**Docket Item #2**

# City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 1, 2025

TO: CHAIR McMAHON AND MEMBERS OF PLANNING COMMISSION

FROM: HELEN S. McILVAINE, DIRECTOR
OFFICE OF HOUSING

SUBJECT: COMPLIANCE WITH VIRGINIA HOUSING AFFORDABILITY REQUIREMENTS

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I am writing in response to two questions Chair McMahon submitted to staff regarding changes to the City's Zoning Code and conditions updates for select projects to comply with Virginia Housing (VH) lending requirements. Proposed language to Zoning Code Section 3-1406, under the Residential Multi-unit Zone (RMF), is in the text box below; the language will be considered under Zoning Text Amendment (ZTA) #2025-00004.

**If the Virginia Housing Development Authority or successor is the first lienholder of the permanent loan and if there is a foreclosure by the Virginia Housing Development Authority and it is the successful bidder and becomes the successor in interest, then the committed affordable housing units required may be reduced to no less than 20 percent of the originally approved units at 60 percent of the area median income for the Washington D.C. Metropolitan Statistical Area. Under no other circumstances will a reduction in the committed affordable units be allowed or considered.**

**Question 1: Could you please provide illustrative examples of how many affordable units and at what rates of affordability are approved in the affected projects today, and how many would at minimum remain at 60% AMI in the worst-case scenario of VHDA successor ownership this language is designed for?**

Except for Samuel Madden South, the 325-unit market-rate component of Samuel Madden, all projects affected by the ZTA and conditions updates are 100-percent affordable as approved by City Council. A breakdown of Council-approved project affordability is detailed in Table 1 on the following page.

Per Virginia Housing's lending requirements, 20 percent of units remaining affordable following a default and foreclosure may be affordable at 60 percent of the area median income (AMI). The remaining affordable units in this scenario would be numerically fewer than that which Council approved, with the additional loss of deeply affordable units at 40 and 50 percent AMI (excluding units with Project-Based Vouchers or another federal subsidy), detailed further in Table 2.

**Table 1: Project Affordability Mix**

| | 30% AMI | 40% AMI | 50% AMI | 60% AMI | 80% AMI | Total Units | Total Affordable Units | Percent Affordable |
|---|---|---|---|---|---|---|---|---|
| **Witter Place- CHP** | 0 | 21 | 26 | 47 | 0 | 94 | 94 | 100% |
| **Samuel Madden North- ARHA** | 77 | 0 | 27 | 52 | 51 | 207 | 207 | 100% |
| ****Samuel Madden South- ARHA*** | *84* | *0* | *0* | *0* | *0* | *325* | *84* | *26%* |
| **Sansé – Housing Alexandria** | 0 | 105 | 38 | 185 | 88 | 417 | 417 | 100% |
| **Naja (homeownership)- Housing Alexandria** | 0 | 0 | 0 | 0 | 58 | 58 | 58 | 100% |
| **Elbert Ave- CLI** | 6 | 15 | 6 | 64 | 0 | 91 | 91 | 100% |
| **Parc View II- Wesley** | 25 | 45 | 51 | 179 | 73 | 373 | 373 | 100% |
| ****Ladrey – ARHA/Winn** | 170 | 0 | 0 | 20 | 80 | 270 | 270 | 100% |

**All Samuel Madden South units will charge market-rate rents. Affordable units reflected in this portion of the project are projected to be supported by Project-Based Vouchers and Faircloth-to-RAD Project-Based Vouchers. These affordable units are unaffected by the ZTA and conditions update as they are subsidized by the U.S. Department of Housing and Urban Development (HUD) and will remain affordable in perpetuity.*

***Ladrey's 170 units affordable at 30 percent AMI will be Resolution 2876 public housing replacement units and will be subsidized with Project-Based Vouchers tied to the property, making up the difference between what the household can afford to pay and the fair market. These vouchers are funded by HUD and will remain in perpetuity.*

It is noted that the ZTA will apply only to projects that have utilized the RMF zone, which includes all projects except for Sansé + Naja.

**Question 2: Regarding 20 Percent of "Originally Approved" Units**

The question posed to staff surrounds the clause "… then the committed affordable housing units required may be reduced to no less than 20 percent of the originally approved units at 60 percent of the area median income for the Washington, DC, Metropolitan Statistical Area." Chair McMahon asked if this clause could be interpreted as 20 percent of the originally approved affordable units, and not of the project's total originally approved units. Additionally, the Chair asked whether 20 percent of the originally approved affordable units are provided in the event of a default and foreclosure, affordability would be further limited based on a smaller unit denominator.

Virginia Housing requirements apply only to projects or portions of projects that receive Virginia Housing financing, which are typically 100-percent affordable projects. Five of the six projects for which the City is updating the conditions and/or the Zoning Ordinance to comply with VH lending requirements—Sansé + Naja, Ladrey, ParcView II, Elbert Avenue Residences, and Witter Place—are 100-percent affordable. In these cases, each project's total number of units and Council-approved affordable units are identical. In a worst-case default scenario, which remains extremely remote due to City safeguards in place in the loan agreements, 20 percent of total units in the above-mentioned projects (excluding Samuel Madden South) will remain affordable at 60 percent AMI.

While other projects may utilize multiple condominium structures to comprise one affordable project for tax credit financing purposes, Samuel Madden differs from the other five projects because one of its condominium structures—Samuel Madden South—is a market rate project. Samuel Madden South is legally required to maintain a certain number of affordable units (detailed in Table 2 below) due to zoning entitlements, but the ZTA and conditions updates will not apply to Samuel Madden South as this structure did not receive Virginia Housing financing; therefore, units required to remain affordable in this portion of the project will remain affordable due to federally subsidized Project-Based Vouchers. The Samuel Madden project overall will provide 532 units, including 207 units in Samuel Madden North (affordable) and 325 units in Samuel Madden South (market-rate), with the proposed updates applying only to the former. If Samuel Madden North experiences default and foreclosure, the ZTA and conditions update will allow the reduction required by Virginia Housing of 20 percent of its 207 units, with 41 units to remain affordable at 60 percent AMI.

**Table 2: Units Required to Remain Affordable in Event of Foreclosure**

<table>
<tr><th>Project</th><th>Total Units by Condo Structure</th><th>20% Originally Approved Units by Condo Structure</th><th>Total Project Units</th><th>Total Council-approved Project Affordable Units</th><th>Total Project Units to Remain Affordable after Default</th></tr>
<tr><td>Witter Place- CHP</td><td>94</td><td>19</td><td>94</td><td>94</td><td>19</td></tr>
<tr><td>Samuel Madden North (9%)- ARHA/Fairstead</td><td>75</td><td>15</td><td rowspan="2">207</td><td rowspan="2">207</td><td rowspan="2">41</td></tr>
<tr><td>Samuel Madden North (4%)- ARHA/Fairstead</td><td>132</td><td>26</td></tr>
<tr><td>*Samuel Madden South- ARHA</td><td>325*</td><td>NA</td><td>325</td><td>0</td><td>0</td></tr>
<tr><td>**Sansé (9%A)- Housing Alexandria</td><td>76</td><td>15</td><td rowspan="4">474</td><td rowspan="4">474</td><td rowspan="4">74</td></tr>
<tr><td>**Sansé (4%A)- Housing Alexandria</td><td>130</td><td>26</td></tr>
<tr><td>**Sansé (4%B)- Housing Alexandria</td><td>210</td><td>42</td></tr>
<tr><td>**Naja- Housing Alexandria</td><td>58</td><td>12</td></tr>
<tr><td>3908 Elbert Ave- CLI</td><td>91</td><td>18</td><td>91</td><td>91</td><td>18</td></tr>
<tr><td>ParcView II- Wesley</td><td>373</td><td>75</td><td>373</td><td>373</td><td>75</td></tr>
<tr><td>Ladrey- ARHA</td><td>270</td><td>54</td><td>270</td><td>270</td><td>54</td></tr>
<tr><td colspan="6">*Samuel Madden South has not received Virginia Housing Financing. The proposed Zoning Text Amendment and conditions update will not apply to this portion of the project. Affordable units within this portion of the project are Project-Based Vouchers and will remain affordable in perpetuity through federal subsidy.</td></tr>
<tr><td colspan="6">**Sansé + Naja is not utilizing the RMF zone and is therefore not subject to the proposed Zoning Text Amendment. The units required to remain affordable through zoning entitlements are less than the 20% threshold required by Virginia Housing.</td></tr>
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