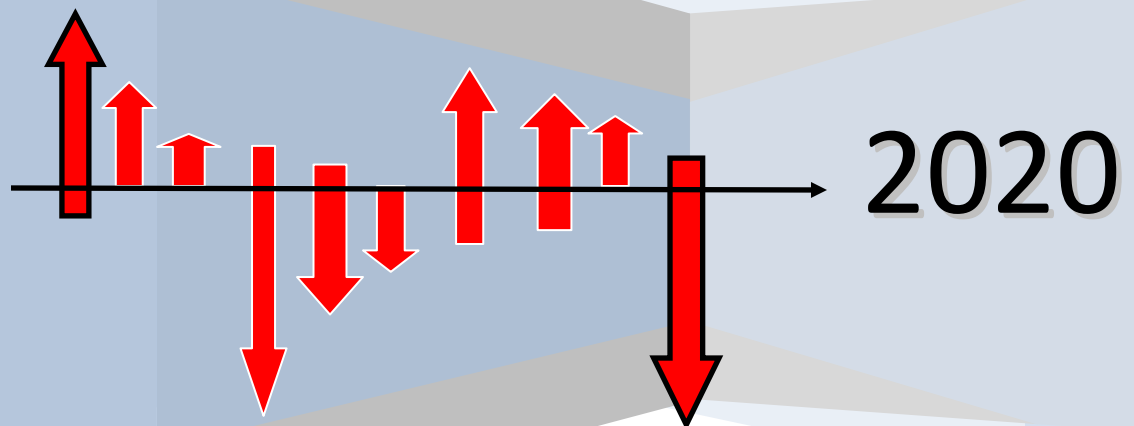


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# Real Estate Pros Guide To Prop 8 Property Tax Appeal

Southern California

**PropertyTaxAgent.net**  
PROPERTY TAX REDUCTION



# **Prop 8 Tax Appeal For RE Pros**

## **Decline-In-Value (Proposition 8)**

The most common reason for filing a Property Tax Appeal is due to "Decline In Value" also known as "Proposition 8".

The premise behind a Decline In Value is the subject property has gone down in value to a point where the current Assessed (or taxable value) exceeds the Fair Market Value.

The Decline In Value is a temporary reduction in Assessed Value and subject to annual review by the County Assessor's Office.

The Decline In Value has a one year statute of limitations in which to file an appeal. Once the one year statute has passed and the filing period has closed, the Decline In Value Appeal cannot be filed until the next year. A Decline In Value can be filed every year.

### ***Evaluating a property for tax appeal***

After locating a property one must first evaluate if the property qualifies for Property Tax Appeal.

The first step in analyzing property for a Decline In Value is determining both the current Property Tax Assessment and the current Fair Market Value, for the tax year in question.

One will need to obtain comparable sales information using online data services, the Assessor's office or MLS. 3 sales similar to the subject property (also known as comparables or comps), are required for comparison. Sales should be similar in age, location (neighborhood), features and size.

The sale date of the comparable must not be later than the end of March of the year evaluating. If one is evaluating the subject property for the 2020 tax year, the sales (comparables) must have closed before April 2020. The reason for this is comparables can only be 90 days beyond (past) the "lien date". The lien date is January 1 of each year, and is also the date of value for the subject property.

One can also use sales from the prior year, (even more than 90 days before January 1), but sales may require an adjustment for time if market conditions have changed.

The most reliable sales will usually be closest to the lien date (January 1). 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 2020 tax year that would be from October 1, 2019 to March 30, 2020).

**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.**

After locating 3 comparable sales, give greatest weight to the most similar sale. One is attempting to estimate the subject's approximate value using the comparable sales data. Use the average adjusted sale price of the comparables to estimate the Market Value of the subject.

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

To qualify for property tax reduction services, the Assessed Value (from tax bill) should be at least 10% higher than the estimated Market Value for the subject property. Assessed Values within 5% of Market Value are considered within range by the Assessment Appeal Board, and may not be subject to reduction.

### ***Filing an Assessment Appeal***

The most common avenue for Property Tax Reduction is the Property Tax Appeal. Specialized knowledge regarding Assessment Appeal application filing is a key to successful Property Tax Appeal results. Simply checking the wrong box on an Assessment Appeal Application can limit a successful Assessment Appeal case outcome and cost clients thousands of dollars. Your Live Training Partner will be able to assist you.

If the property is a good candidate for reduction, the next step is to file an Assessment Appeal Application, also called an Application for Changed Assessment. One can request an application online or in person. One can also request an application by phone by calling the Assessment Appeals Board clerk.

One may be required to be a Registered Tax Agent and have an Agents Authorization from the property owner, to file an Assessment Appeal. Your Live Training Partner will be able to assist you with compliance.

To be valid, all appeals must be filed on the official form for the County where the property is located, and must be properly completed, signed and submitted prior to the close of the annual filing period.

On the application one must indicate the opinion of value based on comparable market data (sales) and indicate if filing for Decline In Value (Prop 8), as of January 1.

Select the Hearing Officer option to receive a scheduled hearing faster and give additional opportunity to contest hearing results to the full Appeal Board if necessary. All single family homes (regardless of value) and property with total assessed values below three million dollars can be heard by the Hearing Officer.

**Property owners are required to pay their taxes while Assessment Appeals are pending.**

Keep in mind your Live Training Partner can review various property tax strategies and advise the best pathway to pursue before filing an Assessment Appeal with the County.

California Appeals boards accept applications for Prop 8 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 as filing dates may vary. If you need to file an amended application, you must file it no later than 5:00 p.m. on the Assessment Appeal filing due date for your County.

#### ***Preparing for Assessment Appeal Board hearing***

In order to prepare a successful assessment appeals case you need preparation. Take exterior pictures of the subject property. Note the subject's condition and the subject's neighborhood. Note any property problems or nuisance that may affect value.

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. Ask yourself how each comparable sale compares to the subject property. Take notes of the differences in condition and location. Three comparable sales are needed for the Prop 8 Appeal.

Make sure, you make adjustments for differences in size, features (pool, spa, view, lot size), 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.

Only adjust the comparables for differences in comparison to the subject property. 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 or the amount the typical buyer would pay.

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. Adjustments are only made to the comparables, never the subject.

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. You will also be given an opportunity to ask the Assessor questions about his or her presentation (Appeal Case).

## ***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.

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 comparable sales.

During the hearing the appeals board will ask you to read your Assessment Appeal case (present evidence) while they follow along by copy. The full board requires 6 copies of your case (including pictures and any other evidence), and the Hearing Officer requires 3 copies. You will need to read all your comparables and adjustments you made along with your value conclusion.

**There are numerous strategies and nuances your Live Training Partner can share with you during your in person hearing appearance which will help maximize your Property Tax Appeal results.**

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.**

## QUIZ

1. Proposition 8 is a permanent reduction in value true/false
2. Proposition 8 can only be applied for every 4 years true/false
3. Proposition 8 is also known as “Decline in Value” true/false
4. Property may qualify for Prop 8 if the Market Value exceeds the Assessed Value true/false
5. 15% value difference would qualify for Tax Appeal true/false
6. Comparable Sales past Mar 30 are always allowed true/false
7. Prop 8 Tax appeals may be filed at any time of year true/false
8. An Assessment Appeal Application is also called an Application for Changed Assessment true/false
9. Decline In Value has a 2 year Statute of limitations true/false
10. Comparable Sales are needed for Prop 8 Appeal true/false
11. Always adjust the Comparable Sale to the Subject true/false
12. Comparable Sales before Jan 1 are allowed true/false
13. Property Taxes are postponed during Tax Appeal true/false
14. Hearing Officer can hear Tax Appeals for any commercial property, regardless of value true/false
15. The Assessment Appeal Board decision is final true/false
16. Taking pictures of the Subject is recommended true/false
17. January 1 is the Lien Date and valuation date true/false
18. Hearing notices are sent out 14 days in advance true/false

Answers      True-3,5,8,10,11,12,15,16,17  
                  False-1,2,4,6,7,9,13,14,18

## **PropertyTaxAgent.net**

My experience as a Property Tax Specialist started in 1989 as Deputy County Assessor for Los Angeles County, and has expanded to include experience as Certified General Appraiser, Advanced Certified Property Tax Appraiser, Commercial Agent and Registered Tax Agent.

My success rate in front of California Assessment Appeal Boards is unsurpassed at approximately 90%.

I hope this overview has been helpful. I look forward to helping your clients *get the Property Tax Refunds they deserve.*

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## When Was Your Last Property Tax Analysis?

PTA/Appraisals Faster has created a product exclusively for real estate investors in Southern California. The Tax Assessment Reduction Survey (TARS) is designed for real estate investors. TARS details annual tax loss, capitalized value loss and uncovers over- assessment of Property Taxes. In cases of over-assessment of property tax, investors can use TARS as a tool to improve net returns by pursuing Property Tax Appeal strategy.

Investors can increase net returns through property tax reduction. With property tax reduction, investors can lower property expenses and increase property value through improved capitalization.

## There are Many Reasons to Appeal your Property Taxes...

- If newly constructed building tax assessment exceeds the property value
- If operating expenses and vacancy have increased causing value of your building to decrease
- If your property is assessed based on a value higher than actual purchase price
- If inherited property was subsequently re-assessed
- If property market value has decreased due to changing market conditions

TARS Report delivers limited scope Property Tax Analysis based on Projected Assessed Value and Projected Market Capitalization. Perform due diligence and order your TARS Report. Find out if your property is a candidate for Property Tax Appeal .

Include a copy of Property Tax Bill and check with this letter for \$499 TARS Report  
**100% of TARS Report cost is credited on Tax Appeal invoice**



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## TARS REPORT ORDER FORM

PROPERTY ADDRESS \_\_\_\_\_  
(TARS Report)

PROPERTY DESCRIPTION \_\_\_\_\_  
(office, retail, multi-family, warehouse/#units/tax assessment issue)

CITY \_\_\_\_\_ ZIP \_\_\_\_\_

EMAIL ADDRESS \_\_\_\_\_

AUTHORIZED SIGNATURE \_\_\_\_\_ TITLE \_\_\_\_\_

**Make check payable to "Appraisals Faster".  
Mail Order Form, Property Tax Bill and \$499 check to:**

**PTA/Appraisals Faster  
8671 Wilshire Boulevard, Suite 607  
Beverly Hills, CA 90211**

Allow up to 14 days for TARS Report completion and delivery by Email