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Dallas County Tax Roll Shows Increase

Credit goes to new construction, commercial market

By Kevin Krause

For the second year in a row, a healthy commercial market and growth in new construction have boosted Dallas County property values, giving the county its highest increase in five years.

The preliminary tax roll jumped to \$158.3 billion - up 16 percent from last year's final certified numbers, according to the Dallas Central Appraisal District.

It included \$4.2 billion in new construction - the highest in years. Slightly less than half of that came from commercial properties. Many cities saw double-digit percentage increases in property values.

The higher values translate into more tax revenue. That's good news for cities and school districts, but not for property owners. The preliminary totals will drop significantly as many homeowners challenge their assessments.

County Budget Director Ryan Brown predicts that the county's final number will drop to about \$147.5 billion. Still, that would be 7.3 percent higher than last year's certified tax roll. He expects that new-construction numbers will fall to about \$3.4 billion. If so, that would translate into \$5.2 million in additional tax revenue for Dallas County's budget next fiscal year, he said.

"Every little bit helps," Mr. Brown said. "They're good numbers. They show solid growth across Dallas County."

The county's budget has been straining to cover pay for state- and federally mandated improvements to staffing, health care and cleanliness at the county jail.

The jail has failed inspections three years in a row, and the county is spending millions to replace medical equipment, pay for jail guard overtime and improve laundry service, among other things.

County Judge Margaret Keliher said that the numbers are encouraging and that she hopes the increase will allow the county to absorb additional spending without a tax rate increase next year.

"We know we have issues the county needs to address," she said. "We would like to be able to do it without raising the tax rate."

Chief Appraiser W. Kenneth Nolan said his office has received about 1,000 more property value protests than at this time last year. But he said he doesn't expect an overall increase when the protest deadline arrives Wednesday.

Commercial properties make up 37 percent of the preliminary tax roll, but they account for

about half of the overall preliminary tax base increase.

"I think the commercial market has seen somewhat of a renaissance in the last year," Mr. Nolan said.

Outside forces often affect the market, he said. For example, institutional investors as well as out-of-state and foreign investors are driving the commercial market in Dallas because of their different expectations.

"In their mind, commercial real estate is still undervalued in the marketplace compared with other parts of the country like California," he said.

'Sorely needed'

Bernard Weinstein, director of the Center for Economic Development and Research at the University of North Texas, said that in some areas of Dallas County, homes are only now regaining the value they lost in the late 1980s.

Mr. Weinstein said the value of his North Dallas home rebounded last year to what he paid for it in the mid-1980s.

"Last year was the best economy we've had in five years," he said. "Economic growth and property valuations tend to go in the same direction. It's sorely needed."

Dallas' 16 percent increase in property values was good news to city officials.

"We are pleased. We think it's a positive indication of some of the programs and efforts we have put in place," City Manager Mary Suhm said.

The city has made economic development a priority, and commercial development is on the rise, as evidenced by the construction cranes looming over downtown. The taxable value of

commercial property is 24 percent higher than last year, although that number will drop.

"It also shows the economy in Dallas is steady and growing," Ms. Suhm said.

Other Dallas County cities were experiencing similar gains.

After seeing its tax base plummet during the economic slump, Richardson's base appears to be continuing a rebound that began last year.

"We're pleased," City Manager Bill Keffler said. "It's showing a positive trend in the economic comeback."

Preliminary totals were up 8.6 percent over last year.

Irving on the grow

Irving's 18.1 percent increase can be attributed to a number of new residential projects throughout the city, as well as rising Las Colinas office occupancy rates and rents, said City Council member Rick Stopfer.

Recruiting companies to Irving, such as Fluor, is also helping to boost tax rolls, he said.

"It makes us feel good that ... we stepped up to the plate and increased our emphasis on economic development and continue to bring new companies into the city," Mr. Stopfer said. "The things we've been trying to do the last five years are really starting to pay off now."

Lancaster happy

Lancaster City Manager Jim Landon said his city is on an "upward climb."

Lancaster, a growing city in southern Dallas County, had about 22,000 residents in 1990. Today it has nearly 34,000. About 10,000 housing permits have either been issued or are in the pipeline.

Nearly half of the 15.8 percent increase in value is from new construction, Mr. Landon said.

"The percentage of taxes collected from business is going up faster than residential, which should ease homeowners' burden some," he said.

Lancaster will use most of the added property tax revenue to hire more police and firefighters and to repair streets.

Ellen Clark, owner of Town Square Realty in Lancaster, said some appraisals show little rhyme or reason. One client's home rose in value from \$78,000 to \$176,000 this year.

"That's crazy," she said. "They don't look at people's property anymore. They just can't."

Ms. Clark said the price of raw land is soaring, too. The Allen Group - which owns or has options on about 6,000 acres in southern Dallas County - and other developers could buy land at \$7,000 to \$9,000 an acre just a few years ago, she said.

"Now, you can't touch anything for less than \$12,000 per acre," she said.

Staff writers Wendy Hundley, Herb Booth, Dave Levinthal and Eric Aasen contributed to this report.