

Yuba City

2008-09 Property Tax Summary



Yuba City experienced a net taxable value decline of 0.30% for the 2008-09 tax roll, which was slightly lower than the increase experienced countywide at 1.2%. The assessed value decrease between 2007-08 and 2008-09 was \$13.7 million. Almost all of the decrease resulted from Proposition 8 assessed value reductions resulting from the deteriorating real estate market.

The largest assessed value increase was reported on a commercial parcel at 455 Plumas Boulevard (Twin Cities Hospital). The parcel was reappraised, due to completed new construction activity, adding \$14.8 million to the roll. The sale and subsequent reappraisal of an apartment building at 1525 Bridge Street (Bridge Street QC LLC) added \$7.5 million in value. The Kats Family Trust purchased a multi-family residential property (700 Bogue Road), causing the value to increase by \$4.4 million.

Parcel subdivision and new construction activity contributed to growth in assessed values this year. 50 parcels were dropped from the roll and 142 were added, resulting in a net assessed value gain of \$37.5 million. Some of these parcels will be reassessed as they are developed and transfer ownership, contributing to growth in 2008-09 and 2009-10.

From 2001 through 2006, favorable interest rates and strong demand for housing pushed property values to record highs. However, recent market distress has caused significant weakness and properties throughout the region have been declining at a steady pace. The median sale price of a single family home in Yuba City from January through August 2008 was \$215,000. This represents a \$58,000 (21%) decrease in median sale price from 2007.

Triple Flip/VLF Payment Dates

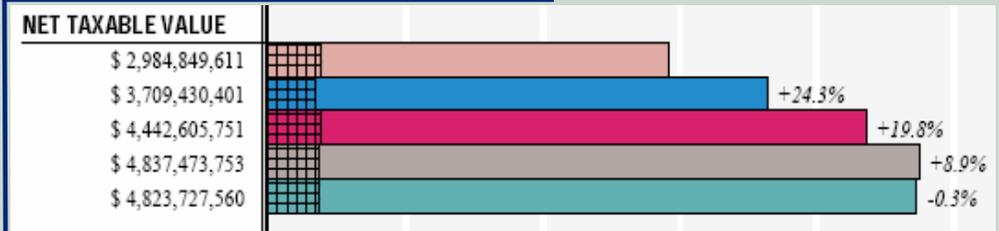
- Triple Flip Payments (sales tax in-lieu payments) are due to City from County ERAF account on or before January 31st and May 1st annually during the life of the State issued revenue recovery bonds. A true-up payment is to be made on or before the January 31, 2009 for the 2007-08 FY.
- VLF in lieu payments to City from the County ERAF account will be paid on or before January 31st and May 31st. This revenue source grows by gross assessed property values between tax years.
- Supplemental property tax VLF in lieu payments from the County ERAF account have been significantly higher than projected in many cities. We expect these revenues to decline considerably as the real estate market weakens.

2008-09 Tax Shift Summary

ERAF I & II	\$1,762,184
RDA ERAF	\$278,866
VLFAA (est.)	\$4,579,445

To ERAF
From ERAF

Value Growth 2004-05 to 2008-09



Top 10 Property Taxpayers

Owner	Revenue	% of City
1. Yuba City Energy	408,686	3.67
2. Greenleaf Unit Two	371,703	3.34
3. Steadfast Yuba City 1 LLC	280,450	2.52
4. Comcast of Northern California I Inc.	157,075	1.41
5. Sunsweet Growers Inc.	152,644	1.37
6. AWW2 Limited Partnership	119,160	1.07
7. Twin Cities Hospital	113,344	1.02
8. Geweke Yuba Properties LP	95,658	0.86
9. Target Corporation	81,936	0.74
10. Kohl's Department Stores Corp.	79,315	0.71
Total	\$1,859,971	16.70%

Real Estate Data



Summary of Sacramento Area Counties

<u>All Homes</u>	Units Sold July-07	Units Sold July-08	Percentage Change	Median Price July-07	Median Price July-08	Percentage Change 2008	Percentage Change 2007
Butte	238	194	-18.49%	\$295,000	\$245,500	-16.78%	4.76%
Merced	228	467	104.82%	\$312,000	\$155,000	-50.32%	-15.99%
Placer	647	652	0.77%	\$430,000	\$430,000	0.00%	-8.51%
Sacramento	1,527	2,645	73.22%	\$324,000	\$210,000	-35.19%	-9.86%
Stanislaus	374	904	141.71%	\$325,000	\$190,000	-41.54%	-12.87%
Sutter	89	112	25.84%	\$290,000	\$203,000	-30.00%	2.84%
Yolo	196	230	17.35%	\$403,000	\$293,000	-27.30%	-6.47%
Yuba	90	129	43.33%	\$274,000	\$183,500	-33.03%	-14.38%

Source: Dataquick Information Systems

Proposition 8 and Declining Real Estate Values

In the circumstance of a downturn in the real estate market such as California is currently experiencing, many property owners seek to reduce their tax bill in accordance with Proposition 8. Often county assessors will administratively reduce values on large blocks of property without even requiring property owners to appeal. This has already occurred in a number of California counties.

Example: A property previously assessed at \$500,000 received a Proposition 8 reduction in value to \$450,000 as of the lien date. By the next lien date, the property's market value had increased five percent, or \$22,500, and, thus, the assessor enrolled a value of \$472,500 for that year. Because the current market value is less than its current factored base year value of \$510,000 (\$500,000 + 2% annual increase), increasing the assessed value by five percent is legal since the two percent limitation of Proposition 13 applies only to increases in the base year value. Here, since the current market value continues to be less than the factored base year value, an increase beyond the two percent limitation is appropriate. As the year progresses, property values rebound dramatically and the market value of the property is now \$525,000. Because the current factored base year value for this year is \$520,200 (\$510,000 + 2%), which is lower than the current market value, the adjusted factored base year value would be reinstated and enrolled, and the annual increase will again be limited to two percent.

The table below provides a summary of the Prop-8 value reductions that have been reported by county assessors to date for the 2008-09 roll.

Butte	1,536	\$16,449,858,678	\$88,465,990	2.66%
Merced	21,000	\$18,664,379,731	\$1,300,000,000	6.97%
Placer	40,602	\$55,147,510,362	\$2,262,719,039	4.10%
Sacramento	85,000	\$127,518,268,090	\$6,000,000,000	4.71%
Stanislaus	43,011	\$40,398,368,781	\$4,363,951,268	10.80%
Sutter	4,237	\$7,521,753,160	\$318,209,218	4.23%
Yolo	9,012	\$18,642,025,869	\$613,500,000	3.29%
Yuba	6,323	\$5,067,487,358	\$596,349,933	11.77%