RESOLUTION NO. 2020- R 078

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CULVER CITY, CALIFORNIA, SUBMITTING TO THE VOTERS OF THE CITY A BALLOT MEASURE AMENDING SUBCHAPTER 3.08.400 OF THE CULVER CITY MUNICIPAL CODE TO INCREASE THE REAL PROPERTY TRANSFER TAX ON REAL PROPERTY TRANSFERS OR SALES OF $1,500,000 OR greater.

WHEREAS, on June 5, 1978, the City Council of the City Of Culver City adopted Ordinance No. CS-921 which established the Real Property Transfer Tax of the City of Culver City (the “City Real Property Transfer Tax”), and set a real property transfer tax rate of $2.20 for each $1,000.00 of consideration or value of the interest or property conveyed; and

WHEREAS, on June 10, 1991, the City Council adopted Ordinance No. 91-015, which, among other things, amended the City Real Property Transfer Tax to establish a real property transfer tax rate of $4.50 for each $1,000.00 (0.45%) of consideration or value of the interest or property conveyed; and

WHEREAS, the ongoing COVID-19 global pandemic has disrupted many of the City’s long-trusted revenue streams, including sales tax, transient occupancy tax, parking revenue, and business license revenue; and

WHEREAS, the City Council has taken proactive steps to reduce expenses, save money, and maintain the level of services the community has come to expect; and

WHEREAS, in response to a significant reduction in local revenues, the City Council has deferred infrastructure and building maintenance; and
WHEREAS, sustaining a lower level of services and deferring infrastructure maintenance until the local economy recovers will erode the progress the City has made over time in meeting community needs; and

WHEREAS, the City is working with the community’s businesses, employers, and other stakeholders to discuss an economic recovery plan, but it is expected that it will take time for national, state and local economies to recover; and

WHEREAS, a new, locally controlled revenue source is needed to preserve Culver City’s essential city services; and

WHEREAS, increasing the City Real Property Transfer Tax rate on certain real property sales or transfers by adding 1.5% on sales amounts from $1,500,000 to $2,999,999; 3% on amounts from $3,000,000 to $9,999,999; and 4% on amounts equal to or over $10,000,000, would partially fill the revenue gap created by COVID-19 and help preserve Culver City’s essential city services; and

WHEREAS, the current City Real Property Transfer Tax rate is set at $4.50 per $1,000.00 of consideration or property value transferred for all sales and transfers of commercial and residential properties, and has not been increased since 1991; and

WHEREAS, an incremental increase on the one-time tax for each time a property with a consideration of $1,500,000.00 or higher is sold or otherwise transferred will only impact approximately 27%-30% of the sales and transfers in the City; and

WHEREAS, the proposed incremental increase would help provide new, ongoing revenue to help preserve essential services, including: keeping public
spaces such as parks facilities clean and safe; homelessness prevention planning
and programs; afterschool and other support programs for youth; senior programs,
emergency response; economic recovery programs; and infrastructure
maintenance; and

WHEREAS, the proposed real property transfer tax increase would not
apply to newly constructed multi-family housing that results in a net increase in the
number of dwelling units on the property, or to affordable housing units; and

WHEREAS, under applicable law, the City Council of the City of Culver
City must present any proposed increase to the City Real Property Transfer Tax to
the electorate of the City of Culver City for adoption by majority vote of the electorate;
and

WHEREAS, a General Municipal Election has been called for November
3, 2020, for the purpose of, among other things, electing three City Council seats
and submitting ballot measures to the voters; and

WHEREAS, at its duly noticed Special Meeting held on August 3, 2020,
the City Council determined to submit the proposed ordinance to the voters of the
City pursuant to Elections Code section 1405.

NOW, THEREFORE, the City Council of the City of Culver City, DOES
RESOLVE, as follows:

SECTION 1. The City Council hereby finds and determines that the
foregoing recitals are true and correct.

SECTION 2. Pursuant to Elections Code section 1405, a ballot measure
amending the Culver City Municipal Code Section 3.08.400 to increase the Real
Property Transfer Tax on properties sold or transferred with consideration of
$1,500,000 or greater, with certain exceptions, shall be submitted to the voters of the City at the November 3, 2020 Election.

SECTION 3. The question submitted by Section 2 of this Resolution shall appear on the ballot as follows:

Measure __:
Real Property Transfer Tax for Essential Services. YES ___
Shall the measure to maintain essential services, including deferred parks/facilities/street maintenance, addressing homelessness, after-school/senior services, and economic recovery, by increasing the one-time 0.45% tax on real property sales, adding 1.5% on amounts from $1,500,000 to $2,999,999, 3% on amounts from $3,000,000 to $9,999,999, and 4% on amounts $10,000,000 and above, except for NO____ sales under $1,500,000, affordable housing, and first transfer of new multi-family properties, and providing $6,000,000 annually until repealed, be adopted?

SECTION 4. The complete text of the Proposed Ordinance to be submitted to the voters is attached hereto as Exhibit “A.”

SECTION 5. Pursuant to Section 2(b) of Article XIII A of the California Constitution, the measure requires approval by a majority of those casting ballots on the measure.

SECTION 6. The City of Culver City recognizes that additional costs may be incurred by the County of Los Angeles by reason of the addition of this measure
to the ballot and agrees to reimburse the County for any additional costs performed upon presentation of a bill pursuant to Elections Code Section 10002.

SECTION 7. The City Clerk is directed to forward a copy of the measure to be voted on at the Election to the City Attorney for the preparation of an impartial analysis in compliance with applicable law, which shall not exceed 500 words in length. The impartial analysis shall be filed by the date set by the City Clerk for the filing of primary arguments.

SECTION 8: The City Council authorizes its members, as follows, to file written arguments for or against the ballot measure:

FOR: Vice Mayor Fisch & Council Member Small

AGAINST: N/A

SECTION 9. All written arguments filed by any person in favor of or against the ballot measure, including any rebuttal arguments, shall be accompanied by the names and signatures of the persons submitting the arguments as required by applicable law, and any names, signatures and arguments may be filed until the time and date fixed by the City Clerk in accordance with applicable law, after which no change may be submitted to the City Clerk unless permitted by law.

SECTION 10. The City Clerk shall cause the text of the ballot measure, which is contained in Exhibit “A”, together with the City Attorney’s impartial analysis, and any arguments for or against the measure, as well as any rebuttal, to be mailed to all qualified voters with the Voter Information Guide. In addition to other notices and publications required by law, the City Clerk, not less than forty (40) days and not more than sixty (60) days before the statewide general election, shall cause the text of the ballot measure to be published once in the official newspaper and in each edition thereof during the day of publication. The City Clerk is authorized to give such
notice and to fix such times and dates as are required by law or which are appropriate to conduct properly the election.

SECTION 11. The provisions of Resolution Nos. 2020-R063 and 2020-R064, adopted on June 22, 2020, are referred to and incorporated into this Resolution. Those Resolutions provide necessary particulars concerning the General Municipal Election to be held on November 3, 2020, and among other things, address the placing on the ballot of this and other measures as well as the conduct, consolidation and coordination of the General Municipal Election with the General Statewide Election, which will also be conducted on November 3, 2020. In all respects, the election shall be held and conducted as provided for by applicable law, including but not limited to the above referenced Resolutions.

SECTION 12. The City Clerk shall certify to the passage and adoption of this Resolution and enter it into the book of original Resolutions.

SECTION 13. The City Clerk is hereby directed to deliver a certified copy of this Resolution to the Board of Supervisors of the County of Los Angeles and to transmit an electronic copy to the Board of Supervisors and the Registrar-Recorder/County Clerk of the County of Los Angeles.

APPROVED and ADOPTED on this 3rd day of August, 2020.

GÖRAN ERIKSSON, MAYOR
City of Culver City, California

ATTEST

JEREMY GREEN, City Clerk
A20-00294

APPROVED AS TO FORM

for CAROL A. SCHWAB, City Attorney
EXHIBIT “A”

ORDINANCE NO. 2020 –

AN ORDINANCE OF THE PEOPLE OF THE CITY OF CULVER CITY, CALIFORNIA, AMENDING SECTION 3.08.400 OF THE CULVER CITY MUNICIPAL CODE TO INCREASE THE REAL PROPERTY TRANSFER TAX RATES ON TRANSFERS OR SALES OF $1,500,000 OR GREATER, WITH EXCEPTIONS FOR AFFORDABLE HOUSING AND FIRST TRANSFER OF CERTAIN NEWLY CONSTRUCTED MULTI-FAMILY DWELLING UNITS.

THE PEOPLE OF THE CITY OF CULVER CITY, CALIFORNIA, DO

HEREBY ORDAIN AS FOLLOWS:

SECTION 1. Section 3.08.400 of Culver City Municipal Code is hereby amended to read as follows (underline denotes addition, strike-through denotes deletion):

§ 3.08.400 TAX IMPOSED.

A. There is hereby imposed on each deed, instrument, or writing by which any lands, tenements, or other realty sold within the City shall be granted, assigned, transferred, or otherwise conveyed to, or vested in, the purchaser or purchasers, or any other person or persons, by his or their direction, when the consideration or value of the interest or property conveyed (including exclusive of the value of any lien or encumbrances remaining thereon at the time of sale) exceeds One Hundred Dollars ($100.00) a tax at the rate of Two-Dollars and Twenty-Five Cents ($2.25) for each Five Hundred Dollars ($500.00) or fractional part thereof on such consideration or value at the rates set forth below:

1. 0.45% of the amount of consideration or value of $1,499,999 or less; and
2. 1.5% of the amount of consideration or value from $1,500,000 to $2,999,999; and
3. 3.0% of the amount of consideration or value from $3,000,000 to $9,999,999; and
EXHIBIT “A”

4. 4.00% of the amount of consideration or value equal to or over $10,000,000.

B. The City Manager shall increase or decrease the amounts of consideration or value that establish the threshold of each of the four tax rate tiers set forth in Subsection A by an amount proportional to the change in the Consumer Price Index for All Urban Consumers, Los Angeles-Long Beach-Anaheim (CPI), as published by the U.S. Department of Labor, rounded up to the nearest $1,000.00, provided that such increase or decrease may not be done more than once per five (5) years after the effective date of the ordinance from which this Subsection is derived, and provided the amounts of consideration or value that establish the threshold of each of the four tax rate tiers may not decrease below the amounts established in Subsection A. In the event the Bureau of Labor Statistics discontinues the publication of the CPI, then a comparable statistic shall be used as determined by the City’s Chief Financial Officer.

C. Notwithstanding Subsection A herein, the following transfers shall be taxed at a rate of 0.45% regardless of the value of the consideration:

1. A transfer of improved real property to a nonprofit corporation, or a limited partnership or limited liability company in which a nonprofit corporation is the managing general partner or managing member, accompanied by a binding agreement or covenant recorded on the property and enforceable by the City to provide all residential units on the property (other than units reserved for on-site property managers) at an affordable rent or affordable housing cost to lower income households as defined in California Health and Safety Code Section 50079.5; and

2. A transfer of real property that contains four or more dwelling units designed for permanent residential occupancy, including
EXHIBIT “A”

accessory dwelling units, and meets all of the following conditions:

a. At least one or more of the dwelling units was newly constructed within the last five years prior to the transfer of the real property, based on the date of the issuance of the certificate of occupancy for such newly constructed dwelling units (“newly constructed” shall not include the remodel or renovation of an existing unit);

b. The newly constructed dwelling units must have resulted in a net increase in the total number of dwelling units on the real property; and

c. The transfer of real property is the first transfer following the issuance of the certificate of occupancy for such newly constructed dwelling units.

D. The City Council is authorized to establish rules and procedures that are necessary and desirable for implementation of this Section 3.08.400 and may amend any aspect of this Subchapter 3.08.400, et seq. as long as the amendment does not result in an increase in the authorized tax rate.

SECTION 2. This Ordinance shall be effective only if approved by a majority of the voters voting thereon and shall go into effect on April 1, 2021.

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EXHIBIT “A”

I hereby certify that the foregoing Ordinance was PASSED, APPROVED and ADOPTED by the People of the City of Culver City voting on the 3rd day of November 2020.

GÖRAN ERIKSSON, MAYOR
City of Culver City, California

ATTEST

APPROVED AS TO FORM

JEREMY GREEN, City Clerk

CAROL A. SCHWAB, City Attorney
Certification of Resolution No. 2020-R078

I, Jeremy Green, City Clerk of the City of Culver City, do hereby certify that the foregoing Resolution was duly passed, approved, and adopted at a special meeting of the City Council, which was held on the 3rd day of August 2020, at the Mike Balkman Council Chambers by the following vote:

AYES: Fisch, Lee, Sahli-Wells, Small

NOES: Eriksson

ABSENT: None

ABSTAIN: None

Certified on this 3rd day of August 2020, at the City of Culver City.

[Signature]

Jeremy Green, CMC, City Clerk
Ex-Officio Clerk of the City Council
City of Culver City, State of California