

# MEDIA RELEASE

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Lawrence E. Stone, Assessor

For Immediate Release:  
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## MEDIA ADVISORY

Assessor Larry Stone to personally deliver property tax refund to Gilroy homeowner.

**WHAT:** On behalf of Santa Clara County, Assessor Larry Stone will personally deliver a property tax refund to Gilroy homeowner Erin Cerdan, who had overpaid taxes for more than ten years.

**WHO:** Larry Stone, County Assessor  
Erin Cerdan, property owner

**WHEN:** 11:30 AM  
DECEMBER 24, 2015

**WHERE:** Home of Erin Cerdan  
800 Festa Aglio Dr. Gilroy

**WHY:** Notify 216 property owners that the County has begun issuing refund checks, some for more than \$30,000. The checks will be mailed, **in batches**, during the next three weeks to approximately 160 homeowners.

In August, the Assessor's Office discovered that 216 property owners had been improperly assessed and, as a result, were overpaying their property taxes.

"When I first learned of this, I knew we had an obligation to fix this problem for everyone as quickly as possible. Fortunately, the Board of Supervisors, led by Supervisor Mike Wasserman, were in complete and enthusiastic agreement and approved a full refund to every homeowner, plus interest," said Assessor Larry Stone.

"All too often the stereotype for government is that it takes forever to get anything

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done, or when a mistake is discovered the bureaucracy fails to respond—or worse, attempts to cover it up and deny it ever existed. Not this time!” said Stone.

“As soon as the problem was discovered, we responded immediately and began the arduous task of securing and validating hundreds of official documents, ultimately processing 2,200 corrections to the assessment roll,” Stone said. The County is now in the process of issuing hundreds of refunds to anxious homeowners.

“It has been a major effort by appraisers and managers in the Assessor’s Office, together with the staff in the Controller’s and Tax Collector’s offices working to seamlessly unravel and resolve this very complex problem,” Stone said.

## BACKGROUND

As early as 1997 a non-profit agency, South County Housing, in cooperation with the City of Gilroy, offered 216 housing units (known as the Arroyo development) for sale to low-income families at below-market-rate (BMR) prices. Families qualified for inclusion in the program via income requirements including active participation with “sweat equity” by assisting with the construction of the homes. Qualifying families were allowed to purchase the homes with the assistance of first mortgages (their sole responsibility) and government-issued second deeds of trust to be forgiven if they met ongoing government-imposed requirements.

The Assessor is required to assess properties upon transfer of ownership at fair market value, unless known government-imposed restrictions apply to the property per Revenue & Taxation Code 402.1. When notified, the Assessor’s Office must consider the effect of governmental restrictions when valuing the property. In the case of Arroyo, the Assessor’s Office was not notified by the City of Gilroy or South County Housing. The Assessor assessed each property at fair market value, which included the value of both loans. Neither grant deeds, nor Preliminary Change of Ownership reports from the parties to the transaction indicated any such restrictions. Consequently, the full sales prices of the units were assessed as the base year values of the properties. The overassessment continued for many years until the Assessor received documentation from the City of Gilroy.

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