

Property Tax Relief: Prop 60 and 90

Ordinarily under Proposition 13, the value of a home for property tax purposes is re-assessed to market level whenever a change in ownership takes place. This usually results in higher property taxes for the homebuyer.

However, if either spouse is over age 55 (at time of sale of the old home), then **PROP 60** allows replacement of a primary residence with a new home of equal or lesser value *within the same county* and transfer of the Prop 13 assessed valuation from the old home to the new property. This is allowed once in your lifetime, and a spouse who has done it before 'taints' both spouses.

PROP 90 allows counties to elect to accept transfers of Prop 13 values for moves *from other counties* when a primary residence is replaced with a less expensive (but see below) home. If you are over 55 and move into a county which accepts Prop 90, then you may take your old—lower Prop 13—value regardless of the county from which you move.

Under Prop 90, you can sell your \$400,000 San Francisco home [assessed value \$80,000] and move to a new \$300,000 home in San Mateo; the new San Mateo assessed value will be \$80,000!

Props 60 and 90 apply only if you "trade down" (i.e. the new home costs less than the sales price of the old home).

- ❖ If you buy the New Home first, then sell the Old Home, you must go down in price.
- ❖ If you sell the Old Home first, then buy the New Home:
 - In the first 365 days after the sale of Old Home, you may go up 5% in the purchase price of New Home.
 - If you buy the New Home more than 1 year from the sale of Old Home, but less than 2 years, you may go up 10%.

Counties which accept Prop 90 (current as of June 2008)

Alameda | Los Angeles | Orange | San Diego | San Mateo | Santa Clara | Ventura