<u>Changes to Real Property Transfer Tax</u>*
Digest by the Ballot Simplification Committee

Status:	Approved Digest
On:	Thursday, July 30, 2026
Members:	Packard, Wong, Bella, Paxton, Pon

Deadline to Request Reconsideration: 12:50 p.m. on Friday, July 31, 2026

The Way It Is Now: The City collects a transfer tax when most real estate changes hands. The tax rates depend on the property's sales price or value and the two highest tax rates are:

- 5.5% for properties between $10,000,000 and under $25,000,000, and
- 6% for properties at $25,000,000 or more.

Some real estate transfers are exempt from the tax or are subject to reduced rates.

Revenues generated from the transfer tax may be spent for any governmental purpose.

The Board of Supervisors (Board) may amend, reduce, suspend, or repeal the transfer tax without voter approval. Voters must approve any increase of the transfer tax.

State law limits the total revenue, including tax revenue, the City may spend each year. The voters may approve increases to this limit for up to four years.

The Proposal: Proposition __ would dedicate half of the transfer tax revenues when certain real estate of $10,000,000 or more changes hands, to be spent only on alternative housing models and housing assistance. Specifically, the measure would:

For properties with a sales price or value between $10,000,000 and under $25,000,000:
- Reduce the current transfer tax from 5.5% to 2.75%
- Impose a new transfer tax of 2.75%

For properties with a sales price or value at $25,000,000 or more:
- Reduce the transfer tax from 6% to 3%
- Impose a new transfer tax of 3%

The same exemptions and tax reductions from the current transfer tax would still apply to the new transfer tax.

The new transfer tax would also exempt the first sale of certain multifamily real estate if it is sold within 5 years of completion of new residential units.

The City could spend revenue from the new transfer tax only on alternative housing and housing assistance as follows:

- At least 60% for housing production, with at least half to social housing developments;
- At least 25% towards the acquisition or rehabilitation of affordable housing, with at least 60% to acquisition of existing housing units;
- At least 10% to tenant stabilization/homeless prevention programs, with at least half to eviction defense and prevention; and
- Up to 5% for administration of the new tax revenue.

******Working title, for identification only. The Director of Elections determines the title of each local ballot measure; measure titles are not considered during Ballot Simplification Committee meetings.*

The Board could only change the transfer tax consistent with the purpose of the tax. All other changes would require voter approval.

Proposition __ would approve an unlimited number of new affordable housing units for low-income households funded by revenue from the new transfer tax.

Proposition __ would increase the City's spending limit for four years.

A "YES" Vote Means: If you vote "yes," you want to dedicate half of the transfer tax revenues when certain real estate of $10,000,000 or more changes hands, to be spent only on alternative housing models and housing assistance.

A "NO" Vote Means: If you vote "no," you do not want to make these changes.