<u>Mount Vernon Council of Citizens' Associations</u>

Special Committee on Affordable & Workforce Housing

REPORT ON:
Fairfax County's One Penny Fund for Affordable Housing
Fund 319: FY 2006 & FY 2007

January 2007

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LISTING OF FIGURES

ACRONYMS

ADU – Affordable Dwelling Unit

AHC – AHC Inc. is a private, nonprofit developer of low- and moderate-income housing in the mid-Atlantic region. (www.ahcinc.org)

AHC LP – AHC Inc. Limited Partnership

AHPP – Affordable Housing Partnership Program (www.fairfaxcounty.gov)

AMI – Area Median Income

APH Virginia – This is the Corporation purchasing the 99 year Lease of the Janna Lee Project.

BAN – Bond Anticipation Note

FCAHAC – Fairfax County Affordable Housing Advisory Committee (www.e-ffordable.org)

FCHDC – Fairfax County Department of Housing and Community Development (www.fairfaxcounty.gov)

FCMI – Fairfax County Median Income

FCRHA – Fairfax County Redevelopment and Housing Authority (www.fairfaxcounty.gov/rha/)

FCRP – Fairfax County Rental Program (www.fairfaxcounty.gov)

FY – Fiscal Year

GMU – George Mason University (www.gmu.edu)

HDC – Department of Housing and Community Development (www.fairfaxcounty.gov)

HFHNV – Habitat for Humanity of Northern Virginia (www.habitatnova.org)

HOME – The HOME Program is flexible to provide gap financing for a range of activities from acquisition and rehabilitation to new construction of rental and single family housing. (www.fairfaxcounty.gov/rha/)

HUD – U.S. Department of Housing and Urban Development (www.hud.gov)

MVCCA – Mount Vernon Council of Citizens' Associations (www.mvcca.org)

SCAWH – Special Committee on Affordable and Workforce Housing (www.mvcca.org)

TEFRA – Tax Equity and Fiscal Responsibility Act of 1982 (www.irta.com)

VHDA – Virginia Housing Development Authority (www.vhda.com)

INTRODUCTION

The Mount Vernon Council of Citizens' Associations (MVCCA) has supported the One Penny Fund since its inception. The support from the MVCCA has been very strong to preserve and create Workforce Housing in the Mount Vernon District as well as across Fairfax County. In September 2005, the Board of the MVCCA created a Special Committee on Affordable and Workforce Housing (SCAWH) [1]. There were some concerns facing the MVCCA when the Flexible Housing Fund, (Fund 319), also known as the One Penny Fund, was actually created to be included in the FY 2006 Fairfax County Budget period. As a result, the SCAWH felt a responsibility to evaluate the use of the One Penny Fund to determine if changes are necessary in policy or guidelines to ensure its continued support and appropriate use.

The SCAWH began meeting in the fall of 2005. By February 2006, the SCAWH had a Mission Statement and Charge to its members, which outlined the goals and mission for the duration of the SCAWH's existence. This mission statement and charge to the SCAWH members was passed unanimously by the MVCCA. The SCAWH was thus on the road into the future addressing the growing housing problem within the Mount Vernon District and throughout Fairfax County.[2]

In April 2006 a Resolution defining "Affordable Housing" and "Workforce Housing" was approved, overwhelmingly, by the SCAWH and then by the MVCCA. This Resolution described differences between these two housing categories and provided a clear difference in the problem as well as the solutions to each. [3]

In September 2006, the Fairfax County Affordable Housing Advisory Committee (FCAHAC) released its first report on how the One Penny Fund was used in FY 2006. The SCAWH received this report in conjunction with the monthly Preservation Progress Report provided by the Fairfax County Department of Housing and Community Development (FCHCD). The SCAWH then began the review process of the One Penny Fund's usage. The following report is the findings of the SCAWH on the facts presented. The SCAWH reviewed all projects receiving One Penny Fund money and how this usage connects with the overall preservation of units across the Fairfax County. [4]

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[1] Reference: MVCCA Record September 2005 – Establishment of SCAWH
[2] The Mission Statement and Charge to the Committee ref Attachment 1
[3] Reference: MVCCA Record April 2006/September 2006 – Affordable & Workforce Housing Defined - Resolution
[4] Attachment A: Fairfax County Affordable Housing Advisory Committee Progress Report FY 2006

FAIRFAX COUNTY HOUSING FUNDS BUDGETED FOR FY 2007

It is important to understand that there are several different funds within the housing budget along with the One Penny Fund. To understand how the funds are used together for a given project, it is important to understand the different funds themselves. Some of these funds receive federal monies, some receive state monies, and some receive a combination of federal and state monies. The One Penny Fund is one of the funds that are funded only by Fairfax County. Other funds listed still receive contributions on an annual basis from Fairfax County's General Fund, but by far the largest recipient from the General Fund is the One Penny Fund. The review process of this report revealed that all of the housing funds contribute a financial subsidy to housing in some way.

FY 2007 FCRHA/Department of Housing and Community Development (HCD) Operating and Capital budgets:

Some of the projects reviewed have contributions from not only the One Penny Fund, but also contributions from other funds as well. Most, if not all, federal and state funds come with restrictions on the type of public and low-income housing needs they can be used for in housing. Once these funds are mixed in a given project, the project must meet the federal and state requirements of need attached with the funds.

Fund 001: HCD General Operating	**$ 6,971,863**
Fund 141: Elderly Housing Program	**$ 3,344,502**
Fund 142: Community Development Block Grant	**$ 6,905,321**
Fund 143: Homeowner and Business Loan Program	**$ 1,597,723**
Fund 144: Housing Trust Fund	**$ 2,079,060**
[*General Fund Transfer Removed in FY 06[5] $4,000,000]	
Fund 145: HOME Investment Partnership Grant	**$ 2,657,075**
Fund 319: Penny for Affordable Housing Program	**$21,900,000**
Fund 340: Housing Assistance Program	**$ 938,662**
[*General Fund Transfer Removed in FY 06[6] $2,000,000]	
Fund 341: Housing General Obligation Bond Construction	**$ 0.00**
Fund 940: FCRHA General/Operating	**$ 3,084,956**
Fund 941: Fairfax County Rental Program	**$ 2,951,950**
Fund 945: Non-County Appropriated Rehabilitation Loans	**$ 217,436**
Fund 946: FCRHA Revolving Development	**$ 4,139,128**
[Fund 947: Closed out end of FY 2005 $0.00]	
Fund 948: FCRHA Private Financing	**$ 5,947,958**
Fund 949: FCRHA Internal Service	**$ 2,942,195**
Fund 950: FCRHA Partnerships	**$ 930,379**
[Fund 965: FCRHA Housing Grants $0.00]	
Fund 966: FCRHA Housing Choice Voucher Program	**$41,882,198**
Fund 967: FCRHA Public Housing under Management	**$ 5,636,601**
Fund 969: FCRHA Public Housing Projects Under Modernization	**$ 0.00**
Total Funds FCRHA has to leverage across all properties/projects in FY 2007	**$114,127,007**

[5] Reference Published FY 04, 05, 06, 07 Budgets
[6] Reference Published FY 04, 05, 06, 07 Budgets

***Note:** Items with asterisks are General Fund contributions that were budgeted for housing, but removed once the One Penny Fund was approved. In FY 06, this totaled about $6 million dollars. The General Fund contribution to the Housing Trust Fund has been deleted since the creation of the One Penny Fund. The Housing Assistance Program has also lost funding from the General Fund since the creation of the One Penny Fund.

FUND 319: One Penny Fund for Affordable Housing[7]

Fairfax County provides this description for the One Penny Fund:

Focus:
Fund 319, The Penny for Affordable Housing Fund, formerly known as the Housing Flexibility Fund, was established in FY 2006 and is designed to serve as a readily available source of funding for the preservation of affordable housing in the County. The Board of Supervisors has dedicated revenue commensurate with the value of one cent on the Real Estate Tax rate to the Preservation of Affordable Housing, a major County priority. Beginning in FY 2007, this funding will be recorded as Real Estate Tax revenue directly posted to the Fund rather than as a transfer from the General Fund.

Between 1997 and 2004, the County lost 1,300 affordable units due to condo conversions and prepayments by owners of federally subsidized apartment complexes. The rapid pace of converting affordable units and selling them as market-rate condominiums accelerated through 2005 due to the significant appreciation of property values in Fairfax County. Between 1980 and 2005, the assessed value of dwellings in Fairfax County rose more than 300 percent. Similarly, rents have been driven up by the significant and growing demand for housing in the County. In fact, the annual income needed to afford a two-bedroom apartment at the fair market rate of $1,187 per month was estimated to be $47,486 in FY 2005. This is just over 50 percent of the Area Median Income, meaning that there are many wage earners for whom living in Fairfax County is a significant financial struggle. The Center for Regional Analysis at George Mason University estimates that there is an affordable housing deficit of 30,000 units currently, and this is projected to rise to 60,000 by 2020.

In light of these trends, the Board of Supervisors set a County goal to preserve 1,000 units of affordable housing, as well as to create 200 new affordable units, by the end of FY 2007. Given the cost of land and that the value of existing property in Fairfax County is at an all-time high, County funding and financing are critical to achieving these goals. Fund 319, The Penny for Affordable Housing Fund, represents the County's financial commitment 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 Board of Supervisors recommended a minimum leverage ratio of 3:1 with non-County funds and that units funded by Fund 319 remain affordable at a minimum for a period of time consistent with the County's Affordable Dwelling Unit Ordinance, which is currently 15 years for homeownership units and 20 years for rental units. The Affordable Housing Preservation Action Committee also recommends that timely response to preservation opportunities is essential to maintain affordable housing in a market driven by rising demand and dwindling supply.

As of April 2006, a total of 871 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 619 units are preserved for 20 years or longer. A variety of funding sources were used to preserve these units; however, Fund 319 funds were critical for the preservation efforts associated with two large multifamily complexes that were bought by private nonprofits: Madison Ridge in Centreville (Sully District) and Hollybrooke II in the Seven Corners area of Falls Church (Mason District). At Madison Ridge, 108 rental apartments have been preserved using Fund 319 for long-term affordability (40 years), while 108 condominiums will be sold to first-time homebuyers with controls to maintain affordability for at least the first two years. Similarly, Fund 319 funds were committed to preserve 89 affordable apartments at the Hollybrooke II

[7] Fairfax County Fund Description – www.fairfaxcounty.gov [Housing_319.PDF pg. 701]

condominium in the Seven Corners area of the County. It is anticipated that the entire $17.9 million will be expended or obligated for specific projects by the end of FY 2006.

FUND STATEMENT

Fund Type G30, Capital Project Funds — **Fund 319, The Penny for Affordable Housing Fund**

	FY 2006 Estimate	FY 2006 Actual	Increase (Decrease) (Col. 2-1)	FY 2007 Adopted Budget Plan	FY 2007 Revised Budget Plan	Increase (Decrease) (Col. 5-4)
Beginning Balance	**$0**	**$0**	**$0**	**$0**	**$2,865,921**	**$2,865,921**
Revenue:						
Bond Proceeds	$40,600,000	$40,600,000	$0	$0	$0	$0
Real Estate Tax Revenue Associated with the Penny for Affordable Housing	0	0	0	21,900,000	21,900,000	0
Total Revenue	$40,600,000	$40,600,000	$0	$21,900,000	$21,900,000	$0
Transfer In:						
General Fund (001)	$17,900,000	$17,900,000	$0	$0	$0	$0
Total Transfers In	$17,900,000	$17,900,000	$0	$0	$0	$0
Total Available	**$58,500,000**	**$58,500,000**	**$0**	**$21,900,000**	**$24,765,921**	**$2,865,921**
Total Expenditures	$58,500,000	$55,634,079	($2,865,921)	$21,900,000	$24,765,921	$2,865,921
Total Disbursements	**$58,500,000**	**$55,634,079**	**($2,865,921)**	**$21,900,000**	**$24,765,921**	**$2,865,921**
Ending Balance[1]	**$0**	**$2,865,921**	**$2,865,921**	**$0**	**$0**	**$0**

[1] FY 2006 ending balance due to encumbered carryover and unexpended project balances.

Figure 1 – FY 2006 Revenue[8]

- ***Acquisition of Crescent Apartments $40,600,000***

  FY 2006 expenditures are required to increase $40,600,000 due to the acquisition of Crescent Apartments, which includes 180 units of affordable housing. Total costs for this project are estimated at $50,100,000, including $49,500,000 for acquisition and $600,000 for finance issuance and other start up costs. A bond anticipation note (BAN) was issued on February 16, 2006 in the amount of $40,600,000. Funding of $9,500,000 within Fund 319 was reallocated to Project 014239, Crescent Apartments.[9]

FY 2006 Third Quarter Summary of Capital Projects

Fund: 319 The Penny for Affordable Housing Fund

Project #	Description	Total Project Estimate	FY 2005 Actual Expenditures	Pre-Third Qtr Revised Budget	FY 2006 Budget	Increase/ Decrease
014196	Affordable/Workforce Housing Projects		$0.00	$1,900,000.00	$1,900,000.00	$0
014198	Madison Ridge		0.00	2,500,000.00	2,500,000.00	0
014232	Hollybrooke II Apartments		0.00	3,750,000.00	3,750,000.00	0
014237	Yorkville Apartments	$250,000	0.00	250,000.00	250,000.00	0
014239	Crescent Apartments	$50,100,000	0.00	9,500,000.00	50,100,000.00	40,600,000
Total		**$50,350,000**	**$0.00**	**$17,900,000.00**	**$58,500,000.00**	**$40,600,000**

Figure 2 – FY 2006 Projects

[8] Fairfax County Fund Description – www.fairfaxcounty.gov [Housing_319.PDF pg. 703]

[9] Fairfax County Fund Description – www.fairfaxcounty.gov [Housing_319.PDF pg. 702]

FY 2006 Carryover Summary of Capital Projects

Fund: 319 Housing Flexibility Fund

Project #	Description	Total Project Estimate	Prior Year Actual Expenditures	Adopted Budget	Adopted + Carryover + Out of Cycle Adj.	Adjustments to Carryover	Carryover Revised Budget
014196	Affordable/Workforce Housing Projects		$31,910.75	$21,900,000	$22,315,589.25	($12,011,351)	$10,304,238.25
014198	Madison Ridge	2,500,000	2,500,000.00	0	0.00	0	0.00
014232	Hollybrooke II Apartments	3,350,000	3,350,000.00	0	0.00	0	0.00
014237	Yorkville Apartments	250,000	15,342.58	0	234,657.42	0	234,657.42
014239	Crescent Apartments	53,027,326	49,736,825.88	0	290,500.12	3,000,000	3,290,500.12
014250	Fairfield at Fair Chase	961,525	0.00	0	961,525.00	0	961,525.00
014252	Janna Lee Village I	6,783,000	0.00	0	963,649.00	5,819,351	6,783,000.00
014253	Janna Lee Village II	3,192,000	0.00	0	0.00	3,192,000	3,192,000.00
Total		$70,063,851	$55,634,079.21	$21,900,000	$24,765,920.79	$0	$24,765,920.79

Figure 3 – FY 2007 expenditures[10]

[10] Fairfax County Fund Description – www.fairfaxcounty.gov

Housing Committee Summary

The following chart is the collective effort by the SCAWH to gauge the effectiveness of each project reviewed by the SCAWH with the guidelines supported by the MVCCA, which were included in the Mission Statement and Charge to the SCAWH. The graph below shows the MVCCA's guidelines that apply across the top. Down the left side are each of the projects reviewed by the SCAWH. The SCAWH then used a scale of 1 to 5 to grade the success of each guideline as it applied to each project. On this scale the following applied:

Mixed Income Development – A development with a mixture of housing incomes ranging from poverty to market rate units included within the given project or development.

One Penny Fund Guidelines – These are the guidelines, which the Board of Supervisors created for the Fairfax County Redevelopment and Housing Authority in their efforts to allocate One Penny Funds.

Inclusionary Housing Needs Met – This item considers how well each project has provided special housing needs and accessibility to units for persons with special needs or disabilities e.g.

Per Unit Cost Effectiveness - This item considers the per unit cost to the taxpayer, measuring the overall cost of the unit, compared against the current market rate of a similar unit.

Homeownership vs. Long-term Preservation – This item compares each project by the units used for new home ownership as it compares with units preserved for Fairfax County program participation by ownership.

Leverage of Multiple Funding Sources – This item evaluated the ability of using One Penny Funds to leverage all public and private funding sources needed for the project.

Diversification of Household Incomes – The extent to which the project includes a broad range of household incomes.

Private, Public & Program Partnerships – This item evaluates the multiple innovative partnerships, in different forms, as they apply to each project.

0 = NA 1 = Poor 2 = Below Average 3 = Average 4 = Above Average 5 = Excellent

Project	Mixed Income Development	One Penny Fund Guidelines	Inclusionary Housing Need Met	Per unit Cost Effectiveness	Homeownership vs. Long-Term Preservation	Leverage of multiple funding sources	Diversification of Housing Incomes	Private, Public & Program Partnerships	TOTAL POINTS	Percentage of Achievement
14198 - Madison Ridge	5	5	5	3	5	4	5	3	35	*88%*
14232 - Hollybrooke II	3	1	3	1	2	3	1	3	17	43%
14237 - Yorkville Apartments	0	0	0	0	0	0	0	0	0	Unavailable
14239 - Crescent Apartments	3	2	3	1	5	2	3	2	21	*53%*
Administrative Costs	3	3	3	3	3	3	3	3	24	*60%*
14253 - Janna Lee Village I & II	2	1	2	3	3	1	2	2	16	40%
Legato Corner	1	5	1	4	4	1	1	1	18	45%
Hollybrooke III	2	3	2	2	2	3	1	3	18	45%
Fairfield at Fair Chase	1	5	1	4	4	3	1	1	20	50%
Glenwood Mews	1	3	1	0	4	3	1	2	15	38%
Sunset Park Apartments	3	1	3	1	2	4	3	2	19	48%
Administrative Costs	0	0	0	0	0	0	0	0	0	Unavailable

In creating this report, the SCAWH realized that reporting to the Council on how the "One Penny Fund" was used would be a challenge based on the FCRHA's report of ALL preserved units and the report of the FCAHAC's report on the FY06 One Penny Fund. Both of these reports include many projects utilizing broad range approaches in leveraging Federal, State and local funds with private/public partnerships to allow minimal funds to be maximized to preserve or create the most units possible. This process is then further complicated by the fact that there are several funds used in part or in whole to make each of these projects possible.

As the committee reviewed the reports and the reporting process, it became clear the accounting of units and the analysis applied to both reports did not produce a complete representation of the effectiveness of the One Penny Fund. In the SCAWH's review, a process was used that accounts for the One Penny Fund contribution by showing the cost per unit to make the preservation possible within any project. The process of identifying the actual units preserved with the One Penny Fund evaluated at each project listed above, identified all funding sources, reviewed the entire cost of the project, and determined the actual ratio of funding per unit required to preserve each unit, within each project. Once this amount was determined, the committee could then make a determination the actual contribution the One Penny Fund made to preserve affordable and workforce housing.

Based on facts acquired by the committee, there are differences in results from the reports presented by the RHA and the FCAHAC. These are mainly differences in the count of units preserved in a total project in which they report the total number of units, while our committee has reported the actual units preserved based on the percent of contribution to the overall cost of the project. The second issue that produced different reporting results is that our committee has separated contributions from other funding sources and tracked One Penny Funds separately.

FY 2006 One Penny Fund Contribution: $17,100,000

Project 14198 – Madison Ridge (10 units) $2,500,000
Project 14232 – Hollybrooke II (15 units) $3,350,000
Project 14237 – Yorkville Apartments (0 units) $250,000
Project 14239 – Crescent Apartments (31 units) $9,136,826
Project – Administrative Costs (0 units) $247,511

FY 2006 – 56 Units Preserved – Total cost $15,484,337
Carry over Funds to FY 2007 - $2,865,921
Total Fund 319 Expenditures - $18,350,258

FY 2007 One Penny Fund Contribution: $22,900,000.00

Project 14198b – Madison Ridge (10 units) $3,290,500
Project 14252 – Janna Lee Village I (20 units) $6,783,000
Project 14253 – Janna Lee Village II (13 units) $3,192,000
Project ? – Legato Corner (10 units) $952,500
Project ? – Hollybrooke III (50 units) $1,600,000
Project ? – Sunset Park Apartments (17 units) $5,000,000
~~**Project 14250 – Fairfield at Fair Chase (10 units) $961,525**~~
Project – Administrative Costs (0 units) $746,498

FY 2007 -120 Units Preserved – Total cost $21,564,500

COMMITTEE RECOMMENDATIONS

The MVCCA Special Committee on Affordable and Workforce Housing makes seven recommendations concerning the One Penny Fund.

1. INCREASE PUBLIC ACCOUNTABILITY.

Reporting on a cash per unit basis, along with reporting of leveraged public and private resources, will provide a clearer picture of how funds were used and will be vital to ensuring full community support for the One Penny Fund in future years. Such reporting should include:

a. All actual funding sources, identified by fund and by project, that contribute to the total funding of projects that receive dollars from the One Penny Fund (319);
b. A total for units preserved by the Fund contribution (rather than project total), so the public may understand the per unit cost of preserving any one unit for affordable housing;
c. A separate location on the monthly Preservation report showing the 319 Fund contributions, by funding and units, against all other funding and units preserved;
d. Clear reporting of projects with multiple parts that carry from year to year, indicating changes, especially when funding has increased or decreased from what was reported in prior years;
e. Full public disclosure of project details (such as the contracting terms for Sunset Park Apartments cited in this report) that are essential to evaluating the cost-effectiveness of decisions.

2. PROMOTE DIVERSITY IN OCCUPANT INCOMES.

Use One Penny funds to support housing that includes diverse income ranges, and clarify that these ranges have a minimum as well as a maximum expectation for income eligibility. This will make clear the mission of the County to provide a step-by-step process by which everyone from the homeless to renters, may have the opportunity to achieve homeownership. Promoting diversity within each multi-unit project will encourage private developers to invest, knowing that they can propose a wider range of housing that includes market-rate homeownership. Income guidelines might encourage proposals, **for example**, that break out total units as:

- 20% Very Low Income (0-30% AMI),
- 10% Low Income (30-60% AMI),
- 20% Workforce Rental (60-90% AMI),
- 20% Workforce Homeownership (90-120% AMI),
- 30% Open Market Sales.

3. COMPARE PROJECT BENEFITS OF NEW CONSTRUCTION VS. PURCHASE & REHAB PRESERVATION.

To compare cost-effectiveness of potential projects more rigorously, the benefits of new construction should be weighed against the full estimated per-unit costs of acquisition, rehabilitation and long-term liabilities (including maintenance, insurance etc.). Rather than using "preservation" funds to shore up aging public housing projects throughout the county, the Fairfax County Redevelopment and Housing Authority (FCRHA) should explore partnerships that will build affordable housing and/or workforce housing at a lower unit cost than such preservation. For example, the cost of making units accessible for those with disabilities is often much lower in new construction than when "adapting" older buildings. Failure to account for higher costs over the long-term affects the actual per unit costs of construction and maintenance.

4. EVALUATE FCRHA OWNERSHIP VS. OTHER LONG-TERM OPTIONS.

Compare the cost/benefit ratio of FCRHA's ownership of units vs. other strategies for assuring long-term affordability. Acquiring and leasing land to a developer, under covenants, is one important example. The uses of multi-year air or land lease are also good option. Additionally, a plan for using the One Penny Fund to contribute to the development of new workforce housing, instead of using all funds to preserve existing public housing projects throughout Fairfax County is recommended.

5. CHANGE THE ADU PROGRAM GUIDELINES.

Two changes in current practices will improve the ability of the Affordable Dwelling Unit (ADU) program to meet the needs of working households currently on the ADU waiting list, waiting to obtain a home through the First-Time Homeownership Program:

a. A minimum of 66% of ADU's should be made available during the first 30 days on the market to eligible, qualified households on the County's ADU Waiting List for the First Time Home Ownership Program.
b. Discourage practices enabling FCRHA from procuring units through foreclosure etc., by developing or providing mediation or mitigation programs currently utilized by private industry.

Currently Fairfax County has authorized the RHA to purchase up to 25 ADU's[11] per year and 10 in any one development, with the purpose of placing these units in the County's Rental Program. In addition to these units, there are several (40% of ADU's) units purchased by organizations not currently on the ADU waiting list. This practice prevents those on the Homeownership Waiting List (currently nearly 700 households) from having a chance to buy an ADU.

6. SEPARATE THE WAITING LISTS FOR COUNTY HOUSING PROGRAMS.

The County staff should create 3 distinct lists, with clarified guidelines for eligibility for each. These should separate three types of programs: (1) Public Housing and other programs (including Vouchers) under state and federal eligibility guidelines, (2) the Fairfax County Rental Program, and (3) the Homeownership Program (for ADU's). Whereas federally funded programs allow eligibility for persons applying from out-of-state, the county-funded programs can and should give priority to long-term county residents for their subsidized assistance in housing. A tracking system would identify duplication and remove such inflation from the total count of households on each list. Establish reportability that more clearly identifies the actual number of persons on a waiting list so that persons on more than one waiting list are counted only once, and not multiple times, which contributes to current lists being inflated.

7. ESTABLISH AN INDEPENDENT HOUSING OMBUDSMAN.

The purpose of the ombudsman would be to represent citizens on issues relative to all aspects of FCRHA activities which include public funds including , but not limited to:

- Cost Accounting
- One Penny Project Funding
- Asset Management
- Creation of Workforce Housing

[11] Since the closing date of this report the BOS has changed the ADU Policy to allow FCRHA to purchase up to 50 ADU's per year.

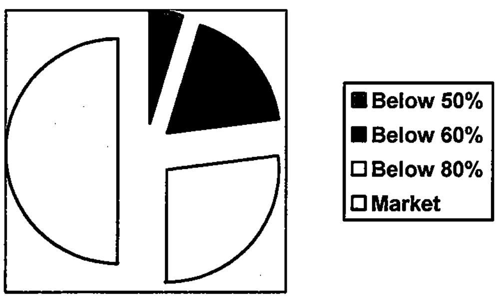
FY 2006 Fund 319 Project-by-Project Review

Project 14198 – Madison Ridge

FAIRFAX COUNTY PROVIDES $8.6 MILLION IN FINANCING TO PRESERVE AFFORDABLE HOUSING AT MADISON RIDGE.

"Fairfax County has awarded the first allotment of funding from the One Penny for Housing Flexibility Fund to Wesley Housing Development Corporation of Northern Virginia. The $2.5 million allocation is only a portion of the county financing that will help preserve 216 units of affordable housing at Madison Ridge in Centreville (Sully District). The county has also provided $1 million in funding from the Preservation Loan Fund; $5.1 million from the Affordable Housing Partnership Program of the Housing Trust Fund bringing the county's total financing of this project to $8.6 million. Wesley Housing, an active local non-profit, is the purchaser and project developer for Madison Ridge. Of the total number of units to be preserved, 98 units will remain as affordable rental housing and 118 units will be converted to condominiums which will be sold at prices in the affordable range ($210,000 to $290,000 depending on size). Of the 118 units converted to condos, the FCRHA will purchase 10 units, which will remain permanently affordable rental units. The remaining 108 will be sold at affordable prices for two years. Wesley acquired Madison Ridge on July 15, 2005." [12]

Info provided by FCRHA states that "the interim financing and permanent financing for the 98 rental units is Housing Trust Fund funds not one-penny funds. The one penny funds used for this project was $2,500,000.00 used to purchase 10 condo units to be added to the FC rental portfolio." [13]



The overall question for this project is how many units in the below 80% AMI are going to households below 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of the Madison Ridge Project -

TOTAL COST OF PROJECT:	$38,450,000
FAIRFAX COUNTY SUBSIDIES:	$ 8,600,000
(Site Acquisition)	$ 6,100,000
ONE PENNY FUND:	$ 2,500,000
TOTAL UNITS	216
WESLEY HOUSING	98 units for low-income rental
ONE PENNY FUND	10 units preserved for FCRHA
BALANCE FOR SALE	108 units to be sold at prices no greater than VHDA price limits.

The reported total cost of the Madison Ridge Project is $38,450,000 with Fairfax County leveraging subsidies totaling $8,600,000. A total of $6,100,000 was funded for acquisition of the site including assisting Wesley Housing to purchase 98 units for low-income rentals. This project also includes a future possibility to develop part of the site for additional affordable housing. The One Penny Fund contributed $2,500,000 to purchase 10 units of the 216 total units in the project to be preserved for

[12] **News Release from FCRHA**

[13] **FCRHA Doc – refer to report pg 46 figure 8**

FCRHA ownership and to be used by the Fairfax County Rental Program. The remaining 108 units on this project would be sold at sale prices no greater than VHDA sales price limits.

The FCRHA reporting indicates that One Penny Fund funds on this project were used to purchase units to be owned by FCRHA and to be used to provide low-income rental units to families on the county's waiting list. While the cost per unit on this site is high, the total leverage of all funding outside the One Penny Fund may allow FCRHA to develop new housing on the site in the future. There is SCAWH concern that future plans for this site include a complete mixture of housing incomes and not allow additional project based housing on the site because FCRHA owns the land.

The SCAWH agrees that this was a good investment and would like to see future development on the site open to new ideas in diversity of housing types and income levels

$250,000 each unit

☑

One-Penny Contribution - $2,500,000
10 Units Preserved

Project 14232 – Hollybrooke II

FCRHA RESOLUTION NUMBER 63-05
*ISSUANCE OF FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS (HOLLYBROOKE II PROJECT) SERIES 2005 RESOLUTION AUTHORIZING THE ISSUANCE AND SALE OF AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED **$10,5000,000** OF FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY MULTIFAMILY HOUSING REVENUE BONDS (HOLLYBROOKE II PROJECT) SERIES 2005; DESIGNATING BONDS AS LIMITED OBLIGATIONS OF THE AUTHORITY; APPROVING AND AUTHORIZING THE SALE OF THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF THE TRUST INDENTURE, LOAN AGREEMENT, LAND USE RESTRICTION AGREEMENT, AND BOND PURCHASE AGREEMENT IN SUBSTANTIALLY THE FORM MADE AVAILABLE FOR REVIEW, AND THE NO ARBITRAGE CERTIFICATE AND TAX AGREEMENT, AND OTHER DOCUMENTS RELATED TO THE ISSUANCE AND SALE OF THE BONDS AND AUTHORIZING PROPER OFFICERS TO DO ALL OTHER THINGS DEEMED*

FCRHA RESOLUTION NUMBER 88-05
AUTHORIZATION TO MAKE REVISIONS TO THE TERMS OF THE LOAN IN THE AMOUNT OF UP TO $3,750,000 FROM FUND 319, HOUSING FLEXIBILITY FUND (ONE PENNY FOR HOUSING), TO AHC LIMITED PARTNERSHIP12 FOR THE ACQUISITION REHABILITATION AND PRESERVATION OF 98 UNITS AT HOLLYBROOKE II CONDOMINIUMS (MASON DISTRICT)

BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby authorizes, subject to the approval of the Fairfax County Board of Supervisors, the making of a loan from the Affordable Housing Partnership Program (AHPP Loan) to AHC Limited Partnership – 12 in an amount not to exceed $3,750,000 from Fund 319, Housing Flexibility Fund (One Penny for Housing) for the purpose of providing financing to be used toward the acquisition, rehabilitation, and preservation of Hollybrooke II Condominiums;

BE IT FURTHER RESOLVED that the FCRHA hereby authorizes Paula C. Sampson to act as its authorized negotiator and further authorizes its Chairman, Vice Chairman or any Assistant Secretary to execute all documents and agreements necessary or appropriate in connection with the AHPP Loan in accordance with the revised terms and conditions, as stated in the Affordable Housing Partnership Program Revised Summary Term Sheet as of October 27, 2005 provided as Attachment 2 to the item presented to the FCRHA at its October 27, 2005 meeting.

A vote was taken after the discussion, and the motion carried unanimously.

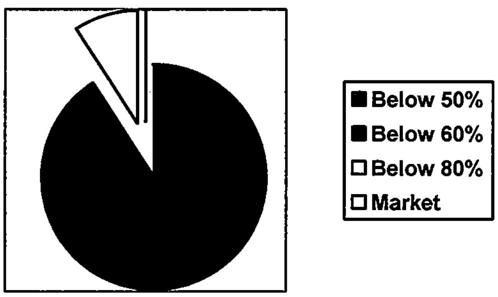
FAIRFAX COUNTY

BOARD OF SUPERVISORS
AUGUST 1, 2005

5	***Approved***	*Issuance and Sale of Bonds by the Fairfax County Redevelopment and Housing Authority for the Financing of the Acquisition and Rehabilitation of 98-Units in the Hollybrooke II Condominium Complex by AHC, Inc. (Mason District)*

FAIRFAX COUNTY
BOARD OF SUPERVISORS
SEPTEMBER 26, 2005

2	***Approved***	*Approval of Award from Fund 319, One Penny For Housing Flexibility Fund, to AHC Limited Partnership -12 for the Acquisition, Rehabilitation and Preservation of 98 Units at Hollybrooke II Condominium Complex and Authorizing the Fairfax County Redevelopment and Housing Authority to Make the Loan (Mason District)*



The overall question for this project is how many units in the below 60% AMI are going to households below 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of the Hollybrooke II Project -

The total Hollybrooke II Project cost for 98 units was $21,906,199. The total Fairfax County subsidized funding for this project in partnership with AHC to purchase 98 units was $14,200,000. The One Penny Fund contribution for this project as a Loan was $3,750,000. The per unit cost was $223,500. The One Penny Fund source preserved 15 units. Of the 98 units preserved in this project, 89 units are for affordable rentals below 60% of the AMI. The 9 remaining units are preserved as rentals for households below 80% of the AMI.

The FCRHA reporting indicates that One Penny Fund funds on this project were used to purchase units by AHC Inc. to provide low-income rental units to families on the county's waiting list. All subsidized funds used on this project were used for purchase and rehabilitation of the existing units. The cost per unit is high, given that the owner of this site is not FCRHA. While this project includes a 50-year preservation, other current units similar to these are being rehabilitated by FCRHA after 25 to 30 years. Given this history, the SCAWH questions the value of purchasing older buildings, rehabilitating the existing units at a high cost per unit, and then being faced half way through the 50 year preservation of these units with the cost of rehabilitating units again that are not owned by FCRHA.

The SCAWH has determined that this was NOT a good long-term investment. The SCAWH would like to see a commitment in future projects to evaluate the long term cost of investing in older buildings that require rehabilitation at the time of initial investment and at least once more during the life of the potential preservation. Preservation projects just to preserve units or spend funds within one fiscal year are not what the SCAWH believes the taxpayer wants to see from the One Penny Fund. The cost per unit preserved in the Hollybrooke II Project is too high when the investment is only preservation and rehabilitation and not FCRHA ownership.

$223,500 each unit

One-Penny Contribution - $3,350,000
15 Units Preserved

Project 14237 – Yorkville Apartments

RESOLUTION NUMBER 83-05
AUTHORIZATION, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS, TO REALLOCATE HOME INVESTMENT PARTNERSHIP PROGRAM (HOME) FUNDS, IN THE AMOUNT OF $500,000, FOR STUDIES RELATED TO FEASIBILITY OF ACQUISITION OF YORKVILLE COOPERATIVE, PROJECT 014237 (PROVIDENCE DISTRICT)

BE IT RESOLVED, that the Fairfax County Redevelopment and Housing Authority hereby authorizes, subject to the approval by the Board of Supervisors and the appropriate determination of eligibility of the use for the Yorkville pre-acquisition feasibility and suitable finding of environmental assessment, the reallocation of $500,000 in HOME Funds to Project 014237, Yorkville Cooperative for studies related to feasibility of acquisition.

A motion was made by Commissioner Rau, seconded by Commissioner Jasper, that the FCRHA adopt Resolution Number 83-05.

A brief presentation was made by Michael Pearman, after which he responded to questions from the Commissioners. A vote was taken after discussion, and the motion carried unanimously.

- ***Out of Cycle Adjustment $993,430***

  A total increase of $993,430 includes an increase of $943,430 in Buildings Expenses associated with interim financing for the acquisition of seven Affordable Dwelling Units at Willow Oaks and ***an increase of $50,000 in Professional Consultant and Contractual Services associated with Acquisition Fees for Yorkville Apartments. Funding for Yorkville was advanced from the Fund 946 Fund Balance and will be repaid at a later date.***

SCAWH Evaluation of the Yorkville Apartment Project -

The initial $500,000 set aside from HOME funds for a feasibility study on this site could not be used for this purpose. The One Penny Fund then set aside a new amount of $250,000.00 to help in pre-acquisition and feasibility costs. An additional $50,000 came from Fund 946 for a cost increase above the One Penny Fund contribution. This project is in a pre-acquisition phase, and thus it is unfair to judge this One Penny Fund contribution while the project is still in its initial stage. It is, however, important to the SCAWH that this project is reported because funds were used from the One Penny Fund.

With the limited information available on this project, there are no objections at this time other than a concern about spending One Penny Fund funds for Tier I or Tier II studies instead of taking these funds from other sources and repaying the other funds once a clear project is approved in Tier III. The SCAWH would like to see future studies not funded from Fund 319 until a project that preserves units is committed to for funding.

$0.00 each unit
One Penny Contribution - $250,000
0 Units Preserved

Project 14239 – Crescent Apartments

The Board of Supervisors approved $17.9 million in funding in this year's budget for affordable housing—an amount equal to the value of one penny of the real estate rate. A portion of those funds, approximately $9 million, will be used for the acquisition of the Crescent. The purchase price for Crescent Apartments and the valuable underlying land is $49,500,000. The majority of the acquisition funding, $40.5 million, will be raised from a one-year Bond Anticipation Note issued by the Fairfax County Redevelopment and Housing Authority. The FCRHA will be exploring permanent financing options. [14]

RESOLUTION NUMBER 59-06
APPROVAL OF ADMISSIONS AND OCCUPANCY GUIDELINES AT CRESCENT APARTMENTS (HUNTER MILL DISTRICT)

WHEREAS, the Fairfax County Redevelopment and Housing Authority ("FCRHA") is a political subdivision of the Commonwealth of Virginia, established pursuant to the Virginia Housing Authority Law, Title 36, Chapter 1, Code of Virginia, 1950, as amended (the "Act"), and is authorized thereby to acquire, lease and operate "residential buildings," within the meaning of the Act, to further FCRHA's goal of preserving existing affordable housing in Fairfax County; and

WHEREAS, the FCRHA, under a ground lease agreement with the Board of Supervisors, operates the Crescent Apartments as a "residential building" after the purchase thereof; and

WHEREAS, the Act defines "residential building" to be a multifamily residential property in which no less than 20% of the units will be occupied by persons and families of low income and the remainder therein by persons and families of moderate income, both as determined by FCRHA using the criteria set forth in the definition of "persons and families of low and moderate income" in Section 3655.26, being part of the Virginia Housing Development Authority Act, Title 36, Chapter 1.2, Code of Virginia, 1950, as amended (the "§3655.26 criteria"); and

WHEREAS, at its meeting on July 27, 2006, the FCRHA adopted as its revised definition of moderate income, as follows: persons and families with household incomes at or below 100% of Area Median Income (AMI), as published annually by the U.S. Department of Housing and Urban Development (HUD), adjusted for family size;

NOW THEREFORE, BE IT RESOLVED THAT the FCRHA hereby approves the Admissions and Occupancy Guidelines for the Crescent Apartments as follows: (1) 20% of the units would be rented to low income persons and families with household incomes at or below 60% of Area Median Income (AMI), as published annually by the United States Department of Housing and Urban Development, adjusted for family size; and (2) 80% of the units would be rented to moderate income persons and families with household incomes at or below 100% of AMI, adjusted for family size; and

BE IT FURTHER RESOLVED THAT the FCRHA authorizes payment of appropriate relocation benefits from funds available within property operations to qualified over income households as outlined in the item presented to the FCRHA at its meeting on July 27, 2006.

A motion was made by Commissioner Rau, seconded by Commissioner Dunn, that the FCRHA adopt Resolution Number 59-06.

A vote was taken, and the motion carried unanimously.

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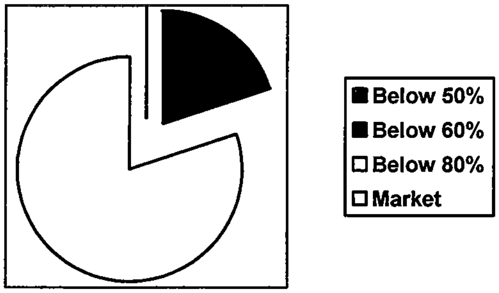
[14] FCRHA New release



The overall question for this project is how many units in the below 80% AMI are going to households below 60% AMI, 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of the Crescent Apartment Project -

This project consists of 180 units purchased by Fairfax County and preserved as affordable rental units owned and operated by Fairfax County. The total cost of this project was estimated at $53,027,326. The per unit cost is approximately $295,000. When the per unit cost is calculated against the One Penny Fund contribution, 31 units of the 180 total were actually preserved by One Penny Fund funds because other funding was used for the majority of the project. In both the E-ffordable.org Report and the FCAHAC Report, all 180 units are counted as being preserved by One Penny Fund funds.

There are two problems with this type of reporting. First, the per unit cost of preservation is reported by the FCAHAC as being only $45,826 instead of the actual cost based on the projected cost of this project. Based on the "reported" average cost, this project total should be around $8,250,000, instead of the $50 million it is projected to cost.

Secondly, this hurts the efforts of the County in future planning because the vastly understated cost per unit will affect estimating the cost of preserving units in the future. It is critical in the early stages of the 319 Fund that the taxpayer understands the cost of each project, where the funds are coming from, and what is the One Penny Fund contribution in each project. With this information, the taxpayer will be able to evaluate accurately the effectiveness of the One Penny Fund and the actual return on investment in affordable housing.

$295,000 each unit

☑

One-Penny Contribution - $9,136,826
31 Units Preserved

Administrative Costs -

Explanation from FCRHA –

"With One Penny, the RHA was allowed 2.5% for administrative costs. In FY2006, that equaled $447,500. Of that all but $198,989 was spent, largely on transaction related costs-- appraisals, environmental studies, outside legal counsel. We also paid for the GMU study out of these funds. None was spent on staff. For FY07, the 2.5% equals $547,500. The unspent $198,989 was added to this at carryover." [15]

[15] E-mail answer from FCRHA Direct in response to Admin Costs - Dated Nov 30, 2006

SCAWH Evaluation of Administrative Costs -

Based on expenses from FY 2006, the SCAWH believes these set aside funds were used appropriately. The anticipation is these monies will continue to grow as they are rolled over each year. The recommendation on Administrative Costs, however, is that these funds should be used by the end of the FY in which the One Penny Fund was assigned to preserve additional affordable units. For example, the $198,000 carryover from FY 2006 could have purchased 2 additional ADU's. Since there is a 2.5% set aside each year for administrative costs, there is no reason for these funds to carryover to the next year; they should roll back into the One Penny Fund account and be used to preserve additional affordable units.

☑ **$248,511.00**

FY 2007 Fund 319 Projects Analysis

Project 14252 – Janna Lee Village I & Project 14253 – Janna Lee Village II

RESOLUTION NUMBER 43-06
AUTHORIZATION OF THE FINANCING TERMS AND CONDITIONS OF THE JANNA LEE VILLAGE PROPERTY BY THE FCRHA, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS, AS DISCUSSED IN CLOSED SESSION

Be it resolved that the Fairfax County Redevelopment and Housing Authority, subject to approval by the Board of Supervisors, hereby authorizes the financing terms and conditions, as described in Closed Session by the FCRHA at its meeting on may 4, 2006 regarding the Janna Lee Village property.

A motion was made by Commissioner McAloon, seconded by Commissioner Rau, that the Fairfax County Redevelopment and Housing Authority, subject to approval by the Board of Supervisors, hereby authorizes the financing terms and conditions, as described in Closed Session to the FCRHA at its meeting on May 4, 2006, in relation to the Janna Lee project. The motion carried, with Commissioner Kershenstein voting nay.

A-7 – APPROVAL OF THE FINANCING PLAN FOR THE PRESERVATION OF JANNA LEE

Supervisor Kauffman moved that the Board concur in the recommendation of staff and approve the financing plan for Janna Lee Village for the purpose of acquiring, rehabilitating, and preserving Janna Lee Village, a 319-unit affordable rental complex located in the Hybla Valley area of the Lee District. Supervisor Hyland seconded the motion.

Discussion ensued, with input from Paula Sampson, Director, Department of Housing and Community Development (HCD) and Aseem Nigam, Director, Real Estate Finance and Grants Management Division, HCD, regarding the preservation of affordable housing.

Chairman Connolly disclosed that he received a campaign contribution from Dr. Cyrus Katzen, General Partner of Buckman Road Associates, and seller of the property.

Supervisor Hyland also disclosed that he received a campaign contribution from Dr. Katzen.

The question was called on the motion and it carried by a vote of nine, Supervisor McConnell not yet having arrived.

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*16. **I-3 – LOCAL COMMENT LETTERS TO THE VIRGINIA HOUSING DEVELOPMENT AUTHORITY (VHDA) ON JANNA LEE VILLAGE APARTMENTS, PHASE I AND PHASE II (LEE DISTRICT)** (11:39 a.m.)*

The Board next considered an item contained in the Board Agenda dated March 13, 2006, requesting authorization for the County Executive to sign letters of support for Janna Lee Village Apartments, Phase I and Janna Lee Village

Apartments, Phase II and forward them to VHDA for consideration with the tax credit application.

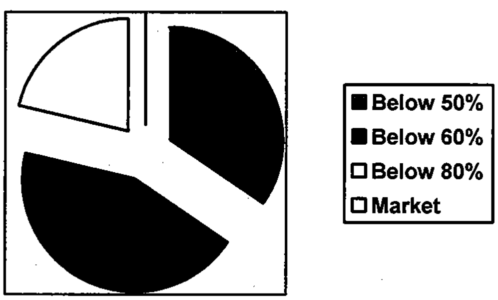
The staff was directed administratively to proceed as proposed.

Board Summary -46- October 23, 2006

73. ***MOTION APPROVING TWO GROUND LEASES IN JANNA LEE VILLAGE (LEE DISTRICT)*** *(4:45 p.m.)*

Supervisor Kauffman moved that the Board approve two ground leases each with a maximum term of 99-years, in substantially the form distributed, between Fairfax County Redevelopment and Housing Authority, as the ground landlord thereunder, and AHP Virginia, LLC and/or one or more limited partnerships formed by AHP Virginia, LLC, as the ground tenant(s) thereunder, for the purpose of effecting financing previously approved by the Board for the acquisition, rehabilitation, revitalization, and preservation of Janna Lee Village, a 319-unit affordable rental complex located in the Hybla Valley area of the Lee District.

Supervisor Bulova seconded the motion and it carried by unanimous vote.



The overall question for this project is how many units in the below 80% AMI are going to households below 60% AMI, 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of the Janna Lee Village I and II Project

The affordability of the units in this project is as follows:
35% (110 units): affordable at 50% or below AMI (Section 326)
45% (141 units): affordable at 60% or below AMI
20% (68 units): affordable at 80% or below AMI.

The total funds required for the Janna Lee Village Project are $66,944,149 for acquisition and development costs. The total subsidy coming from the One Penny Fund is $19,000,000. Of the $19,000,000, $4,785,000 will be used toward the land purchase, and $14,215,000 will be used toward loan costs. The details of how the total funds for this project are being used are still NOT clear. The total subsidies required for this project are about $19,000,000. It appears that Project 14252/14253 is funding rehabilitation of the 319 units to fix living conditions. The other $10,000,000 for the purchase of this site is being funded by FY 2008 One Penny Funds.

$209,856 each unit

One-Penny Contribution - $6,783,000
33 units preserved

Project ? – Legato Corner

"This project is part of the Magnet housing program of Fairfax County that is owned by Fairfax County. The ownership includes 13 units at a total cost of $1,270,000.00 of which 75% of this total project was funded by the One Penny Fund. Legato Corner includes 6) one bedroom units, 6) two bedroom units and 1) 3 bedroom units. Four of these units are being reserved for newly hired schoolteachers in critical field areas and the other nine units are being reserved for Fairfax County government employees. These are rental units that will be available from $715.00 to $980.00 per month. Of the three teachers selected for the first 3 of 4 units for schoolteachers they will be provided with a year-to-year lease at a subsidized rate with the second year of residency included until he or she reaches the FCAMI of $50,570.00" [16]

PUBLIC HEARING

PURCHASE OF UP TO TWENTY-SEVEN AFFORDABLE DWELLING UNITS (ADUS) AT LEGATO CORNERS (FAIRCHASE)

The Chairman opened the public hearing at 7:11 p.m. With no one signed up, and no one in the audience wishing to speak, the Chair closed the public hearing at 7:12 p.m.

RESOLUTION NUMBER 35-06

AUTHORIZATION TO: 1) PURCHASE UP TO TWENTY-SEVEN AFFORDABLE DWELLING UNITS AT THE FAIRFIELD AT FAIRCHASE DEVELOPMENT, 2) WAIVE THE CURRENT ADU POLICY WHICH LIMITS THE NUMBER OF UNITS ACQUIRED TO TWENTY-FIVE IN ONE YEAR AND TEN UNITS IN ANY ONE DEVELOPMENT, 3) APPLY FOR A LOAN FROM A PRIVATE LENDER FOR A PORTION OF THE FINANCING OF THE ACQUISITION, SUBJECT TO APPROVAL OF A FINANCING PLAN BY THE BOARD OF SUPERVISORS, 4) REALLOCATE AND DISBURSE, SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS, FUNDS FROM HOUSING TRUST FUND AND THE PENNY FOR AFFORDABLE HOUSING FUND FOR A PORTION OF THE FINANCING FOR THIRTEEN UNITS AT LEGATO CORNER CONDOMINIUMS, AND 5) EXPEND UP TO $115,023 IN FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY REVOLVING DEVELOPMENT FUND AS A PORTION OF THE INTERIM FINANCING FOR THE PROPOSED ACQUISITIONS OF THIRTEEN UNITS AT LEGATO CORNER CONDOMINIUMS (SPRINGFIELD DISTRICT)

BE IT RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA) authorizes the purchase of up to 27 affordable dwelling units (the ADU Units) in the Fairfield at Fairchase development, of which 13 ADUs shall be located in Phase I of the development known as Legato Corner Condominiums and 14 ADUs in Phase II that will be known as the Bristol at Fairchase, and

BE IT FURTHER RESOLVED that the FCRHA authorizes Paula C. Sampson to act as its authorized negotiator for the purchase of the ADU Units, and further authorizes its Chairman, Vice Chairman or any Assistant Secretary to execute all documents and agreements necessary or appropriate in connection with the purchase of the ADU Units; and

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[16] News Release from FCRHA

BE IT FURTHER RESOLVED that the FCRHA approves the financing plan as described in the item presented to the FCRHA at its meeting on May 4, 2006; for the purchase of up to 13 ADU Units at Legato Corner Condominiums; and
BE IT FURTHER RESOLVED that the FCRHA authorizes Paula C. Sampson to act as its authorized negotiator for the obtaining of a loan for a portion of the permanent financing of the Legato Corner Condominiums ADU units, and further authorizes its Chairman, Vice Chairman or any Assistant Secretary to execute all documents and agreements necessary or appropriate in connection with the loan as described in the item noted above on behalf of the FCRHA from a private lender; and

BE IT FURTHER RESOLVED that the FCRHA hereby authorizes, subject to the approval of the Board of Supervisors, up to $195,000 to be drawn down from Fund 144, Housing Trust Fund and $961,525 from Fund 319, The Penny for Affordable Housing Fund, for a portion of the acquisition cost of 13 units at Legato Corner Condominiums; and

BE IT FURTHER RESOLVED that the FCRHA hereby authorizes up to $115,023 to be drawn down from Fund 946, FCRHA Revolving Development Fund, as a portion of the interim financing to purchase the ADU units at Legato Corner Condominiums to be repaid at the time permanent financing is arranged; and

BE IT FURTHER RESOLVED that the FCRHA hereby waives its ADU policy that limits the number of ADUs purchased by the FCRHA per year to 25 and the number of ADUs in any one development to 10, to allow the purchase of 27 ADUs in the Fairfield at Fairchase development, of which 13 ADUs shall be located in Phase I of the development known as Legato Corner Condominiums and 14 ADUs in Phase II that will be known as the Bristol at Fairchase; and

BE IT FURTHER RESOLVED that the FCRHA hereby makes available the ADUs that are hereby authorized for purchase for occupancy by employees of Fairfax County Schools, Fairfax County Government and critical occupations as defined by the Board of Supervisors.

A motion was made by Commissioner Kershenstein, seconded by Commissioner Dunn, that the FCRHA adopt Resolution Number 35-06. A brief presentation was given by Derek Dubard. Cynthia Ianni, Director, Design, Development and Construction Division, noted that the closing on the units is expected by June 30 or shortly thereafter. After the presentation, Mr. Dubard responded to questions from the Commissioners. Commissioner Kershenstein commended staff for their work with the project and urged the other Commissioners to approve this resolution.

A vote was taken after discussion, and the motion carried unanimously.

A-4 – AUTHORIZATION TO REALLOCATE AND DISBURSE FUNDS FROM FUND 144, HOUSING TRUST FUND, AND FUND 319, THE PENNY FOR AFFORDABLE HOUSING FUND, FOR THE ACQUISITION AND PRESERVATION OF 13 UNITS AT LEGATO CORNER CONDOMINIUMS (SPRINGFIELD DISTRICT) *(11:33 a.m.)*

On motion of Supervisor Hudgins, seconded by Chairman Connolly, and carried by a vote of nine, Supervisor McConnell not yet having arrived, the Board concurred in the recommendation of staff and approved the reallocation of $195,000 from Fund 144, Housing Trust Fund and $961,525 from Fund 319, The Penny for Affordable Housing Fund, to be used as interim financing to purchase the 13 units in Legato Corner Condominiums until permanent financing can be arranged. As part of the permanent financing, $265,766 from Fund 319, and $93,889 from Fund 144, will remain in the project as subsidy.

SCAWH Evaluation of the Legato Project

There are several key concerns with the Legato Project. First, this project preserved new construction units by purchasing ADU's from the developer and placing the units into county owned rental units. This process then adds costs on an annual basis to Fund 941, Fairfax County Rental Program. These new units may be costly to maintain. As the units age, the maintenance cost will continue to rise. How much will this be costing the county in FY 2009 or FY 2015? Because these future recurring expenses are distributed to different funds, it is difficult to follow the exact true cost of each unit today or 10 years from now.

The second issue is that these units are for rent to "select teachers" or Fairfax County employees who are earning no more that 52% of the FCMI. This policy to rent units only to a select "lucky few" is going to do nothing for the working families in the county who work for other employers.

Each time an ADU is purchased by the county, the long-term financial commitment increases. The county is no longer preserving units; it owns the units as landlords. The SCAWH believes that ADU's either purchased by the county or purchased by non-profit corporations should be instead available for homeownership. ADU's should not be a rental program, halfway house, transitional housing, or other type of program-based housing initiative. The purpose of the ADU Program is long-term affordability home-ownership. Using "preservation funds" to purchase ADU's goes against the purpose of the ADU Program.

$98,000 each unit

One-Penny Contribution - $952,500
10 units preserved

Project ? – Hollybrooke III

"On October 23, 2006, the Board of Supervisors approved the financing plan for the acquisition, rehabilitation and preservation of 50 units at Hollybrooke III Condominiums by a limited partnership formed by AHC, Inc. The project consists of 50 condominium units in Hollybrooke III Condominium complex in Falls Church, Virginia (Fairfax County) that will be purchased and rehabilitated by AHC Limited Partnership - 16. Hollybrooke III Housing Corporation, an affiliate of AHC Inc. is the general partner of AHC Limited Partnership - 16. In December 2005, AHC Inc. purchased 98 units in the same Condominium complex and is currently rehabilitating these units. The total complex consists of 249 units. After purchase of the additional 50 condominium units, AHC will own a total of 148 units and will, therefore, assume control of the condominium association, which will help improve the decision-making and the day-to-day operations of the property. AHC, Inc. anticipates spending approximately $26,000 per unit to rehabilitate the project. The units will be affordable to households with income not exceeding 60% of the area median income (AMI). However, AHC has committed to lower the rents on 20% (10) of the units so that they will be affordable to households with income not exceeding 50% AMI within 5 years. $3,100,000.00 will be provided from the One Penny initially, with the permanent deferred loan reduced to $2.9 million after 2-5 years.

The anticipated closing date is December 12, 2006." [17]

17 New release from FCRHA

RESOLUTION NUMBER 60-06

AUTHORIZATION, SUBJECT TO APPROVAL OF THE BOARD OF SUPERVISORS, TO REALLOCATE AND AUTHORIZE DISBURSEMENT OF UP TO $40,000 IN TIER ONE PREDEVELOPMENT FUNDS AND UP TO $35,000 IN TIER TWO PREDEVELOPMENT FUNDS FROM THE AFFORDABLE HOUSING PARTNERSHIP PROGRAM FUND OF THE HOUSING TRUST FUND; APPROVAL OF THE FINANCING PLAN INCLUDING MAKING A LOAN OF UP TO $3,200,000 FOR THE ACQUISITION AND REHABILITATION OF 50 UNITS AT THE HOLLYBROOKE III CONDOMINIUMS BY AHC LIMITED PARTNERSHIP – 16 (MASON DISTRICT)

WHEREAS, AHC Limited Partnership 16 submitted a request for financing from the Affordable Housing Partnership Program (AHPP) as a source of financing for the acquisition and rehabilitation of 50 condominium units at Hollybrooke III; and

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) wishes to assist AHC Limited Partnership 16 acquire 50 condominium units at Hollybrooke III in order to preserve affordable rental housing in Fairfax County;

NOW, THEREFORE, BE IT RESOLVED that the FCRHA, subject to approval by the Board of Supervisors, hereby authorizes:

1) The making of the following loans as more particularly described in the item presented to the FCRHA at its July 27, 2006 meeting:
- *a) in the amount of $40,000 in AHPP Tier 1 Predevelopment Funds to AHC Limited Partnership – 16*
- *b) in the amount $35,000 in AHPP Tier 2 Predevelopment Funds to AHC Limited Partnership – 16*
- *c) in an amount not to exceed $3,200,000 in AHPP Tier 3 Funds to AHC Limited Partnership – 16*

2) The reallocation and disbursement of the
- *a) $40,000 in Tier 1 Predevelopment Funds to AHC Limited Partnership 16 from Fund 144, Housing Trust Fund; and*
- *b) $35,000 in Tier 2 Predevelopment funds to AHC Limited Partnership 16, from Fund 144, Housing Trust Fund; and*

3) The reallocation of Tier 3 funds as follows:
- *a) the reallocation of $1,000,000 from Fund 319, The Penny for Affordable Housing Fund for the purpose of acquiring and rehabilitation 50 condominium units at Hollybrooke III; and*
- *b) the reallocation of $600,000 from Fund 142, Community Development Block Grants for the purpose of acquiring and rehabilitation of 50 condominium units at Hollybrooke III; and*

RESOLUTION NUMBER 61-06

AUTHORIZATION FOR SUBMISSION TO THE BOARD OF SUPERVISORS OF A PROPOSAL FOR TAXEXEMPT FINANCING IN CONNECTION WITH THE ISSUANCE AND SALE OF BONDS FOR THE ACQUISITION AND REHABILITATION OF 50 CONDOMINIUM UNITS AT THE HOLLYBROOKE III PROJECT BY AHC LIMITED PARTNERSHIP 16 AND AUTHORIZATION TO HOLD A TAX EQUITY AND FISCAL RESPONSIBILITY ACT (TEFRA) HEARING (MASON DISTRICT)

WHEREAS, the Fairfax County Redevelopment and Housing Authority (the "Authority") is a political subdivision of the Commonwealth of Virginia, established pursuant to the Virginia Housing Authority Law, Title 36, Chapter 1, Code of Virginia, 1950, as amended (the "Act"), and is authorized thereby to issue its notes and bonds from time to time to fulfill its public purposes within the meaning of the Act; and

WHEREAS, pursuant to and in accordance with the Act, the Authority desires to issue and sell its Multifamily Housing Revenue Bonds (Hollybrooke III Project) Series 2006 in the aggregate principal amount not to exceed $6,500,000 (the "Bonds"); of tax-exempt bonds and

WHEREAS, the proceeds of the Bonds will be used in part to provide financing for the acquisition and rehabilitation of 50 condominium units in the multifamily housing project known as Hollybrooke III (the "Project"), located in Fairfax County, on Patrick Henry Drive between Arlington Boulevard and Leesburg Pike, Falls Church, Virginia; and

WHEREAS, the Project will be owned by AHC Limited Partnership 16 for with Hollybrooke III Housing Corporation, an affiliate of AHC Inc. will be the general partner; and

WHEREAS, the Bonds are and will be limited obligations, payable from the revenues pledged thereto pursuant to the Trust Indenture pursuant to which the Bonds will be issued; and as required by the Act, the Bonds shall not be a debt of Fairfax County, Virginia, the Commonwealth of Virginia or any political subdivision thereof (other than the Authority) and neither Fairfax County, Virginia, nor the Commonwealth of Virginia or any political subdivision thereof (other than the Authority) will be liable thereon, nor in any event shall the Bonds be payable out of any funds other than those received by the Authority from the Project, and the Bonds shall not constitute an indebtedness by the Authority within the meaning of any constitutional or statutory debt limitation or restriction; and

WHEREAS, Paula C. Sampson as Assistance Secretary on behalf of the Authority executed a Declaration of Intent on July 13, 2006, evidencing its intent to issue and sell the Bonds in an aggregate principal amount not to exceed $6,500,000 of tax-exempt multifamily housing revenue bonds.

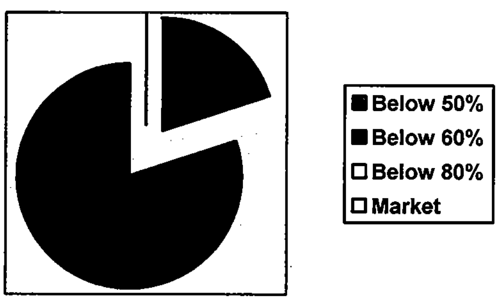
WHEREAS, pursuant to the Tax Equity and Fiscal Responsibility Act of 1982 ("TEFRA"), the Authority is required to hold a public hearing ("TEFRA Hearing") in connection with the issuance of the Bonds; and

WHEREAS, the Authority will hold a TEFRA Hearing on September 21, 2006; and

WHEREAS, for the purposes of compliance with Section 147(f) of the Internal Revenue Code of 1986, as amended, the proposed bond issue must be approved by the Fairfax County Board of Supervisors.

NOW, THEREFORE, BE IT RESOLVED, that Authority authorizes submission to the Fairfax County Board of Supervisors for approval of the proposed bond issue for the purpose of acquisition and rehabilitation of the Project as outlined in the item presented to the FCRHA at its meeting on July 27, 2006.

A motion was made by Commissioner Dunn, seconded by Commissioner Christian, that the FCRHA adopt Resolutions 60-06 and 61-06 jointly. A vote was taken, and the motion carried unanimously.



The overall question for this project is how many units in the below 60% AMI are going to households below 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of Hollybrooke III

The total funds required for the Hollybrooke III Project are $11,560,711, with $3,100,000 coming from the One Penny Fund. A total of $1,600,000 would come from the FY 07 One Penny Fund. The remaining $1,500,000 would come from the FY 08 One Penny Fund. All of these units are preserved for 60% AMI (53% FCAMI) or less.

There is concern about committing funds from future years that do not yet exist. This is the second project in FY 07 that is spending FY 08 funds. This means that with 6 months left in FY 07, well over 50% of the FY08 One Penny Fund funds have already been committed.

The overall cost per unit is high for a 30-year-old building requiring rehabilitation in all units. The concept that it is cheaper to purchase old units and rehabilitate them is not the findings of the SCAWH.

The funds used to purchase these units could have purchased new construction at the same price or less. The county does not own this property. The One Penny Fund funds used for this project purchased affordability of the units for an unknown number of years and paid the developers cost to rehabilitate all the units.

$231,215 each unit

One-Penny Contribution - $1,600,000
7 units preserved

Project ? - Glenwood Mews

RESOLUTION NUMBER 45-06
AUTHORIZATION TO ENTER INTO MEMORANDA OF UNDERSTANDING WITH 1) THE FAIRFAX COUNTY PUBLIC SCHOOLS AND 2) FAIRFAX COUNTY, ACTING ON BEHALF OF THE DEPARTMENT OF HUMAN RESOURCES, FOR THE MAGNET HOUSING RENTAL PROGRAM

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby authorizes any Assistant Secretary to negotiate and enter into Memoranda of Understanding with the Fairfax County Public Schools and Fairfax County, acting on behalf of the Department of Human Resources, with respect to the establishment of the Magnet Housing Rental Program for Fairfax County Public School personnel such as teachers and bus drivers, and Fairfax County Government employees, as outlined in the item presented to the FCRHA at its meeting on June 15, 2006.

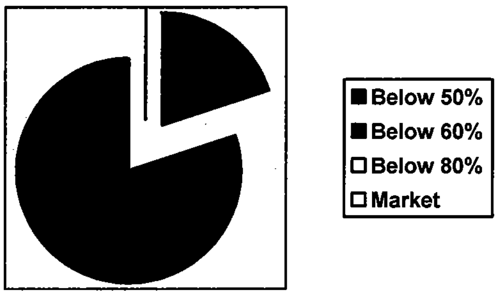
A motion was made by Commissioner Jasper, seconded by Commissioner McAloon, that the FCRHA adopt Resolution Number 4506. A brief presentation given by Elisa Johnson, HCD Grants Coordinator. Ms. Johnson announced that the Magnet Housing Program will serve the Schools as well as County employees, with priority given to public health nurses. Sherry Rowe, Department of Human Resources, talked about the difficulties her department is encountering in hiring and keeping nurses in the County. She noted that about 70% of the nurses in the County will be ready to retire within a year. And that it is common for prospective employees to turn down employment offers because they cannot afford to live in Fairfax County. Ms. Rowe encouraged the Commissioners to adopt this resolution. The Director of Employment Services of Fairfax County Public Schools, Debra Reeder, talked about the loss of highly qualified teachers who prefer to seek employment in lower cost areas. She praised the FCRHA for being honest, creative and productive in its dealings. Linda Farbry, Director, Department of Facilities and Transportation Services, Fairfax County Public Schools, testified on behalf of the bus driver program and called the bus drivers her heroes. She encouraged support for and approval of the program to prevent the shortage of and provide stability to the bus drivers. After the presentation, Ms. Johnson responded to questions from the Commissioners.

A vote was taken after discussion, and the motion to adopt Resolution Number 45-06 carried unanimously.

"The Fairfax County Redevelopment and Housing Authority (FCRHA) will soon begin construction on 17 affordable townhouse units at Glenwood Mews (Lee District) by the end of 2006. The project is located at the intersection of Telegraph Road and Old Telegraph Road and will include 15 townhouses that will provide affordable living to nurses and healthcare providers in training with Inova Health System through a partnership with the FCRHA as part of the county's Magnet Housing program. The remaining two units will be developed by the FCRHA and sold to Habitat for Humanity of Northern Virginia (HFHNV) at a cost affordable to HFHNV participants. Habitat volunteers will work on the interiors of the units by installing such things as drywall, carpeting, kitchen cabinets, major appliances and painting." [18]

18 New Release from FCRHA

"Centennial Contractors Enterprises, Inc will construct the project. The exterior design will be similar to the market rate units nearby. All 17 units will have three finished levels. Ten of the units will be 3-bedrooom and approximately 1,630 square feet in size. The remaining seven units will be 4-bedroom and approximately 1,840 square feet in size. In addition, the FCRHA has elected to include visitability into the design of two of the townhouses. This design concept includes accessible entrances, hallways and a bathroom and bedroom on the ground floor level. The existing parking lot will be renovated to provide two accessible parking spaces and sidewalks. Development cost is approximately $376,000 per townhouse." [19]



The overall question for this project is how many units in the below 60% AMI are going to households below 50% AMI or even 30% AMI. The actual criteria on the distribution of the units by income are not clear and the facts of ensuring these income guidelines were not available at the time this report was completed.

SCAWH Evaluation of Glenwood Mews Project

The cost per unit on the Glenwood Mews Project is very high, at almost double the cost per unit for all the other projects. The affordability is limited to a select employment group with a lower income. The county again maintains ownership; thus the General Fund expenses will increase to pay for yearly up keep, maintenance and other costs. The county has contracted with Inova to rent these units to their employees. This is taking the housing affordability problem and using subsidy from the One Penny Fund to help a corporation recruit employees and house them at an annual cost to Fairfax County.

The overall review of this project reveals a very costly price tag. There are some unknown expenses at this time on this project. It is not clear if the One Penny Fund will be paying for this entire project or what the One Penny Fund contribution will be in the end. There is also no clear answer as to what will be done with the units that are not filled by Inova. In addition, will Inova employees who live outside Fairfax County be allowed to live in these units? The SCAWH would like to see a participatory partnership with Inova instead of just an agreement as to who will rent these units.

$376,000 each unit

☒

One-Penny Contribution – unknown
17 units preserved

Project 014240 - *Sunset Park Apartments*

BOS
December 4, 2006
ACTION - 8

19 New Release from FCRHA

Approval to Make a Loan from The Penny for Affordable Housing Fund from Fiscal Year 2007 as Part of the Financing Plan for the Acquisition, Rehabilitation and Preservation of the 90-Unit Sunset Park Apartments by AHC Limited Partnership – 15 (Mason District)

ISSUE:

Approval by the Board to reallocate up to $5,000,000 from Fund 319, The Penny for Affordable Housing Fund from Fiscal Year 2007 as part of the financing of Sunset Park Apartments in conjunction with the proposed acquisition, rehabilitation and preservation of the 90-unit Sunset Park Apartments by AHC Limited Partnership – 15.

RECOMMENDATION:

The County Executive recommends that the Board award up to $5,000,000 from Fund 319, The Penny for Affordable Housing Fund, to AHC Limited Partnership – 15 as part of the financing plan for the acquisition, rehabilitation and preservation of Sunset Park Apartments.

TIMING:

Approval by the Board is requested on December 4, 2006, due to a closing date of December 15, 2006.

BACKGROUND:

Sunset Park will contribute 90 units to the Board of Supervisors' preservation goal of 1,000 units. As of November 2006, 899 units have been preserved. There is the potential to preserve 471 units which includes the 90 units at Sunset Park. By December 31, 2006, 459 of the potential units are expected to be preserved. This would raise the number of preserved units to 1,358.

AHC, Inc. (AHC) proposes to purchase the 90-unit Sunset Park Apartments (the Property), located at 5710 - 5738 Seminary Road, Falls Church, Virginia. A portion of the units (18 units or 20%) are proposed to be affordable to households with income not exceeding 50% of the Area Median Income (AMI) and the remaining units (72 units or 80%) are proposed to be affordable to households with income not exceeding 60% AMI. The current acquisition cost is approximately $194,444 per unit or approximately $17,500,000.

In conjunction with the purchase of the Sunset Park Apartments, AHC has formed a limited partnership, AHC Limited Partnership – 15 (AHC LP), a Virginia limited partnership, which will be the owner. Sunset Park Housing Corporation, an affiliate of AHC is the general partner. AHC is currently the limited partner and will be replaced at the time of closing by

Project Description

AHC LP proposes to purchase the 90-unit Sunset Park Apartments, located at 5710-5738 Seminary Road, Falls Church, Virginia from the Abramson Family Partnership Limited Partnership No.1. The development consists of 3-story walk-up garden apartments and was built in 1962. The project has 18 one-bedroom units, 60 two-bedroom units, and 12 three-bedroom units.

Potential Benefits

Preservation of the project will result in the following benefits:

1. A property that is at high risk for market rate development will be preserved in affordable housing. This property was in fact, identified by the Affordable Housing Action Committee as one to pursue and preserve. This property is located in an area that is redeveloping as part of a revitalization plan. Further, the urban nature of the area would support higher density housing. The proposed transaction will result in the preservation of these 90 units of affordable housing and avoid the likely demolition and redevelopment of this site. Even if density were not increased, the site could be scraped and redeveloped by-right as two-over-two luxury townhouses. This development offers large family-friendly apartments in a location close to transportation, services and jobs. Typically, it is difficult to find affordable rental three bedroom units in the market place. The number and the size of three-bedroom units make this project especially attractive for preservation for families.

2. Currently there are no rent restrictions on this property. The acquisition by AHC LP presents the opportunity to keep the project affordable for an extended period of time. Affordability term is 50 years.

3. The site is located in the southeast quadrant of the Bailey's Crossroads revitalization area and would contribute in revitalizing the area.

4. Twenty percent (20%) of the units will be affordable to households at 50% or less of the Area Median Income.

5. The FCRHA will have the Right of First Refusal behind AHC's Right of First Refusal at a price equal to the debt and any exit taxes should the property ever be sold.

6. The FCRHA will receive 33% of the cash flow until the Seller Note is paid and then 50% of the cash flow.

7. Should the site be redeveloped in the future, the FCRHA will have the opportunity to negotiate additional affordable units.

Rehabilitation

AHC Inc. has submitted an application for AHPP Tier Three funds for the permanent financing of Sunset Park. AHC Inc. was approved for $40,000 in Tier One funds at the March 27, 2006 Board of Supervisors meeting. The predevelopment funds are being used to perform studies and due diligence to determine the feasibility of the project. The Tier Three Funds will be used for the acquisition and rehabilitation of the property.

AHC Inc. estimates that approximately $49,000 per unit in rehabilitation will be needed. The construction team has performed a walk-through of a 10-unit sample. Based on this walk-through, the renovations will be the same for all units regardless of condition.

Rehabilitation will include the following:

- *New kitchens*
- *New appliances*
- *New bathrooms*
- *New HVAC units*
- *New flooring throughout the unit*
- *New plumbing (as needed)*
- *Upgraded electrical*
- *Improvements and repairs to existing balconies*
- *Improvements to the current landscaping*

Total Development Cost is estimated to be $26,303,522.

Accessibility

Five percent of the units (4 units) will be accessible for persons with disabilities. Universal design will be incorporated throughout the rehabilitation to the extent possible and reasonable.

Affordability

The property consists of 90 units with an average rent of $1,095. Borrower will maintain the Property as affordable housing for a period of 50 years where 20% of the units are affordable to households whose income upon initial occupancy does not exceed 50% of the area median income (AMI) and 80% of the units are affordable to households whose income upon initial occupancy does not exceed 60% of the AMI. The term "affordable" refers to rents and income limits as defined by the tax credit program under IRC Section 42 of the Internal Revenue Code.

Proposed Unit Rents

Unit Size	*# of Units*	*Proposed Rent*	*Utility * Allowance*	*Gross Rent*	*% Median*
1 BR	*14*	*$ 939*	*76*	*$1,015*	*60%*
2 BR	*48*	*$1,127*	*92*	*$1,219*	*60%*

3 BR	*10*	*$1,300*	*108*	*$1,408*	*60%*
1 BR	*4*	*$ 770*	*76*	*$ 846*	*50%*
2 BR	*12*	*$ 924*	*92*	*$1,016*	*50%*
3 BR	*2*	*$1,065*	*107*	*$1,173*	*50%*
Total Units 90					

**The Tenant pays other electric (lighting) heating, and air conditioning. Cooking and water heating are gas utilities and paid by the owner.*

The proposed 50% rents are below the current market rents. The proposed 60% rents will be an increase from the current street rents. The term of affordability of the units in the project is 50 years. AHC LP plans to apply for project- based section 8 vouchers when the competition for project based vouchers is available. AHC Management will work with existing tenants to minimize any rent increases. AHC LP has agreed that any relocation funds remaining after paying relocation expenses will be used to provide rental assistance to any existing tenants in need of assistance to pay the increased rent as they are currently doing at Hollybrooke II. To alleviate any concerns regarding steep rent increases, AHC LP has the following plan and is committed to take appropriate actions to address those concerns.

- *Over-Income Households. AHC LP has committed to work with long-term (5 years or more) over-income tenants at Sunset Park as they will not qualify for a tax credit unit under the tax credit guidelines. AHC LP will provide them with priority access to any market rate vacancy at other AHC properties. In addition, they will work closely with interested residents to see if they qualify for any of AHC's homeownership programs.*
- *Tax Credit Eligible Households. For existing tenants who are eligible to remain in the units with rents that are affordable at or below 60% AMI, AHC LP has committed that for the first year after the purchase of Sunset Park the rent increase will be limited to 5%. Subsequent increases will be governed by tax credit limits.*
- *Units affordable at 50%. There will be 18 units (20% of the total number of units) that will be affordable at or below 50% AMI. Of the tenants that qualify for the units, nine will experience a rent reduction that will range from $20 to $80 per month. The other nine may experience rent increases but the increases will be below 5% in all cases.*

Relocation

The rehabilitation will require that tenants be relocated for a period of 30 days while their unit is being rehabilitated. The project will pay the moving costs. The Relocation Plan has been approved by HCD staff.

Financing

On March 27, 2006, AHC was awarded $40,000 in Affordable Housing Partnership Program (AHPP) Tier One Predevelopment funds for the proposed Sunset Park project. In addition, AHC Limited Partnership - 15 successfully competed in the VHDA 2006 9% Tax Credit cycle. The tax credits are an integral part of the financing plan as this allows the project to receive a significant amount of equity from private investors which reduces the amount of debt needed to finance the project and ensures that the rents remain affordable. AHC LP has received an annual tax credit allocation of $900,000. Through syndication, AHC LP is expecting to receive $9,179,082 in tax credit equity. AHC LP has received a commitment from a national tax credit equity provider to purchase the tax credits. This project will not proceed without the tax credit equity.

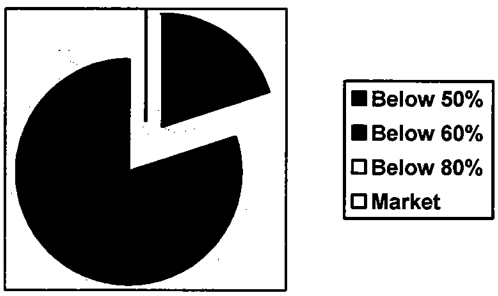
Sources		***Uses***	
VHDA Senior Note	*$5,180,000*	*Acquisition*	*$17,500,000*
VHDA Reach Loan	*3,500,000*	*Rehab Costs*	*4,497,150*
FCRHA Loan	*5,000,000*	*Developers Fee*	*2,491,804*

Seller Note	*1,500,000*	*Soft Costs*	*1,289,568*
Tax Credit Equity	*9,179,082*	*Relocation*	*300,000*
Deferred Developer Fee	*1,444,440*	*Reserves*	*225,000*
AHC			*500,000*
Total Sources	*$26,303,522*	***Total Uses***	*$26,303,522*

FISCAL IMPACT:

Funding in the amount of $5,000,000 will be reallocated within Fund 319, The Penny for Affordable Housing from Project 014196, Affordable/Workforce Housing Projects to project 014240, Sunset Park Apartments. Project 014196 had a balance of $10,031,314 in fiscal year 2007 as of October 31, 2006. In addition, there will be an annual monitoring fee of $5,000 placed in Fund 940, FCRHA General Operating Fund.

ENCLOSED DOCUMENTS:
Attachment 1: Vicinity Map
Attachment 2: AHPP Term Sheet



The overall question for this project is how many units in the below 60% AMI are going to households below 50% AMI or even 30% AMI. There is no guard in place at this time to prevent a household at 40% AMI from renting a unit set aside at 60% AMI.

SCAWH Evaluation of Sunset Park Apartments

The SCAWH found the presentation and detailed format of the FCRHA information to be transparent and easy to follow. This type of information has not been available for other projects. The FCRHA information depicts how the affordability would work as well as the overall funding and costs for this project. Many of the other projects lack the detail, or the information is just not available.

There are similar concerns with this project as with others using the One Penny Fund. The affordability is largely on the lower income side completely lacking in a diversity of income ranges. It would appear again that an older building has been purchased, and 25% of the entire One Penny Fund for FY 07 will go to rehabilitation of these units. This is a property that is also NOT owned by the county. The per unit cost for this project is higher than the purchase price of most new condominium construction in today's market.

$292,262 each unit

One-Penny Contribution – $5,000,000

17 units preserved

Administrative Costs -

"With One Penny, the RHA was allowed 2.5% for administrative costs. In FY2006, that equaled $447,500. Of that all but $198,989 was spent, largely on transaction related costs-- appraisals, environmental studies, outside legal counsel. We also paid for the GMU study out of these funds. None was spent on staff. For FY07, the 2.5% equals $547,500. The unspent $198,989 was added to this at carryover." [20]

SCAWH Evaluation of Administrative Costs

At the time of the SCAWH report, administrative costs for FY 2007 were not available because the report is being written in the middle of FY 07. Based on expenses from FY 2006, the SCAWH believes these set aside funds were used appropriately. The anticipation is these monies will continue to grow as they are rolled over each year. The recommendation on Administrative Costs, however, is that these funds should be used by the end of the FY in which the One Penny Fund was assigned to preserve additional affordable units. For example, the $198,000 carryover from FY 2006 could have purchased 1 or more additional affordable units in several projects. Since there is a 2.5% set aside each year for Administrative Costs, there is no reason for these funds to carryover to the next year; they should roll back into the One Penny Fund account and be used to preserve additional units. Based on the Administrative Funds used in FY 06, possibly $500,000 from the FY 07 Administrative Funds could be used for additional affordable housing.

☑ **$746,498.00**

[20] E-mail answer from FCRHA Direct in response to Admin Costs - Dated Nov 30, 2006

Fairfax County Waiting List for all Public Housing, Housing Choice Vouchers (Section 8) and the Fairfax County Rental Programs

SCAWH Evaluation of Fairfax County Housing Waiting List

According to the Fairfax County web page, Janna Lee Village Apartments is a federally subsidized rental-housing program. This site is subsidized with federal HUD Section 328 funds financed through Fund 966.[21] It is important to understand how these preserved units are used and filled by households that need the units. The SCAWH also believes it is crucial to understand the waiting lists from which many of these units are filled and to understand how income affects a household's placement in the overall housing system.

Many would have you believe the housing system is so complicated no one can understand the way it works. The SCAWH believes it is important, no matter how complicated, to describe the process in order to evaluate the effectiveness of Fund 319 (One Penny Fund) in preserving affordable housing.

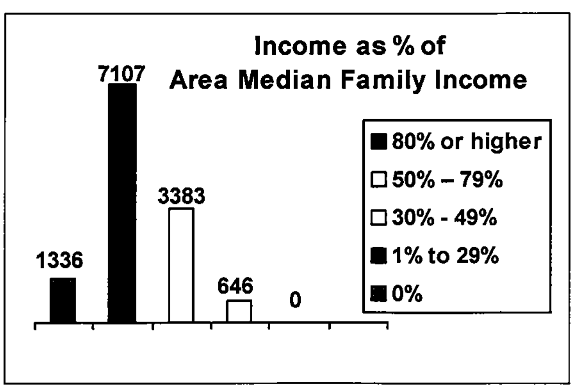
Household Size	Very Low Income	Lower Income
1	$30,450	$40,250
2	$34,800	$46,000
3	$39,150	$51,750
4	$43,500	$57,500
5	$47,000	$62,100
6	$50,450	$66,700
7	$53,950	$71,300
8+	$57,400	$75,900

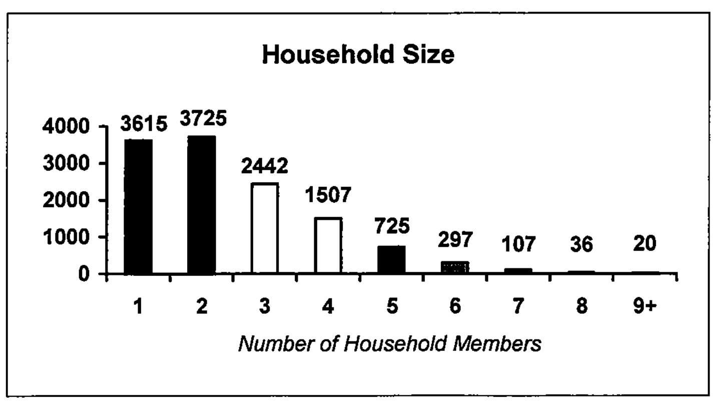
Income of Families on Waiting List	
No Income	11%
0% to 30%	57%
30% to 50%	27%
50% to 80%	5%
80% and Up	0%

Figure 4 – HUD income limits

The charts in Figure 4 show the income requirements to receive HUD funds under the HUD Public Housing Programs. The chart in Figure 6 shows that a household of four (4) can earn up to 46% and 60% of FCMI to receive assistance under HUD Housing Programs.

The charts in Figure 5 depict an analysis of the 12,474 households on the Housing Waiting Lists for the Fairfax County Rental Program, Housing Choice Vouchers (Section 8), and Public Housing. The data are based on the latest report available, released on December 15, 2006.[22]





21 www.fairfaxcounty.gov {Janna Lee Village Apartments}

22 FCRHA Waiting List Demographics – Dec 15, 2006

Household Size	Families On Waiting List	HUD/FC Very Low Income	FCMI	HUD/FC Lower Income	FCMI
1	29%	$30,450.00	32%	$40,250.00	42%
2	30%	$34,800.00	37%	$46,000.00	48%
3	20%	$39,150.00	41%	$51,750.00	55%
4	12%	$43,500.00	46%	$57,500.00	60%
5	6%	$47,000.00	50%	$62,100.00	65%
6	1.7%	$50,450.00	53%	$66,700.00	70%
7	0.9%	$53,950.00	57%	$71,300.00	75%
8+	0.4%	$57,400.00	60%	$75,900.00	80%

Figure 5 – FY 2006 Waiting List Breakdown

Figure 6 – FY 2006 Waiting list details

The chart in Figure 6 reveals that 29% of the households on the Housing Waiting List consist of only 1 person. The Waiting List has a priority for households with more than 1 person, making these individuals less likely to receive priority on the Waiting List. The chart shows 30% of the households on the Waiting List have only 2 persons in them, while households with 3 persons make up 20% of the waiting lists. Only 12% of the Waiting List includes households of 4 persons. Households with 5 to 9 persons make up 9% of the Waiting List for all three programs. What does this tell us? An astounding 59% of the households on the Waiting List have 2 or fewer persons in their households, which would limit them under HUD requirements (Section 8) to making no more than 37% to 48% of the FCMI. When you include 1 – 3 person households, 79% of the households on the waiting lists are represented, none of which can earn more than 41% to 55% of the FCMI. When the household income of the 12,474 households is taken into consideration, 91% of the households make less than 60% of AMI {approximately 55% of FCMI}.

STATUS OF HOUSING AND COMMUNITY DEVELOPMENT WAITING LIST FOR HOUSING

(12:44 p.m.) July 31, 2006

Supervisor Hudgins reported that every month her office assists Hunter Mill District constituents and individuals from across the County with their housing needs, often including an individual's status on the County's housing waiting list. In a particular case, a status check revealed that a shelter resident in question had a place holder on three of the programs.

Supervisor Hudgins said that, moreover, a July 20 article in the Washington Examiner reported that the County's waiting list had jumped by approximately 1,000 names in one month's time to 13,173. While the County attempts to eradicate homelessness in the County, she expressed her hope that it is not moving drastically in the other direction.

Accordingly, Supervisor Hudgins moved that the Board direct staff to provide:

- *A detailed response as to what was the cause in the sudden increase in the County's wait list.*

- *A detailed assessment of the County's housing waiting lists, how clients on the waiting list are tracked as they move from place to place waiting for housing, and how the County prioritizes the list by need and income bracket.*

Supervisor Frey seconded the motion and asked to amend it to direct staff to provide information on the Redevelopment and Housing Authority's action regarding a change in the income levels allowable for assistance to explain its expected ramification to the waiting list also, and this was accepted.

The question was called on the motion, as amended, which carried by unanimous vote.

SCAWH Evaluation of Housing Waiting List Process

The Housing Waiting List for Fairfax County has complex aspects that make it difficult to determine the actual composition of this list. The waiting list receives all names for Public Housing, the Housing Choice Voucher Program (Section 8), and the Fairfax County Rental Program. It is difficult to determine who is on which list, and who is waiting for what type of housing. To make an analysis more complicated, many households are on more than one list, which increases the overall number on the waiting lists but does not increase actual waiting households. An additional flaw in the system is that by mixing Public Housing and the Housing Choice Voucher Program lists with the Fairfax County Rental Program list, households not currently residents of Fairfax County can be placed on the waiting list for Public Housing or a Housing Choice Voucher since federally funded programs are open to anyone whether a Fairfax County resident or not. Since the waiting list includes the Fairfax County Rental Program, households not living in Fairfax County can receive a housing unit before someone currently living in Fairfax County may qualify for the same housing unit.

NOTE: The waiting list for ADU purchase is separate from the Housing Waiting List.

The largest and most needy household size on the Housing Waiting List is the 2 or 3 person household, while most program guidelines use a 4-person household income to calculate AMI. This means that most of the households on the Waiting List are low-income or well below 60% of the AMI. The SCAWH is concerned about the management and decision-making process of the Housing Waiting List and how the list is used to service the housing problem in Fairfax County.

FY 2004 – 2006 Fairfax County ADU Program Review

FCRHA Planning and Development Committee
November 29,2006
INFORMATION -.
AFFORDABLE DWELLING UNIT (ADU) TRACKING REPORT

The purpose of this report is to advise the Fairfax County Redevelopment and Housing Authority of the status of Affordable Dwelling Unit (ADU) projects and opportunities to purchase Affordable Dwelling Units. Under the ADU Ordinance, the FCRHA has the right to purchase up to one-third of the ADUs in a development for a 90-day period starting with the date the Offering Agreement is signed by an Assistant Secretary on behalf of the FCRHA. After 30 days of the 90-day period have elapsed, the FCRHA also has an option to purchase up to another one-third of all the ADUs being offered, exclusive of the ADUs that have been sold by that time. For 90 days after the approval date, marketing, screening and referral of qualified purchasers of the project-specific ADUs are the responsibility of the Department of Housing and Community Development (HCD).

The total number of projects where ADU delivery is pending is 23. The total number of pipeline ADUs available to the FCRHA is 135 should all of them prove to be for-sale units. As the timetable for actual delivery of ADUs is hard to predict, the attached Tracking Report has been revised to include the current status of the list of pending projects with for-sale ADUs. A projected date for completion of construction has been added to the table. To date, the number of for-sale ADUs approved by the Board of Supervisors totals 1,577 in 106 developments, county-wide, of which 1,190 have either been offered for sale or sold. Since the inception of the program in 1990, the FCRHA has exercised its option for 111 of these for-sale ADUs, located in 20 developments. Seventy-one of these have been approved in 11 developments since July 2003 (Fiscal Year 2004), of which 50 have been purchased and 21 are in the process of being purchased. To date, the FCRHA has settled on 90 ADUs.

As of November 13, 2006, a total of 696 qualified households were on the First-Time Homebuyers waiting list.

SCAWH Evaluation of the Affordable Dwelling Unit Program

After review of the last three fiscal years of the ADU program as depicted in the following chart, the following concerns became apparent to the SCAWH. Only 29% of all ADU's made it through the program to the ADU waiting list households. FCRHA purchased all the units it could under the program and has, on occasion, asked to waive restrictions place on the FCRHA. The two main restrictions that have been waived are the ability of FCRHA to only purchase 25 ADU's per year, and the restriction of FCRHA to purchase only 10 ADU's within one development. Both of these waivers limit the total number of ADU's available to households on the ADU waiting list.

The SCAWH is concerned that 40% of all ADU's have been purchased with grant money or other housing program funds. Many examples of this can be found in the e-ffordable Report that shows ADU's being purchased by non-profit corporations with federal grant funds awarded by Fairfax County. Many of these units are being rented while different housing groups inside and outside Fairfax County own these units. This is a loophole in the ADU program that has allowed 71% of the ADU's in the county to be purchased for rental programs instead of being sold to households on the ADU waiting list.

Total Fairfax County ADUs		Project Name	Developer	Total Units	Total ADUs	FCRHA ADUs	Price	Fund Source	Funds Used	Purpose	Purchase Yr
FY 2004	28										
		FairCrest	Winchester Homes	309	17	3	$130,774.00	Fund 144	$1,065,000.00	FCRHA Rental	FY 2005
						3	$130,774.00	Fund 144	$250,000.00	FCRHA Rental	FY 2005
		Westcott Ridge	Comstock Homes	419	37	6	$61,870.00	Fund 144	$516,000.00	Fire/Rescue/ Police	FY 2005
						4	$84,119.00	Fund 144	?	Fire/Rescue/ Police	FY 2005
		Laurel Hill	Pulte Homes	736	19	6	$116,587.00	Fund 144	$425,000.00	?	FY 2005
		Saintsbury Plaza	Porten Homes	112	17	3	$84,000.00	Fund 141	?	Senior	FY 2005
						3	$84,000.00	Fund 141	?	Senior	FY 2005
FY 2005	10										
		Westbriar Plaza	Jade Group	116	2	1	?	Fund 946	$110,000.00	?	FY 2006
		Willow Oaks	U.S. Home Corp	167	21	7	$131,000.00	946/144	$943,430.00	FCRHA Rental	FY 2006
		The Village at Lorton Valley	KSI	209	6	2	$128,000.00	FHC	$242,000.00	Good Shepherd Housing - Low Income Rental	FY 2006
FY 2006	19										
		Holly Acres	U.S. Home Corp	67	7	1	$132,000.00	Fund 946	$150,000.00	FCRHA Rental	FY 2006
						1	$149,000.00	Fund 946	$150,000.00	FCRHA Rental	FY 2006
		East Market	Ryland Homes	210	13	1	$127,250.00	?	?	FCRHA Rental	FY 2006
						1	$135,750.00	?	?	FCRHA Rental	FY 2006
		Legato Corner	Fairfield Properties	202	40	13	$95,000.00	Fund 144/319	$1,147,500.00	FCRHA Rental	FY 2007
				2547	**179**	**55**					

SCAWH Totals

Total AUDs	**179**	100%
FCRHA Purchase	55	31%
Other Program Purchased	72	40%
Available to ADU waiting list families.	***52***	29%

Supporting Documentation

RESOLUTION NUMBER 50-06
AUTHORIZATION TO REVISE THE FCRHA AFFORDABLE DWELLING UNIT PURCHASE POLICY (June 15, 2006)

NOW THEREFORE BE IT RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA) hereby authorizes the ADU Purchase Option Policy to be revised to increase the ADU purchase limit per annum from 25 units to 50 units and to increase the limits on the number of units purchased in any one subdivision from ten to 15 units.

A motion was made by Commissioner Jasper, seconded by Commissioner McAloon, that the FCRHA adopt Resolution Number 5006.

A presentation was given by John Payne, Director, Real Estate and Revitalization Division. Following discussion among the Commissioners, HCD Director Paula Sampson and John Payne responded to questions from the Commissioners.

Commissioner Litzenberger proposed that Resolution Number 50-06 be amended to include the following: "This option will be exercised when there are no qualified individuals on the ADU waiting lists or those qualified individuals on the ADU waiting list have declined the option to purchase the property."

A motion was made by Commissioner Rau, seconded by Commissioner Sellers, to table Resolution Number 50-06 for discussion at the September 2006 HOMS Committee meeting. A vote was taken, and the motion to table carried unanimously.

RESOLUTION NUMBER 18-06
AUTHORIZATION TO NOT CURE AND TO BID/PURCHASE AT THE FORECLOSURE SALE OF 7822 LIBERTY SPRINGS CIRCLE, ALEXANDRIA 22306, AN AFFORDABLE DWELLING UNIT (ADU) IN THE MOUNT VERNON DISTRICT

BE IT HEREBY RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA)

1. Shall not take any action to cure the loan default on the ADU Property; and
2. Authorizes bidding at the foreclosure sale for the purchase of the ADU Property not to exceed the amount presented by staff in Closed Session; and
3. Authorizes the Chairman, Vice Chairman, or any Assistant Secretary, to negotiate and to execute any and all documents necessary to purchase the Property and resell the Property in accordance with the foreclosure guidelines as presented by staff in Closed Session; and
4. Authorizes drawing upon Homeowner and Business Loan Programs, Fund 143, Project 013845, Moderate Income Direct Sale (MIDS) Resale Project not to exceed the amount presented by staff in Closed Session to cover acquisition and carrying costs to be repaid from the sale of the unit as a FirstTime HomebuyerDirect Sales Unit to a program qualified firsttime homebuyer.

A motion was made by Commissioner Lardner, seconded by Commissioner McAloon, that the FCRHA adopt Resolution Number 18-06, as discussed in Closed Session. After discussion, a vote was taken, and the motion carried unanimously.

RESOLUTION NUMBER 56-06
AS AMENDEDAUTHORIZATION TO NOT CURE THE DEFAULT ON THE PROPERTY; AND AUTHORIZATION TO BID/PURCHASE AT THE FORECLOSURE SALE OF4612 FLATLICK BRANCH DRIVE, CHANTILLY, VA 20151AN AFFORDABLE DWELLING UNIT (ADU) IN THE SULLY DISTRICT

BE IT HEREBY RESOLVED that the Fairfax County Redevelopment and Housing Authority (FCRHA)

1. *(a) Shall not take any action to cure the loan default on the Property at 4612 Flatlick Branch Drive, Chantilly, VA; and*
(b) Authorizes bidding at the foreclosure sale for the purchase of the ADU Property not to exceed the amount presented by staff in closed session; and

2. Authorizes the Chairman, Vice Chairman, or any Assistant Secretary, to negotiate and to execute any and all documents necessary to purchase the property as set forth herein; and
3. Authorizes drawing upon the Homeowner Assistance Program (MIDS project) and Business Loan Programs Fund 143 or the Housing Trust Fund 144, Project 014143 (Land Unit Acquisition) in the amount not to exceed an amount presented by staff in closed session to cover acquisition and carrying costs to be repaid from the sale of the unit as an ADU to a first time homebuyer.
4. This authorization remains in effect until June 15, 2007.

A motion was made by Commissioner Litzenberger, seconded by Commissioner Rau, that the FCRHA adopt Resolution Number 5606, as discussed in Closed Session.

A vote was taken after discussion, and the motion carried unanimously.

RESOLUTION NUMBER 12-06
AUTHORIZATION TO MAKE AN EMERGENCY HOME REPLACEMENT LOAN FOR A MOBILE HOME LOCATED IN MEADOWS OF CHANTILLY (SULLY DISTRICT)

BE IT HEREBY RESOLVED THAT the Fairfax County Redevelopment and Housing Authority (FCRHA):

1. Authorizes an emergency exception to the policy and the underwriting standards of the Replacement Home Program to allow a replacement loan in the amount indicated for the replacement of the mobile home with a new manufactured homes:
Owner: Amount:
Shirley and Jose Martinez $127,900, plus an additional estimated amount of $5,000 to cover associated costs
The funding source for the purchase of the home will be Project 003813, Home Improvement Loan Program, Fund 142, Community Development Block Grant fund. Funding for the home will be subject to the approval of an environmental review as required by the U.S. Department of Housing and Urban Development.

2. Authorizes the Chairman, Vice Chairman, and any Assistant Secretary to execute any and all documents necessary to facilitate this action within the funding source available as identified.

A motion was made by Commissioner Litzenberger, seconded by Commissioner Jasper, that the FCRHA adopt Resolution Number 12-06.

A brief presentation was given by Roberta Butler, Development Officer, DD&C, and Tom Overocker, Chief, Housing Rehabilitation. Commissioner Lardner expressed concerns over funding a project over which the FCRHA has no control. Commissioner Dunn expressed concern that the FCRHA will be setting precedence by adopting this resolution and about the FCRHA being in the mobile home business. Commissioner Kershenstein directed that staff develop a policy on emergency mobile home replacement loans, should a similar situation arise in the future. After further discussion, HCD Director Paula Sampson, stated that a policy would be brought to the FCRHA at its March meeting. Commissioner Kershenstein requested that this issue be placed on the FCRHA/PC Commissioner meeting for March 16.

The motion carried, with Commissioner Dunn voting no.

RESOLUTION NUMBER 15-06
ADOPTION OF TENANT INCOME LIMITS APPLICABLE TO A CERTAIN MULTIFAMILY RENTAL HOUSING COMPLEX AS AMENDED AND AS DISCUSSED INCLOSED SESSION RESOLUTION ADOPTING TENANT INCOME LIMITS APPLICABLE TO A CERTAIN MULTIFAMILY RENTAL HOUSING COMPLEX IN FAIRFAX COUNTY AND AUTHORIZING PROPER OFFICERS TO DO ALL OTHER THINGS DEEMED NECESSARY OR ADVISABLE IN CONNECTION HEREWITH

WHEREAS, the Fairfax County Redevelopment and Housing Authority ("FCRHA") is a political subdivision of the Commonwealth of Virginia, established pursuant to the Virginia Housing Authority Law, Title 36, Chapter 1, Code of Virginia, 1950, as amended (the "Act"), and is authorized thereby to acquire, lease and operate "residential buildings," within the meaning of the Act, to further FCRHA's goal of preserving existing affordable housing in Fairfax County; and

WHEREAS, FCRHA has proposed that the Board of Supervisors of Fairfax County (the "County") entered into an Agreement of Purchase and Sale (the "Purchase Contract") for the purchase of a certain multifamily rental complex, including the site thereof, located Fairfax County, Virginia (the "Property"); and

WHEREAS, the County has requested FCRHA to manage and operate the Property as a "residential building" after the purchase thereof; and

WHEREAS, the Act defines "residential building" to be a multifamily residential property in which no less than 20% of the units will be occupied by persons of low income and the remainder therein by persons of moderate income, both as determined by FCRHA using the criteria set forth in the definition of "persons and families of low and moderate income" in Section 3655.26, being part of the Virginia Housing Development Authority Act, Title 36, Chapter 1.2, Code of Virginia, 1950, as amended (the "§3655.26 criteria"); and

WHEREAS, the Commissioners of FCRHA have consulted and been advised by staff, counsel and other professional advisors with respect to the interpretation and application of the §3655.26 criteria to the Property and its current tenants and, among other things, the eligibility of the Property for tax-exempt financing to provide permanent financing for the purchase price thereof, the eligibility of the units in the Property for federal low income housing tax credits, and the requirements of the Act, and with respect to federal, commonwealth and local law and County policies applicable to the relocation of tenants who must move involuntarily on account of the application of the income limits established by this Resolution; and

WHEREAS, based on such advice and counsel and using the §3655.26 criteria of (i) the amount of the total income of such persons and families available for housing needs, (ii) the size of the family, (iii) the cost and condition of housing facilities available, (iv) the ability of such persons and families to compete successfully in the normal private housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing, and (v) to the extent appropriate, standards established for various federal programs determining eligibility based on income of such persons and families, the Commissioners of FCRHA desire to adopt the following income limits and other policies relating to the occupancy of the Property in connection with the operation of the Property by FCRHA; now therefore,

BE IT RESOLVED BY THE FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY as follows:

*Section 1. **Income Limits.** The Commissioners of FCRHA, using the §3655.26 criteria, hereby determine that, for purposes of operating the Property, (i) "persons of low income" shall mean persons and families whose adjusted income (together with the adjusted income of all persons who reside with such person in the same residential unit), determined in a manner consistent with determinations of lower income families under Section 8 of the United States Housing Act of 1937, as amended, including adjustments for family size ("Adjusted Income") does not exceed 60% of the median gross income for the Washington, D.C. metropolitan statistical area and (ii) "persons of moderate income" shall mean persons and families whose Adjusted Income (together with the Adjusted Income of all persons who reside with such person in the same residential unit) does not exceed 80% of the median gross income for the Washington, D.C., metropolitan statistical area. At all times, subsequent to the Phase In Period described in Section 2 hereof, FCRHA shall cause at least 20% of the units in the Property to be occupied (or made available for occupancy) by persons of low income, as defined above, and the remainder of the units in the Property to be occupied (or made available for occupancy) by persons of moderate income, as defined above.*

*Section 2. **Phase In Period.** Subsequent to the date that is one year after the date the Property is purchased and continuing for as long as FCRHA leases or operates the Property as a "residential building" within the meaning of the Act (the initial one year period following the date of purchase of the Property being herein called the "PhaseIn Period"), the Chairman, Vice Chairman and all other authorized representatives of FCRHA are hereby authorized and directed to cause the Property to be occupied solely by the requisite mix of tenants whose Adjusted Incomes do not exceed the limits described in Section 1 hereof. A longer transition period shall be permitted for individual tenants to the extent required by other applicable federal, Commonwealth or County law or regulation and may be permitted to the extent permitted by other applicable federal, Commonwealth or County law or regulation.*

*Section 3. **Other Action.** The Chairman, Vice Chairman, Secretary or an Assistant Secretary of FCRHA and the other authorized representatives of FCRHA are hereby authorized and directed*

(a) to develop expeditiously for consideration by the Commissioners of FCRHA the policies and guidelines required to implement humanely the decisions made in Section 1 and 2 of this Resolution in a manner consistent with the provisions of the Act, other applicable law and County policies and

(b) to execute and deliver any and all additional documents, certificates and instruments necessary or proper to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated by this Resolution.

*Section 4. **No Personal Liability.** No stipulation, obligation or agreement herein contained or contained in this Resolution or in any other agreement, certificate or document executed on behalf of FCRHA, shall be deemed to be a stipulation, obligation or agreement of any Commissioner, officer, agent or employee of FCRHA in his or her individual capacity.*

*Section 5. **Action Approved and Confirmed.** All acts and doings of the Commissioners, officers, agents or employees of FCRHA that are in conformity with the purposes and intent of this Resolution are in all respects approved and confirmed.*

*Section 6 **Amendment.** It is understood that Sidley Austin LLP will rely upon this Resolution in concluding that the notes to be issued by FCRHA to finance the Property (the "Notes") will be valid obligations of FCRHA under the Act, and, accordingly, the Commissioners of FCRHA covenant not to amend this Resolution or any portion hereof without receiving the written opinion of such firm to the effect that such amendment will not have an adverse effect on the validity of the Notes under the Act.*

*Section 7. **Severability.** If any provision of this Resolution shall be held or deemed to be illegal, inoperative or unenforceable, the same shall not affect any other provision or cause any other provision to be invalid, inoperative or unenforceable to any extent whatsoever.*

*Section 8. **Repealer; Effective Date.** Any resolutions or orders or parts thereof in conflict with this Resolution are to the extent of such conflict hereby repealed. This Resolution shall take effect immediately upon its adoption.*

A motion was made by Commissioner Rau, seconded by Commissioner Dunn, that the FCRHA adopt Resolution Number 1506, as discussed in Closed Session. After discussion, a vote was taken, and the motion carried unanimously.

RESOLUTION NUMBER 36-06

ADOPTION OF THE FY 2007 SECTION 8 HOUSING ASSISTANCE PROGRAM OPERATING BUDGET FOR ANNUAL CONTRIBUTIONS CONTRACT P-2515 FOR THE PERIOD JULY 1, 2006 THROUGH JUNE 30, 2007

BE IT RESOLVED, that the Fairfax County Redevelopment and Housing Authority (FCRHA) approves the FY 2007 budget for Annual Contributions Contract (ACC)

P-2515 for the period July 1, 2006 through June 30, 2007 totaling 228 units located at Strawbridge Square (127 units) and Island Walk (101 units), which is necessary for the operation of the FY 2007 Section 8 Housing Assistance Program, and authorizes submission of the budget to the U.S. Department of Housing and Urban Development.

A motion was made by Commissioner Dunn, seconded by Commissioner Jasper, that the FCRHA adopt Resolution Number 36-06. A vote was taken, and the motion carried unanimously.

RESOLUTION NUMBER 39-06

AUTHORIZATION, SUBJECT TO APPROVAL BY THE BOARD OF SUPERVISORS, TO ENTER INTO A CONTRACT WITH THE BC CONSULTANTS, INC. FOR THE PROVISION OF ARCHITECTURAL AND ENGINEERING SERVICES TO CONDUCT ANALYSIS AND EVALUATION OF COUNTY-OWNED PARCELS OF LAND TO DETERMINE THEIR POTENTIAL FOR THE DEVELOPMENT OF AFFORDABLE HOUSING FCRHA (Regular Meeting May 4, 2006 Page 7)

WHEREAS, the Fairfax County Redevelopment and Housing Authority (FCRHA) issued a Request for Qualifications to identify a qualified firm to provide architectural and engineering services related to analyzing and evaluating County-owned parcels of land for the development of affordable housing;

WHEREAS, a Selection Advisory Committee selected The BC Consultants, Inc. after review of the qualifications of potential contractors; and

WHEREAS, funding is available in Fund 319, The Penny for Affordable Housing Fund;

NOW THEREFOREBE IT RESOLVED, that the FCRHA hereby authorizes Assistant Secretary Paula C. Sampson to negotiate the contract and authorizes any of its Chairman, Vice Chairman, or Assistant Secretaries to enter into the negotiated contract with The BC Consultants, Inc. in the amount of up to $200,000, with the final contract amount dependent of the number of parcels analyzed, to provide the services described in the Action Item presented to the FCRHA at its May 4, 2006 meeting, subject to the Board of Supervisors' approval.

A motion was made by Commissioner Dunn seconded by Commissioner Jasper, that the FCRHA adopt Resolution Number 39-06. A presentation was made by Rex Peters, assisted by HCD Director Paula Sampson. Commissioner Kershenstein requested that the FCRHA Commissioners and the Planning Commissioners are kept abreast of the progress of this project. After discussion, Mr. Peters responded to questions from the Commissioners.

A vote was taken, and the motion carried unanimously.

RESOLUTION NUMBER 44-06

AUTHORIZATION BY THE FAIRFAX COUNTY REDEVELOPMENT AND HOUSING AUTHORITY OF THE PURCHASE OF THE NOTE SECURED BY THE DEED OF TRUST FOR THE PROPERTY LOCATED AT 6133 LESTER DORSEN LOOP IN THE FOUNDERS' RIDGE DEVELOPMENT IN ALEXANDRIA, VIRGINIA, FOR THE AMOUNT OF THE CURRENT OUTSTANDING PRINCIPAL BALANCE THEREOF PLUS ACCRUED INTEREST AND PENALTIES HEREUNDER, NOT TO EXCEED $6,000, AS DISCUSSED IN CLOSED SESSION (FCRHA Regular Meeting May 4, 2006)

WHEREAS Cheryl D. Mack ("Mack") is the owner of a residence in the Fairfax County Redevelopment and Housing Authority First Time Homebuyers Program located at 6133 Lester Dorsen Loop (the "Residence"), in the Founders Ridge Development in Alexandria, Virginia.

WHEREAS Mack is the maker of a note (Note) in the original principal amount of $4,640.04 payable to the Kingstowne Residence Owners Association for past due homeowners fees on the Residence, which Note is secured with a deed of trust recorded against the Residence ("Deed of Trust").

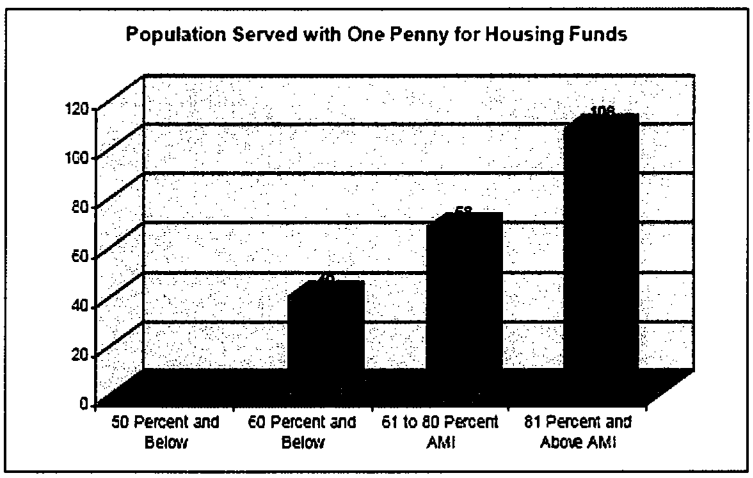
WHEREAS the Fairfax County Redevelopment ad Housing Authority ("FCRHA") desires to purchase the Note for the amount of the current outstanding balance thereof plus accrued interest and penalties.

NOW, THEREFORE, BE IT RESOLVED that the that the Fairfax County Redevelopment and Housing Authority authorize purchase of the Note secured by the Deed of Trust for the amount of the current outstanding principal balance thereof plus accrued interest and penalties hereunder, not to exceed $6,000.00.

A motion was made by Commissioner McAloon, seconded by Commissioner Jasper, that the FCRHA adopt Resolution Number 44-06.
A vote was taken, and the motion carried unanimously.

By the Numbers 9-05-2

By the Numbers: One Penny for Housing
July 1, 2005 - September 1, 2005



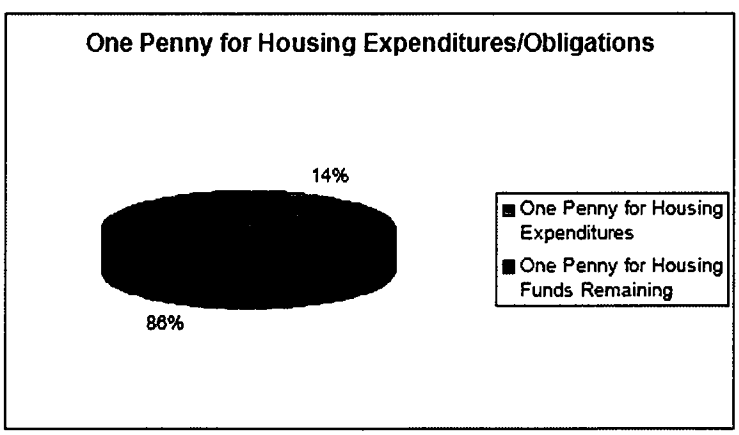


Figure 7 – Early FY 2006 expenditures [23]

[23] FCRHA first report of One Penny Fund following Madison Ridge Project

AHPP Project Comparison

One Penny Funding

11/3/2006

Property	Date Closed	Total Dev Costs	Acquisiton Costs	Total One Penny	Other Subsidy	# Units	Subsidy/Unit	Leverage	Affordability 80%	Affordability 60%	Affordability 50%	Affordability Term
Madison Ridge	Jul-05	38,450,000	33,732,001	2,500,000	6,100,000	218	39,815	4.47:1	58	40	10	Perpetuity
Interim					1,100,000							
Condos				2,500,000 - 10 condos								
Rental					5,000,000							
Crescent	Feb-06	52,431,750	49,500,000	9,136,826		180	50,760	5.74:1	144	36		Perpetuity
Hollybrooke II	Dec-05	21,906,199	16,000,000	3,350,000		98	34,184	6.64:1	9	89		40 years
Hollybrooke III		11,560,711	7,584,000	3,100,000		50	62,000	3.73:1		40	10	50 years
Janna Lee		66,944,149	45,000,000	19,000,000		319	59,561	3.52:1	68	141	110	50 years
Land Purchase				4,785,000 - RHA								
Loan				14,215,000								
TOTALS		191,292,809		37,086,826	6,100,000	863	42,974	4.43:1				

1. <u>Hollybrook III</u> is currently funded as follows: $1.6 million from One Penny from FY 2007; the remaining $1.5 million will be funded in FY08. The leverage assumes $1.5 million is also from One Penny. The owner will pay back $200,000 to the One Penny after certain project benchmarks are met. The total One Penny loan will be $2,900,000 at that time.
2. <u>Madison Ridge</u> – 10 condominium units purchased by the FCRHA for rental for $2.5 million. The remaining 108 condo units will be sold at sales prices no greater than VHDA sales price limits. The interim financing and permanent financing for the 98 rental units is Housing Trust Funds.
3. <u>Crescent</u> – the FCRHA purchased the property using short term financing and One Penny as interim financing and is currently determining the additional development plans for the property. In order to avoid displacement at this time, tenants may remain in the property if their income does not exceed 100% AMI. For new tenants, 20% of the units are affordable at income at 50% AMI and the balance of the units (80%) are affordable at 80% AMI. There are currently seven Housing Choice Voucher recipients living at the property.
4. <u>Janna Lee</u> - Ground lease will be for 75 – 99 years. At the end of the term of the ground lease, the land and improvements will revert to the ownership of the FCRHA.

Figure 8 – RHA report of One Penny Projects FY 06-08 [24]

TABLE 7
Average Monthly Rent by Year
Fairfax County, 1988 to 2001

Year	Average Monthly Rent	Percent Increase
1988	$662	7.6%
1989	$705	6.5%
1990	$734	4.1%
1991	$747	1.8%
1992	$739	-1.1%
1993	$753	1.9%
1994	$767	1.9%
1995	$792	3.3%
1996	$800	1.0%
1997	$809	4.3%
1998	$849	4.9%
2000	$989	16.5%
2001	$1,129	14.2%

Source: Department of Systems Management for Human Services.

NOTES: Figures are based on participants in the census for units located in major rental housing projects having five or more units and are not available for 1999. The average rent calculation excludes complexes that did not report rents by type of unit. When a complex provides a range of rents for a particular unit size, the midpoint of that rent range is used in the average rent calculation.

Figure 9 – Fairfax County 2001 Rental Report [25]

TABLE 8
Rental Housing Complex Analysis:
Average Monthly Rent by Year
Fairfax County, 1995 to 2005

Year	Average Monthly Rent	Percent Change
1995	$792	3.3%
1996	$800	1.0%
1997	$809	4.3%
1998	$849	6.1%
2000	$989	16.5%[1]
2001	$1,129	14.2%
2002	$1,157	2.5%
2003	$1,168	1.0%
2004	$1,157	-0.9%
2005	$1,202	n/a[2]

Source: Fairfax County Department of Systems Management for Human Services.

Note: Average monthly rents are based on units located in major rental housing complexes having five or more units and are not available for 1999. Units leased by individual owners are not included. Figures do not include public housing units for 1995 to 2004. In 2005, privately owned subsidized housing units as well as publicly owned rental units are excluded from the rent calculations.
[1] The 1998-2000 percent change reflects a two-year difference.
[2] Due to a change in methodology, the percent change from the prior year is not comparable.

Figure 10 – Fairfax County 2005 Rental Report [26]

[24] One Penny Project comparison provided by Director of FCRHA – Paul Sampson
[25] 2001 Rental Housing Complex Analysis – BOS – April 2001

"Average monthly rent for units in subsidized rental housing complexes was $900 in January 2005. Average monthly rent for a market rate rental-housing unit in Fairfax County ranges from $905 for efficiency units to a high of $1,607 for four bedroom units. Unsubsidized housing units rent rates reported are fair market rent rates as of January 2005." [27]

Table 1.Household Income by Tenure: 2004
Fairfax County, Virginia

	Owners		Renters		All Households	
Totals	272,801	100%	95,674	100%	368,475	100%
Less than $10,000	3,372	1%	4,014	4%	7,386	2%
$10,000 to $14,999	1,271	0%	5,645	6%	6,916	2%
$15,000 to $19,999	4,298	2%	5,757	6%	10,055	3%
$20,000 to $24,999	2,313	1%	4,023	4%	6,336	2%
$25,000 to $34,999	8,937	3%	10,024	10%	18,961	5%
$35,000 to $49,999	22,559	8%	19,591	20%	42,150	11%
$50,000 to $74,999	42,686	16%	19,749	21%	62,435	17%
$75,000 to $99,999	46,989	17%	11,815	12%	58,804	16%
$100,000 to $149,999	62,818	23%	10,993	11%	73,811	20%
$150,000 or more	77,558	28%	4,063	4%	81,621	22%

Source: American Community Survey

Figure 11 – George Mason Study on Moderate Income Definition [28]

TABLE 12
Rental Housing Complex Analysis:
Average Monthly Rent by Unit Type
Fairfax County, 2004 and 2005

Unit Type	Average Rent		
	2004	2005	Percent Change
Efficiency	$841	$905	n/a*
1 Bedroom	$1,005	$1,046	n/a*
1 Bedroom/Den	$1,154	$1,194	n/a*
2 Bedrooms	$1,210	$1,259	n/a*
2 Bedrooms/Den	$1,364	$1,400	n/a*
3 Bedrooms	$1,411	$1,475	n/a*
3 Bedrooms/Den	$1,443	$1,467	n/a*
4 Bedrooms	$1,540	$1,607	n/a*
TOTAL	$1,157	$1,202	n/a*

Source: Fairfax County Department of Systems Management for Human Services.

Note: 2005 figures do not include units leased by individual owners, public housing units, and privately owned subsidized housing complexes. 2004 figures include units leased in certain subsidized complexes.

* Due to a change in methodology, the percent change from the prior year is not comparable.

Figure 12 – Fairfax County 05 Rental Report [29]

Table 8. Rents for All Units and Large Units (3+Bedrooms): 2004 est.
Fairfax County, Virginia

	All Units		3+ Bedrooms	
Rent Range ($)	No.	%	No.	%
0 - 1,000	20,400	21%	2,200	8%
1,000 - 1,300	41,200	43%	6,000	22%
1,300 - 1,600	24,800	26%	12,700	47%
1,600 - 2,000	7,800	8%	4,800	18%
2000+	1,400	1%	1,400	5%

Source: Estimates based on data from Fairfax DTA and Census Bureau.

Figure 13 – GMU Rental Units in Fairfax Co 04 [30]

[26] 2005 Rental Housing Complex Analysis – BOS – April 2005
[27] 2005 Rental Housing Complex Analysis – Summary page 1
[28] Definition of Moderate Income in Fairfax County – July 2006 GMU
[29] 2005 Rental Housing Complex Analysis – Page 11
[30] 2005 Rental Housing Complex Analysis – Page 11

Table 6. For-Sale Housing Affordability: 200-2005
Fairfax County

Year	Median Income ($)	Median Housing Price ($)	Monthly Payment ($)	% of Median Income	If Income is 80% of Median	If Income is 120% of Median
2000	81,050	209,000	1,777	26.3%	32.9%	21.9%
2001	83,180	238,000	2,024	29.2%	36.5%	24.3%
2002	85,310	275,000	2,339	32.9%	41.1%	27.4%
2003	80,753	315,000	2,679	39.8%	49.8%	33.2%
2004	88,133	385,000	3,274	44.6%	55.7%	37.1%
2005	90,000	479,200	4,075	54.3%	67.9%	45.3%

Sources: US Census, Metropolitan Regional and Information Services, GMU Center for Regional Analysis

Figure 14 – GMU Moderate Income/Mortgage Costs/Payments 2004 [31]

GMU Definition of Moderate Income in Fairfax County – Conclusions

1. Home ownership has become out of reach for many Fairfax County households and as of 2005 households making 120 percent of income cannot afford to purchase single family housing in the County.
2. In considering changes in policy regarding income levels for qualification for housing programs, there are large differences in housing affordability situations between residents who may have bought housing several years ago and newer residents moving into the county as prices have increased so significantly. And as the County's economy depends on new families to supply the workforce for its jobs, development of policies to address the housing affordability will be necessary.
3. Analysis of the rent burden in Fairfax County indicates that a growing share of households and families making more than 80% of County median income face affordability problems.

Ownership Housing

In addition to meeting the goal of a safe, high-quality place to live, homeownership offers the important opportunity for wealth accumulation. Households and families that are not able to purchase homes are left out of the single most important mechanism for generating wealth over a lifetime. The troubling fact is that homeownership in Fairfax County has become out of reach for nearly all moderate-income persons, including those teachers, fire fighters and other public servants with household incomes between 80% and 120% of County median income. New policies and programs will need to be developed by the County in order to make ownership housing an option for moderate-income persons and families.

Rental Housing

The analysis of the rental housing market is not as clear-cut. There is evidence of a growing housing affordable problem among moderate-income households. Between 2000 and 2004 the proportion of moderate-income renters paying more than 30% of income in rent more than tripled. At present, the majority of the rental units are affordable to moderate-income households; however, larger households

[31] 2005 Rental Housing Complex Analysis – Page 11

and families face a supply constraint. As results, from the Self-Sufficiency report show, the income needs of larger families with children differ significantly from smaller households and families with older children. To support all families in potential need, the County should consider revising the income thresholds for rental assistance beyond the current 80% of area median income, and in order to meet the self-sufficiency standard for the entire range of family types , an upper limit of 123 percent of median income would be justified based on the self-sufficiency calculations.

2006 Area Median Income, Adjusted by Family Size

Area Median Income for 2006: $90,300

Adjusted for family size*:

Family Size	Median Income
1	$63,200
2	$72,250
3	$81,250
4	$90,300
5	$97,500
6	$104,750
7	$111,950
8	$119,200

*Note: Incomes adjusted for family size using HUD Section 8 methodology; amounts rounded to the nearest $50.

Figure 15 – GMU 2006 AMI based on HUD Section 8 Characteristics

ATTACHMENT 1: Mission Statement and Charge to the Committee April 2006, Resolution: Affordable and Workforce Housing Defined – April 2006, Resolution: Amendment to Affordable and Workforce Housing Definition – October 2006

ATTACHMENT 2: Fairfax County Affordable Housing Advisory Committee Report of the Special Subcommittee Progress Report – Year One – FY 2006

ATTACHMENT 3: FCHCD Monthly Preservation Progress Report – December 21, 2006

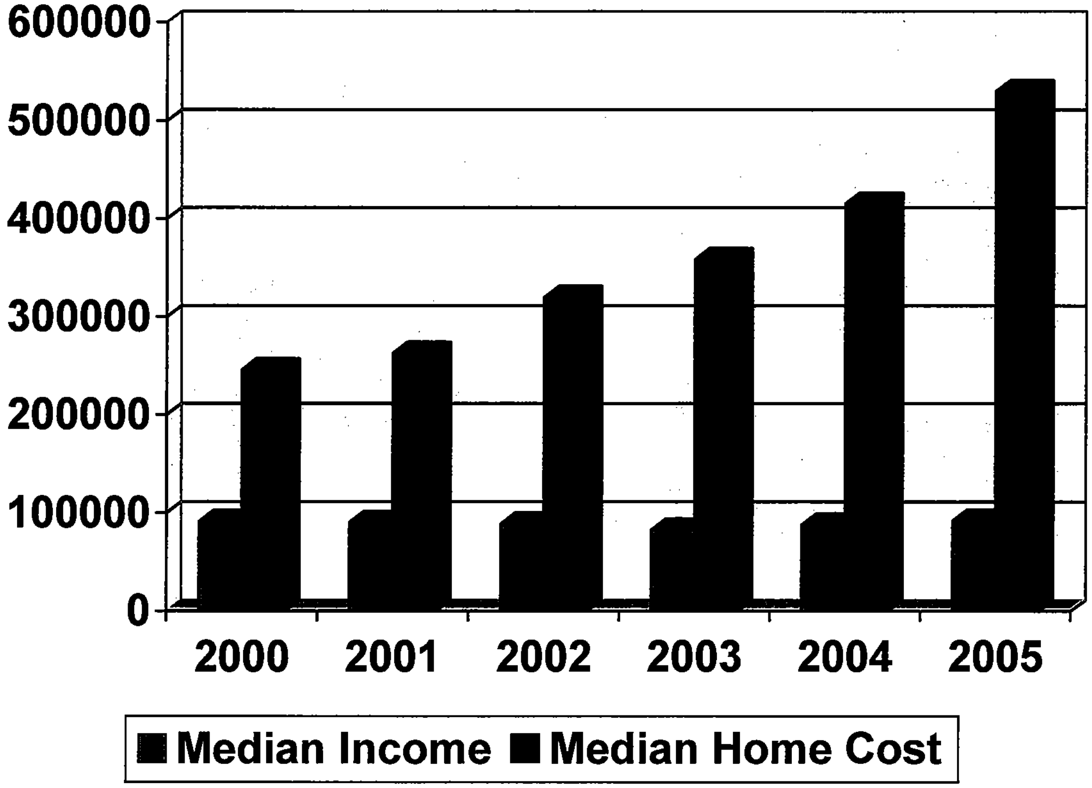
The Mission Statement and Charge of the Committee

The Special Affordable and Workforce Housing Committee
of
The Mount Vernon Council of Citizens' Associations

The Special Committee on Affordable and Workforce Housing is to undertake housing studies and utilize its findings to develop a series of recommendations, which may provide some solutions to the housing crisis in Fairfax County. The Committee will develop a comprehensive definition of workforce housing, establish an action item agenda to include the estimates of the current and projected supply and demand of workforce housing units and evaluate the geographic distribution of housing. The Committee will evaluate market-based best practices for workforce housing and consider matters of planning and land use policies of our state and local government and provide recommendations that address options to assist local government in ensuring workforce housing availability. The mission also includes the development of strategies, which promote new rental and ownership housing opportunities. This will be accomplished through the evaluation of various programs and incentives which encourage the aforementioned expansion of affordable and workforce housing in the County. The Committee will work toward the implementation of its recommendations. The committee will identify as part of its mission certain key areas of study in order to accommodate workable and appropriate recommendations.

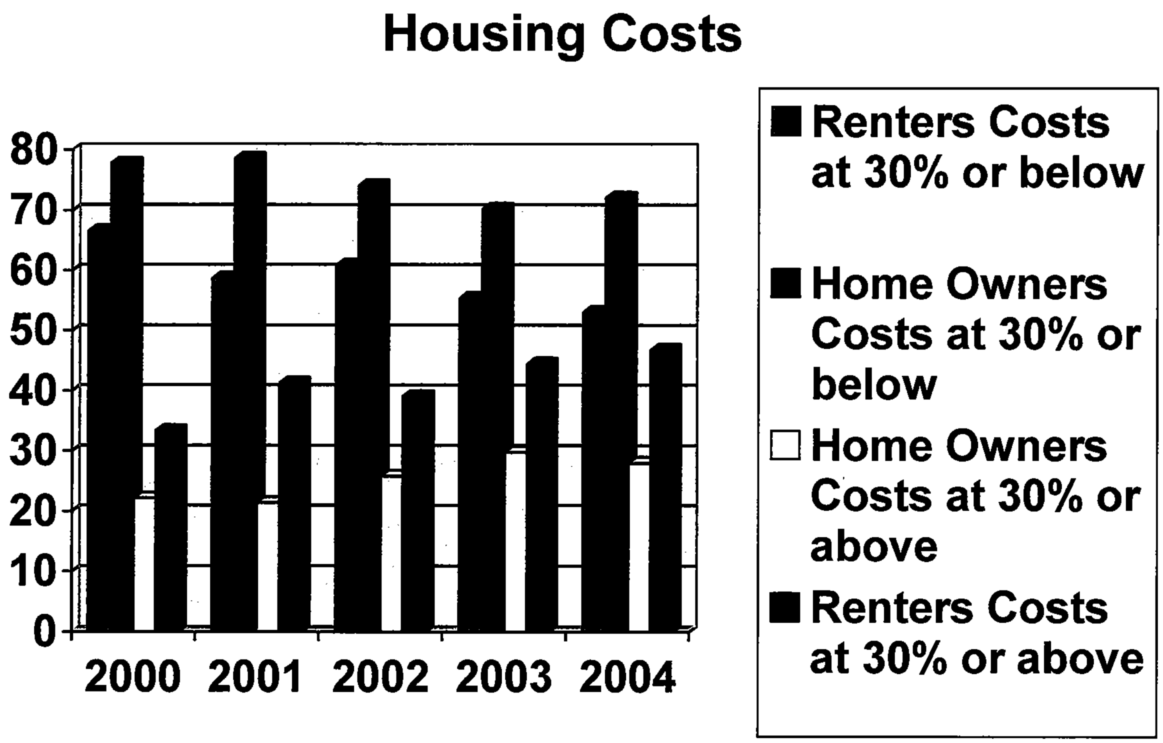
The Charge

The cost of housing has risen dramatically over the past 6 years. In 2000 the ratio of home price to median family income was at or below 3.5, by 2005 the ratio grew to 6.0 meaning that home prices in the county are now 6 times the median family income. A comparison is that the national median purchase price is $215,900 for the 4th quarter of 2005. The median home price in Fairfax County is over $530,000.



The majority of Fairfax County homeowners cannot now afford to purchase their own home. Aspiring homeowners, especially younger families starting out in the workforce, and even the middle class working families are finding it increasingly difficult to find housing they can afford. It now takes a qualifying income of $137,500 per annum to purchase the median house representing 156% of the median income. As much as it is a need to provide affordable housing to those below 50% of the median income, the majority at middle-income are faced with the same needs and reevaluation of bracketing must be studied. The workforce is primarily found in the 50% of the AMI to 120% of the AMI range. Neither group can afford the median house. In March of 2006 the County released "Anticipating the Future: A Discussion of Trends in Fairfax County," which reported that "despite price adjustments that may occur due to speculation in the near future, the long-term picture favors increasing prices."

The paper reported, "the Fairfax County Housing Authority concludes that the gross deficit in affordable housing units is more than 17,000 units and predicts that this deficit is likely to worsen in the future." The report further indicates that "as the percent of income spent on housing increases, households become much more likely to run out of money for basic needs such as housing, utilities, food and medicine." Tying together the cost of housing and its ramifications, the socio-economic impacts cannot be ignored. However, the 17,000 deficit is based on the current programmatic tenets of the Authority's affordable housing definition and does not include the core population of Fairfax County impacted by high purchase or rental costs and the inability to purchase or rent within their means. The report, however, did conclude "The proportion of homeowners spending more than 30 percent of income on housing increased to over a quarter of homeowners as of 2003 and 2004. Since 2000 the percent of renters spending 30 percent or more of income on housing has risen to 45.4 percent."

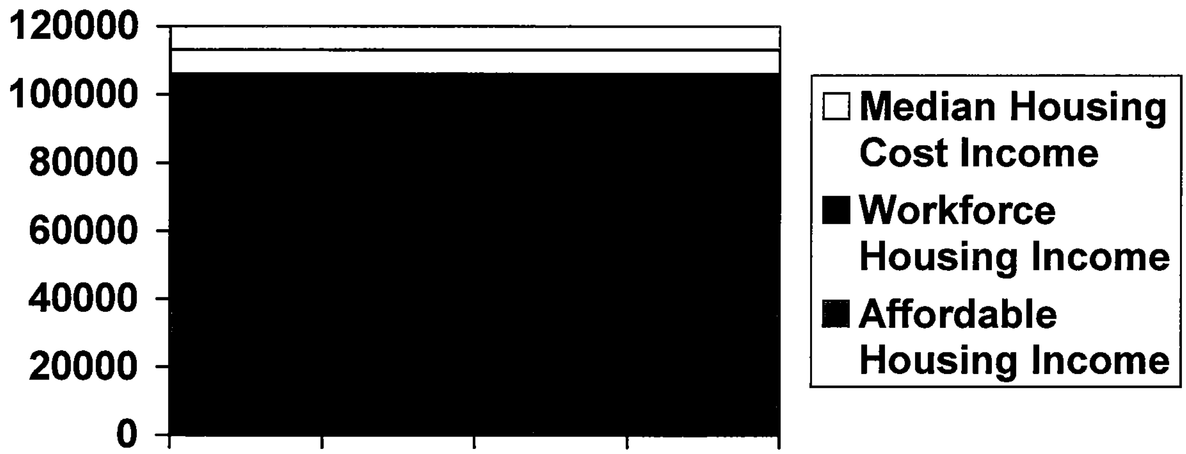


The Committee recognizes that to have a viable economy the community must address and support the needs of the workforce. A well-trained, motivated and reliable workforce is an asset to the County and will support economic growth. Services to support the workforce, including housing, need to be readily available within the community. Recognizing the importance of having a mix of housing types and cost points that are readily available throughout the community to provide a range of affordable housing options to the workforce will have positive impacts on creating and maintaining a healthy and balanced economy. In order to accomplish that goal alone, an affordable place for our workforce is essential.

The Committee recognizes the need for public, private, non-profit and partnerships, including employers, to participate in developing programs that will increase the supply and availability of workforce housing and the committee will study methodologies and provide recommendations toward that achievement.

The Committee shall be charged with evaluating the increasingly embraced notion that mixed-income residential environments are more desirable and more economically feasible than income-based residential segregation. The Committee realizes that excluding moderate income households and lower-income households from affordable housing opportunities encourages sprawl and exacerbates an already strained transportation infrastructure and in sprawled, economically segregated areas it is more costly to fund schools, develop high quality parks and public spaces and more difficult to conserve land and natural habitats. The Committee will study options including the use of multiple tiers of eligibility for workforce housing which may ensure new units are built to be affordable for moderate and middle-income households. In evaluating such a program the committee will look at a three tiered system that requires some share of new units to be affordable to households earning up to 50% of the area median income (AMI), another share for households earning up to 80% of AMI, and a third share for households earning up to 120% of AMI and make appropriate recommendations.

AMI Income Chart



The Committee shall evaluate and make appropriate recommendations relating to the creation of Workforce Housing Overlay Districts which may increase the inventory of workforce housing in an incremental, user friendly fashion which may defeat high density development by production of affordable homes on smaller, scattered lots and introduce recommendations providing a carrot to developers which may attach by introduction of inclusionary/exclusionary zoning practices adaptable to the overlay districts. The Committee will study the positive and negative impacts of inclusionary/exclusionary zoning practices, which may be applied to a broad range of the workforce housing, and make appropriate recommendations towards solving those issues.

In order to fulfill the mission of the Committee it will be necessary to develop an Action Item Agenda to address the full range of issues in order to provide recommendations as will emerge as part of the charge of the Committee. The Committee may adopt the following action items to address and determine priorities.

1. Identify and create an inventory of potential workforce housing sites which may be compatible with surrounding land uses and are consistent with local community plans, are proximate to transportation and commercial centers and which may provide significant development opportunities and establish ranking criteria.

2. Study and forward recommendations to inspire employer assisted housing initiatives and evaluate current trust fund guidelines for expansion or modification.

3. Create a developer's list and evaluate the merits of workforce housing overlay districts and attached requirements and make appropriate recommendations.

4 Review existing County affordable housing programs and recommend changes relevant to allowing the funding of both mixed use and mixed income developments, funding of infrastructure improvement in addition to property acquisition, review of current income brackets and expansion to 120% of AMI and ranking of workforce housing developments and the attachment thereto of various progressive policies.

5. Study and recommend the development of endorsement guidelines in light of the "Not In My Backyard" (NIMBY) syndrome and create policy and perception changes that create policy changes, which endorse workforce housing that meet certain criteria.

6. Study the lengthy and expensive permitting process and make recommendations which streamline the process for workforce housing development.

7. Define legislative issues on the County, State and Federal Level, which will require a proactive approach and make recommendations on methods of dealing with important housing issues. Maintain a proactive position on defeating the elimination of Community Block Grants and provide lobbying advice on key issues.

8. Provide recommendations on revamping current approaches to the housing crisis with a goal of maintaining affordability.

9. Evaluate tools for workforce housing development through the transfer of developer rights or credits to non-environmental sensitive properties from properties acquired for open space and passive parkland purposes and recommend modifications or amendments to current programs.

10. Study the merits of inclusionary/exclusionary zoning and make appropriate

recommendations.

The layering of each of the committee's efforts may make up an aggregate, which can contribute to the solution of the housing crisis.

There are many stakeholders, and the Committee must encourage that each buys into the solution, realizing that contributions to the answer must come from not just one agency or group, be it a Board of Supervisors, developers or special committees, but from several. The constituents are not making their voice heard, the people represented are seldom attending meetings and they are not making their opinions known to public officials or other local groups and commissions. The Committee will play a role in expanding public education and understanding of potential solutions. However, even the outcry of the people is not going to bring forth solutions until the various groups are joined at the hip. Collectively, solutions may emerge then, which address the crisis in full force.

It shall be the charge of the Special Committee on Affordable and Workforce Housing to prepare and implement an educational plan on the problems, solutions and difficulties related to affordable housing and workforce housing in our communities. The committee feels strongly that better education of our communities will lead to a faster and overall better result in any of the solutions the committee may recommend or pursue.

It shall be the charge of the Special Committee on Affordable and Workforce Housing to evaluate the realities contributing to the housing crisis and bring forth recommendations. These recommendations will contribute to solutions where progress can be made to increase the supply of homes workers can afford. The Committee will evaluate the constraints upon workforce housing and recommend measures to either change them or deal with them. The committee has no illusion that it can do any more than contribute to solving the crisis in Fairfax County and the Mount Vernon District through its efforts. The committee shall endeavor to make significant contributions to the collective effort.

AFFORDABLE AND WORKFORCE HOUSING RESOLUTION

WHEREAS, the Co-chairs of the Mount Vernon Council of Citizens' Association (MVCCA) established a "Special Committee on Housing Affordability" (SCAH) on June 9, 2005 for a period of one year as approved by the Board of Directors on September 8, 2005, and

WHEREAS, the SCAH was created for the purpose of conducting a comprehensive review of state and county affordable housing needs, goals, programs, strategies, and funding, and recommending any changes warranted as a result of this review, especially as they apply to the Mount Vernon Magisterial District and the member Associations of the MVCCA, and

WHEREAS, the SCAH was specifically asked:

to accept the vital task of educating the Council, and the community, on affordable housing issues, in order to build public support and an informed consensus around positive strategies for preserving and enhancing the supply of appropriate affordable housing, and

2. to investigate the nature and full extent of housing and shelter needs that are now grouped under the term "affordable housing," review public policies and resources that may contribute to preserving and enhancing the supply of appropriate affordable housing, and identify —through outreach to both private sector and nonprofit organizations— strategies for enhancing private investment and public/private partnerships as well as for assuring accountability to the public, and

3. to recommend policies and actions, in coordination with the Standing Committees, to the full Council, and

WHEREAS, the title of the SCAH was subsequently changed to "Special Committee on Affordable and Workforce Housing" (SCAWH) by the Council in recognition that different programs or initiatives may apply to each, while appreciating that some programs or incentives may at the same time, apply to each other, and

WHEREAS, the SCAWH has defined affordable and workforce housing as:

Affordable Housing is residential housing that has a sales price or rental amount that is within the means of a household that is low to moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which principal, interest, taxes which may be adjusted by state and local programs for property tax relief, and insurance constitute no more than 30% of the gross household income for a household with less than 50% of median income, adjusted for family size. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30% of the gross annual household income for a household with 50% or less of area median income, adjusted for family size. Affordable housing shall include all types of year-round housing, including, but not limited to, manufactured housing, housing originally constructed for workers and their families, accessory dwelling units, housing accepting rental vouchers and or tenant-based certificates under Section 8 of the US Housing Act, as amended, and assisted living housing, where the sales or rental amount of such housing, adjusted for any federal, state, or municipal government subsidy, is less than or equal to 30% of the gross household income of the low and or moderate income occupants of the housing, and

Workforce Housing is residential housing that has a sales price or rental amount that is within the means of a household between 50% and 120% of the area median income where typically no more than 30% of the gross family income is expended for housing and is not housing accepting rental vouchers, Section 8 or other government subsidy currently in place and does not currently have other assistance programs attached representing the core workforce of the County, and

WHEREAS, the lack of Workforce Housing available in the Mount Vernon District and throughout Fairfax County continues to grow, housing for our workforce is arguably the most important economic development issue facing our area today. The economics of our region and businesses are also finding it increasingly difficult to recruit and keep skilled employees. Both young people and our working middle class continue to aspire homeownership, while the current housing cost is a serious disadvantage not only to the families in our area, but also to the businesses, retail and office sites, extending into the mid-management levels, and severely impacting the essential service personnel including, firemen, policemen, teachers, medical staff and others, and

WHEREAS, the SCAWH has developed a Mission Statement and Charge of the Committee published elsewhere in this RECORD that responds to the purposes specifically asked of the SCWAH when established, and

WHEREAS, THE accomplishment of the Mission Statement will require the MVCCA to remain constantly prepared to address changing housing conditions,

THEREFOR BE IT RESOLVED, that the Mount Vernon Council of Citizens Associations approves the Mission Statement of the Special Committee on Affordable and Workforce Housing and,

BE IT FURTHER RESOLVED, the work of the Special Committee on Affordable and Workforce Housing shall be coordinated with other MVCCA committees, be related to the work each may contribute to the mission and purpose of the Special Committee, be within the scope of each MVCCA committees' responsibilities as may be necessary to advance the work of the Special Committee, and

- Families with children with special needs, and
- Families with children who are at-risk for school failure;

WHEREAS it is obvious that when affordable child care is not available to families, parents' employment and economic independence are at risk;

WHEREAS children in low-income families that do not receive subsidized child care services may be placed in unsafe settings when parents cannot afford (unsubsidized) child care fees; and

WHEREAS, in recognition of adverse impacts of reduced funds on the safety and early learning of children, the stability of low-income families, the supply of qualified child care centers and providers who serve low-income families, and the community resources for coordinated response to needs for temporary emergency assistance, Fairfax County Supervisors have acted to prevent immediate disenrollments of enrolled children while urging restoration of funds to localities in the State budget;

THEREFORE BE IT RESOLVED that Mount Vernon Council of Civic Associations supports the full restoration of Child Care Assistance and Referral funds effective in this fiscal year as well as in the next state budget cycle, and the MVCCA urges the Governor to take the budgetary recommendations and actions within his powers to accomplish this.

Amendment to definition of "Affordable Housing" and "Workforce Housing"

WHEREAS, the MVCCA approved a definition of "affordable housing" and "workforce housing"; and

WHEREAS, local developers have discussed the area median income percentages with both County staff and the local community resulting in "workforce Housing" being defined as 60% to 120% of the area median income; and

WHEREAS, MVCCA has defined affordable and workforce housing as follows:

Affordable Housing means residential housing that has a sales price or rental amount that is within the means of a household that is low to moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which payment of principal and interest, taxes that may be adjusted by state and local programs for property tax relief, and insurance constitute no more than 30% of the gross household income for a household with less than 50% of median income, adjusted for family size. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30% of the gross annual household income for a household with 50% or less of area median income, adjusted for family size. Affordable housing shall include all types of year-round housing, including, but not limited to, manufactured housing, housing originally constructed for workers and their families, accessory dwelling units, housing accepting rental vouchers and or tenant-based certificates under Section 8 of the US Housing Act, as amended, and assisted living housing, where the sales or rental amount of such housing, adjusted for any federal, state, or municipal government subsidy, is less than or equal to thirty percent of the gross household income of the low and or moderate income occupants of the housing.

Workforce Housing means residential housing that has a sales price or rental amount that is within the means of a household between 50% and 120% of the area median income where typically no more than 30% of the gross family income is expended for housing and is not housing accepting rental vouchers, Section 8 or other government subsidy currently in place and does not currently have other assistance programs attached. Such housing available in a broad price range represents a basic requirement for the core workforce in the county.

THEREFORE BE IT RESOLVED THAT the Mount Vernon Council of Citizens' Associations amend its definition of "affordable housing" and "workforce housing" as follows:

Affordable Housing means residential housing that has a sales price or rental amount that is within the means of a household that is low to moderate income or less. In the case of dwelling units for sale, housing that is affordable means housing in which payment of principal and interest, taxes that may be adjusted by state and local programs for property tax relief, and insurance constitute no more than 30% of the gross household income for a household with less than 60% of the area median income, adjusted for household size. In the case of dwelling units for rent, housing that is affordable means housing for which the rent, heat, and utilities other than telephone constitute no more than 30% of the gross annual household income for a household earning 60% or less of area median income, adjusted for household size. Affordable housing shall include all types of year-round housing, including, but not limited to, manufactured housing, housing originally constructed for workers and their families, accessory dwelling units, housing accepting rental vouchers and or tenant-based certificates under Section 8 of the US Housing Act, as amended, and assisted living housing, where the sales or rental amount of such housing, adjusted for any federal, state, or municipal government subsidy, is less than or equal to thirty percent of the gross household income of the low and or moderate income occupants of the housing.

Workforce Housing means residential housing that has a sales price or rental amount that is within the means of a household between 60% and 120% of the area median income where typically no more than 30% of the gross Household income is expended for housing and is not housing accepting rental vouchers, Section 8 or other government subsidy currently in place and does not currently have other assistance programs attached. Such housing available in a broad price range represents a basic requirement for the core workforce in the county.

BE IT FURTHER RESOLVED THAT the new definition be amended in the mission statement of the SAWHC as well as also be forwarded to the Board of Supervisors to inform them of the change in definition.

FAIRFAX COUNTY AFFORDABLE HOUSING ADVISORY COMMITTEE
REPORT OF THE SPECIAL SUBCOMMITTEE
PROGRESS REPORT - YEAR ONE – FY 2006

September 22, 2006

Background: *The Affordable Housing Preservation Action Committee was appointed by the Board of Supervisors in August 2004. The Action Committee's top recommendation was to dedicate one penny of the real estate tax rate to the preservation of affordable housing. In the spring of 2005, the Board acted on this recommendation, generating almost $18 million in for affordable housing in Fiscal Year 2006.*

To provide guidance to staff on the use of this investment, the Board appointed the Affordable Housing Advisory Committee, comprised of many of the members of the original Action Committee, but expanded to include additional stakeholders from the real estate industry, non-profit organizations, advocacy groups, financial institutions, employers and employees, business community, and County boards and authorities. The Advisory Committee began meeting on a quarterly basis in late June 2005.

An ad hoc subcommittee of the Affordable Housing Advisory Committee was formed in June, 2006 to, among other things, review the progress of the Penny for Affordable Housing Fund directly in relation to the principles, priorities and guidelines recommended by the Advisory Committee and endorsed by the Board of Supervisors (see attachment). The subcommittee met on July 24, 2006 and September 18, 2006, to review the FY 2006 investments of the Penny Fund and surrounding issues. This document provides constitutes the progress report for FY 2006.

Summary: *On November 21, 2005, at the recommendation of the Affordable Housing Advisory Committee, the Board of Supervisors adopted overriding and guiding principles and top priorities for the use of the Penny for Affordable Housing Fund. The special subcommittee of the Advisory Committee finds that the expectations set forth by the Board were nearly all met or exceeded during Fiscal Year 2006. This progress report includes a point-by-point assessment of the progress made by the Department of Housing and Community Development (HCD) versus the Board's overriding and guiding principles and priorities in FY 2006. Every case involving the use of the Penny Fund complied with the Board's principles and priorities. In cases where the Board set forth a priority and the Penny Fund was not used, HCD and the Fairfax County Redevelopment and Housing Authority (FCRHA) moved aggressively to apply other resources to address the issue. Similarly, the subcommittee has identified some future actions or recommendations to be considered by the Advisory Committee, HCD and/or the FCRHA that may go beyond the principles, priorities and guidelines set by the Board of Supervisors, but support the intent of the recommendations by the Affordable Housing preservation Action Committee. Those steps are identified below. Overall, the subcommittee finds that the progress made in FY 2006 represents a solid foundation for continued funding in FY 2007 and beyond.*

Analysis: The Board of Supervisors divided their guidance on the use of the Penny for Affordable Housing Fund into overriding and guiding principles, and top priorities. The following is an analysis of HCD's progress versus the Board's overriding principles:

- ***Overriding Principle 1:*** *Preservation of existing affordable housing is the highest priority.*
  - Progress/findings: The special subcommittee finds that all activities funded by the Penny in FY 2006 preserved existing affordable housing. For example, the Crescent Apartments in Reston (Hunter Mill District) was purchased by the FCRHA using over $9.4 million from the Penny Fund, which leveraged an additional $40.5 million in bond funds for the purchase. This purchase alone preserved 180 units, or nearly 20 percent of the Board's goal of preserving 1000 units by the end of 2007.

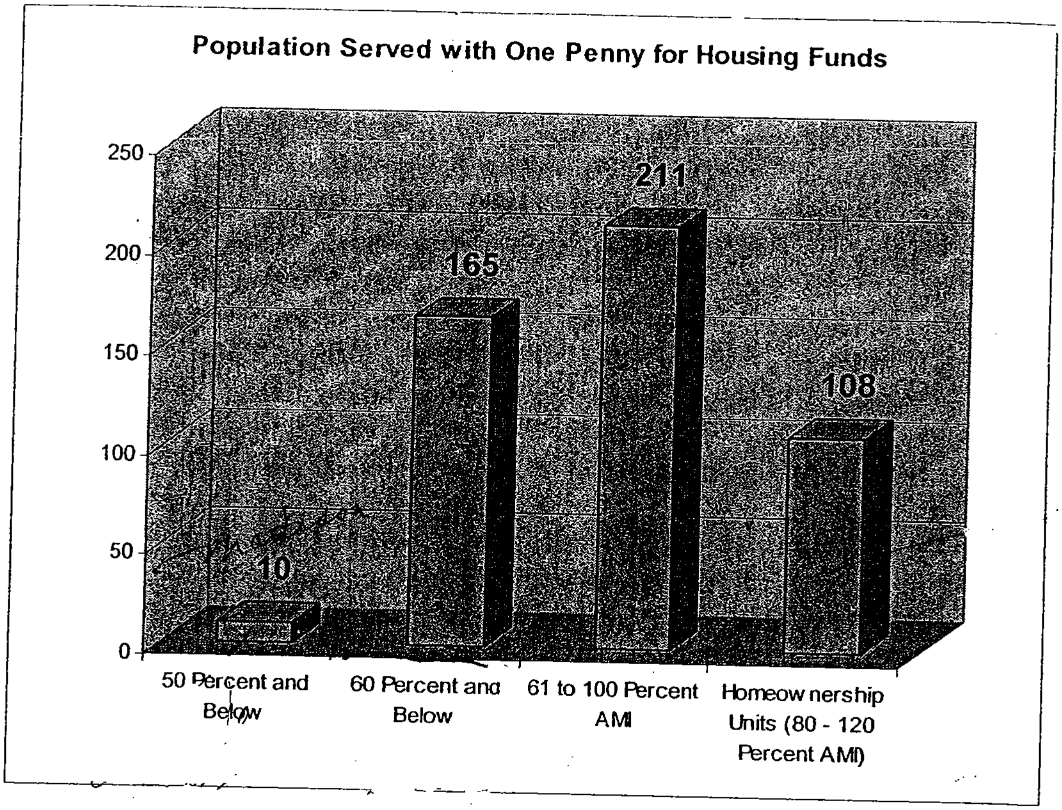
- ***Overriding Principle 2:*** *The Fund will be fully spent or specifically obligated with the fiscal year in which it is appropriated.*
  - Progress/findings: In FY 2006, 99.2 percent of the funds were either spent or encumbered by Board action (95.1 spent, 4.1 encumbered. Of the remaining .8 percent, the majority is unspent administrative funds and funds reserved for an ongoing preservation project, both of which will carry over to FY 2007.

- ***Overriding Principle 3:*** *The Fund will be opportunity-driven.*
  - Progress/findings: All projects funded through the Penny Fund were new transactions that had not previously been in the pipeline. The projects all represented units which were at risk of being lost to market housing. The risk was acute for the Crescent Apartments, which was part of the Winkler portfolio that was sold in 2006. The Crescent was the only property in a $2 billion portfolio that was preserved for affordable housing.

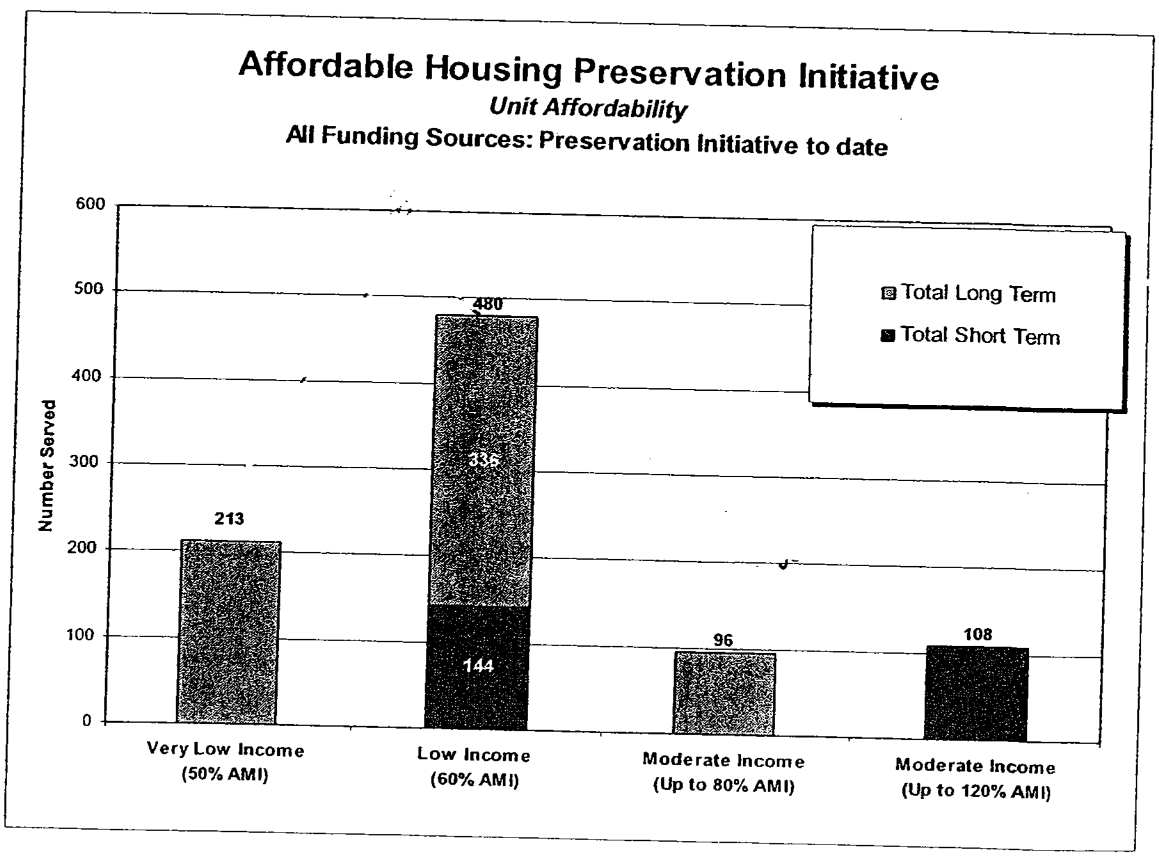
The following is an analysis of progress versus the guiding principles adopted by the Board:

- ***Guiding Principle 1:*** *The Fund will be leveraged at least 3:1.*
  - Progress/findings: In FY 2006, the leveraging of the Penny Fund ranged from a low of 3.52:1 to a high of 5:1, with an average of 4.26:1.

- ***Guiding Principle 2:*** *Projects can be expected to range in affordability. Projects serving a lower income may be eligible for an above-average subsidy, while those serving a higher income eligible for a lower subsidy. The affordability range will be set by the Advisory Committee.*
  - Progress/findings: The affordability range set by the Committee is 0 percent to 120 percent of the area median income (FY 2006: $90,300). The average subsidy per unit for projects in FY 2006 was $45,826. The income ranges served by Penny Fund in FY 2006 are shown in the chart below:



The income ranges served by all funding sources, for the Preservation Initiative to date, are shown in the chart below:



- ➢ ***Guiding Principle 3:*** *All projects are expected to be feasible, sustainable, affordable, completed in a timely manner, and meet threshold standards set by the Department of Housing and Community Development.*
  - o <u>*Progress/findings:*</u> The Penny Funds were used in 4 projects for acquisition and rehabilitation: Madison Ridge; Hollybrooke II, Crescent, and Janna Lee. Acquisition was completed for all projects, except Janna Lee, which is under contract and is expected to be acquired by the end of calendar year 2006. Rehabilitation is underway at Hollybrooke II and is expected to be completed by December, 2006.

- ➢ ***Guiding Principle 4:*** *Allocations from the Fund will be spent on capital expenditures.*
  - o <u>*Progress/findings:*</u> All funds expended or encumbered, except 2.5 percent set aside by the Board for administrative costs, were spent on capital expenditures.

- ➢ ***Guiding Principle 5:*** *Under appropriate circumstances, the Fund may be used for new housing production.*
  - o <u>*Progress/findings:*</u> No funds were used for new construction.

- ➢ ***Guiding Principle 6:*** *Loans, deferred loans, grants and other financing approaches will be used.*
  - o <u>*Progress/findings:*</u> Financing approaches included deferred low interest and no interest loans, direct subsidies for a County purchase, and bridge and mezzanine financing.

- ➢ ***Guiding Principle 7:*** *The activity, status and success of the Fund will be well communicated to the Board of Supervisors and the community.*
  - o <u>*Progress/findings:*</u> Activities, status and successes of the Fund are reported regularly in the on-line newsletter at www.e-ffordable.org. The newsletter is published bi-weekly and sent to approximately 421 "subscribers" plus HCD staff. In addition, press releases were provided to the media on the Crescent acquisition, which was funded by the Penny Fund. The Preservation Initiative, including the Penny Fund, has received coverage in a wide variety of local and regional newspapers. A televised discussion of the One Penny and affordable housing in general is planned for Channel 16. The County has won 3 national awards, the Governor's Award, and received recognition from the Council of Governments for the Preservation Initiative. As evidence of this national recognition, HCD staff has spoken to a number of organizations expressing interest in the Penny Fund.

- ➢ ***Guiding Principle 8:*** *The Fund should be used to finance permanent or long-term affordability; the minimum affordability period should correspond to the Fairfax County Affordable Dwelling Unit (ADU) Ordinance.*
  - o <u>*Progress/findings:*</u> All projects funded by Penny Fund resources since adoption of this change by the Affordable Housing Advisory Committee and the Board of Supervisors have minimum affordability periods of 30 years. The first project funded by the One Penny which was funded before this

principle was adopted, involved homeownership condominiums where affordability restrictions will be in place for two years.

The following is an analysis of progress versus the top priorities adopted by the Board:

- ***Priority 1:*** *Preservation of existing affordable housing.*
  - *Progress/findings:* A total of 494 units were preserved using the Penny Fund in FY 2006. A total of 897 units have been preserved to date using all funding source since the inception of the Preservation Initiative in April 2004.

- ***Priority 2:*** Workforce housing.
  - *Progress/findings:* Excluding housing for the elderly, persons with disabilities, and other special needs housing, 846 of the 897 units preserved to date are workforce housing. The subcommittee also notes that HCD has been providing staff support to the Board-appointed High-rise Affordability Panel, which is charged by the Board with making policy recommendations to ensure the inclusion of affordable/workforce housing in high-rise/high-density developments in the County. On February 6, 2006, the Board adopted a general policy and set of guiding principles for the implementation of affordable/workforce housing, which included a policy supporting affordable/workforce housing for families earning a range of moderate incomes up to 120 percent of the Area Median Income.

- ***Priority 3:*** Address condominium conversions.
  - *Progress/findings:* Four acquisitions directly responded either to the potential conversion of affordable rental housing to condominiums, or the sale of already converted units at market rate. These included:
    - Madison Ridge, where half of the units were preserved as rental and the rest sold as affordable first-time homebuyer condominiums; 216 total units preserved *(Sully District)*;
    - The Crescent, where all of the units were preserved as rental; 180 units total preserved *(Hunter Mill District)*;
    - ParcReston, where converted units were purchased below-market and returned to affordable rental housing; 10 units total preserved *(Hunter Mill District)*; and
    - Hollybrooke II, where converted units were purchased by AHC, Inc. with FCRHA financing and preserved as affordable rental housing; 98 units total preserved *(Mason District)*.

- ***Priority 4:*** Reduce homelessness.
  - *Progress/findings:* While no Penny Funds were used on projects specifically targeted to the needs of the homeless, the FCRHA made several investments of other funds to meet the needs of the homeless in Fairfax County, including:
    - *Homestretch, Inc.:* The FCRHA provided $875,000 in CDBG funds to Homestretch, for the purchase of six scattered site units to serve as transitional housing for homeless families with children and persons with disabilities.

- *Good Shepherd Housing:* The FCRHA provided a total of $218,000 in financing for the purchase of two units in the Alexandria area of Fairfax County to be preserved as affordable housing. The units will be rented to low income households (60% or below of the Area Median Income) as part of Good Shepherd's Apartments, Budgeting, Counseling (ABC) Rental Program. This program is designed as an alternative to the homeless shelter for households denied housing in their own name due to poor credit, no credit or low-income.

HCD has also been participating on Deputy Executive Verdia Haywood's Homeless Hypothermia Task Force, which has a goal to identify potential real estate in the community to house the 2006-2007 Winter Hypothermia Program. HCD staff has analyzed real estate and recommended potential sites to the Deputy Executive.

- ***Priority 5:*** Affordable Housing close to work centers and transit.
  - Progress/findings: Most of the units preserved are within walking distance of work centers. For example, the Crescent Apartments are adjacent to Lake Anne commercial area, ParcReston is immediately across the street from the Reston Town Center; and Hollybrooke II is in Seven Corners, within walking distance of bus lines on both Leesburg Pike and Arlington Boulevard. Madison Ridge is located in the job-rich western part of the County.

- ***Priority 6:*** Affordable Housing on surplus public land.
  - Progress/findings: No Penny Fund resources have been expended on this priority to date. However, it should be noted that progress has been made in identifying sites and engineering analysis are underway to determine the feasibility of residential construction on several sites.

- ***Priority 7:*** Accessible and special needs housing.
  - Progress/findings: Of the 897 units preserved since the inception of the Preservation Initiative, 35 units are specifically for the elderly and persons with disabilities.

- ***Priority 8:*** Affordable housing and affordable assisted living for seniors.
  - Progress/findings: Penny Funds were not expended for these priorities in FY 2006. However, it should be noted that funds from other sources, including the Housing Trust Fund, CDBG and HOME were used for the development of Chesterbrook Assisted Living *(Dranesville District)* and Birmingham Green Assisted Living. Construction commenced on Chesterbrook in 2006 and is expected to commence on Birmingham Green in the fall of 2006. Braddock Glen Assisted Living *(Braddock District)* was completed in 2006; this 60-unit development is currently in the process of leasing up.

- ***Priority 9:*** Safe housing.
  - Progress/findings: No activity to report for FY 2006.

- **Priority 10:** Replacement and preservation of affordable housing in areas undergoing redevelopment and revitalization.
  - Progress/findings: The Crescent Apartments are located contiguous with the existing Lake Anne Revitalization area in Reston. Possible redevelopment of the site as part of the revitalization effort could both preserve the existing affordable housing and potentially add more mixed-income (including more affordable) housing to the site.

Future issues/considerations: The Subcommittee, within many of the principles and priorities, identified issues for further consideration by the Advisory Committee. Those issues are as follows:

- **Overriding Principle 1:** *Preservation of existing affordable housing is the highest priority.*
  - Future issues/considerations: Consideration should be given to providing assistance to new construction that represents new units to replace those lost to the housing stock. This is especially true for units that serve seniors, persons with disabilities or special needs, and those with incomes below 50% of the area median income (AMI). These actions should be closely coordinated with agencies that provide supportive services.

- **Overriding Principle 2:** *The Fund will be fully spent or specifically obligated with the fiscal year in which it is appropriated.*
  - Future issues/considerations: Consideration should be given to consider incentives or set-asides to address unmet needs in housing preservation, such as housing for very low income or special needs populations if projects to ensure that these types of projects are brought forward.

- **Overriding Principle 3:** *The Fund will be opportunity-driven.*
  - Future issues/considerations: Consideration should be given to providing more definitive information to both private and nonprofit developers as to what kind of projects might be perceived as better meeting the needs in Fairfax County. This might also involve investing in projects through other mechanisms such as a community land trust. Given the costs of developing units for persons with very low incomes, and the fact that other funding sources are available to support development at 80% of AMI and higher, consideration should be given to using the Penny Fund to support the projects that might otherwise not be built.

- **Guiding Principle 1:** *The Fund will be leveraged at least 3:1.*
  - Future issues/considerations: Consideration should be given to identifying additional sources of funding that can be combined with local Penny Fund dollars that may further increase leverage of efficiency; for example state funds through the Virginia Department of Housing and Community Development or the Virginia Housing Development Authority.

- **Guiding Principle 2:** *Projects can be expected to range in affordability. Projects serving a lower income may be eligible for an above-average subsidy, while those* *serving a higher income eligible for a lower subsidy. The affordability range will be set by the Advisory Committee.*

- o <u>*Future issues/considerations:*</u> Consideration should be made to establishing a working goal for assistance that will provide a minimum percentage of units in funded development for households with incomes less than 50% of AMI.

➢ ***Guiding Principle 5:*** *Under appropriate circumstances, the Fund may be used for new housing production.*

- o <u>*Future issues/considerations:*</u> Consideration should be given to providing incentives for new construction that meets the unmet housing needs, if projects are feasible, sustainable and affordable and completed in a timely manner.

➢ ***Guiding Principle 7:*** *The activity, status and success of the Fund will be well communicated to the Board of Supervisors and the community.*

- o <u>*Future issues/considerations:*</u> Consideration should be given to institutionalizing the annual review process. The Advisory Committee will prepare an annual report, present it to the Board of Supervisors as appropriate, and hold a community forum to present the uses, success, and need for policy revision of the fund, if any. The Advisory Committee recommends as well that its members play an active role in continuing to educate the public and policymakers about the continued needs and priorities of the Penny Fund and other recommendations of the Preservation Action Committee and the housing needs of our neighbors.

➢ ***Priority 4:*** Reduce homelessness.

- o <u>*Future issues/considerations:*</u> Consideration should be given to using the Penny Fund for homelessness prevention, including potentially single room occupancy (SRO) housing.

➢ ***Priority 5:*** Affordable Housing close to work centers and transit.

- o <u>*Future issues/considerations:*</u> The use of the Penny Fund should be closely coordinated with the work and recommendations of both the High-rise Affordability Panel and the Planning Commission's Transit Oriented Development Committee.

<u>*Other future issues/considerations:*</u>

➢ The 1,000 preservation goal will be met; however, how close are to meeting current unmet housing needs in this community? The preservation goal needs to be evaluated and possibly include an annual goal.

➢ Consideration should be given to whether the Penny Fund should be a primary source of funds for buying down the costs of developing housing affordable at 50 percent AMI and below.

➢ With continued strong projected job growth in Fairfax County and the region, consideration needs to be given to how Fairfax County will keep pace in the future, and what role will the Penny Fund play in redevelopment plans. This should include how the Penny Fund can be used to address the needs of service workers and others at the lower end of the income range.

ATTACHMENT

"One Penny for Housing" Flexibility Fund (Fund 319) Overriding and Guiding Principles

Endorsed by the Board of Supervisors on November 21, 2005

Overriding Principles

- Preservation of existing affordable housing is the highest priority.
- The Fund will be fully spent or specifically obligated with the fiscal year in which it is appropriated.
- The Fund will be opportunity-driven.

Guiding Principles

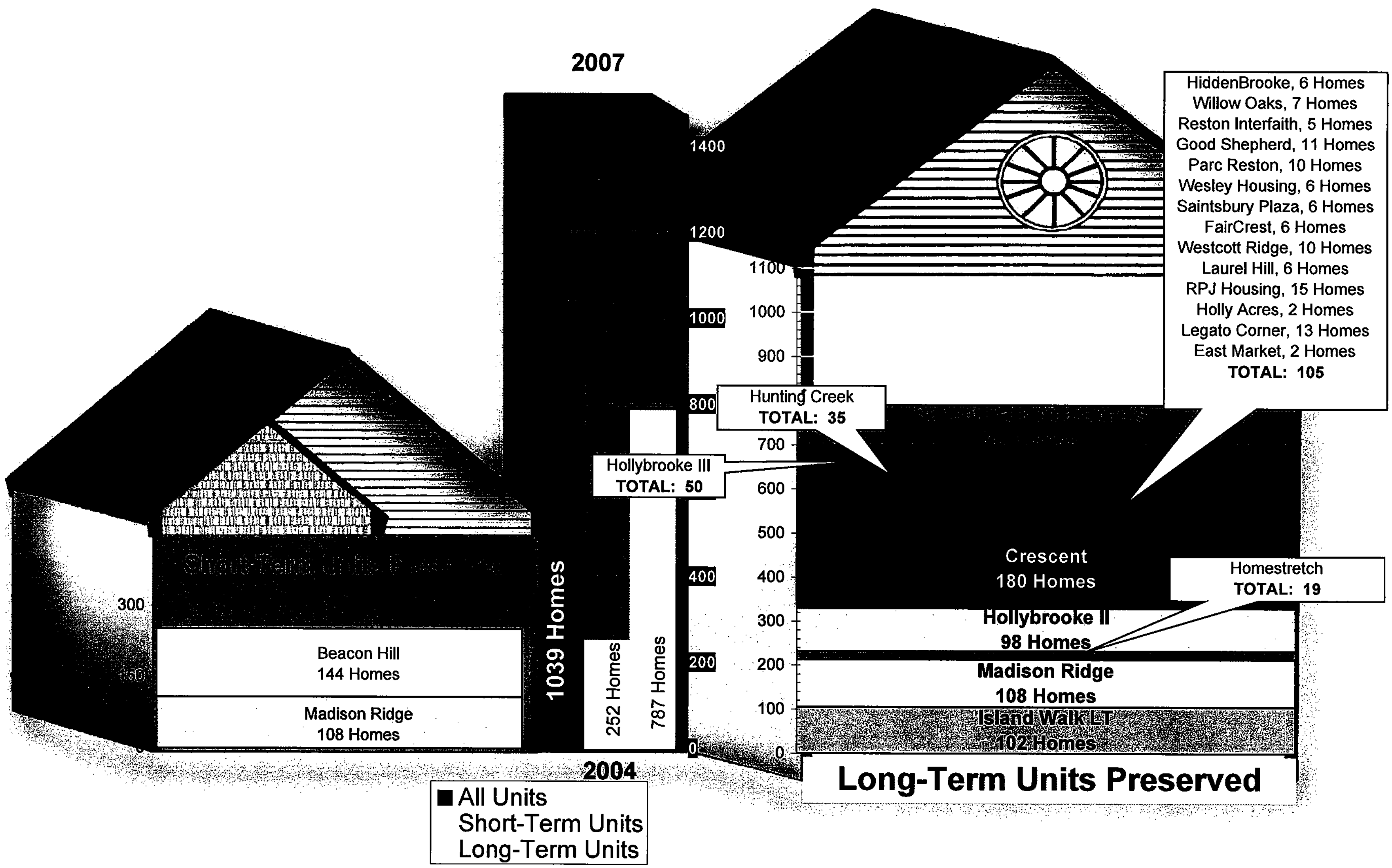
In addition to the overriding principles, the following principles will guide the use of the Fund:

- The Fund will be leveraged at least 3:1.
- Projects can be expected to range in affordability. Projects serving a lower income may be eligible for an above-average subsidy, while those serving a higher income eligible for a lower subsidy. The affordability range will be set by the Advisory Committee.
- All projects are expected to be feasible, sustainable, affordable, completed in a timely manner, and meet threshold standards set by the Department of Housing and Community Development.
- Allocations from the Fund will be spent on capital expenditures.
- Under appropriate circumstances, the Fund may be used for new housing production.
- Loans, deferred loans, grants and other financing approaches will be used.
- The activity, status and success of the Fund will be well communicated to the Board of Supervisors and the community.
- The Fund should be used to finance permanent or long-term affordability; the minimum affordability period should correspond to the Fairfax County Affordable Dwelling Unit (ADU) Ordinance

Top Priorities

- Preservation of existing affordable housing
- Workforce housing
- Address condominium conversions
- Reduce homelessness
- Affordable Housing close to work centers and transit
- Affordable Housing on surplus public land
- Accessible and special needs housing
- Affordable housing and affordable assisted living for seniors
- Safe housing
- Replacement and preservation of affordable housing in areas undergoing redevelopment and revitalization.

Preservation Progress Report: Status as of December 21, 2006



Preservation Report[1] Since Preservation Initiative Started, April 2004 to Present

Units Preserved[1]	1039	Units in the Pipeline for Preservation[2]	331

Units in the pipeline for preservation: Lorton Valley, Westbriar Plaza, Reston Interfaith, Homestretch, East Market, Janna Lee Village Apartments, and Good Shepherd Housing.

Compiled by Fairfax County Department of Housing and Community Development. For more information, call 703-246-5104 or TTY 703-385-3578.

Preservation Progress Report

Status as of December 21, 2006

Since Preservation Initative Started (April 30, 2004 to Present)

Property Name	Date Closed	Units	Supervisor District	Organization; Project Type
Units Preserved[1]				
FCRHA Units Preserved				
Long-Term Affordability				
East Market	Nov-06	2	Springfield	Magnet Housing for School Bus Drivers
Legato Corner	Aug-06	13	Springfield	Magnet Housing for County/School Employees
Parc Reston	Apr-06	10	Hunter Mill	Persons with disabilities
Holly Acres	Mar-06	2	Lee	FCRP Program
Crescent	Feb-06	180	Hunter Mill	County purchase
Willow Oaks	Jul-05	7	Springfield	2 units Low/Mod Rental, 5 units Magnet
Madison Ridge	Jul-05	10	Sully	Low/Mod Rental
Saintsbury Plaza	Apr-05/06	6	Providence	Serves ages 55 and over
FairCrest	Mar-05	3	Sully	FCRP Program
Westcott Ridge - Magnet	Feb-05	4	Springfield	Magnet for Fire and Rescue and Police
Laurel Hill	Dec-04	6	Mt. Vernon	
Westcott Ridge - Magnet	Jul-04	6	Springfield	Magnet for Fire and Rescue and Police
FairCrest North	Apr-04	3	Sully	
Total		252		
FCRHA Units Preserved Total		252		
Nonprofit Units Preserved				
Short-Term Affordability				
Madison Ridge	Jul-05	108	Sully	Wesley Housing
Total		108		
Long-Term Affordability				
Hollybrooke III	Dec-06	50	Mason	AHC
Sunset Park Apartments	Dec-06	90	Mason	AHC. Inc.; Low/Mod Rental
Good Shepherd Housing	Aug-06	2	Mt. Vernon	Low/Mod Rental
Good Shepherd Housing	Jul-06	1	Mt. Vernon	Low/Mod Rental
Good Shepherd Housing	Jun-06	2	Mt. Vernon	Low/Mod Rental
Dequincey	Apr-06	6	Braddock	RPJ Housing; Group Home
Springdale/Munson Road	Apr-06	6	Mason	Wesley Housing; Group Home
Homestretch	Apr-06	6	Providence/Sully	Low/Mod Rental
Hollybrooke II	Dec-05	98	Mason District	AHC Inc. partnership; Low/Mod Rental
Reston/Herndon Townhouse Preservation Program	Nov-05	2	Hunter Mill	Reston Interfaith; Low/Mod Rental
HiddenBrooke	Oct-05	6	Springfield	Circle Properties; Senior Low/Mod Rental ADU
Chanute Place	Sep-05	1	Providence	Homestretch; Low/Mod Rental
Savannah Street	Aug-05	1	Providence	Homestretch; Low/Mod Rental

Compiled by Fairfax County Department of Housing and Community Development
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Preservation Progress Report
Status as of December 21, 2006

Madison Ridge	Jul-05	98	Sully	Wesley Housing Rental units
Homestretch	Jun-05	1	Braddock	Homestretch; Transitional Housing
Audubon Avenue	Jun-05	1	Lee	Good Shepherd Hous. Low/Mod Rental
Homestretch	May-05	1	Providence	Homestretch; Transitional Housing
Homestretch	May-05	1	Braddock	Homestretch; Transitional Housing
Audubon Avenue	May-05	2	Lee	Good Shepherd Hous. Low/Mod Rental
San Leandro Place	May-05	1	Lee	Good Shepherd Hous.
Hatfield Square	Feb-05	1	Sully	Homestretch
Claremont Woods Drive	Jan-05	1	Lee	RPJ Housing; Low/Mod Homeownership
Southgate Square	Dec-04	1	Hunter Mill	Reston Interfaith; Low/Mod Rental
Hagel Circle	Dec-04	1	Mt. Vernon	RPJ Housing; Low/Mod Homeownership
Village Green Drive	Dec-04	1	Lee	Good Shepherd Hous. Low/Mod Rental
Audubon Avenue	Nov-04	1	Lee	Good Shepherd Hous. Low/Mod Rental
Manzanita Drive/Sonora Place	Oct-04	2	Lee	RPJ Housing; Transitional Housing Rehab
Winona Court	Sep-04	1	Braddock	Homestretch; Low/Mod Rental
Aurora Court	Aug-04	1	Mt. Vernon	RPJ Housing; Low/Mod Homeownership
Dublin Place	Jul-04	1	Dranesville	Reston Interfaith; Low/Mod Rental
Southgate Square	Jul-04	1	Hunter Mill	Reston Interfaith; Low/Mod Rental
Savannah Street	Jul-04	1	Providence	Homestretch; Low/Mod Rental
Chanute Place	Jun-04	1	Providence	Homestretch; Low/Mod Rental
Donnybrook Court	Jun-04	1	Braddock	Homestretch; Low/Mod Rental
Biscayne Drive	Apr-04	4	Mt. Vernon	RPJ Housing; Low/Mod Rental
Americana Drive	Apr-04	3	Braddock	Homestretch; Low/Mod Rental
Island Walk**	Apr-04	102	Hunter Mill	CPDC; Low/Mod Rental
Total		500		
Nonprofit Units Preserved Total[3]		608		
For-Profit Units Preserved				
Short-Term Affordability				
Beacon Hill	Aug-04	144	Lee	
Total		144		
Long-Term Affordability				
Hunting Creek	Sep-05	35	Mt. Vernon	
Total		35		
For-Profit Units Preserved Total		179		
Total Units Preserved		1039		

Compiled by Fairfax County Department of Housing and Community Development
For questions, call 703-246-5104 or TTY 703-385-3578

Preservation Progress Report

Status as of December 21, 2006

Property Name	Date Approved	Units	Supervisor District	Notes
Units in the Pipeline for Preservation[2]				
FCRHA Units in the Pipeline for Preservation				
Long-Term Affordability				
East Market	Mar-06	2	Springfield	1 for Magnet Housing; 1 for FCRP Program
Lorton Valley	Apr-05	2	Mt. Vernon	Units for Persons with Disabilities
Westbriar Plaza	Oct-05	1	Providence	
Total		5		
FCRHA Units in Pipeline for Preservation Total		5		
Nonprofit[3] Units in the Pipeline for Preservation				
Long-Term Affordability				
Good Shepherd	Jul-06	3	TBD	Low/Mod Rental
Homestretch	Jul-06	2	TBD	Low/Mod Rental
Reston Interfaith	Jul-05	1	Hunter Mill	Low/Mod Rental
Homestretch	Jul-05	1	TBD	Low/Mod Rental
Total		7		
Nonprofit Units in Pipeline for Preservation Total		7		
For-Profit Units in the Pipeline for Preservation				
Long-Term Affordability				
Janna Lee Village Apartments	Dec-06	319	Lee	JLV Partners II; Low/Mod Rental
Total		319		
For-Profit Units in Pipeline for Preservation Total		319		
Total Units in the Pipeline for Preservation		331		

Source: The statistics in this report are compiled by Fairfax County Department of Housing and Community Development. Figures include information received from the Virginia Housing Development Authority and nonprofits.

Preservation Progress Report

Status as of December 21, 2006

*Units are considered to have modest/affordable rent when units in a property have (or had) average rents, including utilities, affordable to households with incomes up to 70 percent of the Metropolitan Statistical Area median adjusted by household size.

** Island Walk was originally developed as a limited equity cooperative serving low income households. The property was threatened by extensive deterioration and deferred maintenance and consideration was given to complete demolition and redevelopment of the property. Demolition was avoided through the assistance of the County, the FCRHA and the purchase of the property by the non-profit CPDC. While the property no longer is a cooperative, it has been extensively rehabilitated, renovated and preserved as long term affordable housing.

[1]Units Preserved: HCD considers units preserved when the transfer of ownership has occurred, where financing has closed and where affordability is anticipated for a given amount of time. The date indicates the date of closing. Units are considered to have short-term affordability when they are preserved for five years and under; long-term affordability is over five years.

Homeownership may be included when related to preservation, however anything built, proffered or ADUs for sale by developers through the First-Time Homebuyer program would not be considered preservation for the purposes of this report. Units were preserved with financial or technical assistance, agreement or negotiation by the Department of Housing and Community Development or Fairfax County Redevelopment and Housing Authority.

FCRHA purchase of ADU's are considered preservation because units are preserved that would otherwise be sold off to the market in 15 years. In the ADU scenario, the FCRHA did not build the units, simply bought them, for preservation purposes.

[2]<u>Units in the Pipeline for Preservation:</u> HCD considers units in the preservation pipeline to be those that are in the process of being preserved, where final transfer has not taken place, but where the FCRHA or Board of Supervisors has approved an item relating to the given project

[3]<u>Nonprofits:</u> Nonprofits that are general partners of a tax credit limited partnership are considered nonprofit for the purposes of this report

Compiled by Fairfax County Department of Housing and Community Development
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