

Housing Trust Fund  
DRAFT 2: Proposed Revenue Sources

Revenue Tool	Description	Pros	Cons	Examples
Transient Occupancy Tax	Transient Occupancy Tax (TOT) is charged in California when occupying a living space for short periods of time, such as a typical hotel stay.	Revenue administration is already in place locally. TOT revenues generally fund new tourism activities, but an expanded program could generate revenues to address the issue of housing being taken out of the rental market and placed into the transient market.	Taxing tourism could reduce the number of visitors and the revenues earned from tourist spending.	Anaheim, CA Long Beach, CA
Business Registration Fee	Annual Business Registration Fee can be charged for the permission to do business within a particular jurisdiction. The fee can range according to the size and type of business. While all organizations must register, organizations with income tax exemptions do not pay the fee.	Revenue administration is already in place locally. Business owners need housing that the workforce can afford and want to live in.	Discourages business growth. Difficult to establish a nexus between business profits and the need for affordable housing.	San Francisco, CA
Cannabis Tax Set Aside - Measure Z	Set aside a portion of cannabis tax revenue for affordable housing as an on-going dedicated source of funding.	This revenue is relatively new and may not be fully dedicated or easily redesignated for affordable housing. There is a strong linkage between the cannabis industry and affordable housing as the industry has encouraged larger numbers of employees in need of housing. It would operate as a dedicated source of funds.	The amount of tax generated each year is not consistent.	San Joaquin County, CA
In Lieu Fees and Fractional Payments for Inclusionary Zoning	Inclusionary Zoning ordinances require developers to designate a percentage of any new development as affordable for low and moderate income housing. Developers are required to develop the new units at the same time as any market rate units. Some jurisdictions allow developers to opt out of constructing affordable housing units by paying an In-Lieu Fee equal to the value of the required affordable housing units, or require Fractional Payments for the value of un-built portions of required housing units.	Inclusionary ordinances are most effective means of creating <i>actual</i> development of affordable housing. It also promotes healthy mixed-income communities and deconcentrates pockets of poverty. Inclusionary also allows jurisdictions with limited resources to "share the cost" of affordable housing with for-profit developers. Inclusionary requirements are not subject to the Mitigation Fee Act.	While in-lieu and fractional fees generate modest revenue, Inclusionary Zoning policies are most successful when they create <u>actual</u> affordable housing development, not revenue. Developers may argue that inclusionary creates an inability to build market rate housing. The County's Housing Element does not provide for inclusionary policies and would need to be amended.	Santa Monica, CA San Jose, CA Folsom, CA
Linkage Fees and Developer Impact Fees	Developer Impact Fees have been historically imposed by local governments on new development (commercial and residential) for the cost of providing new public services and infrastructure such as sidewalks, schools, and parks. Many jurisdictions have expanded these fees to support affordable housing. Linkage Fees are a type of development impact fee charged specifically for the cost and need of affordable housing, often based on jobs and housing nexus studies. This is the most common revenue source dedicated to affordable housing and services.	A tool that leverages the private market to produce affordable housing. Offers more flexibility than In Lieu Fees when determining operating parameters such as lower AMI units, special needs housing and homeless housing. Humboldt County has minimal impact fees and a lot of potential to implement new impact fees.	Policy needs to be established as an ordinance. Opposition from pro-business and pro-development groups could complicate the passage of the ordinance. The private development market locally is not very robust and in turn would not generate a large amount of revenues for affordable housing.	Berkeley, CA San Diego, CA
Local Housing Trust Fund Program (LHTF)	LHTF is a State-funded program that provides funding for local and regional housing trust funds. Requires dollar for dollar match.	Other than PLHA, this is the only potential state or federal funding for the Housing Trust Fund that the committee has identified.	Competitive program, requires dollar for dollar match.	San Francisco, Fremont, San Diego, Los Angeles, San Luis Obispo

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General Sales Tax - Measure Z/O	In April 2014, Humboldt County citizens told the Board of Supervisors they were concerned about the lack of funding that is available for public safety services. In response, voters in November passed Measure Z, a half-cent sales tax, to pay for maintaining and enhancing services. These web pages are dedicated to providing information regarding how those funds are being spent, and how you can make your voice heard in the process.	The Board decides which projects to fund annually so 2020-21 revenues have not been allocated yet.	This funding is highly competitive.	N/A
General Fund Set Aside	"Boomerang Funds" (formerly redevelopment tax increment) are tax increment monies that were redirected to the County after dissolution of the County's redevelopment agencies in Fortuna, Eureka and Arcata. State law required that redevelopment agencies deposit 20-30% of all tax increment generated for the life of all redevelopment project areas into a Low and Moderate Income Housing Fund. This money was required to be spent solely on affordable housing. When redevelopment agencies were dissolved, most redevelopment project areas still had a term of 10 or more years before expiration. When redevelopment agencies were dissolved in 2011, any tax increment not needed to pay existing obligations was unexpectedly diverted back to the County.	Boomerang funds are new unrestricted and unexpected general fund monies that the County did not expect to receive for many years. Tax increment financing and redevelopment planning created a substantial increase of tax revenue for the County, and dedication of these funds to affordable housing complies with the original legislative intent of the Redevelopment Act. The County has flexibility to dedicate any amount, up to 100% of these funds, to an affordable housing trust fund.	None	County of Santa Clara
Permanent Local Housing Allocation (PLHA)	New program for 2020 that will provide an annual formula allocation to every jurisdiction in California that has a compliant Housing Element, and that has filed its most recent annual report. There will also be an annual competitive funding opportunity under this program.	Among other uses, PLHA may be used as match for LHTF funds	under the draft guidelines that is only allowed if the County joins with at least two other jurisdictions to form a regional housing trust fund	New program
Property Surplus Proceeds	Sale of the County-owned property located at Lucas Street; 2956 D Children's Shelter	Sale proceeds would amount to a substantial amount of seed money for the Affordable Housing Trust Fund. Sale proceeds are not currently designated for any other sources, and the Board of Supervisors has stated that it plans on seeding the Housing Trust Fund with this money.	Despite several years on the market, the property has not sold due to a variety of reasons. Sale proceeds do not create an on-going source of funds.	N/A
Seed Money	Request donations from large employers, banks, jurisdictions, etc. to help seed the fund.	Could generate a substantial source of funds.	It depends on the generosity of donors and therefore, is not a dedicated annual source of funding.	
Vacancy Tax	Impose a vacancy tax on property owners who leave residential and commercial buildings empty.	Creates a dedicated source for affordable housing funding. Exemplifies a direct linkage between the lack of affordable housing and vacant housing units. Encourages owners to place housing units on the rental market.	None	San Francisco, CA