

## **AN UPDATE ON HOUSING VALUES IN WASHINGTON COUNTY**

January 18, 2008

Pick up a newspaper, turn on the television, radio or internet and we are being inundated with news reports of a current housing crisis and it's devastating effect on real property values.

As the individual whose office is required by state law to conduct the processes which establish and maintain the values of real estate in Washington County, I am deeply concerned with knowing if, in fact, this "housing crisis" we hear so much about is affecting real property values in our County.

To begin a review, what is the economic housing crisis? Based on media accounts, I believe most of us understand it to be lower housing values being brought on by a flood of foreclosures, instigated by "unscrupulous" sub prime lenders who manipulated the terms of valuation and lending in the real estate mortgage business. Without a doubt, willing buyers/borrowers were involved in the process. The level to which those individuals should be held accountable is a matter of ongoing debate.

Following up on the above stated perception of what the stated housing crisis is, I researched the records for foreclosure activity in Washington County.

The number of Sheriff's foreclosure sales in 2007 was 79. That is the second lowest number in the last five years. The average number in that five year period is 86.

Next I researched the number of sales of real property by lenders over the last four years. While somewhat unscientific, my review may include those transfers other than foreclosure sales. Also, a few sales might have been missed. I can in good faith say however, I tried to identify the correct sales. In 2007, there were 40 of such sales while in the previous three years there were 43 sales per year.

Based on the information in the above two paragraphs, one can't state that there was any increase in foreclosure sales activity in Washington County in 2007, let alone a flood. Are more foreclosure actions pending? There are without a doubt. Each year finds some foreclosed property in both good and uncertain economic periods. The point is that the symptoms of the reported housing crisis do not appear to have affected property values as most recently established for Washington County, effective January 1, 2007.

That last sentence contains a point which often confuses people. A number of people are not aware that we all pay our property taxes in arrears. What that means, for example, is that the real property taxes we are paying in 2008 are based on the value of our property as of January 1, 2007. For most of us, that also means the taxes we paid in 2007 were based on values for 2006 which were set at the last update, January 1, 2004.

Please keep in mind that these updates of values which occur every three years are done because of and in accordance with state law. They are conducted in a manner to reflect the actual sales activity in the marketplace. That is why the valuation changes are not the same for all properties and locations throughout the County. You may hear of average amounts of increases, but remember some properties may be more and some properties may be less.

The values established for January 1, 2007, that you will be paying your property taxes on this year, were adjusted from January 1, 2004 based on actual valid market sales which occurred from 2004 through 2006.

A question which occurred to me and I think would be of interest to you is how did property values hold up during 2007? I had the 2007 sales studied and received a report which stated in 2007 properties in all areas of the County continued to sell for amounts greater than the County has the properties valued. Home sales averaged about 13% above the County established values. Farms and vacant land sold for even higher amounts above the established values. This information is consistent with what reviews of sales have said about property sales in Washington County for over the last 12 years.

These findings are not to say our local real estate market is at a peak. The number of sales transferred through our office in 2006 and 2007 were in the 1,200-1,300 range. In 2004 and 2005 the numbers were over 1,500 each year. The prior five year period was in the 1,300-1,400 range. The positive point is that the values of the sales seem to be maintaining their strength.

I think there are a couple of points to be taken from all of this information. First, we have not suffered the negative impacts seen elsewhere brought on by the "housing crisis". This fact speaks to reinforce the comparable overall reputation of Washington County residents for their conservative economic practices and their general common sense.

In a larger sense, I believe we all would agree that we would prefer to see our property values increase over time as opposed to decline. Stable property values send a message to those who might seek locations for economic development that we are a stable community; that we are a community capable of supporting necessary public services including good school systems. Also, when the time comes that we choose to sell our home, we would all like to receive a fair return on what is likely the largest investment that many of us have made.

Again, the task given to this office is more to reflect property values, not to artificially inflate or arbitrarily set them. Our goals continue to be that your property value is fair and equitable and to provide you with accurate information regarding your property.

Thank you for your time and attention. Please contact us at 373-6623 if you would like additional information.

