



Santa Barbara Association of REALTORS®

February 27, 2026

Mayor Randy Rowse  
Councilmember Eric Friedman  
Councilmember Wendy Santamaria  
Councilmember Oscar Gutierrez  
Councilmember Meagan Harmon  
Councilmember Mike Jordan  
Councilmember Kristen Sneddon  
PO Box 1990  
Santa Barbara, CA 93102

RE: Revenue Tax Measure Poll Results, Discussion, and Direction

Dear Mayor Rowse and Councilmembers,

The Santa Barbara Association of REALTORS® (SBAOR) represents about 1,200 REALTORS® throughout the South Coast and our mission includes engaging in real estate related community issues affecting our members and/or their clients who are homeowners, housing providers, tenants, and commercial owners. We are pleased you are addressing the short-term vacation rental issue, and we are encouraged that you are looking at other jurisdictions and what they have implemented.

We respectfully express our opposition to the proposed increase in the City's Real Property Transfer Tax and the potential placement of a new Parcel Tax on the ballot. We recognize the City's responsibility to maintain essential services and fiscal stability. However, expanding property-based taxation in an already high-cost housing market raises serious economic and policy concerns.

Property owners in Santa Barbara already contribute through multiple layers of taxation and assessments, including the 1% base property tax under Proposition 13, voter-approved school parcel taxes, community college parcel taxes where applicable, special district assessments, the City's 6% Utility Users Tax, and the recently increased 9.25% local sales tax, along with bonded indebtedness rates. In addition, homeowners are facing rising insurance premiums, escalating utility costs, and growing regulatory compliance requirements tied to inspections, energy standards, permitting, and housing mandates. Any new transfer tax or parcel tax would be layered on top of this existing burden.

The proposed transfer tax increase raises particular concern. Economic research consistently finds that higher transfer taxes reduce housing mobility and transaction volume. By increasing the cost of moving, they discourage sales activity, limit turnover, and constrain supply particularly in markets like Santa Barbara where inventory is already limited. Transfer taxes are also among the most volatile local revenue sources, fluctuating with interest rates and market cycles. Relying on a cyclical revenue stream to address structural budget needs introduces long-term fiscal instability. Additionally, reduced transaction volume can slow reassessment growth and weaken the property tax base that supports schools and public services.

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Beyond the economic impacts, it is important to recognize the human dimension. Moving is consistently ranked as one of the most stressful events in a person's life, often occurring during major transitions such as retirement, job relocation, divorce, estate settlement, or family change. Imposing a dramatically higher transaction tax at that moment compounds financial strain during already difficult life circumstances. The proposed increase from a total (City & County) of \$1.10 per \$1,000 to a total of \$10.60 per \$1,000 on property sales above \$3 million represents nearly a **tenfold** jump. In Santa Barbara, the \$3 million threshold frequently reflects long-held family homes that have appreciated over decades, not solely newly constructed luxury housing. For many residents, this would mean tax liabilities exceeding \$33,000 at closing.

A parcel tax raises a separate but equally significant concern. As a flat annual charge per property, it increases the ongoing cost of ownership regardless of value. Because it is not tied to assessed value, it can disproportionately impact lower- and middle-value properties relative to their market worth. Unlike a one-time transaction cost, a parcel tax becomes a permanent addition to the annual cost of owning a home. Over time, this becomes yet another permanent layer in the growing cost of owning a home in Santa Barbara.

Individually, each policy may have a rationale, but viewed together, these proposals materially expand the concentration of the City's fiscal strategy on housing. Ownership is not lost all at once, but it is slowly narrowed through layers of regulation and taxation. Each new mandate and each new tax incrementally changes what it means to truly own property. We are concerned that housing is increasingly being used as the primary solution for budget gaps. Over time, that concentration alters the economics of ownership and risks destabilizing the housing market itself.

Before advancing additional property-based taxes, we strongly urge the Council to demonstrate clear spending prioritization, operational efficiencies, and diversified, stable revenue strategies. Structural fiscal challenges require structural solutions, not greater reliance on volatile or housing-concentrated revenue tools.

Santa Barbara's long-term fiscal and housing health depends on predictable policy, balanced revenue design, and careful attention to cumulative impacts. We respectfully ask that you do not place a property transfer tax or parcel tax on the ballot.

Sincerely,



Jennifer Berger  
2026 President

