



## TOWN OF ROCHESTER

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### **BOARD OF ASSESSMENT REVIEW** Report on Grievance Day 2010

The Board of Assessment Review (“BAR”) held its annual Grievance Day on May 25, 2010 during the hours of 4:30 pm to 8:30 pm and provided property owners with the option of appearing in person by appointment on a subsequent Saturday (however, no one did). In addition, the BAR met on two subsequent occasions to deliberate on the complaints received from Town taxpayers.

#### **Complaints and Resolution**

During Grievance Day, the BAR heard 20 complaints from taxpayers who appeared in person. A further 25 complaints were submitted prior to the deadline relative to which the taxpayers did not appear in person. Included in the total were three grievances submitted by members of the BAR relating to their respective personal residences. The required disclosure forms were filed and the subject BAR members recused themselves from deliberations relating to their own complaints.

The subject properties for which complaints were submitted ranged from an unimproved property with assessed values as low as \$39,000 to a commercial campground with an assessed value of \$1,800,000. Of the 45 complaints, the BAR reduced the assessed valuations in 31 cases, and determined that 14 subject properties were properly or under-assessed, or the complainants did not include sufficient documentation to support their complaint, and did not receive the respective assessment reductions. The combined value of assessment reductions was \$1,902,135.

In addition to the 45 complaints submitted, the BAR ratified 12 stipulations and 16 corrections proposed by the Assessor. The combined reduction in assessments related to the stipulations was \$762,800. The combined reduction in assessments related to the corrections was \$1,162,800. We strongly urge taxpayers to discuss potential errors with the Assessor prior to filing a grievance.

Prior to deliberations in which the BAR made determinations on individual properties, BAR members discussed assessment methodology and agreed upon a set of objective criteria for reviewing cases. This methodology was consistently applied to each case. The BAR is legally permitted to reduce an assessment figure to the figure requested by a complainant. In some cases, 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 on the dollar/square foot assessment ranges. As a result of an

agreement on methodology, the decision on every complaint reviewed was made unanimously by each participating BAR member, with the exception of the members who recused themselves as noted above.

Land is valued on a formula basis as provided by the Assessor's land table. For unimproved land, the first acre is assessed at approximately \$35,000 (improved land is 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 land table and determined the value of the remaining improvements on the property. In doing so, the BAR determined the assessed value per square foot of improvements and determined if such square foot assessments fell within 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. The members of the BAR believe that the use of the land table can sometimes skew per-square-foot assessments for improvements and recognizes the potential for gross disparities resulting from this methodology.

### **Issues Observed**

In the grievance process, the BAR made the following observations.

1. There were several complainants who submitted grievances in relation to properties or improvements that were not previously on the property tax roll. We understand from the Assessor that approximately \$12 million in previously untaxed land and improvements was added to the tax roll in the past year.
2. Affordability of taxes was cited by many property owners as a significant burden in the current economic environment. While the BAR is not permitted to take affordability into consideration in its deliberations, escalating property taxes is certainly one issue that elected officials must thoroughly review in their budgeting processes.
3. The sliding scale land table formula does not effectively 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 and/or extremely poorly maintained and/or deteriorated buildings on neighboring properties, as these factors generally have an adverse impact on the marketability of the subject properties.

4. 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 at least one case, a property owner who did request such consolidation did not receive the benefit because the paperwork had not been filed in a timely manner.
5. There continued to be 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 much higher levels. 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 home are properly assessed at full equalized value are forced to pay a higher pro rata percentage of the tax levy burden that individuals whose homes are assessed at a below market figure.
6. There were a limited number of cases in which data held by the Assessor's office and collected by the data surveyor was incomplete or inaccurate. This issue was much less prevalent than in prior years, and significant improvement in the past 12 months is noted.
7. The lack of internet access on some roads, and the lack of ability to work from home, was cited as a reason for reduced property values and assessments.

We have noted a significant improvement in the Assessor's Office's willingness to assist taxpayers in a timely manner and appreciate the cooperation we received from the Assessor in our Grievance Day Process. Several property owners also commented on the helpful attitude of the two individuals in that office.

### **Conclusions and Recommendations:**

The Assessor's Office should keep a detailed correspondence log indicating: property owner, subject property, date received, description, where the document is filed, and resolution of the subject of the correspondence.

The Assessor's Office should acknowledge receipt of correspondence by email, post card, or telephone call within a specified time period from such receipt. We have heard from numerous property owners, and individual BAR members have personal experience, that in certain instances, correspondence is not routinely or timely acknowledged or answered.

We continue to 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.

Zoning issues in which undesirable business activities and issues related to adjacent or neighboring homes or businesses that are dilapidated or filled with junked cars/debris/trash were brought up by taxpayers on several occasions. These taxpayers asserted that such undesirable conditions impaired the market value of the complainant's properties. Some factors that the BAR determined to adversely affect market prices of properties included proximity to undesirable businesses (mines, noisy and unkempt 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 passed on to 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.

*This report was adopted unanimously by the members of the Board of Assessment Review. June 29, 2010*

Alan Levine, Chair  
Bruce Schoonmaker  
Claude Suhl  
Martha Tardibuono  
Zali Win