

# Fund 143

## Homeowner and Business Loan Programs

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### **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. One focus is to provide a means and opportunity for low-and moderate-income households to become homeowners in the County through the First-Time Homebuyers Program operated by the Fairfax County Redevelopment and Housing Authority (FCRHA) and offering units through the Moderate Income Direct Sales (MIDS) Program and Fairfax County's Affordable Dwelling Unit (ADU) Ordinance. 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.

### **Focus**

Fund 143, Homeowner and Business Loan Programs, is comprised of three programs designed to meet the agency mission as detailed below:

- ◆ The First Time Homebuyers Program is designed to provide affordable homeownership opportunities for low-to moderate-income families who otherwise could not afford to purchase a home. The MIDS program that was initially established in 1978 allows units acquired or constructed by the FCRHA to be sold to moderate-income families, with the purchase made possible by the provision of 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. Since 1993, the FCRHA has been marketing units that are provided under provisions of Fairfax County's ADU Ordinance. These units also serve low- and moderate-income households who are first-time homebuyers earning at least \$25,000. Homes range in price from \$70,000 to \$160,000 and have a 30-year control period. Restrictive covenants apply that limit the sales price, and require owners to occupy the home. The FCRHA has the right of repurchase or the right to assign the purchase to a new homebuyer. Applicants for both ADU units and MIDS units are required to participate in homeownership education classes and obtain a pre-conditional approval from a lender to participate in drawings to receive these homes.
  
- ◆ 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 to 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. All work must comply with all federal, state and local laws and regulations. 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 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 the operation of this program which provides loans to qualified small and minority-owned 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 MIDS and HILP programs provides direct loans, as well as administrative support consistent with the business plan approved by the FCRHA and the Board of Supervisors.

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FY 2010 revenues are projected to be \$1,870,161, an increase of \$39,544 over the FY 2009 Adopted Budget Plan, with the actual results reliant upon economic conditions, participants' ability to repay rehabilitation loans and the real estate market environment for MIDS and ADU resale properties and second trusts. The Section 108 loans will be repaid according to scheduled payments. In addition to the revenue received in Fund 143, the HILP Program also generates revenue through a two percent loan origination fee on all loans settled by the program that goes directly into Fund 940, FCRHA General Operating to support staff costs associated with the program.

### Budget and Staff Resources

Agency Summary					
Category	FY 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Advertised Budget Plan	FY 2010 Adopted Budget Plan
Expenditures:					
Operating Expenses	\$3,493,404	\$1,830,617	\$8,287,475	\$1,870,161	\$1,870,161
<b>Total Expenditures</b>	<b>\$3,493,404</b>	<b>\$1,830,617</b>	<b>\$8,287,475</b>	<b>\$1,870,161</b>	<b>\$1,870,161</b>

### FY 2010 Funding Adjustments

The following funding adjustments reflect all changes from the FY 2009 Adopted Budget Plan, as approved by the Board of Supervisors on April 27, 2009.

- ◆ **Moderate Income Direct Sales (MIDS) Program** **\$203,482**  
An increase of \$203,482 is due to higher expenditures for an increased number of units and cost per unit repurchased and resold.
- ◆ **Small and Minority Business Loan Program** **(\$320)**  
A decrease of \$320 is due to lower expenditures for U. S. Department of Housing and Urban Development Section 108 Loan 7 repayments based on the repayment schedule.
- ◆ **Homeowners Improvement Loan Program (HILP)** **(\$163,618)**  
A decrease of \$163,618 is due to lower expenditures for loan repayments and administrative costs based on a previous three-year average of activity.

### Changes to FY 2009 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2009 Revised Budget Plan since passage of the FY 2009 Adopted Budget Plan. Included are all adjustments made as part of the FY 2008 Carryover Review, FY 2009 Third Quarter Review, and all other approved changes through April 20, 2009.

- ◆ **Carryover Adjustments** **\$5,410,702**  
As part of the FY 2008 Carryover Review, the Board of Supervisors approved an increase of \$5,410,702 due to the carryover of \$4,427,660 in unexpended FY 2008 program balances for the Moderate Income Direct Sales Program (MIDS), Rehabilitation Loans and Grants Program, Water Extension and Improvement Projects, and Business Loan Program. The expenditure increase also reflects an appropriation of \$983,042 in unanticipated MIDS program income. FY 2009 revenues increased by \$1,605,935 due to the carryover of FY 2008 balances in the County Rehabilitation Loan Repayment and the Business Loan Programs.
- ◆ **Third Quarter Adjustments** **\$1,046,156**  
As part of the FY 2009 Third Quarter Review, the Board of Supervisors approved an increase of \$1,046,156 to appropriate program income received within the Moderate Income Direct Sales (MIDS)/Affordable Dwelling Unit (ADU) project. These funds will be used to support the future repurchases of MIDS/ADUs.

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### FUND STATEMENT

**Fund Type H14, Special Revenue Funds      Fund 143, Homeowner and Business Loan Programs**

	FY 2008 Actual	FY 2009 Adopted Budget Plan	FY 2009 Revised Budget Plan	FY 2010 Advertised Budget Plan	FY 2010 Adopted Budget Plan
<b>Beginning Balance</b>	<b>\$4,335,046</b>	<b>\$0</b>	<b>\$3,804,767</b>	<b>\$0</b>	<b>\$0</b>
Revenue:					
Program Income (MIDS) County Rehabilitation Loan	\$2,818,201	\$1,340,072	\$2,386,228	\$1,543,554	\$1,543,554
Repayments	77,993	439,656	1,270,990	276,038	276,038
Business Loan Program	66,931	50,889	825,490	50,569	50,569
<b>Total Revenue</b>	<b>\$2,963,125</b>	<b>\$1,830,617</b>	<b>\$4,482,708</b>	<b>\$1,870,161</b>	<b>\$1,870,161</b>
<b>Total Available</b>	<b>\$7,298,171</b>	<b>\$1,830,617</b>	<b>\$8,287,475</b>	<b>\$1,870,161</b>	<b>\$1,870,161</b>
Expenditures:					
Moderate Income Direct Sales Program (MIDS)	\$3,212,717	\$1,340,072	\$3,949,053	\$1,543,554	\$1,543,554
Rehabilitation Loans and Grants	216,580	439,656	3,249,557	276,038	276,038
Business Loan Program	64,107	50,889	1,035,998	50,569	50,569
Water Extension and Improvement Projects	0	0	52,867	0	0
<b>Total Expenditures</b>	<b>\$3,493,404</b>	<b>\$1,830,617</b>	<b>\$8,287,475</b>	<b>\$1,870,161</b>	<b>\$1,870,161</b>
<b>Total Disbursements</b>	<b>\$3,493,404</b>	<b>\$1,830,617</b>	<b>\$8,287,475</b>	<b>\$1,870,161</b>	<b>\$1,870,161</b>
<b>Ending Balance<sup>1</sup></b>	<b>\$3,804,767</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> 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.