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CALIFORNIA ASSOCIATION OF REALTORS®

August 10, 2021

State Board of Equalization  
Attn: Henry Nanjo, Chief Counsel  
MIC: 121, P.O. Box 942879  
Sacramento, CA 94279-0121

**RE: Response to Proposed Property Tax Rule 462.540**

Dear Mr. Nanjo,

The California Association of REALTORS® (C.A.R.) thanks you for the opportunity to provide comments to proposed [Property Tax Rule 462.540](#). C.A.R. along with numerous other stakeholders have had the opportunity to engage with the Legislature and the Board in order to ensure that key provisions of Proposition 19, also known as Assembly Constitutional Amendment 11 (ACA 11), are enacted uniformly and in conformity with the intent and language of the initiative via regulation and state statute.

C.A.R. requests that the Board consider incorporating two clarifying provisions which are consistent with the recent amendments of SB 539 (Hertzberg). These two provisions are germane to the following issues:

**1. Define “Equal or lesser value”**

(1) “Equal or lesser value” means that the amount of the full cash value of a replacement dwelling does not exceed one of the following:

- (A) One hundred percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed prior to the date of the sale of the original property.
- (B) One hundred and five percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the first year following the date of the sale of the original property.
- (C) One hundred and ten percent of the amount of the full cash value of the original property if the replacement dwelling is purchased or newly constructed within the second year following the date of the sale of the original property.

**2. Provide clarity to Accessory Dwelling Units (ADUs)**

(1) An original dwelling or replacement dwelling shall be not be considered a multiunit dwelling if:

- (A) there is a dwelling unit on the property,
- (B) the only other units on the real property are accessory dwelling units or junior accessory dwelling units,
- (C) any accessory dwelling units and junior accessory dwelling units are not separately alienable from the title of any other dwelling unit on the property, and
- (D) the claimant occupies one of the structures as their primary residence.



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To ensure conformity with the language of the statute and initiative, C.A.R. respectfully requests you amend the proposed rule as discussed above.

Please feel free to reach out to us at [vanessac@car.org](mailto:vanessac@car.org) or 916-492-5200 if you have any questions regarding our comments.

Thank you,

A handwritten signature in black ink, appearing to read 'Vanessa L. Chavez', with a stylized flourish extending to the right.

Vanessa L. Chavez  
Legislative Advocate