

California Update

Our Speakers

- Eliot Johnson, Marriott
- Julie Crist, Sunstone Hotel Investors, Inc.
- Moderated by: Jeff Glock, SC&H Group

California Update

- How have California assessors and Boards historically treated hotel valuation and the removal of intangibles from the Business Enterprise Value?

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- There are two approaches to valuing the real property assets of a hospitality business, the “Rushmore Approach” and the “Business Enterprise Approach”. Which approach do you typically experience California assessors advocating, and why?

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- In EHP Glendale, LLC (Eagle Hospitality Properties Trust, Inc) v. County of Los Angeles, the Court of Appeal of California agreed with the Assessor that simply subtracting expenses related to intangible assets from the income stream removes the value of the intangibles from the final value derived using the income approach. Do you believe the Court “got it right” and do you think this will impact hospitality valuation cases going forward?

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- In California, what approaches are you using, or have you seen used, that are successful in advocating for lower real property values of hospitality assets?

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- SB 1021 seeks to create Split-Roll Parcel Taxes. As an owner of hospitality assets in California, do you believe this is a good idea? If not, what do you believe some of the negative impacts may be?

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- Additional Questions?