



**AD HOC COMMITTEE ON
PREPARATION OF AN
“UNMET HOUSING
NEEDS STRATEGY” FOR
LOUDOUN COUNTY**

AGENDA: April 24, 2020	
1. Introductions	All (5 min.)
2. Project Status: Unmet Housing Needs Strategic Plan	County Staff (15 min.)
3. Consensus Recommendations & Suggestions	Ad-Hoc Discussion Group (25 min.)
4. Conceptual Framework	Ad-Hoc Discussion Group (25 min.)
5. Q&A, Discussion	All (15 min.)
6. Wrap up & Next Steps	All (5 min.)



Unmet Housing Needs AD-HOC DISCUSSION GROUP:

- **Al Van Huyck** (Urban planner, housing, rural issues)
- **Roy Barnett** (planning & development)
- **Kim Hart** (Affordable workforce housing developer)
- **Norm Myers** (Real estate land appraiser)
- **Gem Bingol** (Environmentalist)
- **Beckwith Bolle** (Realtor)
- **Grafton deButts** (business development)
- **Judith Meany** (Real estate development advisor)
- **Stephen Price** (Land use attorney)
- **Maura Walsh-Copeland** (LCPC Zoning & Exec. Com.)



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Project Status: Unmet Housing Needs Strategic Plan

County Staff



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Latest Housing Accomplishments

- Expansion of Voucher Program to include VASH & Family Unification
- Addition/Expansion of State Rental Assistance Program
- Designation of part of Leesburg JLMA as VHDA Revitalization Area
- Approval of Tuscarora Crossing Loan (\$5.6 million)
 - To Date:
 - \$19.2 Million in Loans
 - 6 LIHTC/HUD 221(d)(4) Projects
 - 586 affordable apartments
- Direction to Proceed with Off-cycle Acquisition Loan Review Process
- VHDA commitment to \$8 million in SPARC Mortgages
- Establishment of Limited Rental Assistance Program
- Fair Housing Month Proclamation
- Amendments to Article 7 & Chapter 1450 (ADU Program) to provide more flexibility
- Establishing Office of Housing in County Administration

4/30/2020

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**LOUDOUN
COUNTY
VIRGINIA**

Unmet Housing Needs Strategic Plan

Overview

The Board of Supervisors directed that an Unmet Housing Needs Strategic Plan be drafted as a key implementation step of the recently adopted Loudoun County 2019 Comprehensive Plan. The purpose of the Unmet Housing Needs Strategic Plan is to define how the county will address unmet housing needs in a systematic and comprehensive way with integrated programs.

Vision

The plan will drive the solutions to address the county's unmet housing needs developed through a strategic planning process. The issue of unmet housing needs is complex and will require the community to come together to solve it.

Goals

The plan aims to identify strategies and tools, as well as housing targets, to address housing needs at each level of Area Median Income up to 100% (or \$126,000 for a family of 4 in 2020). The plan will identify housing targets over the short term, which is considered to be the next five years, and the long term. Anticipated strategies may include both market-driven and more traditional approaches, and may include new programs and changes to existing efforts.



loudoun.gov/housingneeds

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Consensus Recommendations & Suggestions

Ad-Hoc Discussion Group

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STRATEGIC PLAN SCOPE A.1

Strategies for preserving market affordable or naturally occurring affordable housing that includes single-family detached and attached, townhouses, apartments (both rental and homeownership).

General Consensus & Key Conclusions

Unmet Housing Needs are a national issue

Federal and State funding and support required because local governments can only do so much with limited local resources.

Specific Suggestions

1. Loudoun should take the lead in organizing local governments to press the State for increased funding.
2. Loudoun should liaison with Northern Virginia local governments to seek common policies and approaches.
3. Loudoun should collect the policies and funding programs and levels of surrounding local governments.
4. Expand regional partnerships.

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STRATEGIC PLAN SCOPE A.2

Strategies for preserving publicly supported affordable such as Low-Income Housing Tax Credit apartments and Affordable Dwelling Units.

General Consensus & Key Conclusions

There are multiple views to consider:

1. The cost to the County to preserve an existing ADU should not exceed the cost to provide a new ADU;
2. The upfront cost of the County purchasing an ADU provides more long- term control.

Specific Suggestions

1. All foreclosures should be bought by County for use as UHNU's.
2. A bond issue should be issued to be paid off by sale of ADU units and developer by-outs.
3. Because UHNUs are subsidized units, County should regulate ownership and sale of UHNUs in perpetuity;
4. County should allow UHNUs to be released from income limits at end of 20- to 30-year compliance period. This allows projects to be updated to meet changing neighborhood needs and allows older units to become "market rate affordable" units. Market rate sale of ADU's at end of control period provides a source of capital for County's Housing Fund.

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STRATEGIC PLAN SCOPE B.1

Identification of available land including public and civic sites for new development and reinvestment.

General Consensus & Key Conclusions

Obtaining adequate land upon which to build UHNU's is fundamental to the creation of an effective housing Strategy.

Specific Suggestions

Possible sources of land for UHNU's:

1. Donation of land could substitute for building ADU's.
2. Seek surplus HOA land.
3. Land no longer needed for shopping center, church, civic parking lots, etc.
4. LCPS should add extra land for UHNU's on present and future school sites.
5. Allow public land dedications to be used for UHNU's as part of application approval process.
6. Consider dedicating County Park Land, where appropriately located and in limited quantity, for high density rental UHNU's.

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STRATEGIC PLAN SCOPE B.2

Strategies to encourage rezoning and repositioning the pipeline.

General Consensus & Key Conclusions

To increase the percentage of UHNU's in already approved but unbuilt residential development projects will require negotiations with each applicant to create a set of individually appropriate incentives. Guiding principles should be established to support the process.

Fast tracking applications which provide for ADU's above requirements should be allowed subject to performance standards, architectural design considerations, and consideration of potential community impacts.

Only for the purpose of adding more UNHUs, rezone low-density land to higher density.

Set guidelines to allow existing proffers to be revised, so as to allow for more UHNUs, without requiring a developer to do a full rezoning application.

Specific Suggestions

Possible incentives:

1. Waive permit and utility connection fee structure for more UHNU's.
2. Provide fast track approval processes for subsequent submissions for development modifications leading to more UHNU's.
3. Revise existing proffer packages as incentive to build UHNU's.

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STRATEGIC PLAN SCOPE B.3

Strategies for integrating an affordable price continuum of housing in new development.

General Consensus & Key Conclusions

Discussions with developers and homebuilders are required to understand market forces which determine the prospective mix of residential units being proposed in an individual application and to create the incentives to encourage additional "missing middle" housing (80% to 120% AMI).

Specific Suggestions

Suggestions for obtaining more "missing middle housing:"

1. Set range for minimum density requirements in residential development applications.
2. Fast track projects which meet "missing middle" criteria
3. Applications to Housing Fund should score more points based on range of different house types proposed.
4. Negotiate with homebuilders to create a wider range of lower cost "pre-cut model home" packages.
5. Provide lower interest rate loans for "missing middle" housing.

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STRATEGIC PLAN SCOPE C. 1

Strategies to help people gain access to housing they can afford (both rental and homeownership).

General Consensus & Key Conclusions

Support continuation and expansion of housing assistance program for County employees, teachers, first responders as a priority.

Recognize affordable housing for lower paid private sector employees is also a need; connection between economic growth and availability of employees to find housing within community.

Special needs groups (homeless persons, abused women, persons with disabilities, and low-income seniors) should receive a special priority in provision of affordable housing.

Allowing homeowners in existing communities retrofit houses to accommodate additional units should be encouraged so long as any negative impacts on communities are minimized.

Rental UHNUs serve many more families over 30 year life of unit, therefore Housing Fund should allocate more of its resources for rental programs.

Specific Suggestions

1. Tax incentives should be considered for all businesses that provide housing assistance to their employees.
2. Discuss with HOA's and then design a program for retrofitting houses in existing communities which should include a public education component.
3. Conduct more detailed analysis of the specific needs of each of the main target groups as part of "Targeting" Strategy.

STRATEGIC PLAN COMPONENTS 1

Identification of existing and future housing needs

General Consensus & Key Conclusions

BOS must decide if UHNU's Strategy should be based on increasing percentage UHNU's within already approved but not yet built and future projects within guidelines set forth in Loudoun 2019 Plan.

Alternative is to consider at some future date amending Loudoun 2019 Plan to provide for higher numbers of houses in order to obtain a higher number of Affordable Housing.

No overall consensus on how to establish housing needs, what the purpose of housing needs estimates are in terms of Strategy, and how to differentiate housing needs among various levels of the AMI to set internal targets.

Specific Suggestions

1. Loudoun should develop its own methodology for defining "Housing Needs" as standard formula of all individuals and families paying over 30% of salary being "House Burdened" leads to an over estimation of "General Need" and therefore provides little guidance for setting specific "Action Targets."

STRATEGIC PLAN COMPONENTS 2

Key strategies including an assessment of existing programs and resources, opportunities for enhancement; and new programs and initiatives.

General Consensus & Key Conclusions

County and taxpayers should contribute annually to Housing Fund from General Fund.

In this way it demonstrates priority of program and directly increases number of UHNU's that can be built in a given year.

All existing County housing programs should be evaluated by an outside group with appropriate expertise.

Specific Suggestions

1. Relationship between funding and units built should be analyzed through modeling.
2. Dedicated source of funding for Housing Fund is desirable such as a meals tax, real estate transfer taxes, or document recording fees.
3. County should review levels of funding for UHNU's in surrounding local governments.
4. Special tax districts a possibility.
5. Add an increase in the BPOL tax for UHNU's
6. Consider waiving utility availability fees, lowering parking requirements where feasible, loan guarantees, and buydowns of interest rates for conventional mortgages.

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STRATEGIC PLAN COMPONENTS 3

Short term priorities, assessment process to measure success, and production targets

General Consensus & Key Conclusions

Annual affordable housing production target not a technical issue but a public policy issue to be determined by the Board of Supervisors. In order for BOS to establish necessary public policy guidelines, Housing Strategic Plan must:

1. Recommend appropriate amount of funding to be committed each year from General Fund to Housing Fund in order to meet proposed targets in the Strategic Plan;
2. Recommend maximum subsidy, per unit, to be paid out of Trust Fund;
3. Recommend relative allocation of Housing Funds to rental vs for-sale units;
4. Recommend revised density limits allowed by zoning classification; and
5. Recommend a target for amount of land in the County to be used for UHNUs.

Specific Suggestions

1. A conceptual framework is submitted separately showing the relationship of these variables on annual UHNU production.

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STRATEGIC PLAN COMPONENTS 4

Long Term priorities, assessment process and production targets.

General Consensus & Key Conclusions

Achievement of a 20-year target depends on Board of Supervisor’s annual Commitments, but Strategic Housing Plan should propose a long-term, 20-year, target for needed UHNUs based on reasonable assumptions for future population growth, future job creation, and likely available land.

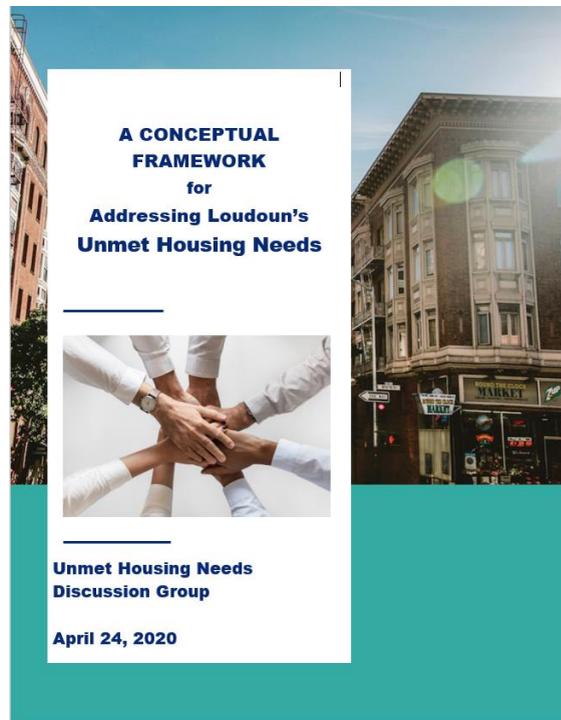
There needs to be an Annual Report to the Board of Supervisors on the 20-year affordable housing target which should monitor the implementation of the program and make recommendations as needed.

Specific Suggestions

1. A conceptual framework for establishing long range targets is also submitted, along with an estimate of the total funding required to implement a 20-year program to build 10,000 affordable housing units.

Conceptual Framework

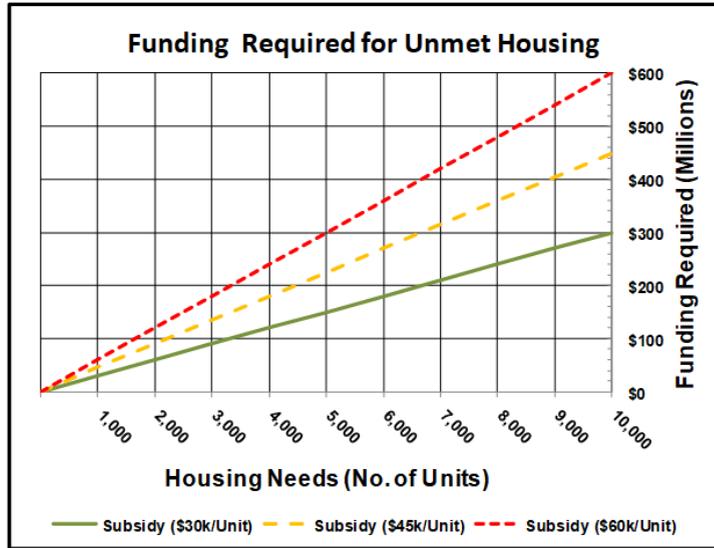
Ad-Hoc Discussion Group



Housing Capital Allocations

FINDING:

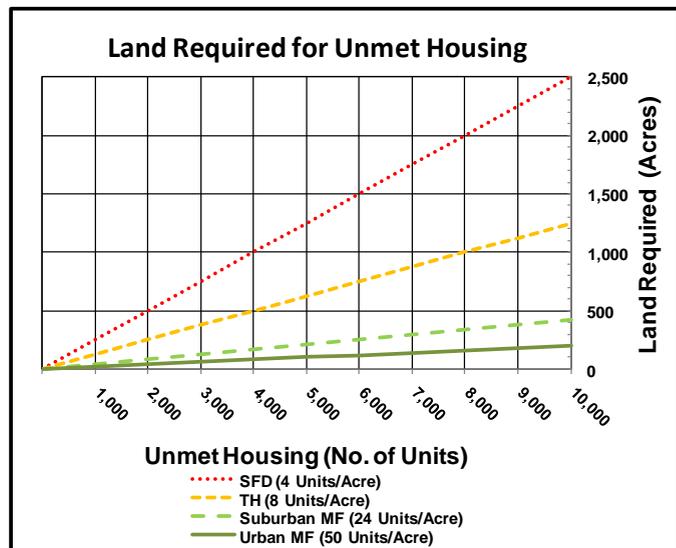
“Funding levels per unit of unmet housing need to be capped to be sustainable the long term.”



Land / Density

FINDING:

“Adoption and implementation of a land acquisition strategy is crucial to the success of an overall unmet housing solution.”



Funding Sources Low Income Housing Tax Credit Financing

FINDING:

Debt funding requirements for projects supported with 9% tax credits are less than those using 4% tax credits.”

Projects qualifying for 9% tax credits should require less local funding subsidy than bond funded projects with equity derived from 4% tax credits.”

Source of Funds	Project with 4% LIHTC Structure		Project with 9% LIHTC Structure		Hybrid Project - 4% LIHTCs & 9% LIHTCs	
	Dollars/Unit	%	Dollars/Unit	%	Dollars/Unit	%
Primary Debt	\$ 129,000	43%	\$ 69,000	23%	\$ 109,000	36%
Tax Credit Equity	\$ 111,000	37%	\$ 186,000	62%	\$ 136,000	45%
Local Subsidy Funding	\$ 33,000	11%	\$ 24,000	8%	\$ 30,000	10%
Other Funding	\$ -	0%	\$ 6,000	2%	\$ 2,000	1%
Land Value	\$ 15,000	5%	\$ 15,000	5%	\$ 15,000	5%
Deferred Developer Fee	\$ 12,000	4%	\$ -	0%	\$ 8,000	3%
TOTAL		100%		100%		100%
Assumption =	\$ 300,000	per unit	\$ 300,000	per unit	\$ 300,000	per unit

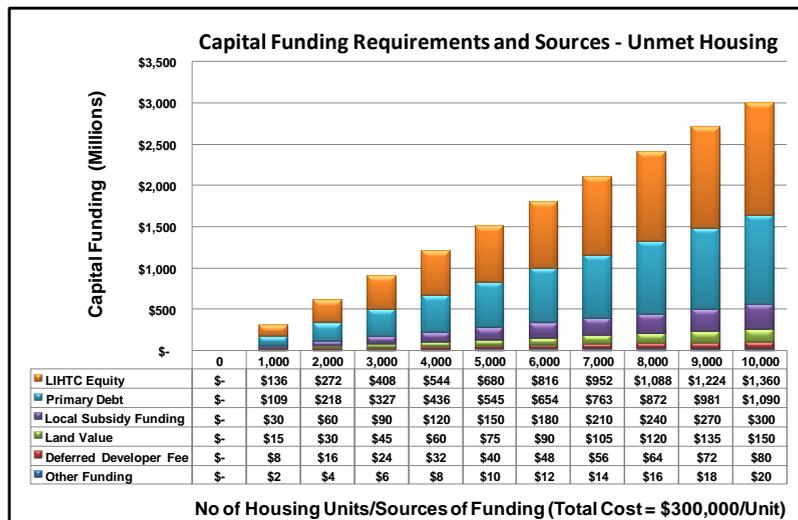
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Funding Sources Capital Funding Requirements & Sources

FINDING:

“10,000 UHNUs could be provided with a combination of \$300M of local subsidy funding, \$1.36B equity funding using LIHTCs, and \$1.09B of primary debt – much of which could be HUD insured non-recourse loans.”



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Funding Sources VHDA* Funding

*Virginia Housing Development Authority

FINDING:

Loudoun County has received a great deal less competitive tax credit funding than the other major jurisdictions in Northern Virginia.

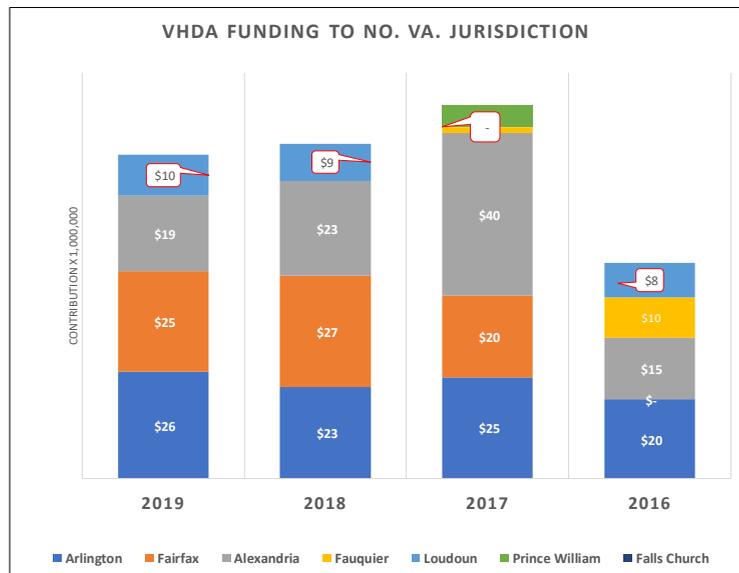
JURISDICTION	2019 (millions)	2018 (millions)	2017 (millions)	2016 (millions)	2015 (millions)	2014 (millions)	2013 (millions)	2012 (millions)	2011 (millions)	2010 (millions)	2009 (millions)	2008 (millions)	2007 (millions)	2006 (millions)	TOTAL \$ (millions)	% of TOTAL	
Arlington County	22.7 3.67	22.65	25.00	19.50	20.94	20.0	3.93	12.3	21.32	12.65 10.28	12.6		12.0	11.45 12.00	242.99	36%	
Fairfax County/ Fairfax City	24.75	20.17 3.49 3.61	5.93 14.18		5.79 13.12 11.33	17.48 6.83				3.13	9.79		18.8 2.78 2.93	9.00	173.11	26%	
Alexandria City	18.63	23.46	5.00 12.95 22.02	15.25	18.05		15.00		7.31 2.30	3.55	4.02	7.07			154.61	23%	
Fauquier County			1.54		4.59		6.63 8.00			3.40					24.16	4%	
Loudoun County	9.97	9.12		8.44 15.51				14.20				1.00	2.42		60.66	9%	
Prince William County			5.33					10.33							15.66	2%	
Falls Church City															0	0	
Town of Herndon															0	0	
City of Manassas															0	0	
City of Manassas Park															0	0	
															TOTAL	671.19	100%

Funding Sources VHDA* Funding

*Virginia Housing Development Authority

FINDING:

Loudoun County's receipt of VHDA funding is at the top of the chart, showing just under \$10 million for 2019, 2018, and 2016. There was no contribution in 2017.

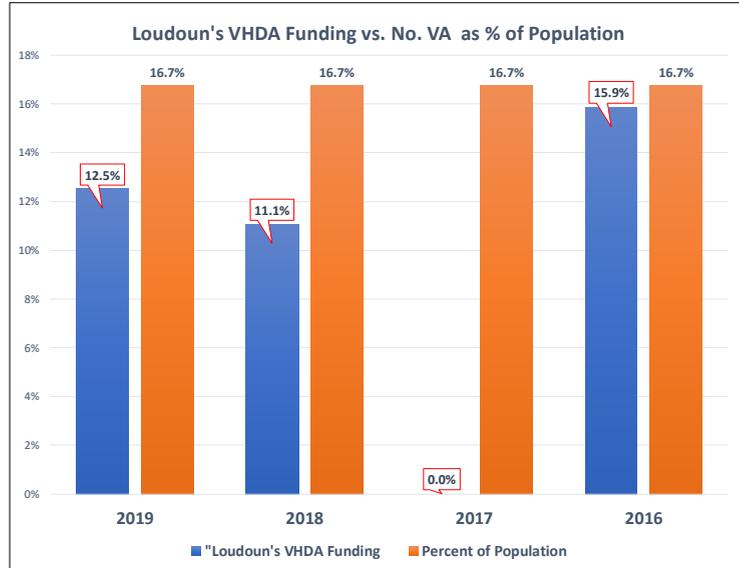


Funding Sources VHDA* Funding

*Virginia Housing Development Authority

FINDING:

Loudoun has received less than 10% of VHDA funds to No.Va. over the last four years compared with the other No.Va. jurisdictions, while its 2019 population consisted of almost 17%.



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CONCLUSIONS

OBSERVATIONS

1. More funding available = more UHNU's can be built.
2. Allocation of funding per unit significantly effects number of units financed with equal amount of money. Rental units cheaper overall; require less public funding than purchase units.
3. Direct relationship with increasing densities of units per acre and reduction of land area in acreage to accommodate same number of units.

OTHER CONCLUSIONS

1. Setting of targets for UHNU's a public policy issue to be determined by the Board of Supervisors (by committing level of resources to reduce overall "need.")
2. Conceptual framework: show key determinates
3. Policy determinate: where to focus resources to AMI
4. Multiple issues/factors affect UHNU output annually
5. Level of County commitment so builders can make development plans with certainty.

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FURTHER ANALYSIS DESIRABLE

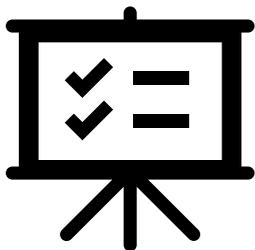
1. Total public costs of affordable rental & purchase housing.
2. Priorities of commitments by “house burdened” groups.
3. Estimate Unmet Housing Needs on social, demographics rather than 30% annual salary.
4. Survey “market rate” housing inventory by price categories.
5. Develop Rural Loudoun farm worker housing plan.



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Q&A / Discussion



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APPENDIX

Conceptual Framework POPULATION

Loudoun County Market
Analysis for Envision
Loudoun by Kimley Horn
January 2018 2015 through
2040 Total Population
Medium Forecast,
Pages 21 at 1.9 and 91 at 2-15.

