

# MEDIA RELEASE

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*Lawrence E. Stone, Assessor*

For Release on:  
DATE: July 1, 2015

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## Highest Assessment Roll Growth in Ten Years

### **Santa Clara County's Gross Assessed Values "Scores a Touchdown," Passes \$400 Billion**

Fueled by the largest economic recovery in over a decade, Santa Clara County Assessor Larry Stone announced today that the county assessment roll hit a major new milestone exceeding the \$400 billion mark. The gross assessed value hit \$409 billion and the net taxable assessed value after exemptions was \$388 billion. The net assessed value grew by 8.67%, an increase of \$31 billion. The assessment roll is a snapshot of the assessed value of all real and business property in Santa Clara County as of the January 1, 2015 lien date.

"The assessment roll is a barometer of yesterday's economic weather, and it's getting very hot," said Assessor Larry Stone. This is the third straight year of Silicon Valley's incredible economic recovery. During the last three years, the assessment roll grew in excess of \$80 billion compared to the Great Recession (2009 – 2012) when the total assessed value increased by a meager \$29 billion. "Market values are up, and in many instances way up for every property type and geographic area of Santa Clara County. A good example is Silicon Valley's apartment market—it's on fire," said Stone. According to the assessor, vacancies in the apartment sector have declined to less than three percent, and rents increased ten percent in 2014. In San Jose the average rent for a two-bedroom apartment is \$2,300 a month.

The residential property values have also exploded. According to Stone, the median price of single family homes in Santa Clara County increased 11.1 percent to \$810,000 last year, but the average price was dramatically higher, topping out at a record \$1.1 million

"The demand is driven by job growth, and Silicon Valley is at the epicenter of the nation's recovery," said Stone. According to Joint Venture Silicon Valley's 2015 Annual Index, Silicon Valley added 58,000 jobs in 2014, following 44,000 jobs in 2013. California added 471,000 jobs in 2014, a growth rate of 3.1 percent. "What is particularly encouraging is that compared to the dot-com boom fifteen years ago, this recovery is fueled less by startups and more by mainstream Fortune 500 companies that are investing in Silicon Valley in a major way, said Stone."

Major office and apartment development in the northern parts of Santa Clara County, including north San Jose, is driving property values," said Stone. The assessment roll now reflects multiple years of new construction. "The big change is that Silicon Valley is going from single-story tilt-ups to multistory buildings and campuses. When I drove the 237 corridor in Sunnyvale and Santa Clara during the recession, I would pass a half-dozen new, empty buildings. Today all are filled with major tenants, and recently I counted 14 new office and R&D buildings on that same ten-mile drive!" said Stone. The most visible symbol of new construction in Santa Clara County is Levi's Stadium.



Using the best market data available, Levi's Stadium was assessed at \$1.4 billion, reflecting the overall assessed value of the property including fixtures and equipment owned by the concessionaires.

"What's remarkable is that so many new buildings are under construction and won't be assessed to full market value until completion," said Stone. For example, the new Apple Campus, which will not be occupied for a few years, was assessed at \$820 million as of the January 1 lien date. "That's a fraction of the final market value when the iconic campus is completed and furnished," said Stone.

In total, the annual growth in the assessment roll is due to a number of factors including changes in ownership, new construction, the California Consumer Price Index (CCPI), business property and assessment increases for properties that received a temporary assessed value reduction (Proposition 8) following the collapse of residential property values during the recession, less the value of exempt property.

Last Friday, 483,000 property owners received their annual assessment notice informing them of their property's 2015-16 assessed value, which serves as the basis for the property tax bills. "Santa Clara County is one of only ten counties in California to provide early notice to all property owners. Most property owners in California learn of their assessed value for the first time when they receive their property tax bill in October," said Stone.

### **Proposition 8, restoring assessed values previously temporarily reduced**

The robust recovery is positive news for homeowners who are finally seeing the market value of their home, usually their single biggest asset, increase in value, recapturing equity lost during the recession. When the market value of a property declines below the previously established assessed value measured as of January 1 each year (lien date), the Assessor is required to proactively reduce the assessed value to reflect the lower market value. However, when the real estate market rebounds, the Assessor is required to "restore" the assessed values for properties previously reduced during the downturn.

"Just as we reduced assessed values when market values declined, we must also restore the assessments when market conditions improve as mandated by Proposition 8, passed by California voters in November 1978," said Stone. This companion law to Proposition 13 provides that property owners are entitled to the lower of the fair market value of their property (as of January 1, 2015), or the base year value as determined at the time of purchase or construction, and increased by two percent or the CCPI, whichever is lower.

If an assessment was reduced during the recession, the restoration of the property's assessed value is not limited to the two percent until the market value of the property reaches its purchase price plus the annual inflation increase. "The market alone determines whether the assessed value of a property is reduced or restored," Stone said.

Last year, 38,000 properties were assessed below their purchase price. This year, that number declined to 22,000 properties. "The residential real estate market has been so strong that some property owners will experience double-digit increases in their assessments," Stone said.

A complete breakdown of the Proposition 8 properties, by city and property type is available online at <https://www.sccassessor.org/DocLib/media%20release%20final%20with%20attachments-2015.pdf>.

### **What property owners can do if they disagree with the assessed values on their notice card**

Property owners who disagree with the assessed value printed on their notice are encouraged to take advantage of the Assessor's "online tool," available 24/7, enabling 352,000 property owners to review the sale of comparable properties the Assessor used to determine their assessment. An interactive service modeled after online banking, the "Opt-In Tool" allows taxpayers to securely opt-in to receive assessment notices, in addition to the ability to interact with the Assessor's Office electronically rather than by mail, telephone, or in person.

To access the data, a property owner must have a user name and password created last year, or the PIN listed in the annual assessment notice.

Property owners who can demonstrate that their assessed value is higher than the market value of their property are encouraged to request an informal review of their assessment. The Assessor's Office will complete as many informal reviews as possible prior to August 1, the deadline for making changes that will be reflected on the property tax bill.

Additionally, the notice describes the process for filing a formal assessment appeal by the September 15, 2015 deadline. More information is available at [www.sccassessor.org](http://www.sccassessor.org). "Residential property owners who fail to reach agreement during the informal review period in July, and decide to file a formal assessment appeal, are encouraged to choose to have their appeal adjudicated by an independent residential Value Hearing Officer, rather than the more formal three-member Assessment Appeals Board. The advantages to selecting a Value Hearing Officer are a sooner hearing and a more rapid resolution. If you disagree with the assessed value, please do not wait for the tax bill, because it will be mailed after the assessment appeal filing deadline," said Stone. More information is available from the Clerk of the Board by calling (408) 299-5088 or going to their website (<http://www.sccgov/portal/site/cob>).

"Not surprisingly, we have seen a sharp decline in the number of assessment appeals filed as 95% of homeowners continue to be assessed below their Proposition 13 level. Similarly, the Assessor's Office has experienced a substantial jump in the assessed value in dispute, reflecting the intense commercial building boom," said Stone.

**Note: Additional information, such as a detailed city-by-city breakdown of the assessment roll is available upon request after July 1 and will be published in August in the Assessor's Annual Report.**

**To receive an electronic notification of the availability of the annual report send an email to [annualreport@asr.sccgov.org](mailto:annualreport@asr.sccgov.org).**