



**JOSEPH KELLY**  
TREASURER AND TAX COLLECTOR

# COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR

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October 17, 2016

TO: Supervisor Hilda L. Solis, Chair  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe  
Supervisor Michael D. Antonovich

FROM: Joseph Kelly   
Treasurer and Tax Collector

SUBJECT: **SENIOR CITIZENS AND DISABLED CITIZENS PROPERTY TAX  
POSTPONEMENT PROGRAM**

On January 8, 2015, we notified your Board that Governor Brown signed AB 2231, which established a new Property Tax Postponement (PTP) Program for seniors and the disabled, effective July 1, 2016. The former PTP Program had been operational for decades until its suspension on February 20, 2009, due to budget cuts.

This report will provide an update on the implementation status of the new PTP Program. In general, the program allows the State Controller's Office (State Controller), the agency responsible for program administration, to pay current year property taxes for approved applicants. The State Controller secures the payment(s) by filing a lien against the property, which must be paid in full when refinancing, obtaining a reverse mortgage, changing ownership, or no longer using the property as a primary residence. The interest rate on the postponed amount accrues at seven percent and is computed monthly.

The State Controller will accept applications beginning October 1, 2016, through February 10, 2017. During the course of implementation, it has become evident that due to funding reasons, all who qualify may not be approved. As reported on January 8, 2015, there are significant program differences between this new program and the previous program. The differences are listed below:

<b>Eligibility</b>	<b>Former Program</b>	<b>New Program</b>
Annual Enrollment	Yes	Yes
Must be 62 or Older, or Blind, or Disabled	Yes	Yes
Subject Property must be the Primary Residence	Yes	Yes
Single Family Residence	Yes	Yes
Condominium	Yes	Yes
Mobile Home	Yes	No
Houseboat or Floating Home	Yes	No
Equity Requirement	20%	40%
Income Requirements	\$35,500 or less annually	\$35,500 or less annually
Defaulted Taxes Included	Yes	No
Minimum bid PTP parcels Subject to Sale	State Controller filed claim under Excess Proceeds.	PTP lien payoff must be included in minimum bid.
When is a loan due?	When the property owner dies, sells the home, moves, or allows a "senior lien" to become delinquent.	When the property owner dies, sells the home, moves, allows a "senior lien" to become delinquent, refinances the property, or enters into a reverse mortgage.

Due to the importance of this program to Los Angeles County taxpayers, a member of my management team participated in a PTP Ad Hoc Committee, convened by the State Controller, which included staff from various Tax Collector Offices throughout the State. During the course of the last year and a half, the committee addressed various administrative aspects of the program such as participant requirements, distribution of payments from the State directly to counties, the impact of the lien on the tax sale process, and the reconciliation of parcels from the old program.

In conjunction with the implementation of the new program, the State Controller reports it has:

- Revised the date it will begin to accept applications from September 1, 2016, to October 1, 2016; the filing period is October 1, 2016, through February 10, 2017; applications will not be accepted with a United States Postal Service postmark prior to October 1, 2016; and applicants must file each year;
- Conducted a webinar training for counties on August 30, 2016;
- Distributed a supply of the PTP Program applications to the counties on September 1, 2016;

- Established Electronic Funds Transfer Authorization for counties to receive PTP payments;
- Agreed to provide counties with monthly updates on funding status and balances;
- Completed an outreach to all taxpayers who were in the former PTP Program, advising them of the new program; and
- Sent an application to all homeowners who expressed interest in the new PTP Program.

The public may obtain additional information on the State Controller's website at [sco.ca.gov](http://sco.ca.gov) or may contact the State Controller at 1(800) 952-5661 or [postponement@sco.ca.gov](mailto:postponement@sco.ca.gov).

### **Current Program Participation Statistics**

At the time the former program was suspended, our records indicated that 2,093 parcels in Los Angeles County, inclusive of 63 mobile homes, were participating in the program. No houseboats or floating homes were participating in the program at that time. As of June 3, 2016, our records indicate that 950 parcels remain with PTP liens inclusive of 27 mobile homes.

Currently our records indicate that 100 of the 950 parcels are in a tax-defaulted status. Of the 100 parcels, ten are enrolled in an Installment Plan of Redemption (5-Pay Plan) that allows taxpayers to repay their defaulted taxes over a five-year period to prevent their property from being sold at a public auction. Participants on a 5-Pay Plan must also stay current on yearly taxes. Seventeen parcels are Subject to the Tax Collector's Power to Sell at a public auction due to defaulted property taxes exceeding five years. This is an increase of 11 parcels from our report of January 8, 2015.

For the 17 parcels that are Subject to the Tax Collector's Power to Sell, we will assist homeowners by conducting our standard protocols which include:

- 1) Researching the parcels to determine if the homeowners still reside at the property;
- 2) Sending Department of Community and Senior Services Adult Protective Services staff, or investigators with the Department of Consumer and Business Affairs, to the property to discuss the pending matter with the homeowners; and
- 3) Determining when, under the law, we must offer the property at auction and work with the homeowners to explore options such as a reverse mortgage.

The 73 remaining parcels that are in a tax-defaulted status are as follows:

First Year of Default	Number of Parcels	Year Subject to the Tax Collector's Power to Sell
2012	6	2017
2013	10	2018
2014	4	2019
2015	14	2020
2016	39	2021

The PTP legislation allows counties, by ordinance or resolution, to cancel penalties and/or delay the sale of properties that are Subject to the Tax Collector's Power to Sell. The intent of legislation is to afford taxpayers with defaulted taxes the opportunity to bring their defaulted taxes current, and then continue to stay current on annual taxes through participation in the PTP program. It is my recommendation not to seek this broad approval, but rather seek approval on a case-by-case basis. This approach will allow us to conduct our standard outreach protocols while evaluating a homeowner's ability to bring his or her taxes current without penalties. If homeowners cannot pay their taxes, cancelling penalties does little to assist them.

### **Outreach Efforts**

In addition to publishing information on our website, we have compiled a list of 136 homeowners who have contacted our office about the program. We will mail an application to these homeowners within the next several days. We also conducted a telephone outreach to approximately a dozen former program participants with at least one participant in each Supervisorial District, who confirmed they had received the State notification about the new program. Lastly, we have included PTP information on the 2016-17 Annual Secured Property Tax Bill, which homeowners began to receive the week of October 3, 2016.

Should you have any questions, please contact me directly or your staff may contact Kathy Gloster, Assistant Treasurer and Tax Collector, at (213) 974-2077 or [kgloster@ttc.lacounty.gov](mailto:kgloster@ttc.lacounty.gov).

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- c: Assessor
- Chief Executive Officer
- Auditor-Controller
- Community and Senior Services
- Consumer and Business Affairs
- County Counsel
- Executive Officer, Board of Supervisors
- Registrar-Recorder/County Clerk