

# ***GUIDELINES FOR NON-REAPPRAISAL REASSESSMENTS***



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**January 2012**

# Guidelines for Non-reappraisal Reassessments

## Overview

An assessing unit may revise its assessments as provided for in Real Property Tax Law (RPTL) to maintain uniformity and/or level of assessment, using means other than a full reappraisal. This may be done independent of the Cyclical Reassessment Program or as part of that program in those years in which a full reappraisal is not conducted. **Regardless, the assessing unit must notify ORPTS of its intentions to conduct a non-reappraisal reassessment in writing (e-mail is sufficient), no later than 180 days prior to the applicable tentative roll (typically by November 1).** This will allow ORPTS to verify the Level of Assessment (LOA) using the tentative roll compared to the estimated market values shared during the Pre-Decisional Collaboration (PDC) process. **Please note that if an assessing unit conducts a non-reappraisal reassessment without timely notification to ORPTS as just stated, that reassessment roll will NOT be used as the basis for ORPTS' full value measurement for that year.** This means that the assessing unit's full value measurement for that year will be developed using the most recent final roll with trends and/or ratios applied as appropriate instead of the current tentative roll. **This may affect ORPTS' ability to confirm the locally stated LOA as the equalization rate and/or residential assessment ratio (RAR) for that year.**

Please see the Guidelines for Cyclical Reassessments for details about the statutory requirements and benefits of reassessment which are discussed in detail there. That document also contains information about how a municipality may receive aid for conducting reassessments (full reappraisals) on a cyclical basis, and the requirements of a plan to qualify for that aid. Assessing units that conduct a non-reappraisal reassessment in an interim year of a cyclical reassessment plan will not be eligible for the aid of up to \$5/parcel, but will be eligible for the "non-reappraisal year" aid of up to \$2/parcel.

ORPTS' goal is to coordinate your reassessment process with our equalization study. ORPTS' staff will verify, in accordance with our reassessment verification process, that the stated LOA has been achieved for each of the four major property types and that all steps to achieve equity have been implemented. Additionally, this review will provide the basis for making the determination for payment of State Aid, where applicable, and the level of assessment to be applied to the special franchise valuations and state owned land parcels in your assessing unit. This review will also be used in the approval process for Approved Assessing Unit Status (the Homestead tax option) if application is made.

This means acceptable local reassessment data will be used in the equalization process. ORPTS' staff will monitor the project on an on-going basis and review local value decisions as they are made as part of the PDC process. **Please be aware that ORPTS' staff may request any or all such documentation, as actually produced, in conjunction with the verification of the reassessment roll. In the event that requested documentation for one or more major types is not provided (typically by tentative roll date), ORPTS will proceed on the basis that a reassessment has not been implemented.** This means that the assessing unit's full value measurement for that year will be developed using the most recent final roll with trends and/or ratios applied as appropriate instead of the current tentative roll. **This may affect ORPTS' ability to confirm the locally stated LOA as the equalization rate and / or RAR for that year.**

# Guidelines for Non-reappraisal Reassessments

## Reassessment Methodology

According to RPTL 102 (12a), *“Revaluation”, “reassessment” or “update” 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 standard of assessment set forth in subdivision two of section three hundred five of this chapter.*

While the terms revaluation, reassessment or update are synonymous, this document and other ORPTS’ publications will continue to use the term “reassessment” for consistency.

The only way to ensure that all properties are assessed at the same LOA is to conduct a reassessment.

While assessing units can conduct a reassessment by individually appraising all parcels for the same roll year (a full reappraisal), the definition in RPTL §102 (12a) does not necessarily mean that every property must be individually appraised to be considered a reassessment. Assessing units can also conduct a reassessment by trending parcels or through a combination of reappraisal and trending. Either of these approaches is considered a non-reappraisal reassessment.

The IAAO’s [Standard on Mass Appraisal of Real Property](#) states, in part, that “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 ratio studies or other market analyses. Analysis of ratio study 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. However, such factors are not a substitute for physical reviews and individual reappraisals, which are required to correct lack of uniformity within strata. Although assessment trending can be effective for short periods, properties should be physically reviewed and individually reappraised at least every four to six years.”

Please note that the [Uniform Assessment Standards](#) as developed by the Real Property Tax Administration Committee ([RPTAC](#)) call for the regularly scheduled appraisal of all parcels at least once every four years.

In determining which approach is the most appropriate, each assessing unit must consider the length of time since its last full reappraisal and whether sufficient market data is available to demonstrate uniformity within the groups identified for analysis. Trending is not recommended for use in groups for which there are insufficient market data to demonstrate uniformity. Whether or not uniformity can be demonstrated, it should be recognized that the development and on-site review of individual values (reappraisal) will yield more accurate and equitable assessments because all properties in a group do not appreciate or depreciate at the same rate. Assessors planning reassessment are encouraged to discuss these considerations as they apply to the groups in their assessing unit with their Customer Relationship Manager (CRM). The [Uniform Assessment Standards](#), the International Association of Assessing Officers’ (IAAO) [Guide to Assessment Administration Standards](#) and [Standard for Mass Appraisal of Real Property](#) and the ORPTS’ publication, [Level of Assessment Determination: An Owner's Manual for Maintaining Uniformity](#), are all helpful references for additional guidance.

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Regardless, all reassessments require a “systematic analysis” in which all assessments are compared to the current market and adjusted as necessary to a desired LOA to achieve equity.

A systematic analysis is the process of reassessment that includes the gathering of data and market information, the grouping of this data for further study, the application of accepted analytical techniques both diagnostic and prescriptive, and the subsequent validation of results before values are implemented on a tentative assessment roll.

The gathering of data and market information is the foundation of the reassessment process. An assessing unit must ensure that its assessment inventory and valuation data for all properties is accurate and current, and that it reflects the minimum standards in Part 190-1.1 of the [Rules for Real Property Tax Administration](#). Additionally, an assessing unit must have a [sales verification process](#) in place to ascertain the validity of all sales and the condition of all inventory of the property conveyed in each sale. Since this information is the basis for all subsequent analysis, it must be accurate, current and reflect local market influences. Please see the Guidelines for Cyclical Reassessment for additional information on the data collection process. The IAAO’s [Standard on Verification and Adjustment of Sales](#) may also provide guidance on the sales verification process.

Once the inventory and valuation data is collected, properties are grouped together to reflect similar effects of supply and demand as observed in various real estate sub-markets. Factors used to group properties will likely vary among assessing units. Groups can be as basic as major property types (residential, commercial, vacant, etc.). Where possible, they should be further refined within each property type by such factors as geographic location / neighborhood, size (relative square footage), number of bedrooms, year built, residential building style, construction quality, commercial use, number of units by commercial use, lot size, and / or zoning. These are offered as examples and are not meant as an all inclusive list. The degree to which groups can be refined will be strongly influenced by the amount of market data available for analysis. Statistical analysis is then used to ultimately draw conclusions about the level and uniformity of the assessments from the previous year’s assessment roll as compared to current market conditions.

The initial diagnostic step of statistical analysis requires time trend analysis to develop an observed rate of change specific to each group of property identified for analysis. Time trend analysis can include analysis of paired sales (properties that have resold), an analysis of value per unit (e.g., dollars per acre or dollars per square foot of living area), sales ratio trend analysis and / or multiple regression analysis (CAMA modeling) that include variables for time. The time trend must be specific to the valuation date of the applicable reassessment roll.

The second diagnostic step is ratio analysis for the purpose of developing measures of the level and uniformity of each group. While this step typically involves sales ratio studies, other techniques such as multiple regression analysis (CAMA modeling), rolling median sale price ratio analysis, rolling median sale price analysis, rolling median dollar per unit analysis (e.g. price/square foot living area), adaptive estimative procedures (AEP), cost indices (e.g., for utility property), stumpage analysis for forest property, and / or rent analysis may also be used. These are offered as examples and are not meant as an all inclusive list.

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Municipalities that do not have sufficient data to draw conclusions about level and uniformity will need to consider market data from comparable municipalities. Per unit market values from comparable municipalities can be compared to help determine level while per unit assessed values for like parcels can be compared to help gauge uniformity.

Based on the indicators of level and uniformity produced by this ratio analysis by group, the assessor determines which assessments on the upcoming roll will be changed and how:

- If the analysis indicates that uniformity in a group is acceptable to good and that assessments are already at the desired level, no change may be necessary (individual parcels within such a group may still require assessment changes, at a minimum, for new construction or demolition)
- If the analysis indicates that there is acceptable to good uniformity in a group, but the assessments are not at the desired level, assessments can be trended to achieve the desired LOA
  - **Trending** refers to the application of an arithmetic factor to the assessments of a group of properties to reflect increasing or decreasing property values over a period of time. A 5% trend would indicate that property values have increased 5%
- **If the analysis indicates that there is a lack of uniformity in a group – or there is not enough data to draw that conclusion – a reappraisal must be conducted regardless of whether assessments are at the desired level**
  - **Reappraisal** means developing and reviewing a new determination of market value for each parcel, based upon current data, by the appropriate use of one or more of the three accepted approaches to value (cost, market, or income)

Decisions made at this point in the reassessment are crucial to its successful implementation. ORPTS strongly encourages the assessor to share the results of the diagnostic analyses and the conclusions drawn from those analyses with the CRM before proceeding further.

Once valuation has been run, ideally, preliminary values for all properties would be reviewed. Often, however, there is not enough time to perform a traditional parcel specific field review for all properties as part of a non-reappraisal reassessment. Procedures should be established to identify properties for which field review is essential. Exception properties and geographic areas or other property groups with a high variance in sales ratios should receive the highest priority. At a minimum, those properties that are individually reappraised should receive a parcel specific review. An office review, without a field review, may be sufficient for groupings in which the property characteristics data are accurate and consistent and the valuation models are good. This option is most feasible in homogenous areas. Assessing units with recent pictures of properties may be able to conduct a particularly effective office review. Please see the Guidelines for Cyclical Reassessment for additional information on the field review process.

Finally, predicted value estimates are validated for use as assessments through a review for accuracy, consistency and logic. In order to confirm that these estimates match the actual values in the community, an assessor might compare value estimates for properties within the same group, consult with real estate appraisers/brokers, review published trends and / or examine sales occurring around the valuation date.

# Guidelines for Non-reappraisal Reassessments

## ORPTS' Role

The primary roles for staff in connection with reassessment projects include:

- ❖ Consulting Services
  - Advise/assist in project planning/preparation of a Plan for Cyclical Reappraisals
  - Advise/assist with preparation of a [Request for Proposal](#) (RFP)
  - Advise/assist in a public information program
  - Attend project status meetings/prepare periodic status reports
  - Advise/assist in Town Board/City Council presentations
  - Provide Real Property System (RPS) software and support
- ❖ Provide advisory appraisals
  - Complex utility property
  - Other complex properties (resources permitting)
  - State-owned forest land
- ❖ Monitor and verify the reassessment results
  - Level of assessment (for Full Value Measurement and State Aid)
  - Assessment uniformity (for State Aid)

### Advisory Appraisals

Complex utility, industrial and commercial advisory appraisals may be provided upon request by a city, town or a county conducting a reassessment. Note: ORPTS does not provide advisory appraisals for wholly exempt properties. Per Title 9 New York Codes, [Rules and Regulations](#) Part 195-2.1, **a request for a State advisory appraisal must be received at least 12 months in advance of the taxable status date before its use to facilitate scheduling of possible fieldwork and collection of valuation inputs.** ORPTS will make its best effort to supply appraisals for late requests. The [advisory request forms](#) can be found on DTF's website.

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

### Industrial and Complex Commercial Property

The Regional Services Bureau may provide advisory appraisals for industrial or complex commercial properties if resources are available.

### Utility Property

The Valuation Services Bureau will provide updated values on structural and mass properties, inclusive of inventory and market changes. **Non-complex utility structures and land appraisal are the responsibility of the assessor.** Appraisals will be in the style of computer assisted mass appraisals, not detailed narrative appraisals.

Advisory appraisals will include:

- Values to match Roll Section 6 (Section, Block, Lot) if locality has standardized (UCARS)

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- All mass property (poles, cables, wire, transmission and distribution property)
- Complex utility structures, such as; Municipal water properties
- Generating plants
- Compressor stations
- Electric substations
- Water treatment plants

Advisory appraisals will NOT include:

- Cell towers
- CATV Head End structures
- Utility owned office buildings
- Telephone central office buildings
- Utility service, maintenance and conference centers
- Utility warehouses and garages

**A municipality that has received utility advisory appraisals for a preceding year's reassessment will not have to file a new utility advisory appraisal request in the next year. In the event the assessor becomes aware of any changes (new construction or demolition, movement of a parcel between roll sections, etc.), the CRM or the Valuation Services Bureau should be alerted as soon as possible. A new request will have to be filed no later than 180 days prior to the applicable tentative roll (typically by November 1), when there has been no reassessment in the preceding year.**

Participation in the Utility Company Assessment Roll Standardization (UCARS) Program facilitates identifying and relating the values of the properties to the assessment roll. Municipalities interested in this program should contact their CRM or the Valuation Services Bureau (VSB) in Albany.

### Private Forest Property

A municipality that achieves or maintains equity 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. If resources are available, an ORPTS' forestry specialist can assist the municipality's efforts by supplying assessors with the following data:

- ❖ Summary Value Report, which includes a breakdown of bare land, timber, and lakeshore contributory values for each TSOL parcel
- ❖ A list of vacant land sales by market area used to develop forest bare land schedule
- ❖ Private Forest Stumpage Summary Report, derived from private forest selections in the region valued with the most current stumpage schedule
- ❖ Property Inventory and Valuation Report, a listing of the most current TSOL forest stand inventories available
- ❖ Lake Front Property Report of TSOL, which identifies all frontage by lakeshore category
- ❖ The following information is available on the ORPTS website:
  - Bare land schedule by town
  - Stumpage price schedule by forest region
  - Lakeshore schedule by lake

See <http://www.tax.ny.gov/research/property/assess/forestmap.htm>

# Guidelines for Non-reappraisal Reassessments

## Reassessment Verification Documentation

Regardless of whether an assessing unit that reassesses intends to apply for State aid, the assessing unit must retain a set of supporting valuation documents and files to demonstrate the systematic analysis performed and to support the values developed for its reassessment roll. As previously stated, please be aware that ORPTS' staff may request any or all such documentation, as actually produced, in conjunction with the verification of the reassessment roll. Please note that the provision of ORPTS' PDC documents as the sole evidence that a local systematic analysis has been performed will NOT qualify the assessing unit as having completed a reassessment. **In the event that requested documentation for one or more major types is not provided (typically by tentative roll date), ORPTS will proceed on the basis that a reassessment has not been implemented.** This means that the assessing unit's full value measurement for that year will be developed using the most recent final roll with trends and/or ratios applied as appropriate instead of the current tentative roll. **This may affect ORPTS' ability to confirm the locally stated LOA as the equalization rate and / or residential assessment ratio (RAR) for that year.**

Verification efforts will be summarized in a **Local Reassessment Project Review and Analysis** (LRPRA) document. As stated in 9 NYCRR 201-3.5(b), *"The determination made pursuant to the procedures for the applicable Full Value Measurement as provided in 9 NYCRR 186-2.15 shall be conclusive as to whether a reassessment occurred and a uniform percentage of value was attained."* ORPTS' staff records data in the document that attests to the municipality's compliance with the reassessment standards.

Local documentation for a reassessment includes the following:

- Access to parcel inventories that comply with the Rules.
- Copy of Request for Proposal (RFP), proposal, contract, or work plan (if project was not contractor assisted), which should include the following:
  - Time line (schedule of events)
  - Assignment of resources (staffing for each activity)
  - Software to be used for inventory maintenance (if applicable)
  - Software to be used for valuation (if applicable)
- Sales listings used in valuation analysis (minimum of valid sales occurring one year prior to valuation date) and sales periods used:
  - Residential
  - Commercial/Industrial
  - Vacant/Farm
- Documentation (reports and/or description) of analysis for evaluating the uniformity and level of the assessments; examples include:
  - Sales ratio analysis
  - Mass appraisal (sale substitution)
  - Unit comparison (value-to-inventory)
  - Tracking of value trends (cost, income, market)
- Description of all valuation methodologies used and accompanying documentation
  - Description of land valuation procedure, if applicable

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- Cost documentation
  - Base Cost Table (include identification of source)
  - Depreciation Schedule
- Market documentation
  - Valuation Model (supply all of the following which are applicable):
    - ◆ Sales adjustments (time, physical characteristics)
    - ◆ Regression coefficients
    - ◆ Feedback coefficients
    - ◆ Component unit values
    - ◆ Commercial/Industrial market unit factors
- Income documentation
  - Commercial/Industrial Income Factors including:
    - ◆ Gross Income per Unit
    - ◆ Vacancy Rates
    - ◆ Expense Ratios
    - ◆ Capitalization Rates
  - Income and Expense Source Data (if available)
- Trending (if values were updated by applying factors, percentages or indices in a non-reappraisal year to maintain the LOA)
  - Description of market areas (neighborhoods) and supporting documentation for the development of factors, percentages or indices, in each market area
- Any other appropriate valuation documentation that supports your determination of market value
- Valuation Neighborhood Maps (if applicable)
- Advisory Appraisals:
  - Statement as to whether utility advisory appraisals were used in part or in their entirety
  - Statement as to whether commercial/industrial advisory appraisals were used in part or in their entirety
- Review:
  - List or file of predicted values (if available)
  - Access to review documents (review documents must be saved)
  - Access to a list of parcels that were re-inspected and/or reappraised this year
  - List of (or file containing) informal review changes (if applicable)
- Tentative Roll:
  - Copy of tentative roll or file containing tentative assessments
  - New statement of uniform percent, if different from original agreement
  - List of parcels with court ordered assessments (if any)
- Final Roll:
  - Copy of final roll or file containing final assessments
  - List of BAR changes