

Guide to Proposition

8

In 1978, California voters passed Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline-in-value". A decline-in-value occurs when the current market value of your property is less than the current assessed value (1) as of January 1.

Eligibility Requirements

- ◆ You must demonstrate that on January 1, the market value of your property was less than its current assessed value.
- ◆ You must file a claim form for a Decline-in-Value Reassessment Application (Prop. 8) with the Assessor between January 1 and December 31 for the fiscal year beginning on July 1. If December 31 falls on a Saturday, Sunday, or a legal holiday an application is valid if either filed or mailed and postmarked by the next business day.

The Process

1. On your claim form, provide the Assessor with information that supports your opinion that the market value for your property is less than the assessed value. The best supporting documentation is information on sales of comparable properties. You should select two comparable sales that sold as close to January 1 as possible, but no later than March 31. You may query the Assessor's database for sales in your neighborhood. While the submission of comparable sales is helpful for the Assessor in determining the market value of your property, applications submitted without comparable sales will be accepted and processed.
2. An appraiser will review your claim form and the information you provide. Other sales information available to the Assessor may also be considered. If the market value as of January 1 is less than the trended base value(2), your assessed value will be lowered to the market value for the fiscal year beginning on July 1. The adjusted value will be reflected on your annual tax bill.
3. If the current market value is higher than the trended base value, no change in assessed value will be made.

If you disagree with the Assessor's findings, you may file an appeal with the Assessment Appeals Board. You must file your appeal between July 2 and November 30 for your annual tax bill.

Example

A property was purchased for \$500,000. During a three-year period, the real estate market declined and recovered. The property owner filed a decline-in-value assessment. The following table shows the trended base value of the property, the market value of the property, and the assessed value of the property. Assuming a 2% Annual C.P.I.:

Base Value Trended			Base Value Trended		
Market Value	Assessed Value	Market Value	Assessed Value		
Year 1 \$500,000	\$500,000	Year 3 \$520,200	\$510,000		
Year 2 \$510,000	\$480,000	Year 4 \$530,604	\$530,604		



- Do properties other than single-family residences qualify?

Yes. All real property qualifies.

- What is a comparable sale?

The property sold with features that are similar to your property is a comparable sale. Comparable sales information helps you analyze the value of your home. For example, a property similar in location, zoning, size, number of bedrooms and bathrooms, age, quality and condition to yours that sold in the open market is a comparable sale.

- Where can I find comparable sales information?

A good place to start is online. The Assessor’s website offers sales information for properties that have sold within the last two years. The same information is available from any Assessor District Office. Also, many websites offer sales information free of charge. A local real estate agent or title agent can also be a valuable source of information.

- I filed my Proposition 8 Application by December 31. When and how will I know if my value will be reduced?

You will receive notification by mail before July 1.

- If my assessed value is reduced, how long will it last?

Proposition 8 reassessments are not permanent, but last at least one year. The assessed value may decrease or increase depending on the market value of your property on January 1 of each subsequent year. Your assessed value will never increase more than the trended base value. It is important to remember, however, that base year values suspended by Proposition 8 reassessment values continue to increase by an annual inflation factor of no more than 2% per year.

How Do I File for Proposition 8 Tax Relief?

A claim form is available from several sources. Choose what is most convenient for you.

- 1) Online: Forms are available at the Assessor’s website: www.assessor.lacounty.gov
- 2) Email: helpdesk@assessor.lacounty.gov
- 3) Phone: Call (213) 974-3211
- 4) Claim forms may also be requested by mail or in person at your local assessor’s office.

What Form Do I Need?

Decline-in-Value Reassessment Application (Proposition 8) **(RP-87)**

Source: Los Angeles County Office of the Assessor 03/08

- 1) To read the law associated with Proposition 8, see Revenue and Taxation Code Section 51. It is available online at www.boetaxes.ca.gov/property.
- 2) Property is assessed at the time of sale or transfer (base value) or new construction. That base value increases a maximum of 2% (trend) each year (i.e. trended base value).

WORKSHEET

Estimated market value of property
As of 3/1 \$ _____

Assessed value on last year’s tax bill:

=	Land	\$	_____
+	Improvements	\$	_____
=	TOTAL		_____

Material discussed is meant for general illustration and/or informational purposes only and it is not to be construed as tax, legal, or investment advice. Although the information has been gathered from sources believed to be reliable, please note that individual situations can vary, therefore, please consult a professional for specific advice.