



Appeals of Homes That Sold Recently

Many taxpayers are not happy with their new assessments. Those who think their new assessed value is too high have initiated appeals. Count among this group the County Executive, who appealed his home's value according to published reports. Those who think their assessment is correct or lower than before are probably not appealing, but that does not mean a taxing body, likely the school district in which the property is situated, has not filed an appeal on the assessment.

Allegheny County's property assessment website has been updated to reflect whether an appeal to a property's 2013 assessed value has been filed. That update allows us to revisit a *Policy Brief* from earlier this year (*Volume 12, Number 15*) in which we compared the sales price, current (base year) assessment, and new (2013) assessment for 100 single family homes that sold in March or April of 2011.

Of the 100 properties, 27—just over a quarter of the sample—had its new value appealed. The table below segments properties into quartiles according to sales price (identical to the aforementioned *Brief*) and categorizes them into three groups: appealed by owner, appealed by school district, or not appealed.

Quartile	Range of Sales Price	Appealed by Owner	Appealed by School District	Not Appealed
1	\$850,000-\$165,000	2	3	20
2	\$160,000-\$100,000	2	1	22
3	\$100,000-\$48,000	7	0	18
4	\$45,000-\$10,000	12	0	13
Total		23	4	73

What do owners specifically consider when they decide to appeal? It could be the change in assessment from old to new, the ratio of new assessed value to what they paid for the house, or a determination that the house could never sell for the assessed value assigned to the home. There could be a slew of other reasons as well, but since this group represents properties that sold in 2011 there might be more emphasis on the relation of the new assessment to the sales price.

Of the 23 owner-initiated appeals, in aggregate the new assessments are 47 percent higher than the current assessments, ranging from a high of 153 percent on a home in Clairton to an 18 percent decrease on a home in Penn Hills. Homes that sold for prices across the spectrum are represented in the owner-driven appeals. For example, in quartile one a \$400,000 home where the new assessment rose from \$280,000 to \$493,000 is undergoing an owner-initiated appeal. In the second quartile a home that sold for \$137,000 is appealing an assessment that rose from \$109,100 to \$132,700. In quartile three a home that sold for \$76,000 is appealing an assessment that jumped from \$102,000 to \$120,000. Likewise, a \$15,000 home where the assessment went from \$50,000 on the current to \$66,300 for the new is being appealed.

Half of the appeals in the 100 home sale sample occurred in the bottom price quartile, where sales prices ranged from \$45,000 to \$10,000. The aggregate gap for the appeals between the base year assessment and the sales price and the new assessment and sales price fell from 18 percent to 6 percent (using absolute values of gaps to prevent negatives from offsetting positives). Three homes had new assessments that were lower than 2011 sales price yet the owners opted to appeal. It should be noted that all three had new assessments that were higher than the current assessment.

The appeals initiated by school districts are most likely due to an assessment coming in under sales price. The four school district-initiated appeals came from two districts: North Allegheny and West Allegheny. For example, a home that sold for \$393,225 saw its assessment rise from \$285,000 to \$377,400, under its sales price and thus the target of an appeal. On average, new assessments were 33 percent higher than the base year assessments. The gap between assessed value and sales price shrank for the four homes but the new assessment remained lower than sales price.

That leaves the group of 73 properties that did not have an owner-initiated or district-initiated appeal. Is there any discernible reason as to why? Compared to the other two groups, as a whole the non-appealed properties had a smaller percentage increase from old to new assessed value (27%) but the gap between assessments and sales price became much more reflective of sales price as it moved from 19 percent to 2 percent. More than a quarter of the homes (25 of the 73) had new assessments that were higher than the price paid for the home but the owner opted not to appeal: the remainder had new assessments lower than sales prices yet no taxing body opted to file an appeal.

The appeals process will continue on as the date on which the new values for 2013 tax purposes approaches. And in that time there is no doubt that the process will be pointed to by some as another indicator of how the reassessment is unjustified.

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>
