



## PHONG LA ASSESSOR

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# WHAT YOU NEED TO KNOW ABOUT PROPERTY RENOVATIONS & ASSESSMENT

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Assessor Phong La wants you to know what impact remodeling or new construction may have on your property tax bill. Here are the answers to some of the most frequently asked questions:

### How does the Assessor know when there is construction on a property?

The Assessor periodically receives copies of building permits issued by city and county agencies. To a lesser extent, the Assessor may be notified by another governmental entity, an appraiser from the Assessor's Office who is out in the field, a neighbor, or directly by the property owner. When the Assessor has knowledge of new construction, whether or not it is permitted, the Assessor has a legal duty to value it for assessment purposes.

### In general, what is considered assessable (taxable) new construction?

Assessable new construction may be any of the following:

1. New structures;
2. New area (square footage) added to existing structures;
3. New items added to existing structures, such as bathroom fixtures/plumbing, fireplaces, central heating/air conditioning, electrical upgrades and yard improvements such as swimming pools, pergolas, patios, outdoor kitchens, etc.
4. Physical alterations resulting in a change in use;
5. Rehabilitation, renovation, or modernization that converts an improvement to the substantial equivalent of a new improvement;
6. Land development (grading, engineered building pad, or infrastructure).

**If I add square footage to my home, will the increase in my property's assessed value be based on the new square footage of the addition or will it cause a reappraisal of the entire property, including the land?**

This is one of the most commonly asked questions about new construction. Under Proposition 13, which governs California's property tax process, the entire property (land and improvements) will only be completely reappraised when real estate transfers ownership. If adding square footage, the Assessor will typically only add value for the assessable new construction.

### **Will the remodel of my kitchen or bathroom trigger reassessment?**

Remodeling or replacing what already exists would typically be excluded from reassessment. Remodeling is primarily cosmetic. While it usually improves a building's appearance, it does not extend a building's usable life. However, if you replace a half-bath (sink and toilet) with a full bath (sink, toilet, tub/shower), the difference in value could be added to the assessed value of your property.

### **Will my assessment increase when I replace flooring, windows, or a roof?**

No. This type of work is considered routine maintenance and will not cause your assessment to change.

### **How does the added value for new construction affect my taxes?**

New construction will trigger a supplemental tax bill from the date of completion based on the assessed value of the new improvements. In the following year, the additional assessment for new construction is combined with the existing assessment and becomes part of the annual tax bill due in December and April.

If construction is in progress beyond any January 1 lien date, an estimate of value of the portion completed is added to the property's annual assessment.

### **How does the Assessor arrive at the added value for new construction?**

The Assessor is obligated to enroll the market value of assessable new construction. When valuing additions to a property, partial completion of new construction, new and "like new" projects, the sales comparison and/or

cost approach is used. New construction associated with income producing properties may be assessed using the income approach. Appraisers typically utilize standardized cost tables, provided by the State Board of Equalization, based on annual surveys of construction professionals. These costs vary by the size of the addition and the quality of the new construction.

*\*Note: The price actually paid by a property owner for the completed project and/or the permit value may be different than State-published costs and market value. For more information on New Construction, Remodeling, and Repair, including valuation methods, please visit our website: [www.acgov.org/assessor/](http://www.acgov.org/assessor/)*