

AD HOC TAXATION/ASSESSMENT ADVISORY COMMITTEE MEETING

MAY 17, 2011, 11AM, BARRINGTON PUBLIC LIBRARY

1. Call to order

Meeting called to order at 11:05 A.M. by Bob Manchester.

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

2. Approval of Minutes

The minutes of the previous meeting were not yet available.

4. Continue review 12/31/10 published assessments; ARC response to May 6 meeting questions; Status of "Standards Document"

Bob Manchester said that Richard Nagle has prepared a progress report, which would be helpful for the public comments. Rich proceeded to read the report, which is attached to these minutes. Joop commented that he had met with AR several times, and assured everyone that AR is looking seriously at all issues brought forward by the committee and by the taxpayers during the hearings. He said that it would not be likely that everyone would be happy with the outcome, but he expressed the hope that overall people can live with the result. He said he has primarily been focusing on the Neighborhoods 10, 15, and 20; there are few sales in these neighborhoods, and it is hence tougher to come to the right results.

In response to a question, Joop also said that the meeting he, Joel and Doug had with John Hocking was a bit frustrating, because John was sometimes a bit stubborn and inflexible. However, the good side of that is that John certainly stands by his work and is not corruptible. Joel added that as he saw it, John took pride in his work and stood by it. He said that Barrington is a tough town to reevaluate, and that is the main problem. He also confirmed that we will probably get the best result out of this revaluation that is possible, between Joop's effort and John check of the statistics. In particular, it should be made sure that the ASR (Assessment to Sales Ratio) is consistent throughout the town.

Rich pointed out that the informal hearings are an integral part of the revaluation, and that John did not have the benefit of the input from the informal hearings. He also made clear that people from all neighborhoods are coming to the hearings; hence, all neighborhoods will undergo additional scrutiny, not just one or two.

A discussion followed about the inclusion/exclusion of the three most discussed sales in neighborhood 10: 136 Adams point, 285 Rumstick and 10 Holly Lane. Rich said that in principle all sales are being looked at, and as the total picture develops it becomes gradually clearer which are the sales that cannot possibly be reconciled with the overall picture. So, all these sales do influence the picture in a broader sense, although at the end some of them may have to be accepted as outliers. Don Nessing asked whether the statistical standards would be satisfied if, at the end of the process, the report would be run again. Bob Battey said that the report would be run again and the statistics checked.

Bob Manchester asked about two other sales that the committee recommended should be included: the two lot land sale on Libby Lane and the land sale on Mathewson Road. Rich said that they hadn't gotten to this point yet. Joop said that if more time had been available, at least some of this work could have been done prior to the release of the preliminary assessments.

3. Public Comments

Peter Miniati of 105 Highland Avenue noted that in his neighborhood there are high value properties along the beach and low value cottages away from the beach. He observed that the assessments of the high value properties had decreased and the assessments of the cottages had increased. This is continuing the trend that happened in the previous revaluation, and is leading to quite unrealistic assessments. Rich said that this neighborhood is still being worked on, and Bob Manchester said that the committee had certainly pointed to the problem that exists in this area. Joop said that one of the problems is that none of the actual beachfront properties sold during the last series of years, and hence it is difficult to determine a value for these properties. Rich said AR will definitely take a good look at this area.

Gary Morse of 2 Westwood Lane mentioned that since late March, he has brought to the attention of the committee and AR that there is a problem in the Hampden Meadows. He

mentioned 22 Old Chimney Road, which sold recently for \$430,000 and is now assessed for \$367,000. Similarly, 12 Chantilly Drive in Barrington was sold in 2005 for \$580,000, is assessed for \$376,000, and is now back on the market for \$549,000. Gary said there are many other examples, and he doesn't understand why discounted sale prices seem to be used for this neighborhood whereas full sale prices are used for his neighborhood just across New Meadow Road.

Joel Hellman said he had seen similar problems for certain homes in his neighborhood. Gary said that in his view the problem in the Hampden Meadows is systemic, not limited to a number of individual properties. He said AR has known about this for at least a month, but nothing has been done about it. Rich said that work is still ongoing and this neighborhood will be looked at. He also said that big drops in value have occurred over the last years, something we hadn't seen in a long time. Gary replied that 22 Old Chimney was sold in 2005 for \$511,500 and in 2010 for \$430,000, which was somewhat of a distressed sale. Hence, he expected the assessment to be either equal to or somewhat above \$430,000. Instead, it came out at \$367,000. He had understood that AR would send out a few experienced reviewers, who would "smell out" such issues. In his opinion this property and many others in the neighborhood don't pass the "smell test".

Bob Battey reaffirmed that the process is not done, we have had people from the Hampden Meadows in for there hearings, and a red flag has been set. He continued by saying that we will make adjustments were needed, so that the assessments are fair for everyone. Rich said that for a mass appraisal, it is quite common that a certain spread in sale price versus assessment occurs. Two very similar properties may be assessed the same, but one may sell for 10% more than the assessment and the other for 10% less. Joop said that in an earlier memo, he had pointed out that in the area in question the sold properties were on average assessed for just above 90% of the sale price, and that this area should be looked at. Gary said that he has brought this issue to the attention of Appraisal Resource during many meetings, and was always told to wait and that everything would eventually be sorted out. So far, that has not happened. Doug said that one should be careful focusing on a single sale, since that sale can very well be high or low.

Bob Manchester then cited a number of sales in the area, and noted that in all but one case the assessments were under the sale price, with several of them being significantly under the sale price. Richard said that may be true, but the statistical measures indicate that the fit is pretty good. He said the COD in this area, which measures the spread in sales price compared to the assessment, is around 5% which is very good. In typical New England communities, we may see COD's as much as 15%. If you try to bring the COD to a very low value, you could be "chasing the sales", which might be unfair towards other properties since you are not applying the same rules to all properties.

Peter Miniati asked what appeal possibilities exist after the "final" results come out next week. Bob Manchester said that the next level of appeal is to the tax assessor, and those appeals will start when the first tax bill is due. Michael Minardi confirmed that this is stated clearly in the RI General Laws. Doug asked what if people find that their assessment has changed, although not as a result of their own hearing or if they didn't even request a hearing. The only way forward for those people is to appeal to the Assessor.

Norm Whitehead of 2 Martha Circle (and currently 6 Stone Tower Lane) asked whether someone from AR would be present during the appeals to the Assessor and the ABR. Richard said that is usually not the case, only if the town requests it. AR will be happy to provide the initial training for the ABR. Norm said that when you appeal to the assessor, it is a bit like fighting a property line dispute with your neighbor in court, with your neighbor as the judge.

Relly Weltman of 4 Wildacre Lane said that the Vision field cards were not updated as a result of the hearings before the ABR. Michael said that the online database was indeed not updated after November 17, but that the field data was updated, otherwise he wouldn't have been able to come up with the abatements. Joop said he had definitely seen examples where some of the factual data that was used during ABR hearings was not present in the AR database, for whatever reason. He expected that most of these situations would be remedied during the informal hearing process.

Bob Dillon asked how many informal hearings will be held this year as compared to the previous revaluation. Rich said there are about 370 this time, compared to over 800 during the previous one. Doug noted that indeed the informal hearing process is not that

different from what happens during a fee appraisal. It is typically a process of reconciliation of facts that is ongoing till the appraisal is done.

Moira Kriete of 160 Adams Point Road said that the field card she obtained from the TA's office today was changed from the one she had obtained earlier. Rich said that changes are indeed entered live in the database, and confirmed that the website will not be updated till the process is complete, which will be May 23 or May 24. Moira further pointed out the circumstances of the sale of her neighbor's house, 136 Adams Point Road. Some discussion followed. Bob Manchester said that this sale was discussed extensively during an earlier meeting and that this discussion was recorded in the minutes. Hence, AR is aware of the circumstances of this sale.

Maxine Richman of 9 Strawberry Lane said she just came from her hearing, and she cannot understand how, after having finally obtained justice after multiple hearings for the 2008 revaluation, she has to start all over again since her property is assessed at a level close to where she started two years ago. Joop pointed out that while she was at her hearing, Richard addressed issues related to neighborhood 10 in his initial remarks. Richard said that by coming to the hearing this would definitely trigger a review of her specific property.

Susan Rubotzky of 3 Wildacre Lane mentioned 3 issues.

- When she tried to make an appointment, only one slot was available, which wasn't convenient for her. When she called back an hour and a half later, other slots were available which were more convenient.
- She had gotten the impression that more information would be revealed at the informal hearing, but in the end it was just a data dump.
- In order to get access to the town map, she had to give her name and address and state that she understood that the map was preliminary and might change.

On the last issue Joop pointed out that you could just put in a, b, and c for your name and address, and that nobody is checking it. Nevertheless the town should not ask for this kind of information; just a click that you have read the statement should be good enough.

Rich said that it was unfortunate that by calling on the last day there happened to be at that moment just one slot available, and immediately thereafter additional slots were opened up. Rich said he takes particular pride in the fact that Appraisal Resource puts more effort into serving the taxpayers than any of their competitors. Peter Miniati said that he had been away, got back during the weekend and discovered that the last day to schedule a hearing was Monday. So he called AR on Sunday, left a message with his wishes, and first thing Monday morning he received a phone call from AR scheduling his hearing for one of his desired times. It was a very good experience.

Moira Kriete asked how she can interpret some of the data on the field card, for instance the Flood Hazard. There was no clear answer for this question. Bob Manchester suggested that she take it up with the Assessor.

Betsy Harker of 124 Adams Point Road asked whether there would be a report published by the committee reviewing the process. She also asked whether the committee had followed up with the Town Council regarding the ABR, as was suggested at the end of the previous meeting. Joel said he had done that; he said the ABR should have a clear idea how to work through the appeals. With regard to the report, Bob Manchester said that the committee hadn't discussed this yet. Joop said that he thought a report reviewing the process, that discusses what went well and what could be improved would be useful. There is of course also a lot of information in the minutes of the meetings as they are posted on the website. Bob Manchester emphasized that the ABR should be properly trained, so that they are not just thrown in without proper preparation.

Gerald Carrick of 15 Arvin Avenue asked whether the Town Council had delayed the appointment of the new ABR members, as the committee suggested. Joel said that he did contact the TC members and the appointments were delayed. Relly Weltman said that there are still 42 people on the waiting list to be heard by the ABR, and that it isn't fair to those people to delay the ABR hearings. Bob Manchester said the committee would work on this with high priority.

Gary Morse asked what Appraisal Resource thinks about what a "normal" time is for a property to be on the market. It seems that in some parts of town a few weeks or months is normal, but in other parts it may take years. Richard said there is certainly a difference between different kinds of properties.

Bob Manchester closed the discussion by saying the Appraisal Resource has been open and responsive to comments and suggestions from the committee, and that they have certainly worked hard to get the best results possible.

5. Tax Exempt Properties

Since there was no specific data available, the discussion was postponed to a subsequent meeting. Bob Manchester referred to the discussion going on in Providence about “voluntary” contributions of tax-exempt institutions. Council President June Speakman asked that the Town Council would prefer to get advice regarding the ABR before advice regarding the tax exempt properties, since there are people waiting to have their appeals heard.

6. Date of Next Meeting

The next meeting will be held on Friday, May 27 at 9AM.

7. Agenda for Next Meeting

The agenda will be similar to today’s meeting: review of the assessments, ABR, and tax exempt properties.

8. Adjourn

The meeting was adjourned at 12:48PM.

Respectfully submitted,

Joop Nagtegaal, Secretary



Appraisal Resource 2010 Revaluation Report for May 17, 2011

Update on Informal Hearings:

The last day to call and arrange an informal hearing was yesterday, May 16th. We received 370 calls for hearings which equates to 5.5% of the Town's property owners. Historically, 5.5% is about an average amount of calls.

Since this is a statistical revaluation, we are not provided an opportunity to inspect unsold properties, thus the informal hearing process provides additional information, and our firm will act on that information to make adjustments to the subject property, and when justified, to a street or neighborhood. We have held two weeks of hearings and accumulated enough data and information to pass along some observations.

- a. A few homeowners seem to believe that the informal hearing is a “waste of time”, and that they will inevitably have to go to the Town's board. (Board of assessment and appeals). The most important part of the hearing process was to schedule one. Only if a hearing is scheduled, will the specific information the owner would like to bring to our attention come to light. Any information or data that helps to highlight a problem, or reason why the property should be valued for less, is considered. We will and do make adjustments when appropriate.
- b. We have had several taxpayer's or the taxpayer representative complain that we will not allow them in on the decision making process when we process the appeal. The ability to have a dialogue with the revaluation vendor regarding the decision making is not part of the informal hearing process. This is not due to our own personal policy; it is a standard operating procedure in the industry. In fact it would be impractical to change the process to include such a dialogue. Homeowners should be confident that our firm understands what to do with the information collected at a hearing and that even if no real evidence is provided by the property owner, the fact that they have a hearing, begins a process of review by our firm that will provide a second and more specific analysis of that property.
- c. We have seen a number of “Land Analysis” type charts or presentations by the homeowner or a representative. It should be noted that a land value chart that seeks to show a price per square foot inconsistency, is in many cases flawed, since they do not take into consideration the reduced utility of excess land. Excess land is land that typically is in excess of what is required for a buildable lot. So larger lots, all things being equal, are worth more money, yet because of the reduced value of the excess portion, will be valued by the square foot for less. An example of this is shown on our website under the Barrington revaluation information.

- d. If a homeowner comes in for an informal hearing and they have previously been to the “Board” and received an adjustment, we do consider whatever information the taxpayer can provide from the board hearing. The database also has some information regarding appeals that we review. Taxpayers should keep in mind that the appeal that was filed with the board was typically from the result of the 2008 assessment. This project has an assessment date of 12/31/2010, so the sales data that has been used to value the Town is completely different, and can and probably will, result in a different value.
- e. We are seeing both traditional types of information in the hearings, and some red flags that suggest a few streets or neighborhoods may need additional analysis and adjustment. An example of what we consider a traditional problem would be a wetlands issue, or the fact that a property is on the market for less than the proposed assessment.
- f. The hearings by neighborhood are coming in atypical as follows;

The 10 & 15 neighborhoods, and to a lesser degree 20& 30, are at a rate high enough to warrant further review. The ad hoc committee has suggested a number of adjustments that they feel would improve the values and they coincide with the issues that seem to be driving the high amount of appeals in the neighborhoods mentioned above. The attached (Chart 1. & Graph 1.) show this more specifically. Neighborhoods 40-90 all have a hearing percentage of 4 or less, nbhd 20 & 30 are a little high in the 8-10% range, but neighborhood 10 is at 17% and 15 is at 26%. There can be a number of reasons for a higher amount of hearings in an area, but the important aspect is that additional analysis should be done to make sure the properties are being valued consistently and equitably based on all available data.

Update regarding changes in progress

We are making a number of adjustments in these neighborhoods just discussed. More specifically, we have zeroed in on problems of land pricing in plat 5 on the west coast, plats 10 & 11, and nbhd 15. We have shown the committee members assigned to work with us on the values, the data we are using and the types of changes we are making.

The biggest obstacle we face, and as has been chronicled in prior ad hoc meetings, is the scarcity of sales data in the areas being discussed. There has been a high level of scrutiny by both the ad hoc committee and interested members of the public regarding which sales are “qualified” to use in the analysis, and whether or not the sale meets the guidelines for the date of sale.

Whenever our firm is faced with a scarcity of sales data, we try to expand the universe of evidence as long as we stay within reasonable industry practice. This means looking harder at properties on the market that have not sold and timeframes that stretch the initial parameters.

We have added a sale at 8 Holly Lane that went into agreement in late 2010 and closed in early 2011. We have gone back and looked at several sales in late 2008. We have worked to reconcile sales in neighborhood 10 that are at the opposite ends of the spectrum, an issue that can happen with unique waterfront communities. The results, without getting into specifics since the process is not finished, is that we have found enough evidence to adjust, primarily, the land portion of our pricing model and reduce the value on a number of properties.

On a more technical note, three sales that have been heavily discussed as to whether or not they are qualified are 136 Adams Point, 285 Rumstick, and 8 Holly Lane. These three all appear to meet the definition of a market value sale. According to the IAAO (International Association of Assessing officers), the “Standard on Verification and Adjustment of Sales” (Updated in 2010), “The position should be taken that all sales are candidates as valid sales unless sufficient information can be documented to show otherwise.” These three sales fit that description. Also in the Standard, it goes on to discuss that certain sales will “likely be identified as an outlier and be subject to removal during the statistical trimming process”. That is what has happened with these three sales. They are outliers.

A note here regarding fairness in any changes we make. As our firm works to finalize the project, and we make adjustments to areas that may be more affluent than others, we are very concerned that we are treating all taxpayers and neighborhoods fairly, and we will only make changes if they are fair and appropriate.

Change notices:

We will be delivering our final values to the Town on the 23rd and sending notices to all who attended an informal hearing. The letter they receive will be the result of a careful review of their appeal. Some values will have changed and some will not. After that, a taxpayer who is not satisfied with their assessed value has the option to meet with the assessor, and appeal before the Town’s board.

There will be a number of taxpayers who will also receive letters, even though they did not attend the hearing. This is the result of any adjustments made from the time the first notice went out and the end of the project. While most of these letters would be welcome, since they would have a reduction, some will be at a higher value. As we have reviewed the informal hearing information, and as we work on the project, there are times when mistakes are uncovered that lead to an increase in value. Those taxpayers, should they wish to appeal, can meet with the assessor and further appeal to the board if they desire.

Reports & Website:

The last set of reports we provided the ad hoc committee have not been updated at this time since we are focused on the informal hearing reviews. The reports will be updated after our final changes are made. The changes made as a result of the hearings and final work will be uploaded to our website the evening of the 23rd, or the next day, the 24th, and the actual change notices will be mailed on the 23rd or 24th as well.

Chart 1.

Preliminary Analysis for initial Informal Hearings based of percentage of properties appealed by neighborhood.

NBHD	Total Parcels	# Hearings	%
10	418	72	17.22%
15	42	11	26.19%
20	50	4	8.00%
30	196	19	9.69%
40	1691	62	3.67%
50	636	24	3.77%
60	560	3	0.54%
70	2399	31	1.29%
80	1949	49	2.51%
90	1311	24	1.83%

Graph 1.

