

ST. LOUIS POST-DISPATCH

Home tax won't fall very much

By Paul Hampel

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If you're thinking that your property tax bill next year will be smaller than the one coming due Dec. 31, think again.

Despite the slumping real estate market, assessments here are expected to be down slightly, at best. And most school districts, which receive the bulk of property tax revenue, have ways of keeping their revenue stable from year to year.

Plunging housing prices that have made headlines for months have led many people to expect payback for 2007, the last year St. Louis County reassessed values.

Housing prices were higher at the time, and so were the reassessments - up on average 22 percent in the county, which sent tax bills soaring.

But news reports of double-digit drops in housing prices are mostly irrelevant, county officials say.

And indications are that such statistics are also irrelevant in the city of St. Louis, in Jefferson County and in most of the state, where reassessments are expected to remain flat.

St. Charles County, however, may buck the trend with significantly larger cuts in assessed values.

St. Louis County has its own method for determining a home's value, and from its perspective, the market here may not be as dire as reported.

That's because the county uses a computer system that may see an altogether different neighborhood than what a typical resident sees looking up and down the street.

The foreclosed house on the corner? The computer does not see that. The bungalow across the road that was sold to settle an estate? Invalid, says the computer. The ranch that finally sold after two years on the market and several price cuts? The computer may never crunch that sale.

For that matter, houses that sold within the last year or so, when the market was going to pot, may not necessarily figure in the equation the county uses to determine what a house should be assessed at today.

The bottom line: Don't expect more than a slight drop in assessments, at best, said the county's director of revenue, Eugene Leung. "I'm going to go out on a limb here, but I'd say a 2 to 3 percent decline for most people would be about what to expect," Leung said. He contends that St. Louis does not match the national model in the housing crisis. The price highs were never quite so high here as in other areas, and the slump has not been as steep, he said. In setting fair market values, Leung said the county uses only comparable sales prices - "comps" - to determine a fair market value. Sales involving foreclosures, the settling of an estate, charities, sales between financial institutions and cases of homes on the market for lengthy periods don't constitute "free market enterprise," he said. And double-digit declines in housing prices here this fall cited by such groups as the Mid-America Regional Information Systems (MARIS), used as a guidepost by the media, do not reflect the real market, Leung said.

Some neighborhoods can even expect to see a slight rise in values this year.

"These are some of the desirable areas where people are still willing to pay premium prices," Leung said.

READYING AN APPEAL

Sarah Haenni of Kirkwood is worried that the county believes her neighborhood fits that case.

Haenni called the county earlier this month seeking a preliminary report on the assessed value of her four-bedroom home in the 900 block of North Clay Avenue.

Hers is among the county's 365,000 residential properties that it is now setting values on. That information is due to the county's collector of revenue on Jan. 1, and will be forwarded to taxing authorities who will set tax rates.

Haenni said she spoke with a county appraiser.

"I couldn't believe what I was hearing," she said. "The appraiser told me my house had been preliminarily valued at \$620,000, about \$50,000 higher than two years ago. There's no way that houses in my neighborhood are worth more now than they were in 2006." Haenni said the appraiser cited the average value of five comps in her neighborhood.

They were all properties sold in 2005 or 2006, Haenni said, "when the market here was at its peak. They didn't use any from 2007 or 2008, when the market was slumping."

The county has since stopped giving preliminary values to residents, who now must wait until May to find out.

Haenni said she has gathered a list of 55 homes comparable to hers in size that have sold in Kirkwood since 2007 that she intends to use to appeal her value.

In St. Louis, assessor Ed Bushmeyer said he did not expect much change in property values. In 2007, values rose an average of 22.5 percent. "Overall I expect assessments to be nearly flat, with some neighborhoods still appreciating in value while others will see dips," Bushmeyer said.

St. Charles County may be going against the grain. Assessor Scott Shipman predicts a 3 percent to 9 percent drop in assessment valuation.

Jefferson County Assessor Randy Holman said values there would be static, and that he's hearing the same from assessors around the state.

Bob Glosemeyer, of Richmond Heights, said static is not a fair representation of the market in his city.

Glosemeyer owns five properties in Richmond Heights, including his house in the 1700 block of Beulah Place.

He said none of them could fetch the same price today as they did two years ago.

Glosemeyer said he pays over \$340 a month in taxes on his three-bedroom house.

"My God, what's the big thrill to pay off your house when you still have to pay over \$300 a month to the county just for privilege of owning it," he said.

Glosemeyer said the best indicator of values on his block may be a house that has been for sale for two years, despite numerous cuts in its price.

Mike Brooks, a manager in the county's assessment department, said such houses are frequently not counted as comps.

"If a property is exposed too long, the price dips below market value, and sometimes the person will just dump it," Brooks said. "And then it becomes kind of like a foreclosure."

Brooks said there was no set timeline for what constitutes a house that has been on the market for "too long."

"It's going to be a judgment call that will vary from house to house," he said.

NO 'SILVER LINING'

But even if assessed values were to plummet, taxing entities would not necessarily feel it.

Brian Schmidt, a tax expert who works for the Missouri Legislature, said to expect tax "roll-ups."

"Taxing districts are allowed always to collect the same amount of revenue as the year before," Schmidt said. "Just as a district may roll back taxes to prevent a windfall, it may roll up so long as the property tax rate levy does not exceed the most recently voter-approved levy." Nancy Ellis, 70, of Kirkwood, counts herself among older county residents who for decades gave little thought to the assessed value of their homes until her tax bill began soaring.

Ellis saw the assessed value of her home on Signal Hills Drive rise from \$183,000 in 2003 to \$261,000 in 2007. Her taxes this year were \$3,433, as against \$2,323 in 2003.

"I think retirees like me were hoping that the silver lining in the slumping economy would be a break in our property taxes," she said.

"It will be disappointing if that does not happen."