



Braddock Metro Neighborhood Plan

City of Alexandria, Department of Planning & Zoning
www.alexandriava.gov/planningandzoning (703)838-4666

Abt Associates Inc.

Redeveloping Public Housing Educational Workshop

Solving problems, guiding decision – worldwide

The logo for Abt Associates Inc., consisting of the word "Abt" in a white, serif font inside a black square.

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**S. Rhae Parkes
Abt Associates Inc.
October 16, 2007**

Affordable Housing – What does it Mean?

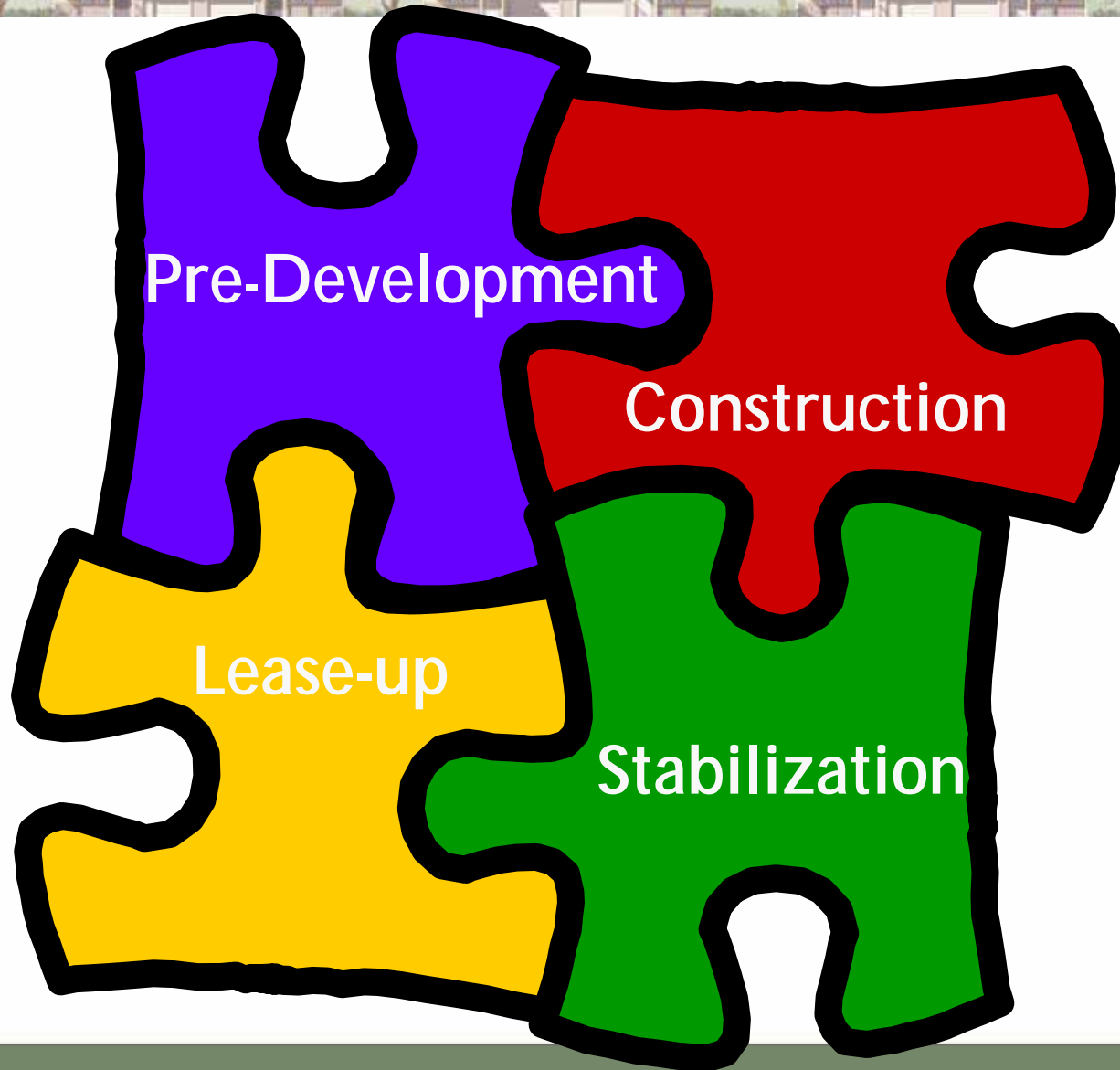


- **A range of housing types to serve the needs of a mix of families at different income levels**
- **Types of Affordable Housing**
 - Public Housing (PH): Rental units owned and operated by ARHA; targeted at low and very-low-income families; families pay 30% of household income (if zero income, zero rent), HUD provides ARHA with operating subsidy
 - Low Income Housing Tax Credit Units: Units financed with funding from state finance agency; income restricted
 - Workforce housing: Rental or for-sale units targeted to families earning 80% of Area Median Income (AMI), or for-sale units targeted to families earning between 100% and 120% of AMI.
 - Affordable For-Sale: Income-restricted units that may include construction write-downs, down payment assistance, silent second mortgages and other types of supports to the buyer. Typically targeted to families at or below 80% of AMI. Restrictive covenants govern resale of units
- **Key Definitions**
 - Mixed-finance Development: ability to make use of private and/or public sources for the purpose of developing public and other types of affordable housing that may be owned by an entity other than a PHA
 - Mixed-income Development: a mixed-finance development that includes a combination of PH units and non-PH units (e.g., LIHTC, market-rate, workforce, and homeownership units)

Role of PHAs in Development

- Prior to 1980 - PHAs build and own traditional public housing projects, usually debt-free
- 1986 - LIHTC program created to raise equity for affordable housing
- 1992 - HOPE VI program created to redevelop distressed public housing
- Mid 1990's – Mixed Finance (MF) regulations created to allow PHAs to leverage public housing funding
- Today - budget restrictions require PHAs to be creative, leveraging public funds with non-traditional sources (LIHTC, tax exempt debt, sales proceeds)

The Development Puzzle – Understanding the Development Process



The Development Process - Getting from Here to There



- Strategic Planning
- Pre-development
- Development
- Construction
- Occupancy and Operations

Strategic Planning

- Clarify goals, roles, and expectations – PHA, City, residents
- Assess stock-wide needs and opportunities; identify sites with revitalization potential
- Establish broad-based participatory planning process; meet with residents and other key stakeholders
- Establish project concept
- Identify potential public and private-sector financial resources

Predevelopment - Early Activities

- Begin human services activities
- Procure development partners and consultants, if appropriate
- Develop site plan, building program and design options
- Undertake market study/feasibility analysis
- Prepare preliminary development schedule and budget
- Secure financial commitments
- Outline development and management structure
- Identify relocation resources; prepare relocation plan

Pre-Development - Later Activities

- Submit disposition and acquisition plans to HUD for review and approval
- Begin relocation activities, remediation, demolition, and acquisition (after plans are approved by HUD)
- Finalize design drawings and construction estimates
- Secure additional financing
- Secure regulatory approvals and permits
- Negotiate construction contracts
- Submit Mixed-Finance Proposal and/or Homeownership Plan to HUD for review and approval

Development and Construction Activities

- Complete relocation and demolition
- Prepare and negotiate legal documents with developer, LIHTC syndicator, and other public and private-sector financing sources
- Submit evidentiary materials to HUD for review and approval
- HUD and financial closing - execute all documents
- Commence construction
- Develop and implement marketing plan
- Undertake homeownership-related activities, if applicable (counseling, marketing, sales)

Occupancy/Operations



- Complete unit lease-up and/or sales
- Commence management activities
- HUD provide ARHA with operating subsidy for public housing units; ARHA provides subsidy to management agent (if appropriate)
- Continue provision of human services (if HOPE VI, at least during the grant period; if LIHTC, for compliance period)

The Development Process Timeline



Pre-development
6 - 12 months

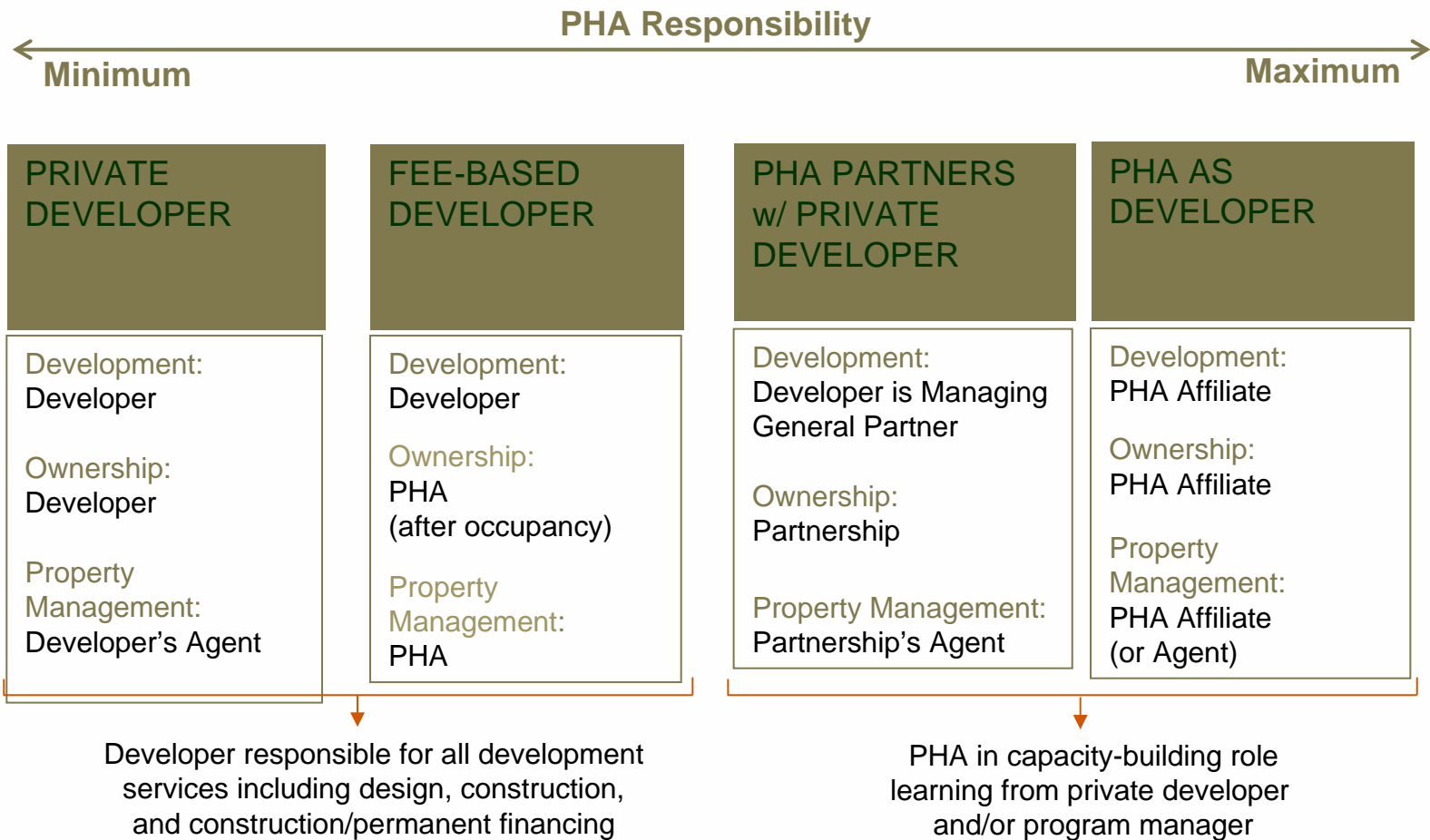
Construction
18 - 24 months

Pre-leasing
2 to 12 months

Sources of Financing

- Low Income Housing Tax Credits (9% or 4%)
- Tax Exempt Bonds
- City and Local Funds (Housing Trust Fund, HOME, CDBG, 108, Voluntary Contribution, etc)
- HOPE VI
- Federal Home Loan Bank
- Public Housing Authority Funds (Capital funds, reserves, Replacement Housing Factor Funds, etc)
- Private (foundation support, local leverage)
- Debt (not allowed for public housing units)

Mixed-Finance Development Models



Opportunities for Redevelopment



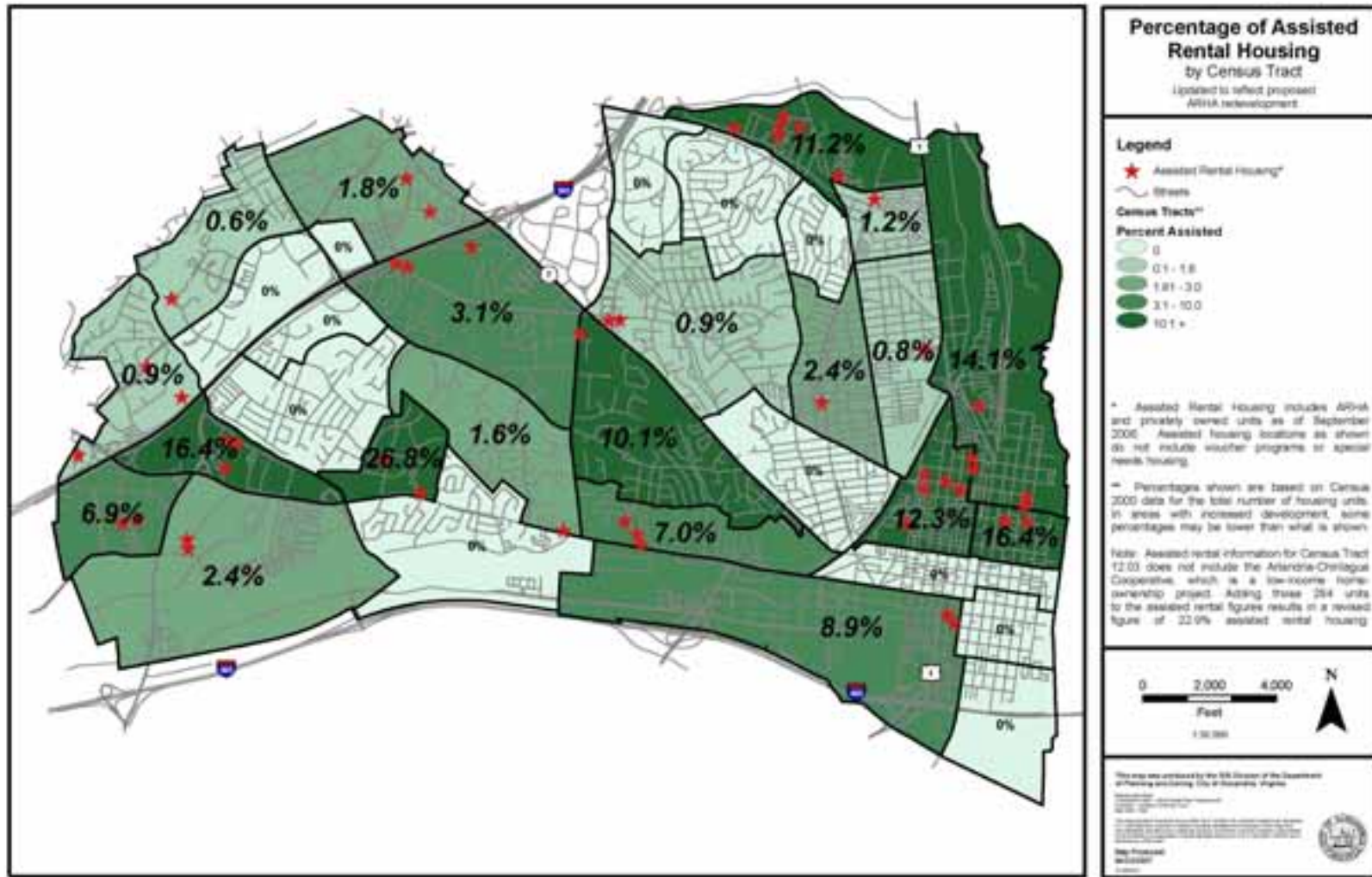
- ARHA owns very valuable real estate/asset
- Resident and community support
- Mixed-finance development approach is well-tested with successful examples across the country and locally (Alexandria, Norfolk, Baltimore, DC)
- Strong demand for affordable, mixed-income housing
- Key stakeholders at the table, including the City and ARHA
- HOPE VI application to HUD in November 2007 (seeks funding for both construction and supportive services)

Challenges to Redeveloping Public Housing into Mixed-Income Housing



- Relocation
 - Uniform Relocation Act mandates certain relocation benefits that must be provided (replacement housing payments, moving cost assistance, relocation counseling, etc)
 - Where will families move (temporary and permanent, hard units vs. Section 8 voucher)?
- Every unit demolished must be replaced somewhere (Resolution 830)
 - Density vs “Fair share” considerations
- Appropriate site plan (balancing the needs of current and future residents)
 - Mix and type of housing (rental vs. for-sale; market rate vs affordable vs PH units; family vs senior)
 - Market demand; attracting a range of incomes
- Creating successful mixed-income communities
 - Wrap around supportive services for PH residents to encourage and increase economic independence
 - New re-occupancy criteria for new mixed-income community
 - High quality design that changes the physical shape of PH; all units design the same way
 - Strong property management to establish and enforce high standards
- Financing – Highly competitive grants, dwindling resources, limited sources for services; numerous financing and development partnerships are necessary
- Managing Expectations and Balancing Diverse Needs!

Percentage of Assisted Rental Housing



Examples from Other Cities



- Norfolk + DC – Mixed finance, mixed income using HOPE VI
- Boston – Mixed-income rental (PH, LIHTC, market rate), created new non-profit entity to raise financing for human services
- Lakeland – Mixed-income rental (PH,LIHTC), created a PHA-affiliate to access restricted local funding to build affordable for-sale
- Nashville – PHA acting as own developer (PH, market rate, LIHTC, for-sale); 100% of developer fees returned to the project
- Chester – Mixed income (PH, LIHTC, market rate), disposed of PHA-owned property to private entity to build new retail