

Examples

Calculation of Assessment Limitation Difference Transfer Amount

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The following examples are intended to illustrate how the transfer (portability) amount of a Save Our Homes assessment limitation difference would be calculated. The examples below show standard calculations for upsizing, downsizing, splitting, and joining of homesteads under different ownership arrangements. If you have any questions about homestead portability, please contact your County Property Appraiser's office.

This is a summary for information purposes. See Emergency Rule 12DER08-21 Transfer of Assessment Limitation Difference: "Portability;" Sworn Statement Required, effective July 18, 2008.

1. Upsizing when all owners and homesteaders move to a new homestead. In this scenario all the owners of a previous homestead establish a new homestead with a higher just value and no change of ownership.

Description			Comments
Previous Homestead			
	Number of owners	2	
	Owners permanently residing	2	
	Just Value	250,000	
	Assessed Value	200,000	
	Assessment Difference	50,000	
New Homestead			
	Number of owners	2	Both of the previous owners and homesteaders move to the new homestead. There are no additional owners.
	Permanent residents from previous home	2	
	Type of ownership	Any	Since all the previous owners who qualified for the homestead exemption moved to the new homestead with no additional owners, the transfer is not considered a "split" and the full amount is transferred subject to the upsizing and downsizing provisions and the \$500,000 maximum.
	Just Value	300,000	Since this is an "upsized", the full amount of the previous homestead assessment difference is transferred up to \$500,000.
	Calculated Assessment Difference	50,000	
	Calculated Assessed Value	250,000	

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2. Downsizing when all owners and homesteaders move to a new homestead. In this scenario all the owners of a previous homestead establish a new homestead with a lower just value and no change in ownership.

Description			Comments
Previous Homestead			
	Number of owners	2	
	Owners permanently residing	2	
	Just Value	250,000	
	Assessed Value	200,000	
	Assessment Difference	50,000	
New Homestead			
	Number of owners	2	Both of the previous owners and homesteaders move to the new homestead. There are no additional owners.
	Permanent residents from previous home	2	
	Type of ownership	Any	
	Just Value	210,000	Since this is a "downsize," the new assessment difference is calculated to be the same proportion that the assessment difference of the previous homestead was of the just value of the previous homestead: $(50,000 / 250,000) * 210,000 = 42,000$.
	Calculated Assessment Difference	42,000	
	Calculated Assessed Value	168,000	

Note: This is a summary for information purposes. See Emergency Rule 12DER08-21 Transfer of Assessment Limitation Difference; "Portability;" Sworn Statement Required, effective July 18, 2008

3. Upsizing when two owners who each own an equal share of a previous homestead split. In this scenario the two owners of a previous homestead abandon the homestead and one of the owners establishes a new homestead with a higher just value than the previous homestead.

Description			Comments
Previous Homestead			
	Number of owners	2	Each owns equal shares.
	Owners permanently residing	2	
	Just Value	400,000	
	Assessed Value	300,000	
	Assessment Difference	100,000	
New Homestead			
	Number of owners	1	One of the owners and homesteaders from the previous homestead establishes a new homestead.
	Permanent residents from previous home	1	
	Type of ownership	Any	
	Just Value	500,000	Since the previous assessment difference was split 2 ways, this owner's maximum share that can be transferred is \$50,000 (\$100,000 / 2). Since this is an "upsized", the full amount of the homesteader's share can be transferred up to \$500,000.
	Calculated Assessment Difference	50,000	
	Calculated Assessed Value	450,000	

Note: This is a summary for information purposes. See Emergency Rule 12DER08-21 Transfer of Assessment Limitation Difference; "Portability;" Sworn Statement Required, effective July 18, 2008

4. Downsizing when two owners who each own an equal share of a previous homestead split. In this scenario the two owners of a previous homestead abandon it and one of the owners establishes a new homestead with a lower just value than the previous homestead.

Description			Comments
Previous Homestead			
Number of owners	2		Each owns equal shares.
Owners permanently residing	2		
Just Value	400,000		
Assessed Value	300,000		
Assessment Difference	100,000		
New Homestead			
Number of owners	1		One of the owners and homesteaders from the previous homestead establishes a new homestead.
Permanent residents from previous home	1		
Type of ownership	Any		
Just Value	250,000		Since the previous assessment difference was split 2 ways, this owner's maximum share that can be transferred is \$50,000 (\$100,000 / 2). This is a "downsize", so the transfer amount is calculated to be the same proportion that this owner's share of the assessment difference of the previous homestead was of the just value of the previous homestead: $(50,000 / 400,000) * 250,000 = 31,250$.
Calculated Assessment Difference	31,250		
Calculated Assessed Value	218,750		

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5. Joining and upsizing of two previous homesteads with single owners into one new homestead. In this scenario two sole owners of two previous homesteads abandon and establish a new joint homestead with a higher just value.

Description			Comments
Previous Homestead #1			
	Number of owners	1	
	Owners permanently residing	1	
	Just Value	400,000	
	Assessed Value	300,000	
	Assessment Difference	100,000	
Previous Homestead #2			
	Number of owners	1	
	Owners permanently residing	1	
	Just Value	500,000	
	Assessed Value	350,000	
	Assessment Difference	150,000	
New Homestead			
	Number of owners	2	Two people who each had separate previous homesteads establish a new joint homestead. Ownership of new homestead is tenants by the entireties (e.g. husband and wife) or joint tenants with right of survivorship.
	Type of Ownership	TBE or JTROS	
	Permanent residents from previous homesteads	1 each	
	Type of ownership	Any	
	Just Value	600,000	When two previous homesteads are abandoned and one new joint homestead is established, the highest assessment limitation differential from either of the previous homesteads is eligible for transfer, subject to the \$500,000 maximum and downsizing provisions. In this scenario the owner of homestead #1 has a \$100,000 assessment limitation differential. The owner of homestead #2 has a \$150,000 assessment limitation differential. Therefore, since this is an upsize, the \$150,000 assessment limitation differential from homestead #2 can be transferred to the new homestead.
	Calculated Assessment Difference	150,000	
	Calculated Assessed Value	450,000	

Note: This is a summary for information purposes. See Emergency Rule 12DER08-21 Transfer of Assessment Limitation Difference; "Portability;" Sworn Statement Required, effective July 18, 2008

6. Joining and upsizing of two previous homesteads with multiple owners into one new homestead. In this scenario two homesteads with multiple owners are abandoned and one of the owners from each of the previous homesteads establishes a new joint homestead with a higher just value.

Description		Comments
Previous Homestead #1		
Number of owners	2	Each owns equal shares.
Owners permanently residing	2	
Just Value	400,000	
Assessed Value	300,000	
Assessment Difference	100,000	
Previous Homestead #2		
Number of owners	2	Each owns equal shares.
Owners permanently residing	2	
Just Value	500,000	
Assessed Value	350,000	
Assessment Difference	150,000	
New Homestead		
Number of owners	2	One of the owners and homesteaders from each of the previous homesteads establishes a new joint homestead.
Permanent residents from previous homesteads	1 each	
Type of ownership	TBE or JTROS	Ownership is tenants by the entireties (e.g. husband and wife) or joint tenants with right of survivorship. Each owner owns an equal share of the previous homestead.
Just Value	600,000	When two previous homesteads are abandoned and one new joint homestead is established, the highest assessment limitation differential from either of the previous homesteads is eligible for transfer, subject to the \$500,000 maximum and downsizing provisions. In this scenario the owner of homestead #1 has one-half of the \$100,000 assessment limitation differential, or \$50,000. The owner of homestead #2 has one-half of the \$150,000 assessment limitation differential, or \$75,000. Therefore, since this is an upsize, the \$75,000 assessment limitation differential from homestead #2 can be transferred to the new homestead.
Calculated Assessment Difference	75,000	
Calculated Assessed Value	525,000	

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7. Establishing a new homestead as a tenant in common. In this scenario a single owner abandons a homestead and establishes a joint homestead as a tenant in common. Although the just value of the new homestead is higher than the just value of the previous homestead, ownership by tenants in common must be split equally and a just value calculated for each owner. This results in a downsize situation in this scenario because the owner's one-half share is less than the just value of the previous homestead.

Description			Comments
Previous Homestead			
	Number of owners	1	
	Owners permanently residing	1	
	Just Value	400,000	
	Assessed Value	250,000	
	Assessment Difference	150,000	
New Homestead			
	Number of owners	2	Two people purchase a new house and each owns 50% as a tenant in common. Only one of the owners had a previous homestead.
	Permanent residents from previous home	1	
	Type of ownership	TIC or JTWOROS	Ownership is tenants in common or joint tenants without right of survivorship.
	Just Value of entire homestead	450,000	Since ownership of the new homestead is tenants in common, the just value of the new homestead needs to be split in half. The owner with the previous homestead is moving from a home with a just value of \$400,000 to one where his ownership interest is only \$225,000, which results in a downsizing (even though the new property's total just value for all owners is \$450,000). In all downsizing situations, the assessment limitation difference on the new homestead is the same proportion that the assessment limitation difference of the previous homestead was of the just value of the previous homestead: $(150,000/400,000) * 225,000 = 84,375$
	Just Value of each owner's share	225,000	
	Calculated Assessment Difference	84,375	
	Calculated Assessed Value	365,625	

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8. Downsizing as a tenant in common or a joint tenant without right of survivorship with a previous assessment limitation difference greater than \$500,000. In this scenario an owner of a previous homestead abandons and establishes a joint homestead as a tenant in common or joint tenant without right of survivorship. The maximum assessment limitation difference that can be transferred is \$500,000, but this is subject to downsizing, splitting and other provisions. In this scenario, since the new ownership results in a downsize situation, the eligible transfer amount is less than the \$500,000 maximum.

Description			Comments
Previous Homestead			
	Number of owners	1	
	Owners permanently residing	1	
	Just Value	1,000,000	
	Assessed Value	400,000	
	Assessment Difference	600,000	
New Homestead			
	Number of owners	2	Two people purchase a new house and each owns 50% as a tenant in common. Only one of the owners had a previous homestead.
	Permanent residents from previous home	1	
	Type of ownership	TIC or JTWOROS	Tenants in common or joint tenants without right of survivorship.
	Just Value of entire homestead	1,400,000	Since ownership of the new homestead is by tenants in common, the just value of the interest of the tenant in common that qualifies for the new homestead is one half the just value. The owner with the previous homestead is moving from a home with a just value of \$1,000,000 to one where his ownership interest is only \$700,000, which results in a downsizing. In all downsizing situations, the assessment limitation difference on the new homestead is the same proportion that the assessment limitation difference of the previous homestead was of the just value of the previous homestead: $(600,000/1,000,000) * 700,000 = 420,000$
	Just Value of each owner's share	700,000	
	Calculated Assessment Difference	420,000	
	Calculated Assessed Value	980,000	

Note: This is a summary for information purposes. See Emergency Rule 12DER08-21 Transfer of Assessment Limitation Difference; "Portability;" Sworn Statement Required, effective July 18, 2008

9. Splitting and transferring an assessment limitation difference from a homestead with multiple owners whose ownership shares are not equal. In this scenario four owners of a joint homestead whose ownership shares are not equal all abandon the property. One of the owners establishes a new homestead and none of the owners remain in the previous homestead.

Description		Comments
Previous Homestead		
Number of owners	4	Owner #1's share is 40%, owner #2's share is 25%, owner #3's share is 20%, and owner #4's share is 15%.
Owners permanently residing	4	
Just Value	600,000	
Assessed Value	400,000	
Assessment Difference	200,000	
New Homestead		
Number of owners	1	Owner #2 from previous homestead establishes a new homestead. The previous homestead is abandoned by all owners and reassessed at just value as of January 1.
Permanent residents from previous home	1	
Type of ownership		Sole owner.
Just Value of Homestead	400,000	Owner #2's share of the just value of the previous homestead is 25% of \$600,000, or \$150,000. Owner #2's share of the assessment limitation difference of the previous homestead is 25% of \$200,000, or \$50,000. Since the just value of the new homestead is \$400,000, this is an upsize. Therefore, owner #2 can transfer his/her entire share of the assessment limitation difference of \$50,000 to the new homestead.
Calculated Assessment Difference	50,000	
Calculated Assessed Value	350,000	

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10. Splitting and transferring an assessment limitation difference from a homestead with multiple owners whose ownership shares are not equal. In this scenario four owners of a joint homestead whose ownership shares are not equal abandon the property. Two of the owners establish a new joint homestead and none of the owners remain the previous homestead.

Description		Comments
Previous Homestead		
Number of owners	4	Owner #1's share is 40%, owner #2's share is 25%, owner #3's share is 20%, and owner #4's share is 15%.
Owners permanently residing	4	
Just Value	\$600,000	
Assessed Value	\$400,000	
Assessment Difference	\$200,000	
New Homestead		
Number of owners	2	Owner #1 and Owner #3 from the previous homestead establish a new joint homestead. The previous homestead is abandoned by all owners and reassessed at just value as of January 1.
Permanent residents from previous home	2	
Type of ownership		
Just Value of Homestead	\$400,000	Owner #1's share of the just value of the previous homestead is 40% of \$600,000, or \$240,000. Owner #3's share of the just value of the previous homestead is 20% of \$600,000, or \$120,000. Owner #1's share of the assessment limitation difference of the previous homestead is 40% of \$200,000, or \$80,000. Owner #3's share of the assessment limitation difference of the previous homestead is 20% of \$200,000, or \$40,000. Since the just value of the new homestead is \$400,000, this is an upsize for each of the owners. However, since this is a joining of two separate homesteads, only one owner can transfer an assessment limitation difference. Owner #2's assessment limitation difference is the larger of the two (\$80,000 vs. \$40,000), so \$80,000 can be transferred to the new homestead.
Calculated Assessment Difference	\$80,000	
Calculated Assessed Value	\$320,000	

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11. Splitting and downsizing from a homestead with multiple owners whose ownership shares are not equal. In this scenario four owners of a joint homestead whose ownership shares are not equal abandon the property. One of the owners (Owner #1) establishes a new homestead that has a lower just value than his/her share of the assessed value of the previous homestead.

Description		Comments
Previous Homestead		
Number of owners	4	Owner #1's share is 40%, owner #2's share is 25%, owner #3's share is 20%, and owner #4's share is 15%.
Owners permanently residing	4	
Just Value	\$600,000	
Assessed Value	\$400,000	
Assessment Difference	\$200,000	
New Homestead		
Number of owners	1	Owner #1 from the previous homestead establishes a new homestead. The previous homestead is abandoned by all owners and reassessed at just value as of January 1.
Permanent residents from previous home	1	
Type of ownership		
Just Value of Homestead	\$200,000	Owner #1's share of the just value of the previous homestead is 40% of \$600,000, or \$240,000. Owner #1's share of the assessment limitation difference of the previous homestead is 40% of \$200,000, or \$80,000. Since the just value of the new homestead is \$200,000, this is a downsize for Owner #1. In any downsize, the transfer amount is calculated to be the same proportion that the owner's share of the assessment difference of the previous homestead was of the owner's share of the just value of the previous homestead: $(\$80,000 / \$240,000) * \$200,000 = \$66,667.$
Calculated Assessment Difference	\$66,667	
Calculated Assessed Value	\$133,333	

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12. Joining of two homesteads when one owner with an assessment limitation difference from a previous homestead establishes a new joint homestead with a current homesteader who has an assessment limitation difference. In this scenario Owner A abandons a previous homestead and establishes a new joint homestead with Owner B, who remains in his/her current homestead that has an assessment limitation difference.

Description		Comments
Owner A's Previous Homestead		
Number of Owners:	1	
Just Value	\$300,000	
Assessed Value	\$200,000	
Assessment Limitation Difference:	\$100,000	
Owner B's Current Homestead		
Number of Owners:	1	
Just Value	\$400,000	
Assessed Value	\$360,000	
Assessment Limitation Difference	\$40,000	
New Joint Homestead		
Number of Owners:	2	
Just Value	\$400,000	Owner A's assessment limitation difference from his/her previous homestead is \$100,000. Since this is a joining of two homesteads and an upside, Owner A can transfer his/her assessment limitation difference to the new joint homestead for 2009 if Owner B abandons his/her homestead and relinquishes his/her assessment limitation difference. Owner A and Owner B will both need to apply for a homestead exemption on the new joint property and Owner A will need to apply for the transfer of his/her assessment limitation difference from the previous homestead to the new joint homestead.
Calculated Assessment Limitation	\$100,000	
Calculated Assessed Value	\$300,000	
Ownership	Joint tenants with right of survivorship or tenants by the entireties	

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