



# ANNUAL REPORT 2008

CITY & COUNTY OF SAN FRANCISCO  
OFFICE OF THE ASSESSOR-RECORDER

PHILTING, ASSESSOR-RECORDER



OFFICE OF THE ASSESSOR-RECORDER

# ANNUAL REPORT 2008

## TABLE OF CONTENTS

Introduction .....	1
Revenue .....	9
Equity and Fairness .....	21
Innovation .....	27
Biography of the Assessor-Recorder .....	35
Staff composition/Organizational Chart .....	36
Frequently Asked Questions (FAQs) .....	39
Glossary .....	47
Important Dates for Property Owners .....	51



## EXECUTIVE SUMMARY

This report's goal is to provide you with insight into the Assessor-Recorder's Office and our major accomplishments during Fiscal Year 2007-2008. The first part of the report is divided into four sections: Introduction, Revenue, Equity & Fairness, and Innovation. The second half of the report includes background and technical information on the Office of the Assessor-Recorder.

The Introduction section will provide the reader with highlights from the year, background on the real estate market, and assessment roll growth information. The Revenue section details historical trends and current figures for property and transfer tax dollars that our office's work generates. The Equity & Fairness and Innovation sections highlight our office's efforts to provide assistance to taxpayers beyond our everyday duties, and to streamline operations.

Among the initiatives discussed in these sections are our ongoing efforts to work with homeowners who are facing foreclosure, close corporate tax loopholes, ensure that materials sent in the mail are translated for non-English speakers, and work with our partners in City government to increase the number of rooftop solar energy installations in San Francisco. Finally, the Frequently Asked Questions and the other sections at the end of the report provide legal and technical background information on property tax law and the role of the Assessor-Recorder.





## MESSAGE FROM THE ASSESSOR-RECORDER

Thank you for taking an interest in the Office of the San Francisco Assessor-Recorder; I am honored to serve you. Fiscal Year 2007-2008 was a challenging year as the City and County of San Francisco faced a \$338 million budget shortfall; one of the largest in recent history. As the Assessor, my staff and I endeavor to ensure that every property tax dollar owed to the City is collected; a role that becomes particularly crucial as the City faces large budget shortfalls and the real estate market begins to soften.

The 2007-2008 fiscal year was my third year in office and I am very proud of what we accomplished on behalf of the people of this great city. Our successes have a direct impact on City services and are a major component of the City's revenue. Despite property values dipping in much of the Bay Area, they remained strong in San Francisco and the 2008 Assessment Roll grew from \$130 billion to \$141 billion, an increase of 8.7%. After applying the 2008-2009 adopted local and county tax rate of 1.163% on the basis of levy, the total estimated tax dollars from the 2008 assessment roll is approximately \$1.6 billion. Property tax is the single largest revenue stream for the City and County and as such, plays a large part in supporting vital services such as education, health care, transportation, affordable housing and public safety.

In addition to carrying out our official role in the fair and equitable valuation of property in San Francisco, there are other objectives that I have set out to accomplish during my tenure as Assessor-Recorder. These include working to help prevent foreclosures, to close corporate loopholes in the transfer tax law, to create an incentive program to offset the costs of solar energy systems, and to promote a "real estate watchdog" program. This past year was a very exciting time in City Hall in which our office played a vital role for the over 1,000 same-sex couples that got married. We recorded over 1,000 marriage licenses following the Supreme Court's ruling which legalized same-sex marriage in California.

Our accomplishments are largely attributed to the dedication and skill of our diverse and talented staff. It is a testament to each and every one of them that we have once again achieved so much on budget. My gratitude goes out to the over 120 members that make up our team.

In addition to carrying out this department's important work for the City and County, it has consistently been my priority to provide superior and courteous service. We are constantly striving to find better and more efficient and effective ways to serve the public. If after reading this report you find yourself with any questions or suggestions, I encourage you to contact our office.

Sincerely,

A handwritten signature in black ink that reads "Phil Ting". The signature is written in a cursive, slightly slanted style.

Phil Ting



## REAL ESTATE MARKET SNAPSHOT

For the first time in years, many counties across California saw overall declines in property value, San Francisco, however, was largely immune from the downturn in the market. The areas of the country that grew the fastest during the real estate boom of the last ten years – such as California, Nevada, and Florida - are the same areas where values are decreasing the most. The hardest hit areas in California also happen to be the fastest growing: the Bay Area, the Inland Empire and Los Angeles. This has been particularly true in the residential market.

According to a report by Dataquick , the median price paid for a Bay Area home was \$587,500 in December 2007, down 4.9 % from \$618,000 in December 2006. San Francisco saw a decline in median price of only 1.9% during this same period while surrounding counties saw much more significant decreases: Contra Costa (-11.3 %), Solano (-15.8 %) and Sonoma (-21.9%).

Although we see the headlines saying that residential real estate values are plummeting, the steep declines are not Bay Area-wide; there are some zip codes in a few counties where median home prices actually increased during the 2007-2008 fiscal year, including parts of Marin, San Francisco, and Santa Clara. Again, as of the (January 1, 2008) lien date on which our assessment roll value is based, property values remained strong in San Francisco.

Mirroring its resilient real estate market, San Francisco's economy also remained strong. A total of 34,000 jobs were added in 2008 and at 4.7%, the unemployment rate remained below the state rate of 5.6%. The commercial real estate sector was equally strong with occupancy rates and rental rates increasing in the Central Business District (CBD) and the South of Market Area. Forecasters predicted that rents would continue to rise during 2008, as they had for the past several years. At the end of 2007, rents averaged about \$42 per square foot, absorption stood at 24% and the vacancy rate stood at 8.8%. Vacancy rates decreased throughout 2007 in both the CBD and non-CBD markets.

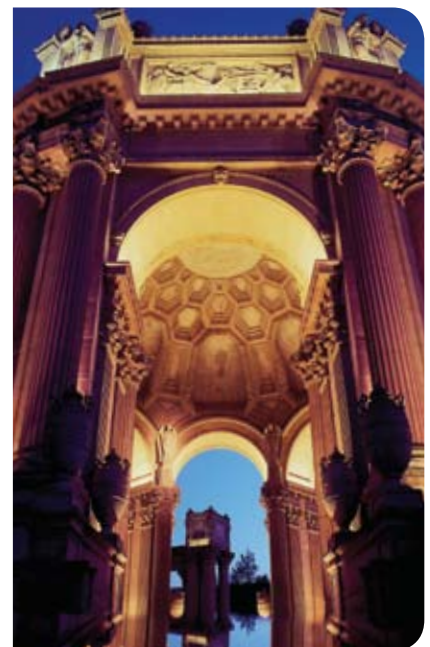
Although growth in the commercial real estate sector was expected to slow in 2008, the slowdown is not expected to be as dramatic in San Francisco as in other cities for a number of factors. According to Cushman & Wakefield, these factors include minimal new supply of office space, the growth of the technology sector, proximity to Silicon Valley, and a diverse tenant base.

## LOOKING AHEAD

In both the San Francisco commercial and residential real estate markets, new construction continues to grow in the City. San Francisco remains the economic engine of the Bay Area region which continues to attract and retain businesses and residents. Also, the Bay Area has more shoreline acres available for development than any other region in the nation.

San Francisco will see a number of large-scale new developments beginning to take shape during the upcoming fiscal year (2008-2009). In the pipeline already are 116 major residential properties of 55 units or more which are estimated to be fully built between 2009-2012. These developments will bring some 48,000 new housing units on the market. There are also 34 major commercial properties totaling over 13 million square feet of new space with estimated completion between 2009-2010. These commercial properties include office space as well as facilities for biotech research and development (R&D). These R&D facilities are primarily concentrated in the recently redeveloped Mission Bay neighborhood.

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## AREAS OF ASSESSMENT ROLL GROWTH

The Assessment Roll grew by over \$11 billion in fiscal year 2007-2008.

The Assessment Roll grew by over \$11 billion in fiscal year 2007-2008. This represents an increase of 8.74% from the previous year, which was larger than the average rate of increase of 6.9% seen over the previous 6 years.

The development of new properties and the growth in value of existing properties drive increases in our assessment roll growth. A larger assessment roll means higher property tax revenues for San Francisco. As demonstrated by the map on page 8, the areas with the largest growth in value were those where there the City is investing in rebuilding and redeveloping neighborhoods.

The Areas of the City with Largest Increase in Real Property Assessed Value from 2007 to 2008 were:

### HUNTER'S POINT

- 2008: \$665,192,767
- 2007: \$561,858,649
- % Change: 18.39%

### POTRERO HILL

- 2008: \$1,594,363,596
- 2007: \$1,371,239,837
- % Change: 16.27%

### SOUTH OF MARKET

- 2008: \$19,019,214,634
- 2007: \$16,881,589,901
- % Change: 12.66%

The southeastern neighborhood of Hunter's Point saw growth resulting in part from the opening of the Third Street Light Rail and the increase in value of surrounding commercial and residential properties. Simultaneously, the San Francisco Redevelopment Agency (SFRA) moved forward with their plans for the Bayview neighborhood and the Shipyard in Hunter's Point which include the development of thousands of new housing units, new open space for recreation and additional square feet of commercial and retail space.

The growth around Potrero Hill can be attributed to the anticipation of the Eastern Neighborhoods Plan, which was approved by the Planning Commission and the Board of Supervisors in 2008. The rezoning effort encompasses 2,200 acres in the areas of Showplace Square/Potrero Hill, East SOMA, the Central Waterfront (between Mission Bay and Islais Creek) and the Mission District. This new zoning means the addition of approximately 7,500 new housing units and new areas where only light industry is allowed and new housing and office development is banned. Much of the residential development is already underway in lower Potrero Hill.

We also saw growth at San Francisco's new Mission Bay development which covers 303 acres of land. Most of the development in this area is complete already and includes: 6,000 housing units, with 1,700 (28%) affordable to moderate, low, and very low-income households; 6 million sq. ft. of office/life science/technology commercial space; a new UCSF research campus containing 2.65 million sq. ft. of building space on 43 acres of land donated by the master developer and the City; and retail space, open public space, a hotel, a school, a library and new police and fire stations.

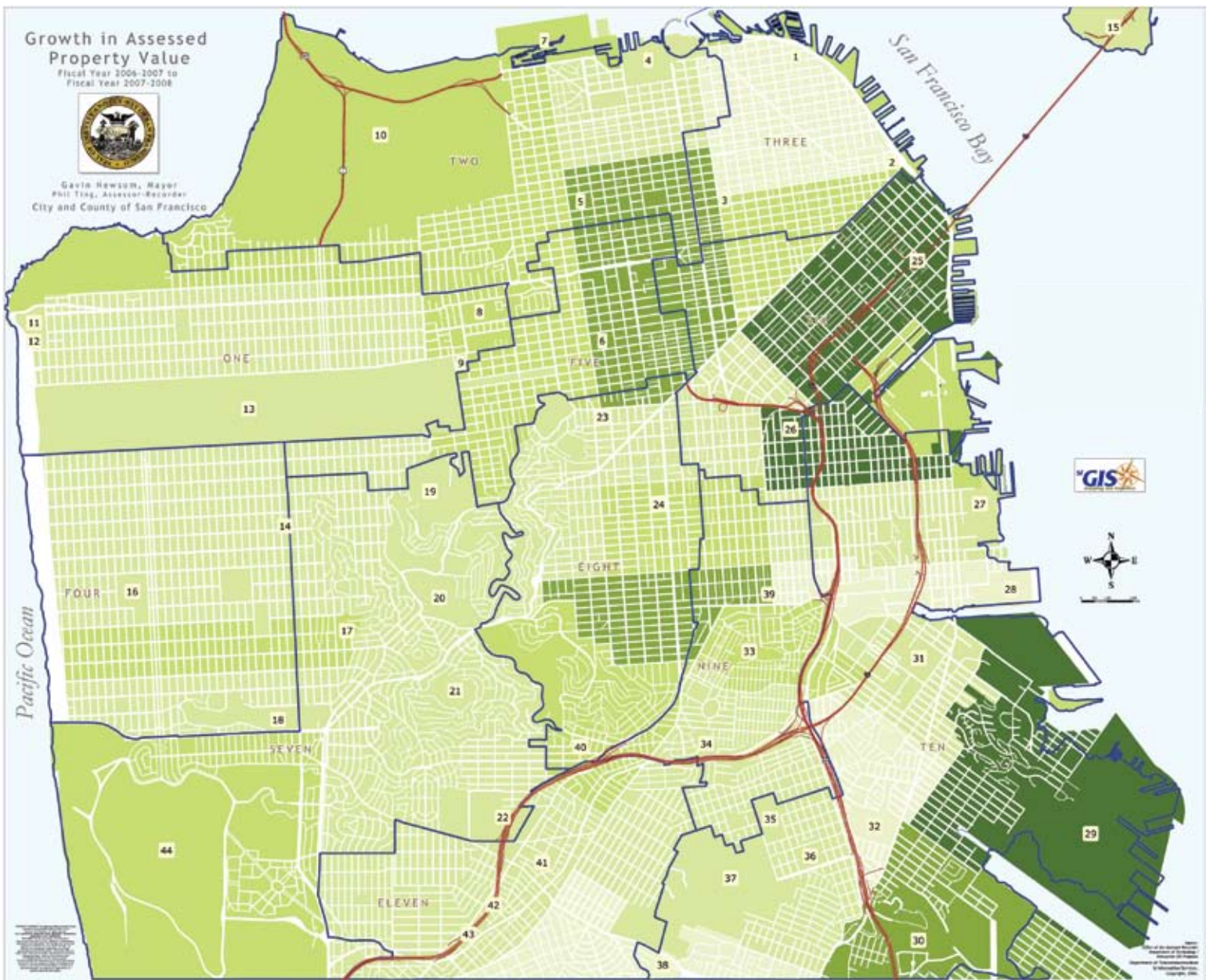
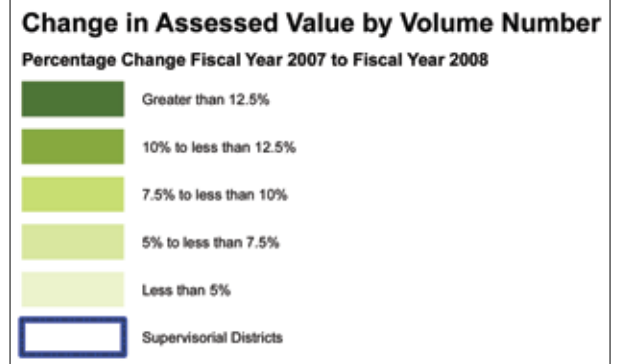




One of the main catalysts of growth in the South of Market Area is the redevelopment of the Transbay Terminal, which will be known as the Transbay Transit Center, and the surrounding area. The City is currently drafting the Transit Center District Plan for this area around a new Transit Center which would increase the density and height allowances in the area. This represents an expansion of the downtown Financial District southward from Market Street toward Folsom Street, including Rincon Hill. Together, the Transbay Redevelopment and Rincon Hill Plans would allow for over 7,000 new housing units in the area east of 2nd Street and north of the Bay Bridge, along with new open space, retail along Folsom Street, and street improvements. Other development throughout the South of Market has continued, particularly in the eastern portions, as areas around the baseball stadium and South Beach have matured. The first of the two large residential towers at Rincon Hill, the Infinity at 300 Spear Street and the Millenium Tower at 301 Mission Street all completed construction during 2008.

Although both Eastern Neighborhoods and the Transbay and Rincon Hill plans are still largely in the planning stages, we see some growth in property values there. This is due to increasing property values as new development came in and increased the desirability of the area.

ASSESSMENT ROLL GROWTH



## OVERVIEW

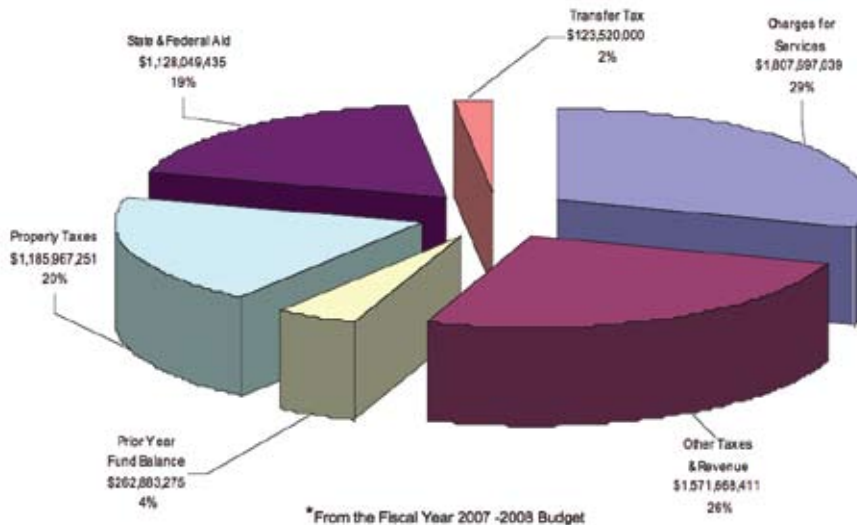
The mission of the Office of the Assessor-Recorder is to value property in a fair and equitable manner according to California Revenue and Taxation Laws, record documents with integrity, and provide the public with superior and courteous service. Our office is the main revenue generating department in the City and County of San Francisco. The more revenue we have, the larger our budget and the more funds we have available to provide the vital services that all San Franciscans rely upon.

Property tax is the single largest revenue source for the City and County; others include the business payroll tax, sales tax, hotel room tax, utility users tax, and parking tax. The City is legally required to balance its budget each year so any decrease in revenues can lead to a cut in spending. In order to avoid implementing spending cuts to city services, we as a department do all that we can to be sure that every tax dollar owed is collected.

Independently, the property taxes incurred through assessments by our office account for 20% of the City and County's revenue and 33% of the General Fund. The budget for the City and County for fiscal year 2007-2008 was \$6 billion and the amount allocated for the General Fund was \$2.9 billion.

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### WHERE DOES THE CITY'S REVENUE COME FROM?

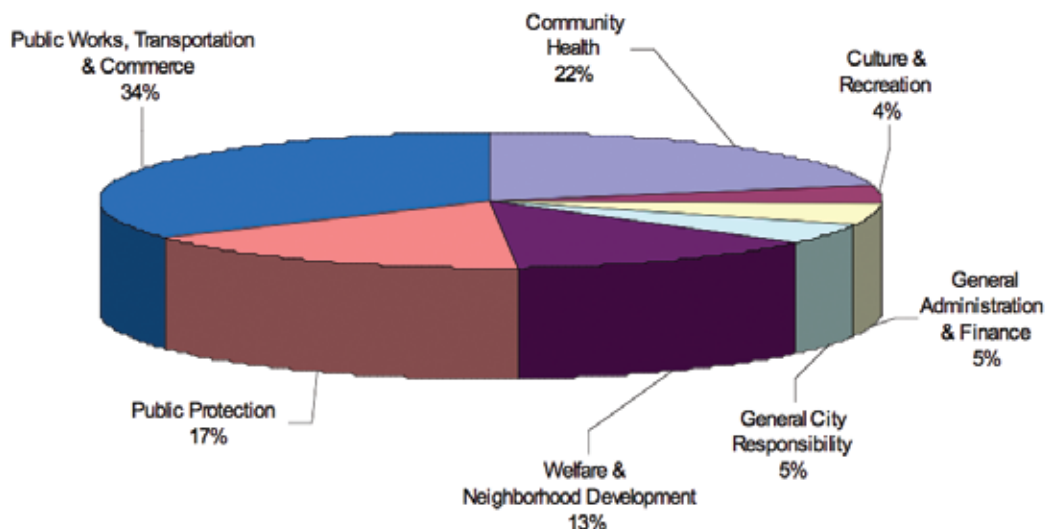


## THE CITY AND COUNTY'S BUDGET

City and County government plays a vital role in developing and maintaining San Francisco's infrastructure and services. Ours is a racially and economically diverse city and it is one of our responsibilities in local government to ensure that San Francisco is a place that continues to attract and retain this diverse population, all of whom rely on services that local government provides.

In San Francisco, the majority of government spending is allocated into four broad categories: public safety; public works and transportation; public health; and welfare and community development. San Francisco prides itself as a City that prioritizes taking care of its most vulnerable citizens and our spending in the areas of public health and services for the poor and homeless illustrate this quality.

### HOW IS THE CITY'S REVENUE SPENT?



\*From the 2007-2008 Budget



## ASSESSMENT ROLL

### How Much Revenue does the Assessor-Recorder Generate?

The 2008 Assessment Roll grew from \$130 billion to \$141 billion, representing an 8.74 % increase from last year's roll which totaled \$130 billion (these numbers represent the secured and unsecured roll less exemptions.) After applying the 2008-2009 adopted local and county tax rate of 1.163%, the total estimated tax dollars from the 2008 assessment roll is approximately \$1.6 billion; an increase of \$400 million from the 2007 roll.

In San Francisco, we are fortunate in that our roll value continues to grow. This growth illustrates that despite a national and regional slump in the real estate market, San Francisco maintains a strong property tax base. We have historically seen increases in our total roll value from year to year primarily due to a strong real estate market and the 2% inflation annual increase allowed under Proposition 13. Despite this automatic 2% increase, there were some counties whose assessment

### ASSESSMENT ROLL SUMMARY

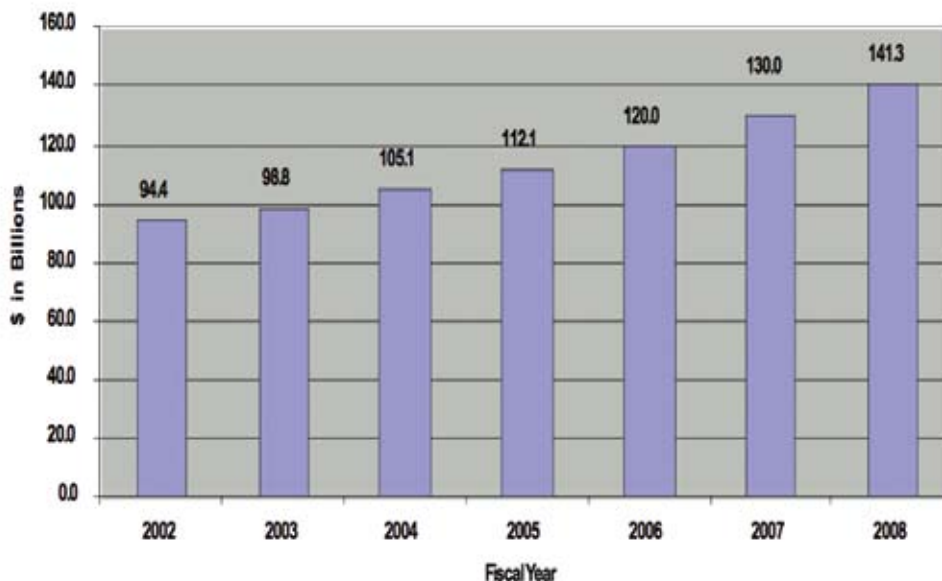
DESCRIPTION	2008	2007	% Chg
<b>Secured Roll</b>	\$135,947,330,250	\$125,319,139,041	8.50%
<b>Unsecured Roll</b>	9,622,316,941	8,063,783,795	19.30%
<b>SBE Roll</b>	2,033,644,006	2,130,732,556	-4.60%
<b>Less: Exemptions</b>	(6,328,662,877)	(5,509,176,849)	14.90%
<b>Net Assessed Value</b>	<b>\$141,274,628,320</b>	<b>\$130,004,478,543</b>	<b>8.70%</b>

roll actually experienced negative value. These counties include Solano, San Benito and Merced, among others. The fact that San Francisco’s assessment roll grew was particularly crucial as we faced a huge budget deficit totaling \$338 million.

The Assessment Roll has increased by nearly \$47 billion over the past seven years, bringing in some additional \$517 million in property tax dollars. During fiscal year 2007-2008 the value of assessed property increased by more than \$11 billion, with \$1.46 billion in total property taxes generated. This substantial increase is a testament to the strength of the San Francisco market and its ability to resist the downturn that has greatly affected much of the Bay Area and beyond this past year. It is also a testament to our hard work as a department.

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**7 YEAR ASSESSMENT ROLL HISTORY**

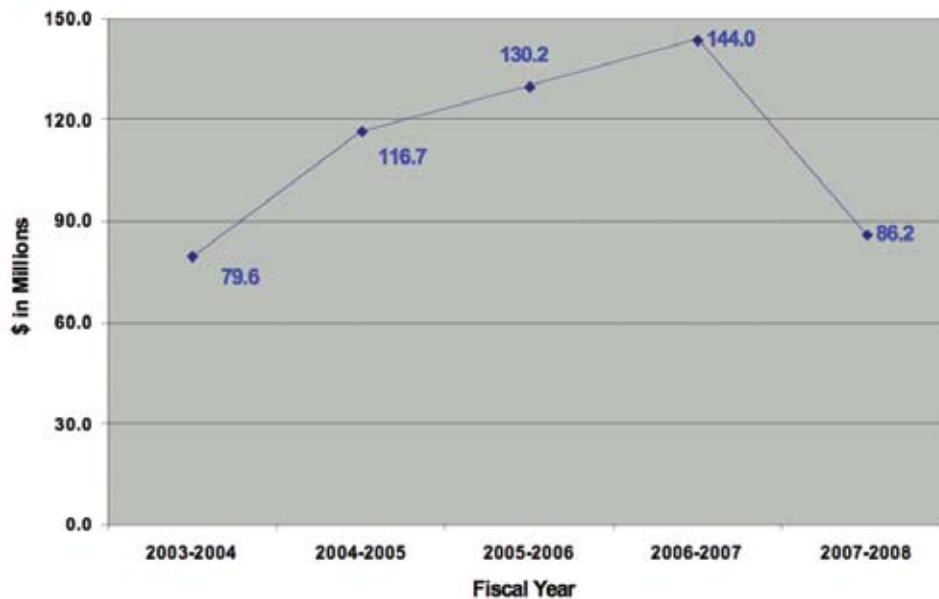


## TRANSFER TAX

Our office's work also produced \$86 million in real property transfer tax revenue, all of which accrues to the General Fund. The transfer tax is a tax imposed when real estate is sold or transferred from one entity to another; because it is tied to the exchange of properties and their value, the transfer tax is a volatile revenue stream. In 2007-2008, we brought in \$86.2 million from transfer taxes, which is a significant decline from the \$144 million collected the previous fiscal year.

Fiscal years 2004-05, 2005-06 and 2006-07 all witnessed unprecedented sales activity in the commercial real estate sector. After seeing steady transfer tax growth during this real estate boom, the abrupt decline this past fiscal year can be attributed to a cooling slowing in the real estate market.

**TRANSFER TAX REVENUE 5 YEAR HISTORY**



## RESIDENTIAL VS. COMMERCIAL TAX BURDEN

Of the approximately 197,000 properties on the assessment roll, 85% are residential and the other 15% are non-residential properties including those that are categorized as commercial, industrial and mixed use. Although a much larger portion of the property count is comprised of residential properties, the non-residential properties account for 33% of all assessed value.

Over the last 30 years, the property tax burden has shifted from commercial to residential property owners. As reflected in the graph on page 15, commercial properties contribute 43% of property taxes while residential property owners contribute 57%. The commercial property figures include income-producing properties, such as commercial office space and apartment buildings. The residential property figures represent owner-occupied properties.

Commercial properties contribute 43% of property taxes while residential property owners contribute 57%.

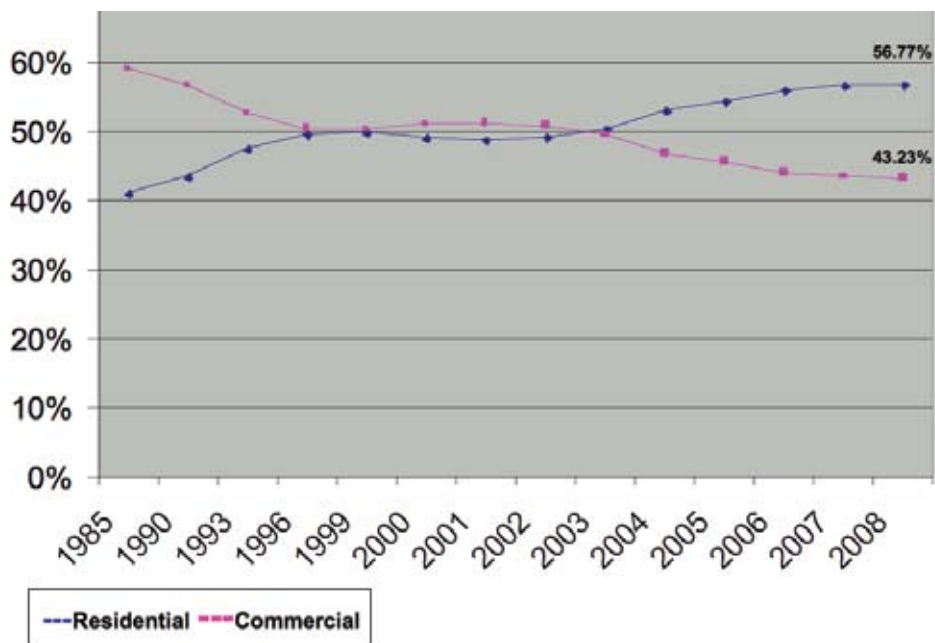
### ASSESSMENT ROLL BY PROPERTY TYPE

PROPERTY TYPE	ROLL VALUE			PARCELS	
	Amount (in \$)	% Growth	% of Total	Count	% of Total
Single-Family Residential	\$63,600,415,669	9.87%	47.48%	134,802	68.35%
Multi-Family Residential	25,958,618,130	5.85%	19.38%	35,218	17.86%
Commercial - Office	5,058,875,028	5.21%	14.85%	1,560	0.79%
Commercial - Hotel	19,897,585,270	3.58%	3.78%	744	0.38%
Commercial - Non-Office	14,819,543,484	13.24%	11.06%	16,477	8.36%
Industrial	2,580,243,446	9.46%	1.93%	2,395	1.21%
Others/Miscellaneous	2,042,470,102	7.91%	1.52%	6,012	3.05%
<b>Total</b>	<b>\$133,957,751,129</b>	<b>8.24%</b>	<b>100.00%</b>	<b>197,208</b>	<b>100.00%</b>



Since the passage of Proposition 13 in 1978, the contribution of the assessed value of commercial and industrial properties relative to the total number of properties has declined. This graph demonstrates the change since 2000 wherein residential property overtook commercial property owners as the primary source of property tax revenue. As the value of homes in San Francisco has steadily risen since 2000, homeowners continue to assume a larger share of the tax burden.

**RESIDENTIAL VS. COMMERCIAL TAX BURDEN**



## LARGEST ASSESSEES

The graph below depicts who the largest assessees are in San Francisco. These entities all own one or more large commercial properties in the City which together comprise over \$4 billion in assessed value.

### TOP TEN PROPERTY ASSESSEES 2008 ASSESSMENT ROLL

Assessee	Type of Business	Assessed Value (\$000s)
555 California Owners LLC	Office, Commercial	\$885,380
EOP – One Market LLC	Office, Commercial	442,169
Marriott Hotel	Hotel, Commercial	413,653
Four Embarcadero Center Venture	Office, Commercial	372,383
Post – Montgomery Associates (One Montgomery Street)	Retail, Commercial	363,063
TST Mission Street LLC (555 Mission Street)	Office, Commercial	331,047
One Embarcadero Center Venture	Office, Commercial	320,993
Broadway Partners (multiple properties)	Office, Commercial	306,000
Three Embarcadero Center Venture	Office, Commercial	301,964
Embarcadero Center Associates	Office, Commercial	300,771
<b>Total Taxable Assessed Valuation - All Above Assesseees</b>		<b>\$4,037,423</b>

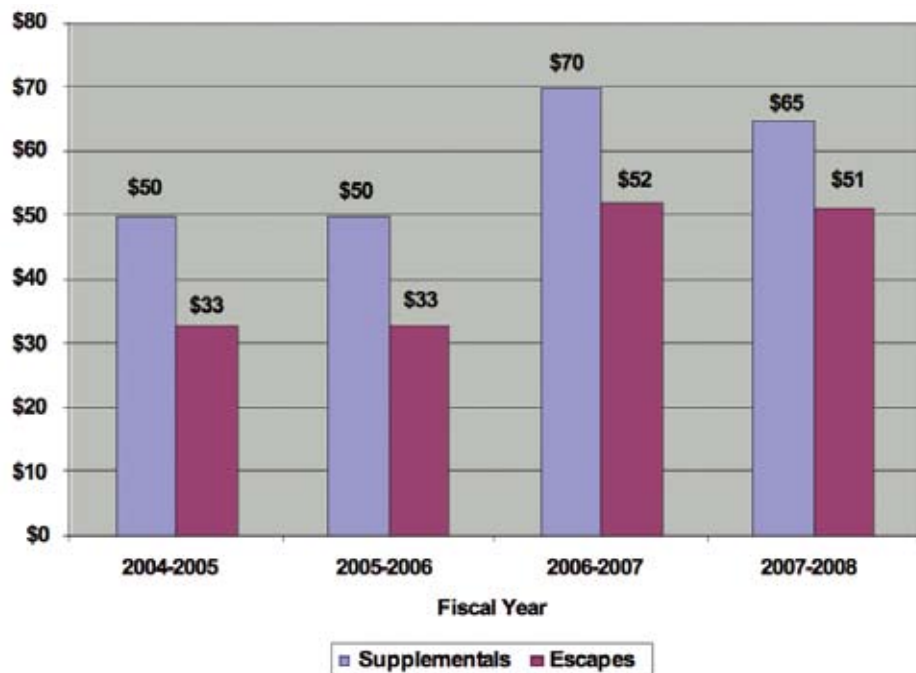
## BACKLOG REDUCTION

Over the last 4 tax years, the Assessor-Recorder's Office has improved our processing of both supplemental and escape assessments and therefore reduced the backlog.

Over the last 4 tax years, the Assessor-Recorder's Office has improved our processing of both supplemental and escape assessments and therefore reduced the backlog. The easiest way to quantify our progress on eliminating the backlog is to look at our processing of escape assessments. Escape assessments result from a delayed reassessment of property. This may be the result of properties that have undergone an assessable change in ownership or new construction that was not reported to the Assessor-Recorder, or properties that have not been reappraised timely before the closing of the roll. Thus, these properties have escaped assessment in the year the event occurred.

Between fiscal years 2004-2005 and 2007-2008, our office brought in \$135 million in property tax dollars above what was expected for the City's budget. This growth is attributable to the significant progress made by the Assessor-Recorder in processing the backlog of changes in ownership and new construction. The Assessor-Recorder staff has put in extra effort over the past three years and as a result of their hard work, we have managed to reduce what was once a four-year backlog in half, and are on our way to permanently clearing it and preventing any further backlog accumulation. The following graphs demonstrate both the revenue generated through escape and supplemental assessments and the assessed value of each over the past four years.

**SUPPLEMENTAL AND ESCAPE REVENUE**



## BUSINESS PERSONAL PROPERTY (BPP)

Our BPP division has over 48,000 active accounts on its assessment which the staff audits on an annual basis. BPP conducts routine audits of many of these businesses and their work generates nearly 5% of the total revenue that the office’s work produces for the City. The hard work of our BPP staff resulted in approximately \$82 million in tax revenue during fiscal year 2007-2008.

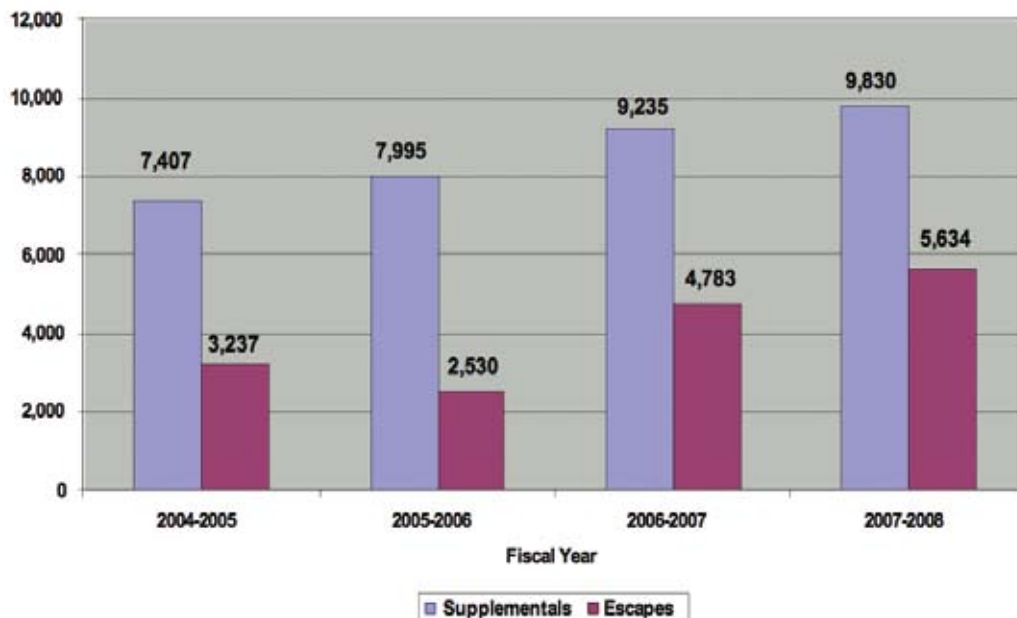
The hard work of our BPP staff resulted in approximately \$82 million in tax revenue during fiscal year 2007-2008.

In this time of deficits at all levels of government - federal, state and local – we have to not only do our jobs with fewer resources and become more efficient, but we also have to do our jobs better in order to ensure that we are more effective at assessing all assessable property. San Francisco is proud to follow best practices from other counties and look at innovative ways of bringing new revenue to our government coffers. During the 2007-2008 fiscal year, BPP worked diligently to build their number of accounts in order to generate more revenue for the City. Below are three innovative steps the division undertook:

1) Our BPP auditors contacted owners and/or building managers of buildings where access was limited. Cooperative owners and/or building managers shared the mailing list of tenants with the auditors. This step allowed BPP to capture new businesses.

Of the 160 building owners and/or managers contacted, our office received 118 responses, which is a 74% success rate.

### SUPPLEMENTAL AND ESCAPE ROLL HISTORY





2) We coordinated with the County Treasurer & Tax Collector’s Office and received their list of registered new businesses.

8,000 new businesses were added to the database and 571-L’s were mailed to all of them in late February 2008.

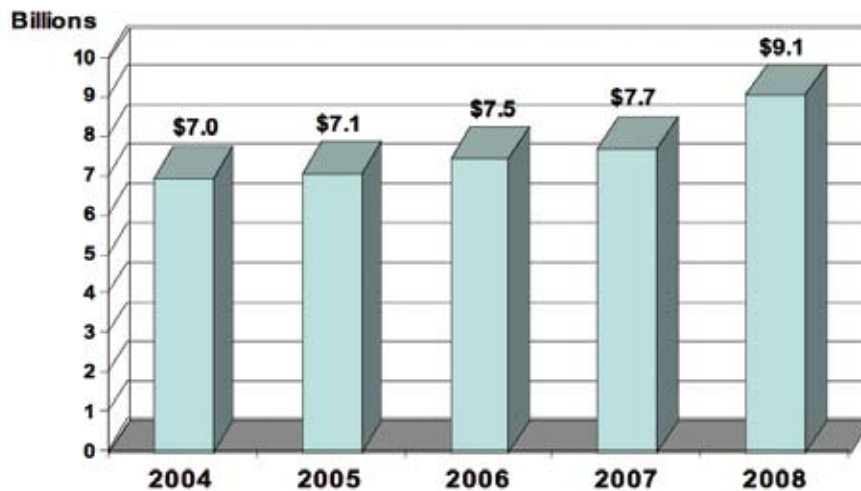
3) We coordinated with the County Treasurer & Tax Collector’s Office and received their list of “renewal” businesses which have tangible personal property in San Francisco.

Due to overlap in timing of the mailing and receiving of these “renewal” registrations, our office is in the process of analyzing them so we can use the data for the FY 2008-2009 processing season.

## UNSECURED ROLL

The unsecured assessment roll is also a major contributor to roll growth and it increased by 17% during fiscal year 2007-2008. Unsecured land and improvements includes property on which taxes are not secured by the real estate, and possessory interest. The BPP roll includes marine/vessels, leases, and business personal property. This increase in roll value was due to growth in small and large commercial businesses and their acquisition of more personal property. It is also due to the hard work of our BPP auditors and their efforts to capture new revenue, as described above.

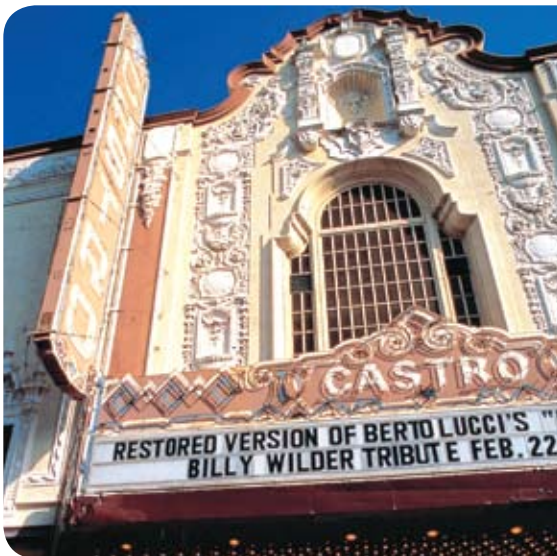
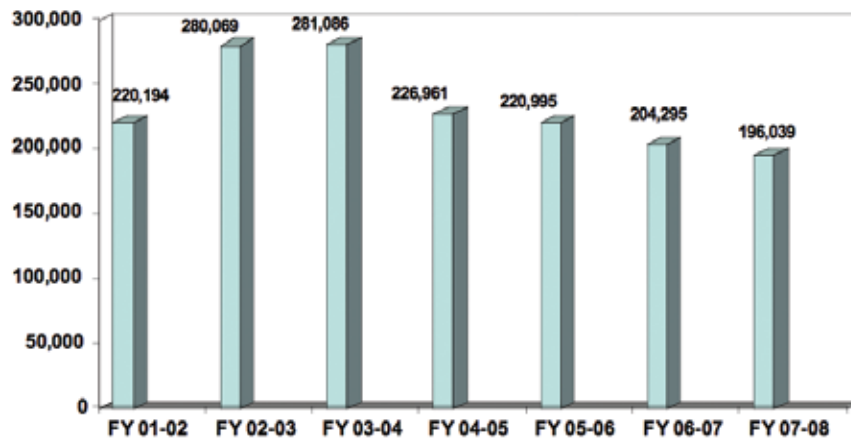
### UNSECURED ROLL HISTORY



## RECORDER

The gradual slowdown of the real estate market, coupled with an increase in the interest rates, has caused a decrease in the recordings of real estate transactions (i.e., deeds) and financial documents (deeds of trust and reconveyance). The number of recorded transactions has declined an average of 5% over the past four years. The chart below reflects the high of 2002-2003 when our office recorded 280,000 documents compared to this year's low of 196,000 documents. This decrease in volume is expected to continue in 2008-2009.

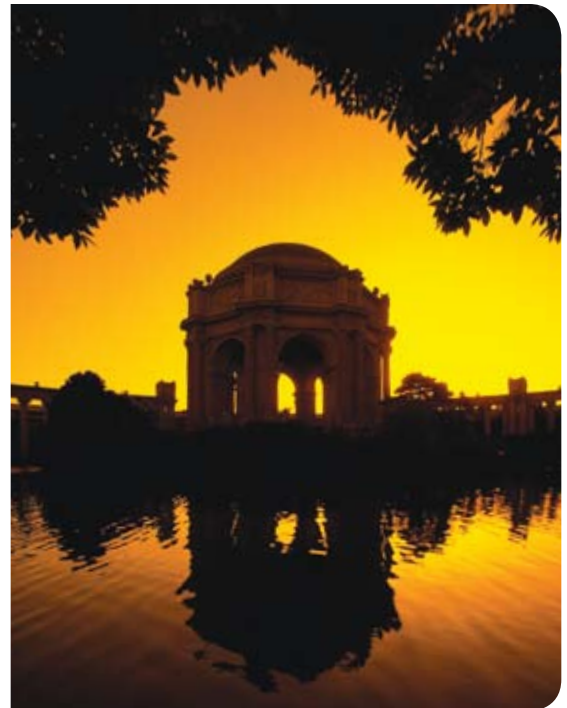
**COUNT OF OFFICIAL RECORDED DOCUMENTS**



## OVERVIEW

We made it a priority in Fiscal Year 2007-2008 to do our part to ensure that people are not paying more in property taxes than they should be and to help those facing foreclosure stay in their homes.

The issues of equity and fairness are always at the forefront of the work we do, whether it is in our day to day duties, or our work on broader issues that affect our community as a whole. Due to the fact that we handle all documents related to real estate we have been able to see firsthand what and where the effects of the real estate downturn have been for San Franciscans. We made it a priority in Fiscal Year 2007-2008 to do our part to ensure that people are not paying more in property taxes than they should be and to help those facing foreclosure stay in their homes. Below are some other initiatives that we undertook to promote equity and fairness for taxpayers in San Francisco.



## KEEPING HOMEOWNERS IN THEIR HOMES

While San Francisco property values have proven to be resilient thus far, the City has not been immune to the foreclosure crisis. The majority of foreclosures are happening to single-family homeowners in the City's low-income neighborhoods. In the 2nd Quarter of 2008 (April, May and June), approximately 25% of all Notices of Default recorded occurred in the 94112 zip code, which is in the southeastern part of the City. Notices of Default are recorded with our office when the property owner defaults on his/her mortgage loan. Trustee Deeds are recorded when the bank actually forecloses on the home. In fiscal year 2007-2008, our office received 1,761 Notices of Default and 493 Trustee Deeds; these figures represent increases of 37% and 67 %, respectively, from fiscal year 2006-2007.

Assessor-Recorder Ting has spearheaded efforts on several fronts to help keep SF homeowners in their homes, including:

- Joining with Mayor Newsom and members of the Board of Supervisors to ask major financial institutions to sign an agreement outlining specific measures aimed at tackling the increasing number of foreclosures and mortgage defaults in San Francisco.
- Sending letters to homeowners shortly after a Notice of Default is recorded with the City indicating non-payment of their mortgage loan. The letter informs homeowners of several resources available to help them remain in their home and avoid foreclosure. These letters were also translated into Spanish and Chinese, commonly spoken languages in San Francisco, in an effort to reach out to homeowners whose primary language is not English.
- Working with the Board of Supervisors to establish the San Francisco Fair Lending Working Group which is tasked with developing recommendations to help homeowners facing foreclosure.

In 2005, Assessor-Recorder Ting helped launch an initiative called "Don't Borrow Trouble" with the Mayor's Office of Housing and community-based non-profit agencies. Don't Borrow Trouble is an outreach program to help homeowners facing foreclosure. The program has set up a hotline for borrowers in trouble to talk with housing counselors and get the help they need.



## CELEBRATING SAME SEX MARRIAGES

Between June 17 and June 30, 2008, 1023 same-sex couples were married, creating a joyous atmosphere in City Hall.

The Recorder's office is responsible for maintaining public records and collecting City revenues from the recording of legal documents, including marriage licenses. Due to the California Supreme Courts landmark ruling, as of June 17, 2008, this now includes same sex marriages. This marked an exciting and busy time for the office, not only because the historic ruling was a win for civil rights and equality, but also because we witnessed many newly married couples that were previously not eligible to do so. Between June 17 and June 30, 2008, 1023 same-sex couples were married, creating a joyous atmosphere in City Hall.



## REVIEWING PROPOSITION 8/ MARKET VALUE DECLINE REQUESTS

Under state law, if the current market value of your property (recent comparable sales) falls below the assessed or taxable value as shown on your tax bill, the Assessor's Office is required to lower the assessment. Our office received 178 informal requests for reductions in assessed value - also known as Proposition 8 (Prop 8) requests - during the 2007-2008 fiscal year. Of the 178 mentioned above, 64 reductions were granted, 68 were denied and 46 are still under review.

Although there were more Proposition 8 requests filed with our office than in previous years, the numbers pale in comparison to what surrounding counties are seeing. In some counties where foreclosure rates have been high and property values have plummeted, Assessors are granting Proposition 8 reductions for up to one-third of their roll.

Below are some figures from other counties for fiscal year 2007-2008:

- Contra Costa issued 85,000 Prop 8 reductions in an across-the-board reduction
- Alameda County received 70,000 Prop 8 requests and granted over 44,000 reductions
- Solano County received 40,000 Prop 8 requests and granted 30,000 reductions

## WORKING TO DEFEND VALUATION IN THE APPEALS PROCESS

If a taxpayer disagrees with the assessed value of his or her property, he or she may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year with the Assessment Appeals Board (AAB). During fiscal year 2007-2008, the AAB resolved 1,365 appeals. Out of the 6% of appeals where the AAB provided an adjustment to the assessed value, only 4% were lowered below the Assessor-Recorder's recommendation.

The total dollar amount of roll value that was defended at the AAB was \$7.5 billion, equaling \$106 million in actual tax dollars.

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**ASSESSMENT APPEALS ACTIVITY  
FOR FISCAL YEAR 2007-2008**

Assessment Appeals Board: of 1,365 closed appeals

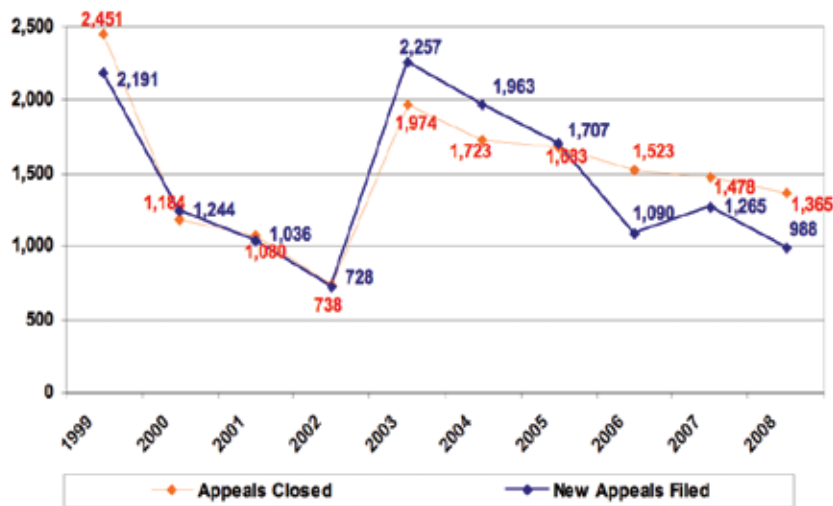
- **54** lowered by the Board 4%
- **25** lowered per Assessor recommendation 2%
- **1,020** withdrawn pre-hearing 74%

- Number of open cases (year to date): 623
- Total Value Appealed: \$14.5 billion
- Total Taxpayer Opinion of Value: \$9.0 billion

**Total Tax Dollars at stake \$62.6 million**

\*\*\*Current year plus prior years' assessments (supplementals and escapes) multiplied by the tax rate of 1.14%

**ASSESSMENT APPEALS HISTORIC ACTIVITY**



## PROMOTING TAX FAIRNESS AT THE STATE LEVEL

During the 2007-2008 Fiscal Year, Assessor-Recorder Ting co-sponsored legislation to promote the equal treatment of unregistered domestic partners under state property tax law. This legislation, SB 153, would allow co-owners of real property to be excluded from a change in ownership – and subsequent reassessment – when one of the co-owners dies. The intent of this legislation is to extend the same benefit that married couples and registered domestic partners have to other individuals who are in relationships and own real property together. Those that would benefit include siblings, unregistered domestic partners, and senior citizens who share expense and care for one another. These groups of people may face the possibility of losing their homes due to reassessment - which can often mean a significant increase in property taxes - when one co-owner dies.

This intent of this legislation was to keep people in their homes. Although it was passed by the Legislature, it was vetoed by Governor Schwarzenegger in September 2008.

The intent of this legislation is to extend the same benefit that married couples and registered domestic partners have to other individuals who are in relationships and own real property together.

## INFORMING TAXPAYERS OF TAX EXEMPTIONS

As required by state law, the Assessor-Recorder's Office grants property tax exemptions on properties owned by non-profit organizations, religious organizations, hospitals, and schools as long as the organization meets the Board of Equalization's requirements and the use of the property is consistent with the mission of the organization. Residential properties where the property is the owner's primary residence also qualify for the Homeowner's Exemption.

### 2008 ASSESSMENT ROLL QUALIFYING EXEMPTIONS

EXEMPTION	VALUE	% TOTAL
Private Schools	8,993,530	0.14%
Homeowners	645,120,000	10.19%
Hospitals	446,488,108	7.06%
Charitable - Non-profit	4,285,063,151	67.71%
Religious Organizations	241,424,572	3.81%
Veterans	12,353,572	0.20%
Churches	98,146,057	1.55%
Colleges/Universities	578,786,045	9.15%
Other	12,287,842	0.19%
<b>Total</b>	<b>6,328,662,877</b>	<b>100.00%</b>

## OVERVIEW

The day-to-day functions that the Assessor-Recorder performs are crucial to the operation of our city. Beyond those duties, however, there are ways that our Department strives to be innovative and look for ways to streamline our operations and maximize efficiency. Over the course of Fiscal Year 2007-2008, Assessor-Recorder Ting reached out to other City officials and departments to implement policy ranging from a groundbreaking solar energy incentive program to closing a corporate tax loophole.

## CLOSING CORPORATE LOOPHOLES

Assessor-Recorder Ting worked with the Board of Supervisors to craft local legislation that will increase tax revenue for the county by closing a corporate loophole in the current tax law. Property-owning corporations are currently able to avoid paying transfer taxes when there is a change of control or ownership, while business partnerships and other entities that receive tax treatment similar to a partnership (Limited Partnerships and Limited Liability Corporations) cannot. This legislation closes the loophole that has allowed corporations to avoid this transfer tax, and in so doing will level the playing field among various types of business entities while raising much-needed revenue for the City and County.

## CREATING SEPARATE BILLING FOR TENANCY-IN-COMMON OWNERS

As part of our office's efforts to ensure that our practices keep pace with the changes in the housing market (TICs are an increasingly popular way for San Franciscans to enter the housing market), beginning in fiscal year 2009-2010 we will begin providing individual assessments for Tenancy-In-Common (TIC) owners who request them. Currently, TIC co-owners receive one property tax bill for the entire property. This would not change – all TIC co-owners will still receive one tax bill and are still liable for the full amount of property taxes owed. However, we will begin offering to provide separate assessments intended to accomplish several things:

- Provide general knowledge regarding assessed value of individual units for TIC owners. The service is especially beneficial to buildings with multiple partial transfers as it will better protect the base year value of each TIC unit.
- Make additional information available to TIC owners to help them in their income tax preparation.
- Enable the Assessor-Recorder's office to process documents more efficiently and accurately, resulting in increased equity and fairness among TIC owners.

We have been working with TIC advocate groups on this process and are beginning outreach efforts. We sent applications to all TIC owners in the City that our office is aware of with the Notification of Assessed Value Letters that went out in July 2008. We will be accepting applications for this new service between July 2008 and March 1, 2009 for fiscal year 2009-2010.

## PROMOTING SOLAR ENERGY

The fiscal year ended with tremendous success in the work Assessor-Recorder Ting began in February 2007 to increase the amount of solar rooftops in San Francisco. July 1, 2008 kicked off the first day of the City's new municipal incentive program for solar. The ten-year program, called "GoSolarSF", is the product of the San Francisco Solar Task Force which Ting co-founded with Vote Solar founder David Hochschild.

The goal of the Solar Task Force has been to increase the use of solar energy in San Francisco by making it easier and more affordable. When the Task Force began its work in early 2007, the City's solar roofs numbered about 560 – a low number considering there are about 150,000 buildings in San Francisco. As of the end of Fiscal Year 2007-2008, the number had grown to about 740. By December 2008, there were 940 solar installations in the City. In addition to launching the incentive program, the Solar Task Force worked with the Department of Building Inspection to streamline the solar electrical permitting process and with the Department of the Environment to launch a new solar mapping web portal that serves as a one-stop shop for solar in the City; [www.sf.solarmap.org](http://www.sf.solarmap.org).

The Task Force worked with a coalition which included Mayor Gavin Newsom and a wide range of solar advocates for nearly a year to get GoSolarSF off the ground. Consisting of incentives ranging from \$3,000-\$6,000 for residents, up to \$10,000 for businesses, and up to \$30,000 for non-profits that install solar, GoSolarSF is one of the nation's largest municipal solar programs. Applications and information are available at the SFPUC's website at [www.sfwater.org/gosolarsf](http://www.sfwater.org/gosolarsf).



## LAUNCHING THE CHINASF INITIATIVE

In fiscal year 2007-08, Assessor-Recorder Ting began working with Mayor Newsom and the Department of Economic and Workforce Development to create ChinaSF, a China – San Francisco economic development initiative designed to establish a comprehensive international business recruitment, expansion, and retention strategy to translate business opportunities in China into tangible results for San Francisco's economy.

San Francisco has shared deep economic and cultural ties with China for over 150 years. Today Chinese Americans are an integral part of San Francisco, making up 25% of the City's residents. With Chinese food, newspapers, news, television and radio readily available, it's much easier for immigrants and foreign nationals to re-locate their families to San Francisco. As the Chair of ChinaSF's San Francisco Advisory Board, Assessor-Recorder Ting sees San Francisco as an ideal place for Chinese companies. ChinaSF is dedicated to helping make San Francisco the gateway for these companies looking to relocate and set up their business operations in the Bay Area.

Assessor-Recorder Ting sees San Francisco as an ideal place for Chinese companies.



## INTRODUCING GIS MAPPING TECHNOLOGY

As the office responsible for valuing all of the City's property, it is crucial that the Assessor-Recorder has access to updated and accurate data on all commercial and residential properties in San Francisco. We are in the process of training our appraisal staff so they are equipped to use the latest GIS (Geographic Information Systems) mapping technology available. In October 2007, Assessor-Recorder Ting announced that our office is beginning to use GIS technology to view photographic images of every property in the City and County by entering the address. This technology comes through a contract that the City already has in place with Pictometry, Inc. The company's high resolution, aerial images are taken from low-altitude aircraft and are therefore more accurate than satellite images.

The use of this program will assist the Assessor-Recorder's office both by enabling the appraisal staff to see portions of property that are not visible from the street and by enabling them to do so without having to make a site visit. This is particularly important for new construction assessments which increase a property's value and therefore bring more dollars to the City in property tax revenue. According to other assessors' offices that have used the technology, it pays for itself in a matter of months. GIS also provides an excellent opportunity to the appraisers who will benefit from learning a new skill set that will prove to be very useful as local governments all over the country increasingly use GIS for mapping, planning, and now assessing.

## PROMOTING THE MILLS ACT

Because of the importance of maintaining our historic building stock in San Francisco, we have been working with the Planning Department, the Landmarks Preservation Advisory Board and the Board of Supervisors to streamline the Mills Act and create incentives for historic preservation. The Mills Act is a state law administered and implemented by local governments that enables the City to grant property tax exemptions to owners who commit to rehabilitating historic property. The City enters into a Mills Act contract with the property owner and in exchange for the reduction in property taxes; the property owner agrees to use the tax savings to finance certain property improvements. The property owner benefits by a reduction in property taxes and the City is ensured that the historic property is improved.

Our office is in the process of negotiating several Mills Act contracts in San Francisco and we expect to see more property owners pursue Mills Act contracts in the future. The Mills Act is of particular importance to a city like San Francisco with our impressive stock of historic properties and these contracts are just one piece of the City's efforts to preserve these properties for future generations.



## INCREASING LANGUAGE ACCESS/ CULTURAL COMPETENCY

In a city as diverse as San Francisco, where 46% of the population speaks a language other than English at home, local government needs to be proactive to ensure that we are communicating with our citizens. Our office is fulfilling this need by accommodating property owners who request foreign language services. Our office has championed cultural competency and increasing language access among City departments for several years. Assessor-Recorder Ting chaired Mayor Newsom's Cultural Competency Task Force and continues to work with San Francisco's Office of Language Services to help ensure the City meets today's language needs.

This year was the first year that we began sending notices from our offices in Chinese and Spanish to taxpayers who requested them.

This year was the first year that we began sending notices from our offices in Chinese and Spanish to taxpayers who requested them. We first surveyed taxpayers' language needs in our 2007 annual notification of assessed value letters; a notice that we mail to property owners every year in July informing them of the current value of their property as well as any exemptions applied to their property. In total, we received 1,508 language surveys requesting that future notices from the Assessor-Recorder's office be mailed in Chinese and another 101 requesting notices in Spanish. Other languages, including Japanese, Korean, Vietnamese, Russian, Greek, Italian and Tagalog were requested as well, though in comparatively low numbers. In response to this feedback, our office sent out the fiscal year 2008-2009 notification of assessed value letters in Spanish and Chinese to everyone who requested them.

We continue to work with the City Administrator and the 311 Customer Service Center to spearhead the coordination of language translation services and on centralizing web, verbal, and document translations for every department in the City.



## REWARDING WHISTLEBLOWERS

In an effort to ensure businesses pay their fair share of property taxes, our office developed the Real Estate Watchdog Program in 2006 to make sure that all commercial properties are assessed at fair market value to help capture revenue owed to San Francisco. Under this program, individuals can provide the City with information leading to the detection of property taxes that were underpaid because an owner failed to report a change in ownership. The “watchdog” that provides the report is eligible for a reward of up to 10% of the unpaid taxes. This year for the first time since the program was initiated, the City collected an additional \$1.34 million in revenue after a citizen informed the Assessor-Recorder’s office of an unreported change in ownership for a commercial property in 2006. The Whistleblower complaints hotline is 415.554.CITY.

This year for the first time since the program was initiated, the City collected an additional \$1.34 million in revenue.





## BIOGRAPHY OF THE ASSESSOR-RECORDER

As Assessor-Recorder of San Francisco, Phil Ting is a solutions-focused, innovative reformer whose efforts have enabled him to generate over \$135 million in new revenue for San Francisco and make sure everyone pays their fair share in property taxes.

Ting was appointed and later elected in 2005, becoming San Francisco's highest-ranking Chinese-American official. He has focused on reducing the assessment backlog from four to two years and every dollar that his office brings in means more money for the city to fund crucial programs for children, seniors and families.

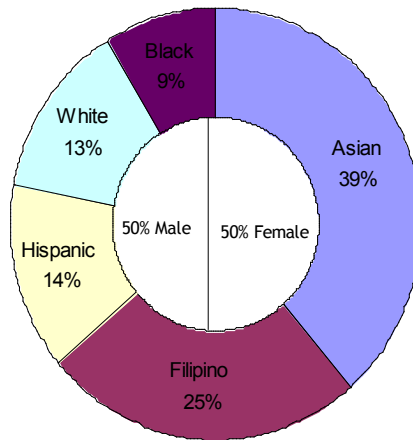
Ting is a champion for innovative and good government policies in San Francisco.

- He launched GoSolarSF, San Francisco's first municipal solar energy incentive program, in July 2008. This ten-year program is the product of the San Francisco Solar Task Force which Ting co-founded and co-chaired. He had the distinct honor of being awarded the 2008 Solar Champion Award from Vote Solar for "outstanding efforts to bring solar energy into the mainstream."
- He spearheads efforts to help homeowners and tenants facing foreclosure, including launching Don't Borrow Trouble, an education and outreach program; convening city officials and advocates to find local solutions to the foreclosure crisis; and creating a first-of-its-kind program that sends a letter providing resource information to at-risk homeowners and tenants once a Notice of Default has been recorded for the home.
- He introduced groundbreaking "Real Estate Watchdog" legislation which is aimed at capturing unreported changes of ownership. In 2008, the Assessor's office's first unreported change of ownership brought in \$1.34 million in additional revenue.
- He chairs the San Francisco Advisory Board for ChinaSF, a new public-private partnership dedicated to creating economic development opportunities by making San Francisco the gateway for Chinese companies looking to establish business operations in the Bay Area.

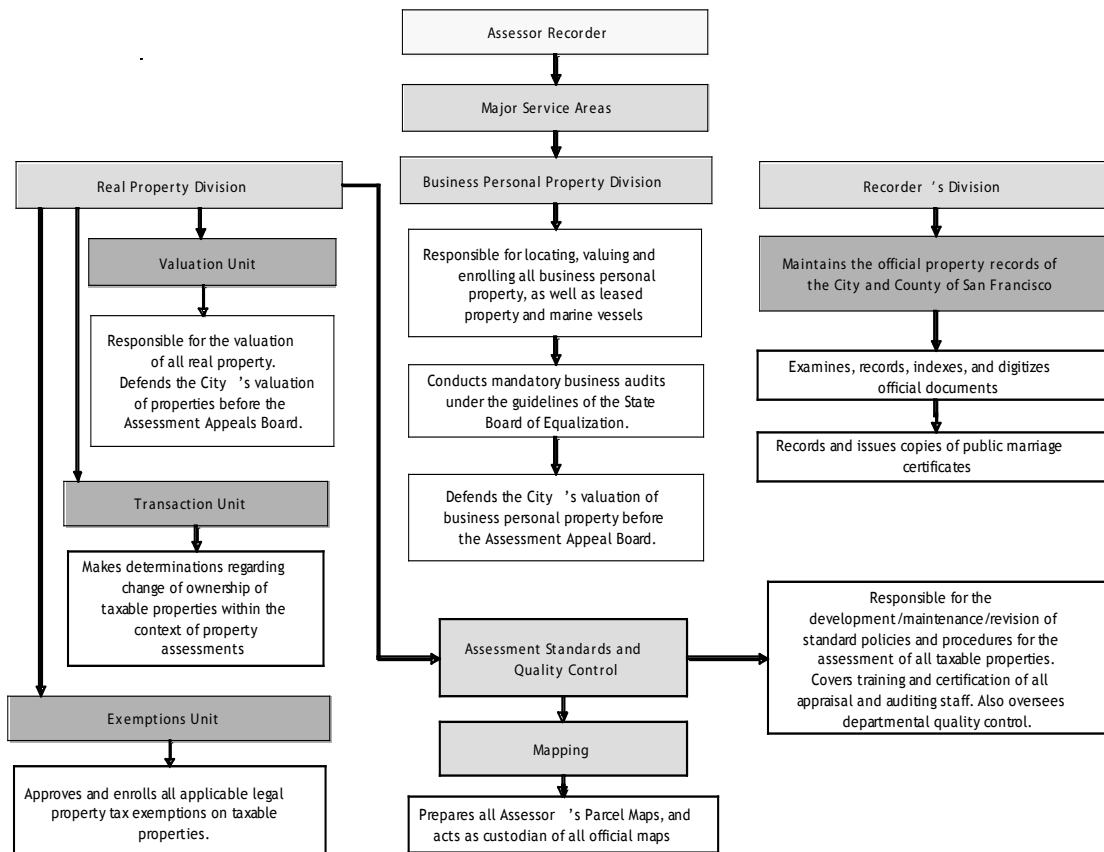
Ting began his career as a real estate financial advisor, gaining practical and hands-on experience in fiscal management and property assessments while working at Arthur Andersen and CB Richard Ellis. Prior to serving as the Assessor-Recorder, Ting also had a long history of civil rights advocacy - he was the Executive Director of the Asian Law Caucus, an organization founded in 1972 to advance and promote the legal and civil rights of the Asian Pacific Islander community. He is president of the Bay Area Assessors Association and serves on numerous boards including Equality California Institute and the California Alumni Association.

Ting is a graduate of UC Berkeley and Harvard University's John F. Kennedy School of Government. He lives in San Francisco's Sunset District with his wife, Susan Sun and their daughter, Isabella.

## STAFF COMPOSITION



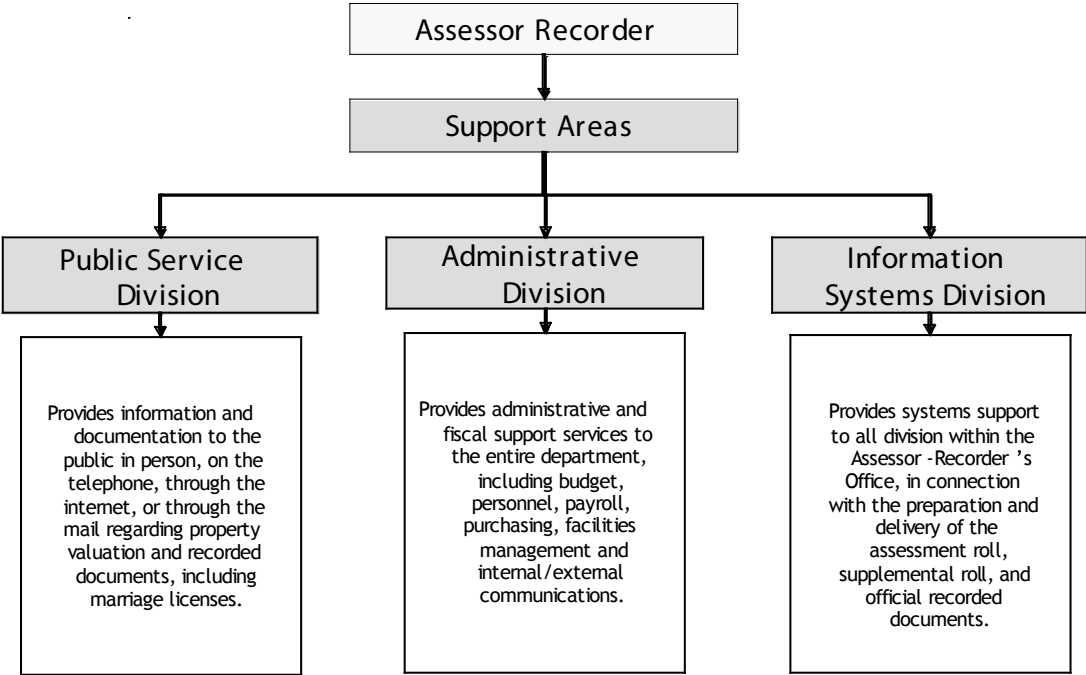
## RESPONSIBILITIES



## ASSESSOR-RECORDER STAFF

Mo'min Abdun-Noor	Rufino De Leon	Ricky Lee	Christopher Sam
Terris Abhaya	Tam Doan	Julia Leiva	Dinora Sanchez
Maria Ahumada	Craig Dziedzic	Maurilio Leon	Gladys Sanchez
Roland Alcantara	Wah Eng	Thida Leung	Ruth Santana
Michelle Andry	Natalya Epelbaum	Peggy Liang	Catherine Saul
Caroline Arguelles	Pio Factor	Mara Lim	Antonio Segarra
Ophelia Armendarez	Myrna Flores	Carrie Liou	Kan Shen
Sally Aung	Julie Ford	Maria Los Banos	Julie Shu
Darius Bahador	Illuminada Gaerlan	Suzette Love	Edward Smith
James Bias	Donna Gilliam	Angela Lucas	Robert Spencer
Arlene Boongaling	Georgina Gogna	Meng Luu	Ronald Sto-Domingo
Natividad Caramat	George Gomez	Taras Madison	Lena Surjadi
Carlos Castillo	Veronica Gomez	Fernando Mendoza	Pauline Tam
Johnny Catanjal	Jocelyn Gordon	Katie Muehlenkamp	Susana Tan
Charles Chan	Leticia Granados	Shanna Ngo	Gilbert Tang
Iris Chan	Carmelita Harris	Zoon Nguyen	Terry Tanjutco-Smith
Jimmy Chan	Carlota Hilario	Wilson Novillos	Alex Tharayil
Larry Chan	Victor Hua	James Pan	Matthew Thomas
Kit Chau	Harvey Huey	Melissa Panday-Shrawder	Phil Ting
Anita Chen	John Hui	Oscar Pasamonte	Diana Truong
Alice Cheung	Carolyn Hunter	Feliciano Payumo	Fanny Truong
Stephen Chin	Hakam Ibrahim	Chona Pazcoquin	Felemina Uban
Sandra Chow	Buena Ignacio	Linda Peng	Manuel Uy
Stella Chow	Abdul Janjua	Alicia Petalver	Concepcion Vindell
Elizabeth Cooper	Michael Jine	Kathleen Pierpont	Donald Wiggam
Diane Cirrincione	Alice Kim	Alissa Pines	Vincent Williams
Ellen Collaco	Tim Kingsbury	Sandy Pubill	Cecilia Wong
Teresa Contro	Kimberly Kitano	Maria Quinones	Gregory Wong
Lenore Crawford	Marjorie Knettle	Edward Rafael	Julie Wu
Charles Crowder	Guadalupe Laurente	Daniel Reyes	Teresita Xander
Mary Jane Cruz	Joe Lee	Felix Rodriguez Jr.	
Federico De Guzman	Liza Lee	Brix Salbino	

# OFFICE DIVISIONS



## FREQUENTLY ASKED QUESTIONS (FAQS)

### WHAT IS THE ROLE OF THE ASSESSOR-RECORDER?

**Assessor** The role of the Assessor-Recorder is to value property in a fair and equitable manner according to California's Revenue and Taxation Laws and strives to collect every tax dollar owed to the city. Our team works hard to locate all taxable property in the County and identify the ownership. We then establish a taxable value for all property subject to property taxation and list this value on the assessment roll. All tangible property is taxable unless constitutionally exempt. Another of our office's functions is to determine if real estate parcels are required to be reassessed upon a change of ownership or the completion of new construction in accordance with Proposition 13.

**Recorder** The Recorder serves as the custodian of public records and as such records all real property documents for the county, and registers marriage licenses and other public documents. The Recorder maintains an index and issues copies of all recorded documents to members of the public that request them.

The Recorder staff reviews, analyzes, and interprets large volumes of documents and determines whether they are recordable and in compliance with various state codes and local ordinances. The Recorder is responsible for interpreting and applying the requirements of the County Documentary Transfer Tax Ordinance with regard to any lands, tenements, or other realty sold within the county. The Recorder also has the responsibility to collect and allocate the necessary recording fees pertaining to the Real Estate Prosecution Trust Fund and Monument Preservation Fund.

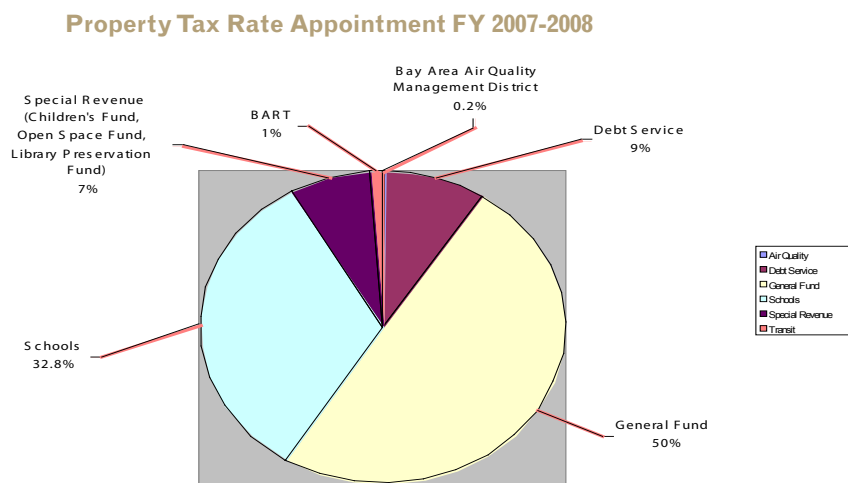
### HOW ARE PROPERTY TAX RATES CALCULATED?

#### WHAT IS PROPOSITION 13?

Property tax is a tax placed on real and business personal property. It is an ad valorem tax, which means that it is based on a percentage of the property's value. There are three different types of property: real, personal and utility. Real property refers to the ownership of land and any improvements to the land. Personal property is any property except real estate, including boats, airplanes and all business property. Business personal property is all property owned or leased by a business except licensed vehicles, business inventory, intangible assets or application software. Utility property is property owned by utilities, such as railroads. Our office has jurisdiction over the assessment of real and business personal property.



Passed by California voters in 1978, Proposition 13 established a maximum property tax rate of one percent (1%) of the assessed value, plus any voter approved bonded indebtedness, service fees, improvements bonds and special assessments. This add-on was 0.141 percent for FY 2007-08 for a total property tax rate of 1.141 percent. The property tax dollar is allocated to a variety of sources as depicted below.



Proposition 13 also set a property's base value at its 1975-76 market value and limited increases to the assessed value of real property by no more than 2 percent per year or the Consumer Price Index (CPI), whichever is lower.

Proposition 13 tightly regulates property tax policy and was enacted in order to keep property taxes stable and predictable relative to variances in the housing market. Since the passage of Proposition 13, average assessed values have remained considerably lower than average sales prices in counties across the state.

#### WHEN IS REAL ESTATE REAPPRAISED?

Real property is reassessed at its current fair market value under two conditions: 1) when there is a change in ownership and 2) upon completion of new construction or a change in use. This reassessment establishes a new base year value.

When a sale or transfer occurs, the Assessor's Office receives a copy of the deed and determines if a reappraisal is required under State law. If a reappraisal is required, an appraisal is made to determine current market value of the property. The owner is then notified of the new assessment and the owner has the right to appeal the assessed value.

The transfer of property between spouses or registered domestic partners does not require a reappraisal for property tax purposes. This includes transfers resulting from divorce or death of a spouse or domestic partner. In addition, a refinancing will not cause a reappraisal. There are other exclusions for senior citizens, the disabled, and those involving parent/child transfers which are discussed later.

#### WHAT NEW CONSTRUCTION IS REAPPRAISED?

When the homeowner/taxpayer applies for a building construction permit with the Department of Building Inspection, the Assessor's Office receives the permit. The construction is new (such as a room addition), a reappraisal is required. If the construction is for replacement, repair, or maintenance, a reappraisal is not required. In appraising new construction, the market value of the addition is determined and added to the value of the existing property. The existing property, however, is not reappraised. As with a change-in-ownership, the owner is notified of the new assessment and can appeal the assessed value.

#### WHAT IS THE ASSESSMENT ROLL?

The Assessment Roll is the official list of all property within the County assessed by the Assessor, and is separated into a secured and unsecured roll. The assessment roll, which contains approximately 195,000 parcels as of the lien date of Fiscal Year 2007-2008, is the basis on which property taxes are levied. The secured roll includes property on which the taxes are a lien against the real estate. The unsecured roll includes property on which the property taxes are not a lien against the real estate where they are situated, including business personal property or improvements located on leased land. This means that if the property owner defaults on the payment of property taxes, the City can place a lien on the home. Foreclosure occurs more frequently with residential property owners, since so many businesses lease their properties.

#### WHAT IS A SUPPLEMENTAL ASSESSMENT?

State law requires the Assessor to reappraise property, immediately upon change-in-ownership, completion of new construction or change in use. The Assessor's Office must issue a supplemental assessment that reflects the difference between the prior assessed value and the new assessment. This value is then prorated based on the number of months remaining in the fiscal year ending June 30. This supplemental is in addition to the regular tax bill. To appeal a supplemental assessment, an application must be filed with the Clerk of the Board within 60 days from the mailing of notice of the supplemental assessment tax bill.

#### HOW DO I APPEAL MY ASSESSED VALUE?

Under State law, if the market value of your property (recent comparable sales) as of January 1 falls below the assessed or taxable value as shown on your tax bill, the Assessor's Office is required to lower the assessment. This type of property tax relief generally applies to recently purchased property. Assessment appeals may be filed from July 2 to September 15. Please make sure to file your application with the Assessment Appeals Board before the deadline.

#### INFORMAL REVIEW OF ASSESSMENT

If you have reason to believe that the market value of your property as of January 1 is less than the amount shown on your annual notice and you have factual evidence to support a lowered assessment, you can request an informal review by a staff appraiser by contacting us before September 2 by phone (415) 554-5596 or email [assessor@sfgov.org](mailto:assessor@sfgov.org). Requesting an informal review does not preclude you from filing a formal appeal with the Assessment Appeals Board.

#### ASSESSMENT APPEALS BOARD

If you disagree with the assessed value or our informal review, you may file a formal “Application for Changed Assessment” with the Assessment Appeals Board, an independently appointed review board. Application information can be obtained from the Clerk of the Assessment Appeals Board, City Hall – Room 405, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102, phone (415) 554-6778 or web at [www.sfgov.org/aab](http://www.sfgov.org/aab). Assessment appeals must be filed with the Clerk between July 2 and September 15.

#### CAN I VISIT YOUR OFFICE AND DO MY OWN SEARCH?

Yes. We always encourage the public to conduct your own searches by accessing our computer systems and general index on microfiche and microfilm, we also have staff on duty to assist you or answer any questions.



#### DOES YOUR OFFICE HAVE MAP RECORDS?

The office carries three types of maps: block maps, parcel and condominium maps. For block maps, please provide the block number. For parcel and/or condominium maps always provide the book and page. Block maps are printed on 8 ½" by 11" for a \$3.00 fee per map. Parcel and/or condominium maps are printed on 18" by 24" for \$5.00 the first page and \$3.00 each additional page per map.

#### HOW CAN I APPLY FOR REDUCING MY TAXES AS A HOMEOWNER?

If you own a home and occupy it as your principal place of residence on January 1, you may apply for a Homeowner's Exemption of \$7,000 from your assessed value. An exemption is an allowance of a deduction from the taxable assessed value of the property as prescribed by law. New property owners will automatically receive an exemption application in the mail. Homeowner's exemptions may also apply to a supplemental assessment if the property was not previously receiving a Homeowner's Exemption. There is no charge for filing for the Homeowner's Exemption.

#### HOW CAN I APPLY FOR REDUCING MY TAXES AS A VETERAN?

Certain exemptions are available for veterans. A Veterans Homeowner's Exemption is available for the home of a disabled veteran or a disabled veteran's spouse, if the veteran, because of an injury incurred in military service, is blind in both eyes, has lost the use of two or more limbs, or is totally disabled. If qualified, veterans are provided exemptions up to \$150,000 of taxable value. An unmarried surviving spouse may also be eligible if the service died as the result of a service-connected injury or disease while on active duty in the military.

#### WILL MY PROPERTY BE REASSESSED IF I GIVE IT TO MY CHILDREN?

The transfer of real property between parents and children can be excluded from reappraisal for property tax purposes. The principal place of residence and up to a maximum of \$1,000,000 in assessed value of any additional property may be transferred without an assessment increase. An application must be filed with the Assessor's Office to determine eligibility for this exclusion.

#### ARE THERE EXCLUSIONS AVAILABLE FOR SENIORS OR DISABLED PERSONS?

Disabled property owners or senior citizens over 55 years of age can buy a replacement residence of equal or lesser value than their existing home and transfer their current tax value to the new home. The purpose of this is to provide tax relief for disabled persons and seniors by preventing a property tax increase if they sell their existing home and buy another one.

#### WHAT CAN I DO IF THE MARKET VALUE OF MY PROPERTY DECLINES?

If you disagree with the value of your property, you should contact our Real Property Division. If a reduction in value is justified, we can adjust the value or if not, aid you in applying to the Assessment Appeals Board for relief. If you file an assessment appeal on an existing value, such appeal must be filed with the County Assessment Appeals Board (City Hall, Room 405).

#### WHAT IF MY HOME IS DAMAGED FROM A FIRE OR AN EARTHQUAKE?

If a major calamity such as a fire, earthquake or flooding damages or destroys your property; you may be eligible for property tax relief. In such cases, the Assessor's Office will reappraise the property to reflect its damaged condition. In addition, when you rebuild it in a like or similar manner, the property will retain its previous assessment for tax purposes. To qualify for property tax relief, you must file a calamity claim form with the Assessor's Office within 60 days from the date the property was damaged or destroyed and the loss must exceed \$5,000.

#### WHAT IS BUSINESS PERSONAL PROPERTY?

Business Personal Property is any tangible property owned, claimed, used, possessed, managed or controlled in the conduct of a trade or business. This includes all machinery, fixtures, office furniture and equipment. In general, business personal property is all property owned or leased by a business except licensed vehicles, business inventory, intangible assets or application software.

#### I RECEIVED A BUSINESS PROPERTY STATEMENT (FORM 571-L, 571-R), WHAT'S THIS ALL ABOUT?

The Assessor's records indicate that you were doing business at this location on the lien date, January 1. The lien date is the day that the taxes became a lien on the property and/or its owners, even though the valuation and tax bills have not yet been computed and mailed. The tax lien date is January 1 of each year (Revenue and Taxation Code, Section 2192). All machinery, equipment, fixtures, construction in progress and leasehold improvement held or used in connection with a trade or business are taxable as business property. The property statement is a means for you to declare all your taxable business property located within the City and County on the lien date, January 1, and is used to assist the Assessor in determining the value of taxable property for assessment purposes.

#### HOW IS THE ASSESSED VALUE DETERMINED?

Assessment begins with the cost of the asset, including sales tax, freight and installation. The Assessor applies a depreciation factor to the asset cost and this becomes the assessed value. The depreciation schedule is based on the expected economic life of the asset, and is different from the depreciation schedule used by tax accountants.

#### WHEN IS BUSINESS PERSONAL PROPERTY APPRAISED?

Unlike real property, business personal property is appraised annually. The owners of all businesses must file a property statement each year with the Assessor's Office detailing the cost of all their supplies, equipment, and fixtures at each location. This is required unless the Assessor's Office has already established the taxable value of the business and sent out a Notification of Value Card. Business inventory is exempt for taxation.

#### WHY ARE YOU TAXING MY BUSINESS ASSETS, UNDER WHAT AUTHORITY?

The State Constitution says that all property is subject to property tax unless otherwise exempt. Most people are familiar with the property taxes on their home. The assets of a business are also subject to assessment and taxation. Section 201 of the Revenue and Taxation Code of California states that "All property in this State, not exempt under the laws of the United States or of this State, is subject to taxation under this code."

#### I HAVE A BUSINESS IN SAN FRANCISCO BUT DID NOT RECEIVE A BUSINESS PROPERTY STATEMENT, WHAT SHALL I DO?

You must contact the Assessor's Office to enroll your business and have a 571-L Statement/Form sent to you. You may call our Business Personal Property Division. The 571-L form will have your permanent account number, owner's name, mailing address, and business location. You must complete the form, then sign and return the statement to the Assessor's Office.

#### WHO MUST FILE A BUSINESS PROPERTY STATEMENT?

Per Revenue and Taxation Code, Section 441, you must file a statement if the Assessor's Office has sent you a property statement OR you have taxable personal property with a total cost of \$100,000 or more located within the City and County as of January 1 of each year even if no statement is sent to you. Failure to complete and return the property statement will result in the Assessor estimating the value of your business property and adding a 10% penalty to the assessment (R&T Code, Sections 441, 463 and 501).

#### WHAT IS THE LAST DATE TO FILE THE BUSINESS PROPERTY STATEMENT WITHOUT A PENALTY?

The due date for filing the Business Property Statement is April 1st. A 30-day extension until May 1st may be granted for reasonable cause. The request for extension must be made in writing, preferably on company letterhead, and addressed to Phil Ting, Assessor-Recorder, Business Personal Property Division, 875 Stevenson St., Suite 100, San Francisco, CA 94103. Please indicate the account number, if any, the location of the business and your title. Any property statement filed or postmarked after May 7th will have a 10% penalty added to the assessment.



#### HOW MUCH WILL MY TAXES BE?

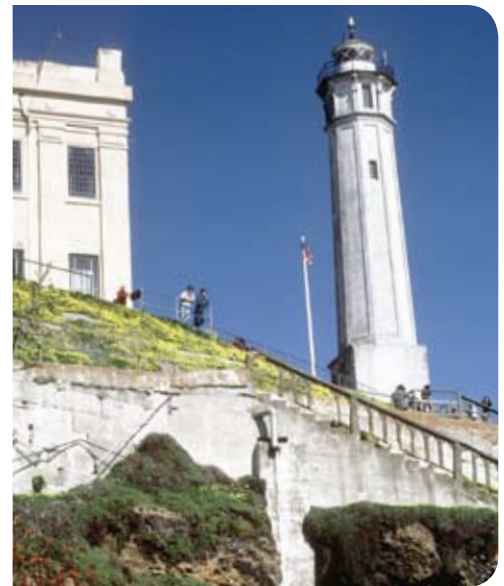
Using a tax rate of 1.14% will give a conservative estimate of what the actual tax liability will be. Proposition 13 established a tax rate of 1% of the value of assessable property. San Francisco tax rate is determined by the Board of Supervisors, based on property assessed value and bond measures passed by San Francisco voters. For example, if the business depreciated assessed value is \$25,000 the property taxes on the business assets will be approximately \$285.

#### WHAT IF I DON'T AGREE WITH THE VALUE ON MY TAX BILL, CAN I DISPUTE IT?

The value can be corrected if a clerical or administrative error was made. In that case, first talk to an auditor how to go about correcting it. However, if the disagreement is a matter of valuation, then you must file an "Application for Changed Assessment" with the Assessment Appeals Board no later than September 15th. Their telephone number is (415) 554-6778. Pay it to avoid penalties (if it can not be cleared by August 31st). A refund will be sent to you if you win the case.

#### IS THERE ANY PROPERTY THAT IS EXEMPT OR THAT I DO NOT HAVE TO REPORT ON MY BUSINESS PROPERTY STATEMENT?

The following are some common exempt items that should not be reported: Business Inventory (Revenue and Taxation Code 129), Application Software (Property Tax Rule 152), Licensed Motor Vehicles (R&T Code 10751), First \$50,000 of employee-owned Hand Tools (R&T Code 241).



## GLOSSARY

**AD VALOREM PROPERTY TAX:** Taxes imposed on the basis of the property's value.

**ASSESSED VALUE:** The taxable value of a property against which the tax rate is applied

**ASSESSEE:** The person to whom the property is being assessed.

**ASSESSMENT APPEAL:** The assessee may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year

**ASSESSMENT APPEALS BOARD:** A three member panel appointed by the Board of Supervisors, operating under State law, to review and adjust assessments upon request of a taxpayer or his or her agent. (See "assessment appeal")

**ASSESSMENT ROLL:** The official list of all property within the County assessed by the Assessor.

**ASSESSMENT ROLL YEAR:** The year following the annual lien date and the regular assessment of property, beginning on July 1.

**AUDIT ESCAPE:** The discovery of escape property resulting from an audit of the books and records of a profession, trade or business, for which an assessment is levied outside of the normal assessment period for the lien date in question.

**BASE YEAR (VALUE):** The 1975-76 regular roll value serves as the original base value. Thereafter, changes to the assessment on real property value, or a portion thereof, caused by new construction or changes in ownership create the base year value used in establishing the full cash value of such real property.

**BUSINESS PERSONAL PROPERTY:** Business personal property is assessable, and includes computers, supplies, office furniture and equipment, tooling, machinery and equipment. Most business inventory is exempt. (See personal property)

**CHANGE IN OWNERSHIP:** When a transfer of ownership in Real Property occurs, the Assessor determines if a reappraisal is required under State law. If required, the reappraised value becomes the new base value of the property transferred, and a supplemental assessment is enrolled.



**CPI:** Consumer Price Index as determined annually by the California Bureau of Labor Statistics.

**EXCLUSIONS FROM REAPPRAISAL:** Some changes in ownership may be excluded from reappraisal if a timely claim is filed with the Assessor's Office that meets the qualifications. Examples include the transfer of real property between parents and children or senior citizens over 55 who replace their principal residence.

**EXEMPTION:** Allowance of a deduction from the taxable assessed value of the property as prescribed by law.

**HOMEOWNER'S EXEMPTION:** People who own and occupy a dwelling on the lien date as their principal place of residence are eligible to receive an exemption of up to \$7,000 of the dwelling's taxable value. The tax dollars reduced by the (HOX) homeowner's exemption are reimbursed to the County by the State of California.

**EXEMPTIONS: OTHER:** Charitable, hospital, religious or scientific organizations, colleges, cemeteries, museums, and disabled Veterans (for 100%, service-connected disabled Veterans) are eligible for exemption.

**FACTORED BASEYEAR VALUE :** A property's base value is adjusted each year by the change in the California Consumer Price Index (CPI), not to exceed 2%. The factored base value is the upper limit of taxable value each year.

**FISCAL YEAR:** The period beginning July 1 and ending June 30.

**FIXTURE** An improvement to real property whose purpose directly applies to or augments the process or function of a trade, industry or profession.

**FULL CASH VALUE (FCV):** The amount of cash or its equivalent value which property would bring if exposed for sale in the open market and as further defined in Revenue and Taxation Code 110.1.

**IMPROVEMENTS:** Buildings or structures generally attached to the land. Improvements may also include certain business fixtures.

**LIEN:** The amount owed and created by the assessment of the property, or the amount levied against property by a taxing agency or revenue district.

**LIEN DATE:** The time when taxes for any fiscal year become a lien on property; and the time as of which property is valued for tax purposes. The lien date for California property is 12:01 a.m. on January 1 (effective January 1, 1997) preceding the fiscal year for which the taxes are collected. The lien date for prior years was March 1.

**NEW BASEYEAR (VALUE):** The full cash value of property on the date it changes ownership or when new construction is completed.

**NEW CONSTRUCTION:** The construction of new buildings, additions to existing buildings, or alterations which convert the property to another use or extends the economic life of the improvement, is reassessed, establishing a new base year value for only that portion of the property.

**PARCEL:** Real property assessment unit. Land that is segregated into units by boundary lines for assessment purposes.

**PERSONAL PROPERTY:** Any property except real estate, including airplanes, boats, and business property such as computers, supplies, furniture, machinery and equipment. (Most business inventory, household furnishings, personal effects, and pets are exempt from taxation.)



**POSSESSORY INTEREST (PI):** The possession or the right to possession of real estate whose fee title is held by a tax exempt public agency. An example of a PI includes the exclusive right to use public property at an airport such as a car rental company's service counter. The vendors are subject to property taxes. Regardless of the type of document evidencing the right to possession, a taxable PI exists whenever a private party has the exclusive right to a beneficial use of tax exempt publicly owned real property.

**PROPOSITION 13:** Passed by California voters in June, 1978, Proposition 13 is a Constitutional amendment that limits the taxation of property and creates a procedure for establishing the current taxable value of locally assessed real property, referencing a base year full cash value.

**PROPOSITION 8** Passed by California voters in November 1978, Proposition 8 requires for the temporary reduction in the assessed value when there is a decline in market value below the property's factored base year value.

**REAL PROPERTY** Land and improvements to the land, which permits the possession of, claim to, ownership of, or right to possess.

**ROLL** A listing of all assessed property within the county. It identifies property, the owner, and the assessed value of the property.

**ROLL UNIT** A parcel of property or a business personal property account that is assessed for annual valuation.

**ROLL YEAR** See "Assessment Roll Year."

**SBE** See "State Board of Equalization."

**SECURED ROLL** Property on which the property taxes are a lien against the real estate.

**SPECIAL ASSESSMENTS** Direct charges or flat fees against property which are included in the total tax bill but are not based upon the Assessor's valuation of the property. Examples are a sewer charge or a school parcel tax.



**STATE BOARD OF EQUALIZATION** The State Board consists of four members elected by California voters by district, and the State Controller whose duties in the field of taxation are imposed by the State Constitution and the Legislature. The State Board regulates county assessment practices and administers a variety of State and local business tax programs.

**SUPPLEMENTAL ASSESSMENT** When property is assessed due to a change in ownership or completed new construction, a supplemental assessment is issued. This is separate and in addition to the annual regular assessment roll. It is based on the net difference between the previous assessed

**SUPPLEMENTAL ROLL** The roll, prepared or amended, contains properties in which a change in ownership or completed new construction occurred.

**TAX RATES** The maximum ad valorem (on the value) basic property tax rate is 1% of the net taxable value of the property. The total tax rate may be higher for various properties because of voter-approved general obligation bonds that are secured by property taxes for the annual payment of principle and interest.

**TAX ROLL** The official list of property subject to property tax, together with the amount of assessed value and the amount of taxes due, as applied and extended by the Auditor/Controller.

**TRANSFER** Change in the ownership of, or change in the manner which, property is held. Depending

**UNSECURED ROLL** Property on which the property taxes are not a lien against the real estate (real property) where they are situated, including personal property or improvements located on leased land. on the specific situation, a transfer may trigger a reassessment of the property.

## IMPORTANT DATES FOR PROPERTY OWNERS

### JANUARY 1

The date taxes for the next fiscal year become a lien on property.

### FEBRUARY 15

Deadline to file all exemption claims.

### APRIL 1

Due date for filing statements for business personal property and marine vessels.

### APRIL 10

Last day to pay second installment of secured property taxes without penalty.

### MAY 7

Last day to file a business personal property statement without incurring a 10% penalty.

### JULY 1

Local assessment roll is surrendered to the Controller. The local assessment roll is the official list of all taxable property within the County.

### JULY 2

First day to file assessment appeal application with the Assessment Appeals Board.

### AUGUST 31

Regular roll unsecured taxes due.

### SEPTEMBER 15

Last day to file an assessment appeal application for reduced assessment with the Assessment Appeals Board, unless extended to November 30.

### DECEMBER 10

Last day to pay first installment of secured property taxes without penalty.





**OFFICE OF THE ASSESSOR-RECORDER  
CITY & COUNTY OF SAN FRANCISCO**

PHILTING, ASSESSOR-RECORDER

1 Dr. Carlton B. Goodlett Place  
City Hall, Room 190  
San Francisco, CA 94102-4698

Phone: (415) 554-5596 | Fax: (415) 554-4179  
assessor@sfgov.org | [www.sfgov.org/assessor](http://www.sfgov.org/assessor)



The Assessor-Recorder's Office is open Monday thru Friday 8:00 a.m. to 5:00 p.m., excluding legal holidays. Document recording is available 8:00 a.m. to 4:00 p.m. We have a public service desk that is staffed during business hours where you can inquire about property, tax rates and recorded documents.

If you have a question about your tax bill, please contact the Treasurer/Tax Collector at **554-7500** or [www.sfgov.org/tax](http://www.sfgov.org/tax). You can also call **3-1-1** for information and assistance with any non-emergency services.