Tampa Bay Times: Property taxes rise in Tampa Bay s hot market, adding to growing homeownership costs

Rick Nociti and his wife, Meri, understood when they bought their yellow Belleair Beach house in July that they d be responsible for paying this year s approximately $4,000 property tax bill. But what they didn t know not until Nociti plugged his address into the county s online tax estimator after the sale was that next year, they ll pay more than double that.

 It is a drastic jump, he said.

The couple s situation, shared by others who bought Florida houses this year, is a clear example of the hot real estate market s effects on local property taxes which are expected to hit their highest dollar amount yet for 2021. Tax bills based on this year s property values are due in March. For many homeowners, a cap called the Save Our Homes benefit blunts the impact of the market by limiting the increase in property taxes on homesteaded properties to 3 percent per year. But when a home changes hands, particularly when the buyer didn t have a previous Florida homestead exemption, the increases can be tough to swallow. The sale of the home resets the cap so that the taxes snap back into place, reflecting its market value on the following Jan. 1.

Nociti, who moved from North Carolina, said he isn t upset he wasn t notified before purchasing the home. But he thinks home-searching websites should make it more clear when displaying a house s tax history that it s not an indicator of future bills for new owners.

 It certainly would have ... been nice to know, he said. But there s a lot of people where it s in their best interest to get the deal done.

Rick Nociti's house, purchased in July with his wife. The sale meant the property taxes reset to reflect the current market and the couple will be paying a major increase next year.

Throughout Tampa Bay, the hot housing market is raising property values. In Hillsborough County, the median increase to single-family homes market value was 12 percent, according to the property appraiser s office. In Pinellas, that number was 11 percent. The total amount of combined property taxes Pinellas, Hillsborough and Pasco counties expect to collect for 2021 is nearly $4.9 billion, the highest in the counties history. The total amount collected in property taxes has gone up regularly since the market recovered from the Great Recession, especially as new construction continues to add more value to the tax base. A handful of government entities have changed millage rates in response, in efforts to partially mitigate the effects. Still, the strong market has had an effect.

For example, in Pasco County between 2015 and 2016 tax years, the total number of property taxes collected excluding certain discounts for early payments increased by about $24.3 million. That number has ballooned over the past few years and especially this year from 2020 to 2021, the Pasco Tax Collector s Office estimates it will collect $76.7 million over the last year.

Homeowners can get small discounts on their bills by paying them before the March deadline.

 No question, we re collecting a lot more taxes than we previously had in the last couple of years, said Pasco Tax Collector Mike Fasano. The county is definitely benefitting from the new revenue we re seeing.

Fasano has lived in Pasco County for 51 years. When his family moved to Holiday, homes were advertised as starting at $6,999, he said. He bought his first home for a little more than $19,000. This year, the median home sale price in Pasco County was over $300,000 hitting $325,000 in October, the most recent month of sales data from Florida Realtors. Pinellas median sales price in October was $369,450, while it was $357,900 in Hillsborough and $272,000 in Hernando. All are double-digit percentage increases since a year ago. Local property appraisers offices and many Realtors try to educate home buyers that they can t expect to pay the same property tax amount as the sellers. Pinellas, Hillsborough and Pasco all have online calculators for buyers to see an estimate of what they will be expected to pay.

In Pinellas County, the online calculator is used more than 10,000 times per month, said property appraiser Mike Twitty.

But still, every year there are people who are surprised by their bills. Twitty recently heard from someone whose taxes were four times higher than the previous owners , he said, and has seen it as high as seven times.

 It doesn t surprise me the market has been super hot, he said, adding that these cases are most pronounced when the home is in an especially desirable location and the seller lived there for many years. That s where the pain comes, or the frustration.

So what does it all mean? That, like seemingly everything else these days, being a homeowner in Florida is getting more expensive.

 Yes, our incomes are going up, but the cost of homeownership is going up more than that. It s becoming unsustainable, said Nina Schmidt, a finance instructor at the University of South Florida and a licensed real estate broker.

Schmidt said it s not just property taxes, but instability in Florida s property insurance market is driving up prices. Plus the majority of Floridians flood insurance premiums are estimated to rise.

 Homeowners insurance used to increase 3 to 5 percent per year now it s 20 to 30 percent, in some cases it s even higher. That s a big hit and that s every year, she said.

All these factors only compound the effect of skyrocketing house prices, Schmidt added, making homeownership that much harder to attain for low- and middle-income families.

 I wouldn t be surprised if we saw homeownership rates go down, she said.

Renters likely won t be spared from the increased costs, either. Landlords expenses are going up, said Shawn Rupp, a managing director at the Tampa office of Colliers International, a commercial real estate services company, including insurance as well as the high price tag of building materials plus inflation. Even landlords who aren t bullish about maximizing profit are going to start to need to increase their rents as all the costs of just owning a building continue to increase, he said. Unfortunately, it s just the case of how it is living in Florida now.

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