STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0064
1-916-274-3350 ● FAX 1-916-285-0134
www.boe.ca.gov

BETTY T. YEE
First District, San Francisco

SEN. GEORGE RUNNER (RET.)
Second District, Lancaster

MICHELLE STEEL
Third District, Orange County

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

CYNTHIA BRIDGES
Executive Director

September 8, 2014

No. 2014/041

TO COUNTY ASSESSORS:

HISTORICAL PROPERTY INTEREST COMPONENT – 2015 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 Board as of September 1, rounded to the nearest one-fourth of 1 percent."

Information received from the Federal Housing Finance Board, now known as the Federal Housing Finance Agency (FHFA), indicates that the effective rate on conventional mortgages as of August 28, 2014, was 4.25 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 2015 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
Acting Deputy Director
Property Tax Department

DRK:mph
Attachment

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

INTEREST COMPONENTS FOR PRIOR YEARS

Lien Date	Interest Component
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