

Gregory J. Smith
Assessor/Recorder/Clerk
County of San Diego

**Reappraisal Exclusion
for Seniors**
*A Property Tax
Savings Program*

Locations to Serve You

CHULA VISTA

590 Third Avenue
Chula Vista, CA 91910
(619) 498-2200

EL CAJON

200 S. Magnolia Avenue
El Cajon, CA 92020
(619) 401-5700

SAN DIEGO

County Administration Center
1600 Pacific Highway, Room 103
San Diego, CA 92101
(619) 531-5481

KEARNY MESA

9225 Clairemont Mesa Blvd.
San Diego, CA 92123
(858) 505-6262

SAN MARCOS

334 Via Vera Cruz, Ste. 150
San Marcos, CA 92069
(760) 940-6868

- OFFICE HOURS -

8:00 am - 5:00 pm Monday thru Friday
9:00 am - 3:00 pm Saturday (Kearny Mesa Only)

www.sdarcc.com

What does Proposition 60/90 Reappraisal Exclusion for Seniors provide?

This is a property tax savings program for those aged 55 or older who are selling their home and buying another of **equal or lesser value**. Under Proposition 13, a home is normally appraised at its full market value at the time it is purchased. This program allows the taxable value on the original home to be transferred to the replacement home thereby preventing an increase in property tax. This property tax exclusion, when combined with the current \$500,000 capital gains exclusion, provides a powerful reason to sell a property and purchase another.

Is there an age requirement to qualify?

Yes. The property owner must be 55 years of age or older at the time the original property is sold in order to qualify. For married couples, only one spouse must be 55 years of age or older in order to qualify.

Must the property be owner-occupied?

Yes. Both the original and replacement property must be eligible for a homeowner's exemption. This means that the property must be the owner's principal place of residence.

May I take advantage of this program more than once?

No. This is a one-time only program.

Is there a time limit for this program?

Yes. You must sell your original home and buy your new property within a two-year period in order to qualify. The application must be filed within three years of the date a replacement home is purchased or new construction of a replacement home is completed.

If I buy a replacement home with a much higher value than my present home, can I qualify for a partial exclusion?

No. Partial exclusions are not allowed under this program, it is either all or nothing.

Are there property value limits on this program?

Yes. Generally, the value of the replacement property must be equal to or less than the market value of the original property. Specifically, the following percentages apply:

- 100% of the market value of an original property if a replacement home is purchased before the original property is sold.
- 105% of the market value of an original property if a replacement home is purchased within one year after the sale of the original property.
- 110% of the market value of an original property if a replacement home is purchased within the second year after the sale of the original property.

If I decide to build my replacement property, does this qualify for this program?

Yes. New construction does qualify for this program, although there are specific requirements that must be followed. If you are interested in pursuing this option you may contact the Assessor's Office at (619) 531-5481 to go over the requirements.

How will the Assessor's Office determine the market value of my replacement home if I build it myself?

The Assessor's Office will determine the value of the newly constructed residence by looking at comparable sales of similar property. The value can often be substantially higher than the actual cost of construction especially if the work is completed by the homeowner and not by an outside general contractor.

Is the "equal or lesser value" test a simple comparison of the sales price of the original property and the purchase price or cost of new construction of the replacement home?

No. The comparison must be made using the full market value of the original property and the full market value of the replacement home as of its date of purchase. This is important because the sales price is not always the same as market value. The assessor must determine the market value for each property, which may differ from the actual sales price.

Is this program available if I move from another California county to San Diego?

Yes. You can come from any California county and move to San Diego and transfer your base year value. However, only Alameda, Kern, Los Angeles, Modoc, Orange, San Mateo, Santa Clara and Ventura will allow the transfer from San Diego to their county.

May I give my original property to my child and still receive the Proposition 60/90 benefit when I purchase a replacement property?

No. The law provides that an original property must be sold for consideration and subject to reappraisal at full market value at the time of sale. Original property transferred to a child or disposed of by gift or inheritance does not qualify.

Can two otherwise qualified property owners who have recently sold their separately owned original properties combine their claim when they buy a single replacement home together?

No. They can only receive the benefit if one or the other, not both together, qualifies by comparing his or her original property to the jointly purchased replacement home. The implementing legislation specifically disallows combining a claim in this manner, regardless of whether the co-owners of the replacement home are married or not.

If an addition is made to a replacement home (such as a new room, detached garage, or pool) after the base year has been transferred, can that addition be excluded from re-assessment?

Yes. The law provides that if new construction is performed upon the replacement home after the base year value has been transferred, the newly constructed portion is excluded from assessment if three specific conditions are met:

- The new construction is completed within two years of the date of sale of the original property;
- The owner notifies the assessor of the new construction in writing no later than 30 days after its completion; and
- The market value of the new construction plus the market value of the replacement home is not greater than the market value of the original property.

What if my original property contains more than just my principal residence and the land necessary for that residence?

You will receive Proposition 60/90 benefits only if the replacement home is of equal or lesser value than the portion of the original property that is your principal residence, and the land that is necessary for that residence. The market value of the rest of the original property is not included in the comparison of the original property with the replacement home.

Do I still have to pay the existing, current tax bill on the replacement property or will that bill be adjusted to reflect the new value?

Yes. You must pay the current year tax bill on your replacement property. That bill cannot be adjusted or cancelled to reflect the Proposition 60/90 benefit. Any correction resulting from the original value transfer will be made on the supplemental assessment. When the entire process is complete, you will have the same assessed value as your original property.

How can I apply for this program?

In order to qualify, you must complete and submit the necessary application within three years of the date you buy your replacement property. You may request the necessary application by writing to Gregory J. Smith, County Assessor, 1600 Pacific Highway, Room 103, San Diego, CA 92101, or by calling at (619) 531-5481. You may also download the form from our website at www.sdarcc.com.

Are there any other tax advantages for seniors?

Yes. There are certain income tax programs that can be "piggy-backed" along with this property tax program. Specifically, if you are a senior citizen, age 55 or older, and you have lived in your home as your principal place of residence for two of the last five years, you can sell your home and a portion of the capital gains is not taxable. For married couples, the first \$500,000 in capital gains is not taxable. For single individuals, the first \$250,000 in

capital gains is not taxable. For further information, please contact your income tax preparer or the Internal Revenue Service at (800) 829-1040.

Other Property Tax Assistance Programs

If you are blind, disabled, or 62 years of age or older and on limited income, you may be eligible for one of the following programs:

(1) Property Tax Postponement

If you have a limited annual income, you may defer the property taxes on your house, condo, or mobilehome. This deferred payment is a lien on the property and generally becomes due upon sale, change of residence or death. The filing period is from May 15 through December 10. For more information and the necessary application, call the State Controller's Office at (800) 952-5661 or visit their website at www.sco.ca.gov.

(2) Homeowner's Assistance

If you have a limited annual income, the State provides for partial reimbursement on the property taxes on your home. Filing for this program will not result in a lien being placed on your property. The filing period is from July 1 through June 30. For more information and the necessary application, call the State Franchise Tax Board at (800) 338-0505 or visit their website at www.ftb.ca.gov.

Visit the Assessor's website at www.sdarcc.com for information on a wide range of other property tax topics, information, and forms.

