



### Allegheny County's 2020 assessment appeals

**Summary:** In 2020, the Allegheny County Board of Property Assessment Appeals and Review (BPAAR) heard 8,216 appeals of assessed values. Appeals had to be filed by March 31, 2020, roughly two weeks after the statewide stay-at-home order due to the coronavirus. As in previous years, most appeals were for residential properties and most were brought by governing bodies, particularly school districts.

The overall pre-appeal assessed value of the appeals heard by BPAAR was \$3.975 billion. After appeals were heard the value was increased on 5,800 properties, decreased on 847 properties and stayed the same on 1,569 properties. The current total value of these parcels was \$4.346 billion. This was a net increase of \$371.0 million.

By property class, 7,275 appeals (89 percent) were for residential properties and 941 (11 percent) were for non-residential properties (mostly commercial but also industrial, agricultural, utilities and other). The result of residential appeals was a \$355.4 million net increase in value from pre- to current total value and for non-residential a net increase of \$15.6 million in value.

According to BPAAR rules, appeals can be brought by the owner of the property, taxing jurisdictions and any other person “whose direct pecuniary interests in the real estate would be affected by the assessment.” The data show that owners brought 1,966 appeals (23.9 percent), governing bodies 6,160 appeals (75 percent) and a combination of parties, 90 appeals (1.1 percent). There was an appeal in all but one municipality, whether brought by an owner, a governing body or a combination.

#### Results of 2020 Appeals (Change in Value from Pre-Appeal to Current Total Value, \$000s)

Appeal Brought By...	Residential	Non-Residential	Total
Owner	-\$34,898	-\$105,838	-\$140,736
Governing Body	\$385,520	\$115,668	\$501,188
Combination	\$4,807	\$5,785	\$10,592
Total	\$355,429	\$15,615	\$371,044

School districts brought the bulk of the appeals in the governing body group, 6,017 total, and 5,635 were on residential property. All but four of the 43 school districts in the county filed a governing body appeal. There were six municipalities that filed the remaining 143 governing body appeals. With a long period since the last reassessment, changes in market value as indicated by recent sales typically drive governing body appeals.

As noted in a *Policy Brief* last year (*Vol. 20, No.41*) there was plenty of discussion about owners of non-residential properties possibly appealing their assessed values due to the economic shutdown, employees working from home, curtailed activity, etc. For example, the County Controller's Taxpayer Alert stated "a longer-term concern could be appeals to tax valuations of commercial properties which have lost tenants and earning potential during the pandemic." As far as 2020 appeals, countywide the downward reductions approved by BPAAR were outpaced by the increases in values from governing body appeals. Whether that stands after appeals that went on to the Board of Viewers (BOV) remains to be seen. As do the results of 2021 appeals and those coming in subsequent years that could be related to the economic effect of the coronavirus. Countywide, taxable value rose \$1.1 billion (1.3 percent) from \$81.5 billion for the 2020 Assessment Roll to \$82.6 billion for the 2021 Assessment Roll.

There were 536 appeals filed by owners of non-residential properties. This ranged from the property with the highest assessed value in Allegheny County, the Rivers Casino (\$245.9 million) to a piece of vacant commercial land in Tarentum (\$400).

Based on BPAAR's decisions on these owner-initiated appeals, five properties saw an increase in assessed value, 384 saw no change in value and 147 were successful in reducing assessed value.

The 10 properties with the highest pre-appeal assessed values included regional shopping malls, office buildings and a hotel, along with the casino. In nine of the 10 cases, BPAAR made no change to the assessed value. All nine of those, including the casino, have proceeded on to the BOV for a decision.

A search of the use code on the county's real estate website for the 147 properties that were granted a reduced value fell into one of 43 separate use codes. These included bank, department store, commercial garage and bar. The use codes with the most appeals, with 12 apiece, were small, detached retail, retail with apartments over top and office buildings with 1-2 stories. There were 58 municipalities with at least one downward appeal.

A nursing home had its value reduced by \$8 million. That was the largest downward reduction (in dollars) last year. The properties rounding out the 10 largest reductions saw decreases from \$3.2 million to \$6.4 million from pre-appeal to current total value. These included hotels, office buildings and other nursing homes.

Non-residential appeals that are successful in reducing value will affect taxing bodies quite differently. While the county, the City of Pittsburgh and larger municipalities and school districts might be able to absorb a decrease in value, the same cannot be said for smaller governing bodies.

For example, the nursing home that won the \$8 million reduction is located in Ross Township where other 2020 appeals resulted in a \$14 million combined assessed value decrease. However, from 2020 to 2021 the municipality's taxable value rose \$10.4 million, which had to be the result of new construction or improvements and its millage rate remained the same as it has since 2013.

If the owner of a large non-residential property appeals an assessed value due to a downturn in business, loss of tenants, etc. and is successful, that means the adjusted assessed value will be in place for many years until the next reassessment is undertaken. It's another reason we advocate for regular reassessments, preferably every three years. That would put Pennsylvania in the range of when most states require reassessments (see *Policy Brief Vol. 18, No. 33*). Unless there is a countywide reassessment, changes to property values year-to-year reflect new construction, improvements, demolition, corrections to records and appeals by property owners and taxing bodies.

Instead, the county is approaching a decade since the last reassessment went into effect. It is also facing a second lawsuit since 2017 related to appeals. This lawsuit—which involves eight individuals and one corporation owning a total of 13 parcels with an ongoing or upcoming appeal—alleges that the county's coding of sales used to calculate the common level ratio (CLR) is flawed and the result has been “to artificially increase, or overstate, or inflate, the [ratio].”

The lawsuit cites sales data from the Federal Reserve that shows “sales prices for housing have increased by 29.47%” and that “one may reasonably expect all residential sale prices to have that same average amount of increase in sale prices from 2012 to 2019...the CLR for 2019, should have been about 77.23%, not 87.5%.”

It seeks the hiring of a chief assessment officer to resubmit data for the 2019 and 2020 CLR (81.1 percent), reform its assessment practices in regards to those who are recent buyers who can end up paying more than similar properties and for BPAAR to hold off on issuing decisions until the CLR is correct.

A predictable reassessment cycle would go a long way in not only restoring fairness to the property assessment process but in minimizing what could be a significant coronavirus-fueled uptick in appeals not only in Allegheny County but in other counties in the state with even older base-year assessments.

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