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## Assessor Kleinhans Offers ADU Tax Guidance

Interest in Accessory Dwelling Units (ADUs), or Junior Accessory Dwelling Units (JADUs), has grown significantly in recent years. Some property owners see ADUs as a solution to housing challenges, while others need extra space for family or guests. No matter the reason, the cost of construction and permitting can be significant and Assessor Rolf Kleinhans reminds property owners to consider the tax implications during the planning process.

### What are ADUs and JADUs?

ADUs are self-contained residential units located on the same property as a primary home. They come in various forms, from detached backyard cottages to converted garages or basement apartments. JADUs, a smaller type of ADU, are units up to 500 square feet within an existing home, featuring a separate entrance and essential living amenities.

### How ADUs/JADUs Impact Property Assessments

- Constructing or converting a structure into an ADU is considered new construction and will be assessed for property taxation purposes.
- Only the new construction of the ADU is reassessed, not the entire property. This value is added to the existing assessed property value, establishing a new base for future taxes.
- The Assessor's Office uses standardized regional costs to determine value, which may differ from actual construction costs.
- Simple remodels, such as updating a kitchen, are not reassessed, but major alterations—like converting a garage into a living space—will result in an updated assessment.
- If the construction project isn't completed within the first year, a construction-in-progress value will be added annually on January 1 based on the percentage of construction that has been completed. Once the construction has been completed, the new ADU will be assessed at fair market value. This value is then added to the existing property value, establishing a new base for future taxation.

### Understanding the Tax Implications of Building an ADU or JADU

When considering the construction of an Accessory Dwelling Unit (ADU) or Junior Accessory Dwelling Unit (JADU), it's important to be aware of the potential impact on your property taxes. Property taxes are typically calculated at a rate of 1% of a property's assessed value. For example, if a newly built ADU is valued at \$250,000, the property tax bill could increase by approximately \$2,500 per year. This increase is based solely on the market value of the new unit; however additional taxes may apply, such as voter-approved taxes, special assessments, or direct charges. While the additional tax burden is often manageable, being prepared for this change can help ensure that the project fits within your budget and financial plans.

### Get More Information on Property Taxes and ADUs

For further information on how ADUs and JADUs affect property taxes, homeowners are encouraged to contact the Assessor's Office by phone ([530-265-1232](tel:530-265-1232)) or email ([assessor@nevadacountyca.gov](mailto:assessor@nevadacountyca.gov)), or visiting their website at <https://www.nevadacountyca.gov/AssessorADU>. For additional details about ADUs, please visit the Community Development Agency website at <https://www.nevadacountyca.gov/ADU>.