

Property Tax Relief on Replacement Dwellings for Seniors

When a sale or transfer of a property is recorded with the county recorder it is the responsibility of the new owner to complete the Preliminary Change of Ownership (PCOR). Buyers customarily complete this form in escrow. The PCOR is a two page questionnaire requesting information on the property, principals involved in the transfer, type of transfer, purchase price and terms of sale, if applicable, and other such pertinent data. One of the many reasons the county assessor needs this information is to verify the eligibility for tax relief under Revenue and Taxation Code Section 69.5.

Originally passed as Proposition 60 and 90 these constitutional tax initiatives provide tax relief by preventing property reassessment when a person, age 55 or older, sells his/her existing residence and purchases or constructs a replacement residence of equal or lesser value than the original property.



How Do These Tax Initiatives Work?

When a person, age 55 or older, purchases or constructs a new residence, it is not reassessed if he/she qualifies. The Assessor transfers the factored base value of the original property located in the same County.

Later, Proposition 90 enabled this to be modified by local ordinance. The homeowner is still eligible if moving to a County that has adopted a Proposition 90 ordinance.

The meaning of equal or lesser value depends on when you purchase the replacement property. In general, equal or lesser value means:

100 % or less of the market value of the original property if a replacement property were purchased or newly constructed before the sale of the original property, or

105% or less of the market value of the original property if a replacement property were purchased or newly constructed within the first year after the sale of the original property, or

110% or less of the market value of the original property if a replacement property were purchased or newly constructed within the second year after the sale of the original property.

Counties which have adopted a Proposition 90 Ordinance

Alameda

Orange

Santa Clara

San Mateo

San Diego

Ventura

Los Angeles

Tuolumne

Riverside

San Bernardino

Effective 12.6.18 LE

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Old Republic Title strongly recommends that consumers confer with their title insurer as underwriting requirements vary among companies and further, obtain guidance and advice from qualified professionals, including attorneys specializing in Real Property, Trusts and/or Title Insurance to get more detailed, and current, information as to any particular situation affecting them.

Source: <http://www.boe.ca.gov/>

*https://www.edcgov.us/Government/Assessor/Documents/PROP90_Expiration.pdf