

## **Real Estate Transfer Tax Exemption and Office Space Allocation\***

**Digest** by the Ballot Simplification Committee

**Status:** Approved Digest  
**On:** Wednesday, November 29, 2023  
**Members:** Packard, Anderson, Unruh, Wong

**Deadline to Request Reconsideration:** 4:00pm Thursday, November 30, 2023

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**The Way It Is Now:** The City collects a real estate transfer tax on most property sales and some leases in San Francisco. The tax rate usually depends on the total sale (or lease) price and ranges from 0.5% to 6%. The money collected from this tax goes into the City's General Fund and may be spent for any purpose.

Any transfers of rent-restricted affordable housing of \$5 million or more may be partially exempt from the tax by the Board of Supervisors (Board). Voters must approve any other changes to the tax.

Voters have limited the amount of new office space the City allows each year. The limit does not change when an office space is converted to a different use or demolished.

**The Proposal:** Under Proposition \_\_\_\_, the first time a property is transferred after being converted from commercial to residential use, it would be exempt from the transfer tax as long as the property owner receives permission to convert the property before January 1, 2030. The exemption would be available for up to 5 million square feet of converted properties.

Proposition \_\_\_\_ would authorize the Board to amend, reduce, suspend or repeal the transfer tax without voter approval. Voters must approve any increase of this tax.

Proposition \_\_\_\_ would allow the City to increase the amount of office space available for development by including property that has been converted or demolished.

**A "YES" Vote Means:** If you vote "yes," you want to:

- Exempt from the transfer tax the first time a property is transferred after being converted from commercial to residential use.
- Authorize the Board to amend the transfer tax without voter approval, but not to increase it.
- Allow the City to increase the amount of office space available for development by including property that has been converted or demolished.

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