

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 2, 2010

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER 

SUBJECT: BUDGET MEMO # 34 : OFFICE OF HOUSING STAFF SIZE

This is in response to Councilman Krupicka's question: With decreased workload is the Housing staff the right size or could some of this resource help other areas of government?

The Proposed FY 2011 Office of Housing budget reflects notable reductions in two areas: homeownership assistance and development activities. The impact on staff workload of the reductions in each of these areas is discussed in the remainder of this memorandum.

Given the scale of the development and preservation workload, and the fact that the decrease in loan funding will have minimal impact on the level of staff effort needed to make loans with the available funds, it would be difficult to carry out the other workload described in this memorandum with a reduction in staffing.

It should also be noted that the Proposed Budget does not include funds to be received from ARHA in repayment of the City's \$1.44 million loan for Alexandria Crossing (Glebe Park), (minus \$335,000 for purchase of a unit by the city for a Residential Police Officer) due to staff uncertainties, at the time of budget submission, about the timing or amount of payments. However, based on sales of market and workforce units to date, the developer, EYA, projects that it will be able to repay ARHA in full (and ARHA, in turn, will be able to repay the City in full) by the end of the calendar year. Those funds can potentially be used to help offset the decline in development and/or homeownership funding, on to help fund the 16 ARHA replacement units.

Homeownership Assistance

Based on funding availability, the total volume of Homeownership Assistance Program (HAP), Moderate Income Homeownership Program (MIHP), and Employee Homeownership Incentive Program (EHIP) loans is declining from an actual of 93 households/107 loans (\$3.24 million) in FY 2009 to a projected 42 households/54 loans (\$1.70 million) in FY 2010 to an estimated 32 households/34 loans (\$1.10 million) in FY 2011. The 4.2 FTEs associated with homeownership

activities represent 100% of two full-time Housing Program Coordinators, plus lesser portions of the Program Implementation Division Chief, another Housing Program Coordinator, and office support staff. In addition to the making of loans, the Division's homeownership efforts include the following:

- Coordinating and implementing the Neighborhood Stabilization Program (NSP) (a collaboration with non profits, Alexandria Housing Development Corporation (AHDC) and Rebuilding Together Alexandria (RTA), to acquire, rehabilitate and sell foreclosed homes to eligible first time buyers for which the City received nearly \$1 million in federal grant funds)
- Ongoing foreclosure prevention coordination and outreach (including local and regionally-based efforts regarding education and counseling), as well as direct counseling (two staff members have VHDA certification for foreclosure counseling)
- Annual monitoring of the City's (expanding) loan portfolio (\$20 Million)
- Resale of set aside units in the homeownership program (as the number of units increase and the program ages, this activity has also increased; also, new equity sharing requirements will place additional marketing burdens on staff)
- Expanded technical assistance from Housing Program Coordinators to facilitate home purchase by first time buyers facing additional qualification barriers due to changes in loan underwriting standards and programs
- Increased outreach to the Hispanic Community in home purchase counseling and training, as well as foreclosure prevention
- Increased partnership with ARHA in implementing the Housing Choice Voucher Homeownership Program, outreach to participants in ARHA's Family Self-Sufficiency program, and creation of a Homebuyers Club to foster mutual support as clients move from assisted to ownership housing (to date 14 former HCV and Public Housing residents have purchased homes)
- Researching and developing new, green programs and initiatives to fund sustainable homeownership, including loans for green rehabilitation and improvement projects, to incentivize energy efficiency
- Seeking alternative financial resources and submitting grant funding applications to supplement City resources to support homeownership programs and initiatives
- Administering the homeownership counseling contract (\$97,000)
- Conducting the annual Homeownership Fair (500 attendees)

Development and Preservation

Based on the sizeable decrease in development funding from both General Fund and Housing Trust Fund sources, staff projects that only one loan, in addition to potential funding (as much as \$6 million to \$7 million) for the required 16 ARHA replacement units, will be made in FY 2011. From FY 2005 through FY 2010 to date, the Office of Housing has made nine development and preservation loans (including one recently approved loan that has not been completed), an average of 1.5 loans per year. While, with the exception of the replacement units, the cost per project that can be supported with Housing funds will substantially decline, the level of effort for making a small loan is essentially the same as that for making a larger loan. In other words, this funding decline does not equate to a reduction in loan-related workload.

The 1.9 FTEs associated with affordable housing development and preservation activities include a sizeable portion of the Deputy Director, and lesser portions of a Housing Analyst, the Program Administration Division Chief, a Housing Program Coordinator, and the Director. Other aspects of this activity category include the following:

- Identifying a viable option for the 16 ARHA replacement units
- Analyzing the Powhatan street (old traffic shop site) housing project
- Providing technical assistance to non-profit housing development entities
- Pursuing preservation options for assisted properties threatened with loss
- Managing the developer housing contribution process (\$23 million in outstanding pledges), including negotiating on-site affordable housing contributions where appropriate (72 units in outstanding pledges)
- Participation in Small Area Plan development and implementation efforts of the Department of Planning and Zoning
- Regular monitoring of City-assisted development and preservation projects (\$43 million)

This list excludes the Housing Master Plan process, which involves most of the same staff positions (among others), as funding for that effort is reflected under the Leadership and Management Support Services activity.