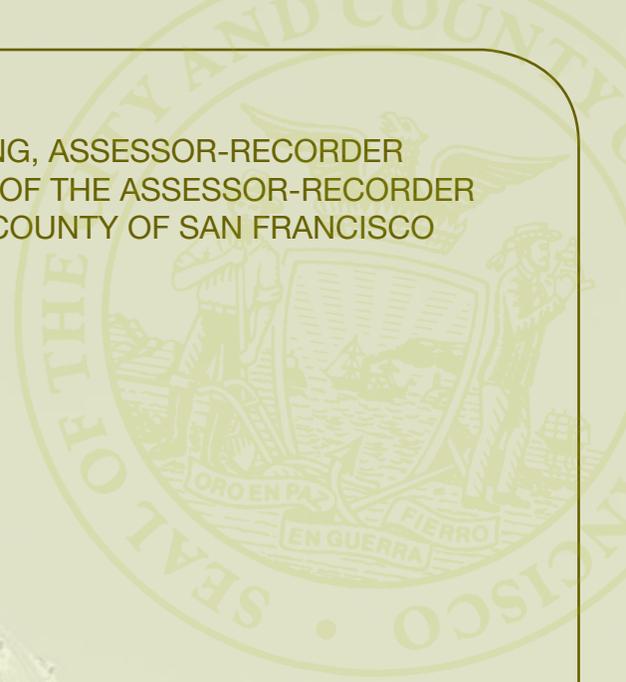


PHIL TING, ASSESSOR-RECORDER
OFFICE OF THE ASSESSOR-RECORDER
CITY & COUNTY OF SAN FRANCISCO



2006 ANNUAL REPORT

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Message from the Assessor-Recorder

Thank you for your interest in the San Francisco Office of the Assessor-Recorder; it is my honor to serve you. This report provides information on the state of property values in San Francisco and gives insight into our office's role in City and County government.

The Office of the Assessor-Recorder is committed to valuing 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.

At the close of my first full fiscal year in office, I am pleased to report that the 2006 Assessment Roll total is **\$120 Billion - an increase of nearly \$8 billion (7%) over the previous year.** This record roll, when combined with another strong year of transfer taxes (over \$130 million), has resulted in the Department generating **an all time high of \$1.48 billion in tax revenue for San Francisco.** We take great pride in this, as the revenue we generate provides funding for crucial public services, such as public schools, hospitals, parks, police and fire. Our success has a direct impact on City services and is a major component of the City's revenue.

One of my major goals coming into office was to reduce the four year assessment backlog which consists of any property that has undergone new construction or changed ownership during one fiscal year and is re-assessed in another. Some key hires and a renewed focus have us well on our way to my goal of permanently clearing the backlog and preventing any further backlog accumulation.

The Office of the Assessor-Recorder is a complex operation, and we are pleased to include all the names of our diverse and talented staff within this report. It is a testament to their hard work, dedication and skill that we have achieved a record- breaking year both on time and on budget. It is an honor and a pleasure to serve with this fine group.

From day one, I have stressed my commitment to our goal of providing superior and courteous service. We are constantly striving to find better and more efficient ways to serve the public. If after reading this report, you find yourself with any questions or suggestions, I encourage you to please contact our office.

Sincerely,



Phil Ting, Assessor-Recorder
City & County of San Francisco

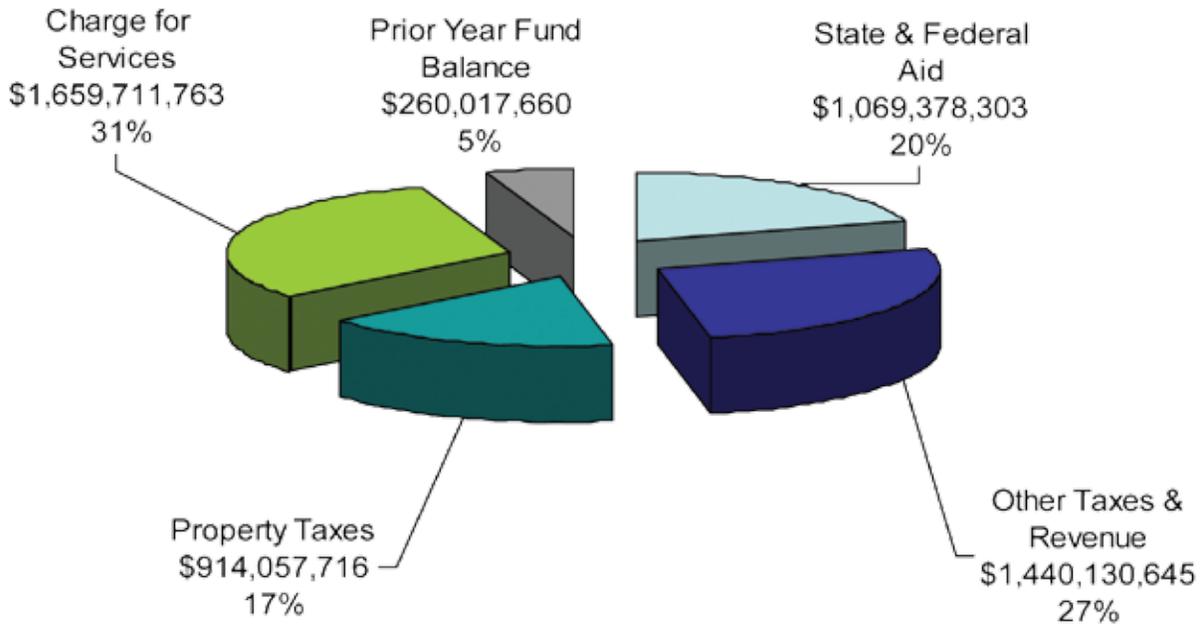


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REVENUE

The City & County of San Francisco acquires its revenue from four diverse sources. Independently, the property taxes incurred through assessments by the Assessor-Recorder's office account for 17% of the City and County's General Fund. In addition to being allocated to the City and County, property tax is distributed to the San Francisco Unified School District, the Community College District, the Bay Area Air Quality Management District, and BART. 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, if any, 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.

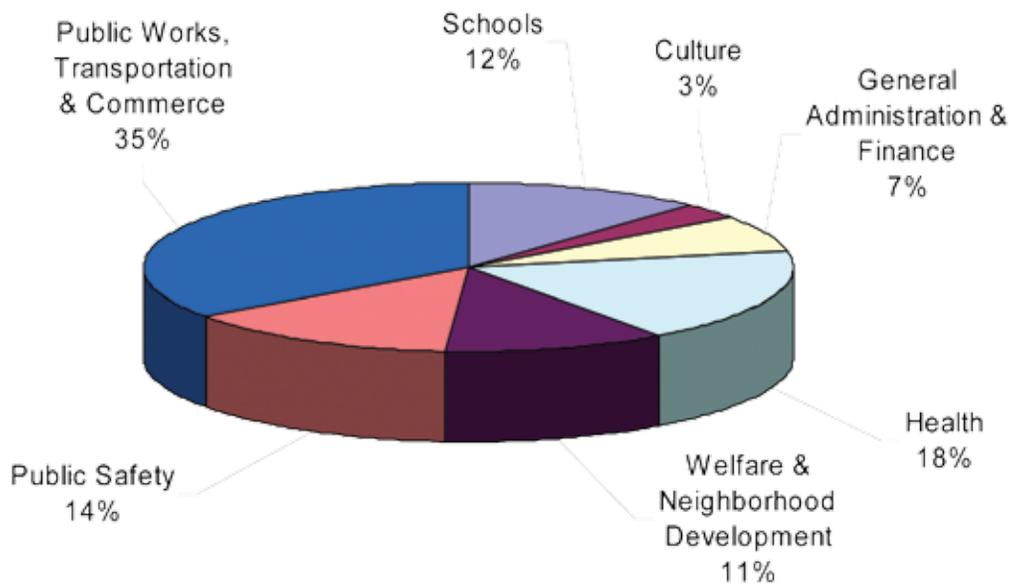
WHERE DOES THE CITY'S REVENUE COME FROM?



*From the Fiscal Year 2005-2006 Budget

Taxes and other revenues pay for essential city services such as such as education, public safety, public transportation, and public health. They comprise the City's Budget which was \$5.3 billion for Fiscal Year 2005-2006.

HOW IS THE MONEY SPENT?



PROPOSITION 13

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. 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. Real property is reassessed at its current fair market value at the time there is a change in ownership, completion of new construction or a change in use. This reassessment establishes a new base year value.



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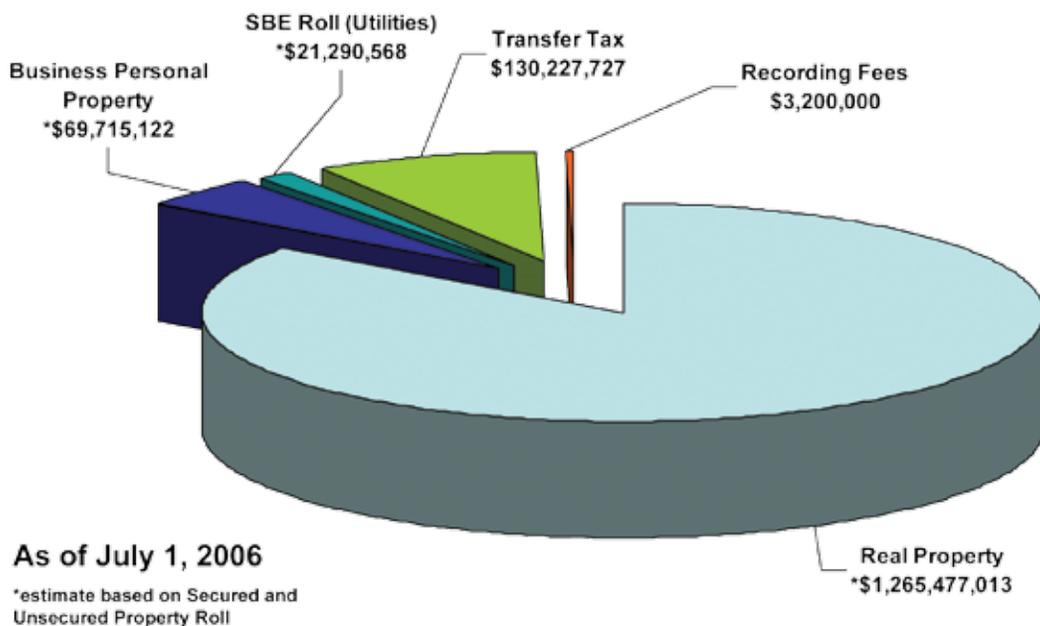
Real property may also be reassessed when the economy declines and market values decrease. The owner is entitled to a temporary adjustment in the assessed value of the property if its assessed value was more than the market value on the lien date, January 1st of every year. Temporary reductions of this sort are mandated by Proposition 8 which was passed by the voters in 1978. "Prop 8" reductions are also processed by the Assessor-Recorder's Office and our office sees many more requests for these reductions when the real estate market is in a state of decline.

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.

HOW MUCH REVENUE DOES THE ASSESSOR-RECORDER GENERATE?

The Office of the Assessor-Recorder generated **more than \$1.48 billion dollars last year**. This is an increase of **12% over the \$1.32 billion** that the office generated during the 2004-2005 fiscal year.

HOW MUCH REVENUE DOES THE ASSESSOR-RECORDER GENERATE?

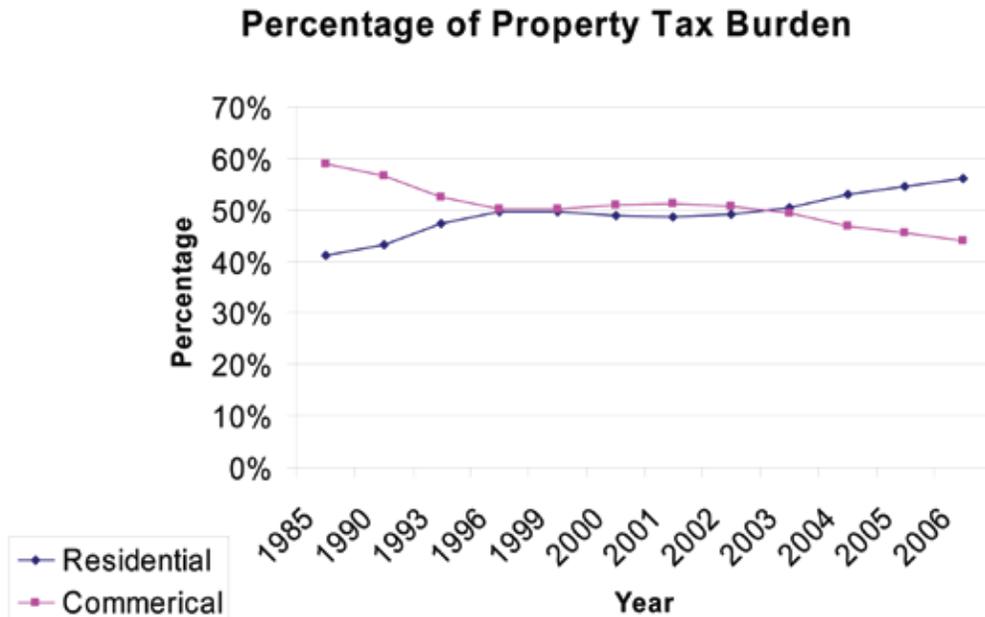


RESIDENTIAL VS. COMMERCIAL TAX BURDEN

Over the last 30 years, the property tax burden has shifted from commercial to residential property owners. The commercial property figures include income-producing properties, such as apartment buildings.

This graph demonstrates the change since 2000 wherein residential property overtook commercial property owners as the primary source of property tax revenue. As the value of homes in San Francisco has steadily risen since 2000, homeowners have assumed a larger share of the tax burden.

COMMERCIAL VS. RESIDENTIAL TAX BURDEN





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ASSESSMENT ROLL

The Assessment Roll is the official list of all property within the County assessed by the Assessor, and is separated into a secured and unsecured roll. The secured roll includes property on which the property 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 foreclose on the home. Foreclosure occurs more frequently with residential property owners, since so many businesses lease their properties.

The types of properties that qualify for exemptions include those owned by non-profit organizations, religious organizations, hospitals and schools, among others. Residential properties where the property is the owner's primary residence also qualify for the Homeowner's Exemption. More detail on exemptions is provided later in this document.

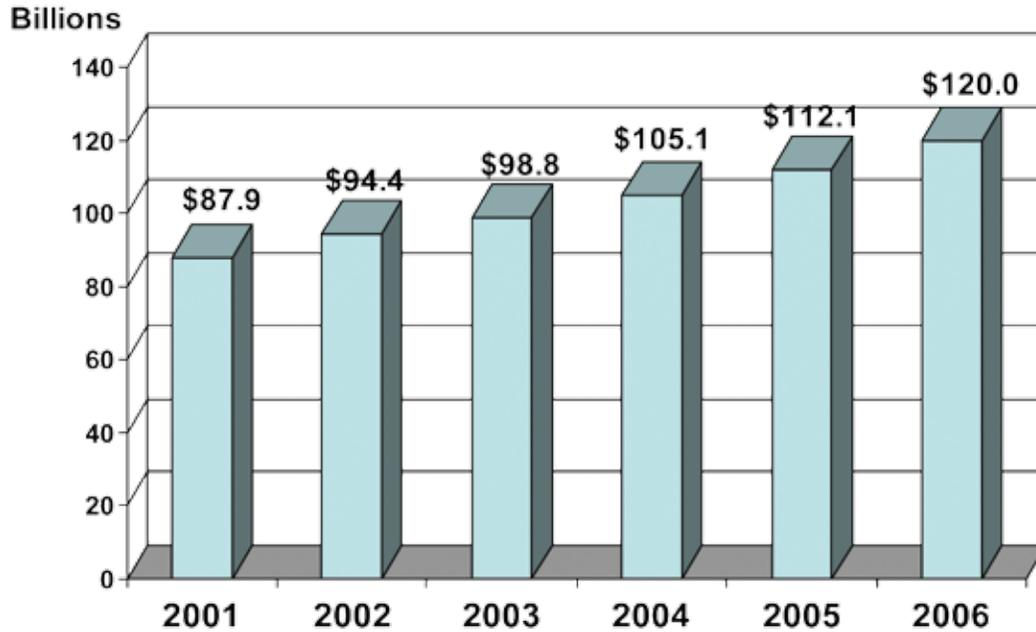
The Assessment Roll has increased by 36.5 % for the past six years. During the Fiscal 2005-2006 year the value of assessed property increased by nearly \$8 billion, marking the largest leap since 2001. Much of this growth is attributed to a strong real estate market where property changes hands more frequently and its value increases with each change in ownership.

REAL PROPERTY

The assessment roll, which contains approximately 190,000 parcels, is the basis on which property taxes are levied. **Real property taxes accounted for over \$1.2 billion**, clearly distinguishing real property assessments as the primary revenue generating function of the office.



ASSESSMENT ROLL HISTORY



ASSESSMENT ROLL SUMMARY

| | 2006 | 2005 | % Change |
|-------------------------|--------------------------|--------------------------|-----------|
| Secured Roll | \$115,043,364,839 | \$106,729,794,172 | 8% |
| Unsecured Roll | 7,716,886,687 | 7,240,353,035 | 7% |
| SBE Roll (Utilities) | 1,935,506,225 | 2,076,581,092 | - 7% |
| Less: Exemptions | -4,949,251,781 | - 3,995,388,142 | 24% |
| Total | \$119,746,505,870 | \$112,051,340,157 | 7% |



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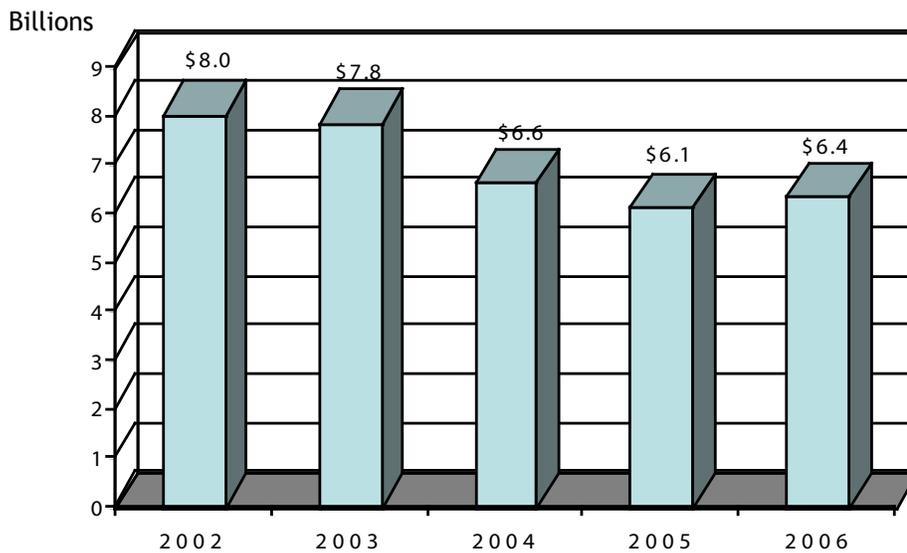
BUSINESS PERSONAL PROPERTY

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.

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.

Our office has a Business Personal Property unit that sends what are called 571-L statements to all San Francisco businesses where they must report their personal property and its value. 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. This same staff conducts routine audits of many of these businesses and their work generates nearly 5% of the total revenue that the office generates.

PERSONAL PROPERTY ROLL VALUES



2006 SECURED ASSESSMENT ROLL BY REAL PROPERTY TYPE

Of the approximately 190,000 properties on the assessment roll, 88% are residential and the other 12% are non-residential properties including those that are categorized as commercial, industrial and mixed use. Although a much larger portion of the property count is comprised of residential properties, the non-residential properties account for 33% of all assessed values. Note the large growth in value over the course of the 2005-2006 fiscal year of the “Others/Miscellaneous” category. Their value in 2004-2005 was \$1.7 million and now it has reached \$2.4 million. This is due largely to the sale of hundreds of “mixed use” (buildings that contain both residential and commercial properties) units in neighborhoods such as South of Market, Mission Bay and South Beach.

ASSESSMENT ROLL BY PROPERTY TYPE

(includes SBE roll value)

| Property type | Roll Value | Value Growth from Previous Year | Value % | Parcel Count | Parcel % |
|----------------------------------|---------------------------|---------------------------------|-------------|----------------|-------------|
| Single Family Residential | \$ 52,868,699,593 | 15% | 46% | 129,782 | 68% |
| Multi-Family Residential | 23,947,637,972 | 12% | 21% | 38,050 | 20% |
| Commercial | 33,970,393,311 | -1% | 29% | 14,858 | 8% |
| <i>Hotel & Motel</i> | <i>4,763,392,939</i> | <i>5%</i> | <i>4%</i> | <i>794</i> | <i>0%</i> |
| <i>Office</i> | <i>17,797,527,330</i> | <i>-1%</i> | <i>15%</i> | <i>1,332</i> | <i>1%</i> |
| <i>Non-office</i> | <i>11,409,472,843</i> | <i>-3%</i> | <i>10%</i> | <i>12,732</i> | <i>7%</i> |
| Industrial | 2,293,799,697 | 7% | 2% | 2,475 | 1% |
| Others/ Miscellaneous | 2,470,278,075 | 42% | 2% | 7,076 | 4% |
| Total | \$ 115,550,808,449 | 9% | 100% | 192,241 | 100% |





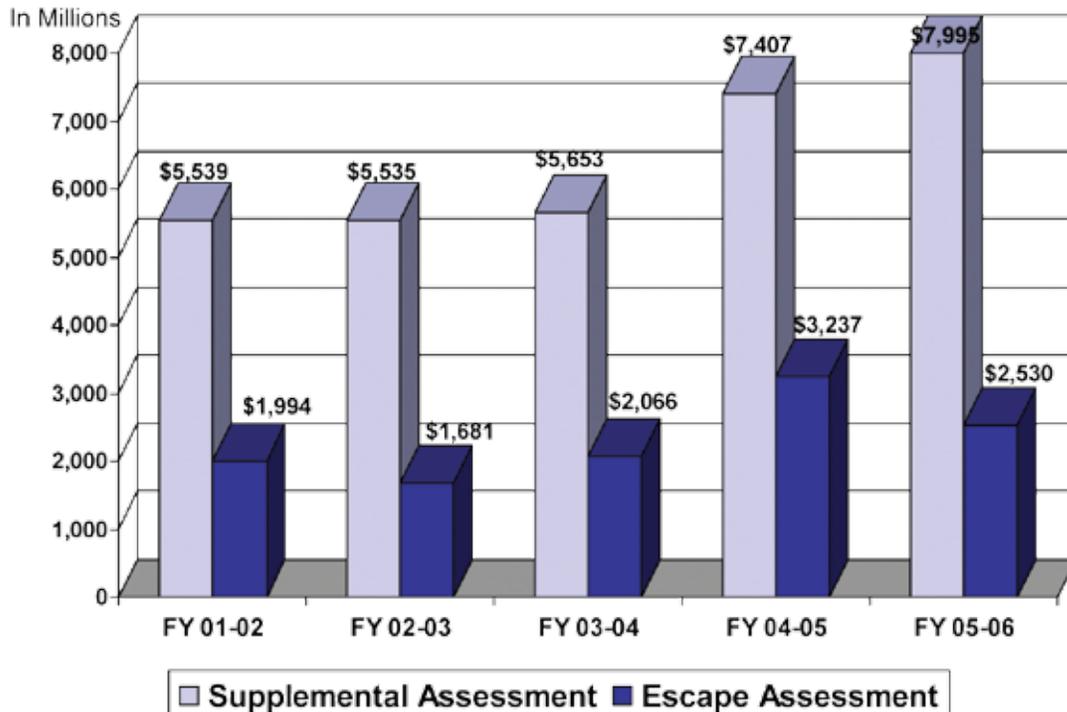
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SUPPLEMENTAL AND ESCAPE ASSESSMENTS

Supplemental and Escape Assessments are performed in addition to the work that goes into processing the regular assessment roll. A Supplemental Assessment refers to an assessment in which there has been a change in ownership, new construction or change in use, all of which may result in a change in assessed value. They occur during the fiscal year and are therefore supplemental to the annual property tax bill. The supplemental bill reflects the increase or decrease in value following the event that triggered the supplemental assessment, so the new amount is either added to or subtracted from the existing assessed value. Property owners will receive notices of these changes after the property is reassessed.

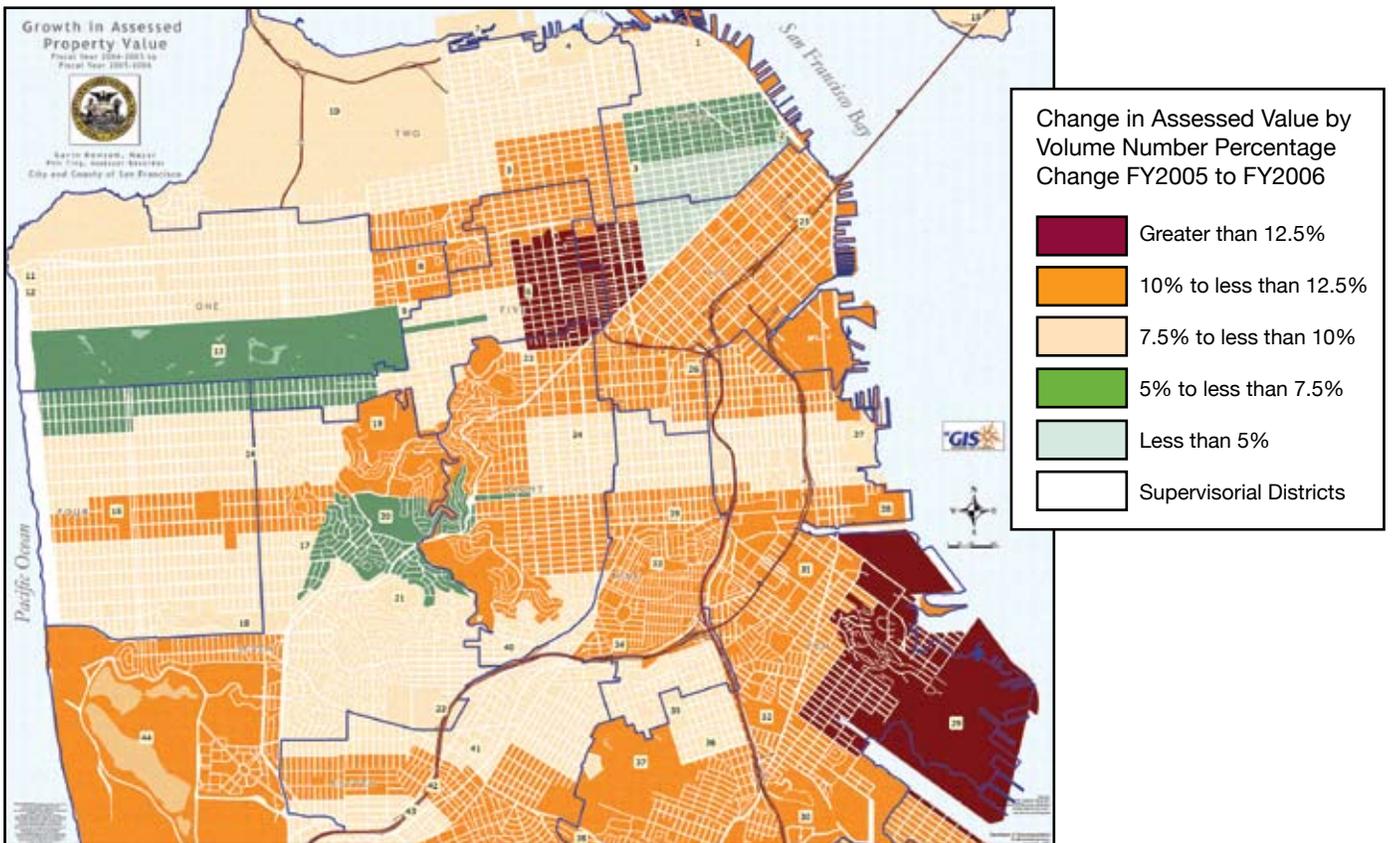
An Escape Assessment refers to an assessment of a property in which there was a change in ownership, new construction or change in use in a previous fiscal year, but for whatever reason escaped assessment and did not get placed on that year's roll. Over the last five years, the Assessor-Recorder's Office has improved our processing of both supplemental and escape assessments, resulting in an increase in net value of 44% and 27%, respectively.

SUPPLEMENTAL AND ESCAPE ASSESSMENT VALUES



ASSESSMENT ROLL GROWTH

As demonstrated by the map below, the areas with the largest growth in value were those where the City is investing in redesigning and redeveloping neighborhoods. **While there was still substantial growth in the eastern portion of the City, including the South of Market District, there was more growth in the Central North and Southeast parts of the City.** The Central North consists of the neighborhoods of Hayes Valley, Alamo Square, and Western Addition. Two factors contributing to the growth in these areas are the completion of the Market and Octavia Neighborhood Plan which has resulted in a revitalization of surrounding neighborhoods and an increase in residential and commercial property values. Similarly, in the southeastern neighborhood of Hunter’s Point, the construction of the Third Street Light Rail has triggered an increase in the value of surrounding commercial and residential properties. Simultaneously, the San Francisco Redevelopment Agency (RDA) moved forward with its plans for the Bayview neighborhood and the Shipyard in Hunter’s Point which include the development of thousands of new housing units and additional retail space.





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2006 ASSESSMENT ROLL

TOP TEN PROPERTY ASSESSEES 2006 ASSESSMENT ROLL

| Assessee | Type of Business | Assessed Value (\$000s) |
|--|-------------------------------|----------------------------|
| Embarcadero Center Venture | Offices, Commercial | 1,224,727 |
| Pacific Gas & Electric Co. | Utilities | 1,094,860 |
| 555 California Street LLC | Offices, Commercial | 795,000 |
| EOP – One Market LLC | Offices | 424,443 |
| Marriott Hotel | Specialty Retail & Hotels | 389,794 |
| Post – Montgomery Associates | Offices, Commercial | 389,743 |
| SBC California | Utilities, Communications | 337,476 |
| BRE – St. Francis LLC | Specialty Retail & Hotels | 321,971 |
| 101 California Venture | Offices, Commercial | 281,980 |
| China Basin Ballpark Co. LLC | Possessory Interest – Stadium | 248,429 |
| Total Taxable Assessed Valuation - All Above Assesseees | | 5,508,423 |



QUALIFYING EXEMPTIONS

An exemption is an allowance of a deduction from the taxable assessed value of the property as prescribed by law. For example, you may apply for the Homeowner's Exemption of \$7,000 from your assessed value if you own a home and occupy it as your principal place of residence on January 1. Listed below are the various types of exemptions available and the total value of each exemption type for Fiscal Year 2005-2006.

**2006 ASSESSMENT ROLL
QUALIFYING EXEMPTIONS**

note: the items below do not include exemptions from the unsecured roll

| Exemption Type | Total Value | Total Value % |
|-------------------------|------------------------|---------------|
| Charitable Nonprofit | 2,798,821,615 | 60% |
| Homeowners | 646,665,600 | 14% |
| Colleges/Universities | 471,938,635 | 10% |
| Hospitals | 422,326,397 | 9% |
| Religious Organizations | 239,212,423 | 5% |
| Churches | 87,858,927 | 2% |
| Private Schools | 8,644,314 | 0.10% |
| Museums/Libraries | 13,328,402 | 0.30% |
| Veterans | 12,259,634 | 0.30% |
| Miscellaneous | 2,788,171 | 0.01% |
| TOTAL | \$4,703,844,118 | 100.0% |

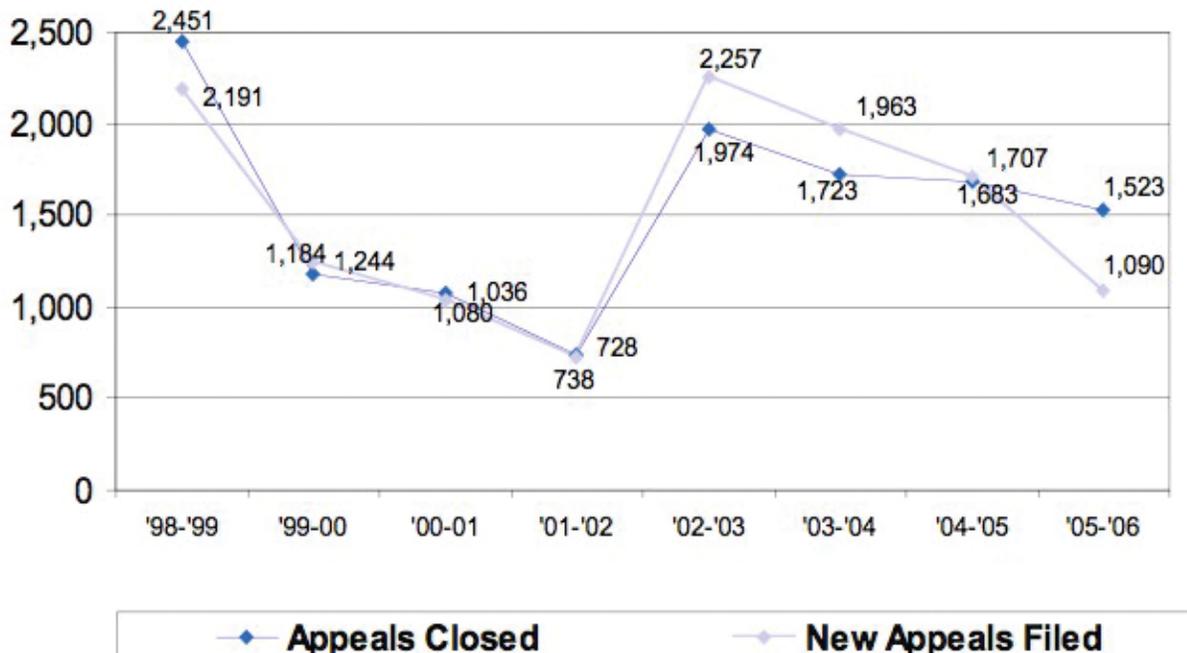


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ASSESSMENT APPEALS HISTORIC ACTIVITY

If a taxpayer disagrees with the assessed value of his or her property, he/she may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year. Appeal applications must be filed between July 2nd and September 15th in order to request a hearing with the Assessment Appeals Board (AAB). The AAB is a three-member panel that conducts hearings on property assessment disputes between the taxpayer and the Assessor-Recorder. The chart below shows the historic activity of assessment appeals over the last five years. The Assessor-Recorder's office saw an increase in the number of appeals filed during between 2000 and 2002 when the economy began to slow. As it improved after 2004, the number of appeals filed declined and continues to do so. As fewer appeals are filed, our office has more time to close old appeals, hence the numbers we see below wherein the number of appeals filed was 43% below the number of appeals closed during the 2005-2006 fiscal year – a reverse in the trend from previous years. You can link to more information on the Assessment Appeals Board through the Board of Supervisors homepage on the City's website.

ASSESSMENT APPEALS HISTORIC ACTIVITY



ASSESSMENT APPEALS ACTIVITY FY 05-06

The Office of the Assessor-Recorder strives to provide fair and equal assessment. During Fiscal Year 2005-2006, the AAB resolved 1,523 appeals. **Out of the 16% of those appeals where the AAB provided an adjustment to the assessed value, only 3% were lowered below the Assessor-Recorder’s recommendation.**

**ASSESSMENT APPEALS ACTIVITY
FOR FISCAL YEAR 2005-2006**

| | | |
|--|-------|---------|
| Resolved without a hearing | 1,084 | 71% |
| Lowered to Assessors’ recommendation | 189 | 12% |
| Invalid applications | 97 | 6% |
| Lowered by Assessment Appeals Board to a value lower than Assessors’ recommendation | 43 | 3% |
| Denied by lack of appearance | 31 | 2% |
| Denied by the Assessment Appeals Board | 20 | 1% |
| Lowered by Assessment Appeals Board to a value higher than Assessor’s recommendation | 14 | 1% |
| Stipulations approved by the Assessment Appeals Board | 30 | 2% |
| Stipulations rejected by the Assessment Appeals Board | 2 | 0% |
| Misc. outcomes | 13 | 1% |
| | | |
| Total Number of Appeals Closed | 1,523 | 100.00% |





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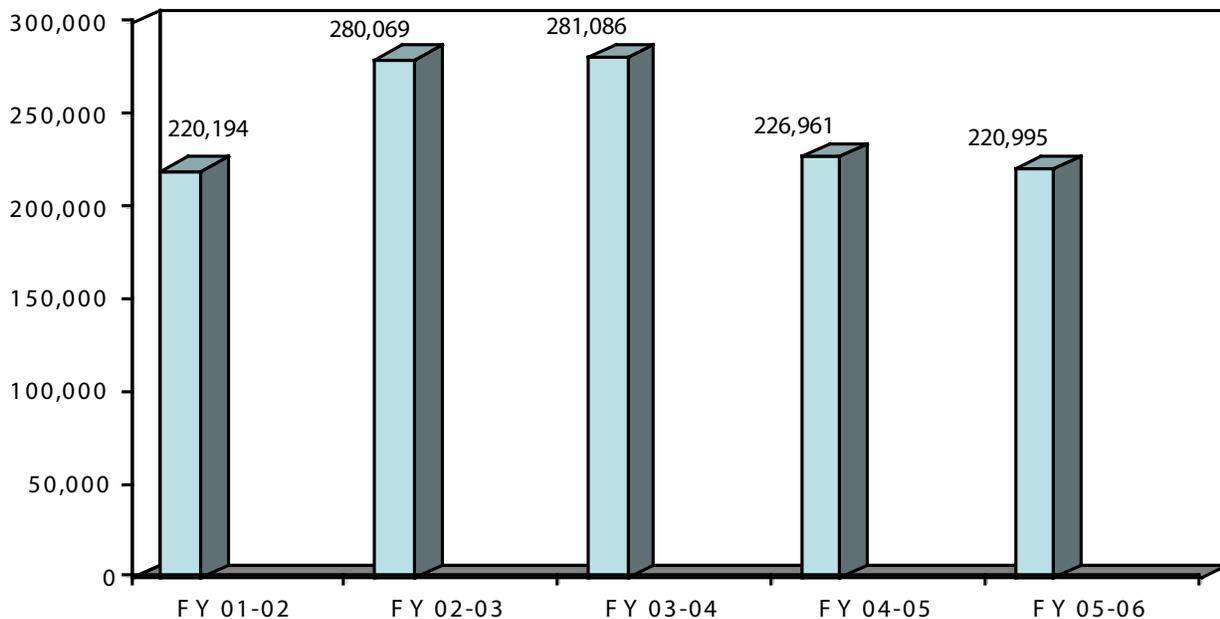
RECORDER

The Recorder serves as custodian of public records and recorder of 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 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.

The gradual slowdown of the real estate market, coupled with an increase in the interest rates, has caused a decrease in the recordings of real estate transactions (i.e., deeds) and financial documents (deeds of trust and reconveyance).

COUNT OF OFFICIAL RECORDED DOCUMENTS



MOST FREQUENTLY RECORDED DOCUMENT TYPES FOR FY 05-06

**These document types comprise 80%
of total recorded documents:**

| | |
|--------------------------------|------------|
| Deed of Trust | 21% |
| Reconveyance | 20% |
| Deed | 13% |
| Notice of Tax Lien | 11% |
| Substitution of Trustee | 9% |
| Release of Tax Lien | 2% |
| Abstract of Judgement | 2% |
| Assignment of Rents | 2% |



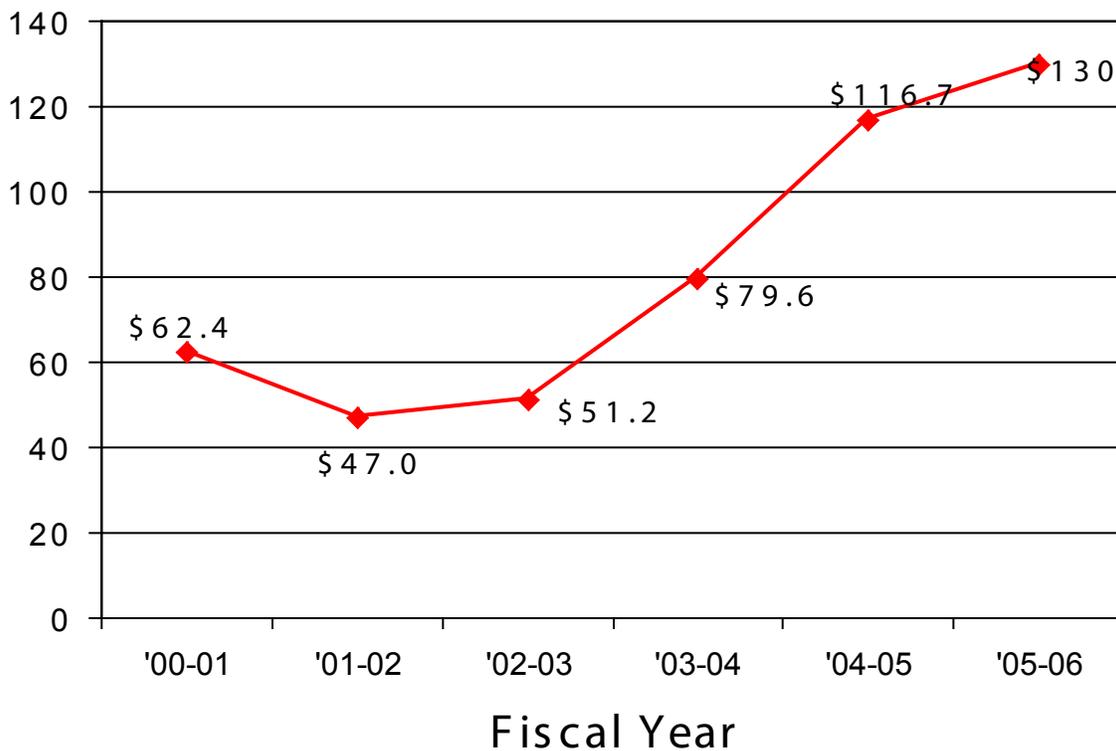


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TRANSFER TAX REVENUE

A transfer tax is a tax imposed when real estate is sold or transferred from one entity to another. A change in policy to collect transfer tax at the time of recording with a “change in ownership document” has resulted in a vast improvement in the revenue generated by transfer tax during the past two years. **This past fiscal year, the Assessor-Recorder’s office generated \$ 130.2 million from transfer taxes, which is an 11.5 % increase from the previous fiscal year.** Revenue from the Transfer Tax continues to increase as the real estate market in San Francisco performs well. Because it is tied to the exchange of properties and their value, the Transfer Tax is a volatile revenue stream and could easily decrease if there is a market downturn, as it did during the dot-com bust of five years ago.

TRANSFER TAX REVENUE



BIOGRAPHY OF THE ASSESSOR-RECORDER

On July 21, 2005, Phil Ting was appointed and then elected on November 8, 2005 as Assessor Recorder of the City and County of San Francisco.

Phil Ting began his career as a real estate financial advisor and has practical and hands-on experience in fiscal management and property assessments. As a Senior Consultant at Arthur Andersen, Phil has spent countless hours in the field assessing and appraising the value of real estate. At CB Richard Ellis and SSR Realty Advisors, Phil utilized his real estate finance skills to help underwrite and recommend the purchase of \$200 million worth of real estate investments, create \$3 million operating budgets, and develop strategic vision and performance goals.

Phil has advised government agencies and corporations on how to increase fiscal efficiency and be more responsive to clients and constituents. He helped identify cost-saving opportunities and evaluated key organizational processes and streamlined operations for The State of California, Applied Materials, Sun Microsystems, and various technology-based Fortune 500 Companies.

Phil has served as the Executive Director of the Asian Law Caucus, founded in 1972 to advance and promote the legal and civil rights of the Asian Pacific Islander community. Phil oversaw all aspects of the organization, including fundraising and fiscal management of the \$1.1 million annual budget, legislative advocacy, staff management, and public relations. Phil also serves on California's first ever Asian and Pacific Islander American Affairs Commission, and has served on the California Secretary of State's Task Force on Uniform Poll Worker Training Standards and San Francisco's Building Inspections Commission. Additionally, Phil has co-chaired the California Coalition on Civil Rights, which is comprised of 48 organizations across the state.

Since assuming office in July of 2005, Phil has been working to reform the office and find new revenue for San Francisco. Phil has focused on reducing the four year backlog which has generated millions of additional tax dollars for the city. In addition, Phil has introduced groundbreaking legislation aimed at capturing unreported changes of ownership. This legislation will equip the Assessor-Recorder's office with another tool to capture revenue that is owed to San Francisco.

Phil came into office with a focus on improving customer service. Assessor Ting has increased the number of front counter staff in order to better serve the public. In addition to increasing staffing, the Assessor has also increased community outreach. The Assessor-Recorder's office offers a variety of property tax exemptions and Phil has focused on increasing outreach that informs San Franciscans of their tax payer rights. Phil is committed to ensuring the city serves all its residents by working to increase the use of Chinese and Spanish by translating our letters and website and working with 3-1-1 to offer more services over the phone.

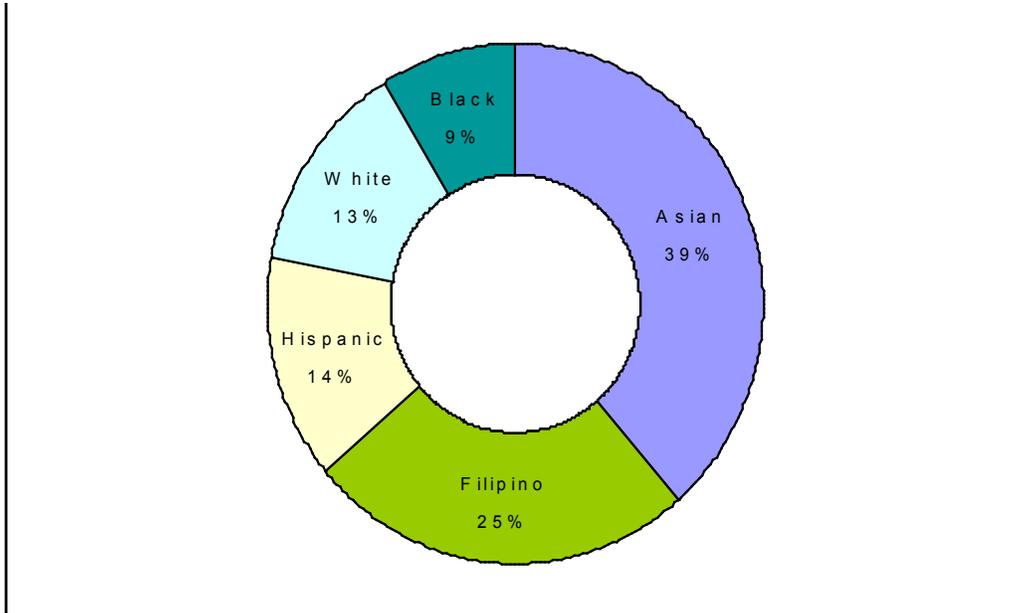
Phil currently lives in San Francisco's Sunset District with his wife, Susan Sun.



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STAFF COMPOSITION

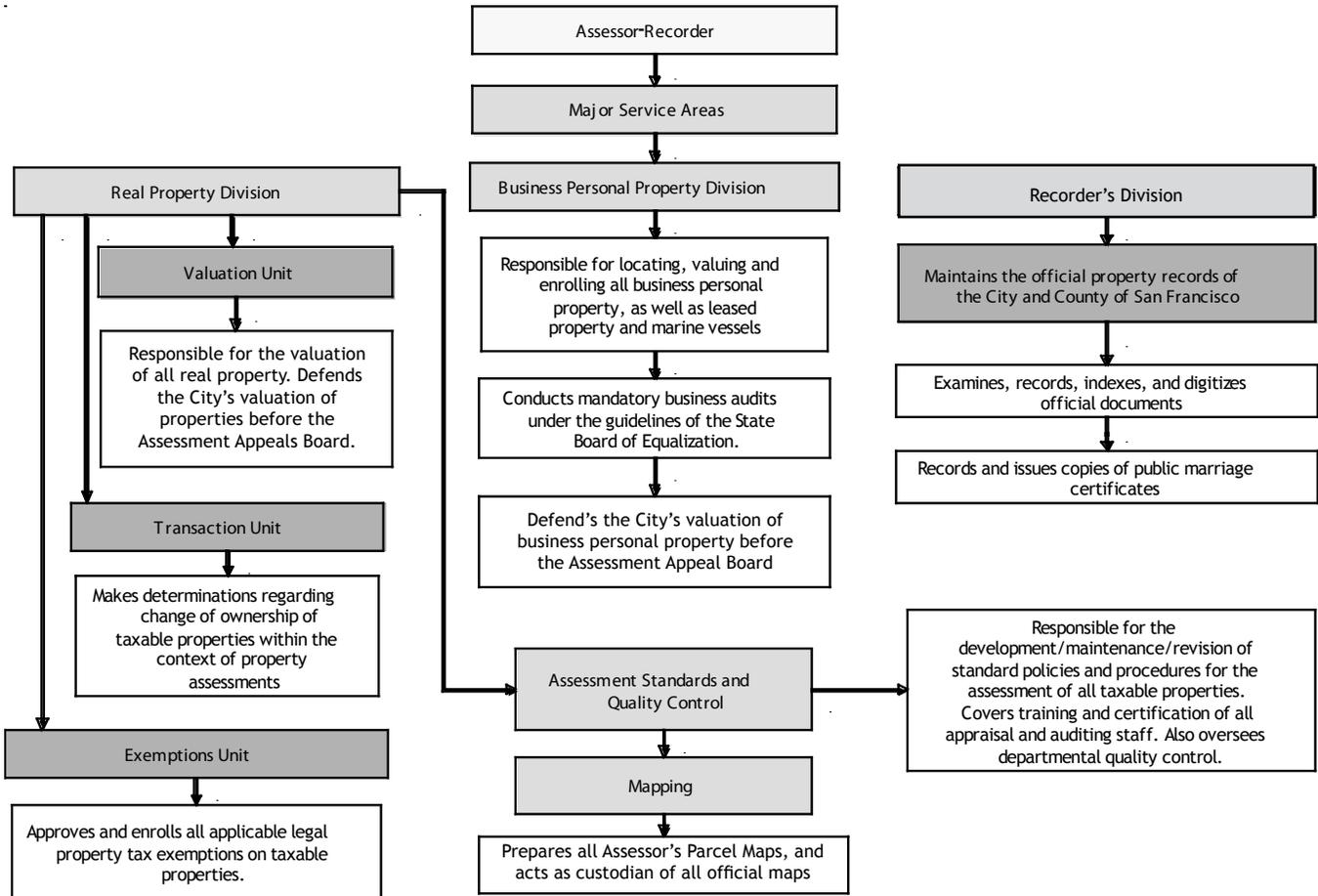
The Office of the Assessor-Recorder is proud to have a hard-working, devoted staff. As indicated in the chart below, the staff comes from a variety of cultural backgrounds.



ASSESSOR-RECORDER STAFF

Mo'min Abdun-Noor ~ Terris Abhaya ~ Maria Ahumada ~ Roland Alcantara ~ Caroline Arguelles ~ Ophelia Armendarez ~ Sally Aung ~ Darius Bahador ~ James Bias ~ Arlene Boongaling~ Natividad Caramat ~ Carlos Castillo ~ Johnny Catanjal ~ Charles Chan ~ Iris Chan ~ Jimmy Chan ~ Larry Chan ~ Kit Chau ~ Anita Chen ~ Alice Cheung ~ Stephen Chin ~ Sandra Chow ~ Stella Chow ~ Diane Cirrincione ~ Ellen Collaco ~ Teresa Contro ~ Lenore Crawford ~ Charles Crowder ~ Joseph Curtin ~ Federico De Guzman ~ Rufino De Leon ~ Ma Patria Desales ~ Tam Doan ~ Craig Dziedzic ~ Wah Eng ~ Natalya Epelbaum ~ Pio Factor ~ Myrna Flores ~ Julie Ford ~ I luminada Gaerlan ~ Donna Gilliam ~ Georgina Gogna ~ George Gomez ~ Jocelyn Gordon ~ Leticia Granados ~ Carmelita Harris ~ Carlota Hilario ~ Victor Hua ~ Michael Huang ~ Harvey Huey ~ John Hui ~ Carolyn Hunter ~ Hakam Ibrahim ~ Buena Ignacio ~ Abdul Janjua ~ Michael Jine ~ Alice Kim ~ Kimberly Kitano ~ Marjorie Knettle ~ Diosdado Kudemus ~ May Lau ~ Joselito Laudencia ~ Guadalupe Laurente ~ Joe Lee ~ Liza Lee ~ Ricky Lee ~ Rodney Leggett ~ Julia Leiva ~ Maurilio León ~ Thida Leung ~ Mara Lim ~ Carrie Liou ~ Mario Los Banos ~ Suzzette Love ~ Angela Lucas ~ Meng Luu ~ Fernando Mendoza ~ Shanna Ngo ~ Zoon Nguyen ~ James Pan ~ Melissa Panday-Shrawder ~ Oscar Pasamonte ~ Feliciano Payumo ~ Chona Pazcoguín ~ Kathleen Pierpont ~ Sandy Pubill ~ Catherine Quiambao ~ Maria Quinones ~ Edward Rafael ~ Daniel Reyes ~ Felix Rodriguez Jr. ~ Brix Salbino ~ Christopher Sam ~ Dinora Sanchez ~ Gladys Sanchez ~ Ruth Santana ~ Kan Shen ~ Julie Shu ~ Edward Smith ~ Robert Spencer ~ Ronald Sto-Domingo ~ Eileen Sullivan ~ Lena Surjadi ~ Pauline Tam ~ Susana Tan ~ Gilbert Tang ~ Terry Tanjutco-Smith ~ Diana Thach ~ Alex Tharayil ~ Matthew Thomas ~ Phillip Ting ~ Fanny Truong ~ Felemino Uban ~ Manuel Uy ~ Concepcion Vindell ~ Donald Wiggam ~ Vincent Williams ~ Gregory Wong ~ Joan Wong ~ Joanne Wong ~ Julie Wu ~ Teresita Xander

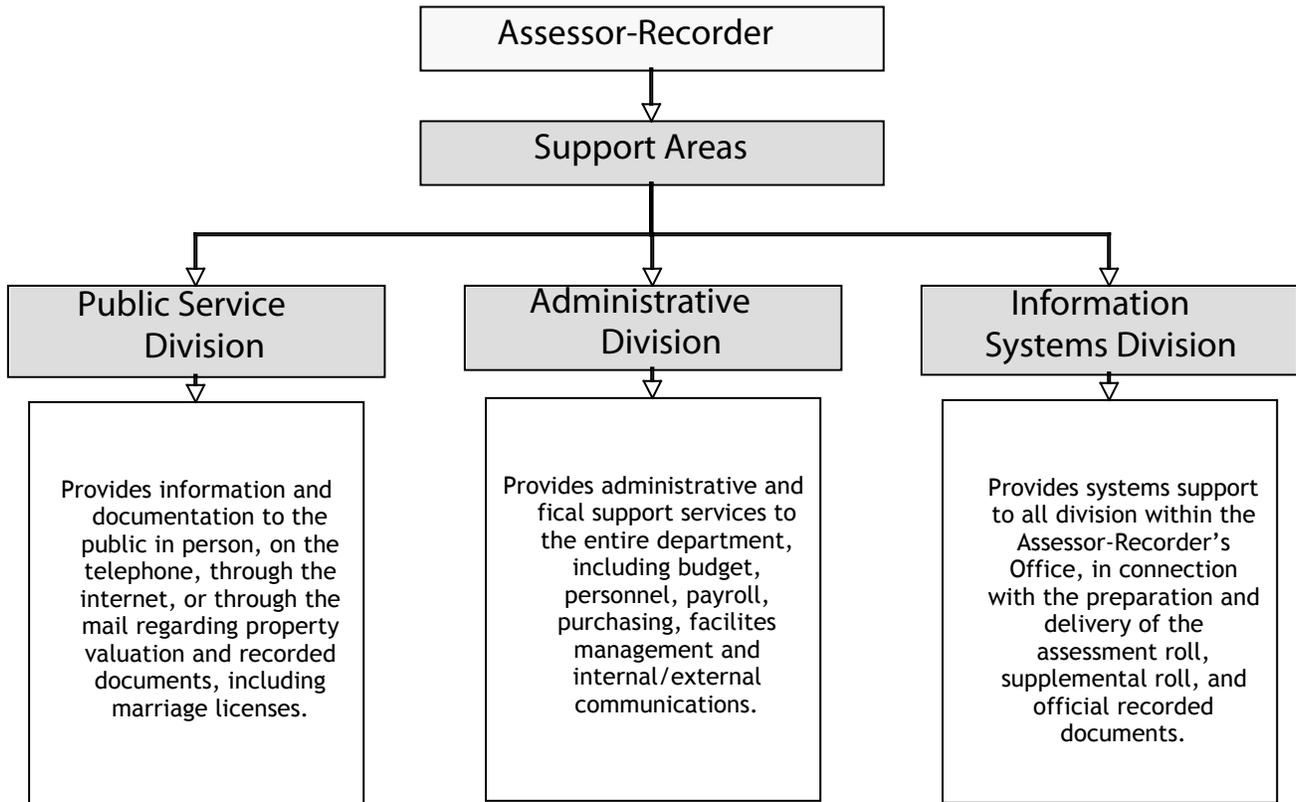
RESPONSIBILITIES





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OFFICE DIVISIONS



FREQUENTLY ASKED QUESTIONS (FAQS)

When is Real Estate reappraised?

Under State law (Proposition 13), real property is reappraised only when a change-in-ownership occurs, upon completion of new construction or upon a change in use. Except for these three circumstances, property assessments cannot be increased by more than 2% annually, based on the California Consumer Price Index. The property tax rate is 1% plus any bonds, fees, or special charges.

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

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

What new construction is reappraised?

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

What is a Supplemental Assessment?

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

How do I appeal my assessed value?

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

Informal Review of Assessment

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



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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. Assessment appeals must be filed with the Clerk between July 2 and September 15.

Can I visit your office and do my own search?

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

Does your office have map records?

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

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

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

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

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

Will my property be reassessed if I give it to my children?

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

Are there exclusions available for Seniors or Disabled Persons?

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

What can I do if the market value of my property declines?

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

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

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

What is Business Personal Property?

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

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

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

How is the assessed value determined?

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

When is Business Personal Property appraised?

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

Why are you taxing my business assets, under what authority?

The State Constitution says that all property is subject to property tax unless otherwise exempt. Most people



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

I have a business in San Francisco but did not receive a Business Property Statement, what shall I do?

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

Who must file a Business Property Statement?

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

What is the last date to file the Business Property Statement without a penalty?

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

How much will my taxes be?

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

What if I don't agree with the value on my tax bill, can I dispute it?

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

Is there any property that is exempt or that I do not have to report on my Business Property Statement?

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

GLOSSARY

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| 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 age 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. |



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| 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. |

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| Roll | A listing of all assessed property within the county. It identifies property, the owner, and the assessed value of the property. |
| Roll Unit | A parcel of property or a business personal property account that is assessed for annual valuation. |
| Roll Year | See "Assessment Roll Year." |
| SBE | See "State Board of Equalization." |
| Secured Roll | Property on which the property taxes are a lien against the real estate. |
| Special Assessments | Direct charges or flat fees against property which are included in the total tax bill but are not based upon the Assessor's valuation of the property. Examples are a sewer charge or a school parcel tax. |
| State Board of Equalization | The State Board consists of four members elected by California voters by district, and the State Controller whose duties in the field of taxation are imposed by the State Constitution and the Legislature. The State Board regulates county assessment practices and administers a variety of State and local business tax programs. |
| Supplemental Assessment | When property is assessed due to a change in ownership or completed new construction, a supplemental assessment is issued. This is separate and in addition to the annual regular assessment roll. It is based on the net difference between the previous assessed |
| Supplemental Roll | The roll, prepared or amended, contains properties in which a change in ownership or completed new construction occurred. |
| Tax Rates | The maximum ad valorem (on the value) basic property tax rate is 1% of the net taxable value of the property. The total tax rate may be higher for various properties because of voter-approved general obligation bonds that are secured by property taxes for the annual payment of principle and interest. |
| Tax Roll | The official list of property subject to property tax, together with the amount of assessed value and the amount of taxes due, as applied and extended by the Auditor/Controller. |
| Transfer | Change in the ownership of, or change in the manner which, property is held. Depending |
| Unsecured Roll | Property on which the property taxes are not a lien against the real estate (real property) where they are situated, including personal property or improvements located on leased land. on the specific situation, a transfer may trigger a reassessment of the property. |





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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. |



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

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

Phone: (415) 554-5596

Fax: (415) 554-4179

Email: assessor@sfgov.org

Website: www.sfgov.org/assessor

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

If you have a question about your tax bill, please contact the Treasurer/Tax Collector at 554-7500 or www.sfgov.org/tax.

You can also call "3-1-1" for information and assistance with any non-emergency services, or dial | (415) 701-2311 (voice) or (415) 701-2323 (TTY) if calling from outside the 415 area code.