

MEDIA RELEASE

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Lawrence E. Stone, Assessor

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Assessed Value Increases 7.9%; Commercial and Industrial drives increases **Silicon Valley's economy remains robust for 4th year**

Santa Clara County Assessor Larry Stone announced today that the county's net assessment roll increased by 7.9 percent to \$419 billion, an increase of \$30.9 billion, a virtual tie with last year. The assessment roll growth during the past four years has exceeded the growth for the preceding ten years. The assessment roll is a snapshot of the assessed value of all real and business personal property in Santa Clara County as of the January 1, 2016 lien date.

"Silicon Valley's strong economy has erased most of the losses in property values incurred during the 'Great Recession'," said County Assessor Larry Stone. "That's great news for all property owners, as the largest single asset that most people own is their home. Santa Clara County is once again leading the region, and the state."

"The Silicon Valley economy is the envy of the nation, posting 60 consecutive months of job gains. Unlike the previous jobless recovery, unemployment dropped to 3.8% in Santa Clara County, the sixth consecutive month below 4%, lower than the state at 5.4% and the nation at 5%. The valley's growth has been driven primarily by the high technology industry."

Not surprisingly, Mountain View and Santa Clara lead the county, while, San Jose and Campbell, along with 6 other local jurisdictions recorded growth lower than the countywide average.

"The strong growth in assessed value has been tempered by a lower California Consumer Price Index (CCPI)," said Stone. Proposition 13 limits the annual increase in the assessed value of all properties to a maximum of two percent of the California Consumer Price Index (CCPI), whichever is lower. This year the CCPI was 1.525%, the tenth time the CCPI has been less than two percent in the 37 years since the voters approved Proposition 13 in 1978.

City	Roll Growth
Campbell	7.61%
Cupertino	10.06%
Gilroy	8.37%
Los Altos	6.87%
Los Altos Hills	6.55%
Los Gatos	8.56%
Milpitas	6.38%
Monte Sereno	5.63%
Morgan Hill	7.83%
Mountain View	12.52%
Palo Alto	8.59%
San Jose	7.05%
Santa Clara	11.27%
Saratoga	5.21%
Sunnyvale	9.77%
Unincorporated	0.89%
Countywide	7.97%

Santa Clara County's strong economy has created an incredible demand for multi-family housing and

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commercial properties. Nearly half of the increase in assessed value, \$16.6 billion, is attributable to reassessable changes in ownership, followed by a \$6.9 billion in new construction. By comparison in 2010, at the height of the great recession, changes in ownership accounted for a meager \$2.8 billion, and new construction less than \$1 billion.

More and more major technology companies favor ownership over long term leases. “Clearly they are doubling down on Silicon Valley with enormous investments in land and the development of commercial and industrial buildings and campuses,” said Stone. An astounding 85% of the \$6.9 billion in new construction was driven by commercial and industrial development. Apple’s massive new “spaceship” campus, added \$700 million in new construction for a total of \$1.6 billion in assessed value. Other major projects under construction or recently completed include:

- Moffett Gateway, a seven-story, 529,000 square foot Class A building in Sunnyvale which had \$112 million in assessable construction costs last year.
- Monticello Village in Santa Clara, an 825 unit apartment and retail complex adding \$466 million in construction costs to the assessment roll.
- Main Street on Stevens Creek Blvd in Cupertino, a multi-use property when completed, will provide 260,000 square feet of Class A office space; 130,000 square feet retail; 180 hotel rooms and 120 apartments. The assessable construction costs of the partially completed project hit \$168 million.
- Samsung’s newly occupied North American headquarters in San Jose, a 10 story 636,000 square foot office building, assessed at \$311 million
- A five story office and R&D building in Mountain View leased to Google
- A six-story, 622,000 square foot office building in Santa Clara which was occupied and is assessed at \$180 million
- A 115,000 square foot Class A Office building in Santa Clara built to LEED Gold Standard was completed and assessed at \$148 million

“While any of these seven projects are significant unto themselves, they are overshadowed by the Apple campus and the \$1.4 billion Levi’s stadium, home of the San Francisco 49ers,” said Stone.

In addition to the strong growth in commercial and industrial property values, there has been an enormous demand for apartments. Earlier this year the Business Journal reported that San Jose apartment rents have risen 45% in the past four years. Last year, a national apartment trade publication listed San Jose as the number one apartment “boomtown” in the U.S.”

In the metropolitan San Jose area, the average monthly rent for a one-bedroom apartment reached \$2,436 in 2015, reflecting 97.6% occupancy.

This boom is driven not only the scarcity of multi-family units, but also by sharply rising incomes. Income and wages in Silicon Valley remain significantly higher than in the state or the nation. The annual median income in Santa Clara County is \$115,000.

During the Great Recession (2009-2012), the Assessor proactively reduced the assessment for 136,000 properties to account for the significant decline in property values during the recession. That action reduced the County assessment roll by \$27 billion. The surging economy since 2012 has led to the full recovery to market value for the majority of these properties.

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The annual growth in the assessment roll is due to a number of factors including changes in ownership, qualified exemptions, new construction, the CCPI, and assessment increases for properties that received a temporary assessed value reduction (Proposition 8) following the collapse of residential property values during the recession. The assessment roll also contains the value of business personal property including machinery, equipment, computers, and fixtures acquired by businesses,” said Stone.

Last week, 487,055 property owners received their annual notice containing their property’s 2016-17 assessed value. The notices serve as the basis for the property tax bills mailed in the fall. Santa Clara County is one of only nine 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.

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 353,000 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 receive assessment notices, in addition to interacting 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 from the Assessor’s office an informal review of their assessment. The Assessor’s property appraisal staff 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, which is mailed in the fall.

The annual notice also describes the process for filing a formal assessment appeal by the September 15, 2016 deadline. Last November, the fee to file an assessment appeal with the Clerk of the Assessment Appeals Board was eliminated. “I advocated for the elimination of the filing fee and greatly appreciate Supervisor Joe Simitian leadership and the Board of Supervisors,” said Stone.

More information is available at www.sccassessor.org. “Residential property owners who 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 Value Hearing Officer schedules earlier hearing dates allowing a more rapid resolution.

“If you disagree with the assessed value, property owners should not wait for the tax bill, before filing an appeal as the tax bill is mailed by the Tax Collector 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 (<https://www.sccgov.org/sites/bos/cob/Assessment-Appeals/Pages/default.aspx>).

Note: Additional information, such as a detailed city-by-city breakdown of the assessment roll is available in the Assessor’s Annual Report published in August. Property owners who want to receive the Annual Report can send an email to annualreport@asr.sccgov.org.