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Real Estate: How to protest your taxes 101

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JENNETT MERIDEN RUSSELL PHOTO | Town Assessors

While the official deadline for homeowners to file a grievance against their property tax assessment isn't until May 1, local assessors say it's a good idea to begin preparing now for the complicated process, especially if this is a first-time effort.

Sarah Hallock, an associate with Tax Reduction Services in Greenport, which specializes in home assessment grievances, said that all property owners in New York State are eligible for a formal review of their properties' assessments once a year.

You can't dispute your tax bill, but you can challenge the town's assessment of how much your property is worth. Local governments use that value to determine your taxes.

The first step in challenging the assessment could be to talk to a town assessor, and it is not required to file a formal grievance at this point. If this step is skipped, or if the assessor's office refuses to make a change, the next step is to file a formal grievance with the town's Board of Assessment Review, which hears grievances on "Grievance Day" but accepts them until May 1.

Grievance Day in most towns is on a Tuesday in May. In both Southold and Riverhead towns, this year it's May 17.

If a grievance is denied, a property owner can go to the State Supreme Court and file a claim against the town, challenging the decision.

The grievance processes can be overwhelming, but homeowners need not face the challenges alone, said Ms. Hallock. "A homeowner has the right to do this on their own, but they can also hire a representative to plead their grievance for them," she said. Her company charges half of the tax savings if they win a homeowner's grievance; otherwise there is no charge.

"Generally, the first step in the process is a grievance against the town," Ms. Hallock said. "If that grievance is denied by the grievance board, you have a right to file an appeal against that decision."

A full-blown lawsuit is not necessarily required. So-called "small claims assessment reviews" (SCAR) can be filed by owner-occupants of one-, two- or three-family dwellings used exclusively for residential purposes or by the owners of vacant land that is not of sufficient size to contain a dwelling. Information regarding the SCAR process is available online from the New York State Unified Court System at courts.state.ny.us.

Bob Scott, chairman of the Southold Town Board of Assessors, said there are two basic types of assessment ratings used to determine market value.

An equalization rate is an overall interpretation of market values with an emphasis on commercial properties, he said. The town also employs a residential assessment ratio (RAR), created by the state real property tax services office, which basically applies to one-, two- or three-family dwellings.

Mr. Scott admitted that property assessment ratings and filings are confusing at best. He said his office is always open to the community and that town assessors are there to help, not hinder, homeowners in filing a grievance free of charge.

"Last week, I helped a woman get a major reduction and she said, 'That's great! What's the split?'" Mr. Scott recalled with a chuckle. The woman thought she had to pay a part of her tax savings to the assessor.

"There's no split, I told her. We work for you," Mr. Scott said.

According to Mason Haas, a member of Riverhead's Board of Assessors, a number of factors can affect a residential property's market value, including external characteristics such as "curb appeal," home condition, lot size, popularity of an architectural style, availability of water or sewage systems and sidewalks.

Also taken into consideration are internal characteristics, such as the number of rooms and their sizes, as well as construction quality, condition of appliances, type of heating and energy efficiency. Other factors that do not reflect the property's assessed value can affect sales price, said Mr. Haas.

A buyer or seller could face unexpected pressure to accept a price they might not otherwise have agreed to. In some cases, homes are bought and sold quickly because of factors such as career relocation, a death in the family, divorce or foreclosure.

"Say you're in a neighborhood where there are all \$500,000 homes," Ms. Haas said. "But the guy a couple of houses down from you sells his house for \$300,000, and now you come in here saying my house isn't worth \$500,000, it's worth \$300,000 because that's what I paid for it. But what you don't realize is that the guy two houses down was going into foreclosure and sold the house before he got foreclosed on, so it's not a fair comparison."

Before pursuing formal review of a home assessment, homeowners must establish evidence that they have been assessed unfairly, noted Riverhead Town Tax Assessor Laverne Tennenberg. That involves finding out the assessor's market value estimate. Market value is generally defined as the price a willing buyer would pay a willing seller for a property in its present condition.

"People's tax bills every year show what their new market value is," Ms. Tennenberg said. With market values dropping in recent years, "that's reflected on everybody's tax bill," she added.

The Town of Riverhead has not undertaken a townwide reassessment since 1980. As a result it applies fluctuations in the market to all properties.

"In an up market, the assessments will be higher. In a down market, the assessments will be lower," Ms. Tennenberg said.

She noted that some people are confused by the difference between an assessment and a tax bill. They might complain that a neighbor with a similar property pays a lower bill. "That's because there are exemptions, which skew the taxes," she said. "So there's no comparison between a senior with limited income getting 50 percent off plus enhanced School Tax Relief program plus her husband's veteran exemptions, and someone with basic STAR and no exemptions living in the same neighborhood."

Ms. Tennenberg noted that, when assessments go down from one year to the next, tax rates have to go up to raise an equal sum for the town, school, county and any other taxing district's annual budget.

"For example, the Riverhead School District needed to raise \$82 million this year, which is up from \$80 million last year," she explained. "So if your assessed value goes down, the tax rate has to go up to raise the same amount of money or more money."

Theoretically, if assessment falls and the tax rate rises proportionately, and the taxing district keeps its budget unchanged from one year to the next, the bottom line on any tax bill will not change.