

Metro Area Property Tax Rates Vary Far More Than Most Buyers Realize

Whether you're house hunting in the City & County of Denver or in Jefferson County, property taxes can vary significantly, something to which home buyers should really pay more attention than they typically do.

REAL ESTATE TODAY



By **JIM SMITH**, Realtor®

For example, the total mill levy for "old Denver" is currently 78.127 mills. On a home valued at \$500,000 by the county assessor, that computes to \$3,109.45 in annual property tax. The same value home in older sections of Arvada, with its 96.227 mill levy, would have a tax bill of \$3,829.83. In the City of Golden (not to be confused with all homes that may have Golden postal addresses) the tax bill for a \$500,000 house would be \$3,369.07, based on a total mill levy rate of 84.65 mills.

But the mill levy can be much higher if you are looking at such newer areas as Stapleton or Green Valley Ranch in Denver, or Candelas and Green Gables in Jefferson County.

Real estate websites, including www.Zillow.com and the MLS itself (www.REcolorado.com), show the annual property taxes for each house, but they don't indicate the mill levy, which would allow you to compare the mill levies of competing listings. You can get a "walk score" but you can't get a "tax score"!

Builders take advantage of that lack of transparency about tax rates. Whereas in the past builders would factor the cost of infrastructure into the pricing of their new homes, most builders today prefer to create a "metropolitan tax district" as allowed by state law, and have those infrastructure costs paid for by the home buyer in higher property taxes.

Indeed, builders who don't take that approach are a competitive disadvantage in marketing their homes. Let's say that building the infrastructure — streets, sidewalks, sewers, etc. — adds \$40,000 to the cost of each home in what used to be a horse pasture. If a builder absorbs that expense, his new home is still compared by home buyers "apples to apples" against a home built in a subdivision where that cost is not paid by the builder. Buyers comparing the two homes have no idea of the difference. If you were a builder, which route would you choose? You'd

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suffer financially if you didn't take the same approach as your competitors

The difference is compounded by the fact that the \$40,000 expense that's passed on through an additional mill levy ends up costing the homeowner more than twice or three times as much over the 30 years that it takes to pay off the bond issue which was floated by the developer and paid off through a mill levy imposed by a tax district.

Consider this example. Leyden Rock Metropolitan District #5 in Arvada has a mill levy of 46.25 mills which is on top of Arvada's base mill levy. Only 40 mills of that levy goes toward repayment of principal and interest on the bond issue. The other 6.25 mills goes toward "administration" of the tax district. So not only is the homeowner paying interest on the infrastructure investment, he is paying \$7,462 (on a home valued at \$500,000) for the tax district administration over the 30-year life of the bond issue. That's assuming no increase in the value of that home, so obviously the ultimate cost is much higher.

My research shows that Stapleton's mill levy — which is on top of Denver's citywide mill levy of 78.127 mills — is currently 56.619 mills. That computes to \$2,253.46 in additional property tax on a \$500,000 home versus the same value home in Park Hill or other sections of Denver built without creating such tax districts.

In Jefferson County, the highest tax district levy is the 75 mills charged homeowners in Candelas, the subdivision built just south of the former Rocky Flats nuclear weapons plant. Homeowners there are paying an additional \$2,985 in property tax. Even without factoring in the fact that property taxes will rise as home values increase in coming year, those homeowners are easily paying over

\$100,000 on top of what they paid the builder for their home, just because the builder wouldn't pay for the subdivision's infrastructure.

I'd like to see REcolorado (Denver's MLS) include a field for mill levy and not just the dollar amount of last year's property taxes. Developers wouldn't appreciate that, because it would severely impact the marketability of their subdivisions with metropolitan tax districts.

Here are some total mill levies and the corresponding tax bills for a \$500,000 home in some of the subdivisions with metropolitan tax districts:

Solterra	147.89 mills	\$5,886.02
Stapleton	134.746 mills	\$5,362.89
Candelas	166.277 mills	\$6,617.82
GVR—North	162.127 mills	\$6,452.65
For comparison:		
Old Denver	78.127 mills	\$3,109.45
Old Arvada	96.227 mills	\$3,829.83

A common misconception among homeowners in Jefferson County is that unincorporated areas have lower property taxes than incorporated areas. Actually, the opposite is true. There's a natural economy of scale. I like to point out that the City of Golden's portion of the total mill levy for Golden homes is only 12.34 mills, which pays for fire, police, parks & recreation, street maintenance, and more. Yet the mill levy for the West Metro Fire District, which provides only fire protection, is 13.55 mills. No area of unincorporated Jefferson County — with or without a metropolitan tax district — enjoys lower property tax bills than the City of Golden or older sections of Arvada. And sections of Denver without a metropolitan tax district have even lower property taxes than either Golden or Arvada.

This Week's New Listing from Golden Real Estate

Foothills Home Near Golden Offers Great Mountain Views

This home at **30829 Robinson Hill Road** is just 9 miles up Golden Gate Canyon from Highway 93. That's 20 minutes from downtown Golden or the light rail station on Johnson Road. This 3,584-sq.-ft. home sits on 2 acres, has 4 bedrooms, 3 bathrooms, a fabulous home theatre, game room with wet bar and oversized 3-car garage. It has a fenced yard with dog run, too! The home and its spacious decks (both front & back) are freshly painted and is move-in ready! The buyer gets free use of Golden Real Estate's moving truck, plus free moving boxes and packing materials. If you don't have a buyer's agent, you even get free labor for your move from within the Denver metro area! Take the narrated video tour, then come to our **open house this Saturday, 1-4 p.m.** Or call me at **303-525-1851**.



Take a narrated video tour (including drone footage) at www.FossilTraceHome.info. Then call listing agent David Dlugasch, 303-908-4835, for a private showing.

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