



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
916 445-4982 • FAX 916 323-8765
www.boe.ca.gov

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First District, San Francisco

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Second District, Ontario/Sacramento

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Third District, Rolling Hills Estates

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RAMON J. HIRSIG
Executive Director

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TO COUNTY ASSESSORS:

REPORTING REQUIREMENTS FOR RESIDENTIAL COOPERATIVE HOUSING

Revenue and Taxation Code¹ section 65.1 provides that when an interest in a portion of real property is purchased or changes ownership, only the interest or portion transferred shall be reappraised at full cash value. For units or lots within a cooperative housing corporation, community apartment project, planned unit development, condominium, shopping center, industrial park, or other land subdivision complex, only the lot or unit transferred is reassessed. The increase in property taxes is applied only to the tenant-shareholder, lessee, or occupant of the individual unit that changed ownership. The increase is not to be prorated among other units.

In a cooperative housing corporation, the corporation holds title to the project real estate, with shares in the corporation in turn owned by the project's occupants. Ownership of shares provides the right to lease and use one of the project's dwelling units. The owners also hold leasehold interests in specific units combined with proportional ownership of the shares in the cooperative housing corporation. Section 61(i) expressly provides that a transfer of stock in a cooperative housing corporation is a change in ownership that requires reassessment of the property, unless an exclusion applies.

The primary discovery method of real property that has changed ownership is the recorded grant deed. However, in housing developments such as cooperative housing corporations, individual units transfer by means of stock certificates. These certificates are not recorded with the county recorder and may or may not be recorded with the Secretary of State. Consequently, discovery of these changes in ownership by conventional means is difficult.

Effective January 1, 2008, Assembly Bill 402 (Ch. 450, Stats. 2007) adds section 408.8 to the Revenue and Taxation Code to require owners of cooperative housing, community apartment complex, condominium, planned unit development, or other residential subdivision complex with common areas or ownership to file annual ownership reports, upon the request of the assessor.

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

This requirement applies only to residential real estate projects with co-operative forms of ownership that do *not* use deeds to transfer ownership of the individual units. It does not apply to residential projects that utilize deeds to transfer ownership. Other real estate projects, such as shopping centers, industrial parks, or other commercial or industrial land subdivision complexes with common areas or facilities, are not required to file an ownership report.

The ownership report must include the following information:

- Full name and mailing address of each owner, stockholder, or owner of an ownership interest and a copy of the stock certificate or other document that evidences an interest in the unit or lot.
- Situs address including the number of each unit or lot.
- The date the ownership interest was acquired and its acquisition price.

If the assessor makes such a request, the report must be filed by the following February 1 and on each February 1, thereafter.

Once a stock certificate or other document that evidences an interest in the unit or lot is provided to the assessor in an ownership report, it is not required to be provided in subsequent ownership reports unless the ownership of the unit or lot changes.

If the residential project does not submit a consolidated ownership report to the assessor as requested, the assessor may send a change of ownership statement to each tenant, shareholder, lessee, or occupant for each unit or lot. If the assessor sends a change in ownership statement to the individual owners or tenants, a notice must be included with that statement informing occupants who do not have an ownership interest in the unit or lot to forward the statement to the owner or shareholder of the unit or lot.

There is no penalty if the consolidated annual ownership report is filed by the residential project. However, if no consolidated report is filed and the assessor sends change in ownership statements to the individual owners, the assessor is to apply the penalty under section 482(a) if an individual owner fails to file the change in ownership statement.

A copy of section 480.8 is enclosed. If you have any questions, please contact our Technical Services Unit at 916-445-4982.

Sincerely,

/s/David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:grs
Enclosure

Revenue and Taxation Code section 480.8, as added by AB 402:

480.8. (a) (1) For purposes of complying with the change in ownership provisions of Section 65.1 and subdivision (i) of Section 61, upon a written request of the county assessor, the owners of a cooperative housing corporation, community apartment project, condominium, planned unit development, or other residential subdivision complex with common areas or facilities in which units or lots are transferred without the use of recorded deeds, shall file an ownership report on or before the first February 1 that follows an assessor request, and on or before each February 1 thereafter. The ownership report shall include all of the following information:

(A) The full name and mailing address of each owner, stockholder, or holder of an ownership interest in the property and a copy of the stock certificate, or other document that evidences an interest in the unit or lot. Copies of stock certificates and other documents evidencing an interest in an individual unit or lot that were provided to the county assessor in a previous ownership report are not required to be provided in subsequent ownership reports.

(B) The situs address, including the number, of each unit or lot.

(C) The date that an ownership interest in the property was acquired and the acquisition price of that interest.

(2) The ownership report described in paragraph (1) applies to units or lots of residential property for which the individual units or lots consist of dwellings that could be eligible for homeowners' exemption if occupied as a principal place of residence.

(b) (1) If the ownership report request described in subdivision (a) is not complied with, the assessor may send a change in ownership statement to every owner, tenant-shareholder, or occupant of each individual unit or lot. If the assessor sends a change in ownership statement pursuant to this paragraph, a notice shall be included with that statement informing occupants who do not have an ownership interest in the unit or lot to forward the statement to the owner or shareholder of the unit or lot.

(2) Failure to file the change in ownership statement described in paragraph (1) shall result in the penalty described in subdivision (a) of Section 482 for each individual unit or lot whose owner or shareholder fails to independently file the change in ownership statement.