

BALLOT TITLE AND SUMMARY  
PREPARED BY THE CITY ATTORNEY

AN INITIATIVE MEASURE TO AMEND SANTA MONICA MUNICIPAL CODE CHAPTER  
6.96 TO PARTIALLY EXEMPT MULTIFAMILY DEVELOPMENTS FROM PART OF THE  
THIRD TIER TRANSFER TAX

This measure would amend Santa Monica Municipal Code Chapter 6.96 to partially exempt multifamily development transfers from part of the Third Tier transfer tax imposed by Measure GS (2022). The amendment would take effect January 1, 2025, and would not refund any portion of the Third Tier tax paid by a taxpayer prior to that date.

Prior to the adoption of Measure GS in November 2022, the City had two real estate transfer tax rates. The First Tier Tax Rate (\$3.00 per \$1,000 of value transferred) applies to transfers under \$5,000,000. The Second Tier Tax Rate (\$6.00 per \$1,000 of value transferred) applies to transfers of \$5,000,000 or more. Measure GS added a Third Tier Tax Rate (\$56.00 per \$1,000 of value transferred) for transfers of \$8,000,000 or more to fund programs and services to provide, among other things, emergency or ongoing income assistance, improve affordable housing, support homelessness prevention, and improve local schools.

This measure would allow qualifying multifamily development transfers to exempt \$53.00 per \$1,000 out of the Third Tier Tax Rate of \$56.00 per \$1,000 of value transferred. A “multifamily development transfer” is defined as a transfer of property developed with either (1) a residential use consisting of two or more residential uses excluding accessory dwelling units as defined in Santa Monica Municipal Code Section 9.52.020.0095; or (2) a mixed-use development consisting of residential and nonresidential uses with at least two-thirds of the square footage designated for residential use. Commercial properties and single family homes worth \$8,000,000 or more will still be subject to the Third Tier Tax Rate unless another exemption applies.

Under the proposed measure, prior to completing a multifamily development transfer, a taxpayer may request a certification from the Director of Finance that the contemplated transfer is a multifamily development transfer that is subject to the partial exemption. If the pre-transfer certification is obtained, the taxpayer shall not be required to pay the City-imposed portion of the Third Tier Tax (\$53.00 per \$1,000 of transferred value) on a qualifying multifamily development transfer. Alternatively, a taxpayer that has completed a multifamily development transfer may apply to the Director of Finance for a refund of the City-imposed portion of the Third Tier Tax paid on the qualifying multifamily development transfer within 120 days of the transfer.