

I am in a redevelopment project area and a private developer has approached me to sell my property. Will I be able to use the exclusion if I sell directly to the private developer?

No. The property must actually be acquired by a public entity in order to qualify. The threat of condemnation is not enough to qualify for the exclusion.

My original property was taken and I was paid \$350,000. I purchased a replacement property for \$300,000 and wish to add a bedroom and bath. Will I be assessed for new construction?

No. The new construction will not increase your assessed value as long as the value does not exceed 120% of the value of the property taken. You must complete the new construction within four years from the date the property was taken as well as file the necessary application.

I had a 50% interest in a property that was taken by a public entity. How do you determine the assessed value to be transferred to my replacement property?

Your relief under the exclusion is limited to 120% of the one-half of the purchase price of the property taken. The amount transferred to your replacement property will be 50% of the assessed value of the property.

Is the program similar to the benefits granted by the Internal Revenue Service?

Although the relief granted under the program is similar to the relief granted by the Internal Revenue Service, there are important differences. The requirements for property tax relief are generally much more restrictive.

Where can I get an application?

You may obtain an application by calling the Assessor's Office at (858) 505-6262, by downloading the application from our website at **www.sdarcc.com**, by visiting any of our office locations, or by writing to us at:

Ernest J. Dronenburg, Jr.
Assessor/Recorder/County Clerk
1600 Pacific Highway, Suite 103
San Diego, CA 92101

Ernest J. Dronenburg, Jr.
Assessor / Recorder / County Clerk
County of San Diego

PROPERTY TAKEN BY GOVERNMENTAL ACTION - PROPOSITION 3 -



INFORMATION
1600 Pacific Highway, Suite 109
San Diego, CA 92101
(858) 505-6262

Branch Office Locations to Serve You:

CHULA VISTA
590 Third Avenue
Chula Vista, CA 91910

SANTEE
10144 Mission Gorge Road
Santee, CA 92071

KEARNY MESA
9225 Clairemont Mesa Blvd.
San Diego, CA 92123

SAN MARCOS
141 E. Carmel Street
San Marcos, CA 92078

OFFICE HOURS
8:00 a.m. to 5:00 p.m.
Monday through Friday
(All Locations)

www.sdarcc.com

December 2019



State law allows a property owner to transfer their Proposition 13 base-year value to a comparable replacement property when the original property is acquired by a governmental agency through eminent domain, purchase, or inverse condemnation. The program can result in significant property tax savings when the owner purchases the replacement property.

How can the property owner benefit from the program?

The property owner can transfer the taxable value from their former property to their replacement property with no increase in their property taxes.

Are there any restrictions on the type of replacement property that can be purchased?

Yes. The replacement property must be similar in function and utility to the property taken, and both properties must fall within the same category as shown below:

Category A: Single family residence or duplex.

Category B: Commercial, investment, income, or vacant property.

Category C: Agricultural property.

Also, the market value of the new property may not exceed 120% of the government's purchase price of the original property.

Can I still qualify for the program if my replacement property exceeds 120% of the government's purchase price of the original property?

Yes. You will receive your prior taxable value on the amount up to 120% of the purchase price, and will be reassessed on only the amount exceeding the 120%.

How soon can I purchase my new property?

The replacement property can be purchased any time after you receive notice from the governmental agency that your property has been approved for acquisition.

When should I apply for this exclusion from reappraisal?

You should apply immediately after you acquire your replacement property, and no later than four years from the date the original property was acquired by the governmental agency.

Does the exclusion apply only to residential property?

No. The exclusion from reappraisal applies to any property taken by a public agency as long as the replacement property is similar in function and utility.

If the property I am leasing is acquired by a governmental agency, can I qualify for the program?

No. You must own the property being taken by a governmental agency in order to be eligible for the program.

Does the program apply throughout California?

Yes. The program applies throughout the State so long as both the original and replacement property are within California.

If I purchase a property that has both a store and a residence, will the replacement property qualify for the exclusion?

Only the portion of the replacement property that is similar to the original property will qualify for the exclusion. The remainder of the property will be assessed at the current market value.

CALTRANS has a proposed freeway project that has been planned for many years that will include taking my property. Can I purchase a replacement property before it is actually taken?

No. You cannot purchase the replacement property before the date of a written offer or the date a court declares that the property was taken.