



AGENDA REPORT

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DATE: May 12, 2022

TO: Members of the City Council and Members of the Public

FROM: Councilmember Kalb

SUBJECT: RESOLUTION IN SUPPORT OF STATE ASSEMBLY BILL 1771 (WARD) THE CALIFORNIA HOUSING SPECULATION ACT WHICH WOULD FOR TAXABLE YEARS BEGINNING ON OR AFTER JANUARY 1, 2023 IMPOSE AN ADDITIONAL 25% TAX ON THAT PORTION OF A QUALIFIED TAXPAYER'S NET CAPITAL GAIN FROM THE SALE OR EXCHANGE OF A RESIDENTIAL BUILDINGS AS DEFINED AND REDUCING THOSE TAXES DEPENDING ON HOW MANY YEARS HAVE PASSED SINCE THE INITIAL PURCHASE

Dear Colleagues and Members of the Public,

In California, we know that in 2021 home prices rose more than 17%, and in some areas surpassed 20% year over year, with forecasts to continue to rise in 2022. According to Redfin, in Oakland, home prices were up 8.2% compared to last year, selling for a median price of \$900,000.

In addition, investor-buying of residential homes represents a real market concern across the country, in California, and also in the Bay Area. Across the country, some 18% of homes are investor-bought—taking homes off the market for families and regular buyers, and inflating future sale costs. In San Francisco and the East Bay, Redfin estimates that last year investors bought up around 6% of homes sold.

When home values rise, new homebuyers and low-income homebuyers, are locked out of the housing market, and forced to move away from their communities. AB 1771 will offer financial control to disincentivize short-term investment in housing stock by utilizing a 25% surtax on the portion of the qualified taxpayer's net capital gain from the sale or exchange of the property. The funds would then enter the Community Reinvestment Fund, and be distributed to directly benefit local governments, schools, and affordable housing resources.

Please join me in supporting AB 1771 in order to curb investor-driven speculation, and keep Oaklanders in their homes.

For questions regarding this report, please contact Councilmember Dan Kalb at dkalb@oaklandca.gov.

Respectfully submitted,



Councilmember Dan Kalb

Item: _____