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Property owners should treat revaluation notices with great respect and exercise all rights available

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Back in the last century, when real estate revaluations were as scarce as proverbial hen's teeth, our statutes required each Connecticut town to conduct this periodic event no less than once every ten years. Some communities obtained special legislation which enabled them to dodge this bullet making for several absurd situations. For example, the City of Waterbury obtained General Assembly dispensation so that its revaluation in the early 1970s was not updated until close to the end of the century! After much hand wringing and debate, the General Assembly finally settled on a four year cycle which was increased to a maximum of five years upon the request of many Connecticut assessors. And that is where we stand today. (This does not apply to assessable personal property which must be reported to the local assessor every year and which is valued every year.)

What is so important about a community-wide real estate revaluation? For one thing, values change and so homeowners and commercial property owners tend to lose confidence in an assessment process which declares inaccurately what their property is worth, significantly less or significantly more, on annual tax bills.

More importantly, if the hypothetical town of Nutmeg had no property types other than single family residences, the rise and fall of the housing markets will probably affect all homeowners in roughly the same fashion so that there will be no disparity between them.

However, very few communities demonstrate this characteristic. Most Connecticut municipalities have a mixture of single family homes, multifamily property and a full range of commercial properties ranging from factories and warehouses to convalescent homes. Within this broad range, certain types show different valuation swings than do others. Why is this important? Because if, as we know, the market affects the many different types of properties in the town of Nutmeg differently, as the end of the revaluation cycle draws near, certain classes of property will be bearing a disproportionate share of the tax burden than at the beginning of the cycle.

For example: assume that in 50% of the properties were single family homes and 50% were apartment houses. When the last periodic revaluation was implemented, assume also that the assessor has captured the market values of these two classes of properties, each as a group, accurately. Over time, however, it is almost inevitable that market valuation changes will affect apartment houses and single family homes differently. Let us assume that single family homes dropped in value by 10% and apartment houses increased in value by 5%.

The result of this simple example is that the longer the municipality waits to conduct a general revaluation to capture market changes, the longer a disproportionate share of the tax burden will be borne by Nutmeg single family homes than will be borne by apartments due to the fact that homes will have declined in value over time and apartments will have increased in value. Notwithstanding, both classes will be assessed and paying taxes as if the market affected them both equally.

Having hopefully established that revaluations are important to the entire community, why are they important to individual property owners? While a property owner cannot challenge the tax rate determined by the locality, except in very unusual circumstances, the application of that tax rate against the new assessment determined in a revaluation will determine the owner's tax burden going forward for as much as five years. Achieving a fair assessment that is reflective of market value will have a long term bearing on the value of the property and the owner's pocketbook.

Equally as important, the owner of commercial real estate will have an opportunity to review the assessments of other similar convalescent homes, hotels, shopping centers and office buildings to determine if their assessments are equitable. That is to say, if Ms. Office Building Owner's property is assessed at $150 per s/f, are the owners of other similar assets being valued in the same fashion? If not, is there a reason for the disparity? If there is no reason, appropriate action to challenge her value can be considered even if, taken alone, the proposed revaluation market value is reasonably consistent with current market conditions.

Finally, and a bit prosaically, notice of a proposed new value at the beginning of a revaluation cycle recommends that the property owner review the assessor's data concerning his real estate. Why? If the assessor's square footage calculation is incorrect, his land size is inaccurate or his description of various sections of the property is off the mark, a valuation reduction should be available without hiring experts or counsel.

While a revaluation notice may come in a thin envelope and will specifically state it is not a tax bill, property owners facing a periodic revaluation should treat the information on the notice with great respect and exercise all rights available to them so that ensuing real estate taxes are as low as reasonably possible.

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