



# **UPDATE ON FEASIBILITY OF A VACANT COMMERCIAL PROPERTY TAX AND PLACEMENT ON 2026 GENERAL ELECTION BALLOT AS BALLOT MEASURE**

Council Legislation / Environmental Committee

July 28, 2025

Item 3.2

# What is a Vacancy Tax?

- Taxing mechanism aimed at reducing vacant buildings
- Vacant property owners will receive a special tax
- Requires a Prop 218 vote (Ballot Measure):
  - Formal process required in California to approve certain types of **local government fees, assessments, and taxes**:
    - **Property owners** or **utility ratepayers**.
    - Prop 218 was passed by California voters in 1996 and is part of the California Constitution (Articles XIII C and XIII D).
  - Ensures **taxpayer and property owner approval** before local governments can impose or increase:
    - Property-related fees (e.g., water, sewer, refuse)
    - Assessments (e.g., lighting districts, landscaping)
    - Special taxes

# Need for Consultants

## Prop 218 Ballot Measure:

- Prepare ordinance
- Public Outreach
- Prepare ballot measure
- Approximately \$ 1 million in cost for entire ballot measure process

## Implementation Partner:

- Consultant helps remain within statutory cost caps (admin. overhead up to 15% of revenues)
- Outsourcing administrative workload lightens burden on in-house staff, improves program efficiency, and ensures reliable technical implementation
- **Consultants provide core toolkit needs: vacancy detection, exemptions, portal management, enforcement, and reporting**

# Steps for Implementation

## August 2025

- Council Approval Ballot Measure

## October 2025

- Ordinance and Ballot Measure Consultant Selection

## March 2025

- Ordinance and Ballot Measure Work Complete

## November 2026

- RFQ for Implementation Consultant Selection

## November 2026

- Election

## January 2027

- Program Implementation Begins

## July 2027

- Go Live with Program