

GUIDE TO NEW CONSTRUCTION AND PROPERTY TAXES

New Construction Guidelines



NEW CONSTRUCTION

Most people typically consider “new construction” as building a new structure or adding on to an existing one. Under California property tax law, however, “new construction” can also mean renovating a structure to change its use; rehabilitating a structure to a “like new” condition; or even removing a structure. However, not every building permit for new construction results in reassessment. Generally, the Assessor’s office reviews thousands of building permits annually. Yet, less than half result in a new, higher assessment. This brochure is designed to help you understand when new construction results in a reassessment.

1. New building(s) constructed on vacant land.
2. Additional square footage added to an existing building.
3. Additional buildings or amenities added to a property. For example: a garage, swimming pool or bathroom.
4. Physical alteration (rehabilitation), converting a building or any portion thereof, to the substantial equivalent of a new structure, or changing the manner in which a building is used.
5. Any substantial physical alteration of land which constitutes a major rehabilitation of the land or changes the manner in which it is used. For example: caissons, pilings, or land tailoring.

How is the Assessor made aware of new construction?

Los Angeles County and the 88 cities within the county are required to provide the Assessor with copies of building permits. The Assessor is, by law, required to value all new construction, regardless of a building permit being issued. Discovery of new construction may also occur when:

1. Information is volunteered by the public.
2. Assessor staff finds new construction while performing routine field checks.
3. A property transfers ownership and new construction is reported.

Upon discovery, the Assessor is required to determine or estimate the date of completion of construction and its value. If necessary, the Assessor corrects the assessment roll for up to four years from the date of discovery. Also, the Assessor’s Office mails out a questionnaire to the property owner seeking additional information.



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When is new construction considered complete? How will my taxes be affected?



THE DATE OF COMPLETION IS THE DATE THE PROPERTY OR PORTION THEREOF IS AVAILABLE FOR USE.

“NEW CONSTRUCTION” IS ONE OF THE MOST COMMON REASONS A PROPERTY IS REASSESSED AND THE ASSESSED VALUE INCREASED BEYOND THE PROPOSITION 13 PROTECTED 2% ANNUAL INCREASE.

The date of completion is the date the property or portion thereof is available for use.

“Available for use” means that:

1. The property, or a portion thereof, has been inspected and approved for occupancy by the appropriate government official, or,
2. in the absence of such approval, when the prime contractor has fulfilled all of the contractual obligations.

If both of these two conditions are not met, then the newly constructed property is considered available for use when outward appearances clearly indicate that it is immediately useable for its intended use. New construction is not available for use if it cannot be functionally used or occupied.

If construction is in progress on the January 1 lien date, its value as of the lien date will appear on your regular tax bill for the ensuing fiscal year.

Approximately one to six months after completion of your construction, you will be issued a notice of supplemental assessment.

How does the Assessor’s Office determine the increase in value for new construction?

The Assessor’s Office determines the increase in value by 1) considering the total construction cost and by 2) reviewing recent sales of similar remodeled properties in the same area.

I plan to remodel my kitchen and bathrooms. Will this cause my home to be reassessed?

Maybe. Remodeling is not generally assessable unless new square footage is added. The remodeling may be considered “repair and maintenance” and primarily cosmetic. This can include new carpeting, countertops, cabinets or windows, in which case no reassessment is justified. While remodeling work usually improves building’s appearance, it does not change the effective age of the building.

If the building becomes substantially equivalent to new after the remodeling, it may be reassessed. The assessor examines each property on a case-by-case basis to determine whether the work constitutes new construction or not.



REMODELING A BATHROOM MAY BE CONSIDERED “REPAIR AND MAINTENANCE”



Are there any exclusions related to new construction assessments?

Yes. They are:

- ◆ construction on existing unreinforced masonry structures to comply with local seismic safety ordinances;
- ◆ construction of or addition to any active solar energy system installed to provide for the collection, storage, or distribution of solar energy for water heating, space conditioning, heating, production of electricity, or solar mechanical energy. Exceptions: solar swimming pool heaters or hot tub heaters.
- ◆ construction or installation of any fire sprinkler system, other fire extinguishing and/or detection system or fire-related egress improvements in an existing building.



**EXCLUDED ITEMS
INCLUDE ACTIVE
SOLAR ENERGY
SYSTEMS**

Are there other alterations that are not considered new construction?

Yes. They include the replacement (with similar quality) of:

- ◆ Central heating and cooling system(s), or replacement of wall or floor heating with baseboard heaters;
- ◆ galvanized waterlines with copper ones;
- ◆ bathroom and kitchen fixtures;
- ◆ wood-framed windows with energy-efficient vinyl, or aluminum frames;
- ◆ dry rot or termite damaged wood;
- ◆ plaster, drywall, and wood trim/paneling;
- ◆ wall or floor coverings;
- ◆ kitchen/bathroom cabinets, countertops, flooring, fixtures, built-in appliances;
- ◆ electric fuse box with circuit breakers; or
- ◆ roofs, doors, windows, stairs, fences or decks or repairing thereof.

THE ASSESSOR IS,
BY LAW, REQUIRED
TO VALUE ALL NEW
CONSTRUCTION,
REGARDLESS OF A
BUILDING PERMIT
BEING ISSUED.

Ramps in my home were installed to provide wheelchair access for my parent, who lives with us. Will this new construction be assessed? Does it matter that my parent does not own the home? What about room additions?

If your parent is severely and permanently disabled, the new construction may be excluded. File the appropriate claim form, BOE-63, Claim for Disabled Accessibility Construction Exclusion form.

Disabled persons do not need to own the home for the new construction to qualify for the exclusion. They do need to occupy the property as their permanent place of residence, and the property owners must qualify for the homeowners' exemption.

Depending on the intent, and if it were a duplicate of existing facilities, the addition may be excluded if constructed in a homeowner's dwelling. Unlike the homeowner's disabled person's accessibility exclusion, additions to commercial/industrial structures would not be excluded.

IF YOU EVER DISAGREE WITH THE ASSESSED VALUE OF YOUR PROPERTY, YOU SHOULD CONTACT THE ASSESSOR'S OFFICE TO REQUEST A REVIEW OF THE VALUE.



HOW IS THE OWNER-BUILDER AFFECTED?

If I am an owner-builder, will my actual costs be accepted as the value of the new construction?

Probably not. The cost approach to value includes items such as labor, profit, supervision and financing which would not typically be found in the construction costs of an owner-builder.

What if I don't agree with the assessed value placed on the new construction?

If you ever disagree with the assessed value of your property, you should contact the Assessor's Office to request a review of the value. If the matter is not resolved to your satisfaction, you may then file an appeal with the Assessment Appeals Board.

For a "Corrected Assessment Roll," a formal appeal may be filed within 60 days of either (1) the mailing date printed on a

Notice of Assessed Value Change, (2) the date of mailing printed on the tax bill or (3) the postmark date for the tax bill, whichever is later. For the "Regular Assessment Roll," a formal appeal may be filed from July 2 through November 30 of the particular roll year.

Appeals must be filed with the Assessment Appeals Board, Room B-4, Kenneth Hahn Hall

of Administration, 500 W. Temple Street, Los Angeles, CA 90012-2770. Information and appeal applications are available online at <https://lacaab.lacounty.gov/> or call 213.974.1471.



For More Information:

You may also contact us for any other general property tax questions, on a 24 hours a day basis, in the following ways:

- ◆ Assessor's Website: To research comparable sales, verify valuations, download forms, learn how appraisals are made, and more, visit: <http://assessor.lacounty.gov>
- ◆ Assessor's Email: Send your questions, comments, and suggestions to: helpdesk@assessor.lacounty.gov
- ◆ Los Angeles County Property Tax Website: General information regarding property taxes, including how to read your tax bill and where to find answers to your questions. Visit: <http://www.lacountypropertytax.com>
- ◆ Property Information Hotline: Minimal wait times, averaging less than a minute. Fast transfers to expert staff during normal business hours. Just call toll free 1.888.807.2111.
- ◆ Automated Interactive Voice System: Information on valuations and taxes can be obtained by entering the Assessor Identification Number from a property tax bill.
- ◆ Call 213.974.3838 or the toll free number above.



Si desea ayuda en Espanol, llame al numero 1.888.807.2111



*Valuing People
and Property*

Assessor's Public Service Locations

Main Office

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 225
Los Angeles, CA 90012-2770
1.888.807.2111

North District Office

13800 Balboa Boulevard
Sylmar, CA 91342
818.833.6000

South District Office

1401 E. Willow Street
Signal Hill, CA 90755
562.256.1701

East District Office

1190 Durfee Avenue
South El Monte, CA 91733
626.258.6001

West District Office

6120 Bristol Parkway
Culver City, CA 90230
310.665.5300

Lancaster Regional Office

251 East Avenue K-6
Lancaster, CA 93535
661.940.5700