



ANTONIO VAZQUEZ  
CHAIRMAN  
CALIFORNIA STATE BOARD OF EQUALIZATION

**MEMORANDUM**

**Date:** April 14, 2021

**To:** Mike Schaefer, Vice Chair  
Ted Gaines, Board Member  
Malia M. Cohen, Board Member  
Betty T. Yee, State Controller

**From:** Antonio Vazquez, Chairman

**Re:** **April 27, 2021 Board Meeting, Item L.1.b. Policy Development Opportunities for Assisting with Statewide Affordable Housing Efforts.**

This Item is for discussion and possible Board action to consider conducting a future public policy hearing to invite speakers and receive input/updates from subject matter experts as well as assessors, regarding current and proposed affordable housing efforts, including but not limited to statutory changes and affordable housing advocate initiatives, to increase affordable housing in the state and for our development of policies to support and assist in these efforts. To address the tremendous need and create the 3.5 million homes that Governor Newsom has promised by 2025, the Legislature, state officials, and many cities and counties are making bold efforts; and there are real and potential property tax impacts that can contribute to or deter from their success, which the Board should discuss.

In the past two years, this Board has initiated and engaged in numerous discussions regarding policy and legislative changes and other initiatives by some property tax implications of affordable housing and accessory dwelling units (ADUs). Board Members held one or more statewide informational hearings where this matter was included as a key topic of discussion. Several experts, as well as BOE staff, were invited to speak at Board meetings and present information to the Board to help us begin building a framework for future policy development – until COVID-19 demanded our attention. Now that most of those issues have been addressed, I would like to see us fully re-engage in this vital statewide objective within the parameters of our jurisdiction.

Ultimately, it is incumbent on this Board to gather the necessary information regarding these efforts and to develop policies and recommendations (including but not limited to possible rule changes, potential legislative suggestions, possible guidance, etc.) that would assist the state in achieving its goal. As an initial step, I would like us to consider holding a public policy

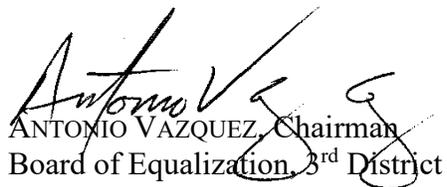
discussion, possibly as early as our May Board meeting (under Item M), to invite and receive input and updates from external subject matter experts regarding current and proposed affordable housing legislation and related efforts relevant to the Board's duties and that the Board would likely help to implement.

A few examples of the types of policy development opportunities we should possibly consider discussing at the public policy hearing are as follows:

- The efforts of school districts to allow vacant or under-utilized properties to be used for affordable housing and the possibility of expanding the availability of low-income housing tax credits (LIHTCs) or a variety of other types government assistance to help develop such housing.
- Initiatives being undertaken by faith-based organizations to build affordable housing on their parking lots or on other vacant or under-utilized properties.
- The efforts of Legislators and local elected officials to increase the number and availability of ADUs and Junior ADUs, encouraging homeowners to augment the supply of affordable housing in all neighborhoods.

All of these examples have one or more possible property tax impacts: e.g., change in ownership, valuation, exemptions, deed restrictions, etc. Further, with regard to ADUs specifically, homeowners who have built or intend to build ADUs or Junior ADUs will likely be negatively impacted under the new Intergenerational Transfer Exclusion in Proposition 19 if an ADU is leased or sold as part of a principal residence; and a possible negative impact may also occur under the Base Year Value Transfer Exclusion if an ADU in a principal residence is sold.

There are many other issues and examples that we as the Board may need to consider, and I encourage every Board Member to weigh in and provide any information that is relevant and important for our future discussion and public policy hearing. Given the significance of the housing crisis in our state, the Board's work could help immensely in assisting with the many efforts that have been and may be undertaken to address the need and to help all involved to be fully informed.

  
ANTONIO VAZQUEZ, Chairman  
Board of Equalization, 3<sup>rd</sup> District