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December 13, 2024

The Honorable Justin Wilson, Mayor
Alexandria City Council
301 King Street
Alexandria, VA 22314

Dear Mayor Wilson:

The Apartment and Office Building Association of Metropolitan Washington (AOBA) urges the Alexandria City Council to remove authority for localities related to rent stabilization and to establish a right of first refusal to purchase multifamily housing at the end of its affordability commitment from its 2025 Legislative Priorities. As we shared with you last year, rent control policies have a well-documented record of stifling housing supply and forcing properties into a state of disrepair. Similarly, our members' experience with right of first refusal provisions indicates that they tend to interfere with the housing market and lead to worse conditions for both housing providers and residents.

As you know, AOBA is the premier non-profit organization representing owners and managers of more than 480,000 apartment units and approximately 160 million square feet of office space in the District, Maryland, and Virginia. Of that portfolio, nearly 2.6 million square feet of office space and 17,000 multifamily residential units are located in the City of Alexandria. Our members play a critical role in building and operating the commercial and residential buildings that will accommodate the economy and workforce of the future. As such, our member companies consider themselves part of the Alexandria community and maintain a vested stake in the city's long-term sustainability and well-being.

Rent control deters new housing investment. Housing providers rely on a singular revenue source: the rent paid by their residents. If housing providers cannot rely on rents to cover the expenses inherent in providing housing, they will withdraw from the market, reducing the supply of housing available to residents over time. 87.5% of developers indicated that they avoid working in jurisdictions with rent control in a recent survey produced by the National Association of Home Builders (NAHB) and the National Multifamily Housing Council (NMHC). Exemptions for recently constructed properties, such as were contemplated in legislation introduced during recent General Assembly sessions, do not mitigate this impact as developers consider the long-term expected income and expenses for projects when determining whether to proceed.

Rent control not only suppresses the supply, but also the quality of housing. As housing providers do not have the ability to balance losses with other revenues, they can only manage restrictions on rent through a reduction in services to residents or a deferral of planned capital investments. Deferred maintenance is a particularly acute concern for older housing stock which generally requires the most maintenance but is also the primary source of natural occurring affordable housing. As such, by limiting housing providers' ability to keep up with both routine maintenance and capital improvements, rent control policies ultimately harm most the lower income residents they aim to support.

Rent control policies are blunt instruments, generally adopted without targeting or means testing, so any renter regardless of income could take advantage of a rent-regulated apartment. By contrast, policies such as affordable housing creation trust funds and resident financial assistance programs, can help keep our most vulnerable community members in housing. We encourage the City Council to focus, instead, on such targeted policies which will yield greater benefits for our residents most in need of support.

Similarly, right of first refusal policies change the economics of affordable housing creation and maintenance, potentially risking the delivery of affordable projects. Housing developers and institutions that finance housing development account for the income streams across the life of their projects in determining whether to proceed. The risk that the City could interfere with their ability to access the market upon the conclusion of term-specific affordability commitments will factor into investment decisions, potentially preventing projects that otherwise would have proceeded. Moreover, our members have experienced similar programs functionally preventing them from selling their properties at a fair market price.





We thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott E. Pedowitz'.

Scott E. Pedowitz
Director of Government Affairs, Virginia
Apartment and Office Building Association of Metropolitan Washington (AOBA)

cc: Alexandria City Council; James F. Parajon, City Manager; Alethea Predeoux, Interim Legislative Director and Deputy City Manager

TESTIMONY ON 2025 ALEXANDRIA CITY LEGISLATIVE PACKAGE

Alexandria Commission on Aging

December 14, 2024

Good morning Mayor Wilson, City Councilmembers and City Manager Parajon. My name is Michael Schuster. I am chair of the Alexandria City Commission on Aging. I am testifying on behalf of the Commission today. Congratulations on putting together a very strong legislative package. I commend the city council and the city staff for adding several items addressing the needs of older Alexandrians. Specifically, the items promoting the development of affordable assisted living, and the increase in funding for area agencies on aging, such as our Division on Aging and Adult Services.

As you know, the Commission on Aging each year approves the legislative platform of the Northern Virginia Network on Aging or NVAN and submits it for inclusion in the City's Legislative Package. One important item that seems to be missing in the City's Legislative Package is the recruitment and training of Certified Nursing Assistants in assisted living facilities, nursing homes and veteran care centers.

CNAs meet essential, personal needs of individuals in healthcare settings – for help with activities of daily living, and instrumental activities of daily living – like bathing, dressing, and grooming.

According to the 2021 Virginia Joint Commission on Health Care report, due to the shortage of CNAs and other quality measures, 49% of nursing homes hold only a 1 or 2-star rating from the Center for Medicare and Medicaid Services (CMS).

There are over 800 open CNA positions – and some sources put the number much higher. A recent survey of the Virginia Health Care Association/Virginia Center for Assisted Living members found that 31% had “few to no applicants” for open positions; and 91% have vacancies for CNAs. Virginia CNA workforce data as of mid-August showed over 820 CNA positions open and other sites for job-seekers show greater numbers.

The success of this program is shown through the Minnesota Next Generation Nursing Assistant Training program, which certified and employed over 1,700 CNA's.

The need for both affordable assisted living and related staffing will only increase – in Alexandria, the percentage of the population between ages of 20 and 34 decreased by 5% from 2010 to 2022; in contrast, the percentage of those 65+ increased from 9% to 12%. Currently more than 2 million older Virginians age 60+ make up 23.2% of the population. By 2030 the percentage of older adults is projected to be 25%, Weldon Cooper, 2022.

In conclusion, this draft legislative package is very robust. We request that you add an item addressing the workforce shortage in long-term care facilities to ensure the health and safety of older Virginians.