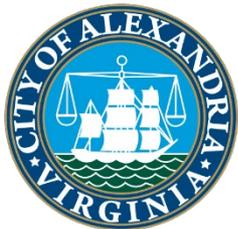


2019 HOUSING CONTRIBUTIONS WORKGROUP MEETING #4

Lee Center | May 9, 2019



Office of Housing
City of Alexandria, Virginia



TONIGHT'S AGENDA

Welcome

Introductions

HCWG Fundamentals

What We Have Heard

Draft Recommendations

Table Discussions

Report Outs

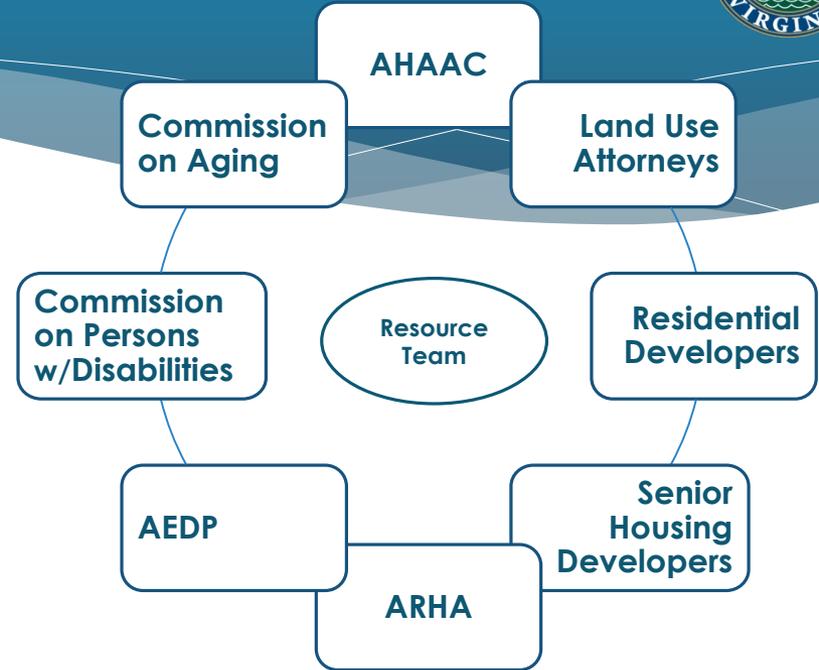
Next Steps



HCWG FUNDAMENTALS



PURPOSE: Establish policy guidance regarding housing contributions for rezoning, master plan amendment, senior housing, and conversion projects and create a baseline for inclusionary zoning assessment



March 7

- Education and goal setting

April 4

- Rezoning
- Master plan amendment applications

May 2 & 9

- Senior housing projects
- Commercial to residential building conversions
- Policy recommendations

June 6

- Community Public Hearing during AHAAC Meeting

**June 25/
July 9**

- Planning Commission Briefing
- City Council Public Hearing

HCWG—WHAT WE HAVE HEARD



- Importance of:
 - City Council establishing priorities for community benefits—trade offs/relief needed to provide more affordable housing
 - Establishing clear expectations and/or goals through small area planning process
 - Setting and communicating consistent expectations early so that developers can factor in cost of contribution into land value up front

- Explore other tools to incentivize affordable housing
 - E.g., tax exemption/abatement, PILOTs, TIFs, “public-utility model”
 - Consider changes to Section 7-700
 - Allow bonus height in zones with 50’ cap under certain circumstances
 - Permit application on commercial-only development in exchange for heightened contribution
 - *Note: Section 7-700 is not always practical/financially feasible if it pushes a project from stick-built to concrete/steel*

HCWG—WHAT WE HAVE HEARD



CONT.

- No “one size fits all” contribution policy
 - Each project is different depending on community context, market dynamics, environmental/site conditions, construction type, etc
 - One option: Consider creating a menu of policy options to reflect different economic realities
 - Allow for flexibility if market/project dynamics change
 - “Certainty with flexibility”
- When estimating value of additional density, assume land value already reflects some portion of density envisioned in small area plan
 - Identify an alternate base (higher than base in existing zone) as a starting point for heightened affordable housing expectations in rezoning applications

HCWG—WHAT WE HAVE HEARD



CONT.

- Different opinions regarding the role commercial development could play in expanding housing affordability
 - Bonus density for commercial development
 - No increased expectations = recognize the critical role commercial development plays in expanding the City's overall tax base
- There is some baseline amount every development expects to provide—have conversation early
 - Many developers are willing to brainstorm on what it would take to help expand housing affordability in their projects
- Do not charge affordable housing projects community amenity or infrastructure fees
 - Such projects cannot afford these costs and end up having to borrow the money from the City

HCWG—WHAT WE HAVE HEARD



CONT.

- Every commercial to residential building conversion is different due to differences in the underlying structure/design, market, neighborhood context, and potential for additional density/height
 - This has implications for the types/levels of developer contributions

HCWG—WHAT WE HAVE HEARD



CONT.

- Significant demand for greater affordable housing options for seniors, including affordable assisted living and memory care, opportunities to “age-in-community”, and homecare services
 - Commission on Aging support for Fairfax County’s 4% voluntary policy
 - Consider regulatory incentives to encourage senior affordable housing
- Economics of senior housing projects are different from rental projects due to design requirements (e.g. higher % of amenity space, construction type, etc) and variable cost of services

**DRAFT
RECOMMENDATIONS FOR
DISCUSSION**



INTENT OF RECOMMENDATIONS



- Ensures consistency and clarity in affordable housing procedures and policies
- Provides certainty and flexibility
- Outlines baseline expectations and *goals* for affordable housing contributions for applications through which additional density is being requested
 - This will allow for more balanced and informed discussions regarding trade-offs with other community benefits

INTENT OF RECOMMENDATIONS



CONT.

- Identifies next steps:
 - Update Affordable Housing Contribution Procedures based on City Council guidance
 - Identify and evaluate potential regulatory and financial tools and advocacy actions to further incentivize affordable housing production

NEW CONSTRUCTION PROJECTS

CONTRIBUTION PROCEDURE RECOMMENDATIONS



Type	Current	Proposed
Permitted development by-right	<p>Voluntary commercial contribution</p> <p>Voluntary Tier 1 residential contribution</p>	<p>No change</p> <p>COMMENT:</p> <ul style="list-style-type: none"> ✓ No indexing of contributions to align with delivery
<p>Permitted development w/SUP and/or w/MPA involving land use change</p> <p><i>(excludes development permitted by-right)</i></p>	<p>Voluntary commercial contribution</p> <p>Voluntary Tier 2 residential contribution</p>	<p>No change</p> <p>COMMENT:</p> <ul style="list-style-type: none"> ✓ No indexing of contributions to align with delivery ✓ No tiered commercial rate proposed for land use change applications

NEW CONSTRUCTION PROJECTS

CONTRIBUTION PROCEDURE RECOMMENDATIONS cont.



Type	Current	Proposed
<p>Development permitted through rezoning involving increase in density</p> <p><i>(excludes development permitted by-right or through a SUP and/or MPA involving a land use change)</i></p>	<p>Commercial contribution</p> <p>Residential contribution negotiated (typically Tier 2 or on-site units)</p>	<p>Commercial: Required commercial contribution</p> <p>COMMENT:</p> <ul style="list-style-type: none"> ✓ No tiered commercial rate proposed for additional density <p>Residential: Required on-site contribution (or contribution of equivalent value)</p> <p>Base: 5% of increase in residential development</p> <p>Goal: 10% of increase in residential development</p> <p>Stretch Goal: 15% of increase in residential development to include units provided through PPPs and co-location</p> <p>COMMENT:</p> <ul style="list-style-type: none"> ✓ Establishes goals for new SAP and SAP updates ✓ Provides certainty as well as flexibility

NEW CONSTRUCTION PROJECTS

CONTRIBUTION PROCEDURE RECOMMENDATIONS cont.



Type	Current	Proposed
Development permitted w/bonus density and/or height	Section 7-700	No change COMMENT: ✓ Potential changes to Section 7-700 to be evaluated in future

BUILDING CONVERSIONS

CONTRIBUTION PROCEDURE RECOMMENDATIONS cont.



Type	Current	Proposed
Permitted conversion w/building permit	No contribution expectations	No change
Permitted development w/site plan or SUP and/or MPA involving land use change	Contributions offered, including on-site units at 60-80% AMI	Residential: Voluntary commercial contribution (or units of equivalent value)

SENIOR HOUSING PROJECTS

CONTRIBUTION PROCEDURE RECOMMENDATIONS cont.



Type	Current	Proposed
Permitted development w/site plan or SUP and/or MPA involving land use change	Voluntary contribution <i>(no precedents)</i>	Voluntary on-site contribution (AG units or other units of equivalent value) Goal: 2% of units permitted under existing zoning
Development permitted through rezoning <i>involving increase in density</i>	Contributions offered, including on-site units at 40% discount and at AG level, and monetary contributions	Required on-site contribution (AG units or other units of equivalent value) Stretch Goal: 4% of units permitted through increase in density

ADDITIONAL RECOMMENDATIONS



- Explore feasibility of new regulatory incentives for affordable senior housing and evaluate potential modifications to existing regulatory tools (Section 7-700)
- Explore new financial tools (e.g. tax abatement, PILOTs, TIFs) and possibility to waive developer fees for affordable housing projects
- Advocate for increase in Northern Virginia's monthly cap on supplemental assistance under the Auxiliary-Grant program
- Other?

Q&A, FEEDBACK, and NEXT STEPS

May 16—Written Comments on Draft Recommendations Due
June 6—AHAAC Community Public Hearing
June 25—Planning Commission Briefing
July 9—City Council Public Hearing

Questions?

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