What is Proposition 8?
In 1978, California voters passed Proposition 8, a constitutional amendment to Article XIII A that allows a ***temporary*** reduction in assessed value when real property suffers a decline in value. **A decline in value occurs when *the current market value* of real property is less than the *current assessed* (taxable) factored base year value as of the lien date, January 1**. Proposition 8 is codified by section 51(a)(2) of the Revenue and Taxation Code.

Real property may decline in market value from one lien date to the next lien date; however, it will not benefit from a lower assessment unless its market value falls below the current factored base year value. For example, if you purchase your property during a time when the real estate market falls dramatically, or if your property is substantially damaged due to a storm or fire that causes a reduction in your property's value, it is likely that your property will benefit from a Proposition 8 reassessment. The decline in value is typically temporary and may be the result of changes in the real estate market, the neighborhood, or the property itself.

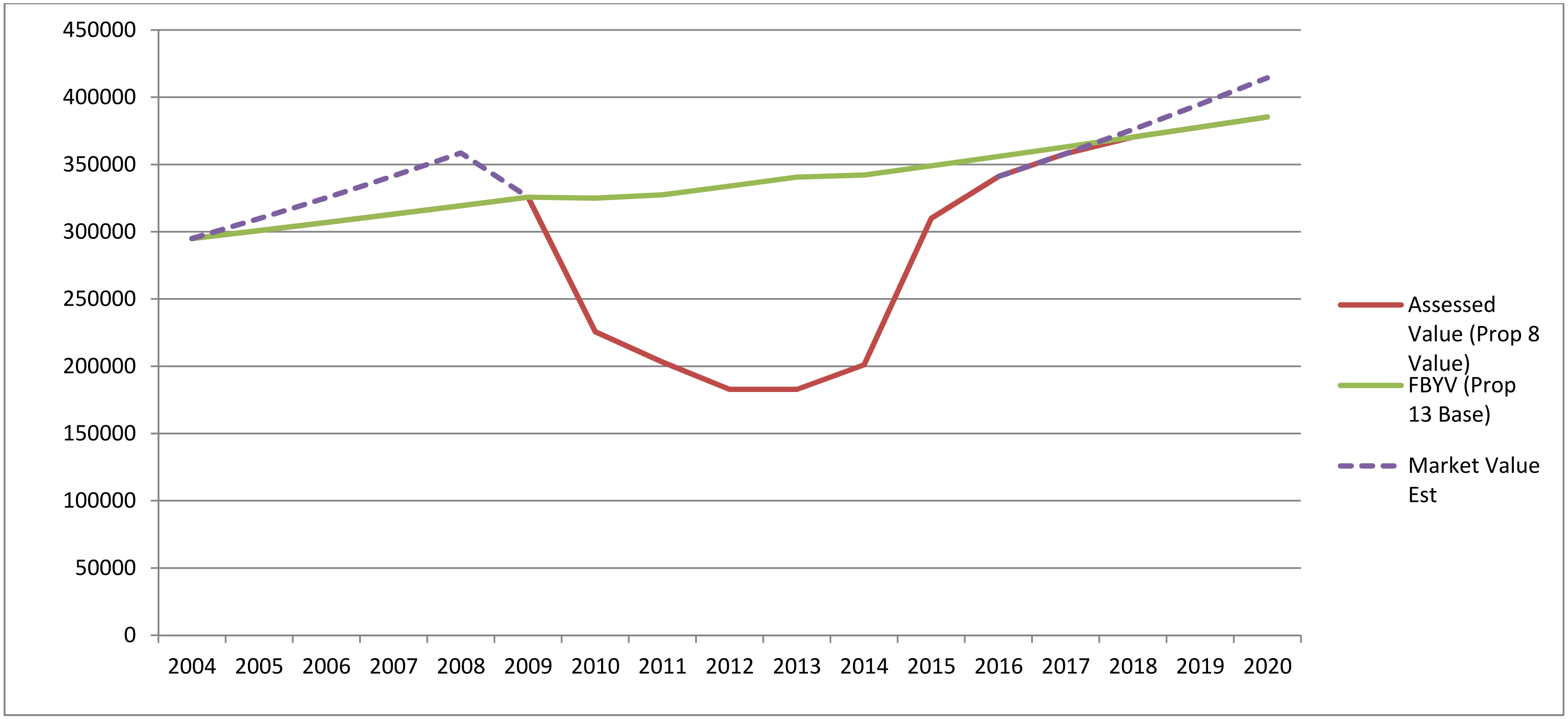
When the market value of a property on the January 1 lien date falls below the factored base year value (assessed value), the assessor is obligated to review the property and enroll the lesser of the factored base year value or market value. The factored base year value of real property is the market value as established in 1975 or as established when the property last changed ownership or when the property was newly constructed.

A property that has been reassessed under Proposition 8 is reviewed annually to determine its market value as of the lien date, January 1st. The assessed value of a property having a Proposition 8 value may increase each lien date (January 1st) by more than the standard two percent maximum allowed for properties assessed under their Factored Base Year Value (Proposition 13); however, unless there is a change in ownership or new construction, a property's assessed value can never increase above its Factored Base Year Value (Proposition 13).

For more information please visit
http://www.boe.ca.gov/proptaxes/faqs/prop8.htm
http://www.boe.ca.gov/proptaxes/pdf/pub30.pdf

The chart below shows an example of a property under Proposition 8 and how the Assessed Value of the property would be affected. The assessable value limit will always be the lower of the Factored Base Year Value (Prop 13 value) or the properties market value as of Jan 1st of each year (Prop 8).

From 2004 through 2009 the market value was higher than the Factored Base Year Value (FBYV) but the Assessable value is limited by Prop. 13. 2009 to 2017* is the proposition 8 time period, the Assessable value is limited by the Market Value, but the FBYV continues to rise by a limit not to exceed 2%. As the market value again rises higher than the FBYV the property will be removed from proposition 8 and again be limited by the proposition 13 value which cannot exceed and annual increase of more than 2%.



*All values past 2015 are ESTIMATED Values shown for visual purposes only. They are not a projection of market trends and WILL change.