STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
PROPERTY TAX DEPARTMENT
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Executive Director

September 10, 2015

No. 2015/041

TO COUNTY ASSESSORS:

**HISTORICAL PROPERTY INTEREST COMPONENT – 2016 LIEN DATE**

A city, county, or city and county may contract with the owner of qualified historical property to restrict the use of the property in such a way as to promote the property's continued preservation. In exchange for agreeing to the restrictions on use, the property owner receives a preferential assessment treatment. Under this treatment, which is set forth in sections 439 – 439.4 of the Revenue and Taxation Code, the assessor must value the property by applying the capitalization of income method in a specified manner.

Section 439.2 requires the Board to annually determine the interest component of the capitalization rate that the assessor shall use in applying the specified method. Specifically, section 439.2, subdivision (b)(1) requires that the interest component "be determined by the board and announced no later than October 1 of the year preceding the assessment year and that was the yield rate equal to the effective rate on conventional mortgages as most recently published by the Federal Housing Finance Agency as of September 1, rounded to the nearest one-fourth of 1 percent."

Information received from the Federal Housing Finance Agency indicates that the effective rate on conventional mortgages as of August 27, 2015, was 4.17 percent. Rounded to the nearest one-quarter percent, the interest component of the capitalization rate used in the valuation of enforceably restricted historical property for the 2016 assessment year is **4.25 percent**.

For your reference, a table is enclosed listing the interest components announced for prior assessment years.

Sincerely,

/s/ Dean R. Kinnee

Dean R. Kinnee
Deputy Director
Property Tax Department

DRK:grs
Enclosure

# HISTORICAL PROPERTIES ASSESSED UNDER SECTIONS 439-439.4 OF THE REVENUE AND TAXATION CODE

## INTEREST COMPONENTS FOR PRIOR YEARS

| Lien Date | Interest Component |
|---|---|
| 2015 | 4.25 |
| 2014 | 4.00 |
| 2013 | 3.75 |
| 2012 | 4.75 |
| 2011 | 5.00 |
| 2010 | 5.25 |
| 2009 | 6.50 |
| 2008 | 6.75 |
| 2007 | 6.75 |
| 2006 | 5.75 |
| 2005 | 6.00 |
| 2004 | 5.50 |
| 2003 | 6.50 |
| 2002 | 7.25 |
| 2001 | 8.00 |
| 2000 | 7.50 |
| 1999 | 7.25 |
| 1998 | 7.75 |
| 1997 | 7.75 |
| 1996 | 7.50 |
| 1995 | 7.75 |
| 1994 | 7.25 |
| 1993 | 8.00 |
| 1992 | 9.50 |
| 1991 | 10.25 |
| 1990 | 10.50 |
| 1989 | 9.25 |
| 1988 | 9.50 |
| 1987 | 10.25 |
| 1986 | 11.25 |
| 1985 | 13.50 |
| 1984 | 12.50 |
| 1983 | 14.75 |
| 1982 | 15.25 |
| 1981 | 12.50 |
| 1980 | 11.50 |
| 1979 | 10.25 |
| 1978 | 9.50 |