

Over 55? Your Property-Tax Base Can Move With You.

The Prop 19 rules, the two worked examples, the six mistakes, and a one-page worksheet to find out what your transfer is worth per year.

Who this is for. You are 55 or older, you own the home you live in, you have owned it a long time, and you are thinking about the next move — smaller, closer to the kids, across the hill, or just easier. **Who it is not for:** rentals, second homes, vacation property, or a move out of California. Prop 19 does nothing for those.

You own two assets. Most people only count one.

The first is your equity. The second is your **property-tax base** — the number the county multiplies by the tax rate each year. Under Proposition 13 your assessed value started at what you paid and has grown no more than **2% a year** since. Bay Area prices did not grow 2% a year. Thirty years later, that gap is a canyon.

A Sunnyvale home bought in 1994 might carry a factored base of about **\$185,000** while it would sell for **\$2,600,000**. At a 1.15% all-in rate, the owner pays roughly **\$2,128 a year**. A buyer paying \$2.6M for the same house pays roughly **\$29,900**. That **\$27,772.50-a-year** difference is an asset you built by staying put — and nobody puts it on a net-worth statement.

Under the old rules (Props 60/90) you could move that base **once**, and only within your own county or a handful that accepted transfers. That is why so many people stayed in houses that stopped fitting them. **Since April 1, 2021, Prop 19 lets you move it up to three times, to any of California's 58 counties.**

The five rules — say them precisely

#	Rule	The detail that catches people
1	55 or older on the day the original home closes.	Not the day you list, not the day you buy. Married? Only one spouse has to be 55+, and that spouse must own both homes.
2	Both homes must be your principal residence.	Not a rental, not a second home, not held by an LLC. "Rent it out first, move in later" breaks it.
3	Two years to buy or build the replacement.	Either direction — buy first or sell first. The two-year window is in the Constitution; there is no hardship extension.

#	Rule	The detail that catches people
4	Anywhere in California.	All 58 counties. Santa Clara to Santa Cruz, or to Placer, or to San Diego.
5	Three times in your lifetime.	It was once. Disaster-related transfers do not count against the three, and a prior Prop 60/90 transfer does not use one up.

And the one that costs people everything: it is not automatic. You file form **BOE-19-B** with the assessor in the county where you *bought*, within three years of the purchase. It is not handled through escrow. Nobody reminds you.

Example 1 — the trade-down

The most common version of this move: sell in the valley, buy something smaller and easier on the coast.

You bought in Sunnyvale in 1994. The county has your factored base at **\$185,000**. You sell for **\$2,600,000** and buy a single-story in Aptos for **\$1,500,000**.

The replacement cost **less** than the sale price, so this one is simple: **your base transfers over unchanged**. \$185,000.

	Taxable value	Annual tax at 1.15%
With the transfer	\$185,000	\$2,127.50
Without it (missed the window, or never filed)	\$1,500,000	\$17,250.00
Difference, every year you own the house		\$15,122.50

Over ten years that is more than **\$150,000** — and in practice more, because both numbers grow and the gap grows with them. You did not negotiate harder. You did not find a better house. You filed a form on time.

On the rate: 1.15% is the 1% Prop 13 levy plus typical local voter-approved bonds. Yours will be a little different — pull the actual rate from your current bill and use it in the worksheet.

Example 2 — the trade-up, and the rule almost nobody explains correctly

Most people in this situation are not downsizing. They are moving near the kids, and that house costs **more**. Everybody assumes Prop 19 does not help them. It does — and the calendar decides how much.

When you trade up, you do not carry your base over untouched: the amount by which the replacement exceeds a **threshold** gets added on top. The threshold depends on **when you buy**, under Property Tax Rule 462.540(c)(2):

- Buy the replacement **before** the original sells — threshold is **100%** of the original's market value.
- Buy **within the first year after** the sale — **105%**.
- Buy **in the second year after** the sale — **110%**.

New base = your old factored base + (replacement price – threshold). Only the excess over the threshold is added — never the full difference between the two prices.

Same seller: base of \$185,000, sold for \$2,600,000. Now buying in Los Gatos for **\$3,000,000** — same house, same price, in all three scenarios. Watch what the calendar does.

Scenario	Threshold	Added to base	New taxable value	Annual tax at 1.15%
A — bought first, before the sale closed	\$2,600,000	\$400,000	\$585,000	\$6,727.50
B — sold first, bought 8 months later	\$2,730,000	\$270,000	\$455,000	\$5,232.50
C — sold first, bought 14 months later	\$2,860,000	\$140,000	\$325,000	\$3,737.50
No transfer at all	—	—	\$3,000,000	\$34,500.00

Identical house. Identical price. **About \$3,000 a year apart** between A and C — and the only variable is when you signed. And all three crush the alternative: Prop 19 is worth roughly **\$27,772.50 to \$30,762.50 a year** to this family, more than a quarter of a million dollars over ten years.

The honest trade-off. Buying first gives you the worst threshold — and it is often the right call anyway. Three thousand a year against losing the house you actually want is not a hard decision. The point is not "always wait." The point is that there is a dollar figure attached to the timing, and you should know it *before* you sign, not after.

Two further details for the CPA conversation: when you sell first, the original's market value is inflation-factored between the two closings, which nudges the threshold up slightly. And if you buy first, you pay full market-value tax on the replacement until the original sells, with no refund for the gap.

The six mistakes that give the savings back

	The mistake	What it costs
1	Missing the two-year window. Sell, rent, "look around for a while" — month 25 arrives.	The transfer is gone. There is no extension.
2	Not filing. BOE-19-B goes to the assessor in the county where you bought.	File within three years of purchase or you lose the retroactive piece and pay full tax in the meantime.
3	Thinking the house qualifies. It is the <i>person</i> , on closing day.	Both homes must be your primary residence. No "rent it first, move in later."
4	Miscounting the three. Married couples should ask the assessor, in writing, how they count a couple.	Assume three between you until you are told otherwise.
5	Title and trust mistakes. An LLC, the wrong trust, adding a child to title.	Can break the transfer or trigger a reassessment. Attorney <i>before</i> closing, not after.
6	Confusing it with capital gains. Prop 19 is the annual property-tax bill.	Capital gains is a one-time tax on your profit. Prop 19 does nothing for it.

What Prop 19 does not do

- **It does not touch capital gains.** The federal §121 exclusion is \$250,000 single / \$500,000 married, unchanged since 1997. On a \$2.6M sale with a 1990s basis, that is often not enough — and California taxes the rest as ordinary income. Run the net sheet before you list.
- **It does not apply to rentals, second homes or vacation property.**
- **It does not cross the state line.** Nevada, Texas, Arizona — you leave the base at the border.
- **Inherited homes follow different, harsher Prop 19 rules.** The child generally must move in within one year, and the exclusion is capped at the parent's factored base plus \$1,044,586 for transfers through February 15, 2027. That is a separate guide.

Worksheet — what is your transfer worth per year?

Step 1. Find your tax bill. Look for the line labeled **assessed value**, **net taxable value** or **factored base year value** — not market value. Most people have never looked at it on purpose. While you are there, find the total tax rate (often printed as a percentage near the bottom).

Line	Your number
A. Your current factored base (from the bill)	
B. Your total tax rate (from the bill — e.g. 1.15%)	
C. Likely sale price of your current home	
D. Price of the replacement home	
E. Threshold: $C \times 100\%$ (buy first) / 105% (year one) / 110% (year two)	
F. Added to base: $D - E$ (if D is less than E, write 0)	
G. New taxable value with Prop 19: $A + F$	
H. Annual tax with the transfer: $G \times B$	
I. Annual tax without it: $D \times B$	
J. What the transfer is worth, per year: $I - H$	

Check it against the Sunnyvale example: A \$185,000 · B 1.15% · C \$2,600,000 · D \$3,000,000 · E \$2,730,000 (year one) · F \$270,000 · G \$455,000 · H \$5,232.50 · I \$34,500 · J \$29,267.50. The calculator at lancehulseybroker.com/prop-19-calculator/ reproduces the BOE's own published examples to the dollar.

Step 2. Decide the sequence with the number in front of you. Sell first and the threshold is 105% or 110%. Buy first and it is 100%, plus full-rate tax on the replacement until the original closes. Sometimes buying first is still right. It should be a choice, not an accident.

Step 3. Calendar two dates. The day the two-year window closes, and the day the three-year BOE-19-B filing deadline closes. Put both in your phone now.

The filing, in one paragraph

Form **BOE-19-B**, *Claim for Transfer of Base Year Value to Replacement Primary Residence for Persons at Least Age 55 Years*, goes to the assessor in the county where you **bought**. File within three years of the purchase (or before the replacement is transferred to someone else, if sooner). It is not part of escrow and your title company does not file it for you. If you are severely disabled the form is BOE-19-D; after a wildfire or other declared disaster it is BOE-19-V. Keep a copy of the filed claim with your closing documents.

About the author, and the offer

I am Lance Hulsey — a California real estate broker since 2021, licensed since 2006, with 150+ transactions and over \$100 million in sales on both sides of the hill, and a CFO's career before that. I sit on the Board of Directors and the Finance Committee of the Santa Cruz County Association of REALTORS®. My work is almost entirely longtime owners over 55, trustees, and families with an inherited home — people for whom the tax math is the whole decision.

The free assessment. Send me your current city, where you are thinking of going, and I will put it on paper: your base, likely sale price, replacement price, which threshold applies, your new tax bill with and without Prop 19 — and your capital-gains picture next to it, because that is the other half. No pressure to list. If the right answer is "stay put five more years," that is what you will hear. I have said it before.

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Sources: Cal. Const. art. XIII A, §2.1 (Prop 19); Rev. & Tax. Code §69.6; Property Tax Rule 462.540 (the 100/105/110% value test and worked examples); BOE forms BOE-19-B, 19-D, 19-V; Rev. & Tax. Code §63.2 and BOE Letter To Assessors for the intergenerational cap through 2/15/2027; IRC §121 for the capital-gains exclusion.

Before you rely on any of this

This guide is general education, not legal, tax, or investment advice. I am a real estate broker — not an attorney and not a CPA. Deadlines and dollar figures change, and your situation has facts this guide cannot know. Confirm anything that matters with your attorney and your CPA before you act on it.

Questions, or want this run against your actual numbers? That conversation is free and there is no obligation attached to it.

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