











# ANNUAL REPORT 2009

CITY & COUNTY OF SAN FRANCISCO | OFFICE OF THE ASSESSOR-RECORDER  
PHIL TING, ASSESSOR-RECORDER



## TABLE OF CONTENTS

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Introduction	.01	
Revenue	.09	
Equity and Fairness	.23	
Innovation	.29	
Staff composition/Organizational Chart	.37	
Frequently Asked Questions (FAQs)	.41	
Glossary	.47	
Important Dates for Property Owners	.49	

## EXECUTIVE SUMMARY

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The goal of this report is to provide an insight into the Office of the Assessor-Recorder and our accomplishments during FY 2008-2009. 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 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. These sections detail our office-wide effort to ensure that properties are valued correctly in the slumping real estate market, along with our ongoing efforts to work with homeowners who are facing foreclosure, close corporate tax loopholes, provide translations of any mailed materials to 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

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Fiscal Year (“FY”) 2008-2009 was witness to one of the most volatile real estate markets in decades. California’s Statewide assessment roll declined by 2.4%, representing the first such decline in recorded history. Despite the statewide trends, San Francisco’s property tax base remains strong, as evidenced by our assessment roll increasing 7.1% from \$141.9 billion in 2007-08 to \$152.0 billion in 2008-2009. Although San Francisco’s real estate market has remained resilient, our department faces unprecedented challenges, including declining property values and an ever increasing Citywide budget deficit.

Throughout my four years in office, I am continually impressed by the ingenuity and expertise of our diverse staff. I am proud of the office-wide effort to ensure that we uphold our commitment to accurately assess property values while providing fair and equitable treatment of taxpayers. With no staff increase, we proactively reviewed 14,708 properties to determine if property assessment reductions were warranted. In addition, we simplified the informal review application process and increased outreach efforts to inform taxpayers of their rights.

In challenging times, our office becomes even more crucial to deliver tax revenue and serve the public. Whether by improving efficiency and thus generating additional tax dollars to support vital services, or by reaching out and educating taxpayers about their assessments and rights, the services provided by our office has become more essential than ever before. The tax dollars we generate support education, health care, transportation, affordable housing and public safety, as well as help reduce the budget deficit.

Although there are economic indicators that the real estate market and economy are on the road to recovery, we anticipate another challenging year ahead. Through these challenges, we will continue to learn and grow individually and collectively. I have the utmost confidence that our office is equipped, now more than ever, to be responsive to the public and continue to exceed expectations. Thank you for your interest in the Office of the San Francisco Assessor-Recorder, and please do not hesitate to contact our office with questions or suggestions.

*Sincerely,*



**Phil Ting**

## REAL ESTATE MARKET SNAPSHOT

Similar to what occurred throughout California and the country, the Bay Area witnessed a hampering of the local economy. There were several factors that greatly impacted the Bay Area, but most notable were lending restrictions by financial institutions. As the rate of unemployment increased and as financial institutions restricted credit opportunities, the volume of foreclosures began to enlarge. Similarly, short sales and residential homes sold at auctions began to increase. Homeowners that were capable of selling their homes before being foreclosed on did so at largely discounted sales. Prior to the downturn, the steep climb in housing prices throughout the middle of the decade was greatly accelerated by “loose” loan requirements and non-conforming “jumbo” loans, along with an increasing demand for real estate property. Subsequently in FY 2008-09 the Bay Area saw a significant drop in the median price of property, due to restrictive loan requirements combined with a lack of demand.

June of 2008 was the first time in four years the median price of a Bay Area home fell under half a million dollars to \$485,000. According to DataQuick the median price of a Bay Area home decreased from \$575,500 to \$330,000 from December 2007 to December 2008, a decrease of 43.8%. This change was due to a variety of factors such as a significant decrease in the use of “jumbo” loans which exceed the conventional loan limit of \$417,000. These loans use to account for 60% of Bay Area purchases. This resulted in financing that could no longer sustain the elevated market prices that were all too common in the preceding years.

In November of 2008, the foreclosure levels were near a record high, with adjustable rate mortgages and multiple mortgage line financing at a low. As a result, the use of Federal Housing Administration (FHA) government backed loans drastically increased. These loans allow for as little as a 3% down payment of the purchase price, saw a 20% increase during 2008. Also, the month of

November recorded the highest volume in property sales since the June of 2007.

Additionally, the commercial real estate market has also been impacted. The first quarter of 2009 witnessed the average rent in the financial district decrease by 14.0% from the first quarter of 2008, according to Cushman & Wakefield. The rise of discounted subleases, including free rent and tenant improvements, was a major source of this decline. San Francisco saw the loss of two iconic law firms Heller Ehrman LLP & Thelen LLP, which accounted for approx. 365,000 square feet of office space located in San Francisco’s financial district. Law firms and financial services providers put close to 400,000 square feet of office space back in the real estate market. While 2008-09 saw housing developments put on hold, there were significant office space projects that too were brought to a halt. At the end of 2008, only three major developments were moving forward as planned, 1 Kearny Street, 1500 Owens Street and 455 Mission Bay Boulevard South.



## LOOKING AHEAD

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Although December of 2008 represented the 13th month of the hardened economy, there were indicators that the housing market was strengthening. With the assistance of the federal government, the national lending rates were reduced and the cost of financing was also decreased. Those with the means to take advantage of financing opportunities did so, resulting in the infusion of much needed capital into the economy. The Bay Area market did see a steady rate of improvement in the second half of 2009 with the onset of new regulations and creative financing, as well as new approaches from developers. Developers adjusted their approach to housing projects, recognizing the need for affordable housing instead of developing luxury amenities that were once in high demand. In addition, San Francisco still remains attractive for corporate relocations and expansions: the City has a highly educated workforce, an excellent transit system and land in San Francisco is in scarce supply.

A strength to the City and County of San Francisco continues to be the economic and culturally diversity of the City. A continuous investment in job creation, workforce development, education and the green collar economy will help lift the City out of its current economic challenges and increase its role as a global innovation and investment hub for the future.

## AREAS OF ASSESSMENT ROLL GROWTH

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As mentioned in the real estate snapshot of this report, San Francisco has a particular advantage in comparison to other California and Bay Area counties. San Francisco's desirability and market demand has resulted in a healthy assessment roll increase. The Assessment Roll grew by \$10 billion in FY 2008-2009, from \$141.9 billion to \$152.0 billion. This represents an increase of 7.1% from the previous year.

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 Map #1, the areas with the largest growth in value continue to be those where the City is investing in rebuilding and redeveloping neighborhoods.

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## *The Areas of the City with Largest Increase in Real Property Assessed Value from 2008 to 2009 were:*

### **LAKESIDE & DIAMOND HEIGHTS**

- 2009: \$5,525,973,168
- 2008: \$ 4,751,426,371
- Percentage Change: 14.0%

Two main factors contributed to the significant roll growth in the Lakeside and Diamond Heights neighborhoods. The first was the sale of the Park Merced Apartments for \$700 million; this large apartment complex is located near San Francisco State University. The Park Merced sale alone resulted in an increase of \$426 million. The Lakeside and Diamond Heights district also boasted 368 new parcels due to condominium development, adding an additional 6.4% increase of assessable property to the roll value over the prior year.

### **SOUTH OF MARKET**

- 2009: \$21,157,581,247
- 2008: \$19,019,214,634
- Percentage Change: 10.1%

The South of Market (SOMA) neighborhood continues to be an area of increased development. Continued expansion of the downtown Financial District southward from Market Street toward Folsom Street, including Rincon Hill, along with the redevelopment of the Transbay Terminal has made the SOMA district a mainstay on the list of top assessment growth areas. This development trend is likely to continue for areas encompassing the ballpark and South Beach neighborhood. In total 691 new parcels were added to SOMA resulting in a 6.7% increase in roll value for the area.

### **FORT MASON/COW HOLLOW**

- 2009: \$4,728,570,767
- 2008: \$4,348,756,607
- Percentage Change: 8.0%

Seemingly immune from the real estate market downturn, the Fort Mason/Cow Hollow area has continued to see property values increase. The lack of a significant number of Proposition 8 (“Prop 8”) reductions, coupled with the addition of 586 new parcels contributed to positive roll growth of 8.0% for the area. Some moderately sized condominium projects (in the 30-50 unit range) along with an influx of condominium conversions are the main source of these additional parcels.





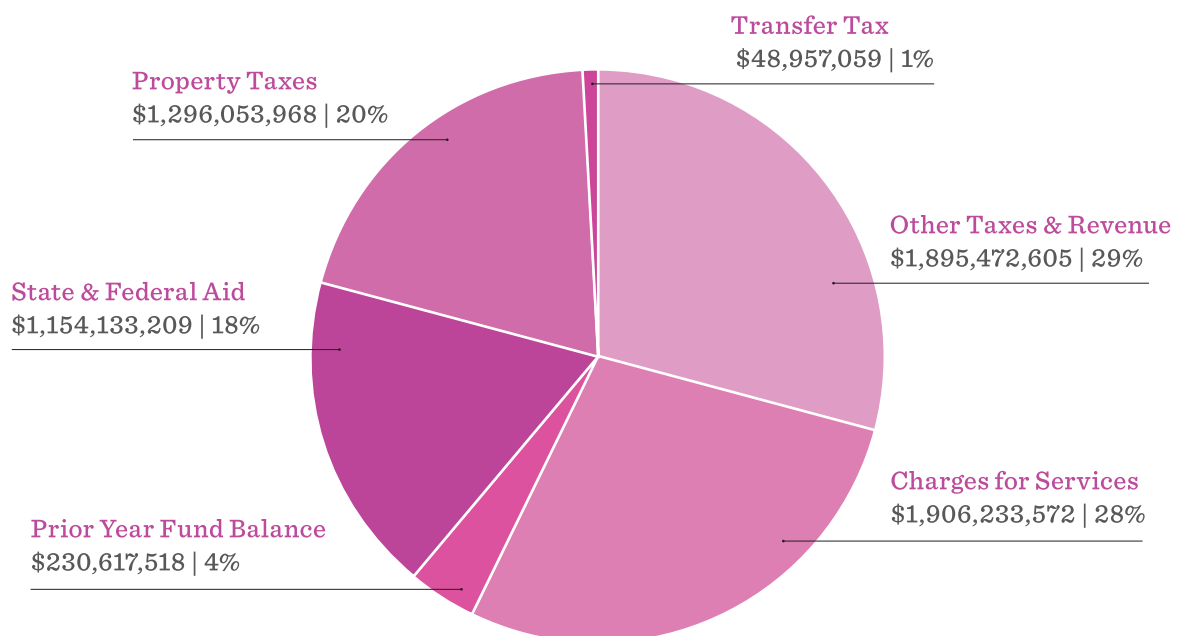
## OVERVIEW

The Assessor-Recorder is responsible for locating all taxable property in the County and identifying the ownership; establishing a taxable value for all property subject to property taxation and applying all legal exemptions to properties. Additionally, we are also responsible for recording legal documents which determine ownership of real property as well as maintaining, indexing and issuing copies of all recorded documents such as public marriage records. All functions of the office are conducted under provisions of the State Constitution, State and County Codes.

Our office is the main revenue generating department in the City and County of San Francisco (CCSF). As we improve our business processes and create greater efficiencies, we are able to increase the county's budget and help provide increased vital services for all San Franciscans. San Francisco's budget is quite complex, however, from a funding perspective, 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. Similar to other cities and counties in California, San Francisco is legally required to balance its budget each year signifying that a marginal decrease in revenues can have serious consequences, including potential cuts to important municipal services. In an effort to preclude budget reductions to city services, we are diligent and efficient in ensuring that every tax dollar owed to the city is identified.

Independently, the property taxes incurred through assessments by the Office account for 20% of the City and County's revenue and 35% of the General Fund. The total budget for the City and County for FY 2008-2009 was \$6.5 billion and the amount allocated for the General Fund was \$3.0 billion.

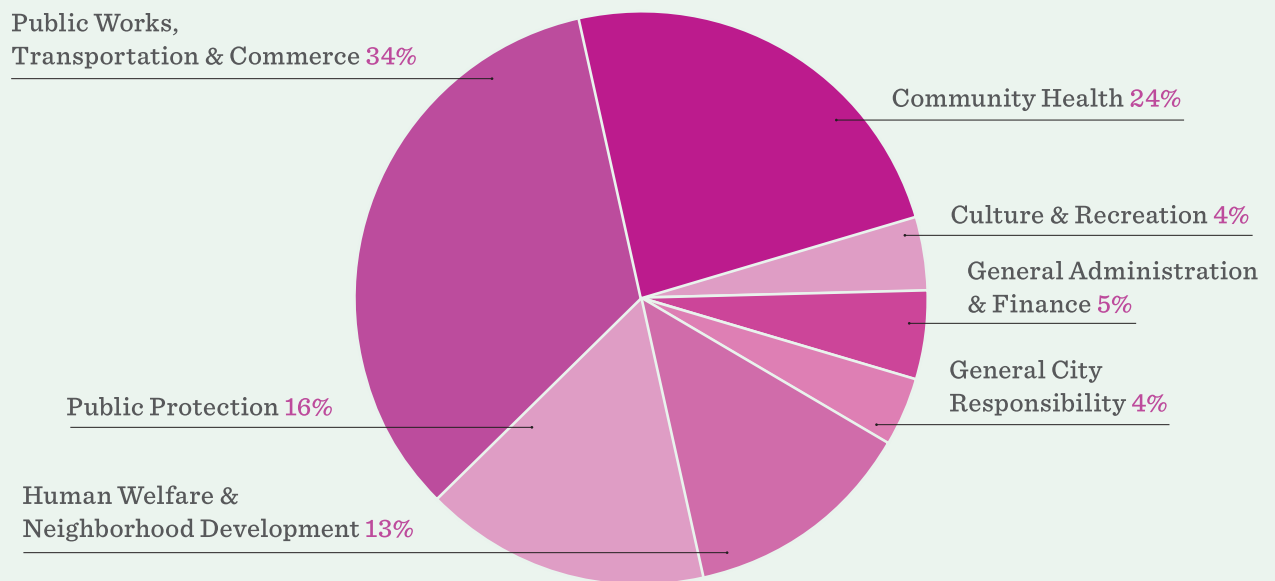
### BREAKDOWN OF CCSF REVENUE SOURCES



## THE CCSF BUDGET

Similar to other California counties, CCSF serves a dual role. First, we provide a vast array of municipal services to residents, including roads, parks, law enforcement, emergency response services, and libraries. We also serve as a delivery channel for many State of California services, such as foster care, public health care, law enforcement, and elections.

### BREAKDOWN OF CCSF EXPENSES



The majority of CCSF spending is allocated into four broad categories: public safety; public works and transportation; public health; and welfare and community development. CCSF spending in the areas of public health and services for the poor and homeless is indicative of the pride the City has in taking care of our most vulnerable citizens.

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

### ASSESSMENT ROLL

As noted in the Assessment Roll Summary below, the FY 2008-2009 assessment roll grew to \$152.0 billion. After applying the 2009-2010 adopted local and county tax rate of 1.159%, the total estimated tax dollars from the FY 2008-2009 assessment roll is approximately \$1.8 billion, representing an increase of \$160.0 million from the FY 2007-2008 roll.

#### ASSESSMENT ROLL SUMMARY

DESCRIPTION	2009	2008	%CHG.
SECURED ROLL	\$144,773,014,963	\$135,947,330,250	6.50%
UNSECURED ROLL	\$10,709,982,420	\$9,622,316,941	11.30%
SBE ROLL	\$2,100,927,324	\$2,033,644,006	3.30%
LESS: EXEMPTIONS	(\$5,623,150,808)	(\$5,683,542,877)	-1.10%
<b>NET ASSESSED VALUE</b>	<b>\$151,960,773,899</b>	<b>\$141,919,748,320</b>	<b>7.10%</b>

As indicated by the 5 Year Assessment Roll History chart below, we are fortunate in that our roll value continues to grow. This growth illustrates that despite a national and regional economic challenges in the real estate market, we continue to maintain 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. Even with 11,749 property owners receiving a temporary reduction in FY 2008-2009, we posted the highest year-on-year increase in roll out of all the California counties. In a year when the statewide

assessment roll declined by 2.4% our assessment roll was one of only two counties with positive growth exceeding 5.0% (Trinity County being the other). Thirty-eight counties posted year-on-year declines, with 14 declining by 5.0% or more.

The assessment roll has increased by more than \$39.0 billion over the past five years. During FY 2008-2009, the value of assessed property increased by over \$10.0 billion. This substantial increase is a testament to the strength of our real estate market, as well the hard work and dedication of our staff.

#### 5 YEAR ASSESSMENT ROLL HISTORY

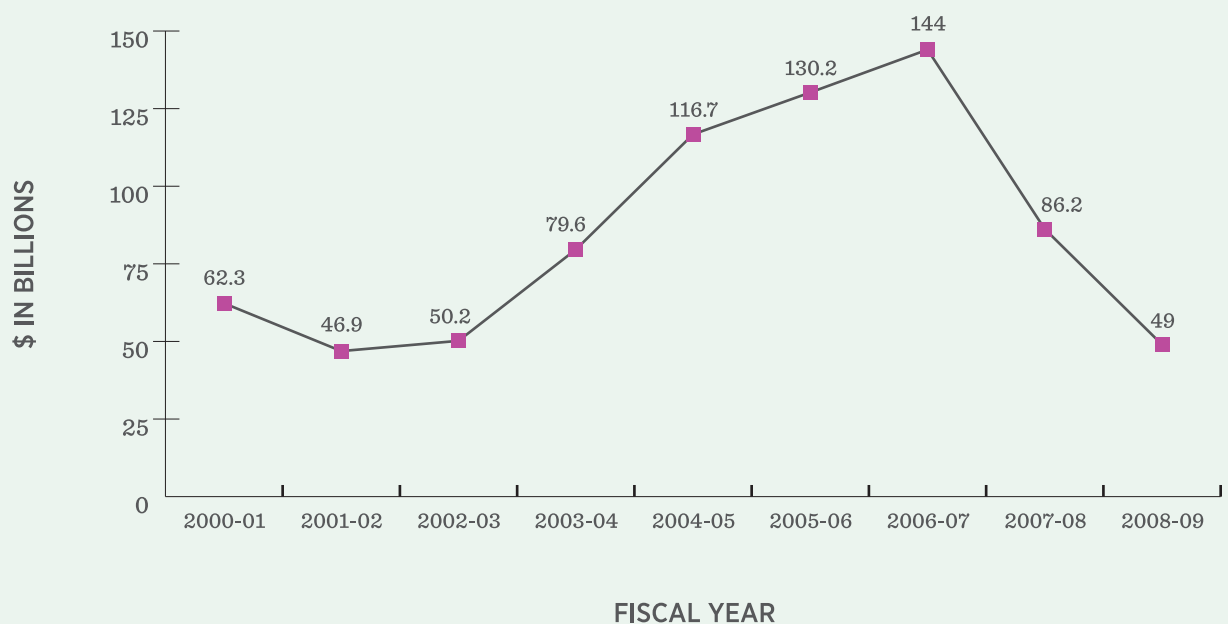


## TRANSFER TAX DOWNWARD TREND

Transfer tax is imposed on each deed, instrument, or writings for land, tenements, or other realty sold within the CCSF. Transfer tax is imposed on both recorded and unrecorded transactions between entities. Because transfer tax is tied to the exchange of properties and their associated values, it can be a volatile revenue stream. In FY 2008-2009, we collected \$49.0 million in transfer taxes, a significant decline from the \$86.2 million collected the previous fiscal year.

Fiscal years 2004-2005, 2005-2006 and 2006-2007 all witnessed unprecedented sales activity in the commercial real estate sector. In stark contrast to the steady transfer tax growth during the latter real estate boom, transfer tax revenue during the past two fiscal years has sharply declined due to the broader economic recession and accompanying decline in the real estate market.

### TRANSFER TAX REVENUE HISTORY



## RESIDENTIAL VS. COMMERCIAL TAX BURDEN

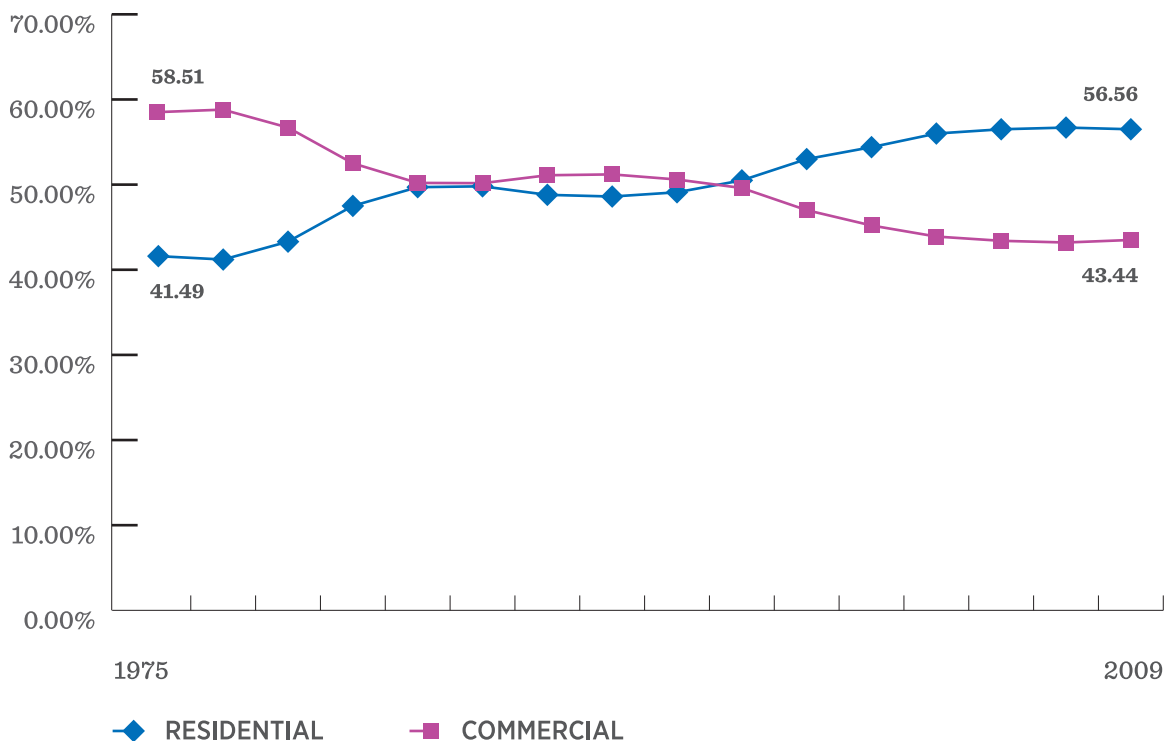
Encompassing a land area of approximately 47 square miles, CCSF maintains a healthy combination of residential and commercial properties. For the FY 2008-2009 assessment roll, residential parcels accounted for approximately 86% of total properties while non-residential properties - including commercial, industrial and mixed use properties - accounted for the remaining 14%.

Since the passage of Proposition 13 in 1978, San Francisco has witnessed the property tax responsibilities from commercial to residential property homeowners, as reflected in the Tax Burden graph below. Currently commercial properties contribute 43% of property taxes while residential property owners contribute 57%. Generally, the commercial property figures include income-producing properties, such as commercial office space and apartment buildings, while the residential property figures represent owner-occupied properties.

### PROPOSITION 13

*In June 1978, voters in California enacted Proposition 13, which limited the annual real estate tax on parcels of properties to 1% of their respective assessed values. Additionally, Proposition 13 required that a property's assessed value may increase by no greater than 2% per year or the current rate of inflation, whichever is less, from the time of the last assessment. Furthermore, a property is not eligible for a tax reassessment unless it undergoes a change in ownership or new construction on the original property.*

### RESIDENTIAL VS. COMMERCIAL TAX BURDEN



## LARGEST ASSESSEES

The table below depicts the largest Assesseees in San Francisco. These Assesseees all own one or more large commercial properties in the City; these Assesseees' total holdings comprise over \$4 billion in assessed value.

### TOP TEN PROPERTY ASSESSEES

ASSESSEE	TYPE OF BUSINESS	ASSESSED VALUE (\$000s)
555 California Owners LLC	Office, Commercial	\$889,841
EOP - One Market LLC	Office, Commercial	451,011
Mission Street Development	Office, Commercial	454,252
Four Embarcadero Center Venture	Office, Commercial	379,830
Post - Montgomery Associates (One Montgomery Street)	Retail, Commercial	370,324
One Embarcadero Center Venture	Office, Commercial	327,412
St. Francis LLC	Office, Commercial	326,639
Broadway Partners (multiple properties)	Office, Commercial	312,120
Three Embarcadero Center Venture	Office, Commercial	308,003
Embarcadero Center Associates	Office, Commercial	306,786
<b>Total Taxable Assessed Valuation - All Above Assesseees</b>		<b>\$4,126,218</b>

## ASSESSMENT ROLL BY PROPERTY TYPE

PROPERTY TYPE	ROLL VALUE			PARCELS	
	Amount (in \$)	% Growth	% of Total	Count	% of Total
Single-Family Residential	\$67,451,028,054	9.87%	47.42	137,129	68.68%
Multi-Family Residential	27,511,673,106	5.85%	19.34%	34,917	17.49%
Commercial - Office	22,130,170,999	5.21%	15.56%	1,540	0.77%
Commercial - Hotel	5,207,727,664	3.58%	3.66%	657	0.33%
Commercial - Non-Office	14,879,830,712	13.24%	10.46%	16,977	8.50%
Industrial	2,724,489,347	9.46%	1.92%	2,413	1.21%
Others/Miscellaneous	2,345,102,066	7.91%	1.65%	6,042	3.03%
<b>Total</b>	<b>\$142,250,021,948</b>	<b>100.00%</b>	<b>100.00%</b>	<b>199,675</b>	<b>100.00%</b>

## BACKLOG REDUCTION

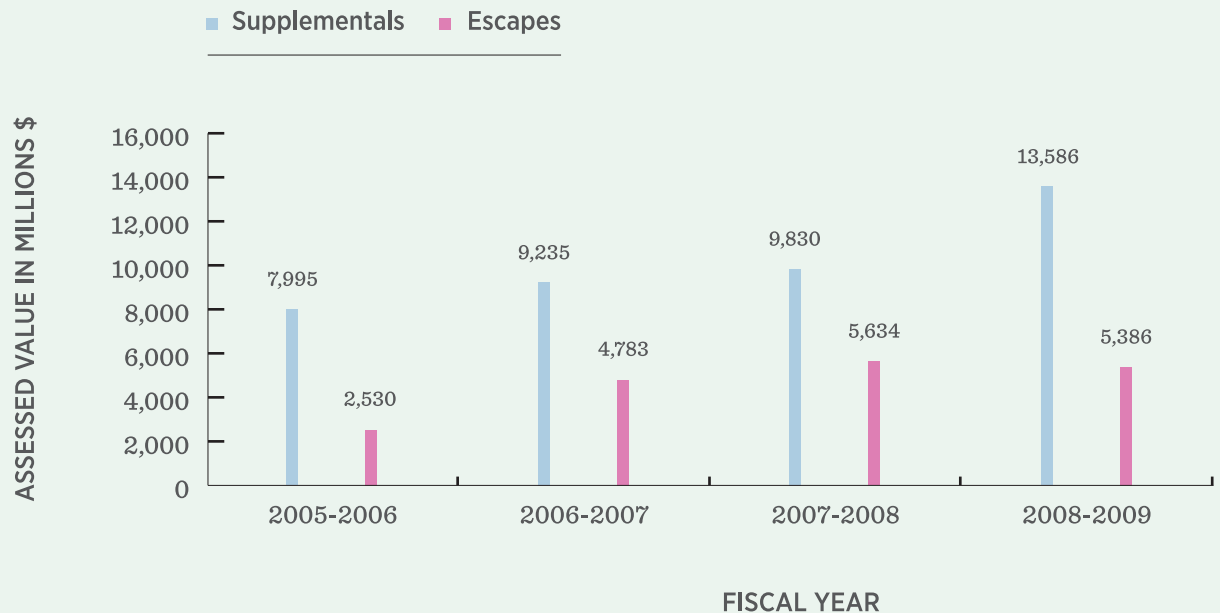
Over the past four fiscal years, we have improved our processing of both supplemental and escape assessments, translating into the successful reduction of the backlog. Escape assessments result from a delayed reassessment of property. This may be the result of properties that have undergone (1) an assessable change in ownership or new construction, or (2) 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.

### SUPPLEMENTAL AND ESCAPE REVENUE



As illustrated in the graph on page 17, new escape assessment revenue totaled approximately \$230.0 million between fiscal years 2005-2006 and 2008-2009. This growth is attributable to a significant progress in processing the backlog of changes in ownership and new construction. The graph below demonstrates the revenue generated through escape and supplemental assessments and the assessed value of each over the past four years.

#### SUPPLEMENTAL & ESCAPE ROLL HISTORY

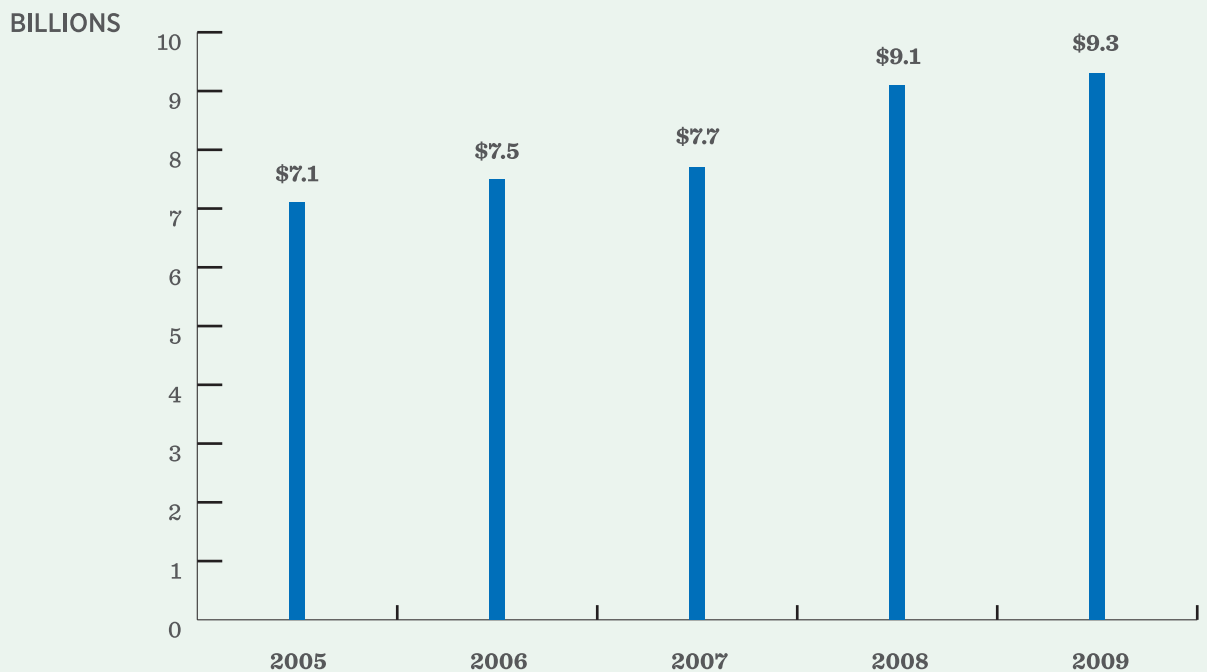


## UNSECURED ROLL

As a major contributor to roll growth, the unsecured assessment roll increased by 2.0 % during FY 2008-2009. The unsecured roll encompasses possessory interest, property on which taxes are not secured by real estate, including marine/vessels, leases, and business personal property. The FY 2008-2009 increase in the unsecured roll 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 staff and their efforts to capture new revenue.

### 2009 ROLL HISTORY

*The unsecured roll includes business personal property, marine, aircraft, leases, and possessory interest.*



## BUSINESS PERSONAL PROPERTY DIVISION

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Our Business Personal Property (“BPP”) division conducts routine audits on a pool of accounts representing more than 37,000 City businesses paying property tax on unsecured assets. BPP’s work generates nearly 5.0 % of the total revenue generated by the Office for the City. The hard work of our division staff resulted in approximately \$82.0 million in tax revenue during FY 2008-2009.

In this time of deficits at all levels of government - federal, state and local – we are committed to becoming more efficient with less resources. Additionally, we continue to ensure that we are more effective at assessing all assessable property. During FY 2008-2009, BPP worked diligently to generate more revenue for the City by taking the following measures:

**1)** Collaborated with property owners and/or building managers to determine what businesses are operating within their respective properties. We then mailed a Business Property Statement to all business owners we identified through our enhanced process; business owners are responsible for completing and returning this Statement, which determines the level of property tax owed

by each Statement filer. Of the 600 building owners and/or managers contacted through this process in FY 2008-2009, our office received 420 responses (70.0 % success rate).

**2)** Coordinated with the County Treasurer & Tax Collector (“Tax Collector”). As a result of this effort, we added 6,400 new businesses to our accounts database and mailed the

relevant forms as the first step in assessing property tax on these new entities.

**3)** Coordinated with the County Treasurer & Tax Collector’s list of “renewal” businesses owning tangible personal property in San Francisco. This program has been proven successful; our office will continue to use data gathered from this exercise for the FY 2009-2010 processing season.

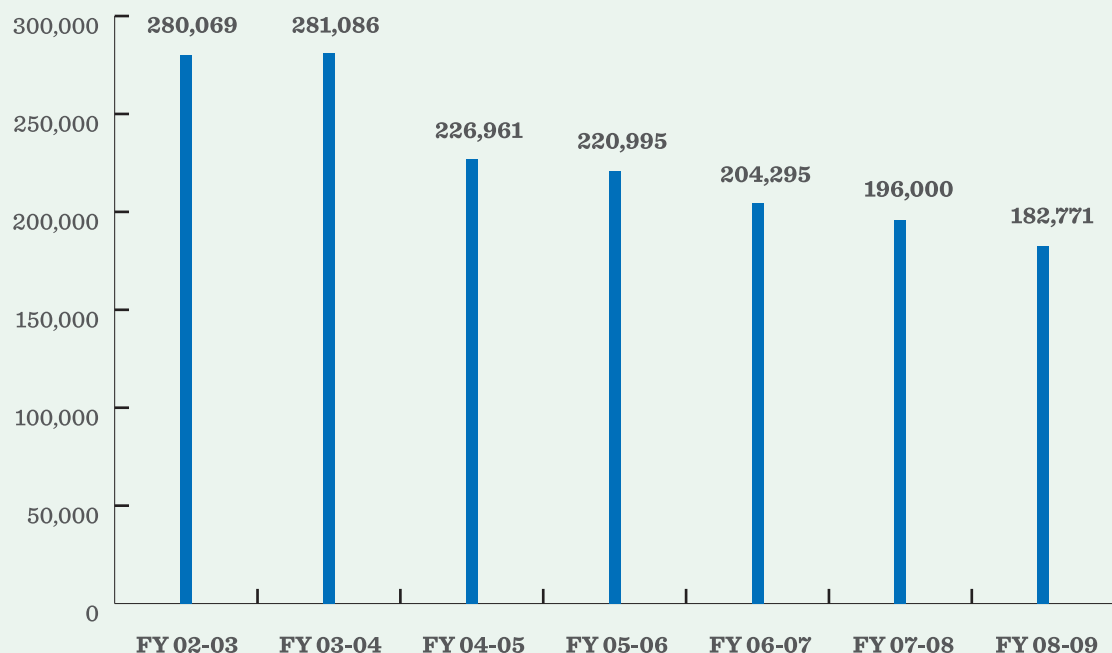
## RECORDER DIVISION

The gradual slowdown of the real estate market caused a decrease in the recordings of real estate transactions (i.e., deeds) and financial documents (i.e., deeds of trust and reconveyances). The number of recorded transactions has declined an average of 5% over the past four years. The chart below reflects the high of FY 2003-2004 when our office recorded 281,000 documents compared to this year's low of 182,771 documents. We anticipate a slight increase in volume for FY 2009-2010.

This year, we took an extraordinary leadership role among the County Recorders by hosting the annual conference of the County Recorders'

Association of California (CRAC). The event, which was solely planned, organized and coordinated by the staff, was held in September 2008 at the Marriott Fisherman's Wharf. The theme was "Inspirational Ideas" and the conference generated more revenue than any other previous California Recorder's Association conference in history. The conference also contributed to the sharing of collaborative ideas among staff and managers and on how to improve efficiencies and enhance business processes. The conference also hosted celebrity speaker, author, lecturer, Frank Abagnale Jr., whose life was portrayed in the movie "Catch Me If You Can".

### 2009 COUNT OF OFFICIAL RECORDED DOCUMENTS



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With due diligence and hard work, we have become the leading county in California in transfer tax policy. To ensure that every person pays his/her fair share of transfer tax, we have evolved our operations to closely scrutinize all claimed transfer tax exemptions. Examples of some operational changes include:

- 1) Implementing a pre-audit program that requires all complex transactions involving legal entities to substantiate a claimed transfer tax exemption at the time of recording;
- 2) Cross-training document examiners to understand, interpret, and analyze highly complex legal documents and financial records, including tax returns involving legal entities such as corporations, limited liability companies, trusts, and partnerships;
- 3) Creating a pilot program with the Internal Revenue Service to share data involving transactions that claim a gift exemption for transfer tax. This pilot program is the first in the nation and other counties are following suit;
- 4) Streamlining and sharing audit data with the internal staff to ensure that complex transactions do not escape a reassessment when a change in ownership occurs;
- 5) Implementing Proposition N – the ballot initiative that amended the SF Transfer Tax Ordinance to authorize applying a transfer tax to unrecorded corporate stock transfer.

The issues of equity and fairness are underscored in our daily work duties and also as a function of being a part of the City and County of San Francisco. Since we handle all recorded documents related to real estate, we have been able to monitor and examine the effects of the real estate downturn on homeowners. Hence, we continue to make it a priority to ensure that people are not paying more in property taxes than their appropriate share and we continue to help those facing foreclosure with information and resources. Below are some initiatives that we undertook to promote equity and fairness for taxpayers in San Francisco.

## PROPOSITION 8 REDUCTIONS

Under state law, as of January 1st of every year, if the current market value of your property (as established by recent comparable sales) falls below the assessed or taxable value as shown on your tax bill, we are required to temporarily lower the assessment. We have traditionally provided the service, based on requests, where we review properties that owners believe may qualify for a Proposition 8 reduction. This year, however, for the first time since the mid-1990's, we proactively reviewed properties and granted reductions based on extensive analysis of the local Real Estate market and neighborhood trends. A total of 14,708 homes were reviewed. Most of the

reductions granted went to homes located in the City's southern neighborhoods. The neighborhoods with the most reductions were Mission Bay (986), South Beach (808), and South of Market (710).

All of the proactive temporary reductions granted were given to homes sold between January 2004 - June 2008 or January 2005 - June 2008 depending on the neighborhood. Homes that sold before that time period generally have an assessed value that is lower than market value due to Proposition 13 which limits the annual increase on property value to 2 percent annually.

## KEEPING HOMEOWNERS & TENANTS IN THEIR HOMES

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San Francisco has continued to experience rising foreclosures and mortgage defaults as the housing market remains stagnant and unemployment figures increase, leaving many homeowners unable to pay their mortgage. Much of the foreclosure activity has been occurring in the southern and southeastern sections of the City, where, in certain circumstances, predatory loan practices were prevalent among low-income families.

In FY 2008-2009, the rate of foreclosures increased by 28.8% from the previous year (FY 2007-2008), from 493 to 630 total foreclosures. The rate of Notices of Default recorded against a home, generally regarded as the first indication of a potential foreclosure, similarly increased by 26.6%, from 1,761 to 2,229 Notices.

The San Francisco Fair Lending Working Group (“Working Group”), established through the efforts of Assessor-Recorder Ting, Treasurer Jose Cisneros, and Supervisor Sophie Maxwell, studied and recommended strategies to address the mortgage foreclosure crisis in San Francisco. After meeting for six months, the Working Group presented their findings and recommendations to be endorsed by the San Francisco Board of Supervisors in March 2009. The Working Group’s recommendations touch on four policy objectives: preserving homeownership and preventing foreclosure; preventing predatory lending practices; protecting tenants’ rights during and after foreclosure; and ensuring that affordable housing development and retention remains a top City priority.

## HOMEOWNERS

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Assessor-Recorder Ting continues to lead efforts to help at-risk homeowners and prevent more foreclosures. He recently collaborated with San Francisco District Attorney Kamala Harris, Supervisor David Campos, and Supervisor Sophie Maxwell to pass legislation combating loan modification scams. In these scams, unscrupulous mortgage consultants take advantage of an unprecedented number of San Francisco residents struggling to make their mortgage payments. The Regulations for Mortgage Modification Consultants ordinance requires a written contract outlining proposed services and prohibits loan modification consultants from collecting a fee before helping a homeowner obtain a favorable loan modification. The ordinance provides for enforcement with criminal penalties and a private cause of action for aggrieved homeowners.

## TENANTS

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As foreclosures increase, they impact not only homeowners but tenants living in foreclosed properties. In San Francisco, where more than two-thirds of the city's residents are renters, foreclosures impacting tenants became particularly evident. While foreclosure is not 'just cause' for eviction under San Francisco's local rent ordinance (for rent-controlled units), tenant counseling agencies saw a drastic rise in renters at risk of displacement by foreclosure, often due to a lack of knowledge among renters and banks about San Francisco's laws. According to tenant counseling agencies, common issues faced by tenants in foreclosed properties include utility shut-offs, illegal eviction attempts, lack of notification of ownership changes (and a resulting failure to pay rent to new owners) and, in some cases, illegal entry and harassment by brokers and landlords. In response to this, Assessor-Recorder Ting began working with tenant advocates, Pacific Gas and Electric (PG&E), and bank representatives to develop solutions to the growing problem, including:

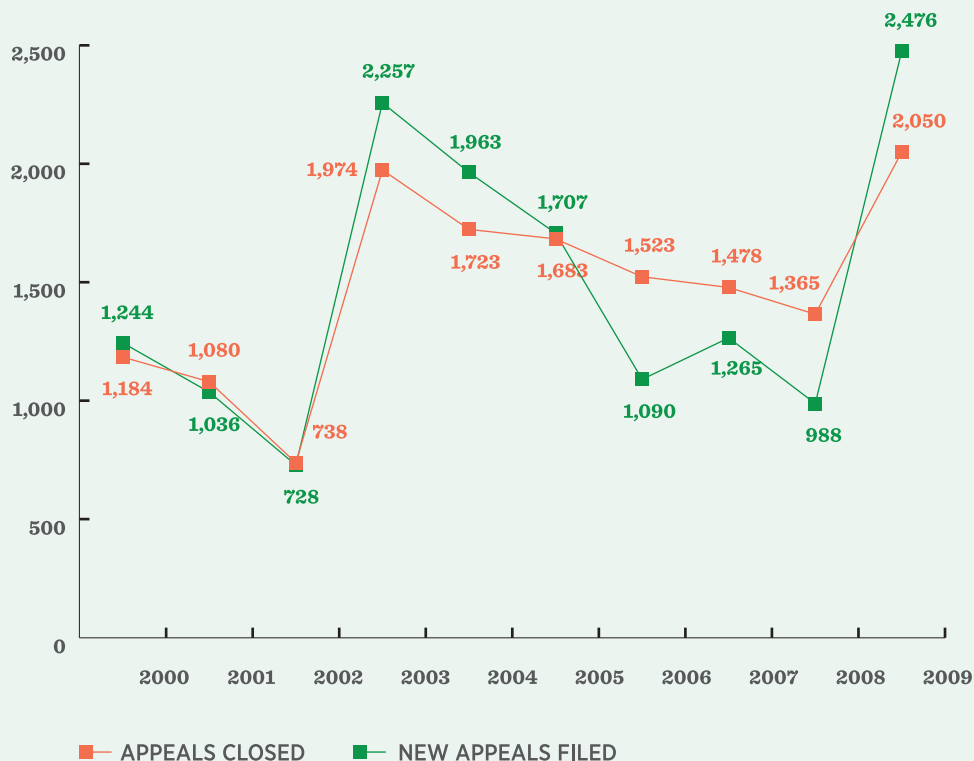
- Sending letters to tenants residing in foreclosed properties shortly after a Notice of Default is recorded against the property. The letter informs tenants of their rights and resources available to help them remain in their home.
- Convening several meetings with PG&E and tenant rights groups to improve communications and streamline efforts to prevent utility shut-offs where unnecessary.
- Working with tenant advocates and other CCSF departments to determine better ways to identify tenants affected by foreclosure and to coordinate efforts to educate tenants about their rights.

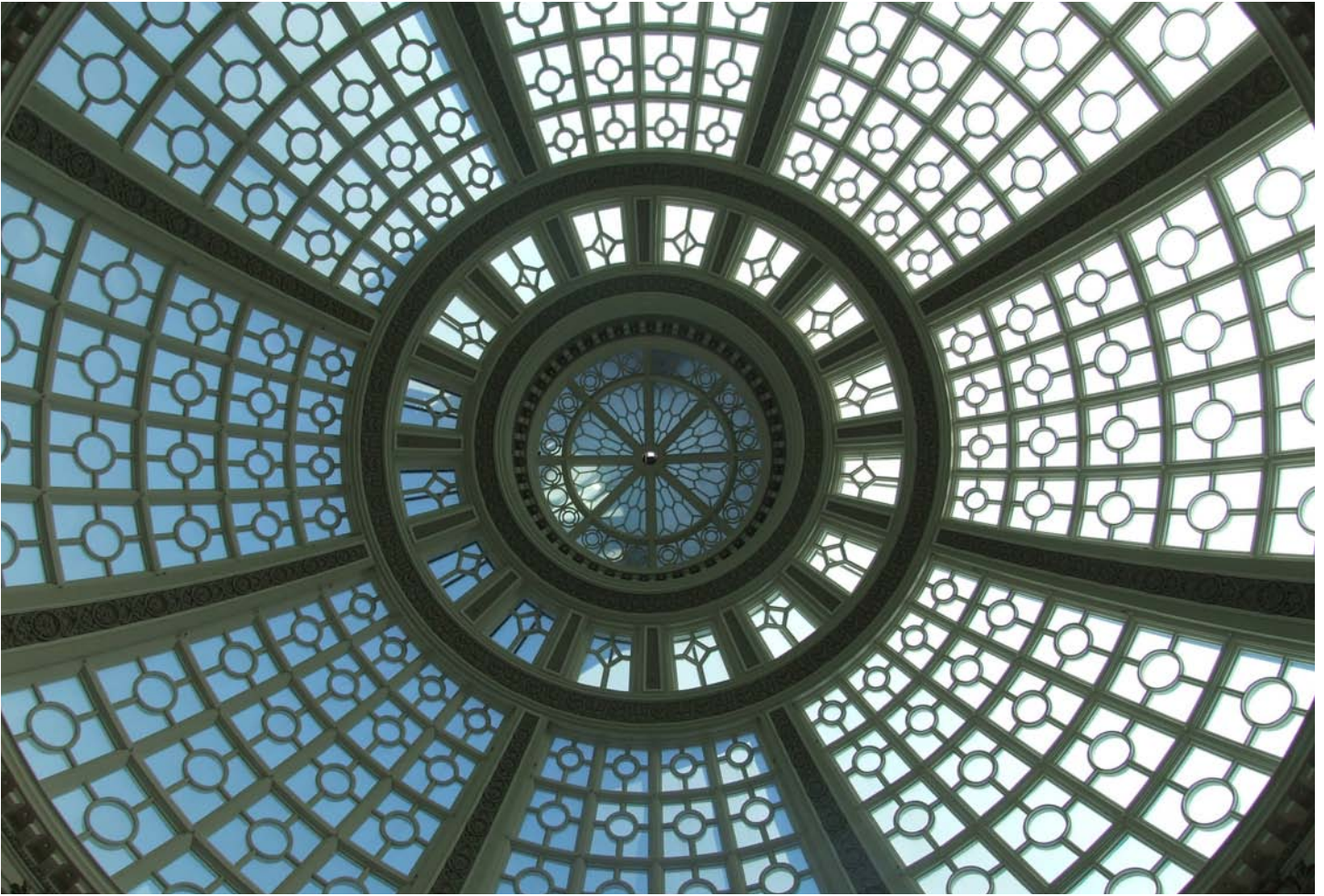
## WORKING TO DEFEND VALUATION IN THE APPEALS PROCESS

If a taxpayer disagrees with the assessed value of his or her property, they 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 FY 2008-2009, the AAB resolved 2,050 appeals.

### ASSESSMENT APPEALS BOARD: OF 2,050 CLOSED APPEALS

112 lowered by the Board	5%
58 lowered per Assessor recommendation	3%
1,529 withdrawn pre-hearing	75%
Number of open cases (year to date):	1,052
Total Value Appealed:	\$19.9 billion
Total Taxpayer Opinion of Value:	\$11.8 billion
Total Tax Dollars at stake	\$93.7 million





## PROMOTING TAX FAIRNESS AT THE STATE LEVEL

After Governor Schwarzenegger vetoed Senate Bill (SB)153 in 2008, a bill that Assessor-Recorder Phil Ting co-sponsored, the Assessor-Recorder proceeded to co-sponsor Assembly Bill 103 in a further effort to bring tax fairness to all Californians. Similar to SB 153, Assembly Bill (AB) 103 promoted the equal treatment of unregistered domestic partners under state property tax law. This legislation, AB 103, allows 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 AB 103 aimed to extend equal benefit that married couples and registered domestic partners to individuals who are in relationships and own joint real property. Those that would benefit from this bill 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. Unfortunately, AB 103 was held in committee and failed to advance through the legislative process.

## INFORMING TAXPAYERS OF TAXATION EXEMPTIONS

We also grant property tax exemptions to properties owned by non-profit organizations, religious organizations, hospitals, and schools per the Revenue and Taxation Code with the guidance of the California State Board of Equalization. Residential properties where the property is the owner's primary residence also qualify for the homeowner's exemption.

### 2009 ASSESSMENT ROLL

#### QUALIFYING EXEMPTIONS

NOTE: THE ITEMS BELOW DO NOT INCLUDE EXEMPTIONS FROM THE UNSECURED ROLL

EXEMPTION	VALUE	% TOTAL
Private Schools	9,173,391	0.15%
Homeowners	650,328,000	10.37%
Hospitals	416,144,819	6.63%
Charitable - Non-profit	4,262,744,753	67.97%
Religious Organizations	225,201,598	3.59%
Veterans	12,977,508	0.21%
Churches	92,956,611	1.48%
Colleges/Universities	560,968,186	8.94%
Other	43,683,942	0.70%
<b>TOTAL</b>	<b>6,273,478,808</b>	<b>100.00%</b>

The day-to-day functions that we perform are crucial to the operations of the City and County of San Francisco. Beyond our responsibility and duties, however, we constantly strive to be innovative and look for ways to streamline our operations and maximize efficiency. Over the course of FY 2008-2009, 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

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Assessor-Recorder Phil Ting worked with the San Francisco Board of Supervisors to craft a resolution that supports efforts to reform Proposition 13 by creating a split roll property tax system in California. Assessor-Recorder Ting collaborated with the Board of Supervisors and passed the resolution that called for changing the inequitable property tax system by eliminating corporate tax loopholes while continuing to protect homeowners.

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

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As part of our efforts to ensure that our practices keep pace with the changes in the housing market, beginning in FY 2009-2010 we will begin providing individual assessments for Tenancy-In-Common (TIC) owners who request them (TICs are an increasingly popular way for San Franciscans to enter the housing market). Currently, TIC co-owners receive one property tax bill inclusive of 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 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 our staff to process documents more efficiently and accurately, resulting in increased equity and fairness among TIC owners.

We have been working with TIC organizations and are beginning outreach efforts. We intend to send applications to all TIC owners in the City that our office is aware of with the Notification of Assessed Value Letter that is mailed annually in July.



## PROMOTING SOLAR ENERGY

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On July 1, 2008, the ten-year project “GoSolarSF” was launched by Assessor-Recorder Ting and Vote Solar founder David Hochschild. GoSolarSF’s goal is to reduce the City’s dependence on conventional energy. At the end of 2007, only 580 solar rooftops existed in the CCSF. As a result of the GoSolarSF incentives that make solar arrays more cost-effective, San Francisco is currently home to 1,400 solar rooftops. CCSF received more than 860 applications for GoSolarSF incentives by the end of the first year, resulting in a total of \$6.8 million in requested incentives, which in turn created 33 new local ‘green collar’ jobs. As a result of the GoSolarSF program, San Francisco’s per capita solar generation is now the highest of any large city in California.

## CHINASF

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San Francisco has had lasting 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. 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.

Since its official opening in November 2008, ChinaSF has achieved early and substantive success towards the goal of improving San Francisco's economy and bringing jobs and investment to the City. Building upon the long-standing cultural and economic relationship with China, ChinaSF creates a critical business exchange platform that supports a robust trade between San Francisco and China to the mutual economic benefit of both economies.

In its first year, ChinaSF has significantly developed and broadened its business networks through the growth of its Advisory Boards and Strategic Advisers. These partners provide valuable advice on business development strategy and connection to on-the-ground information regarding Chinese companies looking to expand business operations to the US. Moreover, ChinaSF has brought new jobs and investment to San Francisco via the recruitment of six new Chinese companies to San Francisco. Each company brings employment to local residents, investment dollars to our local economy, and tax dollars to support local programs.

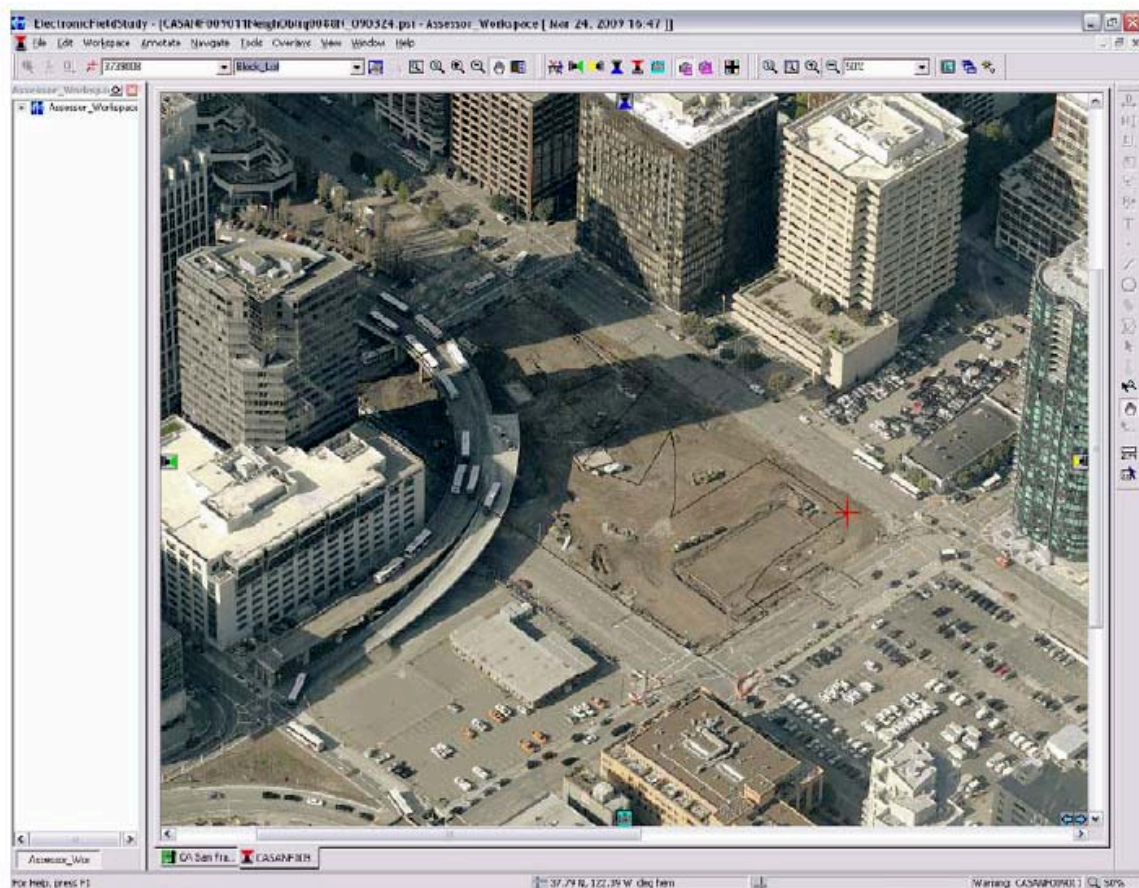
Furthermore, by targeting its business recruitment strategy and leveraging the strength of San Francisco's talent and innovation economy, ChinaSF has quickly established San Francisco as the US capitol for Chinese solar companies. Less than two years ago, San Francisco did not have a single Chinese solar firm within city limits. Through the efforts of ChinaSF, there are now four Chinese solar firms in San Francisco with a number of upcoming firms interested in locating in San Francisco's solar hub in the near future. Similarly, ChinaSF is aggressively pursuing sector strategies in the finance, digital media, biotech and real estate sectors.

## GIS MAPPING TECHNOLOGY

As the office responsible for valuing all of the City's property, it is crucial that we have access to updated and accurate data on all commercial and residential properties in San Francisco. Our office has contracted with Pictometry, Inc. to offer several hands-on training sessions on using the latest GIS (Geographic Information Systems) mapping technology available. Pictometry's high resolution, aerial images are taken from low-altitude aircraft which are more accurate than satellite images. Hosted by the San Francisco Department of Technology, the trainings provide the appraiser team an opportunity to use the program as they would at their desk while being coached by the training representative.

The contract in place with Pictometry provides images through 2010, giving us a visual history of the city for the years 2007-2010. By utilizing these images, we can track progress of new construction, even after the fact, if it were missed during initial appraisal efforts. GIS technology can also be used as an invaluable measuring tool: an area measurement may be taken from the aerial photo, and we can also check the accuracy of the square footage of record, potentially avoiding an appeal.

In October 2007, we announced the department's utilization of GIS, and it is increasingly being integrated into everyday use by appraisers.



## INCREASED LANGUAGE ACCESS/CULTURAL COMPETENCY

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San Francisco's diversity is unparalleled. Local government needs to ensure that we are communicating with our citizens. We have been proactive at fulfilling this need by accommodating property owners who request language services. We have championed cultural competency and have increased language access among City departments for several years by having Assessor-Recorder Ting chair Mayor Newsom's Cultural Task Force and work with the San Francisco's Office of Language Services to help ensure the City meets today's language needs.

Annually, we send out Notices of Assessed Valuation Letters to all taxpayers advising them of their current value of their property, as well as any exemptions applied to their property. For the second consecutive year, we also sent notifications in Spanish and Chinese, as requested by taxpayers.

In an effort to reach out to non-English speaking property owners via mail for our Chinese and Spanish-speaking property owners, our Office provided similar translations in Russian, Tagalog, Vietnamese, and Japanese, on our website. As a result, property owners, who otherwise could not comprehend the English version of our notices, now greatly benefit from the translated documents and are responding to culturally competent notices accordingly.

Furthermore, we are also providing telephonic translation services to customers with limited English proficiency via in-person and over-the-phone transactions. Implemented in July 2008, we assisted over 300 calls in various languages with the most requested translated language being Cantonese. Other languages requested are Spanish, Mandarin, Farsi, Vietnamese, Burmese, Cambodian, Indonesian, Russian, and Korean.

Finally, to further streamline our customer services, our Office implemented a Customer Feedback Survey, which allowed customers to evaluate our services based on wait-time, helpfulness and courtesy of the employee, and overall customer service. Based on customer responses, 84% rated "Excellent" for a wait time of 1-5 minutes, 91% rated "Excellent" for helpfulness and courtesy of employee, and 86% rated "Excellent" for overall services.

## REWARDING WHISTLEBLOWERS

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In an effort to ensure businesses pay their fair share of property taxes, we 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. In 2008, the City collected an addition \$1.34 million in revenue after a citizen informed us of an unreported change in ownership for a commercial property in 2006. The Whistleblower complaints hotline is 415.554.CITY.



## 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 \$160 million in new revenue for San Francisco while making 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. Ting serves on numerous boards including Equality California Institute and the California Alumni Association.

Ting is a graduate of University of California, 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.

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

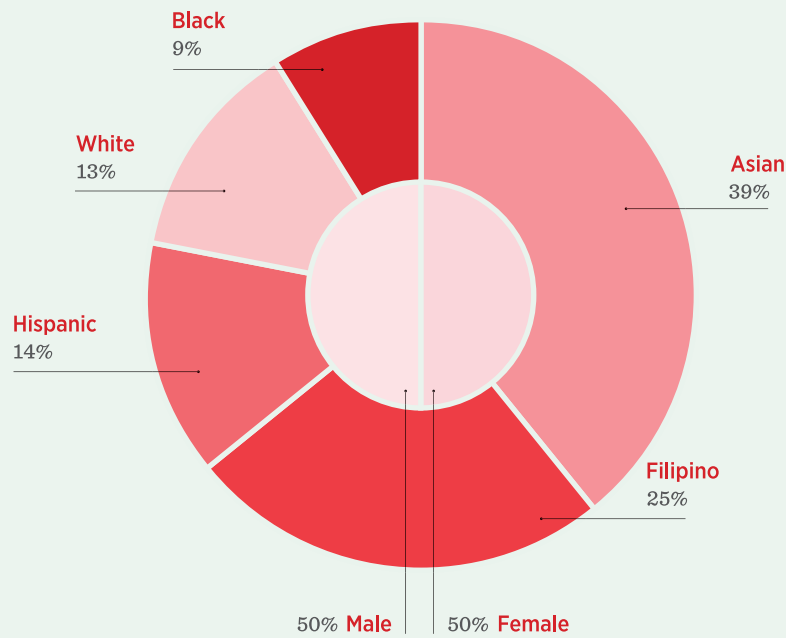
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Mo'min Abdun-Noor  
Terris Abhaya  
Maria Ahumada  
Roland Alcantara  
Michelle Andry  
Caroline Arguelles  
Ophelia Armendarez  
Sally Aung  
Darius Bahador  
James Bias  
Arlene Boongaling  
Natividad Caramat  
Iris Chan  
Jimmy Chan  
Larry Chan  
Kit Chau  
Anita Chen  
Alice Cheung  
Stephen Chin  
Sandra Chow  
Stella Chow  
Ann Chwang  
Elizabeth Cooper  
Diane Cirrincione  
Ellen Collaco  
Teresa Contro  
Charles Crowder  
Mary Jane Cruz  
Federico De Guzman  
Rufino De Leon  
Tam Doan  
Craig Dziedzic  
Wah Eng  
Natalya Epelbaum  
Pio Factor  
Myrna Flores  
Julie Ford  
Iluminada Gaerlan  
Donna Gilliam  
Georgina Gogna  
George Gomez

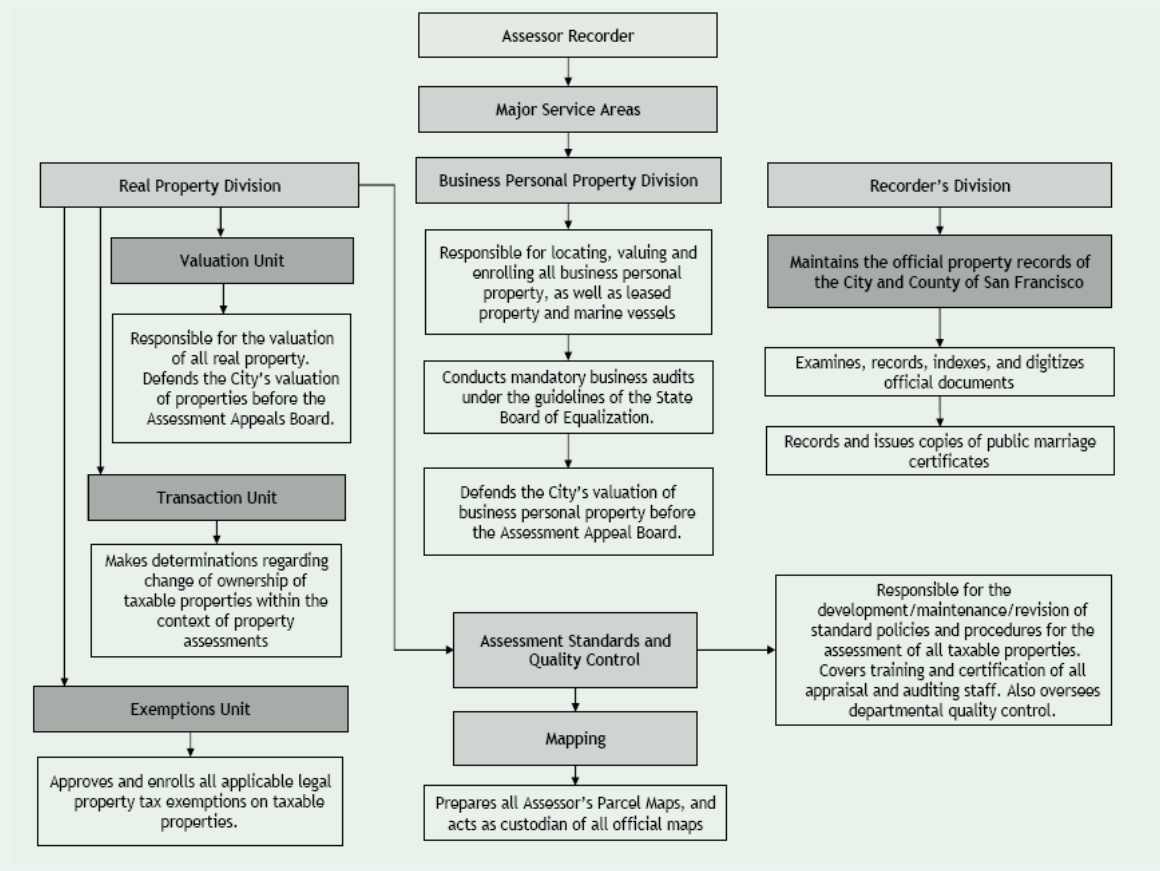
Jocelyn Gordon  
Aleda Graham  
Leticia Granados  
Carmelita Harris  
Carlota Hilario  
Victor Hua  
Harvey Huey  
John Hui  
Carolyn Hunter  
Hakam Ibrahim  
Buena Ignacio  
Abdul Janjua  
Michael Jine  
Alice Kim  
Tim Kingsbury  
Kimberly Kitano  
Guadalupe Laurente  
Joe Lee  
Liza Lee  
Ricky Lee  
Julia Leiva  
Maurilio León  
Thida Leung  
Peggy Liang  
Mara Lim  
Carrie Liou  
Maria Los Banos  
Suzzette Love  
Angela Lucas  
Meng Luu  
Kevin Alin  
Dennis May  
Fernando Mendoza  
Shanna Ngo  
Zoon Nguyen  
Wilson Novillos  
James Pan  
Melissa Panday-Shrawder  
Oscar Pasamonte  
Feliciano Payumo  
Chona Pazcoguín

Alicia Petalver  
Kathleen Pierpont  
Sandy Pubill  
Maria Quinones  
Edward Rafael  
Daniel Reyes  
Felix Rodriguez Jr.  
Brix Salbino  
Christopher Sam  
Dinora Sanchez  
Gladys Sanchez  
Ruth Santana  
Catherine Saul  
Antonio Segarra  
Kan Shen  
Julie Shu  
Edward Smith  
Robert Spencer  
Ronald Sto-Domingo  
Lena Surjadi  
Pauline Tam  
Susana Tan  
Gilbert Tang  
Thomas Tang  
Terry Tanjutco-Smith  
Alex Tharayil  
Matthew Thomas  
Phil Ting  
Fanny Truong  
Felemina Uban  
Manuel Uy  
Concepcion Vindell  
Donald Wiggam  
Vincent Williams  
Cecilia Wong  
Frank Wong  
Gregory Wong  
Julie Wu  
Rasheeda Young  
Teresita Xander

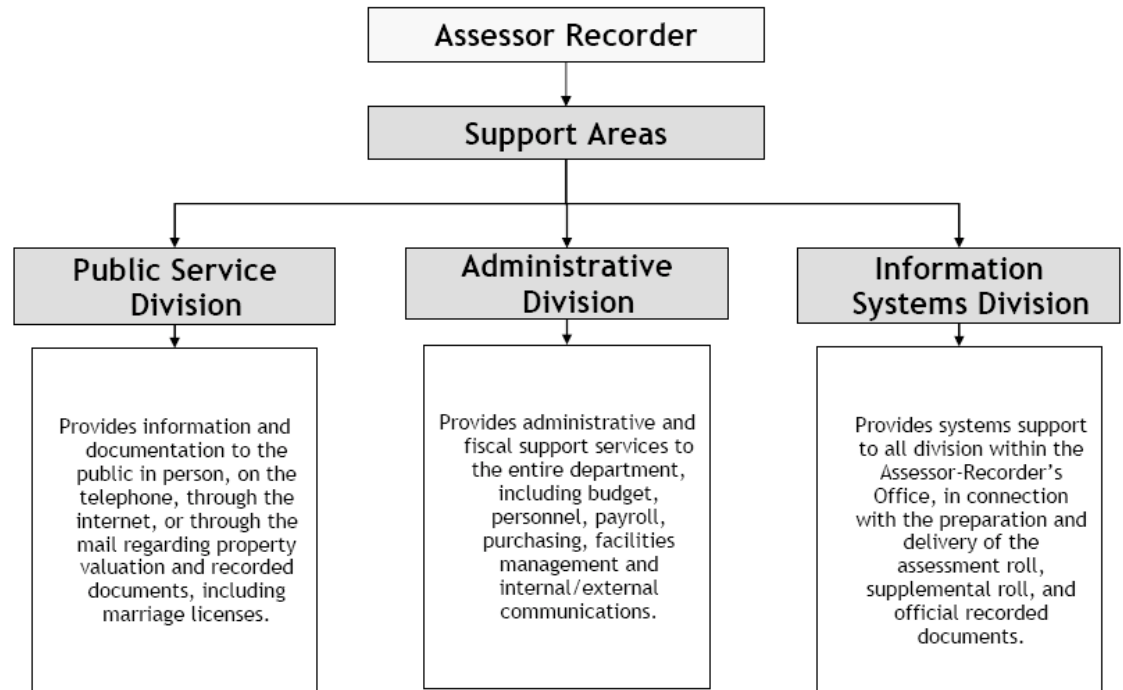
## STAFF COMPOSITION



## 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 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 0.163 percent for FY 2008-09 for a total property tax rate of 1.163 percent.

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?

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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?

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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. 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 199,000 parcels as of the lien date of FY 2008-2009, 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?

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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 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 1/2" 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 person 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 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?

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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 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?

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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?

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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. 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: "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).

**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.



[illegible]



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.

**Office of the Assessor-Recorder  
City & County of San Francisco  
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