



PROPERTY TAX TRENDS ENTERING THE 2017-18 BUDGET CYCLE

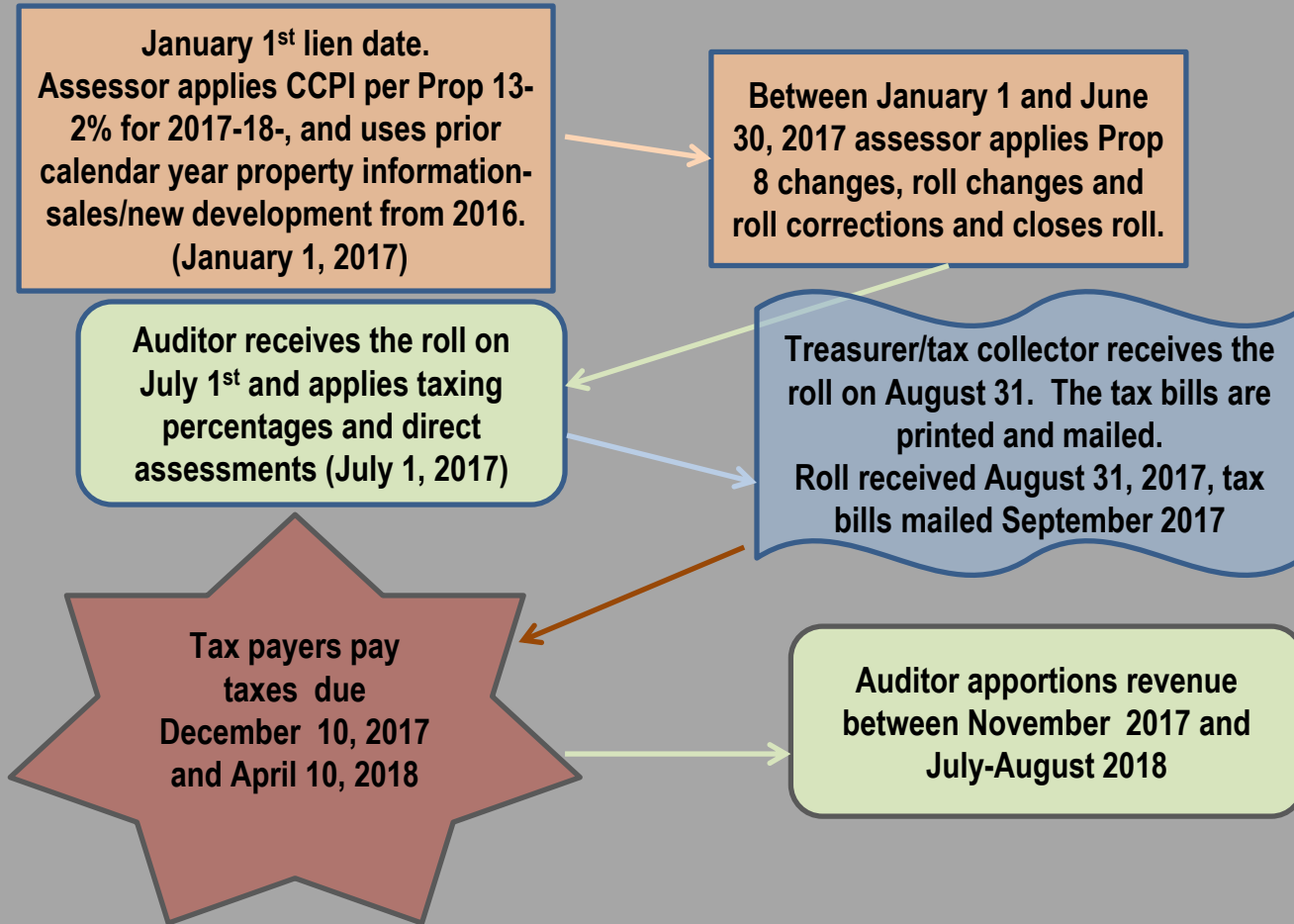


TRUTHS – You may already know

- Most cities saw their peak real estate prices in the bubble in either **2006 or 2007.**
- The northern and eastern most counties entered the recession late and started recovering after many other coastal counties experienced new growth and significant recovery.
- Many county departments do not provide cities with useful information for the budgeting process relative to **PROPERTY TAXES**
- **EVERY CITY IS DIFFERENT**-know your City/District

PROPERTY TAX TIMELINE 2017-18

Values lag 12-18 months being reflected on the tax rolls.

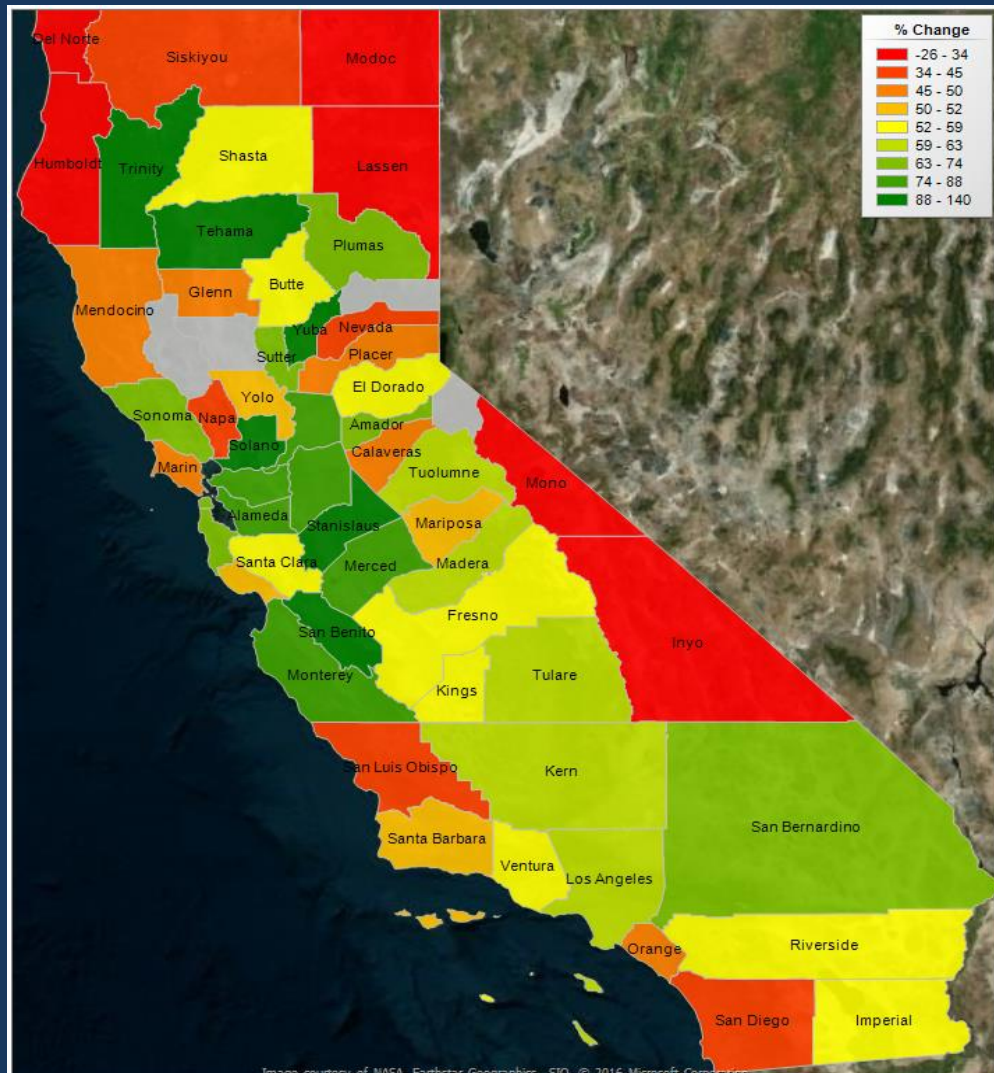


THE RECOVERY OF MEDIAN SALE PRICES IN CALIFORNIA

Median sale price increases in comparison to the prices reported as the real estate recovery started 4 years ago in 2012.

The northern and eastern most counties entered the recession later and are lagging the recovery seen in the rest of the State.

Many counties in the North Bay Area have completely recovered with median sale prices reported in 2015 and 2016 exceeding those reported in 2006 or 2007



While all cities are different:

In 6 counties median prices are in excess of those seen at the peak of the real estate bubble in 2006 or 2007.

In Orange County median prices are the same as those experienced at the peak.

Santa Barbara has seen the largest median price point increase.

70.63% over peak price-- +\$505,000

6 additional counties are currently less than 10% off their peak median prices. El Dorado, Los Angeles, Marin, Napa, San Diego, Sonoma.

Prop 8 value restorations may only assist some cities in boosting the bottom line for a maximum of 2 additional years.

COUNTYWIDE MEDIAN PRICE DETACHS SFR AND CURRENT MEDIAN PRICES THROUGH November 2016

	Peak Median Year	Peak Median Price	Current Median Price	% Current Median is Off Peak	% Median is Above Peak
ALAMEDA	2007	\$640,000	\$730,000		14.06%
BUTTE	2006	\$280,000	\$235,000	-16.07%	
CONTRA COSTA	2006	\$588,000	\$525,000	-10.71%	
EL DORADO	2007	\$450,000	\$415,000	-7.78%	
FRESNO	2006	\$265,000	\$221,000	-16.60%	
HUMBOLDT	2006	\$300,000	\$270,000	-10.00%	
IMPERIAL	2006	\$263,500	\$202,500	-23.15%	
KERN	2006	\$275,000	\$200,000	-27.27%	
LOS ANGELES	2007	\$570,000	\$549,000	-3.68%	
MARIN	2007	\$1,000,000	\$930,000	-7.00%	
MENDOCINO	2007	\$410,000	\$325,000	-20.73%	
MERCED	2006	\$340,000	\$215,000	-36.76%	
MONTEREY	2006	\$635,000	\$500,000	-21.26%	
NAPA	2006	\$615,000	\$582,000	-5.37%	
NEVADA	2006	\$510,000	\$387,250	-24.07%	
ORANGE	2007	\$705,000	\$705,000	0.00%	
PLACER	2005	\$488,500	\$425,000	-13.00%	
RIVERSIDE	2006	\$427,500	\$335,000	-21.64%	
SACRAMENTO	2005	\$380,000	\$307,000	-19.21%	
SAN BERNARDINO	2006	\$365,000	\$270,000	-26.03%	
SAN DIEGO	2006	\$575,000	\$540,000	-6.09%	
SAN JOAQUIN	2006	\$440,000	\$315,000	-28.41%	
SAN LUIS OBISPO	2006	\$580,000	\$698,000		20.34%
SAN MATEO	2007	\$850,000	\$1,200,000		41.18%
SANTA BARBARA	2007	\$715,000	\$1,220,000		70.63%
SANTA CLARA	2007	\$774,250	\$960,000		23.99%
SANTA CRUZ	2006	\$746,750	\$760,000		1.77%
SOLANO	2006	\$470,000	\$360,000	-23.40%	
SONOMA	2005	\$578,250	\$547,000	-5.40%	
STANISLAUS	2006	\$380,000	\$262,800	-30.84%	
SUTTER	2006	\$298,500	\$238,000	-20.27%	
TAHAMA	2006	\$210,000	\$145,000	-30.95%	
TULARE	2006	\$245,000	\$192,500	-21.43%	
VENTURA	2006	\$665,000	\$595,000	-10.53%	
YOLO	2006	\$435,000	\$379,000	-12.87%	
YUBA	2006	\$310,000	\$235,000	-24.19%	

- During the “Great Recession” all of the counties where we purchase data saw reductions per Proposition 8.
- Most counties saw some restoration of values begin in 2012 but some of the northern and eastern most counties didn’t start to recover until later.
- The majority of counties have seen more than 50% of the values reduced per Prop 8 restored through 2016-17.
- 3 counties have seen at least 85% of reduced homes fully recover with reinstated values.

PROP-8 STATUS 2016 -ALL SFR HOMES

COUNTY	% LEFT TO BE RESTORED	VALUE LEFT TO BE RESTORED
ALAMEDA	12.12%	\$1,766,823,306
BUTTE	60.21%	\$901,018,995
CONTRA COSTA	20.53%	\$4,826,124,249
EL DORADO	53.75%	\$1,790,162,582
FRESNO	48.83%	\$3,128,136,354
HUMBOLDT	N/A	\$318,146,197
IMPERIAL	35.97%	\$305,842,115
KERN	48.57%	\$3,225,518,539
LOS ANGELES	33.89%	\$19,234,222,016
MARIN	24.00%	\$887,708,761
MEDOCINO	73.67%	\$282,969,263
MERCED	25.15%	\$655,815,925
MONTEREY	38.89%	\$2,056,827,363
NAPA	26.51%	\$511,949,644
NEVADA	52.03%	\$1,077,806,195
ORANGE	33.84%	\$8,323,752,006
PLACER	28.23%	\$2,220,511,553
RIVERSIDE	36.94%	\$11,857,496,235
SACRAMENTO	26.13%	\$4,039,099,315
SAN BERNARDINO	36.95%	\$6,228,886,402
SAN DIEGO	44.71%	\$14,520,858,249
SAN JOAQUIN	28.25%	\$2,063,523,283
SAN LUIS OBISPO	32.66%	\$1,200,923,232
SAN MATEO	12.54%	\$824,215,568
SANTA BARBARA	52.88%	\$1,983,499,225
SANTA CLARA	10.63%	\$2,006,613,937
SANTA CRUZ	29.45%	\$1,056,486,835
SHASTA	47.48%	\$674,600,857
SOLANO	24.97%	\$1,948,174,281
SONOMA	21.17%	\$1,511,065,461
STANISLAUS	24.98%	\$1,779,000,647
SUTTER	39.00%	\$316,350,106
TAHAMA	72.59%	\$396,807,755
TULARE	59.21%	\$1,324,762,400
VENTURA	39.75%	\$3,913,330,987
YOLO	22.98%	\$417,650,331
YUBA	48.55%	\$316,377,732



Where do we stand for 2017-18 Property Tax Forecasts?

- The CCPI per Prop 13 for 2017-18 will be 2% *for the first time in 4 years.*
- Median Sale prices have continued to increase year over year, but have leveled off somewhat in 2016. **These are still positive in most cities.**
- Prop 8 restorations are still available for some communities that have seen a delayed recovery in real estate. This number is difficult to forecast accurately.
BE CONSERVATIVE IN THIS ESTIMATE
- New construction activity has taken off and its impact on the bottom line needs to be considered- **Use completed new construction in 2016.**

WHERE DO I GET THE INFORMATION TO POPULATE A FORECASTING MODEL?

WHAT

- ✓ Real Property Values
- ✓ The California CPI Prop 13 increase
- ✓ Transfers of ownership and the change between the sale price and the AV.
- ✓ Prop 8 value restoration amounts
- ✓ Base Year Values in former RDAs
- ✓ Personal Property Values
- ✓ Non-Operating Utility Values
- ✓ City share of 1% for taxing factor
- ✓ Current Year Unitary Revenues
- ✓ Supplemental Revenues
- ✓ Successful Appeal Reductions

WHERE

- CY Auditor Value Certification Report for CCPI application
- State Department of Finance @ end of December
- Real Estate Data Service
CoreLogic –real estate products
This may need to be researched monthly.
- Assessor's Office is the only place to get this info.
- Auditor value reports—the difference between the incremental value and total value reported.
- Annual Value Certification Reports
- Annual Value Certification Reports
- Current year revenue divided by CY Assessed Value
- Auditor remittance advices
- Auditor remittance advices
- Clerk of the Board of Supervisors

SAMPLE CITY/DISTRICT GENERAL FUND REVENUE ESTIMATE

2017-18 Revenue Estimate based on 2016-17 Values and Estimated Changes

	General Fund	VLFAA	
<i>General Fund and BY Values 2016-17</i>	\$8,600,440,546		
<i>Citywide Net Taxable Value 2016-17</i>		\$11,279,153,786	
Real Property Value (Incl. Prop 8 parcels)	\$8,240,722,319	\$10,892,242,525	
CPI of Non Prop 8 Parcels (2.000%)	\$149,912,934	\$201,842,416	<--- CALCULATED
Transfer of Ownership Assessed Value Change	\$113,263,316	\$174,205,909	<--- BASED ON 2016 SALES TRANSACTIONS
Est. SFR Prop 8 Adj Based on Recent SFR Price	\$32,139,948	\$33,492,415	<--- ESTIMATED BASED ON MEDIAN PRICES
2017-18 Estimated Real Property Value	\$8,536,038,517	\$11,301,783,265	
Base Year Values	\$136,625,007	Included in AV	<--- BUDGETED FLAT
Secured Personal Property Value (0.0% growth)	\$3,796,585	\$4,020,446	<--- BUDGETED FLAT
Unsecured Personal Property Value (0.0% growth)	\$218,840,337	\$382,434,517	<--- BUDGETED FLAT
Nonunitary Utility Value	\$456,298	\$456,298	
Enter Completed New Construction			<--- TO BE ADDED BY CITY/DISTRICT
2017-18 Estimated Net Taxable Value	\$8,895,756,744	\$11,688,694,526	
<i>Estimated Total Percent Change 2017-18</i>	3.43%	3.63%	
Taxed @ 1%	\$88,957,567		
Aircraft Value	\$73,765,296		<----- BUDGETED FLAT
Average City Share 0.1055552745	\$9,389,940		<----- WEIGHTED 1% SHARE CITY/DISTRICT WIDE
Aircraft Rate (.01 * 0.33333333)	\$245,884		
Enter Unitary Taxes Budgeted Flat			<----- TO BE ADDED BY CITY/DISTRICT
Net GF Estimate for 2017-18	\$9,635,825		
Enter Suppl. Apportionment Recd. - Avg. 3 Yrs			<----- TO BE ADDED BY CITY/DISTRICT
Enter Delinquent Apportionment Recd. - Avg. 3 Yrs			<----- TO BE ADDED BY CITY/DISTRICT
Base Value of VLFAA		\$8,483,204	
Estimated Change to VLFAA		\$307,940	
VLFAA Estimate for 2017-18		\$8,791,144	



CAUTIONARY NOTES

Events that result in more or less revenue after the close of the tax roll are pooled and allocated per AB-8. These include:

- SUPPLEMENTAL PAYMENTS
- ROLL CORRECTIONS – positive or negative
- TAX PAYER REFUNDS RESULTING FROM SUCCESSFUL APPEALS
- REDEMPTIONS IN NON-TEETER CITIES

Many assessors do not meet with city staff to review their work product or assist with providing data that will impact your budget forecasts

- Don't forget that your VLF in Lieu Allocation is tied to citywide growth in values
- Is your agency expecting any residual revenue from former RDAs?

BE PREPARED TO MAKE MID YEAR ADJUSTMENTS



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