

Tax Assessment Class Action Lawsuit filed by Peter S. Craig, July 3, 2002

This class action lawsuit was filed by Dr. Peter S. Craig on behalf of homeowners in Washington adversely affected by recent across-the-board tax assessment increases for tax years 2002 and 2003. These assessments further aggravate the highly discriminatory tax assessment system being employed by the city's Office of Tax & Revenue. The lawsuit challenges the current assessment system as unlawful and unconstitutional and seeks a decision from the D.C. Superior Court to restore equalization of assessments in all neighborhoods.

By law, OTR is supposed to assess all residential real properties (lots and improvements) at full market value. (Full market value of real property averages about 90% of sales price, after deducting value of personal property and the seller's costs of sale) This involves tracking sales to insure that assessments are in line with such sales, and re-assessing residential properties whenever building permits are finalized. Instead of following the directions in the law, OTR has contrived so-called "market trends," derived by assessment-sales ratio studies. These studies compare recent sales against former assessments for the same properties in each neighborhood, without any segregation of improved versus unimproved properties. OTR then applies the median ratio to all properties in that neighborhood. Such studies are not only statistically invalid but they also have the result of transferring increased values of real property from renovated homes to those which have not been renovated. Assessments of homes in neighborhoods throughout the city now range from less than 50% of market value to over 200% of market value. Throughout the city where this unauthorized assessment system has been used, only about 17% are within 5% of market value. 38% are underassessed and 45% are overassessed. This discriminatory taxing system has had a destabilizing effect on Washington neighborhoods.

The lawsuit will seek restoration of the Computer Assisted Mass Appraisal (CAMA) system, authorized over a decade ago. Ironically, OTR prepared property-specific CAMA assessments, but chose to "override" them, presumably because its "trending" yielded a higher tax assessment base.

Individuals desiring to support this pro bono class action are encouraged to make their tax-exempt donations to the Committee of 100 on the Federal City, showing on the check that it is for the "tax assessment class action" (or TACA for short). Such checks should be mailed to the Committee of 100 on the Federal City, P.O. Box 57106, Washington, D.C. 20037.

Assistance is also needed by volunteers willing and able to undertake statistical analyses on Excel spreadsheets of the discrimination in each neighborhood of the city, and by lawyers and volunteers willing and able to help in the discovery of documents at OTR or in legal research.

For more information about the lawsuit, call Peter S. Craig at 202-362-7192.

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