FAIRFAX COUNTY
VIRGINIA



Board of Supervisors Housing Committee

Supervisor Rachna Sizemore Heizer, Chair

October 6, 2026

Today's Agenda

- Proposed Implementation of Expanded Local Property Tax Exemption Authority
- "The Way Home Fairfax" Homelessness Strategic Plan
- Appendix: Development Updates



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Proposed Implementation of Expanded Local Property Tax Exemption Authority

2026 Legislative Session: New Tax Exemption Authority

HB854 amended §58.1-3651 to allow localities to grant property tax exemptions for certain affordable housing properties under certain conditions.

Requirements for Tax Exemption in 58.1-3651

- **Non-profit(s)** hold(s) a "**controlling interest**" of the managing member/general partner of real property's ownership entity
- Real property is used for used for charitable or benevolent purposes for the **provision of affordable housing**
- Local governing body must hold a **public hearing** and adopt an **ordinance** to exempt properties by **classification or designation** to grant the property tax exemption

Benefits of Expanded Local Property Tax Exemption Authority

Local property tax exemptions decrease a project's operating costs without impacting building operations. This is turn increases a property's net operating income and allows for larger senior loans.

How a Tax Exemption Impacts Project Financing

1 Local Property Tax Exemption

Property taxes average 5-10% of an affordable housing projects operating expenses ("OpEx")

2 Reduced OpEx

A local property tax exemption reduces annual operating expenses by the full amount of exempted taxes. Property taxes per unit in Fairfax are approximately $3K/unit

3 Increased NOI

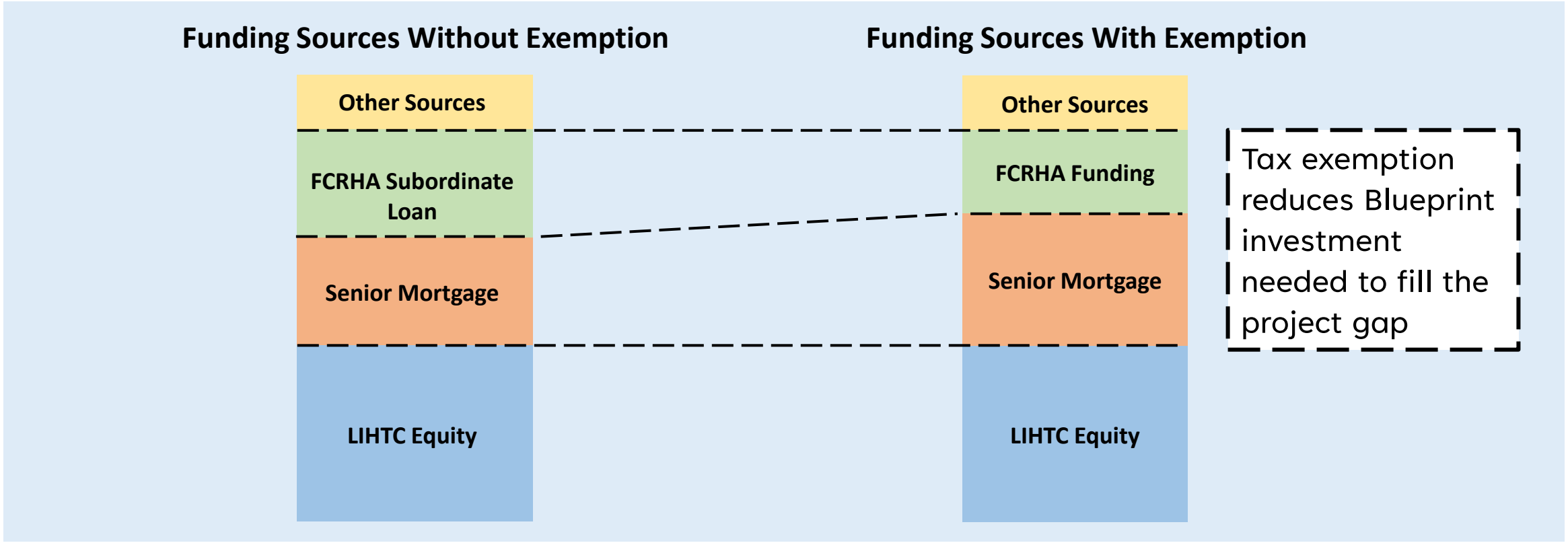
Assuming project income is unchanged, reducing operating expenses directly increases an affordable housing project's Net Operating Income ("NOI")

4 Larger Senior Loan

Lenders use NOI to determine how large of a Senior Loan to make to a project. The more projected NOI for a project, the larger the senior loan.

Benefits of Expanded Local Property Tax Exemption Authority

Larger senior loans decrease the amount of FCRHA funding needed for the development of new affordable housing reducing the amount of local taxpayer investment.



Potential Local Property Tax Exemption Ordinance

FCRHA proposes to start utilizing the expanded authority granted by the Commonwealth to adopt tax exemption ordinances by designation on projects that meet the following criteria:

- Comply with the current statute (non-profit partner)
- Land is owned by the FCRHA (not currently generating tax revenue)
- New construction (not currently improved)
- For a term longer than a typical first trust mortgage (50 years)

Tax Exemption Ordinances coming to the Board for consideration: Dulles Greene (Dranesville District) and East County (Mason District)

Potential Local Property Tax Exemption Ordinance

Proposed timeline to allow both projects to have approved tax exemption and subsequent Blueprint loan commitments prior to 9% Tax Credit Applications opening in March 2027.

Action	Proposed Date
Authorization for Public Hearing for Tax Exemptions (Dulles Green, East County)	November 11th
Public Hearing and Board action - Tax Exemptions	December 8th
FCRHA Approval for Blueprint Investment (in consideration of tax exemption)	January 2027
BOS Approval for Blueprint Investment (in consideration of tax exemption)	February 2027
9% Tax Credit Application (for both Dulles Greene & East County)	March 2027

Future Considerations

Staff is also pursuing clarification amendments to §58.1-3651 to expressly allow properties owned by a public housing authority to be eligible for a tax exemption ordinance, irrespective of the type of partner.

Today's recommendations are our first look at this issue. Going forward, we will evaluate use of new local property tax exemption authority for preservation purposes:

- Committed affordable housing with expiring tax credits
- Naturally occurring “market” affordable housing



Questions/Comments