



# 2016 EXIDE REVIEW

ASSESSOR JEFFREY PRANG





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**Goal:** Gain an understanding of “Decline in Value” Assessments and how the Assessor’s Office evaluated each single family residential property (your home) to determine whether a property’s assessment should be lowered.

## Today’s Agenda:

1. Who/What is the Assessor’s Office?
2. What are the Assessor’s responsibilities
3. Does your single family residential property qualify for a reduction in “Assessed Value”?
  - A. Proposition 13
  - B. “Decline in Value” Assessments
4. Results of our analysis
5. How to Contact the Assessor’s Office





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## County Departments Involved with the Assessment and Collection of Property Taxes

### **Assessor (888.807.2111)**

Establishes the property value for all real estate and personal property (businesses, manufactured homes, boats, and airplanes) located throughout the entire county.

### **Auditor/Controller (213.974.8368)**

Receives the assessment from the Assessor and applies the appropriate tax rate to determine the actual amount of property taxes owed.

### **Treasurer and Tax Collector (213.893.7395)**

Mails out the property tax bills, collects the money and deposits it in the County Treasury.



[www.assessor.lacounty.gov](http://www.assessor.lacounty.gov)





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## The Assessor's Basic Responsibilities

- Locate all taxable property in the County and identify ownership.
- Establish a taxable value for all property subject to property taxation.
- Complete an assessment roll showing the assessed values of all property.
- Apply all legal exemptions.





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## EXIDE REVIEW

### Project Goal:

Determine if taxable real property values (single family residences) were negatively impacted by the EXIDE plant contamination ("Decline in Value" Assessment).



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## EXIDE REVIEW

Evaluation for a "Decline in Value" Assessment is dictated by legislation!

- Proposition 13



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## EXIDE REVIEW

### Proposition 13:

Prop 13 established two fundamental principles that must be understood in order to determine if a property is eligible for a “Decline in Value” Assessment.

1. Base Year Value
2. Limits to the amount Property Tax Assessments can increase from one year to the next - (CPI Trending)





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## EXIDE REVIEW

### Base Year Value:

1. The YEAR a property changed ownership (was purchased) or when new construction was completed.
2. The MARKET VALUE when either the property changed ownership or the MARKET VALUE of the new construction.





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## EXIDE REVIEW

### **Proposition 13:**

Prop 13 established two fundamental principles that must be understood in order to determine if a property is eligible for a “Decline in Value” Assessment.

1. Base Year Value
- 2. Limits to the amount Property Tax Assessments can increase from one year to the next - (CPI Trending)**





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## EXIDE REVIEW

**CPI Trending:** John and Sally bought a Condominium on July 1<sup>st</sup> 2014 for \$100,000. Solve for the following:

1. What is the Base Year of their condominium?
2. What is the Base Year Value of their condominium?
3. What is their Assessed Value for 2015 and 2016? (Provided a maximum 2% trend for each year was established by the California Board of Equalization)





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### CPI Trending-Answers:

- What is the Base Year of their condominium? **July 1, 2014 = 2014 Base Year**
- What is the Base Year Value of their condominium? **Typically the Assessor “Accepts” the Sale Price to establish the Base Year Value. Therefore the Base Year Value = \$100,000**





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## CPI Trending-Answers:

What is their Assessed Value for 2015 and 2016? (Provided a maximum 2% trend for each year was established by the California Board of Equalization)

### ▪ 2015:

\$100,000 {2014 Base Year Value}

x 1.02 {2% CPI Trend}

\$102,000 {2015 Assessed Value}

### ▪ 2016:

\$102,000 {2015 Base Year Value}

x 1.02 {2% CPI Trend}

\$104,040 {2016 Assessed Value}





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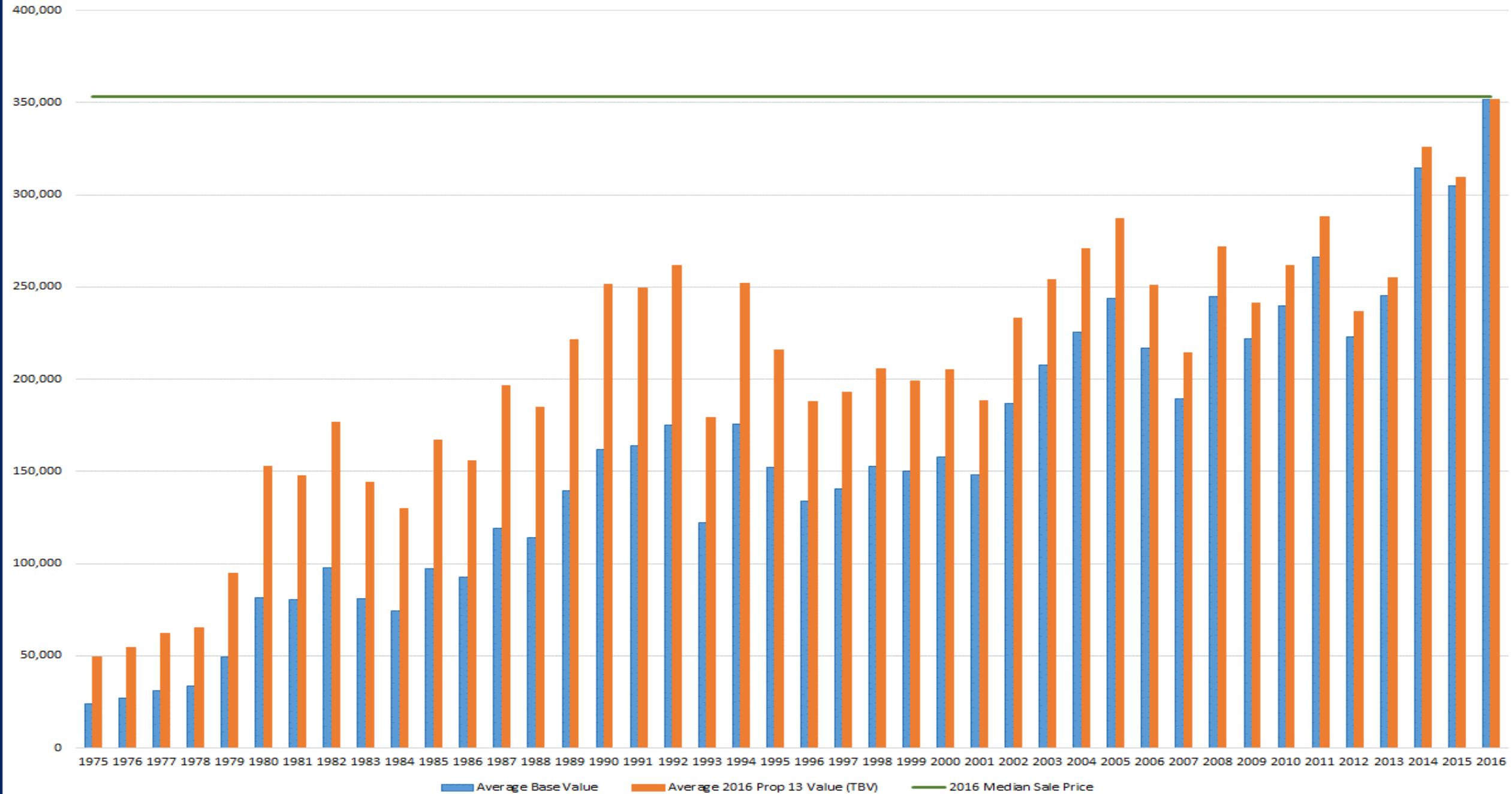
## EXIDE REVIEW

### Decline in Value:

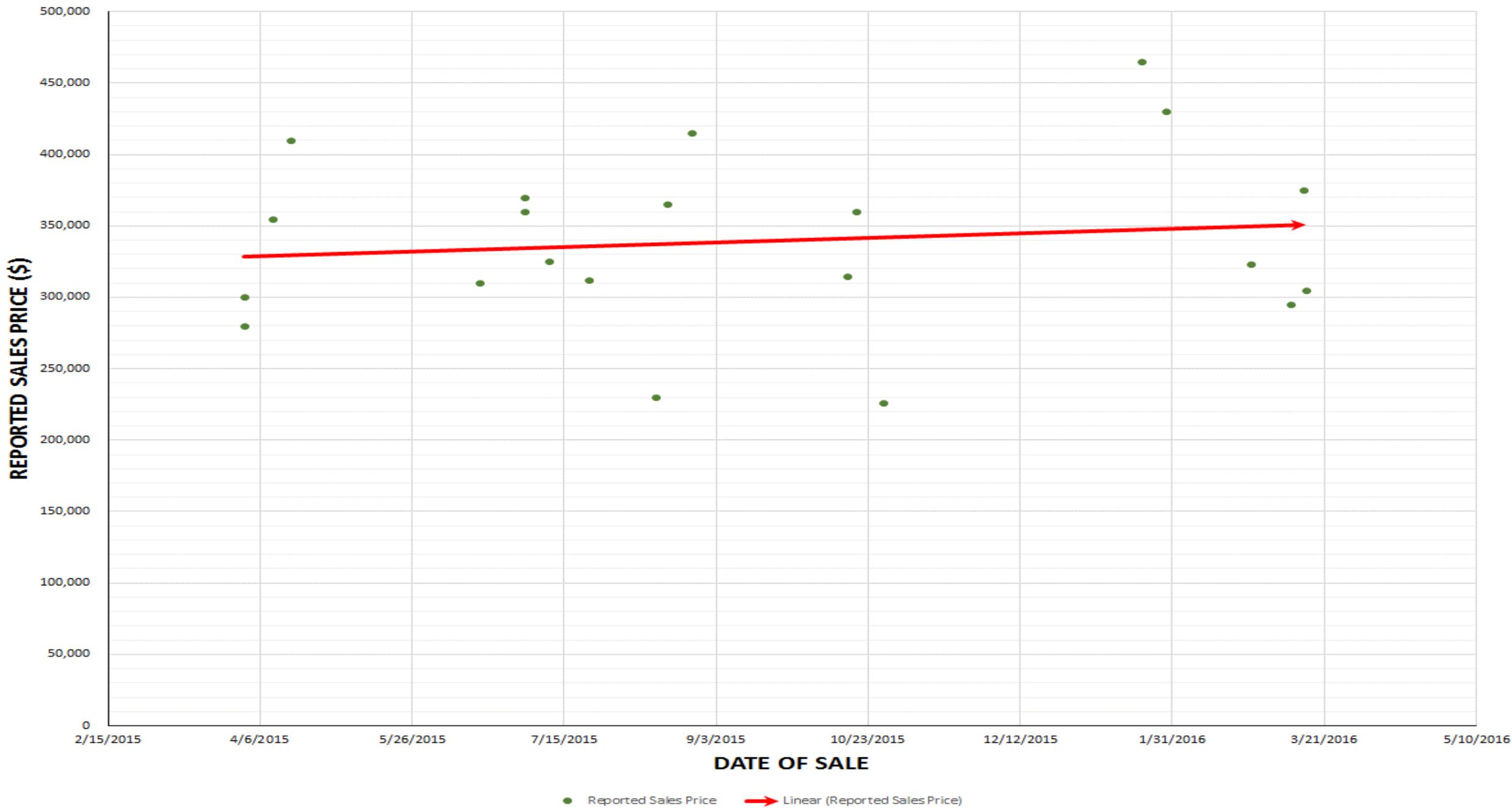
- Mandated by Proposition 13
  - The Assessor is instructed to enroll the *lesser* of either the Trended Base Year Value or the *current* market value of the property.



# City of Commerce (East District)



# City of Commerce - SFR Sales Data (04/01/2015 - 03/30/2016)





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## EXIDE REVIEW

### Project Conclusions:

Because of the strength of the real estate economy, based on full market value, the project resulted in the following:

Of the 432 properties with a decline-in-value in 2015, 366 increased in value (go to the Proposition 13 value level); 53 showed no value change from the 2015 value; and 13 properties were reduced.

Of the 5,253 properties that did not have a decline-in-value, 5,226 indicated no change to the assessed value (largely because the properties were purchased many years ago and the Proposition 13 value is much lower than the current market value); 27 of these properties warranted a value reduction.





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## EXIDE REVIEW

### Action Items:

The pool of potentially impacted properties will be reviewed again as of January 1, 2017 to determine if the market value warrants reductions in assessed value.

If you disagree with the assessor's value as of January 1, 2016, you can file an application online to review your value until November 30, 2016 at:

<http://assessor.lacounty.gov/decline-in-value>



[www.assessor.lacounty.gov](http://www.assessor.lacounty.gov)





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## EXIDE REVIEW

### Who to Contact:

For all Assessment related questions please contact:

Paul Olvera,  
Principal Appraiser  
East District Office  
626-258-6054  
POlvera@assessor.lacounty.gov



[www.assessor.lacounty.gov](http://www.assessor.lacounty.gov)





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East District Office  
(626) 258-6001



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