



Property Tax Workshop

January 21, 2021

11:00 – 12:30pm

Larry Stone
Santa Clara County Assessor

WEBINAR IS RECORDED
Will be posted to
Assessor's website, along
with PowerPoint

facebook
LIVE Streaming

Thank you to our partners!



Webinar Purpose

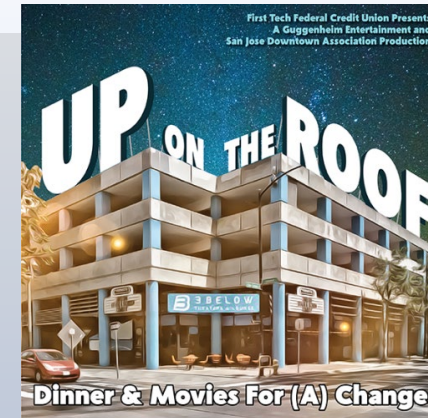
To educate
commercial property
owners impacted by
the Covid-19 recession
about
potential
property tax relief

This webinar is for:

- ✓ Owners of commercial and income property, including buildings and land.

This webinar is NOT for:

- ✓ Tenants like restaurants, or hair and nail salons



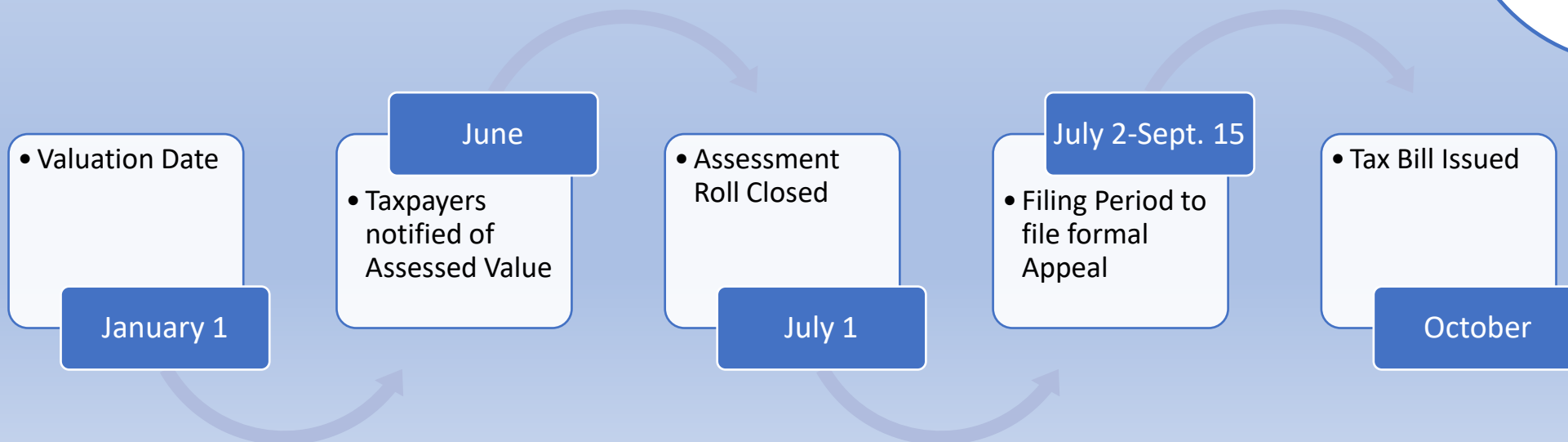
Assessor's Objective



- To enroll accurate values, rather than dealing with costly and time-consuming assessment appeals.
- Assessors are not revenue agents. We don't pay attention to when property tax revenue goes up or down.

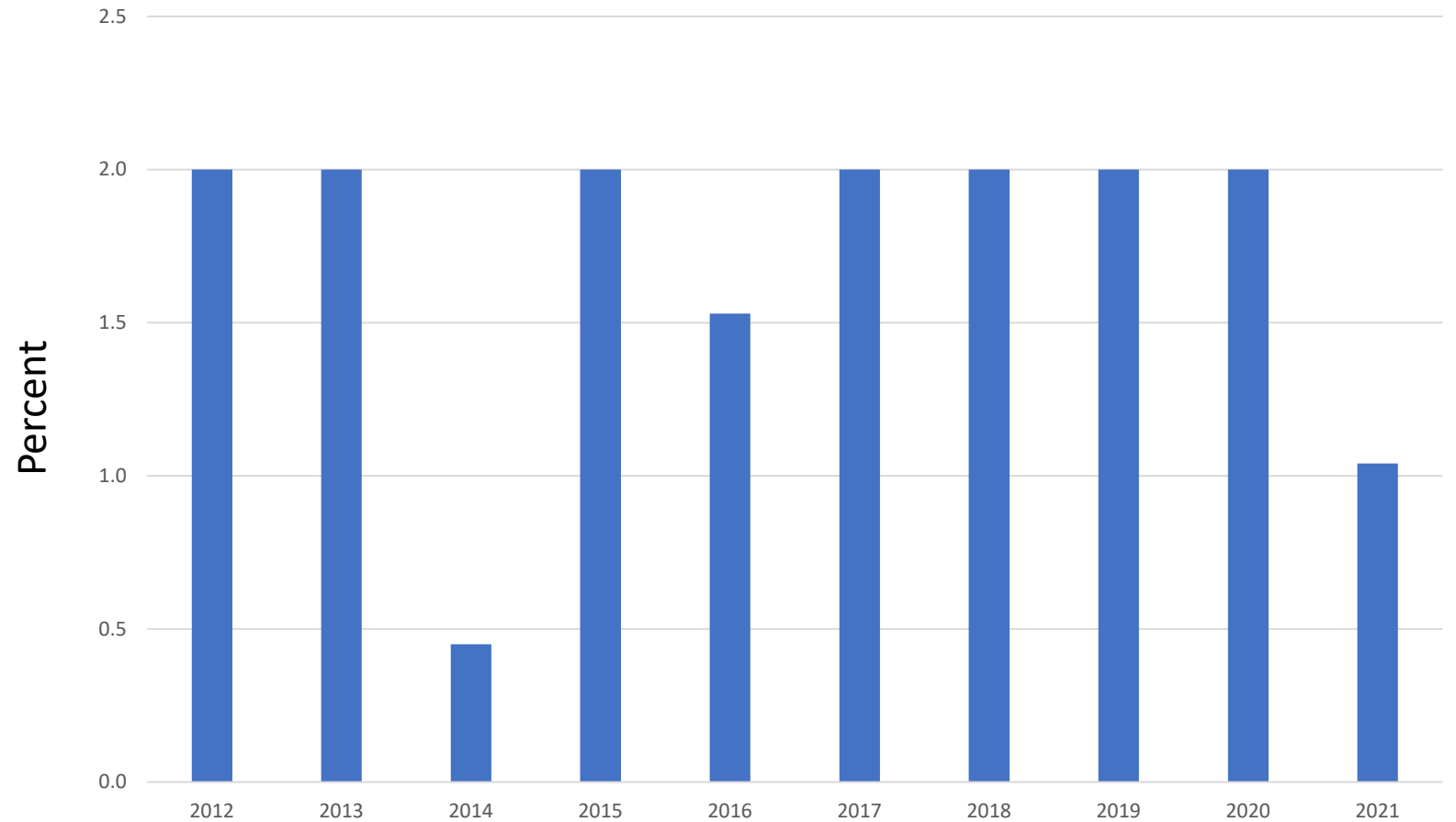
Property Tax 101

- Assessment or re-assessment is established upon change in ownership, or new construction.
- How do we set assessed value? Fee-simple appraisal to determine market value at time of a transaction or new construction.
- Base year value can be increased by no more than 2% per year. The percentage is determined annually by the CCPI as of January 1 lien date (Prop 13).



California
Consumer
Price Index
(CCPI)
10-yr. History

CCPI Percent Change





Our decisions are driven by the law.




Assessors do not negotiate assessed values.



Notification of Assessed Value

Santa Clara County is one of 10 counties, out of 58, who notify property owners of their assessed value in June, before they receive their October tax bill.

 **Lawrence E. Stone**
Santa Clara County Assessor
County Government Center
70 West Hedding Street, East Wing 5th Floor
San Jose, CA 95110-1771
www.sccassessor.org

2020-2021 NOTIFICATION OF ASSESSED VALUE
FINAL NOTICE BEFORE APPEAL FILING DEADLINE OF SEPTEMBER 15, 2020*

ELECTRONIC SERVICE REQUESTED

*****AUTO**S-DIGIT 94087
STONE LAWRENCE E AND CARMEN A TRUSTEE
1973 BEDFORD AVE
SUNNYVALE CA 94087-3817

6CR1A016024001/0008936

Assessment Questions? Let us serve you remotely!
To protect the community's health during the Covid-19 pandemic, we want to minimize visits to our office. However, we also want to respond to your questions or concerns quickly and efficiently. Please contact us via phone or email and visit our website.
Phone: (408) 299-5300 lp@asr.sccgov.org <http://www.sccassessor.org/prop8/>


We have bilingual staff to assist you. Call our office at (408) 299-5500.
Contamos con personal bilingüe para asistirte. Llame a nuestra oficina al (408) 299-5500.
Chúng tôi có nhân viên song ngữ để giúp quý vị. Hãy liên lạc với văn phòng chúng tôi ở số (408) 299-5500.
我們的工作人員可提供雙語服務：請電洽本處。電話號碼 (408) 299-5500.

*If the last day of the filing period falls on a weekend or holiday, an application that is mailed and postmarked on the next business day shall be deemed timely filed.

1006936
Date of Notice: June 30, 2020
Assessor's Parcel Number (APN): 320-29-006

Assessed Value as of January 1, 2020

Land:	Improvements:
27,854	27,854
248,824	248,824
278,678	278,678
7,000	7,000
268,678	268,678



Scan QR Code above to view additional information from the Assessor's web site.

the factored base year value.

determined that the factored base year value is less than the market value as of January 1, 2020. The market data used to make this determination can be reviewed at www.sccassessor.org/prop8/. The PIN number shown above will be reviewed by you. If you believe the market value as of January 1, 2020 is less than the amount shown on the factored base year value, you must file an Assessment Appeal by August 15 with either the results of the informal review, or if you do not hear from the Assessor prior to August 15, 2020, the value can be changed. After August 15, or completed your informal review, you must file an Assessment Appeal by September 15. This application must be filed between July 2 and September 15, 2020, or going to <http://www.sccassessor.org/prop8/>.

SEPTEMBER 15** DO NOT WAIT FOR YOUR TAX BILL, AS YOU MAY

position 15), which requires that all real property be assessed upon change of ownership or completed construction. Partially completed construction will be assessed at the factored base year value. Supplemental tax bills (if any) will be issued. Partially completed construction will be assessed at the factored base year value. Partial increases or full restoration of the current market value as of January 1, 2020, is less than the property's factored base year value. The property's factored base year value is fully restored. The factored base year value will be added annually to the base year value.

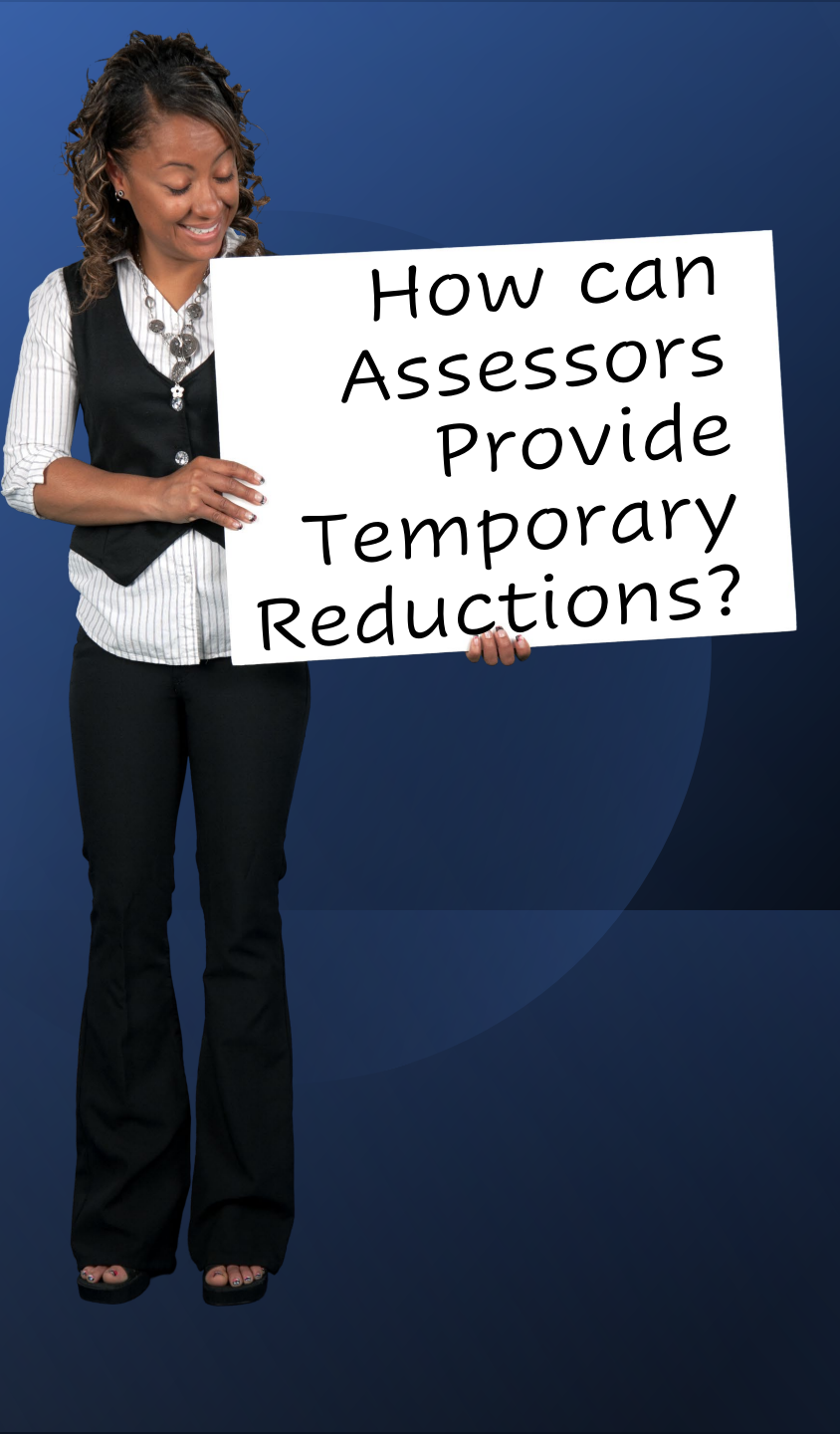
ected on the roll as a result of a business property assessment minus any other tax bill. In addition, other direct assessments may be added to the bill as your principal place of residence. You may be eligible for an exemption of property tax savings of approximately \$70 annually. If you believe you are in Division 4 (408) 299-2400 or taxp@asr.sccgov.org.

ity owners to receive notifications of important assessment information by electronic mail. If you have to do so, go to the Assessor's website at www.sccassessor.org and include structures erected on and attached to the land regardless of when they were erected.

in contacting us via the following:
FAX (408) 299-3015 www.sccassessor.org

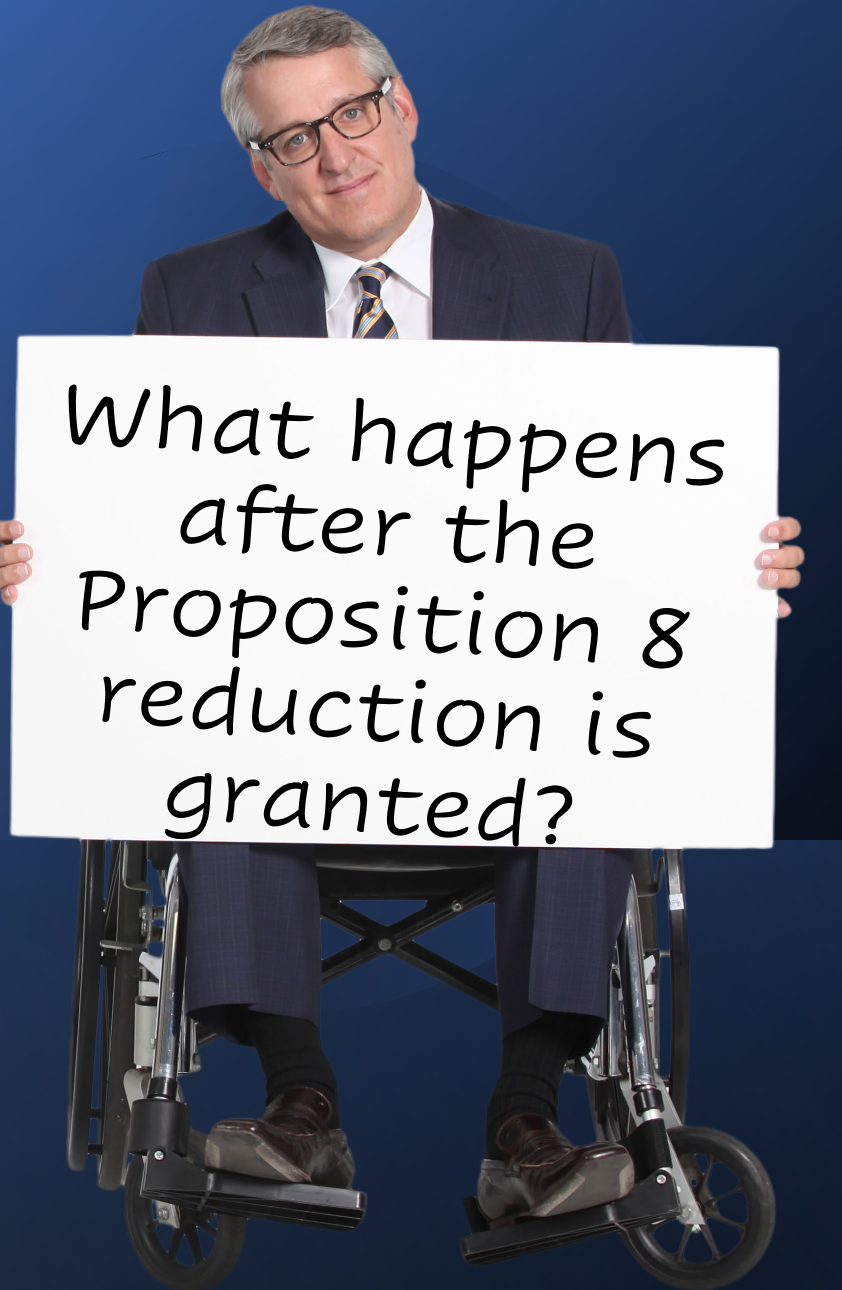
and include structures erected on and attached to the land regardless of when they were erected.

1.FBYV CAMA Review



Proposition 8

- Passed by California voters in 1978, Proposition 8 allows a temporary reduction in assessed value when a property suffers a “decline-in-value”.
- A “decline-in-value” occurs when the market value of the property, as of January 1 (lien date), is lower than its current assessed value.
- If you have evidence that the market value of your property is lower than the current assessed value, the Assessor wants to know!
- Important: A Prop 8 reduction is a temporary reduction and does not change your base year value.



What happens
after the
Proposition 8
reduction is
granted?

- After a Prop 8 reduction is granted, the property's assessment will be reviewed annually, until the market value exceeds its base year value.
- While a property is being assessed under Prop 8, its value may be raised or lowered by any percentage each January 1. Prop 8 assessments are not restricted by the Prop 13, 2% annual maximum increase.
- **However, in no case may a property under Prop 8 review be assessed at an amount greater than its Prop 13 base year value.**

Reduction is Temporary

- Reduction is temporary, until the next lien date of January 1
- Annual review
- If there are further reductions, we will enroll the new appraised value
- If the value increases, we will restore the value consistent with the market



ENTERTAINMENT

Movie theater CEO expects up to 25% permanent decline in attendance due to Covid

PUBLISHED WED, DEC 30 2020•1:57 PM EST

Kevin Stankiewicz
@KEVIN_STANK

SHARE f t in

KEY POINTS

- Flix Brewhouse CEO Allan Reagan told CNBC 2022 will be a “more normal year” for the movie theater industry.
- But he said total attendance might be down 15% to 25% “on a p
- “We also need to broaden our entertainment offerings beyond

Dining out: December restaurant sales decline, capping off a year of crisis

Author Michael O'Connor, Chris Hudgins
Theme Retail & Consumer Products, Banking

Sales at U.S. bars and restaurants eroded even further in December 2020 as the industry ended the year still grappling with the COVID-19 pandemic.

December sales at eateries fell at a double-digit pace year over year, registering a drop for the third month in a row and capping off a year of crisis for the restaurant industry. The National Restaurant Association said that restaurant and foodservice sales for the full year 2020 were \$240 billion lower than expected levels. Sales slumped 21.2% year over year in December, falling at a faster pace than in the previous two months.

BUSINESS ECONOMY News
COVID economy: Layoffs jolt tech, hotel, restaurant, retail sectors

Layoffs jolt workers in Bay Area, nearby regions: state filings

f t in



SAN JOSE
spotlight
Your search for truth starts here.

HOUSING REAL ESTATE

Rent prices fall 7.7% in San Jose, but mostly from a drop in demand for luxury rentals

by Lloyd Alaban

f t in

DECEMBER 18, 2020

How can you help us?



- ✓ To provide reductions, Assessors must determine that the market value has fallen below the existing assessment.
- ✓ We need information and data by February 26 to complete our assessment by the July 1 roll close deadline.
- ✓ File online!

Prop 8 Review Process

Market Value as of January 1, 2021

- Proactive Outreach – Request for information letters (8,000) posted first week of February (Income & Expense, Rent Roll, Recent Appraisal)
- Substantial workload challenge for the office, we will appraise properties for which we have market data first. We may not be able to complete all proactive reviews.
- This year we will take informal review requests on our website for commercial properties earlier than usual, beginning on February 1. We will continue to take requests through August 1.
- Annual Notification Cards will be sent at the end of June, and final notice of informal review will be sent around August 15.
- Appeals filing period will run from July 2 through September 15.

Prop 8 Request Website – Under Construction!

By February 1, there will be a new tab created for “Commercial Owners” only, a mock-up shown at right.

NEW FUNCTIONALITY:

- Access request for information letter templates
- File a new request for Prop 8 Review
- Attach your market information justifying a reduction
- Receive a receipt letter verifying your request
- Receive a results letter at the end of the informal review

The screenshot shows the website's navigation bar with links: Home, Online Services, Property Information, Tax Savings, Forms and Publications, About Us, and FAQ. Below the navigation bar is a section titled "Temporary Decline in Market Value (Proposition 8)" with the URL www.sccassessor.org highlighted in yellow. To the right of the URL are icons for a printer and an email. Below the URL is a row of tabs: About Prop 8, The Process, Who Should Request, Who Should Not Request, Mobile Home, and Commercial Owners. The "Commercial Owners" tab is highlighted with a red border. Below the tabs is a section titled "Commercial Owners Seeking Temporary Property Tax Reduction for 2021-22". The text in this section states: "The Santa Clara County Assessor's Office is preparing to respond to the impact Covid-19 has had on commercial property (land and buildings) values. The Assessor's Office has the authority to temporarily reduce property tax assessments in accordance with Proposition 8 if the market value—as of January 1—falls below the 2020 assessed value. Proposition 8 only allows for temporary reductions on land and buildings. However, tenants, such as hair and nail salons or restaurants, may receive reductions through a property owner in accordance with their lease." It also mentions that owners are requested to provide data by February 26 and that applicants are encouraged to have the data compiled electronically prior to completing the on-line application. At the bottom, there is a section titled "Attachments:" with three links, each preceded by a PDF icon: "Proposition 8 Hospitality Letter for temporary reduction", "Proposition 8 Apartment Letter for temporary reduction", and "Proposition 8 Other Commercial Owners Letter for temporary reduction".

Information needed by Assessor's Office from all Owners:

- ✓ Opinion of value as of 1/1/21 & information used to form that opinion.
- ✓ Best estimate of prospective income & expense statements for 2021 calendar year.
- ✓ Actual income and expense statements for the 2019 and 2020 calendar years.
- ✓ Description and actual cost of any new construction, completed or in progress, during the 2020 calendar year.
- ✓ Copy of any appraisal performed on the property for any purpose within last two years.
- ✓ Any other information relevant for the proper determination of value.

Hotel/Motel:

- Number of units, average annual room rate (ADR), RevPar, and occupancy rate for three calendar years prior to the date in question along with three calendar years of income and expense statements.
- If Change of ownership in 2020, provide purchase or sales agreement & closing statements including all addendums. Franchise Agreement, Management Agreement, Franchise Inspection Report, and Product Improvement Plan.

Multi-Family:

- Rent rolls for calendar year 2019 and 2020. Must specify: unit size, starting or last renewal date, terms, and rental escalations. Include asking rent for any vacant units and listing price if the property was for sale on or near the 1/1/21 lien date.

Retail/Other:

- Rent rolls for calendar year 2019 and 2020. Must specify: tenant's name, unit size, starting or last renewal date, terms, rental escalations, tenant improvement allowances, and what expenses and interior finish the landlord and tenant were responsible for. Include the asking rent for any vacant space and listing price if the property was for sale on or near the January 1, 2021 lien date.

Q & A

1. Can a business owner request waiver or reduced unsecured property tax for the business since the business was temporarily closed for 9 months in 2020 due to COVID-19? **We won't be granting waivers, but will be considering assessment reductions of business property due to "inutility" or decreased usage of business property.**
2. COVID has placed a financial burden on tenants and landlords that, to this point, has not been reflected by Santa Clara County tax officials. Will there be tax deferment or tax forgiveness? **In general, there are very limited options for tax deferment, limited to penalty cancellation for property owned by small businesses. However, we will be working to proactively reduce secured property tax assessments to the market value of property as of the lien date. If unsatisfied with the property tax assessment on the notification cards mailed at the end of June, you may file an assessment appeal.**
3. "Due to moratorium landlords can't evict tenants who can't pay the rent. What's the relief landlords have that are still obligated to pay the ever-increasing property taxes? **A temporary property tax reduction, based on the market value of the property as of January 1, 2021 may be enrolled if it is less than the assessed value.**
4. Also, why the value of the improvement increases as the value of the land? Shouldn't the value of the improvement depreciates year-to-year? **Unless there is a temporary decline in value, the base year of both the land and improvements increases by a maximum of 2% annually by law.**
5. **HOW AND WHEN CAN I APPLY** **Respond to our request for information letters mailed in February. If you don't receive one, go to our website and apply for a review.**

Q & A, cont'd

6. How do we confirm if market value will fall below 2020 assessment? We will do a review and send you a notice of your assessed value at the end of June. If you feel that the assessed value exceeds the market value of the property, file for an informal review on our website.
7. How will new values will be determined? We will do an appraisal of the fee simple market value of the properties as of the lien date, considering factors such as market rent, occupancy, cap rates, and other market value determinants.
8. Income for 2019 was down over 60% how will you calculate my assessment? Net operating income is clearly a determinant of market value for commercial property. We will consider the reasons for the decline in NOI, project how long it may be in decline, and perform an appraisal of market value as of the lien date. We may use either a direct capitalization approach or a discounted cash flow analysis, both of which will be considered in an appraisal.
9. We are a 501(c)(3) and have not been able to carry out during the pandemic. We have a limited exemption, but can we get an additional reduction in property tax? Questions regarding exemptions should be directed to our Exemptions unit at 408-299-6460, or Exemptions@asr.sccgov.org.
10. When will 2021/22 Prop 8 Decline in Value request form be available online? We will be configuring our website to take them by February 1st.

A blue graphic element consisting of a square and a rectangle. The square is on the left, and the rectangle is on the right, partially overlapping the square. Both shapes have a 3D effect with a darker blue shadow on the right side. The text "Thank you for your attendance!" is written in white on the blue rectangle.

Thank you for
your attendance!