



Tompkins County
Assessment Department
fairness & equity

DIRECTOR OF ASSESSMENT

Jay Franklin

ASSISTANT DIRECTOR

Irene Kehoe

128 E. Buffalo St, Ithaca, N.Y. 14850 | Phone: (607) 274-5517 | Fax: (607) 274-5507 | tompskinscountyny.gov/assessment

To: Tompkins County Legislature
From: Jay Franklin
Date: February 14, 2024
Re: 2024 Annual Equity Maintenance (AEM) Program - Revised

As we file the 2024 Assessment Roll, this will be our 55th consolidated Assessment Roll. We were founded because of the 1968 County Charter vote with our office officially forming on January 1, 1970. Every year I recognize Thomas Payne for having the foresight to create this office and that is no different this year. Quite simply, Mr. Payne was a visionary for his 'shared services' concept of consolidating the assessment function at the county level. This wasn't done to save money – this consolidation was done to increase the service to the property owners in Tompkins County. It is an honor to carry on the tradition of doing what it takes to be a true public servant.

The work of the assessor is not always glamorous, but the work of the assessor is one of the most essential functions in government.

"Tax assessment is - - - very nearly - - - the single most responsible function within the administrative scope of municipal government...you are your community's own best – and very likely, only – expert on the subject. If you default your unique position, if you refuse or reject your responsibility for leadership, then your city and its people for generations to come may suffer."

Texas Municipal League Executive Director

Steve Matthews 1962

The job of the Assessor is much like any service industry job – there is always something to do, even if it is to clean our records. But the most important part of our job is serving the public. While the public may not always realize that everything we do is for their benefit, we do appreciate the thanks and kudos that we get from our residents. For those that might not like what we do, I'm hopeful that they appreciate how we do it and the service that we do provide to them.

I feel like I'm repetitive in my annual reports but we have had our most difficult year in the Annual Equity Maintenance Program. Despite feeling the effects of being understaffed, we were still able to field review nearly all the residential properties in the county and try to reflect the fair market value of that property. I say "try" to as this task has become much more difficult than in past years as there has been a lot more variation in the real estate market. With less houses for sale due to rising interest rates, we have seen a larger variation in what we would have thought a property would sell for.

Introduction

Since 1999, the Tompkins County Department of Assessment has maintained a uniform percentage of value on the assessment roll by thoroughly analyzing the roll and adjusting the assessment roll as



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needed to keep uniformity. Since our failed attempt at a triennial assessment cycle, we have and will continue to maintain a 100% level of assessment. No other assessing unit in NYS has been as diligent as Tompkins County in maintaining a fair and equitable assessment roll. Tompkins County is the only assessing unit that has been awarded the Excellence in Equity Award from NYS every year it has been awarded (including being the only assessing unit that has received this award when at a fractional level of assessment).

To provide the public with more information regarding the decision-making aspect of the assessment function, the Department of Assessment started issuing an annual report in 2010.

The main goal of this report is to disseminate accurate information regarding the current state of the assessed values in relation to the current sale prices of real property within Tompkins County. As one does not look to Miami for what weather will occur in Tompkins County, we do not look **nationally** when analyzing the current real estate market in Tompkins County. The Department of Assessment is monitoring the national trends in the real estate market and is ready to respond if/when these trends may in fact affect Tompkins County in the future. We look at what is occurring at both the state and federal level in terms of regulation and policy changes to monitor what effect any changes might have on our local real estate market.

Tompkins County has ~35,791 parcels of real property with a total market value of about \$17.8 Billion+. The Tompkins County Department of Assessment is the only true countywide assessing unit in New York State with all aspects of the assessment function occurring in this office. By consolidating the assessment function at the county level, approximately \$619,000 per year is saved as compared to the cost of Town/City assessing units that provide the same level of service to their constituents that this office does for ours. And as towns are having a difficult time finding new assessors to hire, by the sheer size of this office, we can hire quality individuals who might have zero experience in the appraisal field, and we are able to train them accordingly.

The real property tax is an ad valorem tax (Latin for *according to value*). One important benefit of the real property tax is that the amount collected always equals the amount levied, unlike the sales and income taxes whose collection rates can vary greatly from large windfalls to large shortcomings. An assessment is not a tax but rather a way to apportion the amount of money that the taxing jurisdictions wish to generate. Each assessed value represents the proportionate share of the pie that each property owner will be responsible for. The individual taxing jurisdictions determine the overall size of the pie while the proportionate assessed value cuts the pie into individual pieces.

It is the duty of the Department of Assessment (and all assessing units in NYS) to estimate the market value of all real property each and every year. There are no down years in the Assessment field – we can't simply take a break or else inequity will slam into our roll. Each year assessors must adjust values so that everyone is assessed at the same uniform percentage. Unfortunately, there is no mechanism or enforcement agency that can force assessors to comply with the law to maintain equitable assessments. So that task falls upon the assessor to find a way to do the right thing.



The real estate market within Tompkins County has probably been the strongest that it ever has been. Years of neglecting for-sale housing growth in favor of building apartments have left the county with very little supply of housing which according to the basic economic law of supply and demand will simply drive-up prices.

For residential properties, the job of appraising these properties has become even more complex. Buyers are placing more weight on houses that are “emotionally appealing”. This magnification of this subjective variable into the appraisal question just shows how much of an art and not a science property appraisal is. While data and measurements about a house obviously will get you in the ballpark of that house’s value, it is the appraisers experience with the marketplace that allows them to accurately value a piece of property when the numbers will only get you so far. However, there is no way to categorize or record the ‘emotional appeal-ness’ of a property so one really does need to rely on experience and the knowledge of the current real estate market to be able to appraise properties in this market.

Additionally, we have seen the increase in priority given to those external/environmental factors – water features on the property (including wetlands), adjacency to parks/protected land, deck/pool/patio/fire pit/outside kitchen/etc. While size used to matter more in minds of house buyers, all of these ‘extras’ are playing a bigger part than in the past.

2024 Annual Equity Maintenance Program

Since New York State adopted the Cyclical Re-Assessment Program (CRAP) to try to get municipalities that have not performed a revaluation in many years, some since the Civil War, to update their assessment rolls, Tompkins County lost approximately \$150,000/year in state aid by maintaining an up-to-date assessment roll, *the equivalent of 2 full time appraisers*. While this new program might push some municipalities to update their rolls occasionally, it adversely affected those municipalities that have maintained an accurate and equitable assessment roll on a yearly basis which is still the most equitable way to assess properties according to the International Association of Assessing Officers (IAAO).

The CRAP has also increased the amount of work that is required of the NYS Office of Real Property Tax Services. By not having cyclical reassessments occurring on a regular basis by the local towns, NYSORPTS is forced to perform full value measurements which require office staff to perform appraisals of property in the various towns that have not kept their values up-to-date. This has required the training and hiring of new personnel who must spend time traveling across the state to perform site visits and valuation estimates to confirm the local assessment roll. More and more towns have dropped out of maintaining up-to-date assessments as they are forced to play the ‘equalization rate game’ much to the detriment of their property owners.

While the amount of state aid available is “*up-to-\$5/parcel*”, the actual amount received will vary greatly depending on the number of parcels in this program each year. For instance, for the 2012 Assessment Roll the state aid was only approximately \$2.25/parcel as New York City received the maintenance aid. This uncertainty of aid can amount to upwards of \$100,000 in loss of anticipated aid, all depending on



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circumstances beyond our control. There is simply no way to budget for anywhere between \$50,000 and \$150,000 that will come in year 3 but the work must be accomplished in year 1 (the revenue will come after the assessment roll is verified and long after the work is done).

Instead of joining the CRAP, the Tompkins County has decided to maintain the work processes that made the Annual Equity Maintenance Program (AEM) in Tompkins County so successful. The CRAP was determined to be costlier to administer with no increase in accuracy or equity. The largest expense in participating in CRAP would be to re-measure at least 2 sides of every structure in the county once every 4 years or to perform updated oblique aerial imagery flights. At least in Tompkins County, we have found that buildings do not grow absent a significant construction project, which would require a building permit.

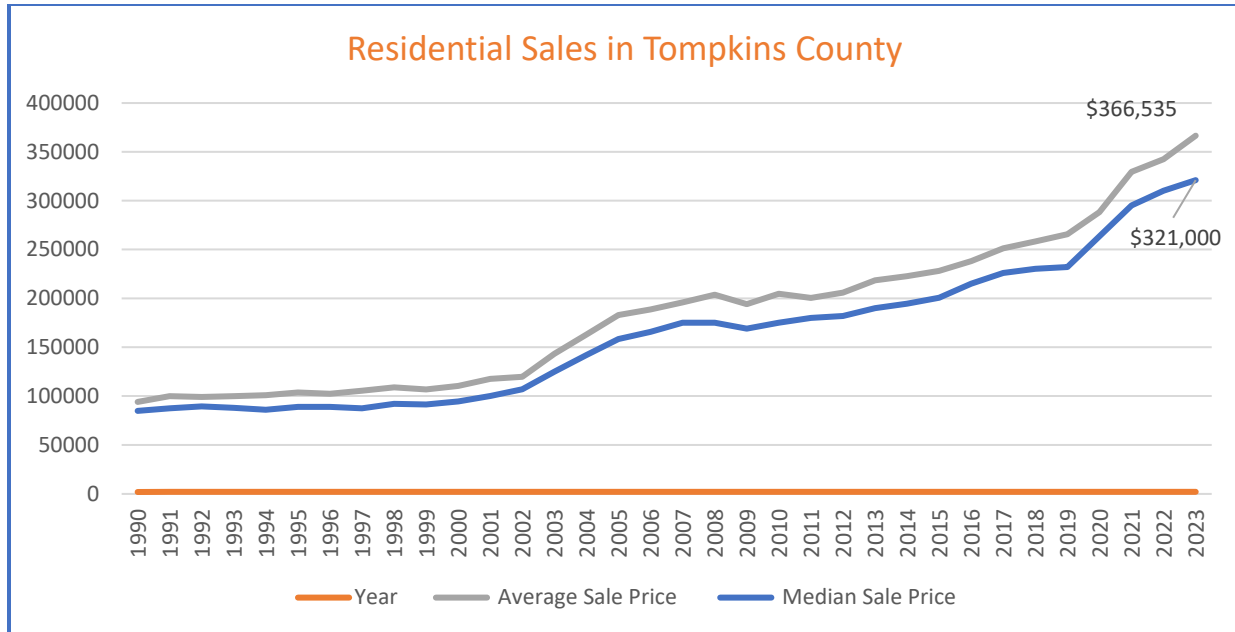
The 2024 Assessment Roll is based upon the economic value as of July 1, 2023 and the physical conditions of the property that are present on March 1, 2024. On July 1, 2023, we were still experiencing a hot real estate market and subsequently while there are articles describing a downturn in other areas and a pending downturn all over our country, we have not yet seen that downturn yet, but we are starting to see a slowing of the appreciation.

But what happens next? Is this a bubble that will burst? These are good questions that this office does not know the answer. We have many forces influencing our local real estate market that are causing values to increase such as affluent buyers – both local and newly incoming residents, low supply of for-sale housing, minimal municipal emphasis on developing new for-sale housing, and buyers who are willing to look at the ‘long-term gain for the short-term pain.’ But there are also factors that are driving prices downward such as higher mortgage interest rates, lingering COVID-19 cases throughout Tompkins County, high property taxes, etc.

If property values were to fall in the future due to a bubble burst, we would continue to analyze the market and lower assessed values accordingly to reflect the market value of the property. This plan of action is reflective of our response in the 1990s to the bubble burst in 1989. During that market decline, the City of Ithaca saw a tax base that shrunk every year except for one, from 1990 to 1997. Ultimately, our duty is to reflect the market value of the property and we will do so in an appreciating, depreciating, or level market.

Sales vs Assessment Analysis

As a trend, both the average selling price and median selling price are increasing although variations in the type of property being sold might show a decrease from year to year.



Because Tompkins County reassesses all properties each year to reflect a property's current market value, it is very crucial that the Department of Assessment analyze the real estate market in depth. In the financial environment of today, it is important that the tax burden be distributed equitably and is the reason why the International Association of Assessing Officers asserts that annual reassessment is the best way to ensure an equitable distribution of the tax burden.

It is nearly impossible to measure the level of assessment for Commercial properties by using any sort of sales ratio approach. Most of today's commercial sales are affected by outside influences such as 1031 exchanges, purchase of leases vs real estate, interest only loans, future appreciation, and owner financing. Even the sales reporting for commercial sales is suspect as many times buyers would add value to 'personal property' or 'good will' involved in the sale reducing the amount that it looks like they paid for the real property. And because in NYS we must value the property in its current use, trying to reflect any future appreciation into today's value would be against those processes/procedures. There is no way an assessor could say that the property is worth more today because the reversionary value will be higher in 10 years.

With some student housing in the heart of Collegetown, the land is worth more than the value of the current use of the building (which is how we must value the property – the current use value). Unfortunately, the database provided by NYS does not allow a land value that is greater than the total value. I have never been given an answer by NYS as to what to do when the dirt is worth more than the economic income producing ability of the improvement.



Analysis of Level of Assessment and Uniformity

The Department of Assessment has analyzed all the valid arms-length transactions of residential properties between July 1, 2022 and July 1, 2023. The mean and median Assessment to Sale Price Ratio (AVSP) along with the price related differential (PRD) and coefficient of dispersion (COD) was determined for the county.

Mean Assessment to Sale Price Ratio	=	0.83
Median Assessment to Sale Price Ratio	=	0.81
Price Related Differential	=	1.02
Coefficient of Dispersion	=	11.40

Mean/Median Assessment

This is the ratio of assessment to sale price for sales occurring in the year prior to the valuation date of July 1, 2023. These two figures reflect that the 2023 Assessment Roll when compared to sales that occurred between July 2022 and July 2023 are valued at approximately 81% of their market value. This figure indicates that our 2023 Assessment Roll is not reflective of the market value of the property as of July 1, 2023 and we must perform a revaluation to bring those assessments in-line with their market value.

Price Related Differential

The Price Related Differentials measures the vertical equity in the assessment roll. The acceptable range for this figure is 0.98 to 1.03. A figure under 1.00 indicates that typically a higher valued property is valued at a higher percentage than a lower value property. A figure over 1.00 indicates that a lower valued property is valued at a higher percentage than a higher value property. It is typical for assessors to tend to over value lower priced properties and under value higher priced properties as it is difficult to reach the extremes. A PRD of 1.02 indicates that our assessment is within the acceptable range for assessment regressivity.

Coefficient of Dispersion

The Coefficient of Dispersion measures the horizontal equity on the assessment roll. This figure measures how far on average our assessment to sale price ratio deviates from the average assessment to sale price ratio. The acceptable level of this statistic is up to 15 for a diverse market area like ours.

Summary of 2023 Assessment Roll

These measures of uniformity show that our 2023 Assessment Roll is not reflective of the market value of property as of July 1, 2023. This indicates that the market value of



property has increased significantly since the valuation date for the 2023 Assessment Roll. This also shows that we are uniform in our vertical and horizontal equity.

Essentially, we could have made no assessment changes and declared the level of assessment to be ~82%.

Reassessment Projects for 2024 Assessment Roll

After trending values for the last 2 years, we determined that for the 2024 Assessment Roll, we needed to inspect each residential property from the public right of way to determine the market value of that property. We have found that many properties have been improved over the past few years with the work being completed without a building permit. We needed to collect this new information and the only way to accomplish that task was to review each property individually.

For the 2023 Assessment Roll, we collected a lot of the external factors that influence a buyer's decision about what to pay for a property, but we couldn't see the actual house from those aerial photographs. Starting in June 2023, we embarked on the task to field review each residential property and we almost accomplished that task. Due to staffing constraints, we did not make it to the Town/Village of Groton which was simply trended for 2024 (we plan on doing a parcel by parcel in Groton as soon as time permits – hopefully for the 2025 Assessment Roll).

We ran comparable sheets for the appraisers to use as a base for the appraisal process. While the NYS RPSv4 database has a sales comparable report module, it is a far cry from the comparable report that used to be in the prior version of RPSv3. The new module provides for far less customization than was previously allowed and the reports aren't as beneficial as they once were.

After the field review was accomplished, we created a multiple regression (MRA) model for each municipality based upon those new assessments to confirm uniformity with those assessments. After the MRA model was created, it was then reapplied to those properties and the outliers were reviewed. Most of the properties that the MRA model was unable to re-predict the assessment were unique properties – very poor conditioned houses, unique houses, houses with a lot of outbuildings, and houses with incorrect inventory listed. In addition to confirming the assessment, the MRA model allowed us to confirm our inventory too.

Residential

All residential parcels were reviewed

Commercial (countywide)

Apartments
Auto Dealerships
Gas Stations
Body Shops
Warehouses
Medical Office Space



Roll Section 8 – Wholly Exempt Properties

The plan was to review all roll section 8 properties but due to time constraints, it cannot be assured at the time of this report that it will be complete for the 2024 Assessment Roll. However, the taxable status of Roll Section 8 is always reviewed each year.

Results of the Reassessment Projects

Based upon the projects undertaken above, we maintained a 100% level of assessment for the 2024 Assessment Roll. While we are still 3 months away from filing the Tentative Assessment Roll, so far we have made 23,203 changes to the assessed value. Of this only 296 were decreases in assessment while the vast majority (22,907) were increases in assessment.

The mean and median Assessment to Sale Price Ratio (AVSP) along with the price related differential (PRD) and coefficient of dispersion (COD) was determined for the county after the revaluation.

Median Assessment to Sale Price Ratio	=	1.02
Price Related Differential	=	1.00
Coefficient of Dispersion	=	4.56

There are ~35,791 parcels within Tompkins County and there will be properties that are either over assessed or under assessed. With each passing year, the Department of Assessment tries to smooth out these inequities.

2024 Informal Assessment Review Process

The Department of Assessment will mail out a Preliminary Notice of Assessment Change to all property owners whose assessment changed since the 2023 Final Assessment Roll starting on February 23. The Preliminary Notice of Assessment Change will show what the tax impact would have been for each individual property assuming that all the new assessments were in place for the 2023-2024 tax years. This also assumes that the tax levies will remain constant. The reason behind this is that we want to show what the impact is for just the change in assessment. Changes in the tax levy amounts will not be known until the voters vote on the School Budget in May, and the other taxing jurisdictions set their tax levies in December 2024.

We will stagger the mailings so that each municipality will be able to have a dedicated 2-week period for property owners to make an appointment to discuss their value over the phone. Change notices will be mailed on a Friday and property owners will have 1 week before appointments are open to them. They then will have 2 weeks for their appointments. These appointments are the property owners’ opportunity to present information to the Department of Assessment to take into consideration when reviewing the assessed value. To accommodate all the potential reviews, all informal review meetings will occur over the phone. This office simply lacks the space and employees that would be needed to



cycle in 6-8 new property owners every 10 minutes. And after doing phone reviews during COVID, we realized that this streamlined the process better for the property owner.

Property owners will also have the opportunity to either file their informal assessment review through our online application or through the paper application on the back of their change notice.

The deadline to file an informal review application is April 12th. The formal review period when a property owner can file a grievance application with the Board of Assessment Review is from May 1 to May 28. Appointments for the County Board of Assessment Review grievance day will be able to be scheduled starting on May 1.

Outlook for 2025 Annual Equity Maintenance Program

It is simply too early in the process to predict what work will need to be done to accurately reflect the real estate market as July 1, 2024. The number of sales that we are seeing being recorded has dropped dramatically during the typical slow period of the winter. There are too many variables for us to try to predict where that market will be in July. And prediction is not the job of the assessor. The job of the assessor is to reflect what a property would have sold for the previous July. It is not the job of the assessor to predict the future sale prices of properties.

The Department of Assessment is committed to maintaining an equitable assessment roll. The Department is constantly analyzing the local real estate market and will make the necessary adjustments needed to maintain a full value equitable assessment roll.

Our biggest struggle today is the evolution of how the assessment function gets done. Property owners expect more privacy than what was expected in the past which is somewhat ironic considering the lack of privacy we all have due to the large volume of data about us that is already present on the internet. But that has changed how we do our job and we rely more on the public to let us know when we are wrong in our assessments. We will never defend a wrong assessment and we are more than happy to review any property with new information provided by the property owner.

We are also struggling to maintain accurate records of the property. We are having a difficult time obtaining all the building permit information from the towns/villages. While some towns/villages will provide us complete access to their building permit information, we still find some towns/villages that do not comply with the county charter whereby they are supposed to forward building permit applications to my office every 30 days. We realize the struggle that some code offices have in trying to do their own work, but part of their own work is to provide us with that information so that we can perform the assessment function for their municipality. The lack of cooperation by the towns has just increased our workload as we must spend more time collecting building permits than we would if we had cooperation with all the towns/villages like we have for some.

We are constantly looking to improve upon our service to the community and we welcome any suggestions.
