# Remodel or move in San Diego: the 2026 ledger

One family, two paths. A $1,050,000 house (the county's September 2026 median) bought in 2016 for $650,000, refinanced in 2021 at 3.25% with $450,000 owed, assessed at $790,000. Remodel: a 400 sf ground-floor bedroom and bath plus a same-layout kitchen, $350,000. Move: buy a $1,500,000 house that already has both. Full guide: kaminskiyhomeremodeling.com/blog/is-it-better-to-add-an-addition-or-move-expert-insights/

## The ledger

| Line | Remodel and stay | Sell and buy at $1,500,000 |
|---|---|---|
| One-time costs | None to sell; design, engineering and permit inside the $350,000 | About $84,000: commissions 5% $52,500; transfer tax $1.10 per $1,000 $1,155; escrow, title, prep and the move about $18,000; closing on the next house about $12,000 |
| Capital gains tax | None | None if the gain is under $500,000 (couple) or $250,000 (single), IRS Topic 701; a long-time owner above the line pays 15% or 20% federal plus 3.8% NIIT plus California tax |
| Mortgage | $450,000 at 3.25%, about $2,263 a month, unchanged | About $984,000 at 7.18% (Freddie Mac, Nov 5 2026), about $6,660 a month |
| Project financing | $350,000 over 20 years at 6.9%, about $2,690 a month; a HELOC about $2,190 interest-only at prime (7.00%) plus a half point | None |
| Property tax | About $13,100 a year after the $350,000 addition is reassessed (up from $9,100); the rest of the house keeps its 2016 base | About $17,300 a year on $1,500,000; about $14,300 with Proposition 19 (55 and over: old base $790,000 plus the $450,000 price difference) |
| Monthly total | About $6,050 | About $8,100; about $7,850 with Proposition 19 |
| Ten years | About $726,000 in payments and tax; a $1,400,000 house you designed, on your lot | About $972,000 in payments and tax plus $84,000 to move; a $1,500,000 house that was for sale |

## The rules behind the lines (read November 2026)

| Rule | What it says |
|---|---|
| Mortgage lock-in (FHFA National Mortgage Database, 2026 Q2) | 49.1% of outstanding U.S. mortgages are below 4%, 19.2% below 3%; the average outstanding rate is 4.4%; the share below 4% peaked at 65.2% in 2022 Q1 |
| Proposition 13 | Tax is 1% of assessed value plus voter-approved bonds (about 1.1% to 1.2% in most of the county); assessed value rises at most 2% a year; a sale resets it, an addition is reassessed only for what it adds |
| Proposition 19 (from April 1, 2021) | Owners 55 and over, severely disabled or disaster-displaced may carry their taxable value to a replacement anywhere in California, up to three times, bought within two years; a dearer replacement adds the price difference; form BOE-19-B within three years |
| Commissions (NAR settlement, Aug 17 2024) | Offers of compensation are off the MLS and buyers sign written agreements; commissions are negotiable and not set by law; national surveys still show about 5% in total |
| Transfer tax (R&T; Code 11911) | 55 cents per $500 of price, $1.10 per $1,000; the City of San Diego adds no city tax |
| Capital gains (IRS Topics 701 and 409) | Exclude $250,000 single / $500,000 joint if owned and lived in 2 of the last 5 years; the rest at 0%, 15% or 20% by income, plus 3.8% NIIT above $250,000 joint income |

Moving still wins when the lot cannot take the plan, when the reason is not the house, when downsizing at 55 and over with Proposition 19, or when the fix costs more than the difference between the two houses. Kaminskiy Design & Remodeling, 12396 World Trade Drive, Suite 108, San Diego, 858-271-1005. License #922807. Updated November 9, 2026. You're welcome to quote these tables with a link to the article.