

From: February 11, 2021 Board Meeting-Public Comment
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Subject: [External] February 11, 2021 Board Meeting-Public Comment
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Public Comment

From: Sairsha Folsom
Agenda Item: M1. Prop 19 Strike Team Updates
Meeting Date: 02/11/21

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Agenda Item(s):

M1a. Legal Analysis

M1b. Proposed Draft Legislation

M2a. Guidance and Rulemaking

M2b. Education and Outreach

Comment:

I would like to comment on the following: 1) Legislative Intent to Preserve Family Homes Not Fulfilled: The legislative intent to "protect and preserve family homes" does not carry through for families with more than one child in the prop 19 legislation. Take for example, my family: We are a family with two siblings. Each of us had planned to move into one of two homes as we cannot afford to purchase our own homes. These modest single-family houses were purchased at great sacrifice by my Grandparents using post-WWII GI loans in the 1950s. For seventy years my grandparents, my parents, and now my brother and I have invested, cleaned, maintained, repaired, and worked extremely diligently to preserve this modest inter-generational familial wealth gain. My parents currently use these homes for their retirement income, a modest \$4,000.00/month of rental income, their only income in addition to their collective \$650 dollars a month in social security. Now our parents will not only have to forego their rental income before their death, but they will have to decide which child is more deserving of inheriting a tax burden. Is this equal treatment under tax law? We propose that the rules be rewritten to accommodate more than one child inheriting a home with the tax shelter if they intend to live in that home. The requirement that parents should move into the home before they die in order to pass on their property tax shelter is extremely unreasonable and should be removed. If the legislative intent is that a home should be used as a primary residence in order to keep the modest tax shelter, how does forcing the parents to move in to a given home prior to their death achieve that goal? How does limiting the home to only one primary residence no matter how many siblings there are achieve the goal of "preserving family homes?" Simply put the requirement to have the parents live in only one home and only allow one home to have a property tax shelter only serves to force multi-sibling families to sell their family homes so that realtors can make more money on fees. In this regard the "legislative intent" of proposition 19 is erroneous at best and fraudulent at worst. Please remove the requirement that parents move into the home prior to their passing in order for their children to move in and utilize the homes as primary residences. Please allow for more than one home and property tax shelter to be passed to families with more than one child. Changing these rules would help multi-sibling families like mine to actually retain their family homes. 2) Prop 19's Impacts on Tenants and the Primary Residence Usage Limits for Children: The legislature has not considered the ill effects that proposition 19 as currently written will have on California's already beleaguered Tenants. California has a chronic lack of rental inventory. Prop 19 requires that rentals intended to be passed on to children be taken off the rental market before someone dies and after the home is inherited, or the home must be reassessed. If the rental continues on the market after a parent passes and the home is

reassessed, California's tenants will foot the extra property tax bill and rents will go up across the state. If a child moves into a primary residence and decides to rent out a room or a guesthouse or a studio apartment above a garage, again, the property will be reassessed and tenants will foot the additional tax bills or the primary residence holder won't rent anything out at all, thereby reducing rental inventory, in any case, rents go up. Contrary to the California Realtor's Association, not everyone can afford to run out and buy a house. Many California Tenants rely on small residential rentals. Please REMOVE the rental restrictions on the inherited primary residence. It is more than sufficient that a child has moved into a home in order to establish that it is their primary residence. To further dictate their usage down to the rental of a room or studio garage, etc. at risk of losing their "primary residence" property tax designation, is completely unreasonable, not to mention how difficult it will be for the county assessor's office to manage compliance. Give Families and Tenants a break; remove the requirement that parents must move into a home in order to pass on the property tax shelter, and do not restrict partial rentals of properties where the primary residence designation has already been established. 3) Prop 19 adversely affects low-to-middle income and minority families worth under 3M collectively, from passing on generational wealth gains from a post WW II economy. According to data from the Los Angeles County Assessor, the significant curtailment of the property tax inheritance exclusion under Proposition 19 would adversely impact many property owners in minority communities. For example, significantly more property owners have claimed the property tax inheritance exclusion in the city of Compton than in the cities of Beverly Hills and Malibu combined. I believe if we look at the parent-to-child transfer data in San Jose, another city in California that has a large amount of Latinx, African American and other minority home ownership, we will find a similar example. Prop 19 is a terrible blow for these communities. The BOE and the legislature has an obligation to enforce and advocate for tax fairness and equal taxation treatment for minority tax payers in California. Lifting the 1M reassessment cap on a parent-to-child primary residence is absolutely crucial and allowing more than one child to inherit up to two properties without tax consequences for estates worth under 3.5M is absolutely necessary. The state should not be allowed to tax low and middle income families into oblivion, forcing them out of their communities because they refuse to appropriately tax Silicon Valley for needed state revenue.