



Legislation Text

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City of Alexandria, Virginia

MEMORANDUM

DATE: SEPTEMBER 2, 2020

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER /s/

DOCKET TITLE:

Introduction and First Reading. Consideration. Passage on First Reading of an Ordinance to Amend City Code Section 2-5-31 Regarding the Employee Homeownership Incentive Program to Update Assistance Amounts Pursuant to FY 2021 Budget.

ISSUE: Consideration of amendments to City Code Section 2-5-31 regarding the Employee Homeownership Incentive Program to revise assistance amounts pursuant to the FY 2021 budget.

RECOMMENDATION: That City Council introduce the ordinance amending one Employee Homeownership Incentive Program, pass the ordinance on first reading, and hold a public hearing on the ordinance on September 12, 2020, and after public hearing, adopt the ordinance on September 12, 2020.

BACKGROUND: In the proposed FY 2021 budget, the City Manager recommended that the levels of down payment and closing cost assistance provided through the EHIP to eligible employees be increased to induce and enable more City employees to live where they work. The recommendation was among a group of enhancements to the overall employee benefit package. Currently, only 13% of City employees live in Alexandria, and having sufficient savings for down payment and closing costs is among the most frequently cited barriers to employees deciding to buy homes here.

The current ordinance designates a maximum amount loan amount of \$10,000. The intent at this time is that EHIP assistance be provided on a tiered basis, depending on the employee-applicant's household income, as shown below. As proposed, the maximum EHIP assistance would increase to \$15,000.

- (1) \$15,000 for applicants with household incomes up to or below 80% of the Area Median Income (AMI)
- (2) \$11,500 for applicants with household incomes ranging from 80 - 120% AMI
- (3) \$7,500 for applicants with household incomes greater than 120%+ AMI

The U.S. Department of Housing and Urban Development annually measures and reports area median income (the middle income of all households residing in a specific geographic area) based on income data collected through the American Community Survey and adjusted for household size. In 2020, the area median income for a four-person household in the Washington DC metropolitan statistical area which includes Alexandria) is \$126,000.

Another significant change to improve the program in FY 2021 will be a return to allowing City employees to use EHIP for any home in the City for which they are approved, up to a purchase price which, per the Code, “shall not exceed 1.3 times the average assessed value for all housing types of residentially assessed property in the City, as determined by the director of real estate assessments.” Based on the real estate assessments, the current cap is \$682,500. For nearly a decade, use of EHIP has been limited to resale units within the City’s flexible/affordable homeownership assistance program that can only be purchased by income-eligible first-time homebuyers. In these cases (which did occur regularly), covered employees could use EHIP as well as other housing assistance for which they were income-eligible, however, the overall number of purchase opportunities available was low and mainly within condominium stock.

EHIP loans, as in the past would be made available to employees of the City government, ACPS, Circuit Court Clerk, Sheriff’s Office, Circuit/General District /Juvenile & Domestic Relations courts, Court Services Unit, Law Library, Registrar of Voters, Libraries and Alexandria Health Department.

DISCUSSION: The EHIP program ordinance was last updated in 2004. Given the nearly 200% increase in the cost of sales housing in the City of Alexandria since then, and similar increases in the down payment amounts required from purchasers, increasing the maximum level of assistance to \$15,000 for income-eligible employees helps reduce barriers to first time homeownership. As proposed, the revisions create a more equitable, accessible and useful incentive to help employees buy homes in the City and will more impactfully benefit a wide range of workers.

FISCAL IMPACT: \$200,000 in Housing CIP funds will be used as the source for the FY 2021 program.

ATTACHMENTS:

- (1) Cover Sheet for Ordinance Amending City Code Section 2-5-31
- (2) Ordinance Amending City Code Section 2-5-31

STAFF:

Emily Baker, Deputy City Manager
Christina Zechman Brown, Deputy City Attorney
Helen McIlvaine, Director, Office of Housing
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