



# WEST COVINA

## 2020/21 PROPERTY TAX SUMMARY



The City of West Covina experienced a net taxable value increase of 3.4% for the 2020/21 tax roll, which was somewhat less than the increase experienced countywide at 6.0%. The assessed value increase between 2019/20 and 2020/21 was \$429 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$218 million, which accounted for 51% of all growth experienced in the city.

The largest assessed value increase was reported on an institutional parcel owned by KRE Renew Tiger Cubs Regency Grand LLC (150 S. Grand Avenue). The parcel recently sold and was increased by \$18.7 million. An increase of \$13.4 million was caused by a change of ownership on an institutional parcel owned by NHI Reit Of Next House LLC (3601 E. Holt Avenue). A transfer of ownership on a commercial parcel owned by GREF Eastland Center LP (2753 E. Eastland Center Drive) added \$11.5 million.

The largest assessed value decline was reported on a commercial parcel owned by Azusa Rowland LLC (301 N. Azusa Avenue). The parcel was reassessed in error last year. The correction of the error resulted in a \$24.9 million decline in value. An institutional parcel owned by Faith (1211 E. Badillo Street) did not have its exemption applied by the close of the roll last year. The properly applied exemption caused a \$17.7 million decline this year.

Parcel subdivision and new construction activity contributed to growth in assessed values this year. 9 parcels were dropped from the roll and 72 were added, resulting in a net assessed value gain of over \$5.6 million.

Growth in the number of home sales slowed and, even, declined by mid-2019. Fewer properties were on the market compared with 2018 despite declining mortgage rates. In 2019, economists forecasted a weaker housing market in 2020, even for cities who had achieved pre-recession peak values. In 2020, sale prices have risen as the number of sales declined significantly due to the COVID19 stay at home orders. Prices have continued to rise in response to lower inventory and lower interest rates. The median sale price of a detached single family residential home in West Covina from January through November 2020 was \$617,500. This represents a \$37,500 (6.5%) increase in median sale price from 2019.

Year	D-SFR Sales	Median Price	% Change
2014	687	\$440,000	
2015	734	\$465,000	5.68%
2016	694	\$505,000	8.60%
2017	747	\$531,000	5.15%
2018	600	\$568,500	7.06%
2019	602	\$580,000	2.02%
2020	487	\$617,500	6.47%

### 2020/21 Tax Shift Summary

ERAF I & II	\$-4,831,033
VLFAA (est.)	\$12,903,397

### Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. PLAZA WEST COVINA LLC	\$278,285,444	2.16%	Commercial
2. GREF EASTLAND CENTER LP	\$187,719,035	1.46%	Commercial
3. COLONY AT THE LAKES LLC	\$176,679,227	1.37%	Commercial
4. 624 SOUTH GLENDORA AVENUE OWNER LLC	\$75,430,010	0.58%	Residential
5. WALNUT RIDGE APARTMENTS LP	\$61,873,914	0.48%	Residential
6. TPA NASCH LLC	\$59,189,641	0.46%	Residential
7. ENVISION WC MB RE LLC	\$52,481,550	0.41%	Commercial
8. SUNSET FIGUEROA LLC ET AL	\$46,695,740	0.36%	Residential
9. FRANCISQUITO AVENUE FEE OWNER LLC	\$45,627,749	0.35%	Residential
10. KRE RENEW TIGER CUBS REGENCY GRAND LLC	\$44,324,100	0.34%	Institutional
<b>Top Ten Total</b>	<b>\$1,028,306,410</b>	<b>7.97%</b>	

# Real Estate Trends

## Home Sales

Over the past two years, industry experts expressed concerns about sales volumes declining due to buyer anticipation of a potential drop in housing prices. While a reduction in the number of single-family home sales was experienced in many areas in the past two years and sales price changes reflected modest declines or increases, these market trends were suddenly impacted by the COVID-19 pandemic beginning in March 2020. The number of home sales has dropped significantly as potential buyers stayed home. After major reductions in the number of sales in April and May, sales rebounded. Median sales prices for June increased by 6.5% over May and were up by 2.5% over June 2019. The 30-year, fixed-mortgage interest rate averaged 3.16% in June, down from 3.80% in June 2019.

All Homes	Units Sold June-2019	Units Sold June-2020	% Change	Median Price June-2019	Median Price June-2020	% Change
Imperial County	132	125	-5.30%	\$226,000	\$265,000	17.26%
Los Angeles County	6,722	5,149	-23.40%	\$620,000	\$645,000	4.03%
Orange County	3,289	2,502	-23.93%	\$745,000	\$762,000	2.28%
Riverside County	3,617	3,672	1.52%	\$376,000	\$415,000	10.37%
San Bernardino County	2,662	2,431	-8.68%	\$335,000	\$350,000	4.48%
San Diego County	3,716	3,573	-3.85%	\$587,000	\$600,000	2.21%
Ventura County	970	778	-19.79%	\$575,500	\$618,250	7.43%

## COVID-19

Federal, State, and local governments are working to limit the spread of COVID-19. Orders intended to contain the virus has caused temporary closure of businesses and limited access to retail and service industries. This has and will continue to have impacts on the economy. This pandemic event is not something we have seen before and it is unknown if these conditions will be short or long term. Below are the points you should know:

- According to the California Assoc. of Realtors all major regions declined in the number of sales with Southern California dropping the most at -12.2% while the Central Valley had the smallest decline at -1.5%. Median prices in the Central Valley and in Southern California increased by 7.4% and 3.3%, respectively, based on pent up demand. Other areas reflected similar patterns.
- A reduction in the number of sales during 2020 will result in reduced growth in value for FY2021-22 and a reduction in revenue from real estate transaction tax and supplemental assessments during FY2020-21.
- The Governor issued Executive Order N-61-20 on May 6, 2020. This EO was focused on easing financial hardship resulting from the pandemic. This order did not eliminate required payment of property taxes but did eliminate penalties and interest on late payments for **owner-occupied residential property who do not utilize impound accounts and for SBA qualified small businesses only**. These taxpayers only receive relief if they can demonstrate COVID-19 related hardship. This EO has no impact within counties that utilize Teeter Programs.
- The pandemic's impact on tax revenues will need to be monitored. Any effects will be foreseen by dropping sales values, increases in foreclosure activity and increased property tax delinquency.