



DENVER
THE MILE HIGH CITY

2021 Revaluation

Denver County Apartments

April 12, 2021

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ASSESSMENT BASICS

HOW IS RESIDENTIAL REAL PROPERTY VALUED?

Base Year Concept

- Under Colorado law, the Assessor must reappraise all real property every two years.
- For 2021, the property value, which the Assessor determines as the "Actual Value", must reflect the valuation date of June 30, 2020.
- The "base period" is the 24-month period from July 1, 2018 to June 30, 2020: sales and other information will be collected from the "base period" to estimate values.
- The specific "Assessment Date" is January 1 each year, based on the data collected from the "base period".

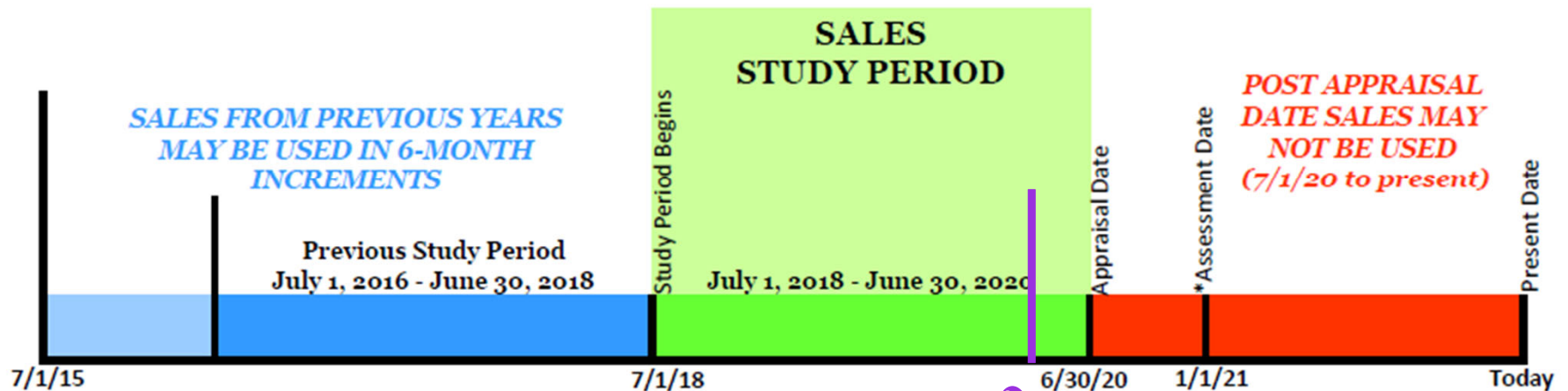
MARKET APPROACH: Market sales of similar properties which sold during the "base period" are analyzed, compared and adjusted for time (to June 30, 2020) to arrive at a value for the subject property. The Colorado Constitution requires all residential property be valued exclusively by the market approach.

JUNE 30, 2020!!!



CRITICAL ASSESSMENT DATES

2021 / 2022 Valuation Study Period Appraisal Date June 30, 2020



*Values are based on condition and physical status as of the January 1 Assessment Date



MASS APPRAISAL

IAAO Definition:

The process of valuing a group of properties as of a given date, using standard methodology, employing common data and allowing for statistical testing.



SALES VERIFICATION

Appraisal staff “verifies” property transactions:

“Qualify” Arms-Length Transactions (“Disqualify” others)

- Transaction between unrelated parties and under no duress

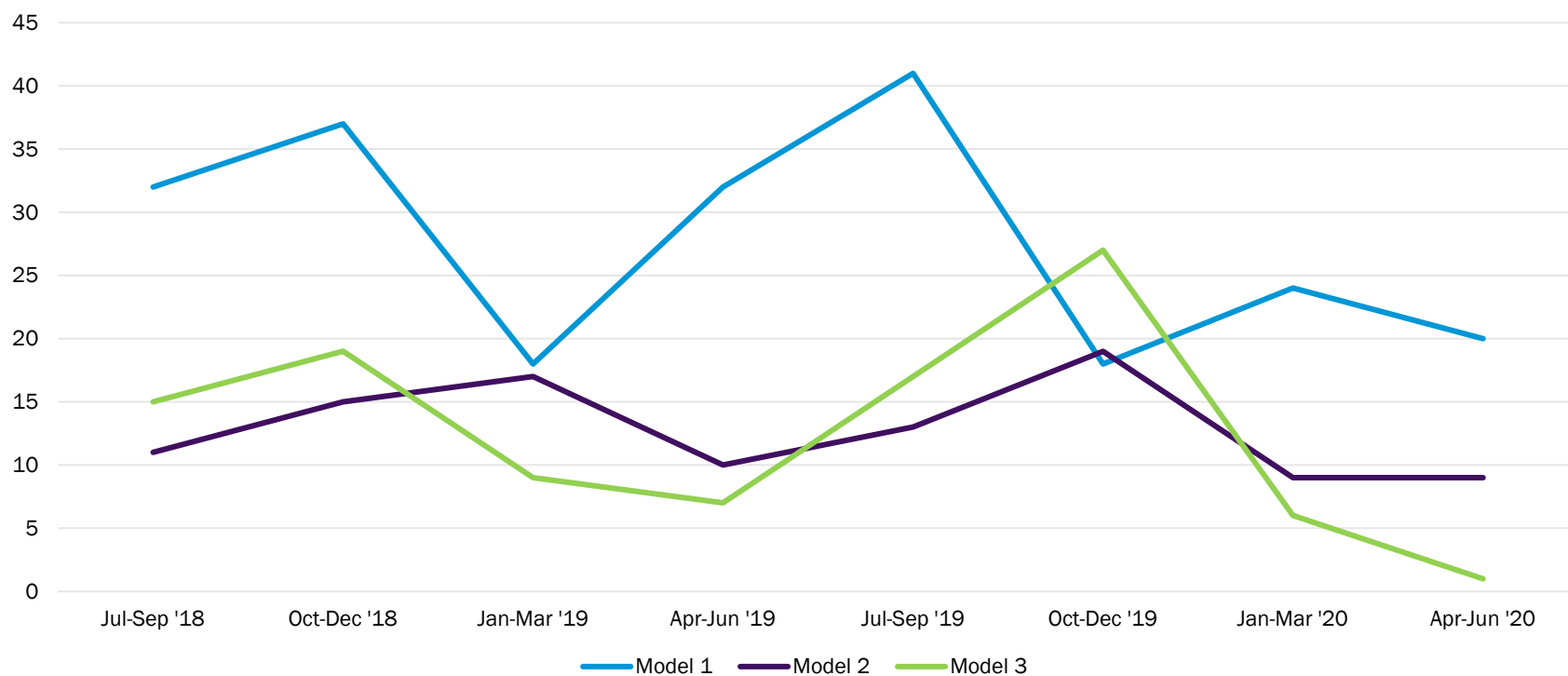
Verify Property Characteristics vs. Database

- Square Footage, Remodeling, Basement Finish, Bedroom/Bath Counts, Distressed Properties, Negative external factors, Grade/Amenities, etc.

Information Gathered From:

- CoStar
- REColorado (MLS)
- Apartment Insights
- Transfer Declarations
- Personal Interviews
- Sale Verification Letters
- Historical Records/Permits

Count of Denver County Apartment Sales by Quarter July, 2018 - June, 2020





VALUATION MODELS

Mathematical models that are intended to mirror the motivations of buyers and sellers, i.e. to represent the “market”

Utilize quantitative and qualitative property characteristics

Quantitative: Square footage, # baths, # bedrooms, basement area, etc.

Qualitative: Grade, obsolescence factors, neighborhood assignment, etc.

Stratifying the sale properties

- 3 Apartment Models
 - Model 1 = 1-4 units
 - Model 2 = 5+ units through mid-rise style
 - Model 3 = Campus style and newer downtown mid/high-rise

Time trend to date of valuation (June 30, 2020)

Perform multiple regression analysis

Review of coefficients and “outliers”



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MULTIPLE REGRESSION ANALYSIS

Residential market modeling via multiple regression analysis

- A particular statistical technique used to analyze data in order to predict the value of one variable, such as market value, from the known value of other variables.
- Coefficients are developed by allowing regression to determine “best fit” based on the data introduced.
- Coefficients can be constrained if the result isn’t logical.
- Review (outliers), run again, repeat, review, run again, repeat.....



TESTING MODELS

Statistical testing to evaluate model performance and accuracy

Analyze measures of central tendency which are focus of State Audit:

- Median sale ratio
- Coefficient of dispersion

COMPARABLES

	SUBJECT PARCEL	COMPARISON-1	COMPARISON-2	COMPARISON-3	COMPARISON-4	COMPARISON-5
PARCEL ID	0502106015000	0503102008000	0503817002000	0503804002000	0502114019000	0502243008000
CARD 1						
	1469 N	1410 N	960 N	1060 N	1399 N	1010 N
	WILLIAMS	PEARL	PEARL	LOGAN	VINE	EMERSON
	ST	ST	ST	ST	ST	ST
NBHD CLUSTER	6	6	6	6	6	6
NBHD GROUP	16	16	16	16	16	16
DENVER NBHD #	586	584	585	585	586	585
DENVER CLASS	202	202	202	202	202	202
SITE ZONING	G-MU-3	G-MU-5	G-MU-3	G-MU-5	G-MU-3	G-RH-3
LAND SQFT	7,030	6,250	6,250	9,450	12,500	6,250
LAND VALUE \$	520,300	446,000	446,000	625,200	845,800	334,500
<u>DWELLING DESCRIPTION</u>						
BLDG NAME	WOODBURY COURT	CLARMOR APTS. EL CLIO APARTMENT	TIFFANY APARTMENT	CHARMING COURTYA		
# UNITS	16	26	16	31	17	17
NET APT SQFT	6,500	10,472	7,607	9,861	8,950	8,979
YEAR BUILT	1914	1955	1924	1924	1950	1965
YR REMODELED					1995	
EFFECTIVE YR	1914	1955	1924	1924	1950	1965
QUALITY GRADE	C	C	C	C	C	C
CONFIGURATION	H	H	H	H	H	R
STRUCTURE	211	211	211	211	211	211
AVG UNIT AREA	406	403	475	318	526	528
AVG BEDRMS/UT	1.00	.04	1.06	.06	1.06	1.00
AVG BATHS/UT	1.00	1.00	1.00	1.00	1.00	1.00
BSMT APT SQFT	0	0	2,319	1,050	0	0
S-BSMT APT SQFT	0	4,083	0	0	0	0
SUPPORT SQFT	0	500	1,160	2,920	0	0
# COVERED PKG	2	0	0	0	0	0
# CARPORT	0	0	0	0	0	0
# OPEN PKG	0	0	3	8	0	5
<u>PRICINGDATA</u>						
SALE DATE		05/2019	10/2018	06/2020	04/2019	09/2019
RAW SALE AMOUNT \$	0	3,847,400	2,898,400	4,756,900	3,148,300	3,148,300
TIME ADJSTD. SALE \$	0	4,055,467	3,139,547	4,756,900	3,344,754	3,266,172
PHYSICAL %	.0	.0	.0	.0	.0	.0
FUNCTIONAL %	.0	.0	.0	.0	.0	.0
EXTERNAL %	.0	.0	.0	.0	.0	.0
NET ADJUSTMENT %	.0	.0	.0	.0	.0	.0
ADJUSTED SALE AMT	0	4,055,467	3,139,547	4,756,900	3,344,754	3,266,172
ADJ SALE \$/UNIT	0	155,980	196,222	153,448	196,750	192,128
ADJ SALE \$/SQFT	.00	387.27	412.72	482.40	373.72	363.76
<u>VALUATION</u>						
MRA EST\$/UNIT	171,886	161,475	170,467	154,969	190,678	177,053
CHAR ADJ SALE \$/UNIT		10,412	1,420	16,917	-18,792	-5,167
MKT EST. \$/UNIT		166,391	197,641	170,366	177,958	186,961
WGTD. EST. \$/UNIT	180,421					
NORMAL EST. \$/UNIT	176,755					
MARKET VALUE \$	2,828,800					
MKT VAL. \$/UNIT	176,800					
MKT VAL. \$/SF	435.20					



2021 MEDIAN CHANGES

Median changes in Actual Values from 2019 Reappraisal to 2021 Reappraisal

Property Type	Median Change
Single Family Residences	+8.3%
Condominiums	+4.8%
Rowhouses	+6.6%
CBD/LoDo – primarily offices	-7.3%
Hotels/Motels	-12.8%
Retail	+2.1%
Small Offices	+2.0%
Warehouses	+27.8%
Apartments: 1-4 Units	+9.2%
Apartments: Model 2 (5+Units)	+7.2%
Apartments: Model 3 (PBG)	+10.5%



CALCULATING TAXES

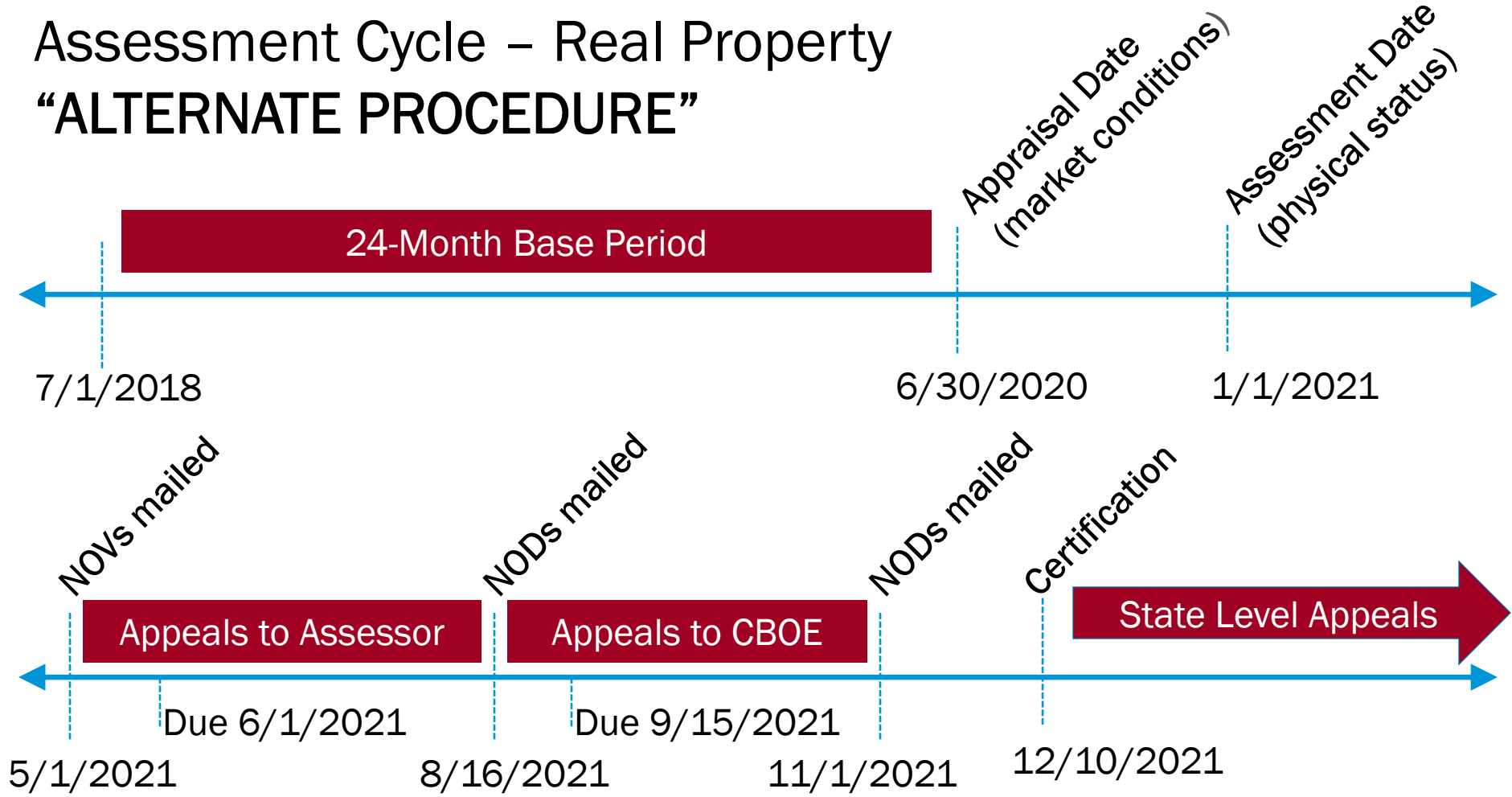
	Residential	Non-Residential
Actual Value	\$1,000,000	\$1,000,000
x Assessment ratio	<u>x 7.15%</u>	<u>x 29%</u>
Assessed Value	\$ 71,500	\$ 290,000
x Mill Levy (2020)	<u>x .074195</u>	<u>x .074195</u>
Taxes	\$ 5,304.94	\$ 21,516.55

The “Gallagher Amendment” was essentially repealed by voters in 2020. As a result, the Residential Assessment Ratio is no longer required to be calculated and adjusted downward.



2021 APPEAL PERIOD

Assessment Cycle – Real Property “ALTERNATE PROCEDURE”





PROTESTING SUGGESTIONS

- Don't consider the current market.
- Do remember the date of value (June 30, 2020) and the assessment date (January 1, 2021).
- Don't protest the taxes.
- Do consider the value.



PROTESTING SUGGESTIONS

- Don't consider the rate of increase/decrease.
- Do review the property characteristics.
- Don't simply say "The value is too high".
- Do provide evidence: sales, photos, descriptions of issues negative to property, estimates of cost to cure, rent rolls, etc.



PROPERTY TAXES

Property values must be certified to each taxing authority by the Assessor no later than December 10th.

The taxing authorities use the certified values and follow statutes and voter-approved measures to set mill rates no later than December 15th.

Property tax bills are then delivered in January.



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Thank you for the opportunity!

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