Docket Item #9
DSUP2025-10003 The View
June 4 Planning Commission

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 22, 2025

TO: MEMBERS OF THE PLANNING COMMISSION AND CITY COUNCIL

FROM: HELEN S. MCILVAINE, DIRECTOR
OFFICE OF HOUSING

SUBJECT: ALEXANDRIA HOUSING AFFORDABILITY ADVISORY COMMITTEE (AHAAC) COMMENTS IN RESPONSE TO DSUP 2025-10003

I am writing to make members of the Planning Commission and City Council aware that subsequent to the submission of AHAAC's comments regarding The View's Affordable Housing Plan, the applicant modified the Plan to reinstate the monetary contribution to the Housing Trust Fund. AHAAC has been advised of this positive outcome.

To: City Council, Mayor Gaskins

From: Alexandria Housing Affordability Advisory Committee (AHAAC)

Date: May 19, 2025

Re: Proposed development of The View

We are writing on behalf of AHAAC to explain our votes of May 14 on Goodwin Living's Affordable Housing Plan for The View. The View is an existing 126-unit senior living facility built in 1963. Goodwin Living owns and operates the facility, along with an adjacent skilled nursing/memory care building. The developer intends to expand *by-right on the same lot* without requesting a zoning change but intends to use the Section 7-700 Bonus Height provision of the Zoning Ordinance allowable to increase density while contributing to dedicated affordable housing.

First and foremost, we applaud the work of the City's Office of Housing in negotiating the affordable housing plan. The unique "life plan" community model does not conform neatly to 7-700. Instead of a simple monthly rental charge for housing, Goodwin Living charges a one-time entry (buy-in) fee of up to $1.4M and then monthly fees related to care and services. Once accepted into the facility, a resident can transition from independent living to assisted living to memory / nursing care as conditions warrant.

The proposed plan called for Goodwin Living to set aside 7 of the proposed 257 new units as affordable one-bedroom units. Both the up-front "buy-in" cost and the ongoing monthly fees would be set so that a single individual can afford to live in the facility and partake of its services for the rest of their life. Such a resident would move from their independent living one-bedroom to either assisted living or skilled nursing inside the building as they aged, with no proportional change to their monthly fees. Goodwin Living has committed to maintaining the affordability for 40 years or five resident turnovers per unit, whichever comes first. In effect, the agreement could provide discounted entry fees and discounted monthly service fees for up to 35 individuals over the course of the 40 years.

AHAAC works to achieve a broad consensus among our members and vote unanimously to recommend Affordable Housing Plans we see as conforming to Alexandria's code. Virtually all our recommendations in the past few years have been unanimous and in favor of the proposed plans. These outcomes result from the work of Office of Housing staff in negotiating with and assisting developers. The discussion of The View was more nuanced, however, and resulted in split voting results.

Committee members were torn on the plan's proposed commitment to include 7 set-aside units, with two members voting to reject the plan. Among the concerns raised were the following:

- Seven units (<3% of the proposed new units) did not reflect the general practice that 8-33.33% of new units created beyond base density on a project would be affordable.
- All the affordable units would be one-bedroom units reserved for a single individual and would not be eligible for couples. In contrast, many of the other units would have two bedrooms and would be eligible for couples.
- The estimated $175,000 buy-in cost associated with each of the seven affordable units pales in comparison to the $340k to $1.4 million buy-in cost associated with the other units – a fee that Goodwin Living collects each time a new household moves into the complex. The use of 7-700 generates an additional 114,849 square feet, or approximately 78 additional units above the

existing zoned density for the site. After subtracting the seven "affordable" units and assuming an average $860k buy-in fee and an average 8-year residency, Goodwin Living will realize approximately $61 million in new buy-in revenue every eight years from the new development (in nominal dollars). In short, it appears that the developer would receive disproportionately greater benefit than the City.

- Members also argued that the City was taking on asymmetric risk in that the units' dedicated affordability would last for the *earlier of* 40 years or 5 resident tenures (assuming the 8-year resident average). While Goodwin Living committed that it would maintain affordability for a resident if his or her stay extended past the 40th year, there would be no comparable affordability extension if a unit's first five residents turned over within a shorter period. The Committee does acknowledge that if a resident moves out or passes away within a predetermined length of time of initial residency that a prorated entry fee refund would be issued.

The committee also took the unusual step of conducting separate votes on different aspects of the proposed affordable housing plan. The developer had sought at the last minute to remove its voluntary contribution of $932,862 to the Housing Trust Fund. The applicant's attorney contended that the Department of Planning and Zoning's insistence that Goodwin Living underground utilities on the existing site would raise the project's costs to a level that precluded Goodwin from making the contribution.

While the contribution is voluntary, developers typically make it in cases in which they are seeking approval under 7-700 – while still meeting any requirements set forth by the Department of Planning and Zoning. The question of whether the required undergrounding of utilities is appropriate is beyond the purview of AHAAC. Yet we feel strongly – as evidenced by the unanimous vote to deny the applicant's request not to make the voluntary contribution and instead strongly recommend that it do so – that **the Housing Trust Fund contribution should not be treated as a negotiating chip.** Particularly given the additional revenues Goodwin Living would receive from the buy-in fees on the new units, we considered it disingenuous for them to claim they could not afford the contribution.

We recognize that The View represents an outlier among the projects that come to AHAAC for review. We commend the Office of Housing for its creativity and flexibility in developing a seemingly workable solution. We encourage City Council to consider how such continuum of care projects should contribute to addressing the city's significant affordable housing shortage and the potential precedents that The View would create.

We would be happy to answer any questions you have or speak to you before or during the hearing on this development.

Respectfully,

Shelley Murphy McCabe
Co-chair, AHAAC

Sean Zielenbach
Co-chair, AHAAC

City of Alexandria, Virginia

MEMORANDUM

DATE: JUNE 3, 2025

TO: CHAIR MCMAHON AND MEMBERS OF PLANNING COMMISSION

FROM: PAUL STODDARD, AICP, DEPUTY DIRECTOR, DEPARTMENT OF PLANNING & ZONING
KENNY TURSCAK, PLANNER III, DEPARTMENT OF PLANNING & ZONING

SUBJECT: THE VIEW AFFORDABLE HOUSING & CONSISTENCY WITH SEC. 7-700

Introduction
During the Planning Commission briefings, questions arose regarding the applicability of Section 7-700 and the application for The View. This memo responds to those questions, specifically:

1. Whether projects that use a life plan model are eligible to use the bonus density allowed under Section 7-700; and
2. How the proposed Affordable Housing Plan (AHP) provides for the equivalent value required under Section 7-700.

Application Summary
Goodwin Living is proposing to expand The View Alexandria to add 257 new units in a mix of independent living, assisted living, and skilled nursing/memory care units. The expansion would operate as a life plan model; residents will pay an entry fee, estimated to range from $340k to $1.4M at market-rate and a monthly service fee (covering a range of services, programming, and amenities), estimated to range from approximately $4.2k to $9.5k in 2024 dollars. The life plan model guarantees residency through end of life or move out and the ability to transition from independent living to assisted living and/or skilled nursing/memory care without a substantial increase in fees as their needs progress.

The applicant's AHP offers seven on-site affordable one-bedroom/one-bath units for single occupancy. The affordable units will charge a discounted entry fee of $175,000 and monthly service fees equivalent to 60 percent of area median income (AMI) and will remain affordable for 40 years or five turnovers per unit, whichever comes first. The on-site committed affordable units are discussed further in the "equivalency" section below.

Applying the Life Plan Model to § 7-700
Section 7-700 allows for bonus density when the applicant commits to providing low- and moderate-income sales or rental housing units at 60% of AMI for rentals and 80-100% of AMI for sales. Though most projects that have used bonus density are rental and/or homeownership tenures

exclusively, Section 7-700 does not restrict the tenure in which affordable units are provided through bonus density but rather defines levels of affordability for each type of tenure. Combining elements of both rental- and sales-like payment structures, staff contend that The View's life plan model complies with Section 7-700 since each element's pricing falls with the definitions of Section 7-701(A) for rentals and sale models. The View's monthly service fee functions similarly to rent, and this fee is capped at no greater than 60 percent of AMI, per Section 7-701(A) limits.[1] The discounted entry fee functions similar to a for-sale price, and this fee is well below the City's standard one-bedroom sale price for residents with incomes between 80 and 100 percent AMI, per Section 7-701(A) requirements.[2]

Equivalency

Section 7-700 provides that "the number of units required shall be equivalent to at least one-third (⅓) of the increase achieved by the bonus approved under this section 7-700. Equivalency can be established with a different number of units if the size (square footage or number of bedrooms) of the units provided achieves an equivalent contribution…" Achieving affordability in senior housing + care projects presents unique challenges due to the magnitude of resident buy-ins and monthly charges and fees. In developing affordable requirements for proposed senior housing projects, City staff works in consultation with the Commission on Aging and the Division of Aging and Adult Services.

The Alate (formerly The Aspire) is an age-restricted independent living community that utilized Section 7-700. This project proposed a high monthly fee that covered the cost of housing, utilities, services, and a meal plan, and project approval included an equivalency analysis to determine the level of subsidy on the housing and utilities. No subsidy was applied to the costs associated with the services and meal plan. Challenges in leasing suggest that all monthly costs should be considered when calculating a subsidized monthly fee. While this results in fewer subsidized units, it provides higher certainty of affordability. Considering the full monthly cost is the basis for the proposed conditions for The View. The below shows the value accrued due to the bonus density provision.

Item	Factor	Result
Total Proposed Development, Square Feet		495,999 Sq Ft
By-right Allowance Under RC/High Density Apartment		381,150 Sq Ft
Bonus Density Required Under Sec. 7-700		114,849 Sq Ft
Affordable Housing Floor Area	1/3 of Bonus	38,283 Sq Ft
Proposed Development, Units		257 Units
Avg Unit Size		1,476 Sq Ft
Affordable Housing Units	**Affordable floor area / Avg unit size**	**26 units**

[1] Section 7-701(A) defines low- and moderate-income rental units as "units for which the combined cost of rent and utilities does not exceed 30 percent of the maximum income limits used by the United Sates Department of Housing and Urban Development…" with which the City standard Policies and Procedures' 60 percent AMI rents and target household market complies.

[2] Section 7-701(A) defines affordable homeownership units as those with "sales prices for which a person or household whose gross annual income is at or below the median income;" the City's standard affordable homeownership sales prices, generally targeting households with incomes between 80 and 100 percent AMI, fits within this definition.

To address both the buy-in and monthly service fees while maintaining the value of the project's on-site unit contribution, staff conducted an equivalency analysis of the value of the 26 discounted units. To determine equivalency, staff averaged rents at recent Class A multifamily projects of comparable scale in the West End, calculating the difference between average market-rate rents and rents equivalent to 60 percent of the area median income (the City's standard affordability rate for multifamily projects utilizing Section 7-700). Staff then explored multiple scenarios that approximated the value of the overall contribution while maximizing the unit yield and affordability. Staff determined that single-occupancy one-bedroom/one-bath units with a discounted entry fee of $175k and monthly service fees affordable to households with incomes at 60 percent AMI would achieve that objective. Note that the analysis is done using 2024 amounts and carried forward in nominal values, since in both cases the control period is 40 years.

A summary of the equivalency analysis methodology is below.

The View Equivalency Analysis Methodology

Item	Factor	*Result
Estimated Annual Average Value of 26 Affordable Units	See 7-700 analysis table above	$350k
Estimated 40-year Value of Affordable Housing Contribution	**$350k * 40 years**	**$14m**
Standard Entry Fee		$340k
Reduced Entry Fee		$175k
Delta		$165k
Value of Reduced Enty Fee	**Delta x 35 Move-ins**	**$5.8m**
Standard Monthly Fee		$4.2k
Reduced Monthly Fee		$1.75k
Delta		$2.45k
Maximum Months of Affordable Residency	7 units x 12 months/yr x 40 years	3,360 months
Value of Reduced Monthly Fee	**$2.45k * 3,360 mo.**	**$8.2m**
Estimated Total Value	**Reduced Entry Fee + Reduced Monthly Fee**	**$14m**

***Numbers rounded**

Proportionality of Discount Value Versus Value Gained Through Bonus Density
Additionally, a Commissioner asked how the proportion of the subsidy's value—$14+/- million—compares to the overall value the applicant gains from units secured through bonus density and how this proportion relates to other properties that utilize Section 7-700. Section 7-700 requires one-third of floor area of total bonus density gained to be committed affordable. In instances in which applicants utilize an equivalency analysis as permitted in Section 7-700, these analyses examine the projects' projected market rents against the discounted rents or the difference between

the projected market sales prices and the discounted sales prices. As each project will maximize rents and sales prices based on its target market, construction type, tenure, or other factors, some projects will inherently provide greater monetary value than others. While the monetary value of subsidy in each property may differ, each project utilizing Section 7-700 complies with the zoning ordinance.