



## CITY OF ALBANY CITY COUNCIL AGENDA STAFF REPORT

Agenda Date: October 6, 2025

Reviewed by: NA

**SUBJECT:** Potential Revenue Measures for Funding Core City Services

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### **SUMMARY**

This report provides follow up regarding analysis of potential revenue measures for funding core City services and unmet needs.

### **STAFF RECOMMENDATION**

That the Council receive a report from staff regarding a potential ballot measure to update the real property transfer tax to help support core services and address unmet needs and provide feedback to staff on prioritization and next steps.

### **BACKGROUND**

On July 7, 2025 the City Council received a [presentation](#) on potential revenue measures for funding core City services and unmet needs. Council indicated a general interest in further consideration of potential funding mechanisms for enhancing the City's street tree management program, providing additional funding for street lighting maintenance and improvements and General Fund operations. The funding mechanisms discussed included:

- Transfer Tax update to include additional tiers
- Business License Tax modernization
- Collection of taxes from possessory interest properties
- Special tax

### **DISCUSSION**

This report focuses on the opportunity for an update to the real property transfer tax. Updates on other areas of need and potential funding mechanisms will continue to be brought forward as they are further analyzed over the next couple of months.

## **Existing tax and approval background**

California state law provides for a base level of property transfer tax per county of \$0.55/\$500 per transaction with the option for cities to adopt a rate equal to half of the county rate. This effectively caps the base rate within a county at \$0.275/\$500 per transaction each for the city and county.

In addition to the state law provision, cities in California that have adopted a Charter, such as Albany, have had the ability to adopt an entirely separate transfer tax rate not limited by the amount in state law.

Prior to the 2020 election, the City of Albany had a transfer tax rate of \$11.50/\$1,000 transaction. In the 2020 election that rate was increased to the current \$15.00 per \$1,000 purchased. The transfer tax (including the increase approved in 2020) is a general tax supporting all general city operations, requiring and achieving approval of a minimum of 50% of the vote.

Given the City's ongoing financial challenges, with expenditures growing more quickly than revenues on a year-over-year basis, a potential increase in the property transfer tax could be a relevant and appropriate funding source for consideration.

While many counties and cities across the state have not enacted transfer tax rates in excess of the minimum provided in state law, there are a few jurisdictions in Alameda County that have enacted higher rates. Adopted transfer tax rates within Alameda County are shown below.

Based on rough data relating to property sales in Albany in the last 12 months:

- Implementing a tiered structure with the existing \$15/\$1,000 remaining in place for properties selling for less than \$1.5 million and a \$25/\$1,000 for properties over that – new annual revenue could be ~\$750,000 annually.
- If the tier is implemented with the existing rate in place for properties selling for less than \$1 million and then a \$25/\$1,000 for properties over \$1 million – new annual revenue of ~\$1.3 million.

## City Real Property Conveyance Tax

Several cities impose their own city real property transfer tax at full value. The rates are calculated as noted below with the full value rounded up to the nearest \$500 before the tax rate is applied.

Alameda	\$12.00	per thousand on full value	Ordinance No. 2987 AMC
Albany	\$15.00	per thousand on full value	Ordinance No. 2020-09
Berkeley	\$15.00	per thousand on full value (\$1,600,000 and less)	Ordinance No. 6072-NS
	\$25.00	per thousand on full value (\$1,600,001 and above)	Ordinance No. 6072-NS
Emeryville	\$12.00	per thousand on full value (less than \$1,000,000)	Measure O
	\$15.00	per thousand on full value (\$1,000,000 to \$2,000,000)	Measure O
	\$25.00	per thousand on full value (\$2,000,001 and above)	Measure O
Hayward	\$8.50	per thousand on full value	Ordinance No. 92-26
Oakland	\$10.00	per thousand on full value (\$300,000 and less)	Ordinance No. 11628 CMS
	\$15.00	per thousand on full value (\$300,001 to \$2,000,000)	Ordinance No. 11628 CMS
	\$17.50	per thousand on full value (\$2,000,001 to \$5,000,000)	Ordinance No. 11628 CMS
	\$25.00	per thousand on full value (\$5,000,001 and above)	
Piedmont	\$13.00	per thousand on full value	Ordinance No. 546 NS
San Leandro	\$11.00	per thousand on full value	Ordinance No. 2020-08

## Potential Risks on the Horizon

There is currently an initiative measure circulating for signatures that would have severe consequences for Albany and other charter cities that have enacted their own transfer taxes. The proposed measure would prohibit charter cities from having their own transfer taxes (above the statutory 27.5 cents per \$500). Specifically, the measure would invalidate all existing charter city-only transfer taxes on December 31 two years following enactment of the measure by statewide voters. The measure also would prohibit charter cities from imposing any *new* charter city-only transfer taxes.

## SUSTAINABILITY AND SOCIAL EQUITY CONSIDERATIONS

An increase to the real property transfer tax will have co-benefits towards furthering sustainability priorities within the City as the funds would help support the City's general fund which is utilized to fund sustainability initiatives.

## **CITY COUNCIL STRATEGIC PLAN INITIATIVES**

This item aims to further the City Council Strategic Plan.

### *Goal 5: Increase Revenue to Sustain City Services*

Objectives:

- Identify funding mechanisms to further stabilize the City's General Fund through exploration of various revenue generating streams
- Identify funding and strategies to manage unfunded pension liabilities
- Develop options to restructure the Business License Tax
- Consider amending property taxes and fees so that they apply to unsecured property

## **FINANCIAL CONSIDERATIONS**

There are a number of ways that the City could structure tiered rates for the real property transfer tax. As discussed above, based on rough data relating to property sales in Albany in the last 12 months:

- Implementing a tiered structure with the existing \$15/\$1,000 remaining in place for properties selling for less than \$1.5 million and a \$25/\$1,000 for properties over that – new annual revenue could be ~\$500,000-\$750,000 annually.
- If the tier is implemented with the existing rate in place for properties selling for less than \$1 million and then \$25/\$1,000 for properties over \$1 million – new annual revenue of ~\$1 million - \$1.3 million.

It should be noted that these are preliminary estimates as well as recognizing that the transfer tax can be a volatile revenue source as it reflects the overall health of the real estate market and local economy. As the City saw in the Great Recession, there are circumstances where property values can fall and fewer real estate transactions are taking place. So while the transfer tax has been a strong revenue source for the City in recent years, it can be more sensitive to local economic changes than other revenue sources.

## **NEXT STEPS**

If the City Council is interested in pursuing a potential increase in the transfer tax, the City Council will need to determine the rate structure to pursue as well as considering how a transfer tax increase fits within the broader context of potential revenue measures for the November 2026 election. Additionally, the Council may wish to refer this item to the City Council Audit & Fiscal Sustainability Committee for further analysis for Council consideration.