

EXHIBIT NO. 1

13
4-22-06 ~~18~~
~~4-11-06~~

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 4, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: ORDINANCE TO CHANGE THE INCOME LIMITS AND REAL ESTATE ASSET LIMIT FOR REAL ESTATE TAX RELIEF FOR LIMITED INCOME RESIDENTS UNDER THE AFFORDABLE HOME OWNERSHIP PRESERVATION PROGRAM

ISSUE: Consideration of an ordinance to change the income and asset limits for the Affordable Home Ownership Program (AHOP).

RECOMMENDATION: That City Council pass the proposed Ordinance (Attachment I) on first reading and schedule it for public hearing and second reading on April 22, 2006, and final passage with the FY 2007 budget on April 24, 2006. The proposed ordinance would accomplish the following:

- A. Increase the maximum assessed value of the real estate owned by the applicant from \$442,000 to \$527,000; and
- B. Increase the value of the grants-in-aid provided to eligible homeowners:
 - (1) to \$1,000 when the total combined income of the eligible homeowners does not exceed \$40,000,
 - (2) to \$700 when the total combined income of the applicant exceeds \$40,000 but does not exceed \$55,000, and
 - (3) to \$325 when the total combined income of the applicant exceeds \$55,000 but does not exceed \$72,000.

DISCUSSION: As part of the FY 2005 budget, to mitigate rising real estate taxes due to significant increases in real property appreciation, Council approved the Affordable Home Ownership Preservation program (AHOP) to provide a flat \$250 grant-in-aid as a credit on real estate tax billing to certain homeowners. This was the first program of its kind in Virginia.

In the FY 2006 budget, a sliding scale of grants-in-aid was established based on income, providing up to \$675 in tax relief to those residents earning \$40,000 or less per year, \$475 for those residents earning above \$40,000 but less than \$50,000, and \$275 for residents earning above \$50,000 but not in excess of \$62,000. Also, the limit on the value of the property was increased to \$442,000 (which equaled the average residential assessment). In tax year 2005, 1,021 homeowners received \$527,375 worth of tax relief.

For FY 2007, a number of changes to income, grants and property are proposed (see Attachment I for chart). It is recommended that the sliding scale of grants-in-aid be increased to \$1,000 in tax relief to those residents earning \$40,000 or less per year, \$700 for those residents earning above \$40,000 but not in excess of \$55,000, and \$325 for those residents earning above \$55,000 but not in excess of \$72,000. Also, the limit on the value of the property is proposed to increase to \$527,000 to reflect the increase in the average assessed value of homes in the City. Participation is expected to increase by approximately 37% as a result of the new parameters, with the program costing an estimated \$950,000.

At the current advertised rate of \$.847, prior to the application of the AHOP grant the owner of an average residential property assessed at \$527,000 would see an increase in their tax bill of \$427. Through the Affordable Home Ownership Preservation Grant Program, eligible residents with income of less than \$40,000 will realize an increase of \$102 compared to last year, as the grants-in-aid is proposed to increase from \$675 to \$1,000.

The program will continue to be administered by the Finance Department, which also administers the Real Estate Tax Relief for the Elderly and Disable Program. Information describing changes to the program will be provided to the public through various means similar to those used to advertise the Real Estate Tax Relief for the Elderly and Disable Program. In addition, a flyer describing the AHOP program will be mailed to all homeowners of property valued at \$527,000 or less. Applications for the grant will be available online and can also be mailed to homeowners who call the Finance Department to inquire about the program.

The Finance Department will accept AHOP applications for the grant until September 1, 2006. In order to allow sufficient time for filing an application processing, the grants-in-aid will be credited on the real estate tax bills due November 15, 2006. As was the case last year, the tax bill due June 15 will need to be paid in full even if the taxpayer meets the qualification and has filed an application prior to June 15, 2005.

The following other program criteria would remain unchanged in FY 2006:

- A. The total assets of the resident homeowner or homeowners (and resident, non-owner relatives including any spouse), excluding the value of the house and property, vehicles and assets in qualified retirement plans, may not exceed \$50,000.
- B. The applicant must own all or at least 50 percent of the property.

FISCAL IMPACT: Staff estimates that the cost of the AHOP program will be approximately \$950,100 or \$422,725 more than last year. This assumes that the increased available grant amounts will result in 1,398 participants, 377 more than last year.

ATTACHMENTS:

Attachment I. Chart of Proposed Changes to AHOP

Attachment II. Proposed Ordinance

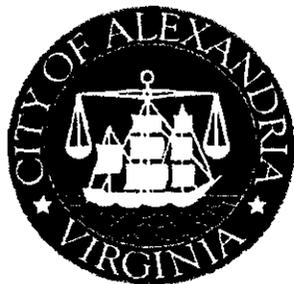
STAFF:

Mark Jinks, Deputy City Manager

D.A. Neckel, Director, Finance

Bruce Johnson, Director, Office of Management and Budget

Eric Eisinger, Analyst, Office of Management and Budget



Affordable Home Ownership Preservation (AHOP) Program

Current AHOP Program

| Grant Amounts | Income Limits (\$ in thousands) | # of Act. Participants | Act. Cost of Grants |
|------------------------|------------------------------------|---------------------------|------------------------|
| \$275 | \$50 to \$62 | 251 | \$69,025 |
| \$475 | \$40 to \$50 | 307 | \$145,825 |
| \$675 | Under \$40 | 463 | \$312,525 |
| | | 1,021 | \$527,375 |
| Max. Home Value | | | |
| \$442,000 | | | |

Proposed AHOP Program (increase grant by \$50, \$225, and \$325)

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|------------------------|------------------------------------|---------------------------|------------------------|
| \$325 | \$55 to \$72 | 500 | \$162,500 |
| \$700 | \$40 to \$55 | 368 | \$257,600 |
| \$1,000 | Under \$40 | 530 | \$530,000 |
| | | 1,398 | \$950,100 |
| Max. Home Value | | | |
| \$527,000 | | | |

| | | |
|---|---------------------------------|---------|
| 1 | Introduction and first reading: | 4/11/06 |
| 2 | Public hearing: | 4/22/06 |
| 3 | Second reading and enactment: | 4/24/06 |

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend and reordain Section 3-2-173 (GRANT – ELIGIBILITY, RESTRICTIONS GENERALLY), Section 3-2-176 ((SAME – AMOUNT LIMITATION) and Section 3-2-179 (SUNSET DATE), of Division 2 (AFFORDABLE HOMEOWNERSHIP PRESERVATION PROGRAM), Article L (REAL ESTATE TAX RELIEF), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.

Summary

The proposed ordinance enhances the City’s Affordable Homeownership Preservation Program, which provides grants to assist limited income residents with the payment of their real property taxes. The proposed changes for the 2006 tax year are as follows:

- Increase the maximum grant for a resident from \$675 to \$1,000. The income limit to qualify for such a grant would remain \$40,000.
- Modify the income range to qualify for a what is currently a grant of \$475 from the current range of \$40,000 to \$50,000 to a range of \$40,000 to \$55,000, and raise the amount of such a grant to \$700.
- Modify the income range to qualify for a what is currently a grant of \$275 from the current range of \$50,000 to \$62,000 to a range of \$55,000 to \$72,000, and raise the amount of such a grant to \$325.
- Increase the limit on the assessed value of the real estate owned by the resident from \$442,000 to \$527,000; and
- Extend the sunset date for the program from December 31, 2005 to December 31, 2006.

Sponsor

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Staff

Mark Jinks, Assistant City Manager
Daniel A. Neckel, Director of Finance
Bruce Johnson, Director, Office of Management & Budget
Roderick B. Williams, Assistant City Attorney

Authority

City Charter §§ 2.01 and 2.04.2

Estimated Costs of Implementation

See memorandum from the City Manager.

Attachments in Addition to Proposed Ordinance and its Attachments (if any)

None

1 (8) An applicant for a grant provided under this division shall not be delinquent on
2 any portion of the real estate taxes to which the grant is to be applied.

3
4 Sec. 3-2-176 Same--amount; limitation.

5
6 (a) The amount of each grant under this division shall be ~~\$675~~ \$1,000, for an applicant with
7 household income which does not exceed \$40,000.

8
9 (b) The amount of each grant under this division shall be ~~\$475~~ \$700, for an applicant with
10 household income of more than \$40,000, but which does not exceed ~~\$50,000~~ \$55,000.

11
12 (c) The amount of each grant under this division shall be ~~\$275~~ \$325, for an applicant with
13 household income of more than ~~\$50,000~~ \$55,000, but which does not exceed ~~\$62,000~~ \$72,000.

14
15 (d) Only one grant under this division shall be made per household.

16
17 Sec. 3-2-179 Sunset date.

18
19 No grant pursuant to section 3-2-172 shall be permitted in any taxable year which
20 commences after December 31, ~~2005~~ 2006.

21
22 Section 2. That this ordinance shall become effective January 1, 2006, nunc pro tunc.

23
24
25 WILLIAM D. EUILLE
26 Mayor

27
28 Introduction: 4/11/06
29 First Reading: 4/11/06
30 Publication:
31 Public Hearing:
32 Second Reading:
33 Final Passage:

ORDINANCE NO. _____

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2
3 AN ORDINANCE to amend and reordain Section 3-2-173 (GRANT – ELIGIBILITY,
4 RESTRICTIONS GENERALLY), Section 3-2-176 ((SAME – AMOUNT LIMITATION)
5 and Section 3-2-179 (SUNSET DATE), of Division 2 (AFFORDABLE
6 HOMEOWNERSHIP PRESERVATION PROGRAM), Article L (REAL ESTATE TAX
7 RELIEF), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND
8 PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.
9

10 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

11
12 Section 1. That Sections 3-2-173, 3-2-176, and 3-2-179 of the Code of the City of
13 Alexandria, Virginia, 1981, as amended, be, and the same hereby are, amended and reordained to
14 read follows:
15

16 Sec. 3-2-173 Same--eligibility, restrictions generally.
17

18 A grant under this division in any taxable year shall be subject to the following
19 restrictions and conditions:
20

21 (1) The household income of the applicant shall not exceed ~~\$62,000~~ \$72,000.
22

23 (2) The assessed value of the real estate owned by the applicant shall not exceed
24 ~~\$442,000~~ \$527,000.
25

26 (3) The net combined financial worth of an applicant shall not exceed \$50,000.
27

28 (4) The applicant and/or the applicant's spouse shall own at least 50 percent interest in
29 the real estate.
30

31 (5) As of January 1 of the taxable year, the applicant must occupy the real estate for
32 which the grant is sought as his or her sole residence and must be expected to so occupy the real
33 estate throughout the year; provided, that an applicant who is residing in a hospital, nursing
34 home, convalescent home or other facility for physical or mental care shall be deemed to meet
35 this condition so long as the real estate is not being used by or leased to another for
36 consideration.
37

38 (6) An applicant shall file the affidavit or written statement required by section
39 3-2-175 no later than September 1 of the taxable year.
40

41 (7) An applicant for a grant provided under this division shall not participate in the
42 real estate tax exemption or deferral program for the elderly or permanently and totally disabled
43 provided under division 1 of this article, and no grant shall be applied to real estate taxes on
44 property subject to such exemption or deferral program.
45

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4-22-06

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 21, 2006
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: BUDGET MEMO # 134 : RESTRUCTURED REAL ESTATE TAX RELIEF

In response to the restructured real estate tax relief proposal (Attachment I) brought forward for Council consideration by Councilwoman Woodson, the following information is provided:

The proposal that has been offered by Councilwoman Woodson would keep the real estate tax rate at 91.5 cents, but would target real estate tax relief to about 22,000 households whose assessed value was \$500,000 or less. The aim of this proposal is to make real estate tax relief more progressive in its application and not solely related to the value of a residential property (which is what an across-the-board rate reduction would do).

There are legal limitations on the City's ability to enact such a program. Article X, Section 1, of the State Constitution establishes a property tax uniformity principle which restricts a locality's flexibility when it comes to real estate tax relief. In general, absent some other Constitutional, statutory, or City Charter flexibility, the City is required to levy real estate taxes uniformly based on the assessed value of each property. Localities in Virginia do not have the ability to tax real property at different rates (or give differential credits) based on the assessed value of real property. This means (again absent legal authority to enact exceptions which are described below) that the attached proposal cannot be enacted by the City (or any other locality in Virginia). However, the City does have the authority to create (and to expand) income-based real estate tax relief programs.

Senior and Disabled Real Estate Tax Relief: Because of a Constitutional amendment which allowed the General Assembly to enact specific statutes, localities in Virginia are permitted to enact real estate tax relief (exemption or deferral) programs for seniors (aged 65 and over) and for the permanently and totally disabled whose incomes are \$72,000 or less per year and whose assets do not exceed \$340,000 (in 2006) or \$540,000 (starting in 2007). Council has specific expansions to the real estate tax relief program for income eligible senior citizens and the disabled funded and under consideration for adoption on April 24. For FY 2007, it is estimated that the City will provide \$3.4 million in real estate tax relief to 1,166 seniors and disabled homeowners. The current (2005) and proposed (2006) tax relief program for seniors and the disabled (along with an inter-jurisdictional comparison) are included in Attachment II.

Affordable Home Ownership Program (AHOP): In 2004, Alexandria became the first locality in the State to offer real estate tax relief for moderate and low income homeowners. The AHOP program provides grants as credits on income eligible homeowner's real estate tax bills. The authority for this AHOP program rests in the City Charter which states the City has the authority to:

“To make grants of funds to owners of dwellings or dwelling units in the city for the purpose of subsidizing, in part, the rental payments due and owing to any such owner by a low or moderate income person; to acquire, by purchase, exchange, gift, lease, condemnation or otherwise, any dwellings or dwelling units in the city for the purpose of providing housing to low or moderate income persons, and to dispose of such dwellings or dwelling units, by sale or lease, to low or moderate income persons or to a nonprofit organization which has as its principal purpose the provision or development of housing for low or moderate income persons; and to make grants and loans of funds to low and moderate income persons to aid in the purchase of dwellings or dwelling units in the city.”

The underlined part at the end of the above text (emphasis added) is the legal foundation for the AHOP Program. City Charter Section 2.04.2 further provides:

“For purposes of this section, the phrase "low or moderate income persons" has the same meaning as the phrase "persons and families of low and moderate income," in § 36-55.26 of the Code of Virginia, and shall be applied in the city using the income guidelines issued by the Virginia Housing Development Authority for use in its single family mortgage loan program authorized by § 36-55.33:1.”

Section 36-55.26 of the Code of Virginia provides:

"Persons and families of low and moderate income" means persons and families, irrespective of race, creed, national origin or sex, determined by the HDA¹ to require such assistance as is made available by this chapter on account of insufficient personal or family income taking into consideration, without limitation, such factors as follows: (i) the amount of the total income of such persons and families available for housing needs, (ii) the size of the family, (iii) the cost and condition of housing facilities available, (iv) the ability of such persons and families to compete successfully in the normal private housing market and to pay the amounts at which private enterprise is providing sanitary, decent and safe housing, and (v) if appropriate, standards established for various federal programs determining eligibility based on income of such persons and families.”

With the above criteria, the City created the AHOP program and set up a sliding grant scale based on income. Initially, the income eligibility ceiling for this program was set at \$62,000.

¹HDA refers to the Virginia Housing Development Authority.

For 2006 (FY 2007) real estate tax payments that income ceiling is proposed to be raised to \$72,000. It is expected that the AHOP program will serve 1,400 homeowners and provide \$0.9 million in real estate tax relief grants in 2006. The current (2005) and proposed (2006) AHOP program criteria and costs are included in Attachment II. Budget Memo #124 provided some AHOP program expansion options.

While the City does not have legal authority to provide for non-income based real estate tax relief that is not assessment based, if Council decided to provide the funding, the City could expand real estate tax relief by:

- (1) increasing the amount of the real estate tax exemptions provided for seniors and the disabled from the exemption levels of 100%, 50%, 25% to up to 100% total exemption at the \$72,000 State set income ceiling, or
- (2) increasing the amounts of the AHOP grants to up to the full amount of eligible homeowners real estate tax bills, or
- (3) increasing the AHOP program income limits above \$72,000. The VHDA income limits that the City could use given the language in the City's Charter is \$108,300 for a one person household and \$135,400 for a two or more person household, or
- (4) increasing other AHOP program criteria, such as raising the AHOP home assessment eligibility ceiling above \$527,000, or raising the amounts of the AHOP grants.

If Council were interested in further expansion of income targeted real estate tax relief, then staff would need to develop options and cost them out.

Attachments:

- I. Letter from Councilwoman Joyce Woodson to City Council Regarding Tax Relief
- II. February 22 Work Session Power Point on Real Estate Tax Relief

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"Council"
<council@joycewoodson.net
>
04/19/2006 06:05 PM

To "Andrew Macdonald" <ahmacdonald@his.com>, "Rob Krupicka" <Rob@krupicka.com>, "Ludwig Gaines" <Councilmangaines@aol.com>, "Ludwig Gaines" <Councilmangaines@aol.com>, "Bruce Johnson" <Bruce.Johnson@ci.alexandria.va.us>, "Mark Jinks" <mark.jinks@ci.alexandria.va.us>, "Jim Hartmann" <Jim.Hartmann@alexandriava.gov>, "Fay"
bcc
Subject Tax relief.doc

April 19, 2006

Re: Different approach to tax relief

Dear Colleagues,

I realize this budget year is much more difficult for you than it is for me because of the election. However, we all have difficult decisions to make and regardless of the election outcome we were elected to represent the best interest of the entire city. I am concerned that a small segment of the city has commandeered the budget dialog and the end result may be felt in the next few years. What happens then?

Consider these facts: Of the 38,000 households, 22,000, or 60 percent, are assessed at below \$500,000 and but only provide 37.5 percent of our revenues. That means that the remaining 16,000 households, 40 percent, produce 62.5 percent of our revenues.¹¹ If we lower the tax rate across the board we will nearly double the lost revenue at the higher end but provide much less relief where it is needed at the lower end. And what will it cost the city to provide this meager relief that will satisfy very few? Think about it.

I think we should maintain the manager's recommended tax rate. I firmly believe we will not be able to safely reduce the budget adequately to affect the size rate reduction demanded by our most vociferous proponents for lower taxes. We could, however, make a big difference in the lives of 22,000 households by granting tax relief to the 60 percent with assessments under \$500,000.

Households below \$500,000 have been the hardest hit by the last few years of higher assessments primarily because their relatively fixed income against the rising value of their house makes it more difficult to pay higher taxes year after year. Right now we have \$4.5 Million in surplus revenue from last year and over \$7 Million in recommended deferred CIP projects. Instead of lowering the rate (only to have to raise it when assessments level off – and they will) we could maintain the rate and cast a wider net of tax relief. I suggest that this relief be automatic, apply directly to the tax bill, and have no requirement for application. Remember, the average increase to the tax bill this year was \$400. The amount recommended will no doubt return many households to last year's tax.

If I have calculated correctly, the amount of tax relief would be approximately \$7.5 Million leaving \$4 Million in surplus revenue from last year⁽²⁾. That money can be used to fund an additional reduction in rate or to return many of the items reduced to reach an unreasonable 5 percent budget. This approach will not affect the senior or disabled program, nor would it affect the AHOP program. This will affect the majority of Alexandria households that work hard every day but cannot meet the needs of rising tax bills. Next year we will see even higher energy costs, higher assessments, but relatively flat income growth. What will be done next year to meet the burden?

Additionally, I support the proposed AHOP program changes but the valuation of the property should probably be set at the average sales price of a single-family home each year. Believe it or not, Warwick Village town homes are selling for almost \$500,000.

I hope you will consider this approach. It does not provide automatic relief for assessed value over \$500,000 which I admit was an arbitrary number based on categories provided by the real estate assessors office. We could draw the line at the same level as AHOP above, the average sales price of a single-family home. We will be helping the households that need it the most without jeopardizing our budget as much.

Finally, I have no argument with any of the preliminary add/deletes. I would like to see funds returned to the schools for reasons already stated publicly.

Thanks for reading this. I know you are busy.

Joyce

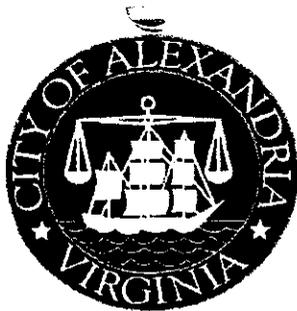
⁽¹⁾ Chart attached

⁽²⁾ Using the tables provided by Alexandria real estate assessment office, I am proposing to take .1 percent of the median assessed value in each category -- < \$100,000, \$100,000 - \$249,999, \$250,000 - \$499,999 -- and multiply it by the number in each category to arrive at the total tax relief per category. For example, \$219 in tax relief would be provided to households with assessed value of between \$100,000 and \$249,999. There are 3,945 households in this



category for a total of \$863,955 in total tax relief. tax assessment categories.xls

| Categories | # of units | Total Assesement | Median Assessed Value | Average Assessed Value |
|---------------------------|------------|------------------|-----------------------|------------------------|
| Less than \$100,000 | 55.00 | \$1,850,200 | \$72,300 | \$33,640 |
| \$100,000 - \$249,999 | 3,945.00 | \$844,127,800 | \$219,000 | \$2,313,974 |
| \$250,000 - \$499,999 | 18,295.00 | \$6,733,048,200 | \$362,300 | \$368,027 |
| \$500,000 - \$749,999 | 10,390.00 | \$6,285,400,600 | \$597,000 | \$604,947 |
| \$750,000 - \$999,999 | 3,951.00 | \$3,380,077,000 | \$845,100 | \$855,499 |
| \$1,000,000 - \$1,999,999 | 1,685.00 | \$2,155,923,200 | \$1,204,200 | \$1,279,480 |
| \$2,000,000+ | 252.00 | \$913,601,500 | \$2,492,400 | \$3,625,403 |
| Totals | 38,573.00 | \$20,314,028,500 | | |



Elderly & Disabled Tax Relief Benefit

Comparison of Real Estate Tax Relief Programs in Selected Jurisdictions

| Tax Relief Benefit | Alexandria | | Arlington | Fairfax | Prince William | Loudoun |
|--------------------------------|--------------------------|--------------------------|---|-------------------------|---------------------------|--------------------------|
| | Current | Proposed | | | | |
| | Income | Income | Income | Income | Income | Income |
| Exemption - Full | \$0 - \$40,000 | \$0 - \$40,000 | \$0 - \$40,625 | \$0 - \$52,000 | \$0 - \$46,400 | \$0 - \$72,000 |
| Exemption - Partial (%) | | | | | \$46,401-53,400 (75%) | N/A |
| | \$40,001-50,000 (50%) | \$40,001-55,000 (50%) | \$40,626-50,000 (50%) | \$52,001-62,000 (50%) | \$53,401-60,300 (50%) | |
| | \$50,001-62,000 (25%) | \$55,001-72,000 (25%) | \$50,001-72,000 (25%) | \$62,001-72,000 (25%) | \$60,301-67,300 (25%) | |
| Deferral | Up to \$62,000 | Up to \$72,000 | Up to \$72,000 | N/A | N/A | N/A |
| Eligible Property | Home & lot up to 2 acres | Home & lot up to 2 acres | Home & lot up to 1 acre | Home & lot up to 1 acre | Home and lot up to 1 acre | Home & lot up to 3 acres |
| Asset Limit | \$240,000 | \$240,000 | \$240,000/exemption \$340,000/deferral | \$340,000 | \$340,000 | \$340,000 |



Affordable Home Ownership Preservation (AHOP) Program

Current AHOP Program

| Grant Amounts | Income Limits (\$ in thousands) | # of Act. Participants | Act. Cost of Grants |
|------------------------|------------------------------------|---------------------------|------------------------|
| \$275 | \$50 to \$62 | 251 | \$69,025 |
| \$475 | \$40 to \$50 | 307 | \$145,825 |
| \$675 | Under \$40 | 463 | \$312,525 |
| | | 1,021 | \$527,375 |
| Max. Home Value | | | |
| \$442,000 | | | |

Proposed AHOP Program (increase grant by \$50, \$225, and \$325)

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|------------------------|------------------------------------|---------------------------|------------------------|
| \$325 | \$55 to \$72 | 500 | \$162,500 |
| \$700 | \$40 to \$55 | 368 | \$257,600 |
| \$1,000 | Under \$40 | 530 | \$530,000 |
| | | 1,398 | \$950,100 |
| Max. Home Value | | | |
| \$527,000 | | | |

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 14, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER *J*

SUBJECT: BUDGET MEMO #124 ADDITIONAL OPTIONS FOR THE
AFFORDABLE HOME OWNERSHIP PRESERVATION (AHOP)
PROGRAM

At the request of the Mayor, staff developed additional options to the Affordable Home Ownership Preservation (AHOP) Program to reflect what the grant amounts would be if the program costs were increased by \$100,000, \$200,000, or \$300,000. The increases to the grant amounts are geared to provide the largest tax break to those that can least afford any tax increase. See attached chart.

Affordable Home Ownership Preservation (AHOP) Program

1620

Current AHOP Program

| Grant Amounts | Income Limits (\$ in thousands) | # of Act. Participants | Act. Cost of Grants |
|---------------|---------------------------------|------------------------|---------------------|
| \$275 | \$50 to \$62 | 251 | \$69,025 |
| \$475 | \$40 to \$50 | 307 | \$14,825 |
| \$675 | Under \$40 | 463 | \$312,525 |
| | | 1,021 | \$527,375 |

**Max. Home Value
\$442,000**

Proposed AHOP Program

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|---------------|---------------------------------|------------------------|---------------------|
| \$325 | \$55 to \$72 | 500 | \$162,500 |
| \$700 | \$40 to \$55 | 368 | \$257,600 |
| \$1,000 | Under \$40 | 530 | \$530,000 |
| | | 1,398 | \$950,100 |

**Max Home Value
\$527,000**

Proposed \$100,000 Increase

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|---------------|---------------------------------|------------------------|---------------------|
| \$350 | \$55 to \$72 | 500 | \$175,000 |
| \$800 | \$40 to \$55 | 368 | \$294,400 |
| \$1,100 | Under \$40 | 530 | \$583,000 |
| | | 1,398 | \$1,052,400 |

**Max. Home Value
\$527,000**

Proposed \$200,000 Increase

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|---------------|---------------------------------|------------------------|---------------------|
| \$375 | \$55 to \$72 | 500 | \$187,500 |
| \$875 | \$40 to \$55 | 368 | \$322,000 |
| \$1,200 | Under \$40 | 530 | \$636,000 |
| | | 1,398 | \$1,145,500 |

**Max. Home Value
\$527,000**

Proposed \$300,000 Increase

| Grant Amounts | Income Limits (\$ in thousands) | # of Est. Participants | Est. Cost of Grants |
|---------------|---------------------------------|------------------------|---------------------|
| \$425 | \$55 to \$72 | 500 | \$212,500 |
| \$950 | \$40 to \$55 | 368 | \$349,600 |
| \$1,300 | Under \$40 | 530 | \$689,000 |
| | | 1,398 | \$1,251,100 |

**Max. Home Value
\$527,000**