



Memorandum

TO: RULES & OPEN
GOVERNMENT
COMMITTEE

FROM: Mayor Sam Liccardo

SUBJECT: REPLACEMENT
MEMORANDUM

DATE: January 8, 2020

APPROVED:

DATE:

1-8-20

**SUBJECT: EXEMPTION OF CERTAIN TRANSFERS INVOLVING 501(c)3
NONPROFIT ORGANIZATIONS FROM THE PROPOSED REAL
PROPERTY TRANSFER TAX ON THE MARCH 2020 BALLOT**

RECOMMENDATIONS

Place on a Council meeting agenda in January or early February consideration of exempting transfers of real property to or from 501(c)3 nonprofit organizations from the property real property transfer tax when the real property transferred is:

- a. Donated, rather than sold, to a tax-exempt 501(c)(3) organization, and
- b. To be used for building or preserving affordable housing, improving economic equity and access, or other publicly articulated City objectives.

BACKGROUND

My appreciation to my Council colleagues for demonstrating the necessary leadership to put forward a ballot measure to generate General Fund revenue to address our City's most pressing needs, including the lack of affordable housing and our deepening homelessness crisis.

Since our placing the measure on the ballot, I have heard community support for exempting nonprofit organizations that will use the land for such philanthropic purposes as building affordable housing. While the charitable purposes incorporated in the federal tax exemptions of Section 501(c)(3) of the Internal Revenue Code appear broader than the City's objectives, the City Attorney should return to Council to inform whether and how we can parse more specific purposes than those articulated in the IRC. The City Attorney should return with its analysis well in advance of the public vote on the proposed real transfer tax on March 3, 2020.