PROPOSITION 110 - SEVERLY AND PERMANENTLY DISABLED RESIDENT EXCLUSION

FAST FACT #57

Proposition 110 is a constitutional initiative passed by California voters that provides property tax relief for severely and permanently disabled claimants when they sell an existing home and buy or build another. It allows the transfer of the base-year value of their existing home to a newly purchased or constructed home within select counties in the State of California. In addition, the initiative also provides relief for modifications that make a home more accessible for a severely disabled person.

Who Qualifies?

If you or your spouse that lives with you are severely and permanently disabled, you can buy a home of equal or lesser value than your existing home and transfer the trended base year value of your existing home to your new property. Also, you can modify your current home as long as the modifications directly satisfy disability requirements.
The transfer of a trended base value from one property to another is a one-time benefit only. You must buy or newly construct a replacement property within two years of the sale of the original property.
Both the original property and the replacement property must be your principal place of residence, and you must file your claim within three years following the purchase or completion of new construction of your replacement property. Once you have filed and received this tax relief, neither you nor your spouse who resides with you will qualify to receive this benefit again.
If a person has been granted a Proposition 60/90 benefit and subsequently becomes severely and permanently disabled, he/she may also qualify for a Proposition 110 benefit.

Eligibility Requirements...

1. Both your original and replacement property must be eligible for the homeowners' or disabled veterans' exemption and the replacement property must be your principal residence.

2. The replacement property must be of equal or lesser "current market value" than the original property. The "equal or lesser" test is applied to the entire replacement residence, even though the owner of the original property may acquire only a partial interest in the replacement residence. Owners of two qualifying original residences may not combine the values of those properties in order to qualify for a Proposition 110 base-year transfer to a replacement residence of greater value than the more valuable of the two original residences.

3. The replacement property must be purchased or built within two years (before or after) of the sale of the original property.

4. You must file your claim within three years following the purchase or completion of new construction of the replacement property.

5. You or a spouse residing with you must be severely and permanently disabled when the original property was either sold or modifications were completed.

6. The disabled person, spouse or legal guardian must submit a Physician's Certificate of Disability (Form OWN-107) with the claim.

Frequently Asked Questions

Q. My original home is located outside Los Angeles County, but my replacement home is in Los Angeles County. Do I qualify for relief? A. Yes

Q. I plan to relocate from Los Angeles County to another county. Do I qualify for relief? A. You may qualify for relief. As of November 5, 2004, the following counties in California have an ordinance enabling Proposition 110: Alameda Orange San Mateo Ventura Los Angeles San Diego Santa Clara Since the counties indicated above are subject to change, we recommend contacting the county to which you wish to move to verify Proposition 110 eligibility.

Q. Do all replacement homes qualify? A. If you meet all other eligibility requirements, relief is granted for single family residences, condominiums, units in planned developments, cooperative housing, community apartments, manufactured homes subject to local real property tax, and living units within a larger structure consisting of both residential and non-residential accommodations.

Q. If I make an improvement to my replacement home within two years of purchase, can I get additional tax relief for the new construction? A. Yes, as long as the total amount of your purchase and the new construction does not exceed the market value of the original property at the time of its sale.

Q. What does "equal or lesser value" of a replacement property mean? A. The meaning of "equal or lesser value" depends on when you purchase the replacement property. In general, equal or lesser value means the following: 100% or less of the market value of the original property if a replacement property is purchased or newly constructed before the original property is sold, or 105% or less of the market value of the original property if a replacement property is purchased or newly constructed within the first year after the original property is sold, or 110% or less of the market value of the original property if a replacement property is purchased or newly constructed within the second year after the original property is sold. When making the "equal or lesser value" test it is important to understand that the market value of a property is not necessarily the same as the sale/purchase price. The Assessor will determine the market value of each property. If the market value of your replacement property exceeds the "equal or lesser value" test, no relief is available. It is "all or nothing" with no partial benefits granted.

Q. If I qualify for Proposition 110 benefits, do I still need to file for a Homeowners' Exemption on the replacement property? A. Yes. Homeowners' exemptions are not automatically granted.

Q. Does the owner of a home that is modified to make it more accessible need to be disabled to qualify for Proposition 110 benefits? A. No. The severely and permanently disabled person need only be a permanent resident of the dwelling.

Q. What tax relief is available for homes modified to improve accessibility? A. If qualified, the value of the improvement, addition, modification, or feature that specially adapts a home's accessibility for a severely and permanently disabled person is excluded from property tax assessment.