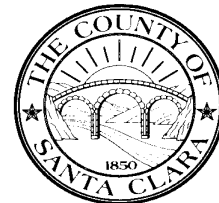


MEDIA RELEASE

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Lawrence E. Stone, Assessor

For Release on July 1, 2010:

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“Worse than anticipated,” says Assessor Larry Stone

Assessment Roll Goes Negative: First time since Great Depression

Earlier today Santa Clara County Assessor Larry Stone announced that the net assessed value of all real and business property declined by 2.43 percent or \$7.4 billion to \$296.47 billion. “This is far worse than anyone had expected. This county has not experienced such a devastating decrease in property values since the Great Depression. Assessed values during the depression were negative for three years, and even then only one year, 1933, was the reduction (3.19 percent) worse than the 2010-11 assessment roll,” said Assessor Larry Stone. In 1932, the assessment roll declined by 2.14 percent and in 1936 it declined 0.61%. In 1978, the only other year in which the County experienced a negative assessment roll (-21.05 percent), the decline was caused by the passage of Proposition 13, a political, not economic circumstance.

“It is very difficult for me to deliver such distressing news. As a citizen and taxpayer, I am concerned about additional cuts to public schools and other public services funded by property taxes. I am concerned about the significant loss of equity by our property owners. Yet, as the Assessor, I must objectively respond to the serious decline in the marketplace,” said Stone.

“The rate of decline is especially alarming when you compare it to just two years ago when the assessment roll grew by nearly \$20 billion, and in 2001, the apex of the dot-com boom, when the assessment roll grew \$27 billion,” Stone said. The Assessor also noted that the rate of decline was unusually consistent throughout the County. “Santa Clara County is geographically and economically very diverse as reflected in property values. Not this year! No community, with the exception of Palo Alto, was able to escape a reduction in the assessment roll. While both Gilroy and Morgan Hill were negative 6.1 percent, Los Gatos and Los Altos were also negative at 0.7 and 0.9 percent, and San Jose ranked in the middle at negative 3.1 percent. Only Palo Alto registered positive growth at a meager 0.4 percent,” said Stone.

“This reduction is a direct consequence of the soaring unemployment rate in Santa Clara County triggered by the Great Recession. Unemployment drives nearly all the main economic components that impact property values. When unemployment increases, businesses stop investing in new buildings, cancel contracts for leased office space and reduce purchasing machinery, equipment, computers, etc. Unemployed workers are no longer able to make mortgage payments, and dramatically reduce the purchase of consumer products. The result is not only distressed sales and foreclosed homes, but major retailers, such as Mervyns, Blockbuster and Circuit City, file for bankruptcy,” said Stone.

By far the biggest surprise was the 8 percent decline in the value of business personal property

including machinery, equipment, computers and fixtures. In addition, the number of businesses also declined by 8.2 percent from 46,000 businesses to 42,000.

The contraction of business, driven by unemployment and unstable financial markets, is also evidenced by the lack of investment in real estate. Major companies are downsizing or negotiating lower rents. As a result the number of commercial, industrial and retail establishments receiving reductions increased 122 percent, and the amount of the reduction more than doubled from \$2.2 to \$4.9 billion. “Unfortunately this is only the tip of the iceberg. Unlike the residential sector where technology assisted us in the review of 220,000 residential properties, valuing commercial properties require extensive analysis and usually a full appraisal. I fully expect this number to increase sharply over the next few years as major businesses file assessment appeals,” said Stone. In the residential sector, the number of homes receiving a temporary reduction increased from 90,214 to 117,306. However, the rate of decline slowed overall reflecting what many believe to be the bottom of the residential real estate market.

Finally, for the first time since Proposition 13 passed in 1978, the California Consumer Price Index (CCPI) was negative by 0.237 percent. Proposition 13 provides that the assessed value of all real property cannot increase by more than two percent annually, unless there is a change of ownership or new construction. As a result, an estimated 350,000 property owners will receive a reduction in the assessed value of their property, totaling \$6 billion, including properties in which the assessed value is significantly below the market value.

“If there is any silver lining to this news, it is that homes are more affordable now than they have been in more than a decade. That is good news for the high technology companies who will ultimately lead us out of this economic crisis. We need local companies to start hiring again, and high housing costs have always been an impediment,” said Stone.

In the Silicon Valley Leadership Group’s recently published CEO survey, “high housing costs for employees” was cited once again, as the number one business challenge, and remains one of the top five concerns for Silicon Valley CEO’s.

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

	2010	2009	Growth
Secured	\$288,480,106,030	\$293,858,998,583	(1.83%)
Unsecured	\$22,794,092,049	\$24,584,674,301	(7.28%)
Exemptions	(\$14,800,086,255)	(\$14,587,451,563)	1.46%
Total Net Roll*	\$296,474,111,824	\$303,856,221,321	(2.43%)

* Net of non reimbursable exemptions applied to eligible institutions such as churches, hospitals, museums, etc.

Attached is a breakout of the overall assessment roll and decline in value data 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.

Santa Clara County Assessor's Office
City and RDA
Roll Totals 2010-11 Compared to 2009-10
by Secured and Unsecured

7-1-2010

City	City/RDA	Roll Type	2010/2011	2009/2010	Change %
Campbell	City	Secured	\$5,419,039,548	\$5,483,758,253	-1.2%
		UnSecured	\$186,219,601	\$197,558,110	-5.7%
		Total	\$5,605,259,149	\$5,681,316,363	-1.3%
	RDA Only	Secured	\$655,447,248	\$708,911,952	-7.5%
		UnSecured	\$72,421,405	\$80,436,128	-10.0%
		Total	\$727,868,653	\$789,348,080	-7.8%
	All	Secured	\$6,074,486,796	\$6,192,670,205	-1.9%
		UnSecured	\$258,641,006	\$277,994,238	-7.0%
		Total	\$6,333,127,802	\$6,470,664,443	-2.1%
Cupertino	City	Secured	\$12,813,130,638	\$12,774,612,544	0.3%
		UnSecured	\$453,799,215	\$540,906,866	-16.1%
		Total	\$13,266,929,853	\$13,315,519,410	-0.4%
	RDA Only	Secured	\$204,779,734	\$204,733,614	0.0%
		UnSecured	\$22,964,729	\$23,736,897	-3.3%
		Total	\$227,744,463	\$228,470,511	-0.3%
	All	Secured	\$13,017,910,372	\$12,979,346,158	0.3%
		UnSecured	\$476,763,944	\$564,643,763	-15.6%
		Total	\$13,494,674,316	\$13,543,989,921	-0.4%
Gilroy	City	Secured	\$5,515,703,007	\$5,859,438,604	-5.9%
		UnSecured	\$232,541,079	\$265,395,229	-12.4%
		Total	\$5,748,244,086	\$6,124,833,833	-6.1%
Los Altos	City	Secured	\$9,253,508,914	\$9,336,760,594	-0.9%
		UnSecured	\$108,454,967	\$114,641,890	-5.4%
		Total	\$9,361,963,881	\$9,451,402,484	-0.9%
Los Altos Hills	City	Secured	\$4,885,232,815	\$4,888,694,340	-0.1%
		UnSecured	\$3,203,017	\$3,417,417	-6.3%
		Total	\$4,888,435,832	\$4,892,111,757	-0.1%
Los Gatos	City	Secured	\$6,925,819,849	\$6,941,066,708	-0.2%
		UnSecured	\$158,304,902	\$176,351,540	-10.2%
		Total	\$7,084,124,751	\$7,117,418,248	-0.5%
	RDA Only	Secured	\$1,117,973,351	\$1,134,135,499	-1.4%
		UnSecured	\$59,048,334	\$64,934,515	-9.1%
		Total	\$1,177,021,685	\$1,199,070,014	-1.8%
	All	Secured	\$8,043,793,200	\$8,075,202,207	-0.4%
		UnSecured	\$217,353,236	\$241,286,055	-9.9%
		Total	\$8,261,146,436	\$8,316,488,262	-0.7%
Milpitas	City	Secured	\$6,104,348,933	\$6,256,003,801	-2.4%
		UnSecured	\$737,959,546	\$588,761,977	25.3%
		Total	\$6,842,308,479	\$6,844,765,778	0.0%
	RDA Only	Secured	\$4,260,135,745	\$4,330,765,588	-1.6%
		UnSecured	\$809,024,197	\$848,745,944	-4.7%
		Total	\$5,069,159,942	\$5,179,511,532	-2.1%
	All	Secured	\$10,364,484,678	\$10,586,769,389	-2.1%
		UnSecured	\$1,546,983,743	\$1,437,507,921	7.6%
		Total	\$11,911,468,421	\$12,024,277,310	-0.9%
Monte Sereno	City	Secured	\$1,465,028,122	\$1,489,086,529	-1.6%
		UnSecured	\$700,165	\$776,258	-9.8%
		Total	\$1,465,728,287	\$1,489,862,787	-1.6%

Santa Clara County Assessor's Office
City and RDA
Roll Totals 2010-11 Compared to 2009-10
by Secured and Unsecured

7-1-2010

City	City/RDA	Roll Type	2010/2011	2009/2010	Change %
Morgan Hill	City	Secured	\$4,071,114,291	\$4,361,801,370	-6.7%
		UnSecured	\$137,643,497	\$149,131,593	-7.7%
		Total	\$4,208,757,788	\$4,510,932,963	-6.7%
	RDA Only	Secured	\$1,814,682,517	\$1,906,492,788	-4.8%
		UnSecured	\$129,819,434	\$139,055,408	-6.6%
		Total	\$1,944,501,951	\$2,045,548,196	-4.9%
	All	Secured	\$5,885,796,808	\$6,268,294,158	-6.1%
		UnSecured	\$267,462,931	\$288,187,001	-7.2%
		Total	\$6,153,259,739	\$6,556,481,159	-6.1%
Mountain View	City	Secured	\$12,195,629,269	\$12,359,839,836	-1.3%
		UnSecured	\$729,028,389	\$720,898,619	1.1%
		Total	\$12,924,657,658	\$13,080,738,455	-1.2%
	RDA Only	Secured	\$1,946,069,270	\$1,959,284,969	-0.7%
		UnSecured	\$888,289,668	\$1,187,333,730	-25.2%
		Total	\$2,834,358,938	\$3,146,618,699	-9.9%
	All	Secured	\$14,141,698,539	\$14,319,124,805	-1.2%
		UnSecured	\$1,617,318,057	\$1,908,232,349	-15.2%
		Total	\$15,759,016,596	\$16,227,357,154	-2.9%
Palo Alto	City	Secured	\$20,458,126,804	\$20,239,349,432	1.1%
		UnSecured	\$1,553,333,043	\$1,693,351,166	-8.3%
		Total	\$22,011,459,847	\$21,932,700,598	0.4%
San Jose	City	Secured	\$96,212,555,501	\$98,007,120,571	-1.8%
		UnSecured	\$3,996,114,651	\$4,542,136,481	-12.0%
		Total	\$100,208,670,152	\$102,549,257,052	-2.3%
	RDA Only	Secured	\$14,650,159,689	\$15,857,813,016	-7.6%
		UnSecured	\$3,861,783,427	\$4,115,927,818	-6.2%
		Total	\$18,511,943,116	\$19,973,740,834	-7.3%
	All	Secured	\$110,862,715,190	\$113,864,933,587	-2.6%
		UnSecured	\$7,857,898,078	\$8,658,064,299	-9.2%
		Total	\$118,720,613,268	\$122,522,997,886	-3.1%
Santa Clara	City	Secured	\$18,279,588,979	\$18,918,190,536	-3.4%
		UnSecured	\$2,634,163,926	\$2,676,560,423	-1.6%
		Total	\$20,913,752,905	\$21,594,750,959	-3.2%
	RDA Only	Secured	\$1,786,670,521	\$1,907,589,688	-6.3%
		UnSecured	\$1,000,386,190	\$1,168,498,870	-14.4%
		Total	\$2,787,056,711	\$3,076,088,558	-9.4%
	All	Secured	\$20,066,259,500	\$20,825,780,224	-3.6%
		UnSecured	\$3,634,550,116	\$3,845,059,293	-5.5%
		Total	\$23,700,809,616	\$24,670,839,517	-3.9%
Saratoga	City	Secured	\$9,911,516,040	\$10,013,048,698	-1.0%
		UnSecured	\$51,896,057	\$54,542,896	-4.9%
		Total	\$9,963,412,097	\$10,067,591,594	-1.0%

Santa Clara County Assessor's Office
City and RDA
Roll Totals 2010-11 Compared to 2009-10
by Secured and Unsecured

7-1-2010

City	City/RDA	Roll Type	2010/2011	2009/2010	Change %
Sunnyvale	City	Secured	\$22,292,657,633	\$22,406,341,445	-0.5%
		UnSecured	\$2,342,154,090	\$2,535,302,580	-7.6%
		Total	\$24,634,811,723	\$24,941,644,025	-1.2%
	RDA Only	Secured	\$909,270,233	\$892,994,911	1.8%
		UnSecured	\$76,022,170	\$65,025,146	16.9%
		Total	\$985,292,403	\$958,020,057	2.8%
	All	Secured	\$23,201,927,866	\$23,299,336,356	-0.4%
		UnSecured	\$2,418,176,260	\$2,600,327,726	-7.0%
		Total	\$25,620,104,126	\$25,899,664,082	-1.1%
Unincorporated	City	Secured	\$12,879,819,818	\$13,393,912,631	-3.8%
		UnSecured	\$200,583,701	\$271,044,008	-26.0%
		Total	\$13,080,403,519	\$13,664,956,639	-4.3%
	RDA Only	Secured	\$1,889	\$1,895	-0.3%
		UnSecured	\$241,796		N/A
		Total	\$243,685	\$1,895	12759.4%
	All	Secured	\$12,879,821,707	\$13,393,914,526	-3.8%
		UnSecured	\$200,825,497	\$271,044,008	-25.9%
		Total	\$13,080,647,204	\$13,664,958,534	-4.3%
Total	City	Secured	\$248,682,820,161	\$252,729,025,892	-1.6%
		UnSecured	\$13,526,099,846	\$14,530,777,053	-6.9%
		Total	\$262,208,920,007	\$267,259,802,945	-1.9%
Total	RDA Only	Secured	\$27,345,190,197	\$28,902,723,920	-5.4%
		UnSecured	\$6,920,001,350	\$7,693,694,456	-10.1%
		Total	\$34,265,191,547	\$36,596,418,376	-6.4%
Total	All	Secured	\$276,028,010,358	\$281,631,749,812	-2.0%
		UnSecured	\$20,446,101,196	\$22,224,471,509	-8.0%
		Totals	\$296,474,111,554	\$303,856,221,321	-2.4%

Check

Santa Clara County
City and RDA
Proposition 8
Roll Close 2010-11 Compared to 2009-10

7-1-2010

City	RDA Code	Roll Close 2009-10		Roll Close 2010-11		% Change	
		Net Delta	Count	Net Delta	Count	Count	%
Campbell	City	\$271,453,488	1,975	\$370,478,472	2,491	36.5%	26.1%
	RDA	\$11,819,808	90	\$80,385,809	125	580.1%	38.9%
	Total	\$283,273,296	2,065	\$450,864,281	2,616	59.2%	26.7%
Cupertino	City	\$430,230,257	2,410	\$530,874,874	2,901	23.4%	20.4%
	Total	\$430,230,257	2,410	\$530,874,874	2,901	23.4%	20.4%
Gilroy	City	\$863,507,084	3,505	\$1,088,238,456	4,944	26.0%	41.1%
	Total	\$863,507,084	3,505	\$1,088,238,456	4,944	26.0%	41.1%
Los Altos	City	\$208,948,163	998	\$451,267,025	1,609	116.0%	61.2%
	Total	\$208,948,163	998	\$451,267,025	1,609	116.0%	61.2%
Los Altos Hills	City	\$213,898,256	209	\$320,189,187	342	49.7%	63.6%
	Total	\$213,898,256	209	\$320,189,187	342	49.7%	63.6%
Los Gatos	City	\$301,767,839	1,283	\$463,111,543	1,823	53.5%	42.1%
	RDA	\$31,711,184	173	\$67,332,002	304	112.3%	75.7%
	Total	\$333,479,023	1,456	\$530,443,545	2,127	59.1%	46.1%
Milpitas	City	\$475,086,961	2,696	\$522,084,032	3,494	9.9%	29.6%
	RDA	\$470,698,848	1,580	\$548,314,634	1,769	16.5%	12.0%
	Total	\$945,785,809	4,276	\$1,070,398,666	5,263	13.2%	23.1%
Monte Sereno	City	\$53,178,066	137	\$90,651,162	184	70.5%	34.3%
	Total	\$53,178,066	137	\$90,651,162	184	70.5%	34.3%
Morgan Hill	City	\$451,922,352	2,185	\$696,695,996	3,014	54.2%	37.9%
	RDA	\$146,174,859	838	\$207,144,524	1,162	41.7%	38.7%
	Total	\$598,097,211	3,023	\$903,840,520	4,176	51.1%	38.1%
Mountain View	City	\$272,457,187	2,071	\$548,127,972	3,464	101.2%	67.3%
	RDA	\$19,086,790	61	\$38,115,582	71	99.7%	16.4%
	Total	\$291,543,977	2,132	\$586,243,554	3,535	101.1%	65.8%
Palo Alto	City	\$222,487,082	897	\$614,513,335	2,310	176.2%	157.5%
	Total	\$222,487,082	897	\$614,513,335	2,310	176.2%	157.5%
San Jose	City	\$9,297,738,224	52,748	\$10,793,228,328	65,955	16.1%	25.0%
	RDA	\$660,127,205	1,428	\$1,792,364,047	1,910	171.5%	33.8%
	Total	\$9,957,865,429	54,176	\$12,585,592,375	67,865	26.4%	25.3%
Santa Clara	City	\$862,191,000	6,007	\$1,228,404,220	7,447	42.5%	24.0%
	RDA	\$25,446,359	9	\$143,491,673	12	463.9%	33.3%
	Total	\$887,637,359	6,016	\$1,371,895,893	7,459	54.6%	24.0%
Saratoga	City	\$550,125,374	1,481	\$770,569,388	2,079	40.1%	40.4%
	Total	\$550,125,374	1,481	\$770,569,388	2,079	40.1%	40.4%
Sunnyvale	City	\$832,645,479	4,638	\$1,262,649,882	6,513	51.6%	40.4%
	RDA	\$4,982,914	27	\$11,420,993	63	129.2%	133.3%
	Total	\$837,628,393	4,665	\$1,274,070,875	6,576	52.1%	41.0%
Unincorporated	City	\$737,183,081	3,390	\$1,171,775,571	4,704	59.0%	38.8%
	Total	\$737,183,081	3,390	\$1,171,775,571	4,704	59.0%	38.8%
Report Total		\$17,414,867,860	90,836	\$23,811,428,707	118,690	36.7%	30.7%

Santa Clara County Assessor's Office
 Proposition 8--Property Receiving Value Reduction
 2010-11 Compared to 2009-10
 Assessment Roll

7-1-2010

Property Type	Roll Close 2009-10			Roll Close 2010-11			% Change		
	Net Delta	Count	Avg/Parcel	Net Delta	Count	Avg/Parcel	Net Delta	Count	Avg/Parcel
2-4 FAMILY RESIDENTIAL	\$42,012,031	175	\$240,069	\$197,125,584	898	\$219,516	369.2%	413.1%	-8.6%
5 OR MORE RESIDENTIAL	\$97,229,155	58	\$1,676,365	\$536,424,862	264	\$2,031,912	451.7%	355.2%	21.2%
AGRICULTURAL/EXTRACTION	\$15,885,373	22	\$722,062	\$51,026,833	64	\$797,294	221.2%	190.9%	10.4%
CONDO	\$3,904,242,076	29,892	\$130,612	\$4,340,943,317	36653	\$118,434	11.2%	22.6%	-9.3%
DEPT STORES & MARKETS	\$6,945,527	1	\$6,945,527	\$126,340,355	37	\$3,414,604	1719.0%	3600.0%	-50.8%
ELECTRONICS & ELEC	\$190,197,547	11	\$17,290,686	\$278,720,399	22	\$12,669,109	46.5%	100.0%	-26.7%
INDUSTRIAL NON MFG	\$340,334,186	128	\$2,658,861	\$702,112,760	216	\$3,250,522	106.3%	68.8%	22.3%
OFFICE USE	\$329,132,619	97	\$3,393,120	\$1,244,438,822	236	\$5,273,046	278.1%	143.3%	55.4%
OTHER MFG AND INFRASTRUCT	\$116,326,257	13	\$8,948,174	\$144,314,150	31	\$4,655,295	24.1%	138.5%	-48.0%
OTHER URBAN	\$312,300,837	122	\$2,559,843	\$420,018,473	250	\$1,680,074	34.5%	104.9%	-34.4%
PUBLIC & QUASI PUBLIC				\$68,071	1	\$68,071	n/a	n/a	n/a
R & D OF MFG FIRMS	\$578,614,622	95	\$6,090,680	\$995,390,780	144	\$6,912,436	72.0%	51.6%	13.5%
SINGLE FAMILY RESIDENTIAL	\$11,260,161,697	60,147	\$187,211	\$14,287,314,142	79755	\$179,140	26.9%	32.6%	-4.3%
SPECIALTY RETAIL & HOTELS	\$221,485,933	75	\$2,953,146	\$487,190,159	119	\$4,094,035	120.0%	58.7%	38.6%
Report Total	\$17,414,867,860	90,836	\$191,718	\$23,811,428,707	118690	\$200,619	36.7%	30.7%	4.6%

Summary	Net Delta	Count	Avg/Parcel	Net Delta	Count	Avg/Parcel	Net Delta	Count	Avg/Parcel
Residential (SFR, 2-4, Condo)	\$15,206,415,804	90,214	\$168,559	\$18,825,383,043	117,306	\$160,481	23.8%	30.0%	-4.8%
All Other	\$2,208,452,056	622	\$3,550,566	\$4,986,045,664	1,384	\$3,602,634	125.8%	122.5%	1.5%
Total	\$17,414,867,860	90,836	\$191,718	\$23,811,428,707	118,690	\$200,619	36.7%	30.7%	4.6%