Finding efficiencies from mapping the assessment process and use of metrics

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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 unequitable 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?

- Changes in Property Value
  - Valuation System Becomes Dated Relative to Date of Last Citywide Reappraisal
  - Physical Changes to a Specific Property
    - Permitted Changes
    - Unpermitted Changes
  - Changes in Physical or Functional or Economic Depreciation/Appreciation Separate from Changes Requiring Permits
  - Varying Rates of Market Change
    - Data and Pricing Tables/Factors in Assessing Software Become Progressively Unreliable
    - Valuation Model Specifications Become Progressively Less Reflective of the Market (ie. Assessment District boundaries no longer accurate)
  - Relative to Property Class (ie single family, condos, ...)
  - Relative to Location (ie.. Assessment Districts)
  - Relative to the Price Range of Specific Properties

Valuation Model Specifications Become Progressively Less Reflective of the Market (ie.. Assessment District boundaries no longer accurate)
GOAL: IDENTIFY BOTTLENECKS IN THE PROCESS

- Identify properties with new permits (decide Property Class to review annually)
- Sort data, filter & select for additional review or not
  - Full inspection needed
  - Exterior inspection only
  - Does not warrant a value change
  - Properties that may warrant a value change but set aside dependent on staff resources

- Contact owner; mail letter, email and/or phone
- No Response to Assessors request; exterior inspection, in office review, preliminary revaluation
- Scheduled inspection, conduct inspection, preliminary revaluation
- Exterior inspection, in office review, preliminary revaluation
- Review of revalued property with Supervisor
  - Owner is notified of new valuation (May 5th)
- Owner may appeal property to Board of Assessors (May 20th - 25th)
  - Owner may meet with Assessor informally
# Burlington Assessor’s Office Performance Metrics - Overview

<table>
<thead>
<tr>
<th>Measure</th>
<th>Fiscal Year 2017 Performance</th>
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<tbody>
<tr>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td># of Valuation Changes</td>
<td>464</td>
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<tr>
<td>Grand List Change</td>
<td>$32.5m</td>
</tr>
<tr>
<td># of Appeals</td>
<td>34</td>
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</tbody>
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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

- Apartments: FY16 = 581, FY17 = 53
- 1 and 2-Family Houses: FY16 = 204, FY17 = 356
- Res. Condos: FY16 = 9, FY17 = 23
- Commercial: FY16 = 9, FY17 = 13
- All Other: FY16 = 54, FY17 = 19
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

![Graph showing property class and reasoning]

- Grant
- Make Some Adjustment to
- Deny
- Single Family
- Apartment
- Commercial
- Three Family
- Condo
- Duplex
Count of Assessment Value Changes

Number of Assessment Value Changes & Property Valuation Appeals

- FY 2007: 326
- FY 2008: 367
- FY 2009: 324
- FY 2010: 446
- FY 2011: 726
- FY 2012: 577
- FY 2013: 523
- FY 2014: 368
- FY 2015: 527
- FY 2016: 857
- FY 2017: 464
Property Valuation Appeals

Property Valuation Appeals by FY

- BOA Property Appeals
- Benchmark
Annual Change in Grand List
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
Sale 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

[Graph showing yearly changes in median sales ratio for apartments.]
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
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 0.09%.
   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%