Affordable Housing Goals and Targets, Part 1

Affordable HOUSING Study

April 25, 2013
Housing Policy Structure

• Principles
• Goals
• Targets
CAF - Committed Affordable Unit

- Wholly owned by nonprofits; or
- Legally binding agreement with the federal, state, or County Government to remain affordable to low and moderate income households for a specified period of time; or
- Unit owner received government subsidy to assist with the purchase.
MARK - Market Affordable Unit

• Lower rent units in the private market which receive no County assistance and for which the owners have made no commitment to retain as affordable in the future.

• MARKS are "affordable" based on paying no more than 30% of income for rent.
Market rate units

• Housing units in the private housing market that have a rent that is above the affordability levels for persons earning 80% of the Area median income.
The Same CAF Rent limits define MARKs

<table>
<thead>
<tr>
<th>Unit Size</th>
<th>80% AMI</th>
<th>60% AMI</th>
<th>50% AMI</th>
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<tbody>
<tr>
<td>Efficiency</td>
<td>$1,506</td>
<td>$1,129</td>
<td>$941</td>
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<tr>
<td>1</td>
<td>$1,613</td>
<td>$1,209</td>
<td>$1,008</td>
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<td>2</td>
<td>$1,936</td>
<td>$1,452</td>
<td>$1,210</td>
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<tr>
<td>3</td>
<td>$2,236</td>
<td>$1,677</td>
<td>$1,397</td>
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<tr>
<td>4</td>
<td>$2,494</td>
<td>$1,870</td>
<td>$1,558</td>
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</table>
History of MARKS at 50% and 60% of Median Income from 2000 to 2011
2011 Rental Unit Breakdown

- Market Rate Units: above 80% (48%)
- MARKS up to 60% (12%)
- MARKS at 60% to 80% (25%)
- Rental CAFs (14%)

FY 2012 Total CAF Units = 6,585
Goal 4: SUSTAINABILITY

Ensure that the production, conversion and renovation of committed affordable housing is consistent with Arlington’s commitment to sustainability and goals to reduce greenhouse gas emissions in the County.

Target 4A:
Distribute the Fresh AIRE multi-family toolkit signage and information to 100% of all CAF rental properties by FY 2013.

Target 4B:
Track electric, gas, and water utilities in 50% of all CAF rental properties using a free utility tracking software by FY 2015.
Goal 4: SUSTAINABILITY

Target 4C:
Reduce total energy use by an average of 15% in the total supply of CAF multi-family properties between FY 2011 and FY 2015.

Target 4D:
Reduce total water use by an average of 10% in the total supply of CAF multi-family properties between FY 2011 and FY 2015.

Target 4E:
Each new or rehabilitation project will be in compliance with EarthCraft, LEED or other comparable certification if the developer receives Low Income Housing Tax Credits.
Goal 5: Permit no net loss of committed affordable housing, and make every reasonable effort to maintain the supply of affordable market rate housing.

Target 5A: CAFs lost should be replaced as a priority.

- No CAF units are scheduled to expire by FY 2015.
**Target 5B:** Help maintain the supply of affordable housing by assisting an average of 400 net new committed affordable housing units per year, especially the preservation of existing affordable housing through partnerships with nonprofit housing providers, while meeting the Targets for goals 6, 7, 8 and 9.
**Target 5C:** In residential site plan projects, ensure developers comply with the Affordable Housing Ordinance to provide a cash contribution or affordable housing units. If the density bonus is used, target 20% with a stretch target of 50% of the total bonus units, bedrooms or gross floor area as affordable.
**Target 5D:** Minimize involuntary displacement of low- and moderate-income households in complexes being renovated, converted or redeveloped. For committed affordable projects, strive to provide opportunities for 60% of low- and moderate-income households onsite or nearby.

- In Current Relocation Projects, approximately 20% of Households were Displaced
Goal 7: Increase the number of housing units with two or more bedrooms in order to match the needs of households with children.

Target 7A: Increase the number of family-sized units in the County to 61,000 by FY 2015.

- According to information from the U.S. Census Bureau 2006-2010 American Community Survey 5-Year Estimates, this target has been achieved.
Target 7B: Provide that half of the rental committed affordable housing units added between FY2001 and FY 2015 are family-sized, of which 25% would be greater than two bedrooms.
Goal 8: Distribute committed affordable housing within the County, neighborhoods, and projects.

Target 8A: Distribute non-elderly, rental committed affordable housing units added between FY2001 and FY 2015 in the following Neighborhood Service Areas (NSAs):
Area A, B & C
2015 Target 25%
2001-2012 7%

Area D, E & H
2015 Target 60%
2001-2012 54%

Area F & G
2015 Target 15%
2001-2012 39%
How to Achieve CAFS

- Planning and Finance Tools
  - County seeks to use all available tools to achieve goals within the County vision
  - Dillon Rule State – local governments only have powers specifically conferred on them by the Virginia General Assembly
Existing Financing Tools

- Affordable Housing Investment Fund (AHIF)
- Federal HOME & CDBG
- Bonds
- Credit Facility
- Partial Tax Exemptions
AHIF – The County’s Workhorse

- Low interest, residual receipts loan from the County
  - More CAFS for diverse & inclusive neighborhoods!!

- FY 2014 allocation = $12.5 million
AHIF Funds Appropriated by County Board

Millions

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<tr>
<th>Year</th>
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<tr>
<td>2006</td>
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<tr>
<td>2007</td>
<td>$2.0</td>
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</tr>
<tr>
<td>2013</td>
<td>$14.0</td>
</tr>
<tr>
<td>2014</td>
<td>$14.0</td>
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FY 2012 AHIF Components

Total in FY 2012 = $17.3M

- General Fund: 26% ($4.5 million)
- Developer Contributions: 17% ($3.0 million)
- Loan Repayments: 43% ($7.4 million)
- Recordation Tax: 8% ($1.4 million)
- Federal HOME funds: 6% ($1.0 million)
AHIF Gap Financing

Staff works with applicants

County Manager makes recommendation to County Board

County Board makes final approval

Construction Begins

Arlington Mill Community Center & 122 CAFS
How AHIF Works – The Jordan (90 CAFS)
# How AHIF Works – The Jordan

## Uses

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<th>Uses</th>
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<td>Soft Costs</td>
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<td>Developer Fee</td>
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<td><strong>Total Cost</strong></td>
<td><strong>$31,044,972</strong></td>
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## Sources

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<th>Sources</th>
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<td>First Mortgage</td>
<td>$7,540,000</td>
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<td>LIHTC</td>
<td>$10,765,972</td>
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<td>Note for Land Value</td>
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<td>$1,000,000</td>
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<td>Deferred Developer Fee</td>
<td>$1,500,000</td>
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<td>AHIF/HOME Loan</td>
<td>$7,800,000</td>
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<tr>
<td><strong>Total Sources</strong></td>
<td><strong>$31,044,972</strong></td>
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**TOTAL COST/UNIT** = $344,944  
**TOTAL AHIF/UNIT** = $86,667
The Cost of CAFS/Unit

 Avg. FY 2012 AHIF Cost = $71,232/Unit
 Since 2000 2,965 CAFS were created using financing tools (Avg. 228/year)

AVG. AHIF COST/UNIT SINCE 2000
AHIF Financed Units by Type of Development

- Acquisition and Rehab: 68%
- Expansion of Existing CAF Development: 14%
- New Construction: 18%
Existing Planning Tools to Achieve CAFS

- Site Plans – Affordable Housing Ordinance requirement of units or cash
  - Bonus Density negotiable units or cash
  - Special Affordable Housing Protection District (SAHPD)
- Use Permits
- Columbia Pike Form Based Code (FBC)
- Transfer of Development Rights (TDR)
Affordable Housing Ordinance – Units or Cash Contribution

Units
- On-Site = 5% GFA above 1.0 FAR
- Off-Site Nearby = 7.5% GFA above 1.0 FAR
- Off-Site Anywhere – 10% GFA above 1.0 FAR

Cash Contribution

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<th>FAR</th>
<th>Commercial</th>
<th>Residential</th>
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<td>1.0 FAR</td>
<td>$1.81/Sq. Ft.</td>
<td>$1.81/Sq. Ft.</td>
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<tr>
<td>1.0 – 3.0 FAR</td>
<td>$4.83/Sq. Ft.</td>
<td>$4.83/Sq. Ft.</td>
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<tr>
<td>3.0 – 5.0 FAR</td>
<td>$4.83/Sq. Ft.</td>
<td>$9.67/Sq. Ft.</td>
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How the Ordinance Works – Cash Contribution

Hypothetical Residential Scenario

- Site Area = 50,000 SF
- Project GFA = 162,000 SF
- $689,540 Total Cash Contribution

3.0+ FAR
$9.67
(12,000 SF)

1.0 – 3.0 FAR
$4.83
(100,000 SF)

1.0 FAR $1.81
(50,000 SF)
Ordinance Plus Bonus Density

ADDITIONAL NEGOTIATION OF 20% - 50% OF BONUS AS AFFORDABLE UNITS

Hypothetical Residential Scenario

- Site Area = 50,000 SF
- Total GFA = 202,500 SF
  - Base GFA = 162,000 SF
  - Bonus GFA = 40,500 SF (25% of base)

Bonus 40,500 SF

8,100 - 20,250 SF of Affordable Units

Base 162,000 SF

$689,540 Cash Contribution or 8,100-16,200 SF of Units
Special Affordable Housing Protection District (SAHPD)

- Adopted SAHPD in 1990 to promote retention of affordable housing in metro corridors

- Intent to ensure existing low- and moderate-income units remain or are replaced where development density on GLUP is 3.24 FAR or more

Bennett Park in Rosslyn area SAHPD replaced 20-br with 23-br using bonus density
Cash Contribution from Planning Tools

ANNUAL AHIF CONTRIBUTION
Year Board Approved - Anticipated and Paid

TOTAL CONTRIBUTION SINCE 2005 = $44,001,298
CAFS Created from Planning Tools

TOTAL CAFS SINCE 2000 = 523 Units

*Year 2012 and 2013 units are anticipated and reflect the year the County Board approved the project
Comparison of Planning & Financing Tools

CAFS CREATED 2000 TO PRESENT

- Planning Tools
  - 523 Units
  - 15%

- Financing Tools
  - 2,965 Units
  - 85%

3,488 TOTAL
CAFS CREATED
SINCE 2000