# Tinton Falls 2023 Reassessment Report

**11/9/2022**

**Reassessment FAQ**

**Appeal FAQ**

**Monmouth County Tax Estimator**
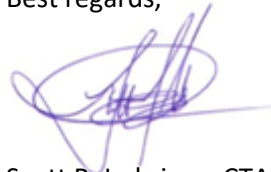
# Memo from the Assessor

Dear Property Owner(s):

The past three years have been an exceptional period throughout the world, and real estate has been no exception. While the lack of housing inventory and extremely low interest rates contributed to the boom in the real estate market, COVID pushed us into a real estate market that truly has been historic. We have seen incredible price appreciation and volatility throughout the entire market. Property values continue to increase year after year and prices have not subsided as of the valuation date for the 2023 reassessment (10/1/2022). The goal of these annual reassessments is to react to the market sales that have already occurred, not predict what will happen in the future. While it is more than likely that the higher interest rates will have impacts on the property values in the future, the assessments are still increasing due to this historic appreciation. These recent market changes highlight the importance of the assessment function, which serves as the distribution mechanism of county, school, and municipal tax levies.

The New Jersey constitution requires annual tax levies be distributed based on market value. Property assessments are assigned to distribute taxes, not generate them. In many municipalities throughout the State, they perform a revaluation and distribute their property taxes from that revaluation for some 10 years or longer. By not implementing a proactive assessment maintenance approach, tax distribution becomes less accurate each year that passes, as it assumes that all property values in a municipality appreciate or depreciate at the same rate over time. This assumption is completely inaccurate since property values do not necessarily change in a uniform manner across all property types. The various real estate markets in the Borough of Tinton Falls have been prime examples of how different price points and submarkets move at different rates and sometimes, even in different directions.

Changes to the global assessment modeling were made to target market value for the 2023 reassessment. Adjustments were also made to all individual properties, neighborhoods, and submarkets to refine the assessment accuracy. The goal of a reassessment is to annually target 100% market value so that statistical measurements represent better assessment accuracy. For the upcoming 2023 tax year, the overall aggregate value of the Borough of Tinton Falls will be approximately 12.24% higher than it was in 2022. This does not mean that property taxes will go up 12.24%, it means that the overall value of properties in the community have increased. When the valuation of the Borough increases, the tax rate decreases, provided the tax levy remains the same. The Borough anticipates that the 2023 tax rate will be lower than the 2022 tax rate due to this increase in property values (see figure 8).

More information concerning the reassessment process and results can be found in the body of this report. If you should have any questions or concerns, please do not hesitate to contact me at the email address below.

Best regards,

Scott R. Imbriaco, CTA
Borough of Tinton Falls Assessor
assessor@tintonfalls.com

# Director's Ratio

Tinton Falls 2022 Director's Ratio was 92.99%. While the "Director's Ratio" is a complex calculation, this measurement is intended to express the typical relationship between assessments and sale prices in a given municipality. The sampling period used for the Director's Ratio contains sales that took place between January and June. It is then blended with the Director's Ratio from the prior year to stabilize shared levy impacts. With assessments being set during the pre-tax year (based on sales that took place during the prior two-year period), it is expected that ratios will be lower than 100% when markets are appreciating. The opposite would hold true for declining markets. Typically, real estate markets do not appreciate significant amounts year over year, so little emphasis was put on this topic in prior reassessment reports. However, the recent market changes have been exceptional, so the calculation is worth noting in this report to provide context to the declining ratio.

## General Coefficient of Deviation (COD)

The General Coefficient of Deviation is widely held as the best indicator in determining proper tax distribution. It is a way to measure how tightly clustered individual assessment ratios are in relation to the average ratio. A lower COD means more accurate and fair tax distribution. The COD normalizes ratios to show accuracy within a municipality regardless of what the Director's Ratio is in any given year.

The more homogeneous the properties in a municipality are, the lower the COD should be. For example, a municipality that is comprised of mostly townhouses such as Tinton Falls would be expected to yield better assessment accuracy than a municipality that is comprised of a complex range of property types. Through annual reassessments, Monmouth and Somerset Counties are showing much lower CODs compared to historical or statewide data.

Despite the complexity of the Borough, Tinton Falls COD has been more accurate than the norms in the rest of the state, meaning that the assessments and resulting tax distribution are fairer. Tinton Falls has also been trending to be meaningfully more accurate than historical coefficients under the reassessment model. The 2021 COD was 6.12 which was the sixth lowest COD on record for Tinton Falls (in at least the past 30 years). While a historical comparison is an important measurement, the COD must continue to be analyzed over time as coefficients will inevitably be higher during years that the underlying market is more volatile or suffers from lack of supply or demand.

Below is a summary of Tinton Falls general COD for the past 10 years (see figure 1). Tinton Falls average COD prior to implementation of annual reassessments (years 1992-2013) was 8.77. Since implementation, the average COD is now 7.22 with the past 7 years being some of the best COD's on record.

| Year | General Coefficient of Deviation |
|------|----------------------------------|
| 2013 | 9.28 |
| 2014 | 9.76 |
| 2015 | 8.41 |
| 2016 | 6.84 |
| 2017 | 6.03 |
| 2018 | 6.10 |
| 2019 | 5.67 |
| 2020 | 6.03 |
| 2021 | 6.12 |
| 2022 | 7.88 |

*(figure 1)*

# Tinton Falls Tax Levy History

| Tax Levy Component | 2018 Tax Levy | 2019 Tax Levy | 2020 Tax Levy | 2021 Tax Levy | 2022 Tax Levy |
|---|---|---|---|---|---|
| County Budget | $8,100,864 | $8,219,533 | $8,398,259 | $8,820,077 | $8,548,488 |
| County Library Budget | $574,163 | $587,989 | $611,246 | $662,031 | $642,493 |
| Regional Elementary School | $23,314,486 | $25,280,800 | $25,932,434 | $26,355,873 | $26,489,661 |
| Regional High School | $12,536,562 | $13,369,209 | $14,459,882 | $14,754,465 | $14,355,706 |
| **Tinton Falls Municipal Budget** | **$15,570,412** | **$15,867,963** | **$16,153,346** | **$16,153,346** | **$16,460,919** |
| Municipal Open Space | $716,863 | $757,196 | $781,993 | $825,987 | $963,208 |
| County Open Space Fund | $898,204 | $948,731 | $980,866 | $1,060,375 | $1,107,927 |
| **Fire District #1** | $1,139,130 | $1,172,030 | $1,209,700 | $1,233,650 | $1,301,901 |
| Total Tax Levy | $62,850,683 | $66,203,450 | $68,527,727 | $69,865,805 | $69,870,303 |

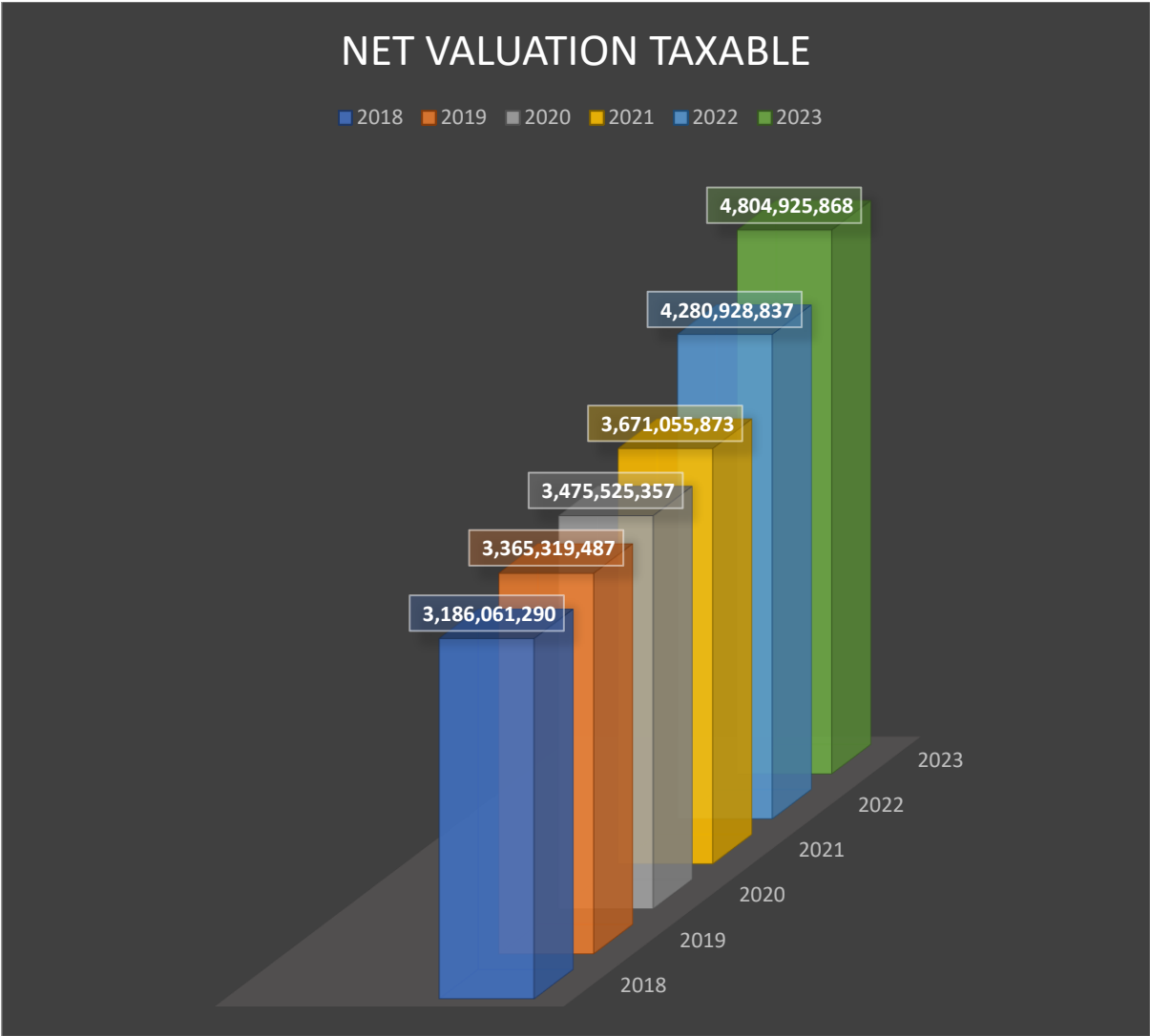| Tax Levy Component | 2018 Tax Levy | 2019 Tax Levy | 2020 Tax Levy | 2021 Tax Levy | 2022 Tax Levy |
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| Municipal Open Space | $716,863 | $757,196 | $781,993 | $825,987 | $963,208 |
| County Open Space Fund | $898,204 | $948,731 | $980,866 | $1,060,375 | $1,107,927 |
| **Fire District #2** | $865,420 | $899,530 | $933,030 | $951,500 | $987,232 |
| Total Tax Levy | $62,576,973 | $65,930,950 | $68,251,057 | $69,583,655 | $69,555,634 |

*(figure 2)*
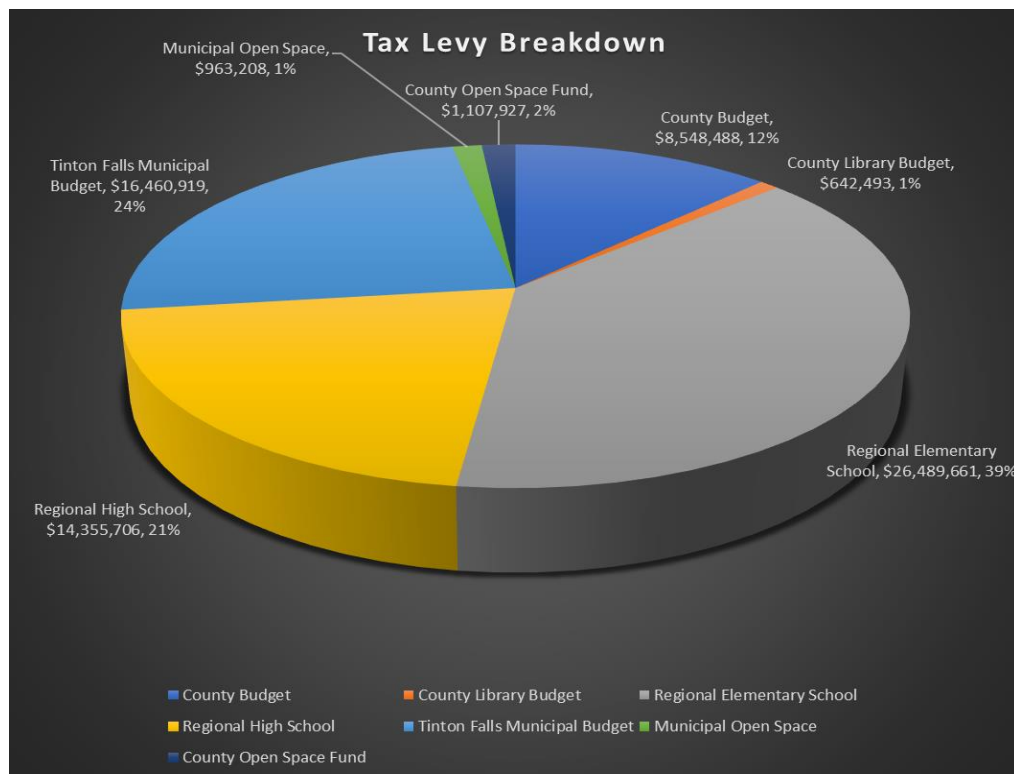


*(figure 3)*

## Total Change of Net Valuation Taxable

The net valuation of the Borough is increasing by 12.24% in 2023 (see figure 4). About 524M has been added to the Tinton Falls ratable base (partially related to new construction and mostly related to market appreciation).

| | |
|---|---:|
| 2022 Final Net Valuation | 4,280,928,837 |
| 2023 Preliminary Net Valuation | 4,804,925,868 |
| Change | 523,997,031 |
| Change % | 12.24% |

*(figure 4)*

## Property Class Breakdown (Year over Year)

### 2022 Final Tax List

| Class | Property Type | Count | Value | Average | Share of Borough |
|---|---|---|---|---|---|
| 1 | Vacant Land | 496 | 74,879,500 | 150,967 | 1.75% |
| 2 | Residential | 7,005 | 3,176,858,500 | 453,513 | 74.28% |
| 3A | Farm House | 17 | 8,787,300 | 516,900 | 0.21% |
| 3B | Qualified Farmland | 39 | 93,900 | 2,408 | 0.00% |
| 4A | Commercial | 169 | 627,762,300 | 3,714,570 | 14.68% |
| 4B | Industrial | 23 | 88,610,000 | 3,852,609 | 2.07% |
| 4C | Apartment | 8 | 300,085,900 | 37,510,738 | 7.02% |
| | | Total | 4,277,077,400 | | |
| | | Verizon | 3,851,437 | | |
| | | Net Valuation Taxable | 4,280,928,837 | | |

### 2023 Preliminary Tax List

| Class | Property Type | Count | Value | Average | Share of Borough |
|---|---|---|---|---|---|
| 1 | Vacant Land | 318 | 70,061,000 | 220,318 | 1.46% |
| 2 | Residential | 7,054 | 3,590,744,200 | 509,037 | 74.79% |
| 3A | Farm House | 17 | 9,459,700 | 556,453 | 0.20% |
| 3B | Qualified Farmland | 39 | 98,000 | 2,513 | 0.00% |
| 4A | Commercial | 172 | 694,726,400 | 4,039,107 | 14.47% |
| 4B | Industrial | 25 | 131,611,600 | 5,264,464 | 2.74% |
| 4C | Apartment | 8 | 304,268,100 | 38,033,513 | 6.34% |
| | | Total | 4,800,969,000 | | |
| | | Verizon | 3,956,868 | | |
| | | Net Valuation Taxable | 4,804,925,868 | | |

*(figure 5)*

## NET VALUATION TAXABLE

■2018 ■2019 ■2020 ■2021 ■2022 ■2023

4,804,925,868

4,280,928,837

3,671,055,873

3,475,525,357

3,365,319,487

3,186,061,290

2023
2022
2021
2020
2019
2018

*(figure 6)*

| 2018 - 2023 Tax Levy & Net Taxable Value | | | |
|---|---|---|---|
| Year | Tax Levy | Ratables | General Tax Rate |
| 2018 | $61,711,553 | 3,186,061,290 | 1.937 |
| 2019 | $65,031,370 | 3,365,319,487 | 1.933 |
| 2020 | $67,318,027 | 3,475,525,357 | 1.937 |
| 2021 | $68,632,155 | 3,671,055,873 | 1.87 |
| 2022 | $68,568,402 | 4,280,928,837 | 1.602 |
| 2023 | TBD | 4,804,925,868 | TBD |
| | | 523,997,031 | Ratable change from 2022 - 2023 (prior to tax appeals) |
| | | 12.24% | Increase prior to tax appeals |

*(figure 7)*

## 2023 Tax Rate Estimate

| Year | Ratables | Tax Levy | Tax Rate | |
|---|---|---|---|---|
| 2022 | 4,280,928,837 | 68,568,402 | 1.602% | |
| 2023* | 4,804,925,868 | 68,568,402 | 1.427% | *Rate if levy was the same year over year and no reductions from appeals |
| 2023** | 4,756,876,609 | 69,939,770 | 1.470% | **Assumes a 1% reduction in ratables from appeals & 2% increase in Levy |

**Realistic 2023 Tax Rate Range 1.450%-1.490%**

*(figure 8)*

## Assessment change of all residential properties
(Excluding new construction and properties that had renovations)

| | | Residential Classified Properties | | |
|---|---|---|---|---|
| | | Assessment Change Category | Number of Properties In Change Category | % of Total | Median Assessment of Group |
| 51.03% of Residential Properties will Decrease their Proportionate Share of the Tax Levy | -15% or More | 0 | 0.00% | |
| | -14--10% | 1 | 0.01% | |
| | -9--5% | 1 | 0.01% | |
| | -4-0% | 24 | 0.35% | 395,000 |
| | 1-5% | 339 | 4.90% | 571,300 |
| | 6-10% | 2016 | 29.14% | 571,500 |
| | 11-12.24% | 1149 | 16.61% | 506,800 |
| 48.97% of Residential Properties will Increase in their Proportionate Share of the Tax Levy | 12.25%-15% | 1431 | 20.69% | 438,200 |
| | 16%-20% | 1148 | 16.59% | 459,300 |
| | 21%-25% | 511 | 7.39% | 382,000 |
| | 26%-30% | 245 | 3.54% | 392,900 |
| | 31%-35% | 33 | 0.48% | 417,100 |
| | 36%-40% | 15 | 0.22% | 269,800 |
| | 41% or More | 5 | 0.07% | 404,200 |
| | Total Properties in Group | 6918 | 100.00% | |

*Net Value of Borough has Increased 12.24%

*(figure 9)*
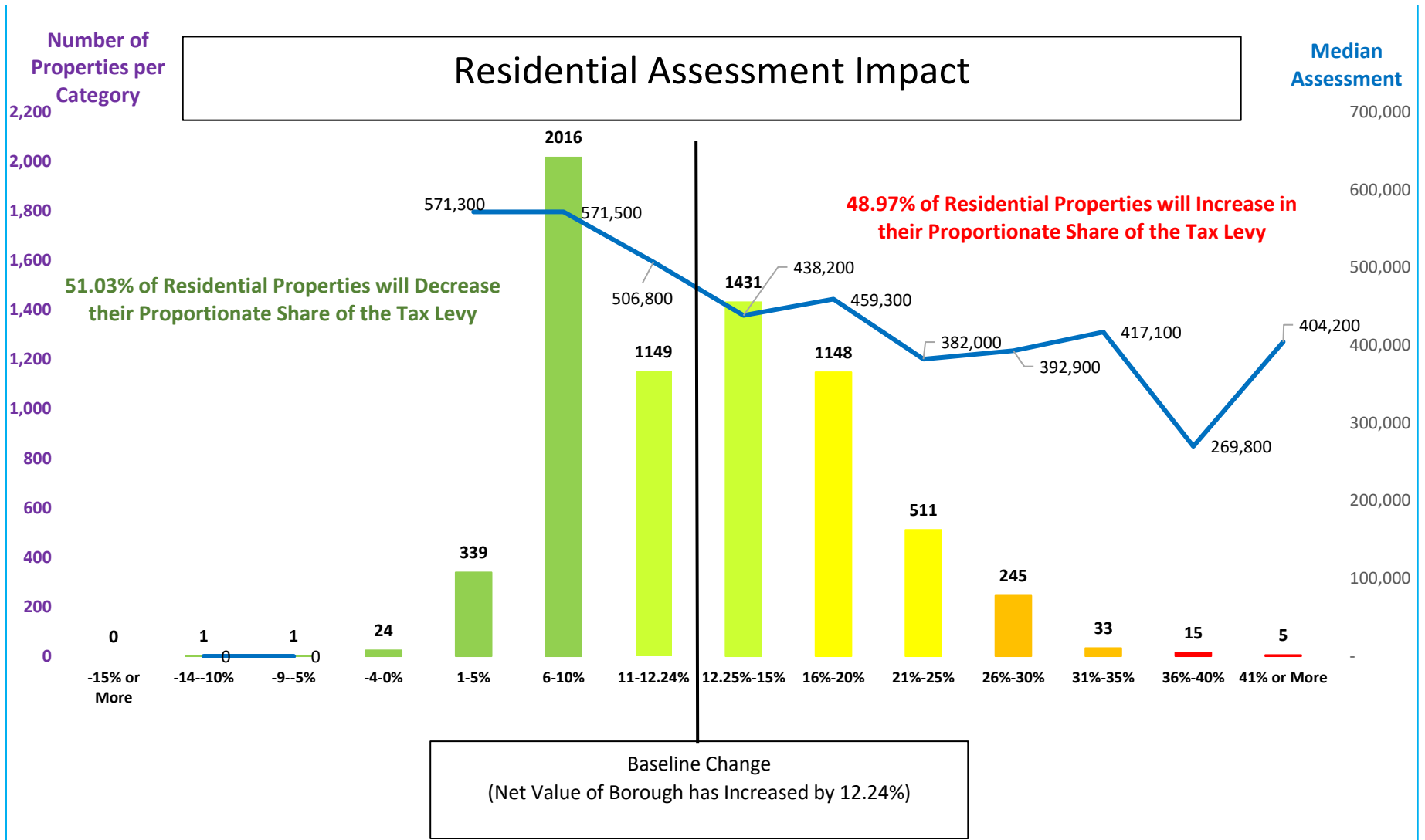
*(figure 10)*
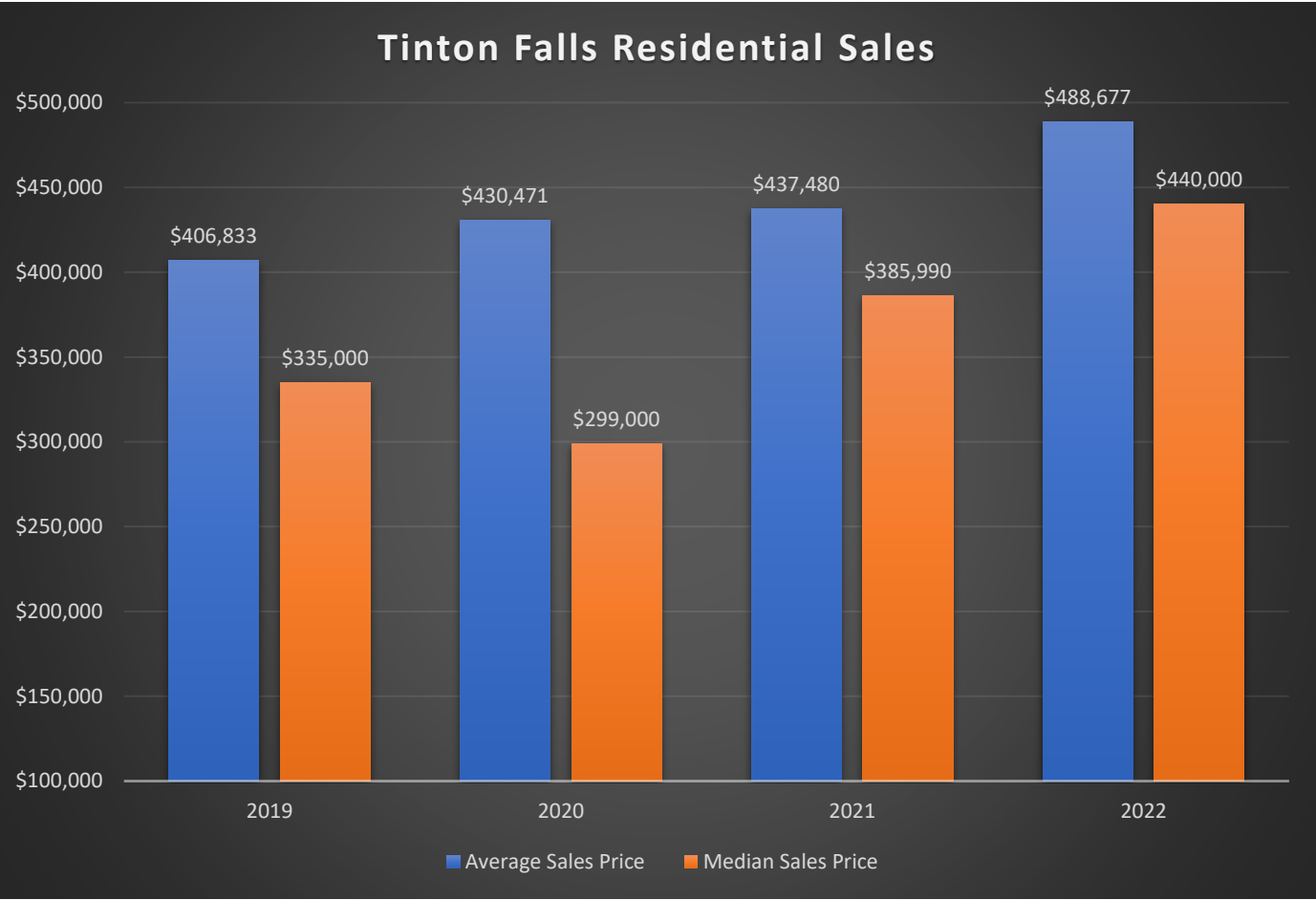
*(figure 11)*

**Tax Board *Assessment Data Analysis Module (ADAM360)* Standardized Review:**
**All 2021/2022 residential usable sales**
**(removing top & bottom 2.5% outliers and properties that had renovations after the sale)**

| PRC Ratio for Municipality: **Tinton Falls Boro** | Sale Date Range: **2 Years** | Non Useable Sales : |
|---|---|---|
| Property Class: **RESIDENTIAL PROPERTY (1 - 4 FAMILY)** | Style : **ALL** | Neighborhood : **ALL** |
| VCS : **ALL** | Outlier : **2.5** | |

| Sample Size | Weighted Average | Average | Standard Deviation | Median | COV | PRD | COD |
|---|---|---|---|---|---|---|---|
| 457 | 106.43% | 107.55% | 9.50% | 106.81% | 8.83% | 101.05% | 8.01% |



*(figure 12)*

**Tax Board *Assessment Data Analysis Module (ADAM360)* Standardized Review:**
**All residential usable sales during the past 1-year period**
**(removing top & bottom 2.5% outliers and properties that had renovations after the sale)**
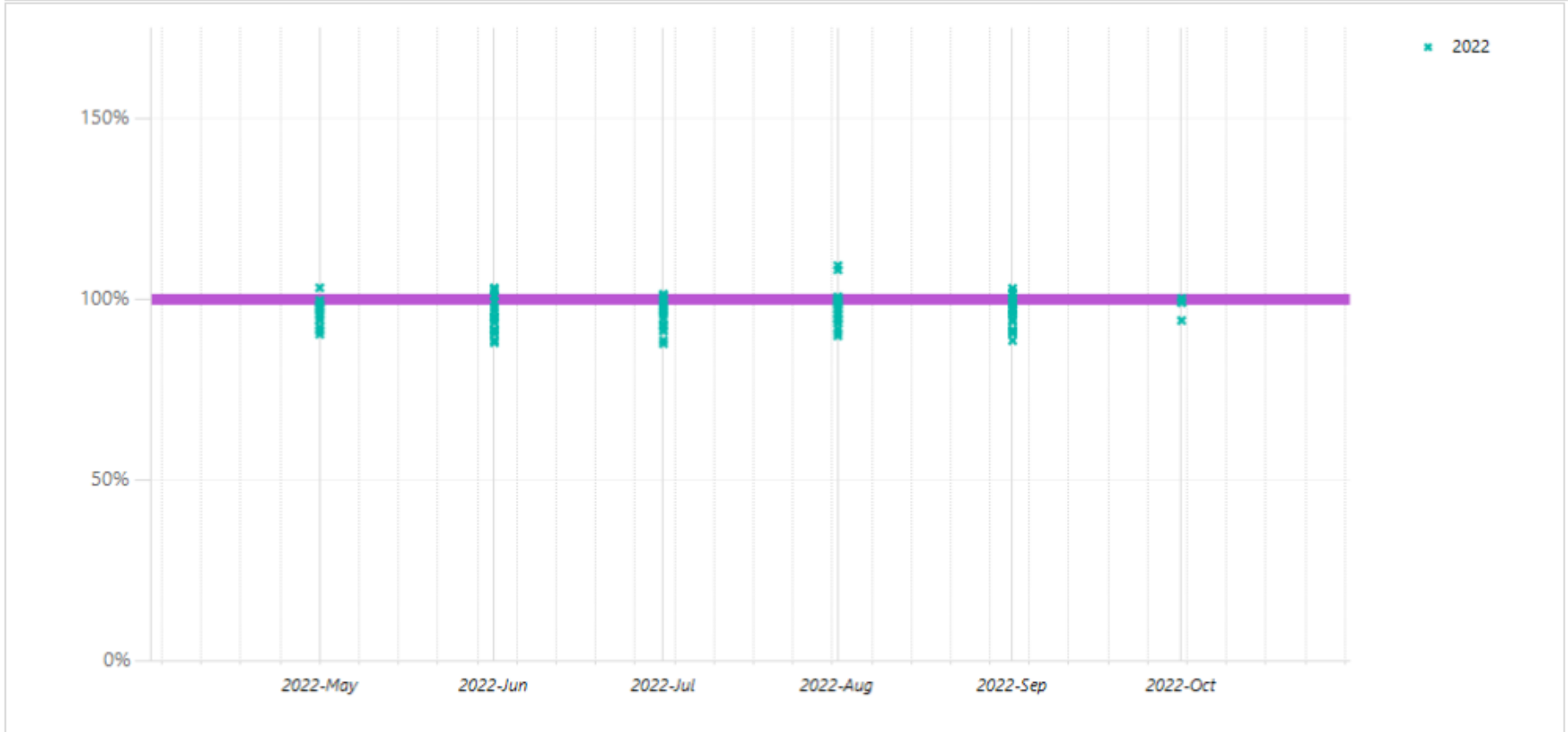
| PRC Ratio for Municipality: **Tinton Falls Boro** | Sale Date Range: **1 Year** | Non Useable Sales : |
|---|---|---|
| Property Class: **RESIDENTIAL PROPERTY (1 - 4 FAMILY)** | Style : **ALL** | Neighborhood : **ALL** |
| VCS : **ALL** | Outlier : **2.5** | |

| Sample Size | Weighted Average | Average | Standard Deviation | Median | COV | PRD | COD |
|---|---|---|---|---|---|---|---|
| 223 | 99.74% | 100.32% | 6.50% | 99.53% | 6.48% | 100.58% | 5.03% |
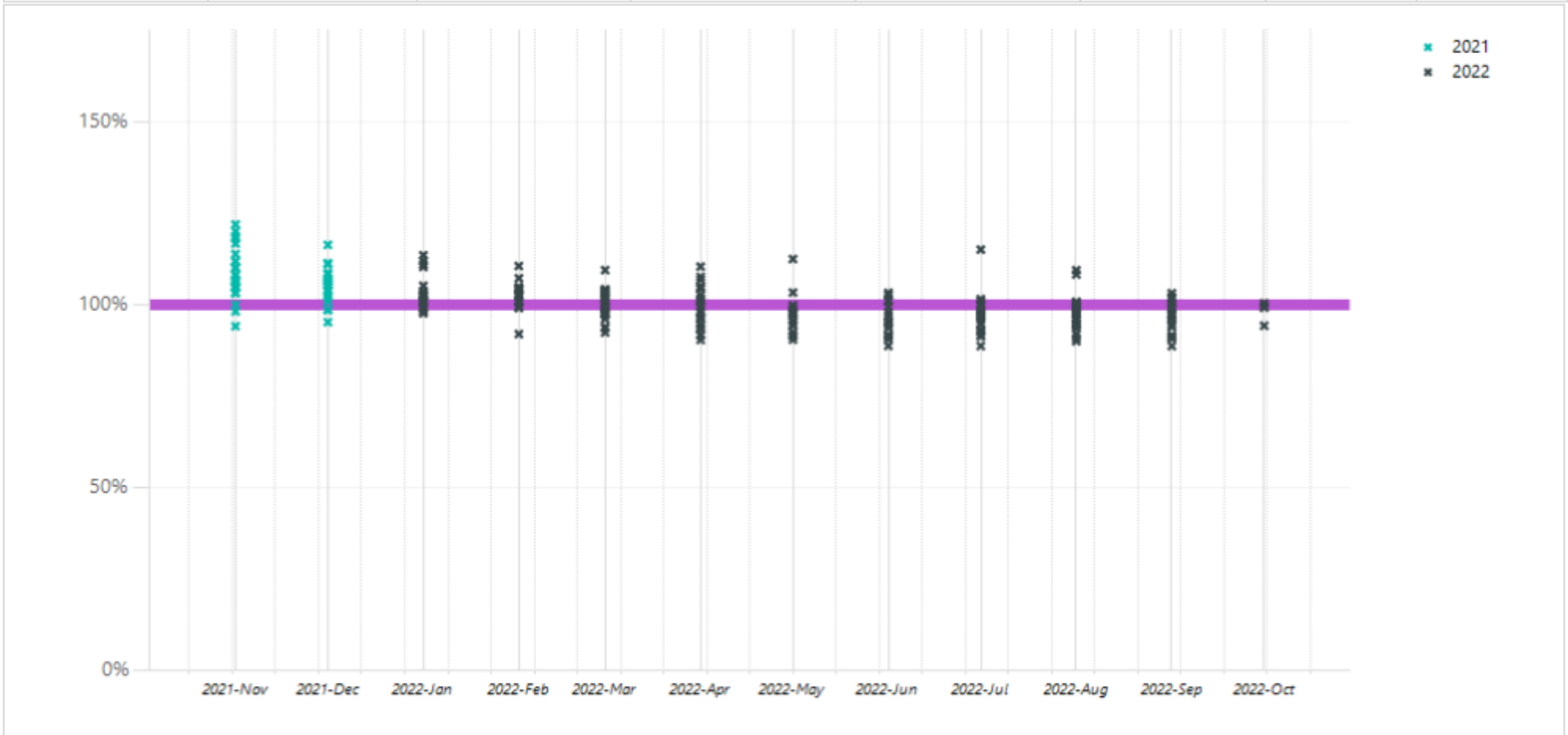


*(figure 13)*

## Tax Board *Assessment Data Analysis Module (ADAM360)* Standardized Review:
## All residential usable sales during the past 6-month period
## (removing top & bottom 2.5% outliers and properties that had renovations after the sale)

| PRC Ratio for Municipality: Tinton Falls Boro | Sale Date Range: 6 Months | Non Useable Sales : |
|---|---|---|
| Property Class: RESIDENTIAL PROPERTY (1 - 4 FAMILY) | Style : ALL | Neighborhood : ALL |
| VCS : ALL | Outlier : 2.5 | |

| Sample Size | Weighted Average | Average | Standard Deviation | Median | COV | PRD | COD |
|---|---|---|---|---|---|---|---|
| 99 | 96.04% | 96.27% | 4.28% | 96.81% | 4.44% | 100.24% | 3.47% |



*(figure 14)*