

# Property Tax Relief in California for the Elderly and Disabled

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In California, there are state-sponsored property tax relief programs for helping senior citizens on limited income and those who are legally blind or disabled. In this SWC singlette, we cover two such programs:

- The Property Tax Postponement Program, which is supported by the State of California Controller's Office
- The Property Tax Assistance Program, which is supported by the California State Franchise Tax Board (suspended for now due to lack of funds)



**Pro Tip:** The inserts mailed along with your annual tax bill contain details about any property tax relief programs currently available, so be sure to read those inserts carefully to determine whether you qualify for any currently available programs.

## The Property Tax Postponement Program

The State of California's Property Tax Postponement Program (PTP) allows homeowners who are seniors, are blind, or have a disability, to defer current-year property taxes on their principal residence if they meet certain criteria, including the following:

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- You must be at least 62 years of age, blind, or disabled.
- You must own and occupy the property as your principal place of residence (floating homes, and house boats are not eligible).
- You must have at least 40 percent equity in the home. *Equity* is the value of the home, minus what you owe on it. For example, if you own a \$300,000 home and have an outstanding mortgage of \$180,000, you have \$120,000 equity in the home, which is 40 percent (\$120,000/\$300,000).
- Your annual household income must be \$49,017 or less.
- You may not have a reverse mortgage on the property.

If you're already delinquent on paying your property taxes from past years, you may still qualify to have property taxes for your current year postponed, but the postponement will not apply to taxes from past years. However, if the property in question is a manufactured home, you don't qualify for postponement if your property taxes are delinquent or in default.

Keep in mind that property tax postponement does not eliminate your tax obligation – it merely postpones payment. The deferment of property taxes is secured by a lien against the property, which must eventually be repaid. Additionally, you'll be charged 5 percent interest on postponed taxes. So, for every \$1,000 in postponed taxes, you'll be charged \$50 in interest per year.

Funding is limited and distributed on a first-come, first-served basis. Due to funding limitations, even if you qualify you may not be approved.

**Note:** If your property taxes are paid from an escrow account managed by your lender, inform your lender about any property tax postponement. If you are approved for Property Tax Postponement Program, the State Controller's Office (SCO) will make a payment on your behalf directly to the county tax collector. You're responsible for contacting your lender and making sure that all amounts due are paid.

You may pay all or part of the balance you owe to SCO at any time. Make your check or money order payable to "California State Controller's Office" and mail it to:

California State Controller's Office  
Departmental Accounting Office – PTP  
P.O. Box 942850  
Sacramento, California 94250-0001

Postponed property taxes and interest become immediately due and payable when you do any of the following:

- Move from the property.
- Refinance the property or obtain a reverse mortgage for it.
- Allow future property taxes or other senior liens to become delinquent.
- Sell the property or convey its title someone else.
- Die without a spouse, registered domestic partner, or other qualified individual who continues to live on the property.

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## The Property Tax Assistance Program

California's Property Tax Assistance Program (aka, *Gonsalves-Deukmejian-Petris Senior Citizens Property Tax Assistance Law*), when available, helps eligible applicants pay a portion of their property taxes. To be eligible, you must meet at least one of the following criteria:

- Be 62 years or older
- Be legally blind or disabled
- Earn less than \$13,200 per year

If you qualify, the state reimburses a portion of the assessed amount (the first \$34,000), so if your home's assessed value is \$200,000, your property is taxed as if its assessed value were \$166,000 (\$200,000 – \$34,000).

Once the program is reinstated, qualified candidates need to apply for the Property Tax Assistance Program every year.

**Note:** During the writing of this SWC singlette, California's Property Tax Assistance Program was suspended due to lack of funds. However, if you are struggling to pay your property taxes, we encourage you to contact your county assessor's office to determine whether there are any programs or solutions available at the state, county, or local level that may help.

## We're Here to Help

Owning real estate is a great way to reduce taxes and build wealth, so when we meet with our clients during their Annual Mid-Year Meeting or Tax Projection Meeting, we examine any and all taxes in the context of the real estate you own, including your principal residence. That's because we are committed to enabling you to take advantage of all tax breaks and benefits you qualify for and investing the money you save on taxes toward building a better life for yourself and your family.

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