

MEDIA RELEASE

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Lawrence E. Stone, Assessor

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Property Assessment In Better Balance

Assessment Growth Remains Steady

In announcing the close of the 2007-08 assessment roll, County Assessor Larry Stone confirmed that Silicon Valley's economy has moved past the extreme "rollercoaster" highs and lows of the late 90's and the early 00's and on to a more stable, balanced growth pattern. For the third consecutive year, assessed value roll growth has remained steady. The Assessor announced that the total, net assessed value of all real and business property in Santa Clara County grew by 8.25 percent, reflecting an increase of \$21.6 billion. The total assessed value of all real and business personal property reached a record \$283.51 billion.

"What is really remarkable," said County Assessor Larry Stone "is that just as major parts of the residential market cooled during the last 18 months, the commercial and industrial market has come back strong throughout the County. While the "boom" in the late 1990's was significant, long term it is much healthier for the economy to have greater balance among all property types."

A very hot residential real estate market carried Silicon Valley property values during the "dot-com" decline. This year, commercial and industrial properties are finally rebounding, while some segments of the residential market have cooled. This recovery has been led by construction of selected retail "power centers" and the development of Class A offices from either the ground up or major retrofits of older properties.

Another indicator of the strength of commercial and industrial properties is the increase in tenant improvements. Last year, the Assessor's Office experienced a 13 percent increase in the number of commercial and industrial building permits. "This indicates that tenants have confidence in the direction of Silicon Valley's economy, and are choosing to expand or improve their facilities. It also demonstrates the continued realignment of the local economy from high-tech manufacturing to an internet based economy. Companies like Adobe, Yahoo, Google, E-Bay and Apple are expanding while other companies like Sun and HP are consolidating their facilities.

Another indicator is the red hot investment market and the decision by pension funds to increase their asset allocation in real estate. For the first time in several years, a \$1 billion "spec" office building is under construction in Sunnyvale. Others are on the drawing board throughout the Valley," said Stone.

A 19 percent decline in deeds recorded confirms that the once hot residential market has cooled. "The market adjustment in the residential sector is especially pronounced in the condominium sector and the lower end of the residential marketplace. Anecdotally, it would appear that owners with older, "tired" properties are having difficulty in selling their properties without modern upgrades," said Stone.

The total number of sales of residential properties also declined over the prior year according to data from the local realtors. "While the days of multiple offers above the asking price appear all but over, that is not

universally true,” said Stone. “High-end, residential properties are not only retaining their value but are selling well.”

The diversification of the real estate market is evident in the relative changes in Proposition 8 reductions and restorations of assessed values. The “temporary” reductions and subsequent restoration 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, 2007, or the assessed value as determined at the time of purchase or construction, and increased by no more than 2 percent 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, 2007, are not eligible for an adjustment.

While the overall number of properties in a Proposition 8 decline status increased dramatically this year, the amount of the reduction of assessed value actually declined an astonishing 36 percent over the prior year to \$4.94 billion. “The simple explanation is that high-end residential market together with commercial and industrial properties have rebounded while in general, the residential market has softened,” said Stone.

In 2007, the Assessor proactively reduced the assessed values of 17, 758, a nearly three-fold increase over the prior year. Over 95 percent of the 16,894 reductions were residential properties, totaling \$1.06 billion. However, 864 commercial and industrial properties accounted for 79 percent of the decline in assessments. This represents a substantial change over the prior year when 80 percent of the properties in Proposition 8 status were residential and 90 percent of the value was non residential.

Similarly, the total assessed value in decline in heavily commercial RDA areas dropped from more than 50 percent of the total value declined in the prior assessment year to just over a third of the total value in decline in the 2007-08 assessment roll.

Further indicators of the differences in the residential sector are also evident in the Proposition 8 data. For example, 3 percent of all single family residences experienced a Proposition 8 reduction, in contrast 9 percent of all condominiums. In addition, the total number of properties in primarily high-end residential communities, like Los Altos and Los Altos Hills, actually saw a slight decrease in the number of properties in decline status, while the non RDA areas of Campbell and San Jose experienced a 10 and 12-fold increase respectfully.

The other major contributor to the total roll is business personal property and equipment, which experienced a 5.02 percent growth. “This is the third consecutive year of gradual increases and confirms the Valley’s economic recovery,” said Stone.

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

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

	2007	2006	Growth
Land and Buildings	\$267,231,435,555	\$245,900,054,446	8.67%
Business Personal Property & Equipment	\$28,547,476,658	\$27,182,892,035	5.02%
Exemptions	\$(12,265,992,738)	\$(11,167,654,621)	9.83%
Total Assessment Roll	\$283,512,919,475	\$261,915,291,860	8.25%

Attached is a breakout of the over all assessment roll and Proposition 8 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
Comparison of 2007-08 to 2006-07 Roll Data

	NET TOTAL VALUE Before HOX		% Change
	2007-08	2006-07	
CAMPBELL			
Secured Roll	\$5,100,934,855	\$4,581,612,821	11.33%
Unsecured Roll	\$174,871,330	\$178,568,712	-2.07%
Total	\$5,275,806,185	\$4,760,181,533	10.83%
CAMPBELL RDA			
Secured Roll	\$614,092,241	\$558,995,733	9.86%
Unsecured Roll	\$93,567,530	\$81,507,137	14.80%
Total	\$707,659,771	\$640,502,870	10.49%
CUPERTINO			
Secured Roll	\$11,394,026,197	\$10,677,845,135	6.71%
Unsecured Roll	\$406,955,199	\$370,306,542	9.90%
Total	\$11,800,981,396	\$11,048,151,677	6.81%
CUPERTINO RDA			
Secured Roll	\$118,923,755	\$117,146,569	1.52%
Unsecured Roll	\$10,609,027	\$11,001,259	-3.57%
Total	\$129,532,782	\$128,147,828	1.08%
GILROY			
Secured Roll	\$6,109,145,335	\$5,512,862,123	10.82%
Unsecured Roll	\$243,461,159	\$220,185,450	10.57%
Total	\$6,352,606,494	\$5,733,047,573	10.81%
LOS ALTOS			
Secured Roll	\$8,300,575,914	\$7,594,183,207	9.30%
Unsecured Roll	\$91,811,067	\$82,870,129	10.79%
Total	\$8,392,386,981	\$7,677,053,336	9.32%
LOS ALTOS HILLS			
Secured Roll	\$4,372,539,911	\$4,108,003,987	6.44%
Unsecured Roll	\$12,144,678	\$3,994,564	204.03%
Total	\$4,384,684,589	\$4,111,998,551	6.63%
LOS GATOS			
Secured Roll	\$6,362,082,679	\$5,893,024,456	7.96%
Unsecured Roll	\$150,973,876	\$144,925,433	4.17%
Total	\$6,513,056,555	\$6,037,949,889	7.87%
LOS GATOS RDA			
Secured Roll	\$1,030,876,072	\$947,311,277	8.82%
Unsecured Roll	\$45,970,609	\$44,530,903	3.23%
Total	\$1,076,846,681	\$991,842,180	8.57%
MILPITAS			
Secured Roll	\$6,055,202,217	\$5,695,683,527	6.31%
Unsecured Roll	\$685,807,338	\$643,979,631	6.50%
Total	\$6,741,009,555	\$6,339,663,158	6.33%

Santa Clara County Assessor
Comparison of 2007-08 to 2006-07 Roll Data

	NET TOTAL VALUE Before HOX		% Change
	2007-08	2006-07	
MILPITAS RDA			
Secured Roll	\$3,727,332,630	\$3,332,645,984	11.84%
Unsecured Roll	\$639,715,868	\$637,173,565	0.40%
Total	\$4,367,048,498	\$3,969,819,549	10.01%
MONTE SERENO			
Secured Roll	\$1,359,727,680	\$1,285,574,977	5.77%
Unsecured Roll	\$3,148,601	\$3,374,279	-6.69%
Total	\$1,362,876,281	\$1,288,949,256	5.74%
MORGAN HILL			
Secured Roll	\$3,627,695,150	\$3,243,041,617	11.86%
Unsecured Roll	\$13,913,602	\$12,523,052	11.10%
Total	\$3,641,608,752	\$3,255,564,669	11.86%
MORGAN HILL RDA			
Secured Roll	\$2,597,679,104	\$2,360,871,070	10.03%
Unsecured Roll	\$253,729,719	\$233,524,537	8.65%
Total	\$2,851,408,823	\$2,594,395,607	9.91%
MT VIEW			
Secured Roll	\$10,861,248,444	\$10,010,043,660	8.50%
Unsecured Roll	\$683,508,401	\$673,504,988	1.49%
Total	\$11,544,756,845	\$10,683,548,648	8.06%
MT VIEW RDA			
Secured Roll	\$1,748,456,982	\$1,559,675,885	12.10%
Unsecured Roll	\$923,559,511	\$983,360,735	-6.08%
Total	\$2,672,016,493	\$2,543,036,620	5.07%
PALO ALTO			
Secured Roll	\$17,382,729,942	\$16,214,406,874	7.21%
Unsecured Roll	\$1,588,030,488	\$1,428,052,031	11.20%
Total	\$18,970,760,430	\$17,642,458,905	7.53%
SAN JOSE			
Secured Roll	\$96,588,131,778	\$89,615,128,880	7.78%
Unsecured Roll	\$4,062,972,453	\$3,602,924,188	12.77%
Total	\$100,651,104,231	\$93,218,053,068	7.97%
SAN JOSE RDA			
Secured Roll	\$13,943,413,620	\$12,085,551,664	15.37%
Unsecured Roll	\$4,105,471,955	\$3,975,527,729	3.27%
Total	\$18,048,885,575	\$16,061,079,393	12.38%
SANTA CLARA			
Secured Roll	\$17,727,216,850	\$16,182,812,564	9.54%
Unsecured Roll	\$2,075,531,344	\$2,053,960,489	1.05%
Total	\$19,802,748,194	\$18,236,773,053	8.59%

Santa Clara County Assessor
Comparison of 2007-08 to 2006-07 Roll Data

	NET TOTAL VALUE Before HOX		% Change
	2007-08	2006-07	
SANTA CLARA RDA			
Secured Roll	\$1,537,318,289	\$1,388,682,989	10.70%
Unsecured Roll	\$900,733,760	\$851,769,029	5.75%
Total	\$2,438,052,049	\$2,240,452,018	8.82%
SARATOGA			
Secured Roll	\$9,295,850,465	\$8,717,263,637	6.64%
Unsecured Roll	\$34,102,900	\$38,112,166	-10.52%
Total	\$9,329,953,365	\$8,755,375,803	6.56%
SUNNYVALE			
Secured Roll	\$20,042,993,774	\$18,180,461,480	10.24%
Unsecured Roll	\$2,128,208,306	\$2,068,188,149	2.90%
Total	\$22,171,202,080	\$20,248,649,629	9.49%
SUNNYVALE RDA			
Secured Roll	\$451,888,731	\$424,148,863	6.54%
Unsecured Roll	\$44,384,979	\$39,058,714	13.64%
Total	\$496,273,710	\$463,207,577	7.14%
UNINCORPORATED			
Secured Roll	\$13,571,463,307	\$13,037,737,852	4.09%
Unsecured Roll	\$216,790,116	\$206,279,324	5.10%
Total	\$13,788,253,423	\$13,244,017,176	4.11%
UNINCORPORATED RDA			
Secured Roll	\$1,399,737	\$1,372,294	2.00%
Unsecured Roll	\$0	\$0	0.00%
Total	\$1,399,737	\$1,372,294	2.00%
Total Secured			
Total Secured Roll	\$263,922,945,659	\$243,326,089,125	8.46%
Total Unsecured Roll	\$19,589,973,816	\$18,589,202,735	5.38%
Total	\$283,512,919,475	\$261,915,291,860	8.25%

Santa Clara County Assessor's Office
 Proposition 8 Comparison 2007-08 and 2006-07

July 3, 2007

CITY	2007-08 YTD 6-13-07		2006-07 YE		% Change	
	NET DELTA	COUNT	NET DELTA	COUNT	NET DELTA	COUNT
CAMPBELL	25,214,591	376	19,675,790	32	28.15%	1075.00%
CUPERTINO	115,657,048	859	176,695,100	586	-34.54%	46.59%
GILROY	42,993,956	698	28,526,429	146	50.72%	378.08%
LOS ALTOS	64,879,691	231	66,348,141	254	-2.21%	-9.06%
LOS ALTOS HILLS	111,308,017	91	110,069,487	94	1.13%	-3.19%
LOS GATOS	91,357,304	393	92,739,085	260	-1.49%	51.15%
MILPITAS	92,216,528	593	213,257,817	234	-56.76%	153.42%
MONTE SERENO	24,926,891	68	22,895,144	60	8.87%	13.33%
MORGAN HILL	9,165,361	161	3,608,305	38	154.01%	323.68%
MT VIEW	242,461,806	575	393,955,516	526	-38.45%	9.32%
PALO ALTO	234,016,361	280	349,030,991	380	-32.95%	-26.32%
SAN JOSE	821,572,300	8,504	868,343,821	653	-5.39%	1202.30%
SANTA CLARA	438,911,177	1,007	665,195,531	786	-34.02%	28.12%
SARATOGA	210,839,788	605	194,826,643	437	8.22%	38.44%
SUNNYVALE	534,021,799	1,644	973,975,677	1,125	-45.17%	46.13%
UNINCORPORATED	70,240,758	691	54,222,878	268	29.54%	157.84%
Sub-Total CITY	3,129,783,376	16,776	4,233,366,355	5,879	-26.07%	185.35%
CAMPBELL RDA	847,871	10	20,459,254	9	-95.86%	11.11%
LOS GATOS RDA	5,912,558	105	4,412,826	52	33.99%	101.92%
MILPITAS RDA	448,112,219	311	657,964,269	104	-31.89%	199.04%
MORGAN HILL RDA	45,037,776	118	75,971,673	90	-40.72%	31.11%
MT VIEW RDA	27,699,702	19	116,419,429	22	-76.21%	-13.64%
SAN JOSE RDA	1,131,343,989	384	2,364,675,165	311	-52.16%	23.47%
SANTA CLARA RDA	141,631,455	24	263,474,456	27	-46.24%	-11.11%
SUNNYVALE RDA	8,176,684	11	9,951,757	9	-17.84%	22.22%
Sub-Total RDA	1,808,762,254	982	3,513,328,829	624	-48.52%	57.37%
TOTAL	4,938,545,630	17,758	7,746,695,184	6,503	-36.25%	173.07%

PROPERTY TYPE	2007-08 YTD 6-13-07		2006-07 YE		% Change from 06-07		% of Total	
	NET DELTA	COUNT	NET DELTA	COUNT	NET DELTA	COUNT	NET DELTA	COUNT
SFR, CONDO & 1-4 units	1,058,648,767	16,894	697,299,602	5,246	51.82%	222.04%	21.44%	95.13%
All Other	3,879,896,863	864	7,049,395,582	1,257	-44.96%	-31.26%	78.56%	4.87%
Total	4,938,545,630	17,758	7,746,695,184	6,503	-36.25%	173.07%		