



Board of Supervisors Housing Committee Meeting

Fairfax County's Investment in Affordable Housing in FY 2021

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State of Play

– Headlines:

- Minimum of 5,000 net new units for households at 60 percent of AMI over the next 15 years.
- Expectation of “no net loss” of existing affordable housing, especially “market affordable.”
- Recommended equivalent to one penny on tax rate focused on new production has been deferred due to COVID-19.

Proposed Plan for FY 2021

- **A total of up to \$20.5 million to be made available via our Notice of Funding Availability (NOFA) in July, comprised of...**
- **\$7.5 million** in local funds in the Affordable Housing Development and Investment Fund (formerly, the Penny Fund).
- **\$5.2 million** in the Tysons Housing Trust Fund.
- **\$7.8 million** in state Amazon Impact REACH funds through Virginia Housing (formerly VHDA).

Proposed Plan for FY 2021

– Headlines:

- Local funds can be used countywide for preservation or new production.
- Tysons fund may only be used in the Tysons Urban Center.
- Virginia Housing funds will be focused on preservation/rehabilitation of existing affordable housing; new construction may also be considered.
- Local funds may be commingled with Virginia Housing funds.

Draft Overarching Principles for the Use of Affordable Housing Development and Investment (AHDI) Funds

- New affordable rental housing production and the preservation of “market affordable” rental housing are the priorities.
- The funds will be fully committed and/or expended in the fiscal year in which they are appropriated.
- The funds should be opportunity-driven.

Draft Guiding Principles for the Use of AHDI Funds

- Funds should be well-leveraged
- Funds should be used to serve a range of affordability up to 60% AMI, but “income averaging” allowed per Low Income Housing Tax Credit program
- Funds should serve special needs populations
- Projects must be feasible and sustainable
- Funds must be used to support long-term affordability
- Transparency – Activities, status, success to be reported to BOS, community and Affordable Housing Advisory Committee (AHAC)

Draft Priorities

- **New production** of rental homes for individuals and families earning 60 percent of AMI and below.
- The **preservation** of “market affordable” rental properties and committed affordable properties with expiring subsidies or major capital needs.
- Reduction of homelessness through the **development of new permanent supportive housing** options for persons coming out of chronic homelessness.

Draft Priorities

- The use of **publicly-owned land** for new housing production, and the **co-location** of such housing with public facilities.
- The creation of new and enhanced opportunities for **accessible housing** for persons with disabilities.
- The creation of housing near **transit and activity centers**.

Proposed Application Process

- Meeting and exceeding the “5K by 15” goal will require innovation and flexibility in the use of the funds.

–Rolling application process

- Via the Affordable Housing Partnership Program (AHPP)
- PPEA projects will need to apply for funds through AHPP if needed
- Projects planning to compete for 2021 9% LIHTC must apply by October 1

Options for Accessing AHDI Fund Resources

- **Expectation to use FCRHA Bond Financing**
 - Projects utilizing the fund on FCRHA land are expected to commit to using FCRHA bond financing.
 - Projects utilizing the fund on privately-owned land will receive a preference if they commit to using FCRHA bond financing.
 - Projects using Virginia Housing resources must use Virginia Housing Financing.
- **Loan to Value Ratio**
 - Case-by-case consideration of allowing a loan-to-value ratio of up to 120 percent.

Options for Accessing AHDI Fund Resources

—Financing Models

- Case-by case consideration of creative models, however...
- Variable rate financing and cross-collateralization/cross-default models will not be considered.

—Availability of Funds During Construction

- For new construction, current policy of considering disbursing up to 50% of Housing Blueprint funds after achievement of 50% construction still stands.
- Case-by-case consideration of disbursement of funds during rehabilitation possible.

Discussion/Next Steps