

MEDIA RELEASE

County of Santa Clara
Office of the County Assessor
Administration

County Government Center, East Wing
70 West Hedding Street
San Jose, California 95110-1770
1-408-299-2100 FAX 1-408-297-9526
david.ginsborg@asr.CO.Santa-Clara.CA.US



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Contact: David Ginsborg
(408) 299-4347 Ext. 1303

Assessor reports 10.51% growth in San Jose, 9.74% County wide

Market Value outpaces

Assessed Value of Homes by 2-1 Margin

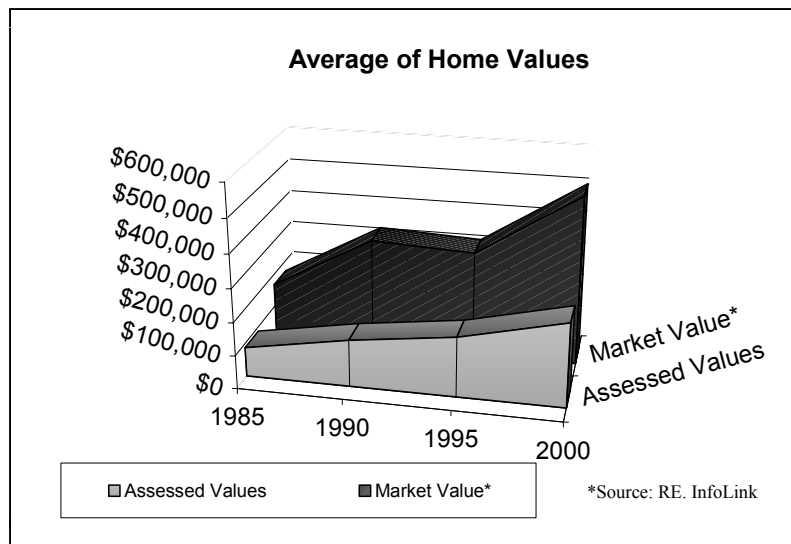
County Assessor Larry Stone announced that the total net assessed value of all real and business personal property in Santa Clara County had grown to an astonishing \$172.92 billion for the 2000 Assessment Roll. That represents a 9.74% increase over the prior year of \$157.57 billion. In **San Jose**, the total net assessed value grew from \$64.15 billion to \$70.89 billion, a 10.51% increase in assessed value of all real and business personal property. At 16%, Los Altos Hills experienced the largest percentage growth in the County while unincorporated portions of the County saw a much smaller increase of 4%. In addition, the Assessor's office granted \$8.47 billion in exemptions to homeowners, veterans, universities and non-profit organizations.

This is the fifth straight year of assessed value growth, following a five year sustained decline in market values which devastated the State and Silicon Valley's economy in the early 1990's. "While this is the Capitol of Silicon Valley and the headquarters for the nation's new economy, the rate of growth still astounds me. To put it in perspective, since 1990, the County's assessed value has grown a stunning 75%," said County Assessor Larry Stone. The major beneficiary is the State of California. They receive 61% of the revenue generated by property taxes in Santa Clara County to fund public education statewide.

According to the soon to be released Assessor's 2000-2001 Annual Report, more than three-quarters of the increase in assessed value can be attributed to two major factors: changes in property ownership and new construction. "It should come as no surprise that 57% of the growth was created by people buying property at the top of the market," said Stone. The anecdotes of buyers offering 20 or 30%, or more, over the asking price has only added to the growth in assessed value.

The growth has also resulted in a widening disparity between the annual average assessed value of a single family home and the annual "market" average value. In 1999, the gap

widened to an amazing \$250,000. Historically, the market value of real property has increased at a significantly greater rate than the assessed value, which is limited to no more than 2% per year, unless there is a change in ownership or new



construction. "Long time property owners benefit from lower assessments while new, and frequently younger property owners, are impacted by assessments that can be as much as ten times greater than the owner(s) of a similar property held for many years," said Stone.

During the last 15 years the average assessed value in Santa Clara County of single family homes has ranged from 42% to 56% of the actual average market value as illustrated in the chart above.

Finally Stone pointed out that all of this growth, which has created an increase in workload, has occurred without an increase in staff or budget. In fact, last year Stone returned an estimated \$1 million in unspent funds to the County General Fund.

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