THE IMPORTANCE OF PROPER VALUATIONS OF LAND

The setback in Pittsburgh has been blamed in large part on the allegedly extremely high assessments of land previously overlooked. This is not the first time that taxation discrimination resulted in assessment abnormalities which end up with the baby being thrown out with the dirty water. The passage of California’s Proposition 13, and duplications of it in Michigan, Massachusetts and other states, was originally enacted over improper assessments.

In a previous Insights, we discussed the especially minuscule assessments placed on land whose owners made substantial campaign contributions to Phil Watson, the Los Angeles County Assessor, in the 1960’s and 1970’s. This led to such celebrities as Bob Hope, Jack Benny, Dean Martin, Ronald Reagan and others getting special deals on their assessments.

To make up for the loss of revenue, Watson had to increase the assessments on all homeowners living in single family residences, which were zoned R-3 (suitable for apartment house use). Watson arbitrarily reassessed land, zoned R-3, whether it was suitable for apartment house use or not.

In early 1970, this writer, a school teacher named Bryan Stevens, and another attorney, Malcolm Mackey, now a Los Angeles County Superior Court Judge, brought an action to increase the assessments on The Yearling Row Ranch, owned by then Governor Ronald Reagan, then sold by him to 20th Century Fox for $1,960,000. That beautiful property, used in many movies, was assessed by Watson at half of its sale price. 40 vacant acres across the road, owned by Reagan, were also lightly assessed. After the 8 day trial was over, the court increased the assessment on The Yearling Row Ranch about 60% and increased the assessment on the 40 acres across the road, 660%. The case was vigorously fought and top notch attorneys representing the County of Los Angeles, the Assessor and 20th Century Fox appeared in opposition. The expense of a helicopter to fly over the land was incurred by 20th Century Fox and Reagan. The defense of this case was stated to be $25,000 a day. Sapio, Mackey and Stevens had $300 to oppose the valuation.

After the verdict was handed down, Governor Reagan stated: “Considering what they did to me, think of what they could do to a little old lady with only a small cottage.”