

# ***POLICY BRIEF***

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## **Four Steps for Improving Allegheny County Assessments**

A recent internal study of the County's assessment office revealed that the office is under-staffed, under-funded, and generally ill-equipped to produce accurate assessments year after year. This unsurprising revelation about the assessment office's financial and staffing problems is not good news in light of Allegheny County's difficult situation.

Despite the County's efforts of the past two years, which have made significant strides in repairing the completely broken and out of control system that existed previously, there is still room for improvement in the process and the outcomes.

What should the County do? Ideally, the County would have massive amounts of resources and could afford to do a full blown, detailed assessment of each property each year. Obviously that is not the case, so more modest efforts will be required. While there are no quick or inexpensive answers, we recommend four steps that should move the assessment process closer to where it ought to be. Bear in mind, however, that no amount of improvement in assessments will prevent taxpayers' anger over the extraordinarily high taxes they pay in Allegheny County.

**First**, the data on properties must be correct. Using computer driven comparable sales models with massive amounts of missing or erroneous data will never achieve the desired levels of accuracy. The County is currently mailing one-fifth of the homeowners per year to confirm information in County records. This process should be accelerated to send out forms to one third of property owners over the next three years to coincide with the three-year reassessment schedule that the County plans to embark upon.

**Second**, the County should, on an annual basis, randomly select one percent of the total number of parcels, or about 5,000 properties, and assemble a team of appraisers and real estate agents with specific neighborhood knowledge to conduct a thorough appraisal and estimate the fair market value of the sample properties. Those estimates would be compared with the most recent computer-generated assessments. Analysis of significant variations could offer insights into the patterns of problems with methods, procedures and data accuracy. Identified problems could then be corrected prior to the next round of reassessments.

**Third**, given the cost of the assessment process and the level of dependence of school districts and municipalities on the property tax (the average Allegheny County homeowner pays 83 percent of his or her total property taxes to these two entities), it may be in the County's interest to seek assistance from other taxing bodies such as a per parcel contribution for assessments. Given the high level of taxes in the County, it is vital that assessments be as accurate as humanly

possible. To that end, school boards, who collect the lion's share of the property tax revenue in the County, ought to be greatly concerned about accurate assessments in their districts and be willing to help ensure their accuracy.

After all, if the school is collecting \$2,000 per year from a modestly priced home, it should be well worth one percent of that amount to know the taxpayer is being treated as fairly as possible. A \$20 per parcel contribution to the County by school districts could net \$11 million to help fund the County's assessment operations. A smaller contribution by the municipalities could garner another \$2-3 million. With the County putting in a couple of additional million, the assessment office should have enough resources to do the job right.

The bottom line: substantially more funds will have to be found for the assessment function.

**Fourth**, the appeals process needs to be examined. Newspaper accounts indicate that a large percentage of appellants get lower assessments pointing to a possible bias by the Appeals Board toward lowering assessments. While winning a property assessment appeal is good for the individual homeowner, a large number of reduced assessments Countywide does little for the public's confidence in the assessment process. If appeals officials are perceived as biased toward giving assessment relief, then huge incentives will be created for property owners to appeal, creating an ongoing deluge of appeals.

Continued large differences between the values assigned by the Appeals Board and by assessors will undermine efforts to reach a stable system. The two sets of assessed values must move closer together and both must be seen as objective and totally unbiased. To that end, the Appeals Board must be as far removed from politics as possible, as should their work product. Finally, the work product of the Appeals Board should be independently reviewed by outside experts to ensure that the appeals process is fair and accurate.

Fixing the assessment and appeals system, which was rife with problems for decades, is not going to happen overnight and it is not going to be cheap. But if the County wants to arrive at a seamless, transparent process that ensures accurate assessments, fair treatment of all property owners, that lowers the number of appeals, and restores public confidence in the assessment system, these steps can help move toward that goal.

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