

Response to Questions on the *FY 2013 Carryover Review*

Request By: Supervisor Foust

Question: On page 101, under Fund 40360 Homeowner and Business Loan Programs, it states in part that “FY2014 expenditures are required to increase \$9,453,726 due to carryover of unexpended FY2013 program balances” and that FY2013 “actual expenditures” were only \$2,359,301. Explain in detail: Why did the FY2013 Revised Budget Plan for this item include \$11,813,027? What is the plan for spending this money and when will it be spent? Why is some portion not available to transfer to the FY2015 starting balance?

Response: The unexpended balance reflected in the revised budget plan for Fund 40360 (formerly Fund 143), Homeowner and Business Loan Programs, exists because it is a revolving fund. The fund provides rehabilitation loans, grants and materials to low and moderate income homeowners, funds the purchase and resale of first-time homebuyer units by the Fairfax County Redevelopment and Housing Authority (FCRHA), and provides small business loans. Projects are budgeted based on the projected program costs and most programs span multiple years. Therefore, funding is carried forward each fiscal year and ending balances fluctuate, reflecting the carryover of these funds.

As noted in the carryover item, the relatively low actual expenditures are due to decreased activity in the respective program area. However, with respect to current and future plans for increasing program activity; as reported during the FY 2014 Budget process, the FCRHA has expressed interest in utilizing Fund 40360 to purchase new Affordable Dwelling Units (ADUs) that are becoming available as new development is occurring. In accordance with the ADU program, the FCRHA must purchase and, subsequently, resell ADUs and the revolving fund is essential to carrying out this obligation. Additionally, the FCRHA is positioning to propose the strategic purchase of existing ADUs with expiring 15-year covenants, which will otherwise be lost as affordable housing. In September, the FCRHA will continue deliberations and the FCRHA will be asked to adopt and develop criteria for the proposed purchase of existing ADUs with expiring covenants. As part of the action, the FCRHA will consider whether to formally request board authorization to utilize a portion of the funding for capital acquisition.

For these reasons, and considering the continued uncertain nature of federal funding throughout housing programs and that there have been no General Fund contributions to this fund for 18 years, maintaining the balance as proposed in the *FY 2013 Carryover Review* is recommended.