

Fairfax County Affordable Housing Advisory Committee



Report of the Special Subcommittee

**Progress Report: FY 2009 Penny
for Affordable Housing Fund**

September 25, 2009

Special Subcommittee

- Appointed to report on the progress of the Penny Fund each year
- Members:
 - Kerrie Wilson, Chair
 - Lee Fifer
 - Herb Cooper-Levy
 - Pam Barrett
 - Jerry Hopkins
 - Bill Lauer
 - Michael Scheurer
 - Michelle Krockner

Report Overview

- The Penny Fund again **met or exceeded expectations** in nearly every principle and priority established for the Fund
- FY 2009 marked first use of the Penny Fund for new construction, homeownership
- Majority of FY 2009 Penny Fund used for prior years preservation projects – Wedgewood and Crescent
- A few of the highlights of the Penny Fund's successes in FY 2009 include ...

✓ FY 2009 Report Highlights

- **Overriding Principle 1:**
Preservation of existing affordable housing is the highest priority
- **Findings:**
 - Most Penny Fund resources dedicated prior years projects and construction of Olley Glen
 - Wedgewood permanent financing closed August 20
 - In total, 152 additional units were preserved in FY 2009, including 4 units with the Penny Fund
 - Total units preserved through FY 2009, all funding sources: 2,376



Strawbridge Square: 128 units

Photo by kind permission of Wesley Housing.

✓ FY 2009 Report Highlights

- **Overriding Principle 2:** *The fund will be fully spent or specifically obligated within the fiscal year in which it is appropriated*
- **Findings:**
 - 58% of FY 2009 Revised Penny Fund allocation expended and 0.9% encumbered during FY 2009
 - Majority of the remaining 41% reserved for ongoing preservation projects
 - As of August 2009, nearly 98 percent expended or obligated



✓ FY 2009 Report Highlights

- **Overriding Principle 3:** *The fund will be opportunity-driven*
- **Findings:**
 - Use of Penny Fund for the construction of Olley Glen and to respond to the foreclosure crisis demonstrate the Penny Fund's flexibility to respond to emerging local priorities and opportunities



***Olley Glen: 90 units
(under construction)***

✓ FY 2009 Report Highlights

Guiding Principle 1: The fund will be leveraged at least 3:1.

- **Findings:**

- ✓ Leverage of Penny Fund, FY 2009: 3.87:1
- ✓ Leverage rate for Wedgewood permanent financing: 8.88:1 (closed August 20)

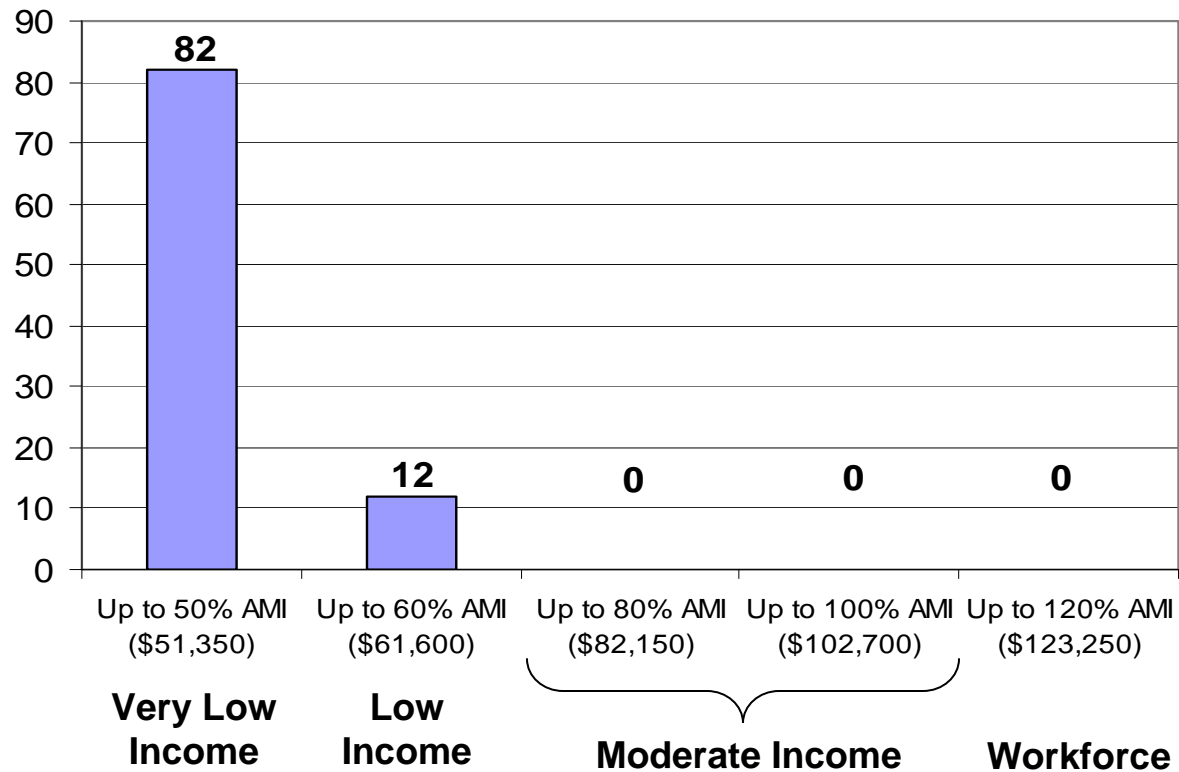
Guiding Principle 2: Projects can be expected to range in affordability. Projects serving a lower income may be eligible for an above average subsidy, while those serving a higher income eligible for a lower subsidy.

- **Findings:**

- ✓ Continued progress in serving lower income households
- ✓ 2,376 total units preserved through FY 2009; 1,973 affordable at 60 percent AMI, including 641 units affordable at 50 percent AMI

✓ FY 2009 Report Highlights

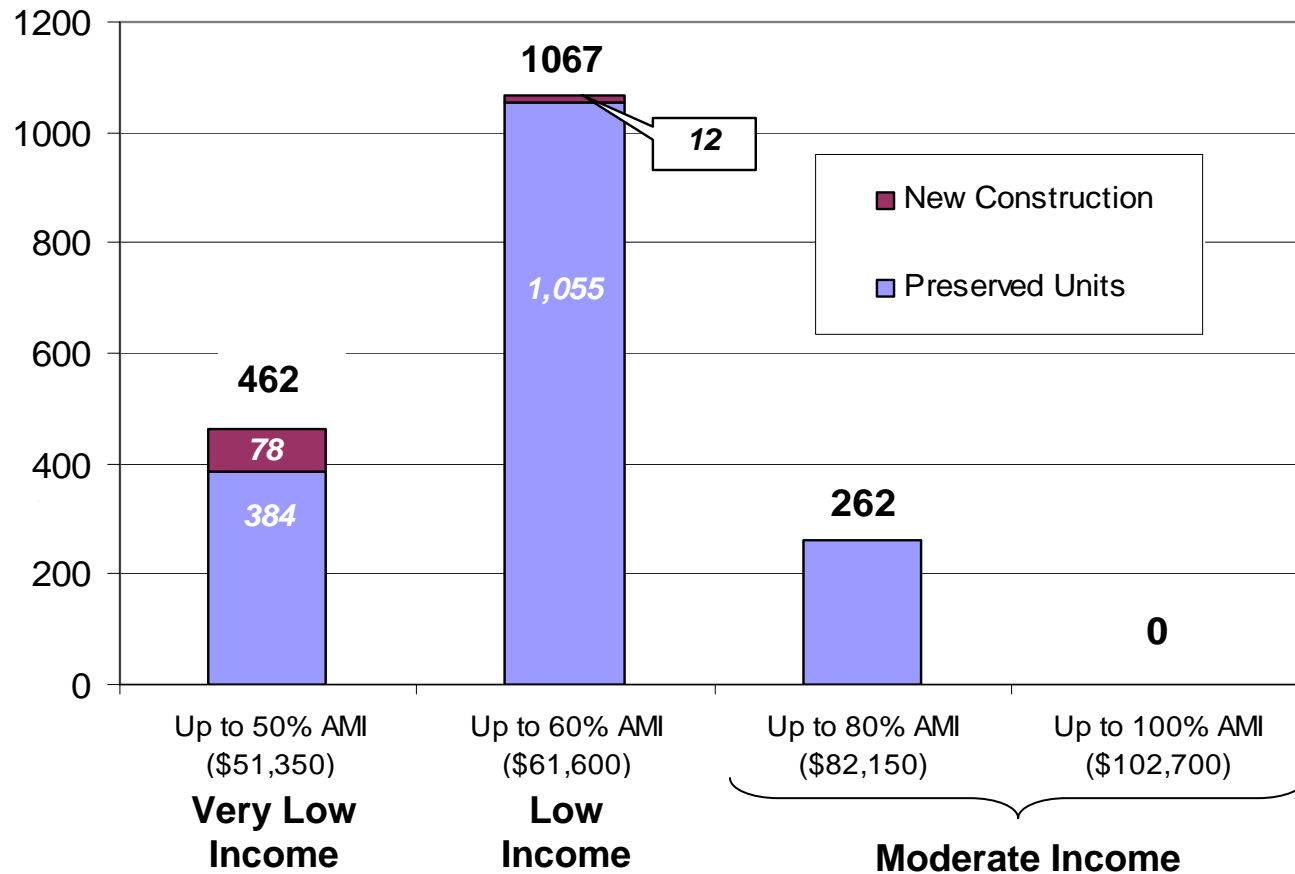
Rent Affordability of Units Preserved and Under Construction in FY 2009 By Percentage of Area Median Income (Incomes Shown for a Family of Four) *Penny for Housing Fund*



✓ FY 2009 Report Highlights

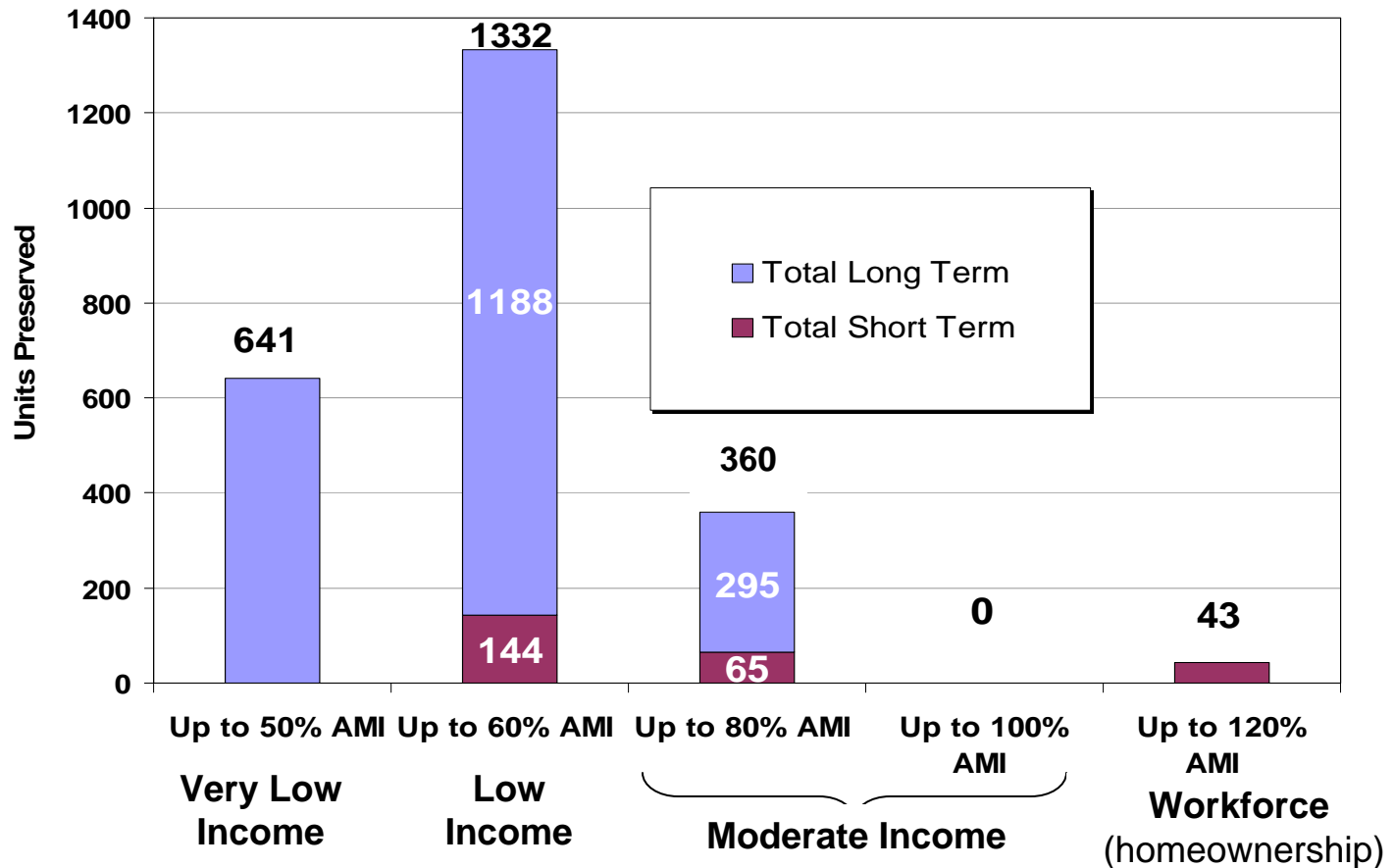
Rent Affordability of Units Preserved and Under Construction through FY 2009 By Percentage of Area Median Income (Incomes Shown for a Family of Four)

Penny for Housing Fund



✓ FY 2009 Report Highlights

**Affordability of Units Preserved, April 2004 through FY 2009
By Percentage of Area Median Income (AMI)
All Funding Sources**



✓ FY 2009 Report Highlights

Guiding Principle 3: All projects expected to be feasible, sustainable, affordable, completed in a timely manner, and meet threshold standards.

- **Findings:**

- ✓ Each use of the Penny Fund on FY 2009 underwritten by HCD and transactions were completed in a timely manner. Olley Glen now under construction and is anticipated to be completed in FY 2011.

Guiding Principle 4: Allocations from the Fund will be spent on capital expenditures.

- **Findings:**

- ✓ All funds expended/encumbered – except the 2.5 percent set-aside for administrative costs authorized by the Board of Supervisors – were spent on capital expenditures.

✓ FY 2009 Report Highlights

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

- **Findings:**

- ✓ \$6.3 million expended from FY 2009 Penny Fund for the construction of Olley Glen, \$1.6 million of which was repaid and allocated to the permanent financing of Wedgewood

Guiding Principle 6: Loans, deferred loans, grants and other financing approaches will be used.

- **Findings:**

- ✓ Penny transactions included direct purchase of units, financing of FCRHA construction at Olley Glen and deferred second-trust loans under the Silver Lining Initiative

✓ FY 2009 Report Highlights

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

- **Findings:**
 - ✓ Activities well reported to the Board and public through a variety of means

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.

- **Findings:**
 - ✓ Units acquired or under construction with the Penny Fund will have long-term affordability

✓ FY 2009 Report Highlights

- **Priority 1:** Preservation of existing affordable housing.
 - **Findings:**
 - ✓ 152 units preserved using all funding sources in FY 2009;
2,376 units preserved from April 2004 through FY 2009

- **Priority 2:** Workforce housing.
 - **Findings:**
 - ✓ 2,308 of 2,376 units preserved through FY 2009 are for working families and individuals
 - ✓ In addition, 931 new units of workforce housing had been proffered by private developers as of the end of FY 2009 under the Board's workforce housing policy

✓ FY 2009 Report Highlights

- **Priority 3:** Address condominium conversions.
 - **Findings:**
 - ✓ No condominium conversions in FY 2009; however, rental market highly challenging for low- and very-low income families
- **Priority 4:** Reduce homelessness.
 - **Findings:**
 - ✓ No Penny Fund resources used on projects specifically targeted to homeless population
 - ✓ However, the County and FCRHA continue to make critical investments and take other steps to serve the homeless

✓ FY 2009 Report Highlights

- **Priority 5:** Affordable housing close to work centers and transit.
 - **Findings:**
 - ✓ Units preserved and under construction were within walking distance of work centers or major transit corridors

- **Priority 6:** Affordable housing on surplus public land.
 - **Findings:**
 - ✓ No Penny Fund resources expended in FY 2009
 - ✓ The “Residences at Government Center” continued to move forward; now in feasibility period

✓ FY 2009 Report Highlights

➤ **Priority 7:** Accessible and special needs housing.

• **Findings:**

- ✓ 56 preserved units are specifically for persons with disabilities, 12 for the elderly; however, persons with disability and the elderly may live in any preserved unit for which they can meet eligibility requirements
- ✓ Wedgewood ground units being reviewed for potential to serve persons with physical disabilities. Strawbridge Square will upgrade existing accessible units and incorporate “Universal Design” as feasible

➤ **Priority 8:** Affordable housing and affordable assisted living for seniors.

• **Findings:**

- ✓ \$6.3 expended on Olley Glen, 90 units of senior independent living

✓ FY 2009 Report Highlights

- **Priority 9:** Safe housing.
 - Findings:
 - ✓ No Penny Fund resources expended in FY 2009

- **Priority 10:** Replacement/preservation of affordable housing in areas undergoing redevelopment/revitalization.
 - Findings:
 - ✓ Majority of FY 2009 Penny Fund allocation used for Crescent and Wedgewood, both of which are adjacent to revitalization areas

FY 2010 Outlook

- Board reduced Penny Fund by 50 percent in FY 2010; this will have a significant impact on Fairfax County's ability to meet affordable housing needs
- Special subcommittee urges full funding in FY 2011
- Subcommittee also re-affirms Penny Fund recommendations made to the Board on June 15, 2009

End

- Questions
- Comments