

Property Tax Trends

Joint Board of Commissioners and Board of Education Meeting

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FY 2026 Wake County Property Tax Base (Billions)

	FY 2025 Actual	FY 2026 Adopted	FY 2026 Projected	Difference
Real Property	\$274.6	\$278.7	\$277.1	-\$1.6
Personal Property	11.1	11.8	11.8	\$0
Public Service	4.3	4.5	4.6	\$0
Registered Motor Vehicles	17.7	18.9	19.0	\$0.1
Total	\$307.7	\$313.9	\$312.4	-\$1.5

FY 2026 Property Tax Revenue

- \$20.4 million less property tax revenue projected than budgeted

FY 2025 Actual	FY 2026 Adopted	FY 2026 Projected
\$1,593,758,960	\$1,620,179,000	\$1,599,745,000

2024 Appeals

	2016	2020	2024
Informal Review	17,879	17,397	15,936
Percent of Total Parcels	5%	4.4%	3.7%
Formal Appeal	3,650	6,391	8,936
Percent of Total Parcels	1%	1.6%	2.1%
Property Tax Commission	381	708	1,529
Percent of Total Parcels	0%	0%	0%

Property Tax Commission

	Total Filed*	Open	Closed
Residential	516	233	283
Commercial	694	438	256
Total	1,210	671	539

*Includes multiple parcels shown as one filing

- **Total Value – Open Appeals**
 - Residential: \$180 million
 - Commercial: \$9.4 billion
- **Total Value Reduced – Closed Appeals**
 - Residential: \$12.7 million
 - Commercial: \$1.35 billion

Total Exempt, Excluded, and Deferred Value

- Normally nominal increase in year after revaluation effective
- Increase of \$1.2 billion in exempt value for FY 2026

Tax Year	Total Value (Billions)	Annual Change (Billions)
2017	\$23.8	\$0.54
2021	\$29.8	\$0.08
2025	\$41.3	\$1.22

Improvements on Brownfields

- **NCGS 105-277.13(c)**

- Percentage of appraised value of the qualified improvements that is excluded based on the taxable year:

<u>Year</u>	<u>Percent of Appraised Value Excluded</u>
Year 1	90%
Year 2	75%
Year 3	50%
Year 4	30%
Year 5	10%

Trend: Brownfields

- \$514.5 million increase in excluded value from Brownfield projects

	Excluded Value
2024 Taxable Value (Excluded in 2025)	\$233.2 M
2025 Additional Value Excluded	\$281.3 M
Total Value Excluded	\$514.5 M

Affordable Housing

- **NCGS 105-278.6(a)(8)**

- A nonprofit organization providing housing for individuals or families with low or moderate incomes...

Shall be exempted from taxation if (i) As to real property, it is actually and exclusively occupied and used, and as to personal property, it is entirely and completed used, by the owner for charitable purposes; and (ii) the owner is not organized or operated for profit.

Blue Ridge Housing of Bakersville, LLC. 2013

- **Ownership Structure: 99.9% Investor Member; 0.1% Nonprofit Member**
- **Balancing Test**
 - Control of operations
 - Status as trustee of property
 - Possibility of future increased ownership
 - Intent of participating parties
- **Court concluded that even though not-for-profit had 0.1% ownership, property could qualify as exempt for property tax purposes**
- **Court did not define low and moderate income for purposes of 105-278.6(a)(8)**

Trend: Affordable Housing

- Increase of \$776.3 million of exempt value for FY 2026

Tax Year	Properties Qualified	Total Living Units	Exempt Living Units	Unit % Increase	Total Value Assessed	Exempted Value
2020	66	2,891	2,891	9.2%	223,089,037	223,089,037*
2021	69	3,503	3,503	21.2%	289,993,674	289,993,674
2022	76	4,276	4,276	22.1%	368,306,829	368,306,829
2023	73	4,581	4,581	7.1%	388,014,684	388,014,684
2024	97	8,134	8,134	77.6%	1,428,371,902	1,428,371,902*
2025	137	13,209	12,693	56.0%	2,299,181,354	2,204,668,044

*Revaluation

Example

- **Existing Apartment Complex in Raleigh**
 - 2024: 0% exempt, \$104.2 M taxable value
 - 2025: 70% exempt, \$31.3 M taxable value
- **70% units 80% AMI (moderate income)**
 - 80% AMI = market rent



Trends for FY 2027

- Exempt and Excluded Property Applications Due 2/1/26
- Currently entering and reviewing
- Potential of additional value excluded from tax base
 - 66 Brownfield applications
 - 170 Affordable Housing applications
 - At current tax rate, represents \$6.5 million of lost County property tax revenue (in addition to \$6.6 million lost in FY 2026)



Significant Impact of Blue Ridge Loophole

- *Self Help Organization estimates 94% of rental property in Wake County charge market rents at 80% AMI*
 - Value of apartments in Wake County: \$29.2 Billion
 - Value currently exempt: \$2.2 Billion
 - Applications pending: \$1.2 Billion
 - Net Taxable Value: \$25.8 Billion
- **94% = \$24.25 Billion**
 - \$24.25 Billion times \$0.5171 cents per \$100 of value = \$125.4 million of County property tax at risk.

Other Items

- **House Select Committee on Property Tax Reduction and Reform**
 - Review of exemptions
 - Discussion of property tax levy limits
 - Additional requirements and notifications
- **Senate Committee Announced**

Next Steps

- **Finalizing Property Tax Base Estimate for FY 2027 Budget; Significantly Less Growth than Prior Years**

Estimated Property Tax from Growth	\$28.2 Million
FY 2026 Shortfall (Appeals/Exemptions and Exclusions)	(\$20.4 Million)
Net New Property Tax (w/o property tax rate increase)	\$7.8 Million

- **Preparing for Revaluation Effective 1/1/2027**
- **Monitoring Potential Legislative Changes**



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