

## WHAT IS A REVALUATION?

A revaluation is a program undertaken periodically to adjust the value of all properties in the municipality to 100% of the market value (what an owner should be able to sell the property for). The purpose is to fairly distribute the tax burden among all property owners.

## WHY IS THE BOROUGH DOING THIS NOW?

The assessed value of the Borough currently reflects an average ratio to market value of about 59.30%, substantially lower than the 100% of true value mandated by state law. The Morris County Board of Taxation has therefore ordered the municipality to conduct a revaluation program to update the assessed values of all properties.

## ISN'T THIS JUST A WAY TO RAISE TAXES?

No. The municipal budget determines the tax levy. Because the majority of owners will see an increase in the assessed value of their properties as a result of this revaluation, the tax rate will be reduced accordingly. The purpose of the revaluation is simply to ensure that taxes are apportioned fairly.

## WHO WILL COMPLETE THE REVALUATION?

The Borough has retained Certified Valuations, Inc. of Randolph, NJ, a firm with a long history of revaluation and municipal appraisal experience.

## WHAT HAPPENS DURING A REVALUATION?

In order to arrive at fair and equitable assessed values, it is important that the same considerations are used for each property. This is accomplished in part by:

1. Establishing "neighborhoods" of similar building types and uses, as well as property locations.

2. Examining all recent real estate sales in order to establish actual market prices for arm's-length dealings (those between a willing buyer and willing seller). Distress sales, sales between family members and certain other types of sales are not included.

3. Conducting an interior and exterior inspection of each property, using uniform criteria for gathering data and analyzing the data resulting from those inspections.

4. Developing land-value formulas for the various neighborhoods within the municipality.

5. Analyzing the income and expenses associated with all income-producing properties. Commercial property owners will be mailed requests for income and expense statements. Please call with any questions on completing these important forms. Information is also available at [www.cvinj.com](http://www.cvinj.com) to assist in preparing these forms.

6. Employing an ongoing system of quality assurance to ensure uniformity and accuracy.

7. Notifying all property owners with the proposed assessed value of their property.

8. Giving property owners the opportunity to meet with a representative of the Firm to discuss and verify the data that was used to determine their assessed value.

9. The review (and relevant follow-up) of information received as a result of property owner meetings and correspondence.

## HOW ARE VALUES DETERMINED?

There are three approaches used to value properties:

1. Capitalized potential net income. This approach attempts to estimate market value for income-producing properties and is often the most useful approach for commercial, industrial, and apartment properties.

2. Depreciated replacement cost. This approach attempts to estimate the cost of replacing structures, less an allowance for depreciation and wear. This is often the most useful approach for special purpose properties.

3. Market comparison. This approach attempts to estimate the value of a property based on sales of similar properties and is often the most useful for residential properties.

Certified Valuations, Inc. will consider each of these approaches in the appraisal process.

## WHAT'S THE TIMELINE FOR THIS REVALUATION?

Property owners will begin receiving notifications of inspection in the first quarter of 2012. These letters will indicate the property has been assigned to an inspector and that they can expect a visit within 2 weeks.

The entire revaluation program will be completed by the end of 2012, and the new assessed values will be utilized beginning with the 2013 tax year.

## MORE ABOUT THE INSPECTION.

You can call our office with any questions you may have regarding our inspection procedure and how you can facilitate this process.

During the interior and exterior inspection of your property, we ask that you safely secure any pets from our inspectors.

If you have any information that you consider to be of significance regarding the value of your property, please feel free to bring it to our attention. Information such as water, fire or any other damage, sales information and or structural issues may be of consideration to our appraisers.

During the interior inspection of residential properties, our inspectors will be collecting data

regarding the number of condition and quantity of bathrooms, condition and quantity of kitchens, heating and cooling, basement and attic finish and number of rooms.

Please be aware that an interior inspection can take from five to fifteen minutes depending on the complexity and detail of your home or structures.

We appreciate your time, efforts and assistance in facilitating the safe inspection of your property.

### **HOW CAN I MAKE SURE MY NEW VALUATION IS FAIR?**

Toward the end of the project, you will receive a notice of your proposed assessed value in the mail. If you would like to make an appointment to review and verify your property record, the letter will include instructions for scheduling an appointment.

Additionally at the informal hearing, you will be able to review sales information used as part of the revaluation as well as a map indicating neighborhood delineations.

This information will also be available for viewing and some for download on the Firm's website ([www.cvinj.com](http://www.cvinj.com)).

### **HOW WILL THIS REVALUATION AFFECT MY TAXES?**

Until the revaluation is complete, accurate individualized answers are impossible. However, unless your property is presently grossly over-assessed or under-assessed, your taxes should experience only a nominal change.

### **WILL BUSINESS AND INDUSTRY HAVE TO PAY A LARGER SHARE OF THE TAX BURDEN?**

No. The State of New Jersey mandates that all properties, both residential and commercial, be

taxed at the same rate.

### **WHERE DO I GO FOR MORE INFORMATION?**

You can visit the website for Certified Valuations, Inc. at [www.cvinj.com](http://www.cvinj.com). The site will include samples of all correspondence, income and expense forms, sales data, and status reports regarding the progress of the revaluation. You'll also find a number of governmental websites listed for your reference.

For further questions, you can call:  
Certified Valuations, Inc.,  
Monday – Friday  
9:30 am – 4:30 pm  
973-361-2701 or visit  
[www.cvinj.com](http://www.cvinj.com)

## **THE REVALUATION OF THE BOROUGH OF MADISON**



**A fact sheet for the community**

**Prepared by Certified Valuations, Inc.**