

OFFICE OF THE  
CITY CLERK  
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**INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS**

The city attorney has prepared the following title and summary of the chief purpose and points of the proposed measure:

[INSERT OFFICIAL PETITION TITLE PREPARED BY CITY ATTORNEY HERE]

[Insert Official Petition Summary Prepared By City Attorney Here]

TEXT OF THE PROPOSED MEASURE:

**HOTEL AND VACATION RENTAL AFFORDABLE HOUSING TAX**

**SECTION 1. FINDINGS AND PURPOSE**

The People of Santa Monica find as follows:

Santa Monica is experiencing a housing crisis. In this crisis, it has become almost impossible for many of Santa Monica's low-wage hospitality workers to even rent a home in the city where they work, let alone to buy a home. To cope, these workers are forced to commute long distances to their jobs, live in overcrowded conditions, and sleep in their cars between shifts. Some even experience periods of homelessness.

The workers that are able to rent a home in Santa Monica also face difficult burdens. The U.S. Department of Housing and Urban Development ("HUD") has estimated that nearly one out of every five Santa Monica renter households are both low income and suffer "severe cost burden," meaning they pay more than half of their incomes as rent and utilities. And an additional close to one out of every ten Santa Monica renter households are estimated to be both low income and "rent burdened," which means they pay more than 30 percent and up to 50 percent of their incomes as rent and utilities.

The reality is that there is not enough affordable workforce housing, especially for many of the hospitality workers who support Santa Monica's thriving tourism industry. Yet the hospitality industry shares responsibility for the extreme lack of affordable housing in Santa Monica, including because hotel uses may come at the expense of affordable housing units, and short-term home-share and vacation rentals further deplete the available housing stock. It is only fair and equitable that visitors who enjoy the benefits of our City's high quality services, programs, and hospitality industry also contribute a small portion towards the hospitality workers that make their visits possible.

To help address Santa Monica's housing crisis, this Ordinance creates an Affordable Housing for Hospitality Workers Fund, which will be funded by an affordable housing tax on hotel and short-term home-share and vacation rental visitors, the proceeds of which will be used to promote and support programs and measures to develop and provide well-deserved affordable housing to Santa Monica's hospitality workers.

## **SECTION 2. ADDITION OF CHAPTER 6.69 TO THE SANTA MONICA MUNICIPAL CODE**

The following is added to the Santa Monica Municipal Code as Chapter 6.69 (all underlined text new):

### **Chapter 6.69 Affordable Housing for Hospitality Workers**

#### **6.69.010. Creation of Fund; Expenditures**

(a) There is hereby established an Affordable Housing for Hospitality Workers Fund. All sums collected pursuant to the taxes established in this Chapter shall be deposited in the Affordable Housing for Hospitality Workers Fund.

(b) The funds deposited in the Affordable Housing shall be used solely to promote, provide, and develop affordable housing and affordable housing measures and programs for hospitality workers.

#### **6.69.020. Affordable Hospitality Worker Housing Committee**

(a) The City Council shall appoint an Affordable Hospitality Worker Housing Committee to make recommendations to the City Council for (1) expenditures of the funds in the Affordable Housing for Hospitality Workers Fund and (2) guidelines to govern the Affordable Housing for Hospitality Workers Fund regarding eligible expenditures; funding priorities and preferences; and award, budgeting, program evaluation, and public reporting procedures.

(b) The Affordable Hospitality Worker Housing Committee shall consist of seven members as follows:

- (1) Two hospitality workers
- (2) One representative of an advocate for hospitality workers
- (3) Two experts in affordable housing policies
- (4) One expert in affordable housing development
- (5) One expert in affordable housing financing

(c) Persons working for organizations seeking funding from the Affordable Housing for Hospitality Workers Fund are ineligible to serve on the Affordable Hospitality Worker Housing Committee.

(d) One of the representatives of hospitality workers, one of the experts in affordable housing policies, and the expert in affordable housing financing shall be appointed to an initial two-year term upon formation of the Affordable Hospitality Worker Housing Committee. All other members shall be appointed to an initial four-year term upon formation of the committee. Appointments and re-appointments after these initial terms expire shall be for four-year terms.

(e) The Affordable Hospitality Worker Housing Committee shall meet no less than six times annually.

**6.69.040. Affordable housing tax on hotel visitors**

There is hereby imposed and levied on each and every transient a tax for the privilege of occupancy in a hotel equivalent to seven percent of the total amount paid for room rental by or for any such transient to any such hotel. This tax is in addition to any other tax imposed under this Code. All sums collected pursuant to the tax established by this Chapter shall be deposited in the Affordable Housing for Hospitality Workers Fund.

**6.69.050. Affordable housing tax on home-shares and vacation rentals.**

There is hereby imposed and levied on each and every transient a tax for the privilege of occupancy in a vacation rental or home-share equivalent to fifteen percent of the total amount paid for room rental by or for any such transient to any such vacation rental or home-share. This tax is in addition to any tax imposed under this Code. All sums collected pursuant to the tax established by this Chapter shall be deposited in the Affordable Housing for Hospitality Workers Fund.

**6.69.060. Collection; reports and remittance**

(a) Every person receiving any payment for room rental in a hotel, home-share, or vacation rental shall collect the tax imposed in this Chapter from the transient on whom the tax is levied or from the person paying for such room rental, at the time payment for such room rental be made. The exception is that a hosting platform shall be responsible for collecting and remitting the tax for all room rentals provided by or through the hosting platform.

(b) Where the tax has been collected for room rental for thirty days or less and the occupant subsequently completes thirty-one consecutive days of occupancy, the person whose duty it is to collect said tax may return such tax to the occupant or person obligated to pay such tax. If said person whose duty it is to collect said tax has paid such tax over to the City, he or she may, within one year from the date of payment to the Director of Finance, and provided he or she has returned such tax to the occupant or person obligated to pay such tax, either take credit for the tax so paid on any subsequent return filed by him or her or file a claim for refund of such tax. Such claim may be paid to such person by the Director of Finance. The taxes required to be collected hereunder shall be deemed to be held in trust by the person required to collect the same until remitted as hereinafter required.

(c) The person collecting a tax under this Chapter shall report and remit the tax as specified by the Director of Finance. Reports and remittances shall be due the first business day of each month covering the amount of tax collected during the preceding month. The date of payment of a remittance is determined as set forth in Section 6.68.055.

**6.69.070. Failure to collect, report, or remit tax.**

(a) If any person fails or refuses to remit to the Director of Finance the tax required to be collected and paid under this Chapter, on or before the last day of the month in which the remittance becomes due, such tax is delinquent and shall be subject to the same penalties and interest as set forth in Section 6.68.060.

(b) If any person shall fail or refuse to collect the tax and to make, within the time provided in this Chapter, any report and remittance required by this Chapter, the Director of Finance shall proceed according to the procedures set forth in Sections 6.68.070 and 6.68.075 to estimate the tax due and provide a notice of delinquency to the person.

#### **6.69.080. Records.**

It shall be the duty of every person liable for the collection and payment to the City of any tax imposed by this Chapter to keep and preserve, for a period of four years, such suitable records as may be necessary to determine the amount of such tax as he or she may have been liable for the collection of and payment to the City, which records the Director of Finance shall have the right to inspect at all reasonable times.

#### **6.69.090. Cessation of business.**

Whenever any person required to collect and pay to the City a tax under this Chapter shall cease to operate or otherwise dispose of his or her business, any tax payable hereunder to the City shall become immediately due and payable and such person shall immediately make a report and pay the tax due.

#### **6.69.100 Exceptions.**

No tax shall be payable under this Chapter in any of the instances set forth in 6.68.100.

#### **6.68.110 Administrative penalty.**

Any person violating or failing to comply with any of the provisions of this Chapter shall be subject to any of the penalties set forth in Section 1.08.010 of the Santa Monica Municipal Code. Each such violation or failure shall constitute a separate offense.

#### **6.69.120 Compliance with Article XXXIV of the California Constitution.**

To the extent the expenditure of any monies from the Affordable Housing for Hospitality Workers Fund results in, or contributes to, the development, construction, or acquisition of low rent housing projects in the City of Santa Monica by public agencies, that development, construction, or acquisition is hereby deemed authorized by the People of Santa Monica, having been duly approved by a majority of qualified electors of the City of Santa Monica, and with such authorization constituting the approval required by Article XXXIV of the California Constitution. The development, construction, and/or acquisition of low rent housing units authorized by this Section shall be in addition to any other authorization of the development, construction, and/or acquisition of such housing by the voters of the City of Santa Monica before or after adoption of this Section. This Section in no way restricts or limits the City's authority to

develop or assist in the development of housing that is not subject to Article XXXIV. This Section shall be interpreted to maximize affordable housing production and acquisition. As used in this Section, the terms “public entity,” “develop,” “construct,” “acquire,” and “low rent housing projects” shall be interpreted in accordance with Article XXXIV of the California Constitution, California Health and Safety Code Section 37000 et seq., and any successor legislation thereto.

### **6.69.130 Definitions**

The following words or phrases as used in this Chapter shall have the following meanings.

(a) “Affordable housing” means housing that is affordable by extremely low income households, very low income households, low income households, and moderate income households, as those terms are defined in Section 4.09.080.

(b) “Director of Finance” means the Director of Finance of the City of Santa Monica.

(c) “Home-share” has the same meaning as in Section 6.20.010

(d) “Hosting platform” has the same meaning as in Section 6.20.010.

(e) “Hospitality workers” means any individual whose primary place of employment is at one or more hotels and who is employed directly by a hotel or by a person who has contracted with the hotel to provide services at the hotel. “Hospitality worker” does not include a managerial, supervisory, or confidential employee.

(f) “Hotel” means an establishment that provides temporary lodging for payment in the form of overnight accommodations in guest rooms to patrons for periods of thirty consecutive calendar days or less. “Hotel” includes hotels, motor lodges, motels, apartment hotels, transient-occupancy residential structures, private residential clubs, tourist courts, and hostels that contain both dormitory-style accommodations and private guest rooms that may be reserved, meeting the definition set forth above. Except as provided above, the term “Hotel” does not include corporate housing, rooming houses, boarding houses, single-room occupancy housing, a residential hotel as defined in California Health and Safety Code Section 50519, or any housing available only to students of an education institution, licensed bed and breakfast establishments within a single-unit residence, home-shares, or vacation rentals.

(g) “Person” means an individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, business trust, estate, trust, association, joint venture, agency, instrumentality, or any other legal or commercial entity, whether domestic or foreign.

(h) “Room rental” means any charge required by a hotel, home-share, or vacation rental for lodging and/or lodging space furnished to a transient. Room rental shall not include any amount upon which a sales or use tax is imposed with respect to the sale of food products.

(i) “Transient” means any person who, for any period of not more than thirty days either at that person’s expense or at the expense of another, obtains lodging or the use of any lodging space in any hotel, home-share, or vacation rental, for which lodging or use of lodging space a charge is made.

(j) "Vacation rental" has the same meaning as in Section 6.20.010.

**SECTION 3. EFFECTIVE DATE**

If the City Council approves this measure, or if a majority of the voters pass this Ordinance, it shall become a valid enactment of the City as of the earliest date allowed by law.

**SECTION 4. SEVERABILITY**

If any section, subsection, sentence, clause, phrase, or application of this Ordinance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity or application of the remaining sections, subsections, sentences, clauses, phrases or applications of this Ordinance, which shall remain in full force and effect. The People hereby declare that they would have adopted this Ordinance and each and every section, subsection, sentence, clause and phrase thereof not declared invalid or unconstitutional, without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional. The courts are hereby authorized to reform the provisions of this Ordinance in order to preserve the maximum permissible effect of each section, subsection, sentence, or clause herein.