Proposition 3 is a constitutional amendment passed by California voters that provides property tax relief, under certain conditions, to a person whose property has been taken by eminent domain proceedings, acquisition by a public entity, or governmental action resulting in a judgment of inverse condemnation.

What is Proposition 3?

How Does The Proposition Work?

When a taxpayer purchases or constructs a replacement property as a result of his/her original property being taken away by governmental action, under certain conditions, the Assessor transfers the factored base year value of the original property to the replacement property.

Only the owner(s) of the property taken may receive this property tax relief. Owner means the individual(s), partnership(s), corporation(s), other legal entity(ies), or a combination thereof, who (that) is the fee owner or life estate owner of the real property taken.

How Do I File for Prop. 3 Tax Relief?

Claim forms are available from several sources. Choose the most convenient for you.

♦ Online: Forms are available from the Assessor’s website: assessor.lacounty.gov.
♦ Email: helpdesk@assessor.lacounty.gov
♦ Phone: Call 213.893.1239
♦ Claim forms may also be requested by mail or in person at any of our offices listed in this brochure.

What Form Do I Need?

♦ Claim for Base Year Value Transfer - Acquisition by Public Entity (OWN-54/BOE-68)
Eligibility Requirements

Original Property

1. You must be the owner(s) of real property that has been taken by government action.
2. You must have been displaced. A person is “displaced” if that person is removed, expelled, or forced from real property.
3. The request for tax relief must be received in a timely manner. A request for relief is considered timely if made within four years of the following dates:
   - For property acquired by eminent domain, the date the final order of condemnation is recorded or the date the taxpayer vacates the property taken, whichever is later.
   - For property acquired by a public entity by purchase or exchange, the date of conveyance or the date the taxpayer vacates the property taken, whichever is later.
   - For property taken by inverse condemnation, the date the judgment of inverse condemnation becomes final or the date the taxpayer vacates the property taken, whichever is later.
4. The displaced (original) property must be located in California. The Los Angeles County Office of the Assessor is responsible for reassessing the replacement property when it is located in Los Angeles County.
Eligibility Requirements (Continued)

Replacement Property

1. The replacement property must be acquired before a request is made to transfer the base year value.

2. The owner(s) of property taken must obtain title to comparable replacement property. The acquisition of an ownership interest in a legal entity which, directly or indirectly, owns real property is not an acquisition of comparable property.

3. The replacement property must be acquired or newly constructed after the earliest of the following dates:
   - The date the initial written offer is made for the property taken by the acquiring entity.
   - The date the acquiring entity takes final action to approve a project which results in an offer for or the acquisition of the property taken.
   - The date a “Notice of Determination,” “Notice of Exemption,” or other similar notice, is recorded by the public entity acquiring the taxpayer’s property and the public project has been approved.
   - The date, as declared by the court, that the property was taken.

   Property acquired or newly constructed prior to these dates is not eligible for relief. However, new construction may be eligible for relief even though the structure was constructed on land that is ineligible because it was acquired prior to these dates.

4. The replacement and displaced properties must be comparable in size, utility, and function.
   - A replacement property is considered comparable in size when it will be used in the same way as the displaced property, and its full cash value does not exceed 120% of the award or purchase price paid for the original property.
   - A replacement property is considered comparable in function and utility if it is, or is intended to be, used in the same manner as the property taken.

   The property taken and the replacement property must fall in the same category:
   - Category A: single-family residence or duplex;
   - Category B: commercial, investment, income, or vacant property;
   - Category C: agricultural property.

   If the property taken is a residence or duplex that is rented, it can be replaced with another single-family residence under Category A or a Category B property if sufficient proof is provided to the assessor that the property taken was used as income property.

   If not similar in size, utility, and function, the replacement property is considered to have undergone a change in ownership and will be reappraised.

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How Will The New Base Year Value Be Calculated?

The base year value of the replacement property will be determined by comparing the award or purchase price paid for the taken property with the full cash value of the replacement property.

1. If the value of the replacement property does not exceed 120% of the award or purchase price paid for the taken property, then the adjusted base year value of the taken property becomes the replacement property’s base year value.

2. If the full cash value of the replacement property exceeds the 120% level, the amount of full cash value in excess of 120% will be added to the base year value of the taken property. This sum becomes the base year value of the replacement property.

3. If the full cash value of the replacement property is less than the base year value of the property taken, that lower value becomes the base year value of the replacement property.

4. If an exchange occurs for which no award or price is paid for the taken property, the Assessor must determine the full cash value of both the property taken and the replacement property.

What Will The Assessor Need As Proof?

The applicant must provide a copy of one of the following documents:

1. A certified copy of the final order of condemnation or order of possession showing the effective date which the acquiring entity is authorized to take possession of the replaced property,

2. The recorded deed showing acquisition by a public entity,

3. A certified copy of the judgment of inverse condemnation, or

4. A certified copy of a document that clearly indicates the name of the acquiring agency, the date condemnation proceedings began, and the date of possession by the acquiring agency.

5. And, all other data requested by the Office of the Assessor.

Frequently Asked Questions

Q. I replaced my home with a combination dwelling and commercial property. How much relief am I entitled to?

A. Relief can only be applied to the portion of the property that is of equal function and utility as the taken property. As such, the Category B portion will be considered as a change in ownership and will be appraised at fair market value.

Q. My property, a combination dwelling and commercial property, is replaced with a home. How much relief am I entitled to?

A. Only the Category A portion of the property taken will be considered in determining the comparability and the amount of relief. The right to relief on the Category B portion of the property is waived unless comparable replacement Category B property is time-
Frequently Asked Questions (Continued)

Q. My property, a combination dwelling and commercial property was replaced with a home; two years later I also acquired a comparable replacement Category B property. How much relief am I entitled to?

A. Relief will be granted on both the Category A and Category B properties based on the percentage of the adjusted base value of the taken property that each property is entitled to.

Q. My two brothers and I, equal tenants-in-common, were displaced from our home with a market value of $90,000 and adjusted base year value of $60,000. How much relief can each of us carry forward?

A. Each party can carry forward 1/3 of the base year value of $60,000 ($20,000) to a replacement dwelling. The excess value of the replacement property will be reappraised at market value.

Q. My brother and I, equal tenants-in-common, were displaced from our home. I purchased another comparable single-family home and he contributed his share of the purchase price to a limited partnership which owns a home that is comparable replacement property. How much relief are we entitled to?

A. You are entitled to relief limited to 120% of one-half of the purchase price of the property taken. Your brother will be entitled to no relief since his portion was used to contribute to a legal entity rather than to a comparable property.

Q. My business partner and I each acquired a comparable replacement property after the partnership was displaced from a commercial property. Are we both entitled to a relief?

A. No. Since the title to the replacement and original property is not held in the same manner and name, both purchases constitute a change in ownership and there will be a reappraisal of both replacement properties at their fair market value. To receive relief, both replacement properties must be held in the name of the partnership.

Q. Our 2,000 square foot home is replaced with a 1,200 square foot home. We then added an additional 1,000 square feet of new construction to make it comparable to our original home. How much relief are we entitled to?

A. If you made a timely request for assessment relief, the value of the new construction will be considered in determining the overall market value of the replacement property. Any portion of the total value of the replacement property over 120% of the award or purchase price of the original property will be reappraised at market value.

Q. My grandmother was displaced from her home for a school to be built. She moved into an assisted living facility for health reasons. In order to help pay her new rent, she bought another house to use as a rental. How much relief will she be entitled to?

A. Relief will be granted on the rental because it is also a Category A property comparable to the property taken.

NOTE: The Assessor will forward information relative to each claim for property tax relief under this program to the Board of Equalization, Policy, Planning, & Standards Division, MIC:64, P.O. Box 942879, Sacramento, CA 94279-0064, which will determine whether more than one claim has been made as a result of a single taking or governmental acquisition and, if so, will notify the appropriate Assessor(s).
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](http://assessor.lacounty.gov)

- Assessor’s Email: Send your questions, comments, and suggestions to: [helpdesk@assessor.lacounty.gov](mailto: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](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

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 I-6
Lancaster, CA 93535
661.940.5700