

**FAIRFAX COUNTY PLANNING COMMISSION  
HOUSING COMMITTEE  
THURSDAY, DECEMBER 7, 2023**

**PRESENT:** Candice Bennett, Commissioner At-Large, Chairman  
John A. Carter, Hunter Mill District  
Phillip A. Niedzielski-Eichner, Commissioner At-Large  
Timothy J. Sargeant, Commissioner At-Large  
Evelyn S. Spain, Sully District

**ABSENT:** Walter C. Clarke, Mount Vernon District

**OTHERS:** Mary Cortina, Braddock District  
Jermey Hancock, Providence District  
Anna Shapiro, Deputy Director, Department of Housing and Community  
Development (DHCD)  
Meghan Van Dam, Community Development Assistant Director, DHCD  
Brienne Fuller, Associate Director of Preservation,  
Affordable Housing Development, DHCD  
Grace Highman, Homeownership and Relocation Services, DHCD  
Samantha Lawrence, Department of Clerk Services

**ATTACHMENTS:**

- A. AFFORDABLE HOUSING PRESERVATION ADMINISTRATIVE POLICY GUIDELINES
- B. ADMINISTRATIVE POLICY GUIDELINES FOR AFFORDABLE HOUSING PRESERVATION
- C. WORKFORCE DWELLING UNIT FOR-SALE POLICY TASK FORCE RECOMMENDATIONS

//

Chairman Bennett called the meeting to order at 7:30 p.m. in Conference Room 11 of the Fairfax County Government Center, 12000 Government Center Parkway, Fairfax, Virginia 22035.

//

Anna Shapiro, Deputy Director, Department of Housing and Community Development (DHCD) introduced staff members presenting before the Committee.

//

Brienne Fuller, Affordable Housing Development, DHCD, introduced herself and gave a presentation on the Administrative Policy Guidelines for Affordable Housing Preservation. A copy of the staff's presentation is located in the date file.

There was a discussion between Ms. Fuller; Anna Shapiro, Deputy Director, DHCD; Meghan Van Dam, Community Development Assistant Director, DHCD; and multiple

Committee members regarding the following:

- Staff clarified the reasons for the increase in the number of affordable dwelling units;
- Staff clarified that the change in the area medium income (AMI), job types, and the change in population factored into the growing need for affordable rental units;
- Staff explained the preservation process for affordable rental units;
- Staff discussed how the affordable housing preservation policy factored into the Comprehensive Plan;
- Staff explained the replacement goals for the existing affordable rental units for redeveloped properties;
- Staff explained the County's goal to minimize the displacement of existing tenants post redevelopment;
- Staff explained the levels of outreach for educating the public on changes made to the Affordable Housing Preservation Policy;
- Staff discussed future plans for the preservation and redevelopment of multifamily manufactured housing based on the recommendations from the Manufactured Housing Taskforce;
- A discussion on the role of the Board of Supervisors, Planning Commission, and staff in administering the Administrative Policy Guidelines for Affordable Housing Preservation during the preapplication process;
- Staff explained there was a range of possible scenarios for increased density to affordable housing, based on a market affordable survey conducted in 2019;
- Staff confirmed there were garden style affordable dwelling units located near or approximate to development centers that were planned for higher density;
- Staff alerted that affordable dwelling units planned for market rate increases were at risk of losing 100% of their affordability;
- Staff explained the reasons for public interest in the preservation of affordable dwelling developments;
- Staff confirmed collaboration with the Department of Planning and Development for the preservation of affordable housing dwelling units;
- Staff confirmed that Redevelopment and Housing Authority (RHA) financing options were marketing tools offered for the preservation of affordable housing dwelling units;

- Staff explained the differences between the Administrative Policy Guidelines for Affordable Housing Preservation and the Comprehensive Plan, their correlation, and whether the policy guidelines were staff generated;
- Staff discussed their experience with retrofitted commercial spaces and whether developers reutilized those spaces for residential uses; and
- Staff discussed the status of future plans for the preservation of manufactured residential communities at risk of redevelopment.

//

Chairman Bennett updated the Committee on the Workforce Dwelling Units (WDUs) For-Sale Policy Task Force Recommendations and noted the following:

- The review of the current workforce dwelling unit policy, the challenges facing the program, the task force recommendations, and next steps;
- The makeup of the task force;
- An overview, timeline for implementing the policy, the work done on the program, the task force recommendations, and consensus;
- Concerns and challenges on for-sale WDUs at 100% AMI, length of time on the market, and concessions made to sell those units; and
- The geographic applicability for various communities.

//

Meghan Van Dam, Community Development Assistant Director, DHCD, introduced herself and gave a presentation on the Workforce Dwelling Unit For-Sale Policy Task force Recommendations. A copy of the staff's presentation is located in the date file.

There was a discussion between Ms. Van Dam; Anna Shapiro; Grace Highman, Homeownership and Relocation Services, DHCD; and multiple Committee members regarding the following:

- Staff confirmed there were no guidelines that addressed the transfer of affordable housing requirements for residential townhomes to affordable market rate multifamily rental units;
- The task forces' recommendation to include condo/Homeowners Association fee assumptions to reduce assumption on the number of persons per bedroom;
- The task forces' recommendation to include homeowner's insurance costs to the pricing model;

- Staff stated their willingness to coordinate a committee meeting to discuss the staff report and public notification process for the Workforce Dwelling Unit For-Sale Policy, prior to a public hearing;
- Staff confirmed that the amendment which included the Countywide policy and areawide plans;
- Staff confirmed that the staff report for the policy would be published in January of 2024;
- Staff discussed the timeline for community engagement on the policy;
- Staff discussed the possible timeline for recommending the policy to the Planning Commission and the Board of Supervisors;
- A suggestion that the Committee be included in the public engagement process and address public concerns on the policy prior to a public hearing;
- Staff discussed the equity share split process and the resale covenant period for WDUs;
- Staff confirmed there were no WDUs held past the 30-year covenant period;
- Staff confirmed that WDUs sold at 120% AMI would see a price increase;
- Staff discussed the resale covenant period for WDUs;
- Possible opportunities for affordable homeownership along major corridors, transit areas, and nearby neighborhood shopping centers; and
- A recommendation that the WDU pricing at 100% AMI remain as is.

//

Chairman Bennett then thanked staff and adjourned the meeting.

//

CLOSING

December 7, 2023

The meeting was adjourned at 9:12 p.m.  
Candice Bennett, Chairman

An audio recording of this meeting is available in the Planning Commission Office,  
12000 Government Center Parkway, Suite 552, Fairfax, Virginia 22035.

Minutes by: Samantha Lawrence  
Approved: April 25, 2024

*Jacob Caporaletti*

Jacob Caporaletti, Clerk  
Fairfax County Planning Commission

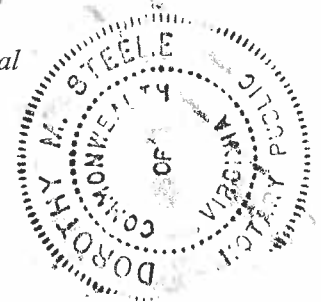
County of Fairfax  
Commonwealth of Virginia

The foregoing instrument was acknowledged before me this 7 day of May 2024, by Jacob Caporaletti

*[Signature]*

Signature of Notary

Notary Seal



Notary registration number: 7114113

Commission expiration: January 31, 2028

**BOARD OF SUPERVISORS'**  
**AFFORDABLE HOUSING PRESERVATION**  
**ADMINISTRATIVE POLICY GUIDELINES**

**September 26, 2023**

The Fairfax County Board of Supervisors' (Board) Affordable Housing Preservation Administrative Policy Guidelines (Administrative Guidelines) are established to assist in the execution of the affordable housing preservation policies and objective within the County's Comprehensive Plan (Preservation Policy), adopted on March 21, 2023. The Preservation Policy supports the County's goal of no net loss of affordable housing and seeks to maintain the affordability of units in accordance with the Comprehensive Plan's Guidelines for Multifamily Affordable Housing Preservation. The guidelines establish a goal of preserving existing multifamily rental affordable housing (four or more units) during infill development or redevelopment on a one-for-one basis. While the objective is no net loss of affordable units, it is recognized that this may not be possible in all circumstances.

Preserved Affordable Units (PAUs) are those new affordable units that replace the existing affordable units expected from redevelopment and/or those existing affordable units where the affordability level will be maintained via new affordability commitments in infill development. Affordable Dwelling Units (ADUs) and/or Workforce Dwelling Units (WDUs) provided as part of a redevelopment proposal will count toward the total number of units to be preserved. Implementation of ADUs and WDUs should be determined using their respective procedures and policies.

Terms used in these Administrative Guidelines that are not specifically defined have the meaning given to them in the Fairfax County Comprehensive Plan. The Administrative Guidelines are hereby set forth for the uniform administration and assurance of the continued availability of PAUs.

**1. Applicability**

The Department of Housing and Community Development (HCD) will determine the applicability of the Preservation Policy on any residential property proposal. Determination of applicability will occur during the review of any rezoning application, pre-application consultation, or prior to an authorization of a Comprehensive Plan amendment that involves redevelopment or infill development of existing residential units; however, it is preferred that a property owner engages HCD prior to the submission of the rezoning application, and/or any pre-application requests, or as part of the consideration for any plan amendment. The determination will identify whether a property meets the definition of Committed Affordable Multifamily Rental Housing or Market Affordable Multifamily Rental Housing by comparing the rents charged at the property with rents affordable to the applicable Area Median Income (AMI) level under each definition, calculated consistent with the standards of the federal low-income housing tax credit program. HCD will utilize average rents for each unit size at each property as regularly compiled by staff or, if such information is not available, rent information

provided by the property owner. Existing rents to be calculated may not include utilities and other fees that are added on to rents for other purposes.

The Preservation Policy applies to Committed Affordable Multifamily Rental Housing if rent for any of the units at the property, either at the time of submission or within 12 months of the submission of any discretionary land use application, are affordable to households at or below 80% of the AMI.

The Preservation Policy applies to Market Affordable Multifamily Rental Housing if the average monthly rent for any unit type at the property (e.g., studios, one-bedrooms, etc) has been affordable to households at or below 60% of the AMI for a majority of the months over the past three years. The Preservation Policy will also apply to properties that have appeared in one or more of the past two Market Affordable Surveys, conducted by HCD.

If HCD determines that a property does not qualify for the Preservation Policy, but the property contains one or more units with rents affordable to households with incomes up to 80% of the AMI, a property owner may voluntarily seek to use the policy by committing those units to their current affordability levels. For the purposes of this opt-in, rents for those units should be affordable at up to 80% of the AMI at the time of the submission of a zoning application and/or Comprehensive Plan amendment.

Property owners may request in writing a determination of the applicability of the Preservation Policy from HCD at any time. HCD may request additional information from the property owner, such as property rent rolls, to determine whether the Preservation Policy applies to a subject property and the number of Committed Affordable Multifamily Rental Housing units or Market Affordable Multifamily Rental Housing units that fall under the applicable category. HCD's determination will be provided to the property owner in the form of an Affordability Assessment. Affordability Assessments may be utilized for rezoning applications and/or Comprehensive Plan Amendments filed within six months of the date of the final Assessment issued by staff. HCD will provide a copy of all Affordability Assessments to the Department of Planning and Development (DPD). If an Affordability Assessment is not requested by a property owner prior to submitting a zoning application and/or Comprehensive Plan Amendment, HCD staff will conduct one at the beginning of the applicable land use process.

## **2. Review of Preservation Proposals**

After receiving an Affordability Assessment, and ideally prior to any pre-application meetings, filing of a zoning application, or authorization of a Comprehensive Plan amendment, the property owner must submit a strategy for the preservation of units ("Preservation Proposal") to HCD for review. The Preservation Proposal should include:

1. The number of PAUs;
2. The AMI level(s) proposed to be served and the number of PAUs proposed at each level;
3. Unit type by bedrooms;
4. The term of the affordability requirements for the PAUs;
5. An assessment of the amount of additional density that would be needed to offset the cost of one-for-one replacement of units identified for preservation in the Affordability

Assessment in terms of number of units, as compared to the existing and planned land use; and,

6. Massing concepts and a conceptual layout that illustrates how any additional proposed density would be developed on the site, as well as any offsite units provided.

Other materials may be requested by County staff to understand the Preservation Proposal.

Preservation Proposals will be reviewed by HCD and DPD and feedback will be provided on potential issues to be addressed related to the proposed density. If the Preservation Proposal assumes a level of density that is not likely to be feasible for a given redevelopment, alternative proposals may also be provided by the property owner that achieve a lower ratio of replacement affordable units. Alternative proposals must explain the significant financial and/or development-related challenges that preclude one-for-one replacement.

HCD may request information regarding the financing and feasibility of the proposal from the property owner to be reviewed by the County or, if appropriate, a third-party entity on behalf of the County. Information may include, but is not limited to, assumed rents, operating expenses, debt service, cost to build, assumed vacancy, and estimated capitalization rate.

For infill development proposals, the physical conditions of existing affordable units on the subject property will be considered. All PAUs must be in a good state of repair as determined by HCD, which may require renovation.

During the consideration of the Preservation Proposals, the property owner and HCD staff may discuss the possibility of the applicant applying for FCRHA funding to assist with preservation.

### **3. Replacement Unit Goals**

Preservation Proposals should, when feasible, propose PAUs onsite that serve the tenant population leasing units at the property prior to redevelopment (Existing Tenants). Property owners should plan to set PAU rents at levels affordable to the households at the AMI levels noted in the Affordability Assessment. To the extent possible, the proposed unit mix (number of units in each unit type category) should reflect the unit mix in the property prior to redevelopment.

Preservation Proposals can consider the current needs of Existing Tenants when determining the AMI levels and number of bedrooms in the planned PAUs, as they may be different than the unit mix at the property. Nothing precludes the infill development or redevelopment from providing deeper affordability from the current affordability on the property, a greater number of units, or a more appropriate mix of bedrooms per the needs of tenants at the time of zoning submission. Affordability levels, and/or number and size of the PAUs may be altered during the review of the rezoning application or Comprehensive Plan Amendment, if it can be demonstrated to the satisfaction of the Board that the alternative will better serve the needs of Existing Tenants or better fulfill County affordable housing goals than the existing affordability levels outlined in the Affordability Assessment. For example, a household may occupy a unit that is too small based on the household composition and occupancy standards, and a larger unit or multiple units may be provided in the new development.



A property owner may propose offsite provision of PAUs in certain circumstances when onsite provision is not financially feasible. The review of such units by County staff will consider the following: comparable access to major roads and transit, commercial areas, and development centers, County facilities and services, parks, schools and other amenities to the original property. Offsite units should be within a one-mile radius of the original property location to the extent practicable. Any affordability restrictions placed on offsite units for the purpose of preservation must be new. Staff will analyze the plan for providing off-site units proposed by the property owner to determine if the proposed offsite location is comparable and acceptable.

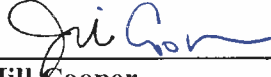
#### **4. Administration of Preserved Affordable Units**

The PAU affordability period will begin after the approval of the requested land use action and at an appropriate time in the development process, accounting for project type (e.g., infill, offsite, other). During the PAU affordability period, when units are not subject to another federal, state, or local affordable housing financing program, the process for implementation and administration of the PAUs will be subject to the [Fairfax County Board of Supervisors' Countywide and Tysons Urban Center Workforce Dwelling Unit Administrative Policy Guidelines \(WDU Guidelines\)](#). The FCRHA does not reserve the right to lease one third of the PAUs as in the WDU Guidelines. Alternative administration processes may be proposed. The alternative must adhere to the Preservation Policy set forth in the Comprehensive Plan and offer appropriate controls to properly regulate, monitor, administer, and manage the preserved units. Such controls must be provided in sufficient detail to clearly demonstrate that the committed PAUs will function in the manner intended by the provisions of the preferred administrative tools as set forth in this document.

#### **5. Relocation Assistance Plans**

When projects are subject to the Preservation Policy, applicants should provide a Relocation Assistance Plan to HCD for review and approval. Relocation Assistance Plans offer tools to assist the owner/applicant and tenants in minimizing displacement during the redevelopment of occupied properties. Tenant assistance in the form of relocation benefits and advisory assistance can encourage collaboration, reduce tenant stress, and eliminate costly evictions and project delays. Relocation Plans should include the ability for qualified tenants to return to the redeveloped property. Developers should review the Fairfax County Relocation Guidelines, as may be amended from time to time by the Board of Supervisors, for guidance on the development of the Relocation Assistance Plan.

**THIS BOARD POLICY for the Affordable Housing Preservation Administrative Policy Guidelines is effective on this 26 day of September, 2023.**



---

**Jill Cooper**  
**Clerk for the Board of Supervisors**



# Administrative Policy Guidelines for Affordable Housing Preservation

Brianne Fuller, Associate Director, Preservation  
Affordable Housing Development Division  
Housing and Community Development

December 7, 2023

# Background

Affordable Housing Preservation Policy sets forth:

- Goal of one for one replacement of affordable multifamily rental units during redevelopment, and
- Allows for additional density above Plan guidance to support goal

Administrative Guidelines outline:

- Administrative processes for determining policy applicability and analysis of development proposals
- Direction on post-entitlement administration

# Administrative Guidelines

- 1) Applicability of the Policy
- 2) Preservation Proposals
- 3) Replacement Unit Goals
- 4) Administration of Units
- 5) Relocation Plan Development

# Policy Applicability

## **Committed Affordable**

- Rents serving target incomes of the definition currently OR
- Affordability requirements expired within past 12 months

## **Market Affordable**

- Rents serving target incomes of the definition during majority of past 3 years
- Property captured on one or more of past two market affordable surveys

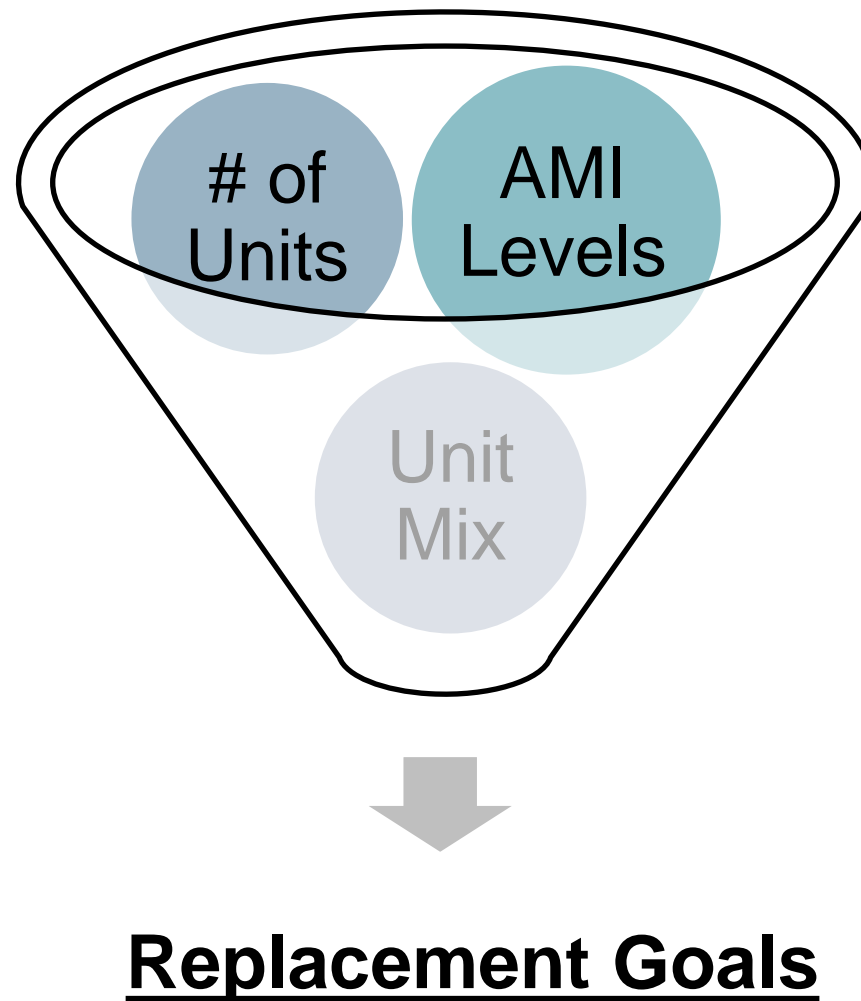
Properties with market rents between 61% - 80% AMI may opt into Policy

# Affordability Assessment

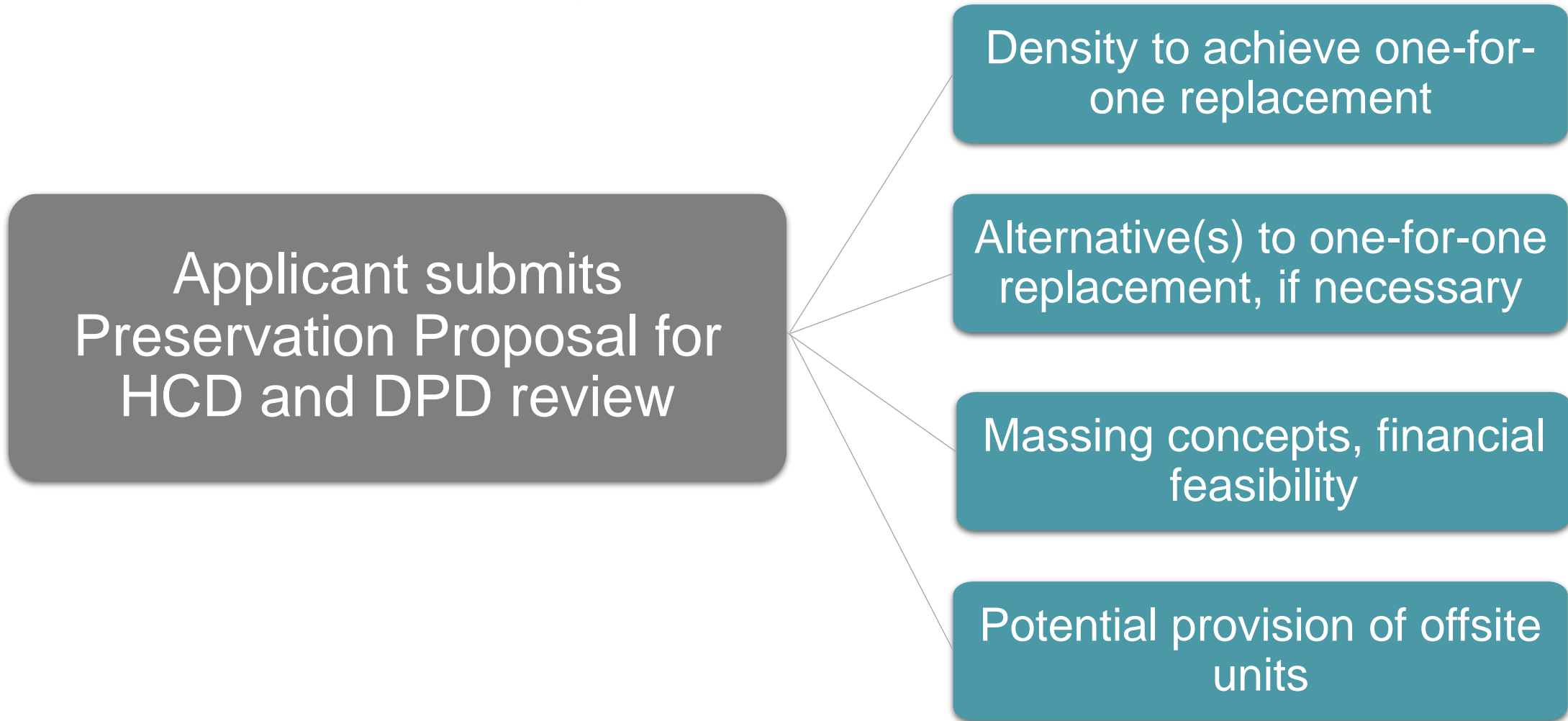


**Policy Applicability**

- Market Affordable
- Committed Affordable



# Preservation Proposals



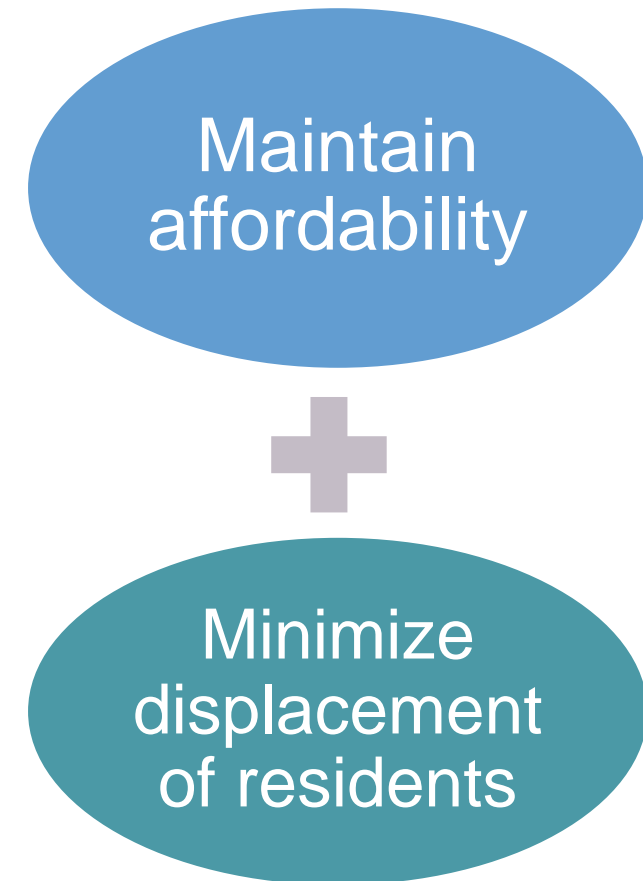
**\*\*Preservation Proposals will be reviewed prior to and/or as part of a rezoning application\*\***



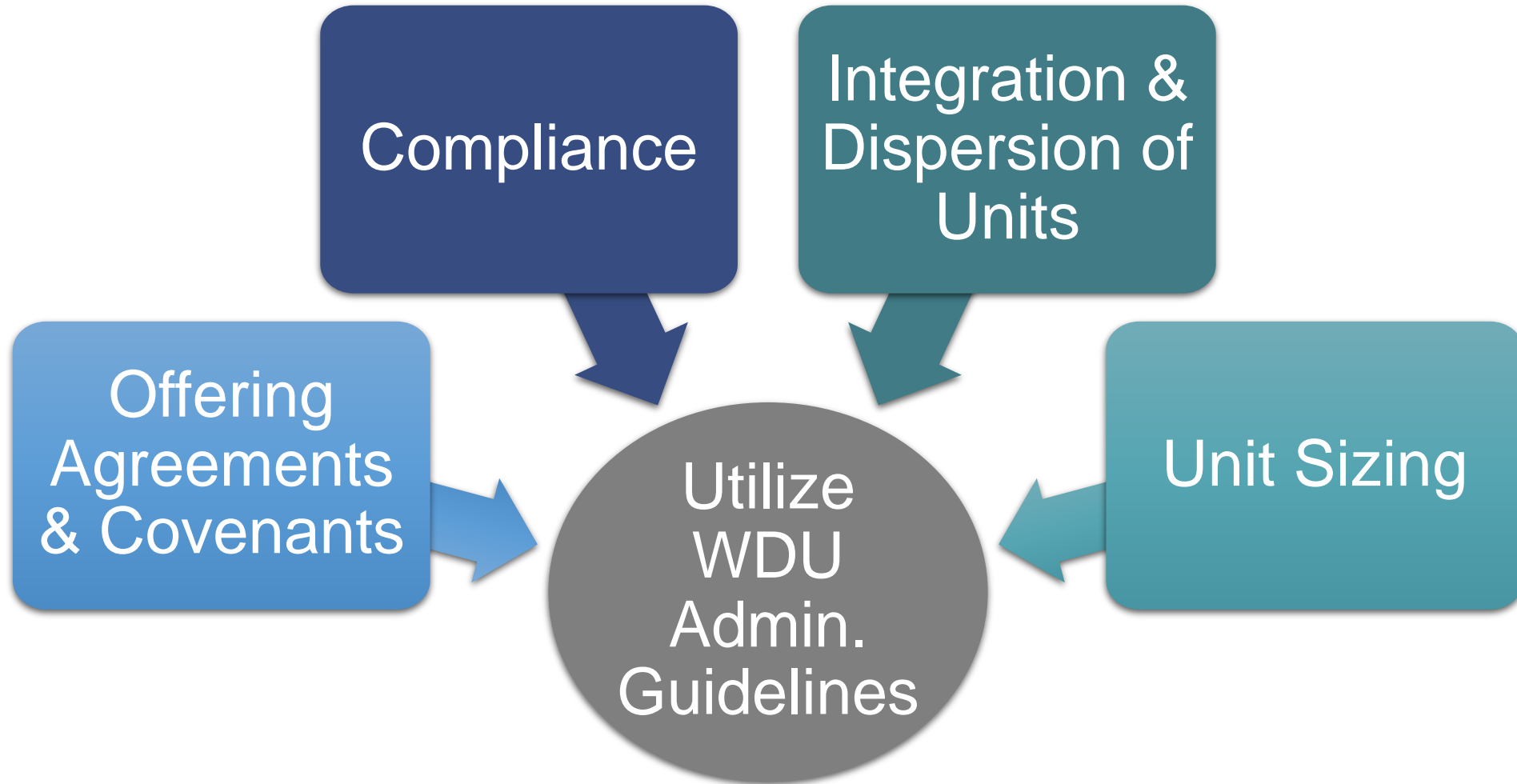
# Replacement Unit Goals

## Goals for preserved units:

- Maintain affordability (AMI) levels in Preserved Affordable Units
- Maintain bedroom count mix, where possible
- Evaluate the needs of existing residents when developing unit mix



# Administration of Preserved Units



# Relocation Assistance Plans

**Relocation Assistance Plans** must be submitted to HCD for review and approval during entitlement process

- Plans may utilize **Fairfax County Relocation Guidelines** when not subject to other programs
- Plans should aim to **minimize displacement** of existing tenants

# Next Steps

- Ongoing publicizing of Policy/Guidelines
- Update Relocation Guidelines
- Conduct 2024 Market Affordable Survey
- Prepare Manufactured Housing Preservation Comprehensive Plan Amendment



# Administrative Policy Guidelines for Affordable Housing Preservation

Brianne Fuller, Associate Director, Preservation  
Affordable Housing Development Division  
Housing and Community Development

December 7, 2023

The image shows the exterior of a modern building with large glass windows and concrete columns. A circular seal of Fairfax County, Virginia, is mounted on the wall. The seal features a central figure, the date 1742, and the text 'COUNTY OF FAIRFAX VIRGINIA'.

# Workforce Dwelling Unit For-Sale Policy Task Force Recommendations

Candice Bennett, Task Force Chair

Anna Shapiro, Deputy Director of Real Estate Finance and Development, DHCD

Meghan Van Dam, Affordable Housing Development Division Director, DHCD

December 7, 2023

# Agenda

- Task Force Overview & Process
- Current WDU For-sale Policy
- WDU For-sale Program Challenges
- Task Force Recommendations
- Next Steps

## EXECUTIVE SUMMARY: TASK FORCE OVERVIEW

Initiated in February 2023, **the members of the Workforce Dwelling Unit (WDU) For-Sale Policy Task Force** represented a diverse set of perspectives from affordable housing advocates, market-rate residential developers, land use counsel, County staff, and other industry experts.

### Candice Bennett

*At-Large Planning  
Commissioner (Chair)*

### Eric Maribojoc

*George Mason Center for Real  
Estate Entrepreneurship*

### Kelly Atkinson

*Planner V, Department of  
Planning and Development*

### Anna Shapiro

*Deputy Director, Housing and  
Community Development (Staff  
Lead, Vice-Chair)*

### Lenore Stanton

*Fairfax County Redevelopment and  
Housing Authority*

### Jill Norcross

*Northern Virginia Affordable  
Housing Alliance*

### Scott Adams

*McGuireWoods*

### Martin Rizer

*K. Hovnanian*

### Mike Spotts

*Habitat for Humanity*

### John R. Waskowicz

*Stanley Martin*

### Soledad Portillo

*Real Estate Development  
Professional*

### Barbara Byron

*Office of the Chairman  
(advisory)*

### Joe Mondoro

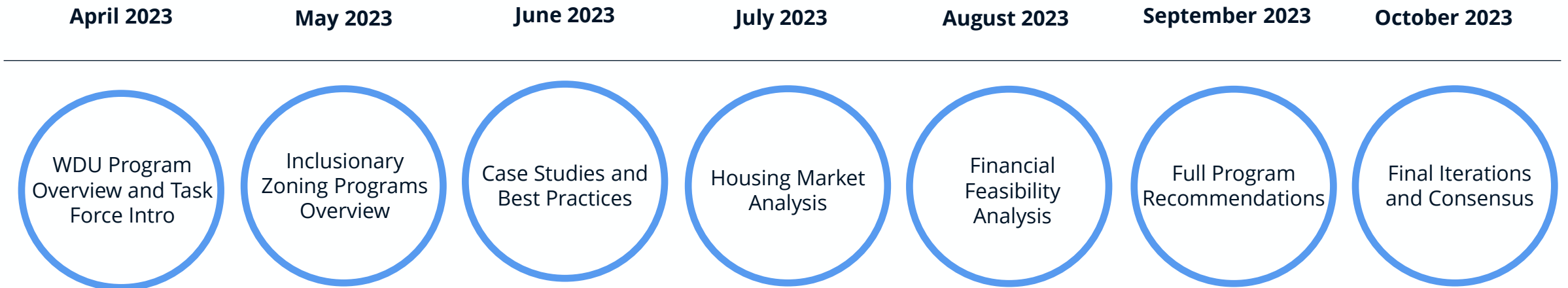
*Affordable Housing Advisory  
Committee & Office of  
Supervisor Palchik (advisory)*

Consultant Support:  HR&A Advisors



## EXECUTIVE SUMMARY: TASK FORCE OVERVIEW

Task Force members met from April – October to review program challenges, discuss best practices, and ultimately reach consensus on the recommendations to be discussed.



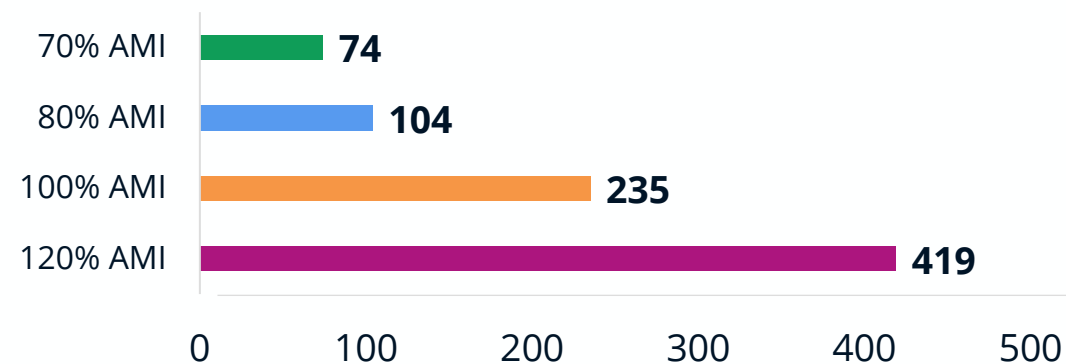
## EXECUTIVE SUMMARY: TASK FORCE FOCUS

The Task Force was initially formed to examine challenges identified in the sales and administration of WDUs at 120% AMI.

### Primary Challenge: WDUs at higher AMIs are harder to sell:

- WDUs at the higher AMIs are priced close to market-rate units
- Smaller applicant pool for higher AMI WDUs

Average WDU Unit Days to Sale by AMI



**Additional challenges and opportunities** impacting marketability and program administration:

- **Proportionality of Unit Types**
- **Geographic Applicability**
- **Initial Pricing**
- **Resale Pricing**

## EXECUTIVE SUMMARY: WDU PROGRAM OVERVIEW

**The For-Sale Workforce Dwelling Unit (WDU) Program is a component of the larger WDU policy** and a complement to the required Affordable Dwelling Unit (ADU) program.

WDU program requirements vary by geography and by development type. Although **the focus of these recommendations is on the countywide policy**, some will address the Tysons non-high-rise policy.

Applicability	Expectations	Bonus Density
<ul style="list-style-type: none"> <li>Tysons Urban Center</li> <li>Suburban Centers</li> <li>Community Business Centers</li> <li>Transit Station Areas</li> </ul>	<ul style="list-style-type: none"> <li>A minimum of 12% of units as ADUs and/or WDUs</li> <li>Required ADUs calculated first, then WDUs are added</li> </ul>	<ul style="list-style-type: none"> <li>Generally, 12% to 20% above maximum planned density</li> <li>For use as residential or non-residential</li> </ul>

Income Levels	Countywide	Tysons Non-High-rise	Tysons High-rise Condo (On-site)	Tysons High-rise Condo (Off-site)
120% AMI	4% of total units	5% of total units		
100% AMI	4% of total units	5% of total units	4.67 % of total units	5.33% of total units
80% AMI	4% of total units	5% of total units	4.67 % of total units	5.33% of total units
70% AMI		3% of total units	4.67 % of total units	5.33% of total units
60% AMI		2% of total units		
<b>Total</b>	<b>12% of total units</b>	<b>20% of total units</b>	<b>14% of total units</b>	<b>16% of total units</b>

## PRIMARY CHALLENGE: MARKET ANALYSIS

Align affordability level to reduce competition with market rate units by **shifting the program away from the 120% AMI level.**

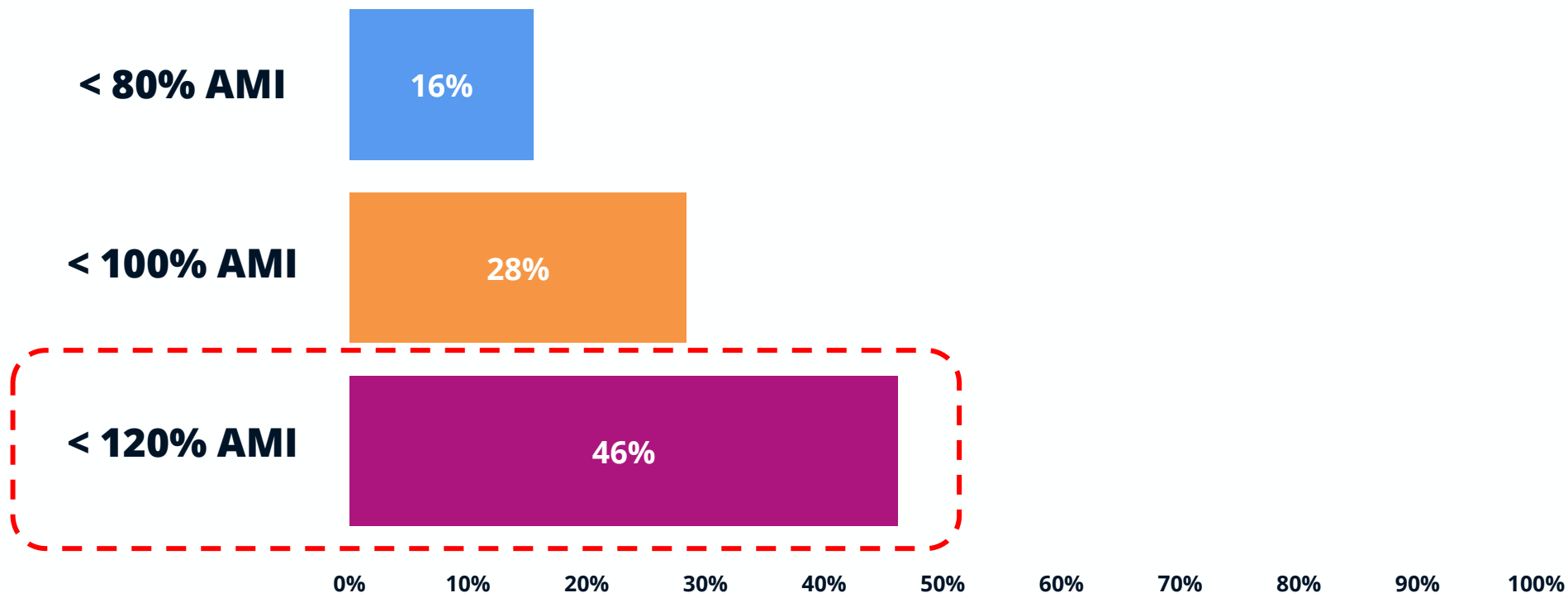
### Findings

- Households earning 100-120% AMI have **options** across different **unit sizes and locations** within the County
- **46% of homes sold** since 2020 are affordable to households 100% - 120% AMI
- **42%** of all 120% AMI WDUs **have not sold.**
- Many WDUs **require price reductions and other incentives** to sell.
- Significant demand for units at 80% AMI and below, suggesting **these units will sell quickly and reduce carrying costs.**
- Some participating **developments are already including WDUs at 70% AMI.**

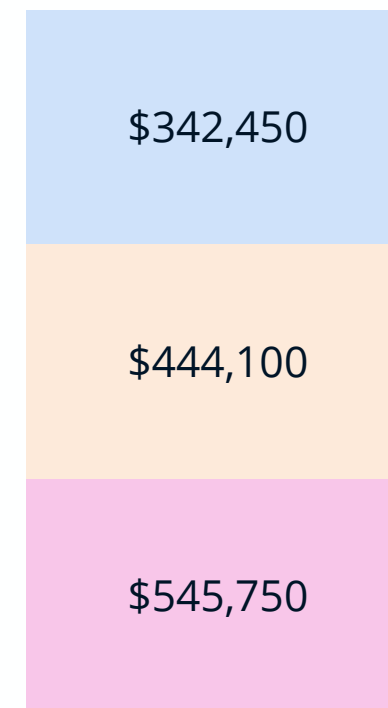
## WDU PROGRAM CHALLENGE: MARKET AVAILABILITY

There are **many market-rate homes for sale that are affordable to households earning between 100% and 120% AMI.**

**Cumulative Share of Homes Affordable By AMI Levels for Households**  
(2020 – 2023)



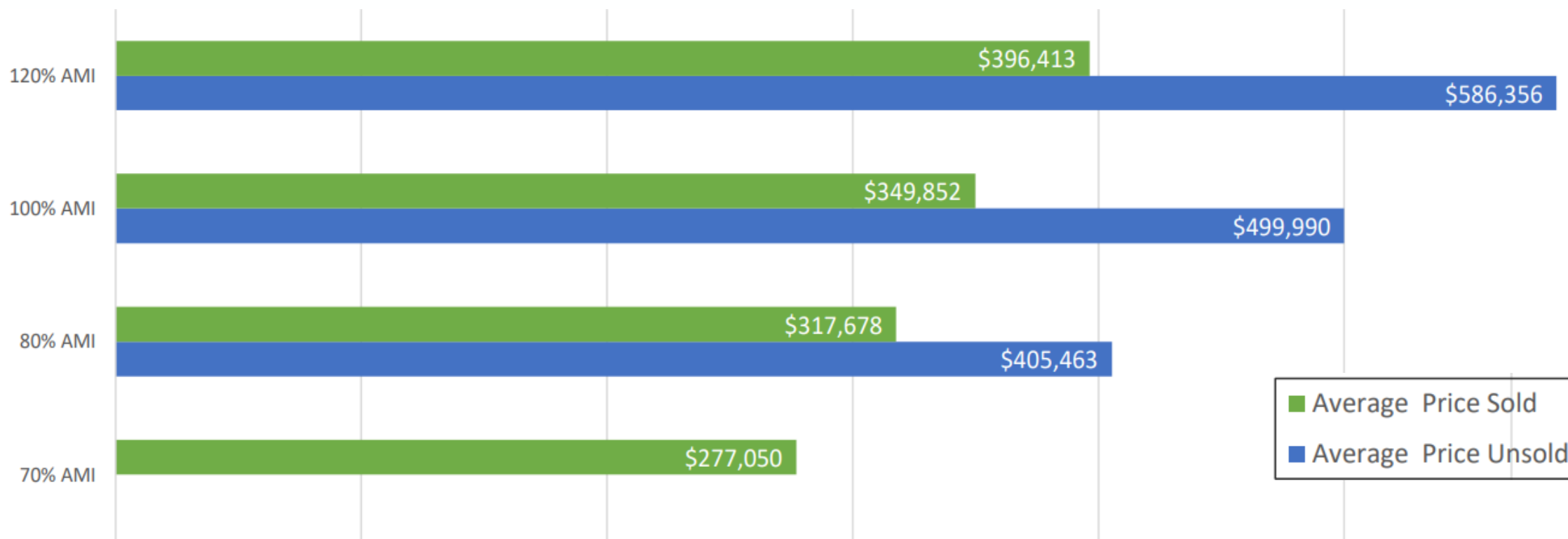
**Example 2-Bed  
Max Affordable  
Home Price**



*Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County sales data, HR&A Advisors*

## WDU PROGRAM CHALLENGE: PRICE REDUCTIONS

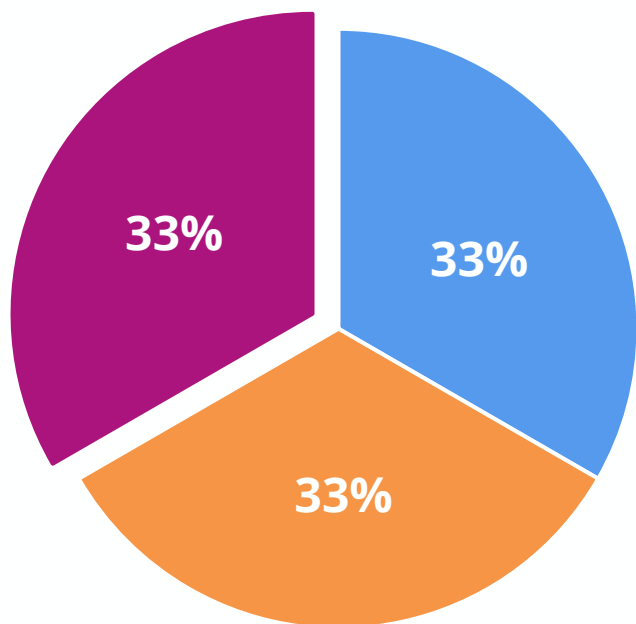
As a result of the incentives offered, **higher AMI units on average sold for less than the maximum allowable price.**



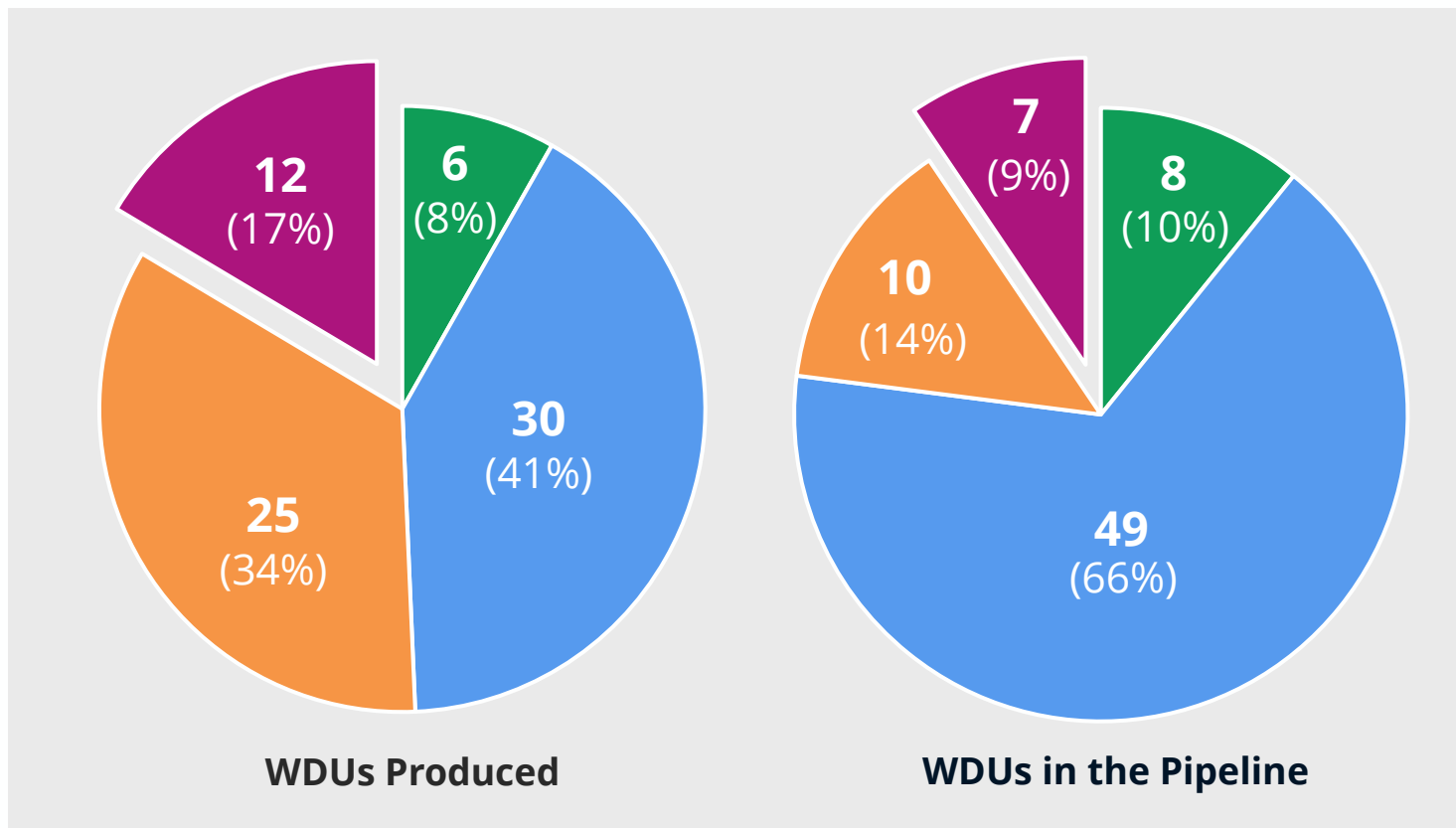
Source: Fairfax County WDU Production Data, April 2023

## WDU PROGRAM OPPORTUNITY: ACTUAL PRODUCTION VS. POLICY

Due to unique proffer agreements, **fewer 120% AMI units are being produced** or are in the pipeline than are outlined in the Policy.



Existing WDU Program Requirement



WDUs Produced

WDUs in the Pipeline



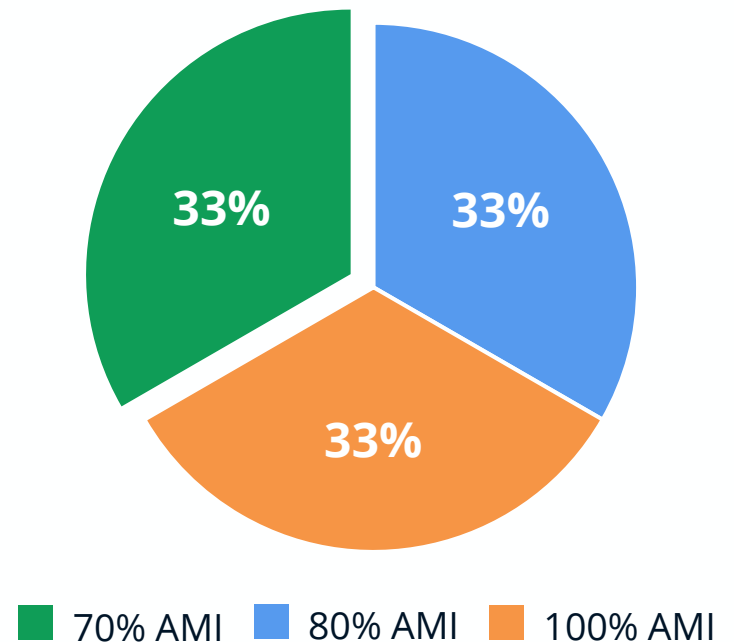
## RECOMMENDATION 1 (POLICY): OPTIMIZE AFFORDABILITY LEVELS

Align affordability level to reduce competition with market rate units by **shifting the program away from the 120% AMI level.**

### Recommendations

- **Remove the 120% AMI level from the program** and serve only households earning up to 100% AMI.
- **Expand the program** to include units priced up to 70% AMI.
- Create a **program unit distribution** 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

Proposed WDU  
Program Distribution





## RECOMMENDATION 2 (POLICY): BEDROOM DISTRIBUTION

**Require proportionality between the bedroom mix of WDUs and that of market-rate units** in participating developments, with flexibility for family-sized (3+ BR) WDUs.

### Findings

- WDUs in developments primarily consisting of 3-BR units **do not significantly impact project feasibility**.
- Requiring 5-BR WDUs has a **much larger negative impact on revenue**.

### Recommendations

- Adopt a flexible requirement that **the proportion of family-sized WDUs must match the proportion of family-sized market-rate units** in a participating development.
- Define “family-sized” WDUs as any units with 3 or more bedrooms, ensuring that **larger WDUs are produced without the potential production impacts** of strict proportionality.

## RECOMMENDATION 3 (POLICY): GEOGRAPHIC APPLICABILITY

**Extend the WDU program** to encompass all areas within Fairfax County’s jurisdiction that are 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 County market.

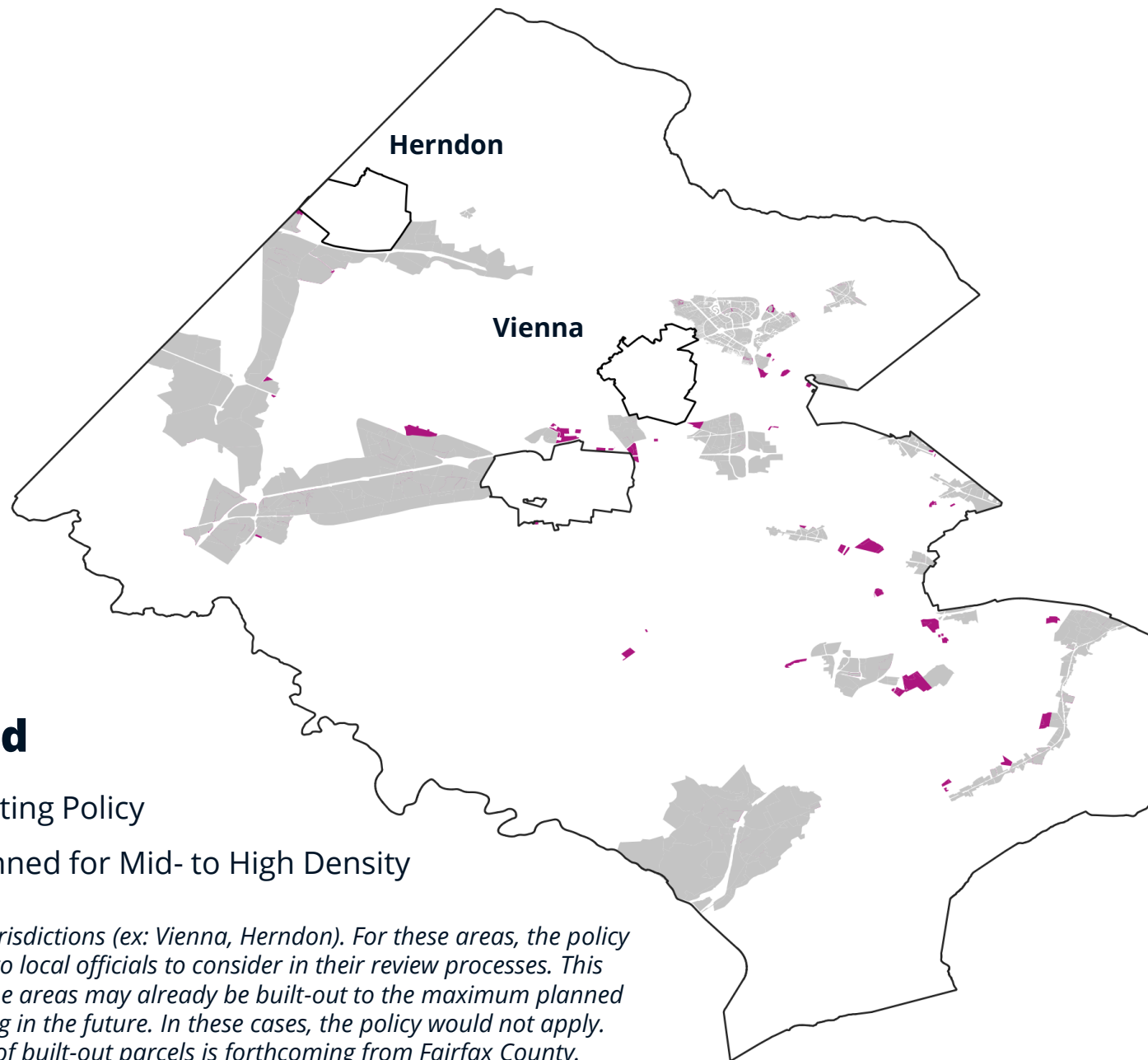
### Recommendations

- **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 or greater).

## RECOMMENDATION 3 (POLICY): 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
- Planned for Mid- to High Density

*Note: This map excludes areas 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 these cases, the policy would not apply. A comprehensive map outlining the proposed changes and exclusive of built-out parcels is forthcoming from Fairfax County.*

## RECOMMENDATION 4 (ADMINISTRATIVE): WDU PRICING ADJUSTMENTS

**Update the WDU pricing model** to better reflect affordability for households in Fairfax County.

### Findings

- Of WDUs that have sold, 17%\* have had to **reduce prices**.
- **Mortgage rates have increased considerably** (5.85% to 6.32%+) over the past year.
- Recently built WDUs have average condo and HOA fees of \$308. **These fees can grow over 3% annually** and vary by unit type.

### Recommendations

- **Reduce assumption on persons per bedroom from 2 to 1.5**, aligning with HUD program standards.
- Update pricing calculator to account for:
  - **Changes to AMI** levels (annually)
  - Current **interest rates** (as-needed)
  - **Tax rate** updates (as-needed)
  - **Condo/HOA Fee** assumptions (as-needed)
- Add homeowner's insurance costs to the pricing model.

*Note: Condo and HOA fee data is from Fairfax County HCD;  
\*11 out of 64 units*

## RECOMMENDATION 5 (ADMINISTRATIVE): REFINE RESALE REQUIREMENTS

**Tie maximum WDU resale prices to AMI growth rather than CPI** as is currently used, better matching prices with what households can afford.

### Findings

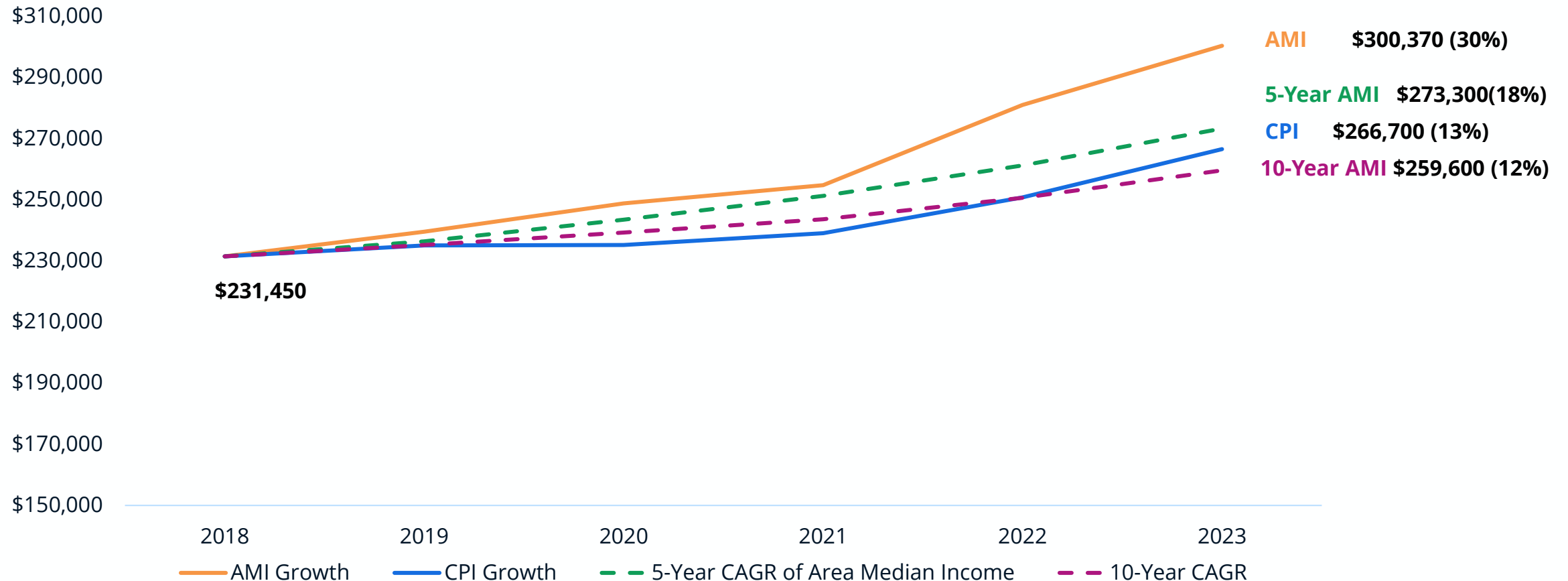
- **Other jurisdictions**, such as Washington DC, tie resale prices to AMI changes.
- AMI is more **directly correlated with housing affordability** than CPI – which is influenced by non-housing pricing changes.

### Recommendations

- Tie changes to maximum resale prices to the **5-Year AMI Compound Annual Growth Rate**, rather than using the current formula which is tied to CPI.

## RECOMMENDATION 5 (ADMINISTRATIVE): REFINE RESALE REQUIREMENTS

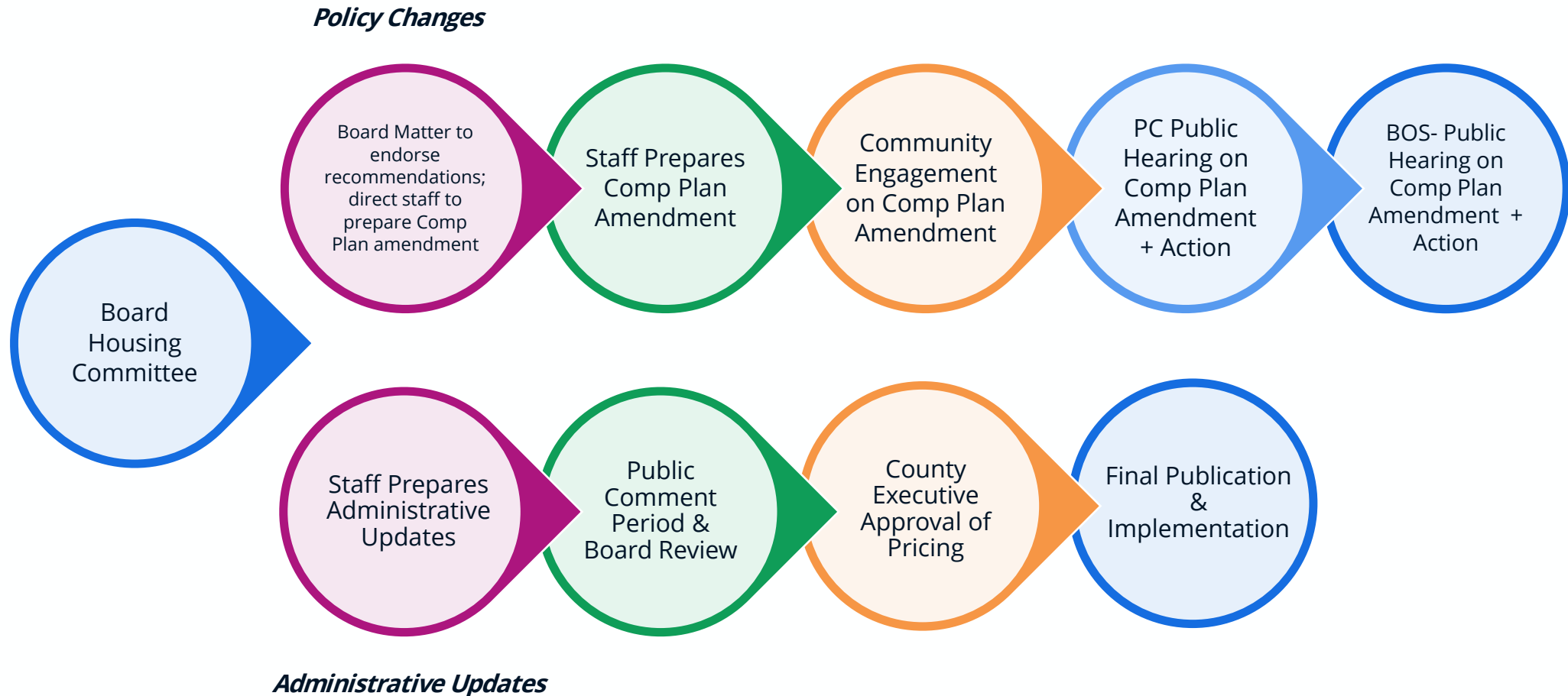
The 5-Year AMI CAGR allows WDU owners to **benefit from periods of high growth and offers protection in times of slow growth.**



Note: CPI data from Fairfax County HCD; AMI data from HUD

## NEXT STEPS

Next steps will include **public comment** and **approval from the Board** of Supervisors on policy changes.



## RECOMMENDATIONS OVERVIEW

**Program recommendations encompass both administrative updates and changes to the policy,** requiring approval from the Board of Supervisors.

*Policy Changes*

### 1: Optimize Affordability Levels

- 1.1:** Align affordability levels to reduce competition with market rate units by shifting the program away from the 120% AMI level.
- 1.2:** Shift the program affordability distribution to include units affordable at or below 70% AMI.

### 2: Bedroom Distribution

Require proportionality between the bedroom mix of WDUs and that of market-rate units, with flexibility for family-sized WDUs.

### 3: Geographic Applicability

- 3.1** Extend the WDU program to encompass all areas within Fairfax County's jurisdiction that are zoned or planned for medium- to high-density residential.
- 3.2** The high-rise policy should not be extended outside of Tysons at this time.

*Administrative Updates*

### 4: WDU Pricing Adjustments

- 4.1:** Update the WDU pricing model to better reflect affordability for households.
- 4.2:** Create two pricing schedules to better capture variability in HOA and condo fees across unit types.

### 5: Refine Resale Requirements

Tie maximum WDU resale prices to AMI growth rather than CPI as is currently used.





# WDU For Sale Program Task Force: Appendix

## WDU PROGRAM OVERVIEW: CHALLENGES

Although the WDU program continues to succeed in adding to the supply of affordable homes in Fairfax County there are challenges. **Addressing those described requires changing the WDU policy.**

### Affordability Levels

- **WDUs priced at higher AMI levels, especially at 120% AMI, stay on the market** for long periods of time and often require price reductions to sell.
- **There is significant demand in for units affordable at or below 80% AMI**, but there are also challenges to maintain homeownership at deep levels of affordability.

### Bedroom Distribution

- Although not initially a Task Force focus area, **Fairfax County has a goal to ensure sufficient family-sized affordable units.**
- **The WDU Tysons High-Rise Policy requirements that the WDU unit mix** for any participating development be **proportional** to the mix of market-rate units, however, the **County-wide policy does not.**

### Geographic Applicability

- Currently, the WDU for-sale policy **applies to development centers** while the adjusted **high-rise policy applies only to Tysons Urban Center.**
- However, Fairfax County is growing with **more medium- and high-density development planned** in other parts of the jurisdiction.

## WDU PROGRAM OVERVIEW: CHALLENGES

Although the WDU program continues to succeed in adding to the supply of affordable homes in Fairfax County there are challenges. **Addressing the those described here requires only administrative adjustments.**

### WDU Pricing

- The maximum initial sales price can affect both future affordability and ease of sale or resale if **prices compete with market rate units.**
- High and escalating **condo and HOA fees can be a significant challenge** for maintaining affordability.

### Resale Pricing

- Current resale prices for WDUs are based on **CPI growth, which does not necessarily correlate directly to affordability.**
- **Large increases in resale prices,** while allowing for more potential wealth building **threaten affordability** for future WDU buyers.
- Significant escalations in resale prices may also place WDUs in **competition with market-rate units,** hindering resales altogether.

### Price Control Term

- WDU program affordability **restrictions do not expire** until the homeowner has **lived in the unit for at least 30 years.**
- The County's **goal is to preserve affordability** for as long as is feasible.



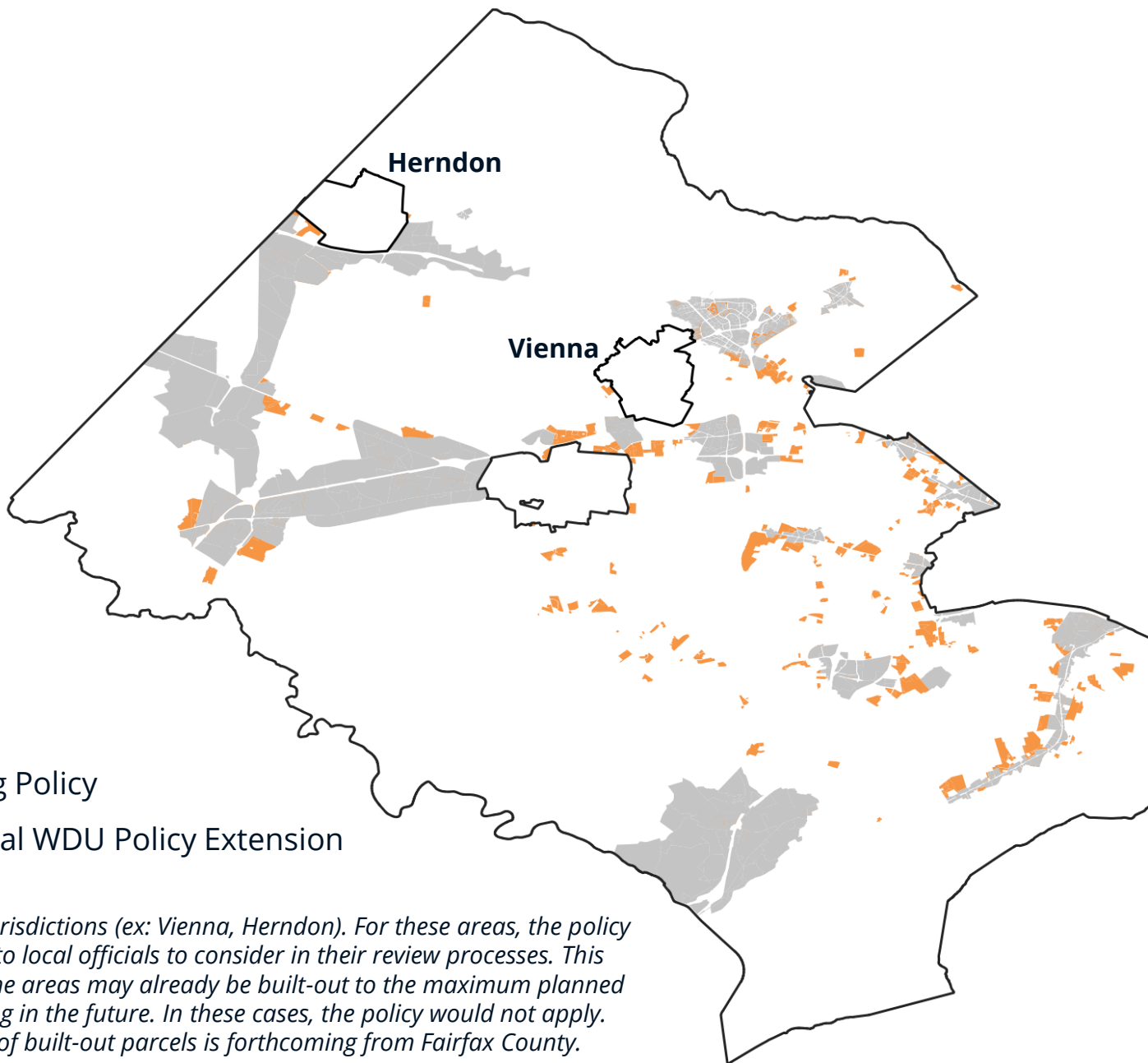
## RECOMMENDATION 3 (POLICY): GEOGRAPHIC APPLICABILITY

### 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 areas 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 these cases, the policy would not apply. A comprehensive map outlining the proposed changes and exclusive of built-out parcels is forthcoming from Fairfax County.*

## RECOMMENDATION 4.1: WDU PRICING ADJUSTMENTS

**Update the WDU pricing model** to better reflect affordability for households in Fairfax County.

### Findings

- Of WDUs that have sold, 17%\* have had to **reduce prices**.
- **Mortgage rates have increased considerably** (5.85% to 6.32%+) over the past year.
- Recently built WDUs have average condo and HOA fees of \$308. **These fees can grow over 3% annually** and vary by unit type.

### Recommendations

- **Reduce assumption on persons per bedroom from 2 to 1.5**, aligning with HUD program standards.
- Update pricing calculator to account for:
  - **Changes to AMI** levels (annually)
  - Current **interest rates** (as-needed)
  - **Tax rate** updates (as-needed)
  - **Condo/HOA Fee** assumptions (as-needed)
- Add homeowner's insurance costs to the pricing model.

*Note: Condo and HOA fee data is from Fairfax County HCD;  
\*11 out of 64 units*

## RECOMMENDATION 4.2: WDU PRICING ADJUSTMENTS (CONDO AND HOA FEES)

Create two pricing schedules to better capture the **variability in HOA and condo fees** across unit types.

### Findings

- Condo and HOA structure and fee prices vary significantly across developments.
- **Fees for stacked townhomes are often closer to fees for condo flats** because they are frequently subject to both condo and HOA fees.
- Townhome fees range from **\$100-\$188** while fees for stacked townhomes and condo flats range from **\$252-\$404**.

### Recommendations

- **Establish two pricing schedules**, one with a fee assumption of **\$0.15 PSF for townhomes** and another with an assumption of **\$0.35 PSF for stacked townhomes and condo flats**, applied to minimum unit size requirements.
- For units with fees **not within 30% of those estimates**, pricing will be based on the actual fee amount.

*Note: Fee estimates drawn from market research, developer interviews, and WDU production data provided by HCD*

## RECOMMENDATION 4.1: WDU PRICING ADJUSTMENTS

	2 Bedroom (80% AMI)	2 Bedroom (100% AMI)
<b>Current Max Sales Price</b>	<b>\$342,450</b>	<b>\$444,100</b>
<b>2023 AMI Level Increase</b>	↑ \$12,600	↑ \$15,050
<b>Updated Price</b>	<b>\$355,050</b>	<b>\$459,150</b>
<b>Annual Interest Rate Updates</b>	-\$40,100	-\$51,850
<b>Updated Price</b>	<b>\$314,950</b>	<b>\$407,300</b>
<b>Aligning Household Sizes to National Standards</b>	-\$37,050	-\$46,150
<b>Updated Price</b>	<b>\$277,900</b>	<b>\$361,150</b>
<b>Updating Condo/HOA Fee Assumptions</b>	\$27,350	\$27,350
<b>Updated Price</b>	<b>\$305,250</b>	<b>\$388,500</b>
<b>Final Updated Price</b>	<b>\$292,050</b>	<b>\$375,400</b>

*Note: These numbers are for illustrative purposes only. The update includes adjustments to 2023 AMI levels, household size, updated mortgage interest rates, a condo fee reduction to \$0.35 PSF, and the addition of a homeowner's insurance assumption. These figures represent the MAXIMUM possible prices for condo flats and stacked townhome units only and are subject to change based on changes to interest rates, tax rates, or other assumptions. Pricing for townhomes assumes a lower condo/HOA fee of \$0.15 PSF. The full updated pricing schedule will be published online for public comment before any changes are finalized.*

## RECOMMENDATION 4.2 (ADMINISTRATIVE): WDU PRICING ADJUSTMENTS (CONDO AND HOA FEES)

Create two pricing schedules to better capture the **variability in HOA and condo fees** across unit types.

### Findings

- Condo and HOA structure and fee prices vary significantly across developments.
- **Fees for stacked townhomes are often closer to fees for condo flats** because they are frequently subject to both condo and HOA fees.
- Townhome fees range from **\$100-\$188** while fees for stacked townhomes and condo flats range from **\$252-\$404**.

### Recommendations

- **Establish two pricing schedules**, one with a fee assumption of **\$0.15 PSF for townhomes** and another with an assumption of **\$0.35 PSF for stacked townhomes and condo flats**, applied to minimum unit size requirements.
- For units with fees **not within 30% of those estimates**, pricing will be based on the actual fee amount.

*Note: Fee estimates drawn from market research, developer interviews, and WDU production data provided by HCD*



## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

**Tie maximum WDU resale prices to AMI growth rather than CPI** as is currently used, better matching prices with what households can afford.

### Findings

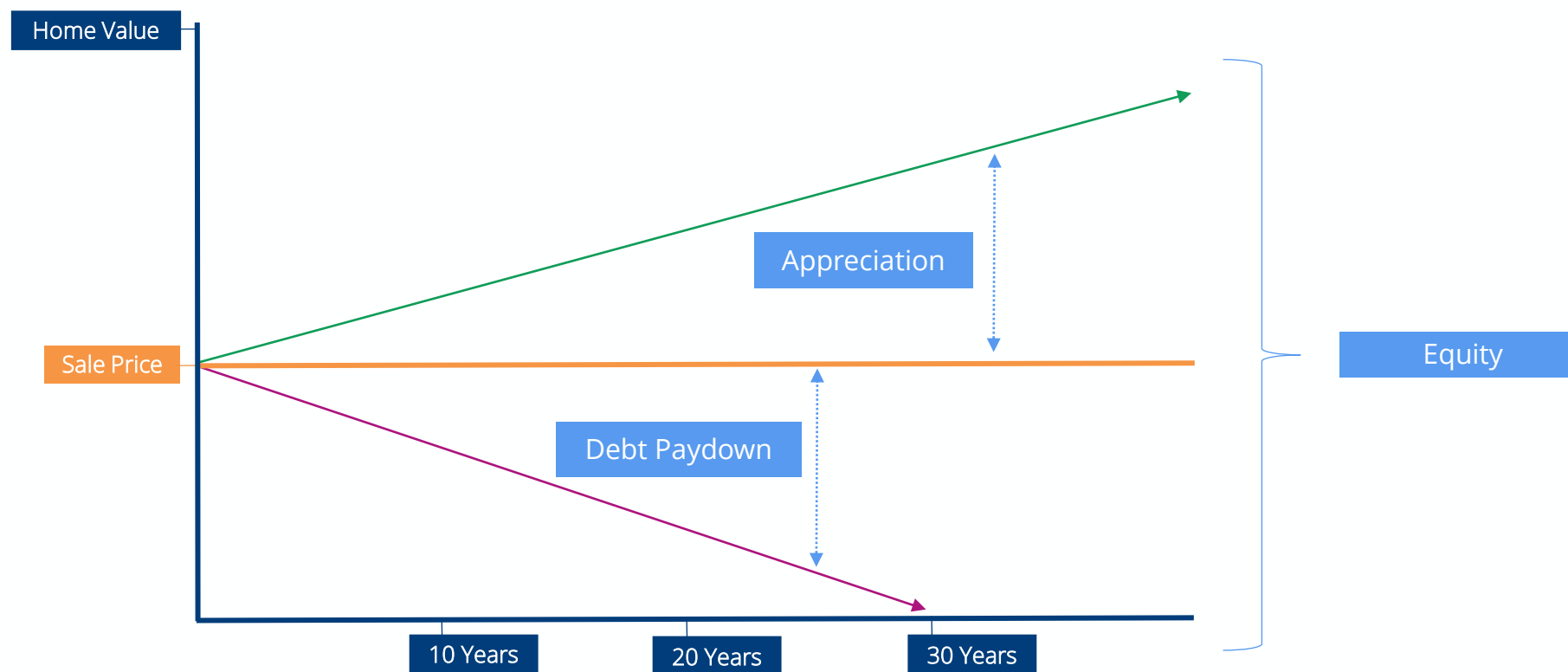
- **Other jurisdictions**, such as Washington DC, tie resale prices to AMI changes.
- AMI is more **directly correlated with housing affordability** than CPI – which is influenced by non-housing pricing changes.

### Recommendations

- Tie changes to maximum resale prices to the **5-Year AMI Compound Annual Growth Rate**, rather than using the current formula which is tied to CPI.

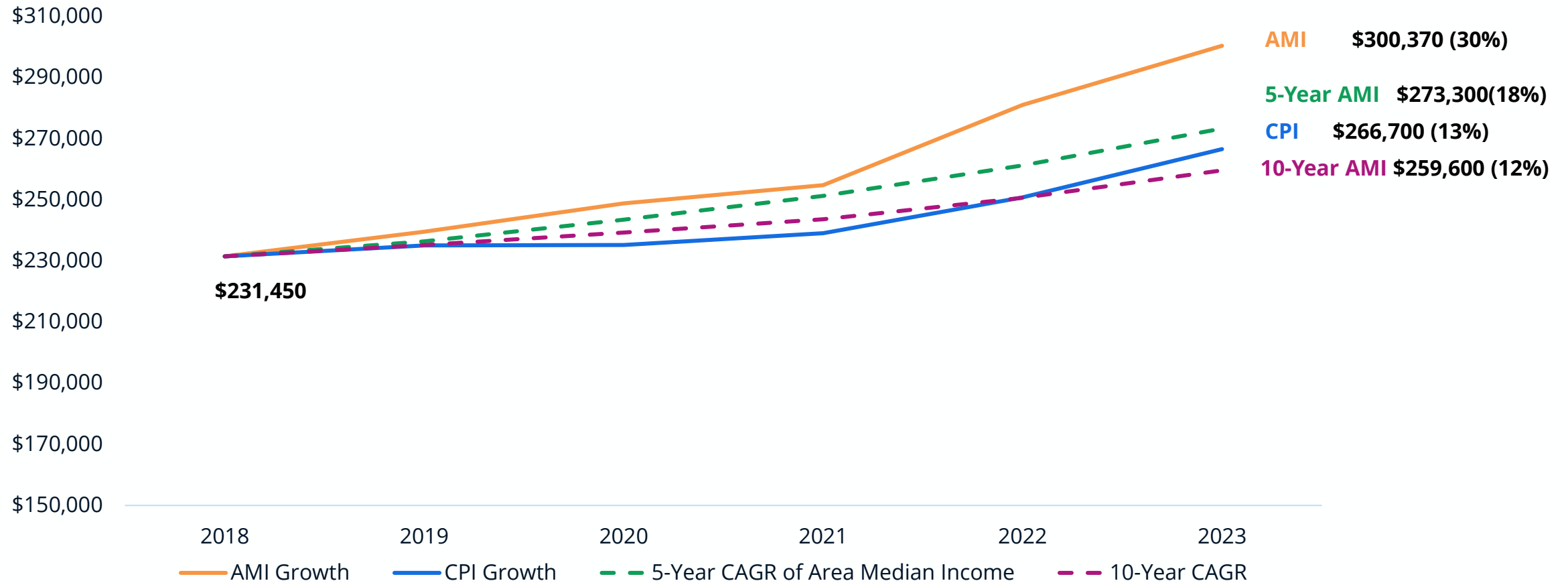
## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

Wealth building is a relationship between appreciation in a home's value and outstanding mortgage debt. **Resale restrictions limit the amount of appreciation homeowners can capture at sale.**



## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

The 5-Year AMI CAGR allows WDU owners to **benefit from periods of high growth and offers protection in times of slow growth.**



Note: CPI data from Fairfax County HCD; AMI data from HUD

## RECOMMENDATION 3.2: GEOGRAPHIC APPLICABILITY – HIGH-RISE

The high-rise policy **should not be extended outside of Tysons at this time.**

### Findings

- Financially feasible **high-rise condo prices (~\$850 PSF) are currently unsupportable** in vast majority of the Fairfax County market.

### Recommendations

- The high-rise policy **should not be extended outside of Tysons at this time.**
- Although there is not value in extending the high-rise policy beyond Tysons at this time, this analysis should be reevaluated in the future.

## RECOMMENDATION 6: ASSESS PRICE CONTROL TERM

**Maintain the existing 30-year renewing affordability term.** This covenant structure already provides extended affordability, while changes to the resale formula will address wealth building.

### Findings

- There is **no standard affordability term** for similar programs in the area or in comparable jurisdictions nationally.
- Fairfax County is interested in providing long-term affordability, with **units serving more than one household**.
- Currently, only **the most-recent sale** of a unit needs to be monitored to track the affordability covenant.

### Recommendations

- Maintain the existing **30-year renewing covenant** period.
- Improve communication of the **benefits of homeownership**, even with the restricted resale value.

## WDU PROGRAM OVERVIEW: SALES

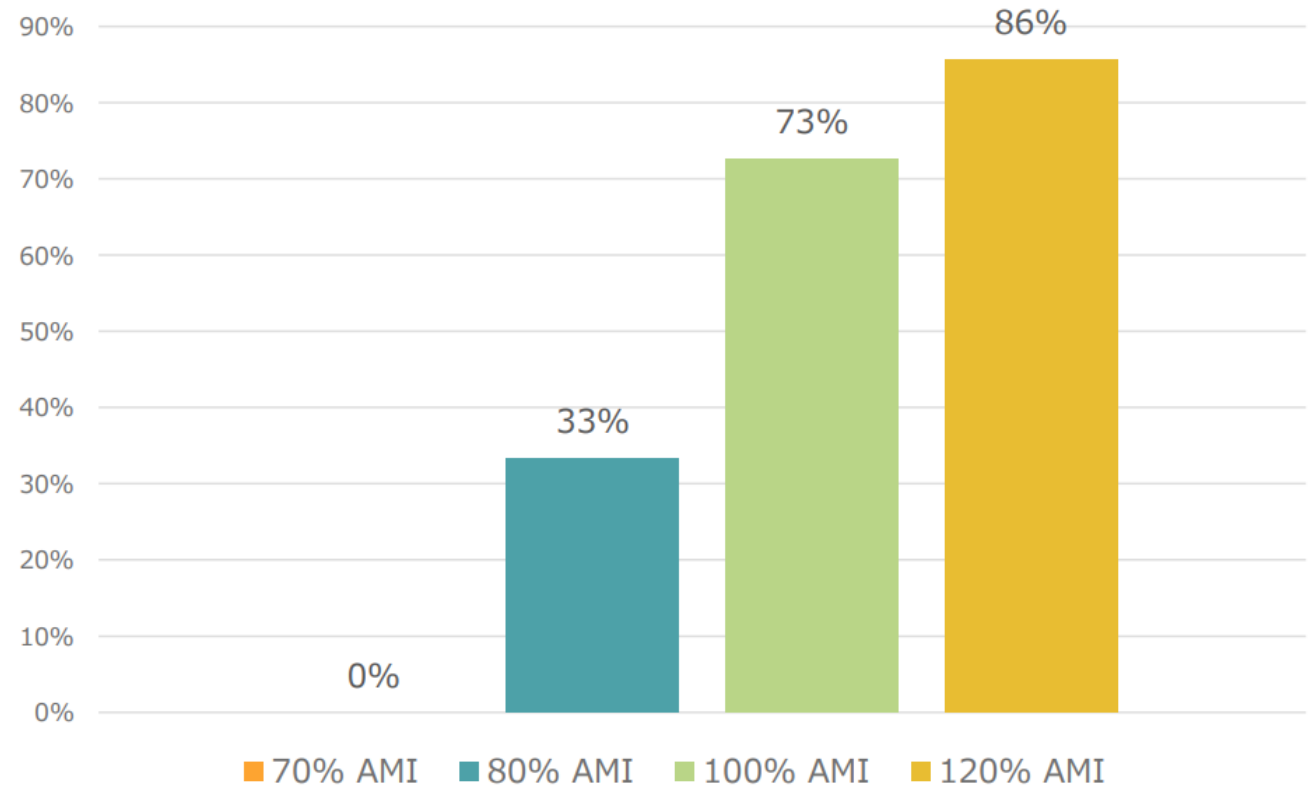
Higher-priced WDUs often **require incentives to sell.**

### Seller incentives include:

- Lowering AMI
- Sales price reduction
- Closing cost assistance / seller credit
- Prepayment of condo fees

*CDBG downpayment assistance from the FCRHA is additionally available to buyers with income at or below 80% AMI.*

Percentage of WDUs Sold with an Incentive



## HOUSING MARKET ASSESSMENT

Through an analysis of Fairfax County demographic and housing data, **the following housing market trends emerged.**

### Greater Availability of Homes at 120% AMI

**48% of homes sold in the last 3 years** were affordable to under **120% AMI Households** under current WDU pricing.

### Lack of Availability of Homes at <100% AMI

Meanwhile, **only 16% of homes sold in the last 3 years** were affordable to under **80% AMI Households**.

### Limited Supply of Affordable Larger Homes

Only **11% of homes sold had 3+ bedrooms** and were affordable to households **earning under 100% AMI**.

### Variation Across Submarkets

Availability and size of homes affordable to households earning under 100% AMI varies **significantly by location within the county**.

*Note: Data from the ACS, the US Census, PUMS, and Fairfax County sales records were used in this analysis. Corresponding sources and years are noted on each slide.*



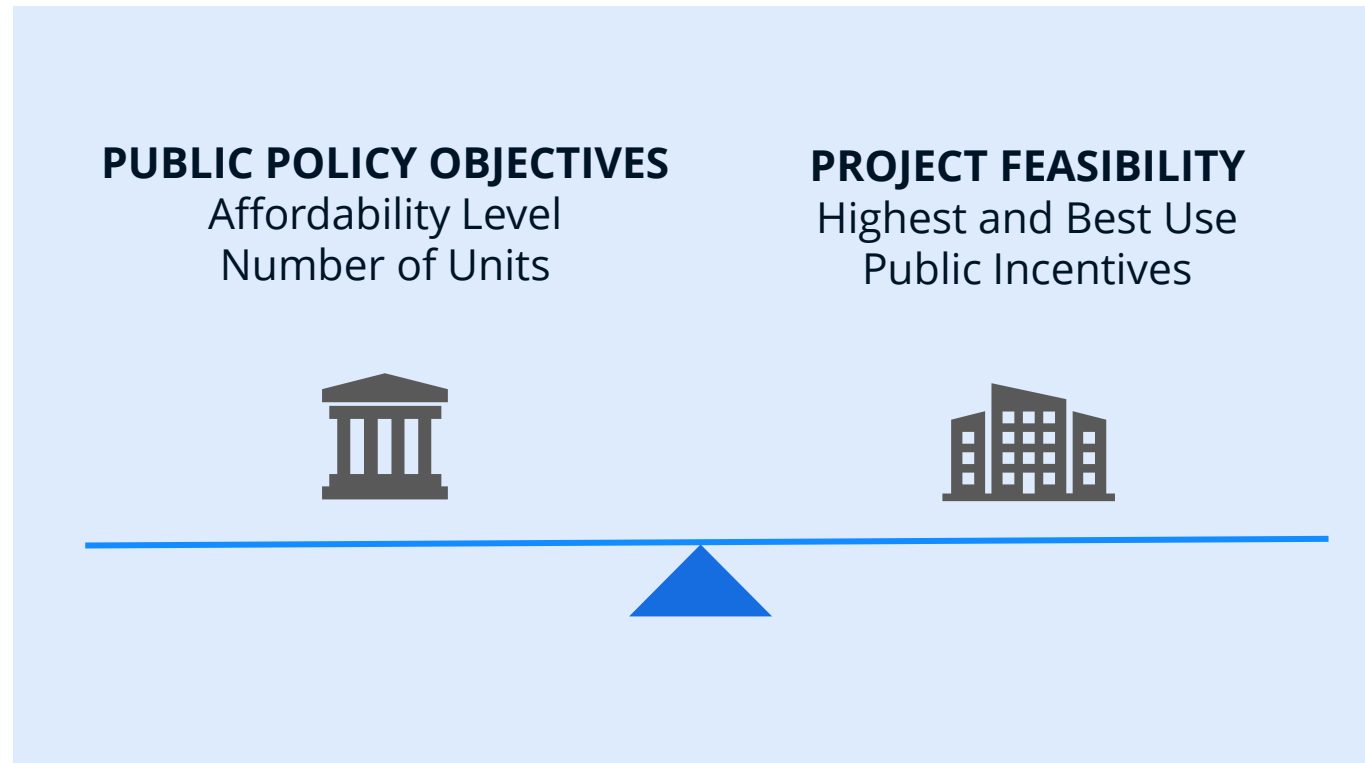
A large, multi-story brick and white siding building with a central entrance, surrounded by trees and parked cars. The building has a prominent central entrance with a white porch and a gabled roof. The facade is a mix of red brick and white horizontal siding. There are several windows with white frames. The building is set in a residential area with lush green trees in the background and several cars parked on the street in the foreground. The overall scene is captured in a slightly dim, overcast light.

# Development Economics Inclusionary Zoning



## INTRODUCTION TO INCLUSIONARY ZONING

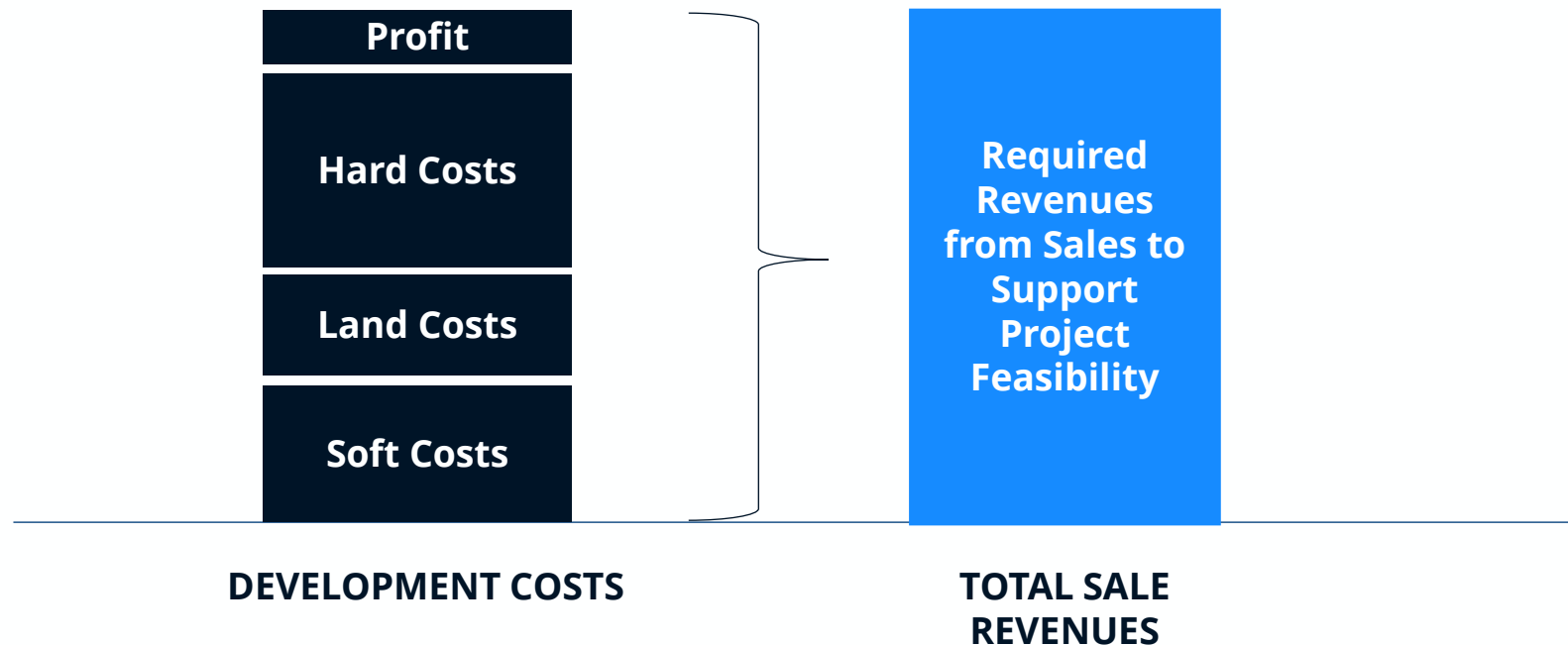
IZ policies must be **calibrated appropriately to the local market** by weighing policy objectives with their impact on project feasibility.



## INTRODUCTION TO INCLUSIONARY ZONING

The **sales price** of a home for purchase is based on the **developers' cost to develop**, including the construction costs, land costs, soft costs (such as developer fees or building designs), **and profit sufficient to motivate developer** to undertake the project.

### Development Project Feasibility with IZ





# Optimize Affordability Levels

## RECOMMENDATION 1: OPTIMIZE AFFORDABILITY LEVELS

The countywide WDU policy currently requires **a proportional mix of units at 120% AMI, 100%, AMI, and 80% AMI.**



### Challenges and Considerations

- WDUs priced at higher AMI levels, especially at 120% AMI, stay on the market for long periods of time and often require price reductions to sell
- There is significant demand in Fairfax County for units affordable at or below 80% AMI, but there are also challenges to maintain homeownership at deep levels of affordability



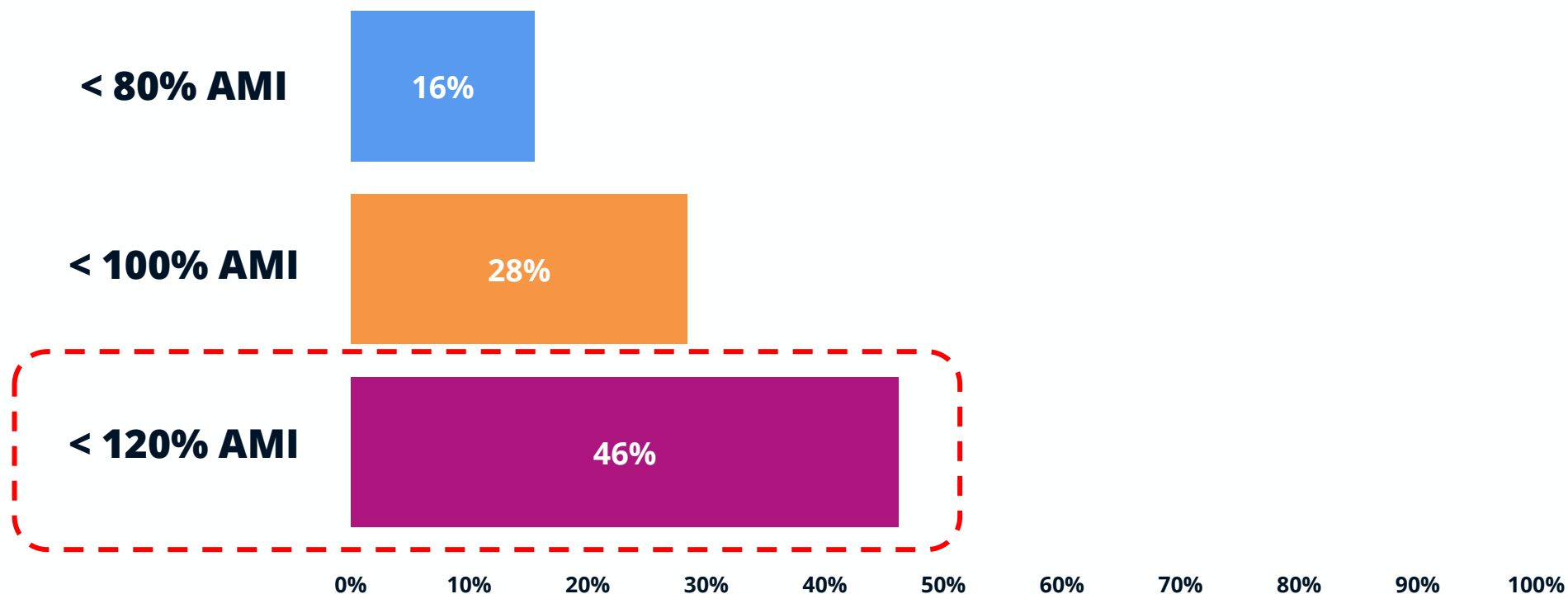
### Goals for Program Recommendations

- *Balance supply and demand to avoid competition with market rate units, reducing the time units take to sell and limiting the need for seller incentives*
- *Ensure sufficient options for households at lower AMI levels while minimizing impacts to overall housing production and potential overlap with ADUs*

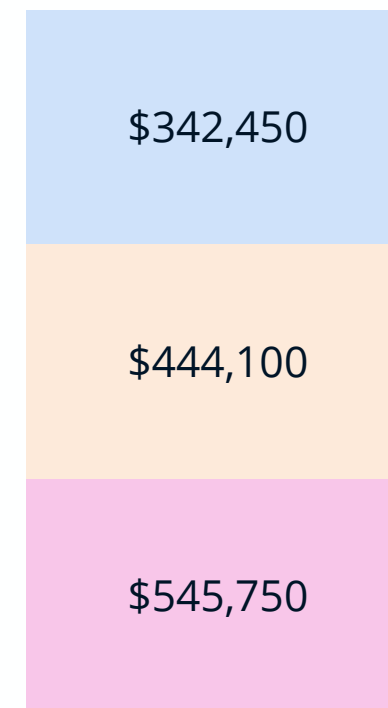
## RECOMMENDATION 1.1: OPTIMIZE AFFORDABILITY LEVELS

There are **many market-rate homes for sale that are affordable to households earning between 100% and 120% AMI.**

Cumulative Share of Homes Affordable By AMI Levels for Households  
(2020 – 2023)



Example 2-Bed  
Max Affordable  
Home Price

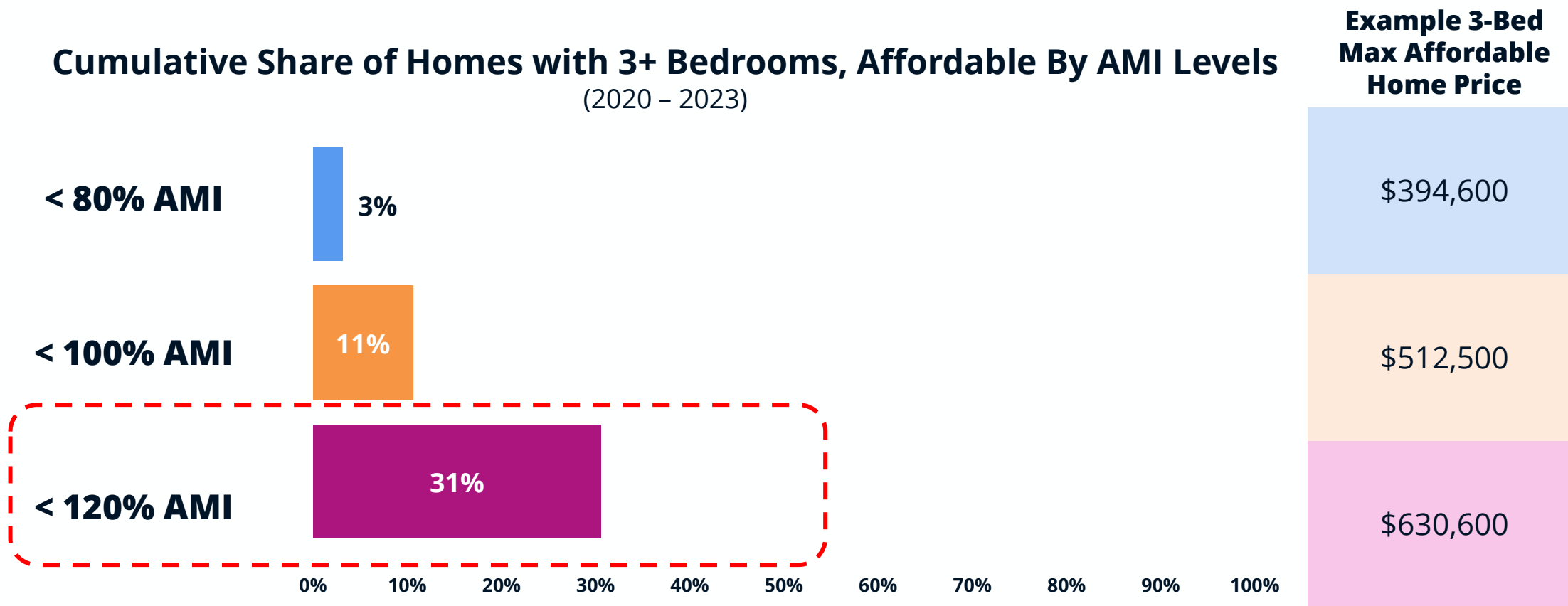


*Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County sales data, HR&A Advisors*



## RECOMMENDATION 1.1: OPTIMIZE AFFORDABILITY LEVELS

While still constrained, there is also a **greater supply of larger (3+ BR) homes** affordable to households earning between 100% and 120% AMI.



*Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County sales data, HR&A Advisors*

## RECOMMENDATION 1.1: OPTIMIZE AFFORDABILITY LEVELS

Meanwhile, 120% AMI units that have sold did so under either outdated, lower pricing or outright price reductions.



*\*These sales were implicitly discounted because they were priced according to 2017 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.  
Source: Fairfax County WDU Production Data April 2023*



# 1.2

## Optimize Affordability Levels (70% AMI)



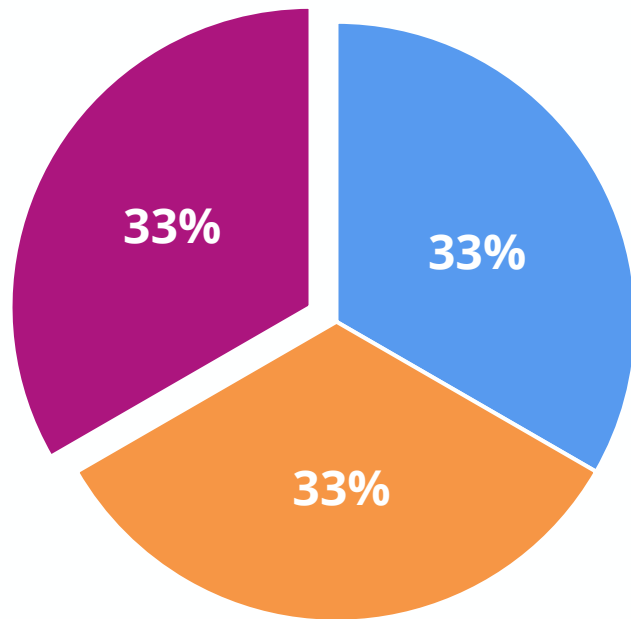
## RECOMMENDATION 1.2: OPTIMIZE AFFORDABILITY LEVELS (70% AMI)

Without 120% AMI units, there are **several possible ways to distribute WDU**s across other affordability levels, including introducing 70% AMI units to provide deeper affordability.

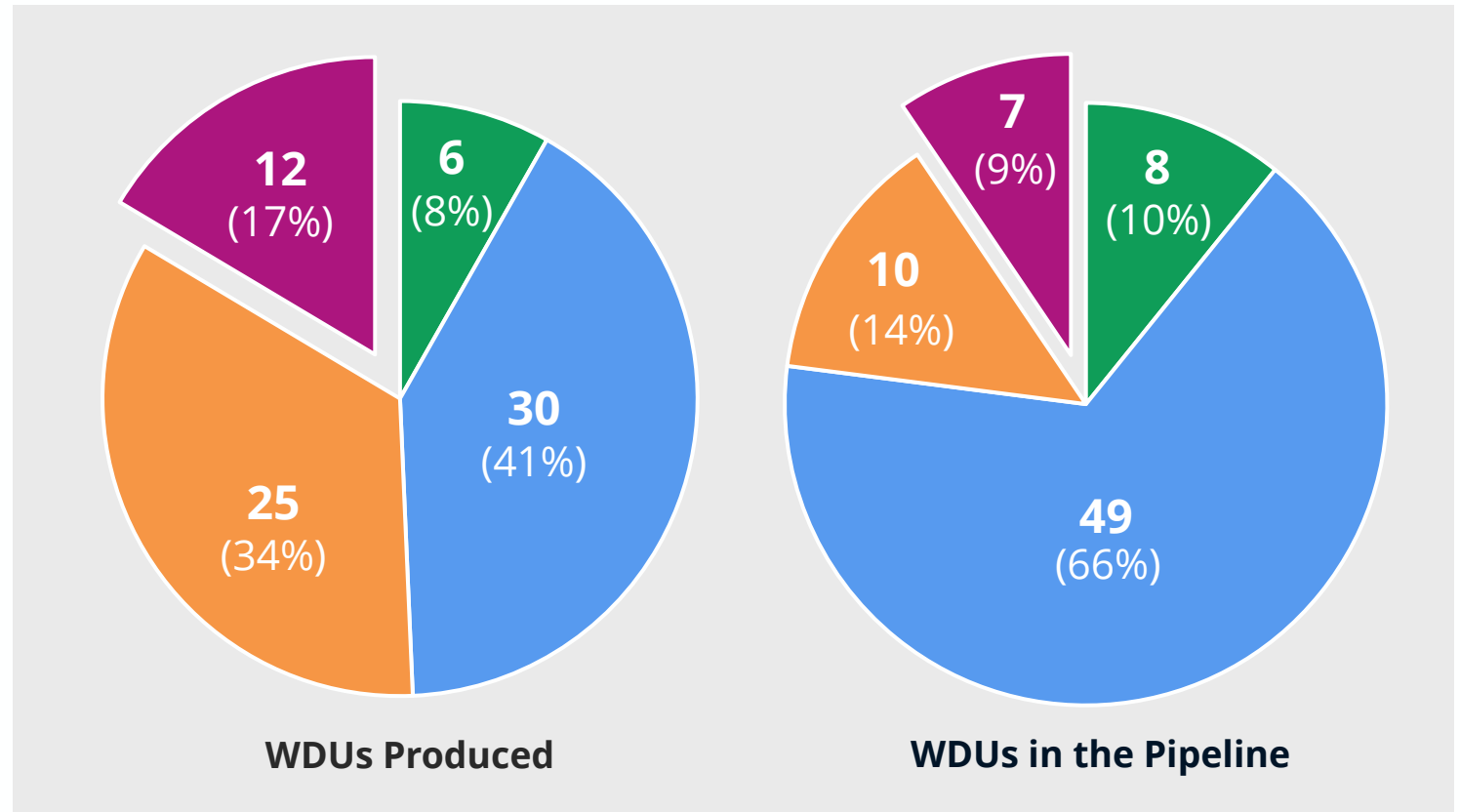
Scenario 1	Scenario 2	Scenario 3
<b>Even Distribution</b> 6% at ≤ 80% AMI 6% at ≤ 100% AMI	<b>More ≤ 80% AMI</b> 9% at ≤ 80% AMI 3% at ≤ 100% AMI	<b>Extended Affordability</b> 4% at ≤ 70% AMI 4% at ≤ 80% AMI 4% at ≤ 100% AMI

## RECOMMENDATION 1.2: OPTIMIZE AFFORDABILITY LEVELS (70% AMI)

Due to unique proffer agreements, **fewer 120% AMI units are being produced** or are in the pipeline than are required.



Existing WDU Program Requirement



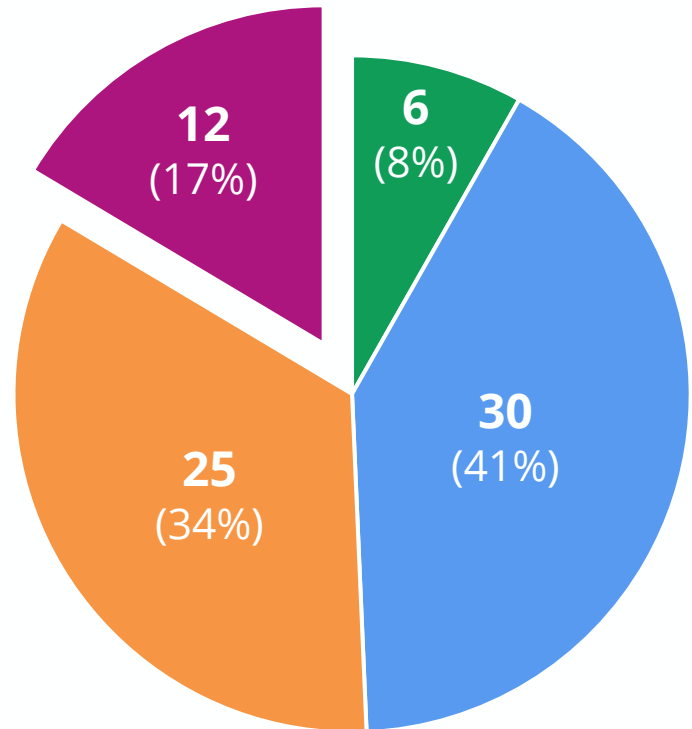
WDUs Produced

WDUs in the Pipeline

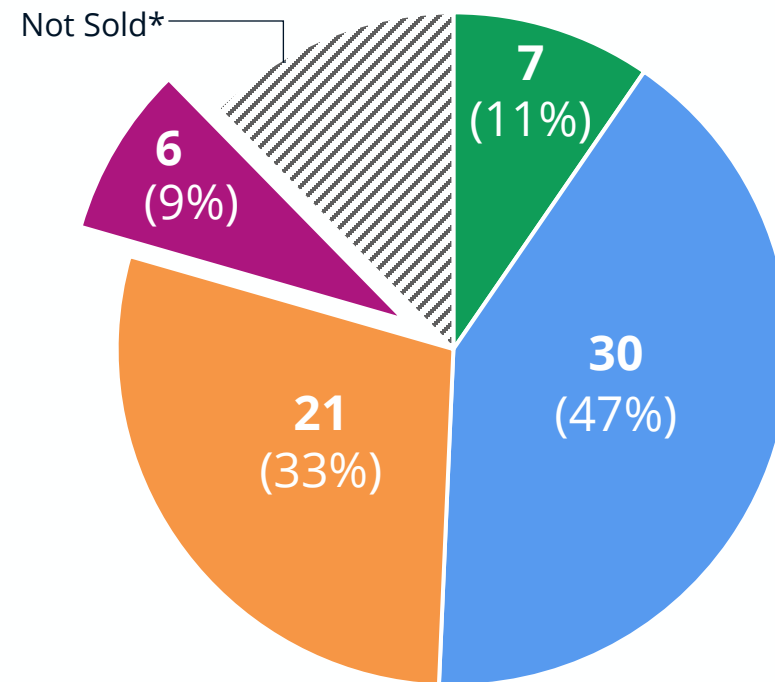
70% AMI 80% AMI 100% AMI 120% AMI

## RECOMMENDATION 1.2: OPTIMIZE AFFORDABILITY LEVELS (70% AMI)

**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

*\*"Actual sales prices" reflect one 80% AMI unit that sold at 70% AMI, two 100% AMI units that sold at 80% AMI, and one 120% AMI unit sold at 100% AMI plus units that have not sold*

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



# 2

## Bedroom Distribution

## RECOMMENDATION 2: BEDROOM DISTRIBUTION

There is **significant demand for affordable, family-sized units**, but the countywide WDU policy does not explicitly require them.



### Challenges and Considerations

- There is significant demand for family-sized (three-bedroom or larger) units in Fairfax County broadly
- The Tysons WDU policy requires WDUs in participating developments to reflect the same bedroom distribution as the market-rate units



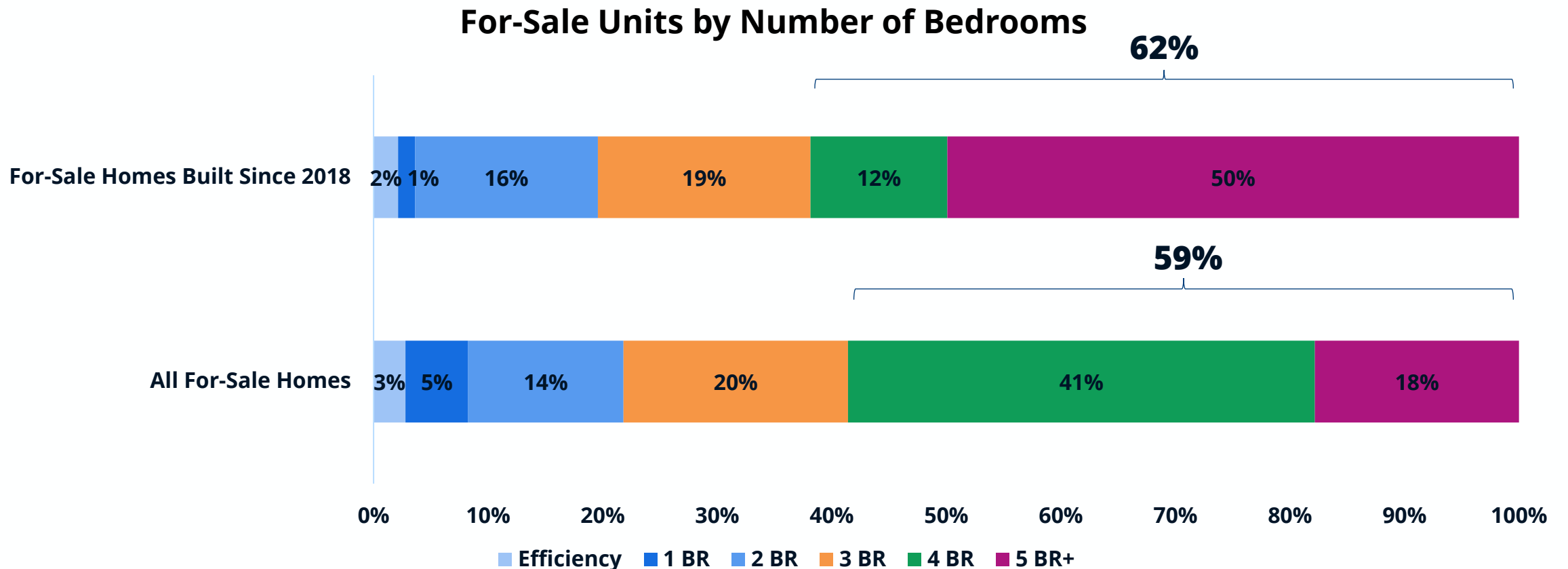
### Goals for Program Recommendations

- Adjusting WDU program requirements must balance impact to development economics against important policy goals such as requiring the production of family-sized units



## RECOMMENDATION 2: BEDROOM DISTRIBUTION

**For-sale homes built since 2018 are more heavily weighted towards those with 4 and 5+ bedrooms** indicating overall market demand for larger units.



## RECOMMENDATION 2: BEDROOM DISTRIBUTION

The difference in pricing between market-rate 5-BR units and 5-BR WDUs is greater than between other, smaller family-sized units causing a **greater impact on overall project feasibility.**

3-Bedroom Sale Price Comparison			5-Bedroom Sale Price Comparison		
Market	WDU	<i>Difference</i>	Market	WDU	<i>Difference</i>
\$731,250	\$476,150	<b>-\$255,100</b> (-29%)	\$1,040,000	\$584,650	<b>-\$455,350</b> (-48%)

Note: WDU pricing is 100% AMI and reflects updates to the pricing schedule presented to the WDU For-Sale Policy Task Force



3

Geographic  
Applicability



## RECOMMENDATION 3: GEOGRAPHIC APPLICABILITY

Currently, the WDU policy **applies only to development centers** in Fairfax County.



### Challenges and Considerations

- The current WDU for-sale policy is limited to certain areas of Fairfax County though the geographic applicability of the WDU rental policy was recently expanded
- Moderate to high-densities are planned outside of development centers, usually along major corridors or transit corridors, or near neighborhood shopping centers, which may be appropriate for WDU homeownership opportunities



### Goals for Program Recommendations

- An extension of the policy should advance and potentially expand the production of for-sale WDUs
- As a component of the WDU program, the Tysons High-Rise Policy should also be addressed in any recommendation related to geographic applicability



4

WDU Pricing  
Adjustments

## RECOMMENDATION 4: WDU PRICING ADJUSTMENTS

The maximum initial WDU sales price is set according to **a formula that determines an affordable price based on unit size and AMI level.**



### Challenges and Considerations

- The maximum initial sales price can affect both future affordability and ease of sale or resale if prices compete with market rate units
- Condo and HOA fees can be a significant challenge for maintaining affordability,



### Goals for Program Recommendations

- Ensure the formula for calculating affordable sales prices reflects today's market conditions and variables affecting affordability, including household size, interest rates, and condo and HOA fees

## RECOMMENDATION 4.1: WDU PRICING ADJUSTMENTS

### Illustrative Change in WDU Pricing from 2022

	80% AMI				100% AMI			
	Existing	Updated	Gross Difference	Percent Difference	Existing	Updated	Gross Difference	Percent Difference
<b>Efficiency</b>	\$246,150	\$230,900	-\$15,250	-6%	\$317,250	\$295,550	-\$21,700	-7%
<b>1 Bedroom</b>	\$273,850	\$243,050	-\$30,800	-11%	\$355,300	\$312,550	-\$42,750	-12%
<b>2 Bedroom</b>	\$342,450	\$292,050	-\$50,400	-15%	\$444,100	\$375,400	-\$68,700	-15%
<b>3 Bedroom</b>	\$394,600	\$337,500	-\$57,100	-14%	\$512,500	\$433,800	-\$78,700	-15%
<b>4 Bedroom</b>	\$446,800	\$375,550	-\$71,250	-16%	\$581,100	\$482,900	-\$98,200	-17%

*Note: These numbers are for illustrative purposes only. The update includes adjustments to 2023 AMI levels, household size, updated mortgage interest rates, a condo fee reduction to \$0.35 PSF, and the addition of a homeowner's insurance assumption. These figures represent the MAXIMUM possible prices for condo flats and stacked townhome units only and are subject to change based on changes to interest rates, tax rates, or other assumptions. Pricing for townhomes assumes a lower condo/HOA fee of \$0.15 PSF. The full updated pricing schedule will be published online for public comment before any changes are finalized.*





5

# Refine Resale Requirements

## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

Resale restrictions are a **balance between allowing for potential wealth-building and protecting future affordability.**



### Challenges and Considerations

- Current resale prices for WDUs are based on CPI growth, which is variable and does not necessarily correlate directly to affordability for households
- Large increases in resale prices, while allowing for more potential wealth building on the part of WDU owners, threaten affordability for future WDU buyers
- Significant escalations in resale prices may also place WDUs in competition with market-rate units, hindering resales altogether



### Goals for Program Recommendations

- Any revisions to the resale formula should reduce barriers to WDU resales, while balancing wealth building and affordability preservation

## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

Jurisdictions outside of Virginia **tie resale prices to AMI rather than CPI.**

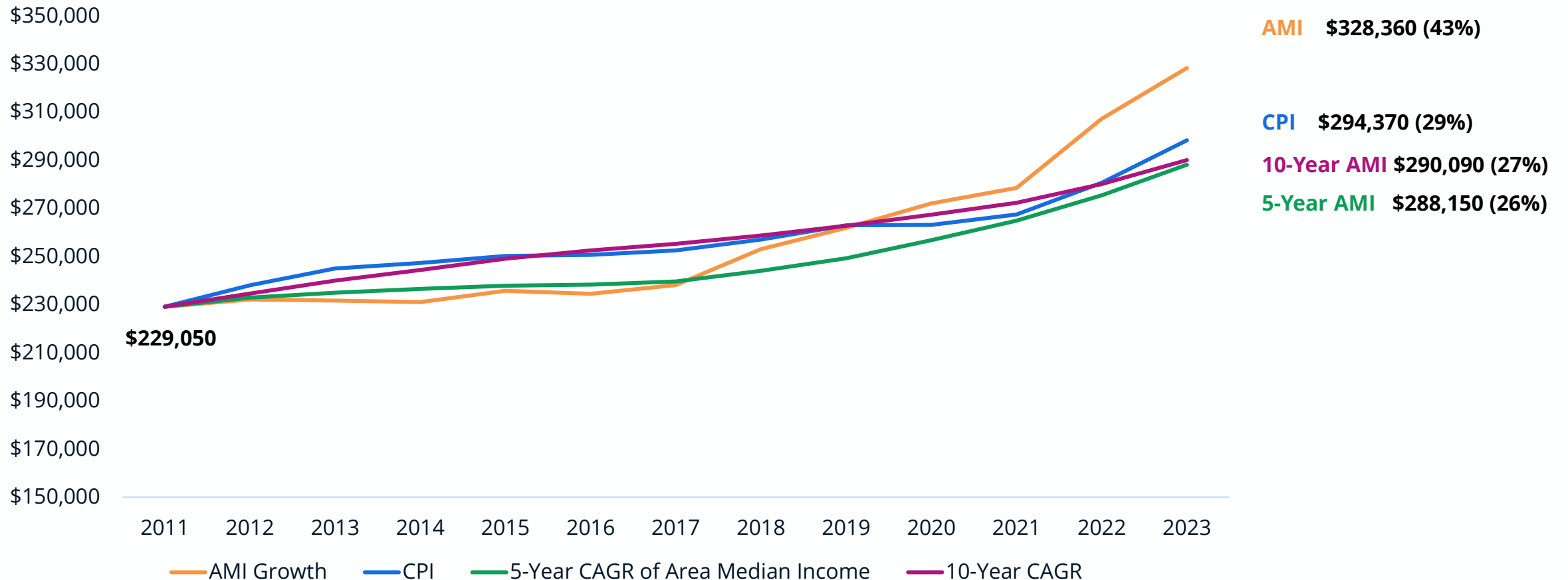
Location	Resale Price Calculation	Resale Requirements
Fairfax County - ADU	CPI-U and fair market value of some improvements	<b>Covenant and Profit Share Agreement:</b> requires half of sales profit to be shared with the County Trust after control period.*
Fairfax County - WDU	CPI-U and fair market value of some improvements.	<b>Renewing Covenant Period:</b> if the home is sold within 30 years, the clock resets.
Loudon County - ADU	CPI and fair market value of some improvements.	<b>Covenant and Profit Share Agreement:</b> requires half of sales profit to be shared with the County Trust after control period, between 15- 50 years.
Montgomery - MPDU	CPI-U and capital improvements up to 10% of purchase price.	<b>Covenant and Profit Share Agreement:</b> requires half of sales profit to be shared with the county after 30-year control period.*
Montgomery - WHP	Based on the <b>pricing of new workforce housing units</b> , tying resale price to AMI.	<b>Covenant and Profit Share Agreement:</b> requires half of sales profit to be shared with the county after 20-year control period.*
Washington, D.C.	Based on the <b>Ten-Year CAGR of Median Income</b> from the year of purchase to the year of the unit's sale by the owner, tying resale price to AMI.	<b>Standard Covenant:</b> no resale limits following control period, however covenant period is 99 years.
Palm Beach County, FL	The resale price is determined by the designated <b>income category of the unit</b> , and the <b>current sales price</b> for that category.	<b>Renewing Covenant Period:</b> if the home is sold within 15 years, the clock resets.

\*Note: For the first resale.



## RECOMMENDATION 5: REFINE RESALE REQUIREMENTS

**The 5-Year AMI CAGR smooths volatility in AMI growth over time,** producing a more predictable result.



Note: CPI data from Fairfax County HCD; AMI data from HUD