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4 **ORDINANCE NO. 2024-04**

5 **AN ORDINANCE OF THE PEOPLE OF THE CITY OF ALBANY ADDING**
6 **SECTION 5-2.3.5 TO ARTICLE 2 (LICENSE TAX) OF CHAPTER 5 (GENERAL**
7 **LICENSING AND BUSINESS REGULATIONS) OF THE ALBANY MUNICIPAL**
8 **CODE TO ESTABLISH A SUPPLEMENTAL SPECIAL BUSINESS LICENSE TAX**
9 **ON RESIDENTIAL RENTAL BUSINESSES OPERATING WITHIN THE CITY OF**
10 **ALBANY TO FUND TENANT RENTAL ASSISTANCE PROGRAMS, CODE**
11 **ENFORCEMENT EFFORTS RELATED TO RESIDENTIAL RENTALS, LEGAL**
12 **ASSISTANCE FOR TENANTS AND LANDLORDS, AND TO SUPPORT RENTAL**
13 **PROVIDERS**

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

16 **SECTION 1: AUTHORITY.**

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

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

21 Section 5-2.3.5 is hereby added to Chapter 5 of the City of Albany Municipal Code and shall
22 read as follows:
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1 **“5-2.3.5 Supplemental Special Tax on Residential Rental Businesses.**

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

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Categories	Percentage of Gross Receipts
Residential Rental (four units or less)	0.36%
Residential Rental (five units or more)	1.0%

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

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

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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 refundable security, cleaning and other deposits collected from the*
5 *tenant, provided, however, that any deposits that are lawfully forfeited and not*
6 *returned to the tenant shall be counted as gross receipts;*

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

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

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

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

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

5 3. *any residential rental unit rented by the City or pursuant to an agreement*
6 *with the City;*

7 4. *any residential rental unit on property owned or leased by a State university*
8 *or college whose primary purpose is the provision of housing for students attending*
9 *the university or college, or faculty or staff employed by the university or college;*

10 5. *any residential rental unit on property owned or leased by the Albany Unified*
11 *School District whose primary purpose is the provision of housing for faculty or staff*
12 *employed by the School District;*

13 6. *any additional exemption(s) that the City Council may adopt, from time to*
14 *time, by resolution or ordinance. The City Council may also, by resolution or*
15 *ordinance, reverse or amend any such additional exemption(s) at any time.*

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

17 f. *The proceeds of the supplemental special business license tax shall be deposited in*
18 *the Rental Assistance and Code Enforcement Fund and shall be used for the following sole*
19 *and exclusive purposes:*

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

1 2. *To increase funding for Albany Code Enforcement activities in order to*
2 *enhance the City’s monitoring of habitability at residential rental units and to*
3 *enhance the City’s response to address violations and other conditions affecting*
4 *compliance with applicable State and local codes;*

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

7 4. *To fund support of rental providers to avoid financial hardship.*

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

11
12 h. *The City Council may reduce the tax rate set forth in this Section and may terminate*
13 *any such reductions and restore the rate to the maximum provided in this voter-approved*
14 *ordinance, without further voter approval.*

15
16 i. *The Finance Director shall annually prepare and submit to the City Council a report*
17 *regarding the special tax proceeds collected and expended, as well as any other information*
18 *required by Government Code sections 50075.1 and 50075.3.*

19
20 j. *The City Council may, from time to time, adopt supplemental ordinances,*
21 *resolutions, policies, programs and procedures as necessary for the implementation of this*
22 *Section, provided no such action increases the codified rate or methodology of this*
23 *supplemental business license tax in this Section.”*

1 **SECTION 3: CALIFORNIA ENVIRONMENTAL QUALITY ACT.**

2 Under CEQA Guidelines Section 15378(b)(4), this Measure is not a project within the meaning
3 of CEQA because it creates a government funding mechanism that does not involve any
4 commitment to any specific project that may result in a potentially significant physical impact
5 on the environment. If revenue from this Measure were used for a purpose that would have
6 any such effect, the City would undertake the required CEQA review for that particular project
7 at the earliest feasible time prior to approval of the project. Therefore, under CEQA Guidelines
8 Section 15060, review under CEQA is not required prior to enactment of the Measure.
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10 **SECTION 4: SEVERABILITY.**

11 If any provision of this Ordinance or the application thereof to any person or circumstance is
12 held invalid, the remainder of the Ordinance and the application of such provision to other
13 persons or circumstances shall not be affected thereby.
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15 **SECTION 5: EFFECTIVE DATE.**

16 Pursuant to California Constitution Article XIII C §(2)(d) and California Elections Code §9217,
17 this Ordinance shall take effect only if approved by a two-thirds (2/3) supermajority of the
18 eligible voters of the City of Albany voting at the General Municipal Election to be held on
19 November 5, 2024 and shall become effective 10 days after the City Council has declared the
20 results of the Election.
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1 Ordinance No. 2024-04 was submitted to the People of the City of Albany at the November 5,
2 2024 General Municipal Election. It was approved by the following vote of the People:

3 YES:

4 NO:

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8 Ordinance No. 2024-04 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:

13 NOES:

14 ABSENT:

15 ABSTAIN:

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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.
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25 _____
Anne Hsu, City Clerk