As Market Falters, Tax Grievances Rise

Assessments Fail To Reflect Values, Homeowners Say

By DIANA SHAMAN

NOW that the annual property taxes on his four-bedroom splanch in Merrick have been reduced to $6,525 from $8,400, Robert E. Pollock hopes to have more success in selling his home. He is asking $279,000 for the house, which he has had on the market since April 1990.

"One of my big problems was that the taxes were so high," said Mr. Pollock, who is a financial consultant. "The wife would love the house, but when the husband found out what the taxes were, he'd grab the wife and walk out."

At a time of falling values and rising taxes, Mr. Pollock is among thousands of homeowners who are filing protests over what they feel are unfair taxes on their properties. If a homeowner can prove that a house is assessed for more than its market value, he or she would have grounds to get the assessment reduced.

In many cases, brokers listing a property are the first to alert the seller about a questionable assessment.

In Mr. Pollock's case, Maryann Lana, one of the owners of Lanthorne Realty/Anne Steele in Merrick, pointed out that his $11,800 assessment meant that Nassau County was assessing his house for $383,000 — $104,000 more than his asking price — and suggested he file a grievance.

All tax jurisdictions on Long Island assess houses at a fraction of their value, so many homeowners are unaware that they are being overassessed. That had been the situation in his case, said Mr. Pollock, who was granted a 23 percent lower assessment last month.

Homeowners in Suffolk have until Tuesday to file property tax grievances. In Nassau, where the grievance period normally ends on the third Tuesday in May, the Board of Assessment Review is still holding hearings because of the volume of cases. Homeowners have the right to file grievances at any adjourned hearings. The cutoff date for hearings in Nassau is July 31.

Last year, 20,782 grievances were filed in Nassau County, of which 7,437 were for one-, two- and three-family houses. This year, 25,532 were filed by early July. Homeowners account for most of the increase, said Charles King, the Chief Deputy Assessor.

The East Meadow law firm of Certilman, Balin, Adler & Hyman, which handled about 100 tax grievances cases for homeowners last year, expects to triple its caseload this year. "It's a reflection of people becoming more aware of the grievance process and the fact that other people have been quite successful in achieving results," said Jay M. Herman, one of the partners.

The firm works on a contingency basis. If taxes are reduced, it collects 50 percent of savings achieved in the first year. Most of the time, Mr. Herman said, the board of assessment review either refuses to change an assessment or does not sufficiently lower it. But, he added, owners of one-, two- and three-family houses can ask for a Small Claims Assessment Review.

At that level, there is a 25 percent cap on the reduction that can be won in cases of houses valued above $150,000.

Homeowners can file grievances on their own, and pamphlets on how to challenge assessments are available at assessors' offices. But many homeowners prefer to let lawyers do the work. The field is also attracting laymen like Paul Henry of Greenport, who uses graphs, statistics and charts to analyze whether recently sold houses are overassessed. He then contacts the owner and offers to file a grievance on a homeowner's behalf for a contingency fee of 50 percent of the first year's savings.

Brokers are urging homeowners to file grievances because high taxes can kill a sale. "We use the market approach to show that value and assessed value are not in line with each other," said Leslye J. Stern, regional manager for Prudential Long Island Realty, which has 26 offices in Nassau and Suffolk.

JOHN LUFRANO and his wife, Joanne, who own a house in North Bellmore, asked Mrs. Stern, whose office is in Merrick, to evaluate the taxes on their five-bedroom split-level house after his assessment was raised because he made some improvements. They were told that his $9,960 assessment meant that Nassau County evaluated the home at $316,000. Similar houses on the block are on the market for $225,000.

"I never realized what my assessment meant," said Mr. Lufrano, who recently filed a grievance, even though his house is not on the market.

Gregory W. Hild, the Smithtown assessor, said he expects to see about 1,000 complaints for single-family houses filed this year, compared with 100 complaints last year. "We are finding that because values are declining and property taxes aren't, the effective tax rate is now in the 3 percent area, a point where some experts in the field use the term 'confiscatory,'" Mr. Hild said.

Homeowners can use the so-called residential assessment ratio calculated annually by the State Board of Equalization and Assessment for each tax jurisdiction, to challenge their assessments.

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The ratio is calculated by using bona fide residential sales within a community over a one-year period and dividing total assessed values by sales prices to calculate the fraction of value that assessments reflect. If house prices are declining, the fraction gets higher, and the reverse is true if prices rise.

In Suffolk, according to figures provided by the Multiple Listing Service of Long Island, the average closing price in May was $159,000, compared with $173,000 in May 1990. In Nassau, the average closing price was $186,000 in May of this year, compared with $196,000 in May last year.

Most, though not all, of this year's residential assessment ratios are reflecting the drop in prices. In Smithtown, for example, the 1990 residential assessment ratio was 2.87. This year, it is 3.50.

That means that a house with a $6,000 assessment, average for the town, was assessed for $209,000 last year, as opposed to $171,500 this year. The calculation is made by dividing the assessed value by the residential assessment ratio. In Nassau County, the ratio increased to 3.15 percent this year from 3.08 percent last year.

But ratios are not always a good reflection of what is actually happening because figures are often "nonrandom and insufficient," said James F. Dunne, Director of Real Property Tax Research for the State Board of Equalization and Assessment. He said legislation has been submitted to allow computations to be based on a median rather than a mean ratio so that results do not reflect unusual situations and are more equitable.■