

# Mapping Housing Dynamics and Affordability Solutions in Fairfax City, Virginia

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## Abstract:

Northern Virginia's housing crisis is an increasingly worrisome issue amongst the local governments affected. While COVID-19 has influenced some residents to flee the region, it has also created an issue of housing shortages. The DC metropolitan area is densely populated, and the primary reason for this is the job opportunities within and surrounding the US capital. There are many other dynamics in question as well that cause surges in home values. The COVID-19 pandemic gave people reason to think more intentionally about their homes due to quarantines and lockdowns, and remote employment became more widespread in the region. This caused the population to think about either renovating their home or selling it to go elsewhere.

The Fairfax Renaissance Housing Corporation (FRHC) is a small, government-funded non-profit that approves home renovation loans to City of Fairfax residents looking to improve their house. Working in partnership with a local City bank, Main Street Bank, the FRHC board approves loans from \$10,000-\$300,000, with \$300,000 being the maximum amount the bank can loan to a single household. In this program, residents pay \$0 interest for the first two years of loan payments. To qualify for a loan, residents must live within City limits in a house assessed less than \$875,000 that is at least 10 years old. This loan program largely benefits the City's annual property tax revenue, and people have better reason to stay in their homes rather than sell.

One benefit of using this program is to renovate the housing stock that is currently standing in the City, and like much of the eastern United States where land settlement first occurred, much of the housing stock is quite old (Figure 1). As mentioned in the City's 2035 Comprehensive Plan, the long-standing document that outlines the goals for the City's resources, land use, and infrastructure, FRHC has a goal to provide residents with useful programs that will "modernize" the local housing stock (City of Fairfax Planning Commission, 2019). The program does not provide a traditional affordable housing solution, nor is it considered "affordable" regarding policy that could be made to make housing less expensive overall; however, it does keep the community one where people love to live, and it gives more to the local government to provide quality resources back to the community.

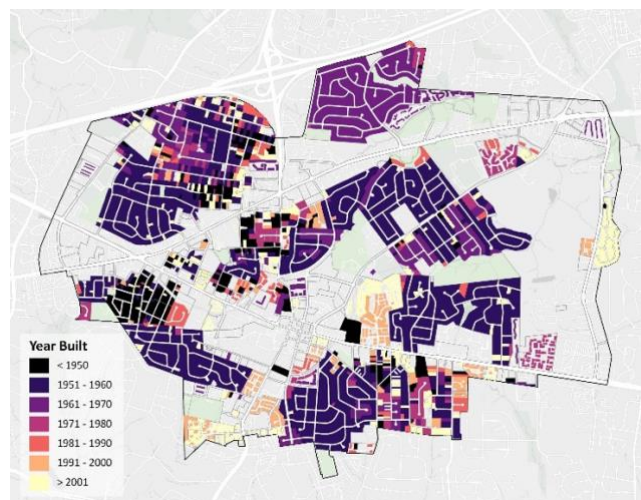


Figure 1. Map of the aging housing stock in the City of Fairfax

Among FRHC’s guidelines to be eligible for an interest-free loan is the requirement that a house must be below \$875,000 assessed by the local government. In 2018, when this threshold was determined, this value made sense in the housing market during that time. In the year prior, a mere 3.4% of homes were ineligible for the program (Figure 2). Many homes that need renovating are assessed below this value in the City, which led to this threshold determination. Following 2020, home values and costs increased; this caused many houses in the City to fall above the threshold, making them ineligible for a FRHC loan.

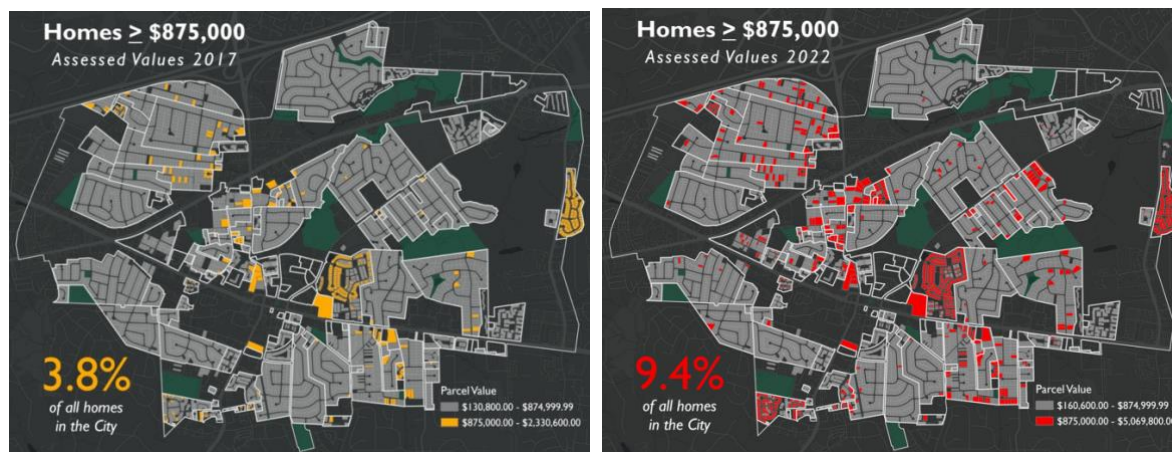


Figure 2. Map of homes currently assessed within and above the FRHC threshold in the City of Fairfax, in 2017 and 2022

Today, about 9.4% are excluded from the FRHC program (Figure 2). There are many neighbourhoods that are ineligible that could greatly benefit if the threshold were just slightly raised to match what homes are currently worth compared to 2018 values. Further analysis into potential thresholds, or ‘caps’, was placed in a table and determined using spatial queries (Table 1).

Caps	2022 Homes Excluded	875k < X < Cap	% Made Eligible
\$875,000	9.28%	0	0.00%
\$885,000	8.78%	41	0.50%
\$895,000	8.41%	71	0.87%
\$905,000	8.06%	100	1.22%
\$915,000	7.68%	131	1.60%
\$925,000	7.47%	148	1.81%
\$935,000	7.19%	171	2.09%
\$945,000	6.99%	187	2.29%
\$955,000	6.72%	209	2.56%
\$965,000	6.58%	221	2.71%
\$975,000	6.21%	251	3.07%
\$985,000	5.78%	286	3.50%
\$995,000	5.41%	316	3.87%
\$1,000,000	5.28%	327	4.00%

Table 1. Potential threshold values to raise current cap to, percentage of homes in the City excluded based on given cap, newly added properties, and percent made eligible based on newly added properties.

The FRHC board was given recommendations to increase the uptake of the loan program. Based on Table 1, the board was encouraged to increase the threshold to \$975,000, as this number is more current with costs and values of a home compared to 2018.

### Acknowledgements

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### Reference

City of Fairfax Planning Commission (2017). 2035 Comprehensive Plan. City of Fairfax, Virginia