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**Message from the Mayor
Jason F. Cilento
February 2023**

As part of the effort to ensure fair property tax bills for all residents, the Borough is continuing with the fourth year of its five-year program of reassessing the value of properties (residential homes, commercial property, vacant land, etc.). The process calls for all properties to be assessed through an analysis of the real estate market, while 20% of the town's properties will be assessed through an in-person inspection each year of the program. If your property is in the selected area, you will have received a letter in advance from our inspection company Professional Property Appraisers, Inc (PPA), notifying when they expect to be in your neighborhood.

The annual reassessment program helps to preserve values of properties in the Borough close to 100% of market value ensuring equality of taxation throughout the town. This process allows for a fair and accurate distribution of the overall tax levy, which covers costs associated with operating the municipality, school district, county, library, and open space. In addition, this program helps preclude the Borough from being in the position it was in, in 2016, when the State mandated a town-wide revaluation (which we had not done in 33 years), which proved to be expensive, and impactful to taxpayers who were not appropriately assessed in a program such as the one the Borough has currently structured.

It should be noted that each year in February you receive a postcard in the mail entitled, "Notice of Property Tax Assessment for 2023." This postcard lists your property location and 2023 property assessment, along with your 2022 property assessment and property taxes billed for 2022.

If your assessment increased between 2022 and 2023, this DOES NOT mean that your property taxes will increase proportionately, nor does it mean your property taxes will increase by the difference between your 2022 and 2023 assessments. Even when assessed values increase, some homeowners may not see an increase at all, some may see an increase, and others may see a decrease. This is dependent upon the Library and Borough's budgets, as well as the Board of Education and County's budgets. Any increase in property taxes is based upon the tax rate. The municipal tax rate is set when each of the governing agencies who levy taxes have completed their budgets. This will be done later this year. You will not feel the impact of your 2023 taxes until the 3rd quarter in August 2023, because the 1st and 2nd quarters have already been issued. Once the municipal tax rate has been set, the Borough of Dunellen provides a calculator on its website to estimate your taxes for 2023. Therefore, to emphasize once more, the postcard DOES NOT include your 2023 property taxes because budgets for the Borough, County, and School District will not be adopted formally until later in 2023. Please see below for FAQ's regarding the annual reassessment program.

REASSESSMENT FAQs

WHAT IS A REASSESSMENT? It is the annual process of maintaining assessed values at 100% of their fair market value.

HOW WILL THE 5-YEAR ANNUAL REASSESSMENT BE CONDUCTED? As part of the effort to ensure fair and equitable property tax bills for all residents, the Borough is continuing with the fourth year of its five-year program of revaluing all properties. The process calls for 20% of the town's properties to be inspected each year and the remaining properties to be revalued through an analysis of the real estate market. This year, the assessor plans to conduct the inspections in late spring. If your property is in the selected area, you will receive a letter in advance from our inspection company Professional Property Appraisers, Inc (PPA), notifying when they expect to be in your neighborhood. The annual reassessment program helps to preserve values of properties in town close to 100% of market value ensuring equality of taxation throughout the town. This will prevent the Borough from being in a position it was in 2016 when the State mandated a town wide revaluation, which proves to be expensive, and impactful to taxpayers who are not appropriately assessed in a program such as the one the Borough has structured.

ABOVE REPEATS INFORMATION ON FIRST PAGE.

WE JUST HAD A TOWN-WIDE RE-EVALAUTION IN 2018, WHY ARE WE CONDUCTING ANNUAL REASSESSMENT NOW? The Borough has decided to enter into the annual assessment program for the reasons listed previously. To elaborate, the borough did not conduct any revaluations for 33 years, resulting in inequities in taxation and forcing the costly 2018 Revaluation, which was mandated by the State in 2016. We are starting this program now because under the guidelines set by the State, you can only skip one year from the Revaluation to start up the program. If we did not begin in 2020 and if we wanted to reassess again in any way, we would have to begin with another Full Revaluation, which means paying for 100% of inspections again and paying to update and certify the tax map again.

WHAT CAUSES INEQUITABLE ASSESSMENTS? Fluctuations in the economy, changes to the property, neighborhood changes, improvements without permits, changes in style, changes in the market, and zoning changes.

WHO WILL BE CONDUCTING THE REASSESSMENT? The reassessment program that we have selected is actually a hybrid program by which an outside company is hired to do the inspections and our Assessor will review the sales that happen during the year and adjust the values accordingly. The Assessor will also at times rely on and consult with other experts such as commercial appraisers, engineers or other assessors as needed.

WHY ARE WE ANNUALLY REASSESSING NOW AND HOW WAS IT DONE IN THE PAST? In the past (and currently outside of Monmouth and Somerset Counties), the assessment function may not have been as uniform and accurate as what current technology now allows. Due to technological and administrative constraints, assessments were set during a revaluation year and remained stagnant despite obvious changes in the markets and submarkets. Annually, "assessment to sale price ratios" were studied to establish a "common level of assessment" ratio. One of the many problems with the antiquated traditional assessment system is that it was based off an assumption that every property within a municipal boundary appreciates / depreciates at the same rate. Obviously, this is not true. Every neighborhood and property class reacts differently to the market environment.

It is necessary to study each of the markets and submarkets individually (annually) to be sure the total tax levy is distributed in accordance with recent and reliable market data. The only appropriate fix for this is to conduct reassessments annually. The old assessment model enabled an environment where assessments were often significantly removed from the current market value of properties. That type of environment is

ripe for taxes to be inappropriately distributed. Annual Reassessment has reformed the distribution component of property taxation to address this obvious shortfall. This program strives to use advancements in technology, education, and mass appraisal techniques to provide this better service to the taxpayers.

IF WE ARE REASSESSING EVERY YEAR, DOES THAT MEAN MY ASSESSMENT WILL CHANGE FOR NEXT YEAR? Yes. For annual reassessment towns, every year the market will be analyzed to ensure fair distribution of the tax levy. The overarching intent of the Annual Reassessment is to institute a revised assessment function that provides systemic cost savings and enhanced public service and deliver the service in a way that is more easily understood and transparent. At the core of the program is the ability to establish and annually maintain individual property assessments at 100% of current market value. This is accomplished by the Assessor and the inspectors working collaboratively to employ enhanced education, advanced appraisal techniques and modern technology. The fundamental goal of the annual reassessment is to ensure that each taxpayer pays their fair share of the annual tax levy (no more and no less). By performing annual reassessments, if each individual assessment is accurate, each year's tax bill will be fair.

This concept and process differs from the old assessment model where, with few exceptions, the assessment would remain unchanged each year until the next revaluation. Many towns employ a 10-year revaluation approach. In this static-assessment environment, there are no adjustments to changes impacting neighborhood and parcel-level market changes. In the case of Dunellen, the borough went 33 years without a revaluation resulting in many properties under or over assessed resulting in large inequities in the taxes paid.

WHAT IS DONE DURING A REASSESSMENT? An inspector hired by the Borough conducts an exterior and interior inspection of each property. The purpose of the inspection is to maintain accurate information on each property which is important in maintaining equity and uniformity. The exterior of each structure on the property is measured and pictures will be updated, and the interior inspected to determine what amenities exist, such as how many bathrooms, bedrooms, finished basements or attics there are, and the property's general condition. A property owner may deny the inspector access to the interior which will result in the interior amenities being estimated. The Assessor and staff then analyze market data (sales, rental rates, etc.) to determine the fair market value of each property.

HOW IS THE APPRAISAL PROCESS DONE? After the residential inspection is returned to the Tax Assessor's office, the Assessor reviews all recent sales data and synchronizes the mass appraisal modeling in each market and submarket to target current market value. When the assessments are set to the same standard (market value) in a uniform way, the tax levy will be distributed fairly. Remember, the assessment function is focused on the uniformity and accuracy of the assessments, NOT the resulting tax responsibility. The assessment modeling for income producing property (commercial, industrial and apartments) may make use of other methods and data.

WHO IS THE INSPECTION COMPANY CONDUCTING THE REASSESSMENT? Professional Property Appraisers, Inc (PPA) is a licensed revaluation company, which has been committed to serving municipalities throughout New Jersey in mass appraisal of properties for over 25 years and is one of only six State approved revaluation companies. More information about this company and inspectors' ID pictures can be found at <http://www.ppareval.com/>

CAN I DISCUSS THE VALUE OF MY PROPERTY WITH THE INSPECTOR? The inspector is only responsible for performing inspections and gathering information and cannot answer questions regarding the value of your property.

I WAS NOT HOME FOR THE INSPECTION. WHAT SHOULD I DO? If you are not home when the inspector comes to your property, a notification will be left with a contact number so an appointment may be made for him/her to return to your property to conduct the interior inspection. The inspector will carry identification. In addition, you should contact the Assessor's Office and request a copy of your Property Record Card (PRC) to be sure that the physical characteristics listed on the record are accurate. If you find any issues on the PRC, you should consult with the Assessor immediately to determine what remedies are available.

HOW WILL THIS BE HANDLED IF I HAVE CONCERNS ABOUT COVID-19? The inspectors will follow recommended CDC guidelines, and you can deny or allow access to your home as you wish but as stated before, without an actual interior inspection, your home's amenities will be estimated. You may schedule a virtual inspection if you are concerned with an in-person inspection. Whether or not you allow the interior inspection, it is in your best interest to speak with the inspector to ensure accurate information.

UNDER WHAT SUPERVISION AND STATE STATUTE IS THIS REASSESSMENT BEING CONDUCTED? N.J. Admin. Code - Section 18:12A-1.14 - Revaluations; reassessments, compliance plans.

HOW CAN MY ASSESSMENT OR VALUE CHANGE WHEN I HAVEN'T DONE ANYTHING TO MY PROPERTY? While a property may not have been updated and characteristics remain the same, the property value is based on what it would sell for as of the prescribed appraisal date (October 1, 2022, for 2023). Real estate values are influenced by numerous external economic, social, governmental, and physical factors. For example, general economic conditions such as interest rates, inflation rates, supply and demand, changes in tax laws, new highways, and a number of other factors can change and affect the value of property. As property values change in the marketplace, those changes must be reflected on the assessment roll.

MY PROPERTY DOESN'T COMPARE TO THE EXPENSIVE HOME DOWN THE STREET THAT JUST SOLD. ARE YOU VALUING MY PROPERTY BASED ON THAT SALE? Although location is very important in the valuation of real estate, it is not the only factor. Other characteristics to be considered in choosing good comparable sales are similarity in size, quality, style, and condition of the residential improvements.

HOW IS ACTUAL SQUARE FOOTAGE DETERMINED? The Assessor's Office uses exterior measurements of homes and buildings, which is an appraisal industry standard. This may cause the Assessor's calculation of square footage to differ from that estimated by a builder or realtor since they frequently use interior measurements. This measuring technique is applied consistently to all improvements, which results in uniform data collection.

HOW WILL AN ASSESSMENT AFFECT TAXES? The Assessor's responsibility is to establish the total assessed value of all properties in the borough. Although a reassessment may result in an increase in the assessed value, it does not mean that all property taxes will necessarily increase. Assessments (or ratables) are the denominator used to apportion the tax burden. The total tax levy is the amount to be raised for County, Library, and Local Government operations, as well as for support of the school system.

HOW DID THE REASSESSMENT AFFECT THE TAXES I PAY? The taxable (or assessed) value of all properties in the Borough increased from \$798,480,700 in 2022 to \$845,663,000 in 2023 while the reassessment dropped the tax rate from \$0.690 to \$0.651 per \$100 of assessed value. To determine the effect of the reassessment on the taxes you pay, multiply \$0.651 by your new assessment and compare to

the taxes you paid in 2022. For the average home in Dunellen, it's a \$9.33 increase. But the market value of the average home also increased by \$23,000.

It is important to note that the assessment function does not create revenue for the municipality. The Assessment function is only a distribution mechanism of the separately determined tax levy. In strict adherence with the NJ Constitution, this apportionment is to be based on the current market value of property. So, future tax bills will be affected by multiple factors such as changes to the amount being raised by taxation for County, school and municipal purposes, State aide, and relative changes to the value of your property as compared to others.

WHY ARE MY 3RD AND 4TH QUARTER TAX BILLS DIFFERENT FROM MY 1ST AND 2ND TAX BILLS?

Since the annual tax levy and rate are not certified by the state and the county until the middle of the tax year, the first and second quarter bills are always just estimations based on half of what was paid the previous year. Once the tax rate is certified, the tax collector multiplies your assessment by the certified rate. The collector then reduces the total amount due for the year by any payments that were made in the first and second quarters. The balance is then split between the third and fourth quarters. Basically, any annual tax change is back loaded to the final two quarters of the year. As an example, if your property taxes changed from \$16,000 to \$16,500. The quarterly breakdown would be, first quarter: \$4,000; second quarter: \$4,000; third quarter: \$4,250; and fourth quarter: \$4,250

WHEN WILL PROPERTY OWNERS BE INFORMED OF THEIR NEW ASSESSMENT?

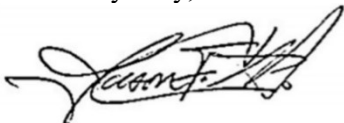
Property owners will receive an Annual Notice of Assessment during the month of February which will show the updated values.

CAN I DISCUSS THE NEW ASSESSMENT WITH THE TAX ASSESSOR'S OFFICE IF I HAVE QUESTIONS OR DISAGREE WITH THE REASSESSMENT?

Yes, you absolutely can! If you believe the assessed value does not reflect the true market value of your property or simply want more clarification, you should contact the Assessor's office immediately to confirm that the physical characteristics on your Property Record Card (PRC) are accurate. After communicating with the assessor, if you still feel the assessment does not equal the fair market value of the property, you may file an appeal with the Middlesex County Tax Board before May 1st. If you miss the May 1st deadline, you will not be able to file an appeal at the County until the following year. If you choose to file an appeal on your new assessment, you will be required to provide evidence to demonstrate your position. "Evidence" is typically recent sales of comparable properties. You may reach the Municipal Assessor Dawn Guttschall at: dguttschall@dunellenborough.com or by phone: (732) 289-8131.

Thank you for your time in reading this month's Message from the Mayor. I am always available to listen to your ideas and concerns. My Borough cell phone number is (732) 882-4551 and my email is jcilento@dunellen-nj.gov.

Yours very truly,



Jason F. Cilento, Mayor
Borough of Dunellen