AFFORDABLE WORKFORCE HOUSING
REPORT OF THE WORKING GROUP
Recommendations for our Region

Approved February 22, 2006

Rappahannock-Rapidan
REGIONAL COMMISSION

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RAPPAHANNOCK RAPIDAN REGIONAL COMMISSION
WORKFORCE HOUSING WORKING GROUP

Recommendations for our Region

Background

On April 21, 2005, the Rappahannock Rapidan Regional Commission convened a forum to investigate and discuss the issue of workforce housing. One of the participant recommendations was to convene a Working Group in order to develop policy recommendations to forward to the Regional Commission and to the region's governing jurisdictions. The full report of the April 21, 2005 Forum is available on the Rappahannock Rapidan Regional Commission website at http://www.rrregion.org/pdf/rrrc_affordable_housing_conclusions_05.pdf

This report and recommendations represent the work of the resulting Workforce Housing Working Group. The Working Group convened several times over the course of the last several months and enjoyed a broad based representation.

Interest in promoting workforce housing is being fueled by the recognition that an economically diverse population is important to a region's quality of life. The term "workforce households" is defined here as households with at least one full-time worker, whose members earn incomes that are too low for them to afford to pay market prices for homes or apartments in the communities where they work but, by most definitions, too high to enable them to qualify for significant federal housing subsidies. The target group includes teachers, police officers, fire fighters as well as health care workers, retail clerks, administrative personnel and other moderate income workers, all of whom are essential to the economic vitality of a town, county or region and the success of its businesses, institutions and governmental functions.

With land costs rising and development regulations providing additional challenges, the lack of affordable workforce housing appears to be a challenge that must be addressed collaboratively and on a regional level by our region's towns, counties and development community.

Evidence of this growing need is the widening gap between the region's median housing sales price and the median household income.

	2004 Median Housing Sales Price*	Income required
Culpeper	$242,000	$56,600
Fauquier	$347,000	$80,000
Madison	$187,000	$46,000
Orange	$211,000	$50,000
Rappahannock	$350,000	$80,000

*Source: MRIS, CRA-GMU

Recommendations

The Workforce Housing Working Group has developed the following recommendations for review and action.

1. Analytical Report and the need for more data

In order to gain a better appreciation for the changing workforce housing needs and trends in our region, the Rappahannock Rapidan Regional Commission has contracted with the Center for Regional Analysis at George Mason University to conduct an annual analysis of the regional housing market. This annual analysis will allow the RRRC and member jurisdictions to better track trends on workforce housing.

The annual report will be based primarily on data from the Metropolitan Regional Information Systems (MRIS) database. The MRIS database contains detailed information on all properties listed for sale or rent through real estate agents or brokers for a geography that includes counties and cities in Virginia, West Virginia, Maryland, Pennsylvania and the District of Columbia. Data are available for single-family detached, single-family attached (townhouse) and condominiums. Excluded from the MRIS database are new homes sold directly by builders and properties that are not listed through a real estate professional.

The MRIS data will be supplemented with labor market and employment data from the Virginia Employment Commission and housing construction data from the U.S. Census Bureau.

CRA will also explore including information on large land transfers, and if the information is available in reasonable time to access it, this information will also be included in the analysis.

The 2005 annual report will include a narrative executive summary of the analyses of the housing market with key findings and conclusions, and the following tables, charts and maps:

<u>Tables</u>

Distribution of Sales Price by Type and County: 2005
Units Sold and Average Sales Price by Type and County: 2004 and 2005
Units Rented and Average Rent by County: 2005
New Housing Starts: 2004 and 2005
Jobs by Major Sector: 2004 and 2005
Average Weekly Wages by Major Sector: 2004 and 2005
Lists of large land transfers by county (assuming easy availability)

<u>Charts</u>

Average Sales Price by Month: 2004 and 2005
Units Sold by Month: 2004 and 2005
Share of Units Sold by Type and County: 2005
Average Sales Price by Type: 2000 - 2005
Average Days on the Market by Type: 2000 – 2005
Monthly Unemployment Rate: 2000 - 2005

Maps

Average Sales Price by Zip Code: 2005
Change in Average Sales Price by Zip Code: 2004-2005

Efforts will be made to incorporate as much rental information as is available through MRIS or other information that may become easily available through other sources.

A draft report will be provided by March 1, 2006, for RRRC staff to review. A final report will then be provided by April 1, 2006, incorporating review comments by RRRC staff. CRA staff will present highlights from the analysis to the RRRC and representatives from member jurisdictions at up to two meetings.

2. Reducing barriers to workforce housing

In each of the region's governing jurisdictions, an effort needs to be made to investigate any barriers that currently exist to encouraging the development of workforce housing. The effect of these barriers is to increase the costs of housing for everyone. These increased costs are especially difficult for workforce housing to overcome.

Examples of challenges that contribute to increasing housing costs:

- Building permit processes can be lengthy, adding costs to affordable housing.
- Permit fees, based on the number of units, is unfair to smaller, more affordable units.
- High property taxes may discourage development of workforce housing.
- Zoning codes may not allow for development or redevelopment of workforce housing.

Examples of solutions that can lower housing costs by reducing barriers may include:

- Providing priority status to affordable housing projects can spur development.
- Tying permit fees to unit size can reduce costs to affordable housing.
- Requirements to build affordable housing coupled with tax abatements are effective incentives.
- Code reforms, such as, rezoning commercial lots, allowing accessory housing in all residential zones, growth nodes or service districts, and creating mixed-use zones can spur development of workforce housing.

3. Town or County owned surplus lands

As stated above, one of the biggest challenges to the development of workforce housing is the cost of land. There are a number of innovative ways to reduce the cost of land (see especially the Vermont Housing and Conservation Trust Fund: A Unique Approach to Affordable Housing). A simple approach is to conduct an inventory of town and county owned land and determine if any of this land is suitable for workforce housing. If so, a partnership can be formed for the development of an appropriate housing project. This approach was successfully implemented in Fauquier County with the Botha Project.

4. Accessory dwelling units and increasing densities

An accessory dwelling unit (ADU), also known as a "mother-in-law" or "granny" unit, is an additional living space that has separate kitchen, sleeping, and bathroom facilities, attached or detached from the primary residential unit on a single-family lot. In most cases they are either a garage conversion or a small backyard cottage. ADUs are familiar in many older communities; they work just as well in new developments.

By increasing the stock of small rental units in convenient locations, ADUs provide needed options for budget-minded renters in all communities with inadequate stocks of rental units to meet current workforce needs. ADUs benefit property owners by providing rental income to help pay the owner's mortgage while offering future flexibility to use the space as a home office, lodging for teenagers or elderly family members, or guest quarters.

Traditionally, the renting of rooms, adding on for expanding families, and construction of guest cottages was commonplace in Virginia towns. The 2001 Regional Vision Statement recommends that "low and moderate-income housing will become integral in new developments, infill, rehabilitation projects, and will be linked to transportation and employment." ADUs are perhaps the most expedient and cost-effective strategy for advancing this goal.

Different municipalities have regulated the construction of ADUs based on a number of criteria. These may include aesthetic compatibility, parking, privacy, green space, density impacts, utility availability, access, minimum lot size, maximum unit size, height limitations, attached vs. detached, footprint size, lot coverage by percentage, setbacks from property boundaries, zoning, number of occupants, owner-occupancy of lot, etc.

ADUs are typically regulated either as a permitted use, with an administrative review, or as a conditional use, subject to a public hearing requirement. If regulations or permitting requirements are too burdensome, property owners may not choose to invest in ADUs. Some local governments have chosen to encourage ADUs with favorable taxation policies, expedited permitting, or simplified hearing processes.

A copy of a recently passed ADU ordinance passed by the Fauquier County Board of Supervisors is attached.

Members of the Workforce Housing Working Group encourages our regional jurisdictions to review their ADU policies and consider adopting ordinances that facilitate their creation.

Photos of ADU-Candidate Garages in Culpeper


E. Mason St.


E. Piedmont St.


E. Piedmont St.


N. Commerce St.


McCoy Ave.


W. Asher St.

Attachment

FAUQUIER COUNTY ADU ORDINANCE

A ZONING ORDINANCE TEXT AMENDMENT TO SECTION 5-105 TO CHANGE THE SQUARE FOOTAGE OF ACCESSORY FAMILY DWELLING UNITS AND TO EXPAND THE NUMBER OF PEOPLE THAT CAN DWELL THEREIN

WHEREAS, on July 14, 2005, the Board of Supervisors initiated this text amendment; and

WHEREAS, on September 27, 2005, the Planning Commission conducted a work session on this amendment and on August 25, 2005, and September 29, 2005, the Planning Commission held public hearings on this issue and forwarded the proposed text amendment to the Board of Supervisors recommending its adoption; and

WHEREAS, on November 10, 2005, the Fauquier County Board of Supervisors held a public hearing on this amendment; and

WHEREAS, the adoption of this text amendment would be in the spirit of the Zoning Ordinance, consistent with public convenience, general welfare, and good zoning practices, consistent with the adopted Comprehensive Plan, and is in the best interest of the citizens of Fauquier County; now, therefore, be it

ORDAINED by the Fauquier County Board of Supervisors this 10th day of November 2005, That Section 2-411 of the Fauquier County Zoning Ordinance be, and is hereby, amended as follows:

105 Standards for an administrative permit for a Family Dwelling Unit

1. Such a unit shall not be occupied by more than ~~three (3)~~ **five (5)** persons, at least one of ~~which~~ **whom** must be the natural or adopted parent, grandparent, child, grandchild, brother or sister of the owner and occupant of the single family residence on the same lot. **Or, the lot owner may live in the family dwelling unit and allow such family members to reside in the main house. In either case, the lot owner must reside on the property.**

2. Such a unit ~~shall contain no more than 1200 square feet of gross floor area~~. **may be ~~600 square feet in gross floor area or 25 % of the gross floor area of the existing house, whichever is larger, but in no circumstance may the family dwelling unit exceed 1,200~~ 1,400 square feet of gross floor area.**

3. No dwelling units other than the principal structure (a single family dwelling) and one such family ~~apartment~~ **dwelling unit** shall be located on one lot.

4. **For ten years, the two structures must be occupied only by the owner(s) and those identified in paragraph 1.** ~~It shall be unlawful for rent to be charged to the occupancy of such a unit for two (2) years following the date it passes final inspection by the County Building Official.~~ **If the Board of Supervisors finds that an extraordinary hardship is being caused by the ten-year limitation it may reduce the time period to alleviate the hardship.**

5. When such a unit is no longer needed by a member of the owner's family and the ~~two~~ **ten** year period described in Paragraph 4 has expired, ~~the~~ **one** unit, **but not both,** can be considered a nonconforming use and as such can be rented to anyone.