



# Will A Decline In Market Value Reduce My 2012 Property Taxes

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In 2011, the Orange County Assessor reviewed the value of 305,000 properties in the County, including single-family homes, condominiums, townhouses, multi-family, commercial/industrial and timeshare properties. Of the properties reviewed, approximately 177,000 properties received a reduction in taxable value for the 2011/12 tax year. Within Proposition 13 limits, taxable value can be increased or decreased by more than 2 percent in one year.

**Q: Will a decline in market value reduce my 2012 property taxes?**

**A:** Most California property owners do not pay taxes based on market value. Under Prop. 13, property is only assessed at market value when it changes ownership and when the market value drops below the Prop. 13 value.

**Q: What is market value?**

**A:** Market value is what the property would sell for in an open market transaction on January 1 (lien date) each year. How does the Market value of your property compare to the Prop. 13 value on January 1, 2012?

- **If the market value is LOWER than the Prop. 13 value**, the Assessor will use the market value and your 2012 property taxes should not go up.
- **If the market value is HIGHER than the Prop. 13 value**, the Assessor is required to use the Prop. 13 value, even if the market value dropped significantly.

Be aware that although your basic property tax levy may be reduced, your overall tax bill may go up if your property is subject to Mello-Roos assessments, water district or school district bonds or other special assessments.

**Q: What is Prop. 13 value?**

**A:** Prop. 13 value is the market value of the property when you acquired it, plus a Consumer Price Index (CPI) adjustment of up to 2 percent per year, plus the value of new construction.

**Q: What is taxable value?**

**A:** By law, the Assessor values property each year as of January 1. The Assessor compares the Prop. 13 value to the market value. Taxable value is always the lower of these two values, and is used for property tax calculations each tax year. Sales transactions and market activity through March 31 are considered to help determine market value.

**Q: Do I have to submit a request to have my property value reviewed?**

**A:** No, the Assessor reviews property each year and a request is not required. Approximately 5,000 requests were received in 2011.

**Q: When will I be notified of my property's Taxable Value?**

**A:** Property owners will receive a Property Value Notice from the Assessor in July. This notice provides the taxable value that will be used to calculate the property tax bill.

**Q: When will I see a reduction in my property taxes?**

**A:** Any value reduction will be included in the property tax bill sent by the Tax Collector in September/October 2012.





**Q: What if I disagree with the taxable value on the Property Value Notice?**

**A:** If you have information that indicates your taxable value is too high, you can call the Assessor at (714) 834-2727 and ask to speak to an appraiser. If you still think the value is too high, you can file an Assessment Appeal with the Clerk of the Board.

The filing period for Assessment Appeals is July 2 through September 15. Don't wait to get your tax bill to file an appeal. The tax bill may be sent after the September 15 filing deadline.

**Example: Property taxes are based on the lower value each year**

- This property was purchased in 2004 for \$450,000.
- A Prop. 13 Consumer Price Index (CPI) adjustment of +2.0% was made in 2005 through 2009, a -0.237% adjustment in 2010, a +0.753% adjustment in 2011 and +2% in 2012.
- Market value increased in 2005 and 2006, and started to fall in 2007.
- In 2008, market value dropped below the Prop. 13 value. Taxable value was based on the lower market value in 2008, 2009 and 2010.
- In 2011, the **Prop. 13 Value of \$499,391** was lower than the market value of \$500,000, and taxes were based on the Prop. 13 value of \$499,391.
- In 2012 the taxable value will be based on the lower market value of \$480,000.
- **Taxpayers have a "Property Tax Savings Zone", whether the market is up or down.**

