



Housing

Nonprofit Transfers & the New Real Property Transfer Tax (Measure E) Draft Framework

January 5, 2021

Item 3.3

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Measure E Priorities

Measure E  \$30 million

- ELI housing - **45%** of Measure E funds
- Low-income housing – **35%**
- Moderate-income housing – **10%**
- Homelessness prevention/Rental Assistance – **10%**

Tax Rates and Exemptions – Measure E

- Transfers valued under \$2 million: **EXEMPT**
- Transfers from \$2 million to \$5 million: **0.75%**
- Transfers from \$5,000,000.01 to \$10 million: **1.0%**
- Transfers over \$10 million: **1.5%**

Donations of property are already exempt (transfer value of \$0)

Examples of Measure E Tax Rates

Type of Property	Sales Price	Measure E Tax
Strip Mall	\$3 million	\$22,500
Undeveloped Land	\$7 million	\$70,000
Office Building	\$10.5 million	\$157,500
Single Family Home	\$1.2 million	\$0

Rules Direction – Jan. 8, 2020

Consider exempting transfers to/from 501(c)(3) nonprofit organizations when property is:

- **Donated**, rather than sold, to a tax-exempt 501(c)(3) organization

OR

- To be used for building or preserving affordable housing, improving economic equity and access, or other publicly articulated City objectives.

Policy Considerations

Criteria & Scope

Which nonprofits would be eligible?

How many property transfers could be impacted?

What would be the fiscal impact on Measure E funds?

Measure E Goals

Encourage production or development of affordable housing

Preserve housing affordability

Expand housing affordability

Affordable Housing Production/Preservation



*Qualified Application: 100% of units have minimum affordability at or below 80% of AMI for at least 55 years; site is consistent with the City's Affordable Housing Siting Policy.

Other Policy Considerations

- Complexity of administration
- Considering who is benefiting from the tax break and who will benefit from Measure E funds
- Broadening the definition to include education, health and human services depletes scarce resources for affordable housing



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Measure E Spending Plan

1. Permanent supportive and affordable rental housing for extremely low-income households	45%	\$12,710,000
• Funding for land acquisition and new development of affordable housing		\$12,710,000
2. Affordable rental housing for low-income households	35%	\$9,975,000
• Funding for land acquisition and new development of affordable housing		\$4,975,000
• Acquisition and rehabilitation of existing buildings for low-income households		\$5,000,000
3. Rental and for-sale housing for moderate-income households	10%	\$2,850,000
• ADU Program		\$2,850,000
4. Homelessness Prevention and Rental Assistance	10%	\$2,850,000
• Homelessness Prevention		\$2,735,000
• Student Housing FY 2020/21		\$55,000
• Student Housing FY 2021/22		\$60,000
SUBTOTAL	100%	\$28,500,000