

Property Assessment Basics & Proposition 19

Excelsior District Improvement Association (EDIA)

October 22, 2024



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San Francisco Assessor-Recorder

Agenda

- Proposition 13: Property Assessment Basics
- Proposition 19: Intergenerational Impacts
- Key Dates & Points of Contact
- Questions



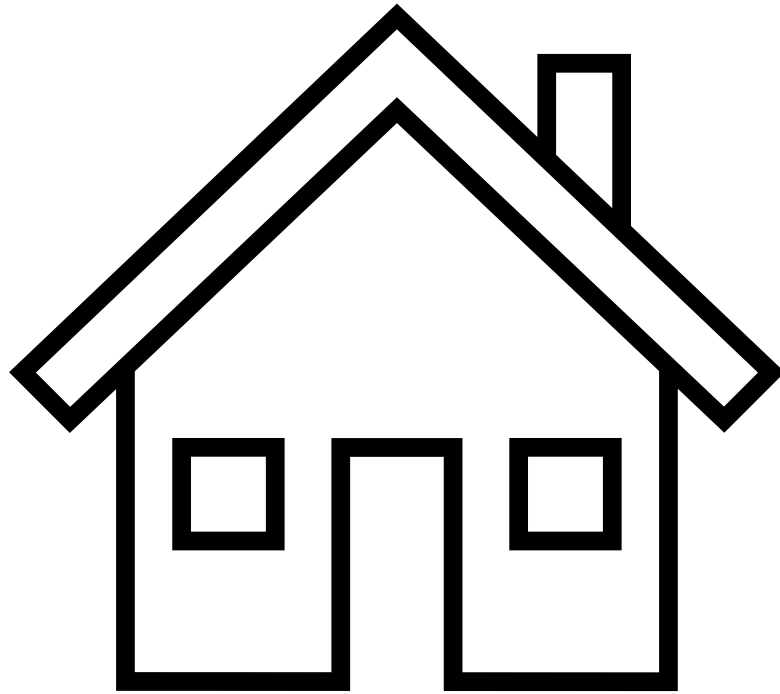
Disclaimer

The information provided is intended to provide general information about Proposition 19. It is not intended to be a legal interpretation or official guidance, or relied upon for any purpose, but is instead a presentation of summary information. Proposition 19 is a constitutional amendment, so additional legislation, regulations, and statewide guidance are expected to clarify its implementation. If there is a conflict between the information provided here and the proposition or any legal authorities implementing or interpreting the proposition, the text of the proposition and the other implementing or interpretive authorities will prevail. We encourage you to consult an attorney for advice on your specific situation.



Property Tax in CA- Proposition 13

Constitutional Amendment (1978) Article XIII A



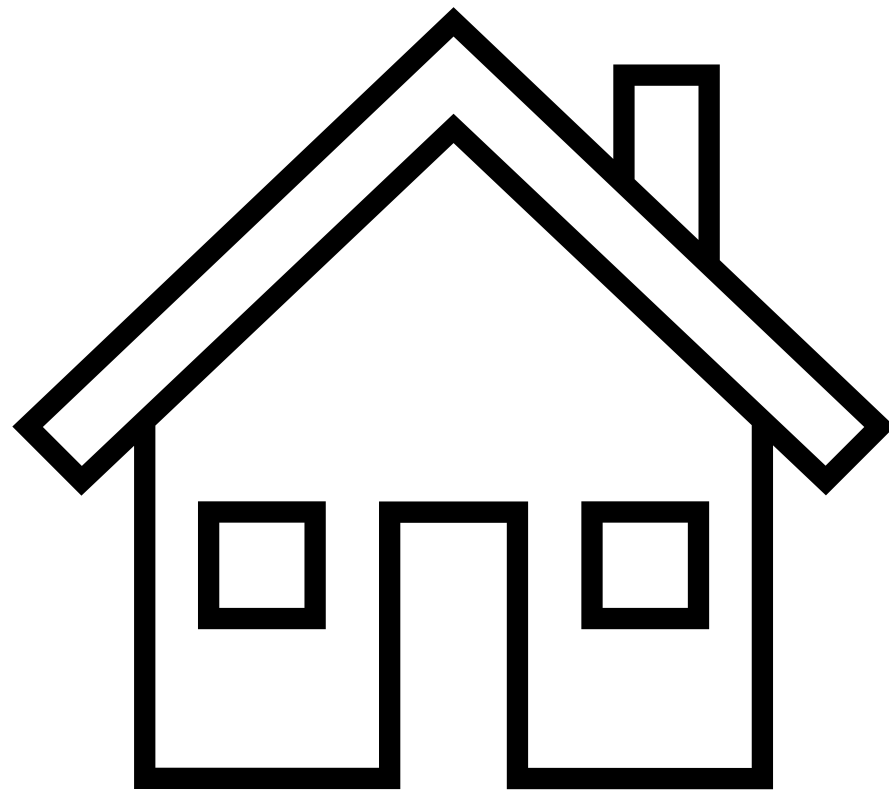
Property Tax Rate = ~1%

Assessment value increase capped at 2%

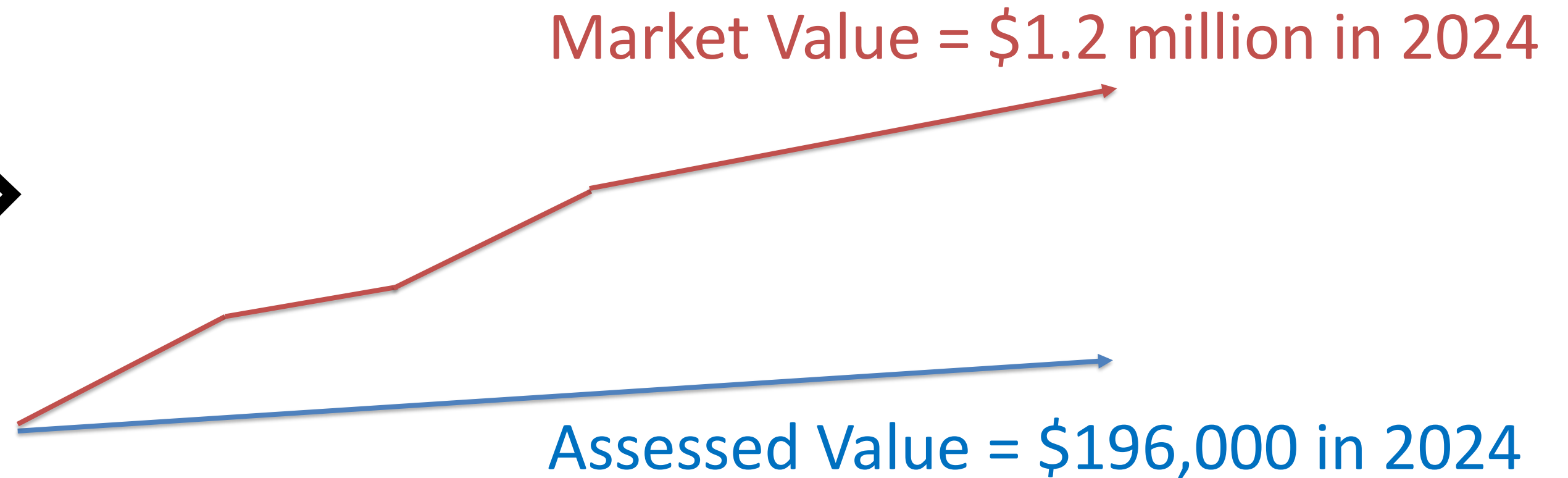


Setting Assessed Value

Assessed value is fair market value at the time of change of ownership. Assessed value increases by no more than 2% each year.



\$100K in 1990





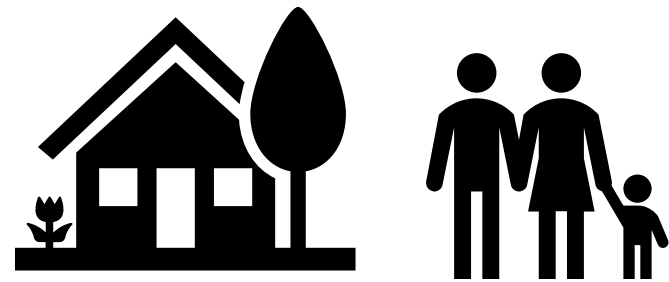
Proposition 19 – Reassessment Exclusions

On November 3, 2020, California voters approved Proposition 19, *The Home Protection for Seniors, Severely Disabled, Families, and Victims of Wildfire or Natural Disasters Act*, amending California's Constitution, Article XIII A, Section 2.1

1. *Base Year Value Transfer (operative 4/1/21)*
2. *Intergenerational Transfer Exclusion (operative 2/16/21)*



PROP 19: INTERGENERATIONAL TRANSFERS



- A Family Home is excluded from reassessment to market value when it is transferred between
 - Parent \Leftrightarrow child
 - Grandparent \Leftrightarrow grandchild
- Only the "Family Home" qualifies. The child (or parent) must live in the property and make it their primary residence within 1 year of the transfer or death. All other Real Property (second homes, commercial) does not qualify.
- Amount of the exclusion is capped at \$1M + factored base year value.



Qualifications



The Family Home **must** be a principal residence of both the

- Transferor prior to date of transfer, and
- Transferee within one year of date of transfer
 - Must file for exemption within one year
 - Must continually use as family home



Family Home – Principal Place of Residence

- To help you determine your principal residence, consider (1) where you are registered to vote, (2) the home address on your automobile registration, and (3) where you normally return after work. If after considering these criteria you are still uncertain, choose the place at which you have spent the major portion of your time this year.
- Eligible for Homeowners' or Disabled Veterans' Exemption
 - The claim form, BOE-266, *Claim for Homeowners' Property Tax Exemption* is available at www.sfassessor.org



Family Home – Multi-Unit Dwellings

- Only the unit occupied as the Family Home of a multi-unit dwelling qualifies for the exclusion.
 - For example, in a four-unit building, the exclusion applies to the one unit that is claimed as the principal residence of the transferor and transferee. The other units would be reassessed at market value as of the transfer date.
- Exception for Accessory Dwelling Units (ADUs)
 - ADUs along with the primary residence qualify as a Family home/principal residence.



Filing Requirements

- 1. Exemption Claim** (either the Homeowners' or the Disabled veterans' exemption form)
 - Must file within 1 year of transfer
 - Transferee must own or occupy to be eligible
- 2. Exclusion Claim** (Form BOE-19-P or BOE 19-G)
 - Must file within 3 years of transfer or before transfer to third party, whichever is first
 - No later than 6 months after notice of supplemental or escape assessment for parent-child transfer
 - If all deadlines have passed, prospective relief for the lien date of the year claim is filed.



Example: Late Filing

The Parent passes away on 6/15/2022 and the estate plan leaves the family home to the Child.

Reminder: This form should be filed within 1 yr.



Child files Homeowner's Exemption form on 8/2/2023.

Reminder: This form should be filed within 3 yrs.

BOE-19-P Exclusion claim form was filed 1/22/2023.



Exclusion claim timely filed. Homeowner's claim not filed within 1 year. Eligible for prospective relief.

Reassessed to market value: Supplemental Assessment for 2022-23 fiscal year.
Prospective relief: exclusion applies as of 2023 lien date, for 2023-24 fiscal year.



FAQ: Trust Distribution – Family Home

Q: My mother's trust leaves her home to me and my two siblings equally. Will this property be subject to reassessment as of our mother's passing?

Answer: For the property to be excluded from reassessment under Prop 19, at least one of the children or qualified heirs must occupy the family home within one year. Both the homeowners' exemption and Prop 19 exclusion claim must be timely filed to qualify for exclusion from reassessment as of the date of death.



FAQ: LLC – Family Home

Q: I've heard that the parents can set up an LLC with their children and put the house into the LLC. Since ownership doesn't change on the death of the parents, the property isn't reassessed. Is this correct?

Answer: LLCs are not always an automatic avoidance of a reassessment—California property tax laws governing legal entity ownership transfers are complex and should be discussed with a qualified estate planning attorney and financial advisor.

As one example of where a reassessment would occur despite a property being in an LLC is a situation where there is a change in control in which one member gains greater than 50% interest, triggering a 100% reassessment of the property.



FAQ: Child moves out

Q: What if the Child moves out?

Answer: If another eligible transferee (e.g., sibling) moves into the property within one year of the other moving out (and timely files for the Homeowner's exemption claim form), the exclusion continues.

If no other eligible transferee moves into the property within one year, the exclusion is removed. The property is then reassessed to the fair market value as of the time of transfer.



FAQ: How do you add a Family Member to a Deed?

- Avoid self-prepared transfer documents.
- Consult with a title company or attorney.
- Review Recording requirements on our website.
- Ask about transfer tax and reassessment consequences.



Intergenerational Transfer Exclusion Prop 19 Filing Requirements Checklist

Type of Relief	Forms to File	Name of Form	Filing Deadlines
Family Home	BOE-261-G or BOE-266	Claim for Disabled Veterans' Property Tax Exemption or Claim for Homeowners' Property Tax Exemption	Within 1 year from date of death or transfer. Exclusion will be applied prospectively if filed after 1-year period.
	BOE-19-P	Claim for Reassessment Exclusion for Transfer Between Parent and Child Occurring on or After February 16, 2021	Within 3 years from date of death or transfer, or before transfer to 3rd party, whichever is earlier.



Intergenerational Transfer Exclusion \$1 Million "Value Limit" Adjustments

Date of Transfer or Change in Ownership	Applicable Amount
February 16, 2021 – February 15, 2023	\$1,000,000
February 16, 2023 – February 15, 2025	\$1,022,600



Prop 19 Base Year Value Transfers



- Allows homeowners to transfer their taxable assessed value or factored base year value to a replacement home when they sell a property and purchase a property. Both the property you sell and buy must be your primary residence.
- Anywhere in California, up to three times.
- No limit to the market value of the replacement property, but any amount over the original property's market value is added to the assessed value.



Base Year Value Transfer – Who is Eligible?

- Homeowner meets one of the following:
 - Age 55 or over,
 - Severely and permanently disabled, or
 - Victim of wildfire or natural disaster
- **Replacement home must be purchased or newly constructed within 2 years of the sale of the original property.**
- Homeowner must occupy original property and replacement dwelling as principal residence.



Reassessment Exclusion – New Value Limit

**The Value Limit is the sum of
\$1,000,000 + Factored Base Year Value (FBYV).**

If the market value exceeds this limit, the amount exceeding the value limit (the difference) will be added to the FBYV.



Example: Base Year Value Transfer

Owner purchased a new Replacement Home on April 4, 2021, for \$1,500,000
Owner's Original Home had an Assessed Value of \$250,000, and
was sold on August 15, 2021, for \$1,200,000.

P19 Rules

- The replacement home must be purchased within two years of the sale of the original property.
- Any amount over the original home's fair market value (FMV) is added to the assessed value.

Analysis

- ✓ The replacement home was purchased within 2 years of the sale of the original home.
- ✓ The replacement home exceeds 100% of the original home's FMV:
 $\$1,500,000$ (new home) - $\$1,200,000$ (original home) = $\$300,000$ (excess in FMV)
- ✓ $\$550,000$ is the New Base Year Value: $\$300,000$ (excess FMV) + $\$250,000$ (assessed value)



Base Year Value Prop 19 Filing Checklist

Type of Relief	Forms to File	Name of Form	Filing Deadlines
Age 55 or Older	BOE-19-B	Claim for Transfer of Base Year Value to Replacement Primary Residence for Persons at Least Age 55 Years	Within 3 years of the date a replacement dwelling is purchased, or new construction of a replacement dwelling is completed. If deadline is missed, prospective relief is available.
Severely and Permanently Disabled	BOE-19-D and BOE-19-DC	Claim for Transfer of Base Year Value to Replacement Primary Residence for Severely Disabled Persons, <i>and</i> Certificate of Disability	
Victim of Wildfire or Natural Disaster	BOE-19-V	Claim for Transfer of Base Year Value to Replacement Primary Residence for Victims of Wildfire or Other Natural Disaster	



Prop 19 Repeal?

State constitutional amendment measure by either:

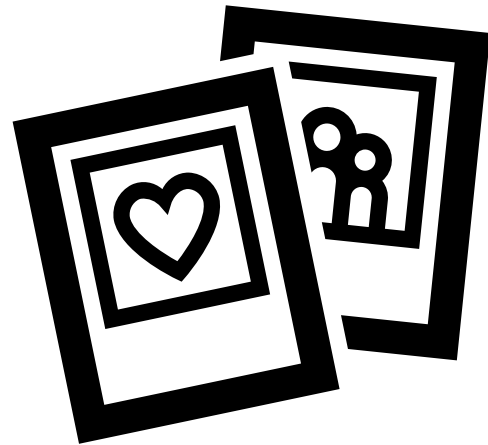
1. A proposed amendment by the State Legislature with 2/3 vote from the Senate and the Assembly

OR

2. A citizens' initiative with valid signatures of registered voters equal to 8% of the number of votes cast for the governor in the last election (Repeal effort failed, March 2024)



Prop 19 Resources



California Board of Equalization FAQs and Guidance

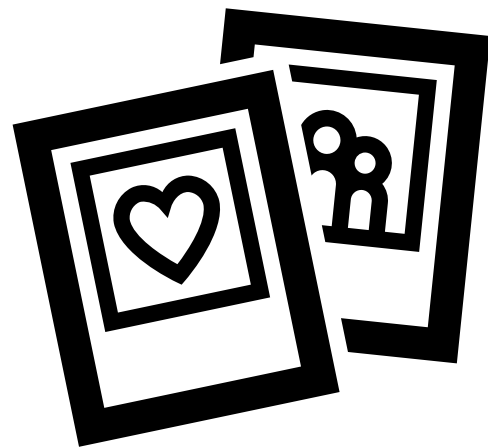
- www.boe.ca.gov/prop19/#FAQs
- www.boe.ca.gov/prop19/#Guidance

San Francisco Office of the Assessor-Recorder

- www.sfassessor.org



Low-Cost Legal Resources



- Housing & Economic Rights Advocates www.heraca.org
510 271-8443, ext. 300
- Legal Assistance to the Elderly www.laesf.org
(415) 538-3333
- Open Door Legal www.opendoorlegal.org
(415) 735-4124



Assessor-Recorder Estate Planning Program

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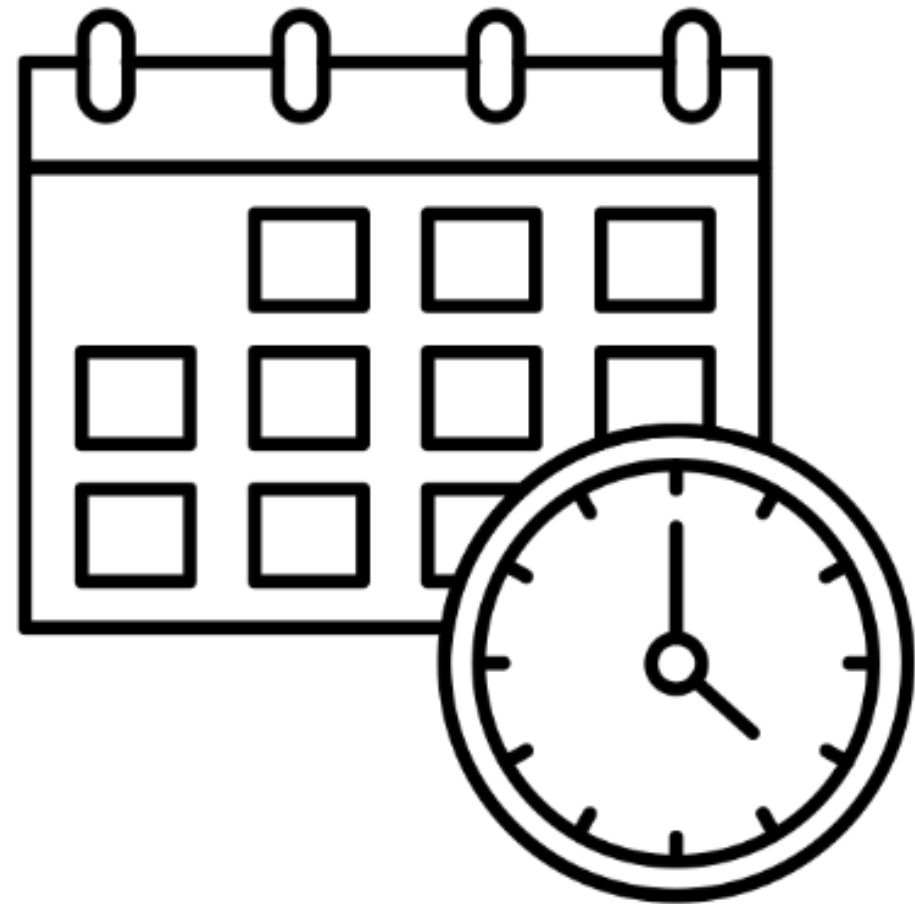
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Assessor's Annual Timeline



Key dates

- January 1 – Lien Date
- February 15 – Exemptions Deadline
- March 31 – Informal Review Deadline
- June 30 – Roll Close

Real Property

- July – Notice of Assessed Value
- October – Tax Bill Arrives
- December/April – Tax Bill Due

Business Personal Property and Possessory Interest

- July – Notice and Tax Bill Arrives
- August – Tax Bill Due



Assessor's Office Room 190



- City Hall Main Office Hours
Mon–Fri, 8 AM – 5 PM
- Visit: sfassessor.org
- Call: 628-652-8100 or 311
- Email: assessor@sfgov.org



Thank You!

Q&A

