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Alaska REAL ESTATE

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Anchorage Property Tax System Explained

Well, we all just received our green cards from the Municipality and, as expected, the value of your home (land and buildings) rose around 9% for the year 2023/2024. This compares to last year's assessment increases of 2½% to 3% and, in 2022, increased assessments averaging 8.8%.

So, assessed values went up 8.8% in 2022, 2.5% last year and 9% this year.

After meeting with Jack Gadamus, City Assessor, last week I learned that this is a project and a half for him and his department. For example, they now realize that 2.5% last year was too low and, with limited access to data, there is some guesswork required.

Assessed value is the MOA's best calculation of the market value of your home today based on the data available to them.

Because Alaska is a Privacy State, no real estate transaction sales price has to be made public and that is why, on your Deed, you will see the words – “for one

dollar and other good and valuable consideration”. This is the only public record. MLS and Realtor price records remain confidential.

Appeals (see later) actually help because they force individual property calculations that provide more data.

In order to attempt a reasonably accurate assessment value, the Muni does send out voluntary questionnaires to new homeowners. In 2023, 4898 of these requests for sales price information were sent out but only 456 people responded. From this, and any other collectible data, the Property Appraisal Department estimates the value of your home today.

Your assessment is not necessarily an indication of your property taxes. My assessed value went up 8.29% but this does not mean my taxes go up 8.29%. Mill rates will not be set until April. In fact, while assessed values went up 8.8% in 2022, property taxes that year only went up 3% .

The process of setting the mill rates at the Assembly is as follows:- The Mayor presents a Budget in

September of each year to the Assembly. This, as you know, is hotly debated and goes through review. Final revision of proposals ends up back at the Assembly in March who work on it for a month or two.

By the end of May, the Assembly has finally determined how much Tax Revenue is required across all properties (Residential, Land and Commercial) to fund the budget, which is thereby subject to what we affectionately call the “Tax Cap”. That is also when the Assembly sets the mill rates for the 45 tax districts based on the budget and the assessed values. In other words, the tax revenue required is distributed across you the taxpayers.

The taxpayers are, of course, those not able, through fair means or devious, to score “Exemptions”. This year, of total property values of \$54.2 billion, exemptions take out \$14.7 billion. Some of those exemptions are easily understood, such as seniors, disabled vets and owner –

occupied properties. Others are more obscure and, when we get to charitable and religious, definitions are not crystal clear and some politics get involved.

However, the Muni does an outstanding job, as best they can, with all the tools available, subject to the oversight of the Assembly. **Your assessment is about value. Your taxes are about Assembly budget decisions.**

In any event, your actual tax bill will arrive early June with due dates of half on 30th June 2024 and the other half on 31st August 2024.

Appeals:

Anyone can appeal their tax assessment but you cannot appeal your mill rate.

If you want to appeal your assessment, I can pdf the Appeal Form to you on request. This is probably easier than navigating Muni.org online.

Any appeal **MUST** be filed by 12th February 2024.

You have to file a deposit with your claim, usually \$100 or \$200, depending on actual assessed value.

Appeals may be responded to by email, a telephone call, an inspection or a meeting. Last year 80% of appeals were resolved with an agreement of value, often with a reduction in the assessment, and 96% of appeal deposits were returned.

The remaining 20% of appeals, last year, went to the quasi-judicial

“Board of Equalization” (BOE) and they make a final decision. Only 218 Appeals total were made last year, which was below average! I expect 500 to 700 appeals to be filed this year.

Dave
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Existing Home Sales Still Slow Nationally

Existing home sales fell 1% last month against expectations of a 0.3% increase and, following a plus 0.8% print in November, according to National Association of Realtors (NAR) data recently published.

Total existing-home sales – completed transactions that include single-family homes, townhomes and condominiums – fell to a seasonally adjusted annual rate of 3.78 million in December, down from 3.82 million in November. Year-over-year, sales fell 6.2% compared to December 2022, to 4.09 million, its lowest in nearly 30 years.

Among the four major U.S. regions, sales slipped in the Midwest and South, rose in the West and were unchanged in the Northeast. All four regions experienced year-over-year sales decreases.

“The latest month’s sales look to be the bottom before inevitably turning higher in the new year,” said NAR Chief Economist Lawrence Yun. “Mortgage rates are meaningfully lower compared to just two months ago, and more inventory is expected to appear on the market in upcoming months.”

“Despite sluggish home sales, 85 million homeownership households enjoyed further gains in housing wealth,” Yun added. “Obviously, the recent, rapid three-year rise in home prices is unsustainable. If price increases continue at the current pace, the country could accelerate into haves and have-nots. Creating a path towards homeownership for today’s renters is essential. It requires economic and income growth and, most importantly, a steady buildup of home construction.”

(Courtesy of NAR)