

# Fund 30300: Affordable Housing Development and Investment

**Focus** Fund 30300, Affordable Housing Development and Investment (formerly known as the Penny for Affordable Housing Fund), was established in FY 2006 and is designed to serve as a readily available local funding source with the flexibility to preserve and promote the development of affordable housing. For fiscal years 2006 through 2009, the Board of Supervisors (BOS) dedicated revenue commensurate with the value of one cent from the Real Estate Tax to the preservation of affordable housing, a major County priority. In FY 2010, the BOS reduced this dedicated funding to a half-cent from the Real Estate Tax in order to balance the budget.

From FY 2006 through FY 2021, the fund has provided a total of \$277.9 million for affordable housing in Fairfax County. A total of \$19.7 million is provided in FY 2022 with \$13.6 million from Real Estate tax revenue associated with the half cent and \$6.1 million from property cash flow and housing loan repayments.

Fund 30300 represents a major financial commitment by the County to preserving and creating affordable housing opportunities by dedicating a portion of its revenue specifically for affordable housing at 80 percent of median income and below. To maximize the effectiveness of these funds, the BOS recommended a minimum leverage ratio of 3:1 with non-County funds and that units funded by Fund 30300 remain affordable for a minimum of time consistent with the County's Affordable Dwelling Unit Ordinance, which was amended to be 30 years effective February 2006.

Development	District	Ownership	Units Preserved
Creekside	Lee	For-profit	251
Hollybrooke II & III, Falls Church	Mason	Non-profit	139
Coralain Gardens, Falls Church	Mason	For-profit	106
Carousel Court, Falls Church	Mason	Non-profit	90
Mount Vernon House, Alexandria	Mt. Vernon	For-profit	130
Madison Ridge, Centreville	Sully	Non-profit	108
Wexford Manor A and B	Providence	Non-profit	74
Huntington Gardens	Lee	Non-profit	113
Parkwood Apartments	Mason	For-profit	225
Crescent Apartments	Hunter Mill	Fairfax County	180
Wedgewood Apartments	Mason	Fairfax County	672
<b>Total</b>			<b>2,088</b>

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Fund 30300 was also instrumental in preserving two large complexes: 180 units at the Crescent Apartments complex in Reston (Hunter Mill District) and 672 units at the Wedgewood Apartments complex in Annandale (Mason District). These projects were purchased by the County and are being managed by the Fairfax County Redevelopment and Housing Authority (FCRHA) as part of the low- and moderate-income rental program. Without the availability of Fund 30300, both 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 pipeline and 6) Promoting workforce housing through land use policy and private sector partnerships. In March of 2015, the BOS adopted the *Economic Success Strategic Plan* which defines economic success through six goals. Fund 30300, Affordable Housing Development and Investment, and programs like the Bridging Affordability program play a crucial role in Goals 2 and 5, "Create Places Where People Want to Be" and "Achieve Economic Success through Education and Social Equity". The fund has helped to "expand the creation of livable, walkable communities that are aligned with transportation infrastructure, including a mix of housing types to accommodate a range of ages, household sizes, incomes and uses for long term appeal, integration and sustainability" (Economic Success Goal 2 section 2.2). In addition, through the Board's commitment to set aside funding from Real Estate taxes, it has "identified a recurring, sustainable funding source which can be reinvested into projects which preserve housing affordability and produce new affordable housing units" (Economic Success Goal 5 section 5.7).

Fund 30300 supports the Bridging Affordability program, which 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 Prevent and End 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 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. As a part of the Communitywide Housing Strategic Plan, HCD and other County partners will work collaboratively to ensure the Bridging Affordability program is serving those with the greatest need.

Fund 30300 also provides a partial source of financing, on a competitive basis, for FCRHA and County developers towards the purchase and/or rehabilitation of low-income housing. In FY 2020, \$34.2 million from Fund 30300 was encumbered to support the Arrowhead Apartments, The Arden, North Hill Redevelopment, One University Redevelopment, New Lake Anne House, and the Oakwood Senior Housing projects. Additionally, Blueprint funding was instrumental in supporting the new Murraygate Village Limited Partnership rehabilitation project through a combination of financing and pre-rehabilitation funding. As a condition of utilizing these funds, developments must meet the goals of the Housing Blueprint, a plan to direct affordable housing policies and resources on serving those with the greatest need, by 1) serving residents at or below 60 percent AMI; 2) focusing on having a high percentage of committed affordable units; 3) being committed to leasing to senior and special needs populations; and 4) having a mix of low to moderate income units and be located near transit or employment centers and new construction. In FY 2021, up to \$7.57 million in Blueprint funding is available to be awarded to community organizations through a competitive process.

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In FY 2020, Fund 30310, Housing Assistance Program, was closed and consolidated to more efficiently manage capital resources for financing housing and redevelopment projects. Two of the active projects in Fund 30310 supporting Little River Glen IV and Mt. Vernon Garden Apartments were closed and the balances were shifted to Fund 30300.

In FY 2022, Fund 30300 funding of \$19,670,000 comprises \$13,570,000 in Real Estate Tax Revenue, \$5,200,000 in operating revenue from Wedgewood and Crescent Apartments, and \$900,000 from miscellaneous sources. FY 2022 funding is allocated as follows: \$4,889,000 for Wedgewood for the annual debt service, \$2,565,438 for Crescent Apartments annual debt service, \$9,995,598 for the Housing Blueprint Project, \$564,494 for Affordable/Workforce Housing, \$1,200,000 for Little River Glen IV, and \$455,470 for Planning and Needs Assessment.

### **Changes to FY 2021 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2021 Revised Budget Plan since passage of the FY 2021 Adopted Budget Plan. Included are all adjustments made as part of the FY 2020 Carryover Review, FY 2021 Mid-Year Review, FY 2021 Third Quarter Review, and all other approved changes through April 30, 2021.*

#### **Carryover Adjustments**

**\$44,271,021**

As part of the FY 2020 Carryover Review, the Board of Supervisors approved funding of \$44,271,021 due to the carryover of unexpended project balances in the amount of \$43,220,997, \$185,599 due to an appropriation of excess revenue received in FY 2020, and an appropriation of \$864,425 due to the closure of Fund 30310, Housing Assistance Program, in FY 2020.

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## FUND STATEMENT

Category	FY 2020 Actual	FY 2021 Adopted Budget Plan	FY 2021 Revised Budget Plan	FY 2022 Advertised Budget Plan	FY 2022 Adopted Budget Plan
<b>Beginning Balance<sup>1</sup></b>	<b>\$37,097,689</b>	<b>\$0</b>	<b>\$44,271,021</b>	<b>\$0</b>	<b>\$0</b>
<b>Revenue:</b>					
Real Estate Tax Revenue	\$12,763,000	\$13,247,000	\$13,247,000	\$13,570,000	\$13,570,000
Miscellaneous	6,185,599	6,000,000	6,000,000	6,100,000	6,100,000
<b>Total Revenue</b>	<b>\$18,948,599</b>	<b>\$19,247,000</b>	<b>\$19,247,000</b>	<b>\$19,670,000</b>	<b>\$19,670,000</b>
<b>Total Available</b>	<b>\$56,046,288</b>	<b>\$19,247,000</b>	<b>\$63,518,021</b>	<b>\$19,670,000</b>	<b>\$19,670,000</b>
<b>Total Expenditures</b>	<b>\$12,639,692</b>	<b>\$19,247,000</b>	<b>\$63,518,021</b>	<b>\$19,670,000</b>	<b>\$19,670,000</b>
<b>Total Disbursements</b>	<b>\$12,639,692</b>	<b>\$19,247,000</b>	<b>\$63,518,021</b>	<b>\$19,670,000</b>	<b>\$19,670,000</b>
<b>Ending Balance<sup>2</sup></b>	<b>\$43,406,596</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> Fund 30310, Housing Assistance Program, was consolidated into Funds 30300, Affordable Housing Development and Investment, and 40300, Housing Trust, in FY 2020. All assets, liabilities and equity associated with Fund 30310 were transferred into Funds 30300 and 40300. The FY 2021 Revised Beginning Balance includes balance of \$864,425 transferred from Fund 30310.

<sup>2</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.

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## SUMMARY OF CAPITAL PROJECTS

Project	Total Project Estimate	FY 2020 Actual Expenditures	FY 2021 Revised Budget	FY 2022 Advertised Budget Plan	FY 2022 Adopted Budget Plan
Affordable/Workforce Housing (2H38-072-000)		\$534,543.50	\$1,725,533.42	\$564,494	\$564,494
Bridging Affordability Program (2H38-084-000)		2,016,169.58	7,446,654.09	0	0
Crescent Apartments Debt Service (2H38-075-000)		2,689,187.50	2,740,470.51	2,565,438	2,565,438
Crescent Rehabilitation (HF-000097)	450,000	9,745.00	440,242.58	0	0
Development of Housing at Rt. 50 & West Ox (HF-000055)	300,000	0.00	300,000.00	0	0
Government Center Site (HF-000171)	300,000	0.00	300,000.00	0	0
Housing Blueprint Project (2H38-180-000)		2,545,923.00	40,464,473.61	9,995,598	9,995,598
Little River Glen IV (HF-000116)	4,302,767	128,822.42	2,973,944.86	1,200,000	1,200,000
Mount Vernon Garden Apartments (HF-000083)	288,808	1,032.92	0.00	0	0
Murraygate Village Apt. Renovation (2H38-194-000)	7,735,706	261,680.12	746,281.06	0	0
Oakwood Senior Housing (HF-000084)	600,151	132,245.81	393,096.56	0	0
Planning and Needs Assessment (2H38-226-000)	1,412,742	0.00	957,272.33	455,470	455,470
Wedgewood Debt Service (2H38-081-000)		4,320,341.67	5,030,052.47	4,889,000	4,889,000
<b>Total</b>	<b>\$15,390,174</b>	<b>\$12,639,691.52</b>	<b>\$63,518,021.49</b>	<b>\$19,670,000</b>	<b>\$19,670,000</b>