



Roll Call Number

Agenda Item Number

49

Date January 24, 2011

Receipt of the 2010 Polk County Assessor's Annual Report.

Moved by \_\_\_\_\_ to receive and file the attached report.

COUNCIL ACTION	YEAS	NAYS	PASS	ABSENT
COWNIE				
COLEMAN				
GRIESS				
HENSLEY				
MAHAFFEY				
MEYER				
MOORE				
TOTAL				

MOTION CARRIED

APPROVED

\_\_\_\_\_  
Mayor

CERTIFICATE

I, DIANE RAUH, City Clerk of said City hereby certify that at a meeting of the City Council of said City of Des Moines, held on the above date, among other proceedings the above was adopted.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

\_\_\_\_\_  
City Clerk

Date January 24, 2011

Agenda Item 49

Roll Call # \_\_\_\_\_

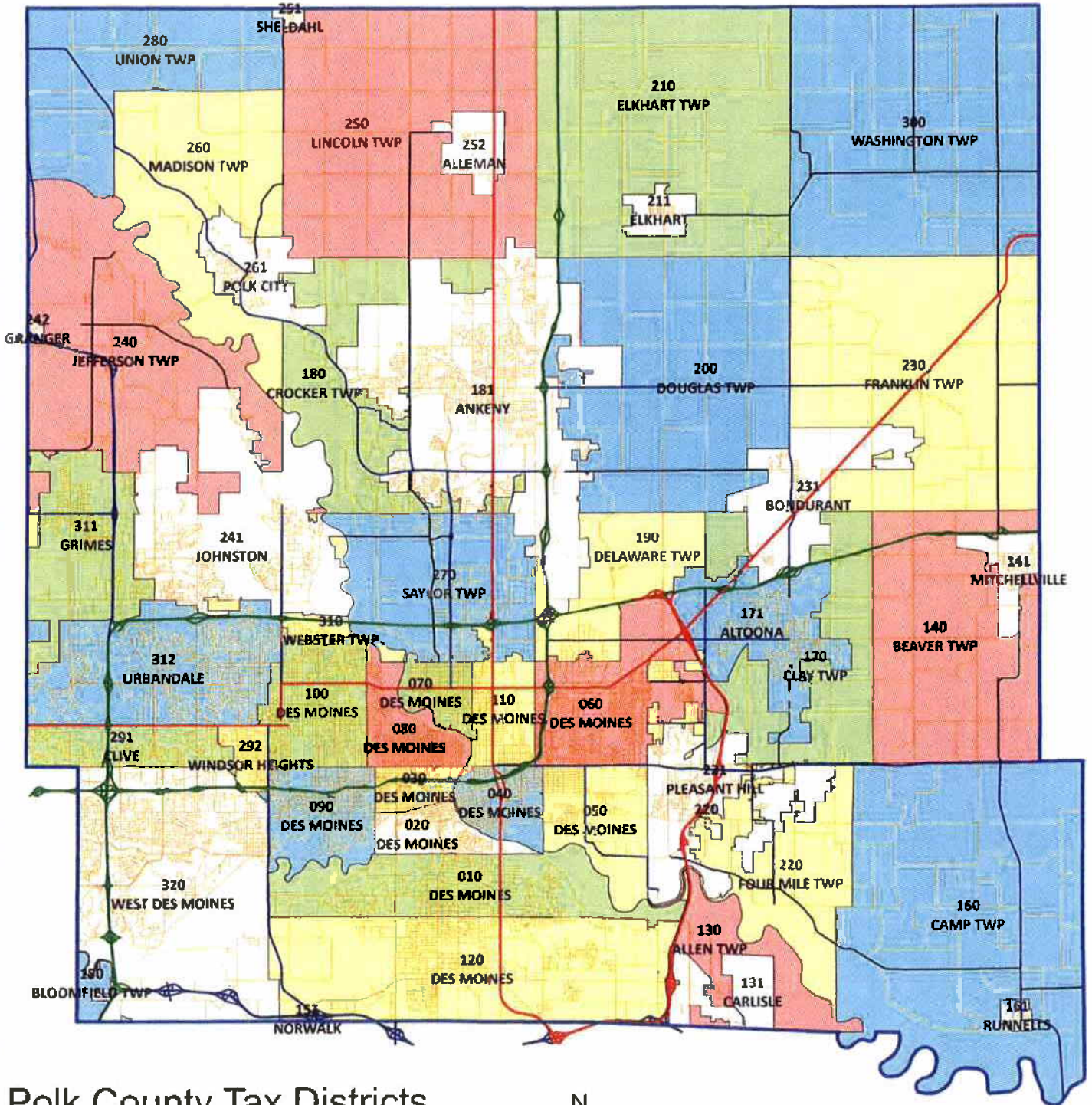
*POLK COUNTY ASSESSOR*

*ANNUAL REPORT*

*2010*

## Parcel Count and Acre Totals Excluding Roads and Railroads

Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres	Jurisdiction	Parcels	Acres
Alleman	216	1,500	Clive	3,860	2,484	Grimes	3,893	5,785	Saylor Twp	3,211	8,237
Allen Twp	285	3,193	Crocker Twp	1,605	8,059	Jefferson Twp	1,121	15,754	Sheldahl	97	151
Altoona	5,598	5,023	Delaware	1,859	5,447	Johnston	7,303	10,568	Union Twp	337	10,122
Ankeny	18,695	15,616	Des Moines	79,446	43,750	Lincoln Twp	483	20,319	Urbandale	12,633	7,954
Beaver Twp	569	13,171	Douglas Twp	715	18,103	Madison Twp	278	11,048	Washington Twp	539	22,183
Bloomfield Twp	15	592	Elkhart	316	933	Mitchellville	763	1,171	Webster Twp	395	947
Bondurant	1,703	4,669	Elkhart Twp	673	21,137	Norwalk	7	6	West Des Moines	15,335	13,311
Camp Twp	1,309	24,943	Four Mile Twp	1,093	6,548	Pleasant Hill	3,418	5,144	Windsor Heights	2,146	733
Carlisle	100	1,931	Franklin Twp	964	19,947	Polk City	1,666	2,577			
Clay Twp	599	7,551	Granger	109	82	Runnells	250	287			



### Polk County Tax Districts

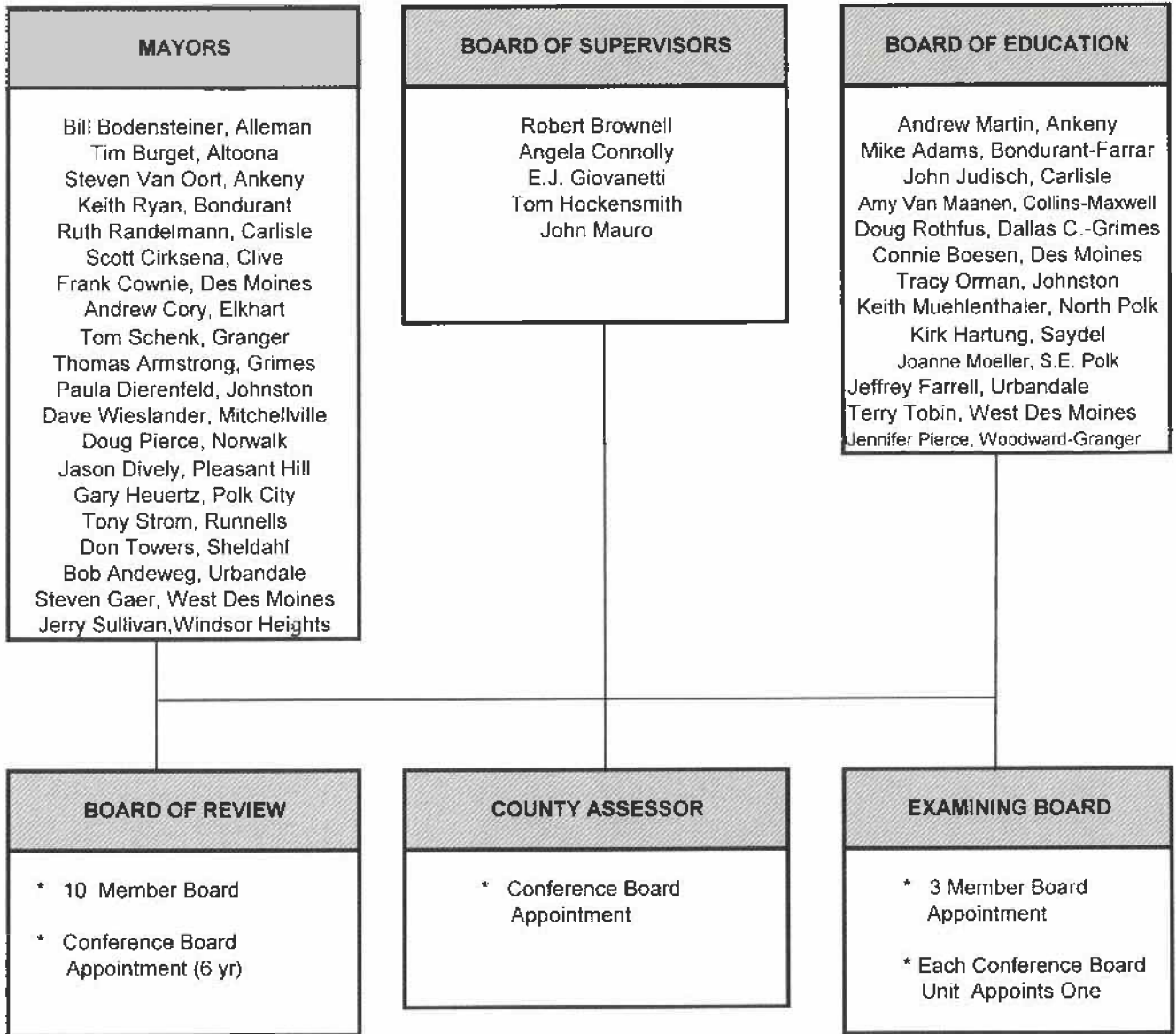


**2010 REPORT  
OFFICE OF POLK COUNTY ASSESSOR**

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**POLK COUNTY CONFERENCE BOARD  
2010**



**STAFF OF POLK COUNTY ASSESSOR'S OFFICE  
MEMBERS, BOARD OF REVIEW AND BOARD OF EXAMINERS  
DES MOINES, IOWA  
2010**

**ASSESSOR'S OFFICE**

*Administration*

Jim Maloney, ASA, ICA  
County Assessor

Randy Ripperger, CAE, ICA  
Chief Deputy

Tammy Berenguel, Support Supervisor  
Rhonda Duncan, Supervisor Real Estate Department  
Rodney Hervey, ICA, Commercial Deputy Assessor  
Paul Humble, ICA, Residential Deputy Assessor  
Ruth Larsen, Database Administrator  
Kelly Low, Accounting Manager  
Mark Patterson, CCIM, ICA, Commercial Deputy Assessor  
Amy Rasmussen Thorne, ICA, RES, Residential Deputy Assessor  
Bryon Tack, ICA, MAI, CAE, Commercial Deputy Assessor  
James Willett, ICA, RES, Residential Deputy Assessor

*Appraisers*

John Catron, Residential Appraiser II  
Michael Caulfield, ICA, Commercial Appraiser III  
Rich Colgrove, Residential Appraiser III  
Patrick Harmeyer, ICA, Commercial Appraiser II  
Michelle Henderson, Residential Appraiser I  
Paul O'Connell, Residential Appraiser I  
Kathryn Ramaekers, Residential Appraiser II

Michelle Richards, ICA, Commercial Appraiser II  
Regina Russell, Residential Appraiser II  
Cathy Stevens, ICA, RES, Residential Appraiser III  
Keith Taylor, ICA, RES, Residential Appraiser II  
Brett Tierney, Residential Appraiser I  
Joe Tursi, Appraiser Trainee  
Patrick Zaines, ICA, Agricultural Appraiser

*Office Personnel*

Caroyle Andrews  
Susie Bauer  
Vincent DeAngelis  
Kim Heffernan  
Kelsi Jurik

Comm. Support Specialist  
Permits Coordinator  
Tax Information Spec.  
Support Specialist  
Mapping Specialist

Jill Mauro  
LaRayne Riccadonna  
Rebecca Smith  
Julie Van Deest  
Ray Willis

Computer Support Spec  
Database Specialist  
Residential Sales Coord  
Exemptions Coordinator  
GIS Coordinator

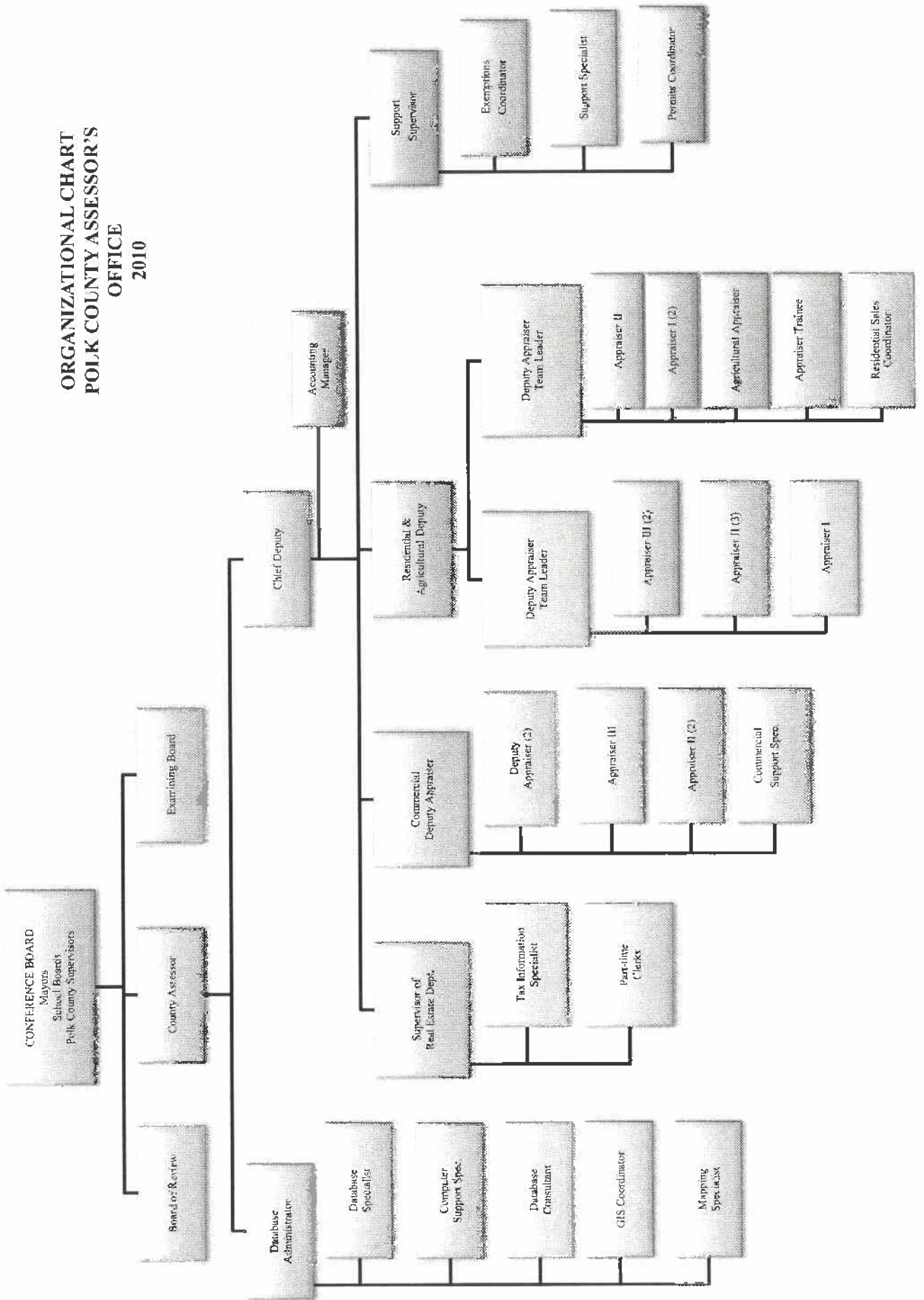
*Board of Review*

Lora Jorgensen  
John Lundstrom  
Ruth O'Brien-German  
Everett Sather  
Charles Speas  
Dee Dee Steger  
John Tiefenthaler  
Leslie Turner  
Lee Viggers  
Max Wright

*Board of Examiners*

Art Hedberg  
Ned Miller  
Frank Smith

**ORGANIZATIONAL CHART  
POLK COUNTY ASSESSOR'S  
OFFICE  
2010**



TO: Members of the Polk County Conference Board  
FROM: Jim Maloney  
DATE: November 22, 2010  
RE: 2010 Annual Report

Following is the 2010 Annual Report for the Polk County Assessor. This report summarizes our activity for the year and I hope you find it useful.

Assessors can rightly be accused of looking backward much of the time. That's because the work we do is influenced so much by past real estate sales; a property's value is usually a reflection of transactions that have already occurred. We also look back because we are always mindful of the oversight of the Department of Revenue and their use of sales ratio studies that influence assessments.

Not long ago, a friend commented that the real estate market was down, and he wondered if we were going to be lowering assessments. He offered a personal example of a home he had purchased in 2008 but that he now wanted to sell. Apparently a real estate agent told him he would have to take a loss of more than 10 percent. I answered as I usually do – that we are required to value property at its market value. I also reminded him that 2011 was a reappraisal year, and assessments would be reset based on data collected from 2010 sales.

Later, I returned to my office and looked up the house in question. I was surprised to find that the assessment had never even been raised to what my friend had paid for the property in the first place. (He bought the house for \$330,000, yet it was assessed for \$291,000.)

Sometimes, perceptions are not reality.

### **Market Declines**

But sometimes, they are. There has been a perception among many people that the residential market has declined over the past several years. And for the first time – after working in the assessment field for longer than I care to say – it appears it is actually happening.

The key number for all assessors in Iowa is the median sales ratio. This ratio is calculated by dividing assessments by arms-length sale prices. At the end of an even-numbered year, this ratio, after adjusting for any changes made by the Board of Review, must fall between 95 and 105 percent. If it does not, the assessor will get an equalization order from the Department of Revenue to raise or lower assessments to achieve a ratio of



100 percent. (In my friend's example, the home purchased for \$330,000 and assessed for \$291,000 creates a sales ratio of 88 percent. If the median sales ratio of *all* homes in Polk County was only 88 percent, we would be forced to raise the value of all residential properties by about 14 percent to bring things back into compliance.)

As of this writing, through the first 10 months of 2010, the median ratio for residential property is 101.4 percent. For commercial, the ratio is 103.6. These numbers are not finalized yet, but if these ratios hold for the rest of the year, it indicates the market has lost ground from the previous year, and we will be lowering assessments (albeit only a small percentage) accordingly.

I have always reminded property owners that if the market goes down, assessments will go down also, although many people have been skeptical this would ever actually happen. Now they see that is indeed true.

### **Assessments and Taxes**

However for those who think lower assessments are good news that will lower their taxes, here is a dose of reality: The state limitation factor (commonly referred to as a rollback) will increase. Thus, the share of residential property that is subject to tax will climb about 4 percent. This means that even if assessments go down and local budgets funded by property taxes are flat, there would still be a slight increase in taxes due to the shift. (Commercial and industrial valuations are already taxed at 100 percent of value, so there is no rollback).

One of the questions we can expect is: "*Why did my taxes go up when my assessment went down?*" This won't be asked for a while because of the lag between assessments and tax collections (taxes based on 2010 assessments won't be levied until the 2011/2012 fiscal year.) But it is a question we will hear, and the answer has to do with the *percentage* of property that is taxed.

Of course there has always been confusion over what an assessor does. We don't have anything to do with taxes. Our focus is on property value. We don't set tax rates, calculate taxes, or collect tax payments. We are happy to explain how the assessment process works and the connection to property taxes, but those who have complaints about taxes should really be visiting with their local elected officials, not the assessor.

### **Other Highlights**

Before conducting the 2011 revaluation, we will be implementing a new real estate manual published by the Iowa Department of Revenue. Among other things, this manual standardizes some of the assumptions and inputs that assessors all across Iowa use when setting values. This inevitably will result in some changes because of differences between the old manual and the new. Explaining these changes may be challenging.

We have some other challenges as well. For one, the vacancy rate for downtown Des Moines office space is of particular concern because surplus space inevitably leads to lower rents and thus lower property valuations. And often, a new owner is convinced

that the price paid in a liquidation sale is what the property is worth. We have to remind these owners that our office cannot use such sales in our equalization studies.

To be sure, it is going to be an interesting year. But we have a very highly talented, experienced team who are up for the challenge and look forward to a great year!

## 2011 GOALS

### Data Processing Department:

- Redesign our internet web site.

### Residential Department:

- Continue the drive-by review project over the next two years. Any changes as a result of this review will be reflected in the 2013 assessments.
- Identify, relist and value all split level and split foyer homes that are built above grade.
- Establish cost values based on the *2008 Real Property Appraisal Manual* on all condominium units. Create automated land tables for all townhomes and condominiums. These changes will be reflected in the 2013 assessed values.
- Develop procedures for Condominium/Townhouse field reviews by regime. Once the procedures have been established, identify the regimes that need review.
- Update the Residence and Detached Structure User Reference Manual for the cost valuation tables.
- Seek confirmation from the Iowa Department of Revenue that our Residential and Detached Structure Cost Approach calculations are in compliance with the *2008 Real Property Appraisal Manual*.
- Implement the Iowa Department of Revenue's *2008 Real Property Appraisal Manual* for the 2011 revaluation.

### Commercial Department:

- Continue the refinement of our computer-assisted mass appraisal (CAMA) system that utilizes the three approaches to value, with emphasis on the review of current market-based adjustments for the sales comparison analysis and the update of the cost approach analysis to comply with the *2008 Real Property Appraisal Manual*.
- Update and continue the development of mass appraisal reports for the different occupancy groups of properties. Included in the mass appraisal reports are property identification methods, data verification procedures, statistical studies

and the market analyses used in the development of the model(s) to determine property values.

- Conduct on-site inspections of specific occupancies and verify their listings to comply with the new *2008 Real Property Appraisal Manual*. This includes parcels that have not been physically inspected in the past five years. The goal is to physically inspect properties through sales transactions, building permits and revaluation at least once in a six year period.
- Provide sales ratio data on the Polk County Assessor's website.
- Identify and monitor occupancies' level of assessments in specific geographic areas through the use of the sales ratio study for revaluation purposes.
- Restructure the data entry and availability of documents, including horizontal regimes for condominiums.
- Provide written policy for confidential information on our website.
- Continue to review and update listings and values on all exempt properties.

**Support Department:**

- Continue taking photos of new construction and refresh one-sixth of the photo database every year to insure property photos are as current as possible.
- Geotag photos with coordinates using GPS.
- Incorporate Pictometry into the assessment of outbuildings.
- Review new aerial maps, flood easements, and flood boundaries to modify land uses on affected agricultural parcels.
- Develop and implement project plan to review all agricultural classed property to ensure compliance with agricultural classification guidelines.

## ACTION OF THE 2010 BOARD OF REVIEW

The 2010 Board of Review considered 1729 protests and 18 recommendations.

Total value of real estate considered for protests \$ 1,743,997,360

Total number of protests by class of property:

Agricultural	40
Residential	1130
Commercial	542
Industrial	17
<b>TOTAL</b>	<b>1729</b>

Number of protests denied 589

Number of protests upheld 1140

Amount of reduction

Land	\$ 10,643,720
Improvements	\$ 95,900,040
<b>Total amount of reduction</b>	<b>\$ 106,543,760</b>

Number of protests that received an increase 4

Amount of increase

Land	\$ -
Improvements	\$ 78,200
<b>Total amount of increase</b>	<b>\$ 78,200</b>

Total value of real estate considered for recommendations \$ 24,931,220

Total number of recommendations by class of property:

Agricultural	1
Residential	10
Commercial	7
<b>TOTAL</b>	<b>18</b>

Number of recommendations for reductions 14

Amount of reduction

Land	\$ (23,400)
Improvements	\$ 2,306,600
<b>Total amount of reduction</b>	<b>\$ 2,283,200</b>

Number of recommendations for increases 4

Amount of increase

Land	\$ -
Improvements	\$ 190,400
<b>Total amount of increase</b>	<b>\$ 190,400</b>

Total Real Estate Protests Reduced	\$ (106,543,760)
Total Real Estate Recommendations Reduced	\$ (2,283,200)
Total Real Estate Protests Raised	\$ 78,200
Total Real Estate Recommendations Raised	\$ 190,400

<b>Net Reductions of Real Estate - Protests and Recommendations</b>	<b>\$ (108,558,360)</b>
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**STATEMENT OF ASSESSED VALUATIONS OF POLK COUNTY**  
**As of July 1, 2010**

Real Property		\$ 31,526,446,890
New Construction Added January 1, 2010		\$ 502,878,292
Revaluation		\$ 125,709,206
Property Returned to Taxation		\$ 12,528,230
Total Real Property		\$ 32,167,562,618
 Less:		
Demolitions	\$ 8,283,408	
Revaluations	\$ 37,471,900	
Board of Review Adjustments (R.E. Only)	\$ 108,558,360	
New Claims for Tax Exempt and Non-Taxable	\$ 18,242,520	
Court Decrees & Corrections	\$ 5,431,050	\$ 177,987,238
Net Real Property		\$ 31,989,575,380
Railroad and Utility Property*		\$ 1,269,828,415
Assessed by Department of Revenue		
Full Value of Taxable Real Property		\$ 33,259,403,795
 Less: Urban Revitalization, Industrial Exemptions, Pollution Control and Forest & Fruit Tree Exemptions		
Military Exemptions - Estimated		\$ 39,000,000
 ADJUSTED VALUE OF NET TAXABLE REAL PROPERTY		 \$ 33,220,403,795
*****		
 Money and Credits - Credit Unions (5 mills)		

\* Railroad and Utility Property values, assessed by the Department of Revenue and Finance, are the latest figures available.

**ABSTRACT OF 2010  
POLK COUNTY ASSESSMENT  
AS OF JULY 1, 2010**

**REAL PROPERTY**

Includes over 150,000 Parcels of Taxable Property

100% Value

	<b>TOWNSHIPS</b>	<b>CITIES</b>
Agricultural Lands	\$ 189,554,080	\$ 42,524,410
Residential (includes residences on ag property)	\$ 1,934,846,820	\$ 20,750,938,070
Commercial Properties	\$ 368,167,830	\$ 8,255,979,430
Industrial Properties	\$ 68,810,200	\$ 378,754,540
<hr/>		
Total Taxable Real Estate *	\$ 2,561,378,930	\$ 29,428,196,450

**MONEY & CREDITS (100%)**

Credit Unions (5 mills)	\$ 2,291,237	\$ 29,007,262
Finance Companies (5 mills)	\$ -	\$ -
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	\$ 2,291,237	\$ 29,007,262

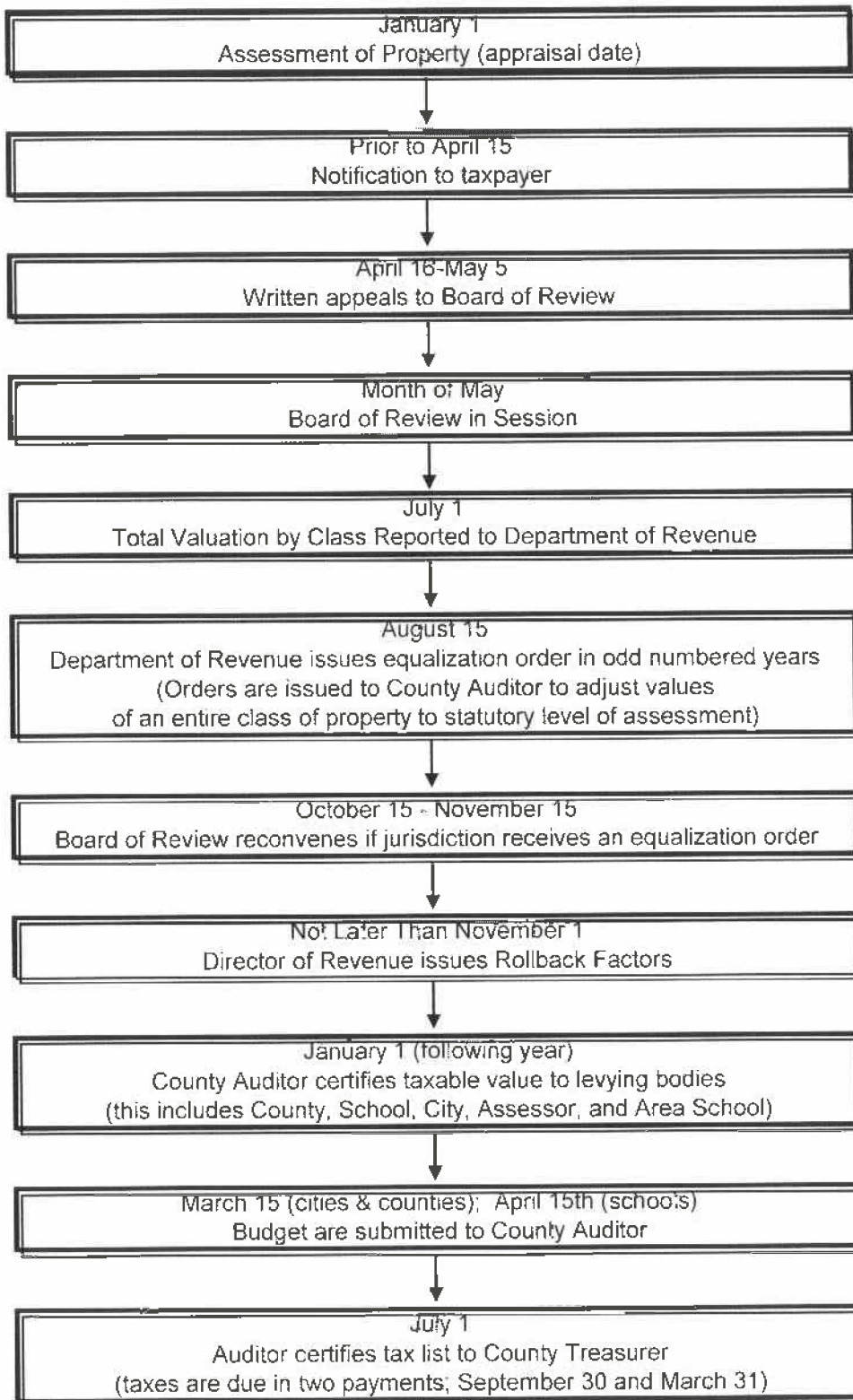
**IMPORTANT NOTE:**

Due to the statewide 4% maximum allowable increase in real estate, there will be a rollback of values if the state increase is great enough to warrant a rollback. The amount of the rollback will be decided by the Department of Revenue in November.

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\* The value does not include utility property assessed by the Department of Revenue .

## PROPERTY TAX TIMELINE





## SURVEY OF NEW HOMES BUILT IN POLK COUNTY

CITIES	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alleman	7	4	0	11	4	0	0	0	1	2	1	1	0	0
Altoona	117	119	83	166	88	164	196	218	354	277	186	120	76	92
Ankeny	267	348	475	518	414	652	751	972	1068	1345	681	521	280	381
Bondurant	20	13	20	24	27	33	24	14	78	99	67	105	51	74
Carlisle	0	0	0	2	0	0	0	0	0	0	0	0	1	0
Clive	71	69	37	74	44	45	30	16	35	11	7	2	1	1
Des Moines	150	209	271	381	344	390	520	526	665	520	296	282	163	124
Elkhart	0	0	1	1	1	0	0	25	21	29	25	5	2	1
Granger									16	33	3	5	4	8
Grimes	39	38	71	69	72	60	111	83	98	217	299	248	127	132
Johnston	181	188	251	381	285	331	276	329	390	386	290	165	100	136
Mitchellville	2	1	5	9	5	3	6	0	3	3	4	2	3	1
Pleasant Hill	77	66	72	116	93	116	118	160	118	165	198	114	55	38
Polk City	26	29	23	47	30	20	41	80	60	42	45	33	17	31
Runnells	0	0	1	2	3	3	12	4	6	4	8	0	1	0
Sheldahl	0	1	1	0	0	0	1	0	0	1	1	0	0	0
Urbandale	236	193	243	278	262	312	332	292	266	117	120	81	48	36
West Des Moines	233	267	460	500	343	224	140	121	120	35	54	49	44	25
Windsor Heights	1	0	0	0	0	1	0	1	1	1	1	8	1	0
TOWNSHIPS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Allen		2	1	3	0	0	1	0	0	0	0	0	0	0
Beaver		3	1	6	5	4	9	14	9	14	13	10	6	5
Bloomfield		0	0	2	0	0	0	0	0	0	0	0	0	0
Camp		21	22	15	9	17	18	19	14	28	21	9	10	5
Clay		8	10	14	6	16	8	13	9	11	7	2	2	3
Crocker		27	79	81	70	43	23	26	21	31	17	13	6	4
Delaware		11	11	18	14	8	7	13	6	10	7	2	3	0
Douglas		8	12	15	5	3	5	5	4	2	3	0	0	1
Elkhart		2	2	7	8	10	9	25	19	14	15	10	2	0
Four Mile		12	19	17	13	14	21	23	13	17	8	9	6	6
Franklin		15	14	20	14	26	12	22	26	14	9	7	7	6
Jefferson		20	37	47	37	50	26	31	31	34	20	14	10	9
Lincoln		0	2	2	2	3	4	2	3	2	1	1	0	1
Madison		1	0	2	2	1	1	1	1	0	0	0	1	1
Saylor		28	24	13	9	10	34	37	23	16	30	21	16	8
Union		2	3	2	1	1	7	5	4	2	1	1	1	1
Walnut		0	0	0	0	0	0	0	0	0	0	0	0	0
Washington		2	5	1	4	2	3	0	6	3	2	0	1	0
Webster		1	1	2	3	2	1	1	0	2	1	0	0	0

**MISCELLANEOUS INFORMATION AND STATISTICS  
POLK COUNTY**

New Building Permits Processed	7,226
Divisions of Existing Property (As of 10/15/2010 )	841
New Plats (As of 10/15/2010 )	44
New Homestead Tax Credits 2009/2010	6,128
New Military Exemptions 2009/2010	680

*Classes and Numbers of Properties Assessed:*

Agricultural Parcels (Property used for Agricultural Purposes)	5,768
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Forest & Fruit Tree Reservations (6534.3630 Acres)

Vacant Taxable Parcels	Agricultural	4,625
	Residential	12,261
	Commercial	1,863
	Industrial	390

Improved Taxable Parcels	Agricultural	1,143
	Residential	137,345
	Commercial	8,461
	Industrial	315

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<b>Average 100% Assessment of Residential Property</b>	<b>\$ 162,607</b>
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**EXEMPT PROPERTY AS OF JULY 2010  
POLK COUNTY**

**RELIGIOUS INSTITUTIONS**

Churches & Church Headquarters	\$	550,957,250
Parsonages	\$	17,204,330
Recreation Property, Church Camps, Etc.	\$	120,492,410

**LITERARY SOCIETIES**

Community Play House	\$	14,167,340
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**LOW RENT HOUSING**

Dwellings & Apartments	\$	29,400,150
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**VETERANS ORGANIZATIONS**

\$ 2,056,360

**CHARITABLE & BENEVOLENT SOCIETIES**

Hospitals	\$	470,166,030
Fraternal Organizations	\$	14,554,930
Agricultural Societies	\$	11,118,750
Retirement & Nursing Homes	\$	110,316,640
Others (Y.M.C.A., Y.W.C.A., etc.)	\$	267,298,230

**EDUCATIONAL INSTITUTIONS & CHURCH SCHOOLS**

\$ 339,820,120

**POLLUTION CONTROL (Industrial M & E and Bldgs.)**

\$ 5,985,620

**URBAN REVITALIZATION TAX EXEMPTION**

\$ 851,248,360

**INDUSTRIAL PARTIAL EXEMPTION**

\$ 23,763,270

**NATURAL CONSERVATION**

\$ 2,142,570

**FOREST & FRUIT TREE PRESERVATION (6534.3630 Acres)**

\$ 26,481,930

**HISTORICAL**

\$ -

**IMPOUNDMENTS**

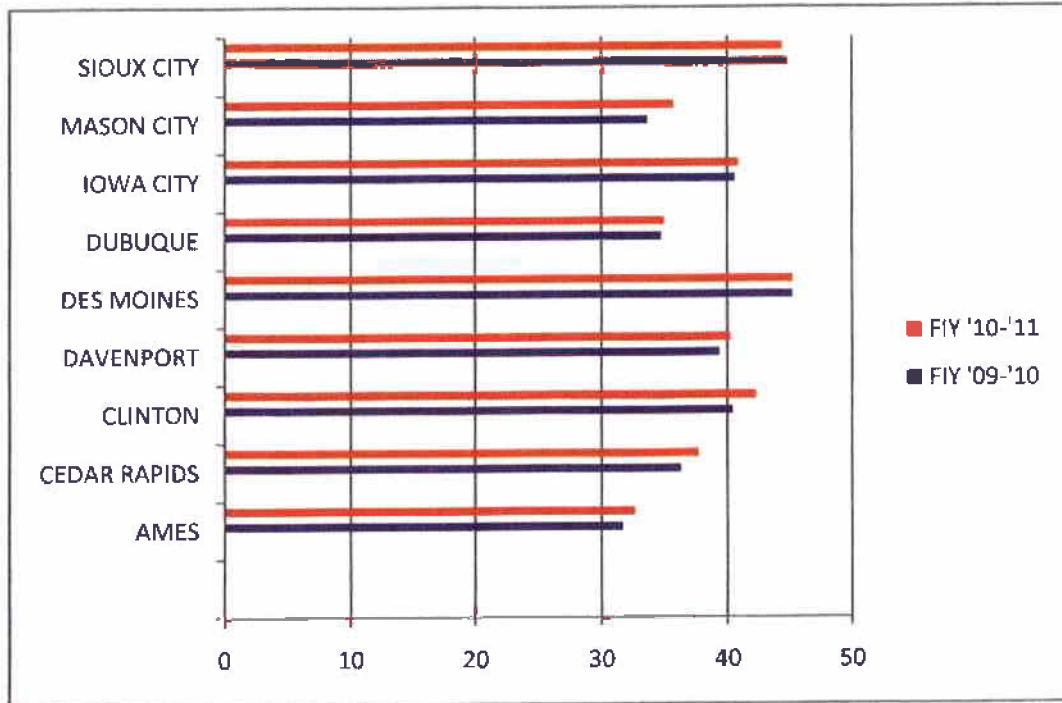
\$ 57,090

**TOTAL EXEMPT PROPERTY**

\$ 2,857,231,380

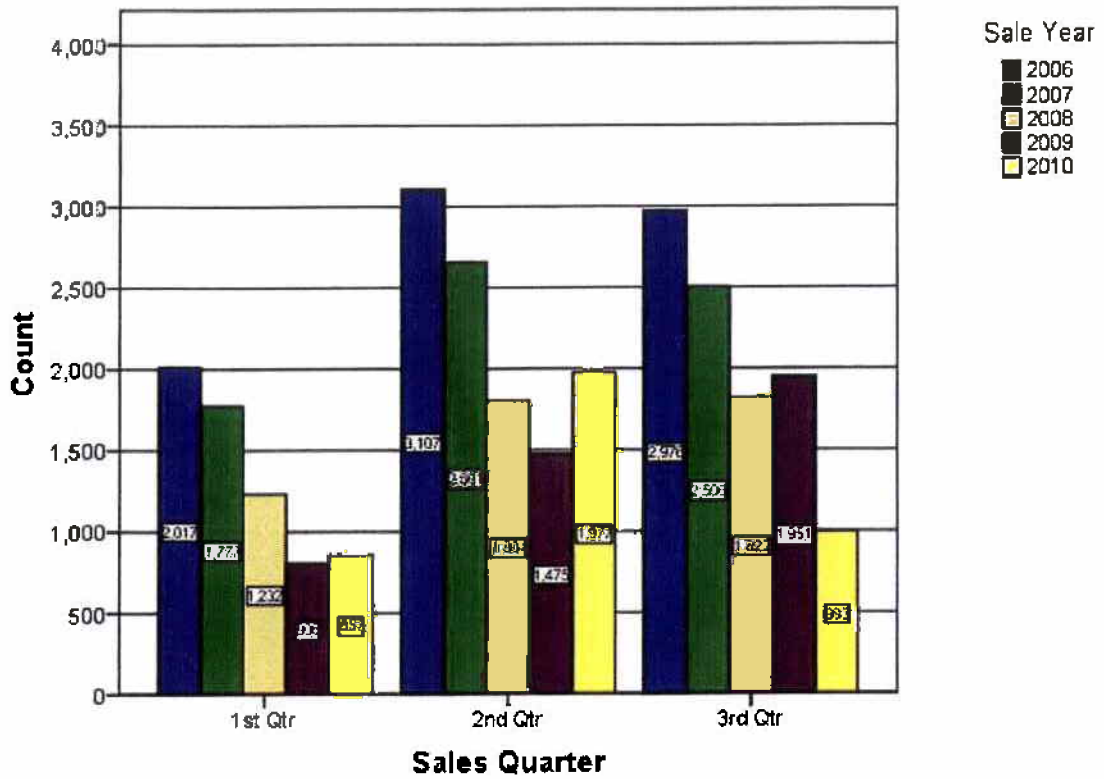
**COMPARISON OF TAX RATES PER THOUSAND  
FOR TAXES PAYABLE FISCAL '09-'10 TO '10-'11  
AS COMPILED BY THE POLK COUNTY ASSESSOR'S OFFICE**

<u>JURISDICTION</u>	<u>FIY '09-'10</u>	<u>FIY '10-'11</u>
AMES	31.68691	32.63225
CEDAR RAPIDS	36.31263	37.72007
CLINTON	40.40068	42.34303
DAVENPORT	39.35289	40.25165
DES MOINES	45.22335	45.28162
DUBUQUE	34.71571	35.00555
IOWA CITY	40.59569	40.91519
MASON CITY	33.60488	35.78089
SIOUX CITY	44.84382	44.43269



**MILLAGE**

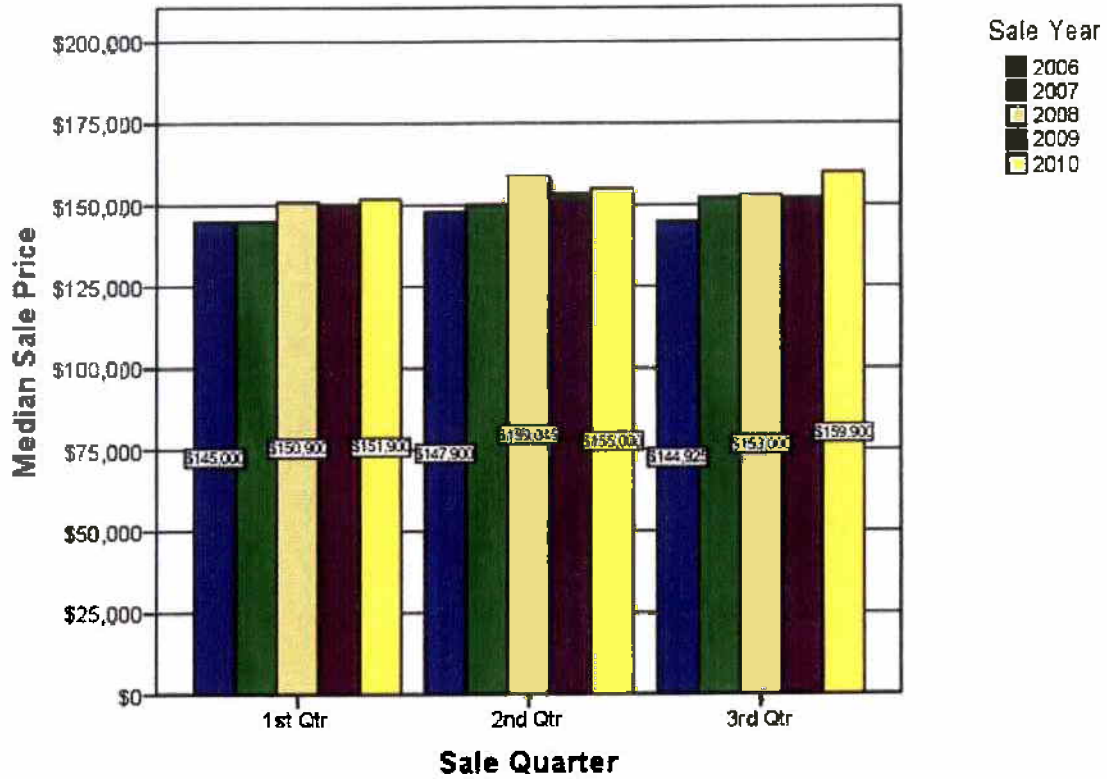
**Number Of Sales By Year and Quarter**



**Number of Sales by Year & Quarter**

Sale Year	Sales Quarter		
	1st Qtr	2nd Qtr	3rd Qtr
2006	2,017	3,107	2,976
2007	1,777	2,661	2,506
2008	1,232	1,804	1,822
2009	806	1,475	1,951
2010	857	1,977	993

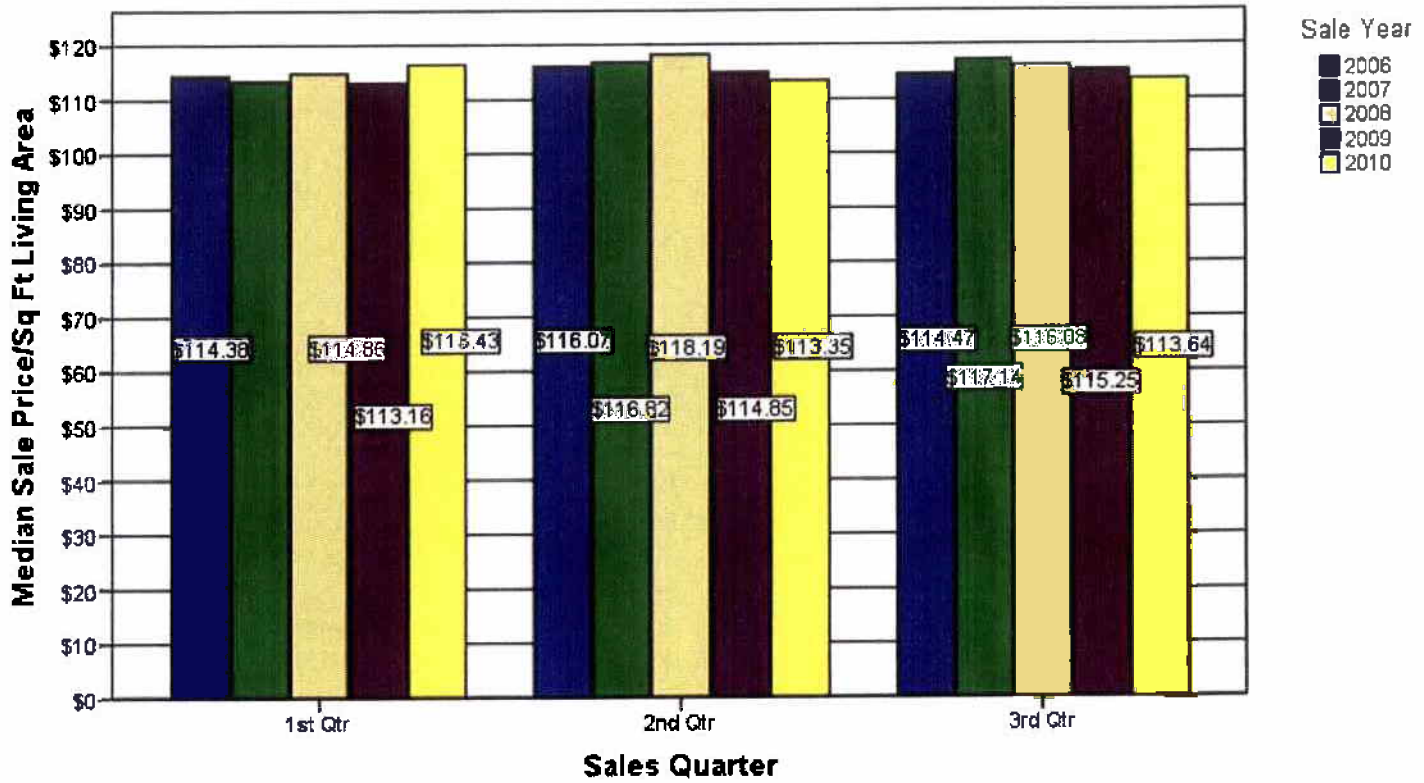
### Median Sale Price By Year and Quarter



### Median Sale Price by Year & Quarter

Sale Year	Sales Quarter		
	1st Qtr	2nd Qtr	3rd Qtr
2006	\$145,000	\$147,900	\$144,925
2007	\$145,000	\$150,000	\$152,100
2008	\$150,900	\$159,045	\$153,000
2009	\$151,900	\$153,600	\$152,000
2010	\$151,900	\$155,000	\$159,900

### Median Sale Price/Sq.Ft By Year and Quarter

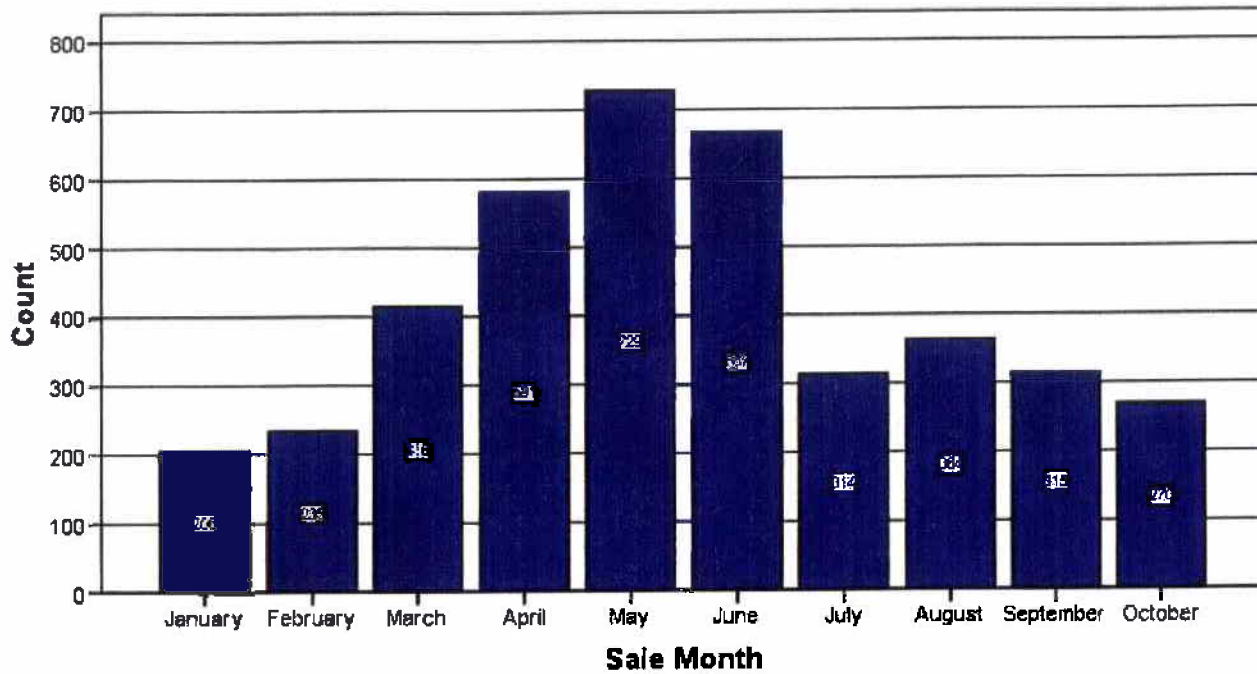


Median Sale Price/Sq.Ft. by Year & Quarter

Sale Year	Sales Quarter		
	1st Qtr	2nd Qtr	3rd Qtr
2006	\$114.38	\$116.07	\$114.47
2007	\$113.40	\$116.82	\$117.14
2008	\$114.86	\$118.19	\$116.08
2009	\$113.16	\$114.85	\$115.25
2010	\$116.43	\$113.35	\$113.64

## Number of Sales by Month

Year 2010



## Number of Sales by Month

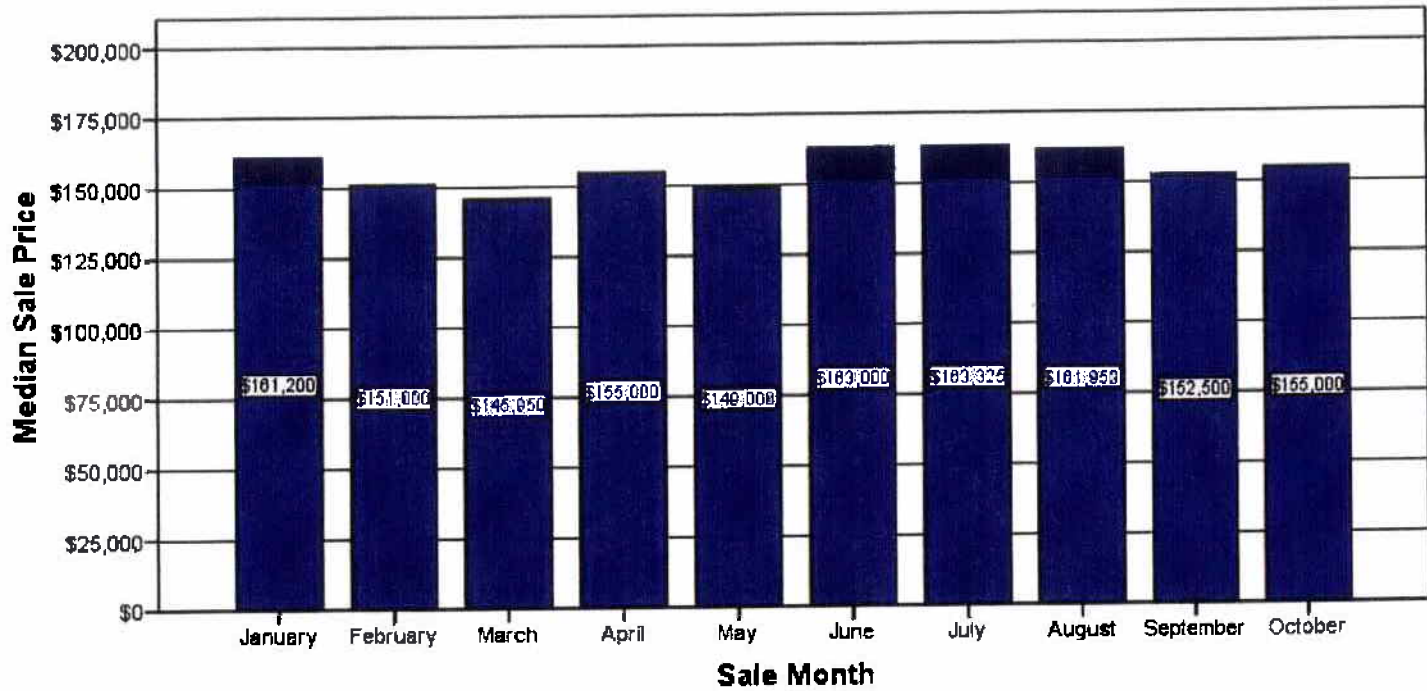
- Year 2010

Sale Month	Number
January	206
February	235
March	416
April	581
May	729
June	667
July	314
August	364
September	315
October	270



**Median Sale Price By Month**

**Year 2010**



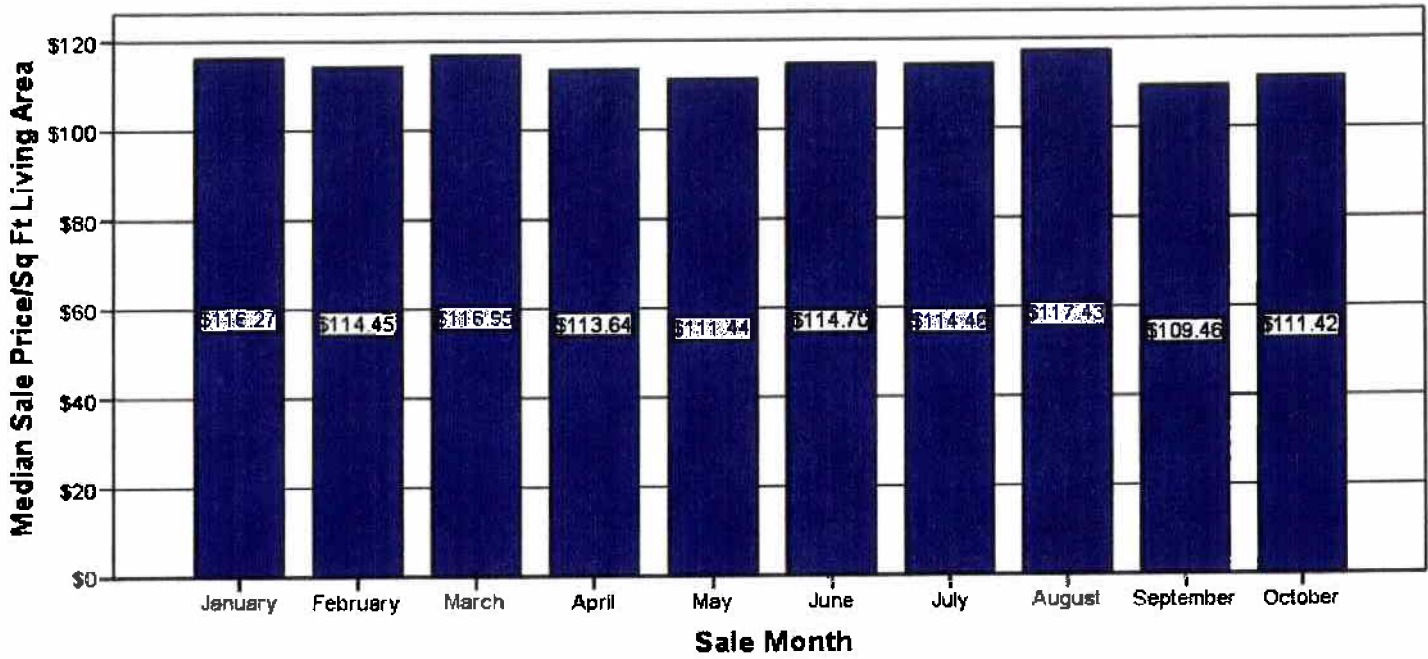
**Median Sale Price by Month**

**- Year 2010**

Sale Month	Sale Price
January	\$161,200
February	\$151,000
March	\$145,950
April	\$155,000
May	\$149,000
June	\$163,000
July	\$163,325
August	\$161,950
September	\$152,500
October	\$155,000

**Median Sale Price/Sq.Ft by Month**

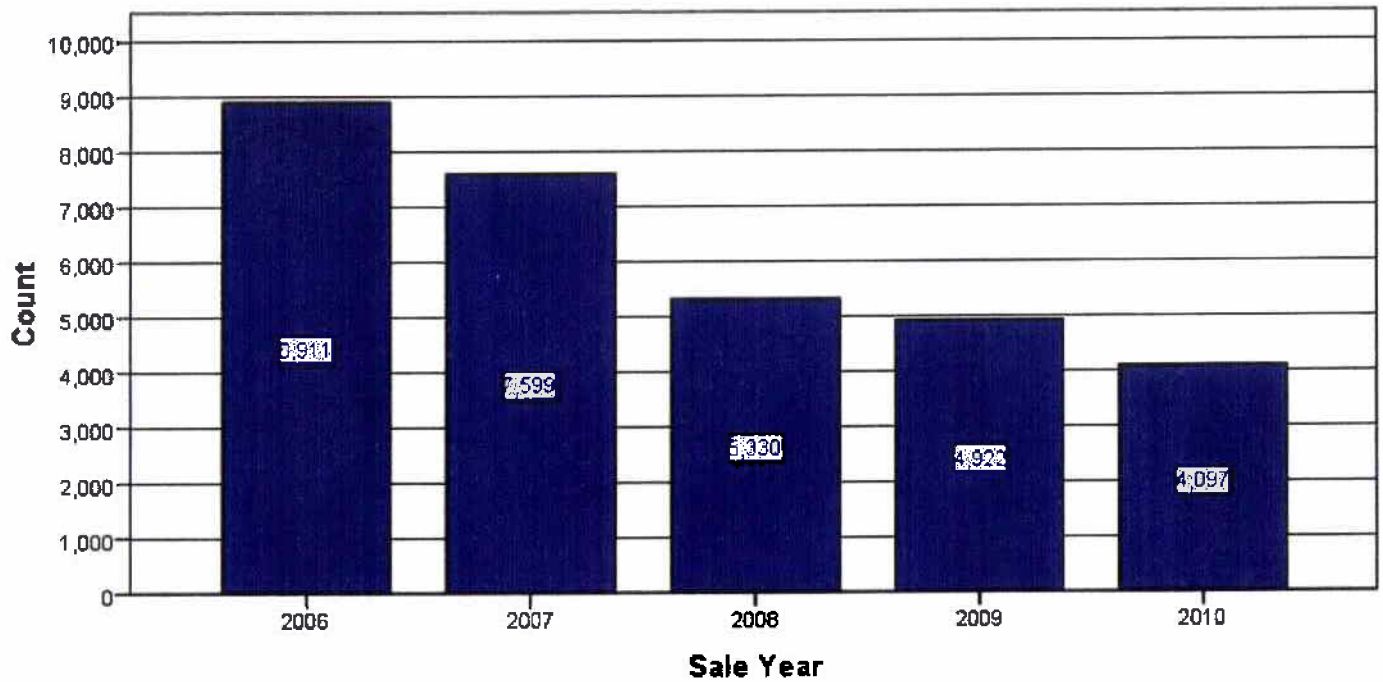
**Year 2010**



**Median Sale Price/Sq.Ft. by Month**

**- Year 2010**

Sale Month	Sale Price/Sq Ft Living Area
January	\$116.27
February	\$114.45
March	\$116.95
April	\$113.64
May	\$111.44
June	\$114.70
July	\$114.46
August	\$117.43
September	\$109.46
October	\$111.42

**Number of Sales through October****Years 2006-2010****Number of Sales  
Through October**

Sale Year	Count
2006	8,911
2007	7,599
2008	5,330
2009	4,922
2010	4,097

# **Residential Sales Statistics**

## **Polk County**

**Sales Ratio Study  
Polk County  
Residential 1 & 2 Family Dwellings  
Year 2010**

Assessors use mass appraisal techniques to estimate the current market value of property in their jurisdictions for property tax purposes. The assessor's estimates of property value govern the distribution of property taxes, a major source of local government revenue. The mass appraisal system must produce accurate and equitable value estimates if the property tax is to be fair. Thus, quality control is paramount. The mainstay quality control technique used by assessors is the sales ratio study, in which appraised (assessed) values are compared to market values (sales prices). A sales ratio is the ratio between a parcel's assessed value and its estimated market value as represented by an open-market, arm's-length sale.

The two major aspects of measuring appraisal accuracy in a sales ratio study are appraisal level and appraisal uniformity. Appraisal level refers to the overall or typical ratio at which properties are appraised. Appraisal uniformity refers to the fair and equitable treatment of individual properties.

### **Measures of Appraisal Level**

Measures of central tendency are used to estimate the overall appraisal level at which property is assessed in one convenient statistic. There are three measures of central tendency used in this ratio study: the mean, the median, and the weighted mean.

The *mean ratio* is the common average obtained by adding all the ratios and dividing by the number of ratios. The *median ratio* is the middle ratio when they are arrayed from lowest to highest. The *weighted mean ratio* is the sum of the assessments divided by the sum of the sales prices. It is so called because it weights each ratio by its sale price. The median is less affected by extreme ratios than the other measures of central tendency. Because of this, the median is the generally preferred measure of central tendency for direct equalization, monitoring appraisal performance, determining reappraisal priorities, or evaluating the need for a reappraisal.

Confidence intervals can be calculated for the three measures of central tendency, which help conclude whether required assessment level standards have been violated. For example, a 95 percent confidence interval would suggest that one can be 95 percent confident that the true median appraisal level is between the two interval values.

Iowa law requires that the appraisal level for assessments of residential properties be at 100 percent for each assessor jurisdiction. If the actual level deviates from the legal level by more than five percent, the value estimates being studied would need to be updated. In Iowa, this occurs every odd numbered year.

### **Measures of Appraisal Uniformity**

Measures of dispersion are used to measure appraisal uniformity. The two most useful measures of appraisal uniformity are the coefficient of dispersion (COD) and the price-related differential (PRD).

The *coefficient of dispersion* (COD), the most common measure of equity in mass appraisal, expresses the average absolute deviation of individual ratios from the median ratio as a percentage. A COD of 10.0, for example, means that properties are, on average, appraised within 10.0 percent of the median assessment level.

The *price-related differential* (PRD) provides an index of price-related bias, indicating whether low- and high-value properties are assessed at the same level. It is the ratio of the mean ratio to the weighted mean ratio. PRDs that exceed 1.03 suggest that high-value properties are relatively under-valued. PRDs under 0.98 indicate low-value properties are relatively under-valued.

### **Sales Ratio Performance Standards**

The Standard on Ratio Studies, published in 2007 by the International Association of Assessing Officers (IAAO), has suggested sales ratio performance standards for jurisdictions in which current market value is the legal basis for assessment. In general, when these standards are not met, reappraisal or other corrective measures should be taken. Following are the sales ratio performance standards in the publication mentioned above for single-family residential properties (the median ratio is the measure of central tendency):

<u>Type</u>	<u>Median Ratio</u>	<u>COD</u>	<u>PRD</u>
Newer, more homogenous areas	0.90-1.10	5.0 to 10.0	0.98-1.03
Older, heterogeneous areas	0.90-1.10	5.0 to 15.0	0.98-1.03
Rural residential and seasonal	0.90-1.10	5.0 to 20.0	0.98-1.03

### **Polk County Sales Ratio Study (1 & 2 Family Dwellings)**

In Polk County, through October of 2010 there were 3,230 residential sales of 1 & 2 family dwellings that were considered open-market, arm's-length sales. These sales were used to calculate the statistics described above for this study.

A 1 percent trim was also performed on the sales, which disregards the lowest 1 percent of the sales ratios and the highest 1 percent of the sales ratios. Trimming (Standard on Ratio Studies, IAAO, 2007) the sales can be useful in mass appraisal, where extreme values can mask the underlying distribution of the data. After doing a 1 percent trim, there were 3,166 sales that were used to calculate the sales ratio statistics.

On the following pages are charts that have the results of the sales ratio study for Polk County using residential sales of 1 & 2 family dwellings occurring through October of 2010. There are also some graphs that show trends and patterns of the residential real estate market in Polk County.

Ratio Statistics for 1 &amp; 2 Family Dwellings - Based on 3,230 Sales

<b>Mean</b>	<b>1.071</b>
<b>95% Confidence Interval for Mean Lower Bound</b>	<b>1.061</b>
<b>Upper Bound</b>	<b>1.081</b>
<b>Median</b>	<b>1.018</b>
<b>95% Confidence Interval for Median Lower Bound</b>	<b>1.014</b>
<b>Upper Bound</b>	<b>1.023</b>
<b>Actual Coverage</b>	<b>95.324</b>
<b>Weighted Mean</b>	<b>1.026</b>
<b>95% Confidence Interval for Weighted Mean Lower Bound</b>	<b>1.020</b>
<b>Upper Bound</b>	<b>1.032</b>
<b>Price Related Differential</b>	<b>1.04</b>
<b>Coefficient of Dispersion</b>	<b>13.00</b>

Ratio Statistics for 1 &amp; 2 Family Dwellings after 1% Trim - based on 3,166 Sales

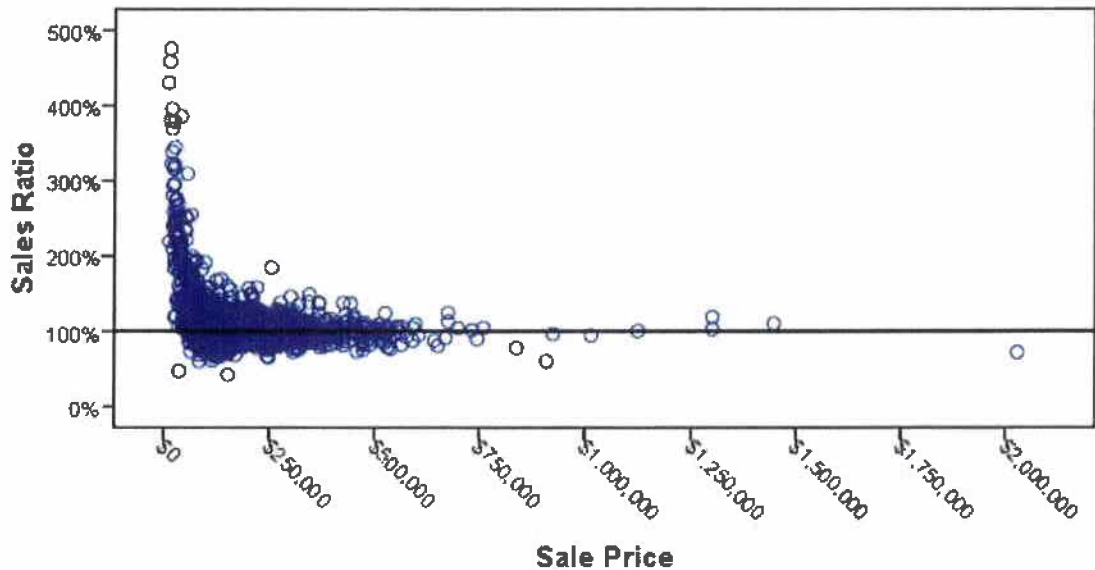
<b>Mean</b>	<b>1.054</b>
<b>95% Confidence Interval for Mean Lower Bound</b>	<b>1.048</b>
<b>Upper Bound</b>	<b>1.061</b>
<b>Median</b>	<b>1.018</b>
<b>95% Confidence Interval for Median Lower Bound</b>	<b>1.014</b>
<b>Upper Bound</b>	<b>1.023</b>
<b>Actual Coverage</b>	<b>95.149</b>
<b>Weighted Mean</b>	<b>1.027</b>
<b>95% Confidence Interval for Weighted Mean Lower Bound</b>	<b>1.022</b>
<b>Upper Bound</b>	<b>1.032</b>
<b>Price Related Differential</b>	<b>1.026</b>
<b>Coefficient of Dispersion</b>	<b>10.800</b>

The above two charts show that the current median ratio for Polk County is 1.018 or 101.8%. This meets the IAAO's suggested performance standard and is within 5% of the legal level in Iowa (100%), but not exactly 100%. Thus, at this point in time, we would be looking to adjust assessments slightly downward. Watching the market during the rest of 2010 will give us an indication of where assessments should be for 2011.

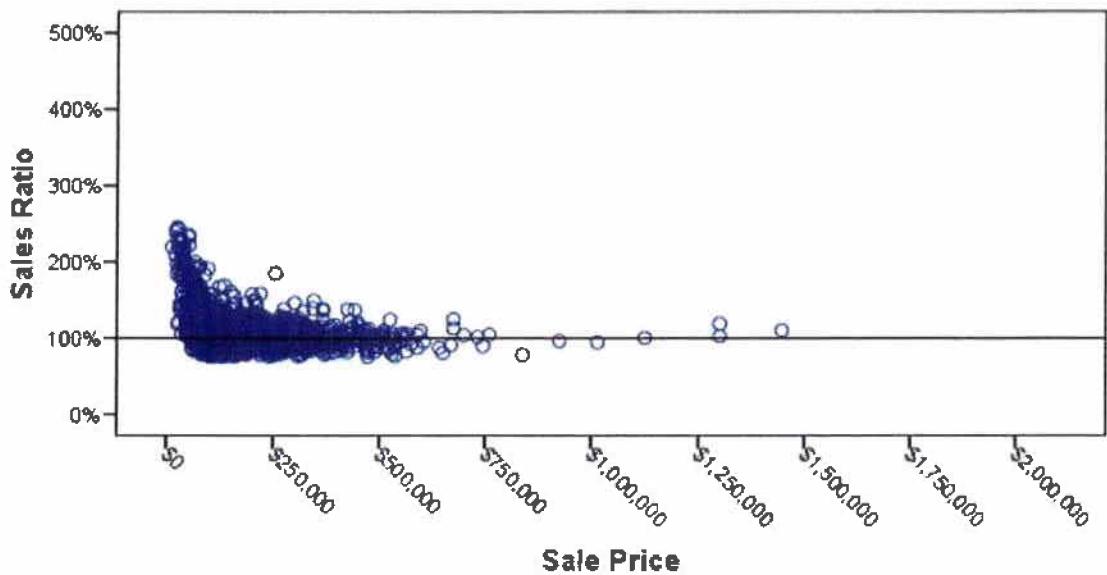
The COD after a 1% trim is 10.8%, which means that, on average, residential assessments in Polk County are within 10.8% of the median assessment level (101.8%). The PRD also meets the IAAO's suggested performance standard and indicates that low- and high-valued properties are relatively being assessed at the same level.



Plot of Sales Ratio with Sale Price

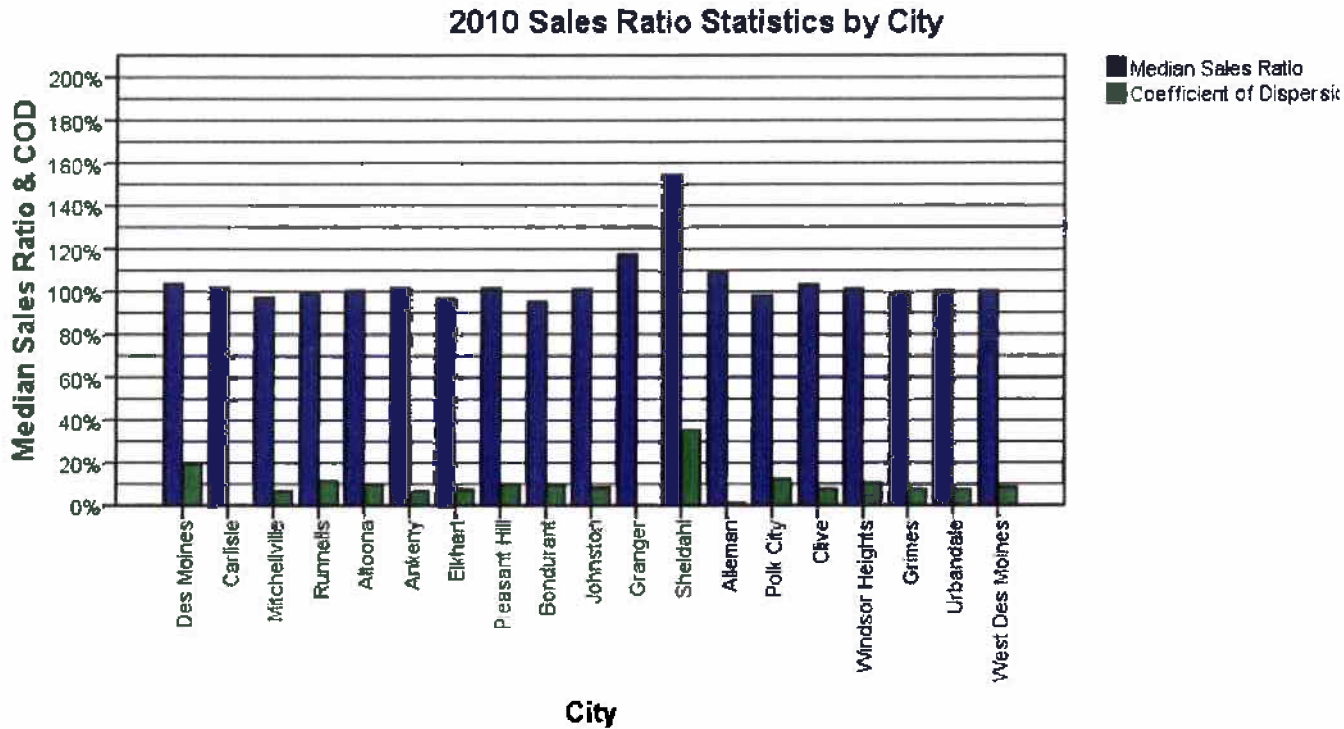


Plot of Sales Ratio with Sale Price - 1% Trim

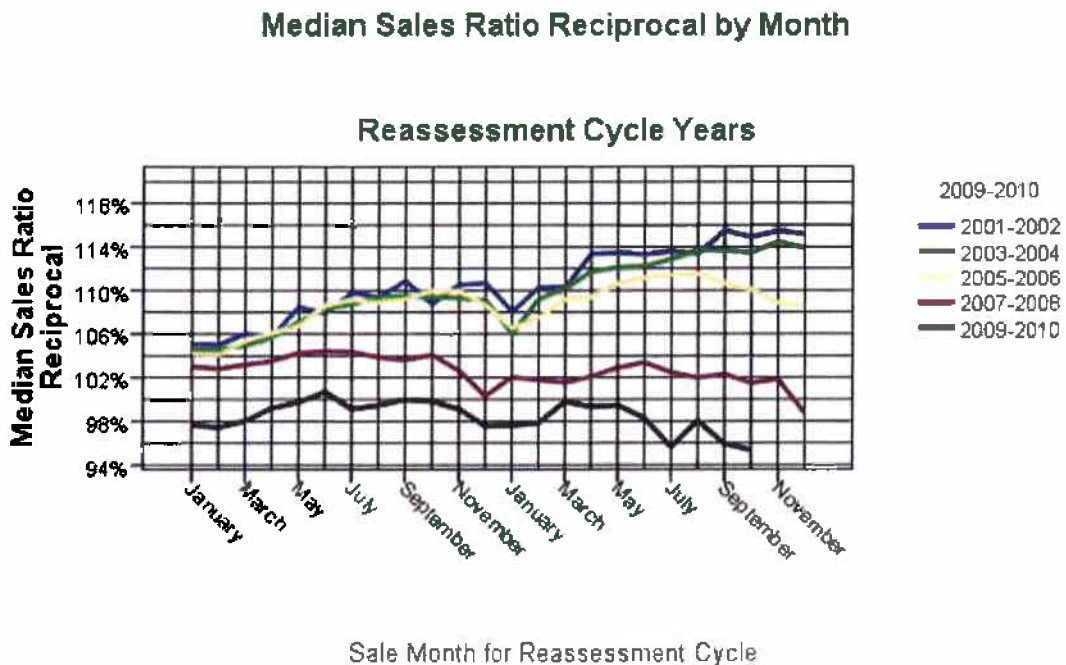


The above charts show the distribution of the sales ratios against their sale prices. The line on the sales ratio axis at 100% represents the legal assessment level. These charts support the PRD statistic above (assessment uniformity), which indicates that low- and high-valued properties are relatively assessed at the same general level.

The chart below shows the median ratio and COD for each city in Polk County. One can see why different cities have different percent adjustments in reassessment years.



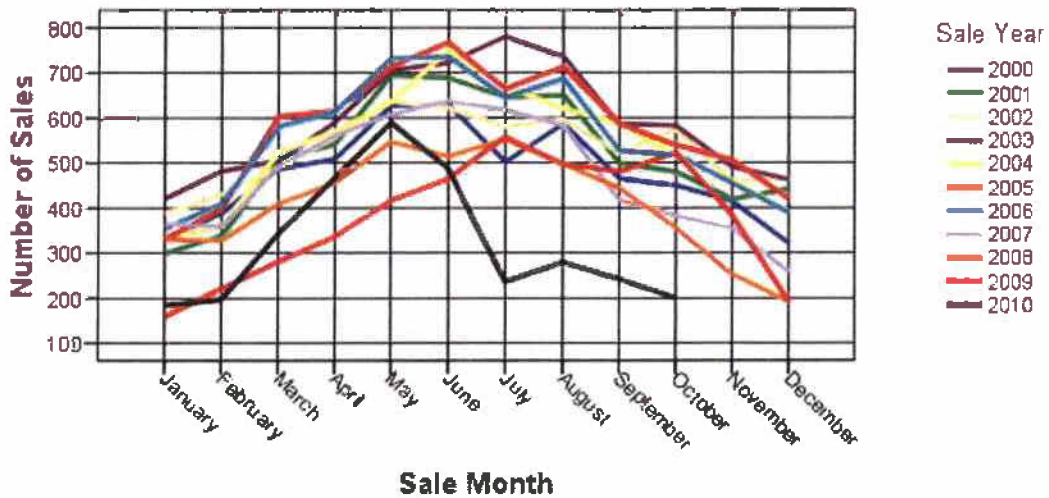
By plotting the reciprocals of the sales ratios (sale price/assessment) over time, one can visualize any inflation/deflation trends in the market. In the chart below, one can see that the market through 2009-2010 is well below the previous assessment cycles from 2001 to 2008. 2009-2010 is lower than 2007-2008 and appears to be trending slightly downward.



Sale Month for Reassessment Cycle

The following chart shows that market activity increases during the spring/summer months and decreases during the fall/winter months. Typically, this pattern is pretty consistent from year-to-year. Generally, the spring/summer months are a good time to be selling a home. However, 2010 is markedly different from previous years, which can be attributed to the expiration of the federal tax credit in April.

**Number of Sales by Month**



The residential real estate market in Polk County has been increasing during the last nine years. The median sale price in 2000 was roughly \$110,000, while in 2010 it is roughly \$150,000 and appears mostly stable throughout year.

**Median Sale Price by Month**

