

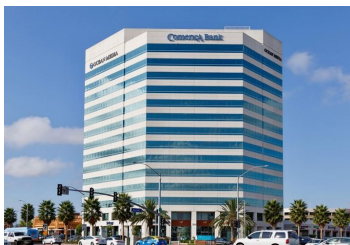
Prop. 13 Jitters: Decron Sells Mixed-Use Office And Retail Complex In Huntington Beach Ahead Of Split Roll Vote Next Year

July 17, 2019 | Joseph Pimentel, Bisnow Los Angeles

Want to get a jump-start on upcoming deals? Meet the major Orange County players at **one of our upcoming events!**

Call it the "split roll" jitters.

Citing a state ballot measure that would raise property taxes on nonresidential commercial and industrial buildings, **Decron Properties** has sold an 8.6-acre mixed-use office and retail property in **Huntington Beach**.



Decron has sold Ocean Plaza, a 14-story, 207K SF skyscraper with a separate one-story, 108K SF retail and restaurant building to Vancouver, Canada-based **Omni Group** for \$97.25M. Cushman and Wakefield's Marc Renard represented Decron.

Decron officials said the sale of the mixed-use property is part of the company's strategy to divest itself of its office and retail assets ahead of the possible changes to California's **Prop. 13**, a law under which taxes on residential and commercial properties can't be reassessed based on market value until they sell.

Decron CEO **David Nagel** said the company will focus its efforts on multifamily properties in California and Washington state.

"Proposition 13 notwithstanding, we have made a concerted effort to focus more on building our multifamily portfolio where cash flows are more consistent and growing at a faster pace than commercial by expanding into new markets throughout the Western United States," Nagel said in a news release. "There is a shortage of affordable quality housing for middle income earners throughout the [Western] region and we are focused on trying to find solutions to that issue."

Under the state's Prop. 13, which was passed in 1978, property taxes for residential and commercial buildings are only brought to current market value once the property is sold to a new owner. California's property taxes are 1.1% to 2% of the purchase price.

A new measure, the California Tax on Commercial and Industrial Properties For Education and Local Government Funding Initiative, more commonly known as "split roll," would remove nonresidential commercial properties from Prop. 13's protection.

If passed on the November 2020 ballot, retail, office, grocery stores, industrial and mixed-use properties would see property taxes raised to the current market value. Additionally, those properties would be reassessed every three years.

The split roll measure does not impact apartment buildings since it falls under residential, **Apartment Association of Greater Los Angeles** Executive Director Daniel Yukelson told *Bisnow*.

**BISNOW MULTIFAMILY ANNUAL CONFERENCE (BMAC)
HOUSTON**

OCTOBER 3, 2019 | REGISTER NOW

FEATURED SPEAKER
JOY HORAK-BROWN
President and CEO, New Hope
Housing



For mixed-use buildings with residential components, only the nonresidential commercial property would be subject to the

increased property tax, Yukelson said.

Yukelson cited an article about the dangers of the split-roll initiative in the Apartment Association of Greater Los Angeles' monthly magazine by [Howard Jarvis Taxpayers Association](#) Vice President of Communications Susan Shelley.

"Although this split-roll initiative would spare apartment buildings, leaving all residential property under Proposition 13's protection, a different threat to apartment owners could be on the horizon," [Shelley wrote](#). "Governor Gavin Newsom has expressed a desire to enact wide-ranging changes to state tax law. During the campaign, he stated that Proposition 13 is 'on the table,' and when he presented his budget proposal earlier this year, he suggested that the split-roll initiative on the 2020 ballot could be part of a broader negotiation for changes to the state's tax laws, possibly including a new sales tax on services."

Decron had owned as many as 16 commercial properties, a Decron spokesman wrote in an email to [Bisnow](#).

The sale of Ocean Plaza is its seventh retail and office commercial property sale since 2014. Decron currently has nine commercial/retail properties on its website.

Decron officials said the company has invested about \$350M in multifamily assets in California and Washington. The company's multifamily portfolio encompasses 8,000 units.

See Also: [Anaheim's 'Sinkin' Lincoln' Site To Be Redeveloped Into 30-Acre Mixed-Use Megaproject](#)

Related Topics: [Decron Properties](#), [Split Roll](#), [Huntington Beach](#), [Decron Properties Corp.](#) , [Apartment Association of Greater Los Angeles](#), [city of Huntington Beach](#), [Ocean Plaza](#), [Dan Yukelson](#), [Prop. 13 split roll](#)