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## PRESIDENT'S MESSAGE

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June 2026

A recent article had the title “Here’s Why We Need and Should Want Higher Property Taxes” which, inevitably, caught my attention. It is quite lengthy, but here are a few selected extracts which I hope you find interesting.

The author said: “Affordable housing isn’t just based on the closing costs and the mortgage payments; it’s also the ongoing costs to maintain the home, including property taxes, which have become a hot topic in many places across the country.

Many voters want to cut property taxes with the intent of lowering ongoing housing costs, which would allow them to stay in their homes. For instance, in Florida, there are proposals to eliminate property taxes completely for homeowners. This proposal for the November ballot that is hotly debated at the moment, but for good reason.

The cost of housing is escalating quickly in Florida, along with the associated costs like home insurance. While insurance is mandated by the insurance companies, property taxes are the lever that the state owns and can adjust, and would look good to voters.

At a national level, property taxes have been rising higher than inflation for several years. According to real estate data firm ATTOM, nearly \$397 billion in property taxes were collected from 90 million homes in 2025, which was a 3.7% increase over 2024. With an estimated value of \$494,231, the average single-family household paid \$4,427 in taxes, which is 3% more than the previous year.

While property taxes are obviously a big revenue source for municipalities, and while it’s also true that they create challenges for homeowners, at the same time they are commonly misunderstood. Some might say that homeowners should love their property taxes and the benefits that come with them.

Even though voters typically think that lower taxes mean more money in their pockets, a recent University of Cincinnati study found that cutting local property taxes had a negative impact on household incomes.

University of Cincinnati economics professor David Brasington published the study, “Fiscal policy and economic activity: new causal evidence,” that looked at decades of levy renewal data in the state of Ohio to estimate the impact of property taxes on income, and that could be applied nationwide given Ohio’s diverse socioeconomic landscape.

Ohio has three metros with populations around two million, small farming communities, and manufacturing towns of all sizes, making it a representation of most parts of the country. His research across the state and dozens of years showed that household incomes actually decreased when city service taxes were cut that would have supported public servants’ salaries and road repair.

He found that while taxpayers may get a temporary personal benefit from a reduction in taxes, once the effects of the decrease in tax-supported services take hold, there could be negative economic consequences bigger than the tax savings that payers benefit from.

Brasington reviewed more than 4,000 levy renewal votes to understand the dollar allocations when levies get renewed, along with what happens when a levy is not approved. Then, he saw the long-term impacts on the median incomes of the communities that voted to renew tax levies and those that voted to cut them.

“What we found is that cities that voted to cut taxes and services had a decrease in incomes up to two years after the vote,” Brasington said. “This was especially true for lower-income communities.”

His research shows that one year after the vote, cities that fail to renew current expense tax levies have \$7,020 lower median family incomes than cities that successfully renew. That trend continues for about two years as the local economy adjusts to the “shock” of less government spending.

Brasington pointed out that welfare was not even a factor. “Only the largest central cities in Ohio give welfare,” Brasington said. “Everything else is at the state level or federal level.”

In 2024, the Minneapolis Fed reported that property taxes can shift the total cost of housing into the future. The research found a strong and meaningful property tax and home price connection, with property taxes having the ability to shape housing choices across an owner’s lifecycle in ways that could impact labor mobility and overall social welfare.

The research reported that property taxes can influence an older homeowner’s decision to sell or stay put. Low property taxes make it financially advantageous to sit tight, providing the “lock-in” effect. On the other hand, higher property taxes can motivate older homeowners to downsize, putting more homes on the market for young families who will make use of the

empty bedrooms. Most bedrooms in the U.S. are owned by people between 50 and 70 years old, and many of these bedrooms are less than fully occupied, especially once owners enter their 60s.

The research also found that doubling property tax rates was associated with a 20% drop in housing prices and lower home-price-to-rent ratios. They further find that higher property tax rates are associated with a younger-skewing population. So, not only can the services that property taxes provide raise the quality of life and the household income in an area, but they also can create mobility and open up opportunities for younger homebuyers to purchase a home. In South Hadley, Massachusetts, a recent proposal asked for a 50% increase to current property taxes, which was voted down, but not before a lot of discussion around its impact.

There are six states that have low or minimal property taxes, but it's difficult to replace, and voters need to understand that those states have to use higher income or sales tax to provide the necessary income.

“Replacing the property tax is virtually impossible in most states, at least without avoiding substantial economic harm,” Jared Walczak, the vice president of state projects at the Tax Foundation, told Business Insider. “Property taxes generate about 70% of all local tax revenue nationwide. In many states, it's 80 to 90% or even higher.”

Most homeowners are true believers that property taxes are driving them out of homeownership opportunities, not understanding the secondary, tangential benefits of taxes. As of 2026, rising assessments and tax rates have led to property taxes and insurance consuming a record 32% of the average mortgage payment, so it isn't surprising that voters want a change.

And it's not on a good trajectory, because as home values increase, so do property taxes. The National Association of Home Builders data shows that home prices in the U.S. increased about 55% between 2020 and 2025. So, now, is the question how do we slow property taxes down, or is it, should we slow them down?”

Comment: it will be seen that the final paragraph contains what might be considered a widespread misunderstanding, i.e. that if property values increase, property taxes also increase. Such a relationship is not inevitable, and policymakers should be clear about any changes in property tax liability – that is where the “truth in taxation” process is important.

Time now to move on to IPTI matters. During May we delivered a total of five webinars. These were concerned with a variety of topics including “Business Process Modernization Through the Use of Modern Technology”, “The Valuation of Renewable Energy Properties” and “Effective Communication and Writing in Property Assessment”.

Also during May, a report we prepared for the provincial government of New Brunswick, Canada, was published. Here is the text of a press release prepared by the provincial government:

“A review of the province’s property assessment system has found it is operating according to international best practices.

As part of the government’s commitment to property tax reform, Service New Brunswick engaged the International Property Tax Institute to conduct the independent, third-party review. The main conclusion of the institute, which provides advice and training on property tax matters, was that the province’s assessment policy, practice and procedures align with good practices for a local property assessment system.

“Housing prices in New Brunswick have surged at a pace people haven’t seen before. We are committed to ensuring our property assessment system works for all New Brunswickers,” said Local Government Minister Aaron Kennedy, who is also minister responsible for Service New Brunswick. “We are reviewing all recommendations and determining the appropriate next steps for implementation.”

The report’s 39 recommendations focus primarily on helping property owners by providing better information on the difference between property assessment and property taxes, improving operations and enhancing stakeholder engagement.

“The government of New Brunswick commissioned the review to evaluate the current property tax assessment system in their province,” said institute president Paul Sanderson. “In broad terms, the study found that the current assessment methodology utilized by property assessment services, part of Service New Brunswick, is in line with internationally recognized, professional best practice.”

Kennedy said this review was part of the government’s larger property tax reform. “We have heard from New Brunswickers clearly: the system needs to be more predictable, stable and transparent,” said Kennedy. “Soon, we’ll introduce legislation to make that happen.”

Looking ahead, as usual we have a variety of informative events coming up – both virtual and in-person. Information about all forthcoming IPTI events – including conferences, symposiums, webinars, workshops, training, etc. – is available on our website: [www.ipti.org](http://www.ipti.org).

Now it’s time for a quick look at what is making headlines concerning property taxes in selected jurisdictions and countries around the world. For more information, and links to the original news articles, please refer to IPTI Xtracts which can be found on our website: <https://www.ipti.org/ipti-xtracts>

Starting in the Philippines, the Department of Finance (DOF) is moving to overhaul the country's real estate taxation, targeting 2028 for the full rollout of a market value-based property valuation system. In a statement, the DOF said the initiative aims to replace the long-standing and currently suspended zonal value system, which will bolster transparency and fairness in one of the economy's most critical sectors. The reform is anchored on the Real Property Valuation and Assessment Reform Act (RPVARA). The Bureau of Internal Revenue (BIR), in coordination with the DOF, the Bureau of Local Government Finance, and the Philippine Tax Academy, recently conducted executive briefings to align national and local stakeholders. Tax authorities are positioning the shift as a fundamental restructuring of how the government administers and taxes real property, moving away from fragmented valuation methods toward a unified, professionalized standard. "RPVARA is a much-awaited, long-term reform. While it may not be a reform that will be fully felt overnight, it will shape the way the government values, administers, and taxes real property for many years to come," BIR Commissioner Charlito Martin R. Mendoza said. The planned shift will move away from zonal values toward a system based on market values, supported by mass appraisal, standardized valuation methods, and tighter coordination between national and local government units (LGUs). Tax authorities expect the reform to provide a more credible basis for property-related taxation while promoting "greater fairness, consistency, and trust in real property valuation." For now, existing zonal values remain in place, although the BIR has suspended revisions as part of the transition. These will eventually be replaced once updated Schedules of Market Values are issued under the new framework. While the DOF is targeting full rollout by 2028, implementation could extend to 2029 as agencies complete the groundwork, including strengthening systems, data architecture, and regulatory frameworks. Under the law, LGUs will continue to exercise authority over tax rates and assessment levels, while valuation standards and oversight will be reinforced through the BLGF.

Moving on to California, it is reported that with thousands of streetlights across Los Angeles going dark, the city is asking homeowners to decide whether they're willing to pay more to keep neighborhoods illuminated. More than 500,000 property owners have received ballots proposing an increase to the city's streetlighting assessment, which has not been raised since 1996. The measure would add an average of \$144 per year to property tax bills and higher depending on the type and size of the property. If approved, the increase is expected to generate roughly \$125 million annually. Some residents, like Northridge homeowner Randy Reichman, say the added cost is worth it. "We walk the neighborhood at night and we feel more comfortable that it's lit up," Reichman said. He added that he wants assurances the money will be spent responsibly: "My concern is... that the dollar we are taxed is actually fixing somebody's streetlight somewhere." City officials say the funding is urgently needed. Los Angeles operates more than 220,000 streetlights, and copper wire theft has surged by more than 1,200% over the past decade, leaving many blocks in the dark.

Supporters argue the current assessment – set 30 years ago – no longer covers the cost of repairs or theft-related damage. “We need the streetlights,” said Chatsworth resident Richard Mathews. “Continuing to fund it at 1996 levels just isn't going to work.” But critics question why the city needs another tax increase. “What are they prioritizing the budget to do?” asked Susan Shelley of the Howard Jarvis Taxpayers Association. “Why do they need more taxes for firefighters and more taxes for streetlights and more taxes for everything that should be covered as a priority in the budget?” Shelley says the proposal does nothing about the underlying crime and vandalism contributing to outages. “They're not addressing the crime and vandalism that destroying the infrastructure, so this is a tax increase that's going up 120% from the current street light assessment,” says Shelley.

In the UK, the government has published a consultation on changes to part of the current council tax system in England. It states: “This consultation is seeking views on the detailed design of the High Value Council Tax Surcharge (HVCTS), a new charge on owners of residential properties in England worth £2 million and above. This consultation sets out:

- the design of the HVCTS
- how ‘owner’ should be defined
- the proposed support mechanism for those who cannot pay
- a proposed list of property level discounts and exemptions
- the billing and administration process
- how a homeowner can challenge their banding or liability
- the enforcement mechanisms for HVCTS
- an assessment of the impact on those with protected characteristics
- the approach to valuations”

And finally, we all know that politicians occasionally “trip up” over property tax issues, but there seems to be more “tripping up” than usual going on in the UK at present. A very senior member of the government recently had to resign over failing to pay the right amount of stamp duty (transfer tax) on a property that she purchased. Another political party leader is in trouble for not paying council tax (annual property tax for residential properties) in respect of a property he occupied until recently. And a would-be political party leader has advocated the introduction of a land value tax which has had everyone getting very hot under the collar. Many readers may recall that it was property tax that led to the downfall of Prime Minister Margaret Thatcher many years ago, so politicians should tread carefully when it comes to property tax issues to avoid tripping up!

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