

Valuations Drop, But Property Tax May Not

Most homeowners won't be surprised when they open their property notices from the Maricopa County assessor this weekend. Values on most Valley homes have dropped. But homeowners hoping for an immediate property-tax reduction will be disappointed.

Property-tax statements lag valuations by 18 months in Arizona, so homeowners won't see a drop in their taxes until late 2009. And if Valley municipalities raise taxes to offset budget shortfalls, there won't be a drop even then.

The overall median value of homes in metropolitan Phoenix fell 13 percent, to \$199,800 from \$229,500, according to the assessor's latest report, which covers the market from mid-2006 through the fall of 2007. About 94 percent of all Valley homes fell in value.

"The slide in residential-home values that we have seen over the past year or two is now being reflected in the notices all property owners will receive," Maricopa County Assessor Keith Russell said.

Next year's valuations, which will reflect today's price drops, are bound to fall even more. In the latest report, Buckeye saw home prices drop the most with an almost 25 percent decline. Home values fell in all but four Valley communities: Gila Bend, Guadalupe, Paradise Valley and Carefree.

Part of the lag time between property valuations and taxes is built into the system so property owners can appeal the valuations. A record number of Maricopa County homeowners appealed their property valuations last year, which were based on the wild price run-ups of 2004 and 2005. About one-fourth of the 4,513 homeowners won their appeals.

Barbara Anderson appealed the property valuation on her Moon Valley home last year and the year before. She is hoping her valuation this year will better reflect what her hillside home in north Phoenix is worth but is concerned that, even if values go down, taxes will go up because of government budget shortfalls.

"We are thinking about donating some of our land so it can be preserved and not developed because our property value and taxes have already climbed so dramatically," she said.

Many economists and real-estate market watchers say this is the wrong time to raise taxes because many people are already struggling to keep up with their mortgage payments. Most property taxes are tacked onto homeowners' monthly home-loan payments.

"Property taxes should go down with home values, but cities are confronting budget issues now," said Jay Butler, director of Realty Studies at the Morrison School at Arizona State University's Polytechnic. "A lot of homeowners are already being squeezed with other rising costs and aren't going to be happy if their tax bill keeps going up."

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