BOROUGH OF HIGHLANDS

Mayor and Council Special Meeting

22 Snug Harbor Avenue, Highlands NJ 07732
Tuesday, November 30, 2021 at 6:30 PM

Agenda

SPECIAL MEETING: 6:30PM

This Special Meeting of the Mayor and Council of the Borough of Highlands is called pursuant to the provisions of the Open Public Meetings Law. Notice has been transmitted to the Asbury Park Press, Two River Times, and by posting at The Borough of Highlands Municipal Building and website and filing with the Borough Clerk all on November 24, 2021. This agenda is complete to the extent known; no formal action will be taken at this Meeting.Council may limit repetitive comments and may limit the time or number of questions or comments from any one citizen to ensure an orderly meeting and allow adequate time for members of the public to be heard.

PLEDGE OF ALLEGIANCE

ROLL CALL

Councilmember Martin | Councilmember Mazzola

Councilmember Melnyk | Council President Olszewski

Mayor Broullon

DISCUSSION ITEMS

1. Property Valuations in Highlands - Public Information Meeting

PUBLIC PORTION

Individuals wishing to address the Council shall be recognized by the presiding officer and shall give their name, address, and the group, if any, they represent.

ADJOURNMENT

If you have any questions regarding this agenda, please contact the Borough Clerk at 732-872-1224 ext. 201 or email clerk@highlandsborough.org

Monmouth County Real Estate Market

Monmouth County has been experiencing unprecedented appreciation in the real estate markets since 2019. The soaring prices have been fueled by a wave of people coming to the Jersey Shore from New York City, Philadelphia, and North Jersey, who are taking advantage of record-low mortgage rates to move and adjust their environment as a result of the effects of the pandemic. The surge in market prices has also been fueled by a record low supply in the inventory of available homes. The following statistics apply to Monmouth County in general and Highlands on a micro level.

Monmouth County MLS Statistics								
	Monmouth County Condos				Monmouth County Single Family			
	Average	Median	Ave. % Inc.	Med. % Inc.	Average	Median	Ave. % Inc.	Med. % Inc.
10/1/2019	$343,062	$290,000			$544,628	$440,000		
10/1/2020	$ 366,956	$ 308,000	7.0%	6.2%	$ 615,054	$ 489,000	12.9%	11.1%
10/1/2021	$ 437,476	$ 350,000	19.2%	13.6%	$ 727,038	$ 579,000	18.2%	18.4%
	Highlands Condos				Highlands Single Family			
	Average	Median	Ave. % Inc.	Med. % Inc.	Average	Median	Ave. % Inc.	Med. % Inc.
10/1/2019	$296,482	$238,500			$422,005	$405,000		
10/1/2020	$ 282,852	$ 253,868	-4.6%	6.4%	$ 500,000	$ 445,000	18.5%	9.9%
10/1/2021	$ 342,277	$ 302,000	21.0%	19.0%	$ 609,179	$ 455,000	21.8%	2.2%

Property Reassessment and Impact on Property Taxes

The prime purpose of property assessments is to **establish equitable and accurate property values, not tax rates.** When property assessments in a municipality are uniformly set to the same standard, which in Monmouth County is 100% of market value, the tax levy is distributed equitably on a municipal and countywide basis in accordance with the NJ Constitution.

The Tax Assessor does not have control of the tax levy. County, municipal and school budget costs determine the amount of property tax to be collected. A municipality's general tax rate is calculated by dividing the total dollar amount it needs to meet local budget expenses by the net valuation of all its taxable property.

An individual's property taxes are directly related to that property's proportionate ownership share of the municipality. To put it simply, if a property was worth 10% of the municipality, it would be assigned to pay 10% of the tax levy.

Below is the breakdown of Highlands certified Tax Levy for 2018 - 2021:

	2021	%	2020	%	2019	%	2018	%
County Purposes	0.226	9.11%	0.228	9.18%	0.267	9.45%	0.265	9.58%
County Library	0.017	0.69%	0.017	0.68%	0.019	0.67%	0.019	0.69%
County Health Budget	0.005	0.20%	0.005	0.20%	0	0.00%	0	0.00%
County Open Space Fund	0.027	1.09%	0.027	1.09%	0.031	1.10%	0.03	1.08%
Highlands Local School	0.549	22.13%	0.562	22.62%	0.659	23.33%	0.621	22.44%
School Regional -Henry Hudson	0.523	21.08%	0.493	19.85%	0.549	19.43%	0.577	20.85%
Highlands Municipal	1.129	45.51%	1.147	46.18%	1.295	45.84%	1.25	45.18%
Highlands Open Space	0.005	0.20%	0.005	0.20%	0.005	0.18%	0.005	0.18%
Total	2.481	100.00%	2.484	100.00%	2.825	100.00%	2.767	100.00%
	2021 Tax Levy	**%**	**2020 Tax Levy**	**%**	**2019 Tax Levy**	**%**	**2018 Tax Levy**	**%**
County Purposes	$ 1,730,835	9.12%	$ 1,672,048	9.19%	$ 1,632,415	9.44%	$ 1,607,470	9.46%
County Library	$ 129,914	0.68%	$ 121,697	0.67%	$ 116,775	0.68%	$ 113,931	0.67%
County Health Budget	$ 35,436	0.19%	$ 34,520	0.19%	$ -	0.00%	$ -	0.00%
County Open Space Fund	$ 208,053	1.10%	$ 195,227	1.07%	$ 188,390	1.09%	$ 178,310	1.05%
Highlands Local School	$ 4,199,577	22.13%	$ 4,117,232	22.64%	$ 4,036,502	23.34%	$ 3,767,561	22.18%
School Regional -Henry Hudson	$ 3,997,805	21.07%	$ 3,612,798	19.86%	$ 3,360,560	19.43%	$ 3,496,177	20.58%
Highlands Municipal	$ 8,632,760	45.50%	$ 8,397,351	46.17%	$ 7,929,298	45.85%	$ 7,792,549	45.88%
Highlands Open Space	$ 38,245	0.20%	$ 36,873	0.20%	$ 30,917	0.18%	$ 30,402	0.18%
Total	$ 18,972,625	100.00%	$ 18,187,746	100.00%	$ 17,294,857	100.00%	$ 16,986,400	100.00%

The tax rate is calculated by dividing the total tax levy by the net valuation of the Township (total of all assessments). Each property then pays taxes based off that rate times their assessment so that the tax levy is distributed fairly.

	Net Valuation Taxable	% Increase	Tax Levy	Tax Rate
2019	$ 612,360,023		$ 17,294,857	2.824%
2020	$ 732,363,717	19.60%	$ 18,187,746	2.483%
2021	$ 764,886,141	4.44%	$ 18,972,625	2.480%
2022	$ 892,613,000	16.70%		

Annual Reassessment Process – What Does It Mean?

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 allows for. Due to technological and administrative constraints, assessments were set during a revaluation year and remained stagnant despite obvious changes in the markets and submarkets and between different property classes. 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 assumed that every property within a municipal boundary appreciates / depreciates at the same rate. Obviously, this is not true. Every neighborhood and property class react 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 out of touch with the current market value of properties. That type of environment often results in the inequitable distribution of taxes. Monmouth County has reformed the distribution component of property taxation to address this obvious shortfall. The Assessment Demonstration Program (through annual reassessment) strives to use advancements in technology, education, and mass appraisal techniques to provide this better service to the taxpayers.

Created in Monmouth County, the *Assessment Demonstration Program* (ADP) is an international award-winning program that has been recognized as a model assessment paradigm by Moody’s Investor Service and Harvard Kennedy School. The ADP won the industry’s top respected *Distinguished Assessment Jurisdiction Award* for 2019 from the *International Association of Assessing Officers (IAAO)*. The IAAO presents the *Distinguished Assessment Jurisdiction Award* to a national, state, regional or local agency that has instituted a technical, procedural, or administrative program that improves on prior programs, and is recognized as a component of a model assessment system and a contributing factor to equity in property taxation. This prestigious award has been given to the most deserving district in the *world* annually since 1983.

Frequently Asked Questions About the Assessment Process

1. Why are my 3rd and 4th quarter bills different from my 1st and 2nd?

DO NOT MULTIPLY YOUR 3rd QUARTER BILL BY FOUR TO DETERMINE YOUR ANNUAL TAXES!

Since the annual tax rate is 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. Once the tax rate is certified, the tax collector multiplies your assessment by the certified rate. The collector then reduces the total amount due 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 backloaded to the final two quarters of the year.

As an example, if your property taxes changed from $12,000 to $14,000. The quarterly breakdown would be:

1st quarter: $3,000 2nd quarter: $3,000 3rd quarter: $4,000 4th quarter: $4,000
$14,000 - $6,000 (1st & 2nd qtr. Payment) =$8,000 (Split over 3rd & 4th qtrs.)

2. I understand that we are reassessing every year, does that mean my assessment will change for next year?

Yes. Every year the market will be analyzed to ensure fair distribution of the tax levy. Monmouth County is engaged in the *Assessment Demonstration Program* (ADP). The goal of the *Assessment Demonstration Program* (ADP) is to institute a revised assessment function that provides systemic cost savings and enhanced public service. 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 County and the towns working collaboratively to utilize enhanced education, advanced appraisal techniques and modern technology. The fundamental goal of the ADP is to ensure that each taxpayer pays their fair share of the annual tax levy.

3. If my assessment goes up, does that mean I will pay MORE taxes? Conversely, if my assessment goes down, does that mean I will pay LESS taxes?

Not necessarily. The assessment function does not *create* revenue for the municipality. The Assessment function is a distribution mechanism of the **separately determined** tax levy. In strict adherence with the NJ Constitution, this apportionment is to be based on the value of property. (Ad Valorem) Your assessment (compared to the rest of the assessments in the Township) *will not* determine your taxes but *will* determine your share *of taxes*. A change to your share is not only dependent on how your assessment changes, but also how everyone else's assessments change.

4. My house was recently inspected. What was the purpose of that inspection?

The purpose of the inspection is to gather proper information on each property so that the appraisal process (and resulting tax distribution) is fair and uniform. As part of the ADP program, The NJ Division of Taxation requires an inspection of each home to be done once every five years. The Borough will be performing the latest cycle of inspections on a contracted schedule. Please note: the inspectors are not appraisers and are not appraising your home. The inspectors are simply data collectors and return the data to this office where the reassessment process is done.

Frequently Asked Questions About the Assessment Process

5. I was not home for the inspection. What should I do?

If the inspector did not gain access to the interior of your property, they likely estimated the interior room counts, description and conditions. You should contact the assessor's office assessor@highlandsborough.org and request a copy of your Property Record Card (PRC) to be sure that all of 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.

6. How is the appraisal process done?

After the inspection data was returned to this office, the Assessor reviews all recent sales data and analyzes and adjusts the mass appraisal model 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. ***Mass appraisal is the process of valuing properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.***

7. What do I do if I feel my 2022 assessment DOES NOT reflect the fair market value?

Residents should review the postcard outlining your 2022 assessment. This postcard is mailed in late November of 2021. If you believe the 2022 assessed value does not reflect the true market value of your property, you should contact the Assessor's office to confirm that the physical characteristics on your Property Record Card (PRC) are accurate. After speaking to the assessor, if you still feel the assessment does not equal the fair market value of the property, you should file an appeal with the Monmouth County Tax Board before January 15th, 2022. Here is a link to the appeal site- https://secure.njappealonline.com/prodappeals/login.aspx

If you miss the January 15th deadline, you will not be able to file an appeal at the County until the following year (2023). If you choose to file an appeal regarding the 2022 assessment, you are required to provide evidence to support your position. "Evidence" is typically recent sales of comparable properties. You can research sales data at the Monmouth County Open Public Records site- http://oprs.co.monmouth.nj.us/Oprs/External.aspx?iId=12

Select "Deed/Sr1a List" under step 1 then you can modify your search according to the other fields.

8. My neighbor completed a renovation, addition, added 2nd story etc., and his assessment has not changed, why is that?

Building improvements are generally assessed through the added assessment process on an annual basis once permits are closed and the improvement is substantially complete. The assessor's office is provided with permits from the construction department and inspections are done during the year.

In addition, the ADP provides for inspections on an annual basis to ensure that records are accurate.

If you have any other questions, please do not hesitate to contact the Assessor's Office:

Jay Briscione, Assessor
732-872-1224 Ex. 211
assessor@highlandsborough.org