as sustain homeownership. The Rental Accessibility Modification Program works with low-income renters with disabilities in set-aside, as well as market-rate, units to determine their accessibility needs and complete modifications to their homes at no cost.



# CREATING HOUSING OPPORTUNITIES ACROSS THE CITY AND NEAR TRANSIT

A number of factors influence the location of set-aside units, including the City's commitment to:

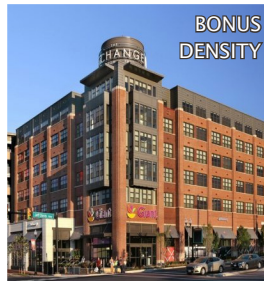
- foster mixed-income communities
- capitalize on opportunities in areas with development potential
- maximize units on sites with good access to retail, services, jobs, and transit (in particular our Metro stations and along the Route 1 Corridor Metroway and planned West End Transitway)



The size of each symbol is roughly proportional to the number of units in the set-aside program. Expired units are units whose terms of affordability have expired. Pledged units are affordable units developers have committed to providing in their projects.

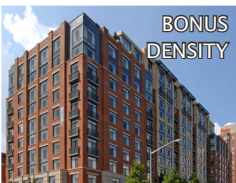
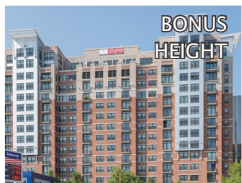


*"Access to transportation and services should be a key factor in the future distribution and allocation of affordable housing in the city", Housing Master Plan.*



### WHO LIVES IN OUR SET-ASIDES?

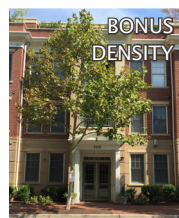
A SOCIAL SERVICES ADMINISTRATOR, COUNSELOR, BUSINESS DEVELOPMENT ASSISTANT, MEDIA ASSOCIATE, REGIONAL HEALTH SPECIALIST, TRAFFIC MANAGER, ACCOUNTING ASSISTANT, CITY EMPLOYEE, CUSTOMER SERVICE AGENT, PERSONAL ASSISTANT, ASSISTANT PROPERTY MANAGER, ACTOR, SERVER, FRONT DESK ATTENDANT, SOFTWARE SPECIALIST, LEASING CONSULTANT, STUDENT, GYMNASTICS COACH, HAIR STYLIST, BRANCH MANAGER, MANAGEMENT ASSISTANT, MEDICAL OFFICE ASSISTANT, LEGAL CASE MANAGER, SELF EMPLOYED WORKER, POLICE OFFICER, RETIREE.



## COMPLETED



*"Mixed-income communities are the optimal way of maintaining social and cultural diversity", Housing Master Plan.*



## PROJECT PROFILES—

### *The Alexander*

The Alexander, a 275-unit apartment property on King Street (with its sister building, Northampton Place), was the first development in Alexandria to incorporate affordable rental set-aside units. The 12 units affordable to households earning up to 60% of the area median income were leased starting in 2007 with a 15-year term of affordability. Maintaining affordability in similar units following the expiration of negotiated conditions remains a challenge for the City.

### *The Preston*

Located at the corner of East Reed and Jefferson Davis Highway, the six set-aside units at The Preston were the first affordable homeownership units generated through the bonus height provisions of the Zoning Ordinance (see program description on the right). Each of the units was made affordable to households earning up to 100% of the area median income and was accompanied by downpayment and closing cost assistance from the City as needed. Several of the set-aside units have been resold following the City's equity sharing provisions to subsequent moderate-income buyers (also see back page).

### *Alexandria Crossing at Old Dominion*

As a vibrant mixed-income community in Arlandria, Alexandria Crossing at Old Dominion is home to 36 replacement public housing units, 10 workforce affordable condominium units, and 8 market-rate townhome homeownership units. One of the workforce units is owned by the Alexandria Housing Development Corporation and leased to an Alexandria City police officer. The community was developed through a collaboration among the Alexandria Redevelopment Housing Authority, a private developer, and the City.

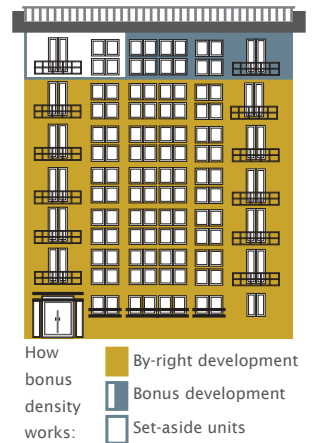
### *Goodwin House & Memory Care*

Goodwin House provides a range of housing and continuing care options for seniors at its Alexandria campus. As part of its second phase of redevelopment, Goodwin House has committed to providing entrance fee and/or monthly-fee subsidies through its Foundation to benefit at least six new low- or moderate-income residents.

The proposed 66-bed Memory Care facility at 2811 King Street will be providing a 40% discount on two beds for the life of the facility. The importance of increasing the City's supply of affordable assisted units is highlighted in the Housing Master Plan, Strategic Plan on Aging, and the Consolidated Plan.

## BONUS DENSITY PROGRAM

As construction costs have continued to climb, so has the price tag for increasing the region's affordable housing stock. One common approach to offsetting the cost of incorporating affordable units within a market-rate project is to provide a developer with bonus density or height. Section 7-700 of the Zoning Ordinance (commonly referred to as the bonus density program) does just that. It grants bonus density of up to 20% and/or bonus height of up to 25 feet. In exchange, a minimum of one third of the units generated through the bonus must be affordable.

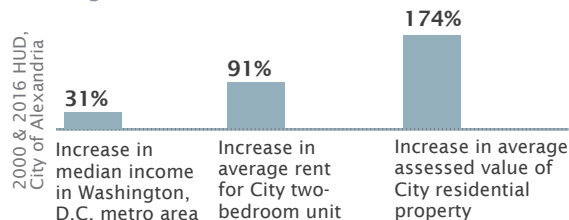


**224**—the number of set-aside units constructed or pledged through the bonus density/height program since 2002 (see facing page for projects)

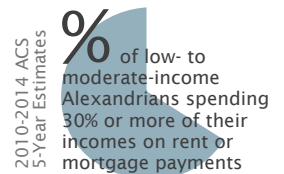
Amendments in 2014 introduced additional flexibility to maximize community benefits. Units of equivalent value may now be provided off-site or converted to a cash contribution to the City's Housing Trust Fund in consultation with the Office of Housing. If authorized by the approved small area plan, the density bonus can exceed 20% as was approved in the 2015 Eisenhower West Small Area Plan.

## THE FACTS

### Disparities continue to grow between wages and housing costs (2000-2016)



### Housing costs dominate household budgets





JUST IN! Cambria Square, a new 48-unit townhome development on South Pickett Street, includes 4 three-bedroom set-aside homeownership units. In addition to the units, the developer is contributing \$200,000 for downpayment and closing cost assistance to potential homebuyers earning as low as 70% of the area median income. The 2016 project presents a rare opportunity to add family-sized units to the City's stock of affordable sales units and to replenish some of the City's first generation of set-aside homes.

## AFFORDABLE HOUSING OPTIONS FOR BEAUREGARD RESIDENTS

The Beauregard Area is home to a large portion of Alexandria's market affordable housing stock. In 2012 the City developed a comprehensive housing strategy as part of the Beauregard Small Area Plan process to mitigate the potential displacement of hundreds of households as the area redeveloped over time. Working with the developer, the City committed to helping to create or preserve approximately 800 rental units affordable to households with incomes between 40% and 75% of the area median income (AMI).

In accordance with the CDD to redevelop a portion of Southern Towers' property in 2013, the owners proposed a housing plan to provide 105 set-aside rental units with affordability ranging from 55% to 60% of AMI for 10 years at no cost to the City. The Office of Housing's Relocation Coordinator started to place tenants on the Beauregard waitlist in Southern Tower units in the Summer of 2016.

## POLICY CHANGES

Program parameters and policies change as market conditions and best practices evolve. Since the inception of the program, several changes have expanded the impact of the Set-Aside Program:

- The typical term of affordability of set-aside units has more than doubled from 15 in the late 1990s to 40 years today.
- Equity sharing, introduced in 1999 and enforced through deeds of covenant, has helped preserve the long-term affordability of homeownership set-aside units whose buyers have received City home purchase assistance.
- The Housing Master Plan established preference for set-aside affordable units over monetary contributions within transit-oriented developments.
- Family-sized units, including greatly needed three bedrooms, have been negotiated with developers.

In addition, parking reductions for affordable projects were approved in 2015 and are anticipated to begin offsetting project costs to incentivize production of more set-aside units.



## LOOKING FORWARD

The City anticipates that the demand for affordable set-aside units will accelerate and evolve as the inventory of market affordable units contracts, committed affordable units face expiring affordability terms, consumer preferences change, and job growth occurs in lower-wage business sectors. Tackling these challenges will require a commitment to:

- pursuing opportunities in areas with the greatest potential for mixed-use development and access to multimodal transit
- exploring strategies to deepen levels of affordability
- ensuring the types and sizes of new set-aside units match demand and consumer needs

### City of Alexandria

Office of Housing  
421 King Street  
Suite 200  
Alexandria, VA 22314  
703.746.4990

[www.alexandriava.gov/Housing](http://www.alexandriava.gov/Housing)

September 2016

