

# 2017 Property Appraisal Annual Valuation Report



Bryant Robbins  
Municipal Assessor  
January 2017

Photo: Grant Darby



Municipality of Anchorage | Mayor Ethan Berkowitz

# How the Property Tax System Works



Photo: Tim Tonge



# Disclaimer

The examples contained in this section are simplified for illustration purposes. The Municipality receives revenue from sources other than property tax. Those sources of revenue are ignored in these examples.





# Which of these functions are the responsibility of the assessor?

- Determine the amount of taxes to be collected
- Set mill rates
- Value property
- Bill for taxes
- Maximize tax revenue
- Collect taxes
- Refund tax overpayments
- Administer exemptions



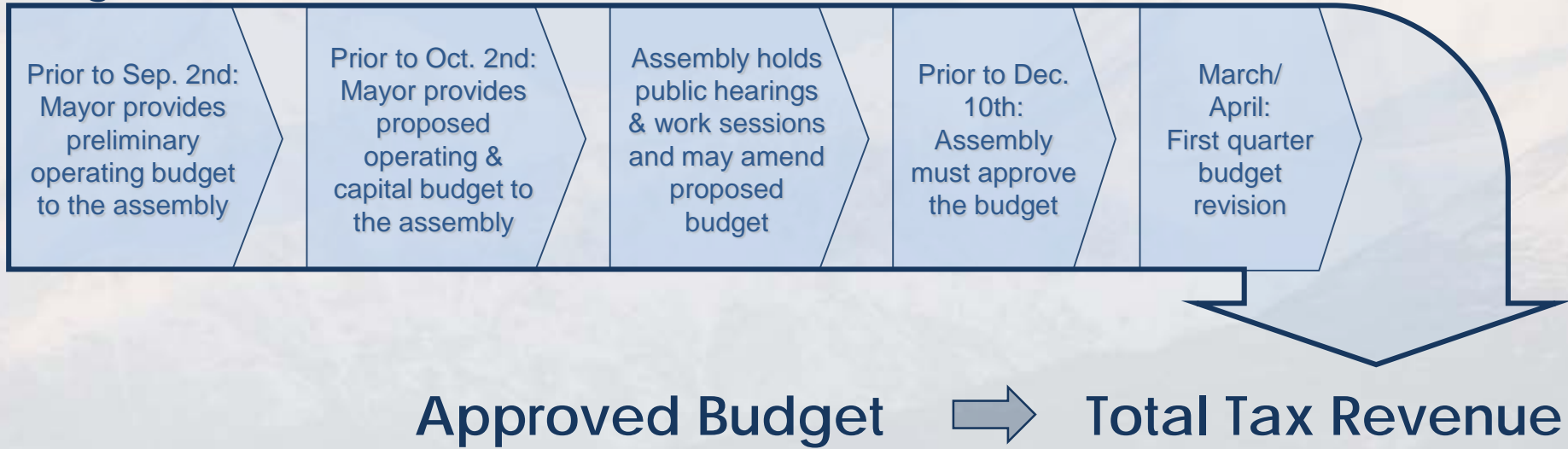
# Which of these functions are the responsibility of the assessor?

- ~~Determine the amount of taxes to be collected~~
- ~~Set mill rates~~
- Value property
- ~~Bill for taxes~~
- ~~Maximize tax revenue~~
- ~~Collect taxes~~
- ~~Refund tax overpayments~~
- Administer exemptions



# The budget determines the amount of taxes to be collected.

## Budget Process





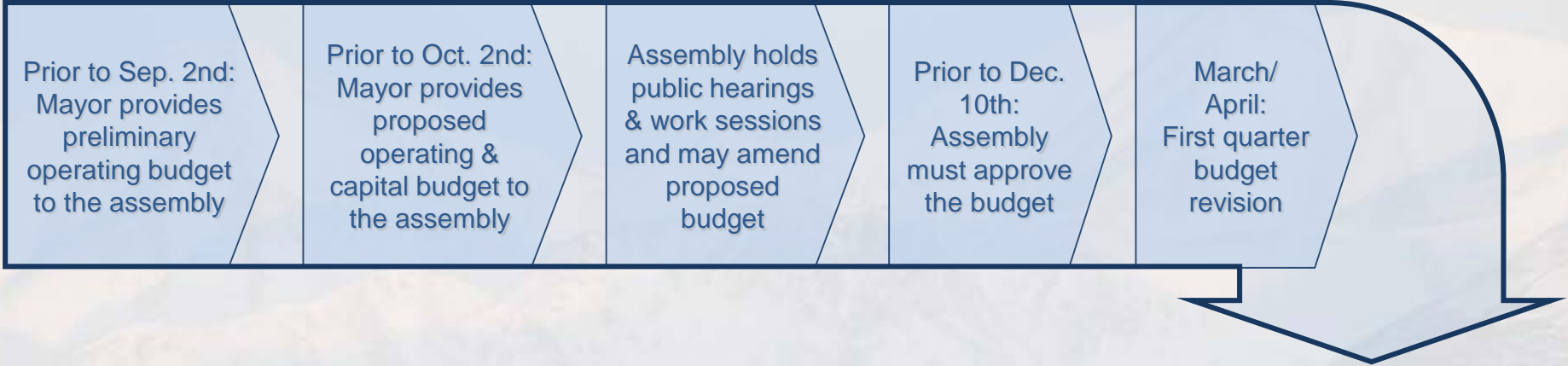
# The Assessment Determines How Taxes are Divided





# Deriving the Mill Rate

## Budget Process



$$\text{Mill Rate} = \frac{\text{Total Tax Revenue}}{\text{Total Taxable Value}}$$

## Property Assessment



# Sample Calculation

$$\frac{\$527,000,000 \text{ taxes}}{\$36,000,000,000 \text{ value}} = 14.6 \text{ mills}$$



Mill Rate	Assessed Value	Tax Liability
14.6 mills	* \$300,000	= ~\$4,380



# If All Assessed Values Doubled...

$$\frac{\$527,000,000 \text{ taxes}}{\$36,000,000,000 \text{ value}} = 14.6 \text{ mills}$$

Mill Rate	Assessed Value	Tax Liability
14.6 mills	* \$300,000	= ~\$4,380

$$7.3 \text{ mills} = \frac{\$527,000,000 \text{ taxes}}{\$72,000,000,000 \text{ value}}$$

Mill Rate	Assessed Value	Tax Liability
7.3 mills	* \$600,000	= ~\$4,380





# State Economy & Market Indicators

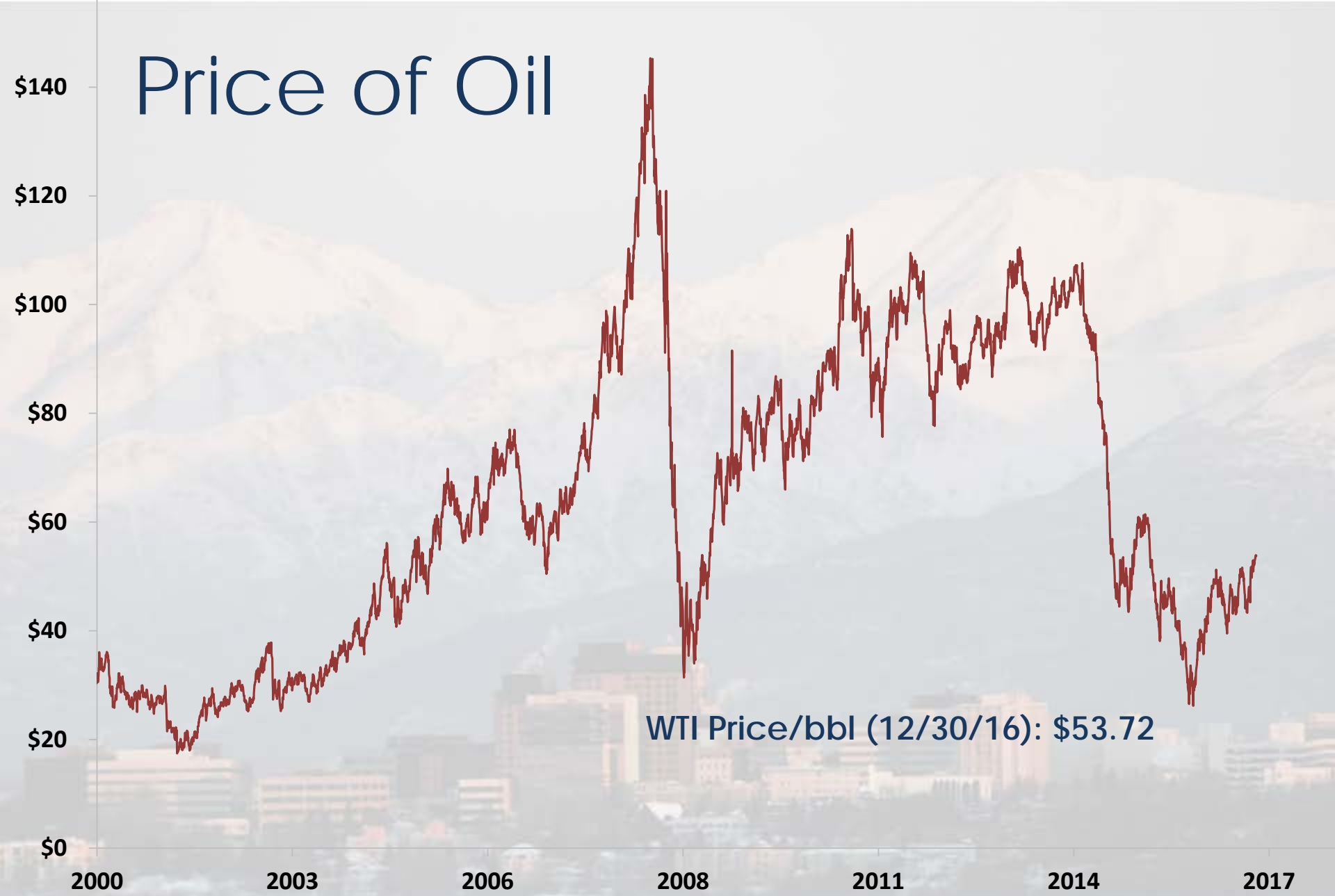


Photo: Jenny Foster





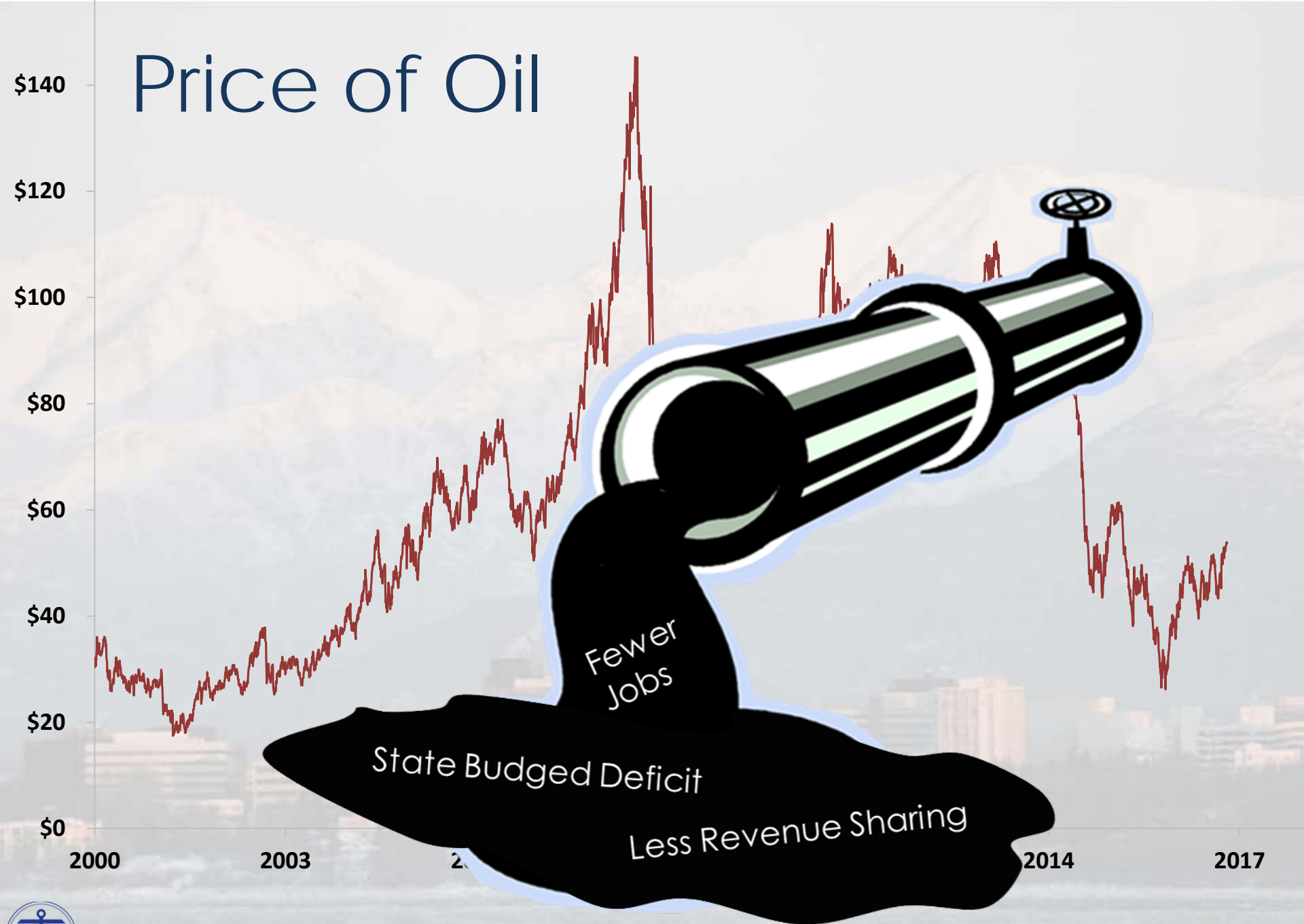
# Price of Oil



WTI Price/bbl (12/30/16): \$53.72



# Price of Oil



# Alaska Dispatch News

Energy

## 'Surprising' Alaska oil-lease sale draws big bids

Author: Alex DeMarban Updated: December 15, 2016 Published December 14, 2016

In the wake of two big oil discoveries in Alaska in the past year, exploration aside concerns of low oil prices on Wednesday, bidding heavily in state that were some of the largest in years.

Officials used words like "outstanding" and "surprising" as the bids were held in the Robert B. Atwood Building in downtown Anchorage early Wednesday. Bids totaled \$17.8 million on tracts covering 633,000 acres on the North Beaufort Sea.

Later in the day at the nearby federal building — where protesters held a rally and urged Barack Obama to leave the oil in the ground — the Bureau of Land Management announced the largest annual lease sale since 2004, when bids totaled \$54 million.

Offering land in the National Petroleum Reserve-Alaska, the agency received 10 bids for 614,000 acres, generating \$18.8 million for 614,000 acres. The state receives half the sale, or \$9.4 million.

In its 2015 lease sale, BLM received just six bids worth \$789,000.

Ted Murphy, associate director for the Bureau of Land Management, said the results were "not surprising" and "not to be believed."

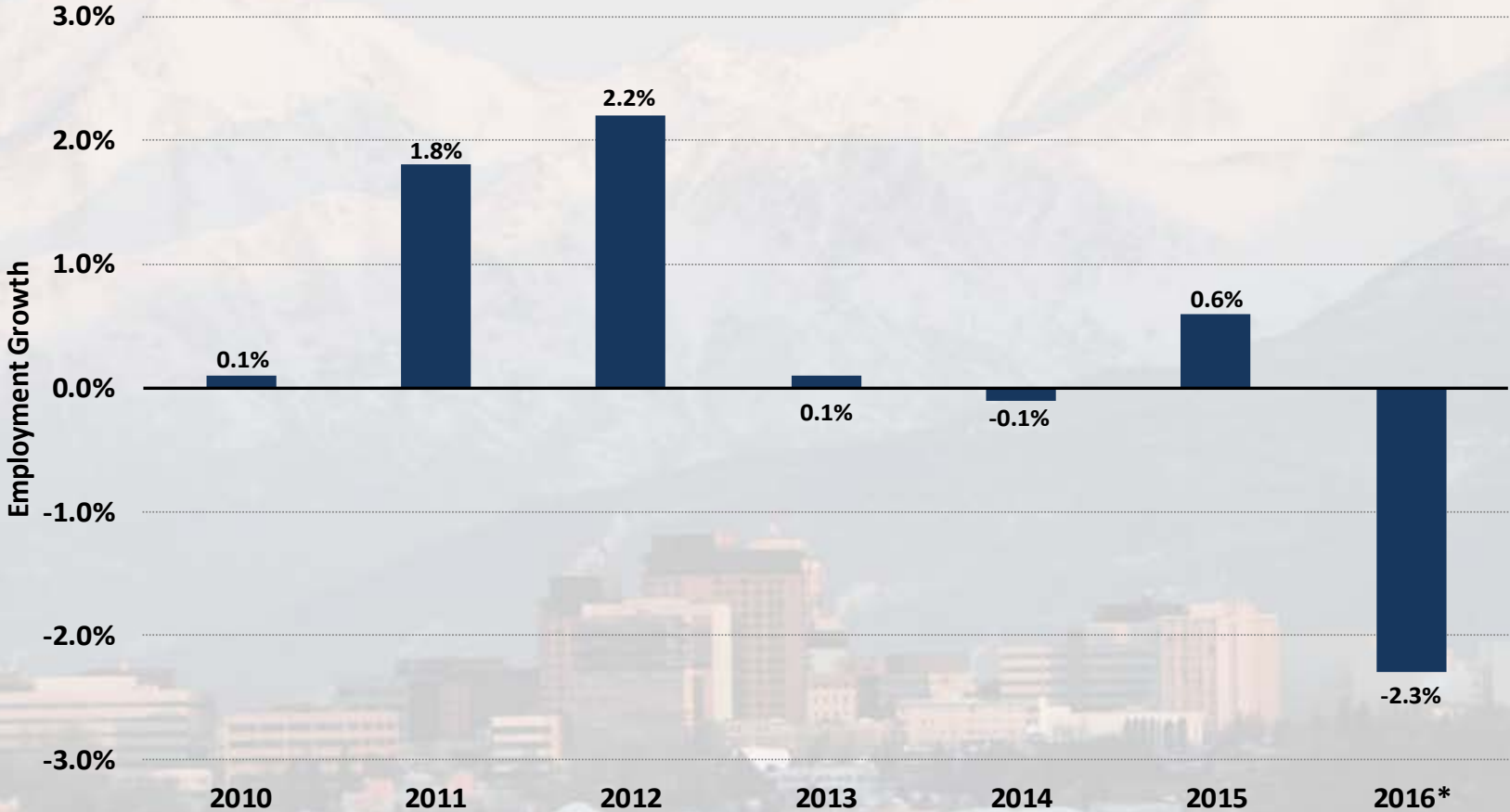
Energy

## ConocoPhillips announces Alaska discovery with daily production potential of 100,000 barrels

Author: Alex DeMarban Updated: January 13 Published January 13



# Employment Growth in Anchorage



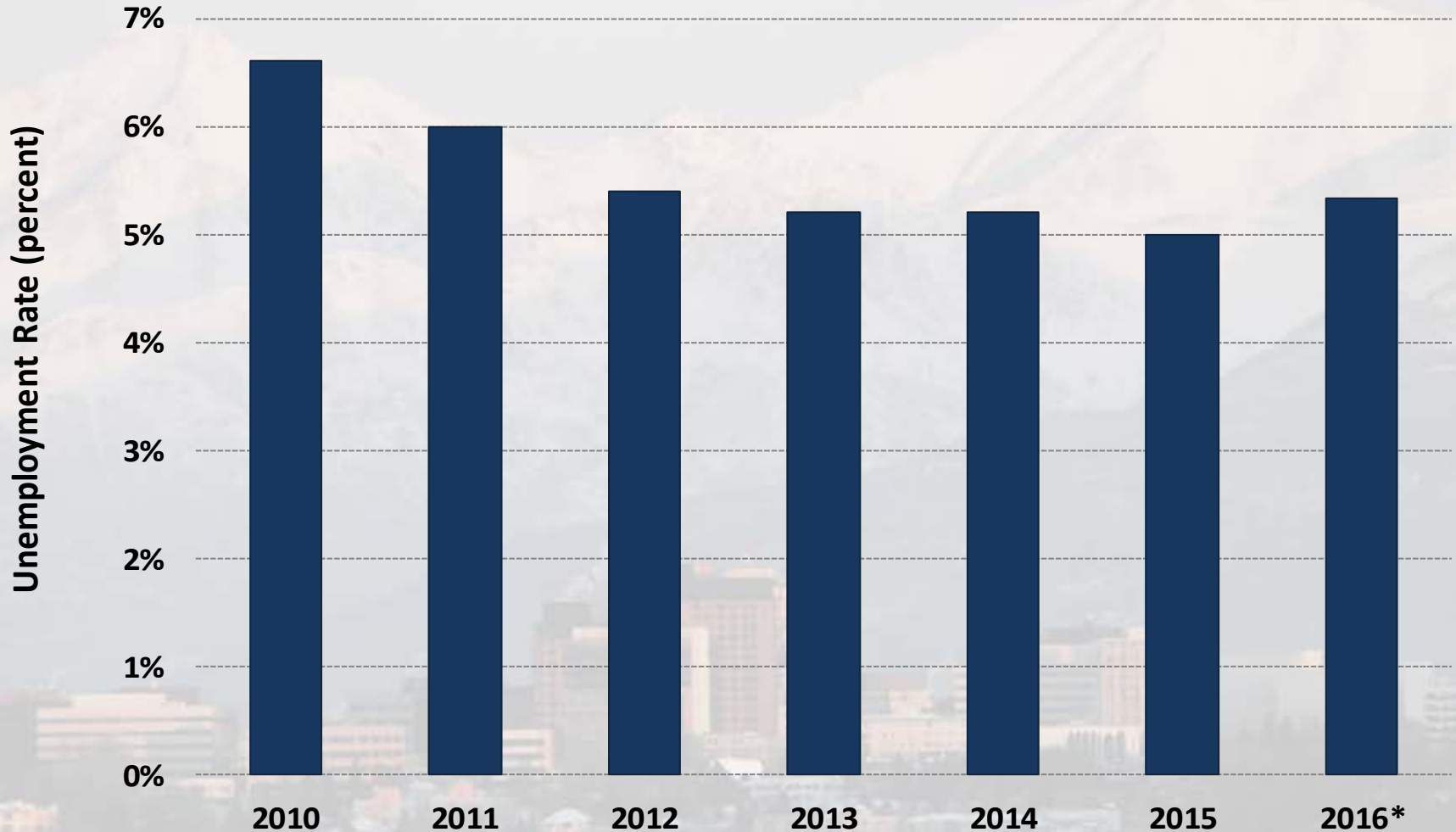
\*Preliminary

Source: 2017 BOMA Presentation, Neal Fried 2017 Economic Forecast





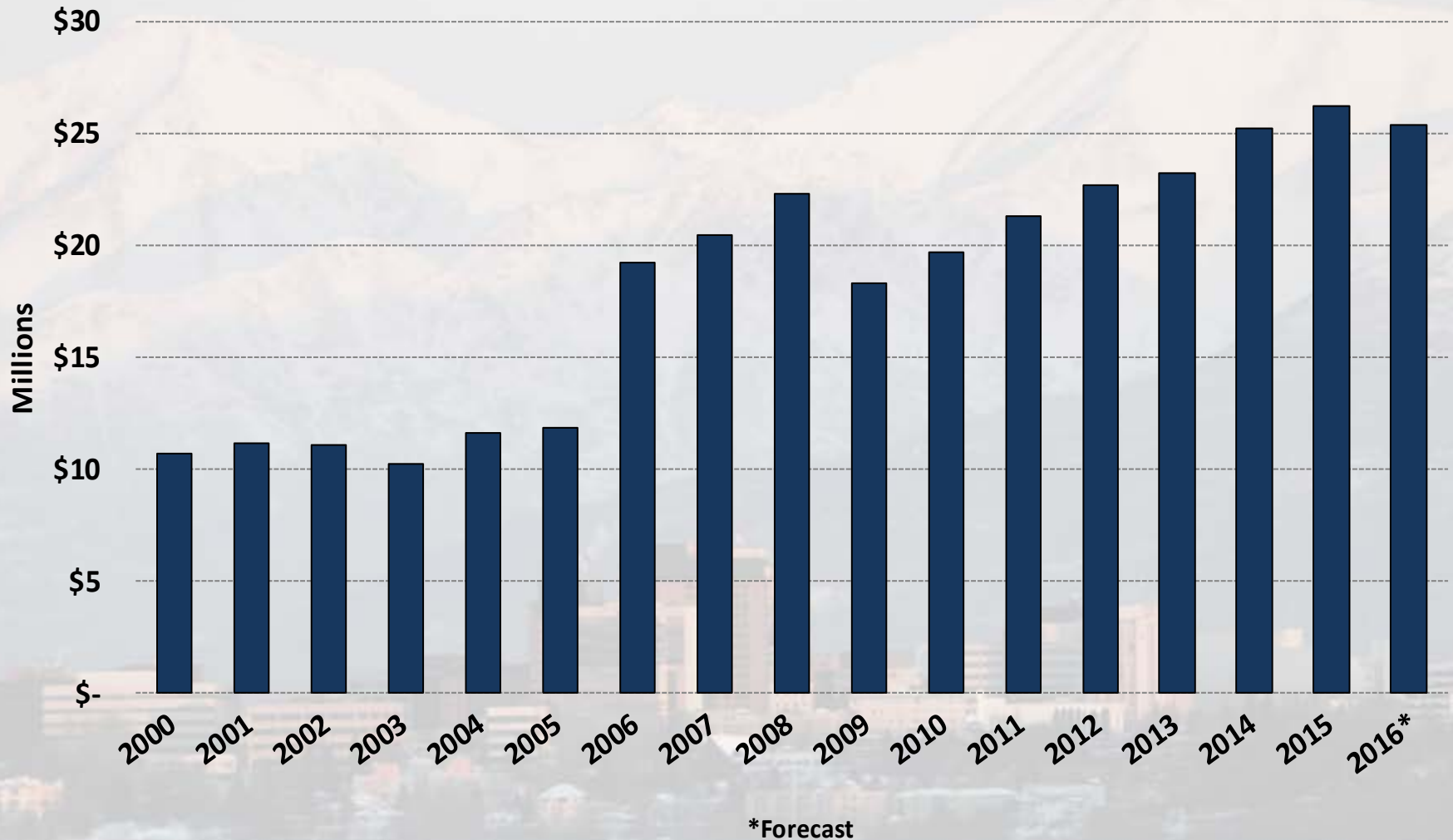
# Anchorage Average Unemployment Rate (Not Seasonally Adjusted)



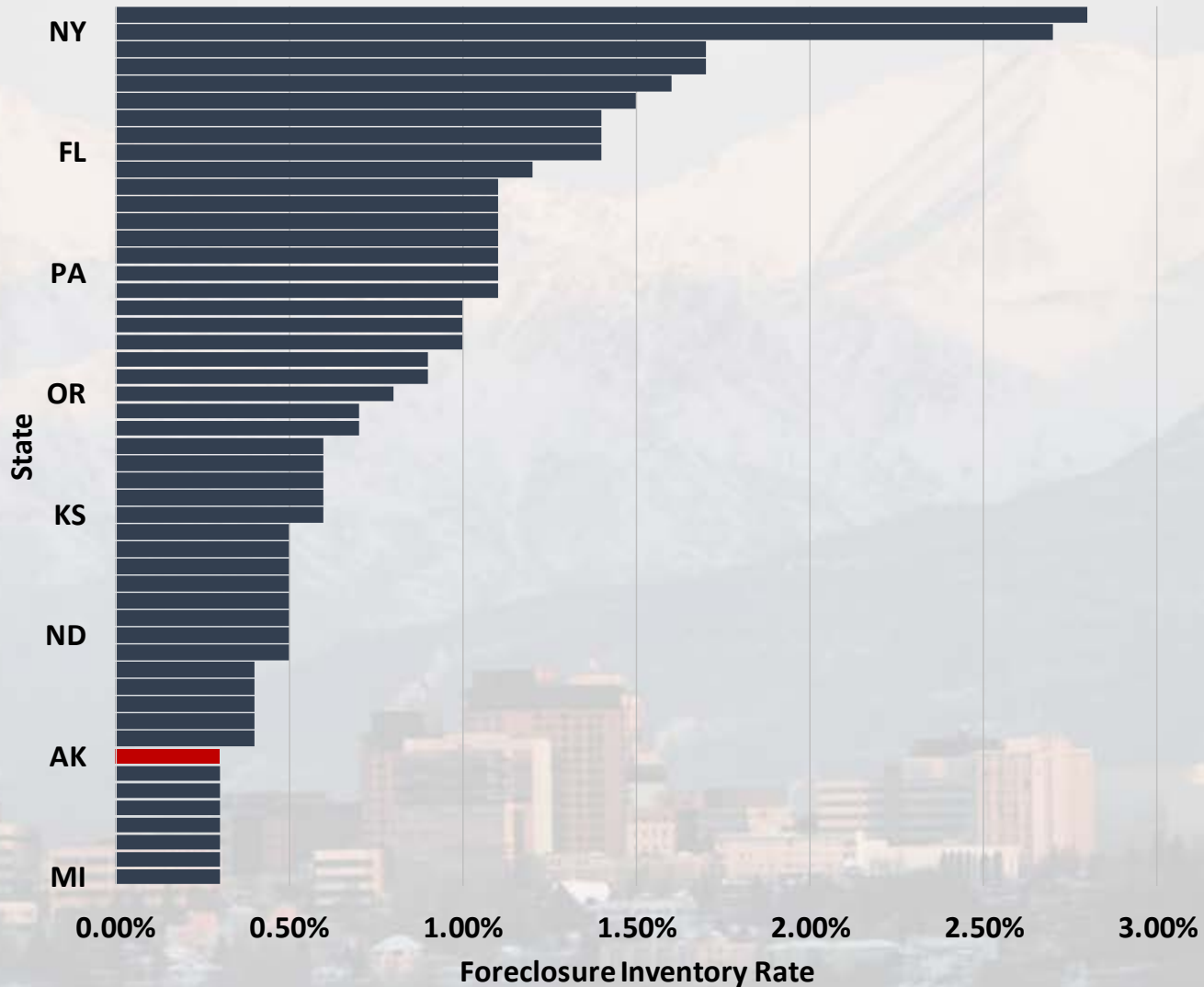
\*2016 does not include December Data; source: Department of Labor and Workforce Development



# Anchorage's Bed Tax



# Foreclosures as a % of Mortgages



Source: CoreLogic National Foreclosure Report October, 2016



# MLS Listings: Single Family Listings in September by Year

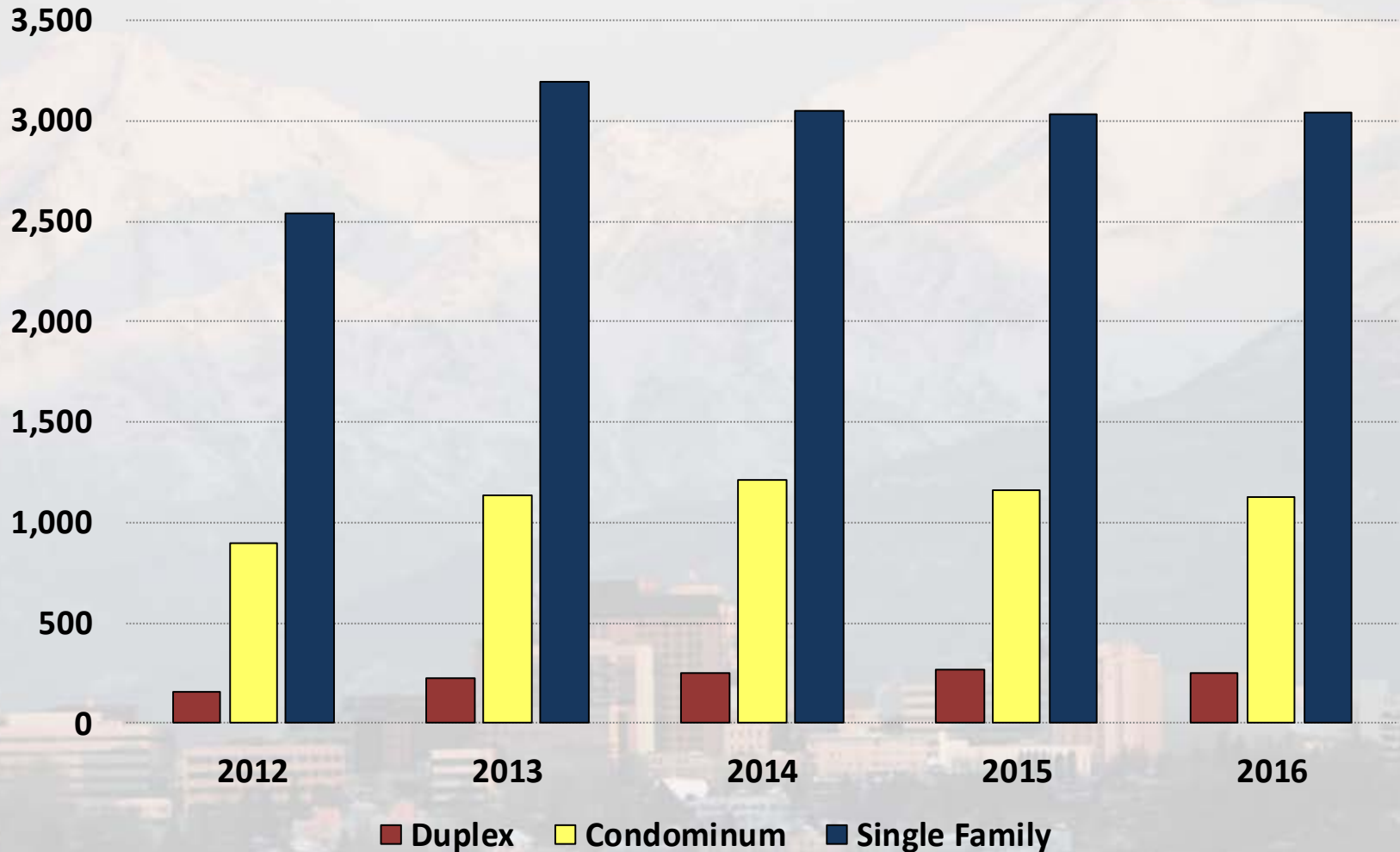


Source: AEDC Presentation, Dec. 9, 2016





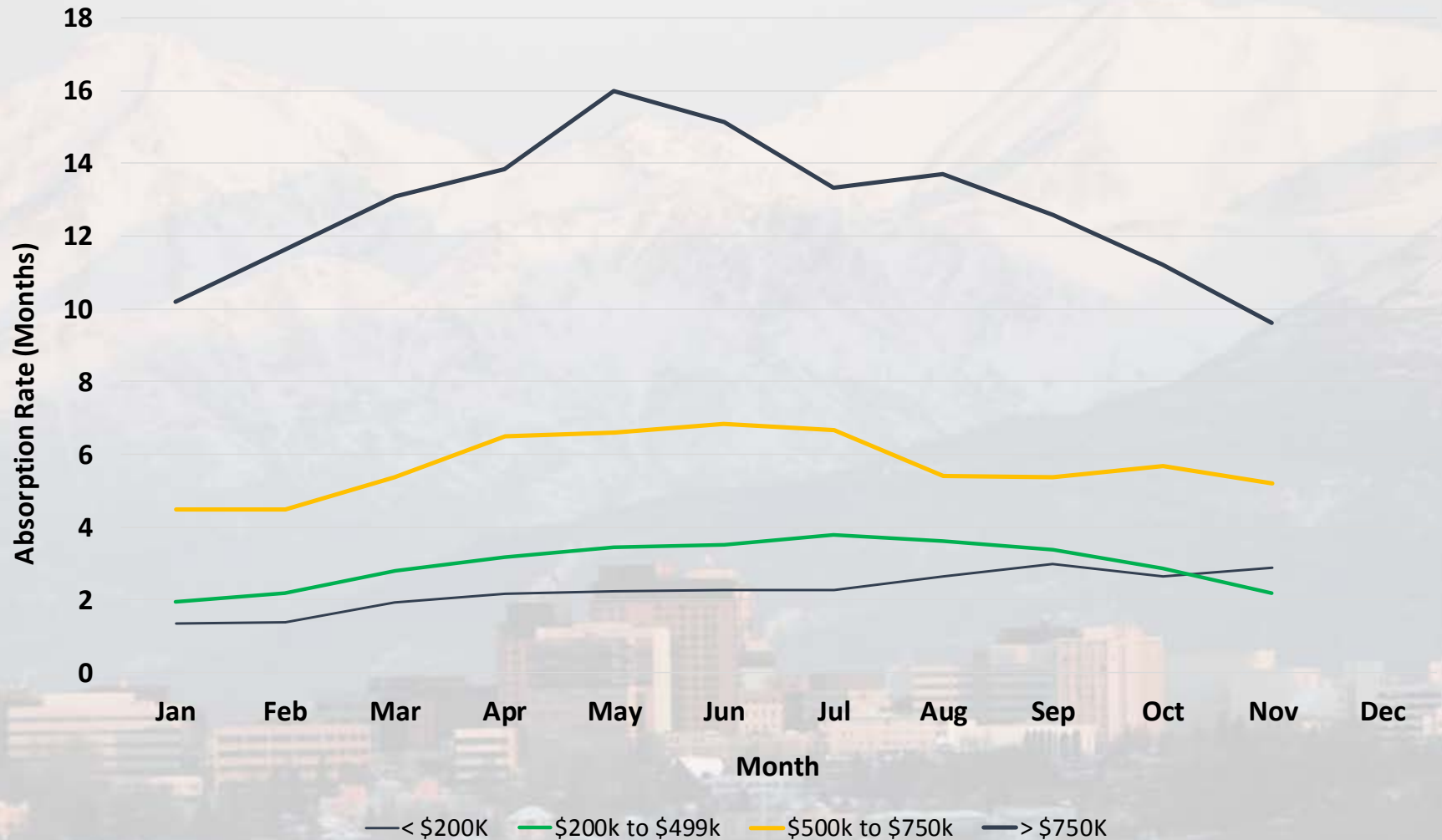
# Number of Residential Sales\*



\*Data through November, 2016



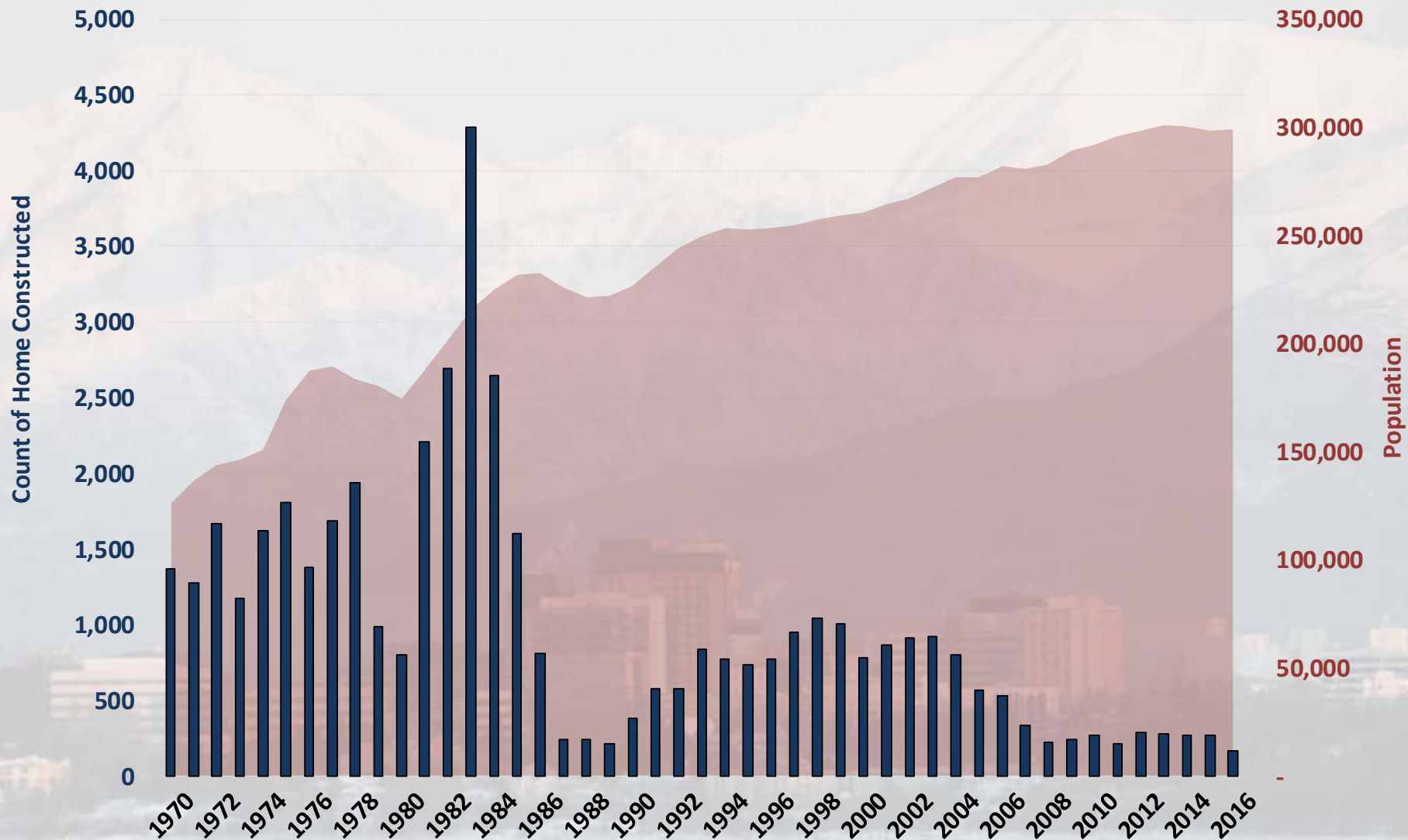
# MLS Absorption by Value



Source: Alaska MLS



# Number of Homes Constructed & Anchorage Population by Year



# New Construction



Photo: Matt Rowley



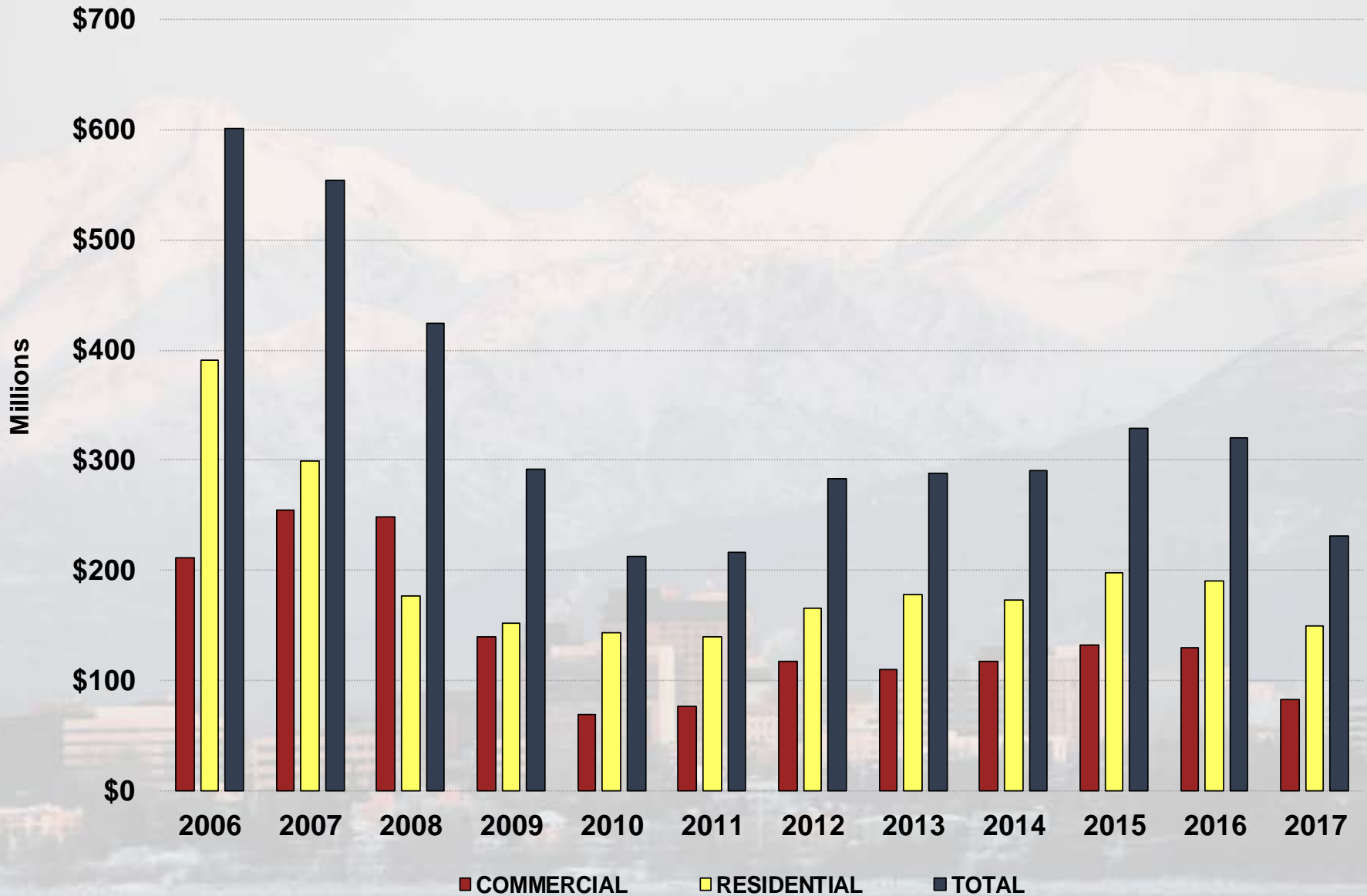


# 2017 Taxable New Construction

Type	Assessed Value	Change from 2016
Residential	\$149.67 Million	-21%
Commercial	\$ 82.18 Million	-37%
<b>Total</b>	<b>\$231.85 Million</b>	<b>-28%</b>



# Taxable New Construction



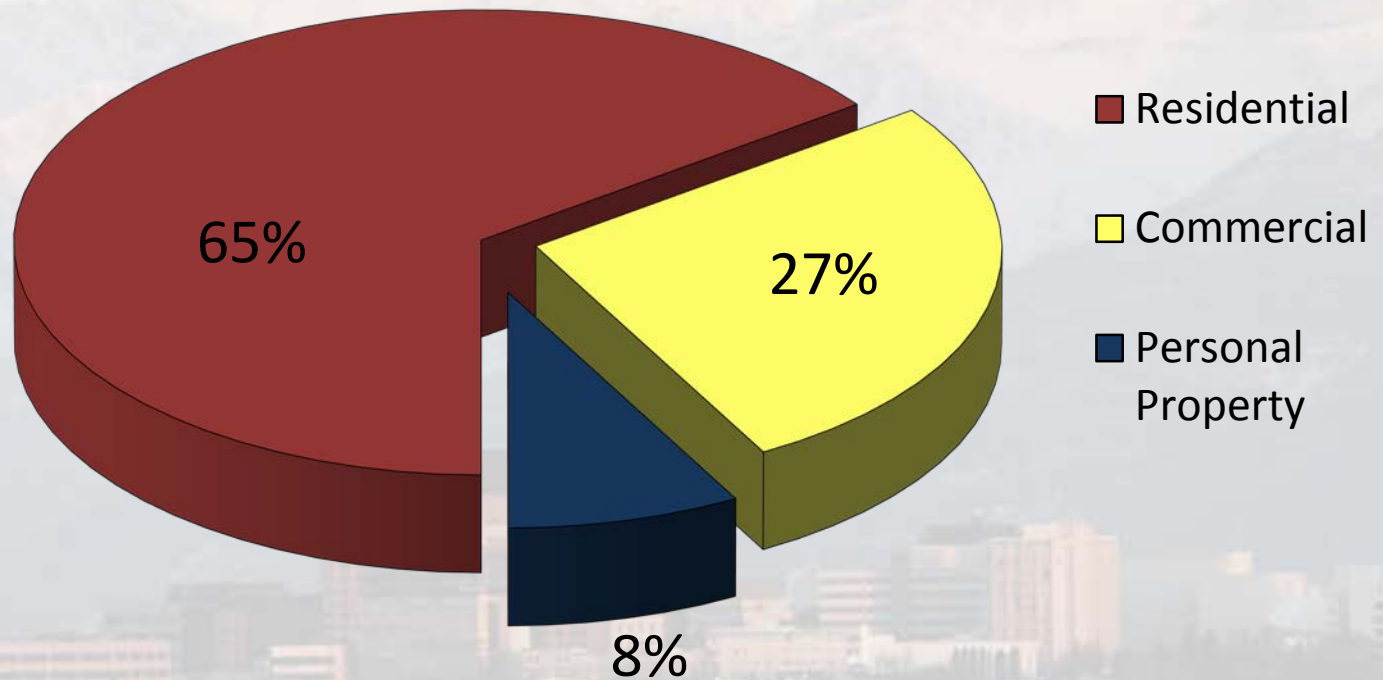
# 2017 Property Assessment



Photo: Grant Darby



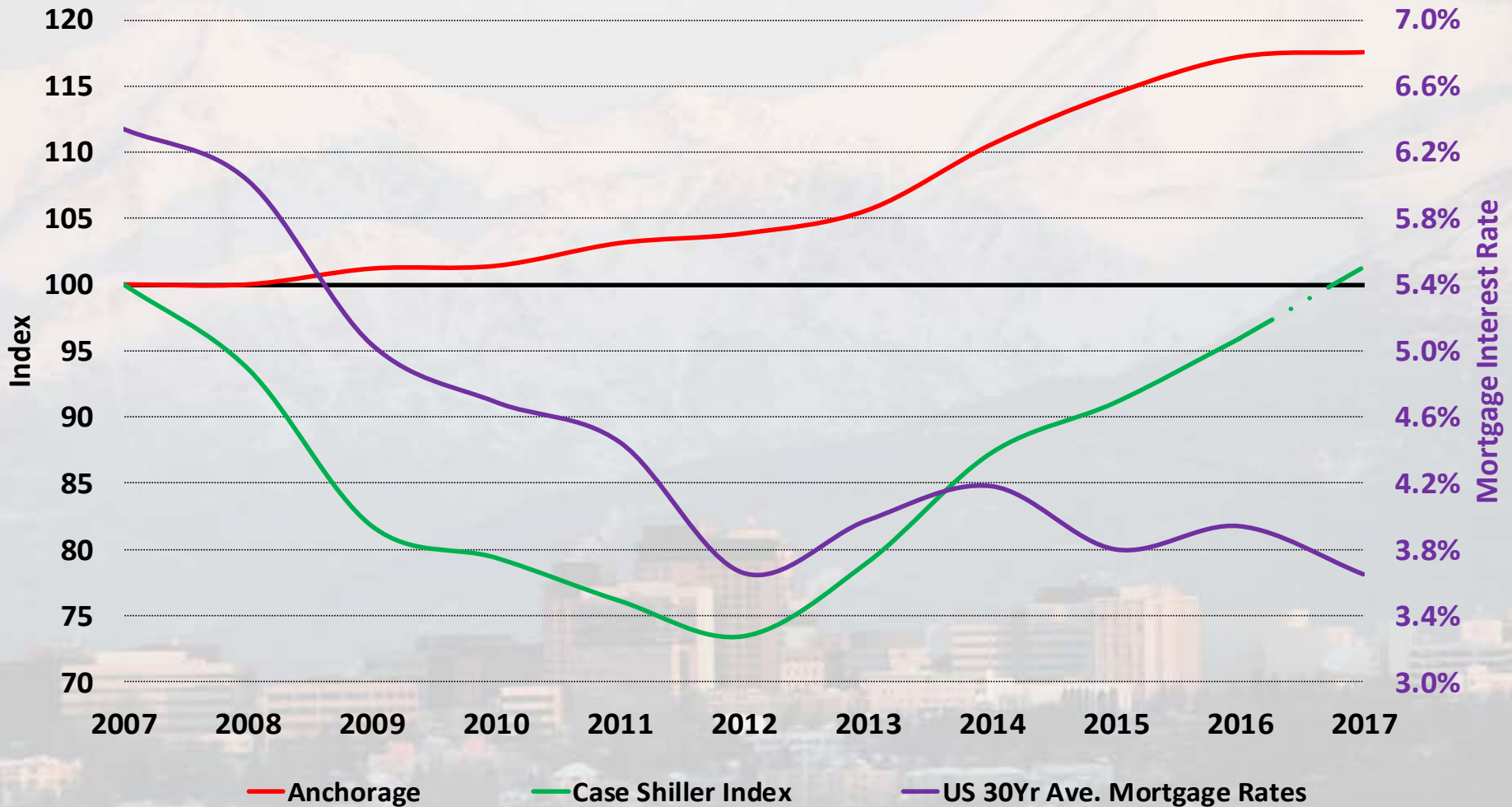
# Property Tax Base Composition





# Residential

Anchorage Percentage Change of Total Assessed Value vs. Case Shiller\* National Market Trend Since 2007



\* S&P/Case Shiller U.S. National Home Price Index; January Annual Observation where 2007=100

# The Effect of Interest Rates on Purchasing Power

Holding your Monthly Payment Constant based on a 30 Year Fixed Mortgage Rate...

Rate: 3.5%



\$300,000

Rate: 4.0%



\$283,000

Rate: 4.5%



\$268,000

Rate: 5.0%

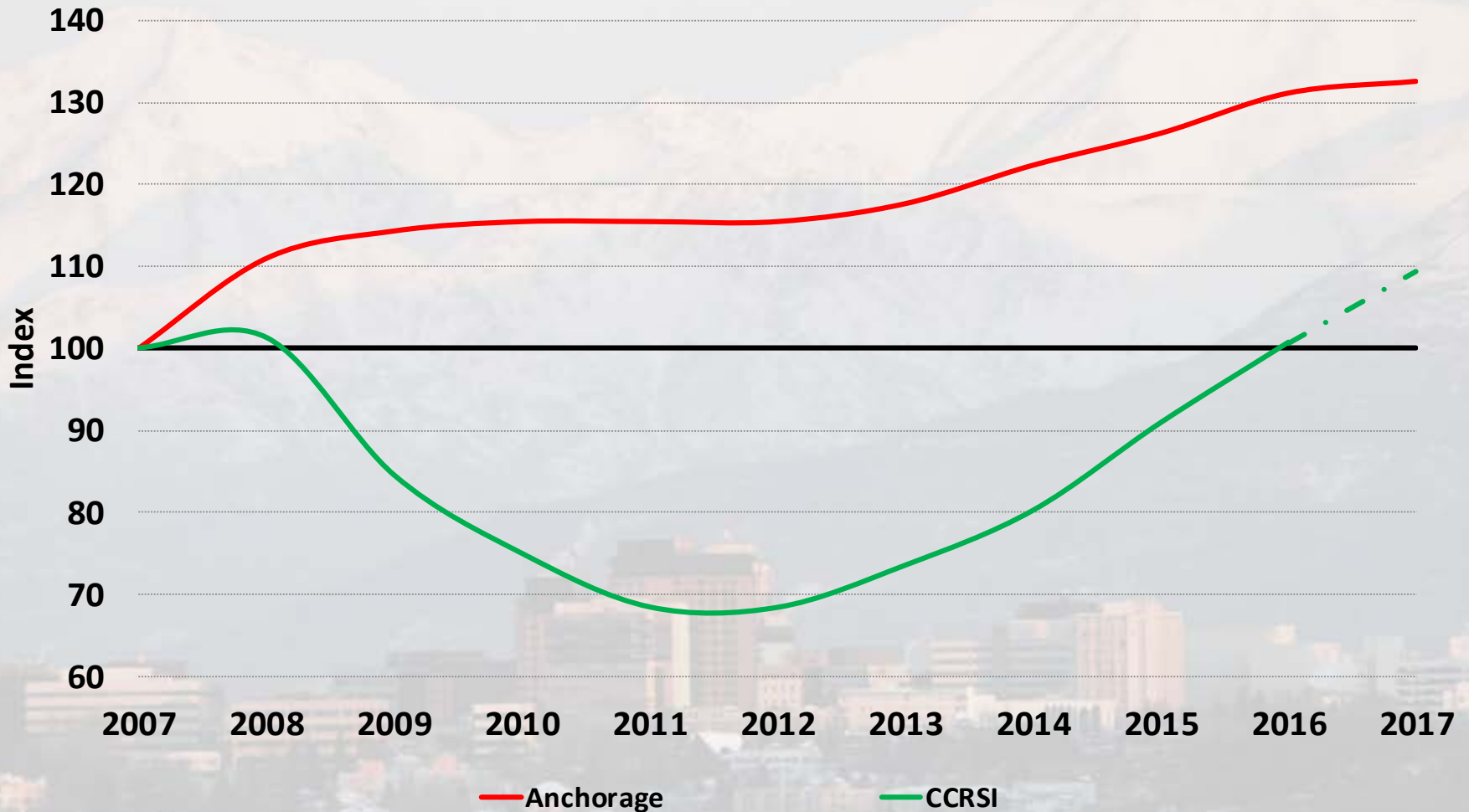


\$255,000

Calculation is based on a \$20,000 down payment. Private mortgage insurance, taxes, fees, and insurance are ignored.

# Commercial

Anchorage Percentage Change of Total Assessed Value vs. CCRSI\* National Market Trend Since 2007



\* CoStar Commercial Repeat Sale Index: General Commercial; January Annual Observation where 2007=100



# Property Assessment Summary

(Including New Construction)

	<b>Number of Properties /Accounts</b>	<b>Assessed Value (in billions)</b>	<b>Percent Change</b>
<b>Residential</b>	86,674	\$25.62	0.4%
<b>Commercial</b>	10,651	\$10.58	1.1%
<b>Personal Property*</b>	8,399	\$3.14	-4.6%
<b>All Taxable</b>	105,724	\$39.34	0.2%

\*October 2015 to October 2016





# Residential Property



Photo: Joy Shankar



# Residential Assessment Summary 2016 vs. 2017

(Includes New Construction)

**2016 Total Assessed Value: \$25.51 Billion**

**2017 Total Assessed Value: \$25.62 Billion**

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**Overall Change in Value: 0.4%**



# Residential Value Change

(Does not include new construction)

Type	Average % Change
Single Family Residences	0.1%
Duplex/Triplex	1.1%
Condos	0.4%
Vacant Land	2.9%
Other (Mobile Homes, out Buildings, etc.)	2.3%



# Residential Market Clusters

No.	Market Cluster	Average % Change*	Number of Properties
1	Downtown	0.1%	4,687
2	East Bowl	1.0%	3,904
3	Hillside/Girdwood	-2.1%	10,003
4	Eagle River/Peters Creek	1.0%	8,871
5	Central Bowl	0.7%	5,793
7	Foothills	-0.4%	5,293
8	SW Bowl	-0.4%	8,884
10	Duplex/Triplex	1.1%	5,018
12	Zero Lot Line	2.0%	4,366
15	Patio Homes	2.1%	3,537
16	Townhouse	3.4%	1,265
17	Mid Range Townhouse Condo	1.4%	6,348
18	Upper Range Townhouse Condo	0.0%	2,505
19	Mid Range Multi Res Condo	0.9%	4,256
20	Upper Range Multi Res Condo	-3.7%	1,936

Geographic
  Global

\* (Does not include new construction)





# Residential Data

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Number of Tracked Listings in 2016	2,261
Number of Sales in 2016*	3,040
2016 Sales Disclosed to MOA	955
2015 Sales Disclosed to MOA	1,609
2014 Sales Disclosed to MOA	1,688

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**Alaska is a non-disclosure state.**

\*Deeds recorded through Dec 15<sup>th</sup>



# Residential Ratios

$$\frac{\text{Avg. Assessed Value of Listings}}{\text{Avg. List Price}} \Rightarrow \frac{\$388,264}{\$418,837} = 93\%$$

$$\frac{\text{Avg. Assessed Value of Sales}}{\text{Avg. Sale Price}} \Rightarrow \frac{\$371,278}{\$387,907} = 96\%$$

$$\frac{\text{Avg. Assessed Value}}{\text{MLS Avg. Sale Price}} \Rightarrow \frac{\$353,751}{\$366,085} = 97\%$$



# Commercial Property



# Commercial Assessment Summary 2016 vs. 2017

(Includes New Construction)

**2016 Total Assessed Value: \$10.47 Billion**

**2017 Total Assessed Value: \$10.58 Billion**

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**Overall Change in Value: 1.1%**





# 2016 Commercial Assessed Value Change

(Does not include New Construction)

<b>Type</b>	<b>Average % Change</b>
Four-Plex	3.4%
5+ Unit Apartments	-0.8%
Retail	1.8%
Office	0.3%
Industrial	-0.2%
Hotel	-4.3%
Land	0.6%



# Commercial Improved Property Sales

2014 through 2016

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Number of Sales	347
Sales Disclosed to MOA (27% all sales)	93
Assessed Value/Sale Price (Disclosed)	94% Ratio

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**Alaska is a non-disclosure state.**



# Personal Property





# Personal Property Value

## 2015 vs. 2016

<b>2015 Total Assessed Value:</b>	<b>\$3.29 Billion</b>
<b>2016 Total Assessed Value:</b>	<b>\$3.14 Billion</b>
<hr/>	
<b>Overall Change in Value:</b>	<b>-4.6%</b>

Final Personal Property Assessment Rolls are issued in October.

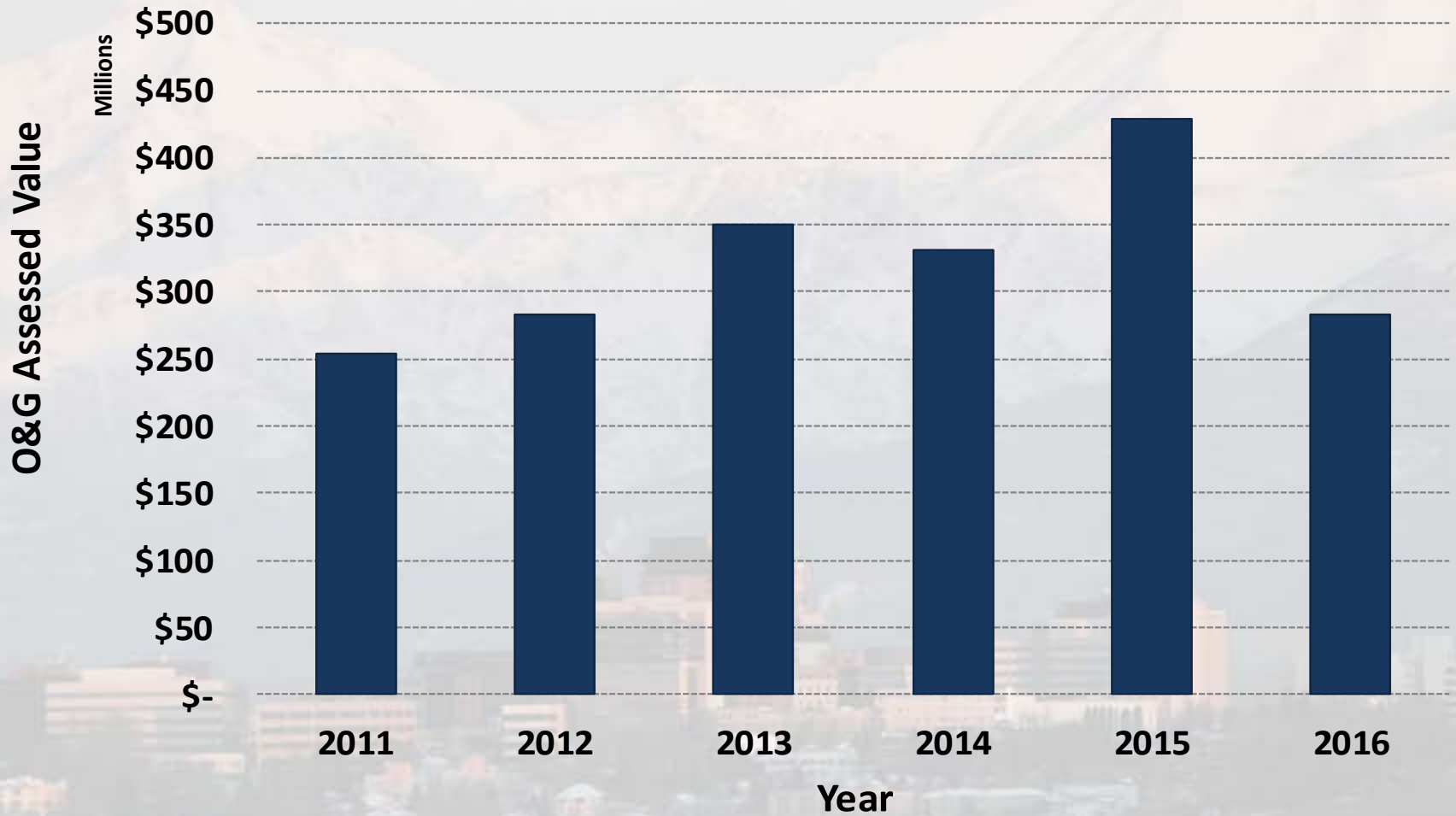




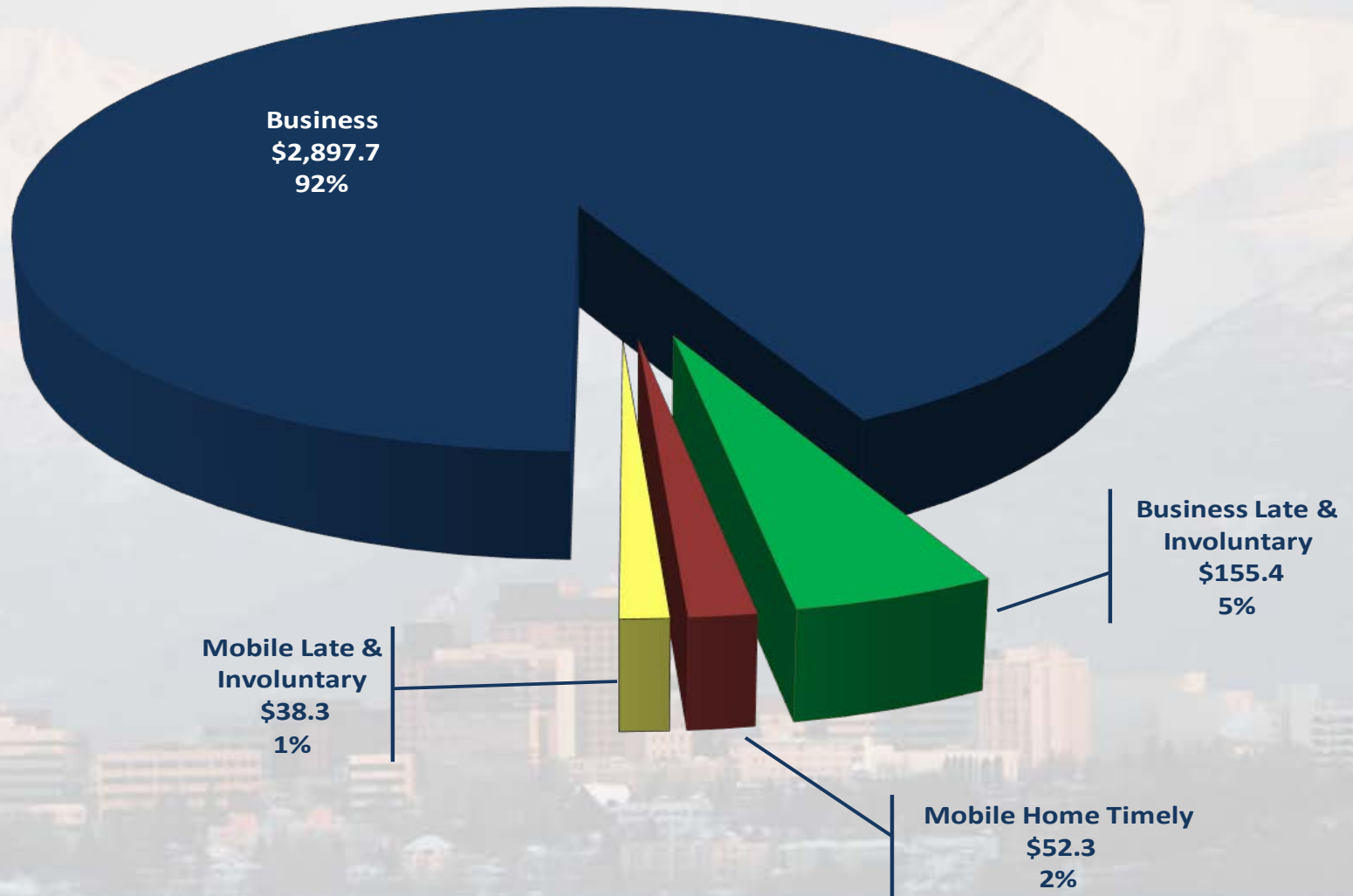
# Personal Property: Total Assessed Value (billions)



# Anchorage Oil & Gas Personal Property Assessed Value by Year



# Personal Property Rolls (in Millions)







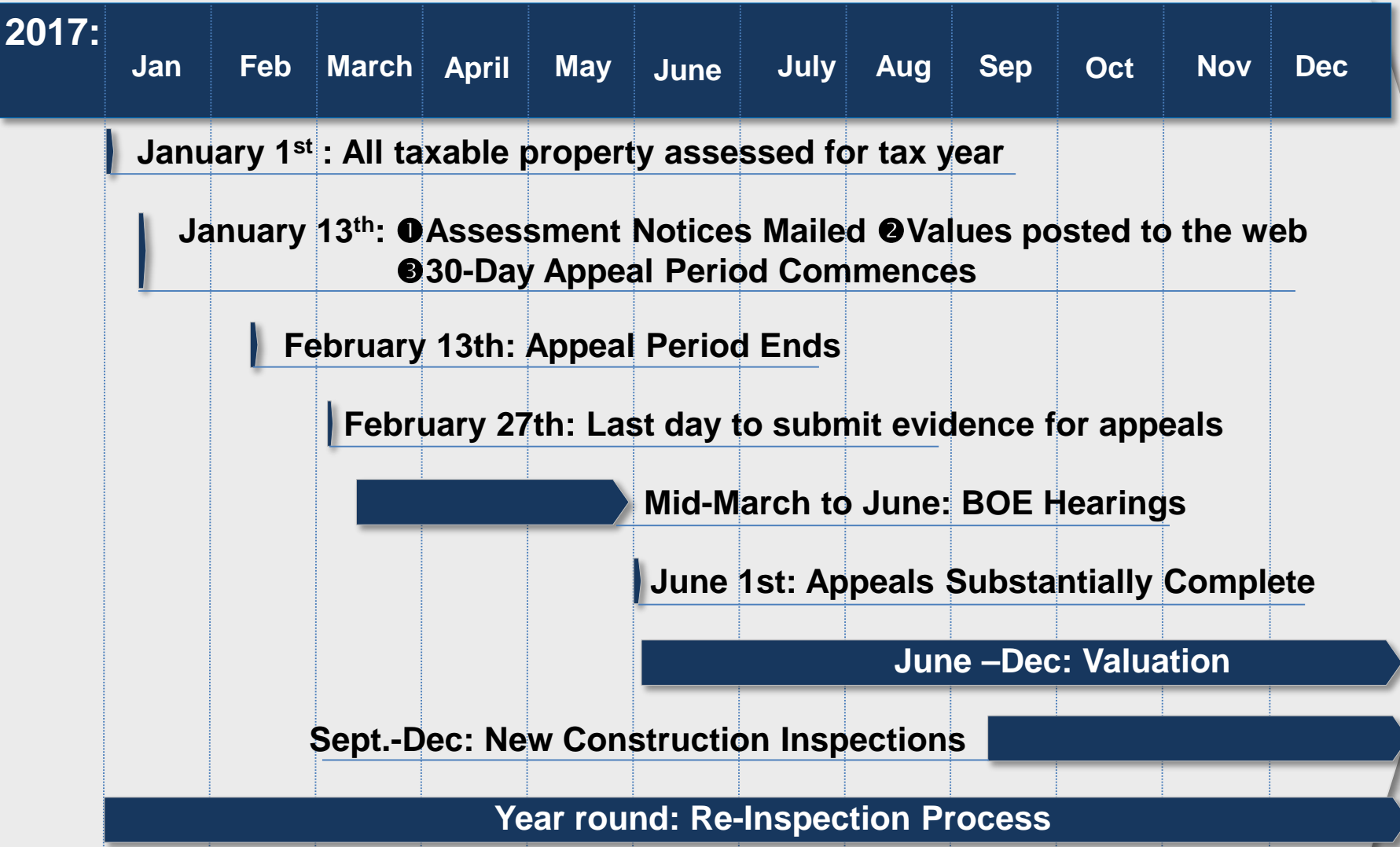
# Review and Appeal Period

Photo: Matt Rowley

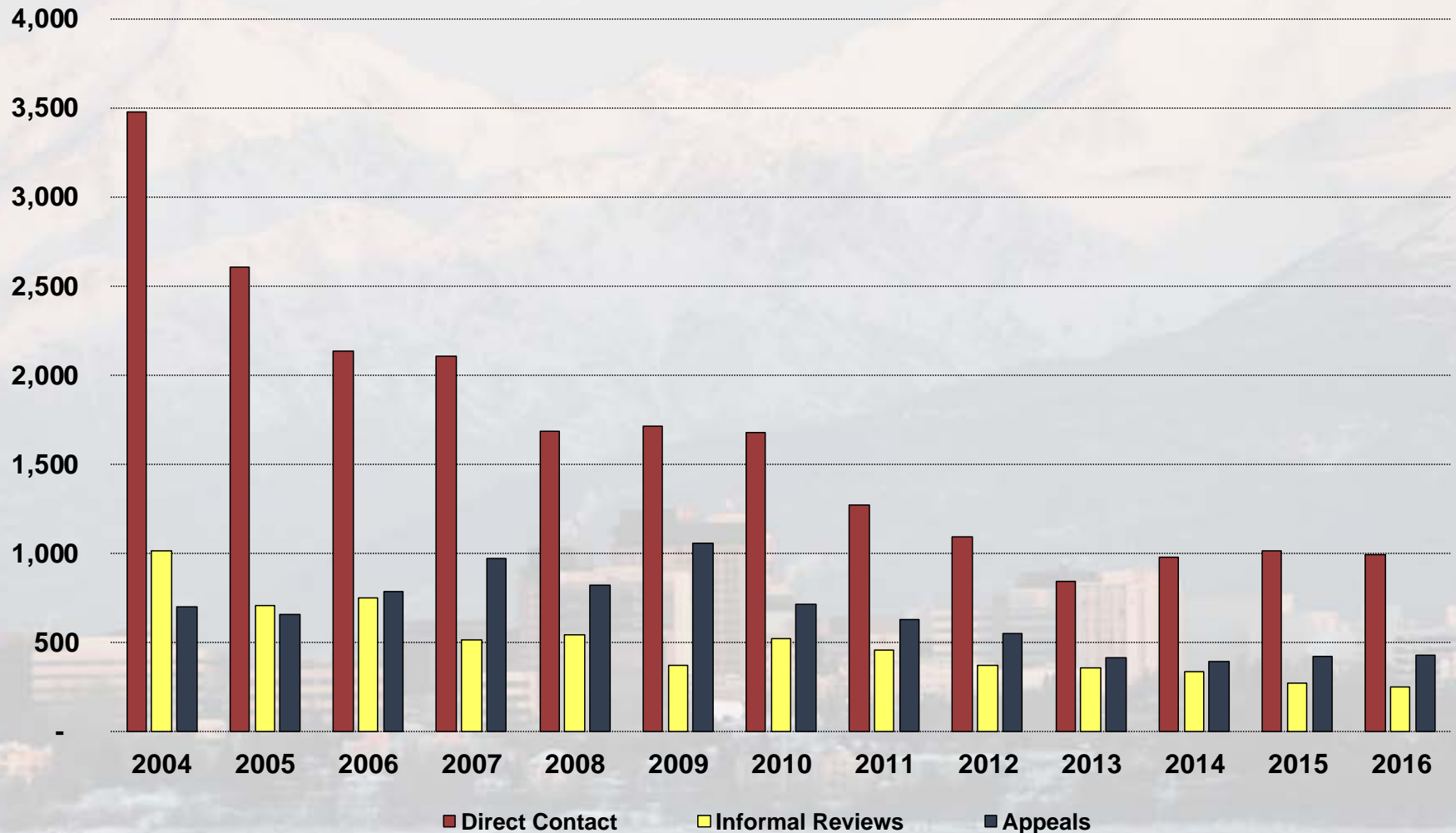




# Overview of Real Property Assessment Process

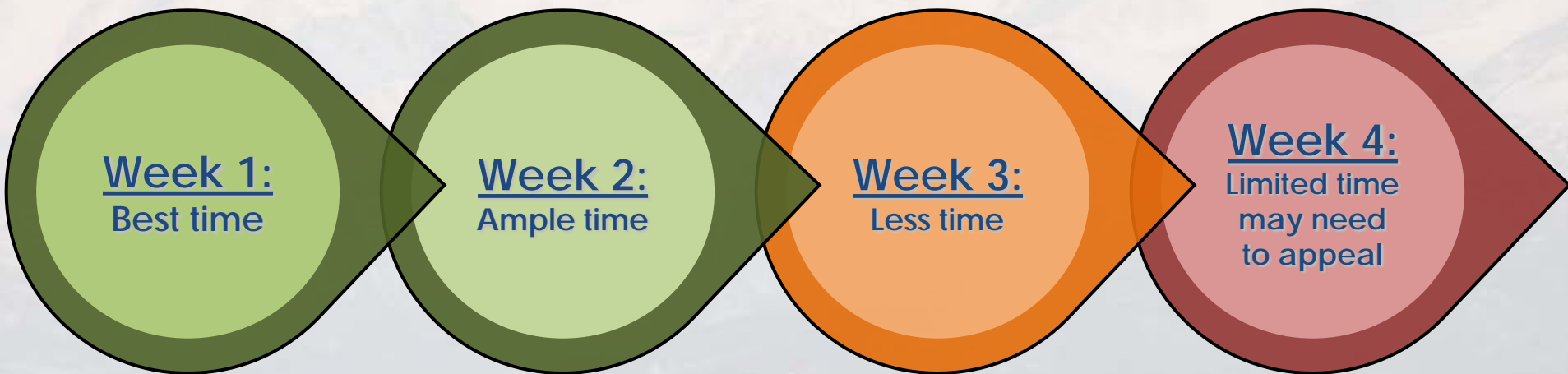


# Appeals, Informal Reviews & Taxpayer Contacts



# 30 Day Appeal Period (Starting Jan. 13<sup>th</sup>)

When is the best time to ask questions and/or resolve issues with my assessment?



Contact Information	
Phone:	343-6500
Physical Location:	City Hall, Room 330
Hours:	8:00am to 5:00pm



# Appeals

- February 13 postmarks accepted
- Only the owner of record on January 1 has the right to appeal
- Refundable appeal deposit required





# Questions?

[www.muni.org/pa](http://www.muni.org/pa)  
Appeal Phone Line  
(907) 343-6500

Photo: Grant Darby

