

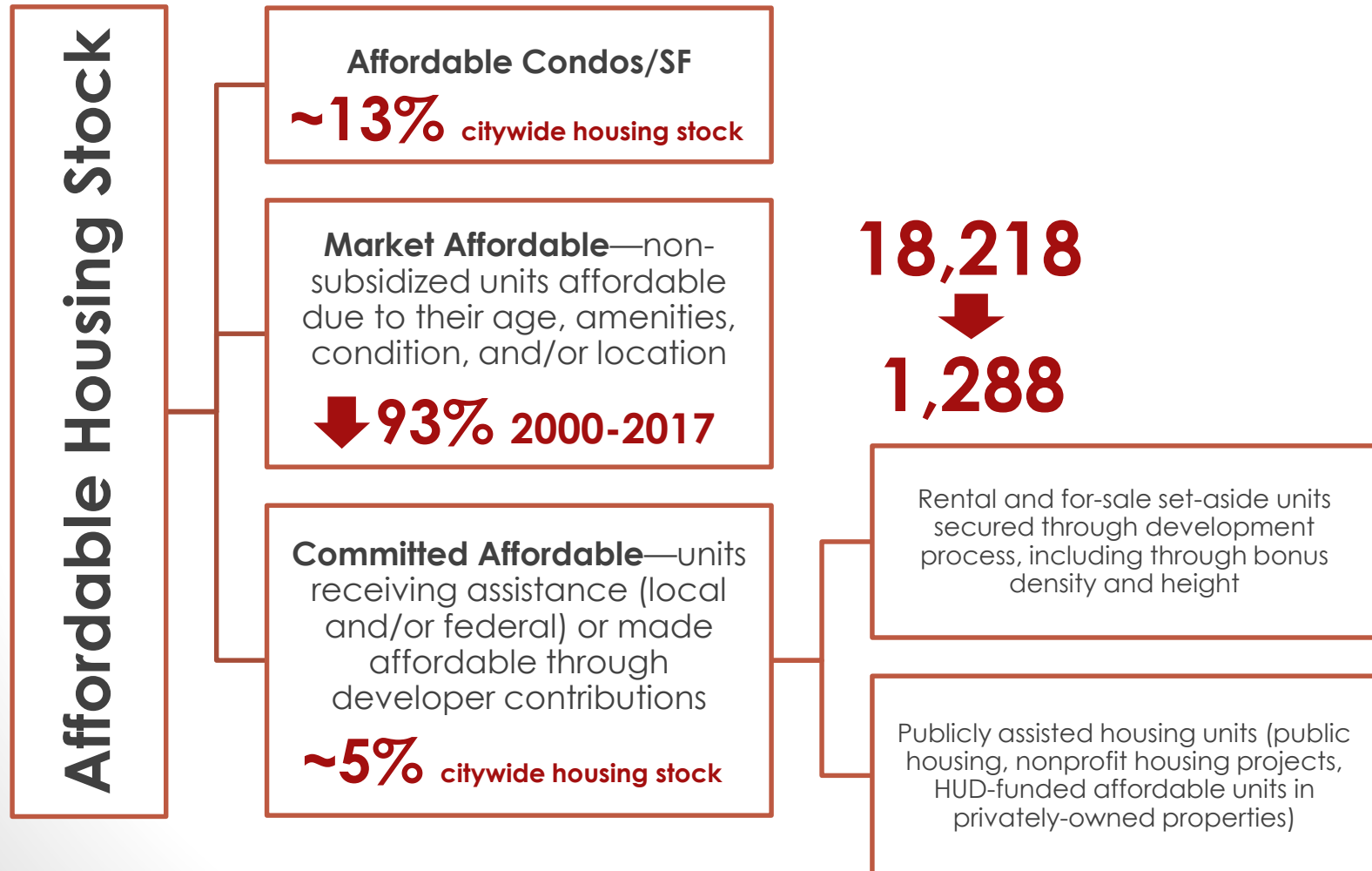


# **Proposed Text Amendment to Section 7-700 (Bonus Density) to Maximize Production of Affordable Housing**

City Council

May 13, 2017

# Affordable housing stock in the city



# What do we mean by affordable?

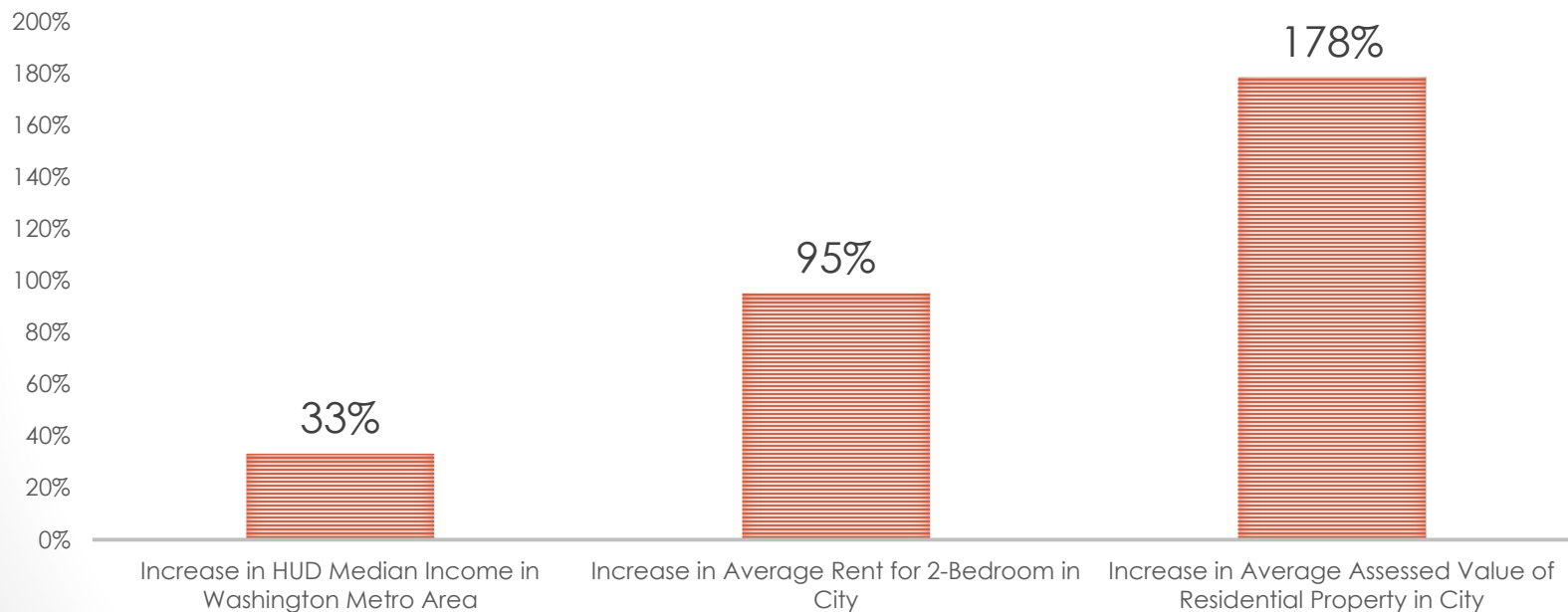
## 2017 AMI (Area Median Income)

	Household Size/AMI	1-Person	2-Person	3-Person	4-Person	
	30% AMI	\$23,200	\$26,500	\$29,800	\$33,100	ARHA/ DCHS
	40% AMI	\$30,920	\$35,320	\$39,720	\$44,120	Committed affordable rentals
	50% AMI	\$38,650	\$44,150	\$49,650	\$55,150	
	60% AMI	\$46,380	\$52,980	\$59,580	\$66,180	
Bonus density/ height units	80% AMI	\$61,840	\$70,640	\$79,440	\$88,240	Committed affordable for-sale
	100% AMI	\$77,300	\$88,300	\$99,300	\$110,300	

Sources: 2017 HUD Income Limits for 30% and 50% AMI for Washington-Arlington-Alexandria, DC-VA-MD HUD Metro Fair Market Rent Area); FY 2017 Multifamily Tax Subsidy Project Income Limits for 60% AMI; and Office of Housing for 40% AMI and Mathematical 80% AMI (figures have not been rounded)

# Housing affordability challenge

❑ Incomes are not keeping pace with housing costs (2000-2017)



Source: HUD Income Limits, 2000-2017; City of Alexandria, Office of Housing 2017 Apartment Survey and Office of Real Estate Assessments, 2000-2017

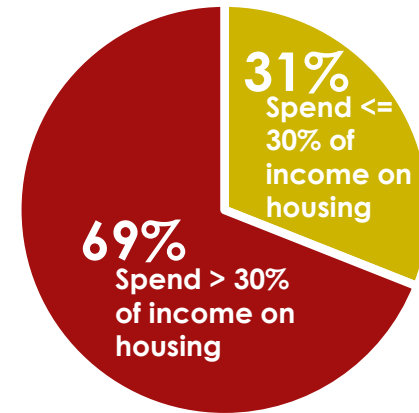
# Importance of affordable housing in the city

- ❑ High housing cost burden
- ❑ Essential to a competitive and sustainable economy
  - ❑ Employers look for a skilled, stable, and diverse workforce
  - ❑ Local workers live and spend in the city



**Residency of City's Workforce: 75% of Alexandria's workforce lives outside of the City**

*Source: 2009-2013 ACS 5-Year Estimates*



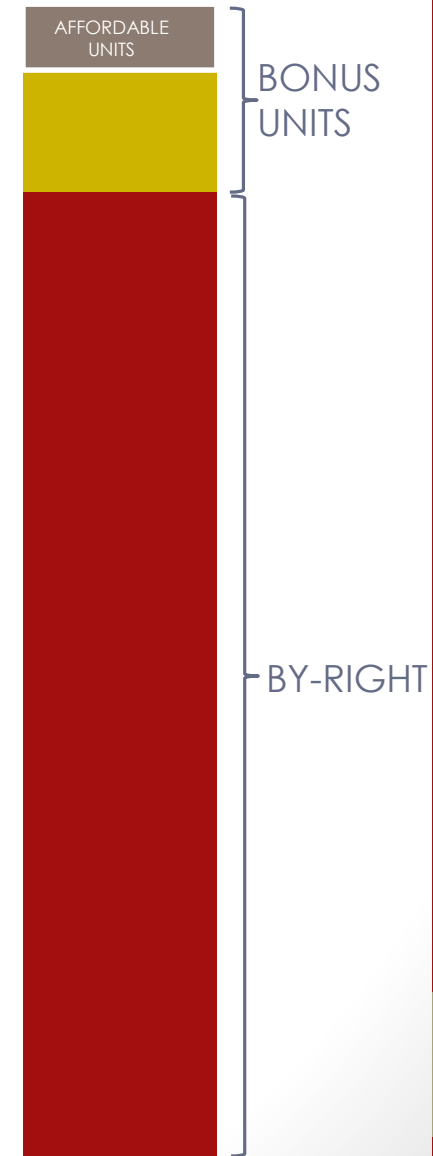
**Low- to moderate-income households**  
(w/incomes up to \$75,000)

*Source: 2011-2015 ACS 5-Year Estimates*

- ❑ Impacts city transportation network

# Section 7-700—Housing Master Plan tool

- ☐ Provides for added bonus density (up to 20%) and/or height (up to 25' in areas without a 50' or lower height limit) in exchange for affordable housing
  - ☐ 1/3 of bonus units (or equivalent) must be committed affordable
- ☐ Affordable offsite units permitted if equivalent in value
- ☐ Cash in lieu of units permitted if mutually agreed to
- ☐ More than 20% bonus permitted if authorized by small area plan
  - ☐ Approved in 2015 Eisenhower West Small Area Plan
  - ☐ Proposed in Old Town North and North Potomac Yard Small Area Plans (June 2017)





Jackson Crossing  
(affordable  
housing project)



The Bradley  
(bonus height)



Parc Meridian at Eisenhower  
Station



Station 650 at  
Potomac Yard



The Prescott



Station at Potomac Yard  
(affordable housing project)



Notch 8



Post Carlyle  
Square

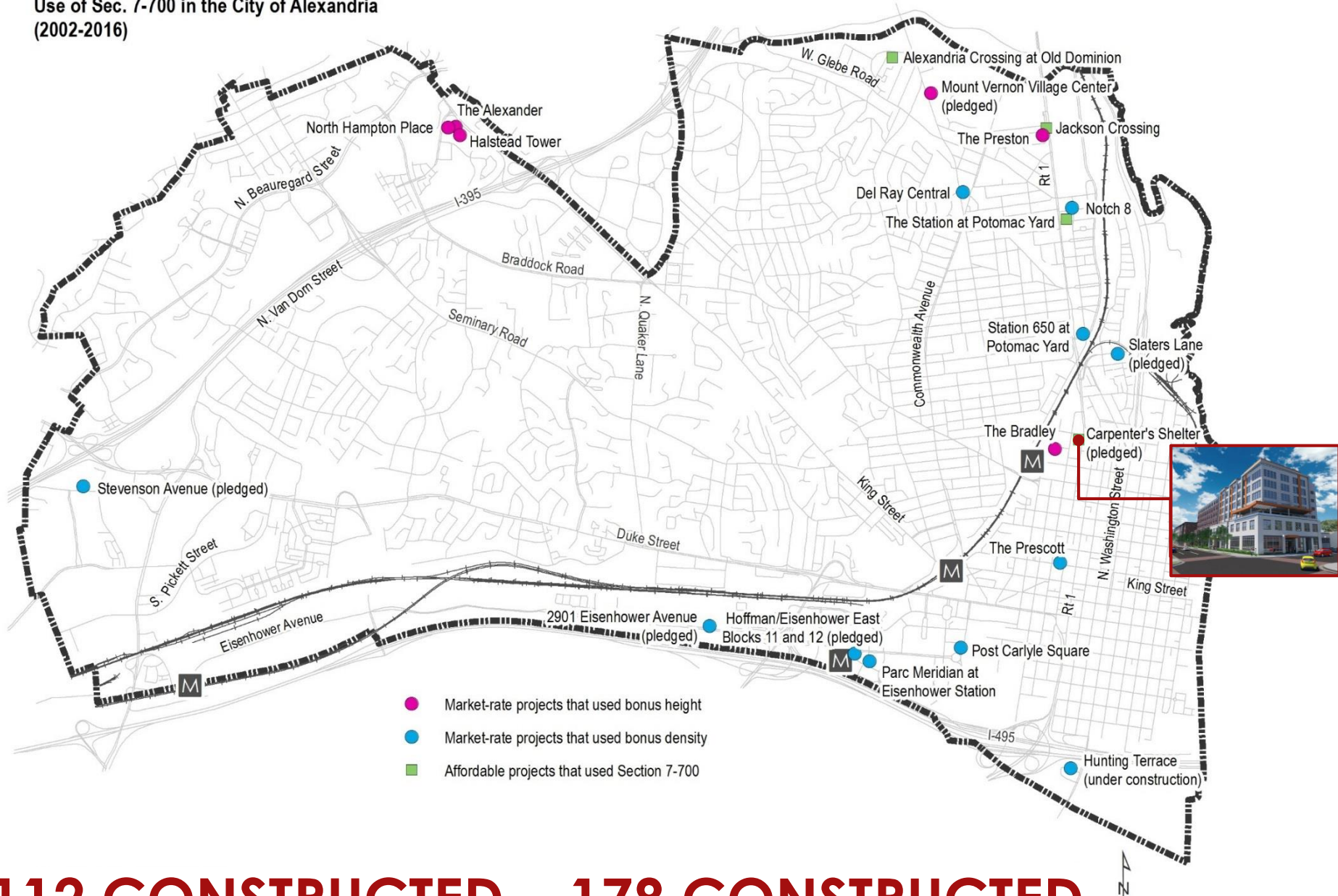


Del Ray Central





**Use of Sec. 7-700 in the City of Alexandria  
(2002-2016)**



**112 CONSTRUCTED**

(AFFORDABLE UNITS IN MARKET-RATE PROJECTS)

**+ 135 PLEDGED**

**178 CONSTRUCTED**

(AFFORDABLE UNITS IN AFFORDABLE PROJECTS)

**+ 97 PLEDGED**



# Proposed Amendment to Section 7-700

- ❑ Purpose: to incentivize and maximize the production of affordable housing at no financial cost to the City
- ❑ Amendment: Increase the bonus density limit from 20% to 30%
- ❑ Sec. 7-700 would allow increases greater than 30% if authorized by relevant small area plan

# Bonus density increase analysis

- ❑ Conducted at request of City Council in 2015 – collaboration between Planning & Housing
- ❑ Initial analysis concluded a bonus density increase from 20% to 30% might produce modest results due to:
  - ❑ Changes in construction type
  - ❑ Cost of parking
  - ❑ Zoning restrictions and site constraints
- ❑ Innovation in construction and new parking standards as well as evolving housing preferences toward smaller units may now encourage greater use of bonus density option
- ❑ Even an incremental increase of affordable units at no financial cost to City is desirable

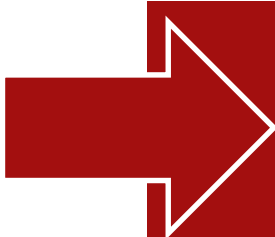
# Bonus density increase considerations

- ☐ Zoning requirements remain in force to ensure neighborhood compatibility:
  - ☐ Public engagement process
  - ☐ Open space
  - ☐ Setbacks and stepbacks
  - ☐ Sewer capacity
  - ☐ Parking
  - ☐ Transportation management

# Bonus density increase considerations (cont.)

- ❑ Zoning requirements remain in force to ensure neighborhood compatibility:

- ❑ Height
- ❑ Design and other factors

A large red arrow pointing from the left towards the text box.

Projects in zones with a 50' or lower height restriction may not exceed their height cap when using bonus density



# Stakeholder feedback to date

## Alexandria Housing Affordability Advisory Committee

(April 2015-present)

Endorsed bonus density  
increase to 30%

## Planning Commission (July 2015)

Briefing

## NAIOP, Government Relations Subcommittee

(May 2015-February 2017)

Endorsed bonus  
density increase to 30%

## Federation of Civic Associations (March 2017)

Listening Session

## Public Meeting (April 2017)

Listening Session

# Planning Commission feedback

- ❑ Three SAPs have recommended this amendment; it reflects community consensus
- ❑ Keep bringing forward tools and ideas to increase affordable housing (i.e., to make best use of limited financial resources)
- ❑ Push the envelope:
  - Increase BD amount beyond 30%
  - Seek a higher proportion of affordable units
  - Revise height caps to make program more useful
  - Consider amendments to target lower income levels
  - Future SAPs and CDDs should be clear on whether proposed density includes bonus density
- ❑ Unanimous approval (7-0)

# Reference slides

# Stakeholder feedback

## □ Federation of Civic Associations

(March 29, 2017)

- Do projects that use bonus density mitigate transportation and other project-related issues?
- Can projects that use bonus density exceed their height caps?
- How will projects that use bonus density pay for the costs associated with schooling school-aged children residing in affordable set-aside units?



# Stakeholder feedback (cont.)

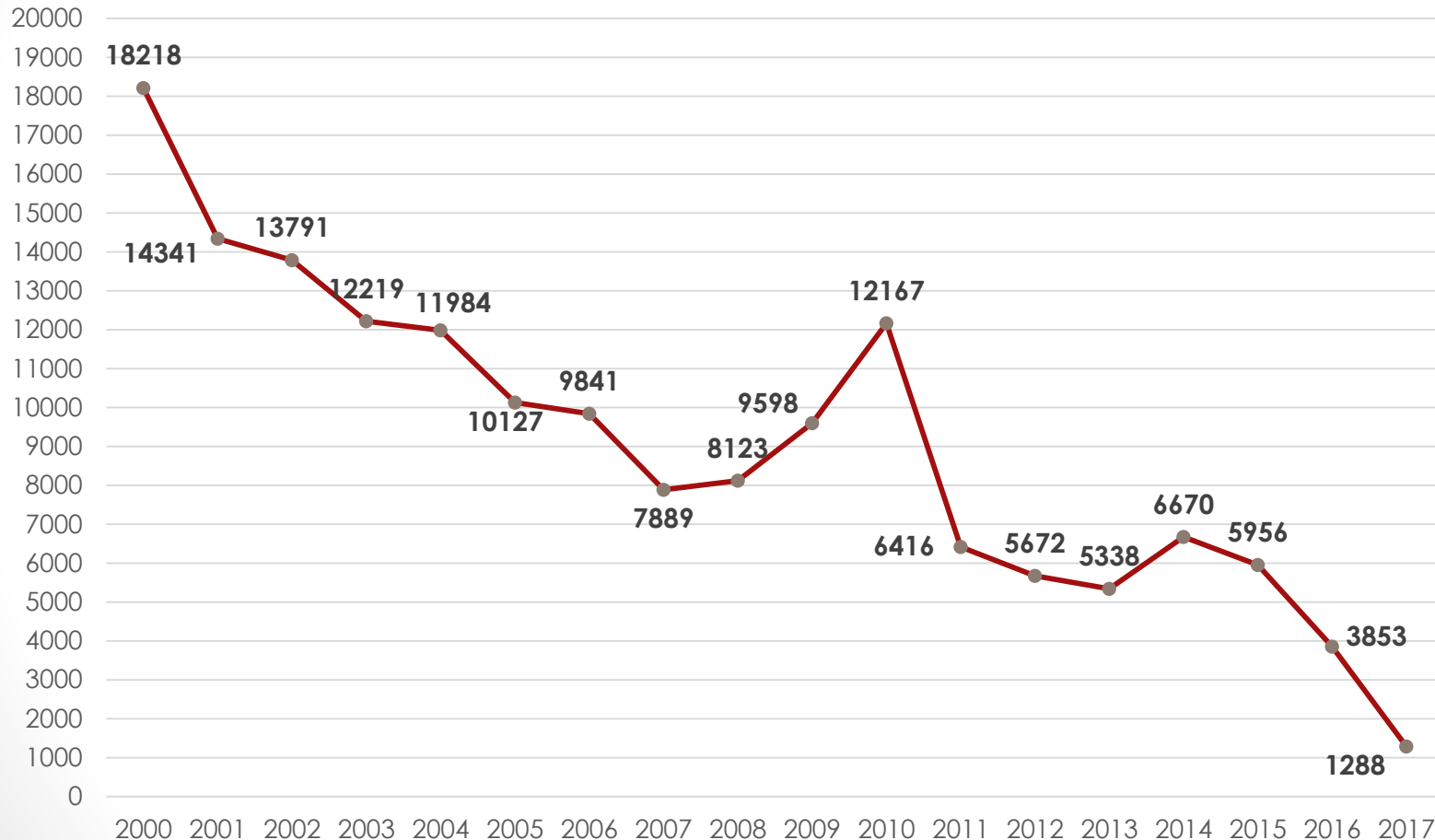
## □ Public meeting

(April 5, 2017)

- Set-asides should provide for deeper levels of affordability (lower than 60% AMI).
- Inadequate parking for residents and visitors was raised as a concern.
- Larger set-asides (3-bedroom) should be provided.
- Can unused bonus density be transferred to another site?

# Housing affordability challenge: Loss of market affordable housing

## 2000-2017 TRENDS



Source: City of Alexandria, Office of Housing, 2017

# Housing affordability challenge: The need for committed affordable units

- ❑ Committed affordable ~ 5% of City's housing stock
- ❑ Long waitlists:
  - ❑ Housing Choice Vouchers: 2,291 households (ARHA, 2016)
  - ❑ General public housing: 1,109 (ARHA, 2016)
- ❑ Demand fueled by:
  - ❑ Growth in housing costs
  - ❑ Loss of market affordable units
  - ❑ Expiring affordability contracts/terms
  - ❑ Growth in Baby Boomer generation
  - ❑ Projected growth in lower-paying sectors

**Table 9. Job Growth by Sector, 2013-2023**  
**Greater Washington Region**  
 Ranked by New Jobs

	Net New Jobs	Jobs Vacated by Retirees	Total	
			New Jobs	Share of New Jobs
Professional & Business Services	208,390	70,000	278,390	35.8%
State & Local Government	46,200	51,170	97,380	12.5%
Construction	63,070	16,340	79,410	10.2%
Education & Health Services	43,150	53,900	97,050	12.5%
Transportation, Trade & Utilities	15,440	44,370	59,810	7.7%
Leisure & Hospitality	22,640	17,230	39,870	5.1%
Information	15,570	9,140	24,710	3.2%
Financial Activities	3,190	22,600	25,780	3.3%
Other Services	1,350	25,620	26,970	3.5%
Military (1)	5,020	780	5,800	0.7%
Manufacturing	(1,910)	11,780	9,870	1.3%
Federal Government	(41,390)	73,960	32,560	4.2%
<b>Total</b>	<b>380,700</b>	<b>396,900</b>	<b>777,600</b>	<b>100.0%</b>

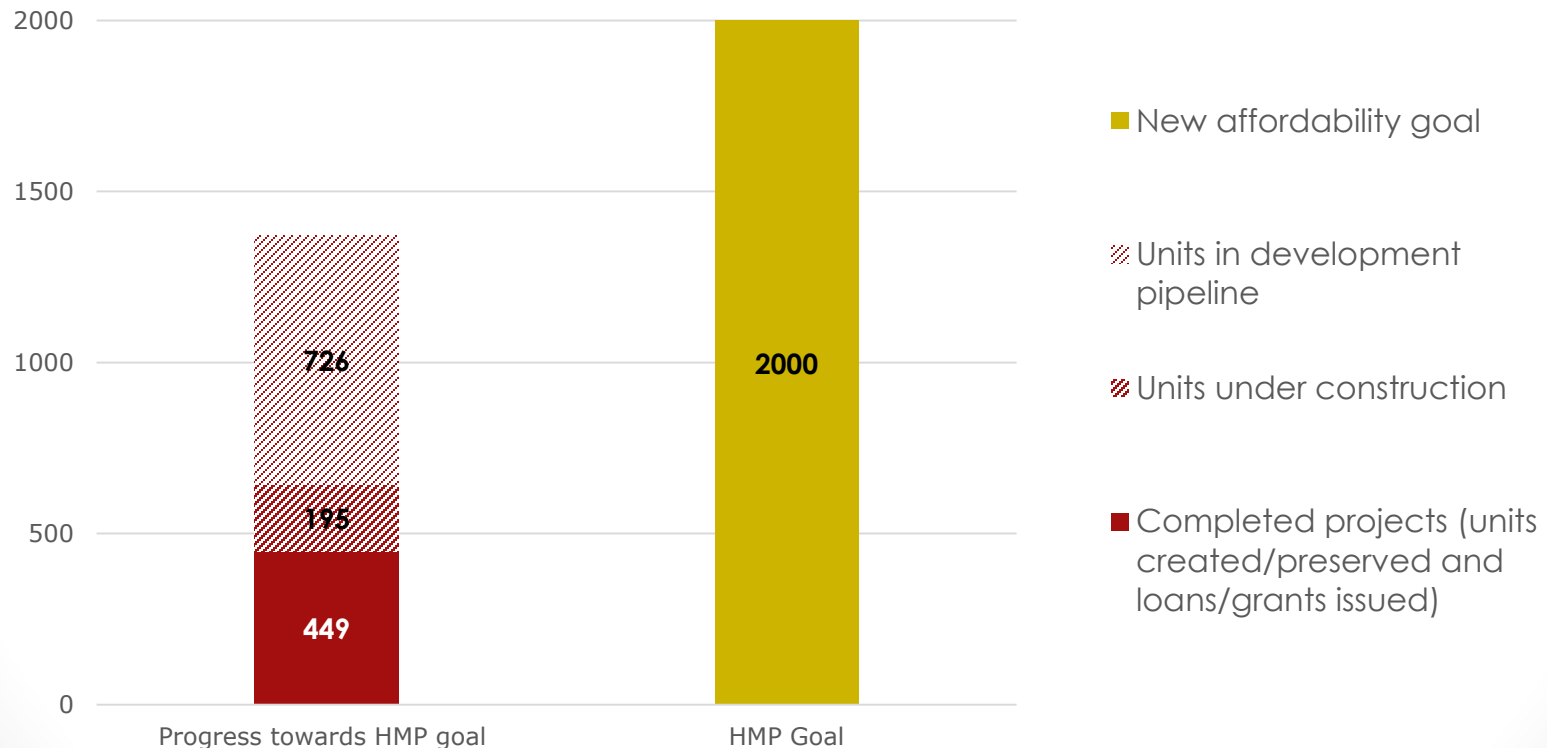
Numbers may not add due to rounding.

(1) Retirees only include those in private housing and over 55 years old.

Sources: IHS Economics, Bureau of Labor Statistics (Current Population Survey), American Community Survey microdata, Metropolitan Washington Council of Governments and GMU Center for Regional Analysis

# Housing Master Plan goal

❑ 2,000 units with new affordability by 2025



Source: City of Alexandria, Office of Housing, April 10, 2017



# Other Jurisdictions

- ❑ Arlington County
  - ❑ Affordable Housing Ordinance (codified in State Code; mandatory contribution or units above 1.0 FAR)
  - ❑ Bonus density (25%) and height (up to 6 stories)
  - ❑ Columbia Pike, Clarendon, and Nauck Village provisions
- ❑ Fairfax County
  - ❑ Inclusionary zoning w/bonus density (20%) for rezonings/subdivisions/site plans of a specific size and in target areas
  - ❑ Voluntary program w/bonus density (20%)
  - ❑ Tysons Corner requirement
- ❑ Montgomery County
  - ❑ MPDU Program: inclusionary zoning w/bonus density (22%)
- ❑ Washington, DC
  - ❑ Inclusionary zoning w/density, height, and lot occupancy bonus

# 2013 Housing Master Plan ~ *Housing for All*



- ❑ Housing options at all incomes, lifestages, and abilities
- ❑ Citywide distribution of affordable units to help foster social and cultural diversity and mixed-income communities
- ❑ Emphasis on opportunities in higher-density areas with strong access to transit, jobs, and amenities
- ❑ Establishes goal of 2,000 units with new affordability by 2025

[www.alexandriava.gov/HousingPlan](http://www.alexandriava.gov/HousingPlan)

CITY OF ALEXANDRIA, VA

## HOUSING MASTER PLAN



# Who can afford to rent an average apartment in the City?

## Typical Hourly Wages:

- Housekeeper: \$12.70
- Retail Sales Person: \$14.20
- Home Health Aid: \$14.46
- ACPS Nutrition Assistant I: \$14.44 (Step 4)
- Bank Teller: \$14.58
- Security Guard: \$15.31
- Child Care Worker: \$15.52
- Alexandria Senior Records Clerk: \$16.19 (starting)
- E-commerce Customer Service Representation: \$17.60
- Delivery Truck Driver: \$19.61
- Alexandria Labor Supervisor-Parks: \$20.38 (starting)
- Alexandria Bilingual Case Worker: \$21.41 (starting)
- Cardiac Technician: \$21.95
- Alexandria Firefighter I: \$22.02 (median)
- ACPS Second Grade Teacher: \$22.71-\$27.10 (Steps 1-6, working 196 days\*)
- Alexandria Police Officer I: \$23.01 (starting)
- Auto Mechanic: \$24.28
- Alexandria Fiscal Officer I: \$27.32 (starting)
- Alexandria Police Crime Analyst: \$27.312 (starting)
- Plumber: \$26.90
- Electrician: \$30.42
- General Manager: \$31.14
- Librarian: \$31.15
- Accountant: \$31.23
- Alexandria Civil Engineer IV: \$34.87 (starting)
- Dental Hygienist: \$36.19
- Computer Programmer: \$40.06
- Physical Therapist: \$42.05
- Alexandria Public Health Physician Supervisor: \$52.45 (starting)

Sources: National Housing Conference 2016 Paycheck to Paycheck ([www.nhc.org](http://www.nhc.org)); City of Alexandria Public Schools 2016-17 Salary Scales; City of Alexandria Job Opportunities webpage (January 30, 2017); City of Alexandria 2017 Market Rent Survey Wage:  $((\text{average rent}/.3)*12\text{months})/2,080 \text{ work hours per year}$



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**Hourly wage needed to rent in Alexandria in 2017 (rent assumed to equal 30% of income):**

1 Bedroom (\$1,641): \$31.55

Sources: National Housing Conference 2016 Paycheck to Paycheck ([www.nhc.org](http://www.nhc.org)); City of Alexandria Public Schools 2016-17 Salary Scales; City of Alexandria Job Opportunities webpage (January 30, 2017); City of Alexandria 2017 Market Rent Survey Wage:  $((\text{average rent}/.3) * 12 \text{ months}) / 2,080 \text{ work hours per year}$



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**Hourly wage needed to rent in Alexandria in 2017 (rent assumed to equal 30% of income):**

2 Bedroom (\$2,016): \$38.76

Sources: National Housing Conference 2016 Paycheck to Paycheck ([www.nhc.org](http://www.nhc.org)); City of Alexandria Public Schools 2016-17 Salary Scales; City of Alexandria Job Opportunities webpage (January 30, 2017); City of Alexandria 2017 Market Rent Survey Wage:  $((\text{average rent}/.3)*12\text{months})/2,080 \text{ work hours per year}$

