

HR&A +



Fairfax WDU Task Force Final Recommendations

FINAL PROGRAMATIC RECOMMENDATIONS

1 **WDU Pricing**
Update the pricing model to better reflect affordability for families in the county including **adjusting price by typology** to account for variation in condo and HOA fees.

2 **Affordability Levels**
After testing feasibility implications, we recommend shifting the affordability level of the program to **removing the 120% AMI** affordability level and **include units affordable at or below 70% AMI**.

3 **Resale Requirements**
Tie resale prices to **AMI growth**, better matching future unit resale prices with housing affordability.

4 **Term of Price Control**
Maintain the existing term of 30 years, resetting after sales within the 30-year timeframe.

5 **Geographic Applicability**
Extend the WDU policy to all areas within County jurisdiction zoned or planned for medium- to high-density. **Do not extend the Tysons High Rise policy** at this time.

6 **Bedroom Distribution**
Adopt a requirement that **WDUs match the proportion of family-sized** (3 or more bedrooms) **market-rate units**.

A large, multi-story brick and white siding building with a central entrance, surrounded by trees and parked cars. The building features a prominent central entrance with a white porch and a gabled roof. The facade is a mix of red brick and white horizontal siding. Several windows are visible, some with white frames. The building is set in a residential or institutional environment with lush green trees in the background and several cars parked in the foreground. The overall scene is captured in a slightly dim, overcast light, giving it a somewhat somber or professional appearance.

Additional Analysis: Geographic Applicability

GEOGRAPHIC APPLICABILITY

Extend the WDU program to encompass all areas within the jurisdiction of the County zoned or planned for medium- to high-density residential.

Findings

- **Homes within medium- to high-density zones outside the WDU program areas sold for equivalent or higher prices** than homes within the program area.
- Medium to high-density zoned and planned sites are **primarily adjacent to areas with existing WDU** applicability.
- Financially feasible **high-rise condo prices (~\$850 PSF) are currently unsupportable** in vast majority of the Fairfax market.

Recommendations

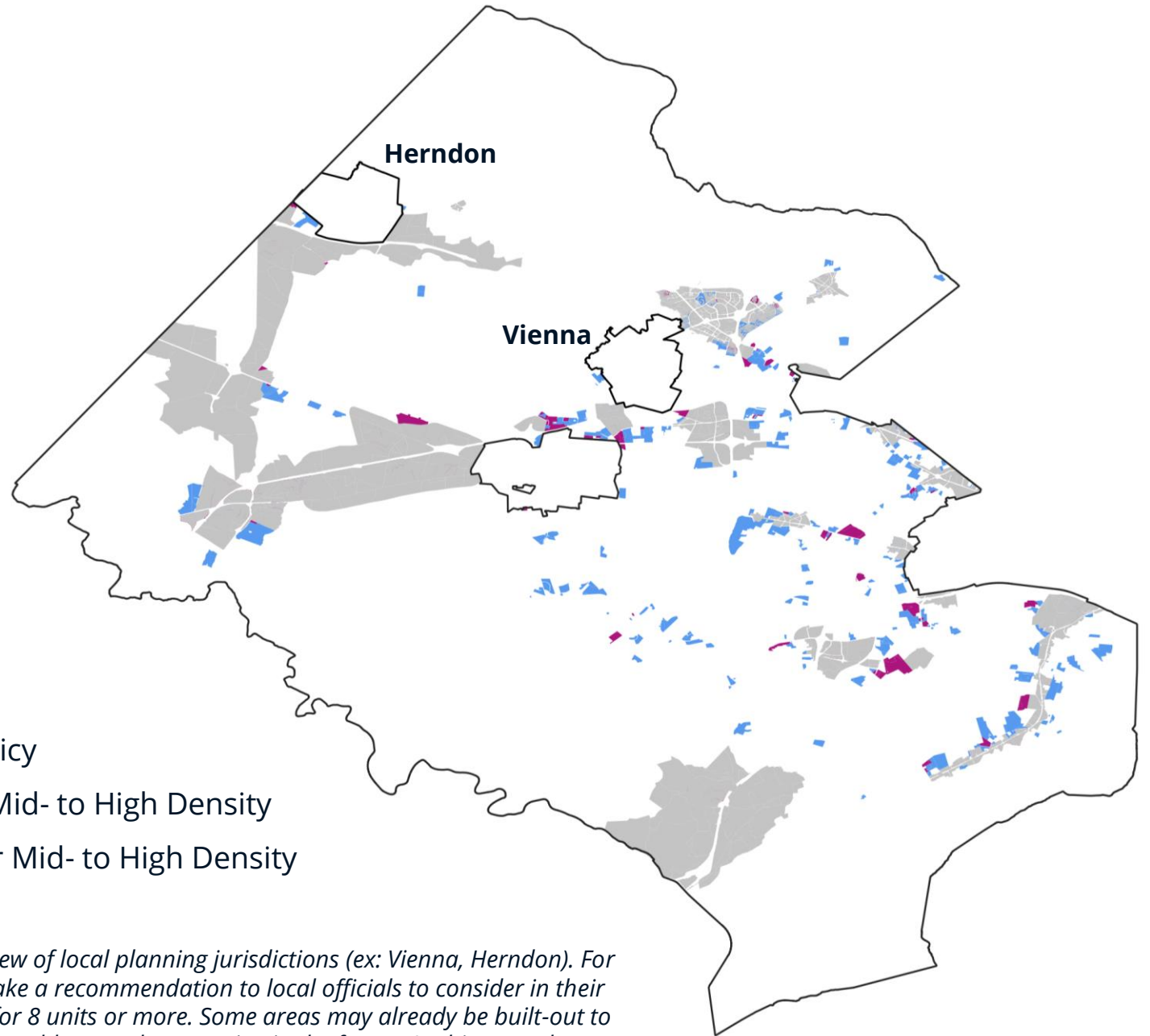
- **Extend the WDU policy** to all areas within the County's jurisdiction **zoned or planned** for medium- to high-density residential (8 dwelling units per acre and above).
- The high-rise policy **should not be extended outside of Tysons at this time.**

GEOGRAPHIC APPLICABILITY

Extend the WDU program to encompass all areas within County jurisdiction **zoned or planned for medium- to high-density residential** (8 or more dwelling units per acre).

Legend

- Existing Policy
- Zoned for Mid- to High Density
- Planned for Mid- to High Density



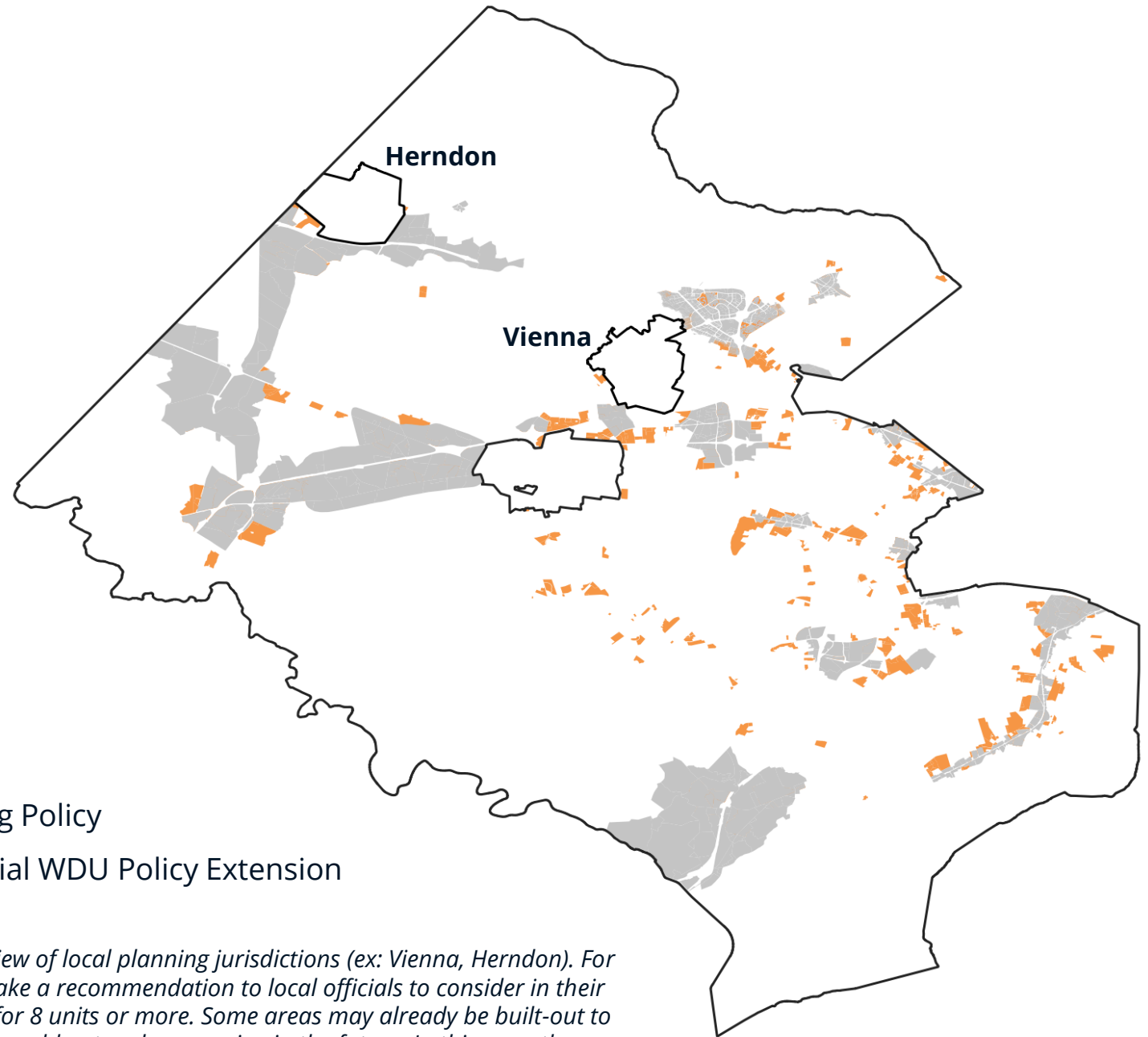
Note: This map excludes zoning areas which may be under the purview of local planning jurisdictions (ex: Vienna, Herndon). For these areas, the policy will not be applicable, but the County may make a recommendation to local officials to consider in their review processes. This map shows areas that are zoned or planned for 8 units or more. Some areas may already be built-out to the maximum planned and zoned residential density and therefore would not seek a rezoning in the future. In this case, the policy would not apply.

GEOGRAPHIC APPLICABILITY

Extend the WDU program to encompass all areas within County jurisdiction **zoned or planned for medium- to high-density residential** (8 or more dwelling units per acre).

Legend

- Existing Policy
- Potential WDU Policy Extension



Note: This map excludes zoning areas which may be under the purview of local planning jurisdictions (ex: Vienna, Herndon). For these areas, the policy will not be applicable, but the County may make a recommendation to local officials to consider in their review processes. This map shows areas that are zoned or planned for 8 units or more. Some areas may already be built-out to the maximum planned and zoned residential density and therefore would not seek a rezoning in the future. In this case, the policy would not apply.

The background image shows a large, multi-story residential or institutional building. The building features a combination of red brick and white horizontal siding. It has a central entrance with a prominent white portico supported by columns. The roof is dark grey with several gables and dormer windows. The building is surrounded by lush green trees, and several cars are parked in the foreground on a paved area. The overall scene is captured in a slightly dim, overcast light, giving it a professional and somewhat somber appearance.

Additional Analysis: Extended Affordability

PROVIDE DEEPER AFFORDABILITY

After testing feasibility implications, we recommend shifting the affordability level of the program to **removing the 120% AMI** affordability level and **include units affordable at or below 70% AMI**.

Findings

- As compared to the affordability mix of the program in practice, **including more units at 70% AMI will have a minimal revenue impact.**
- There is significant demand for units at 80% AMI and below, suggesting **these units will sell quickly and reduce carrying costs.**
- Some participating **developments already include WDUs priced at 70% AMI.**

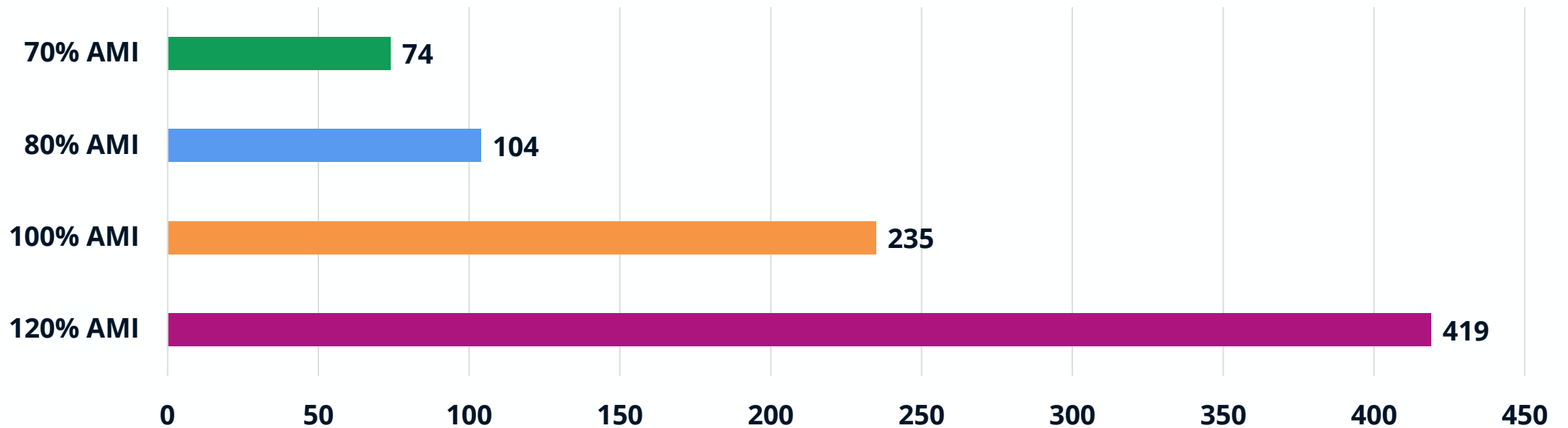
Recommendations

- **Eliminate units priced up to 120% AMI**
- **Expand program** to include units priced up to 70% AMI
- Create a distribution for the program as follows:
 - 4% of units at up to 100% AMI
 - 4% of units at up to 80% AMI
 - 4% of units at up to 70% AMI

PROVIDE DEEPER AFFORDABILITY – 120% AMI CHALLENGES

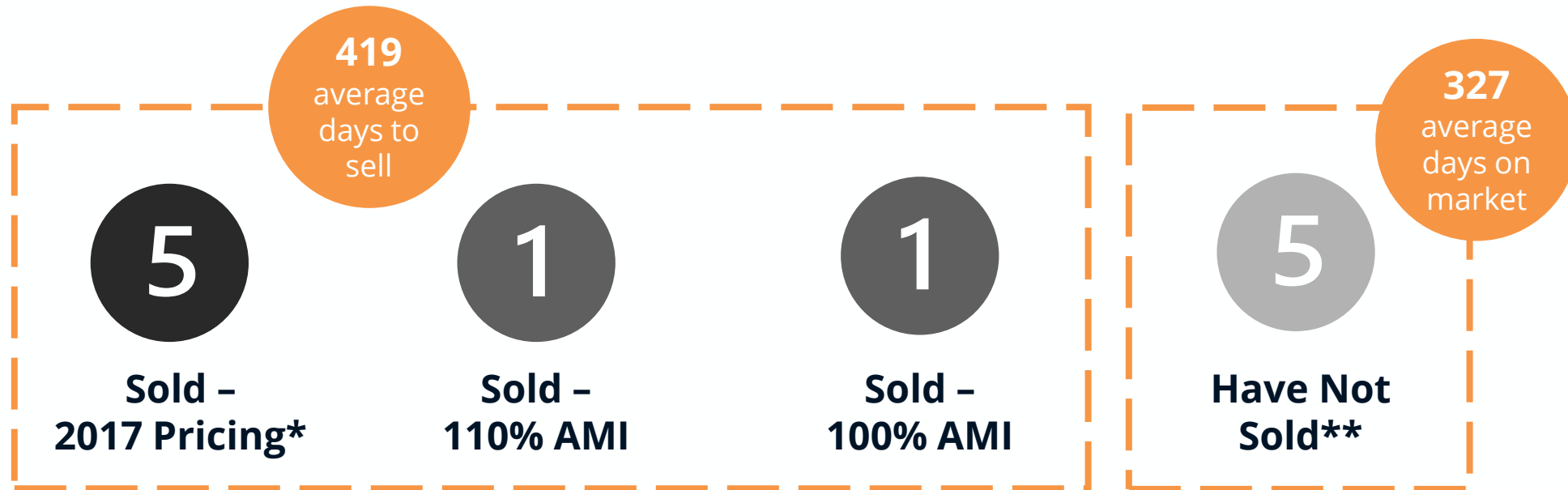
In practice, under the current policy, **WDUs priced at 120% AMI and 100% AMI spend the longest time on the market.**

Average WDU Unit Days to Sale by AMI



PROVIDE DEEPER AFFORDABILITY – 120% AMI CHALLENGES

Of participating developments that include 120% AMI WDU units, **more than half have initiated a price reduction and 40% have not yet sold.**



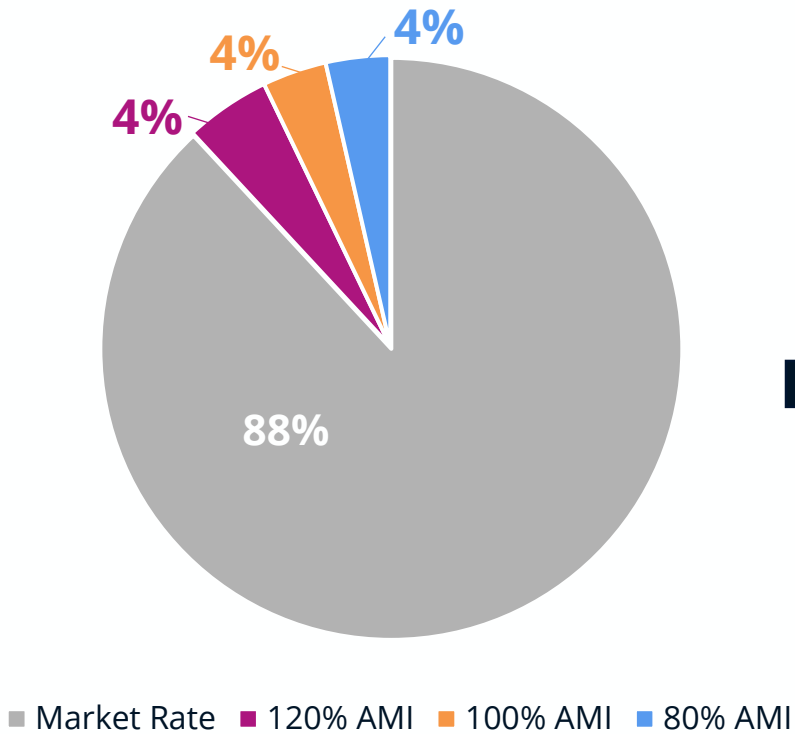
**These sales were implicitly discounted because pricing did not reflect increased AMIs*

***List price reduced to ~100% AMI*

Note: Homes that sold saw \$65K and \$112K price reductions respectively. Those still on the market include \$50-\$180K in reductions.

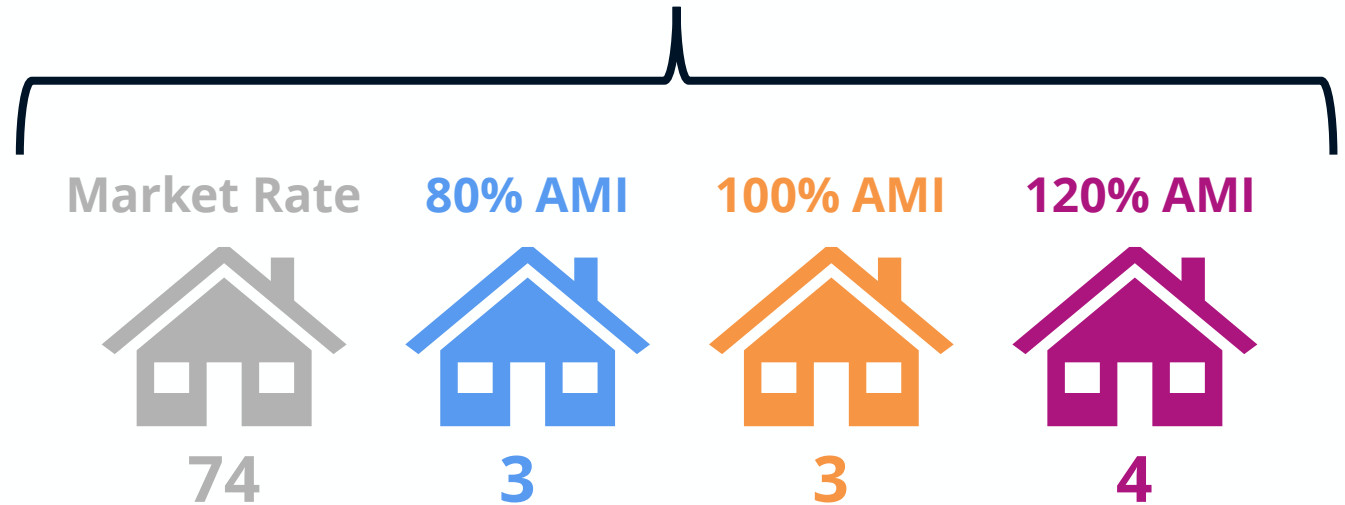
PROVIDE DEEPER AFFORDABILITY – POLICY AS WRITTEN

As written, the WDU program requires an even split of units
between 120%, 100%, and 80% AMI.



Existing WDU Program Requirement

84 Unit Development (12% WDUs)

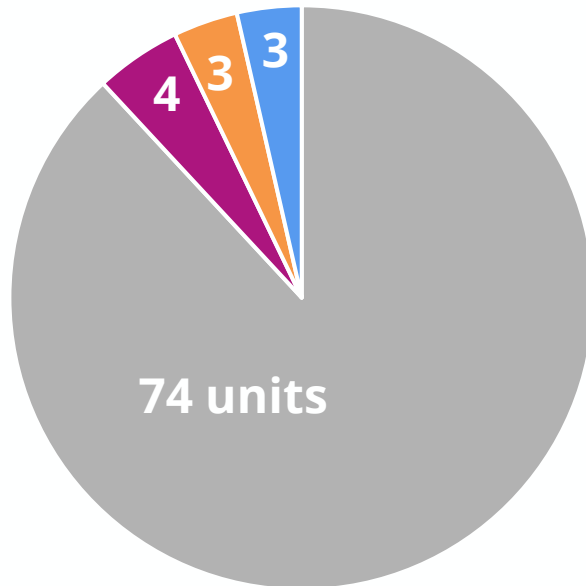


Sample Development: 3 BR Stacked Townhomes with
average market sales price of \$644,000

Note: Hypothetical 75-unit stacked townhome development with 3-BR units; total units are 84 after 12% WDU bonus

PROVIDE DEEPER AFFORDABILITY – POLICY AS WRITTEN SALES REVENUE

Using a sample development **including WDUs** in accordance with the existing policy as written **yields total sales of \$52.5M.**



■ Market Rate ■ 120% AMI ■ 100% AMI ■ 80% AMI

**Existing WDU Program Requirement
84 Unit Development (12% WDUs)**

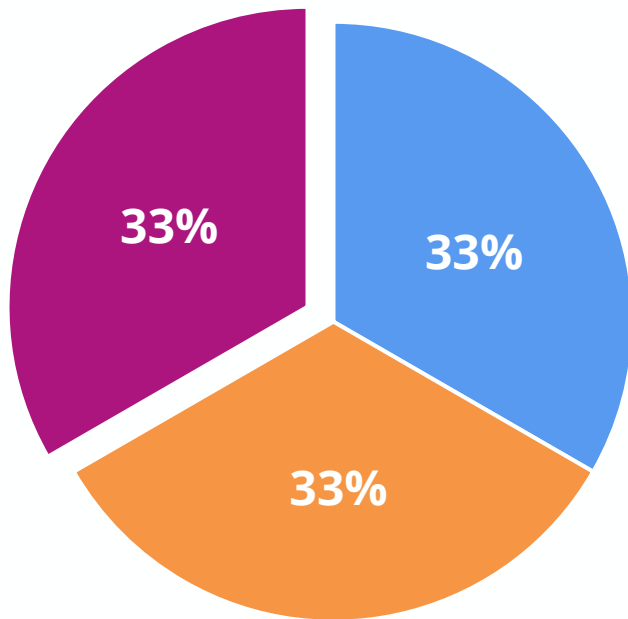


Market Sales	\$47,600,000
WDU Sales	\$4,900,000
Total Sales	\$52,500,000

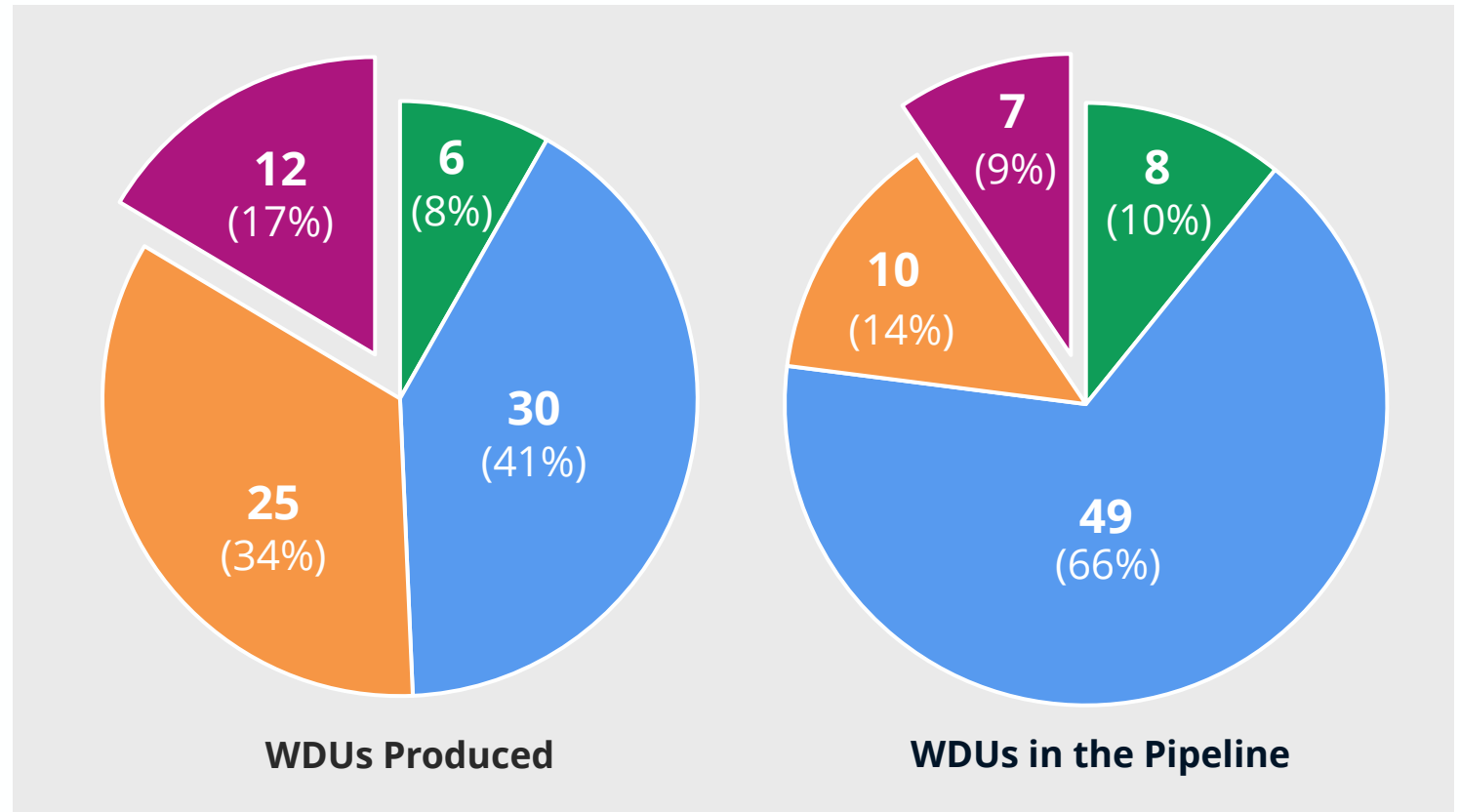
Existing WDU Program Requirement

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

In practice, **fewer 120% AMI units are being produced** or are in the pipeline compared with WDU Program requirements.



Existing WDU Program Requirement



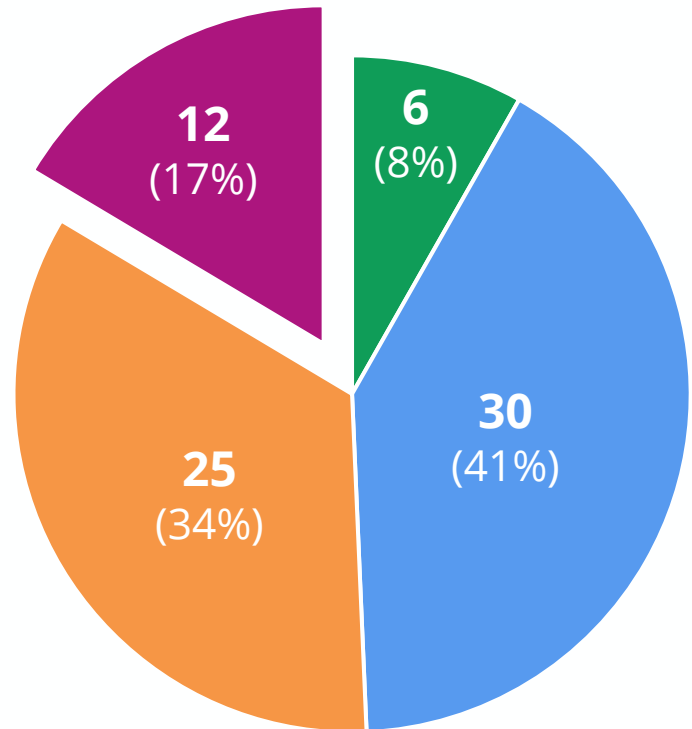
WDUs Produced

WDUs in the Pipeline

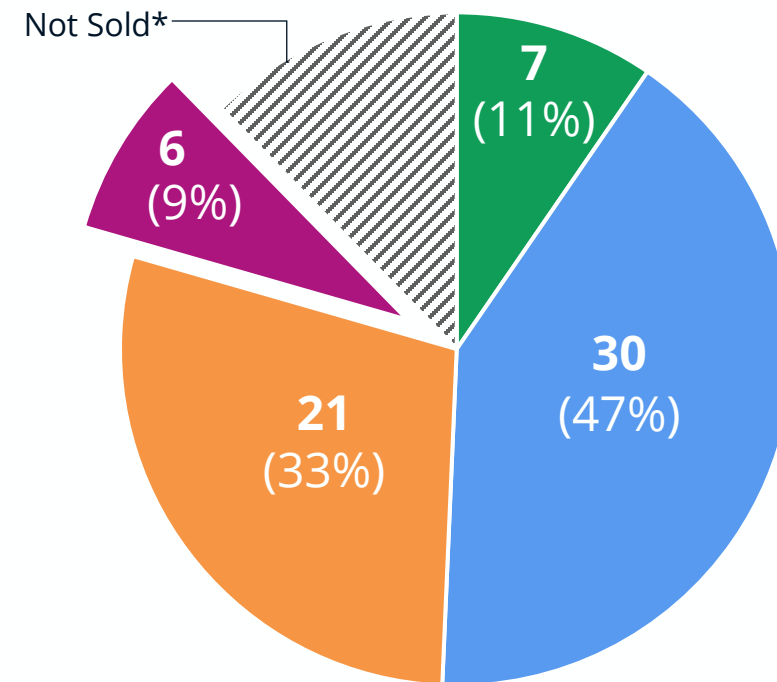
70% AMI 80% AMI 100% AMI 120% AMI

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

Only half of units proffered at 120% AMI have sold for the original price set for this AMI category.



WDUs Produced



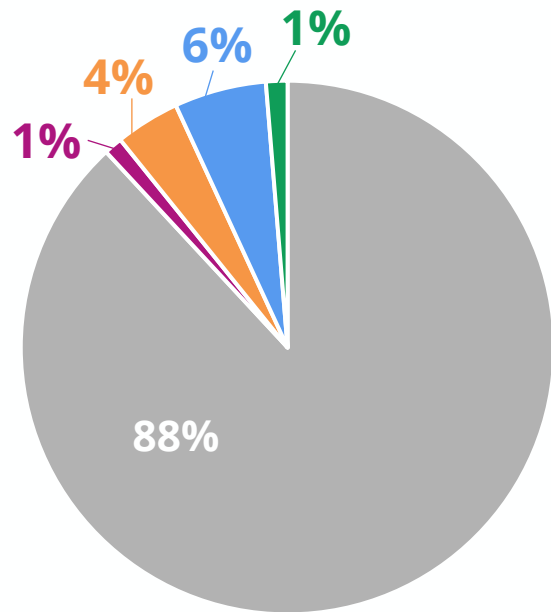
WDUs Sold By Actual Sales Price

70% AMI 80% AMI 100% AMI 120% AMI

**As of April, one 80% AMI unit, three 100% AMI units, and five 120% AMI units had not yet sold*

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

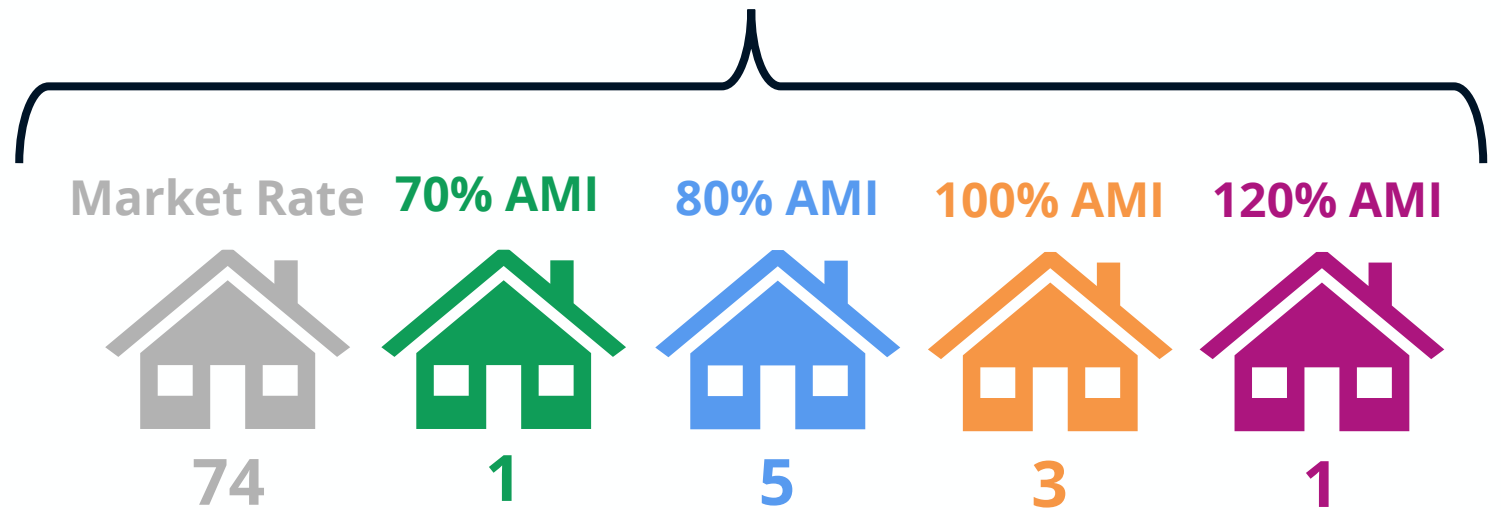
Although the program requires that one-third of all WDUs be priced at 120% AMI, in practice only **9% of WDUs are sold at that price point.**



**WDUs Sold By Actual Sales Price
84 Unit Development (12% WDUs)**

■ Market Rate ■ 120% AMI ■ 100% AMI ■ 80% AMI ■ 70% AMI

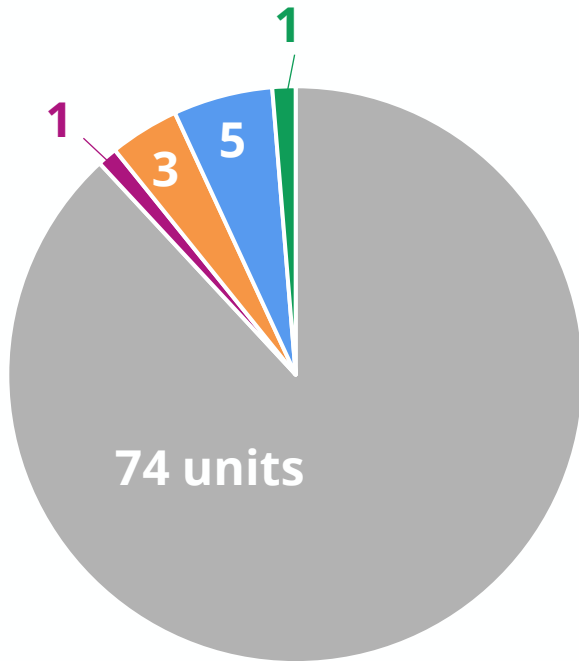
84 Unit Development (12% WDUs)



Sample Development: 3 BR Stacked Townhomes with average market sales price of \$644,000

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

Given that units proffered at 120% AMI often sell at lower prices, in practice **revenues generated** from the sale of WDUs are **lower**.



WDUs Sold by Actual Sales Price
84 Unit Development (12% WDUs)

■ Market Rate ■ 120% AMI ■ 100% AMI ■ 80% AMI ■ 70% AMI

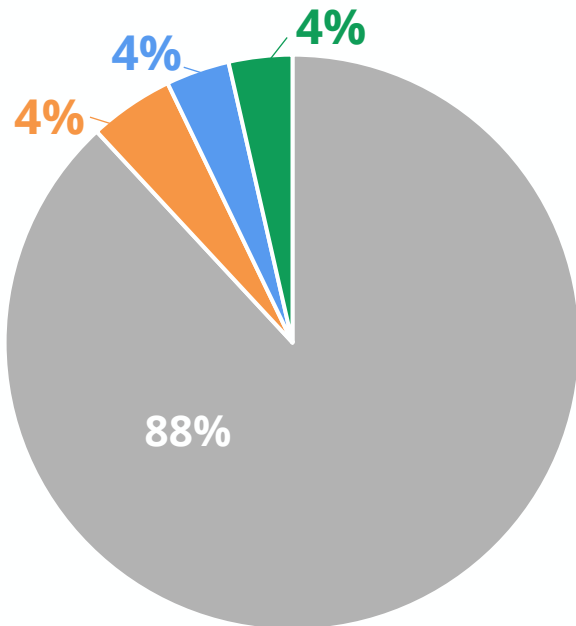


	WDU Program Requirement	WDUs Sold By Actual Sales Price
Market Sales	\$47,600,000	\$47,600,000
WDU Sales	\$4,900,000	\$4,200,000
Total Sales	\$52,500,000	\$51,800,000
<i>Difference: \$700,000</i>		

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

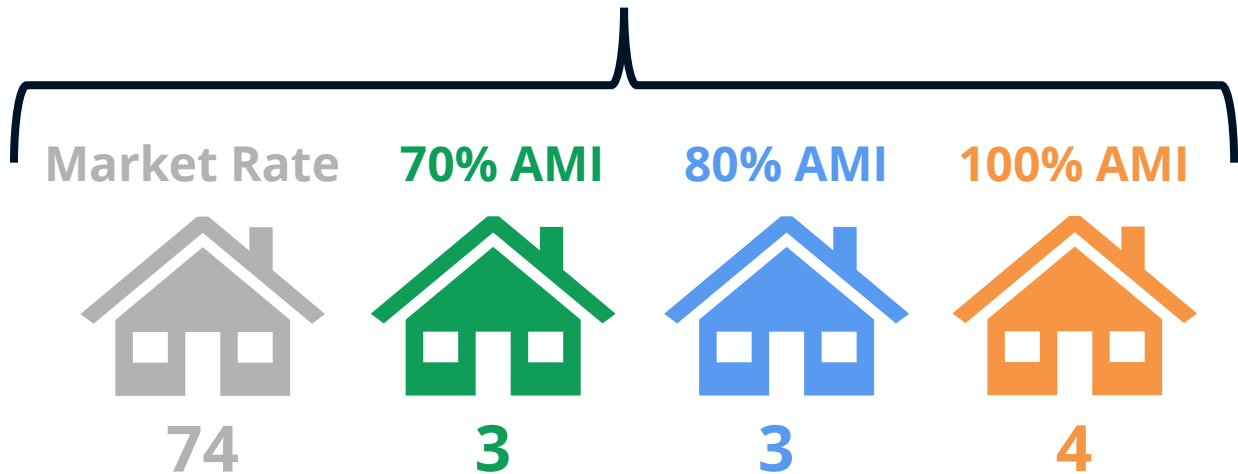
As proposed, WDUs at 70% AMI are a small fraction (4%) of the total units in a development.

Proposed Program by AMI Levels



■ Market Rate ■ 100% AMI ■ 80% AMI ■ 70% AMI

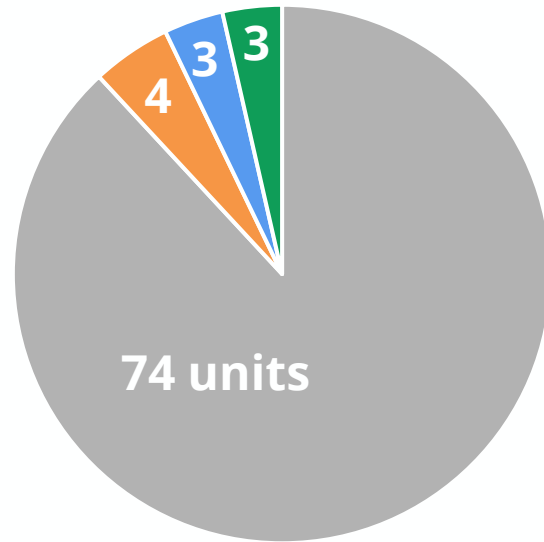
84 Unit Development (12% WDUs)



Sample Development: 3 BR Stacked Townhomes with average market sales price of \$644,000

PROVIDE DEEPER AFFORDABILITY – FEASIBILITY

As compared to the program in practice currently, **requiring additional 70% AMI units will have a minimal impact** on revenue.



■ Market Rate ■ 100% AMI ■ 80% AMI ■ 70% AMI

**Proposed Program by AMI Level
84 Unit Development (12% WDUs)**



	WDUs Sold By Actual Sales Price	Proposed Program by AMI Level
Market Sales	\$47,600,000	\$47,600,000
WDU Sales	\$4,200,000	\$3,900,000
Total Sales	\$51,800,000	\$51,500,000
<i>Difference: \$300,000</i>		