



**CITY OF COSTA MESA
FINANCE DEPARTMENT
INTEROFFICE MEMORANDUM**

TO: DISTRIBUTION

FROM: CAROL MOLINA, FINANCE DIRECTOR *EM*

DATE: NOVEMBER 16, 2023

SUBJECT: PROPERTY TAX SUMMARY – FISCAL YEAR 2023-24

Attached is the fiscal year 2023-24 Property Tax Newsletter Report. During the summer months of 2023, home sales activity decreased due to rising interest rates. Sales may be down, but the values are still rising due to a decrease in available housing for sale. This causes competition amongst buyers and results in an increase in price. This is readily apparent in the increase in the City's median sales price on single family homes, which increased \$30,000 over last year, or a 2.4% increase.

Most of the City's overall property assessed valuation increases came from added developments and improvements to properties. The City's taxable value went from \$24.4 billion to \$26.0 billion, or a 6.8% increase. Even though we expect values to stabilize, we do not anticipate the City's revenues to be impacted at this time. As a result, property tax revenues continue to increase as projected. However, it is wise to remain cautious given the economic climate and the high interest rates. Staff will continue to monitor the City's revenue to ensure fiscal sustainability.

Please feel free to reach out to me directly if you have any questions.

Attachments

Distribution:

- City Council Members (7)
- Planning Commissioners (7)
- Department Directors and Staff
- Finance and Pension Advisory Committee (9)
- Chamber of Commerce

THE CITY OF COSTA MESA

PROPERTY TAX NEWSLETTER

TAX YEAR 2023/24



TAXABLE ASSESSED VALUE
\$26.0 BILLION

+6.8%
COSTA MESA

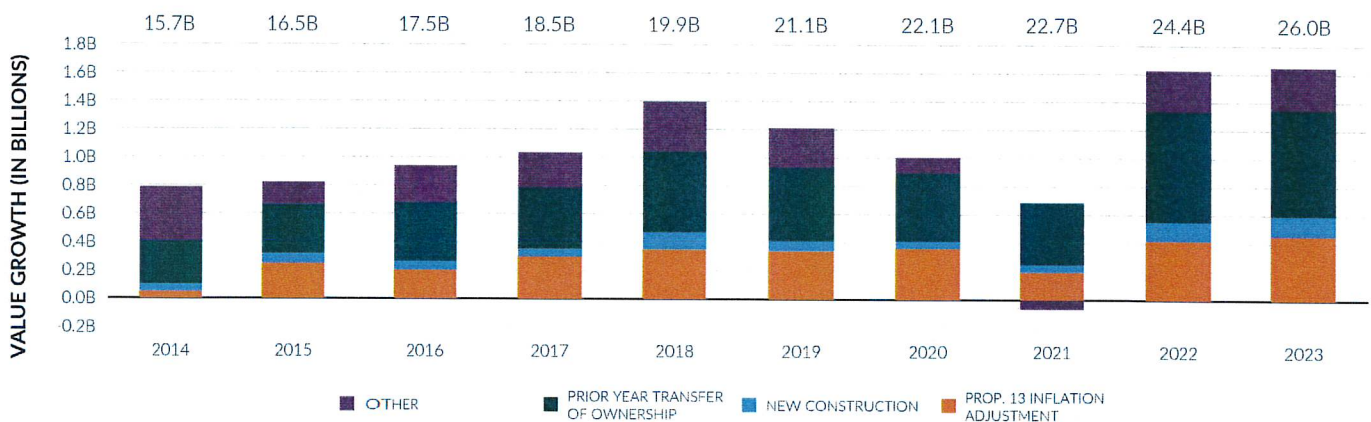


+6.4%
COUNTY



HISTORY OF VALUE CHANGES BY CAUSE

INCLUDING TOTAL ASSESSED VALUE



The Other change category may include effects of assessment appeals, multi parcel sales, and changes to secured exemptions, personal property, or utility-owned property values



PROPERTY HIGHLIGHTS

The largest assessed value increase was reported on a multi-family residential parcel owned by LMC Costa Mesa Holdings, located at 585 Anton Boulevard. New improvements were added, resulting in a net value increase of \$40.2 million. A commercial parcel owned by Ashford CM Partners LP (Hilton Orange County Hotel in Costa Mesa) had a full restoration of Proposition 8 value that was granted during the pandemic. In addition, there were new improvements added, resulting in a value increase of \$27.8 million total. An industrial parcel owned by Extra Space Properties Two LLC, located at 2950 Bear Street East was purchased in 2022, triggering the reassessment adding over \$21 million to the roll.

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TOP 10 OWNERS WITH PRIMARY USE CATEGORY, TOTAL VALUE AND % OF ALL VALUE

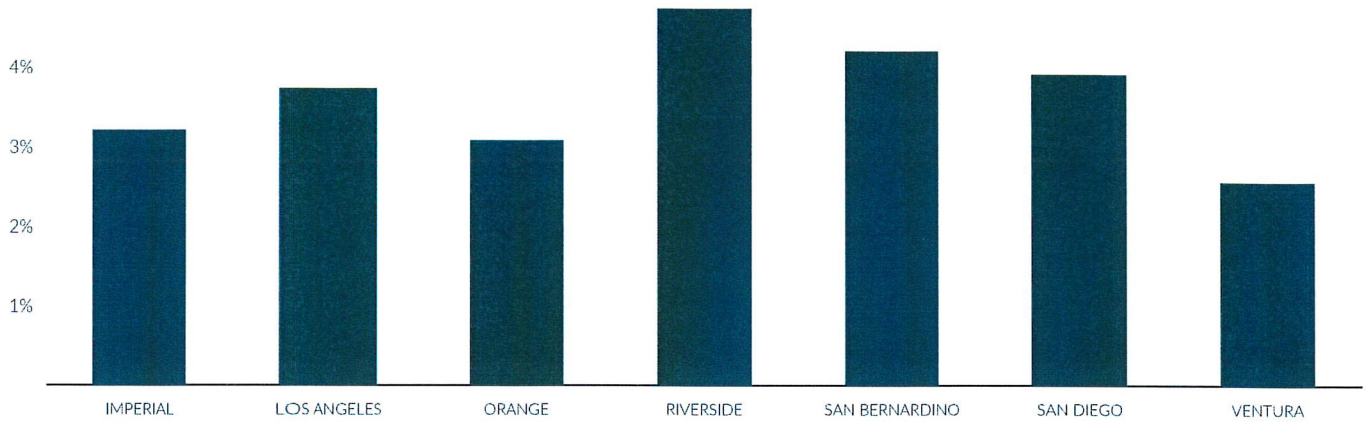
1	THE IRVINE COMPANY LLC	COMMERCIAL	\$512 MILLION	1.97%
2	SOUTH COAST PLAZA	COMMERCIAL	\$358 MILLION	1.38%
3	PR II MCC SOUTH COAST PROPERTY OWNER LLC	COMMERCIAL	\$277 MILLION	1.07%
4	UNITED DOMINION REALTY LP	RESIDENTIAL	\$227 MILLION	0.87%
5	AUTOMOBILE CLUB OF SOUTHERN CA	COMMERCIAL	\$189 MILLION	0.73%
6	580 ANTON OWNER LLC	RESIDENTIAL	\$175 MILLION	0.67%
7	LMC COSTA MESA HOLDINGS LP	RESIDENTIAL	\$146 MILLION	0.56%
8	CASDEN LAKES LP	RESIDENTIAL	\$145 MILLION	0.56%
9	C J SEGERSTROM AND SONS	COMMERCIAL	\$142 MILLION	0.55%
10	SOCO RETAIL FEE OWNER LLC	INDUSTRIAL	\$137 MILLION	0.53%

TOP 10 TOTAL

\$2.31 BILLION

8.87 %

ESTIMATED VALUE GROWTH FROM SALE TRANSFERS AS A PERCENTAGE OF TAXABLE VALUE BY COUNTY



PROPERTY HIGHLIGHTS

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There was only one significant value decline reported. An industrial parcel owned by Sanctuary World Outreach Inc., located at 102 East Baker Street, had a value decline of \$6.3 million. The assessed value enrolled last year did not account for an exemption filed after the close of the roll, therefore the value was temporarily inflated.



PROPERTY TAX FACTS

- Taxable values are enrolled Jan. 2023 (reflecting 2022 activity). Tax billing starts Sept./Oct. 2023. Revenue is remitted to agencies from late 2023 through mid-2024.

DETACHED SINGLE-FAMILY HOMES MEDIAN SALE PRICE HISTORY

YEAR	SALES	MEDIAN PRICE	CHG %
2014	685	\$672,500	9.2%
2015	733	\$705,000	4.8%
2016	667	\$732,500	3.9%
2017	724	\$785,000	7.2%
2018	765	\$847,000	7.9%
2019	709	\$860,000	1.5%
2020	720	\$915,000	6.4%
2021	839	\$1,090,000	19.1%
2022	566	\$1,255,000	15.1%
2023*	347	\$1,285,000	2.4%

* Year-to-Date (through September 2023)



REAL ESTATE TRENDS

As of June 2023, statewide home sales volume has declined for the last 9 months, due to high interest rates and low inventory. There were 19.7% fewer home sales in June than in June 2022; 46.5% fewer than at the peak in 2021. The state median home price in June was \$838,260. This is 2.4% below the median a year ago, a smaller annual decline than in recent months. 2022 sale prices impacted values on the 2023/24 tax rolls. Value changes from 2023 sales through June are trending up each month but are below 2022 levels. The median sale price of Costa Mesa detached single-family homes from January through September 2023 was \$1,285,000, an increase of \$30,000 (2.4%) from 2022's median sale price.

ASSESSED VALUE-BASED REVENUE HISTORY BY COMPONENT

