

Chico

2008-09 Property Tax Summary

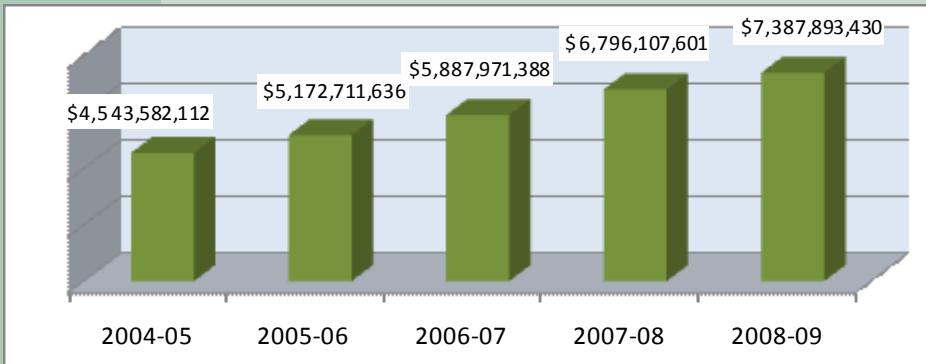


The City of Chico experienced a net taxable value increase of 8.7% for the 2008-09 tax roll, which was significantly higher than the increase experienced countywide at 5.5%. The assessed value increase between 2007-08 and 2008-09 was \$908 million. The growth attributed to the Assessor granted 2% CPI adjustment was \$109 million, which accounted for 12% of all growth experienced in the City.

The largest assessed value increase was reported on a commercial parcel owned by Chico East & Esplanade LP. The parcel, which was recently purchased in 2007, has been reappraised adding over \$6.4 million to the roll. New development by Harvest Oakmont Retirement Residence LLC (2801 Cohasset) triggered a reassessment that added \$5.2 million in value. New development of an industrial building at 495 Ryan Avenue (Daniel T. Gonzales) caused an increase in value of over \$1.2 million.

Parcel subdivision and new construction activity contributed to growth in assessed values this year. 133 parcels were dropped from the roll and 577 were added, resulting in a net assessed value gain of over \$20.6 million.

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 rapid pace. The median sale price of a single family home in Chico from January through July 2008 was \$280,000. This represents a \$35,000 (11.1%) 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	\$1,605,376
RDA ERAF	1,911,432
VLFAA (est.)	\$6,307,621

Top 10 Property Taxpayers

Owner	Revenue	% of City
1. Grossman Family Trust/Sierra Nevada	1,003,164	2.73
2. Chico Crossroads LP	379,840	1.03
3. Carwood Skypark LLC	319,657	0.87
4. Chico Mall Limited Partnership	285,942	0.78
5. Costco Wholesale	210,251	0.57
6. Merle A Webb & Sons	199,102	0.54
7. Evergreen Orchard LLC	189,114	0.51
8. California Water Service	185,022	0.50
9. Lowes HIW Inc.	179,072	0.50
10. Chico Senior Living LLC	171,358	0.49
Total	\$3,122,524	0.47

Real Estate Data



Summary of North Sacramento Counties

All Homes	Units Sold	Units Sold	Percentage	Median Price	Median Price	Percentage	Percentage
	July-07	July-08	Change	July-07	July-08	Change 2008	Change 2007
Butte	238	194	-18.49%	\$ 295,000	\$ 245,500	-16.78%	4.76%
Nevada	137	125	-8.76%	\$ 429,000	\$ 372,500	-13.17%	-8.43%
Placer	647	652	0.77%	\$ 430,000	\$ 345,000	-19.77%	-8.51%
Shasta	170	165	-2.94%	\$ 264,500	\$ 230,000	-13.04%	-6.78%
Sutter	89	112	25.84%	\$ 290,000	\$ 203,000	-30.00%	2.84%
Tehama	40	30	-25.00%	\$ 225,500	\$ 181,500	-19.51%	0.22%
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: Dataquik 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.

County	Reduced	2007-08 Secured Value	Value Reduction	% Decline
Butte	1,536	\$16,449,858,678	\$88,465,990	0.54%
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%
Shasta	5,496	\$114,098,203,437	\$380,219,289	0.33%
Sutter	4,237	\$7,521,753,160	\$318,209,218	4.23%
Tehama	543	\$4,478,998,809	\$11,356,251	0.25%
Yolo	9,012	\$18,642,025,869	\$613,500,000	3.29%



CHICO

2008-09 Property Data Review

Growth by Component	Total	Personal
Entire City	8.70%	2.50%
General Fund	8.20%	-7.90%
Southeast Chico RDA & 1983 Annex	3.20%	7.80%
Chico Municipal Airport RDA	17.10%	26.50%
Central Chico RDA	5.80%	4.90%
Greater Chico Urban RDA	12.50%	5.10%
Merged Redevelopment Projects	9.10%	8.70%

TAX YEAR	TOTAL TAXABLE VALUE
2008-09	\$6,796,107,601
2007-08	\$5,887,971,388
	\$908,136,213 Total Value Change

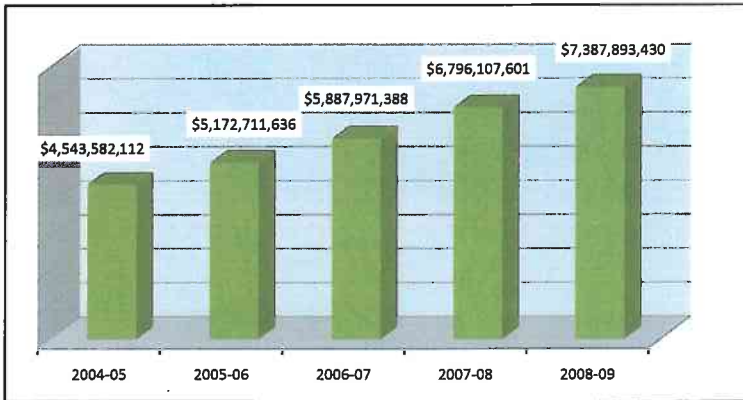
Explanation of Value Change between tax years

Percentage Change	Dollar Change	Event
11.96%	\$108,601,647	CPI Inflation 2% Applied by Assr.
3.54%	\$32,170,357	Non-Residential Construction
11.41%	\$103,639,810	Transfers of ownership
2.77%	\$25,167,272	Unsecured Growth
2.27%	\$20,654,703	Parcel changes and annexations
68.04%	\$617,902,424	Remodels/ new construction/ progress appraisals
100.00%	\$908,136,213	



By Category	\$\$ Change by Category	% Change by Category
Residential	\$377,625,133	8.20%
Commercial	\$112,663,109	9.53%
Industrial	\$23,518,416	12.07%
Recreational	-\$3,854,605	-17.51%
Institutional	\$18,727,239	49.61%
Vacant Land	\$44,909,050	16.76%
Miscellaneous	\$7,311,690	17.94%
Possessory Int.	\$325,236	3.63%
Unsecured	\$25,167,272	6.00%
Unknown	-\$14,509,026	-100.00%

HISTORICAL TAXABLE ASSESSED VALUE 2003-04 THRU 2007-08



ERAF PROPERTY TAX SHIFTS FOR 2007-08	
Est. ERAF I & II to ERAF Account	(\$1,605,376.38)
TRIPLE FLIP ALLOCATIONS	
Triple Flip 2006-07 True-up Payment	(\$39,487.53)
2007-08 Triple Flip Sales Tax in Lieu from ERAF	\$4,385,231.00
	\$4,345,743.47
Allocation 1/2 in January & 1/2 in May	\$2,172,871.74
PROPERTY TAX IN LIEU OF VLF ALLOCATION	
VLF Estimate from ERAF Account	\$6,307,621.00
Allocation 1/2 in January & 1/2 in May	\$3,153,810.50

Top 10 Taxpayers 2008	Rank	Top 10 Taxpayers 2007
Grossman Family Trust/Sierra Nevac	1	Grossman Family Trust/Sierra Nevada Brewery
Chico Crossroads LP	2	Chico Mall Limited Partnership
Carwood Skypark LLC	3	Carwood Skypark LLC
Chico Mall Limited Partnership	4	Chico Crossroads LP
Costco Wholesale <i>new development</i>	5	Evergreen Orchard LLC
Merle A Webb & Sons	6	Lowes HIW Inc.
Evergreen Orchard LLC	7	California Water Service
California Water Service	8	Chico Senior Living LLC
Lowes HIW Inc.	9	Chico Lodging LLC
Chico Senior Living LLC	10	Wal Mart Real Estate Business Trust