

## AD HOC TAXATION/ASSESSMENT ADVISORY COMMITTEE MEETING

JUNE 6, 2011, 9 AM, SCHOOL COMMITTEE ROOM

### 1. Call to order

Meeting called to order at 9:03 A.M. by Bob Manchester.

Present were Committee Members Robert Manchester (chairman), Robert Dillon, Joel Hellmann, and Joop Nagtegaal (secretary). Absent was Donald Nessing. Also present were Peter DeAngelis, Town Manager; Douglas Gablinske of AppraiseRI; Richard Nagle and Bob Battey, Appraisal Resource.

### 2. Approval of Minutes

Upon a motion duly made and seconded, the minutes of the meetings of May 6 and May 17 were approved unanimously.

### 3. Appraisal Resource

report on final 12/31/10 published assessments  
status of "Standards Document"

Bob Battey handed out the final report from Appraisal Resource to the ad hoc committee, and proceeded to read it for the committee. The report is attached to these minutes. There were several questions. Bob Manchester asked which building permits were inspected. The answer was that all permits open on 12/31/2009 and opened later were inspected. Hence, building permits opened and closed during 2009 were not inspected. This also applies to properties sold in 2009 for which a building permit was taken out after the sale but the permit was closed before 12/31/2009. Bob Manchester asked for how many properties the grade, condition, and other factors that influence the property value were changed during the field review. Bob Battey said there wasn't a way to produce that number.

There was a further question about the number of informal hearings. This was documented in an email from the assessor, which stated the following.

There were 427 informal hearings, of which there were 359 value changes (not sure how many went up and how many went down) and 68 where there was no value change. There were also 373 changes without a hearing. This may have

been as a result of; a general neighborhood change, an influence factor change, review of individual field cards looking for errors, there was also an increase in the dock pricing (was priced way too low) which affected everyone in Town that owns a dock. The 427 hearings represents approximately 7.5% of all parcels in Town while for the 2008 revaluation there were approximately 800 hearings or 14.04%.

Bob Manchester asked whether the revaluation could have gone better. Bob Battey replied that further improvements could have been made if more time had been available. Rich Nagle added that in particular the neighborhood map could have been improved further if more time had been available. He also said that communication with the committee could have been improved. The committee had a much better understanding of the mass assessment process than what was anticipated, and hence Appraisal Resource could have worked closer with the committee in the earlier phases of the process. He said that the results certainly meet the traditional industry standards, but they could have been better.

There followed a discussion when the next revaluation will take place. Peter DeAngelis said that the Town had requested and obtained permission from the legislature to hold the current revaluation a year earlier than normal, but that no date change was requested for the next revaluation. Hence, the next revaluation is still scheduled for 12/31/2014.

Gary Morse of 2 Westwood Lane asked whether better results could have been obtained if sales over a longer period had been considered, with correction factors applied based on the general market trend. He said he tried this out for two neighborhoods and obtained good results. This would in particular provide better data if there were only a small number of sales in the normal reference period. Rich said that it might be useful to adapt the sales window to the number of sales available, so if less than 5% of the properties in a particular neighborhood had sold, the time period for that neighborhood would be extended. However, the problem is then that not all taxpayers would be treated uniformly.

Doug said there could have been more research done on the comparable sales. Rich said that it would have been helpful if the assessor's office had used a sales verification process which is used in certain other towns. In this process, a questionnaire asking for information about the sale and the property is sent to the buyer with the request to return it to the tax assessor's office. This document is then added to the property file, and is

helpful to the appraisal process. Bob Battey said that there is typically a high rate of return of such questionnaires. Doug asked whether a similar questionnaire could be sent to the seller. Rich said that would produce a much lower rate of return, since the interest in the property falls away once it is sold. Rich will make some examples of questionnaires available to the assessor.

Bob Manchester asked whether it would be better to base the assessment on the fair market value in the middle of the review period. Hence, instead of determining the value per 12/31/2010 based on 2009-2010 sales, determine the value per 12/31/2009 based on the same sales. Joop remarked that this wouldn't change the assessments during this revaluation, since no time adjustment factors were used for the 2009 and 2010 sales. It was agreed, though, that this might be better from a psychological perspective. This would however also require a change in the law.

Doug stated that although Appraisal Resource was initially a bit behind in communicating, the overall results were good. He also noted that the standards used by the IAAO are rather loose, and could be tightened. He mentioned the problems that resulted from using the zoning to determine the primary lot size. Bob Battey said that indeed it would have been better to work with an independently defined primary lot size for a neighborhood, but that the time constraints didn't allow this. Joop added that it was a problem that the committee as a whole didn't want to review intermediate work product since this would have made such interim results public. It wasn't clear whether anything could be done about that.

Joel said that overall he is happy with the results. Certainly further improvements could be made, but overall it was a very good job, considering the time constraints. A brief discussion then followed about the review of the assessment results that Joop had submitted. The committee agreed that this review should be added to the minutes as Joop's review, without the committee formally adopting it. Joop then pointed to the section in his review that summarized what could be done for neighborhood 10. Peter said he had taken notice of that section.

Bob Dillon then made a motion to commend Appraisal Resource for a job well done and for great cooperation with the committee. Joel seconded, and the motion was accepted

unanimously. Appraisal Resource then handed out binders with the final report with all data of the revaluation to the assessor, with a copy to the committee.

Bob Manchester said the committee should make a list of recommendations to the Town Council for subsequent revaluations, to be presented at the July Town Council meeting. He will make a first draft of these recommendations.

Gary Morse asked about the development and documentation of standards, such as for easements. Rich said that Appraisal Resource had adopted the town standards for this review, as is customary in a statistical revaluation. In the next full revaluation, these standards should be updated; some work on them is needed.

#### 4. Discussion and recommendations regarding the Assessing Board of Review

Joel started the discussion by stating that he felt that the process was in principle unfair and favored the high end properties. For the high end properties, the same percentage abatement makes it worthwhile to hire an expert to present the case, whereas this is not feasible for the lower end properties. He said there should be someone available to help those properties make their case at no charge, similar to what is done with a public defender. Further discussion followed without much support for that idea. Joop noted that in the meetings that he attended, the Board generally took into account that an owner of a lower value property could not make a professional presentation, and was helpful to such appellants in terms of making a proper case.

Bob Manchester said that the Board as it currently is formed should receive proper training, or the town should hire professionals. Doug said that it takes an appraiser many years to be fully trained, and hence he worried that sufficient training would not be possible. Bob Dillon pointed out that the Assessing Board of Review is quite different from other Boards appointed by the Town Council. Most Boards advise the Town Council on decisions to be made, whereas the Assessing Board of Review has decision power and that the members act as judges. Hence, he recommended that the town hire professionals on the Board, which would require a change in the Town Charter. Bob Manchester commented that it is not a good idea to have a Board with one (volunteer) professional whereas the other members are not professionals. In that case, the non-

professionals will almost always follow the advice of the professional, creating essentially a one person Board.

Doug Gablinske then presented his recommendations for the Assessing Board of Review, which are attached to these minutes. Further discussion followed, particularly about the specific recommendation number 4, which talks about representation by a licensed appraiser, and whether such appraiser will be working for the client as a consultant or as an objective professional. The committee had trouble distinguishing between the two, because most people will hire a licensed professional as a consultant, and assume that the professional is bound by the standards of his or her profession.

Further discussion followed about the urgency for a recommendation to appoint the new Assessing Board of Review. The committee agreed that for the remaining appeals of the previous revaluation, the Board could be appointed soon, on the same basis as the previous Board, and receive a similar level of training. However, for appeals related to the current revaluation the Board should make more extensive recommendations that still needed to be discussed and may make it necessary to modify the Town Charter. Gary Morse noted that the current Board has a few times suggested that a hearing before the Board is a privilege provided by the town. The Board should refrain from such statements, since this is a basic right defined by law.

#### 5. Tax Exempt Properties

After a brief discussion the committee agreed that it was beyond its scope to give specific recommendations about taxing the various kinds of exempt properties (State, church, educational, etc.). However, the committee made the general recommendation that the town should negotiate with institutions that have properties that are not used for the specific reason why the property is exempt (e.g. Zion Bible Institute, Tillinghast property owned by RISD). Joel said this might also be appropriate for residences that are part of educational institutions (such as St. Andrews offers to teachers).

#### 6. Agenda for Next Meeting

It was agreed that the next meeting the committee will discuss recommendations for the ABR, standards, and the committee's report to the Town Council.

7. Date of Next Meeting

No date set as yet, Bob will contact the committee members.

8. Adjourn

The meeting was adjourned at 11:48AM.

Respectfully submitted,

Joop Nagtegaal, Secretary



TOWN OF BARRINGTON  
STATISTICAL UPDATE 2010  
FINAL REPORT 6/6/2011

This is an all-inclusive summary of the work done by Appraisal Resource Group LLC in connection with the townwide revaluation using the statistical revaluation format for the year end 12/31/2010.

The work was begun in January of 2011 following the signing of a contract with the Town. The decision having been made that the town would convert from the Vision Cama system to the Patriot AssessPro Cama system was made. This was immediately begun. A copy of the town's current database was sent from the Assessor to Patriot headquarters. The conversion itself took about two weeks. It was then sent to Appraisal Resource for screening for any glitches which may have taken place during the conversion. Project Manager John Hocking and Head Data Entry Supervisor Pat Bromley carefully reviewed the conversion. Several items which needed further work by the staff of Appraisal Resource were found and quickly corrected in the system. This was done under the watchful eye of Assessor Mike Minardi.

Rene Arnold of Appraisal Resource staff began the inspection of all building permits on 1/31/2011 including those which were outstanding as of 12/31/2009 and all of the 2010 permits which needed a formal inspection. This inspection process followed a meeting of John Hocking, Mike Minardi, and Rene Arnold to discuss the procedures to be followed. An initial visit was made and a note left for the taxpayer to call for an inspection. The inspection process was completed and reviewed by John Hocking on 2/18/2010. The data entry of all information collected in the inspection process was then entered into the Cama system.

The Assessor gave us 412 sales which occurred during the period of 1/1/2009 to 12/31/2010. This was the acceptable time period for which sales would be used in the revaluation process. From the starting point of 412, 62 were initially disqualified as being non-arms length and were excluded from the inspection process. Rene Arnold and Bob D'Arezzo of Appraisal Resource began the inspection of sales on 2/21/2011. The agreed upon process was that an initial visit would be made, then if no contact was made, a letter would be sent by Appraisal Resource requesting the property owner to contact us for an interior inspection. If there was no response after the first class letter, then a certified letter would be sent as a last resort. The results were as follows: full inspection from initial visit, 154; 196 1<sup>st</sup> class letters sent, which resulted in 72 full inspections; 124 certified letters sent which resulted in 49 full inspections; 5 taxpayers responded that they would not allow a full inspection.

The field review of approximately 6700 properties began on March 28<sup>th</sup>. The review included a drive-by of all properties with the proposed assessment and data in hand. The reviewers looked for consistency in grading, property exterior condition, property characteristics (story height, style, sketch accuracy) and external influences such as heavy traffic and abutting commercial influences. Adjustments were made as required and reviewed by John Hocking and then given to our data entry staff for entry in the revaluation database.

Appraisal Resource installed a test database on the computers in the Assessor's office on 2/11/2010 and installed a live version in the office 4/2/2010. This allowed the assessor to follow our progress on a daily basis. We also supplied training to the Assessor and his staff and a clerk in the building inspector's office. We will continue to train as needed and encourage the Assessor and his staff to attend all Patriot sponsored training seminars and Appraisal Resource Statewide training sessions when they are offered during the year.

The Income and Expense forms were sent out by Appraisal Resource to all commercial owners of record early in the process. The analysis of these returned forms was completed on 4/8/2011. This information helped us in determining market rents and capitalization rates for various types of commercial businesses. Calibration of the cost and income tables for commercial properties was completed by April 13<sup>th</sup>. These properties were subject to the same field review as residential property.

Appraisal Resource, under the watchful eye of staff member Pat Bromley, also entered all the personal property data from the declarations returned to the town on the personal property module of the Cama system. We believe the program is working well and will continue to monitor the progress through the Assessor.

Appraisal Resource mailed out 6314 proposed assessment notices on April 25<sup>th</sup>. We had 411 requests for an informal hearing. We had 14 people who did not show up for their scheduled meeting. We, as always, treated the taxpayers of Barrington with the highest respect and in a professional manner which is paramount to our company's policies. All taxpayers have received by 1<sup>st</sup> class mail the results of a careful review of their appeal.

The monitoring committee—Doug Gablinske, Scott Nagy, and Allan Booth—which was hired by the Town to oversee the revaluation had several meetings with the Appraisal Resource staff. Some of the topics discussed were: public relations which would be handled by Doug; review of sales and values both for inclusion in the revaluation process and throughout the Revaluation were addressed by Scott Nagy; the accuracy of the conversion and compliance by Appraisal Resource with IAAO standards as to the calibration of the cost and land tables were handled by Allan Booth. All preliminary residential cost, depreciation, quality, grade, and land tables were given to the committee for review.

The Appraisal Resource managers and company president met with the ad-hoc committee 12 times over the revaluation process. We also held a workshop at the library which was open to the public. While there was discussion during the

meetings on topics which were at times contentious, we did our best to comply with the recommendations of the committee while at the same time maintaining the integrity of the revaluation process within the scope of the International Association of Assessing Officers guidelines. We think that all involved realized that this was a process which was ongoing and was changing in some areas up until the deadline of May 23<sup>rd</sup>. We at Appraisal Resource highly respect the knowledge, enthusiasm, hard work, and intelligent input that went into the committee's recommendations to our company. We sincerely thank Chair Bob Manchester, Secretary Joop Nagtegaal, Bob Dillon, Joel Hellman, and Don Nessing for their hard work. It is our feeling that their input made this as good a revaluation as was possible in a short time period. We would certainly look forward to working with you again should it be possible.

Respectfully submitted,

Appraisal Resource Revaluation Group, LLC

# **Review of the assessments obtained in the 12/31/2010 revaluation**

## **Joop Nagtegaal**

### **Summary**

The assessments of the 12/31/2010 have improved for most areas of the town, and certainly we don't see the kind of outrageous assessments that lead to the unpleasant situation two years ago. I also believe that the neighborhood map is much improved compared to what we had 2 years ago, with generally much larger and more coherent value blocks. The other general improvement is due to a shift in value from land to homes, which seems to give more reasonable assessments. However, there are still areas where the assessments are, in my opinion, unsatisfactory.

One such area is "neighborhood" 60, where the assessments are down more than 16% and taxes will go down 6.6% on average. This neighborhood (or perhaps better described as "value block") consists of the area bounded by New Meadow Road, Sowams Road and Oak Manor Drive; the area around the intersection of North Lake Drive and Washington Road; and the area between Lincoln Avenue and Prince's Pond. Both neighborhood 50 (next up) and neighborhood 70 (next down) show assessments going down about 10%. That there was an issue in this area was pointed out numerous times by Gary Morse of 2 Westwood Lane, and also by me in my written response to the preliminary analysis that Joel Hellmann and I received on April 15. Actually, re-analysis of the sales data showed that a better fit would be obtained by setting the land value of neighborhood 60 equal to neighborhood 50, in which case the assessments in neighborhood 60 would also have gone down about 10%, just like neighborhoods 50 and 70. Hence, in future revaluations, it might be best to start with neighborhoods 60 merged into 50.

Whereas neighborhood 60 showed the biggest decrease in assessments, neighborhood 15 showed the biggest increase in assessment: 11.5%. Neighborhood 15 consists of just Jenny's Lane, and those of you that have followed the market know that there were strong sales on that street. The initial assessments generated many complaints, and it became soon clear that this was due to a computer error in the land value calculations, which has since been corrected. The current assessments still show a significant increase, as expected. It remains to be seen whether this will be a temporary blip or a continuing trend. Neighborhood 20, consisting of South Meadow Road and Oyster Shell, shows an increase of 4.5%, but that increase is largely due to the addition of a major new home. Without that, the neighborhood would stay even. Neighborhood 30, consisting of four distinct areas, is also staying even, and neighborhood 40 is going down 6%.

Neighborhoods 50, 70, and 80 are all going down in the order of 10%, and the least expensive neighborhood 90 is going down almost 12%, which is not unexpected considering the state of the economy. It is hard for me to say anything sensible about the commercial properties, except that in total the assessments show a slight (1%) increase. A neighborhood table is included at the end of this summary.

This leaves neighborhood 10, which showed an overall decrease of 3.6%. The assessments in this neighborhood are not satisfactory in my opinion, and quite a few other people have expressed their unhappiness as well. Neighborhood 10 consists of Nayatt Point, Rumstick Point and Adams Point. There are just 210 buildable lots in this area, but together they bring in about 13% of the town's property tax revenue. The homes in this area vary from simple capes to magnificent waterfront estates, with a wide variety of water views. It is difficult to assess an area like this properly, even in the best of times, and it is very difficult in the current economic times, when the market has been largely stagnant.

This is due to a lack of buyers, not of potential sellers: currently, some two dozen properties are for sale, with an average time on the market of well over a year. Some of the sellers in this neighborhood are in no rush and ask what they what they would like to receive for the property, whereas others are trying hard to sell. With that as backdrop, it is not surprising that there were only 9 sales in this area during 2009 and 2010, of which one was a bank sale and another an abutter sale, which are not arms length transactions.

Since this neighborhood was the center of controversy for the 2008 revaluation, and because there were only 7 arm's length sales, this area did get the most attention from the ad hoc committee. This neighborhood also generated a disproportionate number of informal reviews, and these reviews pointed to systematic issues. Therefore I will be discussing the assessments in this neighborhood in detail in the next section.

During the initial sales analysis of neighborhood 10, there were a number of issues:

- The abutter land sale was (accidentally?) included as an arms length transaction;
- A sale that the committee had recommended to be included was left out;
- A sale was included where the property had undergone major remodeling between the sale date and 12/31/2010;
- A sale for which the contract was signed in July of 2008 (before the crash) was included;
- A sale for which the contract was signed in November of 2010 but which closed on 2/1/2011 was (for that reason) not included.

After the informal reviews, the neighborhood was reanalyzed and many significant changes were made, which certainly improved the results. Nevertheless the results are in my opinion not the best possible since they do not match at least one sale that should be valid. In addition there are many different waterfront factors, some of them seemingly illogical, and there are a significant number of properties for sale for a considerably lower price than the assessed value. This was pointed out to Appraisal Resource, but in the end no action was taken to remedy this.

Further analysis, discussed in the next section, shows that it is likely that the root of the problem is that neighborhood 10 has comparable but differently zoned areas. Rumstick and Nayatt Point are zoned R40, but Adams Point is zoned R25, although all Adams Point properties except one are over 40,000sf. Originally, it was Appraisal Resource's intent to use an approach that does not depend strongly on zoning. This is documented in the minutes of the meeting of 1/25/2011:

“Joop asked whether zoning plays a major influence in land valuation. Bob Battey said that they foremost look at the actual typical property sizes when defining neighborhoods. The zoning does not play a dominant role in the land evaluation itself.”

However, since in the previous land valuation algorithm the primary site was based on zoning it was apparently decided after a while to follow a similar approach this time. This change of approach was never communicated to the committee, and only became clear after the report to the Assessor of May 4 was given to the committee. The effect is that the assessments of properties over 25000sf in neighborhood 10 depend strongly on the zoning. For instance, a 40,000sf non-waterfront property on Rumstick Point will be assessed for \$115,000 more than the same size property on Adams Point. For a 40,000sf property with a waterfront factor of 3, the difference is a whopping \$478,500. There is absolutely no evidence that the real fair market value shows this dependence on zoning. Hence, it is not surprising that the initial assessments of the waterfront properties looking out over Narragansett Bay, which were given a waterfront factor of 3, led to many complaints during the informal hearings.

This memo shows that if a consistent approach had been used for neighborhood 10, good results would have been obtained with only two waterfront factors: 3.0 for properties looking out over Narragansett Bay and 2.5 for waterfront properties looking out over Smith Cove or the river. Moreover, the assessments would have matched the sales and the list prices of the for sale properties much better. Because of the inconsistent assessments, according to the calculations shown in the next section, non-waterfront properties on Nayatt and Rumstick Point are over-assessed by \$115,500. Waterfront properties of 40,000sf or more on Rumstick or Nayatt Point looking out over Narragansett Bay are over-assessed by about \$259,000. In addition, waterfront properties on Adams Point looking out over Smith Cove are under-assessed by about \$137,500. Finally, the beachfront properties between Nayatt and Rumstick Point would not have received a reduction after the initial assessment. The inconsistent assessments are likely to result in numerous appeals to the assessor, and probably to the ABR, in particular from the owners of waterfront property on Nayatt Point and the West side of Adams Point.

A rough calculation shows that had a consistent approach been applied, the reduction compared to the current results would be about \$24M, so the total reduction of neighborhood 10 relative to the 12/31/2008 assessments would be about 10%. That is in line with the rest of the town, and considering that the neighborhood was over-assessed in the 12/31/2008 revaluation and that only a subset of the over-assessed property owners appealed to the Assessing Board of Review and received significant reductions, this 10% decrease would certainly have been justified.

Below is the table showing the current assessments versus the old assessments summarized by neighborhood. The old assessments are those after the ABR decisions. The “Other” row contains the commercial properties as well as the Mallard Cove and Woodhaven Condos.

<b>NBC</b>	<b>Current Total</b>	<b>Old Total</b>	<b>%change</b>	<b>%tax change</b>
<b>10</b>	\$ 364,415,289	\$ 378,071,400	-3.612%	7.464%
<b>15</b>	\$ 19,285,600	\$ 17,295,700	11.505%	24.318%
<b>20</b>	\$ 26,183,100	\$ 25,059,700	4.483%	16.489%
<b>30</b>	\$ 99,607,779	\$ 98,958,400	0.656%	12.222%
<b>40</b>	\$ 663,558,500	\$ 708,537,500	-6.348%	4.413%
<b>50</b>	\$ 201,415,586	\$ 224,776,800	-10.393%	-0.097%
<b>60</b>	\$ 121,709,600	\$ 145,322,200	-16.248%	-6.625%
<b>70</b>	\$ 524,068,167	\$ 582,348,800	-10.008%	0.333%
<b>80</b>	\$ 380,245,539	\$ 417,889,600	-9.008%	1.447%
<b>90</b>	\$ 229,150,400	\$ 259,739,600	-11.777%	-1.639%
<b>Other</b>	\$ 151,496,700	\$ 149,966,600	1.189%	12.628%
<b>Total</b>	<b>\$2,781,136,260</b>	<b>\$3,007,966,300</b>	<b>-7.541%</b>	<b>0.000%</b>

## Detailed analysis of neighborhood 10

As was noted before, one of the 9 sales in neighborhood 10 was a land sale to a neighbor, and such a sale is not an arm's length transaction, is not a reliable price indicator, and should be excluded from the analysis. In the initial analysis though, it was not removed because the Appraisal Resource project manager had not been made aware of this. Since this was a land sale of a non-waterfront property, it was ideally suited to determine the basic land valuation. The sale was removed from the analysis after the ad hoc committee pointed out that this was an abutter sale, but it remains to be seen if the land valuation would have been the same without this initial, incorrect use. The remaining sales are shown below.

Location	Sale Price	Sale Date	Description
136 ADAMS POINT ROAD	\$ 4,794,500	1/22/2009	New waterfront home on East side of Adams Point; complex deal for new custom home signed in July 2008
8 HOLLY LANE	\$ 2,125,000	2/1/2011	Waterfront home on Rumstick with great western view; contract signed in November 2010
285 RUMSTICK ROAD	\$ 800,000	11/5/2010	Older home on Rumstick Road with slight water view; needed updating
298 RUMSTICK ROAD	\$ 1,875,000	10/30/2009	Beautifully restored home with private pedestrian right of way to Smith Cove; bought as summer home
300 RUMSTICK ROAD	\$ 2,006,500	11/25/2009	Waterfront on Smith Cove, major remodeling after sale
375 RUMSTICK ROAD	\$ 2,650,000	12/29/2010	Waterfront home at the very end of Rumstick; bought as summer home
11 STONE TOWER LANE	\$ 680,000	8/14/2009	Ordinary split level, no water view

These sales are all over the place, and almost all of them have aspects that make them somewhat controversial and were subject of discussion in the ad hoc committee.

- The price of the sale of 136 Adams Point Road was agreed upon in July of 2008, as evidenced by the MLS records, well before the crash of October 2008. Although formally this counts as a 2009 sale, it is not representative of 2009 market conditions.
- The sale of 8 Holly Lane closed in 2011, but the price was agreed upon in 2010. The property had been on the market for almost 2 years. Although formally outside the 2009-2010 range, it is clearly a proper indicator for the price as of 12/31/2010.
- The price of the sale of 285 Rumstick seemed very low, and the list price was lowered aggressively from month to month to get a relatively quick sale (about 3 months). Does that make it a distressed sale, or is it just a motivated seller?
- The property at 298 Rumstick was bought by a Hong Kong Corporation as a summer home, which is rather unusual, to say the least. And what is the value of the water access?
- The property at 300 Rumstick was substantially remodeled during 2010. In the context of a sale with remodeling on Mathewson Road, the project manager insisted that such a property should not be used for analysis, but nevertheless it stayed on the list.
- There was not much discussion about the validity of the sale of 375 Rumstick Road, which was also bought as a summer home by people from New York. The specific valuation of that property did become a controversial issue later on. Note that this house was on the market for about 4 years, and the initial asking price was \$4.9M. This shows that the market has clearly been going down.
- The sale of 11 Stone Tower Lane was the only one that was not discussed at any length.

The initial discussions of the committee focused on 8 Holly Lane, and recommendations were made by the consultants that this sale should not be included in the analysis because it closed in 2011, but that it could be used as a "sanity check" afterwards. There were numerous discussions about the inclusion of

the sales of 136 Adams Point Road and 285 Rumstick Road. The initial recommendation of the consultants was to leave 136 Adams Road in and take 285 Rumstick Road out. However, the committee felt that this would completely bias the results towards the extremely high priced sale of 136 Adams Point Road, and during the meeting of April 11 the committee recommended unanimously, with support of consultant Doug Gablinske, that the sale of 285 Rumstick Road should be included in the analysis as well. Unfortunately, this decision was never communicated to the Appraisal Resource project manager, and the analysis that led to the initial mailing of results was carried out without this sale. We do not know how inclusion of this sale would have affected the outcome.

As was mentioned earlier, the initial results caused strong reactions from the property owners in neighborhood 10, and led to a serious review of the assessments conducted by Richard Nagle, Bob Battey and John Hocking. During this period, I met several times with Appraisal Resource. It gave rise to some serious thinking about which sales should be excluded, and in the end Appraisal Resource concluded that the sales of 136 Adams Point Road, 280 Rumstick Road and 8 Holly Lane should all be considered “outliers”, and that hence significant discrepancies between the sale prices and the assessments of these properties should be accepted. Of course, this had the effect that the assessment would be based on matching only four sales, of which one had undergone serious remodeling after the sale – a very thin basis indeed.

The waterfront factor on Nayatt and the West side of Rumstick was lowered to 2.7, based on what factor would give the best price match for the sale of 387 Washington Road, which has the same westward view but is in a different neighborhood, and the sale of 300 Rumstick Road set the waterfront factor to 2.0 on the Rumstick Point side of Smith Cove (where it was tacitly assumed that the value of this property had increased by about \$200,000 because of the remodeling). This factor carried forward to the West side of Adams Point, where it was increased to 2.25 for reasons that were not quite clear. It was then argued that the waterfront on the East side of Adams Point is a bit better because of the access to the river, so a factor of 2.5 was used there.

This approach also gave a reasonably good match for the property at 375 Rumstick. Appraisal Resource has given this property a discount on the primary land because of the “pork chop” shape of the property, where the “meat” is on the water and the “bone” is along a driveway shared with two other homes. This is questionable, since typically no discount was given to “flag lots” on the water. In addition, I believe that this way of discounting because of the property shape is not inconsistent. The “meat” portion of the lot is about 50,000sf, and the “bone” is 15,000sf, so it would be better to count the primary lot (on the water) for full and for instance reduce the excess land by 50%, which leads to a total value of \$2,692,200, very close to the actual sale price. However, the town’s realtors all seem to agree that this is THE pre-eminent property on Rumstick with the best view, next to a conservation area and access to Rumstick Point beach, which is accessible from only a few properties. Hence, it should have at least the same and probably a higher waterfront factor than other properties. In turn, that suggests that basic valuation of the land is rather high.

There is other evidence that shows the land valuation is too high. Looking at homes for sale, one can find quite a few that are assessed for a value higher than the list price. It is safe to assume that none of these will sell above the list price. There are also a few for sale properties where “special” land discounts were given after the informal reviews, as shown in the following tables.

Address	Lot size(sf)	List Price	Assessment	%Over-assessed	Days on market
116 Nayatt Road	51,300	\$ 975,000	\$1,146,800	17.6%	252
121 Nayatt Road	145,926	\$2,690,000	\$2,724,700	1.3%	222
8 Pheasant Lane	55,300	\$2,499,000	\$2,688,700	7.6%	294
181 Rumstick Road	38,529	\$ 895,000	\$1,105,300	23.5%	325
340 Rumstick Road	30,316	\$ 895,000	\$1,096,100	22.5%	591

Address	Lot size (sf)	List Price	Current Assessment	Initial Assessment	Special Land Discount	Reason given	Days on market
6 Apple Tree Lane	46,800	\$ 859,000	\$ 869,300	\$ 1,318,700	20.0%	Use	952
6 Stone Tower Ln	105,000	\$1,295,000	\$1,276,400	\$ 1,804,700	20.0%	Func	926
4 Strawberry Drive	53,918	\$ 899,000	\$ 902,400	\$ 1,382,600	25.0%	Other	524

6 Apple Tree Lane sold on June 1, 2011 for \$825,000. The waterfront lot on 6 Stone Tower Lane has a somewhat irregular shape near the street, but that should not cause a 20% reduction. The other two lots are rectangular and do not have any special features requiring reductions. The only reason for these ad hoc reductions that I can think of is a desire to match the for sale price. Note that the lists above contain 3 waterfront and 5 non-waterfront properties. Hence, the high assessments and in particular the special land value reductions suggest that the problem is not a waterfront problem, but a general land valuation problem. Note that none of the problems occur on Adams Point, and hence it appears worthwhile to examine the influence of zoning.

As was noted in the summary, Appraisal Resource made a clear statement at the start of the project that the zoning would play only a minor role in the land valuation, but that approach was changed in the course of the project. The use of zoning in the land formula causes significant differences in areas where the property sizes are not consistent with the zoning, as is the case on Adams Point, which is zoned R25 but all properties but one are over 40,000sf. Whereas a 40,000sf non-waterfront lot on Rumstick and Nayatt Point is valued at \$731,500, the same lot on Adams Point is valued at \$616,000, a difference of \$115,500. This difference increases slightly for larger properties. For waterfront properties the difference increases further since only the value of the primary lot is multiplied by the waterfront factor and the primary lot is considered larger in a R40 zone. The table below shows how dramatic this effect is for a 40,000sf lot.

Waterfront factor	R40	R25	\$ Increase	% Increase
1.0	\$ 731,500	\$ 616,000	\$ 115,500	18.75%
1.5	\$1,097,250	\$ 891,000	\$ 206,250	23.15%
2.0	\$1,463,000	\$1,166,000	\$ 297,000	25.47%
2.5	\$1,828,750	\$1,441,000	\$ 387,750	26.91%
3.0	\$2,194,500	\$1,716,000	\$ 478,500	27.88%
3.5	\$2,560,250	\$1,991,000	\$ 569,250	28.59%
4.0	\$2,926,000	\$2,266,000	\$ 660,000	29.13%

Based on this observation, we can actually create a table of equivalent waterfront factors.

R40 factor	1.0	1.2	1.4	1.6	1.8	2.0	2.2	2.4	2.6	2.8	3.0
R25 equivalent factor	1.210	1.476	1.742	2.008	2.274	2.540	2.806	3.072	3.338	3.604	3.870

We can also create the inverse table.

R25 factor	1.0	1.3	1.6	1.9	2.2	2.5	2.8	3.1	3.4	3.7	4.0
R40 equivalent factor	0.842	1.068	1.293	1.519	1.744	1.970	2.195	2.421	2.647	2.872	3.098

In the assessments that were mailed out initially, the waterfront factor on Nayatt and the West Side of Rumstick (R40 properties) was 3.0, which is equivalent to a waterfront factor of 3.87 on Adams Point. Considering the magnitude of that factor it is no wonder that so many residents of Rumstick Road came to complain at the informal hearings, only two properties have 25,000sf, and all the others have more or much more. It is also interesting that the current waterfront factor of 2.0 used on the East Side of Rumstick Point has essentially the same effect as the waterfront factor of 2.5 on the East Side of Adams Point, which was not the intent.

During the re-analysis, Appraisal Resource lowered the waterfront factor on Nayatt Point and the West side of Rumstick to 2.7. For properties of 40,000sf or more that still corresponds to an Adams Point waterfront factor of 3.471. To arrive at an Adams Point equivalent waterfront factor of 3.0 for the over 40,000sf properties the R40 factor should have been reduced to 2.35, but that seemed excessive. Moreover, this change did not affect the non waterfront properties, which also seemed over-assessed, as discussed before.

Since there are issues on Rumstick and Nayatt, let us assume that the basic land value and the current waterfront factors are correct for Adams Point, but that the view factor of 3.0 would be correct for the properties overlooking Narragansett Bay if it were applied in the same way as for Adams Point – a conservative assumption. For Rumstick and Nayatt, this has the consequence that the land values for 40,000sf+ properties without a waterfront factor should be reduced by \$115,500, and 40,000sf+ properties with a view over Narragansett Bay should be reduced by \$259,000 (the difference between the current primary lot value of  $2.7 * \$731,500 = \$1,975,000$  and the modified primary lot value of  $3.0 * \$550,000 + 15,000 * \$4.40 = \$1,716,000$ ). For smaller properties the reductions would be less, and there would be no reduction for a property of 30,837sf and an increase of \$165,000 a property of 25,000sf. There are only three waterfront properties that would get an increase because of this: 2 on Nayatt Point and 1 on Rumstick Point. There is one property on Rumstick Point of 30,700sf, which should hence not change in value.

Location	Sale Price	Current Assessment	Current ASR	Revised Assessment	Revised ASR
8 HOLLY LANE	\$ 2,125,000	\$ 2,577,800	1.213	\$ 2,318,800	1.091
285 RUMSTICK ROAD	\$ 800,000	\$ 1,108,900	1.386	\$ 975,200	1.219
298 RUMSTICK ROAD	\$ 1,875,000	\$ 1,810,700	0.966	\$ 1,810,700	0.966
300 RUMSTICK ROAD	\$ 2,006,500	\$ 2,201,000	1.097	\$ 2,179,000	0.988
375 RUMSTICK ROAD	\$ 2,650,000	\$ 2,549,900	0.962	\$ 2,488,400	0.939
11 STONE TOWER LN	\$ 680,000	\$ 747,800	1.100	\$ 743,900	1.094

The table makes clear that with the current assessments 8 Holly Lane and 285 Rumstick should be considered “outliers”. However, with the revised assessment only 285 Rumstick has to be considered an outlier.

In this table I have in addition removed the form factor for 375 Rumstick Road for the reasons given before. I have not recalculated 298 Rumstick because it has a rather unique water access factor. 300 Rumstick was remodeled, so its value is limited anyway. However, note that the current R40 waterfront factor of 2.0 corresponds to a R25 waterfront factor of 2.54 on Adams Point; in fact on the East side of Adams Point, the R25 waterfront factor is 2.25, which is effectively lower than the R40 factor of 2.0 on

the East side of Rumstick Point. If we set both these factors to 2.50 for R25 zoning, we need to subtract \$22,000 from the assessment of the properties on the East side of Rumstick (including 300 Rumstick), and add \$137,500 to the assessment of the properties in the West side of Adams Point. Indeed, the West side properties on Adams Point currently all show big decreases relative to the previous assessment, and these decreases would become smaller. Moreover, the property owners on Adams Point don't believe there is a significant value difference between the two sides, so it is a good sign that with this change all waterfront properties on Smith Cove and the river would have a R25 factor of 2.5.

We now do the same exercise for the for sale properties.

Address	List Price	Current Assessment	Current ASR	Revised Assessments	Revised ASR
116 Nayatt Road	\$ 975,000	\$1,146,800	1.176	\$ 1,031,300	1.058
121 Nayatt Road	\$2,690,000	\$2,724,700	1.013	\$ 2,465,700	0.917
8 Pheasant Lane	\$2,499,000	\$2,688,700	1.076	\$ 2,429,700	0.972
181 Rumstick Road	\$ 895,000	\$1,105,300	1.235	\$ 1,001,100	1.119
340 Rumstick Road	\$ 895,000	\$1,096,100	1.225	\$ 1,055,200	1.179

It is clear that the revised assessments would be a better predictor for the possible sale prices than the current assessments. Note that the improvements on the last two properties may be assessed on the high side, so the difference can be made smaller.

Finally, we do the exercise for the properties for which the land values have been modified.

Address	List Price	Initial Assessment	Current Assessment	Current ASR	Revised Assessments	Revised ASR
6 Apple Tree Lane	\$ 859,000	\$1,318,700	\$ 869,300	1.012	\$ 900,100	1.048
6 Stone Tower Ln	\$1,295,000	\$1,804,700	\$ 1,276,400	0.986	\$1,272,000	0.982
4 Strawberry Lane	\$ 899,000	\$1,382,600	\$ 902,400	1.004	\$ 922,700	1.026

I have assumed that 6 Stone Tower Lane should have an Adams Point equivalent factor of 2.0; because of the extensive (~350 ft) marsh on this property, it should be considered a water view property and not a waterfront property. The table shows that sensible assessments are obtained for these properties without making special land value reductions. This is a further sign that the Rumstick and Nayatt values should have been calculated as if the zoning were R25.

It is also noteworthy that the house value on 8 Holly Lane was lowered after the informal review from \$686,700 to \$442,100, although there were statements made by the consultants during the ad hoc meetings that the house was beautiful and assessed properly. Moreover, it seems rather strange that this 5600sf home with 13 rooms, 6 bedrooms and 5½ bathrooms and a cabana is now assessed for less than than the home on 9 Stone Tower Lane, a fairly ordinary 4000sf colonial with 11 rooms, 4 bedrooms and 3½ bathrooms. Again, the only explanation I have for this reduction is a desire to come closer to the sale price.

## What SHOULD be done for Neighborhood 10

It is clear that, because of the zoning differences, the properties on Adams Point were valued lower than equivalent properties on Rumstick Point and Nayatt Point. Moreover, the exclusion of the sale on 8 Holly Lane and the disregard of the "for sale" data and some questionable adjustments for specific "for sale" properties on Rumstick Point make clear that the assessments on Rumstick Point and Nayatt Point,

and in particular the land values, are currently considerably too high. Hence, corrections should be made, either by the simple approach I have followed, or by re-analyzing this neighborhood with a consistent approach.

This re-analysis should use a zoning independent method, should exclude the sale of 136 Adams Point Road because it is not representative of 12/31/2010 market conditions, and should include the sale of 8 Holly Lane because it is an excellent indicator for 12/31/2010 market conditions. There are valid arguments to exclude the sale of 285 Rumstick Road, although it was an arm's length transaction. The property was on the market for only 3 months and the asking price was lowered fairly aggressively each month, which is a bit like what would happen in a distressed sale. Still, it is not likely that the property would have fetched a much higher price if more time had been taken, considering what we see for similar properties that are for sale.

As a result, assessments on Rumstick and Nayatt Point would generally decrease, and assessments on the West side of Adams Point would increase. Since the increases are relatively small and it concerns only a small number of properties, it would probably be best to follow the same approach as for Neighborhood 60 and leave these assessments unchanged.

### **What COULD be done for Neighborhood 10**

Since the tax roll has been certified by the assessor, I expect that no changes will be made at this time, so that the only remedy is the appeal process. The tax assessor could take note of these problematic issues in the assessments of neighborhood 10, and give appropriate abatements to the property owners on Rumstick Point and Nayatt Point that file appeals. If these abatements were based on the conservative calculations I have shown in this memo, I expect that there would be relatively few follow-up appeals with the ABR.

If no abatements are given by the Assessor, I expect that most of the property owners that were turned down will file follow-up appeals with the ABR, thus drawing out the time till the appeals are completed.

### **Recommended changes for the next revaluation**

I expect that in the next revaluation, Nayatt Point, Rumstick Point and Adams Point will still be considered one "neighborhood". In order to achieve consistency in assessment, there should not be a dependence on zoning for the revaluation. This can be done by either ignoring the zoning and choosing one and the same primary site size for the neighborhood, or by making sure that the zoning is consistent. The easiest way to do this would be to change the Adams Point area to R40 zoning.

If we had done this for the current revaluation, we would want to keep the same base value of \$616,000 for a 40,000sf lot on Adams Point. Hence we should reduce the standard Price per Square Foot (PSF) from \$22.00 to \$18.50, corresponding to a value of \$615,125 for a 40,000sf lot. This would also lower the value more aggressively as the property gets smaller, and will actually further improve the fit for the smaller non-waterfront properties. The waterfront factors equivalent to 2.0, 2.5 and 3.0 would have to be reduced to 1.90, 2.35, and 2.80, respectively, in order to obtain the same values for a 40,000sf waterfront lot as with the approach based on R25 zoning and a PSF of \$22.00.

**Barrington Tax Appeal Board of Review Recommendations**  
Douglas Gablinske

In General:

- 1) The Town should consider appointing two auxiliary members to the board, in addition to the 3 members, to assure a quorum, as property owners would be taking time from their schedule to be in attendance.
- 2) The Board members should have some training in regard to their responsibilities and obligations as board members.
- 3) The Town Council should consider making professional advisory services available to the board, to advise them in the process of the hearings.
- 4) The Town Council may want to consider a stipend payment to Board members, to encourage quality applicants and attendance at meeting.

Specific Policy and Procedure Recommendations:

- 1) Each party to an appeal will be sworn in under oath, to “Tell the Truth”.
- 2) No decision will be made at the hearing, as board members will need time to analyze the data presented and inspect the subject property.
- 3) Each property will be inspected by board members, after the appeal meeting.
- 4) Professionally licensed appraisers may represent the applicant, but are bound by Uniform Standards of Professional Appraisal Practice (USPAP) in that representation and will disclose if they are working for their client as a consultant or an objective professional.
- 5) The board will try and schedule appeal meetings with property owners in late afternoon and/or early evening, to the extent possible, to accommodate property owners schedules.
- 6) Property owners are encouraged to bring photos, if applicable.
- 7) Comparable sales from the subject neighborhood or similar value areas, as evidence of market value, should be brought to the appeal hearing by the applicant
- 8) An appraisal of the subject property may be submitted as evidence of market value, however, the “effective date” of the appraisal, should be as of the revaluations effective date, in this case, 12/31/10 and comparable sales should have sold within the previous 2 years.
- 9) Appraisals should compare like properties, to like properties, ie: single-family homes should be compared to single family homes, vacant land to vacant land, 2 family to 2 family, etc.
- 10) Commercial properties should include all income and expense information for the subject property for the previous 2 years, or the appeal will be denied.