

Property value appeals

Challenging your Notice of Valuation to decrease your tax burden

The Philadelphia Office of Property Assessment determines the fair market values of properties throughout Philadelphia. These values are the basis of real estate taxes for such properties. When assessments are changed, the changes are reflected in Notices of Valuation, which inform property owners of the changes to the values of their properties and, therefore, the new assessment on which their taxes will be based.

“It’s not a bill,” says Jeffrey G. DiAmico, a member at Semanoff Ormsby Greenberg & Torchia, LLC. “It doesn’t tell the property owner how much their taxes are changing. It tells the property owner the change in the assessed value of their property, which is most likely an increase.”

Unfortunately, he says, property owners commonly disregard the Notices. This disregard leads to fewer options for the property owner, and dwindling time to challenge the assessment, which would potentially lower their annual tax bill.

Smart Business spoke with DiAmico about Notices of Valuation, what they mean and how property owners in Philadelphia can challenge them to reduce property taxes.

WHEN PROPERTY OWNERS RECEIVE THEIR NOTICE OF VALUATION, WHAT SHOULD THEY DO?

Historically, a Notice of Valuation has been issued from the Office of Property Assessment with respect to a property after a new structure is built or when assessable improvements have recently been completed; assessable improvements being enough of an improvement in the property that a change in the assessed value of the property is required. New construction of any kind was generally the triggering event for a new assessment on a property.

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More recently however, Philadelphia has been reevaluating market values and issuing Notices of Valuation for all properties in Philadelphia, not just new construction and those with recent improvements.

Property owners who receive a Notice of Valuation have a limited amount of time to appeal the updated value. When property owners receive the assessment change, they should review it and immediately contact their tax advisers or attorney to see if the value is accurate based upon the current market value of the property.

WHAT OPTIONS EXIST FOR PROPERTY OWNERS WHO BELIEVE THE VALUATION IS INCORRECT?

Those who want to challenge the valuation can seek an appeal. In Philadelphia, there is a First Level Review allowing a property owner to informally appeal a Notice of Valuation within a certain number of days of receipt, typically 45 days. If a property owner did not submit a First Level Review; was unsuccessful at the First Level Review; or did not receive a timely decision, such owner can file a formal appeal of the real estate market value of the property by filing an application with the Board of Revision of Taxes, typically no later than the first Monday of October of the year preceding the tax year for which the revision is requested. Unfortunately, the First Level Review decision is rarely provided before

the annual appeal deadline, so quite often the property owner will also have to file the appeal application with the Board of Revision of Taxes to preserve their right to an appeal.

Following a determination by the Board of Revision of Taxes after a formal hearing, if the property owner doesn’t agree with the ultimate decision, an appeal can be filed with the Philadelphia Court of Common Pleas.

WHY SHOULD A PROPERTY OWNER WORK WITH A LAWYER TO ADDRESS AN INCORRECT VALUATION?

Property owners should work with an attorney to make any legal arguments on their behalf either as part of the application process or at the formal hearing. Only specific people may appear before the Board of Revision of Taxes on a property owner’s behalf: the property owner or an attorney representing the property owner. A property owner cannot just send an appraiser or a realtor to testify on their behalf.

Real estate values generally lag behind changes in the overall financial markets. Although property values may not have adjusted just yet, there may be forthcoming revisions to property values over the next six to 18 months because of the current COVID-19 pandemic. Accordingly, property owners should take a look at their current assessment to see if it warrants an appeal this year for reduction of their taxes next year. ●