

# **DRAFT REPORT OF THE DEVELOPER HOUSING CONTRIBUTION WORK GROUP OCTOBER 2013**

## **Background**

The Developer Housing Contribution Work Group (DHCWG) was convened in 2011 based on a recommendation within the final report of the Affordable Housing Initiatives Work Group (AHIWG). The AHIWG Report recommended creation of a new work group to study and refine the current affordable housing contribution process that has been in use since 2005 based on the recommendation of a prior group. A list of members that were included in the DHCWG is provided in Attachment I. The process provided an opportunity for the development community along with the public to participate and provide feedback on the discussion and it was important to ensure an open dialog to create buy-in for successful implementation. Multiple meetings were held with the Developer Housing Contribution Work Group between April 2011 and January 2013.

## **Meetings and Process**

The DHCWG held a total of seven meetings from April 2011 and January 2013. After an introductory meeting, the second meeting of the DHCWG included a presentation by the City's consultant for the Housing Master Plan, RKG Associates. The consultant presented an economic model that could help to determine the value of a project based on a number of variables reflecting that not all projects in Alexandria were alike and taking into account the geographic location of the project in the City. However, the group ultimately chose not to use this approach as a basis for its recommendations.

The group then focused on a review of the current tiered formula and bonus density programs in the City. At the next two meetings, the DHCWG reviewed the current policies of Alexandria and the surrounding communities of Fairfax County and Arlington, VA. The group examined the similarities and differences of these local jurisdictions including development type, current and past zoning decisions, and future growth. Based on these discussions the group decided that the current tiered formula that was in place was still appropriate for the City with an adjustment to recognize past and future inflation and the growth in profitability in rental housing development.

The next several meetings focused on the City's bonus density program. The group recommended several actions to improve the current bonus density provisions under Section 7-700 of the City's Zoning Ordinance (described below). However, the group declined to approve a proposed new bonus density formula that would have treated a portion of the additional density gained through rezoning as bonus density for the purposes of affordable housing. The vast majority of the group disagreed with the proposed approach, and considered it more appropriate that the public benefits provided in connection with a rezoning continue to be determined on a project-specific basis, taking into account the specific priorities that may be associated with that development. The group further suggested that the issue of affordable

housing in this context be addressed by a policy statement in the Housing Master Plan, and subsequently approved such a statement.

### **DHCWG Recommendations**

The DHCWG made several recommendations to help improve the City's affordable housing programs:

1. Maintain the City's current tiered voluntary contribution formula with updates to the contribution rates to account for inflation from 2005 – 2013. The formula should be updated annually to reflect inflation. The Group also recommends that the Tier 1 rental residential rate be increased to be on par with the for-sale residential rate. (The new voluntary contribution rates are provided in Attachment II)
2. Amend Section 7-700 of the City of Alexandria Zoning Code to reflect the following changes:
  - a. Allow the affordable units created through the bonus density process to be located off-site if mutually agreed upon by the City and the Applicant.
  - b. Allow the City to accept a cash contribution in lieu of affordable units if mutually agreed upon by the City and the Applicant.
  - c. Allow an applicant to receive more than 20% additional density if authorized within the relevant small area plan and underlying zoning.
  - d. Require that the number of affordable housing units to be provided in return for additional height or density created by the use of Section 7-700 be equal to one-third of the units made possible by the additional square footage, unless the City and the Applicant mutually agree to a different number of units in order to address a stated City objective (e.g., a particular configuration of unit sizes).
3. Create a single document that can be provided to the development community describing both the voluntary contributions guidelines and the bonus density provisions that are used in the City of Alexandria. The DHCWG recommended that this document include examples describing the manner in which the voluntary formula would be calculated for various developments.

### **Attachments**

- I. Developer Work Group Membership
- II. Voluntary Contribution Formula

### HOUSING CONTRIBUTION WORK GROUP 2011

	<b>Name</b>	<b>Affiliation</b>
<b>For-profit Market Rate Developers (2)</b>	Kai Reynolds	The JBG Companies
	Bob Youngentob	EYA
<b>For-profit Affordable/Assisted Housing Developers (2)</b>	John Freeman	Chesapeake Management Group, Inc.
	Gregory Slang	Kettler Development
<b>Non-profit Housing Developers (2)</b>	Daniel Abramson	Alexandria Housing Development Corporation
	Shelley Murphy	Wesley Housing Development Corporation
<b>Commercial/Mixed-Use Developer (1)</b>	Michael McGuire	Tall Cedars Development Co.
<b>Building Industry Groups (3)</b>	Shaun Pharr	Apartment and Office Building Association (AOBA)
	Tom Regnell	NAIOP
	Carlos Cecchi	NVBIA
<b>Development Attorneys (2)</b>	Catharine Puskar	Walsh, Colucci, Lubeley, Emrich & Terpak, PC
	Jonathan Rak	McGuire Woods
<b>Development Finance Professional (1)</b>	Michael Scheurer	Virginia Housing Development Authority (VHDA)
<b>Planning Commission (1)</b>	Eric Wagner	Planning Commission
	Mary Lyman	Planning Commission
<b>Affordable Housing Advisory Committee (1)</b>	Rick Liu	Affordable Housing Advisory Committee (AHAC)
<b>Chamber of Commerce (1)</b>	Theresa Eversole	Society of Human Resource Management (SHRM)
<b>Alexandria Economic Development Partnership (1)</b>	Duane Gautier	Alexandria Economic Development Partnership (AEDP)
<b>At-Large (2)</b>	Stan Vosper	City Resident
	Joyce Woodson	City Resident

**Voluntary Contribution Formula for Affordable Housing**

<b>Development Category</b>	<b>2005 Rates</b>	<b>2013 Rates*</b>
<b>Non-Residential</b>	\$1.50	\$1.82
<b>Tier 1 Residential</b>		
<b>For-Sale</b>	\$2.00	\$2.43
<b>Rental</b>	\$1.50	\$2.43
<b>Tier 2 Residential</b>	\$4.00	\$4.85
*The formula will be adjusted annually by the CPI Housing All Urban Consumers for the Washington-Baltimore Metropolitan Area.		