February 22, 1980

TO COUNTY ASSESSORS:

VALUATION OF RELOCATED IMPROVEMENTS

Here is another in the series of letters concerning implementation of Article XIII A of the Constitution. The enclosed questions and answers illustrate the proper valuation procedures to be followed when valuing relocated improvements.

Please refer any questions to John McCoy, (916) 445-4982.

Sincerely,

Verne Walton, Chief
Assessment Standards Division

Enclosure
1. QUESTION: How are improvements valued that are relocated from one site to another on the same property?

ANSWER: The improvements retain their original base year value. Replacement of existing items such as the building foundation, concrete flat work, steps, etc., will not be considered new construction. However, any additions at the new site not present at the old should be considered new construction and valued as of the date of completion.

2. QUESTION: How are improvements valued that are moved from one parcel to another parcel under the same ownership?

ANSWER: Same as number 1 above.

3. QUESTION: How are improvements valued that are acquired with relocation as a condition of acquisition?

ANSWER: The purchase of the improvements triggers their revaluation and the date of the transfer determines their base year. However, as relocation is an integral part of the sale agreement, the value attributable to the severance and moving of the improvements should be included in the base year value. The value attributable to improvements made at the new location to affix the purchased structure (foundation, utilities, etc.) should be determined and enrolled as new construction.

4. QUESTION: How are structures valued that are being held in a severed condition on the lien date?

ANSWER: The structures should be classified as personal property and appraised at their current market value. If being held for resale, they would be considered inventory.