

# COVID-19 DEMANDS NEW PROPERTY TAX STRATEGIES

Commercial real estate owners should build arguments now to reduce fair market value on their properties affected by the pandemic.

By Jason Lindholm

The uncertainties and changes brought on by COVID-19 have had far-reaching effects on all facets of daily life. As commercial property owners position themselves to weather the storm, it is crucial that taxpayers most affected by the virus do what they can to control their property tax expenses.

The issues they face are complex, from pre-crisis valuation dates and the need to quantify value losses, to cash-strapped taxing entities that will be reluctant to compromise on values. Taxpayers will need creative, innovative approaches to successfully protest their assessments and see their cases through to having their taxable property values reduced.

## Ohio mulls relief

Assessors in Ohio and many other states value real property as of Jan. 1 of the tax year under protest, known as the tax lien date. Other than when a property has recently sold, assessors and courts seldom consider factors occurring after the tax lien date in a property tax case.

For example, the current property tax filing period in Ohio relates to tax year 2020, and real property is required to be valued as of Jan. 1, 2020, for that tax year. That means valuations for 2020 in those jurisdictions typically ignore changes to a property's value that occurred during the COVID-19 pandemic.

Ohio is the only state considering legislation that would require taxing authorities to recognize the effects of COVID-19 on real estate values where

the impact occurred after the tax lien date. Depending on where a property is located, taxpayers will need to consider all options if their jurisdiction does not allow for consideration of the impact of COVID-19 in a tax challenge this year.

When it comes to deciding whether to challenge a property's assessment, there are many factors to consider. If the property recently sold, analyze the sales price to indicate the actual market value of the real estate deducting any non-real estate values. Then factor in the pandemic-related issues.

The taxpayer may need to order an appraisal, whether to support their own complaint or in fighting a tax increase complaint filed by a school district. These circumstances are more likely in some jurisdictions than others; experienced local counsel can help the taxpayer decide whether, and when, to obtain an appraisal.

At times, taxing authorities or a court may require testimony from a property owner or other individuals associated with a property. Many taxing authorities are allowing testimony via popular video conferencing applications, which may make it easier than in the past to seek the involvement of witnesses for a hearing.

## Variations by property type

Market trends affecting specific



**Jason Lindholm**  
Siegel Jennings Co.

property types and operations will provide evidence to support many assessment protests. Hotels, for example, have been directly impacted by COVID-19, therefore data for hotel properties must be carefully evaluated in light of current events.

Compile historical information such as 2020 financials as soon as possible, as well as recent occupancy reports. Hotel owners must be prepared to testify along with their expert appraisal witnesses.

First-hand knowledge of the devastating effects of COVID-19 will be an important component of a case. While Ohio courts in the past have generally disfavored the discounted cash flow method of valuing commercial properties, expert witnesses may need to explore, use and be prepared to explain that option in a post COVID-19 world.

It is important to note that COVID-19 has not affected all property types in the same manner. The pandemic devastated many hotels, restaurants and certain retail and office properties, for example. On the other hand, other properties such as industrial properties serving e-commerce operations have fared well.

How trends relating to property type translate into a potential reduction in a property's fair market value depends on what a particular jurisdiction requires from taxpayers to prove their case. Property sales data from 2020 to the present will become an important component of any property tax review, given the events of the past several months. Discussions with an

appraiser familiar with local data and trends will be critical.

Even if a taxpayer cannot reference COVID-19 effects in a challenge filed this year, they should consider effective strategies now in preparation for future property tax issues related to the pandemic. Most likely this will involve a long-term approach to contain property taxes, while addressing short-term needs as best as possible. A case settlement may address several tax years, giving the taxpayer some certainty and planning capabilities for the future.

Additionally, a plan for how to approach a case often depends on the regional property tax landscape. Because of this, achieving a good outcome in the future may depend on how the taxpayer prepares their case from the outset, affecting decisions such as whether to have an appraisal and which parties should testify.

The best means to address recent change and today's uncertainties are to remain adaptable and to begin forming effective case strategies as soon as property tax expenses become available for evaluation. ■

Jason Lindholm is a partner and directs the Columbus, Ohio office of law firm Siegel Jennings Co. LPA, which is the Ohio, Western Pennsylvania and Illinois member of the American Property Tax Counsel, the national affiliation of property tax attorneys. He can be reached at [jlindholm@siegeltax.com](mailto:jlindholm@siegeltax.com).

## Reading Precast

Manufacturer of Precast Concrete Products

- Modular
- Minimal site prep
- Low maintenance
- Delivered & set
- Easily relocated
- Lengths to 50'
- Infinite widths
- Heavy duty rating
- No future demolition
- ADA ramps available



**Call for an immediate consultation.**

**Call: 800-724-4881 • [www.ReadingPrecast.com](http://www.ReadingPrecast.com) • [anthony@readingprecast.com](mailto:anthony@readingprecast.com)**

## UPCOMING MARKET HIGHLIGHTS

### MARCH

Chicago & Minneapolis

### APRIL

Columbus & Omaha

### MAY

Milwaukee, Toledo & Wichita

EDITORIAL OPPORTUNITIES:

Kristin Hiller • [khiller@francemediainc.com](mailto:khiller@francemediainc.com)

ADVERTISING OPPORTUNITIES:

Barb Sherer • [bsherer@francemediainc.com](mailto:bsherer@francemediainc.com)