

6

IMPLEMENTATION TOOLS



IMPLEMENTATION TOOLS

INTRODUCTION

Implementation of the goals and strategies identified in Chapter 5 will require the confluence of the right tools with the availability of financing. Implementation will be the result of ensuring the City has all of the appropriate tools at its disposal to affect the preservation and development of affordable housing options. The previous chapter provided a matrix with each goal that identified potential new and modified tools that are available for implementation. In addition to the tools identified in the previous chapter, the City currently has a number of tools at its disposal designed to increase affordable housing options in the City. This chapter provides an overview of the existing tools used by the City, describes potential modifications to a number of existing tools and programs that could increase effectiveness, and provides greater detail on the new tools that have been identified during the Housing Master Plan process.

The tools discussed in this chapter can be placed into three categories including programmatic tools, zoning tools, and funding tools. This chapter provides a brief description of each tool and discusses how it can impact affordable housing. Further detail on each tool, including descriptions, potential partners, and cost is provided in the appendix. While several of the identified tools could be implemented immediately, some tools will require additional study, community processes, and possibly even changes to the state enabling language. Therefore this Chapter will conclude with a matrix that provides a general time frame for the implementation of the new and modified tools that have been identified.

Table 6-1: City of Alexandria Existing Programmatic Tools for Affordable Housing

Housing Development (Rental or Ownership)	<ul style="list-style-type: none"> • Acquisition and/or rehabilitation loans • Pre-development loans
Rental Housing	<ul style="list-style-type: none"> • Resolution 830 • Housing Choice Voucher (ARHA) • Rental Accessibility Modification Program (RAMP) • Rental Set-Aside Program • Rent Relief Program for Seniors and Disabled*
Rental Services	<ul style="list-style-type: none"> • Landlord-Tenant Complaint Mediation • Relocation Counseling • Eviction Assistance and Furniture Storage Program
Home Purchase	<ul style="list-style-type: none"> • Homeownership Assistance Program* • Moderate Income Homeownership Program* • Employee Housing Incentive Program • Ownership Set Aside Program • Homeownership Counseling
Homeownership Assistance	<ul style="list-style-type: none"> • Home Rehabilitation Loan Program • Energy Efficiency Loan Program (forthcoming) • Energy Share Program
Homelessness Prevention/Assistance	<ul style="list-style-type: none"> • Homeless shelters • Nonprofit transitional housing programs • Transitional Assistance Program • Homeless Intervention Program
Residential Intellectual Disability Services	<ul style="list-style-type: none"> • Group homes • Supervised apartments • Safe Haven
Fair Housing	<ul style="list-style-type: none"> • Fair Housing Testing Program • Fair Housing Training for Realtors and Property Mangers.

* Modification(s) proposed in Housing Master Plan

PROGRAMMATIC TOOLS

EXISTING PROGRAMS

The City currently operates a number of programs aimed at increasing affordable housing options for city residents. Table 6-1 provides a list of the current City and ARHA programs designed to increase affordable housing options for city residents. These programs range from housing development programs used to increase the number of dedicated affordable housing units via new development and/or rehabilitation to programs that monitor and enforce federal fair housing laws. Combined, these programs allow the City to provide important services to all residents of the Alexandria, with a focus on helping those with the most need.

A CONTINUED COMMITMENT TO RESOLUTION 830

Under the management of ARHA, federally-assisted public housing units and other publicly assisted units provide decent and safe rental housing to extremely low- to moderate-income families, the elderly, and persons with disabilities. When the City passed Resolution 830 in 1982 it committed to maintaining a minimum of 1,150 such units (the number of public housing units then in existence). The AHIWG had suggested the exploration of a policy that would keep the same number of units with an indifference to what entity owned and operated those units. This possibility was explored

CLIENT SPOTLIGHT - RENTAL ACCESSIBILITY MODIFICATION PROGRAM (RAMP)

A debilitating illness can impact every aspect of one's life – especially when the illness results in impaired mobility. Longtime Alexandria advocate Barbara Gilley, who passed away in 2004, helped lead the charge for the City to create a resource to assist lower income Alexandrians in modifying their homes to meet accessibility needs. In response to the advocacy of Ms. Gilley and others on the Alexandria Commission for Persons with Disabilities, the Rental Accessibility Modification Program (RAMP) was approved by City Council in 2001 and has been a critical resource for Alexandria residents with disabilities.

In 2011, Ms. Sharine Sanders contacted the Office of Housing seeking assistance for her mother, Alexandria resident Velma Sanders, who suffered a stroke which led to mobility-impairments. They were given a RAMP grant to fund construction of new entrance platform, stairs and the installation of a vertical platform wheelchair lift. According to Ms. Sanders, the modifications made for her mother provided a life changing link to the world outside her home of four years: "Without the help of City staff, the architect and project contractor, I don't know what I would have done. I couldn't face sending my mother to a nursing home, and this program allowed her to stay here at home with me."

RAMP is a unique program that fills a gap provided by no other service in the City. It serves both current residents with special housing needs and preserves accessible housing opportunities for future residents. RAMP assists low- and moderate-income tenants with physical disabilities by providing a grant of up to \$50,000 to complete accessibility modifications to their residences. Funded through the federal Community Development Block Grant (CDBG) Program, RAMP not only assists Alexandria renters in overcoming accessibility needs, the program provides professional architects who work with the household to determine the scope of needs and the most cost effective approach to completing the needed modifications. Participating landlords are asked to preserve RAMP-funded modifications as permanent improvements to the rehabilitated rental property, thereby increasing the supply of accessible homes within the City.



during the Housing Master Plan process, but given the relative permanence of public housing authorities, such as ARHA, compared to that of nonprofits, and the fact that such authorities have access to funding sources not available to other entities, the Housing Master Plan recommends continuing the current Resolution 830 structure with ARHA.

MODIFIED PROGRAMS

Home Purchase Assistance Loan Program Enhancements

The existing Homeownership Assistance Program (HAP) and Moderate Income Homeownership Program (MIHP) have been very successful in helping low- to moderate-income residents become homeowners in Alexandria. The HMP recommends these programs be enhanced to provide post-purchase counseling to provide support to lower income homeowners in such areas as home maintenance, budgeting, and other areas to ensure the sustainability of their status as homeowners. The HMP also recommends that the City explore alternative approaches to loan repayment to create a stream of ongoing revenue and to allow the City to serve a greater number of qualified households.

Home Rehabilitation Loan Program Enhancements

This is a current program that has been effective at assisting residents in remaining in their homes by addressing a range of housing needs such as deteriorated housing conditions, changing physical needs of the owner and changes in household size. The HMP recommends two enhancements to this program. One change would make loans subject to a 5-year continued eligibility review that may enable the City to recapture and reinvest funds more quickly. The second change would increase the reach of the program to offer smaller energy efficiency loans that focus on reducing residential energy use. These enhancements will increase the monitoring of the loans and help to further the City's Eco-City Initiatives while increasing affordability.

CLIENT SPOTLIGHT - HOME REHABILITATION LOAN PROGRAM (HRLP)

In 2007, Richard and Thelma Lewis, both 74, were finding it challenging to maintain their home on their retirement income. That challenge was eclipsed when Mr. Lewis suffered a fall in his home and fractured several vertebrae in his neck. Mr. Lewis was rushed to the hospital and underwent several operations. Once his condition stabilized he was released from the rehabilitation hospital to return home. The accident left Mr. Lewis with a permanent paralysis which requires him to use walkers for stability and wheelchairs for distance travel.

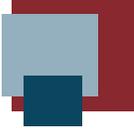
Unfortunately, the home in which Mr. and Mrs. Lewis had lived and raised their family for 35 years was no longer adequate for Mr. Lewis' current condition. He had to be carried in and out because his paralysis prevented him from negotiating the entrance stairs. Once inside, he was restricted to the living room or kitchen because the doors to his bedroom and the bathroom were too narrow to accommodate his wheelchair or walker.

Mr. and Mrs. Lewis applied for an HRLP loan offered through the City's Office of Housing. The loan allowed them to make accessibility improvements including an addition which contains an accessible bedroom and bathroom. The existing parking pad and sidewalk to the rear of the house were reconfigured and an electric wheelchair lift was installed to provide Mr. Lewis with access to the addition, and doorways in the existing structure were widened to allow passage of a wheelchair to the living and dining rooms.

The HRLP is a long-standing City loan program funded through the federal Community Development Block Grant (CDBG) and HOME Programs that helps lower-income Alexandrians age in place, meet changing needs, and maintain housing conditions throughout the City. The Program assists households that have limited incomes and few alternative resources for completing costly home repairs and modifications.

Predevelopment Funds

Developers often have to invest large amounts of money early in the development process in order to determine whether a project is feasible. These expenses might include engineering studies, architectural design or other types of professional consulting services. Costs are incurred for filing development applications as well. Until a project is determined to be feasible and has been approved, money spent is "at risk." Funds for costs associated with this "predevelopment" stage are typically hard to finance due to the risk that the project won't go forward and the funds invested will not be recovered. For this reason, predevelopment costs may be a barrier to affordable housing development. While limited predevelopment funds are now provided through the City's Housing Opportunities Fund (HOF), the Plan proposes that this funding resource and any other appropriate City development funds be modified to allow projects to receive the greater of \$50,000 (the original HOF limit) or \$5,000 per unit, to be approved administratively by staff, for predevelopment purposes. This will enable



the provision of a meaningful level of assistance to larger projects. Any predevelopment funds provided will be considered as part of the City's gap financing. When a project is approved/financed, the predevelopment funds advanced will be incorporated in the total final loan amount. In addition to removing a financial barrier, the loan's administrative process expedites the underwriting and approval timeline during a crucial phase of project development. As is currently the case, the funds would become a grant in the event the project does not go forward.

Development Fee Relief

This policy would provide fee waivers for the development review and permits for affordable housing projects that provide at least 65% of units as affordable for a period of 30 years, provided that such fees are not the primary source of funding for the department that collects them. This program would only impact a limited number of projects, but it would further reduce the cost to developers attempting to provide affordable housing to Alexandria residents.

Voluntary Developer Contribution Formula

The City's current developer contribution formula for affordable housing was approved by City Council in 2005 and applies to new construction projects that go through the City's development process. Projects that exceed minimum development thresholds are asked to make a voluntary contribution to the Housing Trust Fund or submit an Affordable Housing Plan for on-site units. Consistent with the recommendations of the Housing Contribution Work Group¹, the HMP recommends this formula for voluntary contributions be updated to reflect inflation, and continue to be indexed to inflation on an ongoing basis.

¹ The Housing Contribution Work Group recommendations have not been finalized as of this writing, but the group has reached a general consensus with regard to indexing the formula to inflation.

NEW PROGRAMS

Community Land Trust

The City should promote the development of an independent community land trust (CLT). A CLT is an entity that can ensure the long-term availability of affordable housing by securing and retaining ownership of the land on which affordable housing is located. High land costs are often an obstacle in preserving affordability. By using a CLT, the value of the land can be separated from the cost of the improvements when a project is financed or mortgaged. Since ownership of the land is retained by the trust entity, future redevelopment and use is controlled. As the name implies, the CLT

COMMUNITY LAND TRUSTS (CLT)

The CLT model of affordable housing has been around for more than thirty years as a response to the rising costs of housing, limited space for new construction, growing number of abandoned buildings and an aging housing stock. According to the Community Land Trust Network, there are approximately 200 communities across the U.S. that currently operate or are forming CLTs.¹

In general, the purposes of a CLT are to:

- provide access to land and housing to people who are otherwise denied access;
- increase long-term community control of neighborhood resources;
- empower residents through involvement and participation in the organization; and
- preserve the affordability of housing permanently.²



Matthei Place, Bellingham, WA. 14 unit home ownership project of the Kulshan CLT

Historically, CLTs operated in rural areas and focused on homeownership using a basic model: a nonprofit trust owns the land and leases it for a nominal fee to individuals who own the buildings on the land, providing homeowners with the same permanence and security as a conventional buyer. Today, that emphasis is changing, and much of the housing provided by the largest CLTs is multi-family rental to meet the needs of low-income households, many of which are not in a position to qualify for mortgage financing.³ The advantages of applying the CLT model to multifamily housing are that they present new opportunities for “scaling up” and protecting market affordable units, preserving and creating more low-income multifamily units where land costs are high over a longer period of time with limited public investment.⁴

CLTs can take different approaches. Some CLTs own and manage both the land and rental unit building. Others, involved with residential (and commercial) condominiums where the CLT owns neither the land nor the building, hold instead an affordability covenant on units sprinkled throughout a larger residential complex.⁵ Regardless of how the model is applied, “...as the number of CLTs nationwide has more than doubled in the last ten years, this model is creatively and cooperatively fulfilling a need for permanently affordable housing in this country.”⁶

1 Community Land Trust Network: <http://www.cltnetwork.org>

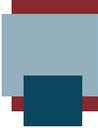
2 ibid

3 Angotti, Tom; Community Land Trusts and Low-Income Multifamily Rental Housing: The Case of Cooper Square, New York City; 2007 Lincoln Institute of Land Policy, Working Paper

4 ibid

5 Davis, John E. The Community Land Trust Reader, 2010; Lincoln Institute of Land Policy, page 37

6 Community Land Trust Network: <http://www.cltnetwork.org>



exists because of the inherent value that a community places on affordable housing preservation through this mechanism. A CLT is flexible enough to combine various types of land uses, income levels and housing types to secure everyone's investment in affordable housing. If land is developed for multifamily rental, affordability is achieved by deducting land value from the costs that need to be financed. The trust can monitor and control the use of the property and its eventual disposition.

While this tool may provide a valuable means of ensuring long-term affordable housing, considerable work must be done in exploring how it would best be structured and used in Alexandria. The City's specific role remains to be determined, but at a minimum, it is envisioned that the City would foster the development of an independent CLT and provide funding support for specific projects. Once a decision is made as to the desired nature and extent of the City's role, a determination will be made as to whether or not an ordinance is required.

Housing Choice in New Construction and Rehabilitation

This tool involves policies and programs to increase visitable, adaptable, accessible, and universal design housing units (see definition text box in Chapter 5) to create a variety of housing choice for all residents of Alexandria. Its purpose is to create policies to encourage production of more units that meet the needs of the special needs and frail elderly populations in both new construction and rehabilitation projects.

Public Land for Affordable Housing

The most challenging aspect of developing affordable housing in high cost areas such as Alexandria is the cost of the land itself. One way of increasing the efficiency of the City's limited affordable housing funding is to apply it to land already owned or facilities operated by the City, and/or to leverage partnerships for new City facilities. This tool involves the development of criteria to evaluate when it is appropriate to include affordable housing on City-owned land that will be surplussed and current and future City facilities. An example of this type of use is the Station at Potomac Yard where affordable housing was placed above a City fire station constructed on land



that had been donated to the City by the developer of the surrounding Potomac Yard development (and was subsequently conveyed by the City to the project's ownership entity).

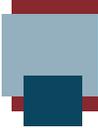
Resource Center for Affordable Housing

The Office of Housing is a significant source of information and resources to homeowners, renters, developers, landlords, and housing and service providers. To improve the accessibility of data to persons seeking information, the Office of Housing can enhance the availability of data to the public by maintaining current and historical data in a user friendly format online. In addition, the resource center can provide links to similar regional, statewide and national data.

Special District to Enable Access to Historic Preservation Tax Credits

This tool involves the City's development of a nomination, for inclusion in the National Register of Historic Places, for a multiple resource district of postwar midrise garden apartments. A successful nomination would make such properties eligible for federal and state Historic Preservation Tax Credits, which could cover 20 percent and 15 percent, respectively, of renovation costs. Eligible renovations to these properties (for tax credit purposes) would have to meet the standards of the Secretary of the Interior, which require that significant exterior features be kept, but are adaptive to new technologies, allow the use of modern materials, and are flexible with regard to building interiors. These tax credits may be used in conjunction with Low Income Housing Tax Credits, reducing a project's funding gap and/or making it possible to serve households at income levels lower than the 50% and 60% of median incomes commonly used in the LIHTC program. They may also serve as an alternative funding source for projects that do not use LIHTC.

Owners seeking to renovate their properties without using Historic Preservation Tax Credits would not be subject to restrictions by virtue of their properties having been included in a multiple resource district, nor would they be prohibited from demolishing them. However, they would not be able to take an income tax deduction for the demolition.



Mixed-Income Affordable Assisted Living

The need for a facility that serves a range of incomes within the City and which provides housing combined with supportive services has long been recognized. The cost of development of an assisted living facility is a central challenge that is exacerbated by the cost of providing required supportive services. As the demand for such housing increases along with the overall population of older Alexandrians, the City may wish to act in the near term to meet the expected future demand for such housing.

Currently, the City participates in a regional consortium that provides assisted living at Birmingham Green, which is approximately 40 miles from Alexandria. This arrangement does not serve Alexandrians well in that seniors are uprooted from their community, and family members may be challenged to visit their relatives regularly because of time required to travel such a long distance. This tool will aim to reactivate the City’s Affordable Assisted Living Work Group to examine the issues and barriers to creating a mixed-income affordable assisted living facility in Alexandria.

ZONING TOOLS

EXISTING ZONING TOOLS

Table 6-2 describes the zoning tools the City currently uses to promote affordable housing. Section 7-700 of the City’s Zoning Ordinance pertains to bonus density/height and parking reductions in exchange for on-site affordable housing units. In addition to the bonus provisions in the zoning ordinance, the City has adopted a voluntary developer contribution policy that allows applicants to make contributions to the City Housing Trust Fund or submit an affordable housing plan during the development approval process.

Table 6-2: City of Alexandria Existing Zoning Tools for Affordable Housing	
Housing Development (Rental or Ownership)	<ul style="list-style-type: none"> • Bonus density/height (7-700)* • Parking reduction (7-700)* • Voluntary housing contributions from new development*
Rental Housing	<ul style="list-style-type: none"> • Development review timing sensitive to tax credit application schedule

* Modification(s) proposed in Housing Master Plan

MODIFIED ZONING TOOLS

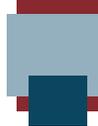
Additional Density in Exchange for Affordable Housing

The Commonwealth of Virginia allows local governments to require developers to include affordable dwelling units in exchange for additional density. The City currently has a bonus density program under Section 7-700 of its Zoning Ordinance that allows a developer to increase density by up to 20 percent or height by up to 25 feet in exchange for providing on-site affordable units. Consistent with the recommendations of the Housing Contribution Work Group, this tool calls for Section 7-700 to be amended to allow affordable housing units to be located off-site, or for the developer to provide a monetary contribution (calculation method to be determined) in lieu of the units if agreed upon by the City and the developer. For rezonings that add density outside of the Section 7-700 framework, the City would continue to evaluate the appropriate affordable housing contribution on a case by case basis. However, it is recommended that the City adopt a policy statement that, when additional density is provided through rezoning, developer contributions should take into account that affordable housing is one of the City's highest priorities.



Parking Requirement Reduction Policy for Affordable Housing Development

Urban areas with high land costs and requirements for underground parking can substantially increase the cost of a development project. Much research has been done that shows decreasing parking requirements in transit corridors can provide substantial public benefits. The Housing Master Plan has provided data that demonstrates that affordable housing residents typically own fewer cars than residents of market rate units. The City already works to decrease parking requirements in transit corridors and has furthered reduced parking requirements on affordable housing projects. This tool calls for a written policy that recognizes parking reductions for affordable housing that would negate the need for a parking study with the use of Section 7-700 of the Zoning Ordinance. Also, if a citywide parking study is completed, the establishment of specific parking ratios for affordable housing is recommended.



NEW ZONING TOOLS



Accessory Dwelling Unit Policy

An accessory unit can either be in a detached structure or within a primary residence. Such structures can function as garage apartments, carriage houses, English basements, in-law suites, etc. They have been popular as an additional revenue source for the homeowner to subsidize housing costs, particularly seniors on a fixed income. Due to size and ancillary use, accessory dwelling units can provide a source of market affordable housing. A full-fledged accessory dwelling unit program will require an extensive community process and be crafted in such a way to limit impact on the neighborhoods surrounding such units. The HMP recommends a two step approach to an accessory dwelling unit policy, first allowing these units in new Coordinated Development Districts and then exploring the potential for expanding into a broader program after a community process.

Parking Requirements for Substantial Rehabilitation Projects Policy

The City currently requires a rehabilitation project in which the cost for rehabilitation exceeds 33 1/3% of value of the building to meet current parking standards. In many cases this rule pushes the project into the Special Use Permit process to obtain a parking reduction. The current policy increases the cost and time involved in rehabilitating a project for affordable housing. The recommended new policy would exclude the rehabilitation cost of affordable units (defined as multi-family housing units that will serve households at or below 60% AMI, for a period of not less than 30 years) from the rehabilitation cost used in the calculation that determines whether compliance with the current parking standards is triggered.

Transfer of Development Rights

AHIWG directed that the Housing Master Plan explore Transfer of Development Rights (TDR) as a potential tool for the preservation of affordable housing. Virginia jurisdictions are permitted to adopt TDR ordinances through Section 15.2-2316.2 of the Virginia Code. Typically, a TDR program allows landowners within designated “sending” areas to

TRANSFER OF DEVELOPMENT RIGHTS PROGRAMS IN PRACTICE



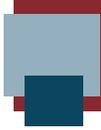
The City of Seattle and many other jurisdictions in Washington State have implemented TDR programs for affordable housing preservation, in addition to open space and historic preservation. Seattle's program, enacted in 1985, allows commercial developers who want more density than allowed under zoning rules to purchase unused density from owners of downtown properties that have affordable housing, a landmark building, or major open space. The program sets up a framework in which developers can purchase additional development rights from specified TDR districts instead of going through an administrative process for approval of additional density. Seattle's program has contributed over \$14 million of funding for affordable housing projects in downtown and helped to preserve over 900 units of affordable housing.

Arlington County, which, as a jurisdiction with the county manager form of government, has pre-existing density transfer authority under Virginia Code § 15.2-750, adopted a TDR ordinance in 2006 with affordable housing, open space and historic preservation goals. The ordinance itself does not provide specifics on how the program works, nor does it establish sending and receiving zones, but a Board-adopted policy document provides guidelines for implementation. Arlington has successfully used the program in the sector planning process and most recently in Columbia Pike planning. The County sees this as one of many tools that will be used to preserve existing market affordable garden apartment stock in the Columbia Pike corridor. For both Arlington County and Seattle Washington, the unused density in existing affordable housing projects provides the supply of density rights that can be purchased for developments in receiving areas.

transfer or sell unused density on their property to a property owner in a designated "receiving" area. In an affordable housing TDR program, the goal is to preserve existing market-rate affordable housing and encourage higher density development in appropriate areas. Essentially, it is a way of directing a portion of the increase in value of density toward affordable housing preservation. In this way, affordability is maintained and owners can gain capital needed to update the property and decrease operating costs.

While a TDR program can be a powerful preservation tool, the traditional approach (i.e., the one permitted by the Code of Virginia) may not currently be well suited to Alexandria for the following reasons:

1. Designated sending areas: Preliminary analysis shows that there is little unused density on the sites of existing market affordable housing that the City would like to preserve.
2. Designated receiving areas: Selecting appropriate receiving areas for increased density can be controversial, particularly since most of



the city is largely built out with existing neighborhoods that may be opposed to more development even in the transit corridors. Therefore, there will be limited locations that can be classified as receiving areas.

3. Developing a comprehensive citywide program based on the traditional, permitted approach would entail a substantial investment of staff time for analysis, development of recommendations, community outreach and review, and ongoing management.
4. A program based on the traditional, permitted approach would consist of private transactions only, and would not allow a City role.

The City can achieve the goal of directing a portion of the increase in value of density toward affordable housing through other means, including a non-traditional approach to TDR. Directing developer contributions to specific affordable housing needs (as a transaction negotiated between the property owners) is one option, with the benefit of giving the City more control to address specific needs and conditions with significantly less administrative complexity, as opposed to a traditional TDR program which would provide modest results and limited City control. Another option is using TDR principles during the small area plan and rezoning processes, allowing density to be reallocated within an area to encourage the preservation of affordable housing. Areas that include significant stock of garden style apartments with unused density along a transit corridor could use this tool to preserve affordable housing.

Given the complexity and particular challenges with implementing a traditional TDR program in Alexandria, further study by the Office of Housing should be conducted on the future potential of a general TDR policy (or alternative).

FINANCIAL TOOLS

EXISTING FUNDING TOOLS

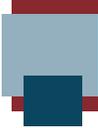
Housing Development (Rental or Ownership)	<ul style="list-style-type: none">• Dedication of real estate tax revenues
Rental Housing	<ul style="list-style-type: none">• Real property tax exemption (ARHA only)• Waiver of building permit and sewer tap fees (ARHA only)*
Homeowner Assistance	<ul style="list-style-type: none">• Real Property Tax Relief for Seniors and/or disabled• Real estate assessments based on covenanted resale price restrictions

* Modification(s) proposed in Housing Master Plan

MODIFIED FUNDING TOOLS

Loan Guarantees

To mitigate risk in the event of a foreclosure, conventional lenders will finance only a portion of total development cost to avoid investments exceeding the value of real estate which is held as collateral and/or some percentage of the net operating income (NOI) available to service debt. Loan guarantees may be used as a form of credit enhancement for real estate projects where the lender would like to secure the value of its investment, beyond the value of pledged collateral, to “backstop” against potential loan loss. In the context of affordable housing, City loan guarantees may also be useful to assist nonprofit organizations which lack sufficient established financial or project capacity in securing loans to undertake projects. In addition to selective “backstop” guarantees, the City of Alexandria should consider allocating some of the HOF funds traditionally used to provide gap financing to at 100% of cost to be alternatively used as a loan loss reserve, i.e., a source to guarantee 20% to 50% of the project loan amount. By guaranteeing a portion of the project cost a conventional lender’s risk is substantially reduced, potentially increasing the amount of credit that can be made available from non-City sources.



General Fund Support (Various Options)

The City's General Fund can be allocated for housing purposes in numerous ways. The uses could fund projects outright including operating, construction soft and hard costs; create a pool of funds for development related costs; waive certain development fees for projects with affordable housing; match voluntary and/or in-kind discounted unit contributions with General Fund dollars from new development. The major challenge for the City is to weigh the different demands on the uses of funds within the operation of local government.

General Fund monies could be allocated for affordable housing in the following ways:

- An annual lump sum general fund appropriation: Currently the City provides General Fund appropriation for staffing, operating costs (including rent), and an allocation to the Housing Opportunities Fund currently used to fund AHDC, but aside from the dedicated real estate tax, it does not provide money to directly subsidize hard units.
- An increase in the dedicated real estate tax for affordable housing: Currently the City provides 0.6 cents of the real estate tax rate for affordable housing. This is a decrease from the full penny that was provided in the past. City Council could restore and possibly increase this funding source to provide a dedicated funding source for affordable housing
- Tax increment funding: A portion of new tax revenue from development would be dedicated for affordable housing. This would be an expansion of the City's use of this tool in North Potomac Yard for a Metro Station and in the Beauregard Small Area Plan for affordable housing.

Tax Abatement for Rehabilitation

The City could also create a Tax Abatement Policy which would forego General Fund revenue for certain affordable housing projects. As mentioned many times throughout the HMP, costs are one of the biggest obstacles to affordable housing production. One way to address this issue to find ways to decrease the operating costs faced by affordable housing owners and



developers. This tool will enact a policy that provides a form of partial tax abatement for rehabilitation of certain affordable housing for a period of up to 15 years, consistent with the provisions of § 58.1-3220 of the Code of Virginia. This is just one of many financial tools that can help to decrease the cost of developers that are providing below market rents to residents of the city.

NEW FUNDING TOOLS

Loan Consortium

One of the largest obstacles to increasing the amount of affordable housing is the lack of financial resources. Building on the partnership principle discussed in Chapter 4, this program will develop an independent entity that brings together the City, ARHA, lending industry and private investors to provide loans for affordable housing. The idea behind this tool is to leverage the limited resources of the City with other dollars to increase funding opportunities for affordable housing.

TOOL IMPLEMENTATION

While the tools identified in this chapter have been placed into distinct categories, they must be implemented together in order to positively impact affordable and accessible housing options. As the HMP moves to implementation, the City will need to take several actions in order for the tools described in this chapter to become available. Several of the tools can be implemented in the short term, while others will need further analysis, community outreach, local policy or ordinance amendments, and even state legislative authority. Table 6-4 provides the required actions and general timeframe in which the new and modified tools identified in this chapter can be implemented. As the City moves from the HMP planning process to the implementation process it will be important to increase the tools at its disposal to meet the goals identified in Chapter 5.

Table 6-4: Implementation Matrix

NEW OR MODIFIED TOOL	IMPLEMENTATION SCHEDULE		REQUIRED ACTION
	1 - 3 Years	4 - 6 Years	
Programmatic Tools			
Community Land Trust	X		Further Study; Policy Development
Development Fee Relief	X		Further Study; Policy Development
Home Purchase Assistance Loan Program Enhancements	X		Local Program Modification
Home Rehabilitation Loan Program Enhancements	X		Local Program Modification
Housing Choice in New Construction and Rehabilitation		X	Partnerships, Further Study, Policy Development
Maximum Public Land for Affordable Housing		X	Partnerships, Further Study, Policy Development
Mixed-Income Affordable Assisted Living	X		Partnerships, Affordable Assisted Living Work Group Formation, Advocacy and Outreach
Predevelopment Funds	X		Local Policy Development
Resource Center for Affordable Housing	X		Research, Data Collection, Website Update
Special District to Enable Access to Historic Tax Credits	X		Partnerships, Study and Analysis, Advocacy and Outreach
Voluntary Developer Contribution Formula	X		Local Program Modification
Zoning Tools			
Accessory Dwelling Unit Policy			
Phase 1 (New CDD Zones)		X	Local Policy Development
Phase 2 (Full Program)		X	Community Outreach, Research, and Analysis, Local Policy
Additional Density in Exchange for Affordable Housing	X		Local Policy Development , Local Ordinance Amendment
Parking Requirements for Substantial Rehabilitation	X		Local Ordinance Amendment
Parking Requirement Reduction Policy for Affordable Housing	X		Local Policy Development
Transfer of Development Rights		X	Further Study; Legislative Action, Local Ordinance
Financial Tools			
General Fund Direct Allocation Support			
Annual Lump Sum Appropriations	X		Local Policy Development
Increased Dedicated Real Estate Tax Revenue	X		Local Policy Development
Tax Increment Funding	X		Local Policy Development
Loan Consortium	X		Partnerships, Education Process, Local Program Development
Loan Guarantees		X	Local Policy Development
Tax Abatement for Rehabilitation		X	State Enabling Legislation, Local Policy Development