

Fund 30300: Affordable Housing Development and Investment

Focus Fund 30300, Affordable Housing Development and Investment (formerly known as the Penny for Affordable Housing Fund), was established in FY 2006 and is designed to serve as a readily available local funding source with the flexibility to preserve and promote the development of affordable housing. For fiscal years 2006 through 2009, the Board of Supervisors (BOS) dedicated revenue commensurate with the value of one cent from the Real Estate Tax to the preservation of affordable housing, a major County priority. In FY 2010, the BOS reduced this dedicated funding to a half-cent from the Real Estate Tax in order to balance the budget. In FY 2021, in accordance with the Board's budget guidance, a one cent increase to the Real Estate Tax rate is proposed to increase funding allocated to this purpose. When combined with the existing revenue, this will result in one and a half cents on the Real Estate Tax – or \$39.7 million annually – dedicated for the preservation and development of affordable housing.

From FY 2006 through FY 2020, the fund has provided a total of \$258.58 million for affordable housing in Fairfax County. A total of \$45.7 million is provided in FY 2021 with \$39.7 million from Real Estate tax revenue associated with the one and a half cents and \$6 million from property cash flow and housing loan repayments.

Fund 30300 represents a major financial commitment by the County to preserving and creating affordable housing opportunities by dedicating a portion of its revenue specifically for affordable and workforce housing. To maximize the effectiveness of these funds, the BOS recommended a minimum leverage ratio of 3:1 with non-County funds and that units funded by Fund 30300 remain affordable for a minimum of time consistent with the County's Affordable Dwelling Unit Ordinance, which was amended to be 30 years effective February 2006.

A total of 3,473 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 3,221 units are preserved for 20 years or longer. A variety of funding sources were used to preserve these units; however, Fund 30300 funds were critical for the preservation of several large multifamily complexes purchased by private nonprofits and for-profit organizations. These purchases represent a significant portion of the units preserved and are shown below:

Development	District	Ownership	Units Preserved
Janna Lee Villages, Hybla Valley	Lee	For-profit	319
Hollybrooke II & III, Falls Church	Mason	Non-profit	148
Coralain Gardens, Falls Church	Mason	For-profit	105
Sunset Park, Falls Church	Mason	Non-profit	90
Mount Vernon House, Alexandria	Mt. Vernon	For-profit	130
Madison Ridge, Centreville	Sully	Non-profit	216
Wexford Manor A and B	Providence	Non-profit	74
Huntington Gardens	Lee	Non-profit	113
Total			1,195

Fund 30300 was also instrumental in preserving two large complexes: 180 units at the Crescent apartment complex in Reston (Hunter Mill District) and 672 units at the Wedgewood Apartments complex in Annandale (Mason District). These projects were purchased by the County and are being managed by the Fairfax County Redevelopment and Housing Authority (FCRHA) as part of the low- and moderate-income rental program. Without the availability of Fund 30300, both apartment complexes may have been lost as affordable housing.

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The BOS has affirmed the County's commitment to affordable housing and identified the following as priorities for housing policy: 1) Providing housing for those in greatest need; 2) Partnering with non-profits; 3) Refocusing existing resources; 4) Bridging the affordability gap; 5) Completing projects in the pipeline and 6) Promoting workforce housing through land use policy and private sector partnerships. In March of 2015 the BOS adopted the *Economic Success Strategic Plan* which defines economic success through six goals. Fund 30300, Affordable Housing Development and Investment, and programs like the Bridging Affordability program play a crucial role in Goals 2 and 5, "Create Places Where People Want to Be" and "Achieve Economic Success through Education and Social Equity". The fund has helped to "expand the creation of livable, walkable communities that are aligned with transportation infrastructure, including a mix of housing types to accommodate a range of ages, household sizes, incomes and uses for long term appeal, integration and sustainability" (Economic Success Goal 2 section 2.2). In addition, through the Board's commitment to set aside funding from Real Estate taxes, it has "identified a recurring, sustainable funding source which can be reinvested into projects which preserve housing affordability and produce new affordable housing units"(Economic Success Goal 5 section 5.7).

Fund 30300 supports the Bridging Affordability program, which serves as a gateway into the FCRHA's federal housing programs, including the Housing Choice Voucher (see Fund 81510, Housing Choice Voucher Program) and Rental Assistance Demonstration (RAD) programs (see Fund 81300, RAD – Project-Based Voucher (PBV)). Bridging Affordability provides local rental subsidies to individuals and families experiencing homelessness and victims of domestic violence referred by the Fairfax County Office for Women and Domestic and Sexual Violence Services, and assistance to households currently on Fairfax County's affordable housing waiting lists to include those managed by the FCRHA, the Fairfax-Falls Church Community Services Board, the Office to Prevent and End Homelessness and the homeless shelters. The Department of Housing and Community Development (HCD) provides program compliance, administers the contract with the contract administrator and manages the bridge to the FCRHA's housing programs. HCD also inspects units and administers the contracts with non-profit partners. As designated by the Housing Blueprint, a portion of the operations revenue at the County-owned Wedgewood property is being used to fund two merit positions that support this program. As a part of the Communitywide Housing Strategic Plan, HCD and other County partners, will work collaboratively to ensure the Bridging Affordability program is serving those with the greatest need.

Fund 30300 also provides a partial source of financing, on a competitive basis, for FCRHA and County developers towards the purchase and/or rehabilitation of low-income housing. In FY 2019, \$17.7 million from Fund 30300 was encumbered to support the Arrowhead Apartments, Arden and Parkwood Apartments projects. Additionally, the FCRHA closed on Cumberland Court (Lindsay Hill) Apartments and Murraygate Village Apartments. As a condition of utilizing these funds, developments must meet the goals of the Housing Blueprint, a plan to direct affordable housing policies and resources on serving those with the greatest need, by 1) serving residents at or below 60 percent of area median income (AMI); 2) focusing on having a high percentage of committed affordable units; 3) being committed to leasing to elderly and special needs populations; and 4) having a mix of low to moderate income units and be located near transit or employment centers and new construction. In FY 2020, up to \$9.4 million in Blueprint funding is available to be awarded to community organizations through a competitive process.

In FY 2021, Fund 30310, Housing Assistance Program, is being closed and consolidated to more efficiently manage capital resources for financing housing and redevelopment projects. Two of the active projects in Fund 30310 supporting Little River Glen IV and Mt. Vernon Garden Apartments will be closed and the balances will be shifted to Fund 30300.

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In FY 2021, Fund 30300 funding of \$45,741,000 is composed of \$39,741,000 in Real Estate Tax Revenue and \$6,000,000 in operating revenue from Wedgewood and Crescent Apartments. FY 2021 funding is allocated as follows: \$5,753,775 for Wedgewood for the annual debt service, \$2,629,188 for Crescent Apartments annual debt service, \$32,543,287 for the Housing Blueprint Project, \$1,223,750 for Affordable/Workforce Housing, \$3,000,000 for the Bridging Affordability Program and \$591,000 for Little River Glen IV.

Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the FY 2019 Carryover Review, and all other approved changes through December 31, 2019.

Carryover Adjustments	\$37,460,689
<i>As part of the FY 2019 Carryover Review, the Board of Supervisors approved funding of \$37,460,689 due to the carryover of unexpended project balances in the amount of \$36,617,206, the appropriation of \$480,483 associated with additional program income received in FY 2019 and \$363,000 due to a reconciliation based on final Real Estate Tax figures for FY 2020.</i>	

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FUND STATEMENT

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan
Beginning Balance	\$30,580,666	\$0	\$37,097,689	\$0
Revenue:				
Real Estate Tax Revenue	\$12,300,000	\$12,400,000	\$12,763,000	\$39,741,000
Miscellaneous	6,280,483	6,000,000	6,000,000	6,000,000
Total Revenue	\$18,580,483	\$18,400,000	\$18,763,000	\$45,741,000
Transfer In:				
General Fund (10001)	\$5,000,000	\$0	\$0	\$0
Total Transfers In	\$5,000,000	\$0	\$0	\$0
Total Available	\$54,161,149	\$18,400,000	\$55,860,689	\$45,741,000
Total Expenditures	\$17,063,460	\$18,400,000	\$55,860,689	\$45,741,000
Total Disbursements	\$17,063,460	\$18,400,000	\$55,860,689	\$45,741,000
Ending Balance¹	\$37,097,689	\$0	\$0	\$0

¹ Capital projects are budgeted based on the total project costs. Many projects span multiple years and funding for those projects is carried forward each fiscal year. The ending balance fluctuates, reflecting the carryover of these funds.

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SUMMARY OF CAPITAL PROJECTS

Project	Total Project Estimate	FY 2019 Actual Expenditures	FY 2020 Revised Budget	FY 2021 Advertised Budget Plan
Affordable/Workforce Housing (2H38-072-000)		\$484,583.05	\$2,298,302.92	\$1,223,750
Bridging Affordability Program (2H38-084-000)		2,184,319.97	5,762,823.67	3,000,000
Crescent Apartments Debt Service (2H38-075-000)		2,779,410.31	2,800,470.45	2,629,188
Crescent Rehabilitation (HF-000097)	1,000,000	(21,386.66)	999,987.66	0
Housing Blueprint Project (2H38-180-000)		590,000.00	35,448,384.61	32,543,287
Little River Glen IV (HF-000116)	1,645,614	0.00	1,054,614.23	591,000
Mount Vernon Garden Apartments (HF-000083)	500,000	89,293.54	212,224.92	0
Murraygate Village Apt. Renovation (2H38-194-000)	7,535,706	3,848,633.98	807,961.18	0
Oakwood Senior Housing (HF-000084)	800,151	48,029.14	725,342.37	0
Wedgewood Debt Service (2H38-081-000)		5,753,275.02	5,750,577.14	5,753,775
Wedgewood Renovation (2H38-150-000)	4,674,026	1,307,301.22	0.00	0
Total	\$16,155,497	\$17,063,459.57	\$55,860,689.15	\$45,741,000