



## 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.

### 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. 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. 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<sup>1</sup>, 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 2nd and November 30<sup>th</sup> 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.:

	<i>Base Value Trended</i>	<i>Market Value</i>	<i>Assessed Value</i>
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



## Frequently Asked Questions

Q. Do properties other than single family residences qualify?

A. Yes. All real property qualifies.

Q. What is a comparable sale?

A. A 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*.

Q. Where can I find comparable sales information?

A. 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.

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

A. You will receive notification by mail before July 1.

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

A. 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?**

Forms are available at the Assessor's website: [assessor.lacounty.gov](http://assessor.lacounty.gov)

What Form Do I Need?

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

<sup>1</sup>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).