



New Construction and Property Taxes: Key Info from Assessor Kleinhans

Recognizing that new construction often brings significant costs and challenges, Assessor Rolf Kleinhans is reminding property owners that such projects may also influence their property tax bills and should be considered during the planning process. Below are answers to some of the most frequently asked questions regarding new construction.

How does the Assessor know when construction has occurred on a property?

The Assessor's Office receives building permits from city and county agencies, and may also be notified by other government entities, field appraisers, neighbors, or the property owner. By law, both permitted and unpermitted construction must be assessed.

“Completion” is defined as the earliest of the following:

- The new construction is available for its intended use
- It is approved for occupancy
- The contractor has satisfied all contractual obligations

What types of new construction are subject to assessment?

Examples of taxable new construction include, but aren't limited to:

- New structures
- Additions to existing structures
- Features like bathrooms, fireplaces, HVAC systems, backup generators, or swimming pools
- Changes in use of a structure
- Major renovations or modernizations
- Land development, including grading or infrastructure installation

Will adding square footage to my home trigger a reassessment of the entire property?

Typically, only the newly added square footage is assessed, establishing its own base value as of the completion date. The existing structure(s) retain their factored base-year value.

Will remodeling or home improvements result in reassessment?

Routine maintenance—such as replacing flooring, windows, or a roof—and minor kitchen or bathroom updates generally will not trigger reassessment. However, major renovations or changes that add significant value, such as converting a half bath to a full bath, may result in an assessment adjustment.

What if my construction isn't complete?

If your construction is still in progress on the January 1 lien date, the Assessor's Office must determine the fair market value of the portion that is completed as of that date. This value is then added to the upcoming annual secured tax bill. Because estimating the value of partially completed construction can be challenging, a New Construction Cost Statement (NCCS) is mailed out at the beginning of each year for most active construction projects. The NCCS provides essential information about the project's completion percentage and associated costs, which is used in combination with standardized cost tables, local contractor data, and market trends to determine the market value of the added construction.

How does new construction affect my property taxes?

If new construction is deemed assessable, it can increase your property taxes. The added value is based on fair market value. For most minor additions or remodels, the Assessor uses a cost approach, relying on standardized cost tables published annually by the Board of Equalization, as well as information provided by the owner on the NCCS. For larger projects, such as building a new home, market value is determined by comparing similar properties that have recently sold.

Additional questions?

Visit the Nevada County Assessor's Office at nevadacountyca.gov/Assessor, email us at assessor@nevadacountyca.gov, call [530-265-1232](tel:530-265-1232) or stop by our office at 950 Maidu Avenue in Nevada City.

P.S. View our brochure on assessing new construction, along with other helpful guides, in the [Annual Report, Newsletters, & Brochures](#) section of our website.