

# Fund 30300

## The Penny for Affordable Housing Fund

### Focus

Fund 30300, The Penny for Affordable Housing, formerly known as the Housing Flexibility Fund, was established in FY 2006 and is designed to serve as a readily available local funding source with the flexibility to preserve and promote the development of affordable housing. For fiscal years 2006 through 2009, the Board of Supervisors (BOS) dedicated revenue commensurate with the value of one cent from the Real Estate tax rate to the Preservation of Affordable Housing, a major County priority. In FY 2010, the BOS reduced annual funding to Fund 30300, The Penny for Affordable Housing, by 50 percent in order to balance the budget. From FY 2006 through FY 2017, the fund has provided a total of \$216.8 million for affordable housing in Fairfax County; a total of \$18 million is provided in FY 2019 with \$12.2 million from Real Estate tax revenue associated with the half a cent and \$5.8 million from property cash flow and housing loan repayments.

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

A total of 3,000 affordable units have been preserved for both homeownership and rental purposes in a variety of large and small projects. Of that number, 252 units are preserved as affordable housing for periods of five years or less, and 2,748 units are preserved for 20 years or longer. A variety of funding sources were used to preserve these units; however, Fund 30300 funds were critical for the preservation of several large multifamily complexes purchased by private nonprofits and for-profit organizations. These purchases represent a significant portion of the units preserved and are shown below:

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

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

The BOS has affirmed the County's commitment to affordable housing and identified the following as priorities for housing policy: 1) Providing housing for those in greatest need; 2) Partnering with non-profits; 3) Refocusing existing resources; 4) Bridging the affordability gap; 5) Completing projects in the

## **Fund 30300**

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

---

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

Fund 30300 supports the Bridging Affordability program, which serves as a gateway into the FCRHA’s federal housing programs, including the Housing Choice Voucher Program (see Fund 81510, Housing Choice Voucher Program) and Public Housing Programs/Rental Assistance Demonstration (RAD) programs (see Fund 81520, Public Housing Under Management; Fund 81530, Public Housing Under Modernization; and Fund 81300, Rental Assistance Demonstration (RAD), for details). Bridging Affordability provides local rental subsidies to individuals and families experiencing homelessness and victims of domestic violence referred by the Fairfax County Office for Women and Domestic and Sexual Violence Services, and assistance to households currently on Fairfax County’s affordable housing waiting lists to include those managed by the FCRHA, the Fairfax-Falls Church Community Services Board, the Office to End and Prevent Homelessness and the homeless shelters. The Department of Housing and Community Development (HCD) provides program compliance, administers the contract with the contract administrator and manages the bridge to the FCRHA’s housing programs. HCD also inspects units and administers the contracts with non-profit partners. As designated by the Housing Blueprint, a portion of the operations revenue at the County-owned Wedgewood property is being used to fund two merit positions that support this program.

Fund 30300 also provides a partial source of financing, on a competitive basis, for FCRHA and County developers towards the purchase and/or rehabilitation of low-income housing. Projects approved under this program in FY 2017 include Lindsay Hill, Wexford Manor and Huntington Gardens. As a condition of utilizing these funds, developments must meet the goals of the Blueprint by 1) serving residents at or below 60 percent of area median income (AMI); 2) focusing on having a high percentage of committed affordable units; 3) being committed to leasing to elderly and special needs populations; and 4) having a mix of low to moderate income units and be located near transit or employment centers and new construction. In FY 2018, up to \$12.9 million in Blueprint funds, including the \$6.1 million in FY 2018 funding and \$6.8 million in FY 2017 funding, is available to be awarded to community organizations through a competitive process.

In 2015, the BOS approved the redevelopment plan for the Crescent property through a public-private partnership with a developer selected through a competitive process. The redevelopment plan would have replaced the existing 181 affordable units with new affordable units and guaranteed that 20 percent of any additional new units would be affordable housing units. Due to financing issues, the initial project was determined to be infeasible. In FY 2018, a physical needs assessment was performed on the property to determine safety issues and improvements needed and assure continued sustainability of the property for the residents over the next seven to ten years.

## Fund 30300

### The Penny for Affordable Housing Fund

---

In FY 2019, Fund 30300 funding of \$18,000,000 is composed of \$12,200,000 in Real Estate Tax Revenue, \$5,200,000 in operating revenue from Wedgewood and Crescent Apartments and \$600,000 in Affordable Housing Partnership Program loan repayments. FY 2019 funding is allocated as follows: \$5,753,275 for Wedgewood for the annual debt service, \$2,600,000 for Crescent Apartments annual debt service, \$7,744,225 for the Housing Blueprint Project, and \$1,902,500 for Affordable/Workforce Housing

### **Changes to FY 2018 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2018 Revised Budget Plan since passage of the FY 2018 Adopted Budget Plan. Included are all adjustments made as part of the FY 2017 Carryover Review, FY 2018 Third Quarter Review, and all other approved changes through April 30, 2018.*

- ◆ **Carryover Adjustments** **\$30,405,087**  
As part of the *FY 2017 Carryover Review*, the Board of Supervisors approved funding of \$30,405,087 due to the carryover of unexpended project balances in the amount of \$29,096,065 and the appropriation of \$1,309,022 associated with additional program income received in FY 2017.

A Fund Statement and a Summary of Capital Projects are provided on the following pages. The Summary of Capital Projects may include some projects without a Total Project Estimate amount. These projects are considered "continuing" projects or projects for which funding is necessary on an ongoing basis (e.g., a contingency or planning project).

# Fund 30300

## The Penny for Affordable Housing Fund

### FUND STATEMENT

#### Fund 30300, The Penny for Affordable Housing Fund

	FY 2017 Actual	FY 2018 Adopted Budget Plan	FY 2018 Revised Budget Plan	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
<b>Beginning Balance</b>	\$34,531,537	\$0	\$30,405,087	\$0	\$0
Revenue:					
Real Estate Tax Revenue Associated with The Penny for Affordable Housing	\$11,700,000	\$11,900,000	\$11,900,000	\$12,200,000	\$12,200,000
Miscellaneous	1,860,872	5,727,927	5,727,927	5,800,000	5,800,000
<b>Total Revenue</b>	<b>\$13,560,872</b>	<b>\$17,627,927</b>	<b>\$17,627,927</b>	<b>\$18,000,000</b>	<b>\$18,000,000</b>
<b>Total Available</b>	<b>\$48,092,409</b>	<b>\$17,627,927</b>	<b>\$48,033,014</b>	<b>\$18,000,000</b>	<b>\$18,000,000</b>
Total Expenditures	\$17,687,322	\$17,627,927	\$48,033,014	\$18,000,000	\$18,000,000
<b>Total Disbursements</b>	<b>\$17,687,322</b>	<b>\$17,627,927</b>	<b>\$48,033,014</b>	<b>\$18,000,000</b>	<b>\$18,000,000</b>
<b>Ending Balance<sup>1</sup></b>	<b>\$30,405,087</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

# Fund 30300

## The Penny for Affordable Housing Fund

### FY 2019 Summary of Capital Projects

#### Fund 30300, The Penny for Affordable Housing Fund

Project	Total Project Estimate	FY 2017 Actual Expenditures	FY 2018 Revised Budget	FY 2019 Advertised Budget Plan	FY 2019 Adopted Budget Plan
Affordable/Workforce Housing (2H38-072-000)		\$604,361.23	\$932,821.89	\$1,902,500	\$1,902,500
Bridging Affordability Program (2H38-084-000)		2,340,535.13	9,561,000.66	0	0
Community Challenge - Housing Blueprint (2H38-182-000)		0.00	0.00	0	0
Crescent Apartments Debt Service (2H38-075-000)		2,926,241.34	3,003,345.88	2,600,000	2,600,000
Crescent Rehabilitation (HF-000097)	1,000,000	0.00	1,000,000.00		
Housing Blueprint Project (2H38-180-000)		5,650,000.00	16,435,922.61	7,744,225	7,744,225
Matching Grants to Non-Profits (2H38-181-000)		0.00	0.00	0	0
Mount Vernon Garden Apartments (HF-000083)	500,000	0.00	500,000.00	0	0
Murraygate Village Apt. Rehabilitation (2H38-194-000)	7,535,706	405,725.65	6,891,781.01	0	0
Oakwood Senior Housing (HF-000084)	800,151	0.00	800,151.00	0	0
Wedgewood Debt Service (2H38-081-000)		5,754,337.52	5,752,658.43	5,753,275	5,753,275
Wedgewood Renovation (2H38-150-000)	4,674,026	6,121.52	3,155,332.02	0	0
<b>Total</b>	<b>\$14,509,883</b>	<b>\$17,687,322.39</b>	<b>\$48,033,013.50</b>	<b>\$18,000,000</b>	<b>\$18,000,000</b>