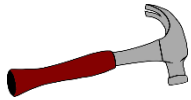


## NEW CONSTRUCTION GUIDELINES

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. The Assessor’s office reviews thousands of building permits annually, yet, less than half result in a new, higher assessment. The purpose of this brochure is to help you understand when new construction results in a reassessment.



## TYPES OF NEW CONSTRUCTION

1. New building(s) constructed on land.
2. Additional square footage added to an existing building.
3. Additional buildings or amenities added to a property. 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. Example: Onsite streets and utilities.

The Assessor’s Office mails out a questionnaire to the property owner to determine what was constructed.

## NEW CONSTRUCTION DISCOVERY

1. Through the permit process
2. Reported by the public
3. While staff is performing routine field work
4. When a property is transferred or sold

CA law requires the Assessor to determine the date of completion and the **market value** of the new construction. If necessary, the Assessor corrects the assessment roll for up to four years from the date of discovery.

## DATE COMPLETED DETERMINED

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,
3. When the property is put to use for its intended purpose.

## VALUE DETERMINED

The Assessor’s Office employs all applicable approaches to determine **market value**; like the Cost Approach, Comparable Sales Approach, and if it is an investment property, the Income Approach.

Only the newly constructed portion of the property is valued. For example, if an addition increases the size of a building from 1,200 square feet to 2,000 square feet, only the market value of the additional 800 square feet is valued. A new base year value is determined for the addition only. The indexed base year assessed value of the land and existing structure(s) remain unchanged.

If the construction is ongoing as of the lien date (January 1), an estimate of the value of the partially complete construction is determined for the upcoming tax bill. When construction is complete, the base year assessed value is determined and a supplemental assessment is issued for the difference between the value as of the date construction is completed, and the value that existed on the assessment roll.



## KITCHEN REMODELS RE-ASSESSED?

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

If the building is “substantially equivalent” to new after the remodeling, it will likely be reassessed. This includes properties purchased in poor condition and rehabilitated. The assessor examines each property on a case-by-case basis to determine whether the construction is “substantially equivalent” to new or not.

## DO OWNER BUILDER COSTS EQUAL MARKET VALUE?

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

## EXCLUSIONS THAT MAY APPLY TO NEW CONSTRUCTION

New construction for the severely and permanently disabled may be excluded. File the appropriate claim form, BOE-63, Claim for Disabled Accessibility Construction Exclusion. 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. There is no exclusion for additions to commercial or industrial structures.

An exclusion for the addition of any seismic retrofitting components to existing buildings and structures is available; however, there are specific filing requirements to be met.

The Solar Energy Exclusion excludes solar systems that provide for the collection, storage, or distribution of solar energy for water heating, space conditioning, heating, production of electricity, or solar mechanical energy. This exclusion does NOT include solar pool heaters or hot tub heaters. This is a one-time exclusion at the time of construction (installation).

The Rain Water Capture System New Construction Exclusion excludes the value of the system and is available to qualified claimants that are owner builders or initial purchasers of a new building as long as the builder has not already filed for this exclusion.

Construction or installation of any fire sprinkler system, other fire extinguishing and/or detection system or fire-related egress improvements in an existing building may be excluded.

Builder's Inventory Exclusion: This program excludes from supplemental assessment any newly completed inventory owned by a builder who does not intend to occupy or use the property. The owner must build with the intention of selling the property and must file an application with the Assessor's Office no later than 30 days from start of construction.

*NOTE: For those builders meeting additional criteria, an application to the Assessor may not be required.* Supplemental assessments are issued when the builder sells the property or when the property no longer qualifies for the exclusion. This exclusion does not apply to construction that is ongoing as of the lien date (January 1).

### **SOME ALTERATIONS ALONE ARE NOT CONSIDERED NEW CONSTRUCTION**

Individually, the activities that are bulleted below are not assessable new construction, but in combination or collectively they may constitute major rehabilitation or renovation, and may convert a structure into substantially equivalent to new. The determination is made by the Assessor's office and is based on a number of factors including timing, scope, or the amount of existing value allocated to the roll for the improvement in question.

- 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, counter tops;
- 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;
- Electric fuse box with circuit breakers; or
- Replacement of roofs, doors, windows, stairs, fences or decks or repairing thereof.

### **MAJOR DAMAGE CAUSED BY CALAMITY**

A property owner who has suffered a loss due to a misfortune or calamity, such as fire, flood or earthquake, may be entitled to property tax relief. The damage must be sudden, caused by a misfortune or calamity, not a gradual deterioration over a long period. In general, the reconstruction of damaged or destroyed property is not re-assessable new construction if the following requirements are met: 1) the claim is filed within one (1) year of the occurrence. 2) Reconstruction is completed in a timely fashion; and 3) the property after reconstruction is substantially equivalent to the property prior to the damage or destruction.

For more information on eligibility requirements for disaster relief, call (916) 875-0700 or go to [www.assessor.saccounty.gov](http://www.assessor.saccounty.gov)



### **IF YOU DISAGREE WITH THE VALUE**

After receipt of the Notice of Supplemental Assessment, you may request an informal review of the assessment from the Assessor's Office. If you believe the review does not result in a satisfactory conclusion, you may pursue an assessment appeal. Any assessment appeal must be filed within the time specified on the notice. An independent Assessment Appeals Board, appointed by the Board of Supervisors, hears all appeals and renders a decision. Information concerning the assessment appeals process and deadlines in which an appeal must be filed, are included with the value notification(s) sent to the property owner. Information regarding assessment appeals is available from the Clerk of the Board at (916) 874-8174 or see the Assessment Appeals Board web site at [www.sccob.saccounty.gov](http://www.sccob.saccounty.gov) for appeal filing details in any given year.

The annual appeal-filing period for the secured and unsecured assessment rolls is **July 2-November 30**. Supplemental Assessment appeals must be filed within **60 days of the date of mailing of the supplemental tax bill or refund**.

# **New Construction Information**



*Christina Wynn, Assessor*

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Office Hours  
**8 a.m. to 5 p.m.  
Monday to Friday  
(Excluding Holidays)**

Telephone  
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8 a.m. to 4 p.m.**

Assistance for the hearing impaired is available by calling 711 for California Relay Service

E-mail: [assessor@saccounty.gov](mailto:assessor@saccounty.gov)

### **OUR MISSION**

*We provide equitable, timely, and accurate property tax assessments and information.*

### **OUR VALUES**

*Professionalism  
Integrity  
Efficiency*