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MEMORANDUM

TO: Chair, Vice Chair and Members of the CRA Board

FROM: Mona Feigenbaum Accounting Manager

DATE: June 10, 2014

SUBJECT: Real Estate Tax Values

OVERVIEW

The CRA's ad valorem property tax revenue is based on two components, the net assessed value (assessed value – homestead exemption) of property in the district (as of January 1st) and the millage rate established by the City. The CRA gets paid on the net assessed value amount that exceeds the base year value (TIF). The source of this funding comes from both, the City and the County.

The TIF revenue for the CRA has increased by double digits in the past two years after seeing a significant drop from Fiscal Year (FY) 2010 through FY 2013. Besides property values falling, the CRA was impacted significantly by changes that went into effect in FY 2010. These include an amendment voted in by Florida voters raising the Homestead Exemption from \$25,000 to \$50,000; an agreement by the City with Palm Beach Fire Rescue exempting the County MSTU from paying into the redevelopment fund and; the City (in response) significantly reducing the millage rate. Property values have risen over the past few years due to market stabilization and the \$23 million grant that the CRA used to put foreclosed, abandoned and vacant property back on the tax roll. See Exhibit "A" for the revenue trend from FY 2009 through FY 2015.

Other changes occurring include:

- In comparing the Residential values to Commercial values we are seeing Residential values slowly increasing in its percentage share. It is now at 27.39% compared to its low point of 26.13% in FY2010. See Exhibit "B"
- With market values going up, homestead exemptions are going up as well. This will continue until property values exceed the \$50K homestead allowance. The number of residential properties with an assessed value of \$50K or below is 1,518. That is 42% of the total properties in the CRA district. See Exhibit "C"
- There is a slight decrease in the following:
 - Number of properties exempt from taxes
 - Number of properties with no tax value

- There were numerous NSP2 homes completed and sold, as well as homes still in the developmental stage, that did not make it onto the tax roll this year because they were completed or started after January 1st. The majority of these properties should be on next year's tax roll.

Based on the estimated tax values received from the Palm Beach County Property Appraiser's Office, the CRA's ad valorem tax revenue for FY 2015 is projected to go up **18.51%**. If the millage rate for both the City and County stays the same, TIF revenue will increase by \$215K, approximately \$100K from the County and \$115K from the City.

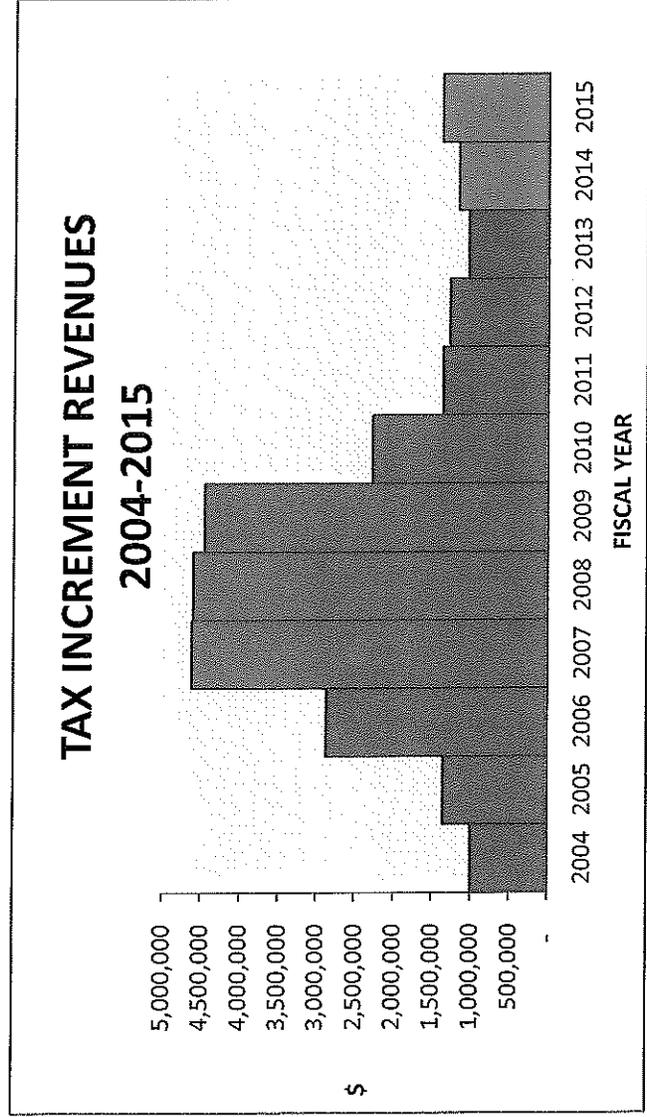
Although there will be an increase in revenue this fiscal year, our spending must remain conservative. The CRA has two major debt obligations that still need to be satisfied. The final loan payment on the 2004 bond issue of \$1,734,712 is due in FY 2016 and our contractual obligation to the Lucerne (TIF rebate) has a balance owed of \$550K.

Tax Incremental Revenues 2004 – 2015

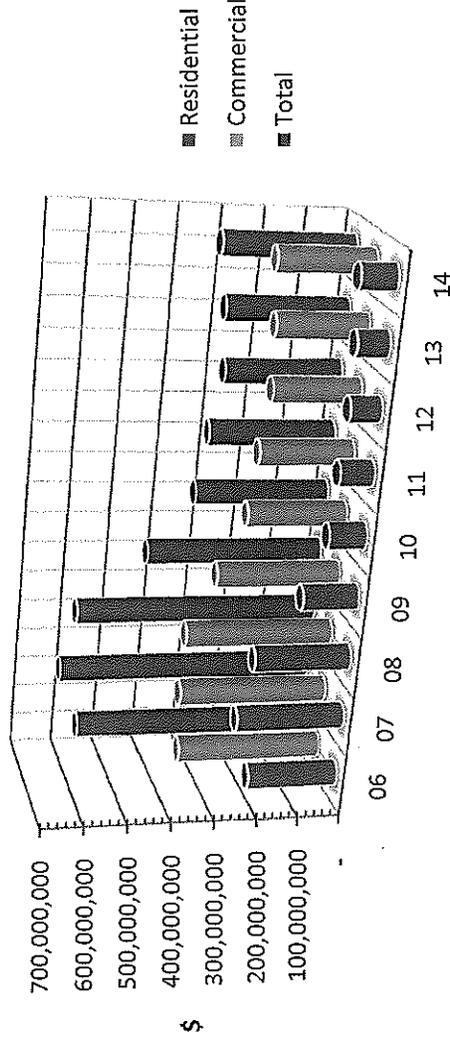
Exhibit A

	FY 2009	FY 2010 *	% Change	FY 2011	% Change	FY 2012	% Change	FY 2013	% Change	FY 2014	% Change	FY 2015	% Change
City	2,989,290	1,216,299	-59.31%	644,928	-40.31%	592,470	-17.71%	481,184	-18.78%	541,538	12.50%	641,770	18.51%
County TIFF	1,459,101	1,058,068	-27.48%	719,981	-38.21%	686,778	-4.61%	557,778	-18.78%	622,290	11.60%	737,468	18.51%
Total	4,448,391	2,274,367	-48.87%	1,364,909	-39.50%	1,279,248	-11.42%	1,038,962	-18.78%	1,163,828	12.00%	1,379,238	18.51%

*In fiscal year 2010, revenues were affected by an amendment to raise Homestead Exemption from \$25k to \$50k, the City's agreement with the Palm Beach Fire Rescue exempted the County MISTU from paying into redevelopment fund and drop in millage rate.



Property Taxable Values 2006 - 2014 Residential vs Commercial



Year	Property Taxable Values			% of Total Value	
	Residential	Commercial	Total Value	Residential	Commercial
06	215,700,444	344,198,052	559,898,496	38.52%	61.48%
07	256,182,263	353,068,782	609,251,045	42.05%	57.95%
08	228,643,321	352,124,435	580,767,756	39.37%	60.63%
09	130,951,181	293,162,899	424,114,080	30.88%	69.12%
10	86,833,011	236,923,627	323,756,638	26.82%	73.18%
11	79,480,064	224,684,084	304,164,148	26.13%	73.87%
12	73,402,361	208,020,498	281,422,859	26.08%	73.92%
13	77,115,415	216,133,439	293,248,854	26.30%	73.70%
14	86,519,880	229,327,915	315,847,795	27.39%	72.61%

Tax Exempt Breakdown Summary

Year	Residential	Commercial	Market Value Exempt	Total Market Value	% of Market Value
2008	44,440,236	43,176,758	87,616,994	668,384,750	13.11%
2009	39,582,144	36,171,606	75,753,750	499,867,830	15.15%
2010	31,312,416	32,188,879	63,501,295	387,257,933	16.40%
2011	30,778,541	32,057,948	62,836,489	367,000,637	17.12%
2012	30,839,001	32,528,562	63,367,563	344,790,422	18.38%
2013	30,967,727	32,894,959	63,862,686	293,248,854	21.78%
2014	33,391,108	33,935,625	67,326,733	315,847,795	21.32%

Market Value Exempt includes the following:

Homestead Exemption – up to \$50,000 (residential property)

Other additional exemptions include:

Civilian Disability (wheelchair bound, quadriplegic) - Full Exemption

Permanent Disability - additional \$500

Disabled Veterans – from \$500 to full exemption

Legally Blind - additional \$500 exemption

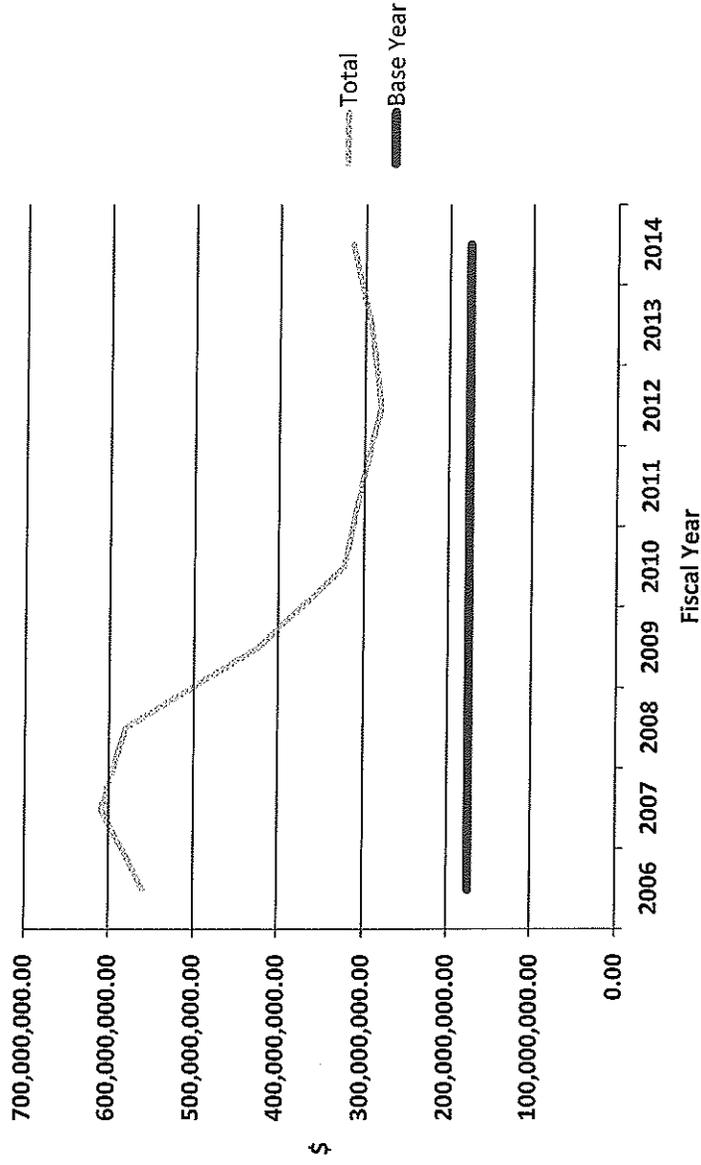
Senior Citizen Exemption – based on age and income

Widow – additional \$500

Non-Profit Corporation; House of Worship; Government Entities



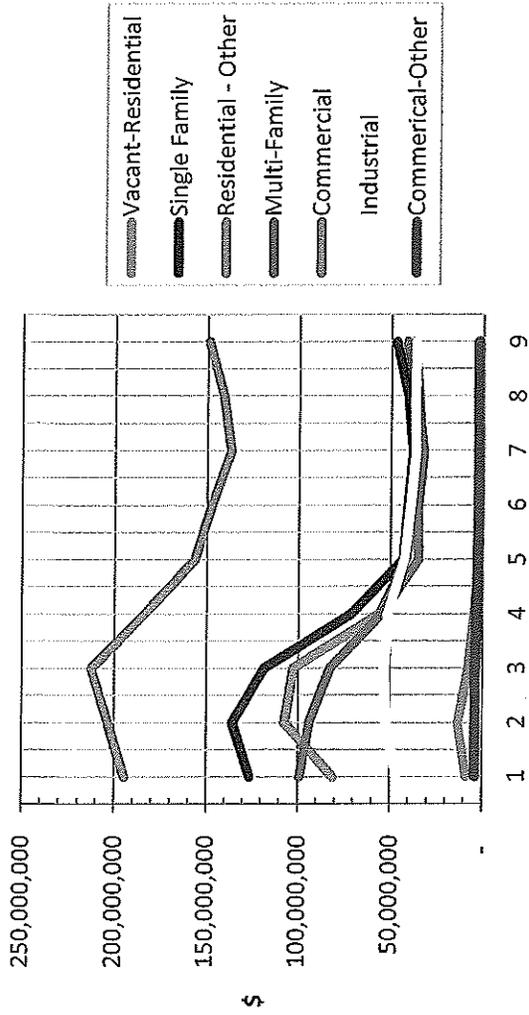
Total Market Value over Base Year Value



Base Year Tax Value - \$174,564,277

Fiscal Year	Total
2006	559,898,496.00
2007	609,251,045.00
2008	580,767,756.00
2009	424,114,080.00
2010	323,756,638.00
2011	304,164,148.00
2012	281,422,859.00
2013	293,248,854.00
2014	315,847,795.00

Property Taxable Values 2006 - 2014



Year	Residential				Commercial			
	Vacant	Single	Other	Multi	Commercial	Industrial	Other	
06	8,326,538	126,322,126	81,051,780	99,275,632	194,774,932	46,574,007	3,573,481	
07	13,018,713	135,778,302	107,385,248	93,967,231	203,478,770	52,039,491	3,583,290	
08	7,489,618	118,334,579	102,819,124	82,763,723	212,512,197	53,111,344	3,737,171	
09	4,121,103	71,050,367	55,779,711	54,689,601	183,802,704	51,506,468	3,164,126	
10	1,900,330	43,176,545	41,756,136	35,017,242	156,524,272	42,662,768	2,719,345	
11	1,843,817	40,881,857	36,754,390	35,290,523	147,530,049	39,437,532	2,425,980	
12	1,377,273	38,078,357	33,946,731	32,427,228	136,772,923	36,545,991	2,274,356	
13	1,664,752	40,575,694	34,874,969	35,860,247	140,947,951	36,961,306	2,363,935	
14	1,830,413	47,183,015	37,506,452	41,257,214	149,152,294	36,465,078	2,453,329	