

Tax Savings Example

Owner Occupied Single Family Residence

GROSS INCOME

Gross Income (\$ _____ /month x 12 months) \$ _____
Vacancy & Co. loss (_____ %) \$ _____

Effective Gross Income \$ _____

EXPENSES

Maintenance \$ _____
Insurance \$ _____

Total Expenses \$ _____

Net Operating Income (NOI)
[Effective Gross Income – Total Expenses] \$ _____

CAPITALIZATION RATE

Interest Rate (year 20__) _____ %
Risk Rate _____ .00 %
[4% for owner-occupied residences, 2 % for all others]
Depreciation Rate _____ %
Tax Rate 1.00 %

Total Cap Rate [add %'s from above] _____ %

CAPITALIZATION OF NET INCOME

NOI/Cap Rate \$ _____ / _____ %

Mills Act Restricted Value [= NOI/Cap Rate] \$ _____

Estimated Property Taxes: [1% of Restricted Value] \$ _____

Proposition 13 Assessed Value \$ _____

Property Taxes \$ _____

Estimated Tax Savings

Prop 13 Property Taxes - Mills Act Estimated Property Taxes

\$ _____ - \$ _____ = \$ _____