

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 2023, an additional \$5.0 million in Real Estate tax revenue was added on top of the half-cent to further support affordable housing initiatives.

From FY 2006 through FY 2022, the fund has provided a total of \$244.6 million for affordable housing in Fairfax County. A total of \$25.4 million is provided in FY 2023 with \$19.7 million from Real Estate tax revenue and \$5.7 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 housing at 80 percent of median income and below. 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.

Development	District	Ownership	Units Preserved
Creekside	Lee	For-profit	251
Hollybrooke II & III, Falls Church	Mason	Non-profit	139
Coralain Gardens, Falls Church	Mason	For-profit	106
Carousel Court, Falls Church	Mason	Non-profit	90
Landings II Ft. Belvoir Apartments	Mt. Vernon	Non-profit	76
Mount Vernon House, Alexandria	Mt. Vernon	For-profit	130
Madison Ridge, Centreville	Sully	Non-profit	108
Wexford Manor A and B	Providence	Non-profit	74
Huntington Gardens	Lee	Non-profit	113
Parkwood Apartments	Mason	For-profit	225
Crescent Apartments	Hunter Mill	Fairfax County	180
Wedgewood Apartments	Mason	Fairfax County	672
Murraygate Village Apartments	Lee	Fairfax County	200
Total			2,364

Fund 30300 is also instrumental in both preserving and acquiring units for affordable housing. New units purchased included 180 units at the Crescent Apartments 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. In addition, the mission of preservation was achieved with the renovation at Murraygate Village Apartments in Alexandria (Lee District) providing 200 additional units of affordable housing. Affordable Housing Development and Investment (AHD) funding was instrumental in supporting the rehabilitation of the FCRHA's Murraygate Village Apartments project through a combination of predevelopment funds and long-term gap financing. Without the availability of Fund 30300, these apartment complexes may have been lost as affordable housing. Other planned renovations include

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the Little River Glen Project which is in the design phase to include renovations of 120 units for preservation as well as new construction of 60 units of affordable Senior Independent Living units to increase the affordable housing inventory.

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 Rental Subsidy and Services Program (RSSP, formerly known as Bridging Affordability), which provides local rental subsidies to individuals and families experiencing homelessness, survivors of domestic violence, individuals with disabilities, and other vulnerable households. The Department of Housing and Community Development (HCD) administers the contract with a non-profit organization to ensure the program's outcomes are achieved. As part of the Communitywide Housing Strategic Plan, HCD and other County partners will work collaboratively to ensure RSSP 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 2021, \$37.5 million from Fund 30300 was encumbered to support the Arrowbrook Apartments, The Arden, North Hill Redevelopment, One University Redevelopment, New Lake Anne House, and the Oakwood Senior Housing projects. Additionally, Blueprint funding was instrumental in supporting the new Murraygate Village Limited Partnership rehabilitation project through a combination of financing and pre-rehabilitation funding. 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 AMI; 2) focusing on having a high percentage of committed affordable units; 3) being committed to leasing to senior 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 the FY 2022 Adopted Budget Plan, up to \$9,995,598 million in Blueprint funding is available to be awarded to community organizations through a competitive process.

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Development	District	Ownership	Units Under Construction
The Arden	Mt. Vernon	Non-profit	126
Residences at North Hill	Mt. Vernon	For-profit	279
New Lake Anne House	Hunter Mill	Non-profit	240
Ovation at Arrowbrook	Dranesville	For-profit	274
One University Redevelopment	Braddock	For-profit	240
Oakwood Senior Housing	Lee	Non-profit	150
The Lodge at Autumn Willow	Springfield	For-profit	150
Total			1,459

In FY 2023, Fund 30300 funding of \$25,386,000 comprises \$19,686,000 in Real Estate Tax Revenue, \$5,200,000 in operating revenue from Wedgewood and Crescent Apartments, and \$500,000 from miscellaneous sources. FY 2023 funding is allocated as follows: \$4,889,500 for Wedgewood for the annual debt service, \$1,191,156 for Crescent Apartments annual debt service, \$17,974,547 for the Housing Blueprint Project, \$830,797 for Affordable/Workforce Housing, and \$500,000 for Bridging Affordability or RSSP.

Changes to FY 2022 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2022 Revised Budget Plan since passage of the FY 2022 Adopted Budget Plan. Included are all adjustments made as part of the FY 2021 Carryover Review, FY 2022 Mid-Year Review, and all other approved changes through December 31, 2021:

Carryover Adjustments \$58,511,329

As part of the *FY 2021 Carryover Review*, the Board of Supervisors approved funding of \$58,511,329 due to the carryover of unexpended project balances in the amount of \$52,605,509, \$5,000,000 as a result of a Transfer In from the General Fund to support affordable housing projects, and \$905,820 due to an appropriation of excess revenues received in FY 2021.

Mid-Year Adjustments \$5,000,000

As part of the *FY 2022 Mid-Year Review*, the Board of Supervisors approved a \$5 million Transfer In from the General Fund to support affordable housing initiatives in FY 2022.

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FUND STATEMENT

Category	FY 2021 Actual	FY 2022 Adopted Budget Plan	FY 2022 Revised Budget Plan	FY 2023 Advertised Budget Plan
Beginning Balance	\$44,271,021	\$0	\$53,511,329	\$0
Revenue:				
Real Estate Tax Revenue	\$13,247,000	\$13,570,000	\$13,570,000	\$19,686,000
Miscellaneous	6,905,820	6,100,000	6,100,000	5,700,000
Total Revenue	\$20,152,820	\$19,670,000	\$19,670,000	\$25,386,000
Transfers In:				
General Fund (10001)	\$0	\$0	\$10,000,000	\$0
Total Transfers In	\$0	\$0	\$10,000,000	\$0
Total Available	\$64,423,841	\$19,670,000	\$83,181,329	\$25,386,000
Total Expenditures	\$10,912,512	\$19,670,000	\$83,181,329	\$25,386,000
Total Disbursements	\$10,912,512	\$19,670,000	\$83,181,329	\$25,386,000
Ending Balance¹	\$53,511,329	\$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 2021 Actual Expenditures	FY 2022 Revised Budget	FY 2023 Advertised Budget Plan
Affordable/Workforce Housing (2H38-072-000)		\$902,313.71	\$1,387,713.71	\$830,797
Bridging Affordability Program (2H38-084-000)		1,006,024.19	6,440,629.90	500,000
Crescent Apartments Debt Service (2H38-075-000)		2,631,018.22	2,674,890.29	1,191,156
Crescent Rehabilitation (HF-000097)	450,000	8,006.68	432,235.90	0
Development of Housing at Rt. 50 & West Ox (HF-000055)	300,000	0.00	300,000.00	0
Eskridge Road (HF-000179)	5,000,000	0.00	5,000,000.00	0
Franconia Governmental Center (HF-000174)	205,820	0.00	205,820.00	0
Government Center Site (HF-000171)	500,000	0.00	500,000.00	0
Housing Blueprint Project (2H38-180-000)		0.00	55,460,071.61	17,974,547
Little River Glen IV (HF-000116)	4,802,767	876,864.11	3,797,080.75	0
Murraygate Village Apt. Renovation (2H38-194-000)	7,735,706	500,000.00	246,281.06	0
Oakwood Senior Housing (HF-000084)	600,151	(1,183.71)	394,280.27	0
Planning and Needs Assessment (2H38-226-000)	1,412,742	100,844.22	1,311,898.11	0
Wedgewood Debt Service (2H38-081-000)		4,888,625.00	5,030,427.47	4,889,500
Total	\$21,007,186	\$10,912,512.42	\$83,181,329.07	\$25,386,000