

# FREQUENTLY ASKED QUESTIONS

## 1) THE PURPOSE OF REASSESSMENT

### **Why a Reassessment?**

The objective of a reassessment is to ensure fairness and equity in the collection of revenue for Municipal purposes. Property values change at different rates for various locations and property types. A reassessment brings all properties to 100% of their true market value and eliminates any assessment inequities that may have developed since the implementation of the previous reassessment. This balances the Municipality's real property tax burden fairly among its taxpayers.

In addition to ensuring that the local tax burden is borne equally, being at 100% of value means that property owners will be paying a fairer, more equitable portion of county taxes since no adjustments in the equalization process will have to be made.

### **Does this mean my taxes will go up?**

Reassessments do not increase the total amount of revenue to be collected by taxation. The municipality only collects the amount of tax dollars that the four units of local government (local school, regional school, county government and municipal government) determine is necessary to operate. The reassessment does not increase the amount collected; it simply ensures that each property owner pays their appropriate share of the total amount.

### **How are the values established?**

There are three different methods for estimating market value:

1. The **Sales Comparison** method compares a property with similar properties that have recently sold in the same or similar neighborhoods. All properties for which there is a sufficient number of reasonably comparable sales will be valued using this method.
2. The **Replacement Cost** method estimates what it would cost at current, local prices for construction material and labor to replace the building. Depreciation and obsolescence are subtracted to reach a net value for the buildings, and then the value of the land is added to reach a market value for the property.
3. The **Capitalization of Income** method is used primarily for commercial and apartment properties. This method estimates the predictable net rental income after expenses are deducted that would be generated for the property and then determines the market value on the basis of what a prudent investor would pay for such a property.

After reviewing the valuations using the above three approaches where applicable, a final correlated value will be determined to be used as the basis of the assessed value.

### **Why an inspection of properties?**

The purpose of the interior inspection is to record information relative to the structure which will affect its value. The information

recorded at the time of this inspection will include such items as the type of interior wall construction, number of bathrooms, type of heat, air conditioning other than wall units, percentage of basement and area finished for recreation or apartment use and the percentage of finished half story and attic where applicable.

The exterior inspection includes the measurement of each structure including garages or other accessory buildings, the determination of story height, roof structure, type of foundation and exterior wall construction. The physical condition of the structure is noted to establish depreciation factors for age, use, etc. Topographical features of the land are also noted as they may affect value.

### **Doesn't the town have this information on file?**

In many instances, the answer is yes. However, Appraisal Systems was contracted to provide current information based on physical inspections.

## **2) THE PROCESS OF REASSESSMENT**

### **What can I expect during a visit by the field inspector?**

For starters, when the inspector arrives at your door be sure to ask to see proper identification before allowing admittance to your home. If you have any doubts about the person's identity, refuse entry and call the Police Department for verification. Appraisal Systems will not enter your property unless the owner or an adult representative of the owner is present. Please visit the "Inspection Section" of the Reassessment Presentation for complete details.

### **How long will this inspection take?**

A typical interior inspection lasts fifteen minutes or less.

### **Will I be assessed more for my decorating and/or landscaping?**

Your tax assessment will not be greater because the interior of your home is elaborately decorated and furnished. Assessments are based only on the real property and not on your personal belongings. The same holds true for shrubbery and landscaping.

### **What if I am not home?**

If unable to gain entrance at the time of the first visit, the field representative will leave an inspection card notice. The notice will include your options for an interior inspection and an estimate of the interior structure of the premises will be made by the inspector. This information will be recorded on the card and left for the property owner. An interior inspection is an important component of the reassessment process. If you receive an estimate card, please contact the office to schedule an appointment.

## **I have COVID-19 Concerns, what are my options for an inspection?**

There are 2 ways an interior inspection can be performed:

- 1) A physical inspection where the inspector enters the premises and does a complete walk through.
- 2) A contactless interior inspection using a video conference either during the first visit or a mutually convenient scheduled time.

### **Can I refuse entry to the field inspector?**

Yes, you may refuse entry to your home, but it is in your best interest to see that as much information as possible is gathered to help ensure an accurate assessment. If an inspector cannot inspect the inside of a building, it's possible an inaccurate assessment may result. The law provides that a property can be assessed at the highest reasonable value if the field inspector is denied entry.

The reassessment program should not be viewed as an adversarial situation. Property owners have a vested interest in the outcome of the project and their cooperation is vital to achieve an equitable reassessment. If one person's property is under-assessed, all the other property owners in the municipality will pay higher taxes to make up for the discrepancy. Conversely, if property owners deny access to the field inspector they could wind up being over-assessed and pay more than their fair share of taxes.

### **When will your inspectors be in my neighborhood?**

Normally, our inspectors follow the tax map pages or neighborhoods delineated by us. For this reason, two houses a block apart may be inspected months apart from each other. Weather also plays a large part of our rate of inspections. For these reasons, we cannot forecast when we will be in any specific property. However, we post on our website (asinj.com) when properties are issued to an inspector. Once the properties are issued to an inspector, the properties are typically inspected within 4 weeks.

### **Can I schedule an appointment in advance?**

Because of the large numbers of properties being appraised, specific appointments with property owners are not made until field inspectors have visited your location. If you were not available, a card will be left at your door instructing you to call for an appointment. When you call the number on the card, you will be asked for the block and lot of the property, which can be found on the card. Appointments will be available weekdays, evenings and Saturdays in order to accommodate everyone's schedule.

### **My property is unique. What should I do?**

Send any evidence you have, such as photographs or surveys to the appropriate Appraisal Systems office. The information will be considered along with the other data gathered by the inspectors. Please send documentation to:

Appraisal Systems, Inc., 17-17 Route 208 - Suite 210, Fairlawn, NJ 07410

Also, please do not send any original items to us, as we will be unable to return them to you.

### **3) WHAT HAPPENS AFTER THE INSPECTION VISIT?**

#### **My home has been inspected. Now what?**

The next step is the valuation process. Regardless of when your home was inspected, all notifications of value are mailed out at the same time (approximately). Typically, this occurs in November or December.

#### **When will I be notified of my new assessment?**

After all the properties in your town have been inspected, the process of determining value takes place. Appraisal Systems will notify each property owner regarding the preliminary assessment of his or her property. If you have any questions or you disagree with the preliminary valuation, you may schedule an appointment to discuss your concerns with a representative of the company.

These notifications are mailed out at the same approximate time regardless of when your house was inspected. This is generally done in November or December.

#### **Who can I talk to about my value?**

An informal interview will be available for property owners who have questions or concerns about the preliminary assessment of their property. The one-on-one interview can be scheduled at a time convenient to the property owner. You will be provided with a telephone number to call to schedule an interview should one be necessary.

The interview process will be informal and will focus on a discussion of your property. It is important that all of the information presented about your property is accurate. If you feel there are conditions that affect the market value of your property, the interview is another opportunity to bring those factors to our attention. All appropriate comments will be reviewed and considered to determine if an adjustment is in order.

#### **When will I find out the results from my informal hearing?**

Once the period for informal interviews has ended, all property owners who held a meeting will receive a notification of outcome. These are all mailed out at the same time regardless of when your interview took place.

#### **Is there an official appeal process if I still disagree with my value?**

If you are still dissatisfied with the result of your interview, you can file a formal appeal with your County Board of Taxation after January 1st but prior to April 1st. This step is similar to the informal interview. However, your comments will be heard by a Commissioner of the Board of Taxation. You will be given an opportunity to state the reasons you believe your assessment is inaccurate. After reviewing the facts

presented, the Board will render a decision as to whether an adjustment is in order.

In the event you are not satisfied with the decision of the Board of Taxation, you have the right to file an appeal with the Tax Court of the State of New Jersey. This must be done within 45 days of your notification. This step in the process is formal, taking place in a courtroom setting before a Tax Court Judge.

### **Can I appeal my taxes?**

Under State Law, the actual tax on a property cannot be appealed. However, an aggrieved property owner can file an appeal with regard to the assessment of a value. The tax rate and tax assessment are two distinctly different things which are often confused. The tax rate is determined by the dollar amount needed to operate the four governmental entities, while the tax assessment provides the value upon which to apportion the taxes. One appeals a tax assessment, not a rate.

## **4) HOW WILL ALL THIS IMPACT ME?**

### **Why do some homeowners pay more taxes after a reassessment and some pay less?**

Some increases result from correcting inequities such as improvements to property performed without building permits and therefore not reflected in the assessments prior to the reassessment.

On the other hand, if market values in your area have not risen as much as in other areas, or your property is currently overvalued when compared with the comparable properties, your share of the tax burden would be reduced as a result of reassessment.

Note that the assessed value is only one component in determining tax rate. The other is the amount to be raised in taxation in each government's yearly budget that each of the four governments (local, county, school and regional school) determine to be required to operate. When each year's budget reflects an increase in the amount to be raised regardless of whether a reassessment is implemented, one pays more taxes.

### **What will the new tax rate be?**

The new tax rate will not be determined by the town until after they settle on their budget. This will not be done until late Spring.

### **Do assessments change whenever a property is sold?**

Property assessments do not change every time a property is sold. According to State Law, assessments only change when a property is improved or allowed to deteriorate, or when the municipality undergoes a reassessment or reassessment program.

### **Can I use your assessment to remove my PMI insurance?**

Financial lending institutions will not accept mass appraisal for mortgage purposes. They require a different type of appraisal called a "Fannie Mae" appraisal.

**What is the difference between assessed value and market value?**

The assessed value is a percentage of the appraised market value and is used as the basis for determining the property taxes. Market value is the typical price that a willing buyer would pay a willing seller if the property were offered on the open market, and buyer and seller are not related in any way or under any pressure to buy or sell.

**What are the benefits of a reassessment to me as a property taxpayer?**

Since the time of the last reassessment program, property values have changed. Many properties have improved, some have deteriorated. Over time, different neighborhoods appreciate at different rates. Different types and classes of properties change in value in different ways. The fairness or equity of the property tax depends on whether similar properties are treated alike. If the assessments do not keep pace with property changes and market conditions, inequities creep into the tax list. When that occurs, some property owners may be assessed at more than other with comparable homes and are paying more than their fair share of property taxes, while others are paying less. A reassessment of all properties corrects the inequities and inaccuracies so that each property taxpayer is paying his or her fair share.