

**“THE CITY OF SANTA CRUZ WORKFORCE HOUSING AND CLIMATE PROTECTION ACT OF 2025” – A PROPOSED BALLOT MEASURE IMPOSING A NEW 10-YEAR \$50 PER PARCEL TAX AND A 0.5% TAX ON REAL PROPERTY TRANSFERS OVER \$4 MILLION.**

“The City of Santa Cruz Workforce Housing and Climate Protection Act of 2025” (WHCPA) is a measure supported by the Santa Cruz County Association of Realtors and is intended to defeat “The Santa Cruz Workforce Housing Affordability Act of 2025” (WHAA) currently being circulated by Housing Santa Cruz County, a local nonprofit. If approved by voters with more votes than the WHAA, it would authorize a lower parcel tax (\$50 versus \$90 for WHAA), and a lower-rate, higher exemption threshold (\$4,000,000 vs. \$1,800,000) real property transfer tax, to expire after 10 years versus 20 for the WHAA. In addition to allocating 3% of revenue for community oversight, accountability and administration, the WHCPA would fund two distinct categories of expenditures:

1. Like the WHAA, the WHCPA would allocate funding to affordable housing and homelessness prevention projects, programs and facilities; and
2. The WHCPA would additionally fund repairs to the Santa Cruz Wharf, West Cliff Drive and other roads and City facilities impacted (or anticipated to be impacted) by climate change.

It is unclear how these two categories of expenditure are “germane to a single purpose” as required by the “single-subject” rule for ballot measures under California law.

The \$50 parcel tax would be imposed annually upon all parcels of real property in the City, except senior households (55+), qualifying low-income households, affordable housing projects, schools, religious institutions and other entities that are exempt from property taxes.

The real property transfer tax would be levied at the rate of (0.5%) for each \$1,000 paid in excess of \$4,000,000 (e.g., tax on a \$5,000,000 sale would be \$5,000 ( $\$5,000,000 - \$4,000,000 = \$1,000,000 \times 0.5\%$ )). This threshold would be increased annually by the change in CPI for the prior year, or 3%, whichever is less. For example, if the CPI for Fiscal Year 2026-2027 is 3%, then commencing July 1, 2027, the exemption threshold would increase to \$4,120,000.

A variety of real property transactions would be exempt from the tax, including transfers: by inter-vivos gift or inheritance; from a public agency to a non-profit corporation; to or from exempt public entities; marital property; restricted affordable units; certain partnership property; transfers made as part of bankruptcy proceedings; and deeds in lieu of foreclosure.

Both taxes imposed by the WHCPA would expire after the 2035-2036 fiscal year, and the City Council would be prohibited from placing a measure on the ballot to increase transfer tax rate or extend the tax while it is in effect.

As a citizen-led special tax measure, passage requires a simple majority (50% +1) of voters who cast ballots to pass. A “yes” vote is a vote to approve the taxes; a “no” vote is a vote to reject the taxes. If both measures qualify for the ballot and pass, the measure with the most “yes” votes would prevail.

s/ANTHONY P. CONDOTTI  
City Attorney