

# 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 low-income senior citizens .
- ✓ 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 they relate 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 is also continuing to decline. These units offer average rents that are affordable to households with incomes up to 50 to 70 percent of the area median income. To offset these continuing losses, the FCRHA has developed a Preservation Loan Fund which will assist nonprofits in preserving the County's decreasing supply of subsidized and unsubsidized affordable housing to prevent further loss in affordable housing.

Under another strategy, the FCRHA has acquired some 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 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 nonprofit 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 that 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 ADUs for sale and to lease up to one-third of the rental units. The balance is sold or rented to moderate income households. County funds may be needed to assist the FCRHA 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 for 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 2005, the FCRHA agreed to purchase ten (10) Affordable Dwelling Units at the Courts at Westcott Ridge Condominiums. Following acquisition of the units, the FCRHA established the Magnet Housing Rental Program at Westcott Ridge with the Fairfax County Fire and Rescue Department.

## **CURRENT PROJECT DESCRIPTIONS**

1. **Affordable Dwelling Units Acquisition (Countywide).** \$3,000,000 for the acquisition of 25 units that may be available for purchase by the FCRHA through the Affordable Dwelling Unit (ADU) Ordinance or a proffer. Acquisition of the units increases the FCRHA's permanent inventory of affordable housing. When the FCRHA purchases a unit through the Ordinance or a proffer, the unit remains affordable, provided that the FCRHA owns the unit. Whereas, when the units are sold or rented to other entities, the unit is considered affordable for a limited term in accordance with the ADU Ordinance. 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 that provides nonprofits and other organizations actively involved in the development of affordable housing and the preservation of affordable homeownership and rental housing units a resource for financing and technical assistance. Funds in the amount of \$2,008,013 from the County Housing Trust Fund and \$907,000 from the federal Home Investment Partnerships Program (HOME) have been allocated to the project. Federal Community Development Block Grant (CDBG) funds in the amount of \$300,000, along with an additional \$200,304 from the federal HOME funds and \$300,000 from the Housing Trust Fund will be reallocated to the project in FY 2006.
3. **Little River Glen II.** \$9,100,000 for the construction of the second phase of the Little River Glen retirement community. Phase II includes 60 units of assisted living, an adult day care center, and a commercial kitchen. The \$9.1 million does not include the construction of the adult day care center which is operated by the County Health Department. (See item 4.) The kitchen will provide food service for the assisted living residents and the adult day care center. Funds in the amount of \$8,100,000 have been allocated from the County Housing Trust Fund for this project. Private funding in the amount of \$500,000 along with a \$500,000 Commonwealth Priority Housing Fund grant provided the remaining \$1,000,000. This project is currently under construction.
4. **Little River Glen Adult Day Care.** \$3,500,000 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. This project is currently under construction and is being supported by lease revenue bonds.

5. **Little River Glen III.** \$18,000,000 for the construction of the third phase of the Little River Glen retirement community. Phase III consists of 150 independent living housing units for senior citizens. Additionally, \$554,129 from the County Housing Trust Fund has been allocated to this project. Other sources of grants and low interest funding will be identified for the balance of \$17,445,871. Little River Glen III is in the design phase.
6. **Magnet Housing.** \$6,000,000 for the construction of affordable housing for the new living/working/learning program. The project consists of 30 units of affordable housing and a training facility. Funds in the amount of \$1,615,000 from the County Housing Trust Fund, \$1,000,000 from the federal Home Investment Partnerships Program (HOME), and \$628,551 from federal Community Development Block Grant (CDBG) have been allocated to the project. Additionally, \$350,304 from the federal HOME funds and \$50,000 from the County Housing Trust Fund will be reallocated to the project in FY 2006. Other sources of grants and loans will be sought for the balance of \$2,356,145.
7. **Lewinsville Expansion.** \$13,500,000 to construct 60 assisted living housing units, a commercial kitchen and dining room; expand and renovate the existing senior center and adult day care center; and refurbish the existing child day care facilities. Funds in the amount of \$250,000 from the County Housing Trust Fund and \$550,000 from federal Community Development Block Grant (CDBG) have been allocated to the 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. Financing for the senior center, adult day care center and the child care facilities will be supported by FCRHA lease revenue bonds in the amount of \$6,500,000. 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). The project is in the design phase.
8. **Transit Oriented Affordable Housing Feasibility Studies.** \$75,000 from the County Housing Trust Fund has been allocated to the project 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.** \$1,533,803 to pursue acquisition of land and residential units through partnerships as opportunities arise or as County surplus land becomes available. This project provides an opportunity to increase the existing stock of affordable housing for families, senior citizens and single persons. Funds in the amount of \$1,333,803 from the County Housing Trust Fund and \$200,000 from the federal Home Investment Partnerships Program (HOME) have been allocated to the project.
10. **Preservation/Rehabilitation of Existing Resources - Capital Renewal.** \$3,329,782 for recurring maintenance and rehabilitation associated with the preservation of FCRHA owned properties. Funds in the amount of \$751,109 from the federal Home Investment Partnerships Program (HOME), \$72,891 from federal Community Development Block Grant (CDBG), and \$474,000 from the County Housing Trust Fund have been allocated to the project. Rehabilitation and additions are planned for the existing group homes on West Ox Road (Sunrise I and II), including connecting to public sewer. The Fairfax-Falls Church Community Services Board will provide \$460,000 of funds in FY 2005 to assist with this rehabilitation. Additional resources will be identified as scope is clarified. Federal Community Development Block Grant (CDBG) funds in the amount of \$310,000, along with an additional \$561,782 from the federal HOME funds and \$700,000 from the Housing Trust Fund will be reallocated to the project in FY 2006.
11. **Affordable/Workforce Housing.** \$17,900,000 for affordable/workforce housing initiatives. As part of the FY 2006 Adopted Budget Plan the Board of Supervisors designated \$17.9 million in General Fund monies, or the approximate value of one penny from the County's Real Estate tax, for Affordable housing initiatives. This action was based on the On January 24, 2005, the Affordable Housing Preservation Action Committee recommendations to the Board of Supervisors (BOS). Staff will determine the next steps for initiatives within the affordable/workforce housing arena, which could include working with private for-profit and non-profit organizations to purchase, finance, rehabilitate, and preserve existing at-risk affordable and workforce-owned and rental housing.

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

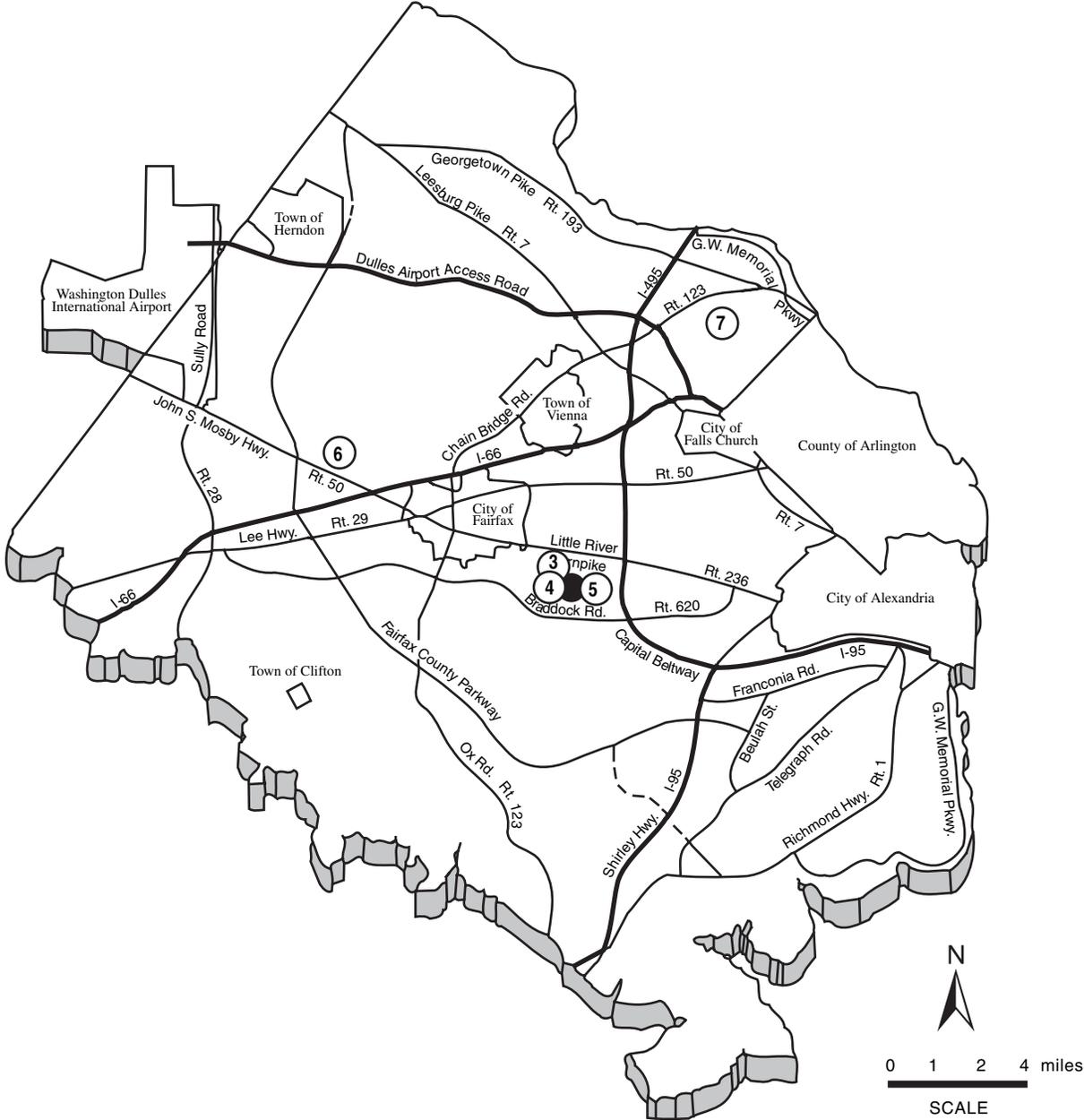
Project Title/ Project Number	Source of Funds	Anticipated to be Expended Thru FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	Total FY2006-FY2010	Total FY2011-FY2015	Total Project Estimate
1. Affordable Dwelling Units Acquisition (Countywide) / 003923	U	0		1,000	1,000	1,000		3,000		3,000
2. Affordable Housing Partnership Program / 014116	HTF F	0		2,308 1,407				2,308 1,407		3,715
3. Little River Glen II / 013948	HTF	0	9,100					9,100		9,100
4. Little River Glen Adult Day Care	LRB	0	3,500					3,500		3,500
5. Little River Glen III	HTF U	554 0	7,446	10,000				0 17,446		18,000
6. Magnet Housing / 014127	HTF F X	500	1,165 1,979	2,356				1,165 1,979 2,356		6,000
7. Lewinsville Expansion / 014140	HTF F LRB U	250 550		6,500 6,200				6,500 6,200		13,500
8. Transit Oriented Affordable Housing - Feasibility Studies	HTF	0	75					75		75
9. Additional Affordable Housing	HTF F	0	1,334	200				1,334 200		1,534
10. Preservation/Rehabilitation of Existing Resources - Capital Renewal	HTF F B	0	1,174 1,696 460					1,174 1,696 460		3,330
11. Affordable/Workforce Housing	G	C	17,900					17,900		17,900
<b>TOTAL</b>		\$1,854	\$45,829	\$29,971	\$1,000	\$1,000	\$0	\$77,800	\$0	\$79,654

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
- 4. Little River Glen Adult Day Care
- 5. Little River Glen III
- 6. Magnet Housing
- 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.