

Fairfax County Affordable Housing Advisory Committee



Report of the Special Subcommittee

Progress Report: FY 2008 Penny for Affordable Housing Fund

Board of Supervisors Housing Committee

October 27, 2008

Special Subcommittee of the Advisory Committee

- 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 Special Subcommittee found that the Penny Fund again **met or exceeded expectations** in nearly every principle and priority established for the Fund, particularly in the area of serving low and very low income households
- A few of the highlights of the Penny Fund's successes in FY 2008 include ...

✓ FY 2008 Report Highlights

- **Overriding Principle 1:**
Preservation of existing affordable housing is the highest priority
- **Findings:**
 - All funds spent on preservation
 - 791 units preserved using the Penny Fund
 - Projects preserved included Wedgewood and Coralain Gardens
 - Total units preserved through FY 2008, all funding sources: 2,224



Wedgewood: 672 units

✓ FY 2008 Report Highlights

- **Overriding Principle 2:** *The fund will be fully spent or specifically obligated within the fiscal year in which it is appropriated*
- **Findings:**
 - 95.6% of budgeted allocation spent or encumbered
 - Remaining funds for ongoing preservation projects and unspent administrative funds
 - Total of \$12,902,810 expended from FY 2008 Penny Fund on prior year preservation transactions



Coralain Gardens: 105 units

✓ FY 2008 Report Highlights

- **Overriding Principle 3:** *The fund will be opportunity-driven*
- **Findings:**
 - All projects emerged in the market and at risk of being lost
 - Successful preservation of two major multifamily opportunities, one-third of the properties sold in FY 2008
 - Wedgewood an important example of opportunity met by the capacity to act quickly



✓ FY 2008 Report Highlights

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

- **Findings:**

- ✓ Leverage of Penny Fund, FY 2008: 3.31:1
- ✓ Per-unit investment: \$50,042 (\$58,034 in FY 2007)
- ✓ Leverage does not include Wedgewood as permanent financing not yet in place

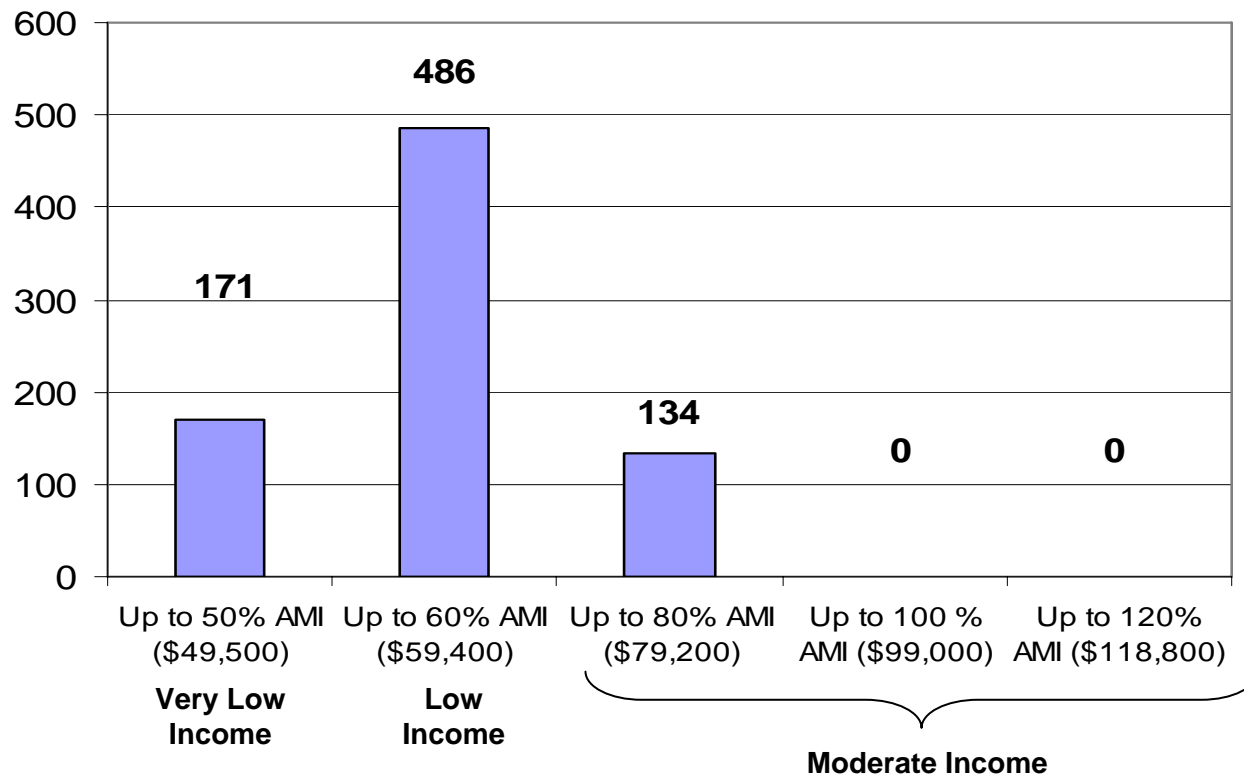
Guiding Principle 2: Projects can be expected to range in affordability. Projects serving a lower income may be eligible for an above average subsidy, while those serving a higher income eligible for a lower subsidy.

- **Findings:**

- ✓ Continued progress in serving lower income households
- ✓ 2,224 total units preserved through FY 2008; 1,679 affordable at 60 percent AMI, including 620 units affordable at 50 percent AMI

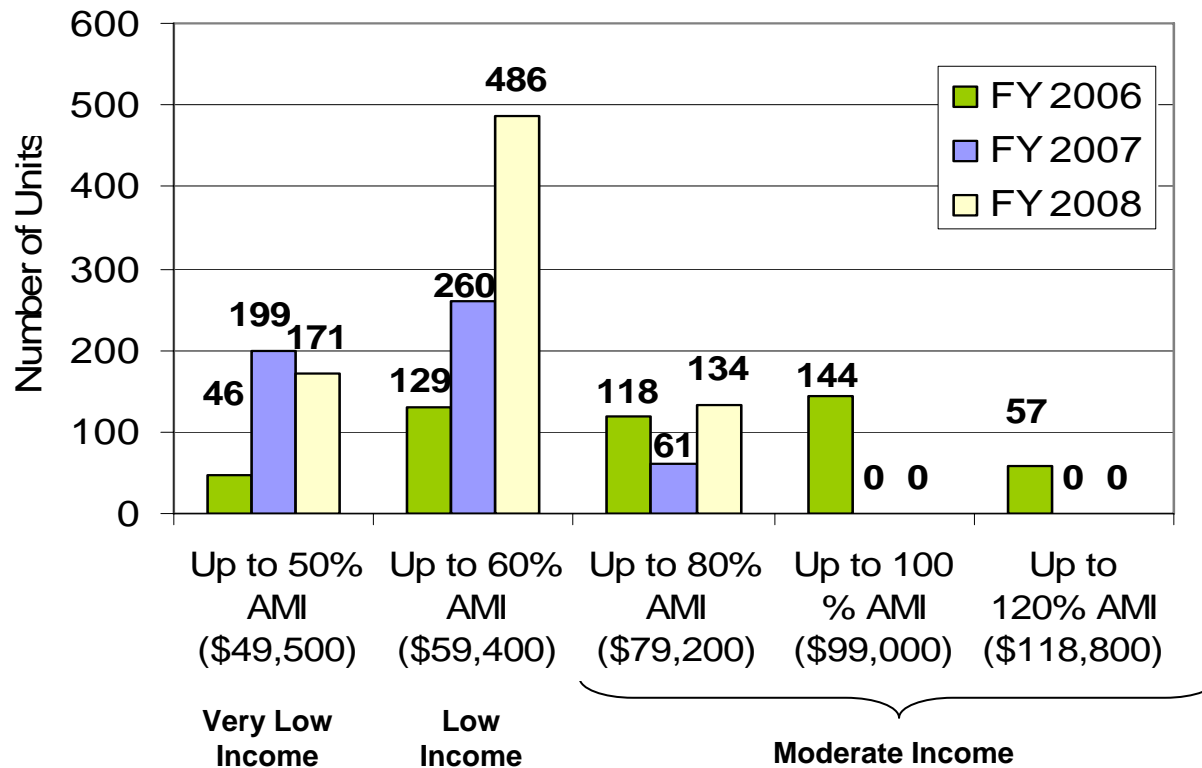
✓ FY 2008 Report Highlights

**Rent Affordability of Units Preserved in FY 2008
By Percentage of Area Median Income (AMI)
*Penny for Housing Fund***



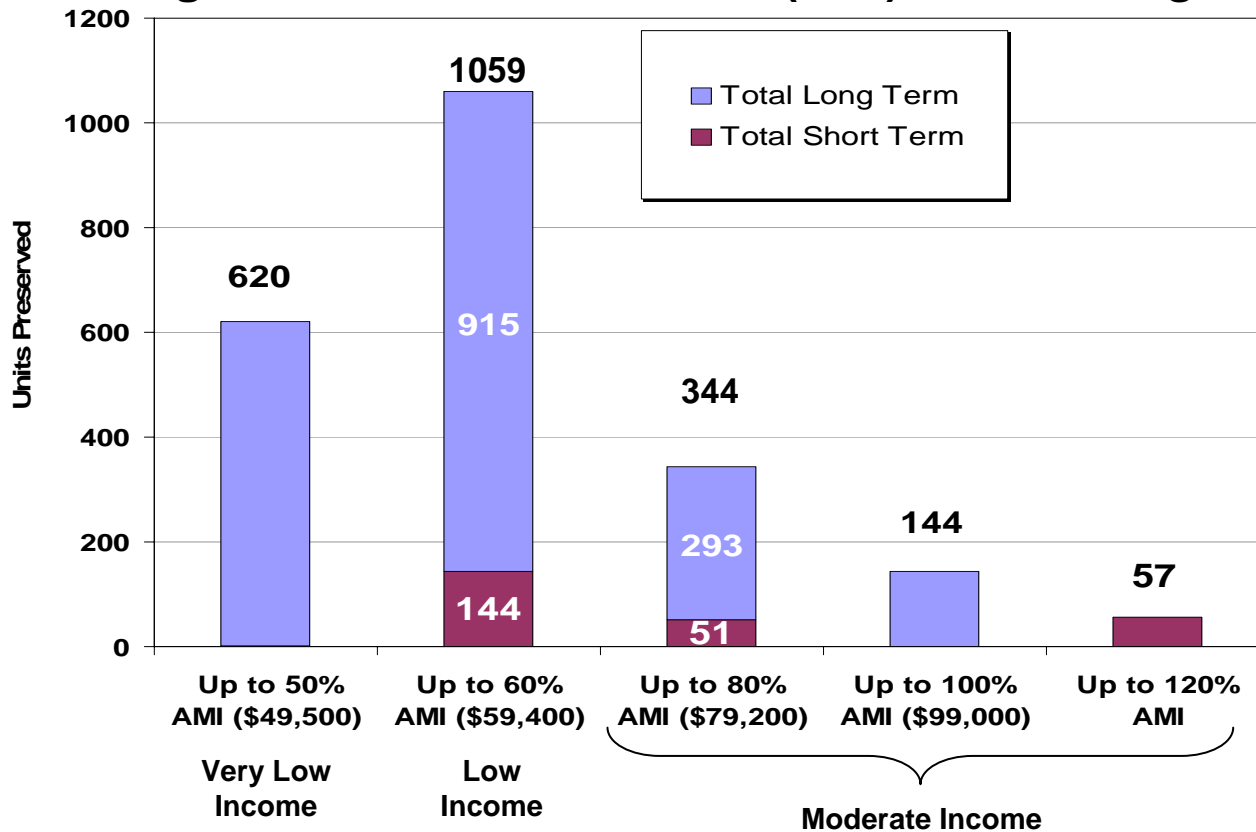
✓ FY 2008 Report Highlights

Rent Affordability of Units Preserved; FY 2008 Compared to FY 2006 and FY 2007 By Percentage of Area Median Income (AMI) *Penny for Housing Fund*



✓ FY 2008 Report Highlights

Rent Affordability of Units Preserved, April 2004 through FY 2008 By Percentage of Area Median Income (AMI): *All Funding Sources*



✓ FY 2008 Report Highlights

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

• **Findings:**

- ✓ Penny Fund used in six transactions: Halstead, Stockwell Manor, Wedgewood, Bryson at Woodland Park, Fair Oaks Landing and Coralain Gardens. The Coralain Gardens and Wedgewood multifamily transactions were reviewed by the County Financial Advisor for feasibility.

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 2008 Report Highlights

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

• **Findings:**

- ✓ No funds used for new construction in FY 2008.
- ✓ Board authorized use of FY 2009 Penny Fund for construction of Olley Glen senior property.

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

• **Findings:**

- ✓ Penny transactions included a deferred low-interest loan and direct subsidies for county purchases

✓ FY 2008 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:**

- ✓ All projects funded by Penny Fund resources in FY 2008 have minimum affordability periods of 30 years, which corresponds to the ADU ordinance affordability period.

✓ FY 2008 Report Highlights

- **Priority 1:** Preservation of existing affordable housing.
 - **Findings:**
 - ✓ 791 units preserved using Penny Fund in FY 2008; 2,224 units preserved from April 2004 through FY 2008

- **Priority 2:** Workforce housing.
 - **Findings:**
 - ✓ 2,173 of 2,224 units preserved through FY 2008 are for working families and individuals
 - ✓ In addition, 845 new units of workforce housing had been proffered by private developers as of the end of FY 2008 under the Board's new workforce housing program

✓ FY 2008 Report Highlights

- **Priority 3:** Address condominium conversions.
 - **Findings:**
 - ✓ No condominium conversions in FY 2008; 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 2008 Report Highlights

- **Priority 5:** Affordable housing close to work centers and transit.
 - **Findings:**
 - ✓ Most units preserved 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 2008
 - ✓ Significant progress being made on the “Residences at Government Center”

✓ FY 2008 Report Highlights

- **Priority 7:** Accessible and special needs housing.
 - **Findings:**
 - ✓ 51 preserved units are specifically for the elderly and persons with disabilities
 - ✓ Board of Supervisors adopted Universal Design Policy

- **Priority 8:** Affordable housing and affordable assisted living for seniors.
 - **Findings:**
 - ✓ No Penny Fund resources expended in FY 2008,; however, the county is making a variety of investments in the affordable housing/affordable assisted living needs of seniors
 - ✓ Examples include Chesterbrook (55 affordable assisted living units) and Birmingham Green (92 units of assisted living)

✓ FY 2008 Report Highlights

- **Priority 9:** Safe housing.
 - Findings:
 - ✓ No Penny Fund resources expended in FY 2008

- **Priority 10:** Replacement/preservation of affordable housing in areas undergoing redevelopment/revitalization.
 - Findings:
 - ✓ Wedgewood located at gateway to Annandale revitalization area

Other Issues/Considerations

- **General Observation:** FY 2009 Penny Fund allocation committed to prior years preservation projects, the “Silver Lining” foreclosure initiative, and the construction of Olley Glen. Number of additional units preserved in FY 2009 will likely be lower than prior years.
- **Federal Housing Bill:** Recently passed “Housing and Economic Recovery Act of 2008” presents potentially significant opportunities for Fairfax County.

Other Issues/Considerations

- **Recommendations:** Special subcommittee recommends a goal that to the extent feasible, 30% of units preserved in future projects have rents affordable at 50% of AMI. Special subcommittee also recommends that, for FY 2009 going forward, the number of units affordable at 30% of AMI and below be tracked and reported.

End

- Questions
- Comments