



The Times

In property valuations, the taxman has the edge

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BY RYAN TRACY

David Patterson wasn't surprised when the value of his home in Washington Township rose sharply after a recent property revaluation. But he did not believe his house, valued at \$660,000, was worth \$50,000 more than his neighbor's -- a difference that threatens to cost him \$170 more a year in property taxes.

So Patterson joined the swelling ranks of homeowners battling over their tax assessments and, much to his dismay, he is finding out what an uphill fight it can be.

As New Jersey property owners groan under a property tax load that is the highest in the nation, those who choose to dispute the values on which those taxes are levied are quickly learning the balance is tipped strongly in favor of the company in charge of the revaluation.

Property owners with questions and disputes can first contact the revaluation company, usually by telephone or at a company-sponsored public meeting. They also can negotiate with the township tax assessor, who has the power to adjust values in order to correct mistakes.

But once the township tax assessor notifies the county of a property's value, "that assessment is presumed to be correct," said Timothy Dugan, a tax law expert at the Lawrence-based law firm Stark & Stark.

The resident must then file an appeal with the County Board of Taxation, a panel of five commissioners with appraisal expertise, and argue their case against the township's revaluation contractor.

When residents arrive at the hearing, many are frustrated when they learn that the board can force the revaluation company to reveal neither the comparable home sales it used to arrive at the assessed property value nor the methodology of the appraiser who inspected the property and determined the assessment.

"The taxpayer has to overcome that ... presumption of correctness" or they will lose the appeal, Dugan said. A taxpayer "can lose without the revaluation company putting up any evidence."

"There is no transparency in the process," Patterson lamented. "If you don't fight (the assessment), you're up the creek unless you spend \$1,000" on appraisal experts and court fees.

"It makes no sense that I'm going through this. There are no checks and balances. Who is checking the work (of the revaluation company)?" he asked.

Patterson was among the nearly 1,250 Mercer County taxpayers who filed appeals with the County Board of Taxation in the last two years, prompted largely by a string of county-mandated revaluations in five municipalities -- and more revaluations are coming.

West Windsor, the Hopewells, Pennington and Washington all have undergone property revaluations since 2005, while East Windsor, Hightstown and the Princetons are slated for revaluations in 2009, according to county tax administrator Martin Guhl. The county also has advised Trenton and Ewing to update their tax maps in anticipation of a future revaluation.

Such mass changes in assessed property values will surely create another slew of resident-initiated appeals, and while tax appraisal experts and local officials maintain the revaluation appeal system is effective when it works properly, local residents unhappy with their assessments are finding that pursuing an appeal can be a prohibitively expensive and often frustrating task.

To have a realistic chance at winning an appeal against a licensed appraisal company, experts say, residents often must hire an independent appraiser to assess their home and testify before the county tax board on their behalf.

The fees associated with a certified home appraisal combined with hourly costs and court fees can exceed \$2,000, a tall number given the fact that most disputes involve only hundreds of dollars in annual property taxes.

But when not backed by such expertise, uninformed residents are face high hurdles when pitted against a revaluation company staffed with trained experts in front of a board of tax commissioners with years of appraisal experience.

The homeowner is "an amateur trying to disprove professionals in front of other professionals," said certified appraiser Michael Hedden, a former tax assessor in Washington Township.

"People were getting blown out of the water," Patterson said as he described watching his neighbors who arrived at the County Board of Taxation hearing last summer without a licensed appraiser at their side.

According to industry practice and minimum contractual standards set by the state, assessed values of homes in a revaluation are based largely on the final selling prices of properties similar in style, size, condition, and other factors.

Ideally, revaluation companies divide townships into neighborhoods of similar composition, inspect each home, then weigh the features of the homes in question against "comparable sales" in order to arrive at a final assessment of the property's market value.

Some appeals, to be sure, are brought to the tax board without merit, originating with residents who demand a lower property tax bill without providing hard evidence that their property value has been incorrectly assessed.

"Often times people will file an appeal even if they don't have evidence of value," explained Dugan. "For any taxpayer, the key to it is you have to come in prepared with two or three very good comparable sales" rather than "the three lowest sales in town."

Yet even in cases where residents approach the Board of Taxation with self-conducted research or an appraiser at their side, the revaluation company can argue the appeal without revealing any of the data it used to assess the property.

"It can be very annoying to property owners," Dugan said. The revaluation company, which has a wealth of knowledge about the properties in the town, sits back and simply "tries to poke holes" in the evidence the residents present.

Washington Township residents described that sort of experience this year, when the average value of a home in the township jumped from \$180,000 to \$425,000 after a revaluation conducted by Certified Valuations Inc. of Randolph.

Richard Casserly decided not to pay almost \$500 for a certified appraiser to assess his home on Sara Drive in Washington, though he did appeal the township-funded assessment that priced his home at almost three times its previous value.

Casserly did substantial research before appearing before the county Board of Taxation hearing last summer, but each piece of evidence he attempted to introduce was objected to by the attorneys who represented Certified Valuations, while the company introduced no evidence of its own.

Officials at Certified Valuations did not return several phone calls for comment placed last week.

The board ruled that a previous assessment of Casserly's home could not be used to argue his current assessment, and that a comparable sale listed on a sheet he had received along with his hearing date was not admissible because the revaluation company had not introduced it into evidence.

Casserly had thought he was prepared, but it turned out he "didn't have a chance at all," he said.

In a nearby subdivision on Sara Drive, Patterson faced a similar situation that left him wondering why his property was valued at \$660,000 when a home across the street had sold for \$50,000 less.

Patterson hired an appraiser at his own expense, but arguments at his county hearing centered around a dispute in square footage rather than whether or not the home across the street was comparable.

Discussions with the revaluation company and the township assessor prior to the county hearing brought the value down to \$630,000, while the county board granted him just under \$639,000 -- even though the certified appraiser valued his home at \$619,000.

It's "impossible" to prove that the revaluation company was incorrect "without knowing the comparable sales that (they) used," Patterson said with frustration.

Luis Ordonez, who resides on Robbinsville-Edinburgh Road, brought evidence of a comparable home on his street that sold for more than \$50,000 less than his assessed value of \$428,000 -- a difference that would lower his property tax bill by over \$170 this year alone.

"Even though (the Board of Taxation) did take care of some of it," reducing his assessed value to \$382,000, Ordonez said, he is still taking the matter to the state, citing unique features of his lot that further depreciate its value.

"I don't think it's fair," he said of his assessment.

In the middle of these homeowner disputes is the township tax assessor, who can grant reductions in property value assessments on a case-by-case basis.

Greg Busa, Washington Township's tax assessor, spoke with Patterson and other township property owners regarding their complaints, and found many of them to be legitimate. He initiated nearly 250 appeals to the county on township residents' behalf.

Still, Busa could not reach an agreement with Patterson and Casserly, two among the small group of residents willing to pursue the appeal at the state level.

State appeals are usually reserved for wealthier homeowners and corporations, due to a stipulation that owners of properties valued in excess of \$750,000 can take their case directly to the state.

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