

City of Alexandria, Virginia

MEMORANDUM

DATE: MARCH 18, 2009

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: JAMES K. HARTMANN, CITY MANAGER

SUBJECT: BUDGET MEMO # 30: SUMMARY OF AFFORDABLE HOMEOWNERSHIP PRESERVATION (AHOP) GRANT PROGRAM.

This memo is in response to Councilman Wilson's request for an analysis of the Affordable Homeownership Preservation (AHOP) grant program, particularly with regard to the value of homes and real estate tax for individuals receiving the grant. In calendar year (CY) 2008, the AHOP grant program served 849 households and provided \$685,337 in grants. The average amount of an AHOP grant in 2008 was \$807.

The table below illustrates the eligibility requirements, by year, and by income level.

Eligibility requirements for AHOP grant

	FY 08 (CY07)	FY 09 (CY08)	Proposed FY 10 (CY09)	Expected FY 11 (CY 10)
0-\$40,000	\$1,200	\$1,200	\$800	-
\$40,001-\$55,000	\$875	\$875	\$500	-
\$55,001-\$72,000	\$375	\$375	-	-
\$72,001-\$87,000	\$200 for 2 person household	-	-	-
\$87,001-\$100,000	\$200 for 3+ person household	-	-	-

Beginning in FY 2009, stricter income limitations were placed on the program, reducing the income limitation of homeowners eligible to receive the grant from \$100,000 to \$72,000. The FY 2010 proposed budget further reduces the income limitation to \$55,000. The program is expected to be phased out in FY 2011.

Of the 849 homeowners who received the AHOP credit in CY 2008, the average CY 2009 assessment decreased by 9.4% from \$272,999 to \$247,459. The median assessment decreased by 10.3%. Assessments increased on five properties, remained the same on 33 properties, and decreased on 811 properties. The average FY 2009 tax bill for CY 2008 AHOP homeowners (not including the grant) under the proposed tax rate of 88.7 cents is still expected to decrease by \$112 or 4.9% from \$2,307 to \$2,195.

Councilman Krupicka asked for information regarding the cost of changing AHOP such that it only applied to qualifying residents who see an increase of 1% or more in taxes paid. Of last year's 849 recipients, 289 will see their tax liability under the proposed budget (not including the grant) increase by more than 1%. Based on the proposed budget which reduces the maximum income level from \$72,000 to \$55,000, an estimated 167 of the 289 recipients would continue to be eligible for the grant. With the reduction in the grant available at each income level, the resulting cost to the City would be approximately \$100,000. This compares to the \$300,000 included in the budget for AHOP in FY 2010, for a saving of \$200,000 compared to the proposed budget.