

New Construction Exclusions

Family Wealth Forum

August 3, 2024



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San Francisco Assessor-Recorder

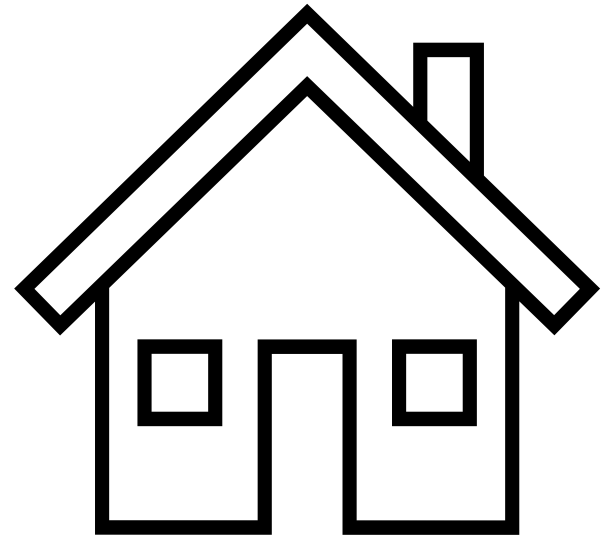
Agenda

- Proposition 13: Property Assessment Basics
- New Construction Exclusions
- Key Dates & Points of Contact
- Questions and Answers

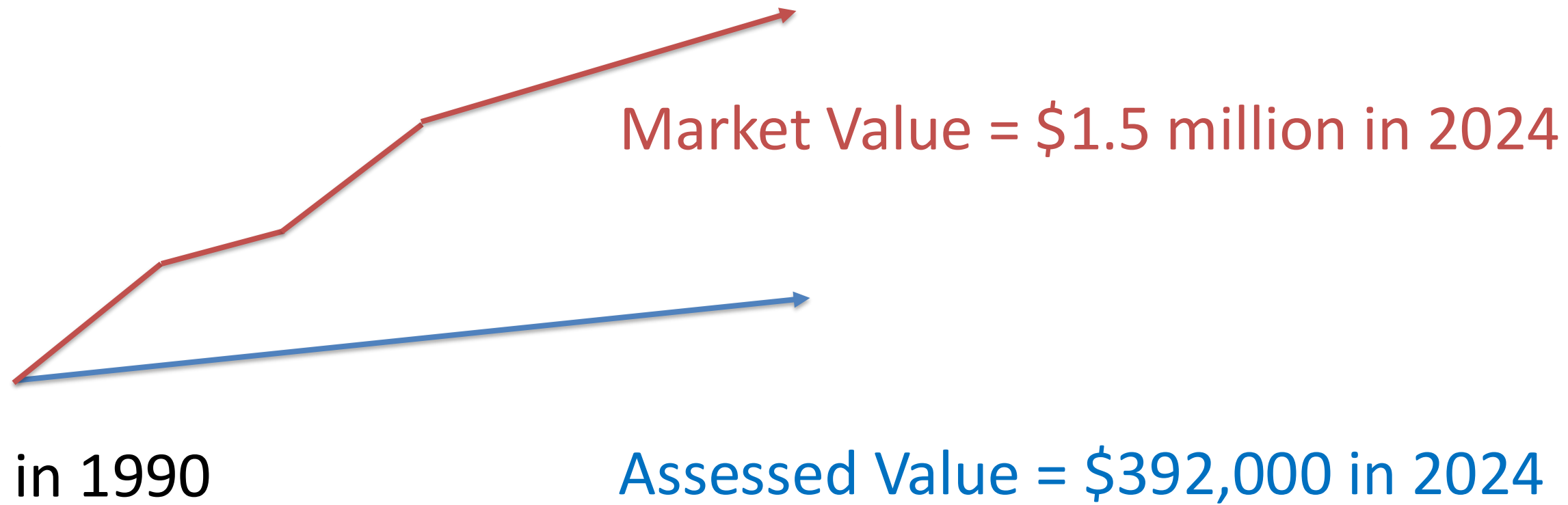


Prop 13 - Setting Assessed Value

Per Prop 13, your property's taxable assessed value rises no more than 2% each year (see blue line below). The property will be reassessed upon ownership transfers and **completion of new construction**.



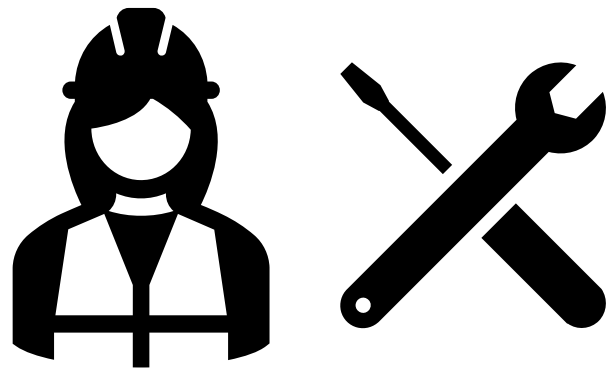
Purchased
for \$200,000 in 1990





New Construction

Generally, when something of value is added to real property, the addition is assessed at current market value.



This "new construction" value is added to the existing base year value of the real property.

The assessor assigns the new construction with its own distinct base year value.



New Construction Categories

Significant and long-lasting changes

1. Changes to the land

- adding land fill, land leveling, terracing a hillside
- extensive site preparation prior to building
- installing curbs, gutters, and underground storm drains and sewer lines

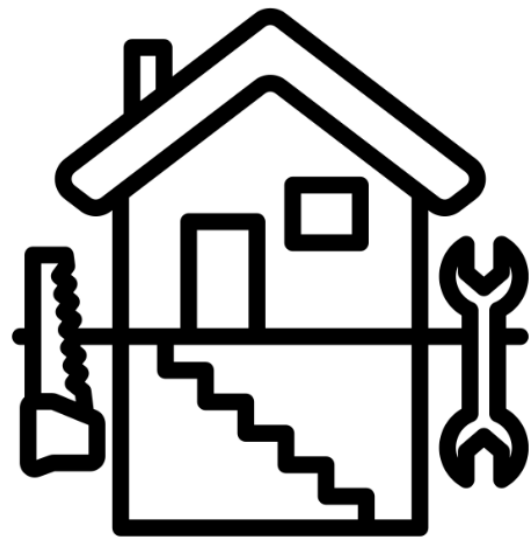
2. Changes to the building or other improvements

- increasing square footage of a residence
- demolition of an existing structure
- conversion of a garage, unfinished basement, or attic into a living area





Assessable



Assessable projects raise the quality class. These “like new” or substantially equivalent to new renovations involve more substantial structural changes.

Examples

- Bathroom remodel that upgrades plumbing/electrical systems
- Using upgraded materials or finishes
- Structural changes; size increases; change of use.
- Upgrading plumbing capacity or electrical capacity from 110v to 220v.



Not assessable



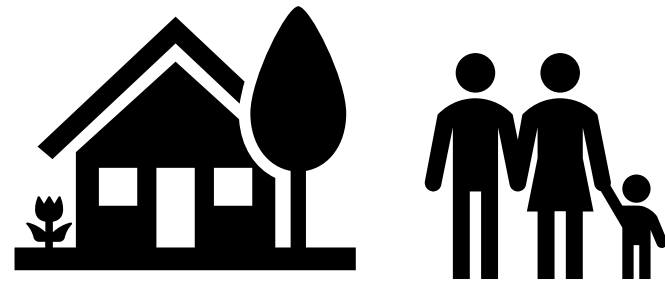
Not assessable are normal maintenance and repair. Also, projects that are primarily cosmetic like replacing bathroom or kitchen fixtures of similar quality.

Examples

- Painting, re-carpeting.
- Bath/kitchen remodel with similar quality items
- Replacement of: central heating and cooling systems, dry rot and termite damage, galvanized waterlines with copper or plastic
- Reroofing, replacing or repairing doors, windows, fences, or decks



New Construction Exclusions



State law provides that certain major additions or improvements will not increase your assessments. These are commonly called “new construction exclusions.” Once applied, the exclusion remains in effect until there is a subsequent change in ownership.

New construction exclusion examples

- Earthquake retrofit
- Accessible improvements for a disabled person
- Solar energy systems
- Rainwater capture systems



Earthquake/Seismic Improvements



Qualifying improvements: Earthquake reassessment exclusions apply to improvements that make a property safer during earthquakes, such as:

- Abatement of falling hazards
- Structural strengthening
- Improvements using earthquake hazard mitigation technologies

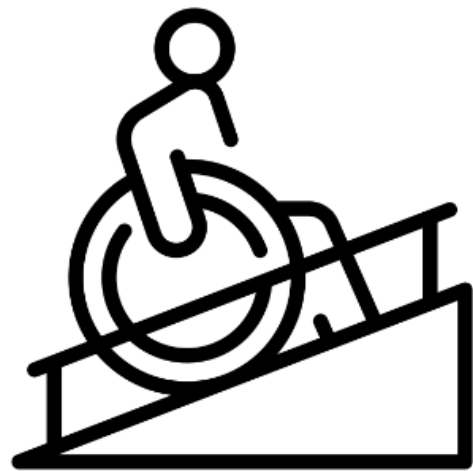
Non-qualifying improvements:

- Unfortunately, additions that did not exist prior to the seismic construction such as new plumbing, electrical or other added finishing materials completed during seismic related work do not qualify.

Exclusion form: [Seismic Safety Construction Exclusion Form BOE-64](#)



New Construction for Disabled Owner



The disabled person must be a permanent resident (not necessarily the owner) of the property. The owner must occupy the residence.

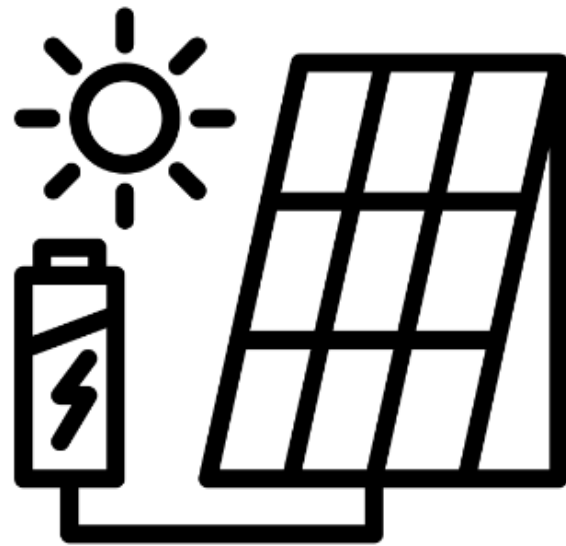
Qualifying improvements: Construction, installation, removal, or modification to an existing property to make it more accessible to a severely and permanently disabled person.

Non-Qualifying: entirely new dwelling and rooms that didn't previously exist.

Exclusion form: [Disabled persons claim for exclusions form BOE-63](#)



Solar energy systems



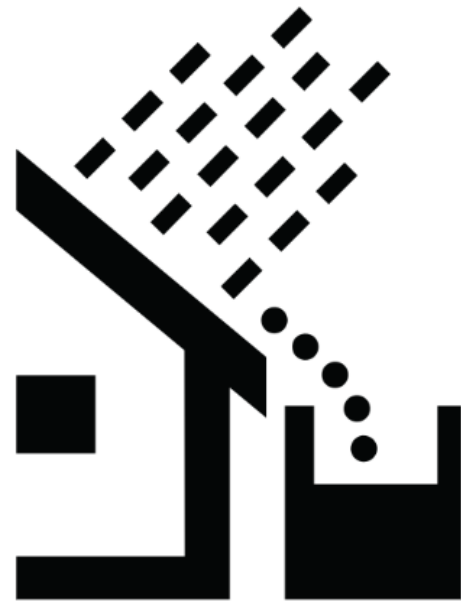
Qualifying systems: This exclusion applies to active solar energy systems that use solar systems to collect and distribute solar energy for purposes like generating electricity or heating water for your home's hot water heater.

Non-qualifying systems: Unfortunately, a system that heats a swimming solar pool or hot tub do not qualify for this exclusion.

No filing requirement: A property owner who adds an active solar energy system to an existing structure does not have to file for the exclusion. The exclusion will be automatically granted when the assessor receives a copy of the building permit.



Rainwater capture system



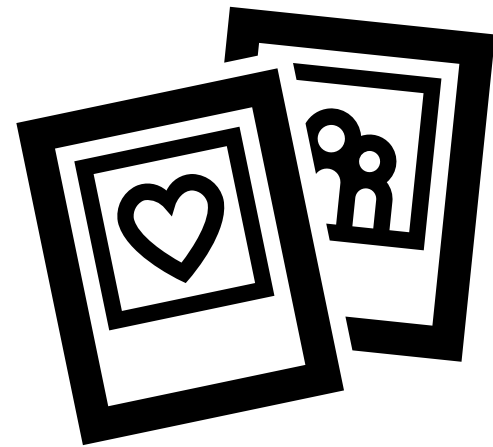
Qualifying: A facility designed to capture, retain, and store rainwater flowing off a building rooftop or other manmade above ground hard surface for subsequent onsite use.

Improvements may include items such as above- or in-ground tanks, piping, pumps, or filtration systems.

No filing requirements: A property owner who adds a rainwater capture system does not have to file for the exclusion. The exclusion will be automatically granted when the assessor receives a copy of the building permit.



Resources



California Board of Equalization FAQs and Guidance

- [New Construction Exclusion: Seismic Retrofitting Improvements \(ca.gov\)](#)
- [Claim for Disabled Accessibility Construction Exclusion from Assessment for ADA Compliance \(ca.gov\)](#)
- [Guidelines for Active Solar Energy Systems New Construction Exclusion \(ca.gov\)](#)
- [New Construction Exclusion: Rain Water Capture System](#)

San Francisco Office of the Assessor-Recorder

- www.sfassessor.org



Assessor's Office Room 190



- City Hall Main Office Hours
Mon–Fri, 8 AM – 5 PM
- Visit: sfassessor.org
- Call: 628-652-8100 or 311
- Email: assessor@sfgov.org



Thank You!

Q&A

Break

