

## Workforce Housing Questions & Responses

Submitted 3/2/06 by: Redella S. "Del" Pepper, Council Candidate (D)

**1. Priority. How important is workforce housing to Alexandria?** Creating and maintaining affordable housing in Alexandria is of great concern to me in view of rising rents, the scarcity of low-cost homes, and the recent condo conversions. The number of affordable housing units is definitely declining. Many of our workers, persons on fixed incomes, and those with moderate and low incomes are having to move to other jurisdictions because they can not afford to live in the City. We must not lose the diversity we value so much in Alexandria.

In recognition of this situation, and how important it is to maintain diversity in Alexandria, the City Council voted last Spring (2005), to dedicate one cent of the real estate tax rate to the Affordable Housing Fund for the purpose of purchasing property for affordable housing. This will raise approximately \$3.3 million a year—money that can be used to assist non-profit housing groups to buy or develop multi-family affordable rental housing projects. In addition, we have authorized leveraging affordable housing dollars to generate \$22.1 million in bonds. This allows us to take advantage of an opportunity to purchase units if they suddenly become available.

Here's what we must do if we are to maintain our housing options: First of all, we will have to continue to dedicate one cent of the real estate tax. There are other things that we are doing that we need to continue.

The Council created and provided initial funding for the Alexandria Housing Development Corporation which is a non-profit like Wesley Housing Development Corporation that aims to create affordable rental housing. They have had a very slow start, but we need to continue their activities.

Soon we will be hiring a new Deputy Director in the Office of Housing who will be focusing on every opportunity to create new affordable housing units, as well as to preserve our present stock. We need to get him in place to ensure progress.

In addition to the contribution developers provide to the Housing Trust Fund, it would be helpful if employers would offer housing information to their own workers, or even better, voluntarily offer financial assistance, where that is possible. Employers could play a big role in our efforts to increase workforce housing. We need to encourage that.

We are encouraging developers to set aside more units in their projects, such as was done at Mill Race. We need to continue this and offer more incentives if we want a significant number of affordable units to be set aside in appropriate locations.

We need to continue to work with the owners of developments such as Foxchase and Old Towne West, to ensure that we do not lose the subsidized units we have. The "mark-up to market" program has been very helpful in the past. Here the property owners are encouraged to keep the subsidized units in their developments because the federal government provides an increased subsidized rent level more comparable to the market rent level. We need to continue the Home Ownership Fair held at T. C. Williams High School, and all the other information and subsidy programs that we have in place through the Office of Housing.

**2. Targets and Tools. Will you support an Action Plan and implementation tools, and how will you get City staff to implement it?** I support an Action Plan. As noted above, the City will soon hire a Deputy Director in the Office of Housing, whose focus will be on the preservation and production of affordable housing. This should be very helpful in moving the City along.

The City has set affordable housing goals, but they need to be increased considerably. I will support a major increase in the number of units preserved or created. At this time we are aiming at having 500 units preserved over a 5-year period. This rate of 100 units preserved per year will be met this year.

**3. Accountability. An Action Plan would require the City to provide an annual report. Will you support this accountability?** Alexandria takes pride in having an open and accessible government and in providing whatever information is needed, so an annual report stating units lost, preserved, etc. is no problem. At the present time the Office of Housing does provide periodic reports to Council on housing activity, but if more information or different information or clearer information is needed, Council and staff will be pleased to provide it.

**4. Opportunities. Will you support density increases if properly planned and coordinated with open space, transportation mitigation and mixed use?** Alexandria will have to offer higher densities in order to encourage developers to include affordable housing units of any significant number in their developments, and I would support it in appropriate areas such as around our Eisenhower Avenue, Braddock Road, and Van Dorn Metro stations.

**5. Funding. Will you commit to continued City funding to support workforce housing?** As I stated in question Number One, I am very much concerned about creating and maintaining affordable housing in Alexandria and certainly will commit to continued City funding. In addition to the City's one-cent of dedicated real estate revenues, funding currently in place includes federal CDBG and HOME funds, state VHDA mortgage funds, as well as developer donated funds. We should, of course, continue all of these. In view of the acknowledged serious lack of affordable housing, I believe that there is the political will on Council and in the community to ensure that the dedicated funds from the property tax will continue. I do not see a policy change in anyone's commitment to keeping the dedicated funds for affordable housing.

**6. AHDC. Should the City widen its options, beyond AHDC, by working more closely with other nonprofit and for-profit housing developers?** Yes, it definitely should. It does and it can do more. The City does deal with non-profits other than AHDC. RPJ Housing, Wesley Housing, and the Shiloh Baptist Church's non-profit, (Beasley Square), are three such examples. The City has also encouraged other non-profits in the area to do projects in the City. The City also works with for-profit developers to provide set-aside units, and the owners of complexes such as Foxchase. When the Winkler properties came up for sale and the bidding process ensued, the City worked with a number of for-profits who wanted to do affordable housing.

**7. Policy and Preservation. Will you commit to a tax policy for workforce housing?** These are really three questions. As concerns whether I would commit to a tax policy for workforce housing that uses an income-based valuation that would then moderate property tax burdens, yes, I certainly would consider it, but we already do something along those lines.

For example, the City assesses apartments in accordance with state law, and therefore values apartments using income as a factor. The City does not assess apartments using their potential market value, as we do with condominiums, as a basis for assessment. For example, a condominium unit valued at \$250,000 might only be valued at \$150,000 if it were a rental apartment. This produces a lower tax bill because the value is less.

Whatever the City does, it has to follow state laws regarding assessments. In the case of owner-occupied affordable housing units (such as those produced by Habitat for Humanity), the City has recently changed its assessment policy and now assesses at a lower amount those affordable housing units where the owner's resale amount is limited.

As concerns property tax relief or delayed payment of property taxes, the Manager has proposed in the current budget to increase income limits for both real estate tax exemptions and deferrals from \$62,000 per household to \$72,000 per household. I will support that in the final budget that Council passes in April.

As for legislation that would allow the City to provide tax abatement for the purpose of rehabilitation and preservation of workforce housing, the current state law does allow partial real estate tax exemption for rehabilitation of residential property—which includes apartments. To date the City has decided not to adopt this approach. Instead, if a property needs financial assistance for rehabilitation, we can offer a grant or loan. We have dedicated one cent of the real estate tax rate for affordable housing as how we wish to support affordable housing. I would certainly consider offering a tax abatement program as an incentive to multi-family property owners to rehabilitate or preserve their buildings for workforce housing.