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

Status:	Draft for Consideration
On:	Thursday, July 30, 2026
Members:	Packard, Wong, Bella, Paxton

Deadline to Request Reconsideration: TBD

The Way It Is Now: The City collects a transfer tax on transfers and long-term leases of most real property in San Francisco. The tax rate depends on the property's sales price or value. The tax rate is 5.5% for properties with a sales price or value from $10,000,000 to under $25,000,000, and 6% for properties with a sales price or value of $25,000,000 or more. Some sales and leases are exempt from the tax or are subject to reduced rates.

Revenues generated from the transfer tax may be used 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.

Voters must approve government-financed affordable housing projects for low-income households, and may pre-approve a certain number of units.

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 reduce the current transfer tax by half for certain properties, and would establish a new transfer tax of approximately the same amount that the City could spend only on affordable housing and other specified purposes. The measure would:

- Reduce the current transfer tax from 5.5% to 2.75% for properties with a sales price or value from $10,000,000 to under $25,000,000, and from 6% to 3% for properties with a sales price or value of $25,000,000 or more;
- Impose a new transfer tax of 2.75% for properties with a sales price or value between $10,000,000 and $25,000,000, and 3% for properties with a sales price or value of $25,000,000 or more;
- Apply the same exemptions and tax reductions from the current transfer tax to the new transfer tax;
- For the new transfer tax, exempt the first sale of real property within five years following completion of construction of new residential units on the property for certain properties; and
- Allow the City to secure bond debt with proceeds from the new transfer tax.

The City could spend revenue from the new transfer tax only as follows:

- At least 60% to affordable housing production programs, at least 50% of that amount to alternative models for permanent affordable housing and the remainder to multifamily affordable housing;
- At least 25% to acquisition or rehabilitation of affordable housing, at least 60% of that amount to new acquisitions of affordable housing and the remainder to rehabilitation and stabilization of existing affordable housing; and
- At least 10% to tenant stabilization/homelessness prevention programs, at least 50% of that amount to eviction defense and prevention and the remainder to emergency rental assistance.

For both the current and new transfer tax, the Board could amend the tax only to exempt rent-restricted affordable housing or to make other changes consistent with the stated purposes of the new transfer tax. All other changes would require voter approval.

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.

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

All these changes would apply indefinitely until amended or repealed.

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

A "YES" Vote Means: If you vote "yes," you want the City to make these changes to the transfer tax.

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