

## DRAFT

### Embark Housing Strategies

The Embark Housing Advisory Group was chartered by the Board of Supervisors in 2018, in recognition of the need to facilitate a more focused policy discussion of the issue of housing affordability in the Richmond Highway corridor. The Advisory Group recognizes that the promise of bus rapid transit, coupled with significant private new investment and development in the corridor, as embodied in the Embark Plan, are vital to the economic success of the corridor. The principal challenge to be addressed by the Advisory Group was to recommend sound housing policies to help ensure that the anticipated new development and investment in the coming decades serves the needs of the corridor's long-time residents, and preserves its unique economic diversity.

To that end, the Advisory Group is recommending adoption by the Board of Supervisors, as a companion to the Embark Comprehensive Plan amendment, a set of policy principles to guide future land use and housing funding decisions in the corridor. In addition, the Advisory Group is recommending a set of tools for consideration by the Board, for possible inclusion in the Planning and Zoning work plan. The recommended strategies are not intended to be prescriptive nor all-inclusive; rather, the strategy recommendations are intended to provide a roadmap for county staff to develop and implement opportunities, in order to advance the principles.

#### Recommended Policy Principles

The outer ring of the circle provides the principles under which all of the recommendations will be considered. The three principles are:

- **Principle 1:** No net loss of existing, “market affordable” rental homes in the Richmond Highway corridor

The Richmond Highway corridor is home to a significant stock of “market affordable”<sup>1</sup> rental apartments. Many of these apartments are located in rental apartment complexes along or near the corridor and, due to expected market conditions, may be subject to redevelopment along with the areas that are the subject of the Embark plan. These apartments are largely older, garden-style communities, many of which would require significant investment to physically preserve them as quality, sustainable homes over the long term.

It is recommended that the Board adopt a principle that, to the extent feasible, there should be **no net loss of market affordable units in the corridor**, recognizing that the preservation of these resources can take many forms which will commit them as affordable, including:

- 1) Preservation and renovation of existing structures using public financing, in a manner similar to the recent investments in Huntington Gardens in the Lee District.
- 2) Replacement of units on-site as part of a larger redevelopment; and

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<sup>1</sup> “Market affordable,” for the purpose of this document, means apartments in rental complexes that are affordable to households earning 70 percent of the Area Median Income (AMI) and below, and which are not subsidized or otherwise subject to rent restrictions.

- 3) Replacement of units through new development across the corridor. It is desirable that the replacement units would be in transit-friendly locations and serve like incomes as the replaced units, to the extent feasible.

- **Principle 2: Use the of Equity Lens of One Fairfax**

The Fairfax County Board of Supervisors and the Fairfax County School Board adopted the One Fairfax racial and social equity policy in 2017, to ensure all individuals in our community have an opportunity to reach their highest level of personal achievement. Stable, affordable and high-quality housing is the key to increasing access to opportunities and ensuring all residents can prosper. In using the equity lens of One Fairfax, factors to be considered for any recommendation include determining who will benefit from or be burdened by proposed actions and determining what the strategies can be employed to advance racial equity or mitigate unintended consequences.

- **Principle 3: Future Housing Development Should Reflect Community Needs**

Under this principle, housing types that reflect the current and future needs of the community, such as housing lower income workers, larger families, singles, those who are elderly, and geographically useful housing should be promoted. Public investment in redevelopment and new development will be driven by the housing types that are most needed or projected to be needed in the area, and that allow existing residents to remain in their communities. New production occurring in the Embark area needs to include a significant portion at 60 percent of Area Median Income (AMI) or below to allow existing residents to remain in the area and the workforce to move to and live in the area as well. Public resources, in the form of capital investment and tax credits, should focus on the needs of households earning 60 percent of AMI and below.

## **The Strategies**

It is further recommended that the Board direct staff, as appropriate to implement or further develop the following strategies. The following are examples and should not be considered as all-inclusive:

- I. **Leveraging Public Investments**

- *Use County-owned land/facilities (e.g. North Hill and public/capital facilities) for affordable housing*

This strategy is reflective of the Communitywide Housing Strategic Plan. The Communitywide Strategic Plan states, “Making vacant or underutilized publicly-owned land available for affordable and mixed-income housing is an important way to expand housing options without direct public financial subsidy.” In addition to the importance of the land component of this Embark Housing Strategy, it also incorporates the Strategic Plan strategy that calls for “co-locating housing with new and/or redeveloped public facilities”. The Strategic Plan states that this “is an effective way to create

affordable housing options in mixed-use settings. The County's CIP process should be amended so an assessment of the appropriateness of co-locating housing is done in all projects involving building new public facilities or redeveloping existing facilities."

- *Have the FCRHA (Fairfax County Redevelopment and Housing Authority) act as catalyst in acquiring land for public-private partnerships*

This strategy calls for the FCRHA to pursue opportunities for catalytic investment in which the FCRHA would acquire land/facilities for public-private partnerships that would increase the affordable housing stock. The FCRHA would retain ownership of the land and provide it as a subsidy to the developers as a ground lease, to the extent possible.

- *Attracting private capital to the Corridor*

As opportunities arise, the county should take advantage of programs or mechanisms for attracting private capital to the area. For example, Opportunity Zones, and related Opportunity Funds, were created as part of the Federal Tax Cuts and Jobs Act of 2017. The goal is to encourage long-term investments of private funds into designated low-income areas nationwide. There are four Opportunity Zones in the Embark area. Fairfax County should consider the creation of, or support creation of, an Embark Opportunity Fund to collect capital and invest it in workforce and affordable housing in the Embark area. Opportunity Zones are but one example of how the county can take advantage of programs that are intended to incentivize private investment in specific geographic areas.

- *TIF (Tax Increment Financing)*

TIF allocates future increases in property taxes from a designated area to pay for public improvements within that area. These improvements could include affordable housing. Fairfax County has used TIF in the Merrifield area, and this strategy promotes exploration of the County's existing authority to implement TIF and associated policies as a means to spur affordable housing development and preservation in the Embark area.

- *Affirmative Investment of Public Resources*

The county and the FCRHA should affirmatively direct investments of public resources to the preservation of affordable housing in the corridor, and to support housing opportunities for persons with extremely low incomes (earning 30 percent of AMI and below). This should include a combination of investments of Housing Blueprint funds, the county's federal Community Development Block Grant (CDBG) and HOME Investment Partnership funds, and the FCRHA's project-based Housing Choice Vouchers, in privately-owned and operated affordable and mixed-income properties.

## II. Public-Private Partnerships

- *Financial/Regulatory Incentives or Process-Easing for development*

This strategy calls for the consideration of expedited approvals by the County as well as exemption of certain fees/proffers for affordable housing development. It also echoes the Communitywide Housing Strategic Plan strategy calling for the County to “review the Public Private Education and Infrastructure Act (PPEA) framework and consider moving to a more streamlined process for public land projects that involve affordable housing.”

- *Sliding scale for new affordable development*

Staff should consider developing a sliding scale for the delivery of new affordable homes in the Embark area, to reflect the needs in the community and focus on 60 percent of the AMI and below. Examples of such a policy could include:

<b>Option 1: Seven Corners Model</b> <ul style="list-style-type: none"> <li>• 2 percent up to 60% AMI</li> <li>• 3 percent up to 70% AMI</li> <li>• 5 percent up to 80% AMI</li> <li>• 2 percent up to 100% AMI</li> </ul>	<b>Option 3: Low-Income Spread Model</b> <ul style="list-style-type: none"> <li>• 2 percent up to 30% AMI</li> <li>• 2 percent up to 70% AMI</li> <li>• 6 percent up to 80% AMI</li> <li>• 2 percent up to 100% AMI</li> </ul>
<b>Option 2: Low-Income High Benefit Model</b> <ul style="list-style-type: none"> <li>• 3 percent up to 30% AMI</li> <li>• 6 percent up to 80% AMI</li> <li>• 3 percent up to 100% AMI</li> </ul>	<b>Option 4: “Missing Middle” Model</b> <ul style="list-style-type: none"> <li>• 6 percent up to 50% AMI</li> <li>• 6 percent up to 80% AMI</li> </ul>
<b>Option 5: Adapted Rental ADU Model</b> <ul style="list-style-type: none"> <li>• 3 percent at 50% AMI</li> <li>• 4 percent at 60% AMI</li> </ul>	<b>Option 6: Higher Impact, Lower Yield</b> <ul style="list-style-type: none"> <li>• 5 percent at 50% AMI</li> </ul>

- *Density bonuses*

With the updating and revising of the county’s inclusionary zoning policies, and with the County having called for 20 percent of new residences in Tysons to be set aside as workforce or affordable housing, incentives such as density bonuses have been successful and should be considered in the Embark area. Staff should consider development of a policy to account for the replacement of affordable housing, to potentially include discounting such housing from density calculations within the Embark plan area.

- *TDR (Transferable Development Rights)*

TDR involves development rights which can be voluntarily transferred or sold by respective landowners from their land to any other developer who can use these rights to increase the density of development at another agreed upon location. This strategy promotes exploring implementation of a TDR program for the benefit of the Embark area.

- *Parking Incentives*

The Richmond Highway corridor is well-served with public transit, and the arrival of bus rapid transit will make the corridor a model of urban-style mobility. Bus rapid transit will likely decrease the future need for traditional parking calculations. Therefore, it is recommended that the county consider providing for reduced parking for affordable developments, or providing an incentive to produce more affordable housing in exchange for parking reductions.

- *Commercial Linkage Fees*

This strategy calls for a review of the County's options to encourage commercial contributions to an affordable housing fund in transit, high density activity centers. Phase 1 of the Communitywide Housing Strategic Plan contains a similar strategy which states, "The County should assess its current policy of commercial contributions and re-visit the countywide commercial linkage policy in transit-oriented development areas to determine whether a new commercial contribution policy should be adopted." The Embark Housing Advisory Group recognizes the need to balance the need in the corridor for new commercial investment with the opportunity to generate additional funding for housing affordability. Therefore, the Advisory Group recommends that a commercial linkage policy be developed on a countywide basis, and that such policy consider and account for the unique investment needs of the county's revitalization areas. It is further requested that this recommendation be forwarded to the Affordable Housing Resources Panel, for inclusion in its recommendations to the Board.

- *Partnerships to Relocate Displaced Residents*

Fairfax County needs the people who need affordable homes, and the Advisory Group recommends that the county affirmatively provide housing options for persons who might be displaced by the redevelopment of market affordable apartments. It is therefore recommended that the FCRHA, the county and their affordable housing partners in the Richmond Highway corridor provide for admissions preferences for persons who lose their market affordable rental homes due to redevelopment. It is further recommended that the FCRHA and the county's rental subsidy programs – namely the Housing Choice Voucher and Bridging Affordability programs – also include such a preference for extremely low-income households.