

## **Tax on Keeping Residential Units Vacant\***

**Digest** by the Ballot Simplification Committee

**Status:** Final Digest

**On:** Friday, July 29, 2022

**Members:** Packard, Anderson, Merrill

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**The Way It Is Now:** The City does not tax owners of apartments, condominiums or other residential properties for keeping these properties vacant.

**The Proposal:** Starting on January 1, 2024, Proposition \_\_\_ would tax owners of vacant residential units in buildings with three or more units if those owners have kept those units vacant for more than 182 days in a calendar year and where no exemption applies. The tax would not apply to units intended for travelers, vacationers and other short-term occupants or units in a nursing home or residential care facility. This tax would also not apply to units owned by nonprofit organizations or government agencies. This proposed tax would expire on December 31, 2053.

Proposition \_\_\_ provides exemptions for a primary residence where the owner has a homeowner property tax exemption and a property with an existing residential lease. Proposition \_\_\_ also allows additional time to fill vacant units before the tax applies in some circumstances, including repair of an existing unit, new construction, a natural disaster or death of the owner.

Under Proposition \_\_\_, in 2024, the tax would range from \$2,500 to \$5,000 per vacant unit, depending on the unit's size. In later years, the tax would increase to a maximum of \$20,000 if the same owner kept that unit vacant for consecutive years. The tax would also be adjusted for inflation.

The City would deposit these tax revenues into a Housing Activation Fund that would primarily fund two programs. One program would provide rent subsidies for people age 60 or older and for low-income households. The other program would fund acquiring and rehabilitating unoccupied buildings for affordable housing, and later operating those buildings. The City could also use these tax revenues to repay bonds the City may issue for projects funded under either program.

**A "YES" Vote Means:** If you vote "yes," you want to tax owners of vacant residential units in buildings with three or more units, if those owners have kept those units vacant for more than 182 days in a calendar year, and use those tax funds for rent subsidies and affordable housing.

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

*\*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.*