


EXHIBIT NO. 1

22
9-15-07 ~~22~~
~~9-11-07~~

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 5, 2007
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: CONSIDERATION OF AN ORDINANCE TO ELIMINATE THE SUNSET DATE FOR THE AFFORDABLE HOMEOWNERSHIP PRESERVATION (AHOP) GRANT PROGRAM

ISSUE: Consideration of an ordinance to remove the sunset provision of the Affordable Homeownership Preservation (AHOP) Grant Program, which assists low and moderate income taxpayers with the payment of real estate taxes owed on residential properties in the City.

RECOMMENDATION: That City Council approve this proposed ordinance (Attachment 1) on first reading, and schedule it for public hearing, second reading and final passage on September 15, 2007.

DISCUSSION: The Affordable Homeownership Preservation (AHOP) Grant Program has been highly successful in providing vital real estate tax relief to City residents. In 2004, City Council implemented the program to provide tax relief to residents in light of rising real property tax assessment. The AHOP grant is provided to low and moderate-income taxpayers. During the first year of the program a flat grant of \$250 was given to qualifying residents. After changes to the eligibility criteria enacted by City Council in fiscal years 2006 and 2007, the program currently offers grants ranging from \$200 to \$1,200 depending on the resident's income bracket.

The following criteria have remained unchanged since the program was originally implemented:

1. The total assets of the applicant's household, excluding the value of the home, personal vehicles and assets in retirement plans, shall not have exceeded \$50,000 as of December 31.
2. The applicant and/or the applicant's spouse must own at least 50 percent of the property for which the grant is requested.
3. The applicant must occupy the property as his/her sole residence as of January 1 and throughout the year.

Over the last three years, the AHOP Grant Program has provided \$1.8 million in real estate tax relief to over 3,000 low and moderate-income residents. Approximately half of the relief administered through this program has been granted to the lowest income group, households with annual incomes below \$40,000 per year. Just over a third of the grantees are from households with annual incomes between \$40,001 and \$55,000. The remaining relief has gone to households with annual incomes between \$55,001 and \$100,000.

In 2004, Council enacted a sunset provision as part of the AHOP ordinance. The initial sunset date was December 31, 2004. City Council extended the sunset date for the last two years to December 31 of each of the subsequent fiscal years. Since the AHOP Grant Program has been such a successful program for the City, staff requests that City Council make the program permanent by removing the sunset clause from the Code. The criteria for the program can still be adjusted by Council as needed. This ordinance is required in order to implement the AHOP Grant Program approved in the FY 2008 budget.

FISCAL IMPACT: The budgeted cost for fiscal year 2008 is \$1.2 million to provide real estate tax assistance to low and moderate-income residents.

ATTACHMENT: Proposed Ordinance

STAFF:

Mark Jinks, Deputy City Manager

Laura B. Triggs, Acting Director of Finance

Debbie Kidd, Division Chief, Finance/Revenue Administration

Roderick B. Williams, Assistant City Attorney

1	Introduction and first reading:	09/11/2007
2	Public hearing:	09/15/2007
3	Second reading and enactment:	09/15/2007

INFORMATION ON PROPOSED ORDINANCE

Title

AN ORDINANCE to amend Section 3-2-175 and to repeal Section 3-2-179 of Division 2 (AFFORDABLE HOMEOWNERSHIP PRESERVATION PROGRAM) of Article L (REAL ESTATE TAX RELIEF) of Chapter 2 (TAXATION) of Title 3 (FINANCE, TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia, 1981, as amended

Summary

The proposed ordinance makes permanent, subject to future appropriations, the Affordable Homeownership Preservation Program, and limits the time for eligible persons to apply for relief under the program to the period between adoption of the City budget and September 1. This provision precludes any relief under the program if funding for the program is not included in the City's annual budget.

Sponsor

Staff

Mark Jinks, Deputy City Manager
Laura Triggs, Acting Director of Finance
Debbie Kidd, Division Chief, Finance/Revenue Administration
David Clark, Division Chief, Finance/Treasury
Roderick B. Williams, Assistant City Attorney

Authority

City Charter §§ 2.01 and 2.04.2

Estimated Costs of Implementation

None

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

None

ORDINANCE NO. _____

1
2
3 AN ORDINANCE to amend Section 3-2-175 and to repeal Section 3-2-179 of Division 2
4 (AFFORDABLE HOMEOWNERSHIP PRESERVATION PROGRAM) of Article L
5 (REAL ESTATE TAX RELIEF) of Chapter 2 (TAXATION) of Title 3 (FINANCE,
6 TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia,
7 1981, as amended
8

9 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:
10

11 Section 1. That Section 3-2-175 of Division 2 (Affordable Homeownership Preservation
12 Program) of Article L (Real Estate Tax Relief) of Chapter 2 (Taxation) of Title 3 (Finance,
13 Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended,
14 be, and the same hereby is, amended to read as follows:
15

16 Sec. 3-2-175 Same--procedure for application.
17

18 (a) ~~Commencing with taxable year 2004, and~~ In each taxable year, subsequent to the
19 adoption of the City budget for the following fiscal year, and subject to the appropriation of
20 funds, but not later than September 1 of the taxable year, any applicant for a grant under this
21 division shall file with the city manager, in such manner as the manager shall prescribe and on
22 forms to be supplied by the city, an affidavit or written statement providing the following:
23

- 24 (1) the name of the applicant;
25
26 (2) the address of the real estate for which the grant is to be applied against the tax liability;
27
28 (3) the names of all persons who reside in the applicant's dwelling;
29
30 (4) the household income of the applicant as defined in section 3-2-171(9);
31
32 (5) the net combined financial worth of the applicant as defined in section 3-2-171(5);
33
34 (6) such additional information as the city manager reasonably determines to be necessary to
35 determine eligibility for a grant pursuant to this division.
36


37 (b) If, after audit and investigation, the city manager determines that the applicant is eligible
38 for a grant, the manager shall so certify to the director, who shall implement the grant as a
39 prepayment on the applicant's real estate tax bill due on November 15 of the taxable year.
40

41 (c) Any provision of this division to the contrary notwithstanding, the director may declare
42 eligible to apply for a grant any person filing the affidavit or written statement required by
43 subsection (a), after September 1 but before November 15 of the taxable year, provided good
44 cause is shown for the failure to file the affidavit or statement on or before September 1 of the
45 taxable year.

22
9-15-07

City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 14, 2007
TO: HONORABLE MAYOR AND MEMBERS OF COUNCIL
FROM: JAMES K. HARTMANN, CITY MANAGER 
SUBJECT: INITIAL EVALUATION OF THE AFFORDABLE HOMEOWNERSHIP PRESERVATION GRANT PROGRAM

In response to Council's interest Tuesday night concerning the effectiveness of the Affordable Homeownership Preservation Grant (AHOP) program, staff has prepared the following analysis.

The Affordable Homeownership Preservation Grant Program was designed specifically to target real estate tax relief to low and moderate income households who were not otherwise eligible for the real estate tax relief through the elderly and disabled tax relief program.

The AHOP program has been in existence almost 4 years and has awarded over 4,000 grants for \$2.6 million through September 12, 2007. After a 2 year start-up period in which City Council adjusted the income thresholds and City staff adjusted the administration of the program, the program has now matured into a robust, predictable and efficient program in providing targeted tax relief.

- Our expectation is that about 1,340 applications will be approved this year with the average grant being \$813 for a total grant cost of \$1.15 million. This result is similar to last year, when income limits and grant amounts were the same, and within 97% of the budgeted amount for grants in FY 2008.
- Administrative costs are very low. They run about \$60,000 a year – only 5% of the cost of the grants.

The grant program is designed to be need-based. For the last two years, grant awards have ranged from \$200 to \$1,200 depending on household income. The highest eligible household income level is \$100,000. Only owner-occupied homes worth less than \$527,000 (approximately the average home value in the City) are eligible. There are over 19,000 homes in the City that meet this \$527,000 or less eligibility criterion. With these eligibility rules, the program has succeeded in providing targeted real estate tax relief.

- About 51% of the grant funds have gone to the lowest income group (less than \$40,000 household income) from 2004 to 2006. About 35% of the grant funds have gone to the next lowest income level (from \$40,000 to \$55,000). The remaining 14% of grant funds went to households with incomes between \$55,000 and \$100,000.
- The attached table provides detail on the extent to which grant awards are graduated to reflect income levels and the results for the last 4 years through September 12, 2007.

The program in practice is reaching individuals established in the community of prime working age who have lived in their home for a considerable period of time.

- The average age of the grant recipient last year was about 42 years of age except it was slightly higher (47) for those in the highest eligible income category.
- The average length of time the homeowner had lived in the residence ranged from 5 years for the highest income categories to 10 to 13 years in the other three income categories.

The program provides significant real estate tax relief.

- The average grant this year of about \$813 or about 19% of the average real estate tax bill. Since grants are only given to those whose homes are less than \$527,000, the percent of the tax bill covered by the grant is likely more close to 30%.

In conclusion, looking at the outputs of the AHOP program, it has met the program objectives by providing assistance to about 1,340 mostly low and moderate income (75%) households in a cost efficient administrative manner. This is only part of the measures needed to determine success. The final measures not available at this time would be a survey of program beneficiaries to determine the effect the program had on them.

Finally, Councilman Gaines asked if any other City housing program had a sunset provision. To staff's knowledge, no other program has such a provision, but many of the City's housing programs (such as down payment assistance) are limited by the funds appropriated to it. The AHOP sunset was put in place because the program was new (not only in the City but also in Virginia) and Council wanted to be able to have the program come back to them for review.

Attachment

Information Concerning Affordable Homeownership Preservation Grant Program (AHOP)

The City's AHOP grant is currently administered on a need-based system. Need is determined by household income status and a limit on the assessed value. Eligible household incomes and assessed values are divided into the categories as follows:

Tax Year	Income Ranges	Grant Amount	Assessment Threshold
2004	\$0 - \$62,000	\$250	\$362,000
2005	\$0 - \$40,000	\$675	\$442,000
	\$40,001 - \$50,000	\$475	
	\$50,001 - \$62,000	\$275	
2006 & 2007	\$0 - \$40,000	\$1,200	\$527,000
	\$40,001 - \$55,000	\$875	
2007	\$55,001 - \$72,000	\$375	
	\$72,001 - \$87,000	\$200	
	\$87,001 - \$100,000	\$200	

Income Level \$0-\$40,000	Income Level \$40,001-\$55,000	Income Level \$55,001-\$100,000	All Levels
Average Grant Amount \$859	Average Grant Amount \$685	Average Grant Amount \$317	

Calendar Year	Total Grant Amount	# of Grants	Total Grant Amount	# of Grants	Total Grant Amount	# of Grants	Total Grant Amount	Total # of Grants	Highest Assessment
2004	\$70,750	283	\$54,250	217	\$39,750	159	\$164,750	659	\$361,700
2005	\$308,053	463	\$145,811	307	\$69,025	251	\$522,889	1,021	\$437,500
2006	\$529,200	441	\$434,000	496	\$147,775	430	\$1,110,975	1,367	\$522,300
2007*	\$375,600	313	\$300,125	343	\$134,025	391	\$809,750	1,047	\$525,200

*Based upon applications processed as of 9/12/2007. Applications are still being processed for 2007.

The AHOP program displays an even distribution of aid between different income groups. The income level grouping between \$0 to \$40,000 received slightly over one-half the total amount of aid given.

Figure 1

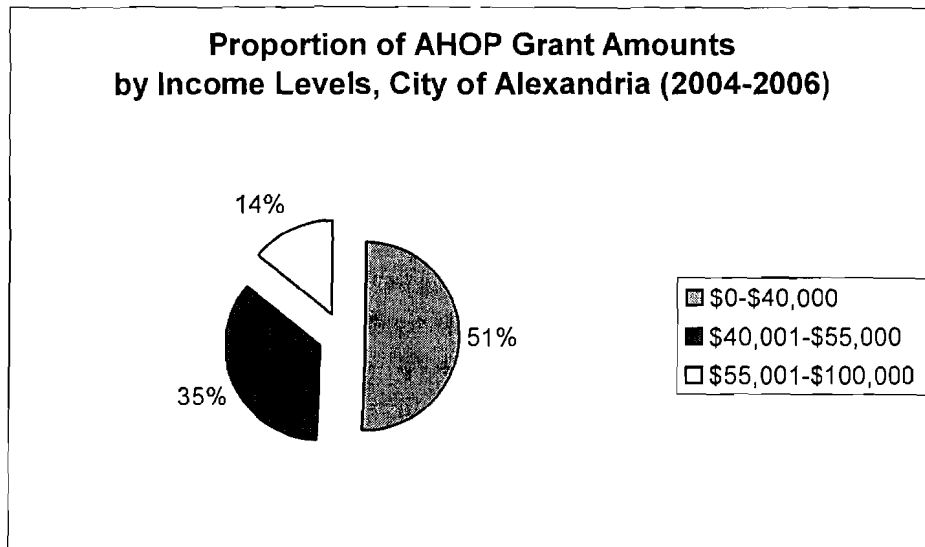
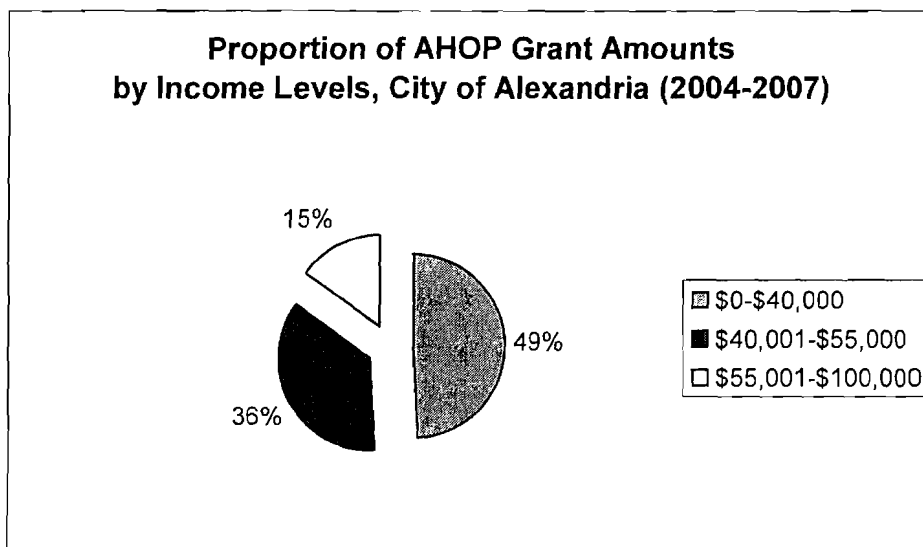


Figure 2



Data as of 9/12/2007, applications are still being processed for 2007.

1 AMENDMENT IN THE NATURE OF A SUBSTITUTE

2
3 ORDINANCE NO. _____

4
5 AN ORDINANCE to amend Section 3-2-175 and to repeal Section 3-2-179 of Division 2
6 (AFFORDABLE HOMEOWNERSHIP PRESERVATION PROGRAM) of Article L
7 (REAL ESTATE TAX RELIEF) of Chapter 2 (TAXATION) of Title 3 (FINANCE,
8 TAXATION AND PROCUREMENT) of the Code of the City of Alexandria, Virginia,
9 1981, as amended

10
11 THE CITY COUNCIL OF ALEXANDRIA HEREBY ORDAINS:

12
13 Section 1. That Section 3-2-175 of Division 2 (Affordable Homeownership Preservation
14 Program) of Article L (Real Estate Tax Relief) of Chapter 2 (Taxation) of Title 3 (Finance,
15 Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended,
16 be, and the same hereby is, amended to read as follows:

17
18 Sec. 3-2-175 Same--procedure for application.

19
20 (a) Commencing with taxable year 2004, not later than September 1 of the taxable year, any
21 applicant for a grant under this division shall file with the city manager, in such manner as the
22 manager shall prescribe and on forms to be supplied by the city, an affidavit or written statement
23 providing the following:

- 24
25 (1) the name of the applicant;
26
27 (2) the address of the real estate for which the grant is to be applied against the tax liability;
28
29 (3) the names of all persons who reside in the applicant's dwelling;
30
31 (4) the household income of the applicant as defined in section 3-2-171(9);
32
33 (5) the net combined financial worth of the applicant as defined in section 3-2-171(5);
34
35 (6) such additional information as the city manager reasonably determines to be necessary to
36 determine eligibility for a grant pursuant to this division.

37
38 (b) If, after audit and investigation, the city manager determines that the applicant is eligible
39 for a grant, the manager shall so certify to the director, who shall implement the grant as a
40 prepayment on the applicant's real estate tax bill due on November 15 of the taxable year.

41
42 (c) Any provision of this division to the contrary notwithstanding, the director may declare
43 eligible to apply for a grant any person filing the affidavit or written statement required by
44 subsection (a), after September 1 but before November 15 of the taxable year, provided good
45 cause is shown for the failure to file the affidavit or statement on or before September 1 of the

1 taxable year.

2
3 Section 2. That Section 3-2-179 of Division 2 (Affordable Homeownership Preservation
4 Program) of Article L (Real Estate Tax Relief) of Chapter 2 (Taxation) of Title 3 (Finance,
5 Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended,
6 be, and the same hereby is, amended to read as follows:

7
8 Sec. 3-2-179 Sunset date.

9
10 No grant pursuant to section 3-2-172 shall be permitted in any taxable year which
11 commences after December 31, ~~2006~~ 2007.

12
13 Section 3. That this ordinance, adopted September 15, 2007, shall become effective
14 January 1, 2007, *nunc pro tuc*.

15
16
17 WILLIAM D. EUILLE
18 Mayor

19
20 Introduction: 09/11/2007
21 First Reading: 09/11/2007
22 Publication:
23 Public Hearing:
24 Second Reading:
25 Final Passage:

26
27
28 G:\DOCUMENTDATA\RBW\FINANCE\ORDINANCES\CODE 3-2-175 AND 3-2-179 AHOP APPLICATION AMENDMENT AND SUNSET
29 DELETION.DOC

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Section 2. That Division 2 (Affordable Homeownership Preservation Program) of Article L (Real Estate Tax Relief) of Chapter 2 (Taxation) of Title 3 (Finance, Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended by repealing Section 3-2-179, as follows:

~~Sec. 3-2-179 Sunset date.~~

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

Section 3. That this ordinance shall become effective upon the date and at the time of its final passage, and shall apply to taxable year 2007 and subsequent taxable years.

WILLIAM D. EUILLE
Mayor

Introduction: 09/11/2007
First Reading: 09/15/2007
Publication:
Public Hearing:
Second Reading:
Final Passage:

G:\DOCUMENT\DATA\RBW\FINANCE\ORDINANCES\CODE 3-2-175 AND 3-2-179 AHOP APPLICATION AMENDMENT AND SUNSET DELETION.DOC

ORDINANCE NO. 4498

AN ORDINANCE to amend Section 3-2-179 of Division 2 (AFFORDABLE HOMEOWNERSHIP PRESERVATION PROGRAM) of Article L (REAL ESTATE TAX RELIEF) of Chapter 2 (TAXATION) of 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 Section 3-2-179 of Division 2 (Affordable Homeownership Preservation Program) of Article L (Real Estate Tax Relief) of Chapter 2 (Taxation) of Title 3 (Finance, Taxation and Procurement) of the Code of the City of Alexandria, Virginia, 1981, as amended, be, and the same hereby is, amended to read as follows:

Sec. 3-2-179 Sunset date.

No grant pursuant to section 3-2-172 shall be permitted in any taxable year which commences after December 31, 2007.

Section 2. That this ordinance, adopted September 15, 2007, shall become effective January 1, 2007, *nunc pro tunc*.

WILLIAM D. EUILLE
Mayor

Final Passage: September 15, 2007