

Affordable Housing Regulatory Tools Case Studies

Compiled by the Alexandria Office of Housing, December 2010

Table of Contents

Development Review Process Improvements

1. Austin, Texas: S.M.A.R.T. Housing program - Fee and Tax Reductions for Affordable Housing
2. Santa Fe, New Mexico
3. Polk County, Florida: Impact Fee Waiver for Affordable Housing

Developing Partnerships for Affordable Housing

4. Denver Metro
 - 5a. Boulder, Colorado: Mandatory Inclusionary Housing Ordinance
 - 5b. Denver, Colorado: Inclusionary Housing Policy - Moderately Priced Dwelling Unit Program

Partnership Development

5. San Francisco Bay Area Governments
6. Housing Trust of Santa Clara County (HTSCC)

Density as a Tool

7. Seattle, Washington: Transfer of Development Rights Program

Geography Based Tools (Overlay Districts)

8. Commonwealth of Massachusetts: Chapter 40R Program
9. Corte Madera, California: Affordable Housing Overlay Zones

This document was compiled in December 2010 by the Alexandria Office of Housing to complement the November 11, 2010 Housing Master Plan Advisory Group presentation: Land Use Policy and Regulatory Tools for Preserving and Creating Affordable Housing.

Sources are provided within each case study below. For a comprehensive resource providing case studies on a variety of tools implemented nationwide, see: Research on State and Local Means of Increasing Affordable Housing, available at:

http://www.nahb.org/fileUpload_details.aspx?contentTypeID=3&contentID=91006&subContentID=138628

1. Austin Texas - Development Review Process Improvements

Sources:

<http://www.ci.austin.tx.us/auditor/au01303.htm>, <http://www.ci.austin.tx.us/auditor/downloads/au01303.pdf>,
http://www.lakecountycl.gov/pdfs/2025/SMART_Housing.pdf

Overview

In April 2000, Austin city council passed a resolution creating the S.M.A.R.T. Housing program in order to moderate the trends that made much of the local real estate unaffordable for low and medium income families. The Program provides a set of criteria to be met by developers of reasonably priced housing to serve families with incomes of 80 percent or below the area median family income (MFI) in order to receive City incentives. Incentives offered to developers include land development fee waivers and expedited development review.

How does it work?

The S.M.A.R.T. Housing projects must be safe, mixed income, affordable, reasonably priced, and transit oriented. In addition, the projects must be energy efficient. Developers who agree to make a portion of their developments reasonably priced and comply with the other program requirements will be eligible to receive full or partial fee waivers. Specifically, the S.M.A.R.T. Housing resolution provides for the waiver of thirty types of development related fees, including land development fees (zoning, subdivision, site plan); building permit and inspection fees; subdivision construction inspection fees; and water and wastewater capital recovery (impact) fees.

After developers submit an application consisting of preliminary project plans, the S.M.A.R.T. Housing program manager reviews the plans for compliance with the program requirements. If the preliminary plans indicate compliance with the established criteria, the program manager approves and certifies the plan and submits the plan through the expedited development review process. Staff walks applicants through major issues early and identifies “gotcha issues.” A review team reviews the plans within 14 working days. The review team reviews corrected plans, if any, within seven working days and the applicant is required to submit revisions for rejected plans within seven working days.

Results

Since 2005, more than 4,900 S.M.A.R.T. Housing units have been completed, and nearly 80% of these have been affordable to families at or below 80% of the Median Family Income (MFI). In 2004, 21% of all building permits issued for single family residences in Austin were S.M.A.R.T. Houses. That year alone, nearly 600 new homes were built in the Austin area under the auspices of S.M.A.R.T. Housing. As of 2002, fees waived under the Program totaled approximately \$1,214,000.

Challenges

S.M.A.R.T. Housing program challenges include: promoting too much demand to allow full fee waivers without impacting utility rates; maintaining longer term affordability without decreasing building; serving lower income residents without increasing the concentration of poverty in traditionally low-income neighborhoods; amending local accessibility requirements that exceed national standards without “watering down” the goal of increased accessibility for people with disabilities; and recognizing that the goals of increasing density and tax base may conflict with goals of increasing housing affordability and mitigating gentrification.

Applicability to Alexandria

Implementing an affordable housing policy that would expedite the development review process and provide developer incentives such as fee waivers could increase the affordable housing stock in the City of Alexandria.

Although implementing such policy would not need state enabling legislation, resources to support a fee waiver program should be evaluated.

2. Santa Fe, New Mexico: Fee and Tax Reductions for Affordable Housing

Sources

<http://www.santafenm.gov/index.aspx?NID=642>

http://www.tbrpc.org/resource_center/pdfs/housing/Santa_Fe_NM_AH.PDF

Overview

The City of Santa Fe, New Mexico has adopted several policies that expedite permitting as well as waive, reimburse or reduce various fees for affordable housing projects. Fees that were waived for the development of affordable housing include building permit, impact, and utility expansion fees.

How does it work?

The City of Santa Fe, New Mexico accelerated the permitting process for projects that include at least 25 percent affordable housing. In addition, the city passed the following ordinances relating to fees for affordable housing projects.

- Resolution No. 1994-96 waives standard building permit fees for nonprofit affordable housing developers. It also reimburses these fees to for-profit builders after the developer certifies that the sales price, size of the unit, size of the household and household incomes meet affordable standards.
- Section 14-95.4 SFCC 1987 (Capital Impact Fee) exempts affordable housing from capital development impact fees for nonprofit affordable housing developers and reimburses for profit developers after the developer certifies that the sales price, size of the unit, size of the household and household incomes meet affordable standards.
- Section 14-96.8B SFCC 1987 (Inclusionary Zoning Ordinance) waives plan submittal fees for annexation, rezoning or subdivisions for low-priced housing developments (those providing no less than 75% affordable units) and waives building permit fees for low price units (those affordable to households earning less than 80% of median area income).
- Ordinance No. 2000-01 reduces the utility expansion charge for meter service for a low priced dwelling unit (those affordable to households earning less than 80% of median income) to \$800 (*compared to the standard charge of \$2,000*).

Results

By the early 1990s, three quarters of Santa Fe's residents could not afford a median priced home, and housing costs were 40% above the national average. Expedited permitting, along with the reduction in administration and impact fees and other zoning & planning tools, have helped make nearly 16% of all new homes built in Santa Fe during the last decade affordable for working families.

Applicability to Alexandria

The manner in which every city administers the development process is different and some of the fees charged by the City of Santa Fe may not be charged by the City of Alexandria and vice versa. However, implementing policies and procedures that waive fees and expedite the review process are options that could be available to the City of Alexandria. The City must evaluate these options and determine the impact that waiving fees can have on competing priorities. The city would not need state enabling legislation to implement this program.

3. Polk County, Florida: Impact Fee Waiver for Affordable Housing

Source:

<http://www.lakelandgov.net/commdev/planning/files/F362ADA2867D4808B3D28B21D9C89A09.pdf>

Overview

Polk County, Florida charges impact fees to help cover the cost of new development. These fees help to defray the cost of new infrastructure including roads, water and sewer lines, recreation facilities, and even schools. In order to encourage the development of affordable housing, the county provides waivers and reductions to these fees.

How does it work?

There are several steps to Polk County's impact fee waiver and reduction process. First, the developer pays the full impact fee when applying for the permit for the affordable housing project. Upon sale of a housing unit to a qualified buyer, the County reimburses the full portion of the impact fee for buyers at or below 80 percent of area median income and half of the impact fee for buyers between 80 percent and 120 percent of the area median income. The County requires the impact fee waivers to be repaid by the homeowner if the house is sold within seven years, and it places a lien on the property to enforce this repayment requirement. The fee waivers and reductions are also available to commercial property owners who rent units to qualified income groups. In order to retain this waiver, commercial property owners must certify annually that the units are occupied by income eligible renters.

Polk County first introduced impact fee waivers in 1990, and the fee waivers granted are funded from general revenues, gas taxes, and other sources of revenue. In order to limit the financial impact that the waivers might have on the county budget, the county sets a maximum annual waiver cap of \$250,000 across all projects. If the cap is reached, a developer may appeal to the appropriate commission for fee waivers that would exceed the cap.

Results

As of 2008, only nonprofit organizations have taken advantage of the impact fee waiver ordinance. According to Jeff Bagwell, the executive director of a local non-profit, the impact fee waiver alone is not enough to make homeownership affordable to moderate-income families in the county.

Challenges

The county has found that the impact fee alone is not enough to encourage the development of affordable housing by the development community. In addition, many developers have been hesitant to use this tool due to the lack of clarity surrounding the details of the impact fee waiver. Therefore, educating the development community and ensuring clarity of the fee waiver is important to the future success of the program.

Applicability to Alexandria

The City of Alexandria does not charge specific impact fees for development projects. However, developers are required to address infrastructure issues through the City's permitting process. Allowing for the reduction in fees in exchange for affordable housing would be a tool available to the City, but the impact to competing priorities would need to be considered. The city would not need state enabling legislation to implement this program.

4. Denver Metropolitan Area – Partnership Development

Facing high land costs, rising home prices, and the typical metropolitan problems of sprawl, a jobs-housing mismatch, and traffic congestion—communities in the Metro Denver area have implemented local policies that create affordable housing in order to positively impact these interconnected problems. The Metro Denver experience shows that any municipality can take local action to successfully address the need for more affordable

housing. And, in the process, a municipality can help to address the broader quality of life issues that affect its citizens and the citizens across the region. The examples below show how two of the four cities created significant affordable housing using inclusionary zoning. Details of the programs may differ, but the concept is the same.

4a. Boulder, Colorado

Source:

http://www.bpichicago.org/documents/Denver_Report.pdf

Overview

In 2000, in response to rapidly rising housing costs and the ineffectiveness of a voluntary inclusionary housing program, the City of Boulder passed a mandatory inclusionary housing ordinance. The new program requires 20% of housing in new developments to be priced affordably for low-income households (households earning less than 80% of the area median income). The comprehensive mandatory ordinance covers all residential developments regardless of size (with the exception of developments of a single lot with one owner and total floor area of less than 1,600 feet).

How does it work?

If the development has four or fewer units, the developer must create one affordable unit on-site, one affordable unit off-site, dedicate land for one affordable unit, or pay a fee of roughly \$18,000 to Boulder's Affordable Housing Trust Fund. The only cost offset provided to the developer is a waiver of development excise taxes. However, for developments that provide more than 20% affordable units, the developer can also receive subsidy funds for land use review and building permit fees.

Results

Since 2000, the City of Boulder constructed 380 affordable homes, including condominiums, townhomes, and single-family homes. While market-rate units in the developments continued to sell for between \$390,000 and \$430,000, the affordable units were priced between \$112,000 and \$185,000. Ninety-eight percent of people who moved into the affordable units already lived or worked in Boulder, and they included teachers, nurses and other service sector workers. The City collected \$1.5 million in fee-in-lieu payments from roughly 50 developments. Payments are deposited in an affordable housing fund, which has subsidized the creation of about 80 affordable units each year.

Challenges

The current inclusionary zoning ordinance has both a direct and an indirect effect on the market price of housing in Boulder. The direct effect is that developers must make up the incremental cost of constructing permanently affordable dwellings. Some of these costs are passed on to Boulder's homebuyers. The indirect effect is that house prices for all housing consumers increase as the City takes existing dwellings out of the housing stock and dedicates them to permanent affordable units. Furthermore, the existing program for permanent affordable owner-occupied housing accelerates the rate of depreciation in the stock of owner-occupied housing because it does not allow homeowners to earn a return on their maintenance and repair expenditures.

Applicability to Alexandria

The mandatory zoning approach to affordable housing has proven to be a very effective means of increasing the number affordable housing units in many localities and could be a very effective tool to produce more affordable housing in the City of Alexandria. However, this tool would need state enabling legislation to be implemented.

4b. City of Denver

Sources:

http://www.bpichicago.org/documents/Denver_Report.pdf

[www.realtor.org/smart_growth.nsf/docfiles/winter07proscons.pdf/\\$FILE/winter07proscons.pdf](http://www.realtor.org/smart_growth.nsf/docfiles/winter07proscons.pdf/$FILE/winter07proscons.pdf)

http://www.milehigh.com/resources/custom/pdf/housing/2004_Final_IHO_Report.pdf

Overview

To address the growing affordability crisis, in 2002, the City of Denver passed an inclusionary housing policy called the Moderately Priced Dwelling Unit program. The policy requires all new owner occupied developments of more than 30 units to include 10% of the units as affordable. As of 2005, the ordinance—coupled with the rezoning of large-scale redevelopments and proactive planning for affordable housing—resulted in the creation of 3,395 affordable homes in Denver.

How does it work?

The policy is voluntary for rental developments, and it does not apply to condo conversions. The owner-occupied units must be affordable to households earning less than 80% of area median income. A developer who provides the affordable units will receive a 10% density bonus (except for developments in certain zoning districts, planned unit developments, or districts where no residential use is permitted). The developer may also receive a subsidy of \$5,000 to \$10,000 per affordable unit (up to 50% of the total units), a reduction in the number of required parking spaces per unit, and an expedited permitting process. Instead of building the affordable units on-site, a developer may pay a fee of 50% of the price per affordable unit not built into the trust fund. The developer may build the affordable units off-site if she or he builds more affordable units than would have been required in the market-rate development. The MPDUs must remain affordable for at least 15 years after they are first sold.

Results

As of 2002, development was continuing apace and 3,395 affordable homes were built. The City planned to review its “fee-in-lieu-of housing” payment program that was established to provide developers an option to pay a fee instead of providing a moderate price dwelling unit (MPDU). From constitutional arguments to price and rent control prohibitions, inclusionary housing proponents frequently have to overcome legal challenges from a development community that is often fervent in its opposition. In addition, some challenges faced in Denver as of 2004 include: on-going management and monitoring of the housing inventory being created by the requirement for the entire affordability period of each unit; maintaining adequate funding for the rebate incentive (the program relies upon a nominal amount of projects electing the cash-in-lieu option to provide income to support payment of the rebates), enhancing the incentive package to keep pace with developer concerns (the use of current incentives needs to be reviewed, with developer input, to ensure that they are effectively assisting in providing affordability to their projects), and ensuring that unit production assisted by the program is consistent with the targeted needs of households.

Applicability to Alexandria

Establishing a voluntary zoning or incentive zoning policy enables local governments to provide density bonuses and other incentives to developers, in exchange for delivery of public benefits such as affordable housing. While such a tool can help produce more affordable housing in the City of Alexandria, it would need state enabling legislation to be implemented.

5. San Francisco Bay Area - Partnership Development

Sources:

<http://www.bayareavision.org/initiatives/equitabledevelopment.html#sf>

http://www.abag.ca.gov/planning/housingneeds/pdf/resources/A_Place_to_Call_Home_2007.pdf

<http://www.abag.ca.gov/housing-top.html>

http://www.sjhousing.org/report/edec/Ecdc/6-23-08/Housing_Element.pdf

The Association of Bay Area Governments (ABAG), a regional land use planning agency for the nine-county San Francisco Bay Area, is very involved in trying to increase the range of housing choices in the region. One of the initiatives recently completed is the Regional Housing Needs Allocation (RHNA). RHNA is a state mandated process for determining how many housing units, including affordable units, each community must plan to accommodate. Working with local governments, ABAG developed an allocation methodology for assigning units, by income category, to each city and county in the nine-county Bay Area. This allocation of need shows local governments the total number of housing units, by affordability, for which they must plan in their Housing Elements (a plan that ensures that local governments adequately plan to meet the housing needs of all people within the community—regardless of their income) for the period. Allocations for each jurisdiction are published in the annual housing report.

How does it work?

The regional housing need is determined by estimating the existing and projected need for housing. Both are determined through estimates of existing and projected household growth. Household growth is dependent on total net births, migration and household formation rates - how many new households are formed each year, e.g., young adults move out of their parent's home into homes of their own.

Results

The 2006 projected regional need for the Bay Area was 230,743 housing units.

Challenges

The RHNA presents both opportunities and challenges for the region. To meet the RHNA goal, cities have developed housing policies, implemented land use regulations, and/or inventoried housing opportunity sites in order to facilitate housing production. While some cities have proactively planned for residential uses in their General Plan and have met some of its goals, it is a challenge for the homebuilding industry to construct units at a high enough level of production for all income categories in order to meet the cities' RHNA goal. Construction of homes, according to RHNA goals, is especially challenging given the slowdown in the housing market and in the overall economy. Banks have tightened their lending practices, making conditions difficult for consumers to obtain mortgages and potentially for developers to obtain construction loans. Raw material and construction costs have increased significantly in the last few years, creating challenges to develop housing projects that are financially feasible, especially for affordable housing developments.

Applicability to Alexandria

While a regional program has the potential to address housing and related issues (such as congestion/traffic) by requiring jurisdictions to produce a range of housing for all income levels, there are significant challenges to establishing such a program for the DC Metro area. While the Council of Governments (COG) does currently serve as the regional coordinating organization, the area it covers spans three states and many jurisdictions. In addition, local jurisdictions in Virginia are not currently allowed to require affordable housing, and would therefore require

state enabling legislation to be implemented. This program appears to be of limited value in structuring a program for Alexandria.

6. Housing Trust Santa Clara County (HTSCC)

Source:

<http://www.housingtrustscc.org/about-us/index.php>

How it Works

In the 1990's, the high cost of housing in Silicon Valley had skyrocketed. Individuals and families were impacted, as well as business owners, who complained of recruiting and retention problems. Led by the Santa Clara County Board of Supervisors, what is now the Silicon Valley Leadership Group, affordable housing activists, local businesses and foundations organized to create something groundbreaking: a non-profit Housing Trust, supported by voluntary contributions, devoted to addressing the full range of affordable housing needs from increasing homeownership and preventing homelessness to increasing the supply of rental and permanent housing. Within two years HTSCC had exceeded its goal of raising \$20 million from a range of sources, including: The Santa Clara County Board of Supervisors, Intel, Adobe Systems, Cisco Systems, Applied Materials, Solectron and homebuilder KB Homes, and all cities and towns in Santa Clara County.

Results

Today, scores of Silicon Valley employers, employer foundations, state and federal housing agencies and private citizens have contributed to the shared goal to increase affordable housing options. HTSCC has raised more than \$40 million to invest more than \$32 million to create thousands of housing opportunities for Silicon Valley's workforce, families, seniors and special needs individuals by making loans and grants to developers increasing the supply of affordable housing, assisting first-time homebuyers, preventing homelessness and stabilizing neighborhoods, and leveraged over \$1.7 billion to create more than 7,800 housing opportunities. Of those served, 83% had household incomes below 80% of the Area Medium Income (AMI).

First-Time Homebuyer Program

Total Invested: over \$14.7 million

Total Leveraged: over \$693 million

New Homeowners Created: 2,089

Developer Loan Program

Total Invested: \$7.8 million

Total Leveraged: \$467 million

Families Helped: 1,643

Homelessness Prevention Program

Total Invested: nearly \$10.4 million

Families and Individuals Assisted with Housing: nearly 4,110

Applicability to Alexandria

A housing trust fund leveraging public and private funds would certainly be applicable in Alexandria. The challenge is that while Alexandria does have significantly high housing costs, like Silicon Valley, it might not likely have the same level of potential corporate participation or corporate interest, and may not have the political/public constituency to build an organization of this scale. However it could be explored at a smaller scale, and/or on a regional level.

7. Seattle Washington Transfer of Development Rights Program

Source:

<http://www.seattle.gov/housing/incentives/TDRbonus.htm>

http://www.housingpolicy.org/toolbox/strategy/policies/diverse_housing_types.html?tierid=45

Overview

The City of Seattle Washington adopted a Transferable Development Rights (TDR) Program in 1985. This program allows commercial developers who want more density than allowed under zoning rules to purchase unused density from owners of downtown properties with affordable housing, landmark buildings, or major open space. This program sets up a framework in which developers can purchase additional development rights instead of going through various administrative processes that allow them to increase the density on their project.

How does it work?

The City designated sending and receiving areas within the downtown portions of the City. The receiving areas are places where additional development is desired and the sending areas include affordable housing units that City wishes to preserve. Commercial developers who own property in the designated receiving areas can negotiate and purchase unused density from property owners in the sending area. Additionally, the City of Seattle purchases unused density from the owners of certified TDR sites and places that density in a TDR bank. All transactions, whether private or through the City, require execution and recording of a TDR Agreement between the owner of the TDR site and the City. The TDR is validly transferred by Statutory Warranty Deed and is recognized by the courts as real property. In return for the ability to sell the unused square footage on their property, owners of certified TDRs are required to preserve the housing located there as affordable for a period of 50 years, typically to residents at or below 50% percent of the area median income. In addition, the money that property owners receive from the sale of a TDR is used to rehabilitate the property and increase its useful life.

Results

Seattle's TDR and bonus programs have contributed over \$14 million of funding for affordable housing projects in downtown. In return, this funding has helped to preserve over 900 units of affordable housing in 14 downtown projects. Of the 900 units, 491 units are affordable to households up to 30% of median income and 342 units are affordable to households up to 50% of median income. In light of the newly adopted emphasis of the FAR system on housing, these two programs are projected to contribute an additional \$14 million toward the preservation and production of affordable housing in downtown in the next 10 years.

Challenges

One of the identified challenges of this program is the willingness to allow commercial developers to buy additional property rights. In order to create a market for TDRs, the local government must be willing to make developers purchase additional development rights instead of simply awarding them through an administrative process. Furthermore, local governments must be willing to allow the extra development potential without demanding several other additional requirements. Another challenge is creating the market for the TDRs. Seattle created this market by buying many of the development rights during the beginning of the years of the project which requires capital.

Applicability to Alexandria

This tool could be applicable to the City of Alexandria because, like Seattle, Alexandria has high land cost. The high land costs create an atmosphere in which higher densities are desirable among commercial developers hence helping to create a market for the TDRs. However, this tool does require strong political and community support

to uphold the zoning by right issues and higher densities in various portions of the city, and the city would need to adopt a more entrepreneurial approach to land use in helping facilitate TDR negotiations. State enabling legislation would not be needed to implement this program.

8. Commonwealth of Massachusetts Chapter 40R Program

Source:

http://www.mass.gov/envir/smart_growth_toolkit/pages/mod-40R.html

Overview

Massachusetts' Chapter 40R program encourages communities to create dense residential or mixed-use smart growth zoning districts located near transit stations, in areas of concentrated development such as existing city and town centers, and in other highly suitable locations. In addition, Chapter 40R districts are required to include a high percentage of affordable housing.

How does it work?

The Chapter 40R Program encourages communities to establish development overlay zones in smart growth locations by offering financial incentives to the local governments (\$3,000 per housing unit). In order to receive the financial incentives, a local government must adopt an overlay zone that meets the location and procedural processes established by the statute. The overlay zones are then approved by the states and the financial incentives are paid once housing units are built.

In addition to the location criteria, the overlay zones must meet a number of procedural criteria in order to receive approval from the state. The overlay zone must allow residential densities of at least 8 to 20 units an acre by right, offer developers a more certain approval process including making allowable uses by right, establish a maximum 120 day period for project approvals, and allow denials only for non-compliance with the bylaw or design standards. In order to be an approved Chapter 40R district eligible for the financial incentives, at least 20 percent of the housing built within the overlay zone must be affordable.

Results

This state law was enacted in 2005 and as of August 2009 27 districts have been approved that will allow for the construction of 9,780 housing units, 2,100 of which must be affordable. Of the 27 districts, 17 have given plan approval for a total of 3,214 units of which at least 830 will be affordable and 347 have been built. The success of these districts has sparked additional interest and it is estimated that about 20 communities are reported to be planning or considering creating districts Chapter 40R Districts.

Challenges

One of the challenges that has been identified is the time and expense it takes to set up a district. Planners interviewed on the Chapter 40R program suggest it took on average more than a year to go through the planning, public hearing, application, local and state approval process. In addition, it is estimated that the cost to set up a district was \$35,000 – \$65,000.

Applicability to Alexandria

Since the Chapter 40R Program is a state program administrated by the State of Massachusetts, there are certain portions that would not be applicable to the City of Alexandria. For example, the City is not going to receive a financial incentive from the state to set up a district as described in this program. However, the procedural requirements such as approval deadlines and development densities allowable by right with certain geographic

boundaries could be implemented within the City of Alexandria. The city would not need enabling legislation to implement the procedural requirements associated with this program.

9. Corte Madera, CA Affordable Housing Overlay Zones

Source:

http://www.kennedycommission.org/documents/HE_Toolbox_000.pdf

<http://www.snrpc.org/WorkforceHousing/Development/AffordableHousingOverlayZoning.pdf>

Overview

The town of Corte Madera, CA has established a number of overlay zones in its zoning code that address the development of affordable housing. The zoning code includes the following zones: an optional affordable housing zone, two exclusive affordable housing zones, and a mixed use affordable housing overlay zone.

How does it work?

The Town of Corte Madera, CA includes two overlay zones that require that 100 percent of the housing built within the specific area is affordable, and two overlay zones that allow a number of incentives if affordable housing is provided. The exclusive affordable overlay zones are old and abandoned industrial and commercial sites that currently do not allow residential development. The exclusive overlay zone allows the site to be redeveloped with residential development, but only if 100 percent of the units are deemed affordable. These zones ensure that the identified sites are preserved for affordable housing and encourage for-profit/nonprofit/ public partnerships in order to access public financing for maximum affordability and quality. The two optional affordable housing overlay zones allow incentives such as increased density by right and reduction in fees if specific amounts of affordable housing are provided.

Applicability to Alexandria

The City of Alexandria has very few abandoned sites that do not contain substantial market value; therefore, it would be very difficult to implement “exclusive affordable housing overlay zones” at such sites. In addition, creating overlay zones that require certain percentages of affordable housing without providing additional incentives would require state enabling legislation. However, the city could implement overlay zones that provide additional incentives in return for certain percentages of affordable housing that would be more in line with the Alexandria market and would not require state enabling legislation.