



SCHWARTZ *Report*

DIRECT: 302-234-5202 • OFFICE: 302-239-3000
www.charlieschwartz.com

Winter 2025

ASSESSING YOUR REASSESSMENT

How's your reassessment going? I am not referring some needed reflection on compliance with your new year's resolutions, but your county property tax reassessment. It is customary for the first Schwartz Report of the New Year to reflect back on the market activity statistics of the old year and draw such analysis as we might from them. However, recent news reports from Sussex County and correspondence from New Castle County and some foraging in the Patterson-Schwartz archives has turned me to an even more intricate and obtuse subject - county property tax assessments.

A Notice of Tentative Property Reassessment Value was mailed to property owners in New Castle and Sussex Counties in the fall of 2024. (Kent County completed its reassessment project prior to the 2024 fiscal tax year.) Don't reach for the heart pills yet, as it is important to note that this is not a tax bill. The tax rate will change and owners should not multiply their new tentative value by their current tax millage rate. This all-important new rate is yet to be finalized, but is promised by the second quarter of this year.

Tyler Technologies, Inc., the reassessment contractor describes their intent this way: "A reassessment does not increase or decrease tax revenue; it only redistributes the total tax burden more fairly." That is the "revenue neutral" goal that we are hearing so much about. While the revenue may be the same for the taxing entities involved, this does not mean that yours and your neighbor's tax bill will remain the same. Clearly some will go up and some will go down, which makes no never mind to the taxman who is supposed to be looking at the big picture. However, tax burdens will clearly shift among properties. In the notice I received, Tyler Technologies emphasizes that "the goal of the assessment equity project is to determine the [current] fair market value of every property in New Castle County."

You may not be aware that the last countywide property tax reassessments in Delaware were done for New Castle County in 1983; for Kent County in 1987; and for Sussex County, way back in 1974. Therefore, it is safe to say that no taxable assessment bares a realistic resemblance to a current market

4. Tax Assessment Analysis		Tax Parcel No.
Tax Assessment As Of	— Land and Improvements	\$
Market Appreciation:		
Year Bought		
Market Inflation Since 7/1/83	%	
Less Obsolescence/Deferred Maintenance	%	
Net Inflation	%	
Dollar Market Inflation (\$ x %)	\$	
Indicated Tax Assessment Analysis Sales Price		\$
5. Summary		
Market Analysis:		
For Sale Now	\$	
Recent Sales	\$	
Cost Analysis	\$	
Replacement Analysis	\$	
Tax Assessment Analysis	\$	
6. Indicated Range Of Values \$ to \$		
Listed By	Approved By	Date

value. And the three counties do not even use the full valuations from those years. Sussex County uses 50%; Kent County uses 60%, and New Castle County applies a 70% rate. As a result of a 2018 educational funding equity lawsuit, Chancery Court Vice Chancellor J. Travis Laster ruled in May 2020 that

New Castle, Kent, and Sussex Counties were in violation of Delaware's True Value Statute that requires assessing a property at its true value and its Uniformity Clause, which requires that taxes should be uniform within the territorial limits of the authority levying the tax. In August 2023, Governor John Carney signed Delaware House Bill 62 requiring that each county reassess property at least every five years. It an understatement to say that going decades without general reassessments has created inequities.

I retrieved one of our Home Market Evaluation Reports from the 1980s. It shows a section entitled "Tax Assessment Analysis". That formula, which is depicted nearby, could be used to convert the assessed value into market value back then. It was a shorthand method that was a quick way to guesstimate market value, but being a hypothetical on a hypothetical it proved less useful as the years passed.

In its entirety, however, the old Home Evaluation Report (HER) wasn't as unsophisticated as one might think_ and its methods sure beat today's Zillow fly over analysis. Here, in part, is how Tyler Technologies says it will determine market value for a property: "The market value of your property is determined by using the property characteristic data that was collected earlier in the project by applying at least one of the three approaches to value: sales, cost or income..." My trusty Home Evaluation Report (HER) had five sections and a summary. Number one was what's the competition, i.e. what's for sale now. That could include properties listed for sale with a broker, for sale by owner homes (FSBOs); new construction being sold by builders and distressed properties like foreclosures and or bank owned units. Section two was what has recently sold that compares to the subject property. Section three asked what did you pay for the property and what have you done or not done to it since then and where

Cont. from pg. 1

has the market gone in the meantime. Section four was essentially a replacement analysis less depreciation and or deferred maintenance. Section five was the aforementioned tax assessment analysis. These methods become more hypothetical and less current as they progress. The most current and typically the most accurate were sections one and two. An accurate assessment of what is competing on the market now is most useful in a rising market with lots of demand while a recent sales analysis is more helpful in a stable or declining market where buyers dominate. So the HER and the Tyler methodologies do not seem to be at great variance. My advice if you're considering an appeal of your reassessment is not to do your own HER. Hire a licensed real estate appraiser specializing in your type of real estate to analyze the data for you. It's money well spent.

The New Castle County reassessments seem to be coming in somewhere in the range of 4.6 to 5.1 times the old ones. Mine, for example, came in at 4.91. At the old millage rate, my property tax bill would nearly double, not to mention, by inference, what will happen to school district taxes. Like I say, don't reach for the heart pills until the new rates come out. Aside from the obvious conclusion that the counties' current systems "have no correlation with fair market value", Vice Chancellor Laster wrote in his ruling: "By continuing the use of decades-old valuations when preparing their assessment rolls, the counties treat owners of similar properties differently..." It is high time for a change. As we say in the New Year, out with the old and in with the new!



**Patterson
Schwartz**
REAL ESTATE

Charles E. Schwartz II, CRB
7234 Lancaster Pike, 100A
Hockessin, DE 19707
302-234-5202
Fax 302-234-5212
cschwartz@psre.com
www.charlieschwartz.com
Licensed in DE, PA & MD

Visit my website
www.charlieschwartz.com

for a detailed overview of the current real estate markets in New Castle,
Kent & Sussex Counties, DE, S. Chester County, PA and Cecil County, MD.

PRSR STD
U.S. POSTAGE
PAID
Patterson-Schwartz
Real Estate



FREE HOME VALUATION REPORT

What's Your Home Worth?

Email realinfo@psre.com, call toll free
1.888.322.5252, or scan the QR code to get started.



DIRECT: 302-234-5202 • OFFICE: 302-239-3000 • www.charlieschwartz.com