



THINKING OF PURCHASING A TIC?

December 2015

What is TIC?

Each property is identified as a unique “parcel” for property tax purposes. For example, a single family home or a condominium unit is identified as one parcel. There may also be multiple living units in one parcel, for example, an apartment building may be one legal parcel but have several living units within it.

Tenancy-In-Common (TIC) is a form of ownership which allows a group of individuals to co-own a single parcel. While each owner owns a portion of the parcel, the parcel is still treated as one unit for property tax billing purposes. A common example of a TIC might be a building with two separate flats – in this case, the building is still technically one parcel but different individuals own each flat and may split ownership of the parcel 50-50.



How are TICs Valued?

TIC properties are assessed in the same way as other properties. In California, Proposition 13 generally caps a property’s assessed value from increasing by more than 2% annually unless there is a change in ownership or new construction activity.

In the case of a change in ownership for a TIC, when a percentage share of a parcel is sold, only that portion will be reassessed at current market value. The example below illustrates a reassessment when a percentage share of a parcel is sold.

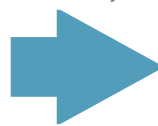
Year 1: A four-unit TIC building was purchased for \$2,000,000 with each co-owner responsible for an equal share of the parcel.

Year 2: Tom sells his share to Abby for \$800,000, so Abby’s assessment is reset to market value of \$800,000. The rest of the owners remain the same and only see their assessed value go up by the Prop 13 allowable inflation rate of 2%.

Parcel’s Total Assessed Value = \$2,000,000

Unit	Ownership	Assessed Value	Owners
Unit 1	25%	\$500,000	 Tom
Unit 2	25%	\$500,000	 Annie
Unit 3	25%	\$500,000	 Mary
Unit 4	25%	\$500,000	 James
Total Assessed Value	100%	\$2,000,000	

Tom sold Unit 1 to Abby



Parcel’s Total Assessed Value = \$2,330,000

Unit	Ownership	Assessed Value	Owners
Unit 1	25%	\$800,000	 Abby
Unit 2	25%	\$500,000 (+2%) = \$510,000	 Annie
Unit 3	25%	\$500,000 (+2%) = \$510,000	 Mary
Unit 4	25%	\$500,000 (+2%) = \$510,000	 James
Total Assessed Value	100%	\$2,330,000	

Individual Assessed Value for TIC available!

Usually, only one parcel receives the annual Notice of Assessed Value in July. However, as a courtesy, our office can provide TIC co-owners with a break-out of each share of the regular assessed value. You must apply for this, see more details in the FAQs.

FREQUENTLY ASKED QUESTIONS

Q1. If I am a TIC co-owner will I get a separate property tax bill?

A1. The Office of the Treasurer and Tax Collector is responsible for billing and collecting property taxes. Currently, they can only send out bills by parcel, not to each co-owner of a TIC. Usually, TIC co-owners will make financial arrangements with each other to pay their share of the annual property tax bill. Remember, all co-owners are responsible for ensuring the full property tax bill is paid in full or they may incur penalties or late fees. For information about your tax bill, please contact the Treasurer-Tax Collector by calling 311.

Q2. What if I disagree with the assessed value of the property?

A2. Like any property owner, TIC co-owners may file a formal appeal of their assessed value through the independent Assessment Appeals Board (AAB). The AAB is appointed by the Board of Supervisors and serve as a hearing entity for your appeal. Please visit their website for more information: www.sfgov.org/aab.

Q3. How do I know what share of the property tax bill is mine?

A3. As a courtesy, our office offers TIC co-owners a notice of individual assessed values so that you can calculate your own share of the property tax bill. To receive this notice, you must **apply for the “Individual Assessed Value for TIC Units”** by downloading and returning a completed form to our office. Application form can be found on our website (www.sfassessor.org) and you only need to submit the request once. To receive your notice in July, applications must be submitted by March 30th of the same year.

***Remember, requesting a notice of individual assessment does not mean you will receive separate tax bills from the Office of the Treasurer & Tax Collector. All TIC co-owners are still responsible for the full tax bill. We encourage TIC co-owners to keep proper documentation, proof of individual sales prices, as well as other ownership information.*



TICs Versus Condominiums (Condos)

Many people confuse TICs ownership with owning a condo. While the physical environment may be similar (multiple private units with common shared spaces in a single building), the biggest difference is that condos are legally separated parcels. The chart below shows some key differences between the two.

Topic	TIC	Condo
Parcel	The entire property is one legal parcel regardless of how many separate living units there are in the building. The property, then, is assigned with one unique Assessor Parcel Number (APN).	Each condo unit is its own legally separated parcel. Each condo unit, therefore, is assigned its own unique Assessor Parcel Number (APN)
Billing	One tax bill is sent out for the entire parcel. All co-owners must share in paying the annual tax bill in full to avoid penalties/fees or other consequences.	Separate tax bills are sent out to each condo owner.
Financial Implications	Generally, financing for individual unit may be available. However, depending on how the units are financed or structured, it is possible that co-owners can experience adverse consequences if one co-owner does not make timely payments.	The owner owns a legally separated unit and generally does not have a linked financing arrangement with other condo owners in the building.

***Disclaimer: Information on this document is not constructed as legal advice, but it designed merely to inform the public on property assessment information processed by the Office of the Assessor-Recorder. If you have any question regarding your personal finance, it is recommended that you consult with an attorney or a certified accountant.*