

San Joaquin County tax roll declines continue for 2012-2013 closed roll period

FOLSOM, CA., November 12, 2012 - Although property *market* values may be stabilizing somewhat throughout San Joaquin County, the overall *assessed* value of secured parcels has dropped -\$3.4 billion in the current roll period versus last year as assessment values continue to 'catch up' to recent market value declines. Since the 2008-2009 closed roll period, the total value of secured parcels in SAC County has dropped \$14.5 billion and now stands at \$110.986 billion as the combination of sluggish home-sales and lack of new construction continue to challenge the growth of the tax roll.

Nearly a third of SAC County's tax roll decline can be attributed to a drop in the value of secured parcels in the city of Sacramento, as secured parcels have declined \$993 million in value in the current roll period. The remainder of secured assessed parcel value declines in SAC county are primarily driven by declines in Elk Grove (-\$730 million), Folsom (-\$251 million), Rancho Cordova (-\$255 million), and Citrus Heights (-139 million). The aforementioned cities collectively represent roughly 60% of the total secured assessed parcel value in SAC County.

Another trend that continues in SAC County is the year-over-year shifting of secured parcels from Prop-13 to Prop-8 status. While Prop-13 restricts growth of a parcel's assessed value to 2% annually unless a change in ownership occurs, Prop-8 parcels are tied to fluctuations in the real estate market and can, as a result, adjust up or down much more radically and without limit. Currently, just over 50% of SAC County's secured assessed values are driven by Prop-8 parcels. This is a dramatic shift from the 2008-2009 closed roll period when Prop-8 parcels comprised only 22.97% of the county's total assessed parcel values.

As the largest city within SAC County, the city of Sacramento is driving the majority of the shift of parcels from Prop-13 to Prop-8 status as the overall value of Prop-8 secured assessments now stands at \$17.072 billion, up from \$15.426 billion a year ago. Prop-8 parcels now represent just under half (49.44%) of the Sacramento tax roll, compared to 43.42% a year ago. In the city of Elk Grove, Prop-8 parcel assessments stand at \$9.839 billion while representing an overwhelming majority (73.99%) of Elk Grove's overall tax roll. The total value of Prop-8 assessments comprise just under half of the total tax roll value in Folsom (48.69%), Citrus Heights (44.81%), and Rancho Cordova (49.6%) as the transition of parcels from Prop-13 to Prop-8 persist.

As a larger portion of SAC County's secured parcels shift from Prop-13 to Prop-8, a greater portion of the tax roll becomes unstable. In SAC County alone, for example, the average assessed value of each Prop-8 parcel declined -\$16,655 while the average assessed value of each Prop-13 parcel increased only +\$3,558. This is disturbing news for various cities and districts that largely depend on increases in property tax revenue to fund new development projects.

About ParcelQuest

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