

Fund 40360

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.

Focus

Fund 40360, Homeowner and Business Loan Programs, is comprised of the following 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 Fairfax County Redevelopment and Housing Authority (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 (ADU) 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 \$190,000. 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 MIDS and ADU 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 Fairfax County's Affordable Dwelling Unit (ADU) Housing Acquisition program was established in FY 2015 for the FCRHA to exercise its right of first purchase of ADUs in the extended control period in order to preserve the affordability of the units for low- to moderate-income families. The units are then rented out as part of the Fairfax County Rental Program, or resold to non-profit organizations that would then be responsible for maintaining the affordability of the units.

- ◆ The Home Improvement Loan Program (HILP) provides loans, grants and materials to low- and moderate-income individuals for the purpose of home improvements. The HILP program has been significantly down-sized and new HILP loans are now limited to emergency situations. Old loans are repaid, generating revenue to the Fund, but most loans are deferred and repaid when the homeowner decides to sell their home. Grants are provided for low-income elderly or disabled residents through the Home Repair for the Elderly Program (HRE) to make needed repairs and provide for handicapped accessibility, to prevent displacement, and to allow these individuals to live in safe and sanitary housing.

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- ◆ The Small and Minority Business Loan program was initiated in FY 1996, and Fund 40360, Homeowner and Business Loan Programs, was expanded to include the receipt of federal funds for the operations of this program which provided loans to qualified small and minority businesses. Program funds were 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. Given the current economic conditions, high administrative cost and low demand for the program, the Small and Minority Business Loan program has been discontinued. The Section 108 loan will be repaid according to scheduled payments.

Budget and Staff Resources

Category	FY 2014 Actual	FY 2015 Adopted	FY 2015 Revised	FY 2016 Advertised
FUNDING				
Expenditures:				
Operating Expenses	\$2,545,942	\$2,230,085	\$4,574,595	\$2,333,715
Total Expenditures	\$2,545,942	\$2,230,085	\$4,574,595	\$2,333,715

FY 2016 Funding Adjustments

The following funding adjustments from the FY 2015 Adopted Budget Plan are necessary to support the FY 2016 program.

- ◆ **Moderate Income Direct Sales Program** **\$201,810**
An increase of \$201,810 is due to higher expenditures for the estimated number of units purchased and resold.
- ◆ **Home Improvement Loan Program** **(\$96,380)**
A decrease of \$96,380 is due to lower expenditures for loan repayments and administrative costs based on a previous three-year average of activity.
- ◆ **Small and Minority Business Loan Program** **(\$1,800)**
A decrease of \$1,800 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 2015 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2015 Revised Budget Plan since passage of the FY 2015 Adopted Budget Plan. Included are all adjustments made as part of the FY 2014 Carryover Review, and all other approved changes through December 31, 2014.

- ◆ **Carryover Adjustments** **\$2,344,510**
As part of the FY 2014 Carryover Review, the Board of Supervisors approved funding of \$2,344,510 due to carryover of unexpended FY 2014 program balances anticipated for the FY 2015 Moderate Income Direct Sales (MIDS) Program, County Rehabilitation Loans and Grants Program, and Business Loan Program, as well as the initiation of a new program, the Affordable Dwelling Unit Housing Acquisition.

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FUND STATEMENT

Fund 40360, Homeowner and Business Loan Programs

	FY 2014 Actual	FY 2015 Adopted Budget Plan	FY 2015 Revised Budget Plan	FY 2016 Advertised Budget Plan
Beginning Balance	\$3,780,066	\$3,780,066	\$3,525,204	\$3,476,739
Revenue:				
Program Income (MIDS)	\$1,986,282	\$2,059,020	\$3,200,000	\$2,260,830
Affordable Dwelling Unit Housing Acquisition	0	0	800,000	0
County Rehabilitation Loan Repayments	304,273	128,580	500,000	0
Business Loan Program	525	0	26,130	26,130
Total Revenue	\$2,291,080	\$2,187,600	\$4,526,130	\$2,286,960
Total Available	\$6,071,146	\$5,967,666	\$8,051,334	\$5,763,699
Expenditures:				
Moderate Income Direct Sales Program (MIDS)	\$2,384,650	\$2,059,020	\$3,200,000	\$2,260,830
Affordable Dwelling Unit Housing Acquisition	0	0	800,000	0
Rehabilitation Loans and Grants	123,029	128,580	500,000	32,200
Business Loan Program	38,263	42,485	74,595	40,685
Total Expenditures	\$2,545,942	\$2,230,085	\$4,574,595	\$2,333,715
Total Disbursements	\$2,545,942	\$2,230,085	\$4,574,595	\$2,333,715
Ending Balance¹	\$3,525,204	\$3,737,581	\$3,476,739	\$3,429,984

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.