

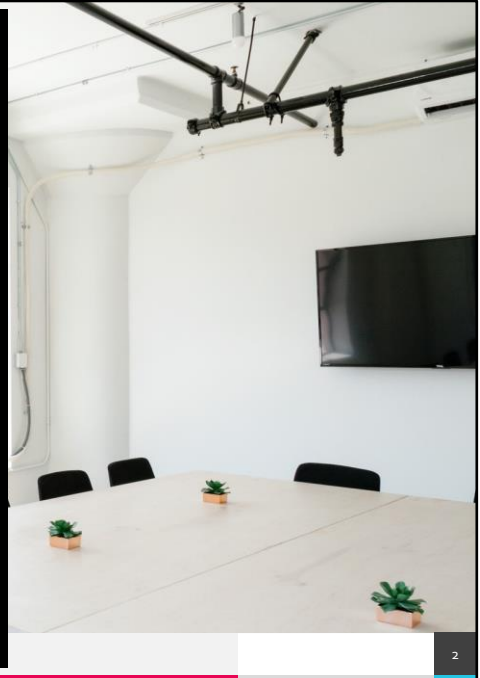


### **The objectives of the Unmet Housing Needs Committee are**

- to provide information and data on existing affordable housing programs, and
- assist County Staff in identifying the major policy issues that the Board of Supervisors must eventually decide for the UHN Strategic Plan.

## AGENDA:

1. Introductions
2. Activities to Date
3. Affordable Housing Programs in Loudoun County
4. Alternate Ways to Approach Affordable Housing
5. Q&A, Discussion
6. Wrap up & Next Steps



This briefing will answer:

### **WHO:**

- Introduce the Unmet Housing Needs Committee Members, their backgrounds and expertise; and
- highlight meetings, reports and other deliverables and where to find them.

### **WHAT, WHERE, WHEN:**

- Provide an overview of the existing Loudoun County Affordable Housing Purchase and Rental Programs;
- Key data analysis showing where support is provided; and
- Time considerations for ongoing replenishment.

### **HOW & WHY:**

- Provide alternatives ways to approach Affordable Housing; and
- Key financial impacts and policies for Staff and the Board of Supervisors to consider in the Unmet Housing Needs Strategic Plan.

## Unmet Housing Needs Committee Participants:

- **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** (Management consulting, data analysis, & communications)



The Committee was formed in Fall, 2019 through common interests in Unmet Housing Needs. The group provides a variety of areas of expertise so that each participant could learn from each other.

Committee members are known to the Board of Supervisors and Staff, and are participating as individuals. Members do not represent the views of the organizations to which they belong.



# Consensus Suggestions For Review



## LOUDOUN COUNTY UNMET HOUSING NEEDS STRATEGIC PLAN *Ad-Hoc Committee [Input Summary](#)* Consensus Recommendations & Specific Suggestions for County Staff Consideration

Prepared by the Unmet Housing Needs Discussion Group, in their individual capacities:

Al Van Huyck Roy Barnett Gem Bingol Beckwith Bolle Grafton deButts  
Kim Hart Judith Meany Norman Myers Stephen Price Maura Walsh-Copeland

UNMET HOUSING NEEDS STRATEGIC PLAN ELEMENTS	GENERAL CONSENSUS & KEY CONCLUSIONS	SPECIFIC SUGGESTIONS <i>(Do not necessarily represent group consensus)</i>
<b>STRATEGIC PLAN SCOPE</b>		
<b>Strategic Plan Scope A.1</b> Strategies for preserving market affordable or naturally occurring affordable housing that includes single-family detached and attached, townhouses, apartments (both rental and homeownership).	Unmet Housing Needs are a national issue and Federal and State funding and support are required because local governments can only do so much with limited local resources.	<ol style="list-style-type: none"> <li>Loudoun should take the lead in organizing local governments to press the State for increased funding.</li> <li>Loudoun should liaison with Northern Virginia local governments to seek common policies and approaches.</li> <li>Loudoun should collect the policies and funding programs and levels of surrounding local governments.</li> <li>Expand regional partnerships.</li> </ol>
<b>Strategic Plan Scope A.2</b> Strategies for preserving publicly supported affordable such as Low Income Housing Tax Credit apartments and Affordable Dwelling Units.	<p>There are multiple views to consider:</p> <ol style="list-style-type: none"> <li>The cost to the County to preserve an existing ADU should not exceed the cost to provide a new ADU.</li> <li>The upfront cost of the County purchasing an ADU provides more long-term control.</li> </ol>	<ol style="list-style-type: none"> <li>All foreclosures should be bought by County for use as UHNU's.</li> <li>A bond issue should be issued to be paid off by sale of ADU units and developer by-outs.</li> <li>Because UHNU's are subsidized units, the County should regulate the ownership and sale of UHNU's in perpetuity.</li> <li>The County should allow UHNU's to be released from income limits at the end of the 20- to 30-year compliance period. This allows projects to be updated to meet changing neighborhood needs and allows these older units to become "market rate affordable" units. The market rate sale of ADU's at the end of their control period provides a source of capital for the County's Housing Fund.</li> </ol>
<b>Strategic Plan Scope B.1</b> Identification of available land including public and civic sites for new development and reinvestment.	Obtaining adequate land upon which to build UHNU's is fundamental to the creation of an effective housing Strategy.	<p>Possible sources of land for UHNU's:</p> <ol style="list-style-type: none"> <li>Donation of land could substitute for building the ADU's.</li> <li>Seek surplus HOA land.</li> <li>Land no longer needed for shopping center, church, civic parking lots, etc.</li> <li>LCPS should add extra land for UHNU's on present and future school sites.</li> <li>Allow public land dedications to be used for UHNU's as part of the application approval process.</li> <li>Consider dedicating County Park Land, where appropriately located and in limited quantity, for high density rental UHNU's.</li> </ol>

The Committee is not writing an Unmet Housing Needs Strategy, but rather contributing research to County Housing Staff (Sarah Etro and her team) for their consideration and use.

A series of suggestions that align with the primary sections of the Unmet Housing Needs Strategic Plan elements has been submitted separately for review.

The Unmet Housing Needs Strategic Plan is a parallel effort and key input for the Zoning Ordinance Rewrite to implement the 2019 Comprehensive Plan.



# Committee Report

(Posted on [www.LoudounCoalition.org](http://www.LoudounCoalition.org) for shared access)

**Meetings to Date:**

- 4/24/20: County Staff, Sarah Etro & Valmarie Turner
- 6/02/20: County Administration, Charles Yudd
- 6/18/20: Supervisor Mike Turner, TLUC Chair
- 6/25/20: Supervisor Juli Briskman
- 7/15/20: Supervisor Sylvia Glass & Sarah Etro
- 7/16/20: Chair Phyllis Randall & PC Vice Chair Forest Hayes
- 7/20/20: Supervisor Tony Buffington
- 7/20/20: Supervisor Kristen Umstatt

Meetings have been conducted with County Staff, Senior Administration, Supervisors and Planning Commissioners.

A Conceptual Framework report has also been presented to County Staff.

UHN Committee reports and briefings are being hosted as a module on the LCPCZ Zoning Committee website as a **service** for facilitated access for County Staff, UHN Committee members, and other interested groups:

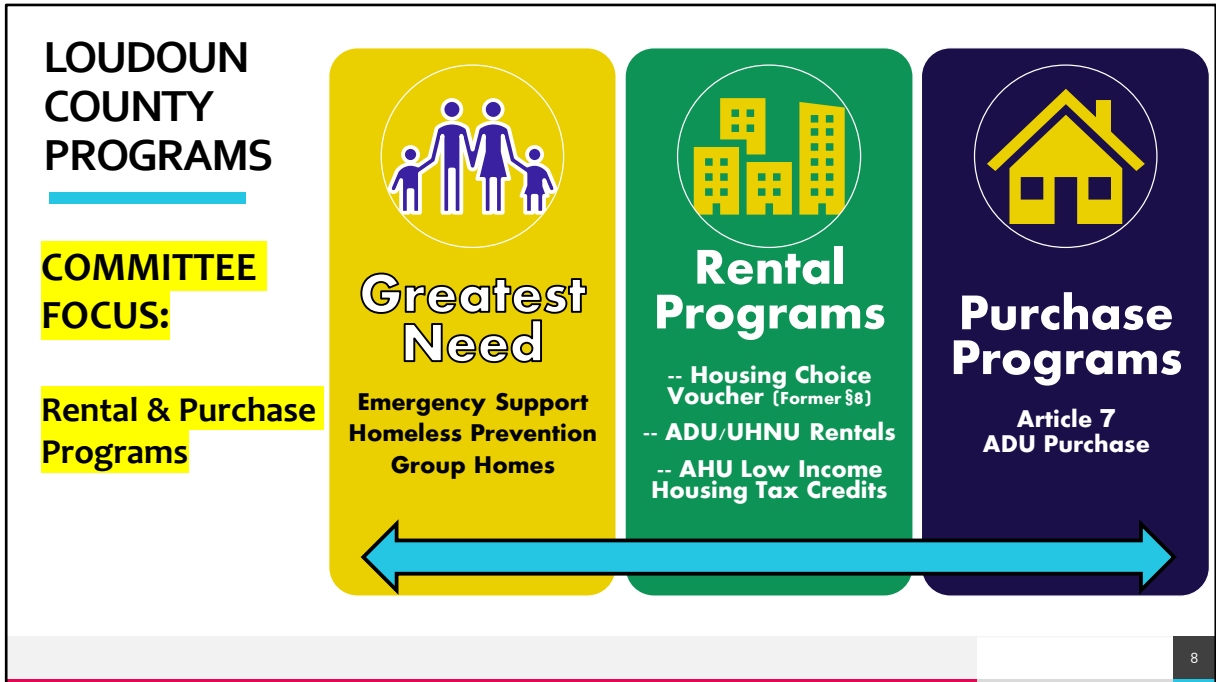
<https://loudouncoalition.org/2020/04/unmet-housing-needs-committee/>

The UHN Committee welcomes the opportunity to provide briefings to other Supervisors, Planning Commissioners, Staff and interested parties or groups.



This section will provide an overview of Loudoun's current Affordable Housing programs.

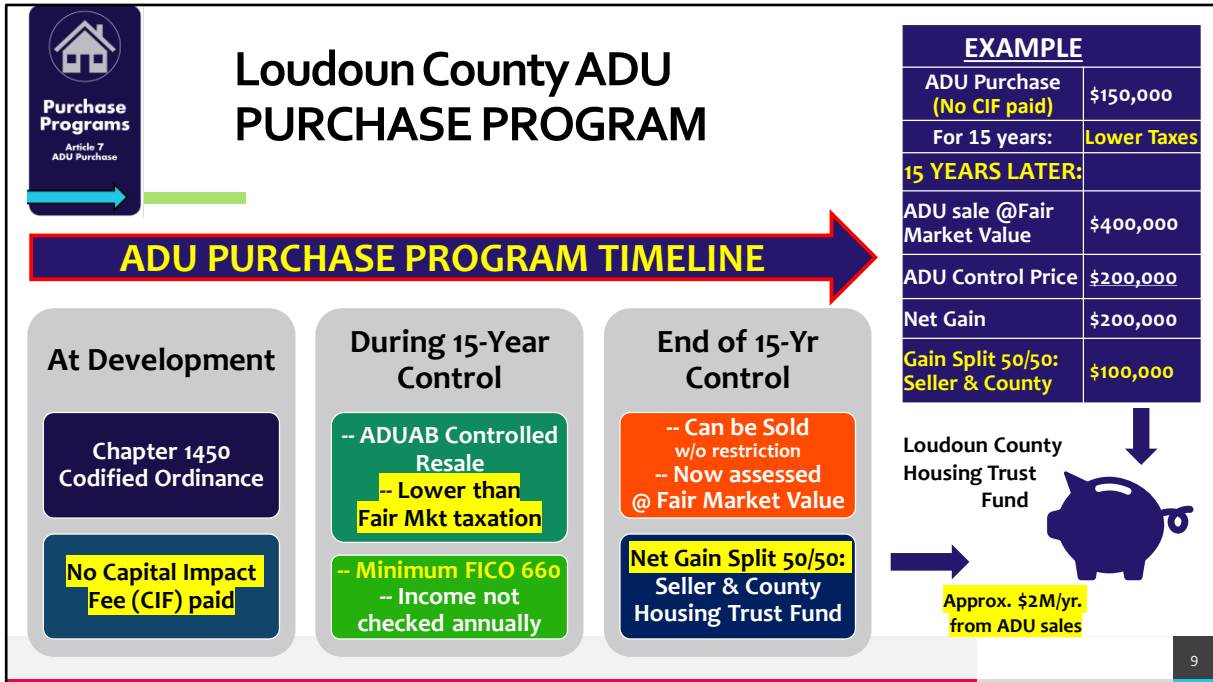
It will also provide data analysis of what's actually on the ground and levels of support, with the purpose to identify areas of improvement to consider in the UHN Strategic Plan.



There are three primary Loudoun County programs.

- The County Housing Department has done an amazing job working on the Greatest Need during the difficult time with the Covid-19 pandemic.
- The Unmet Housing Needs Committee and this report focus on the other two County programs for Rental & Purchase.





## ADU PURCHASE PROGRAM

It's helpful to understand the program's **timeline view** and **financial impacts** to the County:

The program has a 15-year covenant timeframe:

- At development (per ordinance), No Capital Impact Fee (CIF) is paid by the developer.
- During the 15-year control period – properties have controlled resale, and are taxed at lower than fair market rates. Minimum FICO scores are used to evaluate applicants, however, income is not checked annually (to confirm ongoing eligibility).
- End of the 15-years – An ADU *can* be sold (but not required), and the property is now assessed at Fair Market Value.
- If/when an ADU is sold, the Net Gain is split between Seller and County, with the money going to the Loudoun County Housing Trust Fund.
  - This fund receives approximately \$2 million/year from ADU sales, (a key metric for the discussion later on ADU funding requirements).

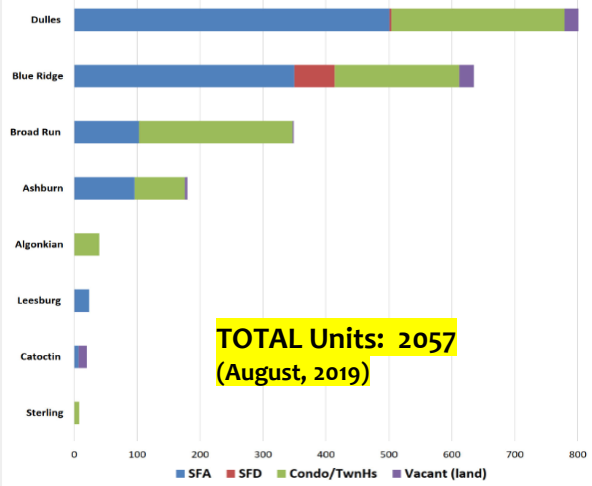
Next up – Some detailed data about the County ADU Purchase program.



**Loudoun County  
Affordable Dwelling Units (ADUs) by  
Magisterial District Distribution & Assessed Value**

District	Land Use Type	Qty ADUs by Fair Mkt Value			TOTAL
		Under \$150K	\$150K-\$199K	Over \$200K	
Algonkian	SFA				0
	SFD				0
	Condo/Townhouse	26	14		40
	Vacant				0
<b>Total</b>		<b>26</b>	<b>14</b>	<b>0</b>	<b>40</b>
Ashburn	SFA	16	51	29	96
	SFD				0
	Condo/Townhouse	32	48		80
	Vacant	4			4
<b>Total</b>		<b>52</b>	<b>99</b>	<b>29</b>	<b>180</b>
Blue Ridge	SFA	79	269	2	350
	SFD	5	13	46	64
	Condo/Townhouse	127	69	2	198
	Vacant	23			23
<b>Total</b>		<b>234</b>	<b>351</b>	<b>50</b>	<b>635</b>
Broad Run	SFA	27	74	2	103
	SFD				0
	Condo/Townhouse	91	146	7	244
	Vacant	2			2
<b>Total</b>		<b>120</b>	<b>220</b>	<b>9</b>	<b>349</b>
Catoctin	SFA	5	2		7
	SFD				0
	Condo/Townhouse				0
	Vacant	13			13
<b>Total</b>		<b>18</b>	<b>2</b>	<b>0</b>	<b>20</b>
Dulles	SFA	71	415	15	501
	SFD	1	1	1	3
	Condo/Townhouse	80	192	3	275
	Vacant	22			22
<b>Total</b>		<b>174</b>	<b>608</b>	<b>19</b>	<b>801</b>
Leesburg	SFA		23	1	24
	SFD				0
	Condo/Townhouse				0
	Vacant				0
<b>Total</b>		<b>0</b>	<b>23</b>	<b>1</b>	<b>24</b>
Sterling	SFA				0
	SFD				0
	Condo/Townhouse	8			8
	Vacant				0
<b>Total</b>		<b>8</b>	<b>0</b>	<b>0</b>	<b>8</b>
<b>COUNTY TOTAL</b>	SFA TOTAL	198	834	49	1081
	SFD TOTAL	6	14	47	67
	Condo/Townhouse	364	469	12	845
	VACANT TOTAL	64	0	0	64
<b>GRAND TOTAL</b>		<b>632</b>	<b>1317</b>	<b>108</b>	<b>2057</b>

**Affordable Dwelling Units by District**



**TOTAL Units: 2057  
(August, 2019)**

SFA = Single Family Attached  
SFD = Single Family Detached

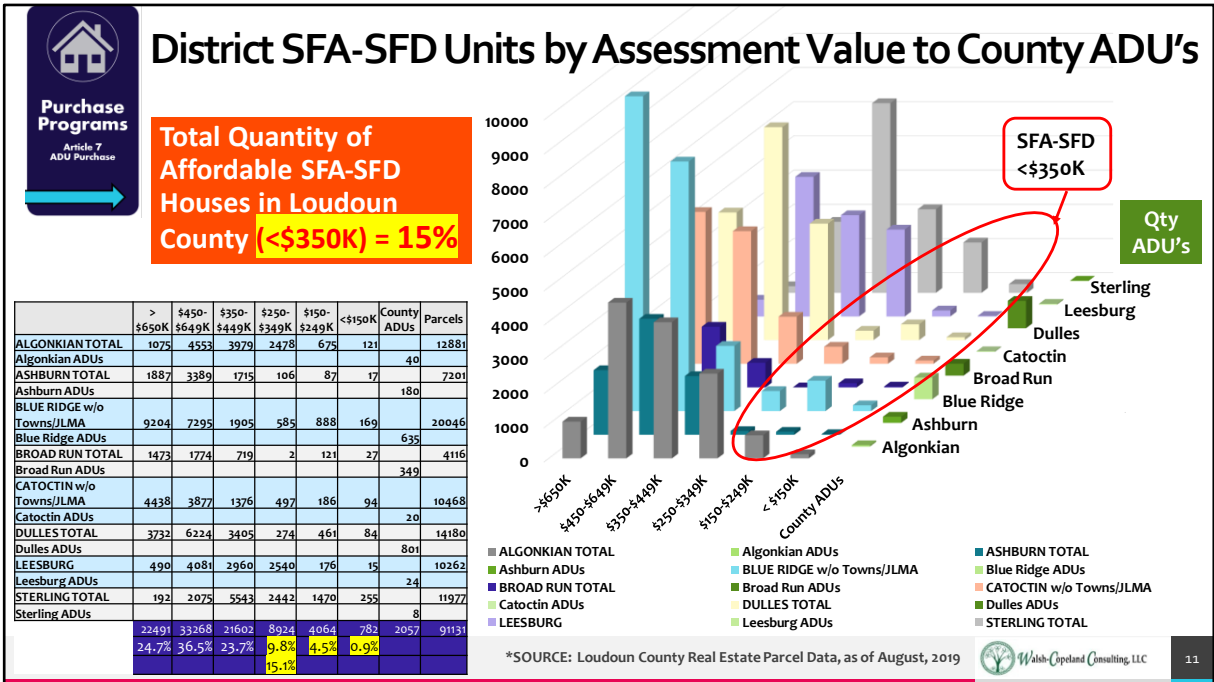
Prepared by



Source: Loudoun County Real Estate Parcel Data, as of August, 2019

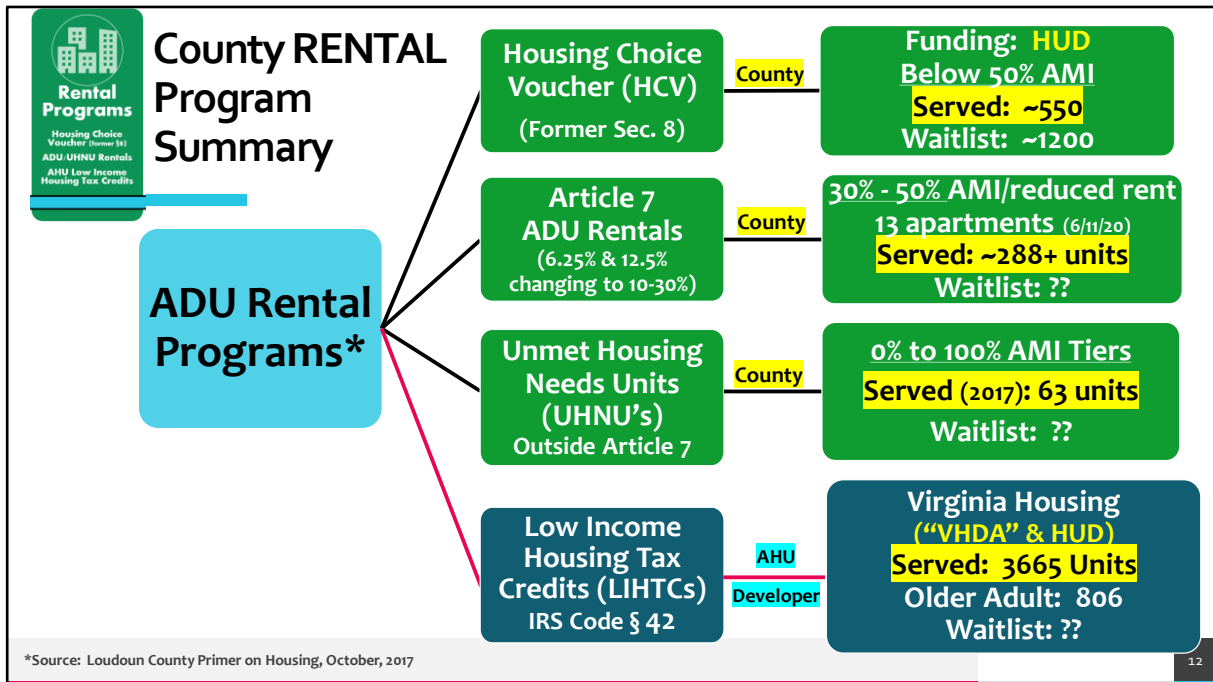
From the new data tables this chart and graph show the quantity and location of County ADU's as of August, 2019\*. The data show some disparity between districts.

\* Properties flagged as "ADUs" and corresponding land use/parcel designations. Properties include parcels identified as Single Family Attached, Single Family Detached, Condos/Townhouses and vacant land designated for ADU's.



This graph shows a unique view, using a concatenation of the County Commissioner of Revenue assessment and county parcel data.

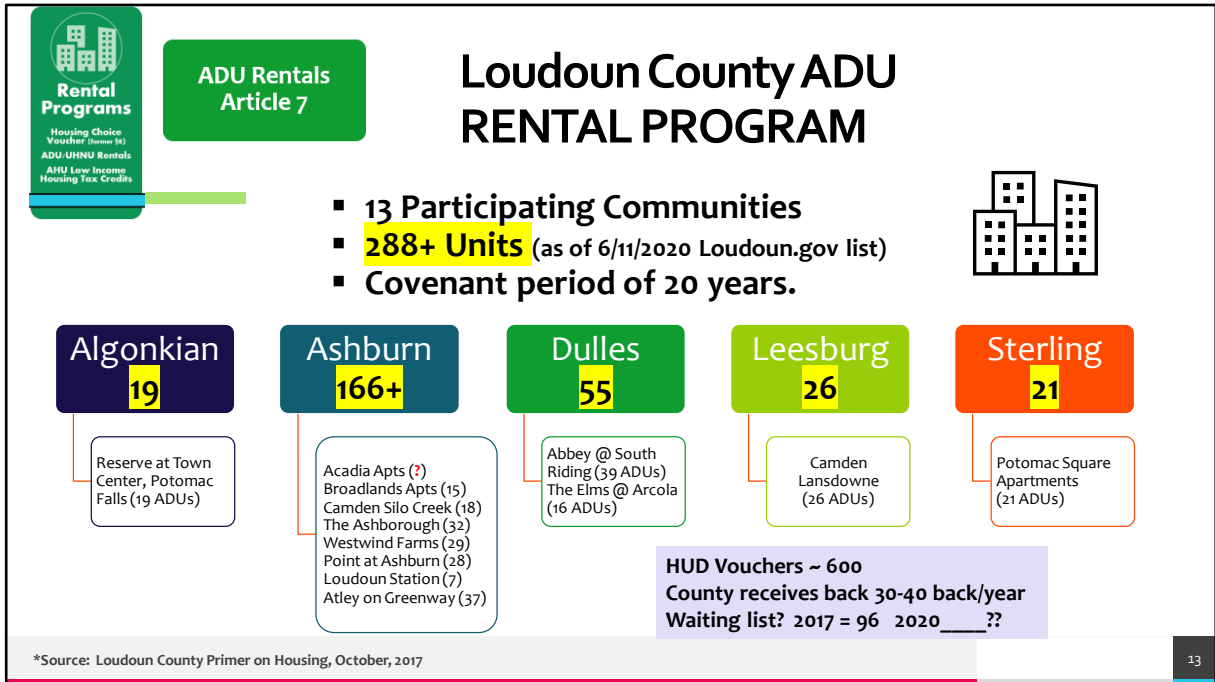
- Analysis of the County housing units by assessment value shows the total quantity of units less than \$350K (the level considered to be “affordable” in Loudoun) = 15%. (Note: ADU’s are included in that amount.)
- The data indicate that the current approach used by the County for the Purchased ADU program has generally produced a low volume of “affordable” houses.
- Analysis supports an Unmet Housing Needs Strategic Plan review to modify and/or augment the current Purchase Program to provide more affordable and workforce housing.



## COUNTY RENTAL PROGRAM

There are FOUR ADU Rental programs, three of which are run directly by the County:

- 1) Housing Choice Voucher (former Section 8) Program;
  - 2) Article 7 ADU Rental development; and
  - 3) Unmet Housing Needs Units (UHNU's) developed outside Article 7.
- Each has different Area Median Income (AMI) criteria and different funding sources.
  - Each also have waitlists, which impact the volume of citizens served (current waitlist volumes to be confirmed by Staff).
  - The programs also have different capacities for the volumes served. Per the County Housing Staff, that information has been tracked since 2015, and report will be updated when that information is made available.
- 4) The fourth program, Low Income Housing Tax Credits is enabled by Federal IRS code, with funding made available through Virginia Housing (formerly VHDA). More information on this program will be provided later in the briefing.



## LOUDOUN ADU RENTAL PROGRAM

- For the Article 7 (County) Rental ADU's, the most recent report on County website (June, 2020) shows 13 communities with ~288+ rental program units in 5 Magisterial Districts.
- Note that the Covenant period for rental ADUs is 20 years (vs. the 15 for Purchase ADU's).



## Current Tax Credit Properties:

**3665 UNITS, 5 Districts\*** (as of 2/13/2020)

Low Income Housing Tax Credits (LIHTCs)

### What's LIHTC?

- Federal program enacted in 1986
- Private equity
- Has produced 3M homes since 1987

Property Name	VHDA#	Street Address	City	Zip	Tax Credit Units	Total Units	Target Type	Cycle Name	Building Type	Has Rental Assistance??
Wingler House I	5050	20900 Runny Mead Terrace	Ashburn	20147	132	132	Elderly	1998 4% Tax Exempt	New Construction	False
Wingler House II	8800	20903 Runnymede Terrace	Ashburn	20147	132	132	Elderly	2002 4% Tax Exempt	New Construction	False
Ashburn Meadows I	5310	21030 Lowry Park Terrace	Ashburn	20147	176	176	General	1998 4% Tax Exempt	New Construction	False
Ashburn Meadows II	7046	21030 Lowry Park Terrace	Ashburn	20147-0000	160	160	General	2000 4% Tax Exempt	New Construction	False
Grove at Flynn's Crossing	5312	21892 Blossom Hill Terrace #101	Ashburn	20147	168	168	General	1998 4% Tax Exempt	New Construction	False
Shreveport Ridge	9540	42597 Prescott Green Square	Ashburn	20148	98	98	General	2000 4% Tax Exempt	New Construction	True
Acclaim at Ashburn	5727	43848 Dodge Terrace	Ashburn	20147-0000	150	150	General	1997 9% Competitive	New Construction	False
Acclaim at Ashburn	5727	43848 Dodge Terrace	Ashburn	20147-0000	24	24	General	1998 9% Competitive	New Construction	False
Ashburn Chase II	9908	Ashburn Road	Ashburn	20147	48	48	General	2018 4% Tax Exempt	New Construction	False
Brambleton Town Center South	10026	Brambleton Town Center - NE corner of	Ashburn	20148	55	55	General	2019 4% Tax Exempt	New Construction	False
Birchwood at Brambleton II	9805	Cranford Drive at Strickland Drive	Ashburn	20148	27	27	Elderly	2016 4% Tax Exempt	New Construction	False
Birchwood at Brambleton I	9774	Cranford Drive at Strickland Drive	Ashburn	20148	56	56	Elderly	2016 9% Competitive	New Construction	True
Ashburn Chase I	9947	East of Clairborne Pkwy	Ashburn	20147	48	48	General	2018 9% Competitive	New Construction	True
Woods at Brambleton	9582	23601 Willshaw Square	Brambleton	20148	202	202	General	2013 4% Tax Exempt	New Construction	False
Stone Springs	9870	42225 Glascock Field Drive	Dulles	20166	128	128	General	2017 4% Tax Exempt	New Construction	False
MADISON HOUSE	4086	25 Monroe Street, SE	Leesburg	20175	100	100	Elderly	2003 9% Competitive	Acquisition/Rehab	True
Evans Ridge	4519	428 Evans Ridge Terrace	Leesburg	20176	150	150	General	1994 9% Competitive	New Construction	False
Potomac Station	7661	652 Fort Evans Road	Leesburg	20176-0000	150	152	General	2000 4% Tax Exempt	New Construction	False
Fields of Leesburg I	4692	75 Plaza Street	Leesburg	20176-0000	156	156	General	1998 4% Tax Exempt	Acquisition/Rehab	True
Fields of Leesburg II	5209	75 Plaza Street	Leesburg	20175	248	248	General	1998 4% Tax Exempt	Acquisition/Rehab	True
Levis Hill House	9228	1000 West Washington Street	Middleburg	20117	20	20	Elderly	2007 9% Competitive	New Construction	False
Llewellyn Village	9361	300 Windy Hill Road	Middleburg	20117-2627	16	16	General	2009 9% Competitive	Acquisition/Rehab	True
Purcellville East	3088	110 North 16th Street	Purcellville	20332	46	46	General	1998 9% Competitive	Acquisition/Rehab	False
Main Street Commons	7607	119 North 16th Street	Purcellville	20132-6114	90	90	General	2000 4% Tax Exempt	New Construction	False
Maple Avenue	7760	650 Dominion Terrace	Purcellville	20332	60	60	General	2001 4% Tax Exempt	New Construction	True
Abbey at South Riding	4587	43001 Thoroughgood Drive	Purcellville	20152	168	168	General	1997 4% Tax Exempt	New Construction	False
Fields at Cascades	4340	21260 Huntington Square	South Riding	20166-0166	320	320	General	1993 9% Competitive	New Construction	False
Heronview	9785	21391 Pacific Boulevard	Sterling	20166	96	96	General	2016 9% Competitive	New Construction	False
William Watters House	1238	22365 Enterprise Street	Sterling	20164	91	91	Elderly	2005 9% Competitive	Acquisition/Rehab	True
Cascades Village	7301	46565 Harry Byrd Highway	Sterling	20164-0000	150	150	Elderly	2001 9% Competitive	New Construction	False
Fields of Sterling	4895	46910 Shady Pointe Square	Sterling	20164-0000	102	102	General	1996 9% Competitive	New Construction	False
Mt. Sterling Senior 9% B	9982	Bartholomew Fair Drive (Between Price Cascades Plaza and Benedict Drive)	Sterling	20164	50	50	Elderly	2019 4% Tax Exempt	New Construction	False
Mt. Sterling Senior 9% B	9982	Bartholomew Fair Drive (Between Price Cascades Plaza and Benedict Drive)	Sterling	20164	48	48	Elderly	2019 9% Competitive	New Construction	True

\* Source: VHDA.com. DISTRICTS: Ashburn, Blue Ridge, Dulles, Leesburg, Sterling

3665

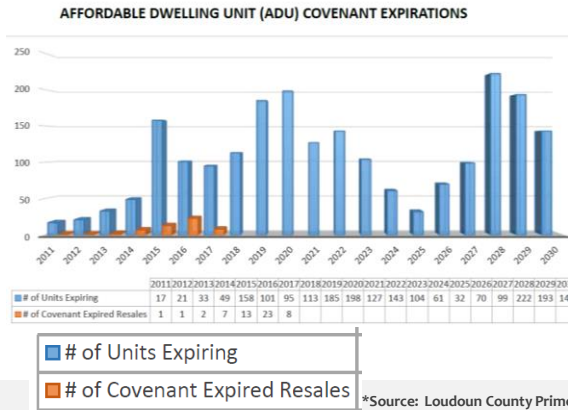
## LOW INCOME HOUSING TAX CREDITS – VIRGINIA HOUSING (formerly “VHDA”)

- The report as of February, 2020 shows **3665 units** available for the LIHTC program.
- These are distributed in **5 Magisterial Districts**: Ashburn, Blue Ridge, Dulles, Leesburg, and Sterling.

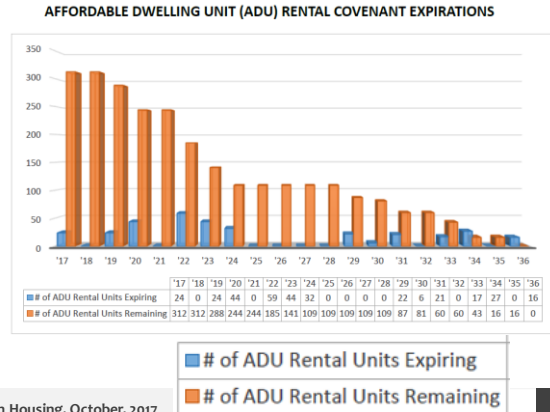


# CONSIDERATIONS: Covenant Expirations, Turnover, & Replenishment

## FOR SALE (15-year Covenants)\*



## RENTAL (20-year Covenants)\*



\*Source: Loudoun County Primer on Housing, October, 2017

## CONSIDERATIONS for BOTH the Purchase and Rental PROGRAMS:

- ADU inventory is not static.
- The charts from the October, 2017 Loudoun County Primer on Housing demonstrate that in addition to 15 and 20 year covenant expirations, there is also turnover (property sales, rental move in/out).
- Therefore, there is an ongoing need for replenishment to provide sufficient affordable units throughout the County.

Up Next –

The impacts of current ADU program quantities, turnover and replenishment for the quantity of families in the County that can be served.



## TURNOVER in Loudoun ADU / AHU Housing Stock\* (as of Dec. 2019)

**TAKE AWAYS:**

1. Low Turnover in For-Sale ADUs;
2. Rentals serve significantly more citizens over life of ADU / AHU unit;
3. Ongoing need to replenish.

	TURNOVER	
Purchased/Ownership	Rentals: Older Adult	Rentals: Family
15% over 15 yrs	10%/year	30%/year
1%/year	x 681	x 3325
24 units/yr resold x 20 yrs =	= 68/year x 30 yrs =	= 988/year x 30 yrs =
+480 + 2382 = 2862	+2040 + 681 = 2721	+29,940 + 3325 = 33,265

	FOR SALE	FOR RENT	
	Loudoun ADU	Loudoun ADU	VHDA LIHTC
Approximate Total (to date)	2,728 1995 to 12/2019	329 As of 01/2019	3,397 Occupied
<b>Adjustments</b>			
Sold @ Mkt Rate (exp. of 90-day purchase option) &/or Foreclosure	-346 (12.7%) 1995 to 12/2019		
Expiration - 20yr Covenant		-41	
Recent Additions			+321
<b>Approximate 2019 Total</b>	<b>2,382</b>	<b>288 (12/2019)</b>	<b>3,718</b>
<b>TOTAL</b>		<b>4,006</b>	
<b>Older Adult</b>		<b>681</b>	
<b>Family</b>		<b>3,325</b>	
<b>Turnover %</b>	<b>1%/yr.</b>	<b>10%/yr.</b>	<b>30%/yr.</b>
<b>Turnover Adjustment</b>	<b>+ 480</b>	<b>2040</b>	<b>29,940</b>
<b>Total Families Helped</b>	<b>2,862</b>	<b>2,721</b>	<b>33,265</b>
		<b>38,848</b>	

\*Source: Loudoun County Housing & Community Development Staff

16

After reviewing the programs, locations and capacities, is a discussion about how many families can be helped for each dollar of public spending.

- The table has a column for each housing program:
  - 1st column for **For-Sale (Purchase) ADUs** in the County Program
  - 2nd column for **County ADU Rental Program units** and
  - 3rd column for VHDA **Low-Income Housing Tax Credits LIHTC Affordable Units**.

The number of families helped increases as a unit “turns over.”

- In the case of **For-Sale (Purchase) units**, the turnover rate is very low = about 1% per year.
  - Owners selected for a For Sale ADU are very lucky; they are scarce and often allocated by lottery. Once owned, the owner has strong incentives to hold onto the unit (due to reduced annual real estate taxes, and more equity the longer the unit is held).
- Records show **County ADU Rental Units** turnover about 10% per year.
- By contrast, **LIHTC Rental Units** turn over much more frequently, approximately 30% per year.
  - Jobs change and people move; Families are formed or break apart;
  - Incomes can increase and families move up the housing ladder.
  - Turn over of ~30% per year in LIHTC rental units, based analysis of over 12,000 units, is consistent with market rate rentals. (According to one major Loudoun landlord, turn over at about 35% per year.)

### KEY TAKEAWAYS:

- Applying turnover rates to For-Sale (Purchase) units -- an estimated 2862 families are helped.
- Applying turn over rates to Rental units -- an estimated 35,986 families are helped.
- There are valid public policy reasons to support home ownership. To serve more families requires augmentation in the current Loudoun County ADU Purchase Program.
- When considering scarce public dollars, subsidies for rental units serve more families by delivering significantly more “bang for the buck.”



# Alternate Ways to Approach Affordable Housing in Loudoun County



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17

The next section will discuss Alternative Ways to effectively use the previous information to achieve a viable and scalable Unmet Housing Needs program that addresses all income levels.

## Sustainable Long-Term Solutions

### NECESSARY COMPONENTS

- Viable Land Development sites
- Multiple points of monetary assistance
- Political will and advocacy



18

Based on our research and review of lessons learned in other cities, sustainable programs addressing housing affordability require three fundamentals components –

- **Land** upon which housing can be constructed,
- Multiple **funding sources**, and
- **Political will** and community advocacy.

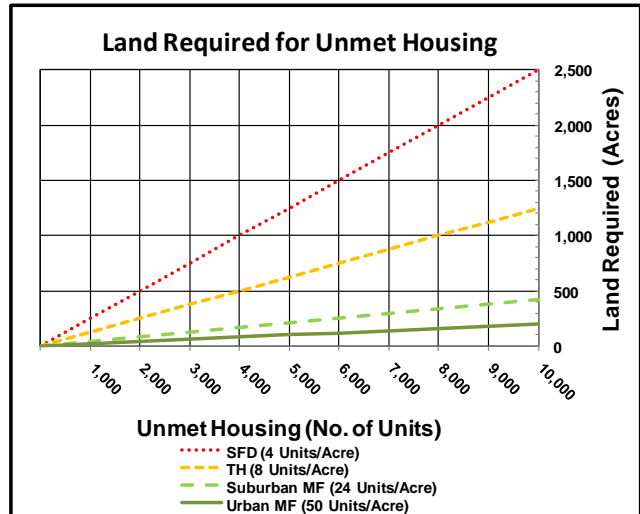


## Land Sources and Requirements

**FOR 10,000 UNITS:**

**Higher the Density = Less Land Required**

Urban Multi-Family (50 Units/Ac)	=	<b>200 Acres</b>
Suburban Multi-Family (24 Units/Ac)	=	<b>417 Acres</b>
Town House	=	<b>1250 Acres</b>
Single Family Detached	=	<b>2500 Acres</b>



### FINDING:

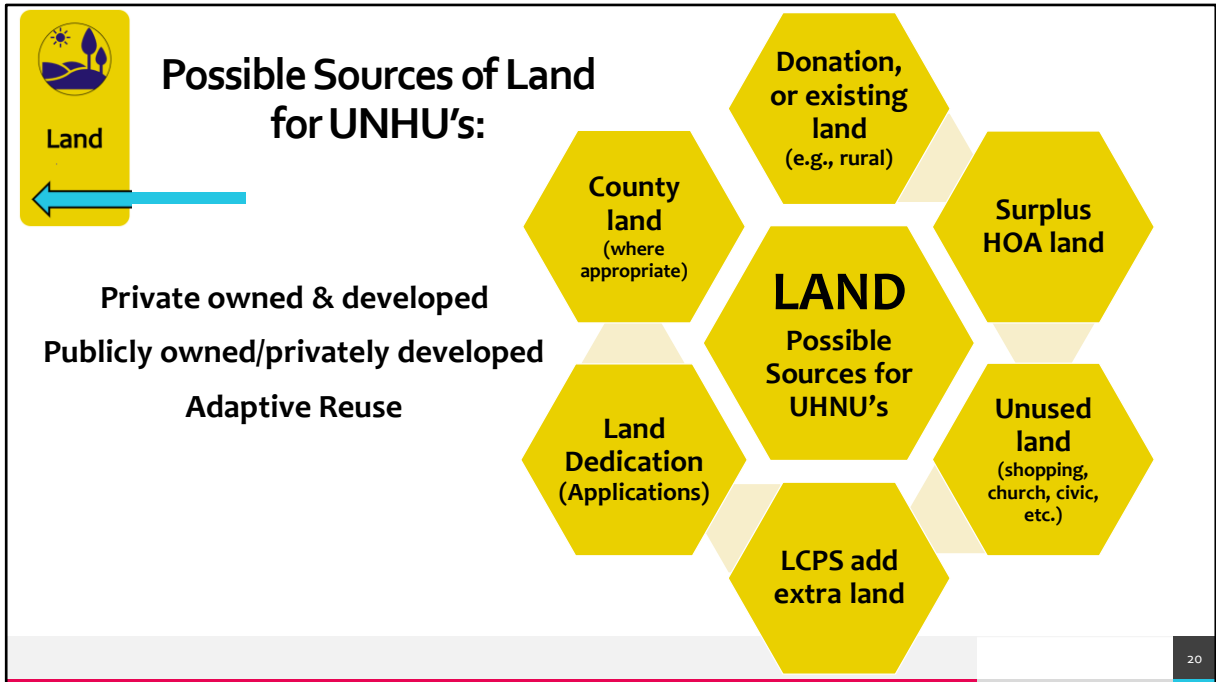
*“Adoption and implementation of a land acquisition strategy is crucial to the success of an overall unmet housing solution.”*

19

**Land** is the foundation of any sustainable and scalable affordable housing program; without developable land – no new housing units can be provided.

For example purposes, the Committee looked at what amount of land would be required for a scalable long-term program of providing 10,000 units (within the current Comprehensive Plan) over 20 years.

- The amount of land required for this type of program is driven by determining a desired mix of housing typologies based on a realistic view of their associated densities: the higher the density - the less land required.
- Using 10,000 units as an example –
  - Urban Multi-Family at 50 units/acre would only require 200 acres;
  - Suburban Multi-Family at 24 units/acre would require 417 acres;
  - Townhomes at 8 units/acre would require 1250 acres; and
  - Single Family Detached homes at 4 units/acre equates to 2500 acre need.
- The data show a scalable program must rely on a higher proportion of multifamily units.
- These are historically rentals based on the limited availability of land in the Suburban and Urban Policy Areas, along with the desire to limit housing expansion into the Transition and Rural Policy Areas.
- Multifamily units also provide the least impact to the environment, are easier to provide public transport connectivity, and provide housing for those in need on an ongoing basis.



## POSSIBLE SOURCESS OF LAND

- The current programs in Loudoun rely only on privately owned and developed land. The UHN Strategic Plan should investigate ways to save money by using alternative approaches to land acquisition.
- This Committee came up with several possible sources of land (see diagram), which have been relayed to County Staff for their consideration in the Unmet Housing Strategic Plan.
- In studying other cities, a central theme is the need for implementation of a Land Acquisition and Management Strategy for publicly owned land which considers:
  - Consolidation of land acquisition and management functions internally;
  - Identification of vacant public lands not currently being used for intended purpose;
  - Acceptance of land as affordable housing contribution vs. units to increase the publicly controlled inventory of viable development sites;
  - Leasing (not selling) publicly owned land to private developers for development of affordable housing; and
  - Adaptive Reuse.



Money

## Housing Capital Allocations

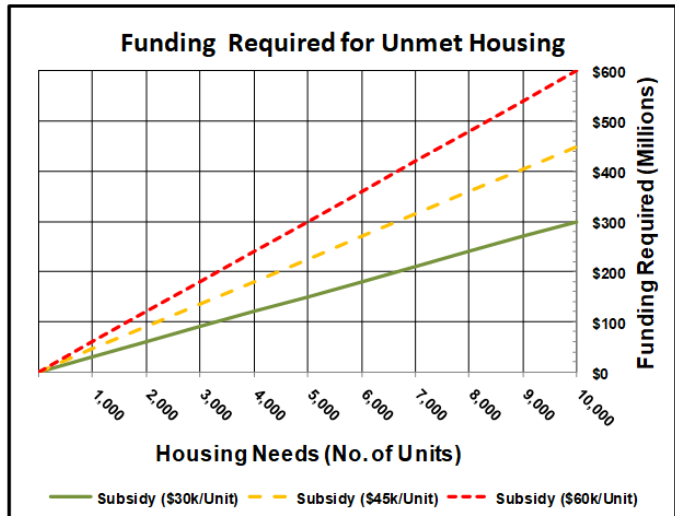
### Subsidy per unit matters.

#### Examples of “SERIOUS” Funding

##### To get 10,000 UNITS:

- If \$30K/Unit = \$300 Million
- If \$45K/Unit = \$450 Million
- If \$60K/Unit = \$600 Million

*Providing too much subsidy per unit can make housing strategy unsustainable within the County’s available funds.*



21

The next element in a sustainable housing program is funding sources.

Housing Capital Allocations using local subsidies can be used to leverage other funding programs and fill capital gaps.

- Scaling efforts to achieve 10,000 units over 20 years requires getting the “most return for dollars funded.”
- The County has seen requests in development applications for various dollar amounts per units. The chart shows the impacts of such requests on overall funding requirements.
- \$30,000 per unit was the “standard” for several early projects. The average to date provided by County staff is \$32,000 per unit as a result of some projects receiving much higher subsidies.

Next Up:

The briefing will provide an overview of how a \$30,000 per unit subsidy (plus land contributions through private efforts or public land leases) is leveraged with LIHTC capital to finance affordable housing projects.



Money

# Funding Sources: Low Income Housing Tax Credit Financing

## Virginia Housing (a.k.a. VHDA) Tax Credits:

### Non-Competitive (Bond): 4%

- = 4% of cost/yr. for 10 yrs. (40%)
- = less TC equity, higher debt
- = help for 50% to 80% of AMI

### Competitive: 9%

- = 9% of cost/yr. for 10 yrs. (90%)
- = more Tax Credit equity, lower debt
- = more help to lower AMI

### Hybrid: 4% & 9% in combination

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

### 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."*

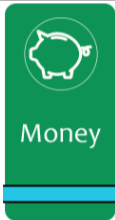
22

## TAX CREDIT FUNDING SOURCES

Two forms of tax credits are made available through Virginia Housing (formerly VHDA, Virginia Housing Development Authority). Looking at the table:

- Column 1: Funding Sources under **Non-Competitive (a.k.a. Bond) Program – 4%**
  - Provides Tax Credits equal to 4% of allowable cost each year for 10 years (40%).
  - Program provides less tax credit equity, thus results in a higher project debt service.
  - Program allows accommodation of housing at the 50% to 80% of AMI spectrum.
  - Example Local (County) Subsidy funding: \$33,000/unit (11% of total)
- Column 2: Funding sources under **Competitive Program – 9%**
  - Provides Tax Credits equal to 9% of allowable cost each year for 10 years (90%).
  - Program provides more tax credit equity, thus allows lower project debt service.
  - Provides more ability to accommodate lower end of AMI spectrum.
  - County subsidy is lowest in the 9% program, but these projects are highly competitive; only 35%-50% of all applicants every year get funded.
  - Example Local (County) Subsidy funding: \$24,000/unit (8% of total)
- Column 3: Combined funding sources under **4%/9% "Hybrid Program."**
  - Example Local (County) Subsidy funding: \$30,000/unit (10% of total)

If the County is going to get up to "scalable" production, they will also have to subsidize Bond and Hybrid Projects, which take more local subsidy funding.



## What NOVA Jurisdictions Budget for Attainable Workforce Housing

### FINDING

Jurisdictions across Northern Virginia are each budgeting between \$8 million and \$40 million annually for Attainable Housing.

Loudoun County has yet to dedicate a budget line item for Attainable Housing.

Jurisdiction	Total Jurisdiction Budget	Current Annual Attainable Housing Budget	Percent of Annual Budget (%)
Fairfax County 2020	\$4.28 Billion	\$8 - \$10 Million	0.4%
Fairfax County 2021	> \$4.28 Billion	\$40 Million (Proposed 1 ½ cents)	0.9%
Arlington County	\$1.276 Billion	\$23.5 Million	1.84%
City of Alexandria	\$0.748 Billion	\$8 Million	1.0%
Loudoun County	\$2.6 Billion	-\$0-	0%

### LOUDOUN'S BUDGET CONTRIBUTION

A comparison of local budgets for affordable housing between Loudoun and other Northern Virginia jurisdictions shows disparity in funding levels.

- The major jurisdictions in Northern Virginia budget between \$8 million and \$40 million per year to support construction of affordable housing units.
- Loudoun budgets ZERO as a separate fiscal year line item.

### NOTE:

As indicated earlier, the Housing Trust Fund receives approximately \$2 million per year. This is sourced by the sale of purchase ADUs (50% of net gain), and rezoning proffer payments in lieu of ADUs, not an annual budget line item.

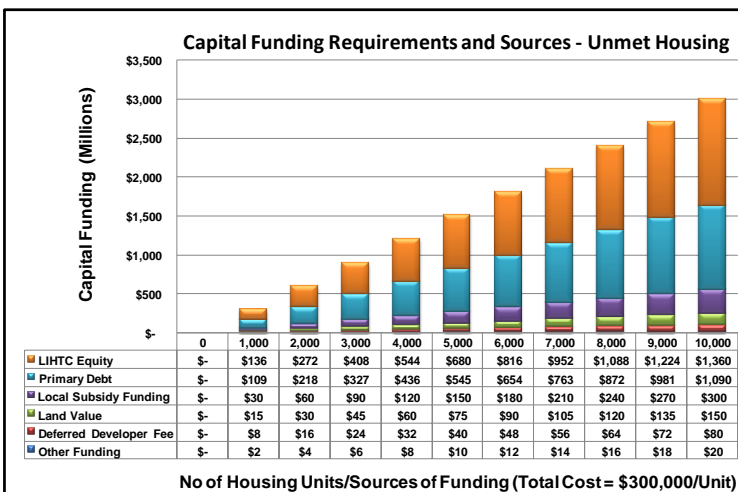


Money

## Funding Sources: 10,000 Units over 20 years

### Summary:

Primary Debt (Developer)	\$1.09Bil
Equity (LIHTCs)	\$1.36Bil
<b>Local Subsidy</b>	<b>\$300Mil</b>
Land	\$150Mil
Deferred Developer Fee	\$ 80Mil
Other Funding sources	\$ 20Mil



No of Housing Units/Sources of Funding (Total Cost= \$300,000/Unit)

### 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."

24

## FUNDING EXAMPLE

Using the numbers just reviewed for the various LIHTC programs, preliminary financial analysis shows how a \$300M of local subsidy and a certain amount of land contributed under a ground lease could potentially be leveraged to yield 10,000 units of housing over 20 years.

- The \$300M is not a Year 1 need – but funding over the 20-year period with an average of \$15M per year.
- In addition, current policy is that this funding is loan based – not grants – therefore the repayments allow for reuse of funds on an ongoing basis. Thus the actual amount of set aside dollars will be less than the \$15M per year.
- In addition, a portion of this annual amount could continue to come from ADU sales (via the Housing Trust Fund).
  - The County's share of proceeds from the sale of ADUs after expiration of the 15-yr Covenant, one-half of the gain between original cost of ADU plus any improvements and the sale price of each unit.
- Sales over the past year have been generating \$85k-90k per unit with an average of 2 sales per month (= approx. \$2M per year).

***The positive of sales of older ADUs is that the County is "Not Losing A Unit, BUT Gaining 3 Units for every unit expiring" at the \$30K/unit subsidy level.***

- Is this proposal to create 10,000 units of affordable housing possible? The answer is yes – one example was in New Orleans after Hurricane Katrina.





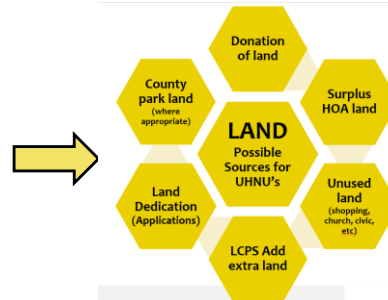
Money

## Interim Short -Term Solutions

- Acquisition of Existing Projects with Expiring LIHTCs
- Interim Utilization of Lands (Public or Private) Held for Other Long Term Uses
  - Modular construction (relocate to other sites as needed)
  - “Modular Multifamily Housing as an Affordable Supply Strategy” – August 19, Building Innovation program.



In February 2017 Vancouver's first temporary modular housing development was completed. The innovative housing solution is providing interim housing for 40 people on low and fixed-income.



25

### INTERIM SHORT-TERM SOLUTIONS

The County also needs to address short term solutions to address immediate housing needs.

- One example is the purchase of properties with expiring LIHTC contracts and refinancing with a new contract.
- Another example is construction of temporary housing units using modular construction as an interim use on certain parcels planned for denser or alternative uses where such use may not be viable for 10-20-30 years.
- The benefit of modular construction is the capability to relocate the units to other sites in the future.
  - Example: City of Vancouver has used temporary modular to construct 700 affordable housing units since 2017.
  - The National Institute of Building Sciences here in Washington, DC has a session in their August 19 Building Innovation program entitled “Modular Multifamily Housing as an Affordable Supply Strategy” if County Staff is interested.

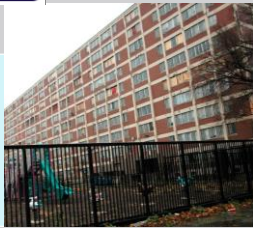
After **Land** and **Money** comes **Policy** considerations.



Policies

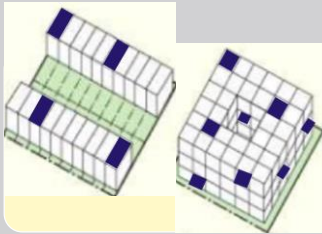
Article 7.104.(C): Loudoun County ADU's must be *"interspersed among market rate units in the proposed development."*\*

Question: What is "DISPERSION?"



### No Dispersion

- 1,925 Units (all § 8)
- Concentrated @ 1 site (e.g., Cabrini-Green)



### "Micro" Dispersion

- Article 7: 6.25% or 12.5 % (changing to 10-30%) of project density
- Scattered over 1 land bay



### "Neighborhood" Dispersion

- 46 Apt. Bldgs. (4K units)
- Scattered over Loudoun County (e.g., Heronview)



Walsh-Capeland Consulting, LLC & Kim Hart

\*Dispersion does NOT apply to AHU's (LIHTC projects)

26

## POLICY DECISIONS

There are a number of Policy issues to consider in the UHN Strategic Plan.

- As referenced earlier this Committee has provided County Staff a detailed report with policy suggestions for consideration.

Some Policy issues may also impact BOS application decisions in the near term.

- For example – Article 7 requires ADUs to be "interspersed," however, interpretation of this requirement by Staff has varied with applications.
  - It's generally clear that No Dispersion is not preferred.
  - A newly defined method is "Micro" dispersion, with ADUs dispersed over 1 land bay.
  - The current arrangement of 46 buildings (on map) throughout the County could be defined as "Neighborhood" dispersion.

What might be helpful is to clarify "What IS dispersion?" as dispersion does have financial impacts.

### Understanding the funding impacts of dispersion:

- With "Micro" dispersion it is hard to get mortgages to support the effort. (Example: If this was your house, you couldn't get one bank to finance the living room and dining room and another bank to finance the kitchen and bedrooms. The same applies to ADU vs. non-ADU units in a single land bay project.)
- The County ADU Program still requires "Micro" dispersion for all ADU units.
- The new County Affordable Housing Unit (AHU) Program supports "Neighborhood" Dispersion, which is eligible for VHDA and HUD funding.



Policies

# VHDA Funding to NOVA 2006-2016: DISPERSION

VAHousingDevelopmentAuthority

JURISDICTION	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	TOTAL \$	% of TOTAL
Arlington County	20.94	20.0	3.93	12.3	21.32	12.65 10.28	12.6		12.0	11.45 12.00	149.47	42%*1
Fairfax County / Fairfax City	5.79 13.12 11.33	17.48 6.83				3.13	9.79		18.8 2.78 2.93	9.00	100.98	28%*1
Alexandria City	18.05		15.00		7.31 2.30	3.55	4.02	7.0 7			57.3	16%*1
Fauquier County	4.59		6.63 8.00			3.40					22.62	6%
Loudoun County				14.20				1.00	2.42		17.62	5%
Prince William County				10.33							10.33	3%
Falls Church City											0	0
Town of Herndon											0	0
City of Manassas											0	0
City of Manassas Park											0	0
										TOTAL	358.32	100%

## KEY TAKEAWAY:

Loudoun County instituted dispersion in the 1993 ADU Zoning Ordinance.

But it killed virtually all VHDA funding to the County

(only 5% of funds over 10 years)

3 NOVA jurisdictions receive 86% of VHDA funding.

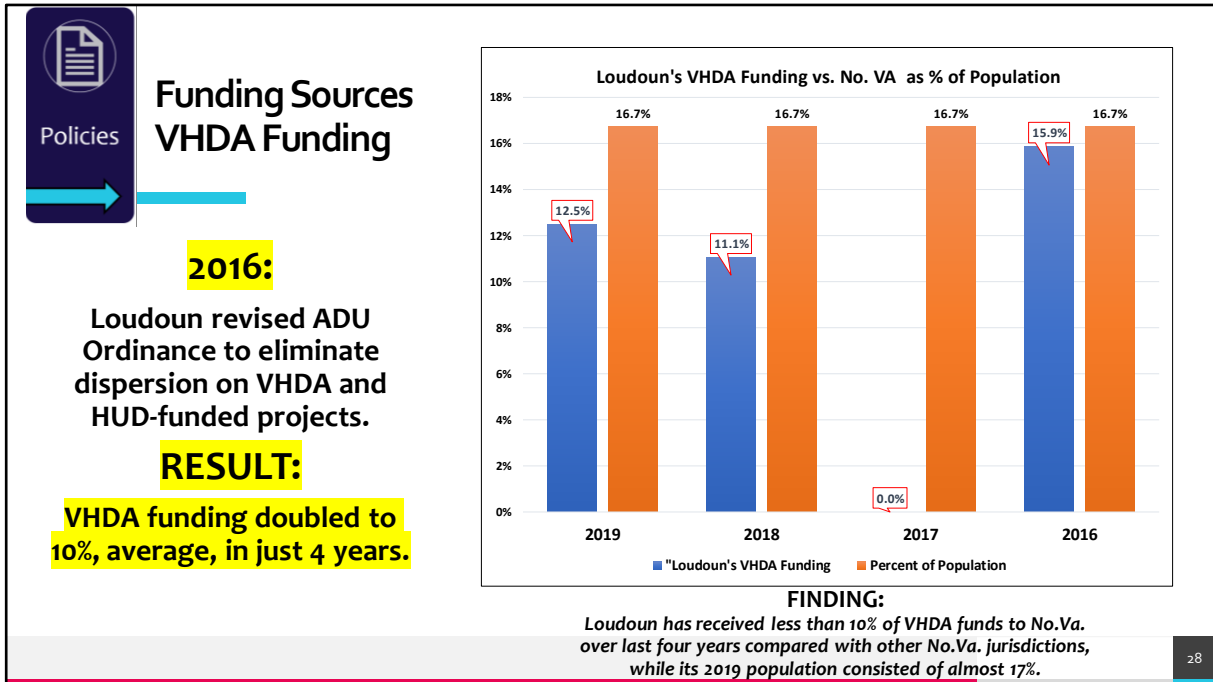
## FINDING:

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

27

## To illustrate how dispersion can affect funding for affordable housing:

- From 2006 until 2016, data show how much Virginia Housing/VHDA funding came to jurisdictions in Northern Virginia to support the construction of affordable housing: totaling \$307 million.
- Of that, Loudoun County received only \$17.6 million (**5%**), because the County dispersion rules prevented affordable housing developers from using Virginia Housing/VHDA subsidy.
- The \$17.6 million the County did get was for affordable housing units built **outside** of the County's ADU program.



Understanding the impact, in 2016 the Board of Supervisors revised the County Zoning Ordinance to create a new Rental ADU category:

- **Affordable Housing Units (AHUs)** -- County ADU Rental Units supported by VHDA or HUD funding.
  - As mentioned earlier, AHU's are outside of the Article 7 ADU Program.
  - In this case, affordable housing developers follow the Virginia Housing/VHDA or HUD rules, which do not require "Micro" dispersion.

**Financial Impact:**

- Good news: In the last four years, under the new AHU rules, Virginia Housing/VHDA funding coming to Northern Virginia has doubled, from 5% to 10%.
- Bad news: Data indicate, if Loudoun was to seek to get its "fair share" of Virginia Housing/VHDA funding based on population, the County still has a good way to go.



## Demographics Example: VHDA Tax Credit Project without Dispersion

### TAKEAWAY

Today, full employment, diverse ethnicity, and wide-range of incomes make Attainable Workforce Housing successful without needing dispersion.



Heronview Apartments (96 units, Kincora, VA)

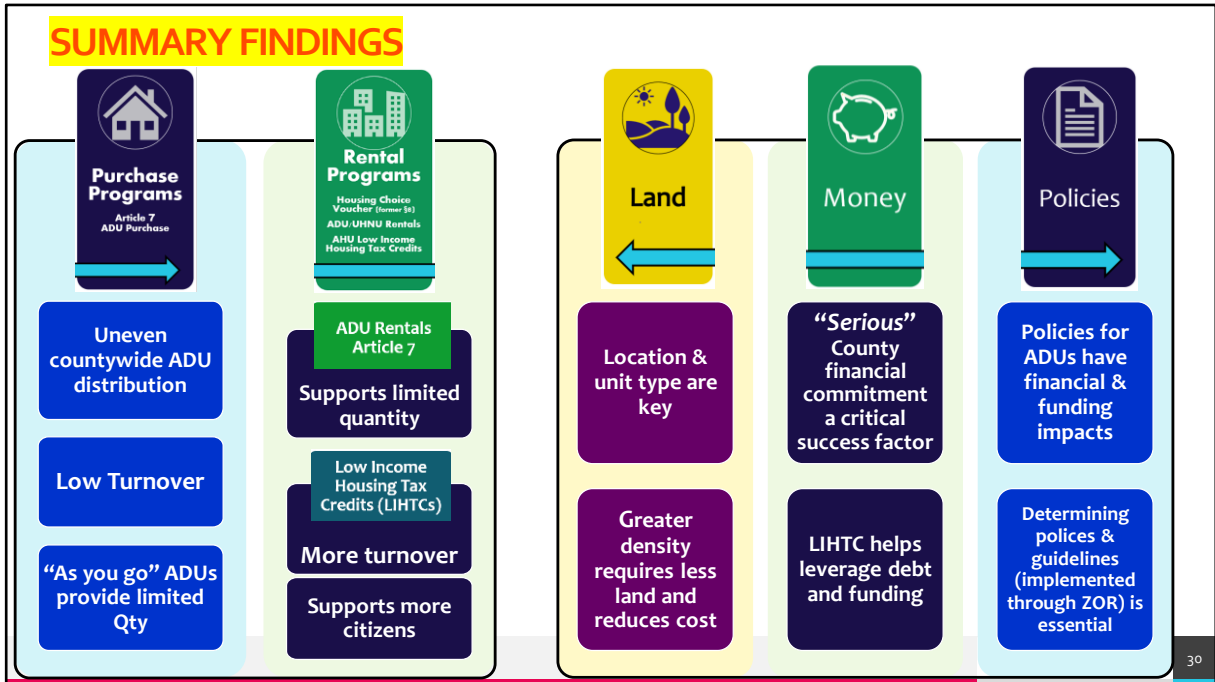
- Standard multi-family density
- Diverse ethnicity (43% Caucasian/Hispanic, 35% African American, 22% Asian-American)
- High employment (96%)
- Low public subsidy (4%)
- Fully-funded operations and maintenance; and
- Wide range of household incomes from \$20,000/yr. to \$62,000/yr.

29

### EXAMPLE: How “Neighborhood” Dispersion can work:

Recent affordable apartment building in Loudoun County dedicated in July, 2019:

- Under the rules of “Fair Housing,” the building rents to applicants on a first come, first served basis to families with an annual household income between \$20,000 and \$62,000.
- Ethnicity is highly diverse.
- 96% of residents are employed. (Remainder are retired or on disability income.)
- Virginia Housing/VHDA inspects the property every year to make sure the reserve funds are being used to maintain the building in good condition.
- High quality building, good design, that fits into the “neighborhood.”



**SUMMARY FINDINGS**

This briefing has provided an overview of the current Loudoun County Purchase and Rental Programs, and data analysis of those programs.

It has also discussed the key components of Land, Money and Policies for further review in the UHN Strategic Plan and implementation through the Zoning Ordinance Rewrite.



## KEY FUTURE DECISIONS: Identify Public Interest in Support of Meeting Unmet Housing Needs

### WORK WITH STAFF & SUPERVISORS

1. Make the commitment to a **Robust, Sustainable, and Affordable** 20-year Program;
2. **Evaluate** current Housing Programs against future objectives;
3. Set internal **priorities** for allocating resources amongst the AMI target groups;
4. Set measurable **Unit targets** in four-year increments;
5. Determine desired **allocation of resources** between alternative rental and purchase unit types;
6. Establish a sustainable flow of **County "Seed Money"** Funding with flexible annual increments;
7. Identify specific strategies for securing **Sufficient Land** to meet the Unit Targets selected including allocations amongst the Spatial Policy Areas of the Loudoun 2019 Plan; and
8. Set in place the **County organizational structure** to manage the Strategy over the years.



31

The UHN Committee believes Loudoun can achieve a "Robust, Sustainable, and Affordable" twenty-year Strategy.

The **Key Future Decisions** set forth the critical policy issues upon which the Board of Supervisors need to provide clear, consistent direction to finalize the Unmet Housing Needs Strategic Plan and related zoning ordinance improvements.

During the review period, the UHN Committee can directly support communicating the Unmet Housing Need Strategic Plan to the citizens as being in Loudoun's public interest.

## Loudoun County DATA – Liability Disclaimer\*

**DATA SOURCE:** Loudoun County Open Source data files.

**CAVEATS:**

- Data files maintained by different County Departments;
- Files have different “as of” dates, resulting in some records mismatch.

**DISCLAIMER:** Loudoun County Data Liability Disclaimer applies to all Reports herein.

Analysis/reports for general requirements review only.

- *The land use data for structures, parcels, projects, and build-out scenarios are developed and maintained by the Department of Planning and Zoning. This data is used for land use, capital facilities, and transportation planning purposes. In addition, it is used for fiscal, demographic, and market analysis.*
- *This data is not used for tax assessment purposes. For tax assessment land use data please reference Loudoun County's tax assessment database.*
- *Every reasonable effort has been made to ensure the accuracy of these data, however accuracy is not guaranteed.*
- *Loudoun County does not assume any liability arising from the use of these data or for any errors or omissions on this site. These data are provided without warranty of any kind, either expressed or implied, including, but not limited to, the implied warranties of merchantability and fitness for a particular service.*
- *The Existing and Future Land use Tool (EFL), including the build-out and residential pipeline data contained within it, has been developed based on certain assumptions and scenarios approved by the Board of Supervisors for research and analysis purposes only. It is not intended to give, or deny, any right to landowners and it is not intended to substitute or change in any form the land use process as prescribed in the ordinances and other norms of the County.*
- *Reliance on these data are at the risk of the user.*



\*Loudoun Mapping GeoHub





For questions or to request a briefing,  
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