

## Comparison of Increases in Business License Tax on Gross Receipts From Residential Rental Property

	<u>Council Proposal – U1</u>	<u>Landlord Initiative – DD</u>
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 (according to Finance Dept.)	\$3,500,000	\$1,400,000
Estimated New Revenue after administrative costs (according to Finance Dept.)	\$3,150,000	\$1,100,000
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 housing projects funded	One every year	One every 3 years
Campaign funded by	Non-profit affordable housing developers and unions	Large for-profit landlords

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.