# MEMORANDUM

DATE: APRIL 15, 2010

TO: GARY FIELDS, FINANCE DIRECTOR

FROM: RICHARD SANDERSON, CITY ASSESSOR

SUBJECT: ADDITIONAL INFORMATION CONCERNING 2010 REAL PROPERTY ASSESSMENTS

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The purpose of this memorandum is to provide additional information about changes in the 2010 real property tax base.

The valuation of locally-assessed real property declined 5.41% from the originally reported figure of $1,106,858,700 in 2009 to $1,046,928,700 for 2010. This decline follows a 31.34% declined in the City's real estate tax base for the 2009 assessments and an 8.77% decline for 2008. The City's locally-assessed real estate has suffered a $720.2 million loss (representing a 40.75% decline) since 2007 when the tax base was $1,767,088,100.

2.63% of the decline from 2009 to 2010, or $29,164,500, from the originally reported tax assessment base for 2009 of $1,106,858,700, was a result of equalizing the 2009 assessments through the assessment review and appeal process. For the 2010 reassessment the 2009 equalized assessment base declined another 2.85%, or $30,765,500, to result in $1,046,928,700 for 2010.

Residential assessments declined 2.01% overall for the 2010 assessments, but seems to have finally stabilized after the steep decline last year. Commercial and industrial property assessments (including multi-family apartments and vacant land) declined 13.08% for 2010. Income-producing properties have suffered from lower rent levels, increased concessions, and higher operating expenses. Although nationally and regionally investors are concerned with commercial real estate (CRE) foreclosures, only one CRE foreclosure occurred in the City during calendar year 2009. Commercial property assessment declines have been steeper in neighboring communities as a result of differences in the make up commercial properties. For example, hotel, motel and extended stay properties suffered some of the largest declines in assessments in neighboring communities for 2010, where the City had no such properties for the 2010 assessments.

Table A below shows a three year history of changes in assessed values for each major property type due to value appreciation or depreciation.

**Table A: Year-to-Year Change in Assessed Values for Typical Property Types Due to Value Appreciation or Deprecation**

| Property Type | 2008 | 2009 | 2010 |
|---|---|---|---|
| | | | |
| Single family detached homes | -13.15% | -41.11% | -2.63% |
| Townhomes | -12.9% | -39.94% | -1.01% |
| Condominiums | -10.89% | -40.98% | -1.45% |
| | | | |
| Residential properties | -12.64% | -41.0% | -2.17% |
| | | | |
| Commercial/ind. properties | 5.0% | -1.27% | -13.08% |
| | | | |
| Total tax base | -8.77% | -31.34% | -5.41% |

New growth in the amount of $5.6 million in assessed value for 2010 offset what would have been slightly higher declines in residential, commercial, and industrial property assessments. The majority of the new growth represents greater occupancy at the City Center apartments and new construction at Kent Village Shopping Center and the re-use of the former Farrish car dealership as the Speedy Green Carwash. New growth is included in the above-stated figures, with the exception of Table A, but a detailed Real Property Assessment Report for 2010 will be completed in late April that describes changes in the appreciation, deprecation, and new construction for each class of locally-assessed real property.