



## CITY OF ALBANY CITY COUNCIL AGENDA STAFF REPORT

Agenda Date: July 1, 2024  
Reviewed by: NA

**SUBJECT:** Supplemental Business License Special Tax to Fund Tenant and Community Services

**REPORT BY:** Anne Hsu, City Clerk  
Nicole Almaguer, City Manager

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### **STAFF RECOMMENDATION**

That the Council provide direction to staff regarding next steps with the potential ballot measure of a supplemental business license special tax for the November 5, 2024 General Municipal Election.

### **BACKGROUND/DISCUSSION**

On [May 20, 2024](#), the City Council directed staff to move forward with the possible placement of a ballot measure for a supplemental business license special tax on the November 5, 2024 General Municipal Election ballot. The special tax on rented residences aims to continue funding for several programs currently funded by the American Rescue Plan Act (ARPA), most centrally the City's emergency financial support program for tenants, and to fund rental code enforcement along with legal counsel for tenants and rental providers.

In addition, the Council formed an ad hoc committee, composed of Vice Mayor López and Council Member Tiedemann, to obtain additional input from stakeholders and to work with staff on the potential ballot measure.

The Council may receive input that the Ad Hoc Committee received and take public comment. The Council may also propose edits to the text of the draft measure and provide staff with further direction during this meeting. If directed, the final draft Resolution and Ordinance will return at the July 15, 2024 meeting for Council's consideration to place the special tax measure on the ballot for the November 5, 2024 General Municipal Election.

The City retained the services of NBS to provide technical assistance regarding the possible tax formula and revenue estimates. The technical report is provided as Attachment 1 to this staff report. The report includes recommendations on total percentage for the potential tax, and staff requests the Council provide direction on the percentage amount to apply should this proposed tax be included as a ballot measure.

## **FINANCIAL CONSIDERATIONS**

It is estimated that if the ballot measure is approved by the voters, it will bring in approximately \$700,000 to \$800,000 per year in revenue to fund the tenant and community services programs. There may be additional cost to administer the collection of the supplemental business tax if approved by the voter.

Each measure placed on the ballot will be incorporated into the overall costs as part of the election. In 2022, the cost of the election with 1 ballot measure was approximately \$104,000. No additional cost to implement the Charter Amendment if passed by the Albany electors.

### **Attachment**

1. NBS Technical Report
2. Draft Resolution and Ordinance for ballot measure
3. Ad Hoc Committee (López/Tiedemann) Addendum to Memo

## MEMORANDUM

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**TO:** Nicole Almaguer, City Manager, City of Albany

**FROM:** Sara Mares, Director

**DATE:** June 6, 2024

**SUBJECT:** Supplemental Business License Tax for Emergency Rental Assistance Program

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### Purpose

The City of Albany (the “City”) requested NBS provide an evaluation of the data proposed to be used as the basis to establish and charge a Supplemental Business License Tax on residential rental business owners (“Rental Business Owners”). The revenue raised from the Supplemental Business License Tax is intended to continue the benefits currently provided by American Rescue Plan Act funds, providing financial support for tenants, establish a revolving fund for rental code enforcement, and fund certain legal expenses of tenants and rental providers.

### Background

The City is researching the feasibility of the Supplemental Business License Tax which would be a voter approved tax imposed for the privilege of conducting business within the City, specifically residential Rental Business Owners.

The tax is contemplated to be established as a special tax, meaning the revenue raised is limited to certain uses and will be deposited in a special restricted fund. A special tax requires a 2/3 majority voter approval.

### Assumptions and Data

The primary documents reviewed are two memoranda from Councilmembers Jordan and Tiedemann dated 4/15/2024 and 5/20/2024. Therein is a discussion of a proposed Supplemental Business License Tax based upon three primary data points which were used to estimate a special tax to be charged to Rental Business Owners.

**Determine the Rental Business Owners:** The first data point established is the owner of each separate and individual residential rental business. The owner data came from the City’s current business license data which provides both a business name and an operator name.

**Determine the Number of Units:** The second data point established is the number of units rented by each Rental Business Owner. The City defines residential units to include both single family and apartments. The unit data is also sourced by accessing the City’s current Business license data. The City Business license data provides the number or residential units assigned to each current business license.

The rental unit data was supplemented with 2020 US Census Bureau data to estimate “Unknown taxable residences”. These are technically unlicensed businesses.

**Determine the Gross Receipts:** The third data point established is the gross rental receipts for each Rental Business Owner. This gross receipt data was derived from the US Census Bureau American Community Survey and is a general estimate of actual rents.

**Special Tax Rates:** The proposed tax for each Rental Business Owner is as follows.

Units per Rental Business Owner	Tax Rate on Gross Rent
Units >= 5	1.70%
Units <= 4	0.60%

The memoranda used an estimated \$2,342.30 Gross Rent per Unit per month to arrive at an estimated \$686,809 in annual generated tax revenue on the units which currently have a business license in the City.

Units per Rental Business Owner	Unit Count <sup>1</sup>	Monthly Gross Rent <sup>2</sup>	Tax Rate	Annual Tax Generated
Units >= 5	1,047	\$2,342	1.70%	\$500,287
Units <= 4	1,106	\$2,342	0.60%	\$186,522
<b>Totals</b>	<b>2,153</b>			<b>\$686,809</b>

1. Only known licensed rental units
2. Per housing element/ACS

## DATA ANALYSIS

The proposed Supplemental Business License Tax will only be chargeable to Rental Business Owners and is to be calculated using self-reported data (units and gross receipts) provided by such owners.

As such data must be approximated as part of the tax rate setting exercise, it is reasonable to estimate both the number of units that may exist which currently do not have a business license and the gross receipts for each Rental Business Owner.

**Unit Data.** In order to approximate the number of units that may exist which are not reflected in the current business license data, the authors of the memoranda utilize the number of rental units reported in the 2020 US Census Bureau data. NBS has also reviewed the County Assessor’s data to determine the number of residential units which do not have a homeowner’s exemption. While neither of these methods can be deemed to be a completely accurate method to estimate the total number of rental units in the City, they are both reasonable methods. The data resulting from both methods shows that there are approximately 2,800 rental units in the City. When those units reflected in the current business license data are subtracted from the total, it is estimated that the total number of unlicensed rental units is approximately 700. It may prove to be difficult to identify these unlicensed rental units and enforce

compliance, so NBS recommends that the modeling of the Supplemental Business License Tax only include fifty percent of these units.

**Gross Receipts Data.** Since the gross receipts data is not reported as part of the current business license tax data and is not otherwise readily available, the authors of the memoranda used the 2022 American Community Survey monthly rent data as a proxy. As there have been well known increases in rents nationwide since the ACS data was gathered, NBS sampled information from Zillow.com consisting of the current rentals available in the City as of 5/30/24. There were 32 properties shown to be available with a median monthly rent of \$2,599.

**Applicability of Tax.** In addition to these rental units, the City may wish to consider including the rental of rooms or accessory dwelling units within or upon a property containing an owner occupied single family residence as subject to the Supplemental Business License Tax. The applicability of the Supplemental Business License Tax to those units which are rented under affordable housing restrictions should be determined and clearly codified in the language of the tax measure. Lastly, there are residential units within the City which consist of studio and single room arrangements which include personal care services beyond simple housing rental. The monthly rental rates published on their website vary from \$9,180 to \$12,800 per month depending on room type and level of care. Consideration of these types of units and the gross receipts which may be used as the basis for the Supplemental Business License Tax should also be determined and clearly codified in the language of the tax measure.

**REVENUE ESTIMATE WITH REVISED MONTHLY RENTAL**

NBS used an estimated \$2,599.00 Gross Rent per Unit per month to arrive at an estimated \$762,079 in annual generated tax revenue.

Units per Residential Rental	Unit Count	Monthly Gross Rent <sup>2</sup>	Tax Rate	Annual Tax Generated
Units >= 5	1,047	\$2,599	1.70%	\$555,115
Units <= 4	1,106	2,599	0.60%	206,964
Unlicensed Units	350	2,599	0.60%	5,457
Totals	2,503			\$767,536

1. Median of 5/30/24 Zillow.com sample

**NEXT STEPS**

**ENCOURAGE COMPLIANCE**

NBS recommends the City begin to consider what actions it might take to encourage compliance with the existing, unlicensed Rental Business Owners.

**ADDITIONAL DATA GATHERING AND VALIDATION**

NBS recommends a more thorough examination of the existing business license database to locate any additional properties requiring consideration such as the Belmont Village Senior Living Facility.

RESOLUTION NO. 2024-\_\_\_\_\_

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**A RESOLUTION OF THE ALBANY CITY COUNCIL CALLING FOR THE PLACEMENT OF A SPECIAL TAX MEASURE ON THE NOVEMBER 5, 2024 GENERAL MUNICIPAL ELECTION BALLOT FOR SUBMITTING TO THE VOTERS AN ORDINANCE ADDING SECTION 5-2.3.5 TO ARTICLE 2 (LICENSE TAX) OF CHAPTER 5 (GENERAL LICENSING AND BUSINESS REGULATIONS) OF THE ALBANY MUNICIPAL CODE TO ESTABLISH A SUPPLEMENTAL SPECIAL BUSINESS LICENSE TAX ON RESIDENTIAL RENTAL BUSINESSES OPERATING WITHIN THE CITY OF ALBANY TO FUND TENANT RENTAL ASSISTANCE PROGRAMS, CODE ENFORCEMENT EFFORTS RELATED TO RESIDENTIAL RENTALS, LEGAL ASSISTANCE FOR TENANTS AND LANDLORDS, COMMUNITY AND HOMELESS PREVENTION SERVICES; AND AUTHORIZING THE CITY CLERK OR HER DULY AUTHORIZED OFFICERS TO CARRY OUT ALL THE NECESSARY PROCEDURES FOR SAID ELECTION**

**WHEREAS**, Section 2.01 of the Albany City Charter provides that the City’s General Municipal Election will be held on each even year and shall be consolidated with the Statewide General Election to be held in said City on Tuesday, November 5, 2024; and

**WHEREAS**, the City of Albany is a charter city and pursuant to Article XI, Section 7 of the California Constitution and Section 1.03 of the Albany City Charter is empowered to exercise all powers necessary and appropriate for a municipal corporation and the general welfare of its inhabitants; and

**WHEREAS**, Section 5.01 of the Albany City Charter provides that except as otherwise provided in the Charter or City ordinances, City elections shall be conducted in accordance with the State Elections Code; and

**WHEREAS**, pursuant to Section 9222 of the California Elections Code, the City Council has the authority and desires to submit a ballot measure to the voters of the City of Albany for their approval and adoption at the General Municipal Election to be held in the City on November 5, 2024; and

1                   **WHEREAS**, the ballot measure is an ordinance adding Section 5-2.3.5 to Article 2 of  
2 Chapter 5 of the Albany Municipal Code to:

3                   (A) Establish a supplemental special business license tax on residential rental  
4                   businesses operating within the City of Albany to fund tenant rental assistance  
5                   programs, Code Enforcement efforts related to residential rentals, legal assistance  
6                   for tenants and landlords, community and homelessness prevention services  
7                   (“Special BL Tax”) at the following rates:

- 8                   1.) 0.6% of gross receipts earned from the business of renting four residential  
9                   units or less within the City of Albany; and  
10                   2.) 1.7% of gross receipts earned from the business of renting five or more  
11                   residential units within the City of Albany; and  
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13                   (B) Incorporate an exemption from the tax for any residential rentals rented by the City  
14                   of Albany.

15                   **WHEREAS**, the specific terms of the Special BL Tax measure are provided for in the  
16 ordinance to be considered by the qualified voters, attached hereto as Exhibit “A” (the “Special  
17 BL Tax Ordinance” or “Special BL Tax Measure”) and by this reference made an operative  
18 part hereof, and in accordance with all applicable laws; and  
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20                   **WHEREAS**, the “Rental Assistance and Community Services Program Fund” and are  
21 dedicated for the following sole and exclusive purposes:

- 22                   ▪ To fund local tenant rental assistance programs, including financial assistance  
23                   to assist qualifying tenants in paying the cost of rent, security deposit, utility  
24                   service, or any other costs reasonably related to occupancy of a residential rental  
25                   unit within the City;  
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- To increase funding for the activities of the Albany Code Enforcement Department in order to enhance the City’s monitoring of conditions at residential rental units and to enhance the City’s response to address Code violations and other conditions affecting habitability within residential rental units;
  - To fund free or reduced-cost legal services to be made available to qualifying tenants and landlords of residential rental units within the City;
  - To fund community and homeless services programs such as, but not limited to the following:
    - Albany Project HOPE; the City’s homeless outreach, engagement, and housing navigation program;
    - Albany CARES program; the City’s information referral and assistance program that helps residents access resources and services available to them.
    - Subsidies to the Friendship Club program for income eligible families; the City’s after-school and summer camp recreation program for school aged children in 1<sup>st</sup> through 5<sup>th</sup> grades.

20           **WHEREAS**, on November 6, 1996, the voters of the State of California approved  
21 Proposition 218 (California Constitution, Article XIII C), an amendment to the State  
22 Constitution which requires that all special taxes which are imposed, extended or increased  
23 must be submitted to the electorate and approved by a two-thirds (2/3) vote of the qualified  
24 electors voting in the election; and

25           **WHEREAS**, the proposed amendments which enact the Special BL Tax constitute a  
26 tax “increase” subject to Proposition 218; and  
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1           **WHEREAS**, pursuant to Proposition 218 (California Constitution Article XIII C,  
2 §2(b)), a local election for the approval of an increase to a special tax may be scheduled for  
3 any date authorized by the California Elections Code; and

4           **WHEREAS**, the next regularly scheduled general election for City Council members  
5 on November 5, 2024 is a date authorized under the California Elections Code for the  
6 placement of a special tax measure; and

7           **WHEREAS**, pursuant to California Government Code Section 50077, on July 15,  
8 2024, the City Council held a public hearing after due notice regarding calling for an election  
9 on the Special BL Tax Measure; and

10           **WHEREAS**, pursuant to Albany City Charter Section 2.05, “[T]he affirmative vote of  
11 a majority of the Council shall be necessary to adopt any ordinances, resolutions or claims  
12 against the City, which vote shall be taken by ayes and noes and entered upon the record”.

13           **NOW THEREFORE, THE ALBANY CITY COUNCIL DOES HEREBY**  
14 **RESOLVE, DECLARE, DETERMINE, AND ORDER AS FOLLOWS:**

15           **Section 1**     Recitals.   The City Council hereby finds and determines that the  
16 foregoing recitals are true and correct, are incorporated herein and by this reference made an  
17 operative part hereof.

18           **Section 2**     Submission of Ballot Measure. Pursuant to Albany City Charter Section  
19 2.05, California Elections Code §9222, and any other applicable requirements of the laws of  
20 the State of California relating to the City of Albany, the City Council, by a simple majority  
21 vote of its members, hereby orders the Special BL Tax Measure to be submitted to the voters  
22 of the City at the General Municipal Election to be held on Tuesday, November 5, 2024.  
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1           **Section 3**       There is hereby called and ordered to be held in the City of Albany,  
2 California on November 5, 2024, a General Municipal Election for the purposes of submitting  
3 to the voters the Special Business License Tax Measure as set forth in Exhibit A.

4           **Section 4**       The City Council hereby orders that the ballot question for the Measure  
5 shall be presented and printed upon the ballot submitted to the qualified voters in the manner  
6 and form set forth in this Section 4. On the ballot to be submitted to the qualified voters at the  
7 General Municipal Election to be held on November 5, 2024, in addition to any other matters  
8 required by law, there shall be printed substantially the following ballot question:

9

“To fund local tenant rental assistance programs, Code Enforcement of residential rentals, legal assistance for tenants and landlords, and the Project HOPE, Albany CARES, and Friendship Club programs, shall a measure establishing a supplemental special business license tax on residential rental businesses of 0.6% of gross receipts for renting four or fewer units in the City and 1.7% of gross receipts for renting five or more units, providing approximately \$750,000 annually until ended by voters, be adopted?”	<b>YES</b>
	<b>NO</b>

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15           **Section 5**       This Measure requires the approval of a two-thirds (2/3) supermajority  
16 of the qualified electors casting votes at the General Municipal Election.

17           **Section 6**       Conduct of Election. The City Clerk is authorized, instructed, and  
18 directed to coordinate with the Alameda County Registrar of Voters/Elections Official to  
19 procure and furnish any and all official ballots, printed matter and all supplies, equipment and  
20 paraphernalia that may be necessary in order to properly and lawfully conduct the election.

21           **Section 7**       Impartial Analysis. Pursuant to California Elections Code Section  
22 9280, the City Council hereby directs the City Clerk to transmit a copy of the Measure to the  
23 City Attorney. The City Attorney shall prepare an impartial analysis of the Measure, not to  
24 exceed 500 words in length, showing the effect of the Measure on the existing law and the  
25 operation of the Measure, and transmit such impartial analysis to the City Clerk not later than  
26 the deadline for submittal of primary arguments for or against the Measure. The impartial  
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1 analysis shall include a statement indicating whether the Measure was placed on the ballot by  
2 a petition signed by the requisite number of voters or by the City Council. In the event the  
3 entire text of the Measure is not printed on the ballot, nor in the voter information portion of  
4 the sample ballot, there shall be printed immediately below the impartial analysis, in no less  
5 than 10-font bold type, the following: **“The above statement is an impartial analysis of  
6 Ordinance or Measure \_\_\_\_\_. If you desire a copy of the Ordinance or Measure, please  
7 call the Office of the City Clerk at (510) 528-5710 and a copy will be mailed at no cost to  
8 you.”**

9 **Section 8** The City Clerk is hereby directed to cause notice of the Measure to be  
10 published in a newspaper of general circulation, or any other newspaper designated as an  
11 official newspaper of the City of Albany in accordance with Elections Code §12111 and  
12 Government Code §6061.

13 **Section 9** Placement on the Ballot. The full text of the Measure shall be printed  
14 in the voter information guide and pursuant to Elections Code §9223 voters may obtain a copy  
15 of this Resolution and the Measure, at no cost, upon request made to the City Clerk.

16 **Section 10** Public Examination. Pursuant to California Elections Code §9295, the  
17 Measure will be available for public examination for no fewer than ten (10) calendar days prior  
18 to being submitted for printing in the voter information guide. The City Clerk shall post notice  
19 in the Clerk’s office of the specific dates that the examination period will run.

20 **Section 11** That in all particulars not recited in this Resolution, said election shall  
21 be held and conducted as provided by law for holding Municipal Elections in the City of  
22 Albany.

23 **Section 12** That the General Municipal Election, to be held in the City of Albany,  
24 shall be canvassed by the Registrar of Voters of the County of Alameda, State of California.  
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1           **Section 13**     That the City Clerk of the City of Albany is hereby authorized instructed  
2 and directed to provide the Alameda County Registrar of Voters with all pertinent information  
3 and material as required.

4           **Section 14**     That the City Clerk of the City of Albany is hereby authorized and  
5 directed to file a copy of this Resolution immediately upon its adoption with the appropriate  
6 County agencies. With the concurrence of the City Attorney, the City Clerk is hereby  
7 authorized to make such minor, technical and clarifying changes to this Resolution and/or the  
8 Exhibits hereto as may be deemed necessary and appropriate.

9           **Section 15**     The Voter Information Guide shall include the ballot question's  
10 wording to the voters as set forth above, and the exact wording of the proposed Albany  
11 Municipal Code sections or present Albany Municipal Code with language to be deleted shown  
12 in ~~strikeout type~~ and the language to be added to be shown in underlined, *italicized*, or  
13 otherwise **highlighted** in the Exhibit "A" attached hereto.

14           **Section 16**     The approval of this Resolution is exempt from the California  
15 Environmental Quality Act (CEQA). The Special BL Tax Measure to be submitted to the  
16 voters is a special tax dedicated to funding tenant rental assistance programs, Code  
17 Enforcement efforts related to residential rentals, legal assistance for tenants and landlords,  
18 community and homeless prevention services. However, the funding is not committed to any  
19 specific project or service; and any future decisions to approve particular projects or services  
20 utilizing the tax proceeds will be subject to environmental review at the earliest feasible time  
21 prior to the point at which such future decisions are made. As such, under CEQA Guidelines  
22 Section 15378(b)(4), this Measure is not a project within the meaning of CEQA because it  
23 creates a government funding mechanism that does not involve any commitment to any  
24 specific project that may result in a potentially significant physical impact on the environment.  
25 If revenue from this Measure were used for a purpose that would have any such effect, the City  
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1 would undertake the required CEQA review for that particular project at the earliest feasible  
2 time prior to approval of the project. Therefore, under CEQA Guidelines Section 15060,  
3 review under CEQA is not required prior to enactment of the Measure.

4 The undersigned hereby certifies that the foregoing is a full, true, and complete copy  
5 of the Resolution duly passed and adopted by the City Council of the City of Albany at a  
6 regular meeting thereof on the \_\_\_\_\_ day of \_\_\_\_\_, 2024.

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10 JOHN MIKI, MAYOR

11 **ATTACHMENT:**

12 Exhibit A – Proposed Supplemental Special Business License Tax Ordinance  
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EXHIBIT "A"

<p>“To fund local tenant rental assistance programs, Code Enforcement of residential rentals, legal assistance for tenants and landlords, and the Project HOPE, Albany CARES, and Friendship Club programs, shall a measure establishing a supplemental special business license tax on residential rental businesses of 0.6% of gross receipts for renting four or fewer units in the City and 1.7% of gross receipts for renting five or more units, providing approximately \$750,000 annually until ended by voters, be adopted?”</p>	<p>YES</p>
	<p>NO</p>

ORDINANCE NO. 2024-\_\_\_\_\_

**AN ORDINANCE OF THE PEOPLE OF THE CITY OF ALBANY ADDING SECTION 5-2.3.5 TO ARTICLE 2 (LICENSE TAX) OF CHAPTER 5 (GENERAL LICENSING AND BUSINESS REGULATIONS) OF THE ALBANY MUNICIPAL CODE TO ESTABLISH A SUPPLEMENTAL SPECIAL BUSINESS LICENSE TAX ON RESIDENTIAL RENTAL BUSINESSES OPERATING WITHIN THE CITY OF ALBANY TO FUND TENANT RENTAL ASSISTANCE PROGRAMS, CODE ENFORCEMENT EFFORTS RELATED TO RESIDENTIAL RENTALS, LEGAL ASSISTANCE FOR TENANTS AND LANDLORDS, COMMUNITY SERVICES AND HOMELESSNESS PREVENTION SERVICES**

**NOW THEREFORE, THE PEOPLE OF THE CITY OF ALBANY DO ORDAIN AS FOLLOWS:**

**SECTION 1: AUTHORITY.**

This Ordinance is enacted in accordance with the authority granted to cities by Article XI, Section 7, Article XIII A, Section 4 and Article XIII C, Section 2 of the California Constitution and the California Elections Code.

**SECTION 2: ADDITION OF SECTION 5-2.3.5 TO THE MUNICIPAL CODE.**

Section 5-2.3.5 is hereby added to Chapter 5 of the City of Albany Municipal Code and shall read as follows:

“5-2.3.5 *Supplemental Special Tax on Residential Rental Businesses.*

*a. In addition to any other business licenses taxes due under this Chapter 5, every person engaged, directly or indirectly, including through an interest in another entity, in the business of renting or leasing residential dwelling units in the City of Albany shall pay an annual supplemental special business license tax equal to the percentage of gross receipts earned by said business, as set forth below.*

<b>Categories</b>	<b>Percentage of Gross Receipts</b>
Residential Rental (four units or less)	0.6%
Residential Rental (five units or more)	1.7%

*b. For purposes of this section, “gross receipts” means the total amount of money, credits, reimbursed expenses, value of any free or reduced rent, or other things of value actually received or receivable in connection with engaging in residential rental business in the City of Albany, including any transfer or sale of any materials, goods, wares, merchandise, or other things of value, or for the performance of any act or service, of any nature, for which a charge is made, credit allowed, or other thing of value received, without any deduction on account of the cost of property sold, cost of materials used, labor or service costs, interest paid or payable, reimbursed or passed through expenses, or losses or other expenses. Gross receipts includes all payments made to a lessor, or paid to third parties on behalf of a lessor as part of a lease agreement, including but not limited to, taxes, business taxes, insurance, mortgage payment, rent, and the cash value of all services rendered to or on behalf of the lessor by a lessee.*

*Notwithstanding the foregoing, the following shall be excluded from the definition of gross receipts:*

1           1.       *Any other tax required by law to be included in or added to the rent and*  
2           *collected from the tenant;*

3           2.       *Such part of the rent returned by lessors to the lessees by way of cash or credit*  
4           *allowances or the return of refundable deposits previously included in gross receipts;*

5           3.       *Whenever there are included within the gross receipts amounts which reflect*  
6           *rent for which credit is extended and such amount proved uncollectible in a*  
7           *subsequent year, those amounts may be excluded from the gross receipts in the year*  
8           *they prove to be uncollectible; provided, however, if the whole or portion of such*  
9           *amounts excluded as uncollectible are subsequently collected, they shall be included*  
10          *in the amount of gross receipts for the period when they are recovered.*

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12          c.       *For purposes of this section, “residential rental” shall mean conducting or operating*  
13          *an apartment house, lodging house, and every person engaged in the business of conducting*  
14          *or letting rooms, and/or any building structure, for dwelling, sleeping, or non-transient*  
15          *lodging, including, but not limited to, a single-family house, duplex, triplex, townhouse,*  
16          *condominium, accessory dwelling unit, or co-operative.*

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18          d.       *Gross receipts from the following categories of residential rentals shall not be subject*  
19          *to this Section, but shall be subject to the general business license tax provided elsewhere in*  
20          *this Chapter:*

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22               1.       *residential rental units owned by a nonprofit corporation whose primary*  
23               *purpose is the provision of affordable housing;*

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25               2.       *residential rental units whose rents are controlled under local, state or federal*  
26               *law, deed restrictions, or agreements with public agencies, at rental rates that are*  
27               *affordable to households earning no more than 80% of Area Median Income and*  
28               *whose tenants must be income-qualified;*



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3. *any residential rental unit subject to rent control under Article 25 of Chapter 5 of this Code that is occupied by a tenant who resided in that unit prior to January 1, 2025;*

4. *any residential rental unit owned by a State university or college whose primary purpose is the provision of housing for students attending the university or college.*

e. *The tax imposed by this section shall be operative on January 1, 2025.*

f. *The proceeds of the supplemental special business license tax shall be deposited in the Rental Assistance and Community Services Program Fund and shall be used for the following sole and exclusive purposes:*

1. *To fund local tenant rental assistance programs, including any City rental voucher program or other financial assistance to assist qualifying tenants in paying the cost of any rent, security deposit, utility service, or any other costs reasonably related to occupancy of a residential rental unit within the City;*

2. *To increase funding for the activities of the Albany Code Enforcement Department in order to enhance the City's monitoring of conditions at residential rental units and to enhance the City's response to address Code violations and other conditions affecting habitability within residential rental units;*

3. *To fund free or reduced-cost legal services to be made available to qualifying tenants and landlords of residential rental units within the City;*

4. *To fund the City's Project HOPE;*

5. *To fund the Albany CARES program;*

1           6.       *To fund subsidies for income eligible families for the City's childcare*  
2                    *programs (The Friendship Club)*

3           g.       *Except as otherwise provided in this Section, the supplemental special business*  
4                    *license tax shall be collected and administered as set forth in Chapter 5 of this Code*

5           h.       *The City Council may reduce the tax rate set forth in this Section and may terminate*  
6                    *any such reductions and restore the rate to the maximum provided in this voter-approved*  
7                    *ordinance, without further voter approval."*

8  
9                    **SECTION 6: CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

10           The findings for this Ordinance in compliance with the California Environmental Quality Act  
11           ("CEQA") are the same as those set forth in City Council Resolution No. 2024-\_\_\_ calling for  
12           an election on this Ordinance. The CEQA findings set forth in Resolution No. 2024-\_\_\_ are  
13           incorporated herein by reference.  
14

15                    **SECTION 7: SEVERABILITY.**

16           If any provision of this Ordinance or the application thereof to any person or circumstance is  
17           held invalid, the remainder of the Ordinance and the application of such provision to other  
18           persons or circumstances shall not be affected thereby.  
19

20                    **SECTION 8: EFFECTIVE DATE.**

21           Pursuant to California Constitution Article XIIC §(2)(d) and California Elections Code §9217,  
22           this Ordinance shall take effect only if approved by a two-thirds (2/3) supermajority of the  
23           eligible voters of the City of Albany voting at the General Municipal Election to be held on  
24           November 5, 2024 and shall become effective 10 days after the City Council has declared the  
25           results of the Election.  
26  
27  
28

1 Ordinance No. 2024-\_\_\_ was submitted to the People of the City of Albany at the November  
2 5, 2024 General Municipal Election. It was approved by the following vote of the People:

3 YES:

4 NO:

5  
6  
7  
8 Ordinance No. 2024-\_\_\_ was thereby adopted by the voters at the November 5, 2024 election  
9 and shall become effective ten (10) days following adoption of a resolution declaring the  
10 results of the election at a regular meeting of the City Council held on December \_\_\_, 2024 by  
11 the following vote:

12 AYES:

14 NOES:

15 ABSENT:

16 ABSTAIN:

17  
18  
19  
20 I HEREBY CERTIFY that the foregoing is a true and correct copy of an ordinance duly and  
21 regularly adopted by the People of the City of Albany, California.

22  
23  
24 \_\_\_\_\_  
25 Anne Hsu, City Clerk  
26  
27  
28

# ALBANY CALIFORNIA



**CITY OF ALBANY**  
1000 SAN PABLO AVENUE  
ALBANY, CA 94706  
[www.AlbanyCA.org](http://www.AlbanyCA.org)

Agenda Date: July 1, 2024

## **MEMORANDUM**

To: Albany City Council Members

From: Vice-Mayor Lopez & Councilmember Tiedemann

Re: Addendum to memo regarding a Supplemental Business License Special Tax to fund tenant and community services

## **BACKGROUND**

At its May 20, 2024 meeting, the Council voted to move forward with the proposed Supplemental Business License Special Tax proposed by Councilmembers Jordan and Tiedemann, with the stipulation that an ad-hoc subcommittee composed of Vice-Mayor Lopez and Councilmember Tiedemann meet with relevant stakeholders and report back to Council regarding their concerns. The ad-hoc subcommittee held two meetings on June 24 and June 25 with representatives of the housing provider and tenant advocacy communities, respectively.

## **DISCUSSION**

Based on feedback received during the ad-hoc subcommittee's meetings, we recommend moving forward with the proposed measure as voted upon by the Council on May 20, 2024, with some amendments to the planned expenditure of funds. While the original proposal included funding for Albany Project HOPE, Albany CARES, and Friendship Club/Camp subsidies—programs currently partially funded by ARPA and which benefit lower-income tenants—we propose removing these items in the interest of focusing this measure on the rental market, which these programs do not directly impact.

There was agreement between both groups of stakeholders that the City should have more resources to gather data on the rental market to inform future policy proposals, provide education to tenants and housing providers, and offer grant assistance to qualifying housing providers to address code enforcement issues. Therefore, we propose any additional funds collected beyond those needed to address staffing, displacement assistance, proactive code enforcement, and legal services, be flexibly targeted towards additional programs that benefit those active in the rental housing market in line with the uses suggested by stakeholders. The housing provider stakeholders also noted the need for a program to provide foreclosure prevention payments to homeowners or landlords who are at risk of losing their

property, similar to the Foreclosure Prevention Program implemented by Alameda County for small and lower-income residential property owners. We recommend increasing the funding target for the Rental Assistance program to allow implementation of such a program, as it serves the same goal of stabilizing residents' housing.

<b>Programs</b>	<b>Annual funding target</b>
Staffing for the following	\$125,000
Rental Assistance and Foreclosure Prevention	\$250,000
Code enforcement capitalization	\$100,000*
Legal services for tenants and rental providers by means testing	\$100,000*
Other Programs to benefit those active in Albany rental housing market	Remaining funds

Given this change we suggest altering the Ballot Measure language to read as follows;

<p>“To fund local foreclosure and tenant rental assistance programs, residential Code Enforcement, legal assistance for tenants and landlords, and <b>other programs benefitting Albany’s residential rental market</b> <del>the Project HOPE, Albany CARES, and Friendship Club programs</del>, shall a measure establishing a supplemental special business license tax on residential rental businesses of 0.6% of gross receipts for renting four or fewer units in the City and 1.7% of gross receipts for renting five or more units, providing approximately \$680,000 annually until ended by voters, be adopted?”</p>	<b>YES</b>
	<b>NO</b>