

**Guidance on the Assessment of Community Land Trust Housing
Interested Parties Meeting
April 10, 2018**

Summary

Staff met with interested parties to discuss proposed guidance related to Assembly Bill 2818, a 2016 bill that amended Revenue and Taxation Code section 402.1 to require county assessors to recognize certain land use restrictions imposed by community land trusts (CLTs). Present were several county assessors, representatives of various CLTs, and others.

Proposed Guidance

Staff's proposed guidance, in the form of a draft Letter To Assessors, would advise assessors to value the CLT homes by summing their nominal sales prices and the present values of future land lease payments from the homeowners to the CLTs. The guidance also advises that transactions entered into prior to the bill's effective date are not affected, except to the extent that, in subsequent years, a reduction is warranted as a "Proposition 8" decline in value.

Comments from CLT Representatives

- Staff's proposed guidance frustrates AB 2818's intent to ensure a consistent and predictable method of taxation of homes on CLT lands.
- The sales prices for improvements on CLT lands include the value of the underlying lands, and therefore no additional value component should be added to reflect the present value of the land lease payments.
- AB 2818's amendments should be construed as being declaratory of existing law, and transactions that occurred prior to the bill's effective date should therefore also be covered.

Comments from Assessors

- Despite the intent of the bill, the amendments do not allow assessors to combine the value of the land with the value of the improvements.
- CLT representatives may wish to pursue legislation that would make clear that the purchase price of the improvements is presumed to include the value of the underlying land.
- The amendments do not authorize a retroactive application.

Conclusion

- Staff will revise the proposed guidance to make clear that the land underlying CLT housing must be valued reflecting the restrictions on use.
- An interested parties meeting will be scheduled to discuss the revisions.