

Measure N (Empty Home Tax) Fiscal Impact Statement - City of Santa Cruz

Measure N would amend the City of Santa Cruz municipal code to add Chapter 3.38 which establishes a special tax on residential parcels that are in use less than 120 days within a calendar year (“vacant parcels”).

The annual tax rate would be \$6,000 per single family residence, \$6,000 per parcel with six or fewer units and \$3,000 per parcel with seven or more units. Based on factors such as property owner exemptions estimated to range from 34% to 60%, should this measure be approved by the voters, it would result in annual revenue between \$2.5 and \$4.1 million.

The Measure would create a Committee charged with community oversight of the tax and to make recommendations to the City to improve zoning and land use designations to better support the creation of affordable housing. The revenue from this tax would be deposited into a special revenue fund, the Empty Home Tax Fund, and could only be used for purposes listed in the ordinance – primarily preserving existing affordable housing and funding new affordable housing options with 5% of the revenue going towards homelessness services.

Costs to administer this Measure are estimated to be approximately \$450,000 with dedicated staffing to support the Oversight Committee, tax administration, collection, and housing project management. In addition, there are estimated one-time startup costs of \$534,000 for database infrastructure, web development and administrative costs.