

September 18, 2024



Treasurer & Tax Collector
CITY AND COUNTY OF SAN FRANCISCO

Empty Homes Tax Webinar

Presented by Hafiza Salehbhai, Office of the Treasurer & Tax Collector





Housekeeping



- Language Interpretation
 - Available in Cantonese. To enable language interpretation, click the Interpretation icon and select Chinese.
 - 提供即時翻譯服務。如需此服務，請用滑鼠點擊即時翻譯圖標，然後選擇您所需即時翻譯的語言。
- Closed Captions
 - To activate closed captions, select the Closed Caption "more" or "... " buttons at the bottom of your screen and click "Closed Caption"

Housekeeping



- Recording 
 - Today's webinar will be recorded. This recorded webinar will be available on our website at sftreasurer.org as well as translated PowerPoint slides in Chinese, Spanish and Filipino.
- Audio and Video  
 - We respect all participants in this convening today and want to create a safe space for all. By default, all participants will be muted, and video is disabled. Video will be on for speakers only.
- Q&A 
 - To submit a question, please select the Q&A button at the bottom of your screen.



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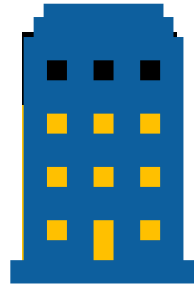
Empty Homes Tax – The Basics



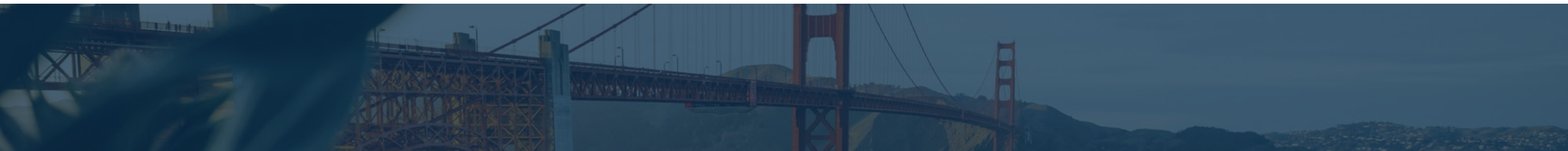
A tax imposed on keeping certain residential units vacant for more than 182 days in a calendar year.



Approved by San Francisco voters on November 8, 2022, and became effective on January 1, 2024.



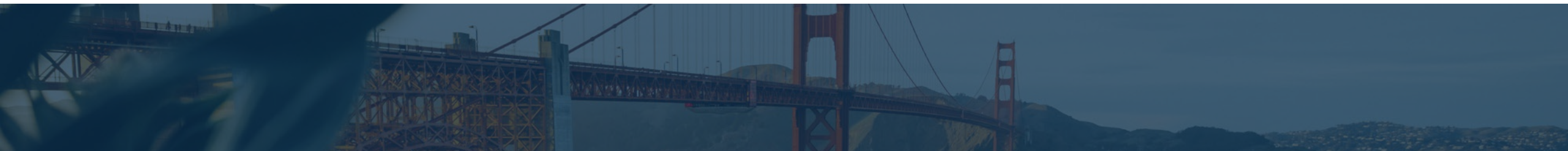
“Vacant” - unoccupied, uninhabited, or unused for more than 182 days, whether consecutive or non-consecutive, in a calendar year.



Overview



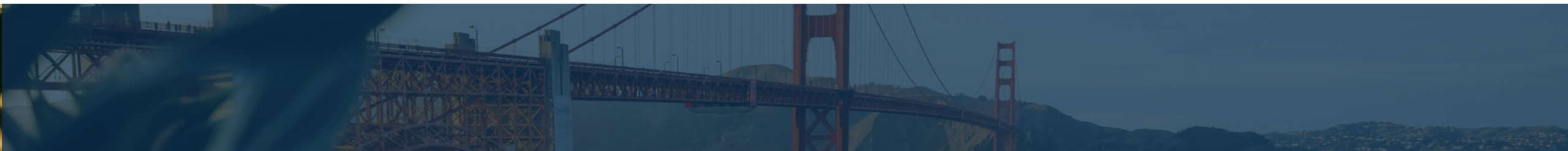
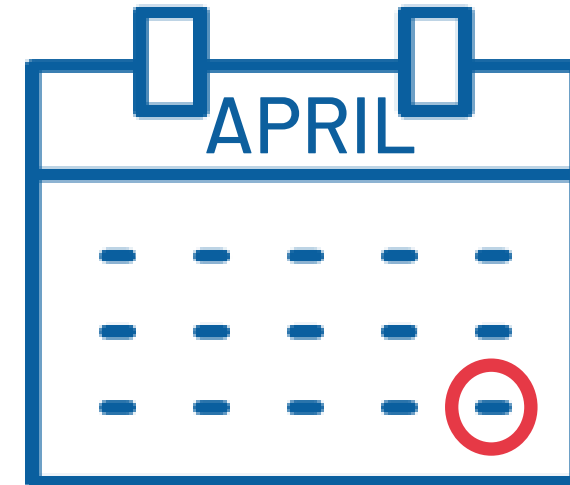
- Deadline of April 30 each year for most owners.
- Owners of a single-family home or a duplex are exempt from the tax with respect to those properties.
- If you own a condo in a 3+ unit building, you generally are required to file unless your unit is your principal place of residence, and you have the Homeowners' Exemption for the entire year.
- Many owners will be required to file annually, even if you don't have any vacancies. Filing doesn't mean you owe the tax.





When Is Filing And Payment Due?

- Filing and Payment is due annually for most owners by the last day of April (for the prior year).
- The first filing and payment of the Empty Homes Tax for most owners will be April 30, 2025.





Do I Need To File Or Pay?

If you own a residential unit in a building with 3 or more residential units, you generally are required to file unless the unit is your principal place of residence, and you have a valid Homeowners' Exemption for the entire tax filing year.

- ✓ Any structure with 3+ units
- X Single Family Home
- X Duplex
- X Condo with Homeowners' Exemption entire year
- X House with 2 units
- X Exempt under 501(C)(3)
- X Units occupied by travelers, vacationers, or transient occupants



Homeowners' Exemption

A claim filed when the unit you own is your principal place of residence for the entire year. An owner with a valid Homeowners' Exemption is not required to file the Empty Homes Tax.

The screenshot shows the website header for the City & County of San Francisco Office of the Assessor-Recorder. The navigation menu includes: Property Information, Recorder Information, Tax Savings, Forms & Notices, News & Information, and About Us. The breadcrumb trail is: Home / Tax Savings / Exemptions / Homeowners' Exemption. The main heading is "Homeowners' Exemption". Below the heading is a menu with three items: "Description", "FAQ", and "Forms/Attachments". The "Forms/Attachments" item is circled in red. To the right of the menu is a "Share" button with Facebook and Twitter icons.

Filing Process

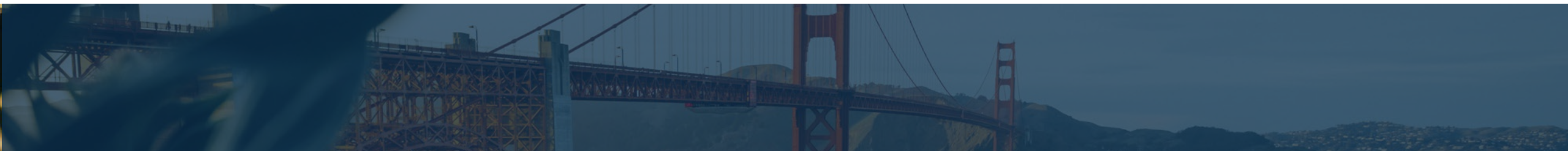


Begin the online filing form by entering your block and lot.

Online form will require you to share information about:

- Your Business Account Number, if applicable (sftreasurer.org/registration)
- Status of unit(s) you owned:
 - Block and lot
 - Square footage of the Residential Unit(s)
 - Number of vacant days
 - Number of vacancy exclusion days (if applicable)

Complete your filing by **April 30**.





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Do I Owe The Tax?



What Counts As A Vacant Day?

“Vacant” is defined as unoccupied, uninhabited, or unused.

There are specific types of vacancies that don't count towards the 182 days for the tax, such as when the unit is leased to a tenant under a bona fide lease intended for occupancy.





Building Permit Application Period

During the application and approval process for the first building permit for repairs/construction for each Residential Unit (up to one year).



Construction Period and New Construction Period



Construction Period

- One Year after the City issues the first building permit for repairs/construction for each Residential Unit.

New Construction Period

- One year after the City issues a certificate of final completion and occupancy for a Residential Unit in a newly built building or a newly added Residential Unit in an existing building.



Disaster Period



Two years following severe damage to a Residential Unit from a catastrophic event that made the Residential Unit uninhabitable or unusable.



Owner Death Period and Owner in Care Period



Owner Death Period

- For a co-owner or decedent's estate, heirs, or beneficiaries, the period following the death of an owner who was the sole occupant of the Residential Unit, up to the longer of one year or the period during which the Residential Unit is subject to the authority of the probate court.

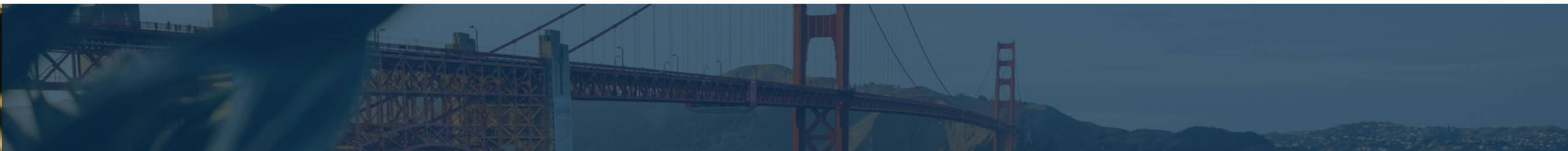
Owner in Care Period

- When all occupants that used the Residential Unit as their principal residence reside in certain care facilities.



How Is The Empty Homes Tax Calculated?

Square Footage of Residential Unit	2024 Tax Rate
Less than 1,000	\$2,500
1,000 to 2,000	\$3.500
Greater than 2,000	\$5,000





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Scenarios



Scenario 1

Ms. Yan owns a single condo in a building with four units and has a tenant under a bona fide lease intended for occupancy for all of 2024. The tenant is not a co-owner or former co-owner, is not related to Ms. Yan or a co-owner or former co-owner, and is not a traveler, vacationer, or other transient occupant. Does she have to file or pay the Empty Homes Tax?

Answer: Ms. Yan must complete an Empty Homes Tax filing, but she will not owe the tax.





Scenario 2

Ms. Yan owns a single condo in a building with four units and leased the condo to her brother, who occupied the condo for all of 2024. Does she have to file or pay the Empty Homes Tax?

Answer: Ms. Yan must complete an Empty Homes Tax filing, but no tax would be owed.





Scenario 3

Ms. Cheng owns an apartment building with 11 units. Each unit is 1,200 square feet. Eight units were occupied for all of 2024. Three units were vacant for seven months of 2024 and no vacancy exclusion periods apply to them. Is Ms. Cheng required to file and pay the Empty Homes Tax?

Answer: Ms. Cheng will need to complete one filing for the 11 units, and will owe \$3,500 for each of the three vacant units, for a total of \$10,500.





Scenario 4

Mr. Seagram owns a house with two units. He resides in one unit and the second unit was vacant for more than six months in 2024. Is Mr. Seagram required to file and pay the Empty Homes Tax?

Answer: Mr. Seagram is exempt from filing or paying the tax because the building he owns only has two Residential Units.





Scenario 5

Mr. Ryder owns an apartment building with 10 units. Eight units were occupied for all of 2024 and two were vacant because they were severally damaged and rendered uninhabitable in a fire in January 2024. Will Mr. Ryder need to file or pay the Empty Homes Tax?

Answer: Mr. Ryder will need to file, but will not have to pay the Empty Homes Tax because the two units that were vacant for more than 182 days qualify for the disaster Vacancy Exclusion Period and eight units were occupied for the entire year.





Scenario 6

Mr. Montgomery owns a condo in a twelve-unit building and it was his principal place of residence for all of 2024. He also had a valid Homeowners' Exemption for the entire year. Is Mr. Montgomery required to file?

Answer: Mr. Montgomery is not required to file.





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Q&A



Tenancy in Common (TIC)

Question: If a unit is owned in a TIC apartment complex, would each of the unit owners be required to file separately or would the property manager file for the entire complex?

Answer: One filing is acceptable.

Question: If tax is owed for one or more of the units in a TIC complex, who is responsible to pay the tax?

Answer: All co-owners are jointly and severally liable. All owners of a TIC are common owners. If one of the units was found to owe the tax and failed to pay, all the owners would be held liable.

Mixed-Use Property



Question: The property is a mixed-use building. There is one commercial unit on the ground floor and 10 residential units upstairs. Is this subject to the Empty Homes Tax?

Answer: The residential units are subject to the Empty Homes Tax, but not the commercial unit. Unless otherwise exempt from the tax, the owner(s) of the residential units must file a return and if any residential unit is vacant for more than 182 days in the tax year, the owner(s) of the unit will owe the tax.

Second Homes



Question: Are second homes / pieds-a-terre subject to the Empty Homes Tax?

Answer: If the home is in a building with three or more units, the owner must file a return. If the home is kept vacant for more than 182 days in the tax year and no vacancy exclusion periods apply, the owner will owe the tax. For this tax, "vacant" is defined as unoccupied, uninhabited, or unused, for more than 182 days, whether consecutive or nonconsecutive, in a tax year.

Family



Question: If a home is used part-time throughout the year by owner or family members (“related person”) who work in the city or for visiting local family members, does the Empty Homes Tax apply?

Answer: If the home is in a building with three or more units, the owner must file a return. If the home is unoccupied, uninhabited, or unused for more than 182 days, consecutive or non-consecutive, and no vacancy exclusion period applies, the owner will have to pay the Empty Homes Tax. If a related person occupies, inhabits, or uses the home, the home is not vacant for those days.



Question: My parents live in our condo full-time without a lease. Are we subject to the Empty Homes Tax?

Answer: If you have a related person (or any other person) living in your condo full-time even without a lease, then you will not owe the tax, but you are still required to file.

Litigation



Question: I understand that there is a pending litigation that may invalidate the Empty Homes Tax. Can you comment on the litigation and what the potential outcomes may be?

Answer: We understand your concern about the pending litigation regarding the Empty Homes Tax. We are obligated to collect the tax as required by law, unless a court orders us to stop. If you're interested in learning more about the details of the lawsuit, visit the San Francisco Superior Court website at sf.courts.ca.gov, click on Case Information and search Case Number: **CGC-23-604-600**.



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Thank You!

Disclaimer: This presentation is not intended to replace or interpret the San Francisco Business and Tax Regulations Code, which provides the law governing the Empty Homes Tax. Taxpayers may not rely on this presentation in reporting or paying the Empty Homes Tax, or to avoid penalties for failing to properly file or report. If you have questions about how the Empty Homes Tax applies to you, please consult the San Francisco Business and Tax Regulations Code and/or your tax professional.