

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 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 as established in 1978, acquired or constructed units sold by the FCRHA to moderate income families, with second trust loans provided to make the loan amount affordable. 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. In FY 2012, the HILP provided assistance to Fairfax County flood victims as a result of Hurricane Irene.

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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 2013 revenues are projected to be \$3,910,249 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 2011 Actual	FY 2012 Adopted Budget Plan	FY 2012 Revised Budget Plan	FY 2013 Advertised Budget Plan
Expenditures:				
Operating Expenses	\$3,017,534	\$4,514,316	\$10,126,492	\$3,910,249
Total Expenditures	\$3,017,534	\$4,514,316	\$10,126,492	\$3,910,249

FY 2013 Funding Adjustments

The following funding adjustments from the FY 2012 Adopted Budget Plan are necessary to support the FY 2013 program:

- ◆ **Moderate Income Direct Sales Program** (\$653,632)
A decrease of \$653,632 is due to lower expenditures for a decreased number of units and cost per unit purchased and resold.
- ◆ **Home Improvement Loan Program** \$51,203
An increase of \$51,203 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** (\$1,638)
A decrease of \$1,638 is due to lower expenditures for U.S. Department of Housing and Urban Development Section 108 Loan 7 repayments based on the repayment schedule.

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Changes to FY 2012 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2012 Revised Budget Plan since passage of the FY 2012 Adopted Budget Plan. Included are all adjustments made as part of the FY 2011 Carryover Review, and all other approved changes through December 31, 2011:

- ◆ **Carryover Adjustments** **\$5,612,176**
As part of the *FY 2011 Carryover Review*, the Board of Supervisors approved an increase of \$5,612,176 due to the carryover of FY 2011 balances in the Moderate Income Direct Sales (MIDS) Program, Home Improvement Loan Program, and Small and Minority Business Loan Program.

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FUND STATEMENT

Fund Type H14, Special Revenue Funds

Fund 143, Homeowner and Business
Loan Programs

	FY 2011 Actual	FY 2012 Adopted Budget Plan	FY 2012 Revised Budget Plan	FY 2013 Advertised Budget Plan
Beginning Balance	\$3,876,924	\$3,263,192	\$3,396,003	\$3,263,192
Revenue:				
Program Income (MIDS)	\$2,324,820	\$4,342,271	\$8,004,231	\$3,688,639
County Rehabilitation Loan Repayments	189,988	124,457	1,267,635	175,660
Business Loan Program	21,805	47,588	721,815	45,950
Total Revenue	\$2,536,613	\$4,514,316	\$9,993,681	\$3,910,249
Total Available	\$6,413,537	\$7,777,508	\$13,389,684	\$7,173,441
Expenditures:				
Moderate Income Direct Sales Program (MIDS)	\$2,519,657	\$4,342,271	\$7,004,291	\$3,688,639
Rehabilitation Loans and Grants	454,526	124,457	2,176,360	175,660
Business Loan Program	43,351	47,588	945,841	45,950
Total Expenditures	\$3,017,534	\$4,514,316	\$10,126,492	\$3,910,249
Total Disbursements	\$3,017,534	\$4,514,316	\$10,126,492	\$3,910,249
Ending Balance¹	\$3,396,003	\$3,263,192	\$3,263,192	\$3,263,192

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.