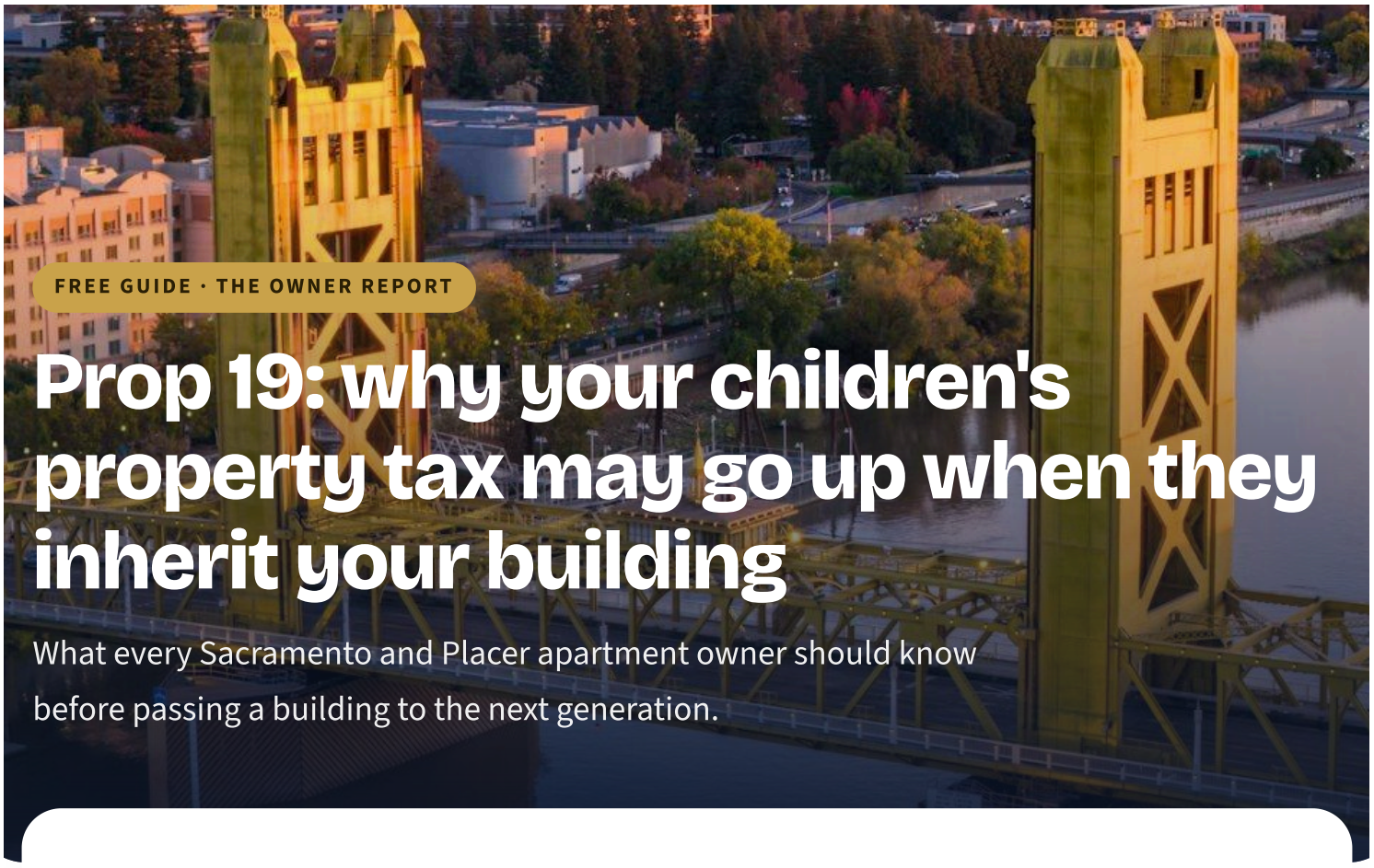


FREE GUIDE · THE OWNER REPORT

Prop 19: why your children's property tax may go up when they inherit your building

What every Sacramento and Placer apartment owner should know before passing a building to the next generation.

Dear owner,

You worked for decades to build something. Many owners tell us the same dream: "One day this building will take care of my kids."



Since 2021, that plan works differently. A rental building that passes from parents to children is now taxed at today's value, not the old one. For a family that bought years ago, the new tax bill can be two or three times bigger. We wrote this guide so you are not surprised, and so you can talk it over with your CPA while there is still time to plan.

Dennis & Claudia Aguilar

THE SHORT ANSWER

Your children will pay a new, higher property tax on the building.

Since February 16, 2021, when a rental property passes from a parent to a child, the county reassesses it at its current market value. The old, low tax base does not carry over.

BEFORE FEB 16, 2021

👨‍👧 Old rule (Prop 58)

Children could keep the parents' low tax base on the family home **plus up to $1 million** of other property, like a rental building.

TODAY

🏢 New rule (Prop 19)

Rental buildings get a **new tax base at market value**. Only the family home can keep protection, and only if a child moves in within one year.

WHAT IT CAN LOOK LIKE

A simple example, with round numbers.

Say your parents bought a 30-unit building long ago. Its taxable value today is about **$1.5 million**, but it is worth about **$4.5 million** on the market. Property tax in our area is roughly 1.1% of taxable value.

Tax the parents pay today — **≈ $16,500 / yr**



Tax the children pay after inheriting — **≈ $49,500 / yr**



3×

About $33,000 more, every year

That money comes out of the building's income, year after year. It can change whether keeping the building still makes sense for your family.

Illustration only. Your numbers depend on your county, your tax rate and your building.

AND THE FAMILY HOME?

The home you live in has its own rule.

A child must move in

The child has to make it their main home within one year to keep the low tax base.

There is a cap

Protection covers the old taxable value plus **$1,044,586** (for 2025 to 2027). Value above that is added to the tax base.

Companies are different

The parent-child exclusion does not apply to transfers of LLCs or other entities. Those have their own rules.

BEFORE YOU DECIDE ANYTHING

Five questions to bring to your CPA or estate planner.

1. What is my building's taxable value today, and what would it be if my children inherited it?
2. Will the rent still cover the new tax, the mortgage and the repairs after the change?
3. Do my children want to own and manage an apartment building, or would they rather inherit money?
4. If we sold during my lifetime, what would the taxes look like, and could an installment sale or a 1031 exchange help?
5. Is my building held in my name, in a trust or in an LLC, and how does that change the answer?

A thought from us

There is no one right answer. Some families keep the building and do well. Others sell and give their children peace instead of a property to run. What matters is that it is your choice, made with the real numbers, and not a surprise your children find in a tax bill.



Want to talk it over? The coffee is on us.

We're glad to sit with you, and with your CPA or attorney if you like. No pressure, no sales pitch. If one day you decide to sell, we can give you a written price for your building.

Text or call Claudia. She answers herself.

(916) 517-4899

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Where this comes from

- California State Board of Equalization, Proposition 19 information pages and Publication 800-1.
- California Constitution, Article XIII A, Section 2.1 (Prop 19, effective February 16, 2021).
- BOE inflation-adjusted family home exclusion amount of $1,044,586 for February 16, 2025 to February 15, 2027.

Updated November 2026. This guide is general information to help owners understand the rules. It is not legal or tax advice, and every family is different. Talk with your CPA or estate planner before you act. Aguilar CRE is a real estate investment company. Claudia Gimenes Aguilar is individually licensed as a California real estate broker, DRE #02206834.