Attachement 1

City of Alexandria, Virginia

MEMORANDUM

DATE: DECEMBER 19, 2017

TO: WILLIE BAILEY, MEMBER, CITY COUNCIL

FROM: MARK B. JINKS, CITY MANAGER mj

SUBJECT: FEASIBILITY OF DEDICATING A 1% INCREASE IN THE MEALS TAX TOWARDS INCREASING HOUSING AFFORDABILITY

This memorandum responds to your question as to whether the City's meals tax rate could be increased by 1% (from 4% to 5%) and the proceeds then used for increasing housing affordability. To respond, staff has gathered information on housing affordability and the meals tax. The following highlight key information in this memo:

- The Housing Master Plan's 200 new/preserved units per year production goal between now and 2025 cannot be met with the current funding stream.
- There is an approximate 880-unit funding gap, which to close would cost some $75,000 per unit, and cost some $66 million through 2025 to meet.
- Of the 195 Virginia localities that have a meals tax, the City's 4% rate is higher than 40 localities, equal to 47 localities, and lower than 108 localities. The median meals tax rate in Virginia is 6%.
- A 1% add to the meals tax would not negatively impact restaurant sales.
- A 1% increase in the meals tax would raise some $4.75 million annually and produce about 63 units per year or 441 units by 2025.

A. <u>HOUSING AFFORDABILITY FUNDING, PRODUCTION SINCE 2006 AND FUNDING GAP</u>:

Between 2000 and 2017, the City of Alexandria lost 90% (approximately 16,500 units) of its market affordable apartment stock due to increases in rent and housing-related costs that exceeded area income growth. More than two-thirds of Alexandria's households earning less than $75,000 spend much of their income on housing, leaving less money for necessities like food, childcare, savings and healthcare (Attachment 1). During this period Alexandria has addressed its housing affordability challenge by committing significant financial resources to expand the number of long-term committed affordable rental units produced or preserved in partnership with nonprofit housing developers and Alexandria Redevelopment and Housing Authority (ARHA).

1. **<u>Recent History of Affordable/Workforce Housing Funding</u>:**

The Housing Opportunities Fund (HOF), which is comprised of HTF dollars (voluntary developer contributions), federal Home Investment Partnerships (HOME) monies and, on occasion, City General Fund monies, was created in 2002 as a source for investment in affordable housing development. Scattered-site housing for persons with disabilities, improvements to ARHA properties, Habitat for Humanity homes and the acquisition of a small apartment complex (Lynnhaven) for preservation as affordable and transitional housing uses were the types of projects initially funded with the HOF.

City housing resources were significantly expanded by City Council's authorization of the issuance of general obligation (G.O.) bonds for affordable housing in FY 2006, following the dedication of a portion of the real property tax rate (initially set at one cent; later reduced to 0.6 cents) to service G.O. debt. Through these actions, an infusion of nearly $22 million was generated for affordable housing preservation and production. The attached table shows how general obligation bonds and other housing funds were used from 2006-12 (Attachment 2). Having resources available for projects helped launch the Alexandria Housing Development Corporation (AHDC), a nonprofit development entity established by City Council in 2014 to preserve and produce affordable housing within Alexandria, and attracted existing nonprofit affordable housing providers working elsewhere in the region to develop projects in the City.

The 2013 HMP provided a roadmap to guide future City affordable housing development and investment and proposed financial and non-financial strategies and tools to be implemented to maximize the Alexandria's supply of committed affordable units. The creation of a dedicated funding source for affordable housing (the HMP's highest priority recommendation) was viewed as key to the HMP's goal of achieving new affordability in 2000 units by 2025. Both the Housing Master Plan and ARHA's 2012 Strategic Plan (which was developed concurrently with the HMP) affirmed policies focused on production and preservation of rental housing affordable to those with the greatest unmet need, with the City's initiatives to be aimed at developing units affordable for households with incomes ranging from 40% to 60% AMI, and ARHA's targeting even lower income households, including those traditionally served in public housing (0-30% AMI).

Attachment 2 also shows City investment in affordable rental development since the 2103 Housing Master Plan. While committed affordable units created through City investments in homeownership, rehabilitation, and accessibility programs, or secured through the development process (e.g., set aside units attained from bonus density) contribute toward the HMP's annualized target of approximately 200 committed affordable units, the majority of City funding resources get utilized for multifamily rental development which leverages City dollars by a factor of six or more.

Because of the complicated way that affordable housing developments are financed, especially those using low income housing tax credits (LIHTC), City loans are usually part of a layered funding package that includes first trust mortgage ("hard pay") debt from a conventional lender or VHDA, private equity from third party LIHTC investors, and fees deferred by developers. The City's loans are subordinate to all three other sources, and are paid from project cash flow (residual receipts) over a long period of time, with repayments often beginning 10 or more years after project completion. While a City loan might be repaid sooner if a project is refinanced at the end of the initial 15-year tax credit period, the structure of these deals does not support development of a robust revenue stream that can be resolved within the short term to fund new projects. Developing a revolving funding pool from program income derived from repayments of existing loans will likely take two or more decades.

2. **Housing Funding Gap**:

It is noted that the cost of producing affordable housing has gone up since the HMP was adopted due to rising construction and development prices, including infrastructure costs, as well as requirements to subsidize deeper levels of affordability, both to meet local housing need and to fulfill LIHTC-driven priorities. As a result, the projected average amount of City investment has evolved from around $40,000 per unit to up to $75,000 for a new LIHTC development since 2013. Alexandria's housing funding challenges are also exacerbated by the HOF's reliance on diminishing federal funding resources and on voluntary developer contributions which are paid only if/when a proposed development is completed versus when they are pledged (the rates for developer contributions are revised annually based on CPI, so generally increase). As a result, the City's ability to move the needle to produce or preserve substantial amounts of long-term committed affordable rental housing largely depends on the availability of financial resources.

The attached graph, updated from one presented during the FY 2018 City Council Retreat, illustrates a projected City funding gap of approximately $10.2 million needed to undertake specific projects that have been currently identified. In addition to new development, the pipeline includes preservation of some affordable housing assets likely at risk of being lost (due to expiration of existing affordability contracts) if City assistance is not available during this period (Attachment 3). *If one looks at meeting the HMP goal of 200 units preserved or created annually, the gap grows to $66 million over the next seven years.* This is higher than previously projected as the previously planned (but now likely shelved) development of the Beauregard Corridor would have funded 800 units of dedicated affordable/workforce housing over about a three-decade period including nearly 500 units by FY 2026.

Housing's predevelopment loan function, one of the tools enhanced in the HMP process, has been very helpful in establishing this pipeline of proposed affordable housing projects. These are currently sequenced to align their timelines for development approvals and VHDA tax credit cycles within future City fiscal year budget resources.

More development is possible, however, to fully realize all projects now sequenced in the development pipeline, and potentially take advantage of, or induce (by adding certainty regarding City funding resources to motivated property owners or developers), or maximize future opportunities for affordable housing preservation and production, new funding sources whether it be higher General Fund appropriations or new dedicated funding sources will be needed. *Based on recent City investment in affordable housing, and assuming a $75,000 average subsidy per unit (which also assumes tax credit availability) each $1 million in new dedicated funding annually is likely to yield about an additional 13 committed units per year.*

B. POTENTIAL IMPACT OF INCREASING MEALS TAX FROM 4% TO 5%

The following provides information on the Meals Tax, currently at 4% of the cost of any prepared food or beverage sold by a restaurant for immediate consumption. The FY 2018 approved budget includes an estimate of $19 million in Meals Tax revenue. *A 1% meals tax rate increase is estimated to generate additional annual revenue of approximately $4.75 million:*

	FY 2014	FY 2015	FY 2016	FY2017	FY 2018 Est.
Meals Tax Revenue:	$17,404,589	$17,635,886	$18,655,330	$18,878,758	$19,000,000
Growth Rate:		1.33%	5.78%	1.20%	0.64%
Revenue Gain at 1% Increase					**$4,750,000**

1. Meals Tax Rates in Virginia Localities:

As reported for 2016 by the Weldon Cooper Center for Public Service, all cities impose a Meals Tax, ranging from 4% to 8%, with a median rate of 6%. Of the 195 Virginia localities with a Meals Tax the City's 4% rate is higher than 40 localities, equal to 47 localities, and lower than 108 localities. A total of 47 counties levy a 4% Meals Tax, with only Dickenson County at a lower rate of 2%. Also, 110 towns report having a Meals Tax, with a median rate of 5%. The following chart shows the 2016 distribution:

Meals Tax Rates, 2016 (Weldon Cooper Center for Public Service)

Rate	Cities	Counties	Towns	Total
1.0 - 2%	0	1	2	3
2.1 - 3%	0	0	4	4
3.1 - 4%	5	46	29	80
4.1 - 5%	3	0	40	43
5.1 - 6%	16	0	19	35
6.1 - 7%	9	0	12	21
7.1 - 8%	5	0	4	9
Total	38	47	110	195
Median Rate	6%	4%	5%	5%

Counties are capped at a maximum rate of 4%, and with a few exceptions just a few counties such as Arlington and number of counties so designated in State law along the I-95 corridor, can only adopt a Meals Tax if approved at referendum. However, as provided by Va. Code § 58.1-3840, cities and towns with general taxing powers established by charter, such as the City of Alexandria, may impose this tax without referendum and do not have any maximum rate restriction. (Attachment 4) provides a list of 27 key jurisdictions, showing their comparative Meals Tax rate.

2. **Meals Tax Elasticity:**

The City of Alexandria has been levying this Meals Tax since 1975, initially at a rate of 1%. This rate was increased in 1983 to 3%, and finally raised to 4% in 2008 as part of the FY 2009 budget. Staff noted the following in 2008:

"Raising the restaurant meals tax rate to four percent is likely to have little impact on restaurant revenues. When persons decide to eat at a restaurant, the decision is not an economic one but driven by convenience, adjacency, genre of food selection, ambience, and other non-economic factors. Arlington instituted a four percent meals tax in 1991 and saw restaurant revenues increase in the year after its meals tax was implemented."

The City had similar experience after adopting the 1% rate increase in FY 2009. The baseline growth rate, before the rate increase, was up 1.94% in FY 2009. While revenue was relatively flat in FY 2010 (down about $3,800), the growth rate surged to 8.76% the following year:

			Rate Increase from 3% to 4%		
	FY 2007	FY 2008	FY 2009	FY2010	FY 2011
Meals Tax Revenue:	$10,657,839	$10,972,048	$14,912,796	$14,908,999	$16,214,900
Growth Rate:		2.95%	35.92%	-0.03%	8.76%
Baseline Growth Rate:			1.94%		

This revenue impact was also seen in a case study of a Meals Tax rate increase by the City of Harrisonburg in 2012, which found that "The meals tax increase did not seem to affect the number of dining establishments negatively in the City of Harrisonburg. To the contrary, the number of restaurants actually rose in the year following the meals tax increase. Also, in the year following the meals tax increase, the reported taxable sales for dining establishments rose by 3.82%."

When the City of Alexandria last raised its rate in 2008, staff at that time noted that the National Restaurant Association had "no research reports that show an overall negative impact on restaurant sales of a restaurant meals tax." This was the same finding of Fairfax County in 2016, as they prepared for a referendum on adopting a Meals Tax. The County also reported at that time that *"demand for restaurant meals is relatively inelastic [i.e., demand is relatively insensitive to changes in price], and therefore a meals tax* *would likely have minimal impact on the price or quantity of sales…Restaurant sales are more heavily impacted by other cyclical economic trends."*

3. **Other Possible Impacts:**

On the other hand, with a rate increase, according to the Williamsburg Area Restaurant Association, "The first thing that's going to happen is decreased sales and less tips. Customers are going to take it from the tip money." This echoes a study referenced in an industry produced white paper concerning the Fairfax County Meals Tax effort, by the Restaurant Association of Metropolitan Washington; the Virginia Restaurant, Lodging, and Travel Association; the National Restaurant Association; and the Northern Virginia Chamber of Commerce. According to those business groups' paper, "the gratuities on meals are immediately reduced by customers when a locale imposes or increases a meals tax. As claimed in the restaurant study, these employees (if Fairfax increased its meal tax from 0% to 4%) will often lose 20 percent of their wages directly resulting from a food tax." When increasing the meals tax from 3% to 4% in 2008, Alexandria did not receive feedback that tip loss occurred. Arlington County also did not see that phenomenon occur in 1991when they established the meals tax (i.e. their rate went from 0% to 4%). Increasingly when customers calculated gratuities, they calculate it on the gross meal bill and not on just the pre-tax portion of the meal costs.

This industry paper also argues that "Restaurants often absorb the increased cost of a meals tax in price reductions," and that the tax hits to a greater degree low to middle income families and senior citizens. The Bureau of Labor Statistics' (BLS) Consumer Expenditure Survey for 2016 provides some statistical reference in this regard. Nationally, according to the BLS, for those with pre-tax incomes below $50,000, 7% of their income is spent on eating 'Food Away From Home." This compares to only 3.7% of income for those making more than $50,000. Conversely, looking only at food expenditures, those with higher incomes spend a higher percentage of their food budget eating out (47% v. 37%).

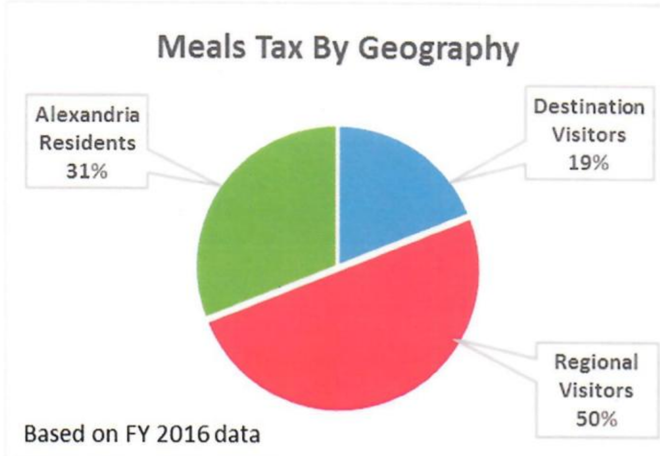
It should be noted that given the affordable/workforce (or below) income levels of many restaurant staff, that this segment of the City's population would benefit from an increase in housing affordability.

4. **Who Pays the Meal Tax in Alexandria?**

In their quest for a Meals Tax, Fairfax County estimated that "approximately 28.0 percent of meals expenditures in Fairfax County are generated by non-County residents." Likewise, a 2014 Blue Ribbon Commission in Charlottesville reported that the Meals Tax "is one way to capture revenue from people visiting the city who use and enjoy many of the amenities provided by the community but do not pay real estate and property taxes."

The ability to "export" this tax to non-residents is significant in the City of Alexandria. For example, (Attachment 5) provides information from the Virginia Employment Commission that shows over 65,000 workers commuting into the City of Alexandria from other jurisdictions, many of whom will spend money buying meals while working in the City.

Moreover, extrapolating available credit and data, has been calculated that 69% of the Meals Tax falls on non-City residents. This is logical given the City's position as a destination for tourist and business travelers. This is also relatively consistent with the resident/visitor percentage split that Arlington estimated when it adopted its meals tax.



5. **<u>Other Meals Tax Information</u>:**

(Attachment 3) provides more detailed information on what type of sales the Meals Tax covers or exempts, and the associated exemptions. On average in FY 2017, patrons at 446 restaurants paid this tax, cumulatively averaging approximately $3,500 per restaurant per month. This can further be broken down to the average cost per meal.

According to the BLS, for the Washington, D.C. Metropolitan Statistical Area (MSA), the average annual expenditure for 'Food Away From Home' in 2015-2016 was $3,819, or approximately $73.44 per week. Furthermore, based on their Dining Trends Survey for 2016, Zagat estimates that nationally Americans go out to eat an average of 4.5 times per week (not including breakfast). In this MSA, that would equate to approximately $16.32 per meal, on average. At the current rate of 4%, this would equate to a tax of approximately $0.65 per meal. A 1% rate increase would add an additional $0.16 per meal on average.

These are, of course, just averages. The additional tax from a 1% rate increase on a higher cost meal, say $75, would equate to an additional $0.75; whereas, the added cost on a $6 meal would equate to an additional $0.06.

6. **<u>Dedicating the Meals Tax 1% for Housing Affordability</u>:**

From a policy perspective, Council can decide, if it so chooses, to dedicate an additional meals tax 1% levy for affordable housing. The dedication could be "soft" in that it would be identified annually in the General Fund budget as to the amount of the 1% projected meals tax revenue with an equal amount set aside for affordable housing, or possibly it could be a "hard" dedication which would be locked in by Council adopted ordinance. We will inquire of the City Attorney's Office on the "hard" dedication option. Council has in the last two decades dedicated for specific purposes the real estate tax and/or its revenue four times: (1) 1% of real estate tax revenues for open space acquisition (since rolled back); (2) one cent for affordable housing (since reduced to 6/10th of a cent), (3) 2.2 cents for transportation operating and capital, and (4) one cent for storm water (since replaced with a storm water utility fee). The last time the transient occupancy tax was raised by the City there was a "soft" matching of the dollars generated by the increase with the proposed new King Street trolley. While in general it would be a preferred financial management practice not to dedicate specific tax revenues for specific programmatic expenditures, sometimes in order to gain public support for a tax increase knowing what that tax increase is to be expended for can significantly increase public support for raising a particular tax. The City's policies and practices have encompassed both of the divergent funding alternatives. Dedication a General Fund tax or a portion of a tax for a particular program purpose such as affordable housing, would have the effect of fencing monies off from use for general City or School purposes.

Considering increasing the meals tax by 1% was one of the three tax revenue options real estate, personal property and meals tax) presented in the Proposed FY 2019 Capital Improvement Program to potentially fund unfunded City and School capital needs as well as housing affordability, which Council decided to increase the real estate tax rate by 3 cents to meet City and Schools facility needs. Council did allocate some $3.6 million of that 3 cents collected in FY 2017 towards meeting housing affordability needs (i.e., AHC's Church of the Resurrection project.

Please let me know if you have any questions.

Attachment 1: 2017 Market Affordable Update
Attachment 2: City Investment in Affordable Housing 2006 to present
Attachment 3: Housing Pipeline- Anticipated City Funding Gap
Attachment 4: Comparative Meals Tax Rates for Key Jurisdictions
Attachment 5: Top 10 Places Workers Are Commuting From, VEC
Attachment 6: Meals Tax Details, Pertinent Excerpts from Article N, Title 3, Chapter 2, Code of the City of Alexandria

cc: The Honorable Mayor and Members of City Council
Emily Baker, Deputy City Manager
Laura Triggs, Deputy City Manager
Helen McIlvaine, Director, Office of Housing
Kendel Taylor, Director, Department of Finance
Morgan Routt, Director, Office of Management and Budget
Kevin C. Greenlief, Assistant Director, Revenue Division, Department of Finance

ATTACHMENT 1

Updated June 2017

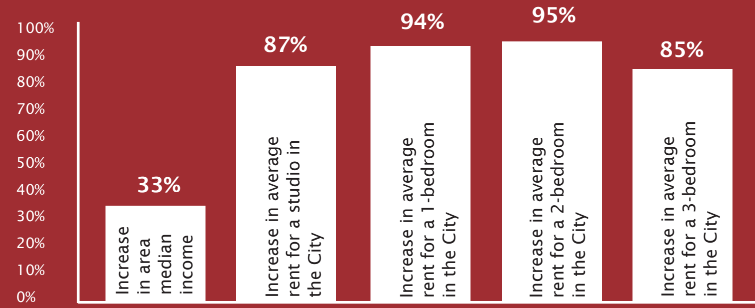
MARKET AFFORDABLE 2017 UPDATE

90% The decline in market-affordable rental units in the City of Alexandria between 2000 and 2017.

This dramatic loss in housing affordability reflects the gap between the growth in housing costs versus the growth in wages, as well as the strong demand for housing in the region.

2000-2017 Market-Affordable Trends in the City of Alexandria.

Source: Office of Housing, 2000-2017 Annual Point-in-Time Survey of Market Affordable Rental Units in Private Apartment Properties with 10 or More Units.



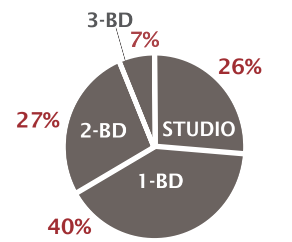
Disparity in the growth of Washington, DC area wages and housing costs in the City of Alexandria between 2000 and 2017.

Source: HUD, Office of Housing, 2000-2017.

1,749 # OF MARKET-AFFORDABLE UNITS IN 2017

WHAT IS MARKET-AFFORDABLE HOUSING?

Market-affordable housing consists of non-subsidized rental units affordable to households earning 60% of the Area Median Income for the Washington, DC region (which in 2017 ranged from $46,380 for a one-person household to $66,180 for a four-person household). Rents at these units are not restricted and may cease to be affordable at any time. In 2017, few of the 1,749 market-affordable units counted had three bedrooms and could accommodate larger families or intergenerational households.



Market-affordable unit mix.

Source: Office of Housing, 2017.

WHY IS MARKET-AFFORDABLE HOUSING IMPORTANT?

Market-affordable units are an important source of the City's affordable rental housing stock. More than two-thirds of low- to moderate-income Alexandrians spend 30% or more of their income on rent or mortgage payments (2011-2015 ACS 5-Year Estimates). More affordable rents allow households to build savings and invest in health care, education, quality childcare, and other necessities.

Located mostly in the City's Alexandria West, Landmark/Van Dorn, Potomac West, and Taylor Run neighborhoods, market-affordable units preserve diversity and provide housing opportunities to younger families, new residents, and recent graduates, as well as to long-time Alexandrians. They enable workers critical to our economy across numerous industries and sectors (social services, education, public health and safety, arts and entertainment, retail, manufacturing, and law and finance) to live affordably in the City.

Learn about the City's efforts to address the loss of market-affordable units and preserve and increase Alexandria's stock of committed affordable housing at alexandriava.gov/Housing or contact the Office of Housing at 703.746.4990.

CITY OF ALEXANDRIA VIRGINIA

CITY INVESTMENT IN MULTIFAMILY/AFFORDABLE RENTAL HOUSING (2006-2012) DRAFT 120117

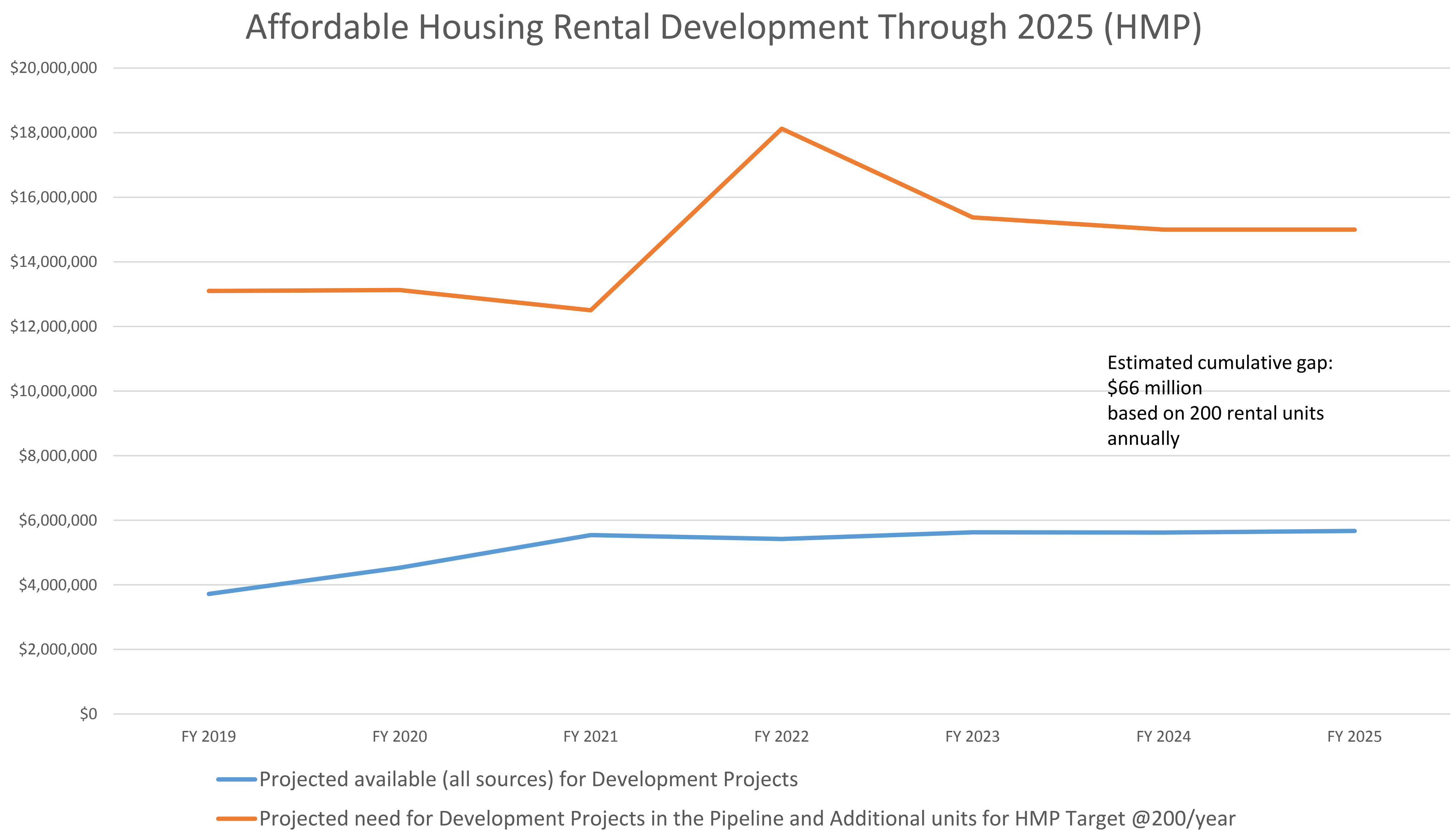
PROJECT	FY	# CAUs	CITY INVESTMENT	CITY INVESTMENT/UNIT	SOURCE—LOAN/GRANT	STATUS
Arbelo	2006	34	$ 6,400,000	$ 188,235	General Obligation Bonds	Residual receipts loan - refinanced in 2014 (see below)
Lacy Court	2006	44	$ 7,100,003	$ 161,364	HOME / General Obligation Funds / CDBG	Residual receipts loan - approved for refinancing (Q3 - FY 2018) (see below)
Longview Terrace	2007	41	$ 3,200,000	$ 78,049	General Obligation Bonds	Residual receipts loan - refinanced in 2014 (see below)
Elbert Avenue	2007	28	$ 83,500	$ 2,982	HTF (HOME)	Window replacement and energy efficiency improvements
Hopkins Tancil	2007	108	$ 517,000	$ 4,787	CDBG	Grant for rehabilitation
Glebe Park	2008	84	$ 5,000,000	$ 59,524	General Funds	Pay off HUD insured mortgage to avoid default; ARHA repaid in full in 2017 from JB proceeds
The Station at Potomac Yard	2009	64	$ 7,900,000	$ 123,438	$6M City grant: HTF/PY Developer Contribution; $1.9 M City loan	Residual receipts loan - 1st pmt in FY 2018; City loan: LIHTC pricing; mixed-use costs; workforce units
Parcview	2009	149	$ 9,000,000	$ 60,403	HOF; General Obligation Bonds; Dedicated tax revenue	Residual Recipts; preserve 151-unit aff building (HUD 236); some units converted to 2BRs
James Bland	2009	134	$ 1,440,000	$ 10,746	HTF	Bridge loan to enable project to move forward - repaid from sales of first phase EYA homes
Beverly Park	2009	33	$ 2,000,000	$ 60,606	HOF	Residual Receipts; 41-unit property acquired for preservation; some 1 BRs converted to 2 BRs
Quaker Hill	2010	60	$ 4,704,600	$ 78,410	Various, including General Obligation Bonds	Residual receipts; refinance/reno of ARHA-owned property including 60 Res 830 units; annual pmts
Bland Replacement/Res 830 Units (Miller Homes)	2011	16	$ 4,800,000	$ 300,000	General Obligation Bonds; HOF/HTF	Grant for James Bland replacement Res 830 units; City investment unleveraged
Beasley Square	2011	8	$ 1,135,000	$ 141,875	HOF (HTF)	Residual receipts: Senior aff units developed through ground lease from Shiloh Baptist Church
612 Notabene	2012	10	$ 325,000	$ 32,500	HOF (HOME)	Residual receipts; substantial renovation with City investment leveraged with HomeAid
Brent Place Apartments	2012	207	$ 494,447	$ 2,389	HOME and General Fund Match	Residual receipts; loan for elevator modernization extended affordability for +40 years; annual pmts
TOTAL		**1020**	**$ 54,099,550**	**$ 87,020**		

CITY INVESTMENT IN MULTIFAMILY/AFFORDABLE RENTAL HOUSING (2013 - HMP)

PROJECT	FY	# CAUs	CITY INVESTMENT	CITY INVESTMENT/UNIT	SOURCE—LOAN/GRANT	STATUS
Jackson Crossing	2014	78	$ 3,220,000	$ 41,282	HOF / HTF, plus City-owned parcel	Residual receipts
Arbelo	2014	34				Refinance/renovation; some city debt released for first puchase option (no new investment)
Longview Terrace	2014	41		$ -		Refinance/renovation; some city debt released for first puchase option (no new investment)
Lynhaven Apartments	2016	28	$ 1,448,877	$ 51,746	HOME / HTF	Refinance/renovation, including prior City loan amt (2002); LIHTC, with 4% and TEBs
St. James Plaza	2015	93	$ 6,219,800	$ 66,880	HOF/HTF/HOME, including Bgard seed money	Residual receipts (LIHTC; includes 40% AMI units)
Gateway at King & Beauregard	2016	74	$ 5,500,000	$ 74,324	HOF / HOME, including Bgard seed money	Residual receipts (LIHTC; includes 40% AMI units)
607 Notabene	2017	7	$ 300,000	$ 42,857	HOF-CDBG	City investment and VHDA loan leveraged with HomeAid
Ramsey Homes	2017	52	$ 2,000,000	$ 38,462	HOF - From Glebe/JB loan proceeds revolving fund	Residual receipts (LIHTC for infrastructure and site improvements)
Carpenter's Shelter	2017	97	$ 7,100,000	$ 73,196	HTF / HOME	Residual receipts (LIHTC; includes 40% AMI units) PLUS grant of $250,000 for rental subsidies
Lacy Court	2017	44				Refi/reno; repayment of $ at completion; some city debt released (LIHTC; 40% AMI; rental grant)
Church of the Resurrection	2018	113	$ 8,400,000	$ 74,336	HOF/HTF, General Funds	Predev loan; perm loan FY2018 3Q for 2018 LIHTC (40% AMI); PLUS $350K rental subsidy grant
Fairlington Presbyterian	2019	81	$ 4,500,000	$ 55,556	HOF/HTF/HOME, including Bgard seed money	Predevelopment loan; permanent loan anticipated FY 2019 3Q for 2019 LIHTC
TOTAL		**742**	**$ 38,688,677**	**$ 55,060**		Excluding Arbelo, Longview and Lacy = 623 units @$62K; the 119 ALL units have extended affordability due to refinancing

* Fiscal Year (FY) denotes the year that the development received LIHTC funding (if development is pending and/or construction is underway); for projects that are completed it denotes the year of delivery.

ATTACHMENT 3



Attachment 4

11/22/17

JURISDICTIONS	Meals Tax Rate [1]
Cities:	
Alexandria	4.0%
Charlottesville [2]	5.0%
Chesapeake	5.5%
Covington	8.0%
Falls Church	4.0%
Fredericksburg	6.0%
Hampton	7.5%
Harrisonburg	7.0%
Manassas	4.0%
Manassas Park	4.0%
Newport News	7.5%
Norfolk	6.5%
Portsmouth	6.5%
Richmond	6.0%
Virginia Beach	5.5%
Washington D.C.	10.0%
Williamsburg [3]	5.0%
Towns:	
Herndon	2.5%
Leesburg	3.5%
Middleburg	4.0%
Purcellville	5.0%
Vienna	3.0%
Counties:	
Arlington	4.0%
Fairfax	--
Loudoun	--
Prince William	--

[1] The state and local Sales Tax (6% in Northern Virginia) also applies in all jurisdictions, along with the Meals Tax.

[2] Charlottesville increased from 4% to 5% in FY2016, and included a stipulation requiring "that the meals tax rate be returned to 4% if the total amount collected by the tax declines by 10% or more." Meals Tax revenue increased following the rate change, and remains at 5% today.

[3] Williamsburg is 5% for FY 2018, but increased the rate to 6.5% on August 10, 2017. This rate becomes effective for FY 2019, and is slated to fund tourism projects and tourism infrastructure.

Attachment 5

Top 10 Places Residents are Commuting To

Area	Workers
District of Columbia, DC	20,986
Fairfax County, VA	17,611
Arlington County, VA	8,473
Montgomery County, MD	2,114
Prince George's County, MD	2,040
Loudoun County, VA	1,322
Prince William County, VA	1,293
Fairfax city, VA	732
Henrico County, VA	489
Falls Church city, VA	429

Top 10 Places Workers are Commuting From

Area	Workers
Fairfax County, VA	29,005
Prince William County, VA	7,531
Prince George's County, MD	7,094
Arlington County, VA	6,015
District of Columbia, DC	5,618
Montgomery County, MD	3,625
Loudoun County, VA	3,534
Charles County, MD	1,435
Stafford County, VA	1,222
Spotsylvania County, VA	780

Source: U.S. Census Bureau,
OnTheMap Application and LEHD Origin-Destination Employment Statistics, 2014.

Please Note: Commuting patterns data is no longer produced from the Decennial Census. As an alternative, we are providing commuting data from the U.S. Census Bureau's OnTheMap application and LEHD Origin-Destination Employment Statistics program. Since this data is produced from an entirely different data set, it is not advisable to compare the new data with previously released commuting patterns. For more information about the OnTheMap application or the LEHD program, please visit the following website:

http://lehd.ces.census.gov

<u>Attachment 6</u>: Meals Tax Details, Pertinent Excerpts From Title 3, Chapter 2, Article N, Code of the City of Alexandria

ARTICLE N - Tax on Meals Sold by Restaurants

Sec. 3-2-241 - Definitions.

(1) *Caterer.* A person who furnishes food, beverages, or both, on the premises of another, for compensation.

(2) *Meal.* Any prepared food or beverage offered or held out for sale by a restaurant for the purpose of being consumed by any person to satisfy the appetite and which is ready for immediate consumption. All such food and beverage, unless otherwise specifically exempted or excluded herein shall be included, whether intended to be consumed on the seller's premises or elsewhere, whether designated as breakfast, lunch, snack, dinner, supper or by some other name, and without regard to the manner, time or place of service. As used in this article "meal" shall include specifically, without limitation, the following:

(a) hot foods or hot food products ready for immediate consumption;

(b) sandwiches;

(c) salad bar items sold from a salad bar;

(d) prepackaged single-serving salads consisting primarily of an assortment of vegetables;

(e) beverages, including, without limitation, alcoholic beverages, not sold in factory sealed containers;

(f) alcoholic beverages sold in factory sealed containers and purchased for on-premises consumption; and

(g) food and beverages sold by caterers located in the city, whether consumed at a location inside or outside of the city.

(3) *Person.* Any individual, corporation, company, association, firm, co-partnership or any group of individuals acting as a unit.

(4) *Purchaser.* Any person who purchases a meal.

(5) *Restaurant.* Any place located in the city in or from which meals are sold, including but not limited to, drugstores, eating houses, public and private clubs, resorts, bars, lounges, cafeterias, cafes, snack bars, lunch counters, movie theaters, delicatessens, confectioneries, bakeries, grills, coffee shops, diners, dining rooms, eateries, ice cream and frozen yogurt shops, lunch wagons or trucks, pushcarts or other mobile facilities from which food is sold, caterers, and places of business commonly known as restaurants.

(6) *Seller.* Any person who sells a meal. (Code 1963, Sec. 36-97; Ord. No. 3628, 5/5/93, Sec. 1; Ord. No. 4133, 5/13/00, Sec. 1)

Sec. 3-2-242 - Amount and levy of tax.

There is hereby imposed and levied by the city, upon every purchaser of a meal, in addition to all other taxes, fees and charges of every kind now or hereafter imposed by law, a tax upon each and every meal sold in the city in or from a restaurant, whether prepared in the restaurant or not and whether consumed on the premises or not, based upon the amount charged the purchaser by the seller for the meal, at the rate of four percent of the total charge. (Code 1963, Sec. 36-98; Ord. No. 2829, 6/28/83, Sec. 2; Ord. No. 4133, 5/13/00, Sec. 2; Ord. No. 4532, 5/5/08, Sec. 1)

Sec. 3-2-243 - Collection of tax.

The tax, in each and every case, shall be collected by the seller from the purchaser at the time that the charge for the meal shall be due and payable, whether the payment shall be made in cash or on credit by means of a credit card or otherwise; provided, however, no blind person operating a vending stand or other business enterprise under the jurisdiction of the Department for the Visually Handicapped and located on property acquired and used by the United States for any military or naval purpose shall be required to collect and remit the tax. The seller shall separately state the amount of the tax and add the tax to the amount charged for the meal, and the tax shall be paid to the city for its use by the seller as hereinafter provided. (Code 1963, Sec. 36-99; Ord. No. 4133, 5/13/00, Sec. 3)

Sec. 3-2-244 - Collections held in trust.

All money collected as taxes under this article shall be deemed to be held in trust by the seller collecting the same until remitted to the city as provided in this article. (Code 1963, Sec. 36-100)

Sec. 3-2-246 - Exemptions; limitations on application.

The tax imposed under this article shall not be levied on the following:

(1) Meals furnished by restaurants to employees of the restaurant in the course of or in connection with their employment when no charge is made to the employees.

(2) Meals purchased with food coupons issued by the United States Department of Agriculture under the Food Stamp Program or drafts issued through the Virginia Special Supplemental Food Program for Women, Infants, and Children.

(3) Meals sold by public or private (a) day care centers, (b) elementary or secondary schools, or (c) colleges or universities, to their students or employees.

(4) Meals for use or consumption and which are paid for directly by the Commonwealth, any political subdivision of the Commonwealth or the United States.

(5) The following items, as more particularly described in the Food Stamp Act of 1977, 7 U.S.C. § 2012, as amended, and federal regulations adopted pursuant to that act:

(a) except as provided in subsection 3-2-241(2), any food or food product for home consumption;

(b) in the case of persons who are 60 years of age or over, persons who receive supplemental security income benefits, disabled persons, or blind persons, and their spouses, meals prepared by and served in senior citizens' centers and other facilities which serve such persons;

(c) in the case of persons who are 60 years of age or over, persons who are physically or mentally handicapped or disabled, or persons who are otherwise so disabled they are unable adequately to prepare all of their meals, and their spouses, meals prepared for and delivered to such persons at their home by a public or private nonprofit organization or by a private establishment under contract with the appropriate government agency to perform such services;

(d) in the case of narcotics addicts or alcoholics, and their children, served by drug addiction or alcoholic treatment and rehabilitation programs, meals prepared and served under such programs;

(e) in the case of persons who are residents in certain public or private nonprofit group living arrangements, meals prepared and served under such arrangements;

(f) in the case of women and children temporarily residing in public or private nonprofit shelters for battered women and children, meals prepared and served by such shelters; and

(g) in the case of homeless persons, meals prepared for and served by a public or private nonprofit establishment (approved by an appropriate government agency) that feeds such persons or by a private establishment under contract with an appropriate government agency to offer meals for such persons.

(6) Alcoholic beverages sold in factory sealed containers and purchased for off-premises consumption.

(7) Food and beverages sold through vending machines.

(8) Meals sold by volunteer fire departments and rescue squads; nonprofit churches or other religious bodies; educational, charitable, fraternal, or benevolent organizations, on an occasional basis, not exceeding three times per calendar year as a fundraising activity, the gross proceeds of which are to be used by such church, religious body or organization exclusively for nonprofit educational, charitable, benevolent, or religious purposes.

(9) Meals provided by churches that serve meals for their members as a regular part of their religious observances.

(10) Meals provided by hospitals, medical clinics, convalescent homes, nursing homes, or other extended care facilities to patients or residents thereof.

(11) Meals provided by homes for the aged, infirm, handicapped, battered women, narcotic addicts, or alcoholics.

(12) Meals provided by age-restricted apartment complexes or residences with restaurants, not open to the public, where meals are served and fees are charged for such food and beverages and are included in rental fees.

(13) Meals provided by a public or private nonprofit charitable organization or establishment to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations.

(14) Meals provided by private establishments that contract with the appropriate agency of the Commonwealth of Virginia to offer food, food products, or beverages for immediate consumption at concession prices to elderly, infirm, blind, handicapped, or needy persons in their homes or at central locations. (Code 1963, Sec. 36-102; Ord. No. 4133, 5/13/00, Sec. 4; Ord. No. 4631, 11/21/09, Sec. 1)

Sec. 3-2-248 - Penalty and interest for failure to remit taxes when due.

If any person whose duty it is to do so shall fail or refuse to remit to the director the tax required to be collected under this article within the time and in the amount specified in this article, there shall be added to the tax by the director a penalty of 10 percent of the tax past due or the sum of $10, whichever is greater; provided, however, that the penalty shall in no case exceed the amount of tax due. In addition thereto, interest on the taxes and penalty shall commence on the first day following the day such taxes are due and shall continue until all such taxes and penalty are paid. Such interest shall accrue at the rate of 10 percent per annum for the first year such taxes and penalty remain unpaid and thereafter at the rate of five percent per annum. (Code 1963, Sec. 36-104, as amended by Ord. No. 2570, 5/16/81, Sec. 4; Ord. No. 2963, 9/15/84, Sec. 4; Ord. No. 3143, 6/14/86, Sec. 4; Ord. No. 3159, 10/18/86, Sec. 4; Ord. No. 4058, 6/12/99, Sec. 5)