

Q. If I purchase a replacement dwelling and within two years make an addition to the new property, can my new construction qualify also?

A. Yes, as long as the total amount of your purchases and the new construction do not exceed the market value of the original property at the time of its sale.

Q. What is meant by “equal or lesser value” of a replacement property?

A. It depends upon when you purchase the replacement property. In general, “equal or lesser value” means:

100 percent or less of the market value of the original property if a replacement property is purchased **before** an original property is sold.

105 percent or less of the market value of the original property if a replacement property is purchased **within the first year after an original property is sold.**

110 percent or less of the market value of the original property if a replacement property is purchased **within the second year after** an original property is sold.

Q. If an original property is sold for \$100,000, and a replacement property is purchased for \$106,000 less than a year later, does the replacement property qualify for Prop. 60/90 benefits?

A. Assuming that \$100,000 was the market value of the original at the time of sale, and that \$106,000 was the market value of the replacement at the time of the purchase, the answer is **no**. In this case, the replacement property is **totally disqualified**. The replacement property’s market value exceeds 105 percent of the original property’s market value. In this example, if the market value of the replacement property were \$105,000, the answer would be **yes**.

Q. If the market value of my replacement dwelling slightly exceeds the “equal or lesser value” test compared to the full market value of my original property, can I still receive partial benefit?

A. No. Unless the replacement dwelling completely satisfies the “equal or lesser value” test, no benefit is available. It is “all or nothing.”

Q. When making the “equal or lesser value” test comparison, is a simple comparison of the sales price of the original property and the purchase price/cost of new construction of the replacement dwelling all that is needed?

A. No. The comparison must be made using the **full market value** of the original property as compared to the **full market value** of the replacement dwelling as of its date of purchase/completion of new construction. This is important because the sales/purchase price is not always the same as market value of each property, which may differ from sales price.

Q. I owned an original property with several other owners. We recently sold it. Each of us is now buying a new individual replacement dwelling. Can each of us claim Prop. 60/90 benefits?

A. No. Only one of you original owners can claim the benefit for your new replacement dwelling. You must decide among yourselves which one will receive the benefit. That person has to have been eligible for the Homeowner’s Exemption.

Q. May I give my original property to my son or daughter and still receive the Prop. 60/90 benefit when I purchase a replacement property?

A. No. The law provides that an original property must be sold for consideration and subject to reappraisal at full market value.

Q. Will the transfer of an original property or replacement property by gift or devise qualify for property tax relief under Prop. 60/90?

A. No. Prop. 60/90 requires a “sale” of the original property and a “purchase” of a replacement property. “Sale” is defined as “any change in ownership of original property for consideration” and “purchase” is defined as a “change in ownership for consideration.”

Q. Can a claimant transfer the factored base year value from an original single family residence to a replacement duplex or multi-unit residence (living in one unit and renting the others)?

A. Yes. The owner could carry the factored base year value of the original property to that portion of the replacement parcel that is his/her principal place of abode, and the land that constitutes a reasonable size to embody a site for the residence. However, that portion comprising the abode must be of equal or lesser value than the original property. The rest of the parcel will be appraised at its market value.

Q. Has a claimant lost his/her Prop. 60/90 eligibility when he/she acquires a replacement dwelling first, occupies it and receives a Homeowner’s Exemption?

A. No. Obviously, in this situation, the taxpayer cannot qualify at the same time for a Homeowner’s Exemption on both properties.

Q. Can two people who separately owned original properties and sold them combine their Prop. 60/90 benefits when they buy one replacement property together?

A. No. Only one of the new owners can claim the Prop. 60/90 benefits, whether they are married or not.

For Los Angeles County

The Homeowner’s Guide to Proposition 60 And Proposition 90

Senior Citizen’s Replacement Dwelling Benefit



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WHAT ARE PROPOSITIONS 60 & 90?

They are constitutional initiatives passed by California voters. They provide property tax relief by preventing reassessment when a senior citizen sells his/her existing residence and purchases or constructs a replacement residence worth the same or less than the original.

WHY WERE THEY ENACTED?

They encourage a person, age 55 or older to “move down” to a smaller residence. When a senior citizen acquires a replacement worth less than the original, he/she will continue to pay approximately the same amount of annual property taxes as before.

HOW DO THESE PROPOSITIONS WORK?

When the senior citizen purchases or constructs a new residence, it is not reassessed, if he/she qualifies. The Assessor transfers the factored base value of the original residence to the replacement residence. Prop. 60 originally required that the replacement and the original be located in the same county. Later, Prop. 90 enabled this to be modified by local ordinance. LA County enacted an ordinance to provide that when the replacement is located in LA County, the original may be located in any other California county.

WHO QUALIFIES?

The seller of the original residence, or spouse who resides with the seller, must be at least 55 years of age at the time of the sale.

WHEN ARE THESE PROPOSITIONS EFFECTIVE?

The replacement residence must have been purchased or constructed on or after November 5, 1986 if the original was located in Los Angeles County. The replacement residence must have been purchased or constructed on or after November 9, 1988 if the original was located in an other California county. Claims must be filed within three years following the purchase of the replacement residence.

Prop. 60/90 Legal Reference:

Section 69.5 of the Revenue & Taxation Code.

Prop. 60/90 Eligibility Requirements:

1. The replacement property must be the owner’s principal residence and eligible for the Homeowner’s Exemption. The original property, at the time of its sale, must have been eligible for the Homeowner’s Exemption, or entitled to the Disabled Veteran’s Exemption.
2. The seller of the original residence, or a spouse residing with the seller, must be at least 55 years of age, as of the date that the original property is transferred.
3. The replacement property must be of equal or lesser “current market value” than the original.
4. The replacement property must have been purchased or newly constructed on or after November 5, 1986, if the original was located in Los Angeles County. The replacement must have been purchased or constructed on or after November 9, 1988 if the original was located in any other California county.
5. The replacement property must be purchased or newly constructed within two years (before or after) of the sale of the original property.
6. The owner must file an application within three years following the purchase date or new construction completion date of the replacement property.
7. This is a one-time only filing. Prop 60/90 relief cannot be granted if the claimant, or spouse, was granted relief in the past.
8. Prop. 60/90 relief includes, but is not limited to: single family residences, condominiums, units in planned unit developments, cooperative housing, corporation units or lots, community apartment units, mobile homes subject to local real property tax, and owner’s living premises which are a portion of a larger structure.
9. In most instances, if more than one owner of an original property is eligible for Prop. 60/90, they must choose among themselves which one will use the benefits.

Commonly Asked Prop. 60/90 Questions & Answers:

Q. I think that the sale of my residence may qualify for this benefit. How may I apply?

A. You must file a claim with the Assessor who will Then determine if the transaction qualifies. Claim forms are available at the Assessor’s public counter downtown and at the Regional Offices.

Q. Can a taxpayer apply for and receive the benefit of Proposition 60 or 90 numerous times during the course of his/her lifetime?

A. No. Only Claimants who have not previously been granted this property benefit are eligible. This is a one-time benefit.

Q. Is it true that only one claimant need be at least age 55 as of the date of the sale of an original property in order to qualify?

A. Yes. **The principal claimant/occupant or his/her spouse/occupant** must be age 55. Additional record owners need not identify themselves as a claimant; to do so is to use the “once in a lifetime” benefit as a **principal** claimant.

Q. If I get Prop. 60/90 benefits will I still have to file for a Homeowner’s Exemption on the replacement property?

A. Yes. You must file for a Homeowner’s Exemption on the replacement property. It is not granted automatically.

Q. My wife and I are currently being divorced. May we split the value on our original dwelling and each transfer one half of the value to our separate replacement dwellings?

A. No. The co-owners must determine between themselves, which one should receive the benefit.

Q. What is the deadline for filing?

A. Within three years of purchasing or completing new construction of the replacement property.

Q. Isn’t the Assessor precluded, under Proposition 60/90 from issuing supplemental assessments when the factored base year value is transferred from the original property to the replacement property?

A. No. When the replacement property is purchased or newly constructed, the Assessor must issue positive or negative supplemental assessments. The Assessor processes the factored base value of the original property for the replacement property. If this value is higher than the prior value of the replacement property, a positive supplemental assessment is issued and a supplemental tax bill is mailed. If this value is lower than the prior value of the replacement property, a negative supplemental assessment is issued, and a refund is mailed.

Q. In order to qualify, is it true that a replacement property must be acquired after the implementation date, and within two years (before or after) of the date of sale of the original property?

A. Yes. If the original property was located in Los Angeles County (Prop. 60), the replacement must have been purchased or constructed after the November 5, 1986 implementation date. If the original property was located in any other California County (Prop 90), the replacement must have been purchased or constructed on or after the November 9, 1988 implementation date.

Q. Can a mobile home qualify as an original property when a replacement property is acquired?

A. Yes, but only if the mobile home is enrolled as real property. If it is not, then the mobile home is not eligible since there is no real property base-year value to be transferred. In keeping with legislative intent, if a taxpayer were to convert his/her mobile home from vehicle license fee status to real property taxation status, in anticipation of applying for Prop. 60/90, a claim should be allowed assuming the claimant is otherwise qualified.