

**City of Alexandria, Virginia
 FY 2024 Proposed Operating Budget & CIP
 Budget Questions & Answers**

March 28, 2023

Question: What authority does the City have to create a housing voucher program and how many would be served by \$5 million?

Response: City Code Section 7-2-4(c)(1) states, “The city may upon authorization of council: (1) make grants of funds to owners of dwellings or dwelling units in the city leased to low- or moderate-income persons for the purpose of subsidizing, in part, the rental payments due and owing to any such owner by a low moderate-income person.” This gives the City the authority to offer housing subsidies and/or vouchers.

To enable a voucher-like program that stabilizes housing and enables access for low-income households across the City’s private rental market, higher monthly subsidy amounts must be incorporated in consideration of Alexandria’s average monthly rents for one-, two- and three-bedroom apartments. Assuming an initial annual investment of \$5 million, the chart below demonstrates the number of units/families that might be served as well as the projected staffing requirements. It is anticipated that staff or consultant capacity to design, develop and implement the program initially may be higher than what is required to maintain and operate the program once it is up and running, however eligibility review, compliance, payment processing and case management services would all need to continue. City staff will consult with Arlington County (which administers a local housing auxiliary grant program) and ARHA to review their administrative models.

Local Housing Voucher Program							
Annual Budget	\$5,000,000		Direct funding	\$4,350,000			
			Staffing	\$650,000	10-15% admin cost		
Direct Cost Per Household (HH)				Staffing			
	Monthly	Yearly	HH served				cost per
High	\$1,200	\$14,400	302	Two fiscal staff	\$150,000	\$75,000	
Low	\$600	\$7,200	604	3-5 case workers	\$500,000	\$100,000	
					\$650,000		

Staff propose that provision of vouchers potentially be paired with landlord commitments to comply with the City’s voluntary rent guideline policy which currently caps annual increases to no more than 5%. In this way, projections regarding future funding requirements would be more certain. The administrative burden of developing and operating a new program exceeds current Housing and DCHS

staffing capacity. Limited case management support is proposed to potentially assist participating households in navigating workforce development and other resources to maximize self-sufficiency. Echoing a staff memo prepared during the 2012 Beauregard Small Area Plan process, challenges to a City-sponsored rent modification/voucher program include ongoing rent increases and identifying a dedicated funding source to sustain the commitment. Alexandria never wants to be in a position where its actions to discontinue a program could potentially trigger housing instability or displacement. Another consideration at that time was Arlington County staff's sentiment that offering Housing Auxiliary Grant attracted more households needing resources to the County.

The City currently has a pilot rental assistance program that further subsidizes rents that are already affordable to some level within City-supported tax credit developments. The program, created in 2017, is funded through grants sourced from the developer-contribution funded Housing Trust Fund (HTF). This existing program is similar to vouchers in terms of subsidizing rent when needed. The project-based subsidy program, now enabling deep affordability for 37 units, is operating successfully at four properties. The City's program for tax credit properties is scaled to subsidize 10% of all the units for up to five years. Housing makes monthly rental subsidy payments to the properties to make up the difference between what a household can afford, based on 30% of their gross income.