

# ST. LOUIS POST-DISPATCH

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## Homeowners spoil for fight over taxes

By Paul Hampel

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Protests over property reassessments in St. Louis County don't usually begin until tax bills arrive in the spring.

But a groundswell of opposition has arisen several months early this year. Many homeowners, expecting their assessments to fall along with the housing market, have been irritated by a county official's expectation that assessments would be down only slightly, at best. And some values would even rise, county revenue director Eugene Leung said last month.

Since then, legislators and County Council members have been fielding complaints from constituents.

"I've had calls to my office and have also heard people complaining when I've been out and about in the community," said County Council member Steve Stenger, D-south St. Louis County. "The predictions from our local government that values will remain stable, or even go up — people are definitely troubled."

Council member Greg Quinn, R-Wildwood, predicted a severe backlash come May, when the tax bills are mailed, if assessed values don't decline.

"I'm already hearing a lot of complaints from people who thought their assessments were too high last time (2007) and who are going to be very angry if they don't drop this time," Quinn said.

Complaints prompted state Sen. Eric Schmitt, R-Glendale, to file legislation that will require assessors in St. Louis County and the city of St. Louis to be elected, rather than appointed. Schmitt called the current system "flawed and out of touch."

Schmitt said Leung's assertion "defies common sense."

"People know that their homes are not worth what they were two or three years ago," he said.

At present, only three jurisdictions in the state — St. Louis, St. Louis County and Jackson County (Kansas City) — have assessors who are appointed. All other counties elect their assessors.

St. Louis County's assessor is Phil Muehlheausler; his city counterpart is Ed Bushmeyer.

County spokesman Mac Scott said county officials had not had a chance to examine Schmitt's proposal.

"But of course, we're always interested in ways that we can improve county government," he said.

Bushmeyer said he was not acquainted with the legislation and did not have an opinion on it.

### **STEADY VALUES?**

The assessed value of county property jumped 22 percent in 2007, sending many tax bills soaring. Media accounts reporting double-digit drops in home prices over the last year have led many homeowners to expect a similar drop in assessments.

But Leung, in an interview last month with the Post-Dispatch, said major drops in values may have occurred in other markets but not the St. Louis area.

"Values here held steady," Leung said then. "It's a desirable area."

He said most of the county's 365,000 residential properties could expect to see a 2 to 3 percent decrease in real estate values. (The county gets about one fourth of its annual budget of \$504.6 million from the property tax.)

Leung declined a request for an interview for this story.

The county's calculus for determining "comps," or comparable home sales, ignores market conditions, critics say.

The county excludes sales to settle an estate, sales involving banks or other financial institutions, sales of homes that the county deems to have been on the market too long and, most notably, sales of foreclosures.

Leung said that the county does not include foreclosures in its comps because they are "anomalies" that do not reflect the market as a whole.

But in a document the county published last month as part of its application for federal stimulus money, the county said, "Nearly 5,000 foreclosures are anticipated in 2008, leaving the market saturated with vacant properties furthering the decline of property values."

Scott, the county spokesman, said that statement did not contradict what Leung said last month.

"Foreclosures are counted, they're just not thrown in the hopper with all the other comps," Scott said. "They are looked at separately, essentially by hand, by an appraiser."

Scott said county appraisers would make judgment calls on the effect of foreclosures on nearby properties.

Property owners and real estate agents say that foreclosures have had a strong negative impact on the market here.

Nick Kasoff owns 10 properties in north St. Louis County. Most were foreclosures that he purchased from banks.

Kasoff, 42, of Ferguson, said residents trying to sell homes in the midst of the current recession couldn't compete with foreclosure prices.

He recently bought two foreclosed houses on a "nice little street in Ferguson" for \$48,500 and \$41,000.

"There's a guy three doors down who's trying to sell his for \$65,000, but he doesn't have a prayer," Kasoff said. "There's so much foreclosure property out there and it's selling for such low prices that owner-occupants can't compete."

Linda Boyd-Shell, owner of Boyd-Shell Realty in St. Charles, concurred.

"The property values of the neighboring houses go down when you have foreclosures nearby," she said. "Case in point: I listed a nice house in Affton for \$149,900, which it should easily go for, but it's been sitting on the market for six months. And the reason is that there are two foreclosed houses just down the street that are going for \$99,000 and \$110,000."

Banks took back more than 4,200 homes in the county last year. That's a 12 percent jump from the previous year, but not quite the 5,000 that officials had predicted in the stimulus-related document. In St. Charles County, the assessor's office recorded 1,132 repossessions, up 26 percent. Year-end figures were not available for St. Louis.

## **CALL FOR CONSISTENCY**

Schmitt's proposal calls for elective assessors statewide as soon as 2010.

"This would bring some accountability to that office," said Schmitt, 33, a freshman senator. "When the market was good, property values rose. Now the market's not strong, so residents are expecting some consistency."

Schmitt's bill faces an uphill fight, said state Sen. John Griesheimer, R-Washington.

"I share his frustration, but it would have a very hard time on the Senate floor," Griesheimer said. "I can see, number one, St. Louis County and Jackson County legislators rallying around to filibuster it."

State Sen. Joan Bray, D-University City, said she would oppose it. "I would fight that, and I think I have colleagues in urban areas that would fight it," she said.

Bray said she was concerned that, if assessors had to run for election, they would submit assessments that are artificially low, "because they would be unduly influenced by the ballot box."

However, Bray voiced skepticism over Leung's assertion that values in St. Louis County had held steady.

"We just sold a home and I know how much less we got for it than we would have a year and a half ago," she said.

In fact, Bray sold the home in the 7100 block of Washington Avenue in University City in October for \$475,000. That's about 15 percent less than the \$560,100 market value that St. Louis County set on the property in 2007.

Even if the county did significantly decrease real estate values, taxing entities such as school districts, which get the bulk of property tax revenue, would not necessarily feel the pinch.

That's because they are allowed by law to collect the same amount of revenue as the year before, even if property values plummet. To do so, they may "roll up" their tax rates.

"That's true," Schmitt said. "But in that event, members of those boards would have to take a stand. And they'd be accountable to voters."