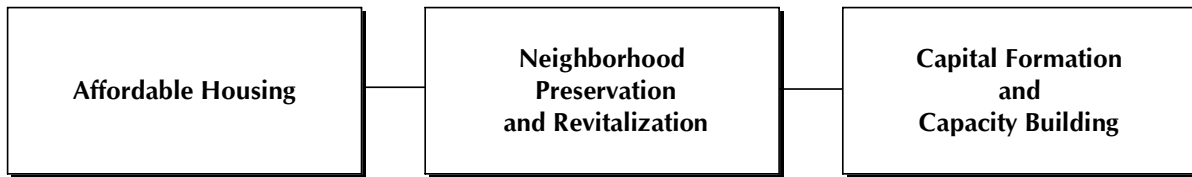


# Department of Housing and Community Development



## Introduction

The Housing Overview section describes the programs and projects operated by the Fairfax County Department of Housing and Community Development (HCD) and the multiple sources of funds that support these activities.

As a County agency, HCD undertakes many programs on behalf of the Board of Supervisors. HCD also serves as the administrative arm of the Fairfax County Redevelopment and Housing Authority (FCRHA), a separate legal entity that was established in 1966 pursuant to Chapter 1, Title 36 of the Code of Virginia. FCRHA's roles include planning, design, production, rehabilitation and maintenance of housing, for low- and moderate-income households, and assisting in the revitalization of neighborhoods in Fairfax County. Eleven Commissioners are appointed to the FCRHA for four-year terms by the Board of Supervisors. A chairman and vice-chairman are then selected by a vote of the commissioners.

The sources supporting HCD's operations include County funds, General Obligation Bonds, federal grants, private capital, revenue from program operations (e.g., developer fees, rent from tenants of housing owned by the FCRHA and income from repayment of loans) and, interest income. As a result of these multiple, complex funding streams, HCD has 20 funds. Some funds are appropriated by the Board of Supervisors, while others are allocated by the FCRHA. All are included in this budget in order to provide a complete financial overview, however, the County funds are highlighted. These 20 funds encompass all of the operations of HCD/FCRHA with the exception of several housing developments that are operated by outside management companies under contract with the FCRHA and/or are owned by the FCHRA in partnership with private investors. Separate financial records are maintained for these developments.

FY 2008 anticipated expenditures supporting the HCD and FCRHA activities total \$104,479,966 including \$9,485,924 in General Fund support, \$36,671,988 in other County appropriated funds, and \$58,322,054 in non-County appropriated funds. Total revenue for FY 2008 is anticipated to be \$105,148,932 as shown on the Consolidated Fund Statement. Receipts from federal/state sources are anticipated to be \$50,655,177, or 48 percent of total funding sources.

# Department of Housing and Community Development

## Mission

The mission of the Fairfax County Redevelopment and Housing Authority is to initiate and provide opportunities for Fairfax County residents to live in safe, affordable housing and to help develop, preserve, and revitalize communities through fiscally responsible and open processes.

## Focus

HCD connects with the residents of Fairfax County at their roots – home, neighborhood and community. All HCD programs, activities and services revolve around this important link and can be grouped in three service areas: **Affordable Housing, Neighborhood Preservation and Revitalization**, and **Capital Formation and Capacity Building**. These three service areas can be identified within seven distinct Lines of Business, which are discussed in the attached FY 2008 Agency Lines of Business.

**Affordable Housing** supports individuals and families in their effort to find homes that are safe, affordable, and stable.

**Neighborhood Preservation and Revitalization** focuses on preserving and improving neighborhoods to bring new vitality to aging communities.

**Capital Formation and Capacity Building** focuses on development of partnerships with private investors and other public agencies resulting in capital investment and financial support for the HCD and FCRHA mission.

These service areas encompass all of the activities of the 20 HCD funds. The total FY 2008 Adopted Budget Plan of \$104.5 million can be distributed to these service areas and the general costs of running the department. It should be noted that many of the functional areas of HCD cross these service areas, so an exact allocation to the service areas is not possible. The FY 2008 Adopted Budget Plan is \$63.6 million less than the *FY 2007 Revised Budget Plan* due to previously allocated balances that have been carried over into FY 2007 to allow for continuation of the capital projects.

Highlighted below are the main functions included in each of the service areas.

### ***THINKING STRATEGICALLY***

Strategic issues for the department include:

- Fulfilling its purpose of providing opportunities for affordable housing in thriving diverse communities;
- Generating resources through the identification of new sources, new capital and new partnerships to support and enhance programs that serve the missions of HCD and the FCRHA;
- Producing, retaining, acquiring and restoring quality affordable residences, neighborhoods and communities;
- Ensuring the efficient management and maintenance of affordable housing in FCRHA programs in a manner consistent with or exceeding community standards;
- Providing opportunities to preserve and restore affordable residential neighborhoods; and
- Promoting the planning and implementation of technological innovations in HCD focused on enhancing customer service and achieving greater operational efficiencies.

# Department of Housing and Community Development

## Affordable Housing:

### **Affordable Housing Preservation**

As of April 20, 2007, a total of 1,364 affordable have been preserved for both homeownership and rental purposes in a variety of large and small projects via FCRHA acquisitions, FCRHA financing of private for-profit and nonprofit acquisitions, and negotiated agreements with owners to extend affordability restrictions. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 1,112 units are preserved for 20 years or longer. The FCRHA's major affordable housing preservation successes include Janna Lee Village, 319 units (Lee District); Madison Ridge, 216 units (Sully District); Crescent Apartments, 180 units (Hunter Mill District); Sunset Park Apartments, 90 units (Mason District); and, Hollybrooke II, 98 units and Hollybrooke III, 50 units (Mason District). The primary funding source for preserving these units is derived from revenue equivalent to the value of one penny on the Real Estate Tax appropriated by the Board in Fund 319, The Penny for Affordable Housing Fund.

### **First-Time Homebuyers Program and Moderate Income Direct Sales Program**

These programs offer new and resale homes at below market prices. These homes are built by private developers and are located within neighborhoods throughout the County. HCD markets the homes to first-time homebuyers and, in many cases, also provides financing assistance, including deferred second trusts, to keep mortgage payments affordable. First trust mortgages are often provided by the state-managed SPARC program, which provides affordable mortgages to first-time homebuyers. In FY 2006, a total of 92 families purchased homes via the Fairfax County First-Time Homebuyers program. Through FY 2006, 1,649 homes have been sold to first-time homebuyers as a result of these programs.

### **Below-Market Mortgages and Downpayment and Closing Costs Loans**

The Homeownership Division facilitated the administration of \$15,391,241 in below market mortgage funds in FY 2006. This included 69 loans to families through the Virginia Housing Development Authority's (VHDA) SPARC first-trust mortgage program, 61 loans through the VHDA HOME STRIDE below-market second trust, and 5 loans totaling \$47,700 in federal HOME program American Dream Downpayment Initiative (ADDI) funds.

### **Homeownership Resource Center**

The Homeownership Resource Center, located on the first floor of the FCRHA headquarters building on Pender Drive (Providence District), serves approximately 600 persons per month and provides information on homeownership, homeownership education, one-on-one and group counseling sessions, opportunities to meet with lenders, required applicant briefings, and coordination of resources for current and prospective first-time homebuyers. In FY 2006, the Homeownership Resource Center responded to over 6,000 telephone calls and nearly 2,000 walk-in clients.

### **Homeownership Education**

Through a partnership with VHDA, local lenders and housing professionals, six-hour homeownership education classes were provided to potential Fairfax County homebuyers in FY 2006. Completion of the class qualifies graduates to participate in the First-Time Homebuyers Program and the ability to access below-market financing, downpayment and closing cost assistance. Classes have been offered in English, Spanish, Vietnamese, Korean, and American Sign Language. During FY 2006, the Fairfax County First-Time Homebuyers Program conducted 21 orientation sessions serving 1,968 attendees, and 41 application sessions serving 342 attendees. Thirty VHDA

# Department of Housing and Community Development

homebuyer classes were held, serving over 750 participants. In addition, first-time homebuyers learn about maintaining their home and their responsibilities as homeowners living within their community. In FY 2006, post-purchase education and counseling was provided in three developments that housed 116 households and 24 recent Housing Choice Voucher homebuyers.

## **Foreclosure Prevention**

Affordable housing units were preserved by the FCRHA intervention to stop foreclosures, which would have extinguished the affordability covenants.

## **Compliance Monitoring**

Compliance monitoring continues on over 1,400 First-Time Homebuyer properties and Housing Choice Voucher Homeownership voucher participants, as well as the Employee Homeownership Assistance Program and the Down Payment and Closing Cost Assistance program loans. The goal of compliance monitoring is to ensure that participants are utilizing housing programs in accordance with governing local, state, and federal rules and regulations. Due to the Board's new Workforce Housing initiative, which will produce a significant number of additional units to be sold through the Homeownership Division, it is anticipated that the current level of compliance monitoring will increase.

## **FCRHA Rental Housing**

This function provides housing with rents commensurate with income and includes properties owned by the FCRHA under the Fairfax County Rental Program (FCRP) for those with modest means, properties owned by limited partnerships affiliated with the FCRHA which serve low and moderate income households, properties owned by the FCRHA under the Fairfax County Public Housing Program, and rental subsidies provided primarily to private landlords who rent their units to very low income households under the Fairfax County Housing Choice Voucher Program. These resources provide housing for nearly 5,800 low-and moderate-income households.

## **FCRHA Development Activities**

HCD, in conjunction with the FCRHA, facilitates the development of affordable housing by non-profit and for-profit developers through incentives and financing. HCD also builds housing for the FCRHA for low-and moderate-income families and individuals, and households with special needs. In addition, FCRHA partners with private investors, through limited partnerships, to develop and operate affordable housing.

## **Senior Housing and Assisted Living**

This activity provides 408 affordable independent living rental apartments in Fairfax, Herndon, Springfield, Lincolnia, in McLean and the Mount Vernon/Gum Springs areas of Fairfax County, and 112 beds of assisted living at Braddock Glen in Fairfax and at The Lincolnian in Alexandria (Fairfax County). Many of the properties have been co-located with senior centers, adult day health facilities and other community programs making them active adult communities.

## **Relocation Assistance and Monitoring**

This program provides technical assistance and monitoring relocation initiatives that develop as a result of affordable housing preservation acquisitions and condominium conversions in Fairfax County. This activity also includes relocation services for all federally-funded activities undertaken by the FCRHA. Staff conducted 128 relocation reviews to support appropriate spending of CDBG and HOME funds in FY 2006. These services include technical assistance to private developers under both the Fairfax County Relocation Guidelines and the Code of the County of Fairfax for

# Department of Housing and Community Development

projects where there is redevelopment and condominium conversion. Technical assistance under the federally mandated Uniform Relocation Act is provided if federal funds are involved in the project.

## **Affordable/Workforce Housing**

A key initiative of the Board of Supervisors executed by HCD is the preservation of existing affordable housing. The Board of Supervisors has dedicated revenue equivalent to the value of one penny on the Real Estate Tax rate for this purpose in Fund 319, The Penny for Affordable Housing Fund.

## **Neighborhood Preservation and Revitalization:**

### **Fairfax County Revitalization Activities**

Starting in FY 2008, the majority of the County's Commercial Revitalization activities are provided by the Office of Community Revitalization and Reinvestment (OCRR) in the Office of the County Executive. For the Commercial Revitalization activities that remain in HCD, funding supports the Small and Minority Business Loan program, as well as administrative support for functions related to the Commercial Revitalization program and the various Revitalization Areas, which are addressed in the Lines of Business for the OCRR.

### **Home Improvement Loan Program (HILP) and Home Repair for the Elderly (HREP)**

HILP provides loans to qualified homeowners to fix up their properties, with priority for cases involving health and safety code violations. HREP provides a crew and up to \$500 in free materials to assist qualified elderly or disabled homeowners in making minor repairs at no charge. In FY 2006, over \$457,000 was lent to homeowners for repairs and improvements to their property and 98 qualified disabled or elderly homeowners received free repairs.

### **Neighborhood Improvements**

This activity is targeted at preservation and improvement in residential neighborhoods designated under the bond-funded Community Improvement Program and in designated Conservation and Redevelopment areas. Following a community planning process and adoption of plans, the program also focuses on improvements to street, sidewalk, storm drainage and other infrastructure designed and constructed in conjunction with the Department of Public Works and Environmental Services (DPWES).

### **Blight Abatement**

This activity addresses resident concerns about specific properties which meet all of the following conditions: vacant or boarded for at least one year; subject of complaints; no longer being maintained for useful occupancy; and in dilapidated condition or lacks normal maintenance or upkeep. Efforts are made to encourage property owners to abate identified blight. If these efforts fail, the County may take direct action to repair or demolish the property. During FY 2006, HCD facilitated the abatement or remediation of 39 properties deemed to be blighted throughout the County.

# Department of Housing and Community Development

## **Capital Formation and Capacity Building:**

### **Funding Opportunities**

This activity focuses on identifying and applying for available funding opportunities to leverage and supplement County funds for projects and programs. It includes federal entitlement grants such as Community Development Block Grant (CDBG) and HOME Investment Partnership Grant (HOME), other federal, state and local grants and loans, and private financing.

### **Partnering**

This activity links the FCRHA financing abilities with those of the private sector (non-profit and for-profit) to generate additional financial resources. Non-profit corporations or limited liability corporations (LLC), as well as limited partnerships (LPs) formed by the FCRHA partner with private investors benefit from Federal Low Income Housing Tax Credits to fund FCRHA affordable housing for families and seniors. In addition, FCRHA issues revenue bonds to raise funds from private investors to fund affordable housing and community facilities.

### **Consolidated Plan/Consolidated Community Funding Advisory Committee (CCFAC)**

HCD provides leadership in developing and implementing the County's annual Consolidated Plan in conjunction with the CCFAC, a committee comprised of residents of Fairfax County.

### **Human Services**

This activity provides resources to the County's nonprofit partners through the Consolidated Community Funding Pool (CCFP) for critical human services such as youth programs, housing support services, and services targeted toward the County's immigrant population. A significant portion of the funding comes from CDBG, administered by HCD, which also supports CCFP planning and administers contract awards. CCFP will provide approximately \$10.8 million in total funding for these services in FY 2008.

## **Housing Fund Structure**

HCD is a complex agency as reflected in its funding structure. HCD has operating and capital funds that are funded from a variety of sources. County funds make up 31 percent of HCD's total budget. The balance is leveraged from federal and state funds as well as rental and fee revenues. In many cases HCD service areas span multiple elements of the fund structure which follows. For example, staff in the General Fund and the FCRHA Operating support most of the activities of the Department.

### **County General Fund**

- Fund 001, General Operating

This fund supports positions in Agency 38, HCD, and provides subsidies for the operation of some rental housing programs. Subsidies include support for expenses such as refuse collection, painting, maintenance positions, real estate taxes, and homeowner/condominium fees charged for condominium units owned by the FCRHA and rented to low income households.

# Department of Housing and Community Development

## **FCRHA General Operating**

- Fund 940, FCRHA General Operating  
This fund includes all FCRHA revenues generated by financing fees earned from issuance of bonds, monitoring and service fees charged to developers, investment income, project reimbursements, consultant fees, and ground rents on land leased to developers. Revenues support operating expenses for the administration of the private activity bonds, the Home Improvement Loan Program staff, and other administrative costs, which crosscut many of the housing programs.

## **Local Rental Housing Program**

- Fund 941, Fairfax County Rental Program (FCRP)  
Fund 941 covers the operation of housing developments that are owned by the FCRHA and managed by HCD, other than federally-assisted public housing and certain County-supported rental housing. This includes rental income and operating costs for 879 FCRP units, the Woodley-Hills Estate Mobile Home Park, and projects regulated by the Virginia Housing Development Authority, including group homes for the disabled and mentally handicapped. These latter units are owned and maintained by FCRHA; however, programs for the residents are administered by the Fairfax-Falls Church Community Services Board.
- Fund 950, FCRHA Housing Partnerships  
Fund 950 was established in FY 2002 to budget and account for revenue and expenditures related to the housing developments owned by partnerships between FCHRA and private investors. Financial records for these partnerships are maintained separately, outside the County financial systems, in order to meet accounting and reporting requirements. However, HCD provides staff support to some of these developments and procures goods and services on behalf of these partnerships which are reflected in Fund 950. Previously, these items were included in Fund 941.

## **Federal Section 8 Rental Assistance**

- Fund 966, Section 8 Annual Contribution  
The Section 8 program, also called the Housing Choice Voucher Program, is a federal housing rental assistance program for lower income families to assist them in leasing housing in the private marketplace. A portion of rent payments is provided by HUD to the FCRHA and is calculated under various formulas, incorporating family income and the fair market rent for similar types of housing in the Washington Metropolitan Area. The FCRHA administers the program, providing rental vouchers to eligible participants and rental subsidies to certain housing developments. In FY 2007, HCD administered 3,204 vouchers plus 75 “portability” vouchers (voucher holders coming from other housing authorities throughout the United States).

## **Public Housing Program**

- Fund 967, Public Housing, Projects Under Management
- Fund 969, Public Housing, Projects Under Modernization  
These funds represent the Federal Public Housing Program that supports the operation, modernization, or acquisition of rental housing to be owned and operated by local housing authorities such as the FCRHA. The Public Housing Program is divided into two separate components: projects in operation and modernization of existing Public Housing facilities. Under the program qualifications for Public Housing, units are leased to low-income tenants, and tenants pay no more than 30 percent of adjusted income toward dwelling rent

# Department of Housing and Community Development

or a minimum rent.

## **Special Revenue Funds**

- Fund 141, Elderly Housing Programs
- Fund 142, Community Development Block Grant (CDBG)
- Fund 143, Homeowner and Business Loan Programs
- Fund 144, Housing Trust Fund
- Fund 145, HOME Investment Partnership Grant (HOME)
- Fund 945, Non-County Appropriated Rehabilitation Loan Program

These funds include housing programs which have a special source of revenue, including rental income, federal/state support, bank funds, or proffered contributions. Elderly Housing Programs in Fund 141 provide for the operation of FCRHA-owned affordable housing for the low- and moderate-income elderly of the County. The CDBG program in Fund 142 is a federal grant that is used to conserve and upgrade neighborhoods through the provision of public facilities, support for community services and development of low- and moderate-income housing. The Homeowner and Business Loan Programs in Fund 143 support homeowner assistance, such as the Moderate Income Direct Sales Program, which aids homeowners in the purchase of homes, as well as a federal grant aimed at providing loans to small and minority businesses. Fund 144, Housing Trust Fund, utilizes proffered contributions from private developers, County contributions, and investment earnings to encourage the preservation, development, and redevelopment of affordable housing by the FCRHA, non-profit sponsors, and the private sector. The HOME program in Fund 145 is a federal grant program that supports provision of affordable housing through acquisition, rehabilitation, new construction, and tenant-based rental assistance. Fund 945, Non-County Appropriated Rehabilitation Loan Fund, represents funds raised from private sources for the rehabilitation and upgrading of housing, and works in conjunction with County-appropriated funds in the CDBG and the Homeowner and Business Loan Program funds.

## **Capital Projects**

- Fund 319, The Penny for Affordable Housing Fund
- Fund 340, Housing Assistance Program
- Fund 341, Housing General Obligation Bond Construction

These funds provide County support for both affordable housing and in the past, community revitalization capital projects. Fund 319, The Penny for Affordable Housing Fund, is designed to provide funds to quickly and significantly impact the availability of affordable housing in the County within established criteria. The fund was established in FY 2005 based on the Board of Supervisor's commitment to dedicate the value of one penny of the real estate tax rate to preserving affordable housing in the County. Fund 340, Housing Assistance Program, supported the Commercial Revitalization Program, including staff resources, marketing, consultant services and capitalized projects, as well as the Blight Abatement Program. Most revitalization related funds have been moved to the new Office of Community Revitalization and Reinvestment. Funds for some outstanding revitalization contracts remain within this fund. In addition, Fund 340 includes funds from federal CDBG Section 108 loan proceeds to be used to preserve and improve five conservation areas and a number of other housing projects. Fund 341, Housing General Obligation Bond Construction, is used to budget and report costs for housing and community development and capital projects that are supported wholly or in part by general obligation bond proceeds.



# Department of Housing and Community Development

## FCRHA Development Support

- Fund 946, FCRHA Revolving Development
- Fund 948, FCRHA Private Financing
- Fund 946 provides development support for site investigation for proposed new projects and provides temporary advances for architectural and engineering plans, studies, or fees for which federal, state, County, or private funds will reimburse the FCRHA at a later date. Funding capital improvement projects for existing FCRP units is also provided. Fund 948, FCRHA Private Financing, is used to budget and report costs for two types of funds: those borrowed by the FCRHA from private lenders and other sources, and funds for FCRHA projects which are generated through the sale of FCRHA bonds.

## FCRHA Internal Service Fund

- Fund 949, FCRHA Internal Service Fund, was established in FY 1998 to charge for goods and services that are shared among several housing funds. These costs include items such as office lease expense, office supplies, telephones, postage, copying, insurance, and audits which are captured in this fund and then disbursed to the appropriate operating fund. This fund also includes costs associated with the maintenance and operation of FCRHA housing development, such as service contracts for extermination, custodial work, elevator maintenance, and grounds maintenance. Expenditures are transferred from Fund 949 to the appropriate projects and funds, which provide a revenue reimbursement to Fund 9494 as this fund helps to expedite payments and processing only.

## FCRHA Grant Fund

- Fund 965, Housing Grants, was established in FY 2000 to administer grants awarded to the FCRHA. The grants currently in this fund are awarded by the U.S. Department of Housing and Urban Development (HUD), based on competitive applications for funding, and provide for rent subsidies, counseling services, support services, operating expenses, and property improvements.

## Budget and Staff Resources

Housing Summary		
Category	FY 2007 Actual	FY 2008 Adopted Budget Plan
Authorized Positions/Staff Years		
Regular	230/230	230/230
Grant	9/9	9/9
<b>Total Positions</b>	<b>239/239</b>	<b>239/239</b>
Expenditures*:		
Personnel Services	\$12,308,265	\$15,180,543
Operating Expenses	55,862,235	54,182,103
Capital Equipment	0	0
Grant Projects	13,846,931	8,649,703
Capital Projects	38,738,190	26,467,617
<b>Total Expenditures</b>	<b>\$120,755,621</b>	<b>\$104,479,966</b>

\* Expenditure categories are consistent with the Department of Housing and Community Development Program Overview in the budget.

# Department of Housing and Community Development

Housing Summary by Program Area and Fund		
Category	FY 2007 Actual	FY 2008 Adopted Budget Plan
<b>County Appropriated Funds:</b>		
Operating:		
Department of Housing and Community Development	\$6,335,631	\$7,014,265
141 Elderly Housing Programs	3,228,949	3,529,961
143 Homeowner and Business Loan Programs	2,804,955	1,388,983
<b>Total Operating Expenditures</b>	<b>\$12,369,535</b>	<b>\$11,933,209</b>
Capital:		
144 Housing Trust Fund	5,434,417	1,940,000
319 The Penny for Affordable Housing Fund	22,313,055	22,700,000
340 Housing Assistance Program	1,512,986	935,000
341 Housing General Obligation Bond Construction	13,657	0
<b>Total Capital Expenditures</b>	<b>\$29,274,115</b>	<b>\$25,575,000</b>
<b>Total County Appropriated Fund Expenditures</b>	<b>\$41,643,650</b>	<b>\$37,508,209</b>
<b>Federal/State Support:</b>		
965 Housing Grants Fund	111,330	0
966 Section 8 Annual Contribution	39,925,162	40,605,690
967 Public Housing, Projects Under Management	5,950,954	6,006,640
969 Public Housing, Projects Under Modernization	1,632,617	0
142 Community Development Block Grant	8,716,776	6,192,316
145 HOME Investment Partnerships Grant	5,018,825	2,457,387
<b>Total Federal/State Support</b>	<b>\$61,355,664</b>	<b>\$55,262,033</b>
<b>FCRHA Generated Funds:</b>		
940 FCRHA General Operating	2,564,916	3,210,388
941 Fairfax County Rental Program	3,101,385	3,615,446
945 Non-County Appropriated Rehabilitation Loan	30	15,000
946 FCRHA Revolving Development	881,096	0
948 FCRHA Private Financing	6,950,362	892,617
949 Internal Service Fund	3,452,473	3,022,358
950 Housing Partnerships	806,045	953,915
<b>Subtotal, FCRHA Funds</b>	<b>\$17,756,307</b>	<b>\$11,709,724</b>
Less:		
949 Internal Service Fund	\$3,452,473	\$3,022,358
<b>Total, FCRHA Funds</b>	<b>\$14,303,834</b>	<b>\$8,687,366</b>
<b>Total, All Sources</b>	<b>\$120,755,621</b>	<b>\$104,479,966</b>
Less:		
949 Internal Service Fund	\$3,452,473	\$3,022,358
<b>Net Total, All Sources</b>	<b>\$117,303,148</b>	<b>\$101,457,608</b>

# Department of Housing and Community Development

## SUMMARY OF ALL AGENCY LOBS (FY 2008 Adopted Budget Data)

<i><b>Number</b></i>	<i><b>LOB Title</b></i>	<i><b>Net LOB Cost</b></i>	<i><b>Number of Positions</b></i>	<i><b>LOB SYE</b></i>
38-01	Affordable Housing Production and Preservation	\$0	16	16.0
38-02	Rental Housing and Tenant Subsidies	(\$664,467)	148	148.0
38-03	Homeownership	\$0	3	3.0
38-04*	Commercial Revitalization	\$0	8	8.0
38-05	Community and Neighborhood Improvement	(\$4,499)	24	24.0
38-06	Consolidated Community Funding Pool and Grants Management	\$0	0	0.0
38-07	Organizational Management and Development	\$0	31	31.0
<b>TOTAL</b>		<b>(\$668,966)</b>	<b>230</b>	<b>230.0</b>

\* Funding for the Commercial Revitalization Program that is part of Fund 340, Housing Assistance Program, FY 2008 Adopted Budget is reported as part of the attached Lines of Business (LOBs). The narrative describing the Commercial Revitalization activities to be supported by this funding will appear in the Office of Community Revitalization and Reinvestment LOBs submission.

Note: Housing Funds are supported by County merit regular positions in addition to also being supported by some grant funded positions and positions supported by non County appropriated funds. The total positions and SYEs shown above are solely the County merit regular positions and positions supported by non County appropriated funds. Grant funded positions are not reflected in the total LOB count shown above. For further details regarding programs supported by grant funded positions please refer to the LOB detail pages.

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## LOBS SUMMARY

### 38-01: Affordable Housing Production and Preservation

<i>Fund/Agency: 001/38</i>		<i>Department of Housing and Community Development</i>
<i>LOB #: 38-01</i>		<i>Affordable Housing Production and Preservation</i>
Personnel Services		\$1,490,667
Operating Expenses		\$174,124
Recovered Costs		\$0
Capital Equipment		\$0
Other		\$29,546,676
<b>Total LOB Cost:</b>		\$31,211,467
Federal Revenue		\$4,533,318
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$26,678,149
<b>Total Revenue:</b>		\$31,211,467
<b>Net LOB Cost:</b>		\$0
Merit Positions/SYE involved in the delivery of this LOB		16 / 16.0
Grant Positions/SYE involved in the delivery of this LOB		5 / 5.0

#### ► LOB Summary

Affordable housing has become an increasingly critical issue in Fairfax County. Based on the “Need for Affordable/Workforce Housing in Fairfax County” report that was prepared by George Mason University (GMU) in 2006, there has been a significant change in the County’s housing market which has had a tremendous impact on the County’s ability to maintain and provide affordable housing for its citizens. Trends in home sales over the past 15 years have greatly reduced the opportunities for homeownership as salaries earned have not kept pace with the unprecedented rise in home costs. The data provided in this study indicates that the affordability of homeownership is “more severe issue than for the rental market.”

A critical factor contributing to the housing crisis is that affordable housing production did not keep pace with the phenomenal job growth. According to the GMU study, between 1990 and 2005, a total of 186,300 jobs were created for a total of 565,200 jobs in Fairfax County. This factor alone has attracted many new households to the area. This growth rate accounts for 28 percent of the total job growth in the Washington Metropolitan area. Further, the healthy economy and the proximity of this County to the nation’s capital have drawn immigrants and refugees here. If the job growth rate from 2005 to 2025 reaches its estimated rate of 213,700, there will be a household demand of 142,500.

Based on the 2006 census data, the County poverty rate is 5.3 percent. Although this number is relatively low, the median income of \$119,800 has not kept pace with the overall median market value of owned homes which is \$538,940. This trend is further supported by the fact that in 2006,

## Department of Housing and Community Development

over 51 percent of the workers in Fairfax County commuted to their jobs from surrounding jurisdictions. This creates a special problem in the public service areas as the largest percentage of workers commuting to their jobs work in the emergency services areas, education and health care. The current trend in affordable housing for Fairfax County is predicted to continue along its current path. Based on the jobs and household forecasts provided by the GMU study, job growth will total 213,700 between 2005 and 2025 coupled with a household growth of only 104,800.

HCD's mission, under the leadership of the Board of Supervisors and the Fairfax County Redevelopment and Housing Authority (FCRHA), is "to initiate and provide opportunities for Fairfax County residents to live in safe, affordable housing and to help develop, preserve, and revitalize communities through fiscally responsible and open processes." With the support of local, federal, and private investment, HCD has been able to implement strategies and programs that are aimed at addressing the lack of affordable housing in the County.

HCD also continues to implement strategies to address the loss of affordable/workforce housing in the County, including providing incentives to owners of affordable units and financing projects which preserve affordable housing. As of April 20, 2007, a total of 1,364 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects via FCRHA acquisitions and financing, and negotiated agreements. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 1,112 units are preserved for 20 years or longer. The FCRHA's major affordable housing preservation successes include Janna Lee Village, 319 units (Lee District); Madison Ridge, 216 units (Sully District); Crescent Apartments, 180 units (Hunter Mill District); Sunset Park Apartments, 90 units (Mason District); and, Hollybrooke II, 98 units and Hollybrooke III, 50 units (Mason District). The primary funding source for assisting in preserving these units is derived from revenue equivalent to the value of one penny on the Real Estate Tax rate for this purpose in Fund 319, The Penny for Affordable Housing Fund.

FCRHA's federally funded Home Equity Loan Program (HELP) continues to assist low-income first-time homebuyers by closing the gap between an affordable first mortgage and the sales price of a market-rate home in the County. HELP participants receive up to \$91,767 in homebuyer assistance; up to \$21,767 in down payment/closing cost assistance, and up to \$70,000 in a second mortgage. Another successful program is the First-Time Homebuyers Program, which assisted 92 low-moderate-income families that purchased homes in 2006. Other programs such as the federal Housing Choice Voucher program are encouraging homeownership through the Family Self Sufficiency program, which helps families save escrowed funds for a future home purchase. The Homeownership Resource Center, which is supported by the Community Development Block Grant, has become a key factor in community outreach. In FY 2006, the Center served nearly 2,000 walk-ins and over 6,100 telephone inquiries.

At the leadership and direction of the Board of Supervisors and the FCRHA, HCD provides staff support to the FCRHA and is the primary implementing agency for most housing-related programs in the County. HCD works in conjunction with the FCRHA toward achieving the goals set by the Board. HCD provides development, technical assistance, and financing services to facilitate affordable housing production and preservation by both for-profit and non-profit community partners. HCD also pursues partnerships with investors, the philanthropic community, and state and federal agencies. The objective of these partnerships is the creation of capital investment and non-County financial support for the HCD/FCRHA mission and for strengthening the viability and capacity of development organizations.

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## **Fund 001: General Fund**

Fund 001 provides funding for administrative oversight of the Development and Real Estate Finance Divisions, administration of the Affordable Dwelling Unit (ADU) Program, and architectural design support for the neighborhood revitalization program. Staff provides supervision, direction and guidance to the division, and clerical support. For the ADU program, staff supports the Affordable Dwelling Unit Advisory Board (ADUAB), tracks the units produced under the program, and determines cash contributions. Staff prepares site and building schematics, participates in negotiations with developers, makes public presentations, and acts as liaison to County officials and other County departments providing architectural and urban design assistance. Four positions are supported through an allocation of \$336,986 in Fund 001 for FY 2008.

## **Fund 142: Community Development Block Grant**

In FY 2008, a total of \$2,075,931 in Federal Community Development Block Grant (CDBG) funds has been appropriated for payments on the County's Section 108 loans (\$1,062,587), the housing relocation program (\$273,520) (2 positions), fair housing initiatives (\$57,514) and a contingency fund (\$682,310).

## **Fund 144: Housing Trust Fund**

Fund 144, Housing Trust Fund, was created in FY 1990 to reflect the expenditures and revenues of funds earmarked to encourage and support the preservation, development and redevelopment of affordable housing. The Housing Trust Fund is administered by the FCRHA which develops eligibility criteria, accepts and reviews applications, and forwards recommendations for funding to the Board of Supervisors. The Board retains control of the final allocation of funds. In FY 2008, a total of \$1.94 million is appropriated as a planning factor based on anticipated proffer and interest income.

To date, this fund has supported the development of senior housing at Morris Glen, Herndon Harbor, Gum Springs, Lewinsville, Braddock Glen (assisted care), Little River Glen I and II, and it is currently providing support to construct a third senior housing facility, Olley Glen, as part of the Little River Glen campus in Fairfax. These funds made possible one of the first mixed income (Public Housing/Fairfax County Rental Program) properties, and have also been used in support of first-time homeownership units. This fund is utilized by the FCRHA, non-profit sponsors, and private developers, and is intended to promote endeavors that will provide affordable housing opportunities for low- and moderate- income individuals and families in Fairfax County. This is achieved through a number of methods including the structuring of low cost debt and/or the infusion of equity capital. The use of this fund was expanded in 1996 to include pre-development funding for the purpose of determining project feasibility and performing preliminary studies necessary to define viable development strategies.

## **Fund 145: HOME Investment Partnership Grant**

Fund 145 is used to support the development and preservation of properties using funds from the Federal HOME Investment Partnership Program (HOME). These funds are allocated on an annual basis to eligible participating jurisdictions based on a formula-based system. The County's FY 2008 grant is \$2,457,387 and these funds support this program area, as well as one position. The HOME program has been used to make projects affordable to more lower income families and seniors than would have been possible without the funds. These funds have been used in family housing construction, acquisition of scattered-site units, senior housing and downpayment assistance for first time homebuyers. A local match of 25 percent is required for this program, but the match can come from any housing project that is HOME-eligible, without regard to funding source. Given the

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layering of eligible financing mechanisms that is characteristic of FCRHA projects, the use of HOME funding by Fairfax County seldom requires the use of local General Fund dollars.

## **Fund 319, The Penny for Affordable Housing Fund**

FY 2008 funding in the amount of \$22,700,000 is provided to continue preservation of affordable housing in the County. This fund accounts for over 73 percent of the funds available to support the Affordable Housing initiative in Fairfax County. As of April 20, 2007, a total of 1,364 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects via FCRHA acquisitions. Under the continued leadership of the BOS, HCD has been able to successfully meet and exceed its goal of preserving 1,000 units by the end of FY 2007. In FY 2008, HCD will continue its mission to preserve affordable housing through a mixed funding use approach.

## **Fund 940: FCRHA General Operating**

Fund 940 is used to account for FCRHA real estate holdings that are not reflected in one of the other FCRHA funds or in partnership holdings. This fund includes all FCRHA revenues generated by financing fees earned from issuance of bonds, monitoring and services fees charged to developers, investment income, project reimbursements, consulting fees, and ground rents on land leased to developers. Revenues support operating expenses for agency administrative costs associated with such activities as human resource management, staff development, public affairs, information technology support, program costs related to the implementation of the agency's Lines of Business, and related FCRHA activities.

Fund 940 reflects the revenue-producing capacity of the FCRHA. This capacity provides the County with the opportunity to develop and operate housing and/or service programs that, by the nature of whom they serve, cannot be self-sustaining. The use of FCRHA revenues for this purpose allows the County to broaden its array of services while minimizing the demands placed on the General Fund. In FY 2008, \$808,546 in funding through Fund 940 supports nine positions and associated operating costs that are either not covered or only partially covered by other program funding.

## **Fund 948: FCHRA Private Financing**

In addition to federal, state and local government funding sources, the FCRHA also utilizes private financing to implement projects. In addition to both family and senior residential developments, the FCRHA's financing authority has been used to finance County recreation centers, senior centers, adult day care centers, and a Head Start facility. The FCRHA has also used its financing capacity to support the private sectors' development activities in return for a portion of units at reduced rents. FCRHA-developed properties require an extensive layering of both public and private funds. The reputation of the FCRHA has resulted in the successful use of private funds to leverage the public funds. The sale of federal low-income housing tax credits to private investors is a significant source of project equity that is used to leverage public dollars. Funding of \$892,617 in Fund 948 for FY 2008 represents a contribution from Fund 142, CDBG for payments on the County's Section 108 loans, plus other loan and financing repayments.

Fund 948, FCRHA Private Financing, was established to budget and report costs for capital projects which are supported in full or in part by funds borrowed by the FCRHA through the issuance of notes and/or bonds, or through the use of equity financing received through the sale of Federal low-income housing tax credits. In the latter form of financing, the FCRHA usually serves as the managing general partner of an investment partnership created specifically for project financing purposes. In these cases, it will hold only a minor ownership position, selling the balance (e.g. 99.9

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percent) to private investors who derive the benefit of tax credits in exchange for equity contributions to the project. The FCRHA retains the management and oversight of the projects as well as responsibility for compliance with tax credit regulations. Fund 948 makes it possible to include the accounting for the receipt and disbursement of private funds within the County financial system.

## **Fund 969: Public Housing Under Modernization**

This fund represents the capital improvement activities related to the Federal Public Housing Program which is divided into two separate components: projects in operation and modernization of existing Public Housing facilities. Under the program qualifications for Public Housing, units are leased to low-income tenants, and tenants pay no more than 30 percent of adjusted income toward dwelling rent or a minimum rent. Since this is a federally funded grant and is allocated funding according to the federal fiscal year, the FY 2008 Adopted Budget reflects a zero balance but will be adjusted as part of the annual carryover process. This fund supports five grant positions.

### **► Method of Service Provision**

Services under this program area are provided by regular County employees, as well as through outside architects, engineers, and contractors. HCD staff provides architectural design services, land planning and design support to the revitalization division, construction monitoring, land acquisition, project financing and individual loans for the Home Improvement Loan Program. Capital formation is an important part of the work of the division and includes structuring public/private partnerships in addition to attracting private sector investment in FCHRA projects.

Normal hours of operation extend from 8:00 a.m. to 4:30 p.m. Monday through Friday. However, HCD staff often meet with individual citizens, neighborhood groups, the Board of Supervisors, the FCRHA and other boards, commissions, or organizations before and after regular business hours and on weekends.

### **► Mandate Information**

This LOB is federally mandated (i.e., not mandated to implement the programs, but as a recipient of federal funds, those funds must be used in the prescribed manner). This LOB includes two federally funded programs, Fund 969, Public Housing Under Modernization and Fund 145, HOME, which is also a federally funded grant program. There is no federal mandate for a local funding match. The percentage of this LOB's resources utilized to satisfy the federal requirements is 5-15 percent.



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## 38-02: Rental Housing and Tenant Subsidies

<i>Fund/Agency: 001/38</i>		<i>Department of Housing and Community Development</i>
<i>LOB #: 38-02</i>		<i>Rental Housing and Tenant Subsidies</i>
Personnel Services		\$10,023,119
Operating Expenses		\$10,465,100
Recovered Costs		\$0
Capital Equipment		\$0
Other		\$37,254,078
<b>Total LOB Cost:</b>		<b>\$57,742,297</b>
Federal Revenue		\$41,231,016
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$17,175,748
<b>Total Revenue:</b>		<b>\$58,406,764</b>
<b>Net LOB Cost:</b>		<b>(\$664,467)</b>
Merit Positions/SYE involved in the delivery of this LOB		148 / 148.0
Grant Positions/SYE involved in the delivery of this LOB		4 / 4.0

### ► LOB Summary

Affordable housing is an increasingly critical issue in Fairfax County and has been designated as a high priority of the Board of Supervisors.

The lack of affordable homeownership opportunities in the County drives up the demand for rental units. In 2001, average rents were well above \$990 per month for all unit types and in 2007 averaged \$1,247 per month. Over this six-year period, the average rent increased at a rate of 26 percent. Based on the most current census data, rental housing costs for over 30 percent of the area's residents required 38.6 percent of their monthly income in 1989 compared to 45.4 percent in 2004. The Department of Housing and Community Development's (HCD) waiting list is often used to exemplify the dramatic need for affordable housing in the County. The combined program waiting list has reached its highest level to date. Currently, there are over 9,400 applicants on the Public Housing and Housing Choice Voucher (Section 8) waiting lists. This number has increased over 25 percent from its FY 2001 level of 7,500.

Based on data provided by the George Mason University Center for Regional Analysis, the rental market is expected to change dramatically in the next few years. As the home sale market slows down, the demand for rental units increase, which drives up the cost for rental housing. Based on their data, rental rates are estimated to increase 7 percent per year through 2010. The effect of this increase will be detrimental to the affordability of rental units. By 2010, only 69.5 percent of the units available for rent will be affordable to those at 80 percent of the area's median income, compared to 87.3 percent in 2005.

Key activities, programs and services of HCD and FCRHA are designed to respond to this affordable housing need in a timely and responsive manner. HCD provides a continuum of housing to meet a range of service levels and needs through a variety of programs and types of housing.

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## **Programs offered by HCD/FCHRA include:**

All of these programs have three key service goals: (1) provide affordable homes, (2) promote self-sufficiency, and (3) ensure properties and programs are compatible with the community in all respects. Various target populations are served through a mix of federally and locally supported programs. These affordable housing programs include:

- Public Housing (1,064 units; achieved HUD “High Performer” rating in FY 2007)
- Section 8 Housing Choice Voucher Program (3,200+ Housing Choice Vouchers in program; achieved HUD “High Performer” rating in FY 2007)
- Affordable Housing Properties such as Cedar Ridge (198 units), Hopkins Glen (91 units), Murraygate (204 units), Stonegate (234 units), and, Crescent (180 units)
- Senior citizen residences such as Herndon Harbor House (120 units), Lewinsville (22 units), Lincolnia (78 units), Little River Glen (120 units), Morris Glen (60 units), Braddock Glen (60 units) and Gum Springs (60 units)
- Coan Pond Residences (20 units – the only “Working Single Adults” program in Fairfax County)
- Group Homes for persons with disabilities

## **The types of housing offered by HCD/FCRHA include:**

- Senior Residences (408 active adult rental units)
- Assisted living for seniors (112 beds, with 60 beds in the planning stage)
- Multifamily housing (Federal and non-Federal programs supplying units)
- Group Homes for persons with disabilities (7 homes, 69 beds)
- Family shelter (60 beds)
- Working single adult housing (20 units)
- A mobile home park (“pad” rentals for 115 mobile homes)

## **Service Delivery Approach and Program Highlights**

The provision of services to clients that participate in these programs is provided through the Property Management, Rental Services, and Property Maintenance Divisions of HCD. The Property Management and Rental Services Program Areas represent the direct service activities within HCD providing affordable rental housing to households in Fairfax County in FY 2008. This includes the availability of 2,900 residential units that are leased to low and moderate income families and individuals, 11 properties that serve 177 individuals in supportive housing programs, and 115 mobile homes. Additionally, housing assistance is provided to 3,204 households under the Housing Choice Voucher program (Section 8). The citizens served by these programs are typically in households earning about 30 percent of the County’s median income. A diverse population is served, including

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the elderly, persons with disabilities, and most recently, a growing percentage of immigrants and refugees.

**Property Management:** The Property Management component provides direct on-site housing management services for various properties, as well as contract administration for private management, maintenance, marketing and leasing services at Cedar Ridge Apartments, Stonegate Apartments, and Hopkins Glen Apartments. This component also provides property management services and contract administration to seven residential communities for senior citizens, including two assisted living facilities, and three adult day care centers. HCD staff frequently provides assistance to citizens who need help making decisions about the housing needs of elderly parents. This branch also provides property management oversight of one homeless shelter and seven scattered site group homes that provide services to disabled adults through the Fairfax-Falls Church Community Services Board and the Virginia Housing Development Authority.

**Rental Services:** The Rental Services component of HCD manages lease-up activities for Public Housing, Section 8, the locally supported Fairfax County Rental Program, the Senior Housing program, all aspects of the client intake process including management of HCD's extensive housing waiting list system, and management of the Compliance and Community Relations program that combats fraud and abuse by participants in HCD's assisted housing programs. Rental Services staff performs a myriad of activities involved in providing safe and affordable rental units to HCD's clients. This includes: determination of client eligibility for programs, income verification, tenant recertification, management of the marketing and lease-up process, provision of tenant services, assurance of compliance with all funding sources and regulations, enforcement of all lease provisions, property inspection, and assistance to participating landlords.

**Maintenance and Property Improvement Services:** On-going interior, exterior and grounds maintenance of residential and office properties owned by the FCRHA is the primary function of this component of housing service delivery. More than 2,500 units of housing and two office buildings are supported. Emergency maintenance services are provided 24 hours a day, seven days a week. This area also includes administration of federal funds awarded annually for asset protection and modernization of the FCRHA public housing developments throughout the County. This part of the service assesses the physical needs of buildings and related structure systems, develops a five-year action plan and oversees construction contracts issued to carry out the scope of work required each year. A similar five-year plan is also developed and implemented for the FCRHA's non-Federally assisted housing stock.

**Program Initiatives:** HCD has responded to the County's affordable housing demands through a variety of programs and approaches. HCD is particularly skilled in leveraging County funds by attracting federal funds and private investment. Recent success and continued initiatives that support these programs include:

- The preservation of affordable rental units through the County's Fund 319, The Penny for Affordable Housing, which has provided an additional 1,364 affordable units at a variety of large and small projects via FCRHA acquisitions and financing, and negotiated agreements. The majority of these units are available for rent through the FCRHA's Fairfax County Rental Program, which provides affordable rents to moderate income residents. The remaining units are made available to residents through the Magnet Housing program, which has had recent success with the construction of the Glenwood Mews Townhouses (15 units)

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and predevelopment of the West Ox Road project (30 units). Magnet Housing attempts to match housing within close proximity to public transportation and places of business.

- HCD provides direct ownership and management of 52 housing properties (apartments or townhouses) for families, seniors, and persons with disabilities, which has increased by 10 properties or 24 percent since FY 2001.
- HCD provides direct ownership with private management of seven properties (three multifamily developments and four senior citizen residences). In FY 2001, this category reflected five properties so the current number reflects a 40 percent increase since FY 2001.
- In FY 2007, HCD converted one of its larger multi-family properties, Cedar Ridge Apartments in the Hunter Mill District, to a tax-credit property. This property is managed by a private management firm. Restructuring the financing for this property has improved property cash flow and allowed the agency to implement significant property improvements.
- Through the Federal Housing Choice Voucher rental subsidy program (Section 8), HCD is able to partner with private landlords participating in the program to provide affordable rental units for approximately 3,200 households. Through this program, HCD assists households with their rent payments in which the family pays approximately 30 percent of their income for rent and utilities.
- HCD is able to supply 1,064 affordable housing units to eligible low-income families through participation in the Federal Public Housing Program.
- Scattered site housing (individual units at certain complexes).

Funding in support of this program area is arrayed across nine specific funds in the budget of HCD, as follows:

## **Fund 001: General Fund**

Fund 001 supports the above areas, programs and services by funding 24 positions in the administration of housing services and programs, direct services to families (subsidy payments, housing assistance and placement), maintenance, and clerical/support staff. In addition, it covers expenses for exterior painting contracts as well as condominium fees in private developments where the FCRHA owns scattered site units. Total funding in Fund 001 in FY 2008 for these costs is \$2,798,475.

## **Fund 141: Elderly Housing Programs**

Fund 141, Elderly Housing Programs, accounts for personnel (16 positions), operating, and equipment costs related to the County's support of the operation of the three locally funded elderly housing developments owned or leased by the FCRHA. The four elderly housing developments funded in Fund 141, Elderly Housing Programs are: Lewinsville Senior Residences in McLean, Little River Glen in the Braddock District, and Lincolnia Senior Residences in the Mason District. Funding for three facilities, Gum Springs located in the Mount Vernon District, Morris Glen in the Lee District, Braddock Glen in the Braddock District and Herndon Harbor House in the Dranesville District, are not presented in Fund 141, Elderly Housing Programs. Although they are owned by a limited partnership of which the FCRHA is the managing general partner, a private firm manages and maintains these facilities. The Braddock Glen Assisted Living facility in the Braddock

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District is owned by the FCRHA and also managed by a private management firm. HCD staff administers the contract between the FCRHA and the private firms hired to manage the facilities. Together, in FY 2008, these seven facilities will provide for 408 congregate housing units, 112 assisted living units, and three Adult Day Care Health Centers.

Total funding in Fund 141 in FY 2008 is \$3,529,961, which includes a General Fund transfer of approximately \$1.5 million. In addition, in FY 2008, the operation of the Elderly Housing Program will be supported in part with rental income, a state auxiliary grant for indigent care in the Adult Care Residence component at the Lincolnia Senior Center and Residences, County support, and federal funds. The County's General Fund transfer supports approximately 42 percent of this expense. The Gum Springs, Morris Glen and Herndon Harbor facilities are self-supporting and do not require County General Fund support in Fund 141.

Certain expenses reflected in this fund are not directly related to housing operations. The FCRHA, as landlord of these facilities, has interagency agreements, which provide for budgeting by HCD for common area expenses for utilities, telecommunications, maintenance, custodial services, and contracts. The facilities provide space for general community use as well as for services provided by other County agencies.

Other costs related to the County's housing program at these sites, including the operating costs of senior centers, adult day care centers, and a congregate food program, are reflected in the agency budgets for the Department of Community and Recreation Services, the Health Department, the Aging Grants and Programs Fund, and the County Debt Service Fund.

## **Fund 940: FCRHA General Operating**

This fund accounts for the business activities of the FCRHA. Revenue received from monitoring and financing fees, development fees and other sources is reported in this fund and is used to support the programs and activities of the FCRHA.

As related to the affordable housing activity area, this fund, through an allocation of \$232,170 in FY 2008, supports four positions, one of which is a lead housing services specialist responsible for a portfolio of Public Housing Program and Fairfax County Rental Program units. This position has supervisory responsibility of a team of housing managers and occupancy specialists within the assigned "cluster" of properties for a specified geographic area of the County.

## **Fund 941: Fairfax County Rental Program**

The Fairfax County Rental Program (FCRP) is a local rental housing program developed and managed by the HCD for the Fairfax County Redevelopment and Housing Authority (FCRHA). The FCRP includes a wide variety of affordable housing for a range of income groups, including low- and moderate-income families, senior citizens and disabled persons. Seven group home properties provide housing for persons with disabilities in conjunction with the Fairfax-Falls Church Community Services Board (CSB) and the Virginia Housing and Development Authority (VHDA).

The FCRP includes projects developed or acquired by the FCRHA. These properties are located throughout Fairfax County, primarily in converted condominium projects.

A private management company manages and maintains three stand-alone properties under contract with the FCRHA, Hopkins Glen (91 units; Providence District), Cedar Ridge (198 units; Hunter Mill District), and the Crescent apartment complex (180 units; Hunter Mill District). In FY 2007, the

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ownership of Cedar Ridge apartments was converted to a tax-credit partnership property with the FCRHA as the managing partner.

FCRP is primarily supported by tenant rents and County General Fund support in the amount of \$493,293 to pay for condominium fees. In addition, debt service contributions are received from Fund 141, Elderly Housing, to provide support for the debt service costs of Little River Glen, an FCRHA elderly housing development. The total FY 2008 cost is \$3,615,446, which supports 15 positions.

## **Fund 950: Housing Partnerships**

This service component reflects several multi-family developments that were purchased or constructed using financing techniques that involved various partnership arrangements. These properties provide affordable housing for 259 families.

The FY 2008 Fund 950 budget totaling \$953,915 will support 10 positions, as well as operating and maintenance expenses at Murraygate, Castellani Meadows, West Glade and Tavenner Lane. The operation of this program is primarily supported by tenant rents with County General Fund support for real estate taxes at Castellani Meadows, West Glade, Murraygate, Stonegate and for the Public Housing portion at Tavenner Lane. The Stonegate property is currently managed by a private management firm and the budget is not accounted for in the County system.

## **Fund 965: Housing Grants**

Fund 965 was established as part of the FY 2000 Adopted Budget Plan to separately track grants which are awarded to the FCRHA. This Fund provides accounting for the federally funded ROSS grant. The Resident Opportunities and Self Sufficiency (ROSS) grant program provides funds for job training and supportive services to help residents of public housing transition towards self-sufficiency. No new funds are budgeted for this fund in FY 2008. Funds are carried over from previous fiscal years and additional grant awards will be reflected in this fund subsequent to the FY 2008 *Carryover Review* due to the timing of the issuance of federal HUD awards.

## **Fund 966: Section 8 Annual Contribution**

The Housing Choice Voucher Program (HCV), also known as the Section 8 Program, is the largest subsidy program operated by the FCRHA. The program provides financial assistance to help house more than 8,000 persons, constituting approximately 3,200 households throughout the County.

The Housing Choice Voucher Program is a Federal Housing Assistance Program for low income families seeking housing in the private rental market. The basic concept is the same for all components of the program. The U.S. Department of Housing and Urban Development (HUD) provides funds to pay a portion of the family's rent. In most cases, this subsidy is the difference between 30 percent of the eligible family's income and a HUD-approved Fair Market Rent (FMR) for a housing unit. Section 8 subsidy funds are used to issue vouchers to eligible households who may lease any appropriately-sized, standard quality rental unit from a participating landlord.

Under Fund 966, Section 8, Annual Contribution rental subsidies are provided by HUD to cover the difference between a market-established rent and the rent which is determined to be affordable at a given family's income level. In some cases, the Section 8 subsidies are associated with a particular housing development and in other cases they are transferable with the tenant. Total costs for FY 2008 are \$40,605,690.

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The rent subsidy payments are made through a Housing Assistance Payments (HAP) Contract with the owner of the housing. Housing Authorities administer the contract for these subsidy funds on behalf of HUD. In Fairfax County, the FCRHA is responsible for making the monthly subsidy payments, verifying that those benefiting from the subsidy are eligible and monitoring compliance with federal regulations. This is done by means of an Annual Contribution Contract between the FCRHA and HUD.

The Housing Authority also is responsible for maintaining a waiting list of those seeking a Section 8 voucher. The FCRHA verifies applicant income eligibility before issuing a voucher, inspects the unit the family selects to ensure compliance with Section 8 Housing Quality Standards, computes the portion of the rent the family must pay and the maximum subsidy. The FCRHA then contracts with the landlord to pay the subsidy, recertifies eligibility annually, and maintains required financial records and reports. The owner of the housing (participating landlord) is responsible for selecting those families to whom the owner wishes to rent. The FCRHA does not select the tenant. The landlord is responsible for enforcing, renewing, or terminating the family's lease in accordance with the terms of the lease.

This fund supports 39 positions (35 merit and 4 grant); positions include one related to computer systems management, and 38 that provide the above services to participants and landlords (program eligibility, certifications, contract administration, inspections, financial management, and program compliance monitoring).

In FY 2007, HCD was recognized as a High-Performer with a score of 103 (out of 100 points, earning a special bonus of 3 additional points) under HUD's SEMAP (Section 8 Management Assessment Program) rating system.

## **Fund 967: Public Housing Program Projects Under Management**

The Federal Public Housing Program is funded by HUD. In the past, HUD funds were used by the FCRHA to develop or acquire rental housing, which is owned and operated by the FCRHA. For the past ten years new construction and acquisition have been discontinued due to funding constraints in this program. Federal funds continue to support the operation and maintenance of these properties.

This program is an essential affordable housing program serving low-income working families, disabled persons and the elderly. Participants pay 30 percent of their income toward rent. Program participants are generally in the income category of "30 percent of metropolitan area median income." Working families, who constitute the largest segment of the participant population, are usually employed in service and trades jobs, as well as local government positions, throughout the County and the metropolitan region.

Expenditures in this fund total \$6,006,640 in FY 2008 and include the support of personnel, and operating expenses for the operation of 1,064 units within the Public Housing Program. In FY 2008, dwelling rents support 74.9 percent of the operating costs, excluding debt service, which is totally funded by HUD. Other sources of revenue include payment for utilities in excess of allowances established by FCRHA, maintenance charges, late fees, laundry income, and investment income.

There are a total of 44 regular positions federally funded in the Public Housing Program. Under the current HUD Performance Funding System, the FCRHA is eligible for operating subsidies to support the administration of the program. Other maintenance and administrative positions

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providing support for this program are funded in the General Fund. In FY 2008, funds totaling \$959,658 are provided to support refuse collection costs, painting expenses and townhouse/condominium fees.

In FY 2007, the FCRHA achieved a Public Housing Assessment System score of 91.4 percent and was designated a “High Performer” agency by HUD.

### ► Method of Service Provision

A variety of methods are used to provide service, which may include: County employees, volunteers, interns, community service workers, and private contractors.

Hours of service include 24-hour information via the FCRHA’s web site (applications may be downloaded from this site) and access to waiting list information application status may be obtained through an automated telephone response system, which is also available 24 hours each day. Hearings to resolve disputes over maintenance charges are offered by telephone conference calls. Other services are typically available during normal County office hours (8:00 a.m. to 4:30 p.m.), but 24/7 emergency maintenance services and extended office hours for orientations and meetings with residents and new participants are also available. Homeownership workshops are frequently conducted on weekends. In circumstances where a client is unable to travel due to disability, poor health or age, staff will make a home visit.

This service area supports several site offices where on-site services are provided on a scheduled basis. Staff will also schedule evening meetings with residents at property sites and attend evening meetings of the Resident Advisory Council. Property inspections are conducted at various FCRHA sites or at units being considered for rental under the Housing Choice Voucher Program. This service area makes extensive use of contractors. Property management and maintenance services are contracted to private companies at five locations; a sixth site will be added in FY 2008. Additionally, the maintenance function uses outside contractors for special construction projects as well as typical skill areas such as landscaping, grounds care, carpentry, plumbing and electrical services.

Most of the senior residences have on-site staff during usual business hours during the workweek. One site (Little River Glen) has 24/7 coverage using facility attendants to monitor an emergency pull cord system. In special circumstances where a client is unable to travel due to disability, poor health or age, staff will make a home visit. Staff will also schedule evening meetings with residents at property sites. This service area makes extensive use of property management and maintenance contractors. Currently, services are contracted to private companies at six locations.

### ► Mandate Information

This LOB is federally mandated (i.e., not mandated to implement the programs, but as a recipient of federal funds, those funds must be used in the prescribed manner). This LOB includes three federally funded programs, Fund 965, Housing Grants, Fund 966, Section 8 Annual Contribution, and Fund 967, Public Housing Under Management. For each of these funds, there is no federal mandate for a local funding match. The percentage of this LOB’s resources utilized to satisfy the federal requirements is 75-85 percent.



# Department of Housing and Community Development

## 38-03: Homeownership

<i>Fund/Agency: 001/38</i>		<i>Department of Housing and Community Development</i>
<i>LOB #: 38-03</i>		<i>Homeownership</i>
Personnel Services		\$281,468
Operating Expenses		\$4,726
Recovered Costs		\$0
Capital Equipment		\$0
Other		\$781,136
<b>Total LOB Cost:</b>		<b>\$1,067,330</b>
Federal Revenue		\$286,194
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$781,136
<b>Total Revenue:</b>		<b>\$1,067,330</b>
<b>Net LOB Cost:</b>		<b>\$0</b>
Positions/SYE involved in the delivery of this LOB		3 / 3.0

### ► LOB Summary

Homeownership is a hallmark of Fairfax County. Homeownership helps stabilize neighborhoods, builds a sense of community, and is the foundation of personal financial independence. The Fairfax County Redevelopment and Housing Authority (FCRHA) has made homeownership one of its top priorities in its Strategic Plan. The FCRHA provides assistance in the form of second trust financing, loans and grants, as well as facilitates homebuyer preparation through workshops and classes, and post-purchase counseling. This service component includes administration of the various components of the First-Time Homebuyers Program, based on provisions of the Affordable Dwelling Unit Ordinance, and the Moderate Income Direct Sales Program. In addition, this area administers the state-funded SPARC mortgage program, the HELP homeownership assistance program, and the Downpayment and Closing Cost Assistance Program. This service area also administers the pilot Section 8 Homeownership Assistance Program which has helped 25 families (who were receiving Section 8 rental assistance) purchase a home. The families are largely minority and headed by women. Many Family Self Sufficiency (FSS) families have the ultimate goal of homeownership. Expansion of this program is currently under review, pending completion of an evaluation of the pilot phase of the program.

The Moderate Income Direct Sales (MIDS) Program was designed to provide affordable homeownership opportunities for low- to moderate- income families who otherwise could not afford to purchase a home. Established in 1978, this program funds second trust loans up to \$15,000. These loans are repaid when the home is resold. The second trust allows the sales price to be affordable to families who would not normally qualify for homeownership. The resale price of the unit is controlled through a formula tied to the Consumer Price Index, and the FCRHA has the first right of refusal when the home is resold. Since the MIDS Program was replaced by the ADU First-Time Homebuyers Program, MIDS activity is confined to resales. The Program is self-supporting. Funds from the repayment of loans support operations.

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Affordable homeownership opportunities are now provided through the First-Time Homebuyers Program, which has as its source of new housing, units available under the Affordable Dwelling Unit Ordinance (ADU). The First-Time Homebuyers Program has been providing homeownership opportunities to eligible moderate-income households since 1993 and has been enthusiastically embraced by families seeking affordable homeownership opportunities. The current interest list contains 700 families and individuals wishing to participate in the program. The units (condominiums or townhomes) are offered at a price well below those of other homes in a development and are sold directly by the developer or a current owner. The homes in this program are located throughout Fairfax County and most offer amenities typical of new developments in the community. Prospective purchasers must complete an application with financial information and, if qualified, they will be issued a certificate of eligibility good for one year to purchase a home offered through the program. Each time a unit becomes available, qualified purchasers are notified and a lottery system is used to select qualified buyers through this program.

The Downpayment and Closing Cost Assistance Program addresses the needs of many potential homebuyers who have good credit and sufficient monthly income to purchase a home, but lack sufficient funds for the downpayment and closing costs. The total amount of funds provided by HCD to assist the purchaser with downpayment and closing costs cannot exceed \$5,000. This assistance is funded through the County's Community Development Block Grant Program.

HCD staff also support the administrative responsibilities delegated to the County Executive and the FCRHA under the ADU Ordinance including reviewing and recommending changes in unit prototypes, sales prices, and income limits; and monitoring compliance with sales prices, eligibility of purchasers, verification of occupancy, and resale requirements. With implementation of the new Workforce Housing program, these administrative responsibilities are expected to expand dramatically. Workforce Housing is a program that will increase the number of rental or for-sale housing units that are affordable to households with maximum income limits up to and including 120 percent of the Area Median Income. The intent of this initiative is to encourage this and other types of affordable housing in the County's planned mixed-use centers.

Funding for the Homeownership Program is budgeted in two funds in the HCD budget:

## **Fund 142: Community Development Block Grant**

Fund 142 provides \$286,194 in funding for the Homeownership Assistance Program to support the First-Time Homebuyers and the Moderate Income Direct Sales Programs. Funding supports the tracking and verification of applications, including all data entry, maintaining and updating a participant interest list (currently 700 names), application processing, conducting lotteries, conducting annual occupancy certifications, and counseling applicants. Three positions are funded for this purpose in the Homeownership and Relocation Services Division of HCD. Prior year CDBG funds are available for second trust loans to provide downpayment and closing cost assistance through the Downpayment and Closing Cost Assistance Program.

## **Fund 143: Homeowner and Business Loan Programs**

An amount of \$781,136 is included in FY 2008 for the Moderate Income Direct Sales Program (MIDS). This funding is derived from loan repayments and will allow for retention of housing units in the program as turnover occurs during the year. No new MIDS units are funded in FY 2008.

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## ► Method of Service Provision

A variety of methods are used to provide services, which may include County employees, volunteers, interns, and private contractors.

Hours of service include: 24-hour information through the FCRHA's website (applications may be downloaded from this site). Services are typically available during normal County office hours (8:00 a.m. to 4:30 p.m.) via telephone, fax, e-mail or office appointments. Extended office hours are provided for program orientations and meetings with new participants. Home ownership workshops are frequently conducted on weekends. In circumstances where a client is unable to travel due to disability, poor health or age, staff will make a home visit.

## ► Mandate Information

This LOB is federally mandated (i.e., not mandated to implement the programs, but as a recipient of federal funds, those funds must be used in the prescribed manner). This LOB includes one federally funded program, Fund 142, Community Development Block Grant. There is no federal mandate for a local funding match. The percentage of this LOB's resources utilized to satisfy the federal requirements is 25-35 percent.

## 38-04: Commercial Revitalization

<i>Fund/Agency: 001/38</i>	<i>Department of Housing and Community Development</i>
<i>LOB #: 38-04</i>	<i>Commercial Revitalization</i>
Personnel Services	\$293,765
Operating Expenses	\$0
Recovered Costs	\$0
Capital Equipment	\$0
Other	\$52,040
<b>Total LOB Cost:</b>	<b>\$345,805</b>
Federal Revenue	\$0
State Revenue	\$0
User Fee Revenue	\$0
Other Revenue	\$345,805
<b>Total Revenue:</b>	<b>\$345,805</b>
<b>Net LOB Cost:</b>	<b>\$0</b>
Positions/SYE involved in the delivery of this LOB	8 / 8.0

## ► LOB Summary

The majority of the County's Commercial Revitalization activities are provided by the Office of Community Revitalization and Reinvestment (OCRR). However, a few Commercial Revitalization activities remain budgeted within funds managed by HCD.

### Fund 001: General Fund

In FY 2008, Fund 001 provides funding of \$293,765 and Fund 340 provides a reimbursement to the General Fund to support eight full-time positions responsible for the functions relative to the Commercial Revitalization Program and the various Revitalization Areas, which is addressed in the

# Department of Housing and Community Development

Lines of Business for the OCRR. The FY 2008 Adopted Budget plus positions were transferred to this office as part of the *FY 2007 Carryover Review*.

## **Fund 143: Homeowner and Business Loan Program**

A total of \$52,040 is appropriated in FY 2008 in Fund 143 for the Small and Minority Business Loan program to provide loans to qualified small and minority-owned businesses.

## **Fund 340: Housing Assistance Program**

Funding previously reported in this fund for Commercial Revitalization has been transferred to the Office of Revitalization and Reinvestment (OCRR). Please refer to the OCRR narrative for a complete description of Commercial Revitalization activities.

### ► **Method of Service Provision**

This service is provided by regular County employees. Normal hours of operation extend from 8:00 a.m. to 5:00 p.m. Monday through Friday. HCD staff often works outside of these regular hours to provide staff support to the various Revitalization advisory committees, and to meet with the Board of Supervisors, non-profit agencies, and other citizen and/or community groups.

### ► **Mandate Information**

There is no federal or state mandate for this LOB.

## **38-05: Community and Neighborhood Improvement**

<b>Fund/Agency: 001/38</b>		<b>Department of Housing and Community Development</b>	
<b>LOB #: 38-05</b>		<b>Community and Neighborhood Improvement</b>	
Personnel Services			\$2,281,321
Operating Expenses			\$299,018
Recovered Costs			\$0
Capital Equipment			\$0
Other			\$1,776,497
<b>Total LOB Cost:</b>			<b>\$4,356,836</b>
Federal Revenue			\$1,787,899
State Revenue			\$0
User Fee Revenue			\$0
Other Revenue			\$2,573,436
<b>Total Revenue:</b>			<b>\$4,361,335</b>
<b>Net LOB Cost:</b>			<b>(\$4,499)</b>
Positions/SYE involved in the delivery of this LOB			24 / 24.0

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## ► LOB Summary

The Department of Housing and Community Development (HCD) connects with County residents at their roots - home, neighborhood, and community. As Fairfax County developed during the first half of the 20th century, a number of neighborhoods of affordable, modest housing, some suburban in character and others more rural, were developed across the County. As these neighborhoods matured, they began to show evidence of decline and disrepair, both in the housing and the public improvements, most of which were not constructed to contemporary standards. However, these neighborhoods still provide a valuable source of affordable housing, and the Board of Supervisors has made a commitment, through the adoption of numerous neighborhood improvement plans, to preserve and revitalize these communities. HCD promotes residential neighborhood preservation and revitalization through a number of initiatives, involving both the public and the private sectors:

- Home improvement loans and technical assistance for homeowners;
- Abatement of blighted properties; and
- Capital improvements in target neighborhoods.

Both the Home Improvement Loan Program and Home Repair for the Elderly Program provide financial and technical assistance to low- and moderate-income elderly or disabled homeowners for rehabilitation or repair of their property. The Blight Abatement Program addresses citizen concerns about specific properties in their communities which are abandoned, dilapidated, or otherwise kept in an unsafe state. If efforts to encourage property owners to abate identified blight fail, direct action is taken to demolish or repair the property.

Specific neighborhoods are targeted for preservation and revitalization through two County initiatives: the Community Improvement Program and designated Conservation and Redevelopment Areas. Public improvements in these communities, as well as in other low- and moderate-income communities as projects are identified and funded, complement efforts to encourage private investment through individual home improvements. Improvements may include road, storm drainage, and sanitary sewer improvements, sidewalk installation, and renovation and expansion of community centers. Under both programs, HCD prepares, in cooperation with the community, specific plans for adoption by the Board of Supervisors and, in some cases, the Fairfax County Redevelopment and Housing Authority. HCD also coordinates planned improvements with neighborhood residents, ensures that any federal or other program funding requirements are met, and in some cases, bills property owners for their share of the improvements.

The Department of Public Works and Environmental Services carries out actual design and construction of major road and storm drainage improvements, while HCD assumes responsibility through the FCRHA for some small-scale improvements and for renovation and expansion of community centers in designated neighborhoods. In all cases, HCD assists throughout the design and construction process through review and approval of plans, contracts, and payments, development of budgets and applications for project funding, compliance monitoring, and responding to resident complaints and concerns (particularly during the design and construction phases). HCD also provides staff support to the Community Improvement Program citizen advisory committee.

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Funding for this program area has historically been budgeted from a variety of sources. The Home Improvement Programs (Home Improvement Loan Program and Home Repair for the Elderly) are funded through County appropriated funds (Fund 143), Community Development Block Grant (CDBG) funds (Fund 142), repayments and interest earned on outstanding loans (Fund 940), other federal, state, and bank funds when available, and homeowner contributions. The Blight Abatement Program is funded through County General Fund appropriations (Fund 340), with loan funds for owners of blighted properties available through CDBG (Fund 142).

Neighborhood improvements in Conservation Areas have been funded largely through the Community Development Block Grant (Fund 142), a Federal Section 108 Loan (Fund 340), and the 1989 Neighborhood Bond Referendum (Fund 341). Improvements in Community Improvement Program Areas are funded primarily through Bond Funds budgeted in the Department of Public Works and Environmental Services.

The level of funding available to the County through the CDBG entitlement grant has been relatively stable over the past several years, at \$6-\$6.3 million. However, priorities for the use of CDBG funds have been directed to meet other needs, such as non-profit programs through the Consolidated Community Funding Pool and affordable housing production and preservation, or have been committed to payments on the County's outstanding Section 108 loan. It is likely that an appropriation from the County General Funds or an additional Bond Referendum will be required to complete the remaining improvements planned for adopted Conservation Areas.

Improvements in four Community Improvement Program areas remain to be completed, and current funding is sufficient to complete the planned improvements in only two of those areas. In addition, 30 communities have expressed interest in the Community Improvement Program and are on the Program's waiting list, but no funding is available to initiate planning or design for improvements in those neighborhoods.

The number of properties identified as blighted has remained constant at approximately 300. While some blighted properties are abated each year, additional properties are identified and added to the list. Additional staff would be required to achieve a significant increase in the number of properties which can be handled during a fiscal year. Financial and technical assistance through the Home Improvement Programs is ongoing, and the level of that assistance is again dependent on the staffing available to provide it.

As the housing stock developed in the County's initial growth spurt is now aging, the need for rehabilitation has increased. The number of housing units in the County which are older than twenty years has increased 71 percent in the last 10 years, and most, if not all, of these units are in need of some type of rehabilitation or repair. It is anticipated that the need for housing rehabilitation for low and moderate income homeowners will continue to increase. However, the capacity of the Home Improvement Loan Program has decreased due to budget cutbacks in the 1990s, and the deployment of staff to meet other HCD/County/FCRHA housing priorities. HCD plans to assess this program to determine if other approaches are feasible, to ensure that available staff is utilized in the most effective and efficient manner, and to leverage other resources that could contribute to this program.

Funding for this program area is allocated by various methods, generally depending on the funding source. Federal funds through the Community Development Block Grant are allocated through the County's annual Consolidated Plan process, which is the responsibility of the Consolidated

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Community Funding Advisory Committee. When available, County General Fund monies are allocated for specific projects as approved by the Board. Bond funds are available and committed only after the Board of Supervisors authorizes a bond referendum and the referendum is approved by the voters. Funding for staff support and operating costs is allocated through the regular County budget process.

Funding in support of this program area is arrayed across seven specific funds in the budget of HCD as follows:

## **Fund 001: General Fund**

In FY 2008, \$556,480 in funding through Fund 001 supports two full-time positions and funding for activities related to the Community Improvement Program and the various active Conservation Areas, including review and approval of plans, contracts, and payments; development of budgets and applications for project funding; compliance monitoring; and responding to resident complaints and concerns. These positions also provide staff support to the Community Improvement Program citizen advisory committee.

## **Fund 142: Community Development Block Grant**

In FY 2008, a total of \$1,787,899 in Community Development Block Grant funds has been appropriated for the Home Repair for the Elderly Program (5 positions, \$329,241), a Child Care Center Grant Program (\$44,890), Neighborhood Revitalization (\$173,760), Planning (4 positions, \$420,915), and Program Administration (7 positions, \$819,093).

## **Fund 143: Homeowner and Business Loan Programs**

FY 2008 funding for this program area totals \$555,807 and is available for Rehabilitation Loans and Grants. This funding is available due to the repayments of principal and interest on outstanding home improvement loans that has been reallocated to the loan pool and is available for additional loans to eligible homeowners.

## **Fund 340: Housing Assistance Program**

FY 2008 funding includes \$935,000 to provide salary support for County revitalization activities. A portion of this funding, \$420,375 has been transferred to the new OCRR. FY 2009 funding of \$515,000 will support County Neighborhood revitalization activities provided by HCD staff members.

## **Fund 341: Housing General Obligation Bond Construction**

No new funding for this program area was appropriated in Fund 341 for FY 2008 as no bonds were planned to be sold.

## **Fund 940: FCRHA General Operating**

This fund accounts for the business activities of the FCRHA. Revenue received from monitoring and financing fees, development fees, and other sources is reported in this fund and is used to support the programs and activities of the FCRHA. In FY 2008, \$454,610 in funding through Fund 940 supports six full-time positions responsible for the Department's Home Rehabilitation Programs and the Blight Abatement Program. These positions provide a variety of technical assistance to homeowners participating in the program, including determination of homeowners' eligibility for the program, inspections of properties to determine rehabilitation needs; preparation of rehabilitation drawings and specifications and cost estimates; bidding for contracting services, and construction monitoring. In addition, the positions seek and obtain funding for the loan programs,

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provide community outreach on the programs, and technical support for non-profit organizations, community organizations, and other County agencies.

## **Fund 945: FCRHA Non-County Appropriated Rehabilitation Loan Program**

A total of \$15,000 is budgeted in Fund 945 in FY 2008 for this program area. This funding is available due to the repayments of principal and interest on outstanding home improvement loans that has been reallocated to the loan pool and is available for additional loans to eligible homeowners.

## **Fund 946: FCHRA Revolving Development**

No new funds are budgeted in FY 2008. As project permanent financing is completed and the Revolving Development fund is reimbursed for predevelopment and development activities, funds are made available for new projects as designated and approved by the FCRHA.

### **► Method of Service Provision**

Services under this program area are provided by regular County employees, as well as through outside consultants and contractors. HCD staff provides technical assistance to Home Improvement Loan clients and to owners of blighted properties. The Home Repair for the Elderly crew of County employees completes minor repairs and improvements to homes of eligible participants. HCD staff manages public improvement and other capital projects in Conservation, Community Improvement, Redevelopment Areas as well as other federally-assisted capital projects in the County. Improvements are coordinated directly with citizens, consultants, contractors, and other County agencies in preparation of master plans, design, and construction documents, as well as in the acquisition of required easements and dedications and actual construction. HCD administers contracts, designs improvements, directs the work of consultants and contractors, meets directly with citizens, presents proposed plans to communities, supervises design, real property acquisition and construction projects, and ensures that Federal compliance requirements are met and documented.

Normal hours of operation extend from 8:00 a.m. to 4:30 p.m. Monday through Friday. However, HCD staff often meet with individual citizens, neighborhood groups, the Board of Supervisors, the Fairfax County Redevelopment and Housing Authority, and other boards, commissions, or organizations before and after regular business hours or on weekends.

### **► Mandate Information**

There is no federal or state mandate for this LOB.



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### 38-06: Consolidated Community Funding Pool and Grants Management

<i>Fund/Agency: 001/38</i>		<i>Department of Housing and Community Development</i>
<b>LOB #: 38-06</b>		<b>Consolidated Community Funding Pool and Grants Management</b>
Personnel Services		\$0
Operating Expenses		\$0
Recovered Costs		\$0
Capital Equipment		\$0
Other		\$2,042,292
<b>Total LOB Cost:</b>		\$2,042,292
Federal Revenue		\$2,042,292
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$0
<b>Total Revenue:</b>		\$2,042,292
<b>Net LOB Cost:</b>		\$0
Positions/SYE involved in the delivery of this LOB		0 / 0.0

#### ► LOB Summary

As an urban county, Fairfax County is entitled to receive over \$6 million in federal grant funds through the Department of Housing and Urban Development (HUD). This opportunity, however, requires that the County prepare a Five-Year Consolidated Plan and an Annual Consolidated Plan One-Year Action Plan for submission to HUD. These funds are a primary source of funding to support the County's affordable housing, neighborhood improvement and revitalization activities. By accepting these funds, the County also assumes the responsibility for administering them in accordance with all federal requirements; ensuring an opportunity for citizen participation; monitoring performance; managing contracts with subcontractors; ensuring timely expenditure of funds and compliance with federal requirements and regulations; and reporting to HUD, through a data base and an annual report, details on project descriptions, expenditures, specific accomplishments and outcomes, and the characteristics of participants and those benefiting from funded projects.

The Department of Housing and Community Development (HCD) is the lead agency responsible for meeting these obligations through the development and implementation of the County's Five-Year and Annual Consolidated Plans. These Plans are the formal application for four entitlement programs (Community Development Block Grant (CDBG), HOME Investment Partnership Grant (HOME), Emergency Shelter Grant, and Housing Opportunities for Persons with AIDS) through HUD. HCD also identifies and prepares applications for other available funding opportunities that support the agency's programs and goals.

As part of these responsibilities, HCD provides staff support to the Consolidated Community Funding Advisory Committee (CCFAC), a citizen committee responsible for preparing the Five-Year and Annual Consolidated Plans, and recommending priorities for the use of those funds to the Board of Supervisors. This Committee also oversees the County's Consolidated Community

# Department of Housing and Community Development

Funding Pool (CCFP), which is funded through CDBG, the County General Fund, and the Community Services Block Grant.

A portion of the resources available to HCD through CDBG is contributed to the CCFP. The majority of these resources is made available to the County's non-profit partners who are providing critical human services to those in need, fostering family and community stability. HCD assists throughout the planning and implementation of the CCFP, and manages CCFP contracts funded through both CDBG and County General Fund appropriations.

HCD's workload relative to this Program Area has expanded significantly since the early days of the CDBG Program. Additional responsibilities have been assumed regarding the planning and administration of the HOME grant, the County's extensive use of the Section 108 loan program, receipt of several Economic Development Initiative-Special Project Grants from HUD, and a broadened citizen participation process through the CCFAC.

## **Fund 142: Community Development Block Grant**

HCD is responsible for the full management of the County's Consolidated Plan and associated funding programs, including the preparation of the annual and five-year plans (which involves an extensive and comprehensive citizen participation process), preparation and submission of required annual reports to the U.S. Department of Housing and Urban Development (HUD), management of automated HUD computer systems for program progress and financial reporting, and monitoring of all funded programs to ensure compliance with all Federal requirements. These activities are essential for the County to maintain its status as an urban county entitlement recipient and to continue to be eligible to receive these critical resources.

A total of \$2,042,292 is allocated in Fund 142 for the Consolidated Community Funding Pool (CCFP) in FY 2008. The Consolidated Community Funding Advisory Committee (CCFAC) develops funding priorities for the CCFP. Following an extensive needs assessment and citizen-input process the CCFAC established proposed funding priorities according to four Priority Areas. These activities are based on pre-determined criteria and provide funding to eligible non-profit corporations or CDBG participating jurisdiction such as the Town of Vienna, Town of Clifton, Town of Herndon and the City of Fairfax for the provision of development and preservation of affordable housing in accordance with CDBG eligibility criteria and priorities and the CCFP priorities adopted by the BOS. As identified in the approved Fairfax County Proposed Consolidated Plan One-Year Action Plan for FY 2008, the CCFP Funding Priorities are targeted as follows: Self-Sufficiency 41-49 percent; Affordable Housing 25-25 percent, Youth 11-19 percent; and, Basic Needs 7 – 13 percent.

## **► Method of Service Provision**

This service is provided by regular County employees. HCD staff administers contracts with non-profit organizations, and completes all application, monitoring, evaluation, and reporting requirements associated with the various funding sources.

Normal hours of operation extend from 8:00 a.m. to 5:00 p.m. Monday through Friday. HCD staff often works outside of these regular hours to provide staff support to the Consolidated Community Funding Advisory Committee and its various subcommittees, and to meet with the Fairfax County Redevelopment and Housing Authority, the Board of Supervisors, non-profit agencies, and other citizen and/or community groups.

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## ► Mandate Information

This LOB is federally mandated (i.e., not mandated to implement the programs, but as a recipient of federal funds, those funds must be used in the prescribed manner). This LOB includes one federally funded program, Fund 142, Community Development Block Grant. There is no federal mandate for a local funding match. The percentage of this LOB's resources utilized to satisfy the federal requirements is 100 percent.

## 38-07: Organizational Management and Development

<i>Fund/Agency: 001/38</i>		<i>Department of Housing and Community Development</i>
<i>LOB #: 38-07</i>		<i>Organizational Management and Development</i>
Personnel Services		\$2,872,037
Operating Expenses		\$4,893,942
Recovered Costs		\$0
Capital Equipment		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		<b>\$7,765,979</b>
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$7,765,979
<b>Total Revenue:</b>		<b>\$7,765,979</b>
<b>Net LOB Cost:</b>		<b>\$0</b>
Positions/SYE involved in the delivery of this LOB		31 / 31.0

## ► LOB Summary

This activity encompasses a number of critical functions that are key to effective operation of both the Department of Housing and Community Development (HCD) and the Fairfax County Redevelopment and Housing Authority (FCRHA) including:

- Strategic planning and direction
- Information Technology Systems
- Public information
- Human resources administration (personnel, payroll, etc.)
- FCRHA secretary
- Financial management

These functions are covered by two of the agency's budget cost centers, Administration and Financial Management, with support from both the County General Fund (Fund 001) and the FCRHA Operating Fund (Fund 940).

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The agency Director and Deputy Director provide strategic direction, administrative and policy guidance and coordination for all HCD programs and activities. Under their direction, other positions perform key support activities. The FCRHA Clerk maintains the FCRHA's records, coordinates the preparation of meeting agenda packages, prepares meeting minutes and provides administrative support for FCRHA meetings. Other positions manage the FCRHA office building, coordinate maintenance, security, telephone systems and office equipment and provide receptionist services. An increasing amount of time is devoted to human resources functions including processing all personnel actions for the agency, supervising payroll reporting, coordinating performance evaluations and pay-for-performance and providing information and guidance to staff on human resources procedures and requirements.

Public Information staff manages both external and internal communications. They respond to media and citizen information requests and provide information concerning HCD and the FCRHA through a variety of media including annual reports, public presentations, cable TV programs and program/marketing brochures. They also design and print hundreds of forms, applications, fact sheets, flyers, and maps used by staff in the administration of HCD/FCRHA programs and coordinate the design and production of multiple newsletters for a variety of constituents such as FCRHA tenants, Section 8 landlords, and the Consolidated Community Funding Advisory Committee among others. They also provide content for the e-ffordable.org web site, the FCRHA/HCD web page and the internal HCD web-based newsletter.

The Information Systems and Services Division of HCD provides support for HCD computer systems and coordinates with the County Department of Information Technology to provide access to County systems. IT staff maintain and upgrade a 275 PC network with 8 servers and 300 users stationed at 10 different locations. They provide user support and coordinate training for both commercial software packages and specialized HCD systems. They also assess business needs and procure or design, test and implement new systems to serve these needs.

As a residential property manager, real estate developer and financing agency, as well as a governmental entity, the FCRHA and HCD have very complex financial management and reporting responsibilities utilizing both governmental and enterprise accounting and two different fiscal years. The Financial Management Division is responsible for financial planning, budgeting, accounting and reporting for all programs, projects and activities of HCD and FCRHA. This requires 20 funds (operating, capital and grant) on the County financial system as well as a separate housing management system used to maintain accounts and tenant information for over 2,900 residential units including households in partnership properties, and over 3,200 households receiving Section 8 housing subsidies. The revised annual budget for all funds on the County's financial system typically is over \$104 million. In addition, Finance staff supervises the work of an independent management company that maintains the financial records for seven privately managed properties.

There are also two corporations, two limited liability companies and ten limited partnerships for which Finance staff has responsibility, either directly maintaining their records or supervising and reviewing the work of outside firms. These records are maintained on a separate fiscal year and the majority of transactions are not processed through the County's financial system. They require separate accounting, and individual budgets, financial reports, audits and tax returns. The division must also meet multiple financial reporting requirements in addition to those of the County, including the U.S. Department of Housing and Urban Development, the Virginia Housing Development Authority, several private lenders and multiple investor partners.

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As a real estate developer, the FCRHA or its affiliated partnerships are obligated for over \$80 million in debt secured by its properties that requires monthly tracking and processing of principal, interest, escrow and reserve payments. As a lender, the FCRHA has a portfolio of over \$12 million in loans to assist with home improvements or home purchases that must be serviced and over \$170 million in conduit debt issued to fund loans to other parties that must be monitored.

## **Fund 001: General Operating**

Fund 001 provides support totaling \$3,028,559 in FY 2008 for a total of 19 positions at HCD that work in these areas. Eleven positions and associated operating costs are in the Administrative Cost Center and eight are in the Financial Management Cost Center.

## **Fund 940, FCRHA General Operating**

This fund accounts for the business activities of the FCRHA. Revenue received from monitoring and financing fees, development fees and other sources is reported in this fund and is used to support the programs and activities of the FCRHA. A total of \$1,715,062 in Fund 940 in FY 2008 supports seven positions in the Administration Cost Center and five in Financial Management along with associated overhead costs and administrative expenses of the FCRHA.

## **Fund 949, FCRHA Internal Service Fund**

This fund was established in FY 1998 to charge for goods and services that are shared among several housing funds. It is, in essence, a “clearing account” that permits costs to be paid from one source and then distributed to the appropriate projects and programs. These costs include items such as office supplies, telephones, postage, copying, insurance, and audits, which have been budgeted in and expensed from one of the HCD/FCRHA’s funds, and then allocated out to other funds proportionate to their share of the costs. It also includes costs associated with the maintenance and operation of FCRHA housing developments such as service contracts for extermination, custodial work, elevator maintenance, grounds maintenance, etc. The fund allows one contract to be established for each vendor, as opposed to multiple contracts in various funds.

The FY 2008 funding level for Fund 949 is \$3,022,358 for both expenditures and revenues. The net expenditures for the Department of Housing and Community Development (HCD) will not increase as a result of this fund. Reimbursed charges incurred on behalf of other HCD/FCRHA funds will be recorded as revenue. Budgeted annual revenue and expenses are equal.

## **► Method of Service Provision**

This work is performed by a total of 31 positions; 19 positions supported by Fund 001 and 12 positions supported by Fund 940. In addition, the work of private property management firms, accountants and auditors on behalf of the limited partnerships is paid by the partnerships.

Normal hours of operation extend from 8:00 a.m. to 5:00 p.m. Monday through Friday. HCD staff often works outside of these regular hours to meet with the Fairfax County Redevelopment and Housing Authority, the Board of Supervisors, non-profit agencies, and other citizen and/or community groups.

## **► Mandate Information**

There is no federal or state mandate for this LOB.

# Department of Housing and Community Development

## **AGENCY PERFORMANCE MEASURES**

### **Objectives**

- To obtain a Public Housing Assessment System (PHAS) rating of 85 percent or better on a 100-point scale in the categories of vacant unit turnaround time, capital fund administration, work order completion, security, unit inspections, self-sufficiency and resident satisfaction.
- To obtain a Program Assessment rating of 85 percent or better on a 100-point scale in the categories of vacant unit turnaround time, work order completion, security, unit inspections, self-sufficiency and resident satisfaction.
- To obtain a Section 8 Management Assessment rating of 85 percent or better on a 100-point scale in the categories of timeliness and quality of inspections, rent calculations, lease-ups and contract enforcement, as well as in nine other areas specified by HUD.
- To accurately track the cost of subsidized assisted living for a 52-bed facility.
- To obtain a Program Assessment rating of 95 percent or better on indicators addressing sales rate, foreclosures and rate of participation.
- To preserve 1,000 units of affordable housing by the end of calendar year 2007 and to leverage each County "The Penny for Affordable Housing Fund" and Housing Trust Fund dollar with \$3 in non-County resources.
- To leverage and/or obtain \$13 in additional funds per \$1 of County funds for affordable housing, housing preservation, neighborhood improvement, and public service and to improve County residential properties utilizing the Blight Abatement Program, Home Improvement Loan Program, Home Repair for the Elderly, and the Neighborhood Improvement Program.

# Department of Housing and Community Development

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Output:					
Clients housed (1)	2,933	2,940 / NA	2,940	NA	38-02
Clients housed (5)	1,355	1,355 / NA	1,355	NA	38-02
Clients housed	8,676	8,665 / NA	8,665	NA	38-02
Clients housed	52	52 / NA	52	NA	38-02
First-time homebuyers	92	100 / NA	100	NA	38-03
Affordable housing units preserved	186	NA / 581	275	275	38-01
Properties improved and enhanced	311	310 / 257	273	287	38-05
Annual County funding budgeted	\$671,000	\$668,121 / NA	\$701,527	NA	38-05
Federal and state funding obtained	\$1,201,000	\$600,000 / NA	\$630,000	NA	38-05
Output:					
Private investment (14)	\$57,015,000	\$45,450,779 / NA	\$47,723,317	NA	38-04
Efficiency:					
Cost per client (2) (3)	\$2,131	\$2,293 / NA	\$2,293	NA	38-02
Cost per client (6) (7)	\$2,248	\$2,380 / NA	\$2,380	NA	38-02
Cost per client (9)	\$4,594	\$4,865 / NA	\$4,865	NA	38-02
Cost per client (10)	\$26,176	\$24,104 / NA	\$26,514	NA	38-02
Cost per new homeowner	\$2,337	\$2,000 / NA	\$2,100	NA	38-03
General County funds per affordable housing unit preserved	NA	NA / \$37,750	\$78,736	\$52,444	38-01
General County funds per property improved or enhanced (12)	\$525	\$525 / \$396	\$1,630	\$391	38-05
Dollars of private investment for every County \$1 expended	\$85	\$68 / NA	\$68	NA	38-05
Total dollars for every County \$1 expended	\$87	\$69 / NA	\$69	NA	38-05
Service Quality:					
Occupancy rate	99%	96% / NA	96%	NA	38-02
Occupancy rate	98.8%	96.0% / NA	96.0%	NA	38-02
Utilization rate	96%	95% / NA	95%	NA	38-02
Occupancy rate	98%	96% / NA	96%	NA	38-02
Participant satisfaction survey scores	95%	95% / NA	95%	NA	38-03
Funds leveraged per \$1 of County funds for units preserved (13)	NA	NA / \$3	\$3	\$3	38-01
Leveraged funds per \$1 of County funds	\$13	\$13 / \$18	\$13	\$13	38-05
Visits to businesses	203	100 / NA	100	NA	38-05
Web page requests (www.fcrevit.org)	333,013	150,000 / NA	157,500	NA	38-05

# Department of Housing and Community Development

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Outcome:					
HUD's PHAS rating (4)	NA	85% / NA	85%	NA	38-02
FCRP assessment rating (8)	88%	85% / NA	85%	NA	38-02
SEMAP rating	86%	85% / NA	85%	NA	38-02
Elderly program assessment (11)	NA	NA / NA	NA	NA	38-02
Assessment rating	95%	95% / NA	95%	NA	38-03
Cumulative number of affordable units preserved since April 2004	300	NA / 881	1,156	1,431	38-01
Cumulative number of properties improved or enhanced since 2000 through County programs	311	620 / 568	841	1,128	38-05
Percent change in private investment	28%	7% / NA	5%	NA	38-05

(1) In FY 2006, the average size of households served by public housing decreased to 2.8 persons/household from 3.0 persons/household in 2005.

(2) Since the average size of households served decreased, the price per client increased in FY 2006.

(3) Efficiency indicators being redeveloped for FY 2008.

(4) This rating covers the fiscal year and is awarded within six months at the end of the fiscal year. A PHAS rating above 90 percent earns the FCRHA a rating of "High Performer."

(5) Number reflects a decrease in average household size from 2.4 persons/household in 2005 to 2.2 persons/household in 2006.

(6) Data also includes some operating costs for new units that were not fully online throughout the fiscal year. For existing units, data includes increases in homeowner association fees (over which the FCRHA has no control), as well as an increase in maintenance costs for upgrade of aging FCRP housing stock.

(7) Efficiency indicator being redeveloped for FY 2008.

(8) This assessment is applied to units which are managed by the FCRHA. The FCRHA did not include units that are privately managed. In order to do so, the performance indicators will need to be changed to accurately track the information.

(9) Efficiency indicator being redeveloped for FY 2008.

(10) Efficiency indicator being redeveloped for FY 2008.

(11) Currently working on a relevant elderly program assessment tool for the assisted living facility.

(12) Note that the increase in County funds expended per property in FY 2007 is due to the use of County resources via HILP to assist victims of the Huntington flooding.

(13) The \$3:\$1 ratio includes both The Penny for Affordable Housing Fund (Fund 319) and Housing Trust Fund (Fund 144) dollars. The average leveraging ratio for The Penny for Affordable Housing Fund dollars in FY 2006 was \$4.26:\$1.

(14) The Department of Tax Administration and DPWES have changed their system for reporting building permits, which is the source of the "Private Investment Funding" number. The actual for FY 2006 is an estimate based on a recent survey of developers conducted by HCD staff. The FY 2007 and FY 2008 Private Investment Funding estimates assume using building permit information, which was the methodology used to develop the estimates and report actual data in FY 2005.