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December 14, 2009

TO COUNTY ASSESSORS:

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Executive Director  
No. 2009/062

ASSESSORS' HANDBOOK SECTION 531,  
RESIDENTIAL BUILDING COSTS

The 2010 edition of Assessors' Handbook Section 531 (AH 531), *Residential Building Costs*, updates some costs contained in previous editions and includes new data. In previous years, hard copies of the loose-leaf pages were made available to interested parties. However, due to budget constraints, the 2010 version of AH 531 is only available on the Board's website. The entire text, photographs, and drawings of AH 531 are posted to the Board's website at [www.boe.ca.gov/proptaxes/ahcont.htm](http://www.boe.ca.gov/proptaxes/ahcont.htm).

It is likely to be another very difficult year in 2010 for the single-family residential market in California. The market continues to be in great turmoil with foreclosures at high levels, large inventories of resale homes, as well as many new unsold homes. Median home prices in a few areas continued to decline in the latter part of 2009 while the median in other areas appeared to be in a bottoming out process, with some areas actually seeing a small increase in the median price. Those circumstances may continue during 2010. As a result, a number of the major builders of new homes are still avoiding single-family home construction in areas of California, while some other builders have actually started to buy finished lots in small quantities.

Many of the costs in this 2010 revision of AH 531 have declined somewhat from last year, partly due to the ongoing 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 still be especially important for 2010 to adjust for any market change 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.

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](mailto:kenneth.king@boe.ca.gov)

Sincerely,

/s/ David J. Gau

David J. Gau  
Deputy Director  
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DJG:kk