Fund 143
Homeowner and Business Loan Programs

Mission

The 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. A 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. A third focus is to provide business assistance and counseling services as well as direct loans to qualified small and minority-owned 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 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 marketed units that are provided under provisions of Fairfax County's ADU ordinance. These units also serve low- and moderate-income households that are comprised of first-time homebuyers earning at least $25,000. Restrictive covenants apply that limit the sales price and require owners to occupy the home. Homes currently range in price from $70,000 to $160,000 and have a 30-year control period. The FCRHA has the right of repurchase or the right to assign the purchase to a new homebuyer. Applicants for both MIDS and ADU units must take homeownership education classes and obtain pre-conditional approval from a lender to participate in drawings to purchase 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 shall 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 operation of this program that 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 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 2007 Actual	FY 2008 Adopted Budget Plan	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan
Expenditures:				
Operating Expenses	$2,804,955	$1,388,983	$6,867,041	$1,830,617
Total Expenditures	**$2,804,955**	**$1,388,983**	**$6,867,041**	**$1,830,617**

FY 2009 Funding Adjustments

The following funding adjustments from the FY 2008 Revised Budget Plan are necessary to support the FY 2009 program:

- **Moderate Income Direct Sales (MIDS) Program** **$558,936**
  An increase of $558,936 is due to higher expenditures for an increased number of units and cost per unit repurchased and resold.

- **Small and Minority Business Loan Program** **($1,151)**
  A decrease of $1,151 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)** **($116,151)**
  A decrease of $116,151 is due to lower expenditures for loan repayments and administrative costs based on a previous three-year average of activity.

- **Carryover Adjustments** **($5,478,058)**
  A decrease of $5,478,058 is associated with the carryover of unexpended FY 2007 program balances for the Moderate Income Direct Sales Program (MIDS), Rehabilitation Loans and Grants Program, Water Extension and Improvement Projects, and Business Loan Program, as well as an appropriation of one-time unanticipated MIDS program income as part of the *FY 2007 Carryover Review*.

Changes to FY 2008 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2008 Revised Budget Plan since passage of the FY 2008 Adopted Budget Plan. Included are all adjustments made as part of the FY 2007 Carryover Review and all other approved changes through December 31, 2007:

- **Carryover Adjustments** **$5,478,058**
  As part of the *FY 2007 Carryover Review*, the Board of Supervisors approved an increase of $5,478,058 due to the carryover of $4,616,181 in unexpended FY 2007 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 $861,877 in unanticipated MIDS program income. FY 2008 revenues increased by $1,143,012 due to the carryover of FY 2007 unrealized revenue in the County Rehabilitation Loans and Grants Program and the Business Loan Program.

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FUND STATEMENT

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

	FY 2007 Actual	FY 2008 Adopted Budget Plan	FY 2008 Revised Budget Plan	FY 2009 Advertised Budget Plan
Beginning Balance	**$4,931,489**	**$0**	**$4,335,046**	**$0**
Revenue:				
Program Income (MIDS)	$1,728,388	$781,136	$781,136	$1,340,072
County Rehabilitation Loan Repayments	324,710	555,807	909,327	439,656
Business Loan Program	155,414	52,040	841,532	50,889
Total Revenue	$2,208,512	$1,388,983	$2,531,995	$1,830,617
Total Available	**$7,140,001**	**$1,388,983**	**$6,867,041**	**$1,830,617**
Expenditures:				
Moderate Income Direct Sales Program (MIDS)[1]	$2,540,189	$781,136	$2,808,449	$1,340,072
Rehabilitation Loans and Grants	212,136	555,807	2,956,509	439,656
Business Loan Program	52,630	52,040	1,049,216	50,889
Water Extension and Improvement Projects	0	0	52,867	0
Total Expenditures	$2,804,955	$1,388,983	$6,867,041	$1,830,617
Total Disbursements	**$2,804,955**	**$1,388,983**	**$6,867,041**	**$1,830,617**
Ending Balance[1]	**$4,335,046**	**$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.