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MEMORANDUM

TO: Administration and Finance Committee
Rebecca Grill, City Administrator

FROM: Jason Williams, City Assessor

DATE: July 16, 2019

SUBJECT: 2019 Assessment Roll Summary

REVALUATION

The basic objective of a revaluation is to achieve uniformity and equity in the assessments so each property bears only its fair share of the property tax burden.

There are several reasons why a revaluation is needed:

- Inequities exist in the assessments of properties within classes;
- Inequities exist between the various classes of property;
- The governing body may want to update the assessment records to show the physical characteristics of all taxable property;
- The governing body may desire a complete inventory of all taxable property;
- Current assessments may not have been made in compliance with the law.

A revaluation includes the following:

- Preparation of property record cards for each parcel, including vacant land;
- Classification and grading of land;
- On-site viewings of each property;
- Measuring each building;
- Recording the interior and exterior physical characteristics;
- Estimating the market value of each property based upon review of sales, construction costs, and income producing capability.

The City of West Allis has not undergone a true revaluation of commercial properties for a long time. The "revaluations" that were reported for the years 2004, 2006, 2010, and 2013 were not true revaluations as they did not meet the definition of a revaluation per the Wisconsin Property Assessment Manual. As a result, many, if not all, of the commercial property records were outdated and unreliable. Additionally, the commercial land values were not representative of current market values and many of the building sketches and photos were decades old and not reflective of the property's current condition.

This lack of true revaluation efforts over the years resulted in inconsistent and unreliable values for many properties throughout the City. That means that many properties were being over-assessed, while others were being under-assessed. This creates inequities within and between tax classes.

To correct these inequities, a true revaluation was undertaken in 2019, the result of which caused some of those under-assessed properties to increase in assessed value while other properties saw



the assessed value decrease. This would explain why one property owner experienced a significant percentage increase while another experienced a significant percentage decrease. On the surface, it may appear chaotic and inconsistent, but in reality, this is the result of creating equity within and between the tax classifications.

The City of West Allis 2019 revaluation included creating new property cards for every commercial property, with new photos, sketches, and property information. An income and expense survey was undertaken to gather current market-derived rents and expenses. A comprehensive land value study was conducted and used to generate new land values for all commercial properties. Sales of commercial property types within West Allis and surrounding areas were reviewed and considered in the analysis of values. The product of these efforts has resulted in uniform and equitable values being placed on the commercial properties.

The first obligation of the local assessor is to distribute the burden of tax in a uniform and equitable manner as prescribed in the State Constitution. It is important to remember that the Assessed Value represents the number that will be used to calculate the burden of tax that will appear on the tax bill. So, in other words, if a property value represents 1% of the total assessed value of the City, then that property will bear 1% of the tax burden.

Real Property Values

The City saw an overall increase in real property value of \$166,192,700 from 2018. This is attributable to an increase of \$126,166,600 in non-TID property and an increase of \$42,695,900 in TID properties.

Residential Property Values - Residential properties saw an overall increase of \$3,189,200, or 0.13%, from 2018. This increase is due to new construction and building permit improvements. The Assessor's Office reviewed 1,665 residential sales and 297 building permits.

Commercial Property Values – Commercial properties saw an increase of \$165,673,300, or 13.92%, from 2018. Notable projects for the year include the completion of the Aurora medical office building in TID 15, the new Cousins Subs on Greenfield Ave., Stanton Optical on Hwy 100, and the beginning of construction of the Mandel and Ogden projects. Overall, the increase in commercial values is attributable to the revaluation. The Assessor's Office reviewed 170 commercial sales and 315 building permits. Also, staff conducted 1,047 full interior inspections as part of the revaluation.

Personal Property

The effect of Wisconsin Act 59, which made "Schedule C – Machinery, Tools and Patterns" exempt personal property, is still being felt and resulted in a further decline of personal property value of \$2,030,300, or -2.78%, from 2018.

On June 6, 2019, Senate Bill 257 was introduced and proposes that beginning with the property tax assessments as of January 1, 2020, no items of personal property will be subject to the property tax. Beginning in 2021, the state will pay each taxing jurisdiction an additional amount equal to the property taxes levied on the items made exempt under the bill for the property tax assessments as of January 1, 2019. Beginning in 2022, each taxing jurisdiction will receive a payment to compensate it for its loss in personal property revenue equal to the payment it received in the previous year.

As of the time of this report, no other meetings or hearings have been scheduled for SB257. Staff will be monitoring this bill.

2019 OPEN BOOK SUMMARY

There were 191 Open Book appointments in 2019. Of those, 150 properties were granted revised assessments based on the information provided by owners at the Open Book appointment. The remaining 41 Open Book cases saw the assessed values sustained as no change was warranted after meeting with owners or reviewing additional information.



In addition, staff had contact with other property owners via telephone (49), email (47) and walk-ins (15). Overall, staff had contact with over 300 property owners through the Open Book process.

2019 BOARD OF REVIEW SUMMARY

There were 61 Board of Review cases filed in 2019. The following is a summary of the actions as of July 16, 2019:

- 21 cases were denied for not meeting requirements under State Statute 70.47.
- 11 cases (composing 7 owners) were waived to circuit court due to the complexity of the valuation issues and/or uniqueness of the property.
 - Office Building
 - Auto Dealership
 - Furniture Store/Warehouse
 - Hotel
 - Senior Living Facility
 - Mobile Home Parks (2)
- 25 cases have been settled through the Board of Review Waiver process.
- 2 cases are still actively being heard before the Board of Review and 2 cases have been upheld.



2019 ASSESSMENT SUMMARY

| | 2018 | 2019 | CHANGE | |
|--------------------------|------------------------|------------------------|----------------------|--------------|
| RESIDENTIAL LAND | \$374,857,300 | \$374,820,300 | -\$37,000 | -0.01% |
| RESIDENTIAL IMPROVEMENTS | \$2,008,900,500 | \$2,012,126,700 | \$3,226,200 | 0.16% |
| | \$2,383,757,800 | \$2,386,947,000 | \$3,189,200 | 0.13% |
| COMMERCIAL LAND | \$239,455,900 | \$316,031,200 | \$76,575,300 | 31.98% |
| COMMERCIAL IMPROVEMENTS | \$950,423,500 | \$1,039,521,500 | \$89,098,000 | 9.37% |
| | \$1,189,879,400 | \$1,355,552,700 | \$165,673,300 | 13.92% |
| PERSONAL PROPERTY | \$73,060,700 | \$70,390,900 | -\$2,669,800 | -3.65% |
| REAL PROPERTY | \$3,573,637,200 | \$3,742,499,700 | \$168,862,500 | 4.73% |
| PERSONAL PROPERTY | \$73,060,700 | \$70,390,900 | -\$2,669,800 | -3.65% |
| TOTAL | \$3,646,697,900 | \$3,812,890,600 | \$166,192,700 | 4.56% |

ALLOCATION OF REAL ESTATE CHANGES IN VALUE 2018-2019

| | |
|---------|---------------|
| Non-TID | \$126,166,600 |
| TID | \$42,695,900 |
| Total | \$168,862,500 |

ALLOCATION OF PERSONAL PROPERTY CHANGES IN VALUE 2018-2019

| | |
|---------|--------------|
| Non-TID | -\$3,056,400 |
| TID | \$386,600 |
| Total | -\$2,669,800 |

ALLOCATION OF ASSESSED VALUE BY TAX CLASSIFICATION 2018-2019

| | | | |
|-------------------|-----|-----|-----|
| RESIDENTIAL | 65% | 63% | -3% |
| COMMERCIAL | 33% | 36% | 3% |
| PERSONAL PROPERTY | 2% | 2% | 0% |
| MANUFACTURING* | n/a | n/a | |

**The Department of Revenue's Equated manufacturing values used for assessment of property taxes are not included as they are not available until November 1, 2019.*

Sincerely,

Jason Williams
City Assessor

Enclosures

CC: RG