

MEDIA RELEASE

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Lawrence E. Stone, Assessor

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Assessed Values Top One-quarter of a Trillion Dollars

The perception of a gradually improving economy in Silicon Valley appears to have been validated by a respectable increase in the assessed value of property in Santa Clara County. County Assessor Larry Stone announced today that the total, net assessed value of all real and business property in Santa Clara County grew by 9.07%, reflecting an increase of \$21.77 billion. The total assessed value of all real and business personal property is \$261.92 billion, setting a new record increase of over one-quarter of a trillion dollars.

The assessment roll is a snapshot of the total assessed value of property in Santa Clara County, as of January 1, 2006, the lien (valuation) date, and published on July 1, the date the assessment roll is officially closed. During this period, the county assessor's office appraised 39,803 properties due to changes of ownership and 9,447 newly constructed properties for a total of 49,560 reassessments.

"Hopefully the improved economy, and the associated increases in assessed values, is a positive trend that will continue up and to the right," said Assessor Larry Stone. The combined roll growth for the current and prior year was 17.06%, which was substantially greater than the 2 preceding years (2003 and 2004) which totaled just 5.39%.

While roll growth topped 15% in 2001, reflecting the height of the "dot-com" boom, this year's growth remains strong relative to the past 10 years. Between 1997 and 2006, assessment roll growth exceeded 9.07% only 3 times.

"Commercial and industrial property values hit bottom last year. We are finally recording a recovery, especially in Class A offices and selected retail properties. For many properties, which recorded multiple year, double digit declines in value during the dot-com bust, there was nowhere to go but up. In some cases, functionally obsolete industrial properties have been converted to housing," said Stone. In addition, there continues a realignment within Silicon Valley from technology manufacturing to an economy based upon the internet. "Companies like E-Bay, Google and Apple are expanding while other companies like Sun and HP are consolidating their facilities in Silicon Valley," said Stone.

Conversely the hot residential market has cooled as the number of deeds recorded declined 4% over the prior year. "Anecdotally, it appears the inventory of available properties has increased. Residential properties for sale remain on the market longer and the days of multiple offers above the asking price appear all but over. The increases in interest rates will likely contribute to this downward trend in both the single family and condominium market," said Stone.

The changes in both the residential and commercial markets are most evident in the relative changes in Proposition 8 reductions and restorations of assessed values. The "temporary" reductions and subsequent restorations in assessed value are mandated by Proposition 8, passed by California voters in November 1978. Proposition 8 provides that property owners are entitled to the "lower" of the fair market value of their property as of January 1, 2006, or the assessed value as determined at the time of purchase or construction, and increased by no more than 2% annually. The overwhelming majority of reductions are for properties that were purchased or constructed at the 'top of the market.' Properties where the market value exceeds the assessed value as of January 1, 2006, are not eligible for an adjustment.

In 2006, the Assessor's Office proactively reduced the assessed values of 6,500 properties, a 50% increase over the prior year. While the overall number of properties in a Proposition 8 decline status increased dramatically, the amount of the reduction of assessed value actually declined nearly 20% over the prior year to \$7.75 billion. "The simple explanation is that commercial and industrial sectors are starting to improve while the residential market has softened," said Stone. Over 80% of these reductions, 5,246, were residential properties totaling \$697 million, an average reduction of \$132,000 per property. In contrast, 1,257 commercial and industrial properties accounted for 90% of the decline in assessed values. Half of the reductions, \$3.51 billion, were located in redevelopment areas.

The other major contributor to the total roll is business personal property and equipment, which experienced a 3.24% growth. "This increase in machinery, equipment, computers and fixtures reflects the gradual improving conditions in the technology sector," said Stone. While semi-conductor manufacturing declined from \$2.2 billion to \$1.95 billion, technology companies in non-manufacturing sectors acquired new equipment and fixtures resulting in the increase in assessed values from \$5.49 billion to \$6.03 billion.

The county, cities, schools and special districts – all taxing jurisdictions – benefit from increased property tax assessments. Schools receive 57% of all property tax revenue, while the county's 15 cities, and the County itself, get only a fraction of these funds.

Under state law, real property is reassessed after a change in ownership or new construction. Otherwise, increases in property assessments cannot exceed 2 percent a year. Property values are used by the county to calculate property tax bills for the following year.

Below is a more detailed breakout of the assessment roll (based on total local roll (net of other exemptions)).

	2006	2005	Difference	Percent
Land and Buildings	\$246,483,802,837	\$224,883,976,902	\$21,599,825,935	9.60%
Business Personal Property & Equipment	\$26,599,143,644	\$25,763,616,591	\$835,527,053	3.24%
Exemptions	\$11,167,654,621	\$10,505,615,350	\$662,039,271	6.30%
Total Assessment Roll	\$261,915,291,860	\$240,141,978,143	\$21,773,313,717	9.07%

Attached is a breakdown of the 2006-07 Assessment Roll by City and Redevelopment Agency compared to the prior year's Assessment Roll. The data is further divided between secured and unsecured assessed values. The majority of the machinery, equipment, computers and fixtures are unsecured property.

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Santa Clara County Assessor
Comparison of 2006-07 to 2005-06 Roll Data

	NET TOTAL VALUE Before Homeowner Exemption		
	2006-07	2005-06	% Change
CAMPBELL			
Secured Roll	\$4,581,612,821	\$4,156,644,848	10.22%
Unsecured Roll	\$178,568,712	\$177,666,084	0.51%
Total	\$4,760,181,533	\$4,334,310,932	9.83%
CAMPBELL RDA			
Secured Roll	\$558,995,733	\$499,335,073	11.95%
Unsecured Roll	\$81,507,137	\$82,423,886	-1.11%
Total	\$640,502,870	\$581,758,959	10.10%
CUPERTINO			
Secured Roll	\$10,677,845,135	\$9,835,598,501	8.56%
Unsecured Roll	\$370,306,542	\$340,993,027	8.60%
Total	\$11,048,151,677	\$10,176,591,528	8.56%
CUPERTINO RDA			
Secured Roll	\$117,146,569	\$106,715,656	9.77%
Unsecured Roll	\$11,001,259	\$9,398,420	17.05%
Total	\$128,147,828	\$116,114,076	10.36%
GILROY			
Secured Roll	\$5,512,862,123	\$4,916,420,281	12.13%
Unsecured Roll	\$220,185,450	\$245,482,352	-10.30%
Total	\$5,733,047,573	\$5,161,902,633	11.06%
LOS ALTOS			
Secured Roll	\$7,594,183,207	\$6,966,334,332	9.01%
Unsecured Roll	\$82,870,129	\$79,379,615	4.40%
Total	\$7,677,053,336	\$7,045,713,947	8.96%
LOS ALTOS HILLS			
Secured Roll	\$4,108,003,987	\$3,780,949,515	8.65%
Unsecured Roll	\$3,994,564	\$3,401,643	17.43%
Total	\$4,111,998,551	\$3,784,351,158	8.66%
LOS GATOS			
Secured Roll	\$5,893,024,456	\$5,413,504,303	8.86%
Unsecured Roll	\$144,925,433	\$135,458,345	6.99%
Total	\$6,037,949,889	\$5,548,962,648	8.81%
LOS GATOS RDA			
Secured Roll	\$947,311,277	\$846,326,636	11.93%
Unsecured Roll	\$44,530,903	\$46,485,164	-4.20%
Total	\$991,842,180	\$892,811,800	11.09%
MILPITAS			
Secured Roll	\$5,695,683,527	\$5,243,974,909	8.61%
Unsecured Roll	\$643,979,631	\$718,392,123	-10.36%
Total	\$6,339,663,158	\$5,962,367,032	6.33%
MILPITAS RDA			
Secured Roll	\$3,332,645,984	\$3,056,752,508	9.03%
Unsecured Roll	\$637,173,565	\$929,721,367	-31.47%
Total	\$3,969,819,549	\$3,986,473,875	-0.42%

Santa Clara County Assessor
Comparison of 2006-07 to 2005-06 Roll Data

	NET TOTAL VALUE Before Homeowner Exemption		
	2006-07	2005-06	% Change
MONTE SERENO			
Secured Roll	\$1,285,574,977	\$1,180,858,764	8.87%
Unsecured Roll	\$3,374,279	\$3,191,071	5.74%
Total	\$1,288,949,256	\$1,184,049,835	8.86%
MORGAN HILL			
Secured Roll	\$3,243,041,617	\$2,893,238,133	12.09%
Unsecured Roll	\$12,523,052	\$12,075,421	3.71%
Total	\$3,255,564,669	\$2,905,313,554	12.06%
MORGAN HILL RDA			
Secured Roll	\$2,360,871,070	\$2,160,725,345	9.26%
Unsecured Roll	\$233,524,537	\$230,682,294	1.23%
Total	\$2,594,395,607	\$2,391,407,639	8.49%
MT VIEW			
Secured Roll	\$10,010,043,660	\$9,108,975,713	9.89%
Unsecured Roll	\$673,504,988	\$713,958,256	-5.67%
Total	\$10,683,548,648	\$9,822,933,969	8.76%
MT VIEW RDA			
Secured Roll	\$1,559,675,885	\$1,308,978,519	19.15%
Unsecured Roll	\$983,360,735	\$767,021,256	28.21%
Total	\$2,543,036,620	\$2,075,999,775	22.50%
PALO ALTO			
Secured Roll	\$16,214,406,874	\$14,884,943,729	8.93%
Unsecured Roll	\$1,428,052,031	\$1,403,237,332	1.77%
Total	\$17,642,458,905	\$16,288,181,061	8.31%
SAN JOSE			
Secured Roll	\$89,615,128,880	\$81,138,291,921	10.45%
Unsecured Roll	\$3,602,924,188	\$3,519,746,475	2.36%
Total	\$93,218,053,068	\$84,658,038,396	10.11%
SAN JOSE RDA			
Secured Roll	\$12,085,551,664	\$11,211,222,427	7.80%
Unsecured Roll	\$3,975,527,729	\$3,822,707,419	4.00%
Total	\$16,061,079,393	\$15,033,929,846	6.83%
SANTA CLARA			
Secured Roll	\$16,182,812,564	\$14,539,312,133	11.30%
Unsecured Roll	\$2,053,960,489	\$2,310,959,360	-11.12%
Total	\$18,236,773,053	\$16,850,271,493	8.23%
SANTA CLARA RDA			
Secured Roll	\$1,388,682,989	\$1,234,808,228	12.46%
Unsecured Roll	\$851,769,029	\$726,359,223	17.27%
Total	\$2,240,452,018	\$1,961,167,451	14.24%

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SARATOGA			
Secured Roll	\$8,717,263,637	\$8,100,857,149	7.61%
Unsecured Roll	\$38,112,166	\$43,433,397	-12.25%
Total	\$8,755,375,803	\$8,144,290,546	7.50%
SUNNYVALE			
Secured Roll	\$18,180,461,480	\$16,157,319,824	12.52%
Unsecured Roll	\$2,068,188,149	\$2,696,097,004	-23.29%
Total	\$20,248,649,629	\$18,853,416,828	7.40%
SUNNYVALE RDA			
Secured Roll	\$424,148,863	\$348,029,790	21.87%
Unsecured Roll	\$39,058,714	\$25,069,720	55.80%
Total	\$463,207,577	\$373,099,510	24.15%
UNINCORPORATED			
Secured Roll	\$13,037,737,852	\$11,776,131,445	10.71%
Unsecured Roll	\$206,279,324	\$231,042,818	-10.72%
Total	\$13,244,017,176	\$12,007,167,263	10.30%
UNINCORPORATED RDA			
Secured Roll	\$1,372,294	\$1,345,389	2.00%
Unsecured Roll	\$0	\$0	0
Total	\$1,372,294	\$1,345,389	2.00%
Total Secured			
Total Secured Roll	\$243,326,089,125	\$220,867,595,071	10.17%
Total Unsecured Roll	\$18,589,202,735	\$19,274,383,072	-3.55%
Total	\$261,915,291,860	\$240,141,978,143	9.07%