

# WHAT IS AN AFFORDABLE DWELLING UNIT PROGRAM?

# AN AFFORDABLE DWELLING PROGRAM:

1. Directs or encourages the provision of affordable units in new residential developments.
2. Provides developer incentives to support the provision of affordable housing units.
3. Must be implemented through a zoning text amendment

Albemarle County is authorized to adopt an Affordable Dwelling Unit ordinance, or ADU program under Section 15.2-2304 of the Code of Virginia.



The statute places no restrictions on:

The percentage of unit set-aside required;

The depth of unit affordability;

The length of affordability period; and

The incentives that may be included.

Does require incentives be sufficient to compensate developers for the cost of providing affordable units.

# AUTHORIZATION

# APPLICABILITY

ADU programs work best in high-growth and high housing cost areas, such as Albemarle County.

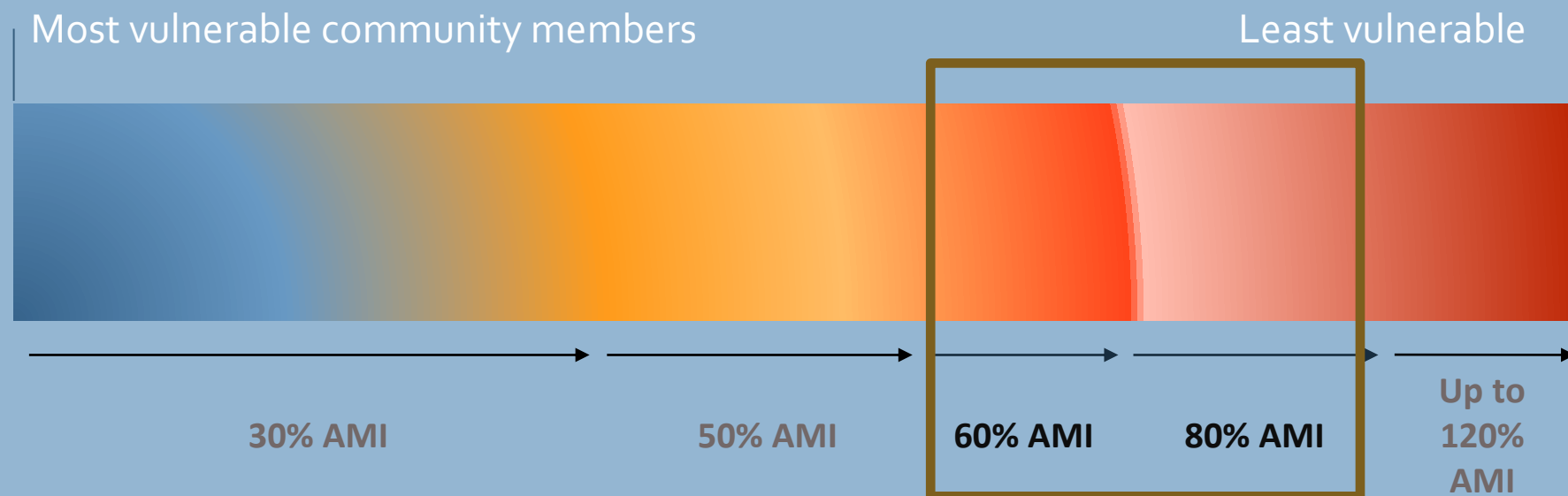
New residential construction projects seeking approval of a rezoning or special use permit application.

New residential construction projects requesting a voluntary increase in density.

# WHICH HOUSEHOLDS ARE SERVED THROUGH ADU ORDINANCES?

Units built under ADU programs can serve a variety of household incomes, but tend to focus on:

1. Renter households with incomes no greater than 60% of area median income
2. Homebuyers with incomes no greater than 80% of area median income



# COMMON ORDINANCE COMPONENTS

- % of total residential units that need to be provided as affordable housing
- A standard cash-in-lieu of affordable unit amount
- Minimum affordability period for both rental and owner-occupied units
- County first-right-to purchase option
- Option for non-profit organizations to purchase units

# COMMON ORDINANCE COMPONENTS

- Option to set maximum square footage standards
- Ability to set maximum affordable rental rates and for-sale prices
- Developer incentives, such as:
  - Density increases
  - Reductions in some predefined building or site standards
  - Financial incentives

# HOW IS THIS DIFFERENT FROM THE COUNTY'S CURRENT PRACTICES?



- Replace voluntary housing proffer system with mandatory inclusion of affordable units in rezonings and special use permit applications.
- Establish consistent per unit cash-in-lieu payment amounts.
- Establish process for securing affordability period through covenants.
- Incorporate developer incentives in addition to the increased densities secured through the rezoning process.



# EXAMPLE: LOUDOUN COUNTY, VA

- Current ordinance adopted in 1999
- Applies to projects with 24 or more residential dwelling units
- Percentage of units required to be affordable
  - 12.5% of total units in single-family developments
  - 6.25% of total units in multi-family developments
- Affordability period
  - 15 years for for-sale units
  - 20 years for rental units
- Cash-in-lieu payments equals 100% of cost of construction of single-family detached prototype
- Provides density bonus, design standard flexibility, expedited review, & low-interest loan gap financing for multi-family projects
- Target households
  - 30% AMI – 70% AMI for for-sale units
  - 30% AMI – 50% AMI for rental units
- Affordable pricing is set by an Affordable Dwelling Unit Advisory Board
- Total affordable units produced (2,568)
  - 2,279 for sale units
  - 289 rental units

# EXAMPLE: FAIRFAX COUNTY, VA

- Current ordinance adopted in 1990
- Developments with 50+ units at a density greater than 1 unit/acre
- Percentage of units required to be affordable
  - 12.5% of total units in single-family developments
  - 6.25% of total units in multi-family developments
- Affordability period
  - 30 years
- Cash-in-lieu payments equals fair market value of each ADU lot
- Provides density bonus
- Target households
  - 70% AMI for for-sale units
  - 50% AMI for rental units
- Affordable pricing is set by Fairfax County Redevelopment and Housing Authority (for-sale units); rents affordable at 50% AMI
- Total affordable units produced (2,929)
  - 1,500 for sale units
  - 1,429 rental units

# EXAMPLE: MONTGOMERY COUNTY, MD

- Current ordinance adopted in 2018 (original ordinance adopted 1974)
- Developments with 20+ units
- Percentage of units required to be affordable
  - 12.5% - 15% of total units
- Affordability period
  - 30 years for for-sale units
  - 99 years for rental units
- Cash-in-lieu payments
  - For-sale units: 3% of sales price for market rate units
- Provides density bonus & design standard flexibility
- Target households
  - 70% AMI for for-sale units
  - 65% - 70% AMI for rental units
- Affordable pricing is set by Dept of Housing & Community Development (for-sale units); rents affordable at 65% or 70% AMI
- Total affordable units produced (16,199)
  - 10,403 for sale units
  - 5,796 rental units