



Finance Committee Summary

Wednesday, April 18, 2007

1:30 p.m.

3rd Floor Council Conference Room

Committee Members Present: Faatz, Chair; Brown, Vice-Chair; Boigon, Lehmann

Other Council Present: Garcia

Agenda:

- 1) *Re-appraisal and real property – home valuation briefing*

1) **Re-appraisal and Real Property – home valuation briefing.**

Committee Discussion

Paul Jacobs, Assessor's Office, explained that Denver taxpayers would be receiving mailed notices of valuation for real property by May 1. Out of a total of 187,000 properties; 181,000 are attributable to residential properties, the remainder are commercial. Based on Colorado state statute, property value must be reflective of "base year" level of value and must be completely updated in odd numbered years. For assessment purposes, the "base period" is the 18-month period from January 1, 2005 to June 30, 2006 to project property values for 2007/2008.

The TABOR and Gallagher Amendments protect Colorado owners from large increases in property tax levies. The TABOR Amendment limits taxes to last year's revenue plus growth. Ben White, Assessor's Office, explained that residential assessed values are established by multiplying the actual value (fair market value which includes inflationary trends, new construction and remodeling, real estate market, etc.) times the assessment ratio then multiplying the assessed value by the appropriate mill levy. Preliminary estimates show that the assessment ratio for residential property tax will be maintained at 7.9% and commercial at 29%. Your location of property determines the taxes you pay. On average, Denver's residential assessments increased approximately 6% compared to 2006 levels. Denver maintains one of the lowest tax rates in the nation, commented Mr. Jacobs. Residential property owners will not see a tax increase unless their new values rose more than 6%. However, residential owners whose values went up by less than 6% or declined may incur a tax decrease. The following represents residential property value changes by Council district (see attached map):

District 1: 12.7%
District 2: -1.3%
District 3: -3.3%
District 4: 3.5%
District 5: 7.7%

District 6: 9.6%
District 7: 10.3%
District 8: 12.3%
District 9: 7.4%
District 10: 9.6%

District 11: 0.0%

Councilmember Faatz questioned how foreclosure property was figured into the analysis. Mr. White indicated that those properties generally sell for less than the majority, but that the city watches for various factors, including mortgage fraud. The Assessor's Office will be sending out materials to show specific district information. Foreclosure information is monitored and recorded by the Public Trustees Office and there are timelines involved that represent certain steps that are taken when property is foreclosed. Councilmember Garcia is surprised that District 1 statistics are the highest and asked how the various factors are analyzed. Mr. Jacobs explained that Denver uses market approach to value property. Market approach entails analyzing similar properties which were sold during the "base period" and are adjusted to time (to June 30, 2006) to arrive at the property value. Various elements such as age, location, and schools are typically extracted to get to the actual value.

Keith Erffmeyer, Assessor's Office, noted that Denver's commercial properties have increased in market value from \$2 billion to \$3 billion. Retail in southwest, southeast, and northeast Denver experienced an overall change of 30% or \$1 billion impact. The reason for this is attributable to 30 large transactions in the last three years, something that has not taken place in Denver in 15 years. It will not be known until December 2007 what the net revenue would be to the General Fund.

Taxpayers who disagree with their valuation or have questions can contact the Assessor's Office at 720-913-4164. Appeals in writing must be submitted and postmarked no later than June 1, 2007. Individuals may also appeal in person at the following libraries: Woodbury, Bear Valley, Hampden, and Virginia Village (see attachment for days and times). Citizens can also utilize 311 to get assistance. Councilmember Boigon requested an additional site be available in northeast Denver (District 11). Mr. Jacobs said they would look at the accessibility, but they generally provide sites based on where the most amount of appeals are located. In 2005, the office received a total of 6,500 appeals. Of that amount, only 2,500 (2.6%) appeals were adjusted.

Councilmembers requested that the Assessor's staff prepare a press release for Councilmembers before the May 1 mailing. In addition, Councilmembers requested maps for every district containing the residential value changes by neighborhood areas (see attachment).