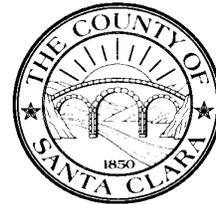


MEDIA RELEASE

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Property Tax Relief Anticipated; Taxpayers urged to wait until review completed Nearly 200,000 properties, half of the County, to be reviewed for possible temporary reductions in property taxes, says Assessor

In recognition of the steep decline in real property market values, Assessor Larry Stone announced earlier today that his office has begun to proactively review nearly 200,000 residential properties to determine if they are eligible for a temporary reduction in assessed values.

The Assessor's Office plans to review all transactions which occurred since January 1, 2000, to determine if the market value as of January 1, 2009, has fallen below the original assessed value (typically the purchase price). "Obviously, not every community is the same. The value decline in Palo Alto and Los Altos is vastly different from the much steeper degree of decline in Gilroy, Morgan Hill, East San Jose or Milpitas. While we plan to review properties with transactions dating back to 2000, most reductions will probably reflect purchase transactions which occurred from 2005 to 2008," said Assessor Stone.

While the review has begun, property owners are urged to wait until the Assessor's Office completes the review in late June and sends notification cards to all 460,000 property owners. Santa Clara County is one of only nine California counties that notify property owners of their assessed value, before their tax bill arrives in mid September. When the Assessor reviews a property he must look to the market value as of January 1, 2009. Since few transactions occur exactly on January 1 (the lien date), the law allows the Assessor to consider transactions no more than 90 days after January 1. The best thing taxpayers can do now is become informed about the value of properties similar to their own in their neighborhoods. This information will be helpful if they choose to dispute the value on their notification card.

The Assessor also cautioned taxpayers to be wary of solicitations promising reduced assessed values in exchange for a fee. "It is outrageous. There's simply no reason for a property owner to pay a fee to a private company for a service taxpayers receive from the Assessor's Office without charge. Property owners most likely eligible for an automatic reduction in their property's assessed value are being inundated by these questionable operators who are feeding upon the increased fears of homeowners stressed by a declining real estate market and the loss of equity," said Stone. By soliciting taxpayers before the Assessor's notification card is mailed, these companies are encouraging homeowners to pay a fee to apply for a reduction in their assessment, that they are likely to receive automatically from the Assessor's Office in late June. "My best advice on hiring someone to help you appeal your assessed

value is to wait until you get your notification card,” said Stone.

The Santa Clara County Assessor’s Office has a nearly 20-year track record of proactively evaluating and providing reductions to reflect the declining market place. Last year, the Assessor’s Office temporarily reduced the assessed value on over 45,000 properties for a total reduction in excess of \$5 billion. “Everyone who received a reduction last year is nearly certain to receive at least the same level of reduction, and perhaps substantially more,” said Stone. “While I rarely make predictions, I fully expect that the number of property owners receiving reductions will increase this year.”

When the market value of a property drops below the assessed value, Proposition 8, passed by voters in 1978, requires the assessor to “temporarily” reduce the assessed to reflect the low market value.

The Proposition 8 process is rather straightforward. Between now and June, the Assessor’s Office will review the assessed value of nearly 200,000 properties to determine if the market value, as of January 1, has fallen below the original assessed value (typically, that is the purchase price). Most residential properties will be evaluated through the use of computer assisted analysis and detailed review by appraisers. A separate analysis is performed for residential properties within each of the county’s eleven high school districts to derive the level of reduction for properties in each jurisdiction. This analysis takes into account location and other relevant factors from thousands of recent transactions in the Assessor’s database. In addition, the office’s 70 appraisers will perform individual appraisals on commercial, industrial, custom homes or special properties which often require a site visit. “While taxpayers are certainly anxious to know their assessed value, we urge everyone to wait until they receive their notification cards in late June. Otherwise staff will be answering calls instead of reducing values,” said Stone.

Once all properties are assessed, the Assessor’s Office will mail an assessment notification card to every property owner. This year, that notice is expected to arrive during the last week of June. (For reasons explained later, that notice will be arriving in June rather than May.) If a property owner disagrees with the value on the notification card, they are encouraged to contact the Assessor’s Office to request a review. A simple interactive form is available on line on the assessor’s website www.sccassessor.org/prop8. Requests for review can also be made by phone, fax, mail, e-mail or in person.

If a value reduction is appropriate, as determined by the Assessor prior to August 15, 2009, the assessed value will be changed and the revised assessment will be reflected on the September property tax bill. The first installment is delinquent if not paid by December 10th.

Any changes agreed upon after August 15, will be processed through an assessment roll change. Since an assessment roll changes involves a more time consuming administrative process, it is unlikely that a corrected tax bill can be processed prior to the December 10th delinquency date. To avoid late charges and penalties, property owners are required to pay the first installment of taxes by December 10th, even if the Assessor’s Office has agreed to a reduction. (By the State Constitution, the Assessor’s Office is completely separate from the Tax Collector’s Office, which is overseen by the Board of Supervisors. The Assessor is independently elected every four years.)

In addition, Stone encourages property owners who have requested a review, but have not received a written response by August 15, to consider filing a formal assessment appeal by the September 15 deadline. Appeals are heard, within two years, by an independent, quasi-judicial body comprised of

appraisers and real estate professionals appointed by the Board of Supervisors to disputed values. “If you disagree with the assessed value, please do not wait for the tax bill. Tax bills are generally mailed in mid-September and often are not delivered until after the assessment appeal filing deadline. “Even if you think the Assessor’s Office will provide you with a reduction, if you have not heard from us in writing by August 15, we encourage you to file a formal appeal to protect your rights,” said Stone. More information is available from the Clerk of the Board by calling (408) 299-5001 or going to their website, <http://www.sccgov/portal/site/cob>.

The Assessment Notification Card is being mailed at the end of June, a month later than last year primarily to save costs and improve performance. The change in the mailing of the card is the result of the need to reallocate and maximize staff resources in response to budget cuts and fewer staff employees.

Last July, when the assessment roll was closed, the Assessor’s Office was unable to complete 4,271 assessments (e.g. changes in ownership, new construction, etc), which meant the rate of completion for all assessment activities dropped to 95.5%. In 2005, the completion rate was 99.1%. This change allows the Assessor’s Office to focus on completing as much of the existing assessments as possible before the roll is closed on July 1. “While the notice card will be delayed, in practice there will be little impact to taxpayers as any changes requested by taxpayers and made in July can be enrolled in time for the regular September tax bill,” said Stone.

The law requires that property be assessed at the “lower” of the fair market value as of January 1, 2009, or the base year assessed value as determined at the time of purchase or construction, and increased by no more than 2 percent annually. In 2008, the Assessor’s Office temporarily reduced the assessed value on over 45,000 properties for a total reduction in excess of \$5.3 billion.

In 2009, the number of Proposition 8 reductions contributed to the unusually low rate of growth in revenue from property taxes. An independent analysis in November by Beacon Economics estimated that California could experience a negative rate of decline approaching 10% over the next 3 years. This perilous decline is especially remarkable when you consider that Proposition 13 provides for an automatic 2 percent increase in the assessed value for all property that did not change ownership or complete new construction during the prior calendar year. In more than 75 years, the Santa Clara County assessment roll declined below zero only four times: immediately following Proposition 13 in 1978, and in 1932, 1933, and 1936, during the “great depression,” said Stone.

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