

# Housing Development

## PROGRAM DESCRIPTION

The primary mission of the Department of Housing and Community Development (HCD) is to act as the development and administrative agency for the Fairfax County Redevelopment and Housing Authority (FCRHA) and the Board of Supervisors in meeting the housing, community development and neighborhood revitalization needs of the County's low and moderate income residents. HCD functions as staff to the eleven-member FCRHA board.

## LINK TO THE COMPREHENSIVE PLAN

Fairfax County's Comprehensive Plan has established a number of objectives and policies in order to:

- ✓ Encourage the provision of affordable housing in all parts of the County.
- ✓ Support the Fairfax County Redevelopment and Housing Authority in its mission to plan, acquire, develop and maintain affordable housing using federal, state and County programs, including the following projects: Olley Glen (formerly Little River Glen III), Yorkville and Lewinsville.
- ✓ Increase the supply of affordable housing units each year to serve the full range of incomes of households needing affordable housing.
- ✓ Increase the supply of affordable housing available to special populations, including persons with physical and mental disabilities, the homeless and the low-income elderly.
- ✓ Promote the development of multi-family housing in both mixed-use Centers and existing residential use areas.
- ✓ Develop adequate transitional housing for homeless families.
- ✓ Retain existing below market rental housing through acquisition, rehabilitation assistance and other subsidies.

Source: 2007 Edition of the Fairfax County Comprehensive Plan, as amended

## CURRENT PROGRAM INITIATIVES

Fairfax County is one of the highest cost areas for housing in the nation. Housing affordability is a major issue, particularly for low and moderate income households. Due to dramatic increases in rents and home prices in Fairfax County, a significant number of households cannot afford to rent or purchase a home. This gap in housing affordability can affect the ability of employers, including the County, to attract employees crucial to the health and safety of the community, as well as to the area's growth and continued economic prosperity.

According to the 2006 US Census Bureau's American Community Survey, there were more than 76,079 households in Fairfax County earning less than \$50,000 per year, or about 50 percent of the County's median income of \$100,318. More than one third (29,579) of these households were earning less than \$25,000 per year. There were an estimated 54,977 persons living below the poverty level in 2006 – more than the entire population of Charlottesville, Virginia. In addition, 12,925 Fairfax County renter

households have what is described as “worst case housing problems.” This population consists of renters below 50 percent of the Area Median Income who have a severe cost burden (meaning over 50 percent of their income is used for housing costs), have incomplete plumbing facilities or have severe overcrowding (over 1.51 persons per room). Fairfax County has the largest number of renters with worst case housing needs in Virginia.

In 2006, the FCRHA commissioned a study by the George Mason University Center for Regional Analysis related to housing affordability which found that the median sales price for all types of housing in Fairfax County in 2005 was \$479,200; an increase of 129 percent over 2000. From 1999 through 2004 in Fairfax County, the average home price grew by 84 percent. Further, the study noted that in 2000, 64 percent of the homes for sale in Fairfax County were priced at \$250,000 and below; but by 2005 that number had shrunk to only 3 percent of the homes for sale. The study concluded that the rental market is now the only choice for moderate income families, and the rental prices now and in the next five years will see significant increases of approximately 6 to 7 percent per year.

Preservation of affordable housing has long been a concern of the Board of Supervisors and the FCRHA. The stock of privately-owned subsidized units and non-subsidized rental housing with modest rents in the County has been declining as owners prepaid their federally subsidized mortgages, opted not to renew their Section 8 project-based contracts or terminated their participation at the end of the control period for their FCRHA bond-financed properties. In 2007, 128 affordable units in one bond-financed project were lost due to prepayment of the bonds by the owner who then raised the rents to market-level rates. Condominium conversions have also played a significant role in reducing the supply of affordable rental units in recent years. More recently, the “repositioning” of existing affordable rental properties in the market with higher rents has played a more prominent role in the loss of affordable housing.

The FCRHA has, over the years, developed a variety of strategies to offset these continuing losses. One strategy was the establishment of the Preservation Loan Fund to assist non-profits in preserving the County’s decreasing supply of subsidized and non-subsidized affordable housing by providing affordable financial assistance to acquire and preserve properties. Another key strategy used by the FCRHA for many years has been to acquire, or assist nonprofits to acquire, at-risk properties. Among the properties acquired by the FCRHA are Hopkins Glen (91 units) in Falls Church; Stonegate Village (230 units) in Reston; Murraygate Village (196 units) in Hybla Valley; Cedar Ridge Apartments (195 units) in Reston; Crescent Apartments (180 units) in Reston; and in 2007, Wedgewood Apartments (672 units) in Annandale.



*Murraygate Village apartments in Hybla Valley*

Since 1991, federal Low Income Housing Tax Credits, often in conjunction with tax-exempt bonds or other financing through VHDA, have been utilized by limited partnerships of private and/or non-profit developers to finance construction of new multifamily developments, as well as the acquisition and rehabilitation of older existing projects. A total of 5,690 income restricted units have been financed in Fairfax County through these programs.

In 1990, the County adopted an Affordable Dwelling Unit (ADU) ordinance which requires developers of certain housing developments to set aside up to 12.5 percent of the units as affordable housing (6.25 percent for multifamily rentals) in return for additional density granted at the time the development is built. The FCRHA has the right to acquire one-third of the ADUs for sale and to lease up to one-third of the rental units. The remaining units are sold or rented to moderate income households. As of September 2007, a total of 2,167 units (939 rentals and 1,228 for-sale condominiums) have been produced under the ADU program; the FCRHA has acquired 104 of the for-sale units, which are maintained as permanent affordable rental housing.

In 2004, the Board of Supervisors made an unprecedented commitment to the preservation of affordable housing. The Board announced its Affordable Housing Preservation Initiative in April 2004, with a goal of preserving 1000 units by the end of 2007. The Board also appointed an Affordable Housing Preservation Action Committee which developed 12 recommendations adopted by the Board in January 2005. One of

the major recommendations the Board approved was the designation of the value of one penny of the real estate tax rate for affordable housing. From FY 2006 through FY 2008, the "Penny for Affordable Housing Fund" (Fund 319) produced \$62.5 million for the preservation of affordable housing in Fairfax County; \$22.8 million is anticipated to be available in FY 2009.

## Recent Program Accomplishments

**Affordable Housing Preservation:** Since the inception of the Board's Affordable Housing Preservation Initiative in April 2004, 2,207 units have been preserved toward the goal of 1000, as of November 28, 2007. The units have been preserved via a combination of direct acquisitions of properties by the FCRHA, FCRHA financing of affordable housing preservation projects by both for- and non-profit developers and negotiated agreements with property owners. Examples of successful preservation projects in FY 2007 include:

- a) Janna Lee Village, 319 units, Lee District: The FCRHA provided financing in the amount of \$19 million from the Penny for Affordable Housing Fund (Fund 319) for the acquisition and preservation of Janna Lee Village, a 319-unit multifamily development located in Lee District. Janna Lee was acquired and will be rehabilitated by two private limited partnerships: JLV Partners I LP and JLV Partners II LP. The FCRHA purchased the land and made loans to the two partnerships for the acquisition and rehabilitation of the project. The acquisition of Janna Lee will ensure that the property stays affordable in perpetuity, as it will be operated under a ground lease with the FCRHA. In addition to County funds, tax credits were allocated to the property from the Virginia Housing Development Authority (VHDA).
- b) Sunset Park Apartments, 90 units, Mason District: The FCRHA provided financing in the amount of \$5 million from the Penny for Affordable Housing Fund (Fund 319) for the acquisition, preservation and rehabilitation of Sunset Park Apartments, a 90-unit project located in the Mason District. The project was purchased by AHC, Inc., a regional non-profit affordable housing developer. In addition to the County financing, the project was financed by VHDA, a seller take-back note and low income housing tax credit equity. The property will remain affordable for 50 years.
- c) Hollybrooke III, 50 units, Mason District: The FCRHA issued tax-exempt bonds and provided \$3,100,000 in financing from the Penny for Affordable Housing Fund (Fund 319) for the acquisition, preservation and rehabilitation of 50 units at Hollybrooke III Condominiums located in Falls Church in the Mason District. In December 2005, AHC purchased 98 units using financing from Fairfax County and the FCRHA. After the purchase of the additional 50 condominium units, affiliates of AHC will own a total of 148 units in the Hollybrooke Condominium complex making them a controlling majority of the condominium.
- d) Reston Glen, 40 units, Hunter Mill District: The FCRHA made a loan of \$2.375 million from the Penny for Affordable Housing Fund (Fund 319) to Fairfield Laurel Glade LLC to refinance the acquisition and provide funding for the rehabilitation of Reston Glen Apartments in the Hunter Mill District. This joint effort between the FCRHA and Fairfield Residential, one of the nation's largest owners of multi-family housing, resulted in the long-term preservation of 40 apartments at the property. The 200-unit complex is in Reston and was built in 1974. The 40 apartments will have rents affordable to households earning 50 percent of the Area Median Income (AMI).
- e) ParcReston, 8 units, Hunter Mill District: The FCRHA purchased eight units at the ParcReston condominium development in the Hunter Mill District for \$2,866,000, including \$396,000 from the Penny for Affordable Housing Fund (Fund 319) and \$2,470,000 from CDBG. This investment also served as partial payment on five additional units at ParcReston that are expected to close in FY 2008.
- f) Legato Corner, 13 units, Springfield District: The FCRHA purchased 13 units at the Legato Corner condominium development in the Springfield District for \$1,413,446, including \$306,555 from the Penny for Affordable Housing Fund (Fund 319), \$195,000 from the Housing Trust Fund and \$911,891 in private financing. These units were purchased for the FCRHA Magnet Housing Program, as part of a partnership agreement with the Fairfax County Public Schools, which established preferences for teachers in critical field areas, such as special education and science.
- g) East Market, 4 units, Springfield District: The FCRHA purchased four units for a total of \$710,000 at East Market, three of which are used as Magnet Housing for Fairfax County Public School bus drivers.

- h) Homestretch, 1 unit, Providence District: The FCRHA, using \$200,000 in CDBG funds from the Consolidated Community Funding Pool (CCFP), financed the purchase of one unit by Homestretch for use as transitional housing.
- i) Good Shepherd Housing, 6 units, Lee and Mount Vernon Districts: The FCRHA financed the acquisition of six scattered site units by Good Shepherd Housing for use as low-income rental housing. The FCRHA invested \$761,202 in CDBG funds from the CCFP in the purchase of these units.

**Rehabilitation of FCRHA Fairfax County Rental Program (FCRP) and Public Housing Properties:**

To ensure that FCRHA-owned properties are maintained to community standards, the following rehabilitation projects were completed in FY 2007: Penderbrook Apartments (Providence District), 48 units; Water's Edge (Springfield District), 9 units; and Kingsley Park (Providence District), 108 units. In addition, the following rehabilitation projects began in FY 2007: Audubon (Lee District), 46 units and Cedar Ridge (Hunter Mill District), 195 units.

**CURRENT PROJECT DESCRIPTIONS**

The Penny for Affordable Housing Fund (Fund 319), established by the Board in FY 2006, is a resource provided through the dedication of the value of one penny of the real estate tax rate for the preservation of affordable housing. The Fund may be used for some of the capital projects listed below, or other emerging affordable housing opportunities, including projects by non-profit developers of affordable housing. The Fund is projected to provide an amount of \$22,800,000 in FY 2009; future years will depend on real estate tax receipts for those years. Funds are targeted to be expended in the year they are appropriated. A key project will be the permanent financing of the acquisition by Fairfax County of the Wedgewood Apartments, a 672-unit rental complex in the Braddock District, purchased in November 2007.

1. **Affordable Housing Preservation and Production (Countywide):** In addition to the \$22.8 million projected from the Penny for Affordable Housing Fund, funding for the acquisition or development of affordable units or apartment/condominium complexes by the FCRHA or qualified nonprofit or for-profit developers is derived from a variety of sources including the Affordable Housing Partnership Program (AHPP), the FCRHA Tax-Exempt Bond Program, Low Income Housing Tax Credits and other, local, state and federal funds. The affordable units may serve a variety of residents, including very low income single individuals, as well as persons with disabilities, families and senior citizens.
2. **Wedgewood Apartments (Braddock District):** \$10,000,000 for rehabilitation, as needed, of 672-unit rental apartment complex acquired by the Board of Supervisors in FY 2008. Activities may include electrical upgrades, interior improvements and incorporation of Universal Design elements to increase accessibility. Sources to be determined as part of the permanent financing of this project, and may include lease revenue bonds, tax credit proceeds and the Penny for Affordable Housing Fund (Fund 319). Wedgewood Apartments was built in phases between 1963 and 1967, and is located on 34.8 acres off of Heritage Drive in Annandale. Wedgewood is the largest single acquisition of a residential property by Fairfax County.
3. **Yorkville Cooperative (Providence District):** Subject to the consent of the Yorkville Cooperative to sell the property to the FCRHA, \$18,000,000, which includes the existing debt of \$6,000,000, is the estimated cost to acquire, renovate and preserve 237 affordable units. An amount of \$234,658 from the Penny for Affordable Housing Fund (Fund 319) and \$500,000 from the HOME Investment Partnership Grant (Fund 145) has been earmarked for the project for feasibility studies in FY 2008. Other sources of funding will be identified for the unfunded balance.
4. **Senior Investment Strategy (Countywide):** A comprehensive strategy to develop housing and facilities exclusively for the County's rapidly increasing population of seniors. Current projects include:
  - a. Olley Glen (formerly Little River Glen Phase III) (Braddock District): \$23,474,000 is the estimated Total Development Cost to construct 90 units of independent housing for the elderly. The project is anticipated to be under construction in FY 2009, subject to funding availability. Housing Trust Fund, federal Community Development Block Grants (CDBG) and federal HOME Investment Partnership Program (HOME) grant funds have been allocated for this project. Other sources of funds will be identified for the unfunded balance.

b. Little River Glen Phase IV (Braddock District): \$22,500,000 is the estimated Total Development Cost for the construction of 60 independent housing units for the elderly, a commercial kitchen and dining room, two levels of structured parking, up to 12 units of magnet housing and expansion and renovation of the existing senior center. In FY 2008, this project was in the design phase. Sources of funding must be identified for this project.



*Little River Glen housing units (Braddock District)*

c. Lewinsville Expansion (Dranesville District): \$28,000,000 is the estimated Total Development Cost to renovate the existing 38,000 square foot building, which is a converted elementary school, and to construct approximately 59,000 square feet of new floor space. The renovated facility will provide space for the Health Department's Adult Day Care Center, the Alzheimer Family Day Center, two child daycare centers and will allow for the expansion of the existing Senior Center programs operated by the Department of Community and Recreation Services. The new addition will provide 60 beds of assisted living and 22 units of independent living for seniors, a commercial kitchen and dining room. In addition, site improvements will be provided, including additional parking, landscaping, exterior lighting, road frontage improvements along Great Falls Street and replacement of the existing playground and tot lot. Design of the improvements is underway. Funds available for this project in FY 2008 include \$153,000 from the federal Community Development Block Grant and \$3,330,000 from the Housing Trust Fund. Permanent financing for the renovated public facilities may take the form of FCRHA Lease Revenue bonds in the amount of \$11,000,000. Additional bonds and other sources of funds will also be investigated as a source for the unfunded balance of approximately \$13,517,000.

d. Lincolnian Residences Renovation (Mason District): \$3,500,000 is estimated for the renovation of the existing FCRHA-owned senior facility, which consists of 26 units of independent living and 52 beds of assisted living. Cost estimate includes \$500,000 for design. Sources of funding must be identified for this project.

5. **The Residences at North Hill Park (Mount Vernon District)**: Pre-development activities for approximately 65 units of manufactured housing on a portion of the 33 acres known as "North Hill," owned by the FCRHA. A major portion of the remaining land will be developed by the Fairfax County Park Authority as a passive community park directly north of the new community. A total of \$1,870,000 is available from Fund 340. Additional sources of funding must be identified for this project.

6. **Preservation/Rehabilitation of Existing FCRHA-owned Housing (Countywide)**: Approximately \$5,632,000 is the anticipated cost to support the recurring maintenance and rehabilitation needs associated with the preservation of FCRHA-owned properties. Funds available in FY 2008 include \$144,598 from the County Housing Trust Fund, and \$487,409 from the federal Community Development Block Grant (CDBG). Approximately 195 units will be rehabilitated in FY 2008. Other sources of funds will be sought for the unfunded balance of approximately \$5 million for FY 2009 through FY 2013.

7. **Magnet Housing/Route 50 and West Ox Road (Sully District)**: \$11,200,000 is the estimated Total Development Cost to construct 30 units of Magnet Housing, one level of below grade parking and a training facility. The Magnet Housing Rental Program provides affordable housing for individuals and families who participate in workforce development. The project is in the design phase. Approximately \$907,000 from the Housing Trust Fund and \$348,000 from a federal EDI Special Project Grant are available for this project. Permanent financing for the training center may take the form of FCRHA Lease Revenue bonds in the amount of \$1,500,000. Other sources, including grants and low interest loans, will be sought for the unfunded balance of approximately \$8,445,000.

8. **“Housing First” Transitional Housing at the Katherine K. Hanley Shelter Campus (Springfield District):** \$2,407,000 is the estimated Total Development Costs to construct six units of “housing first” transitional housing which will be occupied by families referred by the shelter. The new housing units will be located adjacent to the Hanley Shelter in western Fairfax County, and are part of a broader Countywide effort to end homelessness. A total of \$407,000 in federal HOME funds, \$1,000,000 from the General Fund and \$1,000,000 from the Housing Trust Fund are available for this project in FY 2008.
  
9. **Redevelopment of Crescent Apartments (Hunter Mill District):** Full cost to be determined for the redevelopment of the Crescent Apartments, a 180-unit affordable rental complex located on 16.5 acres in the Lake Anne area of Reston, managed by the FCRHA on behalf of the Board of Supervisors. A total of \$300,000 has been allocated from the FCRHA Revolving Development Fund (Fund 946) for pre-development activities, which are anticipated to be completed in FY 2008. Detailed pre-development work will include an economic feasibility study and an architectural and engineering analysis of the site to determine the mix of uses, density and the type of housing units that may be appropriate and to identify needed road improvements. Architectural renderings of the buildings and site will be developed. The feasibility analysis will also address whether or not the site should be subdivided to provide both market rate and affordable housing on the property. Pre-development activities will also include the design and submittal of a development plan amendment to establish an approved density for the site, which would be used as a baseline for future redevelopment. Staff will evaluate potential redevelopment opportunities for the site with input from the Lake Anne community.
  
10. **Accessibility Modifications of FCRHA Properties (Countywide):** This is an on-going project to renovate FCRHA-owned housing at sites scattered throughout the County in order to make them wheelchair accessible. An amount of \$250,000 in federal funds will be used in FY 2009.

**PROJECT COST SUMMARIES  
HOUSING DEVELOPMENT  
(\$000's)**

Project Title/ Project Number	Source of Funds	Anticipated to be Expended Thru FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	Total FY2009-FY2013	Total FY2013-FY2018	Total Project Estimate
1 Affordable Housing Preservation and Production	HTF U R	348  22,800	1,625	1,625	1,625	1,625	1,625	122,875		146,023
			150	150	150	150	150			
			22,800	22,800	22,800	22,800	22,800			
2 Wedgewood Apartments / 014268	U		5,000	5,000				10,000		10,000
3 Yorkville Cooperative / 014237	F R U	500 234	12,266	5,000				17,266		18,000
4a Olley Glen (formerly Little River Glen III) / 014046	HTF B X R F	554   2,441	2,023 3,823 5,600 1,599	2,022 3,824 1,588				20,479		23,474
4b Little River Glen IV	U		1,500	5,500	15,500			22,500		22,500
4c Lewinsville Expansion / 014140	HTF F LRB U	1,349 153	1,981		11,000			26,498		28,000
			8,000	5,517						
4d Lincolnian Residences Renovation / 003978	U		500	1,000	1,000	1,000		3,500		3,500
5 The Residences at North Hill Park / 014249	G	341	1,529					1,529		1,870
6 Preservation/Rehabilitation of Existing FCRHA-Owned Properties / 014191	HTF F U	145 487	1,000	1,000	1,000	1,000	1,000	5,000		5,632
7 Magnet Housing/Route 50 & West Ox Road / 014199	HTF F U	907 348	7,000	2,945				9,945		11,200
8 "Housing First" Transitional Housing at the Katherine K. Hanley Shelter Campus / 014166	HTF F G	407	1,000	1,000				2,000		2,407
9 Crescent Redevelopment / 014239	X	300						0		300
10 Accessibility Modifications of FCRHA Properties	F	250	250	250	250	250		1,250		1,500
<b>TOTAL</b>		\$31,564	\$78,646	\$58,221	\$53,325	\$26,825	\$25,825	\$242,842	\$0	\$274,406

<b>Key: Stage of Development</b>	
	Feasibility Study or Design
	Land/Unit Acquisition
	Construction

<b>Notes:</b>
Numbers in bold italics represent funded amounts. Funds in the Penny for Affordable Housing item may be applied to unfunded balances in other projects.

<b>Key: Source of Funds</b>
B Bonds
G General Fund
R Real Estate Tax Revenue
F Federal
X Other
U Undetermined
HTF Housing Trust Fund
LRB Lease Revenue Bonds

\* Amount estimated for FY 2009 - FY 2013 will vary, depending on the value of one penny of the real estate tax rate each year.

# Housing Development Project Locations



- 2 Wedgewood Apartments
- 3 Yorkville Co-operative
- 4a Olley Glen
- 4b Little River Glen IV
- 4c Lewinsville Expansion
- 4d Lincolnian Residences
- 5 Residences at North Hill
- 7 Magnet Housing / Route 50 - West Ox Road
- 8 Transitional Housing at Katherine K. Hanley shelter
- 9 Crescent Apartments

Note: Map numbers correspond to project descriptions in the text and cost summary tables. Only CIP projects with selected, fixed sites are shown on the map.

