

Valuations reflect declining market

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MONTROSE — Property values in Montrose County have plummeted by as much as 20 percent, according to the assessor's state-mandated reappraisal.

"All classes, except for agricultural land, have decreased," for the 2011 evaluation period, said Montrose County Assessor Brad Hughes Friday.

Valuation notices go out in May, and will in general reflect a downward trend.

The valuation of residential improved land is down by an average of 9 percent, while vacant land decreased by about 20 percent, Hughes said. Commercial land went down by 10 percent.

Under state law, the assessor's office re-assesses property values every two years. To establish a property's assessed value, Hughes uses the statewide assessment rate of 7.96 percent of market value for residential and residential-improved properties. For all other types of property, the assessment rate is 29 percent of the market value.

The assessed value is multiplied by whatever mill levy rates apply to the improvement districts in which a property is located. The resulting number is the property tax.

To determine a property's fair market value, the assessor analyzes sales of vacant land and improved property over an 18-month period, in this case, market data from

Jan. 1, 2009, to June 30, 2010.

The county must still set its mill levies, so while Hughes "anticipates a decline in property taxes," he said he does not want to speculate.

"What this (valuation) is going to translate to in taxes, we don't know yet. The mill levies still have to be set to determine what final taxes are going to be," he said.

Because of the assessment calendar, property valuations will not match current market conditions, Hughes said in a news release.

"This is the first time since we've had a decline in the 12 years since I've been here," Hughes said Friday, calling the cutoff date of June 30, 2010 "key."

May's notice may not reflect today's market conditions. "It's slower now than it was last summer," he said.

"There is still an over-supply in vacant lots, and our land values have gone down tremendously because of it."

Those who would ordinarily buy the lots cannot sell their homes to move here, he said. Most of the transactions the county has seen came from developers who so desperately needed to sell that they did so at reduced prices.

Residential property owners sellers face stiff competition from the foreclosure market, which is driving down the price they can ask for their homes. One in

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every five residential sales Hughes used to re-assess values involved a bank.

Ninety new foreclosures have been recorded since the start of the year, said Montrose County Treasurer Rosemary Murphy. Last year, 124 were recorded between January and April 22, but Murphy says her office “anticipates catching up” to that number once attorneys hand in outstanding files.

The total number of foreclosures for 2010 was 386 — roughly 100 more than were recorded in 2009.

Commercial valuation rates dropped due to lack of volume of sales, decline in rental rates and increase in vacancy numbers. Commercial property owners are holding onto their properties and dropping rents because they don’t want to take a loss by selling them, Hughes said. Those who are selling usually

have no choice.

(Though sale volume may have decreased, that doesn’t mean sale prices have decreased by a comparable necessarily amount.)

Agricultural land does not show a decrease because its valuation is not based on market value. “Ag land is based on income approach — what it can produce as ag property,” Hughes said. “Ag land fluctuates depending on commodities prices and expenses.”

Property owners can appeal their valuations between May 2 and June 1. Appeals may be made in person, or via fax (252-4559) and email (assessor@montrosecounty.net). Phone appeals are not accepted. Appellants should have comprehensive sales data from between Jan. 1, 2009 and June 30, 2010. Sales data after June 30, 2010 cannot be used.