

Housing Opportunities Policy Guide

In November 2012, the James City County Board of Supervisors adopted a Housing Opportunity Policy to recognize the importance of providing housing opportunities which are affordable for homeowners and renters with particular emphasis on households earning 30 to 120 percent of the County’s Area Median Income (AMI). Staff recommends reviewing the Policy in full, but has also developed the guidance below to assist in its application. It is important to first understand that the Policy is geared toward two types of housing, affordable and workforce - these terms are defined in the Policy.

The Policy is applicable in all rezoning applications that include a residential component. The Guide is intended to be a helpful resource in understanding how the policy is implemented and it includes all applicable annual cost basis updates.

Step 1

Determine the number of units that would be expected to be affordable and workforce in your proposed development. The Policy states that at least 20 percent of a development’s proposed units should be offered for sale/rent at prices targeted at households earning 30 to 120% of AMI, and further specifies percentages targeted at the AMI in certain components of that overall range, as follows:

Units targeted to (percent of AMI):	Minimum percent of the development’s proposed dwelling units expected
30 percent – 60 percent	8
Over 60 percent - 80 percent	7
Over 80 percent – 120 percent	5

This means that if a 60 unit development were proposed, 12 units should be targeted to the overall AMI range, and that within this, 5 units would be targeted to 30 – 60% of AMI, 4 units targeted to 60 – 80% of AMI, and 3 units targeted to 80 – 120 % of AMI. (Should standard rounding conventions yield numbers that do not add up to the 20%, or would result in more than the 20%, the number of units in each category shall be determined by the Planning Director.)

Step 2

The “targeted to” prices will be provided by the County’s Office of Housing and Community Development based on the definitions in the Policy. Each year, these numbers will be updated. These prices can be used as a guide for any proffers that are offered. In **2019**, these numbers are as follows:

Units targeted to (percent of AMI):	Price range (Minimum – Maximum)
30 percent – 60 percent	\$93,138 – \$212,618
Over 60 percent – 80 percent	\$212,619 - \$243,260
Over 80 percent – 120 percent	\$243,261 - \$372,245

The step 2 conclusion shows that for a developer wishing to pursue a 60 lot development, the Policy would look for 5 of the units to be offered at prices between \$93,138 and \$212,618, for 4 of the units to be offered at prices between \$212,619 and \$243,260, and for 3 of the units to be offered at prices between \$243,261 and \$372,245. In terms of any proffers that are offered, the text could be written to reference the price that will be posted by OHCD via the annual updates provided in this guide. Note that the prices must be in the ranges specified, but it is not required that the purchaser be verified as having an income within the AMI range listed in the table.

Other Considerations

Cash Proffers in Relation to the Affordable and Workforce Units

For the targeted affordable and workforce units, the Board of Supervisors included a reduced expectation of cash proffers in the Housing Opportunities Policy. Examples of typical cash proffers offered in association with development proposals are amounts for schools, water and sewer improvements, and other public facility and infrastructure capital improvement program items. The Policy includes a specific reduction for each of the component AMI ranges, as follows:

Units targeted to (percent of AMI):	Percent cash proffer reduction:
30 percent – 60 percent	100 percent
Over 60 percent - 80 percent	60 percent
Over 80 percent – 120 percent	30 percent

Based on the reduction amounts specified above, for a 60 unit development that is offering 12 affordable and workforce units as described above, 5 of the units would not be expected to be associated with any cash proffers, 4 could be associated with 40% of the amount otherwise being offered, and 3 could be associated with 70% of the amount otherwise being offered.

Affordable and Workforce Unit Retention Period

The Policy specifies certain provisions intended to retain the benefit of affordable and workforce units over time – please see the Policy for further information.

In-lieu Contribution to the Housing Fund

The Policy also includes provisions for the payment of contributions in-lieu of a commitment to build and offer units for sale as described above. The amount consists of two components added together – the unit price and the median lot cost price.

Unit Price

The unit price is a set amount that will be recalculated each year by OHCD using the structure set forth in the Policy. For **2019**, the unit prices calculated by OHCD are as follows:

Units targeted to (percent of AMI):	Unit Cash-in-lieu amount
30 percent – 60 percent	\$120,000
Over 60 percent – 80 percent	\$120,000
Over 80 percent – 120 percent	\$140,000

For a developer wishing to pursue a 60 lot development, the Policy would look for cash in-lieu amounts for the 5 units of \$600,000 (\$120,000 each), for the 4 units of \$480,000 (\$120,000 each), and for 3 units of \$420,000 (\$140,000 each), for a total of \$1,500,000. Please note that a developer can choose pursue a combination of built units and cash-in-lieu, so long as the overall and AMI component percentages are met.

Median Lot Cost Price

The unit price figure described above would be added to the development’s anticipated median lot cost price for each of in-lieu units. (The median lot cost is intended to reflect the land and infrastructure costs to create a buildable lot, not the price at which the lot will be offered for sale.) Using the example 60 lot development described above, if the anticipated median lot cost was \$80,000, the total for this component of the in-lieu calculation would be \$960,000 (\$80,000 times 12). As noted above, the developer can choose to pursue a combination of built units and cash-in-lieu, so long as the overall and AMI component percentages are met.

Again using the example 60 lot development described above, the total cash-in-lieu amount (assuming all 12 units would be in-lieu) would be \$2,460,000 (unit price cost of \$1,500,000 plus lot cost price of \$960,000).

Other Procedural Notes

The last section of the Policy provides important procedural information including details on required assurances, which should be carefully reviewed and reflected in any proffered language, as appropriate.

This guide last updated: April 2019