

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
1-408-299-5572 FAX 1-408-297-9526
E-Mail: david.ginsborg@asr.CO.Scl.CA.US
Web Site: <http://www.scc-assessor.org/>



Lawrence E. Stone, Assessor

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Contact: David Ginsborg
(408) 299-5572

County Assessor Larry Stone reports 29,014 properties to receive temporary reductions

ASSESSMENT ROLL GROWS BY \$11 BILLION, DESPITE WEAK ECONOMY

Today, County Assessor Larry Stone announced that the total net assessed value of all real and business personal property in Santa Clara County grew by 5.52%, an increase of more than \$11 billion, for a total of \$210.84 billion.

As predicted, the rate of growth slowed considerably for the 2002-2003 Assessment Roll, which is a snapshot of the total assessed value for Santa Clara County as of January 1, 2002, the lien date. "This year's Assessment Roll reflects the full impact of the economic downturn in Silicon Valley," said County Assessor Larry Stone.

While the rate of growth remains historically strong relative to other counties, Santa Clara County has not experienced a rate of growth as slow as 5.52% since 1996. "Compared to previous assessment roll growth, which in recent years has exceeded 15%, this year is downright abysmal, especially to those who suffered a loss in property value, are out of work or have seen their personal investment and retirement assets decline dramatically," said Stone.

Driven by the weak national economy, the decline in real estate values has impacted all property types, including homes, condominiums and apartment complexes, along with office buildings, shopping centers and industrial campuses. Compared to last year, there were 25% fewer changes in ownership. In addition, many of the County's businesses disposed of machinery, equipment, computers and fixtures instead of making major investments in their physical plants and equipment.

The Assessor is also required to respond to the changes in the market. "As Assessor, my responsibility is to insure that accurate values are enrolled to reflect market conditions. When market values (as of the lien date, January 1, 2002) fall below the original purchase price, I am required to temporarily reduce assessed values in accordance with proposition 8," said Stone. This year the Assessor's Office temporarily reduced assessed values on 29,014 properties for a total reduction of \$4.45 billion, the single largest, one year reduction in Santa Clara County history. To put in perspective, for approximately every \$3 added to the total assessment roll due to new construction, \$4 was taken off the roll due to the decline in assessed values. The major loser is the State of California, which receives 61% of the property tax revenue generated by property assessments in Santa Clara County, to fund public schools and community colleges

"While this "temporary" reduction in assessed value may appear to be "good news" for almost 30,000 property owners, it is very stressful for homeowners when the value of their home, which for most families is their single most valuable asset, declines," said Stone. The Assessor also reminded property owners that when the market rebounds he is required to restore their assessed value to the "factored" base year value.

"Ninety-eight percent of the properties affected are single family homes and condominiums with the balance being office, industrial, retail, hotels and multi-family properties," Stone said. The overwhelming majority of the reductions are properties that were purchased or constructed at the 'top of the market,' between 1999 and 2001," Stone said. Properties where the market value exceeds the assessed value, as of January 1, 2002, are not eligible for an adjustment in the assessed value.

Finally, Stone pointed out that all of this growth has occurred without a significant increase in the Assessor's staff or budget. In fact, since he was elected in 1994, Assessor Stone has returned \$5.38 million of his budget to the County's general fund.

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