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County's tax roll sees 10% jump

In Dallas, commercial growth boosts property values

By Kevin Krause and Jeff Mosier

Dallas County has seen the largest property value increase in at least two decades, thanks to a big boost from a thriving commercial sector.

The county's certified tax roll increased 10.2 percent to \$161.2 billion, according to data released Wednesday by the Dallas Central Appraisal District.

Ryan Brown, the county's budget director, said that is the largest increase since at least 1989. Records before that are unavailable, he said. The tax roll was helped by \$4.3 billion in new construction – \$640 million more than last year, he said.

Those gains mirrored increases in Tarrant and Denton counties, which saw increases of 10.4 percent and 13 percent respectively. Other regional counties' rolls will be released in the coming days.

About 60 percent of Tarrant County jurisdictions reported double-digit increases in their tax rolls.

In Dallas County, commercial property values rose 15.5 percent, while residential properties increased 7.5 percent. It's the third straight year of healthy increases. Last year, values rose 8 percent.

"That's great. It bodes well for Dallas County," Commissioner John Wiley Price said. "It says something about Dallas and the prosperity we're all enjoying."

Impact on Addison

Addison had the highest increase among large cities, with a nearly 15 percent jump. Impressive double-

digit increases were also seen in Irving and the Park Cities. The city of Dallas saw a 10.4 percent increase.

The certified tax roll is important for cities, school districts and counties that need to know how much property tax revenue to expect for the coming fiscal year. Property taxes are the main source of revenue for municipal services, and budget analysts use the numbers to prepare budgets and to set tax rates in September.

Ron Whitehead, Addison's city manager, said his city is reaping the benefits of healthy growth in offices, hotels and restaurants. He said Addison is different from most cities in that only 20 percent of properties are residential.

In most cities, the opposite is true, he said.

"When there is a downturn [in the commercial market], we feel that first, and it has the most severe effect on us," he said.

The value increase means a likely property tax rate decrease in Addison for fiscal 2008, Mr. Whitehead said.

"The commercial market is up. The entire market is apparently up," said Cheryl Jordan, spokeswoman for the Dallas Central Appraisal District. "It's a continuation of the trend we've seen."

Ms. Jordan said the 97,520 protests filed by property owners was down 3 percent from last year. About

\$2.3 billion worth of properties are still in dispute, she said.

Southern boom

Southern Dallas County is experiencing the biggest economic boom, driven by the recent development of warehouses, distribution centers and other industrial properties.

Union Pacific's intermodal railroad terminal, which opened recently in Wilmer, has been one of the main catalysts of that growth. Wilmer's property values rose 25 percent this year. Its neighbor Hutchins saw a nearly 30 percent gain, driven by a 44 percent increase in commercial property value.

The 6,000-acre Dallas Logistics Hub, in southern Dallas, Lancaster, Wilmer and Hutchins, is expected to have up to 60 million square feet of distribution, manufacturing, office and retail facilities.

The Dallas County tax roll numbers were welcome news. County commissioners are faced with a large shortfall in the fiscal year budget that may require a tax rate increase this September.

Mr. Brown, the county budget director, initially projected that \$20.3 million would be needed to balance the budget.

In an e-mail sent later to commissioners, he said the better-than-expected tax roll numbers will bring in \$2.8 million in additional revenue.

The county has been saddled with additional jail costs since last year because of improvements ordered by federal and state regulators. They are needed because of inadequate medical care, sanitation and staffing.

Tarrant County

Tarrant County's growth continues to spread, particularly along its borders. The northern, western and southern edges, where there is plenty of undeveloped land, have led the way.

Fort Worth is a dominant force in the growth of the county's property values. The 13 percent increase in its tax base is more in line with a fast-growing suburb than a city of nearly 700,000.

The fastest-growing large city in the nation added about \$4.2 billion in new value, which is greater than entire value of the city of Mansfield.

John Marshall, Tarrant County's chief appraiser, said residential and commercial development along the Interstate 35W corridor in North Fort Worth continued to fuel the increases. However, he said, growth in the southwest corner of the city was also strong.

He said Fort Worth's aggressive annexation strategy has paid off richly.

The local economy looks strong, he said, but there are a few signs of a slowdown. He said there were 17,200 single-family home permits issued countywide in 2005, and that dropped to 13,000 last year.

"Real estate runs in cycles," Mr. Marshall said. "We've had up years since 2000."

The growth in gas drilling in the Barnett Shale in Tarrant County added nearly \$250 million in new values countywide. That 18 percent increase was significantly lower than in past years, when the totals doubled annually.

Some cities and school districts even reported decreases in the mineral values. The mineral values for the city of Saginaw dropped by nearly two-thirds to about \$530,000.

That was also the case in Denton County, where previous windfalls in tax revenue from gas drilling ebbed this year.

Mineral values were down by about \$1 billion, said Rudy Durham, the county's deputy chief appraiser.

"That was a combination of no drilling, the depletion of what was there and the price of [natural] gas going down," he said.