The NJ Guide to Lower Taxes and Better Living - Low Tax Town Guide

Introduction

Choosing where to live in New Jersey is one of the most consequential financial decisions you'll make. With property taxes ranging from under 1% to over 3.5% of home value across the state, strategic location selection can save you tens of thousands of dollars over a lifetime of homeownership.

This guide explores the concept of **fiscal arbitrage**—the practice of maximizing purchasing power and long-term wealth by relocating to municipalities with lower effective tax rates. In Northern New Jersey, this strategy is particularly powerful, where you can access proximity to New York City while enjoying significant tax savings through careful town selection.

Top 10 Tax-Efficient Municipalities in Northern NJ

The municipalities listed below represent the best combination of low effective tax rates, reasonable access to employment centers, and quality of life. Each entry includes key metrics and the strategic advantages that make each town tax-efficient. (Listed in alphabetical order) This is not an exhaustive list of low tax towns and there may be other ideal towns not on this list, and may change over time. Feel free to let me know what towns I should add.

1. Alpine (Bergen County)

Distance to NYC: ~10 miles from the George Washington Bridge

Population: 1,503

2024–25 Median Home Price: $2,000,000

Effective Tax Rate: 0.788% (lowest in Bergen County)

Alpine stands as one of America's most prestigious enclaves, combining extreme privacy with unparalleled estate living. Multi-acre lots and sprawling estates characterize the borough. Its immense property wealth—among the highest in the nation—creates an exceptional tax base that allows for the lowest tax rate in Bergen County while maintaining world-class services.

Ideal for: Ultra-high-net-worth individuals seeking privacy and legacy wealth preservation.

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2. Bedminster (Somerset County)

Distance to NYC: Under 1 hour; 70–90 min via rail from Far Hills

Population: 8,227

2024–25 Median Home Price: $600,000

Effective Tax Rate: 1.282% (lowest in Somerset County)

Bedminster uniquely blends rural charm with modern amenity-rich development. The Lamington area features historic horse farms, while "The Hills" offers contemporary townhome living. This diversity attracts both heritage-minded buyers and those seeking modern suburban convenience—all at Somerset County's lowest tax rate.

Ideal for: Families seeking a balanced lifestyle with access to nature and modern communities.

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3. Edgewater (Bergen County)

Distance to NYC: 15-minute ferry to Midtown or Financial District

2024–25 Median Home Price: $723,400

Effective Tax Rate: 1.512%

Edgewater offers a uniquely civilized commute via the Hudson River ferry—avoiding the stress of highway congestion while delivering commuters directly to Manhattan's financial and cultural centers. Its robust commercial base along River Road substantially subsidizes residential taxes, allowing homeowners to enjoy luxury waterfront living at a fraction of the typical cost.

Ideal for: Urban professionals prioritizing commute quality and waterfront lifestyle.

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4. Englewood Cliffs (Bergen County)

Distance to NYC: Just north of the George Washington Bridge

2024–25 Median Home Price: $1,232,700

Effective Tax Rate: 1.017%

Englewood Cliffs functions as a corporate headquarters hub, hosting Unilever, LG, and other major enterprises. This concentration of commercial ratables creates a massive tax subsidy for homeowners—among the most efficient models in the state. The borough offers quiet suburban living with direct access to Manhattan, all while maintaining one of New Jersey's lowest effective tax rates.

Ideal for: Affluent suburbanites seeking proximity to NYC without urban density.

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5. Florham Park (Morris County)

Distance to NYC: Convenient access to Route 24 and I-287

2024–25 Median Home Price: $722,700

Effective Tax Rate: 1.343%

Home to the New York Jets training facility and multiple major corporate campuses, Florham Park leverages significant commercial revenue streams to keep residential carrying costs low. The town balances quality suburban living with serious business tax revenue, creating an advantageous environment for homeowners.

Ideal for: Upper-middle-class families seeking professional suburban living with corporate-backed tax efficiency.

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6. Franklin Lakes (Bergen County)

Distance to NYC: Within 30 miles; commute via Route 208/17

2024–25 Median Home Price: $1,217,500

Effective Tax Rate: 1.468%

Franklin Lakes is a premier address featuring pristine wooded terrain, private lake communities, and custom-built estates on expansive lots. The town cultivates an "active-resort" lifestyle with country clubs, golf, boating, and extensive recreational facilities. Despite its luxury positioning, the tax rate remains highly efficient for the property values offered.

Ideal for: Affluent families seeking luxury amenities and an exclusive lifestyle.

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7. Harding Township (Morris County)

Distance to NYC: "Country living" within a short drive of Morristown/Madison

2024–25 Median Home Price: $1,177,300

Effective Tax Rate: 1.024% (lowest in Morris County)

Harding Township consciously preserves its 17th-century agricultural character through low-density zoning and minimal municipal services. This philosophy creates exceptional tax efficiency—the lowest in Morris County. Residents enjoy rural tranquility without sacrificing access to shopping, dining, and cultural amenities in nearby Morristown and Madison.

Ideal for: Those seeking true country living with historical character and tax efficiency.

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8. Mahwah (Bergen County)

Distance to NYC: Dedicated NJ Transit rail station with bus connections

2024–25 Median Home Price: $590,400

Effective Tax Rate: 1.544%

Mahwah offers remarkable geographic diversity, from mountain estates to traditional suburban neighborhoods, making it one of Bergen County's most accessible low-tax towns. The dedicated NJ Transit rail station provides commuters a direct connection to midtown Manhattan while maintaining affordability and tax efficiency.

Ideal for: Budget-conscious families seeking diverse neighborhood options and excellent public transit.

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9. Paramus (Bergen County)

Distance to NYC: 30 min by car; multiple bus routes to Port Authority

2024–25 Median Home Price: $736,000

Effective Tax Rate: 1.481%

Paramus represents the gold standard for the "retail-subsidized" tax model. Three major shopping malls—including Bergen Town Center, Garden State Plaza, and The Mills—generate enormous tax revenue that offsets residential, school, and municipal costs. This unique model keeps residential taxes remarkably low despite excellent schools.

Ideal for: Practical shoppers and families valuing excellent schools at reasonable tax costs.

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10. Saddle River (Bergen County)

Distance to NYC: ~30-minute drive to the George Washington Bridge

2024–25 Median Home Price: $2,000,000

Effective Tax Rate: 1.051%

Saddle River exemplifies equestrian elegance with a "horse-country" character enforced by two-acre minimum zoning. Its robust tax base, driven by exceptional property values comparable to Alpine, allows the borough to maintain one of New Jersey's lowest effective tax rates while offering the tranquility of estate living.

Ideal for: Ultra-high-net-worth individuals seeking country estates and privacy.

Also to Consider: Additional Tax-Efficient Municipalities

The following towns merit consideration for specific buyer profiles, offering compelling combinations of tax efficiency, affordability, or lifestyle benefits:

Municipality	Tax Rate	Median Price	Key Advantage
Carlstadt (Bergen)	1.636%	$523,800	Meadowlands proximity; excellent value
East Rutherford (Bergen)	1.577%	$453,500	MetLife Stadium; lowest total tax bills
Far Hills (Somerset)	1.346%	$1,400,000	Prestigious; low-density; minimal expenses
Franklin Township (Somerset)	1.773%	$600,000	Large, diverse; highly-ranked schools
Hanover Township (Morris)	1.494%	$619,800	Upscale suburban living
Madison (Morris)	1.521%	$882,900	"The Rose City"; vibrant downtown
Peapack-Gladstone (Somerset)	1.698%	$1,200,000	Upscale; efficient municipal management
Teterboro (Bergen)	$1,936 avg.	(Fun fact)	Commercial hub; remarkably low taxes
Walpack Township (Sussex)	$1,156 avg.	(Fun fact)	Lowest tax bill in NJ

Table 1: Additional Tax-Efficient Municipalities

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The Strategy: Fiscal Arbitrage in Practice

Fiscal arbitrage in Northern New Jersey works through several mechanisms:

- **Commercial Ratables:** Towns with significant retail (Paramus), corporate headquarters (Englewood Cliffs, Florham Park), or industrial bases (Teterboro, East Rutherford) generate substantial non-residential tax revenue that subsidizes homeowners.

- **Property Wealth Concentration:** Ultra-wealthy enclaves (Alpine, Saddle River) with exceptionally high property values create large tax bases that spread costs across fewer, wealthier homeowners.

- **Low Population Density:** Rural and low-density townships (Harding, Walpack) minimize municipal service costs through limited development and agricultural preservation policies.

- **Waterfront Access:** Ferry-serviced communities (Edgewater) and exclusive lakeside towns (Franklin Lakes) command premium prices that support tax efficiency.

- **Geographic Advantage:** Proximity to employment centers (GWB access, Route 24/287, Metro-North rail) creates demand that supports property values without requiring high tax rates.

Key Takeaways for Homebuyers

1. **Tax Rate Matters:** A 0.788% effective tax rate (Alpine) versus 3.5% (high-tax towns elsewhere) on a $600,000 home represents $16,512 in annual savings.

2. **Diversify Your Criteria:** Consider population, amenities, commute options, school quality, and lifestyle alongside tax rates.

3. **Understand the Model:** Towns with low taxes typically rely on commercial revenue, property wealth concentration, or low service costs—each has distinct lifestyle implications.

4. **Think Long-Term:** Over a 30-year mortgage, tax-efficient town selection can result in savings exceeding $500,000 while potentially appreciating property values.

5. **Location Flexibility:** If your work allows remote flexibility or telecommuting, tax-efficient Northern New Jersey towns offer exceptional value compared to nearby New York.

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Conclusion

Choosing where to live transcends quality-of-life considerations—it is fundamentally a financial decision with profound wealth-building implications. This guide provides a roadmap for fiscal arbitrage in Northern New Jersey, where deliberate municipality selection can multiply your purchasing power while preserving capital for long-term wealth accumulation.

Whether your priority is ultra-luxury privacy (Alpine, Saddle River), modern suburban convenience (Bedminster, Franklin Lakes), or commuter efficiency (Edgewater, Paramus), Northern New Jersey offers tax-efficient options that align with virtually any lifestyle preference.

The towns highlighted in this guide demonstrate that living near New York City need not require paying the region's highest tax burdens. Strategic location selection creates lasting financial advantage.

About This Guide

This guide compiles 2024–25 property tax data, median home prices, and municipal characteristics for Northern New Jersey municipalities. It is designed to support readers of *The NJ Guide to Lower Taxes and Better Living* in making informed decisions about residential location based on tax efficiency and long-term wealth preservation. (This guide is a personal project of Patrick Rumore and not endorsed or representative of any brokerage, organization or association. This is not tax, legal or financial advice. Please refer to the appropriate professionals for that advice.)

For current property tax rates, assessed values, and detailed municipal budgets, consult the New Jersey Department of Taxation and individual municipal assessor offices.

When you are ready to make a move and improve your financial future with your property tax savings, feel free to call or text me at 973-666-0365.

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