

Minneapolis January 2, 2008  
Assessment and Property Tax Report



Ways and Means Committee April 14, 2008

# So...How Bad is it?

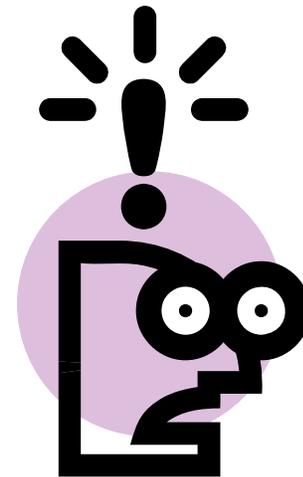
*...Housing Crash!*

*...Housing Crisis!*

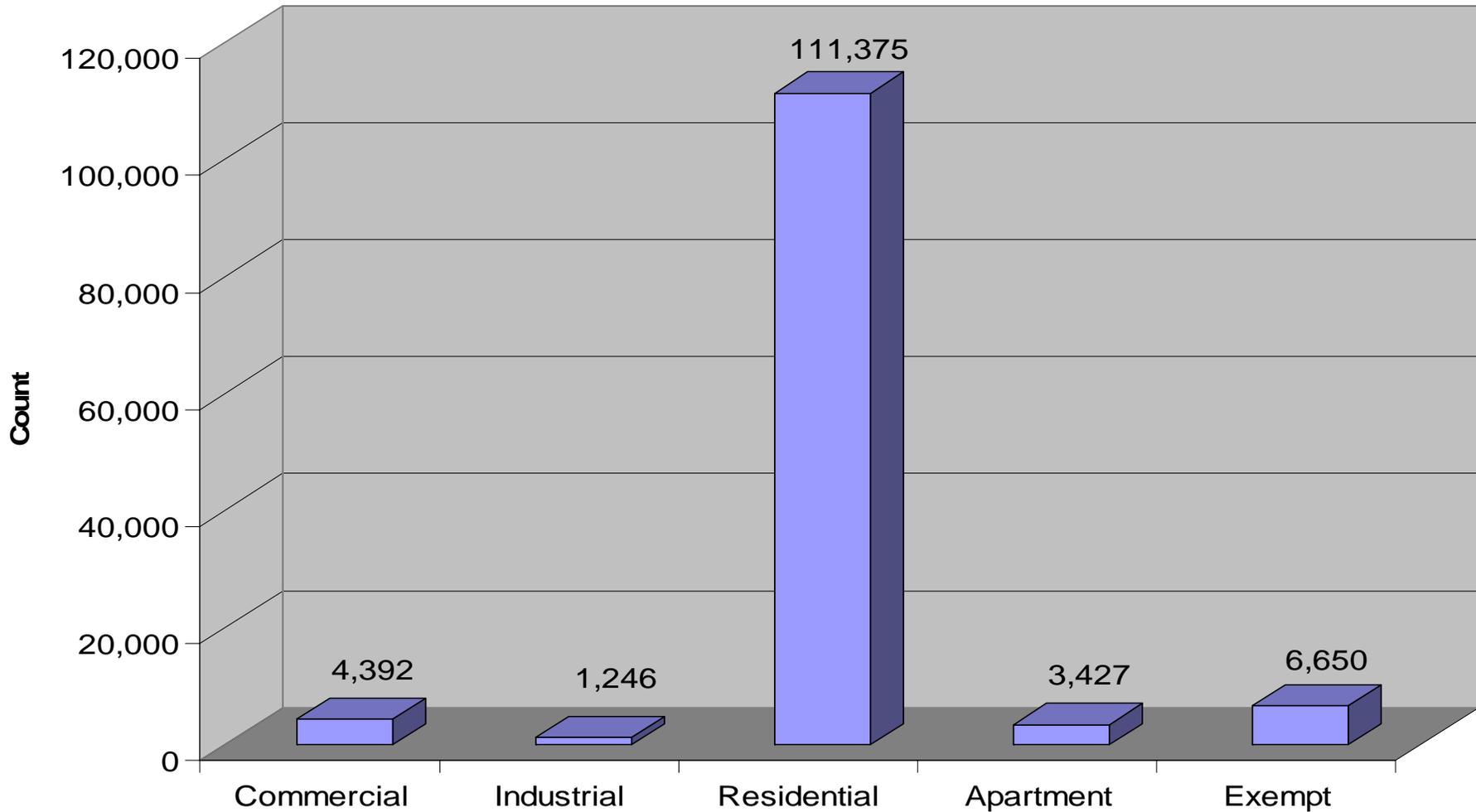
*...Property Values Plummeting!*

*...Housing Market Tumbling!*

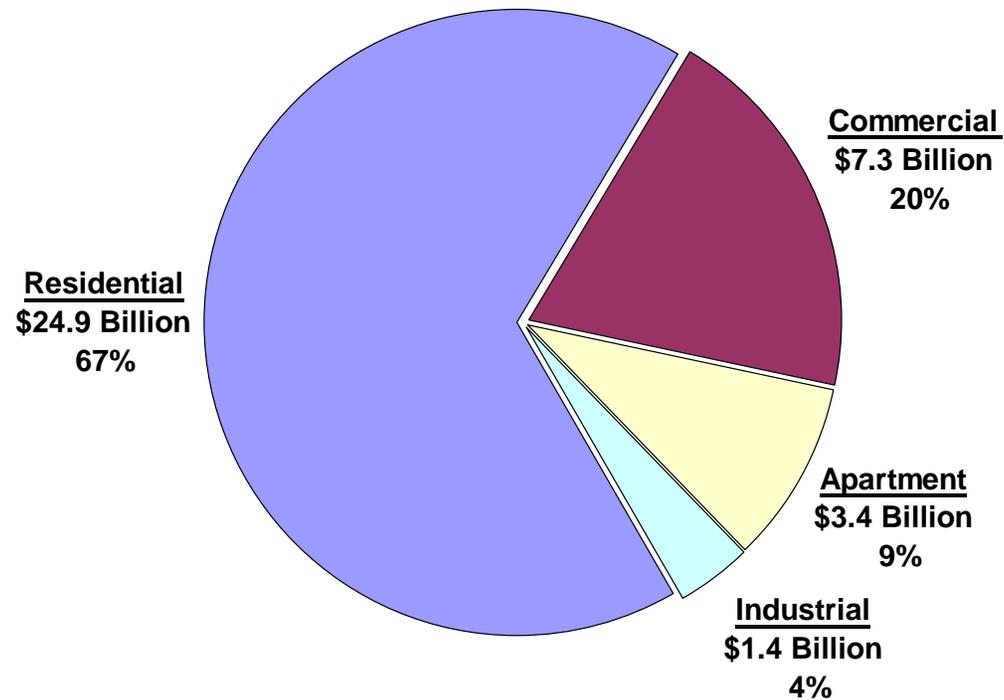
*...Values Free-Falling!*



## Minneapolis Parcels Counts by Type - 2008



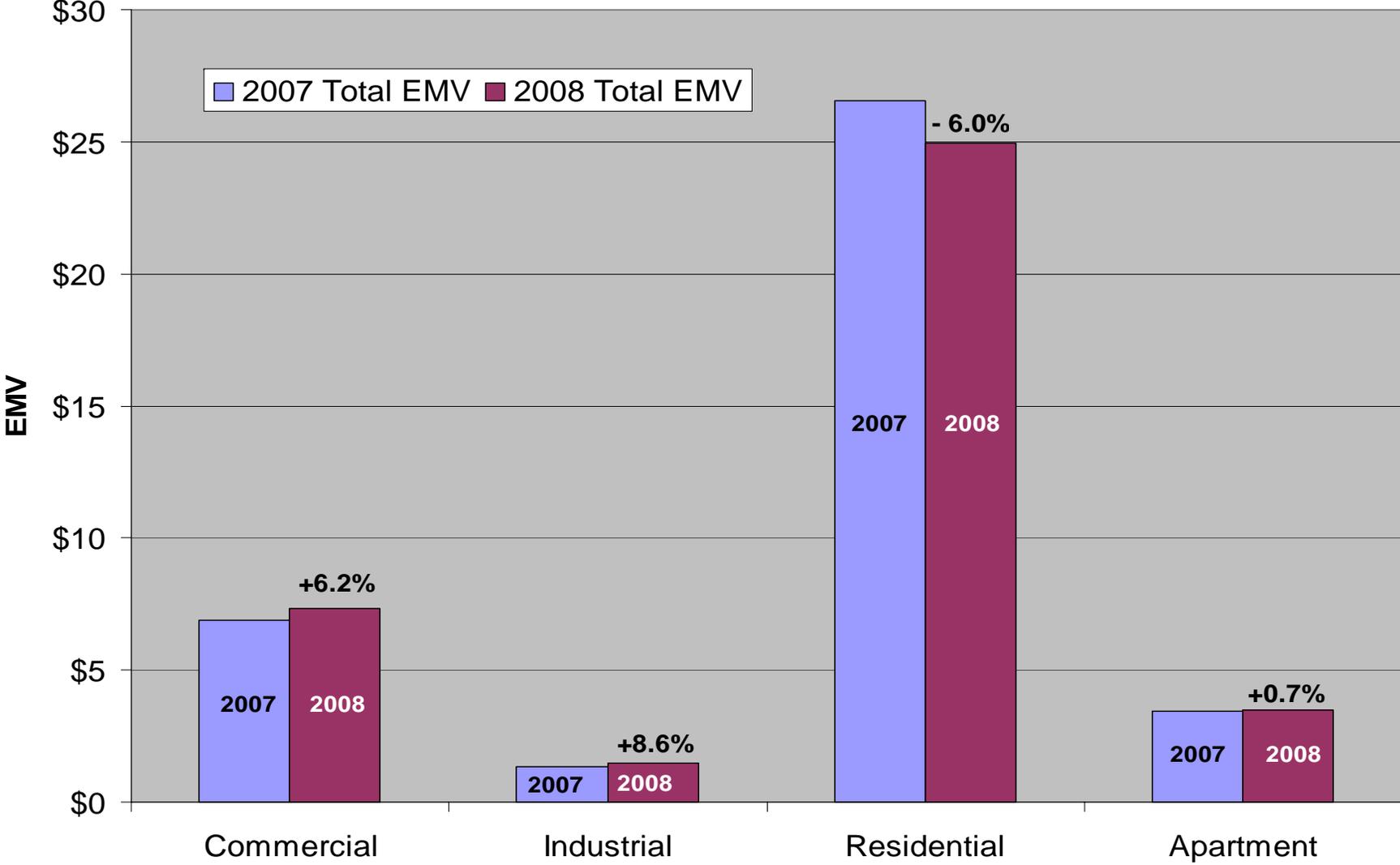
## 2008 Minneapolis Property Value By Type



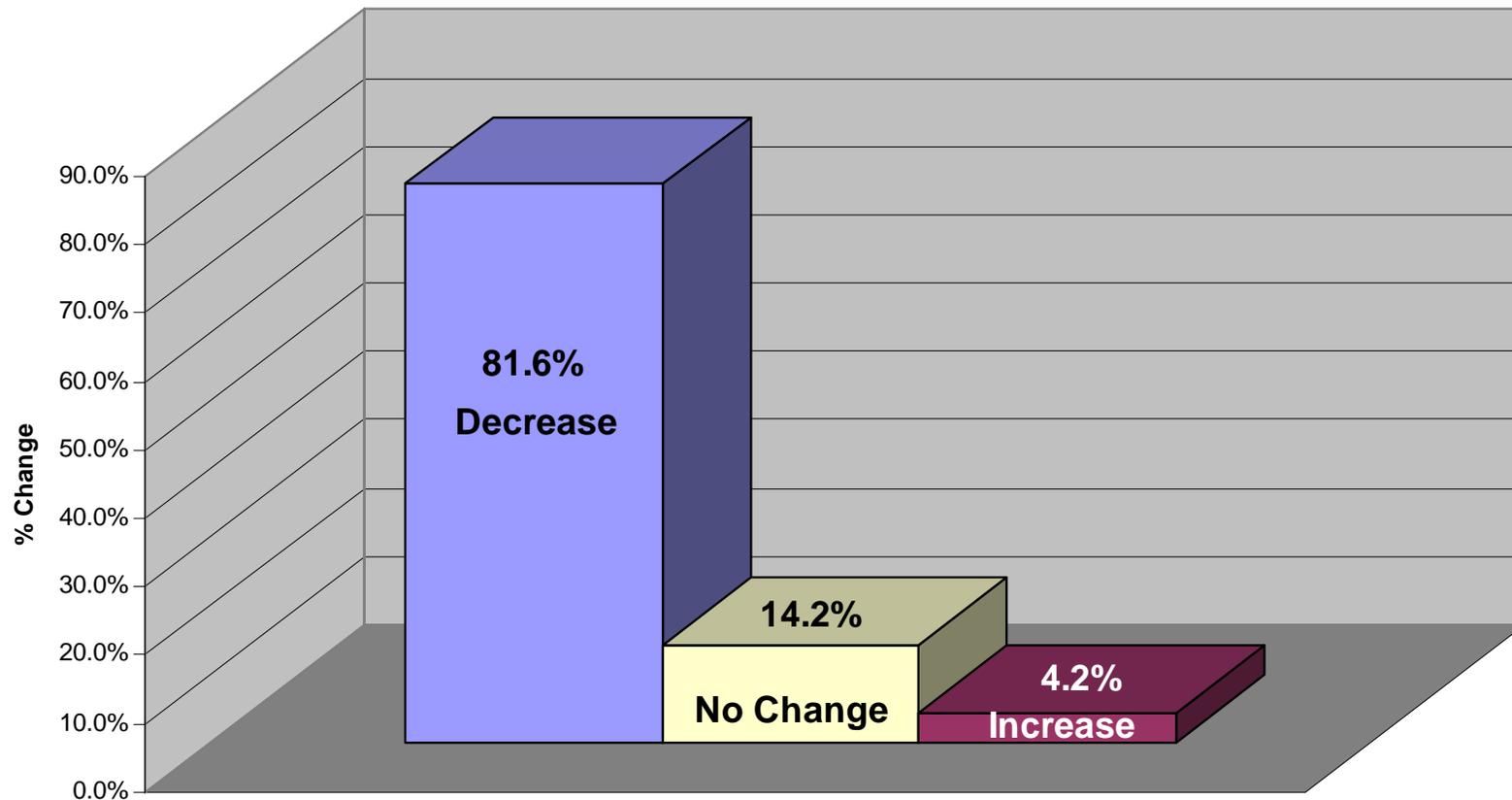
**2008 Total Market Value is \$37,218,848,600**

**Down 2.7% over 2007**

# Minneapolis Market Values by Type 2007 vs. 2008



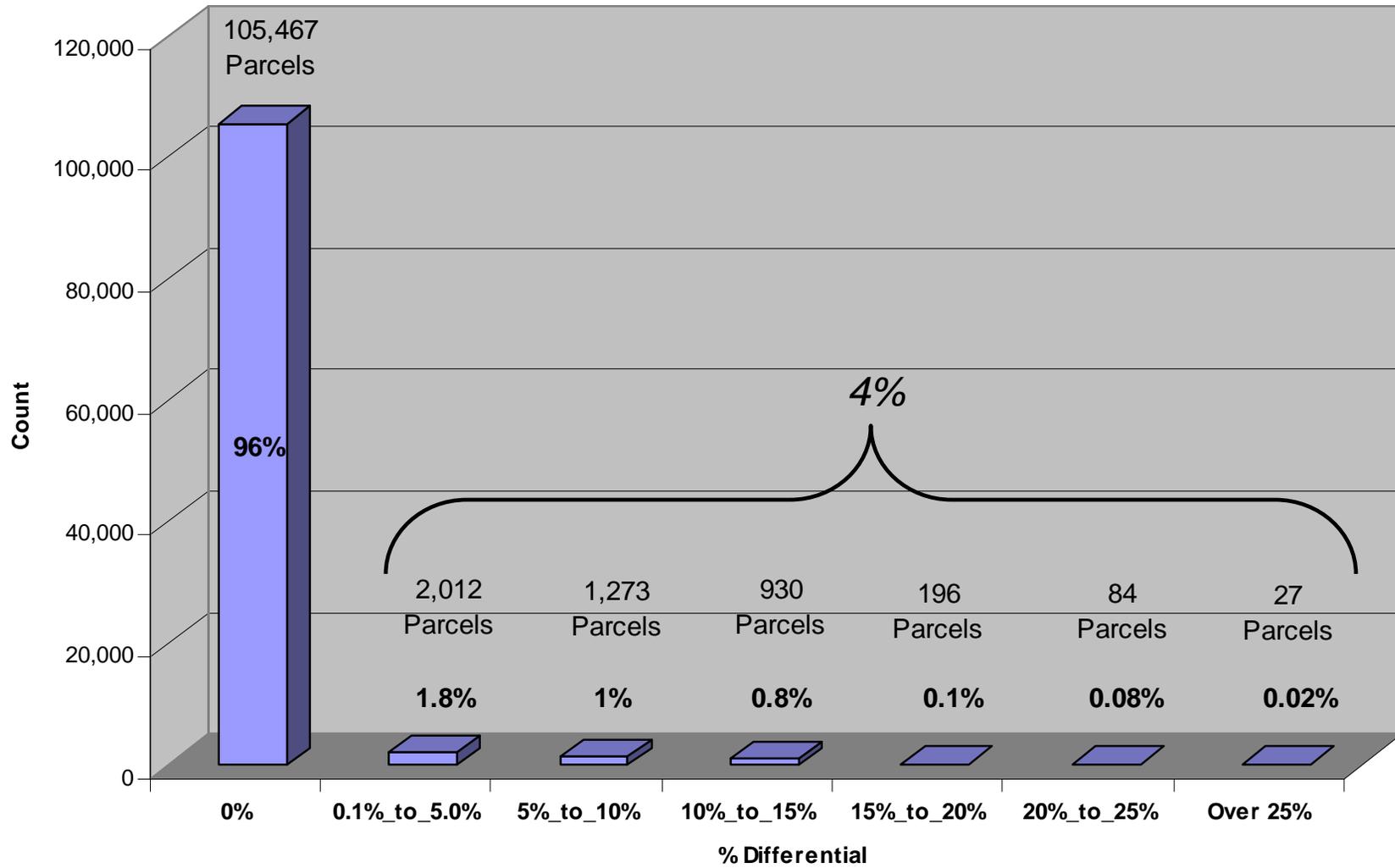
2008 Assessment Results  
Summary of Minneapolis Single Family Homes  
Value (EMV) Increases, Decreases & No Change from 2007 to 2008



## Minneapolis Single Family Home Median EMV by Ward

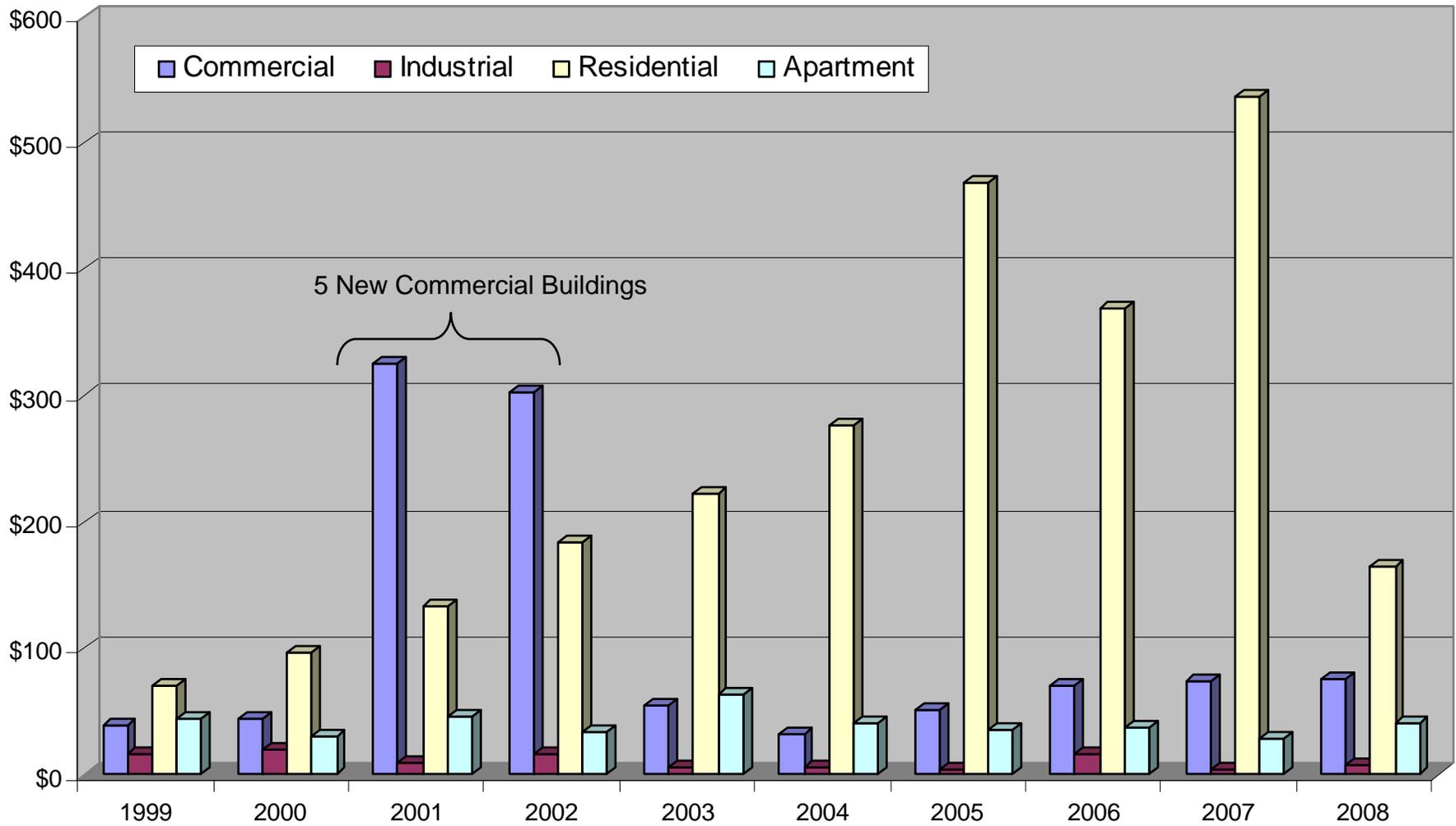
	2001	2002	2003	2004	2005	2006	2007	2008
<b>Ward 1</b>	124,000	141,500	157,000	174,500	191,500	198,000	201,000	186,500
<b>Ward 2</b>	138,000	154,500	178,000	201,500	225,500	238,250	240,000	215,000
<b>Ward 3</b>	91,250	108,000	125,000	142,000	159,500	165,000	160,000	145,000
<b>Ward 4</b>	96,500	112,000	127,000	142,000	158,000	161,500	156,500	134,250
<b>Ward 5</b>	83,000	95,500	111,500	130,000	159,000	160,000	147,500	132,000
<b>Ward 6</b>	97,000	117,500	146,000	170,250	201,000	209,500	215,000	207,500
<b>Ward 7</b>	295,000	342,500	390,000	434,500	493,500	521,500	545,000	547,500
<b>Ward 8</b>	116,000	135,000	160,000	176,000	198,500	206,000	207,000	185,000
<b>Ward 9</b>	103,500	120,000	142,500	160,500	179,500	185,000	187,000	166,000
<b>Ward 10</b>	179,500	202,500	239,000	262,500	300,000	315,000	317,500	298,000
<b>Ward 11</b>	161,500	181,500	206,500	224,500	255,000	260,500	261,000	241,000
<b>Ward 12</b>	125,000	142,500	163,000	180,000	200,500	207,500	208,000	185,500
<b>Ward 13</b>	198,500	226,000	253,000	272,000	308,500	318,500	325,000	320,500
<b>City-wide</b>	<b>128,000</b>	<b>145,500</b>	<b>166,000</b>	<b>184,000</b>	<b>206,000</b>	<b>212,500</b>	<b>213,000</b>	<b>192,500</b>

# Limited Market Value Remaining 2008

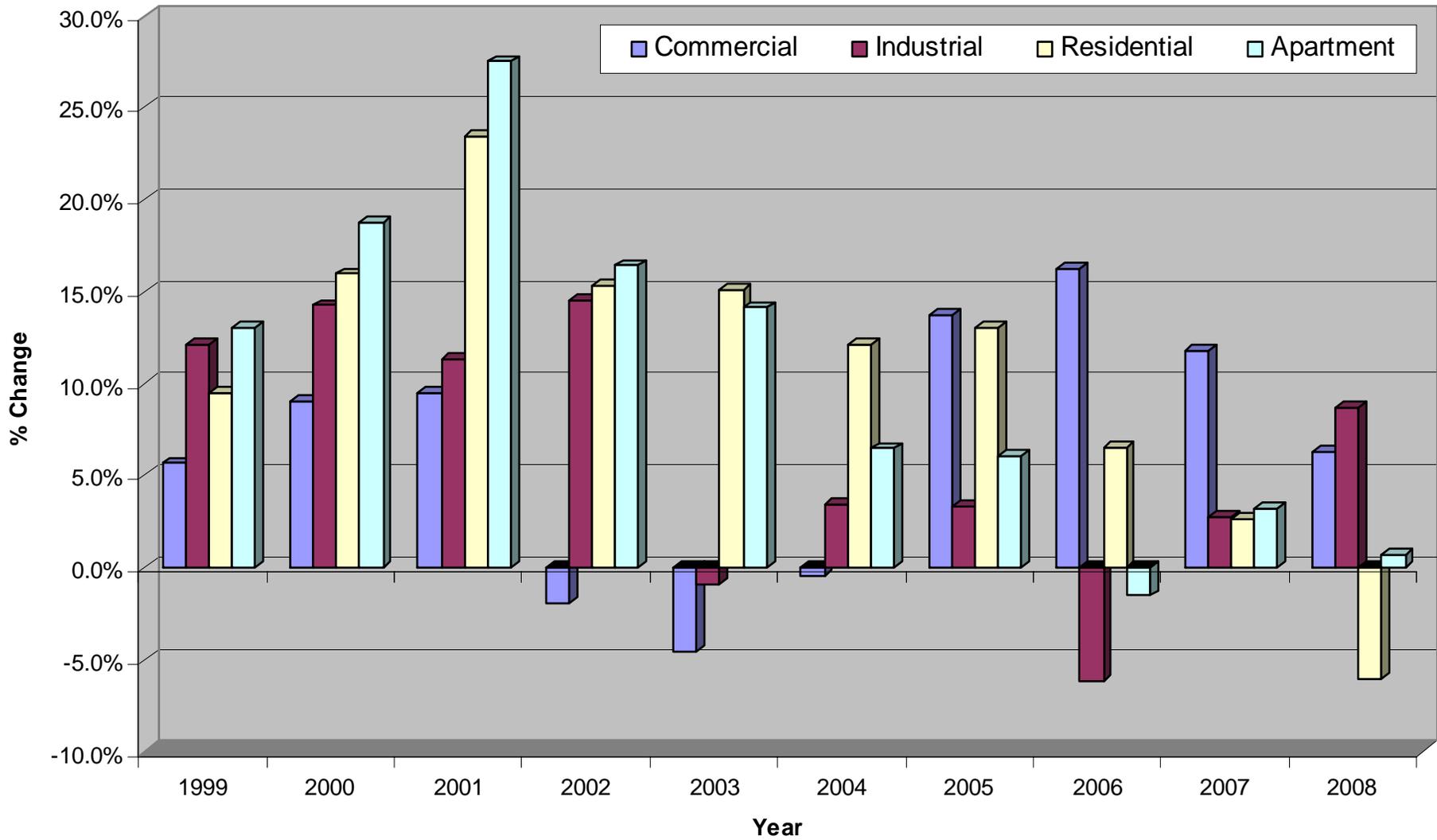


# Minneapolis Dollars of Taxable New Construction

Millions

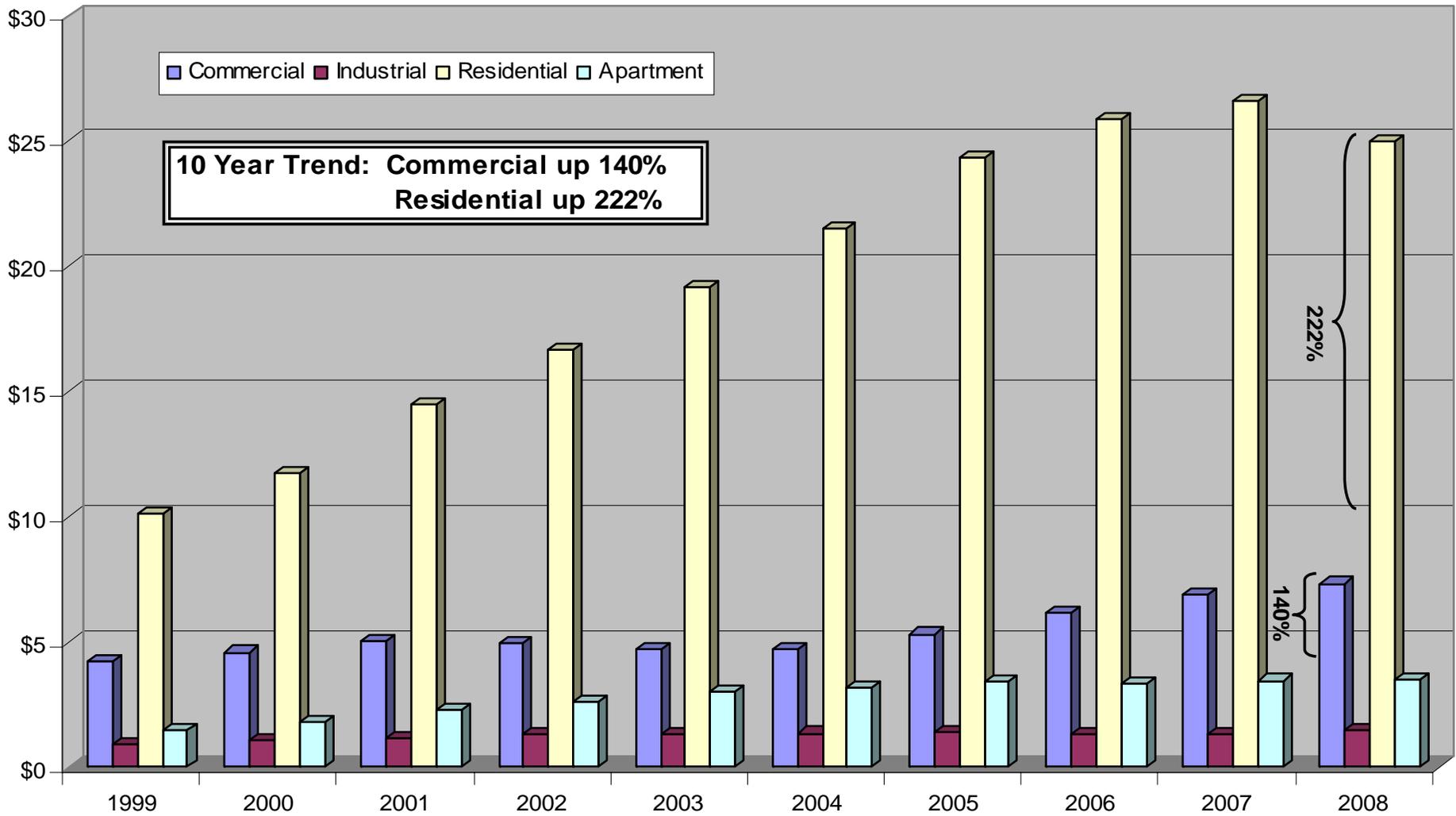


# Minneapolis Growth By Property – Percent of EMV

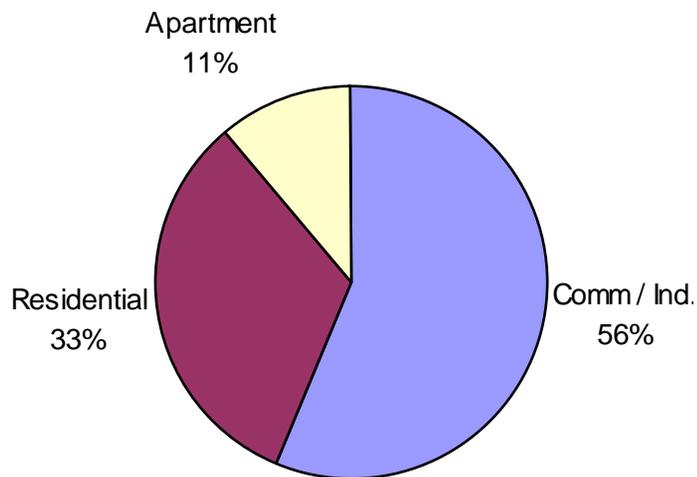


# Minneapolis Total Market Value (EMV) by Property Type

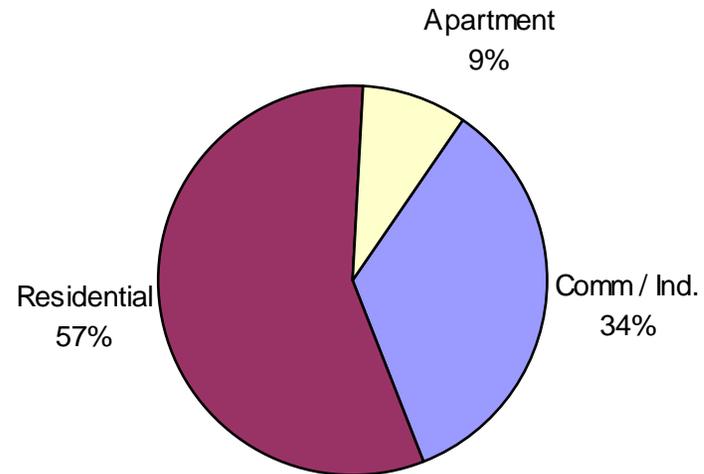
Billions



# Property Tax Capacity Shift 1997 vs. 2008

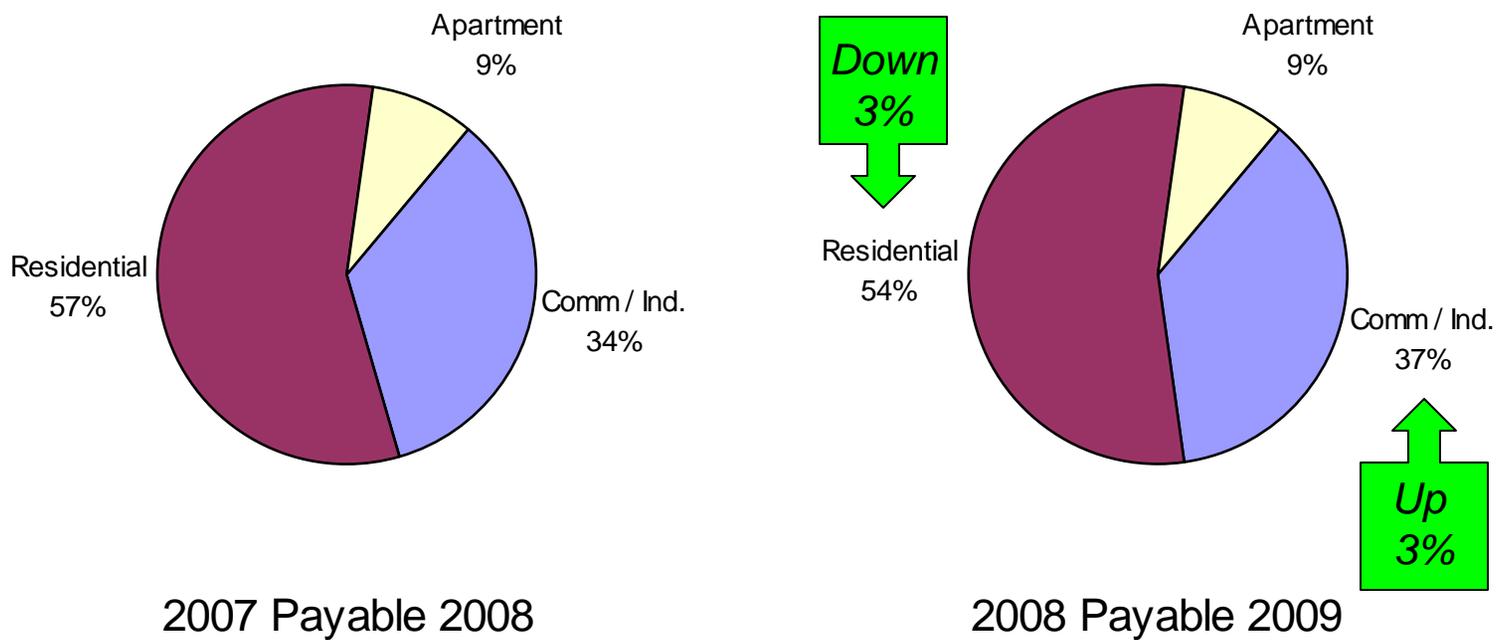


1996 Payable 1997



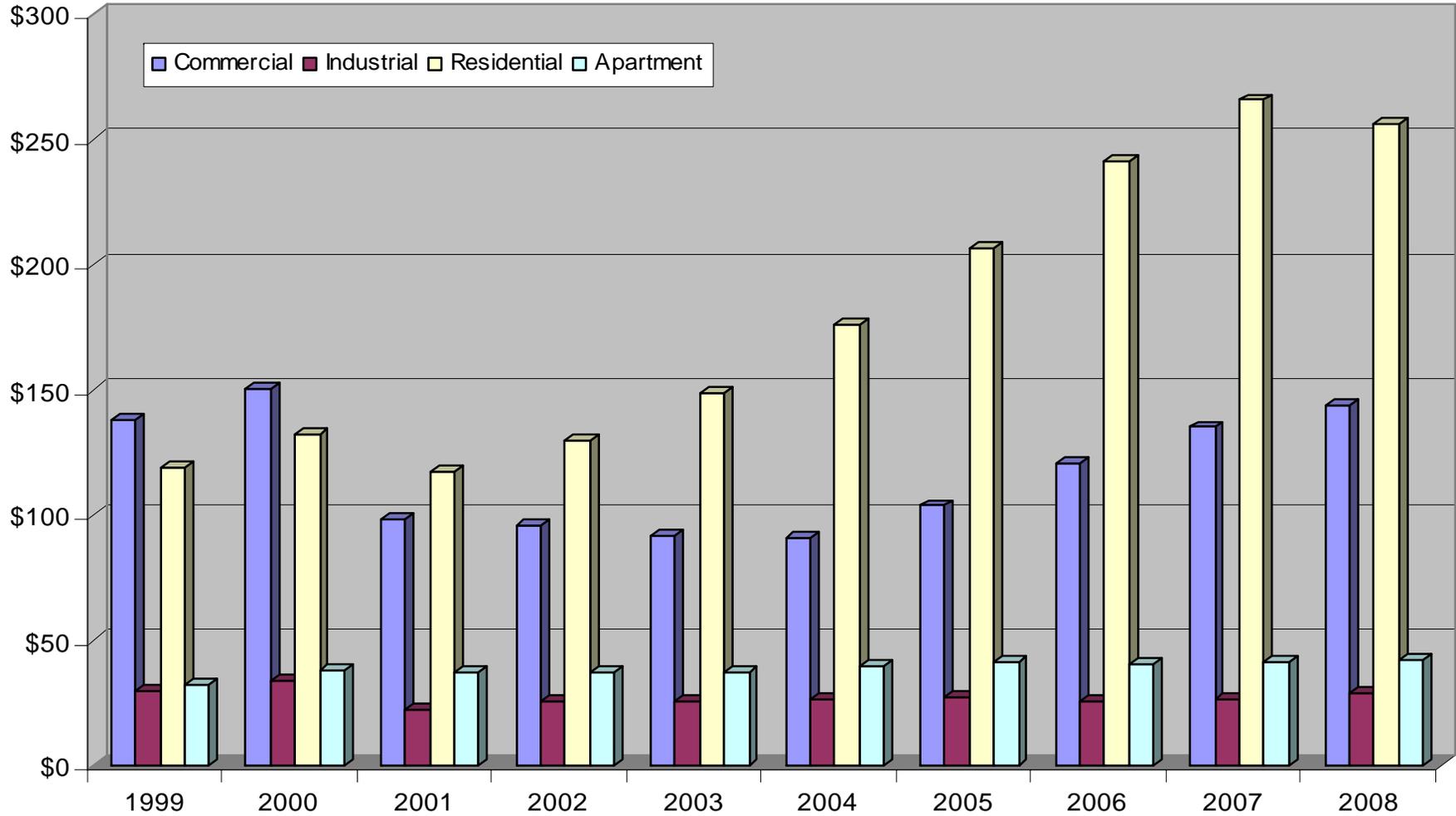
2007 Payable 2008

# Property Tax Capacity Shift 2007 vs. 2008

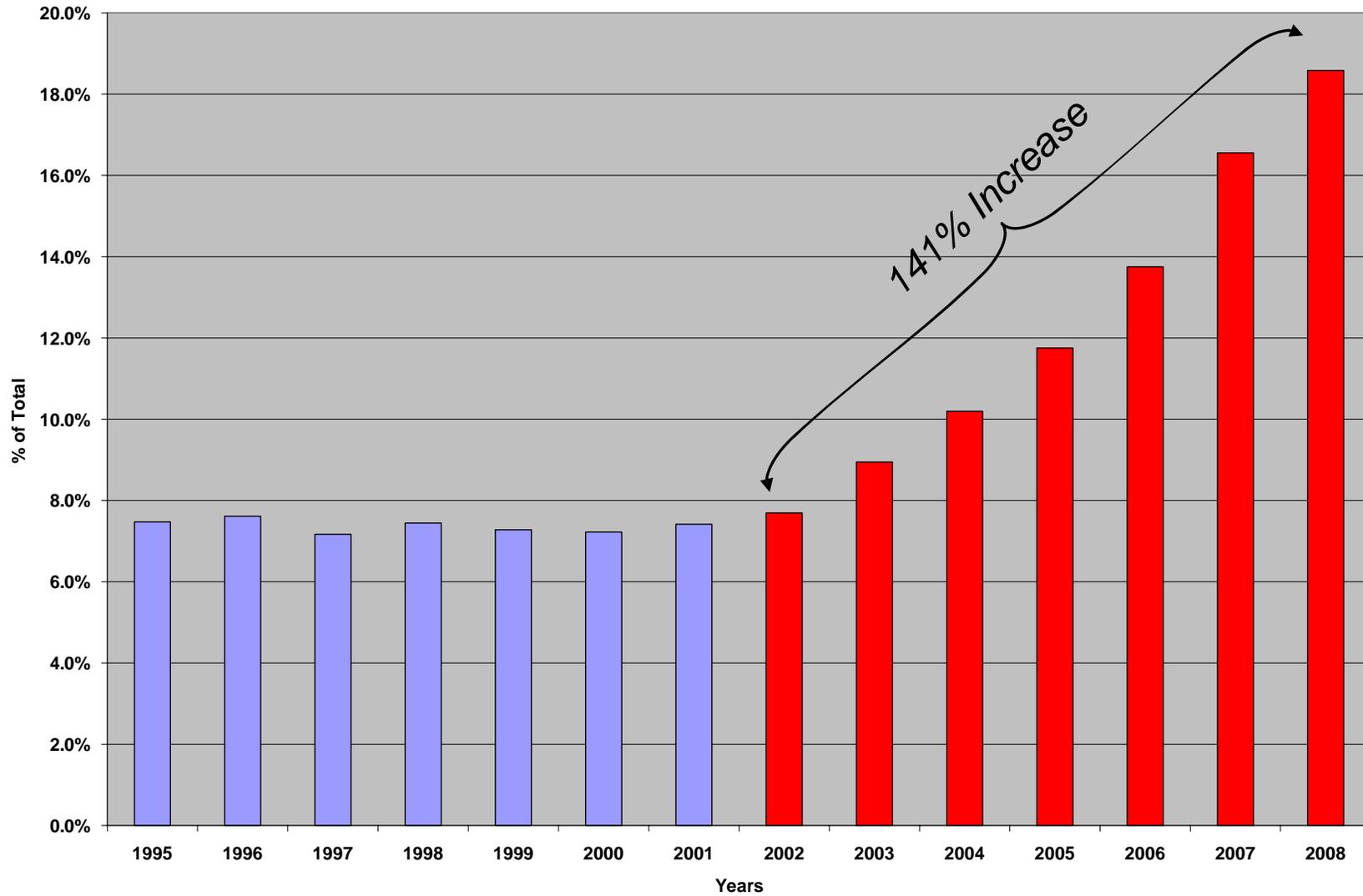


# Minneapolis Total Tax Capacity by Property Type

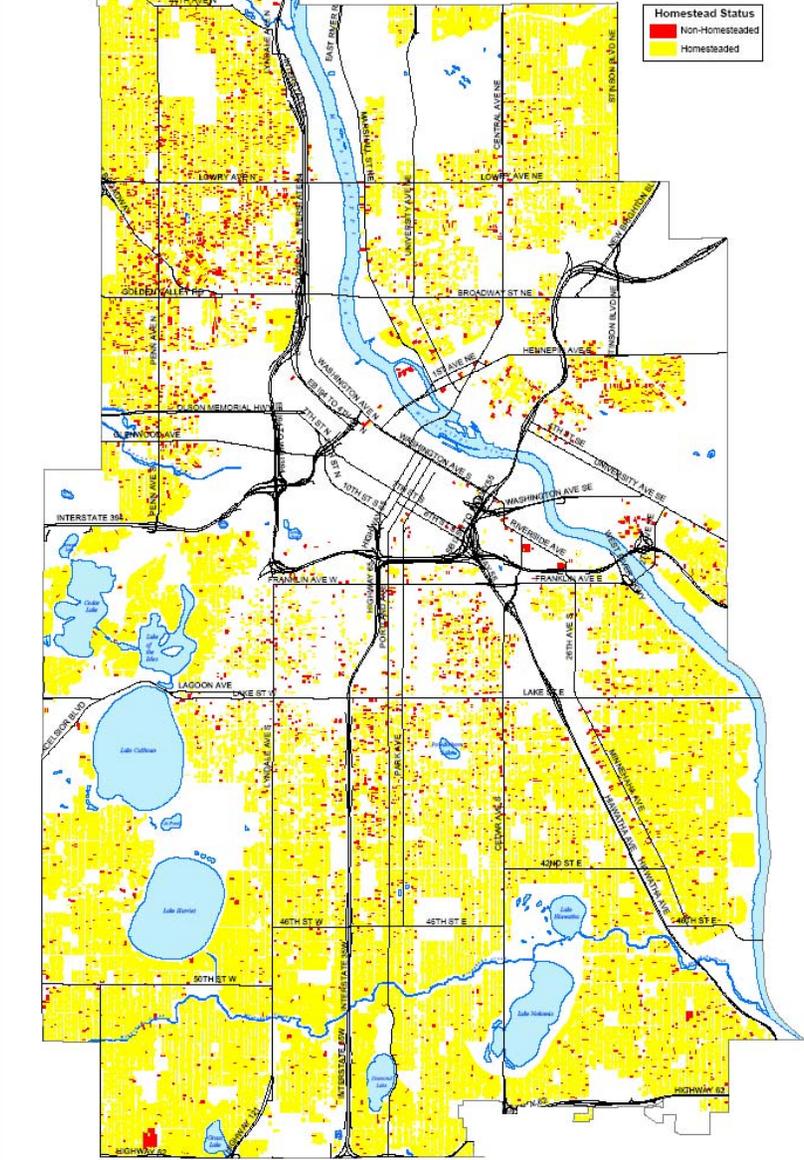
Millions



## Minneapolis Non-homestead Percent of Single Family Homes



# Homesteaded Properties 2000, Single Family

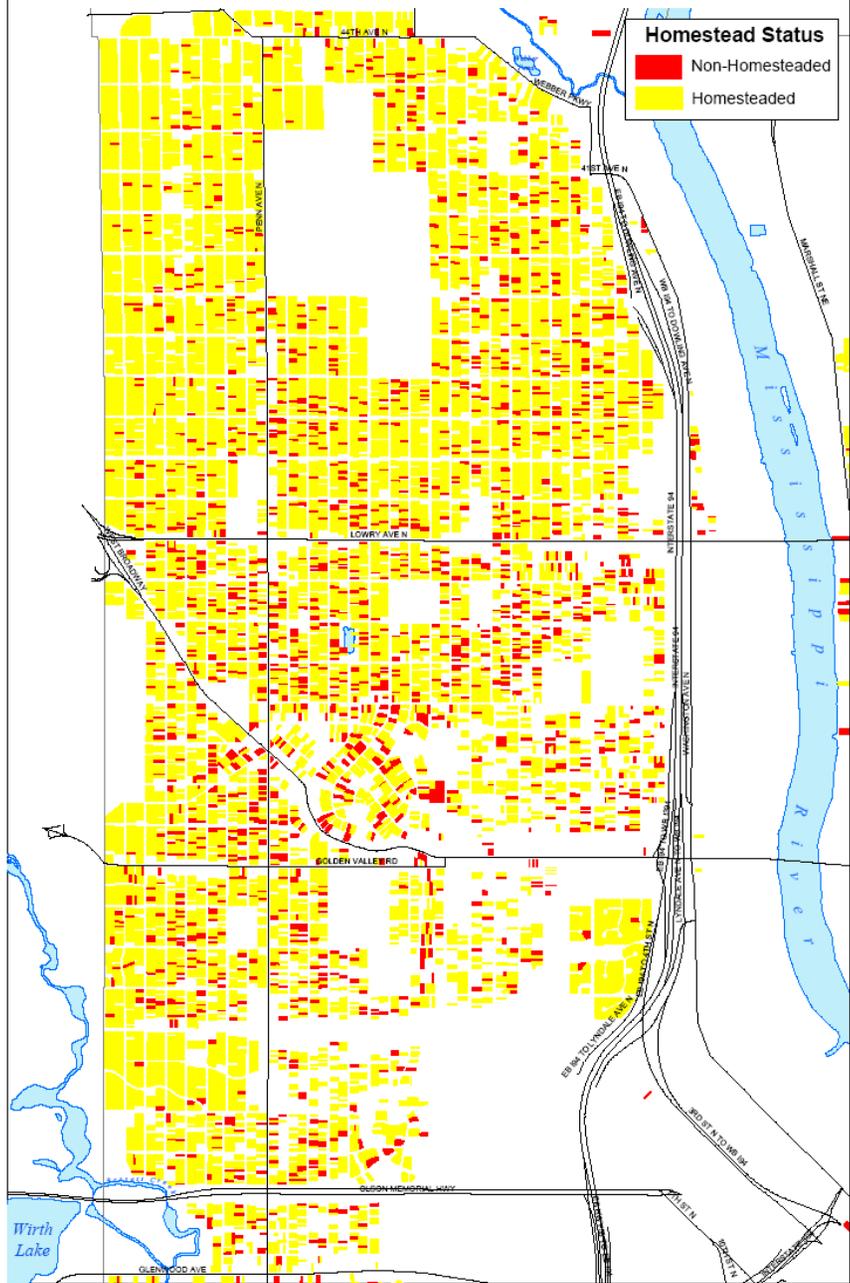


City of Minneapolis  
Assessors Office  
April 6, 2008

1 0.5 0 1 Miles



### Homesteaded Properties 2000, Single Family



# Estimated Property Tax Impact: Relationship between Values and Rates

- Drop in Market Value of a property means lower taxable value & a lower tax capacity
  - Result is a higher City tax rate
    - For the MV Referendum Levy
    - For the tax capacity based Levy
- √ Comparison of the % change in Value
  - taxable market value of the property
  - tax capacity of the property
- √ Related to the % change in the City tax Rate
- √ Determines the estimated tax impact for the property



# Estimated Property Tax Impact: Relationship between Values and Rates

- If tax rate % increase is **less** than the % decrease in value, the property tax payment decreases
- If tax rate % increase is **more** than the % decrease in value, the property tax payment increases
- Property tax burden is estimated to shift slightly from residential **to** commercial properties



# Estimated Property Tax Impact: Assumptions

- IF the 2008 Valuation (PAY09) Market Value adjustments for residential & apartments had been in place for the current tax year (2008 tax payment)
- Non-City taxes (e.g., County, School, Metro, Watershed) remain the same % of total tax bill, (their tax capacity & tax rate change the same % as the City)
- Individual properties selected to highlight different values, but do NOT represent all properties with those values



# Estimated Property Tax Impact: Sample Properties

House	07 Pay 08 Taxable Market Value	07 Pay 08 Total Property Tax	08 Pay 08 Adjusted Market Value	08 Pay 08 Total Adjusted Tax	\$ Change Taxable Market Value	% change in Taxable MV	\$ change in Taxes	% change in taxes
A	\$145,500	\$1,680	\$134,000	\$1,574	-\$11,500	- 7.9%	- \$ 105	- 6.3%
B	\$225,500	\$2,820	\$216,000	\$2,784	-\$9,500	- 4.2%	- \$ 36	- 1.3%
C	\$280,000	\$3,577	\$257,000	\$3,370	-\$23,000	- 8.2%	- \$ 206	- 5.8%
D	\$325,000	\$4,211	\$309,000	\$4,130	-\$16,000	- 4.9%	- \$ 81	- 1.9%
E	\$564,000	\$7,638	\$536,000	\$7,442	-\$28,000	-5.0%	- \$ 195	-2.6%
F	\$680,000	\$9,515	\$646,000	\$9,287	-\$34,000	- 5.0%	- \$ 228	-2.4%
G	\$1,346,600	\$20,304	\$1,417,500	\$22,222	\$70,900	+ 5.3%	+\$1,918	+ 9.5%
H	\$2,274,000	\$35,093	\$2,274,000	\$36,355	\$0	+ 0.0%	+\$1,261	+ 3.6%

# Property Tax Collection Rates

Levy & Tax Collections in \$ Millions

<b>Year</b>	<b>Total Tax Levy</b>	<b>Total Tax Collections</b>	<b>Total Collections as Percent of Current Levy</b>
<b>1998</b>	139,189	138,489	99.50%
<b>1999</b>	144,339	143,656	99.53%
<b>2000</b>	153,438	152,104	99.13%
<b>2001</b>	163,751	161,207	98.45%
<b>2002</b>	146,852	144,284	98.25%
<b>2003</b>	158,819	157,731	99.00%
<b>2004</b>	172,666	170,587	98.80%
<b>2005</b>	190,375	188,679	99.11%
<b>2006</b>	205,830	203,356	98.80%
<b>2007</b>	222,523	219,288	98.55%

# So...How Bad is it?

*...Housing Crash!*

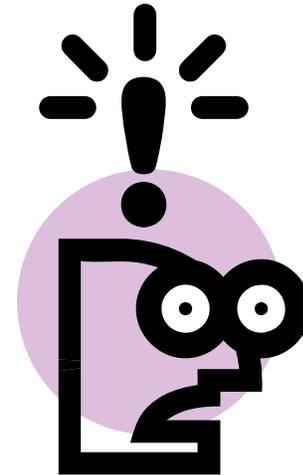
*...Housing Crisis!*

*...Property Values Plummeting!*

*...Housing Market Tumbling!*

*...Values Free-Falling!*

*That all depends...*



## Glossary of Assessment Terms

**Estimated Market Value (EMV):** This value is what the assessor estimated your property would likely sell for on the open, competitive market. State law requires assessors to value property at 100 percent of market value. Minnesota Statute 272.03 defines “market value” as “the usual selling price... at the time of assessment.”

**Limited Market Value (LMV):** Limits how much the taxable value of certain classes of property can increase, with the exception of new improvements. Limited Market Value is the difference between this year’s estimated market value and last year’s limited market value, whichever is greater. This only applies to agricultural, residential, timberland or noncommercial seasonal recreations residential (cabins) property. (M.S. 273.11, Subd. 1a)

- **2003 assessment payable 2004** – 12% or 20% of the difference
- **2004 assessment payable 2005** – 15% or 25% of the difference
- **2005 assessment payable 2006** – 15% or 25% of the difference
- **2006 assessment payable 2007** – 15% or 25% of the difference
- **2007 assessment payable 2008** – 15% or 33% of the difference
- **2008 assessment payable 2009** – 15% or 50% of the difference
- **2009 assessment payable 2010** – sunset of the program

**Sales Ratio Analysis:** This term refers to the process the assessor uses to measure market conditions by comparing the assessor’s estimated market value with the sales prices. The Department of Revenue also uses the sales ratio analysis to measure assessor’s performance.

**Tax Capacity (TC):** Tax Capacity is determined by multiplying the taxable market value of each property by the statutory class rates for the specific use(s) on the property. There are corresponding class rates for the different property classifications.

**Value of New Improvements:** This is the assessor’s estimate of the value of new or previously un-assessed improvements you have made to your property. **These improvements are not eligible for limited market value.**