



Novato Fire District Board of Directors

Special Finance Committee Meeting Agenda
October 30, 2024, at 1:00 pm

Location: Administration Building and Via Zoom
95 Rowland Way, Novato, CA 94945
Website: www.novatofire.org

ATTENTION: This will be an in-person meeting of the Board of Directors due to the expiration of Executive Order N-29-20 on February 28, 2023, however, any interested member of the public may participate virtually and/or telephonically by utilizing the dial-in information printed on this agenda. If any member of the public has a request for a reasonable modification or accommodation for accessing this meeting due to a disability, they should contact Jennifer Crayne at jcrayne@novatofire.org

The Finance Committee meeting agenda and all supporting documents are available for public review at 95 Rowland Way, Novato, CA, 24 hours in advance of a special board meeting. A fee will be charged for additional copies of board meeting documents. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Administrative Services Manager as soon as possible, but at least 48 hours prior to the meeting.

ROLL CALL

Director William Davis, Director Bruce Goines

OPEN TIME FOR PUBLIC EXPRESSION

(Please observe a three-minute time limit.)

This is an opportunity for any member of the public to briefly address the Finance Committee on any matter that does not appear on this agenda. Items that appear to warrant a more lengthy presentation or Committee consideration will be placed on the agenda for discussion at a future meeting.

AGENDA ADJUSTMENTS

CONSENT CALENDAR ITEMS

1. Special Finance Committee Meeting Minutes 7/24/24
2. Review of Fire Chief's credit card expenses: July 2024 - September 2024
3. Review of Deputy Fire Chief's credit card expenses: July 2024 - September 2024

Zoom Conference Information Join at Zoom.com

Meeting ID: 232 811 1856
Password: 959595

Join the Zoom meeting and then dial in if you need audio by telephone
+1 669 900 6833 US (San Jose)

Join by telephone only:
+1 669 900 6833 US (San Jose)

For clarity of discussion, the Public is requested to MUTE except:

1. During Open Time for public expression item
2. Public comment period on agenda items.
3. You may use the "raise hand" zoom feature or press *9 if connecting only by phone.



Novato Fire District Board of Directors

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October 30, 2024, at 1:00 pm

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Website: www.novatofire.org

NEW BUSINESS

1. *Novato Fire: Selected Analysis of Assessed Property Values and Economic Forecasts and Events*- Robert Eyler, PhD, Chief Economist with the Marin Economic Forum.

The Finance Committee will review the draft report, *Novato Fire: Selected Analysis of Assessed Property Values and Economic Forecasts and Events* prepared by Robert Eyler, PhD, Chief Economist with the Marin Economic Forum, before it is presented to the full Board at the 11/6/24 Regular Board Meeting.

INFORMATIONAL ITEMS

1. The next Finance Committee meeting - 2025 Schedule TBD

TENTATIVE AGENDA ITEMS FOR FUTURE MEETINGS

Committee members may discuss or request future agenda items for committee consideration.

ADJOURNMENT

Consent Calendar Items Section



Novato Fire District Board of Directors
Special Finance Committee Meeting Minutes
July 24, 2024

1 The meeting was called to order by Director Davis at 9:00 am.

2

3 **ROLL CALL**

4 Directors Bill Davis and Bruce Goines.

5

6 **STAFF MEMBERS PRESENT**

7 Fire Chief Bill Tyler, Finance Director Joe Valenti, ASM/Board Clerk Jennifer Crayne, D/C

8 John Dicochea, Senior Accountant Brooke Kerrigan, IT Manager Azar Mashintchian, and

9 Accountant Eirilou Santos.

10

11 **OTHERS PRESENT**

12 None.

13

14 **OPEN TIME FOR PUBLIC EXPRESSION**

15 No public comments were made.

16

17 **AGENDA ADJUSTMENTS**

18 None.

19

20 **CONSENT CALENDAR**

21 1. Special Finance Committee Meeting Minutes 5/23/24

22 2. Review of Fire Chief's credit card expenses: May 2024 - June 2024

23 3. Review of Deputy Fire Chief's credit card expenses: May 2024 – June 2024

24

25 No public comment.

26

27 M/s Goines/Davis to approve the consent calendar

28 Motion carried: 2-0-0

29

30 **NEW BUSINESS**

31 1. Review Final Draft of the Annual Budget for FY 2024-2025

32 The Finance Committee will review the final draft of the Annual Budget for fiscal year 2024-

33 2025 and make a recommendation to the full Board of Directors.

34 Chief Tyler introduced the final draft budget for fiscal year 2024/25 and thanked Finance
35 Director Joe Valenti, all the Division Heads, Battalion Chiefs, and all staff for their participation
36 in preparing the annual. He noted that the budget is balanced and on time. Chief Tyler
37 commented that FD Valenti will review the final draft budget with special attention directed at
38 and changes/adjustments to the original 6/30/24 draft.

39 FD Valenti presented the changes to the final budget, with the largest change being to the final
40 revenue estimate which came in at 3.9% or an increase of \$450K to the original draft budget.

41 The salary increases will remain at 3.0%. He noted that taxes account for 85% of the total
42 revenue and salaries and benefits are 80% of the expenses.

Page 1

Draft Minutes 7/24/24 Special Finance Committee Meeting



Novato Fire District Board of Directors
Special Finance Committee Meeting Minutes
July 24, 2024

43 FD Valenti presented a 10-year historical graph of tax revenues and the relation to expenditures.
44 He noted that ad valorem taxes alone do not cover expenditures, which is why the special tax is
45 vital for the District to operate.

46
47 FD Valenti discussed expenditure changes:

- 48 • Added a contract lifecycle management service database
- 49 • Added a separate line item for recruitment, academy, reserves, and the Explorer Program
50 to better track the training budget
- 51 • IT expenses decreased by \$150K due to updates/cost savings provided by IT Manager
52 Mashintchian
- 53 • Minor adjustment to the FRMS Workers Compensation annual premium
- 54 • PERS Healthcare rates have not been released yet, so the budget includes a 7% increase
55 based on historical averages for medical, 5% dental, and 5% vision.
- 56 • Total increase to medical premiums (active and retired) is \$76K
- 57 • OPEB Actuarial Valuation (completed every two years) is due this fiscal year for a total
58 of \$7,500

59
60 Director Goines asked if FD Valenti could add a bar graph or a pie chart representing where the
61 money goes. FD Valenti will develop graphs to include in the final budget which will be
62 presented to the full board at the August board meeting.

63
64 There was no public comment.

65 M/s Goines/Davis to recommend adoption of the final annual budget for fiscal year 2024/25 with
66 recommended additions by the full Board of Directors.

67
68 Motion carried: 2-0-0

69
70 **INFORMATIONAL ITEMS**

71 1. The next Finance Committee meeting is October 15, 2024, at 9:00 am. This meeting may need
72 to be rescheduled due to the Cal Chiefs Annual Conference. Jennifer will poll the committee for
73 other dates.

74
75 **TENTATIVE AGENDA ITEMS FOR FUTURE MEETINGS**

76 Committee members may discuss or request future agenda items for Committee consideration.

77
78 Director Goines requested an educational item on the agenda discussing the trends for housing in
79 Novato and the impact it will have on the ad valorem tax revenue projections. Chief Tyler will
80 contact the Marin Economic Forum to see if Dr. Robert Eyler is available and able to provide
81 that information.

82
83 **ADJOURNMENT**

84 There being no further business to conduct, Director Davis adjourned the meeting at 9:41 am.



Novato Fire District Board of Directors
Special Finance Committee Meeting Minutes
July 24, 2024

85 Respectfully Submitted,
86 *Jennifer Crayne*
87 Jennifer Crayne
88 Clerk of the Board



WILLIAM TYLER

Account Number: XXXX XXXX XXXX 0387

TRANSACTIONS

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
06/13	06/14	2443034HN032EP8N3	NOVATO CAR WASH NOVATO CA	\$18.00 ✓ B
06/19	06/20	2469216HV304ZSBT4	APPLE.COM/BILL 866-712-7753 CA <i>recurring</i>	\$19.99 ✓ B
07/11	07/11	000000000000COMPC	TOTAL PURCHASES \$37.99	
			TOTAL \$37.99	

INTEREST CHARGE CALCULATION

Your Annual Percentage Rate (APR) is the annual interest rate on your account

Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
Purchases	19.49% (v)	\$0.00	0	\$0.00
Cash Advances	19.49% (v)	\$0.00	0	\$0.00

(v) - variable

To avoid additional interest charges, pay your New Balance in full on or before the Payment Due Date.

Exciting news! Go online today and check out the all-new enhancements to the Card Service Center website. E-statements, additional payment options, links to Preferred Points website, and other helpful sites. Visit us today at www.cardaccount.net to enroll your credit card account(s) on the newly enhanced website.

Thank you for the opportunity to serve your credit card needs. Should your future plans include travel, please contact us at 1-800-367-7576.

Please see reverse side of page 1 for important information.



JOHN DICOCHEA

Account Number: XXXX XXXX XXXX 0980

TRANSACTIONS

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
1 06/28	06/30	2480197J50DSNAAMF	THE PACE SUPPLY CORP 4 SAN RAFAEL CA	\$1,094.06 ✓
2 07/02	07/03	2413746J901EJ7TNL	TST* SUPER DUPER - NOVATONOVATO CA	\$126.98 ✓
3 07/09	07/10	2449398JG06FX95SW	CARMEN'S LA HACIENDA NOVATO CA	\$203.50 ✓
4 07/10	07/11	2413746JG2XQBBEH0	TST* SUPER DUPER - NOVATONOVATO CA	\$66.91 ✓
07/11	07/11	000000000000COMPC	TOTAL PURCHASES \$1,491.45	
			TOTAL \$1,491.45	

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Cash Advances	19.49% (v)	\$0.00	0	\$0.00

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1-2

BHH



WILLIAM TYLER
Account Number: XXXX XXXX XXXX 0387

TRANSACTIONS

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Tran Date	Post Date	Reference Number	Transaction Description	Amount
07/18	07/19	2443034JT0YL64J0J	NOVATO CAR WASH NOVATO CA	\$18.00 ✓
07/23	07/24	2469216JX35KXT4J6	APPLE.COM/BILL 866-712-7753 CA <i>recurring 9308-2151</i>	\$19.99 ✓
08/06	08/07	2443034KQ1FGXBLDB	NOVATO CAR WASH NOVATO CA	\$18.00 ✓
08/09	08/11	2443099KE1J1ZS91Z	HCMUNLOCKED.COM 973-214-7461 FL	\$10,000.00 ✓
08/11	08/11	000000000000COMPC	TOTAL PURCHASES \$10,055.99	
			TOTAL \$10,055.99	

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JOHN DICOCHEA
 Account Number: XXXX XXXX XXXX 0980

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Tran Date	Post Date	Reference Number	Transaction Description	Amount
1 07/17	07/19	2401339JR03LMDDF9	60777 - SFO PARKING DD Q9SAN FRANCISCOCA	\$75.00 ✓
2 07/17	07/19	2469216JR31A270XM	TST* HIGH FLYING FOODS - Denver CO	\$29.21 ✓
3 08/07	08/08	2469216KQ2ZFE1SXM	SQ *NICK THE GREEK gosq.com CA	\$292.21 ○ ✓
08/11	08/11	000000000000COMPC	TOTAL PURCHASES \$396.42	
			TOTAL \$396.42	

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Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
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Cash Advances	19.49% (v)	\$0.00	0	\$0.00

(v) - variable

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WILLIAM TYLER

Account Number: XXXX XXXX XXXX 0387

TRANSACTIONS

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Tran Date	Post Date	Reference Number	Transaction Description	Amount
08/23	08/25	2469216KW32DMY4X5	APPLE.COM/BILL 866-712-7753 CA <i>recurring 9308-2151</i>	\$19.99
09/10	09/10	000000000000COMPC	TOTAL PURCHASES \$19.99	
			TOTAL \$19.99	

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Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
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Account Number: XXXX XXXX XXXX 0980

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Tran Date	Post Date	Reference Number	Transaction Description	Amount
1 08/14	08/15	2469216KK34SL28FL	SQ *THE DONUT WORKS NOVATO CA	\$32.12 ✓
2 08/28	08/29	2432300L10XFFFKVT	NOVATO CHAMBER OF COMM NOVATO CA	\$35.00 ✓
3 08/28	08/29	2469216L22XM99HD7	PEET'S #03602 NOVATO CA	\$30.95 ✓
4 08/29	08/30	2469216L22XWGRHEZ	PANERA BREAD #202214 415-897-1056 CA	\$253.97 ✓
5 09/07	09/09	2442629LQ0W0Y5EFT	Tommy's Salsa Novato CA	\$11.94 ✓
09/10	09/10	000000000000COMPC	TOTAL PURCHASES \$363.98	
			TOTAL \$363.98	

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Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
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Account Number: XXXX XXXX XXXX 0387

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Tran Date	Post Date	Reference Number	Transaction Description	Amount
1 09/11	09/12	2469216LF359D1B3G	APPLE.COM/BILL 866-712-7753 CA <i>recurring 9308-2151</i>	\$14.99 ✓
2 09/14	09/15	2469216LJ2YJELW4N	SQ *THE DONUT WORKS NOVATO CA	\$74.01 0
3 09/14	09/16	2444500LKEJQ9KG6P	STARBUCKS 05711 NOVATO CA	\$49.00 0
4 09/23	09/24	2443099LV2V1RT1QW	HCMUNLOCKED.COM WWW.BLUESNAP.FL	\$3,206.25 ✓
5 09/23	09/24	2469216LV35Y04T3V	APPLE.COM/BILL 866-712-7753 CA <i>recurring 9308-2151</i>	\$19.99 ✓
10/11	10/11	000000000000COMPC	TOTAL PURCHASES \$3,364.24	
			TOTAL \$3,364.24	

INTEREST CHARGE CALCULATION

Your Annual Percentage Rate (APR) is the annual interest rate on your account

Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
Purchases	18.99% (v)	\$0.00	0	\$0.00
Cash Advances	18.99% (v)	\$0.00	0	\$0.00

(v) - variable

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New Business Section



**Novato Fire: Selected Analyses of Assessed Property Values
and Economic Forecasts and Events**

October 2024 - DRAFT

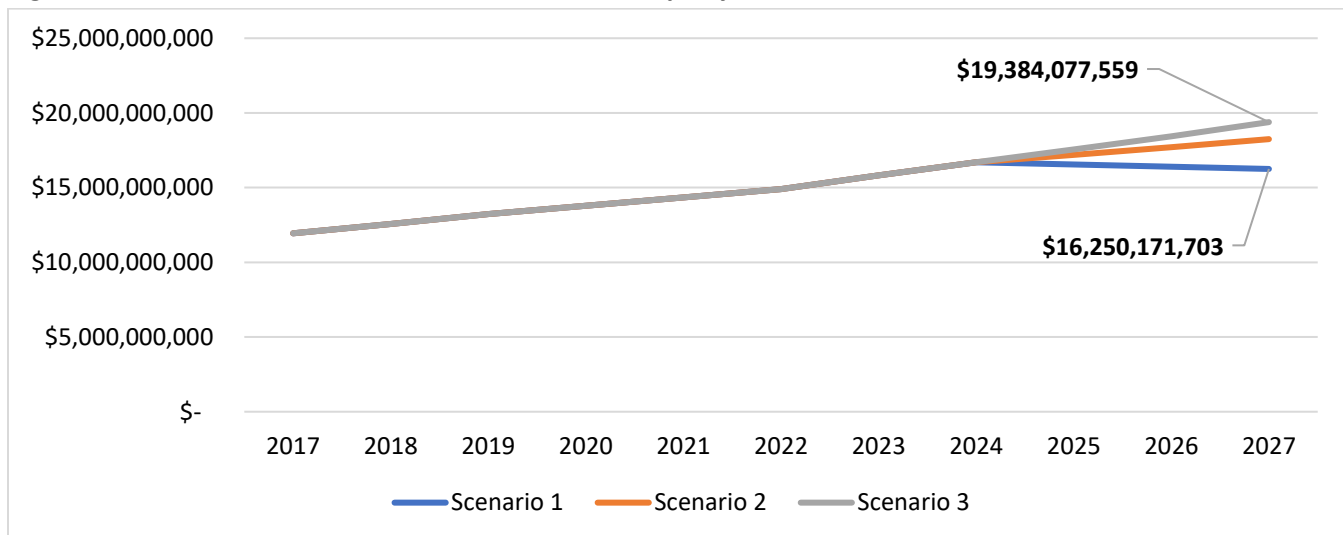
Executive Summary

This study considered multiple ways that property prices may be affected over the next three fiscal years (2024-25 to 2026-27) in determining assessed property values in Novato, California. The primary determinant of assessed property values and annual changes in Novato is changing median home prices. To choose a forecast range (three scenarios shown in Figure EX-1 and Table 4 in the main text), we consider how home prices may be affected by an array of economic, political, and demographic factors. Home price changes occur in a regional housing market; San Francisco County is the only county in the Bay Area that has deviated from highly correlated home prices among counties since 2020. We also consider Sonoma County’s assessed property values and show that even when the 2017 Tubbs Fire took place and removed more than five percent of Sonoma County’s housing stock in two days, assessed property values did not change much because property values in the aggregate continued to rise as demand for homes continued.

Home Sales / Inventory / Mortgage Rates	Equity Market Changes
Loss of insurance coverage	Election outcomes and fiscal policy impacts
Local employment outlook/types of jobs (higher paying or lower paying) / impact on housing demand	Potential for escalation in global conflicts
Commercial real estate vacancy rates/market outlook	Slowing economic growth/contraction
Any proposed ballot initiatives or legislation that could impact property values	The effects of massive national debt on markets include the impact on the US dollar, downgrades in US creditworthiness, etc.
Timing and size of Fed rate cuts	

In current dollars, Novato’s assessed property values have increased between fiscal year (FY) 2007-08 and 2023-24 by over \$6.6 billion. The compound annual growth rate, including the time of the global financial crisis and its effects on Novato’s assessed value (fiscal years 2009-10 to 2012-13 were years of negative growth), was 3.2 percent over this same time interval. Since FY 2013-14 (after the Great Recession’s effects on assessed property values began to fade), the compound annual growth rate has been 5.1 percent. To be conservative, we plan for 3.0 percent growth (Scenario 2 in Figure EX-1 and Table 4 in the main text) for the next three fiscal years (2024-25, 2025-26, 2026-27).

Figure EX-1: Actual and Forecasted Data, Assessed Property Values in Novato, CA, Current Dollars



Introduction

This assessment of the economic factors affecting assessed property values in Novato, California, develops three scenarios (ranging from a case with multiple economic and political concerns to a good case with no recession and continued growth of housing prices) with estimated impacts (% increase or decrease) on assessed property valuations as bases for property tax revenues. Factors to consider include the following:

- Home Sales / Inventory / Mortgage Rates
- Loss of insurance coverage
- Local employment outlook/types of jobs (higher paying or lower paying) / impact on housing demand
- Commercial real estate vacancy rates/market outlook
- Any proposed ballot initiatives or legislation that could impact property values
- Timing and size of Fed rate cuts
- Equity Market Changes
- Election outcomes and fiscal policy impacts
- Potential for escalation in global conflicts
- Slowing economic growth/contraction
- Effects of massive national debt on markets and impact on the US dollar, downgrades in US creditworthiness, etc.

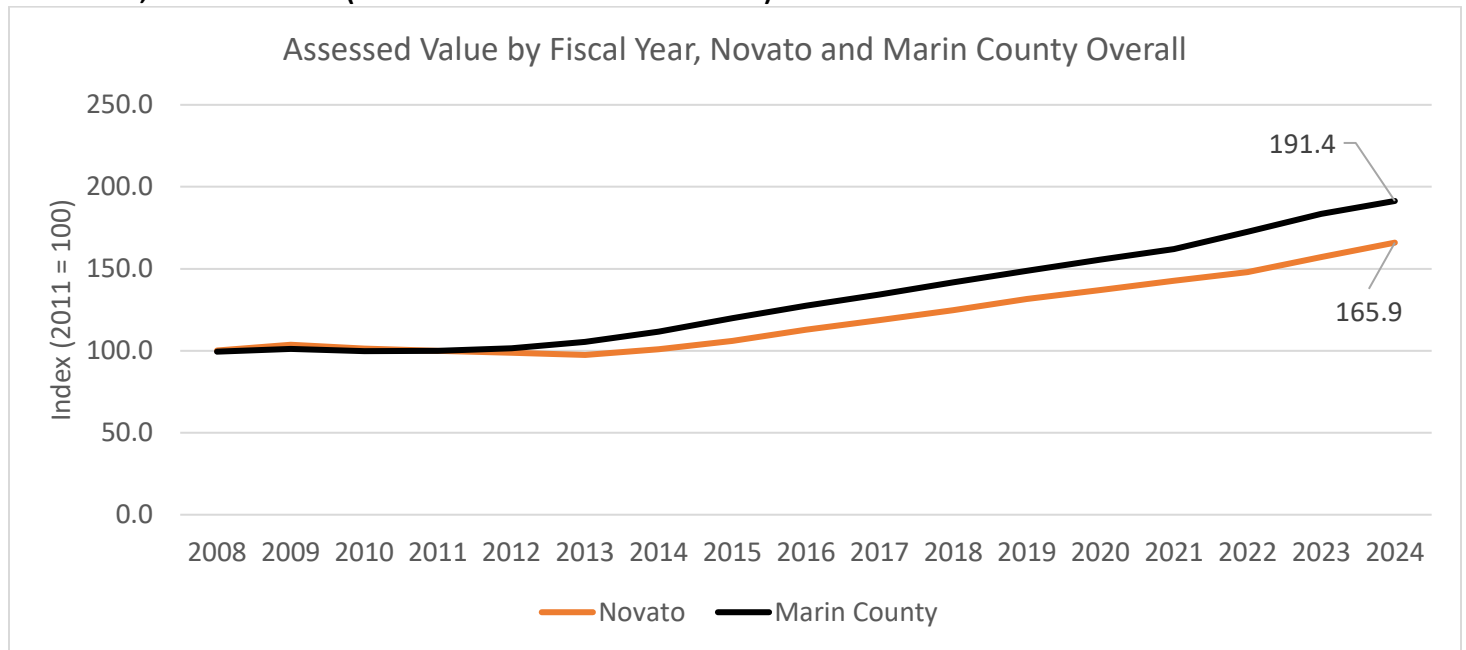
The scenarios combine recent data and forecasts. The likelihood of changes in these variables is considered in determining the scenarios. The study's final section provides a rationale for each scenario.

Assessed Values: Basic Overview

In California, county assessors assess property values based on market trends, property characteristics, and legal guidelines. Each county's assessor's office is responsible for determining the value of real estate within its jurisdiction, which is crucial for calculating property taxes. The primary method for assessing property values involves a comprehensive analysis of comparable sales in the area, considering factors such as location, size, and property condition. Assessors also consider recent improvements or renovations that may impact a property's market value. When a property changes ownership or undergoes significant improvements, its assessed value can be recalculated to reflect current market conditions or the value of the improvements. Assessors utilize recent sales, appraisals, and public records data to adjust the property's assessed value accordingly. This ensures that property values are kept relatively current while adhering to Proposition 13's limits.

In addition to market-based assessments, county assessors employ various tools and methodologies to ensure accuracy and fairness. These include computer models, geographic information systems (GIS), and statistical analyses. Assessors also regularly update their methodologies and data sources to adapt to changing market conditions and technological advancements. Property owners have the right to challenge their assessed values through formal appeals if they believe the assessment does not reflect the true market value of their property, which provides a mechanism for addressing discrepancies and ensuring equitable taxation. Figure 1 shows how Novato and Marin County have moved similarly in terms of assessed values over time.

Figure 1: Assessed Values of Secured and Unsecured Property, Novato and Marin County, Fiscal Years 2008-09 to 2023-24, Current Dollars (Index Fiscal Year 2010-2011 = 100)



Sources: Novato Fire and County of Marin

Notice two characteristics in Figure 1:

- Novato and Marin County assessed values move together but may change at different rates, as Marin County is part of a regional housing market and
- Between the 2007-08 and 2013-14 fiscal years, there was little net change in Novato’s assessed property values due to the economic concerns from what we will call the “Great Recession” (2007-09).

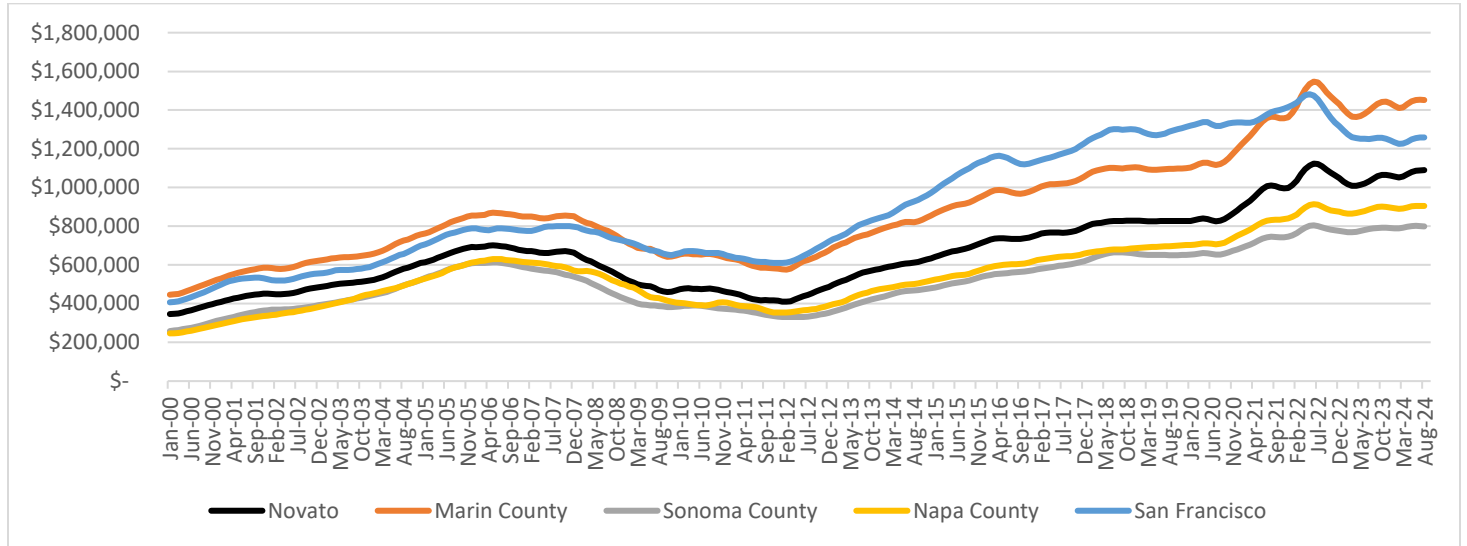
Home Sales / Inventory / Mortgage Rates / Impact on assessed values and timing

This section will consider what has happened in Marin County’s housing market. Marin County has an expensive housing market, but the change over time in the assessed value of properties depends on new units built (land improvements), assessable changes to current units, and ownership transfers that lead to property reassessments. Figure 1 provides a basis for considering assessed property values in Novato since the fiscal year 2007-08. Those data are baseline data for our analyses in three ways:

1. They show the progression of assessed value levels for property taxes before and after the Great Recession (2007-09);
2. They act as a baseline comparison to other data, as we will see in this section and others below, and
3. They act as a baseline for forecasting where assessed values may go under certain assumptions to 2030.

Figure 2 shows monthly median home prices in Novato and Marin County since January 2000, as compared to Sonoma, Napa, and San Francisco counties. Notice that San Francisco has seen property values fall at the median, while Marin County overall and Novato have moved in unison, similar to Figure 1.

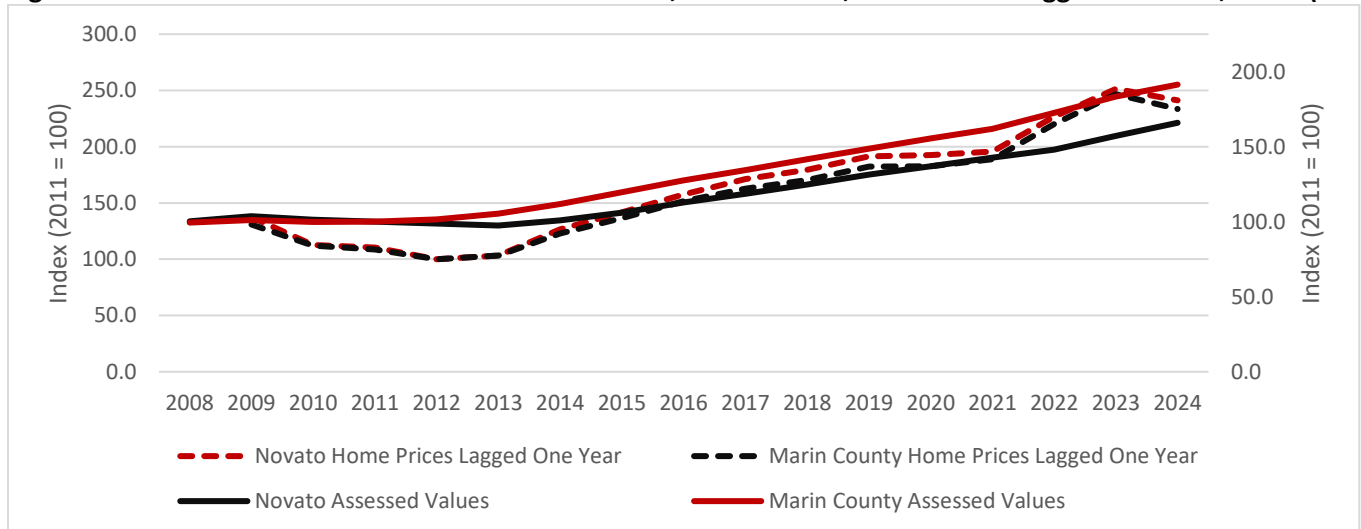
Figure 2: Median Home Prices, Novato, Marin County, and Selected Counties, Jan 2000 to August 2024, Monthly, Current Dollars



Source: Zillow™ Research and Marin Economic Forum (MEF)

The correlation coefficient among these five cities and counties and median home price range from 0.90 to 0.98; visually, Figure 2 shows how these markets move with one another. The implication of Figure 2 and the statistical relationship among these markets is that overall, the market is **regional**, and price changes that may allow assessed property values to change more rapidly from one place to another are unlikely when considering these four counties. Because there is a lag in the re-assessment of property in terms of determining what has changed, Figure 3 shows a combination of Figure 1 and Figure 2 data with housing prices annualized and lagged by one year for Novato and Marin County. The correlation among these is over 97 percent at the least.

Figure 3: Assessed Values and Annualized Home Prices, 2008 to 2024, Home Prices Lagged One Year, Index (2011 = 100)

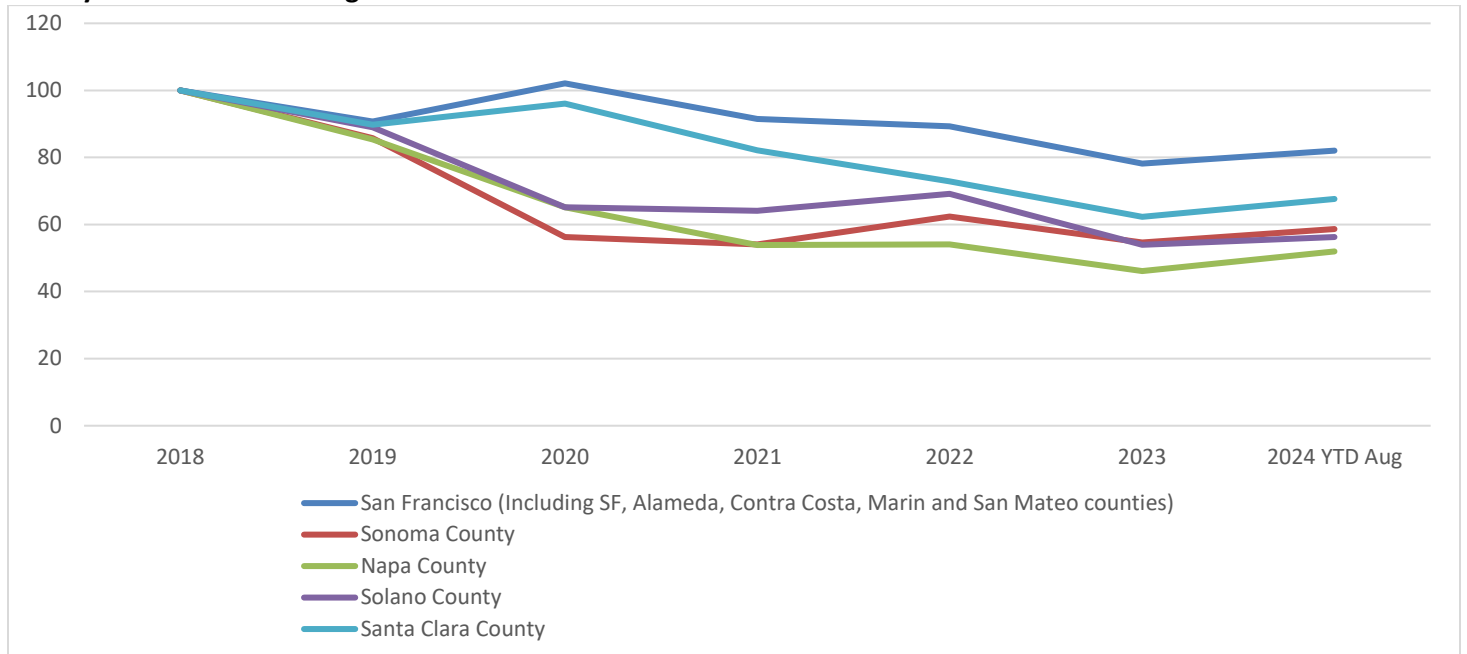


Sources: Novato Fire, County of Marin, Zillow™ Research. The “lag” means that last year’s median home prices are compared against this year’s assessed property value.

The inventory of homes for sale has been low since the Great Recession after a large inventory for purchase versus sagging demand was partly responsible for what became the Great Recession. The data below show the change in sales inventory since 2018. Also, the progression of overall single-family homes (detached and

attached or condominiums) in Marin County compared to the same counties as in Figure 2. Inventory is a blend of new and existing units offered for sale.

Figure 4: Inventory Levels, Homes for Sales, Index 2018 = 100, Regional Counties and Metro Areas (Marin County in San Francisco “Region”



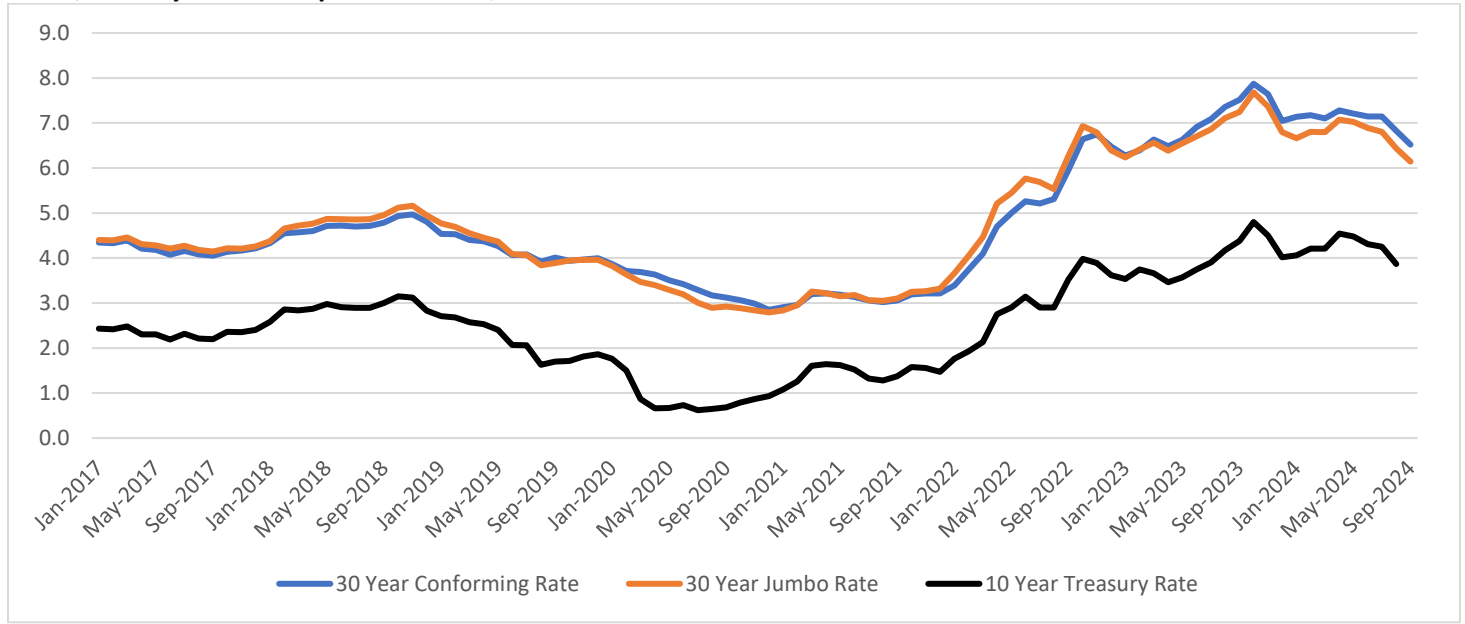
Source: Zillow™ Research

Figure 3 tells us that assessed property values for Novato and Marin County are driven by single-family (including condominiums) residential property values. Our focus from here will be on how those prices may be affected (higher frequency of data and more accessible for the public to observe). Figure 4 shows the evolution of inventory is slow and regional.

Interest rates on home mortgages follow movements in the 10-year Treasury bond rate and are nationally determined. There are some slight regional variations based on regional markets, but because the supply of loans is a global market, mortgage rates are determined beyond the local area. Figure 5a shows the evolution of the 30-year fixed mortgage rate for “conforming” and “jumbo” loans (from 2017 forward based on data availability). For Novato and Marin County, conforming loans exist, as there have been regional adjustments to the upper limit of what leads to a conforming loan (or a loan with a guaranteed secondary market through FRMC or FNMA). In all cases, these rates drive adjustable-rate mortgages at all maturities.

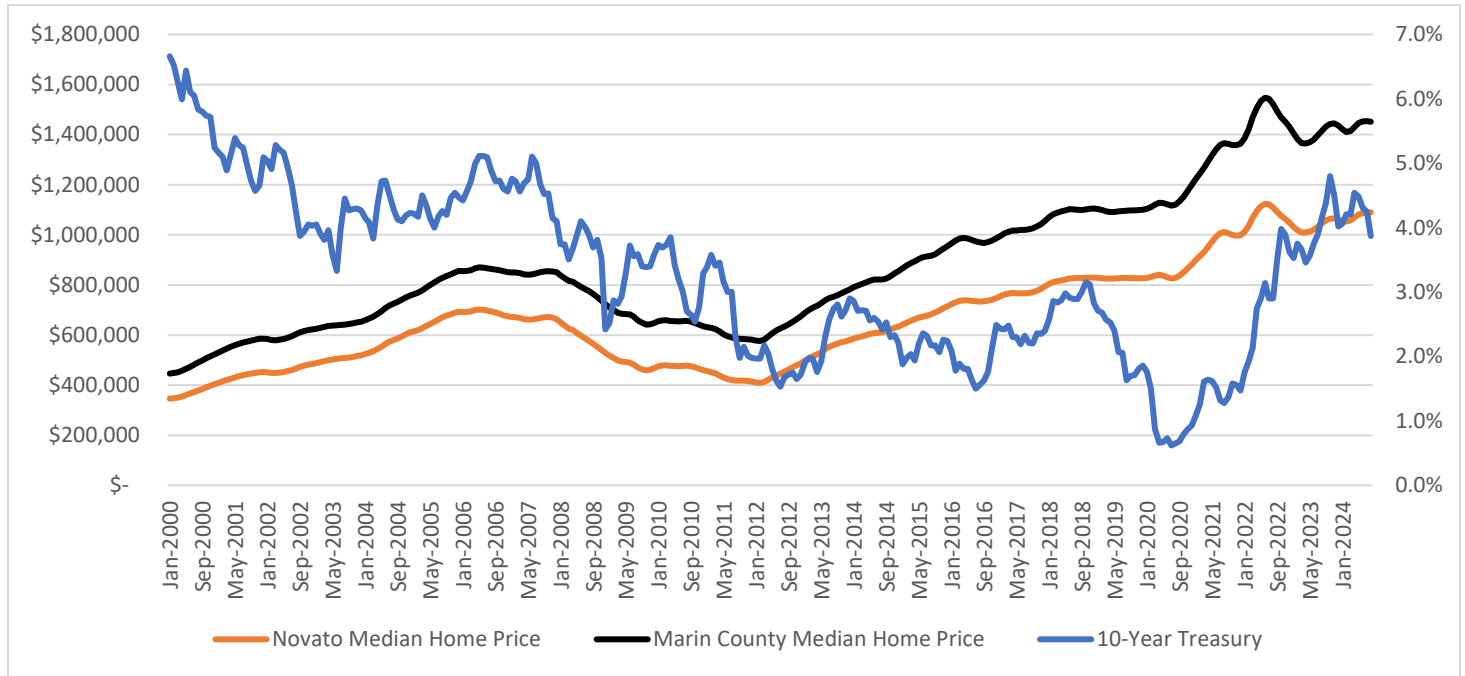
Figure 5b shows how Novato and Marin County median home prices have changed over time, using changing 10-year Treasury rates as a basis for changing mortgage rates (it shows the 25-year period versus changes since 2017).

Figure 5a: Comparison of 30-Year Mortgage Rates (Conforming and Jumbo) and 10-Year Treasury Security Rates, January 2017 to September 2024, Percent Interest on Loan



Source: FRED Database (<https://fred.stlouisfed.org/>)

Figure 5b: 10-Year Treasury Rates and Novato and Marin County Median Home Prices, Jan 2000 to August 2024



Summary For Scenarios

The most important direct factor on assessed property values is market property values. Figures 2 and 3 showcase that and a simple look at how correlated these data are on an annualized basis. Because there is a large amount of explanatory power in assessed property values within annualized home prices for single-family homes and condominiums in Novato and Marin County (the squared value of the correlation coefficient is called the coefficient of variation and measures the percent of the variation in one variable - assessed property values – explained by the variation in another

variable, in this case, home prices), we focus the scenarios and data connections below to the history of median home prices. Interest rates and home prices have some connection, but statistically, the current rate environment and home prices are not strongly related. Inventories have been falling since 2018, and home prices have increased year on year since 2018; we do not have long-term data on inventories to provide more depth to that relationship. Further, the data are regional rather than county-specific.

Loss of insurance coverage/impact on assessed values and timing

There has been a lot of focus on property insurance markets since the regional fires in 2017 destroyed over 6,000 homes in Napa and Sonoma counties, with other fires throughout California creating broader losses for insurance companies. In 2015, Lake County lost over 10 percent of its housing stock due to wildfires; the years 2019 to 2024 had fires throughout the western United States and British Columbia that devastated hundreds of thousands of acres and thousands of homes; the Camp, Woolsey, Ranch, Carr, Ferguson and County fires of 2018 were (in combination) the most damaging in terms of property and lost life in California's modern history.

Successive years of loss have led to three market reactions (as annual hurricanes, tornadoes, and floods nationally compound claims and losses for insurers) in California:

1. Rising insurance premiums and related changes to the amount insured;
2. Reduced supply of insurers, as some insurers have decided the combination of potential risk and rising regulatory concerns no longer make California's property insurance tenable and
3. The State of California has developed "FAIR" Insurance or an alternative insurance market with a state-level backstop for insurers, albeit at higher than current market premium levels.

In short, the cost of insurance has increased because demand exceeds supply. Such an increase leads to a higher carrying cost of owning a property if you are a current owner or may lead to a decision not to take as much or any insurance at all (in the Camp Fire in 2018, the town of Paradise lost approximately 16,000 homes and only 4,000 have rebuilt primarily due to a lack of insurance funding to help rebuild). Literature is slowly emerging on what may happen in California over time and how such changes may affect housing and property markets more generally. Table 1 provides a simple overview of the companies that, as of July 2024, were offering home insurance between \$750,000 and \$1,000,000 in coverage. Since we do not have a history of insurance leaving the California market, these data show that companies are still offering home insurance and the average annual premium costs for such coverage with different deductibles.

Local employment outlook/ types of jobs (higher paying or lower paying) / impact on housing demand

Economists tend to look at labor markets through three major lenses in regional economies:

1. Unemployment rate dynamics;
2. Wage dynamics; and
3. Industries are growing and contracting in terms of employers' demand for labor.

The core idea is that if there are job losses (rising unemployment and lower employer demand), regional contractions in income will reduce demand for homes and simultaneously increase the number of units for sale. That is the primary economic argument.

Table 1: Insurance Companies Offering Insurance in Marin County, Sample Coverage Levels and Annual Premia at Different Deductibles, July 2024

Insurance Company	\$750,000 Coverage		\$1,000,000 Coverage	
	\$2,500 Deductible	\$5,000 Deductible	\$2,500 Deductible	\$5,000 Deductible
AAA (Interinsurance Exchange)	\$2,608	N/A	N/A	\$2,297
Aegis Security	\$3,728	\$3,355	\$3,773	\$3,186
Allstate	\$1,431	\$1,359	\$1,550	\$1,466
American National	\$1,558	N/A	N/A	\$948
American Security	\$2,148	\$2,021	\$2,553	\$2,553
Amica Mutual	\$1,968	\$1,803	\$2,166	\$1,896
ASI Select Ins Corp	\$2,089	\$1,869	\$1,686	\$1,525
Auto Owners Group	\$1,798	\$1,699	\$1,728	\$1,633
California Casualty	\$2,950	\$2,477	\$2,291	\$2,024
Chubb/Federal	\$4,396	\$3,772	\$4,370	\$3,872
CSAA Ins Exch	\$2,336	\$2,067	\$2,102	\$1,916
DB Ins Co. LTD (U.S. Branch)	\$3,271	\$2,824	\$3,087	\$2,737
Farmers Insurance Exchange	\$2,618	\$2,377	\$2,238	\$2,064
General Ins	\$2,821	\$2,175	\$1,921	\$1,666
Grange Ins Association	\$3,531	\$3,066	\$3,500	\$3,234
Homesite Ins Co of Midwest	\$1,878	\$1,756	\$1,616	\$1,537
Horace Mann	\$3,228	\$2,511	\$2,809	\$2,255
Horace Mann P & C	\$3,968	\$3,086	\$3,453	\$2,771
Integon/National	\$2,007	\$1,619	\$1,716	\$1,310
Lemonade Ins Co	\$1,392	\$1,247	\$1,401	\$1,255
MAPFRE Group	\$1,928	\$1,446	\$1,471	\$1,274
Mercury Ins Group (California Automobile Ins Co)	\$1,979	\$1,683	\$1,523	\$1,343
Nationwide Mutual	\$2,645	\$2,239	\$1,998	\$1,669
Privilege Underwriters Exch	\$3,810	\$2,972	\$2,945	\$2,358
QBE	\$1,872	\$1,629	\$1,822	\$1,741
Safeco Ins Co Of America	\$2,626	\$1,970	\$2,548	\$2,124
Spinnaker Ins Co	\$2,697	\$2,192	\$1,858	\$1,642
Standard Guaranty Ins Co	\$4,845	\$4,845	\$6,460	\$6,460
Stillwater Ins Co	\$1,547	\$1,239	\$1,213	\$1,033
Stillwater Prop & Cas Co	\$1,917	\$1,571	\$1,543	\$1,329
Sutton National Ins Co	\$1,661	\$1,378	\$1,571	\$1,304
Travelers (The Standard Fire Ins Co)	\$1,525	\$1,401	\$1,440	\$1,346
Universal North America	\$4,154	\$3,763	\$3,218	\$2,517
USAA (United Serv Automobile Assn)	\$2,186	N/A	N/A	\$1,794
Wawanesa	\$1,722	\$1,461	\$1,448	\$1,321
Western Mutual/Residence	\$2,200	\$1,890	\$1,899	\$1,662
Zurich American Ins Co	\$1,948	\$1,809	\$1,840	\$1,742

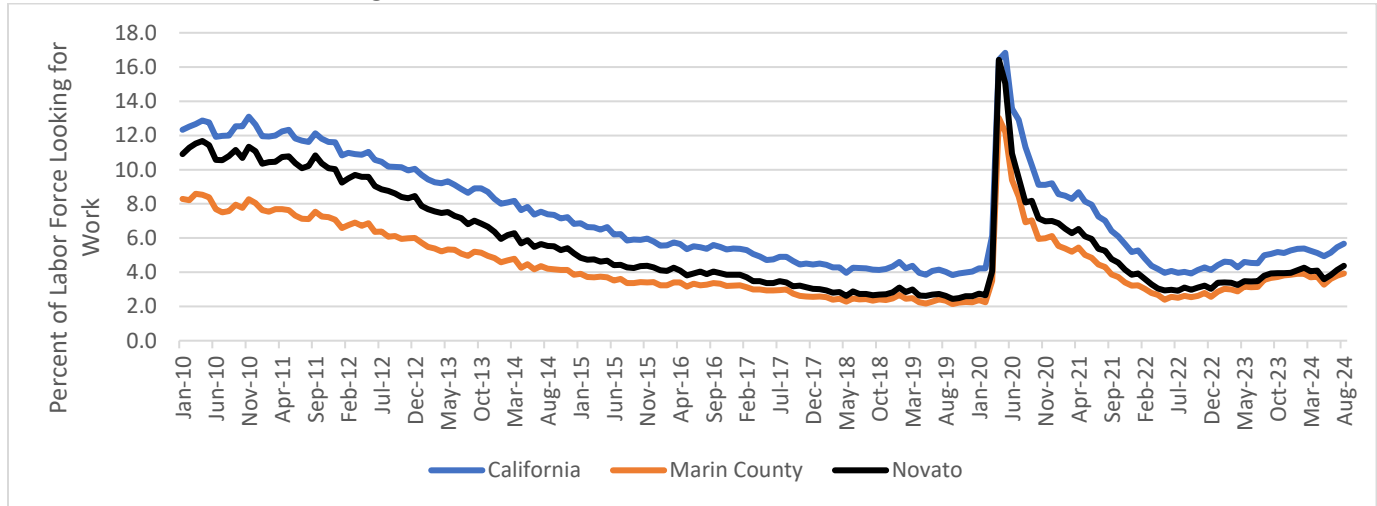
Source: California Department of Insurance

Since 2000, we have had three recessions and, thus, three downcycles of employment (unemployment increases in trend), as national and state economic factors affected regional labor and housing markets. A strong correlation exists between labor market activity and housing market activity **in trend**. As Figure 6a shows, the pandemic recession bucked that trend primarily because the shock to the labor market was relatively short in time (or perceived to be short-lived), and income and interest rate relief came in many forms. In previous recessions, including the Great Recession (2007-09), housing markets experienced lower prices for some months as state and national labor markets contracted, recovered, and expanded again. In the pandemic recession (Quarter 2 of 2020 only), the contraction was sharp but short-lived, and lower interest rates and work-from-

home policies increased housing demand as job loss did not necessarily mean income loss (due to employer policies and also federal programs to offset income losses for employers not to create job losses).

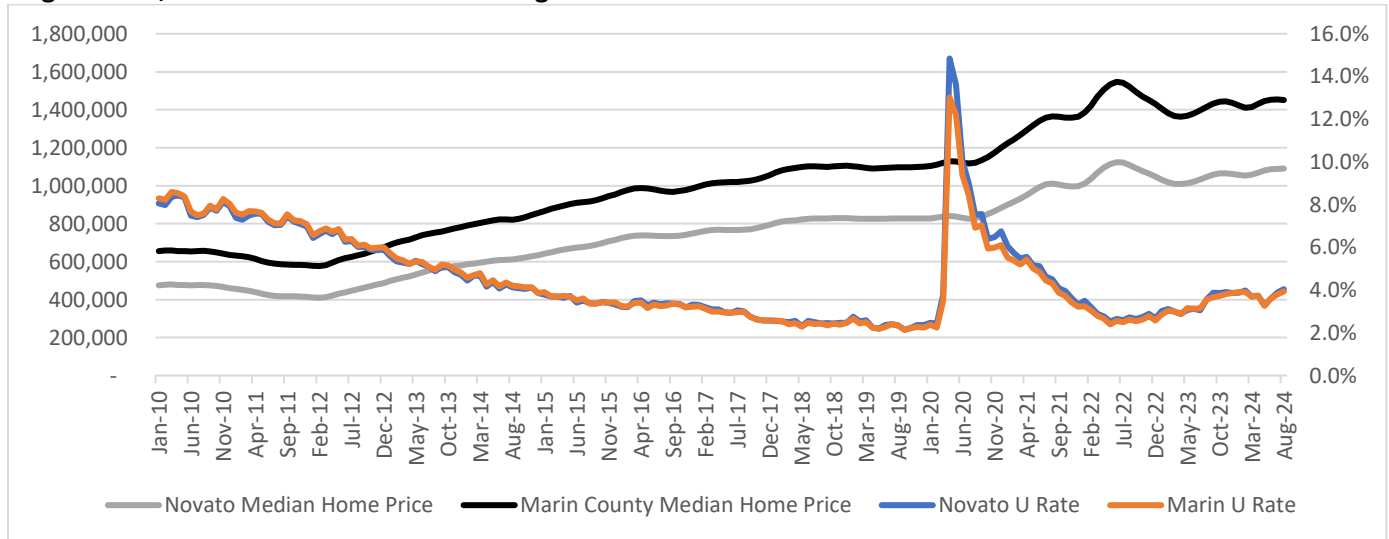
Figures 6a and 6b provide comparisons of unemployment rates in Novato, Marin County, and California and movements with housing prices (Figure 6b) since January 2000. Figure 7 does the same analysis with the number of people working, using annual data from 2002 to 2021 for Novato, Marin County, and California.

Figure 6a: Unemployment Rates, California, Novato and Marin County, Monthly, Jan 2010 to August 2024, Percent of Labor Force Looking for Work



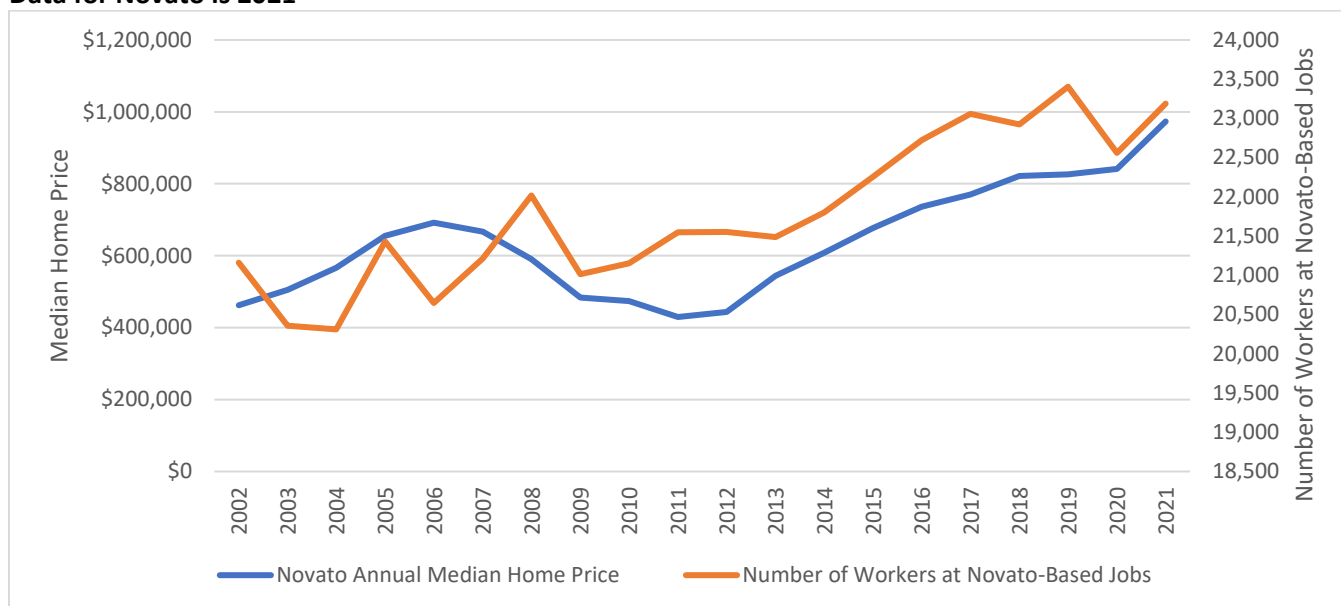
Source: California EDD and Author's Calculations for Seasonal Adjustments

Figure 6b: Unemployment Rates and Median Home Prices, Novato and Marin County, Monthly, Jan 2010 to August 2024, Percent of Labor Force Looking for Work



Source: California EDD and Author's Calculations for Seasonal Adjustments

Figure 7: Number of People Working in Novato at a Novato-based Employer, 2002 – 2021 (The latest Official Data for Novato is 2021)



Sources: Zillow™ Research and California Employment Development Department (California EDD)

Summary for Scenarios

The number of people working in Novato shows more explanatory power than measures of residential employment concerning housing prices. This makes sense; Novato’s population may rely less on Novato as a place to work, and thus city unemployment rates that measure local residents and their current employment status may not tell how there is change in local housing demand. However, those who work in Novato may want to reduce commute times, and thus, the number of people working in Novato influences demand more directly. Unfortunately, official data lags by 2-3 years regarding the number of people working in Novato.

Commercial real estate vacancy rates/market outlook

We showed earlier that home prices were very explanatory regarding assessed property values, such that the dynamics of commercial real estate are unlikely to affect assessed property values strongly. Commercial real estate markets have major submarkets that define Novato and Marin County’s commercial real estate offerings:

- Office;
- Multi-family apartments;
- Flex/R&D spaces;
- Medical;
- Retail and restaurant; and
- Warehousing and storage.

Similar to residential property markets, commercial real estate markets affect assessed property values because of new construction or transactions that change the property's cost basis to the new owner. Once that construction is in place and the land is improved, there are not the same dynamics in terms of property sales, creating a change in market value that allows a re-assessment. Data are best available in Marin County and Novato for office space due to the level of transactions and overall square feet of space; other spaces do not

turn over as often and thus do not affect pricing regularly. Vacancy rates have little effect on the trend in assessed property values for Novato.

Table 2: Vacancy Rates, Novato and Marin County, Quarter 1, 2019 to 2024, Selected Years, Percent Vacant

Novato			
	2019	2022	2024
Office	38.9%	29.7%	28.9%
Industrial	2.7%	1.4%	1.1%
Retail	7.6%	3.5%	4.6%
Marin County			
	2019	2022	2024
Office	23.0%	23.6%	22.6%
Industrial	1.6%	1.1%	1.3%
Retail	6.4%	5.5%	3.7%

Source: Keegan and Coppin Commercial

Any proposed ballot initiatives or legislation that could impact property values

As a rule, the key argument is not how home prices are affected by ballot measures that use parcel taxes as financing or changes in rules around rent control or development; it is how much faster prices would have increased but for the measures or propositions. For the 2024 ballot, state, county, and city initiatives could impact property values indirectly. There is no history of such changes affecting housing prices significantly. Figures 1 and 2 show that property values and assessed values have continued to rise over time and in concert with regional areas, all of which have different histories of local and county parcel taxes that may add funding to school districts, public safety, libraries, and other public services.

In Novato, Measure M is on the ballot to raise the local sales tax to 9.25%, adding 0.75% to the current rate. Such a change could indirectly shift some demand for housing away from Novato due to a marginally higher cost of living than before Measure M and compared to other places in Marin County. However, sales tax initiatives, both sunseting and new, have not directly changed home prices.

At the state level, Proposition 33 is likely the most consequential in terms of it potentially affecting new construction and current rental properties. If there is a change that allows more rent control options for cities, three likely outcomes take place:

- Slower growth of home construction, both for sale and for rent, due to unknown revenues to be derived by developers for housing units;
- Stable demand for rental properties (as offered) based on known rental price changes due to some form of rent control, which may affect demand for homes for sale; and
- Existing units that are salable as single-family homes that are currently rented will be offered for sale because of a change in the revenue flexibility to be derived from renting single-family homes.

Housing prices have increased in areas with rent-control ordinances since 2019 (except for San Francisco). Directly relating housing price movement to rent control is tricky, as many confounding factors can affect housing prices, as shown in this report. However, an argument that is out there is the ascension of housing

prices would have been faster without rent control. Table 3 shows the current cities in the greater Bay Area with some form of rent control and their dollar ascension in median home prices from August 2019 to August 2024

Table 3: Bay Area Cities with Rent Control Ordinances in Place, Median Home Price Changes, Current Dollar Change (\$) and Percentage Change (%), August 2019 to August 2024, Sorted by Change in Current Dollars

Place	Aug-19	Aug-24	\$ Change	% Change
California	\$535,444	\$773,363	\$237,919	44.4%
Novato	\$827,892	\$1,089,438	\$261,546	31.6%
Los Gatos	\$1,650,175	\$2,470,918	\$820,744	49.7%
San Jose	\$944,986	\$1,412,969	\$467,983	49.5%
Mountain View	\$1,552,038	\$1,927,113	\$375,075	24.2%
Alameda	\$955,665	\$1,196,730	\$241,065	25.2%
Hayward	\$653,947	\$884,995	\$231,047	35.3%
Berkeley	\$1,201,804	\$1,394,566	\$192,762	16.0%
Fairfax	\$555,066	\$746,874	\$191,807	34.6%
Antioch	\$456,127	\$619,575	\$163,448	35.8%
Concord	\$227,391	\$377,017	\$149,626	65.8%
Richmond	\$236,810	\$354,036	\$117,226	49.5%
Oakland	\$722,562	\$762,157	\$39,594	5.5%
East Palo Alto	\$966,368	\$975,981	\$9,614	1.0%
San Francisco	\$1,287,186	\$1,258,701	\$(28,485)	-2.2%

Source: Zillow™ Research

There is an array of measures on the ballot across Marin County, but none at the county level specifically. Some measures are for unincorporated areas (Kentfield, Petaluma Joint Union, Bolinas-Stinson school districts) related to school improvements or funding, with some in incorporated districts. Measures AA, B, C, E, and G all are bond measures paid for by additional parcel or property taxes, which directly (if passed) change the carrying cost of home or commercial property ownership. The Town of Fairfax (Measure J) and the City of San Rafael (Measure P) have additional parcel taxes for public spaces. Measure R is a square-foot building improvement on land-based parcel tax for Stinson Beach Fire Protection District. Before the Tax Cut and Jobs Act of 2017, these new expenses would generally be deductible on federal taxes, reducing their after-tax costs. However, a mix of ways may apply, given the relatively high housing prices in Marin County.

<https://www.marincounty.org/depts/rv/election-info/november-5-2024/page-data/tabs-collection/measures/list>

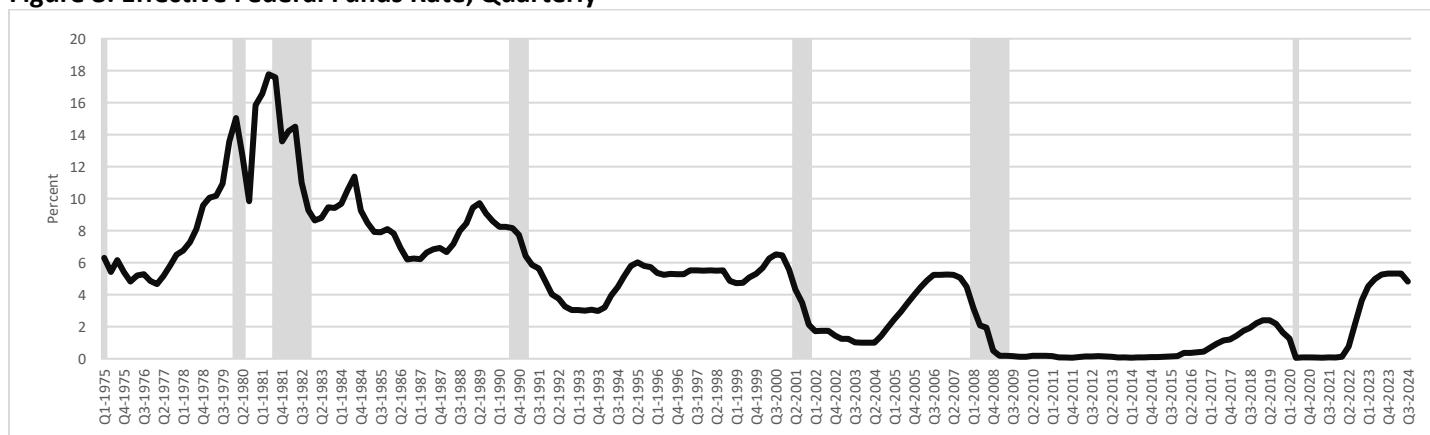
These measures, propositions, or presidential election outcomes should have little effect on assessed values because they will likely not greatly affect housing prices; plenty of measures have taken place in the past without a change in the ascension of housing prices to affect assessed property values.

Timing and size of Fed rate cuts

There is a long history of research on how central bank policy by the Federal Reserve (the American central bank) can affect interest rates beyond the interest rate it directly controls, the Federal Funds Rate (FFR). The

FFR is a rate at which banks lend to each other in a regulated market known as the Federal Funds market. This is a short-term market (generally overnight lending in which the loan is repaid the next day), where banks gain access to liquidity. Some of this liquidity may become lending. The Federal Home Loan Bank (FHLB) and other lenders have expanded the credit available for banks to generate liquidity since 2022 as interest rates increased and liquidity needs followed. When the FFR moves, lending rates may move more slowly because of these other organizations and the cash available. Figure 8 shows the FFR since 1982. Notice the 1980s were a time of significant volatility in the FFR, followed by more predictability and shaping of the FFR. The mortgage rate follows the FFR changes somewhat, but not perfectly and not causally, a large point of academic research.

Figure 8: Effective Federal Funds Rate, Quarterly



Source: FRED database (<https://fred.stlouisfed.org>)

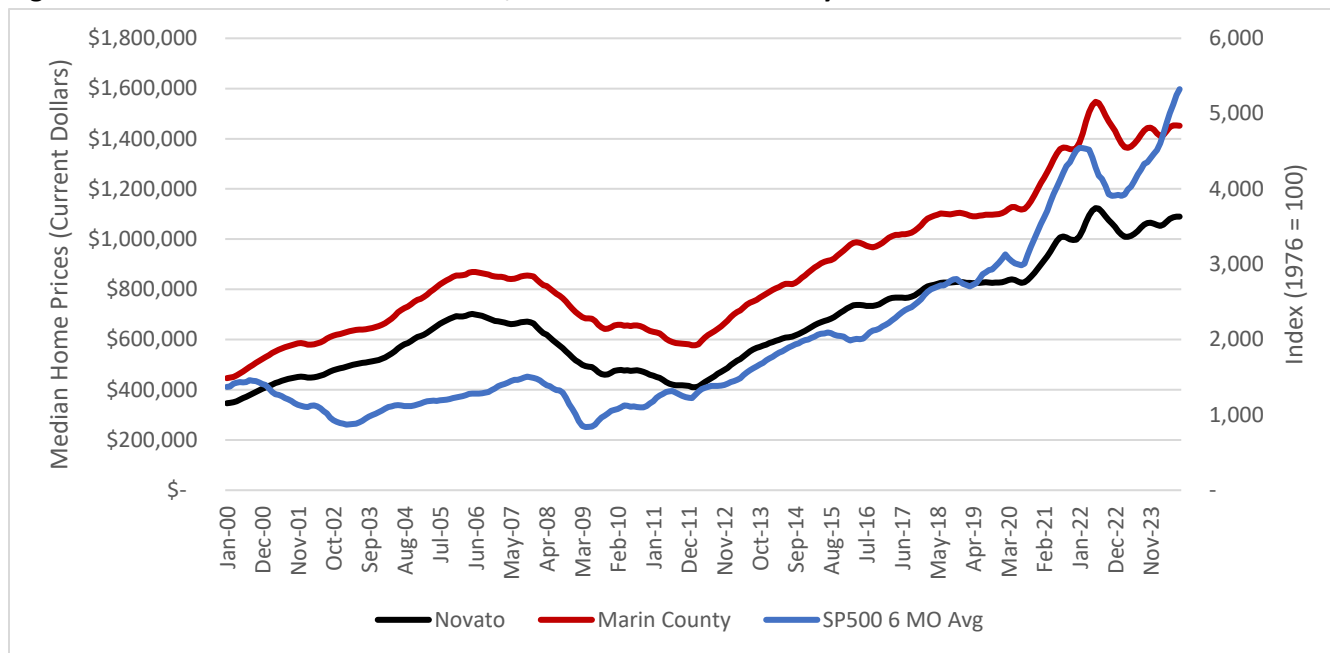
Summary For Scenarios

The correlation between the FFR and either Novato or Marin County home prices since 2000 monthly is 13.6% and 8.3%, respectively. That suggests little explanatory power in the variability of home prices comes from variability in the FFR. This makes sense; there is no direct relationship between FFR changes and lending rates without some time lag. The correlation is worse if we lag the FFR one year and estimate again. Further, over the last twenty years, almost eight of those years have been with a FFR of between 0 and 0.25 percent (the “zero lower bound”), the lowest possible value with no variation. One could make the case that the ultra-low interest rates created more liquidity and gave upward pressure on home prices. The dramatic rise in rates did not lead to a sell-off in 2022 and 2023; we should neither expect reduced rates to go back to the zero lower bound nor expect a buying frenzy as rates fall from recent heights, as shown in Figure 8.

Equity Markets and Local Housing Prices

The Standard and Poor’s 500 (SP 500) is the main way economists consider equity market changes and compare to other economic variables; the SP 500 is also a key component of many forecasting models for the American economy as a gauge of investor confidence in expected profitability of corporations traded on equity markets and expectations of interest rates. Figure 9 shows that the SP 500’s movement and local housing prices are highly correlated, 92.1 and 94.1 percent for Novato and Marin County, respectively. It is somewhat foolhardy to try and predict equity market changes; however, a significant correction (downturn) of the SP500 is likely to put some downward pressure on housing prices, while continued investor confidence likely provides support for stable or rising home prices.

Figure 9: SP500 and Median Home Prices, Novato and Marin County



Sources: FRED (<https://fred.stlouisfed.org/>) and MEF

Potential for escalation in global conflicts

Dubiously, global conflict can be stimulative for the American economy. If the United States is or is not involved directly in the conflict, domestic defense manufacturers and fiscal policy to increase defense spending and provide resources across the American economy. Neither equity nor housing markets have experienced a direct, negative effect from global conflicts, including the Russian invasion of Ukraine that started in 2022.

Hypothetically, a significant escalation could create some financial concern, which would likely flow through American equity markets first and then to housing; it is also possible there would be a large demand for tangible assets (property, for example) versus financial assets (stocks and bonds) due to enhanced financial risks versus risks to real property. Because there has not been a land-based war in Europe of global significance in terms of the larger economies of Europe being directly involved (the Bosnian conflict in the 1990s is as close as Europe has come to that until 2022 since the Second World War), it isn't easy to look back in history at a true, global escalation. Going back to situations including the Cuban Missile Crisis or the Vietnam War is going back to a time when both equity and housing markets were much different in terms of housing available and the way savings were held and is not a great comparison.

Summary for Scenarios

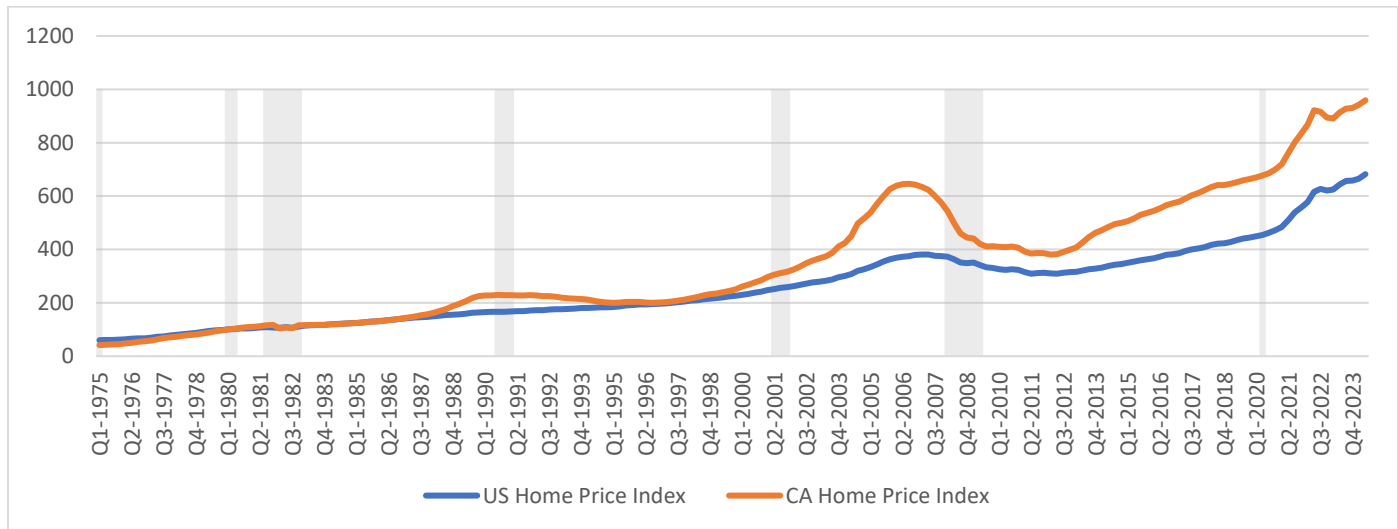
Do not expect escalation in global conflicts to affect property markets negatively. If anything, a significant escalation in the two current conflicts should slow down housing transactions and new supply, which may rebalance such that property values will continue to rise slower. However, an equity market selloff (the initial reaction to a flare-up, especially one that includes the United States directly) may have investors looking at real estate as an inflation hedge or a safe investment for the short to medium term.

Slowing economic growth/contraction

As discussed above, macroeconomic shifts and cycles affect housing and commercial real estate markets. Slower economic growth or possible economic contraction (income and job losses happening simultaneously) has generally created some downward momentum in housing markets. The basic economics of such changes are simple and easy to generalize. Figure 10 shows quarterly outcomes in US and California Home prices since 1975 and the recessions since that time to provide a longer view than prices since 2000. Recessions generally come with job losses. Under such conditions, local residents are going to re-evaluate their economic prospects in their current home:

- The supply of existing homes will increase as homes for sale come onto the market;
- The demand for homes will decrease based on increased economic uncertainty and income flows;
- The supply of new homes may fall due to developers' concerns over a lack of demand for new construction (which helps stabilize falling prices in part) and
- Rental vacancy may see a decrease as people sell a home and then rent in the short term to see if remaining in the area is possible;

Figure 10: US and CA Home Price Indices, Quarterly, Q1 1980 = 100, Q1 1975 to Q2 2024, With Recession Indicator



Source: FRED Database (<https://fred.stlouisfed.org/>), Shaded Areas = Declared Recessions

The effects of massive national debt on markets, including the impact on the US dollar, downgrades in US credit worthiness, etc.

National debt is a significant issue in terms of political rhetoric in the 2024 election. Still, neither party seems particularly concerned with reducing debt or curbing negative expectations about how a continued increase in the national debt (driven by a fiscal deficit where the federal government spends more than it generates in tax revenues) may concern investors.

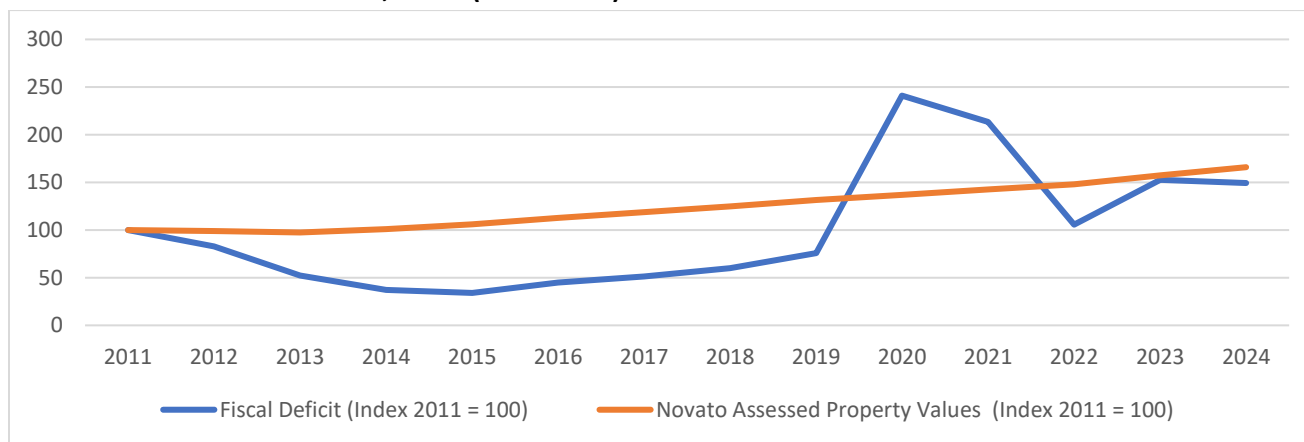
The debt level is not as crucial as the financial market's concerns over the ability to pay the debt back. Some emerging economies have larger debt-to-gross domestic product ratios (Japan and Italy are examples) than the United States, and their financial markets have not fallen apart or had that debt created massive financial investor pessimism about debt repayment. The debt must be maintained through interest payments or debt

service. After the Second World War, many countries printed money to pay their debt, creating domestic inflation (what economists call seigniorage revenues) as a price to reduce debt. The more this happens, the more the currency devalues, and then the economy is chasing the financial markets to find ways to maintain the debt (as the currency falls in value, foreign-currency-denominated debt becomes more expensive). There has been some flirting with downgrades of creditworthiness for the United States. However, the global financial markets still consider American government debt a place of financial safety and thus demand it. Our fiscal deficit outlook, through at least 2034, to continue to grow our debt, will rely on that demand to keep interest rates stable, but many Americans own that debt; foreign ownership of the debt makes for more danger in terms of other countries making policies or decisions that shift wealth quickly (the financial issues in China since 2022 have shown some of that selling behavior). So, as long as the world demands American debt, we can issue it. The key is at what interest rate and how those payments interfere with other federal spending unless more revenues are generated from taxes (another large issue in the 2024 election). However, there are looming threats to low-interest rates environments, and managing the debt load will be critical to shifting the costs of federal debt. For housing markets, stable and predictable interest rate environments are critical.

Related to National Debt: Election outcomes and fiscal policy impacts

The results of elections generally have little effect on housing markets outside of what is taking place in the macroeconomy otherwise. State and local elections may have some more significant effect if there are housing or parcel tax or property tax implications due to a ballot initiative or proposition at the local or state levels respectively. Even when there is a property-related change due to an election, there is usually a budget lag before an actual impact. Property generally does not start to transact quickly because of such change. Fiscal policy changes may provide a more or less after-tax return to home or property ownership. For example, the 2017 Tax Cut and Jobs Act (TCJA) created lower corporate tax rates (moving them from 35 percent down to 21 percent). For California, a part of the 2017 TCJA reduced the amount of tax deductions from state and local taxes (the so-called SALT cap that maximized deductions on state and local taxes one could take on federal tax returns to \$10,000). The 2017 TCJA was a significant piece of legislation in terms of the tax code; Figure 11 shows the assessed value of properties in Novato, the median home price in Novato, and the timing of the tax effects of the 2017 TCJA on the American economy. We showed macroeconomic factors and their effects on home prices and assessed values above; notice there is more of an economic cycle than an election cycle.

Figure 11: Fiscal Deficits and Assessed Values, National Deficit Data and Novato Assessed Values, Fiscal Year for Novato 2011-12 to 2023-24, Index (2011 = 100)

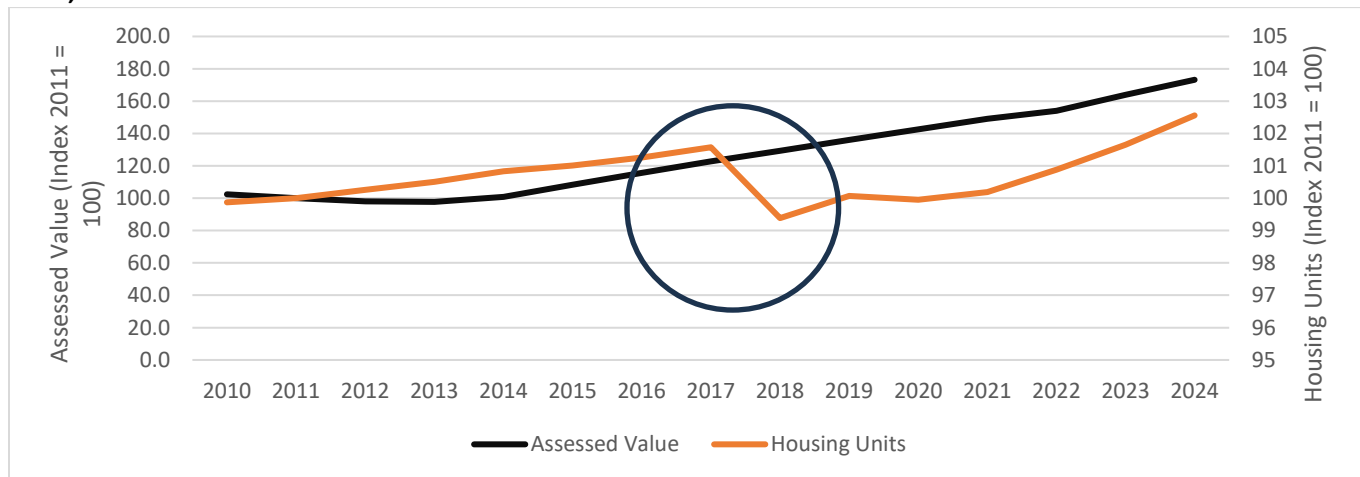


Sources: Novato Fire and Congressional Budget Office

What was learned from the catastrophic loss of properties associated with the Tubbs fire on Sonoma County's tax base?

The loss of homes in Sonoma County after the Tubbs Fire can be seen in Figure 12 alongside the assessed property values used for property tax purposes. Between 2010 and 2024, assessed values in the aggregate for Sonoma County moved from \$67.7 billion to \$114.49 billion. As of 2024, Sonoma County has yet to recover its total number of single-family homes; Figure 2 shows that Sonoma County's home prices have increased but remain below the comparison areas of Novato, other North Bay counties, and San Francisco. These data show that the fires in Sonoma County did not materially change the evolution of assessed values and, thus, property tax revenues in Sonoma County. The fires in 2017 were not the only factor in changing home prices; housing prices had risen steadily in Sonoma County since 2011, and 2018 was generally a challenging year for residential real estate. However, it is essential to see how shifts in both supply and demand can affect assessed property values. For example, when a home is destroyed by wildfire, improvements to a land parcel are lost. The land may be less valuable due to remediation, mitigation, and other efforts necessary to prepare the property for a rebuilt home.

Figure 12: Sonoma County Assessed Property Value for Property Tax Purposes and Total Housing Units, 2010-2024, Index 2011 = 100



Sources: County of Sonoma Assessor's Office and California Department of Finance

Timing and magnitude of the above impacts on assessed valuations: Scenarios and Conclusions

The above variables all have some effect on assessed property values. In years like 2009 and 2010, reduced property values due to a deep recession and reduced property values, even with very low interest rates, led to a reduction in assessed property values. Below are three scenarios that attempt to encapsulate how changes may be related and affect housing prices and, thus, assessed property values.

Scenarios

Based on the topics above, we consider possible scenarios under which some effects may be on assessed property values in Novato in Table 4.

Table 4: Scenario Weighted Values, Net Effects on Housing Prices and Assessed Property Values in Novato, 2025-2027

Characteristic	Scenario 1: More Uncertainty and Negative Economic and Political News	Scenario 2: Stable Economy and Political Situation (Status Quo)	Scenario 3: More Growth and Stable Political News and Geopolitics
Housing Prices	-4.7%	1.8%	5.1%
Housing Inventory	0.1%	0.2%	0.3%
Mortgage Rates	0.5%	0.5%	0.4%
Loss of insurance coverage	-0.5%	0.0%	0.3%
Employment Outlook	-0.5%	0.0%	0.5%
Types of Jobs	-0.1%	0.0%	0.1%
Comm RE Outlook: Office	-0.1%	0.0%	0.1%
Comm RE Other	1.8%	0.0%	1.0%
Prop 33 Passing	0.5%	0.0%	0.1%
Parcel tax measures passing	-0.8%	0.3%	1.3%
Federal Reserve Rate Changes	-0.1%	0.0%	0.1%
Presidential Election Outcome	-0.1%	-0.1%	-0.1%
Fiscal Deficits (National)	-0.3%	0.0%	0.3%
Global Conflict Escalation	0.5%	0.3%	0.1%
Economic slowdown/contraction	-1.0%	0.0%	0.5%
Dollar's Value internationally	-0.3%	0.0%	0.3%
US Credit Rating Threat	0.1%	0.0%	0.1%
Net Effect on Assessed Property Values	-4.2%	3.0%	9.1%

A weight was assigned to each of the variables above and then distributed among all the variables except for housing prices and the SP500, which were 81% of the effects on assessed property values (90% explanatory power x 90% explanatory power = 81% in combination) and 19% for all others. Each of the cells above is the effect on assessed property values based on our assessment of possible outcome annually over the next three fiscal years (for example, the outlook on office is expected to decrease assessed property values by 0.1% in the worst of the three cases and in the best only increase it by 0.1%).

Conclusions

Across the variables we considered, local employment at Novato-based employers, a general economic contraction, and changes in interest rates. Other variables, short of a major shift that markets did not expect, will have little effect on housing prices and, thus, on assessed values. Table 4 uses the “net Effect on Assessed Property Values” percentages to project forward to fiscal year 2027-28 in terms of assessed property values in Novato. Forecasted Values are in green.

Fiscal Year	Scenario 1	Scenario 2	Scenario 3
2016-17	\$11,942,487,024	\$11,942,487,024	\$11,942,487,024
2017-18	\$12,557,644,017	\$12,557,644,017	\$12,557,644,017
2018-19	\$13,230,836,844	\$13,230,836,844	\$13,230,836,844
2019-20	\$13,787,325,213	\$13,787,325,213	\$13,787,325,213
2020-21	\$14,351,690,565	\$14,351,690,565	\$14,351,690,565
2021-22	\$14,897,078,352	\$14,897,078,352	\$14,897,078,352
2022-23	\$15,819,930,079	\$15,819,930,079	\$15,819,930,079
2023-24	\$16,696,944,006	\$16,696,944,006	\$16,696,944,006
2024-25	\$16,546,671,510	\$17,197,852,326	\$17,548,488,150
2025-26	\$16,397,751,466	\$17,713,787,896	\$18,443,461,046
2026-27	\$16,250,171,703	\$18,245,201,533	\$19,384,077,559

About Marin Economic Forum

The Marin Economic Forum (MEF) provides information and opportunities to collaborate to improve Marin County’s economic vitality while seeking to increase social equity and protect the environment. Robert Eyler, PhD, MEF’s chief economist, was the lead author here. Please see www.marineconomicforum.org for more information.