

Annual Revaluation Project

Preparation for Conversion to Annual Revaluation

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Property Tax Review, Dec 2008, Volume 9 Issue 3

http://dor.wa.gov/Docs/Pubs/Prop_Tax/NewsletterWinter2008.pdf

As part of the Department's commitment to assist counties with the conversion from cyclical to annual revaluation, we have interviewed several counties and identified areas where cyclical counties desire more information for the transition to annual revaluation. We are in the process of gathering data on effective methods and techniques used in the assessment process for the areas identified during our interviews. One question we have been asked is "What can we (the county) do now to prepare for conversion to annual revaluation?" Following is a summary of steps that will help make the transition to annual revaluation go smoother.

Develop a written plan:

- Identify short term and long term goals.
- The plan should include mission, goals, priorities, and establishment of action plans and timelines.
- Conduct an organizational review; ensure that functions, goals, and structures are aligned.
- A plan will make it easier to achieve long term change.

Clean up property data:

- Create written data standards and training for uniform rating of property characteristics amongst appraisers.
- Written standards also benefits new appraisers so they rate similar to existing or past appraisers. This is especially important in offices with one appraiser. If that appraiser leaves, the incoming appraiser will most likely have a completely different idea of average quality or good condition.
- Make sure all relevant property characteristics are included in each electronic property record.
- Have photos linked to each parcel.
- Attend the "*Residential Quality, Condition, and Effective Age Workshop*" offered in Ellensburg and Olympia during February 2009.
- Review the article that provides an overview of physical inspection titled "*Maximize Your Investment in PI*" printed in the Property Tax Review, June 2007 issue.
http://dor.wa.gov/Docs/Pubs/Prop_Tax/NewsletterSummer2007.pdf
- Property data clean up can take a full four year inspection cycle to get characteristics accurate and should be a continuous process thereafter.

Improve data collecting process:

- Develop a written process or checklists for each property type.
- Identify sources for property data, sales data, cost data, and income/expense data.
- Establish a training program for data collectors.

Have a good sales verification process:

- Sales data is essential for calibrating and specifying market models as well as developing sales ratio studies. The reliability of any ratio study or valuation model depends on the quality and quantity of the data. In order to obtain valid measures of

market value, specific sales data must be collected, analyzed, and adjusted to reflect the market conditions at the time of assessment.

- Sales data needs to be accurate for proper model calibration and ratio studies.
- Bad sales data can skew trend results and ratios.
- Accurate characteristics at the time of sale are necessary for proper comparison.
- Develop sales validation codes to distinguish between types of sales and sales to include or exclude from trending calculations and ratio studies.
- The Property Tax Division developed a Best Practice Report titled "*County Sales Validation Process Innovations*" it can be found at the following link.
http://dor.wa.gov/content/FindTaxesAndRates/PropertyTax/prop_BestPractices.aspx
- Review WAC 458-53-070 and WAC 458-53-080 which address real property sales studies and real property sales sample selection. [WAC 458-53-070: Real property sales studies.](#) [WAC 458-53-080: Real property sales sample selection.](#)

Begin public relations:

- So taxpayers understand the benefits, which include uniformity, level of assessment, and predictability, public relations are important.
- With decreasing property values in some areas, taxpayers are ready for annual revaluation.
- Our research on the most effective methods to disseminate information to stakeholders indicates that dissemination should not be a one-time event instead it should be a strategic and ongoing process. We believe that engaging a range of stakeholders will ease the acceptance of the message and will facilitate the general acceptance of project, in this case annual valuation.

Refine valuation area (neighborhood) delineation and coding:

- Well defined valuation areas are expected to enhance the use of mass appraisal models as well as provide better utilization of staff resources.
- This allows for comparing areas and developing ratings which are utilized for modeling purposes.
- It enables the conducting of more efficient and useful ratio studies and other statistical analysis, which aids the assessor in ascertaining whether there is appraisal uniformity by area across the county.
- Valuation areas (neighborhoods) need to be coded for the efficient application of mass appraisal models. When property characteristics are converted to a numerical code, mathematical calculations can be performed.

Identify and code property characteristics for modeling:

- Identify characteristics that contribute most to value (these should be included in the model).
- Don't have too many in the model to begin with, the model can be refined later on. However continue to collect all relevant data in the field, since property value influences change over time and additional details are often needed for appeals.

Expand ratio studies:

- Expand ratio studies to include stratifying ratios by characteristics like quality, size, condition, etc. This will identify areas of inequity so adjustments can be made to the valuation calculation which will ease the transition to model specification and calibration.

Promote training:

- Train staff in understanding different types of modeling, model development, statistical terminology and calculations.
- Emphasize computer program use and functions (i.e. Excel, Access, SPSS, NCSS, CAMA system, GIS, etc.).
- Develop specific training plans and standards for each of the major functions in the assessment process.

Prepare Appeal Boards:

- Begin to use statistics when working with the Board of Equalization. For example, in addition to presenting three comparables include the statistical measures from your analysis of the subject valuation area (neighborhood). This may help prepare members of the board for greater use of mass appraisal techniques and build their confidence in the process.

Conclusion

Implementation and/or refinement of the above process will help the transition to annual revaluation and aid in the creation of effective models and meaningful ratio studies. It will make for a more efficient and accurate assessment process regardless of whether you are on an annual revaluation cycle or multi-year revaluation cycle.

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