

Property value reassessments in high demand

Contributed by Elizabeth Larson
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LAKE COUNTY — The economy has many people worried, such as property owners concerned that their investments may be jeopardized by decreasing values.

Lowered property values are leading many people to seek reassessments of their property, which could give them some relief on their property tax bills.

Lake County Assessor-Record Doug Wacker said property values throughout the state have been going down in the wake of the country's economic problems and the foreclosure crisis.

Beginning in about 2000, the state's property values began what Wacker called "a pretty good run on values," with steady increases over the next several years.

That has slowed a bit over the last few years. However, Wacker said Lake County has continued to be in the plus column when it comes to growing value.

For 2008-09, the overall roll increase is 3.69 percent, Wacker said. That's the smallest increase since a 1.7-percent climb was recorded in the property tax roll for the 1998-99 fiscal year.

This year's local property roll increase was about average when compared with the rest of the state, he said.

Wacker pointed to the California Assessors Association's 2008-09 roll change data.

That survey showed Lake County's gross change was 4.08 percent — before it was adjusted to the 3.69 percent figure — which was just below the 4.93 percent overall average, said Wacker.

The assessors association's records show Lake County's 2007-08 tax roll was valued at more than \$6.8 billion, which climbed to \$7.1 billion for 2008-09.

Inyo County recorded a 29.63-percent roll increase this year, while the lowest was Yuba County, with -3.79 percent.

Wacker has been in the business of tracking property values for a long time, so he's able to look at it from a cyclical standpoint. Even the foreclosure mess, he said, is part of such a cyclical trend, although it's been exaggerated by the unusual nature of the loans used in recent years.

"There was a lot of crazy financing going on out there," he said.

As foreclosed homes are purchased, and as other people watch their property values drop, Wacker's office is finding itself busier than usual in reassessing values.

Because of the current situation with home values, Wacker said many counties are trying to be proactive when it comes to reassessments.

So they're conducting more Proposition 8 reviews. Such reviews can be requested by property owners if their property's market value falls below its factored base year value, determined as of Jan. 1 of the year, said Wacker.

In looking at county property values, Wacker noted, "We've seen a pretty substantial drop since the first of the year."

Normally, Wacker's office does about 2,000 Proposition 8 reviews each year, primarily on manufactured homes in mobile home parks and paper subdivision lots.

This year, however, the number of properties up for reassessment was at about 5,500 when Wacker was preparing the tax roll for the start of the fiscal year in July. Since closing the roll, Wacker said his office has reviewed 550 properties and had an additional 200 for which owners were requesting a review.

When the reviews are conducted, Wacker said his staff looks at home sales in relation to the home that is being reassessed. That helps them understand market conditions and values.

Any value adjustments, he said, will be recorded on next year's tax bill.

If the owner doesn't get that tax relief they're hoping for, Wacker said they can appeal the reassessment to the Board of Supervisors, which also serves as the assessment appeals board. He added that they've had a lot of people file such appeals.

Wacker said foreclosures have been increasing this year. "This year has been very high," he said, with the Hidden Valley Lake area appearing to be the hardest hit.

However, he anticipates continuing to see local property values go up due to the rising consumer price index.

Wacker said it will be interesting to see how commercial properties' values fare in the year ahead.

While reassessments may be helpful to individuals, the refunds and lowered assessments are impacting the county's revenues.

Pam Cochrane, the county's auditor and clerk, handles refunds when property values are changed. She said over the past three years the county has issued approximately \$1.79 million in refunds.

She said refunds are expected to rise for another year.

Reassessment activity to match current levels was most recently found in 1989, 1990 and 1991, Cochrane said.

She said there are special procedures put in place to handle refunds which she called "a more timely, manual process."

"Since the assessor's office does a good job keeping us in the loop, we have been expecting the increase in refunds," Cochrane added.

She said the county's budget projections for this year took the potential for more refunds into account.

Kelly Cox, the county's chief administrative officer, said it's still too early to tell what the impacts of the lost property tax revenue will be for the county.

“It will likely have long-term impacts to our revenues – not just this year,” he said.

Cox said he'll know more by the end of this month after the first apportionment of taxes is made by the County Auditor's Office.

When looking ahead, Wacker again pointed to the cyclical trends of property value in predicting an eventual upward trend.

“It'll cycle through again, it's just a matter of when it will,” he said. “Who knows?”

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