



CHICO

2017/18 PROPERTY TAX SUMMARY



The City of Chico experienced a net taxable value increase of 5.8% for the 2017/18 tax roll, which was slightly more than the increase experienced countywide at 5.5%. The assessed value increase between 2016/17 and 2017/18 was \$475 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$113 million, which accounted for 24% of all growth experienced in the city.

The largest secured roll increase was reported on a multifamily residential site owned by South Chico LLC at 1975 Bruce Road that posted growth of \$8.5 million after the addition of improvement values at this location. These are the Willow Oak Villas a new housing community in South Chico. A commercial site owned by Bay Area Properties at 2068 Dr. Martin Luther King Jr. reported an increase of \$6 million between tax years. This property was purchased in 2015 and has been developed over the past 2 years. This is the pad adjacent to the COSTCO where the ULTA Beauty is located. A multifamily residential property at 1160 E. Lassen Avenue posted an increase of \$5.4 million as a result of an error processed by the assessor in applying the CCPI 2% adjustment.

The largest decline was posted on an industrial property owned by North Valley Disposal Service at 2569 Scott Avenue. This owner reported a reduction in the personal property assets at this location for the reduction of \$1.4 million reported. Industrial property owned by Butte Regional Transportation Corporation at 326 Huss Drive declined \$1.4 million reflecting the full exemption that was granted this year to this owner who is a 501c3 nonprofit.

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 Chico from January through October 2017 was \$318,000. This represents a \$24,750 (8.4%) increase in median sale price from 2016.

Year	D-SFR Sales	Median Price	% Change
2011	723	\$217,000	
2012	858	\$222,500	2.53%
2013	930	\$251,000	12.81%
2014	905	\$265,000	5.58%
2015	1,041	\$275,000	3.77%
2016	1,090	\$293,250	6.64%
2017	890	\$318,000	8.44%

2017/18 Tax Shift Summary

ERAF I & II	-\$1,835,898
VLFAA (est.)	\$7,927,701

Top 10 Property Owners

Owner	Net Taxable Value	% of Total	Use Type
1. SIERRA NEVADA BREWING COMPANY	\$125,658,574	1.39%	Unsecured
2. MERLE A WEBB AND SONS LP	\$75,165,904	0.83%	Residential
3. CHICO MALL INVESTORS LLC	\$40,277,893	0.45%	Commercial
4. CHICO CROSSROADS LP	\$38,955,012	0.43%	Commercial
5. MP CORE CHICO LLC	\$32,400,141	0.36%	Residential
6. COMCAST	\$29,411,265	0.33%	Unsecured
7. NORTH VALLEY MALL II LLC	\$28,946,624	0.32%	Commercial
8. CARWOOD SKYPARK LLC ETAL	\$25,531,499	0.28%	Commercial
9. SMUCKER QUALITY BEVERAGES INC	\$24,625,192	0.27%	Industrial
10. STERLING OAKS DEVELOPMENT PTNSHP	\$22,632,914	0.25%	Residential
Top Ten Total	\$443,605,018	4.91%	

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
Butte County	346	265	-23.41%	\$250,000	\$251,000	0.40%
Nevada County	241	273	13.28%	\$375,000	\$403,250	7.53%
Placer County	994	1,041	4.73%	\$425,000	\$468,500	10.24%
Shasta County	282	299	6.03%	\$220,000	\$245,100	11.41%
Sutter County	151	128	-15.23%	\$242,500	\$269,500	11.13%
Tehama County	50	64	28.00%	\$210,000	\$171,000	-18.57%
Yolo County	280	317	13.21%	\$393,500	\$430,000	9.28%

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 Chico and Butte 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 60.4% of properties in Chico awaiting restoration of value since 2012-13 have been FULLY restored.**

Comparison of Median Sale Price to Pre Recession Peak Price

