

LEVERAGING PUBLIC LAND FOR AFFORDABLE HOUSING IN NORTHERN VIRGINIA

A PRIMER



Dear Colleagues,

As our efforts to produce and provide adequate numbers of affordable housing units for Northern Virginia's low- and moderate-income households continue to fall short of what is needed, the Northern Virginia Affordable Housing Alliance (NVAHA) and our advocacy partners across the region continue to seek out innovative solutions. Over the past 15 years, the region has lost tens of thousands of market affordable units, and growth projections indicate that we not only need to stem the tide of this loss, but we need to be proactive in adding thousands more.

NVAHA and our partners maintain that jurisdictions need to be more creative by considering land use and regulatory tools that do not require additional capital outlays from already stretched public budgets. To that end, NVAHA has offered a series of reports exploring strategies that could positively impact the region's affordable housing challenges but are underutilized to date. The first, *Commercial Linkage Fees in Northern Virginia: A Primer* explored how proffer policies could leverage commercial development to create funds for the development of affordable housing for new workers.

This second report, *Leveraging Public Land for Affordable Housing in Northern Virginia: A Primer* explores how jurisdictions can command resources like surplus public land to create more affordable housing, and how to integrate those resources into broader community planning for meeting housing and other identified needs. These tools should be an important component of our region's future planning for creating and sustaining healthy and diverse communities.

We gratefully acknowledge Angie Rodgers of Peoples Consulting who authored this report and Shane Cochran for his photographs of the Arlington Mill Residences and The Station at Potomac Yards.

Sincerely,



Michelle Krockner

Executive Director

Northern Virginia Affordable Housing Alliance

OVERVIEW

For almost two decades Northern Virginia jurisdictions have enjoyed the kind of sustained growth that is not experienced in most areas of the country. This growth, and the challenges brought with it, require decision makers to think creatively about how to develop and maintain communities that are functional, healthy and inclusive.

Creating and preserving spaces for people with limited means has always been challenging, but as Northern Virginia has grown in recent years the challenge has become more acute. As a result, communities that value growth and diversity are continually searching for solutions that allow them to maintain both. An adequate supply of housing that is affordable to households with low and moderate incomes is a priority for these communities, but with the decline or elimination of federal funding, these developments can only be supported by a range of financing and policy tools adopted at the local level.

An increasingly attractive but underused tool is public land – parcels owned or controlled by local governments. Similar to linkage fees and proffers, tax increment financing, and zoning and policy changes, jurisdictions can use the land they control to achieve their affordable housing goals without imposing additional taxes and fees on their residents. For this reason, we add public lands to the list of tools/concepts for which the benefits are important to understand. To that end, this primer explores the key issues for the use of public land in meeting affordable housing and other community needs; some examples of how public lands have been used in the Washington metropolitan region; and implications for policies that could systematize the prioritization of public land for affordable housing and other public benefits.

WHAT DOES “PUBLIC LAND” MEAN?

Public land refers to any parcel that is owned or controlled by a government entity or jurisdiction.

For the purposes of this report, public land refers to ownership/control by a local government. The term “public land” is used here to refer to the universe of a jurisdiction’s surplus parcels, including land that is:

- Undeveloped
- Developed, but underutilized
- Vacant
- Neither used nor needed by the jurisdiction/its agencies

These parcels may be where existing schools, libraries, community centers, public hospitals, parking lots, fire stations, police stations, and/or agency headquarters are located. A jurisdiction may or may not have a process to determine whether a parcel of land is surplus (either in whole or in part) and can be considered for other uses. The term is used in this report, however, to refer to parcels that meet the criteria above, regardless of whether a policy, protocol or process has deemed the parcel to be surplus.

WHY PUBLIC LAND?

There are a number of challenges that urge us to consider solutions like utilization of public land to meet community needs. In the high-cost, high-growth jurisdictions of Northern Virginia, housing for low and moderate income households is insufficient to meet the need. Households are forced either to spend more for their housing than what is considered affordable - creating an untenable situation and putting them at risk of losing their housing - or move to the exurbs where housing is less expensive but far from jobs and public transportation.

Further, vacant land to locate new housing is scarce in close-in communities in Northern Virginia where job centers and public transportation are located. As the region experiences job growth, where to locate new housing to meet the needs of low income

households is a challenge. Public land can provide an opportunity to introduce new affordable housing into these areas. In conjunction with other affordable housing development tools, public land can also be a significant tool to develop affordable housing for households with extremely low incomes - those earning less than \$25,000 annually. These development tools may include low income housing tax credits, commercial impact fees, and gap financing from a local housing trust fund.

Also, consider that time, growth and changing ideologies about how to create healthy communities have forced jurisdictions to become more effective with their resources. For example, as communities increasingly embrace smart growth principles and value walkability and accessibility as components of healthy neighborhoods, ideas about the proximity of necessities (housing, schools, hospitals) to amenities (retail, open space) have changed. To achieve maximum utilization of land in the higher-cost inner suburbs, communities are embracing co-location in some instances rather than traditional zoning that promotes separation of uses. In other words, communities are becoming more amenable to co-locating uses in part because growth has forced them to adapt, and because it makes sense as we move toward developing more walkable, accessible communities that promote healthier lifestyles.

HOW DOES IT WORK?

Best practices would call for a jurisdiction to have an adopted policy with a relevant set of criteria to identify vacant or surplus land as suitable for a public use. In the absence of a formal policy, jurisdictions typically follow some process (even if it is ad hoc, or reactive as opposed to proactive) to consider and dispose of the land. Some combination of the following is typically proposed:

- Developing vacant sites;
- Developing at a higher density on existing sites;

- Co-locating a new use (such as housing) with existing uses; and/or
- Disposing of the land at zero or a discounted cost to promote use of the land for public benefits like the development of affordable housing.

According to a 2012 report by the Coalition for Smarter Growth, “Public Land for Public Good,” the best processes:

- are transparent about how parcels are designated as surplus;
- are clear about the steps between surplus and disposition; and
- prioritize the land for a public benefit, i.e. affordable housing.

KEY ISSUES

CREATING AN INVENTORY

The absence of an inventory is one of the main barriers to a transparent process for allocating a jurisdiction’s surplus parcels to an alternate use. An inventory maps the universe of a jurisdiction’s resources and matches them to identified community needs. Without the ability to look comprehensively at what is available, planning for surplus properties can be opportunistic and piecemeal, and may not result in the best distribution of resources across needs. The worst case scenario would be a jurisdiction with no plan for the adaptive reuse of their sites. A good inventory will not only catalog properties that are vacant, but also identify properties that may be occupied but have significant amounts of unused square footage, as well as properties with unrealized development potential. Finally, an inventory adds transparency to the process and the criteria used to categorize a parcel as surplus.

ESTABLISHING A TRANSPARENT PROCESS FOR FEASIBILITY & VALUATION

After identifying and cataloguing properties, jurisdictions need clear methods for:

- Establishing a property's value;
- Determining the range of feasible uses;
- Establishing a process by which alternative uses may be proposed;
- Comparing the value of the benefit provided by each proposed use versus the value of the property; and
- Establishing criteria for deciding between competing proposals.
 - It is at this stage of the process that affordable housing and other community advocates often weigh in, making the case that surplus properties should be used to create additional affordable housing capacity unless or until such a use is proven infeasible because the space does not work for that use, the development is not financially feasible, or there is no interest in the site by any entity that would seek to use it for residential development.

CO-LOCATION

Co-location is an important option in evaluating public land because it expands the considerations a jurisdiction has beyond vacant properties. When existing, occupied sites that may be underutilized are included, many more properties can be considered in developing an inventory. Co-location gives jurisdictions the opportunity to improve utilization of valuable space while also meeting community development goals.

Co-location with school facilities is discussed frequently in communities experiencing both declining and increasing school populations. Communities with declining populations may seek operating efficiencies while also making sure that as many children as possible have a quality school close by. Those communities

with burgeoning school populations struggle to address student population growth using their existing spaces. In many Northern Virginia communities, affordable housing and fluctuating school populations are the top challenges, and so community conversations about co-location often focus on opportunities and issues associated with merging these two uses. More efficient school design, such as more urban models that promote two story buildings and better utilization of parking space, provide opportunities for co-locating schools with other uses, for example housing for new teachers.

The key issues of creating an inventory and establishing transparent processes detailed in this report can help communities determine potential sites and uses as possibilities for co-location. This can become complicated, however, if (as is the case with schools and housing) the deciding entities are two different governing bodies.

As previously indicated though, community attitudes regarding compact development, sustainability, walkability and mix of uses are evolving, and we see a greater acceptance of these smart growth practices. These new perceptions align with thinking differently about the built environment, and this can pave the way for greater acceptance of co-location in concept. In addition, a public process that includes citizen participation can assist communities with decisions and build consensus regarding where and in what combination these types of developments make sense.

PUBLIC LAND FOR AFFORDABLE HOUSING – SET ASIDES & AFFORDABILITY TARGETS

In Northern Virginia's high-cost communities, affordable housing is one of the most pressing challenges, and debate about the use of public land often focuses on prioritizing these resources for affordable housing. How much affordable housing, though? Affordable to whom? And at the cost of giving up what other valuable public benefits?

Public land can be an important tool in the arsenal of resources a jurisdiction uses to tackle its affordability issue. Localities can and should plan to use public land to meet affordable housing goals in the same way that they employ the use of other tools (e.g. gap financing, developer contributions, density bonus, etc.), to determine how many units they are likely to obtain, and at what levels of affordability. Many jurisdictions have adopted housing policies, goals and targets, and should use these guidelines to set minimum thresholds for numbers of affordable housing units on the sites they have available, and the levels of affordability needed on those units. Later this report will look at a public lands bill being proposed in the District of Columbia, but even prior to that bill, the District set expectations that 30 percent of housing being developed on public land in its downtown/waterfront area was to be affordable, half to households with income below 80 percent of area median income (AMI), and half to households with income below 50 percent of AMI. Establishing goals for set asides and levels of affordability does the following:

- Provides minimum expectations for entities that might be proposing an alternative use of a public parcel;
- Allows the jurisdiction to project what they are likely to obtain from the disposition and/or redevelopment of their property;
- Introduces the possibility of being able to reward developers in the process who propose affordable units above the minimum thresholds, particularly developers who may offer a residence at or near 100 percent affordable.
 - Coupling this with other resources can leverage other public investments. Using public land may result in a request for less gap financing from public coffers, or the utilization of those funds to serve households at lower incomes than could have otherwise been realized.

- Helps jurisdictions achieve transparency goals associated with disposing of public parcels in accordance with known priorities.

PUBLIC LAND FOR AFFORDABLE HOUSING AS AN ECONOMIC AND WORKFORCE DEVELOPMENT TOOL

Integrating public lands into their comprehensive planning for affordable housing allows jurisdictions to meet other goals such as progress in economic and workforce development for which housing support is a principal component of success. An inventory will tell a jurisdiction the extent to which they have surplus or underutilized space suitable for housing development necessary to attract commercial growth in priority revitalization corridors. Set asides and affordability targets provide a roadmap for housing residents that can also serve the workforce needs of that area. This serves the interests of employers as well who would benefit from additional housing for their employees near job centers.

LOCAL PRACTICES

Even without formal policies in place, the disposition of public land that includes the development of affordable housing is occurring. As jurisdictions recognize the need to more formally integrate a broader range of policies and tools that address growing affordable housing needs, they are looking to refine their inventories of public land and set some parameters for how this resource can be used. The public dispositions that have occurred and the policies currently under consideration can be instructive for all jurisdictions considering this option.

The City of Alexandria's Station at Potomac Yard project is a prime example of both use of public land for affordable housing and co-location. The project sits on land donated by the developer of the surrounding site. The city, along with its development partner, Alexandria Housing Development Corporation, used it to co-locate a fire station, retail development and 64 units of

affordable housing. Forty-four units are designed for households at or below 60 percent of AMI and twenty units are designated as workforce housing, serving households at 80 percent of AMI. The city's recently approved Housing Master Plan cites the project as a best practice and recommends the adoption of a policy to maximize public land for affordable housing. The plan recommends implementation of such a policy over the next 4 – 6 years, and includes developing criteria for determining which city sites are appropriate for housing, creating an inventory, creating a policy to prioritize housing in city land dispositions, and engaging development partners to reposition the properties.

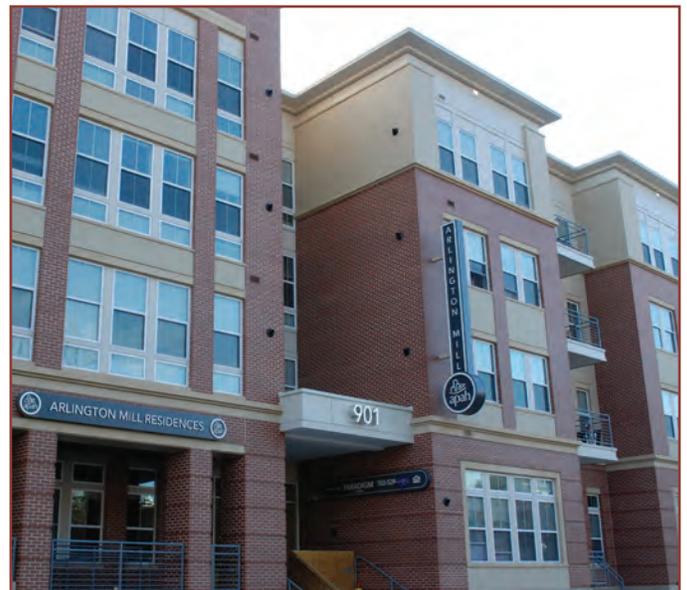
Notably, the Alexandria Redevelopment and Housing Authority is currently seeking development partners to redevelop seven of its existing sites, with plans to replace the existing affordable units, but not necessarily to create any additional capacity. This is an example of an institution other than the local legislative body having responsibility for the public land in question. Collaboration between the city government and the housing authority is needed to ensure that the resulting redevelopment meets shared housing goals and maximizes this community resource.



The Station at Potomac Yard, Alexandria

Arlington County's Arlington Mill provides another example of the use of public land to develop affordable housing co-located with a complementary use that serves the residents on site, as well as the broader community. This was accomplished through a partnership between the County and the Arlington Partnership for Affordable Housing who developed the Arlington Mill Residences - 122 units of affordable housing adjacent to the new Arlington Mill Community Center. One hundred percent of the units serve households at or below 60 percent of AMI, with thirteen of the units providing permanent supportive housing for formerly homeless persons and vulnerable families. The developer's CEO noted that the Residences were able to serve many more very and extremely low-income families because the discounted, long-term lease for this public land dramatically reduced development costs.

At a December 2013 meeting, the Arlington County board instructed the county manager to identify three to five publicly-owned sites where affordable housing could be built in the next 10 years. This directive aligns with work currently being done on a county-wide housing study which is due to be completed in a year. Like Alexandria's Housing Master Plan, it is anticipated



Arlington Mill Residences, Arlington

that use of county-owned land for affordable housing development will be one of the study's recommendations.

Fairfax County's Residences at the Government Center is an example of using public land to develop affordable housing that meets county workforce development goals. The county and its private development partner, The Jefferson Apartment Group, envision the project as fulfilling county goals to provide more workforce housing for moderate income county residents, but with a specific focus on the county's government center employees who could live within walking distance of their jobs. This development will provide 270 units of housing on the grounds of the county's government center with 100 percent of the units affordable to households earning no more than 60 percent of AMI. The Residences at the Government Center has applied for Low Income Housing Tax Credits and if awarded, will begin construction in the summer 2014.

The **District of Columbia** Council is considering a bill that would require a 20 percent set aside when public land is sold or leased for the development of at least 10 residential units. The requirement increases to 30 percent if the parcel is near a metro station, the streetcar line or a major bus route. Rental units must be affordable to households with incomes at 30 and 50 percent of AMI. Homeownership units must be affordable to households with incomes at 50 and 80 percent of AMI. The affordability requirement can be waived if the District's Chief Financial Officer certifies that the minimum requirement is not achievable. Alternatively, developers would need to comply with whatever level of affordability the CFO determines is feasible. This proposal is more aggressive than the recently implemented inclusionary zoning law, which requires an 8 - 10 percent set aside, but is consistent with the city's requirement for residential development on public lands at the Anacostia waterfront, where the requirement was initially 30 percent and later dropped to 20 percent.

Advocates working with the council to craft the bill had the following major concerns, which are instructive for other jurisdictions considering similar policies (either formal or informal):

- Set a minimum requirement that will meaningfully address housing needs and goals, but will not deter development. DC advocates examined a San Francisco law that mandated all public land be used to develop supportive housing for homeless persons. This mandate was so restrictive that no proposals were advanced to develop on the available parcels.
- Ensure adequate vetting of development feasibility and value on the front end of the disposition process, and evaluation of proposals on the back end, either by government or a third party. This is particularly important if a parcel does not attract any offers to develop at the minimum/threshold goals. The District's plan for the Anacostia waterfront evolved as their initial policy of a 30 percent set aside was later reduced to 20 percent when developers countered that the 30 percent was not feasible. Housing advocates maintained that lack of rigorous financial analysis at the local government level meant that results on the waterfront were largely developer-driven, and without proper analysis it was impossible to conclude that the 30 percent set aside could not be achieved.
- Establish methods for promoting accountability and/or enforcement to ensure that what is promised is actually delivered and/or there are consequences for non-compliance.
- Establish a fail-safe option to revisit a plan if the requirements prove legitimately prohibitive. As previously indicated, the proposed District law designates the CFO as that entity who must certify that the requirement is, in fact, infeasible on any particular parcel.

CONCLUSION

Although public land is not yet widely used in the region for the development of affordable housing, some innovative policies have been more widely adopted. With linkage fees and proffer policies, jurisdictions have either required or encouraged private sector partners to contribute set asides of affordable units or funding. Utilizing public land allows localities to leverage their own resources to advance community goals. Maximizing opportunities to develop public land is a tool that local governments are actively considering. To the extent that these jurisdictions identify affordable housing as their main challenge, they should:

- Establish criteria and a process for designating public land parcels as surplus, available for development/redevelopment for some other use;
- Create and maintain an inventory of surplus properties;
- Integrate public land inventories and processes into other comprehensive planning processes for meeting community needs;
- Establish a policy that prioritizes the development of affordable housing on all surplus land where it is feasible to do so;
- Set expectations for minimum amounts of housing to be created and levels of affordability;
- Designate qualified government staff or a third party to evaluate properties and proposals for their use; and
- Seek community input regarding co-location to set expectations about how this might be considered when evaluating properties and considering proposals for alternate uses.

SELECTED RESOURCES

REPORTS AND PAPERS

Coalition for Smarter Growth, *Public Land for Public Good: Making the Most of City Land to Meet Affordable Housing Needs*, 2012

MEDIA

Washington City Paper. “McDuffie Bill Would Require Affordable Housing in Public Land Development.” Available at www.washingtoncitypaper.com/blogs/housingcomplex/2013/12/02/mcduffie-bill-would-require-affordable-housing-in-public-land-development.

The Washington Post. “Activists Push for Affordable Housing on Public Land in Arlington.” Available at www.washingtonpost.com/local/activists-push-for-affordable-housing-on-public-land-in-arlington/2013/12/17/b91bd26c-6768-11e3-a0b9-249bbb34602c_story.html.

ARL Now (Local News Now, LLC). “County to Identify Public Land for Affordable Housing.” Available at www.arlnow.com/2013/12/18/county-to-identify-public-land-for-affordable-housing.

WEB

Online Guide to State and Local Housing Policy Toolbox. Available at www.HousingPolicy.org.



www.nvaha.org