



# The Property Owner's Guide to Proposition 8



Decline in market value  
and how it may lower your  
property taxes

**SANTA CLARA COUNTY  
ASSESSOR'S OFFICE**

# What is Proposition 8?



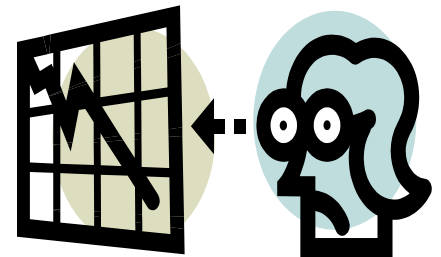
- ▶ Passed by California voters in 1978, Proposition 8 allows a temporary reduction in assessed value when a property suffers a “decline-in-value”.
- ▶ A “decline-in-value” occurs when the market value of the property as of January 1<sup>st</sup> (lien date) is lower than its current assessed value.
- ▶ If you have evidence that the market value of your property is lower than the current assessed value, you may request a Prop 8 review.

# What is Current Assessed Value?

- ▶ Your property's current assessed value is the taxable value against which the tax rate is applied. Any increase or decrease in assessed value will impact the amount of property taxes you pay.
- ▶ This year, property owners in Santa Clara County will receive their notices from the Assessor's Office by the last week of June.
- ▶ The notice contains the property's address, current assessed value and parcel number. It includes information regarding what to do if you do not agree with the value and contact information for our office.

# Here's how Prop 8 works...

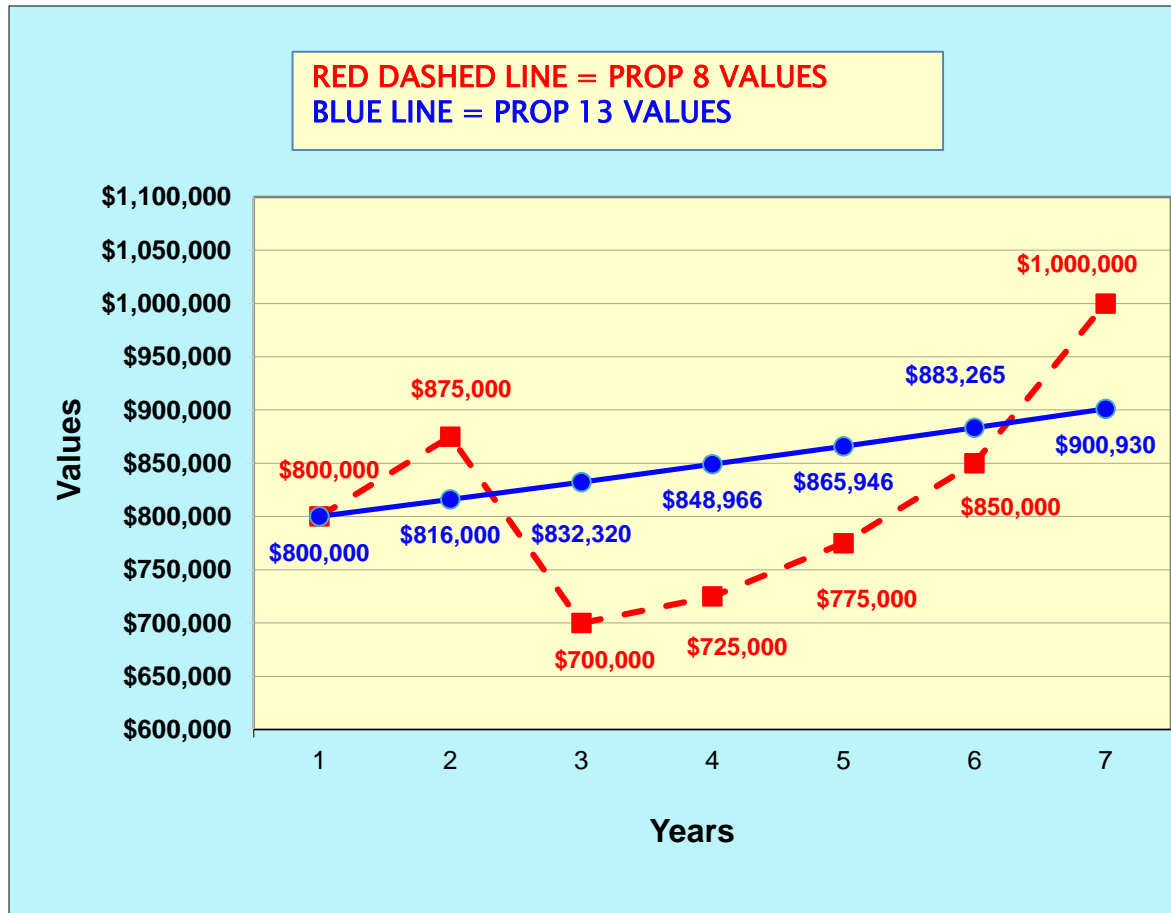
- ▶ If the market value of your property as of January 1 (lien date) is determined to be lower than the factored Prop. 13 value (usually the purchase price factored by 2% a year), your assessed value will be lowered to the market value. The factor is determined by the California Consumer Price Index (CCPI), not to exceed 2%.
- ▶ The adjusted value will be reflected on that year's annual tax bill, which is mailed by the Tax Collector in September.
- ▶ Important: A Prop 8 reduction is a temporary reduction and does not change your base year value.



# What happens after the Prop 8 reduction is granted?

- ▶ After a Prop 8 reduction is granted, the property's assessment will be reviewed annually, until the market value equals or exceeds its factored base year value. The factored base year value is then reinstated as the upper limit of assessed valuation.
- ▶ While a property is being assessed under Prop 8, its assessed value may **increase** or decline relative to the prior year's assessment. Assessment increases are **not** limited to 2% as long as the property is assessed less than its factored base year value.
- ▶ **However, in no case may a property be assessed at a level greater than its Prop 13 factored base year value.**

# Example: Valid Claim under Prop. 8



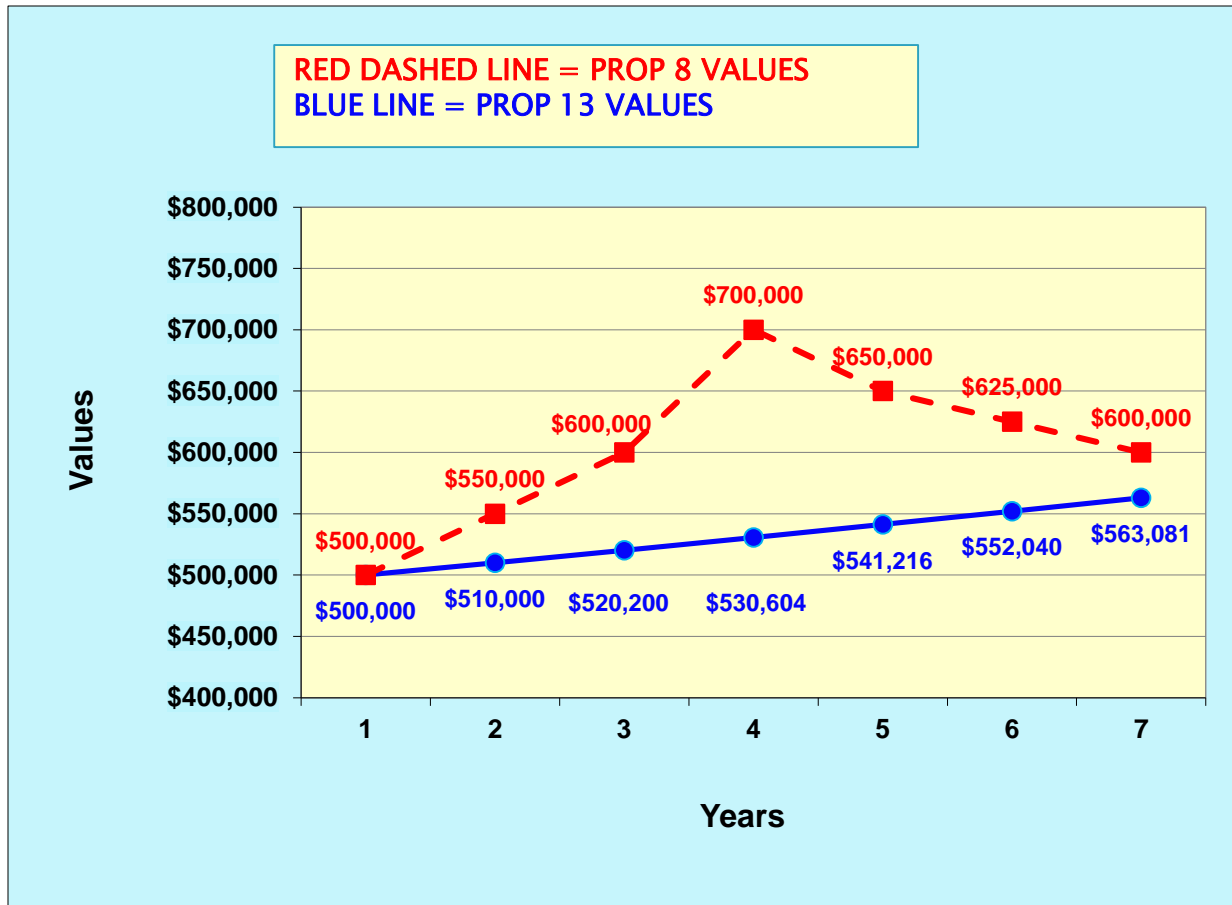
**Year 1** – \$800,000 market value enrolled as the Prop.13 base value due to a change of ownership.

**Year 2** – Even though the market value of the house increased to \$875,000 in the second year, the assessed value is \$816,000 (\$800,000 plus the 2% increase allowed under Prop 13).

**Years 3 – 6** – The property experiences a decline in value. Prop 8 values of \$700,000, \$725,000, \$775,000, and \$850,000 are respectively enrolled.

**Year 7** – The factored Prop. 13 value of \$900,930 is reinstated as the assessed value. Though the market value is at \$1,000,000, the Assessor may only enroll the original base value (\$800,000) plus 2% for every year after the base year was established.

# Example: Invalid claim under Prop. 8



- ▶ In this example, the market value of the property (red line) never declines below the “PROP 13 VALUES” (blue line) and the assessments are made annually at the values on the blue line. This illustrates the benefit of Prop 13, which establishes a “cap” on the assessed value at the factored base year value.

# The Prop 8 Review Process

## Step 1: Complete the Form

- ▶ Complete a **PROP 8 (DECLINE-IN-VALUE) REVIEW REQUEST** available at <http://www.sccassessor.org/prop8/> .
- ▶ 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. Select comparable sales that sold as close to January 1 as possible, but no later than March 31. Any other relevant information may also be provided.
- ▶ While the submission of comparable sales is helpful in determining the market value of your property, Prop 8 requests submitted without comparable sales will be accepted and reviewed.





# The Prop 8 Review Process:

## Step 2: Submit the Form

You must contact our office by **August 1** to request a Prop 8 review. The fastest way to make a request is on our website. Prop 8 requests may also be made by e-mail, fax, regular mail or in person.

The Assessor will review requests for reduction until August 15. If the Assessor does not agree to a reduction, or you haven't received notice of a corrected assessment, you must file a "formal" appeal with the Assessment Appeals Board. **The deadline to file an appeal is September 15.**

	Single Family Homes/Condos (Real Property)	Mobile Homes
Telephone	(408) 299-5300	(408) 299-5400
Fax	(408) 299-3015	(408) 298-9441
E-mail	<a href="mailto:rp@asr.sccgov.org">rp@asr.sccgov.org</a>	<a href="mailto:busdiv@asr.sccgov.org">busdiv@asr.sccgov.org</a>
Mail or in person	Santa Clara County Assessor 70 W. Hedding Street, East Wing, 5 <sup>th</sup> floor San Jose, CA 95110	Same

# The Prop 8 Review Process:

## Step 3: Appraisal and notification

- ▶ An appraiser will review your request along with the information you provide. Other information available to the Assessor may also be considered.
- ▶ You will be notified of the results of the Prop 8 review by August 15, or shortly thereafter.
- ▶ If you remain unsatisfied with the results of the review or you haven't received a notice from the Assessors' Office reflecting a changed assessment, then you are advised to file an Assessment Appeal Application with the Clerk of the Board.



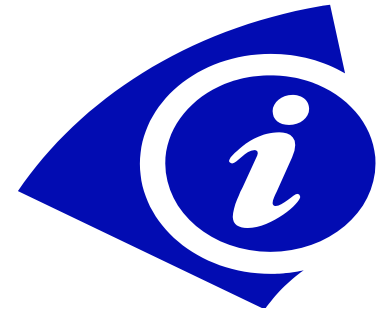
# The Formal Appeal Process

- ▶ The formal appeal process is separate from the informal Prop 8 review process and is available to protect your administrative rights.
- ▶ If the Assessor's Office determines that the property is not entitled to a Prop 8 reduction, or if you disagree with the Assessor's informal findings, you may file a "formal" appeal with the independent Assessment Appeals Board.
- ▶ This appeal for reduced assessment must be filed with the Clerk of the Board between [July 2 and September 15](#).
- ▶ Contact the Clerk of the Board at (408) 299-5088 to obtain an appeal application. The application form is called *Assessment Appeal Application*. The form can also be downloaded on the Clerk of the Board's website. A link to the Clerk of the Board's website is provided at the end of this presentation.

# IMPORTANT DATES

- ▶ **Informal Prop 8 Request Deadline: August 1**
  - After August 15, or if the Assessor does not agree to a reduction, you must file a formal “appeal”.
- ▶ **Formal Appeal Filing Deadline: September 15**
  - The “formal” appeal must be filed with the Clerk of the Board between July 2 and September 15.

**DO NOT WAIT FOR YOUR TAX BILL AS YOU  
MAY MISS THE APPEAL FILING DEADLINE!**



## Assessor's Website:

<http://www.sccassessor.org/prop8>

## Clerk of the Board's Website

[www.sccgov.org/portal/site/cob](http://www.sccgov.org/portal/site/cob)

[www.sccgov.org/assessmentappeals](http://www.sccgov.org/assessmentappeals)