

# Lines of Business Review



Department of Housing and  
Community Development

November 30, 2010

## Introduction

- HCD Lines of Business
- Ranges from counseling, to leasing, to financing, to plumbing
- Lines of business: simple as they are complex
- Bottom line – our business is helping people have a place to call home
- Importance of serving those in greatest need
- House over 17,000 every day – average household income \$25,518
- CSB – Supportive Shared Housing and Wedgewood
- Ended homelessness for 80 individuals and families this year
- Recognized for helping disabled veterans
- Private sector partnerships
- Non-profit assistance

"...helping you have a place to call home."

## Most Important Partner

- FCRHA is the most important partner
- Resources, financing, creative solutions
- High return on investment to the County
- Expectations – entrepreneurial, self-supporting, stretching resources
- One of the best housing authorities in the country – but we are constantly adjusting to changing conditions and needs

## Moving to the Next Level

- Beyond just the business of HCD
- How we are evolving to meet challenges
  - Efficiencies – such as DPWES construction management services
  - Responsiveness and compassionate
  - More aggressive in ADU compliance
  - Connect the dots with other human service agencies
- Share eight challenges and proposed responses
  - Utilizing existing staff and resources
  - Savings over time

*Let's begin...*

## Mission

- To provide opportunities for Fairfax County residents to live in safe, affordable housing and to help develop, preserve and improve communities through fiscally responsible and open processes.

Mission of Fairfax County Redevelopment and Housing Authority

- HCD is committed to creating and preserving affordable housing and caring, livable communities; serving the diverse needs of Fairfax County's residents through innovative programs, partnerships and effective stewardship; and fostering a respectful, supportive workplace.

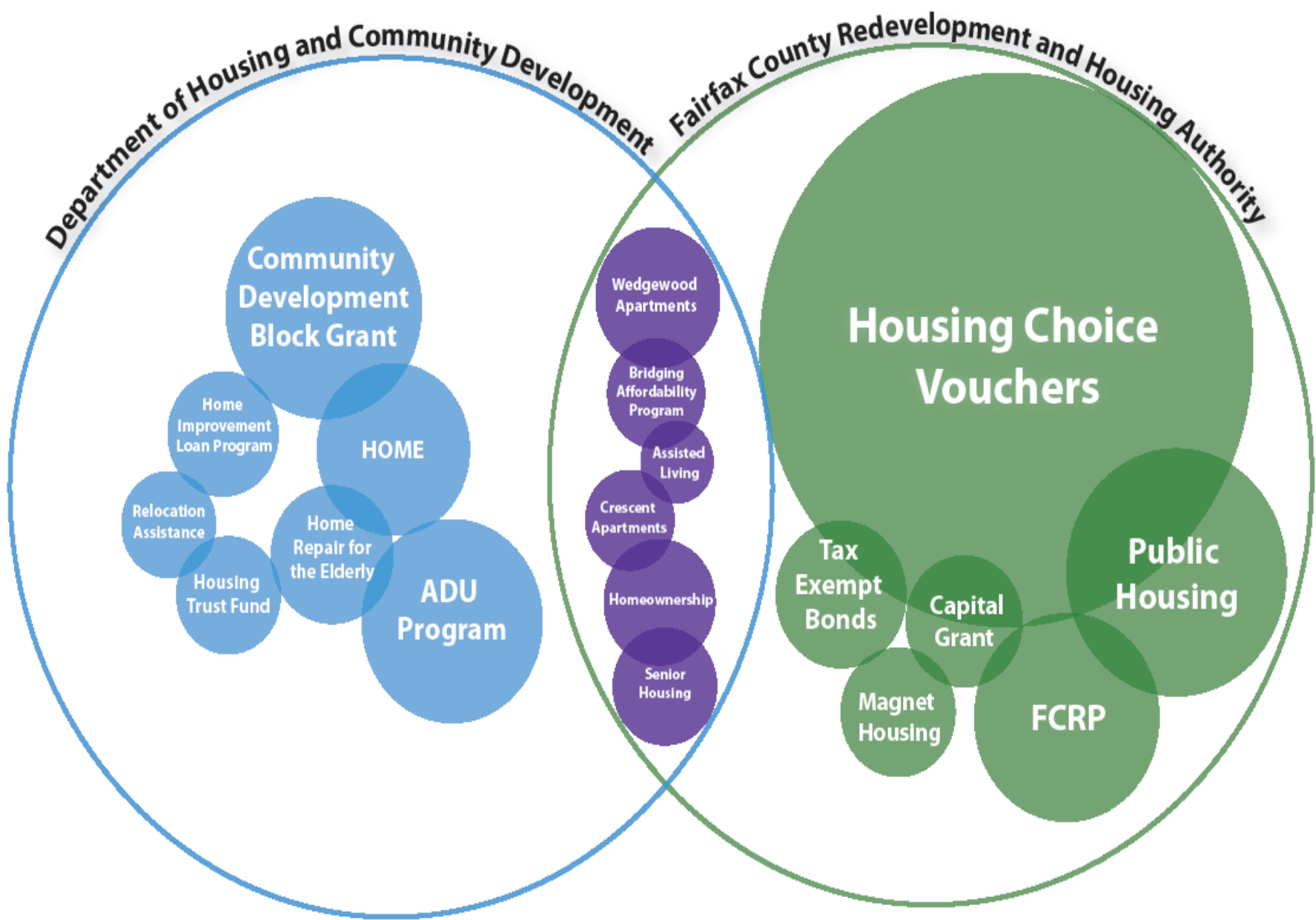
Mission of the Fairfax County Department of Housing and Community Development

## *A unique relationship -*

- **HCD** is a county agency responsible for the affordable housing programs and operations of the County
- **HCD** is also staff to the Fairfax County Redevelopment and Housing Authority (FCRHA)
- County Executive is Executive Director
- Unique in the Commonwealth
  
- ***Synergy*** –
  - **FCRHA** brings significant federal resources to the County
  - **FCRHA** brings its powers under state law to lend, borrow, issue bonds, construct, develop and own property
  - The **County** provides financial oversight, cash management, legal counsel, procurement, insurance, personnel, and other valuable assistance and services to the **FCRHA**. HCD has entered into an agreement for construction management services with DPWES.

## Together, HCD and the FCRHA provide-

- **Rental assistance** to over **8,000 people** every year through the federal Housing Choice Voucher Program (Section 8) and special Veterans Administration vouchers
- **Affordable rental housing** to an additional **9,000 people**, including seniors, in the Fairfax County Rental Program, Assisted Living and the federal Public Housing Program
- **Financing, grants and technical support** to non-profit partners
- Affordable housing **preservation** and **production**
- Opportunities to individuals and families to **buy their first home**
- Affordable rental housing, assisted living and in-home repairs to **seniors**
- Provide low-cost **home improvement loans**





## HCD Facts

- HCD has **228** full time, merit positions
- Highly-skilled staff averaging **11 years** of Fairfax County service
- Variety of skill levels to carry out operations, including: MBAs; architects; structural engineers; accountants; plumbers; carpenters; property managers; social service professionals
- All are county employees with county benefits and subject to county policies
- **65%** of employees are funded through **FCRHA funds**
- **35%** of employees are funded through **County-appropriated funds**, including:
  - 59 General Fund-appropriated positions; and
  - 22 Federally-funded (CDBG and HOME) positions



# HCD: results-based, mission-oriented

## ➤ Meeting our mission in FY 2010:

- Average income of FCRHA households is \$25,518 – 27% of AMI – meets federal definition of “**extremely low income**”
- All average incomes served in FCRHA programs are either “**extremely low**” or “**very low income**”:
  - Housing Choice Voucher: 21% AMI
  - Public Housing: 23% AMI
  - Fairfax County Rental Program (FCRP) – Multifamily: 39% AMI
- **One-third** of households served by HCD/FCRHA include a person with a disability
- Since the start of FY 2010, **over 80 homeless households** received permanent housing through HCD programs



"...helping you have a place to call home."

## HCD: a high performing housing agency

### ➤ Highly utilized housing assets:

- Lease-up of FCRHA properties at **96%**
- Lease-up of FCRHA Housing Choice Vouchers at **99.9%**

### ➤ A national leader:

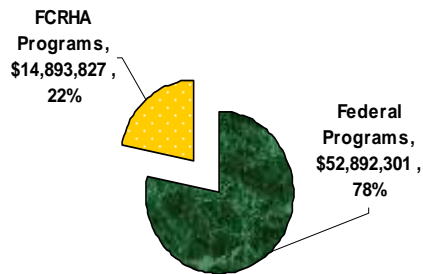
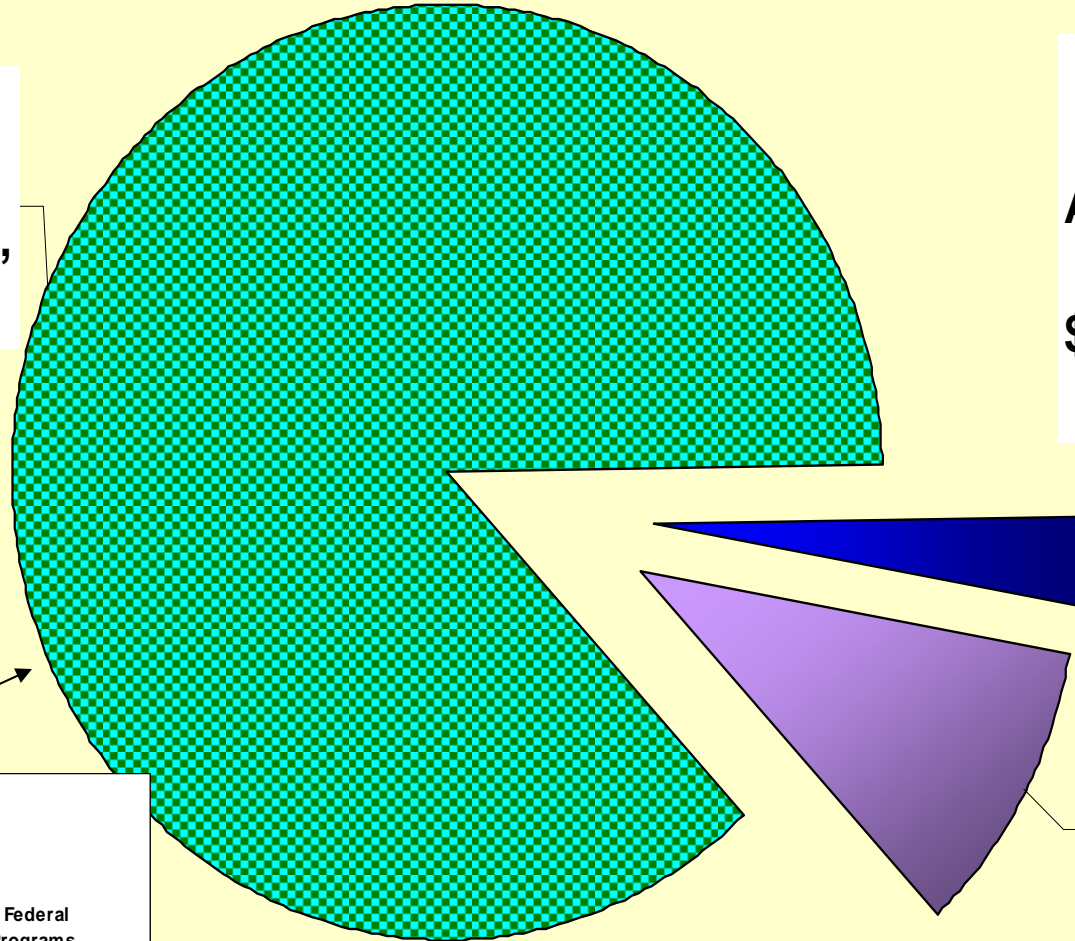
- In July 2010, HUD scored the condition of FCRHA Public Housing at **95 out of 100**
- In October 2010, HUD scored the management of the HCV program at **102 out of 100 – “High Performer” Status**
- **100% of the Recovery Act funds allocated** for Public Housing improvements and foreclosure stabilization were expended within one year
- HCD/FCRHA assisted **seven non-profits** in the purchase of foreclosed and other real estate for affordable housing within the past 12 months

# FY 2011 Adopted HCD Operating Expenditures = \$78,076,038

**FCRHA  
Operating,  
\$67,786,128 ,  
87%**

**Federal  
Operating  
Awarded to  
County,  
\$2,371,928,  
3%**

**County  
Operating,  
\$7,917,982 ,  
10%**



# FY 2011 ADOPTED HCD GENERAL FUND BUDGET

## \$5,928,757

Type of Expense	% of Total Budget	Amount	Description
Personnel Services (44 merit positions)	62%	\$3,669,034	Adopted = \$4,181,534 less Recovered Costs (\$512,500) = \$3,669,034
Condo Fees	17%	\$1,001,500	Supports scattered FCRP and PH units owned by FCRHA. Condo Fee assistance helps to keep rents affordable
Real Estate Tax Reimbursement	9%	\$ 528,007	The County reimburses property taxes for FCRHA tax credit properties which helps the rents to be affordable below tax credit levels
County Services Billed to HCD	7%	\$ 434,216	Computer replacement program, telecommunications, vehicle costs, and refuse disposal
Repair and Maintenance	3%	\$ 149,657	Exterior painting and repairs for FCRHA properties.
Contract Services/Consultant Fees	1%	\$ 72,073	Professional consultant services, temporary clerical, advertising, and printing
Organizational Management and Support	1%	\$ 74,270	Professional Development and training, office supplies, and professional memberships and publications.

# FY 2011 ADOPTED ELDERLY FUND BUDGET

COUNTY =  
\$1,989,225

\$4,186,706

RENTAL INCOME +  
HOME = \$2,197,481

Type of Expense	% of Total Budget	Amount	Description
Lincolnia Outsourced Property Management Contract	41%	\$1,732,772	Property management services for Lincolnia Assisted Living facility
Personnel Services (15 merit positions)	26%	\$1,106,001	15 Merit positions working on senior properties
Debt Service-Little River Glen	12%	\$ 508,819	Reimburse FCRHA Fund 941, Fairfax County Rental Program for Little River Glen debt service payments
Repairs and Maintenance	8%	\$ 311,517	Vendor services and maintenance supplies for senior properties
Utilities	7%	\$ 290,582	Utilities for senior properties
Contract Services/Consultant Fees	3%	\$ 139,000	Temporary clerical support, audit services, information technology support, advertising, and printing
County Services Billed to HCD	2%	\$ 73,294	Telecommunications, vehicle costs, and refuse disposal
Organizational Management and Support	1%	\$ 24,721	Professional Development and training, maintenance uniforms and office supplies

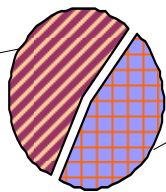
# FY 2011 HCD ADOPTED CAPITAL BUDGET = \$26,055,327

**FCRHA Capital,  
\$12,081,927 , 46%**

**Program Income,  
\$4,118,400 , 16%**

**County Capital,  
\$9,855,000 , 38%**

**Federal  
Capital  
Programs,  
\$6,558,870 ,  
54%**

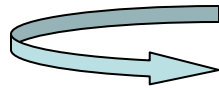


**FCRHA  
Capital  
Programs,  
\$5,523,057 ,  
46%**

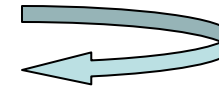


# FY 2011 ADOPTED COUNTY CAPITAL BUDGETS

COUNTY =  
\$9,855,000



\$13,973,400

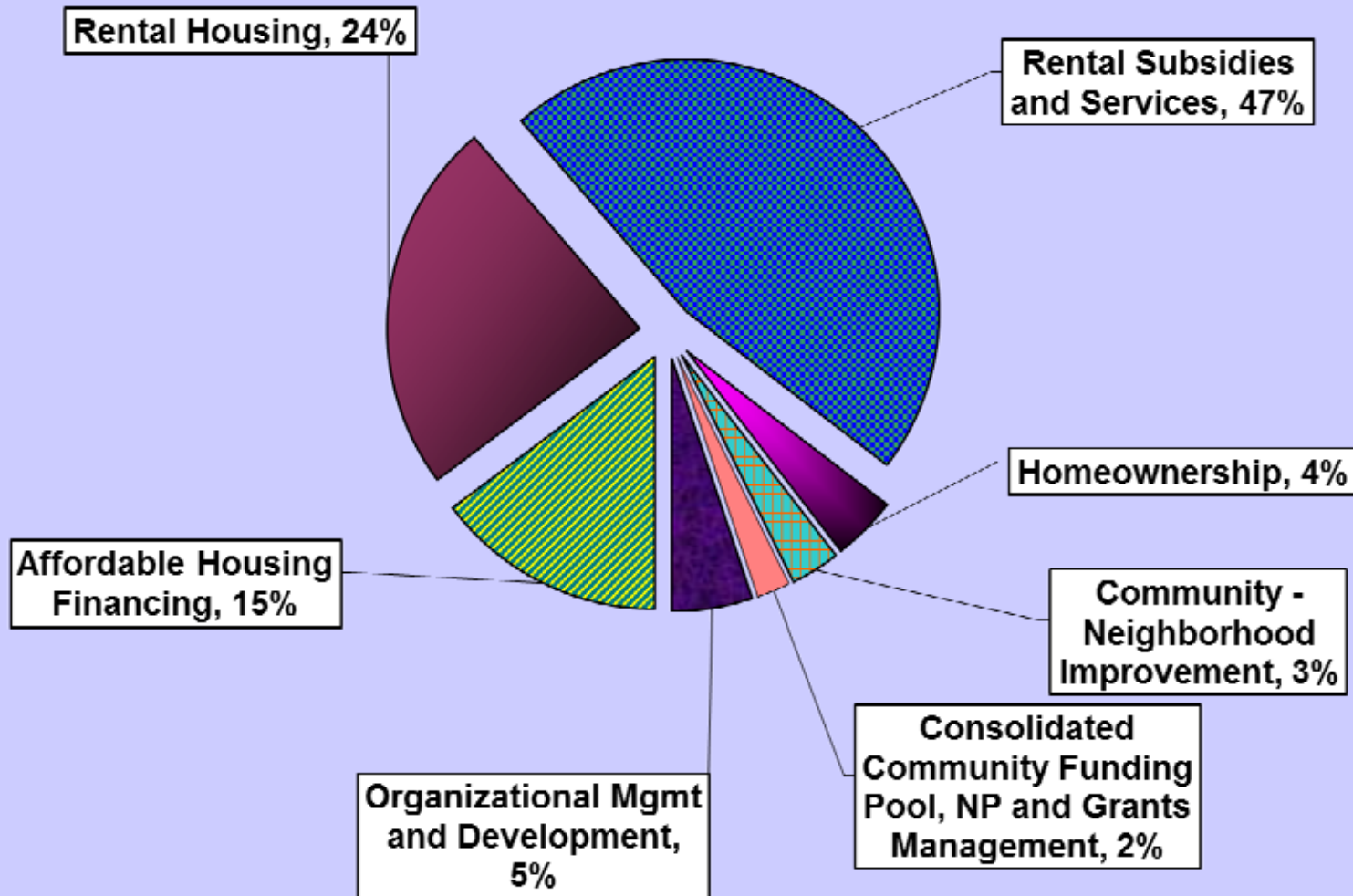


RENTAL INCOME  
= \$4,118,400

Type of Expense	% of Total Budget	Amount	Description
Debt Service	65%	\$9,106,500	▪Debt Service – Crescent = <u>\$3,282,750</u> ▪Debt Service – Wedgewood = <u>\$5,823,750</u>
Housing Assistance Program	4%	\$ 515,000	Personnel Costs Related to Capital Projects
Other	2%	\$ 233,500	Administrative and Indirect Costs
Rental Subsidies	29%	\$4,118,400 = from Wedgewood Rental Income	Bridging Affordability Program = \$4,118,400



**FY 2011 Adopted Expenditures By Program Area =  
\$104,131,365**



# Challenges and Proposed Response

- Affordable housing is the foundation for stable and successful families and communities, and is a constant challenge as the need continues
- All agencies face challenges and the imperative to continuously improve
- We are taking a proactive, creative approach in responding to our challenges – using existing resources in new and better ways

# Challenges and Proposed Response

## There is a Continuum of Housing Need

### Strengths –

- The adopted Blueprint for Affordable Housing provides clear plan
- Unified support for the Blueprint from non-profits, advocates, FCRHA, CSB, and OPEH Governing Board

### Challenges –

- Always a need for affordable housing
- Limited resources; competing needs
- Long-term sustainability of the new Bridging Affordability Program

### Response –

- HCD has been creative in re-directing existing resources
- Close working relationship developed between agencies and advocates
- Blueprint underway for FY11
- Blueprint for FY12 under development
- Bridging to Permanent Housing - provides flexibility for current and future fiscal challenges

# Challenges and Proposed Response

## Construction Management

### Strengths-

- Years of well-designed and solidly constructed projects, including the Glens at Little River, James Lee Community Center, Herndon Harbor Senior Community and Reston Town Center Townhouses

### Challenges-

- HCD has constructed seven projects over the past 10 years
- Reduced staff; highly technical staff required
- Looming retirements of key HCD staff

### Response-

- Further utilization of DPWES construction management resources for county-funded projects

# Challenges and Proposed Response

## ADU Compliance

### Strengths-

- HCD follows Zoning Ordinance
- Effective partnerships
  - *Referrals to DPZ for enforcement*
  - *Work with the County Attorney to delay foreclosures, prevail in court*
- When HCD uncovered that lenders and title companies were ignoring ADU deed restrictions, additional legal notices were filed
- To date, less than 2% of ADUs have been lost to foreclosure

### Challenges-

- Over 200 homeowners have over-financed their properties - potential threat
- Reliance on private title companies and lenders has been inadequate
- More resources need to be directed to on-going monitoring and compliance
- Over 1200 Workforce Housing units will come on-line in near-term

### Response-

- Focus HCD staff on compliance; outsource marketing functions to a non-profit

# Challenges and Proposed Response

## Home Improvement Loan Program (HILP)

### Strengths-

- A long time fixture of HCD
- Program has provided hundreds of home improvement loans
- Individualized assistance

### Challenges-

- Originally intended to be a neighborhood improvement program
- Staff-intensive model, but lost positions due to budget cuts
- Not well utilized

### Response-

- Downsize the scope of the Home Improvement Loan Program to limited emergency situations
- Maintain the Home Repair for the Elderly Program

# Challenges and Proposed Response

## Helping Individuals and Families Have a Place to Call Home

### Strengths-

- HCD's properties and programs are fully utilized and leased up
- We manage a diverse array of over 3,000 units of housing – including multifamily, senior, workforce and a mobile home park
- We manage a waiting list of thousands
- We manage very complex programs from different funding sources, each with intricate rules and requirements
- HCD constantly strives for full compliance with all HUD rules and regulations

### Challenges -

- The complexity and requirements of our programs can overwhelm clients
- Increasingly, more clients have special needs requiring individualized attention
- When in crisis, they need services beyond housing
- Building self-sufficiency is needed to move individuals up and out of assisted housing, making room for others

"...helping you have a place to call home."

# Challenges and Proposed Response

## Helping Individuals and Families Have a Place to Call Home

### Response -

- Creation of the *PROGRESS* Center
  - Addressing the most difficult cases
  - Giving everyone a second chance if possible
  - Intervening in a crisis
  - Employment opportunities
  - Education and job training
- Reorganize the Housing Application Center and Process
  - Customer service that is sensitive and helping
  - Pro-active in helping someone find a home
  - Knowledgeable but able to simplify the complexity

"...helping you have a place to call home."



# Challenges and Proposed Response

## Aging Housing Stock and Financial Self-Reliance

### Strengths-

- FCRHA portfolio is financially sound and well-maintained
- HCD/FCRHA is an entrepreneurial operation

### Challenges-

- Properties are aging
- Average age of FCRHA properties is approximately 30 years
- Expectation from the community, the Board and the FCRHA is to remain financially sound and in good condition

### Response-

- HCD will establish an Asset Management Division utilizing existing staff, consolidating resources
- Focused on financial performance, overall condition, capital improvements, and accountability
- Pro-active, performance-based model

# Challenges and Proposed Response

## Management of Lincolnia

### Strengths-

- Lincolnia is a successful and active senior center, adult day health center, senior housing complex and assisted living facility
- The assisted living operations of the property are currently outsourced to a highly competent management company

### Challenges-

- The facility is currently operated by three separate departments
- Facility is aging, but that problem is being addressed as a component of the Blueprint

### Response –

- We propose to outsource management of the entire facility if efficiencies are likely to result

# Challenges and Proposed Response

## HCD – Transitional Realities

### Strengths-

- Many initiatives planned or underway – PROGRESS Center, Asset Management, re-organizing Housing Application Center

### Challenges-

- New initiatives require change management
- Many changes at the same time key positions retiring

### Response –

- David Ellis to be deployed as Interim Deputy Director
- Assist with transition/succession
- Lead change management

# Questions and Answers



"...helping you have a place to call home."