ULI Washington
Land Use Leadership Institute
mini Technical Assistance Panel

Preserving Affordable Housing on Columbia Pike
Arlington County, VA

May 17, 2012
Columbia Pike

Panelists:

• Stephanie Rones, Premier CDC
• Greg Baker, Montgomery Housing Partnership, Inc.
• Peter Clark, Montgomery County DOT
• Kyrus Freeman, Holland & Knight
• Brian (AJ) Jackson, EYA
• Andrea Peet, STAR Communities
Columbia Pike

Site Background

- Arlington Co. planning for redevelopment & revitalization of Columbia Pike, centerpiece is the planned streetcar line
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Site Background

- Significant share of county’s existing affordable housing is along corridor
- Aggressive goal to preserve 4,500 Market Rate Affordable Units (MARKs)
  - 3,000 units at 60% AMI → $51,600 for family of 2, $64,500 for family of 4
  - 1,500 units at 80% AMI → $68,800 for family of 2
Regional Benefit

Improved job access through the preservation of affordable housing to moderate-income families in transit-accessible communities

**Region Forward Goal**

We seek to make the production, preservation, and distribution of affordable housing a priority throughout the Region.

**Sponsor Questions for the Panel**

1. What best practices or models can be implemented to preserve rental units for moderate-income households?

2. What strategies or tools should the County use to preserve existing affordable rental units and incentivize the development of new affordable rental units?

3. What types of public-private partnerships can be utilized to encourage family-oriented affordable housing ownership?

4. Does location or general unit type matter in setting priorities for preservation of existing units?
What does it take to get housing done?

3 Essential Inputs:
- Land
- Capital
- Entitlements

Affordable Housing Production Tools & Strategies Generally:
- Provide
- Subsidize
- Facilitate
- Regulate
- Mandate
- Stimulate

Need one or more of the inputs above to make it financially feasible for the developer to develop the housing product or the owner or renter to pay for it.

Key Actors in Process:
- Government: Federal, State, Local
- Non-profit entities
- Private markets and for-profit entities
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What are some tools or strategies communities use?

**Land:**
- Public land conveyance
- Faith-based institution partnerships
- Land banking
- Community land trusts
- Land leases

**Capital:**
- Government funds: CDBG, HOME, local housing trusts
- Low / No interest loans, grants
- Tax abatements
- Financing techniques: tax credits, TIFs
- Individual development accounts
- Developer exactions
- Housing vouchers and rental subsidies

**Entitlement:**
- Transfer of Development Rights
- Inclusionary Zoning
- Flexible Zoning
- Form Based Code
- Density bonus
- Green Tape Zones
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Lessons Learned

- Tools vary greatly and one approach does not fit all needs or local issues
- Different tools / strategies cater to different degrees of market demand, demographics, and buying power
- Strategies either incentivize or mandate / regulate

Recommendations:

- Incentivize rather than mandate
- Preserve existing or produce new units on privately held or already developed land
- Incentivize preservation and production of MARKs

Strategies:

- Grants or loans with contract to maintain 80% AMI
- Tax exemptions
- TIFs
- Density bonus
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Recommended Strategies

Provide grants or loans to upgrade existing units with contract to maintain a portion of 80% AMI

- Green solutions reduce expenses for owners and tenants
- Use TIF Fund, Affordable Housing Investment Trust Fund, General Fund, or private donations
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Recommended Strategies

Utilize tax exemptions to preserve and expand affordable housing supply
- Freeze real estate tax assessments to promote rehabilitation of existing stock or construction of new housing
- Lower tax rates or reduce assessments for eligible new developments in targeted neighborhoods
- Limit the rate by which real estate taxes can increase

Utilize Tax Incremental Financing (TIF) to support affordable housing
- TIFs can be created expressly to fund investments in affordable housing
- TIFs can require that a portion of proceeds be dedicated to affordable housing
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Recommended Strategies

Density bonus:
• Provide a substantial density increase as an incentive to preserve at least 50% of existing units or create new ownership units affordable to households at 80% AMI
• Utilize the form based code to ensure compatibility with adjacent development
Columbia Pike
GW Carver Example

Proposed Program:
- 207 units
- 125 Multifamily units
- 82 Townhouse-style units
- 30% affordable at 80% AMI
### Columbia Pike

**GW Carver Example**

**Proposed Program:**

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<tr>
<th></th>
<th>Existing</th>
<th>Proposed</th>
<th>Change</th>
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<tr>
<td><strong>Units</strong></td>
<td>44</td>
<td>207</td>
<td>4.7</td>
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<tr>
<td><strong>Density</strong></td>
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<td><strong>Land Value</strong></td>
<td>$6,180,000</td>
<td>$8,060,000</td>
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</table>

- **New Multifamily**
  - Affordable: 30% affordable at 80% AMI
  - **Units:** 125
  - **Market Rate:** 87, **Value:** $3,480,000

- **New Townhouse**
  - Affordable: 30% affordable at 80% AMI
  - **Units:** 82
  - **Market Rate:** 57, **Value:** $4,580,000
Columbia Pike
Assessing Priorities for Preservation and Redevelopment

Priority sites for Maintaining Existing Development

0

Priority sites for Redevelopment

10

Strategies discussed:

Low/No interest loan for rehab

Tax exemptions for existing affordable units, limit tax rate increase

TIF district

Tax exemptions for eligible new development in targeted areas

Density bonus
Columbia Pike
Assessing Priorities for Preservation and Redevelopment

Priority sites for Maintaining Existing Development

0

Criteria #1: Location
Property located in transition area to existing neighborhoods to the south

Criteria #2: Historic Value
Property identified on the Historic Resources Inventory (HRI)

Scoring
Property located:
- South of Pike (0) / North (5)
- Not adjacent to Pike (0) / Adjacent (5)

Property designated as:
- HRI Essential (0)
- HRI Important (3)
- HRI Notable (5)
- Not on HRI (10)

Priority sites for Redevelopment*

10

*assumes new development includes affordable housing replacement
Columbia Pike
Assessing Priorities for Preservation and Redevelopment

Priority sites for Maintaining Existing Development

Priority sites for Redevelopment*

0 10

Criteria #3: At-Risk Affordable Housing
High concentration

Scoring

• 80% MARKs (1 x # of units /100)
• 60% MARKs (5 x # of units /100)
• Market rate (10 x # of units/100)

Low concentration

Criteria #4: Consideration for Increased Development Potential
No consideration (existing high density or existing single-family)

• No consideration (0)
• Lower priority consideration (5)
• Higher priority consideration (10)

Higher priority consideration (lower density, appropriate for increased height)

*assumes new development includes affordable housing replacement
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Example

Westmont Gardens
249 units, some 80% MARKs

<table>
<thead>
<tr>
<th>Criteria #1: Location</th>
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<tr>
<td>South of Pike (0), Adjacent (5)</td>
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<table>
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<tr>
<th>Criteria #2: Historic Value</th>
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<td>Not on HRI</td>
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<table>
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<tr>
<th>Criteria #3: At-Risk Affordable Housing</th>
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<td>(Est.50%) – 1 x 125 / 100</td>
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<th>Criteria #4: Consideration for Increased Development Potential</th>
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<td>Higher consideration</td>
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Score = 26.5 out of 40
Questions and Feedback?