

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.

If you are wondering how much **your** property taxes might go up for the next 2-year cycle, you need only compare what your home **might** have sold for on June 30, 2016, with what it **could** sell for now, based on the sale of comparable homes.

REAL ESTATE TODAY



By **JIM SMITH, Realtor®**

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 **37.2% increase**. (With more space I might theorize.)

During that same period the average price per total

square foot of **detached single family homes** rose from **\$231** to **\$271**, 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 in-

crease 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%.

Last Week's "Personal" Column Touched a Nerve

When I took the unusual step of devoting last week's column to politics, my broker associates and I had little idea what the response from readers would be. What blowback would we get?

It's unusual to get one or two emails or calls from readers about a column, but last week I received over 60 emails and many calls that were positive, and only 3 emails (no calls, 1 letter) of a negative nature. There were so many emails that I created a separate folder in Outlook to save them. Common themes were to thank me for my comments and for my "courage" in risking the loss of business for my brokerage, and many of the writers said they would use Golden Real Estate **because** they were so pleased that I spoke out. Four people came to my office on Friday to thank me in person. One came on Monday to set a listing appointment.

Several readers, including Rep. Ed Perlmutter, liked my suggestion that the Democratic leadership create a "Shadow Cabinet" to monitor the actions and pronouncements of Trump's cabinet members.

This level of response was all the more remarkable since, by eliminating all branding in the ad, no phone number, email address, website or other contact info appeared with the column.

My blog post of that column has additional content. It's at www.JimSmith145.blogspot.com.

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 Bibber 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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