HELPING HANDS
SENIOR ADVISORS

THE CALIFORNIA HOMEOWNER'S GUIDE TO PROPOSITION 19

Move Anywhere in California. *Keep Your Low Property Tax.*

How homeowners 55 and older are saving thousands of dollars every year on their next home

$9,790 ESTIMATED YEARLY SAVINGS IN THE REAL EXAMPLE INSIDE

Who qualifies • The real numbers • 7 costly mistakes to avoid

Read This Before You List Your Home

Then call or text Gregg at 949.836.0333 for a free, no pressure review of your numbers

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A PERSONAL NOTE

Why I Wrote This Guide

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Almost every week I sit at a kitchen table with a homeowner who would love to move. Maybe the stairs are getting harder, the yard is too much, or the grandkids live two hours away. Then comes the same worry: *"If I sell, my property taxes will go way up."*

For many long time owners, that worry is real. If you bought your home decades ago, your property taxes are likely based on a value far below what the home is worth today. Buy a new home the usual way, and your taxes are reset to today's price.

That is exactly the problem Proposition 19 was designed to solve. It lets homeowners 55 and older take their low tax base with them to a new home anywhere in California, up to three times.

Yet many people have never heard of it, or they have heard something that is only half right. This guide explains how it works in plain English, with real numbers, so you can make your next move with confidence.

Read it at your own pace. If questions come up, I am always happy to talk them through with you. No pressure, ever.

Gregg Perrah

Peace of mind starts with good information

Knowing your options before you list or buy can save you thousands of dollars every year for as long as you live in your next home.

INSIDE THIS GUIDE

What You'll Find Here

Read it straight through, or jump to the section that fits where you are right now.

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Please note: This guide is general education, not tax or legal advice. Property tax rules have details that depend on your situation. Always confirm your eligibility with your County Assessor and a qualified tax professional.

SECTION 1

Prop 19 at a Glance

Approved by California voters in November 2020, the homeowner portion of Proposition 19 took effect on April 1, 2021.

In California, your property tax is based on your home's **assessed value**, which is usually close to what you paid, plus a maximum increase of 2% per year. If you have owned your home for a long time, that number is often far below today's market value.

Normally, when you buy a new home, the assessed value resets to the new purchase price. Prop 19 lets eligible homeowners **transfer their existing assessed value** (often called your "tax base") to a replacement home instead.

Who qualifies

Homeowners 55+

You must be 55 or older on the date you sell your original home.

Severely disabled

Homeowners who are severely and permanently disabled, at any age.

Disaster victims

Owners whose home was substantially damaged by a wildfire or natural disaster.

Spouses

Only one spouse needs to meet the age requirement when the home is owned together.

The basic requirements

- ✓ The original home was your **primary residence**, and the new home will be your primary residence.
- ✓ You buy the new home within **two years before or after** you sell the original home.
- ✓ The new home can be **anywhere in California**, in any county.
- ✓ You can use the benefit **up to three times** in your lifetime.
- ✓ You file a claim (Form BOE-19-B) with the County Assessor where the new home is located.

SECTION 2

The Biggest Benefits

For many long time owners, Prop 19 is the difference between feeling stuck and feeling free to make the right move.

Keep your low property taxes

Bring the tax base you have built over the years to your next home instead of starting over at today's prices.

Move anywhere in California

Older rules only allowed moves within the same county or a few participating counties. Prop 19 opened up all 58.

Buy a home that costs more

You can buy up. Only the difference in value is added to your tax base, not the full price.

Use it up to three times

Move closer to family now and again later if your needs change.

Free up your home equity

Downsize without a tax penalty and put more of your equity toward retirement, care or family.

Move on your timeline

Buy first or sell first. You have a window of two years on either side of the sale.

Why this matters now

Many homeowners stay in a house that no longer fits simply to protect a low tax bill. Prop 19 means you no longer have to choose between the right home and a reasonable tax bill.

Good to know: Before Prop 19, the older rules (Propositions 60 and 90) only allowed a transfer once, and only to a home of equal or lesser value. Prop 19 replaced those rules with much more flexible ones.

SECTION 3

How the Numbers Work

Here is a simplified example of a couple who bought their home in 1990 and want to move closer to their daughter.

	Without Prop 19	With Prop 19
Current home market value	$1,400,000	$1,400,000
Current assessed value (tax base)	$310,000	$310,000
Price of the new home	$1,200,000	$1,200,000
New assessed value	$1,200,000	$310,000
Approximate yearly property tax at about 1.1%	**$13,200**	**$3,410**

Estimated savings: about $9,790 every year

Over ten years in the new home, that is close to $98,000 that stays in your pocket.

What if the new home costs more?

Now say the same couple buys a $1,600,000 home before they sell. It costs $200,000 more than the market value of the home they are selling, so that difference is added to their tax base:

Transferred tax base	$310,000
Plus the difference in value	+ $200,000
New assessed value	**$510,000**

Their yearly tax would be roughly $5,610 instead of about $17,600 on the full price. They still save about $12,000 a year.

These examples are simplified for illustration. Actual taxes depend on your county's tax rate, local assessments, timing and the assessor's final determination.

SECTION 4

The Value Rules

The key question is whether your new home counts as "equal or lesser value" compared to the home you sold.

The assessor compares the market value of your new home to the market value of the home you sold. How much room you have depends on when you buy:

When you buy the new home	It counts as equal or lesser value if it costs up to
Before you sell the original home	**100%**
Within the first year after the sale	**105%**
Within the second year after the sale	**110%**

If the new home is within these limits, you keep your current tax base as is. If it costs more, the amount above the limit is added to your tax base, as shown in the example on the previous page.

Buying down

If your new home costs less than your current home, you simply carry over your existing tax base. In the rare case your tax base is higher than the new home's value, you would not need Prop 19 at all, since the new purchase price would give you a lower tax base anyway.

> **Timing tip:** Selling first and buying within two years gives you the most room (up to 110%), but buying first can make the move easier. The right order depends on your finances and comfort level. This is one of the first things I help clients plan.

New construction counts too

You may also build a new home or add on to a replacement home, as long as construction is completed within the same two year window.

SECTION 5

Your Step by Step Plan

A clear plan keeps the process simple and protects your savings.

1. **Check your eligibility**
   Confirm your age (or disability), and that your current home is your primary residence.

2. **Learn your numbers**
   Find your current assessed value on your tax bill, and get an accurate market value for your home.

3. **Plan the order and timing**
   Decide whether to buy first or sell first, and map out the two year window.

4. **Find the right next home**
   Anywhere in California. Keep the value rules in mind as you shop.

5. **Sell and buy**
   Close on both homes within two years of each other.

6. **Move in and claim it as home**
   The new home must be your primary residence. File for the Homeowners' Exemption.

7. **File your claim**
   Submit Form BOE-19-B to the County Assessor where the new home is located, within three years of buying it.

> **Do not miss the deadline:** If you file within three years of buying the new home, you get the full benefit back to the purchase date. File later and the benefit generally starts only from the year you file, so you could lose years of savings.

SECTION 6

Frequently Asked Questions

Q. Do both spouses need to be 55?

No. Only one spouse who owns the home and lives in it needs to be 55 or older on the date the original home is sold.

Q. Can I move to a different county?

Yes. Prop 19 works for a move to any county in California. You file with the assessor in the county where the new home is.

Q. Can I buy a home that costs more than mine?

Yes. You keep your existing tax base, and only the difference in value above the allowed limit is added to it.

Q. How many times can I use it?

Up to three times in your lifetime. If you have used Prop 60 or 90 in the past, ask your County Assessor how that affects your count.

Q. Do I have to buy first or sell first?

Either one works. You must buy the new home within two years before or after you sell the original home.

Q. Does the new home have to be a house?

It must be your primary residence. Condos, townhomes and many manufactured homes on owned land can qualify. Confirm the details for your property type.

Q. What if I sold my home last year?

You may still qualify if you buy the new home within two years of that sale and meet the other requirements.

Q. Does it work for a rental or second home?

No. Both the original home and the new home must be your primary residence.

More Questions We Hear Often

Q. How do I find my current assessed value?

It appears on your annual property tax bill, or you can look it up through your County Assessor or Tax Collector.

Q. Is there a form to file?

Yes. Form BOE-19-B, Claim for Transfer of Base Year Value to Replacement Primary Residence for Persons at Least Age 55 Years, filed with the County Assessor where the new home is located.

Q. When should I file?

As soon as possible after you buy and move in, and within three years of the purchase to receive the full benefit.

Q. What if my home was in a trust?

Homes held in many revocable living trusts can still qualify. Your attorney or the assessor can confirm for your situation.

Q. Does Prop 19 change my tax rate?

No. It changes the assessed value your tax is calculated on. Local bonds and special assessments still apply at the new address.

Q. Can I build a new home instead of buying one?

Yes, as long as construction is completed within the same two year window and it becomes your primary residence.

Q. Will my new taxes show up right away?

Your county may first bill you on the full price with a supplemental bill. Once your claim is approved, the bills are adjusted.

Q. Who can help me plan?

A Seniors Real Estate Specialist who understands Prop 19, along with your tax professional. I am happy to coordinate with yours.

SECTION 7

Prop 19 and Your Children

Prop 19 also changed what happens when parents pass a home to their children. This surprises many families.

Before February 16, 2021, parents could pass their home, and often other property too, to their children and keep the low tax base no matter how the children used it. That is no longer the case.

The rules today

- ✓ Only the parents' **primary residence** (or a family farm) can keep its low tax base when it passes to a child.
- ✓ The child must **move in and make it their primary residence**, and file for the Homeowners' Exemption within one year.
- ✓ The benefit is capped. The tax base can be kept on value up to the old tax base plus about **$1,044,586** (the amount for transfers through February 15, 2027). Value above that is added.
- ✓ If the children **rent the home out or keep it as a second home**, it is reassessed to today's market value.
- ✓ Grandchildren may qualify only if their parent (the grandparent's child) has passed away.

What this means for your family

If no one plans to live in the home, the property taxes may rise sharply after it is inherited. Many families find it makes more sense to sell, or for parents to use Prop 19 themselves while they can. A conversation now can prevent stress and surprise later.

Please talk with your estate planning attorney about how these rules fit your trust and family plans.

SECTION 8

Mistakes to Avoid

These are the costly ones we see most often. Each can be avoided with a little planning.

1. **Assuming you do not qualify**

   Many people think it only works in the same county or for a cheaper home. Not anymore.

2. **Missing the two year window**

   If more than two years pass between the sale and the purchase, the benefit is lost.

3. **Forgetting to file the claim**

   Prop 19 is not automatic. No claim, no savings.

4. **Filing late**

   File within three years of the purchase, or you may lose years of savings.

5. **Buying a second home or rental**

   The new home must be your primary residence.

6. **Overlooking the value limits**

   Know your 100%, 105% and 110% limits before you make an offer.

7. **Waiting on the family home**

   The rules for children changed. Plan ahead rather than after a loss.

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SECTION 9 | YOUR NEXT STEP

Let's Look at Your Numbers Together

In one short, friendly conversation, I can show you your current tax base, what your home is worth today, and what your property taxes could look like in your next home with Prop 19.

There is no cost and no obligation. Just clear answers so you can decide what is right for you.

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This guide is for general information only and is not tax, legal or financial advice. Proposition 19 rules are administered by each County Assessor and the California State Board of Equalization, and amounts such as the family home exclusion adjust every two years. Please confirm your situation with the assessor and a qualified professional. Gregg Perrah, First Team Real Estate, DRE #01200203.