



Memorandum

To: Alexandria Zoning for Housing Team

From: Anita Morrison
Abigail Ferretti
Partners for Economic Solutions

Subject: Analysis of Incomes Required to Purchase/Rent New Units in Small Area Plan Areas

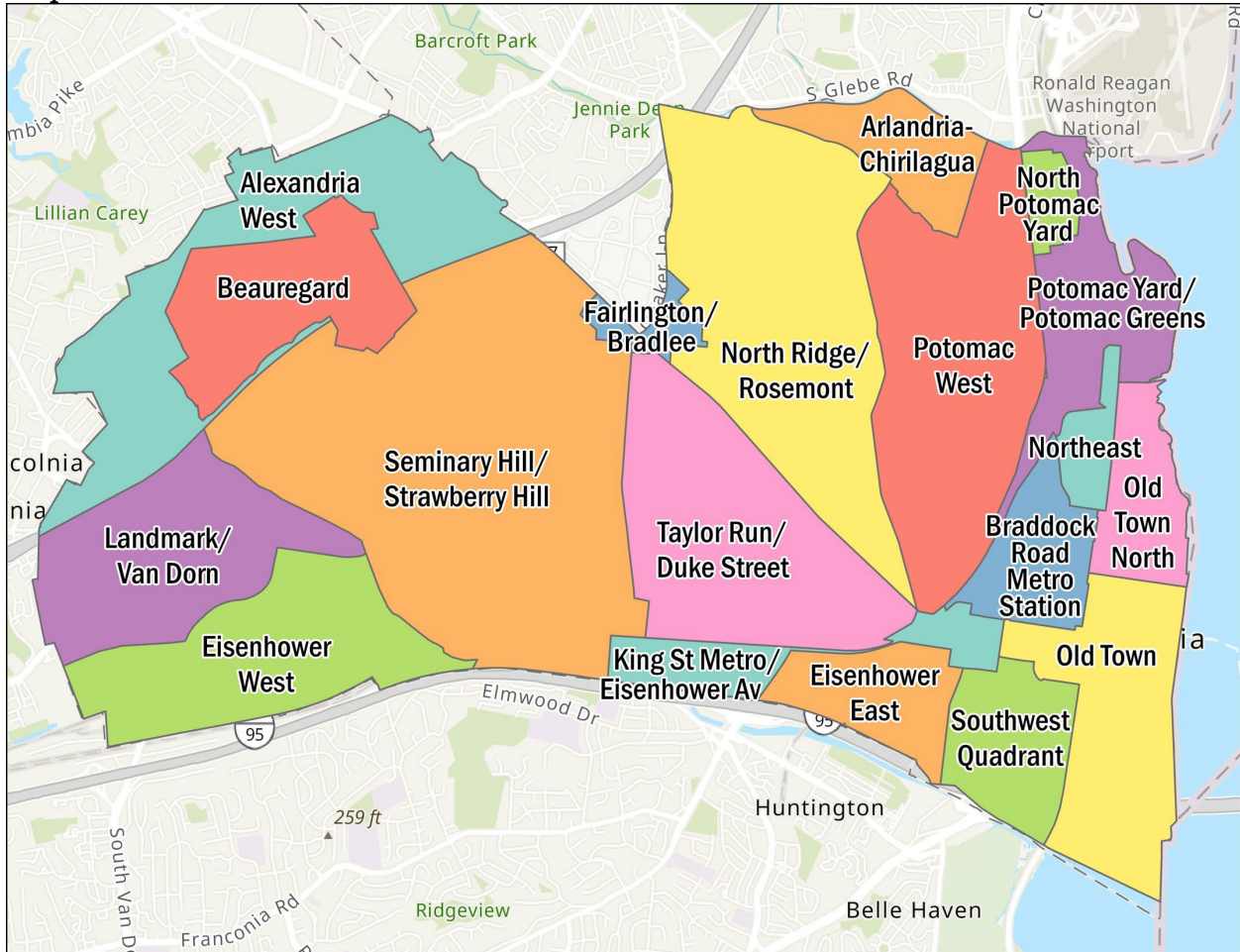
Date: September 1, 2023

The City of Alexandria has undertaken “Zoning for Housing” and “Housing for All” initiatives to expand housing production and affordability while reducing impediments to fair housing. The City is now investigating potentials for increasing development in traditional single family zoned neighborhoods through new provisions for Expanding Housing Opportunities (EHO) at different price points as well as increasing opportunities for multi-unit dwellings city-wide. PES was asked to calculate the incomes required to be able to afford to buy or rent new housing of different types and sizes.

Given the wide range of pricing and rents across the city, it is important to consider income requirements on a small area basis; this analysis uses Small Area Plan (SAP) areas¹ (shown in Map 1) to illustrate the likely variation. As background, PES reviewed median assessed values for single-family houses by SAP area. To adjust for the difference between assessed values and market value for newly built units, prices per square foot have been inflated by 15 percent, which show a range from \$768,000 to \$1,993,000 in market value and \$426 to \$1,294 in average market value per square foot, as shown in Appendix Table A-1. Average rents by SAP area (shown in Appendix Table A-2) were drawn from CoStar’s comprehensive inventory of multi-family units in the city and inflated by five percent to allow for a premium for newly built units. Rents for townhouse typologies, two-families and triplexes were increased to account for larger unit and lot sizes.

¹ SAP areas with single family zoned neighborhoods include North Ridge/Rosemont, Potomac West, Seminary Hill/Strawberry Hill, Taylor Run, and half of Alexandria West.

Map 1. Small Area Plan Areas



The models estimating incomes required to afford new homes developed as multi-unit dwellings test the following prototype units:

- Two-family unit with three bedrooms and 1,800 square feet per unit;
- Triplex unit with three bedrooms and 1,300 square feet per unit;
- Quadplex unit with two bedrooms and 1,200 square feet per unit;
- Six-plex unit with two bedrooms and 900 square feet per unit; and
- Townhouse typology with three bedrooms and 1,800 square feet.

Estimated average prices for these prototypical units are shown in Table 1. They are compared to the average value of existing single family detached units, increased by 15 percent to account for the difference between assessed and market prices and for a five-percent premium for new construction. Prices for multi-unit dwellings are estimated based on a percentage of the average value per square foot for single family houses (shown in Appendix Table A-1) by SAP area.

Table 1. Estimated Single Family and Multi-Unit Dwelling Prices for New Construction By Small Area Plan Area

Small Area Plan Area	Single Family Detached ¹	Townhouse Typology (1,800 sq. ft., 3 Bedrooms)	Two-Family (1,800 sq. ft., 3 Bedrooms)	Triplex (1,300 sq. ft., 3 Bedrooms)	Quadplex (1,200 sq. ft., 2 Bedrooms)	Six-Plex (900 sq. ft., 2 Bedrooms)
Alexandria West*	\$831,000	\$859,000	\$877,000	\$614,000	\$584,000	\$447,000
Arlandria-Chirilagua	\$914,000	\$1,172,000	\$1,197,000	\$837,000	\$798,000	\$610,000
Beauregard	\$768,000	\$1,253,000	\$1,280,000	\$896,000	\$853,000	\$653,000
Braddock Road Metro Station	\$1,134,000	\$1,166,000	\$1,190,000	\$833,000	\$793,000	\$608,000
Eisenhower East	\$1,042,000	\$1,166,000	\$1,190,000	\$833,000	\$793,000	\$608,000
Eisenhower West	\$1,317,000	\$720,000	\$734,000	\$515,000	\$490,000	\$375,000
Fairlington/Bradlee	\$780,000	\$835,000	\$853,000	\$597,000	\$569,000	\$435,000
King St Metro/Eisenhower Av	\$1,042,000	\$1,166,000	\$1,190,000	\$833,000	\$793,000	\$608,000
Landmark/Van Dorn	\$1,317,000	\$720,000	\$734,000	\$515,000	\$490,000	\$375,000
North Ridge/Rosemont*	\$1,352,000	\$1,075,000	\$1,096,000	\$767,000	\$731,000	\$560,000
Old Town/Old Town North	\$1,993,000	\$2,189,000	\$2,236,000	\$1,564,000	\$1,490,000	\$1,141,000
Potomac West*	\$1,225,000	\$1,184,000	\$1,210,000	\$846,000	\$806,000	\$617,000
Seminary Hill/Strawberry Hill*	\$1,011,000	\$803,000	\$821,000	\$575,000	\$547,000	\$419,000
Southwest Quadrant	\$1,885,000	\$1,336,000	\$1,363,000	\$954,000	\$908,000	\$696,000
Taylor Run/Duke Street*	\$1,293,000	\$1,004,000	\$1,026,000	\$718,000	\$684,000	\$524,000

Note: ¹Single family detached prices are based on the existing assessed values with a 15-percent premium for the difference between market and assessed values and a five-percent premium for new construction.

Single family data were not available for Northeast and North Potomac Yard.

*SAP area with single family zoned neighborhoods.

Eisenhower East statistics are based on King Street/Eisenhower Ave; Landmark/Van Dorn estimates are based on Eisenhower West; Old Town North estimates are based on Old Town.

Source: Partners for Economic Solutions, 2023.

Table 2 shows average rents for each of the prototypical EHO units. Rents for EHO units are estimated based on median rents for two- and three-bedroom units adjusted for size by SAP area.

Townhouse typology rents are estimated at 125 percent of the market rent for three-bedroom apartments. Duplexes carry an estimated five-percent premium over the townhouse rents. Triplex rents are estimated at 110 percent of the market rent for three-bedroom apartments. Quadplex rents are estimated at 105 percent of the market rent for two-bedroom apartments, and the rent per square foot for a unit in a six-plex is estimated at 105 percent of the quadplex rent per square foot.

Table 2. Estimated Monthly Net Rents for Prototypical Multi-Unit Dwellings Units by Small Area Plan Area

Small Area Plan Area	Townhouse Typology (3 Bedrooms)	Two-Family (3 Bedrooms)	Triplex (3 Bedrooms)	Quadplex (2 Bedrooms)	Six-Plex (2 Bedrooms)
Alexandria West*	\$3,170	\$3,330	\$2,790	\$2,350	\$1,850
Arlandria-Chirilagua	\$2,680	\$2,810	\$2,360	\$2,010	\$1,580
Beauregard	\$3,170	\$3,330	\$2,790	\$2,350	\$1,850
Braddock Road Metro Station	\$4,180	\$4,390	\$3,680	\$2,930	\$2,300
Eisenhower East	\$5,080	\$5,330	\$4,470	\$3,240	\$2,560
Eisenhower West	\$5,080	\$5,330	\$4,470	\$3,240	\$2,560
Fairlington/Bradlee	\$2,590	\$2,720	\$2,630	\$1,900	\$1,490
King St Metro/Eisenhower Ave	\$4,410	\$4,630	\$3,880	\$2,960	\$2,330
Landmark/Van Dorn	\$2,520	\$2,650	\$2,470	\$2,170	\$1,710
North Ridge/Rosemont ¹ *	\$3,380	\$3,550	\$2,960	\$2,370	\$1,860
Old Town/Old Town North	\$7,300	\$7,670	\$6,420	\$4,800	\$3,780
Potomac West*	\$2,500	\$2,630	\$2,200	\$2,410	\$1,900
Seminary Hill/Strawberry Hill*	\$3,380	\$3,550	\$2,960	\$2,370	\$1,860
Southwest Quadrant	\$2,727	\$2,860	\$3,000	\$1,870	\$1,480
Taylor Run/Duke Street*	\$2,399	\$2,520	\$2,400	\$2,100	\$1,660

Note: ¹Based on estimate for Seminary Hill/Strawberry Hill Small Area Plan area rents.

*SAP area with single family zoned neighborhoods.

Source: Partners for Economic Solutions, 2023.

The basic affordability models assume:

- 35 percent of income affordability standard for total housing costs (mortgage principal and interest, taxes and insurance) for ownership units;
- 30 percent of income affordability standard for total housing costs (rent and utilities) for rental units;
- 10-percent downpayment for ownership units;
- 6.9-percent interest rate on a 30-year mortgage;
- \$1.11 per \$100 of assessed value real estate tax rate;
- \$0.72 average insurance cost per square foot;
- \$125 monthly homeowners' association or condo fees; and
- \$105 to \$130 in average monthly utility costs for two- and three-bedroom units.

Note that many buyers bring larger downpayments from sales of other homes and other resources such as family loans and inheritances. Such buyers could have lower incomes than those estimated under these assumptions. For example, a 25-percent downpayment on a \$900,000 duplex would reduce the required income from \$219,000 with a 10-percent downpayment to \$189,000. A reduction in interest rates as inflationary pressures ease also would reduce the required incomes for prospective homebuyers. A 6.0-percent interest rate for that same \$900,000 duplex would reduce the required homebuyer income from \$219,000 to \$202,000 with a 10-percent downpayment.

Opportunities for lower-income buyers could be achieved through downpayment assistance programs, below-market mortgage interest rates, and/or tax exemptions for low-income, elderly and disabled residents.

Table 3 summarizes the required incomes for smaller for-sale units developed under multi-unit dwelling zoning as well as the comparable income required to buy a single family house.

Small Area Plan Area	Single Family Detached ¹	Townhouse Typology (1,800 sq. ft., 3 Bedrooms)	Two-Family (1,800 sq. ft., 3 Bedrooms)	Triplex (1,300 sq. ft., 3 Bedrooms)	Quadplex (1,200 sq. ft., 2 Bedrooms)	Six-Plex (900 sq. ft., 2 Bedrooms)
Alexandria West*	\$206,000	\$209,000	\$213,000	\$151,000	\$144,000	\$110,000
Arlandria-Chirilagua	\$223,000	\$285,000	\$288,000	\$202,000	\$195,000	\$151,000
Beauregard	\$189,000	\$302,000	\$309,000	\$216,000	\$206,000	\$161,000
Braddock Road Metro Station	\$274,000	\$281,000	\$288,000	\$202,000	\$192,000	\$147,000
Eisenhower East	\$254,000	\$281,000	\$288,000	\$202,000	\$192,000	\$147,000
Eisenhower West	\$319,000	\$178,000	\$182,000	\$127,000	\$123,000	\$93,000
Fairlington/Bradlee	\$192,000	\$206,000	\$209,000	\$147,000	\$141,000	\$110,000
King St Metro/Eisenhower Av	\$254,000	\$281,000	\$288,000	\$202,000	\$192,000	\$147,000
Landmark/Van Dorn	\$319,000	\$178,000	\$182,000	\$127,000	\$123,000	\$93,000
North Ridge/Rosemont*	\$326,000	\$261,000	\$264,000	\$189,000	\$178,000	\$137,000
Old Town/Old Town North	\$477,000	\$521,000	\$535,000	\$374,000	\$357,000	\$274,000
Potomac West*	\$298,000	\$285,000	\$291,000	\$206,000	\$195,000	\$151,000
Seminary Hill/Strawberry Hill*	\$247,000	\$195,000	\$202,000	\$141,000	\$134,000	\$106,000
Southwest Quadrant	\$453,000	\$322,000	\$329,000	\$230,000	\$219,000	\$168,000
Taylor Run/Duke Street*	\$312,000	\$243,000	\$250,000	\$175,000	\$168,000	\$130,000

Note: ¹Single family detached prices are based on the existing assessed values with a 15-percent premium for the difference between market and assessed values and a five-percent premium for new construction.

Single family data were not available for Northeast and North Potomac Yard.

*SAP area with single family zoned neighborhoods.

Eisenhower East statistics are based on King Street/Eisenhower Ave; Landmark/Van Dorn estimates are based on Eisenhower West; Old Town North estimates are based on Old Town.

Source: Partners for Economic Solutions, 2023.

Table 4 shows the household incomes required to rent the different prototypical multi-unit dwellings by SAP area.

Table 4. Household Income Required to Afford to Rent Prototypical Multi-Unit Dwellings by Small Area Plan Area

Small Area Plan Area	Townhouse Typology (3 Bedrooms)	Two-Family (3 Bedrooms)	Triplex (3 Bedrooms)	Quadplex (2 Bedrooms)	Six-Plex (2 Bedrooms)
Alexandria West*	\$110,000	\$115,000	\$97,000	\$82,000	\$65,000
Arlandria-Chirilagua	\$94,000	\$98,000	\$83,000	\$71,000	\$56,000
Beauregard	\$110,000	\$115,000	\$97,000	\$82,000	\$65,000
Braddock Road Metro Station	\$144,000	\$151,000	\$127,000	\$101,000	\$80,000
Eisenhower East	\$174,000	\$182,000	\$153,000	\$112,000	\$89,000
Eisenhower West	\$174,000	\$182,000	\$153,000	\$112,000	\$89,000
Fairlington/Bradlee	\$91,000	\$95,000	\$92,000	\$67,000	\$53,000
King St Metro/Eisenhower Ave	\$151,000	\$159,000	\$134,000	\$102,000	\$81,000
Landmark/Van Dom	\$88,000	\$93,000	\$87,000	\$76,000	\$61,000
North Ridge/Rosemont ^{1*}	\$117,000	\$123,000	\$103,000	\$83,000	\$66,000
Old Town/Old Town North	\$248,000	\$260,000	\$218,000	\$164,000	\$130,000
Potomac West*	\$88,000	\$92,000	\$78,000	\$84,000	\$67,000
Seminary Hill/Strawberry Hill*	\$117,000	\$123,000	\$103,000	\$83,000	\$66,000
Southwest Quadrant	\$95,000	\$100,000	\$104,000	\$66,000	\$53,000
Taylor Run/Duke Street*	\$84,000	\$88,000	\$84,000	\$74,000	\$59,000

Note: ¹Based on estimate for Seminary Hill/Strawberry Hill Small Area Plan area rents.

*SAP area with single family zoned neighborhoods.

Source: Partners for Economic Solutions, 2023.

Table A-1. Estimated Single Family and Multi-Unit Dwelling Market Values By Small Area Plan Area

Small Area Plan Area	Single Family Detached		Townhouse Typology (1,800 sq. ft., 3 Bedrooms)		Two-Family (1,800 sq. ft., 3 Bedrooms)		Triplex (1,300 sq. ft., 3 Bedrooms)		Quadplex (1,200 sq. ft., 2 Bedrooms)		Six-Plex (900 sq. ft., 2 Bedrooms)	
	Price ¹	Price per Sq. Ft.	Price	Price per Sq. Ft. ²	Price	Price per Sq. Ft. ³	Price	Price per Sq. Ft. ⁴	Price	Price per Sq. Ft. ⁵	Price	Price per Sq. Ft. ⁶
Alexandria West*	\$831,000	\$507	\$859,000	\$477	\$877,000	\$487	\$614,000	\$472	\$584,000	\$487	\$447,000	\$497
Arlandria-Chirlagua	\$914,000	\$692	\$1,172,000	\$651	\$1,197,000	\$665	\$837,000	\$644	\$798,000	\$665	\$610,000	\$678
Beauregard	\$768,000	\$741	\$1,253,000	\$696	\$1,280,000	\$711	\$896,000	\$689	\$853,000	\$711	\$653,000	\$726
Braddock Road Metro Station	\$1,134,000	\$689	\$1,166,000	\$648	\$1,190,000	\$661	\$833,000	\$641	\$793,000	\$661	\$608,000	\$675
Eisenhower East	\$1,042,000	\$689	\$1,166,000	\$648	\$1,190,000	\$661	\$833,000	\$641	\$793,000	\$661	\$608,000	\$675
Eisenhower West	\$1,317,000	\$426	\$720,000	\$400	\$734,000	\$408	\$515,000	\$396	\$490,000	\$408	\$375,000	\$417
Fairlington/Bradlee	\$780,000	\$493	\$835,000	\$464	\$853,000	\$474	\$597,000	\$459	\$569,000	\$474	\$435,000	\$483
King St Metro/Eisenhower Av	\$1,042,000	\$689	\$1,166,000	\$648	\$1,190,000	\$661	\$833,000	\$641	\$793,000	\$661	\$608,000	\$675
Landmark/Van Dorn	\$1,317,000	\$426	\$720,000	\$400	\$734,000	\$408	\$515,000	\$396	\$490,000	\$408	\$375,000	\$417
North Ridge/Rosemont*	\$1,352,000	\$635	\$1,075,000	\$597	\$1,096,000	\$609	\$767,000	\$590	\$731,000	\$609	\$560,000	\$622
Old Town/Old Town North	\$1,993,000	\$1,294	\$2,189,000	\$1,216	\$2,236,000	\$1,242	\$1,564,000	\$1,203	\$1,490,000	\$1,242	\$1,141,000	\$1,268
Potomac West*	\$1,225,000	\$700	\$1,184,000	\$658	\$1,210,000	\$672	\$846,000	\$651	\$806,000	\$672	\$617,000	\$686
Seminary Hill/Strawberry Hill*	\$1,011,000	\$475	\$803,000	\$446	\$821,000	\$456	\$575,000	\$442	\$547,000	\$456	\$419,000	\$465
Southwest Quadrant	\$1,885,000	\$789	\$1,336,000	\$742	\$1,363,000	\$757	\$954,000	\$734	\$908,000	\$757	\$696,000	\$773
Taylor Run/Duke Street*	\$1,293,000	\$593	\$1,004,000	\$558	\$1,026,000	\$570	\$718,000	\$552	\$684,000	\$570	\$524,000	\$582

Note: ¹ Price based on average assessed value adjusted 15 percent for the difference between assessed value and price and a five-percent premium for newly built facilities.

² Price per square foot estimated at 94 percent of the single-family detached price per square foot.

³ Price per square foot estimated at 96 percent of the single-family detached price per square foot.

⁴ Price per square foot estimated at 93 percent of the single-family detached price per square foot.

⁵ Price per square foot estimated at 96 percent of the single-family detached price per square foot.

⁶ Price per square foot estimated at 98 percent of the single-family detached price per square foot.

*SAP area with single family zoned neighborhoods.

Single family data were not available for Northeast and North Potomac Yard.

Eisenhower East statistics are based on King Street/Eisenhower Ave; Landmark/Van Dorn estimates are based on Eisenhower West; Old Town North estimates are based on Old Town.

Source: Alexandria Office of Real Estate Assessments, 2023; Partners for Economic Solutions, 2023.

Table A-2. Estimated Multi-Unit Dwelling Rents By Small Area Plan Area

Small Area Plan Area	Median Rent	Townhouse Typology		Two-Family		Triplex		Quadplex		Six-Plex	
		3-Bedroom Rent	Rent per Sq. Ft.	3-Bedroom Rent	Rent per Sq. Ft.	3-Bedroom Rent	Rent per Sq. Ft.	2-Bedroom Rent	Rent per Sq. Ft.	2-Bedroom Rent	Rent per Sq. Ft.
Alexandria West*	\$1,915	\$3,170	\$1.76	\$3,330	\$1.85	\$2,790	\$2.15	\$2,350	\$1.96	\$1,850	\$2.06
Arlandria-Chirilagua	\$1,591	\$2,680	\$1.49	\$2,810	\$1.56	\$2,360	\$1.82	\$2,010	\$1.68	\$1,580	\$1.76
Beauregard	\$1,915	\$3,170	\$1.76	\$3,330	\$1.85	\$2,790	\$2.15	\$2,350	\$1.96	\$1,850	\$2.06
Braddock Road Metro Station	\$2,297	\$4,180	\$2.32	\$4,390	\$2.44	\$3,680	\$2.83	\$2,930	\$2.44	\$2,300	\$2.56
Eisenhower East	\$2,341	\$5,080	\$2.82	\$5,330	\$2.96	\$4,470	\$3.44	\$3,240	\$2.70	\$2,560	\$2.84
Eisenhower West	\$1,903	\$5,080	\$2.82	\$5,330	\$2.96	\$4,470	\$3.44	\$3,240	\$2.70	\$2,560	\$2.84
Fairlington/Bradlee	\$1,805	\$2,590	\$1.44	\$2,720	\$1.51	\$2,630	\$2.02	\$1,900	\$1.58	\$1,490	\$1.66
King St Metro/Eisenhower Ave	\$2,349	\$4,410	\$2.45	\$4,630	\$2.57	\$3,880	\$2.98	\$2,960	\$2.47	\$2,330	\$2.59
Landmark/Van Dom	\$1,699	\$2,520	\$1.40	\$2,650	\$1.47	\$2,470	\$1.90	\$2,170	\$1.81	\$1,710	\$1.90
North Ridge/Rosemont ¹ *	\$1,857	\$3,380	\$1.88	\$3,550	\$1.97	\$2,960	\$2.28	\$2,370	\$1.98	\$1,860	\$2.07
Old Town/Old Town North	\$3,244	\$7,300	\$4.06	\$7,670	\$4.26	\$6,420	\$4.94	\$4,800	\$4.00	\$3,780	\$4.20
Potomac West*	\$2,036	\$2,500	\$1.39	\$2,630	\$1.46	\$2,200	\$1.69	\$2,410	\$2.01	\$1,900	\$2.11
Seminary Hill/Strawberry Hill*	\$1,857	\$3,380	\$1.88	\$3,550	\$1.97	\$2,960	\$2.28	\$2,370	\$1.98	\$1,860	\$2.07
Southwest Quadrant	\$1,771	\$2,727	\$1.52	\$2,860	\$1.59	\$3,000	\$2.31	\$1,870	\$1.56	\$1,480	\$1.64
Taylor Run/Duke Street*	\$1,649	\$2,399	\$1.33	\$2,520	\$1.40	\$2,400	\$1.85	\$2,100	\$1.75	\$1,660	\$1.84

Note: ¹Based on estimate for Seminary Hill/Strawberry Hill Small Area Plan area rents.

*SAP area with single family zoned neighborhoods.

Estimated rents reflect current rents by unit size and include a premium for new space.

Source: CoStar, 2023; Partners for Economic Solutions, 2023.