Property Taxes in 2019 Will Be Based on the Value of Your Home This Saturday

Colorado’s constitution mandates that every county assessor base the assessment of real estate taxes on the full market valuation of each parcel as of June 30th of every even-numbered year. Next May, the assessor will mail out an estimated value as of this Saturday to each parcel owner, giving until June 1st to challenge the assessor’s valuation.

Although June MLS statistics aren’t complete yet, let’s compare current sales statistics with those from June 2016. (Remember: Not all sales are on the MLS.) Using REcolorado (Denver’s MLS) as my source, the average price per total square foot (PSF) of condos and townhomes in the City & County of Denver rose from $279 in June 2016 to $320 this month. That is a 14.7% increase in value, which is surprising, given that the median sold price during that same timeframe increased from $277,250 to $380,500, a 17.3% increase, although the median sold price increased by 20% (from $405,000 to $486,200).

These calculations are for Denver as a whole. There will, of course, be greater or lesser valuation changes in different Denver neighborhoods. Here are some examples, based on price per total square foot:

- Green Valley Ranch: 10.7%
- Northeast Denver: 14.9%
- Cherry Creek, Hilltop, Montclair: 15.4%
- Southeast Denver (Alameda to Evans): 10.5%
- Southeast Denver (south of Evans): 10.7%
- Downtown Denver (to Platte River): 19.8%
- Northwest Denver (Sloans Lake, Highland, Berkeley, Sunnyside): 18.4%
- Golden Triangle: 9.6%
- West Denver (Colfax to 6th Ave. only): 24.9%
- West Denver (6th Ave. to Alameda): 14.9%
- Southwest Denver (Alameda to Jewell): 24.4%
- Southwest Denver (south of Jewell Ave.): 24.4%

Valuations also can vary based on style. For example, across Denver ranch style (1 story) homes saw an increase in price per total square foot of 19.3%, whereas non-ranch style homes saw an average increase of 13.8%.

The age of the home can also make a difference. Single family detached homes built before 1990 saw their average PSF values increase by 16.2%, whereas homes built in 1990 or later increased by 11.5%.

All these variations point to only one conclusion — that you need to use the tools provided on the Denver assessor’s web page (which I’ll explain in a May 2019 column) to determine whether the assessor has valued your home correctly. Last May I challenged the increase on my own home, and, by using the eligible comps listed on the assessor’s website, I received a reduction of nearly $150,000.

Lastly, let me share how the Gallagher Amendment to the state constitution serves to reduce the impact of increased valuations on residential property tax bills.

That amendment fixes the assessment ratio for non-residential property at 29% of the full valuation. For example, if a commercial property has a full valuation of $1 million, the assessed value against which the mill levy is applied is 29% of that amount, or $290,000. Because that assessment ratio remains fixed at 29%, and because the amendment requires that non-residential property taxes equal 55% of the total property tax revenue statewide, the ratio applied to residential properties keeps dropping from 21% when the Gallagher Amendment took effect in 1982. Last year, that ratio dropped to 7.2%, and it is projected to drop to 6.11% next year. The end result could actually be a reduced assessed valuation even in the face of an increased full valuation.

Let’s say your home was worth $400,000 in 2016, with an assessed value of $28,800 (7.2%). Now your home is worth $500,000, a 25% increase, but if the assessment ratio is reduced to 6.11% as expected, the mill levy will now be applied to an assessed value of $30,550 — an increase of less than 6.1%. Thus, if the mill levy remains unchanged, your property taxes will increase by only 6.1%, even though your home’s value (as determined by the assessor) increased by 25%.

Moreover, mill levies from many of the different taxing districts keep declining as a result of the Taxpayer Bill of Rights (TABOR) provision of the constitution, so your actual property tax increase in the above example could well be less than 5%.

Enjoy the Savings of Solar Power in This Arvada Home

Not visible from the street is this home’s solar system, which meets most of this home’s electrical needs for only $137/month year-round. It is located in the Candlelight Valley subdivision adjacent to the Van Biber open space park. A trailhead is just two blocks away. It’s a super quiet location, as you can tell by watching the narrated video tour at www.JeffcoSolarHomes.com. This home has a finished walk-out basement and has one of the larger lots — over 1/3 acre. Everything about this home is top shelf, including the gourmet kitchen with marble floor, granite countertops and built-in refrigerator. The walk-out basement is a mother-in-law apartment with its own kitchen. The expansive deck and covered patio provide additional entertainment possibilities. Open Sat. 1-4 pm.

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