

## Proposed FBC Amendments/Interpretations

Form Based Code \_\_\_\_\_

Neighborhoods Form Based Code  X

Map Amendment \_\_\_\_\_

Text Amendment  X

**TOPIC 1:** Area Median Income (AMI) limits and affordability term for ownership housing achieved through the Neighborhoods Form Based Code (N-FBC)

**Issue:** Affordable Housing Master Plan (AHMP) Policy 1.2.1 includes guidance specifically stating that, “The General Land Use Plan, Zoning Ordinance and other regulations affecting land use will be used to encourage the production of ownership housing affordable to households with incomes between 80 and 120% of AMI.” See table below for U.S. Department of Housing and Urban Development-published income levels for 2019.

### 2019 Area Median Income - Arlington County

Family Size	60% of Median	80% of Median	100% of Median	120% of Median
1-Person	\$51,000	\$68,000	\$85,000	\$102,000
2-Person	\$58,260	\$77,680	\$97,100	\$116,520
3-Person	\$65,520	\$87,360	\$109,200	\$131,040
4-Person	\$72,780	\$97,040	\$121,300	\$145,560
5-Person	\$78,660	\$104,880	\$131,100	\$157,320

Source: U.S. Department of Housing and Urban Development; 2020 AMI numbers expected in Spring 2020.

In contradiction to AHMP policy, the N-FBC currently limits the affordability levels of ownership units to 60% AMI (See N-FBC Section 902.B “Affordability Level and Term”).

Additionally, the N-FBC currently includes an affordability term of 30 years for both rental and ownership properties. The term for ownership units needs to be lengthened to enable tax assessments to be based on the affordable value instead of significantly higher market rate values. This would therefore keep property tax assessments within an affordable range for homeowners.

**Purpose:** Incentivize production of ownership housing, that is affordable to households with incomes between 80% to 120% AMI, through land use and zoning policy.

## **Current Neighborhoods Form Based Code References:**

### **Section 902 B. Affordability Level & Term:**

AFFORDABLE HOUSING UNITS shall be committed for a term of no less than 30 years and shall be affordable to households earning up to 60 percent of the Area Median Income (AMI) as set by US Department of Housing and Development (HUD) at the time of the Final FBC application submission, except as follows:

- Projects west of George Mason Drive: An applicant may provide up to 33 percent of the required low and moderate-income units at affordability levels of 60% to 80% of the AMI at a rate of two (2) units available at 60% - 80% of the AMI for every one (1) unit required at 60% of the AMI.
- Projects east of George Mason Drive: An applicant may provide up to 33 percent of the required low and moderate-income units at affordability levels of 40% of the AMI at a rate of 0.5 units available at 40% of the AMI for every one (1) unit required at 60% of the AMI.
- By use permit approval, the County Board may adjust the proportions described in 902.B.1 and 902.B.2 to allow for larger quantities of units affordable at 60% to 80% of the AMI or 40% of the AMI units, respectively.

### **Staff Analysis:**

- Staff calculates that the maximum price of a unit should be based on the household's ability to pay up to one-third of their income towards housing. When determining the maximum purchase price, all housing costs, including mortgage payment, real estate taxes, condo fees, and/private mortgage insurance, are taken into account.
- Increasing the AMI levels would increase the pool of eligible, qualified buyers able to purchase in a timely manner, given developer project schedules. According to estimates provided by the AHMP, in 2020 there will be 11,000 households that earn between 80% to 120% AMI.
- Households with limited resources and earning up to 60% AMI may have more difficulties affording a mortgage and other housing costs associated with future increases in utilities, taxes, condominium fees or homeowner association (HOA) dues, as well as typical maintenance and repair costs or other unforeseen expenses.
- Since the N-FBC was adopted in November 2013, the County has approved one ownership development (Carver Homes) which included six affordable units that were affordable up to 60% AMI, per code requirements. While there are no N-FBC condominium developments anticipated through 2020, the potential to appropriately consider such proposals in the future through the N-FBC should be preserved.

**Recommendation(s):**

1. Income Mix: In order to incentivize affordability of different tiers within the 80% to 120% AMI income range, Staff recommends amending the N-FBC to allow equally tiered affordability levels up to 80%, 100% and 120% AMI for ownership units. This is a change from the staff previous recommendation to require units equally tiered up to the 100% and 120% AMI level. The revised recommendation incorporating the lower 80% AMI tier is the result of input received from the FBC AWG and to better ensure there are a range of prices that serve those between 80% to 120% AMI, per AHMP guidance.
2. Length of Affordability: Instead of a uniform 30-year affordability term for both rental and ownership affordable housing, Staff recommends that ownership units remain affordable for the life and use of the existing improvement as a residential dwelling unit. This will ensure a long-term affordable commitment and also enable tax assessments to be based on the affordable value instead of higher market rate values, keeping property tax assessments within an affordable range for the homeowners.

**Existing and Proposed N-FBC Requirements**

<b>Affordable OWNERSHIP Units</b>	<b>Existing N-FBC</b>	<b>Proposed N-FBC</b>
AMI Level	60% AMI	Tier at 80% AMI, 100% AMI, and 120% AMI
Affordability Term	30 Years	For the life and use of the existing improvement as a residential dwelling unit
<b>Affordable RENTAL Units</b>	<b>Existing N-FBC</b>	<b>Proposed N-FBC</b>
AMI Level	60% AMI	60% AMI (no change)
Affordability Term	30 Years	30 Years (no change)

**TOPIC 2:** Cash contribution in lieu of on-site affordable units in limited instances when the proposed development includes commercial uses.

**Issue:** The N-FBC affordable housing requirement does not currently address commercial development scenarios. An amendment is therefore needed to introduce the availability of a cash contribution option in those instances. There are seven sites within the N-FBC Revitalization District that could redevelop with commercial uses.

**Staff Analysis:**

- In instances where commercial development is proposed, staff recommends the applicant provide a cash contribution using the same commercial cash contribution calculation utilized for site plan projects and as outlined in the Zoning Ordinance section 15.5.8.C.4 (the “base ordinance” calculation). The cash contribution rates for 2019 were as follows:
  - \$2.01/SF of Gross Floor Area (GFA) for the first 1.0 Floor Area Ratio (FAR)
  - \$5.36/SF of GFA above 1.0 FAR<sup>1</sup>.
  - Cash contribution amounts are indexed to the Consumer Price Index for Housing in the Washington-Arlington-Alexandria MSA.
- Utilizing the existing site plan calculation provides consistency for how commercial developments are treated throughout the County.
- In instances where a mixed-use development is proposed (commercial on the ground floor and residential units above), the existing (on-site) affordable unit contribution would apply to the portion of the development that would be residential. The cash contribution would apply only to the portion of the development that is a commercial use.

**Recommendation(s):**

- In instances where commercial development is proposed under the Neighborhoods Form Based Code, staff recommends the applicant provide a cash contribution that is consistent with the Arlington County Zoning Ordinance section 15.5.8.C.4 (the “base ordinance” calculation).

**FBC AWG Comments**

**ZOCO Comments**

**PC/CB Comments/Recommendation**

Result: Interpretation \_\_\_\_ FBC Amendment \_\_\_\_

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<sup>1</sup> FAR is the total GFA divided by the total site area. A FAR of 1.0 means the GFA equals the same square footage as the site area.