



FREE PROPERTY TAX APPEAL HANDBOOK

RESIDENTIAL DECLINE IN VALUE

CALIFORNIA ASSESSMENT APPEAL

DISCLAIMER

THIS FREE HANDBOOK CONTAINS AN OVERVIEW OF THE SINGLE FAMILY APPEAL PROCESS IN SOUTHERN CALIFORNIA AT THE TIME OF PUBLICATION. THIS HANDBOOK IN NO WAY COVERS ALL THE SITUATIONS ONE MAY ENCOUNTER WHEN APPEALING PROPERTY TAXES. ONE SHOULD CONSULT A COMPETENT PROFESSIONAL WHEN PURSUING COMPLICATED PROPERTY TAX ISSUES. THIS FREE HANDBOOK COMES WITH NO WARRANTY, EXPRESS OR IMPLIED AND IS USED AT ONE'S OWN RISK. DUE DILIGENCE IS STRONGLY SUGGESTED IN RESEARCHING CURRENT PROPERTY TAX LAWS AND PROCEDURES IN THE JURISDICTION IN WHICH YOU ARE FILING YOUR APPEAL.

Evaluating a property for tax reduction

After you find a property for tax reduction you must first evaluate if the property qualifies for reduction.

Using online data services, the assessors office (or a real estate agent), locate 3 recent sales similar to the subject property (similar properties are also known as comparables or comps). Sales should be similar in age location (neighborhood) and size.

The sale dates must not be later than the end of March of the year you are evaluating. If you are evaluating the subject property for the 2009 tax year, the sales (comparables) must have closed before April 2009. The reason for this is sales can only be 90 days beyond (past) the "lien date". The lien date is January 1 of each year, and is also the valuation date of the subject property.

You can also use sales from the prior year (even more than 90 days before January 1). The most reliable sales will usually be closest to the lien date (valuation date). The ideal sale date for each comparable would be between October of the prior year and the end of March of the tax year under review (for the 2009 tax year that would be from October 1, 2008 to March 30, 2009). (This rule applies to decline in value appeals for California properties).

Attempting to submit sales that occurred more than 90 days after the valuation date (January 1) is the most common error among all assessment appeals. The Revenue and Taxation Code specifically prohibits consideration of such evidence.

Next calculate the value per square foot (sales price divided by square foot). *If a home sold for \$100,000 and it contained 1000 square feet, the value per square foot would be \$100.* Calculate the dollars per square foot for each sale.

Your analysis should consider location (how close each sale is to the subject), square footage (how similar each sale is in size compared to the subject), and the number of beds and baths (compared to the subject). Give greatest weight to the most similar sale(s). You are attempting to estimate the subject's approximate value using the sales data.

Next multiply your estimated value per square foot for the subject property (based on comparable sales), by the subject property square footage (living area only), to arrive at your estimated market value for the subject.

To qualify for a property tax reduction, the assessed value (from tax bill) must be at least 5% higher than your estimated market value for the subject property (a very good candidate is assessed value 10% + higher).

If the assessed value is not at least 10% higher than the estimated market value, the property may *not* be a good candidate for property tax reduction (in many cases).

Filing an Assessment Appeal

Upon receipt of the completed agency agreement your next step is to file an assessment appeal application, also called an application for changed assessment. You can request a application online or in person. You can also request an application by phone by calling the assessment appeals board clerk. To be valid, all appeals must be filed on the official form for the county where your property is located. If you have questions filling out the form, ask the appeals board clerk for assistance. To be valid, your application must contain all of the following information:

- 1. Applicant's Information** – Client name, address, telephone
- 2. Agent's Information** – Agent name, address, telephone
- 3. Property Identification** -- Assessor parcel number, property type
- 4. Value** –Assessed value from property tax bill, (your) new opinion of value
- 5. Type of Assessment Being Appealed** --Tax year (from tax bill), regular assessment
- 6. The Facts (the basis of your appeal)** – Decline in value (most common)
- 8. Claim for Refund** – Yes, (makes application also claim for refund)
- 9. Signature** – Sign the application, (authorized agent signs for applicant).

Most of the information needed to complete the application can be found on the property tax bill.

The information provided pertains to filing a “decline in value” appeal which is the most common reason appeals are filed. Keep in mind there are other reasons to file an appeal which are not covered in this information.

If you need to file an amended application, you must file it no later than 5:00 p.m. on the filing due date (September 15 or November 30).

After you have completed and signed the application, mail it to the assessment appeals board. California Appeals boards accept applications for appeal between July 2 and September 15. Some jurisdictions accept applications until November 30. Make sure you know when applications are due for your jurisdiction.

Be aware that property owners are required to pay their taxes while appeals are pending.

Contacting the Assessor

After filing an assessment appeal application it is wise to contact the assessor to discuss the value of the subject property. Frequently the Assessor will request you submit documentation to substantiate your request for value reduction.

If your value is acceptable, the Assessor can make a value change to the assessed value of the subject property. *Do not withdraw your assessment appeal case until evidence of the value change is received.* You may still have to attend the hearing in order to accept the recommended value reduction. This is called an acceptable “recommendation”.

If your value is not acceptable to the Assessor and the Assessor does not recommend a value reduction for you to consider, you need to prepare your full case for the Assessment Appeals Board hearing.

Any information you provided the Assessor for review will need to be provided separately (by you) to the Assessment Appeals Board, if you want it considered.

Preparing for Assessment Appeal Board hearing

In order to prepare a successful assessment appeals case you need preparation. Drive by the subject and take exterior pictures. Note the subject’s condition and the subject’s neighborhood.

Is the subject located on a busy street or in a noisy neighborhood? Is the subject next to a freeway or highway? Is the subject next to commercial or industrial area? Is the subject in poor condition? Take notes and pictures.

You should also view your comparable sales and take pictures if possible. When preparing your appeal case, you can use the comparables from your quick evaluation form with some additional adjustments. Ask yourself how each comparable sale compares to the subject property. Take notes of the differences in condition and location.

You should adjust for differences in size, features (pool, spa, view), number of beds and baths, age, condition and location if warranted. No adjustment is usually required for minor differences. Adjustments should be supported by cost or market data. If you are not sure about an adjustment consult a local real estate agent that is familiar with the area.

Only adjust the comparables for differences in comparison to the subject property. (see sample sales comparison analysis). The goal is to adjust the comparables to be similar to the subject. The amount of your adjustments should reflect buyer’s attitudes in the market.

Sales Comparison Analysis

The sales comparison analysis is your most important piece of evidence. The sales comparison analysis form is where you list all your subject and comparable information and show the adjustments you made to the comparable sales.

The first step in preparing your sales comparison analysis is to list a description of the subject and comparables. Description should include the property address or Assessor ID number, living area square footage, lot size, zoning, number of beds and baths, year built, condition (good, average, poor), features (pool, spa, garage, guest house etc). Most information can be found through a real estate agent, Assessor's office or online comparable source.

The comparables should also list the date of sale and distance from the subject property (2 blocks west, ½ mile east etc). Keep in mind the limitations on dates of sale described previously still apply.

The next step is to adjust the comparables for differences between each comparable and the subject (see sample sales comparison analysis). Adjustments are estimated based on market contribution (how much a buyer would pay), or cost (less depreciation). Adjustments can be on a dollar or percentage basis. Consult a local real estate agent for a value range estimate for a specific feature.

If the comparable has a feature which the subject does not have, you must deduct the value of that feature from the comparable. For example if the comparable has a pool and the subject does not, you must *deduct the market value of the pool from the comparable*. The reverse also applies. If the subject has a garage and the comparable does not, you must *add the market value of the garage to the comparable*.

If the subject or comparable has a feature that is not listed on the sales comparison analysis, you should write it in and adjust for it (if required).

Adjustments are only made to the comparables, never the subject. You should address each comparable item by item, adjusting for differences with the subject property.

Minor differences do not require adjustment (small differences in living area and lot size). Usually size differences of 10% or greater require adjustment.

Marshall and Swift have cost data which you can purchase (online or at a bookstore) and use as a basis for your adjustments. The State Board of Equalization also has cost data available online for free. In absence of market data, cost data is the preferred method of supporting adjustments.

After completing all relevant adjustments, each comparable sale may have several adjustments both positive and negative in value. For each comparable, add the total adjustments together to arrive at a total net adjustment amount. If the total net adjustment

is positive in value, add it to the original sale price. If the total net adjustment is negative in value, deduct it from the original sale price. Do this for each comparable sale.

Next you should weigh your adjusted sale price for each comparable, and reconcile to a final value conclusion. Give greatest weight to the sale that required the least adjustment and least weight to the sale that required the most adjustment. Add your weighted values together for your final value conclusion.

Be prepared to walk the appeals board through your thought process and explain your adjustments and your final value conclusion. The Assessor may also ask you questions about your sales comparison analysis. You will also be given an opportunity to ask the Assessor questions about his or her presentation (value analysis).

Appeal Board Hearing

In California, you must be notified 45 days before your hearing date. To prepare for the hearing, you will need to gather and assemble admissible evidence (comparable sales) that you will bring to the hearing to support your position. Without giving the board the evidence it needs to consider for a value reduction, your appeal will be denied.

Keep in mind that the purpose of the hearing is to resolve the value dispute between you and the Assessor. While the hearings do not use the formal rules of evidence followed by courts, any evidence you present must be appropriate and meaningful in order to be admissible.

Many county appeals boards have local rules and hearing guidelines that will assist you in preparing for your hearing, tell you how to obtain continuances of scheduled hearing dates, arrange for exchanges of information with the Assessor's office, and help you properly introduce relevant evidence at any hearing. You should obtain a copy of these rules from the clerk of your appeals board to help you in the proper presentation of your appeal.

The only evidence that an appeals board can consider is the evidence that you and the Assessor present at your assessment appeal hearing. The board may not consider any information attached to your application or any discussions with the Assessor's office or others, unless you also present such evidence at your appeal hearing.

Your evidence may take several forms including oral testimony by you, an expert witness, real estate appraiser or real estate agent. Evidence also includes written materials such as a sales comparison analysis. (*see sample*)

During the hearing the appeals board will ask you to read your case (sales comparison analysis) while they follow along by copy. The full board requires 5 copies of your case (including pictures and any other evidence). You will need to read all your comparables and adjustments you made along with your value conclusion.

If you plan to submit an appraisal, a Realtor's opinion of value, or an engineering study, the person who prepared that material must be present to respond to questions that may be posed by the appeals board or the Assessor. The Assessor, or a representative knowledgeable about the Assessor's appraisal of your property, will also be present to respond to your questions or those of the board. Depositions are not admissible and may not be considered for any purpose by the appeals board.

The Appeals board may notify you of their decision at the conclusion of the hearing or take the matter "under submission" and notify you by mail at a later date. The appeals board decision is final.

FREQUENTLY ASKED QUESTIONS

HOW DO I KNOW IF A PROPERTY IS OVER-ASSESSED?

The value on the property tax bill is higher than the market value of the property.

The assessed value is the value on the property tax bill. Over-assessed = over-taxed.

SHOULD I APPEAL MY OWN TAXES?...

The Assessors office will have experienced professionals defending the roll at all assessment appeal hearings. That's correct, their role is to defend the money on the tax roll, not find your fair property value.

Many times, the value reduction recommended by the assessor is not enough and will cost you extra money if you accept it without researching data and presenting evidence.

HOW DO I KNOW IF MY PROPERTY QUALIFIES FOR REDUCTION?

The best method is to conduct a property tax evaluation. During the property tax evaluation you can determine if the property qualifies for a tax reduction, (assessed value is higher than the market value).

Many people who purchased homes after 2004 have seen reductions in property value.

A valid case for tax reduction would be a property that is taxed (assessed) at least 10% above market value.

WHERE DO I FIND HOME SALES DATA (COMPS)?

There is some very good free data available online thru sites like propertyshark.com, realestateabc.com and redfin.com. Some County Assessor office jurisdictions have free sales data available (lacountyassessor.com) online and in their regional offices. There are also many subscription based services available like Realquest.com. Real estate agents are also a good source of information.

HOW DO I PREPARE A STRONG CASE AND HOW LONG DOES IT TAKE?

Being well informed about the property you represent helps a lot. Visit the property, take pictures and drive thru the neighborhood. Note positives and negatives regarding the property location and condition so you can adjust for them later. (see sample sales comparison analysis)

Look at all the available sales data, not just data that supports a value reduction. The Assessor may use high value sales data against you, so be informed as to why a property sold for a higher sales price. Be ready to explain why a sale presented by the Assessor is not a good comparable sale.

The more you know about your subject property and the comparables, the stronger your case will be. A strong case can be prepared with several hours of research.

HOW DO I PRESENT A CASE SUCESSFULLY?

First be on time and be cordial to members of the board and the Assessor's office. Be prepared with the proper number of copies of your case for the board members. Be relaxed and try not to take the case personally. Be business like in your presentation. Be honest, if you do not know the answer to a question, say so. Present a case that is organized and easy to follow. Clearly explain all of your adjustments, and keep your cool at all times.

The quality of your information and preparation will be reflected in your success.

	SUBJECT		COMPARABLE 1		COMPARABLE 2		COMPARABLE 3	
Address	123 Homey Ln		200 Homey Ln		225 Homey Ln		125 Nextdoor Ave	
City	Los Angeles		Los Angeles		Los Angeles		Los Angeles	
Proximity to subject	[REDACTED]		1 block east		1 block east		2 blocks north	
Sale Price	[REDACTED]		\$ 500,000		\$ 510,000		\$ 490,000	
Sale Price / Sq ft.	[REDACTED]		\$ 200.00		\$ 196.15		\$ 200.00	
Sale Date	[REDACTED]		3/3/2009		2/28/2009		12/1/2008	
Property Type	Single family		Single family		Single family		Single family	
Zoning	R1		R1		R1		R1	
Lot Size Sq ft.	5,000	[REDACTED]	5,050	\$	5,100	\$	4,950	\$
Living Area Sq ft.	2,500	[REDACTED]	2,500	\$	2,600	\$	2,450	\$
Year built	2001	[REDACTED]	2001	\$	2002	\$	2000	\$
Condition	Ave	[REDACTED]	Ave	\$	Good	\$ -5,100	Ave	\$
Beds / Baths	Bed 3	Bth 3	Bed 3	Bth 3	Bed 4	Bth 4	Bed 3	Bth 2
	[REDACTED]		\$		\$ -5,100		\$ 4,900	
Features			Item		Item		Item	
Garage/Carport	Garage	[REDACTED]	Garage	\$	Garage	\$	Carport	\$ 2,500
Pool / Spa	No	[REDACTED]	No	\$	No	\$	No	\$
View	No	[REDACTED]	No	\$	No	\$	No	\$
Net Adjustment	[REDACTED]		\$ 0		\$ -10,200		\$ 7,400	
Adjusted Sale Price	[REDACTED]		\$ 500,000		\$ 499,800		\$ 497,400	

VALUE CONCLUSION ESTIMATE = \$ 500,000

SAMPLE SALES COMPARISON ANALYSIS

www.PropertyTaxAgent.net specializes in property tax appeal matters for Commercial Industrial and Residential property in Southern California. For free consultation call 310-347-9766 or email support@propertytaxagent.net