

NEWLY CONSTRUCTED PROPERTY

610.0050 Installation of Door in Common Wall. Installation of a door in the common wall between a previously owned condominium and a newly acquired adjacent condominium does not constitute "new construction" as that term is defined in Revenue and Taxation Code Section 70 and Property Tax Rule 463 insofar as the previously owned condominium is concerned. C 1/9/87.



STATE BOARD OF EQUALIZATION

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January 9, 1987

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Your request for advice regarding the property tax consequences of the installation of a door in the common wall between two adjoining condominiums has been referred to this office for response.

I understand that you currently own one condominium (Condo A) and that you are contemplating the acquisition of the adjoining condominium (Condo B). After acquiring Condo B, you plan to install a connecting 40-inch door in the common wall between Condo A and Condo B. Your question relates to whether the acquisition of Condo B and the installation of the door will result in a reappraisal of Condo A or will otherwise affect the current base year value of Condo A.

The facts described could not result in a reappraisal of Condo A since that property did not change ownership. Further, the installation of the door in the common wall would not result in an increase in the base year value of Condo A as new construction.

Section 70 of the Revenue and Taxation Code provides in part that "new construction" means: (1) Any addition to real property, whether land or improvements (including fixtures), since the last lien date; and (2) any alteration of land or of any improvement (including fixtures) since the last lien date which constitutes a major rehabilitation thereof or which converts the property to a different use.

This language is interpreted by Property Tax Rule 463 which states, in part, that "new construction" means and includes:

- "(1) Any substantial addition to land or improvements . . . such as . . . constructing a new building or swimming pool or changing an existing improvement so as to add horizontally or vertically to its square footage. . . .

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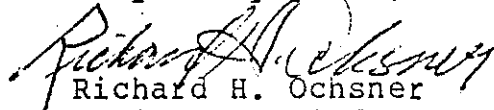
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"(3) Any physical alteration of any improvement which converts the improvement or any portion thereof to the substantial equivalent of a new structure or portion thereof or changes the way in which the portion of the structure that had been altered is used. . . ."

If the installation of the door is considered to be an addition to an improvement, it is clear that it would not constitute a "substantial addition" in terms of the standards described in Rule 463. That is, the addition of the door does not add horizontally or vertically to the square footage of Condo A. Further, if the installation of the door is considered to be a physical alteration of the improvement, it is clear that it does not satisfy the language of Rule 463 which refers to a physical alteration which converts the improvement to the substantial equivalent of a new structure or alters the way in which it is used. Accordingly, it is concluded that insofar as Condo A is concerned the installation of the door would not constitute "new construction" as that term is defined in the code and the regulation.

I trust that this information will be helpful to you. The opinions of the Board staff are, of course, only advisory in nature. They are not binding upon the assessor of any county. I would recommend that you consult with the assessor of the county in which your property is located in order to determine whether or not your property will be assessed in a manner consistent with the views expressed above.

Very truly yours,


Richard H. Ochsner
Assistant Chief Counsel

RHO:cb

cc: Hon. Conway H. Collis, Member

bc: Mr. Josef Colman
Mr. James J. Delaney
Mr. Gordon P. Adelman
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