

# City of Alexandria, Virginia

## MEMORANDUM

DATE: MARCH 22, 2013

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

THROUGH: RASHAD M. YOUNG, CITY MANAGER *ml*  
*FOR*

FROM: NELSIE L. SMITH, DIRECTOR, OFFICE OF MANAGEMENT & BUDGET *NS*

SUBJECT: BUDGET MEMO #10: RESPONSE TO COUNCIL QUESTIONS

Every Friday, the Office of Management & Budget issues Budget Memos to answer questions posed by members of City Council. We will prepare the memos in a question and answer format. Below are answers to some of the questions posed thus far:

### TITANS LOUNGE (A. Silberberg)

**Question:** "I would like to see if we could find a way to bring back "Titans Lounge" at TC Williams. It was an after-school program that the students liked. They used to gather in the cafeteria and do homework and just hang out together in a safe environment. Apparently pretty popular. It was cancelled a year ago I believe. I learned about it at my Gang Prevention Task Force meeting. So could you please find out how much that would cost?"

**Response:** Titans Lounge was started in FY 2012 as an unfunded initiative which allowed students to gather in a supervised, safe, clean but unstructured school setting. Initially, supervision at the program was provided by one Recreation, Parks and Cultural Activities (RPCA) employee and one Alexandria City Public Schools (ACPS) employee. Eventually, the program popularity grew (an average of 150 students participated daily), which created a potentially unsafe situation and overwhelmed the two existing staff. RPCA was able to provide one additional staff to bring the total staff support to three; however, even at this level of staffing, it was determined toward the end of the school year that three staff was insufficient given the number of students attending.

In order to restore the program and provide a safe, clean and inviting environment, a total of seven staff members at an estimated cost of \$61,096 will be required. Of that, \$37,096 will be used to provide five staff members from RPCA and \$24,000 will be used to provide two staff members from ACPS

(RPCA will have all five working during the peak attendance winter months but will adjust staff hours accordingly if attendance drops off in the spring). ACPS will also provide bus transportation at no additional cost.

#### RELOCATION COORDINATOR (T. Lovain)

**Question:** “The affordable housing plan for the Beauregard Area includes a City position for a master relocation coordinator. At a work session, staff indicated that this coordinator would have their hands full with the Beauregard efforts and wouldn't be able to help renters elsewhere in the City relocate if faced with condo conversion plans, dramatic rent increases, etc. Didn't the City used to have a relocation coordinator, until recently? What were his/her duties and how much did that position cost the City? Why was the position terminated?”

**Response:** Since 1996, the Office of Housing's Landlord-Tenant Relations Division has had a staff of three: the Division Chief, a Landlord Tenant Investigator, and a Relocation Advisor II. This staffing level has proven adequate to assist renters faced with condo conversions, relocation due to substantial rehabilitation, and other major rent increases. Since 1996, this Division has dealt with substantial rehabilitation projects involving 1,624 units. From 2003 through 2009, condominium conversions were registered for 3,410 units, although after a number of such conversions were shelved, only 2,294 units were actually converted. The three-person Landlord Tenant Relations staff worked with the property owners and monitored relocation activities for all of these projects. The planned Beauregard relocation process will involve a much greater level of effort that requires additional resources.

The Office of Housing had two Relocation Advisor I positions that were transferred in 1996 to the Department of Human Services as part of an effort to consolidate all services to the homeless within that department. The two transferred positions were responsible for administering the Transitional Apartment Program (now called Transitional Assistance), which provides emergency short-term rent assistance to income-eligible homeless or overcrowded households, and the Eviction Storage program for households faced with eviction. The Relocation Advisor I is a GS 13, with a salary range of \$41,150 to \$66,119.

The proposed Beauregard position is at the level of Relocation Advisor II, which is budgeted at a G step with a salary of \$59,094.

#### USING AFFORDABLE HOUSING FUNDS FOR PERSONNEL (Work Session)

**Question:** “If we were to hire a full-time position for Beauregard what would be the duties and why is it needed now. Please address the issue of using affordable housing funds to pay for people?”

**Response:** As envisioned in the proposed Tenant Assistance and Relocation Plan (which is currently pending Landlord-Tenant Board approval and will be forwarded for

Council consideration along with the Beauregard rezoning materials), the City is responsible for prioritizing displaced residents for the committed units, verifying their eligibility at the time of displacement, and making the appropriate placements of households into committed units. The city is also responsible for monitoring the developers' compliance with their responsibilities, which involves communication with residents, coordinating the relocation of tenants who do not receive committed affordable units, and providing information on citywide affordable and other housing resources to the developers' coordinator(s).

In FY 2014, the main body of work for this position will be as follows:

- Develop and conduct a prequalification survey in order to determine who is living in the property at the time of the Beauregard Small Area Plan adoption and the approval of the Relocation Plan;
- Begin prioritization for committed affordable units, based on criteria in the plan. This entails developing a final qualification survey to begin establishing the databases and applying the proposed tenant scoring criteria in order to prioritize tenants for assignment to committed affordable units once redevelopment becomes imminent; and,
- Respond to tenant inquires that are likely to begin once developers issue the first 9-month preliminary notice (as called for in the pending Tenant Assistance and Relocation Plan) for the first units to be demolished. Based on information provided by the developers, the first notice may occur as early as May 2014 for approximately 153 units at the 296-unit Seminary Hills property. This property may be demolished in the first half of FY 2015.

To date, staff has not pursued the possibility of contracting out these services due to its belief that the length and detail of the proposed Beauregard process exceeds what is normally done by relocation firms. However, staff will look into this option and report back to Council at a future date.

The City Council resolution that established the dedicated tax revenues says that the funds are to be used for "affordable housing purposes" and does not specify what that may or may not include. Staff believes that this position, which will manage the process of allocating dedicated affordable housing units in the Beauregard area, fulfills an affordable housing purpose.

#### SHALLOW RENT SUBSIDIES (T. Lovain)

**Question:** "I understand that both Arlington and Washington, DC provide "shallow" rent subsidies to protect Alexandrians from being displaced by sharp rent increases. How much do these jurisdictions spend on these programs? What is Arlington recommending for this program in their current budget?"

**Response:** Arlington County has a locally funded Housing Grants Program which serves low income households including working families with children under 18, the elderly and people with disabilities. Arlington's FY 2014 Proposed Budget includes \$8

million in local funds for this program, which is projected to serve 1,440 households. In 2012, 1,140 households were served with a monthly subsidy averaging \$536. All households served have incomes below (with some significantly below) 50% of area median income (AMI). Arlington handles this program as an entitlement program so all persons that apply are served.

The District of Columbia operates a Local Rent Supplement Program (LRSP), which essentially parallels the federal Housing Choice Voucher Program, and therefore would be considered a full, rather than a shallow, rent relief program. It is administered by the DC Housing Authority. The program provides either a tenant-based or project-based rental subsidy for low income (HUD Low Income Range) households in the District. The FY 2013 Budget for this program is \$24 million, which is projected to serve 1,950 households. From 2007 to 2011, the program had been funded from the General Fund. Since FY 2012, the program has been funded from the District's Housing Production Trust Fund.

Alexandria has a shallow rent subsidy program in the form of its Rent Relief Program, which provides financial assistance to income eligible elderly and/or disabled renters (annual household income may not exceed \$25,600) who receive no other rental subsidies, and who are 65 or older or have a complete and total disability. The proposed FY 2014 Budget for this program, which is administered by the Department of Community and Human Services, is \$272,177, which is projected to serve 75 households with monthly assistance ranging from \$171 to \$342 a month, depending on income. The program operates on a first come, first served basis until all the funds are exhausted, and has about 35 households on a waiting list.

#### THRESHOLD FOR BUSINESS LICENSE TAX FOR RENTAL OF DWELLING UNITS (J. Wilson)

**Question:** "Sec. 9-1-88 of the City Code limits the applicability of the Business License Tax for Rental of Dwelling Units to those who rent 5 or more units. What would be the revenue impact of lowering that threshold or eliminating it altogether?"

**Response:** The revenue impact of lowering or eliminating the threshold would be less than \$5,000. There are currently 34 multi-family rental housing properties with less than five units that are tracked by the Department of Real Estate Assessments. Over 90% of those properties are assessed at a value of less than \$1.0 million. Even at a high capitalization rate of 10%, most of those properties would generate less than \$100,000 in net annual income. Businesses with gross receipts of less than \$100,000 pay a base fee of \$50 annually.

## GRANT REDUCTION IMPACT (Work Session)

**Question:** “How are grants administered? What is the impact of the 6%?”

**Response:** Grants provided by Alexandria Fund for Human Services:

The goal of the Alexandria Fund for Human Services (AFHS) is to award funding through a competitive process to organizations providing services to Alexandria residents. The AFHS allows the City to support human service programs vital to meeting the needs of our community with broadly defined service priorities for young children, youth, immigrants, the elderly and the disabled. AFHS is the umbrella fund that coordinates grants and special initiatives for the Community Partnership Fund and the Children and Youth Fund. For FY 2014, AFHS is proposed to receive \$1,911,264 in funding, which represents a 6% reduction from FY 2013. In FY 2013, 58 organizations were awarded grants ranging from \$5,000 to \$302,995.

The City reduced AFHS in FY 2010 by \$291,621 to \$2,033,259 and funding has remained level for the past three years. Therefore, it is likely that funded nonprofit organizations will need to find other sources of funding to pay for increased costs of providing services. The Proposal Review Committees making funding decisions could make up the deficit by not funding one or more proposals, limiting the number and amount of awards to new applicants, or a combination of the two means.

Grants Provided by the Alexandria Commission for the Arts:

The goal of the Arts Grant is to award funding through a competitive process to nonprofit arts organizations and artists in Alexandria for operations or projects that enable the community to have access to quality arts programs and events. For FY 2014, the Arts Grant is proposed to receive \$168,937 which represents a 6% reduction from FY2013. In FY 2013, 24 organizations were awarded grants ranging from \$932 to \$12,352. The proposed reduction in funding for the Arts Grant would result in a decrease in overall grant award amounts and/or the total number of grants awarded thereby limiting the amount and types of arts programs that will be offered.

## RESIDENTIAL REFUSE FEE (J. Wilson)

**Question:** “Can you ask TES to expand on their answers from Budget Memo 4 as it relates to the Residential Refuse Fee? Specifically, I would like an actionable menu of options for service expansion, if we were to keep the fee the same, or possibly not lower it as much as the Manager proposes.”

**Response:** The residential refuse fee is charged to residents who receive curbside refuse and recycling collection service from the City. It is intended to recover the cost of those services from the customers that receive them rather than general taxpayers. The current yard waste program expansion included in the proposed budget

represents a significant move toward capturing curbside organic waste from residential customers that staff expects will pay dividends for the City's residential recycling rate. In addition to these programs, supplementary organic waste programs and public space recycling also represent the greatest area of potential future improvements in recycling. Additional options for consideration are provided below, listed in priority order, and are intended to benefit primarily residential refuse customers, but would have benefits to visitors, businesses, workers, and residents that do not receive City refuse collection as well. Each additional \$5 on the residential refuse fee would generate approximately \$88,000 in revenue.

#### I. Recycling on the Go: Recycling in Parks and Public Spaces

Cost: \$85,000 (first-year; recurring costs contingent on program expansion)

City residents can recycle at home and work, but recycling when out is challenging.

The proposal includes placing 50 dedicated recycling containers at heavily-used City athletic fields and along heavily used pedestrian corridors such as King Street and the waterfront. The containers will be serviced by a part-time FTE using a rededicated small compaction truck, which will require replacement in a future budget year.

#### II. Eco-City Recycling Program Expansion

Cost: \$125,000 (first-year program estimates)

The City's recycling programs would be expanded to achieve the 2020 Eco-City goal of 65% waste diversion, a 16.6 point jump over the current rate of 48.4%. The following four programs would enable the City to become a regional leader in resource recovery and organic waste management:

a) Farmer's Market Food Waste Recovery Pilot: On a seasonal basis, stations will be set up at farmer's markets for residents to bring their food waste. The booth's attendant would provide program information, sell food-waste collection tubs, and assist residents emptying and sanitizing their containers. The collected material would be sent to a regional composting facility. The service will be provided by a contractor. Cost: \$18,000

b) Earth-Saver Challenge-Waste Minimization: 100 Alexandria families will be recruited to reduce their amount of household refuse to 32-gallons or less per week. The challenge will be for one year. Each family receives a uniquely-marked refuse container, special training, and the opportunity to share stories and experiences through the City's social media programs (Facebook and Twitter). By placing the small can at the curb, participants will be setting a new standard for their neighbors and passersby. Live large; throw-away small. Cost: \$10,000

c) ACPS recycling improvements partnership: Install two compaction units at T.C. Williams to improve collection of refuse and recycling from the facility and

reduce the school's carbon footprint. These two units would replace seven (7) collection boxes that are serviced six (6) times a week. Units would be serviced once a week or less. Installation would increase recycling options at the City's single high school with additional benefits from reductions in truck traffic on King Street. Cost: \$55,000

d) New Recycling Drop-Off Center in northeast Alexandria. This location would serve the Mt. Vernon and East Glebe commercial sector as well as provide a relief valve for new development in the Potomac Yard area. Cost: \$42,000

III. Recycling-vehicle Accelerated Depreciation Cost  
Cost: \$90,000 (first-year; no recurring costs)

Typically, the value of a recycling vehicle is depreciated over 8-10 years and money is set aside each year for its eventual replacement. Recently, due to an unforeseen jump in heavy-truck replacement costs, a gap has opened between the funds needed and the funds on hand for truck replacement. These funds would close that gap and enable the City to replace much-needed recycling vehicles; new vehicles would improve collection efficiency and provide cost savings.

#### TAX ON TABACCO PRODUCTS (J. Chapman)

**Question:** "Is it possible to tax specific tobacco products at a different rate? For example, could we add 20 cents to the cigarette tax and 25 cents to chewing tobacco?"

**Response:** After reviewing our local authority vs. State regulations on specific tobacco classifications, it reveals that currently cigars, chewing tobacco etc. are not covered under State "Cigarette Tax provisions" Code § 58.1-3832. In other words, no cigarette tax can be charged for chewing tobacco.