



Client Information:

Buying Down in Sonoma County

By Julie Hunter

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Keys to Success

Since World War II, people across the United States have taken a “bigger is always better” approach when it comes to home sizes. Whereas immediately following the war, most homes were generally two-bedroom, one-bath properties of approximately 1,000 square feet, over time single-family residences have mushroomed to today’s four- or five-bedroom, three-bath, 3,000-square-foot-plus behemoths.

Now, however, I’m starting to see a reversal in this trend. Over the past several years there’s been a huge amount of interest in “buying down”—moving from a large house or ranch to a smaller, more manageable property. The reasons to do so are many, such as:

- Smaller homes take less money to heat and cool.
- Smaller homes are more compact and comfortable, and seem to have less “wasted” space (such as to the couple whose grown children have all moved out).
- Smaller homes are generally closer to stores and other city-type locations, making it easier for elderly people in particular to get around.
- Smaller homes (and this is a biggie for a lot of people) require less time to clean and less general upkeep.

What’s held many people back from buying down is their fear that their tax rates will jump substantially, even if they move to a much smaller property. Proposition 60, the Replacement Residence Exclusion, has now solved this problem for Sonoma County residents 55 years of age or older. In general, Proposition 60 enables someone to move to a smaller, more manageable home (and subsequently make a larger home available to new families needing the room) *without* compromising their current tax rate.

There are some caveats (I know, I know—surprise, surprise), among which are:

- The replacement residence must be of an equal or LESSER value than the original home, and
- Both the replacement residence and the original home must both be located in Sonoma County.

Buying down can be enticing for a couple whose children have left, or for someone experiencing a divorce or death of a spouse. If you'd like more information, please give me a call at (707) 544-3500 or contact the Sonoma County Tax Assessor's Office at (707) 565-1881.

A final note: Proposition 60 is a completely separate issue from Internal Revenue Service (IRS) rules and regulations regarding selling your primary residence, so please consult with your financial planner or tax expert as well.

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For additional information, contact:

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