

*City of Alexandria, Virginia*

MEMORANDUM

DATE: APRIL 4, 2003

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO # 11 : INCREASE IN FEDERAL HOME INVESTMENT PARTNERSHIPS (HOME) ALLOCATION FOR FY 2004

**ISSUE:** Inclusion of an increase in federal Home Investment Partnerships (HOME) monies in the Office of Housing's FY 2004 budget.

**RECOMMENDATION:** That City Council increase the budget of the Office of Housing by \$238,647 to reflect an increased allocation of federal Home Investment Partnerships (HOME) monies.

**BACKGROUND:** Since the inception of the federal Home Investment Partnerships (HOME) program in 1993, the City of Alexandria has been an entitlement jurisdiction receiving HOME monies. HOME program monies must be used for housing related activities for low or moderate income persons. The City uses its HOME grant to assist low and moderate income first time homebuyers with down payment and closing cost assistance, and to assist low and moderate income homeowners with necessary rehabilitation to their property to maintain code compliance. In addition, last year City Council established the Housing Opportunities Fund (HOF) to encourage the development or rehabilitation of affordable rental or sales housing for low-income persons. About 30% of the HOF funds come from the City's HOME allocation. No more than 10% of the HOME funds may be used for program administration. The balance of the HOME funds must be matched by 25% in local, non-federal funds to be used in HOME-funded activities only.

**DISCUSSION:** On March 11, 2004, the Office of Housing received notification that our HOME grant for federal fiscal year (FFY) 2003 - for monies available in the City's FY 2004 - would increase from \$671,000 in FY 2003 to \$909,647 in FY 2004, an increase of \$238,647 (the letter is Attachment I). The increase is the result of an increase in funding for the program and HUD's allocation of HOME monies based on data from the 2000 Census, rather than 1990 Census figures as used last year.

Staff proposes to allocate 10% of the increase, or \$23,865, to administration, as allowed by federal regulations. The balance of \$214,782 requires a 25% match, or \$53,696, which will come from prior year, non-federal Housing monies. The additional non-administrative program monies total \$268,478.

Staff proposes using the new monies for an activity currently designated "City Special Project" in the Draft FY 2004 Action Plan, which contains the application for federal HOME funds. Several options are under consideration, but one of the primary options involves a re-use of the Alexandria Residential Care Home (ARCH) facility, pending the outcome of a staff recommendation to close the ARCH. That recommendation is scheduled to be considered by the Commission on Aging on April 10 and by City Council on April 22. It is also anticipated that a public hearing will be held prior to a final decision on the re-use of the property, which was initially acquired with CDBG funds. Pending the outcome of these actions, staff will come back to Council with specific recommendations as soon as possible (but before the end of the fiscal year).

The additional \$53,696 in matching funds are from a prior year.

**FISCAL IMPACT:** Subject to HUD approval of the City's FY 2004 Action Plan, receipt of an additional \$238,647 in HOME Program funds (for a total HOME allocation of \$909,647) to be matched by an additional \$53,696 in non-federal local match monies. These monies are currently included in the FY 2003 Approved budget as program income and principal and interest repayment revenues and will need to be budgeted as match in the appropriate area once the additional monies are received.

**STAFF:**

Robert C. Eiffert, Deputy Director, Office of Housing  
Mildrilyn Stephens Davis, Director, Office of Housing  
Carol Moore, Acting Deputy Director, OMB  
Paul Doku, Management and Budget Analyst, OMB

**ATTACHMENT:**

- I. Allocation Notice Letter from HUD

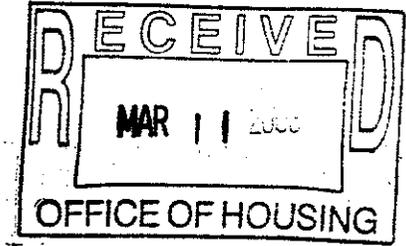


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

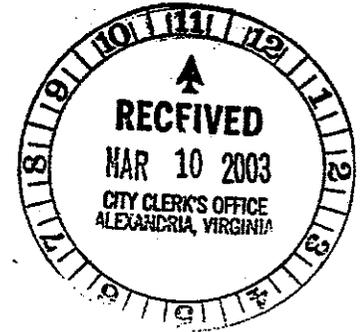
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Copy to Mayor #34/02*

OFFICE OF THE ASSISTANT SECRETARY  
FOR COMMUNITY PLANNING AND DEVELOPMENT

March 4, 2003



The Honorable Kerry J. Donley  
Mayor of Alexandria  
301 King St.  
Room 2300  
Alexandria, VA 22314



Dear Mayor Donley:

I am pleased to inform you that the fiscal year 2003 budget for the Department of Housing and Urban Development has been passed. Therefore, I am also pleased to provide your fiscal year 2003 full-year allocations for the Office of Community Planning and Development's (CPD) four formula programs: Community Development Block Grants (CDBG); HOME Investment Partnerships; Housing Opportunities for Persons with AIDS; and Emergency Shelter Grants. The American Dream Downpayment Initiative was also funded as part of the fiscal year 2003 budget and information on the proposed formula allocation of these funds will be provided to you separately.

HUD's budget is included in the "Consolidated Appropriations Resolution" for fiscal year 2003, which dictates an across-the-board reduction of 0.65 percent. According to the law, the Department is required to reduce each program contained in the Act, with only a few exceptions, by that amount. CPD's formula programs are not exempt from this cut. The allocations below have already been reduced to reflect this requirement. Also, the amounts reflect reallocations funds in the CDBG and HOME programs.

The following amounts represent your total fiscal year 2003 allocation(s):

Community Development Block Grant	\$1,533,000
HOME Investment Partnerships	\$909,647
Housing Opportunities for Persons with AIDS	\$0
Emergency Shelter Grants	\$0

Some early grantees were offered and accepted partial allocations that were made available before HUD's budget was enacted. If you chose to accept a partial allocation and submitted an action plan and HUD Form 424 that reflects different amounts, you will need to revise these to match the allocations above. You will then receive an amended grant agreement for the difference.

I look forward to continuing our partnership to assist lower income residents in your community. As always, HUD is available to provide any assistance you require in implementing your programs. If you or any member of your staff has questions concerning this matter, please contact your local CPD Division Director.

Sincerely,



Roy A. Bernardi  
Assistant Secretary