

# California's "End Around" Property Tax Hike



## PROLOGUE

**My wife and I love and are very proud of our daughter. She always did well in grade school. She was in the top of her classes in both High School and College. Worked and paid her own way through College and graduated with a degree in her career field and money in the bank.**

**Following college she got a job in her chosen field and is well established on her career path. She likes what she does, who she works with and the city she works in. She is liked and respected by her co-workers and on a secure path in her employment. She has a good paying job with benefits.**

## BUT IN CALIFORNIA

**A wonderful daughter and model citizen who has done everything right cannot find a place to live that she can afford in the city where she works. A one bedroom apartment is \$1500 a month plus utilities.**

**Why is housing so expensive and scarce in California? In a word, Government at all levels.**

**Many years ago California voters passed a ballot initiative titled Proposition 13 to stabilize and limit government property tax increases to 1% a year. In other words they could not increase your properties tax value base more than 1% a year as long as you lived in your home no matter what happened to property values in your neighborhood.**

**If you sold your home or did a major add-on you could trigger a revaluation process. Otherwise you were protected by Proposition 13 from property tax increases of more than 1% a year by greedy government.**

**City, County and State Government in California have an endless thirst for more revenue. If they can't raise property taxes more than 1% a year they must find other ways. Fees and assessments are one route they have taken. Both are just tax increases with an identity crises.**

**Now many (all?) cities/counties have raised the fees for a Building Permit, associated fees and assessments. If you want to read a fee schedule for one city go to:**

**This is a 79 page document with a "laundry list" of fees for new construction. You need to read the whole "book" to see all the various assessments/fees added to the basic original "Permit" fee.**

**I don't have information on all cities/counties but, based on information I have received from reliable sources, the "average" for "new" Building Permit and Property Development fees that use to average about 65 cents per square foot have risen to an average of about Ten Dollars and 65 cents per square foot.**

**Using these numbers as an example: You want to build a 1,500 square foot house. With patio, walkway, driveway and garage you are "building/developing" a total of 3,000 square feet. Based on the old rate of 65 cents a square foot, the Building Permit Fee would have cost you \$1,950. Under the new fee structure that same permit now costs you \$31,950. This is before you turn over the first shovelful of dirt or drive the first nail. That raises the cost of building your house by \$30,000 in this example.**

**If a developer wants to put in a housing, condo or apartment complex that increase in cost has to be passed on to the buyer.**

**This is one of the reasons you see so many new housing developments with two story houses built on tiny lots almost touching each other and having little or no front or back yards. The added per square foot fee cost raises the cost of construction and the final price of the house, condo or apartment. Hence, \$1500 per month rent on a one bedroom apartment.**

**This added on cost of building now raises your property value for tax purposes and lets government tax you on that additional \$30,000 they charged you for "permission to build" on a "forever" basis as Property Tax. To put it another way you are now paying property taxes year after year on a Government Fee! The perfect End-Around tax hike.**

**It also forces up property values for existing houses and creates additional tax "opportunities" for government to collect even more property taxes as "value inflated" properties are sold on the market. Government "wins" again. Even as more and more citizens find they cannot find affordable housing.**

**Another reason for high housing costs is the demands put on builders to meet ever new and changing requirements for housing. Many are desirable but expensive. For example: Solar panels will soon (or may now) be required on new construction which can quickly add \$20,000 to the cost of a house and its property value tax base.**

**I remember many years ago in California, when property taxes included Police and Fire Protection, schools, street maintenance, water and sewer service plus "garbage" service. Now many of these are separate billed services or assessments on your annual property tax bill. Those earlier days are long gone.**

**The above described Government greed for revenue is one of the reasons that housing is unaffordable in California and we see "tent cities" springing up in our cities and along our roads.**

**"If God had not wanted them shorn, He would not have made them sheep." - The Bandit Calvera - The Magnificent Seven - United Artists 1960**

**Bob Bandy**