

FUND 143 HOMEOWNER AND BUSINESS LOAN PROGRAMS

Agency Mission

The overall goal of the Homeowner and Business Loan program is to enhance the quality of life and economic base of the County by providing support for homeownership, for repair and upgrading of existing housing, and for assistance to small and minority businesses. One focus provides a means and opportunity for low and moderate-income households to become homeowners in the County through the MIDS program. The second focus provides 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 provides business assistance and counseling services as well as direct loans to qualified minority businesses.

Agency Summary					
Category	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Expenditures:					
Operating Expenses	\$765,345	\$1,161,733	\$4,655,794	\$1,088,132	\$1,088,132
Total Expenditures	\$765,345	\$1,161,733	\$4,655,794	\$1,088,132	\$1,088,132

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2003 Advertised Budget Plan, as approved by the Board of Supervisors on April 29, 2002:

- ◆ The Board of Supervisors made no changes to the FY 2003 Advertised Budget Plan.

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan from January 1, 2002 through April 22, 2002. Included are all adjustments made as part of the FY 2002 Third Quarter Review:

- ◆ The Board of Supervisors made no adjustments to this fund. In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$4,602 has been reflected as an increase to the FY 2001 expenditures and \$13,333 has been reflected as an increase to the FY 2001 revenues.

County Executive Proposed FY 2003 Advertised Budget Plan

Purpose

Fund 143, Homeowner and Business Loan Programs, is comprised of three programs designed to meet the agency goal 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 the Homeowner and Business Loan

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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. These loans 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 Fairfax County Redevelopment and Housing Authority (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. Fund 143, Homeowner and Business Loan Programs, was expanded to include the receipt of Federal funds for operation of the Small and Minority Business Loan program. The program 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 loans 7 and 8.
- ◆ Program income from the HILP and MIDS programs will provide direct loans as well as administrative support for the five positions that administer the programs, consistent with the business plan approved by the FCRHA and the Board of Supervisors.

FY 2003 Initiatives

- ◆ Provide loans to low- and moderate-income individuals to repair, modernize, or expand the living space for their families to help alleviate overcrowded conditions.

An amount of \$455,151 is included to support the Home Improvement Loan Program (HILP) in FY 2003. Expenditures are fully supported by program income that is anticipated to be received from loans made in prior years. The FY 2003 recommended funding level will provide \$22,000 to support the elderly home repair program, \$324,863 to provide for new rehabilitation loans, and \$108,288 to provide administrative support (staff costs are budgeted in Fund 940, FCRHA General Operating). The FY 2003 funding level represents an increase of \$22,577 over the FY 2002 Adopted Budget Plan based on anticipated revenue for FY 2003.

- ◆ Present affordable homeownership opportunities for low- and moderate-income families who otherwise could not afford to purchase a home.

An amount of \$512,981 is included in FY 2003 for the Moderate Income Direct Sales Program (MIDS). This funding will allow for retention of housing units in the program as turnover occurs during the year. No new MIDS units are funded in FY 2003. Of the total MIDS funding, an amount of \$139,717 will be used to support the administrative costs associated with the program (budgeted in Fund 940, FCRHA Operating). The FY 2003 funding level represents a decrease of \$43,810 from the FY 2002 Adopted Budget Plan based on projected repayment receipts.

- ◆ Make available loans to qualified small and minority businesses.

An amount of \$120,000 is included in the Business Loan Program for the FY 2003 debt service payment projected on the original \$9.3 million Federal Section 108 loan 8. The expenditure is fully supported by the repayment of business loans.

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Funding Adjustments

The following funding adjustments reflect all approved changes to the FY 2002 Revised Budget Plan since the passage of the FY 2002 Adopted Budget Plan. Included are all adjustments made as part of the FY 2001 Carryover Review and all other approved changes through December 31, 2001.

- ◆ As part of the *FY 2001 Carryover Review*, the Board of Supervisors approved an increase of \$3,494,061 due to the carryover of unexpended program balances in FY 2001.

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FUND STATEMENT

Fund Type H14, Special Revenue Funds

Fund 143, Homeowner and
Business Loan Programs

	FY 2001 Actual	FY 2002 Adopted Budget Plan	FY 2002 Revised Budget Plan	FY 2003 Advertised Budget Plan	FY 2003 Adopted Budget Plan
Beginning Balance	\$2,170,832	\$74,645	\$2,385,922	\$73,414	\$82,145
Revenue:					
Program Income (MIDS)	\$278,188	\$556,791	\$556,791	\$512,981	\$512,981
County Rehabilitation Loan Repayments	437,410	432,574	432,574	455,151	455,151
Business Loan Program ¹	264,837	172,368	1,362,652	120,000	120,000
Total Revenue	\$980,435	\$1,161,733	\$2,352,017	\$1,088,132	\$1,088,132
Total Available	\$3,151,267	\$1,236,378	\$4,737,939	\$1,161,546	\$1,170,277
Expenditures:					
Rehabilitation Loans and Grant Water Extension and Improvement Projects	\$364,750	\$432,574	\$1,724,111	\$455,151	\$455,151
Moderate Income Direct Sales Program (MIDS) ¹	0	0	52,867	0	0
Business Loan Program ¹	160,437	556,791	1,578,444	512,981	512,981
Total Expenditures	\$765,345	\$1,161,733	\$4,655,794	\$1,088,132	\$1,088,132
Total Disbursements	\$765,345	\$1,161,733	\$4,655,794	\$1,088,132	\$1,088,132
Ending Balance	\$2,385,922	\$74,645	\$82,145	\$73,414	\$82,145

¹ In order to account for revenues and expenditures in the proper fiscal year, an audit adjustment in the amount of \$4,602 has been reflected as an increase to the FY 2001 expenditures and \$13,333 has been reflected as an increase to the FY 2001 revenues. The audit adjustment has been included in the FY 2001 Comprehensive Annual Financial Report (CAFR).