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Property values on rise

First solid increase since 2008 a clear indication we are in a very robust recovery, assessor reports

By Tracy Seipel

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After three years of minimal growth or even decreases in property values, the Santa Clara County Assessor on Thursday reported the first solid increase in assessed values since 2008.

The total net assessed value of all residential and commercial

property grew 3.25 percent to \$308.8 billion in 2012, up from 0.88 percent growth and \$299.1 billion in 2011.

While the increase is a sign that many of the county's hardest hit real estate markets are pulling out of their slump, it means tens of thousands of county homeowners will see their property tax bills

continue to inch up.

The growth in property values was driven largely by improvements in the commercial and industrial sector and a modest increase in residential property values.

Increased property taxes are welcome news for schools and local governments, which depend on the taxes for a major portion of their funding.

"It's a clear indication that we are in a very robust recovery,"

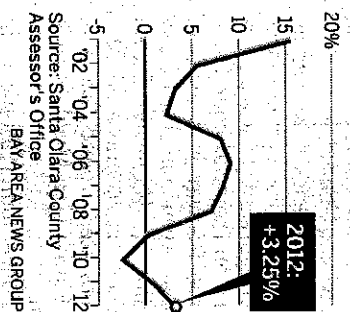
said County Assessor Larry Stone, whose office released the preliminary figures for the coming year — information that property owners will receive in the mail in the next week. "It's good because it's steady."

But the good news is tempered by the number of residential and commercial properties assessed below their purchase price, which increased 10 percent to 186,000. In

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Value rebound

The total net assessed value of all property in Santa Clara County grew 3.25 percent to \$308.8 billion in 2012-13, up from 0.88 percent, or \$299.1 billion, in 2011-12. How the values have changed since the peak of the dot-com boom:



Assess

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Trends in assessed values

Here are the total assessed values of Santa Clara County residential, commercial and industrial properties this year, along with last year's totals.

City	Total assessed value, 2011-12	Total assessed value, 2012-13	Percent change
Campbell	\$6.3 billion	\$6.5 billion	+2.20%
Cupertino	\$13.7 billion	\$14.6 billion	+6.35%
Gilroy	\$5.8 billion	\$5.7 billion	-0.43%
Los Altos	\$9.7 billion	\$10.2 billion	+5.19%
Los Altos Hills	\$5.1 billion	\$5.3 billion	+4.83%
Los Gatos	\$8.4 billion	\$8.7 billion	+3.67%
Milpitas	\$11.5 billion	\$11.9 billion	+3.50%
Monte Sereno	\$1.4 billion	\$1.5 billion	+4.16%
Morgan Hill	\$6.2 billion	\$6.2 billion	+0.01%
Mountain View	\$16.3 billion	\$17.3 billion	+6.56%
Palo Alto	\$22.5 billion	\$23.7 billion	+5.32%
San Jose	\$119.7 billion	\$121.4 billion	+1.36%
Santa Clara	\$23.8 billion	\$25.3 billion	+6.15%
Saratoga	\$10.2 billion	\$10.7 billion	+4.90%
Sunnyvale	\$25.9 billion	\$26.9 billion	+3.73%
Unincorporated	\$12.5 billion	\$12.9 billion	+3.03%
Total	\$299.1 billion	\$308.8 billion	+3.25%

Source: Santa Clara County Assessor's Office BAY AREA NEWS GROUP

all 27 percent of all single-family homes and 53 percent of all condominiums in the county are still "underwater."

While residential property values are seeing a modest increase across the area, those increases are again reflected in some of Silicon Valley's wealthier enclaves such as Cupertino, where property values jumped 6.35 percent since last year.

In Los Altos and Los Altos Hills, the assessed values increased 5.19 percent and 4.83 percent respectively, Palo Alto saw a 5.32 percent jump, and Saratoga went up by 4.90 percent from last year.

But Mountain View jumped by 6.56 percent, and Santa Clara increased by 6.15 percent.

Stone attributed growth in those areas to commercial properties that are being built or leased to accommodate new businesses and workers throughout North County.

"Because that's where the jobs are," said Stone. Meanwhile, he continued, developer John Sobrato is building 350,000 square feet of office space in Santa Clara.

"What you're seeing for the first time in a number of years is Class A office space being built on spec, with no anchor tenant committed when you start building."

—Santa Clara County Assessor Larry Stone

"Higher property valuations in San Jose are a welcome change in direction, but we still have a long way to go before we return to pre-recession levels for property tax revenues."

—David Vossbrink, spokesman for City Manager Debra Figue

Thursday's numbers, which included 1.3 percent growth in San Jose, didn't surprise city officials.

"Higher property valuations in San Jose are a welcome change in direction, but we still have a long way to go before we return to pre-recession

percent more properties are getting a Proposition 8 temporary reduction because the fair market value has fallen lower than the purchase price.

Stone is proactively partially restoring the assessed value of 51,485 properties that had dropped in recent years and fully restoring the values of 13,798 more.

Stone said 85,074 properties that had previously declined in assessed value have shown no change or are declining further.

Stone said that restoring some assessed values as others are reduced can confuse property owners.

Most property owners assume that Proposition 13 limits increases in the assessed value of a property to no more than 2 percent annually. But that's not entirely true, he said. If a property was reduced by Proposition 8, which passed in 1978 and allows for the reassessment of property values in a declining market, the assessment goes back up to the Proposition 13 cap when the real estate market recovers, even if that's more than 2 percent.

But homeowners who want to contest their properties' assessed values can request a review from the assessor or file an appeal with the county. They also can go to www.sccassessor.org to look at their property's appraisal and also request a review online if needed.

Contact Tracy Seipel at 408-275-0140.