

VT Form RA-308 Property Valuation and Review (PVR)
DETAILED REAPPRAISAL COMPLIANCE PLAN

The Town/City of _____ hereby notifies the Director of Property Valuation and Review that a reappraisal is underway. It will be completed for tax year _____.

General Information

A. Number of Taxable Parcels of Real Property in Town/City

B. Year of Last Complete Reappraisal

C. Last Reappraisal Done by:

- In-House (listers or assessor)
- Contractor Name _____
- Other (explain) _____

Please indicate what CAMA system was utilized in the last complete reappraisal.

- State's CAMA 2000
- Other (specify) _____
- None (no CAMA)

D. Does your town have property maps (tax maps)? Yes No
If yes, are they updated annually? Yes No
Who maintains the maps? _____

E. CLA from equalization study certified January 1, current year was _____%

F. COD from equalization study certified January 1, current year was _____%

G. Does your town send sales verification forms to:

- Sellers? Yes No
- Buyers? Yes No

H. Are building permits required in your town? Yes No

I. Since your last complete reappraisal has your town had in place a method of systematic re-inspection of all properties? Yes No

If yes, please briefly explain how it works. That is, how do you decide what properties are inspected each year? Is a certain percentage of the town re-inspected yearly or are certain classes or neighborhoods chosen? Is it those properties subject to building permits? Use attachment if necessary.

J. Which of the following describes the type of reappraisal activity proposed? Check one.

- Complete Reappraisal (please complete K below)
- Rolling Reappraisal (Cyclical Reappraisal) (please complete K and L)
- Statistical Update (please complete K and M)
- Partial Reappraisal (please complete K and N)

K. Who will be conducting the reappraisal? Listers/Assessor Contractor

Please provide the following information on the board of listers:

Name: _____ Certification: VPA I VPA II VPA III VMPPA

If no certification, please provide the following information:

Years in office _____

Training Completed, e.g. *IAAO Course 101-Fundamentals of Real Property Appraisal*

Course Name: _____

Course Name: _____

Course Name: _____

Name: _____ Certification: VPA I VPA II VPA III VMPPA

If no certification, please provide the following information:

Years in office _____

Training Completed, e.g. *IAAO Course 101-Fundamentals of Real Property Appraisal*

Course Name: _____

Course Name: _____

Course Name: _____

Name: _____ Certification: VPA I VPA II VPA III VMPPA

If no certification, please provide the following information:

Years in office _____

Training Completed, e.g. *IAAO Course 101-Fundamentals of Real Property Appraisal*

Course Name: _____

Course Name: _____

Course Name: _____

If contractor has been or will be retained, please complete the following:

Firm Name: _____

Project Supervisor assigned by firm: _____

Please **provide a copy** of the reappraisal contract.

Contract enclosed

Contract sent previously

L. If you checked "Rolling Reappraisal" please complete the following. Note that to be considered for updated CLA, such reappraisal must be completed within 3 years.

Indicate the reappraisal activity to be completed in each year. Specify which properties are affected. This must be by property type or geographic area or other distinct population of parcels.

Year _____

Year _____

Year _____

Please check the one that best describes your method.

- Correcting most inequitable first
- Split up geographically
- Split up by category
- Reappraise sale properties each year
- Other (explain below) _____

How will you determine which properties are to be reappraised in each year? Use attachment if necessary. What we are looking for is your reasoning for choosing the classes or neighborhoods chosen. We are trying to answer such questions as: "Did you have evidence of a specific disparity that the reassessment is aimed at correcting?" "Was a particular neighborhood chosen in year one because you had evidence that its level of assessment was considerably less than the balance of the town?" "Did you split the town up geographically or by category and plan to reappraise one third each year?"

The goal in each year must be to bring the value of changed properties into line with those of properties whose assessments go unchanged.

M. If you checked "Statistical Update" please complete the following.

Briefly explain the method of systematic re-inspection put in place following your last complete reappraisal. We are trying to ascertain how you decided what properties were inspected each year. Was a certain percentage of the town re-inspected yearly or were certain classes or neighborhoods chosen? Was it only those properties subject to building permits? Use attachment if necessary. If you have completed a data quality study, please attach a copy.

N. If you checked "Partial Reappraisal" please complete the following. A total change of less than 20% over the prior year must be accompanied by detailed reasons for the necessity of the changes being made.

Has a data quality study been conducted to establish that your existing property description data is complete and accurate?..... Yes No

If no, it is unlikely a partial reappraisal is acceptable. Without assurance of data quality, there is no evidence that a partial reappraisal will not result in increasing inequities.

If yes, attach a listing of the properties upon which this study was completed and a report of actions taken as a result of that study.

Indicate what tables, factors and schedules will be updated.

- Cost tables
- Land Schedule(s)
- Adjustments Table
- Depreciation Schedule
- Other (explain) _____

The goal must be to adjust the tables and schedules so the updated grand list has all properties appraised at the same level of assessment (LOA).

Indicate the class or classes of property and/or neighborhood(s) that are subject to the reassessment and the level of assessment (LOA) that is being sought. For instance, you may be reappraising lakeshore property because you have evidence that the LOA on lakeshore property is 60% and all other properties in town have an LOA of 95%. In that example you would indicate:

<u>Class/Neighborhood</u>	<u>Present LOA</u>	<u>Target LOA</u>
<i>Example: Lakeshore</i>	<i>60%</i>	<i>95%</i>
<u>Class/Neighborhood</u>	<u>Present LOA</u>	<u>Target LOA</u>
1. _____	_____	_____
2. _____	_____	_____
3. _____	_____	_____
4. _____	_____	_____

The goal of a partial reappraisal is to bring the values of changed properties into line with the properties that go unchanged. The resulting levels of assessment should be very similar regardless of property class or location.

O. Provide any other information you feel would be helpful in explaining your reappraisal activity.

We have completed the foregoing and will provide further documentation upon request.

Board of Listers: _____

Date: _____

Mail to:

Property Valuation and Review Division
Vermont Department of Taxes
133 State Street
Montpelier VT 05633-1401

Fax: (802) 828-2239

If you have any questions, please contact your District Advisor or call (802) 828-5860.

Town of _____

REAPPRAISALS

Division of Property Valuation and Review

Towns that are planning a reappraisal must report that activity to the Division of Property Valuation and Review (PVR). PVR will evaluate the planned activity to determine:

- Whether the town's plan will meet the goal of coming into compliance of the common level of appraisal (CLA) and the coefficient of dispersion (COD) which is used in setting the education tax rates.¹

The necessary reporting forms and an explanation of the process are provided herein.

STEPS TO TAKE FOR REAPPRAISALS

1. The listers will complete and return the ***“Detailed Reappraisal Compliance Plan (Form RA-308).”*** The reappraisal should substantially conform to one of the definitions of reappraisal in the “Definitions of Reappraisal Types” appended to this document. The Report should be filed with PVR as soon as practicable, but **no later than May 1st**.
2. PVR will acknowledge receipt of the plan by notifying the listers. If further information is needed, PVR will request it at that time.
3. In the year declared for the completion of the reappraisal a **confirmation letter** will be sent to the **listers to complete and return to PVR by March 1st**. This mailing will include a copy of the *“Detailed Reappraisal Compliance Report form (RA-309)”* and the *“Report of Reappraised Grand List form (RA-310).”*
4. At the time of the lodging of the grand list book with the town clerk (after the close of grievances), the listers will return the ***“Detailed Reappraisal Compliance Report form (RA-309).”***
5. The town clerk will file the **reappraised grand list and form 411** electronically and mail the ***“Report of Reappraised Grand List form (RA-310)”*** to PVR.
6. PVR will determine a new CLA for tax rate setting purposes and set the fiscal year's education tax rates using that new CLA. The education tax rates will be set as soon as practicable after receipt of the current reappraised grand list information submitted.

Given municipalities' understandable desire to proceed with tax billing and collection, a comprehensive evaluation of the reappraised grand list is not possible as part of the Director's certification of reappraisal for a tax rate setting purposes. Certification of a reappraisal for tax setting purposes under 32 V.S.A. § 5406(c) shall not be construed as acceptance of reappraisal activity for PVR's equalization study.

If further evaluation of a grand list as part of the equalization process suggests that unacceptable assessment practices such as selective reappraisal were undertaken, PVR will adjust its equalization procedures to derive the best possible estimate of fair market value and coefficient of dispersion.

¹ If the director of property valuation and review certifies that a municipality has completed a townwide reappraisal, the common level of appraisal for that municipality shall be equal to its new grand list value divided by its most recent equalized grand list value, for the purposes of determining education property tax rates, education property tax liabilities, and income sensitivity claims relating to the fiscal year designated by the director. 32 V.S.A. § 5406.

WHAT IS A REAPPRAISAL?

There are four generally accepted reappraisal activities.

1. Complete reappraisal
2. Rolling reappraisal as defined below, **provided that the rolling reappraisal is completed within a 3-year timeframe.**
3. Statistical update
4. Partial reappraisal as defined below that results in changes in grand list value to a substantial portion of the parcels in the municipality, and results in a significant change in total grand list value over the prior year's total.

DEFINITIONS OF REAPPRAISAL TYPES

Complete reappraisal – re-assessment of all town properties including interior property inspections, development of new land and building pricing schedules, adjustments and factors. Goal must be to implement new values for all properties that reflect 100% of fair market value.

- 1) Tax maps are desirable to assure a complete parcel inventory with detailed land area information for each parcel.
- 2) To the greatest degree feasible, all parcels and buildings (95% is desirable) should be fully inspected and measured with documentation on property record cards. The documentation should show date of inspection, person performing the inspection, and all factors and criteria employed to generate the new listed value.
- 3) A sales analysis should be performed to establish land and building mass appraisal factors for property attributes (e.g., land schedule(s), building and land grading factors, depreciation schedule(s), building value base rates, outbuilding values, utility contributory values, etc.). The systematic estimation of value for every property should be performed based upon its attributes relative to these factors. Only through the uniform application of a systematic estimation process is it possible to properly calibrate a mass appraisal valuation model and then derive uniform and defensible grand list values. The non-systematic manipulation of the valuation model to reach the sales price of a recently sold property is a form of sales chasing and is not an acceptable appraisal practice within this definition. The use of the arbitrary adjustment of depreciation and/or quality grades to reach a value that conforms to a sale price is an example of such manipulation.
- 4) There should be sufficient sales to support reliable estimation parameters for land schedules, depreciation etc. If sufficient sales are not available within the municipality, sales from other municipalities with comparable real estate markets, appraisals or an expanded time period should be used to supplement the database. Documentation to support each of these actions should be maintained and be available for review.

Statistical update - a revaluation of all town properties but unlike a complete reappraisal does not require onsite property inspections except to confirm validity of data for a sample of properties. Goal must be to implement new values for all properties to reflect **100%** of fair market value. If building permits are not required in your municipality and there is no program of systematic re-inspection of all property, this **is likely not an acceptable method** of establishing equitable values as any inequities that currently exist within the grand list may be magnified using a statistical update. If a statistical update is being done, a copy of the data quality study conducted prior to the update must be included with the notice to PVR.

- 1) Tax maps are desirable as with complete reappraisals.
- 2) Completion and documentation of an initial data quality study is done to establish that the quality of the existing physical data currently on file is acceptable.
 - a) Select a random, representative sample of 2 to 5% of all properties. The size of the sample is dependent on: size of the community, location mix (i.e., number of neighborhoods) in the community, age and style of the properties, number of years since the last date when all properties within the municipality were inspected and the nature of data maintenance programs used. The sampling process should be sufficient to ensure that existing property data is accurate concerning each significant type of property and neighborhood within the municipality. In other words, in cases where there has not been a systematic inspection of all properties for several years, where you have a heterogeneous mix of properties or a large number of defined neighborhoods, you need to review a greater number of properties in order to determine the degree of accuracy of your existing data.
 - b) For each sample parcel subject to review and after it has been inspected (including an interior inspection), you should correct any errors in the data and rerun the value for that property using your unmodified mass appraisal model from the last reappraisal. The original value is compared with the value that would have been in effect had more accurate data been available. You should then look at the level of discrepancy in values (old versus new). If the average level of discrepancy for any significant property type is large (say, in excess of 10%), then you need to evaluate whether there is sufficient integrity in the existing data to support a reappraisal based on a statistical update. In other words, if after correcting for data errors, the new values are on average significantly different from existing grand list values, then it is time to consider doing a complete reappraisal including inspections of all properties.
- 3) Sales analysis and mass appraisal guidelines are the same as for a complete reappraisal (see #3 and #4 above under Complete Reappraisal).
- 4) Under most circumstances, a statistical update should only be done once. This is due to the likelihood of significant property changes that are inevitable over time. An exception to this would be if your municipality has an ongoing system of periodic re-inspections covering all properties.

Partial reappraisals -a reappraisal activity that by design is targeted to either less than all properties in a town or adjustments to a limited number of factors that will result in a change of value but will generally not result in bringing the entire municipality to 100% market value. The goal of a partial reappraisal is to improve the appraisal equity among specific categories, types and/or neighborhoods of properties within a town by bringing them to approximately the same level of appraisal as the rest of the properties in that town.

- 1) Common types of partial reappraisals include land revaluation (which generally should only be done within five years of the last complete reappraisal); time and location adjustments to improvements or selective revaluation of identified categories of properties based on types and/or geographic areas (i.e., neighborhoods).
- 2) The extent of the revaluation activity is a characteristic that differentiates a partial reappraisal from routine grand list maintenance. Generally, to be considered a partial reappraisal, the revaluation activity should impact on a significant percentage of grand list properties (say, 20 percent or more), or all parcels in a property category (i.e., R1, MHU, Other, etc.), geographic area, or property type.
- 3) The following guidelines should be considered when doing a partial reappraisal.
 - a) The grand list should undergo a sales analysis. The analysis should show that the level of appraisal of a portion of the grand list varies from other properties in the municipality in such a manner that adjustment is necessary to ensure that all properties are appraised at approximately the same level of appraisal. In making a determination that there is sufficient disparity in appraisal level to warrant reappraising a segment of the grand list, there should be sufficient sales to reliably identify the extent of disparity in level of appraisal. In the absence of statistical measurement, evidence from large samples – say 20 or more sales – may be adequate to justify a partial reappraisal. The actual number

of sales necessary is relative to the number of properties being evaluated and the variability in listed value to sale price ratios for the identified property type. For example, if you have 20 unlanded mobile home properties, a small number of sales may be sufficient assuming the sales analysis demonstrates a reasonably consistent level of appraisal.

- b) Guidelines for a complete reappraisal relating to inspection and measurement, sales analysis and parameter estimation also apply to the property subset being adjusted through a partial reappraisal. At a minimum, all sale properties to be used in the sales analysis are inspected and measured.
- c) Properties in the subset should be valued at fair market value, **and then adjusted to the level of appraisal of the portion of the jurisdiction that has not been reappraised.** The level of appraisal for the non-reappraised portion of the grand list should be independently determined from a sufficiently large sales sample. Generally, the use of the townwide CLA from PVR's equalization study is incorrect, as it would include older sales, and it would reflect all sales including those in the subset of property subject to reappraisal.
- d) The practice of annually adjusting some or all listed values of sale properties and only sale properties to a value at or nearer the sale prices is known as **"sales chasing"** and does not constitute a partial reappraisal. Furthermore, it is not an acceptable appraisal practice.

"Rolling" Reappraisal (Cyclical Reappraisal) – a type of complete reappraisal. What differentiates a rolling reappraisal from a complete reappraisal is that it is conducted and implemented over more than one year.

1. All of the elements of a complete reappraisal should be adhered to in conducting a rolling reappraisal including sales analysis and mass appraisal guidelines (see #3 and #4 above under Complete Reappraisal). The mass appraisal factors established for the first year of the reappraisal should be used consistently for each intermediate year of the reappraisal. As part of the preparation for conducting a rolling reappraisal, there should be a **pre-established** plan laying out the time period of the overall reappraisal and the properties subject to revaluation in each of the years.
2. Generally the time period for conducting a rolling reappraisal should not exceed 3 years (plans for a rolling reappraisal over more than a three-year period are not accepted for updated CLA's for tax rate setting purposes). Depending on market conditions, a rolling reappraisal can be conducted over a longer timeframe but it is preferable to complete the cycle in as few years as possible as it becomes more difficult to maintain equity across appraisal values as the number of years in the cycle increases. This is particularly the case if market conditions at the time of the rolling reappraisal display significant appreciation or depreciation in values. This is due to the staggered schedule for inspections and a changing townwide level of assessment over the period of reappraisal.
3. In any year of the reappraisal, the revalued properties should be valued at fair market value, **and then adjusted to the level of appraisal of the portion of the jurisdiction that was not subject to the revaluation (see also under Partial Reappraisal #3 (c)).**
4. Under most circumstances, it is likely that a new sales analysis will be necessary in the last year of the rolling reappraisal. The analysis will indicate the need for adjustments to the mass appraisal factors used throughout the reappraisal in order to achieve a 100 percent fair market value standard. In the last year of the cycle and after the necessary adjustments to mass appraisal factors, all properties are then brought to full market value.

Grand list general maintenance – limited revaluation activity on individual parcels intended to reflect changes not covered by the above definitions. This generally involves a relatively small number of value changes limited to properties with physical changes, revaluation of sub-division (and combination) of land and name and address changes due to transfers. Grand list maintenance does not constitute a revaluation activity subject to 32 V.S.A. § 5406(c) certification.