

MEDIA RELEASE

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Potential Tax Relief for Commercial Property Owners Santa Clara County Opens Review of Assessed Value Early

(February 21, Santa Clara County) In response to current market conditions of commercial property, the Santa Clara County Assessor's Office has opened its informal Proposition 8 (Prop. 8) review process more than four months early. The California Revenue & Taxation Code authorizes the Assessor to temporarily reduce property tax assessments when they exceed a property's market value as of January 1.

The number of Prop. 8 decline in value assessments jumped dramatically last year from 2,595 in 2022, to 19,325 in 2023. This included more than 17,000 assessments that were proactively reduced by the Santa Clara County Assessor. Although less than 400 were commercial properties, they accounted for 28 percent, or \$1.3 billion, of the total \$4.7 billion in assessment value reduction.

"As Assessor, my responsibility is to ensure that accurate values are enrolled to reflect market conditions. When the market value (as of the lien date, January 1, 2024) falls below the existing assessment, my office is required to temporarily reduce the assessed value to reflect the declining market value," said Stone. "Providing relief to commercial property owners is much more complicated than providing relief to single-family homeowners, which is why our office is opening the request process early."

Vacancy rates, financing, interest and mortgage rates, and remote work continue to contribute to the uncertainty of the office market. Opening the Prop. 8 process early will allow commercial property owners to submit a request to review their assessment by providing supporting documentation necessary for valuation. Receiving the market data early will help the Assessor's Office conduct appraisals timely and accurately. For both parties, the goal is to make proactive reductions and reflect accurate values on the 2024/25 tax roll, avoiding the necessity for costly appeals.

"Commercial property owners in Santa Clara County—this is a call to action! This innovative and proactive program is another example of the Santa Clara County Assessor's Office transparently and creatively working with its customers. Due to significant market valuation corrections of late, opening the review process now is crucial for commercial property owners so that value disputes can be reasonably resolved early to avoid what can be an expensive

and time-consuming assessment appeal process,” said William B. Baron, Managing Partner of Brandenburg Properties of San Jose.

Baron adds, “the Assessor should have no stake in whether a commercial property is valued higher or lower—what is most important is that the Assessor’s mission is to always be fair and provide market-accurate assessment value—and this program underscores their mission which has been a longstanding hallmark of the Santa Clara County Assessor’s Office.”

Proposition 8 relief requests can be submitted February 16 through August 1, 2024, and should include all data needed to determine an accurate opinion of value. This includes rent rolls, recent leases, vacancy rates, expenses, public listings for the lease or sale of the property, and any appraisal performed for financing or sale. Residential property owners will be able to apply for Prop.8 relief from July 1 through August 1, 2024.

To learn more about how to apply for temporary commercial property tax relief, visit the Santa Clara County Assessor’s website at this [link](#), scan the QR code to the right, or call (408) 299-5300.

