



# TOWN OF ROCHESTER

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## BOARD OF ASSESSMENT REVIEW Summary Report -2006

The Board of Assessment Review (BAR) held its annual Grievance Day on May 23, 2006 with a holdover session on May 24, 2006. During the Grievance Day process, the BAR met in person with approximately 74 complainants. The BAR also received and acted upon grievance forms from a further 32 complainants, but did not receive requests from those individuals for a meeting.

There appeared to be a widespread misunderstanding of the BAR's function and purpose. Many residents incorrectly believed that the BAR made the initial assessment determinations (in conjunction with the Assessor), when in fact the BAR has no role in such determinations. The BAR is an independent quasi-judicial body established in accordance with state law, whose purpose is to provide a means of recourse to property owners who believe that their properties have been unfairly assessed. The BAR does not report to the Assessor or to the Town Board -- it is completely independent.

Prior to Grievance Day, the Assessor reported to the BAR that she had met with 721 property owners (representing approximately 1,100 tax parcels) in the weeks following the publication of the preliminary draft tax roll on March 1, 2006. As a result of these meetings, the Assessor reported to the BAR that she had reduced the aggregate value of the Town's tax roll from \$861 million to approximately \$803 million, a reduction of approximately \$58 million (6.7%). Stipulations and corrections (34) agreed to and adjusted by the Assessor after that date reduced the roll by a further \$2.3 million. While many of these reductions reflected incorrect property information on the size of improvements and acreage, they also reflected reductions that were made due to poor selection of comparison properties and other significant factors. The BAR did not review these stipulations and corrections, which were made unilaterally by the Assessor.

The BAR met on June 6 and June 12, 2006 to address each of the 106 grievance files that were presented. Of these cases, the BAR determined that 38 properties were properly or under-assessed and that no further reductions were warranted, based on information provided by the complainants. Members of the BAR met on several subsequent occasions to complete required reports and to execute other required documentation. Two grievances were voluntarily withdrawn and three cases were dismissed: one because the grievance form was submitted by someone who was not legal owner of the property as represented, another because the size of the home and improvements stated on the grievance form did not accurately reflect the actual size of the improvements as evidenced by other documentation submitted by the property owner and finally, another one because a legally required section of the grievance form was not completed properly. As a result of reviewing each case individually, the BAR approved reductions totalling approximately \$2.9 million.

In at least eight cases, the BAR was able to assist property owners reduce their overall tax burden by combining lots that were contiguous to the lot that contained their residence. This combination provides an immediate savings of \$35,000 in total assessment.

Prior to making determinations on individual properties, BAR members discussed assessment methodology and agreed upon a set of objective criteria and for reviewing cases. This methodology was consistently applied to each case. The BAR is legally permitted to reduce an assessment to the figure requested by a complainant. In some instances, the assessment requested by the complainant was higher than the number that the BAR's valuation criteria would have yielded, potentially resulting in a disparity in the dollar/square foot assessment guidelines.

Land is valued on a formula basis as provided by the Office of Real Property Tax Services (ORPTS). For unimproved land, the first acre is assessed at approximately \$35,000, with a sliding valuation for additional acreage. For improved land, the first acre is assessed at approximately \$45,000, with a sliding valuation for additional acreage. After determining the Assessor's proposed assessment, BAR members determined the land value in accordance with the ORPTS sliding scale and determined the value of the improvements on

the property. In doing so, the BAR determined the assessed value per square foot of improvement and determined if such per square foot assessments fell with certain ranges for similar properties. The BAR determined different ranges for stone houses, new stick construction, bungalow and cottage type structures, modular construction and manufactured homes (mobile homes), and various types of outbuildings. To the extent possible, the BAR attempted to determine the usable square footage and applied certain discounts to large older homes (2,500 square feet or larger) for which significant improvements were required.

The most difficult homes to assess were the seven historical stone houses and farm complexes presented. The valuation of many large outbuildings in various states of repair made the arithmetical valuation of these farm complexes complicated to assess. Breaking these subject properties into their various components provided an objective methodology to determining proper assessments of these properties. The methodology included a cost/valuation inventory analysis for component buildings provided by ORPTS.

The Assessor pointed out correctly that the BAR had made seven determinations that were incorrect in which the BAR lowered the assessments to numbers that were below what the complainants had requested (or left blank). These seven determinations were subsequently corrected prior to the mailing of notification letters.

In the grievance process, the BAR determined that there were a number of factors that made the process an imperfect one.

1. The sliding scale formula provided by ORPTS for land did not take into consideration factors that could diminish the value of land such as steep slope, abundant wetlands, periodic flooding or factors that would increase the value of land such as views, water features, location, etc. As a result, it is possible that the land value calculations, when the formula is applied, could result in an unfair allocation of a property's full value between land value and the value of improvements. The BAR did, however, provide discounts to the land value formula in select cases where property values could be reasonably determined to be diminished due to proximity to undesirable enterprises such as the racetrack, gravel crushing operations, and extremely poorly maintained and/or deteriorated buildings on neighboring properties, as these factors have an impact on the marketability of the subject properties.

2. In many cases, residents were not aware that they could save money by combining two or more qualifying adjacent parcels (owned in the same name) into one parcel for tax purposes. In a number of cases, property owners who did request such consolidation did not receive the benefit because the paperwork had not been processed or entered into the record in a timely manner

3. There was a significant disparity and gross inconsistencies between assessments per square foot. Many homes in excellent condition were valued at \$100 per square foot or less, while others in poorer condition appeared to be assessed at as much as \$300 per square foot. The members of the BAR were unable to determine the cause of such disparity. The inconsistency creates a ripple effect because it results in a situation where residents whose homes are properly assessed at full value are forced to pay a higher pro rata percentage of the tax levy burden than individuals whose homes are assessed at a below market figure.

4. In some cases, data held by the Assessor's office was incomplete or inaccurate. The lack of complete information made the review process difficult.

### **Conclusions and Recommendations**

Zoning issues and lack of zoning enforcement in some cases significantly reduced the value and assessment of certain properties. Some factors which the BAR determined to adversely affect market price of properties included proximity to undesirable businesses, dilapidated properties, properties that have been the subject of many complaints relating to zoning issues (noisy summer camps, etc.) or periodic flooding from water runoff from town roads. As the assessment of individual properties were in some cases reduced because of these factors, the pro-rata share of the tax levy on properties unaffected by these or similar

factors inevitably rises, resulting in a potentially inequitable distribution of property tax liability in which unaffected properties unfairly bear a higher proportional cost of the Town's tax levy.

When questioned, the Assessor's Office was in many cases unable to provide specific answers to questions relating to assessments of individual properties or general questions relating to secondary buildings and other assets within a given property. This included answers relating to significant valuation disparities of substantially similar properties. In addition, the classification of certain farms and agricultural properties was inconsistent, with classifications based on who conducted the agricultural activity rather than if the land was used for agricultural activity. A consistent methodology and rationale for assessment, including definitions, properly communicated to property owners, would improve the transparency of the Assessor's Office function and improve the level of confidence held by taxpayers in the overall assessment process.

The assessment process this year was an extremely difficult one due to the town-wide reassessment and it was apparent that the resources of the Assessor's Office were severely strained. An improvement in resource allocation within the Assessor's Office could spread the workload, providing the opportunity to further explain the assessment process, thereby providing better service and transparency to town residents. We recommend that reassessments be completed more frequently, with perhaps a smaller number of properties updated each year. In addition, we recommend that the Town engage an independent consultant to assist the Assessor with each reassessment because the task appears to be too large for the Assessor's Office to complete reasonably without additional resources or at least a reallocation of existing resources.

We recommend that the Town routinely publish the entire tax roll on the internet in order to provide residents with a means of easily validating assessed valuations and to more conveniently point out errors and/or inconsistencies to ensure an equitable distribution of tax levies.

While state law authorizes the Assessor to unilaterally reduce or increase assessments, there is no oversight process to validate reductions made unilaterally by the Assessor. A potential consequence is that properties might be unfairly reduced, exacerbating the disparity between fully/fairly valued properties and those that are underassessed (greater transparency afforded by publishing the tax roll would, however, provide a degree of validation). We recommend that the Town Board examine potential mitigants to this problem in a manner consistent with state law. The BAR process does, however, provide residents with a means of challenging increases in such assessments.

The first letter of proposed changed assessment, sent by the Assessor's Office on or about March 1<sup>st</sup>, included a proforma tax rate calculation based on historical information and the updated total assessed value of the Town. The letters that notified residents of changes in assessed value resulting from the first round of informal meetings with the Assessor, sent on or about May 1<sup>st</sup>, did not contain the revised proforma tax rate calculation. As the total assessed valuation of the Town was reduced by approximately \$58 million, the proforma tax rate calculation would have increased. As many residents based their decision on whether or not to participate in the grievance process based on these proforma tax rate calculations, we believe that the failure to include consistent information in both letters mislead residents by failing to advise them of the revised proforma tax rates, thereby forcing residents to make the decision on whether or not to participate in the grievance process based on outdated information.

*This report was adopted unanimously by the members of the Board of Assessment Review.  
June 30, 2006*

Lynn Archer  
Alan Levine, *Chair*  
Bruce Schoonmaker  
Claude Suhl  
Zali Win