

29% of New Jersey homeowners are over-assessed and should appeal their property taxes to achieve average savings of \$1,900 a year; appeal deadline is April 1

By: EasyTaxFix.com

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Summary

Based on a comprehensive state-wide analysis of 2008 property sales values as compared to property tax assessments, web-based service EasyTaxFix.com today released a study showing that **29% of New Jersey homes are over-assessed beyond New Jersey's 15% threshold and should file a 2009 property tax appeal before the deadline of April 1, 2009**. According to the study, an estimated 722,000 of the 2.5 million residential properties in New Jersey are overpaying on property taxes. Homeowners of these properties are eligible to file an appeal for average annual property tax savings of \$1,919 or 24%. The study was based on recent housing sales data along with property tax assessment information and physical characteristic details provided by the New Jersey Division of Taxation.

Study Details

EasyTaxFix.com individually analyzed over a million New Jersey properties to come up with its statistics. 55% of these properties were found to have current fair market values lower than the market value computed by current assessment figures. 29% of New Jersey properties were determined to be so grossly over-assessed as to breach the 15% "common level" over-assessment threshold—a formula (known as the Chapter 123 test) adopted in 1973 by the New Jersey legislature which requires municipalities to reduce property assessments for all properties exceeding this threshold should the taxpayer supply the Tax Board with sufficient evidence.

County	Residential			Over-assessed		Over-assessed > 15%	
	Homes	Analyzed*	%	assessed	%		%
Atlantic	101,156	45,124	45%	27,033	60%	15,997	35%
Bergen	246,496	60,611	25%	35,975	59%	19,060	31%
Burlington	141,172	79,117	56%	43,025	54%	19,247	24%
Camden	155,557	62,491	40%	25,698	41%	11,081	18%
Cape May	84,912	20,173	24%	12,507	62%	8,116	40%
Cumberland	40,206	11,609	29%	5,782	50%	3,421	29%
Essex	151,967	62,055	41%	31,626	51%	15,815	25%
Gloucester	89,408	33,916	38%	17,008	50%	7,465	22%
Hudson	96,572	39,292	41%	17,137	44%	8,930	23%
Hunterdon	40,100	12,424	31%	7,885	63%	4,024	32%
Mercer	105,976	40,299	38%	19,867	49%	8,724	22%
Middlesex	207,597	77,198	37%	43,650	57%	20,547	27%
Monmouth	204,629	141,067	69%	82,697	59%	42,681	30%
Morris	148,757	114,396	77%	58,458	51%	26,541	23%
Ocean	234,083	98,833	42%	68,793	70%	44,620	45%

Passaic	106,956	32,986	31%	17,533	53%	8,727	26%
Salem	18,991	8,962	47%	4,026	45%	2,113	24%
Somerset	99,952	41,434	41%	26,533	64%	12,246	30%
Sussex	54,929	28,867	53%	16,909	59%	9,846	34%
Union	127,535	42,913	34%	21,963	51%	11,215	26%
Warren	32,777	12,038	37%	7,037	58%	3,659	30%
Total	2,489,728	1,065,805	43%	591,142	55%	304,075	29%

Data from EasyTaxFix.com

* Data was derived from those properties with enough characteristics to meet the requirements of the EasyTaxFix.com AVM (automated valuation model). All New Jersey properties can be processed through EasyTaxFix.com's online valuation service, but user input of missing characteristics may be required to do so.

New Jersey homeowners pay some of the highest property taxes in the nation.^{1,2} The [EasyTaxFix.com](http://www.easymaxfix.com) study reveals that an aggravating factor to these high property taxes is the sheer degree of over-assessment: those homeowners who are over-assessed stand to save an average of \$1,919 a year on their property tax bills—a savings of 24%.

Properties exceeding the 15% "common level"

County	Avg. Assessed Value	Avg. Equalized Market Value	Avg. Estimated Market Value	Avg. Taxes	Avg. Est. Savings	Tax Savings %
Atlantic	\$318,852	\$410,722	\$303,674	\$5,838	\$1,487	25%
Bergen	\$562,875	\$657,733	\$490,008	\$11,161	\$2,840	25%
Burlington	\$232,549	\$334,728	\$259,312	\$6,800	\$1,536	23%
Camden	\$163,614	\$266,699	\$204,905	\$6,620	\$1,534	23%
Cape May	\$745,214	\$798,118	\$569,186	\$4,921	\$1,387	28%
Cumberland	\$123,716	\$177,494	\$132,375	\$4,072	\$1,036	25%
Essex	\$425,124	\$596,748	\$450,746	\$12,269	\$2,972	24%
Gloucester	\$167,230	\$280,488	\$218,680	\$6,520	\$1,437	22%
Hudson	\$166,676	\$518,627	\$389,319	\$8,883	\$2,215	25%
Hunterdon	\$424,565	\$483,234	\$369,101	\$9,044	\$2,126	24%
Mercer	\$249,760	\$425,127	\$322,462	\$8,242	\$1,976	24%
Middlesex	\$180,549	\$397,115	\$304,016	\$7,371	\$1,728	23%
Monmouth	\$428,173	\$568,807	\$426,496	\$8,117	\$2,000	25%
Morris	\$455,480	\$578,546	\$441,531	\$9,532	\$2,245	24%
Ocean	\$234,948	\$390,209	\$286,206	\$4,971	\$1,303	26%
Passaic	\$254,933	\$459,657	\$349,237	\$9,191	\$2,210	24%
Salem	\$147,852	\$185,700	\$139,623	\$4,737	\$1,181	25%

¹ Dela Cruz, Christopher. "N.J. claims 7 of top 10 counties for highest property taxes in nation." 23 Dec. 2008. The Star-Ledger. 19 Feb. 2009 < http://www.nj.com/news/index.ssf/2008/12/nj_counties_rank_in_top_10_hig.html>

² Forbes.com staff. "Who Pays America's Highest Property Taxes?" 23 Jan. 2009. Forbes.com. 19 Feb. 2009 < http://www.forbes.com/2009/01/23/taxes-homes-property-forbeslife-cx_mw_0123realestate.html>

Somerset	\$434,668	\$516,256	\$396,904	\$9,035	\$2,082	23%
Sussex	\$300,792	\$399,603	\$298,618	\$7,887	\$1,988	25%
Union	\$211,207	\$599,737	\$448,508	\$10,694	\$2,670	25%
Warren	\$241,600	\$318,301	\$243,007	\$6,443	\$1,531	24%
Total	\$330,735	\$477,381	\$358,692	\$7,857	\$1,919	24%

Data from EasyTaxFix.com

The percentage of properties which are over-assessed beyond the 15% “common level” threshold as well as the percentage of tax savings (as a percent of the current tax bill) increase markedly for higher value homes. Residences valued between \$500k and \$750k are over-assessed beyond the threshold 32% of the time, and residences valued between \$1M and \$2M are over-assessed in 35% of cases with an average potential tax savings of 27% (or almost \$5k) off the current tax bill.

Equalized Market Value Groups	> 15% Over-assessed %	Avg. Assessed Value	Avg. Equalized Market Value	Avg. Estimated Market Value	Avg Taxes	Avg Est Savings	Tax Savings %
1-50k	4%	\$23,663	\$40,762	\$29,969	\$1,115	\$299	27%
50k-100k	14%	\$49,268	\$78,765	\$59,082	\$2,035	\$511	25%
100k-250k	24%	\$129,020	\$193,980	\$147,369	\$3,764	\$895	24%
250k-500k	29%	\$243,986	\$363,504	\$278,053	\$6,521	\$1,526	23%
500k-750k	32%	\$409,000	\$601,070	\$456,032	\$10,072	\$2,416	24%
750k-1M	35%	\$587,311	\$856,751	\$641,873	\$13,390	\$3,323	25%
1M-2M	42%	\$970,912	\$1,315,499	\$956,479	\$18,438	\$4,963	27%
2M+	53%	\$2,347,213	\$2,942,775	\$2,059,020	\$30,570	\$9,097	30%
Total		\$330,735	\$477,381	\$358,692	\$7,857	\$1,919	24%

Data from EasyTaxFix.com

Validation of Automated Valuation Model

To help validate the study EasyTaxFix.com has had certified appraisers review the default valuations generated by the site as compared with their actual appraisals. According to Albert Zaccone³, a New Jersey and New York certified appraiser of CSR Appraisals: “I was extremely impressed with the accuracy of the default market valuations provided by the EasyTaxFix system. I compared EasyTaxFix valuations against a number of appraisals which I had recently completed, and the majority of the EasyTaxFix’s valuations were within 5% of my appraised values.”

Why do so few people appeal?

Despite the 722,000 homeowners who EasyTaxFix.com estimates as being over-assessed beyond the “common level”, few homeowners have historically filed appeals. According to the New Jersey State Division of Taxation, the number of property tax appeals in 2008 was only 28,825.⁴ EasyTaxFix.com believes that the reasons for this are manifold:

³ Albert Zaccone of CSR Appraisers. www.csrappraisers.net. Office phone: 201-390-1101, Cell phone: 201-390-1101.

⁴ Ali, Sam. “Reducing property taxes is possible, but not likely.” 22 Nov. 2008. The Star-Ledger. 19 Feb. 2009 <<http://www.nj.com/business/ledger/index.ssf?/base/business-10/1227417507161150.xml&coll=1>>

Reason few people appeal	Explanation
1. Determining whether your property is over-assessed is very difficult.	The New Jersey property tax system is cumbersome to understand. The current assessed value of your property does not represent the current market value of the property. To obtain the correct market value, one needs to apply the individual municipality's equalization rate (a value which typically changes yearly and which is not printed on homeowners' mailed "property cards"). Because of this, many homeowners are untroubled by "low" assessment values when, in fact, the computed market value of their properties based on the assessment is obscenely high. Additionally, it is difficult to calculate whether your property exceeds the 15% "Common Level" range, as provided by the State.
2. Detailed information about comparable properties is required but hard to find.	Homeowners outside of the real-estate business do not have ready access to Multiple Listing Service (MLS) or other sources of comparable sales. Furthermore, Internet resources such as Zillow or Trulia typically provide property values only as of today, but not as of the valuation dates required by the county for an appeal. These sites also do not provide the block/lot/qualification numbers which the County also requires. Finally, County rules regarding valuation dates and allowable comparable sale dates are non-intuitive and difficult to follow.
3. Appeals process is complicated, time-consuming & intimidating.	To file an appeal form, complicated calculations are required to determine assessment value. It is required that copies of the form be sent to three different addresses which are not provided on the form. A fee is required based on the assessed value of your property. While the form infers that most of these appeals are presented in front of an appeal <i>hearing</i> , we have found that the majority of cases are settled or stipulated before the hearing.
4. Resources available for homeowners to help them appeal their property taxes are limited.	Few services exist to help homeowners with the appeals process. The current industry standard is for a homeowner to hire an attorney to appeal the property's assessed value. Typical fees for this service are one year's savings, or approximately \$1900.

EasyTaxFix.com Offers a Streamlined Property Tax Appeal Service for New Jersey

The EasyTaxFix.com online service resolves these common pain points associated with property tax appeals. At no cost, homeowners can enter their address into the site and see immediately whether a property is potentially over-assessed. The EasyTaxFix.com service presents 10 valid comparables for a

home owner to choose between in order to base an appeal. If the site indicates that the property is over-assessed based on the comparable home selections made by the user, homeowners can utilize the EasyTaxFix wizard to receive a customized appeal application and valuation for a flat one-time fee of \$49.99. The site also provides complete and detailed information about how to proceed with the appeal—where to send the forms and, if necessary, what to bring to the hearing. EasyTaxFix.com levels the playing field between property tax assessors, the government, and homeowners, and it makes the property tax appeal process more accessible to those homeowners who are paying more than their fair share of property taxes.