COLUMBIA PIKE
NEIGHBORHOODS
AREA PLAN

Financial Implementation Tools
Final Draft Recommendations

October 8, 2013

ARLINGTON
VIRGINIA

Agenda

I. Final Draft Recommendations
   a) Summary of how tools will meet plan goals
   b) Planning Tools
   c) Financial Tools

II. Next Steps

Affordable Housing Implementation Tools

Goal – To preserve 6,200 MARKS (~207 units/year)

ESTIMATED Units by Planning Tool

Planning Tool	Avg. Annual Units	Total Units
Form Based Code	60	1,800
Reduced Parking Ratio	3	90
Transfer of Development Rights *	40	1,200
TOTAL	**103**	**3,090**

*Market driven tool. May need County assistance (AHIF) or may preserve units with different tools (i.e. new loan program, partial property tax exemption)

Affordable Housing Implementation Tools

Goal – To preserve 6,200 MARKS (~207 units/year)

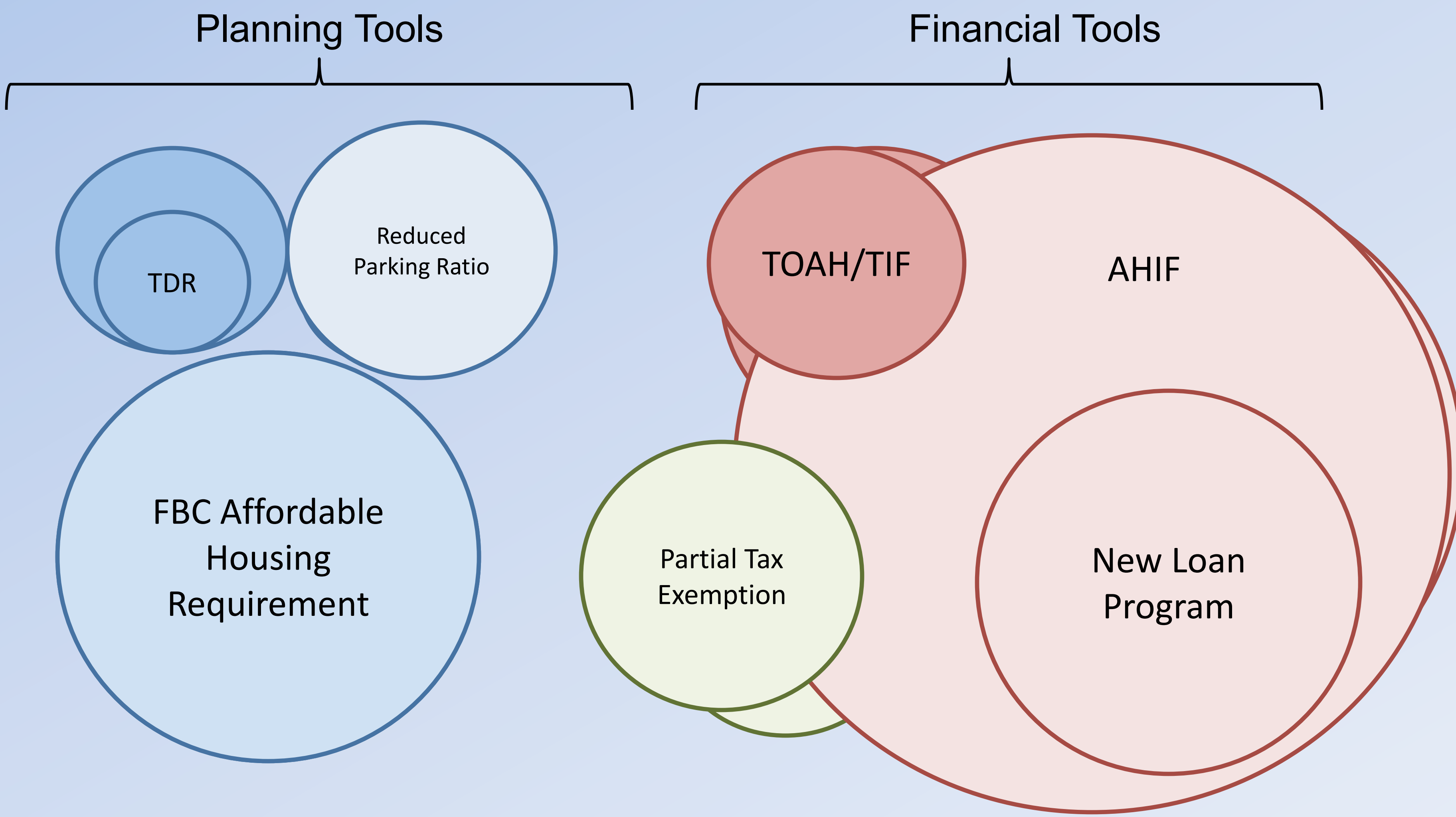
ESTIMATED Units by Financial Tool

Financial Tool	Avg. Annual Units	Total Units
TOAH/TIF [1]	35	1,050
New Loan Program	10	300
Partial Property Tax Exemption	10	300
Other AHIF	49	1,460
TOTAL	**104**	**3,110**

[1] TOAH units will also require AHIF gap financing

Affordable Housing Implementation Tools

Goal – To preserve 6,200 MARKS (~207 units/year)



Form Based Code

New Form Based Code (FBC) will have Affordable Housing Requirement

- FBC provides for more streamlined and predictable process
- 20% to 35% percent of net new units affordable to households earning between 40 % to 80% (AMI).
- Projections indicate approximately **1,800 units** could be created through FBC

Reduced Parking Ratio

- Reduce ratio on CAF units from 1.125 spaces/unit to .825 spaces/unit for FBC projects contributing at least 1% CAFS above requirement
  - .825 applies ***only*** to affordable units
  - Market Rate Developer - Reduced parking ratio savings are compared to foregone rent to keep units affordable
  - At 100% utilization = approx. 90 to 200 additional affordable units

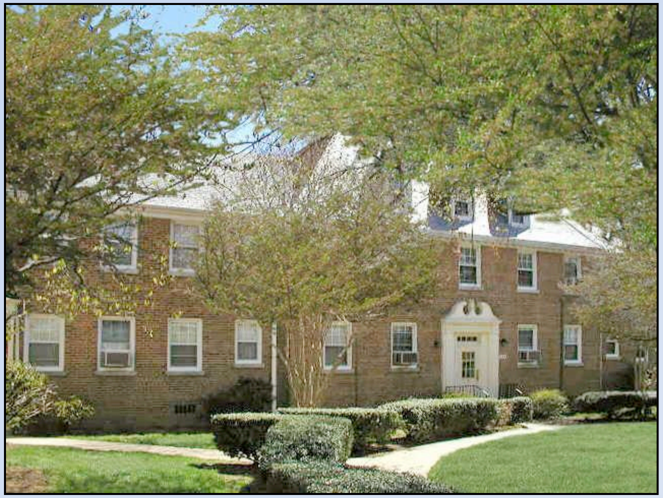
Reduced Parking Ratio

- Option to further lower parking ratio *on affordable units only* if more than 1% additional CAFS are provided
- **Negotiated process open to all who develop more than 1% above minimum CAF requirement**
- Must use special exception use permit process and develop Transportation Demand Management (TDM) package. Possible TDM components include:
  - Reduced/free bike sharing or car sharing membership
  - Reduced/free bus or metro passes
  - Collaborate with car sharing programs (Car2Go, Zipcar, etc.) for on-site or nearby available vehicles
- Would require FBC Amendment
  - Request to Advertise with TOAH/TIF in Nov.; Action Dec.

Transfer of Development Rights (TDR)

Purpose: Transfer density from Conservation Area sending sites (1,540 units at Barcroft and Fillmore) to receiving sites to preserve affordable housing or create neighborhood parks

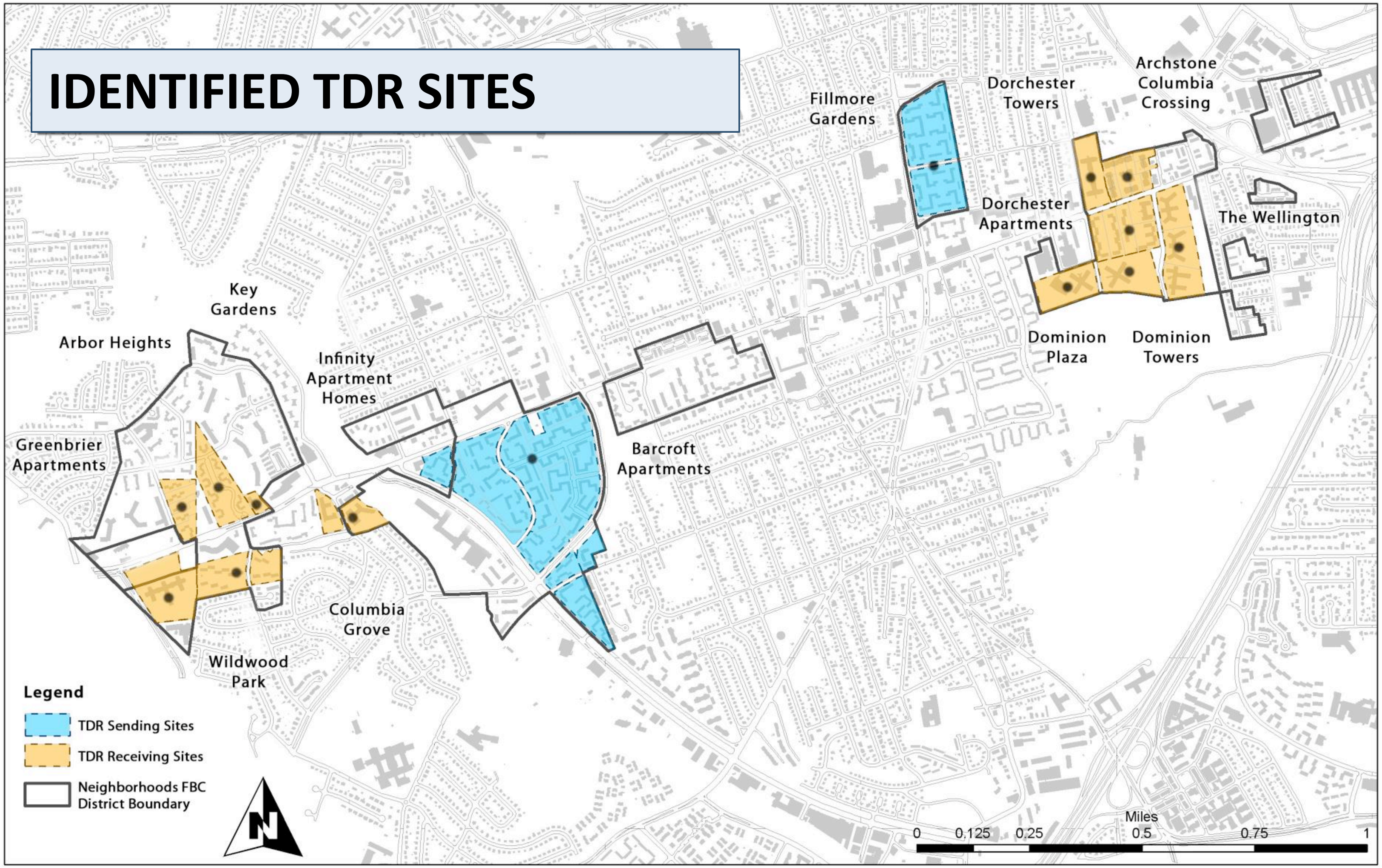
SENDING SITES



Fillmore Gardens

Barcroft Apartments

Transfer of Development Rights (TDR)



Transfer of Development Rights (TDR)

- Receiving site utilization on Columbia Pike will likely occur over time, once streetcar is built
  - Analysis assumes concrete and steel construction (as per Form Based Code) at receiving sites; market rents on Pike currently support stick built construction
  - Rents need to significantly rise to support mid- and high-rise construction
- In near-term, will likely need to utilize receiving sites in other areas of the County
  - Density transfer factor = 4.5
  - Consulting firm HR&A assisting with other near-term strategies such as use of AHIF or utilization of other FIT tools

TOAH Fund

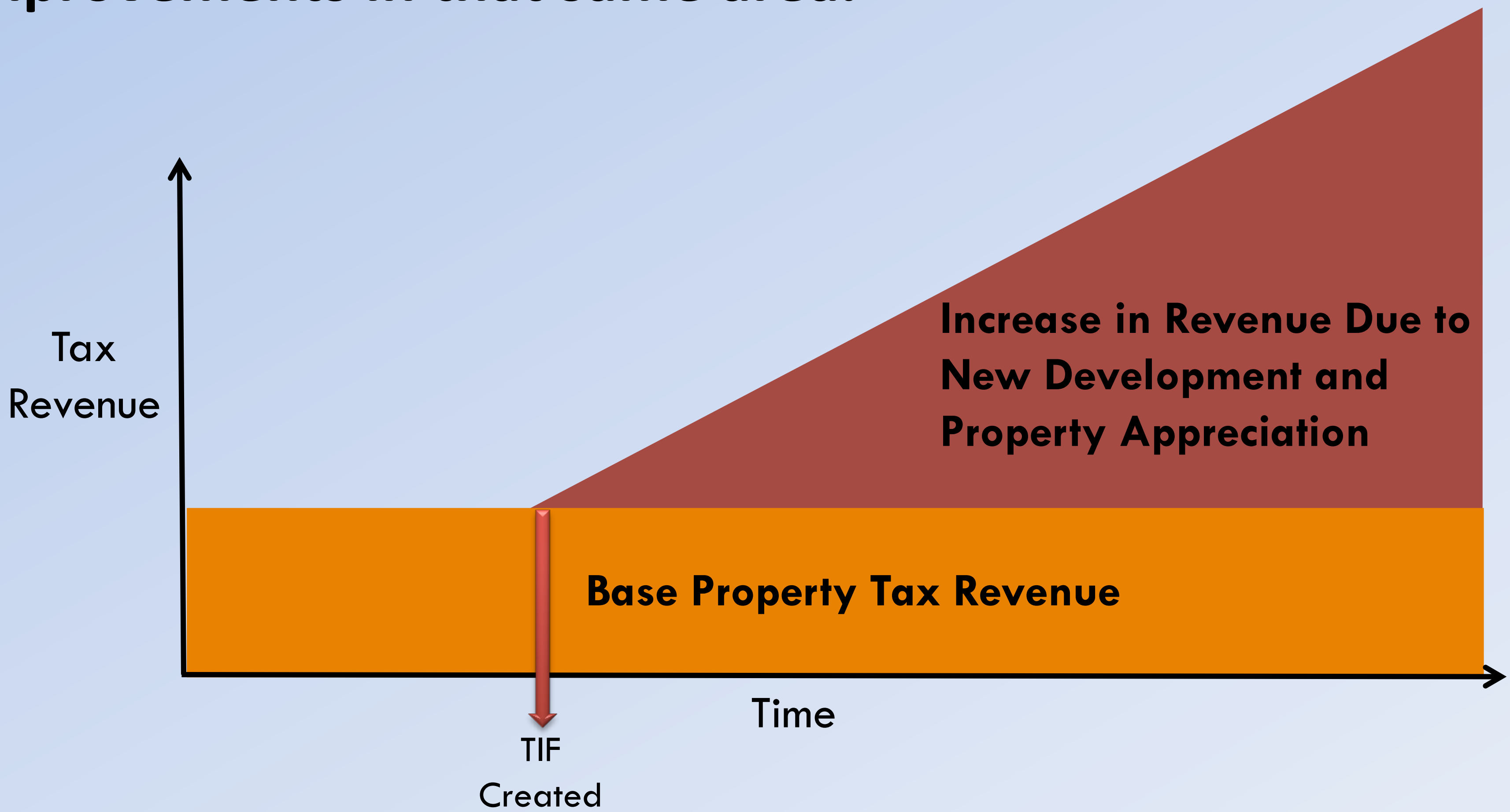
TOAH Fund – Primary purpose to help pay for infrastructure & County fees for Low Income Housing Tax Credit (LIHTC) applicants with projects on Columbia Pike.

- Infrastructure/unit (underground utilities, tree preservation, curb cuts, etc.) = $20,000
- County Fees/unit (tap fees, certificate of occupancy, building permits) = $5,000

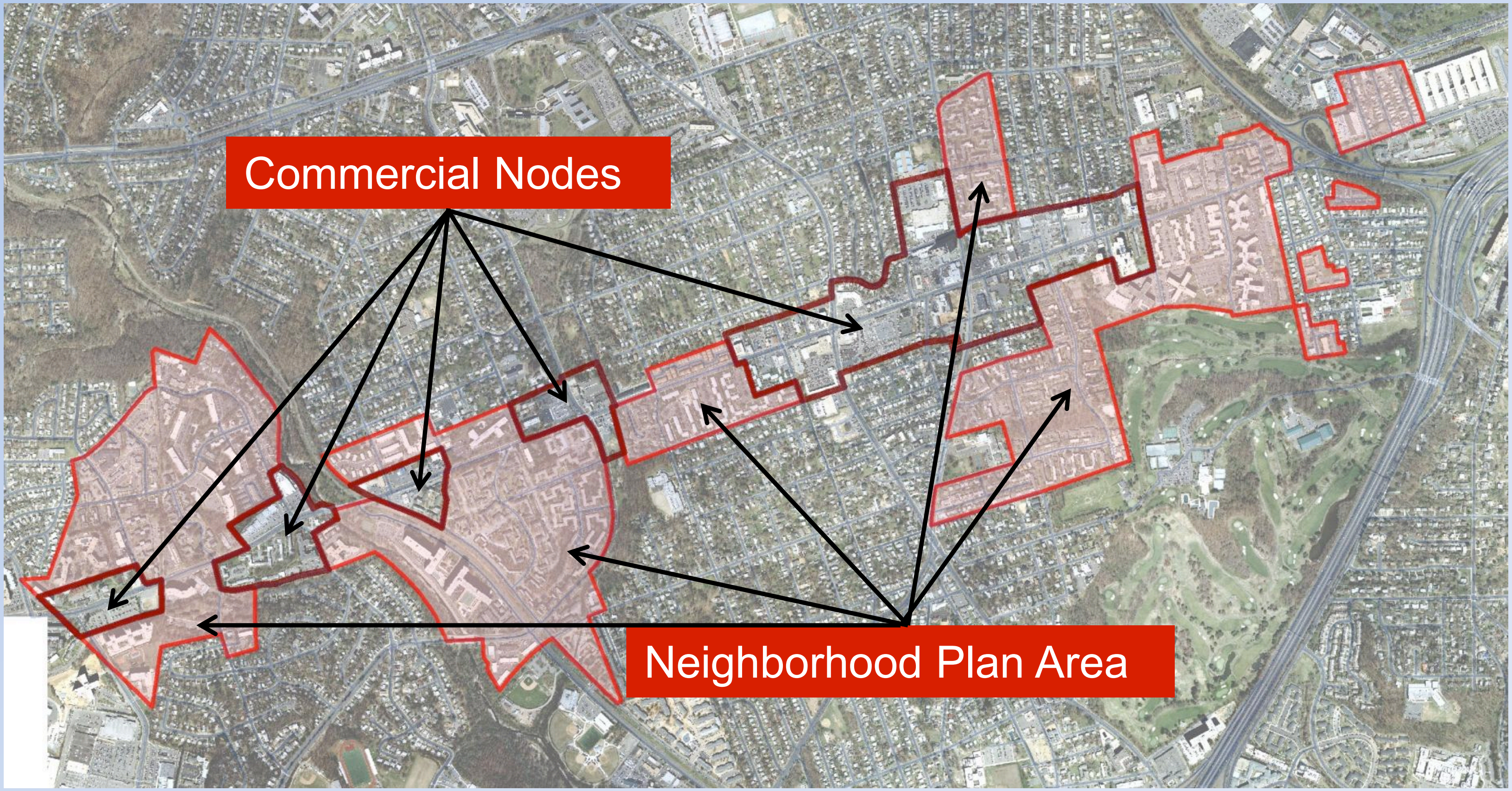
TOAH Fund

- Actual pace of development will vary
- Estimated costs are about $25,000/unit ($875,000 total/year)
  - $20,000 in infrastructure costs
  - $5,000 in County fee costs
- Revenue sources include TIF and AHIF (to be discussed in upcoming slides)

TIF uses a portion of the future incremental real estate tax revenue growth from a defined area to finance public improvements in that same area.



TIF



TIF District = Neighborhood Plan Area + Commercial Nodes

TIF & Infrastructure/County Fee Cost at $25K/unit
25% of Increment, 2% Appreciation
FY 2014-'23

TIF

- No revenue will be collected in Base Year (assessments will be frozen)
- May need to supplement TIF with additional revenue source in the near-term (AHIF)
- Recommend County-wide TIF Policy be created to set parameters on how and when to use TIF (policy will minimize rating agency concerns)
  - Cap amount of assessed value that can be within TIF districts
  - Limit incremental revenue available for TIF
  - Create leveraging and debt issuance guidelines

Partial Property Tax Exemption

Exempts the *increase* in assessed value of the improvements that result from rehabilitation or redevelopment.

Recommendation to create new partial tax exemption tool which allows an exemption on the increase in building value in exchange for at least 20% of the units affordable at 80% AMI or below.

- Intended for those who do not wish to add density (square footage shall not increase more than 30%)
  - If those developing under FBC do not increase square footage more than 30%, will need to provide amount of affordable units above what is required to be eligible
- Lock-in affordability for 15-years
- Do not include 5-year step down in exemption

Partial Property Tax Exemption

- Estimated 300 total units
- Avg. Cumulative Exempt Value/Unit= $440,000
  - Accounts for 15-year length of exemption for one unit
  - Estimated $29,600 in exempt value/unit/year
- Avg. Exempt Property Taxes/Unit = $4,467
  - At 1.006 tax rate
- Annual foregone property taxes (10 units) = **$44,600**

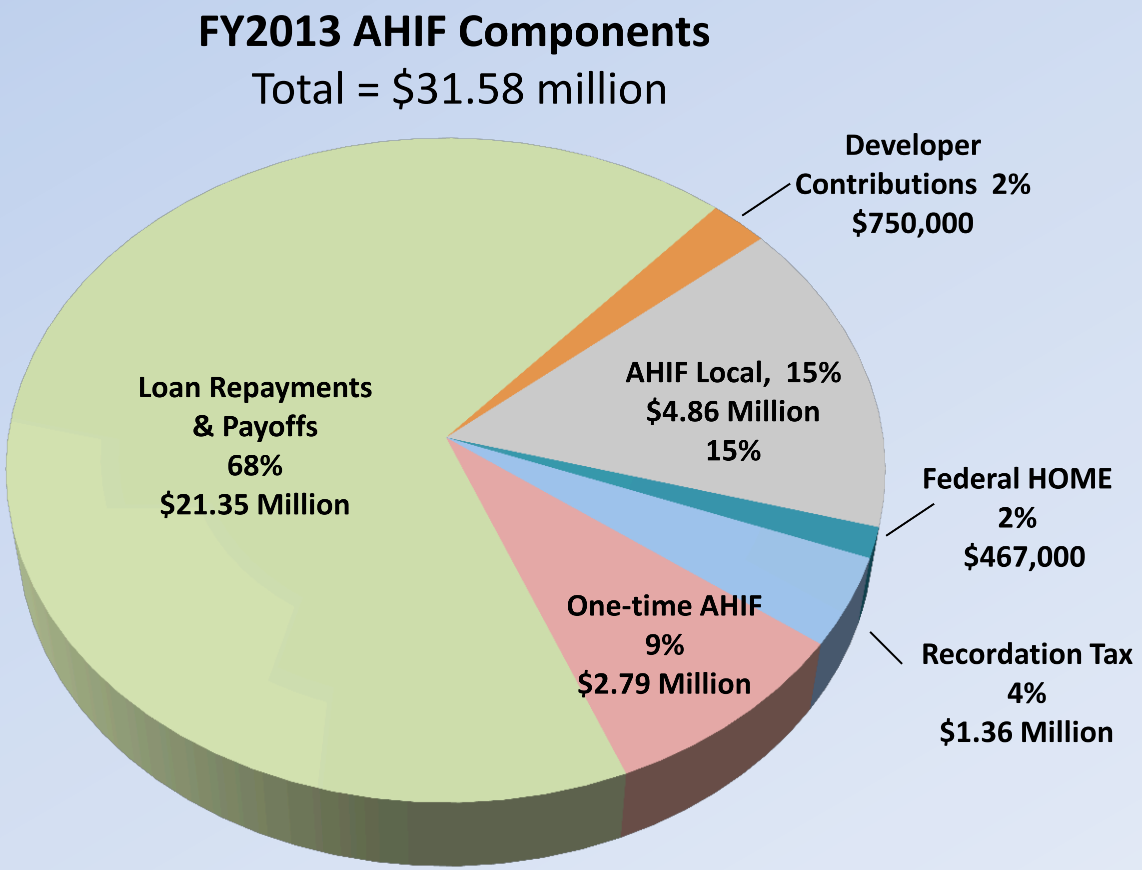
Preservation Loan Program

Affordable Housing Preservation Loan Program (AHPL)- Help existing MARKS maintain affordable rents and pay for moderate renovations. Intended for those who do not want to enter the FBC process.

- Estimated 300 total units
- Affordable rents for 15 years (one-time income verification)
- Estimated Impact on County
  - Tie subsidy to individual project need
  - Estimates assume $45,000 in renovation costs
  - ~10 units per year = $450,000/year (below market interest rate loans)

Affordable Housing Investment Fund

- Revolving loan fund
- 3,046 CAFS created/ preserved through AHIF since 2000



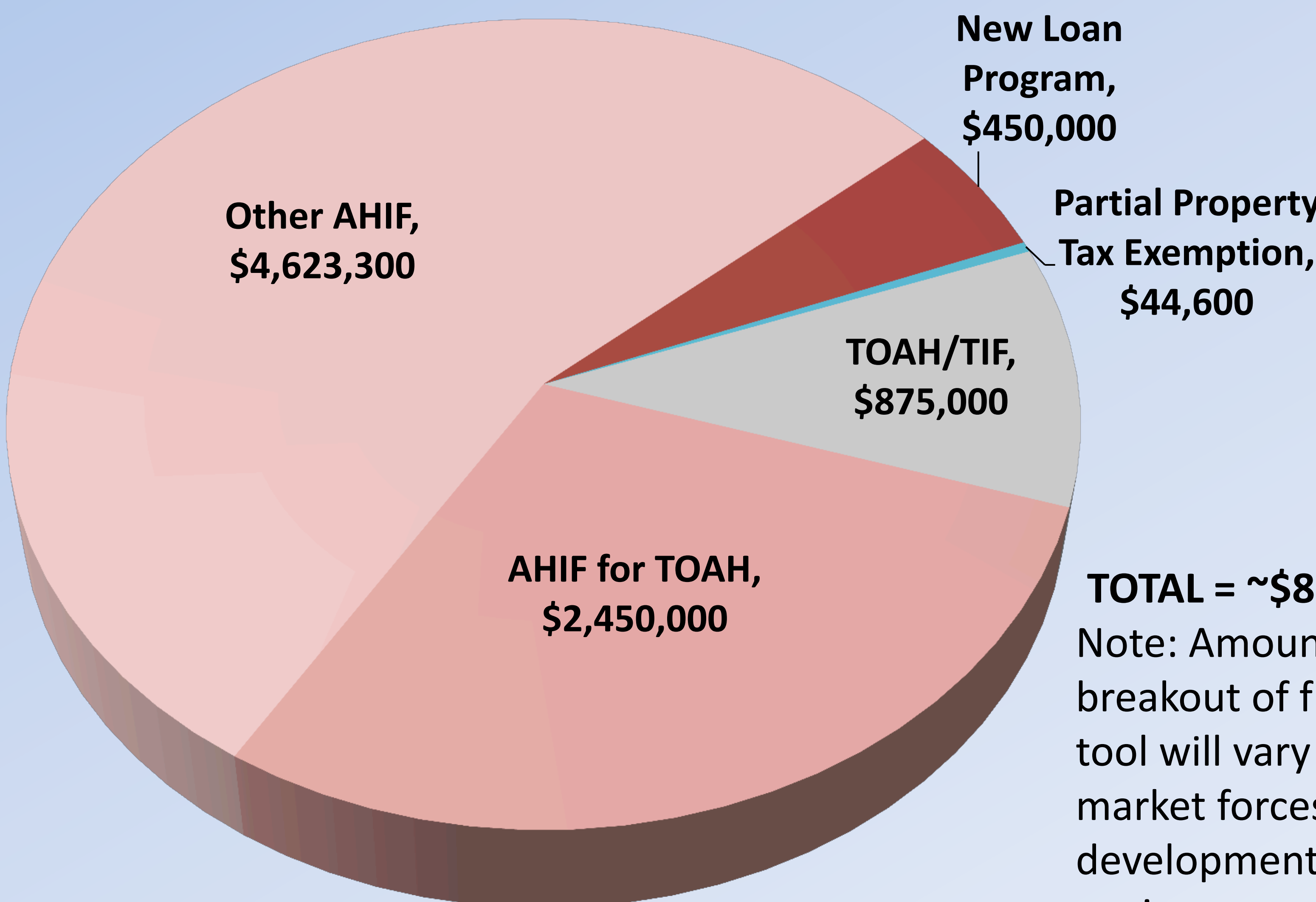
Affordable Housing Investment Fund

- AHIF could be used to generate 1,460 other CAFS over 30 years (~49 units/year)
  - Important tool for partner sites which may redevelop at 100% affordable
- Avg. subsidy = $95,000/unit
- 49 units/year = $4.6 million in AHIF/year

Arlington Mill (under construction)

The Shell (under construction)

Financial Tools – *ESTIMATED* Avg. Annual Funds

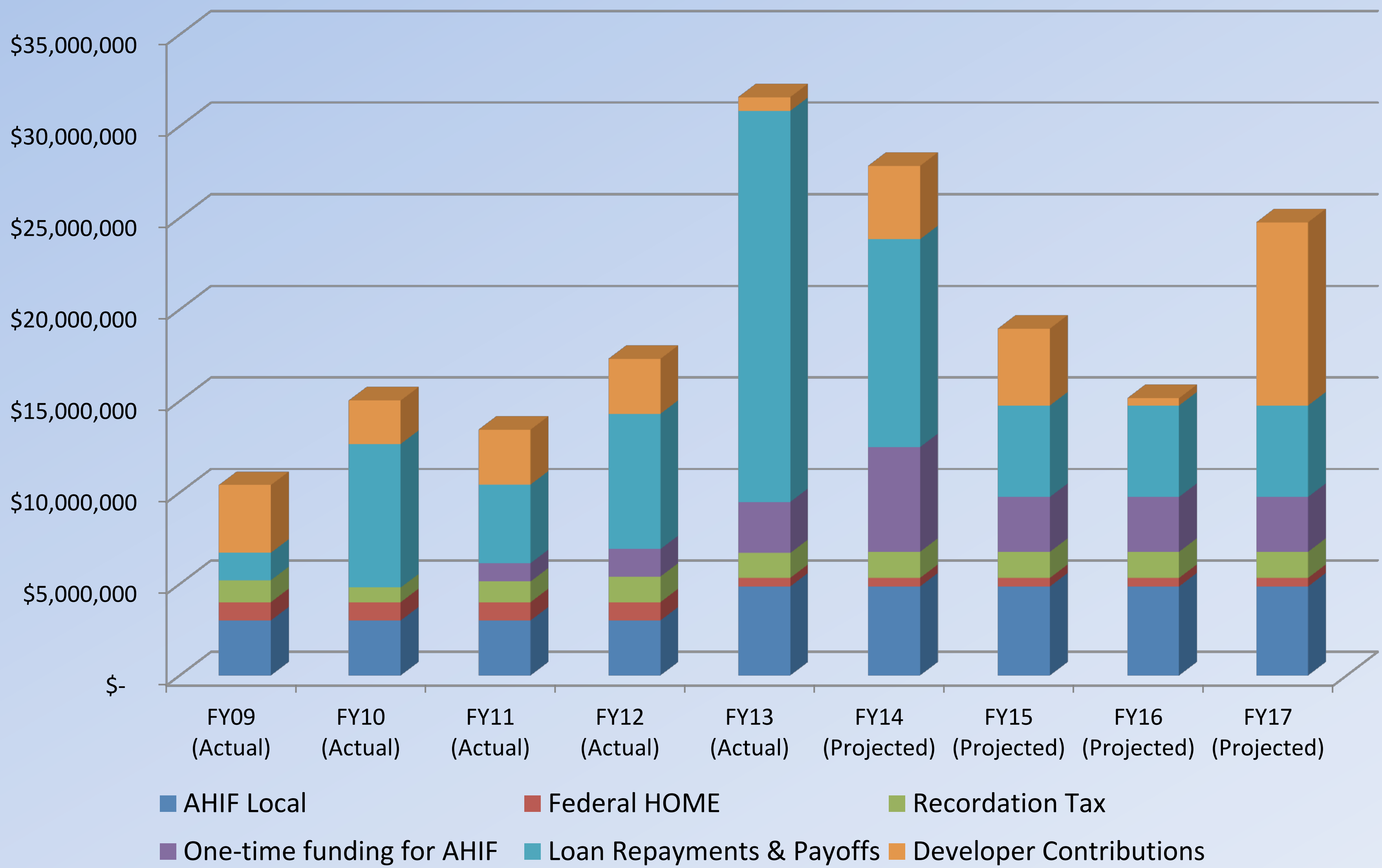


TOTAL = ~$8.4 Million

Note: Amount and breakout of funds by tool will vary based on market forces and development environment

ARLINGTON COUNTY HOUSING DEVELOPMENT REVENUE PROJECTIONS

FY09-FY13 Actual and FY14-FY17 Anticipated



Note: One-time funding for AHIF will vary based on budget and discretion of the County Board

Next Steps

- November 16 – FBC Board Action & Request to Advertise for TIF, TOAH, Reduced Parking Ratio Option
- December 14 – Board Action TIF, TOAH, Reduced Parking Ratio Option
- Spring 2014 - Board Action of loan program, partial tax exemption to follow regular budget process