CITY AND COUNTY
OF SAN FRANCISCO

ANNUAL REPORT 2012

OFFICE OF THE ASSESSOR-RECORDER

PHIL TING, ASSESSOR-RECORDER

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MESSAGE FROM THE ASSESSOR-RECORDER

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 40% of the City's General Fund revenue and, with the General Fund comprising 91% of the City's Public Protection budget, and 78% of its Human Welfare & Neighborhood Development budget, we take that role very seriously. In FY 2011-12, our hard work resulted in additional revenue above projections for property tax ($32 million) and transfer tax ($115 million). This is significant because this surplus revenue preserved vital services that would have otherwise been cut to balance the City's FY 2012-13 budget.

I am happy to report that the City's Gross Local Assessment Roll increased 4.2% this past year. With almost all of California's other counties experiencing some roll decline during the real estate downturn of the past few years, San Francisco is notable in that its roll has never experienced a decrease. The City's commercial real estate market is robust as rents are up and the number of real estate transfers over $5 million increased by 34%. The residential picture continues to improve with Single Family Residential (SFR) assessed values up 5.5%. However, the fact that the number of temporary property tax reductions granted to homeowners by my staff increased 17% indicates that many have yet to see a full recovery in their property values.

Our team continually seeks to provide the best service. We are all committed to ensuring that each and every property is properly 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 $300 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.

As co-founder and chair of the San Francisco Solar Task Force, he launched GoSolarSF in July 2008. Mr. Ting was awarded the 2008 Solar Champion Award by Vote Solar for "outstanding efforts to bring solar energy into the mainstream."

He has been a leader in spearheading efforts to address the foreclosure crisis. 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 also worked closely with the Mayor's Office of Housing to launch San Francisco's version of "Don't Borrow Trouble", a national anti-predatory lending campaign focused on teaching people how best to protect their homes and finances. In the fall of 2011, he commissioned a first-of-its-kind audit of foreclosures to determine the mortgage industry's compliance with applicable laws. In 84% of the loans reviewed, one or more clear violations of law were identified. Upon its release in February 2012, the report received national press coverage on the front pages of The New York Times and San Francisco Chronicle and highlighted the need for the California legislature to provide better protections for homeowners. Last year, he also wrote and sponsored California Assembly Bill 1321 which sought to remedy some of the deficiencies in the foreclosure process. The goal of AB 1321 was to maintain clear title to property and ensure that the foreclosure process is transparent. Although it did not pass, many of the due process measures for borrowers in AB 1321 were included in the Homeowner Bill of Rights which was signed into law on July 11, 2012 and will take effect on January 1, 2013.

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 $1.2 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 Chinesecompanies 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, California 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

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 FY 2012-13 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 Recorder's function provides the underlying framework for San Francisco's real estate transactions. Many of the foreclosure and dual-tracking loan modification troubles experienced in recent years in the Bay Area are due to the confusion resulting from efforts to bypass the County's recording system.

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

2011-12 HIGHLIGHTS

- The City's Gross Local Assessment Roll increased in overall value by $6.8 billion which represented 4.2% growth.

- Commissioned first-of-its-kind audit of foreclosures that found clear violations of law in 84% of the loans reviewed. The audit results led to the February release of "Foreclosure in California: A Crisis of Compliance" which received national press coverage and helped spur passage of the Homeowner Bill of Rights in July 2012. The full report can be found at http://www.sfassessor.org/modules/showdocument.aspx?documentid=1018.

- Processed $105 million of one-time supplemental and escape property tax revenue, more than $32 million over budget, which helped the City balance its budget.

- Total Transfer Tax revenue equaled $233.6 million, more than $114 million above budget, which protected many vital City services from cuts and also indicates that the City's commercial market is rebounding.

- Vigilant efforts by staff to flag, review, and audit under-reported and un-recorded transactions resulted in $23.9 million of transfer tax revenue, approximately 10% of the $233.6 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 230,000 and Recorder revenues were approximately $4.3 million (39% above budget).

- Approximately 8,700 more 571-L Statements were filed compared to last year (32% increase) which contributed to a $217 million increase in the unsecured assessment roll.

- A record number of property owners (21,228, 13% increase over 2011) were given temporary property tax reductions in recognition of their decreased property values.

- The number of Assessment Appeals Board appeals closed increased 30% compared to FY 2010-11.

- Referred nearly 1,100 homeowners facing possible foreclosure to HUD-certified mortgage counselors to help them keep their homes.

- Over 33,500 changes in ownership events, 23,000 exclusions and nearly 2,500 New Construction permits were process by the Office's Transactions Unit.

- Tens of thousands of 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 five days to same day.

- Processing time for recorded document requests improved from ten to five days.

REAL ESTATE MARKET OVERVIEW

In FY 2011-12, the real estate market in San Francisco reflected growth in demand for commercial real estate and saw stabilization in the residential market. Our real estate economy has weathered the recession more favorably than most other counties in California because of its desirable location, educated workforce, and growth in technology jobs. However, weakness in the labor market, reduced inventory, and tighter credit limited the pace of some sectors of the real estate market's recovery. The real estate market for the next year remains dependent on the strength of the overall economic recovery.

Commercial market resurgence. The commercial real estate market in San Francisco roared through the year and recovered from the significant declines experienced between 2008 and 2010. This past fiscal year saw an 18% increase in the number of commercial transactions paying transfer tax and a 163% increase in the transfer tax collected from commercial transactions. The purchase of 555 Mission Street by Union Investments for $455 Million (approx. $800 per square foot) was reportedly the highest price paid for an office building since One Market Plaza in 2007 and signified the return of San Francisco's office market.

Residential market rebounding. The residential market in San Francisco showed increasing signs of stabilization and recovery after declines in prices over the previous four years. According to DataQuick, the median price for homes in San Francisco in Aug 2012 was $700,000, up 13.2% from August 2011 and sales volume was up 29.1% (Aug. '12 - Aug. '11). The number of single family residential (SFR) parcels in the FY 2012-13 assessment roll increased by 1,522 and the total SFR assessed value increased by 5.5% compared to the prior assessment roll.

Foreclosure outlook. While the overall value of assessed property in San Francisco increased this past year, some property owners faced foreclosure and struggled to make mortgage payments. However, it is encouraging that the 1,789 notices of default recorded in our office in FY 2011-12 represented a 21% decrease from the 2,277 recorded the prior fiscal year. Part of this decline is a result of stabilizing home prices, raising some above water on their mortgages and enabling them to refinance. Others have been helped by federal programs and increasing numbers of short sales. Trustee deeds, which represent completed foreclosures of homes sold at auction, were down 13% from the previous fiscal year to 804, this represents less than one-half of one percent of all City parcels.

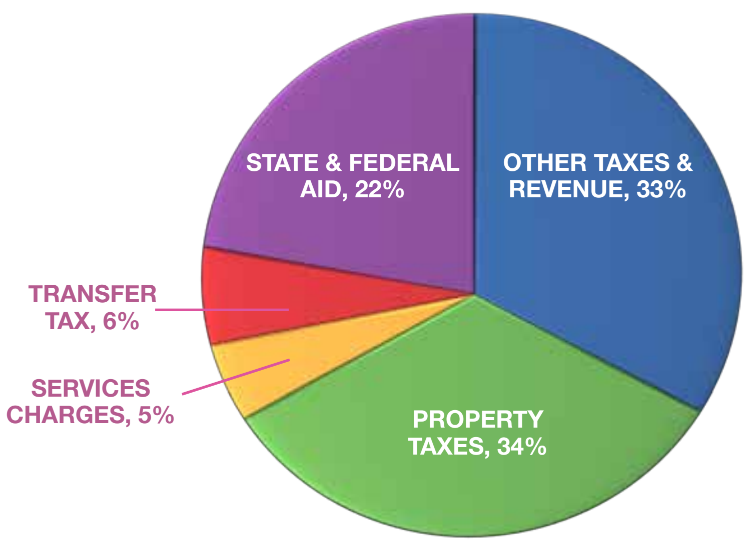
CCSF FY 2012-13 BUDGET

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 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 for FY 2012-13 is $7.35 billion.

ASSESSOR-RECORDER'S OFFICE DELIVERING 40% OF CCSF'S GENERAL FUND REVENUE

The property tax revenue derived from the assessment roll and the transfer tax revenue collected by the Recorder's Division are crucial components of the overall revenue stream that enables CCSF to effectively function and provide its residents with many essential services. For FY 2012-13, budgeted property tax revenue accounts for 34% of the City's General Fund revenue with budgeted transfer tax revenue accounting for an additional 6% of the 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 $32 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.

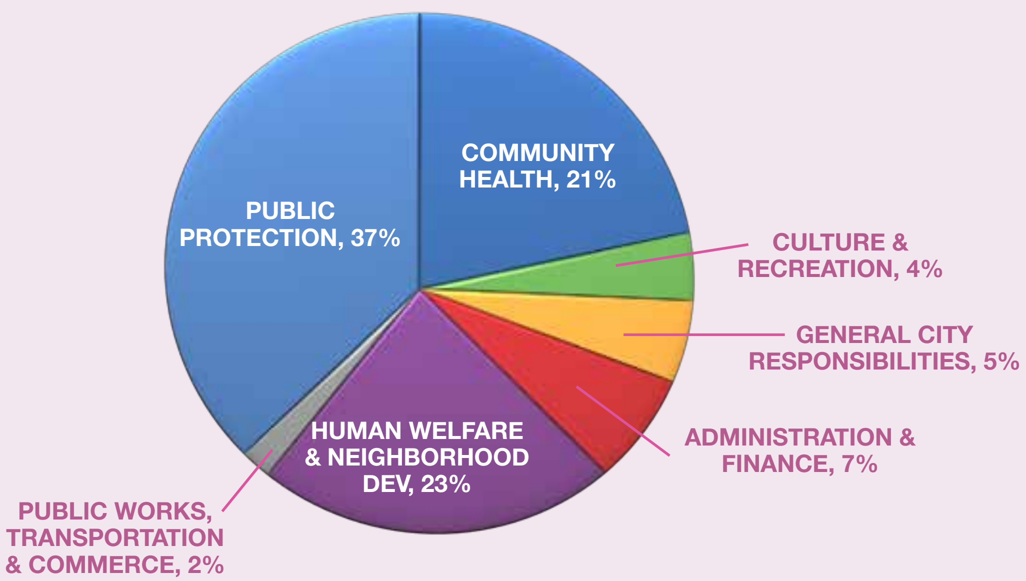
WHERE DOES SAN FRANCISCO'S GENERAL FUNDREVENUE COME FROM?



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

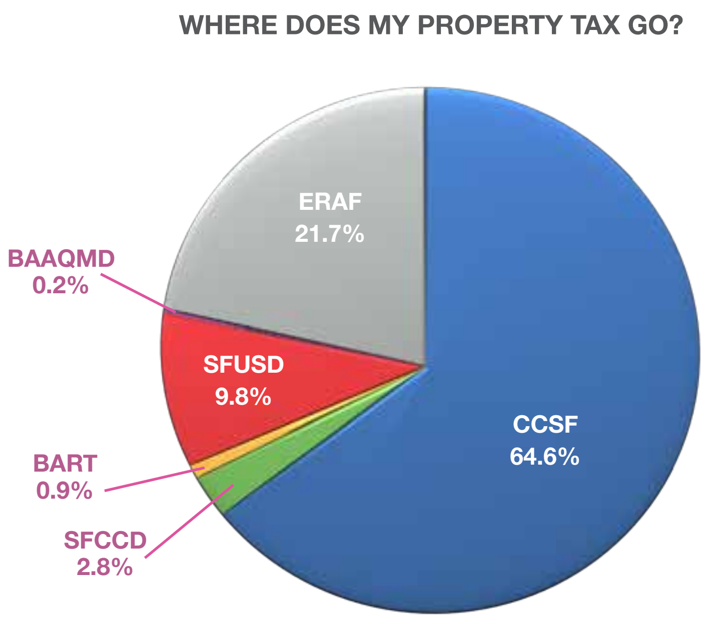
For FY 2012-13, property tax and transfer tax contribute $1.3 billion in revenue to the City's General Fund Revenue. Considering that the General Fund is responsible for 91% of the City's Public Protection budget and 79% of its Human Welfare & Neighborhood Development budget, the impact of our staff's 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's General Fund spending is allocated into three broad categories: public protection, human welfare & neighborhood development, and community health.

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 CCSF 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 2012-13 is 1.1691% and the chart below illustrates how each dollar of tax revenue is allocated. The bulk of the revenue goes directly to CCSF – approximately 65%. The Educational Revenue Augmentation Fund (ERAF), a statewide program that shifts property taxes from local government to school agencies and reduces state support by a corresponding amount, gets the next biggest slice at nearly 22%. San Francisco's Unified School District (SFUSD) directly receives almost 10% with the remaining revenue distributed between San Francisco Community College District (SFCCD), BART, and the Bay Area Air Quality Management District (BAAQMD).



BAAQMD - Bay Area Air Quality Management District
BART - Bay Area Rapid Transit
CCSF - City & County of San Francisco
ERAF - Educational Revenue Augmentation Fund
SFCCD - San Francisco Community College District
SFUSD - San Francisco Unified School District

RECORD HIGH TRANSFER TAX REVENUE - COMMERCIAL REAL ESTATE REBOUNDING

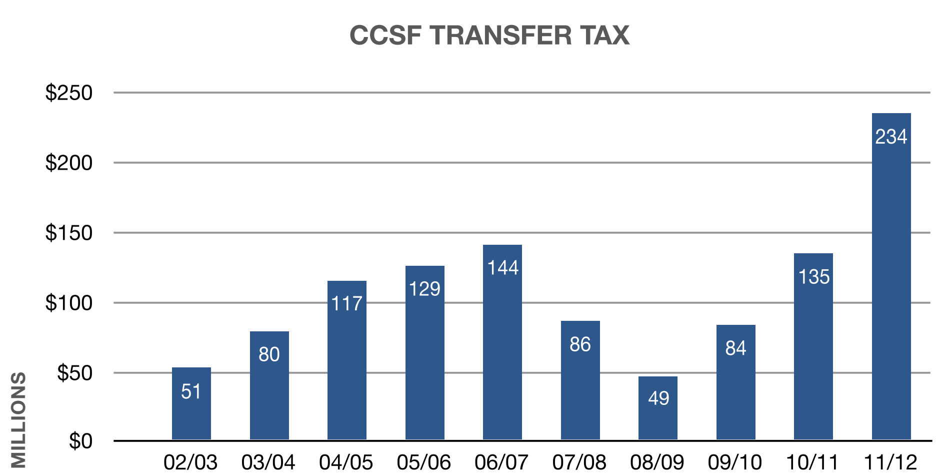
Transfer tax is paid whenever a property transfers ownership. Historically, it has been a fluctuating revenue stream because it is tied to the exchange of properties and their value. As the real estate market fluctuates, so does transfer tax revenue. Since it is paid immediately when ownership in a property is transferred, it is a good reflection of the current status of the City's real estate market. This past fiscal year, San Francisco saw a historic increase in transfer tax revenue of over $98 million compared to FY 2010-11. While some of this increase was undoubtedly due to the higher transfer tax rates for properties over $5 million that took effect in December of 2010 (Prop N), this is a clear indication that real estate in San Francisco, in particular the commercial market, is recovering. The $233.6 million in transfer tax revenue collected in FY 2011-12 was $114.8 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 $23.8 million in transfer tax revenue from unrecorded and under-reported real estate transactions. This represents over 10% 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%.

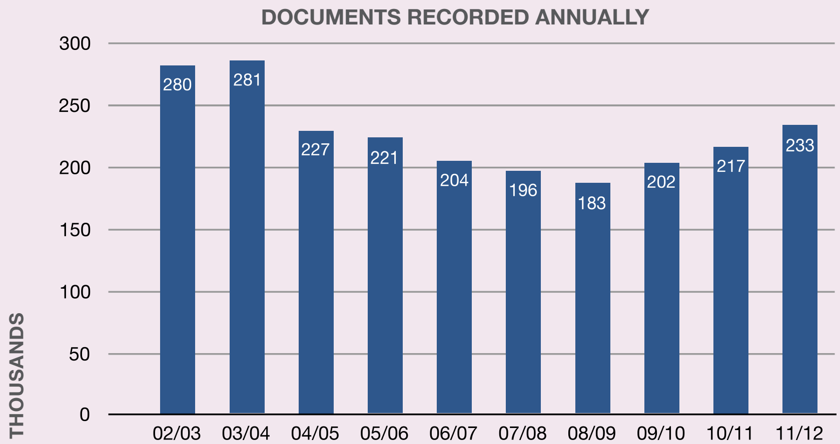
3) Increased real estate activity among high-value properties. The number of transactions involving properties over $5 million in FY 2011-12 increased 34% compared to FY 2010-11. The increase for all properties over $1 million increased by 14%.

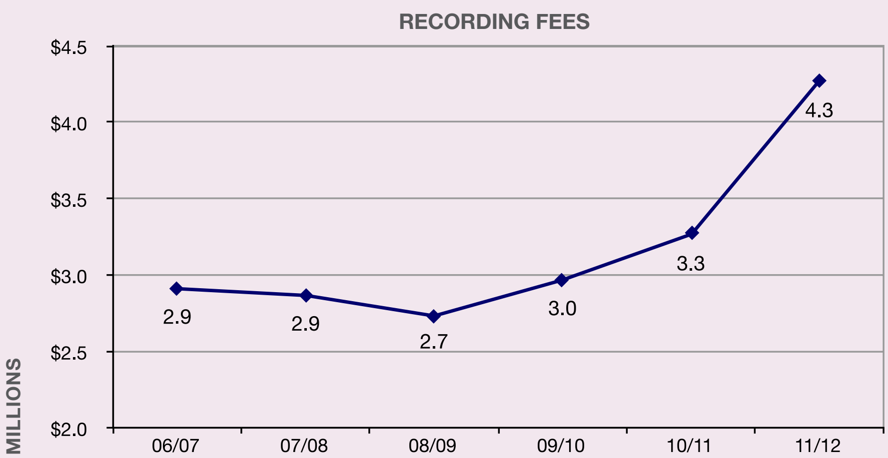


RECORDER'S OFFICE OVERVIEW

In FY 2011-12, the Recorder's Office recorded over 230,000 documents. This represented a 7% increase over the prior year. Recording fee revenue was 39% above budget at $4.3 million. The Office is also responsible for collecting transfer tax revenue resulting from property transferring ownership. In 2011-12, 9,980 documents were subject to documentary transfer tax generating over $233 million in transfer tax revenue. This was nearly $115 million over the budgeted projections for the year. Nearly $24 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 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 un-recorded payment. In the past fiscal year, approximately $1.1 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, $22.8 million in un-recorded transfer tax transactions was also discovered and collected in 2011-12.





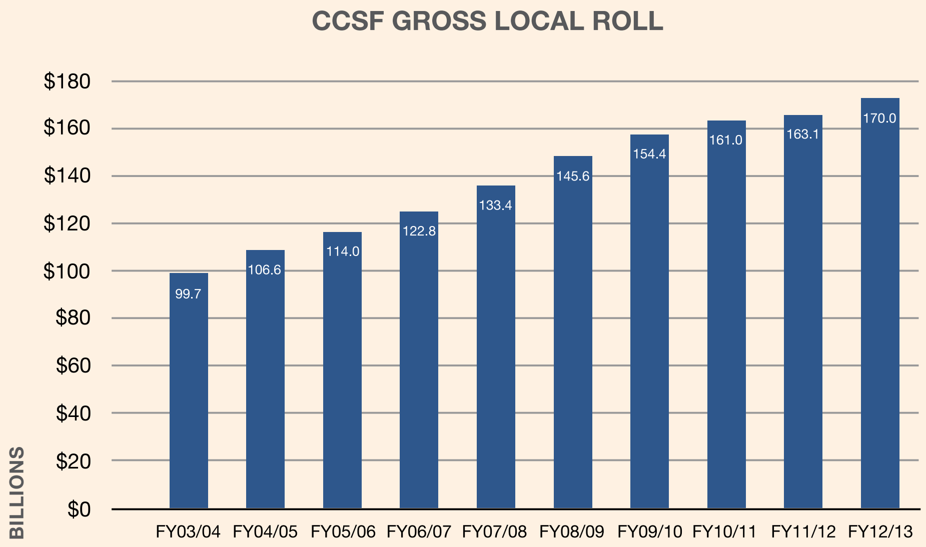
ASSESSMENT ROLL

ASSESSMENT ROLL GROWTH OF $6.8 BILLION

For FY 2012-13, San Francisco's Gross Local Assessment Roll (the "Roll") grew by $6.8 billion to $170 billion - a 4.2% increase over the previous year. This roll growth included the statewide California Consumer Price Index (CPI) rate of 2.0% and occurred despite a record number of temporary Proposition 8 property tax reductions – over 21,200 homeowners – accounting for a roll decline of nearly $2.8 billion. This positive overall roll growth continued San Francisco's remarkable record of never having had an annual assessment roll decline. This is in stark contrast to the overwhelming majority of counties statewide which have suffered decreases in their local assessment rolls in recent years. Over the past five years, San Francisco's Roll has averaged an annual rate of growth of 5.5% and an average assessment roll growth of $7.3 billion. The Roll has increased by more than $75.1 billion over the past 10 years and is more than double what it was for FY 2000-01.

The total estimated tax revenue from this year's assessment roll is approximately $1.94 billion with 65% of this revenue going directly to CCSF. The remaining 35% of property tax revenue is split between the Educational Revenue Augmentation Fund (ERAF), San Francisco Unified School District (SFUSD), San Francisco Community College District (SFCCD), BART, and the Bay Area Air Quality Management District (BAAQMD) (see pg. 10 for additional details).

Description	FY12/13	FY11/12	Change
Secured Local Roll	$159,431,031,338	$152,819,104,823	4.3%
Unsecured Roll	$10,533,505,384	$10,316,106,267	2.1%
Gross Local Roll	**$169,964,536,722**	**$163,135,211,090**	**4.2%**
SBE Roll	$2,579,764,845	$2,441,452,810	5.7%
Less: Non-Reimbursable Exemptions	-$6,851,835,877	-$6,273,423,994	9.2%
Basis of Levy	**$165,692,465,690**	**$159,303,239,906**	**4.0%**



ASSESSMENT ROLL BY PROPERTY TYPES

San Francisco has nearly 204,000 parcels and seven out of ten of them are single family residential (SFR) properties. An additional 18% of the parcels are multi-family residential (MFR) meaning that residential parcels combined comprise nearly 90% of the City's parcels. SFR parcels comprise 48% of secured real property's roll value with MFR parcels accounting for 20% of the value. While commercial parcels may account for only 8% of the parcels in the City, their share of the overall assessment value is 29%. For FY 2012-13, the total number of parcels increased by 1,195 (0.6%) with the greatest increase by property type being SFR parcels.

	PARCEL COUNT				ROLL VALUE		
Property Type	**FY12/13**	**% of Total**	**% Change**		**FY12/13**	**% of RV Total**	**% Change**
Single Family Residential	143,059	70%	1.1%		$75,774,472,984	48%	5.5%
Multi-Family Residential	35,698	18%	-1.2%		$30,882,879,040	20%	2.7%
Commercial	15,977	8%	0.5%		$45,039,741,553	29%	3.1%
Industrial	2,380	1%	-0.5%		$2,963,226,893	2%	0.6%
Others/Miscellaneous	6,616	3%	0.4%		$2,882,418,898	2%	6.6%
Total Secured Real Property	**203,730**	**100%**	**0.6%**		**$157,542,739,368**	**100%**	**4.2%**

ASSESSMENT ROLL GROWTH – TOP TEN NEIGHBORHOODS

Increases in San Francisco's assessment roll are driven by changes in ownership of existing properties and reassessments due to new construction. A larger assessment roll means higher property tax revenues. This is significant since property taxes account for approximately one-third of the City's General Fund revenue. Unlike most counties in California that have experienced roll decreases in recent years, San Francisco's roll has never decreased and grew by $6.8 billion last year. The areas with the largest growth in value continue to be where the City is investing in rebuilding and redeveloping neighborhoods. The top ten neighborhoods in assessment roll growth by both total value and percentage increase are shown below.

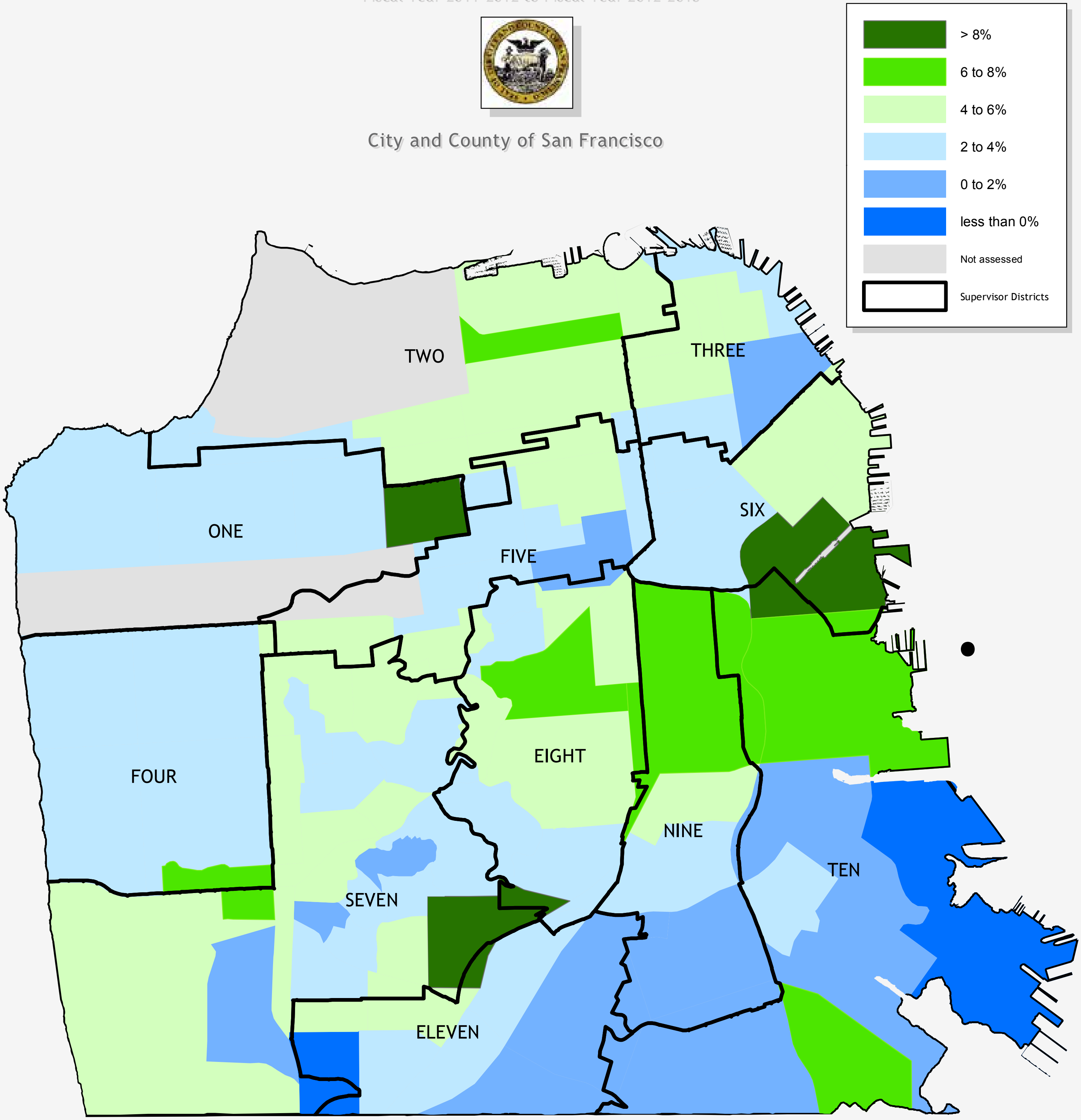
Top 10 Neighborhoods - Total Assessed Value Increase FY11/12 to FY12/13				
	Parcel Count	Assessed Value		
Neighborhood	FY12/13	FY12/13	Change	% Increase
Pacific Heights	5,073	$7,667,866,295	$429,145,683	5.9%
Mission Bay	3,959	$5,384,440,287	$428,010,495	8.6%
Financial District South	2,951	$9,534,301,281	$373,349,727	4.1%
South of Market	4,779	$6,826,602,348	$261,243,035	4.0%
Inner Mission	7,272	$4,480,808,263	$254,521,469	6.0%
Potrero Hill	4,936	$3,211,182,870	$234,721,886	7.9%
South Beach	3,643	$6,688,380,764	$193,953,562	3.0%
Eureka Valley	3,950	$3,013,016,959	$177,188,477	6.2%
Noe Valley	5,834	$3,983,585,006	$170,511,473	4.5%
Russian Hill	5,569	$3,917,420,288	$152,096,842	4.0%

Top 10 Neighborhoods - Percentage Increase in Assessed Value FY11/12 to FY12/13				
	Parcel Count	Assessed Value		
Neighborhood	FY12/13	FY12/13	Change	% Increase
Lone Mountain	1,459	$1,032,194,450	$117,983,019	12.9%
Mission Bay	3,959	$5,384,440,287	$428,010,495	8.6%
Sunnyside	2,151	$836,032,404	$63,341,757	8.2%
Potrero Hill	4,936	$3,211,182,870	$234,721,886	7.9%
Bayview Heights	1,628	$432,275,154	$29,117,642	7.2%
Merced Manor	345	$203,972,290	$13,345,334	7.0%
Eureka Valley	3,950	$3,013,016,959	$177,188,477	6.2%
Cow Hollow	2,432	$2,587,690,320	$151,470,535	6.2%
Pine Lake	413	$200,859,924	$11,434,982	6.0%
Inner Mission	7,272	$4,480,808,263	$254,521,469	6.0%

Percentage Change in Assessed Property Value

Fiscal Year 2011-2012 to Fiscal Year 2012-2013

City and County of San Francisco



Source:
Office of the Assessor-Recorder,
SFGIS Program.

LARGEST TAX PAYERS

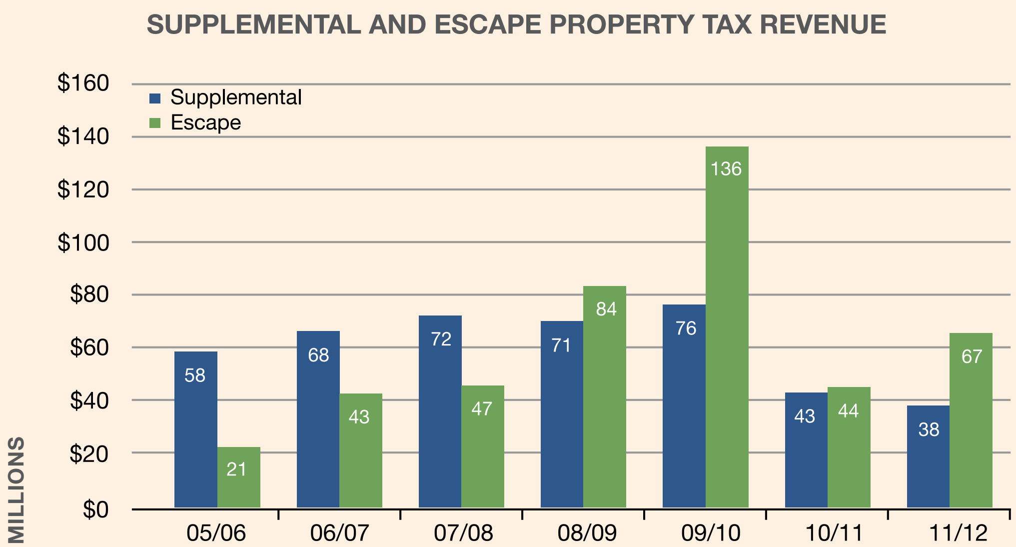
When a large portion of roll value is concentrated in a handful of parcels, a county's tax base is vulnerable. In that type of situation, negative changes in the values of a few high-value properties could have a significant impact on a county's property tax revenue. One of the reasons that San Francisco has managed to weather the real estate downturn is the diversification of its assessment roll. The City's $170 billion of roll value is spread across over 200,000 parcels in the City. The most expensive parcel is valued at only 0.54% of the City's overall roll value and the top 20 parcels combined comprise less than 4.5%. The table below shows the owner and location of the highest value parcels, the type of property, the total assessed value, and its percentage of the City's overall assessed value.

Top 20 Parcels in CCSF - Total Assessed Value				
Assessee	Location	Type	Total Assessed Value	% of Total Assessed Value
HWA 555 Owners LLC	555 California St	Commercial Office	$922,558,464	0.54%
Paramount Group Real Estate Fund	1 Market St	Commercial Office	$755,776,866	0.44%
Emporium Mall LLC	845 Market St	Commercial Retail	$422,217,001	0.25%
HD333 LLC	333 Market St	Commercial Office	$394,666,008	0.23%
SHC Embarcadero LLC	4 The Embarcadero	Commercial Office	$389,419,149	0.23%
Post-Montgomery Associates	165 Sutter St	Commercial Retail	$379,673,576	0.22%
S F Hilton Inc	1 Hilton Square	Commercial Hotel	$376,675,627	0.22%
SHR St Francis LLC	301 - 345 Powell St	Commercial Hotel	$367,001,891	0.22%
PPF Off One Maritime Plaza LP	300 Clay St	Commercial Office	$360,180,732	0.21%
Block 230 Associates	1 The Embarcadero	Commercial Office	$337,277,729	0.20%
A-650 California St LLC	636 - 650 California St	Commercial Office	$319,999,465	0.19%
Three Embarcadero Center Venture	3 The Embarcadero	Commercial Office	$317,124,842	0.19%
Embarcadero Center Associates	2 The Embarcadero	Commercial Office	$315,760,587	0.19%
101 California Venture	101 California St	Commercial Office	$313,129,478	0.18%
Sutter West Bay Hospitals	2333 Buchanan St	Commercial Misc	$304,888,654	0.18%
Knickerbocker Properties Inc X	525 Market St	Commercial Office	$270,821,188	0.16%
SPF China Basin Holdings LLC	185 Berry St	Commercial Office	$268,340,807	0.16%
Teachers Insurance & Annuity Assn	50 Fremont St	Commercial Office	$254,638,521	0.15%
405 Howard LLC	405 Howard St	Commercial Office	$253,477,746	0.15%
Kilroy Realty 303 LLC	303 2nd St	Commercial Office	$243,626,142	0.14%
			$7,567,254,473	**4.45%**
Total Assessed Value (Gross Local Roll)			**$169,964,536,722**	
FY12/13				

SUPPLEMENTALS & ESCAPES

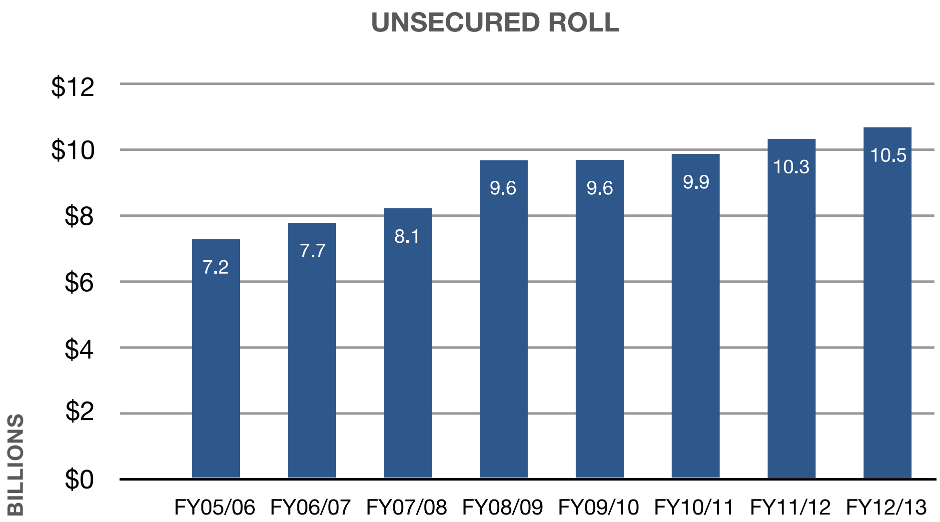
The Assessor-Recorder's Office has focused on valuing supplemental and escape assessments to reduce the number of prior year transactions in the workload. In FY 2011-12, the number of supplemental and escape pending assessments reached its lowest mark in five years. Supplemental and escape assessments are considered unprocessed when properties have undergone an assessable change in ownership (CIO) or had new construction (NC) performed, but were not 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 the appraisal must be done within four years of the CIO or NC event.

In FY 2011-12, new supplemental and escape assessment revenue totaled $104.8 million. This was $32 million over budgeted projections. Revenue from supplemental assessments was $38.1 million and from escape assessments it was $66.7 million. Supplemental and escape assessment revenue from future years is projected to decline as the number of prior year pending assessable 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.



UNSECURED ROLL CONTINUING TO GROW

The unsecured assessment 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. For FY 2012-13, the unsecured assessment roll increased by 2.1% over the previous year.

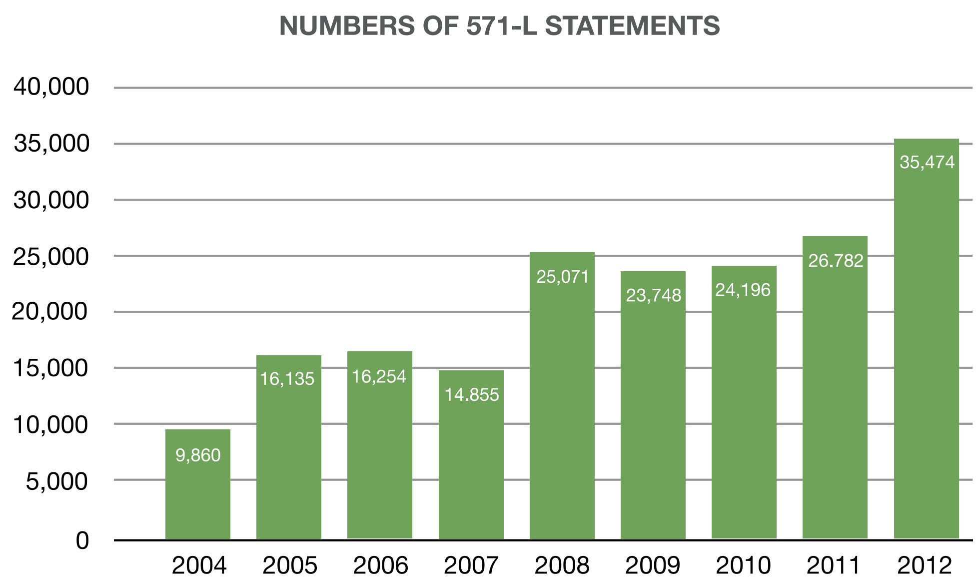


BUSINESS PERSONAL PROPERTY DIVISION

Our Business Personal Property Division (BPP) conducts routine audits on a pool of accounts made up of over 35,000 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. The owners of all businesses must file property statements with the Assessor-Recorder's Office, known as a 571-L form, detailing the cost of all their supplies, equipment, and fixtures at each location and unlike real property, business personal property is assessed annually. For FY 2012-13, the hard work of BPP staff will result in approximately $95.3 million in tax revenue and the overall number of 571-L forms filed increased by 32%.

Our BPP staff is committed to ensuring everyone pays their fair share of taxes by discovering under-reported business personal property. This past year, BPP worked diligently to fairly capture the revenue owed to the City by continuing to coordinate with the County Treasurer & Tax Collector (Tax Collector) to identify new businesses in San Francisco. As a result of this effort, over 10,600 businesses were added to BPP's database and relevant forms were mailed out as the first step in assessing the business personal property tax on these businesses.

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, BPP produced a very successful video that walks taxpayers through the process of filling out the 571-L forms that can be found online at www.sfassessor.org. BPP continues to promote and expand the eFiling of 571-L forms with nearly 5,800 forms eFiled this past year, an 8.5% increase over the prior year.



PROPERTY TAX EXEMPTIONS

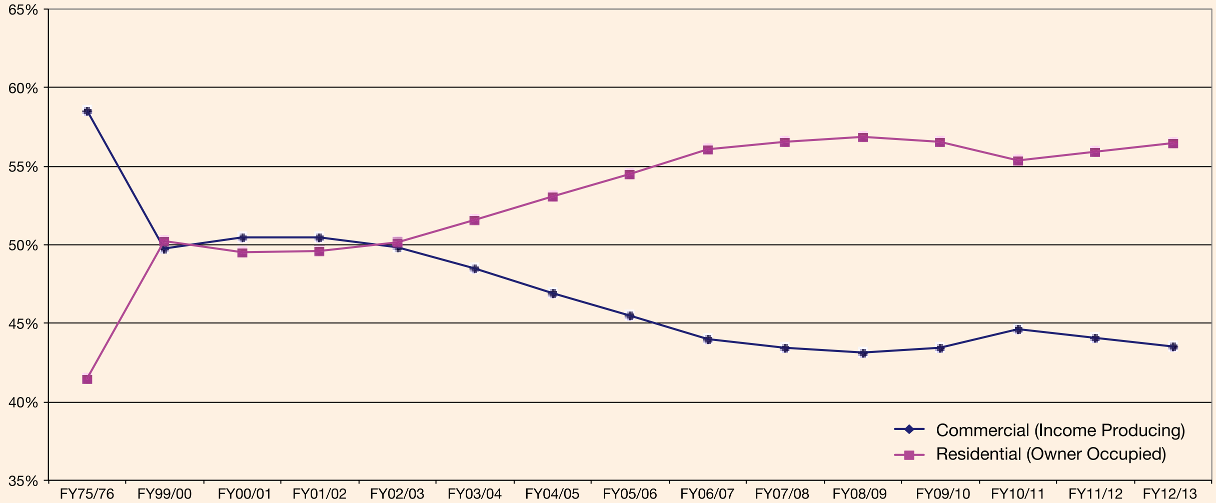
The Assessor-Recorder's Office grants property tax exemptions to properties owned by non-profit organizations, religious and church organizations, hospitals, and schools in accordance with the Revenue and Taxation Code and with guidance from the California State Board of Equalization. Residential properties that are the owner's primary residence qualify for the homeowner's exemption. For FY 2012-13, property tax exemptions totaled $7.5 billion with exemptions for charities making up 71% of that total.

Exemption FY 2012-13	Value	% Total
Private Schools	$4,359,997	0.1%
Homeowners	$649,345,400	8.7%
Hospitals	$387,946,819	5.2%
Charitable - Non-profit	$5,301,396,314	70.7%
Religious Properties	$251,765,993	3.4%
Veterans	$14,683,956	0.2%
Churches	$80,566,181	1.1%
Private Colleges/ Universities	$696,647,606	9.3%
Other	$114,469,011	1.5%
Total	**$7,501,181,277**	**100.0%**

PROPERTY TAX DISPROPORTIONATELY PAID BY RESIDENTIAL PROPERTIES

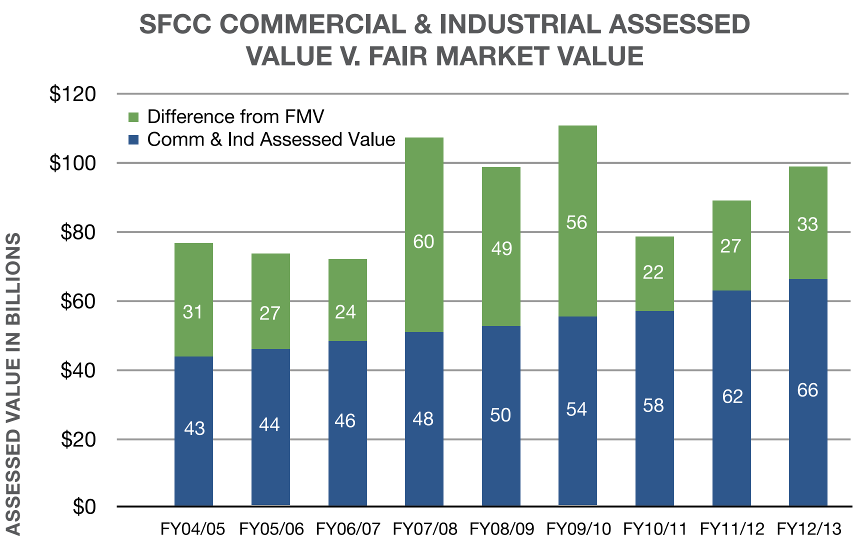
When Proposition 13 was passed almost 35 years ago in 1978, commercial properties accounted for the majority of the City's assessment roll value. Commercial properties are defined as income-producing properties, such as commercial office space, hotels, and retail, while residential properties represent owner-occupied parcels. The ratio of assessed commercial value to assessed residential value in 1975 was 58.5% to 41.5%. However, since the late 1970s and the passage of Prop 13, the property tax share between commercial and residential properties in San Francisco 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 in years and therefore maintain an assessed property value from decades ago that is well below current fair market value (FMV). Today, commercial properties' share of the City's assessed roll is 43.5%, while residential properties account for 56.5%. This flip-flop of San Francisco's commercial and residential assessed values has occurred despite the ratio of commercial to residential parcels remaining largely unchanged. In 1975, residential owner-occupied parcels comprised 78% of the City's total and today they account for 80%. It is clear that residential property owners are today paying a disproportionate share of San Francisco's property taxes compared to the situation when Prop 13 was enacted. This is because the assessed values of commercial properties have not increased the way residential properties have because commercial properties are reassessed much more infrequently.

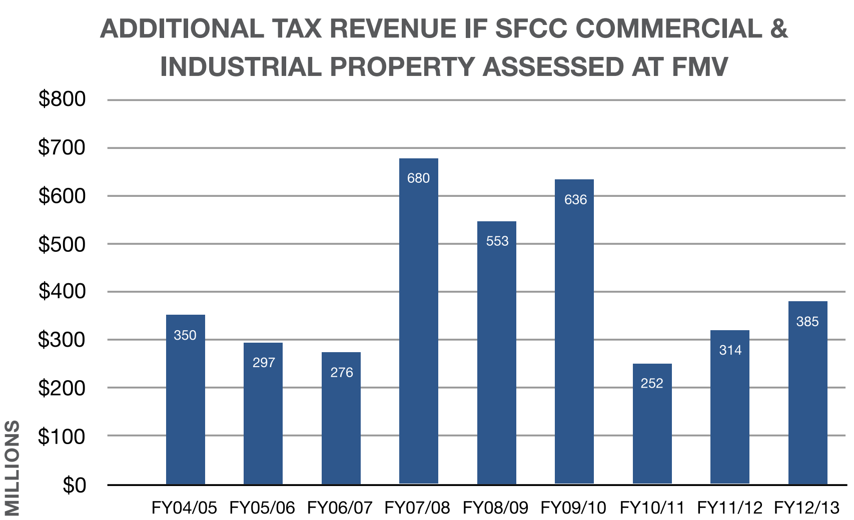
COMMERCIAL V. RESIDENTIAL PROPERTY TAX BURDEN



IMPACT OF A "SPLIT-ROLL" APPLIED TO SAN FRANCISCO

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, including Florida, New Mexico, South Carolina, Iowa, Maryland, Texas, Georgia, Colorado, and Minnesota, have enacted property assessment limits on residential properties only – a so-called "split-roll" system. If the voters of California approved a similar split-roll 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. Applying California's Board of Equalization's ratio of assessed value to FMV for utilities to San Francisco's commercial and industrial properties, the estimated additional CCSF tax revenue over the past nine years from a split-roll system would have been $3.7 billion.



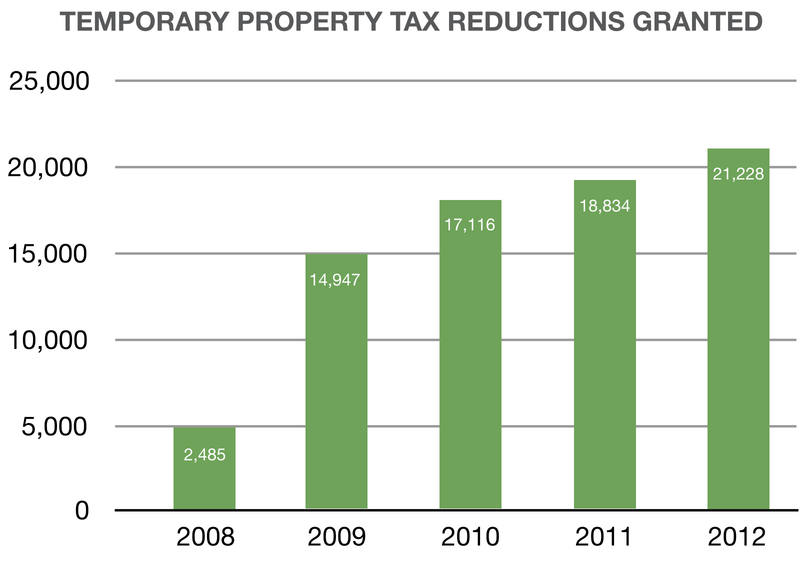


INITIATIVES & SERVICES BENEFITTING TAXPAYERS

PROVIDING TEMPORARY PROPERTY TAX REDUCTIONS FOR HOMEOWNERS

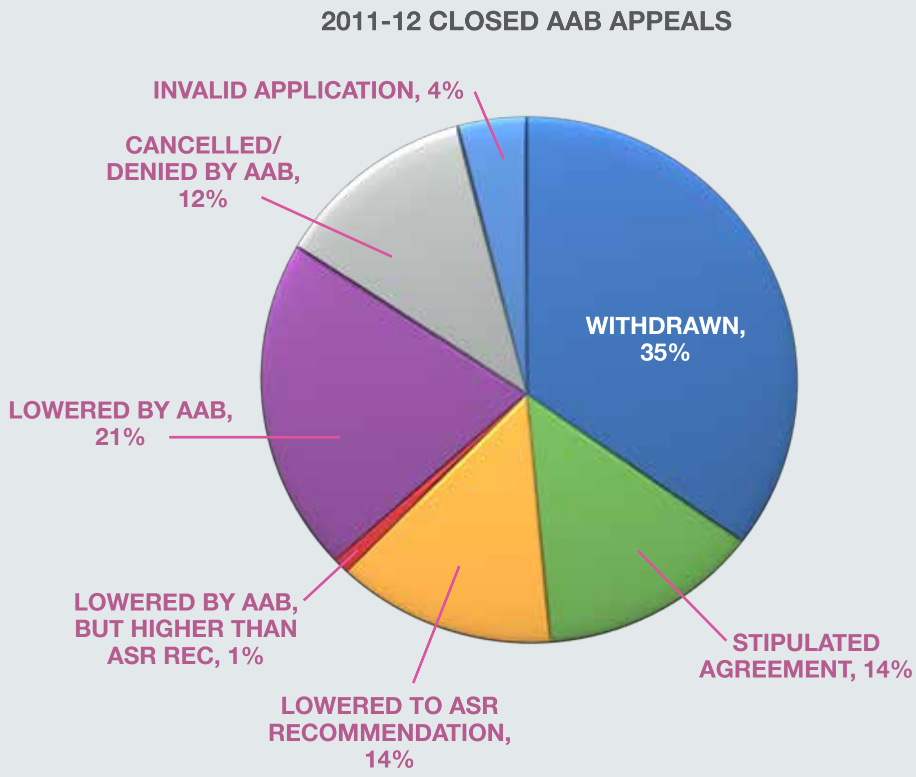
The Assessor-Recorder's staff is committed to serving the public and working hard so that everyone is treated fairly and equally. We strive to inform taxpayers of their rights, alert the public about potential property scams, and ensure that home-owners are paying their appropriate share in property taxes. Under state law (Proposition 8), property owners can receive a temporary reduction of their assessed property value if their property's FMV is determined to be lower than its assessed value. In 2012, an all-time high of 21,228 temporary property tax reductions were granted for San Francisco. The average reduction in taxable value for a qualified single family residence was $176,000. That represents a reduction in property taxes of more than $2,000. Residential taxpayers can request an Informal Review for a temporary property tax reduction from the Assessor-Recorder's Office between January 1, 2013 and April 1, 2013 and any taxpayer can file for an assessment reduction from the Assessment Appeals Board (AAB) before September 16, 2013.

The neighborhoods with the most Prop 8 reductions in 2012 were newer neighborhoods where many of the base year assessments reflected the real estate peak of the mid-2000s. The five neighborhoods with the greatest number of 2012 Prop 8 reductions were South Beach (1,223); Mission Bay (1,062); South of Market (867); Financial District South (601); and Potrero Hill (562). The total roll value of this year's temporary reductions was $2.8 billion with an estimated total tax revenue decline of $33 million.



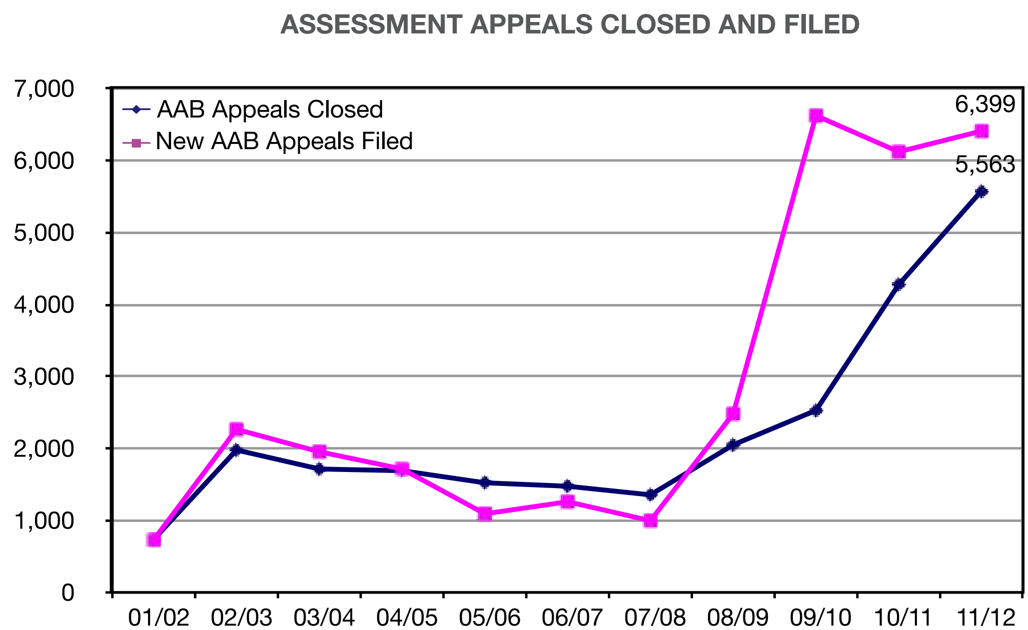
ASSESSMENT APPEALS – STRIVING TO REACH AGREEMENT WITH TAXPAYERS

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 16, 2013). 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 one-in-five (21%) of the 5,563 AAB appeals closed in 2011-12 were lowered by the AAB to a value different than what we agreed to with the taxpayer or recommended to AAB.



ASSESSMENT APPEALS – UNPRECEDENTED WORKLOAD AND PRODUCTIVITY

Due to the real estate recession seen in recent years, the number of new AAB appeals filed for each of the past three fiscal years has exceeded 6,000. The average annual number filed for the prior ten years before FY 2009-10 was only 1,475. This tremendous surge in new AAB appeals has placed an unprecedented strain on both the AAB and the Assessor-Recorder's Office. The Assessor-Recorder's Office is proud of its response to this dramatic workload increase. By adding temporary staff dedicated solely to our AAB efforts, establishing new specialists with specific AAB expertise, and improving productivity by reorganizing staff responsibilities, the number of closed AAB appeals this past fiscal year is up 30% over last year and up 120% compared to two years ago. At the end of FY 2011-12, the number of open AAB appeals was 7,729. This is down 28% from the peak of 10,685 as of October 31, 2011. The total assessed value under appeal in these 7,729 cases is $66.7 billion. Given the taxpayer's opinion of value of $35.0 billion, the total tax dollars at stake are approximately $369 million.

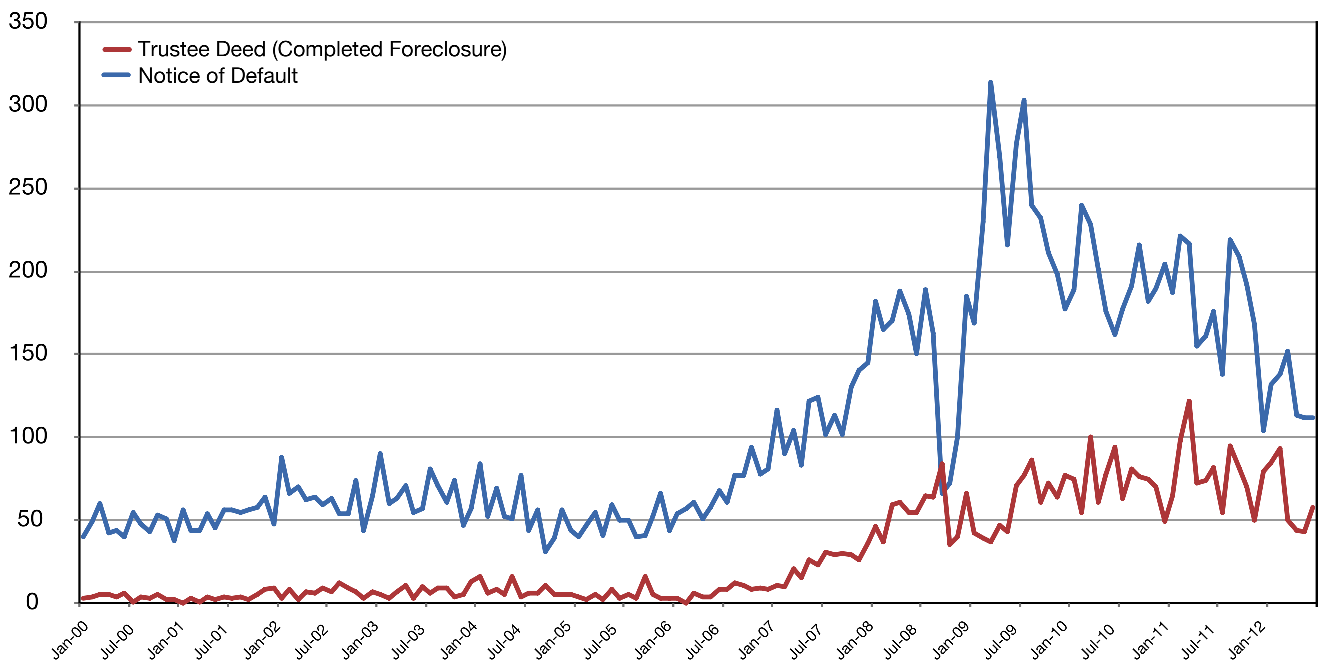


HELPING THOSE FACING FORECLOSURE

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. This past fiscal year, nearly 1,100 referral letters were mailed to homeowners informing them of their rights and outlining the many resources available to help them 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 FY 2011-12, the total number of notices of default recorded, inclusive of all residential, commercial, or industrial parcels, declined to 1,789 (down 21% compared to FY 2010-11). Furthermore, the number of completed foreclosures decreased by 13% to 804 compared to the previous fiscal year. Both of these developments are an encouraging trend and evidence that the foreclosure picture is improving for San Francisco. However, there is still a ways to go since the monthly average of notices of default in FY 2011-12 (149) is still 179% higher than back in FY 2005-06 (54) during the San Francisco real estate boom. Additionally, it is important to acknowledge that the recent decrease in foreclosures in FY 2011-12 cannot totally be attributed to the improving real estate picture. It is also partially the result of a voluntary slowdown in foreclosures by the mortgage industry.

FORECLOSURE ACTIVITY FOR CCSF



GROUNDBREAKING FORECLOSURE AUDIT COMMISSIONED

In the fall of 2011, our office initiated an audit of foreclosures in CCSF with the goal of providing facts that could address whether the foreclosure process in California complied with applicable laws and to promote a policy discussion about how to improve the laws and compliance with them. "Foreclosure in California: A Crisis of Compliance" was released on February 15, 2012 and received national press coverage on the front pages of The New York Times and San Francisco Chronicle. The audit's release one week after the national mortgage settlement between forty-nine Attorneys General and the five largest servicing banks focused the conversation in the California legislature on the need to amend statute and provide better protections for homeowners. The result of this increased scrutiny and discussion was the passage of the Homeowner Bill of Rights in July, 2012. The full audit report can be found at http://www.sfassessor.org/modules/showdocument.aspx?documentid=1018.

ASSESSOR-RECORDER TING SUPPORTS THE HOMEOWNER BILL OF RIGHTS

Similar to AB 1321 sponsored by Assessor-Recorder Ting in 2011, the Homeowner Bill of Rights, sponsored by the California Attorney General, sought to address deficiencies in due process during a foreclosure. Many of these shortcomings in the foreclosure process were highlighted in the groundbreaking audit released in February of 2012 entitled "Foreclosure in California: A Crisis of Compliance" that was commissioned by Assessor-Recorder Ting. Our office supported the legislative efforts of the Conference Committee (AB278 and SB900) which sought to end dual tracking and provide due process protection for homeowners facing foreclosure. This legislation, referred to as the Homeowner Bill of Rights, was signed into law by the Governor on July 11, 2012, and will take effect on January 1, 2013.

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

As part of our efforts to ensure that our practices keep pace with changes in the housing market, we provided 491 estimated individual assessments for Tenancy-In-Common (TIC) owners who requested them in FY 2011-12. 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 send applications for individual TIC assessments to all known TIC owners in the City with the Notification of Assessed Value letter that is mailed out each July. Additionally, we work with TIC organizations throughout CCSF to further publicize this service and increase our outreach. Please visit the Assessor-Recorder's website at www.sfassessor.org to request a TIC individual assessment.

REAL ESTATE WATCHDOG PROGRAM – $1.2 MILLION IN REVENUE COLLECTED

The Assessor-Recorder's Office is committed to ensuring that all CCSF properties are appropriately assessed to ensure that all San Francisco property owners pay their fair share of taxes. The Real Estate Watchdog Program is one example of that commitment to capture the property tax revenue that is owed to San Franciscans. Under this program, 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 due to any failure 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. Since the program's creation in 2006, the City has collected $1.2 million in revenue after citizens informed our office of unreported changes in ownership. All Watchdog complaints should be directed to 3-1-1.

MARRIAGE LICENSES

The Assessor-Recorder's Office maintains official public records and collects revenues from the recording of legal documents, including marriage licenses. In FY 2011-12, we recorded 7,827 marriage licenses. Certified copies of marriage licenses can be ordered on-line, over the phone, or in-person and approximately 18,000 were processed in FY 2011-12. For information about ordering a certified copy of a marriage license, please visit the Assessor-Recorder's website at www.sfassessor.org.

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 same-sex marriage licenses and stands committed to the principle that everyone should have the right to marry. Proposition 8 was declared unconstitutional in August 2010 by the U.S District Court and, in February 2012, the Ninth Circuit Court of Appeals affirmed the District Court's ruling that the ban on same-sex marriage was unconstitutional. However, the ruling overturning Prop 8 continues to be stayed pending appeal to the U.S. Supreme Court.

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

San Francisco's diversity is one of its greatest assets and the Assessor-Recorder's Office goes to great lengths to effectively communicate with all CCSF taxpayers. We have been proactive at meeting this goal 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 the language needs of the San Francisco community.

Annually, we send out Notices of Assessed Valuation (NAV) letters to all taxpayers advising them of the current assessed 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: www.sfassessor.org.

Furthermore, we provide translation services to customers with limited English proficiency in-person at our front counter and over-the-phone. This year we assisted callers in many different languages with Cantonese being the most requested translated language. Translation services were also provided in 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 available both at our front counter in City Hall and online (www.sfassessor.org). The survey allows taxpayers to evaluate our counter services based on wait-time, helpfulness and courtesy of the employee, and overall customer service. For FY 2011-12, 96% of customer responses rated our public service as "Excellent" for the amount of wait time and the helpfulness of our employees, and 95% rated "Excellent" for overall service.

PROMOTING ENERGY EFFICIENCY & RENEWABLE ENERGY

"GoSolarSF" Incentivizes San Franciscians to Use Solar – Now Over 3,100 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.

Thanks largely to GoSolarSF incentives, San Francisco currently has over 3,100 solar systems with a total capacity of 20.3 megawatts (MW) of direct current that produces an estimated 27,686 MW hours of power per year. This clean energy production is estimated to reduce CO2 by over 12 million pounds a year. According to the California Solar Initiative, the cost is now less than $7.50 per watt to install. An analysis done by the Assessor-Recorder's Office last year, which utilized the methodology of a statewide Lawrence Berkeley National Labs study, suggested that due to the increased property value of homes with solar systems, San Francisco would generate an additional $14.6 million in property tax revenue over the next 30 years. This revenue projection was based on the solar systems already installed in San Francisco at that point (approximately 2,400). If San Francisco reached GoSolarSF's goal of 10,000 solar systems, that would result in an additional $44.4 million in property tax revenue for a total of $59 million. 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.

Assessor-Recorder Partnering with San Francisco Department of Environment to Promote "Going Green"

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 was sent in the Notices of Assessed Value letters provided to every property by the Assessor-Recorder's Office. To further promote market adoption of climate protection and energy efficiency improvements, the Assessor-Recorder's Office documents buildings that have received "green label" certification. This new property characteristic is now included in the City's property database.

CREATING LOCAL JOBS & PROMOTING LOCAL INVESTMENT VIA CHINASF

As the Chair of ChinaSF's Advisory Board, Assessor-Recorder Ting sees San Francisco as the premier North American location for Chinese companies. He is dedicated to helping make San Francisco the gateway for Chinese companies looking to set up their business operations in the Bay Area. ChinaSF promotes trade between San Francisco and China via 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 to the City through 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 13 additional Chinese firms established in San Francisco with many more Chinese firms expressing an interest to ChinaSF regarding locating in San Francisco. The Chinese firms already here in San Francisco employ over 130 local residents, bring investment dollars to our local and regional economy, and contribute tax revenue that supports local programs.

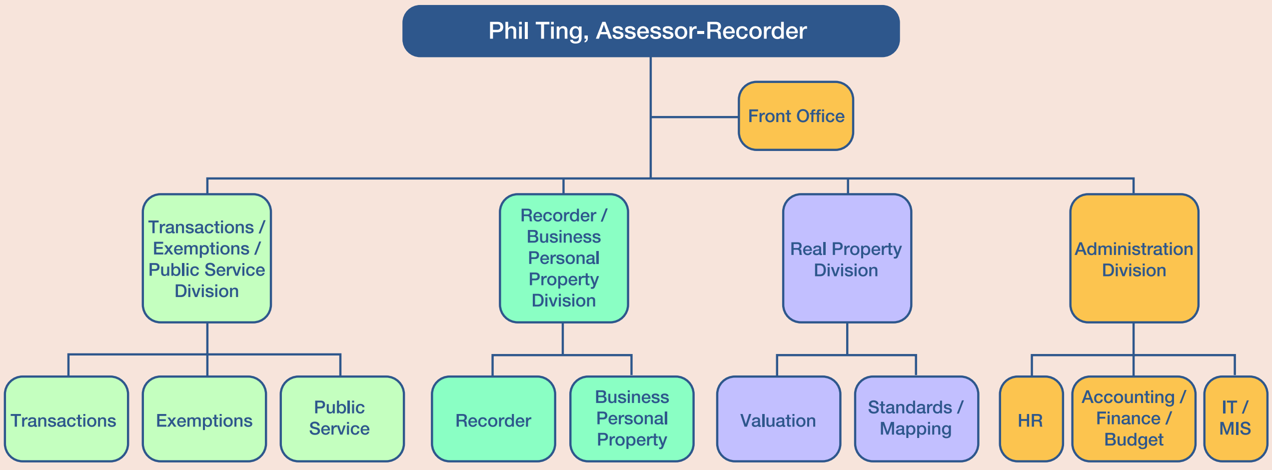
ChinaSF is currently targeting sectors that include clean and bio tech, digital media, informational technology, infrastructure, real estate, and professional services. With the growth of its Advisory Board and Strategic Advisers, including both US and China-based business executives, ChinaSF continues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

ORGANIZATION

ASSESSOR-RECORDER STAFF

Abdul Janjua ~ Adrian Law ~ Alan Nguyen ~ Aleda Graham ~ Alex Behrend ~ Alex Hung ~ Alfred Barber ~ Alice Cheung ~ Alice Kim ~ Alicia Petalver ~ Allan Lucas ~ Angela D'Anna ~ Angela Lucas ~ Anita Chen ~ Ann Chwang ~ Anthony Estacio ~ Ardele Leavelle ~ Arlene Boongaling ~ Ben Weber ~ Blair Adams ~ Bryan Bibby ~ Carlota Hilario ~ Carmelita Harris ~ Caroline Arguelles ~ Carrie Liou ~ Cathleen Hoffman ~ Cecilia Wong ~ Charles Crowder ~ Chona Pazcoguin ~ Christopher Sam ~ Clarice Laurant ~ Concepcion Vindell ~ Daniel Reyes ~ Darrelyn Butler ~ David McGough ~ Dennis May ~ Diane Cirrincione ~ Dinora Sanchez ~ Donald Wiggam ~ Donna Gilliam ~ Edward Smith ~ Elizabeth Cooper ~ Ellen Collaco ~ Emerson Santos ~ Eric Ho ~ Eric Willett ~ Evelyn Yee ~ Fanny Truong ~ Fei Chen ~ Feliciano Payumo ~ Felix Rodriguez ~ Felomina Uban ~ Fernando Mendoza ~ Francis Nguyen ~ Frank Wong ~ George Gomez ~ Georgina Gogna ~ Gilbert Huang ~ Gilbert Tang ~ Gladys Sanchez ~ Greg Wong ~ Guada Laurente ~ Hakam Ibrahim ~ Harvey Huey ~ Helen Hui ~ Iris Chan ~ James Bias ~ Jason Tan ~ Jay Cheng ~ Jean Medlar ~ Joan Czaia ~ Jocelyn Gordon ~ Joe Lee ~ John Hui ~ Johnnie Carter ~ Julia Leiva ~ Julie Ford ~ Julie Wu ~ Kan Shen ~ Kathleen Pierpont ~ Kimberlee Kimura ~ Kimberly Kitano ~ Kit Chau ~ Larry Chan ~ Lena Surjadi ~ Leticia Granados ~ Linda Ma ~ Manuel Uy ~ Mara Lim ~ Maria Ahumada ~ Maria Quinones ~ Marie Los Banos ~ Mark McLean ~ Marol Connelly ~ Mary Gebrian ~ Mary Jane Cruz ~ Matt Thomas ~ Mayuko Saul ~ Melanie Morales ~ Melissa Panday-Shrawder ~ Michael Jine ~ Michael Louie ~ Michael Nettles ~ Michelle Andry ~ Mo'min Abdun-Noor ~ Myrna Flores ~ Nancy Gudino ~ Natalya Epelbaum ~ Nati Caramat ~ Ngok Lam ~ Patricia Rivette ~ Pauline Tam ~ Peggy Liang ~ Phil Ting ~ Phoebe Lee ~ Pio Factor ~ Rasheeda Young ~ Richard Sin ~ Ricky Lee ~ Rob Spencer ~ Roberto Ayala ~ Ronald Sto-Domingo ~ Rosita Kan ~ Ruth Santana ~ Sally Aung ~ Sandra Chow ~ Sandy Pubill ~ Shanna Ngo ~ Sharis Yau ~ Shirley Luk ~ Stella Chow ~ Stephen Chin ~ Stephen Wilson ~ Suk Ping Chu ~ Summer Graham ~ Susana Tan ~ Teresa Contro ~ Teresina Tenorio ~ Terris Abhaya ~ Terry Castaneda ~ Terry Tanjutco-Smith ~ Tessie Xander ~ Theresa Faasii ~ Thomas Tang ~ Timothy Landregan ~ Tony Segarra ~ Victor Hua ~ Vincent Williams ~ Zoon Nguyen

DEPARTMENT ORGANIZATIONAL CHART



FREQUENTLY ASKED QUESTIONS (FAQS)

What is the role of the Assessor-Recorder?

ASSESSOR

The role of the Assessor-Recorder is to value property in a fair and equitable manner according to California's Revenue and Taxation Laws. 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, 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?

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.

What is Proposition 13?

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 is 0.1691 percent for FY 12-13 for a total property tax rate of 1.1691 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?

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.

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

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

What new construction is reappraised?

When the homeowner/taxpayer applies for a building construction permit with the Department of Building Inspection, the Assessor-Recorder'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?

The assessment roll is the official list of all property within the County assessed by the Assessor-Recorder's Office, and it is separated into a secured and unsecured roll. The assessment roll, which contains 203,730 parcels for FY 2012-13, 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?

State law requires the Assessor-Recorder to reappraise property immediately upon change-in-ownership, completion of new construction, or change in use. The Assessor-Recorder'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 Assessment Appeals 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 (based on recent comparable sales) as of January 1 falls below the assessed or taxable value as shown on your tax bill, the Assessor-Recorder'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 1 to September 16, 2013. 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 applying for one between January 1 and April 1, 2013. Requesting an informal review does not preclude you from filing a formal appeal with the Assessment Appeals Board. Visit our website at www.sfassessor.org to apply for an Informal Review.

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 online at www.sfgov.org/aab. Assessment appeals must be filed with the Clerk between July 1 and September 16, 2013.

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 Assessor-Recorder's 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 and parcel and/or condo maps are printed on 8.5 by 11" for a $5.00 fee for 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. A Homeowner's Exemption may also apply to a supplemental assessment if the property was not previously receiving a Homeowner's Exemption. There is no charge for filing for the Homeowner's Exemption.

How can I apply for reducing my taxes as a veteran?

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

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-Recorder's Office to determine eligibility for this exclusion.

Are there exclusions available for seniors or disabled persons?

Disabled property owners, and/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?

Your assessed value may well be below the market value of your property. As a result, your assessed value may still be below the market value of your property even if the market value of your property declines. If you disagree with the assessed value of your property, you can apply for an Informal Review from our office and/or apply to the Assessment Appeals Board (City Hall, Room 405) for an assessment appeal on an existing value. If a reduction in assessed value is justified, we can adjust the assessed value.

What if my home is damaged from a fire or an earthquake?

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-Recorder'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-Recorder's Office within 60 days from the date the property was damaged or destroyed and the loss must exceed $5,000.

What is Business Personal Property?

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

I received a Business Property Statement (Form 571-L, 571-R), what's this all about?

The Assessor-Recorder'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 Business 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-Recorder 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 Business Property Statement each year with the Assessor-Recorder's Office detailing the cost of all their supplies, equipment, and fixtures at each location. This is required unless the Assessor-Recorder'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-Recorder's Office to enroll your business and have a 571-L Statement/Form sent to you. You may call our Business Personal Property Division at (415) 554-5531. 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-Recorder's Office.

Who must file a Business Property Statement?

Per Revenue and Taxation Code, Section 441, you must file a statement if the Assessor-Recorder's Office has sent you a Business Property Statement OR you have taxable Business 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 Business Property Statement is sent to you. Failure to complete and return the Business Property Statement will result in the Assessor-Recorder estimating the value of your Business Personal 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 1.17% will give an 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's 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 $293.

What if I don't agree with the Business Personal Property 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 a Business Personal Property auditor to determine how to go about correcting it. You can contact the Business Personal Property Division at (415) 554-5531. 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 16, 2013. Their telephone number is (415) 554-6778. Go ahead and pay your tax bill 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?

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), and the first $50,000 of employee-owned Hand Tools (R&T Code 241).

GLOSSARY

Ad Valorem Property Tax - Taxes imposed on the basis of the property's value.

Assessed Value - The taxable value of a property against which the tax rate is applied.

Assessee - The person to whom the property is being assessed.

Assessment Appeal - The assessee may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year.

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

Assessment Roll - The official list of all property within the County assessed by the Assessor.

Assessment Roll Year - The year following the annual lien date and the regular assessment of property, beginning on July 1.

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

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

Business Personal Property - Business personal property is assessable, and includes computers, supplies, office furniture and equipment, tooling, machinery and equipment. Most business inventory is exempt. (See personal property)

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

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

Exclusions from Reappraisal - Some changes in ownership may be excluded from reappraisal if a timely claim is filed with the Assessor's Office that meets the qualifications. Examples include the transfer of real property between parents and children, grandparents and grandchildren, 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 - 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 (FY) - 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 property, 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 Assessment - 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 of Equalization (BOE) consists of four members elected by California voters by district, and the State Controller whose duties in the field of taxation are defined by the State Constitution and the Legislature. The BOE 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. 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 Controller.

Transfer - Change in the ownership of or manner in 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.

KEY DATES - 2013

JANUARY 1	The date taxes for the next fiscal year become a lien on property.
JANUARY 1	First day to file an Informal Review for residential property.
FEBRUARY 15	Deadline to file all exemption claims.
APRIL 1	Due date for filing statements for Business Personal Property and marine vessels.
APRIL 1	Last day to file an Informal Review for residential property.
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.
JUNE 30	Delinquent property becomes tax defaulted for nonpayment of taxes.
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 1	First day to file assessment appeal application with the Assessment Appeals Board.
AUGUST 31	Regular roll unsecured taxes due.
SEPTEMBER 16	Last day to file an assessment appeal application for reduced assessment with the Assessment Appeals Board.
DECEMBER 10	Last day to pay first installment of secured property taxes without penalty.
DECEMBER 10	Deadline to file a late exemption for homeowners and/or veterans.

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.

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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SEAL OF THE CITY AND COUNTY OF SAN FRANCISCO