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Local County Auditor Suggests Commercial Property Values May Stay Flat

As you have heard by now, the local County Appraiser is performing an update of all real property values in Cuyahoga County and in certain surrounding counties for the 2009-2011 triennium. The prognosticators have suggested that commercial property values may stay flat or may decrease *slightly*, but likely will not fall in lockstep with the recent decline in residential values which averaged around 8 percent countywide (higher or lower depending upon the community).

While common sense would suggest that staying flat would mean the taxes will stay the same, the opposite is true. House Bill 920 requires that the tax rates in each community re-adjust as overall market values go up and down, meaning, if a particular property value stays flat while the majority of others decline in market value, the tax bill for that particular property may increase. Newly passed tax levies can also result in tax increases even in a year of slightly declining or flat valuations.

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If the County's proposed 2009 value is higher than your recent purchase price, or higher than what your property's net operating income (NOI) capitalized at an appropriate return would support, or perhaps higher than what your lender and appraiser suggested during your last attempt to refinance, you should contest the new valuation to bring your assessed property value in line with the market.

Once every three years an owner may file a *Complaint Against the Valuation of Real Property* with the County Board of Revision. **Complaints for the 2009 tax year must be filed no later than March 31, 2010.** The County will begin accepting complaints in December 2009. Given the record number of complaints filed this past year (despite being the last year of the 2006 triennium), we expect another record number of complaints to be filed this coming year and encourage early filing.

For more information about understanding your property tax liabilities, feel free to contact one of the attorneys listed on this *Client Alert*.

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