

Affordable Housing Study Working Group

Affordable Housing Ordinance



**AFFORDABLE
HOUSING STUDY**



**ARLINGTON
VIRGINIA**

- **Housing contributions went through variety of iterations prior to 2004**
- **In 2004, began community process to create voluntary guidelines – “Roundtable 1”**
- **Affordable Housing Voluntary Guidelines adopted 2004**
 - Included 10% on-site affordable requirement
- **Developer challenge to 2004 Guidelines**
- **Arlington Circuit Court decision – *Kansas Lincoln, LC v. County Board of Arlington***
 - 2004 Guidelines and Comprehensive Plan note are mandatory requirements and violate Dillon Rule
- **Appeal filed by County**

- **Affordable housing “Roundtable 2”**
 - Included developers, housing advocates, land use attorneys, commissioners and County Board members
 - Met for six months
 - Very time intensive process that necessitated buy-in from all stakeholders
- **Resulted in dropping appeal**
 - Amendments to Zoning Ordinance adopted December 2005 - “Affordable Housing Ordinance”
- **Commonwealth Codified Arlington’s Requirements in the State Code July 1, 2006**

How the Ordinance Works - Unit Option

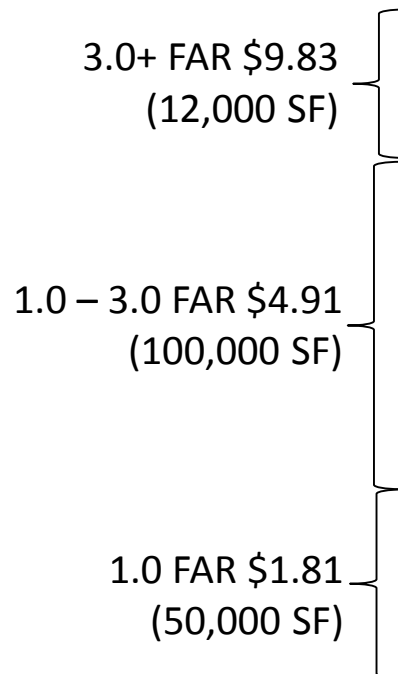
- On-site = 5% GFA above 1.0 FAR
- Off-site, nearby = 7.5% GFA above 1.0 FAR
- Off-site = 10% GFA above 1.0 FAR

- **Hypothetical Residential Scenario**
 - Site Area = 50,000 SF
 - Base Project GFA (excluding bonuses) = 162,000 SF
 - **On-Site Units = 5,600-11,200 SF**

How the Ordinance Works - Cash Option

Hypothetical Residential Scenario

- Site Area = 50,000 SF
- Base Project GFA (excluding bonuses) = 162,000 SF
- **\$699,460 Total Cash Contribution**



Ordinance Base Contribution Comparison for Residential Site Plan Projects (Dec. 2005 to Present)

Total Approved Residential Site Plan Units	7,177
On-Site Unit Option	295
Unit Years (295 units multiplied by 30 years)	8,850
Actual On-Site Units (30-year Affordability Restriction) [1]	30
Unit Years (30 units multiplied by 30 years)	900
Difference (Foregone On-Site Units)	265
Foregone Unit Years (265 units multiplied by 30 years)	7,950
Actual Cash Contribution [2]	\$36,195,917
Avg. AHIF/Unit (60-year Affordability Restriction) [3]	\$85,000
Estimated # of Units Leveraged via in-lieu Cash Contributions to AHIF	426
Unit Years (426 units multiplied by 60 years)	25,550
Difference in Unit Years Leveraged with Cash Contributions minus "Foregone" Unit Years	17,600
Ratio of units produced via in-lieu cash contribution versus "foregone" on-site units	3.21

[1] Units built or agreed to but not yet completed

[2] Cash received or agreed to but not yet received

[3] AHIF loans are repaid in 20 to 30 years

Other Site Plan Contributions (Dec. 2005 to Present)

- **Commercial site plans also contribute to affordable housing**
 - \$15.4 million cash contributions due to base Ordinance requirements
- **Bonus Density and GLUP Change Contributions for all site plan projects**
 - 121 on-site units
 - \$17.0 million cash contributions

- **Note - Percentage of on-site units, affordability period, affordability levels and cash contribution amounts are codified in state code. Any changes would require state enabling legislation.**

- **Consider changing cash contribution formula?**
 - Is changing the formula worth the risk?
 - Total on-site units would have averaged about 33 units per year (295 total possible residential site plan units divided by 9 years)

AMI and Subsidy Comparison - Condos

Estimated Condo Sale Price and Subsidy for Households Earning 60% AMI to 100% AMI Example Scenarios

	Studio	1 BR	2 BR	3 BR
60% AMI				
Household Income	\$44,940	\$51,360	\$64,200	\$69,360
Household Size	1 person	2 persons	4 persons	5 persons
Approximate Sales Price [1]	\$157,965	\$177,739	\$215,985	\$229,297
Estimated Avg. Sale Price of New Market Rate Condo [2]	Lack of Comps	\$438,000	\$615,000	Lack of Comps
Estimated Condo Subsidy/Unit	--	\$260,261	\$399,015	--
80% AMI				
Household Income	\$59,920	\$68,480	\$85,600	\$92,480
Household Size	1 person	2 persons	4 persons	5 persons
Approximate Sales Price [1]	\$219,306	\$247,843	\$303,615	\$323,970
Estimated Avg. Sale Price of New Market Rate Condo [2]	Lack of Comps	\$438,000	\$615,000	Lack of Comps
Estimated Condo Subsidy/Unit	--	\$190,157	\$311,385	--
100% AMI				
Household Income	\$74,900	\$85,600	\$107,000	\$115,600
Household Size	1 person	2 persons	4 persons	5 persons
Approximate Sales Price [1]	\$280,647	\$317,947	\$391,245	\$418,643
Estimated Avg. Sale Price of New Market Rate Condo [2]	Lack of Comps	\$438,000	\$615,000	Lack of Comps
Estimated Condo Subsidy/Unit	--	\$120,053	\$223,755	--

[1] Avg. affordable sale price using reasonable assumptions including 4.1% interest rate and \$0.35/SF condo fees

[2] Market rate sale price comparables are avg. purchase prices from 2011-2014 at the Monroe, The Hawthorn, and 1800 Wilson.

Ownership Discussion

- **Consider allowing higher AMI for ownership units on the bonus?**
 - Should AMI be changed to 80%, 100%, other?

- **Should future plans/codes reflect a higher AMI for ownership units?**
 - For example, Columbia Pike Form Based Code

Back-Pocket slides

Ownership

Multi-Family CAF Units

				60% of AMI Units	80% of AMI Units
Number of Bedrooms	Occupancy Pricing		Estimated Size	Maximum Purchase Price	Maximum Purchase Price
	Standard	Estimated Condo Fees			
Studio	1	\$175	500	\$157,965	\$219,306
1	2	\$219	625	\$177,739	\$247,843
2	4	\$315	900	\$215,985	\$303,615
3	5	\$368	1,050	\$229,297	\$323,970