

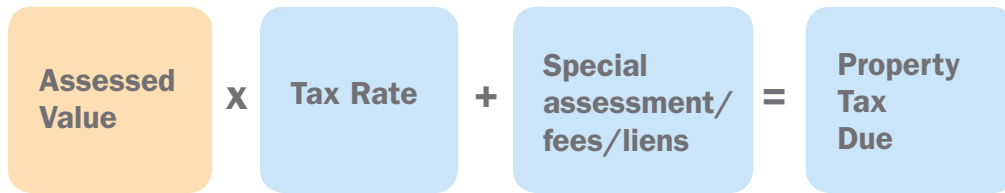


BASICS OF VALUING YOUR PROPERTY

January 2015

PROPERTY VALUATION

All taxable property in San Francisco has an **assessed value**. The assessed value is the dollar value assigned to a property by the Office of the Assessor-Recorder for the purpose of property tax calculation.



Property tax collected represents one-third of revenue used to support crucial local public services like police, fire, health & social services, neighborhood parks, and libraries. A portion of property taxes are also used to support our local schools.

ASSESSED VALUE VS MARKET VALUE

Your assessed value may not reflect the market value of your property. When you buy your property, the initial assessment is set at the market value, but over time, the assessment growth is limited by Proposition 13 (Prop 13).

Once an initial value is set, your assessed value will only change annually due to the following reasons:

1. You completed new construction on the property;
2. Inflationary increase up to 2% per year allowed under Prop 13;

Prop 13 (1978) – passed by California voters in 1978 to cap yearly assessment increase at 2% or the inflation rate of the California Consumer Price Index, whichever is less. Before Prop 13 was passed, assessed value followed the market.

3. One-year temporary reduction in assessment when market value drops below Prop 13 value;
4. Restoration of Prop 13 value from prior year temporary reductions due to economic conditions, fire damage, or other calamity.

QUICK FACTS

HOW TO REDUCE YOUR PROPERTY TAX?

Apply for Exemptions:

- 🏠 **Homeowner's Exemption:** If you own a home and occupy it as your principal residence, you may qualify for deducting up to \$7,000 from your assessed value.
- 🏠 Other exemptions for veterans and non-profits are available.

Contest Your Assessed Value:

- 🏠 **Informal Review:** For residential properties only, submit a request between January and March for a temporary 1-year assessment reduction. You will be notified in July.
- 🏠 **Assessment Appeal:** You may file a formal appeal between July 2 and September 15 with the independent Assessment Appeals Board. Please visit their website for more information: www.sfgov.org/aab.

Exclusions from Reassessment:

- 🏠 Parent-Child or Child-Parent Transfer Exclusion (Prop 58)
- 🏠 Grandparent-Grandchild Transfer Exclusion (Prop 193)
- 🏠 Replacement Residence Exclusion for Senior Citizens and Disabled Persons (Prop 60 & Prop 110)

EXAMPLE: Changes in assessed value of a house in 7 years

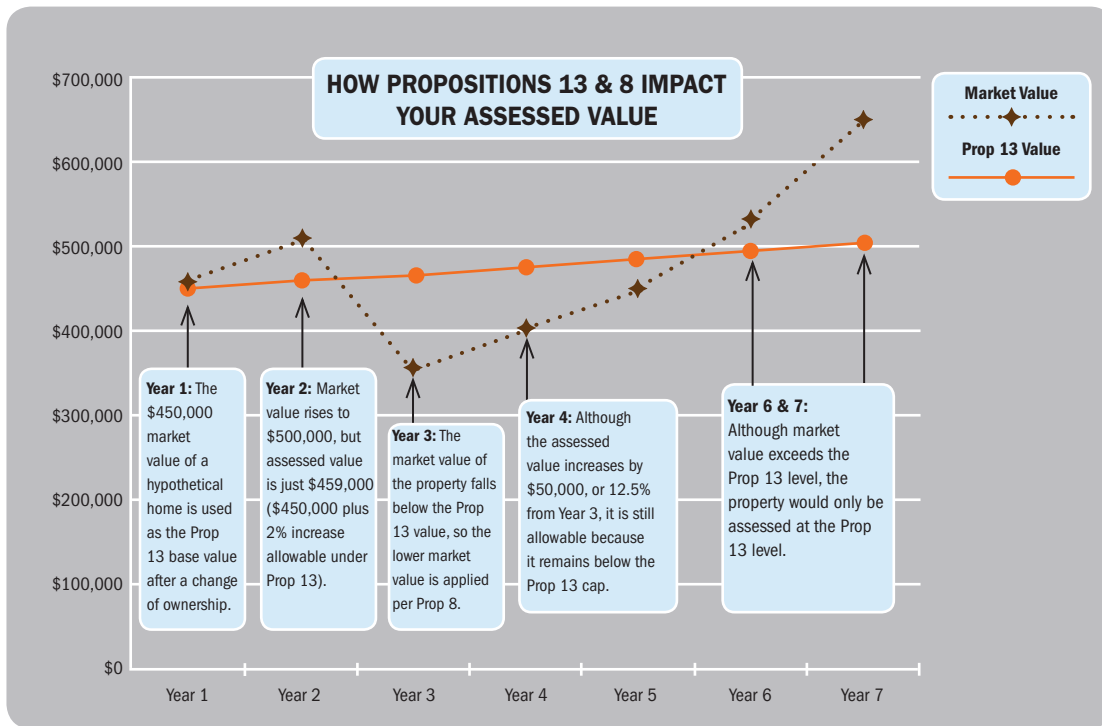
Here we assume a property was purchased in **Year 1** with a market value of \$450,000. In **Year 2**, the market value increased to \$500,000, but the assessed value changed no more than 2% to \$459,000 because of the Prop 13 cap.

In **Year 3**, market value decreased to \$350,000. The property received a temporary reduction allowed by Proposition 8 (Prop 8) and was assessed at \$350,000.

Prop 8 (1978) – passed by California voters in 1978 to provide a temporary one-year reduction in assessed value when the current market value of a property drops below its Prop 13 value.

In **Year 4**, the property's market value increased to \$400,000. The property was assessed at \$400,000 because even with an increase of 12.5% (\$50,000) from prior year, it was still below the Prop 13 value. In **Year 5**, the assessed value continued to increase with the market value because it was still below the Prop 13 value.

In **Year 6 & 7**, the property was assessed at its Prop 13 value because the Prop 13 value was lower than the market value.



IMPORTANT DATES

January 1

Lien date or the date on which value is determined

February 15

Deadline to file all exemption claims, including Homeowner's Exemption

March 31

Deadline to file an Informal Review application

April 10

Deadline to pay the second installment of the prior year's property tax bill. (<http://sftreasurer.org>)

July 1 - 30

Notice of Assessed Value (NAV) mailed to property owners. (Important to check the NAV for incorrect information)

July 2

First day to file a formal assessment appeal application with the independent Assessment Appeals Board (AAB). (www.sfgov.org/aab)

September 15

Deadline to file a formal assessment appeal with AAB

December 10

Deadline to pay the first installment of the property tax bill

I just purchased a new home, how will my assessed value be determined?

Property Valuation Process after Ownership Transfer:



***Disclaimer: Information on this document is not constructed as legal advice, but is designed merely to inform the public on property assessment processed by the Office of the Assessor-Recorder. If you have any questions regarding your personal finance, it is recommended that you consult with an attorney or a certified accountant.*