

# The Slow Housing Market Can Hurt Government Revenues, But Doesn't Have To

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How much home sales impacts a place depends a lot on its property tax policies.

by Liz Farmer February 21, 2019

Excerpt below.



*Home sales have been ticking down for months. It's been particularly bad in the West, where 15 percent fewer homes were sold in December compared to the previous December. The slowdown is widely expected to continue, but how it affects local governments will differ.*

*Cumberland Advisors CEO John Mousseau is watching places where wealth is concentrated and where taxes are high, including Boston, New York City and its suburbs in Northern New Jersey and Fairfield County, Conn. Homeowners in these places are no longer getting the tax breaks they used to on their properties. "As long as there's no recession," he says, "I think home prices in places like these will stagnate or maybe even decline a little." That could further hurt the local government's property tax revenues.*

*But declining home prices aren't necessarily a bad thing,*

*Mousseau says. According to Fitch's data, several major markets – including many out West – are currently overvalued. "I think what you'll see is a realignment of house prices," he says. "The idea that house prices can go up 6 or 7 percent a year – I think that's going to go away."*

Read the full article at [governing.com](http://governing.com).

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