



WEST COVINA

2017/18 PROPERTY TAX SUMMARY



The City of West Covina experienced a net taxable value increase of 4.7% for the 2017/18 tax roll, which was modestly less than the increase experienced countywide at 6.0%. The assessed value increase between 2016/17 and 2017/18 was \$503 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$180 million, which accounted for 36% of all growth experienced in the city.

The largest assessed value increase was reported on a multi-unit residential parcel owned by Steadfast Cameron Park LP (917 Cameron Avenue). The owner of the parcel failed to file for their exemption by the close of the roll. The result is a value increase of \$15.3 million. A change of ownership on a commercial parcel located at 2301 S. Azusa Avenue and owned by Ball & East Limited (Del Taco) triggered a reassessment and a \$9.9 million increase in value. Improvements totaling \$9.2 million were added to a parcel owned by Plaza West Covina at 1200 W. Covina Pkwy.

The largest assessed value decline was reported on a residential parcel owned by West Covina Senior Villas II LP. In 2016, two parcels sold to CIP 2014 SG Covina for \$12.9 million less than the prior year. The owner of parcel filed for their exemption this year, resulting in a \$10 million decline. A parcel owned by Barranca Tower LLC was granted an appeal which reduced the value by \$8.2 million this year.

Parcel subdivision and new construction activity contributed to growth in assessed values this year. 10 parcels were dropped from the roll and 78 were added, resulting in a net assessed value gain of over \$12.7 million.

The housing market has fully recovered from the recent recession in many urban and coastal areas of the State while housing recovery has tended to lag in more rural and inland areas. Current median home prices are at or above the pre-recession peak values in many areas. Inventory constraints are the main contributor to increases in home prices over the last year. Lack of significant new home construction in both Northern and Southern California is one of the main factors affecting supply. The median sale price of a detached single family residential home in West Covina from January through October 2017 was \$530,000. This represents a \$25,000 (5.0%) increase in median sale price from 2016.

Year	D-SFR Sales	Median Price	% Change
2011	643	\$330,000	
2012	737	\$330,000	0.00%
2013	683	\$390,000	18.18%
2014	680	\$439,500	12.69%
2015	720	\$465,000	5.80%
2016	682	\$505,000	8.60%
2017	632	\$530,000	4.95%

2017/18 Tax Shift Summary

ERAF I & II	\$-4,212,698
VLFAA (est.)	\$11,187,868

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. PLAZA WEST COVINA LLC	\$271,881,917	2.41%	Commercial
2. BRE DDR BR EASTLAND CALIFORNIA LLC	\$168,708,946	1.50%	Commercial
3. 301 SOUTH GLENDORA AVENUE APTS	\$102,504,008	0.91%	Commercial
4. PT ENTERPRISES LLC	\$60,740,782	0.54%	Commercial
5. WALNUT RIDGE APARTMENTS LP	\$58,224,198	0.52%	Residential
6. TPA NASCH LLC	\$55,575,956	0.49%	Residential
7. GLENDORA AVENUE PROPERTIES LLC	\$53,540,399	0.48%	Residential
8. BENTLY REAL ESTATE LLC	\$39,233,666	0.35%	Commercial
9. HASSEN REAL ESTATE PARTNERSHIP	\$38,374,479	0.34%	Commercial
10. BARRANCA TOWER LLC	\$37,913,400	0.34%	Commercial
Top Ten Total	\$886,697,751	7.87%	

Real Estate Trends

Home Sales

According to industry experts, unsold inventory is below normal levels particularly in the Bay Area. The lack of supply from resales and the absence of new housing units has driven the increase in housing prices up in most areas. Median sale prices in many areas have surpassed their pre-recession peaks. The reported median price of an existing, single family detached home in California during June 2017 was \$555,150. This was a 7 percent increase from \$518,830 in June 2016.

All Homes	Units Sold June-2016	Units Sold June-2017	% Change	Median Price June-2016	Median Price June-2017	% Change
Imperial County	153	140	-8.50%	\$201,000	\$215,000	6.97%
Los Angeles County	8,059	8,716	8.15%	\$530,000	\$569,000	7.36%
Orange County	3,768	3,802	0.90%	\$655,000	\$695,000	6.11%
Riverside County	4,226	4,297	1.68%	\$332,000	\$357,000	7.53%
San Bernardino County	2,843	3,243	14.07%	\$285,000	\$320,000	12.28%
San Diego County	4,410	4,311	-2.24%	\$495,000	\$543,500	9.80%
Ventura County	1,163	1,146	-1.46%	\$550,000	\$565,000	2.73%

Comparison of Current Median Sale Price to Peak Price Before the Great Recession

In 1978 California voters approved Proposition 8 that requires county assessors to reduce the value of properties below their Proposition 13 taxable values when the real estate market declines. These reductions are to be restored as the real estate market improves. One of the gauges of the values to be restored is the progress each community is seeing in the growth of the median sale prices of single family homes. As we have moved through the Great Recession, we have seen the recovery of the real estate home prices in many regions approach or exceed pre-recession peak prices. The graph below provides a comparison of the detached home (excluding Condos and Townhomes) median peak price experienced at the height of the real estate bubble in West Covina and Los Angeles County well as several other counties in this region. Considering these trends, we expect to see continued restoration of values reduced per Proposition 8. The annual restoration of Prop 8 reduced values has diminished over the past couple of years in most of the counties reviewed. More counties have neared a 90-100% restoration level after our review of the 2017-18 data in this segment of residential properties. **As we begin the 2017-18 fiscal year 64.2% of properties in West Covina awaiting restoration of value since 2012-13 have been FULLY restored.**

Comparison of Median Sale Price to Pre Recession Peak Price

