

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 10, 2003
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER ps
SUBJECT: BUDGET MEMO #19 : PROSPECTS FOR AFFORDABLE HOUSING USING AVAILABLE CITY MONIES (COUNCILWOMAN WOODSON'S REQUEST)

This memo is in response to Councilwoman Woodson's request for information on how much affordable housing can be produced with current and projected City affordable housing monies.

The City's primary funding vehicles for housing development activities are the Housing Trust Fund and Housing Opportunities Fund. The two funds currently contain \$7.5 million, of which \$1.2 million is earmarked for specific uses, leaving \$6.3 million available for new projects. Proposed FY 2004 allocations for ongoing programs (Moderate Income Homeownership Program, Seller Incentive Fund, and Homeownership Counseling) will reduce this amount by \$0.7 million, offset by anticipated revenues of \$0.5 million from developer contributions on outstanding pledges, and from scheduled loan repayments, resulting in an anticipated total of \$6.1 million to be available between now and the end of FY 2004. This excludes any Housing Trust Fund contributions to be received for newly approved projects, as well as the use of CDBG or HOME monies.

If all of this \$6.1 million were to be used for acquisition and rehabilitation of existing units, at an estimated cost of \$100,000 per unit, and if the City's funds are used to leverage other funding in approximately the same ratio as in the Lynhaven Apartments project (1:6, or \$14,300 per unit), the monies available in FY 2003 and FY 2004 would yield a total of about 427 affordable housing units. The same monies would yield only 61 units without leveraging other funding. To the extent some of the available monies are used for new construction, the number of units would be less, due to higher costs of new construction.

The City is unlikely to receive the same level of developer contributions in the future as it has in the past, as the rate and level of new residential development in the future is not likely to match the rates and levels of development over the last ten years. As a result, as the spend-down of the \$6.1 million in funds occurs, the City will need to determine if and by how much to increase its General Fund annual contribution towards affordable housing efforts.