



CITY OF
HAYWARD
HEART OF THE BAY

City Attorney's Impartial Analysis of Proposed Increase to Hayward's Real Property Transfer Tax

The City Council of the City of Hayward is submitting a measure to voters that would increase the rate of the tax imposed on transfers of real property. This tax is known as a real property transfer tax. Currently, the rate on such transfers is \$4.50 per \$1,000 of value. The proposed rate is \$8.50 per \$1,000 of value. If approved by a simple majority of voters voting on the measure, the new rate would remain in effect until modified or repealed by voters.

The real property transfer tax applies to transactions involving the sale and purchase of real property, including improved property with homes or commercial structures and unimproved land with no structures. The tax is paid when ownership transfers from the seller of the property to the purchaser of the property. In Hayward the tax can be paid by either the seller or the purchaser, or the tax can be shared between the seller and the purchaser. It is a one-time expense related to the transfer of ownership. It is unrelated to the annual payment of property taxes.

Funds generated by the real property transfer tax are deposited in Hayward's general fund. Such funds can be used for any legitimate City service but are typically used to pay for 911 emergency and firefighter response times, neighborhood police patrols, disaster preparedness, extended library hours and after-school programs, and repairing streets and sidewalks. Such funds cannot be taken or appropriated by the State of California.

If the proposed increase is approved, it is estimated the tax would generate \$13 million annually, according to the Hayward Director of Finance. At the current rate, the tax generates \$7.2 million annually.

A 'yes' vote is a vote in favor of the proposed increase. A 'no' vote is a vote against the proposed increase. If the proposed increase is not approved, the current rate would remain in effect.

Respectfully submitted,

Michael Lawson, City Attorney,
City of Hayward
