



Rent Stabilization Board

January 5, 2024



Empty Homes Tax, Effective January 1, 2024 (Berkeley Municipal Code 7.54)

Dear Berkeley Rental Property Owner,

This communication is to inform you that one or more residential units you own were listed in the Berkeley Rent Board's rent registry during the calendar year 2023 as vacant but not rented. Starting January 1, 2024, the City of Berkeley will implement the Empty Homes Tax Program, which will impose a tax on residential units that remain vacant for more than 182 days consecutively or nonconsecutively in a calendar year.

The initial 182-day period for this tax will begin on January 1, 2024, and end on July 2, 2024. Owners of vacant residential units during this period will be taxed unless they qualify for an exemption or can demonstrate that the vacancy falls within one of the seven vacancy exclusion periods described in the Empty Homes Tax Ordinance. Please find more details below.

Exemptions

The following properties are exempt from taxation under the Empty Homes Tax Ordinance:

- Owner-occupied properties that contain four or fewer residential units (including any accessory dwelling units) and are owned by a natural person or trust that owns no other residential units in the City of Berkeley.
- Properties owned by an organization exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986.

Vacancy Exclusion Periods

There are seven Vacancy Exclusion Periods that do not count towards the Empty Homes Tax 182-day vacancy threshold:

1. Building Permit Application Period
2. Rehabilitation Period
3. Disaster Period

4. Owner Death Period
5. Owner In Care Period
6. Homeowners' Exemption Period
7. Lease Period

A description of each Vacancy Exclusion Period is enclosed with this letter.

2024 Empty Homes Tax Amount

For residential units in single-family dwellings, condominiums, duplexes, or townhouses:

- \$3,000 per unit for the first calendar year
- \$6,000 per unit for the second and subsequent calendar years

For all other residential units

- \$6,000 for the first calendar year
- \$12,000 per unit for the second and subsequent calendar years

These rates will be adjusted annually in accordance with the increase in the Consumer Price Index for the San Francisco/Oakland/San Jose area.

Empty Homes Tax Process

The Rent Board will notify the City of Berkeley Finance Department of any properties with vacant units that qualify for the tax and do not have a pending or approved claim of exemption in the 3rd quarter of 2024. The Finance Department will then issue a tax bill for each qualifying unit. More information on the process for claiming an exemption or a vacancy exclusion period will be published in early 2024.

Updating Rent Board Records

Please ensure that you inform the Rent Board of any changes in occupancy status for all the residential units you own. You can update the unit status using the online rent registry portal, which can be accessed through the following URL: <https://rentregistry.cityofberkeley.info/>. If you believe you have received this letter in error, please contact the Rent Board.

More Information

For more information, please contact us by phone at (510) 981-7368 Ext. 5 or by email at emptyhomes@berkeleyca.gov.

Sincerely,



Lief Bursell
Senior Planner

VACANCY EXCLUSION PERIODS

The Empty Homes Tax defines seven periods during which a residential unit would not be considered vacant for purposes of the tax.

1. BUILDING PERMIT APPLICATION PERIOD

The period following the date that a building permit application for repair, rehabilitation, or construction of a residential unit is filed with the City through the date the Planning Department or its successor agency grants or denies that application, not to exceed one year. If more than one building permit application is filed for the same residential unit, the Building Permit Application Period includes only the period following the date the first application is filed with the City.

If an owner also qualifies for the Disaster Period, the Building Permit Application Period may be extended beyond one year if the owner makes a good faith effort, as determined by the building official, to obtain a building permit.

2. REHABILITATION PERIOD

The two-year period following the date that the City issues a building permit for repair, or rehabilitation, of a residential unit. If the City issues multiple building permits for the same residential unit, the Rehabilitation Period includes only the two-year period after the first building permit is issued.

3. DISASTER PERIOD

The two-year period following the date that a residential unit was made uninhabitable or unusable due to fire, natural disaster, or other catastrophic event, except where a negligent, reckless or willful act or omission by the owner or agent of the owner contributed to or caused the residential unit to become uninhabitable or unusable.

4. OWNER DEATH PERIOD

The period during which a residential unit is unoccupied, uninhabited, or unused because of the death of any owner who was the sole occupant of the unit immediately prior to that owner's death. This period shall not exceed the longer of two years or the period during which the unit is under the authority of a probate court.

5. HOMEOWNERS' EXEMPTION PERIOD

The period during which a residential unit is the principal place of residence of any owner, and for which that owner has made a valid claim for either the homeowners' tax exemption or the disabled veterans' exemption (California Revenue and Taxation Code Sections 218 and 205.5, respectively).

City of Berkeley Empty Homes Tax: Vacancy Exclusion Periods

6. OWNER IN CARE PERIOD

The period during which a residential unit is unoccupied, uninhabited, or unused because the occupant who used that residential unit as their principal residence is residing in a hospital, long-term or supportive care facility, medical care or treatment facility, or other similar facility.

7. LEASE PERIOD

The period during which a residential unit is leased to one or more tenants under a bona fide lease intended for occupancy, but not including any lease or rental of the unit anyone affiliated or related to a current or former owner or co-owner, or to travelers, vacationers, or other transient occupants.

More information on the process for claiming an exemption or a vacancy exclusion period will be published by the Berkeley Rent Stabilization Board early in calendar year 2024.