

What Does it Cost to Live in Oak Ridge?

Workers at ORNL, BWXT Y-12 and ORAU, as well as our many private sector businesses, can live anywhere in East Tennessee. There are beautiful places to live on farms, on the lake, near the mountains, near the shopping and entertainment of West Knoxville.

In February, we asked the question “In the regional economy, is there an Oak Ridge advantage?” The answer depends on how and what you measure. If you use only the residential property tax yardstick, you get one view. If you add up the costs of working in Oak Ridge while living somewhere else, you get another answer. And if you include the intangible benefits of living in Oak Ridge, you end up with something else entirely.

Let’s investigate by asking two questions.

- 1) Is it a fact that for those who work in Oak Ridge it is cheaper to live outside of Oak Ridge?
- 2) Are lower property taxes what will make people decide to live in Oak Ridge?

To answer the first question we’ve collected data from seven surrounding towns. Table 1 here summarizes the findings. The supporting data are presented in Table 2 on page 2.

Table 1: Property Taxes and Total Cost of Residency

Location	Oak Ridge Anderson Co	Oak Ridge Roane Co	Clinton Anderson Co	Kingston Roane Co	Knoxville Knox Co	Farragut Knox Co	Lenoir City Loudon Co	Maryville Blount Co
Property Tax Rate City / County	\$2.55 / \$2.68	\$2.55 / \$2.02	\$0.73 / \$2.82	\$1.30 / \$2.32	\$2.81 / \$2.69	\$0 / \$2.69 *services provided by Knox County	\$1.30 / \$1.84	\$1.95 / \$2.18
Combined	\$5.23	\$4.57	\$3.55	\$3.62	\$5.50	2.69	\$3.14	\$4.13
Total Costs of Residency (Taxes, Service Fees, Commuting)								
\$200,000 House (2,000 sq.ft)	\$3,299	\$2,969	\$4,054	\$6,694	\$8,029	\$4,865	\$10,560	\$8,219
\$350,000 (3,500 sq.ft)	\$5,260	\$4,683	\$5,386	\$8,052	\$10,092	\$6,009	\$13,238	\$9,768

What the Data Tell Us

If you look only at property taxes, Oak Ridge and Knoxville/Knox County are the most expensive places in the region. If you look at all the costs, however, it tells a different story. Oak Ridge is the least expensive city to live in if you are employed in Oak Ridge. This counters the common notion that Oak Ridge is the most expensive place to live.

Will Lower Property Taxes Make People Want to Live in Oak Ridge?

In 2003 the City Council adopted a policy stating that there would be no increase in property taxes. This policy is to be in effect until 2009. This policy is based on the belief that comparatively lower property taxes are the key to new residential and commercial development, and that we must keep our property taxes steady while other communities’ taxes rise.

As Table 1 shows, property taxes alone do not paint a complete picture. Neither does a list of services and numbers. They don’t cover all of the services or the quality of those services.

No other town in Tennessee has consistently earned Expansion Magazine’s Gold Medal award for education. We have spoken frequently and in detail about the advantages of education in Oak Ridge: About rigorous academics, an exceptional music program from elementary through high school and more athletic championships than any public high school in the state. More than any other town in this region there is an expectation of excellence across all disciplines and an extraordinary opportunity to learn regardless of which school your child attends or your socio economic status.

The data in Table 2 at the end of this article don’t demonstrate any of the intangible ‘quality of life’ factors. For example, Oak Ridgers possess a remarkable and often passionate commitment to their town. They get involved in what they decide is important, whether it’s the Rowing Association, local politics, ORCMA, or setting up our own continuous learning institution. Oak Ridge is not just a place to live, it is a community that aspires to excellence and is willing to invest in getting there. Matching property tax levels is not the measure of our advantage. The measure of our advantage is what you get for your money. Oak Ridge is a bargain. The fact that it costs less to live here is just icing on the cake!

Table 2: Taxes and Cost of Residency

City County	Oak Ridge Anderson Co	Oak Ridge Roane Co	Clinton Anderson Co	Kingston Roane Co	Knoxville Knox Co	Farragut Knox Co	Lenoir City Loudon Co	Maryville Blount Co
City Property Tax Rate	\$2.55	\$2.55	\$0.73	\$1.30	\$2.81	\$0 *services provided by Knox Co	\$1.30	\$1.95
County Property Tax Rate	\$2.68	\$2.02	\$2.82	\$2.32	\$2.69	\$2.69	\$1.84	\$2.18
Annual Property Taxes								
\$200,000 House (2,000 sq.ft.)								
City	\$1,275	\$1,275	\$365	\$650	\$1,405	\$0	\$650	\$975
County	\$1,340	\$1,010	\$1,410	\$1,160	\$1,345	\$1,345	\$920	\$1,090
\$350,000 House (3,500 sq.ft.)								
City	\$2,231	\$2,231	\$639	\$1,138	\$2,459	\$0	\$1,138	\$1,706
County	\$2,345	\$1,768	\$2,468	\$2,030	\$2,354	\$2,354	\$1,610	\$1,908
Other Taxes /Fees								
Wheel Tax					\$36	\$36		
Impact Fee							\$1 per sq.ft. (new construction)	
Sales Tax Rate	9.75%	9.75%	9.75%	9.50%	9.25%	9.25%	9.00%	9.25%
Services / Costs								
Garbage	Provided	Provided	Provided	Provided	Provided	Not provided – Subscription service (\$237-\$339 annually plus \$25 initiation)	Provided for Fee \$8/mo	Provided
Back Door Pickup	Provided	Provided	No	\$8.08/mo	No	With Subscription	No	No
Recycle	Provided	Provided	No	No	No	No	No	No
Fire (Fire Insurance Rating)	Provided (Class 3)	Provided (Class 3)	Provided (Class 4)	Provided (Class 6)	Provided (Class 3)	Subscription - Rural Metro (\$30 set up + \$.09/SF) (Class 3)	Provided (Class 6)	Provided (Class 3)
Ambulance	Pay as you ride	Pay as you ride	Pay as you ride	Pay as you ride	Pay as you ride	Subscription \$55/yr plus Pay as you Ride	Subscription \$55/ year plus Pay as you ride	Pay as you ride
*Cost of Commuting	\$684 (6 mi)	\$684 (6 mi)	\$2,279 (20 mi)	\$4,787 (42 mi)	\$5,243 (46 mi)	\$3,077 (27 mi)	\$6,839 (60 mi)	\$6,154 (54 mi)
Total Cost of Residency								
\$200,000 House (2,000 sq.ft)	\$3,299	\$2,969	\$4,054	\$6,694	\$8,029	\$4,981	\$10,560	\$8,219
\$350,000 (3,500 sq.ft)	\$5,260	\$4,683	\$5,386	\$8,052	\$10,092	\$6,125	\$13,238	\$9,768

How We Made the Comparison.

We collected data on city and county property taxes in each of the cities listed. We identified services that are not covered by property taxes and determined the cost of buying those services in each area. Although we did not assess the quality of the service, we did note whether the same services were being provided. For example, the table shows whether garbage collection is back door pick up and whether the city provides recycling. We also found each community's rating for fire insurance purposes. The lower the classification the cheaper fire insurance is to the residents of that community. For communities that pay fees for fire services we used the average cost. We did not include the set up/initiation fee for Fire or Rural Metro.

In order to standardize the comparisons between locations, we compared homeowners' property taxes by looking at property tax rates for two categories of single family homes: homes costing \$200,000 and homes costing \$350,000.

Costs of commuting to work in Oak Ridge were calculated using roundtrip mileage from the Chamber of Commerce in each town to 701 Scarboro road in Oak Ridge. (This address is very close to BWXT Y-12. Commuters to ORNL will have higher costs.) We used the IRS mileage allowance of 48.5 cents per mile and assumed 235 work days. Where fire and ambulance required subscriptions, we calculated the average rate. We did not include any set-up fees.

We then totaled all costs for each category of homeowner to determine the cost of living in each community. This detailed data is listed in Table 2 on page 2.

Questions or comments? Send them to ortn.cafe@gmail.com. Answers are printed on Tuesdays. Join the discussion!