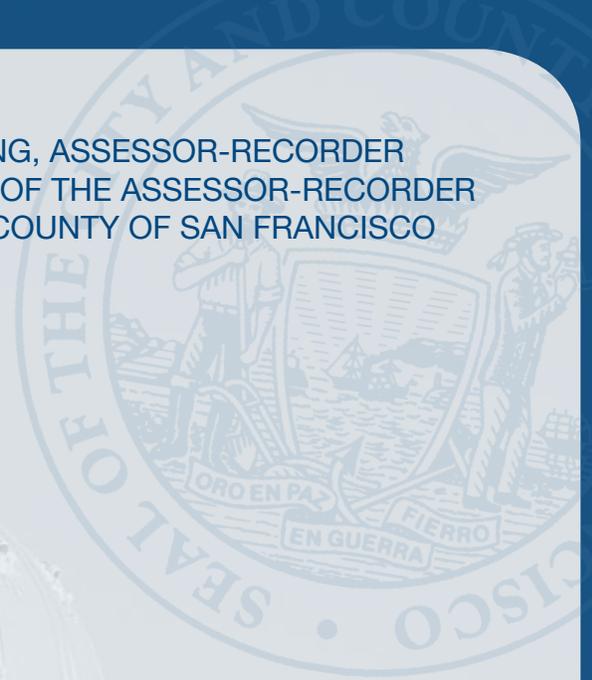


PHIL TING, ASSESSOR-RECORDER
OFFICE OF THE ASSESSOR-RECORDER
CITY & COUNTY OF SAN FRANCISCO



2007 ANNUAL REPORT



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Message from the Assessor-Recorder

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 identify every tax dollar owed to the city.

Thank you for taking an interest in the San Francisco Assessor-Recorder's Office; 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.



Our success has a direct impact on City services and is a major component of the City's revenue, which is why I am pleased to report that the 2007 Assessment roll totals over \$130 billion – a **\$10 billion increase (8%) over the previous year**. When combined with another strong year of collecting transfer taxes (over \$144 million), the Department generated more than **\$1.54 billion in tax revenue for San Francisco**.

It has been a banner year, and I'd like to take a moment to highlight some of our significant accomplishments, along with some of what we have been and will continue to work on in the coming year:

Quick Facts

- The \$1.2 billion in property tax our office generated makes up approximately 30% of San Francisco's General Fund
- The \$144 million collected in transfer tax marks an increase of 30% over what was originally budgeted (\$105 million), which contributed to a total of \$62 million in additional revenue our department generated over original projections
- 205,000 documents were recorded over the past year
- The Assessor-Recorder's website (www.sfgov.org/assessor) is the second most visited among www.sfgov.org department sites

Backlog Reduction

We continue to make progress in reducing the backlog which consists of any property that has undergone new construction or changed ownership during one fiscal year and is re-assessed in another. We have managed to reduce what was once a four-year backlog in half, and are on our way to my goal of permanently clearing it and preventing any further backlog accumulation.

Notice of Assessed Value Letters

While the annual mailing of these notices has been a regular practice for other California counties, our office followed suit for the first time in my first full year in office (2006). This year, marking the second year we have sent these letters notifying property owners of the assessed value of their property, we put together a much more comprehensive mailing including FAQ's and an option for the property owner to inform us if they would like to receive future correspondence in a language other than English. The Notice of Assessed Value Letter gives property owners the opportunity to estimate what their taxes will be for this year and to financially prepare for it when they receive their property tax bill.



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Language Access/Cultural Competency

We are dedicated to leading the way in improving language access and cultural competency in every City department. Our goal is that all San Francisco residents have equal access to City services, including those with limited English proficiency. We have been working with City Administrator and the 311 Customer Service Center to spearhead the coordination of language translation services and on centralizing web, verbal, and document translations for every department in the City.

Corporate Accountability

In our ongoing effort to make sure everyone pays their fair share in taxes, we were pleased to announce that our office managed to collect \$11.7 million in additional revenue from the Blackstone Group after sending a letter to the company demanding they pay transfer tax owed to the City regarding downtown office properties that were sold earlier this year. This is part of our commitment to ensure that big companies, not just homeowners, follow the tax laws and that the Assessor-Recorder office collects every tax dollar owed to the City.

Solar Task Force

In February of 2007, I launched the San Francisco Solar Task Force consisting of labor, business, environmental and civic leaders. We have committed accelerating the adoption of solar power in San Francisco to help the City reach its 10,000 Solar Roofs goal. Among other recommendations, the Task Force is recommending that San Francisco lead the way in greening our environment by offering a locally-administered incentive program to help offset costs for residential and commercial property owners who go solar. We have also collaborated with relevant City and County Departments to streamline the solar permitting process and help publicize the benefits and availability of solar energy in San Francisco.

The aforementioned accomplishments can be in a large part attributed to the dedication and skill of our diverse and talented staff. It is a testament to each and every one of them that we have once again achieved so much both on time and on budget. My gratitude goes out to the over 120 members that make up our team.

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,

A handwritten signature in black ink that reads "Phil Ting".

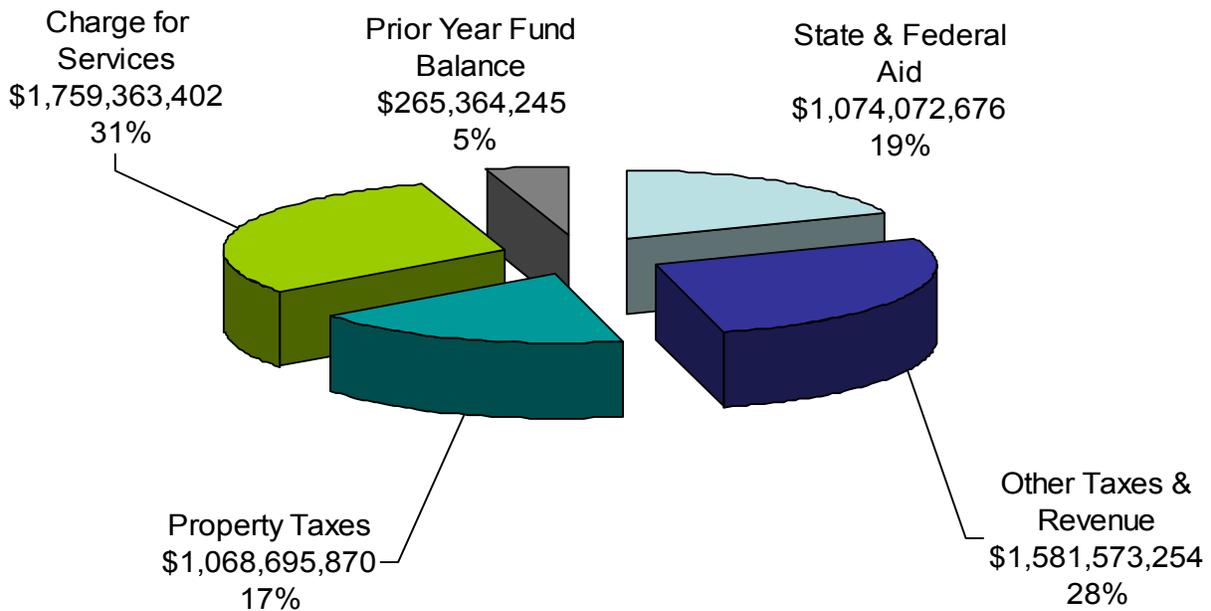
Phil Ting, Assessor-Recorder
City & County of San Francisco

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 Total 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?



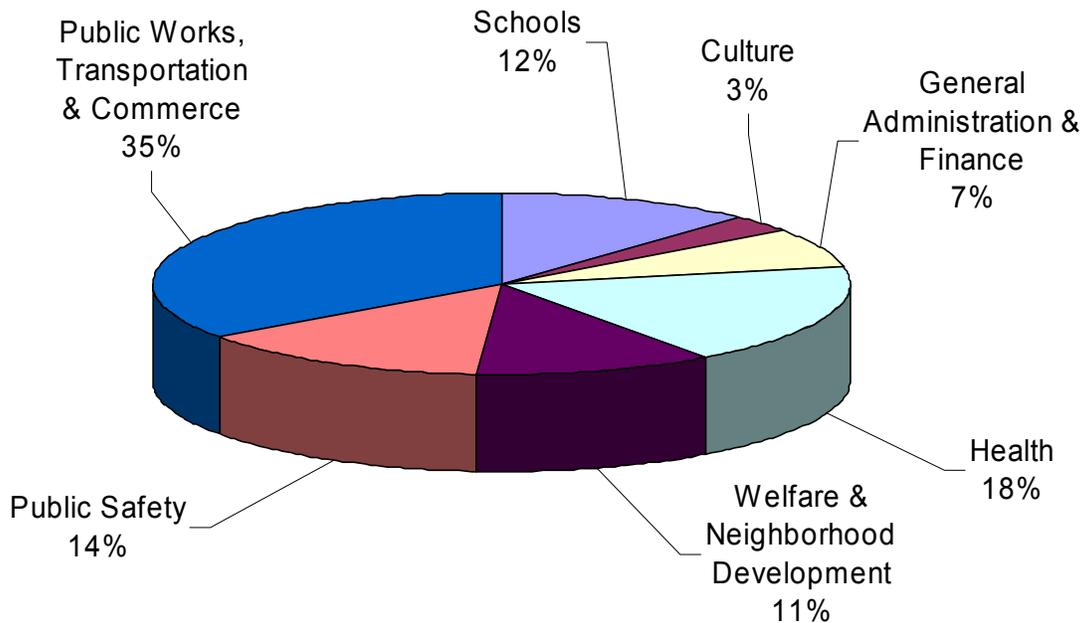
*From the Fiscal Year 2006 -2007 Budget



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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 \$5.7 billion for Fiscal Year 2006-2007.

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 under two conditions: 1) when there is a change in ownership, and 2) upon completion of new construction or a change in use. This reassessment establishes a new base year value. It is this base year value upon which the 1% tax rate is based.

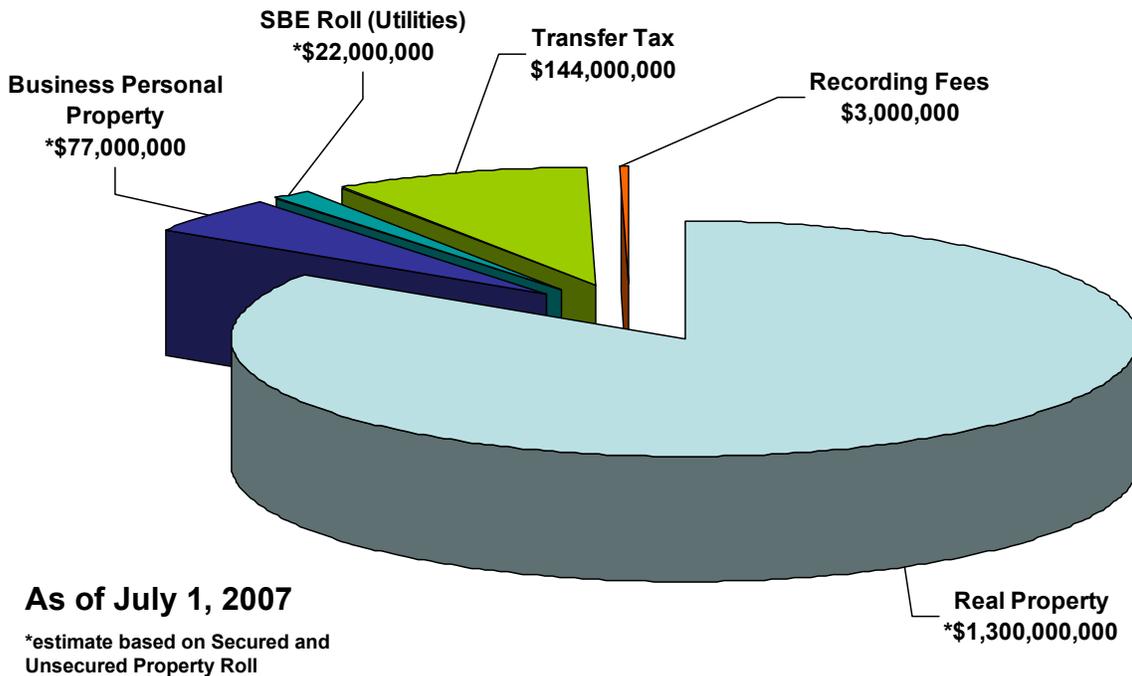
Real property may also be reassessed when the economy declines and market values decrease. The owner is entitled to a temporary adjustment in the assessed value of the property if its assessed value was more than the market value on the lien date which is January 1st of every year. Temporary reductions of this sort are mandated by Proposition 8 which was passed by the voters of California 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 \$1.54 billion dollars in tax revenue last year. This is an increase of 4% over the \$1.48 billion that the office generated during the 2005-2006 fiscal year.

HOW MUCH REVENUE DOES THE ASSESSOR-RECORDER GENERATE?





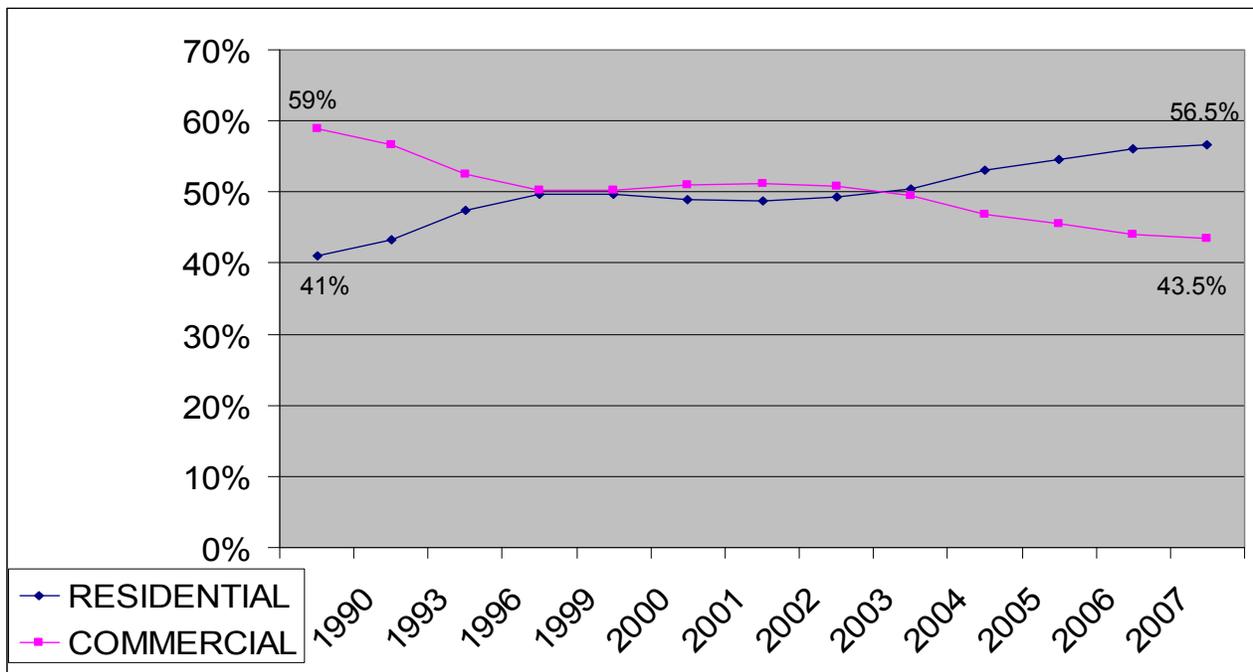
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RESIDENTIAL VS. COMMERCIAL TAX BURDEN

Over the last 17 years, the property tax burden has shifted from commercial to residential property owners. The commercial property figures include income-producing properties, such as commercial office space and apartment buildings. The residential property figures represent owner-occupied properties.

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

RESIDENTIAL VS. COMMERCIAL TAX BURDEN





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 place a lien 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 \$42 billion over the past seven years (nearly 48%). During the Fiscal 2006-2007 year the value of assessed property increased by \$10 billion.

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.

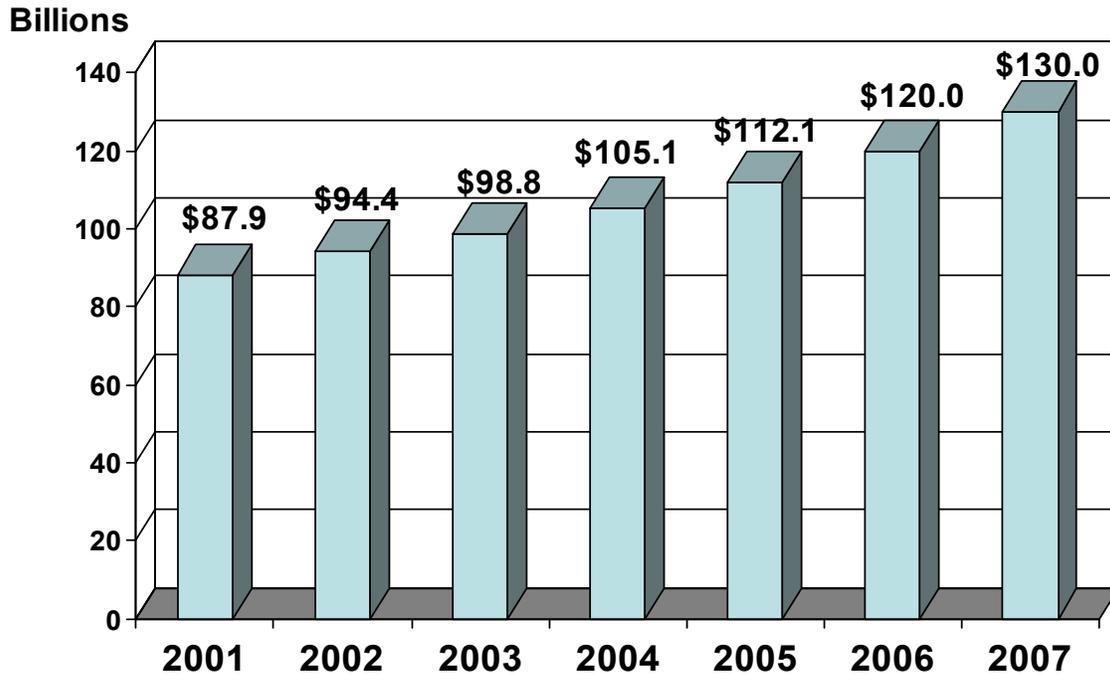
REAL PROPERTY

The assessment roll, which contains approximately 195,000 parcels, is the basis on which property taxes are levied. Real property taxes accounted for \$1.3 billion, clearly distinguishing real property assessments as the primary revenue generating function of the office.



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ASSESSMENT ROLL HISTORY



ASSESSMENT ROLL SUMMARY

	2007	2006	% Change
Secured Roll	\$125,319,139,041	\$115,043,364,839	9%
Unsecured Roll	8,063,783,795	7,716,886,687	4.5%
SBE Roll (Utilities)	2,130,732,556	1,935,506,225	10%
Less: Exemptions	-5,509,176,849	-4,949,251,781	11%
Total	\$ 130,004,478,543	\$119,746,505,870	8.5%

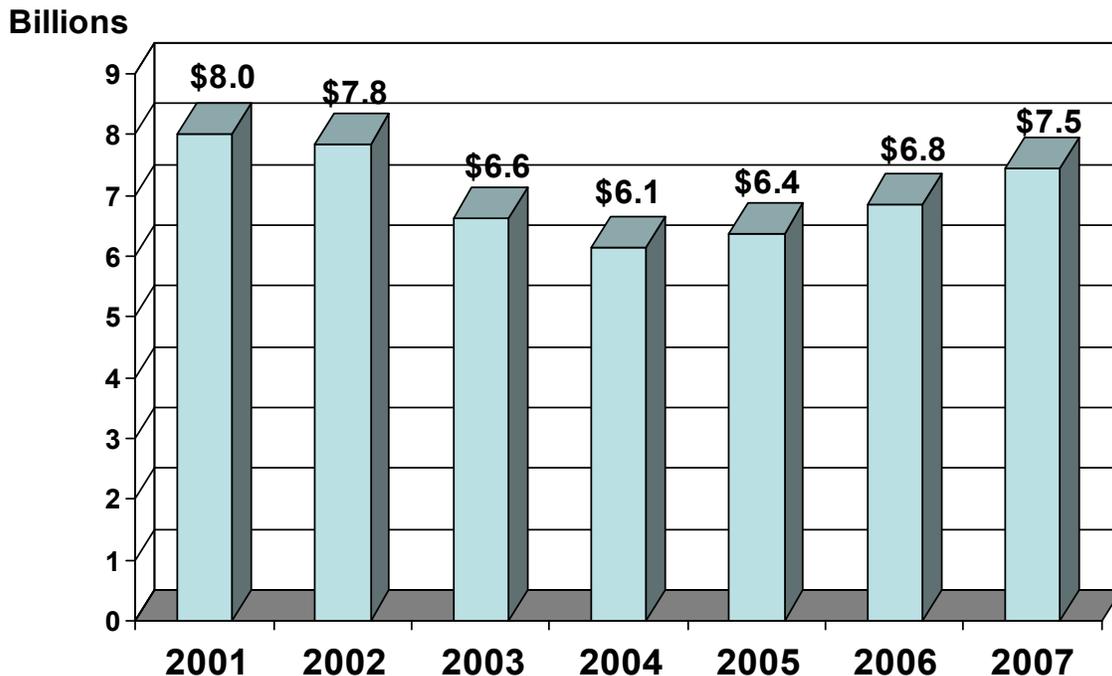
BUSINESS PERSONAL PROPERTY

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 Business Personal Property unit 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. Each owner of a business 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





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2007 SECURED ASSESSMENT ROLL BY REAL PROPERTY TYPE

Of the approximately 195,000 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.

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	\$ 57,952,770,358	10%	46%	132,147	68%
Multi-Family Residential	25,925,571,412	8%	21%	38,000	20%
Commercial	36,417,229,876	7%	29%	14,847	8%
<i>Hotel & Motel</i>	4,983,046,526	5%	4%	752	0%
<i>Office</i>	18,649,811,987	5%	15%	1,438	1%
<i>Non-office</i>	12,784,371,363	12%	10%	12,657	7%
Industrial	2,442,799,021	6%	2%	2,413	1%
Others/Miscellaneous	2,580,768,375	4%	2%	6,792	3%
Total	\$ 125,319,139,041	8%	100%	194,199	100%

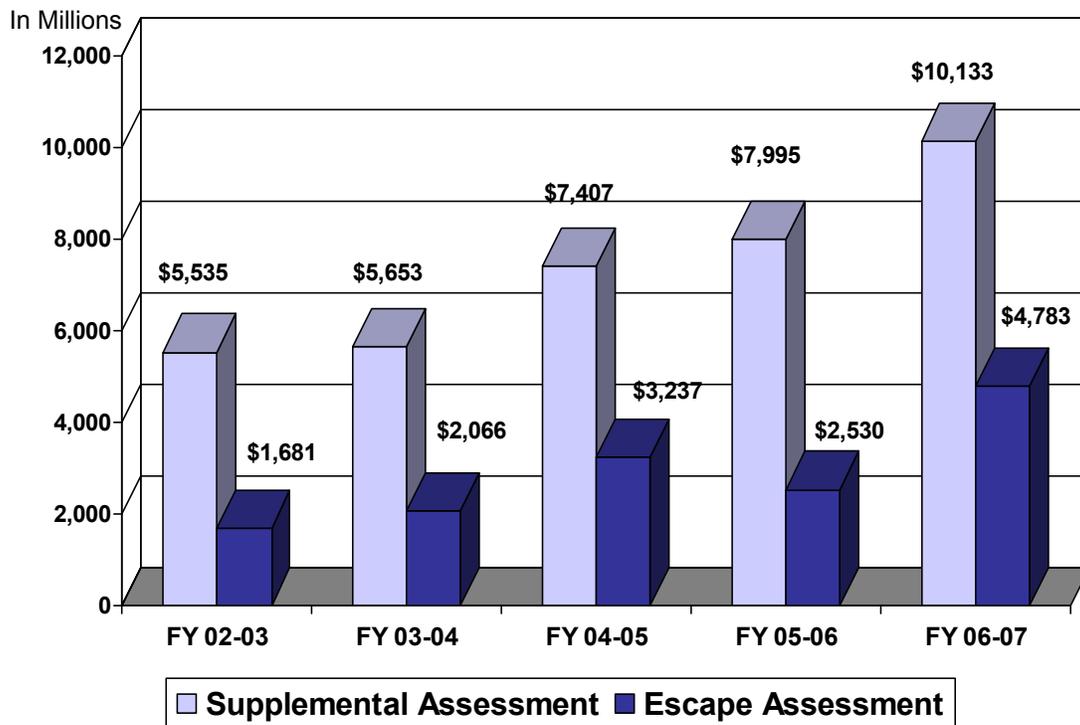


SUPPLEMENTAL AND ESCAPE ASSESSMENTS

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 83% and 140%, respectively.**

SUPPLEMENTAL AND ESCAPE ASSESSMENT VALUES



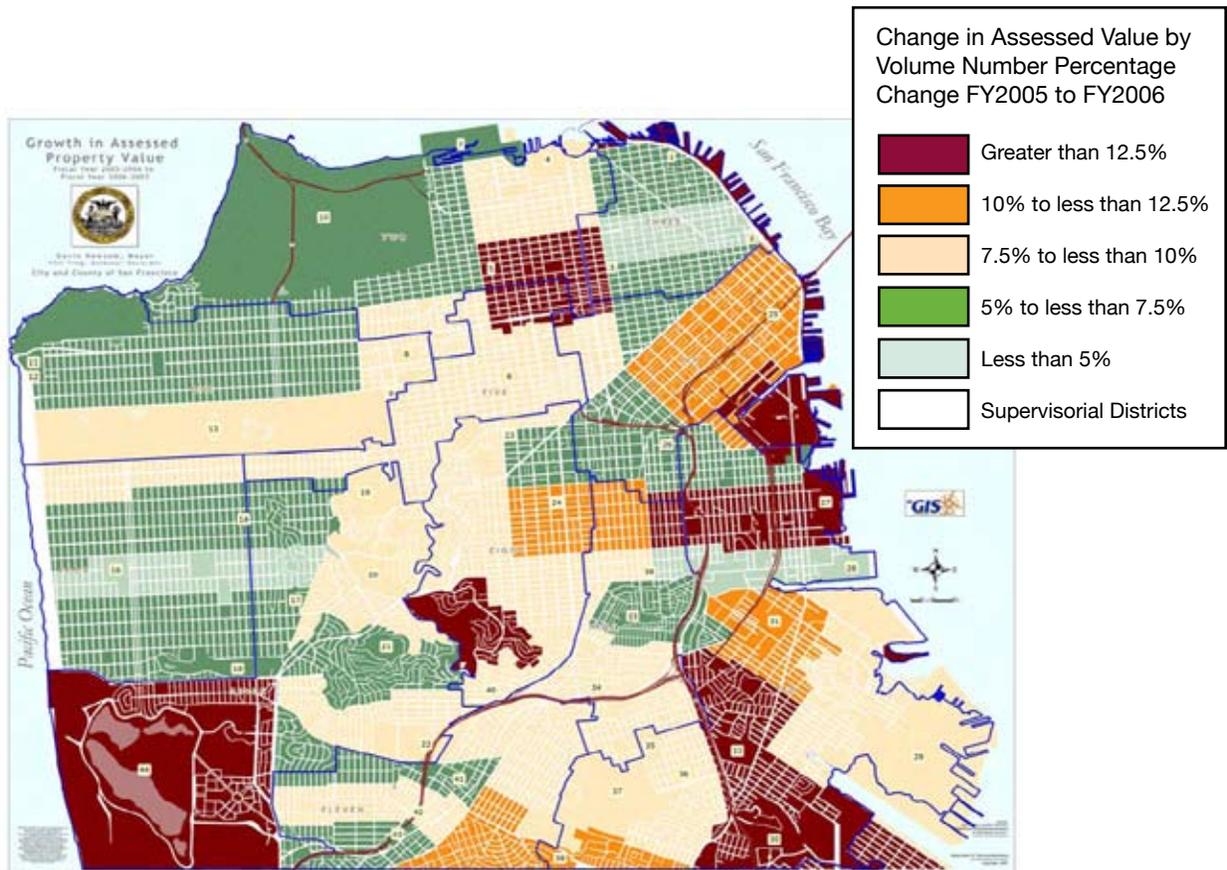


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ASSESSMENT ROLL GROWTH

As demonstrated by the map below, the areas with the largest growth in value were those where there the City is investing in redesigning and redeveloping neighborhoods. The southeastern neighborhood of Hunter's Point saw growth resulting in part from the opening of the Third Street Light Rail and the growth in value of surrounding commercial and residential properties. Simultaneously, the San Francisco Redevelopment Agency (RDA) moved forward with their plans for the Bayview neighborhood and the Shipyard in Hunter's Point which include the development of thousands of new housing units and additional retail space.

ASSESSMENT ROLL GROWTH



2007 ASSESSMENT ROLL

**TOP TEN PROPERTY ASSESSEES
2007 ASSESSMENT ROLL**

Assessee	Type of Business	Assessed Value (\$000s)
555 California Street LLC	Offices, Commercial	868,020
EOP – One Market LLC	Offices, Commercial	433,498
Marriott Hotel	Specialty Retail & Hotels	405,542
Four Embarcadero Center Venture	Offices, Commercial	365,081
Post – Montgomery Associates	Offices, Commercial	355,944
One Embarcadero Center Venture	Offices, Commercial	314,698
Three Embarcadero Center Venture	Offices, Commercial	296,043
Embarcadero Center Associates	Offices, Commercial	294,873
Emporium Mall LLC	Offices, Commercial	293,702
101 California Venture	Offices, Commercial	293,372
Total Taxable Assessed Valuation - All Above Assesseees		3,920,773





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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 as of January 1 of the year in which you apply. Listed below are the various types of exemptions available and the total value of each exemption type for Fiscal Year 2006-2007.

2007 ASSESSMENT ROLL QUALIFYING EXEMPTIONS

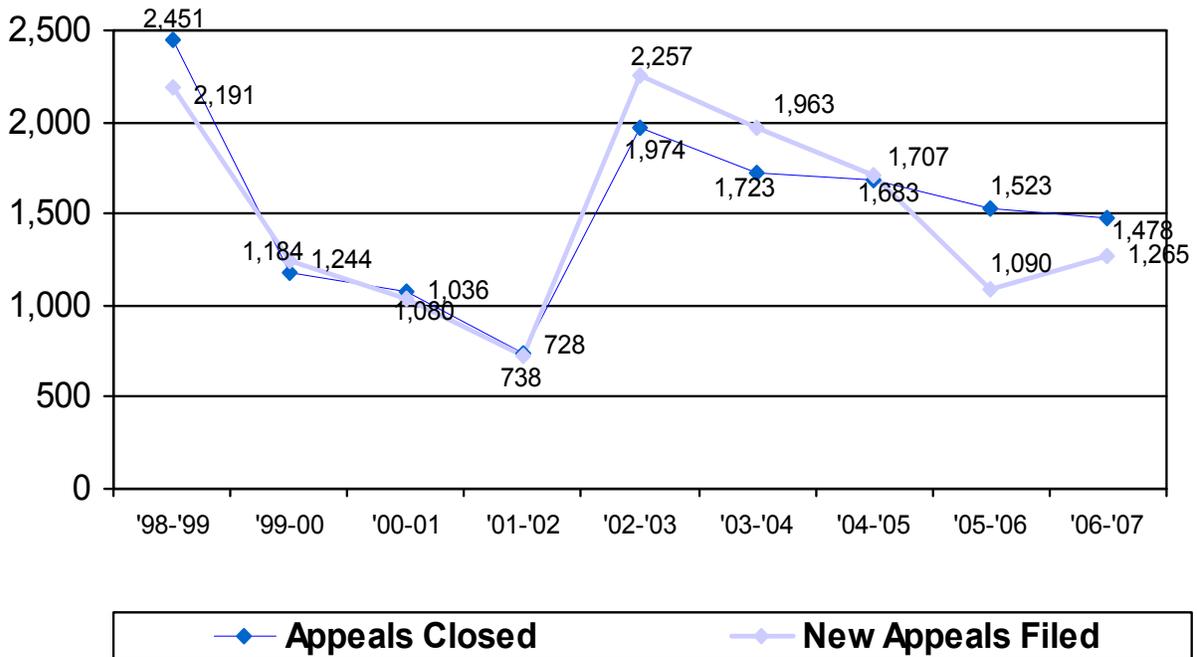
(Note: the items below do not include exemptions from the unsecured roll)

Exemption Type	Total Value	Total Value %
Charitable Nonprofit	3,217,174,013	62%
Homeowners	638,610,000	12%
Colleges/Universities	547,017,325	11%
Hospitals	422,732,823	8%
Religious Organizations	213,903,910	4%
Churches	89,995,871	2%
Private Schools	8,592,294	0.10%
Museums/Libraries	13,426,957	0.30%
Veterans	12,438,968	0.30%
Miscellaneous	2,843,933	0.01%
TOTAL	\$5,166,736,094	100.0%

ASSESSMENT APPEALS HISTORIC ACTIVITY

If a taxpayer disagrees with the assessed value of his or her property, he/she may file an appeal for a 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, under the jurisdiction of the County Board of Supervisors, which 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. This year we have seen the first increase since 2002; a trend which may continue with the recent slowdown in the housing market.

ASSESSMENT APPEALS HISTORIC ACTIVITY





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ASSESSMENT APPEALS ACTIVITY FY 06-07

This office of the Assessor-Recorder strives to provide a fair and equal assessment. During Fiscal Year 2006-2007, the AAB resolved 1,478 appeals. Out of the 17% of those appeals where the AAB provided an adjustment to the assessed value, only 4% were lowered below the Assessor-Recorder's recommendation.

ASSESSMENT APPEALS ACTIVITY FOR FISCAL YEAR 2006-2007

Assessment Appeals Board: of 1,478 closed appeals*

- **63** lowered by the Board 4%
 - **191** lowered per Assessor recommendation 13%
 - **1,052** withdrawn pre-hearing 71%
- Number of open cases (year to date): 1,022
 - Total Value Appealed: \$27 Billion
 - Total Taxpayer Opinion of Value: \$15 Billion
- Total Tax Dollars at stake \$135 million****

* as of 5/31/07

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



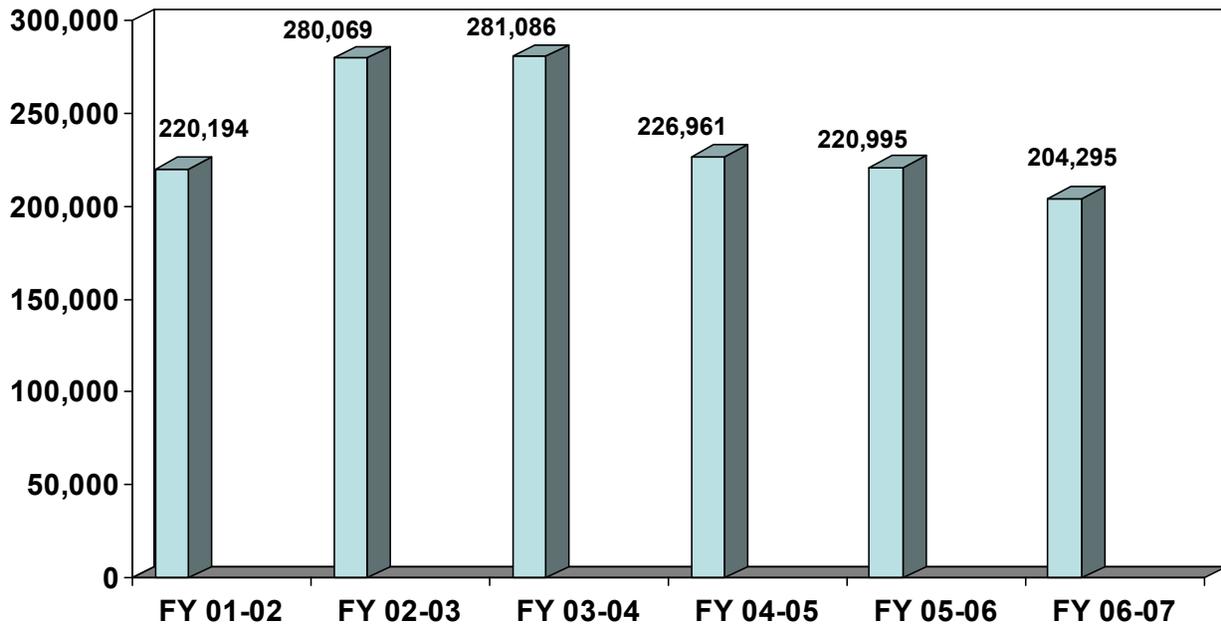
RECORDER

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

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

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). This gradual decrease is reflected in the chart below.

COUNT OF OFFICIAL RECORDED DOCUMENTS



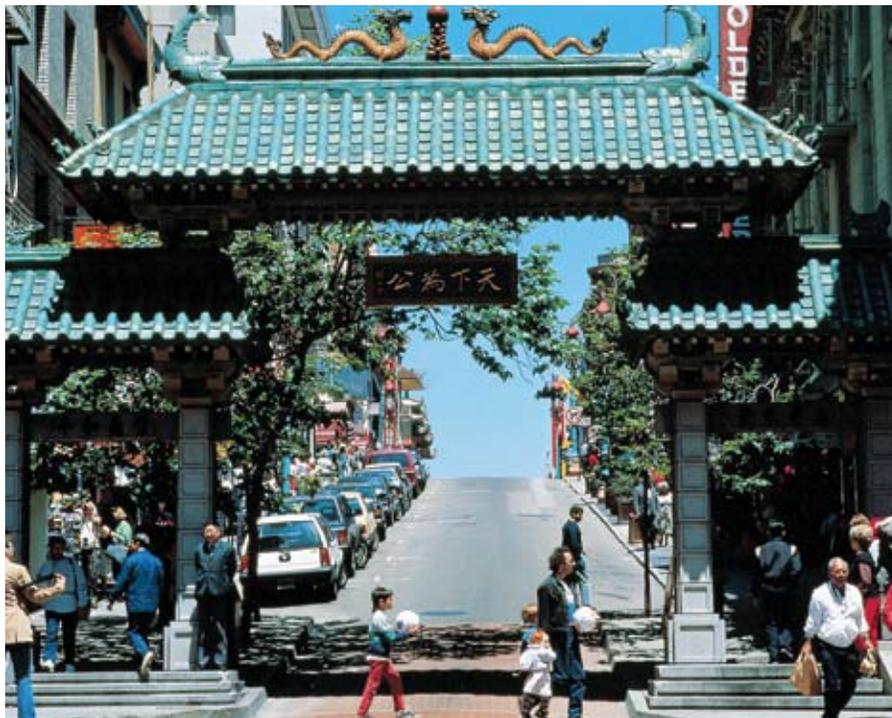


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MOST FREQUENTLY RECORDED DOCUMENT TYPES FOR FY 06-07

These document types comprise
80% of total recorded documents:

Deed of Trust	21%
Reconveyance	17%
Deed	13%
Notice of Tax Lien	12%
Substitution of Trustee	10%
Release of Tax Lien	2%
Abstract of Judgement	2%
Assignment of Rents	2%



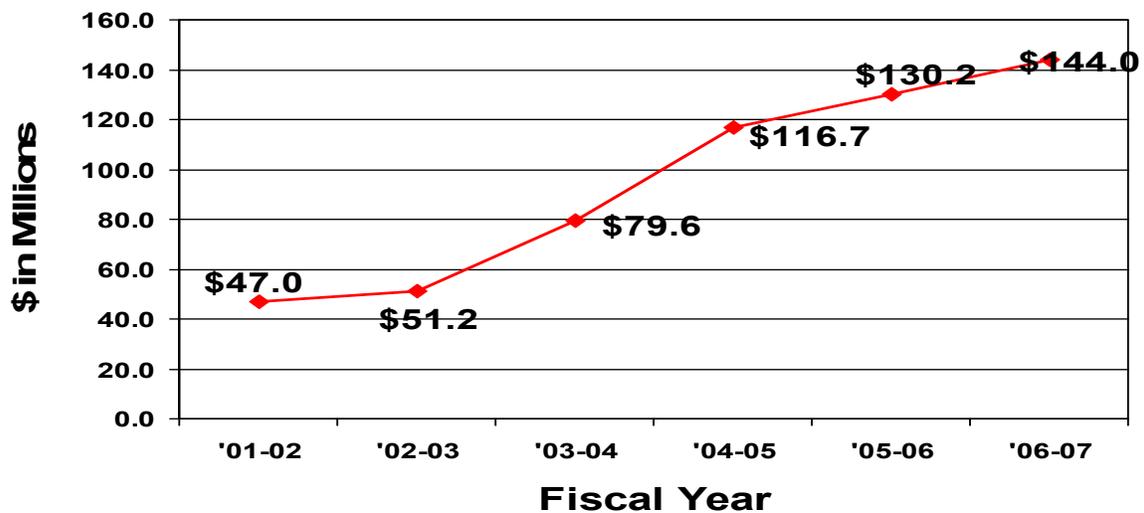
TRANSFER TAX REVENUE

A Documentary Transfer Tax is a tax imposed when real estate is sold or transferred from one entity to another. A change in policy our office adopted which was 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 \$144 million from Transfer Taxes, which is an 11% 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

Reached record highs in 2006-2007 as a result the exchange of 10 downtown commercial properties involving EOP, Blackstone and Morgan Stanley.





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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.

Since assuming office, Phil has been working to reform the department 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 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.

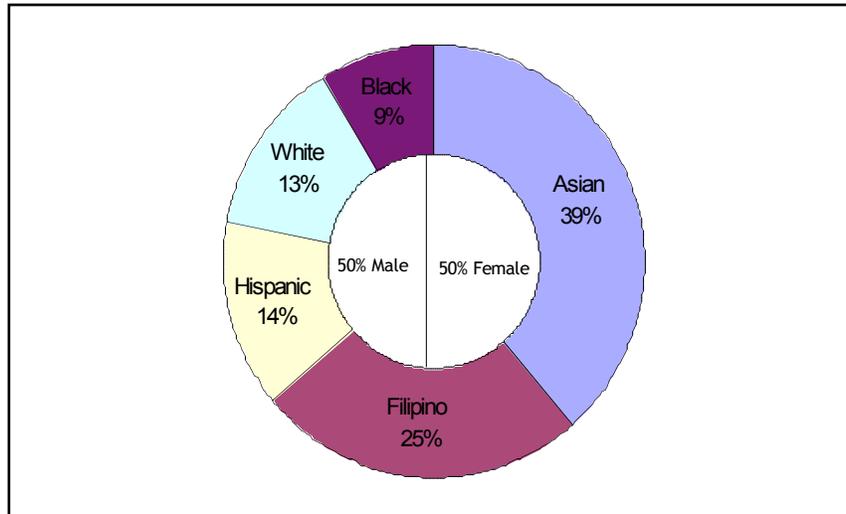
Phil has advised government agencies and corporations on how to increase fiscal efficiency and be more responsive to clients and constituents. He helped identify cost-saving opportunities and evaluated key organizational processes and streamlined operations for the State of California, Applied Materials, 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.

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

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.



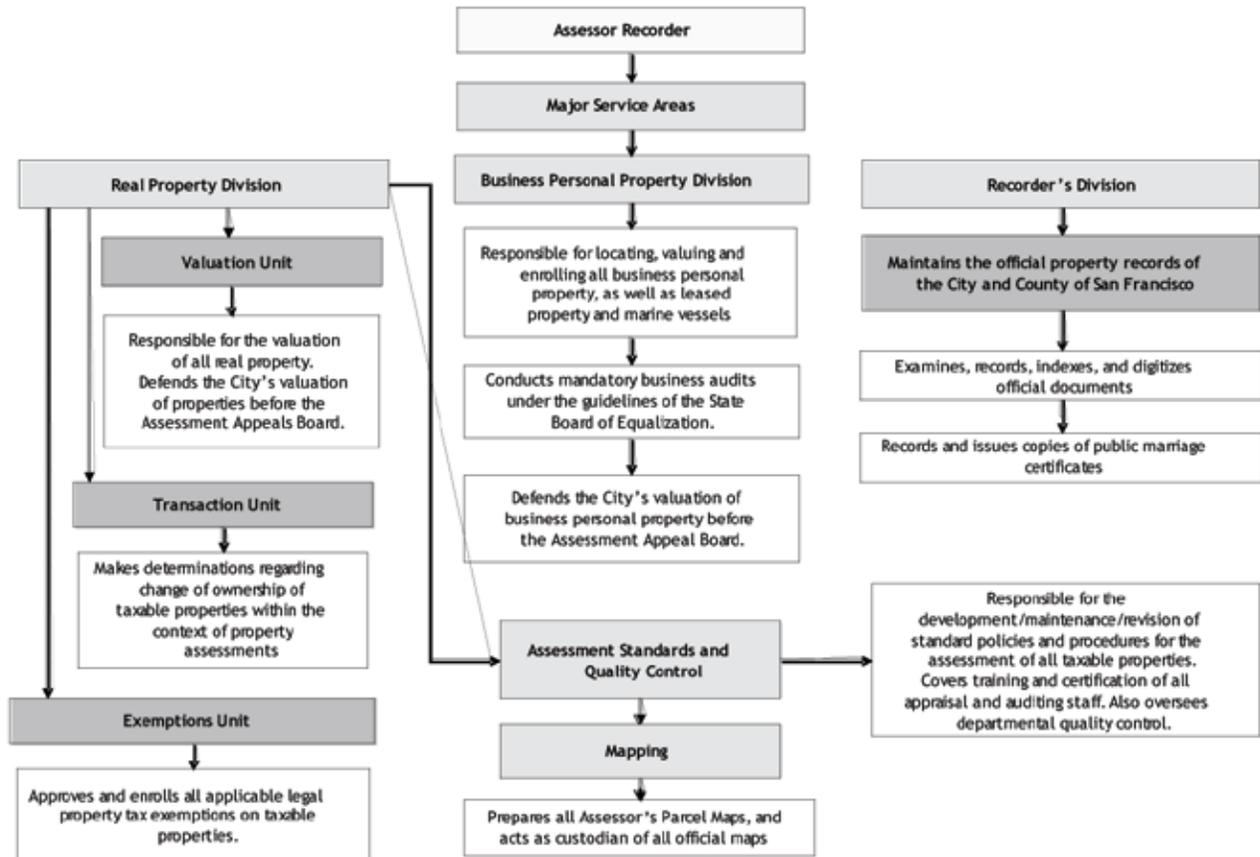
ASSESSOR-RECORDER STAFF

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 ~ Iluminada 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 Leon ~ Thida Leung ~ Mara Lim ~ Carrie Liou ~ Maria Los Banos ~ Suzzette Love ~ Angela Lucas ~ Meng Luu ~ Fernando Mendoza ~ Shanna Ngo ~ Zoon Nguyen ~ James Pan ~ Melissa Panday-Shrawder ~ Oscar Pasamonte ~ Feliciano Payumo ~ Chona Pazcoguin ~ 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 ~ Phil Ting ~ Fanny Truong ~ Felemina Uban ~ Manuel Uy ~ Concepcion Vindell ~ Donald Wiggam ~ Vincent Williams ~ Gregory Wong ~ Joan Wong ~ Joanne Wong ~ Julie Wu ~ Teresita Xander

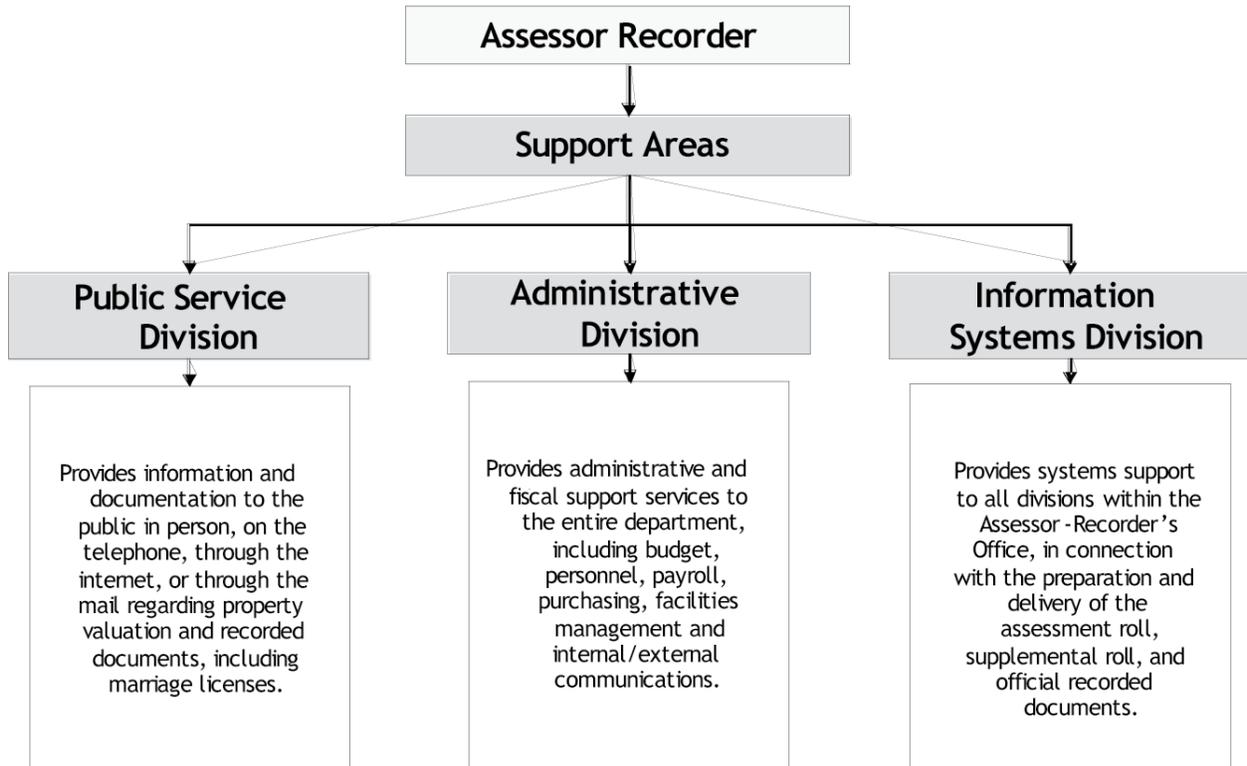


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RESPONSIBILITIES



OFFICE DIVISIONS





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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 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 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.

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 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 veteran died as the result of a service-connected injury or disease while on active duty in the military.



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

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

Are there exclusions available for Seniors or Disabled Persons?

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

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

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

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

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

What is Business Personal Property?

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

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

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

How is the assessed value determined?

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

When is Business Personal Property appraised?

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

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

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

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

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

Who must file a Business Property Statement?

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

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

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



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How much will my taxes be?

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

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

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

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

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



GLOSSARY

Ad Valorem Property Tax	Taxes imposed on the basis of the property's value.
Assessed Value	The taxable value of a property against which the tax rate is applied
Assessee	The person to whom the property is being assessed.
Assessment Appeal	The assessee may file an appeal for reduction of the assessed value on the current local roll during the regular filing period for that year
Assessment Appeals Board	A three member panel appointed by the Board of Supervisors, operating under State law, to review and adjust assessments upon request of a taxpayer or his or her agent. (See "assessment appeal")
Assessment Roll	The official list of all property within the County assessed by the Assessor.
Assessment Roll Year	The year following the annual lien date and the regular assessment of property, beginning on July 1.
Audit Escape	The discovery of escape property resulting from an audit of the books and records of a profession, trade or business, for which an assessment is levied outside of the normal assessment period for the lien date in question.
Base Year (Value)	The 1975-76 regular roll value serves as the original base value. Thereafter, changes to the assessment on real property value, or a portion thereof, caused by new construction or changes in ownership create the base year value used in establishing the full cash value of such real property.
Business Personal Property	Business personal property is assessable, and includes computers, supplies, office furniture and equipment, tooling, machinery and equipment. Most business inventory is exempt. (See personal property)
Change in Ownership	When a transfer of ownership in Real Property occurs, the Assessor determines if a reappraisal is required under State law. If required, the reappraised value becomes the new base value of the property transferred, and a supplemental assessment is enrolled
CPI	Consumer Price Index as determined annually by the California Bureau of Labor Statistics.
Exclusions from Reappraisal	Some changes in ownership may be excluded from reappraisal if a timely claim is filed with the Assessor's Office that meets the qualifications. Examples include the transfer of real property between parents and children or senior citizens over 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.
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.



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New Base Year (Value)	The full cash value of property on the date it changes ownership or when new construction is completed.
New Construction	The construction of new buildings, additions to existing buildings, or alterations which convert the property to another use or extends the economic life of the improvement, is reassessed, establishing a new base year value for only that portion of the property.
Parcel	Real property assessment unit. Land that is segregated into units by boundary lines for assessment purposes.
Personal Property	Any property except real estate, including airplanes, boats, and business property such as computers, supplies, furniture, machinery and equipment. (Most business inventory, household furnishings, personal effects, and pets are exempt from taxation.)
Possessory Interest (PI)	The possession or the right to possession of real estate whose fee title is held by a tax exempt public agency. An example of a PI includes the exclusive right to use public property at an airport such as a car rental company's service counter. The vendors are subject to property taxes. Regardless of the type of document evidencing the right to possession, a taxable PI exists whenever a private party has the exclusive right to a beneficial use of tax exempt publicly owned real property.
Proposition 13	Passed by California voters in June, 1978, Proposition 13 is a Constitutional amendment that limits the taxation of property and creates a procedure for establishing the current taxable value of locally assessed real property, referencing a base year full cash value.
Proposition 8	Passed by California voters in November 1978, Proposition 8 requires for the temporary reduction in the assessed value when there is a decline in market value below the property's factored base year value.
Real Property	Land and improvements to the land, which permits the possession of, claim to, ownership of, or right to possess.
Roll	A listing of all assessed property within the county. It identifies property, the owner, and the assessed value of the property.
Roll Unit	A parcel of property or a business personal property account that is assessed for annual valuation.
Roll Year	See "Assessment Roll Year."
SBE	See "State Board of Equalization."
Secured Roll	Property on which the property taxes are a lien against the real estate.
Special Assessments	Direct charges or flat fees against property which are included in the total tax bill but are not based upon the Assessor's valuation of the property. Examples are a sewer charge or a school parcel tax.
State Board of Equalization	The State Board consists of four members elected by California voters by district, and the State Controller whose duties in the field of taxation are imposed by the State Constitution and the Legislature. The State Board regulates county assessment practices and administers a variety of State and local business tax programs.
Supplemental Assessment	When property is assessed due to a change in ownership or completed new construction, a supplemental assessment is issued. This is separate and in addition to the annual regular assessment roll. It is based on the net difference between the previous assessed
Supplemental Roll	The roll, prepared or amended, contains properties in which a change in ownership or completed new construction occurred.
Tax Rates	The maximum ad valorem (on the value) basic property tax rate is 1% of the net taxable value of the property. The total tax rate may be higher for various properties because of voter-approved general obligation bonds that are secured by property taxes for the annual payment of principle and interest.
Tax Roll	The official list of property subject to property tax, together with the amount of assessed value and the amount of taxes due, as applied and extended by the Auditor/Controller.
Transfer	Change in the ownership of, or change in the manner which, property is held. Depending Unsecured Roll Property on which the property taxes are not a lien against the real estate (real property) where they are situated, including personal property or improvements located on leased land. on the specific situation, a transfer may trigger a reassessment of the property.

IMPORTANT DATES FOR PROPERTY OWNERS

January 1	The date taxes for the next fiscal year become a lien on property.
February 15	Deadline to file all exemption claims.
April 1	Due date for filing statements for business personal property and marine vessels.
April 10	Last day to pay second installment of secured property taxes without penalty.
May 7	Last day to file a business personal property statement without incurring a 10% penalty.
July 1	Local assessment roll is surrendered to the Controller. The local assessment roll is the official list of all taxable property within the County.
July 2	First day to file assessment appeal application with the Assessment Appeals Board.
August 31	Regular roll unsecured taxes due.
September 15	Last day to file an assessment appeal application for reduced assessment with the Assessment Appeals Board, unless extended to November 30.
December 10	Last day to pay first installment of secured property taxes without penalty.



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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.