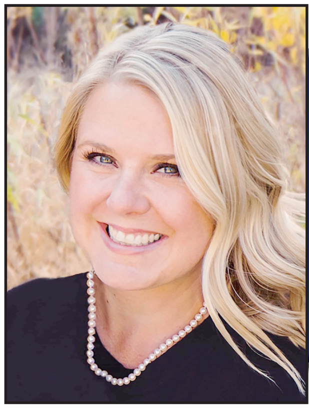

A message from the Northeast Oregon Board of REALTORS®

One of the things REALTORS® hear often in our local market is "what is going on with the property taxes?" As a homeowner (or future homeowner) it's important to understand how taxes affect you now and in the future.

Let's start with purpose. Property taxes are one of the main (if not the main) sources of income for our cities and counties. These taxes fund schools, police and fire departments, public works, libraries, and many other important facets of local communities. There are locations in our country where there are little to no property taxes taken, and in these areas, statistics show lower reported quality of life than in more highly taxed locations (realtor.com, "Temped to Flee high taxes?", June 22, 2016). That is because the communities have little to no budget to provide quality of life programs for its citizens.

A desirable community is the goal for most homeowners, but the real impact of property taxes can drastically affect a real estate market, as affordability is directly affected by higher or lower property taxes. When shopping for a home, REALTORS® advise buyers to divide a home's property taxes by 12 months and add it directly to their payment. Property taxes that are $4000 a year for a $300,000 home and property taxes that are $2500 a year for a similar home in a different location swing a buyer's payment by $125 a month! Awareness of that is important for buyers to realize, as it becomes a factor of prioritizing the lower payment versus the offerings of more highly taxed areas.

So, what affects property taxes? According to Les Masterson in his article for realtor.com, there are five common reasons that property taxes go up: home improvements, revaluation, nearby home sales, new schools, and higher government budgets.

As you improve your home by adding bedrooms, bathrooms, additional square footage, or simply by remodeling the space you have, you are adding value to your home. As property taxes are a reflection of your home's value, it stands to reason that this would increase property taxes. Discussing these factors with your REALTOR® will help you move forward strategically as you prepare to improve you dwelling.

Revaluation goes hand in hand with this, however it's more a result of a general increase in value of your home and homes nearby than it is of a specific improvement.

Nearby home sales are along this line, though you have no control over this one. If a nearby home sells for substantially more than your home is valued, it can raise your taxes as it's assumed that proximity indicates similarity in value. You can dispute increases of this nature, but as a market improves, home sale values are likely increasing for your home as well, so it's important to be mindful and discuss this with your REALTOR® to make sure any dispute of value would help your case, not hurt it, depending on your long-term residence goals.

The final two factors, new schools and higher community budgets, have a direct and immediate affect on property taxes. The passing of a school bond to increase taxes and build a school in a specific district will affect taxes for homes in that community. This, and higher community budgets, can certainly be felt by community members, and the positive or negative affect this may have on your purchase should be a topic of thorough discussion with your REALTOR® as you shop and consider which locations are best suited to you.

As you begin your home search, be aware of the areas you're shopping in and the property tax trends in those places. Your REALTOR® is your most valuable resource for this, as they have your goals in mind and can point you to the areas most suited to you.

Amanda May, Vice President
Northeast Oregon Board of Realtors