

Guidelines for Annual Reassessment



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PREFACE

This publication represents the contribution of various staff from the New York State Office of Real Property Services (ORPS) to frame the steps and identify tools to improve real property tax equity in New York State. It also marks an evolution in the process by which ORPS works in collaboration with assessors, county directors of real property tax services, and their local governments to achieve the mutual goal of real property tax equity.

These guidelines reflect a recognition that the frequency of reassessment in a municipality is highly correlated to its degree of tax equity. The fairly rapid evolution to a more efficient and effective valuation process has been able to occur only because of advances made by ORPS and assessors, along with the latest improvements in swiftly advancing technology.

This bold new initiative in the property valuation process necessitates a transition in the way we work. The challenge of change cannot be underestimated, but over time and with the proper training and development, the rewards at the end will outweigh the efforts needed to succeed.

At ORPS, regional staff members who are linked daily with local governments and the assessment community know from experience and knowledge how best to proceed with these new approaches and tools. We not only need their continued dedication, but also the ideas and commitment of local governments across the State. We have made great progress in a relatively short time. This publication provides the guidelines that can propel us to the next plateau in our mutual quest for property tax equity.

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Guidelines for Annual Reassessment

Overview

Annual Reassessment is a means to achieve fair, understandable, up-to-date property assessments each year. Annual reassessment, combined with a quality State equalization rate program, is:

- beneficial in stabilizing tax rates;
- an efficient and effective use of local government resources;
- understandable and rational for taxpayers;
- valuable in increasing State Aid to your locality; and
- advantageous in fostering an environment for economic growth.

The information contained in this booklet provides guidelines for planning the process of annual reassessment and can help local officials understand the scope of tasks involved in this process.

Section 1573 of the Real Property Tax Law (RPTL) provides an incentive payment of \$5 per parcel (also known as "State aid") for cities and towns assessing at a level of assessment of 100 percent. In New York State's two "special assessing units", Nassau County and New York City, assessments within a property class must be confirmed as reflecting the assessor's stated level of assessment in order to receive State aid. In order for property to be assessed consistently at a uniform percent of current market value, a reassessment must be conducted each year. This requires that the assessor analyze and evaluate the market, and change, where appropriate, the assessments of properties each year to maintain current market value.

According to statute, a reassessment is "a systematic review of the assessments of all locally assessed properties, valued as of the valuation date of the assessment roll containing those assessments to attain compliance with the (statutory) standard of assessment" (Real Property Tax Law-Section 102). In a given year, reassessment may be accomplished by: (a) review of all properties and adjustment, when appropriate, of certain properties by application of trend factors; or (b) review of all properties and complete re-inspection and reappraisal of all parcels; or (c) some combination of both. The Office of Real Property Services

(ORPS) encourages annual reassessment, with re-inspection and reappraisal of each parcel at least once every six years.

ORPS' program of annual reassessment is guided by the standards for assessment administration published by the International Association of Assessing Officers (IAAO). The following two specific statements of the IAAO are applicable to the annual assessment of property.

The Principle of Annual Reassessment

Current market value implies annual assessment of all properties. This does not necessarily mean that every property must be appraised each year. In annual assessment, the assessing officer should consciously re-evaluate the factors that affect value, express the interactions of those factors mathematically, and use mass appraisal techniques to estimate property values. Thus, it is necessary to observe and evaluate, but not always to change, the assessment of each property each year to achieve current market value. It is recommended that assessing officers consider establishing regular reappraisal cycles or at least quality (vertical and horizontal equity) thresholds that trigger reappraisal. (Standard on Property Tax Policy [Paragraph 4.2.2.], approved August 1997).

Frequency of Reappraisals

Properties should be revalued annually. Annual assessment does not necessarily mean, however, that each valuation must be reviewed or re-computed individually. Instead trending factors based on criteria such as property type, location, size, and age can be developed and applied to groups of properties. These factors should be derived from assessment-ratio studies or other market analyses.

The analysis of assessment-ratio studies data can suggest groups or strata of properties in need of physical review. In general, trending factors can be highly effective in maintaining equity when appraisals are uniform within strata. Physical reviews and individual reappraisals are required to correct lack of uniformity within strata.

While assessment trending can be effective for short periods, properties should be physically reviewed and individually appraised at least every six years. This can be accomplished in at least three ways: (1) reappraising all properties at periodic intervals (e.g. every four to six years); (2) reappraising properties on

a cyclical basis (e.g., one-fourth or one-sixth each year); and (3) reappraising on a priority basis as indicated by assessment-ratio studies or other considerations, while ensuring that all properties are physically reviewed at least every sixth year. (Standard on Mass Appraisal of Real Property [Paragraph 4.5], approved March 1984.)

Simply stated, the IAAO supports annual valuation of all property at market value. This annual valuation can be achieved by either a trending of the prior year values for groups of parcels, or a periodic reappraisal of individual properties after a physical inspection, or through a combination of these two processes. As indicated in the above excerpts, IAAO standards require that parcels be individually reviewed and reappraised at least once every six years.

Regardless of the process selected for a given year (reappraisal, trending, or some combination), all parcels must be valued as of the valuation date of the current assessment roll in accordance with RPTL Sections 301, 302 and 305. Statutory restrictions on the assessment of certain parcels must also be considered, e.g., RPTL Article 18 restrictions on annual assessment increases, or RPTL Section 581 restrictions on valuation of certain condominium, cooperative and rental properties. Properties in sub-optimal uses generally may not be assessed at market value - they must be assessed at their current use value. Properties need not be assessed at 100 percent of their value provided that they are assessed at some uniform percentage throughout the assessing unit (throughout the class in New York City and Nassau County). However, for a municipality other than Nassau County and New York City to be eligible for State aid, a uniform percent of 100 must be achieved (RPTL Section 1573).

The following ORPS programs recognize reassessment activity:

- use of aggregate valuation data in full value measurement pursuant to the procedures for establishing State equalization rates;
- provision of State aid pursuant to RPTL Section 1573;
- equalization of State land and special franchise values by the prevailing municipal uniform percentage of value, as provided in RPTL Sections 542(1)(b) and 606(3);
- tax apportionment by assessed value in counties and school districts certified pursuant to RPTL Sections 845 and 1315;
- certification of assessing units as "approved assessing units: pursuant to RPTL Article 19";

- provision of State advisory appraisals of public utility and other highly complex taxable real property pursuant to RPTL Section 1544.

For an assessing unit to participate in each of these programs, ORPS must analyze and understand the local reassessment activity. This analysis does not require active participation or support by the Agency in the reassessment project. While the analysis may indeed take the form of monitoring reassessment activity as our staff members assist in the course of a project, it may also take the form of our staff reviewing the municipal processes and procedures at specific intervals during the project. It is our intent that by working collaboratively, we can ensure a common understanding of ORPS standards and expectations and provide the opportunity to avert potential problems and eliminate misunderstandings before they occur.

To participate in the ORPS Annual Reassessment program, the municipality must prepare and submit an **annual reassessment plan**. Sample plan templates are available on the ORPS website, described in more detail later in this document. The plan will detail the approach that the municipality will take to maintain a program of annual reassessment. The plan should also include an explanation of how the assessing unit will comply with the requirement to re-inspect and reappraise each parcel at least once every six years, inclusive of the resources and timeframes, which make the plan viable. This plan, which can be developed in collaboration with the County RPTS office, other municipalities, a vendor or ORPS, will be reviewed by ORPS when initially submitted for Annual Maintenance Aid pursuant to RPTL Section 1573 (2). The plan should be submitted preferably no later than 90 days after the filing of the previous year's final assessment roll. It need only be submitted once every six years unless modifications to the plan are made by the assessing unit. ORPS will then integrate this plan into a regular review process over the six-year period.

I. Definitions

The following definitions are meant to assist in understanding the use of terminology found in these guidelines.

Physically inspecting means, at a minimum, observing each parcel from the public right-of-way in order to ascertain that the physical characteristics necessary for reappraising are complete and accurate.

Reappraising means developing and reviewing an independent estimate of market value for each parcel by the appropriate use of one or more of the accepted three approaches to value (cost, market and income).

The above definitions reflect the need to have an accurate property inventory necessary for reappraisal. Re-inspection most likely will not require a full recollection or re-measurement. Recollection may be necessary only if existing property inventory data is incorrect or the property has changed since the last visit.

II. Capacity to Sustain

Maintaining the capacity to annually reassess at the local level requires that resources be well funded, well managed, and that mass appraisal techniques be employed. The ideal situation would be one where the municipality has all the resources available to it to conduct an annual reassessment. To achieve this, the municipality may need to investigate alternative sources of assistance. Through collaborating with other municipalities, a municipality can expand its capacity for annual reassessment. This collaboration can range from an informal relationship with another municipality, the county or a service vendor. Or it can be as formal as the relationships described in the provisions of RPTL Section 1537, in which incentives for establishing a Coordinated Assessment Program (CAP) or contracting with the county for additional services is described.

Local officials can gain a better understanding of their municipality's current capacity to annually reassess by completing the Guidelines for Effective Assessment Administration in New York State --A Self Review Guide. This guide is available from the ORPS regional offices, or you may obtain a copy from the Forms and Publications Section of ORPS

Website (<http://www.orps.state.ny.us>).

The following are recommendations of the resources needed for annual reassessment.

Staff Resources

Staffing requirements are very dependent on an analysis of the size and complexity of the municipality. At a minimum, staffing must be adequate to determine the physical characteristics necessary for appraisal, to maintain a current parcel inventory (both field work and computer data entry), to monitor the real estate market, and to respond to taxpayer inquiries. In the smallest municipalities, one assessor can adequately perform these tasks. In larger municipalities, additional staff is necessary.

The International Association of Assessing Officers (IAAO), in its Standard on Mass Appraisal of Property, uses a benchmark of one employee for every 1,500 parcels in small municipalities and one for every 3,500 parcels in very large municipalities. Please refer to Section III for suggested alternatives.

The benchmark for staffing also varies based upon the variety and type of property in the jurisdiction. If the municipality includes many properties that involve complex appraisal data and analysis, such as complex commercial, industrial, agricultural or utility property, staff requirements would be closer to the 1 staff to 1,500 parcel ratio.

Each assessing unit should have personnel available with skill in data processing and statistics to coordinate real estate market research and analysis. This may not be feasible at the assessing unit level. These skills, however, are fundamental to maintaining assessment equity annually.

Staff skills

Annual reassessment may place assessment administrators under more frequent and intense scrutiny by taxpayers. Taxpayers are a driving force for improved assessment standards, demanding that professionals with appropriate education and experience serve as assessment officials. It is understood, however, that municipalities in New York State vary greatly in size, complexity and sophistication. Therefore, the knowledge, skills and abilities necessary to annually reassess will vary by municipality.

Regardless of a municipality's characteristics, the

assessor and their staff must thoroughly understand appraisal principles and practices. Single property appraisal and mass appraisal require specific knowledge of construction materials and types of construction as well as the monitoring of current market conditions. Mass appraisal also demands specialized skills in data collection, data processing, basic statistical analysis and real property appraisal. To acquire these skills, the assessor should receive training in the following areas:

- Real Property Tax Law
- Real Property Tax Rules and Regulations
- Assessment Administration
- Data Collection (Residential/Farm/Vacant/
Non-complex Commercial and Industrial)
- Three Approaches to Value (Cost, Market, Income)
- CAMA (Computer Assisted Mass Appraisal)
- Introduction to Data Processing

Where appropriate, assessors should also receive training in farm appraisal, and forestry appraisal. In the more urban/suburban areas, assessors should enhance their capabilities with training in the income approach to value, industrial appraisal and valuation defense. Post-secondary level education in the areas of economics, real estate law, computer science and statistics would contribute to the understanding and application of the training described above. For the largest municipalities, seminars in business administration, urban or regional planning, and organizational behavior are appropriate.

Computer Resources

Computers can play an important role in every assessing office, regardless of size or where the data is stored. They expand analytical capabilities, make possible the use of advanced mass appraisal techniques, and generally improve the assessor's capacity to maintain equitable assessments.

Assessing offices may use different types of computers such as large mainframe computers or microcomputers or a combination of both. The configuration of these computers may also vary from place to place to meet the needs of the individual user. Support for the computer installations may be provided by town and/or county staff or a private contractor.

Assessing offices must recognize that computer technology is changing rapidly. They should, therefore, frequently (at least once every three years) evaluate the adequacy of their systems and attempt to maintain systems at the current state of the art. Large offices with multiple microcomputers

accessing the same data should link their computers together to form a local area network (LAN) so as to allow multiple staff access to the data and analytical tools simultaneously.

In today's rapidly changing technology environment, recommended hardware and software configurations are usually outdated as soon as they are published. However, you may refer to the Real Property System Section of ORPS Website (<http://www.orps.state.ny.us>) for the latest hardware requirements for RPS users. The following are general guidelines for microcomputer hardware and software, which would enable an assessor's office to automate the process for annual reassessment:

Software:

- Most current operating system
- Word Processing
- Spreadsheet
- Statistical Analysis
- Anti-Virus
- Backup
- Assessment administration, including query and report-writing capability
- Specialized Computer Assisted Mass Appraisal (CAMA) applications
- Specialized Geographic Information System (GIS) applications

Hardware:

Type - two major types exist (Mac or PC), but typically software designed for one type will not run on the other. The most common microcomputer today is the PC; it also has the largest library of business applications software.

Processor (CPU) - should be able to perform calculations and input/output processing at speeds that do not hinder research, development, and timely data retrieval. The faster the processor is, the better.

Memory (RAM) - sufficient to meet recommended requirements of the most demanding software application loaded on the system. The more RAM the computer has, the better.

Fixed primary storage - this is where programs, data (both permanent and temporary), and even reports will be stored. The greater the storage capacity the computer has, the better.

Fixed secondary storage - software often is provided on a CD-ROM or DVD-ROM; a floppy drive is necessary for transferring smaller files.

Removable storage - for backup and data transfer,

typically magnetic tape or high capacity disks.

Display - large color monitor capable of high definition graphics; graphics accelerator video card.

Printer - laser or color inkjet.

Modem - for access to the Internet or NYeNet (Intranet for State and local governments); should be appropriate for the type of service provided.

Similar processing capabilities should be available for assessing offices using mainframe computers.

Assessing offices considering purchasing new equipment or upgrading existing equipment, whether mainframe or microcomputer equipment, should contact their ORPS regional office for advice on suggested minimum configuration and compatibility with useful reassessment software. In addition, the assessing office should be working closely with the appropriate computer support staff at the town and/or county level.

Funding

Current levels of funding for the assessment function vary among municipalities and may or may not be sufficient for annual reassessment. During the transition to annual reassessment, funding may need to be increased for a relatively short period of time, or may need to be increased permanently. The funding focus should be upon optimizing resources by developing efficiencies, which for many municipalities is best accomplished through collaboration.

During annual reassessment, the following activities must be funded:

- Collection of data describing any physical changes to the parcels;
- Verification of sales data;
- Collection of income and expense data;
- Development and application of capitalization rates;
- Use of assessment-ratio studies to monitor performance and to develop and apply market adjustment factors;
- Application of valuation techniques to the parcels;
- Use of computers to perform routine calculations and to process and maintain data records;
- Staff training, including enrollment and travel expense reimbursement

Any revenues derived as a result of State reimbursement for

assessment improvement should be re-invested in support of assessment administration.

III. Roles of County, ORPS, and Private Sector

While annual reassessment is the responsibility of the individual assessing unit, it is recognized that all the resources needed for annual reassessment may not exist within each assessor's office. Since any municipality undertaking a reassessment will want to do so as efficiently as possible, municipalities lacking the necessary resources should investigate the services available from public or private sources, such as County Real Property Tax Service Agencies, the New York State Office of Real Property Services, private vendors and consultants, or even neighboring municipalities. Joint ventures with other municipalities could be formed informally, or formally as a coordinated or consolidated assessing unit.

IV. Operational Steps for Systematic Analysis

"Systematic analysis," as the term is used in assessment administration, is a methodical and thorough technique, which is used to examine a municipality's assessments. In terms of annual reassessment, the assessing unit would perform all of the following steps:

- Obtain current, accurate property and market area data;
- Group the data and market information appropriately for analysis;
- Use accepted analytical techniques to:
 - o Analyze and quantify the factors that contribute to current market value
 - o Revise assessments as necessary based on the market analysis and the reappraisal requirement;
- And most important, validate the results to confirm that the conclusions reached and the adjustments made were appropriate.

Many of the activities necessary to sustain equity through systematic analysis are part of an on-going process. A more detailed explanation of these activities follows.

1. Obtain current, accurate property and market area data

The assessor is responsible for maintaining current assessment inventory and valuation data for all properties. This data is necessary to analyze the quality of the assessed values and potentially to value each parcel annually. Assessments need to reflect the physical condition of all real property as of taxable status date each year.

To maintain current inventory, the assessor should, at a minimum, do the following:

- For new construction: the assessor must review building permits and certificates of occupancy, supplemented by physical inspections throughout the year, and update the inventory.
- For demolition/destruction: in addition to reviewing building permits, fire reports should be reviewed to identify any inventory changes for updating.
- For new parcels (i.e., splits and merges): the assessor should physically inspect and update the inventory as splits and merges occur.
- For sales: the assessor must verify inventory data as of the date of sale (see sales verification process below).
- In addition, the assessor may conduct an annual review, from the public right-of-way, of the entire municipality. This is meant to help identify new construction or physical changes not identified through a building permit system and to reevaluate the appropriateness of the market areas.
- All changes must be entered on the data file prior to its use in the remaining steps in the annual systematic analysis process.

Market Area Data: Sales Verification and Validation

Sales verification is a critical step in order to analyze and appraise the real estate market. Incorrect sales information can lead to misunderstanding and misinterpreting the dynamics of the market and thus could result in inaccurate value conclusions. A timely and thorough verification of sales is essential for achieving quality results in assessment administration.

The assessor should have a sales verification process in place for all sales that occur in his/her municipality to ascertain the conditions of sales' validity and inventory of the property conveyed. The sales verification process should include, but is not limited to:

- Physically inspect the parcels sold to confirm the inventory as of the date of sale (*highly recommended*);
- Verify the sales price, inventory and pertinent information regarding the conditions of transfer with the buyer and seller or their attorneys or brokers by a personal visit, a letter, mailer or phone conversation;
- Meet with the property owner or manager for commercial, industrial, and utility properties to ascertain details concerning the sale transaction, economic and functional obsolescence factors affecting the property, current rental and expense information, equity yield requirements and financing terms specific to the property.

Market Area Data: Market Influences

In addition to the sales verification process, data that captures the effects upon market values should continuously be monitored and analyzed. Some examples are:

Residential Properties:

- Review sales prices and compare to assessments to determine the level of assessment and assessment uniformity to current market values.
- Review sale-to-assessment ratios within and among neighborhoods to check for uniformity.

- Review assessment consistency within neighborhoods on similar properties.
- Acquire latest replacement cost indices or time/location adjustment factors.
- Utilize Internet data (e.g. - ORPS Data Warehouse, SalesWeb) to study markets that extend beyond the municipality.

Commercial and Industrial Properties:

- Review sales prices and compare to assessments to determine the level of assessment and assessment uniformity to current market values.
- Gather income and expense data annually (refer to ORPS Appraisal Guidelines which are available on ORPS website).
- Acquire latest replacement cost indices or time/location adjustment factors.
- Utilize Internet data (e.g. - ORPS Data Warehouse, SalesWeb) to study markets that extend beyond the municipality.
- For mobile home parks: maintain contact with park owners, track sales within park if available, verify rents, etc.
- For unique or specialty properties: research trade publications, Internet data.

Vacant Properties:

- Track vacant land sales prices and compare to assessments to determine the level of assessment and assessment uniformity to current market values.
- Review zoning changes and track changes in use for properties in transition.
- Acquire latest replacement cost indices or time/location adjustment factors for parcels with small improvements.
- Utilize Internet data (e.g. - ORPS Data Warehouse, SalesWeb) to study markets that extend beyond the municipality.

Agricultural and Forest Property:

- Review sales prices and compare to assessments to determine the level of assessment and assessment uniformity to current market values. Be aware of multiple parcel sale transactions.
- Request data from ORPS forestry staff (refer to Section V -Advisory Appraisals) depicting timber stumpage values and trends.
- Gather income and expense data (refer to ORPS Appraisal Guidelines available on ORPS website).
- Sales used for valuation analysis should only be “current use” sales (no change in use before and after sale); sales/appraisals of economic units should be considered regardless of contiguity and municipal location.
- Acquire latest replacement cost indices or time/location adjustment factors.
- Utilize Internet data (e.g. - ORPS Data Warehouse, SalesWeb) to study markets that extend beyond the municipality.
- With agriculture, there are several specialized types of properties; research of literature from Cornell, USDA, ORPS Appraisal Guidelines and other sources may be used to aid in the valuation of these types of properties.

Utility Properties:

- Review sales prices and compare to assessments to determine the level of assessment and assessment uniformity to current market values especially on non-complex utility property.
- Contact owners to ascertain inventory, economic and technological conditions that are affecting the utility industry involved (telecommunication, power generation, cable television, etc.) and the cost to build or upgrade improvements.
- Acquire latest replacement cost indices or time/location adjustment factors.

- Gather income and expense data (refer to ORPS Appraisal Guidelines available on ORPS website)
- Utilize Internet data (e.g. - ORPS Data Warehouse, SalesWeb) to study markets that extend beyond the municipality.
- As an alternative to local valuation of complex utility properties, advisory appraisals may be requested from ORPS (refer to Section V - Advisory Values).

2. Group the data and market information appropriately for analysis

Market data must be “grouped” or organized to analyze the appropriate factors reflecting changes in market supply and demand. Subsequently, the inventories of all parcels in the assessing unit must also be grouped in the exact same way so that the value conclusions are applied appropriately.

- By broad group (residential, commercial, vacant, etc.); or
- By property class (single-family residential, two-family residential, seasonal; dairy farm, poultry or egg laying farm, orchards or vineyards; agricultural vacant land, rural vacant land, forestry, etc.); or
- By “used-as” code (gas station, retail, warehouse, etc.); or
- By location (neighborhood, valuation districts, village/outside village, downtown commercial, waterfront, etc.); or
- By size, condition, age or other buyer preference which may be exhibited in the market.

At a minimum, analysis must occur at the broad group level, but a thorough market analysis requires study of numerous stratifications to discern the appropriate market trends affecting property value.

While a large part of grouping may seem to be common sense, there are factors to be considered:

- Assessing unit profile (grouping to determine what markets need to be analyzed)
 - o Total number of parcels
 - o Property type/class breakdown

- o Complexity of parcel mix
- Market data (grouping to determine the contribution of factors that influence value)
 - o Appropriate market area (based on those significant groups found in the assessing unit profiles)
 - o Number of sales available in the market area
 - o Availability of non-sale market data
 - o Source of other market validation data

For example, in a large municipality with a high number of residential sales, it would be expected that analysis could occur at the neighborhood level, building style, and age or size. On the other hand, in a small town with few commercial property sales would be required to review market data from the broader market area appropriate to the type of commercial property in the assessing unit. It is essential that each group should contain sufficient market data to draw reasonable conclusions and make appropriate valuation decisions.

A grouping also can conceivably extend beyond the municipal borders where sales of similar properties can yield valuable unit price information. Collaboration between assessing units can result in multi-jurisdictional groupings.

3. Use of Accepted Analytical Techniques

Basically, the purpose of this step is to evaluate the uniformity and level of all assessments by describing or analyzing them in relation to the current market in order to determine:

- which properties are to be reappraised in a given year
- which properties can be adjusted by market trends, and
- which properties require no change because they have remained at the same level of assessment.

The appropriate valuation technique(s) must then be applied in order to maintain all assessments at a uniform percent of 100.

Decision Model

The determination of what action to take for a group of parcels can be made by applying the appropriate standards of level and uniformity to the decision model shown below.

LEVEL OF ASSESSMENT			
		Not 100%	100%
U N I F O R M I T Y	P o o r	REAPPRAISE	REAPPRAISE ONLY THOSE PARCELS NOT AT 100% OF CURRENT VALUE (always used for new construction or demolition)
	G o o d	TREND or REAPPRAISE*	OK as is . . . <u>NO CHANGE</u> <u>REQUIRED</u> or REAPPRAISE*
<p>* If needed to meet 6 year inspection and reappraisal requirement (see below)</p>			

Examples of the way in which the decision model should be applied are as follows (assume that a “group” for these illustrations is a neighborhood):

1. Analysis completed by the assessor shows that assessments in Neighborhood 201 are generally at 100% of value but the calculated COD (coefficient of dispersion) is over 20%, showing that there is a lack of uniformity of assessments in this neighborhood. Using the decision matrix above, and referring to the upper right box, the assessor should reappraise those properties that are outside tolerances for uniformity. One way to do this is to conduct a CAMA reappraisal of the neighborhood and change the assessments of those parcels where the assessments vary from the appraised value.

2. Analysis completed by the assessor shows that assessments in Neighborhood 212 are uniform as shown by a calculated COD of 10%, but the level of assessment is near 90%, showing that assessments are generally 10% below the market. This comes as no surprise to the assessor as the assessor knows that this is the fastest moving neighborhood in the municipality. Using the decision matrix above, and referring to the lower left box, the assessor can either trend or reappraise the properties in this neighborhood. In this case the assessor trends the values to 100%.

The standards or tolerances applied by the locality must be within the accepted professional standards recommended by the IAAO.

Appraisal Uniformity

There are two types of uniformity that need to be maintained by a municipality in the Annual Reassessment program:

Uniformity among strata:

The IAAO states, "each major stratum should be appraised within 5 percent of the overall level of appraisal for the jurisdiction." A "stratum" in New York State terminology equates to a Major Type or Class, of which there are four: A - Residential, B - Commercial/ Industrial, C - Vacant/Farm/Vacant and D - Public Utility. Since Annual Aid statute requires that overall level be at 100%, the acceptable range for each stratum is between 0.95 and 1.05.

Uniformity within strata:

The coefficient of dispersion (COD) is used to measure the extent to which uniformity has been achieved by an assessing unit. The COD gauges the closeness of value estimate/assessment ratios of individual parcels to each other. The value estimate can be a sale price, appraised value of even a Computer Assisted Mass Appraisal (CAMA) estimate. It is the measure of the average percent deviation of a group of these ratios around one of the group's measures of central tendency, most often the median ratio. A small average percent deviation from the measure chosen results in a low COD and indicates assessment roll uniformity. The IAAO standards for uniformity when indicated by a COD are:

- Single-family residences COD of 15% or less
 - o Newer, more homogenous areas COD of 10% or less
- Income-producing property COD of 20% or less
- Larger, urban jurisdictions COD of 15% or less

- Vacant land and other unimproved property
COD of 20% or less
- Rural residential and seasonal properties
COD of 20% or less
- Newer mobile homes
COD of 15% or less
 - o Older mobile homes or mobile homes on acreage
COD of 20% or less
- Mixed use properties
COD of 15% to 20%

Price-related differential (PRD)

Price-related differential is a measure of assessment equity based upon sale price that is sometimes referred to as the index of regressivity. A PRD is the ratio of the average assessment/sale price ratio to the weighted average assessment/sale price ratio. A PRD above 1.03 indicates inequitable, **regressive** assessments (i.e., lower priced properties are generally over assessed and higher priced properties are generally under assessed). A PRD below .98 indicates inequitable, **progressive** assessments (i.e., lower priced properties are generally under assessed and higher priced properties are generally over assessed).

- Should be between 0.98 and 1.03

Analysis Tools and Decisions

The assessor must utilize accepted analytical techniques and apply them to all properties annually to maintain an equitable assessment roll. Many of these techniques are described below.

- Sales analysis reports:
 - o Analyze Uniformity: if the Coefficient of Dispersion (COD) falls above an acceptable level, the neighborhood may have to be reappraised, or the neighborhood may have to be redefined or combined, or it may indicate that certain property types, styles or sizes of homes may require adjustments at different rates to reflect changes in market supply and demand.
 - o Analyze Level of Assessment Ratios: if assessment/sale ratios are not close to the desired/stated uniform percentage of value (level of assessment), neighborhoods may need to be redefined, trended or reappraised.

- o If there are few or no sales within a neighborhood, analysis of older sales or sales in a broader market area (outside the municipality in similar comparable neighborhoods) may be necessary. If older sales are used, it is important that these sales be trended for the time period between the time of sale and the valuation date. For sales/assessment ratio studies, only sales within an assessing unit can be utilized.

- Comparable assessments and sales programs:
 - o Comparable assessments program: This is a method that compares the assessments of similar properties in the same or similar areas within the municipality. Review on-line or printed documents to check for inconsistency (non-uniformity) in assessments, which could indicate neighborhoods or specific properties that need to be reappraised. This process, however, will not provide any guidance in determining level of assessment.

 - o Comparable sales program: This is a method that estimates the value of an unsold property by comparing it to similar properties that have sold within the broader market area. Review on-line or printed documents to check for inconsistency (non-uniformity) and the relationship between estimated value and assessments to determine if a neighborhood or specific properties need to be reappraised. It can also be used as a measure for level by calculating a weighted mean average of the market value ratios. This technique works most effectively for municipalities with fewer properties where statistical analysis techniques that rely on confidence testing are less effective. It is also an effective measure of both uniformity and level.

 - o Modeling: This is another method that estimates the value of an unsold property by applying a model developed using techniques such a multiple regression analysis (MRA) or adaptive estimative process (also known as feedback) (AEP). Similar to the comparable sales technique, the relationship between estimated value and assessments is studied to measure uniformity and level of assessment at either the group level or strata level. Typically, more sales are necessary for modeling than for a comparable sales approach, and so this approach is better suited for moderate

to large municipalities, unless data from other municipalities can be utilized (see next).

- o Analysis using either the comparable sales approach or modeling can be greatly enhanced in smaller municipalities by utilizing sales from outside of the municipality under analysis. The assessor must determine which nearby municipalities are most similar to the subject municipality and then add these sales to the sales from the subject municipality. This process is facilitated especially well by utilizing ORPS' Data Warehouse.
- Sale data arrays (e.g. - arrayed by neighborhood, then building style, then square foot living area, etc.) - check for consistency within neighborhood to determine if neighborhoods or certain types of property (building style, size, property class, etc.) may need to be trended or reappraised, or made into a separate neighborhood. Studying sales from the broader market area may prove helpful during this analysis.
- Geographic Information Systems (GIS) applications and maps - may be used to visually analyze sales by neighborhood, etc., and to redefine or trend neighborhoods; GIS can display natural or political boundaries.

The assessor determines, through this analysis, whether it is appropriate to trend or reappraise:

- All parcels in municipality
- Certain neighborhoods
- Certain classes or types of property
- Individual parcels within specific market characteristics

Trending Methods

Trending is a process whereby a numeric factor is applied to all parcels in a group, or all parcels in the municipality in order to restore assessments to a desired uniform percentage of value. Trending should only be applied to parcels within groups, such as neighborhoods, property types, building styles, etc. where the prior assessments are uniform **and** the inventory of the parcels are unchanged. The following are some methods for determining trends for use in annual reassessment:

- Sales ratio studies
- Adaptive estimative procedures (AEP)

- Cost indices (e.g. for utility property)
- Stumpage analysis for forest property
- Recalculation of land schedules
- CAMA modeling with time variables
- Regression of sale price to assessed value ratio
- Income and expense analysis

An analyst should look at a variety of analyses in order to draw and confirm conclusions about a time trend.

Where adequate data exists, trends should be developed and applied at a neighborhood, property class, *USDAS* (used as) level or based on parcels with a set of common inventory characteristics that evidence market value shifts. There may be instances where a combination of groupings at different levels may be appropriate based on available data. For instance, there may be adequate sales data to individually adjust some neighborhoods, certain property classes or certain commercial types of property. The remaining property types may require analyzing a larger geographic market area to obtain additional data to be used in determining an accurate trend. At a minimum, analysis should be performed at a class level (although this is seldom adequate for the purpose of determining assessments), e.g., residential, commercial/industrial, vacant/farm/forest, and utility.

It is estimated that over 60% of assessing units lack sufficient sales data for even a residential analysis. Therefore, trend areas that consist of municipalities with similar economic influences need to be defined to provide adequate sales data to produce logical and defensible results. This may require using the ORPS Data Warehouse information, collaborating with other municipalities or the county. Boundaries can be expanded, recognizing common economic influences, until the amount of sales data is adequate.

If the data indicates that there has been no measurable market movement and assessments are uniform, then assessments still reflect current market values and will not require adjustment to remain at the stated uniform percentage of value.

Reappraisal Valuation Methods

In order to ensure that all properties are assessed at a uniform percent of the current market value, the assessor must identify parcels that have to be reappraised, i.e., valued individually. Consideration must be given to parcels in the following situations:

- Change in Inventory: Parcels with a change in inventory may require individual reappraisal. These include:
 - o New construction
 - o Demolition/destruction
 - o New parcels (i.e. - splits/merges)
 - o Zoning changes

- Unique or Complex Parcels: Parcels lacking comparable market data may require individual appraisal. These include:
 - o Unique residential properties lacking comparable sales
 - o Commercial properties lacking comparable income/expense ratios or multipliers
 - o Utility properties
 - o Large industrial properties

- Non-uniform Assessment/Sale Ratios: Statistical analysis may indicate that the market has changed significantly or non-uniformly, or that assessments are no longer uniform. This may require individual reappraisal for parcels that cannot be trended with a common trend factor (refer to Decision Model in Section IV).

- Normal Reappraisal Cycle: The physical inspection and reappraisal of every parcel at least once every six years is required by the Annual Reassessment Aid statute and is considered sound assessment administration policy. If the municipality has an appraisal schedule where portions of the municipality are physically inspected and reappraised on a cyclical basis, those parcels must be individually reappraised according to the schedule.

The following are commonly accepted methods for use in reappraisal valuation:

- Replacement cost less depreciation
- Modeling (MRA, AEP, etc.)
- Comparable sales
- Income capitalization

5. Validation of Results

Validation is nothing more than ensuring that the municipality has achieved its goal of producing a uniform assessment roll at the stated level of assessment. It is a process in which the new assessments are analyzed again to confirm that proper valuation decisions were applied to the assessments.

Probably the best approach to validation is to re-process the analytical techniques that were used initially in the diagnostic and valuation phases of the reassessment. As an example, if a unit price study (such as assessed value per square foot of living area) was conducted to review uniformity during the diagnostic phase, this same study could be done again, but with the upgraded assessments in place, to verify that the uniformity has improved and now meets standards. Similarly, if a CAMA model was utilized to determine the level of assessment in the diagnostic phase, the model could be re-applied to the new assessments to determine if the desired level of assessment has been attained. Typically, if a sales ratio study is used to validate results, sales that occurred after the valuation phase are employed to provide an unbiased validation.

While different approaches may be dictated by the amount of available data, some of these approaches may provide a basis for validation:

- Statistical confidence tests
- Spot-checks of samples in the field
- Comparison to similar properties, including those outside the jurisdiction
- Comparison to data from other sources, e.g., lending institutions, appraisers, listing prices, builders' cost, ORPS, etc.

Task Deadline and Timeline Considerations

The concept of annual reassessment is that all assessments are maintained at a uniform percent of value. It is presumed that current data is maintained and analyzed continuously.

Project timelines for municipalities conducting annual reassessments to sustain equity will vary considerably, depending upon several factors:

- The total number of parcels and the number of parcels within each property type
- The number of sales related to market areas and/or property types
- The homogeneity of the properties

- Valuation method, i.e. - trending vs. individual reappraisal, or combinations thereof
- Available municipal resources
- The municipality's "reappraisal cycle" (each parcel, at least, once every six years)

See Appendix B for sample timelines.

Summary Reports

In order to help determine whether a municipality is performing systematic analysis, ORPS staff needs access to, at a minimum, the following reports:

- The municipality's "annual reassessment plan"
- Analysis reports of the assessments before and after valuation (trending or individual appraisal), including:
 - o Sales/assessment ratios
 - o CODs
- A narrative or summary that includes decisions on grouping and market analysis conducted and the conclusions resulting from the analysis
- Valuation reports for parcels being individually reappraised, e.g.,
 - o Land valuation development documentation and schedules
 - o Cost valuation documents
 - o Depreciation schedules
 - o Market valuation documents (Comparable Sales)
 - o Market Models (user-defined, MRA, AEP)
 - o Commercial/industrial valuation documents
 - o Income valuation documents
 - o Multiple regression analysis (MRA) reports
 - o Adaptive estimation procedure (AEP) reports
 - o Time series analysis
- Trending process reports, including:
 - o Reports of parcels selected (e.g. -neighborhoods)
 - o Reports of trend application
 - o Data that supports the trend factors used
 - o List of trend factors that were applied to each trended group

V. Advisory Values

Complex utility, industrial and commercial advisory appraisals are provided upon request of a city, town or a county conducting a reassessment. If an assessing unit has submitted an annual reassessment plan, a request is only necessary in the first year of the plan.

Providing values for these property types is made easier when there is cooperation between ORPS and local officials. This partnership is vital when identifying, collecting inventory and valuing the property, especially when a municipality is annually reassessing. Local officials need to notify ORPS when inventory changes have occurred, so an accurate updated advisory value can be determined.

Annual Reassessment of these properties

Utility mass property for reporting companies can be valued by ORPS on an annual basis to reflect inventory changes and market adjustments. Complex structural property values will also be updated annually for all utility companies with a field inspection completed at least once during the six-year cycle. Complex industrial and commercial advisory appraisals typically are completed on a similar cycle. Non-complex utility structures and land appraisal are the responsibility of the assessor. In the intermediate years, local officials should notify ORPS about inventory changes on an annual basis. Using market analysis tools, ORPS staff or local officials can develop market adjustments, which keep values at the uniform level of the current roll.

Participation in Utility Company Assessment Roll Standardization (UCARS)

Participation in the UCARS Program facilitates identifying and updating, on an annual basis, all utility property and relating the values of this property to the assessment roll. Municipalities interested in this program should contact their Regional office liaison or State Valuation Services (SVS) in Albany.

Forest Land

A municipality annually reassessing through the use of procedures that meet the definition of reassessment must value

taxable state-owned land (TSOL) and private forest parcels at the same uniform percentage of value of all other property. An ORPS forestry specialist can assist the municipality's efforts by supplying assessors with the following data:

- Most current valuation schedules for accessible and remote bare forest land;
- Copies of data collection cards for each sale in the valuation schedules;
- Private forest stumpage summary report, including a recommended typical contributory stumpage value derived from forest parcels in the region valued with the most current survey stumpage schedule;
- Updated TSOL inventories no older than six years on lands that may be harvested;
- The most current lakeshore price schedules;
- Lake Front Property Report of TSOL, which identifies all frontage by lakeshore category and a discount table for valuing sizeable lakeshore lots;
- Most current trend data for private and TSOL forest properties;
- Typical value per acre for TSOL and private forest parcels as of the date of the year prior to the reassessment roll, the reassessment roll year and each year afterward.

VI. The Six-Year Reappraisal Requirement

As mentioned before, municipalities in New York State vary greatly in size, complexity, and availability of resources. For this reason, there is no single recommended process meeting the State standards for reappraisal. (Refer to Section I for the definition of physically inspecting and reappraising each parcel at least once every six (6) years.)

Possible scenarios for sustaining equity through annual assessment are described below. In each scenario, the assessor analyzes the assessments of all properties and updates those that are necessary to maintain current market value to ensure uniformity at the stated uniform percentage of value.

This list is not all-inclusive. The concept of annual assessment, while familiar to other states, is relatively new to New York. As time passes and municipalities implement various strategies, this list will grow. Regardless of the scenario, annual adjustments must be made for physical and quantity changes, such as new construction, demolition, as well as splits and mergers of parcels.

While the scenarios below are presented in terms of a six-year cycle between reappraisal of individual properties, the actual cycle for a municipality can be 2, 3, 4, 5 or 6 years.

Option A. A reappraisal is done annually for all properties. For most properties, reappraisal is likely to be done using traditional mass appraisal methodologies. In some instances of complex properties, the reappraisal may be more similar to a fee appraisal than a mass appraisal.

This option meets the six-year requirement and each value is well documented. However, this approach may be costly, and may require contractor assistance each year. Additional staff may also be required for the assessor's office. The value review effort may be reduced by comparing appraisal estimates to assessments and scrutinizing only those parcels where there is a large degree of variance between these two values.

Option B. A reappraisal of all properties is done at least once every six years. In the intervening years, assessments are adjusted by market analysis, where needed, to current market level. Market analysis may include, but is not

limited to, multiple regression analysis (MRA), adaptive estimation procedure (AEP), trending using statistical techniques or other economic and market factors (see Trending Methods in Section IV).

Option B also meets the six-year requirement, and reduced work is required in the years without reappraisals. However, extensive work is required in years of reappraisal. This option may be costly overall because a contractor may be required periodically. Specific areas of a locality that may be changing value at a different rate may become non-uniform and not lend themselves to being trended. CODs for the locality may not be acceptable over time. When the systematic analysis shows that parcels require reappraisal, the reappraisal must occur for the next assessment roll and thus cannot be postponed until the scheduled year for a complete municipal-wide reappraisal.

Option C. The locality is divided into segments. The annual analysis begins with a review of neighborhoods for non-typical changes in market. Neighborhoods or property classes that are increasing or decreasing in value at a rate different than most other areas of the municipality are identified. In addition, neighborhoods or properties that are no longer uniform are identified. This can be done using sales ratio studies, CODs, and analysis of market information. A reappraisal of these properties is required. In addition, a reappraisal of all properties in one or more segments is done. All properties in all segments are reappraised within a six- year period. For segments and neighborhoods where a reappraisal is not completed, assessments are adjusted to current market value by market analysis. Market analysis may include, but not be limited to, multiple regression analysis (MRA), adaptive estimation procedure (AEP), trending using statistical techniques, or other economic and market factors (see Trending Methods in Section IV).

Option C meets the requirements of annual reassessment and work is balanced from year to year. The cost is relatively the same from year to year. Neighborhoods or properties that are experiencing a non-typical change

are adjusted quickly to market. Within a six-year period all segments are reappraised. Market analysis resources are required on an on-going basis.

VII. ORPS' Verification of Results

The **annual reassessment plan** developed by the assessing unit is reviewed when initially submitted and recorded in each region with key dates and milestones identified. **It is important that the plan be provided to ORPS at least six months prior to the tentative roll.** These key dates and milestones will be integrated into a regular review process. Information obtained from multiple sources to analyze the results of the reassessment for Full Value Measurement and State aid purposes, such as municipal reports, samples, statements, ORPS transmittal records, communication logs, verification documents, etc., will be centralized within each regional office.

As mentioned in the Overview of these guidelines, several ORPS programs are dependent on the products derived from the reassessment process. Official procedures for each of these programs include varying degrees of verification by ORPS before the product can be utilized. **It is important to note that ORPS' verification process is NOT the same as the "validation of results" step of systematic analysis, which must be performed at the local level. The desired intent is for ORPS staff to monitor the project on an on-going basis and review value decisions as they are made.** The following addresses the verification process for reassessment projects.

Verification efforts will be coordinated and consolidated into the existing *Local Reassessment Project Review and Analysis* (LRPRA) document that, in effect, becomes a summary document of all ORPS' review and analysis efforts. As stated in 9 NYCRR 201-2.4, "The determination made pursuant to the procedures for the applicable Full Value Measurement 'Local Reassessment Project Review and Analysis' as provided in 9 NYCRR 186-2.15 and, in the case of an application for annual aid, 'Guidelines for Annual Reassessment' established according to Section 1573(2) of the RPTL shall be conclusive as to whether a reassessment, re-inspection, reappraisal and systematic analysis have occurred and uniform percentage of value was attained as required by RPTL Section 1573."

ORPS' staff records data in the document that attests to the municipality's compliance with the reassessment standards. The document also reflects the municipality's success at sustaining equity on an annual basis as well as accomplishing its annual reassessment plan.

Project planners are strongly urged to review a copy of the Local Reassessment Project Review and Analysis document in order to understand the types of information ORPS staff will be looking for in their review of the project.

Components of Local Reassessment Project Review and Analysis Document

1. General Description of Project
2. Documentation for Findings for Systematic Analysis
 - a. Acquisition and maintenance of parcel inventory data
 - b. Acquisition and maintenance of market valuation data
 - c. Grouping of inventory and valuation data
 - d. Analysis of data (diagnostic)
 - e. Application of valuation techniques (prescriptive)
3. Documentation for Findings for Revision of Values
4. Documentation for Findings for Maintaining Assessments at a Stated Uniform Level
5. Documentation for Findings for Reappraisal Cycle

Forms and Documents Used in the Review and Verification Process Initial Year

1. Municipality submits an Annual Reassessment Plan with its first application for Annual Aid, and:
 - a. *Completes Part 1 of 1573-ANN-1 - Annual Reassessment*
2. ORPS staff review Annual Reassessment Plan, and:
 - a. Complete form 1573-ANN-2 - *Acceptability of Plan Components* and form RP3622 - *Acceptability of Plan - Utility and Forestry Components*
 - i. These forms are only completed once, unless a new or revised plan is submitted.
3. ORPS staff review annual reassessment project, and:
 - a. Complete *Local Reassessment Project Review and Analysis* document
 - b. Complete form 1573-ANN-3 - *Compliance With Plan for Year _____*
4. ORPS staff review additional criteria for compliance, and:
 - a. Complete form 1573-ANN-4 - *Compliance with Statute and*

Rules

5. Completion of Review Process
 - a. Complete form 1573-ANN-1, Part 2 - Findings
 - b. Complete form 1573-ANN-1, Part 2 - Determination of Qualification for Aid

Subsequent Years

1. Municipality submits an application for Annual Aid, and:
 - a. Completes Part 1 of 1573-ANN-1 - Annual Reassessment Aid Program Application Form
2. ORPS staff review annual reassessment project, and:
 - a. Complete Local Reassessment Project Review and Analysis document
 - b. Complete form 1573-ANN-3 - Compliance With Plan for Year _____
3. ORPS staff review additional criteria for compliance, and:
 - a. Complete form 1573-ANN-4 - Compliance with Statute and Rules
4. Completion of Review Process
 - a. Complete form 1573-ANN-1, Part 2 - Findings
 - b. Complete form 1573-ANN-1, Part 2 - Determination of Qualification for Aid

VIII. Planning for Annual Reassessment

Step One - Understanding

In order to prepare a plan for annual reassessment, it is imperative to have an understanding of the following areas:

- Local status and needs
 - o Currency of inventory and market data
 - o Assessment uniformity and level
 - o Support and commitment of local officials
- Annual reassessment process
 - o Systematic analysis steps
 - Methods for evaluating the uniformity and level of assessments
 - Application of the "decision model"
 - o Mass appraisal methods
 - o The six year reappraisal and re-inspection cycle
- Skills and resources required
 - o Tasks associated with annual reassessment
 - o Local capacity
 - o Alternatives and options
- State aid requirements and procedures

- ORPS role
 - o Monitoring for Full Value Measurement (FVM)
 - o Monitoring for State Aid Compliance
 - o Technical assistance

In addition to these *Guidelines*, the following material should be reviewed prior to planning for annual reassessment.

Office of Real Property Services Website

The ORPS' website (<http://www.orps.state.ny.us/>) contains a great deal of information pertaining to annual reassessment, including a description of the overall process, answers to "frequently asked questions", articles about municipalities that are conducting successful annual reassessment programs and related forms. The link to that area of the site is: (<http://www.orps.state.ny.us/reassess/>). Some of the important information to be found there includes:

- Annual Reassessment Aid
http://www.orps.state.ny.us/reassess/state_aid/index.cfm

Potential applicants should be familiar with the enabling statute (1573, RPTL), rules (NYCRR 201-2) and ORPS procedures for review in order to help ensure eligibility for state aid reimbursement. The application form (1573-ANN-1) is available in pdf format for printing. Part 1 of the form is to be completed by the municipality; Parts 2 and 3 are used to record a summary of staff findings and recommendations. Another annual aid form, which is to be completed by ORPS staff, (1573-ANN-4 - Compliance with Statute and Rules) should also be obtained.

- Annual Reassessment Plan
http://www.orps.state.ny.us/reassess/state_aid/index.cfm

The Six-Year Plan template and instructions are available in PDF format for printing. Together they provide a sample framework for preparing a plan, as well as explanations and examples of what should be included in the plan. While not currently available on the website, the annual aid forms completed by ORPS staff reviewing the plan (1573-ANN-2 - Acceptability of Plan Components, and RP3622 - Utility and Forestry Components) should be obtained.

- ORPS' Review for State Aid (and FVM)

ORPS staff must complete a Local Reassessment Project Review and Analysis document for every reassessment project. Their determinations form the basis for using the locality's values to make the equalization rate, as well as whether the locality satisfied much of the criteria for annual reassessment aid. A general familiarity with this document will enable the applicant to understand the various performance measures used by ORPS reviewers and the types of documentation they will request in order to make their determinations. While not currently available on the website, the annual aid form completed by ORPS staff reviewing the project (1573-ANN-3 - Compliance with the Plan for "year") should be obtained.

- Skills and Resources Needed for Annual Reassessment

The Guidelines for Effective Assessment Administration in New York State - A Self Review Guide for Assessing Units can be completed by a municipality in order for them to get an idea of their readiness and local capacity to sustain. This guide can be obtained through the following link:

(<http://www.orps.state.ny.us/reassess/publications/guidelines.pdf>)

Other Recommended Reading and References

The IAAO has published some material that is invaluable in helping to plan and perform an annual reassessment program. The IAAO standards can be obtained by accessing their website (<http://www.iaao.org>). The following are also recommended for reading and/or as resources:

- Standard on Mass Appraisal of Real Property
- Standard on Ratio Studies
- Mass Appraisal of Real Property

Step Two - Local Needs Assessment

In addition to completion of the Guidelines for Effective Assessment Administration in New York State - A Self Review Guide for Assessing by the locality, ORPS can provide assistance in conducting a Local Needs Assessment. The purpose of this tool is to identify gaps in the various components needed to achieve and sustain equity. For purposes of organization and analysis, data can be collected around four general areas:

1. Data (e.g., quality and currency, methods for collection and maintenance)
2. Skills (i.e., needed to perform all of the tasks for all

- property types)
3. Resources (e.g., staffing, computer, funding)
 4. Political Support (e.g., understanding, willingness and commitment)

Once the data is analyzed, gaps are identified and conclusions and options are identified, the ultimate goal is to provide information to the appropriate stakeholders in order to motivate them to take action to obtain the resources needed.

Step Three - Planning

- ***After gaining an understanding of what is involved in conducting an annual reassessment program and obtaining the resources that are needed, the next step is to map out the project to describe "who does what, and when".***

A) Tasks, Roles and Responsibilities

The chart in Appendix D lists most of the major functions and tasks associated with annual reassessment. In addition to describing the roles and responsibilities of each of the participants, the chart can serve several other purposes:

- Determining what skills and resources are needed to perform all of the tasks
- Identifying gaps in local resources
- Incorporation into the annual reassessment plan
- Forming the basis for preparing a timeline of activities

B) Project Schedule

Prepare a rough timeline of major activities (refer to **Appendix B** for guidance). But in addition to the local issues discussed elsewhere, one should have an understanding of the overall concept, the issue of availability of sales and other market information versus workload (parcel counts, staffing, etc.) and how the reassessment process is intertwined with ORPS responsibility for making equalization rates.

- Annual reassessment is an on-going, forward-looking process
 - o Analysis of the upcoming roll begins with the validation of the current roll.
 - o Incipient trends identified here should be monitored so that a judgment can be made with respect to the decision model and the uniformity and level parameters being used by the locality.
 - o The assessor must make judgments relative to market trends and apply these trends accordingly.

- o Data available as a result of on-going analysis may suggest that values be trended or parcels reappraised in a subsequent year.
- Market data availability
 - o The availability of sales information on the local database usually lags behind the actual sale dates, and the lag for external data (e.g., SalesWeb, ORPS Data Warehouse) is even longer.
 - o At the same time, if early data indicates that substantial reappraisal is necessary, valuation may have to be done well in advance (e.g., August) of the valuation date and without benefit of the most current sales.
 - o When developing trends, it may not be possible to wait until sales up to the valuation date are available.
- ORPS' Value Verification (dates refer to municipalities with March 1 taxable status date)
 - o ORPS' staff must make determinations by April 1 as to the assessment level achieved by the municipality for the upcoming tentative roll for the purpose of determining special franchise values and STAR exemption amounts. Therefore the verification efforts must begin well in advance of April 1.
 - o ORPS' staff must complete Local Reassessment Project Review and Analysis documents by June 1 in preparation for determining tentative equalization rates using the tentative assessment roll.
 - o This means that the municipality should have all of its analysis and valuation data and summaries of decisions or conclusions available no later than March.

Step Four - Preparing the Annual Reassessment Plan

The municipality's Annual Reassessment Plan must be submitted with its initial application for annual aid; which must be received no later than 90 days after the filing of the final roll for which State assistance is to be paid. Municipalities are strongly urged to develop and submit a plan as early as possible, preferably six months before the tentative roll resulting from the reassessment. The benefits to early development of the plan are:

- ORPS' staff can review the plan to help ensure that the methods to be employed by the municipality to perform systematic analysis conform to standards.

- ORPS' staff can more effectively monitor the project for FVM and aid purposes with respect to the plan, thereby facilitating a correct current rate and reducing the amount of time necessary for aid compliance confirmation.

Using the Annual Reassessment Plan template and Instructions as a guide, prepare a plan that contains the following components:

1) Plan Development

- a) Name and signature of Chief Executive Officer
- b) The six year period encompassed by the plan

2) Assessing Unit Needs Analysis

- a) Assessing unit profile. The profile is relevant to type and depth of systematic analysis for each property type and should be linked to the remainder of the plan
 - i) Parcel count
 - ii) Assessed value
 - iii) Percent of total
 - iv) Annual average number of arms-length sales (can be an estimate)
 - v) Listing of unique and/or complex property with requested information
 - (1) See the definitions of unique and complex property in the instructions
 - (2) Include complex utility properties (RS-6) only if the municipality is not requesting ORPS' advisories or getting the values from the company
- b) Specifications of hardware used for systematic analysis
 - i) Location
 - ii) Current specifications
 - iii) Planned upgrades
- c) Computer software specification
 - i) Existing
 - ii) Future
- d) Assessing Unit Staff Resources
 - i) Current
 - ii) Future
- e) Funding
 - i) Plan should state how additional funding is to be provided for:
 - (1) Charges incurred by use of external resources
 - (2) Increased local resources:
 - (a) Staffing
 - (b) Training
 - (c) Equipment
 - ii) Will state aid be used to support annual reassessment?
 - iii) Are grants being utilized?

3) Systematic Analysis

This section must describe:

- a. The procedures and methods to be employed in each step of systematic analysis for all parcels/assessments on the roll
- b. The roles and responsibilities of each of the participants
- c. Collection and maintenance of inventory data
 - i) Method for maintenance of current inventory should include:
 1. How new construction, demolition, etc. is identified and tracked;
 2. How new parcels, etc. are identified and tracked;
 3. How new/revised inventory is collected;
 4. How new/revised inventory is maintained to a computer file;
 5. What computer system is used (if not addressed in part 2);
 6. How computerized inventory is edited;
 7. Timetable for tasks;
 8. Description of who performs each task
- d. Collection and maintenance of market data
 - i) Method for validation and verification of sales data should include:
 1. How property transfers are identified and tracked
 2. How sales are determined to be arms-length
 3. How physical inventory for sales is verified
 4. How new/revised inventory is maintained to a computer file
 5. What computer system is used (if not addressed in part 2)
 6. Timetable for tasks
 7. Description of who performs each task
 8. Whether municipality has a sales reporting agreement with ORPS
 - ii) Method for collection of non-sales market data should include:
 1. How data is obtained and maintained
 2. Types of data collected
 3. Sources of data collected
 4. Linkage between data collected and property types
- e. Grouping of Data
 - i) Method for grouping inventory and valuation data should include:

1. A description of the *levels* at which inventory and market data is collected for valuation and market analysis purposes:
 - a. Minimally, by broad group (residential, commercial, vacant, etc.)
 - b. By property class, used-as code or location where appropriate due to:
 - i) Significant parcel count/value
 - ii) Sufficient sales data
 2. An indication of refinement (e.g., neighborhood) based on physical/legal factors, if applicable:
 - a. Village vs. town outside
 - b. Waterfront
 3. An indication of refinement based on property characteristics
- f. Use of Accepted Analytical Techniques (market analysis)
Analytical techniques to be used (diagnostic)
- i) Method for evaluating the uniformity and level of assessments should include:
 1. Techniques or approaches used, for example:
 - a. Sales ratio analysis
 - b. Mass appraisal (sale substitution)
 - c. Unit comparison (value-to-inventory)
 - d. Tracking of value trends (cost, income, market)
 2. Type(s) of software used
 3. Sales period used
 4. Source of sales and/or non-sales market data
 5. Types of external data used
 - ii) Method for determining which parcels or groupings require reappraisal should include:
 1. Parameters applied to decision model for uniformity and assessment level
 2. Method for identifying and tracking physical changes for reappraisal (new parcels, new construction, etc.)
- Valuation techniques (prescriptive)**
- i) Method of determining what valuation technique(s) will be used to maintain uniform assessments at 100% should include:
 1. Description of how trends will be applied when applicable
 2. Description of valuation approaches to be used when applicable, e.g.,
 - a. Cost (RCNLD)
 - b. Comparable sales (including how models are developed)
 - c. Income
 - d. Multiple regression analysis (MRA)
 - e. Adaptive estimation process (AEP)

- f. Time series analysis
- g. Other (e.g., unit comparison, land schedules)

g) Validation of results

- i) Method for determining whether conclusions are sound should include a description of how the value decisions or results of the following steps will be supported:
 - 1. Diagnostic analysis
 - a. Statistical analysis
 - b. Other market analysis
 - 2. Application of decision model
 - a. Reappraisal values
 - b. Trended values
 - c. Unchanged values
- ii) See examples listed in instructions

4) Staff Development Plan

- a) Describe how local staff will receive the training needed to perform annual reassessment tasks.

5) Reappraisal Cycle

- a) Describe the municipality's reappraisal process that meets the State standards for reappraisal.

6) Timeframe for tasks and activities

- a) Describe when annual reassessment tasks will occur each year over the life of the plan. It should be specific as to when value decisions will be made, values will be changed and when a file will be ready for ORPS staff to review.

APPENDIX A

Plan Template (blank) with instructions

- [Annual Reassessment Plan Template](#)
- [Annual Reassessment Plan Instructions](#)

APPENDIX B

Sample Timeline

Appendix B - Sample Timeline for Annual Reassessment

The following timeline is based upon the standard assessment calendar, with a January 1 valuation date, March 1 taxable status date and May 1 tentative roll date.

The schedule also assumes that trending methodology is utilized where there is sufficient data, and that mass appraisal valuation methodology is utilized to reappraise parcels where trending methodology cannot be applied, or to reappraise a portion of the municipality in accordance with the guidelines for frequency of reappraisal (all parcels at least once every six years).

If the municipality is doing a physical inspection and reappraisal of all parcels in one year, the reappraisal tasks may need to be started one or two months earlier. Sufficient time must be allotted to perform the physical inspection, either as a separate task, or as part of the field review of individual reappraisal values.

On-going Tasks for Annual Reassessment

Sales Verification/Validation

On-going

Verify sales to determine validity for use in valuation, trending, ratios, CODs, etc. Verify inventory as of date of sale and maintain file.

On-site Collection of New Data

On-going

Collect and/or revise inventory due to new construction, demolition, parcel splits/merges, changes in zoning, etc. and maintain file. Consider appropriate taxable status date for use in determining assessments.

Market Analysis

On-going

Collect, update and analyze market information: sales, market trends, income/expense data, etc. Utilize outside sources: Multiple Listing Service (MLS), ORPS Data Warehouse, etc.

Neighborhood Analysis

On-going

Analyze sales compared to assessments. Analyze assessment uniformity. Perform sales studies by neighborhood, property type, style, etc. Analyze COD and ratio information. Consider the number of sales available and the alternatives to increasing the sales base. Consider whether neighborhoods may need to be combined or redefined.

Determination of Valuation Methodology

Determine Parcels to be Reappraised or Trended 8/1 - 9/15

Based on the results of on-going neighborhood and market analysis, and application of local uniformity and level standards to the "decision grid", determine which parcels or groups will require reappraisal to maintain uniform values on the next assessment roll. This step should be performed early enough to allow for a significant reappraisal workload. Secondly, an early determination of where trending may be necessary can be made at this time if enough data is available.

- Reappraisal Considerations - In addition to the need for reappraisals as indicated by analysis, the municipality's reappraisal cycle should be considered.
- Trend Development - Trends should be developed and applied later as more market data becomes available.

Reappraisal Tasks

Valuation Development/Testing/Production 9/1 - 10/15

- On the basis of on-going market analysis, develop the following: unit land prices for all property types, adjustment factors for the cost approach (location, time, depreciation, etc.) for all property types, sales-based models for residential (farm/vacant) properties, and valuation factor files for commercial/industrial properties.
- Apply models and schedules to develop market, income, and cost value estimates as appropriate. Test value estimates using statistical techniques and field review; repeat until optimum results have been achieved.
- Produce valuation documents and reports (data arrays, one-liners) as appropriate.

Value Review 10/1 - 1/15

Using the valuation documents, review the preliminary computer-assisted value estimate for each parcel to determine if it is correct. Note any value over-rides and data changes on the valuation document for later updating of the inventory file. If someone other than the assessor is conducting the value review, the assessor should, at a minimum, perform spot checks of the value decisions. Field review may be used to satisfy the requirement for the physical inspection (see the definition in these guidelines) of all parcels at least once every six years.

Value Analysis (Validation) **1/15 - 2/15**
Review and analyze the appraised values compared to sales. Analyze assessment uniformity. Perform sales studies by neighborhood, property type, style, etc. Analyze COD and ratio information. Analyze unit price data. Make corrections as needed.

Trending Tasks

**Determine Groups to be Trended;
Develop and Apply Trends** **1/1 - 2/15**

On the basis of on-going market analysis and the most current sales data and data from outside sources (MLS, Data Warehouse, ORPS forest land data, etc.) determine whether trending is necessary and, if necessary, determine the factors that will be used to restore the stated level of assessment. Trends should always be applied at the group level; care should be taken, however, to detect where individual parcels may need special attention.

Parcel Level Value Adjustments **2/15 - 3/15**
Adjust and or determine values at the parcel level where needed: parcels with inventory changes (construction/demolition, splits/merges, etc.), unique parcels, and parcels with prior assessment adjustments that require individual attention.

Value Analysis (Validation) **3/15 - 4/15**
Review and analyze trended values compared to sales. Analyze assessment uniformity. Perform sales studies by neighborhood, property type, style, etc. Analyze COD and ratio information. Analyze unit price data. Make corrections as needed.

APPENDIX C

ANN 1-4 Forms

- [Annual Reassessment Aid Form \(ANN 1\)](#)
- [Annual Reassessment Aid Form \(ANN 2\)](#)
- [Annual Reassessment Aid Form \(ANN 3\)](#)
- [Annual Reassessment Aid Form \(ANN 4\)](#)

APPENDIX D

**Roles and
Responsibilities
for Annual
Reassessment
Tasks**

Roles and Responsibilities for Annual Reassessment Tasks

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<p><i>U = Unknown M = municipality C = county O = other</i> <i>V = vendor/consultant, S = ORPS</i></p>						
Project Administration - Roles and Responsibilities						
Project management/coordination						
Public relations						
Collection and Maintenance of Inventory Data - Roles and Responsibilities						
Collection of New Inventory Data:						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
Collection and Maintenance of Valuation Data - Roles and Responsibilities						
Sales Validation and Verification (sales data)						
Verification of Inventory for Sale Parcels:						
Non-complex						
Farm						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<i>U = Unknown M = municipality C = county O = other</i> <i>V = vendor/consultant, S = ORPS</i>						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
File Maintenance of Sales Data						
Sales Transmittal (Reporting) to ORPS						
Collection of Non-Sale Valuation Data:						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<i>U = Unknown M = municipality C = county O = other</i> <i>V = vendor/consultant, S = ORPS</i>						
Grouping of Data for Analysis and Valuation - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
On-going market analysis methods to evaluate uniformity and assessment level						
Sales ratio analysis						
Neighborhood review						
Land schedule review						
VFF review						
Unit comparison						
Advanced statistical analysis (incl. regression)						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<p><i>U = Unknown M = municipality C = county O = other</i></p> <p><i>V = vendor/consultant, S = ORPS</i></p>						
Evaluation of uniformity and assessment level (analysis) - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
Determination of Valuation Methodology (decision grid) Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<p><i>U = Unknown M = municipality C = county O = other</i></p> <p><i>V = vendor/consultant, S = ORPS</i></p>						
Application of Valuation Methodology						
Valuation Development Tasks and Methods						
Neighborhood delineation/modification						
Land schedule development/modification						
VFF development/modification						
Cost/depreciation analysis / modification						
Residential modeling:						
AEP						
MRA						
Comparable sales (user-input)						
Commercial/industrial cost analysis						
Valuation for Reappraisal - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<p><i>U = Unknown M = municipality C = county O = other</i></p> <p><i>V = vendor/consultant, S = ORPS</i></p>						
Field Review of Values - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
Development of Trends - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						

Tasks/Functions	Responsibility for Task					
	U	M	C	O	V	S
<p><i>U = Unknown M = municipality C = county O = other</i></p> <p><i>V = vendor/consultant, S = ORPS</i></p>						
Validation of Results - Roles and Responsibilities						
Non-complex						
Farm						
Residential						
Vacant						
Commercial						
Complex						
Complex Commercial						
Industrial						
Utility						
Forest (SOL/private)						
Full Disclosure - Major Tasks (if necessary)						
Roles and Responsibilities						
Assessment Disclosure Preparation:						
FM values, exemptions, etc.						
Notice/Cover letter preparation						
Assessment Disclosure Notice Processing/Printing						
Conduct Informal Meetings with Taxpayers						
Response to Informal Meetings (Field/Office/FM)						
Process Sect. 511 Change of Assessment Notices						