

Affordable Housing in Our Neighborhoods

Summary of Proceedings of the Fifth Annual Thomas P. Leckey Affordable Housing Forum

October 27, 2007
George Mason University, Arlington Campus

The goals of the Fifth Annual Thomas P. Leckey Affordable Housing Forum were:

1. to present some faces of people living in affordable housing units,
2. to show the quality of affordable housing buildings in our neighborhoods,
3. to document urgency of meeting the affordable housing crisis, and
4. to identify some options for responding to the crisis.

The forum consisted of two panel discussions, two video presentations highlighting those served by affordable housing programs, and a challenge from David Bowers, Director of the Enterprise Community Foundation, the keynote speaker.

Copies of the videos are available from the Alliance for Housing Solutions and the Northern Virginia Affordable Housing Alliance.

A summary of the Rev. David Bowers' challenge and the panel discussions follows.

I. The Challenge

The Rev. Bowers, Director of the Enterprise Community Foundation and the Forum's keynote speaker, challenged communities to respond to the affordable housing crisis with urgency, with creativity, and unapologetically.

For people forced to live far from their jobs and/or in crowded conditions, the lack of affordable housing is an urgent social, quality of life, and educational issue. For communities in which many public and private workers cannot find affordable housing within decent commuting distances to their jobs, the lack of affordable housing is an urgent economic and labor force issue.

Even given the range of policies and programs available to support construction and preservation for affordable housing units, all levels of government and neighborhoods need to seek and be open to creative affordable housing approaches which can bring unused resources and innovative designs to meeting the challenge. For example, the Enterprise Community Foundation provides technical assistance, loans, and equity to faith communities interested in expanding the supply of affordable housing by utilizing land they own.

This country has long subsidized housing for middle- and high-income families through such policies as tax deductions for real estate taxes and mortgage interest (on second and third houses as well primary homes), as funding to expand water and sewer lines, and as federal home administration insurance. There is no need to apologize for promoting and supporting programs which provide subsidies to help increase the supply of housing affordable to families with modest and low incomes.

“We are not in the housing business; we are in the people business for social profit.”

II. Faces of Affordable Housing—Residents in Arlington

Moderator: Kathryn Scruggs, retired Arlington Public School teacher and Chair, Housing Committee, Arlington County Civic Association

Bill Brown lives in the Hunters Park Apartments, senior affordable housing facility. A retired radiation therapist from Georgetown University, he is a former federal employee and served in the military. When first retired, he moved to Daytona Beach, Florida, but returned to Arlington when his grandchildren were born and found a home he could afford at Hunters Park. Without access to such housing, Mr. Brown would not be able to live in Arlington, close to his family.

Charlotte Turner lives in Courthouse Crossings Apartments, a building purchased and renovated with federal, state, and local funds and owned by the Arlington Partnership for Affordable Housing. Ms. Turner, originally from Washington, D.C., was a teacher's assistant for nine years at Arlington County public schools and now works in the Arlington sheriff's office. A single mother of four, she could not find an affordable apartment large enough for her family in Arlington before moving to Courthouse Crossings. Though her long commute took time from her family, she can now walk to her job. She hopes someday to purchase a house.

Charles Wilson lives in a condominium at the Bromptons at Cherrydale, which he is purchasing through the County's Live Where You Work affordable housing program. He works for Arlington County Housing Division. Mr. Wilson first lived in Connecticut, then in an efficiency apartment in Arlington, before his five-year-old son came to live with him. The second time he applied for the Live Where You Work program, he was selected by lottery. The program, which currently serves about 20 families, enabled him to buy and move into a townhouse.

Denise Arce, a teacher at the Glebe Elementary School, is purchasing a unit in the Arlington Oaks Condominium Complex as a participant in the Arlington County Employees' home purchase assistance program. After graduating college, Ms. Arce experienced a year of poor health and was forced to spend her savings and move in with her mother. She heard about affordable housing from a coworker, applied, and was accepted to buy one of the affordable units in Arlington Oaks. A dedicated young teacher, Ms. Arce noted that her energy level had improved as a result of her reduced commute time, helping her to "be there for her kids."

Alex Workman, a teacher at Thomas Jefferson Middle School, lives at the Commons of Arlington, a market rate affordable housing apartment. Ms. Workman returned to Arlington after college carrying student loans, lived with her parents for a year, then moved into a five bedroom house with four other teachers for three years. When the landlord decided not to renew the lease in favor of renovating the house, she was forced to find new lodgings and found a single bedroom apartment in her price range through Craig's List. Ms. Workman counts herself fortunate to have found a unit priced below similar one bedroom apartments. She believes it is important to live in the community she serves and enjoys her encounters with her students' parents as she goes about her life in the community.

The panel members encouraged the County, the School system, and other employers to expand their efforts to inform employees of the various housing programs available in Arlington.

III. The Urgency

Bill Bozman, chair of the Alliance for Housing Solutions, summed up the urgency of the issues with these figures:

- The average price for a house in the region is more than \$450,000, but fewer than 25 percent of households in the region can afford to pay that amount for a home.
- In the past year, the region created 190,000 new jobs, but only 70,000 new housing units. The imbalance between supply and demand is a major factor driving the increasing cost of housing in the region.
- Increasingly, employers are hiring vans to help their employees commute the long distances between jobs and housing they can afford.

Assuring an adequate supply of housing that is affordable to a range of wage earners is a moral, social, educational issue.

Mark Silverwood, president of Silverwood Homes, a for profit development firm, laid out the financial challenges of preserving the existing supply of rental units affordable to families of four with annual incomes of \$59,000 a year or less.

- Class A apartments with one bedroom and a den rent for \$2,500 a month.
- Families with incomes of \$59,000 can afford a monthly rent of \$1,406, not counting utilities.
- The per unit cost of purchasing and renovating a Class C or affordable apartment increased 54 percent between 2003 and 2007, as Charts I and II show. The rate of increase, particularly the per unit acquisition price, jumped considerably in recent years, reflecting the escalating real estate market in Arlington.
- Annual per unit operating costs have gone up almost twice as fast as “affordable rents”, as shown in Chart III.
- The average median income has increased just 11 percent since 2003, as shown in Chart IV.
- Because of rising costs, 40 percent of affordable housing projects in the United States are not meeting their debt requirements.

The urgency is clear. Without major efforts and investments by the public and private sectors, the supply of housing that is affordable to families earning less than \$60,000 a year in Arlington is likely to disappear.

Chart I: Historical acquisition and renovation costs of selected properties in Arlington

Property	Year Built	Purchased	Acquisition Per Unit	Renovation Per Unit	Total Hard Costs
Marbella	1947	1998	\$44,000	\$31,000	\$75,000
Patrick Henry	1953	2000	\$50,000	\$32,000	\$82,000
Quebec	1952	2001	\$59,000	\$33,000	\$92,000
Monterey	1948	2003	\$71,000	\$52,000	\$123,000
Hillwood Manor	1952	2007	\$128,000	\$62,000	\$190,000

Chart II

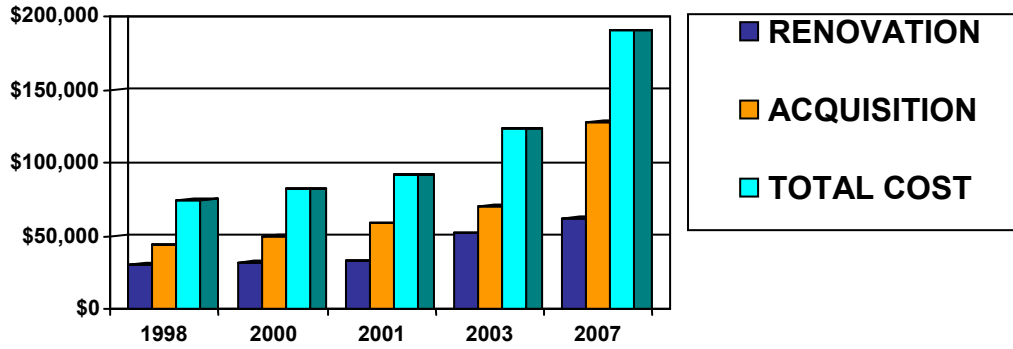


Chart III

Marbella Apartments

2 BEDROOM	1998 NET RENT	2007 NET RENT	% INCREASE
60% INCOME	\$870.00	\$1,212.00	36%
Annual expenses per unit	\$2,998.00	\$4,972.00	66%

Chart IV

AREA MEDIAN INCOME HISTORY Washington, D.C. – MD – VA - MSA

YEAR	INCOME	\$ CHANGE	% CHANGE	EFF. DATE
2003	\$84,800			2/24/2003
2004	\$85,400	\$600	0.71%	1/28/2004
2005	\$89,300	\$3,900	4.57%	2/11/2005
2006	\$90,300	\$1,000	1.12%	3/13/2006
2007	\$94,500	\$4,200	4.65%	3/20/2007

IV. Creative Responses

PANEL II: AFFORDABLE HOUSING AND NEIGHBORHOODS

Moderator: Anne McCulloch, Vice President and Deputy General Counsel, Fannie Mae Corporation

Michael Foster, Principal, MTF Architecture, Inc.—**Innovation in Property Uses**

Housing is an integral part of community development. The mix of housing and the range of housing options define the make-up and character of a community and its affordability to a wide range of families/individuals. Communities such as Arlington need to expand the tools available for affordable housing projects, including mixed use development, creative uses of public and church owned land and parking lots, the use of air rights, zoning to permit single room occupancy units and accessory dwelling units.

Bruce Zavos, President, Zavos Architecture+Design, LLC—Neighborhood Collaboration

Designing a building is a schematic process that seeks to create visions and goals, looking at different ideas, proposals and approaches, and finally narrowing options down to one plan. The process should involve the stakeholders—property owner, the neighborhood, surrounding neighborhoods, and the larger community. The architect should be involved in the process as early as possible and interact with the stakeholders throughout the process.

Mark Silverwood, President, Silverwood Homes—Project Financing

Financing an affordable housing project is a multi-layered, complicated, time consuming process. For example, financing for conversion of the an apartment complex in Arlington included \$7.8 million in Virginia Housing Development Authority Bonds, \$6.9 million in low-income tax credits, \$600,000 in delayed development fees, and \$850,000 from the Arlington County Affordable Housing Investment Fund.

John Welsh, Director, Multifamily Housing, AHC Inc.—Working with a Neighborhood

Hunters Parks in Cherrydale, Arlington, is a 74-unit senior housing apartment for renters with incomes of up to \$40,000. The original vision was for a five story building. A year-long planning process involved 18 meetings with community groups, and County committees dealt with issues of height, density and parking. As a result of the negotiations, the building height was lowered from five to four stories with tapering to the neighborhood on the South end; the number of units was reduced from 80 to 74; one single family house was preserved; the number of parking spaces increased from 50 to 61; a back alley was improved; retail space was increased by 15 percent; and storm water management assistance was provided. During the process, it was hard to know who was speaking for the neighborhood.

Carlton Miller, Director, Homeownership Programs, AHC Inc.—Use of Infill Development in the Nauck Neighborhood

AHC purchased Bruner Place and abutting land on Glebe Road in the Nauck Community. The house was moved back from Glebe Road and renovated. Five townhouses were built on the consolidated site. Three units were sold at market rate prices to help finance the below market rate sale of the other units. Seven units were sold for lower prices, using profits from the market rate sales and community loans.

Susan Retz, architect, AIA—Accessory Dwelling Units

Ms. Retz is a member of the Arlington Housing Commission Committee drafting a proposed zoning ordinance to allow accessory dwelling units on single family sites. Accessory dwelling units are currently illegal in Arlington. Many communities, including some similar to Arlington, allow accessory dwelling units under carefully drawn ordinances. Such units can provide rental units at affordable rates, in some cases generating income that allows an older owner to remain in his or her home. Marin County, a wealthy California County, has a model ADU ordinance. Accessory units of 1,000 square feet rent for \$900 to \$1,100 a month. The draft ordinance will deal with such issues as parking, size, safety requirements, entrances, etc.

QUESTIONS FOR PANEL II

What one change in affordable housing policies or practices would you make?

McCullough

Significantly increase federal subsidy programs for affordable housing.

Silverwood

Convince Congress to double affordable housing tax credits programs in high cost areas.

Retz

Increase local, state and federal funding for affordable housing and improve control and management of how money is spent.

Miller

Reduce costs of building and financing for the purchase of affordable housing sites.

Welsh

Reduce costs related to the project approval process and promote county's ability to provide real estate tax abatements for committed affordable units.

Zavos

Provide more design flexibility, clarity, and timeliness in the construction permitting process.

Did meeting and working with the neighborhood (on the Hunter Park project) early in the process streamline the planning and approval process?

Welsh

Not really. There were those in the neighborhood who did not support the project even with the concessions. Sometimes it was difficult to know who was speaking for the entire community.

Would a public housing authority complement the existing County programs?

Silverwood

Not in favor of creating a new bureaucracy for affordable housing. The current group with a mix of nonprofit and for profit housing organizations functions competently.

Retz

As long as the funding sources are available, it's easier to continue with the affordable housing nonprofits to interact directly with the developers.

McCullough and Welsh

[Agreed with those statements.]

CLOSING REMARKS

Jack Cornman, President of AHS

The large turnout for the Forum and participation from across the Metropolitan area signifies the growing interest and sense of urgency in the affordable housing crisis. AHS will be promoting a strategy to increase Arlington's capacity to increase the supply of housing that is affordable across income groups and will be looking to interest parties to help advance the proposal. Thanks to the Leckey Forum Planning Committee—Maureen Markham, Tom O'Relly, Ellen Bozman, Joan Linderman, and Sara Bailey—and Kate Dorrell, AHS association assistant, for their work in planning and organizing the Forum.