Q: Why is Prop 19 harmful to working families?

A: Prop 19 is not a policy solution to the housing crisis, nor is it an acceptable outcome for tens of thousands of working families. Prop 19 grants new tax breaks to seniors over the age of 55 while also significantly raising the cost of holding property for the children of existing homeowners. This scenario effectively means many low and middle income families will be forced to sell property after they inherit it. Selling housing...during a housing crisis. Housing inventory will essentially be transferred from middle and working class families to those families with higher incomes, seniors with new tax breaks from Prop 19, and developers and large real estate firms interested in turning a profit off of someone else’s loss.

A.1. Will take away family homes and farms as there is no cap 2. Increases food insecurity as farms are re-assessed 3. Challenges businesses to retain employees due to increased housing expense 4. Increases tenant rent due to the squeeze with rent control and re-assessment or will force them to relocate if the home sells 5. Damages the future of California.

Q: Why should the children of property owners be allowed to pay the same tax rates as their parents and grandparents?

A: We acknowledge that there is a legitimate question as to whether heirs of property owners should continue to pay the same tax rate as their parents or grandparents, and what the appropriate amount of taxes heirs should pay once they receive said property. However this important issue was never thoroughly discussed or debated by legislators, nor was the question asked of the voters by the ‘Yes on 19’ campaign prior to the adoption of the new rules. Until such time that a **true, vigorous public debate** occurs about what the appropriate amount of property taxes an heir should pay is, we seek the immediate restoration of property rights which were first approved by voters in 1986 to help tens of thousands of families avoid punishing tax increases which may force them to sell the only significant asset they own.

A.When Proposition 13 passed, the median price of homes was <$155,000. The current median price of homes is $800,000 making property tax ~$10,000. With Median incomes ~$75,000 affordability is an issue even among children of homeowners. Since the 80s the income of children have been declining in comparison to that of parents and grandparents. Many return home to multi-generational households as the “Boomerang” Generation laden with student debt and other obligations.

Q: Can’t an heir just move in to keep the tax break?

A: The new parent-child exclusion is extremely limited and gives the child of a deceased property owner only 12 months to move into the family home after the death of a parent. In addition, the tax break is only a partial exclusion that equals $1m above the existing assessed value of the home. This means that families will experience a tax increase if (a) the child cannot move in fast enough post inheritance (i.e. soldiers overseas on tours of duty, children who live/work out of the area, homes which are unavailable until the conclusion of probate), or (b) the market value of the family home is greater than $1m above the existing assessed value. In some cases, this means dramatic tax increases for some families, even if a child moves into the property after a parent dies.

A.The tax break is based off a formula on base value and $1million exemption… many homes in California have risen dramatically and the market rate valuation will be subjective and not objective (actual sale). The one year is limiting to families as opportunities will be lost to go to school, work, take care of a family member out of state, fill the calling to protect our Country in one of the military branches, etc. It forces parents to decide which child is their favorite to benefit from the tax break or who will most likely live in the property. The worst thing is properties will eventually be lost not allowing Working Families to stay in California as property values keep rising or people can not continue to stay in the home although they would like to return.

Q: Why shouldn’t someone inheriting property pay the same taxes as everyone else who buys property now?

A: When you inherit a house, you are not able to negotiate its value. It’s very different from a market value transaction where someone agreed to a price they can afford. Inheritors with low or middle incomes should not be burdened with an unaffordably high tax rate that forces them to sell simply because others are willing to pay more. Prop 19’s death tax is creating a situation where corporations and the wealthy are separating property from hard working families.

A.Whereas it would be nice to equalize properties now to properties bought decades ago it isn’t realistic. What we should encourage knowing that the disparity in wealth between Latino Homeowners and Renters is 40 times… is homeownership for all as quickly as possible. We’ve all heard the stories of the 5 cent ice cream… would love for a cone today to be priced a lot less.

Q: Why should children of property owners be allowed to inherit the tax base of other property in addition to the primary residence?

A: Market value reassessments are unaffordable for many and will lead to forced sales. In the past year alone, California home values increased by 21.9%. With staggering increases like this, it’s a one-way street where corporate landlords will accumulate family properties. Once these homes are in the hands of corporations, they will never return to families or be forced on the market by a death tax. Think of the small businesses you frequent that are second properties and will be sold due to reassessments, such as restaurants, nurseries, family farms, etc. Think of the families with unique situations where parents purchased a home for children who are disabled, low-income, etc. All face reassessments that may force them to sell and eventually depend on the state for housing and other needs.

A.Families make different choices and sacrifices. Many families who have purchased multiple properties have expended tremendous effort and sacrificed for various reasons. Owning investment properties is not “easy”. If it were, more people would do it. For some families the intention to buy multiple properties was to provide housing to multiple children. For others, it may be to generate stable income for disabled children. Ultimately, the income afforded from family legacy can keep people off public assistance leaving more for those in need.

Q: What is the appropriate amount of taxes an heir should pay?

A: There should be a compromise between the market in which it was purchased and current market value; a middle ground the average Californian can afford. If we want to make taxes fair for everyone, Prop 19’s death tax targeting middle class families is not the answer.

A. People always talk about taxing the wealthy and the wealthy paying their “fair share”. The class wars divide us resulting in Working Middle Class Families paying more while the truly wealthy aren’t touched by public policy. Inheritors of property typically inherit properties in their Senior years while on fixed income. Many are looking for affordable housing when the cost of long term care is averaging $110,000 per year. The thing to remember is… until someone sells the home no monetary gain is realized. Taxing someone on unrealized “wealth” is not reasonable as wealth is fleeting and can easily come or go. If values drop, there won’t be any refunds. Is it appropriate for people to pay taxes when they may be struggling? Proposition 19 was nicknamed the Homelessness Machine...

Q: Why should renters care about Prop 19 and the loss of Prop 13 for rental properties?

A: “Renters should care about Prop 13 because even though they don’t own homes and they may not directly benefit from it, per se, what it does do is keep rents stable… because obviously any increase in property taxes will be passed along to tenants… passed along to everybody.”

David Wolfe, Well Versed Consulting

<https://youtu.be/kwRYxKrIe_8?t=2>

A.Renters under Rent Control run the risk of new owners determining it is no longer worth it to own and sell being squeezed by rising costs. Should a corporation buy, the corporation might do capital gains improvements which are allowed to be passed on to tenants raising rents. Should an owner occupant buy, the tenant could be displaced to market rate rents losing NOAH (Naturally Occurring Affordable Housing)

Q. Proposition 13 Takes Money From Schools

A. Pure illusory effect. 41% of State Budget goes to schools and yet we are in the state we are in due to poor financial management.

Proposition 98:

<https://edsource.org/wp-content/publications/PolicyBriefR3.pdf>

Proposition 30:

<https://calbudgetcenter.org/resources/what-has-proposition-30-meant-for-california/>

Proposition 55:

<https://www.californiachoices.org/proposition-55>