

Town Officers Education Conferences

**FINDING EFFICIENCIES FROM
MAPPING THE ASSESSMENT
PROCESS AND USE OF METRICS**

Presented: April 3rd and 10th, 2018.

by John Vickery, Vermont Assessors and Listers Association

Workshop Objectives

1. How can our office obtain greater outcomes and better service?
2. What should we be measuring? What are our core functions?
3. Should we change/adjust our RESOURCES (staffing, systems, processes)?
4. Review the Assessor's Office MISSION
5. Mapping the Assessment Process
6. Mapping Value Changes From Permits
7. Mapping Value Changes From the Equalization Process
8. Performance Metrics - Overview
9. Diving into the Data

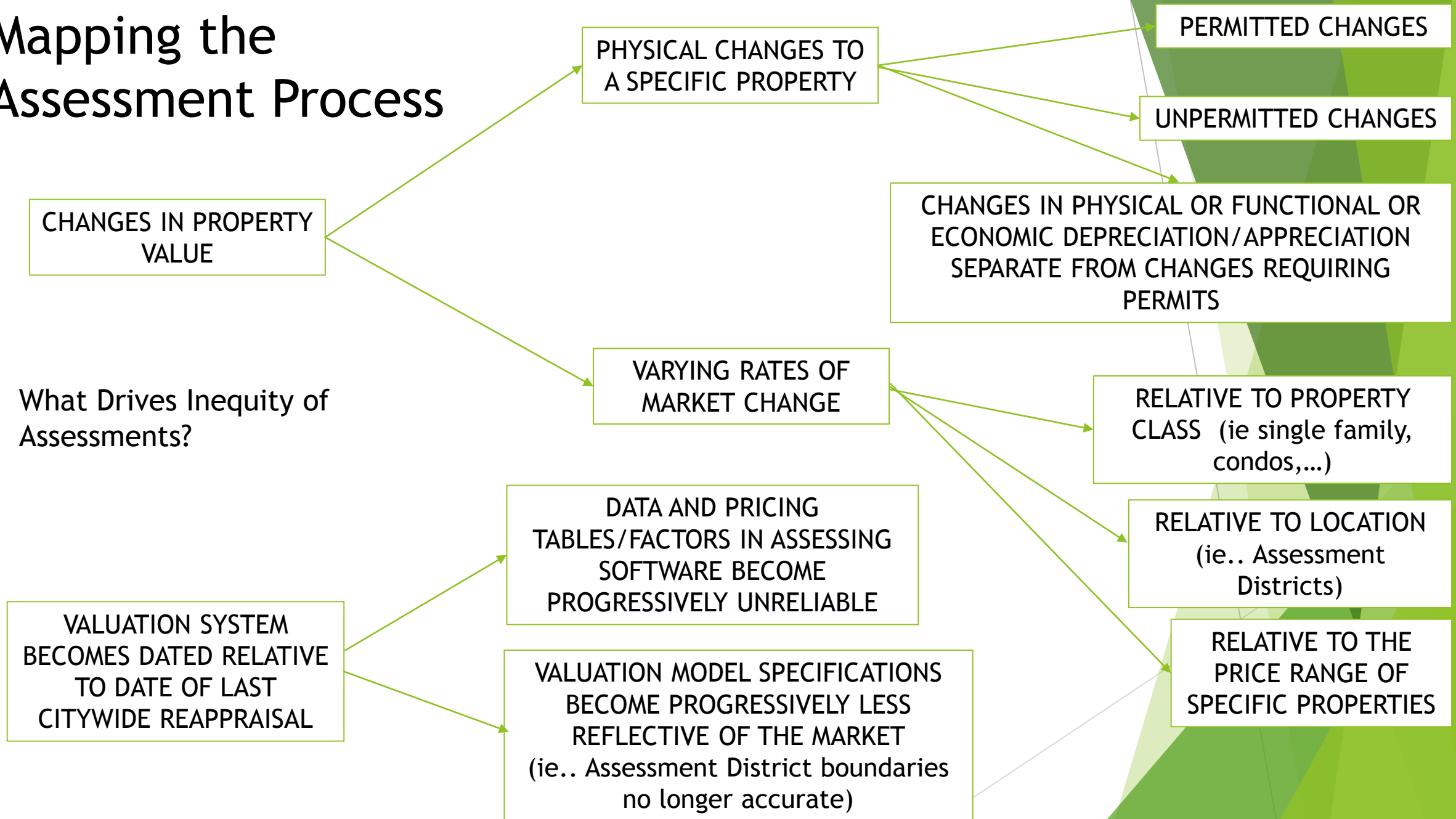
Action Item

MAPPING THE ASSESSMENT PROCESS

Mission: establish equitable property values so the distribution of the tax burden is fairly levied.

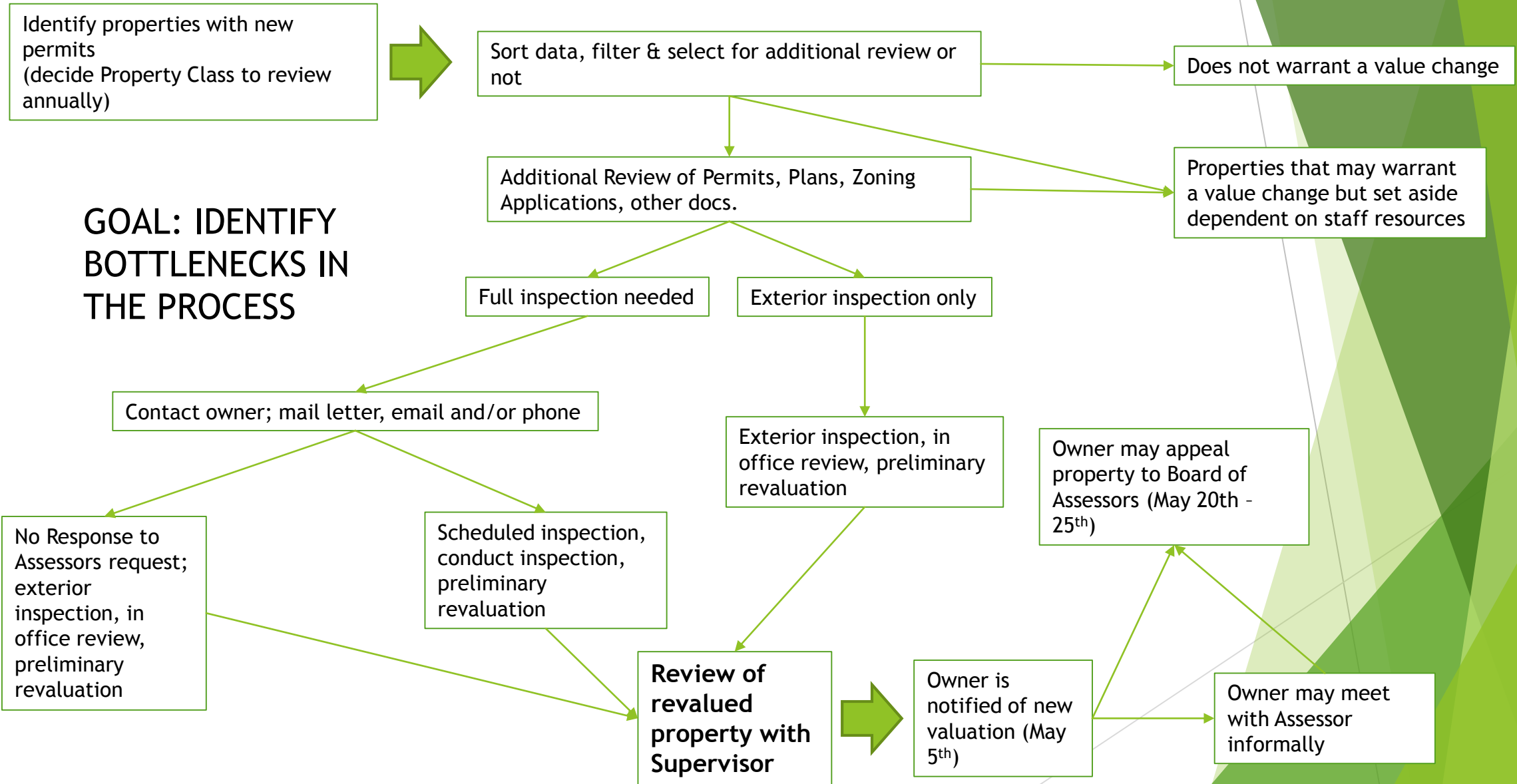
- ▶ Assessor's correct assessment inequities
 - ▶ Mapping the drivers that lead to inequitable property assessments.
 - ▶ Following standard assessment review procedures
 - ▶ Setting priorities for which property assessments receive value adjustments
 - ▶ Execute the plan.

Mapping the Assessment Process



What Drives Inequity of Assessments?

MAPPING VALUE CHANGES FROM PERMITS



Burlington Assessor's Office Performance Metrics - Overview

Measure	Fiscal Year 2017 Performance			
	Actual	Target	Benchmark	Status
# of Valuation Changes	464	465	465*	
Grand List Change	\$32.5m	>=\$22,m	\$32,m*	
# of Appeals	34	<70	93*	

1. **Number of Valuation Changes Benchmark is average of past 9 years.*
2. *Grand List growth above Target, but anticipate <10,Million reduction from Property Appeals.*
3. *Seven property appeals are going before the Board of Tax Appeals.*

ACTIONS TO ADDRESS PROPERTY VALUE INEQUITY

Second Steps: Actions to address specific drivers of inequity

Physical changes to a specific property

1. See next Slide

Varying Rates of Market Change

1. Equalization of Assessment Values*
2. City-wide Property Appraisal project

*Equalization. The process of adjusting assessments to the overall level of appraisal for a standard grouping of properties that are statistical outliers. (KK)
The process by which an appropriate governmental body attempts to ensure that all property under its jurisdiction is assessed equitably at market value or a ratio or ratios as required by law. (IAAO)

MAPPING VALUE CHANGES FROM THE EQUALIZATION PROCESS

1. Annually, calculate Sales Ratio Studies ie; CLA, COD

2. Apply performance standards to these ratio studies for Property Class & Assessment district (to identify outliers & equity issues)

3. Determine which equalizations will be performed.
Based on greatest outlier, staff resources & legal considerations

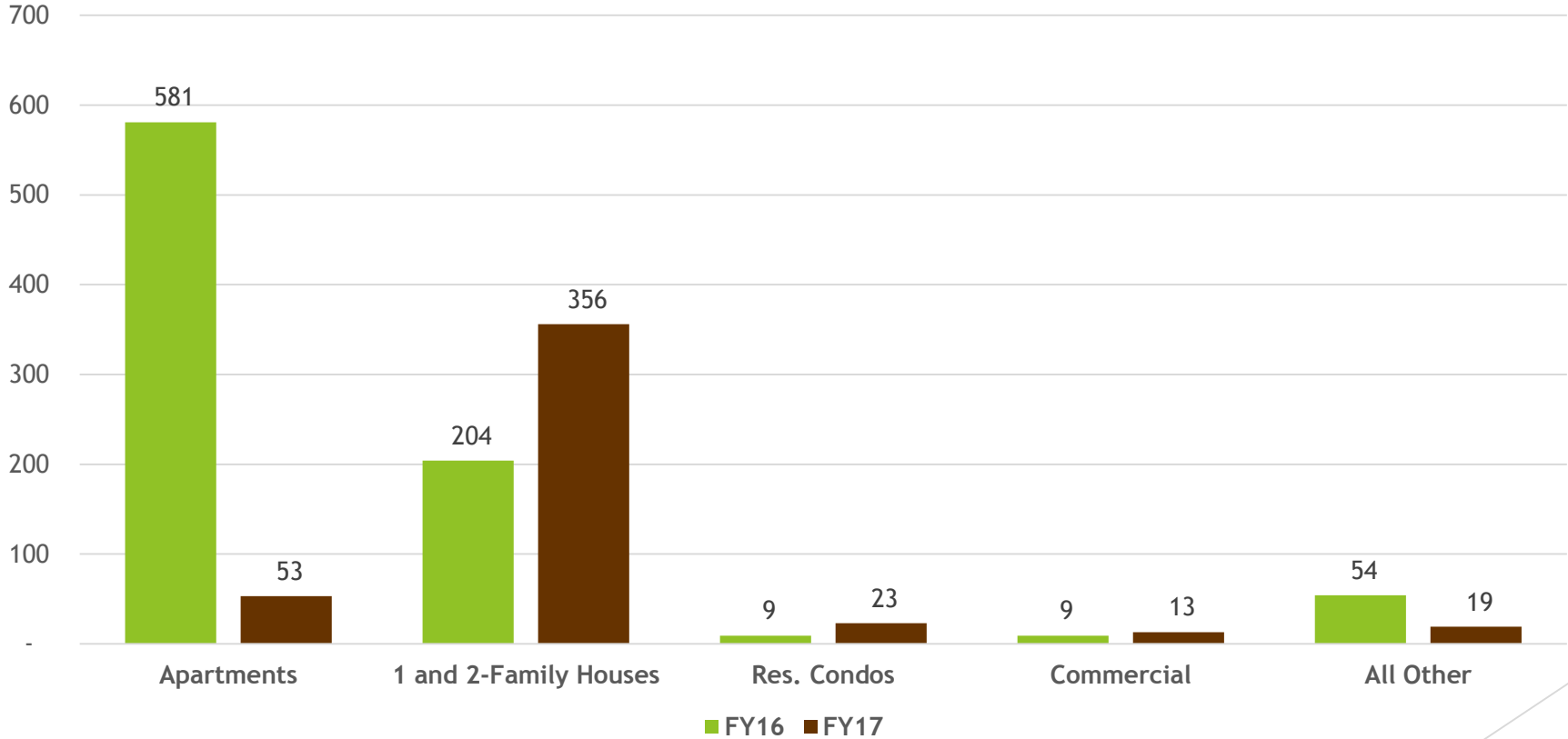
4. Public notification on Assessor website of intent to equalize property group

5. Mailing notification of intent to equalize to affected property owners

6. Conduct property inspections, review reassessments and finalize “equalized” valuations

Real Estate Property Assessment Changes

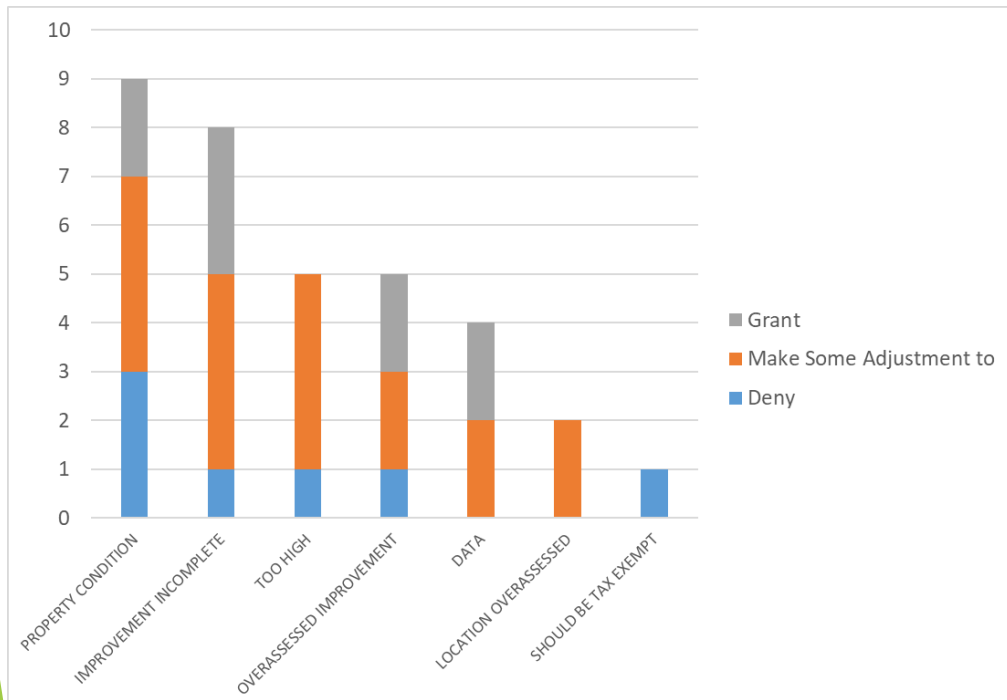
Real Estate Property Assessment Changes FY16 & FY17



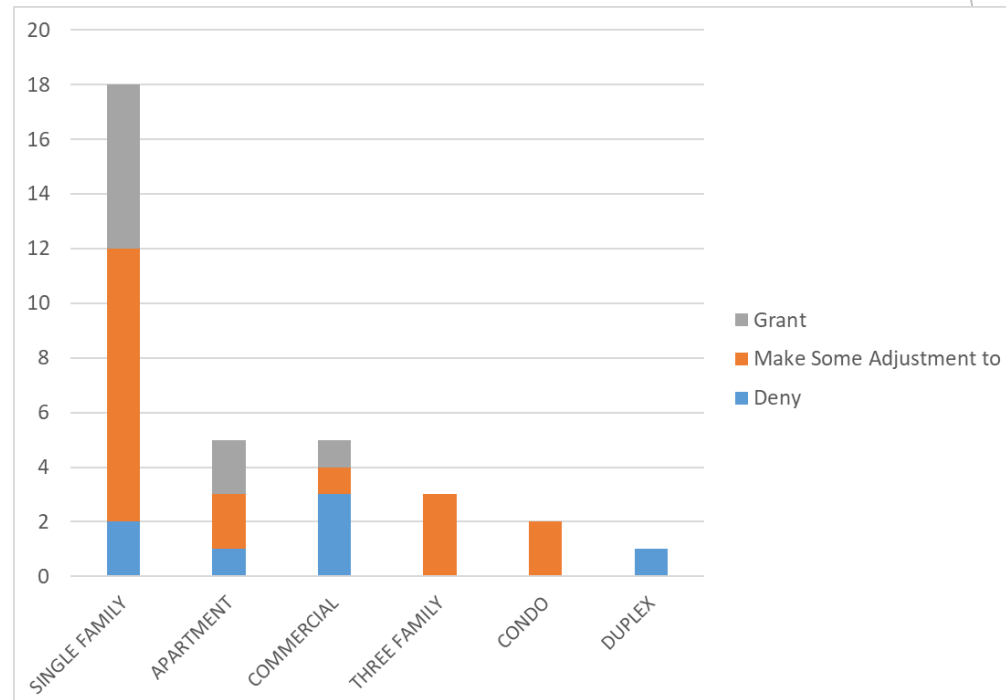
Property Valuation Appeals - May 2017 - Action Item

- 464 properties were re-appraised
 - 403 (87%) increased assessment
 - 61 (13%) reduced assessment
- 34 were appealed to the BOA (8 appeals were not based on re-appraisal)
- 18 appealed properties were inspected following appeal
- Total adjustments in Grand List: +\$32,527,900 (0.88% of taxable Grand List)
- Corrections in Grand List through appeal: -\$2,545,300 (7.8% reduction of increase, 0.07% of GL)

► Appellants' Reasoning

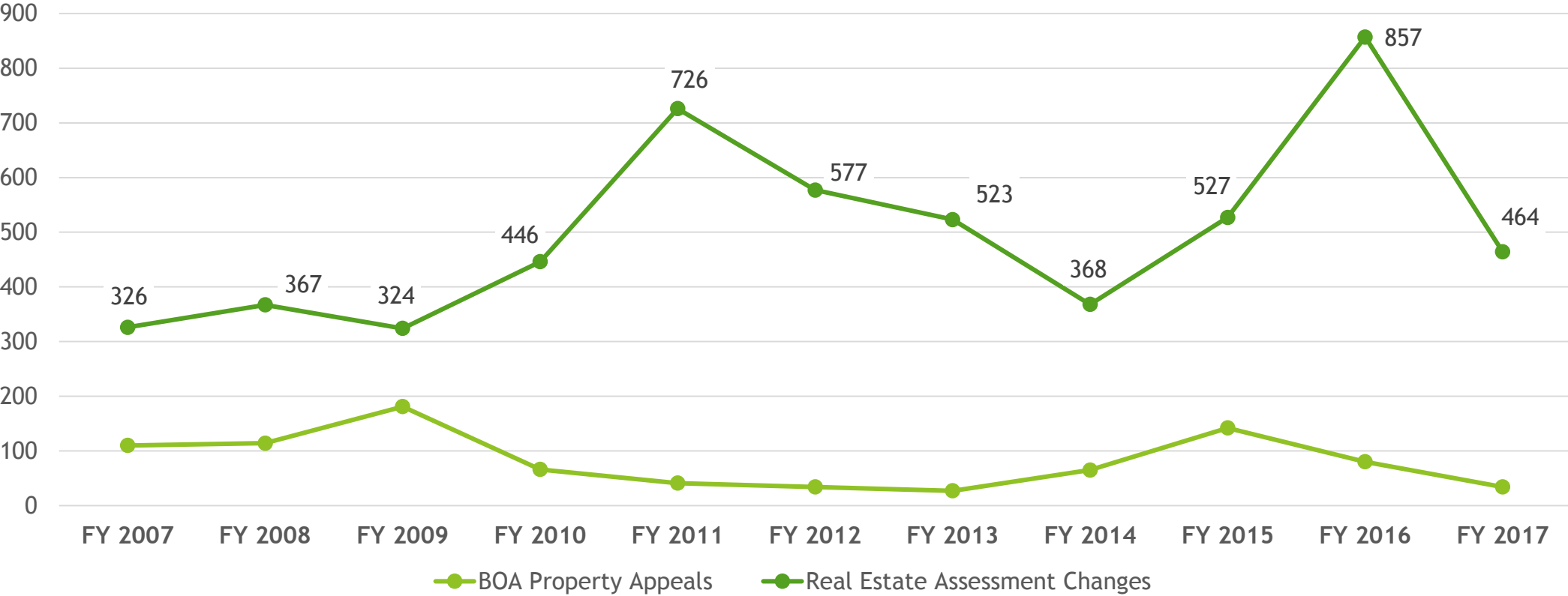


► Property Class



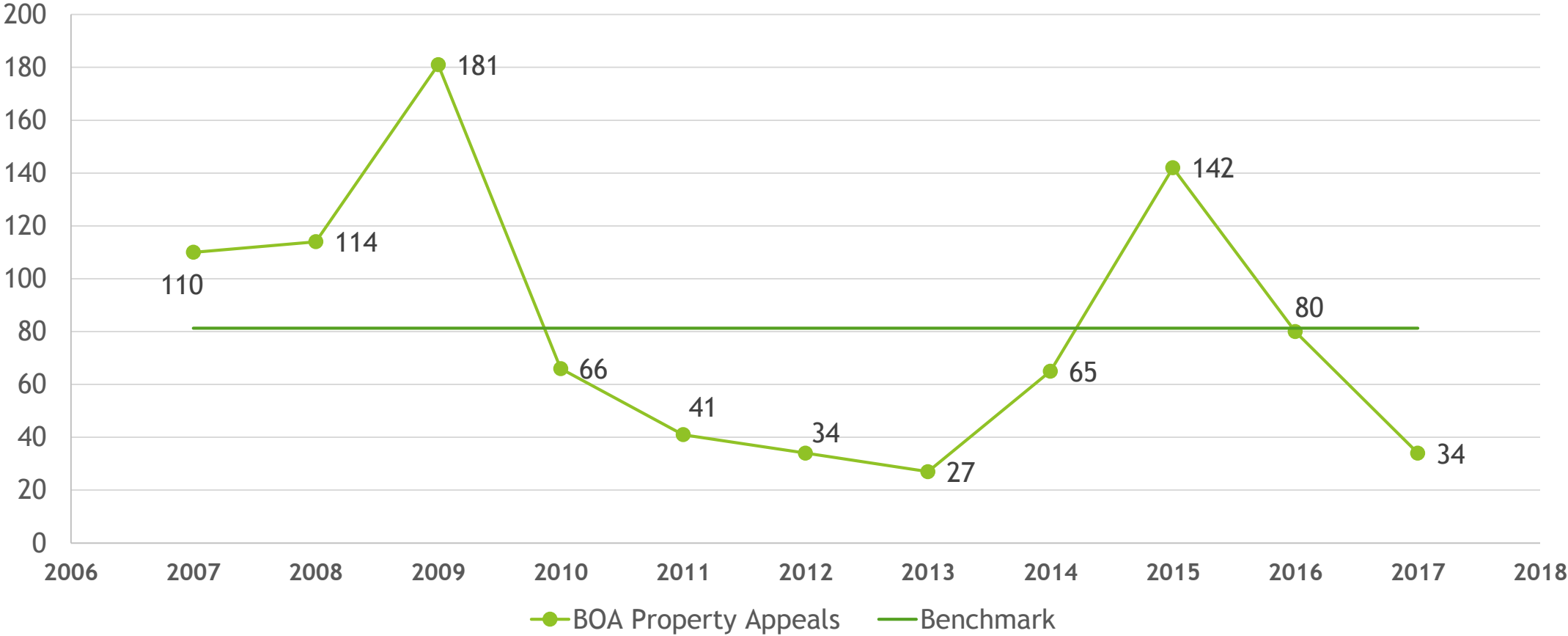
Count of Assessment Value Changes

Number of Assessment Value Changes & Property Valuation Appeals

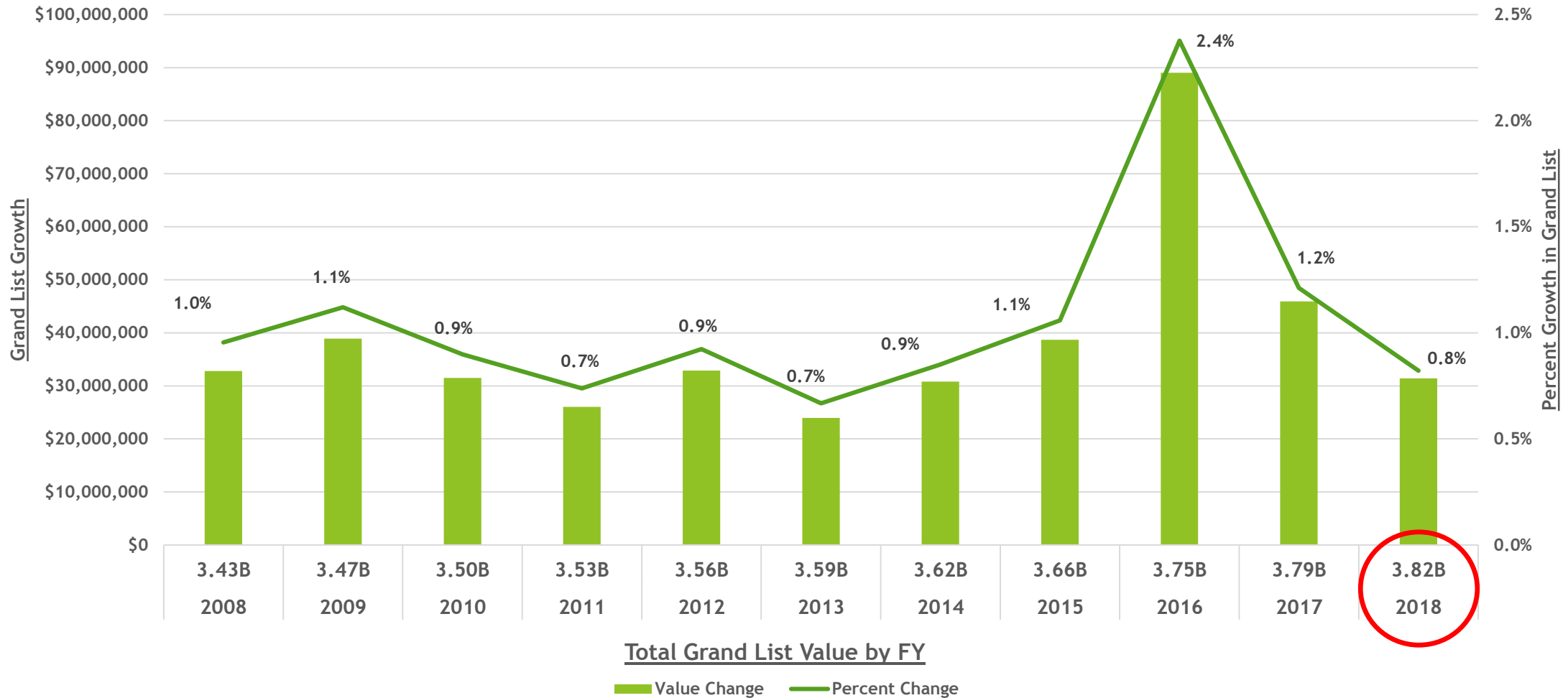


Property Valuation Appeals

Property Valuation Appeals by FY



Annual Change in Grand List



Action Item

ASSESSOR'S OFFICE

TAX EQUITY CHARTS

26 SEPTEMBER, 2017

ACTIONS TO ADDRESS PROPERTY VALUE INEQUITY

First Steps: Identify, quantify, standardize measures of equity/inequity

How is equity/inequity measured and monitored:

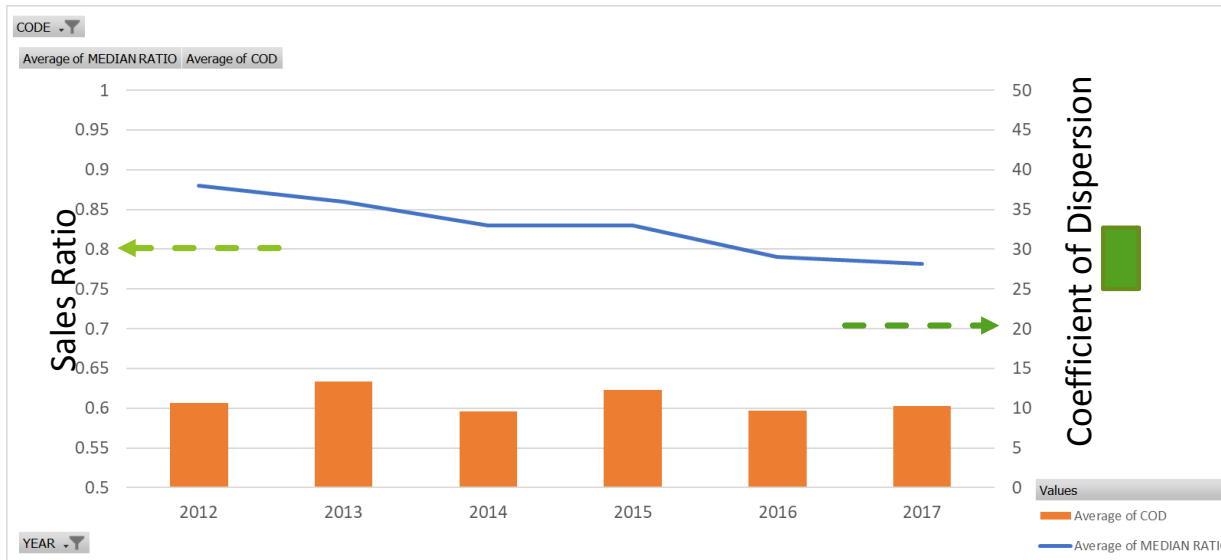
1. Sales Ratio Studies
2. Coefficient of Dispersion
3. Price Related Differential

Note: These statistical measures are calculated annually for trending analysis and for determining the best allocation of office resources to address inequity issues.

FY17 - Yearly change in median sales ratio

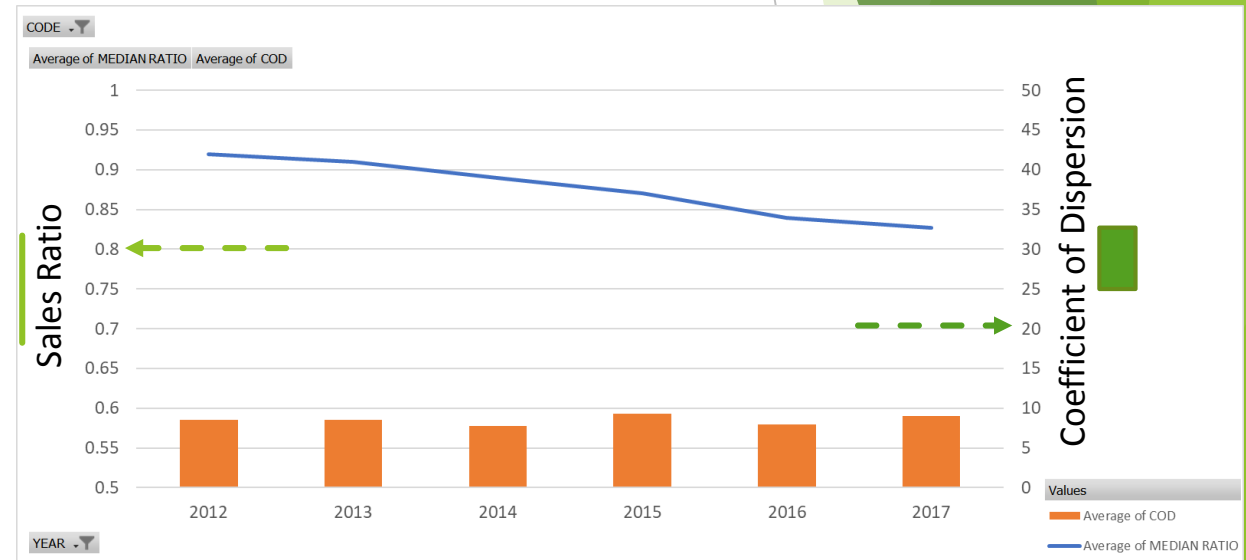
Single Family

Sale Ratio 0.79 & COD 10%



Condominium

Sales Ratio 0.82 & COD 9%



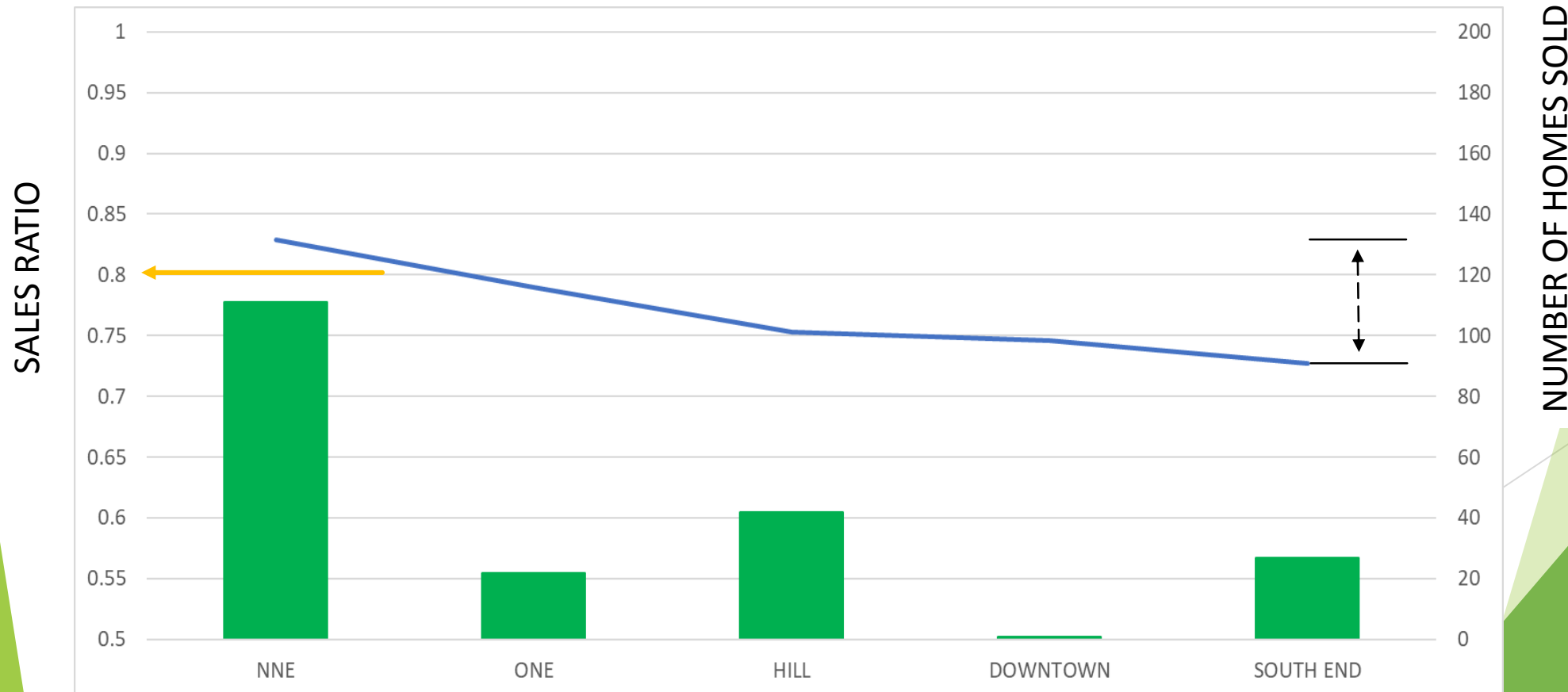
→ Arrows indicate critical level of imbalance (ratio) or inequity (COD)

Sales ratio is the quotient of a sold property's appraisal value / sale price

Coefficient Of Dispersion is a measure of the spread of the median sale ratios within the property class

Sources of inequity: Location/Neighborhoods - Sales Ratio for properties as a function of Aggregated Assessment Districts (1-Family Homes, 1/16-7/17)

Properties in some neighborhoods appreciate faster than others. Based on 1-family sales ratios, the South End properties are appreciating faster than New North End, and thus are under-appraised, with a 0.1 difference in ratios.



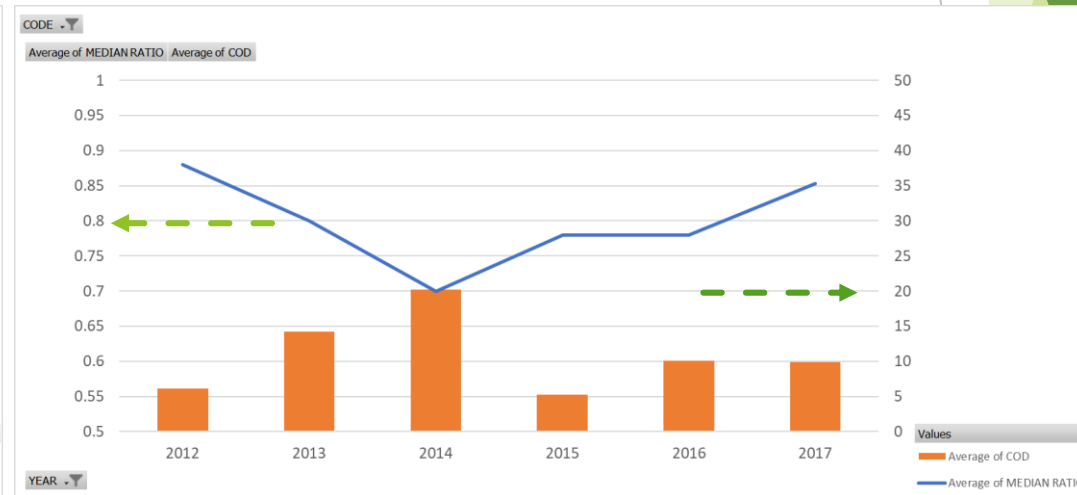
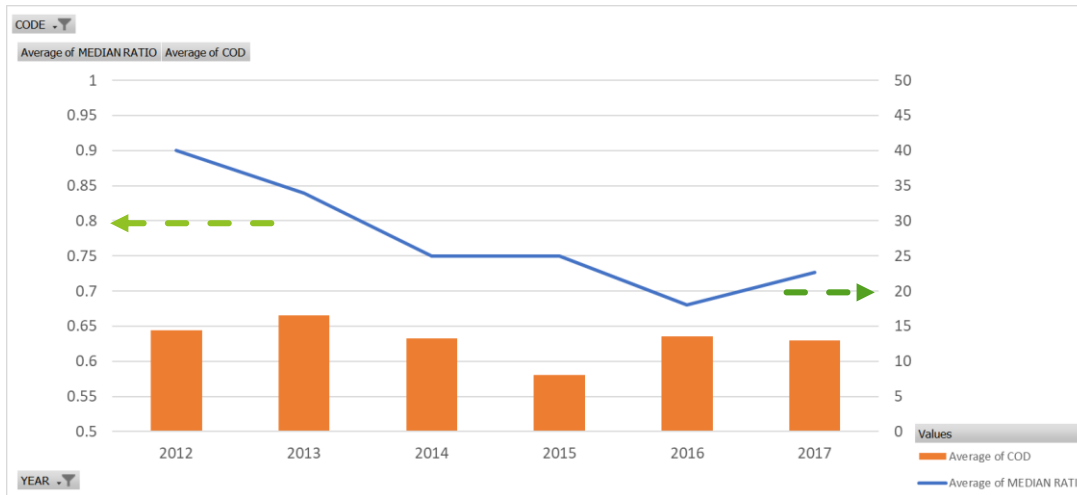
FY17 - Yearly change in median sales ratio

Duplex

Sales Ratio 0.72 & COD 12%

Three Family

Equity correction in 2015-2016

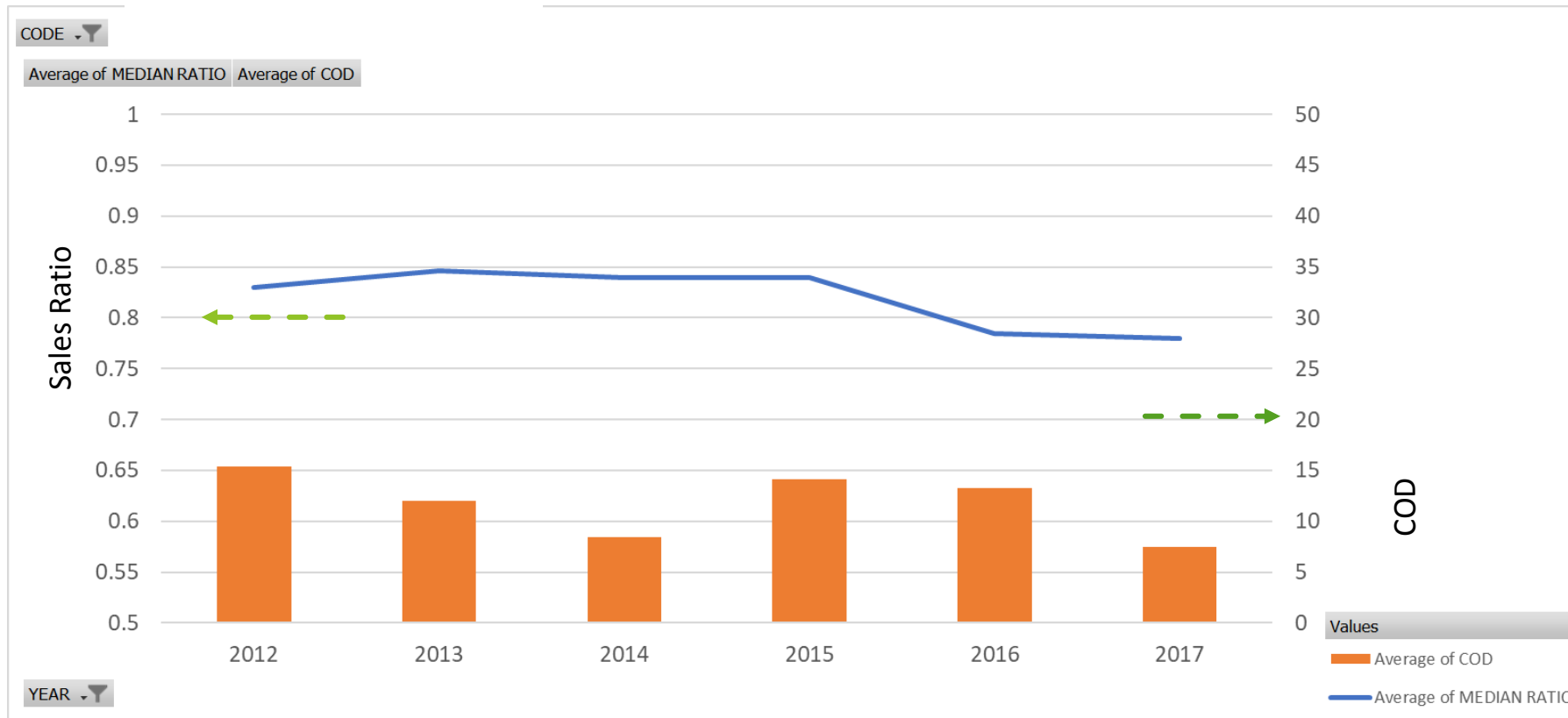


* Low Sample

Three Family properties shows recovery in ratio from equity correction in fy15/16. Additional review of Duplex properties are needed as indicated by the low ratio (.72)

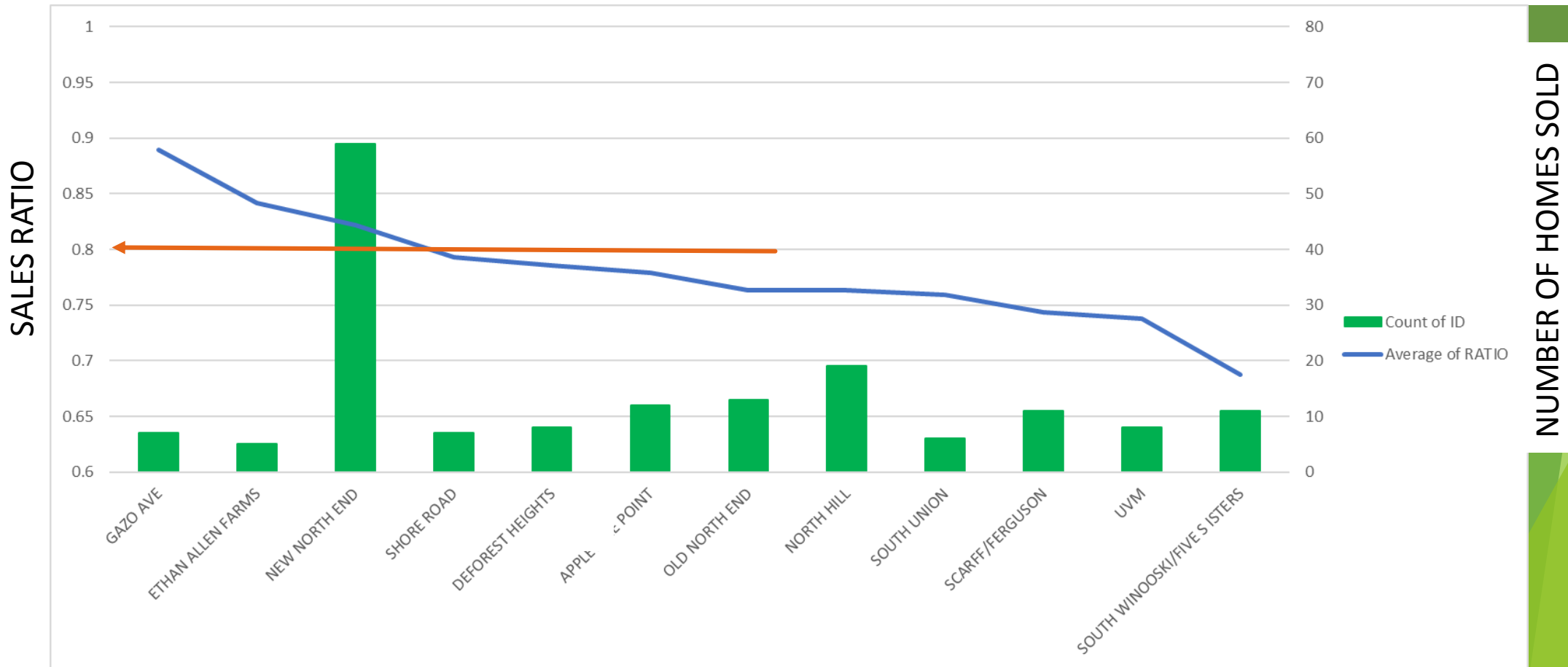
Apartments

Yearly change in median sales ratio



Sources of inequity: Location/Neighborhoods - Sales Ratio for properties as a function of Assessment districts (1-Family, with 5+ sales 1/16-7/17)

Properties in some neighborhoods appreciate faster than those in other neighborhoods

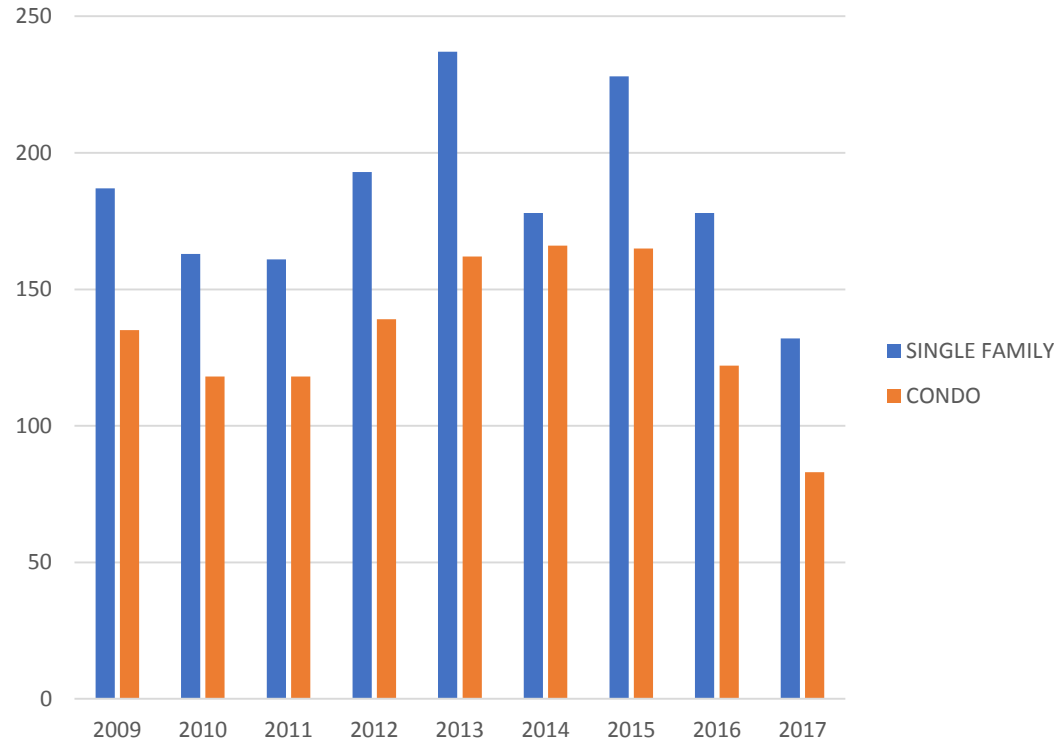


NUMBER OF HOMES SOLD

Measure of Equity - Price Related Differential

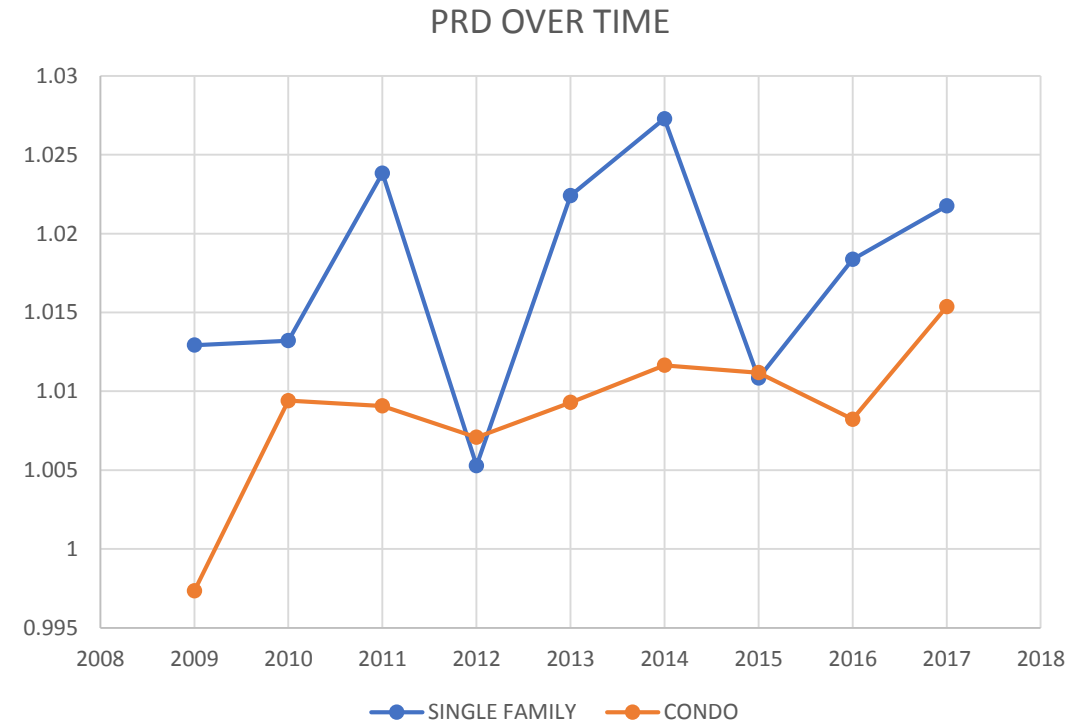
NUMBER OF PROPERTIES SOLD

Fewer home sales compared to prior years



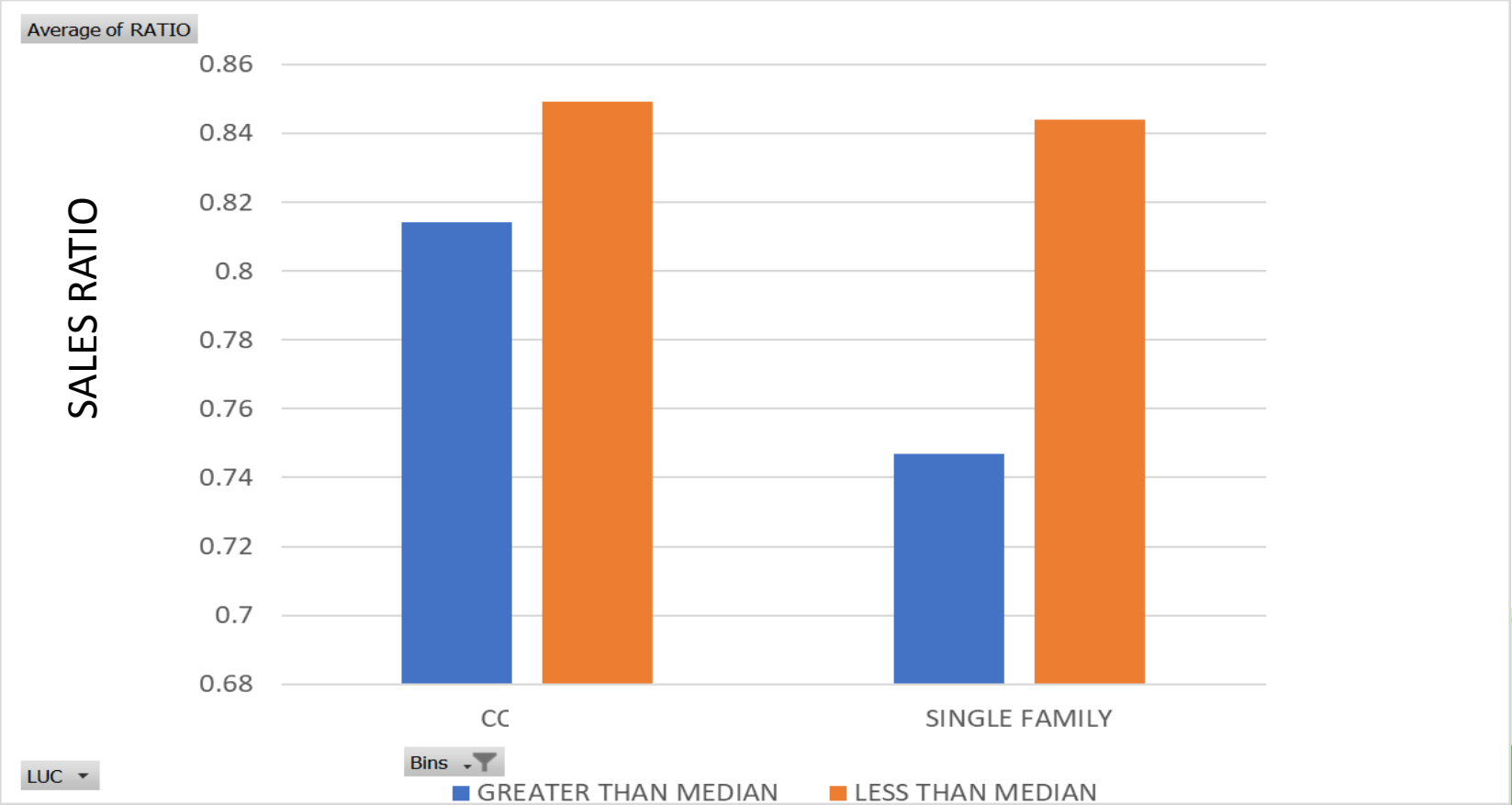
PRD = mean / weighted mean

Property taxes are somewhat regressive but meet acceptable standards



Sources of inequity: Price Point - Sales Ratio for properties as a function of sales price (greater or less than median, 1/16-7/17)

Properties with higher sale prices tend to show a wider difference between sale price and assessment. This is a source of unaddressed increase in inequity.



ACTION ITEM

1. Burlington compared to other cities:
 1. BTV grand list growth is approximately .09%.
 2. Growth is average compared to; Colchester VT., So. Burlington VT., Essex VT., Portland ME., Concord NH., Manchester NH., Ithaca NY., and Charlottesville, VA.
2. Burlington has a diverse mix of tax revenue sources. See pie chart
3. What's driving growth in the grand list in 2017?
 1. New construction 34%
 2. Improvements 66%
 3. Grand list maintenance for Equity purposes 0%

Tax Revenues in fiscal year 2017

