



## ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item  
Meeting of February 21, 2009**

**DATE:** January 30, 2009

**SUBJECT:** Appropriation of funds from two Trust and Agency accounts, receipted loan repayments, and receipted proceeds from the sale of affordable housing units to the Affordable Housing Investment Fund (AHIF) account.

**C. M. RECOMMENDATIONS:**

1. Appropriate \$4,600,000 from the Housing Reserve Fund (HRF) (799.359910) to the AHIF account (101.91102) for future use in affordable housing development projects.
2. Appropriate \$1,066,666 from the Rosslyn Fund (799.359910) to the AHIF account (101.91102) for future use in affordable housing development projects.
3. Appropriate \$1,013,203 from loan repayments received in FY09 (101.357000) to the AHIF account (101.91102) for future use in affordable housing development projects.
4. Appropriate \$3,773,698 from the sale of affordable housing units in the Monroe and Hawthorne properties received in FY09 (101.357000) to the AHIF account (101.91102) for future use in affordable housing development projects.

**ISSUES:** The County has received all funds recommended for appropriation, so no issues have been identified.

**SUMMARY:** The County anticipates over \$10 million in funding requests for development projects before the end of the current fiscal year. Appropriation of available funds to the AHIF account will help the County to identify the level of funding available for these anticipated requests. It will also allow the County to more easily communicate available funds to the Housing Commission and County Board when presenting future development projects for consideration.

**BACKGROUND:** The Affordable Housing Investment Fund (AHIF) is funded with local tax dollars (including a portion of the County's recordation tax) and provides financial assistance for the acquisition, development, or rehabilitation of affordable housing for low- and moderate-income households. A small portion of AHIF, \$100,000, is allocated annually for housing-related services that assist such households in the County.

County Manager: \_\_\_\_\_

County Attorney: \_\_\_\_\_

Staff: David Cristeal, Anne Venezia, CPHD, Housing Division

The Housing Reserve Fund (HRF) is a Trust and Agency account that uses private developer contributions/donations to finance affordable housing projects within the County. Developer contributions often result from Site Plans, namely when developers choose to contribute money to the County's HRF in lieu of providing on or off site affordable units.

The Rosslyn Fund is a Trust and Agency account established in response to the 1992 Rosslyn Station Area Plan Addendum (RSAPA), which refined the vision for Rosslyn as a first class urban center and established new goals and objectives for development of Rosslyn. Contributions to the Rosslyn Fund are currently made in response to Site Plan #19, Condition #58 for the 1881 N. Nash St. development and total \$1,066,666.

“Loan repayments” are dollars received from developers to repay outstanding AHIF loans. “Sale of affordable housing units” are dollars received from AHC, Inc. that represent the County's portion of proceeds from the sale of 30 condominium units in the metro corridor obtained through the Site Plan process.

**DISCUSSION:** County staff anticipate receiving funding requests totaling \$10 to \$15 million between now and the end of FY09 for affordable housing development projects. Historically, staff consider each funding request individually and, if the current AHIF balance is insufficient to meet staff-recommended funding requests, request appropriation of funds from the HRF or other sources as necessary in individual Board Reports. Given increased development costs and pressure on developers to seek soft financing through Arlington County, the County anticipates receiving funding requests that exceed all available funding sources in FY09. Consequently, staff hope to discern precisely the amount of funds available for development projects in FY09 so as to make more informed funding recommendations amongst competing requests. Further, by streamlining available funds into a single account, staff will more easily and accurately convey the overall funding picture to the Housing Commission and County Board, improving the Board's ability to make sound financial decisions when considering funding requests for affordable housing development projects. All recommended appropriations to AHIF involve funds already received by the County.

The \$4,600,000 appropriation from the Housing Reserve Fund (HRF) includes prior-year developer contributions intended to finance affordable housing projects. So long as the money is used to support the acquisition, development, or rehabilitation of affordable housing for low and moderate income households in Arlington County, no specific requirements limit the use of these funds. In the past, the County has regularly appropriated funds from the HRF to AHIF to finance affordable housing projects.

The Rosslyn Fund is a Trust and Agency account established to support community benefits, including affordable housing, in the Rosslyn neighborhood. In 2008, the Arlington Partnership for Affordable Housing (APAH), Inc. completed Parc Rosslyn (formerly Rosslyn Ridge), a 238-unit high rise with 95 committed affordable rental units. The 2004 Board Report for Rosslyn Ridge indicated that up to \$533,333 of the project's funding would come from the Rosslyn Fund, demonstrating the intention of using Rosslyn Fund dollars for this project. Since 2004, the County has received a second developer payment of \$533,333, increasing the total Rosslyn Fund

balance to \$1,066,666. With Parc Rosslyn now close to completion, including lease-up, staff recommends using the current Rosslyn Fund balance of \$1,066,666, *plus any future developer contributions to this fund from the Nash Street project*, for Parc Rosslyn by replenishing AHIF dollars originally used to finance this development.

“Loan repayments” are dollars received from developers to repay outstanding AHIF loans. Currently we have received \$1,013,203 in loan repayments for FY09. Typically the County Board would not appropriate these funds to AHIF until FY2010, making them unavailable for County use until that time. Given the level of anticipated funding requests for FY09, we are asking the Board to appropriate these loan repayments to AHIF now so they are available during the current fiscal year.

“Sale of affordable housing units” are dollars received from AHC, Inc. that represent the County’s portion of proceeds from the sale of 30 condominium units obtained through the Site Plan process. The current proceeds balance is \$3,773,698. As with the loan repayments, the County Board typically would not appropriate these funds to AHIF until FY2010. Given the level of anticipated funding requests for FY09, staff recommends that the Board to appropriate these condo net proceeds to AHIF now so they are available during the current fiscal year.

**FISCAL IMPACT:** As of January 30, 2009, the HRF balance is \$4,649,391, the Rosslyn Fund balance is \$1,066,666, and the AHIF balance is \$742,977. Approval of the staff recommendations above would reduce the HRF to \$49,391, decrease the Rosslyn Fund to \$0, and increase the AHIF account to \$11,196,544.