



Revenue Options for Affordable Housing, Infrastructure, and General City Services

City Council Meeting
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Revenue Options

- City has been reviewing various revenue options to address unmet needs in community and general City services
- Revenue Options Include:
 - Housing Recovery Bond
 - Housing and Infrastructure Bond
 - Sales Tax Increase
 - Transient Occupancy Tax (TOT) Increase

Revenue Options, cont.

- General Obligation Bonds
 - Could be used for Affordable Housing or for Affordable Housing and Infrastructure
 - Debt paid for through Ad Valorem tax levy on properties within City of Santa Rosa
- Analyzed options generating approximately \$80M or \$180M in project funds, depending on increased Ad Valorem tax rate (\$19 per \$100,000 AV, or \$43 per \$100,000 AV, respectively)

Housing Costs

Example – 2 Bedroom, 1 Bathroom Apartment

| Housing Costs | Local Match Subsidy | Amount Leveraged |
|---------------|---------------------|------------------|
| \$500,000 | \$135,000 | \$365,000 |

Estimated Bond Yield

- \$80 Million provides 593 Housing Units and \$297 Million Construction Value
- \$180 Million provides 1,333 Housing Units and \$667 million Construction Value

Revenue Options, cont.

- General Tax Measures
- Sales Tax Increase
 - Increase rate by a quarter cent for six years
 - For general City services; will provide resources for recovery and rebuild effort
 - General Tax requires simple majority (50% +1)
 - Tax rate would increase to 8.875%
 - Tax would generate approximately \$9 million annually for the General Fund

Revenue Options, cont.

- General Tax Measures
- Transient Occupancy Tax (TOT)
 - Increase rate by 5%, from 9% to 14%
 - Tax imposed on hotel, motel, and short-term rental guests
 - General Tax requires simple majority (50% +1)
 - Tax increase is ongoing
 - Increase would generate approximately \$2.5 million for the General Fund

Opinion Survey Results

- City Commissioned Godbe Research to conduct a Community Needs Assessment Opinion Survey
- This survey asked Santa Rosa voters questions about their satisfaction with City services, top priorities facing the community, and revenue options

Opinion Survey Results

- Ballot Test Questions
 - Affordable Housing Bond previously proposed by Sonoma County
 - City General Obligation Bond for Housing and Infrastructure
 - Quarter cent sales tax increase for six years
 - Increase in TOT from 9% up to 14%

Opinion Survey Results

- Affordable Housing Bond previously proposed by Sonoma County
 - Generate \$370M project funds
 - Total Yes, 62.5%; Total No 27.5%
- Santa Rosa Housing and Infrastructure Bond
 - \$180M project funds; \$43 per \$100,000 AV
 - Total Yes, 64.2%; Total No, 27.7%

Opinion Survey Results

- Quarter Cent Sales Tax Increase
 - Six-year increase; Generate \$9M Annually
 - Total Yes, 66.1%; Total No 28.9%
- Increase TOT by 5% (from 9% up to 14%)
 - Increase is ongoing; Generates \$2.5M Annually
 - Total Yes, 65.0%; Total No, 28.4%

Motion

It is recommended by the City Council Infrastructure and Housing Finance Ad Hoc Committee that the Council, by motion:

- Direct staff to return on July 24, 2018 with a resolution calling for an Affordable Housing Recovery Bond for the November 6, 2018 general election, ballot language, and all necessary materials to seek voter approval for an Ad Valorem property tax on properties within the City limits of Santa Rosa for affordable rental and homeownership housing
- Provide direction to staff if the Council wants to also place a quarter cent sales tax for a six year period and/or an increase in the Transit Occupancy Tax in an amount up to 5% for an on-going period for general fund recovery on the same November 6, 2018 ballot.