

# **Mixed-Income Housing:** **but It's Complicated**

**A public education event of the Alliance for Housing Solutions  
Cosponsored by the Columbia Pike Revitalization Organization (CPRO)**

**Adapted from presentation by John Welsh, AHC Inc.  
September 16, 2015**

# Woodbury Park



**Case study #2**  
Hybrid site:  
Mixed-income  
micro neighborhood

The beginnings of a mixed-income neighborhood—

- AHC acquired Woodbury Park in 1986—364 garden apartments on 10.5 acres—with County support
- Challenging property—drugs, deferred maintenance, poor reputation
- Completed moderate renovation
- 200 units Section 8; 164 moderate-income (workforce)

# Location: Great “walk score”

Clarendon area

*Less than ¼ mile to a  
Metro station*



# Location

Neighboring parking lot



and adjacent motel



*The free [!] parking lot was used as a commuter parking lot, with an easy walk up to Metro. The owners of the motel were also looking to redevelop their site.*

# Why mixed-income? AHC goals —

1. Capture the value of 1.5-acre parking lot
2. Create a “splash” project—mixed-income, mid-rise, new construction, new offices
3. Generate cash AHC could invest in affordable projects
4. Initial plan: 312 apartments in one 12–14-story building
5. Approved plan: 108 affordable apartments (*The Frederick*) and 99 market-rate condos (*The Park*) in two 9-story buildings
6. County support—density bonus

*AHC also held meetings with the motel owners, who realized that a well-designed and maintained AHC property would not drag down their value.*

# Market-rate housing considerations



- Luxury townhouses and apartments built on motel site 1.5 years after The Frederick complete.
- Townhouses sold steadily despite being in shadow of 9-story affordable building—
  - Well designed
  - Well maintained
- Nearby single-family homes near N. 10<sup>th</sup> Street have robust values

# Community benefits



- New real estate tax revenue \$525,000 (annual, estimated)
- 208 new homes within ¼ mile of Courthouse Metro, retail, and jobs
- Promote transit-oriented design
- Provide common-area upgrades at Woodbury Park—splash park, brick façade improvements, landscape/playground improvements, new trash collection system

So what happened after The Park and  
The Frederick were built?



# Courthouse neighborhood 10 years later . . .

Vista townhomes and apartments,  
market-rate



# Courthouse neighborhood 10 years later . . .



Community park and view north  
towards Courthouse Metro

*The Park condos (hi-rise at right),  
Woodbury (foreground)*

*County overhauled Rocky Run Park: picnic areas,  
large playground, basketball courts, soccer field.*

# Project challenges

- Considerable neighborhood opposition
- County provided no subordinate funding (AHIF)
- AHC had never built new, mid-rise concrete building\*, let alone condos
- Site Plan process took 2 years, cost approximately \$500,000
- 80+ site plan conditions—challenge to manage that process, satisfy requirements, and begin construction
- Fewer units than we wanted—208 instead of 312

*\*AHC brought on Bush Construction to help with a type of construction new for AHC.*



# Project successes



- Microcosm of Arlington: diverse socioeconomic community: \$350–750,000 condos, \$1,400 apartments (tax credit), and \$900 apartments (Sec. 8)
- 60-year affordable housing commitment

# Project successes, *continued*



- Montessori for 18 children (discounted tuition for 6 AHC residents)
- After-school program and summer camp for 18 elementary children
- Tutoring/mentoring for 18 middle and HS students; college prep classes for seniors
- Onsite computer lab

# Financing sources and uses

## Sources

VHDA perm loan	\$9.5m
LIHTC	\$9.2m
Seller note (AHC)	\$2.8m
AHC equity	\$3.1m
Deferred fee	<u>\$0.8m</u>
Total	\$25.4m

## Uses

Acquisition	\$3.1m
Construction	\$18.1m
Soft costs	\$1.9m
Fee	\$1.3m
Finance + reserves	<u>\$1.0m</u>
Total	\$25.4m

# Can it be replicated?

Most likely replicable on land in desirable location that an affordable housing organization has already acquired, with

- Progressive County policies → AHC bought Woodbury
- Community outreach
- Good plan and good design

# Can it be replicated?

AHC has recently purchased two mixed-income properties, The Serrano (right) and Spectrum, each a single building with modest renovation



- Goal: avoid displacement of moderate-income families
- Mixed-income (some units below 60% AMI, some up to 80% AMI, and some market rate)
- County AHIF support
- Long-term affordability (60 years)