

# The Commercial Record

Connecticut's Weekly Business Newspaper Since 1882

A PUBLICATION OF THE WARREN GROUP

A TAXING TIME

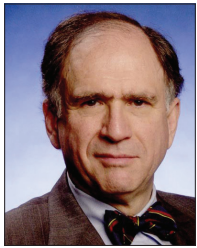
## Towns Taking Another Look At Prop. Values

### 2009 Revaluations Are Underway

BY ELLIOTT B. POLLACK  
SPECIAL TO THE COMMERCIAL RECORD

Almost two dozen Connecticut communities have begun the "revaluation" of their grand lists. But when commercial property owners get their new assessment, they might want to do a little "revaluation" of their own.

In Connecticut, "revaluation" means the periodic determination of new market values and assessments for every parcel of real estate in a municipality. Given that a municipality can



ELLIOTT B. POLLACK

have thousands of assessment parcels, this is a daunting project even in small communities with few commercial or industrial assets.

Many assessors outsource at least part of their revaluation responsibilities to a licensed revaluation company. Some delegate revaluation of their residential portfolio to the consultant and keep all or a portion of the commercial and industrial portfolio in house. They may take on the entire task themselves or seek assistance from appraisers who frequently "benchmark" property types such as office buildings or shopping centers. Benchmarking is the development of metrics for a statistically valid sampling of a product type which, in turn, enables the assessor to determine the values of the remaining properties.

The revaluation cycle, or the lack of one, used to be a standing joke. For decades the law mandated a maximum of ten years between revaluations – which could be virtually a light year depending on underlying economic and market changes. Some communities managed to obtain a "bye" from the General Assembly for more than ten years. For example, one municipality west of Hartford was successful through political connections in delaying its revaluation by almost 20 years.

This made a mockery of the reassessment

process, leaving many properties valued at a fraction of what they were currently worth. It also put assessors in the impossible position of attempting to trend back the value of new construction to an antique revaluation date in order to fairly equalize assessments.

Last, but certainly not least, the gambit of postponing revaluation hurt business personal property and automobile owners in a major way. How? Because by postponing revaluations and keeping real estate property values artificially low, it was necessary to raise the tax (mil) rate to an absurdly high number in order to generate necessary revenue. This in turn resulted in eye-popping tax bills for owners of personal property and automobiles, which unlike real estate, are revalued every year. All in all, it was an inefficient and even ludicrous situation.

This mess was righted by the General Assembly in 1995 when the mandatory cycle was reduced to four years (later increased to five years in 2004), thereby injecting a major dose of equity into the local property assessment process. However, when compared with other states which accomplish their revaluations every year or two, Connecticut still drags out revaluations.

### Commercial Relief

Hopefully all this demonstrates that a revaluation is an important event for commercial real property owners. The old nostrum that revaluation is not relevant because the tax rate will be altered to reflect the community's revenue needs multiplied by the changing trends in assessments is way off the mark. Initially, a revaluation assessment can be substantially inaccurate and result in an artificially high tax bill, if not challenged. Even if a proposed revaluation assessment reasonably reflects the market, property owners in a revaluation town should take care to confirm that the owners of substantially similar properties are being treated in the same way.

For example, if your strip shopping center is being valued at \$75 per square foot and several (similar) others in the community are at \$50 per square foot, something may be wrong. Redress may be required even though a proposed value, viewed in the abstract, is fair.

Twenty-two communities are enjoying the pleasure of revaluation as of their October 1, 2009, Grand List, a process which will play out in time to be reflected on tax bills due July 2010 and January 2011. Owners can expect to be contacted either by the assessor or the revaluation company with a tentative new assessment and an invitation to discuss any concerns. Owners should be certain that the size and configuration of their property is properly reflected on the assessor's records. As an example, if the assessor thinks your hotel has 150 rooms and it actually has 120 . . .

Once data are verified, owners should analyze the proposed value. Experience teaches that a fair and equitable revaluation assessment is easier to attain if the owner vigorously participates in the informal process. If an acceptable result is not obtained, an appeal must be filed with the local board of assessment appeals in February or March. This filing will be succeeded by an informal hearing before the board a month or two thereafter.

An owner dissatisfied with his value after this process has concluded must file an appeal to Superior Court within two months from the date of mailing of the Board's decision. If an informal settlement can not be reached, Superior Court trials are conducted before a judge without a jury and can consume anywhere from one day to a week or more depending on the scope of factual and expert appraisal testimony. Properties with engineering or environmental issues affecting value are especially complicated and expensive to litigate and may require more trial time. ■

*Elliott B. Pollack is chair of the Pullman & Comley Property Valuation Department.*