



# ANNUAL REPORT 2011

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

PHIL TING, ASSESSOR-RECORDER

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## MESSAGE FROM THE ASSESSOR-RECORDER

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I am honored to serve San Francisco as your Assessor-Recorder and proud of the significant role my Office plays in funding so many crucial services that make our City great. My staff is responsible for nearly 40% of the City's General Fund revenue and, seeing as how the General Fund comprises the vast majority of the City's Public Protection budget (91%) and its Human Welfare & Neighborhood Development budget (79%), we take that role very seriously. Our hard work resulted in additional revenue above projections for property tax (\$35 million) and transfer tax (\$64 million). This was particularly important this past year because this revenue preserved vital services that would have otherwise have been cut to balance the City's budget.

I am happy to report that the City's local assessment roll increased 1.3% this past year. This is notable given that most other counties across the state are experiencing roll decreases. The City's commercial real estate market appears to be rebounding as rents are up and the number of real estate transfers over \$5 million increased by 66%. The residential picture, however, is less robust with overall home values remaining essentially flat over the past year. My staff did proactively grant a record number of over 18,800 temporary property tax reductions to homeowners.

Our team continually seeks to provide the best service. We are all committed to ensuring that each and every property is accurately assessed. This year, we continued our efforts to help homeowners facing foreclosure, enhanced our targeted outreach to taxpayers using traditional and new media techniques, and expanded the amount of translated materials available to non-English speakers. I am also very excited about the broad benefits and achievements of ChinaSF and GoSolarSF.

Although the City anticipates another challenging budgetary year ahead, I have the utmost confidence that the staff of the Assessor-Recorder's Office will continue to be responsive to the public, seek new ways to improve operations, and exceed expectations. Thank you for your interest in the San Francisco Assessor-Recorder's Office and please don't hesitate to contact me, or my staff, with any questions or concerns.

*Sincerely,*



**Phil Ting**

## ASSESSOR-RECORDER BIOGRAPHY

Assessor-Recorder Phil Ting is a solutions-focused, innovative reformer whose efforts have generated over \$281 million in new revenue for San Francisco. Mr. Ting was initially appointed Assessor-Recorder in 2005, and has since been elected and reelected in 2006 and 2010 respectfully. He has focused on ensuring that everyone pays their fair share in property taxes, reducing the assessment backlog, improving the quality of service, collecting all transfer tax owed, and maintaining the integrity of real estate records.

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

As co-founder and chair of the San Francisco Solar Task Force, he launched GoSolarSF in July 2008. Ting was awarded the 2008 Solar Champion Award by Vote Solar for "outstanding efforts to bring solar energy into the mainstream." He spearheaded efforts to address the foreclosure crisis by launching "Don't Borrow Trouble", an education

and outreach program, and also by writing and sponsoring California Assembly Bill 1321. This bill seeks to maintain clear title to property and ensure that the foreclosure process is transparent. Under Ting's leadership, San Francisco implemented a first-of-its-kind program whereby homeowners are sent a letter providing resource information once a Notice of Default has been recorded. He has been an unyielding advocate for closing corporate property tax loopholes and introduced groundbreaking "Real Estate Watchdog" legislation aimed at capturing unreported changes of ownership, which has brought in over \$1 million in additional revenue. He chairs the San Francisco Advisory Board for ChinaSF, a 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 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 history of civil rights advocacy - he was the Executive Director of the Asian Law Caucus, an organization founded in 1972 to promote the civil rights of the Asian Pacific Islander community. He is past president of the Bay Area Assessors Association and served on the boards of Equality California Institute, Cal Alumni Association, and the Center for Third World Organizing. 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 and two daughters.



## ASSESSOR-RECORDER RESPONSIBILITIES

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The Assessor is responsible for locating all taxable property in the City and County of San Francisco (CCSF), identifying ownership, establishing a taxable value, and applying all legal exemptions. Our mission is to accurately assess the value of the property and fairly capture the revenues owed to the City. The Office's efforts to work through previous changes in ownership, capture transfer tax, apply exemptions, and assess new construction are all reflected in the 2011 assessment roll.

The Recorder is responsible for recording legal documents that determine ownership of real property as well as maintaining, indexing and issuing official copies of all recorded documents such as public marriage records. Maintaining an accurate, clear, and transparent public document recording system has been a vital government function for over 150 years and this is more important than ever today in light of the recent problems uncovered related to mortgage records being recorded outside of the County's official recording system. The County Recorder's functions provide the underlying framework for San Francisco's real estate transactions. Many of the mortgage and foreclosure troubles experienced in recent years in the Bay Area are, in part, due to an underutilization of, or a bypassing altogether of, the Recording process.

All functions of the Assessor-Recorder's Office are conducted under provisions of the State Constitution and/or State and County Codes (Laws).

# FISCAL YEAR 2010-2011 HIGHLIGHTS

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- Counter to statewide trends, the City's assessment roll slightly increased in overall value.
- Processed \$84 million of one-time supplemental and escape property tax revenue, more than \$35 million over budget, which helped the City balance its budget.
- Total Transfer Tax revenue equaled \$135.2 million, more than \$64 million above budget, which protected many vital City services from cuts and also indicates that the City's commercial market is rebounding.
- The number of documents recorded increased by over 7% to more than 217,000 and Recorder revenues were over \$3.2 million (15% above budget).
- Vigilant efforts by staff to flag, review, and audit under-reported and un-recorded transactions resulted in \$15.8 million of transfer tax revenue, approximately 12% of the \$135.2 million in total transfer tax, and ensured that everyone paid their fair share.
- The number of documents recorded increased by over 7% to more than 217,000 and Recorder revenues were over \$3.2 million (15% above budget).
- Approximately 8,200 new Business Personal Property accounts were added to the City's roll which contributed to a 4% increase in the unsecured assessment roll.
- A record number of residential homeowners (18,841, 4% increase over 2009-10) were proactively given temporary property tax reductions in recognition of their decreased home values.
- The number of Assessment Appeals Board appeals closed increased 69% compared to 2009-10.
- Referred over 1,140 homeowners facing possible foreclosure to HUD-certified mortgage counselors to help them keep their homes.
- Nearly 29,000 changes in ownership events, 22,000 exclusions and 3,700 New Construction permits were process by the Office's Transactions Unit.
- Approximately 37,000 customer requests were responded to in a multitude of languages to better serve the City's residents (either in-person at our counter, by phone, email, or mail).
- Mailing time of recorded documents improved from two weeks to five days.

## REAL ESTATE MARKET OVERVIEW

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In FY 2010-11, the real estate market in San Francisco fared better than the regional, statewide or national markets. Our real estate economy has weathered the recession more favorably than most other counties in California because of its desirable location, educated workforce, and the recent cooling of prices has opened up buying opportunities. However, the unemployment rate and continued weakness in the labor market did limit the pace of the real estate market's recovery. The real estate picture for next year remains mixed with much depending on the strength of the overall economic recovery. While residential property values will experience some downward pressures in some areas, the brightest spots appear to be the City's commercial markets.

Commercial market rebounding. The commercial real estate market in San Francisco is slowly recovering from the significant declines experienced between 2008 and 2010, but some uncertainty about the longer-term prospects for growth remains. This past fiscal year saw more transactions and higher values than in the past two years when the commercial market was declining. 333 Market Street, 655 Montgomery Street, and 250 Brannan all sold for more than \$360 per square foot. Another indicator of the improving commercial real estate picture was the increase in commercial asking rents. Grubb & Ellis report that in the first quarter of 2011, rents were up 5% across the city and up 8% in the South of Market area.

Residential market flat. The median price for single family homes in San Francisco in June 2011 was \$665,000, up less than 1% from June 2010. DataQuick also reports that the number of homes sold in June 2011 declined 7% compared to June 2010, although federal and state tax credits boosted transaction earlier in spring 2010. In FY 2010-11, San Francisco added 1,643 new single family residential parcels to the assessment roll and saw an increase of 3.1% in the assessed value of single family residential property.

Foreclosure picture. While the overall value of assessed property in San Francisco increased slightly this past year, there were still many property owners facing foreclosure and struggling to make mortgage payments. While it is encouraging that the 2,277 notices of default recorded in our office in FY 2010-11 represented a 10% decrease from the 2,528 recorded the prior fiscal year, this decline is more the result of the mortgage industry's decision to slow down the foreclosure process than a change in people's ability to pay. Although trustee deeds, which represent homes sold at auction, were up 3% from the previous fiscal year to 927, this represents less than one-half of one percent of all City parcels.





## THE CCSF BUDGET

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The City and County of San Francisco (CCSF) serves a dual role to its residents. First, it directly provides a vast array of municipal services, from maintaining roads and parks to providing law enforcement and emergency response services. Second, CCSF also serves as a delivery channel for many State of California services, such as foster care, public health care, law enforcement, and elections. The City's total budget for fulfilling these dual roles is \$6.8 billion.

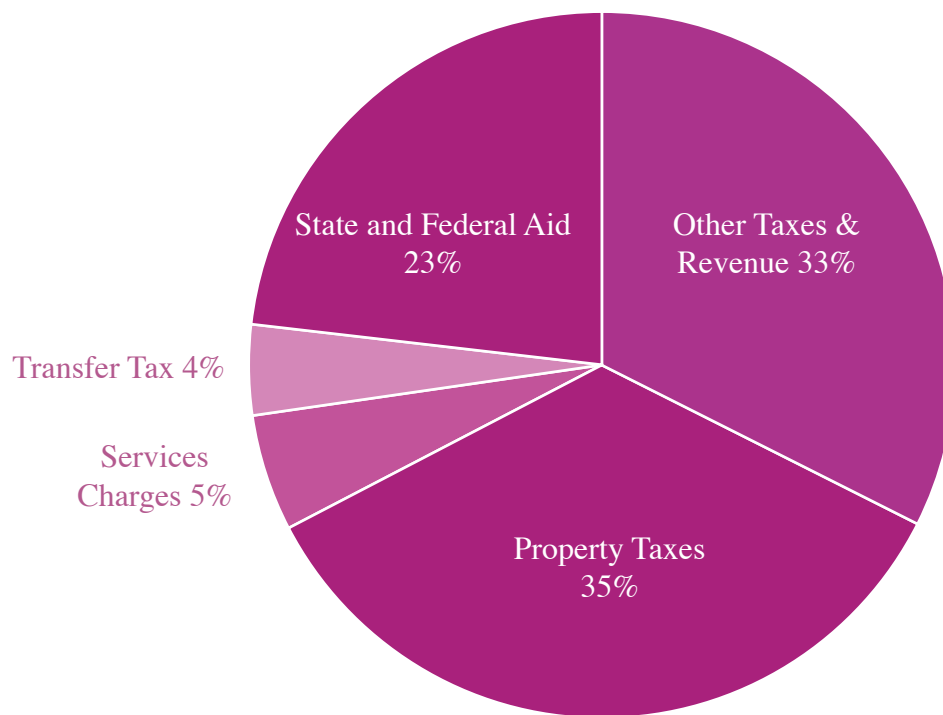


# ASSESSOR-RECORDER'S OFFICE DELIVERS 35% OF CCSF GENERAL FUND REVENUE

The property tax revenue derived from the assessment roll and the transfer tax revenue collected by the Recorder's Division are a crucial component of the overall revenue stream that enables San Francisco to effectively function and provide its residents with many essential services. In FY 2011-12, budgeted property tax revenue accounts for 19% of the City's total revenue, and 35% of its General Fund revenue. Budgeted transfer tax revenue accounts for an additional 4% of the City's General Fund. Our staff worked extremely hard this past year to process a significant number of pending new construction and change-in-ownership transactions that resulted in \$35 million of revenue above budgeted projections. This additional revenue played a key role in enabling the City to pass a balanced budget and prevented cuts to important municipal services.

## Breakdown of CCSF 2011-12 General Fund Revenue

### WHERE DOES SAN FRANCISCO'S GENERAL FUND REVENUE COME FROM?

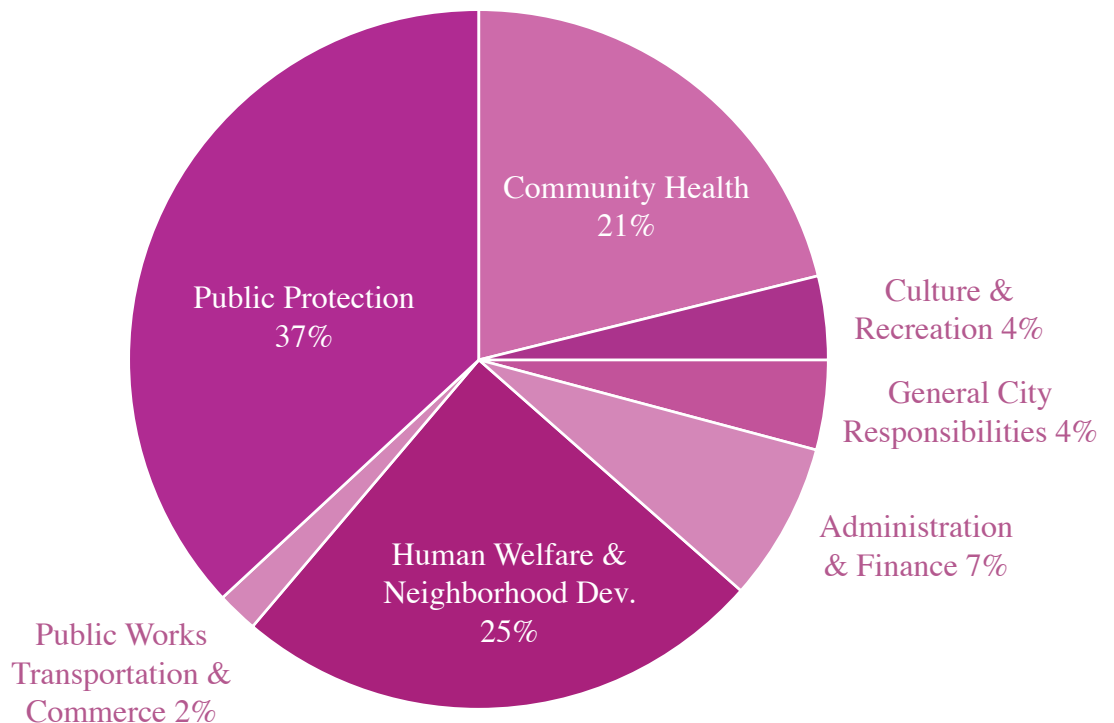


## CCSF GENERAL FUND SPENDING – PROPERTY TAX & TRANSFER TAX REVENUE VITAL TO MAINTAINING KEY SERVICES

Property Tax comprises 35% of the City’s General Fund Revenue – over a billion dollars in FY 2011-12. Considering that the General Fund is responsible for 91% of the City’s Public Protection budget and 79% of its Human Welfare & Neighborhood Development budget, the impact of our staff’s work on the well-being of San Francisco’s residents is significant. The City’s ability to protect and serve its residents while also taking care of its most vulnerable citizens is largely due to the revenues generated by our staff. As the chart below details, the majority of CCSF General Fund spending is allocated into three broad categories: public protection, human welfare and neighborhood development, and community health.

Breakdown of CCSF 2011-12 General Fund Expenses

### HOW DOES SAN FRANCISCO SPEND ITS GENERAL FUND MONEY?

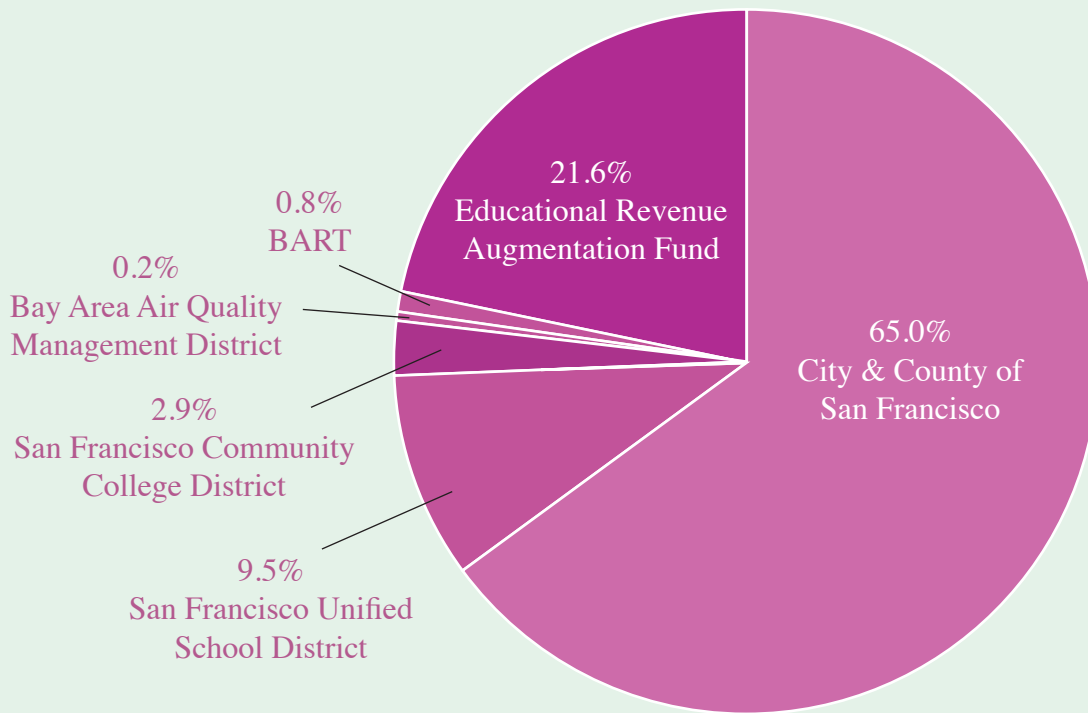


## WHERE DOES MY PROPERTY TAX GO?

The dedicated staff of the Assessor-Recorder's Office is responsible for determining the assessed value of all taxable property as well as approving and applying all legal exemptions. The assessment roll values are then sent to the Controller who adds the applicable special assessments to the 1% statewide property tax rate to determine the amount of property taxes owed.

The tax rate for FY 2011-12 is 1.1718% and the chart below describes how one dollar of tax revenue is allocated. The Educational Revenue Augmentation Fund (ERAF) is a statewide program that shifts property taxes from local government to K-14 school agencies and reduces state support by a corresponding amount.

### WHERE DOES MY PROPERTY TAX GO?



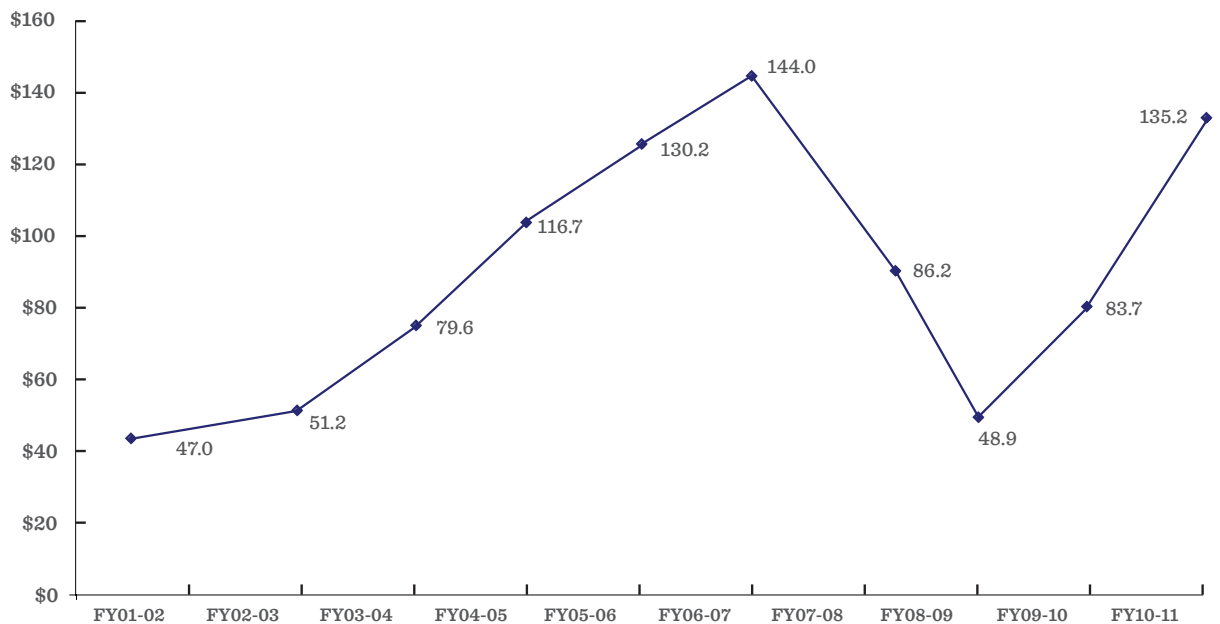
## TRANSFER TAX REVENUE \$64 MILLION OVER BUDGETED PROJECTIONS – COMMERCIAL MARKET REBOUNDED

Transfer tax is paid whenever a property transfers ownership. Historically, it has been a volatile revenue stream because it is tied to the exchange of properties and their value. As the real estate market fluctuates, so does transfer tax revenue. Since it is paid immediately when ownership in a property is transferred, it is a good reflection of the current status of the City's real estate market. This past year, San Francisco saw an increase in transfer tax revenue of more than \$50 million compared to FY 2009-10. This is a good sign that real estate in San Francisco, in particular the commercial market, is recovering. The \$135 million in transfer tax revenue collected in FY 2010-11 was \$64 million over budgeted projections.

This surge in transfer tax revenue was the result of three primary factors.

1. Our Recorder staff's diligent examination of all transactions resulted in \$15.8 million in transfer tax revenue from unrecorded and under-reported real estate transactions. This represents almost 12% of the total transfer tax collected.
2. The voter-approved rate increase on properties valued at over \$5 million. Prop N took effect in December, 2010 and increased the rate on properties \$5 to \$10 million from 1.5% to 2% and on properties over \$10 million from 1.5% to 2.5%.
3. Increased real estate activity among high-value properties. The number of transactions involving properties over \$5 million in FY 2010-11 increased 66% compared to FY 2009-10. The increase for all properties over \$1 million increased by 5%.

### TRANSFER TAX REFLECTS REBOUNDED COMMERCIAL MARKET

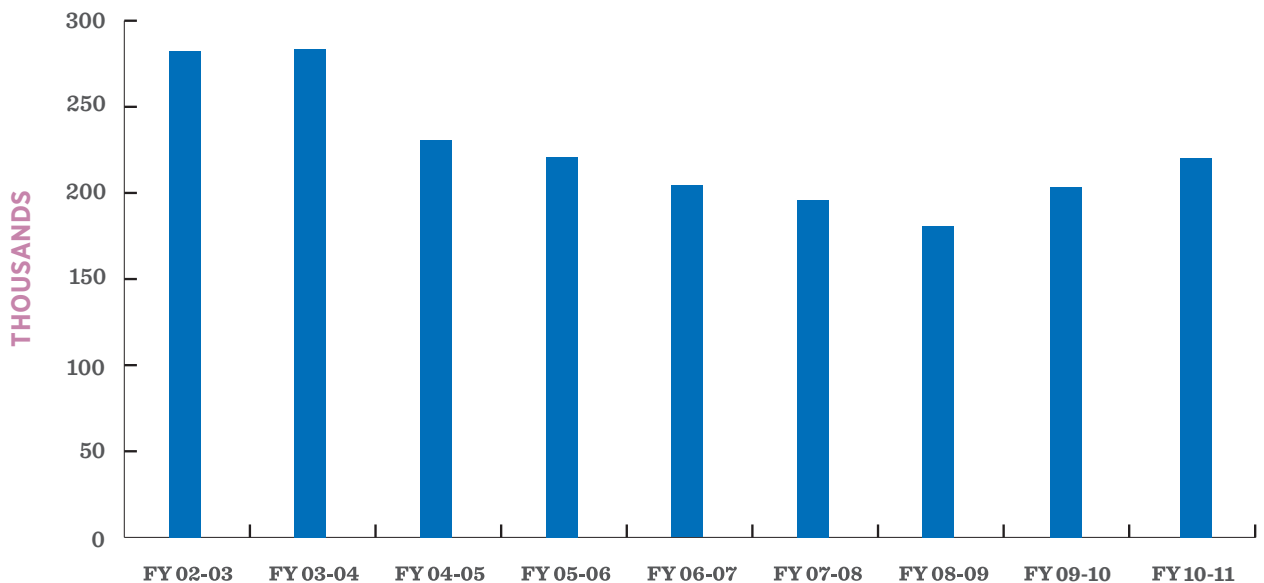


## RECORDER'S OFFICE OVERVIEW

In FY 2010-11, the Recorder's Office recorded over 217,000 documents. This represented a 7% increase over the prior year. Recording fee revenue was 15% above budget at \$3.2 million. The Office is also responsible for collecting transfer tax revenue resulting from property transferring ownership. In 2010-11, 9,979 documents were subject to documentary transfer tax generating over \$135 million in transfer tax revenue. This was \$64 million over the budgeted projections for the year. Nearly \$16 million of this total was due to the vigilant efforts of Recorder staff to collect revenue from under-reported and un-recorded transfer tax.

With due diligence, hard work, and teamwork, Recorder staff reviews all claimed transfer tax exemptions at the time a document is presented for recording. Taxpayers claiming a transfer tax exemption are required to produce supporting documents (i.e., financial records, entity formation documents, etc.) in order to verify that a transfer tax exemption applies. Additionally, Recorder staff regularly analyzes transfer tax transactions to capture under-reported or unreported payment. In the past fiscal year, approximately \$3.5 million was collected in under-reported transfer taxes which would not have been captured by the General Fund if Recorder staff did not closely scrutinize documents at the time of recording (e.g. in "real time") and reject exemptions that do not apply or were not substantiated. In addition to these under-reported transfer tax revenues, \$12.3 million in un-recorded transfer tax transactions was also discovered and collected in 2010-11.

### TOTAL DOCUMENTS RECORDED UP 7% IN FY 2010-11



## ASSESSMENT ROLL CONTINUES TO GROW

Although its rate of growth slowed significantly in FY 2010-11, San Francisco's assessment roll continued its historical trend of positive growth. While the overwhelming majority of counties statewide have suffered a decrease in their local assessment rolls in recent years, San Francisco's roll continues to grow. The local assessment roll grew to \$163.1 billion – a 1.3% increase over the previous year and included the statewide California Consumer Price Index (CPI) rate of 0.753%. This positive growth occurred despite a record number of temporary Proposition 8 property tax reductions – over 18,800 homeowners – which resulted in a roll decline of \$2.3 billion.

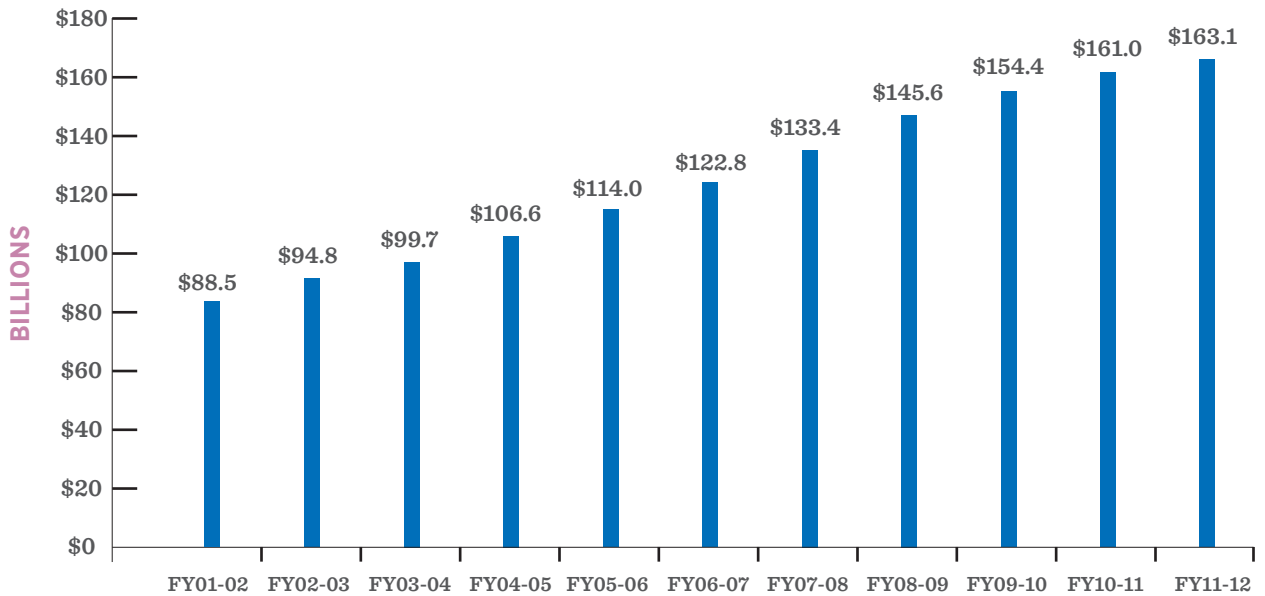
The total estimated tax revenue from this year's assessment roll is approximately \$1.87 billion with 65% of this revenue going to CCSF. The remaining 35% of property tax revenue is split between the San Francisco School District, San Francisco Community College District, BART, Bay Area Air Quality Management District, and the Educational Revenue Augmentation Fund (see pg. 10 for additional details).

Description	June 30, 2011	June 30, 2010	Change
Secured Local Roll	\$152,819,104,823	\$151,075,170,111	1.2%
Unsecured Roll	\$10,316,106,267	\$9,900,680,430	4.2%
Gross Local Roll	\$163,135,211,090	\$160,975,850,541	1.3%
SBE Roll	\$2,441,452,810	\$2,394,558,930	2.0%
Less: Non-Reimbursable Exemptions	\$(6,273,423,994)	(\$4,848,892,089)	29.4%
Basis of Levy	\$159,303,239,906	\$158,521,517,382	.5%



San Francisco is fortunate that its roll value continues to increase despite the economic decline in global, national and regional real estate. During FY 2010-11, the value of locally assessed property increased by over \$2 billion. While notable, especially in comparison to the picture statewide, San Francisco's roll growth did slow significantly. In the previous ten years, the annual average rate of growth of the gross local roll was 7.4% - this year it was 1.3%. Overall, the locally assessed roll has increased by more than \$74.6 billion over the past 10 years and is more than double what it was in June, 2000.

### CCSF GROSS LOCAL ROLL VALUE INCREASES





## ASSESSMENT ROLL BY PROPERTY TYPES

San Francisco has over 200,000 parcels and nearly seven out of ten of them are single family residential (SFR) properties. These SFR parcels comprise 47% of the secured real property's roll value. In FY 2010-11, the City added 2,126 new parcels to its secured roll with over three-quarters of these new parcels being SFR. Overall, the number of parcels increased by 1.1% and the value increased by 1.7%.

### PARCEL COUNT

Property Type	July 1, 2011	Parcel % of Total	July 1, 2010	Difference	% Change
Single Family Res.	140,229	69.2%	138,586	1,643	1.19%
Multi-Family Res.	34,745	17.2%	34,483	262	0.76%
Commercial	19,263	9.5%	18,984	279	1.47%
Industrial	2,389	1.2%	2,397	(8)	-0.33%
Others/Misc.	5,909	2.9%	5,959	(50)	-0.84%
<b>Total</b>	<b>202,535</b>	<b>100%</b>	<b>200,409</b>	<b>2,126</b>	<b>1.06%</b>

### ROLL VALUE (TOTAL LAND & IMPROVEMENTS)

Property Type	July 1, 2011	% of RV Total	July 1, 2010	Difference	% Change
Single Family Res.	\$71,399,113,667	47.2%	\$69,285,481,762	\$2,113,631,905	3.1%
Multi-Family Res.	\$28,820,663,969	19.1%	\$28,445,091,891	\$395,572,078	1.3%
Commercial	\$45,890,591,823	30.4%	\$45,680,290,785	\$210,301,038	0.5%
Industrial	\$2,929,610,752	1.9%	\$2,914,103,210	\$15,507,542	0.2%
Others/Misc.	\$2,151,215,020	1.4%	\$2,312,986,694	\$161,771,674	-7.0%
<b>Total</b>	<b>\$151,191,195,231</b>	<b>100.0%</b>	<b>\$148,637,954,342</b>	<b>\$2,553,240,889</b>	<b>1.7%</b>

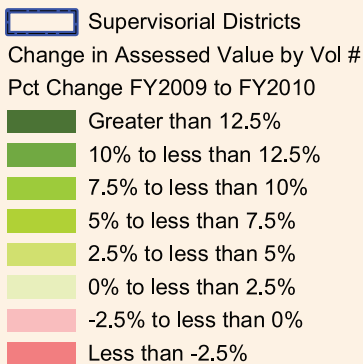
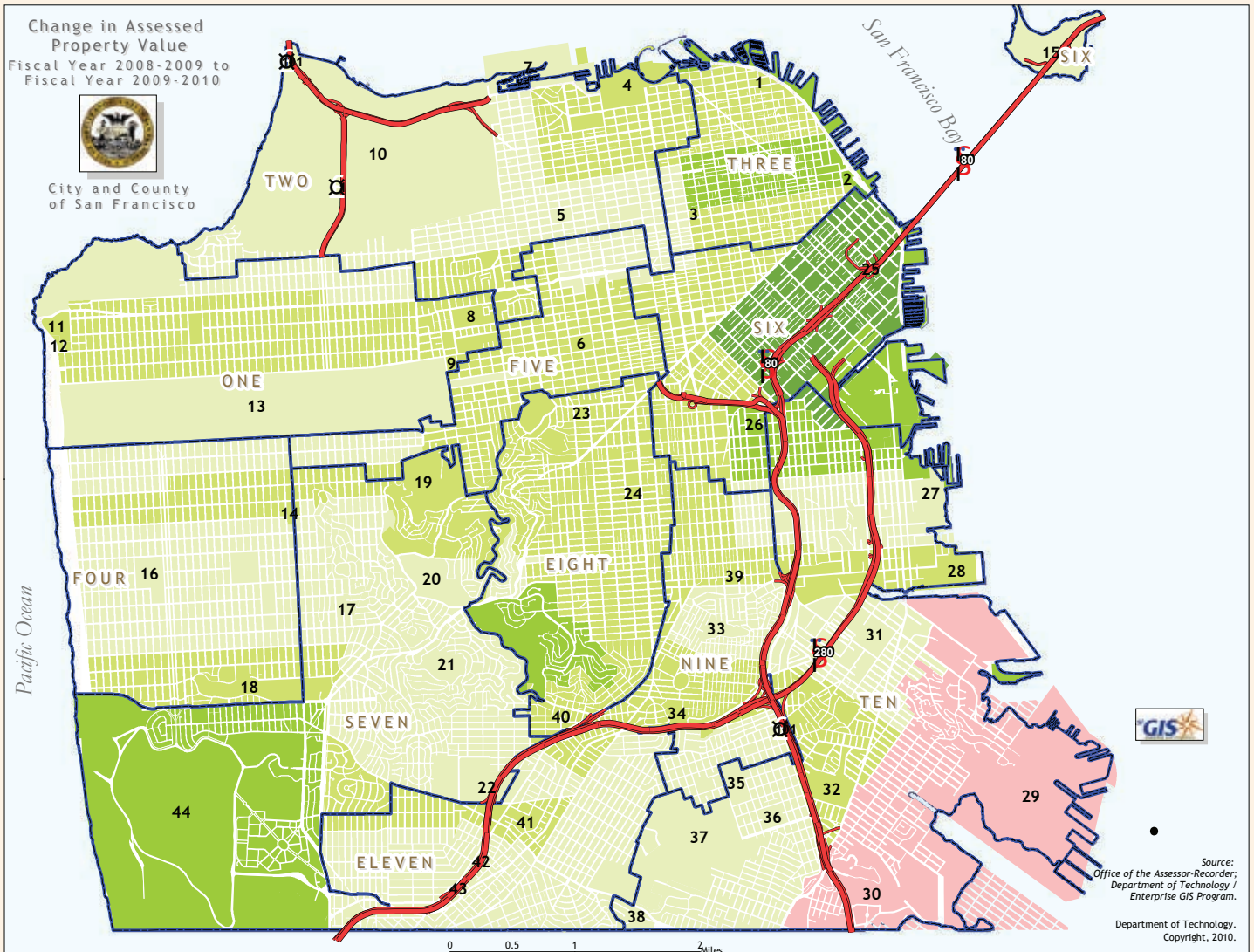
## ASSESSMENT ROLL GROWTH – TOP FIVE NEIGHBORHOODS

Newly constructed properties and changes in ownership of existing properties drive the increases in our assessment roll. A larger assessment roll means higher property tax revenues for San Francisco. This is extremely significant given the fact that property taxes account for approximately one-fifth of the City's total revenue. Unlike many counties in California that continue to experience roll decreases, our roll increased from last year. This year the gross local assessment roll grew by over \$2 billion to \$163.1 billion, from \$161.0 billion. The areas with the largest growth in value continue to be where the City is investing in rebuilding and redeveloping neighborhoods. The top five neighborhoods that experienced assessment roll growth from July 1, 2010 to June 30, 2011 are shown below.

### TOP 5 NEIGHBORHOODS THAT INCREASED IN ASSESSED VALUE

VOL	District	Parcel Count			7/1/2011	7/1/2010	Assessed Value	%
		7/1/2011	7/1/2010	Change	Land & Struct	Land & Struct	Change	Increase
27	Potrero	4,351	4,067	284	\$ 2,073,766,779	\$1,958,942,486	\$114,824,293	5.86%
33	Bernal Heights	3,630	3,619	11	\$ 1,625,988,278	\$ 1,539,382,862	\$86,605,416	5.63%
6	Civic Center	6,053	5,819	234	\$ 4,026,973,466	\$3,869,901,137	\$157,072,329	4.06%
39	Inner Mission	5,350	5,136	214	\$ 3,357,778,090	\$ 3,226,911,936	\$130,866,154	4.06%
9	Haight-Ashbury	4,961	4,911	50	\$ 3,611,450,575	\$ 3,472,157,175	\$139,293,400	4.01%

# ASSESSMENT ROLL GROWTH



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## LARGEST TAX PAYERS

When a large portion of roll value is concentrated in a handful of parcels, a county's tax base is vulnerable. Change in the values of a few high-value properties has a significant impact on a county's property tax revenue. One of the reasons that San Francisco has managed to weather the real estate downturn is the diversification of its assessment roll. The City's \$163 billion of roll value is spread across over 200,000 parcels in the City. The most expensive parcel is valued at less than 0.6% of the City's overall roll value. The table below shows the name and location of the largest tax payers, the type of property, the total assessed value, and its percentage of the City's overall assessed value.

### TOP 10 PARCELS NET ASSESSED VALUE

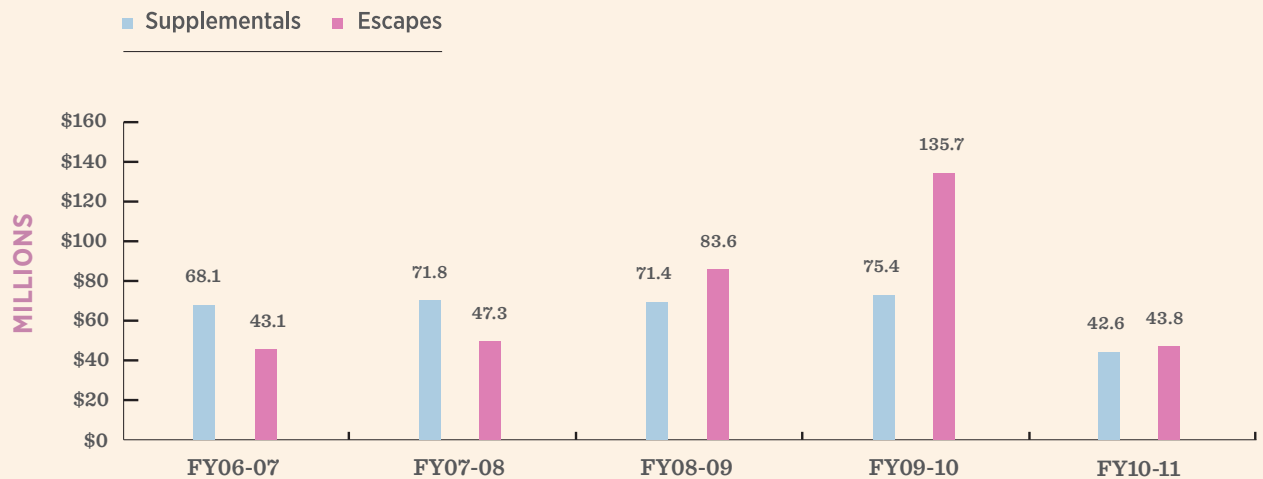
Assessee	Location	Type	Net Assessed Value	% of Net Assessed	Base Year
HWA 555 Owners LLC	555 CALIFORNIA ST	Commercial Office	\$904,469,084	0.57%	2008
Paramount Group Real Estate Fund	1 MARKET ST	Commercial Office	\$740,957,712	0.47%	2011
Emporium Mall LLC	845 MARKET ST	Commercial Office	\$472,557,776	0.30%	2007
333 Market Street LLC	333 MARKET ST	Commercial Office	\$386,927,460	0.24%	2007
Four Embarcadero Center Venture	4 THE EMBARCADERO	Commercial Office	\$383,331,224	0.24%	2000
Post-Montgomery Associates	165 SUTTER ST	Commercial Office	\$372,228,997	0.23%	1985
S F Hilton Inc	1 HILTON SQUARE	Commercial Office	\$369,887,393	0.23%	2008
SHR St Francis LLC	301-345 POWELL ST	Commercial Office	\$361,131,605	0.23%	2007
PPF Off One Maritime Plaza LP	300 CLAY ST	Commercial Office	\$353,118,366	0.22%	2008
One Embarcadero Center Venture	1 THE EMBARCADERO	Commercial Office	\$330,565,869	0.21%	2000
Top 10 Total			\$4,675,175,486	2.93%	
Total Assessed Value (Basis Of Levy)			\$159,303,239,998		

## SUPPLEMENTALS & ESCAPES

Over the past five fiscal years, the Assessor-Recorder's Office has focused on valuing supplemental and escape assessments to reduce the number of prior year transactions in the workload. Supplemental and escape assessments are considered unprocessed when properties have undergone an assessable change in ownership or new construction, but have not been appraised before the end of the fiscal year. Essentially, these properties have escaped being assessed within the fiscal year the assessable event occurred. State law requires that an appraisal must be done within four years.

In FY 2010-11, new supplemental and escape assessment revenue totaled \$86.4 million. \$42.6 million were supplemental revenue and \$43.8 million were escape revenue. Future years supplemental and escape assessment revenue is projected to decline as the number of prior year pending events diminishes. This revenue reduction should be viewed as a positive development indicating that more assessable transactions are being assessed within the fiscal year that they occurred.

### SUPPLEMENTAL & ESCAPE REVENUE

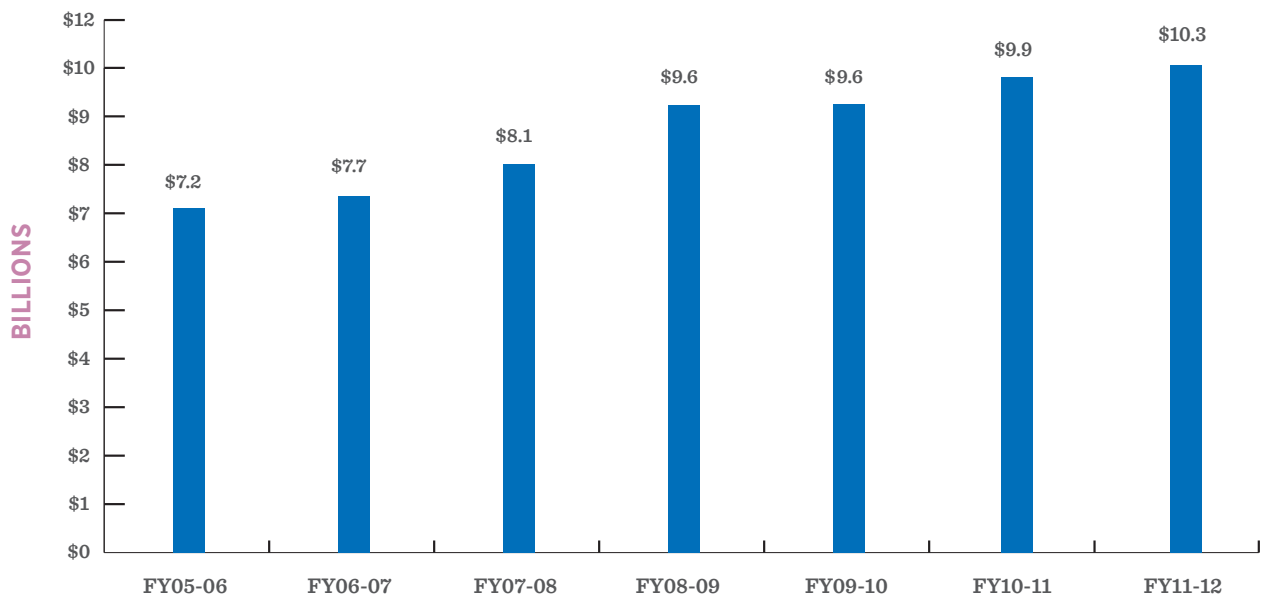




# UNSECURED ROLL INCREASES BY 4% OVER LAST YEAR

The unsecured roll is composed of property and possessory interest where the taxes are not secured by real estate. It includes marine and vessels leases, aircraft, and business personal property. The unsecured assessment roll increased by 4% over the previous year. In addition, our staff is committed to ensuring everyone pays their fair share of taxes by discovering under reported business personal property.

UNSECURED ROLL UP 4% OVER LAST YEAR AND 43% SINCE FY 05-06





## BUSINESS PERSONAL PROPERTY DIVISION

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Our Business Personal Property Division (BPP) conducts routine audits on a pool of accounts made up of over 33,000 city businesses paying property tax. 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. Unlike real property, business personal property is assessed annually. The owners of all businesses must file a property statement (571-L form) with the Assessor-Recorder's Office detailing the cost of all their supplies, equipment, and fixtures at each location.

This past year, BPP worked diligently to generate additional revenue by continuing to coordinate with the County Treasurer & Tax Collector (Tax Collector). As a result of this effort, 8,200 new businesses were added to our database and relevant forms were mailed as the first step in assessing the business personal property tax on these newly-added businesses.

BPP generates nearly 6% of the total revenue from our Office for the City's General Fund. The hard work of BPP staff resulted in approximately \$109 million in tax revenue during FY 2010-11.

BPP works closely with the City's business community to answer questions and assist them in completing their required 571-L forms. BPP holds "How to fill Out the Business Statements (571-L's) Workshops" to assist taxpayers who are either new to filing out 571-L's or are in need of a refresher course. These workshops are well attended and much appreciated by taxpayers. In addition, a YouTube video was produced in FY 2010-11 that walks taxpayers through the process of filling out the 571-L forms and it has been a great success. It can be viewed on our website: <http://www.sfassessor.org/index.aspx?page=104>.

## PROPERTY TAX EXEMPTIONS

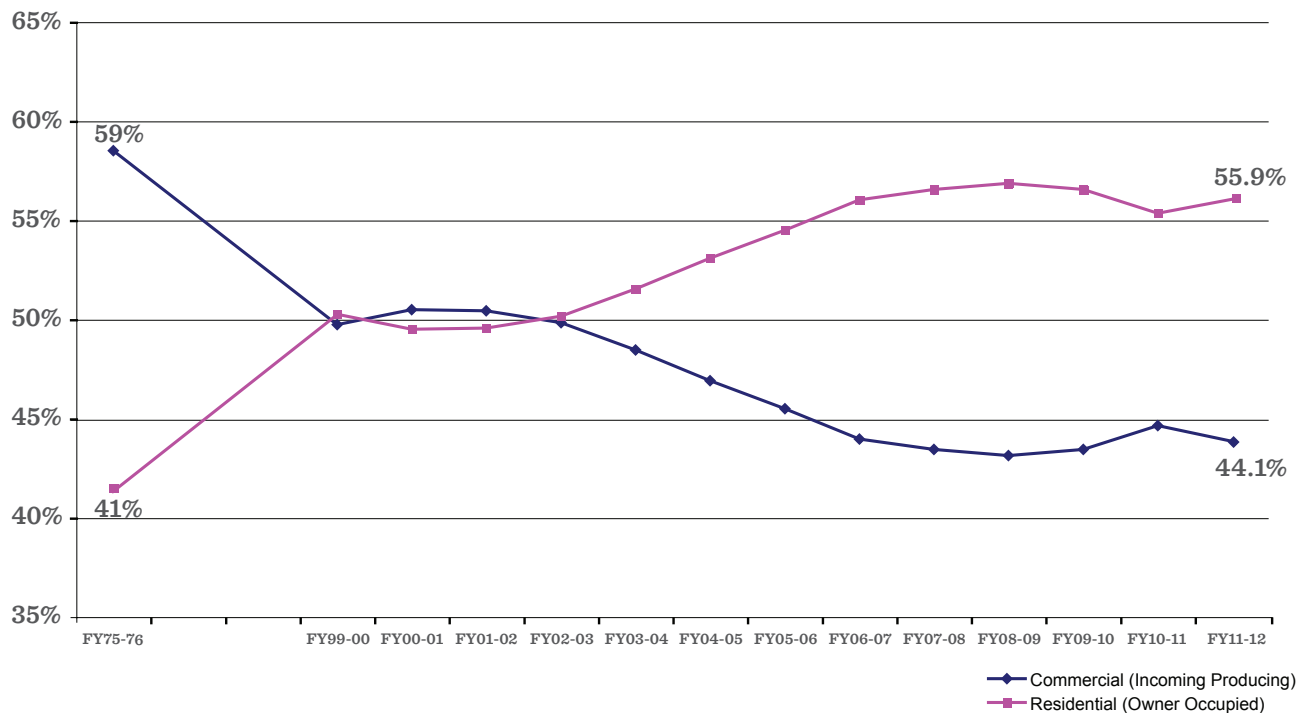
The Assessor-Recorder's Office grants property tax exemptions to properties owned by non-profit organizations, religious and church organizations, hospitals, and schools in accordance with the Revenue and Taxation Code and with guidance from the California State Board of Equalization. Residential properties that are the owner's primary residence qualify for the homeowner's exemption.

Exemption	Value	% Total
Private Schools	\$4,039,329	0.1%
Homeowners	\$653,352,000	9.4%
Hospitals	\$334,163,223	4.8%
Charitable - Non-profit	\$4,873,541,491	70.4%
Religious Properties	\$199,083,593	2.9%
Veterans	\$13,097,469	0.2%
Churches	\$65,690,243	0.9%
Private Colleges/Universities	\$674,503,744	9.7%
Other	\$109,304,902	1.6%
<b>Total</b>	<b>\$6,926,775,994</b>	<b>100.0%</b>

## PROPERTY TAX DISPROPORTIONATELY PAID BY RESIDENTIAL PROPERTIES

When Proposition 13 was passed more than 30 years ago in 1978, commercial properties accounted for the majority of the City's assessment roll value. Commercial properties are defined as income-producing properties, such as commercial office space, hotels, and retail, while residential properties represent owner-occupied parcels. The ratio of assessed commercial value to assessed residential value in 1975 was 59% to 41%. However, over time the share of property tax paid between commercial and residential properties has flip-flopped. Residential properties change ownership much more frequently resulting in reassessments at higher property values. Meanwhile, many commercial properties have not changed ownership and maintained an assessed property value from decades ago that is well below the present fair market value (FMV). Today, commercial properties' share of the City's assessed roll is 44%, while residential properties account for 56%. This inversion of San Francisco's roll values between commercial and residential properties has occurred while the ratio of commercial to residential parcels remains largely unchanged. In 1975, residential parcels comprised 78% of the City's total and today they account for 80%. Residential property owners today are paying a disproportionate share of San Francisco's property taxes compared to the situation when Prop 13 was enacted.

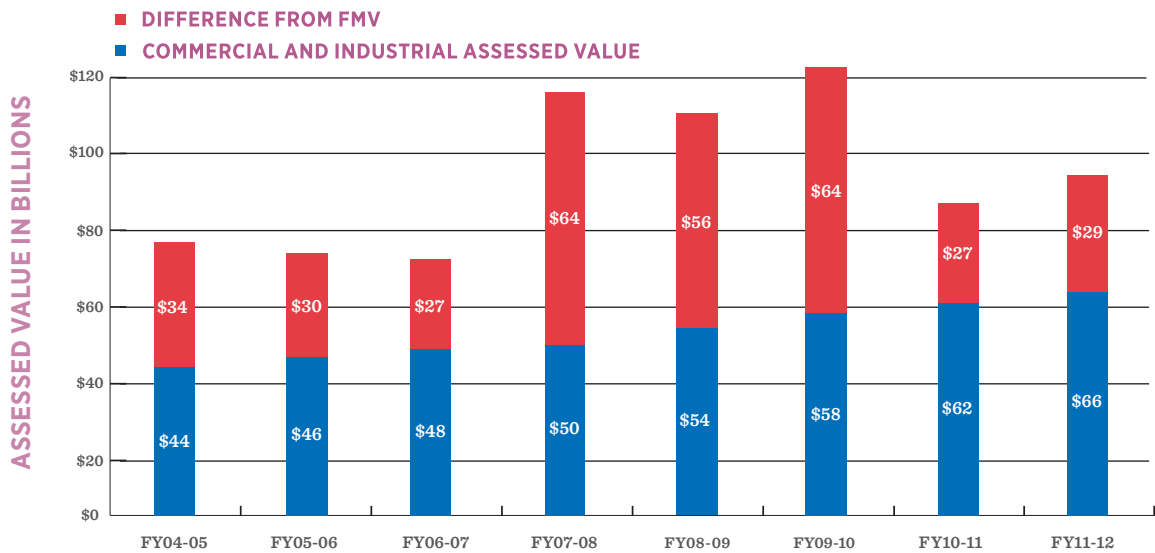
### COMMERCIAL VS RESIDENTIAL PROPERTY TAX



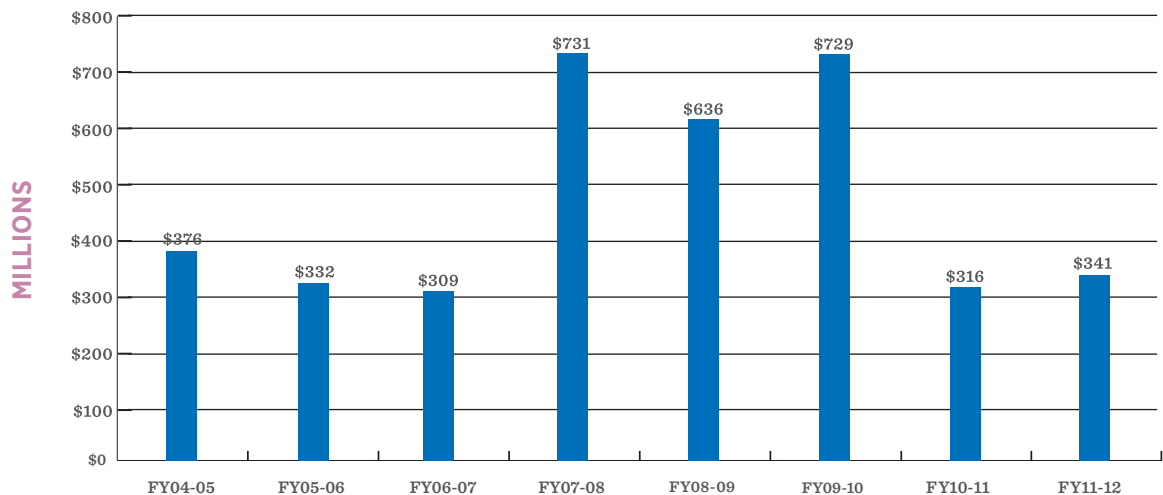
# ADDRESSING THE INEQUITABLE RESIDENTIAL PROPERTY TAX BURDEN

Assessor-Recorder Ting has consistently worked to address inequitable property tax burdens on residential properties. He continues to protect homeowners by eliminating corporate tax loopholes, ensuring that transfers in ownership pay the appropriate transfer tax, and that real estate transactions that trigger property reassessment are captured. Regarding the issue of residential versus commercial property tax burdens, many states, such as Florida, New Mexico, South Carolina, Iowa, Maryland, Texas, Georgia, Colorado, and Minnesota, have enacted property assessment limits on residential properties only. If the voters of California approved such an approach, where residential properties would continue to enjoy the benefits of Prop 13, but commercial properties would be assessed at fair market value (FMV), the impact on the City's financial outlook would be profound. Using the California State Board of Equalization's ratio of assessed value to FMV for commercial and industrial properties, the estimated additional tax revenue due San Francisco over the past eight years from a split-roll system would be \$3.8 billion.

## COMMERCIAL & INDUSTRIAL ASSESSED VALUE v. FAIR MARKET VALUE



## ADDITIONAL COMMERCIAL & INDUSTRIAL TAX REVENUE IF ASSESSED AT FMV

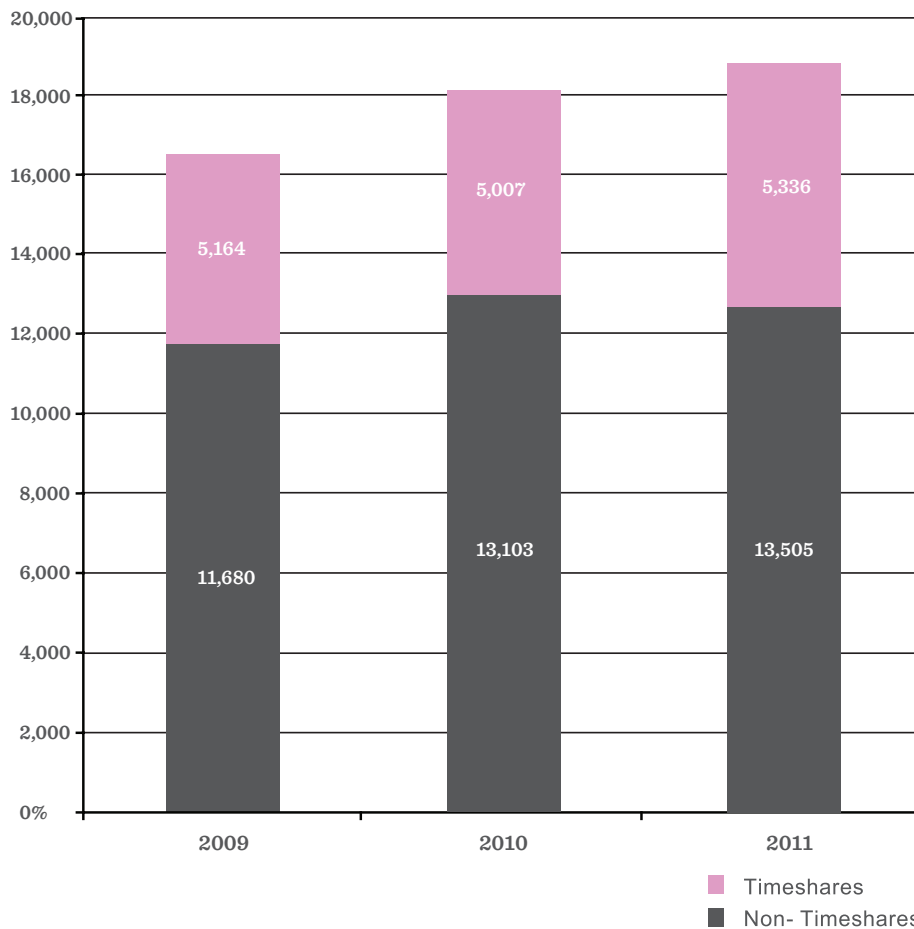


## PROACTIVELY PROVIDING TEMPORARY PROPERTY TAX REDUCTIONS FOR HOMEOWNERS

The Assessor-Recorder’s staff is committed to serving the public and ensuring that everyone is treated fairly and equally. We strive to inform taxpayers of their rights, alert the public about potential property scams, and ensure that home-owners are not paying more than their appropriate share in property taxes. Under state law, established by Proposition 8, property owners can receive a temporary reduction of their assessed value if the current fair market value (FMV) of the property is determined to be lower than the assessed value. This year, temporary property tax reductions for 18,841 properties were granted. The average reduction in taxable value for a qualified single family residence was over \$171,000. This equals an approximately \$2,000 reduction in property taxes. Residential taxpayers could request an informal review for a temporary reduction from the Assessor-Recorder’s Office between January 1, 2011 and March 31, 2011 and any taxpayer could file for a reduction from the Assessment Appeals Board (AAB) before September 15, 2011.

The neighborhoods with the most reductions were newer neighborhoods such as Mission Bay (1,236), South Beach (874), and South of Market (725). The total roll value of this year’s temporary reductions was \$2.3 billion with an estimated total tax revenue decline of \$27.5 million.

### TEMPORARY PROPERTY TAX REDUCTIONS

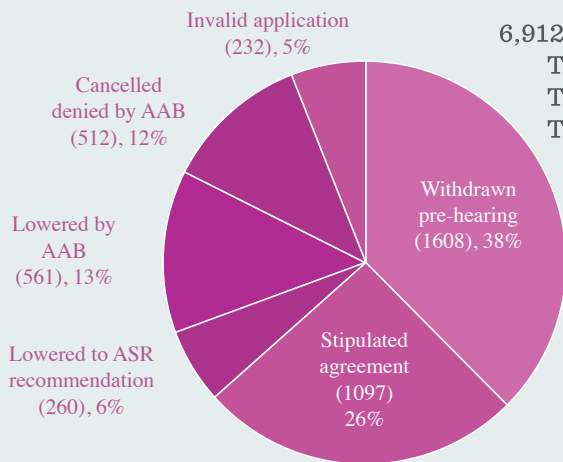




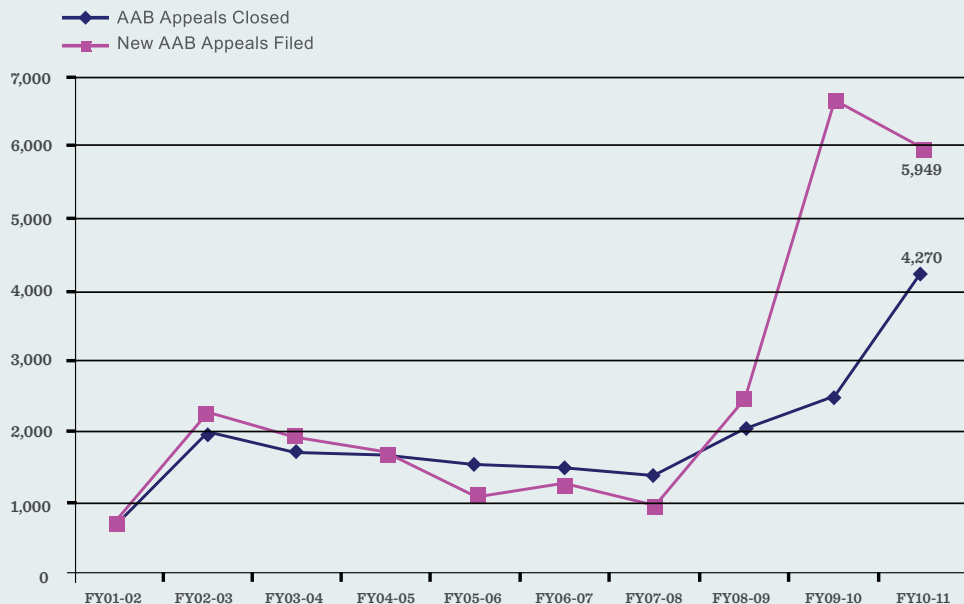
# ASSESSMENT APPEALS – ASSESSOR-RECORDER’S OFFICE STRIVES TO REACH AGREEMENT WITH TAXPAYERS

A taxpayer has the right to file an appeal for a reduction of the assessed value of their property when there is a disagreement with the Assessor-Recorder’s Office’s valuation. This appeal can be filed with the Assessment Appeals Board (AAB) during the regular filing period for that year (i.e by September 15). The AAB is independent from the Assessor-Recorder’s Office and acts as a third party to resolve disagreements over the appropriate assessed value of a property. The Assessor-Recorder’s Office strives to work cooperatively with taxpayers appealing their assessed value and is proud that only 13% of the 4,270 AAB appeals closed in 2010-11 were lowered by the AAB to a value different than what we agreed to with the taxpayer or recommended to AAB. While the number of new appeals filed in FY 2010-11 is still historically very high, the fact that it is down 10% to 5,949 is an encouraging sign that San Francisco has hopefully seen the bottom of the recent real estate decline,

**4,270 FY 2010-11 CLOSED AAB APPEALS**



6,912 open AAB appeals as of June 30, 2011  
 Total Value under Appeal: \$50 billion  
 Total Taxpayer Opinion of Value: \$27 billion  
 Total Tax Dollars at stake: \$270 million



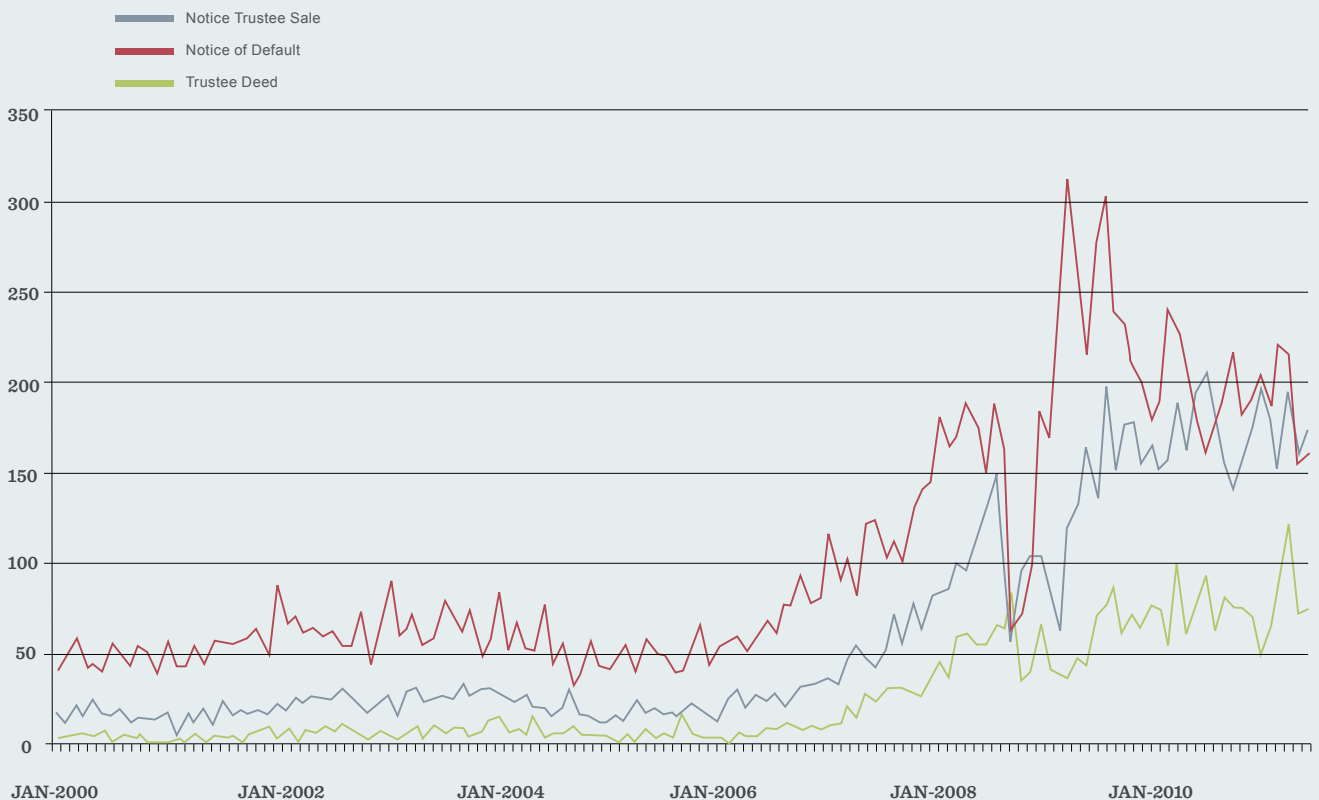


# HELPING THOSE FACING FORECLOSURE

The recent real estate downturn and the resulting wave of foreclosures have challenged the foundation of homeownership in many ways. Since the Assessor-Recorder's Office maintains all recorded documents related to real estate, we have seen the effects of the recession on homeowners. Our staff continues to help those facing foreclosure with information and resources. We created a first-of-its-kind program where we proactively contact homeowners shortly after a notice of default is recorded against their properties informing homeowners of their rights. In 2010-11, 1,140 notice of default letters were mailed to homeowners outlining the many resources available to help retain their homes. We continue to coordinate with non-profit housing counseling agencies to develop policies that will help mitigate the effects of the foreclosure crisis.

In 2010-11, the total number of notices of default recorded, inclusive of all residential, commercial, or industrial parcels, declined to a total of 2,277 (down 10% compared to 2009-10). This is an encouraging trend, but this decrease is partially a result of a voluntary slow down by the mortgage industry because of chain of title issues created by improperly recorded or non-existent mortgage assignments. The monthly average of notices of default in 2011 (184) is still 171% higher than five years ago in 2006 (68). The number of actual foreclosures increased only slightly over last year – up 3% to 927 for 2010-11. However, the current 2011 monthly foreclosure average of 83 (through August) is 1128% higher than the monthly average of five years ago. In 2006, there was an average of only 7 foreclosures a month.

## FORECLOSURE ACTIVITY



## ASSESSOR-RECORDER TING SPONSORS CALIFORNIA AB 1321 TO RESTORE CLARITY TO PROPERTY RIGHTS

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Assessor-Recorder Ting is responsible for recording and maintaining records of documents that show an ownership interest in real property and provide notice to any interested party. With the recent high levels of notices of defaults and trustee deeds recorded, Assessor-Recorder Ting became increasingly concerned about a common practice in the mortgage industry that obscured the beneficiary. A nationwide members' only mortgage servicing system created by private industry and known as the Mortgage Electronic Registration System (MERS) is in use throughout San Francisco. MERS largely bypasses the Recorder's Office and compromises the accuracy and validity of property rights for San Francisco residents. The business practices of MERS, and its members, allows unlimited assignment of a given deed of trust (mortgage) and avoids the recording fees that anyone else who records an assignment in our office would pay. Most importantly, unclear beneficiaries, and the lack of recorded assignments, has the potential to cloud title and put into question the property ownership rights of thousands of San Francisco property owners.

To address this threat to property rights, Assessor-Recorder Ting wrote and sponsored California Assembly Bill 1321, which requires any assignment of deed of trust (mortgage) to be recorded in the county where the property is located. If it passes, this law would be an important step to return certainty to property ownership and capture recording fee revenue that rightfully belongs to fifty-eight counties and taxpayers throughout the state.

## INDIVIDUAL ASSESSMENTS FOR TENANCY-IN-COMMON (TIC) NOW AVAILABLE

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As part of our efforts to ensure that our practices keep pace with changes in the housing market, we provided 455 estimated individual assessments for Tenancy-In-Common (TIC) owners who requested them in 2010-11. TICs are an increasingly popular way for San Franciscans to enter the housing market and currently TIC co-owners receive one property tax bill inclusive of the entire property. TIC co-owners are liable for the full amount of property taxes owed, but the separate assessments we provide on request accomplish several things:

- Provide general knowledge regarding the assessed value of individual units for TIC owners. This 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 our staff to process documents more efficiently and accurately, resulting in increased equity and fairness among TIC owners.

We have begun outreach to publicize this service and are working with TIC organizations. We sent applications to all known TIC owners in the City with the Notification of Assessed Value letter that is mailed each July. Please visit the following link to request a TIC individual assessment. <http://www.sfassessor.org/Modules/ShowDocument.aspx?documentid=480>



## REAL ESTATE WATCHDOG PROGRAM – OVER \$1 MILLION IN REVENUE COLLECTED

The Assessor-Recorder's Office is committed to ensuring that all properties are appropriately assessed to help capture revenue owed to San Franciscans. The Real Estate Watchdog Program is one example of that commitment that everyone pays their fair share of property taxes. Under this program, created in 2006, individuals can provide the City with information regarding a property owner failing to report a change in ownership. Since a change in ownership triggers a reassessment of a property's taxable value, it is important that such events do not fall through the cracks. Our staff follows up on any information received via this program and determines what, if any, property taxes may have been underpaid because an owner failed to report a change in ownership. The "watchdog" that provides the information is eligible for a reward of up to 10% of the unpaid taxes. Over the past five years, the City has collected more than \$1 million in revenue after citizens informed us of unreported changes in ownership. All Watchdog complaints should be directed to 3-1-1.

## MARRIAGE LICENSES

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The Assessor-Recorder's Office maintains official public records and collects revenues from the recording of legal documents, including marriage licenses. In FY 2010-11, we recorded 10,468 marriage licenses. This is a 41% increase from the prior fiscal year when 7,405 marriage licenses were recorded. Certified copies of marriage licenses can be ordered on-line, over the phone, or in-person and over 17,500 were processed this past fiscal year. For information about ordering a certified copy of a marriage license, please visit

<http://www.sfassessor.org/Modules/ShowDocument.aspx?documentid=690>.

In 2008, over 2,700 same-sex couples were married in San Francisco before Proposition 8 amended the State's Constitution to limit marriage rights to only heterosexual couples. The Assessor-Recorder's Office was proud to record these marriage licenses and stands committed to the principle that everyone should have the right to marry. Proposition 8 was declared unconstitutional in August of 2010 and the issue is now being reviewed by the California Supreme Court.



## PROVIDING INCREASED LANGUAGE ACCESS & CULTURAL COMPETENCY TO BETTER SERVE THE PUBLIC

San Francisco's diversity is one of our greatest assets and the Assessor-Recorder's Office is ensuring that we can effectively communicate with its taxpayers. We have been proactive at fulfilling this need by championing cultural competency and accommodating property owners who request language services. For several years, Assessor-Recorder Ting chaired former Mayor Newsom's Cultural Task Force and he continues to work with the San Francisco Office of Language Services to ensure our staff meets today's language needs.

Annually, we send out Notices of Assessed Valuation (NAV) letters to all taxpayers advising them of the current value of their property, as well as any exemptions applied to their property. When requested by taxpayers, these notification letters are sent in Spanish or Chinese. We also provide a translated FAQ form for the NAV letter in Spanish, Chinese, Russian, Tagalog, Vietnamese, and Japanese via our website (<http://www.sfassessor.org/index.aspx?page=116>).

Additionally, we provide translation services to customers with limited English proficiency in-person at the counter and over-the-phone. This year we assisted callers in numerous languages with Cantonese being the most requested translated language. Other languages requested were Spanish, Mandarin, Farsi, Vietnamese, Burmese, Cambodian, Indonesian, Russian, and Korean.

Additionally, as part of our commitment to provide the very best customer service, our staff has implemented a Customer Feedback Survey. This survey is presently available at our counter in City Hall and will be available online starting November 2011. The survey will allow taxpayers to evaluate our counter services based on wait-time, helpfulness and courtesy of the employee, and overall customer service. Based on customer responses for FY 2010-11, 82% rated "Excellent" for the amount of wait time, 89% rated "Excellent" for helpfulness of our employees, and 89% rated "Excellent" for overall service.



## PROMOTING ENERGY EFFICIENCY & RENEWABLE ENERGY

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**GoSolarSF Incentivizes San Franciscians to Use Solar – Now Over 2,400 Solar Systems Deployed**  
On July 1, 2008, “GoSolarSF” was launched by Assessor-Recorder Phil Ting, Mayor Gavin Newsom, Vote Solar founder David Hochschild, and the San Francisco Public Utilities Commission. The goal of this ten-year pilot project is to make San Francisco the global leader in the efficient use of resources and reduce our dependence on conventional forms of energy by using incentives to reduce the overall cost of solar systems for residential and commercial properties.

Prior to GoSolarSF, only 580 solar systems existed in the CCSF. San Francisco currently has over 2,400 solar systems, largely as a result of GoSolarSF incentives, and, according to the California Solar Initiative, the cost is now less than \$9 per watt to install. Recent analysis done by the Assessor-Recorder’s Office, utilizing the methodology of a statewide Lawrence Berkeley National Labs study, suggests that due to the increased property value of homes with solar systems, San Francisco will generate an additional \$14.6 million in property tax revenue over the next 30 years based on already installed solar systems. If San Francisco reached GoSolarSF’s goal of 10,000 solar systems, that would yield \$59 million in additional property tax revenue. In addition to the economic benefit of solar related to the projected increase in property tax revenue, San Francisco is now home to more than 30 solar companies employing over 450 people.

Beyond the economic justification supporting GoSolarSF, the City’s efforts to support renewable energy through this program will save an estimated 15 million pounds of carbon dioxide annually and this savings will increase as more solar systems are deployed. A helpful online calculator to estimate the value of a solar system for a particular location, including the estimated annual energy savings, can be found here: <http://www.gosolarcalifornia.org/tools/save.php>.

### **ASSESSOR-RECORDER PARTNERING WITH SAN FRANCISCO DEPARTMENT OF ENVIRONMENT TO PROMOTE “GOING GREEN”**

This year, the Assessor-Recorder’s Office is partnering with the San Francisco Department of the Environment (SFE) to promote the San Francisco Home Improvement and Performance Program (SFHIP). This program helps residents save electricity, gas, and water through incentives to promote a range of energy efficiency upgrades. SFE began SFHIP in April 2011, and information about the program is going out in the Notices of Assessed Value letters provided to every homeowner by the Assessor-Recorder’s Office. To further support and enhance the SFHIP incentives to improve energy efficiency, the Assessor-Recorder’s Office plans to document conservation improvements made to San Francisco buildings and these improvements will be added to the property records the Assessor-Recorder’s Office maintains. Furthermore, we recently released a report showing that homes receiving solar system upgrades sell for more than comparable homes without such systems. Additional details can be found in the press release on the Assessor-Recorder’s website at <http://sfassessor.org/Modules/ShowDocument.aspx?documentid=876>.

## CREATING LOCAL JOBS & PROMOTING LOCAL INVESTMENT VIA CHINASF

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As the Chair of ChinaSF's Advisory Board, Assessor-Recorder Ting sees San Francisco as the premier North American location for Chinese companies, and is dedicated to helping make San Francisco the gateway for companies looking to set up their business operations in the Bay Area. ChinaSF promotes trade between San Francisco and China through a public-private collaboration between the San Francisco Center for Economic Development, the City of San Francisco, and the San Francisco Chamber of Commerce. This collaboration assists Bay Area companies looking to do business in China and Chinese companies seeking to establish a North American presence in the Bay Area.

Since its inception in 2008, the ChinaSF initiative has brought investment and created jobs to the City by the expansion of Chinese companies in San Francisco. ChinaSF enticed Suntech, the world's third largest solar cell manufacturer, and China Daily, the national English-Language newspaper of China, to open offices in San Francisco. In addition to these two companies, there are now 11 additional Chinese firms in San Francisco employing over 130 people with even more Chinese firms interested in locating in San Francisco's cleantech hub. Each company brings jobs to local residents, investment dollars to our local and regional economy, and tax revenue that supports local programs.

ChinaSF is currently targeting sectors that include clean and bio tech, digital media, informational technology, and professional services. With the growth of its Advisory Board and Strategic Advisers, including both US and China-based business executives, ChinaSF continues to provide valuable business development strategy advice and connections to important on-the-ground information for companies both here and in China.







The Office of the Assessor-Recorder is proud to have a hard-working, devoted staff. As indicated in the chart below, the staff comes from a variety of cultural backgrounds.

## ASSESSOR-RECORDER STAFF

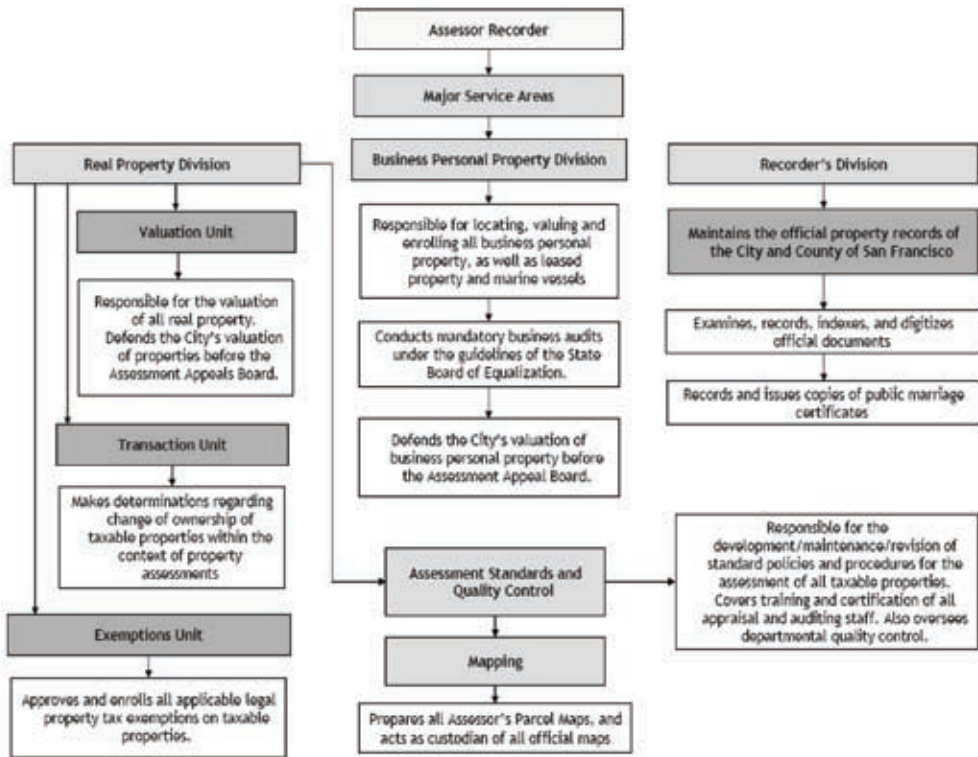
Abdul R Janjua  
Adrian Law  
Alan Nguyen  
Aleda G Graham  
Alex Behrend  
Alexander F Hung  
Alice C Kim  
Alice M Cheung  
Alicia F Petalver  
Angela F. Lucas  
Angela M D'Anna  
Anita Mei Chih Chen  
Ann Chwang  
Anthony D Estacio  
Antonio C. Segarra  
April I Castaneda  
Ardele B Leavelle  
Arlene P Boongaling  
Benjamin D Weber  
Blair L Adams  
Carlota P Hilario  
Carmelita Harris  
Caroline S Arguelles  
Catherine M Saul  
Cathleen A Hoffman  
Cecilia Wong  
Chanda J Ikeda  
Charles P Crowder  
Chona E Pazcoguin  
Christopher T Sam  
Concepcion Vindell  
Craig P Dzedzic  
Daniel Reyes  
Dennis A May  
Diane Cirrincione  
Diego Medrano  
Dinora B Sanchez  
Donald Wiggam  
Donna K Gilliam  
Dung Hoa Nguyen  
Edward O Rafael  
Edward Smith  
Elizabeth Cooper  
Ellen S Collaco  
Emerson J Santos  
Eric Ho  
Fanny D Truong  
Fei Chen

Feliciano Payumo  
Felix D Rodriguez Jr  
Felomina E. Uban  
Fernando E Mendoza  
Francis Nguyen  
Frank S Wong  
Garry M Nettles Jr.  
George E Gomez  
Georgina E Gogna  
Gilbert Tang  
Gladys Sanchez  
Gregory K Wong  
Guadalupe A Laurente  
Guadalupe R. Santana  
Hakam A Ibrahim  
Harvey G Huey  
Helen M Hui  
Helen Tirta  
James A Bias  
James K Pan  
Jim W Tom  
Jimmy P Chan  
Joan Czaia  
Jocelyn M Gordon  
Joe F Lee  
John K Hui  
Julia Leiva  
Julie C Wu  
Julie Ford  
Kan Shen  
Kathleen Pierpont  
Kimberlee N Kimura  
Kimberly J Kitano  
Kit Chau  
Larry Chan  
Lena Surjadi  
Leticia Granados  
Manuel B Uy  
Mara A Lim  
Maria Ahumada-Perez  
Maria D. Quinones  
Maria P Los Banos  
Maria T Tanjutco Smith  
Mark S McLean  
Marol Connelly  
Mary Jane Cruz  
Matthew Thomas  
Melanie Morales

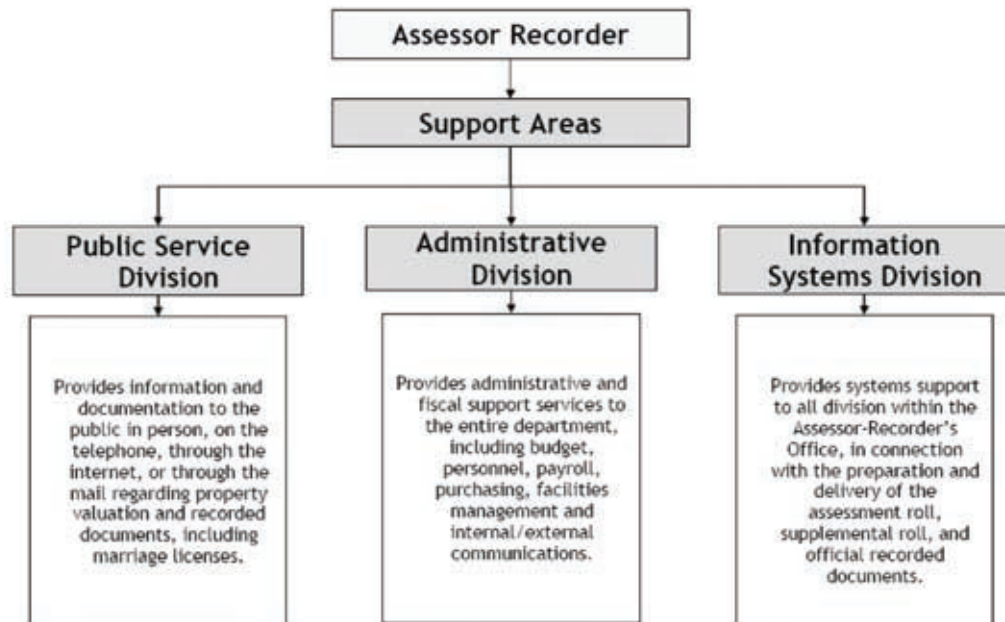
Melissa Panday-Shrawder  
Michael D Jine  
Michelle A. Andry  
Mo'Min Abdun-Noor  
Myrna Flores  
Nancy Gudino  
Natalya I Epelbaum  
Natividad B Caramat  
Ngee K Chow  
Oscar L Pasamonte  
Patricia Rivette  
Pauline Tam  
Peihua Liang  
Philip Y. Ting  
Phoebe Lee  
Pio S Factor  
Rachel P Bianchini  
Rasheeda C. Young  
Richard Y Sin  
Ricky K Lee  
Robert Spencer  
Rocio Avila  
Ronald Sto-Domingo  
Rufino De Leon Jr.  
Sally L Aung  
Sandy G Pubil  
Shanna Ngo  
Shirley Luk  
Shu-Chun Liou  
Stella Chow  
Stephen D Chin  
Stephen Yen  
Summer K. Graham  
Susana V Tan  
Tam Doan  
Teresa R Contro  
Teresita L Xander  
Terris A. Abhaya  
Thomas Ying Cheung-Tang  
Timothy M Landregan  
Victor Tam C Hua  
Vincent Williams  
Wah S Eng  
Wai Ching Chan



# DEPARTMENT RESPONSIBILITIES



# OFFICE DIVISIONS



## 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. Our team works hard to locate all taxable property in the County

and identify 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. Our office also determines if real estate

parcels are required to be reassessed upon a change of ownership or the completion of new construction.

### 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 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 an ad valorem tax based on a percentage of the property's value placed on real and business personal property. 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 set a property's base year value at its 1975-76 assessed value and limits 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 also 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 0.159 percent for FY 09-10 for a total property tax rate of 1.159 percent. Proposition 13 tightly regulates property tax and budget 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?

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

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.

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.

When a sale or transfer occurs, the Assessor's Office receives a copy of the deed and determines if a

The transfer of property between spouses or registered domestic partners does not require a

## What new construction is reappraised?

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When the homeowner/taxpayer applies for a building construction permit with the Department of Building Inspection, the Assessor's Office receives the permit. If 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?

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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

200,000 parcels as of the lien date of FY 09-10, is the basis on which property taxes are levied. The secured roll includes property on which the taxes are a lien against real estate. The unsecured roll includes property

on which the property taxes are not a lien against real estate, including business personal property or improvements located on leased land.

## What is a supplemental assessment?

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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 FY ending June 30. This supplemental bill 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 in a given year is less than the amount shown on your

notice of assessed value 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 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, parcel and condominium. 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?

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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 member 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?

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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??

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Disabled property owners or senior citizens over 55 years of age can buy a replacement residence of equal or lesser market value than

their existing home and transfer their current tax base year 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?

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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. 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?

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If a major calamity such as a fire, earthquake or flooding damages 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?

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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. A depreciation

factor is applied 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: "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?

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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?

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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?

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Using a tax rate of 1.17% 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?

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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 cannot 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?

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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).

**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 Base Year 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 Base Year (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 value and the new assessment.

**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.

**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

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- 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.

