

THE TREND!

California	
Median Price-SFH	Date
\$297,060	08/11
\$294,230	07/11
\$320860	07/10
Sales change Prior Month 8.6%	
Sales change Prior Year 10.2%	
Sacramento	
Median Price - SFH	Date
\$167,040	08/11
\$168,060	07/11
\$186,750	08/10
Sales change Prior Month 8.4%	
Sales change Prior Year 14.3%	
Source C.A.R. Research Dept.	

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Next Issue:

The Real Estate Market Roundup.

Should you Pay less Property Taxes?

Over the past four years, the trajectory of home prices has been downwards, with a periodic bust of hopefulness, only to be subdued by sad economic news. On the contrary, property tax, which supposedly is based on home prices, has rarely dipped. According to the National Association of Home Builders, the median real estate tax was \$1,614 in 2005, and stood at \$1,917, a 16% jump, while home prices have dropped by 31% during the same time period.

Who Determines Your Taxes

The percentage of the property purchase price on which these taxes are based, is determined by local government officials. Article XIII A of the California State Constitution, or Proposition 13, values property at its 1975 fair market value, plus annual increases limited to the inflation rate, as measured by the California Consumer Price Index, or 2%, whichever is lower. Real property is reappraised for tax purposes only when 1) a change in ownership occurs, b) New construction is completed c) New construction is unfinished on the lien date (January 1) or d) Market value declines below Proposition 13 factored value on the lien date. If none of these four variables occurs, the assessed property value

should increase by no more than 2% per year. An important thing to note is that the assessed value initially established is referred to as the "base year value" and annual increases for inflation to this "base year value" is referred to as the "factored base year value."

Note that the 2% limit does not apply to properties hit by a market decline in value (Proposition 8, an amendment to Prop 13), which may increase or decrease by any percentage, not to exceed their Proposition 13 "factored base year value". Homeowners can often get their assessment lowered based on Prop 8, which the Tax Assessor should initiate without request from the owner, but do they? Moreover, the homeowner can initiate or appeal to the assessor if they believe they are paying more than their fair share. It is estimated that more than half of homeowners are paying too much in property taxes.

Initiating or Appealing Your Property Tax

As stated earlier, the Tax Assessor should start the work, but they may not, or perform unsatisfactory work. Here are the steps you can take to address this issue;

1. Check your county Tax assessor's office on when to file; in Sacramento; it is between

- July, 2 & November, 30 yearly.
2. Verify the Assessor's facts presented as their description of your home, which may be inaccurate. The Assessor use sales data from your neighborhood, aerial photos, sometimes guessing everything from additions to your home, to swimming pools, total square footage, number of rooms, number of bathrooms, patios and decks. It is estimated that approximately 25% of appeals result in lower assessment.
3. Obtain a reliable Comparative Market Analysis, which is a survey of recent sales comparable to your home, in your neighborhood. This happens to be a very reliable way to convince local officials that you did your home work. Remember that printouts from Zillow and similar sites are questionable.
4. In Sacramento, the Assessor's office will review presented information compared to the market data estimating the property's market value on January 1st of the year, and compare this market value to the property's current Prop 13 factored base year value.

•If the January 1st market value is below the factored Prop 13 value, then: the assessed value is lowered to market value for next fiscal year. You pay lower taxes.

•If the January 1st market value is higher than factored Prop 13 value, then: the assessed value will not be lowered. Note that you can appeal this decision with more pertinent information within the 7/2-11/30 time window.

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