

City of Alexandria, Virginia


21.2

4-25-06

MEMORANDUM

DATE: APRIL 25, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #139: ADDITIONAL INCOME LIMITS FOR REAL ESTATE TAX RELIEF FOR LIMITED INCOME RESIDENTS UNDER THE AFFORDABLE HOME OWNERSHIP PRESERVATION (AHOP) PROGRAM

**ISSUE:** What income and grant levels to set in the Affordable Home Ownership Preservation (AHOP) Program.

**RECOMMENDATION:** Approve AHOP income and grant amount changes as outlined in the "City Manager Recommended" column of the attached chart (Attachment I).

**DISCUSSION:** The FY 2007 proposed budget included and funded an increase in the AHOP program income ceiling from \$62,000 to \$72,000 and increased grant amounts by \$50, \$225, and \$325 (see Attachment I, second column). In addition to these increases, Council has discussed options to increase income ceilings further.

This memo is a follow-up to the discussions at the April 24, 2006, Budget Work Session on the Affordable Home Ownership Preservation (AHOP) Program. Budget Memo #124 provided options number 1, 2, and 3. Budget Memo #137 provided options number 4 and 5. At last night's Budget Work Session, an additional option, number 6, was discussed. Staff has developed option number 7 for Council's consideration. The options are listed below and included in chart form on Attachment I.

- Options 1, 2, and 3 increase the AHOP program grants at a cost of either \$100,000, \$200,000 or \$300,000 over the FY 2007 proposed budget.
- Option 4 provides a \$200 grant to participants with a household income limit of \$72,000 to \$90,000. This option costs approximately \$100,000 over the FY 2007 proposed budget.
- Option 5 provides a \$200 grant to participants with a household income limit of \$72,000 to \$108,000. This option costs approximately \$200,000 over the FY 2007 proposed budget.

- Option 6, which was first discussed last night, provides a \$200 grant to households of 2 or more that have a household income of more than \$72,000 but less than \$135,000. The one person household income eligibility ceiling would be set at \$72,000. This option costs approximately \$350,000 over the FY 2007 proposed budget.
- Option 7 provides lower maximum increase levels and distinguishes between 2 person households and households with 3 or more people. It would provide a \$200 grant to households of 2 that have a household income above \$72,000 but that does not exceed \$87,000 and a \$200 grant to households of 3 or more that have a household income above \$87,000 but that does not exceed \$100,000. This option costs approximately \$150,000 over the City Manager's proposed budget. The income limit of \$87,000 for a two-person household and the limit of \$100,000 for a household of three or more was chosen because it matches the maximum level of household incomes (adjusted by area) that can benefit from tax-exempt mortgage financing under federal law. As such, the provision of a favorable governmental tax treatment is well accepted. These are the VHDA limits for their first time home buyer mortgages.

All these options continue to set a **limit of \$527,000 for the assessed** value of the home (approximately 60 percent of the residences in Alexandria are assessed at less than this amount) and a **limit of \$50,000 for other assets** (excluding the value of the home, vehicles and any retirement-related savings.)

Under options 6 and 7, a **household member** is defined as the applicant, the applicant's spouse, any relative of the applicant who resides in the dwelling, and any other person who is an owner of and resides in the dwelling.

The City Code (Section 3-2-171) defines a **household income** to be the adjusted gross income, as shown on the federal income tax returns(s) as of December 31 of the calendar year immediately preceding the taxable year, of the applicant, of the applicant's spouse, of any relative of the applicant who resides in the dwelling, and of any other person who is an owner of and resides in the applicant's dwelling.

**FISCAL IMPACT:** The estimated cost of the recommended option 7 would be \$150,000 per year.

**ATTACHMENT:**

Attachment I: Affordable Home Ownership Preservation Program Options Chart

**STAFF:**

Mark Jinks, Deputy City Manager  
 Daniel Neckel, Director, Finance  
 Bruce Johnson, Director, OMB  
 Mildrilyn Davis, Director, Housing

The following chart compares all AHOP Program options for Council's consideration:

**Affordable Home Ownership Preservation Program Options**


Household Income Limits	Current Program (FY 2006)	City Manager Proposed	Increase Grants Option 1	Increase Grants Option 2	Increase Grants Option 3	Increase Income Ceilings Option 4	Increase Income Ceilings Option 5	Increase Income Ceilings Option 6	Increase Income Ceilings Option 7	City Manager Recommended
\$72,000 to \$135,000 Households of 2 or more								\$200		
\$87,000 to \$100,000 Households of 3 or more									\$200	\$200
\$72,000 to \$87,000 Households of 2 persons									\$200	\$200
\$72,000 to \$108,000							\$200			
\$72,000 to \$90,000						\$200				
\$55,000 to \$72,000		\$325	\$350	\$375	\$425	\$325	TBD	TBD	TBD	\$325
\$50,000 to \$62,000	\$275									
\$40,000 to \$55,000		\$700	\$800	\$875	\$950	\$700	TBD	TBD	TBD	\$700
\$40,000 to \$50,000	\$475									
under \$40,000	\$675	\$1,000	\$1,100	\$1,200	\$1,300	\$1,000	TBD	TBD	TBD	\$1,000
<b>Total Budget</b>	<b>\$0.65 M</b>	<b>\$0.95 M</b>	<b>\$1.05 M</b>	<b>\$1.15 M</b>	<b>\$1.25 M</b>	<b>\$1.05 M</b>	<b>\$1.15 M</b>	<b>\$1.30 M</b>	<b>\$1.10 M</b>	<b>\$1.10M</b>
<b>Added Cost to Proposed Budget</b>	<b>NA</b>	<b>NA</b>	<b>+\$100,000</b>	<b>+\$200,000</b>	<b>+\$300,000</b>	<b>+\$100,000</b>	<b>+\$200,000</b>	<b>+\$350,000</b>	<b>+\$150,000</b>	<b>+\$150,000</b>

# City of Alexandria, Virginia

## MEMORANDUM

DATE: APRIL 26, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 140: FINAL ADOPTED ADD/DELETE LIST SUMMARY AND FY 2007 GENERAL FUND OPERATING BUDGET AND CAPITAL IMPROVEMENT PROGRAM (CIP) ADOPTION MOTIONS

In order that the FY 2007 budget decisions by City Council are memorialized with a more detailed written record of actions than meeting minutes would contain at Attachment A you will find a Final Adopted Add/Delete Summary List. This spreadsheet notes what add/delete proposals were approved and not approved on April 24, 2006. Attachment B contains the updated and final FY 2007 Budget and CIP Adoption Motions. By filing this in your FY 2007 Budget notebooks, you will have a document to reference during the fiscal year, in addition to the Approved Budget and CIP documents which will be available in July.

Subsequent to adoption of the budget, City Council also adopted an ordinance on April 25, 2006, that increased the real estate tax assistance available to limited income residents under the Affordable Home Ownership Preservation Program. Grant awards were increased to \$1,200, \$875, \$375 and \$200 depending on income levels and household size. Funding for these increases was provided in the General Fund Operating Budget passed on April 24, 2006.

Attachments

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**CITY OF ALEXANDRIA, VA**  
**FINAL ADOPTED ADD/DELETES SUMMARY LIST**  
 LAST UPDATED:

24-Apr-06

(Positive # = increase in General Fund or CIP Expenditures; reductions in General Fund Revenue; or increase in Fund Balance designations)  
 Negative # = reduction in General Fund or CIP Expenditures, increase in General Fund Revenue; or decrease in Fund Balance designations)

	City Manager Adjustments And Options	Final Adopted	Mayor Euille	Vice Mayor Pepper	Councilman Krupicka	Councilman Smedberg	Councilman Gaines	Councilwoman Woodson	Councilman Macdonald
FY 2007 Proposed Budget	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491	\$503,519,491
<b>TECHNICAL ADJUSTMENTS</b>									
<b>Revenue Re-Estimates (Budget Memo #52)</b>									
FY 2007 Revenue Adjustments (Technical)	(\$1,400,000)	(\$1,500,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)	(\$1,400,000)
FY 2006 Revenue Adjustments (Technical)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)	(\$3,100,000)
<b>Subtotal Revenue Re-estimates</b>	<b>(\$4,500,000)</b>	<b>(\$4,600,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>	<b>(\$4,500,000)</b>
<b>Expenditure Adjustments (Technical)</b>									
Increased cost to medical services contract @ Jail (Budget Memo #50)	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000	\$250,000
Correction to Northern Virginia Regional Park Authority (Budget Memo #50)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
Correction to School Transfer for Health Insurance Premiums (Budget Memo #89)	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840	\$73,840
Correction to Commonwealth Attorney (Budget Memo #90)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)	(\$65,627)
Update of City Employee Health Care Benefit Costs (Budget Memo #119)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)	(\$340,000)
<b>Subtotal Technical Expenditure Adjustments</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>	<b>(\$71,787)</b>
<b>Fund Balance Designations (Technical)</b>	<b>\$4,571,787</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>OPTIONS</b>									
<b>Real Estate Tax Rate Options</b>									
(Note: City Manager Proposed Rate Reduction of 6.8 cents in base)									
Additional 1.8 cent Real Est. Tax Rate Reduction in 06 with Alt. Target Budget to 82.9 cents	\$2,903,076	\$8,822,570	\$8,822,570	\$8,822,570	\$8,822,570	\$8,822,570	\$8,822,570		\$8,822,570
Additional 1.4 cent Real Estate Tax Rate Reduction (each 1 cent = \$4.9 M) to 81.5 cents	NA	\$6,861,999	\$6,861,999	\$6,861,999	\$6,861,999	\$6,861,999	\$6,861,999		\$6,861,999
Proposed Tax Relief for Residential Properties Less than \$500,000								\$7,500,000	
Maximize Senior and Disabled Real Estate Tax Relief Asset Eligibility Limits (Budget Memo #22)	NA	\$175,000	\$175,000	\$175,000	\$175,000		\$175,000	\$175,000	\$175,000
<b>Subtotal Real Estate Tax Rate Options</b>	<b>\$2,903,076</b>	<b>\$15,859,570</b>	<b>\$15,859,570</b>	<b>\$15,859,570</b>	<b>\$15,859,570</b>	<b>\$15,684,570</b>	<b>\$15,859,570</b>	<b>\$7,675,000</b>	<b>\$15,859,570</b>
<b>Fund Balance Options</b>									
Reduction in Fund Balance Desig. for Schools (Health Ins. Premiums) (Budget Memo #89)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	(\$1,800,000)	\$0	(\$1,800,000)
Use of Fund Balance to Offset Fy 2006 of Real Estate Tax Cut		\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$1,800,000	\$0	\$1,800,000
Reduction in Designation for Use of FY 2006 Surplus for FY 2007		(\$645,181)	(\$645,181)	(\$645,181)	(\$645,181)	(\$645,181)	(\$645,181)	\$0	(\$645,181)
Use of Fund Balance to Offset Fy 2006 of Real Estate Tax Cut		\$261,024	\$261,024	\$261,024	\$261,024	\$261,024	\$261,024	\$0	\$261,024
<b>Subtotal Fund Balance Options</b>	<b>(\$1,800,000)</b>	<b>(\$384,157)</b>	<b>(\$384,157)</b>	<b>(\$384,157)</b>	<b>(\$384,157)</b>	<b>(\$384,157)</b>	<b>(\$384,157)</b>	<b>\$0</b>	<b>(\$384,157)</b>
<b>School Operating Budget Reduction Options</b>									
To reach Alternative Target Budget (FY 2007 Budget p. 10-3 to 10-12)	(\$500,000)	\$0	\$0	\$0	\$0	(\$500,000)	(\$500,000)		(\$500,000)
To reach 5% Growth Target (Budget Memos #10, 27, 28, 62, 89)	(\$1,100,000)	(\$600,000)	(\$600,000)	(\$600,000)	(\$1,000,000)	(\$1,100,000)	(\$1,100,000)		(\$1,100,000)
<b>Subtotal School Op. Budget Reduction Options</b>	<b>(\$1,600,000)</b>	<b>(\$600,000)</b>	<b>(\$600,000)</b>	<b>(\$600,000)</b>	<b>(\$1,000,000)</b>	<b>(\$1,600,000)</b>	<b>(\$1,600,000)</b>	<b>\$0</b>	<b>(\$1,600,000)</b>
<b>City Operating Budget Reduction Options</b>									
<b>To reach 6% Growth Target</b>									
Office on Women - VDH Grant Replacement (FY 2007 Budget, p. 8-50)	(\$18,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$18,000)
Info & Technology Svcs - Telecomm Specialist (FY 2007 Budget p. 8-29)	(\$63,170)	(\$63,170)	(\$63,170)	(\$63,170)	(\$63,170)	(\$63,170)	(\$63,170)	\$0	(\$63,170)
Real Estate - Board of Equalization Pay Increase (FY 2007 Budget p. 8-65)	(\$12,000)	(\$12,000)	(\$12,000)	(\$12,000)	(\$12,000)	(\$12,000)	(\$12,000)	\$0	(\$12,000)
Non-Departmental - Sister Cities Youth Conference (FY 2007 Budget p. 7-44)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	\$0	(\$50,000)
Court Service Unit - Fiscal Analyst (FY 2007 Budget p. 7-26)	(\$44,177)	(\$44,177)	(\$44,177)	(\$44,177)	(\$44,177)	(\$44,177)	(\$44,177)	\$0	(\$44,177)
MHMRS - Group Home Nursing Services (FY 2007 Budget p. 9-51)	(\$63,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Human Service Contribution - Inflation Increase (FY 2007 Budget p. 9-69 to 9-76)	(\$124,791)	(\$124,791)	(\$124,791)	(\$124,791)	(\$124,791)	(\$124,791)	(\$124,791)	\$0	(\$124,791)
Recreation, Parks - Recreation Center Public Computers (FY 2007 Budget p. 9-134)	(\$79,579)	(\$79,579)	(\$79,579)	(\$79,579)	(\$79,579)	(\$79,579)	(\$79,579)	\$0	(\$79,579)
Recreation, Parks - Buddy Ford Nature Center Expenses (FY 2007 Budget p. 9-134)	(\$8,050)	(\$8,050)	(\$8,050)	(\$8,050)	(\$8,050)	(\$8,050)	(\$8,050)	\$0	(\$8,050)
Library - Computer Equipment (FY 2007 Budget p. 9-124)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	(\$20,000)	\$0	(\$20,000)

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**CITY OF ALEXANDRIA, VA**  
**FINAL ADOPTED ADD/DELETES SUMMARY LIST**  
**LAST UPDATED:**

24-Apr-06

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 Negative # = reduction in General Fund or CIP Expenditures, increase in General Fund Revenue; or decrease in Fund Balance designations)

	City Manager Adjustments And Options	Final Adopted	Mayor Euille	Vice Mayor Pepper	Councilman Krupicka	Councilman Smedberg	Councilman Gaines	Councilwoman Woodson	Councilman Macdonald
Finance - Saturday hours reduction (FY 2007 Budget , Overview, p. 22)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	\$0	(\$40,000)
Finance - Senior Contract Administrator (FY 2007 Budget, Overview p. 22)	(\$83,500)	(\$83,500)	(\$83,500)	(\$83,500)	(\$83,500)	(\$83,500)	(\$83,500)	\$0	(\$83,500)
Info & Technology Svcs - Contracted Web Programming (FY 2007 Budget, Overview p. 22)	(\$56,000)	(\$56,000)	(\$56,000)	(\$56,000)	(\$56,000)	(\$56,000)	(\$56,000)	\$0	(\$56,000)
Info & Technology Svcs - Lotus Notes Programmer (FY 2007 Budget, Overview p. 22)	(\$72,000)	(\$72,000)	(\$72,000)	(\$72,000)	(\$72,000)	(\$72,000)	(\$72,000)	\$0	(\$72,000)
Info & Technology Svcs - Computer Equipment Replace (FY 2007 Budget Overview, p. 22)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	(\$150,000)	\$0	(\$150,000)
Non-Departmental - Planning Studies Consultant (FY 2007 Budget Overview p. 22)	(\$100,000)	\$0	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	\$0	\$0
Recreation, Parks - Reduce Seasons of Color Program (FY 2007 Budget Overview, p. 22)	(\$30,000)	\$0	\$0	\$0	(\$30,000)	(\$30,000)	\$0	\$0	\$0
<b>- To reach 5% Growth Target</b>									
City Health Insurance Co-Pay Increase (Budget Memo #51)	(\$635,000)	(\$635,000)	(\$635,000)	(\$635,000)	(\$635,000)	(\$635,000)	(\$635,000)	\$0	(\$635,000)
City Health Insurance Premium Cost Sharing (Budget Memo #51)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$415,000)	(\$500,000)	(\$500,000)	\$0	(\$500,000)
Citizen Survey (FY 2007 Budget, p. 8-45)	NA			(\$50,000)	(\$50,000)	(\$50,000)		\$0	
Roving Leader Program (FY 2007 Budget, p 9-134; Budget Memo #63)	NA	(\$148,673)	(\$148,673)		(\$148,673)	(\$148,673)	(\$10,000)	\$0	(\$148,673)
Strategic Plan Consultant (FY 2007 Budget, p. 8-47)	NA	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)	(\$40,000)		\$0	
Health Pool Inspector (FY 2007 Budget, p. 9-59 and Budget Memo #129)	NA						(\$15,000)	\$0	
Parent Leadership Institute (Budget Memo #48)	NA	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
Translator Services for Council Meetings	NA	\$5,000	\$5,000					\$5,000	
Sr. Economic Development Coordinator Position (Budget Memo #78)	NA	\$0				\$90,000		\$0	
Leaf Collection Improvements (Budget Memo #103)	NA	\$40,000	\$40,000		\$40,000			\$0	\$40,000
Emergency Preparedness Outreach (Budget Memos #101 and 112)	NA	\$0					\$0	\$0	
Health Outreach to indigent and low income residents	NA	\$0					\$0	\$0	
Teensworks Youth Summer Employment (Budget Memo #118)	NA	\$0					\$0	\$0	
National Historic Register Surveys of Old and Historic Alexandria and Parker Gray (Budget Memo #108)	NA	\$100,000	\$100,000					\$0	\$100,000
Computer Replacement Program (FY 2007 Budget, Overview p. 20 and Budget Memo #91)	NA							\$0	\$0
Affordable Home Ownership Program (FY 2007 Budget p. 5-74 and Budget Memos #124, 137, 139)	NA	\$350,000						\$300,000	
<b>Contingent Reserves (\$376,500 available)</b>									
Use of Contingent Reserves for Parent Leadership Inst. (Budget Memo #48)	NA	(\$40,000)	(\$40,000)		(\$40,000)	(\$40,000)	(\$40,000)	(\$45,000)	(\$40,000)
Reservation of Contingent Reserves for Campagna Kids (non-add)	NA	\$52,000	\$75,000		\$75,000			\$0	
Reservation of Contingent Reserves for Economic Development Coordinator Pos. (non-add) (Budget Memo #78)		\$90,000	\$90,000		\$90,000			\$0	
Reservation of Contingent Reserves for Roving Leader Program (non-add) (Budget Memo #63)		\$148,673	\$148,673						
<b>Subtotal City Op. Budget Reduction Options</b>	<b>(\$2,149,267)</b>	<b>(\$1,631,940)</b>	<b>(\$2,081,940)</b>	<b>(\$2,088,267)</b>	<b>(\$2,181,940)</b>	<b>(\$2,216,940)</b>	<b>(\$2,063,267)</b>	<b>\$300,000</b>	<b>(\$1,964,940)</b>
<b>City Capital Improvement Program Reductions Options</b>									
<b>To reach 6% Growth Target</b>									
Chinquapin Rec Center - Postpone until FY 2008 (CIP p. 96-97)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Space Management Plan - Postpone until FY 2008 (CIP p. 133)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)
Capital Facilities Maint Plan - Postpone until FY 2008 (CIP p. 132)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Sheriff Capital Facilities Maint Plan - Postpone until FY 2008 (CIP p. 134)	(\$100,000)	\$0	\$0	\$0	\$0	(\$100,000)	\$0	(\$100,000)	\$0
Emergency Operations Center - Postpone until FY 2008 (CIP p. 136)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
Ball Court Renovations - Postpone until FY 2008 (CIP p. 107)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)	(\$125,000)
Park/Playground Renovations - Postpone until FY 2008 (CIP p. 108)	(\$66,000)	\$0	\$0	\$0	\$0	\$0	(\$66,000)	(\$66,000)	\$0
Alley Rehabilitation - Postpone until FY 2008 (CIP p. 181)	(\$200,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$200,000)	(\$200,000)	(\$100,000)	(\$200,000)	(\$200,000)
West End Streets - Postpone until FY 2008 (CIP p. 182)	(\$100,000)	\$0	\$0	\$0	\$0	(\$100,000)	\$0	(\$100,000)	\$0
Miscellaneous Undergrounding - Eliminate Funding (CIP p. 184)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
Emergency Generators - Postpone until FY 2008 (CIP p. 136)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)	(\$262,500)
Space Management Plan - Postpone until FY 2008 (CIP p. 133)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)	(\$200,000)
MHMRSA - Group Homes - Postpone repairs until FY 2008 (CIP p. 135)	(\$77,500)	(\$77,500)	(\$77,500)	(\$77,500)	(\$77,500)	(\$77,500)	(\$77,500)	(\$77,500)	\$0
Energy Conservation - Partial Elimination (CIP p. 124)	(\$75,000)	\$0	\$0	(\$75,000)	\$0	(\$75,000)	(\$75,000)	(\$75,000)	\$0
Fire Station Renovations - Postpone until FY 2008 (CIP p. 133)	(\$80,000)	\$0	\$0	\$0	\$0	(\$80,000)	(\$80,000)	(\$80,000)	\$0

644  
149

**CITY OF ALEXANDRIA, VA**  
**FINAL ADOPTED ADD/DELETES SUMMARY LIST**  
 LAST UPDATED:

24-Apr-06

(Positive # = increase in General Fund or CIP Expenditures; reductions in General Fund Revenue; or increase in Fund Balance designations)  
 Negative # = reduction in General Fund or CIP Expenditures, increase in General Fund Revenue; or decrease in Fund Balance designations)

	City Manager Adjustments And Options	Final Adopted	Mayor Euille	Vice Mayor Pepper	Councilman Krupicka	Councilman Smedberg	Councilman Gaines	Councilwoman Woodson	Councilman Macdonald
Fire Truck Lift - Postpone until FY 2008 (CIP p. 133)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)	(\$120,000)
Park Drainage Improvements - Postpone until FY 2008 (CIP p. 107 and Budget Memo #132)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	\$0	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)
Timberbranch Bridge - Postpone until FY 2008 (CIP p. 108)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)	(\$75,000)
Public Pools/Marina - Eliminate partial funding (CIP p. 113)	(\$45,000)	\$0	\$0	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)	\$0
Park/Playground Renovations - Postpone until FY 2008 (CIP p. 108)	(\$16,000)	\$0	\$0	\$0	\$0	\$0	(\$16,000)	(\$16,000)	\$0
Rec. Facility Needs Assessment - Postpone until FY 2008 (CIP p. 114)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)	(\$300,000)
Sidewalk, Curb & Gutter - Eliminate the FY 2007 funding (CIP p. 176 and Budget Memo #46)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$50,000)	(\$100,000)	(\$100,000)	(\$100,000)	(\$100,000)
Ornamental Street Cans - Postpone until FY 2008 (CIP p. 88)	(\$118,000)	\$0	\$0	\$0	(\$50,000)	(\$118,000)	\$0	(\$118,000)	(\$118,000)
Bus Shelters - Postpone until FY 2008 (CIP p. 152)	(\$100,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$100,000)	(\$50,000)	(\$100,000)	(\$50,000)
Mt. Vernon Alley - Postpone until FY 2008 (CIP p. 180 and Budget Memos #44 and 131)	(\$350,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$250,000)	(\$350,000)	(\$350,000)	(\$350,000)	(\$350,000)
<b>- To reach 5% Growth Target</b>									
Revised Funding Schedule for Police Headquarters (CIP p. 128 to 130 and Budget Memo #39)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)	(\$2,800,000)
Undergrounding of Utilities - Postponement (CIP p. 184)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)	(\$500,000)
Use 1% of Property Tax for Open Space Instead of 1 cent (CIP p. 100-101 and Budget Memo #86)	NA	(\$630,000)	(\$630,000)	(\$630,000)	(\$630,000)	(\$630,000)		\$0	
Reduce Funding for New Fire Station (CIP p. 133-134 and Budget Memo #120)	NA	(\$650,000)	(\$650,000)		(\$650,000)	(\$650,000)		\$0	(\$650,000)
Wilkes Street Tunnel (CIP p. 164)	NA								\$0
Dredging (CIP p. 80)	NA								\$0
Additional CIP Reductions	NA								
<b>Subtotal City CIP Budget Reduction Options</b>	(\$7,110,000)	(\$7,540,000)	(\$7,540,000)	(\$7,010,000)	(\$7,435,000)	(\$8,308,000)	(\$6,642,000)	(\$7,110,000)	(\$7,150,500)
Reserve for Additional Tax Rate Reduction or Restoration of Expenditure Reductions								\$3,706,787	
<b>Total All Budget Expenditure Reduction Options and Tech. Re-ests.</b>	(\$10,931,054)	(\$9,843,727)	(\$10,293,727)	(\$9,770,054)	(\$10,688,727)	(\$12,196,727)	(\$10,377,054)	(\$6,881,787)	(\$10,787,227)
<b>Resulting Budget with All Add/Deletes</b>	\$492,588,437	\$493,675,764	\$493,225,764	\$493,749,437	\$492,830,764	\$491,322,764	\$493,142,437	\$496,637,704	\$492,732,264
% Increase	4.69%	4.92%	4.82%	4.93%	4.74%	4.42%	4.80%	5.55%	4.72%
5% General Fund Growth Budget Target (Total City, Schools and COLA)		\$494,100,000							
Alternative (6% Growth) Budget Target (Total City, Schools and COLA)		\$497,600,000							
City Manager Proposed Budget (Total City, Schools and COLA)		\$503,519,491							
Budget Target (Total City, Schools and COLA)		\$509,000,000							

**FY 2007 BUDGET AND CIP ADOPTION MOTIONS  
ADOPTED APRIL 24, 2006**

Recommendation: That City Council approve the following motions:

- |                     |  |
|---------------------|--|
| <p>A.</p> <p>1.</p> | <p>I move the adoption of General Fund operating budget overall expenditure levels of \$493,675,764 and revenue levels of \$493,675,764, which represents a 4.9% increase over the FY 2006 operating budget and reflects:</p> <p>a City government General Fund operating budget of \$343,802,143, which incorporates \$9,317,567 in deletions from the FY2007 Proposed Budget, and represents a 3.6% increase over the adjusted FY 2006 City government operating budget.</p> |
|---------------------|--|

**Technical Expenditure Re-estimates to Proposed Budget**

\$ 250,000	Increased costs for the medical services contract for jail inmates in the budget for the Office of Sheriff - Budget Memo #50
\$ 10,000	Increase for Northern Virginia Regional Park Authority FY 2007 budget request - Budget Memo #50
\$ (65,627)	Decrease in the Victim Witness Assistance Program of the Commonwealth Attorney due to higher than estimated grant funds to be received - Budget Memo #90
(\$340,000)	Decrease in Non-Departmental budget set-aside for City Employee Healthcare costs due to savings from reduction in MAMSI/United Healthcare premiums - Budget Memo #119
<u>\$ (145,627)</u>	<b>Sub-total Technical Expenditure Re-estimates of City Operating Expenditures</b>

**Changes to Proposed City General Fund Operating Budget Expenditures**

(\$ 63,170)	Deletion of proposed supplemental increase for Telecommunication Specialist position – Information and Technology Services (FY 2007 Proposed Operating Budget, p. 8-29)
(\$ 12,000)	Deletion of proposed supplemental increase for Board of Equalization Pay Increase – Department of Real Estate Assessments (FY 2007 Proposed Operating Budget, p. 8-65)
(\$ 50,000)	Deletion of proposed supplemental increase for Sister Cities Youth Conference – Non-Departmental budget (FY 2007 Proposed Operating Budget, p. 8-44)
(\$ 44,177)	Deletion of proposed supplemental increase for part-time fiscal analyst position – Court Service Unit (FY 2007 Proposed Operating Budget, p. 7-26)



- (\$124,791) Deletion of proposed supplemental increase for grants to human service non-profit organizations – The Alexandria Fund for Human Services (FY 2007 Proposed Operating Budget, p. 9-69 to 9-76)
- (\$ 79,579) Deletion of proposed supplemental request for Recreation Center Public Computer Labs – Department of Recreation, Parks and Cultural Affairs (FY 2007 Proposed Operating Budget, p. 9-134)
- (\$ 8,050) Deletion of proposed supplemental request for Buddy Ford Nature Center Sign and Expenses – Department of Recreation, Parks and Cultural Affairs (FY 2007 Proposed Operating Budget, p. 9-134)
- (\$ 20,000) Deletion of proposed supplemental request for Library computer equipment replacement fund– Alexandria Library (FY 2007 Proposed Operating Budget, p. 9-124)
- (\$ 40,000) Reduction in Saturday Hours – Finance Department (FY 2007 Proposed Operating Budget, Budget Overview, p. 22)
- (\$ 83,500) Elimination of one Senior Contract Administrator position – Finance Department (FY 2007 Proposed Operating Budget, Budget Overview, p. 22)
- (\$ 56,000) Elimination of funding for contracted web programming and support – Information Technology Services (FY 2007 Proposed Operating Budget, Budget Overview, p. 22)
- (\$ 72,000) Elimination of funding for a Lotus Notes computer programmer (FY 2007 Proposed Operating Budget, Budget Overview, p. 22)
- (\$150,000) Reduction of funding for computer equipment replacement – Information Technology Services (FY 2007 Proposed Operating Budget, Budget Overview, p. 22)
- (\$635,000) Decrease in funding for City Healthcare benefits due to increase in Health Insurance Co-Pays for City staff – Non-Departmental Budget (Budget Memo #51)
- (\$500,000) Decrease in funding for City Healthcare benefits due to increase in premium health insurance cost-sharing by City staff to 3.3% for current employees and 10% for employees hired on or after July 1, 2006 – Non-Departmental Budget (Budget Memo #51)
- (\$148,673) Deletion of proposed supplemental request for two Youth Services Program Specialist Positions (e.g., Roving Leaders) – Department of Recreation, Parks and Cultural Affairs (FY 2007 Proposed Operating Budget, p. 9-134 and Budget Memo #63). *This amount is proposed as a designation in the Contingent Reserves (see below)*
- (\$ 40,000) Deletion of proposed supplemental request for Strategic Plan review consultant costs – Non-Departmental Budget (FY 2007 Proposed Operating Budget, p. 8-47)

- \$ 40,000 Increase for Parent Leadership Training Institute – Department of Human Services (Budget Memo #48). *Funded by decrease in Council Contingent Reserves (see below).*
- \$ 5,000 Increase for Translator Services as needed for City Council Regular Legislative and Public Hearing Meetings – City Clerk and Clerk of Council
- \$ 40,000 Increase for Bagged Leaf Collection – Department of Transportation and Environmental Services (Budget Memo #103)
- \$ 100,000 Increase for National Historic Register Surveys of Old and Historic Alexandria and Parker Gray Districts – (Non-Departmental account) (Budget Memo #108)
- \$ 350,000 Increase for Affordable Home Ownership Preservation Program (in Non-Departmental budget) (Budget Memo #137)

**Changes and Reservations of Proposed Council Contingent Reserves**

- (\$ 40,000) Decrease in contingent reserves to fund Parent Leadership Institute (see above).
- \$ 52,000 *Reservation of \$52,000 in contingent reserves for possible increased Campagna Kids program costs to accommodate changes in School calendar (No addition)*
- \$ 90,000 *Reservation of funds in contingent reserves for possible Economic Development Coordinator Staff position (No addition) (Budget Memo #78)*
- \$ 148,673 *Reservation of funds in contingent reserves for two possible Youth Services Program Specialist Positions (e.g., Roving Leaders) (See above) (No addition)*

**(\$1,631,940) Sub-total Change in City General Fund Operating Budget Expenditures**

2. a FY 2007 transfer to the Capital Projects fund of \$4,579,105 which reflects \$7,540,000 in deletions from the FY 2007 Proposed CIP in FY 2007,

(See Item B below for details)

3. a transfer to the Schools of \$149,873,621 from the General Fund to the School Operating Fund, which reflects a 8.0% increase over the FY 2006 General Fund, as well as incorporates a net \$526,160 deletion from the FY 2007 City Manager's Proposed Budget,

**Change in Proposed Transfer to Alexandria City Public Schools Operating Budget**

(\$600,000)	Decrease in the General Fund transfer to the Alexandria+ Schools Operating Budget for a total transfer of \$149,873,621 (FY 2007 Proposed Operating Budget, p. 10-3 to 10-12 and Budget Memos #10, 27, 28, 62, and 89)
\$ 73,840	Increase for School Operating Budget Transfer due to reestimate of Health Insurance Premium Increase - Budget Memo #89
<u>(\$526,160)</u>	

4. a COLA of 3.0% for City employees, including the City Manager, City Attorney, City Clerk and for City Council Aides, and the Mayor's Aides; approval of merit step increases for all eligible employees; approval of an increase of health care benefits including the proposed employee cost sharing of premiums and increased co-pays; approval of increased employer's share paid to the Virginia Retirement System, Old Public Safety Pension Plan, and the City Supplemental Retirement System, and allocate to departments funds budgeted in the Non-Departmental Account for the FY 2007 impact of the Public Safety Pay Benchmark results approved by City Council on November 12, 2005, and

5. a decrease in the FY 2007 revenue estimates of \$9,298,546 which incorporates both the \$1,500,000 in added revenues due to re-estimates, \$175,000 for an increase in the asset limit for the Senior and Disabled Real Estate Tax Program, as well as a \$10,523,546 decrease in projected revenues due to a 10-cent decrease in the real estate tax rate to 81.5 cents per \$100 per assessed value.

**Technical Revenue Re-estimates to Proposed Budget (Budget Memo #52)**

	<u>FY 2007</u>
\$ 1.6 million	Increase in Personal Property Tax Revenue estimate on vehicles
\$ 1.0 million	Increase in Business License Tax Revenue estimate
\$ 0.3 million	Increase in estimate of interest income on General Fund investments

- \$ 0.2 million Increase in Transient Lodging Tax Revenue estimate
- (\$1.5) million Decrease in estimate of Intergovernmental Revenues
- (\$0.1) million Decrease in estimate of Tobacco Tax Revenue
- (\$0.1) million Decrease in estimate of Admission Tax Revenue
- \$ 0.1 million Increase in Developer Fees for site plan reviews
- \$1.5 million Sub-total FY 2007 Technical Revenue Re-estimates**

FY 2006

- \$ 1.1 million Increase in Personal Property Tax Revenue estimate on vehicles
- \$ 1.0 million Increase in Business License Tax Revenue estimate
- \$ 1.0 million Increase in the estimation of Recordation Tax Revenue
- \$ 0.5 million Increase in estimate of interest income on General Fund investments
- \$ 0.2 million Increase in Transient Lodging Tax Revenue estimate
- (\$0.4) million Decrease in estimate of Utility Tax Revenue
- (\$0.1) million Decrease in estimate of Tobacco Tax Revenue
- (\$0.1) million Decrease in Restaurant Food revenues
- (\$0.1) million Decrease in estimate of Admission Tax Revenue
- \$ 3.1 million Sub-total FY 2006 Technical Revenue Re-estimates**

**\$ 4.6 million Total Technical Revenue Re-estimates**

**Changes in Proposed Real Estate Tax Revenues and Rate**

- \$ 5,161,024 Decrease in Real Estate Tax Revenues due to 10 cent tax rate reduction effective for the last payment in FY 2006
- \$10,523,546 Decrease in Real Estate Tax Revenues due to 10 cent tax rate reduction effective for both payments in FY 2007
- \$ 175,000 Decrease in Real Estate Tax Revenues due to increase in the asset limit to \$540,000 for the Senior and Disabled Real Estate Tax Relief program (effective July 1, 2006) – Budget Memo #22

**\$15,859,570 Total Decrease in Real Estate Tax Revenues**

B. I move the adoption of the FY 2007 to FY 2012 Capital Improvement Program totaling \$326,459,686 which, when compared to the FY 2007 to FY 2012 Proposed Capital Improvement Program reflects a reduction of \$5,003,773 over six years, and reflects deletions, postponements and rescheduling of certain capital projects and establishes planned funding levels for each of the six years of the capital plan.

**Changes in Proposed Capital Improvement Program (CIP)**

- (\$ 500,000) Postpone funding until FY 2008 for Chinquapin Recreation Center preliminary project planning – (Proposed FY 2007 CIP p. 96-97)

- (\$ 500,000) Postpone funding until FY 2008 for the Space Management Program (Proposed FY 2007 CIP p. 133)
- (\$ 100,000) Postpone partial funding (\$100,000 of \$600,000) until FY 2008 for Capital Facilities Maintenance Plan (Proposed FY 2007 CIP p. 132)
- (\$ 75,000) Postpone funding until FY 2008 for the Emergency Operations Center (Proposed FY 2007 CIP p. 136)
- (\$ 125,000) Postpone funding until FY 2008 for the renovation and update of City's outdoor ball courts (Proposed FY 2007 CIP p. 107)
- (\$ 100,000) Postpone partial funding (\$100,000 of \$300,000) until FY 2008 for Alley Rehabilitation (Proposed FY 2007 CIP p. 181)
- (\$ 75,000) Eliminate funding for Miscellaneous Undergrounding (Proposed FY 2007 CIP p. 184)
- (\$ 262,500) Postpone funding until FY 2008 for Emergency Generators (Proposed FY 2007 CIP p. 136)
- (\$ 77,500) Postpone partial funding (\$77,500 of \$155,000) until FY 2008 for MH/MR/SA Residential Facilities (Group Homes) (Proposed FY 2007 CIP p. 135)
- (\$ 120,000) Postpone funding until FY 2008 for Fire Truck Lift replacement (Proposed FY 2007 CIP p. 133)
- (\$ 250,000) Postpone funding until FY 2008 for Park Drainage Improvements (Proposed FY 2007 CIP p. 107) (Budget Memo # 132)
- (\$ 75,000) Postpone funding until FY 2008 for Timberbranch Park Bridge (Proposed FY 2007 CIP p. 108)
- (\$ 300,000) Postpone funding until FY 2008 for Recreation, Parks and Cultural Affairs Capital Needs Assessment (Proposed FY 2007 CIP p. 114)
- (\$ 100,000) Eliminate funding for Sidewalk, Curb and Gutter program (Proposed FY 2007 CIP p. 176) (Budget Memo #46)
- (\$ 50,000) Postpone partial funding (\$50,000 of \$90,000) until FY 2008 for Bus Shelters (Proposed FY 2007 CIP p. 152)
- (\$ 250,000) Postpone partial funding (\$250,000 of \$350,000) until FY 2008 for Mt. Vernon Ave. Public Alley (Proposed FY 2007 CIP p. 180) (Budget Memo #44 and 131)
- (\$2,800,000) Postpone partial funding (\$2,800,000 of \$4,840,000) in FY 2007, and reschedule funding in the subsequent years as follows: \$2,800,000 in FY 2008; \$17,600,000 in FY 2009; \$22,000,000 in FY 2010; and \$4,400,000 in FY 2011 for the New Police Facility (Proposed FY 2007 CIP p. 128 to 130) (Budget Memo #39)
- (\$ 500,000) Postpone partial funding (\$500,000 of \$1,000,000) for Undergrounding Utilities in Old Town (Proposed FY 2007 CIP p. 184)

- (\$ 630,000) Change designation of real estate tax for open space land acquisition from 1 cent per \$100 assessed value to 1 percent of the real estate taxes collected for a total of \$2,658,215 in FY 2007; \$2,764,543 in FY 2008; \$2,875,125 in FY 2009; \$2,990,130 in FY 2010; \$3,109,735 in FY 2011; and \$3,234,124 in FY 2012 (Proposed FY 2007 CIP p. 100-101) (Budget Memo #86).
- (\$ 650,000) Eliminate partial funding (\$650,000 of \$3,000,000) for a New Fire Station preliminary design and land acquisition (Proposed FY 2007 CIP p. 133-134) on the assumption that the City would seek developer contributions through the Eisenhower West planning process (Budget Memo #120)

**(\$7,540,000) Total Change in Cash Capital Contribution for Capital Improvement Program**

	<u>ADOPTED</u>	<u>PROPOSED</u>
FY 2007	\$ 60,023,662	\$ 67,563,662
FY 2008	\$ 62,161,630	\$ 99,941,830
FY 2009	\$ 65,975,343	\$ 49,846,751
FY 2010	\$ 70,031,275	\$ 48,739,940
FY 2011	\$ 38,364,840	\$ 34,701,851
FY 2012	<u>\$ 29,902,936</u>	<u>\$ 30,669,425</u>
<b>TOTAL</b>	<b>\$326,459,686</b>	<b>\$331,463,459</b>

C. I move changes in the Proposed General Fund Unreserved Fund Balance Designations, resulting in a reduction of \$384,157.

**Changes in Proposed Fund Balance Designations**

- (\$1,800,000) Elimination of Fund Balance Designation for Schools Health Insurance Premiums - Budget Memo #89
- \$2,061,024 Application of Fund Balance to FY 2006 Operating Budget to Offset part of 10 cent Real Estate Tax Cut effective in 2<sup>nd</sup> half of FY 2006
- (\$ 645,181) Reduction in Fund Balance Designation for Use for FY 2007 General Fund Operating Budget
- (\$ 384,157) Decrease in Fund Balance Designations**

$\frac{21.2}{4-25-06}$      $\frac{5}{4-24-06}$      ~~$\frac{13}{4-22-06}$~~      ~~$\frac{18}{4-11-06}$~~   
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

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**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.

**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



1 Introduction and first reading: 4/11/06  
2 Public hearing: 4/22/06  
3 Second reading and enactment: 4/24/06  
4  
5

6 INFORMATION ON PROPOSED ORDINANCE  
7

8 Title  
9

10 AN ORDINANCE to amend and reordain Section 3-2-173 (GRANT – ELIGIBILITY,  
11 RESTRICTIONS GENERALLY), Section 3-2-176 ((SAME – AMOUNT LIMITATION)  
12 and Section 3-2-179 (SUNSET DATE), of Division 2 (AFFORDABLE  
13 HOMEOWNERSHIP PRESERVATION PROGRAM), Article L (REAL ESTATE TAX  
14 RELIEF), Chapter 2 (TAXATION), Title 3 (FINANCE, TAXATION AND  
15 PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended.  
16

17 Summary  
18

19 The proposed ordinance enhances the City’s Affordable Homeownership Preservation  
20 Program, which provides grants to assist limited income residents with the payment of  
21 their real property taxes. The proposed changes for the 2006 tax year are as follows:  
22

- 23 • Increase the maximum grant for a resident from \$675 to \$1,000. The income limit to  
24 qualify for such a grant would remain \$40,000.
- 25
- 26 • Modify the income range to qualify for a what is currently a grant of \$475 from the  
27 current range of \$40,000 to \$50,000 to a range of \$40,000 to \$55,000, and raise the  
28 amount of such a grant to \$700.
- 29
- 30 • Modify the income range to qualify for a what is currently a grant of \$275 from the  
31 current range of \$50,000 to \$62,000 to a range of \$55,000 to \$72,000, and raise the  
32 amount of such a grant to \$325.
- 33
- 34 • Increase the limit on the assessed value of the real estate owned by the resident from  
35 \$442,000 to \$527,000; and
- 36
- 37 • Extend the sunset date for the program from December 31, 2005 to December 31, 2006.  
38

39 Sponsor  
40  
41  
42  
43

ORDINANCE NO. \_\_\_\_\_

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.

THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

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

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

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

- (1) The household income of the applicant shall not exceed ~~\$62,000~~ \$72,000.
- (2) The assessed value of the real estate owned by the applicant shall not exceed ~~\$442,000~~ \$527,000.
- (3) The net combined financial worth of an applicant shall not exceed \$50,000.
- (4) The applicant and/or the applicant's spouse shall own at least 50 percent interest in the real estate.
- (5) As of January 1 of the taxable year, the applicant must occupy the real estate for which the grant is sought as his or her sole residence and must be expected to so occupy the real estate throughout the year; provided, that an applicant who is residing in a hospital, nursing home, convalescent home or other facility for physical or mental care shall be deemed to meet this condition so long as the real estate is not being used by or leased to another for consideration.
- (6) An applicant shall file the affidavit or written statement required by section 3-2-175 no later than September 1 of the taxable year.
- (7) An applicant for a grant provided under this division shall not participate in the real estate tax exemption or deferral program for the elderly or permanently and totally disabled provided under division 1 of this article, and no grant shall be applied to real estate taxes on property subject to such exemption or deferral program.

City of Alexandria, Virginia


21.2

4-25-06

MEMORANDUM

DATE: APRIL 25, 2006

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO #139: ADDITIONAL INCOME LIMITS FOR REAL ESTATE TAX RELIEF FOR LIMITED INCOME RESIDENTS UNDER THE AFFORDABLE HOME OWNERSHIP PRESERVATION (AHOP) PROGRAM

**ISSUE:** What income and grant levels to set in the Affordable Home Ownership Preservation (AHOP) Program.

**RECOMMENDATION:** Approve AHOP income and grant amount changes as outlined in the "City Manager Recommended" column of the attached chart (Attachment I).

**DISCUSSION:** The FY 2007 proposed budget included and funded an increase in the AHOP program income ceiling from \$62,000 to \$72,000 and increased grant amounts by \$50, \$225, and \$325 (see Attachment I, second column). In addition to these increases, Council has discussed options to increase income ceilings further.

This memo is a follow-up to the discussions at the April 24, 2006, Budget Work Session on the Affordable Home Ownership Preservation (AHOP) Program. Budget Memo #124 provided options number 1, 2, and 3. Budget Memo #137 provided options number 4 and 5. At last night's Budget Work Session, an additional option, number 6, was discussed. Staff has developed option number 7 for Council's consideration. The options are listed below and included in chart form on Attachment I.

- Options 1, 2, and 3 increase the AHOP program grants at a cost of either \$100,000, \$200,000 or \$300,000 over the FY 2007 proposed budget.
- Option 4 provides a \$200 grant to participants with a household income limit of \$72,000 to \$90,000. This option costs approximately \$100,000 over the FY 2007 proposed budget.
- Option 5 provides a \$200 grant to participants with a household income limit of \$72,000 to \$108,000. This option costs approximately \$200,000 over the FY 2007 proposed budget.

- Option 6, which was first discussed last night, provides a \$200 grant to households of 2 or more that have a household income of more than \$72,000 but less than \$135,000. The one person household income eligibility ceiling would be set at \$72,000. This option costs approximately \$350,000 over the FY 2007 proposed budget.
- Option 7 provides lower maximum increase levels and distinguishes between 2 person households and households with 3 or more people. It would provide a \$200 grant to households of 2 that have a household income above \$72,000 but that does not exceed \$87,000 and a \$200 grant to households of 3 or more that have a household income above \$87,000 but that does not exceed \$100,000. This option costs approximately \$150,000 over the City Manager's proposed budget. The income limit of \$87,000 for a two-person household and the limit of \$100,000 for a household of three or more was chosen because it matches the maximum level of household incomes (adjusted by area) that can benefit from tax-exempt mortgage financing under federal law. As such, the provision of a favorable governmental tax treatment is well accepted. These are the VHDA limits for their first time home buyer mortgages.

All these options continue to set a **limit of \$527,000 for the assessed** value of the home (approximately 60 percent of the residences in Alexandria are assessed at less than this amount) and **a limit of \$50,000 for other assets** (excluding the value of the home, vehicles and any retirement-related savings.)

Under options 6 and 7, a **household member** is defined as the applicant, the applicant's spouse, any relative of the applicant who resides in the dwelling, and any other person who is an owner of and resides in the dwelling.

The City Code (Section 3-2-171) defines a **household income** to be the adjusted gross income, as shown on the federal income tax returns(s) as of December 31 of the calendar year immediately preceding the taxable year, of the applicant, of the applicant's spouse, of any relative of the applicant who resides in the dwelling, and of any other person who is an owner of and resides in the applicant's dwelling.

**FISCAL IMPACT:** The estimated cost of the recommended option 7 would be \$150,000 per year.

**ATTACHMENT:**

Attachment I: Affordable Home Ownership Preservation Program Options Chart

**STAFF:**

Mark Jinks, Deputy City Manager  
 Daniel Neckel, Director, Finance  
 Bruce Johnson, Director, OMB  
 Mildrilyn Davis, Director, Housing

The following chart compares all AHOP Program options for Council's consideration:

**Affordable Home Ownership Preservation Program Options**

Household Income Limits	Current Program (FY 2006)	City Manager Proposed	Increase Grants Option 1	Increase Grants Option 2	Increase Grants Option 3	Increase Income Ceilings Option 4	Increase Income Ceilings Option 5	Increase Income Ceilings Option 6	Increase Income Ceilings Option 7	City Manager Recommended
\$72,000 to \$135,000 Households of 2 or more								\$200		
\$87,000 to \$100,000 Households of 3 or more									\$200	\$200
\$72,000 to \$87,000 Households of 2 persons									\$200	\$200
\$72,000 to \$108,000							\$200			
\$72,000 to \$90,000						\$200				
\$55,000 to \$72,000		\$325	\$350	\$375	\$425	\$325	TBD	TBD	TBD	\$325
\$50,000 to \$62,000	\$275									
\$40,000 to \$55,000		\$700	\$800	\$875	\$950	\$700	TBD	TBD	TBD	\$700
\$40,000 to \$50,000	\$475									
under \$40,000	\$675	\$1,000	\$1,100	\$1,200	\$1,300	\$1,000	TBD	TBD	TBD	\$1,000
<b>Total Budget</b>	<b>\$0.65 M</b>	<b>\$0.95 M</b>	<b>\$1.05 M</b>	<b>\$1.15 M</b>	<b>\$1.,25 M</b>	<b>\$1.05 M</b>	<b>\$1.15 M</b>	<b>\$1.30 M</b>	<b>\$1.10 M</b>	<b>\$1.10M</b>
<b>Added Cost to Proposed Budget</b>	<b>NA</b>	<b>NA</b>	<b>+\$100,000</b>	<b>+\$200,000</b>	<b>+\$300,000</b>	<b>+\$100,000</b>	<b>+\$200,000</b>	<b>+\$350,000</b>	<b>+\$150,000</b>	<b>+\$150,000</b>

21.2  
4-25-06

1 PROPOSED AMENDMENTS:  
2

3 AHOP TAX RELIEF ORDINANCE  
4 OPTION 2 and OPTION 7  
5

6 1. Page 7, Line 21:  
7

8 Strike: ~~\$72,000~~

9 Inset: *\$100,000*  
10

11 2. Page 8, Line 4 through Line 15:  
12

13 Strike:  
14

15 Sec. 3-2-176 Same – amount; limitation.  
16

17 (a) The amount of each grant under this division shall be ~~\$675~~ \$1,000,  
18 for an applicant with household income which does not exceed \$40,000.  
19

20 (b) The amount of each grant under this division shall be ~~\$475~~ \$700,  
21 for an applicant with household income of more than \$40,000, but which  
22 does not exceed ~~\$50,000~~ \$55,000.  
23

24 (c) The amount of each grant under this division shall be ~~\$275~~ \$325,  
25 for an applicant with household income of more than ~~\$50,000~~ \$55,000, but  
26 which does not exceed ~~\$62,000~~ \$72,000.  
27

28 (d) Only one grant under this division shall be made per household.  
29

30 Insert:  
31

32 *Sec. 3-2-176 Same – amount; limitation; one member household.*  
33

34 *For a household of one member:*  
35

36 (a) *The amount of each grant under this division shall be \$1,200, for*  
37 *an applicant with household income which does not exceed \$40,000.*  
38

39 (b) *The amount of each grant under this division shall be \$875, for an*  
40 *applicant with household income of more than \$40,000, but which does*  
41 *not exceed \$55,000.*  
42  
43

1 (c) The amount of each grant under this division shall be \$375, for an  
2 applicant with household income of more than \$55,000, but which does  
3 not exceed \$72,000.  
4

5 (d) Only one grant under this division shall be made per household,  
6 and in no event shall the amount of the grant exceed the taxes owed for the  
7 year.  
8  
9

10 3. Page 8, Line 16:

11 Insert:

12 Section 3-2-176.1 Same – amount, limitation, two member household.  
13

14 For a household of two members:  
15

16 (a) The amount of each grant under this division shall be \$1,200, for  
17 an applicant with household income which does not exceed \$40,000.  
18

19 (b) The amount of each grant under this division shall be \$875, for an  
20 applicant with household income of more than \$40,000, but which does  
21 not exceed \$55,000.  
22

23 (c) The amount of each grant under this division shall be \$375, for an  
24 applicant with household income of more than \$55,000, but which does  
25 not exceed \$72,000.  
26

27 (d) The amount of each grant under this division shall be \$200, for an  
28 applicant with household income of more than \$72,000, but which does  
29 not exceed \$87,000.  
30

31 (e) Only one grant under this division shall be made per household,  
32 and in no event shall the amount of the grant exceed the taxes owed for the  
33 year.  
34

35 Section 3-2-176.2 Same – amount, limitation, three or more member  
36 household.  
37

38 For a household of three or more members:  
39

40 (a) The amount of each grant under this division shall be \$1,200, for  
41 an applicant with household income which does not exceed \$40,000.  
42  
43

1 (b) The amount of each grant under this division shall be \$875, for an  
2 applicant with household income of more than \$40,000, but which does  
3 not exceed \$55,000.  
4

5 (c) The amount of each grant under this division shall be \$375, for an  
6 applicant with household income of more than \$55,000, but which does  
7 not exceed \$72,000.  
8

9 (d) The amount of each grant under this division shall be \$200, for an  
10 applicant with household income of more than \$72,000, but which does  
11 not exceed \$100,000.  
12

13 (e) Only one grant under this division shall be made per household,  
14 and in no event shall the amount of the grant exceed the taxes owed for the  
15 year .  
16  
17  
18  
19

20 4. Page 8, Line 21:

21  
22 Insert:

23  
24 Section 2. That Section 3-2-171 of the Code of the City of Alexandria,  
25 Virginia, 1981, as amended, be, and the same hereby is, amended by  
26 adding thereto a new definition to read as follows:  
27

28 (9) Household member. The applicant, the applicant's spouse, any  
29 relative of the applicant who resides in the dwelling, and any other person  
30 who is an owner of and resides in the applicant's dwelling.