



HERRITY REPORT



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Special Edition: FY 2009 Budget

- **My Initial Thoughts on the FY 2009 Budget**
- **Fairfax County is County's Largest Landlord**

My Initial Thoughts on the FY 2009 Budget

Four weeks after the release of the FY 2009 Advertised Budget I felt it appropriate to give you my initial thoughts on the budget. Several areas have already been addressed and I want to withhold final comment until after I have heard from the public both at my Budget Town Hall meetings and the three public hearings on the budget. No one can deny that we are facing one of the toughest budget years in recent memory in Fairfax County. But tough budget years are an opportunity to look at what the County is doing and how it could do things more efficiently.

Setting Priorities: The County Executive proposed a balanced budget at the current residential tax rate of 89 cents and I believe we can and should keep the tax rate at 89. This would reduce the actual tax most citizens pay this year. However, the County Executive's proposed budget simply recommends uniform cuts and does not address the real problem which is the rapid expansion of our local government. As a Chief Financial Officer by trade, I know that when times are lean you must figure out what you are doing that makes sense and what does not. While there are many areas where we should be making cuts there are some areas, such as the county's enhanced code enforcement strike teams and public safety, which remain a priority and simply can not be left under funded for another year. Now, we as a Board must step up and make the tough choices the people elected us to make. Simply rubberstamping these across the board reductions would be an abdication of our responsibility as representatives of the taxpayer.

Diverting Our Transportation Dollars: One of my main concerns with the proposed budget has already been addressed by the County Executive and the General Assembly – the increase in the commercial tax rate that was to fund transportation was initially proposed to cover our transportation staff. The old saying that we cannot trust Richmond with our transportation funds almost came home to roost right here in Fairfax County.

Fully Funding Our County Staff: Another major concern with the budget is that it does not fully fund the pay increases that our uniformed personnel and general county staff have earned. Fairfax County is the envy of the rest of the country in large part because of our exceptional county employees and asking them to continue to provide unparalleled service without giving them pay increases is not something I am willing to do.

Eliminating the Penny for Affordable Housing in FY '09: While affordable housing is a problem in the County and I believe local government has a role in addressing it, I will be proposing that we eliminate the Penny for Affordable Housing in FY 2009. Fairfax County is currently the largest landlord in the County and we have expanded the program to include those at 120% of median income. We need to look closely at how we tackle affordable housing before investing in more rental units during these difficult times.

Streamlining County Agencies and Programs: We also need to take an in-depth look at all of our County agencies and programs. Is there duplication between County agencies? Are there programs that can be streamlined and made more cost effective? One example of a program that can be improved is the School Aged Child Care Program (SACC). SACC provides a valuable service to our citizens but there are surrounding counties that are providing this service more effectively and cheaper than we are. Making SACC more cost effective in Fairfax County will allow more access to this important program. Some of these questions and changes, along with the Lines of Business review planned for later this year will take some time to review and implement.

What is the Real Number of Personnel Actually Employed by Fairfax County: I am also spending significant time looking at the number of personnel actually employed by the county. The county tends to focus on the full time employees and boasts an ever decreasing number of full time employees per 1,000 citizens. I am looking at the number and function of limited term employees and consultants that are not included in this count and will attempt to introduce a private industry term called "Full Time Equivalent Employees" to review the true trends in personnel costs.

Citizen's Budget Review Committee: It is a huge budget and I realize that I do not have all the answers. I have put together a Citizen's Budget Review Committee that has been helping me to identify areas where we could and should be doing better. While I was surprised to learn that no other Supervisor in Fairfax County has such a committee, I was pleased to learn that the Fairfax County Federation of Civic Associations has suggested each Supervisor create one. I have also urged my colleagues to support my recommendation to create an online public database of expenditures so that we can provide a simple and easy way for all of Fairfax County's taxpayers to examine how and where their tax dollars are being spent.

Please contact me with any thoughts you may have on the budget or my proposals.

Fairfax County is County's Largest Landlord

The lack of affordable housing is a serious problem in Fairfax County. Local government does have a role in addressing and helping to remedy this problem. Incredibly, Fairfax County is the largest landlord in the County and continues to purchase units even in this difficult economy. By policy, the Board of Supervisors has approved that the pool of those eligible for "affordable housing" include families with incomes of 120% above the median. This is not the role local government should be playing.

Fairfax County owns over 3,800 units that it rents. These units have been purchased under a number of programs – most with occupants already in place in order to "preserve" the units. The County currently measures success in affordable housing by the number of units owned rather than the number of citizens helped off the affordable housing waiting lists. Under the current policy that charges the taxpayers a penny on their property taxes for affordable housing, only 33 families were taken off the affordable housing waiting list as of last summer. That is a true embarrassment and demands a serious review of this program.

Other problems with the approach of buying thousands of units as a measure of "affordable housing" success include:

- Affordable dwelling units proffered by developers are being purchased by the County even though qualified citizens are waiting to buy them – the goal should be to get people to buy affordable housing and not purchase those units out from under them.
- There is no real estate tax paid on many County owned affordable dwelling units – thus reducing our tax base.
- We are building a County housing bureaucracy that already has trouble keeping up income certification and residency requirements on existing units.
- We have already exceeded the number of affordable housing units the county set as a goal. At what point have we "preserved" enough units?

In order to create a higher rental revenue stream which can then be used to purchase still additional units the County has now increased the range of those qualifying for affordable housing to include those earning up to 120% of median income in order to project higher rents. If these additional rental revenues fail to materialize either because the potential tenants elect to go elsewhere or due to the market conditions we are currently experiencing, this will create shortfalls that the County will be forced to make up from its general fund.

We need to change the definition of success. The new definition should be measured in the number of persons helped into affordable housing and then off County supported affordable housing programs and into homes that they own. I will be proposing that we remove the penny for affordable housing in FY 2009 while we look at creative programs that will accomplish these goals. We need to move away from the number of units "preserved" as the metric of success or we will look up in a number of years and Fairfax County could own over half of the rental housing in Fairfax County.

On a final note, affordable housing is often described as being for our policemen, firemen and teachers, yet very few of the County's affordable dwelling units house County employees. In this area, we should focus on creating a meaningful program using housing as a way to attract quality entry level personnel to our County and tie it to retention and compensation.

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