Northern Virginia Preservation Study

To Address Housing Affordability Challenges as a Result of Amazon HQ2 at National Landing

June 2020

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INTRODUCTION

On November 13, 2018, after a highly visible and exhaustive national search conducted by Amazon, Governor Ralph Northam announced that Arlington, VA (National Landing) had been chosen as one of two sites for HQ2.

The winning proposal from Arlington and Alexandria was a collaborative effort among several state and local participants. Their prospectus demonstrated how the proposed location had invested resources and implemented strategies to create a thriving transit-oriented, compact, mixed-use community called for in the national search. While Amazon's HQ2 brought significant investments in transit and infrastructure to National Landing, concerns were raised about the impact of this force multiplier on growth and housing affordability, at the local level and throughout the Greater Washington region.

In early 2019, Virginia Housing convened a group of stakeholders in real estate development, finance, economic development, local and state government agencies and the human service sector to discuss potential challenges to housing, in particular the threat to older market affordable developments in south Arlington and Alexandria near the HQ2 site. Virginia Housing also announced that $75 million would be provided to jurisdictions in Northern Virginia over a five-year period ($15 million per year) to provide additional support for preserving housing in this high-cost area.

To gain a better understanding of conditions within a 20-minute drive of HQ2, Virginia Housing commissioned a market analysis to identify and prioritize affordable rental properties at risk of being lost from the affordable stock, and develop a series of best practices targeted to preserving different types of properties in the region.

The result was the *Northern Virginia Rental Housing Preservation Study*, a report to assist the region's leaders with key decisions identifying areas most impacted by HQ2, and how best to allocate additional resources for affordable housing preservation.

The report consists of three separate sections focused on data and analysis in Alexandria, Arlington and Fairfax County inside the Beltway – the areas closest to HQ2 and most likely to be impacted first. The following is a brief synopsis of each section which includes:

Monitoring the Affordable Housing Stock: A Summary of Local Databases

This section provides a comprehensive analysis of housing needs in Northern Virginia based on a thorough review of recently completed work on the same subject by the Metropolitan Washington Council of Governments Regional Housing Initiative and a parallel study from the Urban Institute, both published in 2019. Included is an overview of the affordable housing rental databases for the three jurisdictions - looking at inventories, preservation policies and providing recommendations for improved monitoring and data collection processes.

Typology of Affordable Rental Housing Loss and Risk Criteria

This section examines the pathways through which affordable housing can be lost, and develops a list of conditions or characteristics for identifying 'at-risk' properties. Then, working with local jurisdictions, these criteria were applied to existing databases of market affordable (naturally occurring) properties and ranked according to their level of risk. A spreadsheet of addresses is included with a map of identified properties.

Preservation Toolkit: Local Strategies, Best Practices and Approaches

This section reviews a list of funding, planning and fiscal tools to be considered as preservation strategies. Examples include strategies adopted in the metro Washington region as well as best practices employed in other areas of the country.

Amazon's decision to locate HQ2 at National Landing has created an unparalleled opportunity for growth and development in our region, bringing millions of dollars in tax revenue and robust job growth. The announcement of the Virginia Tech Innovation Center planning to locate less than a mile from the new headquarters is an example of that. As a region, we must be intentional in our actions and our policies to ensure that no one is left behind in this newly acquired prosperity.

The *Northern Virginia Rental Housing Preservation Study* provides valuable analysis and guidance for how local jurisdictions can collaborate to ensure that low and moderate income households can find safe, decent housing opportunities that are affordable and benefit from the prosperity that HQ2 brings.

We want to acknowledge the excellent research and analysis by LSA in producing this report. We also thank the Northern Virginia Affordable Housing Alliance for their partnership in helping to frame the scope of the study and coordinate with LSA on the scheduling and completion of the study.

PART ONE - MONITORING THE AFFORDABLE HOUSING STOCK: A SUMMARY OF LOCAL DATABASES

Housing Needs in Northern Virginia

There has been a tremendous amount of research into housing needs in Northern Virginia, both by individual jurisdictions as well as by regional organizations. In September 2019, the Urban Institute released a comprehensive analysis of current and future housing needs in the Washington DC region[i], reporting data out for the District of Columbia, as well as individual jurisdictions in Maryland and Virginia. These estimates of housing need are based on a thorough review of public data sources, coordination with local government staff and in collaboration with the Greater Washington Partnership and JPMorgan Chase, as well as with the Metropolitan Washington Council of Governments (MWCOG).

Current Housing Gaps

According to the Urban Institute's estimates, the Northern Virginia jurisdictions of the City of Alexandria, Fairfax County (including the cities of Falls Church and Fairfax) and Arlington County[ii] have significant gaps is the supply of housing that is priced below $1,300 a month (generally affordable to a household earning $52,000 per year or about 50% of area median income).

Housing Units, Needs, and Gaps by Housing Cost Band by Jurisdiction, 2015

		Number of Units by Monthly Cost					
	Total	$0–$799	$800–$1,299	$1,300–$1,799	$1,800–$2,499	$2,500–$3,499	$3,500+
		City of Alexandria					
Total households (occupied units)	71,200	6,500	10,600	21,400	17,200	9,900	5,600
Vacant units (non-seasonal)	4,100	200	400	1,300	1,600	300	300
Vacant units (seasonal or other)	3,200						
Total units	78,600	6,600	11,000	22,800	18,800	10,200	5,900
Households by cost needs	71,200	13,900	15,400	15,800	12,900	8,200	4,900
Homeless HH needing aff. hsg.		100					
Housing needs gap or (surplus)		7,400	4,400	(7,000)	(5,900)	(2,000)	(1,000)
		Arlington County, Virginia					
Total households (occupied units)	103,800	6,800	14,300	23,200	28,400	19,400	11,600
Vacant units (non-seasonal)	4,800	300	200	1,000	1,600	1,100	500
Vacant units (seasonal or other)	5,000						
Total units	113,600	7,100	14,500	24,300	30,000	20,500	12,200
Households by cost needs	103,800	16,700	18,600	20,600	21,900	15,500	10,400
Homeless HH needing aff. hsg.		100					
Housing needs gap or (surplus)		9,700	4,100	(3,700)	(8,100)	(5,000)	(1,800)
		Fairfax County, City of Fairfax, and City of Falls Church, Virginia					
Total households (occupied units)	418,400	45,700	50,200	88,700	105,900	78,500	49,400
Vacant units (non-seasonal)	11,100	400	300	2,900	4,500	1,500	1,600
Vacant units (seasonal or other)	8,700						
Total units	438,200	46,100	50,500	91,600	110,300	80,000	51,000
Households by cost needs	418,400	77,900	70,000	82,000	84,700	61,900	41,900
Homeless HH needing aff. hsg.		500					
Housing needs gap or (surplus)		32,300	19,500	(9,600)	(25,600)	(18,100)	(9,100)

Source: Urban Institute, Table A.2

Future Housing Needs

The report also analyzed future housing needs based on forecasts of employment growth and demographic change in the Washington DC region. These household forecasts include estimates of housing needed for difference income groups:

Lowest (up to 30% of area median income)
Low (between 30 and 50% of area median income)
Low-middle (between 50 and 65% of area median income)
Middle, High and Highest (above 65% of area median income)

Net Additional Households Projected by Income Level between 2015 and 2030 by Jurisdiction

Income level	District of Columbia	Charles	Frederick	Montgomery	Prince George's	Alexandria	Arlington	Fairfax	Loudoun	Prince William	Region
Lowest	8,500	4,200	5,300	11,500	8,500	2,700	3,500	10,800	4,200	7,000	68,000
Low	7,000	3,400	5,900	10,100	8,700	2,300	2,800	9,300	4,000	7,900	61,000
Low-middle	5,100	2,100	3,300	7,000	5,800	1,400	1,800	7,700	3,100	5,100	42,000
Middle	13,500	5,500	6,300	9,800	5,700	2,300	3,500	14,600	9,000	8,400	78,000
High	15,800	3,200	3,600	8,000	5,100	2,500	4,700	15,900	10,500	5,800	75,000
Highest	15,400	900	1,200	1,200	600	1,700	3,700	6,300	6,000	2,100	39,000
Total	65,400	19,300	25,600	47,500	34,300	12,900	20,100	64,600	36,900	36,400	363,000

Source: Urban Institute, Table A.3

Preservation

Finally, the Urban Institute researchers also documented the number of federally subsidized units in each jurisdiction, along with estimates of the number of naturally occurring affordable housing (NOAH) units in each jurisdiction. NOAH units were defined as units renting for less than $1,300 per month.

Estimated Housing Units with Federal Subsidies, 2018

Subsidy type	Alexandria	Arlington	Fairfax	Loudoun	Prince William
Public housing	666	0	750	0	0
Public housing and other subsidies	36	0	24	0	0
Section 8 only	1,103	365	1,223	0	263
Section 8 and HUD mortgage (FHA or Section 236) only	0	114	885	0	229
Section 8 and other subsidy combinations	24	551	1,332	191	0
Total with deep subsidies	*1,829*	*1,030*	*4,214*	*191*	*492*
Low income housing tax credit only	1,262	3,505	4,192	2,154	3,690
Low income housing tax credit and other subsidies	207	461	832	299	1,251
HOME only	0	0	115	0	12
Rural housing subsidy only	0	0	0	0	0
HUD-insured mortgage only	0	0	18	0	0
All other subsidy combinations	0	0	130	0	120
Total federally subsidized units	3,298	4,996	9,501	2,644	5,565

Source: Urban Institute, Table A.5

Number of Rental Units in Buildings with 5 or More Units, Renting for Less than $1,300, 2015

		Age of Unit		
Jurisdiction	Total	0–30 years	30–60 years	More than 60 years
District of Columbia	63,700	9,300	24,500	29,900
Montgomery	25,800	5,700	14,400	5,700
Prince George's	49,300	9,100	30,200	10,000
Frederick	6,300	1,700	3,600	1,100
Charles	2,400	1,000	1,000	300
Arlington	8,200	1,800	3,200	3,200
Alexandria	8,600	800	5,500	2,200
Fairfax, Fairfax City, Falls Church	16,500	4,000	10,800	1,800
Loudoun	3,400	2,000	1,100	300
Prince William, Manassas, Manassas Park	9,900	3,400	5,600	900
Washington, DC, Region	**194,000**	**39,000**	**100,000**	**55,000**

Number of Rental Units in Buildings with 1-4 Units, Renting for Less than $1,300, 2015

		Age of Unit		
Jurisdiction	Total	0-30 years	30-60 years	More than 60 years
District of Columbia	25,600	2,600	6,300	16,700
Montgomery	9,400	1,500	4,800	3,100
Prince George's	12,500	1,600	5,800	5,000
Frederick	5,700	800	2,000	3,000
Charles	2,800	600	1,600	600
Arlington	2,300	400	800	1,100
Alexandria	2,000	300	800	1,000
Fairfax, Fairfax City, Falls Church	8,200	1,500	4,700	2,000
Loudoun	3,200	700	1,400	1,000
Prince William, Manassas, Manassas Park	4,200	1,200	2,100	900
Washington, DC, Region	**75,000**	**11,000**	**30,000**	**34,000**

Source: Urban Institute, Tables A.6, A.7

Overview of Affordable Rental Housing Databases

Arlington County

Background

Arlington County tracks the inventory affordable housing on an annual basis. The Department of Community Planning, Housing and Development uses CoStar data to maintain an inventory of market affordable housing at various levels of affordability. The information is used to track performance of affordable housing goals and indicators that were created from the County's Affordable Housing Master Plan.

Data Sources

Arlington County monitors rental housing affordability using CoStar data. Each fiscal year, County staff from the Department of Community Planning, Housing and Development pull data from CoStar and create an inventory of rental units in the County. The inventory includes data on the number of units by size (number of bedrooms), rent levels by unit size, property type (garden, low-rise, mid-rise, etc.), vacancy rates, property address, and ownership/management information.

Existing Processes and Reporting

Using the CoStar data, market affordable units (MARK) are isolated within the data from committed-affordable units (CAFs) which have existing rent subsidies or affordable requirements in place. The MARK inventory is then filtered by rent level for each unit type and assigned an affordability level by the number of bedrooms. An affordability threshold, or maximum rent level, is applied to the data for 60% AMI, 80% AMI, 100% AMI, and 120% AMI. The number of units are then aggregated for each affordability level by the number of bedrooms.

The inventory is used for a variety of reporting activities, most of which are released on an annual basis. The County releases an Affordable Housing Master Plan Annual Report each fiscal year, to monitor and track implementation of the master plan, and to highlight achievements from year to year. In addition, an Indicators Report is also released with the Affordable Housing Master Plan Annual Report to provide data and metrics on the implementation progress. The MARKs data from the rental inventory is used to track several of the indicators in the report.

Using the rental property inventory, the County began mapping the MARK properties in 2016 and identified nine separate focus area geographies for preservation. The following year, the County released a study that assessed the affordability risk in each of the nine MARK areas. The study also provides a MARK Area Profile for each of the nine geographies that includes the current housing inventory, zoning and land-use designations, redevelopment summary, historical considerations, and an affordable housing loss risk assessment. As part of the study, these nine MARK areas were ranked from low-risk to high-risk on loss of affordability, using factors such as the level of rent increases, redevelopment activity in the area, property rehab/renovation activity in the area, and the prevalence of condo conversions. Some of the recommendations included in the study to preserve the MARK housing stock included; continued use of existing tools that facilitate public/non-profit acquisition of MARK units, continued monitoring the MARK inventory, and a new zoning overlay district in these areas to preserve the MARK units. This study led to the adoption of a Housing Conservation District in the County.

Inventory Snapshot

The County's Affordable Housing Master Plan specifically targets affordable housing at the 60% AMI level or below as one of its primary goals. The specific goal in the master plan is for the total number of 60% AMI units to expand and eventually represent 17.7% of the total housing stock by 2040. As of 2018 there were an estimated 3,126 MARK units in Arlington County affordable to households with income levels at or below 60% AMI. In addition to the MARK units, there were 7,071 CAF units at 60% AMI affordability levels. With these nearly 10,200 units, about 8.8% of the County's housing stock is affordable at the 60% AMI level. This metric has been rising since 2016, however it is lower than the start of this decade (11.5% in 2010).

The MARK inventory affordable at 60% AMI has been fluctuating over the past decade in the County but generally has been on a downward trajectory. The 3,126 MARK units in 2018 represent a 28% jump from the 2017 inventory, an additional 681 units. Despite this increase, the inventory level is less than half of what it was at the start of this decade, down 54% since 2010.

Preservation Policies

The County uses a combination of financial and planning tools to preserve its affordable housing stock. The underlying approach in most cases is to use these various tools to convert MARK units to CAF units (either existing or replacement), which preserves the affordability. Many of these tools and policies have evolved over time to meet changing market conditions and County priorities.

The County been using financial tools since the late 1970s in an effort to preserve MARK units. Once these units are preserved through acquisition and long-term affordability commitments tied to County financing, these MARK units then become CAF units. The County facilitates acquisition through a variety of sources including the County's Affordable Housing Investment Fund (AHIF), Low-Income Housing Tax Credits, Multifamily Rehabilitation Partial Property Tax Exemption, and the Federal and State Historic Rehabilitation Tax. The acquisitions typically involve an affordable housing provider that uses County financing from the AHIF, however there have also been cases where the County directly acquires MARK properties and collaborates with affordable housing providers using a long-term lease agreement.

Land use and zoning tools have been used in many parts of the County with the strongest development pressures to preserve the affordable housing stock. These have taken the form of land use overlay districts such as the Special Affordable Housing Protection District which is specific to the County's two Metrorail corridors, and the Coordinated Multiple-Family Conservation and Development District, which included incentives such as zoning modifications for preservation of affordable units. An array of tools built into the zoning ordinance are used in Arlington County to preserve and/or replace (on-site, or through in-lieu fees) its MARK housing stock. The Affordable Housing Ordinance for example, generates ADUs in the County through the site plan approval process. Various forms of density bonuses are also used in specific zones, such as the Unified Commercial/Mixed Use Development zone, which is specific to designated revitalization areas that often have MARK housing stock. Form-based code has been used in the Columbia Pike area of the County to generate CAF units where development pressures are high in areas with a concentration of MARK properties. Use of the form-based code in this area requires 20% to 35% of the net new units on site to be affordable to households with income at 60% AMI, for an affordability period of 30 years.

In 2017 Arlington County established a Housing Conservation District (HCD) to focus and customize affordable housing strategies that can be implemented in areas of the County with affordable housing stock, particularly MARK housing inventory. Initiatives within the district are on-going, and staff continues to analyze the affordable housing stock within this district to determine the types of solutions that will be most effective considering specific site planning factors, market conditions and trends, and policy tradeoffs. These efforts have led to strategy recommendations specific to the HCD including zoning changes, enhancing existing financial tools and identifying new financial tools, implementing affordability requirements for infill development, and increased regulations on townhouse development within the HCD.

City of Alexandria

Background

The City of Alexandria maintains an inventory of all rental apartments in the City. The inventory is updated annually through an apartment survey that is coordinated by the Office of Housing. A wide range of affordable housing information is contained in the data set, which allows the City to have a clear picture of the trends in the affordable housing stock over time.

Data Sources

The data for Alexandria's apartment inventory comes directly from an apartment survey that is conducted each year by the Office of Housing. City staff contact the owners of all multi-family buildings in the City with 10 or more units.

The City's apartment inventory includes a variety of data fields most of which provide information about rent levels and affordability characteristics. The scope of the data set includes all multi-family housing units throughout the City in buildings with 10 or more units, however the inventory does not include public housing.

For each apartment building/community the inventory tracks unit counts by the number of bedrooms for each of the following categories: market rate, market affordable (naturally occurring affordable housing), and committed affordable (has subsidy funding, and/or set-aside requirements). The threshold to qualify as a market affordable or committed affordable unit is a rent level affordable to households with income levels at 60% AMI or below. The rent levels are tracked by the unit size, with a minimum, maximum, and average rent for each size category. The unit size categories range from studios up to 3-bedroom units.

In addition to the rent ranges, the inventory tracks other affordability related data at the building/community level including whether utilities are included in the rent, if accessible units are available, and if the building/community accepts housing choice vouchers. The address, apartment name, and year built are also included in the inventory. After the data has been gathered from the survey each year, the information is then cross-checked with data provided by Delta Associates.

Existing Processes and Reporting

Alexandria's apartment inventory is updated each year in January through an apartment survey. Staff from the Office of Housing contact the owners of all multi-family properties in the City with 10 or more units. The initial contact for each property is by email and if there is no response, staff calls the owner and/or property management company directly. If an owner is unresponsive, staff use online resources such as apartment search websites like rent.com to collect the current rent ranges and unit size data (if they have changed).

The initial survey email that is distributed includes the data the City collected in the prior year on the specific property. The email asks the owner or property manager to verify if it is still accurate and to make any revisions to the unit counts, rent ranges, and other property characteristics and/or amenities as necessary. Staff indicated that the unit counts and unit sizes do not typically change, however rent ranges often change from year to year, and amenity offerings can sometimes change, particularly if investments are made in the property during the prior year. The apartment survey process takes approximately two months to complete from start to finish, though most of the data gathering occurs in January of each year.

After the apartment survey process is complete a report with the information for each building is posted on the City's website as a resource for the public. In addition, the Office of Housing releases an annual update specifically on trends in the market affordable housing stock that are analyzed from the apartment survey data. This document provides a snapshot of the unit sizes, comparisons of wage growth in the City to changes in average rents, and trends in the total number of market affordable units in the City over time. Starting this year, the apartment survey data is also being used to create a GIS layer of the City's rental housing stock.

Inventory Snapshot

As of 2019 there were approximately 2,320 market affordable (naturally occurring) units and 2,624 committed affordable units in Alexandria that are affordable to households with income levels at 60% AMI or below. The total number of affordable units (both naturally occurring and committed) represents about 14% of the total multi-family housing stock in the City. The market affordable units are dispersed within 28 different buildings/communities however most units (81%) are located within eight properties. All of those eight properties are more than 50 years old. More than half (52%) of the committed affordable units are located in 5 properties, all which were built prior to 1980. Approximately 365 of the committed affordable units are in newer buildings constructed within the past 15 years.

More than half (56%) of the market affordable housing stock in Alexandria is made up of smaller units (studios or 1 bedroom). However, 2-bedroom units account for nearly four out of every ten market affordable units in the City (39%).

Preservation Policies

Adopted in 2013, the City's Housing Master Plan includes many goals and strategies aimed at preserving the affordable housing stock in Alexandria. The strategies range from pursuing local, state, and federal funding tools to ensure long-term affordability of the existing subsidized affordable stock that is set to expire in the coming decades, to working with market affordable property owners to obtain commitments to affordability through various programs, or to facilitate acquisition opportunities of at-risk market affordable units through non-profit and/or public resources. The goals and strategies also focus on creating tools and policies that will generate new affordable housing through land development mechanisms in the City.

While the City does not have a formal policy or program for preservation of naturally occurring market affordable units, acquisition and subsidy funding tools continue to be used to preserve affordability in many of these units. Also, a variety of strategies are being used to preserve the supply of committed affordable units; a recent example includes efforts to preserve deeply affordable units in a high-cost area in the core of the City through new policies and zoning tools. As part of the South Patrick Street Housing Affordability Strategy which was adopted in October of 2018, the City and community made a commitment to develop policies and tools to preserve 215 units in two affordable housing communities that serve households with incomes ranging from 20% AMI to 40% AMI.

A recommendation within the strategy was to create a new zoning district designed to preserve the existing affordable units in this specific neighborhood. The zone can also be used in other areas of the City where preservation and/or generation of affordable units is needed. The new zone provides additional density for the provision of on-site affordable housing units. In addition, the level of affordability is required to not exceed what is affordable to households with income at 40% AMI. This threshold is calculated as an average of all rents paid in all on-site affordable units over the course of a year, which provides flexibility on the range of households that can be served by the affordable units (from 10% AMI up to 80% AMI). Another unique feature of the zone is that if a developer opts for the additional density for on-site affordable housing units, an Affordable Housing Plan and Relocation Plan are required as part of the project. These documents ensure that the households residing in the existing affordable communities will have units in redeveloped properties available to them if they are interested in staying in the community. It also ensures the rent levels, sizes, and affordability terms will be consistent with existing affordable housing on the site, and that relocation activities (temporary or permanent) are coordinated, monitored, and implemented.

Fairfax County

Background

Fairfax County worked with Virginia Tech (VT) in 2019 to compile a rental housing database. The decision to do an inventory of naturally occurring affordable rental housing (NOAH) in the County came about as part of the County's Embark Richmond Highway planning effort along the Route 1 (Richmond Highway) corridor in the southern part of the County. As part of that two-year planning effort, a citizen advisory group, in collaboration with County staff and elected officials, set as a goal no net loss of NOAH units along the corridor. Phase 2 of the County's Housing Strategic Plan expanded that goal Countywide, so that the overall County goal is to ensure that there is no loss in the existing stock of affordable rental housing in the County. (For these goals, "affordability" is defined as rents at levels affordable to households at or below 80% of the area median income.)

Data Sources

Virginia Tech has access to CoStar on behalf of the County. Data were pulled from CoStar for this database in October 2018. There is a range of fields available from CoStar, however for this database, Virginia Tech and the County focused on pulling data on rents (by unit size as measured by number of bedrooms) and address. Average rent data by unit size (i.e. bedroom) was available from the CoStar database at the property level. Rent data for individual units within each property were more challenging to get and therefore the database includes averages by unit size. Information on the property's age, size (i.e., low- versus mid-rise) and a few other characteristics were collected for a separate project in April looking at the County's Workforce Dwelling Unit (WDU) program.

Existing Processes and Reporting

The County would like to update this database every year and use it to track progress towards meeting the goal of no net loss in NOAH. However, there is currently not a process set up to update the database on an on-going basis.

The County's rental database is not available online. However, the County, in collaboration with Virginia Tech, have prepared reports and maps on the stock of NOAH housing for the Richmond Highway corridor, as well as for each of the County's supervisory districts. The data are also reported out to the County's Affordable Housing Resources Panel (AHRP) and the Affordable Housing Advisory Committee (AHAC).

Inventory Snapshot

The County's database currently includes 58 projects totaling 9,096 units; these are naturally occurring or market-rate affordable housing units (i.e., have no affordability commitments and are affordable at 60% AMI and below.) There are no subsidized units in the database though the County tracks data on these properties separately. The database includes almost exclusively multifamily housing projects with 5 or more units, along with a handful of rental townhome projects. As a result, the database excludes small "mom and pop" rental properties and single-family rentals. However, County staff believe the database provides a relatively complete inventory of market-rate affordable multifamily rental properties.

Preservation Policies

The County has set the goal of no net loss in market-rate affordable rental housing in the County. They are very clear that preservation of affordable rental housing includes both preservation of physical units, as well as ensuring that overall affordability is preserved (e.g., if a NOAH is redeveloped, ensuring that new affordable units are built to replace the existing units lost through redevelopment). The "zero loss" policy also includes flexibility to ensure that there are incentives for redevelopment in places that are targeted for redevelopment in the County (i.e. Richmond Highway). To that end, the County considers flexibility in replacement of affordable units, with the goal of replacing units that are lost through redevelopment "nearby", although "nearby" was not defined.

There is no formal process for identifying at-risk rental properties in Fairfax County. Through the Embark planning effort, it was clear to stakeholders that preservation was an important goal and that the corridor included an important stock of market-rate affordable rental housing that was potentially at risk of being lost as investment and redevelopment came to the County.

Considerations for Expanding Database Usage and Scope

- As market rents and redevelopment pressures continue to rise in these core Northern Virginia communities, the inventories of both market-affordable and committed-affordable housing units need to be updated on a regular basis. This will be critical not only for having a clear and current view of the affordable housing landscape in these communities, but it also allows for analysis on trends and characteristics of affordable housing stock that is lost, which can inform policies and lead to more effective preservation strategies. Arlington and Alexandria have existing processes in place for annual updates. Fairfax County should explore setting up a similar process.

- It would be useful for the jurisdictions to augment the existing databases with additional data on subsidized units within their affordable rental inventories, particularly affordable commitment/subsidy expiration dates. Sources like the National Housing Preservation Database (NHPD), and HUD's LIHTC database are a good source for this type of information. Multi-family rental communities with committed-affordable units often have multiple funding sources with varying expiration terms. Closely tracking and monitoring the committed-affordable housing stock along with the rent trends of the market-affordable units will allow jurisdictions to proactively engage with property owners on preservation strategies before committed affordable units could be lost to redevelopment.

- Gauging the level of risk of affordability loss within the market-affordable inventories is a critical step for prioritizing which geographies are most in need of preservation planning. Many of the at-risk criteria will be developed in the next phase of this project, however an initial assessment of risk, similar to the analysis performed by Arlington County, would help to prioritize preservation strategies and tools in the areas most in need of interventions.

- Sharing information between jurisdictions will be important as preservation efforts become a regional priority. Redevelopment of a site can often spur other development activity in the vicinity due to rising land values and market rents. As a largely built-out inner-ring suburban area, the location of much of the market-affordable rental housing stock within Arlington, Alexandria, and Fairfax straddles jurisdiction boundaries. Communities like Arlandria, Seven Corners, Bailey's Crossroads, Fairlington, Beauregard, and Skyline are located near the borders of these jurisdictions and have pockets of market-affordable rental housing stock. Collaborating on affordable rental inventory trends, preservation strategies, planning initiatives, and development activity will help position the region to effectively preserve affordable housing.

PART TWO – TYPOLOGY AND RISK CRITERIA

Typology of Affordable Rental Housing Loss

Fairfax County, Arlington County and the City of Alexandria have developed inventories of rental properties that have rents affordable to lower-income individuals and families. While subsidized properties that are tied to a government program (e.g. Section 8, Low Income Housing Task Credit) provide some affordable housing, the biggest part of the affordable rental housing stock in these communities is made up of privately-owned buildings with below-market rents. These naturally occurring affordable housing (NOAHs) developments are affordable not through a government subsidy or program, but rather because the characteristics, condition and/or location of the property dictates lower rents. A mission-oriented property owner, either non-profit or for-profit, may have also decided to keep rents below market rate.

In order to most effectively target financial and other resources to preserve existing affordable rental housing in Northern Virginia, it can be helpful to delineate the pathways through which affordable housing can be lost from the stock:

- **Expiring subsidy contracts.** The most direct way is when a subsidized property reaches the end of its subsidy period and the owner raises rents beyond what was required under the public program. While this is an important piece of the housing preservation puzzle, it is not the focus of this analysis.
- **Rent increases.** In many cases, NOAH units are not lost from the stock because they are demolished, but rather because the property owner raises rents to levels that are not affordable to lower-income households. Owners may raise rents for many different reasons. For example, an older property in poor condition might need significant rehabilitation. In order to pay for improvements, the property owner must increase rents. A property located in a part of the jurisdiction where there has been significant public or private investment (e.g. HQ2) might become more valuable and thus be able to command higher rents.
- **Redevelopment.** In Northern Virginia, where land is scarce, most new development comes in the form of *redevelopment* rather than green field development. NOAH properties may be located in areas where redevelopment is financially very attractive (e.g. areas that have been upzoned). While redevelopment can include incentives to preserve existing below-market-rate housing, without such incentives, existing NOAH units can be replaced by new, higher rent units.
- **Conversion.** Though less common in recent years, owners of buildings with below-market-rate rental units can convert the property to condominium ownership. While this conversion can increase the availability of homeownership opportunities, it also removes lower-rent apartments from the stock.

Characteristics of the rental property itself, as well as attributes of the surrounding neighborhood, play an important role in the likelihood that affordable units will be lost via one of these pathways. In some cases, it is easy for a local jurisdiction to identify properties that might be at most risk of being lost. But in many cases, a systematic evaluation of property and location characteristics can help local jurisdictions better target preservation efforts. Of the three Northern Virginia jurisdictions closest to HQ2, only

Arlington County has conducted a formal risk evaluation study of NOAH stock. In 2017, the County released the "Market Rate Affordable Housing: An Approach for Preservation." As part of the study, a risk assessment was performed on NOAH stock in eight separate geographies of the County that are not covered by an adopted area plan. The risk factors included in the study were rent increases, rehabilitation, redevelopment, and condo conversions. Risk levels ranging from "uncertain" and "Low/Stable", to "Moderate and "High" were then assigned to each of the eight geographic areas based on the risk factors. This current effort builds on the 2017 Arlington study, and includes additional layers of risk criteria and analysis and also an expanded geographical scope.

Criteria for Identifying At-Risk Properties

A series of criteria have been identified to estimate the level of "loss risk" within the NOAH housing stock in Fairfax County, Arlington County and the City of Alexandria. These criteria are intended to supplement the existing property inventories that are already being tracked by each jurisdiction, and can provide a roadmap for local government staff, elected officials and other stakeholders to retain more existing affordable rental housing in local communities.

The at-risk criteria cover three primary categories—property location attributes, demographic changes and building characteristics. As part of these analysis, more than 20 different indicators were considered for inclusion; however, the list was narrowed to 11 factors. Each of these factors relate to potential market pressures and characteristics for each property that could overtime increase rent levels or otherwise risk affordability. The criteria included in this assessment are consistent with those included in other studies of preservation, both in the greater Washington DC area and in other places around the country.

Each property in the local jurisdiction's database is evaluated on each of the 11 criteria. Most factors have a weight of one, but a few particularly important factors are weighted double. A point system is then applied to the criteria to develop an overall risk score for each NOAH property.

Figure 1. Evaluation of Properties At-Risk of Being Lost from the Affordable Stock
Scale 1 to 14 based on criteria described below

Score	1	2	3	4	5	6	7	8	9	10	11	12	13	14
			Lower Risk				*Moderate Risk*					*Higher Risk*		

This proposed evaluation process provides a systematic way of identifying the properties where investment and resources might be most effectively targeted. The application of these criteria also helps to create a typology of properties (see below) that suggests particularly relevant policy tools.

Location Attributes

The location of a property is a critical factor in determining its value. This is true not only of its current market value, but also its potential future market value based on planning activities and community investments that will occur over time around a property. The following criteria have been identified to assess which NOAH properties could be at risk of being lost based on their location in relation to infrastructure and amenities that are either existing or planned in the community.

ID	Description	Data Source(s)	Indicator(s)	At-Risk Threshold	Point Allocation
L1	**HQ2**: Proximity to HQ2 Non-subsidized properties located closer to HQ2 will likely experience more upward pressure on rents as housing demand increases.	GIS	• Numeric distance in miles	**More Risk:** < 3 miles **Less Risk:** >= 3 miles	**More Risk** = 1 **Less Risk** = 0
L2	**Metro:** Proximity to Metrorail Station Proximity to transit, especially subway stops, is associated with higher property values. As such, NOAH properties located near transit will be more likely to increase rents or redevelopment.	GIS	• Within 1-mile? (Y/N)	**More Risk:** Y **Less Risk:** N	**More Risk** = 2 **Less Risk** = 0
L3	**Community Amenities:** Proximity to new or planned community amenities (schools, libraries, parks, community centers, etc.) Public investment in a neighborhood often creates value and raises property values. Higher rents or redevelopment is more likely in places where there are new public investments/amenities.	Staff input	• Within 1/2-mile of new or planned (approved) community amenities? (Y/N)	**More Risk:** Y **Less Risk:** N	**More Risk** = 1 **Less Risk** = 0
L4	**Transportation Infrastructure**: Proximity to new or planned transportation infrastructure (roads, rail, bike) Similarly, new planned transportation infrastructure increases property values and can be likely to lead to higher rents or redevelopment of NOAH properties.	Staff input	• Within 1/2-mile of new or planned transportation infrastructure? (Y/N)	**More Risk:** Y **Less Risk:** N	**More Risk** = 1 **Less Risk** = 0
L5	**Planning Area Activities:** Within a recent, current, or near-term planning area (sector plans, small area plans, corridor plans, etc.) Neighborhoods targeted for rezoning and/or higher density make it more likely for properties to be redeveloped, potentially leading to a loss of NOAHs.	Staff input	• Within a recent (in the past 5 years), current, or near-term (within the next 5 years) planning area? (Y/N)	**More Risk:** Y **Less Risk:** N	**More Risk** = 1 **Less Risk** = 0

Demographic Changes

As communities and neighborhoods change over time, the demographic characteristics of residents that are coming and going can often have a significant impact on the housing market in the community. Higher income residents moving into a neighborhood put added pressure on rents. The following criteria have been identified to assess which part of the NOAH housing stock are in neighborhoods that are showing signs of potential market pressures based on recent trends and near-term forecasts.

ID	Description	Data Source(s)	Indicator(s)	At-Risk Threshold	Point Allocation
D1	**Income Trends:** Household income trends in surrounding area compared to overall jurisdiction. Properties located in neighborhoods where incomes are rising relatively fast may be at more risk of seeing rents rise beyond levels affordable to lower income households.	ACS	• % increase of household income in census tract between 2012 and 2017 • % increase of household income in jurisdiction between 2012 and 2017	**More Risk:** % chg of census tract > % chg jurisdiction-wide **Less Risk:** % chg of census tract <= % chg jurisdiction-wide	**More Risk** = 1 **Less Risk** = 0
D2	**Population Forecasts:** Population forecasts in surrounding area compared to overall jurisdiction. In the MWCOG forecasts, areas where the population is projected to grow relatively fast will tend to reflect places that the jurisdiction has identified for growth and/or investment, making it more likely for below-market-rate housing to be targeted for redevelopment.	MWCOG	• Forecasted % increase of population in TAZ between 2020 and 2030 • Forecasted % increase of population in jurisdiction between 2020 and 2030	**More Risk:** % chg of TAZ > % chg county-wide **Less Risk:** % chg of TAZ <= % chg jurisdiction-wide	**More Risk** = 2 **Less Risk** = 0

Building Characteristics

In addition to factors like infrastructure planning and changing demographics surrounding a property, evaluating specific characteristics of each building/site within the NOAH housing stock is a critical step in determining the overall level of affordability risk. The following criteria have been identified to assess which buildings in the NOAH housing stock have characteristics that signal a potential loss of affordability in the coming years.

ID	Description	Data Source(s)	Indicator(s)	At-Risk Threshold	Point Allocation
B1	**Median Rent Trends:** Median rent trends in surrounding area compared to overall jurisdiction If market-rate rents are rising relatively fast in an area, there will be an incentive for owners of NOAHs to also raise rents, potentially putting rents out of reach of lower income households.	ACS	• % increase of median rent in census tract between 2012 and 2017 • % increase of median rent in county between 2012 and 2017	**More Risk:** % chg of census tract > % chg county-wide **Less Risk:** % chg of census tract < % chg county-wide	**More Risk** = 1 **Less Risk** = 0
B2	**Asking Rent Trends:** Asking rent trends of each property by unit size. (note: only applicable for Arlington and Alexandria inventories). Similar to the metric above, some jurisdictions track more detailed data than what is available in the Census. This property level rent data can provide an indicator that rents may be rising fast enough for them to become unaffordable.	Local inventories	• Year-over-year % change of asking rent (average of % chg for studios, 1-BRs, 2-BRs, 3-BRs), current year compared to previous year	**More Risk:** Asking rent % change in current year higher than previous year **Less Risk:** Asking rent % change in current year lower than previous year	**More Risk** = 2 **Less Risk** = 0
B3	**Age of Structure:** Age of the buildings in each inventory Older buildings may be at more risk of redevelopment or tear down and ultimately taking affordable units out of the stock.	Jurisdiction's property assessment data	• Current year minus year built	**More Risk:** Age of structure > 30 years **Less Risk:** Age of structure <= 30 years	**More Risk** = 1 **Less Risk** = 0
B4	**Owner type** Public or non-profit owners of NOAH properties likely have a commitment to ensuring long-term affordability.	Property assessment data	• Owned by a private entity or individual(s) • Owned by a public or non-profit entity	**More Risk:** Private ownership **Less Risk:** Public or non-profit ownership	**More Risk** = 1 **Less Risk** = 0

Subsidy Expiration: While the criteria above were designed to be applied specifically to naturally occurring affordable housing, subsidized housing represents an important part of the overall affordable housing stock in the region. Subsidized housing utilizes government funding programs which require prices and rents to remain at an affordable level for a specified period of time. As the jurisdictions in Northern Virginia are assessing the risk of the NOAH stock, it is also important to closely track the subsidy expiration dates among subsidized properties. When the subsidy period expires, the units become at risk for conversion to market rate housing. The subsidy expiration information is available from a variety of sources, including but not limited to the National Housing Preservation Database (NHPD) and HUD's LIHTC Database. Many Northern Virginia jurisdictions already track this information closely.

Applying the Criteria and Developing a Typology

Individual jurisdictions often have a sense of the properties in the community that are most at risk of sale, redevelopment or rent increases. This awareness is easier in the smaller jurisdictions of Arlington County and the City of Alexandria; in Fairfax County, it is more challenging. In either case, applying objective criteria can be a helpful way not only to identify at-risk properties but also to target specific interventions that address the underlying pathway to loss (i.e., expiring subsidy, rent increase, redevelopment, conversion).

In addition to generally identifying at-risk properties, this framework can allow local jurisdictions to develop a typology of rental properties, based on the pathway they may be most likely to experience affordability loss. These different pathways can then suggest specific interventions, including financial, regulatory and land use, that can preserve affordability.

Typology of At-Risk Properties

While many of the factors described above are important for assessing risk, there may be particular criteria that help to define more narrowly the type of rental property and to create a typology of at-risk properties. This typology is the starting place for a menu of preservation strategy options.

Ia. Rent Increases – Need for Rehabilitation Property owners raise rents to pay for renovations/upgrades. Key criteria: B3 – Age of structure B1 – Median rent trends Examples of potential preservation strategies: Grants/property tax abatements for property improvements Site-specific small area planning (redevelop at higher density, maintain number of affordable units)	**Ib. Rent Increases – Localized Investment** Property owners raise rents because of local improvements. Key criteria: L1 – HQ2 L3 – Planned community amenities L4 – Planned transportation infrastructure Examples of potential preservation strategies: Property tax abatement/exemption to keep rents low Tax increment financing (TIF)
II. Redevelopment Property owners see a financial benefit to redeveloping their property. Key criteria: L1 – HQ2 L5 – Planning area activities D2 – Population forecasts Examples of potential preservation strategies: Equitable transit-oriented development small area planning	**III. Condominium Conversion** Seeing demand for homeownership, property owners convert their rental buildings to a condo structure. Key criteria: D1 – Income trends Examples of potential preservation strategies: Funding to purchase property (through TOPA program) Conversion notification program/fees

Property Database with Risk Rankings

Working with the local jurisdictions, we added locally available data to the existing databases and evaluated each property based on the above risk criteria and shared the list of properties, ranked by risk, with the local jurisdictions for their feedback. Currently, the NOAH inventories in Arlington and Alexandria have been geocoded in GIS and several of the risk-criteria have been applied to the properties based on their location. The criteria that have been applied include: L1-Proximity to HQ2, L2-Proximity to Metrorail stations, D1-Income Trends, D2-Populaiton Forecasts, and B1-Median Rent Trends. We will coordinate with the local jurisdictions to apply the remaining criteria which require local data such as property assessment data (B3-Age of Structure, and B4-Owner Type), and local planning activities and CIP information related to community amenities and infrastructure timing (L3-Community Amenities, L4-Transporation Infrastructure, L5-Planning Areas).

PART THREE – PRESERVATION TOOLKIT: LOCAL STRATEGIES, BEST PRACTICES AND APPROACHES

Local Preservation Tools

There is no one-size-fits all approach to preserving naturally occurring affordable rental housing (NOAH). Diversity across ownership, building types, locations and capacity necessitates a customized approach for any community. However, there are several common characteristics of successful preservation strategies. A recent review of best practices in affordable housing preservation came to the following conclusions:[iii]

- Securing lower-cost capital results in lower, more affordable rents for tenants.
- Due to the speed at which speculators and national investors acquire properties, it is essential to have the readily available capital and professional capacity to close deals within 60 days, or NOAH properties will not be secured for preservation.
- NOAH property management requires highly engaged property management complemented with fund-level asset management to oversee budget conformance, leasing, staffing, etc. Robust asset management is key to a successful portfolio.
- Cost effective scale requires transactions to be at least 45 rental units or more in one or more buildings and/or locations.
- Strategic property improvements include modest upfront and ongoing repairs to address tenant needs and provide curb appeal to reposition property. The need for large-scale improvements in a potential acquisition is generally cost-prohibitive and deleterious to the success of a NOAH project.
- Energy-saving, green improvements may help increase cash flow by lowering operating costs.
- Acquiring properties in opportunity areas near transportation, jobs, and quality schools, increases quality of life and outcomes for low-income individuals, families and children.

The strategies below are oriented around Funding, Planning, Fiscal and Other approaches. Examples are provided on how these tools have been used in other high-cost markets around the country. Factors driving risk of loss of affordability (e.g. rent increases, redevelopment, condo conversion) will suggest use of different tools. However, it is clear from the review of best practices that a successful strategy for preserving at-risk affordable rental housing is to deploy multiple tools, with the acknowledgement that some tools are more important and effective in some contexts.

A typology of properties was created as part of the assessment of at-risk properties in Northern Virginia, and this typology was designed to be a starting place for a menu of preservation strategy options. While a small number of tools is highlighted for each type of property, having a range of preservation tools available is important for addressing all of the factors that put the affordability of rental housing in the region at risk of being lost.

Northern Virginia At-Risk Naturally Occurring Affordable Rental Housing:
Typology and Potential Strategies

<table>
<tr>
<td>Ia. Rent Increases – Need for Rehabilitation
Property owners raise rents to pay for renovations/upgrades.

Key risk-criteria (from Phase II of this project):
B3 – Age of structure
B1 – Median rent trends

More than half (53%) of the NOAH inventory in the study area have both of these 2 risk-criteria.

Key preservation tools:
Rehabilitation fund
Tax increment financing (TIF)
Property tax abatement/exemption
Landlord outreach</td>
<td>Ib. Rent Increases – Localized Investment
Property owners raise rents because of local improvements.

Key risk-criteria:
L1 – HQ2
L3 – Planned community amenities
L4 – Planned transportation infrastructure

Example NOAH property with all 3 of these risk-criteria: Glebe House, Alexandria.

Key preservation tools:
Acquisition fund
Tax increment financing (TIF)
Housing preservation districts</td>
</tr>
<tr>
<td>II. Redevelopment
Property owners see a financial benefit to redeveloping their property.

Key risk-criteria:
L1 – HQ2
L5 – Planning area activities
D2 – Population forecasts

Most (90%) of the current NOAH units that have all 3 of these risk criteria are located in Arlington.

Key preservation tools:
Housing preservation districts
Small area planning
Transfer of development rights
Demolition tax
One-for-one replacement</td>
<td>III. Condominium Conversion
Seeing demand for homeownership, property owners convert their rental buildings to a condo structure.

Key risk-criteria:
D1 – Income trends

More than a third (37%) of the current NOAH inventory in the study area have had median income rise in the neighborhoods around those communities.

Key preservation tools:
Condo conversion tax
One-for-one replacement</td>
</tr>
</table>

Funding

Funding for preservation is essential. Developers have a range of capital needs when undertaking preservation efforts, including acquisition, bridge financing, small-scale capital improvements, and permanent capital for substantial rehabilitation or redevelopment.[iv]

There are resources available for preservation activities in Fairfax County, Arlington County and the City of Alexandria. In general, local government staff and developers in these Northern Virginia communities, and particularly Arlington and Alexandria, have attempted to make effective use of the available resources. However, the scale of the preservation challenge is much greater than the currently available financial resources.

ESSENTIAL STRATEGIES

An overarching strategy for affordable housing preservation in Northern Virginia is to make use of existing resources more strategically and add to the pool of available preservation funding.

Virginia Housing

Virginia Housing provides a significant amount of capital for preservation efforts. Virginia Housing is responsible for allocating the state's Housing Credits, with 4 percent Housing Credits more likely to be utilized for preservation (though 9 percent Housing Credits are occasionally used for this purpose). However, the very high acquisition costs in Northern Virginia make it difficult to use Virginia Housing resources without significant additional subsidy and/or equity.

Local Housing Trust Funds

Fairfax County, Arlington County and the City of Alexandria all have local housing trust funds that are funded by general revenues and other sources. None of the jurisdictions has an amount of local money specifically set aside for preservation, though local trust fund dollars are instrumental in preservation projects. (See Recent Preservation Activities.)

Local Housing Trust Funds (FY 2020)

Jurisdiction	Amount in Fund	Source(s) of Funding
Fairfax County	\$800,000 (Housing Trust Fund) \$18.4 million (Penny Fund)	Sale of ADUs (HTF) Real Estate Tax revenue (\$12m - Penny Fund) Operating revenues (PF) Loan repayments (PF)
Arlington County	\$16 million	General revenues Loan repayments
City of Alexandria	\$5.8 million	General revenues Real estate tax revenue

Sources:
Fairfax County: https://www.fairfaxcounty.gov/budget/
Arlington County: https://www.allianceforhousingsolutions.org/blog/2020-budget
City of Alexandria: https://www.alexandriava.gov/uploadedFiles/budget/info/budget2020/Section%2013%20-%20Livable,%20Green,%20and%20Prospering%20City(1).pdf

Acquisition Funds

Acquisition funds are funds for preservation activities, specifically providing funding for acquisition of NOAH. Additional permanent financing can sometimes be used to pay off acquisition loans. The ability to secure financing quickly to acquire NOAH properties is essential for preservation efforts in high-cost markets like Northern Virginia. The Washington Initiative's Impact Pool (see below) serves as an acquisition fund for the region though its structure is a little different from other acquisition funds because the developer JBG Smith and the nonprofit Washington Conservancy play the roles of fund manager and potential funding recipient.

Below are examples of acquisition funds across the country. These funds tend to be administered by a nonprofit, city housing department or a city/regional transportation body. LIIF and Enterprise Community Partners are active investors and managers of many of these funds. Some of the funds operate as "social impact funds" where the majority of funds come from mission-oriented investors looking for an alternative investment opportunity. In many cases, these funds finance acquisition as well as rehabilitation activities.

ESSENTIAL STRATEGIES

Funding for acquiring properties is fundamental to preserving naturally occurring affordable rental housing in Northern Virginia. There are resources available for preservation activities in the region though the costs of acquisition are extremely high, and the impact of these funding sources have been limited to date.

Washington Housing Initiative

The Washington Housing Initiative was launched in 2019 by JBG Smith and the Federal City Council to bring new resources to the production and preservation of affordable workforce housing in areas of opportunity across the Washington DC region. The Washington Housing Initiative is made up of the nonprofit Washington Housing Conservancy and the Impact Pool, which is a regional preservation fund.

The Impact Pool, a vehicle managed by the private developer JBG Smith, provides secondary financing to acquire or develop affordable housing properties, enabling the owners and purchasers to secure long-term, lower cost permanent financing. To finance the acquisition of naturally occurring affordable properties, the Impact Pool intends to invest primarily in tax-exempt junior mortgages and mezzanine loans. Each loan is expected to provide up to 30% of total project costs. Most loans will have a term of up to 10 years and will be interest-only until maturity.

The Impact Pool is an investment vehicle that targets after-tax returns equivalent to many traditional opportunity funds. The Impact Pool will seek net returns to investors of 7%. A typical investment fund would need to generate an IRR of more than 12% to provide its investors with an equivalent after-tax return. The JBG Smith Impact Manager takes no share of the profits. Returns above the 7% threshold are donated to the Washington Housing Conservancy.

At least 40% of the units supported by the Impact Pool are targeted to have rents affordable to households earning 60% of AMI or less and at least half the units will be at 80% AMI or less. The remaining units in preservation projects likely will be market-rate units.

The Washington Housing Conservancy is an independent 501(c)(3) non-profit that was established to purchase properties in high-opportunity areas with capital from the Impact Pool and in partnership with local housing and service providers.

In just over a year since its launch, JBG SMITH's Impact Pool has secured more than $104 million in private capital to further the Washington Housing Initiative's mission. At least half of the Impact Pool is expected to be invested in Washington, DC. However, the first project supported by the Impact Pool was a NOAH property in the City of Alexandria which received a $15.1 million loan from the fund. (See Recent Preservation Activities)

Geography: Washington DC region (1/2 targeted for the District of Columbia)

Fund size: $104 million

Seed funders: JBG Smith, Bank of America, PNC Bank, SunTrust, JPMorgan Chase, BB&T, United Bank, Wells Fargo, Bernstein Management, Buchanan Partners

Fund manager: JBG Smith

Bay Area Preservation Fund

The Bay Area has two regional-scale acquisition loan funds for affordable housing near transit. The Transit Oriented Affordable Housing (TOAH 2) production fund and the Bay Area Preservation Pilot (BAPP), both launched in 2018.

To be eligible for an up-to-five-year loan from TOAH 2 or an up-to-ten-year loan from BAPP, a project must be in a priority development area (PDA) in the region. PDAs are areas that were defined by local governments in the Bay Area in the late 2000s as places with growth potential around major transit stations.

Geography: Nine counties in the San Francisco Bay Area

Fund size: $49 million

Seed funder: Bay Area Metro

Fund managers: LIIF, Enterprise Community Partners

SF Housing Accelerator Fund

The San Francisco Housing Accelerator Fund (SFHAF), a 501c(3) organization, was launched in 2017 and makes loans for site acquisition for new development and rehab of existing units. The fund has preserved housing units in areas where tenants may be at risk of displacement because of market pressures on rents.

SFHAF blends funding from the City of San Francisco, along with impact investments from health and community foundations in the region. There is also capital from the Community Reinvestment Act divisions of regulated bank lenders.

The SFHAF works closely with the City to align project funding with the City's priorities for how it allocates subsidies from bond measures and other sources of housing funding. SFHAF requires a soft commitment of permanent financing subsidy from the City for each loan it makes. Although it is not a guarantee, the soft commitment letter signals to investors and lenders that that the fund's pipeline matches the City's priorities.

Geography: San Francisco City and County

Fund size: $88 million ($100 million target)

Seed funder: City of San Francisco

Other funders: Citi Community Development, City and County of San Francisco, Hewlett Foundation, Dignity Health Foundation, San Francisco Foundation, Citi Community Capital, First Republic Bank, New Resource Bank, Beneficial State Bank, Bank of America Community Foundation, Silicon Valley Community

Fund manager: SFHAF

Denver Transit-Oriented Development Fund

The Denver Transit-Oriented Development Fund (TOD Fund) was created in 2010 to facilitate the acquisition of property near transit. The primary objective was to allow mission-oriented organizations to acquire property when it was relatively inexpensive, either before a station was built or during an economic downturn. The first generation of the TOD fund had a single borrower, the nonprofit Urban Land Conservancy, which acquired and held land until the market strengthened and capital became more available. The Urban Land Conservancy then sold land at a below-market price to a developer to build or preserve affordable housing. Any type of borrower can now apply to the Denver TOD Fund, but its mission remains to ensure that investment in transit does not make areas around stations too expensive for low-income people to live.

The Denver TOD Fund uses public funds as "first-loss" capital, which attracted additional philanthropic and private capital at more favorable terms than would otherwise have been available. The Fund initially served the City of Denver and now serves the seven counties in the Denver area that are part of the regional transit system.

Geography: Seven counties in the Denver region

Fund size: $24 million

Seed funder: City of Denver, Colorado Housing Finance Authority (CHFA)

Other funders: CO Housing and Finance Authority, Denver Foundation, Ford Foundation, Gates Foundation, MacArthur Foundation, Rose Community Foundation, Mercy Loan Fund, Mile High Community Loan Fund, Enterprise Community Loan Fund

Fund manager: Enterprise Community Partners

DC Affordable Housing Preservation Fund

The Washington, D.C. Affordable Housing Preservation Fund, started in 2017, supports low-income tenants in multifamily buildings in the District of Columbia who have the right to purchase their building if it comes up for sale through the City's Tenant Opportunity to Purchase Authorization (TOPA) program. The D.C. Affordable Housing Preservation Fund provides a flexible source of capital (in addition to the City's general housing trust fund) that leverages grant funding from DHCD with private financing to create acquisition loans at below market rates.

To benefit from the fund, tenants form an association and assign their collective TOPA rights to a buyer with whom they have reached an agreement, such as a nonprofit organization or a for-profit affordable housing developer. The buyer can then apply for an up to three-year loan from the fund to acquire and rehabilitate a building. Organizations that receive funding agree to keep rents at affordable levels for a 10-year period.

Projects in the fund's pipeline include privately-owned buildings that have current or expiring income restrictions, as well as NOAH occupied by low-income tenants.

Geography: District of Columbia

Fund size: $40 million

Seed funder: D.C. Department of Housing and Community Development

Other funders: Capital Impact Partners, LISC

Fund managers: Capital Impact Partners, LISC

NYC Acquisition fund

The New York City Acquisition Fund is a public-private initiative launched in 2006 that has recruited funding from philanthropies, the city of New York, and financial institutions such as JPMorgan Chase, Citibank, Fannie Mae, and Deutsche Bank. The fund has invested about $140 million in preservation activities throughout the city, preserving the affordability of 2,600 homes.

Geography: New York City

Fund size: $230 million

Seed funder: City of New York Department of Housing Preservation and Development

Other funders: Bank of America, Capital One, Citibank, Deutsche Bank, HSBC, JPMorgan Chase, M&T Bank, Morgan Stanley, Signature Bank, Wells Fargo, Enterprise, Ford Foundation, Heron Foundation, MacArthur Foundation, Robin Hood Foundation, Rockefeller Foundation, Starr Foundation

Fund managers: CSH, Enterprise, LIIF, LISC

Twin Cities NOAH Impact Fund

The goal of the NOAH Impact fund is to preserve 2,000 units of naturally occurring affordable housing in the Twin Cities Metropolitan Area. The fund goal is $50 million in impact investment capital in partnership with mission-oriented investors.

The Greater Minnesota Housing Fund created the NOAH Impact Fund to finance the acquisition and preservation of naturally affordable Class B and Class C rental housing. All properties targeted are those at risk of conversion to higher-rent apartments and forcing displacement of lower-income individuals and families. Under the program, the Fund provides 90% of the equity required to acquire the property and the operating partner co-invests 10% using conventional lending who will provide up to 80% LTV.

The NOAH Impact Fund works with socially motivated institutional investors and offers competitive double-bottom-line returns. Socially motivated investors have included for-profit owner-operators of affordable and market-rate rental housing.

The NOAH Impact Fund targets CRA-qualified affordable housing investments, and investments which qualify as endowment-funded Mission or Program Related Investments (MRIs or PRIs) for foundations.

Geography: Seven county Twin Cities area

Fund size: $50 million (target)

Seed funders: Bremer Bank, Sunrise Banks, Western Bank, the Minnesota Housing Finance Agency, Hennepin County, the McKnight Foundation, and the Otto Bremer Trust,

Other funders: Minnesota foundations, community banks, and state and local government

Fund managers: CSH, Enterprise, LIIF, LISC

Rehabilitation Funds

Some localities have established funds specifically to support rehabilitation activities (rather than acquisition) with the goals of improving housing quality and minimizing resident displacement.

Minnesota Housing Finance Agency Rental Rehabilitation Deferred Loan (RRDL)

In 2011, the Minnesota Housing board authorized staff to implement the Rental Rehabilitation Deferred Loan (RRDL) Pilot Program.

The RRDL Program provides financing options for moderate rehabilitation to owners of existing smaller scale, permanent rental housing in Minnesota. The overarching RRDL Program goal is to repair and preserve rental housing stock with Federal Project-Based rent assistance (e.g. Section 8, Rural Development rental assistance, etc.) or permanent rental housing that is naturally affordable to lower-income residents and that is convenient to jobs, transportation and essential services.

Scattered properties that are located in the same City or county may be combined into one loan when there are at least eight units having common ownership, management and financing, and all housing units are being rehabilitated as part of a single undertaking.

The RRDL Program is funded by state appropriations. The minimum total loan amount is $100,000. The maximum amount per unit is $35,000, and the maximum total loan amount is $500,000 per project. The loan will typically be structured as a Deferred Loan with a 20-year term at 0 percent interest, and payment of principal will be due on the date of loan maturity.

The owner must agree to maintain the rent and income restrictions and report annually for the duration of the loan term.

Other Sources of Preservation Funding

Low Income Housing Tax Credit

Several states set aside LIHTC allocations specifically for preservation activities. Delaware, Florida, Massachusetts, and Ohio earmark between 35 and 50% of their Housing Credits for preservation projects.

Kansas, New York, Oregon, and Wisconsin have all set aside percentages of their states' Weatherization Assistance Program (WAP) funds, which make capital improvements keyed to energy-efficiency and the reduction of greenhouse gas emissions. Massachusetts earmarked $6 million WAP funds specifically for privately owned, subsidized properties. Making these types of improvements can reduce operating costs and make it easier to keep rents low.[v]

Tax Increment Financing

Some municipalities and states have created funds for affordable housing rehabilitation and production and land acquisition through tax increment financing (TIF). Municipalities designate a tax increment district and then devote the portion of tax revenue that exceeds a projected baseline toward specific projects within the district. In some cases, a percentage of TIF revenue is statutorily earmarked for affordable housing.

In California, the TIF model resulted in more than $1 billion for housing funds supporting affordable housing production and preservation.

In Chicago, a TIF was established specifically to help support the preservation of affordable rental housing affordable to tenants with incomes at or below 80% of AMI. Property owners can apply for TIF-funded grants of up to $100,000 to upgrade their buildings' exteriors and safety features.

The cities of Atlanta, Kansas City, and Austin, as well as the states of Florida and Maine, also use TIF for preservation.[vi]

Planning

Housing Preservation Districts

Housing Preservation Districts are specific areas within a jurisdiction where there is zoning and/or other incentives and regulations in place to preserve housing. In the past, “housing preservation districts” have referred to districts targeting the preservation of historically significant properties. More recently, however, jurisdictions have defined Housing Preservation Districts with the goal of preserving housing affordability. Arlington County recently adopted a Housing Preservation District Ordinance and is currently working on specific changes to the zoning ordinance to implement the policy. (See Recent Preservation Activities.)

Austin, Texas Homestead Preservation District[vii]

In Texas, a Homestead Preservation District, or HPD, is an area that qualifies as a special district under state law. Homestead Preservation Districts were created to promote the ability of municipalities to increase homeownership, provide affordable housing, and prevent involuntary loss of homes owned by low-income and moderate-income homeowners. Municipalities that designate Homestead Preservation Districts can provide bond financing, offer density bonuses, or provide other incentives to increase the supply of affordable housing and maintain the affordability of existing housing in those districts.[viii]

Homestead Preservation Reinvestment Zones are a type of Tax Increment Reinvestment Zone or Tax Increment Financing model, which can be set up under the Homestead Preservation District law to ensure property tax dollars from economic development are reinvested in affordability for that area. Once established, HPDs permit the use of three regulatory mechanisms to achieve the purposes of the district, which include Homestead Preservation Reinvestment Zones (HPRZs), Homestead Land Trusts, and Homestead Land Banks. The Homestead Preservation Districts and Reinvestment Zones do not establish new taxes or increase existing taxes on residents.

The City of Austin has one HPD in East Austin, which was established by City Council in 2007. Even though the City considered adding others, Austin no longer meets the state criteria to establish new HPDs. Legislation that would have allowed Austin to continue to qualify for the creation of new HPDs was vetoed by the Governor in 2017.

Small Area Planning

Local jurisdictions have an opportunity during their small area planning efforts to set requirements, develop guidelines and/or put in place incentives for affordable housing preservation. Small area plans are a good place to development these guidelines or incentives because they can target goals that are appropriate to specific submarket conditions.

Woodlawn Housing Preservation Ordinance, Chicago, Illinois

The City of Chicago is undertaking a small area plan for the Woodlawn neighborhood. The City is currently engaging in a public input process to get residents to weigh in on the plan’s goals of the Woodlawn Housing Preservation Ordinance.[ix]

The main goals of the proposed ordinance are to:

- Help protect existing residents from displacement;

- Create new rental and for-sale housing opportunities that are affordable to households at a range of incomes;
- Ensure that existing housing units offer quality housing for residents;
- Ensure and support people and families of various incomes to be able to live in Woodlawn; and
- Support economic development opportunities.

Key components of the proposed ordinance are:

- Tenant Right of First Refusal for larger apartment buildings - Gives renters the right of first refusal if a landlord seeks to sell his/her building. Rather than tenants being automatically displaced from the sale of a building, tenants would have the right to form a tenant's association and enter into an agreement with a not-for-profit affordable housing developer to purchase the building and maintain it as affordable.
- Preservation of Existing Affordable Rental (PEAR) - This apartment building refinance program would help existing owners refinance their property to keep tenants in place and rents affordable.
- Long-Term Homeowner Repair Grant Program - Assists longtime homeowners to remain in their homes by providing grants for home repairs.
- Residential Acquisition and Rehabilitation Revolving Finance Facility - Supports the creation of rental and for-sale units by helping finance the rehabilitation of vacant buildings.
- Development of City-Owned Vacant Land – Sets guidelines for the disposition and development of City-owned, vacant, residential land for affordable and mixed-income housing.
- Enhanced local hiring requirements - Residential developments that receive City land for development of rental housing would be required to meet enhanced local hiring requirements.

Transfer of Development Rights

A transfer of development rights (TDR) program relocates development potential from properties in designated "sending areas" to sites in designated "receiving areas." A TDR transaction involves: (a) selling the development rights from a sending site, thereby preserving the sending site from future redevelopment; and (b) purchase of those development rights by the owner of a site in the receiving area to be allowed to build at a higher density or height than ordinarily permitted by the base zoning. Typically, TDR sending areas are located in rural and resource lands. However, a TDR program can be structured to allow urban affordable housing preservation projects to qualify as a sending site (e.g., mobile home parks, high-rise low-income apartments).[x]

Although a TDR program is most commonly considered a means to preserve farmland, forest or open space, it can also be used to preserve affordable housing in urban areas. A TDR could be applied to preserve affordable housing in high density urban areas at risk of redevelopment. The development rights of these buildings could be highly valuable and worthwhile contributions as sending areas of a TDR program. A regional TDR program ends up being more effective than one operating within a single jurisdiction.

It is important to structure receiving site incentives, so they do not de-emphasize bonuses for affordable housing provision. If affordable housing is a community priority for a receiving site, it should be prioritized in a menu approach to TDR incentives, so that a developer should not be given a choice to achieve bonus density by picking between including affordable housing in a project and/or using TDR credits. Rather, jurisdictions are encouraged to set up a system that requires some affordable housing or contribution to the provision of affordable housing prior to being able to use TDR incentives.

King County, Washington Transfer of Development Rights[xi]

King County, Washington's TDR bank streamlines density transfers throughout the greater Seattle area. The TDR bank may purchase development rights from qualified sending sites at a price up to the fair market value of the land, while individual buyers and sellers can use an online TDR exchange to negotiate their own prices.

In 2013, King County and the City of Seattle entered into a regional partnership that facilitates the transfer of development rights from agricultural areas in the county to three neighborhoods in downtown Seattle. The city agreed to accept 800 credits, enabling the county to preserve farm and forest land. In receiving neighborhoods, developers of residential projects above 85 feet can receive up to 40 percent of the additional density needed through the purchase of TDR credits. The remaining additional height/density can be achieved through a developer payment to the city, which is used to support affordable housing activities.

Fiscal/Tax

Property Tax Reductions

One way to preserve the affordability of a rental property is to provide owners with financial incentives to keep rents low. These incentives can be delivered in a variety of different ways, including property tax exemptions or abatements. A property tax *exemption* lowers the amount of tax a property owner owes by reducing the property's assessed value. A property tax *abatement* lowers an owner's property taxes by providing a credit against taxes owed. Both approaches can incentivize owners to maintain their subsidized or unsubsidized property as affordable.

Virginia's municipal jurisdictions have the authority to adopt assessment policies that account for the restricted rent and resale potential of a committed affordable units, thereby reducing the amount owed (Code of Virginia, § 58.1- 3295). Virginia also enables municipalities to adopt partial tax exemptions under some circumstances for structures in redevelopment/ rehabilitation areas (Code of Virginia, § 58.1-3219.4) and for rehabilitated residential properties (Code of Virginia, § 58.1-3220) but does not address affordability.

Chicago's Class 9 Program

In Chicago, the Class 9 program provides tax abatement for owners of market-rate properties that undergo substantial rehabilitation, so long as the owners agree to keep 35% of their units affordable to families with incomes at or below 80% of AMI. The Class 9 program also explicitly states that rehabilitation must be undertaken so that affordable units in a building are of comparable quality to market-rate units.

Seattle Multifamily Tax Exemption Program

Seattle adopted a Multifamily Tax Exemption Program in 2004 that encouraged property owners and developers to renovate or construct multifamily developments for low- to moderate-income households. In exchange for setting aside 20 percent of their units as affordable, owners receive a property tax exemption for the assessed value of their improvements or construction.

Condo Conversion Fees

Condo conversion fees are payable by developers when affordable rental housing is removed from the housing stock through conversion to homeownership units. Fee amounts can be established as a flat rate, as a percentage of the first sale price for each unit (typically around 1 percent, but as high as 12 percent or more in some jurisdictions), based on square footage, or by some other method.

Los Angeles, California Condo Conversion Fee

Los Angeles, California charges a fee (approximately $1,500) for each residential unit converted to a condominium. The fee revenue goes into the city's Rental Housing Production Account maintained by the Housing and Community Investment Department. In addition to the condo conversion fee, property owners are also required to pay relocation assistance to qualified tenants when affordable rental units are converted to condominium ownership.

Demolition Taxes[xii]

Demolition taxes are levied on property owners when they tear down residential buildings. In most cases, demolition results in the loss of homes that tend to cost less than the homes that replace them, typically because they are older, smaller, or lack modern amenities. This can include naturally occurring affordable rental housing.

To compensate for this loss, some communities assess taxes on the demolition of single-family homes and/or multifamily buildings, typically charging a flat rate per unit. Depending on program rules, activities that fall short of total demolition – such as redevelopment activity that destroys or removes a specified portion of the building – may be sufficient to trigger liability.

Highland Park, Illinois Demolition Tax[xiii]

The Chicago suburb of Highland Park, IL charges a municipal demolition tax for all residential demolitions (with a few exceptions) that is equivalent to the greater of $10,000 per building or $3,000 per residential unit, in addition to a $750 demolition permit fee for the project. The fee was established in 2002 in response to concerns about the rate at which older, more affordable homes were being torn down and the resulting loss of diversity in the city's housing stock. The tax applies to all activities under the owner's control that result in the removal or destruction of 50% or more of the structure. The demolition tax can be waived if:

- Homes are torn down for development of affordable housing
- The occupant has owned and occupied the home for at least 5 years and plans to own and occupy the replacement home for another 5 years after the demolition
- The applicant can prove that demolition is necessary due to the owner's medical condition and the owner is a low- or moderate-income household who will continue to occupy the replacement dwelling

- The applicant establishes that the demolition is necessary due to “factors beyond the owner’s control and reasonable ability to remedy.”

Other Programs

Landlord Outreach

New York City Landlord Ambassadors Program[xiv]

The Landlord Ambassadors Program (LAP) is a collaborative effort in New York City between Enterprise Community Partners and the New York City Department of Housing Preservation and Development (HPD). The LAP is designed to leverage the expertise of non-profit housing organizations to connect small- to mid-sized property owners with affordable housing programs. Non-profit Ambassador organizations conduct outreach and recruit interested property owners, and guide them through the full process of enrolling in a NYC Housing Preservation and Development (HPD) regulatory program, from the initial financial assistance application and due diligence to closing or approval of HPD financial assistance programs, such as loans and tax incentives. Ambassadors also work with a target group of multifamily owners whose properties are at risk of entering the tax lien sale to stabilize building operations for the long term.

Enterprise, in close collaboration with HPD, identified three affordable housing non-profits as the inaugural ambassadors: Mutual Housing Association of New York – MHANY Management, Northwest Bronx Community and Clergy Coalition, and RiseBoro Community Partnership. Through the Neighborhood-Based Assistance portion of the program, the Ambassador teams identify owners interested in preserving the affordability of their buildings and help them navigate housing preservation resources. They also share best practices in building management, helping to further ensure long-term affordability.

Under the city’s Tax Lien Sales Pilot, Landlord Ambassadors help ensure long-term property stability by providing technical assistance to owners of buildings with tax liens that are otherwise eligible to be sold in a tax lien sale. Through both portions of the program, Ambassadors guide property owners towards available funding for rehabilitation and upgrades.

One for One Replacement Policies

San Diego, California Coastal Overlay Zone[xv]

The purpose San Diego’s regulation is to preserve existing housing units located in the Coastal Overlay Zone, with a focus on homes occupied by low income or moderate-income families. In general, the law requires one-for-one replacement if affordable units are demolished or converted to another use. The developer also has the option to pay an in-lieu fee to the City of San Diego Housing Trust Fund.

The Executive Director of the San Diego Housing Commission determines the definitions of “low and moderate income” and residents’ qualifications for being covered by this program.

Los Angeles County Affordable Housing Preservation Ordinance[xvi]

In 2019, the Los Angeles County Board of Supervisors adopted a housing preservation ordinance that includes a variety of strategies, including the regulation of condominium conversions and mobile home park closures, and one-for-one replacement or “no net loss” policies.

Key elements of the Affordable Housing Preservation Ordinance Policy in Los Angeles County include:

- No net loss: requires one-to-one replacement of rental units occupied by lower or very low income households within the previous 5 years that are demolished, converted to condominiums or substantially rehabilitated. The replacement units must be deed-restricted to ensure affordability to lower or very low-income residents. Alternatives include on-site or off-site replacement, or payment of a replacement fee.
- Right to purchase: Existing tenants, County and nonprofits receive first right to purchase, and match a market-rate offer for, rental units that are being converted to condominiums.
- Mobile home park preservation: Preserve mobile home parks as a viable lower-cost housing option by removing land use and zoning barriers such as density requirements that limit the expansion of existing mobile home parks or the establishment of new mobile home parks. The policy will not include mobile home parks in Fire Hazard Severity Zones or other high-hazard areas.

Recent Preservation Activities in Northern Virginia

City of Alexandria

Acquisition

Avana Apartments, a 326-unit apartment complex at 3001 Park Center Drive in the West End. It was purchased by the nonprofit developer, Alexandria Housing Development Corporation. It will be renamed Parkstone Alexandria with JBG Smith serving as property manager.[xvii]

The apartment complex currently runs on market rate rents with most prices affordable to households with 70 to 80% of AMI. Under the new ownership, 130 apartments will be available to households making up to 60% of AMI, 114 apartments will be for households with up to 80% of AMI, and 82 apartments will remain at the market rate.

Alexandria Housing Development Corporation expects income restrictions will be phased in. No current renters will be displaced. The owner and property manager will work to determine if current residents are eligible for affordable housing.

Developer JBG Smith's Impact Pool provided a $15.1 million loan, and the City of Alexandria provided a $8 million loan for the purchase of the apartment complex. In addition, Virginia Housing offered the senior permanent loan of $82.65 million and $5 million in grants to preserve the apartment complex as mixed-income housing. This is Virginia Housing's first affordable housing investment as part of the Commonwealth's partnership with Amazon.

One-for-One Replacement[xviii]

Resolution 830, which was adopted by Alexandria City Council in 1981, memorialized a joint commitment between the City of Alexandria (City) and the Alexandria Redevelopment and Housing Authority (ARHA) that required both parties to replace any of the 1,150 designated public housing units by the Resolution if they are demolished or redeveloped. It also required that ARHA and/or its development partners relocate public housing tenants displaced due to demolition and redevelopment activities.

In April 2019, the City Council and ARHA Board of Commissioners adopted Resolution 2876, which supersedes Resolution 830. The resolution reflects the continued joint commitment of the City and ARHA to replace 1,150 units of public and publicly assisted housing demolished in the event of future redevelopment activities and provide tenant protections to any tenant displaced during any future redevelopment activities. In addition to reaffirming the partners' joint commitments, Resolution 2876 establishes the blueprint for both agencies to continue to work together to provide affordable housing resources to the City's most vulnerable residents.

Arlington County
Housing Conservation District[xix]

In 2017, the County Board created the Housing Conservation District (HCD) and adopted the HCD Policy Framework. This special planning district encompasses 12 areas, containing 382 properties and over 5,600 apartments, located throughout the County outside existing planned areas. These areas contain a significant concentration of market-rate affordable rental units (MARKs). The goal of the HCD is to maintain and enhance the character of multifamily neighborhoods, encourage the preservation of existing market-rate affordable housing, and create opportunities for new affordable and moderate-income units when redevelopment occurs. The HCD could also foster new forms of housing and thus increase increasing the variety of housing types available to Arlington residents.

Efforts to draft potential zoning tools for the HCD are ongoing. The November 2019 amendment to the Zoning Ordinance that allows the County Board to consider additional bonus density for site plan projects could affect the preliminary recommendations for the Housing Conservation District. Staff is assessing the potential impact and conducting analysis to determine how to move forward on HCD.

Additionally, staff is coordinating with Plan Lee Highway (PLH) to ensure that both processes inform each other, since six HCD areas lie within the PLH study boundaries (North Highlands East, North Highlands West, Spout Run / Lyon Village, Waverly Hills, John M. Langston, and Leeway-Overlee). Staff will reconcile HCD recommendations for these areas with the planning guidance developed through PLH prior to final County Board action on HCD.

Staff anticipates additional community engagement, to review potential updated zoning and policy recommendations, in the third and fourth quarter of 2020, with the goal of developing final recommendations for County Board consideration in early 2021.

ENDNOTES

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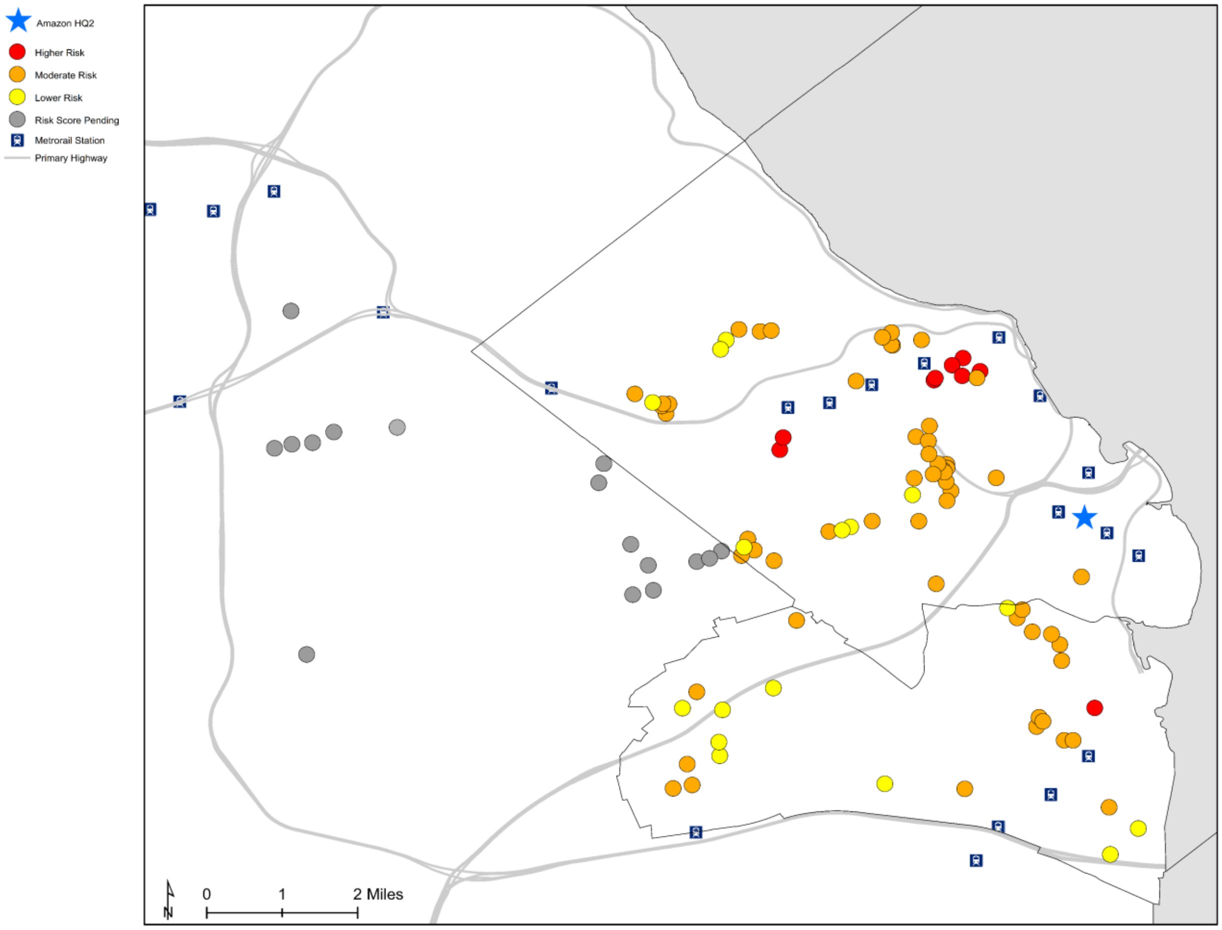
APPENDIX 1 – Map of NOAH Properties



	# of Units	Proportion
Total Market Affordable Units (60% AMI)	**8,306**	100%
Arlington	3,657	44%
Alexandria	2,320	28%
Fairfax (inside beltway)	2,329	28%
	# of Units	
High Risk Units	**351**	
Arlington	348	
Alexandria	3	
Fairfax (inside beltway)	full scores pending	
	# of Units	
Moderate Risk Units	**2,727**	
Arlington	1,412	
Alexandria	1,315	
Fairfax (inside beltway)	full scores pending	
	# of Units	
Lower Risk Units	**2,899**	
Arlington	1,897	
Alexandria	1,002	
Fairfax (inside beltway)	full scores pending	

Risk Criteria Key:

ID	Description
L1	HQ2 Proximity
L2	Metro Proximity
L3	Community Amenities Proximity
L4	Transportation Infrastructure Proximity
L5	Planning Area Activities
D1	Income Trends
D2	Population Forecasts
B1	Median Rent Trends
B2	Asking Rent Trends
B3	Age of Structure
B4	Owner type

APPENDIX 2 – Arlington County

Property Name	Property Address	Market Affordable Units	Total Units	L1	L2	L3	L4	L5	D1	D2	B1	B2	B3	B4	Risk Score
	1412 N Rolfe St	7	7	1	2	1	0	1	1	1	1	2	1	1	12
Rahill Apartments	1710 16th St N	110	110	1	2	1	0	1	1	1	1	2	1	1	12
Courthouse Manor	1233 N Courthouse Rd	10	18	1	2	1	0	1	1	1	1	2	0	1	11
	540 N Thomas St	5	11	0	2	1	0	0	1	1	1	2	1	1	10
Wakefield Manor	1215 N Courthouse Rd	11	67	1	2	1	0	1	0	1	0	2	1	1	10
	1301 Fort Myer Dr	14	14	1	2	1	0	0	1	0	1	2	1	1	10
North Quinn Apartments	1210-1230 N Quinn St	35	35	1	2	1	0	0	1	0	1	2	1	1	10
Glenayr Apartments	399 N Park Dr	156	156	0	2	1	0	0	1	1	1	2	1	1	10
Radnor Manor	1521 12th St N	2	13	1	2	1	0	0	1	0	1	2	0	1	9
	2814 13th St S	4	6	1	0	1	0	1	1	0	1	2	1	1	9
	2132 19th St N	8	8	1	2	1	0	0	0	0	1	2	1	1	9
	1307 N Irving St	9	9	1	2	0	0	0	0	1	1	2	1	1	9
	2602 Lee Hwy	9	9	1	2	0	0	1	0	0	1	2	1	1	9
	2608 Lee Hwy	9	9	1	2	0	0	1	0	0	1	2	1	1	9
Walter Reed Apartments	500 S Walter Reed Dr	21	21	1	0	1	0	1	1	0	1	2	1	1	9
Aurora Hills Apartments	2701 S Fern St	41	41	1	2	0	1	1	1	0	1	0	1	1	9
Oakcrest	4385-4339 Lee Hwy	3	16	0	0	1	0	1	1	1	0	2	1	1	8
	2101 5th St S	5	5	1	0	1	0	0	1	0	1	2	1	1	8
	110 S Wise St	6	6	1	0	1	0	0	1	0	1	2	1	1	8
Columbia Courts	4300 Columbia Pike	8	15	1	0	0	0	1	1	0	1	2	1	1	8
	2010 4th St S	11	11	1	0	1	0	0	1	0	1	2	1	1	8
500 S. Wayne St. Apartments	500 S Wayne St	12	15	1	0	1	0	0	1	0	1	2	1	1	8
Bartton Place Apartments	5551 Columbia Pike	12	32	0	0	0	0	1	1	1	1	2	1	1	8
	500 S Court House Rd	14	14	1	0	1	0	0	1	0	1	2	1	1	8
Boulevard Courts	2300 Washington Blvd	15	20	1	2	0	0	0	0	0	1	2	1	1	8
Erdo Court	2000 2nd St S	16	16	1	0	1	0	0	1	0	1	2	1	1	8
Foxcroft Terrace Apartments	720-725 S Ode St	29	29	1	2	0	0	1	0	0	1	2	0	1	8
Fort Strong Apartments	2000 N Daniel St	2	114	0	2	0	0	1	0	0	1	2	0	1	7
Shawnee Apartments	700 S Court House Rd	5	85	1	0	1	0	0	0	0	1	2	1	1	7
	1210 N Kensington St	8	8	0	0	1	0	0	1	0	1	2	1	1	7
	1210 N Kenilworth St	8	8	0	0	1	0	0	1	0	1	2	1	1	7
	5700 Washington Blvd	9	9	0	0	1	0	0	1	0	1	2	1	1	7
Erdo House	5722 11th St N	10	10	0	0	1	0	0	1	0	1	2	1	1	7
	2000 4th St S	11	11	1	0	1	0	0	1	0	1	2	0	1	7
	5105 10th Pl S	16	16	0	0	0	0	1	1	0	1	2	1	1	7
	200-204 S Veitch St	16	16	1	0	1	0	0	1	0	1	2	0	1	7
	2040 N Vermont St	19	19	0	0	1	0	1	1	0	0	2	1	1	7
2112 Columbia Pike	2112 Columbia Pike	30	30	1	0	1	0	1	1	0	1	0	1	1	7
Bedford Gardens	35-67 N Bedford St	37	37	1	2	0	0	0	0	0	1	2	0	1	7
Westover Hills Apartments	1519-1529 N Lancaster St	37	37	0	2	1	0	0	1	0	1	0	1	1	7
Lee Albemarle Apartments	4701-4705 20th Rd N	40	40	0	0	1	0	1	1	0	0	2	1	1	7
Columbia Gardens	5309 8th Rd S	62	62	0	0	0	0	1	0	1	1	2	1	1	7
Ancient Oaks Apartments	2501-2523 24th Rd N	96	96	0	2	0	0	1	0	0	1	2	0	1	7
Greenbrier Apartments	835-871 S Greenbrier St	116	116	0	0	0	0	1	0	1	1	2	1	1	7
Washington and Lee	2200 N 2nd St	369	369	1	2	0	0	0	0	0	1	2	0	1	7
Allendale Garden Apartments	2806 24th Rd S	26	26	1	0	1	0	0	0	0	0	2	1	1	6
Dorchester Towers	2001-2005 Columbia Pike	58	263	1	0	1	0	1	0	0	1	0	1	1	6
Oakland Apartments	3710 Columbia Pike	203	245	1	0	1	0	1	0	0	0	2	0	1	6
Westover Flats	5741 Washington Blvd	7	8	0	0	1	0	0	1	0	1	0	1	1	5
Highview Park Apartments	1901-1909 N Culpeper St	30	30	0	0	0	0	0	1	0	0	2	1	1	5
Quebec Apartments	4014 Columbia Pike	43	172	1	0	0	0	1	1	0	1	0	0	1	5
Serrano Apartments	5535 Columbia Pike	47	280	0	0	0	0	1	0	1	1	0	1	1	5
Fillmore Garden Apartments	805 S Walter Reed Dr	408	559	1	0	1	0	1	0	0	1	0	0	1	5
Barcroft Apartments	1130 S George Mason Dr	1340	1340	1	0	0	0	1	1	0	1	0	1	0	5
Upton House	4735-4745 21st St N	22	22	0	0	0	0	0	1	0	0	0	1	1	3

APPENDIX 3 – City of Alexandria

Linden at Del Ray	415 E Bellefonte Av	1961	35	3	0	38	1	2	0	1	0	0	1	1	2	1	1	10
Glebe House	25 W Glebe Rd	1954	0	211	0	211	1	0	1	1	1	0	0	1	2	1	1	9
Brenton Court	400 E Glendale Av	1925	0	51	0	51	1	2	0	0	0	0	0	1	2	1	1	8
Potomac West	3620 Edison St	1954	0	15	45	60	1	0	1	1	1	0	1	1	0	1	1	8
Glendale	216 E Glendale Av	1943	137	4	0	141	1	2	0	0	0	0	0	1	2	1	1	8
The Brawner	906 Prince St	1914	16	4	0	20	0	2	1	0	0	0	0	1	2	1	1	8
Mason at Van Dorn	140 S Van Dorn St	1967	944	236	0	1180	0	2	0	0	1	0	0	0	2	1	1	7
Carydale East	2727 Duke St	1961	163	67	0	230	0	2	0	0	0	0	0	1	2	1	1	7
Beverly Hills Court	300 W Glebe Rd	1963	0	26	0	26	1	0	1	1	1	0	0	1	0	1	1	7
New Brookside	601 Four Mile Road	1963	105	19	34	165	1	0	0	0	1	0	0	1	2	1	1	7
Parc Square	602 Notabene Dr	1940	58	8	0	66	1	0	0	0	1	0	0	1	2	1	1	7
Commonwealth Terrace	3100 Commonwealth Av	1962	15	5	0	20	1	0	1	1	1	0	0	1	0	1	1	7
Larchmont Village	3400 N Beauregard St	1960	0	300	0	300	1	0	0	0	0	0	1	0	2	1	1	6
Landmark Terrace	5803 Edsall Rd	1964	15	209	0	224	0	2	0	0	0	0	0	0	2	1	1	6
Commonwealth Crossing	1706 Commonwealth Av	1950	0	102	0	102	1	2	0	0	0	0	0	1	0	1	1	6
5 East Mason	5 E Mason Av	1963	4	18	0	22	1	2	0	0	0	0	0	1	0	1	1	6
Albert House	8 W Monroe Av	1963	3	18	0	21	1	2	0	0	0	0	0	1	0	1	1	6
Brookdale at Mark Center	1400 N Beauregard St	1956	461	11	0	472	0	0	1	0	0	0	1	0	2	1	1	6
Brent Place	375 S Reynolds Street	1975	0	11	196	207	0	2	0	0	0	0	0	0	2	1	1	6
Woodmont Park	5465 N Morgan St	1963	0	470	0	470	0	0	0	0	0	0	0	1	2	1	1	5
Eaton Square	801 Four Mile Rd	1940	228	188	0	416	1	0	0	0	1	0	0	1	0	1	1	5
London Park Towers	5375 Duke St	1963	419	39	0	458	0	0	0	0	0	0	0	1	2	1	1	5
Normandy Hill	104 1/2 Normandy Hill Dr	1962	0	156	0	156	0	0	0	0	0	0	0	0	2	1	1	4
Gunston Hall	913 S Washington St	1938	0	56	0	56	0	2	0	0	0	0	0	0	0	1	1	4
Tunnel Flats	321-A Wilkes St	1950	12	12	0	12	0	0	0	0	0	0	1	1	0	1	1	4
Willow Run at Mark Center	935 N Van Dorn St	1962	398	2	0	400	0	0	0	0	0	0	0	0	2	1	1	4
Seminary Hills	4820 Kenmove Av	1962	246	50	0	296	0	0	0	0	0	0	0	1	0	1	1	3
ParcView	5380 Holmes Run Py	1974	0	29	120	149	0	0	0	0	0	0	0	1	0	1	1	3

APPENDIX 4 – Fairfax County (inside Beltway)

Property Name	Address	City	Market Affordable Units	L1	L2	L3	L4	L5	D1	D2	B1	B2	B3	B4	Risk Score
Tysons View	2206 Pimmit Run Lane	Falls Church	26	0	2	pending	pending	pending	0	0	1	n/a	1	1	5
Seven Corners Apartments	6122 Willston Dr	Falls Church	284	0	0	pending	pending	pending	1	1	1	n/a	1	1	5
Hollybrooke II	3012 Patrick Henry Dr	Falls Church	154	0	0	pending	pending	pending	1	1	1	n/a	1	1	5
Churchill Apartments	7481 Lee Highway	Falls Church	99	0	0	pending	pending	pending	0	0	1	n/a	1	1	3
Fairfield Crossing Apartments	7703 Lee Highway	Falls Church	188	0	0	pending	pending	pending	0	0	1	n/a	1	1	3
Pine Spring Gardens	7531 Lee Highway	Falls Church	100	0	0	pending	pending	pending	0	0	1	n/a	1	1	3
Bailey House Apartments	3407 Moray Lane	Falls Church	33	0	0	pending	pending	pending	0	1	0	n/a	1	1	3
Carlyn Hill Apartments	3407 Carlyn Hill Drive	Falls Church	74	0	0	pending	pending	pending	0	1	0	n/a	1	1	3
Columbia View	3416 Spring Lane	Falls Church	26	0	0	pending	pending	pending	0	1	0	n/a	1	1	3
Barcroft Plaza Apartments	3601 Malibu Circle	Falls Church	104	0	0	pending	pending	pending	1	0	0	n/a	1	1	3
Olde Salem Village	6084 Argyle Drive	Falls Church	298	0	0	pending	pending	pending	1	0	0	n/a	1	1	3
Vista Gardens Apartments	6008 Vista Drive	Falls Church	54	0	0	pending	pending	pending	1	0	0	n/a	1	1	3
The Glen Apartments	2809 W Glen Drive	Falls Church	152	0	0	pending	pending	pending	0	0	0	n/a	1	1	2
Goodwin Park	2754 Goodwin Court	Falls Church	25	0	0	pending	pending	pending	0	0	0	n/a	1	1	2
Fairmont Gardens Apartment	4137 Wadsworth Court	Annandale	352	0	0	pending	pending	pending	0	0	0	n/a	1	1	2
Barcroft View Apartments	6001 Columbia Pike	Falls Church	360	0	0	pending	pending	pending	0	0	0	n/a	1	1	2