

1984

## Property Taxation. Historic Structure Exclusion

Follow this and additional works at: [http://repository.uchastings.edu/ca\\_ballot\\_props](http://repository.uchastings.edu/ca_ballot_props)

---

### Recommended Citation

Property Taxation. Historic Structure Exclusion California Proposition 34 (1984).  
[http://repository.uchastings.edu/ca\\_ballot\\_props/924](http://repository.uchastings.edu/ca_ballot_props/924)

This Proposition is brought to you for free and open access by the California Ballot Propositions and Initiatives at UC Hastings Scholarship Repository. It has been accepted for inclusion in Propositions by an authorized administrator of UC Hastings Scholarship Repository. For more information, please contact [marcusc@uchastings.edu](mailto:marcusc@uchastings.edu).

## Official Title and Summary Prepared by the Attorney General

PROPERTY TAXATION. HISTORIC STRUCTURE EXCLUSION. LEGISLATIVE CONSTITUTIONAL AMENDMENT. Under present Constitution provisions, real property is reassessed for taxation purposes when new construction occurs. Exceptions are made for reconstruction after a disaster and for certain solar energy and seismic safety construction. This measure adds additional exceptions for specified construction on certified historic structures that are dwellings occupied by an owner as a principal residence. The exclusion applies to any addition to, or alteration or rehabilitation of, a certified historic structure which is a historically accurate reconstruction of once extant features, necessary for safety or handicapped access, or required by safety codes. Summary of Legislative Analyst's estimate of net state and local government fiscal impact: Loss of property tax revenues to local governments estimated to be less than \$100,000 annually. Increase in state government expenditures of about 32% of this amount to compensate local school districts for their share of property tax revenue losses.

## Final Vote Cast by the Legislature on ACA 69 (Proposition 34)

Assembly: Ayes 69  
Noes 0

Senate: Ayes 29  
Noes 2

## Analysis by the Legislative Analyst

## Background

On June 6, 1978, the voters approved Proposition 13, which added Article XIII A to the California Constitution. Article XIII A provides that the value of real property (that is, land and buildings) generally shall be appraised or reappraised for property tax purposes when (1) the property is purchased, (2) the property is constructed, or (3) a change in ownership of the property has occurred. Otherwise, the value of the property may be increased for property tax purposes by no more than 2 percent per year.

Current law generally requires county assessors to appraise all new construction on the basis of its full market value at the time construction is deemed completed, or if the construction has not been completed, on the basis of the full market value of the work that has been completed as of March 1 (the lien date). In the case of *modifications* in or *additions* to existing property, only that portion of the property which has undergone new construction is subject to reappraisal for property tax purposes.

This method of valuing property for tax purposes prescribed by Article XIII A does not apply to certified historic structures whose owners have entered into a historical property contract with a city or county. Such contracts require the owners to retain the property's historical characteristics for a period of at least 20 years, thereby restricting the purposes for which the property can be used. The assessed value of these properties is based on the value associated with the property's *current* use, rather than on its *market value*. However, any modification or addition to property covered by a historical property contract is generally treated for property tax purposes in the same way that modifications or additions to other types of property are treated. As a result, these changes result in an increase to the property's assessed value.

## Proposal

This measure amends the "new construction" provisions of Article XIII A. Specifically, the measure requires the Legislature to provide that the term "newly constructed" shall not include any addition to, or alteration or reconstruction of, a certified historic structure. The measure, therefore, excludes the value of these improvements from the property's assessed value so long as there is no change in ownership of the property. Whenever a certified historic structure changes ownership, the property would be reappraised at its full market value (including the value of the improvement), as required by current law.

This exemption from reappraisal would not apply to all alterations or additions. It would apply only to alterations involving historically accurate reconstruction of features which were once a part of the structure, or alterations which are necessary either to provide safety or handicapped access or to comply with safety codes. Further, the exemption would be available only to dwellings occupied by the owner as a principal residence.

The exemption provided for in this measure would not apply to property covered by contracts under which the owner agrees to maintain the property's historical characteristics. This is because the valuation of such properties is not determined pursuant to Article XIII A.

## Fiscal Effect

Because the value of certain improvements to historic property would no longer be added to the property tax rolls, this measure would reduce property tax revenues to *local* governments. The amount of this revenue loss depend on the value of improvements that otherwise...

would have been made by the property owners. We estimate that the total loss of revenue to local agencies and school districts would be less than \$100,000 annually.

This measure also would increase *state* expenditures.

because, under existing law, the state must provide local school districts with funding to compensate them for their share (about 32 percent) of the property tax revenue loss identified above.

---

### Text of Proposed Law

This amendment proposed by Assembly Constitutional Amendment 69 (Statutes of 1984, Resolution Chapter 66) expressly amends the Constitution by adding a subdivision thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

#### PROPOSED AMENDMENT TO ARTICLE XIII A, SECTION 2

*(e) For purposes of subdivision (a), the Legislature shall provide that the term "newly constructed" shall not include any addition to, or alteration or rehabilitation of, a certified historic structure which is an historically accurate reconstruction of once extant features or necessary for safety or handicapped access or required by safety code requirements. This subdivision shall apply only to a dwelling occupied by an owner as his or her principal residence. Whenever the owner uses the property for a purpose other than as his or her principal residence, the portion of addition to, or alteration or reconstruction of the structure which was excluded pursuant to this subdivision shall be reassessed.*

---

If you need an absentee ballot call your  
county clerk or registrar of voters

## Argument in Favor of Proposition 34

Can you imagine how different our state would be if every home was no older than ten years old?

Can you imagine people traveling across the country to see prefabricated, 1970-built homes in San Francisco?

No, and neither can we. But, if we do not change our present course, that may well be how things will look.

California has a rich and bountiful history which is often best told through its historic homes. However, that history is being *lost* because present law *unduly* penalizes people for reconstructing their historic properties.

The historic and older homes in California are being torn down and replaced at an alarming and horrendous pace.

A recently completed yearlong study by the California Heritage Task Force revealed that almost half of the houses built before 1940 have been lost to wrecking balls, fires, and neglect.

Many people are choosing the wrecking ball over restoration because they are financially penalized for restoring their historically significant homes.

Proposition 34 will *remove* that penalty. This proposition simply states that if a homeowner chooses to rehabilitate a historic home he or she will not have to pay higher property taxes, unless the house is sold.

The provisions of this amendment will also remove the penalty for making historic homes accessible to the handicapped.

Restoring homes is helpful to all of us. Many deteriorat-

ing communities have been revitalized through the rehabilitation of old homes and buildings, thus enhancing the local economy and bringing in more revenues.

Furthermore, historic homes create a sense of pride and character in a community.

**THIS MEASURE WILL NOT COST THE STATE AN EXTRA CENT. IT DOES NOT REQUIRE ANY APPROPRIATION.**

The Legislature, with a strong *bipartisan* vote, recommended the passage of this amendment.

Your yes vote will help decide if these old and valuable homes get the wrecking ball or the renovating team.

Your yes vote will help preserve our proud heritage.

We urge you to vote yes on Proposition 34. It is truly a vote for the past so that we can better appreciate the future.

Sincerely,

SAM FARR  
Member of the Assembly, 28th District  
Chair, Assembly Economic Development  
and New Technologies Committee

MILTON MARKS  
Member of the Senate, 3rd District  
San Francisco/Marin Counties  
Chair, Senate Local Government Committee

JAMES WILSON JONES  
Executive Director  
California Heritage Task Force

## Rebuttal to Argument in Favor of Proposition 34

The argument in favor of Proposition 34 ignores the central issue involved. The central issue is that the "newly constructed/change in ownership" clause in Proposition 13 is unfair and needs to be changed. Creating special exceptions only creates more unfairness. All persons and entities owning property with the same value should pay the same taxes regardless of when the property was purchased and regardless of when new construction has taken place. Why can't the Legislature grasp this?

Only owners of older homes that are certified historic structures will benefit from Proposition 34. Most older homes will not qualify and their owners will still face the problems that Proposition 34 is supposed to rectify. The homes most likely to qualify are those owned by wealthy individuals with political influence which one cannot help but suspect is the true motive behind Proposition 34. Proposition 34 will favor the wealthy in another way. The

more money a property owner can spend, the greater the tax break Proposition 34 will provide.

The proponents of Proposition 34 emphasize that it will remove the penalty for making historic homes accessible to the handicapped. **WHY, IN HEAVEN'S NAME, SHOULD ANY HOMEOWNER BE PENALIZED FOR MAKING HIS HOME ACCESSIBLE TO THE HANDICAPPED? WHY DOES PROPOSITION 34 MAKE THIS EXCEPTION WHILE PENALIZING EVERYONE ELSE?**

Proposition 34 would be funny if it were a joke on *Saturday Night Live*. As an amendment to the State Constitution it is no laughing matter. **VOTE NO ON PROPOSITION 34!**

TIMOTHY D. WEINLAND  
Attorney at Law

## Argument Against Proposition 34

Proposition 34 is an absurd piece of special interest legislation that will benefit a limited class of wealthy property owners while perpetuating the injustice done to most property owners when their property has new construction or a change in ownership. As such, Proposition 34 deserves to be defeated by voters, and resoundingly so.

Proposition 34 would create a special exception to the "newly constructed change in ownership" clause in Proposition 13 that provides for reassessment of property that has been newly constructed or has undergone a change in ownership. The exception would apply only to the addition, alteration, or rehabilitation of an owner-occupied dwelling that is a certified historic structure. When a home undergoes new construction, there is a reassessment and the owner pays higher taxes. The same is true when a home is sold. This means that some homeowners pay higher property taxes (often much higher) than other homeowners with property of identical value. Rather than correct this injustice, Proposition 34 carves out a special exception for certified historic structures. How many

homeowners live in certified historic structures? Answer: Very few, and most of them are wealthy. All voters who do not live in certified historic structures should vote NO! on Proposition 34, as you will receive no benefit whatsoever from this proposal.

Voters should defeat Proposition 34 and all attempts to create special exceptions to Proposition 13 that favor the wealthy. The founders of this nation stated in the Declaration of Independence "that all men are created equal." The Legislature has clearly lost sight of this as it continually attempts to give special tax breaks to the wealthy while ignoring the injustice that is done to the average homeowner. The simple truth is that the State Constitution needs to be amended to provide for equitable treatment for *all* property owners.

**VOTE NO! ON PROPOSITION 34 and demand justice for *all* property owners!**

**TIMOTHY D. WEINLAND**  
*Attorney at Law*

## Rebuttal to Argument Against Proposition 34

The argument against this proposition is *inaccurate*. The opponent asserts that it will only assist the wealthy. In fact, most historic homes are located in the older, deteriorating or lower income neighborhoods.

People living in low and moderate income communities will be the *winners* if this proposition passes.

The purpose of this proposition is to revitalize and maintain communities. California prides itself on the strength of its neighborhoods. A YES vote will help keep those neighborhoods *together*.

Vote to remove the penalty for historic restoration.

We, members of different political parties, urge you to

vote in favor of this proposition.  
Sincerely,

**SAM FARR**  
*Member of the Assembly, 28th District*  
*Chair, Assembly Economic Development*  
*and New Technologies Committee*

**MILTON MARKS**  
*Member of the Senate, 3rd District*  
*San Francisco/Marin Counties*  
*Chair, Senate Local Government Committee*

**ELEANOR MASON RAMSEY, Ph.D.**  
*Public Member*  
*California Heritage Task Force*