



# BALLOT MEASURES FOR NOVEMBER 2018

City Council Meeting  
July 24, 2018

Alan Alton, Deputy Director  
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Housing and Community Services

# SALES TAX INCREASE MEASURE

# CURRENT

- The current sales tax rate in Santa Rosa is 8.625%.
- The City currently has two (2) .25% sales tax add-ons:
  - Measure O which provides special (non-General Fund) revenue to fund specific public safety and violence prevention programs; and
  - Measure N, general sales tax add-on, which provides revenue for the General Fund.
- An opinion survey conducted in May showed a 66.1% of likely Santa Rosa voters approved of .25% general sales tax increase.

# COMPARABLE SALES TAX RATES

Agency	Current Sales Tax Rates
Sonoma County	8.125
Healdsburg	8.625
Rohnert Park	8.625
Windsor	8.125
Cloverdale	8.125
Sebastopol	8.125
Sonoma	8.625
Petaluma	8.125
Cotati	9.125
<b><i>Santa Rosa</i></b>	8.625

# PROPOSED

- The sales tax increase of .25% administered by the California Department of Tax and Fee Administration
- The addition of this proposed tax would bring the overall sales tax rate in Santa Rosa to 8.875%
- Measure will automatically expire in six years, unless extended by the voters

# BENEFIT

- Allocates the proceeds for general purposes
- Includes strong existing fiscal accountability provisions
  - Charter-required independent annual financial audit
  - Integration of the use of funds into the City's budget and goal-setting process
- Provides approximately \$9 million annually of temporary funding

# TRANSIENT OCCUPANCY TAX MEASURE

# CURRENT

- The City has a Transient Occupancy Tax (TOT) charged to guest of hotels, motels, or short-term rentals
- The City's current base TOT rate is 9%, which is project to generate an estimated \$5.3 million to the General Fund in FY 2018-19
- The City set the current 9% TOT rate in 1994
- An opinion survey conducted in May showed a 65.0% of likely Santa Rosa voters approved of a 5% TOT increase



# County TOT Rates

Agency	Base TOT	City TID/BIA	Sonoma County Tourism BIA	Total Taxes and Assessments
Sonoma County	12%		2%	14%
Healdsburg	14%	2%		16%
Rohnert Park	12%		2%	14%
Windsor	12%		2%	14%
Cloverdale	10%		2%	12%
Sebastopol	10%		2%	12%
Sonoma	10%	2%		12%
Petaluma	10%		2%	12%
Cotati	N/A			
<b><i>Santa Rosa</i></b>	<b><i>9%</i></b>	<b><i>3%</i></b>	<b><i>2%</i></b>	<b><i>14%</i></b>

# PROPOSED

- The City proposes to increase the base TOT rate from 9% up to 12%
- Increase will put Santa Rosa's base TOT rate the same as Windsor, Rohnert Park, and Sonoma County
- Total TOT and Assessments would be 17% (12% TOT plus 5% BIAs)
- Estimated additional revenue is \$1.5M

# BENEFIT

- The TOT rate increase provides ongoing revenue
- The revenue generated would provide additional operating revenue for the General Fund
- The City's General Fund has a significant structural deficit and adding ongoing revenue will help bring the budget into balance

# Housing Recovery Bond

# BACKGROUND

- May 2016 - Housing Action Plan
- August 2017 - Council Support for State Housing Measures
- June 2018 - Directed Staff to return with Housing Recovery Bond Ballot Measure for November 6, 2018 General Election

# ANALYSIS

- Association of Bay Area Governments Needs Assessment for 2015-2023 = 5,083 housing units
- Santa Rosa Housing Trust has an active “pipeline” of 400 pending housing units/additional with solicitation
- Housing Authority has existing administrative systems in place

# ANALYSIS

Updated Polling Results-Amt. per \$100k Assessed Value:

<u>Levy</u>	<u>Project Funds</u>	<u>Total Yes Votes</u>
• \$19	\$81,000,000	64.7%
• \$29	\$124,000,000	58.8%
• \$39	\$167,000,000	53.4%
• \$49	\$209,500,000	49.7%

# AUTHORIZED EXPENDITURES

- Direct acquisition, rehabilitation, preservation or construction of affordable housing projects
- Loans, grants or other disbursements to qualified individuals and entities for acquisition, rehabilitation, preservation or construction of affordable housing projects
- Reimbursement for costs of City staff when performing work necessary and incidental to bond projects.



# PROPOSED PRIORITIES

- Financial Assistance to those who lost their homes in October 2017 Disaster
- Down Payment Assistance for first time homebuyers
- Preservation of Affordable Housing
- Housing for households at or below 80% Area Median Income - Working families, Seniors, Veterans, those living with a disability
- Permanent Supportive Housing to serve homeless populations

# PUBLIC BENEFIT GOALS

- For developments of +8 units:
  - Prevailing wage
  - Solicitation of union apprentices and journeymen at 30% of construction work offered
- 30% trade solicitation prioritized in solicitation of bids, but no delay in construction if threshold cannot be met
- Preference for climate smart, net zero or all electric construction standards
- Waiver if conflicts with other financing

# PROPOSED FUNDING CATEGORIES

- **75% Bond Revenue** to serve 80% AMI or below \$78,550 family of four

Rental Housing, Permanent Supportive Housing, Manufactured Homes, ADU's

- **25% Bond Revenue** to serve up to 120% AMI \$100,900 family of four

Homeownership, low interest financing for rebuilding; down payment assistance, Manufactured Home repair/ replacement

# OVERSIGHT

- Oversight and Accountability - City Council & Housing Authority
- Funding - Affordable Housing via Santa Rosa Housing Trust
- Investing - Leverage additional Federal, State and Private Capital
- Project Selection - per Housing Trust policies; readiness, depth of affordability, proximity to Transit, Populations Served

# BALLOT LANGUAGE

“To provide affordable housing for low- and middle-income families, veterans, seniors, disabled and other vulnerable populations, supportive housing for the homeless that offers mental health/substance abuse services; and help low- and middle- income households purchase homes in their communities, shall the City of Santa Rosa’s measure to issue \$xxx million in bonds, levying approximately \$y.y million annually at \$zz per \$100,000 (\$0.zz per \$100) of assessed value through final maturity with citizen oversight and audits be adopted?”

# RECOMMENDATION

It is recommended by the City Manager, and the Finance and Housing and Community Services Departments that the Council:

(1) Introduce an ordinance to add Chapter 3-29 to the City Code to establish a temporary .25% (1/4¢) sales tax for a period of six years for general City services; and by resolution order the submission of a ballot measure to seek voter approval of the ordinance at the November 6, 2018 General Municipal election and direct related actions;

# RECOMMENDATION

- *CONTINUED*

(2) Introduce an ordinance to amend Section 3-28.020 to the City Code to increase the increase Transit Occupancy Tax by 3%, from 9% up to 12%, and by resolution, order the submission of a ballot measure to seek voter approval of the ordinance at the November 6, 2018 General Municipal Election and direct related actions; and,

# RECOMMENDATION

- *CONTINUED*

(3) Select a levy amount and introduce an ordinance to amend Chapter 4-40 of the City Code to authorize the issuance of general obligation bonds for the purpose of funding affordable housing and, by resolution, order the submission of a ballot measure to seek voter approval of the ordinance at the November 6, 2018 General Municipal Election and direct related actions to place an ad valorem property tax on properties within the city limits. It is further recommended that the Council consider setting the levy at a rate between \$19 and \$49 per every \$100,000 of assessed value.



# DISCUSSION