



ALLEGHENY INSTITUTE

FOR PUBLIC POLICY

March 3, 2015

Policy Brief: Volume 15, Number 12

Property Assessment Appeals Push Taxable Value Higher

In 2014 there were 10,226 appeals of property values heard by the Allegheny County Board of Property Assessment Appeals and Review. All together, the pre-hearing assessed value of these 10,226 properties was just above \$2.6 billion. This accounted for 4 percent of the \$75 billion in taxable value for the County that was certified by the Assessment Office in January of 2014. Appeals of values on the basis they were too low resulted in assessments being raised by \$340 million. Appeals of values on the basis they were too high led to reductions totaling \$180 million—for a net taxable rise of about \$160 million countywide.

The appeals data provides significant detail in terms of who filed the appeal, owner or taxing body; where the property is located, parcel number, municipality and school district; the value prior to hearing and the adjusted value. There are a number of approaches to analyzing this rich data set, but for purposes of this *Brief* we will focus on a macro level to determine the overall impact of the appeals. The critical indicators include the class of property, the appellant, where the property was located, and the result of the appeal. Later work will look at geography, property values, and types of property to see if there are any patterns in the filing and outcomes of appeals.

The 10,226 appeals divide into 9,104 appeals of residential property and 1,122 appeals of commercial property. That equates to eight residential properties for every commercial structure with an appeal. Appeals were filed for properties all across the County, in every school district, in every municipality, last year.

The biggest increase in value resulting from an appeal came in the City of Pittsburgh where a commercial property's assessed value was raised by \$15.2 million and the biggest decrease was likewise for a commercial property in the City where an appeal resulted in an \$18 million drop in value. On the residential side an owner led appeal in Monroeville led to a reduction of \$459,000 in value while a school district appeal in the City of Pittsburgh boosted the value of a property by \$2.6 million.

According to data on these appeals obtained from the Assessment Office, the time period from when the hearing date of the appeal to the disposition date ranged from a low of 16

days to a high of 206 days. About 150 appeals proceeded past the Appeals Board to the courts for settlement. Two appeals on the list have yet to be wrapped up.

Who brought these 10,226 appeals? Of course owners of property, whether residential or commercial, who are unhappy with the assessed value of the property can appeal, typically because they wish to see the assessed value of the property lowered. But taxing bodies can also appeal property values, usually hoping that the value will be increased. We wrote about the issue of taxing body led appeals in two *Policy Briefs* last year (*Volume 14, Number 15 and 19*).

Of the 10,226 appeals, 5,840 (57%) were brought by property owners, 4,344 (42%) by governing bodies, either municipalities or school districts (in one appeal both the municipality and the school district where the property was located jointly appealed) and 42 appeals were a combination of the owner and a governing body: presumably neither party was happy with the value placed on the property.

In 2014, appeals brought by owners resulted in an overall decline from pre-hearing market value to post-hearing market value of \$180.3 million. Of the 5,840 appeals, 34 resulted in a higher value, 2,561 resulted in a lower value, and 3,245 resulted in no change of value from the pre-hearing amount to the post-hearing amount.

When looking at the appeals brought by governing bodies, 1,483 appeals were led by municipalities, but only three municipalities in the County were involved: Mt. Lebanon (287 residential appeals), Carnegie Borough (which filed one appeal on a commercial property), and the City of Pittsburgh (1,195 appeals, 35 of which were on commercial property). School districts led 2,860 appeal efforts (2,606 appeals of residential property, 254 on commercial), and only four of the County's 43 districts did not bring an appeal on a residential or commercial property (Deer Lakes, Elizabeth Forward, McKeesport, and West Mifflin). Appeal results on governing body initiated actions resulted in an overall increase in value of \$340.8 million.

Results of 2014 Appeals (Change in Pre-Hearing to Post-Hearing Value, 000s)

Appeal Brought By...	Residential	Commercial	Total
Owner	-\$67,918	-\$112,475	-\$180,393
Governing Body	\$256,059	\$84,762	\$340,821
Combination	\$1,771	-\$214	\$1,557
Total	\$189,912	-\$27,927	\$161,985

As seen in the table above for 2014, the appeals brought by property owners, on the whole, resulted in lower total value and the appeals brought by governing bodies, on the whole, resulted in a higher total value on those properties. In sum, the net change from the pre-hearing value of the 2014 appealed values (\$2,686,587,359) rose by \$161.9 million as a result of appeals to \$2,848,571,268.

Appeals in 2015 have to be filed by the end of March, and it will be interesting to see how owners and taxing bodies proceed with challenges to values and the resulting

changes from those appeals. As long as sales prices differ widely from the County's assessed value, the appeals will continue. Sooner or later, the County will have to do another reassessment, whether voluntarily or under court order as the gap between market values and assessed value begin to widen—in both directions—either too high or too low.

Eric Montarti, Senior Policy Analyst

*Policy Briefs may be reprinted as long as proper attribution is given.
For more information about this and other topics, please visit our website:
www.alleghenyinstitute.org*

<p>Allegheny Institute for Public Policy 305 Mt. Lebanon Blvd.* Suite 208* Pittsburgh PA 15234 Phone (412) 440-0079 * Fax (412) 440-0085 E-mail: aipp@alleghenyinstitute.org</p>
