

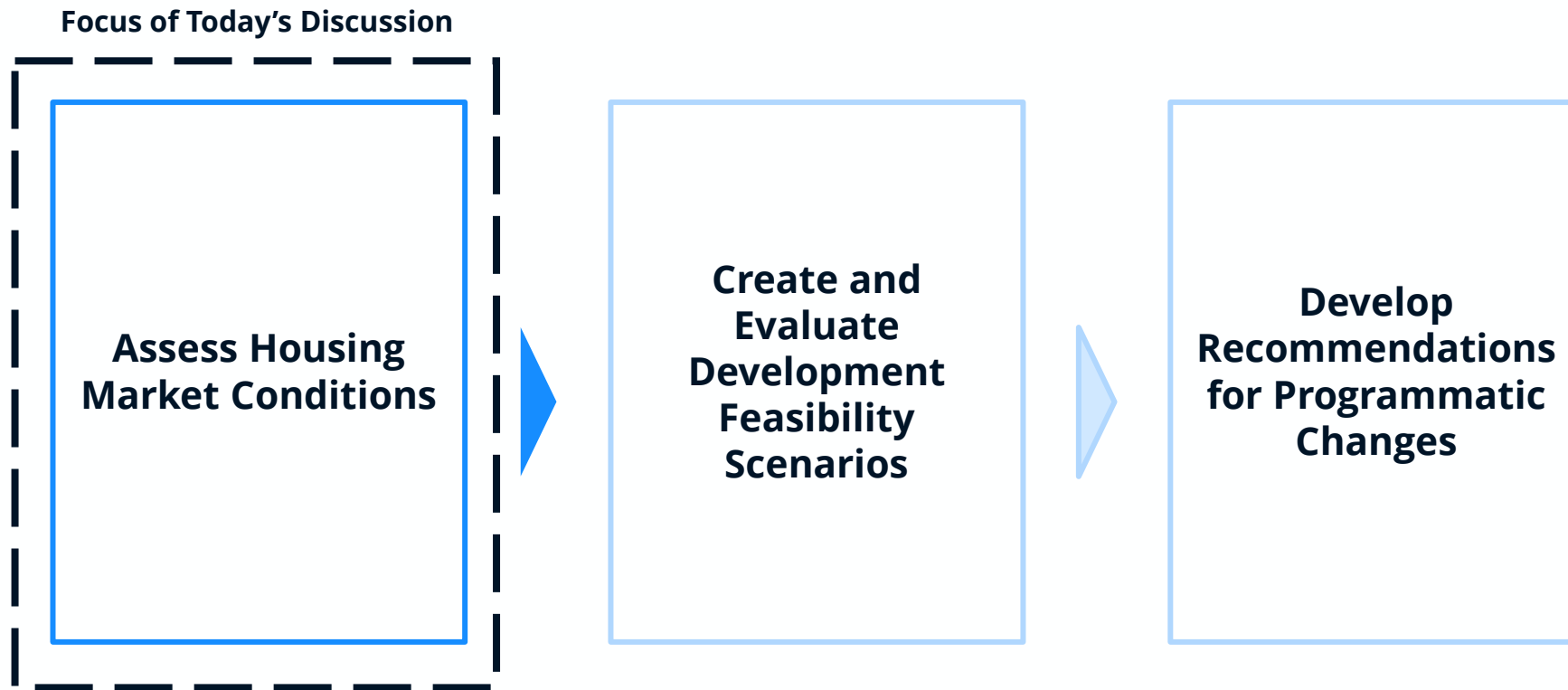
HR&A +



# Fairfax WDU Task Force Housing Market Assessment

## SUMMARY OF APPROACH

Our approach begins with assessing Fairfax County's housing market conditions to inform the scenarios for further evaluation and to develop assumptions to test the financial feasibility of changes to the WDU program.



## COUNTYWIDE FINDINGS

Through this analysis, we've identified four main takeaways, regarding existing supply pricing, unit size, and variations across submarkets.

### Greater Availability of Homes at 120% AMI

Using current WDU pricing, **48% of homes** sold in the last 3 years were affordable to **households at or below 120% AMI**.

### Lack of Availability of Homes at <100% AMI

Meanwhile, **only 16% of homes** sold in the last 3 years were affordable to under **80% AMI Households**.

### Limited Supply of Affordable Larger Homes

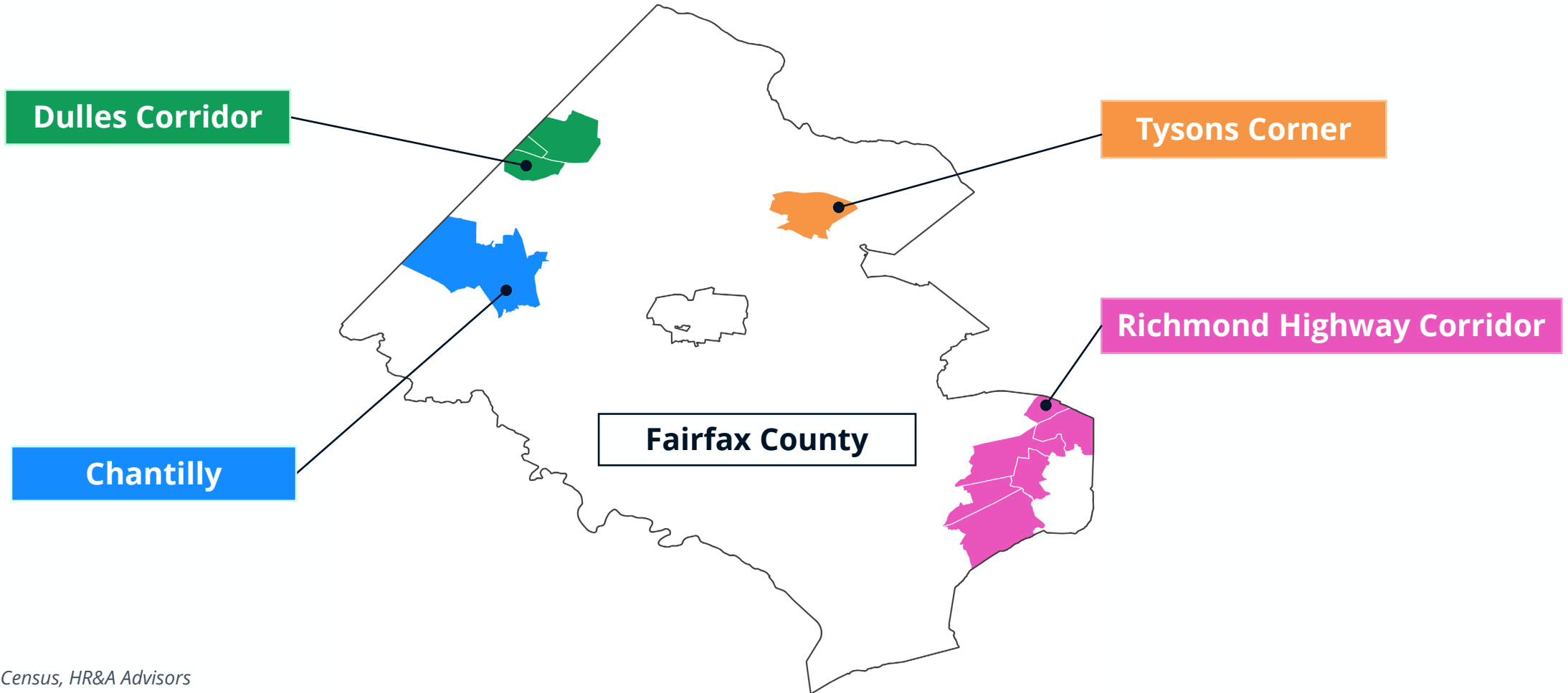
Only **11% of homes sold had 3+ bedrooms** and were affordable to households **earning under 100% AMI**.

### Variation Across Submarkets

Availability and size of homes affordable to households earning under 100% AMI **varies significantly by location**.

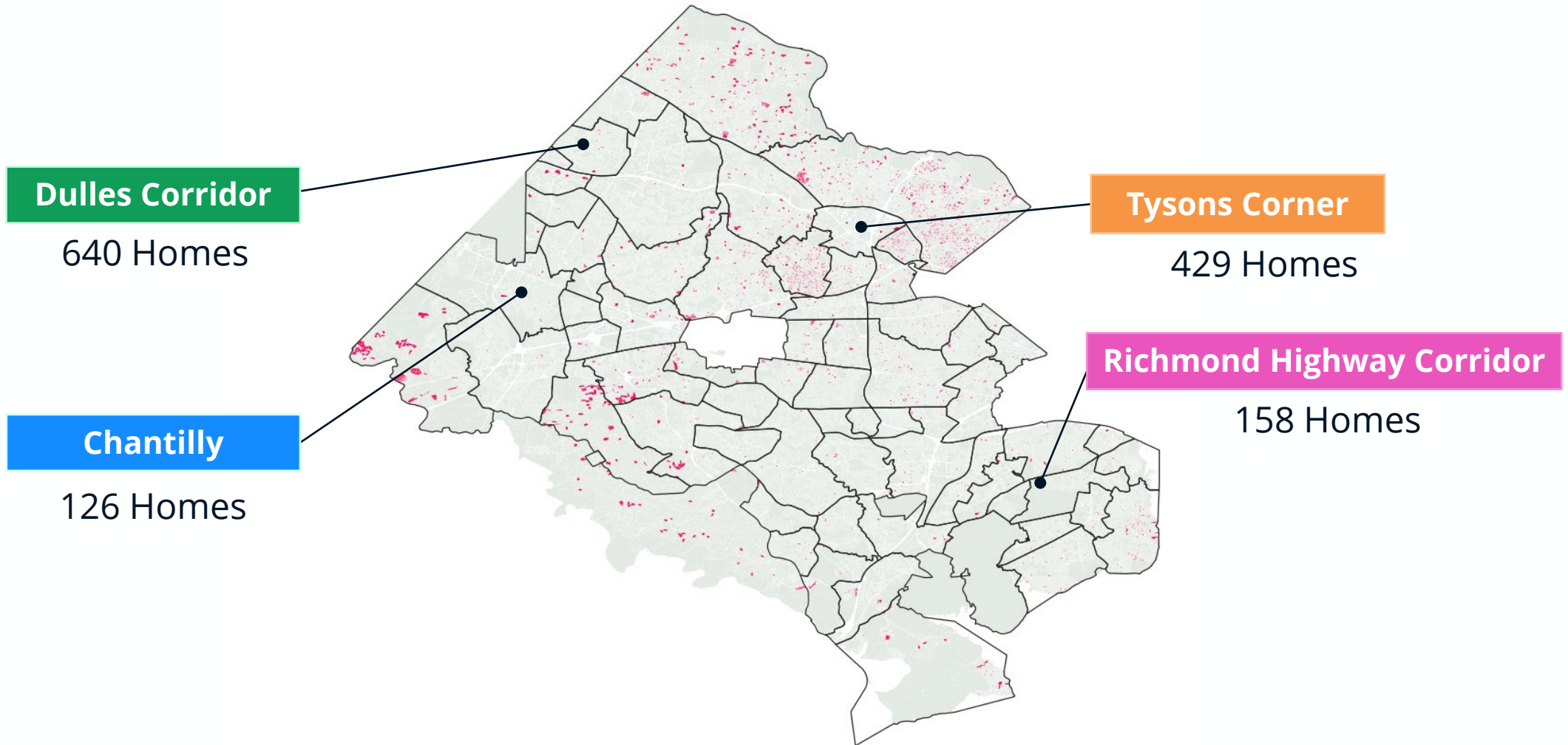
## STUDY SUBMARKETS

In addition to the county, we also analyzed four submarkets. We are specifically highlighting **Tysons** and the **Richmond Highway Corridor** to illustrate variety within the county.



## WHERE ARE NEW HOMES BEING BUILT?

Since 2018, **over 6,400 new construction homes have sold** in Fairfax County, accounting for 2% of total home sales during that period.

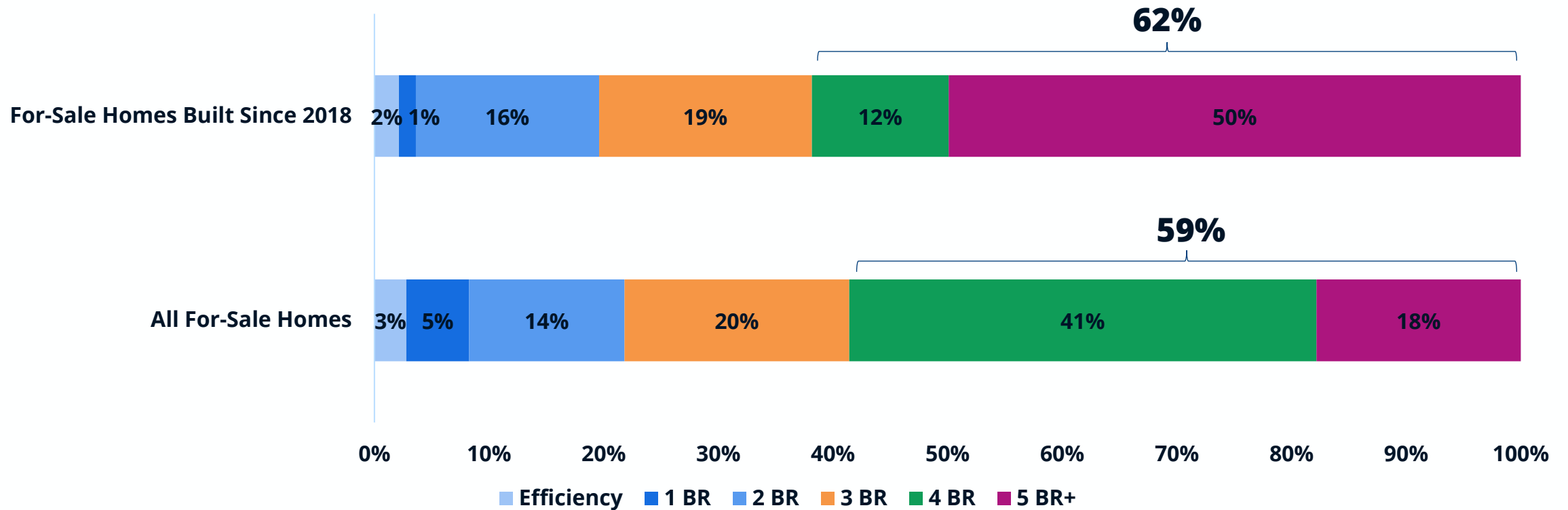


Source: Fairfax County Data

## HOW DO NEWLY BUILT HOMES DIFFER FROM OVERALL HOUSING STOCK?

For-sale homes built since 2018 are **more heavily weighted towards larger homes** with 4 and 5 + bedrooms. Since 2018, 50% of homes built had 5+ bedrooms.

### For-Sale Units by Number of Bedrooms



Source: Fairfax County



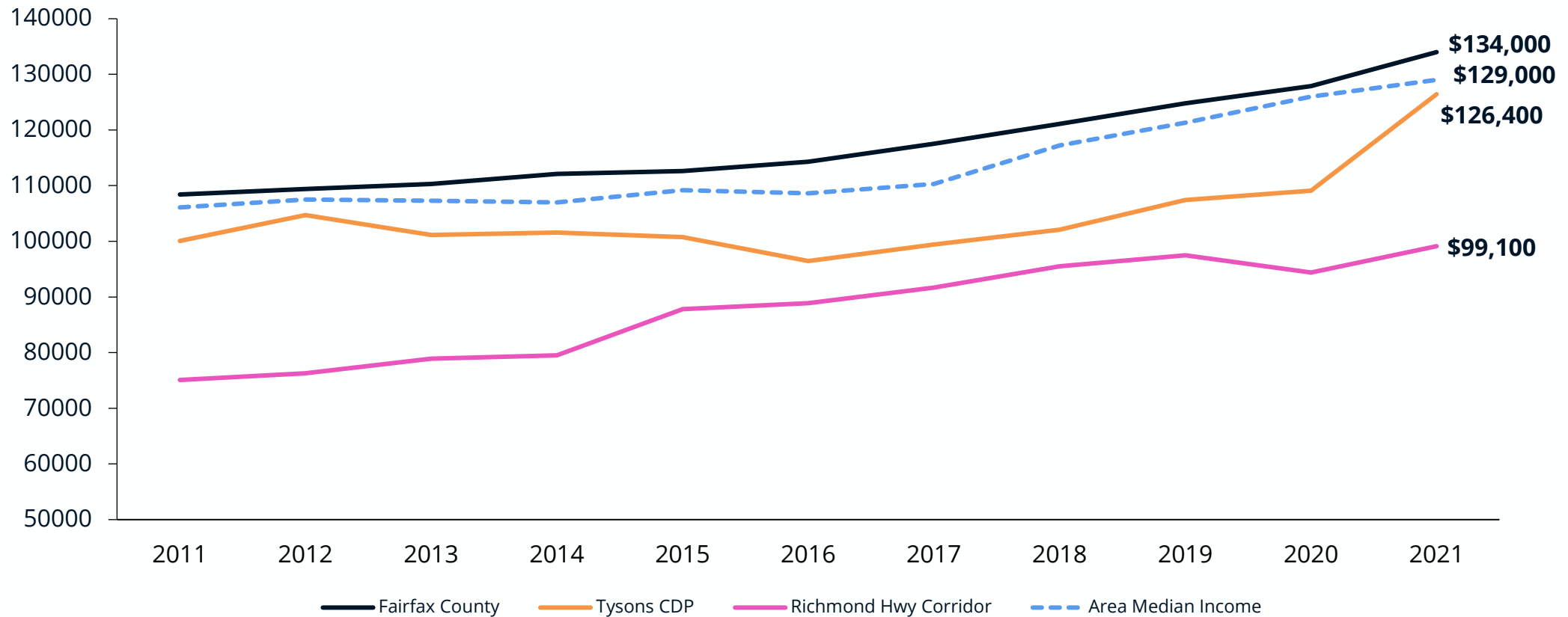
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# Housing Market Gaps and Opportunities

## HOW HAVE MEDIAN INCOMES CHANGED IN DIFFERENT PARTS OF THE COUNTY?

The Fairfax County median income tracks closely to Area Median Income (AMI), although on a local level, median incomes do vary across the county and across submarkets.

### Comparative Median Household Income (2011-2021)



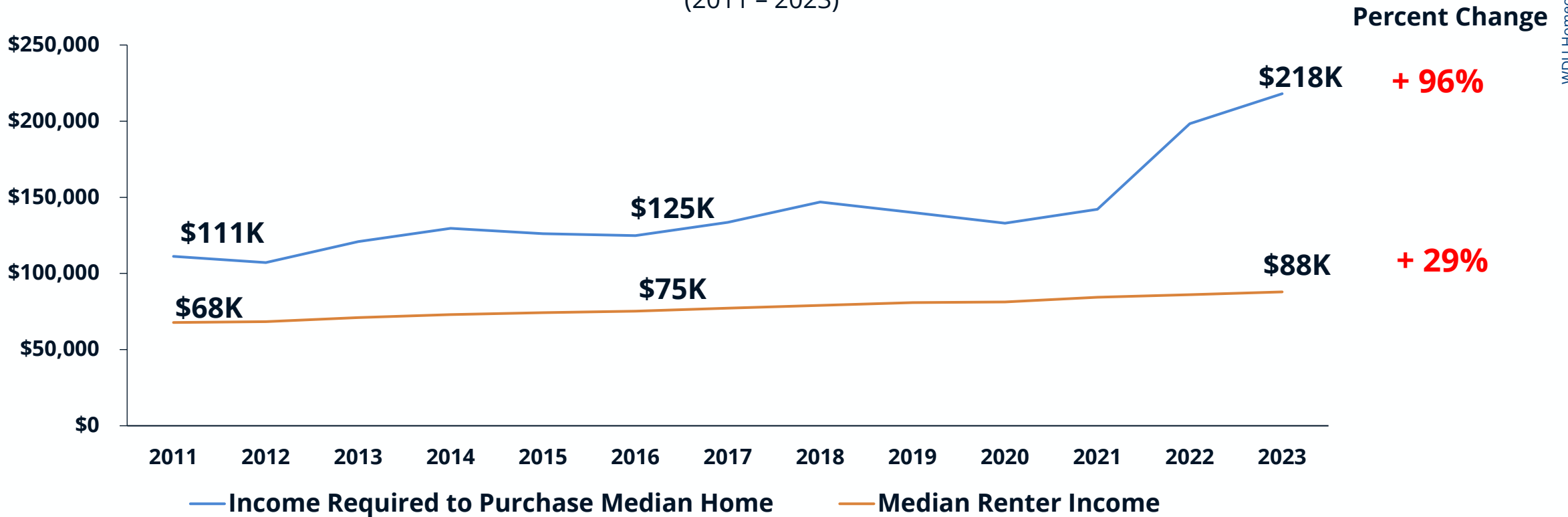
Source: American Communities Survey, 2011-2021 5-year estimates. 2011 – 2016 Estimates for Tysons Corner utilize different geographic boundaries, as CDP boundaries changed in 2017.



## HOMEOWNERSHIP

Since 2011, the income required to purchase a median priced home has increased by over \$100K to \$220K. Meanwhile, median renter incomes in the county increased by only \$20K.

### Home Values Compared with Median Renter Income (2011 - 2023)



**Source:** The Median Income Required to Purchase a home is based on Zillow Home Value Index Data, All Homes Time Series.  
[2]The mortgage payment includes, principal interest, insurance and taxes. It assumes 20% down payment, and an interest rate of 6% percent.

## WHAT SHARE OF HOMES ARE AFFORDABLE AT VARYING INCOME LEVELS?

For the next part of analysis, HR&A compared the county's existing pricing standards for WDUs, to what was sold in the last 3 years in the county. As a reference, here are the existing pricing metrics.

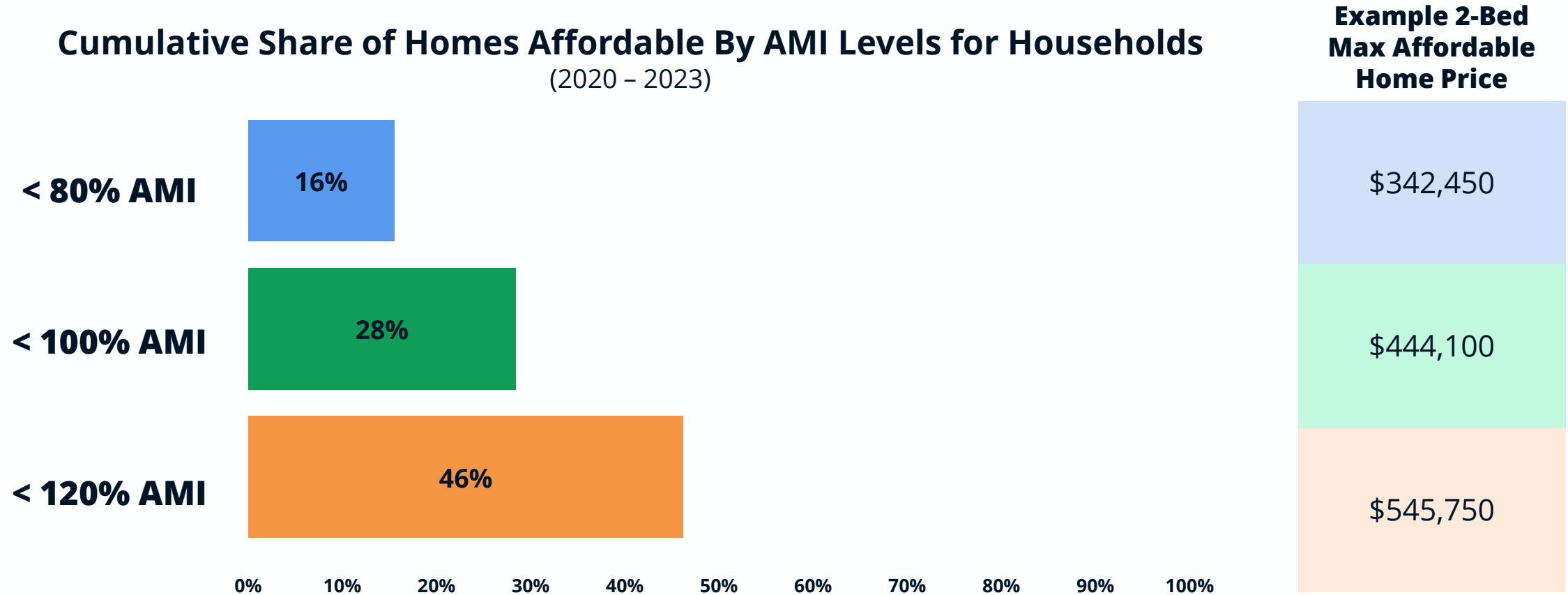
### County WDU Program Pricing by AMI

	<b>4-Person Household Income (2022)</b>	<b>Maximum Affordable 2-Bedroom Home Under WDU Pricing</b>
<b>&lt; 80% AMI</b>	\$113,850	\$342,450
<b>&lt; 100% AMI</b>	\$142,300	\$444,100
<b>&lt; 120% AMI</b>	\$170,750	\$545,750

Source: Fairfax County, Existing WDU Pricing Matrix

## WHAT SHARE OF HOMES ARE AFFORDABLE AT VARYING INCOME LEVELS?

For households earning below 100% AMI, options within a households' price range are limited. However, for households earning 100% - 120% AMI, nearly half of all homes sold fall with the WDU price limits.

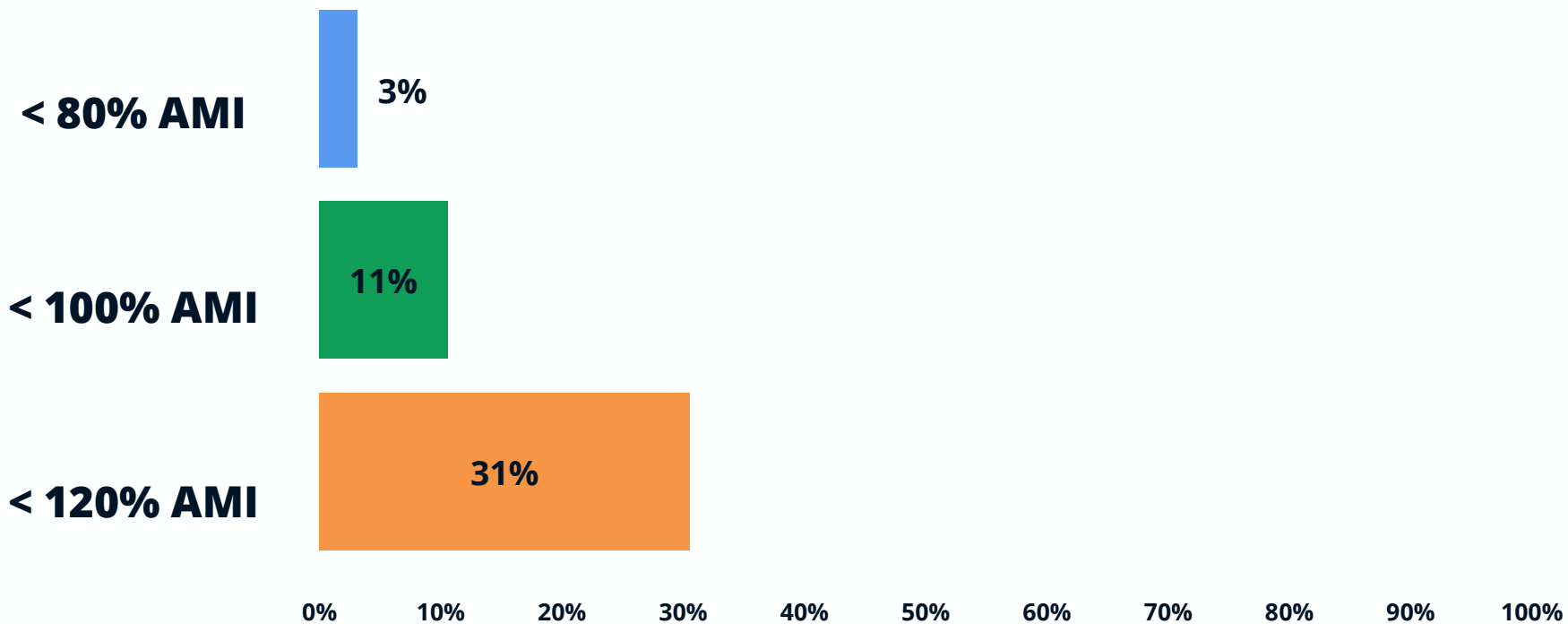


Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County, HR&A Advisors

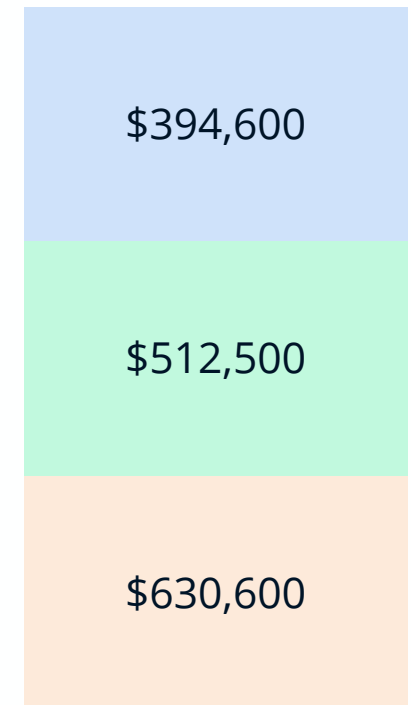
## HOW DOES AFFORDABILITY VARY BY NUMBER OF BEDROOMS?

All AMI groups have limited options for three-bedroom or larger units. Households earning under 100% AMI are most constrained and likely competing with higher-income households for these units.

### Cumulative Share of Homes with 3+ Bedrooms, Affordable By AMI Levels (2020 – 2023)



### Example 3-Bed Max Affordable Home Price

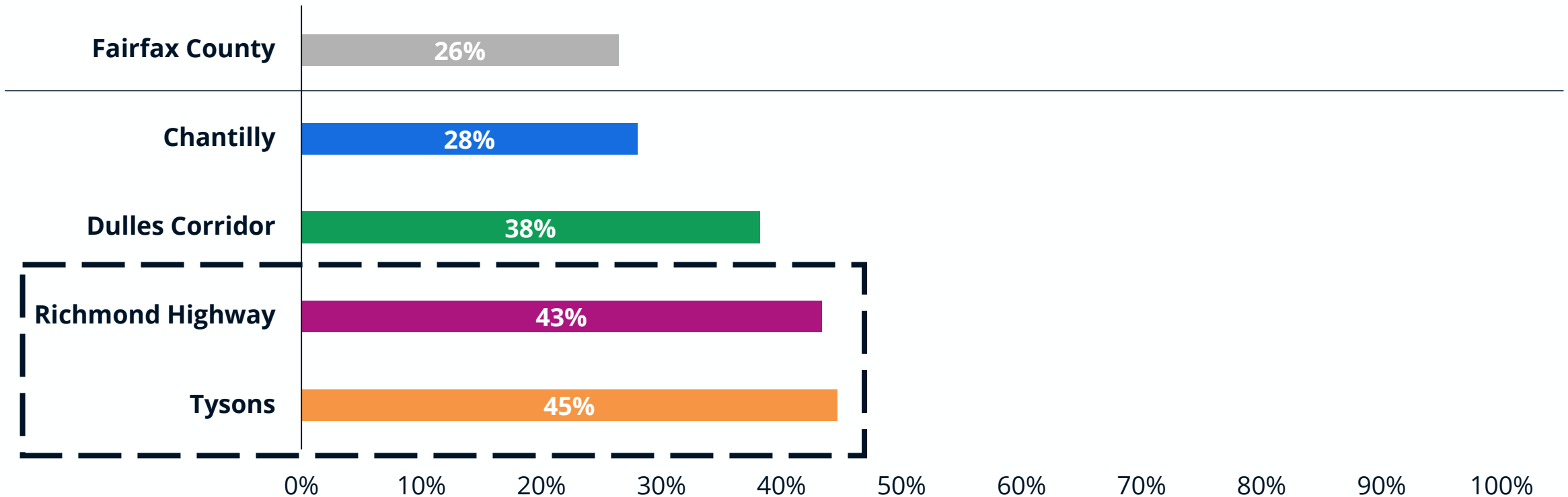


Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County, HR&A Advisors

## HOW DOES AFFORDABILITY VARY BY LOCATION?

The share of sales affordable to households earning <100% AMI varies by location – with a greater share of homes in Richmond Highway and Tysons than the Dulles Corridor and Chantilly.

**Share of Home Sales Affordable to Households <100% AMI**  
(2020 – 2023)

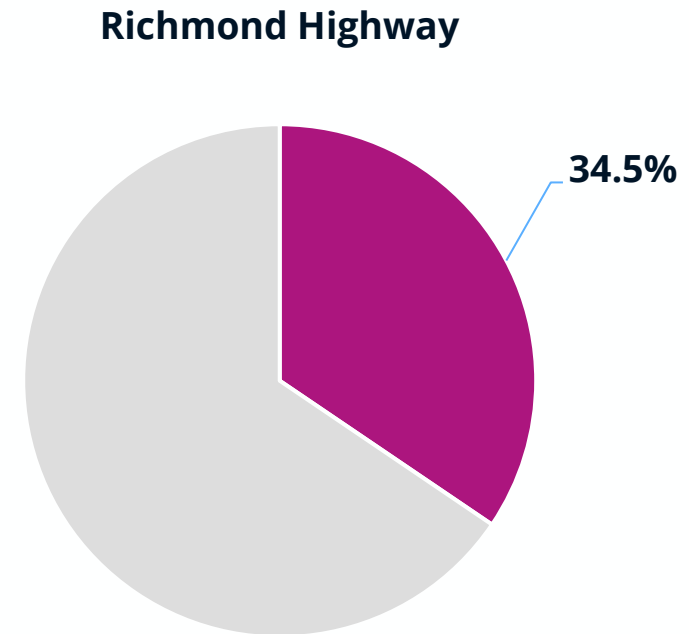
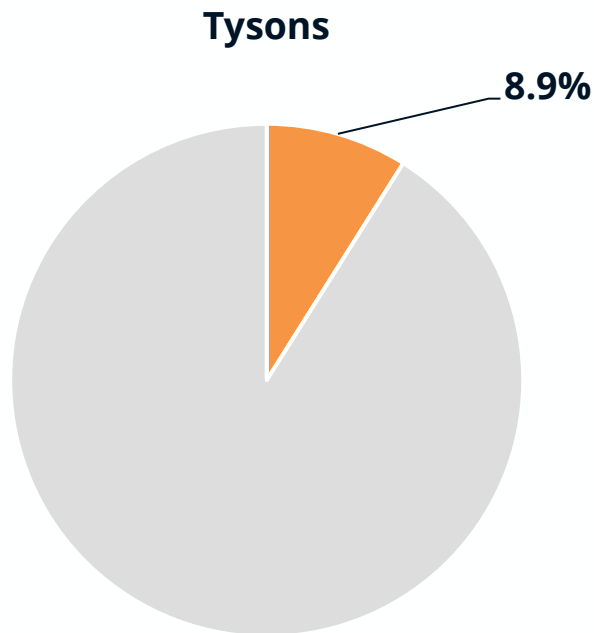


*Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County, HR&A Advisors*

## HOW DOES AFFORDABILITY VARY BY LOCATION?

However, the size of units affordable to households earning <100% AMI vary significantly between these two locations – with limited supply larger units in Tysons and a relative abundance in Richmond Highway.

### Share of Home Sales Affordable to Households <100% AMI with 3+ Bedrooms (2020 – 2023)



*Note: Only includes 'Valid and Verified Sales', Sales Prices related to price points from the WDU Program.  
Source: Fairfax County, HR&A Advisors*

## HOUSING MARKET GAPS AND OPPORTUNITIES

Based on our analysis of housing market supply and demographic information, HR&A has identified the following trends:


- Since 2011, the income required to purchase a **median priced home has increased by over \$100K**. Meanwhile, **median renter incomes increased by only \$20K**.
- Renter Households earning **below 80% AMI have limited homebuying options** in the county. Only **16% of homes sold** in the last 3 years would be affordable to 80% AMI households.
- Renter Households **earning between 100%-120% AMI**, have alternative options compared to units priced according to WDU requirements.
- Homebuying options vary by both bedroom number and geography. In Tysons for instance, **only 9% of total homes affordable to 100% AMI households had 3+ bedrooms**, while along the Richmond Highway Corridor, this was 35%.

## NEXT STEPS

Next steps build off our housing market research to evaluate potential changes to the WDU pricing model and evaluate potential impacts to project financials.







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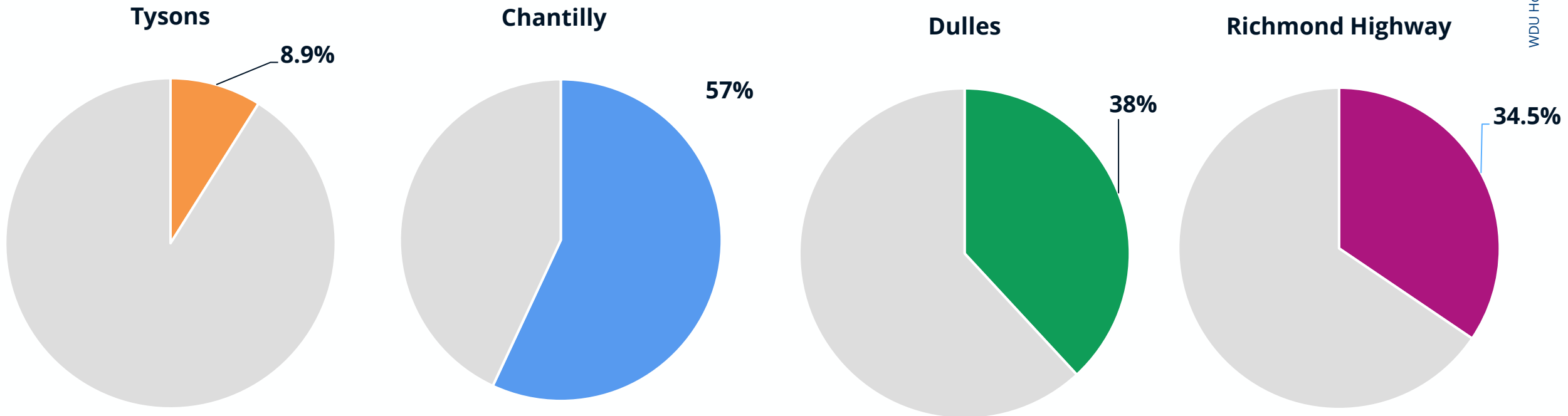
Appendix

## HOW DOES AFFORDABILITY VARY BY LOCATION?

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### Share of Home Sales Affordable to Households <100% AMI with 3+ Bedrooms

(2020 – 2023)

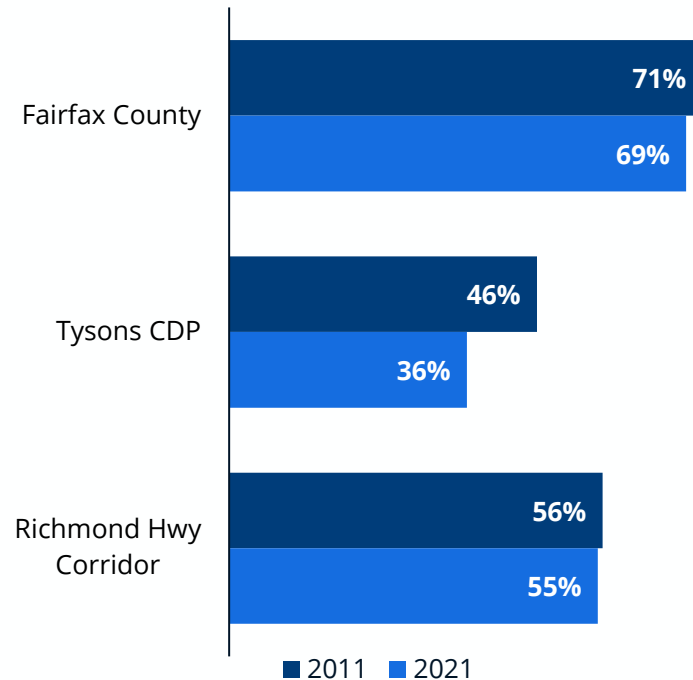


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Source: Fairfax County, HR&A Advisors

## HOW HAS HOMEOWNERSHIP CHANGED IN THE COUNTY?

The county is adding renters at a faster rate than new homeowners, particularly because of the types of new housing that are under construction.

### Comparative Homeownership Rates (2011 – 2021)



### New Households by Tenure (2011 – 2022)

Net Owner Change

**+6,300 (+2%)**

Net Renter Change

**+16,800 (+15%)**

*Source: American Communities Survey, 2011-2021 5-year estimates. 2011 Estimates for Tysons Corner utilize different geographic boundaries, as CDP boundaries changed in 2017.*