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Metro Denver homeowners face property tax hikes in next two years

NEWS > COLORADO NEWS

Red-hot real estate market leads to property tax spikes around metro Denver

Property valuations will jump by up to 40 percent, hitting lower-priced homes hardest

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4

Homeowners across metro Denver should brace themselves for notices of property valuation arriving soon in the mail that will weigh heavily on property taxes during the next two years.

The short of it: Property taxes are going to go up, and for many, they're going way up.

That's the news from seven metro-area county assessors, who on Tuesday held a news conference to announce spikes in median home property valuations, (ranging from about 17 percent for single-family homes in Douglas County to 40 percent for all homes in Adams County.)

In those counties — as well as in Arapahoe, Boulder, Denver, Elbert and Jefferson — property tax increases will vary greatly, depending on factors such as neighborhood popularity, amount of new construction and affordability.

That last group will be among those hit the hardest.

“Neighborhoods that had among the lower property values in 2014 are

Illustrating the variations within a county, Jefferson County Assessor Ron Sandstrom measured a median 35.9 percent gain in home values in Edgewater, compared with a 22.3 percent median increase in Westminster, and an 18.1 percent gain in Golden and unincorporated parts of the county.

In Denver's Sun Valley neighborhood, historically a distressed area, home values rose by a median 70.4 percent, the largest of any city neighborhood. The median values in Athmar Park, Elyria Swansea, Valverde and Villa Park all increased by at least 50 percent in the latest two-year cycle.

On the more expensive end of the housing market, less competition and more new supply helped restrain price increases. Home values in Cherry Creek, for example, were up a median 15.5 percent over two years, tame by Denver standards.

Commercial properties also saw big increases. Boulder County recorded a 23 percent median increase, Arapahoe County a 22 percent gain and Denver a 19.9 percent increase.

The cost of vacant land also shot up. In Adams County, vacant parcels rose a median 68 percent in value. Higher land prices add to the costs of new homes, which could further push up all home prices.

State property tax administrator JoAnn Groff, who also attended Tuesday's news conference, said that property values in nine Colorado counties rose a median of 20 percent or more over the past two years. Another 20 had gains between 10 percent and 20 percent, which point to higher property taxes in the future.

But in 35 counties covering large swaths of rural Colorado, property values didn't muster increases above 10 percent, Groff said. Those parts of the state could see property tax collections drop next year due to a decrease in the residential assessment ratio.

That ratio, multiplied by the actual value, determines "assessed" value, or the share of a home's value that can be taxed. The legislature is expected to pass a bill to drop that residential assessment ratio from 7.9 percent to 7.2 percent.

A lower ratio would shave nearly 9 percent off property taxes, assuming local levies for schools, fire protection and other services stay the same. Gains along the Front Range are strong enough to overcome that decrease by a wide margin. But that isn't the case in many rural areas.

The Taxpayer's Bill of Rights limits how much additional revenues governments can collect in a given year in Colorado. But voters in many areas have provided local governments an exemption from those limits, which would allow them to collect more based on the higher values.

Sandstrom said metro-area taxpayers concerned about the size of future property tax bills should try to influence what kind of revenue increases local districts approve in coming months.

Property owners also have until June 1 to question the value that assessors came up with. In most metro counties, they can do so in writing, online or in person. A review and appeals process follows, with values locked in by early December.

Next year's tax notices will go out in early January, at which point it will be too late to contest a property's valuation. That next round of property taxes will be due April 30 for those making a single payment.

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