

REAL ESTATE

Denver's unpaid property taxes rise

Translate

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BusinessDen

Next week, as it does every year, the city of Denver will begin auctioning off property tax liens.

That auction is getting bigger and bigger.

The cumulative value of delinquent taxes published by the city last month was \$45.5 million — a full 7% of the total.

That's 25% higher than last year, when the September number was \$36.3 million. And it's 74% higher than 2024, when the figure was \$26.2 million.

Property taxes for a given year in Denver are due by April 30, if making a single payment, and June 15, if making two payments.

Taxes not paid by September are compiled and published by the city. Those still not paid two months later are auctioned off.

The number of six-figure delinquent parcels published in September has risen from 27 in 2024 to 35 in 2025 and 49 this year.

Tax bills at that level correspond to large commercial properties, and likely illustrate the increasing amount of distress in commercial real estate.

The 49 properties included a variety of asset types. Industrial was most represented this year, at 13 properties, followed by retail at nine. Only two were office properties and only a handful were downtown, despite the challenges facing both.

As of September, the largest delinquent tax bill corresponded to the Denver Marriott Tech Center, at 4900 S. Syracuse St.

Its owner HMC Acquisition Properties Inc., an affiliate of Maryland-based Host Hotels & Resorts, owes \$1.5 million. Host Hotels did not respond to a request for comment.

A distressed apartment complex along Santa Fe Drive has the second-largest delinquent bill.

The Pop Denver apartment building at 655 N. Santa Fe Drive was completed in 2023 by an affiliate of First Stone Development. The complex is in foreclosure and overseen by a receiver, who hasn't paid \$965,000 in property taxes.

Not all of those unpaid taxes will become a lien auctioned off this fall.

In 2025, only 56% — \$20.3 million, not counting fees — of the \$36.3 million published in September was ultimately auctioned off. In 2024, that figure was 57%.

"A lot of people pay their taxes before it goes to auction," said Laura Swartz, spokeswoman for Denver's finance department. "You can pay up to the day before."

This year's tax lien auction is held over three-and-a-half weeks, starting on Monday and ending at noon on Nov. 4.

Investors buy liens because they collect a high interest rate until their lien is paid off. The annual rate is set at nine percentage points higher than the Federal Reserve discount rate on Sept. 1. This year, that works out to 13%.

Bidding starts at the lien amount. Swartz said the average premium percentage, or amount paid over the face value of the unpaid tax and accumulated interest, is 6.6% since 2021. Bidders don't receive interest for the amount they pay over face value.

Buyers can also potentially foreclose on the property if their lien still hasn't been paid off after three years. Three lienholders have sought to do so in the last three years, Swartz said, but haven't actually foreclosed.

"That's very rare," she said.

More than 99% of liens are purchased at auction.

"We have about 10 (groups) that purchased the lion's share of the parcels," she said.

This year, total property tax bills total \$654 million. That money is divided across a number of public entities, with Denver Public Schools receiving the largest share. Some \$193 million of the total ends up in the city's general fund.

Despite the rising amount of unpaid taxes, Denver's general fund had collected \$191 million by the end of August, Swartz said. Then, the lien auction makes the city essentially whole.

"They're pretty confident there's not going to be a budget impact," Swartz said of finance department staff.