



**Property Tax Fairness Initiative
Legislative Alternative**

**FREQUENTLY ASKED QUESTIONS
May 9, 2018**

What is the Property Tax Fairness Initiative?

The Property Tax Fairness initiative would remove the “moving penalty” for seniors (55+), the disabled, victims of natural disasters, and homeowners living on contaminated property by allowing them to carry their current Proposition 13-protected property tax assessment level to another home of any price, anywhere in the state, any number of times.

In the fall of 2017, C.A.R.’s 900-member Board of Directors voted to launch an effort to move forward and qualify the Initiative for the November 2018 General Election ballot as part of a larger effort to further pro-housing public policies and address California’s historic housing supply and affordability crisis. Data show that nearly three-fourths of homeowners older than 55 years of age have not moved since 2000. As senior homeowners move, housing opportunities for younger families and first-time homebuyers will be created by the housing that’s freed up.

What action did the C.A.R. Board of Directors take at the recent May meetings?

C.A.R.’s Board of Directors, after careful deliberation, voted to explore a parallel route for achieving the Association’s goals and ask the legislature to put the measure on the March 2020 ballot. If that effort is successful, C.A.R. will not need to pursue the Property Tax Fairness Initiative for the November 2018 ballot.

Why was this vote necessary?

The C.A.R. Board of Directors’ decision last fall specified that there would be two distinct phases of the effort. The first was initiative qualification. C.A.R. achieved this goal by gathering 1 million signatures to qualify the Property Tax Fairness Initiative for the November 6, 2018, General Election Ballot.

The most recent C.A.R. Board of Directors decision continues the campaign while also considering the option of a legislative solution.

Why would C.A.R. seek a legislative solution instead of simply passing its own initiative?

C.A.R. is wisely using resources and every possible option to achieve its goals. C.A.R. will work with legislators in Sacramento to determine whether a legislative solution can be reached that achieves property tax fairness and increases homeownership opportunities. C.A.R. expects to achieve a legislative solution and will marshal its extensive resources to make this happen.

(cont.)

In the meantime, C.A.R. will continue to move forward with the November campaign. If a legislative solution is achieved, the measure would appear on the March 2020 ballot. This outcome enables the Association to utilize its resources for other critical priorities in 2018.

Why is C.A.R. delaying the ballot initiative until March 2020? This important policy should not be put off another two years because seniors and the disabled need help now.

C.A.R. is confident that voters will support the Association's initiative, regardless of the ballot on which it appears. The most important consideration is to ensure that C.A.R. can achieve all of its policy priorities, including property tax fairness and other issues. The Board of Directors, recognizing this important fact, has wisely taken advantage of the flexibility provided by a parallel solution. This outcome enables C.A.R.'s resources to be utilized for other critical priorities in 2018.

Won't voter turnout be greater in November 2018 than in March 2020?

Voter turnout in an election year tends to be higher in a presidential election year, and a higher percentage of homeowners tend to vote in a presidential election year. Putting the initiative on the March 2020 ballot increases the likelihood of voter support to pass this initiative.

C.A.R. has invested significant resources to qualify the Property Tax Fairness Initiative. Has it been worth it?

Absolutely. C.A.R. achieved its initial objective by gathering 1 million signatures – enough to qualify the initiative for the November 2018 General Election Ballot. C.A.R. is prepared to win in November because the Association has the financial resources and grassroots strength through 190,000 REALTORS® across California who will mobilize to educate voters. C.A.R.'s strength and preparedness provide the best possible means by which REALTORS® can help attain this important reform either through the initiative or by a legislative solution.

Why didn't C.A.R. simply pursue a legislative option to begin with instead of spending its resources on a ballot initiative?

In 2015 and 2016, C.A.R. twice sponsored legislation to allow senior homeowners to transfer their property tax base to a higher-priced home (sometimes downsizing means moving to a more expensive home). However, under Propositions 60 and 90, the purchase price of the replacement home must be equal to or less than the sales price of the original residence. If, for example, someone sells a home for \$250,000 they must purchase a home for \$250,000 or less to transfer their property tax base. If the purchase price of the replacement home is even one dollar over the sales price of the original residence, they cannot transfer the property tax base.

C.A.R. proposed that the difference between the two simply be added to the base so the transfer could be completed but without giving the homeowner any more of a tax break than if they'd purchased a home of equal value. Despite this being a largely technical reform, the Legislature refused to approve the C.A.R.-sponsored legislation. At that point, it became clear that C.A.R. was going to have to qualify a property tax base portability initiative for the ballot in order to help senior homeowners avoid the Proposition 13 "moving penalty." Qualifying that initiative forces the Legislature to negotiate with C.A.R. or face the prospect of the Property Tax Fairness Initiative going before the voters in November.

What are the chances that the Property Tax Fairness Initiative will pass?

C.A.R. is prepared to achieve a hard-fought victory in November and overcome opposition to the campaign from groups who have been motivated by the state's fiscal analysis of the initiative. This analysis does not paint a true picture of the measure, as it overstates the potential impact to local government finances. C.A.R.'s analysis shows that the Property Tax Fairness Initiative will not hurt and may, in fact, strengthen local government finances.

C.A.R. will begin its statewide campaign asking REALTORS® across the state to get involved and help pass the initiative. The Association's 190,000 members represent California's strongest force in support of homeownership, and the campaign will build a bipartisan, diverse coalition that includes senior organizations, disabled advocacy groups, and families who can speak to the need to eliminate the moving penalty.

While there are no guarantees in political campaigns, C.A.R. is prepared to fight and win. REALTOR® investment of time and resources as part of this grassroots effort will benefit clients, homeownership, and California.

In the 2018 dues bills, C.A.R. members were assessed an additional \$100. What was this to be used for and why won't members be refunded that money if C.A.R. is looking at a legislative alternative?

An increase of \$100 per-REALTOR® to be put toward the Issues Fund was not solely to pass the Property Tax Fairness Initiative. C.A.R.'s Board of Directors specified that the money would be used for initiative campaigns including qualification of the Property Tax Fairness Initiative. Funds from the assessment were used to help gather 1 million signatures to qualify the initiative for the November 2018 General Election Ballot.

Moving forward, C.A.R.'s Board of Directors will continue to ensure REALTOR® resources from the Issues Fund are carefully invested to support initiative campaigns including protection of the Costa-Hawkins law this November.