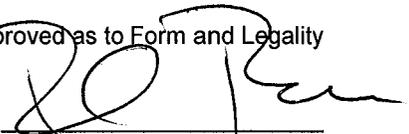


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Approved as to Form and Legality

City Attorney's Office

OAKLAND CITY COUNCIL

RESOLUTION NO. 86243 C.M.S.

INTRODUCED BY COUNCILMEMBER DAN KALB

RESOLUTION IN SUPPORT OF AB 2818 (CHIU) THAT WOULD REQUIRE COUNTY TAX ASSESSORS TO CONSIDER WHEN VALUING PROPERTY FOR PROPERTY TAXATION PURPOSES RECORDED AFFORDABILITY RESTRICTIONS ON LOW AND MODERATE INCOME HOUSING INCLUDING COMMUNITY LAND TRUSTS

WHEREAS, there is a severe shortage of rental housing and homeownership opportunities for low or moderate income (LMI) households in Oakland; and

WHEREAS, existing state law requires every assessor to assess property subject to tax at its full value; and

WHEREAS, as a general rule, private parties, including nonprofit organizations, cannot reduce the taxable value of their property by imposing private encumbrances upon it; only enforceable government restrictions are recognized as limiting the full fee simple interest; and

WHEREAS, Community Land Trusts (CLT) and other non-profit organizations such as Limited-Equity Housing Cooperatives (LEHC) provide an affordable housing model to help LMI households to own a home that may not otherwise be able to purchase one, and many CLTs in California also have robust rental portfolios restricted for LMI households; and

WHEREAS, a CLT is generally formed as a membership-based, non-profit organization with members who include CLT homeowners, neighbors, and other local residents, providing community buy-in over local development, and many CLTs also provide homeowners with homebuyer education and financial literacy courses; and

WHEREAS, while a subsidy is often needed to start a CLT, outside funding is no longer necessary once homes are occupied, which provides steady fee revenues, and are resold, which recycles the original subsidy thereby allowing homes to remain permanently affordable; and

WHEREAS, according to the National CLT Network, virtually all CLT leases pass along the cost of property taxes to the homeowner; and

WHEREAS, LEHCs are housing co-ops that are specifically developed to offer permanently affordable homeownership opportunities for LMI households; and

WHEREAS, share prices in these co-ops are usually low, with price restrictions put on the sale of shares to prevent speculative resale and preserve affordability; and

WHEREAS, existing law does not specify that LEHC ownership is limited to LMI individuals, and as such, non-LMI individuals may be able to benefit from reduced property tax assessments if they own a share in a LEHC; and

WHEREAS, CLTs and LEHCs in California experience an inconsistent methodology for assessing property taxes; in some cases, the units are assessed at "fair market value," which does not take into consideration the underlying land lease and restrictions on home resale price; in other cases, the units are assessed in between the market and restricted value with varying explanations for the inconsistency; and

WHEREAS, AB 668 (Gomez) was passed in 2015 which provided that specified self-imposed private encumbrances could result in assessments of reduced property taxes if the applicable contract is recorded and provided to the assessor, but authorized contracts are limited to those by a non-profit corporation granted a welfare exemption to sell low-income families participating in a special no-interest loan program affordable housing, and as a result, assessors must now consider the non-profit's organization-imposed restrictions when determining a property's assessed valuation; and

WHEREAS, the purpose of AB 2818 (Chiu) is to create consistent assessments; and

WHEREAS, AB 2818 follows the precedent established by AB 668 and requires the county assessor to consider the effect of private party affordability restrictions on a property's use when determining that property's assessed valuation; and

WHEREAS, requiring county assessors to consider the impact of private party enforceable restrictions when valuing real property for property taxation purposes is intended to result in more consistent assessments of homes on CLT-leased land; now, therefore, be it

RESOLVED: That the Oakland City Council hereby endorses AB 2818(Chiu) and urges the California State Legislature and Governor Jerry Brown to support its enactment into law.

IN COUNCIL, OAKLAND, CALIFORNIA,

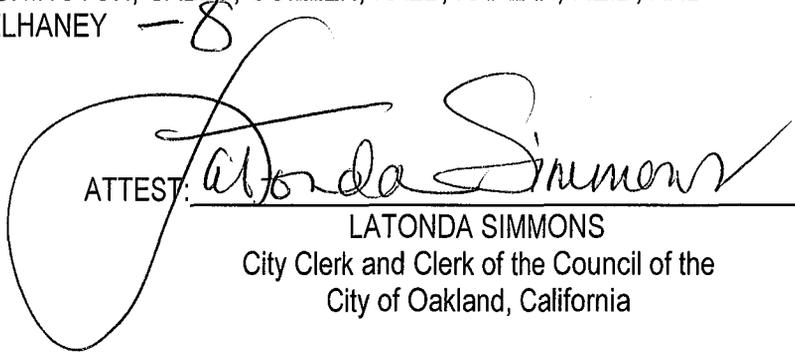
JUN 21 2016

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLÉN, KALB, KAPLAN, REID, AND
PRESIDENT GIBSON MCELHANEY - 8

NOES -
ABSENT -
ABSTENTION -

ATTEST:

A large, stylized handwritten signature in black ink, which appears to read "Latonda Simmons". The signature is written over a horizontal line that serves as a separator between the signature and the printed name below.

LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California