

City of Alexandria

# HOUSING MASTER PLAN

## LAND USE POLICY AND REGULATORY TOOLS

November 11<sup>th</sup>, 2010

Presented By:

Tom Hart, President

Community Strategies Institute



# OVERARCHING GOALS

- Preservation of publicly assisted units
- Preservation of market-affordable rental units
- Provision of units for households under 50% AMI
- Preservation of affordable homeownership
- Construction of new affordable housing (AH)
- Provision of units for special needs households

# LAND USE AND DEVELOPMENT TOOLS

## TOPIC AREAS

- Balancing certainty and flexibility
- Development review process improvements
- Density as an affordable housing tool
- Organizing tools by geography
- Public subsidies (fee and tax reductions)
- Partnership Development

# BALANCING CERTAINTY AND FLEXIBILITY

**Different approaches provide different degrees of certainty versus flexibility:**

- Ordinance – greatest certainty
- Policies – strong certainty, some wiggle room
- Practice – least certainty, greatest flexibility

# BALANCING CERTAINTY AND FLEXIBILITY

- Advantage of certainty: developers know what's required and can plan for it
- Advantage of flexibility: sometimes a minor adjustment can make a particular tool workable for a specific project, but without flexibility, the tool may go unused

# DEVELOPMENT REVIEW PROCESS IMPROVEMENTS

## CONCEPT

- Identifying methods to expedite review and approval of projects that meet AH goals
- Increasing certainty in the process and reduce soft costs to developers of AH

Beverly Park Apartments  
Rehab, SUP for parking reduction



# DEVELOPMENT REVIEW PROCESS IMPROVEMENTS

## POTENTIAL TOOLS AND ENHANCEMENTS

- Fast tracking/priority reviews for AH projects
- Flexibility in development standards (e.g., parking)
- Single opportunity for City review (“one bite at the apple”)
- Concurrent rather than sequential reviews
- Simplified approval processes
  - Administrative (staff) approvals
  - Simplified site plan application
- Better use of technology



James Bland redevelopment  
Priority review to meet tax credit  
deadlines, full community process

# DEVELOPMENT REVIEW PROCESS IMPROVEMENTS

## EXAMPLES

- 33% rule (existing City policy): substantial rehab. >33% triggers current parking requirements; requires SUP for parking reduction
  - Increase threshold for AH projects
  - Allow admin. approval of parking reduction
  - Exempt AH projects
- Simplified Site Plan Application (existing City policy): reduces application requirements for small projects
  - Expand to include AH projects meeting certain criteria

# DEVELOPMENT REVIEW PROCESS IMPROVEMENTS

## STRENGTHS

- Reduces time and cost for developers
- Increased predictability for developers
- Improves staff efficiency
- Streamlines public engagement



Chatham Square  
Priority review,  
community process

## CHALLENGES

- Perception that community process will be impacted
- Will require commitment/resources from departments to implement review changes
- Equity issues for non-AH development projects

# DEVELOPMENT REVIEW PROCESS IMPROVEMENTS

## WHERE PROCESS IMPROVEMENTS HAVE WORKED

- Austin, TX – SMART Housing Initiative
- Santa Fe, NM – accelerated process/fee waivers for 25% affordable
- Commonwealth of Massachusetts
- Los Angeles, CA

## APPLICABLE GOALS

- Applies to all AH goals

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## CONCEPT

- Offering increased density or height in exchange for affordable housing



The Prescott  
For sale AH units, bonus density

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## POTENTIAL TOOLS AND ENHANCEMENTS

- Automatic density bonuses for AH (Fairfax County inclusionary zoning model)
- Transfer of density within a site
- Transfer of development rights (density) from one site to another
- Revise the developer contribution formula to treat rezoning density as bonus density or change the formula to increase the contribution level for rezoning density
- Transfer unused density for AH preservation

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## EXAMPLE

### ■ Density Bonus

- Current practice: negotiated density bonus in exchange for mandatory AH; the formula (not mandated) calls for one-third of net of the bonus SF to be affordable
- Make density bonus “automatic” under certain criteria
- Recalibrate formula similar to the Fairfax County model

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## EXAMPLE

- **Transfer of Development Rights (TDR)**
  - Formally, when development potential from one site is used on another
  - Ex. 1: “sending area” where housing to be preserved; “receiving area” where new housing to be built
  - Ex. 2: density cap applies to overall development rather than individual blocks (Carlyle)
  - Voluntary
  - Enabled through zoning

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## STRENGTHS

- Enhances geographic distribution of AH
- Improves project value, which enables an AH component in a project (mixed income)
- No cost/relatively low cost (in dollars) to the City
- Can preserve AH



Mill Race  
Rental AH, bonus  
density, near  
Metro

## CHALLENGES

- All tools not universally applicable in Alexandria
- Higher density not well received in all parts of the City
- Locks in density of “sending” property over a long term
- Higher density could impact infrastructure capacity
- Additional density is not always desired by developers

# DENSITY AS AN AFFORDABLE HOUSING TOOL

## WHERE DENSITY AS A HOUSING TOOL HAS WORKED

- Fairfax County, VA – density bonus
- Portland, OR – TDR
- Seattle, WA - TDR

## APPLICABLE GOALS

- Applies to all AH goals



Lane/ATA

Rental AH, bonus density, near Metro

# FEE AND TAX REDUCTIONS

## CONCEPT

- City can offer fee and property tax reductions or reimbursements to promote AH

# FEE AND TAX REDUCTIONS

## POTENTIAL TOOLS AND ENHANCEMENTS

- Waive, reduce or reimburse development, permitting, approval process fees when development meets AH goals
- Provide partial/full tax abatement for prescribed timeframe in exchange for AH (may require enabling legislation)
- Allow amortization of tap fees
- Freeze tax assessment for AH rehabilitation projects (may require enabling legislation)
- Tax allocation district for below 50% AMI AH projects

# FEE AND TAX REDUCTIONS

## EXAMPLES

- Tax abatement
  - VA law allows partial real estate tax exemptions, for up to 15 years, for rehabilitated structures >15 years old; has been applied to AH
  - Law allows designation of individual non-profits for RE tax exemption
  - Not currently being implemented in Alexandria
  - Work with VA to expand allowances, if necessary
- Tax allocation district
  - Common practice: Use incremental real property tax revenue generated by development/rehabilitation to finance public infrastructure costs typically the responsibility of the developer (reduces project cost)
  - Only available for projects providing a minimum threshold of housing for households earning below 50% AMI
  - Cost savings applied to rent subsidy

# FEE AND TAX REDUCTIONS

## STRENGTHS

- Development fees occur early in the process, when money is most “expensive”
- Defers City’s financial participation by amortizing investment
- Property tax breaks can be a strong incentive to keeping units affordable

## CHALLENGES

- City will still need to provide resources to conduct reviews
- Reduces flexibility in implementation/approach
- Steering incentives to projects that would not occur without the incentive

# FEE AND TAX REDUCTIONS

## WHERE FEE AND TAX REDUCTIONS HAVE BEEN IMPLEMENTED

- Richmond, VA
- Polk County, FL
- Santa Fe, NM
- Arlington County, VA

## APPLICABLE GOALS

- Applies to all AH goals

# ORGANIZING TOOLS BY GEOGRAPHY

## CONCEPT

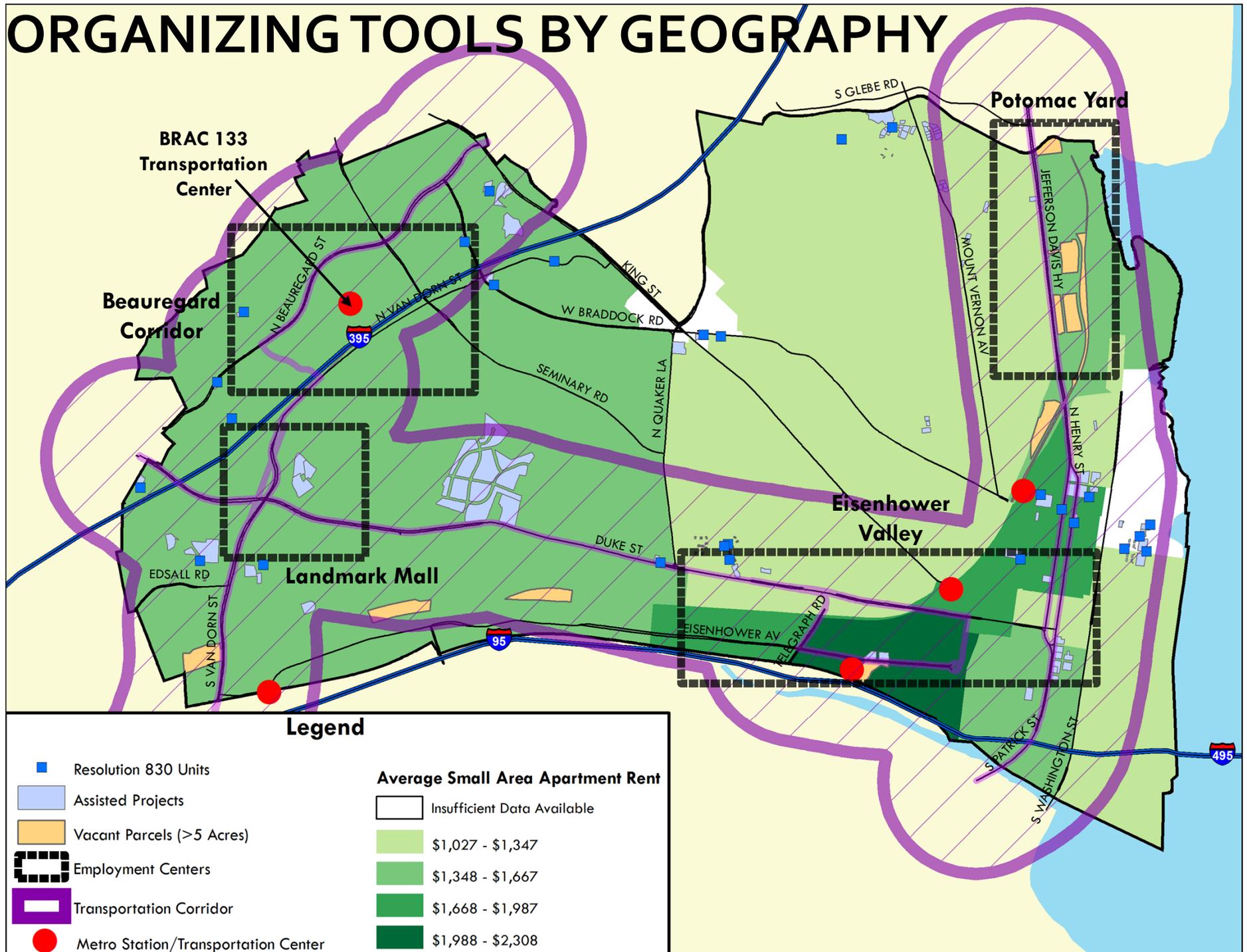
- Identifies areas where certain strategies and preferences can be implemented, or are emphasized.
  - Growth areas: can emphasize tools that maximize developer ability to make AH contributions
  - Existing affordable areas: can emphasize tools that preserve units
  - Existing areas that are not affordable: can emphasize tools that allow some compatible affordable units
- Recognizes that certain development forms and approaches are not suitable in all locations

# ORGANIZING TOOLS BY GEOGRAPHY

## POTENTIAL TOOLS AND ENHANCEMENTS

- Priority housing areas/AH overlay zones
  - Can offer an array of tools (policies and practices) to be customized to individual projects

# ORGANIZING TOOLS BY GEOGRAPHY



## Legend

- Resolution 830 Units
- Assisted Projects
- Vacant Parcels (>5 Acres)
- Employment Centers
- Transportation Corridor
- Metro Station/Transportation Center

## Average Small Area Apartment Rent

- Insufficient Data Available
- \$1,027 - \$1,347
- \$1,348 - \$1,667
- \$1,668 - \$1,987
- \$1,988 - \$2,308

# ORGANIZING TOOLS BY GEOGRAPHY

## WHERE GEO-BASED APPROACHES HAVE WORKED

- Commonwealth of Massachusetts
- Boston, MA
- Corte Madera, CA
- York, ME
- Washington, DC

## APPLICABLE GOALS

- Applies to all AH goals



Carlyle  
Use of density transfer within a site

# ORGANIZING TOOLS BY GEOGRAPHY

## STRENGTHS

- Can drive development or attract investment or preserve existing AH in areas designated by the City
- Developers provide customized package of incentives to drive down costs for building in City designated areas
- Developers get greater efficiency/less uncertainty for approvals

## CHALLENGES

- Potentially necessitates changes in business practices for local government and developers
- Citizens may worry about their ability to influence change in their neighborhood

# PARTNERSHIP DEVELOPMENT

## CONCEPT

- Alexandria would benefit from more formalized regional and state partnerships
- High growth communities like Alexandria need legislative support for creating new fiscal tools
- AH is a regional effort, not a single jurisdictional responsibility
- Different regional players have different strengths to build upon

# PARTNERSHIP DEVELOPMENT

## APPROACH

- City officials should meet with state and federal legislators and funders to enable/finance new and creative approaches to AH
- Municipal and county governments will share plans and goals and develop methods for collaborating to address housing needs

# PARTNERSHIP DEVELOPMENT

## STRENGTHS

- Better positions City to acquire additional funding to meet City's AH preservation and development goals
- Creates a regional vision for delivering and preserving AH
- Brings wider range of strengths and flexibility to tackling AH issues in the region

## CHALLENGES

- VA law requires legislative approval for many tools
- DC Metro covers three different 'states' with different regulatory structures
- Jurisdictions within N. VA differ in size and focus on AH issues<sup>29</sup>

# PARTNERSHIP DEVELOPMENT

## WHERE REGIONAL PARTNERSHIP TOOLS HAVE BEEN SUCCESSFUL

- Denver Metro Area
- San Francisco Bay Area
- Greater Boston Metro Area

## APPLICABLE GOALS

- Applies to all AH goals

# DISCUSSION QUESTION #1

- **Should the City provide preferential treatment through the review process to development projects meeting AH goals, or take steps to improve the process for all development projects? What criteria would you suggest the City use to define an “affordable housing project” for this purpose?**
- **Do you have particularly strong opinions about the proposed tools and enhancements?**
  - Fast tracking/priority reviews (tailoring review times to meet the needs of the development project)
  - Simplified approval process (reducing public control over certain project elements and steps in the review process)
  - Concurrent reviews (having multiple departments review all at the same time)
  - Greater investments in technology (on-line project submissions; on-line tracking of projects as they go through the review process)

## DISCUSSION QUESTION #2

- **Density has historically been a sensitive topic in Alexandria. Yet it remains one of the most effective non-cash tools communities can use to promote affordable housing. Should density increases be used to promote affordable housing?**
- **Do you believe there are situations where increased density is not appropriate?**
- **Do you have particularly strong opinions about the proposed tools and enhancements?**
  - Establishing automatic density bonuses (under established criteria)
  - Allowing transfer of density within a project (multi-parcel project)
  - Allowing an increase in density for new development to be used to preserve affordable housing elsewhere in the City
  - Reconfiguring the developer contribution formula to address rezoning density additions as a unique tier

# DISCUSSION QUESTION #3

- **Given our discussion around the costs to do AH, what is your reaction to fee reduction/reimbursement and tax abatement/reimbursement as ways to reduce project costs? What criteria would you suggest the City use to define an “affordable housing project” for this purpose?**
- **Do you have particularly strong opinions about the proposed tools and enhancements?**
  - Waive, reduce or reimbursement of development process fees
  - Waive, reduce or reimburse real property taxes
  - Freeze property assessments for rehab projects
  - Special tax allocation districts for very low income housing provision

# DISCUSSION QUESTION #4

- **What do you think about the issue of balancing certainty and flexibility as presented?**
- **If you were the decision maker, how would you implement AH tools given other community needs and concerns (open space, transportation, public facilities...)?**
  - With a **formula approach** (meaning a development automatically qualifies for a defined incentive by meeting pre-defined criteria)
  - In an **administrative manner** (meaning staff is able to render an approval based on a set of criteria without going through the commission/council)
  - In a **negotiated manner** (meaning the tools are available, but how they are applied depends on the needs and opportunities of each project)
  - **Different ways for different tools - explain**

# DISCUSSION QUESTION #5

- **Should the Housing Master Plan identify priority areas within the City for the following?**
  - preservation of existing housing
  - new construction in strong growth areas
  - production within high difficulty areas
- **Should these areas be identified in general terms or specifically delineated on a map?**