

Bradley Beach 2024 Reassessment Report

11/1/23



[Reassessment FAQ](#)

[Appeal FAQ](#)

[2022 Reassessment Report](#)

[2023 Reassessment Report](#)

[Understanding Property Taxes Presentation \(September 2020\)](#)

A Message from the Assessor

The last four years have marked an extraordinary chapter in the realm of real estate. Property values have increased steadily, and prices had not yet abated as of the valuation date for the 2024 Reassessment (10/1/2023). The Borough is required to reassess all properties annually to maintain fair tax distribution. The goal of the reassessment is to react to the market, rather than predict it. While the higher interest rate environment may have impacts on property values in the future, the assessments are still catching up to the recent period of historic appreciation. The ongoing transformations in the market underscore the pivotal role of the assessment process, serving as the linchpin for *distributing* county, school, and municipal tax levies.

The New Jersey constitution mandates the distribution of annual tax levies based on market value. Contrary to popular belief, property assessments do not generate taxes. They simply *distribute* them. Despite technological advances, many municipalities in the state still take a “portfolio snap-shot” at a given point in time and distribute their property taxes the way that picture looked for the subsequent 10 or 20 years (*see exhibit A*). By not implementing a proactive assessment maintenance approach, tax distribution becomes less accurate each year that passes. The static model wrongly assumes that all properties within a municipality appreciate or depreciate at the same rate. This does not reflect the real-world, as property values evolve diversely across different property types, price points, and market sectors. The real estate markets within the Borough of Bradley Beach have demonstrated how varying price points and submarkets experience distinct growth rates. Annual assessment maintenance is an essential step toward ensuring tax distribution fairness, a requirement stipulated by the New Jersey constitution.

Through the 2024 reassessment, changes to the global assessment modeling were made to target market value. Adjustments were also made to all individual properties, neighborhoods, and submarkets to refine 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 total aggregate value of Bradley Beach will be 7.91% greater than it was in 2023. In turn, most property assessments will go up in value as a reflection of this increase. This does not mean your taxes will go up 7.91%.

It means that the overall value of properties in the Borough has increased. The aggregate value of Borough property and the tax rate have an inverse relationship. The higher property assessments will cause a lower tax rate. We anticipate that the 2024 tax rate will be lower than the 2023 tax rate due to the increase in property values (*see figure 8*).

Provided below is recent history of past tax rates and an ESTIMATED tax rate for 2024 based on the higher assessed values and various budgetary assumptions. It is important to reiterate that this is an ESTIMATED rate, and the actual 2024 rate will not be known until mid-2024 when budgets are finalized. This report provides a deeper insight into the reassessment process and its outcomes.

Erick Aguiar, CTA



Assessor
Borough of Bradley Beach

Tax Rate History

2017- 1.414%
2018- 1.384%
2019- 1.266%
2020- 1.222%
2021- 1.172%
2022- 1.046%
2023- 0.944%
***2024- 0.914%**

*Estimated assuming +4% increase to tax levy and 2024 preliminary net taxable value of Borough (less 0.5% to account for appeals)

Prior Year (2023) Assessment Accuracy Reflection

Each October, the NJ Division of Taxation conducts statistical studies which measure the accuracy of current year assessments. These studies could be considered the “assessor’s gradebook” for that year’s assessments and resulting tax distribution. Nevertheless, recognition must be made that the assessments are produced the prior year based on past sales, and the study is done the subsequent year based on future sales. Appreciating markets would likely result in an assessment:sale price ratio under 100%, while depreciating markets would likely result in a ratio over 100%.

As anticipated, the dynamic and volatile market has affected assessment accuracy/market predictability statewide and beyond. It should be well understood that when markets are more volatile (up or down), assessment coefficients will statistically be higher. The incredible price appreciation experienced since COVID comes with volatility and an inherent level of difficulty for the market participants (buyers and sellers) to discover a tight range of “Fair Market Value (FMV)”. In such an environment, FMV understandably has a wider range, and it is expected for assessment coefficients to rise to some degree. Further, when markets move so rapidly (like the 1-2% per month appreciation we have seen in recent years), the dataset of sales within the sampling period will contain sales from various points in time when the market was different. Since the sampling period extends the entire timeframe, without accounting for market changes, the State’s Coefficient of Deviation (COD) measurements are expected to be higher.

While CODs will be higher in both; reassessment and non-reassessment districts, the fact remains that the reassessment districts are better suited to deal with this higher level of volatility. Coefficients in stagnant assessment districts will continue to deteriorate each year the assessment maintenance is ignored. On the other hand, reassessment districts can adjust assessments accordingly with the changing market. Municipalities that regularly reassess stand the best chance of providing their constituents the fairest level of tax distribution possible, even in the most difficult of times. It should be no surprise that municipalities that take proactive steps in maintaining fair tax distribution consistently outperform those that ignore such an initiative (*see exhibit A*).

For municipalities that do not take any proactive approach to maintaining fairness, the trajectory is ominous. The continued spike in interest rates will likely cause further volatility. Projected price depreciation, in this case, will not be equal across the board. All markets and price points will be affected differently. The opposite occurred on the way up, with a noticeable market compression (likely attributable to historically low interest rates as the monthly payment is a bigger market diving force on lower priced homes than it is on higher priced homes). Tax Distribution fairness in non-reassessment municipalities will be completely at the mercy of the volatile market changes. Proactive municipalities will continue to adapt annually, incorporating the various market changes into the subsequent year tax distribution.

Director’s Ratio

Bradley Beach’s 2023 Director’s Ratio was 98.89%. 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. Only recently have markets started to show signs of stability (or at least a slowing of appreciation). The 2023 Ratio increasing closer to 100% reflects the same. The 2022 ratio was 92.19%.

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 would be expected to yield better assessment accuracy than a municipality that is comprised of a complex range of property types and values (like Bradley Beach). Through annual reassessments, Monmouth and Somerset Counties are showing much lower CODs compared to historical or statewide data.

Despite the complexity of the Borough, Bradley Beach's COD is more accurate than the norms in the rest of the state, meaning that the assessments and resulting tax distribution are fairer. Bradley Beach is also trending to be more accurate than historical coefficients. Prior to the COVID market volatility, the 2020 COD was **9.84**, which was the second lowest COD on record for Bradley Beach (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 (like the 2021 - 2023 market). While the 2023 COD was still lower than the historical average in Bradley Beach, market volatility has been a challenge. It will likely take a few years for volatility to subside and maintain a COD in closer to 10.

Below is a summary of Bradley Beach's general COD for the past 8 years (*see figure 1*). Bradley's average COD prior to implementation of annual reassessments (years 1991-2013) was 14.80.

Year	General Coefficient of Deviation
2016	12.78
2017	10.73
2018	12.63
2019	14.11
2020	9.84
2021	11.82
2022	12.78
2023	12.31

(figure 1)

Inspections (data collection)

The Borough completed the first five-year inspection cycle in 2019. Unfortunately, the Division of Taxation recently established a regulation that requires all annual reassessment districts to inspect properties every five years (*see exhibit B*). Bradley Beach had planned on operating under a previously permissible eight-year inspection cycle which *would have been* less expensive and would have inconvenienced residents with inspections less frequently. The law allowing the eight-year cycle was put in place only a few years ago as a cost saving measure for municipalities. Recently, a new law was passed to allow virtual inspections (and established some other changes). In the new law, the language specifically allowing the eight-year cycle was removed and no longer specifies a timeframe. Division of Taxation's decision to regulate as a five-year cycle removes the Borough's ability to spread the cost over the eight-years. On the bright side, the Borough has been granted permission to deviate from the "20% per year" inspection routine and instead shall comply with the schedule below. The second cycle (2020-2024) was complete as a 50/50 split between 2022 and 2023 (*see figure 2*). The next inspection cycle will be 2025 through 2029 with physical inspections within the Borough being done in 2027 and 2028.

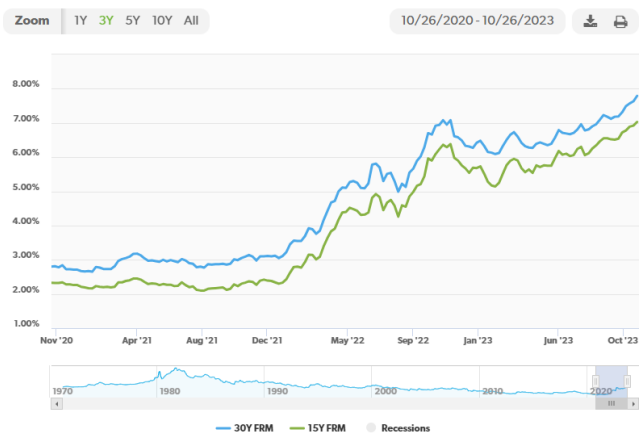
1308 Bradley Beach				
First Cycle (COMPLETE)	Year	Original Planned	Completed	Notes
	2015	20%	20%	5 yr cycle (2015-2019)
	2016	20%	20%	
	2017	20%	20%	
	2018	20%	20%	
	2019	20%	20%	Cycle complete in 2019
Approved Second Cycle (in progress)	Year	Approved Plan	Completed	Notes
	2020			
	2021	RFP		RFP'd in 2021 for 2022/2023. Contract Awarded
	2022	50%	50%	5yr cycle (2020-2024)
	2023	50%	50%	Cycle complete
	2024			
Planned Third Cycle (plan approved 8/19/21)	Year	Planned	Completed	Notes
	2025			
	2026	RFP		Plan to RFP in 2026 for 2027/2028
	2027	50%		5 year cycle (2025-2029)
	2028	50%		
	2029			

(figure 2)

General Comments on the Current Real Estate Market

Real estate industry experts have found themselves in a state of perplexity. One year ago, the rate of local property appreciation appeared to be decelerating, a trend that persisted throughout the winter months of 2023. However, the spring and summer seasons witnessed an unanticipated surge in demand, driven by a scarcity of available listings. Consequently, residential properties listed on the market were swiftly acquired, often at prices exceeding the initial asking amounts due to intense bidding competition. Over the past two years, interest rates have experienced a consistent upward trajectory, with notable surges occurring in both the spring and fall of 2022. Presently, interest rates have reached their highest levels of the 21st century, yet housing prices have displayed resilience, showing no signs of decline. Low inventory levels persist, primarily due to homeowners with low-interest rate mortgages opting to retain their properties rather than list them for sale. The projected decline in property values, initially anticipated to coincide with the rise in interest rates, has been deferred, although there are observable indications of a gradual slowdown in appreciation.

52 Week Range 6.09% 7.79% 52 Week Range 5.14% 7.03%

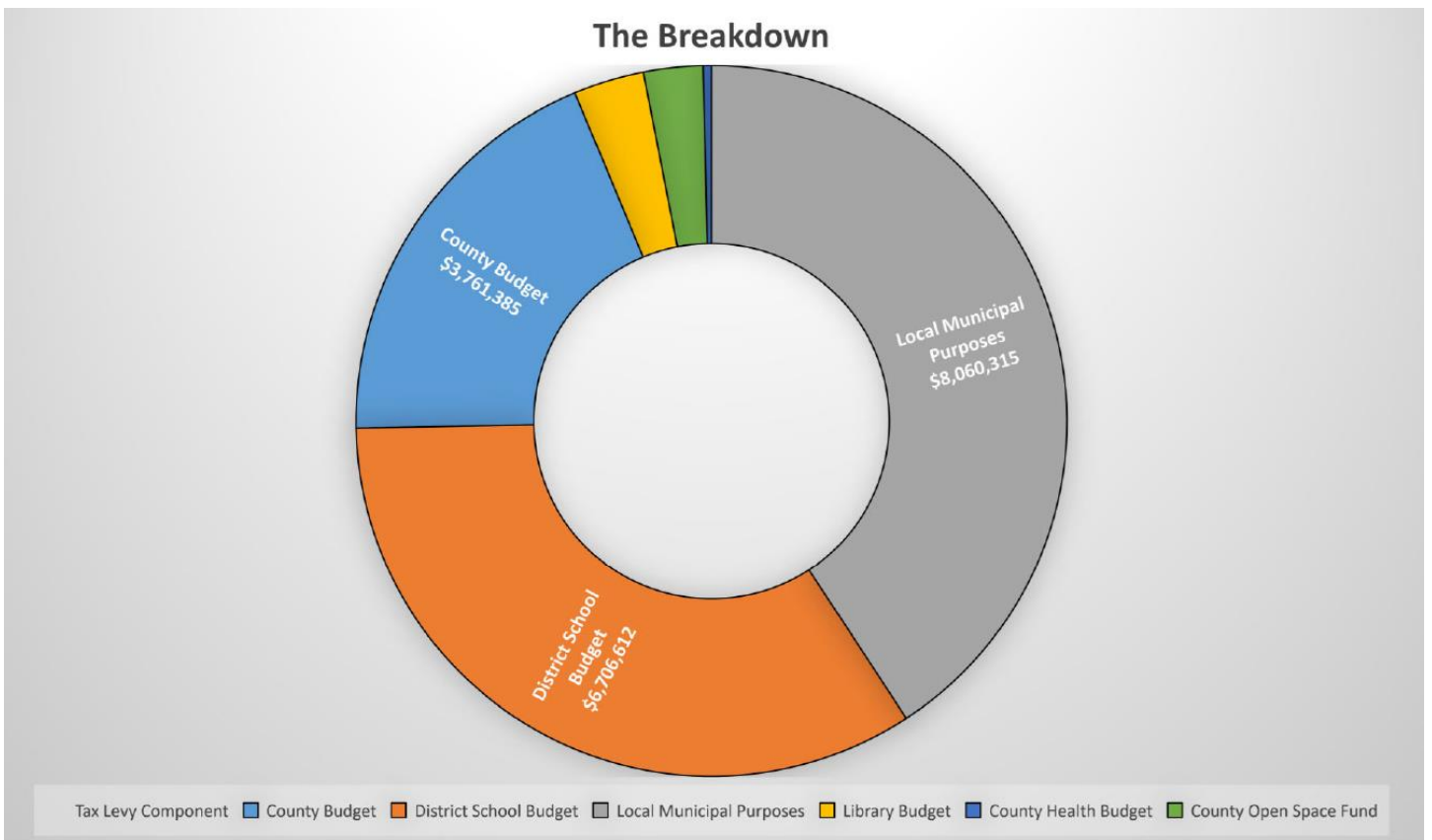


The 2024 Reassessment takes the market changes into account. Sales from 2022 and 2023 were used in the reassessment modeling, giving greater weight to the more recent sales. The 2024 aggregate value of Bradley Beach's assessments will increase by 7.91%. This 7.91% can be seen as the baseline for apportionment change. Any property increasing greater than 7.91% will pay a greater proportionate share of the tax levy. Conversely, any property increasing less than 7.91% (or decreasing) will pay a lesser proportionate share of the tax levy.

It is important to keep in mind that the shared County budget is apportioned to the 53 towns based on the respective net values. Should appreciation in Bradley Beach outpace its 52 counterparts in the County, Bradley Beach will be assigned to pay a higher proportionate share of the County Tax Levy (see *figure 3*). The way the market behaves is mainly out of our control, but it is important to keep a pulse on how other towns are assessing their properties. All towns should be on an equal playing field so that shared budgets get apportioned fairly.

Bradley Beach Tax Levy History

Tax Levy Component	2018 Tax Levy	2019 Tax Levy	2020 Tax Levy	2021 Tax Levy	2022 Tax Levy	2023 Tax Levy	Five Year Change
County Budget	\$ 3,043,579	\$ 3,226,389	\$ 3,374,052	\$ 3,393,171	\$ 3,425,574	\$ 3,761,385	24%
District School Budget	\$ 6,151,190	\$ 6,369,798	\$ 6,498,090	\$ 6,618,486	\$ 6,749,410	\$ 6,706,612	9%
Local Municipal Purposes	\$ 6,438,210	\$ 6,433,316	\$ 7,009,040	\$ 6,998,130	\$ 7,118,812	\$ 8,060,315	25%
Library Budget	\$ 406,777	\$ 446,864	\$ 472,734	\$ 492,236	\$ 531,721	\$ 634,163	56%
County Health Budget	\$ 60,391	\$ 64,975	\$ 69,583	\$ 69,596	\$ 70,582	\$ 74,918	24%
County Open Space Fund	\$ 337,541	\$ 372,329	\$ 394,022	\$ 408,593	\$ 443,849	\$ 532,896	58%
Excess for Rate Rounding	\$ 8,399	\$ 11,977	\$ 5,909	\$ 12,163	\$ 5,918	\$ 17,361	
Total Tax Levy	\$ 16,446,087	\$ 16,925,648	\$ 17,823,428	\$ 17,992,374	\$ 18,345,865	\$ 19,787,650	20%



(figure 3)

Total Change of Net Valuation Taxable

The net valuation of the Borough is increasing by 7.91% in 2024 (*see figure 4*). About 166M has been added to the Bradley Beach ratable base (partially related to new construction and partially related to market appreciation).

2023 Final Net Valuation	2,096,149,400
2024 Preliminary Net Valuation	2,262,025,000
Change	165,875,600
Change %	7.91%

(figure 4)

Property Class Breakdown (Year over Year)

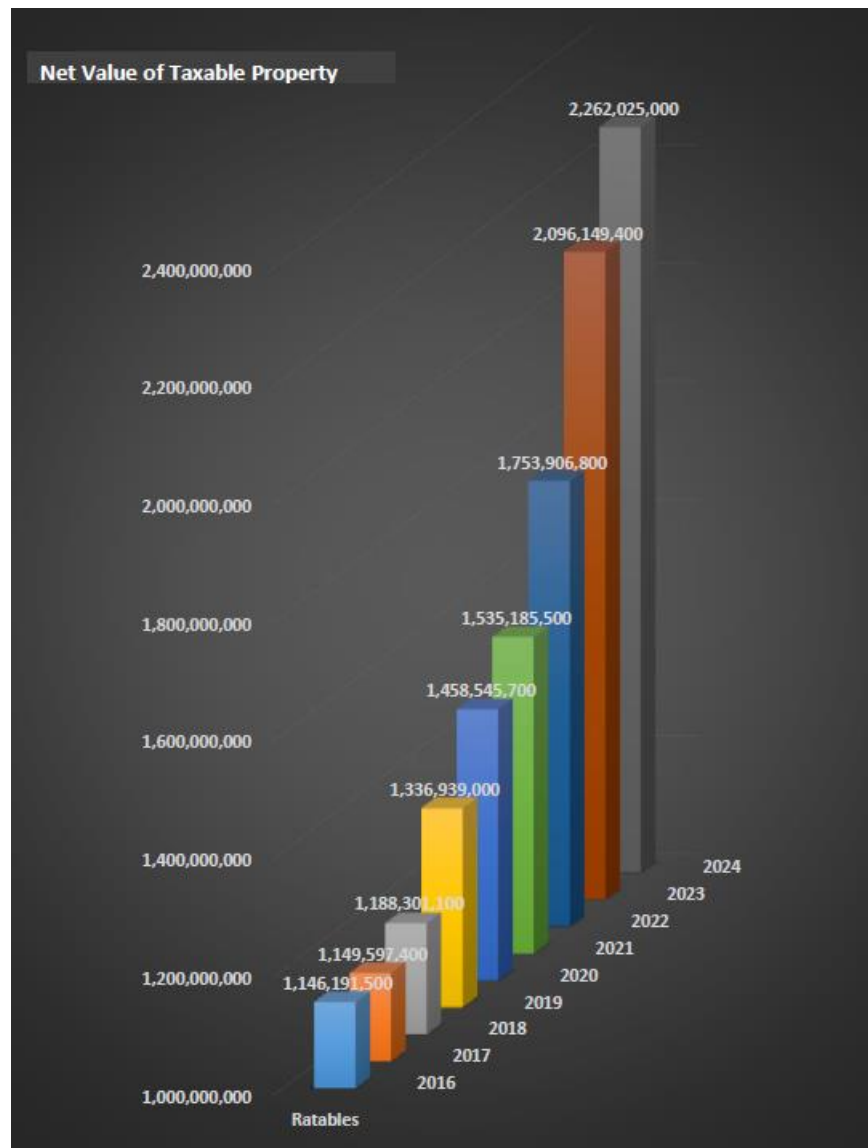
2023 Final Tax List					
Class	Property Type	Count	Value	Average	Share of Borough
1	Vacant Land	35	15,629,200	446,549	0.75%
2	Residential	1928	1,872,563,300	971,247	89.33%
4A	Commercial	92	76,836,100	835,175	3.67%
4B	Industrial	1	1,693,500	1,693,500	0.08%
4C	Apartment	33	129,427,300	3,922,039	6.17%

Net Valuation Taxable	2,096,149,400
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2024 Preliminary Tax List					
Class	Property Type	Count	Value	Average	Share of Borough
1	Vacant Land	29	14,236,800	490,924	0.63%
2	Residential	1934	2,024,691,100	1,046,893	89.51%
4A	Commercial	95	86,359,700	909,049	3.82%
4B	Industrial	1	1,753,500	1,753,500	0.08%
4C	Apartment	33	134,983,900	4,090,421	5.97%

Net Valuation Taxable	2,262,025,000
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(figure 5)



(figure 6)

2016 -2024 Tax Levy and Net Taxable Value			
Year	Tax Levy	Ratables	Tax Rate
2016	16,023,757	1,146,191,500	1.398%
2017	16,255,307	1,149,597,400	1.414%
2018	16,446,087	1,188,301,100	1.384%
2019	16,925,648	1,336,939,000	1.266%
2020	17,823,428	1,458,545,700	1.222%
2021	17,992,374	1,535,185,500	1.172%
2022	18,345,865	1,753,906,800	1.046%
2023	19,787,650	2,096,149,400	0.944%
2024	TBD	2,262,025,000	TBD
		165,875,600	Ratable base change 2023 to 2024
		7.91%	Increase

(figure 7)

2024 Tax Rate Prediction

Year	Ratables	Tax Levy	Tax Rate
2023	2,096,149,400	19,787,650	0.944%
2024*	2,262,025,000	19,787,650	0.875%

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

2024**	2,250,714,875	20,579,156	0.914%
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**Assumes a 0.5% reduction in ratables from appeals & 4% increase in Levy

Realistic 2024 Tax Rate Range 0.900%-0.935%

(figure 8)

Apportionment Volatility Minimal

Volatility, in terms of 2024 tax apportionment change, is minimal (see figures 9 & 10).

- 67.2% of residential properties will decrease their proportionate share of the tax levy in 2023.
- Generally, smaller properties and areas in the Northwest are more likely to be changing less than the baseline.
- Generally, larger properties and areas in the Southeast are more likely to be changing more than the baseline.
- Generally, properties changing less than the baseline are relatively lower valued properties.

Assessment change of all residential properties

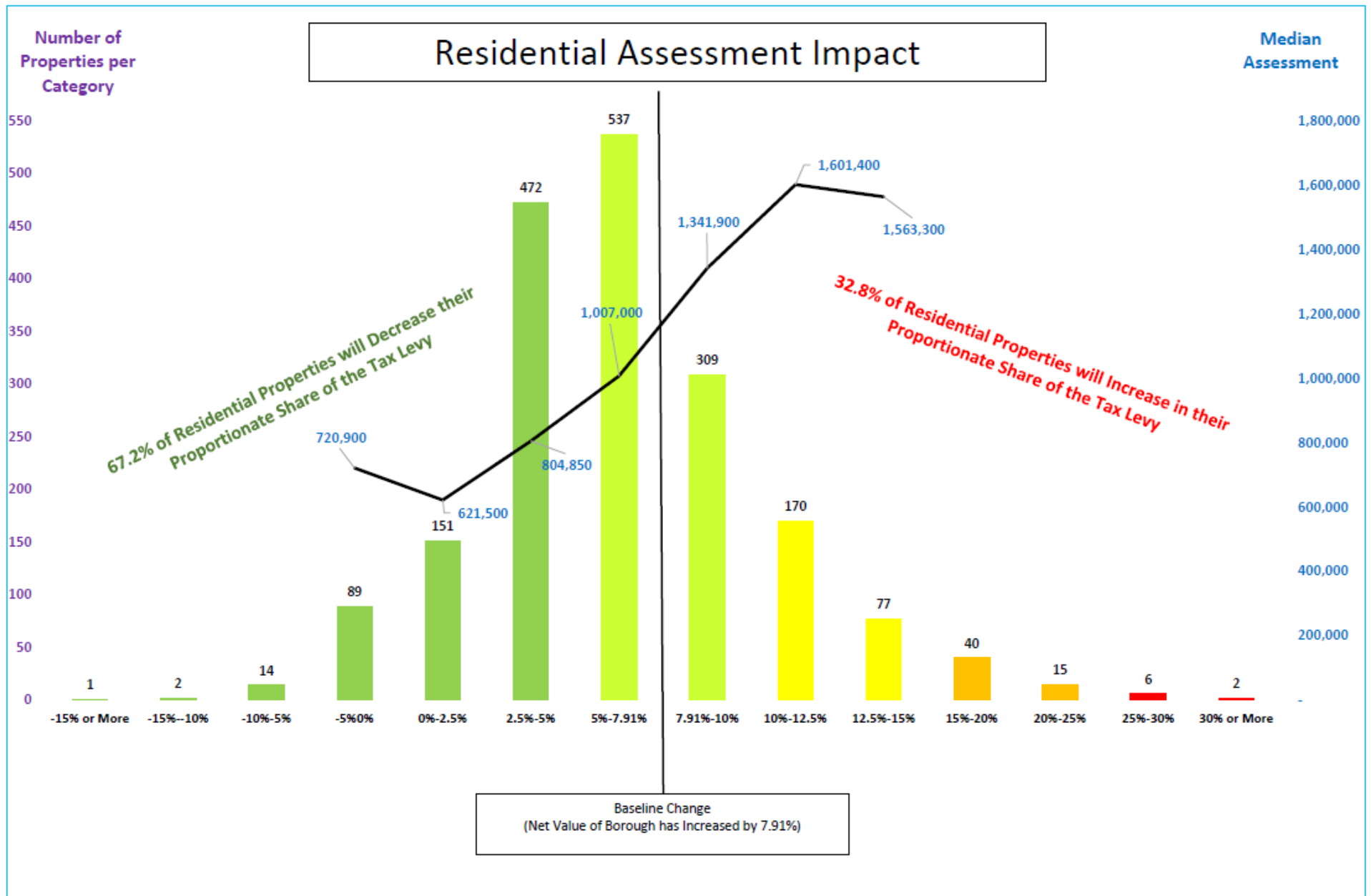
(excluding new construction and properties that had renovations)

	Residential Classified Properties			
	Assessment Change Category	Number of Properties In Change Category	% of Total	Median Assessment of Group
67.2% of Residential Properties will Decrease their Proportionate Share of the Tax Levy	-15% or More	1	0.05%	720,900
	-15%--10%	2	0.11%	
	-10%-5%	14	0.74%	
	-5%-0%	89	4.72%	
	0%-2.5%	151	8.01%	
	2.5%-5%	472	25.04%	
	5%-7.91%	537	28.49%	
32.8% of Residential Properties will Increase in their Proportionate Share of the Tax Levy	7.91%-10%	309	16.39%	1,341,900
	10%-12.5%	170	9.02%	
	12.5%-15%	77	4.08%	
	15%-20%	40	2.12%	
	20%-25%	15	0.80%	
	25%-30%	6	0.32%	
	30% or More	2	0.11%	
Total Properties In Group		1885	100.00%	

*Net Value of Borough has Increased 7.91%

(figure 9)

Residential Change Report



(figure 10)

2024 Tax List Accuracy

The primary driver of a reassessment is recent “arms-length market transactions”. Statutorily, properties are assessed for what they would have sold for on October 1st of the pretax year. The 2023 valuation date is October 1st, 2022.

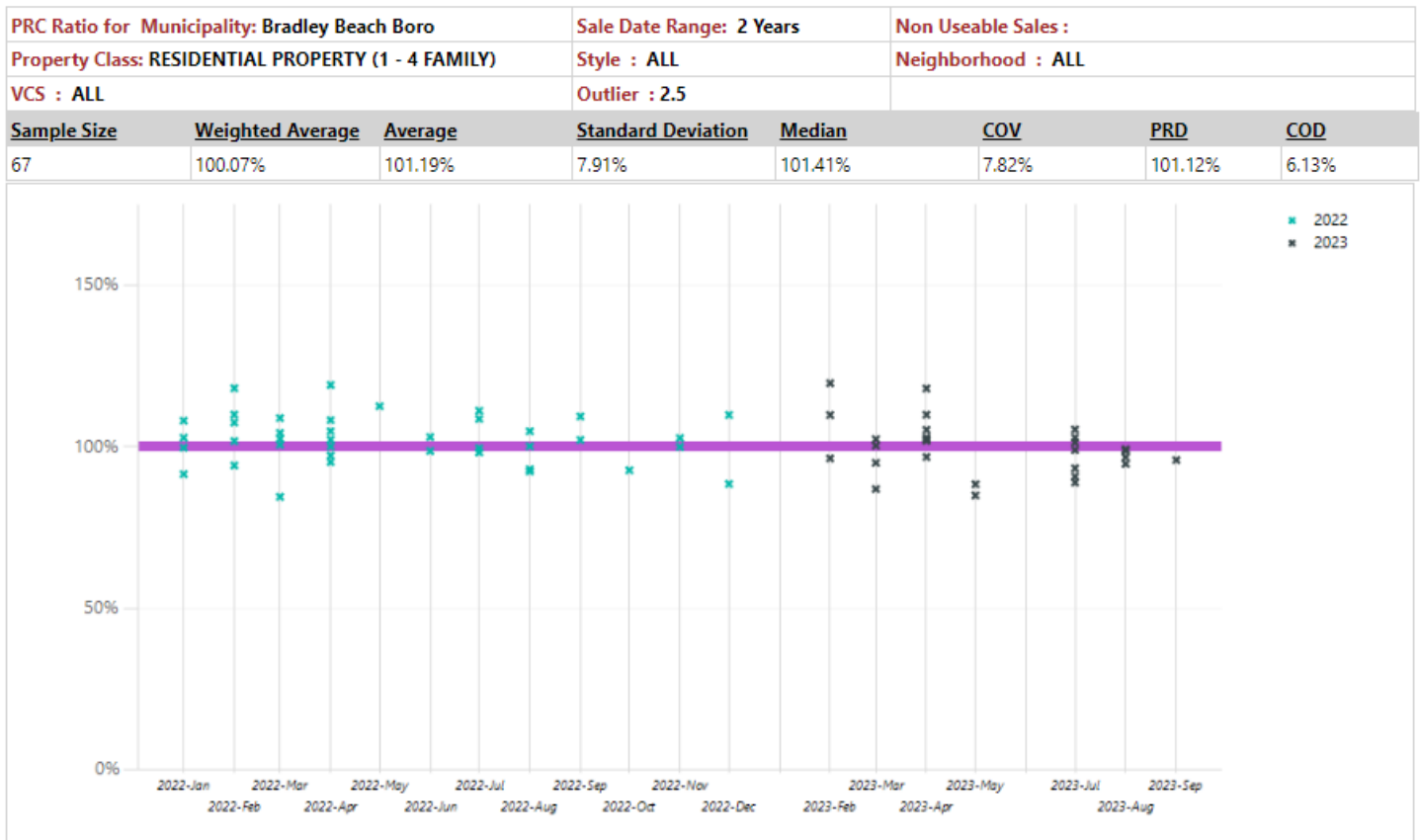
Our Supreme Court has held “*value for purposes of taxation has some measure of permanence which renders it secure against general temporary inflation or deflation.*” (Hackensack Water Co. v. Division of Tax Appeals, 2 N.J. 157, 163 (1949)); and “*True value must be fairly constant and must be gauged by conditions, not temporary and extraordinary, but by those which over a period of time will be regarded as measurably stable.*” (Berkeley Arms Apartment Corp. v. City of Hackensack, 6 N.J. Tax 260, 286 (Tax 1983)).

These quotes are more important now than ever. While the local market has appreciated at significant rates, assessors must view sales data used in the study in its totality while mass modeling assessments. 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.

A reassessment generally measures sale prices from the past two years (giving more credibility to the more recent transactions.) The Monmouth County Tax Board has a standardized review process to measure new assessments against sale prices from the current and prior year (*see figures 11 & 12*).

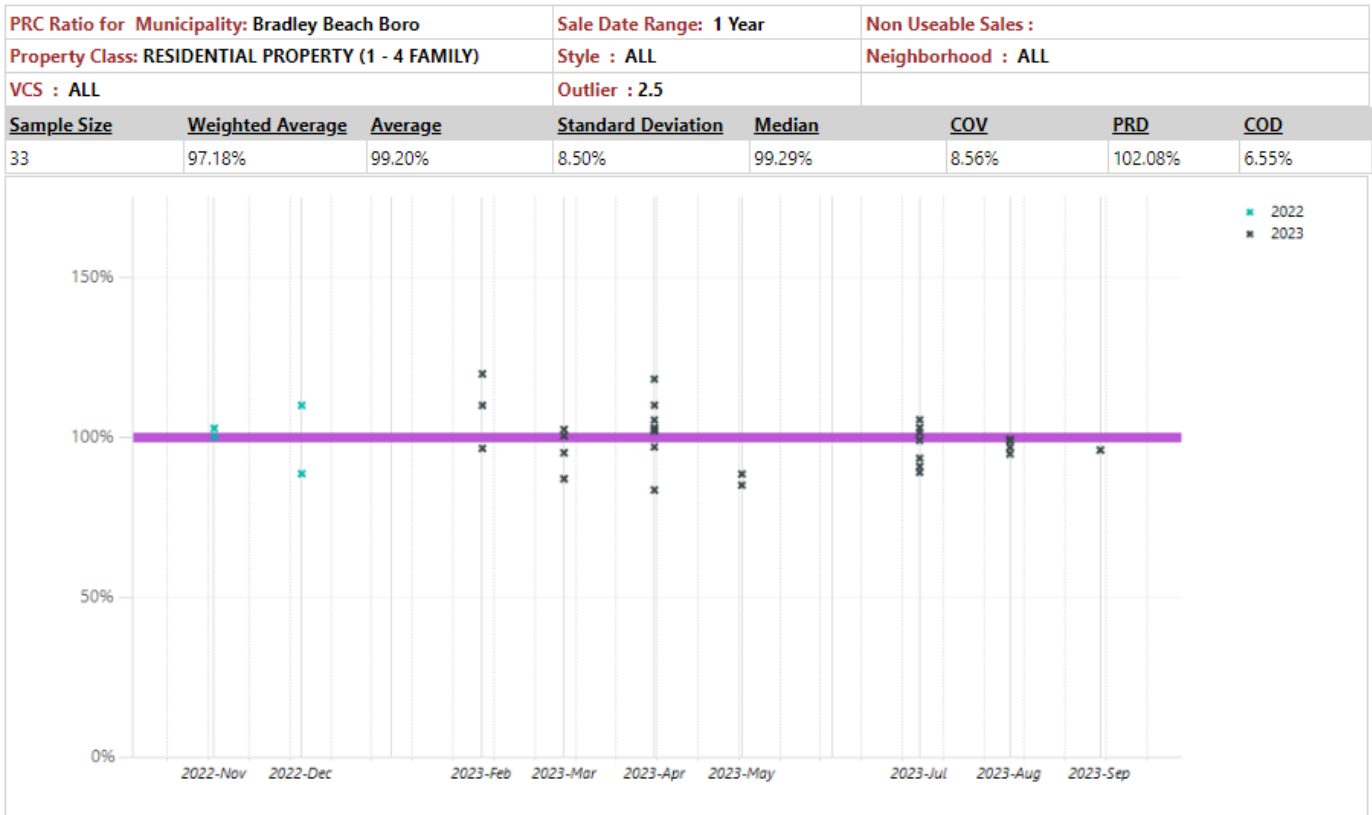
Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:
All 2022/2023 residential usable sales
(removing top & bottom 2.5% outliers and properties that had renovations after the sale)

**Data addendum with sales attached*



(figure 11)

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)
**Data addendum with sales attached*

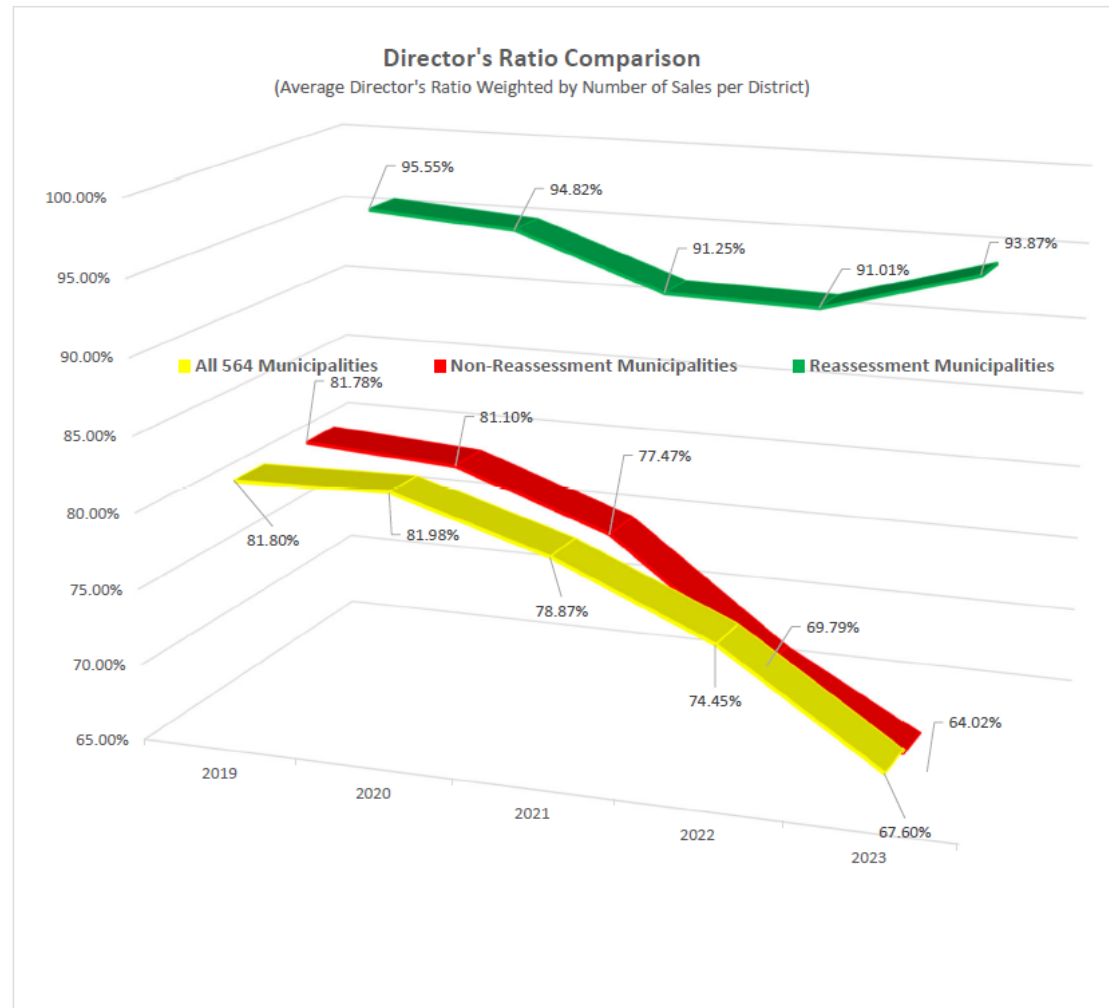


(figure 12)



EXHIBIT A (1 of 2)

Statewide Comparison of Reassessment vs. Non-Reassessment Districts

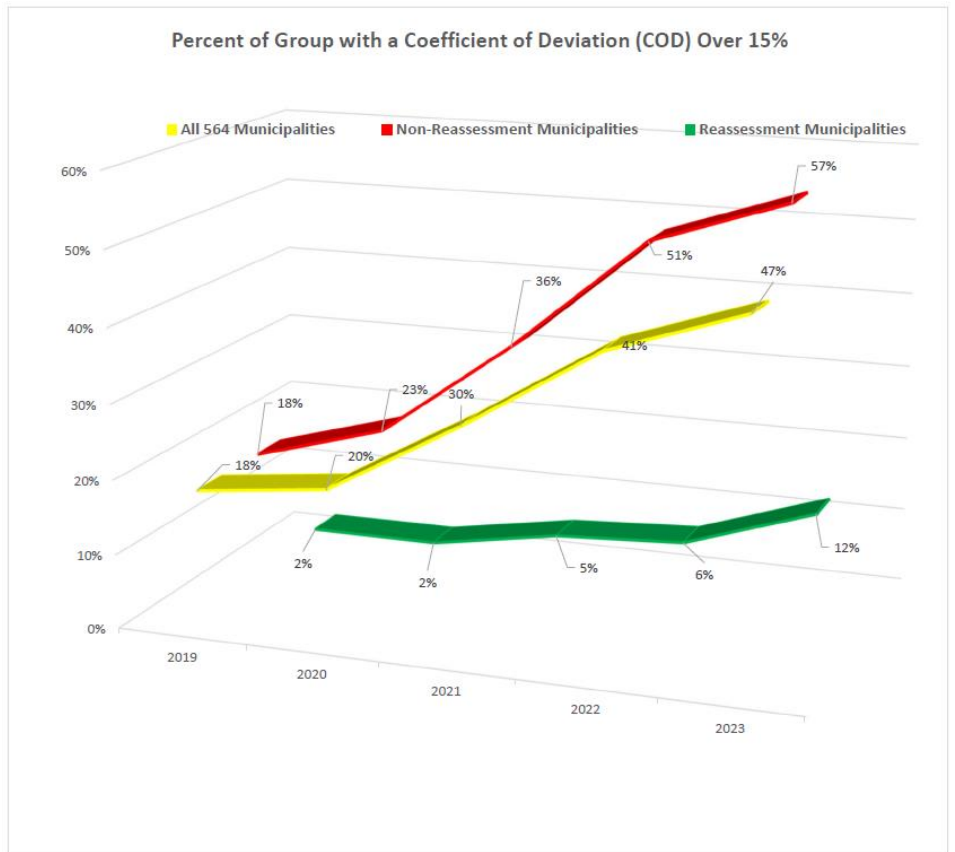
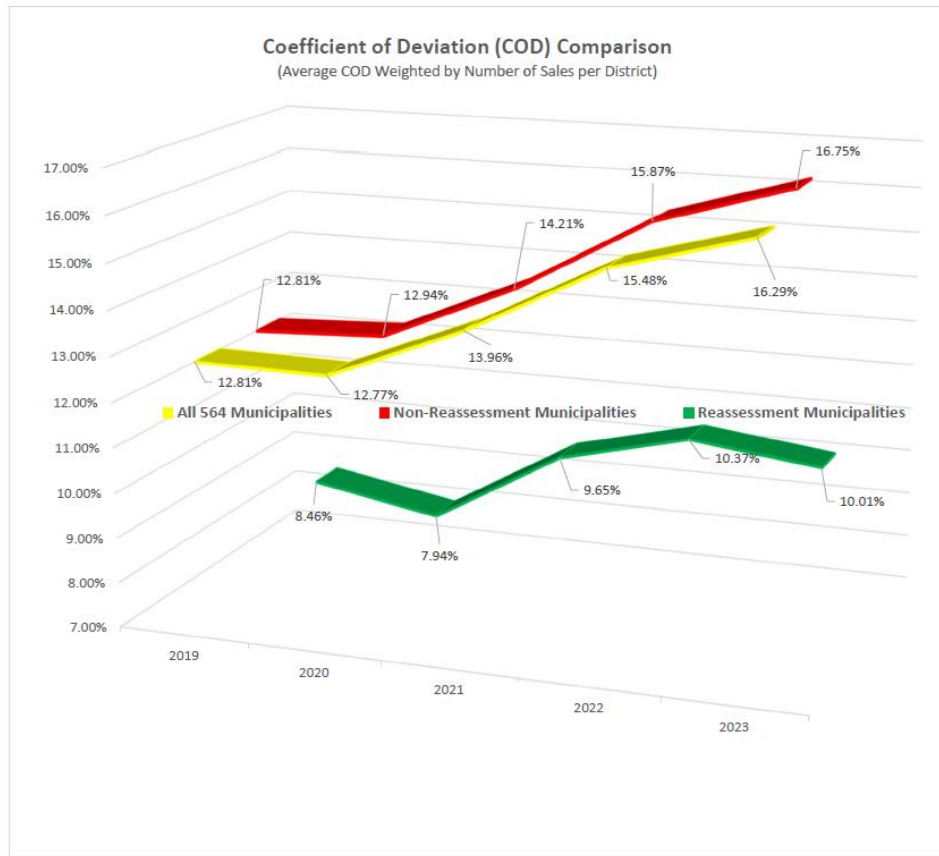


****Reassessment Municipalities are the 83 districts that reassessed every year for the past five years***

*****Non-Reassessment Municipalities are the 395 districts that have done no reassessments or revaluations in at least five years***

EXHIBIT A (2 of 2)

Statewide Comparison of Reassessment vs. Non-Reassessment Districts



****Reassessment Municipalities are the 83 districts that reassessed every year for the past five years***

*****Non-Reassessment Municipalities are the 395 districts that have done no reassessments or revaluations in at least five years***

EXHIBIT B

Division of Taxation removed ability to spread inspections over 8-Year period



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. BOX 251
TRENTON, NEW JERSEY 08695-0251

PHILIP D. MURPHY
Governor

ELIZABETH MAHER MUOIO
State Treasurer

SHEILA Y. OLIVER
Lt. Governor

JOHN J. FICARA
Acting Director

Telephone (609) 292-7974 / Facsimile (609) 292-9439

MEMORANDUM

TO: Municipal & County Assessors, County Tax Board Administrators & Commissioners

FROM: Shelly Reilly, Assistant Director, Property Administration

DATE: August 18, 2021

SUBJECT: Interior Inspection Cycles for Annual Reassessments

This memorandum is in regard to the inspection cycles for annual reassessments and supersedes the memorandum of August 10, 2018. Pursuant to Chapter 136, Laws of 2021, N.J.S.A. 54:4-23b was amended to remove the language permitting interior inspection cycles to occur over an eight-year period. Now, the statute allows for "an ongoing inspection cycle," with no specified time period in the law.

Since the statute no longer specifies a particular length of interior inspection cycle, the provisions of N.J.A.C. 18:12A-1.14(i) now govern. The maximum permissible length of an interior inspection cycle for annual reassessment is five years. This will be applied prospectively to ensure uniformity amongst the properties within each county.

The Division of Taxation will contact the assessors and county tax administrators for municipalities currently in the midst of eight-year interior inspection cycles on how to proceed with the law's amendment based on the particular facts and circumstances of that municipality.

It remains the policy of the Division of Taxation to have the percentage of inspections equally distributed throughout the inspection cycle. That is, the assessor should inspect 20% of line items each year over the five-year period. If an assessor wishes to deviate from this policy, he or she must provide a written request and justification of the circumstances in the particular municipality to the County Tax Administrator and the Division of Taxation.

If you have any questions, contact the Division of Taxation at (609) 292-7974 or (609) 292-7975.

SR: KB