

Department of Housing and Community Development

LOB #324:

AFFORDABLE RENTAL HOUSING, PROPERTY MANAGEMENT AND MAINTENANCE

Purpose

Given the Board of Supervisors' Affordable Housing Goal:

“Opportunities should be available to all who live or work in Fairfax County to purchase or rent safe, decent, affordable housing within their means.”

HCD, in conjunction with the FCRHA, manages and maintains quality affordable rental housing and administers rental housing programs in accordance with federal regulations and local policies.

Description

More than 3,500 FCRHA owned or operated residential units are leased to low- and moderate-income families and individuals housing nearly 9,000 people, including those with physical disabilities and mental health challenges, leveraging a mix of federal and local funds. The individuals served by these programs are typically in households earning about 30 percent of the County's AMI and include older adults, persons with disabilities, and individuals with significant mental health challenges. This includes Public Housing units, as well as those developed by the FCRHA and managed directly through third party vendor relationships.

Federal Public Housing Program

The federal Public Housing Program is administered by the U.S. Department of Housing and Urban Development (HUD) to provide funds for rental housing owned and operated by the FCRHA serving households with low incomes.

| Property | Number of Units | Supervisory District |
|---------------------------------------|------------------------|-----------------------------|
| Audubon Apartments | 46 | Lee |
| Rosedale Manor ¹ | 97 | Mason |
| Newington Station | 36 | Mt. Vernon |
| The Park | 24 | Lee |
| Shadowood | 16 | Hunter Mill |
| Atrium Apartments | 37 | Lee |
| Villages of Falls Church ² | 37 | Mason |
| Heritage Woods I | 19 | Braddock |
| Robinson Square | 46 | Braddock |
| Heritage Woods South | 12 | Braddock |
| Sheffield Village | 8 | Mt. Vernon |
| Greenwood | 138 | Mason |
| Briarcliff II | 20 | Providence |
| West Ford II | 22 | Mt. Vernon |
| West Ford I | 24 | Mt. Vernon |
| West Ford III | 59 | Mt. Vernon |
| Barros Circle | 44 | Sully |
| Belle View | 40 | Mt. Vernon |
| Kingsley Park ¹ | 108 | Providence |
| Heritage Woods North | 25 | Various |
| Reston Town Center | 30 | Hunter Mill |
| Old Mill Site | 48 | Lee |
| Ragan Oaks | 51 | Sully |
| Tavenner Lane ³ | 12 | Lee |

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| Property | Number of Units | Supervisory District |
|--------------------------|-----------------|----------------------|
| Waters Edge | 9 | Springfield |
| The Green ³ | 50 | Various |
| Greenwood II | 7 | Various |
| Total Units ⁴ | 1,065 | |

1 This HUD project includes one unit used as an office.

2 This HUD project includes one unit at Heritage Woods South in Braddock District.

3 Multiple properties are owned by limited partnerships controlled by the FCRHA. The Authority is the managing general partner of Tavenner and the managing and limited partner for The Green. Therefore, rental revenue and other expenses for these properties are not reported in Fund 81520.

4 There are projected to be 1,065 units of Public Housing; however, only 1,060 are rentable and income producing. There are five units off-line and used as office space and community rooms as allowed under HUD guidelines. Tavenner Lane and The Green are reported separately when reporting to HUD, since they are partnership properties and have different reporting requirements.

Admissions and Occupancy policies for this program are governed by the Quality Housing and Work Responsibility Act of 1998 (which amended the United States Housing Act of 1937) and are consistent with the objectives of Title VI of the Civil Rights Act of 1964. Eligibility for admission and occupancy requires the applicants to fulfill the following general criteria:

- qualify as a family;
- have an annual income which does not exceed the income limits for admission to a designated property; and
- qualify under the Local Preference if head of household or spouse is employed, attending school or participating in a job training program, a combination thereof at least 30 hours per week; or is aged 62 or older; or is a primary caretaker of a disabled dependent; or meets HUD's definition of being disabled.

While the program allows new lease-ups for households earning up to 80 percent of the AMI, the FCRHA's policy is to serve mainly households earning 30 percent of the AMI and below, which meets the federal definition of "extremely low-income." Tenants generally pay 35 percent of their income for rent. The average income served in the FCRHA's Public Housing portfolio in FY 2015 was \$21,363, or 22 percent of the AMI for a family of three. A total of 43 percent of all households currently served in the FCRHA's Public Housing properties include at least one person with a disability.

Public Housing Resource Overview

| | FY 2014 Actual | FY 2015 Actual | FY 2016 Budget |
|---------------------------|--------------------|--------------------|---------------------|
| Revenues: | | | |
| Federal Revenue | \$2,614,958 | \$2,648,821 | \$3,037,849 |
| Rental Income | \$5,107,527 | \$5,472,844 | \$5,917,291 |
| Program Income | \$1,396,694 | \$1,301,092 | \$1,441,036 |
| Investment Income | \$10,481 | \$300 | \$17,468 |
| Other Revenue | \$130,467 | \$93,601 | \$130,467 |
| Total Revenue | \$9,260,128 | \$9,516,657 | \$10,544,111 |
| Expenditures: | | | |
| Compensation | \$3,703,033 | \$2,756,270 | \$3,954,465 |
| Operating | \$6,180,320 | \$6,403,067 | \$6,589,646 |
| Total Expenditures | \$9,883,353 | \$9,159,337 | \$10,544,111 |

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Nearly \$6 million in revenues are derived from Rental Income paid by clients. Rental Income represents more than 56 percent of the total revenues supporting the program, nearly double the Federal Revenue of \$3 million from HUD. The HUD Operating Subsidy calculation is based on a formula last updated in 2005. Program Income (payments for utilities in excess of FCRHA established standards, management fees, and asset management fees) constitutes \$1.4 million or nearly 14 percent of total revenues.

Fairfax County Rental Program (FCRP)

FCRP includes 2,797 housing units and beds in specialized housing developed and managed by HCD for the FCRHA. This includes:

- 1,965 multifamily units;
- 504 senior independent units;
- 112 beds of assisted living (in two properties);
- 62 beds of supportive housing in group homes and shelter facilities; and
- 154 beds/units of other specialized housing, including 115 mobile home pads.

Fairfax County Rental Program Units

| Property Type | Property | Sup District | Units |
|----------------------|---------------------------|---------------------|--------------|
| Multifamily | Bryson at Woodland Park | Hunter Mill | 4 |
| | Castellani Meadows | Sully | 24 |
| | Cedar Lakes | Sully | 3 |
| | Cedar Ridge | Hunter Mill | 195 |
| | Charleston Square | Springfield | 1 |
| | Chatham Town | Braddock | 10 |
| | Colchester Towne | Lee | 24 |
| | Crescent Apartments | Hunter Mill | 180 |
| | East Market | Springfield | 4 |
| | Fair Oaks Landing | Springfield | 3 |
| | Faircrest | Sully | 6 |
| | Fairfax Ridge Condo | Springfield | 1 |
| | Glenwood Mews | Lee | 9 |
| | Halstead | Providence | 4 |
| | Holly Acres | Lee | 2 |
| | Hopkins Glen | Providence | 91 |
| | Island Creek | Lee | 8 |
| | Laurel Hill | Mt. Vernon | 6 |
| | Legato Corner Condominium | Springfield | 13 |
| | Little River Square | Springfield | 45 |
| | Lorton Valley | Mt. Vernon | 2 |
| | Madison Ridge | Sully | 10 |
| | McLean Hills | Providence | 25 |
| | Mount Vernon Gardens | Lee | 36 |
| | Murraygate Village | Lee | 200 |
| | Northampton | Lee | 4 |
| ParcReston | Hunter Mill | 23 | |

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| Property Type | Property | Sup District | Units |
|---------------------------------|-------------------------------------|--------------|--------------|
| | Penderbrook | Providence | 48 |
| | Springfield Green | Lee | 14 |
| | Stockwell Manor | Dranesville | 3 |
| | Stonegate at Faircrest | Springfield | 1 |
| | Stonegate Village | Hunter Mill | 240 |
| | Tavenner Lane ¹ | Lee | 12 |
| | West Glade (The Green) ² | Hunter Mill | 24 |
| | Wedgewood Apartments | Braddock | 672 |
| | Westbriar | Providence | 1 |
| | Westcott Ridge | Springfield | 10 |
| | Willow Oaks | Sully | 7 |
| Multifamily Total | | | 1,965 |
| Independent Living | Gum Springs | Mt. Vernon | 60 |
| | Herndon Harbor I & II | Dranesville | 120 |
| | Lewinsville Senior Residences | Dranesville | 22 |
| | Lincolnia Senior Residences | Mason | 26 |
| | Little River Glen | Braddock | 120 |
| | Morris Glen | Lee | 60 |
| | Olley Glen | Braddock | 90 |
| | Saintsbury Plaza | Providence | 6 |
| Independent Living Total | | | 504 |
| Assisted Living | Braddock Glen | Braddock | 60 |
| | Lincolnia Senior Residences | Mason | 52 |
| Assisted Living Total | | | 112 |
| Supportive Housing | Dequincey | Braddock | 5 |
| | Sojourn House | Springfield | 8 |
| | Leland | Sully | 8 |
| | Minerva Fisher | Providence | 12 |
| | Mount Vernon | Mt. Vernon | 8 |
| | Patrick Street | Providence | 8 |
| | Rolling Road | Mt. Vernon | 5 |
| | Mondloch Shelter | Lee | 8 |
| Supportive Housing Total | | | 62 |

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| Property Type | Property | Sup District | Units |
|--|----------------|--------------|--------------|
| Other Specialized Housing | Woodley Hills | Mount Vernon | 115 |
| | Coan Pond | Providence | 19 |
| | Mondloch Place | Lee | 20 |
| Other Specialized Housing Total | | | 154 |
| Grand Total | | | 2,797 |

¹ There are a total of 24 units in the Tavenner limited partnership; 12 units at Tavenner Lane are part of the federally-assisted Public Housing program and are reflected in Fund 81520, Public Housing Projects Under Management. The remaining 12 units are operated under the Fairfax County Rental Program. However, operating expenses for all 24 units are included in Fund 81200 since they are all owned by a limited partnership.

² There are a total of 74 units in The Green Limited partnership; 50 units counted as part of The Green Partnership property are part of the federally-assisted Public Housing program and are reflected in Fund 81520, Public Housing Projects Under Management. The balance of 24 units in The Green Limited Partnership are operated under the Fairfax County Rental Program. However, operating expenses for all 74 units are included in Fund 81200 since they are part of Partnership-Blended Component Units.

These rental units provide affordable rental housing for low- and moderate-income families and include projects developed by the FCRHA and other privately developed or rehabilitated housing units acquired by the FCRHA or the County leveraging financing tools such as the federal Low-Income Housing Tax Credits and collaborations with the Virginia Housing and Development Authority (VHDA).

FCRP generally serves working households with incomes slightly higher than those households living in Public Housing and or participating in the Housing Choice Voucher program. Rental housing includes multifamily housing, magnet workforce housing for police, firefighters, Fairfax County Public Schools (FCPS) teachers and bus drivers, housing for families, single individuals, older adults, and supportive housing for special populations. Average household income served in FY 2015 in FCRP non-senior properties was \$36,801, or 37 percent of AMI for a family of three. Approximately 10 percent of the household sin FCRP non-senior properties under FCRHA management include at least one person with a disability.

More than \$5 million, in revenues is generated from Rental Income paid by clients. Rental Income represents nearly 52 percent of the total revenues supporting the program. Program Income of \$2.3 million, or nearly 23 percent of total revenues, primarily reflects the reimbursements paid to the FCRHA by the Partnership Properties. The nearly \$1.9 million, or just over 18 percent, in funding for the local rental program from the County General Fund is the County transfer to support Fund 40330, Elderly Housing Programs.

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FCRP Resource Overview

| | FY 2014 Actual | FY 2015 Actual | FY 2016 Budget |
|---------------------------|--------------------|--------------------|---------------------|
| Revenues: | | | |
| Federal Revenue | \$0 | \$508,819 | \$0 |
| Rental Income | \$5,091,502 | \$5,198,886 | \$5,252,633 |
| Program Income | \$2,227,883 | \$1,888,663 | \$2,331,866 |
| Investment Income | \$30,202 | \$46,156 | \$30,202 |
| Other Revenue | \$706,797 | \$296,296 | \$687,330 |
| County General Fund | \$1,852,376 | \$1,869,683 | \$1,869,683 |
| Total Revenue | \$9,908,759 | \$9,808,502 | \$10,171,714 |
| Expenditures: | | | |
| Compensation | \$3,653,726 | \$3,305,777 | \$4,051,825 |
| Operating | \$5,830,981 | \$6,105,661 | \$6,286,214 |
| Total Expenditures | \$9,484,707 | \$9,411,438 | \$10,338,039 |

Please note that the following four divisions – the Rental Services Division, Asset Management Division, Property Management Division, and Property Maintenance and Improvement Division – provide services across multiple LOBs. As a result, staff in each division provide additional support to activities/programs in other LOBs.

Rental Services Division

HCD's Rental Services Division manages all aspects of the client intake process including management of waiting lists, unit inspections and program compliance. More specifically, staff determines client eligibility, verifies client income, recertifies tenants in compliance with all federal and local program requirements and regulations; enforce lease provisions, and provide assistance to participating landlords. There are 19 positions supporting the work of LOB #324 in this Division, of which 14 are federally funded, three are funded by the FCRHA, and two are supported by the General Fund.

Asset Management Division

While helping to monitor and maintain the overall financial health of the agency, the Asset Management Division looks for opportunities to reposition the FCHRA/HCD portfolio financially; address changes in funding or regulations; and oversee the third-party management contracts covering nearly 1,700 multi-family residential units to ensure financial health, physical condition and sustainability of the FCRHA/HCD portfolio. There are four positions in the Division fully supported by FCRHA funding. Additionally, the Asset Management Division works to ensure compliance with federal and local rules, regulations and requirements, including complex reporting requirements associated with the Low-Income Housing Tax Credit and individual partnership agreements.

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Third Party Managed Properties

| Property Type | Property | Total |
|---------------------------------|-----------------------|--------------|
| Multifamily | Cedar Ridge | 195 |
| | Crescent Apartments | 180 |
| | Hopkins Glen | 91 |
| | Little River Square | 45 |
| | Mount Vernon Gardens | 36 |
| | Stonegate Village | 240 |
| | Wedgewood Apartments | 672 |
| Multifamily Total | | 1,459 |
| Independent Living | Gum Springs | 60 |
| | Herndon Harbor I & II | 120 |
| | Morris Glen | 60 |
| Independent Living Total | | 240 |
| Grand Total | | 1,699 |

Property Management Division

The Property Management Division provides day-to-day housing management services for more than 2,000 units, marketing and on-site leasing services. This work is accomplished by 25 positions, 11 of which are fully supported by federal funds, eight by the General Fund and six by the FCHRA. The types of properties managed ranges from residential, multifamily communities for families and individuals with low- and moderate-incomes; housing for older adults, including two assisted living facilities and two adult day health care centers; and scattered site group homes that provide services for special needs adult and youth groups through the Fairfax-Falls Church Community Services Board and other County agencies and non-profits. Staff interfaces daily with residents on issues ranging from maintenance to property aesthetics. These staff are also responsible for soliciting input from residents on issues impacting the properties and addressing any concerns they may have. Recently, for example, a significant effort was made to draft a non-smoking policy and determine the most appropriate steps in piloting the new policy. Property Management staff also supports the Resident Advisory Council which is comprised of residents from FCRHA/HCD properties that convenes six to eight times a year to advise the FCRHA about its operations, plans, and procedures and to make recommendations in the decision-making process for the new 5-year plan requirements and for other policy issues.

Property Maintenance and Improvement Division

Ongoing interior, exterior and grounds maintenance of the nearly 2,200 directly managed/operated residential units mentioned above, as well as two office buildings owned by the FCRHA, is the responsibility of the Property Maintenance and Improvement Division (PIMD). Emergency maintenance services are provided 24 hours per day, seven days per week by 46 positions, 20 of which are supported with federal grant funds. PIMD, in collaboration with the Asset Management and Property Management Divisions, also administers federal funds awarded annually for asset protection and modernization of the FCRHA's public housing. This involves physical needs assessments of buildings and related systems, development of a 5-year action plan and construction contract oversight. A similar 5-year plan is also developed and implemented for the FCRHA's non-federally assisted housing stock.

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Benefits

The work performed under this LOB provides two critical benefits. First, it ensures that the residents of FCRHA owned or operated properties have a safe and well-managed place to call home. This LOB is also essential to the continued success of affordable housing in the community, because the FCRHA's properties are maintained with such care and look like much of the other housing in the County.

Each night, some 9,000 people are sleeping in FCRHA owned or operated homes. Given the income ranges served, as well as the expense of rental housing in the County, these individuals do not have other housing options and could end up homeless. They are older adults living on low, fixed incomes; they are adults with disabilities; they are adults living in group homes operated by the CSB; and they are families trying to make ends meet. FCRHA operated housing is a critical resource for affordable homes for low-income seniors and persons with disabilities.

In addition to housing clients, other significant benefits associated with this LOB include:

- Improved family functioning;
- Better job retention;
- Increased academic performance;
- Enhanced ability to focus on resolving other issues obstructing improved self-sufficiency;
- Boosted economic activity; and
- Greater sense of community and civic engagement.

Mandates

As a federal program, Public Housing has significant compliance requirements. For example, there are standards governing client eligibility and recertification, rent calculation, property condition, unit inspection, and reporting. Additionally, since federal Low Income Housing Tax Credits (LIHTC) are a tool that has been leveraged to finance several properties in FCRP, there are complex reporting requirements to satisfy federal tax rules and investor interests.

Trends and Challenges

In addition to the trends and challenges presented in the Agency Overview, this LOB is constrained by limited resources as the rents paid by tenants are growing at a slower rate than expenses and it is not likely that additional federal resources will be made available. This restricts what can be done in terms of operations and property maintenance amidst rising utility, contract and personnel costs.

Additionally, the challenges listed in LOB #323 impact this LOB as the stock of affordable rental housing is not likely to expand much. As a result, demand will continue to outstrip the FCRHA/HCD's supply of affordable rental housing. In fact, given the projected affordable housing gap discussed in the Agency Overview, this gap between supply and demand will widen over time.

The average age of properties owned/operated by the FCRHA is 30 to 35 years, and many of these communities have significant maintenance needs.

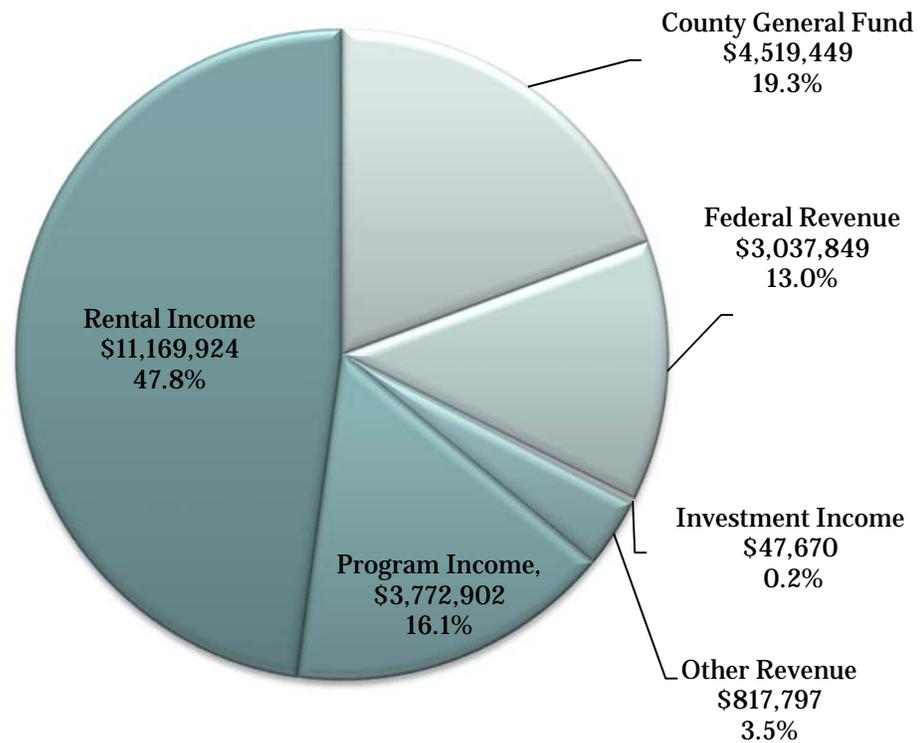
For properties in the Public Housing program, the HUD Rental Assistance Demonstration (RAD) presents a critical opportunity to convert to a more stable Section 8 subsidy and give the FCRHA the opportunity to attract private capital and consider strategic redevelopment of its assets.

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Resources

| Category | FY 2014 Actual | FY 2015 Actual | FY 2016 Adopted |
|---|---------------------|---------------------|---------------------|
| LOB #324: Affordable Rental Housing, Property Management and Maintenance | | | |
| FUNDING | | | |
| <u>Expenditures:</u> | | | |
| Compensation | \$5,934,421 | \$5,301,549 | \$6,335,750 |
| Benefits | 2,365,471 | 1,973,264 | 2,504,721 |
| Operating Expenses | 13,933,503 | 14,002,826 | 14,520,559 |
| Capital Projects | 1,153,660 | 1,599,304 | 0 |
| Total Expenditures | \$23,387,055 | \$22,876,943 | \$23,361,030 |
| General Fund Expenditures | \$2,159,058 | \$2,033,270 | \$2,099,766 |
| Total Revenue | \$21,533,512 | \$21,403,456 | \$21,495,908 |
| <u>Transfers In:</u> | | | |
| Transfer In from General Fund | \$1,852,376 | \$1,869,683 | \$1,869,683 |
| Total Transfers In | \$1,852,376 | \$1,869,683 | \$1,869,683 |
| POSITIONS | | | |
| Authorized Positions/Full-Time Equivalents (FTEs) | | | |
| <u>Positions:</u> | | | |
| Regular | 55 / 55 | 55 / 55 | 55 / 55 |
| Grant | 50 / 50 | 50 / 50 | 50 / 50 |
| Total Positions | 105 / 105 | 105 / 105 | 105 / 105 |

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Based on the FY 2016 Adopted Budget Plan, \$11.2 million or 47.8 percent of the revenue generated by this LOB is from Rental Income. This is a significant fact given the economic situation in which many of the clients are. The County General Fund is next most significant revenue source, contributing \$4.5 million or 19.3 percent, followed by Program Income at \$3.8 million, or 16.1 percent, and Federal Revenue of \$3.0 million or 13.0 percent. As described earlier, the Federal Revenue reflects the HUD Operating Subsidy supporting Public Housing. The General Fund supports staff costs, as well as limited partnership real estate taxes and condominium fees for some FCRHA-owned units.

Just over 62 percent, or \$14.5 million, of the spending in this LOB is on Operating Expenses, with the remaining \$8.8 million supporting the 105 merit positions. Of the 105 merit positions, 50 are fully supported with federal funding, 36 are funded by the FCRHA and 19 are supported by the County's General Fund.

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Metrics

| Metric Indicator | FY 2013 Actual | FY 2014 Actual | FY 2015 Actual | FY 2016 Estimate | FY 2017 Estimate |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|
| Public Housing Clients Housed | 2,789 | 2,701 | 2,637 | 2,780 | 2,780 |
| Average Income of Public Housing Clients Housed as % of Area Median Income | 23% | 23% | 22% | 30% | 30% |
| FCRP Clients Housed | 5,722 | 5,702 | 5,725 | 5,725 | 5,725 |
| Average Income of FCRP Clients Housed as % of Area Median Income | 38% | 42% | 37% | 40% | 40% |
| Elderly Housing Clients Served, Assisted Living | 102 | 102 | 99 | 106 | 110 |
| Elderly Housing Customer Satisfaction, Assisted Living | 100% | 99% | 94% | 95% | 96% |
| Elderly Housing Clients Served, Independent Living | 502 | 500 | 498 | 502 | 480 |
| Elderly Housing Customer Satisfaction, Independent Living | 96% | 98% | 100% | 92% | 98% |

Federal Public Housing Program

The FCRHA operates 1,065 federal Public Housing units, (1,060 rentable) which are managed and maintained by HCD. FCRHA policy is to serve mainly households earning 30 percent AMI and below, but the average income served as percentage of AMI is typically much lower. In FY 2015, for example, the average income served as percentage of AMI was 22 percent, or \$21,363 per year. Public Housing housed a total of 2,637 persons in FY 2015. This is a slight decline from the 2,701 served in FY 2014 and reflects shifts in household sizes among existing and new clients as well as the turnover time it takes to lease new families in the program when units are vacated. A total of 43 percent of all households currently served in the FCRHA's federal Public Housing Program include a person with a disability.

FCRHA/HCD Rental Programs

FCRP units include rental property owned by the FCRHA and developed with funds other than Public Housing funds. In FY 2015, 6,322 individuals were housed in FCRP units, including 5,725 individuals in multifamily units, with an average income of 37 percent of AMI; and 99 and 498 clients in Assisted Living and Independent Living units, respectively. The slight declines in number of clients served by the Elderly Housing Program are due to the renovations at Lincolnia during FY 2015. These numbers are anticipated to return to normal levels mid-FY 2016, but will be impacted again in FY 2017 when Lewinsville undergoes a redevelopment. While the facility will not be coming totally offline and work will be done with tenant in place, higher vacancies do occur while these projects are underway.