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STATE OF CALIFORNIA

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Executive Director

March 31, 1995

Re: Application of Proposition 8 to Components of a Center

Dear Mr.

In your letter of February 16, 1995 you asked for our opinion regarding the proper interpretation of Board Rule 324(b) in an appeal pending before the Los Angeles County Assessment Appeals Board wherein you seek Proposition 8 relief for a building completed in 1988 that now has a far higher base year value than its current fair market value due to an occupancy rate of 57% in 1994.

The assessor contends that this building should not be subject to a separate appraisal because it is part of an appraisal unit with another adjacent building with which it interconnects and shares parking facilities. Both buildings are under common ownership but each is assigned a separate parcel number and the non-appealed building was constructed some thirteen years earlier.

In pertinent part the second paragraph of Rule 324(b) states that the board shall, at the assessor's request, determine the market value of the entire appraisal unit whenever that is necessary to the determination of the market value of any portion thereof. So on the surface at least it would seem that the assessor is entitled to raise the question before the Board. However, it may be argued that the assessor can be estopped from so doing if, in fact, the current treatment of the properties on the roll does not reflect a single appraisal unit. Conversely it could be countered that the historical development of the roll belies the present economic relationship of the two buildings.

It appears to us that the central component of the issue depends on the third paragraph of Rule 324(b):

> **An appraisal unit of property is a collection of assets that function together and that commonly sell as a unit or that are specifically designated as such by law.**

We have searched our files, both legal and assessment standards, and have found no more detailed definition than this; what we find are typical examples. In our view then, the definition presents a question of fact for the appeals board and should be approached as any other factual question. Since you have not mentioned any special legal proscriptions, we would suggest that you present to the appeals board all factual evidence that demonstrates how the buildings function separate and apart rather than together and, if discoverable, present comparable sales that demonstrate the unit function rather than comparable value. Our conclusion therefore, is that it is within the purview of the assessment appeals board to decide whether or not an appraisal unit exists, and that the decision should be based on the facts presented by the applicant and the assessor without any specific legal constraint.

Our intention is to provide timely, courteous and helpful responses to inquiries such as yours. Suggestions that help us to accomplish this goal are appreciated.

Very truly yours,

JMW:jd
precednt/equalizn/95002.jmw

cc: