

Time to do more with less

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The day of reckoning has come for Fairfax County and the Town of Vienna. The real estate bubble has burst. No amount of gloss and rosy forecasts by the real estate industry can mask the truth. With too many houses on the market and higher interest rates, selling a home in today's market is not an easy proposition.

Home values in Fairfax County are estimated to have declined slightly. The actual decline is, in fact, worse than being portrayed. It appears that the real estate industry is behind the curve or does not want to publicize the downturn, as will be Fairfax County when it does its assessments this coming year. The increases in the average assessments in 2006 in Fairfax County and Vienna were 21.6 percent and 19.2 percent, respectively, which I firmly believe were based on outdated information.

A review of tax increases is very interesting. I don't know why everyone uses the year 2000 as a baseline when the increases actually began the year before with an 8.5-percent increase. However, even using the year 2000, the data is startling. Fairfax County's average home assessment between 2000 and 2006 increased by 176 percent. With the changes in the tax rates, the taxes for Fairfax County increased 100 percent and for Vienna 54 percent. For my home the combined increase is 91 percent, almost double! The county average is actually higher.

In other words for my home in Vienna, the taxes paid represent an average annual increase of 11.3 percent per year. Weighed against any reasonable measure for cost increases, whether it be inflation or the CPI, which since 2000 averaged 2.78 percent and 2.6 percent, respectively, the budget increases and spending do not meet any litmus test for good management. To put it in other terms, the local governments have spent our tax money at a rate of four or almost 4.34 times the rate of inflation or the CPI.

How did we get here? We bought too many things that were not totally necessary, just nice to have or the best where less would do. We homeowners can't buy using that philosophy because in spite of the hype about this high-income area, salaries have not increased as fast as government spends money.

A good example is my next door neighbor who works for one of the largest corporations in the world. She has not had a raise in several years and received only one minimal bonus last year that hardly made a dent in the family budget, even though she is a highly rated employee. In my case, my pension is based on the CPI.

In the face of this information, its clear that we have not lived within reasonable means and have spent tax money as if there is no tomorrow. Well, tomorrow has come. Now, the question is squarely in front of government. How will it manage with real estate values in a downturn that may get worse? If we had spent reasonably and with caution, this predicament could be handled easily and the citizens of the county would understand if some tax rate increases are necessary.

At least Vienna showed some restraint. The county increased taxes at a rate 33 percent higher than Vienna, which is the big hit since county taxes are about 83 percent of our tax bill.

We need a belt tightening. The budget fat needs to be dealt with. Do as we home owners do: re-evaluate what we thought we needed in the past, forgo things that are nice to have, spend only where absolutely necessary and do more with less.

If our elected officials cannot manage this task, then the citizens need to vote them out of office.

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