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## **Real estate tax revaluation: Review your property record**

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Revaluation cycles, methodologies and statutes vary from state to state. Generally the states with shorter revaluation cycles have a less magnified glare from the public eye. In the Nutmeg State the latest reincarnation of the revaluation cycle is once every five years. Numerous towns in the state of Connecticut have recently undergone, or presently undergoing revaluations, some that lastly had been most successfully enacted in the late 1990s. Being a publication with a base readership of real estate professionals we are all aware of significant levels of property appreciation in most property classes over that period of time prior to the collapse of the sub-prime market. Coupled with Connecticut General Statutes requiring assessors to value property ad valorem, or at value, you can imagine how contentious some of these conversations about value have become.

Revaluation companies, or in-house revaluations by the towns' existing assessment staffs, are populated by the individuals on the front line being confronted by a lot of concerned and/or angry taxpayers. I am one of those fortunate individuals manning the trenches. Large commercial property owners inquire on the process, or challenge their valuations, as a matter of business practice. Generally the residential hearings are much more personal. However, this is the time when property owners feel they have the most direct hand in the process. I believe the first responsibility of my trench-mates and me is to educate the taxpayer about the process of mass appraisal coupled with state statutes.

Residential real estate valuations are the field of my expertise. In general conversations with a typical residential property owner, it is not surprising to find that they not only have never reviewed their property information but many of them don't realize their information is even available for review. In the "old days" the idea of reviewing your property record information was foreign to most. Today, with so many towns having the information on line, there is little excuse for not conducting such a review.

Step #1: please review your property information. If you can't physically make it down to your local assessor's office you have many options. The first would be to check on-line with your town's website. A lot of towns have websites, or links to websites, where the applicable information is available. You can also request that a copy be mailed to your residence, or faxed to you; be aware there may be a small charge for either of these services.

Some of the items listed on the street (aka field) cards have no effect on value and are included for informational purposes only. An example would be if your property is listed with oil-fired heat but your furnace is gas-fired. However, other items would have an effect on value. An example of this would be an incorrect number of baths. Either way, if the incorrect information effects value or not, please make sure it is correct. Every town's goal is to have their data base accurate as possible. Also, being fairly autonomous fiefdoms not every town uses the same criteria or factors in their valuation process.

I am not certain how the process works in the other New England states so the following information is based on my understanding of the Connecticut State Statutes.

All towns are expected to execute a revaluation once every five years. After the completion of a revaluation all property owners are notified of the new assessment, and the previous assessment is also listed. The notice may also include the applicable market value estimates. By Connecticut State Statute real estate is assessed at 70% of its market value at the time of the revaluation. The revaluation notice may include information in regards to arranging an informal hearing about their value estimate. Please note that these informal hearings are not required by law, but are offered as a courtesy to the local property owners. The revaluation informal conference can be used to better understand the revaluation process, to give the property owner an opportunity to bring errors to light, to review and better understand the valuation of an individual property, and/or an exchange of ideas for a change in valuation.

Step #2: arrange an informal hearing or conference. There are benefits that can be attained at an informal hearing. Please remember a very important thing - an informal hearing, a BAA (Board of Assessment Appeal) hearing, nor a court case, are not forums on real estate taxes. These venues are all about the valuation of the real estate. If you choose to schedule and attend an informal hearing or a BAA please come prepared. Each revaluation is based on the data derived from the current comparable sales, current cost tables, and/or the current income and expense and capitalization rate information leading up to the revaluation date. Historic comparisons from a previous revaluation to the current revaluation (ex. my neighbor's valuation increased 65% from the previous reval but mine increased 70%) holds very little weight. Which ever methodology, or combination of methodologies between comparative sales, cost and income approaches, are employed know the relevant factors. Towns generally have the comparables sales available in their office or on the web. The cost factors, although generally not as readily transparent as the comparative sales, should be available - although sometimes not immediately. Individual income and expense information is privileged and is not available to the public, but the derivation of the capitalization rates should be available. Again, this information may not be available immediately.

Steps #3 and #4: if a property owner is still not satisfied with the explanation of value the Board of Assessment followed by a law suit at the Superior Court level are also options. At each stage it is important to remember to focus on property valuation only.

In closing, revaluation is a necessary process to maintain the equitable distribution of the property tax burden. It is dictated by state statute. Review your property information. If you have questions on value do some homework so your questions can be pointed and direct. You have options including informal hearings at the time of revaluation, board of assessment appeals annually, and if still aggrieved a lawsuit can be filed. Know your rights, know your property record information, but don't take this as opportunity as a forum on taxation or ability to pay your real estate bill. Those matters are yours to share with your elected officials.

Thomas Caputi is a property appraiser for the Town of West Hartford.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540