

**City of Alexandria, Virginia**  
**FY 2025 Proposed Operating Budget & CIP**  
**Budget Questions & Answers**

**March 27, 2024**

**Question:**

Currently, only 1 % of the 5% meals tax goes to affordable housing. How much additional revenue for affordable housing could be generated by increasing the portion of the meals tax revenue that is dedicated to affordable housing by .5%? 1%?

**Response:**

In FY 2025, each one percent of the meals tax rate is estimated to generate \$6,854,000. The four percent portion of the rate not dedicated for affordable housing contributes to overall General Fund revenue. Increasing the meals tax rate by 1% to fund affordable housing would increase funding by \$6,854,000. Increasing the portion of the 5% meals tax that funds affordable housing by 1% without increasing the overall rate would increase affordable housing funding by \$6,854,000 but would require an equal reduction in other General Fund expenditures such as City services, the ACPS operating transfer, or CIP funding. The half-cent equivalent of those amounts is \$3,427,000.