



# CITY OF LAVERNE CITY HALL

3660 "D" Street, La Verne, California 91750-3599

[www.cityoflaverne.org](http://www.cityoflaverne.org)

April 16, 2024

Senate Committee on Appropriations  
State Capitol, Room 412  
Sacramento, CA 95814

Submitted via the Legislative Position Letter Portal

**RE: Opposition to Senate Bill 1164 (SB 1164) Property Taxation: New Construction Exclusion: Accessory Dwelling Units**

Dear Honorable Senate Appropriations Committee Members:

I write to you on behalf of the City of La Verne to express our city's deep concerns regarding SB 1164, as introduced by Senator Newman. This bill, proposing to amend the property tax framework regarding the construction of accessory dwelling units (ADUs), stands to significantly disrupt the financial equilibrium of municipalities throughout California, including our own. The proposed exclusion of ADUs from being classified as "new construction" for property tax purposes for fifteen years has prompted a critical examination of its implications on local governance and fiscal management. The California State Board of Equalization identifies an estimated annual property tax revenue loss of \$19 million, a figure that starkly highlights the financial jeopardy that SB 1164 would impose.

SB 1164 overlooks the existing legislative framework that already promotes ADU development without jeopardizing municipal revenues. Specifically, Government Code Section 65852.2 mandates a streamlined, ministerial approval process for ADUs, setting forth objective standards that local governments must follow. Furthermore, it stipulates that local agencies cannot levy impact fees on ADUs smaller than 750 square feet, providing a clear incentive for their development without necessitating additional financial incentives that compromise city revenues. Furthermore, the state has demonstrated a commitment to expanding ADU construction through various grant opportunities, such as the California Housing Finance Agency's (CalHFA) ADU Grant Program, which provides grants of up to \$40,000 to cover pre-development and non-recurring closing costs associated with ADU construction.

Municipalities rely heavily on property tax revenues to fund essential services such as public safety, education, infrastructure maintenance, and community programs.

By shielding ADUs from property tax reassessment for an extended period, SB 1164 threatens to diminish these vital revenue streams. This could force cities to curtail services or seek alternative revenue sources, placing undue financial burdens on our residents and businesses.

We advocate for a balanced approach to housing policy—one that addresses affordability while preserving the fiscal health of municipalities. To this end, we respectfully urge your reconsideration of SB 1164.

Thank you for considering our perspective on this important matter.

Sincerely,

A handwritten signature in black ink that reads "Tim Hepburn". The signature is written in a cursive style with a large initial "T" and "H".

Tim Hepburn  
Mayor

C: City Council  
Ken Domer, City Manager