

Q & A Submitted in advance of Property Tax Workshop on January 21, 2021

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.