



Beverly Hills/Los Angeles REALTORS® Defeat Unfair Transfer Tax Proposed for Santa Monica – March 2015

"Santa Monicans Against Ridiculous Taxes" -- or "SMART," for short -- may be a catchy slogan, but it was no joke. Last fall, property owners the length of the state were watching the results of a vote that might have saddled their comrades in Santa Monica with the sole burden of funding the municipality's affordable housing efforts.

Santa Monica was not alone: with state Redevelopment Funds eliminated in 2012, many California cities were left to their own devices as they sought to continue developing affordable housing and revive blighted neighborhoods. In Santa Monica, the City Council put measures on last fall's ballot that would significantly increase the Documentary Transfer Tax (from \$3 to \$9 per \$1,000 in value on properties over \$1 million,) and earmark the resulting revenue for affordable housing. The Beverly Hills/Greater Los Angeles Association of REALTORS® (BHGLAAR) first attempted to dissuade the Council; then it was forced to fight back.

James Litz, Government Affairs Director of BHGLAAR, explains that though the increased tax would only affect properties over \$1 million, the issue itself was a matter of concern for all property owners. "Government entities continually attempt to force property owners to fund programs that benefit all of the population, he says. "Singling out property owners to fund affordable housing creates higher prices, higher closing costs, and a volatile funding mechanism based on market fluctuations."

Polling conducted by the NATIONAL ASSOCIATION OF REALTORS® determined that it would be possible, with extraordinary effort, to defeat the unfair ballot initiative. With a major Issues Mobilization grant from NAR, as well as significant support from the California Association of REALTORS® (CAR) and IMPAC funds from his own association, Litz and his team launched an energetic campaign to prevent the proposed Santa Monica transfer tax increase from becoming law. In California, local associations can request IMPAC assistance from their fellow boards, and political empathy ran high. "This is a statewide issue," notes Litz, "one that we don't want to have to fight in every city." BHGLAAR received over \$44,000 for its cause from 20 other California REALTOR® associations.

The campaign involved volunteer and professional phone-banking, online advertising, direct mailings and intensive door-to-door work. Yard signs also played a high-profile role along the streets of Santa Monica. Condo owners, as well as owners of single-family homes, were targeted by the campaign, and BHGLAAR made a point of raising awareness among owners of apartment



buildings, who would also be affected by the vote. Litz reports that it was an exciting election, with a high voter turnout -- and high suspense, before it was clear on election night that the 'ridiculous tax' increase had been defeated.

He underscores the fact that the REALTORS® are in no way against affordable housing. On the contrary, BHGLAAR is looking to CAR to lead the way in forging a statewide solution with the California legislature. "2015 is a new year with a lot of new people in state and local government. Our hope is that they'll find a permanent funding source for affordable housing that will spread the burden throughout the greater community. When they do, we'll support it," says Litz.

To learn more about how REALTORS® are protecting property owners against the threat of unfair taxes in Santa Monica and beyond, contact James W. Litz, Government Affairs Director of the Beverly Hills/Greater Los Angeles Association, at jwlitz@jameswlitz.com or (310) 704-2767.



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