



DATE: September 18, 2025

TO: Honorable Members of the Rent Stabilization Board

FROM: Lief Bursell, Senior Planner
Katrina Lapira, Associate Planner

SUBJECT: Empty Homes Tax Implementation Update

Introduction

This memo provides an update on the implementation of the City of Berkeley's Empty Homes Tax, including the status of 2024 tax billing, the number of properties and units identified as subject to the tax, exemptions and vacancy exclusions granted, and projected revenue. The memo also provides a summary of proposed amendments to the Empty Homes Tax Ordinance (Berkeley Municipal Code Chapter 7.54) that aim to improve clarity, fairness, and administrative efficiency. Implementation of Berkeley's Empty Homes Tax reflects the collaborative efforts of Rent Board staff, the Finance Department, and the City Manager's Office to ensure effective implementation of the voter-approved measure.

Background

The Empty Homes Tax (EHT) was approved by Berkeley voters in November 2022 under Measure M. The EHT is intended to disincentivize prolonged vacancies and housing speculation, thereby increasing the number of housing units available for occupancy, while also raising funds for municipal services, including but not limited to constructing, acquiring, and rehabilitating affordable housing.

The EHT taxes property owners who keep residential units vacant more than 182 days per year, \$3,000 for each nonexempt condominium, duplex, single family dwelling, or townhouse vacant unit in the first year, increasing to \$6,000 for each subsequent year, and \$6,000 for all other residential units vacant in the first year, increasing to \$12,000 for each subsequent year, with exceptions for qualifying exempt properties, from January 1, 2024 to December 31, 2034. Tax rates are adjusted annually by the increase in the Consumer Price Index for the San Francisco/ Oakland/ San Jose area. The EHT is a general tax wherein revenue would be deposited into the City's general fund.

Although the City of Berkeley’s Finance Department is responsible for the issuance of EHT bills and the collection of revenues from the EHT, the administration of the EHT is primarily conducted by the Rent Board’s Planning Unit staff. For the 2024 EHT cycle, Rent Board staff identified properties subject to the tax, provided initial notifications to property owners, processed submitted tax exemption or vacancy exclusion period applications in addition to unit status forms, and provided the City with a list of properties subject to the EHT.

2024 Taxable Properties and Exemptions

Initially, over 500 taxable properties were identified as subject to the 2024 EHT cycle. Of these properties 112, were eligible for either a property-based tax exemption or qualified for a vacancy exclusionary period (VEP). As shown in Table 1, 78 owner-occupied and 8 non-profit owned properties were exempt from the 2024 Empty Homes cycle.

Table 1. 2024 Empty Homes Tax – Property-Based Exempt Properties by Type

Property- Based Tax Exemption Type	Number of Eligible Properties
Owner-Occupied	78
Non-Profit Organization(501(c)(3) status)	8
Total Properties Eligible	86

The next table shows the number of properties that were eligible for one of the five types of VEPs. Of the 26 eligible properties, the building permit VEP was the most common exclusionary period claimed.

Table 2. 2024 Empty Homes Tax- Vacancy Exclusion Period (VEP) Eligible Properties by Type

VEP Type	Number of Eligible Properties
Building Permit	18
Rehabilitation	4
Disaster	1
Property Owner Death	1
Lease Period	2
Total Properties Eligible	26

Excluding properties with approved exemptions and vacancy exclusionary periods, and after adjusting for any units that were no longer claimed vacant, Rent Board records indicate there are total of 364 properties with 864 vacant units are subject to the 2024 EHT.

As shown in the following table, less than eight percent of vacant units were single-family homes. Properties with five or more units account for over 55 percent of the total number of vacant units.

Table 3. 2024 Empty Homes Tax – Vacant Units by Property Type

Property Type	Property Type Count	Vacant Units
Single Family	64	64
Duplex	101	136
3-4 units	109	183
5+ unit building	90	480
Total(s)	364	863

Based on a total number of 863 vacant units, the projected revenue the City of Berkeley would receive from the collection of the EHT is just over \$4,000,000.

2024 Empty Homes Tax Billing Update

The City will begin issuing 2024 EHT bills during the week of September 15, 2025. This marks the first full year of implementation since the tax took effect on January 1, 2024. Property owners subject to the tax will receive notices by mail and will have 60 days from the date on the tax billing statement to remit payment before penalties apply.

Proposed Ordinance Revisions

After consulting with Rent Board and Finance Department staff on potential implementation issues, the City Manager’s Office is set to propose several amendments to the EHT Ordinance. The key changes proposed are:

- Payment Timeframe - Changing the timeframe for when a tax payment is considered delinquent to 60 days after the billing statement is sent to the property owner. Currently, payments are considered delinquent if received after February 28.
- Appeals Process - Adding a clearly defined appeals process so that property owners that wish to dispute the tax amount, or staff’s decision to deny either a claim of exemption or vacancy exclusion period, can have their concerns adjudicated by the City’s Hearing Officer.
- Additional VEPs - Creating additional vacancy exclusion periods for vacancies associated with environmental remediation or hazardous materials cleanup, and

for vacancies due to a sudden health issue that physically prevented the property owner from renting their residential units.

These proposed amendments are tentatively scheduled to go to the City Council at their October 28, 2025, meeting.

Next Steps

Staff will continue to respond to EHT inquiries, investigate community reported vacant units, and monitor and prepare for the implementation of the proposed ordinance amendments under consideration by the City Council. Towards the end of the year, staff will shift their focus to properties with tax eligible units during the current 2025 calendar year, which will be sent to owners in calendar year 2026.

Name and Telephone Number of Contact Person

Lief Bursell, Senior Planner (510) 981-7368