

Potential Revenue Sources for Housing Trust Funds

Compiled by Greg Rowe, Chair – City of Davis Housing Element Committee - January 5, 2021

Source	Rationale, Time Frame, Other Information	Notes
1. “Boomerang” Redevelopment Funds	Residual RDA revenue that would have otherwise gone to housing development if redevelopment agencies remained intact.	
2. Business Operations Tax		Various ways to assess.
3. Business Registration (license) Fees	Medium-Term source. Also called “Large Business Registration Fees.” Can be based on demand that such businesses put on housing market and city services. Fee can be assessed in a variety of ways and vary by size and type of business.	Tax-exempts would not pay. .
4. Demolition Permit Tax/Fee	Demolition reduces the available housing stock, so this fee would partially offset the loss of housing opportunities.	
5. Development Impact Fee; non-residential	Commercial development generates demand for modestly paid service employees, who would benefit from short commutes.	
6. Development Impact Fee; Residential	Near-Term source. Helps pay for increased demand for public services imposed by new developments.	
7. Document Recording Fee	May require state legislation.	
8. Entertainment Ticket Surcharge	Helps provide housing for venue employees	2/3 if dedicated to housing
9. General Fund Contributions	Near-Term source. Potentially limited by fiscal circumstances.	
10. General Obligation Bonds	Bond proceeds are repaid by property tax assessments	2/3 vote
11. Grants	Near-Term source (CA Local Housing Trust Fund program)	
12. Inclusionary Impact Fees		
13. Private funds and gifts	Long-Term source. Foundations can be a source.	
14. Property tax surcharges	Near-Term source.	Needs 2/3 vote
15. Real Estate Transfer Tax (RETT)	Near-Term source. Recaptures increases in property values. Mitigates displacement. Also called “real estate sales fees.” A variant is endowment fees on the deeds of new market rate homes (long-term source).	Not considered a property tax.
16. Restaurant/Bar Tax	50%+1 vote needed if proceeds are for general purposes.	2/3 vote if dedicated
17. Sales of Public Land (cities and school districts)	Near-Term source	Davis may not have surplus land; school district may.
18. Sales Tax Increase	Medium-Term source. 50%+1 vote if for general purposes.	2/3 vote
19. Social Services focused parcel taxes and bond measures	Medium-Term source	
20. Tourist (Luxury) Tax	Medium-Term source. Has a nexus to the needs of low-income workers who are often employed at tourist destinations.	
21. Transient Occupancy Tax	Medium-Term source. Visitors are often served by lower-income employees. Should include temporary home rentals (Air B&B) because this practice removes homes from the market.	2/3 vote if dedicated.

Sources: (1) Enhance and Expand the Housing Trust Funds in the City and County of Sacramento. Sacramento Housing Alliance, June 2017. (2) Housing Trust Fund Strategy – Recommendations of the City of Davis Social Services Commission, September 16, 2020. (3) Permanent Funding Sources for Affordable Housing in the City /County of Sacramento. BAE Urban Economics, January 29, 2017.