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Miami-Dade tax notices likely to spark appeals by homeowners

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If you think Miami-Dade County is overvaluing your home -- and overtaxing your property as a result -- get in line.

But be warned -- the line is long, and it's about to get a whole lot longer.

Tax notices should begin hitting mailboxes later this month, and some Miami-Dade homeowners may be disappointed that their properties aren't appraised for tax purposes in lockstep with the low, low, *low* values ballyhooed in news reports about the depressed real estate market.

One reason for this apparent disparity: Miami-Dade Property Appraiser Pedro Garcia has decided to disregard foreclosure sales -- homes sold off by banks after foreclosing on the previous owner -- when determining a neighborhood's taxable values.

Garcia's rationale is that foreclosed homes are almost always stripped of appliances and fixtures or otherwise vandalized. Consequently, they do not reflect the true value of better-kept homes in the neighborhood.

And so, even if homes on either side of yours sold for, say, \$150,000 after going through a foreclosure and resale, your similar (though perhaps better-maintained) home could be assigned a much higher taxable value by the county -- especially if your county is Miami-Dade.

And your tax bill will be higher as a result.

IN BROWARD

It's a different story in Broward, where foreclosed homes are factored into the equation when determining the value of surrounding properties. To do otherwise would be "asinine," said Broward Property Appraiser Lori Parrish.

Her reasoning, shared by some real estate professionals and community activists, is that foreclosures constitute a major chunk -- as much as 50 percent -- of the sales currently taking place in South Florida.

"It's a real kick in the teeth to property owners in Dade County to tell them that this huge percentage of sales that is going on has nothing to do with actual value," said Doug DeWitt, a Miami-based real estate agent.

``Anyone in elected office, including Pedro Garcia, has a lot of audacity trying to convince the public otherwise."

You can appeal the assessment, of course. So many did so last year that Miami-Dade hasn't come close to clearing the backlog. Of the 102,000 appeals filed, only half have been ruled on so far, according to Robert Alfaro, who manages the Value Adjustment Board, which hears appeals.

It may be hard to make your case. Unlike Broward, Miami-Dade has not posted foreclosure sale prices on the appraiser's website, www.miamidade.gov/PA/, a vital tool for researching any tax appeal.

That omission will soon be rectified. By mid-September, a systems update should allow foreclosure sales information to be posted, Garcia said.

Homeowners must act quickly. The law gives them 25 days following receipt of the tax notice to appeal the assessment. The filing fee is \$15.

Phil Spool, a property appraiser and special magistrate who hears tax appeals, said he expects a tidal wave of new appeals and said that, contrary to Garcia's policy, he will consider foreclosures as part of the overall picture.

To understand the controversy, look no further than the Lakes by the Bay subdivision, in the Cutler Bay community. Foreclosures accounted for 10 of the 23 homes that changed hands in 2008.

Carlos Lopez is not pleased that nearby foreclosure sales will have no bearing on the taxes he pays on his investment house in Lakes by the Bay.

``They are going to try and get whatever penny they can from homeowners," he said of the county.

As it is, Dade is facing a \$427 million shortfall in its \$7.83 billion budget.

Garcia maintains that his office operates independently of the County Commission, and is not inflating values to help the county balance its budget.

``We don't talk to the commissioners. We don't talk to the mayor or anybody. I was elected to establish the right value on Miami-Dade properties and that's what I have been doing since day one. Nobody has called me or told me what numbers they need," Garcia said.

Be that as it may, Alan Farago, a longtime Coral Gables activist and co-writer of the popular local blog Eye on Miami, said the county is delaying the ``day of reckoning in terms of what the true budget shortfalls are."

Appraisers who work for the county determine the just value of a home chiefly by examining ``comps" -- sales of comparable homes in the area that are sold on the open market.

In better days, foreclosures were rare and tossing them out as ``comps" would not be a big deal.

Now, foreclosures are so common that banks routinely hire real estate agents to list them in a bid to get as high a price as possible on the sale.

Garcia, a private appraiser for 32 years, said his way of doing things will yield taxable values that are the most accurate reflection of reality.

Banks, eager to sweep the foreclosed properties off their balance sheets, dump foreclosed homes on the market at far below their real worth, Garcia said.

`MISSING BATHROOMS'

``Every one I've seen -- and I've been out with different banks to see the properties -- have been missing bathrooms, toilets, bath tubs, doors, cabinets," he said. ``It's amazing."

In determining neighborhood values, Garcia does factor in ``short sales," a different kind of distressed transaction in which a lender allows the borrower to sell a home for less than the balance on the mortgage.

``The owners of those properties try to keep the property in good condition because they want somebody to buy it from them," Garcia said.

Garcia said his office had considered including foreclosures in Homestead -- because there are so prevalent in that community -- but opted not to because there was an adequate number of short-sales to gauge the market.

``Some of them were very close to the foreclosure values," Garcia said of short sales. ``We realized we were on the right track."

Even disregarding foreclosures, Homestead's tax base has fallen 24.7 percent from 2008.

Although foreclosures are being tossed out of the equation by Dade taxing authorities, they still apply downward pressure on values because homeowners who want to sell must price their homes competitively.

As a result, many people, particularly those who bought at inflated prices during the real estate bubble, are going to find that their taxable values have shrunk when they tear open their tax notices, Garcia said.

That will mean a lower tax bill.

``Those people," he said, ``are going to be very, very happy."