

A wave of reassessments is giving homeowners sticker shock. Why there's no need to panic



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Homeowners who recently received a notice of their new property assessment in the mail may have been surprised at just how much their home's value has risen.

Towns across North Jersey performed reassessments this year to bring property values in line with the booming housing market. But the higher assessment and resulting sticker shock some residents may feel does not necessarily mean their taxes will rise.

“Home sales are skyrocketing; they’re selling at high prices. The real estate market is very strong,” said Mauro Raguseo, the mayor of Little Ferry. “With that said, people make this assumption: ‘My property values have gone up, that means my taxes are going up.’ That’s not the way it works — it spreads across the board.”

In fact, about 70% of borough residents will pay the same or less in taxes than last year. “If everybody’s values are going up together, then the tax burden gets spread together,” he said.

Little Ferry is among about two dozen towns in Bergen County that reassessed properties this year. The list includes municipalities as small as Moonachie and Woodcliff Lake, on up to Hackensack, the largest city in the county with more than 46,000 residents, and Paramus, with its high percentage of commercial properties.

The higher assessments reflect the current real estate market, which took off during the pandemic and has not yet settled down.



The median price for a home in Bergen County is now \$590,000, up 5.4% from \$560,000 last January. Increased demand, low inventory and bidding wars have caused prices to rise across North Jersey. They jumped to \$512,000 in Essex County, \$580,000 in Morris County, \$430,000 in Passaic County and \$333,500 in Sussex County.

Why do a reassessment?

When doing a reassessment, appraisal companies look at recent property sales, home improvements or new construction, and inspect a portion of properties in town to settle on what the homes would sell for on the open market.

Towns have a much easier time defending tax appeals when assessments accurately reflect the property's current value, said James Anzevino, Paramus's tax assessor.

"The goal is to bring everybody up to market value. If everyone is at 100%, then everyone is paying their fair share," he said.

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The borough began a five-year annual reassessment program in 2019, after it was put on a “watch list” by the Bergen County Board of Taxation because assessments had dropped below 85% of what homes were selling for.

Overall, the borough’s assessed values went up by roughly \$1 billion, to \$10.989 billion. But although values rose 10%, the tax rate went down by about the same percentage. Commercial properties — roughly half of the tax base — went up slightly more, by 10.5%, after seeing a slight decline earlier in the pandemic.

'Sometimes the truth hurts'

At a recent Borough Council meeting, a resident complained about his higher assessment, Paramus mayor Richard LaBarbiera said. But when he was asked if he would sell his home for that amount, the man got quiet.

“Sometimes the truth hurts,” LaBarbiera said. “Home values went up. You can’t have an expensive house and expect it to be assessed at a much lower value.”



Residents who think their assessment is wrong have the right to appeal, he said.

Palisades Park, where Anzevino also works as an assessor, saw an increase of 6.7% in value, going up to \$3.468 billion, but its tax rate fell from 1.58% in 2021 to 1.48% this year. As a result, residents will save an average of \$80 in taxes, he said.

Many towns began doing regular reassessments after being hit with a wave of tax appeals following the housing market crash in the late 2000s. During that time, many homes lost 25% to 50% of their value, but towns were slow to revise their tax rolls, creating an opening for residents to win significant property tax relief.

Wave of property tax appeals

In Hackensack, appeal-related debt reached about \$30 million in 2014, and the city had to borrow money to pay it off.

Since 2016, when the city began doing annual reassessments, the average tax bill has gone down, said Art Carlson, the tax assessor.

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This year, after not performing a reassessment in 2021 due to COVID, values are up more than 22%. Because of the jump, city officials are advising residents to wait for the new tax rate to calculate their bills.

Carlson likened the assessed value and tax rate to a seesaw. If one goes up, the other will come down.

“I can say with confidence that the tax rate will come down significantly, but people have to wait for the final budget to see what their taxes will be,” he said. “People’s homes are worth more. The fact that values are up 22% is a good indicator of a healthy, thriving city.”

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