



Board of Supervisors Housing Committee Meeting

**AFFORDABLE HOMEOWNERSHIP
PILOT PROGRAM**

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Need for Affordable Homeownership Opportunities

- Two-thirds of the owned/for-sale housing stock affordable to low- and moderate-income (LMI) households is occupied by households with higher incomes
- Despite an overall 68% homeownership rate in Fairfax County (2011-2015), there are disparate homeownership rates for people of color:
 - Black: 44%
 - Hispanic/Latino: 48%
 - Asian or Pacific Islander: 67%
 - White: 76%

Using County-Owned Scattered Sites for Long-Term Affordable For-Sale Development

- \$7.5M Awarded from Amazon Impact Reach
 - \$3.75M Affordable homeownership pilot program
 - \$3.75M Homeownership resources initiative
- County owns many vacant/underutilized sites that could be used to facilitate the development of affordable for-sale homes
- Vacant land is limited and costly, when available
- Sites could be vetted by HCD and DPD, then transferred to the FCRHA

Current HCD First-Time Homebuyer Program (FTHP)

- Inclusionary zoning program provides new first-time homebuyer opportunities through private, for-sale developments
- Units are set aside for buyers with incomes up to 70% AMI
- Homes must be resold at an affordable price to new buyers that qualify at the same income level for up to 30 years (control period)
- Homeowners living in unit beyond the control period can sell at market price and must split half of net proceeds with HCD/FCRHA

New Model to Provide Longer-Term Affordability and Wealth Building Opportunity

Development of for-sale units on FCRHA-owned land employing a community land trust (CLT) type model provides multiple benefits:

- Maintains “permanent” affordability to serve many generations of low- to moderate-income buyers in line with One Fairfax
- Better preserves subsidies provided by FCRHA and County
- Enables low- to moderate-income homeowners to build some assets and wealth

Proposed Affordable Homeownership Structure

- Community Land Trust (CLT) type structure would reduce cost of homes by removing land costs
- Would incorporate affordability covenants within the ground lease between the FCRHA and homeowner
- Covenants would state:
 - Required income level(s) of eligible buyers
 - Restricted purchase price of the home to AMI level
 - Resale formula used to calculate the future restricted price at which homeowners can sell homes to subsequent buyers with low- to moderate-income

Resale Formulas

Resale formulas would be used to maximize long-term affordability and balance limited wealth building opportunity for residents:

- Area Median Income
- Consumer Price Index
- Fixed-Rate
- Appraisal-Based

Next Steps

- 1) Refine program to optimize the balance of ongoing affordability with asset-/wealth-building opportunities for low- to moderate-income homeowners
- 2) Determine target affordability levels (AMI)
- 3) Identify homeownership sites

Questions/Comments