NORTH SAN DIEGO BUSINESS CHAMBER
CONNECTIONS START HERE.

February 1, 2024

RE: Strong Opposition to San Diego Housing Federation's Proposed Ballot Measure titled: Homes For San Diegans

Dear Members of the San Diego City Council,

I am writing to you on behalf of the North San Diego Business Chamber, representing over 800 business members across San Diego County, including over 400 in the City of San Diego, to express our deep concern and opposition to the proposed Real Estate Transfer Tax outlined in the Proposed Ballot Measure Homes For San Diegans. Our members represent more than 350,000 employees, ranging from global businesses with 5,000+ headcount, to minority owned small business and sole proprietorships. Across this spectrum, there is broad concern for the profound and adverse effects on various sectors within our community. It would essentially serve as a tax on job creation, burdening renters, and imposing significant financial strains on single-family homeowners. Moreover, it would represent the largest business-to-business wealth transfer in the City's history.

Our opposition to the Proposed Ballot Measure Homes For San Diegans Real Estate Transfer Tax is grounded in several key concerns, including the proposed tax thresholds and rates, particularly noting the absence of a sunset provision for the tax in the event of the establishment of a duplicative County, State, or Federal property transfer tax. Ranging from 2.5% to 6.5%, these rates would impose substantial tax burdens on real estate transactions of various scales. Transactions exceeding $25 million, for instance, could incur transfer taxes upwards of $1.625 million. Drawing from the cautionary tale of Los Angeles' similar measure, we anticipate severe repercussions. The drastic reduction in real estate transactions and revenue shortfalls observed in LA serve as stark warnings of the potential economic strain that could befall San Diego. It is worth noting that the proposed tax measure in San Diego exceeds the severity of LA's, indicating an even greater potential for economic hardship.

Concrete examples further illustrate the exorbitant tax liabilities that businesses and individuals would face under this measure. Transactions in Mission Valley, Little Italy, and Sorrento Mesa, among others, could incur millions in transfer taxes, stunting growth and development in these areas, further reducing already stressed housing inventory and creating broad swaths of derelict commercial property.

Comparing the proposed tax revenue to existing affordable housing funds reveals a troubling disproportion, with the proposed tax unfairly burdening specific developments. Areas undergoing redevelopment also face significant risks, as financial support may dwindle, halting projects and diminishing community revitalization efforts.

Further, as a regional Business Chamber, it is our responsibility to advocate for strong safety nets in support of our workforce. The Real Estate Transfer Tax proposed in the Ballot Measure Homes For San Diegans poses substantial threats to our local economy and community well-being. We stand united with various stakeholders, including job creators, rental housing owners, restaurants, contractors, and small businesses, in formal opposition to this measure.

In conclusion, while we understand the importance of addressing the needs of affordable housing for San Diegans and homelessness prevention, we urge careful consideration of the far-reaching consequences and implore you to oppose this measure. Our organization remains committed to engaging in further dialogue and collaboration to explore alternative solutions that are both reasonable and less impactful on our community.

Thank you for considering our perspective on this matter. We appreciate your commitment to serving our community and would welcome the opportunity to further discuss our concerns. Please do not hesitate to contact me directly at chris@sdbusinesschamber.com or (858) 217-8970.

Respectfully,



Chris Thorne
CEO (Chief Executive Officer)
North San Diego Business Chamber
www.sdbusinesschamber.com