

# The Palm Beach Post

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### Property values: Who's sitting on a gold mine?

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**WEST PALM BEACH** — Although many local governments boast they will hold their property tax rates flat next year, the increase in taxes paid to Palm Beach County taxing districts will more than double under preliminary tax proposals released last week, a Palm Beach Post analysis found.

County property owners will pay roughly \$190 million more in property taxes and special assessments next year, unless the county, the school board, cities and other special taxing districts reduce their proposed tax rates and fees. On average, those with property in Wellington, Delray Beach, Royal Palm Beach and Lake Worth would see the sharpest increases, The Post found.

Countywide the market value of properties, as determined by the county property appraiser, climbed by 12.8 percent last year, growing to \$182 billion on the first day of 2014 from \$162 billion one year before. Property along the water and in the county's western areas, including Loxahatchee Groves, The Acreage and Jupiter Farms, saw the largest gains in market value, The Post's analysis found.

Under the tax rates and assessments proposed for the 2014-'15 budget year in each of the county's taxing areas, local governments and special districts would collect about \$3 billion in revenue next year, up 6.8 percent from this year's level of \$2.9 billion. To avoid a tax hike, taxing agencies would have to lower this year's tax rates enough to offset the rise in property values.

The proposed tax rates are the maximum that local governments have set for the budget year that begins Oct. 1 and are used to calculate the preliminary tax notices that the property appraiser's office sent out last week. Taxing authorities can lower their rates before finalizing their budgets in September, but cannot increase them unless they notify all taxpayers in the taxing district by first-class mail of a new proposal.

At the same point last year, proposed taxes would have increased about \$80 million countywide. Palm Beach County Property Appraiser Gary Nikolits said that only one municipality — Jupiter Inlet Colony — reduced its tax rates to a level that will generate less property tax revenue than collected this year.

The rest of the taxing authorities, even those that say they are not raising their tax rate a penny, would generate as much money or more as they did last year, Nikolits said. Some government leaders have vowed to lower their rates as they hold public budget hearings in September, meaning that the taxes paid countywide probably will drop below \$3 billion. Those changes will be reflected in final tax bills, which are mailed in November.



**Property Appraiser Gary Nikolits addresses the county's Economic Forum Wednesday, August 20, 2014, at the Kravis Center.**



**Members of the Economic Forum listen Wednesday, August 20, 2014 as property Appraiser Gary Nikolits gives a talk at the Kravis Center**

Without rate reductions, the average tax bill in Wellington and Delray Beach would climb by about 10 percent. That amount includes taxes owed to the city, the county, the school district and other taxing agencies. Wellington council members last month agreed to raise the annual assessment for residents in the Acme Improvement District by \$30 next year, a 15 percent increase. The council also set the village's preliminary tax rate at \$2.50 per \$1,000 in taxable value, up from this year's level of \$2.47. Council members, however, have said they expect to set the final rate at \$2.46 in September, which would be a penny less than this year's rate.

In Palm Beach Gardens, the City Council has kept the city's operating tax rate at a constant level since 2011 and pledges to do so again this year. However, a combination of increased property values and an upswing in construction is putting extra property-tax money in city hands. On average, property tax bills in Palm Beach Gardens will rise by about 6 percent, or roughly \$450 next year, when the amount collected by all of the county's taxing authorities is combined, The Post found.

Palm Beach County's residential properties are rebounding from the real estate collapse at a faster clip than commercial and industrial properties, Nikolits said. "Commercial always comes back slower than residential from a recession," Nikolits said. He said the market value of the county's single-family homes climbed by 13.4 percent last year. Single-family property accounts for roughly 42 percent of the countywide market value, he added. Nikolits said the market values assigned by his office are typically 85 percent of what the property would bring if it sold.

Although home values are climbing, Nikolits said the numbers are "a little bit concerning" because they could be a sign of another housing bubble. **"I would be concerned if next year we came in at 13 percent or higher simply because the market is probably correcting itself a little bit faster than it should," Nikolits told the Economic Forum Wednesday.** "We don't want to get back into a situation where things go south once again."

Nikolits said market values in Loxahatchee Groves and The Acreage have risen faster than other parts of the county because they were hit harder by the foreclosure crisis. Many of those who were forced out of their homes by foreclosure have turned to rentals, which has resulted in an 18 percent surge in the market value of multifamily properties, Nikolits said. "There is a huge demand out there for multifamily units from people who lost their home," Nikolits said. "They have to have somewhere to live and really all they can do is rent."