



OCPA Portability FAQ's

Q: What is portability?

Portability is the ability to transfer up to \$500,000 of accumulated Save Our Homes assessment difference from a prior homesteaded property to a new homesteaded property.

Q: What is the benefit of portability?

Portability reduces the assessed value of your new homestead property, in addition to the homestead exemption. This reduces your taxable value and saves you money.

Q: When do I apply for portability?

To qualify for portability, you must first establish your new homestead exemption and you had to have a homestead exemption on January 1 of either of the last three preceding years. You apply for portability when you apply for your new homestead exemption. Keep in mind, your homestead exemption doesn't transfer—you must apply for homestead when you move to a new property. You apply for portability, or "port," at the same time with a form called DR-501T.

Q: How will I know if I qualify for portability?

Once you apply for homestead and portability, you will receive a receipt for your homestead exemption. Our office will process your portability application separately. If your portability cannot be granted, you will receive a denial letter by July 1. If your homestead exemption is denied, for whatever reason, your portability application is considered denied as well and you will not receive a separate denial letter.

Q: If my portability is granted, how will I know?

If your new homestead application has been granted, your portability value will appear on the *Notice of Proposed Property Taxes* (TRIM) that is mailed to all property owners in August. The portability amount is listed in the Current Value column under the SAVE OUR HOMES BENEFIT.

Q: Is there a limit to how much portability I can transfer?

The maximum allowed by law is \$500,000.

Q: Do I apply for portability every year?

No, portability is a one-time credit. You apply for it when you establish a new homestead.

Q: Do I have to sell my former homestead property

No, the law states you must abandon the previous homestead property which means you "give up" the homestead exemption on the previous homestead property. If you still own the previous homestead property, the market and assessed value will become equal.

Q: Do I have to purchase a new property to get the portability benefit?

No, if you already own the home (2nd home, beach house, etc.) and you move into that property as your permanent residence, you can apply for homestead and portability.

Q: Is the portability based on the sale price of my old homestead?

No, portability is based on the certified value of your property assigned by the Property Appraiser as of January 1 of the last year you had homestead.

Q: I own a property with another person. I moved and established my own homestead property but the co-owner of the previous homestead did not move. Can I qualify for portability?

No, the law requires the previous homestead to be abandon. In other words, the homestead and Save Our Homes benefit must be removed. The owner who remained on the previous property can give up the homestead, re-apply for it and “port back” half of the Save Our Homes benefit, but that means the taxes will go up on that property. The owner who remains on the previous homestead would have to consent to give up the exemption and the Save Our Homes benefit.

Q: I own a property with two other people. I have a 60% percent interest in the property and the other two have a 20% interest. If we sell the house and each move to different properties, how does the portability get divided?

Portability is proportional to an owner’s interest. If no specific amount of interest is specified on the deed or court papers, then the portability is divided equally among the number of owners who had homestead. For example, all three owners have homestead, each would get a third of the portability amount. In the example above, the one owner gets 60% of the portability and the other two owners get 20% each. If only 1 owner applied for homestead, then that owner gets all the portability.

Q: I own a property by myself and my husband lives with me on that property. We are buying a new home but only his name is on the deed on the new property. Can I still qualify for portability?

No, you must be on the title to the property or you won’t qualify.

Q: My wife and I own a property together but on our new home, only I am on the deed. Can we still receive the full amount on the new homestead?

Your spouse must fill out the DR-501TS form which designates that she will give you 100% of the portability. If you do not fill out the designation DR-501TS form, then you will receive 50% of the portability amount.

This procedure can vary from county to county so if you move outside of Orange County, you need to contact the property appraiser in the county where your new homestead is located to find out what you can claim.

Q: My spouse and I are getting a divorce. We both own and applied for homestead on our property and we are each moving to our separate properties and selling the previous homestead. How will the portability be divided?

If both spouses abandon jointly owned property and move to separate properties following a divorce, the split is automatically 50/50. Formerly married couples may file the DR-501TS form and designate the portability split. For example, you can designate a 40/60 split or 80/20. The form must be filled out, signed and notarized by both parties.

Q: Can owners who are not married designate how they want to split the portability?

No, portability is proportional to the owner’s interest. Only married couples can designate their portability portion.

Q: My spouse and I are getting a divorce. She will stay in the home but I purchased another house and will apply for homestead there. Can I qualify for portability?

No, the law requires the previous homestead to be abandon. In other words, the homestead and Save Our Homes benefit must be removed. Your spouse who remained on the previous property can give up the homestead, re-apply for it and “port back” half of the Save Our Homes benefit (or whatever portion is designated on the DR-501TS form), but that means the taxes will go up on that property. Your spouse must consent to give up the exemption and Save Our Homes benefit. By law, our office cannot accept a marital settlement agreement or any other stipulation. The owner must consent to give up the homestead and file the designation form if the portability split is to be other than 50/50.

Q: How is the portability calculated?

If your new homestead property is **of equal or greater value*** this is the formula:

Subtract the assessed value from the market value of the previous homestead. That is your portability amount. Take the portability amount and subtract it from the market value of your new homestead. That equals your new assessed values.

Example: *Values are based on the Certified Value as of January 1

| | |
|--------------------------------------|--------------------|
| Previous Homestead Market/Just Value | \$300,000 |
| Previous Homestead Assessed Value | \$200,000 - |
| Portability | \$100,000 |

**Values are based on the certified value as of January 1 on the immediately preceding year or year before that depending on when you last had homestead.*

| | |
|---------------------------------|--------------------|
| New Homestead Market/Just Value | \$500,000 |
| New Homestead Assessed Value | \$500,000 - |
| Portability | \$100,000 |
| New Assessed Value | \$400,000 - |
| Homestead Exemption | \$25,000 |
| Taxable Value | \$375,000 |

Keep in mind, when applying for a new homestead, the market and assessed values are equal.

If your new homestead property is of lesser value, you receive the same percentage of savings on the new homestead as you did on the previous homestead.

- $\text{Portability from Previous Homestead} \div \text{Previous Homestead Market Value} = \text{Portability \%}$
- $\text{Market Value of New Homestead} \times \text{Portability \%} = \text{Actual Portability Amount}$

Example:

| | |
|--------------------------------------|--------------------------|
| Previous Homestead Market/Just Value | \$500,000 |
| Previous Homestead Assessed Value | \$200,000 - |
| Portability from Previous Homestead | \$300,000 |
| Portability Percentage | 0.6 (60% savings) |
| New Homestead Market/Just Value | \$150,000 |
| Actual Portability Amount | \$90,000 |
| New Homestead Assessed Value | \$ 60,000 |
| Subtract Exemption | \$ 25,000 |
| Taxable Value on New Property | \$ 35,000 |

+ Values are based on the certified value as of January 1 on the year you apply for homestead.