MEDIA RELEASE

County of Santa Clara
Office of the County Assessor
Administration

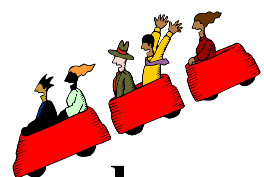
County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110-1770
1-408-299-5572 FAX 1-408-297-9526
E-Mail: david.ginsborg@asr.CO.Scl.CA.US
Web Site: http://www.scc-assessor.org/

Lawrence E. Stone, Assessor

For Immediate Release: July 3, 2004

Contact: David Ginsborg (408) 299-5572

<u>Assessment Roll growth continues to slow</u>



Silicon Valley's Economic Roller Coaster Continues Downward

Today, County Assessor Larry Stone announced that the total net assessed value of all real and business personal property in Santa Clara County grew by a negligible 2.23%, reflecting an increase of $4.86 billion. The total net assessed value of all real and business personal property is $222.38 billion.

"This is the slowest rate of roll growth in 10 years," said County Assessor Larry Stone. "In just 4 years we've gone from double digit assessment growth, to barely any at all." The Assessment Roll is a snapshot of the total assessed value for Santa Clara County, as of January 1, 2004, the lien (valuation) date, and announced on July 1 when the assessment roll is officially closed. Historically it reflects the local economy during the prior year and this year is no different.

Driven by the stagnant national economy and a troubled local economy, the decline in real estate values continues to plague owners of office buildings, shopping centers, industrial property, and research and development campuses. At the same time, the assessed value of residential property has been stable, and in some areas even grown. For residential properties to increase while commercial and industrial properties plummet is an anomaly for Silicon Valley.

Responding to significant changes in market conditions, the Assessor's Office proactively reduced the assessed values of over 24,000 properties for a total reduction in excess of $10 billion, the single largest, one-year reduction in Santa Clara County history. Even more startling, just a little over 1,200 commercial, industrial and multi-family properties account for more than 80% of this reduction.

In addition, many of the County's high-technology businesses either disposed of business property, or did not make major investments in their physical plants including machinery, equipment, computers and fixtures. "In just 3 years the net assessed value of unsecured business property has declined 30%, from $26 billion to $18 billion. This year alone, business property dropped 17% ($4 billion), more than twice the decline experienced last year," said Stone.

MORE—MORE—MORE—MORE—MORE—MORE—MORE—MORE—MORE—MORE

Finally, the assessed value for properties exempt from property taxes has jumped more than 10% for the second year in a row. Combined, these factors contributed to the meager growth in net assessed value. "People continue to ask me if Silicon Valley's roller coaster economy has hit bottom, and I just don't know. I hope it will soon," said Stone.

This year's tiny roll growth has also been noteworthy in the geographic extremes. The "golden triangle" cities of Sunnyvale, Santa Clara, Milpitas and Mountain View have been especially hard hit; all experienced no growth in their assessed values with several experiencing significant declines in total assessed value as high as 8%. In contrast, residential communities like Los Altos and Altos Hills experienced growth in excess of 8%. (See 3 page attachment)

Not surprisingly, most Redevelopment Agencies also experience significant declines with San Jose topping the list at almost $2 billion less than last year, a 12% decline. "It makes sense that RDAs, generally located at the heart of Silicon Valley's commercial and industrial center, would experience significant declines. Of course, it does not make it any less painful for the residents that depend upon property tax revenues to support police, fire and other local services," said Stone.

The major losers are the students who attend California's public schools and community colleges as public education receives 61% of local property tax revenues generated by assessments in Santa Clara County.

Finally, Stone pointed out that this year's assessment activity occurred without an increase in the Assessor's staff or budget.

###

ATTACHMENTS (3 Pages)