



# Will A Decline In Market Value Reduce My 2010 Property Taxes

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In 2010, the Assessor will review the value of 317,000 properties in Orange County, including single-family homes, condos, townhouses, multi-family, commercial/industrial properties. In 2009, 220,000 properties were reviewed and reductions were made on 202,800 eligible properties.

**Q: Will a decline in market value reduce my 2010 property taxes?**

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

How does the market value of your property compare to the Prop. 13 taxable value on January 1, 2010?

- If the market value is lower than the Prop. 13 value the Assessor will use the lower market value, and your 2010 property taxes should go down.
- If the market value has dropped, but is still higher than the Prop. 13 value, the Assessor is required to use the Prop. 13 value. The Prop. 13 annual consumer price index (CPI) adjustment is negative for the first time. Instead of going up 2%, the Prop. 13 value will go down by -0.237%. The property tax savings should be about \$7 for every \$250,000 in taxable value.

While your basic property tax levy may be reduced, but your overall tax bill may increase if you have special assessments, bonds, or Mello-Roos charges. For information about these charges, please call the phone number listed on your tax bill next to each assessment.

**Q: What is market value?**

**A:** Market value is what the property would sell for in an open market transaction. Property is valued as of January 1 (lien date) each year.

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

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

**Q: When and how is property valued for annual property taxes?**

**A:** By law, the Assessor values property each year as of January 1. The Assessor compares the taxable value to the market value. The lower value 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 request to have my property value reviewed?**

**A:** No, the Assessor reviews property each year, and a request is not required. **There is no charge for this service.**

**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 September property tax bill.





**Q: What if I disagree with the taxable value on the notice?**

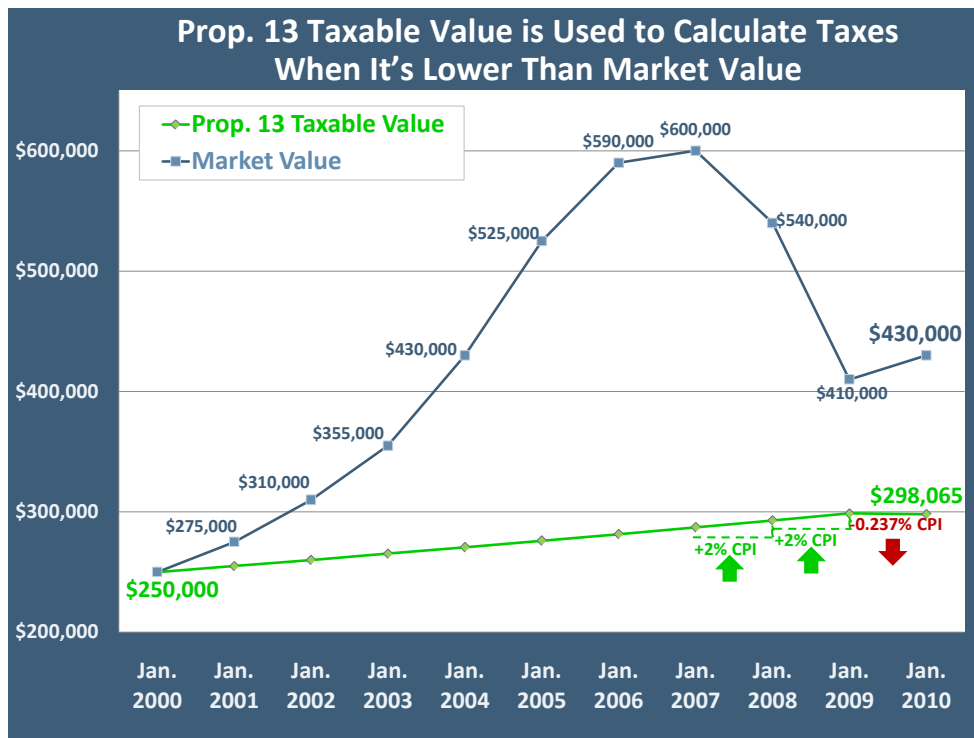
**A:** If you have information that indicates your taxable value is too high, you can call the Assessor at (714) 834-2727 and ask to speak to an appraiser. If you still think the value is too high, you can file an Assessment Appeal with the Clerk of the Board. The Assessment Appeal filing period is July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

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

**A:** Any value reduction will be included in the property tax bill mailed in September 2010.

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

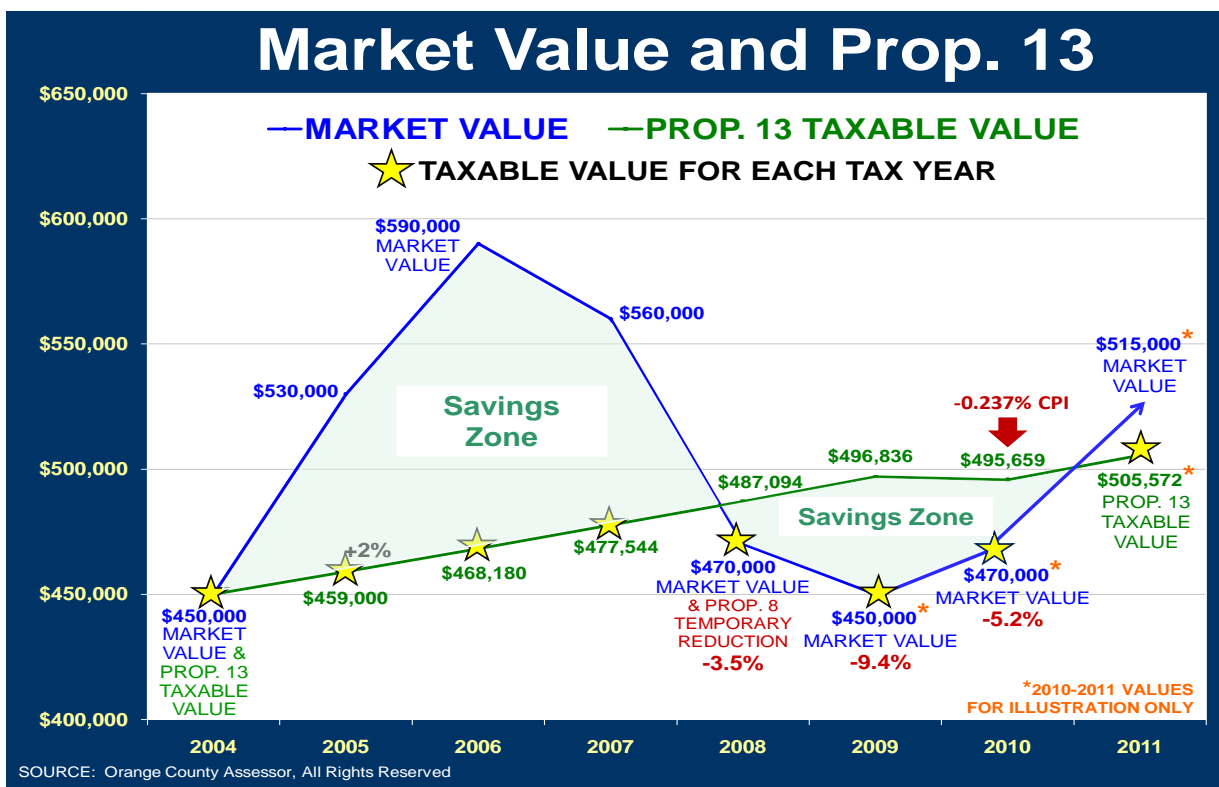
- This property was purchased in January 2000 for \$250,000.
- The market value increased significantly from 2001 to 2007.
- Then market value dropped \$190,000 in two years, from \$600,000 in January 2007 to \$410,000 in January 2009.
- A Prop. 13 Consumer Price Index (CPI) adjustment of 2% was made each year, except in 2004 and 2010 when the adjustment was 1.867% and -0.237% respectively.
- The 2010 Prop. 13 taxable value of \$298,065 is lower than the Market Value of \$430,000.
- Taxes will be calculated using the lower Prop. 13 taxable value of \$298,065.





**Example: Property Tax – Savings Zone**

- This property was purchased in 2004 for \$450,000.
- The market value increased in 2005 and 2006, and started to fall in 2007.
- In 2008 the market value dropped below the Prop. 13 taxable value and the property was assessed at market value.
- The Prop. 13 Consumer Price Index (CPI) adjustment was +2% in 2005 through 2009, and in 2010 the adjustment was -0.237%.
- The market value goes higher than the Prop. 13. taxable value in 2011.
- Taxpayers have a “Property Tax Savings Zone”, whether the market is up or down.



Tax Year	Prop. 13 Taxable Value	Market Value	Which Value Is Used To Calculate Property Taxes Each Year?	“Savings Zone” is the Difference Between Prop.13 Taxable Value and Market Value	Tax Savings Based on 1% Basic Tax Rate
2004	★ 450,000	450,000	Market Value Purchase Price	0	\$0
2005	★ 459,000	530,000	Prop. 13 Taxable Value	71,000	\$710
2006	★ 468,180	590,000	Prop. 13 Taxable Value	121,820	\$1,218
2007	★ 477,544	560,000	Prop. 13 Taxable Value	82,456	\$825
2008	487,094	★ 470,000	Market Value	17,094	\$171
2009	496,836	★ 450,000	Market Value	46,836	\$468
2010	495,659	★ 470,000	Market Value	25,659	\$256
2011	★ 505,572	515,000	Prop. 13 Taxable Value	9,428	\$94
				<b>Tax Savings</b>	<b>\$3,891</b>

