

TAX ON KEEPING RESIDENTIAL UNITS VACANT

The Way It Is Now

The City does not currently tax owners who keep apartments, condominium units, or other residential properties vacant.

But the City does impose a tax on keeping some commercial spaces vacant. Owners or tenants that keep ground floor retail or other commercial space vacant in designated commercial corridors are subject to a tax if they have kept that space vacant for more than 182 days in a calendar year and no exception applies.

The Proposal

Starting on January 1, 2024, the proposed measure would impose a tax on 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 tax year and where no exception applies. The tax would not apply to units intended for tourists and other travelers or units in a nursing home or residential care facility. The tax would also not apply to units owned by tax-exempt 501(c)(3) nonprofit organizations or government entities.

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

The City would deposit these tax proceeds into a Housing Activation Fund. The Housing Activation Fund would primarily fund two programs. One program would provide rent subsidies for individuals 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 proceeds to repay bonds the City may issue for projects funded under either of these two programs.

This proposed tax would expire on December 31, 2053.

The Board of Supervisors may later amend this tax, by a two-thirds vote and without further voter approval, unless prohibited by the State Constitution from doing so.

SAN FRANCISCO
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DEPARTMENT OF ELECTIONS