



Board of Supervisors Housing Committee Meeting

Fairfax County's Investment in Affordable Housing *Moving Forward*

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Affordable Housing Development and Investment Fund: Overview

- Established in FY 2006 as “The Penny for Affordable Housing” to fund preservation initiatives for affordable housing.
- Originally began as a dedication of one penny of the real estate tax rate for affordable housing initiatives.
- During the economic downturn, the Board of Supervisors reduced the investment to one-half penny which was used to cover the debt service on FCRHA properties.
- The value of a “half penny” in FY 2019 was \$12,300,000.
- A total of 3,473 affordable units have been preserved as of the end of FY 2019 for both homeownership and rental purposes in a variety of large and small projects.

State of Play

- **\$15 million provided in FY 2020 in Penny Fund; new position**
 - All funds fully committed
 - Position hired
- **Headlines:**
 - Minimum of 5,000 net new units for households at 60 percent of AMI over the next 15 years
 - Expectation of “not net loss” of existing affordable housing, especially “market affordable”
 - Recommended equivalent of one penny on tax rate focused on new production
 - Existing half penny focused on preservation

Draft Overriding 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
- Funds should serve special needs populations
- Projects must be feasible and sustainable
- Funds must be used to support long-term affordability (minimum 30 year affordability period but will ask for longer)
- 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**.

Options for Accessing Resources

– 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)
- Anticipated AHPP portal to open upon approval of the FY 2021 Budget in May.

– Assignment of funds to FCRHA PPEA Projects

- Projects using FCRHA-owned land will have a baseline award assumption of \$35,000 per unit from the fund.
- PPEA projects with subsidy needs above \$35,000 will have to apply through the AHPP Portal.

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.

- **Loan to Value Ratio**
 - Case-by-case consideration of allowing a loan-to-value ratio of up to 125 percent.

Options for Accessing Penny Fund Resources

– Joint Ventures

- FCRHA may consider being the purchaser of the land in both preservation and construction projects and provide land via a ground lease.

– Tysons Housing Fund

- Tysons Fund will be made available through the AHPP portal for projects in the Tysons Corner Urban Center

Options for Accessing Penny 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