

*City of Alexandria, Virginia*

**MEMORANDUM**

DATE: APRIL 16, 2008

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO #104: IMPACT OF ADDING DASH AS AN ELIGIBLE EMPLOYER UNDER THE EMPLOYEE HOMEOWNERSHIP INCENTIVE PROGRAM (EHIP)

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This budget memorandum responds to the following inquiry from Councilmembers Wilson and Gaines:

*“What is the estimated cost of including DASH employees in all of the housing programs currently available to City employees?”*

Currently, DASH employees are eligible to apply to all City housing programs with the exception of the Employee Homeownership Incentive Program (EHIP). The EHIP Program was created in 2004 to provide a financial incentive (up to \$5,000) for employees of the City and Alexandria City Public School (ACPS) to purchase homes in the City. Also included as eligible employers for the EHIP program are the Alexandria Commonwealth Attorney, the Alexandria Clerk of Court, the Alexandria Sheriff, the 18<sup>th</sup> Circuit Court, the Alexandria Court Services Units, the Alexandria Public Library, the Alexandria Registrar of Voters, the Alexandria Law Library, and the Alexandria Health Department.

DASH currently has 140 employees, 85 of whom are bus drivers. DASH employees work for a private sector entity (TMA) in a corporation established for the sole purpose of providing transit for Alexandria. TMA is controlled entirely by ATC of which the City is the sole stockholder. There are currently no income restrictions for the EHIP Program and participation is not limited to first-time homebuyers, therefore all employees could be considered as potentially eligible for the program. Based on overall program use to date and the size of the DASH workforce, the impact of adding this group to the total pool of eligible participants would be minimal, with an expected addition of one EHIP loan (\$5,000) annually. Based on current utilization of EHIP monies, staff anticipates that the program can accommodate DASH employees without an increase in funding.

However, staff recommends that Council also consider the inequity of adding DASH employees without adding the employees of other agencies that are closely related to the

City or, like DASH, have City-appointed boards. Staff recommends that the Affordable Housing Initiatives Work Group be asked to consider the advisability of expanding the program to include employees of DASH as well as other public or quasi-public entities such as the following:

- Alexandria Redevelopment and Housing Authority (ARHA)
- Alexandria Sanitation Authority (ASA)
- Alexandria Convention and Visitors Association (ACVA)
- Alexandria Economic Development Partnership (AEDP)

There are also significant other quasi-public agencies that receive significant City funds (such as private non-profit charitable organizations) who may also wish their employees to receive the EHIP benefit.

Currently, 53% of all eligible employees are employed by the City and 47% by ACPS. To date, participation in the program has been roughly equal between these two groups with only 2% of City employees and 1.7% of ACPS having applied for assistance. Given the relatively small percentage of eligible employees who utilize the program (the 17 EHIP loan applications received during FY 2007 represent only 0.4 percent of the eligible employees), staff does not anticipate that the addition of any or all of these entities will have a significant budgetary impact. In addition, the loan amount is small enough that it is likely that, if needed, additional funds could be transferred into the program during the year. However, as in the MIHP program, it may become necessary to suspend the program prior to the end of the year if applications exceed the available funding.