



Allegheny County's 2021 assessment appeals

Summary: In 2021, the Allegheny County Board of Property Assessment Appeals and Review (BPAAR) heard 10,226 appeals of assessed values—the highest number of appeals since 2014. 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 \$3.6 billion. After appeals were heard the value was increased on 8,328 properties, decreased on 810 properties and stayed the same on 1,088 properties. The current total value of these parcels was \$4.0 billion. This was a net increase of \$461.9 million.

By property class, 9,459 appeals (92 percent) were for residential properties and 767 (8 percent) were for non-residential properties (mostly commercial but also industrial, agricultural, utilities and other). The result of residential appeals was a \$558.7 million net increase in value from pre- to current total value and for non-residential a net decrease of \$96.7 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 1,539 appeals (15 percent), governing bodies 8,599 appeals (84 percent) and a combination of parties, 88 appeals (1 percent). There was an appeal in every municipality, whether brought by an owner, a governing body or a combination.

Results of 2021 Appeals
(Change in Value from Pre-Appeal to Current Total Value, \$000s)

Appeal Brought By...	Residential	Non-Residential	Total
Owner	-37,959	-205,207	-243,166
Governing Body	591,377	108,460	699,837
Combination	5,247	12	5,259
Total	558,665	-96,735	461,930

School districts brought the bulk of the appeals in the governing body group, 8,354 total, and 8,005 were on residential property. All but three of the 43 school districts in the county filed a governing body appeal. There were six municipalities that filed the remaining 245 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 mentioned in previous *Briefs*, the impact of COVID on business activity—employees working from home, tenants not renewing leases, shopping, dining out, etc.—may manifest itself in appeals by owners of non-residential property. There were 408 appeals filed by owners of non-residential properties.

Based on BPAAR’s decisions on these owner-initiated appeals, two properties saw an increase in assessed value, 249 saw no change in value and 157 were successful in reducing assessed value.

A search of the use code on the county’s real estate website for the 157 properties that were granted a reduced value fell into one of 49 separate use codes. These included bank, department store, commercial garage and bar. The use codes with the most appeals included commercial auxiliary buildings (14 appeals), hotels (12 appeals) and office buildings with 1 to 2 stories (11 appeals).

Eight properties had assessed value reduced by \$5 million or more as a result of an owner appeal. In aggregate, the change from pre-appeal value to current value for these appeals was \$112.2 million, over half of the net change for non-residential appeals filed by owners.

The largest downward reduction (in dollars) last year was for the BNY Mellon Center office building in Downtown Pittsburgh which saw assessed value fall by \$44.3 million. This was followed by a \$16.3 million reduction on a Dick’s Sporting Goods office building in Findlay Township and an \$11.4 million reduction on a hotel in PNC Three Downtown.

The three largest increases on non-residential property as a result of a governing body appeal (all three were by a school district) were in Pittsburgh’s Ward 12 (East Liberty) on the Village of East Side shopping center which increased by \$8.3 million, vacant commercial land in Findlay Township which increased by \$7.3 million and an office/warehouse in North Versailles Township which increased by \$5.7 million.

Four of those BPAAR decisions have preceded to the Board of Viewers (BOV). The three reductions were challenged by school districts and one increase by the owner. As described in the 2013 annual report of the Fifth Judicial District, the BOV’s “function is to hear and adjudicate cases involving eminent domain and real estate tax assessment appeals.” A party unhappy with the BPAAR decision can take the appeal to the BOV. In 2021, the BOV adjudicated/resolved 1,715 appeals. Annual reports show the number has varied over the years.

One appeal that the BOV resolved is for the property with the highest assessed value in the county, the Rivers Casino. When its appeal was filed with BPAAR, the casino's assessed value was \$245.9 million. BPAAR made no change to that assessment and the matter was taken to BOV. There the assessed value was reduced to \$221.4 million, or by 10 percent. The resulting change in property taxes for the county, city and Pittsburgh Public Schools at 2022 millage rates is a combined decrease of \$584,934.

There are still high value properties, including regional shopping malls, office buildings and hotels that are in front of the BOV from 2020 appeals. Those could have significant impact on the tax bases of the county and the municipality and school district where the property is located.

Allegheny County is also facing a lawsuit related to appeals. This lawsuit 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]." As defined by the Pennsylvania State Tax Equalization Board, the CLR is "a ratio that measures how a county's Base Year Assessments compare with Current Real Estate Market Valuations" and is "used in the appeal process only."

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%." The case went to trial on April 27th.

With sale prices running above assessed values and the effects of COVID on non-residential values still unfolding, it is quite a challenging time for the county's assessment system. A predictable reassessment cycle would go a long way in not only restoring fairness to the property assessment process not only in Allegheny County but in other counties in the state with even older base-year assessments.

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