



ANTONIO VAZQUEZ
CHAIRMAN
CALIFORNIA STATE BOARD OF EQUALIZATION

MEMORANDUM

Date: May 12, 2023

To: Sally J. Lieber, Vice Chair
Ted Gaines, Board Member, First District
Mike Schaefer, Board Member, Fourth District
Malia M. Cohen, State Controller

From: Antonio Vazquez, Chairman

Re: **May 23, 2023, Board Meeting Agenda Item 9. 2023 Economic Trends in California; Forecasts for Sectors of Growth and/or Decline, Possible Impacts on Property Values from Inflation, Rising Interest Rates, State and Local Initiatives, and Other Factors.**

The purpose of this agenda item is to provide the Board with an update by various economists, property experts, and county assessors on the current and anticipated market conditions, potential challenges of rising interest rates, vacancy rates, relevant state and local policy initiatives, and other factors impacting real property, specifically housing throughout the state. Two reports recently issued by the California Association of Realtors and the California Housing Partnership will be presented and discussed. Experts from each of these organizations will explore perspectives on the specific trends affecting the affordable housing market.

- The speaker from the California Association of Realtors (C.A.R.) will present a report on “Perspectives on Housing Affordability by Ethnicity in California,” <https://www.car.org/marketdata/data/haitraditional/haiethnicity>
- The speaker from the California Housing Partnership will present a report on “Affordable Homes at Risk: Trends through 2022,” <https://chpc.wpenginepowered.com/wp-content/uploads/2023/04/At-Risk-2023-Subsidized-Report-final.pdf>

Background


The Board has the responsibility to report annually to the Governor, showing: (a) the assessed value of state-assessed and locally assessed real and personal property in each incorporated city or town; (b) information concerning other taxes it administers; and (c)

further information and suggestions as it shall deem proper. (Gov. Code, section 15616.) To ensure consistency and uniformity relative to the assessment of all properties, as well as the need for and the application of property tax exemptions, the Board and all stakeholders and interested parties are advised to consult with qualified experts and other authoritative sources regarding the economic trends and technical factors that would aid them in valuing property. Property appraisals are impacted by a variety of economic trends and transactions, including purchases and sales, financing, leasing, damage or disaster, changes in use, and even bankruptcies, lawsuits and government actions or initiatives.

Goal

In the interest of accuracy and thoroughness of both locally assessed property appraisals and the effects and impacts of property tax exemptions, our ultimate goal is to inform the Board Members, the 58 California Assessors, the taxpayers, and the Legislature – in an open and transparent forum – of the emerging economic trends and forecasts that may be impacting property values, including affordable rental housing, in the 2023 year.

At the conclusion of the presentations and input received, the Board is encouraged to ask questions and explore opportunities for revisiting this matter and discussing ways to meet the challenges of these economic trends and their potential impacts on property values, or to take other action.


ANTONIO VAZQUEZ, Chairman
Board of Equalization, 3rd District

cc: Ms. Deborah Bautista-Zavala, Chief Deputy, Office of Chairman Antonio Vazquez
Mr. Gary Gartner, Chief Deputy, Office of Vice Chair Sally J. Lieber
Mr. Matt Cox, Chief Deputy, Office of Member Ted Gaines
Mr. Cody Petterson, Chief Deputy, Office of Member Mike Schaefer
Mr. Hasib Emran, Deputy State Controller, Taxation
Ms. Yvette M. Stowers, Executive Director
Mr. Henry Nanjo, Chief Counsel