



DATE: December 16, 2025

TO: City Council

FROM: Director of Finance

SUBJECT: Adopt a Resolution Adjusting the City’s Transient Occupancy Tax (TOT) Rate from 12% to 14% Effective February 1, 2026, and Finding that the Action is Exempt from CEQA Review

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) adjusting the City of Hayward’s (City) Transient Occupancy Tax rate from 12% to 14%, effective February 1, 2026.

SUMMARY

This report provides a review of the City’s current Transient Occupancy Tax (TOT) rate, and consideration for increasing the TOT rate in accordance with Measure NN, a voter approved ballot measure, which in the November 2020 election authorized Council to adjust the Transient Occupancy Tax (TOT) rate from 8.5% to 14%. In June 2025, City Council adopted a resolution adjusting the City’s Transient Occupancy Tax rate from 8.5% to 12%, effective August 1, 2025.

Since June, the City’s financial outlook has worsened. Staff is recommending that the City Council adopt the attached resolution adjusting the TOT rate to the full voter approved amount of 14%, which would take effect February 1, 2026, ahead of the 2026 Superbowl. Staff estimates this will generate approximately \$230,000 of additional revenue this fiscal year and \$550,000 annually moving forward.

To help Hayward hotel businesses benefit from upcoming major regional events, staff is pursuing ways to promote activities to draw additional visitors to Hayward, specifically around the 2026 Superbowl and FIFA World Cup.

FISCAL IMPACT

Table 1 on the next page depicts actual TOT revenues for the first three years after Measure NN was adopted, unaudited actuals from last year, and projections of revenue based on different TOT scenarios for those years. In FY 2022-23, TOT revenue began to show signs of recovery after the pandemic, and has remained relatively stable since then.

Table 1: TOT Revenue Under Different Rate Scenarios in FY 2022 through FY 2026

Fiscal Year	8.5% (Previous)	12% (Current)	14% (Proposed)
FY 2021-22	\$1,978,905	\$2,793,748	\$3,259,373
FY 2022-23	\$2,358,670	\$3,329,887	\$3,884,868
FY 2023-24	\$2,045,297	\$2,887,478	\$3,368,724
FY 2024-25 (unaudited)	\$2,341,487	\$3,305,629	\$3,856,567
FY 2025-26 (projected)	\$2,344,444	\$3,309,803	\$3,861,437

Last fiscal year, TOT generated \$2.3 million in revenue for the City’s General Fund when the rate was 8.5%. The City projects the current 12% TOT to generate \$3.3 million in the current 2026 Fiscal Year. An increase in the TOT rate from 12% to 14% is projected to generate about \$550,000 annually. Since this would take effect February 1, this change is estimated to generate \$230,000 of additional revenue this fiscal year.

BACKGROUND

In June 2020¹, staff presented City Council with a comparative analysis of TOT rates and revenues in neighboring agencies, as well as the presentation of the results of 2017 voter polling in comparison with election results from Bay Area cities that had previously placed ballot measures to voters. The analysis found that Hayward had the lowest TOT rate and ranked eleventh in per-capita TOT revenues of the sixteen Bay Area cities with populations over 100,000. At the time, polling found that an increase to TOT was supported by approximately two-thirds of registered Hayward voters.

On July 14, 2020², Council authorized actions to place an increase in the City’s TOT from 8.5% to up to 14% before the voters of Hayward at the November 3, 2020 election. In November 2020, the voters of Hayward passed Measure NN, which authorized the City Council to increase the TOT from 8.5% to no more than 14%.

On November 16, 2022³, staff presented the Council Budget and Finance Committee a review of the City’s current TOT rate and collected revenue. During the presentation, the Committee received comparisons of current TOT rates in neighboring cities and TOT revenue under different rate scenarios. The Committee recommended maintaining the current 8.5% rate and discussed potential rate adjustments after further analysis and continued economic recovery.

On January 15, 2025⁴, staff presented the Council Budget and Finance Committee a review of the City’s current TOT rate and collected revenue. During the presentation, the Committee received comparisons of current TOT rates in neighboring cities and TOT revenue under

¹ [CITY OF HAYWARD - File #: LB 20-030 \(legistar.com\)](#)

² [CITY OF HAYWARD - File #: LB 20-038 \(legistar.com\)](#)

³ [CITY OF HAYWARD - File #: ACT 22-120 \(legistar.com\)](#)

⁴ [CITY OF HAYWARD - File #: ACT 24-091 \(legistar.com\)](#)

different rate scenarios. The Committee recommended presenting City Council with the option to raise TOT from 8.5% to either 10 or 12%.

After internal discussions and ongoing budget discussions regarding the City's structural deficit, staff recommended that City Council consider increasing TOT to the maximum amount of 14%⁵. City Council asked for additional research to be conducted and for the Council Budget and Finance Committee to review a proposed increase of 12% based on the additional research.

On May 21, 2025⁶, staff provided the Council Budget & Finance Committee with information from such additional research to review as part of the Committee's consideration of increasing the TOT rate. Based on the research, the Council Budget and Finance Committee recommended proposing an increase to 12% to City Council for FY 2025-26 with an effective date of August 1, 2025. The recommendation not to enact a full 14% TOT tax rate was in part due to the existing Emergency Services Facilities Tax of 2% that this is still in effect and will sunset in two years. This action was adopted by the City Council in June 2025 (the resolution from that meeting is included as Attachment III).

DISCUSSION

Staff compared the City's TOT rate of 8.5% to that of twelve other cities in the Bay Area with populations over 100,000, with the exception of Castro Valley, Union City, and San Leandro.

While some cities apply only a base TOT rate, others impose additional taxes and fees such as tourism assessments, business improvement district charges, and community facility district levies which increases the total cost to hotel guests. Table 2 on the next page details the total effective rates, distinguishing between the base TOT and any additional charges layered on top.

Should Council choose to increase Hayward's TOT rate up to the maximum of 14% allowed under Measure NN, the City's overall lodging cost to guests would be the fourth highest in the comparison group when factoring in the total rates including additional fees charged. Hayward would remain lower than Santa Clara, Oakland, and San Francisco.

⁵ [CITY OF HAYWARD - File #: LB 25-012 \(legistar.com\)](#)

⁶ [CITY OF HAYWARD - File #: ACT 25-036 \(legistar.com\)](#)

Table 2: Comparison of Current TOT Rates

City	TOT Rate	Additional Taxes/Fees	Total Rate
San Francisco	14.00%	5.96% Destination fee tax, Tourism District assessment based on zoning between 2-2.25%, Moscone Assessment fee based on location between 1-1.25%	23.46% Max
Oakland	14.00%	2% Oakland Tourism Tax, 3.83% Destination fee tax	19.83%
Santa Clara	13.50%	2% Community Facilities District Tax, 2% Tourism Improvement District assessment	17.50%
Hayward	14.00%	2% Emergency Services Facilities Tax	16.00%
San Leandro	14.00%		14.00%
San Mateo	14.00%		14.00%
Union City	13.86%		13.86%
Berkeley	12.00%	1% Berkeley Tourism Business Improvement District assessment	13.00%
Concord	10.00%	3% Tourism Business Improvement District tax	13.00%
San Jose	10.00%	Hotel Business Improvement District fee based on zoning between \$1-\$2.50/room per night	10% + Fee
Fremont	10.00%		10.00%
Antioch	10.00%		10.00%
Castro Valley	10.00%		10.00%

City staff directly notified hotel operators about the recommendation to increase the TOT increase to 14% and tonight’s City Council hearing, as well as issued a Stack Extra e-newsletter article about the proposed change to 50,000 recipients.

City Efforts to Bring Additional Visitors to Hayward

Economic Development staff has attended informational seminars hosted by the Bay Area Host Committee related to upcoming regional sporting events and will coordinate with the Downtown Hayward Improvement Association, Chamber of Commerce, and Hayward Area Recreation and Park District to facilitate local events and to ensure alignment in messaging to the business community.

The City Manager's Office digital communications team, in partnership with the Economic Development Division, are developing a social media marketing campaign intended to get the attention of visitors to the Bay Area for the Super Bowl and World Cup. This will be rolled out in cooperation with local businesses and business associations.

As we get closer to the start of the World Cup, which is being played across multiple venues in the United States, Canada and Mexico from June 11 and July 19, the communications team and Economic Development Division also will be coordinating with local businesses and business

associations to leverage local and regional interest in the competition. Staff will give updates on these activities at the Council Economic Development Committee over the next several months.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Improve Organizational Health. Specifically, this item relates to the implementation of the following project:

Project 1, Part 1.a: Maintain and Expand Fiscal Sustainability: Evaluate an increase in the Transient Occupancy Tax.

NEXT STEPS

Should the City Council adopt the attached resolution adjusting the City's Transient Occupancy Tax rate from 12% to 14%, staff will take the necessary steps to implement the change effective February 1, 2026.

Prepared by: Franchesca Hatfield, Management Analyst
Nicholas Mullins, Senior Management Analyst
Christina Crosby, Deputy Director of Finance

Recommended by: DeAnna Hilbrants, Director of Finance

Approved by:



Jennifer Ott, City Manager