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Assessments, generally (improvements and repairs) - Real Property Tax Law, §§ 302, 306:

As a general rule, repairs are not considered as increasing the value of property while improvements normally do. An improvement made to property should be reflected in the assessment of the property.

We have received an inquiry concerning the taxation of improvements to residences.

First, the law provides that all real property shall be assessed according to its condition and ownership as of a taxable status date (Real Property Tax Law, § 302). The assessment be based on the full value (market value) of the property (Real Property Tax Law, § 306). In ascertaining the value of property the assessor should take into consideration significant changes which have occurred since the property was assessed in the prior year. In this process, a distinction be made between a repair and an improvement. Repairs are not considered as increasing the value of the property while improvements normally do.

"Improvements" include those items which add to the value of a particular parcel permanently; it contemplates a change in the original condition of the property, its value, beauty or utility, or to adapt it for a new or future purpose. An improvement is a valuable addition which amounts to more than a mere repair or restoration condition, and it should be reflected in the assessment of the property. Examples of improvements are (1) a completely new addition to the property (*e.g.*, a new porch), or replacement of a present feature by one of a better kind or quality.

At this point we might discuss in greater detail the latter type of improvement - the replacement. An example of this type is aluminum siding to replace wood siding. Appraisers tell us that generally houses with aluminum siding have a higher sales value than identical houses with wood siding. Namely, purchasers are willing to pay more for esthetic reasons, but because the maintenance costs are substantially reduced. The extent to which the addition of aluminum siding increases the value is a problem the assessor has. Normally, it will not be the entire cost of the aluminum but something less. A rule of thumb sometimes used is the difference between the value of aluminum siding and the wood siding respectively. However, the basic function of the assessor is to determine what a willing buyer would pay a willing seller for the property under the ordinary circumstances. This is required to be done annually with respect to all taxable property on the assessment roll. Any change or improvement to the property should be reflected on the next assessment roll to the extent that such market value has changed.

The term "repair" means to mend or to restore to a sound condition property which may have been partially destroyed, injured or decayed. For example, patching holes or replacing broken windows would be considered a repair. Likewise the replacement of a wooden porch with a new wooden porch would be considered a repair.

Now, it is obvious that the general distinction suggested above does not always hold true. On the one hand, some "improvements" will not necessarily affect the value of the property. A possible example would be the installation of an ornate garden when the minimum landscaping expected for residences in the area already exists. On the other hand, if the previous year's assessment has taken into account that a residence is in terrible shape, a general overhaul in the nature of repairs (painting, new roof, replacing windows) will enhance the value.

Valuation of property for tax purposes generally assumes a condition of normal maintenance on structures. Consequently, the assessor would not normally assess the need for normal maintenance becomes cumulative and will affect the market value of the property and at some point will be reflected in the assessment. Maintenance and repairs made to overcome this condition, *i.e.*, to restore the property to normal condition, will affect the market value of the property and consequently the assessment.

One city has enacted a home code standard which, by sanctions, will result in forcing some homeowners to make certain "improvements".

As indicated above, where this occurs, only those "improvements" will be assessed which increase the value of the home, and even then, the increase may often be not the entire cost of the improvement. So long as the standard for real property taxation is the market value thereof, the assessor should take into account the market value from one year to another resulting from improvements regardless of why the improvements were made.

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