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**HOUSE BILL NO. 2910**

Offered January 10, 2007

Prefiled January 10, 2007

*A BILL to amend and reenact § 15.2-2305 of the Code of Virginia, relating to affordable dwelling unit ordinances.*

Patrons—Spruill, Armstrong, BaCote, Hall, Howell, A.T., Jones, D.C., Melvin and Ward

Referred to Committee on Counties, Cities and Towns

**Be it enacted by the General Assembly of Virginia:****1. That § 15.2-2305 of the Code of Virginia is amended and reenacted as follows:**

§ 15.2-2305. Affordable dwelling unit ordinances.

A. In furtherance of the purpose of providing affordable shelter for all residents of the Commonwealth, the governing body of any county, other than counties to which § 15.2-2304 applies, city or town may by amendment to the zoning ordinances of such locality provide for an affordable housing dwelling unit program. Such program shall address housing needs, promote a full range of housing choices, and encourage the construction and continued existence of moderately priced housing by providing for optional increases in density in order to reduce land costs for such moderately priced housing. Any local ordinance of any locality providing optional increases in density for provision of low and moderate income housing adopted before December 31, 1988, shall continue in full force and effect. Any local ordinance may authorize the governing body to (i) establish qualifying jurisdiction-wide affordable dwelling unit sales prices based on local market conditions, (ii) establish jurisdiction-wide affordable dwelling unit qualifying income guidelines, and (iii) offer incentives other than density increases, such as reductions or waiver of permit, development, and infrastructure fees, as the governing body deems appropriate to encourage the provision of affordable housing. Counties to which § 15.2-2304 applies shall be governed by the provisions of § 15.2-2304 for purposes of the adoption of an affordable dwelling unit ordinance.

B. A zoning ordinance establishing an affordable housing dwelling unit program may include, among other things, reasonable regulations and provisions as to any or all of the following:

1. For a definition of affordable housing and affordable dwelling units.

2. For application of the requirements of an affordable housing dwelling unit program to any site, as defined by the locality, or a portion thereof at one location which is the subject of an application for rezoning or special exception or, at the discretion of the local governing body, site plan or subdivision plat which yields, as submitted by the applicant, fifty or more dwelling units at an equivalent density greater than one unit per acre and which is located within an approved sewer area.

3. For an increase of up to twenty percent in the developable density of each site subject to the ordinance and for a provision requiring up to twelve and one-half percent of the total units approved, including the optional density increase, to be affordable dwelling units, as defined in the ordinance. In the event a twenty percent increase is not achieved, the percentage of affordable dwelling units required shall maintain the same ratio of twenty percent to twelve and one-half percent.

4. For increases by up to twenty percent of the density or of the lower and upper end of the density range set forth in the comprehensive plan of such locality applicable to rezoning and special exception applications that request approval of single family detached dwelling units or single family attached dwelling units, when such applications are approved after the effective date of a local affordable housing zoning ordinance amendment.

5. For a requirement that not less than twelve and one-half percent of the total number of dwelling units approved pursuant to a zoning ordinance amendment enacted pursuant to subdivision B 4 of this section shall be affordable dwelling units, as defined by the local zoning ordinance unless reduced by the twenty to twelve and one-half percent ratio pursuant to subdivision B 3 of this section.

6. For increases by up to ten percent of the density or of the lower and upper end of the density range, whichever is appropriate, set forth in the comprehensive plan of such locality applicable to rezoning and special exception or, at the discretion of the local governing body, site plan and subdivision plat applications that request approval of ~~one or more~~ multiple family dwelling unit structures ~~four stories or less in height~~ when such applications are approved after the effective date of a local affordable housing zoning ordinance. However, at the option of the applicant, the provision pursuant to subdivision B 4 shall apply.

7. For a requirement that not less than six and one-quarter percent of the total number of dwelling units approved pursuant to a zoning ordinance amendment enacted pursuant to subdivision B 6 of this

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HB2910

59 section shall be affordable dwelling units, as defined in the local zoning ordinance. In the event a ten  
60 percent increase is not achieved, the percentage of affordable dwelling units required shall maintain the  
61 same ratio of ten percent to six and one-quarter percent.

62 8. For reasonable regulations requiring the affordable dwelling units to be built and offered for sale  
63 or rental concurrently with the construction and certificate of occupancy of a reasonable proportion of  
64 the market rate units.

65 9. For standards of compliance with the provisions of an affordable housing dwelling unit program  
66 and for the authority of the local governing body or its designee to enforce compliance with such  
67 standards and impose reasonable penalties for noncompliance, provided that a local zoning ordinance  
68 provide for an appeal process for any party aggrieved by a decision of the local governing body.

69 C. ~~Nothing contained in this section shall apply to any elevator structure four stories or above.~~*The*  
70 *local governing body may establish a housing fund, the purpose of which will be to assist nonprofit*  
71 *organizations to develop or preserve affordable housing for low- and moderate-income persons and*  
72 *families. The fund may be used to assist the nonprofit organizations with items such as the acquisition*  
73 *of land and improvements or the construction of buildings, lighting, utilities, drainage, landscaping,*  
74 *walkways, and similar site improvements, other than the construction of streets. The local governing*  
75 *body may, by ordinance, authorize developers and builders to make reasonable contributions to the*  
76 *housing fund in exchange for increased residential densities over the maximum permitted by zoning*  
77 *regulations. The amount of contribution in relation to maximum increases in residential densities shall*  
78 *adhere to the ratios provided in subsection B for affordable housing.*

79 D. Any ordinance adopted hereunder shall provide that the local governing body shall have no more  
80 than 280 days in which to process site or subdivision plans proposing the development or construction  
81 of affordable housing or affordable dwelling units under such ordinance. The calculation of such period  
82 of review shall include only the time that plans are in review by the local governing body and shall not  
83 include such time as may be required for revision or modification in order to comply with lawful  
84 requirements set forth in applicable ordinances and regulations.

85 E. A locality establishing an affordable housing dwelling unit program in its zoning ordinance shall  
86 establish in its general ordinances, adopted in accordance with the requirements of § 15.2-1427 B,  
87 reasonable regulations and provisions as to any or all of the following:

88 1. For administration and regulation by a local housing authority or by the local governing body or  
89 its designee of the sale and rental of affordable units.

90 2. For a local housing authority or local governing body or its designee to have an exclusive right to  
91 purchase up to one-third of the for-sale affordable housing dwelling units within a development within  
92 ninety days of a dwelling unit being completed and ready for purchase, provided that the remaining  
93 two-thirds of such units be offered for sale exclusively for a ninety-day period to persons who meet the  
94 income criteria established by the local housing authority or local governing body or the latter's  
95 designee.

96 3. For a local housing authority or local governing body or its designee to have an exclusive right to  
97 lease up to a specified percentage of the rental affordable dwelling units within a development within a  
98 controlled period determined by the housing authority or local governing body or its designee, provided  
99 that the remaining for-rental affordable dwelling units within a development be offered to persons who  
100 meet the income criteria established by the local housing authority or local governing body or its  
101 designee.

102 4. For the establishment of jurisdiction-wide affordable dwelling unit sales prices by the local  
103 housing authority or local governing body or the latter's designee, initially and adjusted semiannually,  
104 based on a determination of all ordinary, necessary and reasonable costs required to construct the  
105 affordable dwelling unit prototype dwellings by private industry after considering written comment by  
106 the public, local housing authority or advisory body to the local governing body, and other information  
107 such as the area's current general market and economic conditions, provided that sales prices not include  
108 the cost of land, on-site sales commissions and marketing expenses, but may include, among other costs,  
109 builder-paid permanent mortgage placement costs and buy-down fees and closing costs except prepaid  
110 expenses required at settlement.

111 5. For the establishment of jurisdiction-wide affordable dwelling unit rental prices by a local housing  
112 authority or local governing body or its designee, initially and adjusted semiannually, based on a  
113 determination of all ordinary, necessary and reasonable costs required to construct and market the  
114 required number of affordable dwelling rental units by private industry in the area, after considering  
115 written comment by the public, local housing authority, or advisory body to the local governing body,  
116 and other information such as the area's current general market and economic conditions.

117 6. For a requirement that the prices for resales and rentals be controlled by the local housing  
118 authority or local governing body or designee for a period of fifty years after the initial sale or rental  
119 transaction for each affordable dwelling unit, provided that the ordinance further provide for reasonable  
120 rules and regulations to implement a price control provision.

121 7. For establishment of an affordable dwelling unit advisory board which shall, among other things,  
122 advise the jurisdiction on sales and rental prices of affordable dwelling units; advise the housing  
123 authority or local governing body or its designees on requests for modifications of the requirements of  
124 an affordable dwelling unit program; adopt regulations concerning its recommendations of sales and  
125 rental prices of affordable dwelling units; and adopt procedures concerning requests for modifications of  
126 an affordable housing dwelling unit program. Members of the board, to be ten in number and to be  
127 appointed by the governing body, shall be qualified as follows: two members shall be either civil  
128 engineers or architects, each of whom shall be registered or certified with the relevant agency of the  
129 Commonwealth, or planners, all of whom shall have extensive experience in practice in the locality; one  
130 member shall be a real estate salesperson or broker, licensed in accordance with Chapter 21  
131 (§ 54.1-2100 et seq.) of Title 54.1; one member shall be a representative of a lending institution which  
132 finances residential development in the locality; four members shall consist of a representative from a  
133 local housing authority or local governing body or its designee, a residential builder with extensive  
134 experience in producing single-family detached and attached dwelling units, a residential builder with  
135 extensive experience in producing multiple-family dwelling units, and a representative from either the  
136 public works or planning department of the locality; one member may be a representative of a nonprofit  
137 housing organization which provides services in the locality; and one citizen of the locality. At least four  
138 members of the advisory board shall be employed in the locality.

139 8. The sales and rental price for affordable dwelling units within a development shall be established  
140 such that the owner/applicant shall not suffer economic loss as a result of providing the required  
141 affordable dwelling units. "Economic loss" for sales units means that result when the owner or applicant  
142 of a development fails to recoup the cost of construction and certain allowances as may be determined  
143 by the designee of the governing body for the affordable dwelling units, exclusive of the cost of land  
144 acquisition and cost voluntarily incurred but not authorized by the ordinance, upon the sale of an  
145 affordable dwelling unit.