

Increasing Unfairness

**observations on 20 years of
property tax limitation in
Multnomah County**

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In this report:

- 1. Basic facts about property taxes**
- 2. Unfairness: who wins and who loses?**
- 3. Unintended consequences:
gentrification and movement of
communities of color**



Definition:

- **Assessed Value:** determines the value of a property for tax purposes using formula from Oregon Constitution.
- **Real Market Value:** the assessor's estimation of a property's value based on a group of similar properties.
- **Ratio = percentage** =
$$\frac{\textit{Assessed Value} * 100}{\textit{Real Market Value}}$$
- **Sale price \neq Real Market Value**



Rate X Assessed Value = Tax

Ballot Measure 5 (1990) Limited Rates

It created a 1 ½ % cap on property tax rates but bonds were exempt.

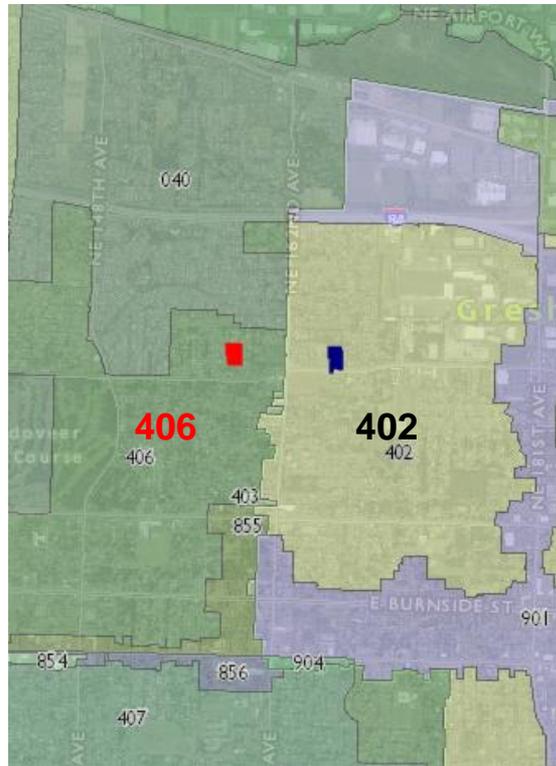
Ballot Measure 50 (1997) Limited Values

It rolled back assessed values to 10% below the 1995 value and limited future increases to assessed value to 3% per year.



Rates vary by jurisdictional boundaries

Real Market Value	Assessed Value	Levy Code	Rates per \$1,000	Property Tax
\$400,000	\$200,000	406	\$21.5	\$4,300
\$400,000	\$200,000	402	\$17.0	\$3,400



$$\text{Rate} \times \text{Assessed Value} = \text{Tax}$$

Important note: Each levy code has different tax rate due to: community colleges, special districts, Metro and more.

*There are 126 unique “levy code areas” in Multnomah County.





\$1,280,010	Real Market Value	\$1,078,700
\$25.0	Rate per \$1,000	\$25.0
\$1,030,130	Assessed Value	\$421,700
\$25,753	Property Tax	\$10,548
80%	Ratio	39%

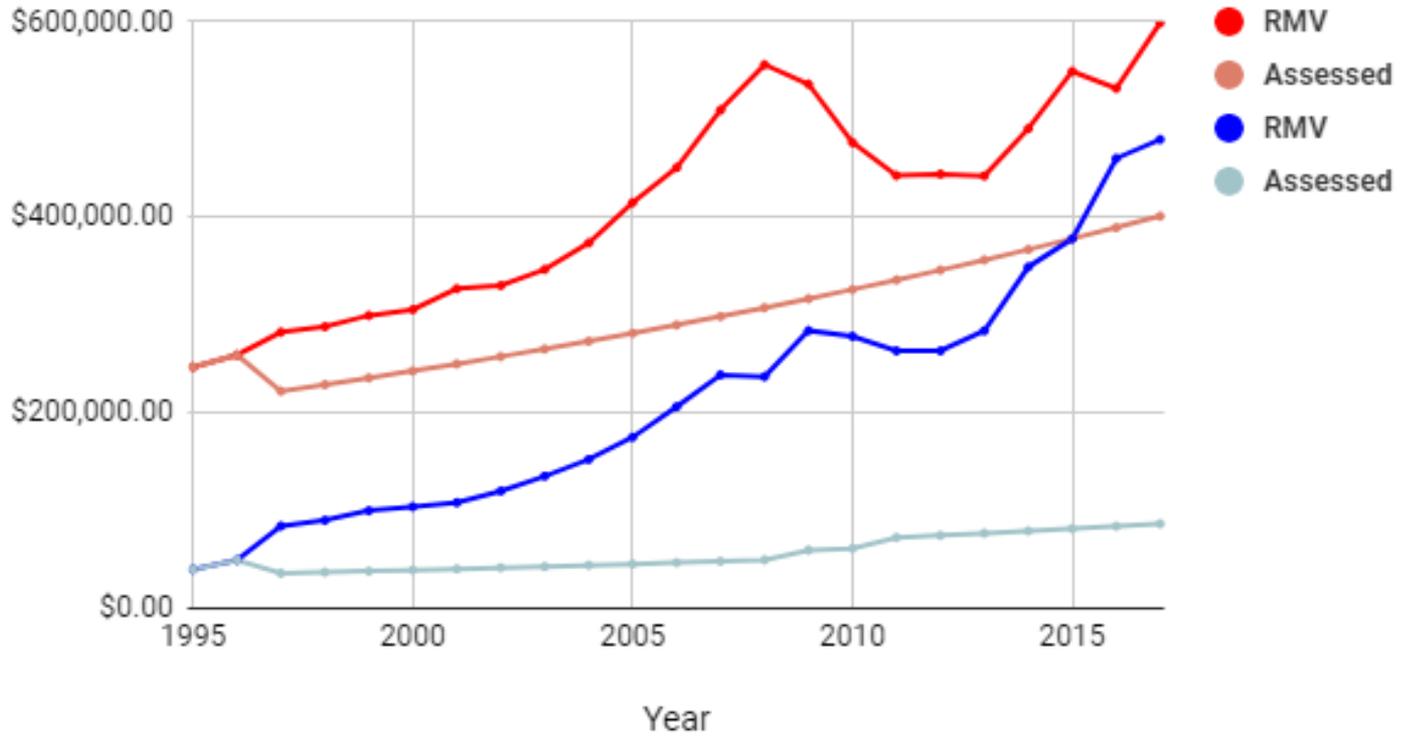




\$486,500	Sale Price	\$489,000
\$24.0	Rate per \$1,000	\$25.0
\$479,510	Real Market Value	\$598,770
\$90,080	Assessed Value	\$401,040
\$2,162	Property Tax	\$10,021



History of RMV and AV of Two Houses from 1995 to 2017



**3947 NE 13th Ave
Portland, OR**

19%

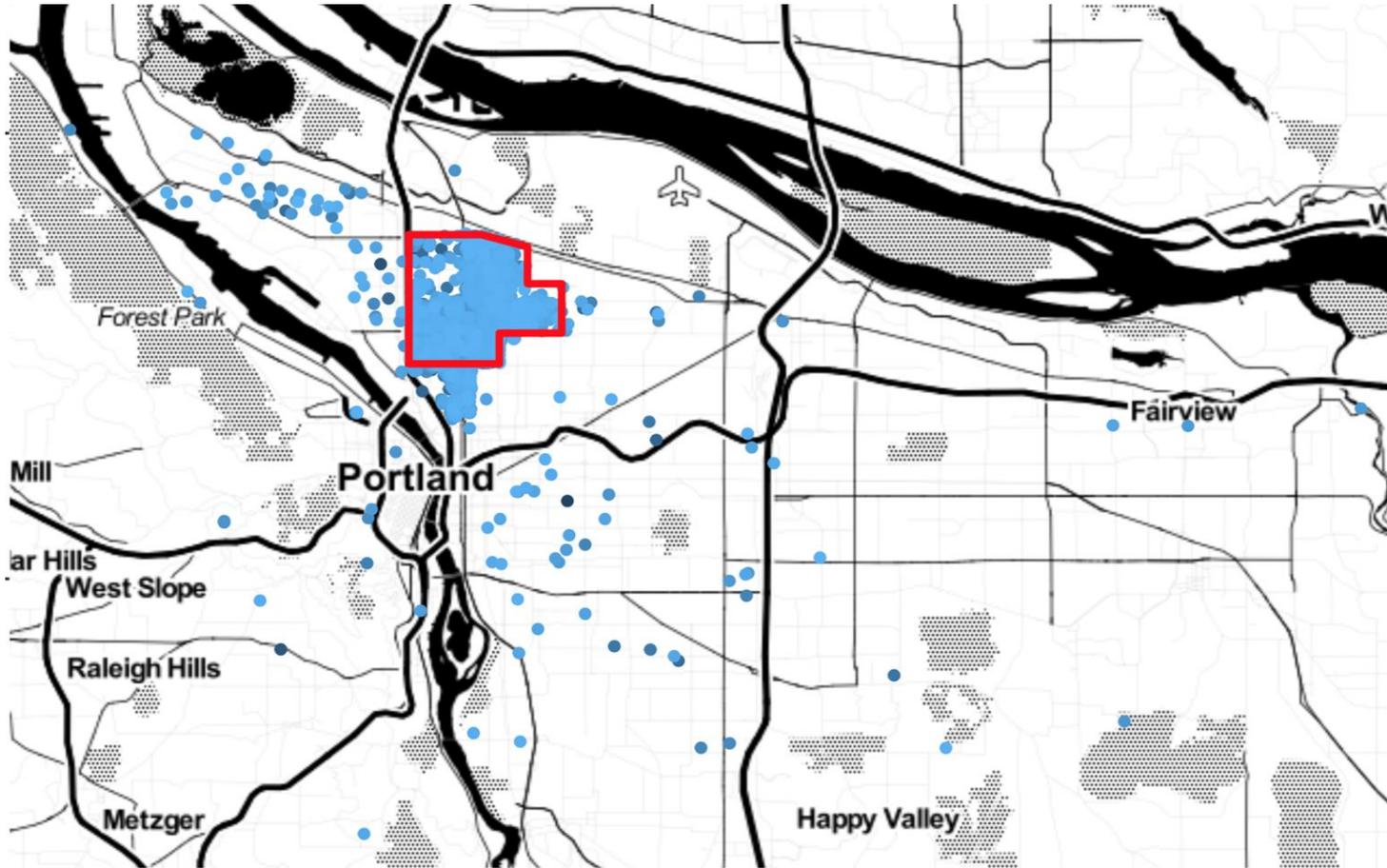


**10421 SW 14th Dr
Portland, OR**

67%



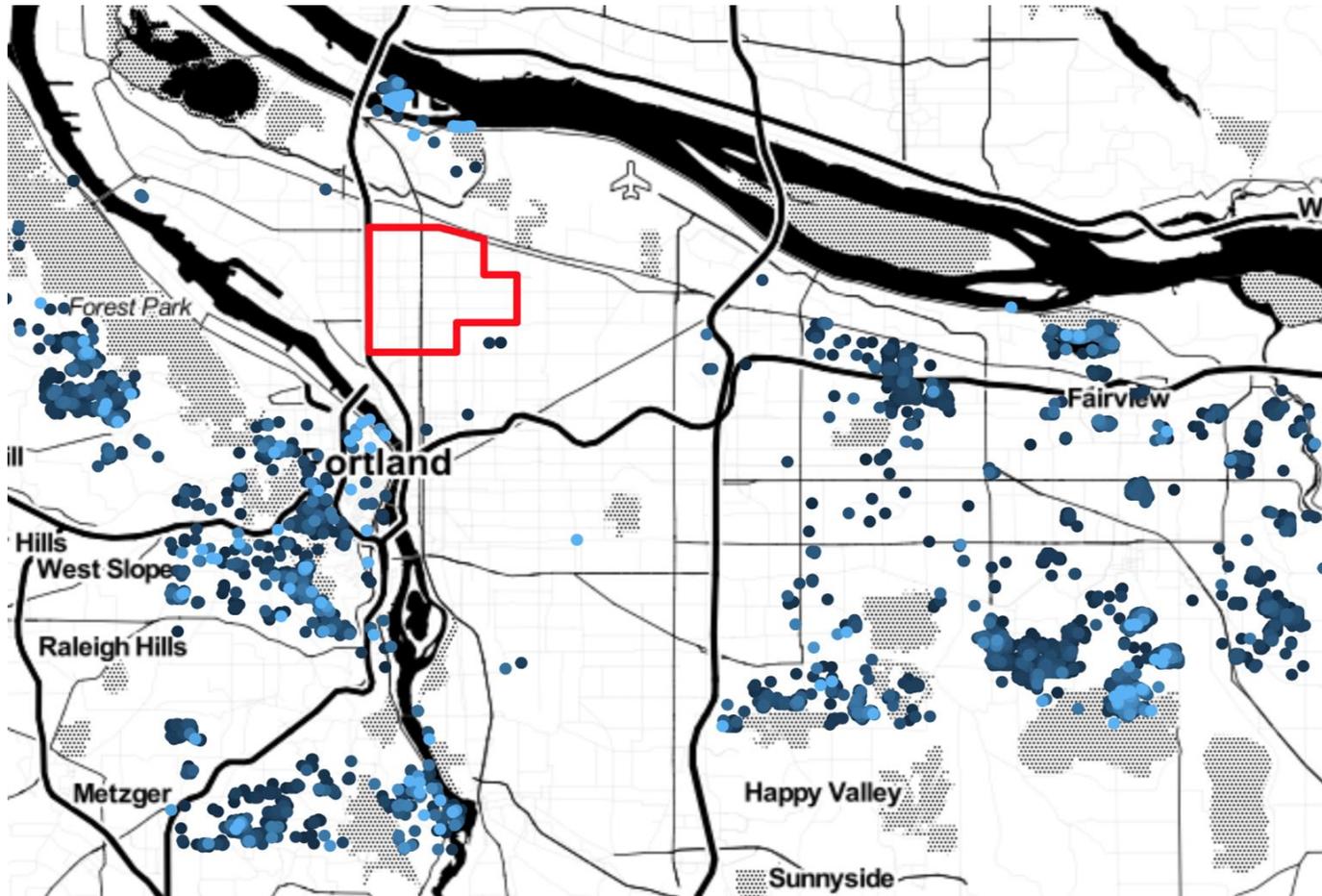
AV/RMV ratios below 20% in 2017



Number of Properties: 3,655 (Constrain for the RMV > \$200,000)

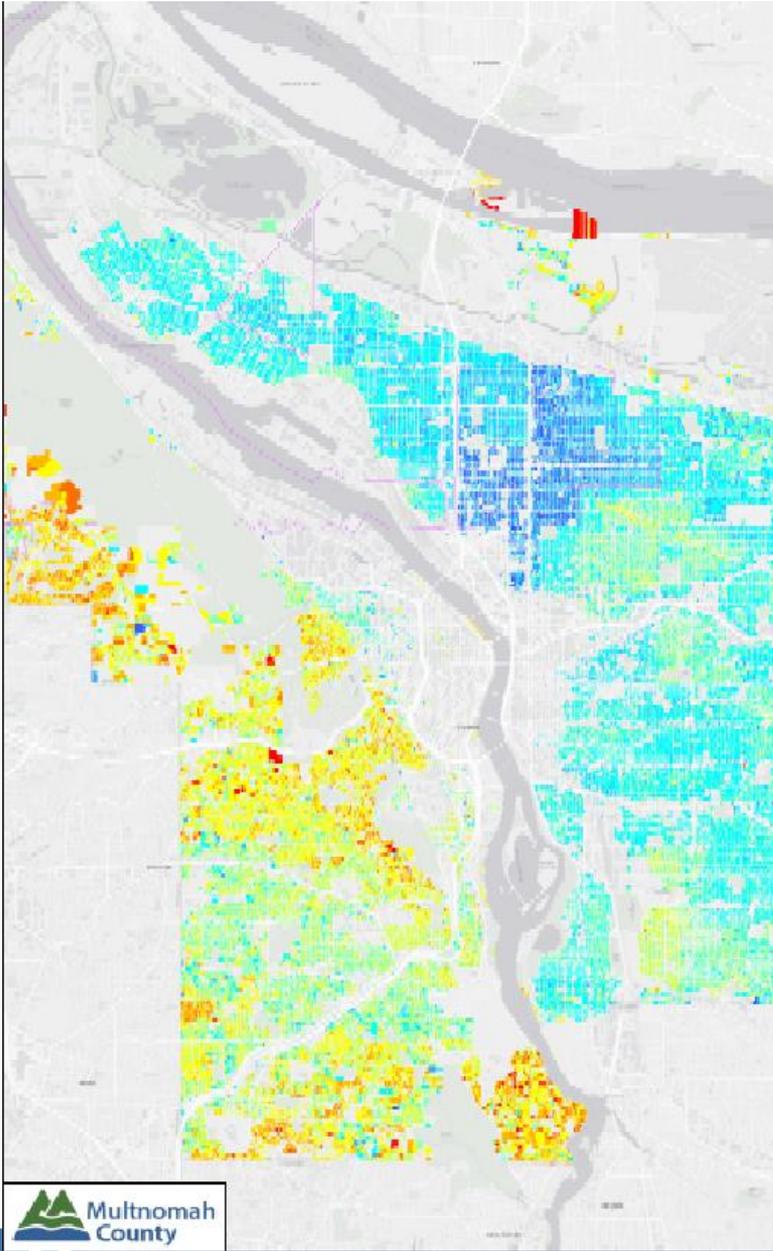


AV/RMV ratios above 80% in 2017

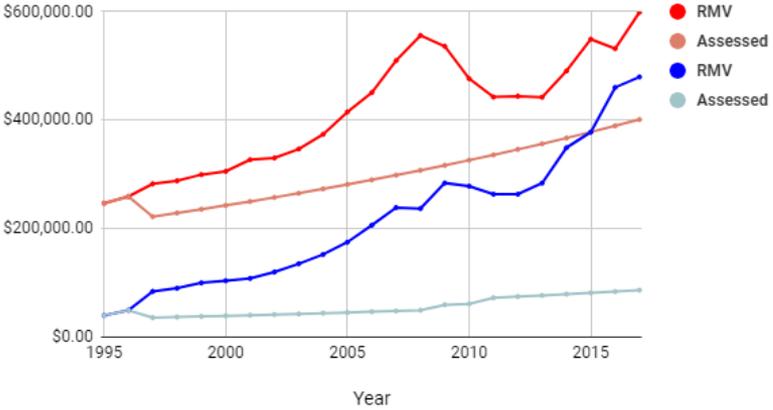


Number of Properties: 3,648 (Constrain for the RMV > \$200,000)





History of RMV and AV of Two Houses from 1995 to 2017



Legend

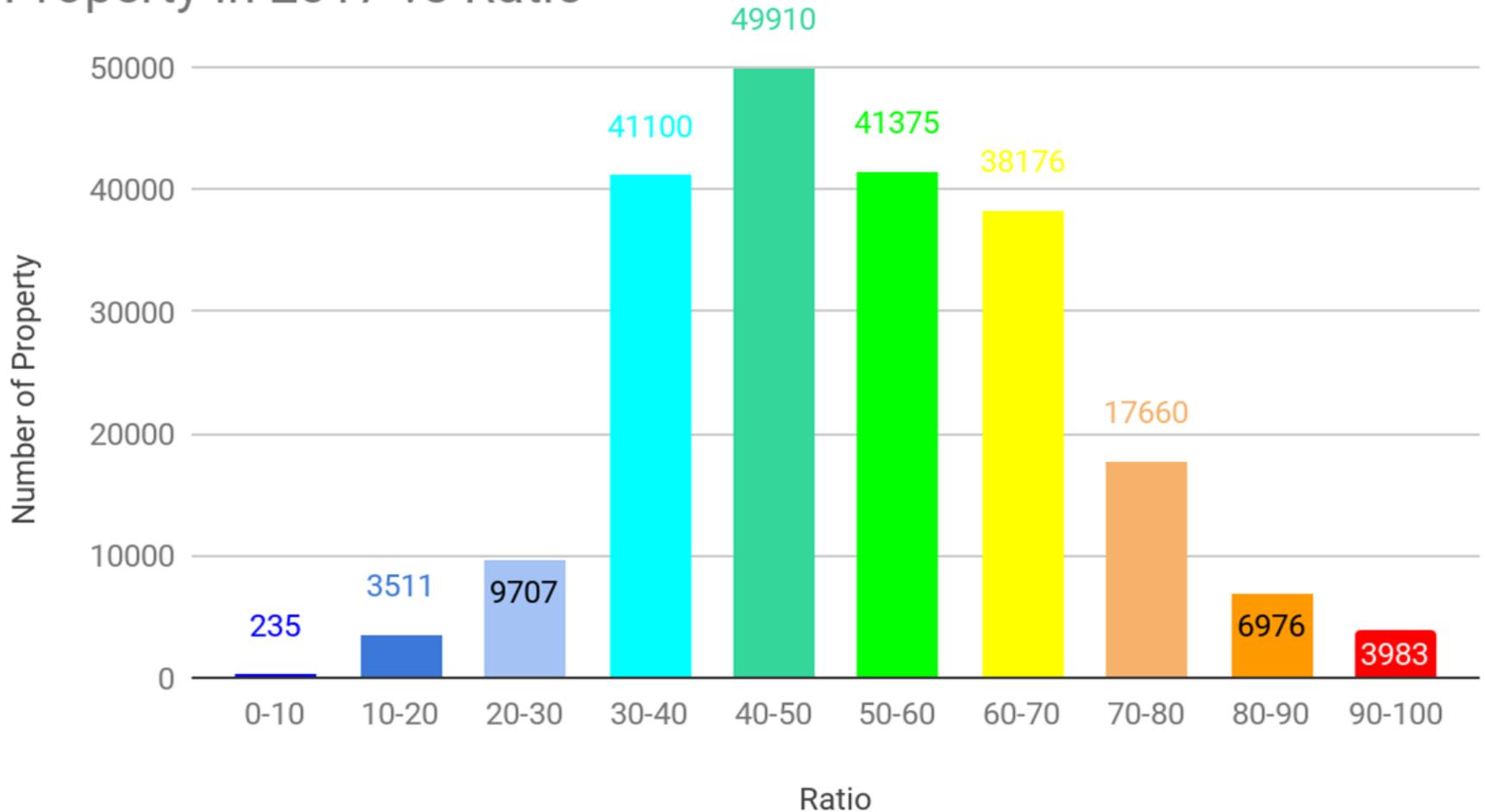
Residential

MAV / RMV

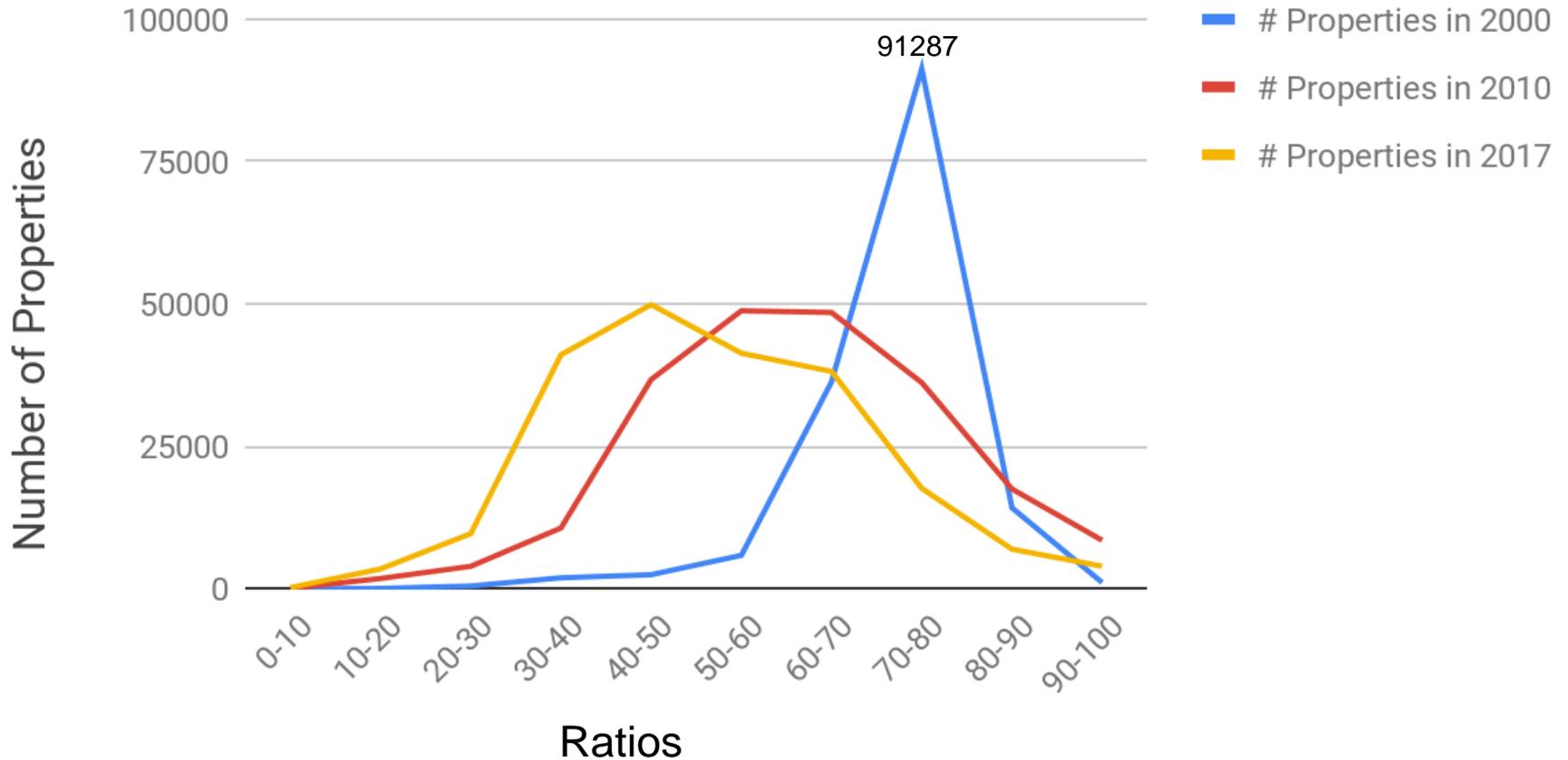
- <10%
- 10.01% - 20.00%
- 20.01% - 30.00%
- 30.01% - 40.00%
- 40.01% - 50.00%
- 50.01% - 60.00%
- 60.01% - 70.00%
- 70.01% - 80.00%
- 80.01% - 90.00%
- >90%

Count of residential properties by ratio 2017

Property in 2017 vs Ratio

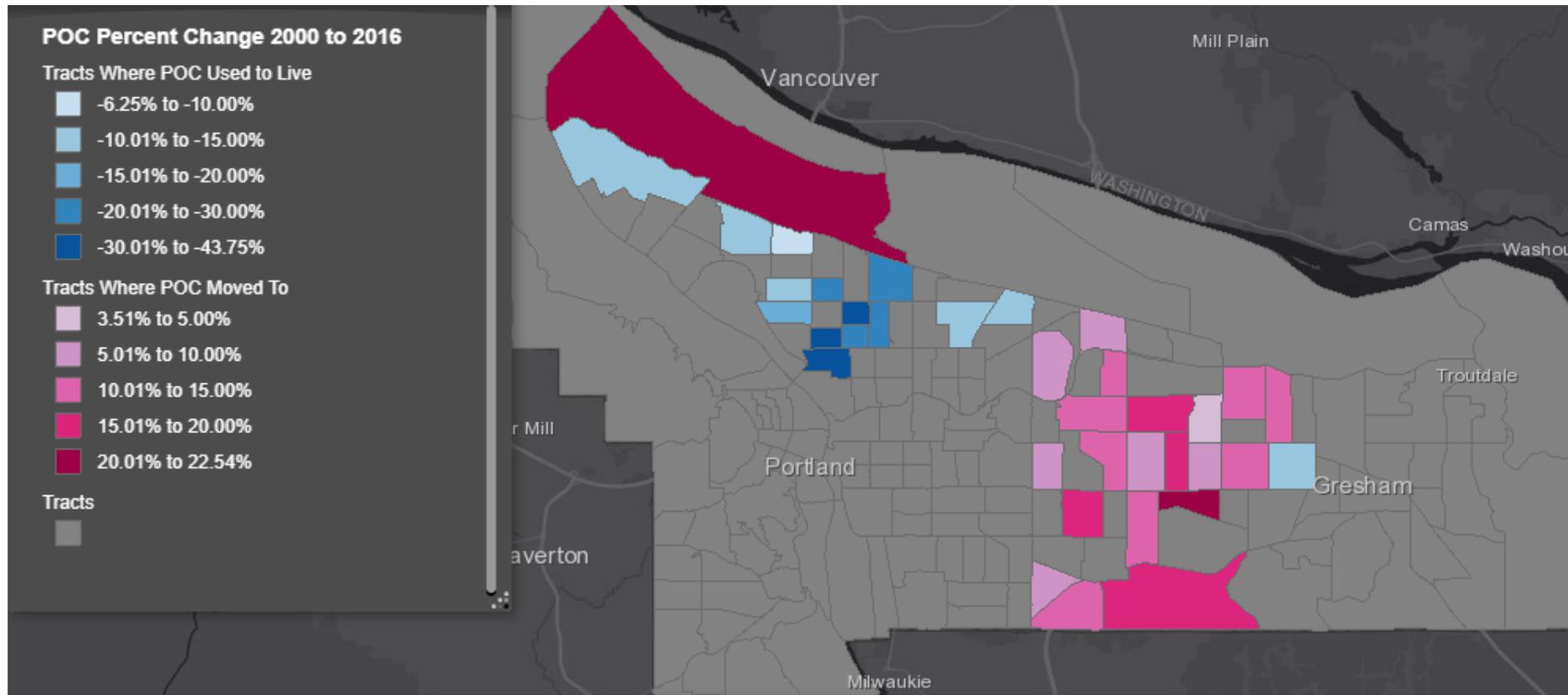


Ratio distribution in 2000, 2010 and 2017



Unintended consequence: Gentrification

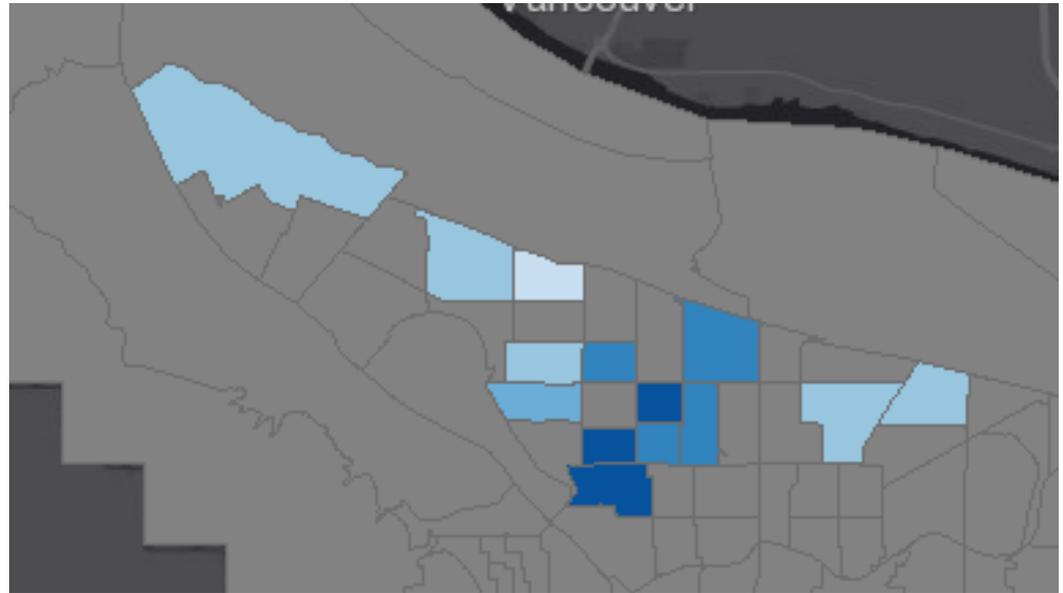
Movement of people of color from 2000 to 2016



Unintended consequence: Communities of color leave NE Portland

White population has
increased 48.8%

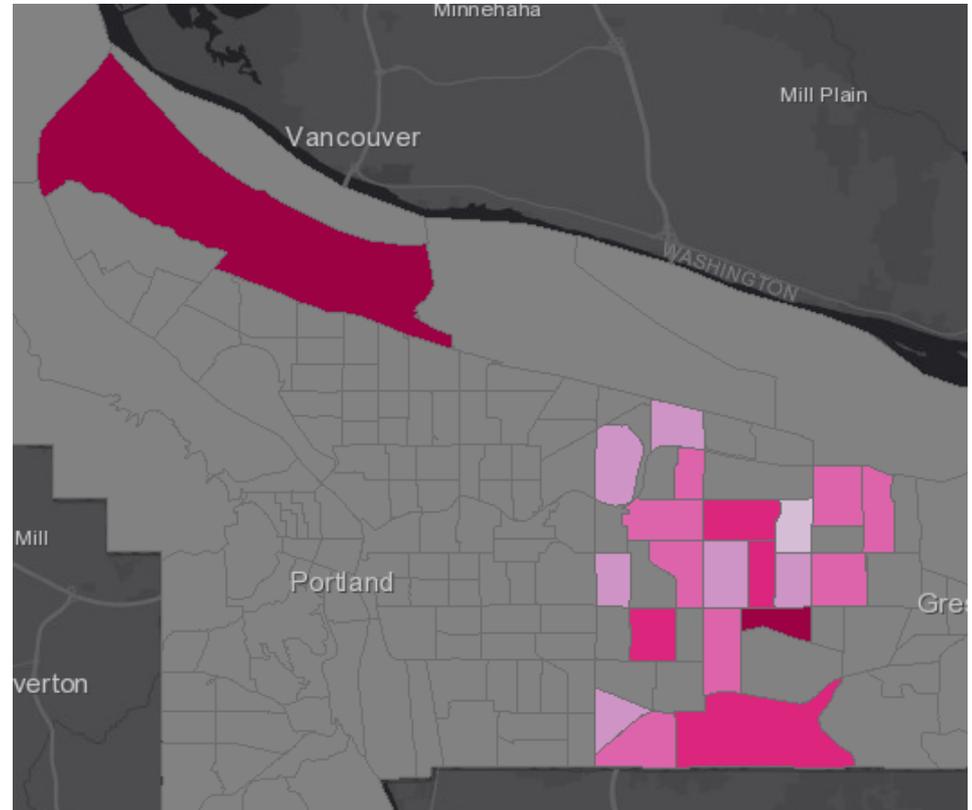
People of color
population has
decreased 57.5%



Unintended consequence: Diversity increases East of 82nd Avenue

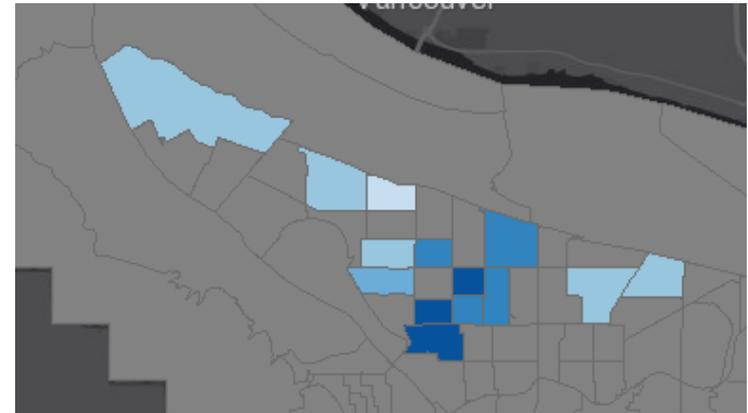
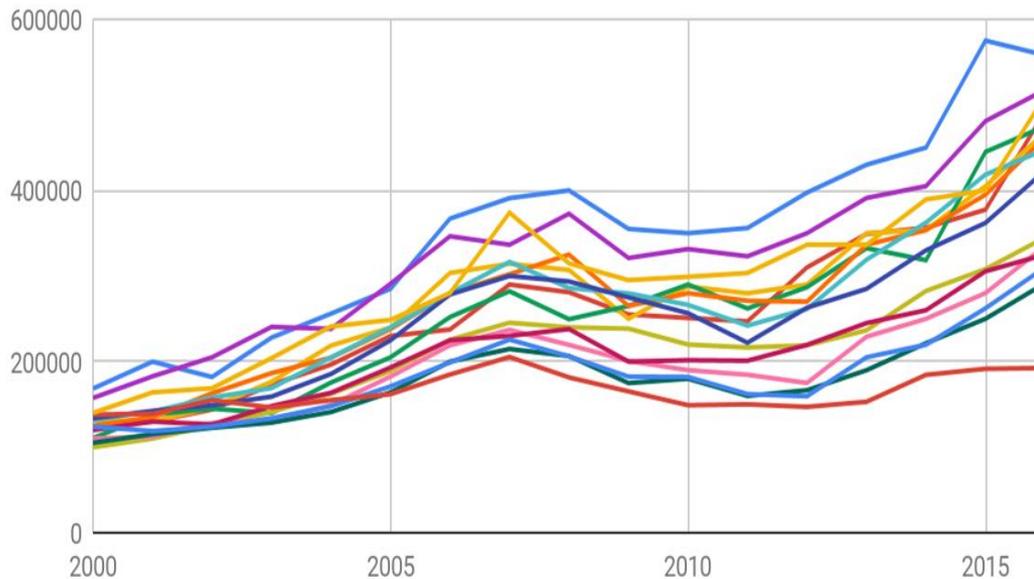
White population has increased **6.5%**.

People of color population has increased **98.9%**.



Rapid price increases in neighborhoods that have become whiter

Annual Median Sales Price in 15 Census Tracts that have become whiter.



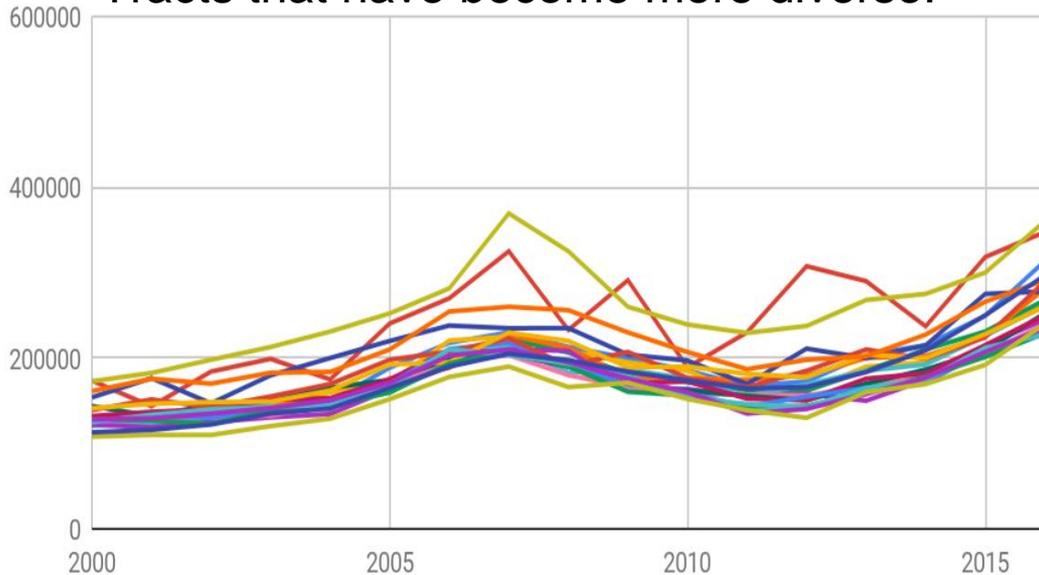
Census Tracts where People of Color used to live had a median sale price in **2000** of **\$125,000**

By **2016**, that median sale price had increased 258% to **\$447,750**

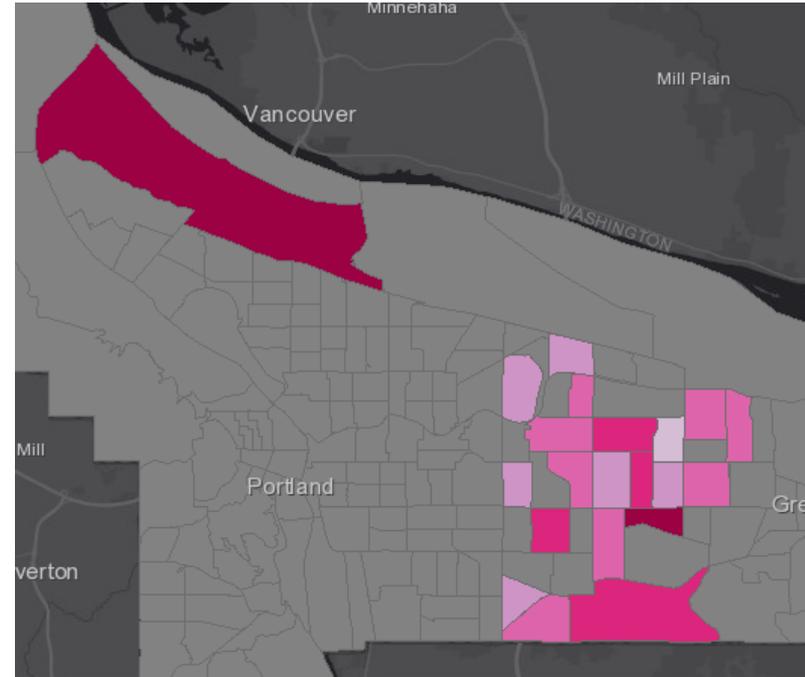


Gradual price increases in neighborhoods that have become more diverse

Annual Median Sales Price in 21 Census Tracts that have become more diverse.



Census Tracts where People of Color moved to had a median sale price in **2000** of **\$128,000**

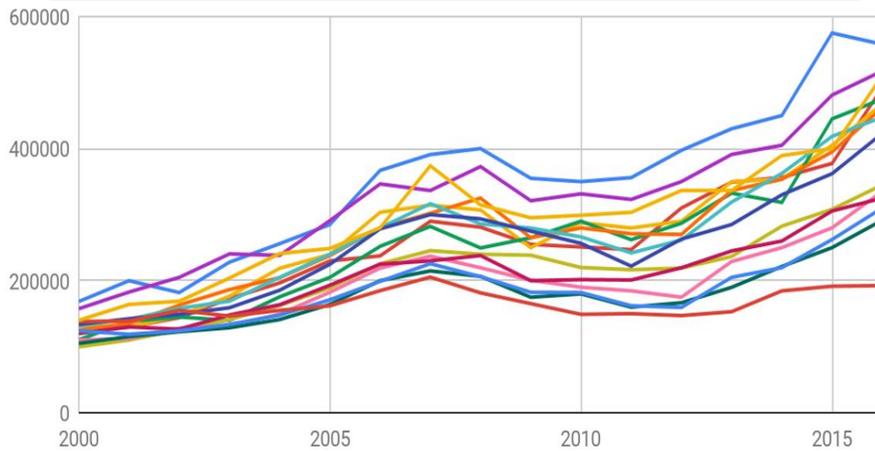


By **2016**, that median sale price had increased 104% to **\$261,000**

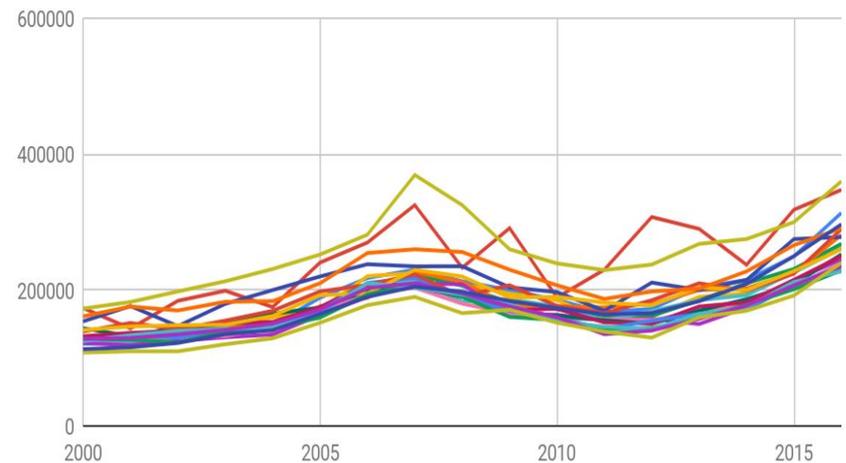


Growth in sale prices compared

Annual Median Sales Price in 15 Census Tracts that have become whiter



Annual Median Sales Price in 21 Census Tracts that have become more diverse



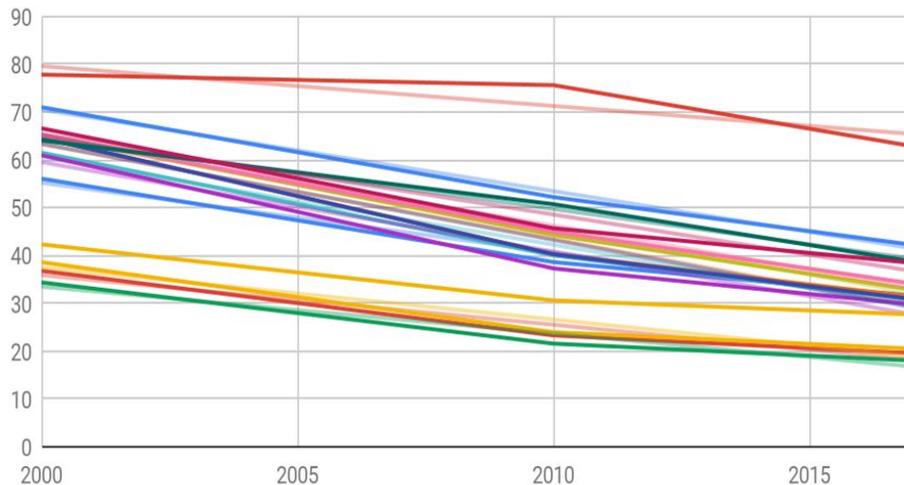
Sale Price of Tracts That Have Become Whiter				Sale Price of Tracts That Have Become More Diverse			
Year	2000	2016	Median sale price increase by 258%	Year	2000	2016	Median sale price increase by 104%
Median sale	\$125,000	\$447,750			Median sale	\$128,000	



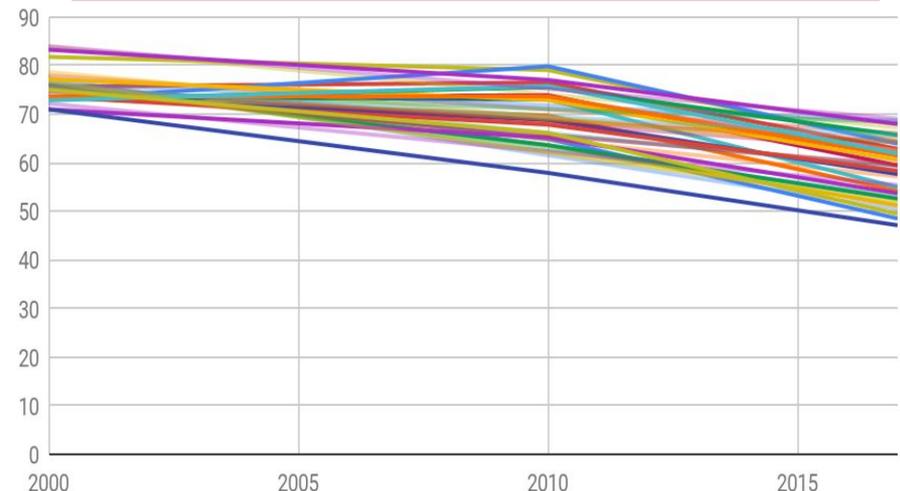
Changes in AV/RMV ratios compared

Movement of people of color from low ratio to high ratio

Annual AV/RMV ratio in 15 Census Tracts that have become whiter



Annual AV/RMV ratio in 21 Census Tracts that have become more diverse

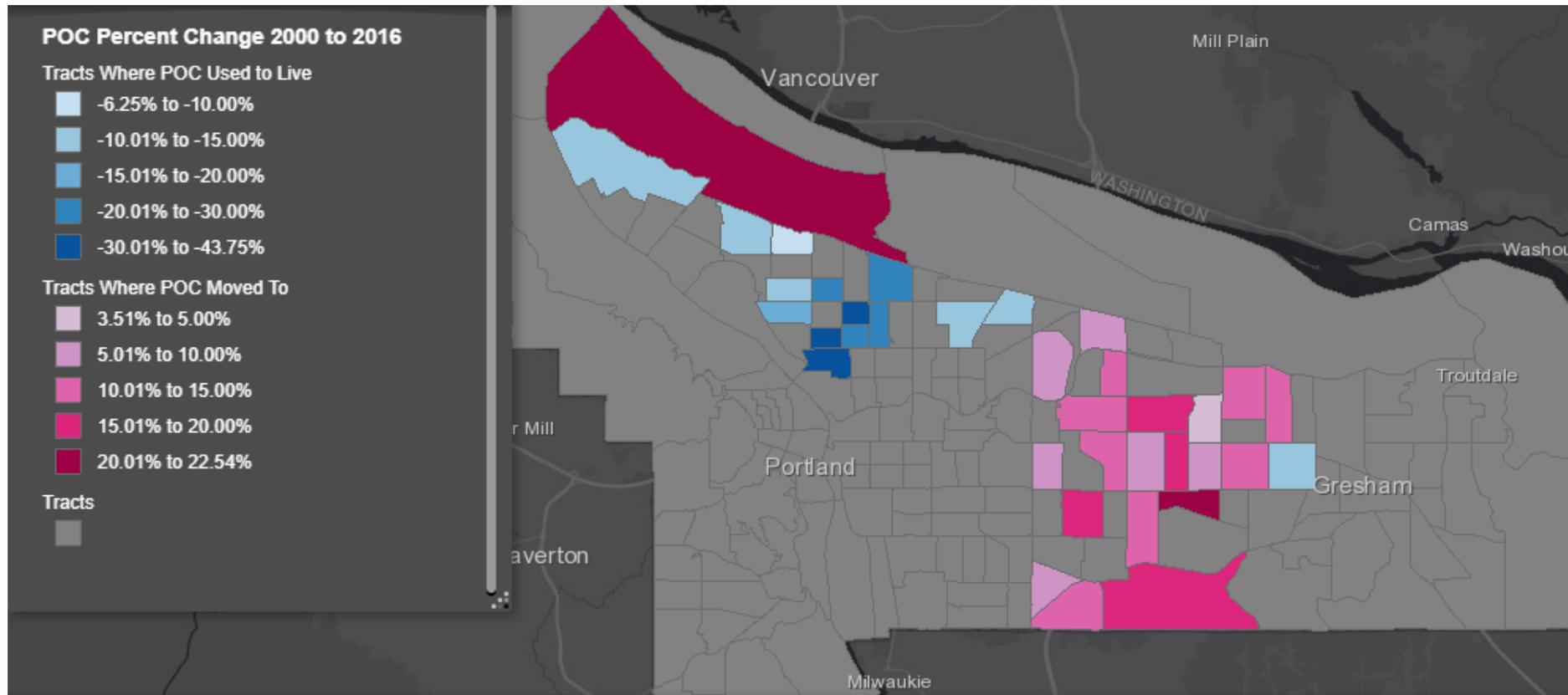


AV/RMV of Tracts That Have Become Whiter				AV/RMV of Tracts That Have Become More Diverse			
Year	2000	2017	Median ratio decreased by 51%	Year	2000	2017	Median ratio decreased by 19%
Median ratio	64.1	31.4		Median ratio	73.6	59.5	



Unintended consequence: Gentrification

Movement of people of color from 2000 to 2016



What do we know?

- Multnomah County property owners pay widely different amounts of property tax for similar properties.
- Low AV/RMV ratios and rapid increase in home sale prices correlates with decreasing percentages of people of color.
- People of color have left the low-ratio census tracts and are increasingly residing in higher-ratio census tracts.
- The unfairness has increased over the last twenty years and is likely to continue to increase.



Questions?

