

Freehold Township 2024 Reassessment Report

November 17, 2023



Township of
Freehold

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A Message from the Assessor:

The past four years have been an exceptional period for 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 Township is required to reassess all properties annually in order to maintain fair tax distribution. The goal of the reassessment is to react to the market, rather than predict it.

The New Jersey constitution requires annual tax levies to be distributed 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 or 30 years. Annual assessment maintenance is simply about tax distribution fairness as defined by the NJ 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 2024 tax year, the total overall aggregate value of Freehold Township will be 9% greater than it was in 2023. This does not mean your taxes will go up 9%.

It means that the overall value of properties in the Township has increased. The value of Township and the tax rate have an inverse relationship. The higher property assessments will cause a lower tax rate. The 2024 tax rate will be lower than the 2023 tax rate due to the increase in property values (see below rate estimate.)

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. Contained in this report is more detail on the reassessment process and results.

Year	FD1 Rate
2024*	\$1.770
2023	\$1.868
2022	\$2.015
2021	\$2.156
2020	\$2.170
2019	\$2.185
2018	\$2.234

* Estimated assuming a 3% increase to the tax levy and 2024 preliminary net taxable value of Township (less 1% to account for appeals)

Prior Year 2022-2023 Assessment Accuracy Reflection

Directors Ratio

Freehold Township's 2023 Director's Ratio was 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 new ratio is blended with the 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.

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.

Despite the complexity of the Township, Freehold's COD has been more accurate than the norm in the rest of the State, meaning that the assessments and resulting tax distribution are fairer. The 2023 COD was 7.97 which was the fifth lowest COD for Monmouth County. 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 volatile or suffers from imbalance of supply or demand.

Below is a summary of Freehold Township's general COD for the past 10 years. Freehold Township's average COD prior to implementation of annual reassessments (years 1992-2013) was 10.23. Since implementation, the average COD is now 7.29 with the past 7 years being some of the best COD's on record.

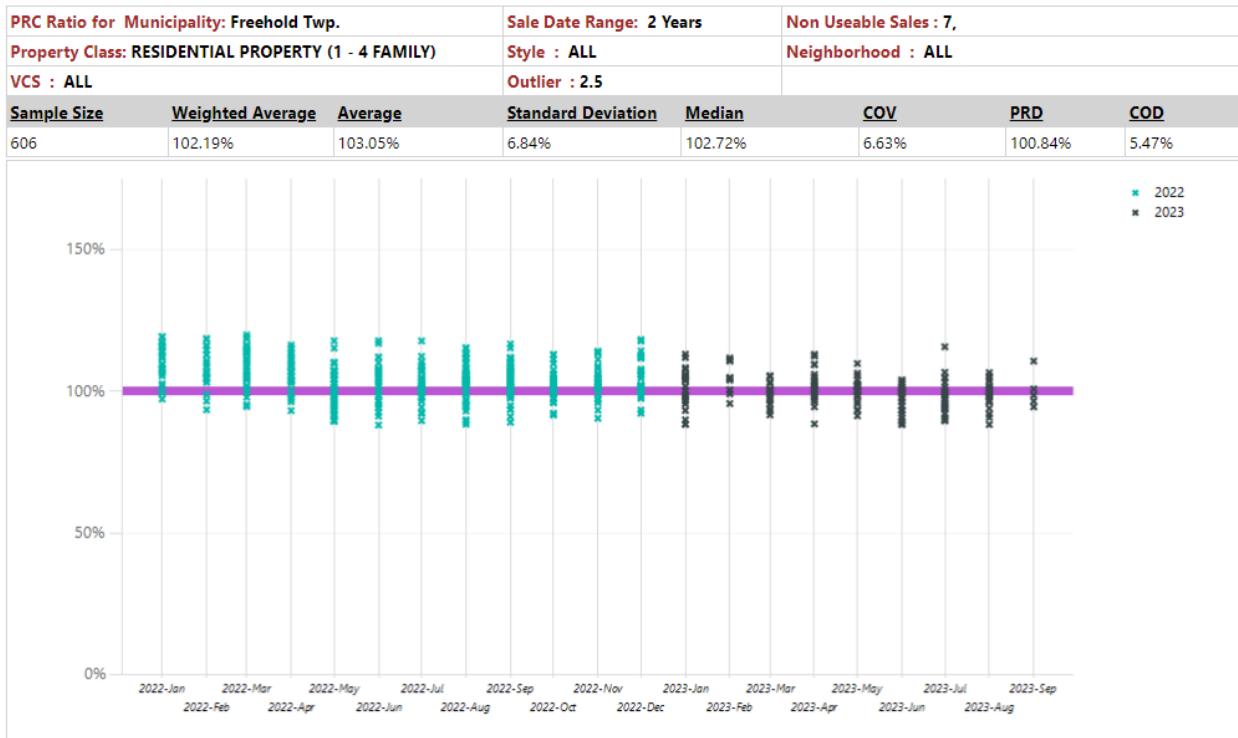
Year	COD
2022	7.97
2021	8.01
2020	6.44
2019	6.37
2018	7.01
2017	7.51
2016	6.77
2015	7.36
2014	8.16
2013	7.37

2023 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 2024 valuation date is October 1st, 2023.

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.

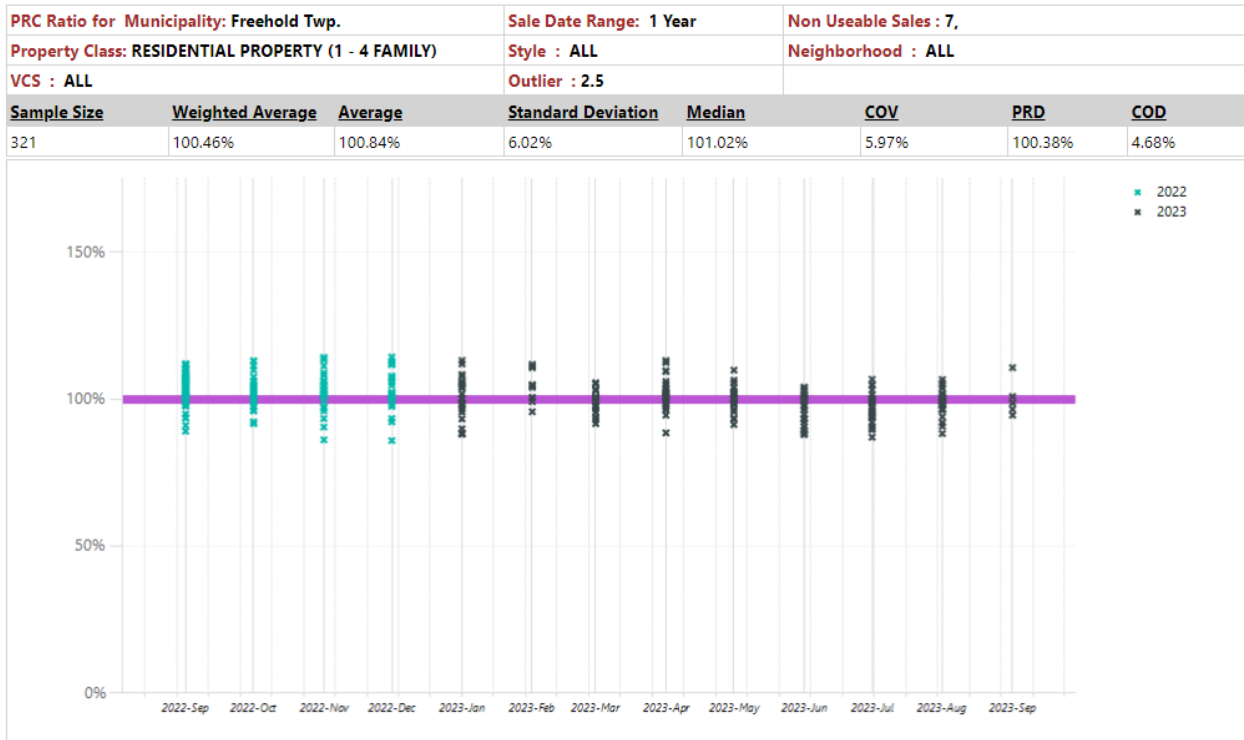
Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review: All 2022/2023 residential usable sales (Removing top & bottom 2.5% outliers)



Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:

All residential usable sales during the past 1-year period

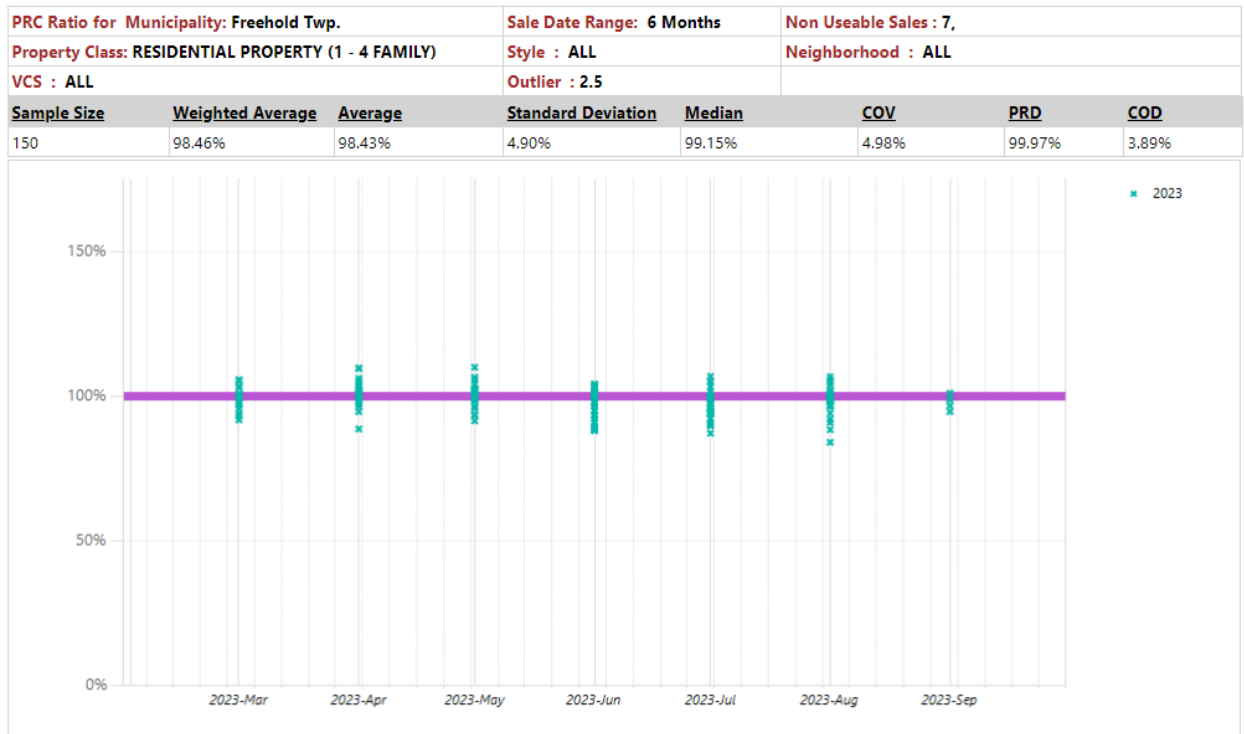
(Removing top & bottom 2.5% outliers)



Tax Board Assessment Data Analysis Module (ADAM360) Standardized Review:

All residential usable sales during the past 6-month period

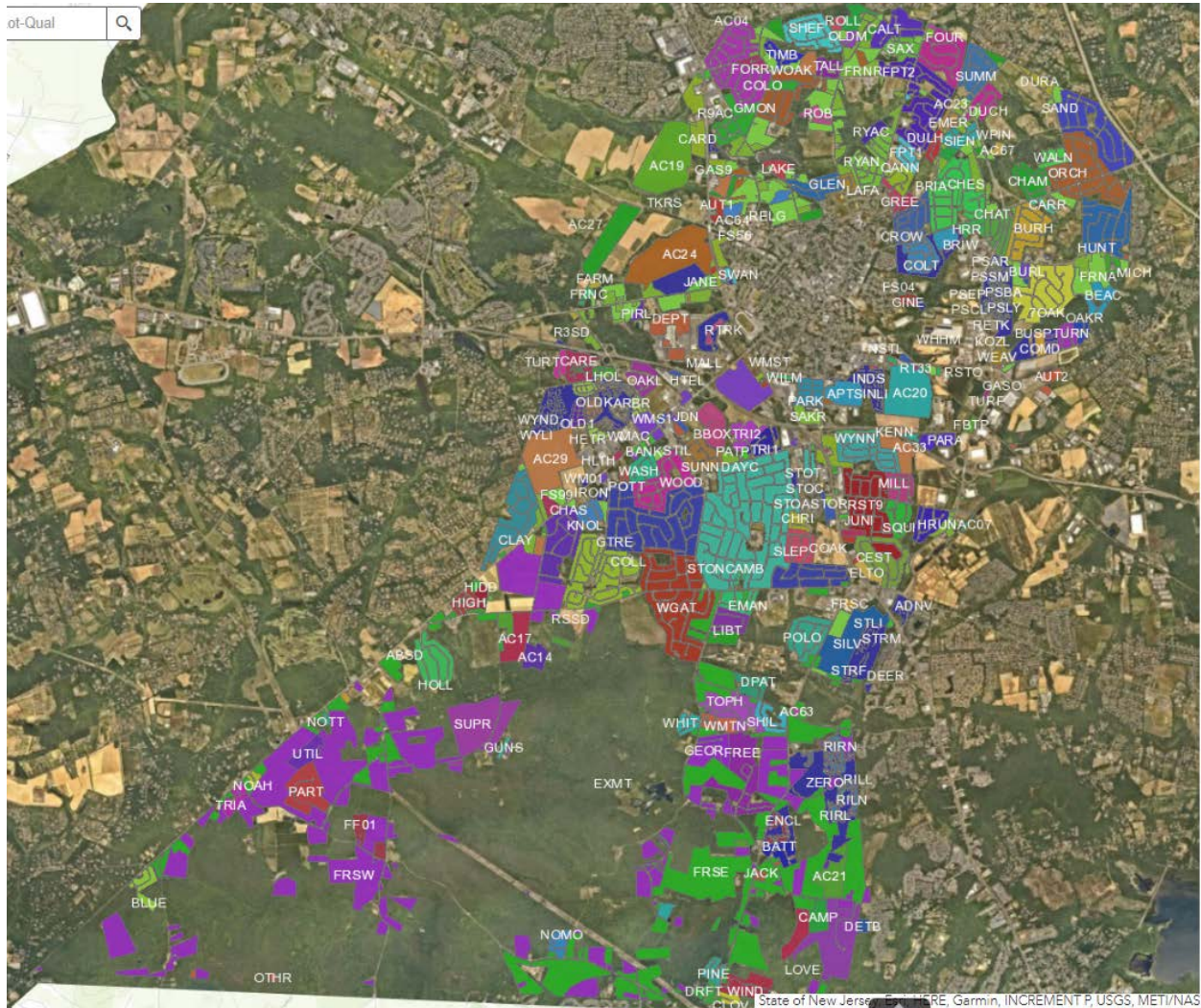
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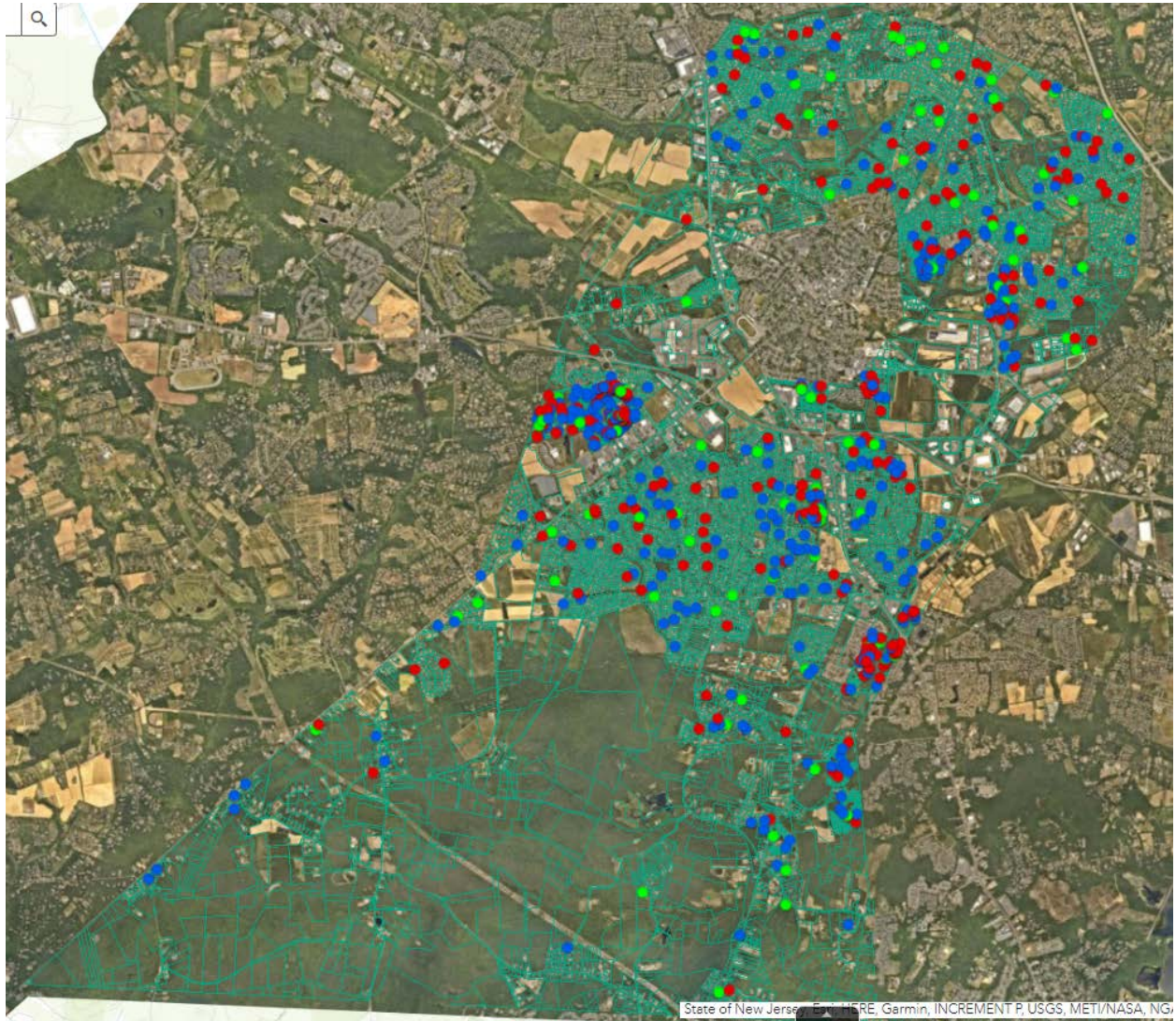
VCS Neighborhood Stratification & Mapping

VCS, or *Value Control Sectors*, help differentiate local markets and neighborhoods from one another. Some of the characteristics of any individual VCS may include zoning, the size of the lots, size of homes, year built of the homes, builder of the homes, quality of the construction, style of the homes, proximity to schools, highways, or landmarks. Just about any factor, tangible or intangible, that might affect buyers and sellers in a specific sub-market.

Freehold Township VCS Mapping



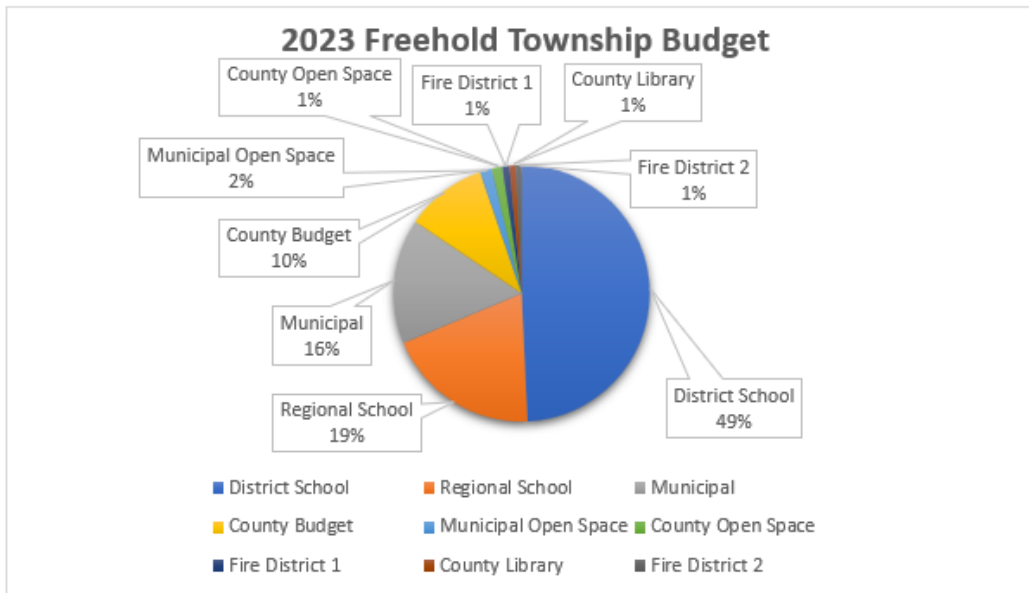
2022-2023 Sales Mapping



Colored dot correlates with sales ratio: Red >105%, Blue 95%-105%, Green <95%.

Freehold Tax Levy History

Budget	2022	2023	Change	% Total	Yoy Change
District School	\$74,266,573	\$76,336,321	\$2,069,748	48.28%	2.79%
Regional School	\$29,239,249	\$31,276,113	\$2,036,864	19.78%	6.97%
Municipal	\$23,723,973	\$24,317,072	\$593,099	15.38%	2.50%
County Budget	\$15,546,993	\$16,347,799	\$800,806	10.34%	5.15%
Municipal Open Space	\$2,253,558	\$3,405,102	\$1,151,544	2.15%	51.10%
County Open Space	\$2,014,811	\$2,316,064	\$301,253	1.46%	14.95%
Fire District 1	\$1,353,833	\$1,787,182	\$433,349	1.13%	32.01%
County Library	\$1,168,480	\$1,182,649	\$14,168	0.75%	1.21%
Fire District 2	\$1,128,781	\$1,143,042	\$14,261	0.72%	1.26%
	\$150,696,251	\$158,111,344	\$7,415,092		5%



Total Change of Net Valuation Taxable

The net valuation of the Township is increasing by 10% in 2024. About 816MM has been added to the Freehold Township ratable base (partially related to new construction and partially related to market appreciation).

2024 Preliminary	9,231,060,300
Change	726,470,100
% Change	9%

2023 Final Tax List					
Class	Property Type	Count	Value	Average	Share of Township
1	Vacant Land	502	93,866,100	186,984	1.10%
2	Residential	11543	6,525,385,800	565,311	76.73%
3A	Farm House	73	39,158,600	536,419	0.46%
3B	Farm Land	163	1,370,300	8,407	0.02%
4A	Commercial	408	1,468,978,100	3,600,437	17.27%
4B	Industrial	31	233,111,600	7,519,729	2.74%
4C	Apartment	3	142,719,700	47,573,233	1.68%

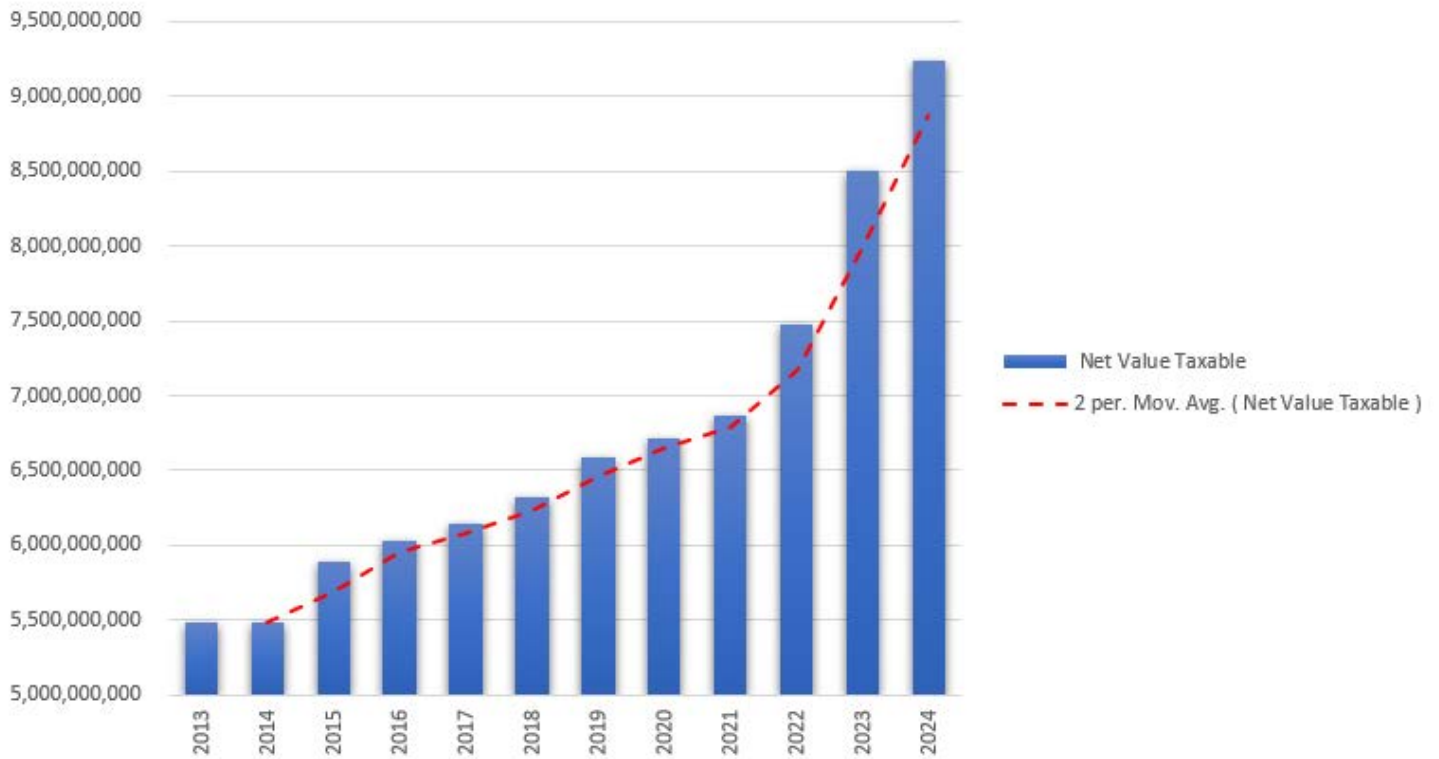
Net Valuation Taxable	8,504,590,200
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2024 Preliminary Tax List					
Class	Property Type	Count	Value	Average	Share of Township
1	Vacant Land	486	95,499,400	196,501	1.12%
2	Residential	11543	7,062,922,700	611,879	83.05%
3A	Farm House	70	40,332,400	576,177	0.47%
3B	Farm Land	148	1,353,000	9,142	0.02%
4A	Commercial	412	1,583,134,400	3,842,559	18.62%
4B	Industrial	31	277,410,000	8,948,710	3.26%
4C	Apartment	3	170,408,400	56,802,800	2.00%

Net Valuation Taxable	9,231,060,300
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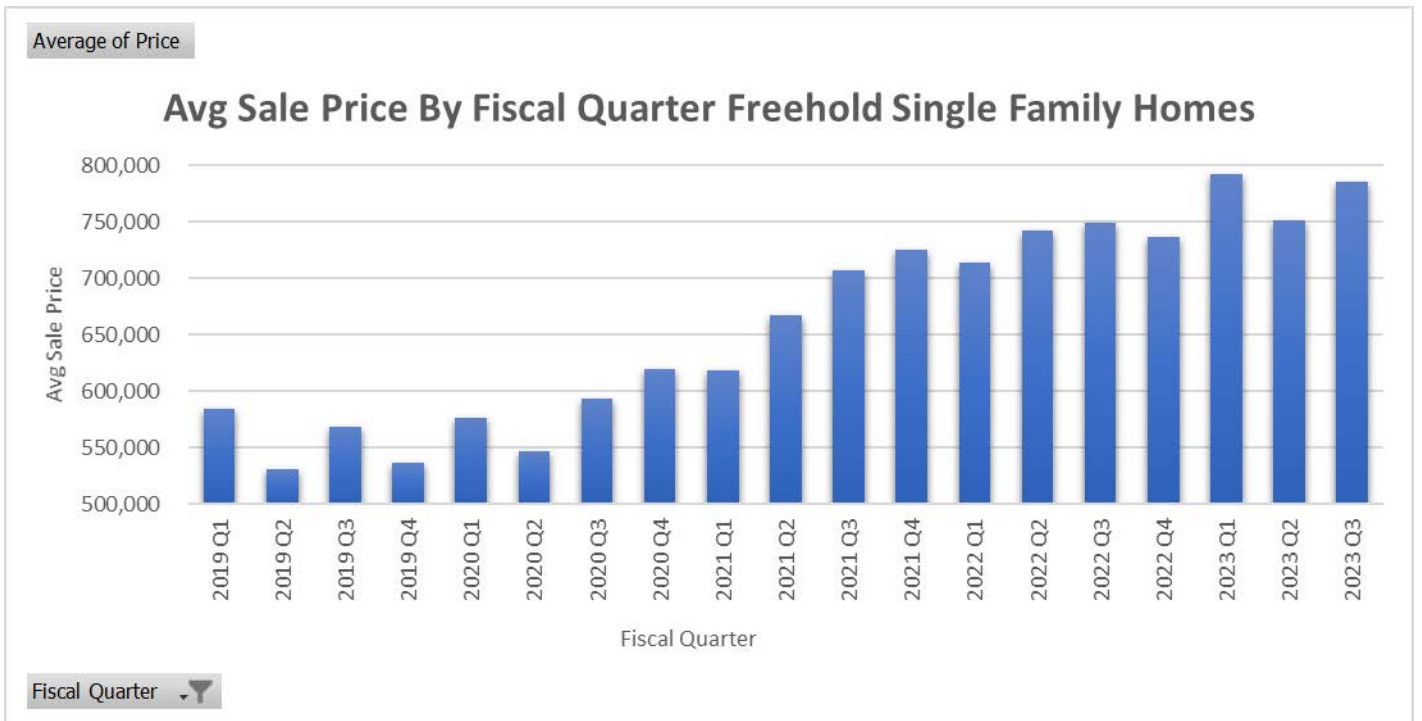
History of Net Value Taxable

Net Value Taxable of Freehold Township

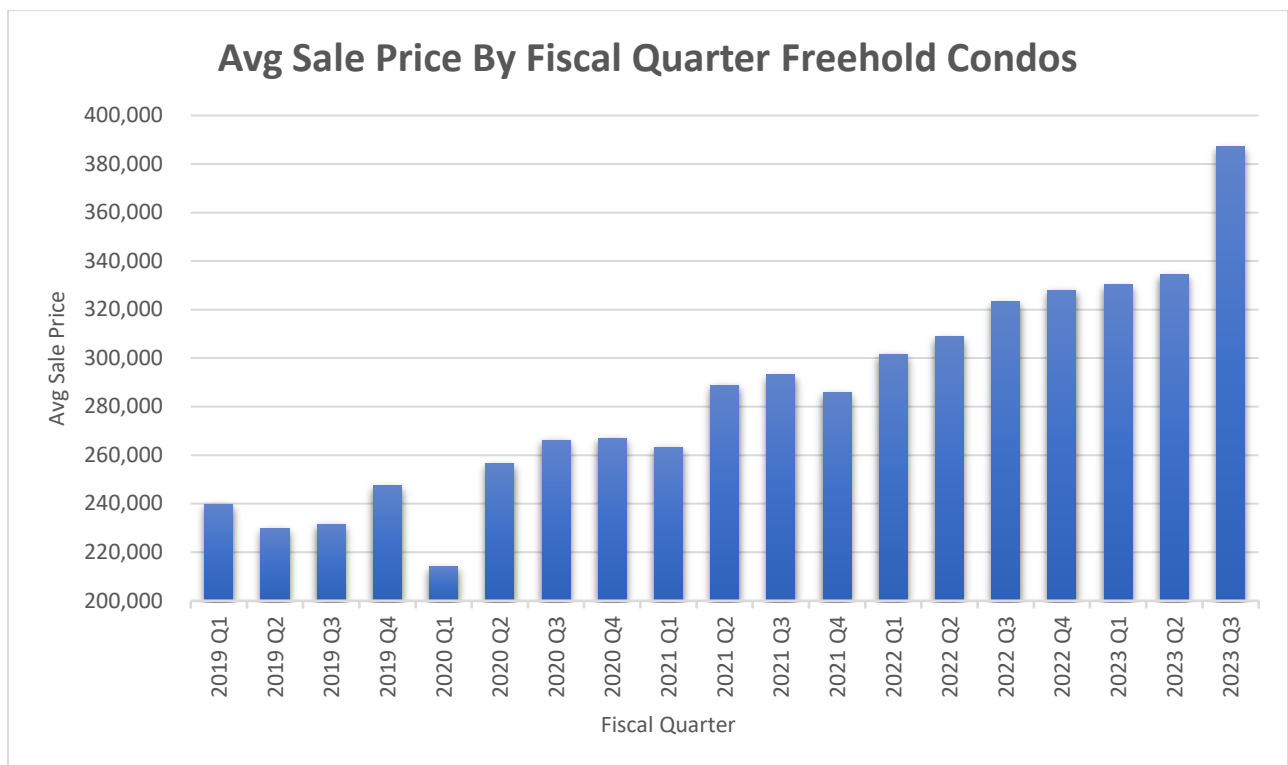


Year	Value	Tax Rate FD1
2024 Preliminary*	9,231,060,300	\$1.770
2023 Final Tax List	8,498,025,300	\$1.868
2022 Final Tax List	7,471,702,900	\$2.015
2021 Final Tax List	6,868,119,600	\$2.156
2020 Final Tax List	6,717,431,900	\$2.170
2019 Final Tax List	6,592,450,900	\$2.185
2018 Final Tax List	6,326,367,000	\$2.234
2017 Final Tax List	6,145,883,500	\$2.270
2016 Final Tax List	6,027,600,600	\$2.319
2015 Final Tax List	5,893,958,100	\$2.291
2014 Final Tax List	5,482,575,400	\$2.389
2013 Final Tax List	5,486,811,100	\$2.324

Quarter over Quarter Average Sale Price for Single Family Homes 2019 – 2023 Q3



Quarter over Quarter Average Sale Price for Condos 2019 – 2023 Q3



Total Number of Transactions 2008 – 2023

Count of Year

Total Number of transaction in Freehold Township

