

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

125



FROM: Larry W. Ward, Assessor-County Clerk-Recorder

SUBMITTAL DATE:
January 23, 2009

SUBJECT: Assessor-County Clerk-Recorder's Report on Declines in Value Applications

RECOMMENDED MOTION: That the Board of Supervisors receive and file the Assessor-County Clerk-Recorder's report dated January 23, 2009 on declines in value applications.

BACKGROUND: The Assessor-County Clerk-Recorder is submitting a report on declines in value applications to the County Board of Supervisors as requested by Supervisor Bob Buster.

On January 13, Supervisor Buster asked for a report on the 600 people who were denied filing their request for review after the deadline of September 1. That report can be found as Attachment A.

Departmental Concurrence

Larry W. Ward, Assessor-County Clerk-Recorder

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

RECEIVE AND FILE

BY:
Rob Rockwell

County Executive Office Signature

- Dep't Recomm.: Consent Policy
- Per Exec. Ofc.: Consent Policy

Prev. Agn. Ref.:

District:

Agenda Number:

2.39

ATTACHMENT A

Response to Supervisor Buster Regarding Request for Review Filing Period

In 1978, California voters passed Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a "decline-in-value." A decline-in-value occurs when the market value of property is less than the assessed value as of January 1. Nowhere in Proposition 8 did it state or imply that all assessable property would be reviewed each year for declines in value. In fact the Revenue & Taxation Code, Section 51 (e) specifically states that is not required. Riverside County, like most California counties, implemented a simple method for property owners to request a review of their assessed values. It is called a Decline-in-Value Reassessment Application (Prop. 8).

From the late 1990's through 2006 the deadline date for submitting this application was March 15. In 2007 I decided to change this deadline to December 31 to accommodate applications from what I believed would be a large number of property owners who would be unfamiliar with declining market values and the impact this would have on their taxes. This was one of many changes that were made in our business processes after it became clear that a huge number of value reductions would need to be addressed on a scale not seen since the late 90's, and possibly even greater than during that period of time.

Changing the Decline-in-Value Reassessment Application (Prop. 8) date to December 31 created confusion for many taxpayers. My primary concern was that since this review is completed unilaterally by my office, a property owner who filed their application after November 30 would have no other recourse to contest their value if they disagreed with our findings, since the Assessment Appeals Board (AAB) deadline for accepting appeal applications is November 30. The AAB's authority is independent from the Assessor's office.

After reviewing the results of our revised processes for 2007 Decline-in-Value Reassessment Applications, I decided that a more effective approach for 2008 would be as follows:

- **Automatic reviews of all improved residential real property sold after January 1, 2004 would be completed by June 30.**
- **The completion of reviews by June 30 would allow mailing of Value Notice Letters (VNL) to taxpayers by mid/late July.**

- **Getting VNLs to owners by the end of July would allow them to review their assessments, and if they disagreed, to file Decline-in-Value Reassessment Application (Prop. 8) by September 1.**
- **My office would complete the reviews of these applications by October 1, and mail a response to the owner by the end of October. This would allow owners who disagreed with our findings to file an AAB application by November 30.**

The notification of the revised deadline for Decline in Value applications was placed on my website in April 2008. I also released a press release (Report on Assessment Roll for 2008-2009) in July, 2008 stating the revised date. In addition to these notifications, inserts in the VNL mailers where there was no value decline noted the revised deadline date as well as the deadline for AAB applications. In 2008, approximately 900,000 Value Notice Letters were sent to property owners. Additionally, when a Decline in Value application was denied, the property owner was sent a separate letter informing him of the denial and stating the recourse was to file an Assessment Appeals Board application by November 30.

In 2008, my office received approximately 30,000 Decline in Value applications, yet with the best interests of Riverside County taxpayers in mind, we proactively reviewed residential properties sold after January, 2004 (approximately 275,000 properties) and reduced the assessed values of over 200,000 properties, removing \$16 billion from the tax roll. The law does not require us to be proactive – it only mandates that once a property has been reduced due to a decline in value THEN an annual review must be made. I believe that in order to assess property fairly and equitably on behalf of property owners in Riverside County, it is my responsibility to act proactively and apply Declines in Value to all properties that my staff identifies, regardless of whether or not an application has been received. Any changes in our business processes relating to assessing property in this declining market have been made seeking to best utilize the resources of my office, and with the public interest in mind.