

**City of Alexandria, Virginia  
 FY 2023 Proposed Operating Budget & CIP  
 Budget Questions & Answers**

**March 24, 2022**

**Question:** What is the fiscal impact of increasing the amount of property tax revenue dedicated to affordable housing from 0.6 cents to a full penny? How much additional revenue would this generate for affordable housing? Additionally, is there a way to require that these additional funds be specifically targeted to efforts to support more housing at 40% AMI and below and homeownership opportunities?

**Response:**

The FY 2023 Proposed Budget includes 0.6 cents of the real estate tax, or \$2,772,250, for affordable housing projects, debt service, and some related staffing. Increasing the dedicated revenue to a full penny would add \$1,848,166, bringing the total to \$4,620,416. There would not be a legal restriction associated with limiting the dedication for deeply affordable housing and homeownership opportunities since it is a question of the City targeting its own budget for such projects. Increasing the 0.6 cent dedication to 1.0 cent would require City Council to increase the real estate tax rate by 0.4 cents or identify \$1,848,166 in expenditure reductions in other areas to repurpose 0.4 cents of the existing tax rate.

	<b>6/10 OF A PENNY</b>	<b>FULL PENNY</b>
<b>AFFORDABLE HOUSING PROJECTS</b>	\$920,265	\$2,768,431
<b>DEBT SERVICE</b>	\$1,701,230	\$1,701,230
<b>AFFORDABLE HOUSING STAFFING</b>	\$150,755	\$150,755
<b>TOTAL DEDICATION</b>	<b>\$2,772,250</b>	<b>\$4,620,416</b>

It is noted that the City has been allocated additional federal HOME dollars through ARPA in the amount of \$2,243,216. These funds are specifically targeted for programs serving very low-income households. As part of the federal application process, an allocation plan will be brought to City Council this spring for consideration regarding the use of these funds, which potentially could be programmed for deep affordability.