



THE
RAND
GUIDE TO

GRIEVING
NEW YORK
PROPERTY TAXES

by Joe Rand, Managing Partner
Better Homes and Gardens Rand Realty

TO OUR CLIENTS

At Better Homes and Gardens Real Estate – Rand Realty, we believe that service to our clients does not end just because you have closed on the purchase or sale of your home. Rather, most clients need professional real estate services all the time, everything from keeping updated on market news, changes in property values, or information on their local communities. That’s why, for example, we have put out Quarterly Market Reports and Seasonal Event Guides for our clients for over seven years.

In that spirit, we created this Guide to Grieving Your Property Taxes to provide you with a simple but comprehensive guide to challenging your property tax assessments. While we understand that our local communities need revenue to fund the schools and services that make our communities such desirable places to live, we also believe that property taxes should be fairly apportioned among property owners. In our experience, though, too many homeowners pay more than their fair share of property taxes because assessors have over-estimated their market value, and those high property taxes can become a tremendous financial burden. And for our current clients who are selling their homes, unreasonably high property taxes can become a challenge for selling at a fair price.

As this Guide explains, challenging your assessment and grieving your taxes is a complicated but manageable process, something you can do on your own. We are happy to help you in that effort, particularly by providing you with information on comparable sales that can help you determine your market value and support a case for lowering your assessment. We are also happy to help you if you would like an attorney to assist you in filing your grievance, which we believe is a good idea because of the difficulties of the process and also because most attorneys only collect a fee based on your savings if you are successful.

If you would like our help providing you with market information on comparable sales that can help you challenge your assessment, or if you would like us to connect you with an experienced grievance attorney, just contact your Better Homes and Gardens Rand Realty agent. If you do not have an agent, then just contact us at 845-825-8047 and we will take good care of you.

Good luck and best wishes.

Yours,

A handwritten signature in black ink, appearing to read "Joe Rand". The signature is written in a cursive, flowing style.

Joe Rand

INTRODUCTION

Homeowners have a love/hate relationship with property taxes. We all understand that property taxes are a necessary evil to pay for the great services we receive from our local communities, including the schools, parks, and fire and police protection.

But we also know that property taxes can be a heavy burden, not just because they take money out of our pockets but because they reduce the market value of our homes. Think of it this way – at today's rates, you can borrow \$100,000 toward the purchase of a home by paying about \$400 a month, or about \$5,000 a year. Thus, at today's rates, \$5,000 is the yearly cost of buying \$100,000 worth of home. So if your taxes are too high by \$5,000, it follows that your overestimated taxes are potentially robbing you of \$100,000 of home value.

For example, I personally bought a condo in Nyack in 2009, which had yearly property taxes of almost \$60,000(!). The condo had been assessed with a market value of almost \$3,000,000, even though it had languished on the market for almost five years at a steadily declining price that ultimately brought the purchase price to below \$1,000,000. Once I bought the home, I immediately grieved the taxes based on that purchase price and the appraisal that supported it, and got the taxes reduced to about \$25,000. Five years later, I sold the condo for about \$1.3M -- even though the Rockland average sales price had not appreciated in the time that I owned it. Why? Because by reducing the tax load by over \$30,000, I made it easier for purchasers to put more money into their mortgage, rather than pay that money to the town.

Indeed, the easiest situation for grieving your taxes is if you recently purchased the home, because you have rock solid evidence of the true market value of your home: not only in the price that you actually paid on the open market, but also an actual formal appraisal of the home by a licensed appraiser. And in many cases, the local municipalities have not reassessed homes in light of the depreciating market conditions of the past seven years of the buyer's market, so recent home sales often involve properties that were last assessed at the height of the market – well above the market price that you've now established by your purchase and your appraisal.

Most people think that the property tax grievance process is complicated. It's not. It only requires you to do a bit of research, fill out a form, write a supporting letter, and get all your paperwork submitted by your municipality's deadline. You don't need an attorney to do it for you, although many people do hire a lawyer to handle the process for them.

Below, we will give you a complete guide to grieving your property taxes, including an overview of the process, a step-by-step guide to submitting your grievance, and some facts that you should know about the general topic.

PART ONE: THE TAX GRIEVANCE PROCESS

In order to be eligible to grieve your property taxes, you need to be the record owner of the property. If you are in contract and the grievance deadlines are approaching, you really can't do anything other than encourage and help the current owner (i.e. your seller) file his or her own grievance on what will ultimately be your behalf. Also, it's important to know that you can't file a grievance if the prior owner, the seller, already filed a successful grievance within the past two years. If that's the case, you're going to have to wait until at least next year.

Here's what you need to know about the tax grievance process.

MARKET VALUE AND ASSESSED VALUE

It's important to understand how the town comes up with the assessment for your property. Essentially, your local assessor first determines the “**market value**” of your home by performing the same sort of comparable sales analysis that your agent conducted when helping you analyze the value of the home when you made your offer, or that your appraiser performed when providing a valuation of the home to your lender. Once the assessor has determined your market value, the assessor then calculates your **assessed value**, which is a simple mathematical calculation that multiplies the market value by a predetermined **Uniform Percentage of Value (UPV)** set by the state. The assessed value is always going to be lower than the market value since it's calculated as a percentage of that market value.

So, for example, if your market value is \$500,000, and your town's UPV is 40%, then your assessed value would be \$200,000 (\$500,000 times 40%). If your neighbor's home has a market value of \$400,000, her assessed value would be \$160,000 (\$400,000 times 40%). It's important to distinguish the market value from the assessed value, because many confused homeowners see the assessed value, confuse it for the market value, and conclude that they do not have grounds for a grievance because the assessment is already so low.

THE ASSESSMENT ROLL

Once the assessor has determined the assessed value of all the properties in a municipality, the assessor's office will publish what's called the “**roll**,” which is a comprehensive listing of all properties, their determined market value, and their assessed value. For most municipalities in the Hudson Valley, the roll is published in the first week of May; in Westchester, the roll is usually published in early June. The purpose of the roll is to provide property owners with fair notice to prepare their grievances once they see the assessor's determination of their market and assessed value. Once the Assessment Roll is published, you can examine it to decide whether the assessor correctly determined your market value.

You can get the roll by going to your local municipality once it's published. Or you can contact the local municipality to see if they can email or fax it to you, or even just look up your assessed value for you.

FORMS

If you believe that the assessor set the market value too high, you might have a legitimate grievance for your property taxes. If you want to file a grievance, you only need to submit two documents in support.

First, you need the **Complaint on Real Property Assessment (Form RP-524)**, which is a standard New York State form used to file grievances across the state. The form mostly requires you to fill out information on you, your property, and the nature of your grievance.

Second, you need a letter in support, which will include a brief explanation of why you believe that you are over-assessed, and attach any documents that support your case, including an appraisal, comparative market analysis from your real estate agent, public records, or anything else that would substantiate your claims.

GRIEVANCE DAY AND DEADLINES

If you believe that you have a grievance, you have to file a complaint grieving your property taxes by the deadline established by your municipality. The deadline is usually a few weeks after the roll is published, and is called “**Grievance Day**” in most of the region. On that day, a Board of Assessment Review (“BAR”) will meet to start the process of evaluating all the grievance petitions, and will hold an open hearing in which you can present your case. You can attend the Grievance Day hearing if you wish to state your case, but it's not absolutely necessary. Even if you do not appear the BAR will consider the petition and make a decision within a short time of Grievance Day.

APPEALS

If your grievance complaint is not successful, are not successful, or you get relief but not as much as you asked for, you can appeal the decision in what's called a Small Claims Assessment Review (SCAR) or a Supreme Court trial. You will almost certainly need an attorney for that.

PART TWO: THREE STEPS TO GRIEVING YOUR TAXES

If you wish to grieve your property taxes, you need to wait until the municipality publishes the Assessment Roll establishing the Assessor's market valuation of your property. That will usually be done by the first Tuesday in May for most Hudson Valley towns, and the first Tuesday in June for most of Westchester County. Once you have the Assessor's market value, you can follow these three steps to grieve your taxes:

Step One: Determine if you have grounds for a grievance petition by researching whether the assessor's determination of your property's fair market value is accurate.

Step Two: Prepare a grievance petition by filling out the Complaint on Real Property Assessment for 2016 (Form RP-524),

Step Three: Write a letter in support, including any substantiating documentation (such as an appraisal, comparable property information, etc.).

Once your paperwork is complete, you need to submit it to the municipality by Grievance Day, which in most cases is the third week of May in the Hudson Valley, and the third week of June for Westchester.

Below, we will take you through the process of filing your grievance petition.

STEP ONE: RESEARCHING YOUR MARKET VALUE

Once you know the market value determined by the assessor, you need to do your own investigation into market conditions to find out if you have grounds for filing a complaint about your assessment. Technically, property owners can make four distinct claims for a grievance, including situations where the property is improperly classified (i.e., it's not commercial property, it's residential) or exempt from taxation (i.e., it's a church or school). But the main grievance situation for most homeowners involves the basic complaint that the property is subject to an "Unequal Assessment" because owners of comparable properties have received lower assessments and thus will pay lower taxes.

Essentially, a claim of "Unequal Assessment" is based on your contention that the assessor over-estimated the market value of your property compared to other similar properties in your local area. If your Assessor over-valued your property compared to the other properties, you'll have a higher assessment than those other owners, which means you will have an "Unequal Assessment." In order to prove that claim, you need to show that the market value of your property is actually lower than the assessor's determination.

Here are the most common ways of determining your market value.

The purchase price of your property: If you purchased the property in the last few years in an arms-length transaction involving a seller that was not under duress, you have a good baseline valuation for the property.

An appraisal. If you purchased or refinanced the property in the past few years, you will likely have received an appraisal on the property, which is an excellent baseline valuation for the property.

List or Contract Price. If your property is currently listed for sale, the listing price can provide evidence of market value (although it is likely that your listed price will actually end up being slightly higher than your market value, since most sellers discount 5-6% from the listed price during negotiations with buyers). And if you are able to get your listing into contract before the grievance application is due, a contract of sale with an arms-length purchaser is good proof of market value.

Comparable Market Analysis (CMA). If you have access to public records or real estate data, you can look for comparable sales of properties similar to yours to provide a fair valuation of your property. Your Better Homes and Gardens Rand Realty agent can help you gather recent comparable sales by performing what's called a "Simple CMA" of your property.

RandValues.com. At Rand Realty, we have a dedicated website designed to give homeowners an estimate of their home value, along with the "Zestimate" provided by Zillow. Our "Rand Value" comes from what's called an "automated valuation model," or AVM, which is a service that provides real estate property valuations using mathematical modeling combined with database information based on comparable properties. AVM's are used by banks, investors, and other real estate professionals to determine value without an on-site evaluation or agent-based CMA. And if our RandValues.com AVM provides you with a valuation that supports your grievance, you can certainly include it in your petition.

For purposes of your research, note the valuation date for your property – the date for which you should measure the market value – is not the date of your petition. Rather, New York State has a standard valuation date of July 1 of the preceding year for most municipalities. This is actually helpful, because you can limit your research to any sales up to the prior July, rather than have to look at sales up to the minute of your grievance.

If you determine that your property is over-valued compared to similar properties, and compared to the market value determined by the Assessor, you have good grounds to complete a grievance Complaint.

STEP TWO: FILL OUT YOUR PROPERTY TAX GRIEVANCE FORM

You can get the property tax grievance form, otherwise known as the Complaint on Real Property Assessment (RP-524), online or at your local municipality (just Google “Complaint on Real Property Assessment (RP-524)”). The form is mostly self-explanatory, but here are some of the highlights that you should ensure you fill out correctly:

Part One. Part One of the form is mostly just filing out personal information. The only information you’ll need to look up is in Section 5, which asks for the tax map number for the property. You can get that information on the tax bill, or when you look up the Assessment Roll at the local municipality. In Section 7, you’ll need to put your own estimation of the market value of the property.

Part Two. In Part Two of the form, you’re asked to set out the basis for arguing that the market value is lower than the value determined by the assessor. You can just check off and complete whichever of the choices apply (more than one can apply):

Section 1 – if you recently purchased the property and want your purchase price to be the basis of the valuation;

Section 2 – if your home is on the market;

Section 3 – if you have a copy of a recent appraisal;

Sections 4, 5 and 6 – if you have a new construction property, and

Section 7 – if you have market information in the form of comparable sales that justify a lower market valuation for your property.

Part Three. Part Three of the form is where you identify the grounds for your complaint. This can be a bit confusing because of the array of choices in front of you, but for most people, the choice you want to make is to check off Section A.1.a. of the form – Unequal Assessment. Essentially, what you are saying is that the assessor’s determination of market value is too high compared to the actual value and the value of comparable properties. That covers most situations in which you think your assessment is too high.

After you check off A.1.a, you should also fill out Sections 3 and 4. In Section 3, you’ll put the value that you believe is the market value for your property. The number you put in Section 3 should be the same number that you put in Part One, Section 7. In Section 4, you need to be sure to write in the number that you believe should be the new assessed value of the property, either by taking the market value and multiplying it by the Uniform Percentage Value, or by just reducing the assessed value by the same percentage reduction you’re requesting in the market value. **Make sure that you put the market value where it belongs in Section 3, and the proposed assessed value where it belongs in Section 4.** (You may have other grounds for a grievance covered by the other sections itemized in Part Three, but they are beyond the scope of what we’re covering in this Guide. If you think you have other grounds, you should consult with an attorney.)

Part Four: You can fill out this section if you are going to be hiring someone to represent you in filing your complaint. If you hire an attorney, you would fill out Part Four to designate that attorney to act on your behalf.

Part Five: In Part Five, you certify that everything you write on the form is true and correct to your best knowledge. Making false statements on the official complaint form is a criminal act.

Part Six: Part Six is only used in situations where you and the assessor have come to an agreement as to the assessment of your property, usually as a result of negotiation before Grievance Day.

STEP THREE: WRITE A LETTER IN SUPPORT

Neither the state nor most municipalities give examples of how you should write your letter in support of your grievance complaint. In practice, these letters can be anything from a hand-written appeal to a report complete with graphs and charts. Essentially, you simply need to set out your case in clear and concise terms, without worrying too much about the form.

If you want a simple example of what the letter should look like here, here is a model. We've set it out with [brackets] that denote places where you should fill-in-the-blanks.

Board of Assessment Review
Town of [town name]
[Address]

Re: Complaint on Real Property Assessment for 2016
[Property Address]

To the Board of Assessment Review:

I write in support of my Complaint on Real Property Assessment for 2016 for the property at [property address]. My Complaint Form RP-524 is complete and attached.

I bring this Complaint on the grounds of Unequal Assessment because the Town Assessor's valuation of my property is higher than its true value, and inconsistent with comparable real property on the assessment roll. Specifically, the Assessor has determined that the market value of my property is [Assessor's Market Value], when the true market value should be [Your Market Value], as determined by the following:

[Use whichever apply]

- The attached appraisal shows a value of [appraisal value]. The appraisal was conducted by [Appraiser] on [date] for the purpose of [purpose: refinance, purchase, etc.].
- I purchased the property on [date] at a market value of [sales price]. The sale was an arms-length transaction, and did not involve a seller under distress [make sure that statement is accurate]
- The property is currently for sale at a value of [listing price] and has been on the market since [original listing date].

Also, a review of comparable sales at the time of the valuation date demonstrates that properties of similar size, style, and amenities have sold for a price inconsistent with the Assessor's determination of market value. My property has [number of bedrooms] bedrooms and [number of baths] baths, is approximately [square footage] square feet, is on a lot that consists of [acreage] acre(s), and is located in [village or town]. These comparable properties have sold at prices significantly below the market value determined by the assessor

[List comparable sales like this]

- Property at [address] sold on [date] for [price]. The home consists of [bedrooms, bathrooms, square footage, acreage], and is located in [town or village].
- Property at [address] sold on [date] for [price]. The home consists of [bedrooms, bathrooms, square footage, acreage], and is located in [town or village].
- Property at [address] sold on [date] for [price]. The home consists of [bedrooms, bathrooms, square footage, acreage], and is located in [town or village].

Accordingly, we respectfully submit that the market value of the property be reduced to [your market value], and the assessed value be reduced to [your assessed value].

Thank you for your courtesies in this matter.

PART THREE: TEN FACTS YOU NEED TO KNOW ABOUT GRIEVING YOUR TAXES

1. You're not challenging taxes, just the assessment.

When you file a grievance, you are simply challenging the Assessor's calculation of the market value of your property. You are not challenging the amount of the property taxes that you will pay. Rather, if you are successful getting a re-assessment of the market value, the reduction in market value will thereby reduce your assessed value. And because your property taxes are based on your assessment, the reduction in the assessment will ultimately lower your taxes. You won't know your actual property tax amount until a few months after Grievance Day.

2. You generally only need to do one grievance for all your property taxes.

Although you likely pay property tax assigned to multiple municipalities and your school tax, all those taxes are based on the assessment. Reducing the assessment will reduce all the types of property taxes you pay. You don't need to challenge each property tax authority separately. (Note that this is not the case in a few villages in the region, which use their own assessor rather than rely on the town's assessor.)

3. You do not need an appraisal.

For a grievance, you do not need to pay for an appraisal. You can establish market value by using comparable sales for the past year or so. If you do have an appraisal, which you would have gotten if you refinanced or purchased your property recently, the appraisal will help establish market value and you can include it in your petition. And you might need an appraisal for an appeal if your grievance is unsuccessful. But you do not need it for the grievance.

4. You can file a grievance so long as you did not win one last year.

If you did not file a grievance last year, you can file this year. If you filed last year and were not successful, you can file this year. But if you filed last year and were successful in reducing your assessment, you cannot file this year.

5. You can only get your assessment reduced, not increased.

Grieving your taxes is a no-lose situation. Once the assessment is established by the assessor, the municipality will not raise it because you challenged it. We have never heard of a situation where the municipality actually raised the assessment as a result of the grievance, and believe that any municipality trying to do so would risk a lawsuit for retaliation or free speech violations. You get a free bite at the apple.

6. You do not have to attend the hearing on grievance day, but it helps.

Once you file your grievance petition with the municipality by the deadline, your petition will be included on the list of grievances for Grievance Day. On Grievance Day, the municipality holds hearings on all the petitions. You have a right to be present at the hearing to present your case, but you don't actually have to attend. It's a good idea, though, if you feel that you could articulate your case and persuade the panel.

7. You need to file your grievance by the deadline.

The deadlines for filing a grievance are hard deadlines. If you don't get your grievance in by Grievance Day, you've missed your chance for the year and will not be able to grieve your 2016 taxes. For most municipalities in the area, the window is between the first week of May, when the roll is published, and the last week of May, which is grievance day. In some areas of Westchester, Grievance Day is in June, and in some other areas of the region Grievance Day passed back in January or February. You can check our Grievance Contact and Deadline Information Fact Sheet to check your municipality.

8. You don't have to feel guilty.

Some people get concerned that grieving their taxes might strip their local municipalities of revenue needed to fund schools and other services. But that's not how grievances work. If you're successful, you will reduce your own taxes, but not at the expense of revenue needed by your municipality. Rather, the municipality determines how much revenue it needs and sets a tax rate that is applied to all property owners. Your grievance will simply reduce your share of that burden. While it does mean that your burden will be shifted to other property owners, that's only because you were over-assessed in the first place and paying more than your fair share.

9. You do not need to hire an attorney to represent you, but it helps.

Finally, you can do a grievance all on your own. We have provided information in our Guide to Grieving Your Property Taxes about how to file your own grievance. All you really need is to do some research on why you think you are over-assessed, fill out a form, write a letter, and maybe attend the hearing. That said, we actually do recommend you get an attorney, because (1) if you are not successful, you will likely want to appeal, something that really should be done by an attorney, (2) preparing your grievance papers can take a bit of time that you might not have, and (3) attorneys do not charge you anyway unless you are successful. Most attorneys charge a percentage of your first year's savings, without any upfront fees or filing fees unless you need to appeal the determination. It's a good deal, and worth it to make sure you get the best representation possible. If you need an attorney, just let us know and we'll refer you to an experienced professional who can handle your case.

10. Your better homes and gardens rand realty agent can help you.

If you are currently listed with Better Homes and Gardens Rand Realty, or if you've purchased a home with us, we can help you do the research on comparable sales to determine whether you are over-assessed. Key to your grievance is proving that the assessor's determination of your market value is too high, and you need access to recent sales data to support this. We are happy to help with that effort. If you do not have a Better Homes and Gardens Rand Realty agent, just contact us at 845-825-8047 and we will put you in touch with someone who can help.

CONCLUSION

Grieving your taxes is easier than you think. The municipalities make it seem complicated, of course, because they have no particular interest in helping you through a process the ultimate aim of which is to reduce their tax revenue. But it's really very simple. You take a look at the Assessment Roll to figure out whether the assessor over-estimated the market value of the home. And if you have a legitimate grievance, you just fill out a form, write a letter, and submit everything on the deadline to register your grievance.

Moreover, if you feel you have a grievance, but you don't want to trouble yourself filling out forms and doing your own research, you can always hire an attorney to do it for you. Your agent can recommend attorneys in the area who specialize in tax grievances, and the fees for these services are generally very reasonable: you don't pay anything if the grievance is unsuccessful, and you only have to pay between 40% and 50% of the first year's worth of savings if you win.

If you would like some additional information, the State of New York has prepared some materials that you might find helpful:

The New York State Department of Taxation Website on Property Tax Assessments

<http://www.tax.ny.gov/pit/property/>

A helpful overview of the assessment process.

Complaint on Real Property Assessment (RP-524)

http://www.tax.ny.gov/pdf/current_forms/orpts/rp524_fill_in.pdf

The actual form you need to file a tax grievance.

Completing the Grievance Form Assessments

<http://www.tax.ny.gov/pit/property/contest/completegriev.htm>

Instructions for filling out the tax grievance complaint form.

Thank you for taking the time to read this. Good luck in your property tax grievance. If you need anything from Better Homes and Gardens Rand Realty, just call us at 845-825-8047.