

# UPDATE TO AFFORDABLE HOUSING CONTRIBUTION POLICIES AND PROCEDURES PLANNING COMMISSION PUBLIC HEARING

DECEMBER 1, 2020



City of Alexandria,  
Virginia



# Agenda

Purpose

Process

Recommendations

Next Steps



# PURPOSE



Updated affordable housing contribution procedures are proposed for Planning Commission review to:

- (1) Provide greater clarity, consistency, and certainty with respect to the City's affordable housing contribution policies and procedures; and
- (2) Ensure the housing contribution policies and procedures effectively address the added value generated through current and emerging land use trends:
  - a. applications involving the addition of density above the density envisioned in an underlying small area plan;
  - b. commercial to residential building conversions; and
  - c. senior housing projects involving independent living, assisted living, and memory care.

The completed analysis will help to serve as a baseline against which the City's FY20-21 assessment of inclusionary zoning can be evaluated.

# PROCESS—TIMELINE



## Spring 2019

- Workgroup meetings
- Education and goal setting
- Topical discussions

## Summer/ Fall 2019

- Stakeholder meetings and discussion
- Released draft recommendations
- Lack of consensus

## Winter 2019/ Spring 2020

- Housing Summit
- Research and third-party case study analysis confirmed draft recommendations
- Inclusionary zoning feasibility analysis

## Summer 2020

- Comparative review of housing contribution findings and preliminary IZ analysis
- Stakeholder briefings

## Fall 2020

- AHAAC/HCWG #5: August 27
- PC worksession: September 1
- NAIOP briefing: September 16
- CC worksession: September 22
- HCWG #6: September 23
- HCWG #7: October 28
- HCWG #8: November 5
- NAIOP briefing: November 18

# RECOMMENDATIONS



1. Adopt heightened contribution requirements for applications pursuing residential density above levels envisioned in underlying SAP

**Sec. 7-700  
remains  
important tool.**

2. Adopt senior housing contribution policy

3. Adopt commercial to residential conversion contribution policy

4. Memorialize existing affordable housing contribution procedures and practices:  
**Legislative authority required**



Section 7-700



Monetary  
contributions



Senior housing  
& conversion  
policy



Applications w/  
density above  
SAP

# RECOMMENDATION 1



Adopt heightened contribution requirements for applications pursuing residential density *above levels envisioned in underlying SAP*



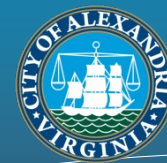
Section 7-700 (bonus density)

Additional Density Sought

Density Anticipated in SAP

By-right density

# RECOMMENDATION 1



Adopt heightened contribution requirements for applications pursuing residential density *above levels envisioned in underlying SAP*



**COMMERCIAL:** Commercial contribution (consistent with current rates)

**RESIDENTIAL:** On-site units (or contribution of equivalent value; off-site units or monetary contribution)

**Core Markets**—10%\* of increase in residential development. **Rental:** 60% AMI (adjusted for utilities). **For Sale:** consistent w/policy in effect at time of application submission.

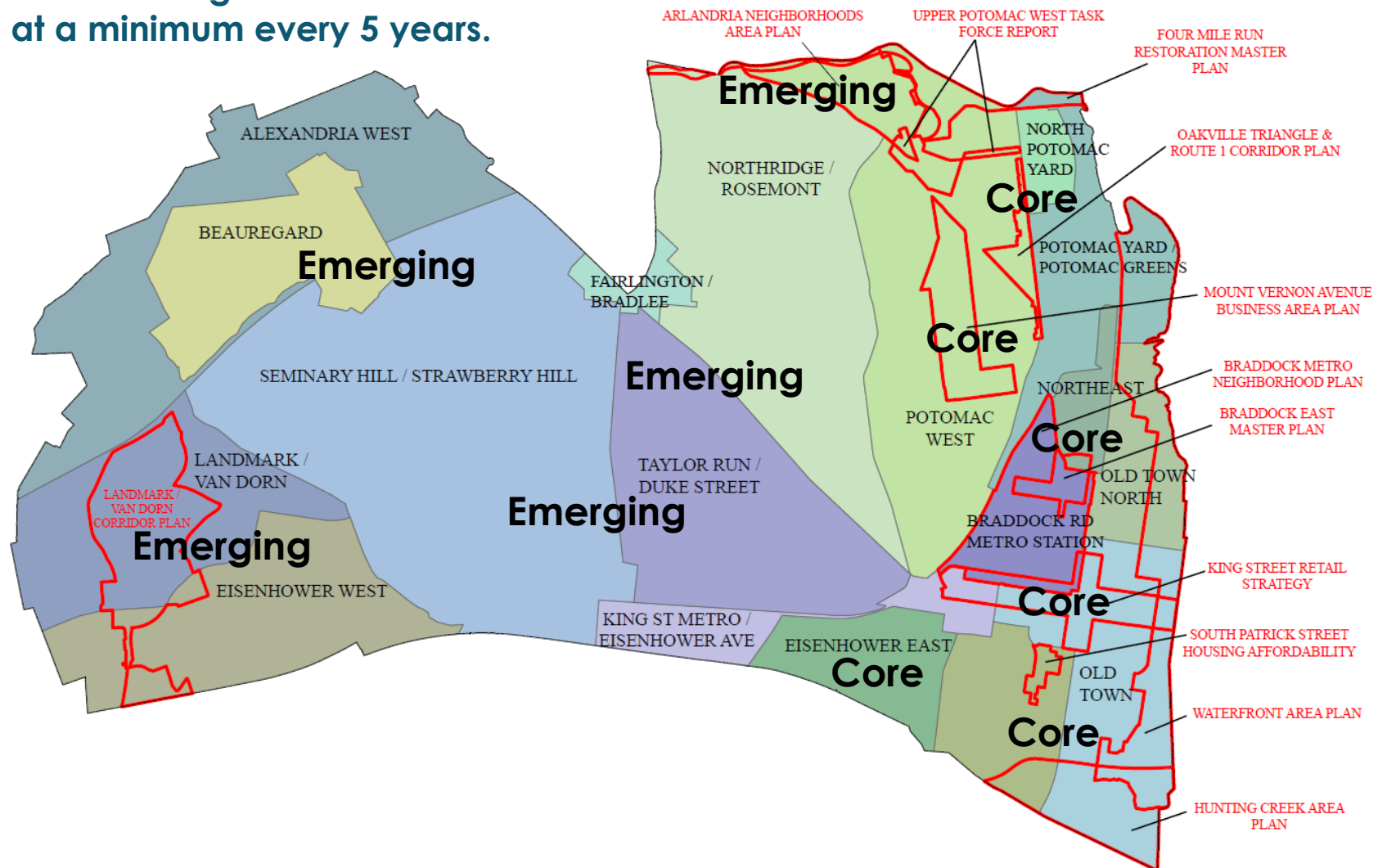
**Emerging Markets**—8%\* of increase in residential development. **Rental:** 60% AMI (adjusted for utilities). **For Sale:** consistent w/policy in effect at time of application submission.

*\* Flexibility may be considered, subject to a third-party financial analysis, primarily for projects involving existing operating uses and for-sale development, and/or experiencing market changes outside their control. Contribution requirements may be reduced to no lower than 5%.*

# MARKETS



Market designations will be reviewed at a minimum every 5 years.





# RECOMMENDATION 2 – COC



Adopt **COC** contribution policy for all projects *other than applications pursuing density above levels envisioned in SAP*

Floor area associated with on-site affordable housing

Floor area envisioned in underlying SAP



**RESIDENTIAL:** On-site units (or contribution of equivalent value)

**Continuum of Care (COC) Facilities as defined in Sec 2-129.2 (licensed as Assisted Living; may include Independent Living and/or Memory Care):** 2%\* of total units (minimum 1 unit) at the auxiliary grant (AG) level or units of equivalent value

\*Propose to exclude floor area associated with affordable units. No contribution anticipated on any ancillary commercial uses within the same building.

# RECOMMENDATION 2 – COC



Adopt **COC** contribution requirements for *applications pursuing density above levels envisioned in SAP*

Floor area associated with on-site affordable housing

Floor area above levels envisioned in SAP

Floor area envisioned in underlying SAP

**RESIDENTIAL:** On-site units on increase (or contribution of equivalent value) + on-site units on base

**Continuum of Care (COC) Facilities as defined in Sec 2-129.2 (licensed as Assisted Living; may include Independent Living and/or Memory Care):**  
3%\* of units permitted through increase in density (minimum 1 unit) at the AG level (or equivalent value) + 2% of units on base

\* Flexibility may be considered on a case-by-case basis, no lower than 2%.

# RECOMMENDATION 2 – IL



*Existing contribution policy for **age-restricted multifamily projects, including independent living (IL) communities**, other than applications pursuing density above levels envisioned in SAP*



**RESIDENTIAL:** Monetary contribution (or units of equivalent value)

**Age-restricted multifamily operating as Independent Living:** contributions consistent with existing residential contribution procedures

# RECOMMENDATION 2 – IL



Adopt contribution requirement *for* **age-restricted multifamily projects operating as IL communities** *that involve applications pursuing density above levels envisioned in SAP*

Units based on density  
above levels envisioned  
in SAP

**Monetary  
contribution on  
base**

LAYERING OF  
CONTRIBUTIONS:

**RESIDENTIAL:** On-site units on increase (or contribution of equivalent value) + monetary contribution on base

**Age-restricted multifamily operating as Independent Living:** 3%\* of units permitted through increase in density (minimum 1 unit) at 60% discount on housing, services, and fees, or units of equivalent value + contribution on base consistent with existing policy

\* Flexibility may be considered on a case-by-case basis, no lower than 2%.

# RECOMMENDATION 3



Adopt commercial to residential building conversion contribution policy



**RESIDENTIAL:** New building conversion contribution (proposed at \$1.53 (1/2 of Residential Tier 1 Rate) in 2020 dollars per converted square foot) or equivalent on-site contribution

- *Applies to DSP/SUP projects resulting in 5 or more residential units*
- Option to convert into units and delay contribution for one year to help project reach stabilization
- Credit applied for prior housing contributions

# RECOMMENDATION 4



Memorialize existing  
affordable housing  
contribution procedures  
and practices



Seek legislative authority to make voluntary housing contribution policy mandatory.

# SUMMARY



## RECOMMENDATIONS:

- Provide greater certainty and consistency in development and planning while allowing for limited flexibility, subject to third-party analysis
  - Recognize differentials in submarkets
  - Memorialize past contribution precedents
  - Propose incentives for senior housing
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## CONSIDERATIONS:

- Some reduction in monetary contribution when units are provided; larger reductions are curtailed if voluntary contributions are made mandatory
- Developers' caution: potential reduction in other community benefits

# CONCLUSION

Staff recommends that Planning Commission review the implementation tasks and next steps, including a recommendation that the City seek legislative authority through the Virginia General Assembly to make affordable housing monetary contributions mandatory.

The completed analysis will help to serve as a baseline against which the City's FY2020-21 assessment of inclusionary zoning can be evaluated.

