

## Real Estate Groups Back Bill To Require Additional Step For Governments Contesting Property Assessments

Representatives of the real estate industry on Tuesday called for passage of a bill to add an additional hurdle for local governing bodies seeking to challenge property valuations.

The measure ([HB 343](#)) would require local governments to pass resolutions authorizing individual complaints filed by their attorneys in an effort to contest real property assessments.

Testifying on behalf of the Ohio Apartment Association, Rob Risman told members of the House Ways & Means Committee that Ohio is one of the few states that allow for a change in property valuation based on a complaint, making it difficult to plan for increases.

"This practice not only increases my property taxes at unexpected times and beyond the normal inflationary increases I have budgeted for, it also means that I must spend valuable time and money defending against these complaints," he said. "We find that other local governments that are not represented by certain law firms that take this aggressive posture have taken a much more fair and reasonable approach regarding a property's value."

Mr. Risman told the panel that in some jurisdictions in which he owns apartments, his assessments are challenged any time a nearby property sells. As an example, he said a 171-unit apartment complex in Lakewood valued at \$5.6 million was challenged by the city school district's board of education, which projected the value at \$9.1 million based on a nearby sale.

To contest the school board's challenge, Mr. Risman said he was forced to hire a licensed engineer to testify to all the work needed at the apartment building, which amounted to almost \$10 million in capital needs.

The board of revisions sided with Mr. Risman. However, the school board has asked the Board of Tax Appeals to take up the case.

"Our system of property tax assessment is supposed to guarantee at least some stability of the assessment where there have been no improvements to the property. House Bill 343 is a good first step in reasserting that principal into the system. I appreciate that local governments are facing tough fiscal times," he said.

"But it is fundamentally unfair that I and my fellow OAA members are being targeted by outside parties, in some cases on an annual basis, for re-assessment. We are constantly being put in the position of defending against these complaints - marshalling legal and market expertise at their own great expense - when these resources and funds could be much better spent improving the real estate."

Asked by [Rep. Gary Scherer](#) (R-Circleville) about the payment arrangement between the school board and its attorney, Mr. Risman said he believes the attorney works on a contingency basis.

[Rep. Emilia Sykes](#) (D-Akron) questioned if this was a situation unique to that part of the state, saying, "The state of Cuyahoga County kind of does its own things."

Mr. Risman said it varies by county and city. But he added that he does not run in to the same problems with the properties he owns in Michigan and Florida.

Jeff McClain, director of tax and economic policy at the Ohio Chamber of Commerce, said the bill seeks to curtail the ability of local governments to cast "a wide net in the hope that they can catch a few big fish."

He said that often occurs in cities and their suburbs.

"This doesn't mean that smaller entities don't file this type of action, in fact we make great use of it to fairly adjust an appraisal when appropriate. There is simply more interaction between government and taxpayer in these areas," he said.

"I have a suspicion that this is because the officials there are more answerable to the taxpayers. They know each other and deal fairly. This bill would simply ask government officials to take greater care in filing counter-complaints to those properties clearly deserving of reconsideration."

Tim Williams, executive director of the Ohio Manufactured Homes Association, said in written proponent testimony that residents of manufactured homes can be stuck with a higher property tax bill if others homes in a park are being upgraded.

"For a local entity to prey on these improvements for the express intent of adding to the owner's tax base, we believe will have a chilling effect on new investment in parks, because park owners know major improvements will trigger an automatic tax battle with local entities including large attorney bills to fight the increases," he said.

Dan Acton, government affairs director of the Ohio Real Estate Investors Association, also provided written proponent testimony in which he said the group supports the bill because "investors operate on razor thin profit margins for a property."

"An unexpected repair, a tenant who does not pay rent, terminates a lease early or vacates without notice, unpaid water bills, increases in property taxes that we don't get to vote for or directly benefit from or any layering of government fees that we are subjected to reduce the profits for a property owner that could otherwise be used to reduce the overall debt on the property," he wrote.