

City of Calistoga

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Staff Report

TO: Honorable Mayor and City Council Members
FROM: Dylan Feik, City Manager
DATE: June 5, 2018
SUBJECT: Discussion and Consideration of a Resolution Placing Special TOT Tax Measure on the November 6, 2018 Ballot.

APPROVAL FOR FORWARDING:



Dylan Feik, City Manager

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2 **ISSUE:** Discussion and Consideration of a Resolution Placing Special TOT Tax Measure
3 on the November 6, 2018 Ballot which would increase the City of Calistoga Transient
4 Occupancy Tax rate by one percent (1%) for Housing that is Affordable.
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6 **RECOMMENDATION:** Provide direction to staff and to direct the ad hoc housing
7 committee to participate on countywide 2x2 meetings on the same subject.
8

9 **BACKGROUND / DISCUSSION:** Following City Council discussion on May 15, 2018, the
10 City's ad hoc Housing Committee (Canning, Dunsford), along with the city manager,
11 attended a joint meeting with Napa County and all incorporated cities and town to discuss
12 placing a countywide effort to increase local transient occupancy tax rates by one percent
13 (1%) to fund local housing programs. Generally, all agencies are struggling with the same
14 issue...lack of housing that is affordable. It is up to each agency to determine the best path
15 to move forward but in an effort to use a regional approach, several cities will be requesting
16 their constituents/voters to consider increasing the TOT tax, or lodging tax paid by visitors,
17 to fund housing that is affordable.
18

19 With the assistance of the City Attorney's Office, staff has prepared two items for Council
20 consideration this evening. First, a Resolution which places the question to voters on the
21 November ballot. As part of that resolution, the City is also submitting the Ordinance
22 Amendment which is subject to two-thirds voter approval by registered voters.
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24 The City Council should consider the language presented to the voters (ie the “ballot
25 question” and also consider the language of the resolution and ordinance and request staff
26 to make any changes necessary.
27

28 *As mentioned before, a statewide ballot measure is circulating for signatures and titled
29 “Tax Fairness, Transparency and Accountability Act of 2018.” Should it pass in
30 November, it will have a retroactive impact to the governing body threshold for passage
31 of the proposed 1% TOT Special Tax ordinances/resolutions. Under current law, a
32 majority vote of the governing body is required for a special tax, however the proposed
33 law would require a 4/5 threshold. Therefore, staff recommends that Council approve this
34 ordinance and resolution by no less than a 4/5 Council vote in order to be placed on the
35 ballot.
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37 **COUNCIL GOALS:** The project conforms to Council Goal 2: Address the community’s
38 existing and future housing needs as shown below -
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40 Objectives

- 41 1. Expand balanced housing opportunities including workforce housing and mixed use
42 residential housing.
- 43 2. Protect and promote special needs housing for such groups as seniors, low-income
44 earners and persons with disabilities.
- 45 3. Maintain the existing housing stock in good condition.
- 46 4. Promote and expand use of Accessory Dwelling Units

47 Priority Projects

- 48 1. Support the “Rebuilding Calistoga” housing rehabilitation efforts by Calistoga
49 Affordable Housing and continue to implement the HOME and CDBG residential
50 rehabilitation loan programs.
- 51 2. Consider deleting allowed commercial activities from appropriate residential zoning
52 districts in order to maximize the inventory of sites available for housing
53 development.
- 54 3. Consider reclassifying appropriate potential development sites to residential land
55 use classifications or higher-density land use classifications.
- 56 4. Consider increasing the qualifying income for inclusionary ownership housing units
57 from 120% of area median income (AMI) to 150% AMI to facilitate development and
58 increase the feasibility of their purchase by households with sufficient income.
- 59 5. Modify the “multi-family residential” definition to allow detached units in order to
60 provide more design flexibility.
- 61 6. Subsidize or defer connection fees for ownership units affordable to households with
62 incomes less than 120% of area median income.

- 63 7. Review and consider using 1.25 persons/household when calculating the potential
64 population for senior projects under the Growth Management System in order to
65 create additional growth management allocations.
- 66 8. Acquire suitable properties for residential development targeted to local employees
67 and partner with developers to provide housing.

68
69 **CEQA REVIEW:** Under California Environmental Quality Act (“CEQA”) Guidelines section
70 15378(b)(4), the tax is not a project within the meaning of CEQA because it creates a
71 government funding mechanism that does not involve any commitment to any specific
72 project that may result in a potentially significant physical impact on the environment. If any
73 project is to be funded by revenue from the approved tax, analysis will be performed for
74 the project prior to approval in accordance with the then-applicable CEQA provisions.
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76 **FISCAL IMPACT:** The Fiscal Year 2017-18 Original Budget includes \$6,147,902 for total
77 TOT tax collections. This amount represents all 12% of general fund revenue collected by
78 the City. An additional 1% increase is estimated to be \$512,325 annually.
79

80 **ATTACHMENTS:**

- 81
- 82 1. Proposed Resolution Placing Special TOT Tax Measure on the November 6, 2018
83 Ballot
 - 84 2. Proposed Ordinance Amending Chapter 3.16 of the Calistoga Municipal Code to
85 Increase the City’s TOT Tax Rate, Subject to Voter Approval of Two-Thirds of Electors
86 Voting on the Measure at the November 6, 2018 General Election
 - 87 3. Staff Report for May 15, 2018
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