

Property Valuation TOPICS

Recent Property Valuation Developments



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Hartford Revaluation to Proceed

In order to achieve employment related-expense savings, the city of Hartford authorized an employee buyout program in early 2011. Long serving assessor Lawrence G. LaBarbera was eligible to take advantage of this "golden parachute" pension-increasing offer on the eve of commencing work on Hartford's city-wide revaluation scheduled for the October 1, 2011 Grand List.

Observers of the political scene in Connecticut's capitol city were concerned that Mr. LaBarbera's departure would place the 2011 revaluation, an absolutely necessary event given the shift of and decline in property values since the city's last revaluation on October 1, 2006, in jeopardy.

Fortunately, John Philip was hired to replace Mr. LaBarbera. The revaluation will proceed forward as scheduled. Mr. LaBarbera is now the assessor of the town of Windsor.

Tiffany K. Spinella, Esq. at 860.424.4360 or tspinella@pullcom.com can answer inquiries about this development.

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When is a Settlement not a Settlement?

In conversations and email exchanges between opposing counsel, an overall tax appeal settlement with respect to two parcels of real estate was agreed upon. While concluding that "a package settlement of the two parcels was authorized by the assessor," Judge Trial Referee Arnold Aronson ruled that the parties' failure to agree upon an allocation of the reduction between the two parcels was fatal to the plaintiffs' motion to enforce the settlement. Although the plaintiffs maintained in court that they did not care how the assessor allocated the agreed upon reductions, the Superior Court nevertheless held that the allocation was crucial to a finding that counsel had reached a meeting of the minds.

Since this ruling was not appealed, it remains the final expression of one Superior Court which may be given weight by other courts. Thus, when settlements are negotiated on a package basis for two or more properties involved in one pending tax appeal, in order to be certain that the settlement reached in the court will be enforced at a later date, it is not sufficient to agree on the total reduction. Instead, individual allocated values must also be addressed.

Sono Equities, LLC, et al. v. City of Norwalk, Superior Court Judicial District of New Britain (August 22, 2011).

Note: A member of Pullman & Comley's Valuation Department represented the plaintiffs in this case.

For further information, please contact Laura A. Bellotti, Esq. at 860.424.4309 or lbellotti@pullcom.com.

How Important is USPAP Anyway?

Buried in a lengthy Appellate Court opinion dealing with land trespass and the improper removal of trees from a neighbor's property is a brief discussion of the obligation of a real estate appraiser to comply with Uniform Standards of Professional Appraisal Practice (USPAP).

Connecticut is one of the few states which requires licensed appraisers to comply with USPAP. Since the plaintiff's appraiser allegedly did not satisfy USPAP, the defendant argued that her evidence should have been excluded.

Not so, stated Judge Robert Beach for a unanimous Appellate Court panel. Where is the "authority which suggests that a real estate appraiser must satisfy the USPAP in a certain manner before a court could admit the appraiser's expert testimony," the court asked? In noting that there is broad judicial discretion as to whether or not to admit expert testimony with no regulatory compliance requirement in the Connecticut Code of Evidence, the Appellate Court ruled that "the trial judge did not abuse his discretion in admitting the appraiser's expert testimony."

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While for regulatory purposes, USPAP compliance is required by Connecticut law, the courts remain unwilling to recognize the same mandate when considering the admissibility of expert testimony.

Caciopoli v. Lebowitz, Conn. Appellate Court, (September 6, 2011).

For further information, please contact Gregory F. Servodidio, Esq. at 860.424.4332 or gservodidio@pullcom.com.

Déjà vu All Over Again?

Craig Karmin reports in the August 17, 2011 Wall Street Journal that the office building market in major cities appears to be overheating - again. "Some of the nation's largest pension funds," he notes, "are starting to back away from trophy properties in the most expensive markets ... over concerns a new bubble is inflating."

It appears that the decision by such major investors as pension funds to limit their real estate investments to "core" properties in major market metropolitan areas such as San Francisco, New York and Washington "has boosted prices of big-city skyscrapers so high that they are approaching record levels."

The failure to link price appreciation to occupancy increases or rental rates may jeopardize these markets and lay the groundwork for declines next year, the article suggests.

The latest version of the hot potato game?

Important Senior Housing Decision

A 2010 ruling by Judge Anthony V. DeMayo is worth noting.

St. Luke's Senior Housing, Inc. owns and operates a property at 120 Goffe Street in New Haven for low and moderate income elderly residents.

Relying on the cost approach, the New Haven assessor reached a value conclusion which was challenged by the plaintiff as illegal. The plaintiff's claim was based on the Connecticut statute which requires that lower and moderate income housing projects be favorably valued using a variant of the income capitalization approach.

New Haven apparently argued that the property was not entitled to the preferential valuation methodology because it neither received a tax abatement nor had it received a low income classification under a New Haven ordinance.

The Superior Court ruled that neither item was required for the plaintiff to have the benefit of the applicable statutory valuation formula.

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In a somewhat unusual result, the court granted the plaintiff's motion for a summary judgment on the basis of its illegal valuation claim and ordered further proceedings on a question of value alone.

St. Luke's Senior Housing Inc vs. City of New Haven, Judicial District of New Haven, Docket No. CV 08-4031693 (December 7, 2010).

Please contact Elliott B. Pollack, Esq. at 860.424.4340 or ebpollack@pullcom.com with any questions about this writing.

Attorney Notes

Gregory F. Servodidio was again invited to speak at the annual property tax program sponsored by the Connecticut Business & Industry Association which was held on October 12 in Shelton and on October 20 in Hartford.

On November 9, he will speak at the annual Institute for Professionals in Taxation Property Tax Symposium in Monterey, California. He will present a case study of the challenging property valuation issues involved in a Rhode Island tax assessment appeal.

Department chair Elliott B. Pollack will discuss separation of intangibles from ad valorem property values with a panel of speakers headed by David Chitlik, Marriott International Sales and Property Tax Director and Mark Parish, Taubman Company Real Estate Tax Director. The program is sponsored by the International Property Tax Institute and will be presented in Washington, D.C. on November 3, 2011.

For further information, please contact bminor@ipti.org.

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