

# Administration of Property Tax Assessment

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# Property Tax Assessment

## Finance Department Role in Tax Administration

- Ensure accurate reporting and timely annual submission of the City's property tax assessments to the County of Alameda.
- Act as the City's tax administrator and administer tax measures as approved by voters.
- Administer the calculation and assessment of City property taxes in strict accordance with the language contained in the measures that authorized the imposition of those taxes.



# City Property Tax Special Assessment

## Calculation of City Property Tax Special Assessment

Square footage = total gross horizontal areas of all floors, including usable basements and cellars, below the roof that are not otherwise except.



Exclusions:

- Off-street parking spaces or loading berths and driveways
- Outdoor or semi-outdoor areas developed for active or recreation use (e.g., stoops, balconies, terraces, pools, patios, and natural ground areas)
- Arcades, porticoes, and similar open areas which are located at or near street level, which are accessible to the general public, and which are not designed or used as sales, display, storage, service or production areas

The Department of Finance does not have authority to grant any additional exceptions of the taxes, or to modify them in any way.



# City Property Tax Special Assessment

## Example of an Exception (Patio)

House 1 with patio	House 2 with no patio
 A line drawing of a house with a gabled roof, a front door, and two windows. A small rectangular area on the right side of the house is labeled "Patio" with a vertical line pointing to it.	 A line drawing of a house with a gabled roof, a front door, and two windows, identical to House 1 but without the patio.
Both houses have the same <b>taxable</b> square footage (patios are not included in taxable square footage)	

# City Property Tax Special Assessment

## Example of Similar Houses with Different Tax Assessments

House 1 with no basement	House 2 with usable basement
 A simple line-art icon of a house with a gabled roof, a central arched doorway, and two square windows on either side. It represents a house without a basement.	 A simple line-art icon of a house, identical in appearance to House 1, but with a shaded rectangular area below the main floor level, representing a usable basement. <p data-bbox="1378 1133 1880 1186">Higher tax assessment</p>
<p data-bbox="499 1239 1964 1339">The basement in House 2 is included in the taxable square footage calculation.</p>	



# City Property Tax Special Assessment

## Fairness in Tax Administration

- Tax is assessed and collected according to the specific language of the measures authorizing them.
- We do this based solely on information we have regarding the improvements made to each property within the City.
- We do not have or use any data about the age, race, income level, or any other biographical information of a property owner.

The exact same criteria, authorized by Council and approved by Berkeley voters, are applied to every property in the City.



# City Property Tax Special Assessment

## Differences in Data Usage and Tax Assessment Between City and County

- County does not use area measurements for assessment of Property Tax. County ad valorem taxes are based on property assessed values.
- County records are designed for their own, non-taxation purposes, such as comparative valuation analysis.
- The City does not use County records for its tax assessment purposes, and is under no legal obligation to do so.

**City taxation and County data are based on the same building plans, submitted to City Planning Department.**



# City Property Tax Special Assessment

## Differences in City and County Data

- Examples:
  - County data does not include basements or cellars, while City taxable square footage includes usable basements and cellars. This difference alone affects approximately 40% of the City of Berkeley's properties.
  - County data sometimes includes garages, but the City property tax data does not include them, because the City tax language exempts garages.





# City Property Tax Special Assessment

## Difference in Data Use for Zoning and Taxation

- Zoning uses data to measure habitability and building story count
  - Usable space refers to portions of buildings suitable for human habitation, and requires finished walls and heating.
  - Height requirements of usable space are used to calculate building story counts for zoning applicability.
- Taxation uses data to measure total building area, with only voter-approved exceptions subtracted
  - The total gross area, including all usable basements and cellars, whether that usage is for human habitation, or for other purposes, such as storage, is taxable. Non-habitable space is part of the total building area.

The differences between the uses of the Zoning Code and the Taxation Code are why the definitions from one cannot be applied to the other.



# City Property Tax Special Assessment

## Discussion of Specific Recommendations Included in Agenda Item #2

1. Taxable space must have manufactured flooring. If the understory has dirt base, it shall not be taxed (Uniform Building Code R502 – floor material requirement). (Acceptable proof: photo)
2. Taxable basement space must be of required height clearance. If understory has proper flooring and is of limited height, 6' 8" or less, with 6'4" allowance for ducting, then it shall not be taxed (Uniform Building Code R305 – basement height requirement) (Acceptable proof: photo with measuring tape)
3. Taxable attic space must have required height clearance. If finished attic, only areas of 6'4" height or more is taxed for city assessments (Acceptable proof: photo with measuring tape)

For recommendations 1-3, the Municipal Code does not currently contain any description of whether the area is manufactured or dirt, or define any height requirements. It only refers to usable space.



# City Property Tax Special Assessment

## Discussion of Specific Recommendations Included in Agenda Item #2

4. City of Berkeley shall post the property's taxable square footage in at least 12 point font on the City's Parcel Viewer page. City of Berkeley shall disclose the potential increase to taxable square footage liability for the taxpayer when application for building addition is made.
5. City of Berkeley shall make public the taxable square footage liability of the proposed finished building to the community when a Zoning Adjustments Board application is made.
6. City of Berkeley shall disclose a property's taxable square footage in writing to a property owner or interested buyer, upon request.

For recommendations 4-6, the taxable square footage information is already available on the City Open Data Portal. It can be accessed at:

<https://data.cityofberkeley.info/City-Government/Taxable-Square-Footage/9a47-nj4i>



# City Property Tax Special Assessment

## Discussion of Specific Recommendations Included in Agenda Item #2

7. If the taxpayer requests a correction on the square footage assessments, and the space in question does not align with the above taxability requirements, the taxpayer shall be entitled to a refund on all 9 city and schools assessments for the previous four full years of taxes (Civil Code 5097). Requests for correction shall be allowed at any time.

**We need further clarification on what is being requested. The timing of the change to assessment criteria and any request for review by a taxpayer will affect whether any refund is due.**



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Questions?