



State of New Jersey

DEPARTMENT OF THE TREASURY
DIVISION OF TAXATION
P. O. Box 240
TRENTON, NEW JERSEY 08695-0240

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

FORD M. SCUDDER
Acting State Treasurer

JOHN J. FICARA
Acting Director

Telephone (609) 292-8823 / Facsimile (609) 984-5491

April 4, 2016

Robert Byrne, Clerk
Jersey City
280 Grove Street, Room 118
Jersey City, NJ 07302

Dear Clerk Byrne,

Enclosed is an Order To Implement a Municipal-Wide Revaluation ("Order") in Jersey City, Hudson County, to be completed on or before November 1, 2017, for the 2018 tax year. I have affixed my signature on the enclosed Order.

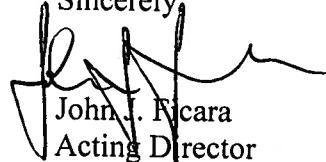
Please, provide a copy of the Order and this cover letter to the Municipal Assessor. I am sending additional information to the Hudson County Board of Taxation so the Municipal Assessor and the appropriate municipal officials understand the necessity to report the measures and actions that are being taken to comply with the terms of the enclosed Order.

Should you choose to challenge the Order, you must file a complaint with the Tax Court of New Jersey. The Tax Court must receive the complaint, along with the required fee, within 90 days from the date of this notice in accordance with the provisions of 54:51A-13 et seq. Send your complaint to:

Tax Court of New Jersey
Tax Court Management Office
P O Box 972
Trenton, NJ 08625-0972

Should you require assistance, the phone number of the Tax Court Clerk's Office is (609) 292-5082.

Sincerely


John J. Ficara
Acting Director
Division of Taxation

C: Steven Fulop, Mayor, Jersey City
Don Kenny, Hudson County Tax Administrator
James D'Andrea, President, Hudson County Tax Board
Eduardo Toloza, Jersey City Tax Assessor



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ORDER TO IMPLEMENT A MUNICIPAL-WIDE REVALUATION

TO: The Hudson County Tax Administrator, Hudson County Board of Taxation Members, Tax Assessor of the City of Jersey City, Mayor of the City of Jersey City, and Members of the governing body and all other responsible officials of the City of Jersey City, Hudson County, New Jersey.

WHEREAS, the Hudson County Board of Taxation ("Board"), pursuant to N.J.S.A. 54:4-2.27, adopted the percentage level of taxable value of real property for Hudson County at 100% of true value;

WHEREAS, pursuant to N.J.S.A. 54:3-13, the Board has the responsibility to secure the taxation of all property within the County and within each taxing district wherein at its taxable value in order that all property, except as exempt by law, shall bear its full, equal and just share of taxes, and this has not occurred in the City of Jersey City ("Jersey City");

WHEREAS, it should be the policy of the Board to review the measurements of uniformity and accuracy of assessments of each taxing district within the County in accordance with performance standards to assure the proper distribution of the local property tax burden inter and intra taxing district;

WHEREAS, the Board, pursuant to its statutory duty to revise, correct and equalize the assessed value of all property in the respective taxing districts (N.J.S.A. 54:4-47), has not performed this duty in compliance with the law for Jersey City, the Division of Taxation has determined that the assessments for Jersey City result in an unequal distribution of the tax burden for and within said municipality;

WHEREAS, the Acting Director, Division of Taxation, has duly investigated and determined that a municipal-wide revaluation must be ordered for Jersey City pursuant to N.J.S.A. 54:1-26. Jersey City has been assessed at a rate substantially lower than is consistent with the purposes of securing uniform taxable valuation of property in accordance with the mandates of the New Jersey Constitution and applicable law. As the current assessment in Jersey City is not in substantial compliance with the law, the interests of the public may be promoted by a revaluation of such property;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a Director's Ratio of 85% or lower generally denotes noncompliance where, normally, the adopted percentage level of assessment established by the Hudson County Board of Taxation is 100%. The Director's Ratio, which is the average ratio of assessed-to-true value, is 27.63% for Jersey City. This indicates a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a general coefficient of deviation greater than 15% generally indicates a lack of uniformity in assessments. This measures the average deviation from the average assessment sales ratio expressed as a percentage of average assessment ratio for each taxing district for all properties included in "usable sales." It is the measure of variation in assessment-sales ratio of all properties sampled without regard to property class, property size, or any other property characteristics. The general coefficient of deviation for Jersey City is 39.17%. This indicates a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a stratified coefficient of deviation greater than 15% is an indication of a need for revaluation. A stratified coefficient of deviation is an average deviation of assessment sales ratios for all usable sales of each property class from the average assessment ratio for the class. It provides a measure of assessment uniformity for properties within each class. The stratified coefficient of deviation for Jersey City is 81.42% for Class 1 properties (vacant land); 38.10% for Class 2 properties (residential); and 42.72% for Class 4 properties (commercial, industrial and apartments). This indicates a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a segmented coefficient of deviation greater than 15% is an indication of a need for a revaluation. A segmented coefficient of deviation measures the average deviation of assessment sales ratios for all "usable sales" of each property class from the average assessment ratio for all properties of all classes. It measures the uniformity, or lack thereof, of one property class compared to other property classes. The segmented coefficient of deviation for Jersey City is 78.35% for Class 1 properties (vacant land); 38.10% for Class 2 properties (residential); and 43.06% for Class 4 properties (commercial, industrial and apartments). This indicates a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a wide divergence of individual assessment-sales ratios as opposed to a clustering of ratios at a common level is indicative of a lack of uniformity in assessments. Individual assessment sales ratios in Jersey City for Class 2 properties in the 2015 sampling period ranged from a low of 4.78% to a high of 205.30% and Class 4 sales ranged from a low of 8.25% to 136.37%, where 27% of individual assessment sales ratios of usable Class 2 sales fall within the Chapter 123 common level range and 73% fall outside the range and where 28% of individual assessment sales ratios of usable Class 4 sales fall within the Chapter 123 common level range and 72% fall outside the range. This indicates a lack of uniformity and a need for a revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the district weighted ratio is determined by adding the total ratables for each of the four property classes and dividing the sum by the true value of all classes of real property. The one-year district-weighted ratio in Jersey City is 25.79%. This indicates non-compliance with the level of assessment established by the Board of 100% and a need for revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the need for a revaluation may be indicated by neighborhood and zoning changes, which affect value in all or part of the taxing district. Changes in zoning may substantially increase or decrease the value of property. Neighborhood and zoning changes may have occurred in Jersey City since its last revaluation in 1988. These changes could indicate a need for revaluation;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, a lack of adequate records, such as property record cards, is indicative of the need for a revaluation. When properties are improved without property owners securing building permits or when the Tax Assessor has not received copies of such permits, the improvements are not reflected on the property records cards. The absence of essential information, such as improvements, on property record cards may affect assessments, is detrimental to the valuation process, may impede the sound maintenance of an assessment list, and is a contributing factor to

the lack of uniformity. After 28 years since the last revaluation, the assessment list needs to be reviewed and revised where appropriate in accordance with recent inspection data;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, if a revaluation or reassessment has not taken place in a municipality in 10 years or more is a factor in ordering a revaluation. The year of the last revaluation was 1988 and last reassessment 1970. It has been more than 28 years since Jersey City had any district-wide revaluation performed;

WHEREAS, in accordance with N.J.A.C. 18:12A-1.14, the amount of revenue a municipality has lost due to appeals is a factor used considering the need for a revaluation. Jersey City in 2014 lost \$15,397,246 in revenue due to tax appeals, which is 3.49% of the total 2014 levy. This is an indication of a need for revaluation;

WHEREAS, in accordance with N.J.S.A. 54:1-26 and -28, following proper public notice, the Division of Taxation convened a public hearing on Thursday, January 28, 2016, at Hudson County Community College in the Culinary Conference Center, Scott Ring Room, Second Floor, 161 Newkirk St., Jersey City, New Jersey;

WHEREAS, at the public hearing in Jersey City, 14 residents spoke – the majority of whom supported a revaluation to provide better assessment uniformity. The majority of written correspondence received by the Division also expressed a favorable view of a revaluation. Although several residents objected to the numerous abatements that exist, none offered any substantive evidence to preclude the Acting Division Director from issuing a revaluation order.

THEREFORE, it is ordered on this 4th day of April 2016 that:

1. Jersey City and its Tax Assessor shall implement a municipal-wide revaluation to be completed by November 1, 2017, to be effective for the 2018 tax year;
2. The Tax Assessor for Jersey City shall determine his taxable valuations of real property as of October 1 of the pre-tax year pursuant to N.J.S.A. 54:4-35;
3. Jersey City shall submit an up-to-date tax maps, with an “as of date” within the current tax year, within 90 days of the order for revaluation, to the Acting Director, Division of Taxation for review in compliance with N.J.A.C. 18:12-4.7 and for approval in accordance with existing standards. To the extent that Jersey City has failed to maintain up-to-date tax maps, Jersey City shall take all steps necessary to update its tax maps for submission to the Division for review. All tax map revisions shall commence immediately. Progress reports shall include a discussion as to the status of the tax map revisions;
4. The Tax Assessor for Jersey City shall, within 30 days from the date of this Order by the Acting Director of the Division of Taxation, submit a proposed plan of compliance for this revaluation Order. The plan shall indicate whether the municipality proposes to enter into a contract with a qualified revaluation firm for purposes of accomplishing a revaluation of all real property within the municipality pursuant to N.J.S.A. 54:1-35.36 and shall further indicate the date upon which it proposes to begin implementation of the program and the time estimated to be needed for completion of the revaluation. Forms shall be provided by the Division of Taxation for this purpose and must be submitted to the Division for review and approval;
5. The governing body of Jersey City shall take all necessary actions to enter into a contract for a revaluation in accordance with the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., and the Local Budget Law, N.J.S.A. 40A:4-1 et seq., including but not limited to, the

preparation of the revaluation contract and the appropriation of monies to fund said revaluation contract and tax map approval, if needed;

6. The procedure to be utilized by the municipality in awarding the revaluation contract to a revaluation firm shall be made pursuant to the provisions of the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq., and the Local Budget Law, N.J.S.A. 40A:4-1 et seq., and shall not be delayed as a result of the municipality's utilization of either the public bidding or other available procedures for purposes of securing a qualified revaluation firm;


7. The governing body of Jersey City shall prepare the necessary specifications for the revaluation contract and submit a copy thereof to the Division of Taxation and the Board. Said contract to be subject to the Division of Taxation's approval and the Board's recommendation. The specifications shall conform to the applicable provisions of law and the standards adopted by the Acting Director, Division of Taxation, as reflected in N.J.A.C. 18:12-4.1 et seq., the Real Property Appraisal Manual for New Jersey Assessors, and those of the Board;

8. Jersey City, following the awarding of the revaluation contract, shall submit the proposed revaluation contract to the Acting Director, Division of Taxation, for review and approval pursuant to the provisions of N.J.S.A. 54:1-35.36 and shall submit a copy of the revaluation contract to the Board for its review and recommendation. No work is to begin until said approvals are received;

9. The Tax Assessor of Jersey City shall submit written reports on or before the end of each month during the implementation of the revaluation program to the County Tax Administrator of the Board and the Acting Director of the Division of Taxation on the forms provided. The reports specifically shall set forth the progress and status of the revaluation of all property in Jersey City, including the precise nature of the program adopted to accomplish the revaluation, the amount of monies appropriated and expended therefore, the nature and status of any municipal ordinance or resolution introduced by the municipal governing body relating to the revaluation program and the funding therefore, the number of line items completed and left to be completed in connection with the revaluation, and the amount of time needed to complete each phase of the revaluation. Forms shall be provided by the Division of Taxation for this purpose;

10. The revaluation firm shall perform the revaluation on behalf of and as an agent of the Tax Assessor of Jersey City. The Tax Assessor shall be responsible for monitoring all phases of the revaluation work to ensure the proper implementation of the revaluation program. Both the revaluation company and the Assessor shall be responsible to the Board through the County Tax Administrator for said performance, as well as, the Acting Director, Division of Taxation.

DIVISION OF TAXATION



Acting Director
Division of Taxation
Department of the Treasury
State of New Jersey

Date: April 4, 2016