

Fairfax County Affordable Housing Advisory Committee



Proposed Recommendations Concerning the Penny for Affordable Housing Fund

May 29, 2009

Special Subcommittee

- Convened by co-chairs to evaluate the existing guiding and overriding principles for the Penny Fund
- Intended to provide recommendations to the Board of Supervisors for discussion at upcoming retreat
- Comprised of members of the existing subcommittee plus others to can add important perspective
- Members:
 - Kerrie Wilson, Chair; Herb Cooper-Levy; Pam Barrett; Michael Scheurer; Michelle Krockner, John Niemiec, Marlene Blum, Michael O'Reilly, Gerry Williams, Jim Scott, Conrad Egan

Background

- The Board of Supervisors adopted “Guiding and Overriding Principles” for the Penny Fund in November 2005
- Since that time, the Penny Fund has been a consistent success in preserving affordable housing
- The special subcommittee identified a number of issues that have emerged which necessitate changes to how the Fund is used in the future

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 1:** *Add the following statement of purpose:*

***“To produce and preserve sustainable affordable housing in Fairfax County.*”**

- Discussion:
 - Emphasizes flexibility of the fund
 - As a local resource, the Board has the ability to invest in emerging need without the constraints of federal resources

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 2:** *Add the following Overriding Principle:*

“The Penny for Affordable Housing Fund will be used on capital expenditures for the production and preservation of enduring physical affordable housing assets”

- **Discussion:**
 - Fund originally conceived as a capital resource
 - Provides for a dependable, permanent affordable asset compared to other models, such as rent subsidies

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 3:** *Add the following Overriding Principle:*
“The Fund will be flexible and driven by local priorities to be recommended by the Affordable Housing Advisory Committee and approved by the Board of Supervisors on an annual basis.”
- Discussion:
 - Provides for more flexibility over time to adjust priorities as circumstances change
 - Proposed set of “Current Priorities” included in revised Guiding and Overriding Principles document

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 4:** *Add the following Overriding Principle:*
“The Fund will focus on providing affordable housing for persons experiencing homelessness, extremely low income persons with disabilities and special needs, seniors and working households”
- Discussion:
 - Recognizes critical importance of serving these populations
 - Capital expenditures are needed to implement projects that will contribute to implementing “Housing First”/Homelessness Plan
 - Board urged to continue to provide supportive services essential to the success of Housing First from non-capital resources

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 5:** *Amend the Guiding Principle concerning subsidy level to read:*

“The Fund shall serve persons with low incomes of 80 percent of AMI and below. Projects serving the lower end of the income range may be eligible for an above average subsidy ... serving the higher end ... will be eligible for a lower subsidy”

- Discussion:

- Clarifies the incomes served by the Fund
- Sets expectation that serving lower incomes requires greater subsidy level

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 6:** *Amend the Guiding Principle concerning new construction to read:*

“The Fund may be used for new housing production and the preservation of existing affordable housing, including rehabilitation”

- Discussion:
 - Clarifies that the Fund can be used for new construction
 - Expands definition of “preservation” to include rehabilitation

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 7:** *Amend the Guiding Principle concerning leveraging to read:*

“Leveraging non-county funds will continue to be an important goal of the Fund. Levels of leveraging will vary based on the incomes of persons being served”

- Discussion:

- Recognition that serving households with extremely low incomes may make the original “3:1” leverage expectation infeasible in certain projects.

Proposed Amendments to the Penny Fund Guiding and Overriding Principles

- **Amendment 7:** *Revised and re-state Penny Fund priorities to read as follows:*
 - ***Preventing and ending homelessness by providing safe and affordable housing***
 - ***Accessible and special needs housing***
 - ***Affordable housing close to work centers and transit***
 - ***Providing a range of affordable housing for seniors***
 - ***Preservation of existing affordable housing***
 - ***Workforce housing***
 - ***Affordable housing on surplus public land***

Recommendation Concerning the Allocation of the Penny for Affordable Housing Fund

- ❑ **The Special Subcommittee finds that the existing model for allocating the Penny Fund is flexible and responsive, has been a consistent success, and should be retained.**
- ❑ Discussion:
 - Current model has allowed the FCRHA and non-profit and for-profit affordable housing developers to respond to opportunities in the market.
 - Other models may simply not have the speed and flexibility to respond to emerging opportunities.

Other Critical Subcommittee Recommendations

- ❑ Strive for further alignment of Fairfax County's affordable housing efforts with the Plan to Prevent and End Homelessness
- ❑ Expand the Workforce Housing Policy to serve lower incomes
- ❑ Permit affordable housing in commercial and industrial districts
- ❑ Countywide application of Merrifield Plan Language concerning ADUs
- ❑ Move forward with Zoning Ordinance amendment on Residential Studio Units

Other Critical Subcommittee Recommendations

- ❑ Identify a dedicated affordable housing funding source
- ❑ Seek additional federal Housing Choice Vouchers
- ❑ Consider a local affordable housing tax credit for private developers
- ❑ Develop a policy to foster synergy between commercial development and the need for affordable workforce housing
- ❑ Continue to seek opportunities to develop affordable housing on public land

End

- Questions
- Comments