PROPERTY VALUES IN TRANSITION

The recovery in housing prices and how it may increase your property taxes more than you expect!

Imperial County Assessor's Office
940 W. Main Street Suite 115
El Centro CA 92243
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 1st (lien date) is lower than its current assessed value.

This happened to many Valley properties during the recession.
Here’s How Prop. 8 works

- If the market value of your property 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 adjusted value will be reflected on that year’s annual tax bill, which is mailed by the Tax Collector.
Here’s How Prop. 8 works

A Prop. 8 reduction is temporary and does not change your base year value.
A Prop. 8-reduced 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.

This means, when market values rebound, a property’s assessment is returned to a level where it would have been had there been no downturn.
After a Prop. 8 Reduction: Then What?

- 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.
And here’s a picture...

YEAR 1
The $200,000 market value of a hypothetical home is used as the Prop 13 base value after a change of ownership.

YEAR 2
Market value rises to $250,000, but assessed value is just $204,000 ($200,000 plus 2% increase required under Prop 13).

YEARS 3-6
Market value falls below Prop. 13 value, so property is assessed at the lower Prop. 8 rate.

YEAR 7
Although market value reaches $300,000, assessed value is just $225,232 (value at acquisition plus 2% for every year after base year).

Example: This is a 6.8% increase in assessed value in one year, but is required under Prop. 8 as the increased assessed value remains below the Prop. 13 cap.
And this is what happened in Imperial County

**YEAR 1**
The $200,000 market value of a hypothetical home is used as the Prop. 13 base value after a change of ownership.

**YEAR 2**
Market value rises to $250,000, but assessed value is just $204,000 ($200,000 plus 2% increase required under Prop. 13).

**YEARS 3-6**
Market value falls below Prop. 13 value, so property is assessed at the lower Prop. 8 rate.

**YEAR 7**
Although market value reaches $300,000, assessed value is just $225,232 (value at acquisition plus 2% for every year after base year).
Questions or concerns about your property assessment?

Call: (442) 265-8809

Assessor’s property tax assessment information line
FIND YOUR NEW ASSESSMENT ONLINE

http://www.co.imperial.ca.us/Assessor

Imperial County Assessor's Office
940 W. Main Street Suite 115
El Centro CA 92243