

Tinton Falls 2024 Reassessment Report

11/10/2023



[Reassessment FAQ](#)

[Appeal FAQ](#)

[Monmouth County Tax Estimator](#)

Memo from the Assessor

These past four years have been an exceptional period for real estate. Property values continue to increase at a steady pace and prices have not subsided as of the valuation date for the 2024 reassessment (10/1/2023). The Borough is required to reassess all properties annually in order to maintain fair tax distribution. 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. 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 2024 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 2024 tax year, the overall aggregate value of the Borough of Tinton Falls will be approximately 9.81% higher than it was in 2023. This does not mean that property taxes will go up 9.81%, it means that the overall value of properties in the borough has increased. When the valuation of the borough increases, the tax rate decreases, provided the tax levy remains the same. This office anticipates that the 2024 tax rate will be lower than the 2023 tax rate due to the increase in property values (see figure 13).

The 2024 property assessment will be used to calculate the 2024 property tax bill, which won't come out until next summer. In the meantime, property owners should not multiply the 2023 tax rate by the 2024 assessment to determine 2024 property taxes. The link to the Monmouth County Property Tax Estimator on the cover of this report can be utilized to estimate 2024 property taxes. More information concerning the process and results of the reassessment can be found in the body of this report.



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Director's Ratio

Tinton Falls 2023 Director's Ratio was 98.26%. 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 covers 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.

General Coefficient of Deviation (COD)

The General Coefficient of Deviation (COD) 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 2019 COD was 5.67 which was the third 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.

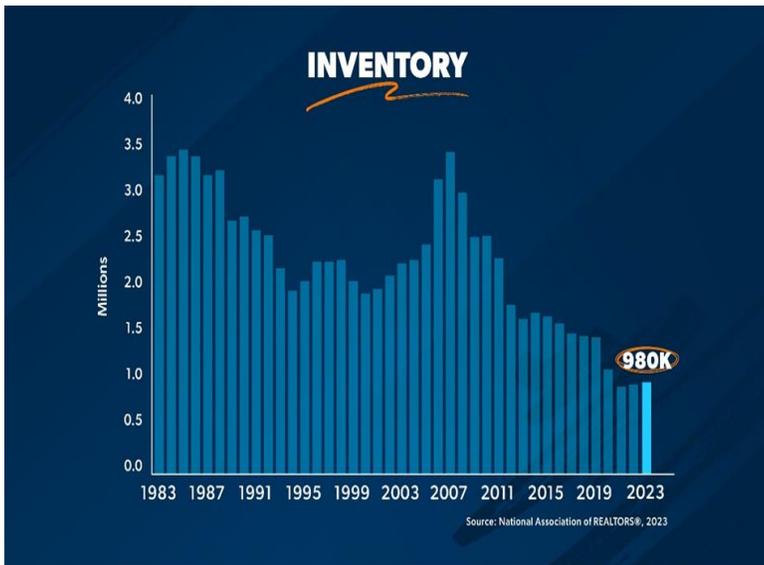
Below is a summary of Tinton Falls general COD for the past 10 years (see figure 1). Tinton Falls average COD prior to implementation of annual reassessments (years 1992-2013) was 8.77. Since implementation, the average COD is now 6.985 with the past 8 years being some of the best COD's on record.

Year	General Coefficient of Deviation
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
2023	7.01

(figure 1)

Real Estate Market Observation

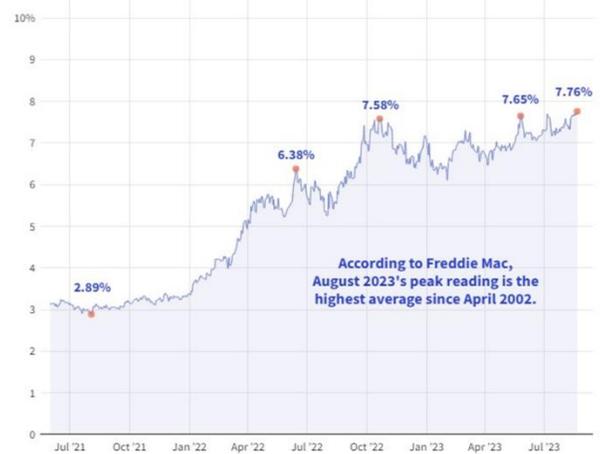
We have seen incredible price appreciation and volatility throughout the entire market. While the uptick in interest rates that began in the late summer of 2022 was expected to begin to cool sale prices, the continued lack of inventory has only fueled the competition for homes on the market. Homes listed for sale are still quickly receiving multiple offers and at prices that exceed the asking price. Over the past couple of years, the Federal Reserve has steadily increased hiked interest rates in order to counter the rise in inflation. As a result, we have seen 30-year mortgage interest rates that were below 3% only a couple of years ago climb to over 8% recently. As of the date of this report, 30-year mortgages are close to a 23-year high. Much of the low inventory in the residential market can be attributed to homeowners with these low-interest rate mortgages opting to stay in their current home rather than sell.



(figure 2)

30-Year Fixed-Rate Mortgage Average - June 2021 to Aug. 22, 2023

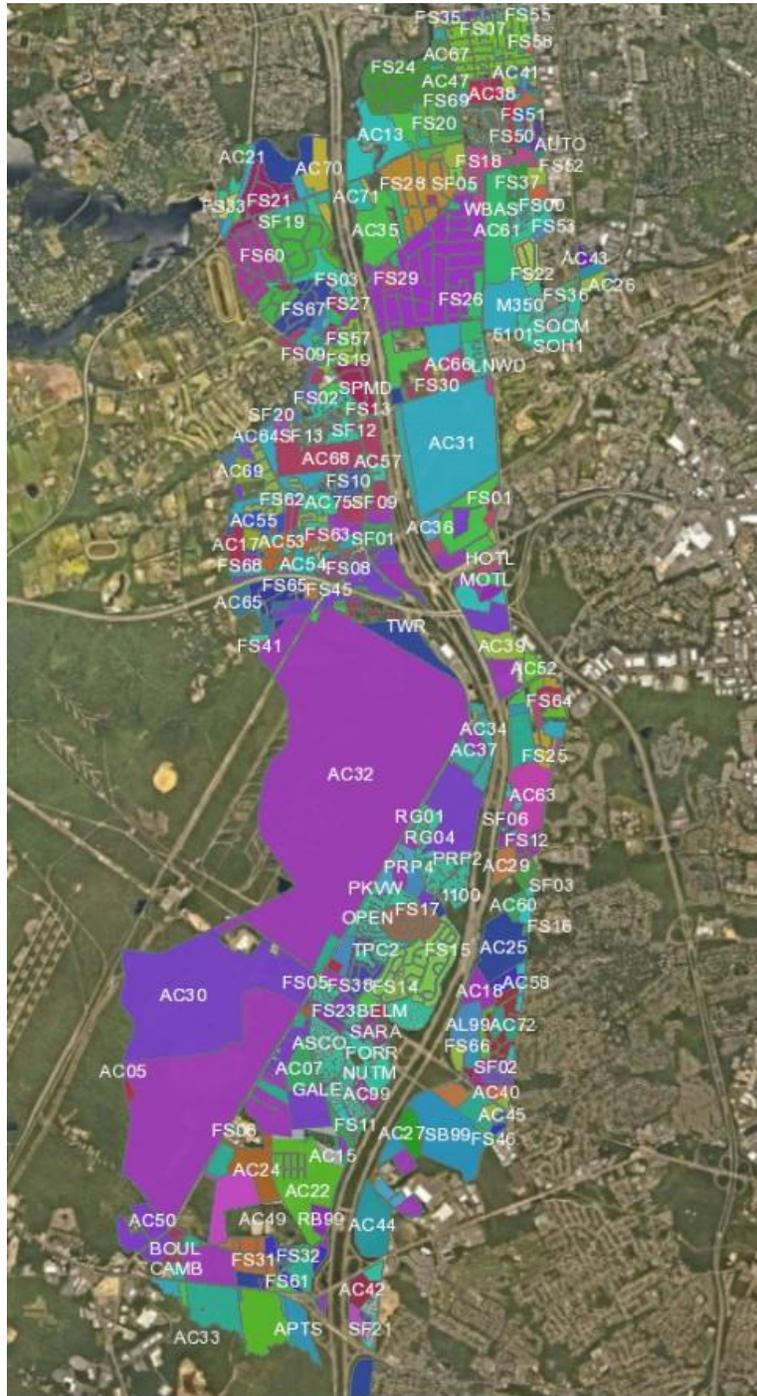
For new purchase loans with an 80% LTV, a 700-760 FICO score, and no discount points



Investopedia

The most recent reassessment takes these market changes into account when setting the 2024 assessments. Sales from 2022 and 2023 were used in the reassessment modeling, giving greater weight to the more recent sales. The 2024 preliminary value of Tinton Falls has increased by 9.81%. This 9.81% can be seen as the baseline for apportionment change. Any property that has increased greater than 9.81% will pay a higher proportionate share of the tax levy. Conversely, any property increasing less than 9.81% (or decreasing) will pay a lesser proportionate share of the tax levy.

VCS Neighborhood Stratification Mapping



(figure 3)

VCS, or Value Control Sectors, help differentiate local markets and neighborhoods from one another. Properties throughout the borough all have different influences that affect property values. Through the 2024 reassessment, changes to global modeling were made to target market value. Adjustments were also made to all individual properties, neighborhoods, and submarkets to refine assessment accuracy. The goal is to annually target 100% market value so that the statistical measurements represent better assessment accuracy. The primary driver of a reassessment is recent “arms-length transactions”. Statutorily, properties are assessed for what they would have sold for on October 1st of the pretax year. The 2024 valuation date is October 1, 2023. There were approximately 548 “usable” sales in the 2022-2023 market analysis.

2022-2023 Sales Mapping



(figure 4)

Colored dot correlates with sales ratio: Red >105%, Blue 95%-105%, Green <95%

While the local market has appreciated at significant rates, assessors must view sales data used in the study in its totality when employing mass modeling techniques. While more recent sales are certainly given more credibility in the analysis, older sales will still be a stabilizing factor with annual reassessments. Inevitably, older sales will pull the modeling in the direction that the market was in the past. When there is significant appreciation or depreciation from one year to the next, the older sales will be more impactful on ratio and COD metrics. The aggregate value for the Borough of Tinton Falls has increased by approximately 9.81% from 2023.

The below chart illustrates the percentage change for Borough properties.

Assessment Change Review

PRC Ratio for Municipality: Tinton Falls Boro	Property Class: VACANT LAND, RESIDENTIAL PROPERTY (1 - 4 FAMILY), FARM (HOUSE), FARM (QUALIFIED), COMMERCIAL, INDUSTRIAL, APARTMENT	Judgments Removed
VCS : ALL	Style : ALL	Neighborhood : ALL
Added Assessments : Removed	0 IMP Last year & PRC IMP > 1: Removed	

Change Bucket	# Properties	% Change
A. Decrease: 15% and Over	3	0.04%
B. Decrease: 10-15%	8	0.11%
C. Decrease 5-10%	6	0.08%
D. Decrease: 2-5%	20	0.27%
E. Decrease: 0-2%	29	0.39%
F. No Change	32	0.43%
G. Increase 0-2%	181	2.42%
H. Increase: 2-5%	648	8.66%
I. Increase: 5-10%	2178	29.12%
J. Increase: 10-15%	2707	36.19%
K. Increase 15%+	1666	22.28%
#DIV/0!	1	0.01%
Grand Total	7479	100.00%

(figure 5)

Property Inspections (data collection)

The NJ Division of Taxation requires any municipality that is performing annual reassessments to have an approved inspection cycle. The inspection cycle for the Borough is 5 years, meaning that your property will be inspected once every 5 years. The purpose of these inspections is to gather pertinent information on each property so that the appraisal process is fair and uniform. The inspectors are not appraisers and are not appraising your home during these inspections. The inspectors are simply collecting data, which is then returned to this office where the reassessment process is completed. The Borough completed the first five-year (2014 – 2018) inspection cycle in 2018. The second cycle (2019 – 2023) is coming to an end and the borough will need to post an RFP for inspections services for our next inspection cycle which begins in 2024.

Borough of Tinton Falls Inspection Schedule		
	<u>Year</u>	<u>Properties Completed</u>
First Inspection Cycle 2014 - 2018	2014	20%
	2015	20%
	2016	20%
	2017	20%
	2018	20%
Second Inspection Cycle 2019 - 2023	2019	20%
	2020	20%
	2021	20%
	2022	20%
	2023	20%
Third Inspection Cycle 2024 - 2028	2024 (RFP)	TBD

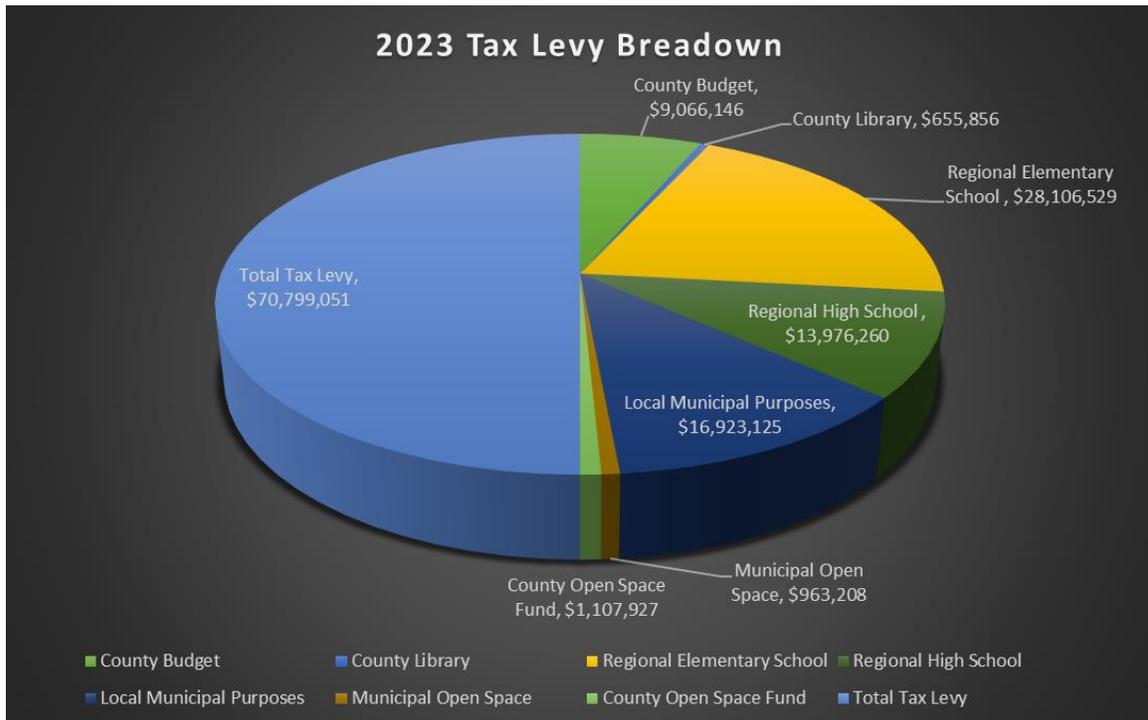
(figure 6)

Tinton Falls Tax Levy History

	2019 Tax	2020 Tax	2021 Tax	2022 Tax	2023 Tax
Tax Levy Component	Levy	Levy	Levy	Levy	Levy
County Budget	\$8,219,533	\$8,398,259	\$8,820,077	\$8,548,488	\$9,066,146
County Library Budget	\$587,989	\$611,246	\$662,031	\$642,493	\$655,856
Regional Elementary School	\$25,280,800	\$25,932,434	\$26,355,873	\$26,489,661	\$28,106,529
Regional High School	\$13,369,209	\$14,459,882	\$14,754,465	\$14,355,706	\$13,976,260
Tinton Falls Municipal Budget	\$15,867,963	\$16,153,346	\$16,153,346	\$16,460,919	\$16,923,125
Municipal Open Space	\$757,196	\$781,993	\$825,987	\$963,208	\$1,080,821
County Open Space Fund	\$948,731	\$980,866	\$1,060,375	\$1,107,927	\$1,284,550
Fire District #1	\$1,172,030	\$1,209,700	\$1,233,650	\$1,301,901	\$1,325,684
Total Tax Levy	\$66,203,450	\$68,527,727	\$69,865,805	\$69,870,303	\$72,418,971

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Municipal Open Space	\$757,196	\$781,993	\$825,987	\$963,208	\$1,080,821
County Open Space Fund	\$948,731	\$980,866	\$1,060,375	\$1,107,927	\$1,284,550
Fire District #2	\$899,530	\$933,030	\$951,500	\$987,232	\$1,061,700
Total Tax Levy	\$65,930,950	\$68,251,057	\$69,583,655	\$69,555,634	\$72,154,987

(figure 7)



(figure 8)

Total Change of Net Valuation Taxable

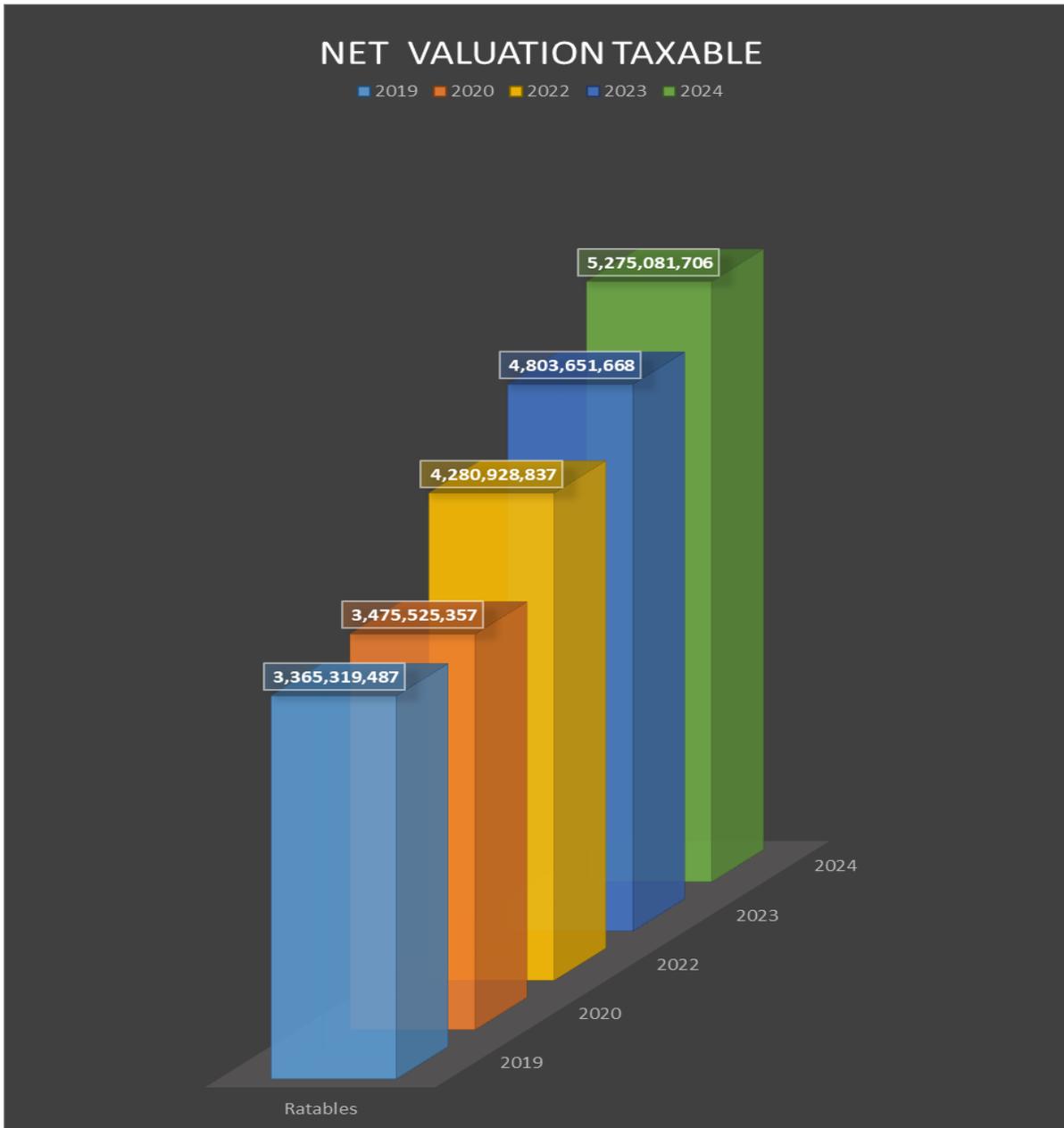
The net valuation of the Borough is increasing by 9.81% in 2024 (see figure 9). About 471.5M has been added to the Tinton Falls ratable base (partially related to new construction and mostly related to market appreciation).

2023 Final Net Valuation	4,803,651,668
2024 Preliminary Net Valuation	5,275,081,706
Change	471,430,038
Change %	9.81%

(figure 9)

Property Class Breakdown (Year over Year)					
2023 Final Tax List					
Class	Property Type	Count	Value	Average	Share of Borough
1	Vacant Land	319	70,330,300	220,471	1.46%
2	Residential	7,053	3,589,477,700	508,929	74.72%
3A	Farm House	17	9,361,100	550,653	0.19%
3B	Qualified Farmland	39	98,000	2,513	0.00%
4A	Commercial	172	694,548,000	4,038,070	14.46%
4B	Industrial	23	131,611,600	5,722,243	2.74%
4C	Apartment	8	304,268,100	38,033,513	6.33%
Total			4,799,694,800		
Verizon			3,956,868		
Net Valuation Taxable			4,803,651,668		
2024 Preliminary Tax List					
Class	Property Type	Count	Value	Average	Share of Borough
1	Vacant Land	271	71,854,300	265,145	1.36%
2	Residential	7,079	4,019,955,100	567,870	76.21%
3A	Farm House	17	10,153,900	597,288	0.19%
3B	Farm Land	39	102,400	2,626	0.00%
4A	Commercial	173	716,664,700	4,142,571	13.59%
4B	Industrial	25	134,876,300	5,395,052	2.56%
4C	Apartment	8	317,459,200	39,682,400	6.02%
Total			5,271,065,900		
Verizon			4,015,806		
Net Valuation Taxable			5,275,081,706		

(figure 10)



(figure 11)

2019 – 2024 Tax Levy & Net Taxable Value			
Year	Tax Levy	Ratables	General Tax Rate
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	1.870
2022	\$68,568,402	4,280,928,837	1.602
2023	\$71,093,289	4,803,651,668	1.480
2024	TBD	5,275,081,706	TBD

471,430,038	Ratable change from 2023 - 2024 (prior to tax appeals)
9.81%	Increase prior to tax appeals

(figure 12)

2024 General Tax Rate Estimate

Year	Ratables	Tax Levy	Tax Rate
2023	4,803,651,668	71,093,289	1.480%
2024*	5,275,081,706	71,093,289	1.348%

*Rate if levy was the same year over year and no reductions from appeals

2024**	5,222,330,889	72,515,155	1.389%
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**Assumes a 1% reduction in ratables from appeals & 2% increase in Levy

Realistic 2024 Tax Rate Range 1.350%-1.390%
 (*estimate does not include fire district tax rate)

(figure 13)

Assessment change of all residential properties

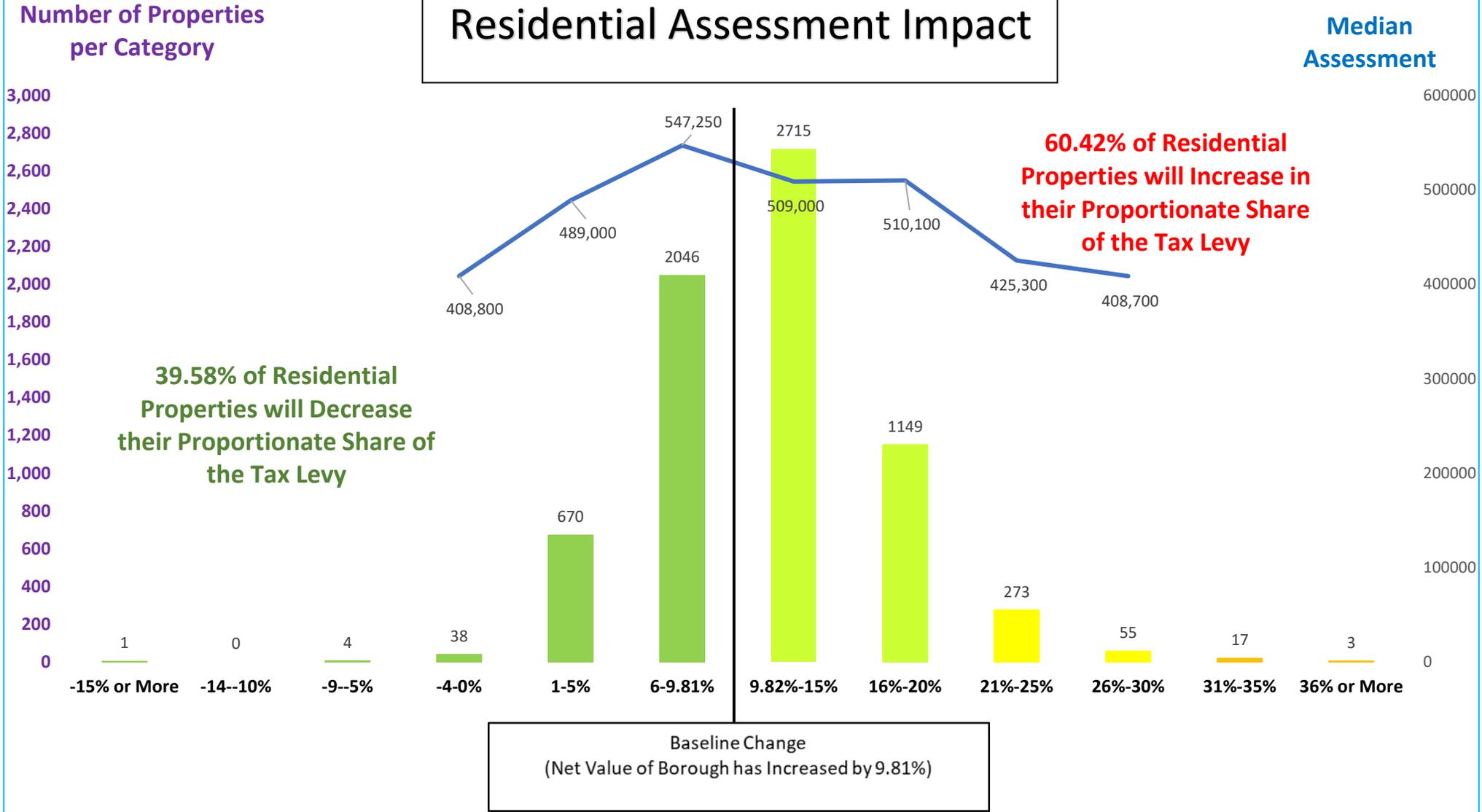
(*Excluding new construction and properties that had renovations)

	Residential Classified Properties			
	Assessment Change Category	Number of Properties In Change Category	% of Total	Median Assessment of Group
39.58% of Residential Properties will Decrease their Proportionate Share of the Tax Levy	-15% or More	1	0.01%	
	-14--10%	0	0.00%	
	-9--5%	4	0.06%	
	-4-0%	38	0.55%	408,800
	1-5%	670	9.61%	489,000
	6-9.81%	2046	29.35%	547,250
60.42% of Residential Properties will Increase in their Proportionate Share of the Tax Levy	9.82%-15%	2715	38.95%	509,000
	16%-20%	1149	16.48%	510,100
	21%-25%	273	3.92%	425,300
	26%-30%	55	0.79%	408,700
	31%-35%	17	0.24%	
	36% or More	3	0.04%	
	Total Properties in Group	6971	100.00%	

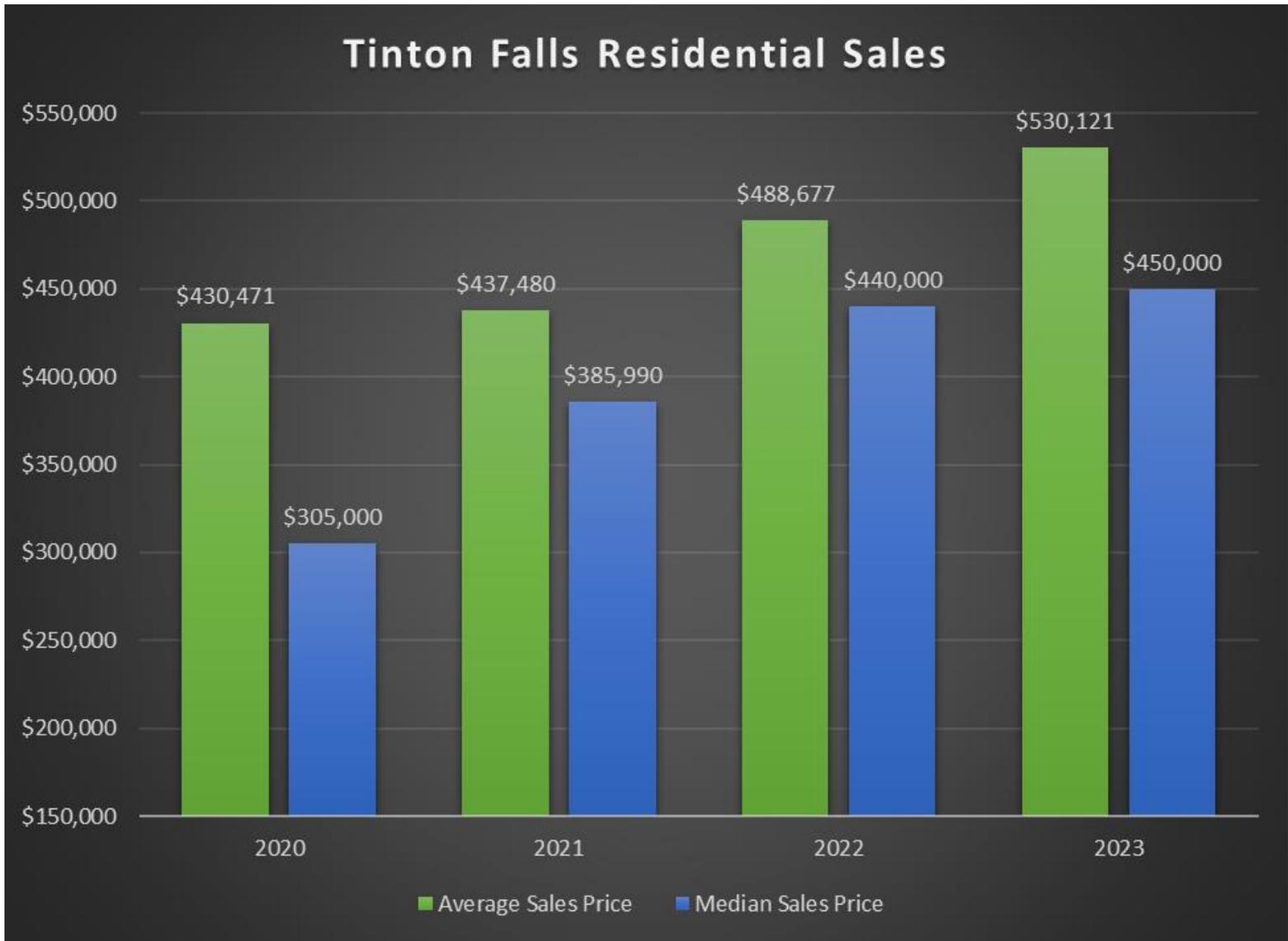
*Net Value of Borough has Increased 9.81%

(figure 14)

Residential Assessment Impact



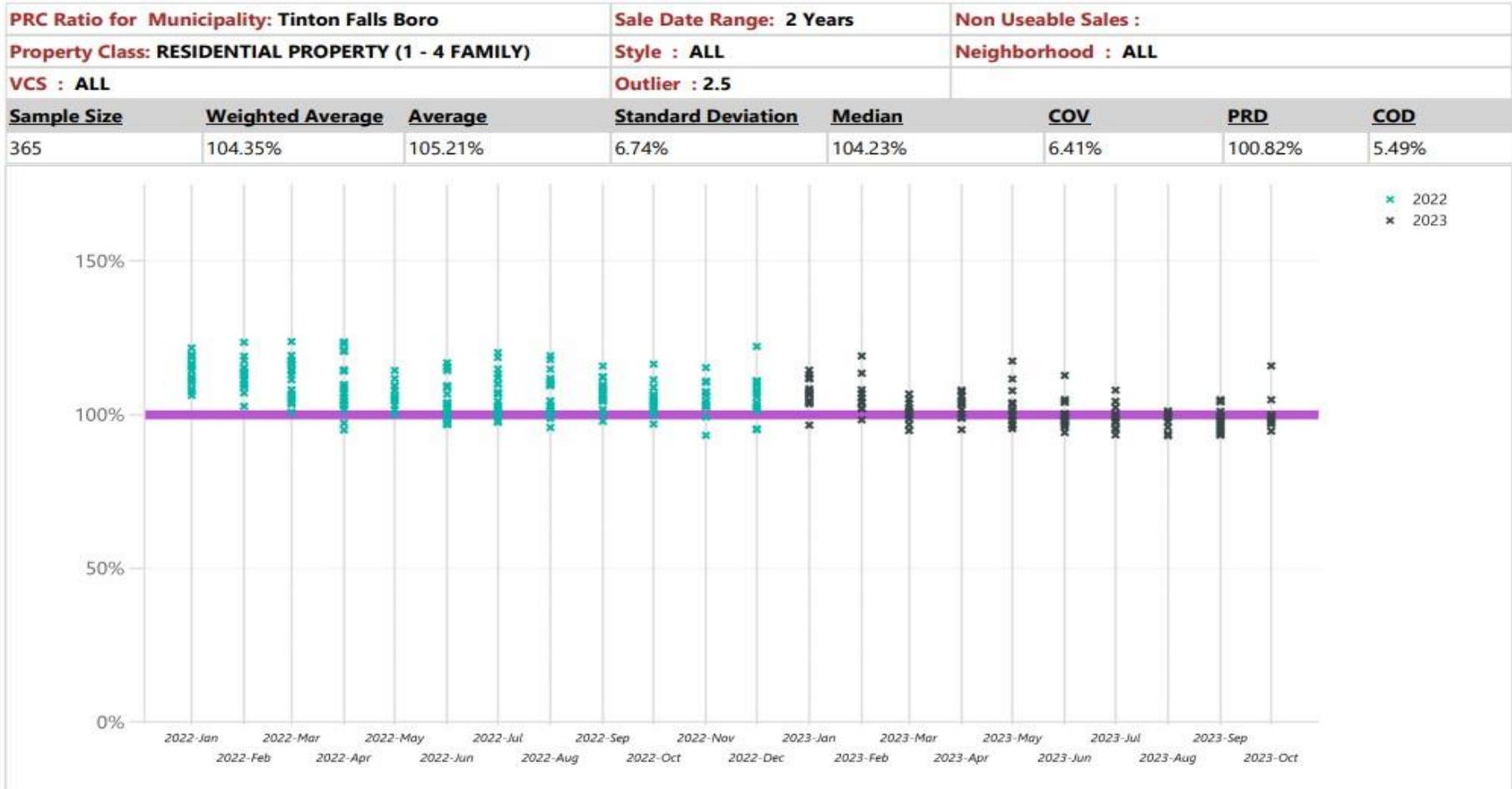
(figure 15)



(figure 16)

Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:
All 2022/2023 residential usable sales
 (removing top & bottom 2.5% outliers and properties that had renovations after the sale)

PRC Ratio Scatter

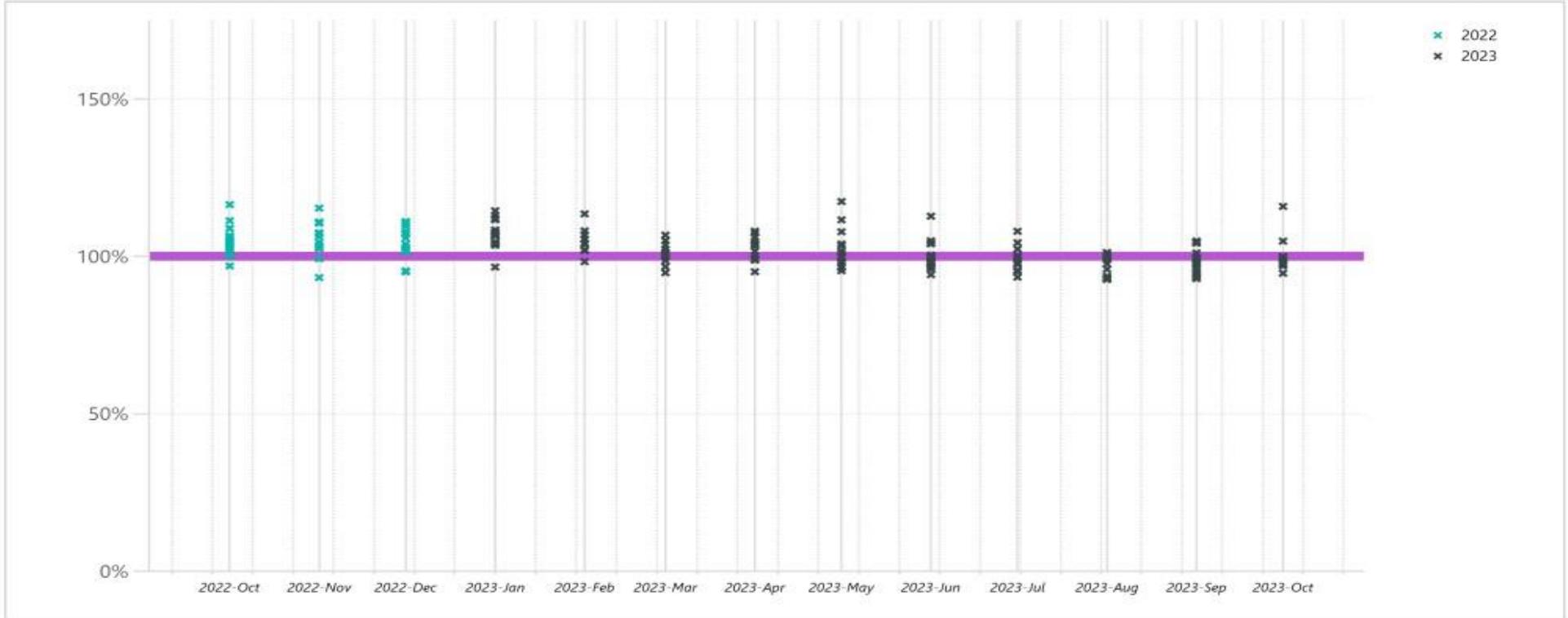


(figure 17)

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 Scatter

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
193	101.37%	102.01%	5.27%	101.11%	5.16%	100.63%	4.31%

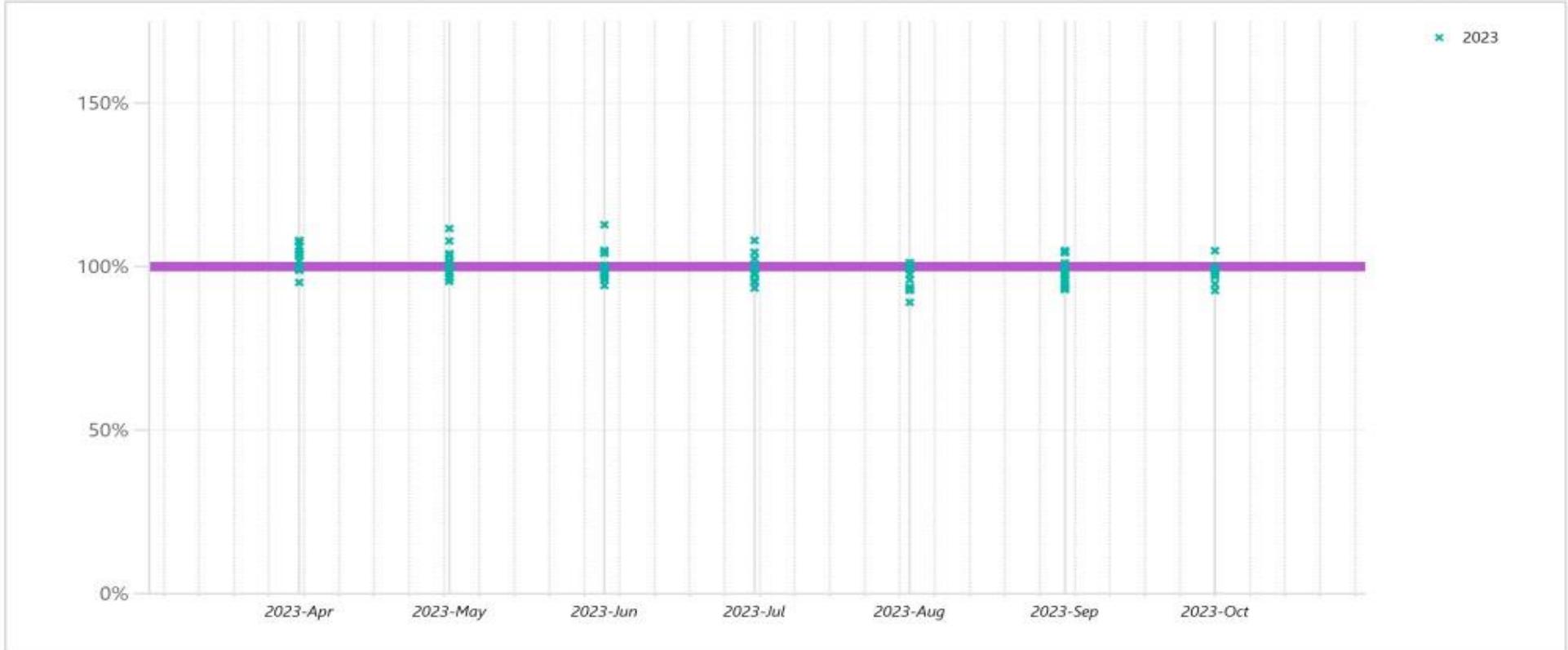


(figure 18)

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 Scatter

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
108	99.06%	99.30%	4.06%	99.03%	4.09%	100.24%	2.98%



(figure 19)