



Legislation Text

File #: 18-7722, Version: 1

City of Alexandria, Virginia

MEMORANDUM

DATE: MAY 7, 2018

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

DOCKET TITLE:

Public Hearing, Second Reading and Final Passage of an Ordinance to Amend and Reordain Section 3-1-5 of the City Code to Add One Percent of the Five Percent Tax on Restaurant Meals as a Dedication to the Affordable Housing Initiatives Account. [ROLL-CALL VOTE]

ISSUE: Consideration of an ordinance to add a new source of dedicated funding to the Affordable Housing Initiatives Account. The new dedicated source would come from the proposed one percent increase on the Restaurant Meals tax rate if approved.

RECOMMENDATION: That City Council hold a public hearing and approve, on second reading and final passage, the attached Ordinance to add a new source of dedicated funding of one percent on the proposed Restaurant Meals tax rate of five percent to the Affordable Housing Initiatives Account on Saturday, May 12, 2018.

DISCUSSION: As part of the adoption of the FY 2019 budget on May 3, 2018, Council approved (subject to the May 12 adoption of the implementing ordinances) and indicated its desire to increase the tax on Restaurant Meals from four percent to five percent, with the additional one percent being dedicated to the Affordable Housing Initiatives Account to be used solely for cash capital contributions for Affordable Housing projects in the Capital Improvement Program. If Council decides not to raise the Restaurant Meals tax from 4% to 5%, then this proposed ordinance establishing the dedication would not need to be adopted.

FISCAL IMPACT: During the FY 2019 final add/delete work session, Council tentatively approved an increase in the Restaurant Meals tax rate from four percent to five percent as part of the FY 2019 budget. Each one percent of this tax rate is estimated to generate \$4.75 million. The one percent of the total proposed rate of five percent dedicated to Affordable Housing will represent 20 percent of the total estimated Meals Tax revenue. Each year, if a five percent rate is continued, 20 percent of revenue generated from the five percent Restaurant Meals tax would be transferred from the General Fund to the Affordable Housing Initiative Account

and then transferred to fund Affordable Housing projects in the CIP. As noted in the attached ordinance, funds that are collected and dedicated for affordable housing (including workforce housing) would not lapse or expire at the end of the fiscal year, but would be held as Affordable Housing Initiatives Account fund balance to be used for future CIP projects.

ATTACHMENTS:

1. Cover for Proposed Ordinance
2. Proposed Ordinance to add a new source of funding to the Affordable Housing Initiatives Account from one percent on the Restaurant Meals tax rate

STAFF:

Laura Triggs, Deputy City Manager

Kendel Taylor, Director of Finance

Christina Zechman Brown, Assistant City Attorney