



# **Fee Waivers & Affordable Housing**

March 2024



## **Code of Virginia (§15.2-958.4)**

### **Waiver of certain fees for affordable housing**

- A. A locality may by ordinance provide for the waiver of building permit fees and other local fees associated with the construction, renovation, or rehabilitation of housing by a § 501(c)(3) organization with a primary purpose of assisting with the provision of affordable housing.
- B. A locality may by ordinance provide for the waiver of building permit fees and other local fees associated with the construction, renovation, or rehabilitation of housing by a private-sector entity that is pursuing an affordable housing development. For purposes of this subsection, a locality may determine in its ordinance what constitutes affordable housing and may set other conditions on the waiver of fees as it deems appropriate.



## Examples Elsewhere & Here

- City of Charlottesville: Reduced water & sewer connection fees
  - \$1,600 for single-family (vs \$8,805), or a 75% reduction
  - 80% AMI (rental & sale) with 5-year affordability commitment
- Loudoun County: Land development and permit fee waivers
  - 100% of applicable fees up to \$100,000 per project
  - 60% AMI rental & 100% AMI sale; 30-year affordability commitment
- *In Harrisonburg, government, civic, charitable and nonprofit organizations are exempt from permit fee requirements for signs [Sec. 10-3-208]*



## Why Fee Waivers for affordable housing?

- Offsetting some costs tied to development potentially reduces financed project expenses (and subsequent debt service), for lower rent or sales prices
- Fee waivers count as local subsidy (match) for developers seeking certain financing through Virginia Housing



## Typical Development Fees

**Land Use & Zoning**

**Sub-Divisions**

**Site Planning**

**Code & Permits**

**Public Utilities**



## Typical Development Fees

Sub-Divisions

Site Planning

Code & Permits

Public Utilities

### Land Use & Zoning

- Ordinance Amendments
- Rezoning
- Special Use Permits
- Variances & Appeals

\$450

\$550 + \$30/ac

\$425 + \$30/ac

\$300



## Typical Development Fees

Land Use & Zoning

Site Planning

Code & Permits

Public Utilities

### Sub-Divisions

- **Major, with variance**
- **Major, no variance**
- **Minor**
- **Final Plat**

\$20 per lot, plus

\$200

\$175

\$150

\$150



## Typical Development Fees

Land Use & Zoning

Sub-Divisions

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### Site Planning

- **Site/Engineering**
- **Erosion Control**
- **Stormwater Mgmt**
- **Resubmittals**

\$400 + 10/unit

\$300 + \$50/ac

\$200 - \$6,100

\$100 - \$300





## Typical Development Fees

Land Use & Zoning

Sub-Divisions

Site Planning

Public Utilities

### Code & Permits

- **Plumbing Permit**
- **Electrical Permit**
- **Mechanical Permit**
- **Building Permit**

\$55.08 / unit

\$55.08 / unit

\$55.08 / unit

\$60 for \$2000 value +  
\$6 each additional \$1000



# Typical Development Fees

Land Use & Zoning

Sub-Divisions

Site Planning

Code & Permits

## Public Utilities

- **Water Connection**
- **Sewer Connection**
- **Water Capital Fee**
- **Sewer Capital Fee**

Single family

Multi family

\$2,500 by meter

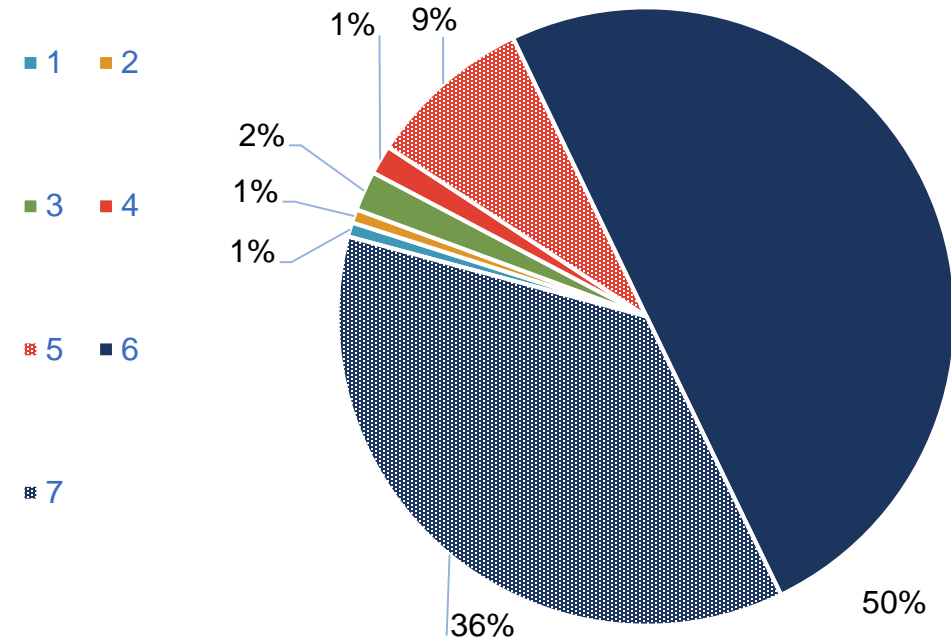
\$3,000 by size

\$2,000 \$500+ \$1,500ea

\$2,000 \$500+ 1,500ea

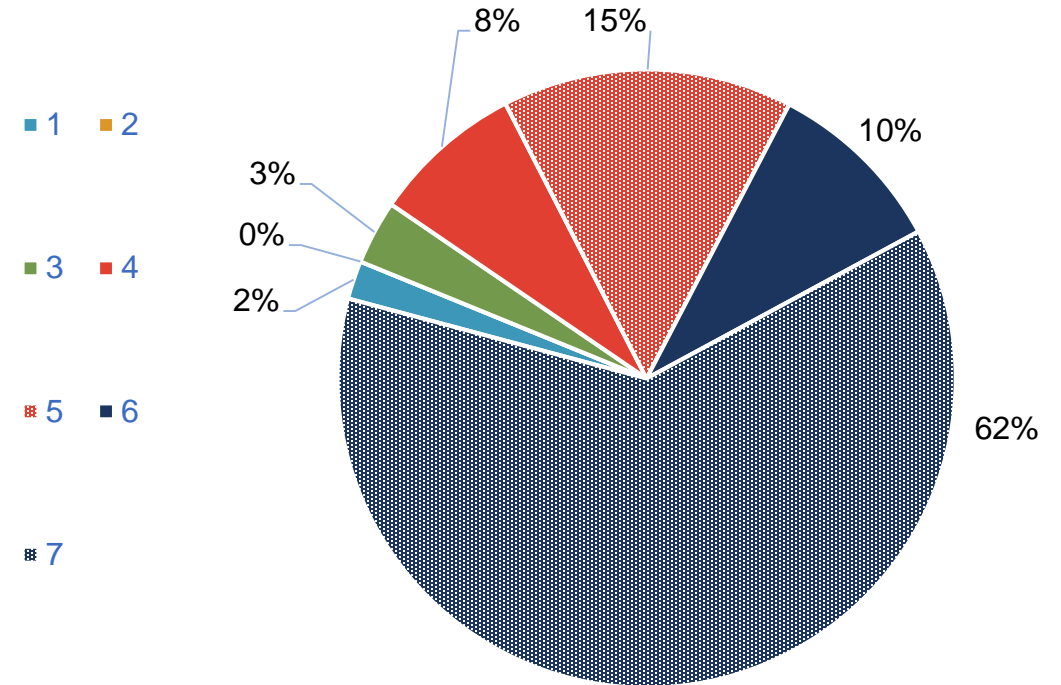
## Development Fee Example: Suter Street (21 units/2.03 ac)

Fee Category	Cost
1 - Land Use & Zoning	1,733
2 - Subdivisions	1,650
3 - Site Planning	4,810
4 - Code & Permits: MEC	3,530
5 - Code & Permits: Building	20,000
6 - Public Utilities: Connection	115,500
7 - Public Utilities: Recovery Fee	84,000
<b>Total</b>	<b>231,223</b>
<b>Per Unit</b>	<b>11,011</b>



## Development Fee Example: Foley Efficiencies (11 units/1.06 ac)

Fee Category	Cost
1 - Land Use & Zoning	485
2 - Subdivisions	0
3 - Site Planning	810
4 - Code & Permits: MEC	1,916
5 - Code & Permits: Building	3,672
6 - Public Utilities: Connection	2,289
7 - Public Utilities: Capital Fee	15,000
<b>Total</b>	<b>24,172</b>
<b>Per Unit</b>	<b>3,453</b>





## **Proposed FY25 Pilot Fee Waiver Program**

- Waiver: 100% of water & sewer recovery fees (\$4,000/unit)
- Developer Type: non-profit and for-profit
- Tenure Type: Homeownership
- Income Restrictions: 100% AMI
- Affordability Period: 5 years
- Price restriction methodology: Virginia Housing guidelines
- \$40,000 pilot program = 10 units



## **Purpose of Fee Waiver Pilot Program**

- Add to “housing toolbox”
- Monitor impact
- Adjust, adapt, and improve



## **FY 25 Fee Waiver Pilot Program Priorities**

- Substantial enough for impact
  - Deeper/longer affordability for planned affordable units
  - Affordable units instead of market rate
  - Gap funds to enable affordable project viability
- Simple process for applicant / developer
- Manageable for staff to administer
- Waiver considerations
  - Timeliness of forthcoming units
  - Fees are set at a flat, “per unit” rate



## Timeline & Next Steps

- Draft fee waiver pilot program and ordinance
- Present to Council (by June '24)
- Begin fee waiver pilot program (July '24)





**Questions?**

**Thank You!**