

The woman who won't give up on tax appeal

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CLAYTON • Of the 18,000 St. Louis County residents who are appealing their property tax assessments, there is no one quite like Barbara Vires.

Vires has refused to take "no" for an answer at five levels — four with St. Louis County and one with the state of Missouri — and now has her case before a county circuit judge.

"As a former teacher, I always supported tax increases and bond issues," Vires, 79, said. "I'm not opposed to [paying taxes](#), but not more than my fair share."

Every odd-numbered year, thousands of appellants tell county assessors their home or business is worth less than the county says it is. On average, about half of those who appeal are successful.

County revenue director Eugene Leung said he had expected this to be a down year for appeals, because his assessors cut values overall by 4.3 percent.

That was not enough for many residents, as there are about 2,000 more appeals this year than in 2009. Leung has asked the county for an extra \$63,000 to process the appeals.

Leung offered several reasons for the surge, including widespread publicity about plunging values, a new streamlined online appeal [application](#) and the growing number of [tax professionals](#) who file protests on a commission basis.

Vires is appealing the value of her home in the Silver Leaves subdivision in South County for the second straight cycle. This year, the county raised the value by \$10,500, to \$195,000.

Two years ago, assessors dropped values countywide by 9 percent. But Vires' rose 27 percent, to \$184,500 from \$145,600 in 2007.

The increase cost Vires an extra \$561 a year in property taxes.

What bothered Vires more than the spike in value was that every other home in the subdivision — 34 in all — had dropped in value from 1 to 22 percent.

Vires had asked the county to lower her home's value to \$125,000, asserting that, since her husband's death in 1996, the property had fallen into disrepair and in value.

But she was shot down at every step of the appeals process — at the informal conference; at a meeting with a county appraiser; at a hearing before an independent hearing officer; by the county Board of Equalization; and, beyond that, by the State Tax Commission.

In May, Vires ask the St. Louis County Circuit Court to review the Tax Commission ruling. The county has until Aug. 31 to respond.

Leung, the director of revenue, said he knew of no other case like Vires'.

"Since I started here in 2005, she's the only person I know of who has taken her appeal all the way to the circuit court," he said.

Vires said she believed that her vigorous protests had engendered animosity on the county's part, that it had denied her out of spite.

Leung said that was not true.

"I like the lady," he said. "I like her spirit. She's very bright. I always return her calls. I listen to her, but she doesn't listen to me."

Leung has sat in on Vires' appeal hearings and said he found flaws in her arguments.

"I think what happened with her property is that, historically, it was undervalued," he said. "In 2009, the county appraisers brought it back up to where it should be, while the other homes around her were already where they should be."

Regardless of the outcome, Vires said she would never file another appeal.

"I'm getting too old for this," she said. "I'd like to read more books and write more poems."

Vires' new appeal is pending before the county's Board of Equalization, which will continue to hear challenges through the end of this month at a converted office supply store in Crestwood. (The deadline for filing an appeal was July 11.)

CHALLENGING DATABASE

Most of the residents who appeal use a combination of photos, repair estimates and appraisals to bolster their claims.

When Anne Lewis, 65, protested the value on her four-family apartment building in University City, she brought sophisticated questions that reflected her background as a former research specialist for Deutsche Bank with a master's degree in business administration.

The county had raised Lewis' value to \$740,000 from \$540,000.

"That seemed patently ridiculous because University City's median property value had fallen in 2009 and had stayed flat since," she said.

In her appeal, Lewis peppered county officials with questions that challenged the statistical database it uses to set the values on its 365,000 houses and 13,500 business structures.

"I think that folks need to be aware that humongous statistical databases like that which the county uses to set assessed values are capable of very large errors," she said. "Financial institutions use similar databases to project risks on loans, and we all know how well that worked out with AAA subprime mortgage bonds.

"The problem arises with the use of the data for forecasting and modeling, which requires that certain kinds of assumptions are built in. And that's all peachy as long as all the assumptions are in touch with reality. But a financial meltdown or a housing crisis can assail that reality."

After an informal conference with Lewis, the county offered to hold the value of her property at \$540,000.

Though Lewis asserted that the value should have been lowered, she took the deal.

"I was exhausted and let it go at that," she said.

"But it struck me that people like me, who are comfortable with computers and spreadsheets, we can fight it. But what about those who can't, those who don't have technical skills? Will there be a tendency to shift the tax burden onto those who can't fight back?"

Leung defended the county's system.

"There are statistical standards of error that are allowable and not allowable, and I know that the county adheres to these things rigorously and that they are reviewed, ultimately, by the State Tax Commission, which performs ratio studies," he said.

THE PROFESSIONAL

At the hearings last week at the county's appeals center in Crestwood, most of the appellants were professional tax representatives working on behalf of others. If the appeal was successful, the pro gets a share of the tax savings.

There are more of these professionals this year than ever before, Leung said.

"For years, these tax reps specialized in commercial property appeals," he said. "But they've recently branched out into the residential sector, and that's really driven up the number of appeals."

Dave Dempsey, 53, of Ladue, is one such pro. He's part-owner of Property Assessment Review (PAR), the largest property tax consulting firm in the area. This year, Dempsey's firm reviewed the values on 2,098 residential properties and agreed to appeal 1,448 of them.

On the commercial side, it reviewed 1,539 and appealed 1,267.

On residential properties, the company gets 50 percent of savings. On commercial, it varies. "The bigger the client, the lower the percentage," Dempsey said.

The company's biggest client is Duke Realty, which pays about \$20 million a year in property taxes. "Obviously, we aren't going to expect to get 50 percent of the savings in their case," he said.

On Thursday afternoon, Dempsey was seeking a lower value on the South Towne Square office building in south St. Louis County, which the county had assessed at \$1,496,000. Dempsey contended the value ought to be \$1,083,000.

He sat across from two county appraisers, John Rebsamen and Nancy McGrath. Sitting with them was Allen Johnson, a hearing officer hired by the county to serve as an independent judge in the matter.

Dempsey argued that the building was 55 percent vacant and not producing enough income to justify the county's assessment.

Rebsamen noted that the building sold in 2008 for \$2,567,000.

"We concede that that was at the peak of the market and the county is certainly not advocating a current value of \$2.6 million," Rebsamen said. "We don't rubber stamp values that way. We consider the 'income approach' and a lot of other things."

However, Rebsamen contended that the county's new figure was fair. He refused to budge.

Johnson, the hearing officer, offered to lower the county's value to \$1,384,700, a decrease of \$111,300.

That recommendation will go before the county's Board of Equalization. Depending on its ruling, Dempsey may decide to take his appeal to the State Tax Commission.

Like most appellants who fail to reach an immediate compromise with hearing officers, Dempsey will learn in mid-September whether he has won his appeal.

He estimates that about 75 percent of his appeals are successful.

Dempsey offered some advice for homeowners who want to file their own appeals.

"Sales prices on comparable properties — that's your best evidence," he said. "Bringing in photos that show condition problems with a house is the nickel-and-dime approach. It's good to do that, but the county's always going to be skeptical of your claim that you need a new roof."