



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of December 12, 2009**

DATE: November 18, 2009

SUBJECT: Appropriation of funds from the Housing Reserve Fund and receipted loan repayments to the Affordable Housing Investment Fund (AHIF) account.

C. M. RECOMMENDATIONS:

1. Appropriate \$3,825,586 from the Housing Reserve Fund (HRF) (799.359910) to the AHIF account (101.91102) for future use in affordable housing development projects.
2. Appropriate \$2,814,197 from loan repayments received in FY10 (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 receiving up to \$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 other sources 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.

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.

"Loan repayments" to the County are dollars received from developers to repay outstanding AHIF and HOME Investment Partnership Program (HOME) loans.

County Manager: BMD

County Attorney: CW

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

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DISCUSSION: County staff anticipate receiving funding requests totaling up to \$10 million between now and the end of FY10 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, staff 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 may exceed all available funding sources in FY10. Consequently, staff hope to discern precisely the amount of funds available for development projects in FY10 so as to make more informed funding recommendations amongst competing requests. Further, by appropriating currently available funds into a single account for evaluation of anticipated FY10 requests, staff can more easily and accurately describe 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 \$3,825,586 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.

“Loan repayments” in account 101.357000 are dollars received from developers to repay outstanding AHIF and HOME loans. Currently we have received \$2,814,197 in loan repayments for FY10. Given the level of anticipated funding requests for FY10, we are asking the Board to appropriate these loan repayments to AHIF now so they are available during the current fiscal year.

FISCAL IMPACT: As of November 18, 2009, the HRF balance is \$3,825,586 and the AHIF balance is \$4,829,436. Approval of the staff recommendations above would reduce the HRF to \$0 and increase the AHIF account to \$11,469,219. The loan repayment balance not yet appropriated will be \$0.