

# Local Rental Subsidy Program Study— Summary of Consultant Findings

Presentation to AHAAC and LTRB  
November 6, 2024



HDAdvisors



VCHR

# Study Context and Objective:

City Council directed staff to evaluate approaches to establishing, structuring and operating a **Local Rental Subsidy Program** with the goal of helping to stabilize housing and expand housing access for lower-income households in Alexandria.

No program funding was proposed as part of this study.

# Why rental assistance?

*Research shows that providing rental assistance ...*



**Promotes  
housing stability**



**Reduces  
poverty**



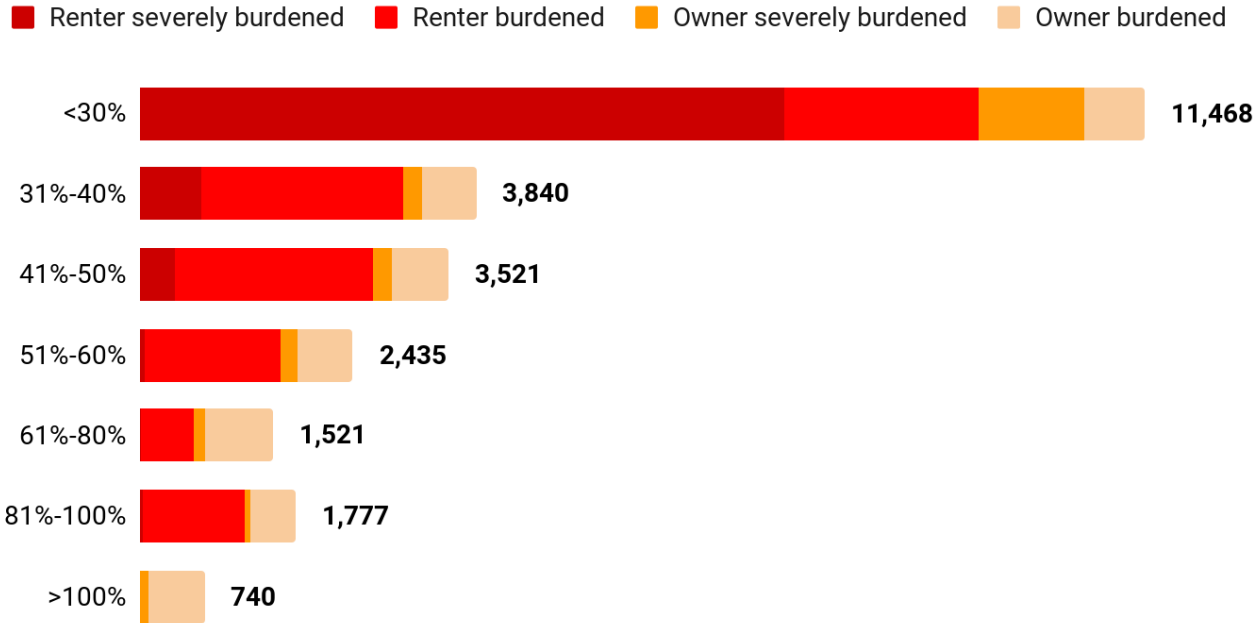
**Improves child  
welfare**



**Enhances adult  
health and well-  
being**

# Housing Context

# Housing Cost Burden



~ 12,500+

Housing cost burdened renter households <40% AMI

~ 2,500+

Housing cost burdened homeowner households <40% AMI

<25 & 65+

Housing cost burden is experienced most acutely by young adults and seniors

# Alexandria Redevelopment Housing Authority

ARHA administers the Housing Choice (former Section 8) Voucher program to provide expanded access to housing on the private market.

**~1,660**

housing choice vouchers leased out of 1,996 allocated; the remainder of the vouchers are unfunded due to the high cost of housing in Alexandria

In 2020, Virginia passed a law that prevents rental properties with more than four units from discriminating based on **source of income**. This means properties cannot refuse to rent to a potential otherwise qualified tenant simply for being a Housing Choice Voucher holder and must treat them as they would any other prospective tenant.

# Housing Waitlists

**8,787**

Public Housing waitlist

**10,600**

Housing Choice Voucher waitlist

ARHA, August 2024

Housing Needs of Shelter Residents			
Household Size	AMI	Unit Size	# Households / Units Needed
1	<30%	Studio	118
2	<30%	1 BR	15
3	<30%	2 BR	4
4	<30%	2 BR	4
5	<30%	3 BR	1
<b>TOTAL</b>			<b>142</b>

City of Alexandria, August 2024

Current waitlist for emergency shelter: 103 singles and 40 families (including 71 children)

# Consultants' Approach and Research



# Focus Group Highlights

Focus groups held with representatives from AHAAC, TWU, EOC, and ARHA identified program priorities:

- Promoting equity based on race, ethnicity, language, and age
- Reducing and minimizing displacement
- Closing affordability gaps and avoiding benefit cliffs
- Minimizing administrative burdens for participants and staff

# Census of Local Rental Subsidy Programs

## Common Program Features

- Usually operated by local governments or quasi governmental agencies.
- Subsidy amounts and approaches (fixed amounts vs income-based) and administrative costs range widely.
- Direct payments to landlords are most common.
- Programs target households with incomes up to 40% AMI.

# Innovations Across the Country

**Bridge Rental Subsidy Program, Philadelphia:** Rent supplement to relieve cost burden and cover a utility allowance.

**San Diego's Housing Instability Prevention Program:** Targets severely cost-burdened households (spending >60% of income on housing) with incomes up to 80% AMI.

**DC Flex:** Households with incomes up to 30% AMI offered monthly assistance that can be used in part or in full on rent or emergency expenses.

**Chicago Low Income Housing Trust Fund:** Supports ~ 2,700 households with incomes up to 30% AMI through property-based subsidies. Recipients can qualify for limited Transitional Assistance once they become over income. Funded through development fees.

# Scenarios Studied

# Scenario A

**Goal: Reduce Housing Cost Burden for 30-50% AMI Households**

**Assumption: \$500k Year 1 Allocation (15% administrative costs)**

- Examined cost to subsidize a 60% AMI rent to a 40% AMI rent
- Household incomes served: 30-50% AMI
- Households served: ~51

2024 Restricted Gross Monthly Rent Limits (Including Utilities)

% AMI	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
30%	\$813	\$871	\$1,045	\$1,207	\$1,346
40%	\$1,083	\$1,161	\$1,393	\$1,609	\$1,795
50%	\$1,354	\$1,451	\$1,741	\$2,011	\$2,244
60%	\$1,625	\$1,741	\$2,090	\$2,414	\$2,693

# Scenario B

**Goal: Stabilize Unhoused Persons and Families**

**Assumption: 150 Households Served (20% administrative costs)**

- Examined cost to subsidize a 60% AMI rent to a rent equal to 30% of a household’s gross income for households experiencing homelessness or a risk of homelessness
- Year 1 cost of rental subsidy: \$3M

2024 Restricted Gross Monthly Rent Limits (Including Utilities)

% AMI	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
30%	\$813	\$871	\$1,045	\$1,207	\$1,346
40%	\$1,083	\$1,161	\$1,393	\$1,609	\$1,795
50%	\$1,354	\$1,451	\$1,741	\$2,011	\$2,244
60%	\$1,625	\$1,741	\$2,090	\$2,414	\$2,693

# Scenario C

**Goal: Reduce Severe Housing Cost Burden for Lower Income (30-50% AMI) Working Families**

**Assumption: \$500k Year 1 Allocation (15% administrative costs)**

- Examined cost to subsidize a Fair Market Rent to a rent equal to 40% of the household's gross income
- Households served: ~67

2024 Restricted Gross Monthly Rent Limits (Including Utilities)

% AMI	Efficiency	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
30%	\$813	\$871	\$1,045	\$1,207	\$1,346
40%	\$1,083	\$1,161	\$1,393	\$1,609	\$1,795
50%	\$1,354	\$1,451	\$1,741	\$2,011	\$2,244
60%	\$1,625	\$1,741	\$2,090	\$2,414	\$2,693
80%	\$2,166	\$2,321	\$2,786	\$3,218	\$3,590
100%	\$2,708	\$2,901	\$3,483	\$4,023	\$4,488

# Consultant Findings



# Recommended Program Elements

- Avoid ad hoc funding allocations
  - Most successful rental assistance programs have permanent sources of funding rather than annual appropriations and are more adaptable when not tied to federal HCV requirements
- Focus on financially vulnerable households with barriers to accessing services
  - Local government programs can coordinate with state and federal funding, however, nongovernmental programs can sometimes be more flexible and responsive to those typically barred from assistance, such as individuals without full legal documentation
- Streamline subsidy payments to reduce administrative burden and maximize participant outcomes
- Start simply; staff accordingly
- Coordinate, don't duplicate
- Keep applicant experiences the same regardless of language spoken
- Set and track objectives to measure success

# Consultants' Recommended Alternative Approach

Project-based rental subsidies (PBRs) found to be preferred alternative approach. PBRs can:

- Build on relationships with local landlords, including trusted non-profit affordable housing providers
- Draw lessons learned from current City pilot rental subsidy program
- Moderate program costs and annual increases by subsidizing existing affordable rents (vs market rents)
- Reduce administrative burden by relying on existing program infrastructure

# Q&A