Comparison of Increases in Business License Tax on Gross Receipts

 From Residential Rental Property

 Council Proposal – U1 Landlord Initiative – DD

Current tax rate 1.081% 1.081%

Amount of increase 1.799% 0.419%

Total tax after increase 2.88% 1.5%

Average Increase

 per unit per month $28.90 $6.75

Estimated New Revenue $3,500,000 $1,400,000

(according to Finance Dept.)

Estimated New Revenue after $3,150,000 $1,100,000

 administrative costs (according to Finance Dept.)

Currently exempt 1 & 2 unit properties 1 & 2 unit properties

Exempt from increase

 Small landlords 3 & 4 units No

 Section 8 Yes No

 Shelter + Care Yes No

 No vacancy increase Yes No

 (exempts income from pre-1999 tenancies and “inclusionary” units reserved for low-income people because these units charge a fair rent)

 New construction 12 years after Cert. Occupancy No

 Hardship Yes Yes

Affordable units measure will

 develop annually 32 11

Substantial affordable One every year One every 3 years

 housing projects funded

Note that U1 revenue will rapidly rise to $4 million annually as the exemptions for new construction expire and as pre-1999 tenants move and landlord raise rents on these units to current market rents.