

Toolkit for Affordable Housing Development



Developed by:
The Washington Area Housing Partnership



Washington Area Housing Partnership Board Members

Barbara Favola
Member of the Arlington County Board
Chair of the Washington Area Housing
Partnership

Olive Akhigbe
Senior Director
Housing Initiatives-Washington D.C.
Fannie Mae Foundation

Fran Becker
Executive Director
Carpenter's Shelter

Michael Bodaken
President
National Housing Trust

Robert Boulter
President
Faithworks

David Bowers
Director
Enterprise Foundation
Washington DC Office

Terri Copeland
Senior Vice President, Community Affairs
SunTrust Bank

Conrad Egan
Executive Director
National Housing Conference

Kim Henderson
Director of Housing & Community
Development
Greater Washington Urban League

Victor Hoskins
Director of the Maryland Department of
Housing & Community Development

Catherine Hudgins
Supervisor
Fairfax County Board of Supervisors

Oramenta Newsome
Director
Local Initiative Support Corporation
Washington DC Office

Toni M. Ostrowski
Housing Initiatives Officer
Virginia Housing Development Authority

Robert Pohlman
Executive Director
Coalition for Nonprofit Housing
& Economic Development

John Robinson
Commissioner
Montgomery County Planning Board
M-NCPPC

Stacy Silber
Partner
Holland & Knight LLP

Thomas Thompson
Director of Housing & Community
Development
Prince George's County

Cover Photo Credits

*Main cover photo:
13th and S Street NW
Washington, DC
Source: Steve Kania, COG*

*Minor cover photos listed
from left to right:*

*Andrew Kim House
Montgomery County, MD
Source: Steve Kania, COG*

*Silo Hill Self-help Housing
Emmitsburg, MD
Source: Interfaith Housing*

*Gallery in Arlington
Source: Arlington County
Community Planning,
Housing, and Development*

*Gum Springs
Source: Fairfax County
Department of Housing
and Community
Development*





Acknowledgements

The Washington Area Housing Partnership would like to thank the Enterprise Foundation, the Fannie Mae Foundation, Meyer Foundation, the Morris and Gwendolyn Cafritz Foundation, Prince Charitable Trusts, and SunTrust Bank for their support of this project. We would also like to thank the authors of this report, Sophie Shen-2005 Housing Intern, Stacy Pethia-Housing Planner, and John Mataya-Housing Planner with the Metropolitan Washington Council of Governments.

The Washington Area Housing Partnership would also like to give a special thanks to the following housing and community development directors and their departments. Each of these jurisdictions contributed to the toolkit by providing detailed information about which affordable housing programs they utilize while highlighting the unique attributes that make these programs successful.

Ken Aughenbaugh
Director of Housing and Neighborhood Division
Arlington County

Joseph Meinert
Director of Planning and Economic Development
City of Bowie

Julián Bermudez
Director of Housing and Community Development
Prince William County OHCD

Dan Painter
Director of Planning and Zoning
City of Manassas Park

Celia Craze
Director of Planning and Community Development
City of Greenbelt

Paula Sampson
Director of Housing and Community Development
Fairfax County

Arthur D. Chambers
Director of Community Planning and Development
City of Rockville

Terry Schum
Director of Planning
College Park

Sara Anne Daines
Director of Economic and Community Development
City of Takoma Park

Jennifer Short
Director of Housing and Community Development
Frederick County

Mildrilyn Davis
Director of Office of Housing
City of Alexandria

Raymond Spicer
Director of Housing and Human Services
City of Falls Church

Elizabeth Davison
Director of Housing and Community Affairs
Montgomery County

Hope Stonerook
Assistant Director of Social Services
Loudoun County

Jalal Greene
Director of Housing and Community Development
District of Columbia

Tommie Thompson
Director of Housing and Community Development
Prince George's County

David Hudson
Director of Community Development and Planning
City of Fairfax

Elizabeth Via
Director of Community Development
City of Manassas

Louise Kauffmann
Director of Community Development
City of Gaithersburg





Table of Contents

	<u>Page</u>
Introduction	1
How to Use the Toolkit	2
Section 1: Affordable Housing Development Tools	3
<i>Planning & Zoning Tools</i>	4
1.1. Inclusionary Zoning	5
1.2. Minimum Lot Sizes & Setbacks	6
1.3. Affordable Housing Districts	7
1.4. Infill Housing Development	8
1.5. Expedited Permitting	9
1.6. Affordable Dwelling Unit Ordinance	10
<i>Developer Incentives</i>	11
1.7. Density Bonuses	12
1.8. Impact Fee Waiver & Proportional Impact Fees	13
Section 2: Affordable Housing Preservation Programs	14
2.1. Tipping Fee Waiver Program	15
2.2. Housing Rehabilitation Programs	16
2.3. Multi-Family Improvement Programs	17
2.4. Expiring Use of Federal Subsidies	18
Section 3: Affordable Building Design	19
3.1. Great House Concept	20
3.2. Adaptive Reuse	20
3.3. Green Building	21





Table of Contents

	<u>Page</u>
Section 4: Financial Tools for Affordable Housing Development and Preservation	22
4.1. Housing Trust Funds	23
4.2. Tax Exempt Bonds.....	24
4.3. Low-Income Housing Tax Credits	25
4.4. Community Development Block Grants	26
4.5. HOME.....	27
4.6. Dedicated Revenue Source.....	28
Section 5: Homeowner Assistance Programs	29
5.1. Home Purchase Assistance	30
5.2. Employer Assisted Housing & Live Near Your Work Programs	31
5.3. American Dream Downpayment Initiative	32
5.4. Mortgage Credit Certificates	33
Section 6: Rental Assistance Programs	34
6.1. Housing Choice Voucher Program (Section 8)	35
6.2. Local Rental Assistance Programs	36
Section 7: Programs for People with Special Needs	37
7.1. Housing Opportunities for People with AIDS	38
7.2. Transitional Housing.....	38
7.3. Group Homes.....	39
7.4. Single-Resident Occupancy	39
Section 8: Education/Advocacy	40
Appendix: Metropolitan Washington Area Affordable Housing Programs List by Jurisdictions	42
District of Columbia and the State of Virginia	42
State of Maryland	44





Introduction

The Washington Area Housing Partnership's *Toolkit for Affordable Housing Development* is a compilation of policies and planning tools that local governments can use to preserve and promote affordable housing development in their respective jurisdictions. Local leaders have identified the need for more housing that is affordable to individuals in the public and service sectors of the economy. Steady job growth and excellent public schools have made the metropolitan Washington region a desirable place to live, spurring high home values and encouraging the creation of expensive, single-family and multi-family units.

This has put enormous pressure on localities striving to create communities where all citizens can afford to live. Service workers abound in this area because the region's prosperity supports workers in restaurants, spas, child care facilities, landscaping companies, and other jobs. More teachers, police officers, firefighters and other government service workers are also needed as the region's population grows. The region's wealth, however, is not being adequately distributed with respect to the housing market.

Across the region, many families and individuals earning service wages move in and out of homelessness. Transitional housing or housing with support services are designed to help families locate affordable places to live. The U.S. Department of Housing and Urban Development defines "affordable" to mean housing costs should consume no more than 30% of the household's gross income.

Additionally, there are segments of the population living on very low, fixed incomes because of age or disabilities that affect a person's earning capacity. Studies have demonstrated that targeting public dollars to provide stable housing for these groups is a good investment because social service spending is reduced once such populations are living in housing they can afford.

Government programs and affordable housing policies can help ensure a vibrant, diverse, and economically sustainable region. This toolkit will provide local officials with successful strategies and new ideas for preserving and creating more housing units for the scores of hard-working citizens and others who can't afford to live in this region.





For more information about the Washington Area Housing Partnership and its programs, please contact:

**Keith Fleury
Manager
Housing Programs**

Metropolitan Washington
Council of Governments
777 N Capitol Street, NE
Suite 300
Washington, DC 20002

Phone: (202) 962-3346
www.wahpdc.org

How to Use the Toolkit

The toolkit has been divided into eight sections. Section I presents programs and policies designed to encourage the development of affordable housing while Section II discusses ways to preserve the existing affordable units. Section III showcases design concepts helping to meld affordable units into surrounding communities, thereby reducing community resistance to such projects. Funding resources for both new development and preservation projects are presented in Section IV. Sections V, VI and VII discuss homeowner and rental assistance programs, as well as housing for special needs populations. Finally, Section VIII provides information on affordable housing education and advocacy tools.

Policies and programs encouraging the preservation and production of single-family and multi-family housing are included in this document. A brief description is provided for each, as well as resources for further information. Check the left sidebar for related websites and contact information. The best practice tools that are included and highlighted in the toolkit are noted in the “In Practice” sections of the toolkit. For more details on some of the affordable housing programs each jurisdiction in the region maintains, please refer to the Summary of Local Affordable Housing Programs table in the Appendix. All material was reviewed by local elected officials.

We hope the information in this document proves useful to your efforts to provide affordable housing options. While every effort has been made to provide the most up-to-date and accurate information, localities are constantly forming new programs and improving existing ones to keep pace with the ever-changing affordable housing needs of area residents. Many affordable housing programs and strategies are being used throughout metropolitan Washington; however, not every program in the region could be highlighted in this toolkit. The Washington Area Housing Partnership is continually collecting information for updates to the toolkit and welcomes any suggestions you may have for future editions.



SECTION 1: AFFORDABLE HOUSING DEVELOPMENT

One of the challenges of a growing region is how best to provide housing for an economically diverse workforce. New market-rate residential developments tend to be large-scale and include all modern conveniences and technology which, while affordable to upper-income homebuyers, are out of reach to moderate- and low-income households. A variety of tools are available to help localities encourage the production of affordable housing while helping developers attain a reasonable profit for their work. Planning and zoning tools, such as decreased minimum lot sizes and parking requirements, and developer incentives help to decrease the cost of production and make units more affordable to some of the most vital workers of our local economy.



*The Gallery in Rosslyn
Courtesy of: Arlington County Community
Planning, Housing, and Development*





Planning & Zoning Tools

Rigid zoning and land use controls may limit the development of affordable housing. Growth control measures designed to protect open space increase the base cost of the land available for residential development. Local zoning regulations, such as minimum lot sizes and parking requirements, can also add to the cost of housing development.

However, a variety of zoning and land use tools are available to remove barriers and encourage the development of affordable housing. This section of the report will highlight and examine the following planning and zoning tools:

- Inclusionary Zoning
- Minimum Lot Sizes & Setbacks
- Affordable Housing Districts
- Infill Housing Development
- Expedited Permitting
- Affordable Dwelling Unit Ordinance





For more information:

[Montgomery County Department of Housing and Community Affairs](#)

100 Maryland Avenue
4th Floor
Rockville, MD 20850

Phone: (240) 777-3600

Website:
www.montgomerycountymd.gov/mpdu

1.1. Inclusionary Housing

Designed as a local regulatory tool, inclusionary housing (zoning) requires developers to include a number of affordable homes in new residential developments over a certain size. The number of affordable units to be included in the new developments is based on a percentage of the total number of units in the development (generally 12% - 15%). The cost of providing the affordable units is offset with a density bonus. The affordability level of the designated units can target one income group, such as households earning 50% of the median income, or may serve a range of incomes. Additionally, the resale price of the affordable units is restricted for a number of years.

Highlights

- **Must be enacted through local ordinance.**
- **Applies to new residential developments at and above a certain size (e.g., 50 units or more).**
- **Cost of developing the affordable units is generally offset with a density bonus.**
- **Affordable units may target particular income groups or serve a range of incomes.**
- **Price controls are set for a number of years (e.g., 20–30 years).**

In Practice

Montgomery County, Maryland. Enacted in 1974, the county's Moderately Priced Dwelling Unit (MPDU) Ordinance requires developers of projects of 20 or more units to make 12.5% to 15% of the new units affordable to lower-income households. In exchange for the affordable units, developers are granted a 22% density bonus. An MPDU has a legally enforceable control period of 30 years from the date of settlement and if the unit is sold during this time period the price is determined by the MPDU office. Owners are required to live in the MPDU as their primary residence throughout the 30 year time period. Since the inception of the ordinance in 1976, more than 11,800 affordable units have been developed. Developers reported their profits on projects with inclusionary units were about equal to those of market-rate developments.





For more information:

**City of Fremont
Planning Division**

39550 Liberty Street
Fremont, CA 94538

Phone: (510) 494-4500

Website:

[www.ci.fremont.ca.us/
Construction/
DevelopAffordable
Housing/](http://www.ci.fremont.ca.us/Construction/DevelopAffordableHousing/)

1.2. Minimum Lot Sizes & Setbacks

Reducing minimum lot sizes or setbacks required for new residential development increases project density and decreases the cost of housing development. While technically not an affordable housing program, the cost savings associated with reduced lot sizes and setbacks make the development of affordable units more feasible. Smaller lot size and setback ordinances may be applied to any new development in a jurisdiction, or may be restricted to target areas where a locality wishes to encourage affordable housing development.

Highlights

- **Must be enacted through local ordinance.**
- **Reduces cost of housing development by allowing higher density.**
- **May apply to all new development in a jurisdiction.**
- **May be used only in areas targeted for affordable housing development.**

In Practice

Fremont, California. The city has developed a multi-family zone with clear incentives to encourage appropriate multi-family developments in low, medium, and high density areas of the city. Proposed developments may qualify for a density bonus if the project includes reduced minimum lot setbacks or reduced parking requirements. Additional incentives such as streamlining the permitting process are bundled within the program to attract diverse types of affordable units within the multi-family zone.





For more information:

Grand Forks Housing Authority

1405 1st Avenue N
Grand Forks, ND 58203

Phone: (701) 746-2545

Website:
<http://grandforksgov.com/Affordable%20Housing.pdf>

1.3. Affordable Housing Districts

Affordable Housing Districts are areas targeted for affordable housing development. Within these areas, special zoning exceptions may be applied, such as relaxing of height restrictions and decreasing parking requirements, to offset developer costs of producing affordable housing. Affordable Housing Districts are often formed in urban neighborhoods where the cost of developing new housing is high, but can be created in any areas where affordable housing is needed.

Highlights

- **Targets areas for affordable housing development.**
- **May be located in urban, suburban or rural areas.**
- **Costs of developing affordable units are offset with zoning exceptions, such as relaxed height restrictions and reduced parking requirements.**
- **Usually applied with other incentives.**

In Practice

Grand Forks, North Dakota. Grand Forks started developing affordable housing districts in 2002. In exchange for special concessions on tax assessments and land standards, developers in these areas agree to build higher density, smaller entry-level homes. In the years prior to these efforts, only 14 affordable units were built in the entire city. However, since 2002, of the 106 homes built in the affordable housing districts, over 57% meet affordable housing target prices.





For more information:

City of Phoenix
Business Customer
Service Center

1st Floor
Phoenix City Hall
200 W Washington Street
Phoenix, AZ 85003

Phone: (602) 534-2000

Website:
[http://phoenix.gov/
BUSINESS/inflinct.html](http://phoenix.gov/BUSINESS/inflinct.html)

1.4. Infill Housing Development

Infill housing development is generally used in urbanized areas to encourage the development of vacant land or the redevelopment of blighted properties. It is a valuable land use tool for localities interested in limiting suburban sprawl and implementing smart growth policies. Prime locations for infill development include downtowns, economically depressed neighborhoods ripe for revitalization, transit corridors and any location near employment, shopping, recreational and cultural centers.

Infill development can be expensive, so developer incentives are often employed to help reduce the costs of residential development. Incentives such as upgrading the local infrastructure, adding public amenities and lowering impact fees encourage residential infill development and make the inclusion of affordable units more feasible.

Highlights

- **Useful in urban areas such as downtowns, economically depressed neighborhoods, transit corridors and locations near employment, shopping, recreational and cultural centers.**
- **Limits suburban sprawl and promotes the principals of smart growth.**
- **Developer incentives encourage the inclusion of affordable housing in new residential developments.**

In Practice

Phoenix, Arizona. The City of Phoenix offers several incentives designed to encourage residential infill development. Supported by a 1995 ordinance, Phoenix is able to waive a number of development related fees, contribute to the cost of off-site improvements, and focus blight control efforts in targeted infill development areas. Phoenix also created an “Infill Development Team” to help speed infill projects through the city planning process. Since establishment of the program, 3,175 new single-family homes have been built with approximately one-third of the units affordable for low- and moderate-income families.





For more information:

City of Santa Fe
[Division of Community Development](#)

200 Lincoln Avenue
Santa Fe, NM 87504

Phone: (505) 955-6568

Website:
[www.santafenm.gov/
community-services/
community-
development/
affordable-housing.asp](http://www.santafenm.gov/community-services/community-development/affordable-housing.asp)

1.5. Expedited Permitting

Delays during any stage in the development process add to the final costs of new housing. Reducing the costs incurred by developers during the development review process makes affordable housing projects more attractive. Expedited permitting is a cost-efficient and very effective way of reducing developer costs. Fast-tracking review and permitting of affordable housing projects reduces developer costs at no cost to local jurisdictions.

Highlights

- **Fast-tracking review and permitting processes for residential development that include affordable housing units.**
- **Helps developers of such projects retain profit margin.**
- **The program can be employed at no cost to local jurisdictions.**

In Practice

Santa Fe, New Mexico. 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. Complicated development processes and restrictive land use policies further hampered efforts to provide affordable housing opportunities. Santa Fe accelerated the processing of housing developments that include at least 25% affordably priced homes. The City also waived or reduced various impact, processing, and permitting fees for affordable housing developments. Expedited permitting, along with other zoning & planning tools, has helped make nearly 16% of all new homes built in Santa Fe during the last decade are affordable for working families.





For more information:

**Fairfax County
Redevelopment and
Housing Authority**

3700 Pender Drive
Fairfax, VA 22030

Phone: (703) 246-5185

Website:
[www.co.fairfax.va.us/
rha/adu/
aduprogram.htm](http://www.co.fairfax.va.us/rha/adu/aduprogram.htm)

1.6. Affordable Dwelling Unit Ordinance

The Affordable Dwelling Unit Ordinance is a compulsory law. Under the ordinance, homebuilders are given a density bonus of up to 20% in return for insuring that a certain percent, 12.5% for example, of the total units will be affordable to households earning less than the area median income. The ordinance applies to for-sale and rental developments of 50 units or more and where the density is greater than one unit per acre. Included in the ordinance are guidelines for the location of the affordable units within the development and descriptions of properties not subject to the law.

Highlights

- **Enacted by local ordinance.**
- **Developers are granted a density bonus of 20% in exchange for including affordable units in their development.**
- **Includes both for-sale and rental housing units.**
- **Provides guidelines for the location of the affordable units within the development.**

In Practice

Fairfax County, Virginia. Fairfax County adopted the Affordable Dwelling Unit Ordinance (ADU) in 1990 to help ensure a sufficient stock of affordable housing units in the county. The ordinance requires developers of residential projects with 50 or more for-sale or rental units to make 12.5% of the total number of housing units affordable to households earning less than 70% of area median income. For rental projects, developers are generally required to provide 6.25% of the new units to households at this income level. In exchange, developers are granted a density bonus of up to 20%.

Units built under the ADU ordinance must retain their affordability for 15 years. However, the County is considering extending the affordability period to 30 years for new developments, and offering incentives to current owners who may be re-selling their units to extend the affordability period to 30 years at transfer. The Fairfax County Redevelopment and Housing Authority has the right to purchase up to one-third of the units.





Developer Incentives

As with most goods, the costs of producing a housing unit are passed on to consumers in the form of sale prices and monthly rents. And, as with most manufacturers, housing developers want to maximize their profits. Therefore, any costs the developer incurs during development will impact the price local households pay for their housing—the higher the costs to the developer, the higher the costs of local housing.



*One Metropolitan Park
Courtesy of: Arlington County Community Planning,
Housing, and Development*

Developer incentives lower the cost of residential construction and make affordable housing development more feasible. Incentives, such as density bonuses and impact fee waivers, can be provided to developers at no cost to local jurisdictions while infrastructure and public amenity improvements require financial investments by localities.

The Developer Incentives section of this report will focus on the following programs:

- Density Bonuses
- Impact Fee Waiver & Proportional Impact Fees





For more information:

County of San Diego
Department of Housing and Community Development

3989 Ruffin Road
San Diego, CA 92123

Phone: (858) 694-4877

Website:
www.sdcounty.ca.gov/sdhcd/organizations/developer_incentive.html

1.7. Density Bonuses

Density bonuses are granted for projects in which the developer agrees to include a certain number of affordable housing units. Essentially, for every one unit of affordable housing a developer agrees to build, a jurisdiction allows the construction of a greater number of market rate units than would be allowed otherwise. Most often, density bonuses vary from project to project and do not exceed a particular threshold (for instance, 20% of normal density) determined by local officials.

Highlights

- **Permits developers to build more units at a site than regular zoning allows.**
- **Provided in exchange for the developer's agreement to build affordable housing on site.**
- **Density thresholds (such as 20% of total density) are set by local jurisdictions.**
- **Bonuses can be provided at no cost to local governments.**

In Practice

San Diego, California. The County of San Diego has four specific density bonus policies.

The State Density Bonus Law allows a 25% increase in the number of housing units with the requirement that for the next 30 years, at least 10% of total units be reserved for very low-income households, or 20% of total units be reserved for low-income households, or 50% of total units be reserved for qualifying senior citizens.

The Affordable Housing for the Elderly Program targets senior citizens requiring that all units housing elderly persons reserve 35% of total units for very low-income elderly households. Although the increase in the number of allowable units is negotiated on a case-by-case basis, this policy allows up to 45 units per acre within designated areas.

The Mobile-home Park Density Bonus permits mobile home park developments a density of up to 8 units per acre within and beyond established urban service areas.

The Housing for Lower Income Families Program allows the development of low-income housing with up to 20 units per acre in designated areas, provided that all of the units are affordable to low-income families.





For more information:

City of Santa Fe
Division of Community
Development

200 Lincoln Avenue
Santa Fe, NM 87504

Phone: (505) 955-6568

Website:

[www.santafenm.gov/
community-services/
community-
development/
affordable-housing.asp](http://www.santafenm.gov/community-services/community-development/affordable-housing.asp)

1.8. Impact Fee Waiver and Proportional Impact Fees

Impact fees are one-time charges assessed on new developments to help pay for new or expanded infrastructure to serve them. Revenue collected through impact fees helps fund the expansion of water and sewer lines to the new development, the building of new or improvement of existing roads or sidewalks in the area, and the creation of public amenities such as parks or new schools.

Like all the other development costs, impact fees add to the final cost of housing. To make affordable housing projects more attractive to developers, many localities offer to waive the impact fees associated with developments which include affordable housing units.

Alternatively, a “proportional” impact fee program may be developed in which impact fees are adjusted according to the size of the housing unit or the location of the new housing. Larger homes and those located in outlying areas where infrastructure does not currently exist, usually command a higher fee than smaller, in-town units.

Highlights

- **Encourages affordable housing development by lowering developer costs.**
- **Makes affordable housing development more feasible in high-cost areas.**
- **Impact fees based on housing size, may encourage the development of smaller, less expensive housing units.**

In Practice

Santa Fe, New Mexico. Santa Fe offers impact fee waivers to private, for-profit, and nonprofit developers creating developments in which at least 25% of the units are affordable to low-income households. Fees are reimbursed or waived for the affordable units only once the developer certifies the sale price, size of unit, size of household, and the household income meet affordable standards.





SECTION 2. AFFORDABLE HOUSING PRESERVATION PROGRAMS

In rapidly growing areas such as the metropolitan Washington region, one of the greatest risks to the affordable housing stock is the conversion of existing affordable housing units to market-rate units. Affordable rental units are most at risk and are lost through a variety of means, such as condominium conversions and property renovations. Affordable single-family homes are lost when property taxes and strict housing code enforcement raises the cost of property maintenance above levels lower-income households can afford. And the affordability of both types of housing decreases as the costs associated with public services increase.



*Silo Hill
Emmitsburg, MD
Source: Interfaith Housing*

The following are descriptions of strategies local jurisdictions have implemented to help preserve affordable housing units in their jurisdictions.

- Tipping Fee Waiver Program
- Housing Rehabilitation Programs
- Multi-Family Improvement Programs
- Expiring Use of Federal Subsidies





For more information:

Frederick County
Department of Housing
and Community
Development

520 N Market Street
Frederick, MD 20701

Phone: (301) 694-1061

Website

www.co.frederick.md.us/Housing/affordable_housing_fee_deferral.htm

2.1. Tipping Fee Waiver Program

Tipping fees are assessed by local jurisdictions to cover the cost of landfill operations. Such fees can make the cost of homeownership unaffordable for many lower-income households, but can be minimized through the implementation of a tipping fee waiver program.

Highlights

- **No-interest deferral loan.**
- **Available to households earning no more than 40% of area median income.**
- **Loan is repaid upon sale of property, title transfer, or when it is no longer used as primary residence of applicant.**
- **May be applied to both new for-sale and rental properties.**

In Practice

Frederick County, Maryland. Frederick County's Tipping Fee Waiver Program is available for new residential projects which are sponsored by a nonprofit group. It is provided as a no-interest deferral loan on properties purchased or rented by households earning no more than 40% of area median income. Repayment of the loan occurs when the unit is resold, a transfer of title occurs, or the unit is no longer used as the primary residence of the applicant.





For more information:

Prince George's County Department of Housing and Community Development

9400 Peppercorn Place
Largo, MD 20774

Phone: (301) 883-5501

Website:

[www.co.pg.md.us/
Government/AgencyIndex/
HCD/PDF/
Single Fam Rehab
Brochure.pdf](http://www.co.pg.md.us/Government/AgencyIndex/HCD/PDF/Single_Fam_Rehab_Brochure.pdf)

2.2. Housing Rehabilitation Programs

Upkeep of old housing can be costly for low-income homeowners, especially the elderly who often rely on fixed incomes. In some areas, homeowner rehabilitation programs are available to low- and moderate-income households to assist them with indoor plumbing repairs, correcting health and safety issues, increasing energy conservation and preventive home maintenance. Assistance is usually provided as low-interest loans.

Highlights

- **Assist households with the costs of rehabilitation and maintenance.**
- **Available to low- and moderate-income homeowners.**
- **Assistance provided in the form of a low-interest loan.**

In Practice

Prince George's County, Maryland. Prince George's County Single Family Housing Rehabilitation Loan Assistance Program provides financial assistance to people of limited financial means for the purpose of upgrading older, substandard homes to contemporary minimum property standards. Funding for the program comes from a variety of sources including federal Community Development Block Grants (CDBGs) and HOME funds. All financial and construction management services are provided by the County's Housing Development Division.





For more information:

District of Columbia
Department of Housing
and Community
Development

801 N Capitol Street NE
Suite 8000
Washington, DC 20002

Phone: (202) 442-7200

Website:

http://dhcd.dc.gov/dhcd/cwp/view,a,1243,q,556258,dhcdNav_GID,1574,dhcdNav,32177,..asp#FHRLP

2.3. Multi-Family Improvement Programs

Older, multi-family structures are a good source of affordable rental housing. However, these buildings are also at great risk of being lost due to aging structural problems and property neglect. Many localities are now offering financial and technical assistance to property owners who cannot afford to upgrade their rental properties. In return, the owners agree to preserve some or all of the rental units for lower-income families. The assistance is generally provided as a low- or no-interest loan.

Tax abatement programs, in which tax increases due to property improvements are reduced for a number of years, can also be offered as an incentive to multi-family property owners.

Highlights

- **Corrects building code and safety issues in older rental properties.**
- **Low– or no-interest loans to property owners.**
- **Property tax abatements for property owners whose taxes increase due to property improvements.**
- **Technical assistance may be provided by localities.**
- **Assistance provided if owner agrees to preserve affordable rental units.**

In Practice

Washington, District of Columbia. The Department of Housing and Community Development (DHCD) administers a Multi-Family Rehabilitation Program (MFRP) that assists the acquisition and/or rehabilitation of multi-family properties of five or more units in the District of Columbia for both rental and homeownership purposes. The program is funded by federal CDBG and HOME funds along with the local Housing Production Trust Fund (HPTF). Projects for funding are competitively solicited twice a year through a Request for Proposal process. DHCD funds approximately 1,300 multi-family units annually through this process.

Projects with units assisted by the MFRP must be occupied by households earning 80% or less of the median income in metropolitan Washington. Affordability requirements vary depending on the specific project funding source.





For more information:

**[City of San Francisco
Redevelopment Agency](#)**

770 Golden Gate Avenue
San Francisco, CA 94102

Phone: (415) 749-2592

Website:

www.sfgov.org/site/sfra_page.asp?id=5607

2.4. Expiring Use of Federal Subsidies

Federally subsidized rental housing is a valuable resource for low-income families. Under a contract with the Department of Housing and Community Development (HUD), property owners provide reduced-rent units to very low-income households for a number of years (typically, 20 years). However, federal subsidies on an unprecedented number of apartments set aside for low-income tenants nationwide will expire between now and 2006. At the end of the contract period, owners of the rental properties have the option of converting the once subsidized units to market-rate rental housing. Such units are known as Expiring Use Housing. Localities may try to find additional funding to preserve expiring federal subsidized housing.

Highlights

- **Extends the life of affordable housing units for communities.**
- **Potential to adopt various affordable housing models to the property in order to keep the units affordable once the subsidy expires.**

In Practice

San Francisco, California. San Francisco guarantees lenders, owners, and purchasers of federally assisted housing that it will pay the difference between restricted rents and market rate rents if the federal government fails to provide Section 8 vouchers to existing properties. Restricted rents are the tax credit eligible or tax-exempt bond-eligible rents ranging between 45-60 % of the adjusted area median income. The program's success is attributed to local ordinances and code enforcement requirements, financial assistance for tenant organizing, substantial local funding, and efficient use of additional fiscal resources. The San Francisco Redevelopment Agency (SFRDA) also utilizes a leasehold structure where the city or SFRDA purchases the land under affordable housing developments and leases it to owners of the improvements for use as affordable housing for up to 99 years. This contributes to maintaining the developments' affordability as the federally-assisted developments are scheduled to be converted to market-rate housing.





SECTION 3. AFFORDABLE BUILDING DESIGN

Historically, affordable housing units have been built using inexpensive materials with little thought given to incorporating their exterior design into the surrounding community. This has resulted in buildings that stick out like sore thumbs and increase community objections to affordable housing projects due to concerns about lowered property values.



*Artists Lofts of Mt. Rainer, MD
Courtesy of: Prince George's County*

Recently, however, things have begun to change. Many localities are now requiring housing developers to construct affordable units that blend in with the market-rate units in new residential developments. Design concepts, similar to Fairfax County's Great House Concept in which affordable units are masked with a façade similar to the single-family units in the neighborhood, are popping up around the country.

Other attempts to control the cost of affordable housing development include adapting existing buildings to residential development. One development in Bloomington, Indiana, converted an old hotel into 40 affordable housing units. And green building design, while not always cost-efficient during construction, creates energy-efficient housing that lowers monthly utility bills making market-rate housing more affordable for moderate-income families over time.

This section will highlight and examine the following affordable housing design concepts:

- Great House Concept
- Adaptive Reuse
- Green Building





For more information:

**Fairfax County
Redevelopment and
Housing Authority**

3700 Pender Drive
Fairfax, VA 22030

Phone: (703) 246-5185

Website:
[www.fairfaxcounty.gov/
rha/greathouse/
greathouse.htm](http://www.fairfaxcounty.gov/rha/greathouse/greathouse.htm)

**Bloomington
Department of Housing
and Neighborhood
Development**

401 N Morton Street
Suite 130
Bloomington, IN 47404

Phone: (812) 349-3420

Website:
www.bloomington.in.gov/hand/

3.1. Great House Concept

Communities have often opposed new affordable housing developments because they feared the new units would not fit in with the surrounding architecture. Recent developments in affordable housing design are changing the way affordable housing looks.

In Practice

Fairfax County, Virginia. Great House is an innovative architectural design concept for Affordable Dwelling Units. It offers an effective alternative to the traditional townhouse options by providing an attached unit that blends in better with detached housing units. The exterior resembles the larger, single-family detached homes that neighbor the Great House; however, inside, the structure is divided into two or more individual units.



*Clarrington Homes at Edgemoor
Courtesy of: Fairfax County
Redevelopment and Housing Authority*

3.2. Adaptive Reuse

Adaptive reuse projects create new housing in existing buildings once used for commercial, public or industrial purposes. Housing created through adaptive reuse projects can be made more affordable than new, market-rate developments since infrastructure is generally already present at the site.

In Practice

Bloomington, Indiana. The Bloomington Department of Housing and Neighborhood Development (H.A.N.D.) partnered with the owners of a motel to rehabilitate the rooms into 40 efficiency apartments and four one-bedroom units. The renovations included adding kitchen facilities and cabinets, as well as new wiring and plumbing. The city invested \$156,000 from federal HOME funds that the owner must pay back if, after five years, the rents are increased to market-rate.





For more information:

U.S. Green Building Council

1015 18th Street, NW
Suite 508
Washington, DC 20036

Phone: (202) 828-7422

Website:

<http://leedcasestudies.usgbc.org/overview.cfm?ProjectID=188>

3.3. Green Building

Creating healthy indoor air quality, and utilizing renewable resources, green building designs use less energy than their conventional counterparts, which makes them more affordable to lower-income families in the long run. Smaller designs and alternative and salvaged building products rely less on precious resources and can cost less than traditional approaches.



*Colorado Court
Courtesy of: www.usgbc.org*

In Practice

Santa Monica, California. Colorado Court, a 44-unit building, is the first 100% energy neutral affordable housing project in the United States. Innovative, sustainable energy technologies developed for the project include a natural-gas turbine system providing the building's hot water needs and a solar panel roof system generating the energy for the building.



SECTION 4. FINANCIAL TOOLS FOR AFFORDABLE HOUSING AND PRESERVATION

Residential development can be costly, especially in urban areas. And developers' desires for high returns on their projects only add to the final price for consumers. However, there are ways to reduce the high cost of housing while insuring respectable profits for developers.

This section of the toolkit will highlight and examine the following financial tools used for affordable housing and preservation:

- Housing Trust Funds
- Tax Exempt Bonds
- Low-Income Housing Tax Credits
- Community Development Block Grants
- HOME Funds
- Dedicated Revenue Source



*Banneker Ridge, District of Columbia
Courtesy of: Coalition for Nonprofit Housing
and Economic Development*





For more information:

Washington Area Housing Trust Fund

777 N Capitol Street NE
Suite 300
Washington, DC 20002

Phone: (202) 962-3302

Website:
www.wahpf.org

4.1. Housing Trust Funds

Housing trust funds are powerful tools for providing locally targeted and managed assistance for affordable housing. The funds can have a variety of revenue sources, but among the most common are some portion of the local real estate transfer tax, penalties on late payments of real estate taxes, and fees on other real estate–related transactions. Each housing trust fund has a governing body that decides how the funds are used. Some support demand-side solutions, such as subsidizing the down payment on a home purchase by low- to moderate-income residents. Housing trust funds often address housing supply by providing financing, such as zero-interest loans or gap financing for affordable housing construction or preservation.

Highlights

- **Source of funding for affordable housing development or preservation.**
- **Low-interest loans to developers and non-profits.**

In Practice

Metropolitan Washington Region. The Washington Area Housing Trust Fund (WAHTF) is a housing loan fund that provides substantially below-market interest rate loans to nonprofit and for-profit affordable housing developers in the metropolitan Washington region. As of June 2005, the WAHTF has closed on seven loans totaling \$925,000 leading to the creation or preservation of 646 units of housing. Funding activities have a regional focus providing loans to projects in the District of Columbia, suburban Maryland and Northern Virginia.





For more information:

HomeStreet Capital

2000 Two Union Square
601 Union Street
Seattle, WA 98101

Phone: (206) 389-6303

Website:
[www.homestreet.com/
about/index.aspx](http://www.homestreet.com/about/index.aspx)

4.2. Tax Exempt Bonds

Tax-exempt bonds are issued by state and local governments, municipalities and other organizations and governmental units that are qualified by the Internal Revenue Code of 1986. Tax-exempt bond holders are exempt from federal taxation and generally from local taxation if the obligations are issued within the state of residence.

There are two types of bonds that can be used to facilitate affordable housing: affordable multifamily rental housing bonds (a type of private-activity bond) and 501(c)(3) bonds for nonprofit developers. There is a limitation on the total amount of tax-exempt multifamily rental housing bonds. Each state may issue tax-exempt bonds annually at a maximum of \$50 per capita or \$150 million for smaller states. There is also a cap of \$150 million on 501(c)(3) bonds that can be used by not-for-profit developers.

Highlights

- **Tax-exempt bond holders are exempt from federal taxation.**
- **Available for both for-profit and nonprofit developers.**

In Practice

Seattle, Washington. HomeStreet Capital, one of the Northwest's oldest multi-family and commercial real estate lenders, has provided \$2.6 million in financing to the Pike Place Market Preservation and Development Authority (PDA) for purchase of the Market House Apartments. HomeStreet purchased tax-exempt bonds issued by the PDA, which used the funds to acquire the property. PDA is a nonprofit, public corporation chartered by the City of Seattle in 1973 to manage 80% of the properties in the nine-acre Market Historical District.





For more information:

Arlington Housing Division

2100 Clarendon Boulevard
Suite 700
Arlington, VA 22201

Phone: (703) 228-3760

Website:
[www.ahcinc.org/
template.cfm?page=33](http://www.ahcinc.org/template.cfm?page=33)

4.3. Federal/State Low-Income Housing Tax Credits (LIHTC)

Created by the Tax Reform Act of 1986, the Low-Income Housing Tax Credits (LIHTC) program has been recently amended to give states the equivalent of nearly \$5 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to low-income households. LIHTC is typically used in multi-family housing developments, and the equity created by the sale of tax credits allows a reduction of the property's mortgage. This, in turn, allows the property owner to lower rents, making the property affordable to low-income households.

Some states also have LIHTC which typically work in the same manner as the federal program. In most cases, the LIHTC is used as the primary vehicle for production of new units or the rehabilitation of existing rental housing for low-income families. Without LIHTC, it would be economically impossible in most markets for developers to construct or rehabilitate affordable rental housing.

Highlights

- **Encourages private investors to provide equity for affordable housing development in return for federal tax credits.**
- **Housing credit properties are government properties.**

In Practice

Arlington County, Virginia. The Gates of Ballston is in the heart of Arlington County. Created as affordable housing for the growing federal workforce during the New Deal, its 465 units were purchased by the AHC, Inc., a non-profit housing provider, in 2002 through the help of a County credit facility. In 2004, AHC, Inc. refinanced the property with \$14.1 million in LIHTC equity and \$16.4 million in federal and state historic tax credit equity in addition to an \$8.5 million loan from the County. Renovations will begin in 2005.





For more information:

City of Alexandria
Office of Housing

301 King Street
Alexandria, VA 22314

Phone: (703) 838-4622

Website:

[http://ci.alexandria.
va.us/city/housing/
programs.html#RL](http://ci.alexandria.va.us/city/housing/programs.html#RL)

4.4. Federal/State Community Development Block Grants (CDBG)

Federal CDBG funds provide annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing affordable housing. Eligible grantees for federal CDBG funds include principal cities of Metropolitan Statistical Areas, other metropolitan cities with populations of at least 50,000, and qualified urban counties with populations of at least 200,000 (excluding the population of entitled cities).

States administer CDBG funds for non-entitlement areas. Non-entitlement areas include general local governments which do not receive CDBG funds directly from HUD as part of the entitlement program. These funds are used to provide housing and economic opportunities for low- and moderate-income persons and to develop and implement comprehensive revitalization plans in low- and moderate-income neighborhoods. Non-entitlement areas are cities with populations of less than 50,000 (except cities that are designated principal cities of Metropolitan Statistical Areas), and counties with populations of less than 200,000.

In Practice

City of Alexandria, Virginia. The City of Alexandria has a home rehabilitation loan program which enables low- and moderate-income owner-occupants to correct code violations and structural problems and to enhance the value and livability of their attached or detached single-family homes. It is funded with federal CDBG and HOME funds as well as city general funds.





For more information:

[City of Falls Church Housing and Human Services](http://www.ci.falls-church.va.us/services/hhs/housingservices.html)

300 Park Avenue
Falls Church, VA 22046

Phone: (703) 248-5005

Website:
www.ci.falls-church.va.us/services/hhs/housingservices.html

4.5. HOME

HOME is a federal program and provides formula grants to localities that communities use—often in partnership with local nonprofit groups—to fund activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low-income people. HUD establishes HOME Investment Trust Funds for each grantee, providing a line of credit that the jurisdiction may draw upon as needed. The program's flexibility allows states and local governments to use HOME funds for grants, direct loans, loan guarantees or other forms of credit enhancement, rental assistance or security deposits.

Highlights

- **HOME's flexibility allows different uses.**
- **Has a credit line that jurisdictions may draw from as needed.**

In Practice

City of Falls Church, Virginia. Using funds (\$50,000 per year) from the HOME program, the city provides rental assistance to low-income families, including those at risk of homelessness. Under the Tenant Based Rental Assistance (TBRA) program, income-eligible households receive a rent subsidy for up to 18 months, while also paying a portion of the rent. In addition, TBRA participants receive support services, such as budget counseling and health care referrals. Participants in the program are also encouraged to "graduate" into homeownership through the City's Affordable Dwelling Unit purchase program. The program incorporates an application preference for households with dependent children, city residents, and persons who work in the city.





For more information:

**Fairfax County
Redevelopment and
Housing Authority**

3700 Pender Drive
Fairfax, VA 22030

Phone: (703) 246-5185

Website:
[www.e-ffordable.org/
documents/One%
20Penny%20Final.pdf](http://www.e-ffordable.org/documents/One%20Penny%20Final.pdf)

4.6. Local Dedicated Revenue Source

Governments commonly use a dedicated revenue source to provide continuous funding for affordable housing initiatives in their communities. Dedicated revenue sources are frequently structured to direct funds into a housing trust fund. Generally, housing trust funds serve populations earning no more than 80% of the area median income.

Highlights

- **A continuous funding source.**
- **Distinct accounts receive dedicated sources of funds.**

In Practice

Fairfax County, Virginia. In April 2005, the Fairfax County Board of Supervisors approved the One Penny for Housing Flexibility Fund. This appropriation, equal to the value of one penny of the real estate tax, created a dedicated fund that will aid in the preservation of at least 1,000 existing affordable housing units by the end of 2007. The fund is also intended to be a critical, ongoing source for affordable housing development and preservation. It is expected that the program will generate approximately \$17.9 million in new funds.

The Fund does not replace, but supplements existing federal and state funding resources. Non-profit and for-profit developers receive financing through the Fund to acquire, rehabilitate, replace, or develop affordable housing in Fairfax County. The Fund also provides flexibility to finance a range of affordable housing needs as they change over time within the County.





SECTION 5. HOMEOWNER ASSISTANCE PROGRAMS

Owning a home is a dream shared by many families throughout our country. However, the ever increasing cost of housing in the metropolitan Washington region has placed homeownership opportunities out of reach for many local families. Since 2000, the average sales price of a home in our area has increased 72 % from \$225,091 to \$387,634¹. For housing to be affordable at this price², a family would need an annual household income of approximately \$105,316³.

As a result of these high prices, families are opting to move outside of the metropolitan region to areas where housing prices are lower. The consequences of these moves are far-reaching. Traffic congestion on the region's highways is increasing as more and more workers are forced to make their commutes via car. This, in turn, leads to poorer air quality in our area. Our region's economy is also impacted as families spend their income in localities outside of the area. Less noticeable is the effect the long commutes have on local workers and their families. As more time is spent driving to and from work, local employees have less and less time to spend with their families and friends, decreasing their overall quality of life.

Local officials and community leaders recognize the problems associated with high housing costs and are striving to increase homeownership options in their communities. The following pages offer descriptions of policies and programs implemented by jurisdictions, locally and nationally, to do just that. The homeownership opportunities created with the help of these programs are designed to assist families across a range of incomes. Although many of the programs have been created to serve the needs of a specific area, we hope that they may be adapted to suit your local needs.

This section of the report will highlight and examine the following homeowner assistance programs.

- Home Purchase Assistance
- Employer Assisted Housing/Live Near Your Work
- American Dream Down Payment Initiative (ADDI)
- Mortgage Credit Certificates

¹ Data collected from Metropolitan Regional Information System, Inc.

² The US Department of Housing and Urban Development defines affordable housing as those units that cost no more than 30 % of gross household income.

³ This figure is based on the monthly mortgage payment of a home purchased at the average sales price of \$387,634 with a 30 year mortgage, a 20 % down payment and 7.5 % interest rate. Monthly mortgage payment was calculated using PNC Bank Online Monthly Payment Calculator.





For more information:

District of Columbia
Department of Housing
and Community
Development

801 N Capitol Street, NE
Suite 800
Washington, DC 20002

Phone: (202) 442-7200

Website:

[http://dhcd.dc.gov/
dhcd/cwp/view.asp?
a=1243&q=556237&dhd
Nav_GID=&dhcdNav=
%7C32177%7C#HPAP](http://dhcd.dc.gov/dhcd/cwp/view.asp?a=1243&q=556237&dhdNav_GID=&dhcdNav=%7C32177%7C#HPAP)

5.1. Home Purchase Assistance

Home Purchase Assistance programs provide interest-free and low-interest loans to qualified low- to moderate-income homebuyers, which may be used for down payment or closing costs. In some programs, the loans are forgivable over a number of years as long as the property remains the applicant's primary residence for a given number of years.

Highlights

- **Provides down payment or closing cost assistance to qualifying homebuyers.**
- **Loans are low-interest or interest-free.**
- **Loans may be forgivable over a number years.**

In Practice

Washington, District of Columbia. The District of Columbia's Home Purchase Assistance Program loans are awarded to a limited number of applicants each year, depending on funds allocated in the department's budget. Loan amounts are determined by a combination of factors, including income, household size, and the amount of assets that an applicant can commit toward the purchase price of a home. In addition, all loan recipients are required to maintain their properties in compliance with D.C. housing codes.





For more information:

**City of Alexandria
Office of Housing**

301 King Street
Alexandria, VA 22314

Phone: (703) 838-4990

Website:
[http://
alexandriava.gov/city/
housing/
programs.html#HA](http://alexandriava.gov/city/housing/programs.html#HA)

5.2. Employer Assisted Housing/Live Near Your Work Programs

Employer Assisted Housing (EAH) is an employer provided benefit with the intention of assisting employees become homeowners. EAH programs include grants for down payment assistance, low-interest loans, matched dollar savings plans, credit counseling, homebuyer education, and much more. Public funding can be used to match the funds from employers.

Live Near Your Work Programs promote homeownership and encourage homebuyers to live near their place of employment or along transit lines. They are similar in design to EAH programs and often the two are combined.

Highlights

- **Motivates employees to stay at the place of employment.**
- **Encourages employees to purchase homes in specific neighborhoods.**
- **Reduces commuting costs.**

In Practice

City of Alexandria, Virginia. The City of Alexandria has an Employee Homeownership Incentive Program (EHIP), which provides deferred payment, 0% interest loans of up to \$5,000 to public employees who purchase homes in the city. The EHIP has neither income limits or first-time homebuyer requirements common in other homeownership assistance programs. The program does, however, have a housing purchase price limit of 1.33 times the average residential assessment, which in 2005 was \$587,600. The EHIP can also be utilized in conjunction with several other homeownership programs offered by the city.





5.3. American Dream Downpayment Initiative (ADDI)

This federally funded program was created to assist low-income, first-time homebuyers in purchasing single-family homes by providing funds for down payment, closing costs, and rehabilitation carried out in conjunction with the assisted home purchase.

For more information:

[Arlington County](#)
[Department of](#)
[Community Planning,](#)
[Housing & Development](#)

#1 Courthouse Plaza
2100 Clarendon Boulevard
Suite 700
Arlington, VA 22201

Phone: (703) 228-3760

Website:

**[www.arlingtonva.us/
departments/CPHD/
housing/housing_info/
CPHDHousingHousing_infoMIPAP.aspx](http://www.arlingtonva.us/departments/CPHD/housing/housing_info/CPHDHousingHousing_infoMIPAP.aspx)**

Highlights

- **Encourages home purchase.**
- **Assists low-income, first-time homebuyers.**

In Practice

Arlington County, Virginia. In fiscal year 2005, Arlington County has a \$145,800 ADDI grant available. This allocation augmented its current CDBG-funded Moderate Income Purchase Assistance Program (MIPAP) that offers down payment and closing cost assistance to low- and moderate-income, first-time homebuyers. The new program, called MIPAP Plus, was the third trust mortgage, combined with the MIPAP second trust. The total amount a household may receive is \$25,000.





For more information:

[City of Austin Housing Finance Corporation](#)

P.O. Box 1088
Austin, TX 78767

Phone: (512) 974-3100

Website:
www.ci.austin.tx.us/ahfc/first_home-map.htm

5.4. Mortgage Credit Certificates

The Mortgage Credit Certificate Program (MCC) gives homebuyers a “dollar for dollar” tax credit against federal income taxes up to 15% of annual mortgage interest. By effectively reducing monthly mortgage payments, MCCs give homebuyers greater ability to qualify for and support a mortgage loan. Program participants are subject to limits on maximum household income and maximum home purchase price. If the homebuyers’ tax liability is lower than their available MCC tax credit, they can carry forward the unused tax credit for three additional years.

Highlights

- **Available every year as long as mortgage payment is made.**
- **Tax reduction is taken into account when applying for a mortgage.**

In Practice

Austin, Texas. The City of Austin and the Austin Housing Finance Corporation are making home ownership easier by offering millions in Mortgage Credit Certificates (tax credits) for eligible first-time homebuyers. These tax savings are equal to 25 % of the annual interest paid on a mortgage loan. In other words, the tax credits can result in as much as \$2,000 in annual savings for a family.

The benefits of the Mortgage Credit Certificate program include:

- Qualified homebuyers have up to \$2,000 per year as added expendable cash.
- The tax credits are a direct reduction of taxes to be paid.
- A reduction in taxes is taken into consideration when qualifying for a mortgage loan.
- The tax credit is available to you every year as long as you own your home and make a mortgage payment.





SECTION 6. RENTAL ASSISTANCE PROGRAMS

Rental housing is an important component of healthy communities. Whether single-family homes or units in multi-family developments, rental housing can provide affordable housing alternatives for many members of our society from the new college graduate just entering the job market to the retiree downsizing from a large, single-family home.

In areas with rapidly growing economies such as the metropolitan Washington region, however, affordable rental homes become scarce. Pressure for housing from a growing workforce pushes rents to levels unaffordable to many of the region's families. According to the National Low Income Housing Coalition's report, *Out of Reach 2004*, a worker must earn \$47,480 per year to afford a two-bedroom apartment in the metropolitan Washington region¹. In 2003, approximately 41 % of the region's workers earned less than this amount².

Other factors also affect the supply of affordable rental units in the region. In many areas, property owners are opting to convert their rental units into condominiums. And properties that have retained their affordability status under contracts to receive federal housing subsidies are at risk of becoming market rate units as their contracts expire.

The following is a collection of tools that localities have employed in their efforts to preserve and produce affordable rental housing. Strategies range from the creation of special zoning districts and local housing trust funds to the acquisition of federal housing funds.

This section of the toolkit will highlight the following rental assistance programs:

- Housing Choice Voucher Program (Section 8)
- Local Rental Assistance Programs

¹ Figure is based on the Department of Housing and Urban Development's 2005 two-bedroom Fair Market Rent of \$1,187 and represents the amount of income needed to insure monthly rent is no more than 30 % of household income.

² Source: Bureau of Labor Statistics 2003 Wage and Employment Estimates.





For more information:

Orange County Housing and Community Services

10 Civic Center Plaza
Santa Ana, CA 92701

Phone: (714) 834-5400

Website:
www.ochousing.org/renter.asp

6.1. Housing Choice Voucher Program (Section 8)

The Housing Choice Voucher Program (HCVP), a federally funded rental assistance program, increases affordable housing choices for very low-income households by allowing families to choose privately-owned rental housing. Created in the 1970s, the Section 8 housing voucher program has grown into the dominant form of federal housing assistance. Low-income families use vouchers to help pay for housing that they find in the private market. The program is federally funded, but vouchers are distributed by a network of 2,600 state, regional, and local housing agencies. Each local housing agency gets federal funding each year based on the estimated cost of its vouchers in use and of its administrative costs. In addition, local agencies have access to certain reserves when costs change unpredictably over the course of the year.

Vouchers are a critical form of rental assistance for low-income families with children, the elderly, and people with disabilities. Once a family receives a voucher, it has at least 60 days to find housing. Due to shortages of affordable housing and some landlords' reluctance to accept vouchers, not every family is able to use its voucher. A family with a voucher is generally required to contribute 30 % of its income for rent and utilities. The voucher then pays the remaining rental costs, up to a limit (called a "payment standard") set by the housing agency.

Highlights

- **Allows families to choose privately owned rental housing.**
- **Allows voucher recipients at least 60 days to find housing.**

In Practice

Orange County, California. In Orange County, the lack of affordable housing is increasingly problematic for low-income residents. The Orange County Housing Authority is responding to the problem through landlord outreach activities that seek to educate them about the Housing Choice Voucher Program. These landlord outreach activities include conferences, a landlord newsletter, and a hotline.

The outreach activities have resulted in additional landlord participation and have been deemed a success in Orange County. Currently, additional owner participation led to an 80% tenant success rate and an overall 100% lease up-rate.





For more information:

Frederick County
Department of
Housing and
Community
Development

520 N Market Street
Frederick, MD 21701

Phone: (301) 694-1061

Website:
www.co.frederick.md.us/Housing/rental_allowance.htm

6.2. Local Rental Assistance Programs

Local rental assistance programs help low-income families pay their rent. The programs generally provide short-term assistance (up to six months) and may be used for emergency housing needs. Local rental assistance programs can help families move to self-sufficiency by providing assistance during critical periods of unemployment.

Highlights

- **Short-term rental assistance.**
- **Helps prevent families from becoming homeless in emergencies.**

In Practice

Frederick County, Maryland. Frederick County has a Rental Allowance Program, often referred to as RAP, which provides rental assistance payments on a short-term (six months) basis to low-income families or individuals who have critical and/or emergency housing needs. The goal of RAP is to assist people to move into self-sufficiency by providing transitional housing for a limited period.





SECTION 7: PROGRAMS FOR SPECIAL NEEDS POPULATIONS

Finding affordable housing can be a challenge for many families; however, it is especially daunting for homeless people and persons with physical or mental disabilities. The following pages present information related to federal and other programs that provide housing and supportive services to special needs populations.



*Arlington Assisted Living Residence
Courtesy of: Arlington County Community
Planning, Housing, and Development*

Programs covered in this section include:

- Housing Opportunities for People with Aids (HOPWA) Program
- Transitional Housing Programs
- Group Home Programs
- Single-Resident Occupancy (SRO) Developments





For more information:

U.S. Department of Housing and Urban Development

Website:
www.hud.gov/offices/cpd/aidshousing/programs/index.cfm

Prince William County Office of Housing and Community Development

15941 Donald Curtis Drive
Woodbridge, VA 22191

Phone: (703) 792-7531

Website:
www.pwcgov.org/default.aspx?topic=010065000100000528

7.1. Housing Opportunities for People with AIDS

The Department of Housing and Urban Development (HUD)'s Housing Opportunities for Persons with AIDS (HOPWA) Program provides housing assistance and related supportive services as part of HUD's Consolidated Planning initiative that works in partnership with communities and neighborhoods in managing federal funds appropriated to HIV/AIDS programs. Three-quarters of HOPWA formula funding is awarded to qualified states and metropolitan areas with the highest number of AIDS cases. One quarter of the formula funding is awarded to metropolitan areas that have a higher-than-average per capita incidence of AIDS.

7.2. Transitional Housing

Transitional housing programs provide emergency shelter as well as supportive services to help homeless individuals and families become self-sufficient. Transitional housing programs offer a wide range of services such as job training, child care, educational training and housing search assistance.

In Practice

Prince William County, Virginia. The Prince William County Dawson Beach Transitional Housing Program, named A Bridge to Independence, is administered by the County's Office of Housing and Community Development (OHCD). The two year, transitional housing program assists residents that are ready to move beyond emergency shelter and into a more independent living situation. The program has been able to provide unique services by developing local partnerships with organizations such as the Prince William County School Support Services Division. Through these partnerships and with OHCD services, the program is able to assist transitioning residents by providing ongoing support services, such as home management counseling, financial planning and budgeting services, educational development, and tutoring all aimed at individual and family needs that may complicate the housing transition.





For more information:

**Montgomery County
Department of Housing
and Community Affairs**

100 Maryland Avenue
4th Floor
Rockville, MD 20850

Phone: (240) 777-3600

Website:

www.montgomerycountymd.gov/dhctmpl.asp?url=/Content/DHCA/community/fed_prog.asp#group

**City of Oakland
Community and Economic
Development Agency,
Housing and Community
Development Division**

250 Frank Ogawa Plaza
Suite 5313
Oakland, CA 94612

Phone: (510) 238-3501

Website:

www.oaklandnet.com/government/hcd/policy/reports.html#sro

7.3. Group Homes

Group homes provide long-term housing and supportive services for many special needs populations, most generally individuals with mental or physical disabilities. For those who may be able to lead nearly independent lives, groups homes provide an affordable housing alternative to institutional care, while providing a supportive and structured environment.

In Practice

Montgomery County, Maryland. Montgomery County has a Group Home Acquisition Program. This provides funding to purchase properties by nonprofit organizations for use as group homes.

7.4. Single-Resident Occupancy

Another type of affordable housing is single resident occupancy (SRO). An SRO provides a small (140 square feet) private room for one individual, usually for homeless persons. Typically, each room is furnished with a bed, chair, and space for clothing storage. A desk, sink, small refrigerator and/or microwave may also be provided. Bathrooms, living rooms, kitchens, laundry facilities, and meeting rooms are often shared spaces.

Although once a common form of housing, SROs have largely disappeared—casualties of urban renewal. Recognizing the growing need for affordable, basic housing—particularly for single, very low-income individuals—Congress, as part of the McKinney Act, moved to reinvigorate the provision of SROs as one viable alternative to homelessness.

In Practice

Oakland, California. Oakland has lost a substantial number of SRO units in recent years due to both public and private redevelopment projects. The city's concern over further demolitions and conversions led to a strategy to preserve and upgrade the remaining 2,003 rooms in 25 hotels. The city adopted a Residential Hotel Rehabilitation Loan Program which provides owners of such properties with low-interest loans to correct code violations and enhance hotel livability. The maximum loan amount is \$15,000 per unit. Some of the rooms must be kept affordable and occupied by low-income persons for fifteen years.





For more information:

The Campaign for Affordable Housing

1000 Corporate Pointe
Suite 200
Los Angeles, CA 90230

Phone: (310) 642-2062

Website:
www.tcah.org

SECTION 8: EDUCATION/ADVOCACY

While low-cost housing is a necessity for many Americans, a social stigma is attached to such development. The negative reaction by individuals or organizations to unpopular proposals in their community is known as the “Not in My Backyard” (NIMBY) syndrome. Many communities associate affordable housing with reduced property values, increased crime, and loss of community character, which can influence how localities implement their affordable housing policies and programs. Public education programs and advocacy groups can spread information about the positive effects of affordable housing on local communities helping to dispel myths and garner support for such projects.

Grassroots Awareness

Grassroots awareness programs strive to change public perception of affordable housing at the neighborhood level. Resources are focused on educating the community about the benefits of affordable housing while combating the negative perceptions often held by local residents. The most effective campaigns frame the issue of affordable housing around the fact that housing is unaffordable for people with jobs in the service, hospitality and healthcare fields rather than focusing on the needs of the very poor. They also provide evidence of how affordable housing developments can enhance local communities, such as the potential for new economic development as businesses are attracted to the growing neighborhoods.

Public Service Announcements

Public service announcements, such as radio and television advertisements, are an effective way of reaching a wider audience than many grassroots advocacy organizations may be capable of. They also provide the opportunity for partnering with nontraditional allies who are highly regarded in the community, such as elected officials and business leaders, who may not otherwise work together. Combined with other materials, such as information pamphlets and flyers, public service announcements spread the message that affordable housing affects quality of life for everyone in a community.





APPENDIX



**Summary of Local Affordable Housing Programs Described in Toolkit
Metropolitan Washington Council of Governments Member Jurisdictions
2005**

Program Type	Virginia							City of Manassas Park		
	District of Columbia	City of Alexandria	Arlington County	Fairfax County	City of Fairfax	City of Falls Church	Loudoun County		Prince William County	City of Manassas
Affordable Housing Development										
Inclusionary Housing (zoning)										
Minimum Lot Sizes & Set-Backs				✓						
Affordable Housing Districts										
Infill Housing Development		✓			✓					
Expedited Permitting										
Affordable Dwelling Units (ADUs) or Moderately Priced Dwelling Units (MPDUs) Ordinance			✓ (ADU)	✓ (ADU)		✓ (ADU)	✓ (ADU)			
Density Bonuses		✓	✓							
Fee Waivers					✓					
Affordable Housing Preservation										
Fee Waivers										
Housing Rehabilitation Programs	✓	✓	✓	✓	✓					
Multi-Family Improvement Programs	✓	✓	✓					✓		
Expiring Use of Federal Subsidies	✓	✓	✓	✓			✓	✓		
Affordable Building Design										
Great House Concept				✓						
Adaptive Reuse			✓							
Green Building			✓							
Financial Tools										
Housing Trust Funds	✓	✓	✓	✓		✓	✓	✓		
Tax Exempt Bonds	✓	✓	✓	✓		✓	✓	✓		
Low Income Housing Tax Credits (Federal & State)	✓	✓	✓	✓		✓	✓	✓	✓	
Community Development Block Grants (Federal & State)	✓	✓	✓	✓		✓	✓	✓	✓	✓
HOME	✓	✓	✓	✓		✓	✓	✓	✓	✓
Local Dedicated Revenue Source	✓	✓	✓	✓		✓	✓	✓		

**Summary of Local Affordable Housing Programs Described in Toolkit
Metropolitan Washington Council of Governments Member Jurisdictions**

2005

Program Type	District of Columbia	Virginia						City of Manassas Park	
		City of Alexandria	Arlington County	Fairfax County	City of Fairfax	City of Falls Church	Loudoun County		Prince William County
Homeowner Assistance Programs									
Home Purchase Assistance	✓	✓	✓	✓		✓	✓	✓	S
Employer Assisted Housing/Live Near Your Work	✓	✓	✓	✓	✓				
American Dream Downpayment Initiative	✓	✓	✓	✓	✓	✓	✓	✓	
Mortgage Credit Certificates*									
Rental Assistance Programs									
Housing Choice Voucher Program (Section 8)	✓	✓	✓	✓	S	✓	✓	✓	✓
Local Rental Assistance Program			✓	✓		✓			S
Programs for Special Needs Populations									
Housing Opportunity for People with AIDS	✓	✓	✓	✓	S	✓	✓	✓	
Transitional Housing	✓	✓	✓	✓	S	✓	✓	✓	
Group Homes	✓	✓	✓	✓	S	✓	✓	✓	
Single Resident Occupancy			✓	✓		✓			

✓ - Indicates the Jurisdiction maintains and manages the specific affordable housing program

S - Indicates the city shares, in some capacity, resources or contributes to the management of the specific program with the city's respective county government

Note: The information presented in the matrix may not represent all of the affordable housing programs maintained by jurisdictions in the metropolitan Washington region. The information in the matrix was compiled by city and county planning or housing departments submitting information related to the housing programs they maintain.

**Summary of Local Affordable Housing Programs Described in Toolkit
Metropolitan Washington Council of Governments Member Jurisdictions
2005**

		Maryland							
Program Type	City of Bowie	City of College Park	Frederick County	City of Gaithersburg	City of Greenbelt	Montgomery County	Prince George's County	City of Rockville	City of Takoma Park
Affordable Housing Development									
Inclusionary Housing (Zoning)	S		✓ (MPDU)			✓ (MPDU)		✓ (MPDU)	
Minimum Lot Sizes & Set-Backs	S								
Affordable Housing Districts									
Infill Housing Development	S								
Expedited Permitting	S					✓			
Affordable Dwelling Units (ADUs) or Moderately Priced Dwelling Units (MPDUs) Ordinance	S		✓ (MPDU)			✓ (MPDU)		✓ (MPDU)	
Density Bonuses			✓						
Fee Waivers			✓			✓	✓		
Affordable Housing Preservation									
Fee Waivers			✓			✓	✓		
Housing Rehabilitation Programs	S		✓			✓	✓	✓	
Multi-Family Improvement Programs	S					✓			
Expiring Use of Federal Subsidies			✓			✓	✓		
Affordable Building Design									
Great House Concept									
Adaptive Reuse									
Green Building									
Financial Tools									
Housing Trust Funds			✓			✓			
Tax Exempt Bonds			✓			✓	✓		
Low Income Housing Tax Credits (Federal & State)			✓			✓	✓		✓
Community Development Block Grants (Federal & State)	✓		✓	✓	✓	✓	✓		
HOME			✓		✓	✓	✓		
Local Dedicated Revenue Source						✓			

**Summary of Local Affordable Housing Programs Described in Toolkit
Metropolitan Washington Council of Governments Member Jurisdictions**

2005

Maryland									
Program Type	City of Bowie	City of College Park	Frederick County	Gaithersburg	City of Greenbelt	Montgomery County	Prince George's County	City of Rockville	City of Takoma Park
Homeowner Assistance Programs									
Home Purchase Assistance		✓	✓		✓	✓	✓		✓
Employer Assisted Housing/Live Near Your Work	✓					✓			
American Dream Downpayment Initiative	✓		✓			✓	✓		
Mortgage Credit Certificates									
Rental Assistance Programs									
Housing Choice Voucher Program (Section 8)			✓			✓	✓		
Local Rental Assistance Program						✓			✓
Programs for Special Needs Populations									
Housing Opportunity for People with AIDS			✓	✓		✓	✓		
Transitional Housing	✓		✓			✓	✓		
Group Homes	✓		✓			✓	✓		
Single Resident Occupancy						✓	✓		

✓ - Indicates the Jurisdiction maintains and manages the specific affordable housing program

S - Indicates the city shares, in some capacity, resources or contributes to the management of the specific program with the city's respective county government

Note: The information presented in the matrix may not represent all of the affordable housing programs maintained by jurisdictions in the metropolitan Washington region. The information in the matrix was compiled by city and county planning or housing departments submitting information related to the housing programs they maintain.

**Support for the development of the
Toolkit for Affordable Housing Development
was provided by:**

Enterprise Foundation

Fannie Mae Foundation

**Metropolitan Washington
Council of Governments**

Meyer Foundation

**Morris and Gwendolyn
Cafritz Foundation**

Prince Charitable Trusts

SunTrust Bank



**Developed in 2005 by:
Washington Area Housing Partnership**

777 North Capitol Street, NE • Suite 300 • Washington, D.C. 20002

Tel: 202-962-3346

www.wahpdc.org