Fund 143
Homeowner and Business Loan Programs

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 Moderate Income Direct Sales (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 Affordable Dwelling Unit 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. Restrictive covenants apply that limit the sales price, and require owners to occupy the home. Homes purchased currently 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 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 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 Fund 143, Homeowner and Business Loan Programs are used in conjunction with federal funding in Fund 142, Community Development Block Grant, to increase the assistance available to County residents.

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- 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 operations of this program which 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 Loan 7.

Program income from the HILP and MIDS programs will provide direct loans, consistent with the business plan approved by the FCRHA and the Board of Supervisors.

FY 2012 revenues are projected to be $4,514,316 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 funding in Fund 143, the HILP Program initiated a two percent loan origination fee as of July 1, 1996 on all loans settled by the program. The revenue generated by this program goes directly into Fund 940, FCRHA General Operating to support staff costs associated with the program.

Budget and Staff Resources

Agency Summary					
Category	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan	FY 2012 Adopted Budget Plan
Expenditures:					
Operating Expenses	$5,358,888	$3,883,825	$8,629,710	$4,514,316	$4,514,316
Total Expenditures	**$5,358,888**	**$3,883,825**	**$8,629,710**	**$4,514,316**	**$4,514,316**

FY 2012 Funding Adjustments

The following funding adjustments reflect all changes to the FY 2011 Adopted Budget Plan, as approved by the Board of Supervisors on April 26, 2011.

- **Moderate Income and Direct Sales Program** **$620,930**
  An increase of $620,930 is due to higher expenditures for an increased number of units and cost per unit purchased and resold.

- **Home Improvement Loan Program** **$11,108**
  An increase of $11,108 is due to higher expenditures for loan repayments and administrative costs based on a previous three-year average of activity.

- **Small and Minority Business Loan Program** **($1,547)**
  A decrease of $1,547 is due to lower expenditures for U.S. Department of Housing and Urban Development Section 108 Loan 7 repayments based on the repayment schedule.

Changes to FY 2011 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2011 Revised Budget Plan since passage of the FY 2011 Adopted Budget Plan. Included are all adjustments made as part of the FY 2010 Carryover Review, FY 2011 Third Quarter Review, and all other approved changes through April 12, 2011.

- **Carryover Adjustments** **$4,745,885**
  As part of the *FY 2010 Carryover Review*, the Board of Supervisors approved an increase of $4,745,885 due to the carryover of FY 2010 balances in the County Rehabilitation Loan Program and Small and Minority Business Loan Program, as well as the appropriation of MIDS program income received in FY 2010.

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FUND STATEMENT

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

	FY 2010 Actual	FY 2011 Adopted Budget Plan	FY 2011 Revised Budget Plan	FY 2012 Advertised Budget Plan	FY 2012 Adopted Budget Plan
Beginning Balance	**$4,078,937**	**$0**	**$3,876,924**	**$3,265,439**	**$3,263,192**
Revenue:					
Program Income (MIDS)	$4,823,516	$3,721,341	$5,986,780	$4,342,271	$4,342,271
County Rehabilitation Loan Repayments	266,797	113,349	1,333,166	124,457	124,457
Business Loan Program[1]	66,562	49,135	696,032	47,588	47,588
Total Revenue	$5,156,875	$3,883,825	$8,015,978	$4,514,316	$4,514,316
Total Available	**$9,235,812**	**$3,883,825**	**$11,892,902**	**$7,779,755**	**$7,777,508**
Expenditures:					
Moderate Income Direct Sales Program (MIDS)[1]	$4,945,738	$3,721,341	$5,181,676	$4,342,271	$4,342,271
Rehabilitation Loans and Grants	363,154	113,349	2,527,691	124,457	124,457
Business Loan Program[1]	49,996	49,135	920,343	47,588	47,588
Total Expenditures	$5,358,888	$3,883,825	$8,629,710	$4,514,316	$4,514,316
Total Disbursements	**$5,358,888**	**$3,883,825**	**$8,629,710**	**$4,514,316**	**$4,514,316**
Ending Balance[2]	**$3,876,924**	**$0**	**$3,263,192**	**$3,265,439**	**$3,263,192**

[1] In order to account for revenues and expenditures in the proper fiscal year, audit adjustments totaling a net decrease of $2,246.50 have been reflected as an increase of $4,452.50 in FY 2010 revenues to record accrual adjustment for interest income, and an increase of $6,699.00 in FY 2010 expenditures to record accrued expenses for debt service and operating expenses in the appropriate fiscal year. These audit adjustments have been included in the FY 2010 Comprehensive Annual Financial Report (CAFR). Details of the FY 2010 audit adjustments were included in the FY 2011 Third Quarter Package.

[2] 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.