



# County of Fairfax, Virginia

## NOTICE OF OPPORTUNITY TO COMMENT

**DATE:** July 7, 2014

**FROM:** Charlene Fuhrman-Schulz *CS*  
Affordable Dwelling Unit Project Administrator  
Department of Housing and Community Development (HCD)

**THRU:** Paula Sampson, Director, HCD  
Fred Selden, Director, Department of Planning & Zoning

**SUBJECT:** Determination of Pricing for For-Sale Workforce Housing

**REFERENCE:** Fairfax County Board of Supervisors Workforce Housing Policies:  
<http://www.fairfaxcounty.gov/dpz/zoning/workforceduboardpolicy.pdf> and  
[http://www.fairfaxcounty.gov/tysons/housing/download/tysons\\_wdu\\_policy.pdf](http://www.fairfaxcounty.gov/tysons/housing/download/tysons_wdu_policy.pdf)

The Workforce Housing (WDU) program was created by the Board of Supervisors in 2007 to provide a range of affordable housing options, especially in mid and high-rise buildings. The WDU program is a proffer-based incentive system designed to encourage voluntary development of new housing affordable to a range of low- and moderate-income workers, particularly in Fairfax County's high-density areas.

Under the WDU program, for-sale units are to serve three income tiers: 80%, 100% and 120% of area median income (AMI). In Tysons, WDUs are to serve each of those three income tiers as well as households making 60% and 70% of the AMI.

The program requires that WDU sales prices be established by the County Executive after consideration of written comment from the public and the Fairfax County Department of Housing and Community Development, as well as other information that may be available. Attached is the draft of proposed sales prices for WDUs. This document is available for written comment until Thursday, August 28, 2014. Comments must be submitted via either:

- overnight courier (e.g., FedEx) or regular mail, postmarked no later than August 28, 2014, to

Charlene Fuhrman-Schulz, Affordable Dwelling Unit Project Administrator  
Fairfax County Department of Housing and Community Development  
3700 Pender Drive, Suite 300  
Fairfax, VA 22030-6039 (or)

- e-mail to [Charlene.fuhrman-schulz@fairfaxcounty.gov](mailto:Charlene.fuhrman-schulz@fairfaxcounty.gov)

Written comments will be reviewed and forwarded to the County Executive.

## DRAFT

**TABLE 1: WORKFORCE DWELLING UNIT PRICING  
FOR HIGH RISE CONDOMINIUM BUILDINGS (2014):  
AFFORDABILITY AT 60%, 70%, 80%, 100% and 120% of AMI  
ADJUSTED FOR FAMILY SIZE**

(Area Median Income: \$107,000 for a family of 4)

Household Income as percentage of AMI	Maximum income	Maximum Sales Price (Assumes 4.5% interest, monthly condo fees and 5% down payment)
<b>Efficiency/1-bedroom (2 person household)</b>		
60.00%	\$51,350	\$126,000
70.00%	\$59,900	\$156,600
80.00%	\$68,500	\$187,500
100.00%	\$85,600	\$250,700
120.00%	\$102,700	\$312,500
<b>2-bedroom (4 person household)</b>		
60.00%	\$64,200	\$161,700
70.00%	\$74,900	\$202,100
80.00%	\$85,600	\$239,400
100.00%	\$107,000	\$319,300
120.00%	\$128,400	\$395,100
<b>3-bedroom (6 person household)</b>		
60.00%	\$74,500	\$187,500
70.00%	\$86,900	\$232,900
80.00%	\$99,300	\$277,500
100.00%	\$124,100	\$367,600
120.00%	\$148,950	\$458,100

**Notes:**

1. As stated in the WDU policy, prices will be reviewed on a semi-annual basis taking into account current interest rates and condominium fees. Any adjustments will be sent to the County Executive for approval.
2. Maximum sales price is based on 2, 4 and 6 person households. Assumes 4.5% interest rate based on current interest rate for a 30 year fixed mortgage. Should the average interest rates change, purchase prices would be adjusted accordingly. Down payment is assumed to be a minimum of 5%.
3. Condominium fee used for the calculation is \$.50/sq. ft. resulting in \$300/month for 1 bedroom, \$375 for 2-bedroom and \$450 for a 3-bedroom. If condominium fees are different, purchase prices would be adjusted accordingly. Unit sizes are based on the WDU policy of 450 square feet for an efficiency, 600 square feet for a 1-bedroom, 750 square feet for a 2-bedroom and 900 square feet for a 3-bedroom.
4. The calculator used to create this table assumes the 2014 tax rate of \$1.17/100; mortgage insurance at \$780/100,000; hazard insurance at \$1020; a 30-year fixed rate loan and 36% monthly PITI. The link is: <https://www.navyfederal.org/calcs/mortgagemax.php>. Should these rates change, prices would be adjusted accordingly. Numbers have been rounded.

**Mortgage calculator:** <https://www.navyfederal.org/calcs/mortgagemax.php>

## Definitions

**Monthly income:** Total monthly income from all sources. All income should be entered before taxes.

**Monthly housing expenses:** Your monthly housing expenses from the housing expenses worksheet. The items entered as housing expenses make up the taxes and insurance portion of your monthly PITI payment.

**Monthly liabilities:** Your monthly liabilities from the liabilities worksheet. Your monthly liabilities are used to calculate your maximum PITI.

**Monthly housing payment (PITI):** This is your total principal, interest, taxes and insurance (PITI) payment per month. This includes your principal, interest, real estate taxes, hazard insurance, association dues or fees and principal mortgage insurance (PMI). Maximum monthly payment (PITI) is calculated by taking the lower of these two calculations:

1. Monthly Income X 28% = monthly PITI
2. Monthly Income X 36% - Other loan payments = monthly PITI

**Maximum principal and interest (PI):** This is your maximum monthly principal and interest payment. It is calculated by subtracting your monthly taxes and insurance from your monthly PITI payment. This calculator uses your maximum PI payment to determine the mortgage amount that you could qualify for.

**Start interest rates at:** The current interest rate you could receive on your mortgage.

**Term in years:** The number of years over which you will repay this loan: 30 years,

## Assumptions made to determine sales price:

**Interest Rate:** Fixed Rate for a non-Jumbo, conforming Loan. For the purposes of the initial pricing 4.5% interest rate was assumed. For future updates the published interest rate in the Wall Street Journal (- <http://online.wsj.com/article/PR-CO-20140522-907612.html>) along with <http://www.bankrate.com/finance/mortgages/mortgage-analysis.aspx> will be used to determine an average interest rate.

For purposes of establishing a sales price, a 5% down payment is assumed and is added to the mortgage amount determined by using the calculator.

**Mortgage Insurance:** (<http://www.bartaustin.com/lasvegas/pmi-calculation.html>); 5% down, 30 year fixed. Rate is \$780/100,000.

**2014 Tax Rate:** ([http://www.fairfaxcounty.gov/dta/realestatetax\\_taxrates.htm](http://www.fairfaxcounty.gov/dta/realestatetax_taxrates.htm)) Base is (1.09) + Tysons Service District (.04) + Stormwater Service District (.0225) + Pest Infestation (.001) = 1.17/100. Same rate is applicable to Reston.

**Condo Fees:** \$0.50/sq. ft. (\$300 for an efficiency and/or one-bedroom – unit size assumption 600 sq. ft. based on WDU policy, \$375 for a two-bedroom (750 sq. ft.) and \$450 for a three-bedroom (900 sq. ft.).

2014 QUALIFYING INCOME BY HOUSEHOLD SIZE FOR 60%, 70%, 80%, 100% AND 120% AMI (Area Median Income for a family of 4 = \$107,000)				
Household Income as percentage of AMI	Maximum qualifying income		Household Income as percentage of AMI	Maximum qualifying income
<b>Household size: 1</b>			<b>Household size: 4</b>	
60.00%	\$44,950		60.00%	\$64,200
70.00%	\$52,450		70.00%	\$74,900
80.00%	\$59,900		80.00%	\$85,600
100.00%	\$74,900		100.00%	\$107,000
120.00%	\$89,900		120.00%	\$128,400
<b>Household size: 2</b>			<b>Household size: 5</b>	
60.00%	\$51,350		60.00%	\$69,350
70.00%	\$59,900		70.00%	\$80,900
80.00%	\$68,500		80.00%	\$92,450
100.00%	\$85,600		100.00%	\$115,550
120.00%	\$102,700		120.00%	\$138,650
<b>Household size: 3</b>			<b>Household size: 6</b>	
60.00%	\$57,800		60.00%	\$74,500
70.00%	\$67,400		70.00%	\$86,900
80.00%	\$77,050		80.00%	\$99,300
100.00%	\$96,300		100.00%	\$124,100
120.00%	\$115,550		120.00%	\$148,950
Notes: Numbers are rounded				
1. Adjustments for family size are as follows and are per HUD: 1 person = 70%; 2 persons = 80%; 3 persons = 90%; 4 persons = 100%; 5 persons = 108%; 6 persons = 116%; 7 persons = 124%; 8 persons = 132%				
2. Formula: Area Median Income for a household of 4 adjusted for household size x AMI tier being served.				
Example: Household of 5 at 80% AMI: \$107,000 x 108% x 80% = \$92450				