

File No. 250890

Committee Item No. 8

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee Date October 15, 2025

Board of Supervisors Meeting Date \_\_\_\_\_

#### Cmte Board

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#### OTHER (Use back side if additional space is needed)

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| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <u>CEQA Determination 9/29/2025</u> |
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Completed by: Brent Jalipa Date October 9, 2025

Completed by: Brent Jalipa Date \_\_\_\_\_

[Business and Tax Regulations Code - Transfer Tax Exemption for Affordable Housing]

**Ordinance amending the Business and Tax Regulations Code to temporarily exempt transfers of certain rent-restricted affordable housing from the real property transfer tax, retroactive to transfers on or after April 12, 2024; and affirming the Planning Department's determination under the California Environmental Quality Act.**

NOTE: **Unchanged Code text and uncodified text** are in plain Arial font.  
**Additions to Codes** are in *single-underline italics Times New Roman font*.  
**Deletions to Codes** are in *strikethrough italics Times New Roman font*.  
**Board amendment additions** are in double-underlined Arial font.  
**Board amendment deletions** are in ~~strikethrough Arial font~~.  
**Asterisks (\* \* \* \*)** indicate the omission of unchanged Code subsections or parts of tables.

Be it ordained by the People of the City and County of San Francisco:

Section 1. The Planning Department has determined that the actions contemplated in this ordinance comply with the California Environmental Quality Act (California Public Resources Code Sections 21000 et seq.). Said determination is on file with the Clerk of the Board of Supervisors in File No. 250890 and is incorporated herein by reference. The Board affirms this determination.

Section 2. Article 12-C of the Business and Tax Regulations Code is hereby amended by revising Section 1108.6 to read as follows:

**SEC. 1108.6. ~~PARTIAL~~ EXEMPTIONS FOR RENT-RESTRICTED AFFORDABLE HOUSING.**

\* \* \* \*

1           (b) **Exemptions from ~~Increased Tax Rate.~~** ~~As authorized by the last sentence of~~  
2 ~~Section 1102 of this Article 12-C, the increased tax rates imposed by subsections (d), (e), and (f) of~~

3                     (1) The tax imposed under Section 1102 shall not apply with respect to any deed,  
4 instrument, or writing that effects a transfer of Rent-Restricted Affordable Housing under  
5 subsections (2)(A)(i) and (2)(A)(iii) of the definition of Rent-Restricted Affordable Housing in  
6 Section 1108.6(a) that are or have been delivered on or after April 12, 2024.

7                     (2) The increased tax rates imposed by subsections (d), (e), and (f) of Section 1102 shall  
8 not apply with respect to any deed, instrument, or writing that effects a transfer of Rent-Restricted  
9 Affordable Housing not fully exempt under subsection (b)(1) of this Section 1108.6. Instead, t~~The~~  
10 lower tax rate imposed by subsection (c) of Section 1102 shall apply to the entire  
11 consideration or value of the interest or property conveyed by a deed, instrument, or writing  
12 that is subject to the exemption in this subsection (b) effects any transfer of Rent-Restricted Affordable  
13 Housing not fully exempt under subsection (b)(1) of this Section 1108.6.

14           (c) **Requirements for Exemption.**

15                     (1) ~~Except as provided in subsection (e)(2), e~~Every person claiming ~~thean~~ an exemption  
16 under subsection (b) must:

17                     (A) Obtain from MOHCD a certificate confirming that the deed,  
18 instrument, or writing effects a transfer of Rent-Restricted Affordable Housing. Such certificate  
19 shall specify eligibility for the requested exemption by indicating the applicable subsection(s) of the  
20 definition of Rent-Restricted Affordable Housing in Section 1108.6 for the interest or property  
21 conveyed by the deed, instrument, or writing effecting the transfer.

22                     (B) Submit the certificate described in subsection (c)(1)(A) of this  
23 Section 1108.6 to the County Recorder at the time such person submits the affidavit  
24 described in subsection (c) or (d) of Section 1111.

1 (2) Notwithstanding the requirements in subsection (c)(1), every person  
2 claiming the exemption under subsection (b)(~~1~~) for a deed, instrument, or writing that effects a  
3 transfer of Rent-Restricted Affordable Housing, when that deed, instrument, or writing is  
4 delivered on or after ~~January 1, 2017~~April 12, 2024, but prior to ~~July 1, 2024~~December 31, 2025,  
5 may do the following in lieu of the procedures described in subsection (c)(1):

6 (A) Obtain from MOHCD a certificate confirming that the deed,  
7 instrument, or writing effected a transfer of Rent-Restricted Affordable Housing that contains  
8 the information specified in subsection (c)(1)(A).

9 (B) By ~~December 31, 2024~~June 30, 2026, submit the certificate described in  
10 subsection (c)(2)(A) of this Section 1108.6 to the County Recorder, along with a request for a  
11 refund of the tax paid on, or the cancellation or reduction of any deficiency assessed with  
12 respect to, the transfer subject to the certificate ~~that exceeds the rates described in Section~~  
13 ~~1102(e)~~. The County Recorder may authorize the Controller to refund these amounts, without  
14 interest, without the need for a refund claim.

15 ~~This subsection (c)(2) shall not apply where the deed, instrument, or writing effects a transfer~~  
16 ~~under Section 41B.6 of the Administrative Code, as that Section 41B.6 existed as of June 3, 2019.~~

17 (3) Failure to timely satisfy the requirements in this subsection (c) renders the  
18 transfer ineligible for the exemption.

19 \* \* \* \*

20 (f) **Sunset Date.** This Section 1108.6 shall expire by operation of law on December  
21 31, 2030, and shall not apply to any deeds, instruments, or writings that are delivered on or  
22 after January 1, 2031.

23 (g) **Penalty Waiver.** The County Recorder shall waive all penalties and interest  
24 imposed on transfers qualifying for the exemption in Section 1108.6(b) for deeds, instruments,  
25 or writings that effected a transfer of Rent-Restricted Affordable Housing under subsection (2)

1 of the definition of Rent-Restricted Affordable Housing in Section 1108.6(a), when the deed,  
2 instrument, or writing was delivered on or after January 1, 2017, but prior ~~to the effective date of~~  
3 ~~the ordinance, in Board File No. 231007, adding this subsection (g)~~January 15, 2024. The waiver in  
4 this subsection (g) shall include penalties and interest on the portion of the transfer tax not  
5 subject to the exemption in Section 1108.6(b).~~The County Recorder may authorize the Controller~~  
6 ~~to refund any penalties or interest qualifying for waiver under this subsection (g), without interest, to~~  
7 ~~the person that paid such penalties or interest if such person files a request for refund with the County~~  
8 ~~Recorder on or before December 31, 2024.~~

9 \* \* \* \*

10  
11 Section 3. Effective Date and Retroactivity.

12 (a) Effective Date. This ordinance shall become effective 30 days after enactment.  
13 Enactment occurs when the Mayor signs the ordinance, the Mayor returns the ordinance  
14 unsigned or does not sign the ordinance within ten days of receiving it, or the Board of  
15 Supervisors overrides the Mayor's veto of the ordinance.

16 (b) Retroactivity. This ordinance shall be retroactive to April 12, 2024.

17  
18 APPROVED AS TO FORM:  
19 DAVID CHIU, City Attorney

20 By: /s/ Carole F. Ruwart  
21 CAROLE F. RUWART  
Deputy City Attorney

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23  
24  
25

## **LEGISLATIVE DIGEST**

[Business and Tax Regulations Code - Transfer Tax Exemption for Affordable Housing]

**Ordinance amending the Business and Tax Regulations Code to temporarily exempt transfers of certain rent-restricted affordable housing from the real property transfer tax, retroactive to transfers on or after April 12, 2024; and affirming the Planning Department's determination under the California Environmental Quality Act.**

### **Existing Law**

Since 2008, the voters have increased the real property transfer tax on the transfer of properties with a consideration or value of \$5 million or more from 0.75% of consideration or value to between 2.25% and 6%, depending on the consideration or value. (November 2008 Prop. N; November 2010 Prop. N; November 2016 Prop. W; and November 2020 Prop. I). Until April 12, 2024, the Board of Supervisors had the authority to partially exempt transfers of rent-restricted affordable housing. Pursuant to this authority, the Board provided a partial exemption for transfers of rent-restricted affordable housing, applying a rate of 0.75% instead of the standard rates of between 2.25% and 6%. In March 2024, the voters passed Proposition C, which, effective April 12, 2024, permits the Board of Supervisors to exempt transfers from all or any part of the transfer tax.

### **Amendments to Current Law**

This legislation would fully exempt transfers of rent-restricted affordable housing properties on or after April 12, 2024, if at the time of the transfer the properties either (1) had the property tax welfare exemption for at least 90% of the residential units in the property; or (2) were wholly owned by certain nonprofit organizations and were being transferred to a person or legal entity who intended to apply for and hold the property in compliance with the welfare exemption for at least 90% of the residential units in the property. This legislation would not change the existing partial exemption for other rent-restricted affordable housing properties, keeping the existing tax rate of 0.75%. Both exemptions expire on December 31, 2030.

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| <b>Items 8 &amp; 9</b><br><b>Files 25-0890 &amp; 25-0891</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Department:</b> Mayor's Office of Housing and Community Development (MOHCD) |
| <b>EXECUTIVE SUMMARY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                |
| <p style="text-align: center;"><b>Legislative Objectives</b></p> <ul style="list-style-type: none"> <li>• <b>File 25-0890</b> is an ordinance that would temporarily exempt transfers of certain rent-restricted affordable housing from the Real Property Transfer Tax, retroactive to transfers on or after April 12, 2024.</li> <li>• <b>File 25-0891</b> is an ordinance that would: (1) exclude from the Gross Receipts Tax the gross receipts of low-income housing partnerships received from the lease of residential real estate beginning with the 2026 tax year; (2) suspend the Business Registration Certificate and fee requirement for those partnerships beginning with the registration year commencing April 1, 2026; (3) exempt the City from the Commercial Vacancy Tax retroactive to January 1, 2025; and (4) exempt persons holding property to be used for City-sponsored affordable housing projects from the Commercial Vacancy Tax retroactive to January 1, 2022 and refund commercial vacancy taxes paid by exempt persons.</li> </ul> <p style="text-align: center;"><b>Key Points</b></p> <ul style="list-style-type: none"> <li>• Developers and operators of affordable housing properties may be subject to paying the City's Real Property Transfer Tax (at a reduced rate), Gross Receipts Tax, Business Registration Fees, and Commercial Vacancy Tax. The City is not exempt from paying the Commercial Vacancy Tax, which may be assessed on future affordable housing sites. MOHCD has introduced legislation to reduce taxes and fees on affordable housing to ease financial challenges for development and reduce administrative burdens.</li> <li>• Under the proposed ordinances, certain affordable housing properties would be exempt from the Real Property Transfer Tax, with refunds for eligible taxes paid since April 12, 2024. Qualified lessors paying would be exempt from paying Gross Receipts Tax on rents received for residential real estate and from obtaining a business registration certificate and paying business registration fees for the lease of residential real estate. The City would be exempt from paying the Commercial Vacancy Tax, retroactive to January 1, 2025, and commercial property owners subject to a recorded restrictive covenant for developing affordable housing would also be exempt, retroactive to January 1, 2022.</li> </ul> <p style="text-align: center;"><b>Fiscal Impact</b></p> <ul style="list-style-type: none"> <li>• The City would refund approximately \$4 million in received taxes, assuming that subjected property owners request refunds, and that all requests meet eligibility requirements. The annual fiscal impact is approximately \$3 million in foregone revenue, which may vary significantly on an annual basis.</li> </ul> <p style="text-align: center;"><b>Recommendation</b></p> <ul style="list-style-type: none"> <li>• Approval of the proposed ordinances is a policy matter for the Board of Supervisors.</li> </ul> |                                                                                |

## MANDATE STATEMENT

City Charter Section 2.105 states that all legislative acts shall be by ordinance, approved by a majority of the members of the Board of Supervisors.

Business and Tax Regulations Code Section 2909 states that the Board of Supervisors may amend or repeal the Commercial Vacancy Tax with a two-thirds vote.

Business and Tax Regulations Code Section 2811 states that the Board of Supervisors may amend the Homelessness Gross Receipts Tax with a two-thirds vote.

## BACKGROUND

### Real Property Transfer Tax

The City's Real Property Transfer Tax imposes a one-time tax ranging from 2.25 percent of consideration or value for transfers with a consideration or value of \$5 to 10 million to six percent of consideration or value for transfers with a consideration or value of at least \$25 million.<sup>1</sup> The tax also applies to leases of 35 years or more. Prior to April 12, 2024, the Board of Supervisors had been authorized to partially exempt rent-restricted affordable housing from the Real Property Transfer Tax. Under this authority, the Board of Supervisors reduced the transfer tax on rent-restricted affordable housing on transactions over \$5 million to 0.75 percent, rather than the standard rates of 2.25 to 6.00 percent, through 2030 (File 23-1007). In March 2024, San Francisco voters approved Proposition C, which authorized the Board of Supervisors to amend or repeal the Real Property Transfer Tax by ordinance, effective April 12, 2024.<sup>2</sup>

### Transfer Taxes Applied to Affordable Housing Projects

Examples of transactions involving affordable housing projects that may trigger the Real Property Transfer Tax are described below. If the property qualifies as "rent-restricted affordable housing", the following transactions may qualify for the reduced transfer tax rate:

1. Properties acquired under the Community Opportunity to Purchase Act;
2. Existing affordable housing multifamily projects that received Low-Income Housing Tax Credits, when the limited partner (tax credit investor) exits the partnership around Year 15 (Year 15 Exits), thus changing the ownership structure even if the nonprofit controlling the project does not change;
3. Existing affordable multifamily projects that receive Low-Income Housing Tax Credits when the project is refinanced to allow for capital improvement requiring a new limited partnership (resyndication) even if the nonprofit controlling the project does not change;

<sup>1</sup> A smaller tax ranging from 0.5 percent to 0.75 percent of the consideration or value applies to transfers with consideration or value of over \$100 but under \$5 million.

<sup>2</sup> Proposition C was ostensibly a waiver of the Real Property Transfer Tax from transfers related to office to residential conversions. However, it also authorized the Board of Supervisors to amend or repeal the tax without voter approval (although increases to the tax would require voter approval).



4. Existing affordable multifamily projects that are sold to another nonprofit operator when the existing operator can no longer operate the site because they are going out of business or for another reason; or
5. HOPE SF accelerated conversion units, when the San Francisco Housing Authority rehabilitated and then sold remaining public housing units at HOPE SF sites (such as Sunnydale and Potrero) to a nonprofit affiliate (SFHA Housing Corporation).

### **Other Business Taxes and Fees**

Other business taxes and fees that may apply to affordable housing developers and operators include the Gross Receipts Tax, Business Registration Fees, and Commercial Vacancy Tax.

#### Gross Receipts Tax and Business Registration Fees

In general, San Francisco businesses are required to pay a Gross Receipts Tax, including on gross receipts from real estate business activities. In 2026, the Gross Receipts Tax for this category of business activities ranges from 0.413 percent of San Francisco gross receipts up to \$1 million to 0.435 percent of San Francisco gross receipts over \$1 billion. Many affordable housing providers in San Francisco are limited liability companies (LLC) or limited partnerships (LP) that are required to pay the Gross Receipts Tax. These LLCs and LPs generally are also required to pay annual Business Registration Fees, which in 2026 range from \$55 for businesses with under \$100,000 in San Francisco gross receipts to \$60,000 for businesses with over \$200 million in San Francisco gross receipts. In the middle range, the fees range from \$625 for businesses with \$1-1.5 million in gross receipts to \$6,500 for businesses with \$15-25 million in gross receipts. Entities that receive City funding are required to be in tax compliance to receive payments under City loan agreements.

#### Commercial Vacancy Tax

The City charges a Commercial Vacancy Tax on owners of certain vacant ground-level commercial spaces in certain commercial corridors. The tax ranges from \$250 to \$1,000 per linear foot of frontage depending on how long the space has been vacant. The City or affordable housing developers sometimes purchase properties that include vacant commercial space for future affordable housing development. While the Mayor's Office of Housing and Community Development (MOHCD) tries to fill these spaces with interim uses when feasible, they sometimes require extensive rehabilitation that would not make sense if the building would soon be demolished. The City is required to pay the Commercial Vacancy Tax on City-owned properties.

For example, MOHCD paid \$712,944 in FY 2021-22 through FY 2023-24 for the Commercial Vacancy Tax at 1979 Mission Street, the site of three future affordable housing projects. As a former Walgreens, the building would not have been usable for an interim activity without considerable repair to make it Code compliant. Those tax payments were drawn from the Housing Trust Fund.

MOHCD has introduced legislation to reduce taxes and fees on affordable housing to ease financial challenges for development and reduce administrative burdens.

## DETAILS OF PROPOSED LEGISLATION

**File 25-0890** is an ordinance that would amend the Business and Tax Regulations Code to temporarily exempt transfers of certain rent restricted affordable housing from the Real Property Transfer Tax, retroactive to transfers on or after April 12, 2024, and affirm the Planning Department's determination under the California Environmental Quality Act (CEQA).

**File 25-0891** is an ordinance that would amend the Business and Tax Regulation Code to:

1. Exclude from the Gross Receipts Tax and potentially the Homelessness Gross Receipts Tax<sup>3</sup> the gross receipts of low-income housing partnerships received from the lease of residential real estate beginning with the 2026 tax year;
2. Suspend the Business Registration Certificate and fee requirements for those partnerships beginning with the registration year commencing April 1, 2026;
3. Exempt the City from the Commercial Vacancy Tax retroactive to January 1, 2025; and
4. Exempt persons holding property to be used for City-sponsored affordable housing projects from the Commercial Vacancy Tax retroactive to January 1, 2022, and refund commercial vacancy taxes paid by exempt persons.

Because File 25-0891 amends the Commercial Vacancy Tax and potentially the Homelessness Gross Receipts Tax, approval requires at least a two-thirds affirmative vote of the Board of Supervisors.

### Real Property Transfer Tax (File 25-0890)

As discussed above, there are different scenarios where affordable housing developments may be subject to the Real Property Transfer Tax, with reduced rates applying in certain circumstances. To qualify for the complete exemption under the proposed ordinance, the transfer must have occurred on or after April 12, 2024, and at the time of the transfer the properties either: (1) had the welfare exemption under Section 214 of the California Revenue and Taxation Code<sup>4</sup> for at least 90 percent of residential units in the property; or (2) were wholly owned by one or more nonprofit organizations and were being transferred to one or more entities who intend to comply with the welfare exemption for at least 90 percent of residential units in the property and certify to MOHCD that an application for the welfare exemption will be submitted to the County Assessor within specified time limits. The property must have affordability restrictions for at least 55 years, with at least 35 years remaining in the term from the date of transfer. These affordability restrictions include, in addition to other restrictions, that all rent-restricted units must have an income limit at initial occupancy of no greater than 120 percent of Area Median Income (AMI), and the average of all units must not exceed a defined "Low Income Threshold" (generally defined as 80 percent of AMI).

<sup>3</sup> The proposed ordinance would only impact the Homelessness Gross Receipts Tax in the unlikely event that a low-income housing partnership receives more than \$25 million from leasing property in the residential building.

<sup>4</sup> Section 214 of the California Revenue and Taxation Code provides an exemption from property taxes (including for bonded indebtedness) for properties used exclusively for religious, hospital, scientific, or charitable purposes, which includes certain affordable housing.

According to the Assessor-Recorder's Office, 10 affordable housing providers have paid \$3,953,291 in transfer taxes since April 12, 2024, when the ordinance would retroactively go into effect. To obtain a waiver of the tax, or to request a refund for taxes paid during this period (without interest), the property owner must obtain a certificate from MOHCD confirming that the property transferred was for the type of rent-restricted affordable housing subject to this complete exemption. Requests for refunds must be made by June 30, 2026. The proposed ordinance would expire December 31, 2030.

### **Other Business Taxes and Fees (File 25-0891)**

As discussed above, affordable housing developers and operators may be subject to the Gross Receipts Tax, Business Registration Fees, and Commercial Vacancy Tax.

#### Gross Receipts Tax and Business Registration

Under the proposed ordinance, "qualified lessors" of residential real estate, defined as limited partnerships in which the managing general partner is an eligible nonprofit corporation or eligible limited liability company that have qualified for a welfare exemption under Section 214(g) of the California Revenue and Taxation Code would be exempt from paying Gross Receipts Tax on rents received for residential real estate. These qualified lessors would also no longer be required to obtain a business registration certificate and pay business registration fees for the lease of residential real estate. Gross receipts from other business activities, such as rent of commercial spaces, would not be exempt from the Gross Receipts Tax and would require these entities to obtain a business registration certificate and pay fees. The exemptions would be effective for the Gross Receipts Tax on January 1, 2026 and for the business registration year beginning April 1, 2026.

#### Commercial Vacancy Tax

Under the proposed ordinance, the City would be exempted from paying the Commercial Vacancy Tax, retroactive to January 1, 2025. In addition, commercial property owners subject to a recorded restrictive covenant for developing affordable housing, enforced by MOHCD, would be exempted from the Commercial Vacancy Tax, retroactive to January 1, 2022. Requests for refunds (without interest) must be filed by the later of one year of payment or June 30, 2026.

This ordinance does not have an expiration date.

### **FISCAL IMPACT**

Under the proposed ordinances, the City would forego certain General Fund revenue from real property transfer tax, business tax, and business registration fee revenue from affordable housing sites and also refund certain Gross Receipts and Commercial Vacancy Tax revenue already received. The primary beneficiaries are affordable housing developers and operators, and the City in its role of financing affordable housing. However, it may also accelerate payment on MOHCD permanent financing loans, which are repaid to the City from net income from affordable housing projects, after all other operating expenses, mortgage payments, and reserve deposits are made.

## Refunds

The proposed ordinances would require the City to refund Real Property Transfer Taxes from certain affordable housing properties paid on transfers since April 12, 2024 and Commercial Vacancy Taxes paid for tax years since January 1, 2022. According to the Assessor-Recorder's Office, the City has received \$3,953,291 in Real Property Transfer Taxes on affordable housing developments since April 12, 2024 that would potentially be subject to refund, depending on eligibility. According to the Treasurer-Tax Collector's Office, the City has received approximately \$30,000 in Commercial Vacancy Taxes from City-sponsored affordable housing sites since January 1, 2022. Overall, the City would refund approximately \$4 million, assuming that subjected property owners request refunds, and that all requests meet eligibility requirements.

## Annual Fiscal Impact

On an ongoing basis, the City would waive Real Property Transfer Taxes, Gross Receipts Taxes, Business Registration Fees, and Commercial Vacancy Taxes related to certain affordable housing sites and partnerships. These are all General Fund revenues, except for the Commercial Vacancy Tax, which is deposited into the Small Business Assistance Fund. Based on recent data from the Treasurer-Tax Collector's and Assessor-Recorder's Offices, the Budget and Legislative Analyst estimates that the annual fiscal impact is approximately \$3 million, as shown in Exhibit 1 below.

### Exhibit 1: Estimated Annual Tax and Fee Waivers

| <b>Tax/Fee</b>             | <b>Estimated Annual Amount<br/>Waived</b> |
|----------------------------|-------------------------------------------|
| Real Property Transfer Tax | \$2,790,558                               |
| Gross Receipts Tax         | 209,502                                   |
| Business Registration Fee  | 22,749                                    |
| Commercial Vacancy Tax     | 10,000                                    |
| <b>Total</b>               | <b>\$3,032,809</b>                        |

Source: BLA estimates based on Treasurer-Tax Collector's and Assessor-Recorder's Offices.

We note that these estimates may vary significantly on an annual basis. In particular, the Real Property Transfer Tax applies only to a small number of properties that change hands each year, so the annual revenue varies with the number of transactions of affordable housing properties. The Real Property Transfer Tax is already reduced by approximately 86 percent on certain affordable housing properties, so the impact of waiving the tax fully on a subset of those is relatively small. With the reductions in place, the average cost of the tax is approximately \$4,407 per unit.<sup>5</sup>

The proposed ordinances would also exempt the City from the Commercial Vacancy Tax. As currently implemented, the Commercial Vacancy Tax on affordable housing sites transfers funds from the Affordable Housing Trust Fund or other funding source for affordable housing to the Small Business Assistance Fund. Although this has no overall fiscal impact to the City, it does have

<sup>5</sup> According to the Planning Department's database, eight of the affordable properties that paid \$3,578,595 in Transfer Taxes contain approximately 812 units. For two properties that paid \$374,696 in Transfer Taxes, the number of units were not reported.

a negative fiscal impact on funding available for the production of affordable housing. The City paid (and received) approximately \$790,490 in Commercial Vacancy Tax in 2024 (although not all of this amount may be directly related to affordable housing sites).

**RECOMMENDATION**

Approval of the proposed ordinances is a policy matter for the Board of Supervisors.

BOARD of SUPERVISORS



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MEMORANDUM

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Date: September 5, 2025  
To: Planning Department / Commission  
From: Brent Jalipa, Clerk of the Budget and Appropriations Committee  
Subject: Board of Supervisors Legislation Referral - File No. 250890  
Business and Tax Regulations Code - Transfer Tax Exemption for Affordable Housing

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- ☒ California Environmental Quality Act (CEQA) Determination *(California Public Resources Code, Sections 21000 et seq.)* Not defined as a project under CEQA Guidelines Sections 15378 and 15060(c)(2) because it would not result in a direct or indirect physical change in the environment. *Joy Navarrete*  
☒ Ordinance / Resolution 9/29/2025  
☐ Ballot Measure
- ☐ Amendment to the Planning Code, including the following Findings:  
*(Planning Code, Section 302(b): 90 days for Planning Commission review)*  
☐ General Plan ☐ Planning Code, Section 101.1 ☐ Planning Code, Section 302
- ☐ Amendment to the Administrative Code, involving Land Use/Planning  
*(Board Rule 3.23: 30 days for possible Planning Department review)*
- ☐ General Plan Referral for Non-Planning Code Amendments  
*(Charter, Section 4.105, and Administrative Code, Section 2A.53)*  
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
- ☐ Historic Preservation Commission  
☐ Landmark *(Planning Code, Section 1004.3)*  
☐ Cultural Districts *(Charter, Section 4.135 & Board Rule 3.23)*  
☐ Mills Act Contract *(Government Code, Section 50280)*  
☐ Designation for Significant/Contributory Buildings *(Planning Code, Article 11)*

Please send the Planning Department/Commission recommendation/determination to Brent Jalipa at [Brent.Jalipa@sfgov.org](mailto:Brent.Jalipa@sfgov.org).



474 Valencia Street, Suite 280  
San Francisco, CA. 94103  
(415) 864-6432

September 9, 2025

San Francisco Board of Supervisors  
1 Carlton B Goodlett Pl Ste 244,  
San Francisco, CA 94102

Dear San Francisco Board of Supervisors,

On behalf of Mission Housing Development Corporation, I'm writing in support of Ordinances 250890, 250891 and the exemption of affordable housing pipeline sites from the Commercial Vacancy Tax. These ordinances were drafted in collaboration with San Francisco's affordable housing providers and are common sense fixes that will aid the industry's mission to affirmatively further fair housing throughout our city.

These are simple house-cleaning fixes which will:

- Reduce financial and administrative costs to San Francisco's Non-Profit Affordable Housing Developers and help us better focus on residents and building operations.
- Exempt transfer taxes on required 15-year refinancing deals.
- Remove fees and taxes that don't make sense for 100% affordable housing and only slow developments down.

These changes apply only to affordable housing and will help keep limited resources where they belong—supporting San Franciscans who need stable, and affordable homes.

Thank you for your leadership.

A handwritten signature in blue ink, appearing to read "SAM MOSS", with a horizontal line extending to the right.

**SAM MOSS**  
Executive Director  
Mission Housing Development Corporation

BOARD of SUPERVISORS



City Hall  
1 Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. (415) 554-5184  
Fax No. (415) 554-5163  
TDD/TTY No. (415) 554-5227

## MEMORANDUM

TO: José Cisneros, Treasurer, Office of the Treasurer and Tax Collector  
Daniel Adams, Director, Mayor's Office of Housing and Community Development  
Joaquín Torres, Assessor Recorder, Office of the Assessor-Recorder  
Greg Wagner, City Controller, Office of the Controller  
Adam Thongsavat, Liaison to the Board of Supervisors, Mayor's Office

FROM: Brent Jalipa, Assistant Clerk, Budget and Finance Committee

DATE: September 5, 2025

SUBJECT: LEGISLATION INTRODUCED

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The Board of Supervisors' Budget and Finance Committee has received the following proposed legislation, introduced by Mayor Daniel Lurie:

**File No. 250890**

**Ordinance amending the Business and Tax Regulations Code to temporarily exempt transfers of certain rent-restricted affordable housing from the real property transfer tax, retroactive to transfers on or after April 12, 2024; and affirming the Planning Department's determination under the California Environmental Quality Act.**

If you have any comments or reports to be included with the file, please forward them to me at the Board of Supervisors, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102.

c. Amanda Kahn Fried, Office of the Treasurer and Tax Collector  
Lydia Ely, Mayor's Office of Housing and Community Development  
Maria Benjamin, Mayor's Office of Housing and Community Development  
Sheila Nickolopoulos, Mayor's Office of Housing and Community Development  
Kyra Geithman, Mayor's Office of Housing and Community Development  
Julia Sabory, Mayor's Office of Housing and Community Development  
Kurt Fuchs, Office of the Assessor-Recorder  
Holly Lung, Office of the Assessor-Recorder  
ChiaYu Ma, Office of the Controller  
Ayesha Hossain, Office of the Controller  
Claire Stone, Office of the Controller



**BOARD of SUPERVISORS**



**City Hall**  
**1 Dr. Carlton B. Goodlett Place, Room 244**  
**San Francisco, CA 94102-4689**  
**Tel. No. (415) 554-5184**  
**Fax No. (415) 554-5163**  
**TDD/TTY No. (415) 554-5227**

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**MEMORANDUM**

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Date: September 5, 2025  
To: Planning Department / Commission  
From: Brent Jalipa, Clerk of the Budget and Appropriations Committee  
Subject: Board of Supervisors Legislation Referral - File No. 250890  
Business and Tax Regulations Code - Transfer Tax Exemption for Affordable Housing

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- ☒ California Environmental Quality Act (CEQA) Determination  
(*California Public Resources Code, Sections 21000 et seq.*)
  - ☒ Ordinance / Resolution
  - ☐ Ballot Measure
- ☐ Amendment to the Planning Code, including the following Findings:  
(*Planning Code, Section 302(b): 90 days for Planning Commission review*)
  - ☐ General Plan    ☐ Planning Code, Section 101.1    ☐ Planning Code, Section 302
- ☐ Amendment to the Administrative Code, involving Land Use/Planning  
(*Board Rule 3.23: 30 days for possible Planning Department review*)
- ☐ General Plan Referral for Non-Planning Code Amendments  
(*Charter, Section 4.105, and Administrative Code, Section 2A.53*)  
(Required for legislation concerning the acquisition, vacation, sale, or change in use of City property; subdivision of land; construction, improvement, extension, widening, narrowing, removal, or relocation of public ways, transportation routes, ground, open space, buildings, or structures; plans for public housing and publicly-assisted private housing; redevelopment plans; development agreements; the annual capital expenditure plan and six-year capital improvement program; and any capital improvement project or long-term financing proposal such as general obligation or revenue bonds.)
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  - ☐ Designation for Significant/Contributory Buildings (*Planning Code, Article 11*)

Please send the Planning Department/Commission recommendation/determination to Brent Jalipa at [Brent.Jalipa@sfgov.org](mailto:Brent.Jalipa@sfgov.org).

OFFICE OF THE MAYOR  
SAN FRANCISCO



DANIEL LURIE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: Adam Thongsavat, Liaison to the Board of Supervisors  
RE: Business and Tax Regulations Code - Transfer Tax Exemption for Affordable Housing  
DATE: September 2, 2025

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Ordinance amending the Business and Tax Regulations Code to temporarily exempt transfers of certain rent-restricted affordable housing from the real property transfer tax, retroactive to transfers on or after April 12, 2024; and affirming the Planning Department's determination under the California Environmental Quality Act.

Should you have any questions, please contact Adam Thongsavat at [adam.thongsavat@sfgov.org](mailto:adam.thongsavat@sfgov.org)