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February 25, 2002

No. 2002/010

TO COUNTY ASSESSORS:

PRO RATA CHANGES IN OWNERSHIP OF MOBILEHOME PARKS

The Governor signed Assembly Bill 1457 (Chapter 772, Statutes of 2001) which amends section 62.1 of the Revenue and Taxation Code¹ relating to resident-owned mobilehome parks. Effective January 1, 2002, Chapter 772 relettered section 62.1 and added subparagraphs (4), (5), (6), and (7) to subdivision (b) regarding pro rata changes in ownership.

Section 62.1 excludes certain transfers of mobilehome parks from change in ownership reassessments if the tenants who rent the individual spaces of the mobilehome park purchase it. Qualifying conversions to resident ownership permit the residents of the park to retain the base year value of the previous owner, rather than triggering a reassessment of the mobilehome park to current market value. Section 62.1 also provides that once the park has been excluded from a change in ownership and the park has not been converted to condominium, limited equity, or cooperative ownership, then any transfer (after January 1, 1989) of a share of stock or other ownership interest in the entity which acquired the park results in a pro rata change in ownership in the park real property. In other words, once a resident who participated in the original purchase of the park sells or otherwise transfers an ownership interest in the park, that particular interest is reassessed to current market value.

Chapter 772 makes the following amendments to section 62.1:

- Where an assessor did not timely assess a pro rata change in ownership that occurred between January 1, 1989, and January 1, 2002 *and* levy an assessment prior to January 1, 2000, no supplemental or escape assessments may be levied. However, the assessor must correct the base year values to reflect such pro rata changes in ownership on a prospective basis commencing with the January 1, 2002 lien date.
- Mobilehome parks must provide any information requested by assessors as needed to correct the base year value of the park.
- Any outstanding taxes that were levied under the circumstances described above, between January 1, 2000 and January 1, 2002, are to be cancelled. However, no refunds will be issued for any taxes paid before January 1, 2002.

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

- Assessors that correct base year values under the circumstances described above must notify the park that its residents may be eligible for the property tax assistance programs offered by the Franchise Tax Board (the Homeowner Assistance Program) or the State Controller (the Property Tax Postponement Program).
- If a resident-owned mobilehome park does not use recorded deeds to transfer ownership interests in the spaces or lots, the park must annually file by February 1 with the county assessor's office a report containing the following information:
 1. The name and mailing address of each owner, stockholder, or holder of an ownership interest in the mobilehome park.
 2. The situs address, including space number, of each unit.
 3. The date that the ownership interest was acquired.
 4. Whether the manufactured home is subject to the local property tax or the vehicle license fee (including the Department of Housing and Community Development decal number or serial number, or both).

Failure to comply with this reporting requirement will result in a penalty pursuant to Section 482.

- Any person that acquires an interest in a park that does not use recorded deeds to transfer ownership interests in the spaces or lots must file a change in ownership statement with the county assessor within 30 days of the change in ownership, regardless of whether the park files a report with the county assessor.

This legislation does not affect those counties that *timely* assessed these pro rata changes in ownership and the resulting supplemental or escape assessments.

Enclosed is a copy of section 62.1 with the changes denoted by ~~strikeout~~/underline. Information about the **Homeowner Assistance Program**, administered by the Franchise Tax Board, may be obtained by telephone at (800) 872-6028 or at their Internet Web site at <http://www.ftb.ca.gov>. Information about the **Property Tax Postponement Program**, administered by the State Controller's Office, may be obtained by telephone at (800) 952-5661, or at their Internet Web site at <http://www.sco.ca.gov>. If you have any questions regarding the assessment of mobilehome parks, please contact our Real Property Technical Services Unit at (916) 445-4982.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property Taxes Department

DJG:grs
Enclosure

CHAPTER 772, STATUTES OF 2001

Section 62.1 of the Revenue and Taxation Code is amended to read:

62.1. (a) Change in ownership shall not include ~~either of~~ the following:

~~(a)~~ (1) Any transfer, on or after January 1, 1985, of a mobilehome park to a nonprofit corporation, stock cooperative corporation, limited equity stock cooperative, or other entity formed by the tenants of a mobilehome park, for the purpose of purchasing the mobilehome park, provided that, with respect to any transfer of a mobilehome park on or after January 1, 1989, subject to this ~~subdivision~~ paragraph, the individual tenants who were renting at least 51 percent of the spaces in the mobilehome park prior to the transfer participate in the transaction through the ownership of an aggregate of at least 51 percent of the voting stock of, or other ownership or membership interests in, the entity which acquires the park. If, on or after January 1, 1998, a park is acquired by an entity that did not attain an initial tenant participation level of at least 51 percent on the date of the transfer, the entity shall have up to one year after the date of the transfer to attain a tenant participation level of at least 51 percent. If an individual tenant notifies the county assessor of the intention to comply with the conditions set forth in the preceding sentence, the mobilehome park may not be reappraised by the assessor during that period. However, if a tenant participation level of at least 51 percent is not attained within the one-year period, the county assessor shall thereafter levy escape assessments for the mobilehome park transfer.

~~(b)~~ (2) Any transfer or transfers on or after January 1, 1985, of rental spaces in a mobilehome park to the individual tenants of the rental spaces, provided that (1) at least 51 percent of the rental spaces are purchased by individual tenants renting their spaces prior to purchase, and (2) the individual tenants of these spaces form, within one year after the first purchase of a rental space by an individual tenant, a resident organization as described in subdivision ~~(k)~~ (l) of Section 50781 of the Health and Safety Code, to operate and maintain the park. If, on or after January 1, 1985, an individual tenant or tenants notify the county assessor of the intention to comply with the conditions set forth in the preceding sentence, any mobilehome park rental space ~~which that~~ is purchased by an individual tenant in that mobilehome park during that period shall not be reappraised by the assessor. However, if all of the conditions set forth in the first sentence of this ~~subdivision~~ paragraph are not satisfied, the county assessor shall thereafter levy escape assessments for the spaces so transferred. This ~~subdivision~~ paragraph shall apply only to those rental mobilehome parks ~~which that~~ have been in operation for five years or more.

~~(e)~~ (b)(1) If the transfer of a mobilehome park has been excluded from a change in ownership pursuant to paragraph (1) of subdivision (a) and the park has not been converted to condominium, stock cooperative ownership, or limited equity cooperative ownership, any transfer on or after January 1, 1989, of shares of the voting stock of, or other ownership or membership interests in, the entity ~~which that~~ acquired the park in accordance with paragraph (1) of subdivision (a) shall be a change in ownership of a pro rata portion of the real property of the park unless the transfer is for the purpose of converting the park to condominium, stock cooperative ownership, or limited equity cooperative ownership or is excluded from change in ownership by Section 62, 63, or 63.1.

(2) For the purposes of this subdivision, “pro rata portion of the real property” means the total real property of the mobilehome park multiplied by a fraction consisting of the number of shares of voting stock, or other ownership or membership interests, transferred divided by the total number of outstanding issued or unissued shares of voting stock of, or other ownership or

membership interests in, the entity ~~which~~ that acquired the park in accordance with paragraph (1) of subdivision (a).

(3) Any pro rata portion or portions of real property ~~which~~ that changed ownership pursuant to this subdivision may be separately assessed as provided in Section 2188.10.

(4) (A) Notwithstanding any other provision of law, after an exclusion under subdivision (a), the assessor may not levy any escape or supplemental assessment with respect to any change in ownership of a pro rata portion of the real property of the mobilehome park that occurred between January 1, 1989, and January 1, 2002, and for which the assessor did not, prior to January 1, 2000, levy any assessments. However, commencing with the January 1, 2002, lien date, the assessor shall correct the base year value of the pro rata portion of the real property of the park to properly reflect these changes in ownership. A mobilehome park shall provide information requested by the assessor that is necessary to correct the base year value of the property for purposes of this paragraph.

(B) When an assessor corrects the base year value of the real property of the park pursuant to subparagraph (A), the assessor shall notify parks that residents may be eligible for property tax assistance programs offered by either the Controller or the Franchise Tax Board for senior citizens, or blind or disabled persons.

(C) Any outstanding taxes that were levied between January 1, 2000, and January 1, 2002, as a result of a pro rata change in ownership as described in subparagraph (A) shall be canceled. However, there shall be no refund of taxes, as so levied, that were paid prior to January 1, 2002.

(5) A mobilehome park that does not utilize recorded deeds to transfer ownership interest in the spaces or lots shall file, by February 1 of each year, a report with the county assessor's office containing all of the following information:

(A) The full name and mailing address of each owner, stockholder, or holder of an ownership interest in the mobilehome park.

(B) The situs address, including space number, of each unit.

(C) The date that the ownership interest was acquired.

(D) If the unit is a manufactured home, the Department of Housing and Community Development decal number or serial number, or both, and whether the manufactured home is subject to the vehicle license fee or the local property tax.

(6) Within 30 days of a change in ownership, the new resident owner or other purchaser or transferee of a mobilehome within a mobilehome park that does not utilize recorded deeds to transfer ownership interest in the spaces or lots shall file a change in ownership statement described in either Section 480 or 480.2.

(7) Failure to comply with the reporting requirement described in paragraph (5) shall result in a penalty pursuant to Section 482.

~~(d)~~ (c) It is the intent of the Legislature that, in order to facilitate affordable conversions of mobilehome parks to tenant ownership, paragraph (1) of subdivision (a) apply to all bona fide transfers of rental mobilehome parks to tenant ownership, including, but not limited to, those parks converted to tenant ownership as a nonprofit corporation made on or after January 1, 1985.