

Fund 143

Homeowner and Business Loan Programs

Mission

The overall goals of the Homeowner and Business Loan Programs are to enhance the quality of life and economic base of the County by providing support for homeownership, to repair and upgrade existing housing, and to assist small and minority businesses.

Focus

Fund 143, Homeowner and Business Loan Programs, has three focuses. One focus is to provide a means and opportunity for low- and moderate-income households to become homeowners in the County through homeownership programs operated by the Fairfax County Redevelopment and Housing Authority (FCRHA), such as the Moderate Income Direct Sales (MIDS) program. The second focus is to provide affordable loans for housing improvement and rehabilitation to qualifying low-income homeowners or homeowners living in areas targeted for improvement, resulting in the elimination of health and safety code violations, enhancing the quality and appearance of existing housing, and retaining existing affordable housing. The third focus is to provide business assistance and counseling services as well as direct loans to qualified minority businesses. Fund 143 is comprised of three programs designed to meet the agency mission as detailed below:

- ◆ The Home Improvement Loan Program (HILP) provides loans to low- and moderate-income individuals to repair, modernize, or expand the living space for their families to help alleviate overcrowded conditions. Funds are also loaned to homeowners who are cited for health and housing code violations, and for replacement housing, if necessary. Grants are provided for low-income elderly or disabled residents through the Elderly Home Repair Program to make needed repairs and provide for handicapped accessibility, to prevent displacement, and to allow these individuals to live in safe and sanitary housing. County appropriated funds within Fund 143, Homeowner and Business Loan Programs, are used in conjunction with bank funds budgeted in Fund 945, Non-Appropriated Rehabilitation Loans, and federal funding in Fund 142, Community Development Block Grant, to increase the assistance available to County residents.
- ◆ The Moderate Income Direct Sales (MIDS) program is designed to provide affordable homeownership opportunities for low- to moderate-income families who otherwise could not afford to purchase a home. Established in 1978, this program funds second trust loans up to \$15,000 that are repaid when the home is resold. The second trust allows the sales price to be affordable to families who would not normally qualify for home ownership. As initially established, MIDS units acquired or constructed by the FCRHA were sold to moderate-income families, and the purchase was made possible by the provision of the second trust loans. The resale price of the unit is limited, and the FCRHA has the right of first refusal when the home is resold.
- ◆ The Small and Minority Business Loan program was initiated in FY 1996, and Fund 143, Homeowner and Business Loan Programs, was expanded to include the receipt of federal funds for operation of this program which provides loans to qualified small and minority businesses. Program funds are administered by the Community Business Partnership (formerly the South Fairfax Regional Business Partnership, Inc.) through an agreement with the Department of Housing and Community Development. Loan repayments from the business loans will be received as revenue in Fund 143, Homeowner and Business Loan Programs, and will be used to pay debt service on the Section 108 Loan 7.
- ◆ Program income from the HILP and MIDS programs will provide direct loans as well as administrative support for the five positions in Fund 940, FCRHA General Operating, that administer the programs, consistent with the business plan approved by the FCRHA and the Board of Supervisors.

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Budget and Staff Resources

Agency Summary					
Category	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan	FY 2007 Adopted Budget Plan
Expenditures:					
Operating Expenses	\$873,220	\$1,743,567	\$7,393,280	\$1,597,723	\$1,597,723
Total Expenditures	\$873,220	\$1,743,567	\$7,393,280	\$1,597,723	\$1,597,723

FY 2007 Funding Adjustments

The following funding adjustments from the FY 2006 Revised Budget Plan are necessary to support the FY 2007 program:

- Homeowners Improvement Loan Program (HILP)** **(\$2,461,196)**
 A net decrease of \$2,461,196 is due primarily to unexpended balances carried over from FY 2005 for emergency repairs to heat/water systems, collapsing floors and ceilings, leaking roofs and to alleviate health and building code violations.
- Moderate Income Direct Sales (MIDS)** **(\$2,287,065)**
 A net decrease of \$2,287,065 is due primarily to unexpended balances carried over from FY 2005 for principal and interest payments as well as deferred purchase and resale of units to MIDS participants.
- Small and Minority Business Loan Program** **(\$1,047,296)**
 A net decrease of \$1,047,296 is based primarily on the amortized repayment schedule for the U.S. Department of Housing and Urban Development Section 108 Loan 7 and carryover of expended balances for anticipated loans to qualified small and minority businesses.

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Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2007 Advertised Budget Plan, as approved by the Board of Supervisors on May 1, 2006:

- ◆ The Board of Supervisors made no adjustments to this fund.

Changes to FY 2006 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2006 Revised Budget Plan since passage of the FY 2006 Adopted Budget Plan. Included are all adjustments made as part of the FY 2005 Carryover Review and all other approved changes through December 31, 2005:

- ◆ **Carryover Adjustments** **\$5,649,713**
As part of the FY 2005 Carryover Review, the Board of Supervisors approved an increase of \$5,649,713 due to the carryover of unexpended FY 2005 program balances for Rehabilitation Loans and Grants, Moderate Income Direct Sales Program (MIDS), Business Loan Program, and Water Extension and Improvement Projects. FY 2006 revenues increased by \$899,041 due to the carryover of FY 2005 program balances in the Business Loan Program.

The following funding adjustments reflect all approved changes to the FY 2006 Revised Budget Plan from January 1, 2006 through April 24, 2006. Included are all adjustments made as part of the FY 2006 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this fund.

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FUND STATEMENT

Fund Type H14, Special Revenue Funds

Fund 143, Homeowner and Business Loan Programs

	FY 2005 Actual	FY 2006 Adopted Budget Plan	FY 2006 Revised Budget Plan	FY 2007 Advertised Budget Plan	FY 2007 Adopted Budget Plan
Beginning Balance	\$4,368,351	\$0	\$4,750,672	\$0	\$0
Revenue:					
County Rehabilitation Loan					
Repayments	\$527,235	\$663,779	\$663,779	\$678,230	\$678,230
Program Income (MIDS)	663,336	1,026,080	1,026,080	866,511	866,511
Business Loan Program	64,970	53,708	952,749	52,982	52,982
Total Revenue	\$1,255,541	\$1,743,567	\$2,642,608	\$1,597,723	\$1,597,723
Total Available	\$5,623,892	\$1,743,567	\$7,393,280	\$1,597,723	\$1,597,723
Expenditures:					
Rehabilitation Loans and					
Grants	\$215,251	\$663,779	\$3,086,559	\$678,230	\$678,230
Water Extension and					
Improvement Projects	0	0	52,867	0	0
Moderate Income Direct					
Sales Program (MIDS)	513,923	1,026,080	3,153,576	866,511	866,511
Business Loan Program	144,046	53,708	1,100,278	52,982	52,982
Total Expenditures	\$873,220	\$1,743,567	\$7,393,280	\$1,597,723	\$1,597,723
Total Disbursements	\$873,220	\$1,743,567	\$7,393,280	\$1,597,723	\$1,597,723
Ending Balance¹	\$4,750,672	\$0	\$0	\$0	\$0

¹ Projects are budgeted based on the total program costs and most programs span multiple years. Therefore, funding is carried forward each fiscal year and ending balances fluctuate, reflecting the carryover of these funds.