

City of Alexandria, Virginia

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12-13-05

MEMORANDUM

DATE: DECEMBER 7, 2005

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

SUBJECT: CONSIDERATION OF FY 2006 BUDGET REQUEST FROM THE ALEXANDRIA HOUSING DEVELOPMENT CORPORATION (AHDC)

ISSUE: Annual operating budget for the Alexandria Housing Development Corporation.

RECOMMENDATION: That the City Council approve the allocation of \$125,000 from the Housing Opportunities Fund to the Alexandria Housing Development Corporation (AHDC) for FY 2006, to augment approximately \$194,000 remaining from the FY 2005 budget.

DISCUSSION: The City Council's November 2003 endorsement of the creation of the AHDC was done with the understanding that the City would be the organization's primary source of support until it can become self-supporting over the long-term. The City allocated a budget of \$350,000 from the Housing Opportunities Fund for FY 2005, AHDC's first full year of operations. AHDC is now requesting \$125,000 to help finance its total FY 2006 budget of \$318,840. The breakdown of the FY 2005 budget and FY 2006 budget request is as follows:

AHDC BUDGET	FY 2005	FY 2006
Personnel (including Executive Search)	\$168,750	\$135,000
Strategic Planning	0	7,500
Pre-development	130,000	130,000
Rent	1	1
Furniture and Equipment	13,350	5,000
Legal	10,000	10,000
Accounting/Payroll Audit	12,500	15,000
General Office Expense	15,399	16,339
TOTAL	350,000	318,840
Less Balance from FY 2005	N/A	-193,840
FY 2006 Budget Request	N/A	\$125,000

In terms of organizational and administrative accomplishments since receiving its initial budget allocation, the AHDC Board has established an office in space donated by the Mark Winkler Company, established its website, expanded its membership from five to nine directors, filed its 501(c)(3) application, and established organizational policies and procedures, and completed its first strategic plan. It also hired its first Executive Director, who served for approximately seven months before resigning her position. With the assistance of an executive search firm, substantial progress has been made in the search for a new Executive Director, with the goal of making a selection by the end of December. The AHDC Board also participated in its first work session with City Council.

With regard to programmatic activities, AHDC has been working on the acquisition of Gunston Hall. AHDC Board members have also begun discussions with the developer of Potomac Yard concerning opportunities for affordable housing. Since its inception, AHDC has analyzed numerous potential development opportunities, made several purchase offers, and cancelled one purchase contract based on the results of the due diligence.

The organization ended FY 2005 with a balance of \$193,840, which it has been using to fund FY 2006 activities. With the use of this balance, AHDC's budget request for the City for FY 2006 is substantially less than previously planned. The requested \$125,000 will enable AHDC to continue its activities through the remainder of FY 2006. Staff recommends that this budget be approved as proposed, with the understanding that, as in FY 2005, AHDC will have the flexibility to shift funds between line items when necessary.

The Affordable Housing Advisory Committee approved the recommended allocation on November 3, 2005.

FISCAL IMPACT: Allocation of \$125,000 from the Housing Opportunities Fund.

STAFF: Mildrilyn Davis, Director, Office on Housing