



GUIDE TO PROPOSITION 8 DECLINE-IN-VALUE REASSESSMENTS

Proposition 8 – What is It?

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 as of January 1.¹

Eligibility Requirements

- 1) You must demonstrate that on January 1, the market value of your property was less than its current assessed value.
- 2) 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. You can get Claim forms from your County Assessor’s office.

The Process

On your claim form, provide the Assessor with any 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 as well. 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.

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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 value², 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.

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 your local 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 for a decline-in-value reassessment. 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	Market Value	Assessed Value
Year 1	\$500,000	\$500,000	\$500,000
Year 2	\$510,000	\$480,000	\$480,000
Year 3	\$520,200	\$510,000	\$510,000
Year 4	\$530,604	\$550,000	\$530,604

¹To read the law associated with Proposition 8, see Revenue and Taxation Code, Section 51. It is available online at www.boetaxes.ca.gov/property.

²Property 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).



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