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No. 2007/054

December 19, 2007

TO COUNTY ASSESSORS:

ASSESSORS' HANDBOOK SECTION 531,
RESIDENTIAL BUILDING COSTS

Enclosed are copies of Assessors' Handbook Section 531, *Residential Building Costs*. These updated pages are replacements to the January 1, 2007 version of AH 531.

NOTE: 2008 is likely to be a very difficult year for the single-family residential market in California. The market has been in great turmoil with large inventories of resale homes, as well as many new unsold homes and foreclosures at high levels. Median home prices in many areas were declining in the latter part of 2007, and that trend may continue during 2008. As a result, a number of the major builders of new homes have withdrawn from areas within the state, while other builders have dramatically scaled back their new home construction projects. Many of the costs in the 2008 version of AH 531 have declined from last year, partly due to the significant reduction in developer's entrepreneurial profit. Other parts of the cost structure have remained the same or have actually increased. Therefore, appraisal judgment will be especially important for 2008 to adjust for any market change in your county that would affect costs after the publication date of AH 531.

The compilation of cost factors and specifications for AH 531 is a continuous process. Your comments and input, particularly information regarding the locale adjustment factor for your county, will help to make this handbook a more useful product.

The entire text of AH 531 is posted to the Board's website at www.boe.ca.gov/proptaxes/pdf/ah531.pdf. If you have any questions or comments regarding this handbook, please contact Mr. Ken King at 916-324-2742 or kenneth.king@boe.ca.gov.

Sincerely,

/s/David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:sk
Enclosure

ASSESSORS' HANDBOOK SECTION 531
RESIDENTIAL BUILDING COSTS

UPDATES – January 1, 2008

These corrections are for pages in Assessors' Handbook Section 531 dated January 1, 2007.

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