



Prop 8 - Decline in Value

California Proposition 8, passed in 1978, provides homeowners with temporary property tax relief when the market value of their property drops below its assessed value as determined under Proposition 13. Prop 8 ensures that homeowners are not overtaxed during periods of economic downturn or when local real estate values decline significantly. Under this provision, a property's assessed value is temporarily reduced to reflect its current market value, leading to a lower property tax bill for the affected year. However, this reduction is not permanent; if the market value increases in subsequent years, the assessed value can be adjusted upward, but never beyond the limits established by Prop 13.

To apply for a Prop 8 reassessment, a homeowner must submit a formal request for a review of their property's assessed value to their county assessor's office. This process typically involves filing an "Application for Decline in Value Reassessment" or similar form, which may require evidence supporting the claim that the property's market value has fallen below its assessed value. Homeowners can gather supporting documentation, such as recent comparable sales in their neighborhood, appraisals, or other data that demonstrates a decline in the market value of their property.

The deadline to apply for a Prop 8 reassessment varies by county but generally

falls in the early part of the calendar year, often between January 1 and September 15 for most counties. It is crucial for homeowners to check with their local county assessor's office for specific filing deadlines and procedures. Once the application is submitted, the assessor reviews the evidence provided and determines whether a temporary reduction is warranted. If granted, the lower assessed value will be reflected in the homeowner's property tax bill for that tax year.

It is important to note that **under Prop 8, the assessed value of a property can fluctuate annually** to align with the current market value but only up to the original Prop 13 value cap. This cap ensures that long-term property tax increases remain limited to the maximum 2% annual growth rate established under Prop 13. If market values recover significantly, the assessed value may increase by more than 2% in a single year until it returns to the original Prop 13 base value.

For homeowners facing significant declines in property value, applying for a **Prop 8 reassessment can provide meaningful financial relief**. However, the process requires careful attention to deadlines, documentation, and the potential for future increases in assessed value as the market recovers. Consulting with a local tax advisor or the county assessor's office can help homeowners navigate the application process effectively.

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