

Fair Assessments for Property Taxpayers

Greenburgh, Westchester County



Office of Real Property Tax Services

Victor Mallison, Acting Deputy Commissioner
January 31, 2011



Due to statutory design, New York's Real Property Tax system is weak on most measures

- **Lack of Fairness:** parcels not treated the same way
 - Some pay too much, others pay too little
- **Lack of Transparency:** impossible for taxpayer to understand
- **State-Imposed Equalization:** poor substitute for fairness
 - For 80% of property tax (school; county)
 - In ½ of states, taxes never cross assessing lines
- **Inefficiency:** when a NYS village assesses, the same property is being assessed twice
 - multiple calendars, procedures and, possibly, values
 - system becomes even less transparent for taxpayers

Reassessment: What is it? What does it do?

A “**reassessment**” is a comprehensive review of all properties in a community in which all assessments are set back to market value

The longer it has been since a reassessment, the more likely it is that some taxpayers are paying more than their fair share of taxes while others are paying too little. Where assessments are inaccurate, overassessed taxpayers actually subsidize the tax burden of those who are underassessed.

Reassessment provides multiple benefits:

- **Fairness:** Every owner pays no more than fair share of tax
- **Transparent:** Taxpayers understand system
- **Tax Neutral:** Total tax raised is unchanged
- **Reduced Litigation:** Fewer law suits, “tax cert” refunds
- **Economic:** Helps redevelopment, bond ratings
- **Local Control:** Eliminates impact of state equalization
- **State Aid:** up to \$5/parcel in year of full reappraisal; up to \$2/parcel in non-reappraisal years

Reassessments ensure that property owners pay only their fair share of taxes

- Community reassessed in 1969.
- Smith and Jones properties have same value, pay same tax



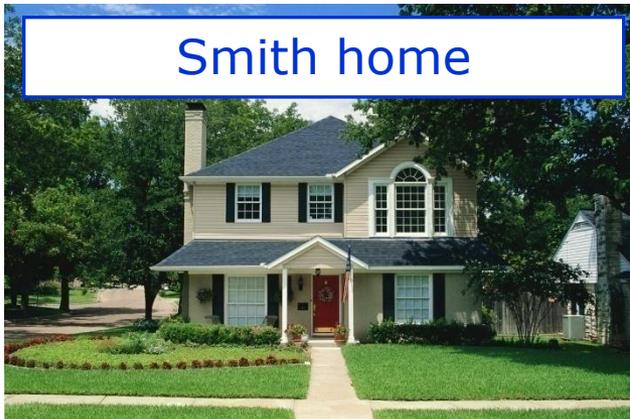
Market Value	\$100,000
Assessed Value	\$100,000
Tax (@ 1% AV)	\$1,000
Real Tax Rate	1.0%



Market Value	\$100,000
Assessed Value	\$100,000
Tax (@ 1% AV)	\$1,000
Real Tax Rate	1.0%

With a lack of reassessment, the properties that have appreciated most are paying less than their fair share

- 40 years later; no reassessment
- Smith value up x10; Jones value merely up x5
- **But tax bills are the same! Jones subsidizing Smith**



Market Value \$1,000,000
Assessed Value \$100,000
Tax (@10% AV) \$10,000
Real Tax Rate 1.0%



Market Value \$500,000
Assessed Value \$100,000
Tax (@10% AV) \$10,000
Real Tax Rate 2.0%

Two recent sales in the Village of Ardsley – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Hilltop Road
Sale Date	7/8/2009
Sale Price	\$550,000
Ass'd Value	\$14,650
School District	Ardsley
AV Est. Tax	\$10,904
Real Tax Rate	1.98%

Prop Class	1 Fam Res
Location	Mill Court
Sale Date	11/3/2009
Sale Price	\$555,000
Ass'd Value	\$19,800
School District	Ardsley
AV Est. Tax	\$14,737
Real Tax Rate	2.66%

Note: Does not include village taxes which are determined by a different assessment

Two recent sales in the Village of Dobbs Ferry – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Ogden Place
Sale Date	11/12/2009
Sale Price	\$430,000
Ass'd Value	\$8,400
School Dist.	Dobbs Ferry
AV Est. Tax	\$6,878
Real Tax Rate	1.60%

Prop Class	1 Fam Res
Loc.	Washington Ave
Sale Date	2/3/2010
Sale Price	\$427,000
Ass'd Value	\$15,400
School Dist.	Dobbs Ferry
AV Est. Tax	\$12,610
Real Tax Rate	2.95%

Note: Does not include village taxes which are determined by a different assessment

Two more recent sales in the Village of Dobbs Ferry – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Bellewood Ave
Sale Date	5/20/2010
Sale Price	\$675,000
Ass'd Value	\$15,600
School Dist.	Dobbs Ferry
AV Est. Tax	\$12,774
Real Tax Rate	1.89%

Prop Class	1 Fam Res
Location	Landing Dr
Sale Date	6/16/2010
Sale Price	\$670,000
Ass'd Value	\$23,350
School Dist.	Dobbs Ferry
AV Est. Tax	\$19,120
Real Tax Rate	2.85%

Note: Does not include village taxes which are determined by a different assessment

Two recent sales in the Village of Hastings-on-Hudson – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Jefferson Ave
Sale Date	5/10/2010
Sale Price	\$524,000
Ass'd Value	\$19,200
School Dist.	Hastings
AV Est. Tax	\$16,376
Real Tax Rate	3.13%

Prop Class	1 Fam Res
Location	Wilson Place
Sale Date	6/17/2010
Sale Price	\$540,000
Ass'd Value	\$9,950
School Dist.	Hastings
AV Est. Tax	\$8,486
Real Tax Rate	1.57%

Note: Does not include village taxes which are determined by a different assessment

Two more recent sales in the Village of Hastings-on-Hudson – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Pinecrest Dr
Sale Date	1/11/2010
Sale Price	\$1,240,000
Ass'd Value	\$35,250
School Dist.	Hastings
AV Est. Tax	\$30,065
Real Tax Rate	2.42%

Prop Class	1 Fam Res
Location	Lincoln Ave
Sale Date	10/30/2009
Sale Price	\$1,300,000
Ass'd Value	\$15,950
School Dist.	Hastings
AV Est. Tax	\$13,604
Real Tax Rate	1.05%

Note: Does not include village taxes which are determined by a different assessment

Two recent sales in the Village of Irvington – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Half Moon Ln
Sale Date	12/7/2009
Sale Price	\$900,000
Ass'd Value	\$39,600
School Dist.	Irvington
AV Est. Tax	\$27,076
Real Tax Rate	3.00%

Prop Class	1 Fam Res
Location	Fieldpoint Dr
Sale Date	5/26/2010
Sale Price	\$902,000
Ass'd Value	\$23,100
School Dist.	Irvington
AV Est. Tax	\$15,794
Real Tax Rate	1.75%

Note: Does not include village taxes which are determined by a different assessment

Two more recent sales in the Village of Irvington – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Dopws Ln
Sale Date	11/4/2009
Sale Price	\$1,525,000
Ass'd Value	\$68,900
School Dist.	Irvington
AV Est. Tax	\$47,109
Real Tax Rate	3.09%

Prop Class	1 Fam Res
Loc.	Hudson Rd East
Sale Date	10/30/2009
Sale Price	\$1,550,000
Ass'd Value	\$41,350
School Dist.	Irvington
AV Est. Tax	\$33,860
Real Tax Rate	2.18%

Note: Does not include village taxes which are determined by a different assessment

Two recent sales in the Village of Tarrytown – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Main St
Sale Date	6/30/2010
Sale Price	\$550,000
Ass'd Value	\$6,450
School Dist.	Tarrytowns
AV Est. Tax	\$4,749
Real Tax Rate	0.86%

Prop Class	1 Fam Res
Loc.	Highland Ave
Sale Date	5/20/2010
Sale Price	\$555,615
Ass'd Value	\$18,150
School Dist.	Tarrytowns
AV Est. Tax	\$13,364
Real Tax Rate	2.04%

Note: Does not include village taxes which are determined by a different assessment

Two more recent sales in the Village of Tarrytown – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Riverview Ave
Sale Date	7/14/2009
Sale Price	\$600,000
Ass'd Value	\$13,550
School Dist.	Tarrytowns
AV Est. Tax	\$9,977
Real Tax Rate	1.66%

Prop Class	1 Fam Res
Location	Benedict Ave
Sale Date	8/7/2009
Sale Price	\$610,000
Ass'd Value	\$24,750
School Dist.	Tarrytowns
AV Est. Tax	\$18,224
Real Tax Rate	2.99%

Note: Does not include village taxes which are determined by a different assessment

Two recent Greenburgh (town outside village) sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	North Rd
Sale Date	6/24/2010
Sale Price	\$312,000
Ass'd Value	\$8,650
School Dist.	Greenburgh
AV Est. Tax	\$5,945
Real Tax Rate	1.90%

Prop Class	1 Fam Res
Loc.	Downing Dr East
Sale Date	6/15/2010
Sale Price	\$315,000
Ass'd Value	\$13,800
School Dist.	Greenburgh
AV Est. Tax	\$9,484
Real Tax Rate	3.01%

Two more recent Greenburgh (town outside village) sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Location	Watch Hill Rd
Sale Date	10/23/2009
Sale Price	\$460,000
Ass'd Value	\$12,650
School Dist.	Elmsford
AV Est. Tax	\$9,919
Real Tax Rate	2.15%

Prop Class	1 Fam Res
Loc.	Worthington Rd
Sale Date	1/27/2010
Sale Price	\$460,000
Ass'd Value	\$24,950
School Dist.	Elmsford
AV Est. Tax	\$19,563
Real Tax Rate	4.25%

Two more recent Greenburgh (town outside village) sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Loc.	Hidden Glen Rd
Sale Date	5/17/2010
Sale Price	\$540,000
Ass'd Value	\$30,700
School Dist.	Ardsley
AV Est. Tax	\$27,765
Real Tax Rate	5.14%

Prop Class	1 Fam Res
Location	Southway
Sale Date	5/13/2010
Sale Price	\$542,500
Ass'd Value	\$16,850
School Dist.	Ardsley
AV Est. Tax	\$15,239
Real Tax Rate	2.81%

Two more recent Greenburgh (town outside village) sales – similar sale prices, very different assessments / taxes

Prop Class	1 Fam Res
Loc.	Chubway Lane
Sale Date	12/15/2009
Sale Price	\$1,262,500
Ass'd Value	\$24,640
School Dist.	Edgemont
AV Est. Tax	\$21,654
Real Tax Rate	1.72%

Prop Class	1 Fam Res
Location	Clayton Rd
Sale Date	9/25/2009
Sale Price	\$1,270,000
Ass'd Value	\$47,450
School Dist.	Edgemont
AV Est. Tax	\$41,700
Real Tax Rate	3.28%

Greenburgh roll has wide variation in assessments when looking at “arms length” sales

Greenburgh “Arms Length” Sales (7/09–6/10)

• # Sales	457
• Avg Assessed Value	\$20,400
• Avg Sale Price	\$707,700
• Avg AV / SP	2.88%

Sales Near Average

• # Sales	71
• Price Range	\$636,900 – \$778,500 -10% to +10%
• Assessment Range	\$7,650 – \$31,350 -62% to +54%

Misperceptions about reassessment boil down to a lack of understanding about a very technical subject

Fact: Reassessment does not raise taxes. It redistributes tax – away from those unfairly paying too much, toward those unfairly paying too little

Fact: If everyone's assessment doubles, no one's tax goes up. Your tax goes up only if your assessment goes up more than the community average

Fact: Reassessing a property does not, by itself, increase its tax. It lowers your tax if you were paying too much, and raises it if you were paying too little

Fact: Reassessment does not help/hurt any one group. It will help homes/neighborhoods that have not appreciated as fast as the rest of community

The Homestead Tax Option

- **In some municipalities in New York State, residential property is at a lower level of assessment than other types of property (i.e., commercial, industrial) because of the long interval between municipal-wide reassessments – values have increased at a faster rate for residential properties than for non-residential properties.**
- **After a reassessment, municipalities in this situation will likely see the residential properties, as a group, bear a larger share of the tax burden (residential properties tend to appreciate in value faster than non-residentials).**
- **A local option, the Homestead Tax Option, is available to help prevent a large shift of the property tax burden to the homestead class of property owners following a reassessment.**

The Homestead Tax Option

- **All properties must be assessed at the same uniform percentage of value. Homestead is a tax policy decision, it does not create or foster inequitable assessments.**
- **As part of the adoption of Homestead, all properties on the final roll immediately preceding the reassessment roll and the new tentative (reassessment) roll are classified as homestead, non-homestead or split. Class tax shares from the preceding final roll become the starting point for class tax shares for the Town tax and the school tax for wholly contained school districts (can opt out of use).**
- **Split school districts could choose to use Homestead if 20% or more of the district's parcels reside in the municipality that has adopted Homestead.**
- **Villages could adopt Homestead for village tax use by giving up assessing unit status or reassessing.**

The Homestead Tax Option

- **Adoption of Homestead requires the passage of a local law at least 60 days prior to the filing of the tentative roll on which the reassessment will be implemented. Homestead remains in effect unless the local law is rescinded (without referendum) no later than the Town's tax levy date.**
- **By adopting Homestead, a Town will have two different Town tax rates, one tax rate for properties classified as homestead, and one tax rate (higher) for properties classified as non-homestead.**
- **Homestead tax shares do NOT remain static. They are adjusted annually as required by law (RPTL 1903) for changes due to new construction / demolition as well as market value. There is also a local option available annually to move the class tax shares closer to actual taxable market value – the shares that would exist absent the use of Homestead. Once enacted, this adjustment cannot be rolled back.**

The Homestead Class

- **One, two and three family residential homes**
- **Mobile homes (manufactured housing) that are owner-occupied and individually assessed**
- **Condominiums built as condominiums or conversions from a use other than apartments or co-operative apartments (condominiums converted from apartments or co-operative apartments are classified as non-homestead)**
- **Vacant land less than 10 acres zoned exclusively for one, two or three family use**
- **Residential dwellings with an incidental commercial use**
- **Farm dwellings / farm buildings & structures on land used for agricultural production (RPTL 483(3)) / land used in agricultural production (Ag & Markets Laws 305 and 306)** ²³

The Non-homestead Class

- All properties not defined as homestead

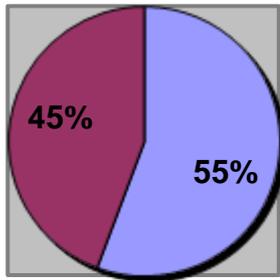
Split Properties

- Some properties could be designated as split – a portion that is homestead and a portion that is non-homestead (for instance, a parcel that has both a gas station and a one family dwelling on it)

How Homestead Works

Town of ABCDE

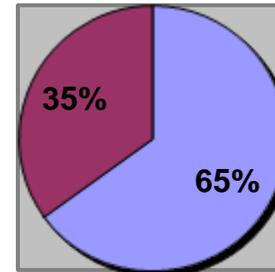
Class tax shares based on classification of final roll preceding the reassessment are the starting shares for municipal taxes as of the reassessment roll **with** the use of Homestead



Homestead -- 55
Non-homestead -- 45

Town of ABCDE

Class tax shares that would exist based on the reassessment roll and would form the basis of municipal tax distribution **without** the use of Homestead



Homestead -- 65
Non-homestead -- 35

Regular reassessment at market value is the only way to ensure that all taxpayers pay only their fair share

How can we help you?

**NYS Department of Taxation and Finance
Office of Real Property Tax Services**

www.orps.state.ny.us