

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 4, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: CONSIDERATION OF INITIAL BUDGET FOR THE ALEXANDRIA HOUSING DEVELOPMENT CORPORATION

ISSUE: Consideration of budget allocation for the new Alexandria Housing Development Corporation

RECOMMENDATION: That City Council:

- (1) Allocate \$350,000 from the General Fund portion of the Housing Opportunities Fund to support the operations of the Alexandria Housing Development Corporation from the date of approval through June 30, 2005; and
- (2) Authorize the City Manager to execute all necessary documents.

BACKGROUND: In November 2003, City Council endorsed the establishment of a new non-profit affordable housing corporation, with the understanding that the Council would appoint five incorporators who would file for incorporation and essentially get the corporation off the ground, and would eventually round out the nine to 13-member board. Council's action also called for the new board to submit a first year budget proposal for Council approval. On February 3, 2004, Council appointed five persons to incorporate the new board: Daniel Abramson, Candace Baldwin, Michael Caison, Joseph Langhorn, and Catherine Pharis.

DISCUSSION: The incorporators are finalizing the by-laws and articles of incorporation for the new organization, beginning the process of applying for a non-profit 501(c)(3) designation, and taking steps leading to the recruitment of an executive director. They have adopted a budget to take them from now until June 30, 2005. The incorporators' proposed budget, shown on the following page, includes two staff positions, routine operating expenses, pre-development and other technical services, as well as start-up expenses such as furniture and equipment (although the group is also pursuing the possibility of obtaining donated items). The pre-development and other technical services budget reflects the fact that this organization is expected to secure underwriting and related development services necessary for evaluating and carrying out projects

from a more experienced organization, and will need to secure professional services such as appraisals and engineering studies, as well as other consultant services.

PROPOSED BUDGET

Personnel:

Executive Director ¹	\$100,000
Additional Staff	35,000
Benefits (25% of salaries)	<u>33,750</u>
Total Personnel:	\$168,750

Non-Personnel:

Pre-development and other technical services (due diligence, consultant services)	\$130,000
Rent ²	-0-
Furniture and equipment	13,350
Legal	10,000
Accounting/Payroll/Audit	12,500
General office expenses	<u>15,400</u>
Total Non-Personnel:	\$181,250

Grand Total: \$350,000

Staff recommends that this budget be approved as proposed, with the understanding that the new organization will have the flexibility to shift funds between line items when necessary. The Affordable Housing Advisory Committee (AHAC) is scheduled to consider this recommendation on May 6. AHAC's action will be reported to Council at the May 12 Council meeting.

FISCAL IMPACT: Allocation of \$350,000 from the Housing Opportunities Fund.

STAFF: Mildrilyn Stephens Davis, Director, Office of Housing

¹The incorporators have proposed a starting salary of \$80,000 - \$100,000 depending on qualifications.

²The incorporators have secured an offer of rent-free office space for one year in a Mark Winkler property located at 1800 N. Beauregard Street.