

# MEMORANDUM



**DATE:** May 17, 2023  
**TO:** Assembly Finance Committee  
**FROM:** Jeff Rogers, Finance Director

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**SUBJECT: Update on 2023 Residential Property Assessments and Appeals**

In recent days, I've been asked for more information about the 2023 residential assessments and the pending appeals.

## Status of Appeals

The 2023 appeals process is underway and going smoothly. 395 appeals were filed in 2023, and 252 of those appeals have already been closed by the Assessor's Office without any need for action by the Board of Equalization. Of all properties for which the assessed value was corrected by the Assessor in response to an appeal, the average change in value is \$33,500 while the median change is \$9,400. To give you a sense of the range, the largest change was \$363,500 for a house that the Assessor did not previously know was demolished and the smallest was \$100 for a correction on the square footage of a deck. This is exactly the purpose of the appeal process: to make corrections to the assessment record. Those corrections do often result in a reduction of assessed value. Anecdotally, many appellants walk away satisfied with the Assessor's action on their appeal—without a need to go to the Board of Equalization for relief. However, for appellants who remain unsatisfied, the Board of Equalization will start hearing cases this week.

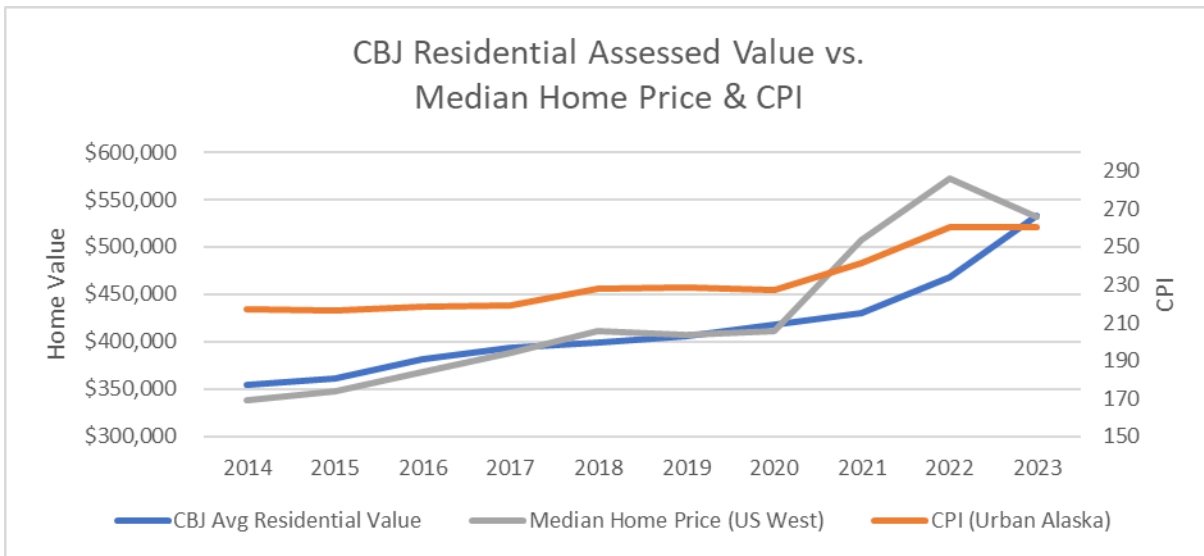
## Growth of Residential Property Values

Most Juneau homeowners would agree that residential property values have increased in the past decade, but there remains significant consternation about the magnitude of the 2023 value increases. Many observers have been trying to make sense of the rise in property values relative to inflation. While I understand the impulse to do so, it is important to remember that inflation is not a monolith—instead, costs for various goods and services inflate and deflate at different rates. Without a doubt, the cost of housing is inflating faster than other goods/services, and hence: the rate of change for residential property assessments will outpace overall inflation.

This table details the average residential assessment over the past ten years, in comparison to CPI and Median Home Price for the Western United States. Note that Juneau's average residential value tracks the median fairly closely over the period, with the exception that Juneau assessed home values lags the median home price in 2021 and 2022 and then "catches up" in 2023.

The graph of this data on the following page illustrates these trajectories.

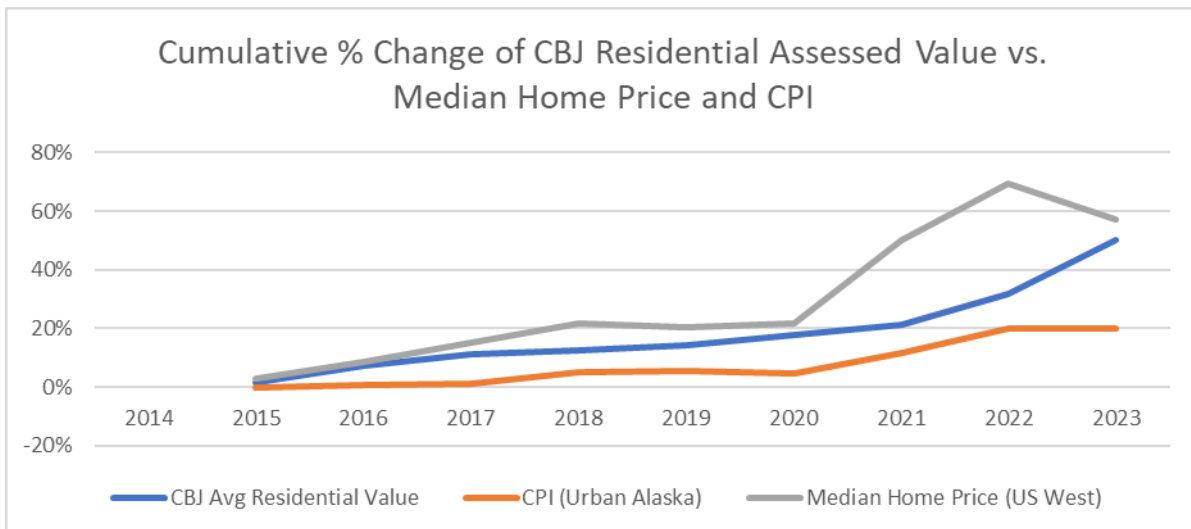
	<b>CBJ Avg Residential Value</b>	<b>CPI (Urban Alaska)</b>	<b>Median Home Price (US West)</b>
2014	\$ 354,909	216.833	\$ 338,000
2015	\$ 361,064	216.706	\$ 347,325
2016	\$ 381,499	218.660	\$ 367,625
2017	\$ 394,073	219.131	\$ 388,500
2018	\$ 398,885	227.992	\$ 411,075
2019	\$ 405,342	228.495	\$ 407,625
2020	\$ 417,442	227.258	\$ 411,625
2021	\$ 429,801	241.698	\$ 507,000
2022	\$ 467,764	260.576	\$ 572,250
2023	\$ 533,657	260.576	\$ 531,400



Here are also tables of Annual and Cumulative Rate of Change. Note that in the past decade, average CBJ assessed residential value has increased by 50.36% versus a 57.22% increase to Median Home Price (US West).

	Annual Rate of Change		
	CBJ Avg Residential Value	CPI (Urban Alaska)	Median Home Price (US West)
2014			
2015	1.73%	-0.06%	2.76%
2016	5.66%	0.90%	5.84%
2017	3.30%	0.22%	5.68%
2018	1.22%	4.04%	5.81%
2019	1.62%	0.22%	-0.84%
2020	2.99%	-0.54%	0.98%
2021	2.96%	6.35%	23.17%
2022	8.83%	7.81%	12.87%
2023	14.09%	0.00%	-7.14%

	Cumulative Rate of Change		
	CBJ Avg Residential Value	CPI (Urban Alaska)	Median Home Price (US West)
2014			
2015	1.73%	-0.06%	2.76%
2016	7.49%	0.84%	8.76%
2017	11.03%	1.06%	14.94%
2018	12.39%	5.15%	21.62%
2019	14.21%	5.38%	20.60%
2020	17.62%	4.81%	21.78%
2021	21.10%	11.47%	50.00%
2022	31.80%	20.17%	69.30%
2023	50.36%	20.17%	57.22%



Mill Rate Impact

The Assembly Finance Committee will take up discussion and a decision on the mill rate at this evening's meeting. For context, here is how much a change to the mill rate affects annual property tax paid:

	Value	0.1 mill	0.2 mills	0.3 mills
Mobile Home	\$75,000	\$7.50/year	\$15/year	\$22.50/year
Condo	\$200,000	\$20/year	\$40/year	\$60/year
Modest Single Family Home	\$450,000	\$45/year	\$90/year	\$135/year
Typical Single Family Home	\$600,000	\$60/year	\$120/year	\$180/year
Large Single Family Home	\$800,000	\$80/year	\$160/year	\$240/year
Luxury Single Family Home	\$1,000,000	\$100/year	\$200/year	\$300/year
Rented Apartment or Home	Various	\$0/year*	\$0/year*	\$0/year*

*\*Renters do not pay property tax directly, instead landlords may or may not pass along the cost of property taxation via the rental rate. However, total rental rates are generally more determined by market supply/demand factors than by input costs to the property owner. Changes to property tax are more likely increase or decrease an owner's profitability than to increase or decrease the rate paid by a renter.*