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PROPERTY TAX FAQS FOR BELOW MARKET RATE HOMEOWNERS

Homeownership comes with many responsibilities and expenses, including property taxes. These FAQs will help you understand property tax basics and what to expect after buying a Below Market Rate (BMR) home.

How are property taxes calculated?

In California real property taxes are based on a real property's purchase price. When you purchase a home the assessed value is equal to the purchase price. Use the following formula to determine your property tax.

Assessed Value × Tax Rate = Property Tax Due

Note: Check your notice of assessed value to ensure that you have the correct value

Tax rates in California are generally slightly above 1%. Look to the formula below to see what your estimated property tax is if your assessed value is $350,000.

$350,000 × 1% = $3,500

How is my assessed value set?

The transfer of property ownership triggers a reassessment of the property value and establishes a new base year value for calculating your property taxes. Your home's base year value is based on the restricted value not the market value of the property. Your home's assessed value cannot increase by more than 2% annually. You can file for an Informal Review with the Assessor's Office from January 2 through March 31 each year if you contest your assessed value.

What property tax-saving programs are availiable?

Homeowner's exemption allows you to qualify for a $7,000 reduction to your assessed value, which equals approximately $70 to $80 of annual savings. New property owners will automatically receive an exemption application in the mail. Visit our website for additional tax-saving opportunities.

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What restrictions will I have?

BMR homes have special deed provisions that set restrictions on occupancy, rental, transfer, and resale. Most importantly, you cannot rent or lease your unit to others. Your maximum resale price will be calculated according to a formula designed to ensure your BMR will remain affordable to the next buyer.

What happens if I upgrade my home?

You may be eligible for capital improvement credits for certain upgrades to your home. For details, visit

www.sfmohcd.org/bmr-ownership

If your home's assessed value increases because of upgrades, your tax bill will increase, even if the tax rate stays the same.

What is a Supplemental Tax?

The Supplemental tax is a one-time tax which occurs when a property is sold or has had major improvements. Supplemental tax bills are mailed directly to homeowners. The supplemental tax is determined by taking the difference between the new base year value and the previous assessed property value (Supplemental Value) multiplied by the tax rate of 1% and the prorated time of ownership in that fiscal year. Use the Assessor's Supplemental Tax calculator: www.sfassessor.org/tax-calculator.

Supplemental Value	×	Tax Rate	×	Ownership Time	=	Supplemental Tax
$100,000	×	1%	×	.75 (9 months)	=	$750

Note: An impound account is managed by your lender to help you pay property-related expenses every month instead of having to pay a big bill once or twice a year. Generally, impound accounts do not pay the supplemental tax.

Who can I get in touch with if I have questions?

- ✓ The Mayor's Office of Housing and Community Development: (415) 701-5500 → For more information on BMR policies and housing programs.
- ✓ Treasurer & Tax Collector: (415) 554-4400 → For more information on how to pay property taxes.
- ✓ Homeownership SF: (415) 202-5464 → For more information on financial and housing counseling.

SAVE THE DATES

JUL — Annual Notice of Assessed Value sent to taxpayers. Tax bills will be mailed shortly after.

DEC 10, APR 10 — The annual tax bills are paid in 2 installments: Payments made after the deadline will become delinquent.

FEB 15 — Deadline to file all exemption claims.

***Disclaimer: information on this document is not constructed legal advice, but is designed merely to inform the public on property taxes for BMR homeowners. If you have any questions regarding your personal finance, taxes, or estate planning it is recommended that you consult with an attorney or a certified accountant.*

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