

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 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:

- ✓ Address the need to increase the supply of affordable housing available to special populations, including persons with physical and mental disabilities, the homeless, and the low-income elderly.
- ✓ Retain existing below market rental housing through acquisition, rehabilitation assistance and other subsidies.
- ✓ Increase the amount of land planned for multi-family residential use and encourage developers to include affordable units in proposed development plans.
- ✓ Ensure neighborhood stability and encourage rehabilitation and other initiatives as it relates to critical housing issues.

Source: 2003 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 people in various circumstances 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 economic prosperity.

According to the 2000 Census, there were more than 55,000 households in Fairfax County earning less than \$35,000 per year, or about 43 percent of the County's median income of \$82,036. Over half (37,000) of these households were earning less than \$25,000 per year. Approximately 10,000 families had incomes below the poverty level, and 72,000 households paid over 30 percent of their income on monthly housing costs (mortgage or rent payments). According to the 2000 Fairfax-Falls Church Community Assessment, 57 percent of households at or below the poverty level ran out of money for rent or mortgage, utilities, food or medicine, and were unable to make necessary payments.

The County's Consolidated Plan identifies affordable housing priorities and lists goals and objectives for producing and preserving affordable units, preventing homelessness, and addressing special housing needs. The production goal stated in the County's Comprehensive Plan is reiterated as an objective for affordable housing production.

The FCRHA, which adopted its own Strategic Plan in 2000, owns 3,102 residential units for low and moderate income families and individuals, and 176 beds for individuals in supportive housing programs. The FCRHA also owns a twelve-acre site with 115 foundations for mobile homes. In addition, housing assistance payments are made available to over 3,455 households under the Federal Section 8 Housing Choice Voucher program for privately owned existing housing and the Housing Opportunities for Persons with AIDS (HOPWA) program. This number includes a total of 35 households assisted through the HOPWA program.

The lack of units affordable to low and moderate income households is greatly exacerbated by the decreasing number of developments still obligated by federal financing programs to provide housing for low to moderate income residents. The Federal 221(d)(3) and 236 programs provided mortgage insurance, below market interest rate mortgages and rental supplements to private owners. These mortgages can now be prepaid, thus fulfilling a 20-year commitment as an affordable housing resource. If prepaid, the rent and use restrictions that accompany the below market financing are eliminated, and the potential exists for loss of low and moderately priced rental stock and displacement of the tenants. Since 1998, more than 1,200 privately-owned subsidized units were lost to the affordable housing market due to prepayments by owners. The stock of non-subsidized rental housing with modest rents category is also continuing to decline. These units offer average rents that are affordable to households with income up to 50-70 percent of the area median income. To offset these continuing losses, the FCRHA has developed a Preservation Loan Fund which will assist non-profits in preserving the County's decreasing supply of subsidized and unsubsidized affordable housing to prevent further loss in affordable housing.

Another strategy used by the FCRHA has been to acquire some of the at-risk properties. Prior to 1990, the FCRHA acquired Hopkins Glen (91 units) in Falls Church. Since 1990, the FCRHA acquired and substantially rehabilitated two Section 236 developments, Stonegate (230 units) in Reston and Murraygate (196 units) in the Hybla Valley area of the County. The FCRHA is also committed to working as partners with the private sector to retain affordable housing. In 1995, the FCRHA, in partnership with Reston Interfaith Housing, acquired and renovated Cedar Ridge Apartments (195 units) to extend its low income affordability under the federal Section 221(d)(3) program. In 2002, the FCRHA provided a loan to a private nonprofit partnership to preserve 30 affordable townhouse units at Briarcliff near Tysons Corner when the former owner opted out of the Section 8 contract.

In addition, the FCRHA has provided tax-exempt bond financing for some of these federally assisted developments, as well as for 3,464 multifamily rental units in occupied developments with no federal or state subsidies. In the non-subsidized projects, between 20 to 40 percent of the units are reserved for lower income families. This represents a total of 743 units located in seven projects. In 2002, 55 set-aside units in one project in Reston were lost due to owner prepayment on bonds, thereby eliminating the set-aside requirements.

Since 1994, 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 4,291 income restricted units have been financed in Fairfax County through these programs.

HCD, in conjunction with the FCRHA, develops programs for construction or preservation of low and moderate income housing to meet identified housing needs. This includes both rental housing and a limited component of for-sale housing as well as housing for senior citizens, persons with disabilities, and other special populations. County financial support for the affordable housing acquisition and construction functions of HCD has played a vital role in carrying out the goals of the County's Comprehensive Plan, the approved Consolidated Plan, and the FCRHA's adopted Strategic Mission Statement.

County funds to support affordable housing have been used to acquire land, units or provide equity capital for housing projects. County appropriations have provided critical funding for expenses such as land acquisition, architectural and engineering fees, utility fees and associated development fees, and

other costs of constructing low and moderate income housing, as well as for the purchase and, if needed, rehabilitation of housing under the Fairfax County Rental Programs, or for a supplement to federal funds such as the public housing program. Other sources of County support for FCRHA-assisted housing development and preservation programs are the Housing Trust Fund, County investments in FCRHA securities, the Home Investment Partnerships Program (HOME), and the Community Development Block Grant (CDBG). The County's Housing Trust Fund, which consists of cash proffers for affordable housing received in conjunction with rezonings, County appropriations and CDBG funds, has assisted both FCRHA and private nonprofit developers with loans or grants to produce affordable housing.

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. The FCRHA has the right to acquire one-third of the ADU's for sale and to lease up to one-third of the rental units. The balance are sold or rented to moderate income households. County funds may be needed to assist the RHA in purchasing units when it is deemed appropriate.

Additionally, bond funding or County appropriations will be required for many developments as well as other projects which are still in the preplanning stage and will not be shown for proposed funding until a later date. This funding is also necessary to the County's "maintenance of effort" in providing low and moderate income housing and thereby ensuring continued eligibility for federal Community Development Block Grant funds.

In FY 2003, construction of Gum Springs Glen was completed which includes 60 units of housing for the elderly and a Head Start program for preschool children operated by the Department of Family Services, Office for Children.

CURRENT PROJECT DESCRIPTIONS

1. **Affordable Dwelling Units Acquisition (Countywide).** \$3,000,000 estimated for the acquisition of an estimated 28 units made available under either the Affordable Dwelling Unit (ADU) Ordinance or a proffer under which an offer is made to the FCRHA. These units are proposed as purchase options to support first time homeownership programs and to provide the FCRHA with the ability to preserve units which are subject to loss from the affordable housing stock. Sources of grants and low interest funding will be identified for the financing of these units.
2. **Affordable Housing Partnership Program.** This is a continuing program under which gap financing and technical assistance are made available to Partnership Participants to preserve existing affordable housing, support the development of additional affordable housing and develop capacity in the non-profit community. Additional funding of approximately \$1,000,000 will be needed to replenish the project to its original \$2,000,000 target for funding.
3. **Little River Glen II.** \$7,100,000 for the next phase of development on the Little River Glen campus to include 60 assisted living units, an adult day care center and a commercial kitchen that will be used by the operator of the assisted living facility to provide food service to both the assisted living and adult day care center. The revised financing plan includes \$2.5 million from the County's Housing Trust Fund, \$2.78 million in federal loans and grants, and \$1.82 million from private financing through loans, grants and equity contributions. A loan of \$50,000 in predevelopment funds and \$75,000 in legal expenses are not included in the above referenced total estimated project cost. A sum of \$558,745 in Housing Trust Funds was allocated in FY 2002 to offset the cost of infrastructure that will ultimately benefit the third phase of Little River Glen. This amount is also not included in the above referenced total estimated project costs.
4. **Little River Glen Adult Day Care.** \$2,900,000 for an adult day care facility to be constructed at the same time as the Little River Glen II Assisted Living Project. The County Health Department will operate the adult day care facility. The FCRHA will issue tax-exempt bonds to finance this development.

5. **Little River Glen III.** \$18,000,000 for Little River Glen III which consists of 150 independent living housing units for the elderly. Little River Glen III is in the design phase. Acquisition cost for the Little River Glen II and III land was funded with \$1,900,000 in CDBG Section 108 loan funds. An additional \$554,129 in Housing Trust Funds have been allocated for this project. Other sources of grants and low interest funding will be identified for the balance of \$15,545,871.
6. **Magnet Housing.** \$3,700,000 for “Magnet Housing,” which, like a magnet school, is designed to attract residents who want to participate in a focused living and learning environment. Residents find affordable, attractive housing inter-mixed with a variety of educational opportunities and located near a sponsoring employer. A total of \$1,615,000 in Housing Trust Funds and \$1,000,000 in HOME funds have been allocated for project development. Other sources of grants and loans will be sought for the balance of \$1,085,000.
7. **Lewinsville Expansion.** \$12,000,000 for a development which will consist of up to 60 beds of assisted living, a commercial kitchen and dining room, and expansions to the existing senior center and adult day care facilities. A total of \$250,000 from the Housing Trust Fund and \$550,000 from CDBG funds are available for this project. An amount of \$1,923,747 in Housing Trust Funds remains in the Rogers Glen project and it is proposed that some or all of these funds be transferred to the Lewinsville Expansion project. Permanent financing for the expanded senior center and adult day care facilities may take the form of FCRHA Lease Revenue bonds in the amount of \$5,000,000. Other sources of grants and low interest loans will also be sought for the unfunded balance of \$6,200,000 (a portion of which may come from the Rogers Glen project).
8. **Transit Oriented Affordable Housing.** \$75,000 from the Housing Trust Fund to initiate feasibility studies for housing development targeted to areas with transit facilities. Implementation could include partnerships with private developers or land acquisition.
9. **Additional Affordable Housing.** \$1,333,803 to pursue land acquisition through partnerships as opportunities arise or as County surplus land becomes available for development of additional affordable housing for families, seniors and single occupancy residences. This funding is available from the Housing Trust Fund.
10. **Preservation/Rehabilitation of Existing Resources.** \$1,100,109 to utilize life cycle planning to ensure the long term maintenance, renewal and replacement of existing rehabilitation needs at FCRHA owned properties. Existing funding of \$100,000 will be supplemented with \$751,109 in HOME funds, \$75,000 in CDBG funds, and \$174,000 in Housing Trust Funds.

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

Project Title/ Project Number	Source of Funds	Anticipated to be Expended Thru FY 2004						Total FY2005-FY2009	Total FY2010-FY2014	Total Project Estimate
			FY 2005	FY 2006	FY 2007	FY 2008	FY 2009			
1. Affordable Dwelling Units Acquisition (Countywide) / 003923	U	0		1,000	1,000	1,000		3,000		3,000
2. Affordable Housing Partnership Program / 014116	G	1,000		1,000				1,000		2,000
3. Little River Glen II / 013948	HTF	2,500								
	F	2,780								
	X	0	1,820					1,820		7,100
4. Little River Glen Adult Day Care	LRB	0	2,900					2,900		2,900
5. Little River Glen III	F	0	1,900					1,900		
	U	0	15,546					15,546		
	HTF	554								18,000
6. Magnet Housing / 014127	HTF	1,365	250					250		
	F		1,000					1,000		
	X			1,085				1,085		3,700
7. Lewinsville Expansion / 014140	HTF	250								
	F	550								
	LRB			5,000				5,000		
	U			6,200				6,200		12,000
8. Transit Oriented Affordable Housing Studies	HTF	0	75					75		75
9. Additional Affordable Housing	HTF	0	1,334					1,334		1,334
10. Preservation/Rehabilitation of Existing Resources (capital renewal)	HTF, X	0	1,100					1,100		1,100
TOTAL		\$8,999	\$25,925	\$14,285	\$1,000	\$1,000	\$0	\$42,210	\$0	\$51,209

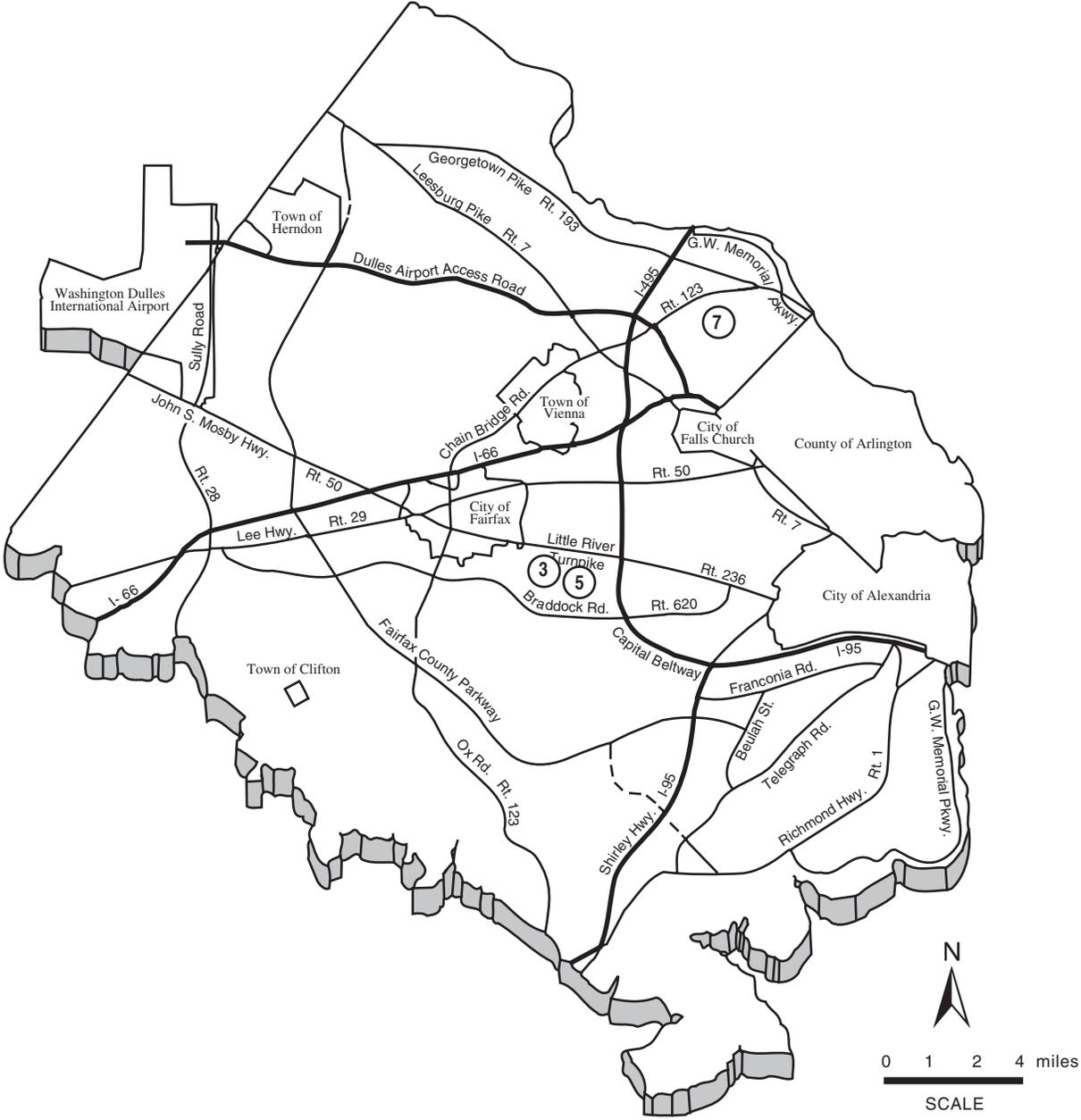
Key: Stage of Development	
	Feasibility Study or Design
	Land Acquisition
	Construction

Notes:
Numbers in bold italics represent funded amounts.

Key: Source of Funds	
B	Bonds
G	General Fund
S	State
F	Federal
X	Other
U	Undetermined
HTF	Housing Trust Fund
LRB	Lease Revenue Bonds

Housing Development

Location of CIP Projects



- 3. Little River Glen II
- 5. Little River Glen III
- 7. Lewinsville Expansion

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