



PRINCE WILLIAM
COUNTY

Affordable Dwelling Unit Ordinance

Planning Commission Work Session

July 27, 2022

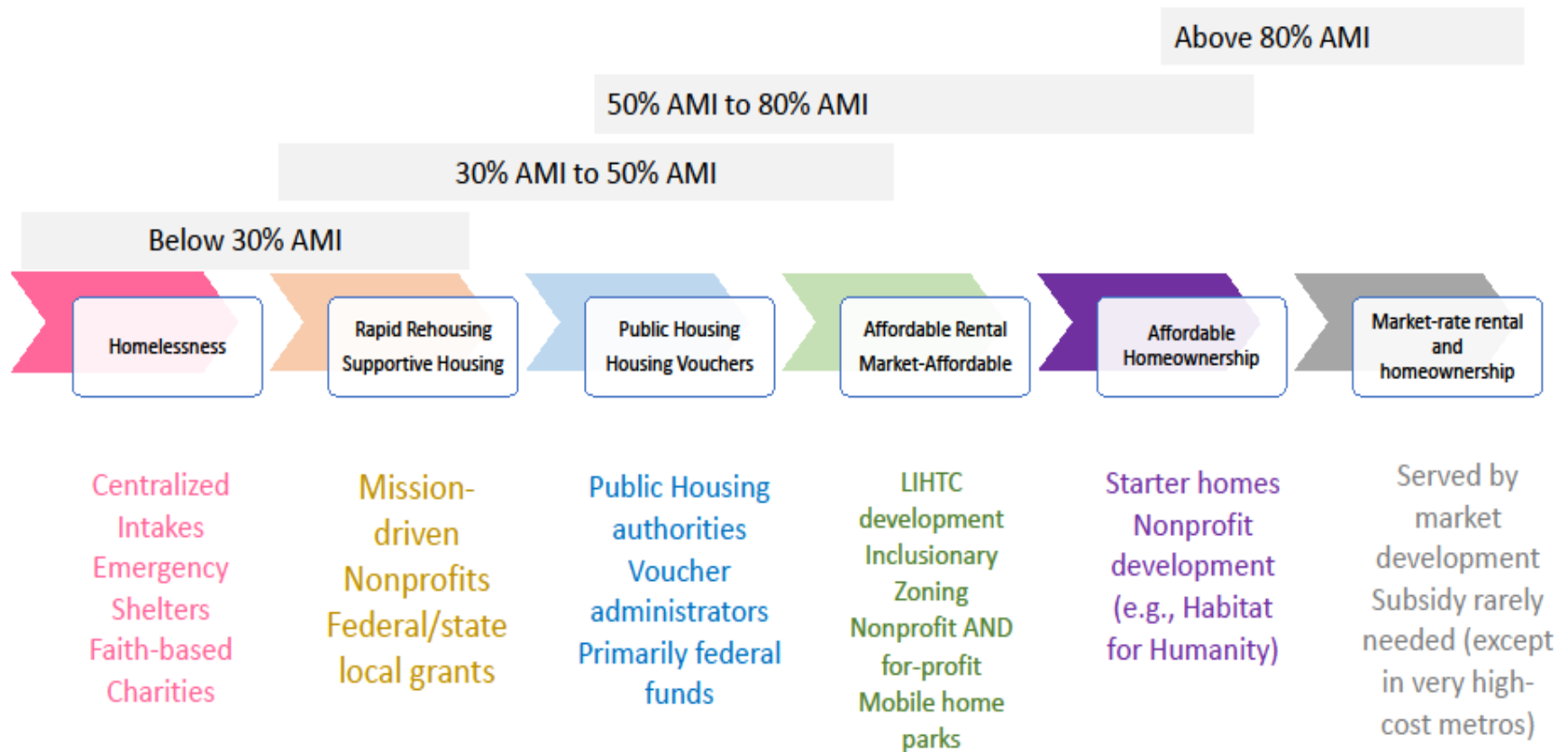
David McGettigan, AICP
Long Range Planning Manager

Affordable Dwelling Unit Ordinance Agenda

- Affordable Housing Tools
- Review of Stakeholder Meetings
- Feedback on Six “Policy Levers”
- Next Steps



Affordable Housing Tools



Affordable Dwelling Unit Ordinance

Scope of Work

1. Research and Analysis

(Dated April 8, 2022)

2. Ordinance Outline

3. Draft Text

Consultant EPR, PC

Affordable Dwelling Unit Ordinance Research & Analysis



Prince William County
Comprehensive Plan Update
April 8, 2022

Prepared by EPR, PC

Policy Levers for an Affordable Dwelling Unit Ordinance

1. **Applicability**
2. **Incentives**
3. **Affordable Share**
4. **Income Level**
5. **Affordability Term**
6. **Alternatives**



Updates

- Housing Board – May 26, 2022, scheduled for August 25, 2022
- Steering Committee – June 8, 2022, and July 26, 2022
- Non-Profit Faith Based Stakeholder Meeting – June 9, 2022
- Development Community-Stakeholder Meeting – June 9, 2022

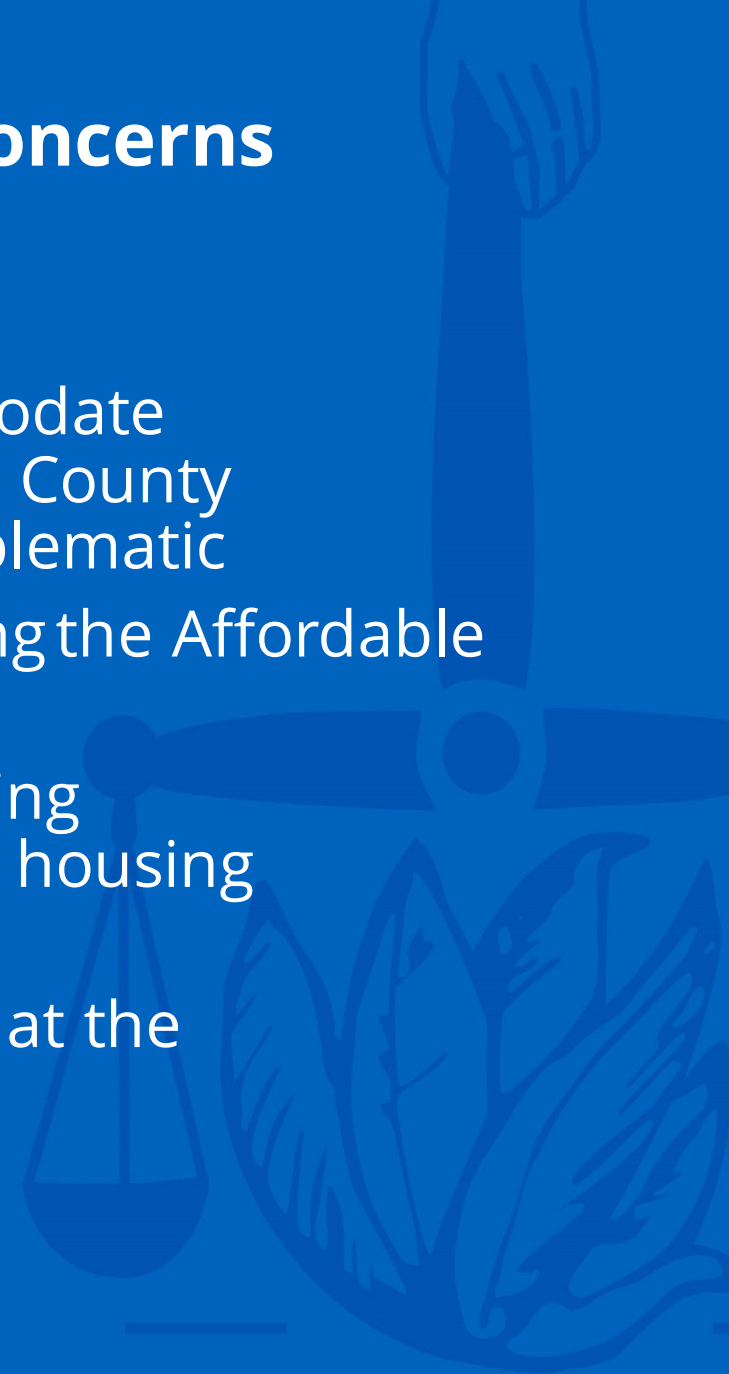


General Comments/ Concerns

- Partner market rate developers with affordable housing developers - LIHTC
- Distribute ADUs throughout the community
- Concerns voiced regarding 100% ADU projects
- Locations - access to transit and services is critical
- One size does not fit all – need flexibility
- How to keep new projects from driving up the rent of adjacent naturally occurring affordable housing

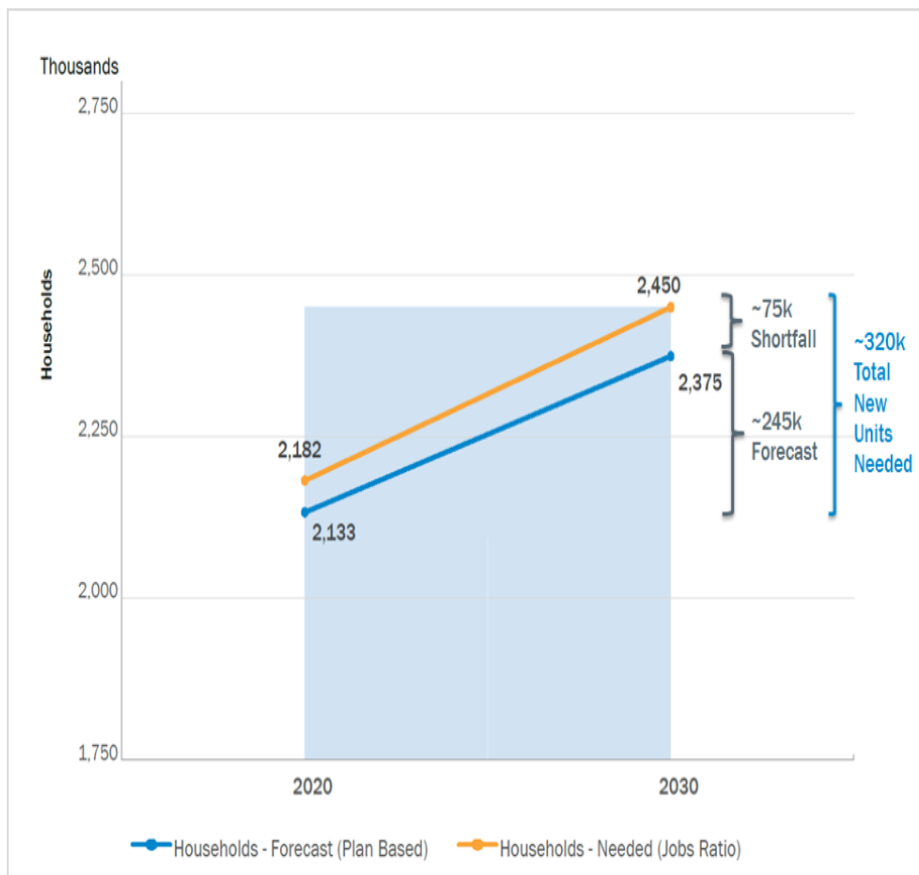
General Comments/ Concerns

- Getting sewer in place to accommodate ADU development throughout the County
– timing of sewer extension is problematic
- Find alternative sources for building the Affordable Housing Trust Fund
- Need more land planned for housing specifically in the middle range of housing types
- Need to approve housing projects at the high-end of the density range



Regional Housing Targets- MWCOG

COG Regional Housing Need 2020-2030 (Planned vs. Needed)



Source: COG Cooperative Forecasts

Regional Housing Targets

Regional Target 1:

AMOUNT

At least 320,000 housing units should be added in the region between 2020 and 2030. This is an additional 75,000 units beyond the units already forecast for this period.

Regional Target 2:

ACCESSIBILITY

At least 75% of all new housing should be in Activity Centers or near high-capacity transit.

Regional Target 3:

AFFORDABILITY

At least 75% of new housing should be affordable to low- and middle-income households.

Housing Need Estimates

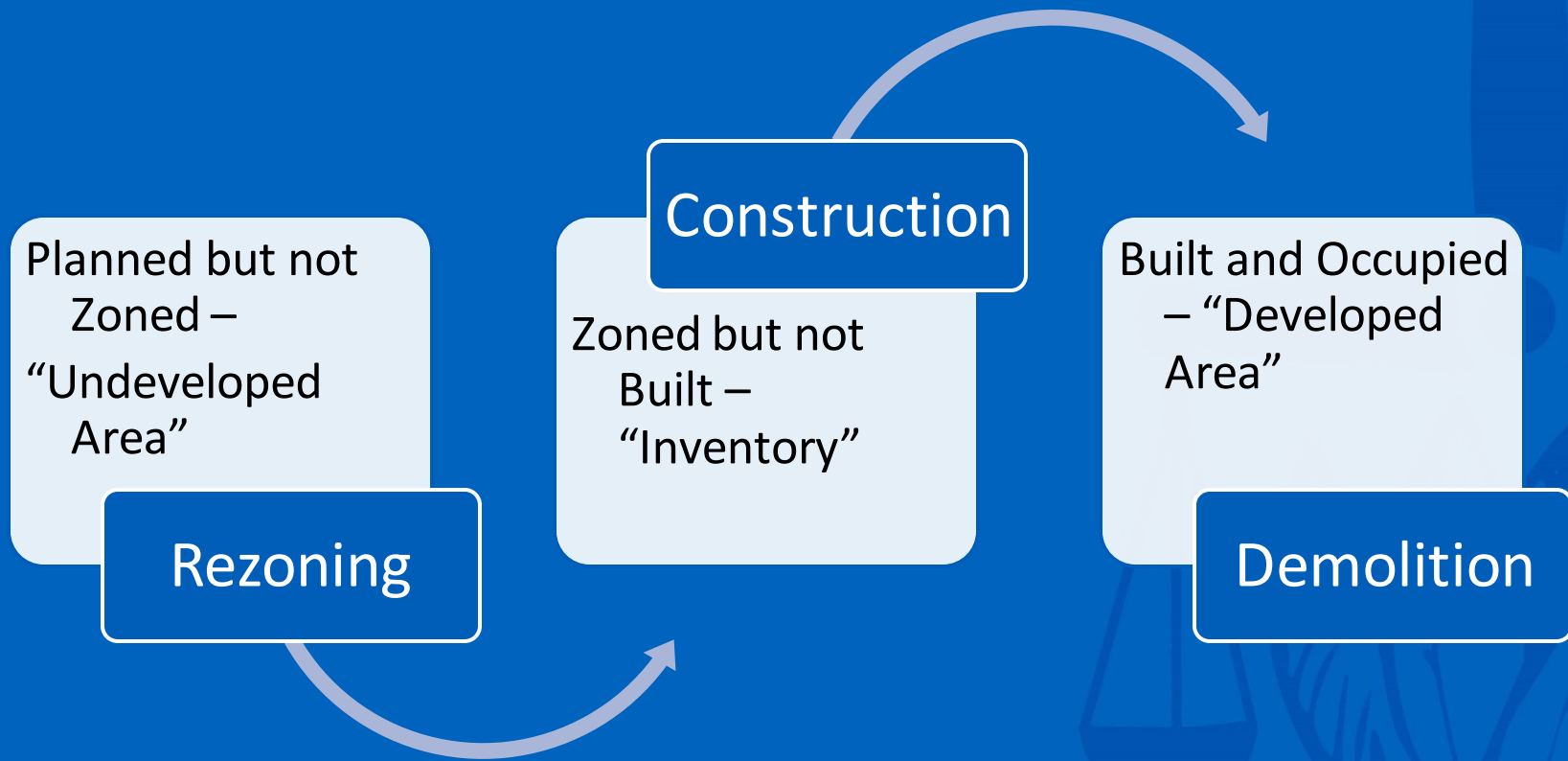
	Households Needed by 2040 for Projected Jobs	Housing Units Needed by 2040 for Projected Households
COG 9.2	191,833	197,797
Regional Housing Targets	9,000	9,280
Total	200,833	207,077

2020 Households – 153,745

2020 Housing Units – 158,525

Occupancy Rate – 97%

Life Cycle of Development



Section 15.2-2305

Authorizes affordable dwelling unit ordinances in all Virginia municipalities (not covered by 15.2-2304) -

Set-aside capped at 17%; density bonus capped at 30%; any reductions must maintain this ratio

Compliance: May establish local housing fund

Enforcement: During rezoning or special exception or may apply to a site plan or subdivision plat.

Affordability Term: Municipalities must impose an affordability term between 15 and 50 years

Enforcement: Voluntary

Section 15.2-2305.1

Authorizes affordable dwelling unit ordinances in all Virginia municipalities (not covered by 15.2-2304)

Set aside: 10% of units affordable (as defined by locality) for low-income households or 5% of units affordable (as defined by locality) for very low-income households

Compliance: May establish local housing fund

Developer's obligation triggered by application for rezoning or special use permit and site plans

Affordability Level: 80% of AMI (low income) or 50% of AMI (very low income) if density bonuses are used

Incentive: Local discretion, but density bonuses must be calculated according to formula set in statute

Affordability Term: Municipalities must impose an affordability term between 15 and 50 years

Enforcement: Voluntary

Policy Lever #1

Applicability

Applicability establishes which development proposals are subject to ADU provisions

- Density greater than **1 du/per acre**
- Approved **sewer area**
- Minimum project size
- Should be applicable to all housing types – variety of housing types
- Above 1.0 FAR for mixed use projects
- Provide flexibility for increase bonus density with increase ADUs



Feedback

Policy Lever #1

Applicability

- Locations - access to transit and services is critical
- One size does not fit all – need flexibility
- Applicable to ALL projects- make as expansive as possible
- Distribute ADU throughout the project /community
- Concerns voiced regarding 100% ADU projects
- Projects of 50 units or more provide ADUs less than 50 units make a cash contribution (\$2,000) (\$2,500 for SFD) to AHTF

Policy Lever #2

Incentives

- Density Bonuses
- Reduce or eliminate monetary proffers
- Expedited processing
- Reduced parking minimums
- Height bonuses
- Waiver of fees



Feedback

Policy Lever #2

Incentives

- Revisions to alter housing standards for example width of TH and DCSM waivers
- Concerns over reduced parking- PWC is very auto dependent
- Concerns with expedited processing, want to ensure safe quality projects
- Getting sewer in place to accommodate ADU development throughout the County – timing of sewer extension is problematic
- Desire larger density bonus-limits in state requirements-more flexibility desired
- Loans on tap fees
- Provide Unit Type Exceptions within a project
- Proffer relief – reduction in voluntary proffers on ADU units
- Prince William County Employee Program
- County Purchase Program options

Policy Lever #3

Affordability Share

	Bonus Density	% Affordable	Note
15.2-2305	Up to 30%	Up to 17%	Maintain Ratio
15.2-2305.1 – Low Low defined as less than 80% AMI	20-57.5%	10-35%	
15.2-2305.1 – Very Low Very low defined as less than 50% AMI	20-95%	5-35%	

Feedback

Policy Lever #3

Affordability Share

- ADU ordinances are **voluntary** options for development community therefore strong incentives are needed
- Greatest need is in the 30% AMI and below
- Sliding scale of a variety of units at a variety of price points - greater options and flexibility under 15.2-2305 code
- Look at the project globally to understand how the project meets the desired needs of the community
- Look at projects with a lens of a variety of housing types and price points to meet multiple needs of the community to create mixed income developments with a variety of housing options
- 10% affordable units for 20% bonus increase would work

Policy Lever #4 Income Level

15.2-2305.1:

Low-income <80% AMI

Very-low-income <50% AMI

Based on the peer community research, the threshold of income ranged from 30% to 100% of the Area Median Income.

2022 Median Income Table Prince William Area

PRINCE WILLIAM AREA 2022 MEDIAN INCOME TABLES Effective June 15, 2022

Extremely Low Income - Gross household income 30% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$29,900	\$34,200	\$38,450	\$42,700	\$46,150	\$49,550	\$52,950	\$56,400

Low Income - Gross household income 50% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$49,850	\$56,950	\$64,050	\$71,150	\$76,850	\$82,550	\$88,250	\$93,950

60% Income - Gross household income 60% area median income (AMI), adjusted for household size per the following table (effective 6.15.2022):

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$59,820	\$68,340	\$76,860	\$85,380	\$92,220	\$99,060	\$105,900	\$112,740

Moderate Income - Gross household income 80% area median income (AMI), adjusted for household size per the following table:

1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
\$63,000	\$72,000	\$81,000	\$90,000	\$97,200	\$104,400	\$111,600	\$118,800

PWC 2022 Area Median Income ("AMI")



Median Family Income \$142,300

(Washington Metropolitan Area Effective June 15, 2022)

Extremely Low Income - Gross household income 30% AMI

Adjusted for household size, **3-person** household = **\$38,450**

Low Income - Gross household income 50% AMI

Adjusted for household size, **3-person** household = **\$64,050**

60% Income - Gross household income 60% AMI

Adjusted for household size, **3-person** household = **\$76,860**

Moderate Income - Gross household income 80% AMI

Adjusted for household size, **3-person** household = **\$81,000**

Feedback

Policy Lever #4

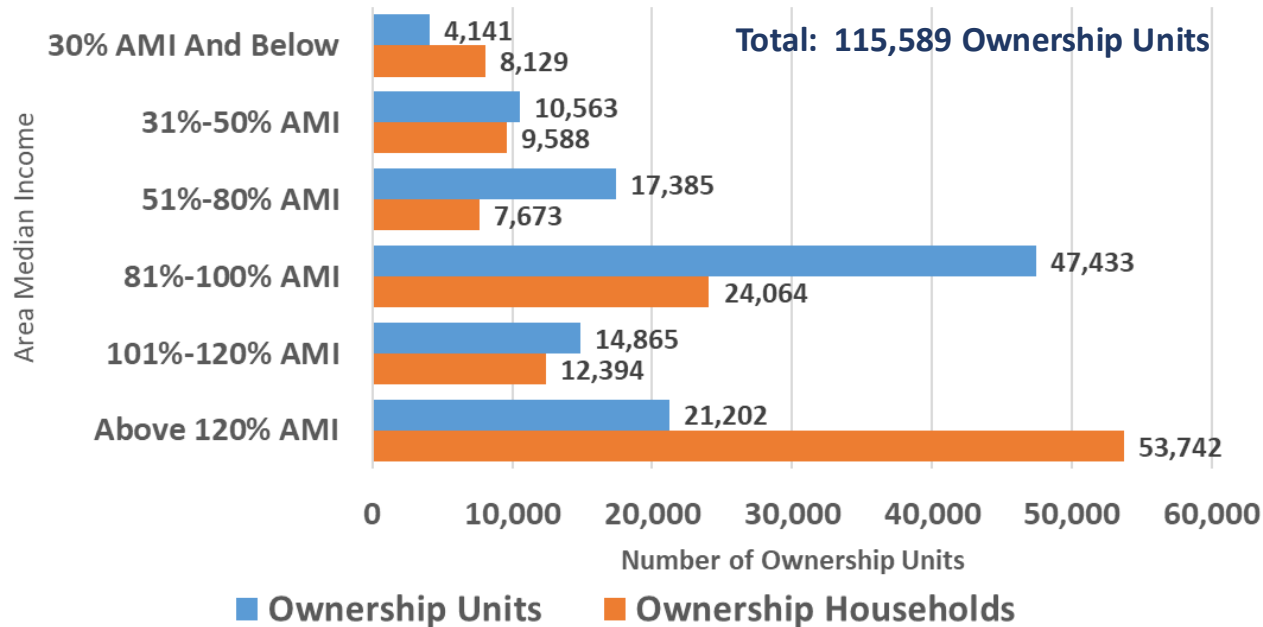
Income Level

- 80% - 120% AMI for sale units (moderately priced affordable and workforce products)
- 30% - 100% AMI for rental units (LIHTC programs will result in best “affordability ratio” of all programs)
- 15.2-2305.1 provides specific parameters for low and very low ADU options
- Solutions needed to provide ADUs for the 60% AMI and below
- Consider workforce housing in the 80% to 120% AMI to begin to level off the gaps between available units and needed units in the different AMI groups.
- Provide units at multiple income levels across the spectrum by providing a variety of bonus densities depending on the targeted AMI

Ownership Units Surplus/Gap Analysis (Based on 2019 AMI Levels)



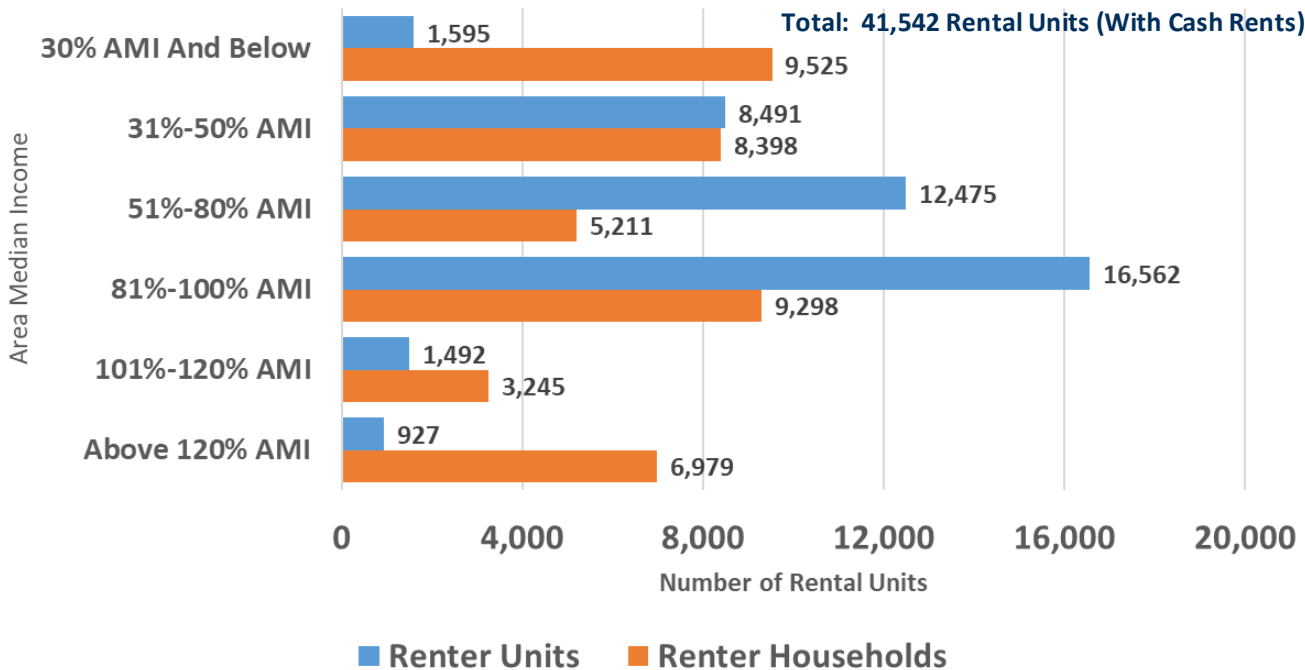
Ownership Housing Supply/Demand Balance
Prince William County, VA (2019)



- There is a lack of ownership units for households making 30% of AMI and below
- The greatest lack of affordably-priced housing occurs above 120% of AMI, where the number of households 2.5 times the number of housing units for this group
- The greatest housing surpluses occur at 81-100% AMI and 51-80% AMI
- Higher income households will compete for surplus housing priced below their ability-to-pay

Rental Units Surplus/Gap Analysis (Based on 2019 AMI Levels)

Rental Housing Supply/Demand Balance
Prince William County, VA (2019)



- The greatest rental needs are at 30% AMI and below where households exceed rental units by 6 to 1
- Rental surpluses exist at 51-80% AMI and 81%-100% AMI, which may require some lower income households to pay more than 30% of their gross income to rent an apartment, thereby becoming “cost burdened”
- Unit shortages also exist at 100% AMI and above

Policy Lever #5 Affordability Term

Between 15 and 50 years – both codes

Generally, localities are electing longer terms for this provision



Feedback

Policy Lever #5

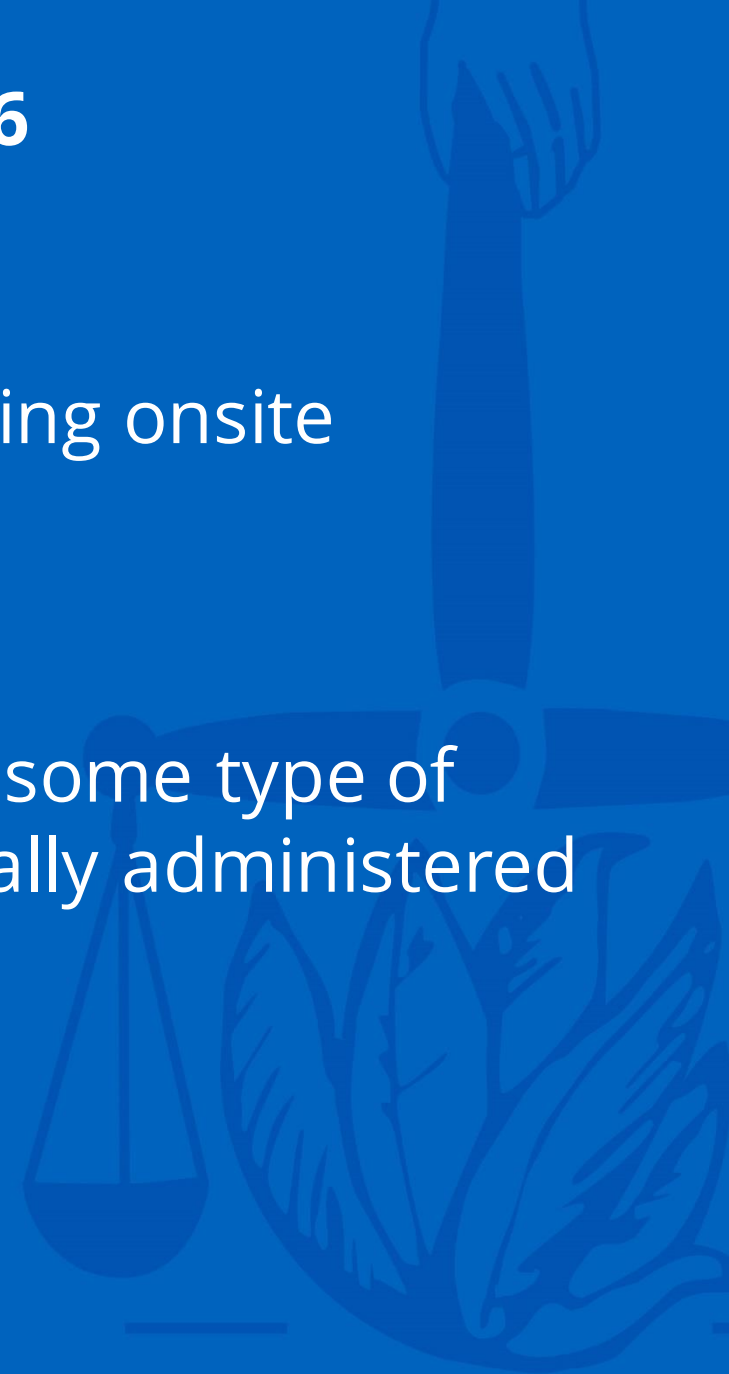
Affordability Term

- Offer variable terms for rental vs ownership- ownership terms could be shorter and rental terms longer
- General preference was for longer vs shorter terms
- Enabling legislation provides options between 15 and 50 years
- 30 years is a great term to ensure continuity of affordable housing- structure of language is critical
- Building industry supports a 10-year term with options in order to support the building of generational wealth
- Size of units could factor into the term if potential exists for families to outgrow the ADU and need options for moving up to new housing.
- Development Community advocating for significant tax abatement options- Get jurisdictions to provide tax offset to affordable units. Rental units are subject to same operational cost with no ability to raise rents- focus on partnerships.

Policy Lever #6 Alternatives

Cash payment in lieu of providing onsite affordable housing

Requires the establishment of some type of affordable housing fund, typically administered by a separate board



Feedback

Policy Lever #6

Alternatives

- Provide option for dedication of land for ADUs to be utilized by ADU developers to construct quality affordable housing within the new community to provide for mixed income projects with a variety of housing options.
- Concern raised over funds in lieu of construction could result in ADUs only being constructed in certain areas and excluded from some projects.
- Specific funding needs vary on a project by project basis- how do we ensure a recommended dollar amount addresses and continues to address the needs of the community
- Staffing concerns raised for the monitoring and implementation of housing funds.
- This option should only be available for small projects (less than 50 units)

Next Steps

1. Parallel development of policy guidelines for affordable housing- "Appendix A"
2. Provide consultants with feedback on policy levers utilizing feedback obtained from stakeholder meetings and Planning Commission
3. Consultants develop an outline affordable dwelling unit ordinance for review by community and elected and appointed officials.
4. Full draft ordinance is written by Consultants using formal zoning code language for presentation to the BOCS.

Appendix "A" reviewed and adopted as part of the Housing Chapter