

City Of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 7, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #76: STATUS OF HOUSING TRUST FUND AND HOUSING OPPORTUNITIES FUND MONIES

This memorandum summarizes the status of the Housing Trust Fund (HTF) and Housing Opportunities Fund (HOF) for FY 2009.

Housing Trust Fund

The table below shows the projected revenues and proposed Housing Trust Fund (HTF) allocations for FY 2009. For the purpose of comparison, it is followed by a similar table for the approved FY 2008 budget (adjusted to reflect actual carryover). Please note that the expected FY 2009 revenues are equal to only 45% of the revenues available in FY 2008.

The proposed FY 2009 Housing Trust Fund budget reflects the following actions in response to declining revenues:

- The Transitional Assistance Program is no longer funded. This decision was made in the FY 2008 budget, which included funding only to support the remaining enrolled clients until their completion of the program. The last client is set to graduate from the program in June 2008.
- Funding for the Seller Incentive Program has been eliminated. This program has been suspended since FY 2007 because the market conditions it addresses are not currently in effect. Funds were held in the program so that it could easily be reactivated if market conditions change. The remaining funds are now proposed for use in other programs.
- Funding for the Moderate Income Homeownership Program (MIHP) has been reduced from \$1.8 million to \$1 million. As a result, this program will likely run out of funds at mid-year, as happened in FY 2007. The program will be suspended once its funds are exhausted.
- The \$400,000 HTF portion of the Housing Opportunities Fund is proposed to be funded from developer contributions during the year, and will not be available at the start of the year. The anticipated developer contributions are not certain to be received, and the timing of contributions cannot be predicted with certainty. In the event this funding source is needed for a specific project before sufficient contributions are received, staff may recommend a transfer of funds from another HTF-funded activity.

- Funding for the Rental Accessibility Modification Program (RAMP) has been reduced from \$11,000 to \$3,000. The proposed monies are expected to fund two small grants. The Affordable Housing Initiatives Work Group is expected to propose a number of new initiatives that will have funding implications. Given the constrained nature of the FY 2009 HTF budget, the HTF is not a viable source of funding for major initiatives unless currently funded activities are severely curtailed or eliminated.

FY 2009 Housing Trust Fund Budget

PROJECTED REVENUE				
FY 2008 Projected Carry-Over June 30, 2008	\$1,193,636			
FY 2009 Program Income	\$704,367			
Total	\$1,898,003			
PROJECTED PROGRAM FUNDING LEVELS	Proposed 7/1/08 Allocation of General HTF and Program Carryover	Proposed Allocation of Projected FY 2009 Program Income	Total Funds Proposed for FY 2009	Projected Loans
Housing Opportunities Fund		\$400,000	\$400,000	
Moderate Income Homeownership Program	\$929,298	\$150,000	\$1,079,298	35
Employee Homeownership Incentive Program	\$120,000		\$120,000	24
Homeownership Counseling	\$106,338	\$43,662	\$150,000	
Rental Accessibility Modification Program	\$3,000		\$3,000	2
HTF (General)	\$35,000	\$110,705	\$145,705	
Total	\$1,193,636	\$704,367	\$1,898,003	

FY 2008 Housing Trust Fund Budget

REVENUE				
FY 2007 Actual Carry-Over June 30, 2007	\$1,822,301			
Colecroft Transfer	\$955,357			
FY 2008 Projected Program Income	\$1,468,771			
Total	\$4,246,429			
PROGRAM FUNDING LEVELS	7/1/07 Allocation of General HTF, Colecroft Transfer and Program Carryover	Budgeted FY 2008 Program Income Allocation	Total Funds for FY 2008	Projected Loans
Housing Opportunities Fund	\$947,486		\$947,486	
Moderate Income Homeownership Program	\$845,142	\$1,000,000	\$1,845,142	59
Employee Homeownership Incentive Program	\$135,520		\$135,520	27
Homeownership Counseling	\$113,000		\$113,000	
Rental Accessibility Modification Program	\$11,640		\$11,640	6
Seller's Incentive Fund	\$56,000		\$56,000	
Transitional Housing Program (NVFS)	\$69,430		\$69,430	
HTF (General)	\$599,440	\$468,771	\$1,068,211	
Total	\$2,777,658	\$1,468,771	\$4,246,429	

NOTE: Monies in the General HTF are used to fund proposals received during the year (e.g., Rebuilding Together Alexandria) and to form the basis of the following year's starting budget.

Housing Opportunities Fund

Since FY 2002, the Housing Opportunities Fund has received \$1 million in funding per year, from the following sources:

- General Fund \$300,000
- Housing Trust Fund \$400,000
- Federal HOME Program \$300,000

In FY 2009, the proposed General Fund allocation is \$200,000 and, as described above under Housing Trust Fund, the HTF allocation is dependent on the receipt of program income.

The one activity traditionally funded from the HOF is the annual budget for the Alexandria Housing Development Corporation (AHDC), which for the past several years has been included in the City Manager's Proposed Budget. While not received in time for publication in the FY 2009 proposed budget, the proposed AHDC budget for inclusion the final FY 2009 Operating Budget is \$327,880. As is normally the case, any monies remaining from AHDC's current budget will be applied to this total before new funds are allocated. AHDC has traditionally been funded from the General Fund portion of the HOF. Should the new funding needed by AHDC exceed the available General Fund monies, the remainder would be provided from available monies in the HTF portion of the HOF.

In addition to providing operating support for AHDC, HOF monies are used for housing development and preservation activities, and may be used to augment the City's dedicated housing tax revenues and housing bonds. The HOF currently has an unreserved balance of \$1,063,756 (more than half of which is comprised of HOME monies), all of which may potentially be recommended for use in connection with the desired preservation of Olde Towne West. Available FY 2009 HOF monies may also be needed for that purpose.

Given the proposed uses described above, the ability of the HOF to support additional projects in FY 2009 is limited, although sufficient funding has been reserved in the General HTF to support Rebuilding Together Alexandria.

STAFF:

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