



# **Board of Supervisors' Proposed FY 26 Budget**

## **Work Session #5:**

## **Affordable Housing & the CIP**

---

April 7, 2025

# March

- 5 — Public Hearing on  
Recommended Budget
- 10 — Work session
- 12 — Work session
- 17 — Work session
- 18 — Town hall: The Center
- 19 — **Work session: Board  
proposes budget and sets  
maximum tax rate for  
advertisement**
- 20 — Town hall: Monticello HS
- 24 — Town hall: Sentara  
Conference Room
- 27 — Town hall: Yancey  
Community Center

# April

- 7 — Work session
- 9 — Town hall: WAHS
- 10 — Town hall: North Fork
- 14 — Town hall: Journey MS
- 23 — Public Hearing
- 30 — Public Hearing

# May

- 7 — Board approves and  
appropriates FY 26 Budget  
and sets tax rates

**FY26 Budget Calendar**

# **April 7 Work Session Agenda**

## **1. Affordable Housing & CIP Options**

- Review of Affordable Housing Investment Fund
- What if the County borrowed for Affordable Housing Projects in the CIP?
  - Considerations in the context of the overall CIP & debt program
  - What can the County borrow for? And not?
  - Financial Scenarios
- Board Discussion & Direction

## **2. Continued Human Services Funding Process Discussion**

## **3. Identification of any remaining desired Board adjustments**

# Real Property Tax Rate Increase of 4 Cents

**Real Property**  
per \$100 of  
assessed value

**4 ¢**

**3.2 ¢**

## Public Safety

(\$9.9 M in FY 26) to cover FEMA grant-funded firefighter positions, new police officers, and competitive salaries to maintain workforce stability

**0.4 ¢**

## Schools

(\$1.2 M in FY 26) to support continued education funding. This increase **supplements** the existing tax rate allocation, where 54% is dedicated to Schools

**0.4 ¢**

## Affordable Housing

(\$1.2 M in FY 26) for Affordable Housing to ensure ongoing investment in housing accessibility

# INVESTMENT IN QUALITY OF LIFE

## Affordable Housing



SUPPORTS GOALS:

2

4

.4

**DEDICATED REVENUE  
EQUALING \$1.2M**



**ADDITIONAL \$3M  
ONE-TIME INVESTMENT**



**ADDS TO THE \$17M IN  
HOUSING INVESTMENTS  
OVER PAST 5 YEARS**

# Affordable Housing

Most vulnerable community members

Least vulnerable

Homeless /  
Emergency  
Shelters

Transitional  
housing

Permanent  
Supportive  
Housing

Housing  
Choice  
Vouchers

Affordable  
Rental  
Housing

Affordable  
Home-  
ownership

Workforce  
Housing

≤ 30% AMI

50% AMI

60%  
AMI

80% AMI

Up to  
120%  
AMI

# Affordable Housing Investment Fund

**Established in FY 19**

## **Purpose**

- The Affordable Housing Investment Fund is intended to support housing initiatives that are one-time costs and will support the County's strategic and housing goals.

## **Funding Sources**

- Past one-time transfers from the General Fund
- Affordable Housing Proffers
- **New in FY 26:** Ongoing funding equivalent to 0.4 cents on real estate tax rate

## **Past Uses**

- Virginia Supportive Housing– Premier Circle
- Habitat for Humanity – Southwood Redevelopment Phase I & II
- Piedmont Housing Alliance – Southwood Hickory Hope Apts
- Albemarle Housing Improvement Program – Rehabilitation and Energy Improvement programs

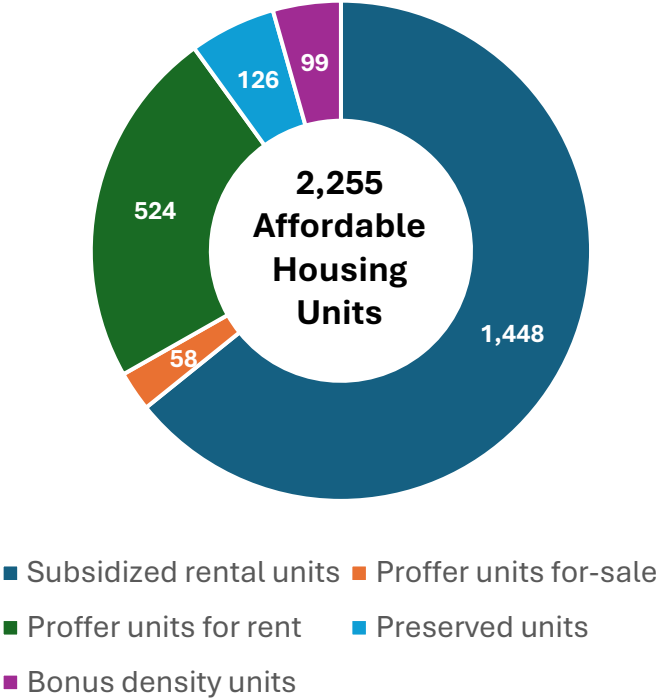
**Currently,** there is \$0.2 M in unallocated funding. Recommendation would increase to \$4.4 M.

## **Future Options**

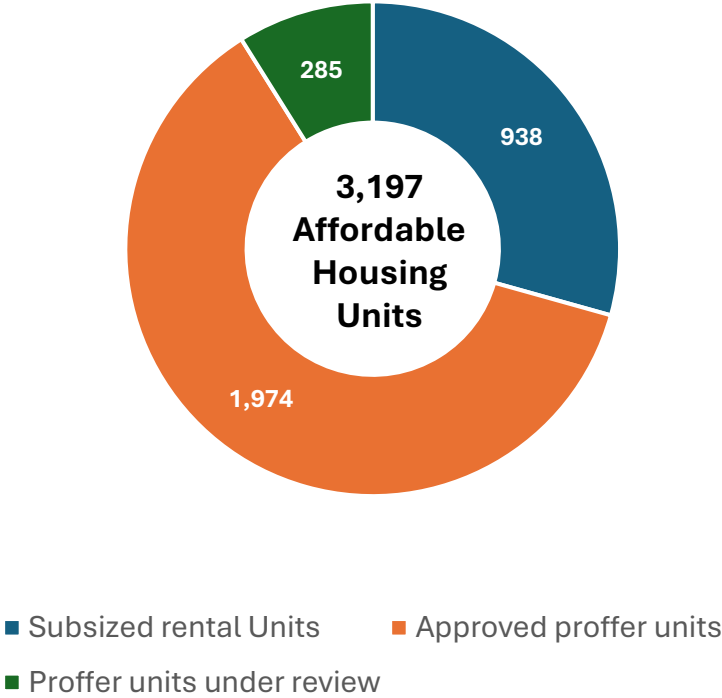
- New housing initiatives
- Homeless services

# Affordable Housing Units in Albemarle

Number of Affordable Units



Affordable Units in the Pipeline



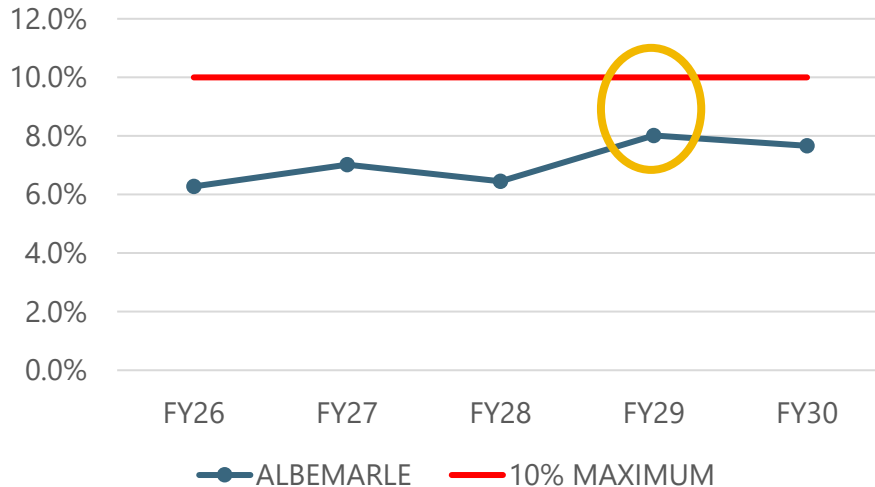


# **What if the County borrowed for Affordable Housing projects within the FY 26 – 30 CIP?**

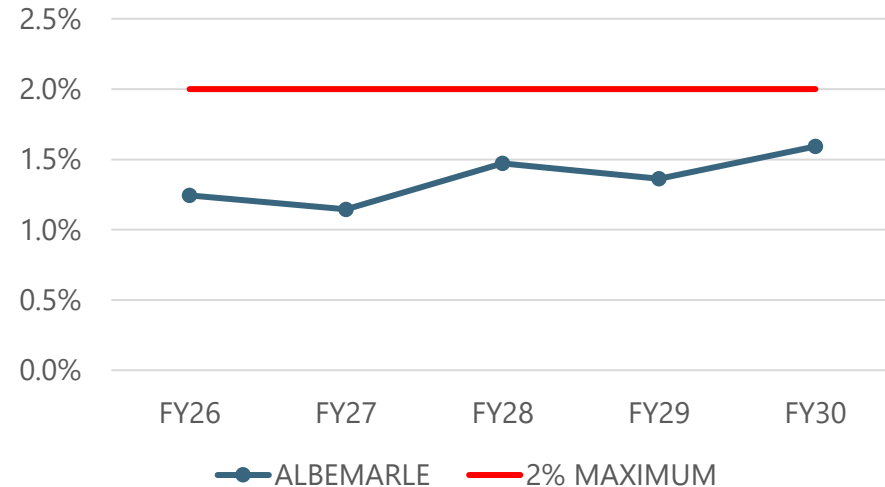
- Leverage – ability to utilize ongoing, dedicated revenues to fund Affordable Housing projects; similar to funding CIP projects
- Considerations in the context of the overall CIP & debt program
  - Debt-related financial management policies
  - Debt capacity and future flexibility
  - Proposed FY26-30 CIP totals \$322.7M
- Other Considerations
  - Related operating costs: accountability, claw backs, ongoing monitoring
  - Timing of projects and bond issuances
  - Few VA counties have issued bonds for affordable housing projects

# Financial Management Policies: Debt

Debt Service as Percentage of General Fund and School Fund Revenues



Outstanding Debt as a Percentage of Assessed Value of Taxable Property



# **Debt Capacity:**

## **Key Component of Bond Ratings**

### Albemarle's AAA/AAA/Aaa Bond Rating

- 2 ratings attained in 2003, 3<sup>rd</sup> attained in 2013
- 55 of 3,000+ counties in United States as of Oct 2024
- 13 of the 55 are in Virginia

### Benefits of Bond Rating

- Future flexibility: Operating & Capital Budgets
- Best possible rates relative to the market
  - Translates to lower debt service payments
- Access to borrowing when needed

# **What types of Affordable Housing expenses could the County borrow for? And not borrow for?**

Eligible expenses:

- Make grants to facilitate the construction of affordable housing
- Infrastructure/public facilities – water/sewer infrastructure, roads, etc
- Land

Ineligible expenses:

- Cannot borrow to establish a revolving loan fund

# **What if the County borrowed for Affordable Housing projects within the FY 26 – 30 CIP?**

- Leverage – ability to utilize ongoing, dedicated revenues to fund Affordable Housing projects; similar to funding CIP projects
- Proposed 0.4¢ dedication = \$1.2M annual revenue stream
- Creates a one-time pool of funding; obligates annual debt service payments (i.e. 20 year repayment)
  - Each \$1M in bond proceeds = \$84,500 in annual debt service payments

# Scenarios

- Option A – FY 26 Proposed CIP, no borrowing for Affordable Housing projects
- Option B – Half of dedicated 0.4 for debt service
- Option C – All of dedicated 0.4 for debt service

# Option A – Proposed CIP, no borrowing

Revenues	FY 26 Proposed	FY 27 Projected	FY 28 Projected	FY 29 Projected	FY 30 Projected	FY 26 - 30 Total
Dedicated 0.4 Cents, assumed annual of +4.9%	1,239,203	1,299,924	1,363,620	1,430,438	1,500,529	6,833,714
Bond Proceeds	0	0	0	0	0	0
<b>Total Revenues</b>	<b>1,239,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>6,833,714</b>
Expenses						
Ongoing (up to)	1,239,203	1,299,924	1,363,620	1,430,438	1,500,529	6,833,714
TBD Affordable Housing Capital Project(s)	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0
<b>Total Expenses</b>	<b>1,239,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>6,833,714</b>

**Total of \$6.8 M available for Affordable Housing projects (ongoing + TBD capital projects), FY 26 - 30**

**Full flexibility for expenses beyond FY 30**

# Option B – Half of dedicated 0.4 for debt service

Revenues	FY 26 Proposed	FY 27 Projected	FY 28 Projected	FY 29 Projected	FY 30 Projected	FY 26 - 30 Total
Dedicated 0.4 Cents, assumed annual of +4.9%	1,239,203	1,299,924	1,363,620	1,430,438	1,500,529	6,833,714
Bond Proceeds	7,325,000	0	0	0	0	7,325,000
<b>Total Revenues</b>	<b>8,564,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>14,158,714</b>
Expenses						
Ongoing (up to)	1,239,203	681,094	744,791	811,608	881,700	4,358,396
TBD Affordable Housing Capital Project(s)	7,325,000	0	0	0	0	7,325,000
Debt Service	0	618,829	618,829	618,829	618,829	2,475,318
<b>Total Expenses</b>	<b>8,564,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>14,158,714</b>

**Total of \$11.7 M available for Affordable Housing projects (ongoing + TBD capital projects), FY 26 - 30**

**Annual debt service of \$0.6 M continues from FY 31 - 46**



# Option C – All of dedicated 0.4 for debt service

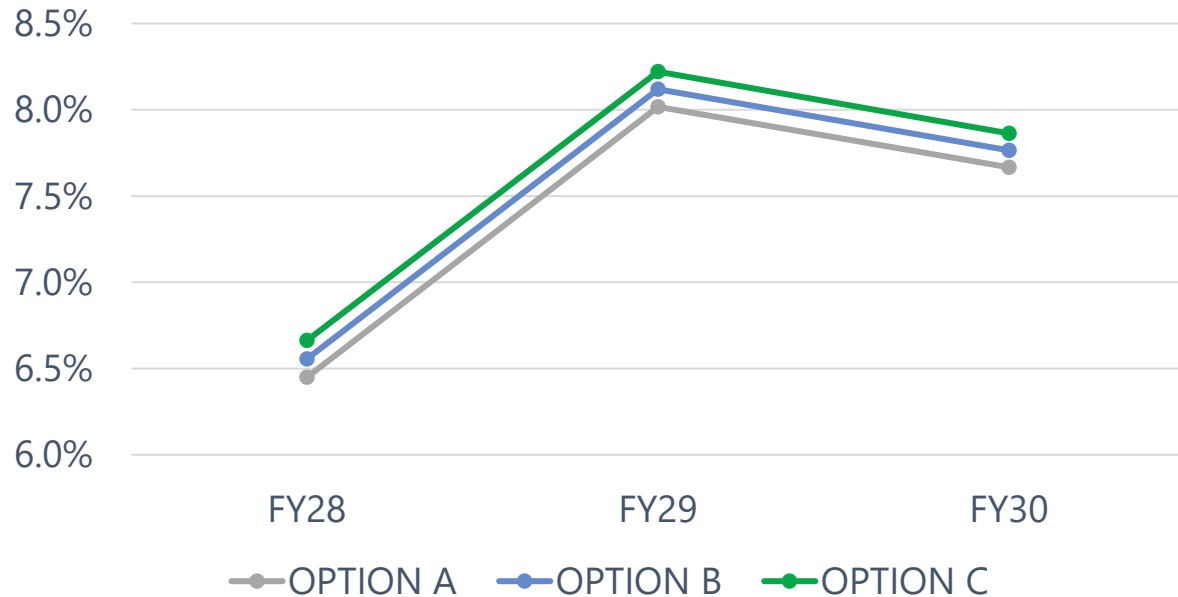
Revenues	FY 26 Proposed	FY 27 Projected	FY 28 Projected	FY 29 Projected	FY 30 Projected	FY 26 - 30 Total
Dedicated 0.4 Cents, assumed annual of +4.9%	1,239,203	1,299,924	1,363,620	1,430,438	1,500,529	6,833,714
Bond Proceeds	14,650,000	0	0	0	0	14,650,000
<b>Total Revenues</b>	<b>15,889,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>21,483,714</b>
Expenses						
Ongoing (up to)	1,239,203	62,265	125,961	192,779	262,870	1,883,078
TBD Affordable Housing Capital Project(s)	14,650,000	0	0	0	0	14,650,000
Debt Service	0	1,237,659	1,237,659	1,237,659	1,237,659	4,950,636
<b>Total Expenses</b>	<b>15,889,203</b>	<b>1,299,924</b>	<b>1,363,620</b>	<b>1,430,438</b>	<b>1,500,529</b>	<b>21,483,714</b>

Total of \$16.5 M available for Affordable Housing projects (ongoing + TBD capital projects), FY 26 - 30

Annual debt service of \$1.2 M continues from FY 31 - 46

# FY 26 – 30 Proposed CIP, Comparison to Financial Policies adopted Sept 2022

Debt Service as Percentage of General Fund and  
School Fund Revenues



- Proposed FY 29 projected to increase above 8.0%, limiting future flexibility compared to FY 26-28
- Using capacity should be considered in context of:
  - Other strategic capital priorities
  - If economic slowdown is greater than anticipated

# Summary

## What if the County borrowed for Affordable Housing projects within the FY 26 – 30 CIP?

- Considerations in the context of the overall CIP & debt program
  - Debt-related financial management policies
  - Debt capacity and future flexibility
  - Creates a one-time pool of funding; obligates annual debt service payments
  - Timing of borrowing in relation with larger bond issuances
- Eligible expenses:
  - Grants, infrastructure/public facilities, land
- Ineligible expenses:
  - Cannot borrow to establish a revolving loan fund

# **Board Questions & Discussion**

# INVESTMENT IN SAFETY & WELL-BEING

## Human Services Funding Program

SUPPORTS GOALS:

1

4



25

**PROGRAMS  
FUNDED**

\$

**\$1.6 M**



**STRENGTHEN REGIONAL  
SAFETY NET**

# Albemarle County Human Services Funding Process (ACHSFP)

July 2023 & July 2024, Board approved updated framework for the process including:

- Funding first prioritized for programs most directly aligned with 4 emerging needs areas in Human Services Needs Assessment: Family Homelessness, Adolescent Mental Health, Community Safety, and Navigation for Seniors.
- Staff would no longer consider the “50% of the funding request” precedent for new County-funded programs.
- Applying a prioritization rubric to the recommendations process based upon:
  - Whether the agency contributes to a basic needs safety net or serves a vulnerable population;
  - Whether the program met an identified priority on the Human Services Needs Assessment; and
  - The category of service the program provided (direct urgent response services, prevention services, system leveraging, and/or capacity building).

# **Human Service Funding Process FY 26 Recommendations**

- Programs applying for funding in the ACHSFP were organized into Tiers based upon the prioritization rubric.
- A greater priority for funding allocation was given to those programs that were classified in the higher Tiers, i.e. programs in Tier 1 would receive priority over programs in Tier 2; programs in Tier 2 would receive priority over programs in Tier 3.

# Human Service Funding Process

## FY 26 Recommendations

<u>FY 26 Funding</u>	<u>Requested</u>	<u>Recommended</u>	<u>Unfunded</u>
Tier 1: <i>Direct service &amp; impact on basic needs &amp; vulnerable populations</i>	\$1.51 M	\$1.09 M	\$0.42 M
Tier 2: <i>Important and critical services</i>	\$1.20 M	\$0.51 M	\$0.69 M
Tier 3: <i>Positive impact &amp; protective community factors</i>	\$0.20 M	\$0	\$0.20 M
Tier 4: Preventative Community Programs	\$0.13 M	\$0	\$0.13 M
<b>TOTAL</b>	<b>\$3.05 M</b>	<b>\$1.61 M</b>	<b>\$1.44 M</b>

Total HSFP Funding: \$360k or 29% increase from FY 25 Adopted Budget



# **Board Questions & Discussion**

# **Identification of Any Remaining Board Requested Adjustments**

## **Ongoing**

- Ongoing amount of Reserve for Contingencies, \$207k
- Reprioritizing use of ongoing funding

## **One-time**

- One-time amount Reserve for Contingencies, \$678k
- Reprioritizing use of one-time funding

## **CIP Adjustments**

- \$1.9 M available from CIP Advancing Strategic Priorities Reserve
- Reprioritizing capital projects



# Next Steps



# March

- ~~5~~ — ~~Public Hearing on Recommended Budget~~
- ~~10~~ — ~~Work session~~
- ~~12~~ — ~~Work session~~
- ~~17~~ — ~~Work session~~
- ~~18~~ — ~~Town hall: The Center~~
- ~~19~~ — ~~Work session: Board proposes budget and sets maximum tax rate for advertisement~~
- ~~20~~ — ~~Town hall: Monticello HS~~
- ~~24~~ — ~~Town hall: Sentara Conference Room~~
- ~~26~~ — ~~Work session (if needed)~~
- ~~27~~ — ~~Town hall: Yancey Community Center~~

# April

- ~~7~~ — ~~Work session~~
- 9** — Town hall: WAHS
- 10** — Town hall: North Fork
- 14** — Town hall: Journey MS
- 23** — Public Hearing
- 30** — Public Hearing

# May

- 7** — Board approves and appropriates FY 26 Budget and sets tax rates

**FY26 Budget Calendar**