

**El Rio Mobile Home Park Co-op**  
**YOUR PROPERTY TAXES – IMPORTANT INFORMATION**

Although you will not be billed for it immediately, you will owe property tax to Santa Cruz County for the period beginning the first month after you purchase your home in El Rio. For this reason it is a good idea to set aside the estimated amount you will owe so that it is available when you receive your tax bill. The Frequently Asked Questions below are provided to help you understand the tax process as it pertains to El Rio and estimate your annual tax bill.

**NOTE: It is important to understand that, after purchasing a home in El Rio, the initial tax bill you receive will equal the amount the former owner of your home was billed, as the County is slow in determining the new assessed value of a home after a transfer of ownership or installation of a new coach. This tax bill will not likely represent the true amount of tax that you owe.**

**Very broadly speaking, you should expect to pay approximately 1.1% of the purchase price of your home in annual property taxes.**<sup>1</sup> Depending on different scenarios and exemptions (which are discussed in the FAQ) the combination of your annual tax and any registration fees could be slightly higher or lower than this amount.

Currently, it may take as long as three years to receive a bill based on the new assessed value of your home. In other words, for the first three years after purchasing your home in El Rio, you may pay taxes based on the old value and then, when the County catches up, be presented with a bill (or bills, depending on how long it has taken the County to catch up) based on the new value, which can be much higher. Nonetheless, you are liable for these bills when they are presented.

If you pay less for your home than the previous owner paid, the new taxable value will likely be less than the old taxable value.<sup>2</sup> This may mean that you will be billed on the old value until the County catches up, at which point you will be credited for any overpayment. (See below for information regarding how such credits are applied.)

**Terms in this document:** In this FAQ, the terms “home” and “coach” are used to indicate two different things. As members of El Rio do not own a particular portion of land in the park but are instead joint owners of the entire park, your “home” is defined as your right to occupy and control a defined space within El Rio. Your “coach” is defined as the physical structure or dwelling that occupies that space.<sup>3</sup>

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<sup>1</sup> The purchase price of your home is presumed to be fair market value. The Assessor can rebut that presumption and enroll a different value if there is sufficient evidence that the sale price is not fair market value.

<sup>2</sup> Even if the new assessed value of your home is lower than the old value, the previous owner may have qualified for exemptions that you do not qualify for, meaning you may still end up paying more tax than the previous owner.

<sup>3</sup> For the purposes of taxation through the County, your “home” is divided between “Land Value” and “Improvements Value.” Land Value is the price you paid for your home minus the Improvements Value and the value of your coach (as determined by the County). Improvements Value is your share of the value of the commonly held property and infrastructure of El Rio (the rec hall, laundry room, etc.) While the Land Value of your home will vary based on your purchase price, the Improvements Value is the same for all El Rio Members.

## Frequently Asked Questions

### **How is the new assessed value of my home determined?**

When a change of ownership takes place, the County Assessor determines the new value of your home based on the price you paid minus the “blue book” value of your coach (whether travel trailer, mobile home or manufactured home) and the value of any attached additions. Once the new value of your home is determined, the Assessor will send you a Notice of Supplemental Assessment, which indicates the new assessed value of your home.

Again, because the County is slow in reassessing values after a change in ownership, you may pay taxes based on the old value for up to three years. If the new value is higher than the old value, you will owe taxes based on the difference for each of those years. If the new value is lower than the old value, you will receive a credit for any overpayment. (See below for information on how you will receive this credit.)

Once the County catches up with the change in ownership and determines a new value for your home, going forward you will be taxed on the new value in the normal billing cycle (see next question) and will no longer receive Supplemental (or “catch up”) tax bills or credits.

### **When determining the new assessed value of my home, why does the County Assessor deduct the value of my coach and any attached additions from the price I paid?**

This is done because your coach (and any attached addition) is taxed separately from your home. Your coach is owned by you alone, so you are solely responsible for the taxes assessed on it. Your home, on the other hand, is part of El Rio, which is one parcel with multiple owners that are jointly responsible for the taxes assessed to it.

**Taxes on your home:** The tax on the assessed value of your home is determined by the County (see above) and billed to you through El Rio. The County bills the annual tax to El Rio in two semi-annual installments, so El Rio adds the amount of tax you owe for the first installment to your November assessment and the amount you owe for your second installment to your March assessment. El Rio then pays these amounts to the County. The November payment covers the first half of the fiscal year (July 1 to December 31). The March payment covers the second half (January 1 to June 30). If not paid by December 10 and April 10, respectively, these amounts are past due and subject to penalties.

**Taxes on your coach:** Taxes on your coach are billed to you directly. If your coach is subject to Local Property Tax (LPT), you will receive a tax bill from the County and will pay the County directly. If your coach is subject to Department of Motor Vehicle (DMV) registration fees, you will receive a bill from the DMV and will pay the DMV directly. (See “**Park Models and travel trailers**” below for more information on DMV registration fees.) If your coach is subject to Housing and Community Development (HCD) registration fees, you will receive a bill from HCD and will pay HCD directly. (See “**Pre-1980 coaches**” below for more information on HCD registration fees).

- **Park models and travel trailers:** For park model coaches (most manufactured homes 400 square feet or smaller), and most travel trailers (trailers no wider than 8’ and no longer than 40’ and designed to be pulled by a vehicle), registration fees are usually paid to the Department of Motor Vehicles (DMV). Park model coaches and travel trailers are

not subject to Local Property Tax. However, if your space includes a park model coach or travel trailer *and* an attached addition, you may pay a registration fee to DMV for your coach or trailer and Local Property Tax to the County for your addition. (The taxation of either park model coaches or travel trailers **cannot** be converted from DMV to Local Property Tax.)

- **Pre-1980 coaches (that are not park models or travel trailers):** In general, only coaches originally purchased before July 1, 1980 can still be subject to HCD registration fees instead of Local Property Tax. However, if your home consists of a pre-1980 coach and has an attached addition, you may pay a registration fee to HCD for your coach and Local Property Tax to the County for your addition.

Please note: the taxation of some pre-1980 coaches has been converted from HCD registration fees to Local Property Tax. If purchasing a pre-1980 coach, be sure to confirm with the seller how the coach is taxed. See below for information on voluntarily converting the taxation of your coach from HCD to Local Property Tax.

- **Attached additions:** If your space includes an attached addition, the addition will be subject to Local Property Tax unless it was built before July 1, 1980 or has an assessed value below \$5,000, in which case it is not taxed. Note that if your space includes a coach that is subject to DMV (or HCD) registration fees *and* a taxable attached addition, you may pay a registration fee to DMV (or HCD) for your coach and Local Property Tax to the County for your addition.

**Can you illustrate the information in the previous answer in such a way that I can see what parts of it pertain to the particulars of my home and coach?**

Yes. While the following breakdown may not include all possible scenarios, it provides an outline of the different tax and fee relationships for most of the different coach and addition combinations in El Rio.

<b>Coach type</b>	<b>Taxes on home</b>	<b>Taxes or fees on coach</b>	<b>Taxes on attached addition</b>
Post-1980 Coach without a taxable attached addition	Billed on El Rio assessment and paid to El Rio	Local Property Tax paid directly to County	Not applicable
Post-1980 Coach w/ attached addition worth >\$5,000 and built after July, 1980	Billed on El Rio assessment and paid to El Rio	Local Property Tax paid directly to County	Local Property Tax paid directly to County (combined w/ tax on coach)
Pre-1980 Coach without a taxable attached addition	Billed on El Rio assessment and paid to El Rio	Registration fees paid directly to HCD	Not applicable
<b>Coach type</b>	<b>Taxes on home</b>	<b>Taxes or fees on coach</b>	<b>Taxes on attached addition</b>

Pre-1980 Coach w/ attached addition worth >\$5,000 and built after July, 1980	Billed on El Rio assessment and paid to El Rio	Registration fees paid directly to HCD.	Local Property Tax paid directly to County
Pre-1980 Coach that has been converted to Local Property Tax without a taxable attached addition	Billed on El Rio assessment and paid to El Rio	Local Property Tax paid directly to County	Not applicable
Pre-1980 Coach that has been converted to Local Property Tax w/ attached addition worth >\$5,000 and built after July, 1980	Billed on El Rio assessment and paid to El Rio	Local Property Tax paid directly to County	Local Property Tax paid directly to County (combined w/ tax on coach)
Park model coach or travel trailer (see definitions above) without a taxable attached addition	Billed on El Rio assessment and paid to El Rio	Registration fees paid directly to DMV	Not applicable
Park model coach or travel trailer (see definitions above) w/ attached addition worth >\$5,000 and built after July, 1980	Billed on El Rio assessment and paid to El Rio	Registration fees paid directly to DMV	Local Property Tax paid directly to County

**Are there any advantages to changing from HCD registration fees to Local Property Tax?**

There may be advantages, but each case must be evaluated individually. One possible advantage is that property taxes are payable in two annual installments instead of all being due at one time.

Note that mobile homes subject to Local Property Tax are exempt from any sales or use tax. Therefore, you may enhance the marketability of your mobile home by voluntarily converting it to LPT prior to selling it. Once you convert to LPT, however, you cannot revert back to HCD registration fees.

For information on converting your coach from HCD registration fees to Local Property Tax, visit the HCD website ([www.hcd.ca.gov](http://www.hcd.ca.gov)) and search “Local Property Tax” or call 800-952-8356. You may also write to: State of California, Housing and Community Development, PO Box 2111, 6007 Folsom Blvd., Sacramento, CA 95810.

**Can you provide examples that illustrate the tax implications of buying a home or replacing a coach in El Rio?**

Yes. Below you will find information about the three most common scenarios that result in a change in the Taxable Value of homes in El Rio. (Note: the values used are for illustrative purposes only and do not necessarily represent your or any other Member's actual home values or taxes.)

EXAMPLE A: Transfer of ownership resulting in higher assessed value

Value of your home at date of purchase (i.e. new value)	\$120,000
Previously assessed value (i.e. old value)	<u>\$100,000</u>
Supplemental Assessment value	<b>\$20,000</b>

A Supplemental Assessment will be calculated by the County based on the difference between the new value of your home and the old value. As a result, a Supplemental Assessment tax bill (or bills, depending on how long it has taken the County to catch up with the transfer of ownership) will be issued on the \$20,000 of additional value. This tax will be reflected on the bill the County issues to El Rio, which is itemized by Member, and will be added to your monthly assessment (either in March or November, or divided between the two) as part of the normal tax billing cycle.

You may also receive a Supplemental Assessment on the new assessed value of your *coach* and any attached additions. As coaches and attached additions (considered separately from homes) tend not to gain value over time, it is unlikely (though still possible) that a transfer of ownership will result in a higher assessed value on your coach or attached addition. Regardless, any Supplemental Assessment tax bill on your coach will be billed to you directly by the County and you will pay it directly to the County.

EXAMPLE B: Transfer of ownership resulting in lower assessed value

Value of your home at date of purchase (i.e. new value)	\$80,000
Previously assessed value (i.e. old value)	<u>\$100,000</u>
Supplemental Assessment value	<b>-\$20,000</b>

A Supplemental Assessment will be calculated based on the difference between the new value of your home and the old value. If you “overpay” taxes on your home during the period it takes the County to catch up with the transfer of ownership, the County will issue a credit. This credit will be reflected on the tax bill the County issues to El Rio, which is itemized by Member, and will be passed along to you on your monthly assessment (either in March or November, or divided between the two) as part of the normal tax billing cycle. In this example, the credit would be issued for any taxes paid by the new owner on the -\$20,000 difference between the old value and the new value.

A Supplemental Assessment may also be calculated based on the difference between the new value of your *coach* (and any attached additions) and old value. If you “overpay” taxes on your coach during the period it takes the County to catch up with the transfer of ownership, the County will issue a refund. As taxes on your coach (and any attached additions) are billed to you directly by the County, your refund will be received directly from the County.

EXAMPLE C: Replacing an existing coach with a new one

Assessed value of new coach	\$70,000
Assessed value of previous coach	<u>\$20,000</u>
Supplemental assessment value	<b>\$50,000</b>

A Supplemental Assessment will be calculated based on the difference between the value of the previous coach and the new coach. As a result, a Supplemental Assessment tax bill (or bills, depending on how long it takes the County to catch up with the coach replacement) will be issued to you directly by the County. In addition, the homeowner may be billed for the previous value of \$20,000. Once the Assessor catches up, going forward the annual tax for the coach will be based on the new value of \$70,000.

The homeowner will also continue to pay tax on the home (which is considered separately from the coach). The Taxable Value of the home is unaffected by the coach replacement.

Note: If the new coach is a Park Model (most manufactured homes smaller than 400 square feet) it will be subject to DMV registration fees and will not be subject to Local Property Tax. If the new coach is a travel trailer (no wider than 8' or longer than 40') it will also be subject to DMV registration fees and not be subject to Local Property Tax.

**Can the assessed value of my home change?**

Yes. But once a new assessed value of your home has been determined, it cannot be increased by more than 2% per year until it is sold or otherwise changes ownership.

**Do I have any recourse if I disagree with the valuation placed on my home by the County Assessor?**

Yes. You may request an informal review by the Assessor to see if that office will change the valuation. Additionally, the Santa Cruz County Board of Supervisors has established an Assessment Appeals Board for the purpose of resolving valuation problems. Additional information regarding appeals can be obtained by calling (831) 454-2323, or writing to: Clerk of the Board, 701 Ocean Street, Room 500, Santa Cruz, CA 95060. **Note: El Rio Mobile Home Park plays no role in determining the Taxable Value of your home.**

**What is the current tax rate on homes in El Rio?**

The current tax rate on homes and coaches in El Rio is roughly 1.10% per year. This rate is determined by the County Auditor's Office and is based on bonds that are passed by voters within your tax area.

As an example using this tax rate, if the Taxable Value (assessed value minus any applicable exemptions) of your home (which, again, is separate from your coach) equals \$100,000, the annual tax on your home would be \$1,100. In the normal billing cycle, you would be billed for half of that amount (\$550) in November and the other half in March.

If a portion of the \$100,000 of assessed value includes a Supplemental Assessment (ex: your home is determined to have \$50,000 in previously assessed value and \$50,000 in Supplemental

Assessment), the combination of your semi-annual installments and your Supplemental Assessment tax will still equal \$1,100.

In addition, if you have a coach subject to Local Property Tax, the tax on your coach will be calculated and billed separately by the County. If your coach has an assessed value of \$20,000, you would owe 1.10% of that amount (\$220) in addition to what you owe for your home. As with the Taxable Value of your home, the Taxable Value of your coach could represent a combination of previously assessed value and Supplemental Assessment but would still equal \$220 total.

Again, if you have a coach subject to DMV (or HCD) registration fees instead of Local Property Tax, you will still pay tax on your home but will pay no tax on your coach.

**As a homeowner in El Rio, am I entitled to a homeowner's exemption?**

In general, yes. If you own a home in El Rio, a homeowner's exemption (currently \$7,000) may be deducted from the assessed value of your home before your taxes are calculated. (For example, if your home is assessed at \$100,000 and you qualify for a homeowner's exemption, the Taxable Value of your home will be \$93,000 [ $\$100,000 - \$7,000 = \$93,000$ ].) **However, this exemption is not automatic and must be applied for.**

Please note that if your coach is subject to Local Property Tax instead of DMV (or HCD) registration fees, the homeowner's exemption will be deducted from the assessed value of your coach instead of the assessed value of your home.

For more information about homeowner's exemptions or to apply for an exemption, contact the Assessor's Office at (831) 454-2002. More information is available on the Santa Cruz County Assessor's website: [www.co.santa-cruz.ca.us/asr/](http://www.co.santa-cruz.ca.us/asr/)

**Are any taxes paid at the close of escrow?**

In general, yes. At the close of escrow, the escrow officer should prorate the current fiscal year's tax obligations between the buyer and seller. For example, if escrow closes on December 31 (exactly halfway through the fiscal year) the seller would owe 50% of the taxes for that fiscal year and the buyer the other 50%. The seller's portion (minus any payments the seller has already made for that fiscal year) is deducted from the sales price. The buyer then pays the remaining fiscal year tax bill (minus any amounts already paid by the seller) when it is presented.

Note: taxes paid at escrow will be based on the home's previous assessed value. When a new assessed value is determined, the buyer may owe additional taxes for his/her prorated share of the fiscal year based on a Supplemental Assessment.

If the coach included in the sale is subject to either DMV (or HCD) registration fees, it will also be subject to State sales tax at the time of sale. Coaches subject to Local Property Tax are not subject to State sales tax.

**What are the tax implications of adding an attached addition to my coach?**

If you add an attached addition to your coach, you will pay Local Property Tax on the addition based on its value as determined by the County Assessor. You will pay this tax directly to the County. While building an attached addition will not change the Taxable Value of your *home*, the Local Property Tax on your *attached addition* will increase the total amount of tax you pay each year.

Again, please note that your attached addition must be valued by the Assessor at \$5,000 or more to be subject to tax. Attached additions valued at less than \$5,000 (or built before July 1, 1980) are not taxed.

**What if I inherit my home from a relative who has died?**

If you are the child or parent (or, in some cases, the grandchild) of an El Rio Member who dies, and you inherit the Member's home, you may apply for an exclusion from reassessment. If your claim is approved, you will avoid having a new assessed value determined for the home and continue to pay taxes on the same value as your child, parent (or grandparent). Any home inherited by a relative who is neither the Member's parent, child, nor grandchild is subject to reassessment upon the change in ownership.

**If I have questions about my tax bill, who should I contact?**

Any questions regarding your tax bills should be directed to the County Assessor (831-454-2002) or the John Stewart Company (831-458-5725)

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