

**Fairfax County Department of Housing and Community Development
Fairfax County Department of Planning and Zoning**

Affordable Housing Advisory Committee - Special Subcommittee

*Countywide Policy for Affordable Housing Contributions
by Non-Residential Developments*

**Concept for Consideration
September 4, 2013**

Overview: The Comprehensive Plan should include as a policy the expectation that all nonresidential developments in Fairfax County's mixed use centers, which are the subject of a rezoning action by the Board of Supervisors which increases nonresidential intensity, make a proffered cash contribution for affordable and workforce housing. The expected level of contribution will be tiered based on the location of the property:

- **\$3** per nonresidential square foot in the Tysons Corner Urban Center (adopted June 2010 and now in effect) and also within a ¼ mile of any other Transit Station Area;
- **\$2** per nonresidential square foot between a ¼ to a ½ mile radius of any Transit Station Area; and
- **\$1** per nonresidential square foot outside of a ½ mile radius of any Transit Station Area to the edge of the Transit Station Area, and in all other Suburban Centers and Community Business Centers of the county.

Applicability: It is recommended that the that the proposed policy be applied in a manner similar to the Workforce Housing Policy; that is, in rezoning actions in the Tysons Corner Urban Center (already in place), Suburban Centers, Community Business Centers and Transit Station Areas, where the Area Plans envision mixed use or high-intensity non-residential development above the existing baseline recommendation for development.

It is recommended that staff develop an implementation plan for the policy, including the creation of thresholds that would trigger the expectation of a contribution, based on the level of development intensity anticipated in rezoning proposals in areas subject to the policy.

It is anticipated that many of the details in the countywide policy would be similar to that provided in the Tysons policy, which limits the use of funding generated to capital expenditures. It is also expected that these contributions would be adjusted annually based on the Consumer Price Index. It is also anticipated that the countywide policy, similar to Tysons, would allow for the developer to choose to contribute an equivalent annual amount per nonresidential square foot over a period of time to be determined at the time of rezoning. Such developments would also be permitted to provide an equivalent contribution of land or affordable units in lieu of a cash contribution. Nonresidential contributions could also be used to fund affordable housing opportunities through a partnership. If nonresidential floor area is achieved through a bonus for providing affordable and workforce dwelling units, the bonus floor area should not be included when calculating the contribution amount. Ground level retail located in office, hotel, and residential buildings should also not be included when calculating the contribution amount.

Recommended use of funds: It is recommended that any funds proffered under this policy concept be deposited into the Housing Trust Fund for eligible affordable housing capital uses countywide. It is further recommended that the priority for the use of funds proffered under the \$3 and \$2 tiers should be to develop affordable housing in the areas the funding was generated and, as a second priority, in other \$3 and \$2 tier areas.

Incomes to be Served: Funds proffered under this policy should be used to create new affordable rental housing opportunities affordable to a range of low and moderate-income households, earning

80 percent of the Area Median Income (AMI) and below¹. Funding proffered under this policy may be used as gap financing for mixed-income projects, including those with a market rate component, in order to facilitate the development of affordable housing for low and moderate-income households.

Housing Low and Moderate-Income Working Families: A Tool for Economic Development:

A George Mason University Center for Regional Analysis workforce housing study, commissioned by the Fairfax County Redevelopment and Housing Authority (FCRHA), found that that Fairfax County's economic vitality is "inextricably tied" to its response to the need for affordable workforce housing, and that the county's continued growth is "highly dependent" on the availability of housing that is "affordable to workers from the full spectrum of the economy". The report concluded that "failing to plan for a balanced supply of housing in the future will reduce the County's opportunities for economic growth", resulting in the out-migration of businesses, reduced availability of personal and business services, and a decline in livability.

It is the intent of this proposed policy concept to create affordable housing for low and moderate income working households – to allow people working in jobs such as hospitality, retail, administrative support and those in entry level positions to live near their place of employment. The purpose of providing this housing is to ensure the continued healthy economic development of Fairfax County by providing a broad range of housing options for a broad range of incomes.

The Policy Plan component of the Fairfax County Comprehensive Plan notes that "[h]ousing affordability is a growing problem for many residents of the County. A significant number of people in various circumstances cannot afford to rent or purchase a home ... Those working in lower-paying or entry level jobs are likely to experience difficulty in affording to buy or rent in the County. The gap in housing affordability can affect the ability of employers, including the County, to attract employees crucial to the health and safety of the community as well as to the area's economic growth and prosperity. The lack of affordable housing has been cited as a factor contributing to the current shortage of workers in the County's service sector."

The Policy Plan includes a number of other statements specifically connecting commercial development and the need for affordable workforce housing. It states that the "expanding employment base in the County is one of the factors which creates the need for housing. Forecasts are that jobs will continue to grow at a rate which is higher than that for future housing production. This implies continued pressure on the housing market and an excess of demand for available units. There will be a need to increase the supply of housing in the County in response to this demand." Finally, the Policy Plan includes an objective that affordable housing should be "encourage[d] ... in all parts of the County," and calls for expanding "housing opportunities in or near Mixed-Use Centers as a way of providing the opportunity for persons employed in the County to live near their jobs".

About the need: Based on job growth and housing data prepared by the Center for Regional Analysis at George Mason University, and assuming that 65 percent of new workers will be housed in the county, it is estimated that Fairfax County will need approximately 50,206 net new housing units affordable to households earning up to about 120 percent of the AMI by 2030. This information is derived from the Center for Regional Analysis report "Housing the Region's Future Workforce: Policy Challenges for Local Jurisdictions". This report includes information about the need for affordable/workforce housing in the Washington, DC region over the next 20 years, and the link between economic development and the availability of workforce housing. However, the FY 2014 Housing Blueprint anticipates that the various tools available to the county, from the Affordable Dwelling Unit (ADU) program to the Workforce Housing policy, to its first-time homebuyers programs and the use of county-owned land and public-private partnerships, will produce approximately 500 housing opportunities for low and moderate-income working families – just one (1) percent of the total needed by 2030.

¹ The recommendation to serve 80 percent of AMI and below is consistent with the Fairfax County Redevelopment and Housing Authority's (FCRHA) adopted Strategic Planning Principles.